

PAPER 4B: INDIRECT TAXES

STATUTORY UPDATE FOR NOVEMBER 2021 EXAMINATION

For the sake of brevity, Central Goods and Services Tax, Integrated Goods and Services Tax, Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, Central Goods and Services Tax Rules, 2017 and Integrated Goods and Services Tax Rules, 2017 have been referred to as CGST, IGST, CGST Act, IGST Act, CGST Rules and IGST Rules respectively.

For November 2021 examination, the provisions of CGST Act, 2017 and IGST Act, 2017 as amended by the Finance Act, 2020 and the Finance (No. 2) Act, 2019, including significant notifications and circulars issued and other legislative amendments made, up to 30th April, 2021, are applicable.

The subject matter of October 2020 Edition of the Study Material of Intermediate (New Course) Study Material of Paper 4B: Indirect Taxes is based on the provisions of the CGST Act and IGST Act as amended upto 31.10.2020.

The amendments made by the notifications and circulars issued between 01.11.2020 and 30.04.2021 in GST laws are given in this Statutory Update.

It may be noted that in the October 2020 Edition of the Study Material, the erstwhile provisions of the CGST Act and the IGST Act have been compared with the provisions as amended vide the Finance (No.2) Act, 2019 and Finance Act, 2020, at the end of the relevant Chapters. Therefore, the same are not included in this Statutory Update. Students should read the amended provisions given at the end of the relevant Chapters in place of the erstwhile provisions discussed in the main body of the Chapters.

For the ease of reference, the amendments have been grouped into Chapters which correspond with the Chapters of the Study Material.

It may be noted that October 2020 Edition of the Study Material for Intermediate Paper 4B is applicable for Intermediate (IPC) Paper 4B also.

INPUT TAX CREDIT



1. ITC to be availed in respect of invoices/debit notes not uploaded by the suppliers in their GSTR-1s, reduced from 10% to 5% of eligible ITC [Rule 36(4)]

Section 16(2) of the CGST Act provides certain conditions for availing ITC wherein one of the conditions is that the taxpayer must be in possession of the tax invoice or other tax paying document in respect of which he is claiming the ITC. Rule 36 of the CGST Rules lays down the documents and other conditions basis which the registered person can claim ITC. Sub-rule (4) of rule 36 specifies the quantum of ITC that can be claimed against the invoices/debit notes uploaded and invoices/debit notes not uploaded, by the supplier.

As per existing sub-rule (4) of rule 36, ITC to be availed by a registered person in respect of invoices or debit notes, the details of which have not been uploaded by the suppliers in GSTR-1, cannot exceed 10% of the eligible credit available in respect of invoices or debit notes the details of which have been uploaded by the suppliers in GSTR-1.

With effect from 01.01.2021, **Notification No. 94/2020 CT dated 22.12.2020** has amended the said sub-rule to reduce the said percentage of

ITC from 10% to 5%. Amended rule 36(4) stipulates as follows:

ITC to be availed by a registered person in respect of invoices or debit notes, the details of which have not been furnished by the suppliers under section 37(1) in Form GSTR-1 or using the invoice furnishing facility (IFF), cannot exceed 5% of the eligible credit available in respect of invoices or debit notes the details of which have been furnished by the suppliers under section 37(1) in Form GSTR-1 or using IFF.

2. Restrictions on use of amount available in electronic credit ledger [Rule 86B]

W.e.f. 01.01.2021, a new rule 86B has been inserted in the CGST Rules to restrict the amount available in electronic credit ledger which a registered person can use to discharge his output tax liability to 99% of such tax liability in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds ` 50 lakh. This rule overrides all other rules.

It implies that a registered person shall not use the amount available in electronic credit ledger to discharge his liability towards output tax in excess of 99% of such tax liability, in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds ` 50 lakh.



The total value of inter-State supply of Raman & Sons for the month of February 2021 is of ` 100 lakh. Said supply is taxable @ 18% IGST. Thus, total output tax liability of Raman & Sons is ` 18 lakh. Amount available in electronic credit ledger is ` 20 lakh (IGST).

In terms of restriction imposed by rule 86B, Raman & Sons can discharge 99% of its output tax liability, i.e. ` 17,82,000 (99% of ` 18,00,000) from the amount available in electronic credit ledger. However, it has to mandatorily discharge the balance 1% of the output tax liability i.e. ₹ 18,000 (1% of ` 18,00,000) through electronic cash ledger only.

Exceptions:

This restriction shall not apply in following cases:-

- (a) Where the said person/proprietor/karta/managing director/any of its two partners, whole-time directors, members of Managing Committee

of Associations or Board of Trustees, as the case may be, have paid more than ` 1 lakh as income tax¹ in each of the last 2 financial years²

- (b) Where the registered person has received a refund of more than ` 1 lakh in the preceding FY on account of unutilised ITC in case of (i) zero rated supplies made without payment of tax or (ii) inverted duty structure.
- (c) Where the registered person has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, upto the said month in the current financial year.
- (d) Where the registered person is:-
 - Government Department
 - Public Sector Undertaking
 - Local authority
 - Statutory body

However, the Commissioner or an officer authorised by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit.

[Notification No. 94/2020 CT dated 22.12.2020]

¹ under the Income-tax Act, 1961

² for which the time limit to file return of income under section 139(1) of the Income-tax Act, 1961 has expired

REGISTRATION



1. Persons/class of persons exempt from aadhaar authentication

Section 25(6D) of the CGST Act stipulates that provisions relating to aadhaar authentication shall not apply to such person or class of persons or any State or Union territory or part thereof, as may be notified.

Earlier, in this regard, following persons were notified vide *Notification No. 17/2020 CT dated 23.03.2020*:

- (i) A person who is not a citizen of India
- (ii) A class of persons other than the following class of persons:
 - Individual
 - Authorised signatory of all types
 - Managing and authorised partner
 - Karta of a Hindu Undivided Family

The above notification has now been superseded and consequently, following persons have been exempted from aadhaar authentication:-

- ✓ A person who is not a citizen of India
- ✓ Department or establishment of State Government or Central Government
- ✓ Local authority
- ✓ Statutory body
- ✓ Public Sector Undertaking
- ✓ A person applying for Unique Identity Number³.

[Notification No. 03/2021 CT dated 23.02.2021]

2. Revised time limits prescribed under rule 9

Rule 9 of the CGST Rules which provides provisions relating to verification of the application for registration and its approval has been amended **w.e.f. 22.12.2020** in following manner:-

(i) Time-limit for approval of grant of registration

The time limit for approving the grant of registration to the applicant by the proper officer if the application and accompanying documents are found to be in order has been **increased from 3 working days to 7 working days** from the date of submission of application for registration [Rule 9(1)].

Further, the time limit for grant of registration after physical verification of the place of business of a person who fails to undergo the aadhaar authentication/does not opt for aadhaar authentication **has been reduced to 30 days from 60 days**. Provisos to rule 9(1) have thus been substituted to provide that where:

- (a) a person⁴ fails to undergo authentication of Aadhaar number as specified in rule 8(4A) or does not opt for authentication of Aadhaar number; or
- (b) the proper officer, with the approval of an officer authorised by the Commissioner not below the rank of Assistant Commissioner, deems it fit to carry out physical verification of places of business,

³ under section 25(9) of the CGST Act

⁴ other than a person notified under section 25(6D)

the registration shall be granted within **30 days** of submission of application, after physical verification of the place of business in the presence of the said person, in the manner provided under rule 25 and verification of such documents as the proper officer may deem fit.

(ii) Time-limit for issuance of notice where application is found to be deficient

The time limit for issuance of notice in prescribed form in case where the application is found to be deficient, either in terms of any information/document required to be furnished, or where the proper officer requires any clarification, has been **increased to 7 working days from 3 working days** from the date of submission of application for registration [Rule 9(2)].

Further, the time limit for issuance of said notice to a person who fails to undergo Aadhaar authentication/does not opt for Aadhaar authentication has been **increased to 30 days from 21 days** from the application submission date. Proviso to rule 9(2) has been substituted to provide that where:

- (a) a person⁵ fails to undergo authentication of Aadhaar number as specified in rule 8(4A) or does not opt for authentication of Aadhaar number; or
- (b) the proper officer, with the approval of an officer authorised by the Commissioner not below the rank of Assistant Commissioner, deems it fit to carry out physical verification of places of business,

the notice in prescribed form may be issued not later than **30 days** from the date of submission of the application.

(iii) Deemed Approval of Application

Time limits for deemed approval of application under rule 9(5) have been revised as follows:

⁵ other than a person notified under section 25(6D)

In case where	the application for grant of registration shall be deemed to have been approved if the proper officer fails to take any action within a period of
registration is to be granted after physical verification of the premises of a person (i) who fails to undergo the aadhaar authentication/does not opt for aadhaar authentication or (ii) wherein proper officer deems it fit to carry out physical verification of places of business	30 days from the date of submission of the application
the person other than those covered above	7 working days from the date of submission of the application
proper officer issues notice seeking clarification, information or documents from the applicant	7 working days from the date of the receipt of the clarification, information or documents furnished by the applicant

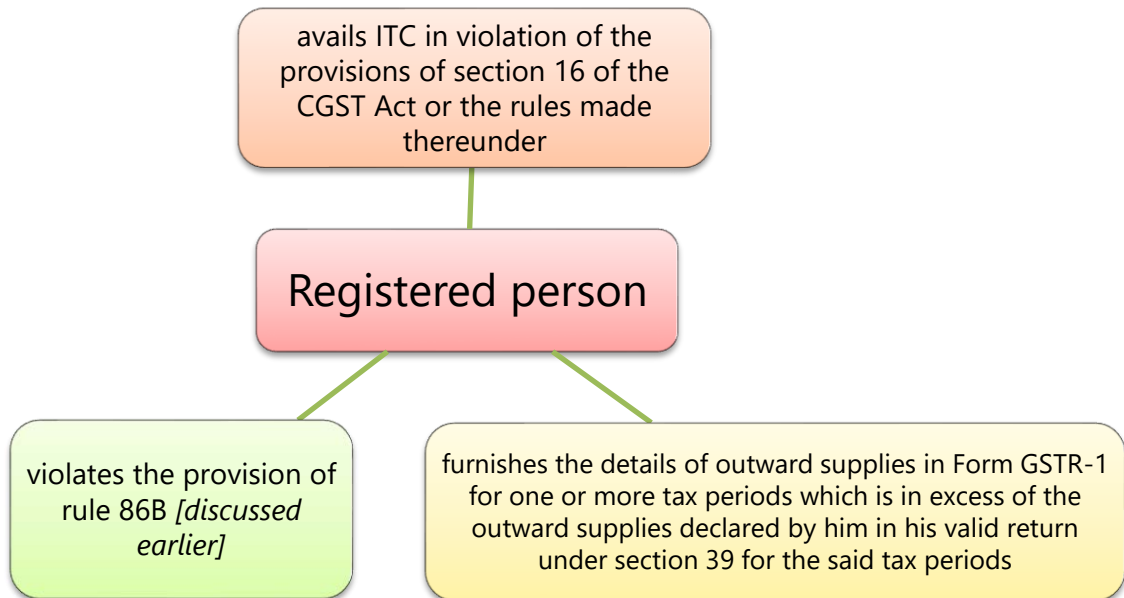
[Notification No. 94/2020 CT dated 22.12.2020]

3. Violation of conditions of taking ITC, mismatch of GSTR-1 and GSTR-3B, or violation of rule 86B, to make the GST registration of a person liable to cancellation

As per section 29(2)(a) of the CGST Act, the proper officer may cancel the registration of a registered person where he has contravened such provisions of the CGST Act or the rules made thereunder as may be prescribed. These contraventions have been prescribed by rule 21 of the CGST Rules.

Said rule has been amended to provide few more contraventions, namely, violation of conditions of taking ITC, mismatch of GSTR-1 and GSTR-3B and violation of rule 86B provisions which will make the GST registration of a

person liable to cancellation. These contraventions have been depicted in the diagram below:



[Notification No. 94/2020 CT dated 22.12.2020]

4. Provisions relating to suspension of GST registration amended [Rule 21A]

Rule 21A of the CGST Rules which provides for suspension of GST registration has been amended as follows:-

- (i) Where the proper officer has reasons to believe that the registration of a person is liable to be cancelled, he can now suspend the registration of such person, pending the cancellation proceedings, **without affording the said person a reasonable opportunity of being heard** [Sub-rule (2) amended].
- (ii) Where, a comparison of the returns furnished by a registered person under section 39 with:
 - (a) the details of outward supplies furnished in Form GSTR-1; or
 - (b) the details of inward supplies derived based on the details of outward supplies furnished by his suppliers in their Form GSTR-1,

or such other analysis, as may be carried out on the recommendations of the Council, show that there are significant differences or anomalies indicating contravention of the provisions of the CGST Act or the rules made thereunder, leading to cancellation of registration of the said person, his registration shall be suspended.

Said person shall be intimated in prescribed form by sending a communication to his e-mail address provided at the time of registration or as amended from time to time.

In this intimation for suspension and notice for cancellation of registration, the said differences and anomalies are highlighted and said person is asked to explain, within a period of 30 days, as to why his registration shall not be cancelled [New sub-rule (2A)].

- (iii) In a case where the cancellation is initiated by the Department on its own and registration of a person has been suspended, such person shall not be granted any refund under section 54 of the CGST Act, during the period of suspension of his registration [New sub-rule (3A)].
- (iv) Sub-rule (4) provides that the suspension of registration shall be deemed to be revoked upon completion of the cancellation proceedings by the proper officer with effect from the date on which the suspension had come into effect. A proviso has been inserted to rule 21A(4) which provides as follows:

The suspension of registration may be revoked by the proper officer, anytime during the pendency of the proceedings for cancellation, if he deems fit.
- (v) Consequential amendments by virtue of insertion of sub-rule (2A) to rule 21A have been made in sub-rule (3) & sub-rule (4) of rule 21A and in sub-rule (3) & sub-rule (4) of rule 22.

[Notification No. 94/2020 CT dated 22.12.2020]

TAX INVOICE; CREDIT AND DEBIT NOTES; E-WAY BILL



1. E-invoicing mandatory for all registered businesses with aggregate turnover in any preceding financial year from 2017-18 onwards greater than ` 50 crore

With effect from 1st October, 2020, all registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards greater than ` 500 crore were required to mandatorily issue e-invoices for all B2B invoices.

With effect from 01.01.2021, e-invoicing has been made mandatory for all registered businesses with an aggregate turnover in any preceding financial year from 2017-18 onwards greater than `100 crore. Further, the threshold limit for mandatory issuing e-invoicing **` 50 crore with effect from 01.04.2021.**

The above situation has been summarized as follows:

E-invoicing is mandatory for every taxpayer* whose aggregate turnover in any of the F.Y. from 17-18 exceeds:	Mandatory w.e.f.	As per Notification No.
₹ 500 crores	01.10.2020	61/2020 CT dated 30.07.2020
₹ 100 crores	01.01.2021	88/2020 CT dated 10.11.2020
₹ 50 crores	01.04.2021	05/2021 CT dated 08.03.2021

2. Validity period of e-way bill or a consolidated e-way bill reduced [Rule 138(10)]

Rule 138(10) elaborates the validity period of e-way bill/consolidated e-way bill. **With effect from 01.01.2021**, validity period of e-way bill/consolidated e-way bill has been reduced as follows:-

Sl. No.	Distance within the country		Validity period from relevant date
	Prior to amendment	After the amendment	
1.	Upto 100 km	Upto 200 km	One day in cases other than Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship
2.	For every 100 km or part thereof thereafter	For every 200 km or part thereof thereafter	One additional day in cases other than Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship



A registered person has to transport goods from its warehouse to its depot located at a distance of 500 km. In the given case, if e-way bill was generated before 01.01.2021, it would have been valid for 5 days. However, an e-way bill generated on or after 01.01.2021 would be valid

for only 3 days.

[Notification No. 94/2020 CT dated 22.12.2020]

3. Blocking of e-way bill generation facility, extended to a person, whose registration has been suspended [Rule 138E]

Blocking of e-waybill generation facility means disabling a taxpayer from generating the e-way bill. A user will not be able to generate e-way bill for a GSTIN if the said GSTIN is not eligible for e-way bill generation as per rule 138E of the CGST Rules. The GSTINs of such blocked taxpayers cannot be used to generate the e-way bills either as consignor or consignee.

Clause (b) of rule 138E blocks the e-way bill generation facility of a person paying tax under regular scheme if he has not furnished the returns for a consecutive period of 2 months.

Said clause has been amended to **replace 2 months with 2 tax periods**.

Accordingly, henceforth, e-way bill generation facility of a person paying tax under regular scheme will be blocked if he has not furnished the returns for a consecutive period of 2 tax periods.

Further, a new clause (d) has been added to rule 138E to block the e-way bill generation facility of a person, **whose registration has been suspended under rule 21A** pending the completion of the proceedings for cancellation of registration.

[Notification No. 94/2020 CT dated 22.12.2020]

4. Clarification in respect of applicability of Dynamic Quick Response (QR)code

All **B2C invoices** issued by a registered person whose **aggregate turnover** in any preceding financial year from 2017-18 onwards **exceeds ` 500 crores** are **mandatorily required to have a Dynamic QR code** from December 1, 2020 vide *Notification No. 14/2020 CT dated 21.03.2020*.

Sixth proviso to rule 46 of the CGST Rules empowered the Government to specify that the tax invoice shall have Quick Response (QR) code.

Resultantly, it has been notified⁶ that invoice issued by a registered person [except specified class of persons (discussed below)], whose aggregate turnover in a financial year exceeds ` 500 crores, in respect of B2C supplies (supply of goods or services or both to an unregistered person) shall have Dynamic QR code.

In this regard, following issues have been further clarified vide **Circular no. 146/02/2021 GST dated 23.02.2021**:

- I. Non-applicability of requirement of Dynamic QR code:** Dynamic QR code is not applicable to an invoice issued to an unregistered person by following suppliers:
 - (i) Insurer or banking company or financial institution including NBFC
 - (ii) Goods transport agency supplying services in relation to transportation of goods by road in a goods carriage
 - (iii) Supplier of passenger transportation service
 - (iv) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens
 - (v) Supplier of online information and database access or retrieval (OIDAR) services⁷.
- II. No Dynamic QR code in case of exports:** As regards the supplies made for exports, though such supplies are made by a registered person to an unregistered person, however, since e-invoices are required to be issued in respect of supplies for exports treating them as B2B supplies, Dynamic QR code requirement will not be applicable to them.
- III. Parameters/ details are required to be captured in the Dynamic QR Code:** Dynamic QR Code, *inter-alia*, shall contain the following

⁶ vide Notification No. 14/2020 CT dated 21.03.2020

⁷ Provisions relating to OIDAR services have been discussed at the Final level.

information: -

- ❑ Supplier GSTIN number
- ❑ Supplier UPI ID
- ❑ Payee's Bank A/c number and IFSC
- ❑ Invoice number & invoice date,
- ❑ Total Invoice value and
- ❑ GST amount along with breakup i.e. CGST, SGST, IGST, CESS, etc.

Further, Dynamic QR Code should be such that it can be scanned to make a digital payment.

- IV. Compliance with the Dynamic QR Code requirements in certain cases:** If the supplier has issued invoice having Dynamic QR Code for payment, the **said invoice shall be deemed to have complied with Dynamic QR Code requirements.**

Case-I: If a supplier provides/ displays Dynamic QR Code, but the customer opts to make payment without using Dynamic QR Code, and supplier provides the cross reference of such payment made without use of Dynamic QR Code, on the invoice

In cases where the supplier, has digitally displayed the Dynamic QR Code and the customer pays for the invoice: -

- i. using any mode like UPI, credit/ debit card or online banking or cash or combination of various modes of payment, with or using Dynamic QR Code, and the **supplier provides a cross reference of the payment** (transaction id along with date, time and amount of payment, mode of payment like UPI, Credit card, Debit card, online banking etc.) on the invoice; or
- ii. in cash, without using Dynamic QR Code and the **supplier provides a cross reference of the amount paid in cash**, along with date of such payment on the invoice;

said invoice shall be deemed to have complied with the requirement of having Dynamic QR Code.

Case-II: If a supplier makes available to customers an electronic mode of payment, where though Dynamic QR Code is not displayed, but the details of merchant as well as transaction are displayed/ captured otherwise

In such cases, if the cross reference of the payment made using such electronic modes of payment is made on the invoice, the invoice shall be deemed to comply with the requirement of Dynamic QR Code.

However, if payment is made after generation/ issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.

Case-III: In case of pre-paid invoices i.e. where payment has been made before issuance of the invoice

If cross reference of the payment received either through electronic mode or through cash or combination thereof is made on the invoice, then the invoice would be deemed to have complied with the requirement of Dynamic QR Code.

In cases other than pre-paid supply i.e. where payment is made after generation / issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.

V. Once the e-commerce operator (ECO) or the online application has complied with the Dynamic QR Code requirements, whether the suppliers using such e-commerce portal or application will still be required to comply with the requirement of Dynamic QR Code?

Dynamic QR code requirements apply to each supplier/registered person separately, if such person is liable to issue invoices with Dynamic QR Code for B2C supplies.

In case, the supplier is making supply through the e- commerce portal or application, and the said supplier gives cross references of the payment

received in respect of the said supply on the invoice, then such invoices would be deemed to have complied with the requirements of Dynamic QR Code.

In cases other than pre-paid supply i.e. where payment is made after generation / issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.

RETURNS



1. Quarterly Return Monthly Payment (QRMP) Scheme

Proviso to section 39(1) of the CGST Act, 2017, inserted with effect from 10.11.2020, empowers the Government to notify certain class of registered persons who shall furnish return on quarterly basis. Further, section 39(7), amended with effect from 10.11.2020, provides that person so notified to furnish quarterly return shall pay taxes due during a month within prescribed time and manner.

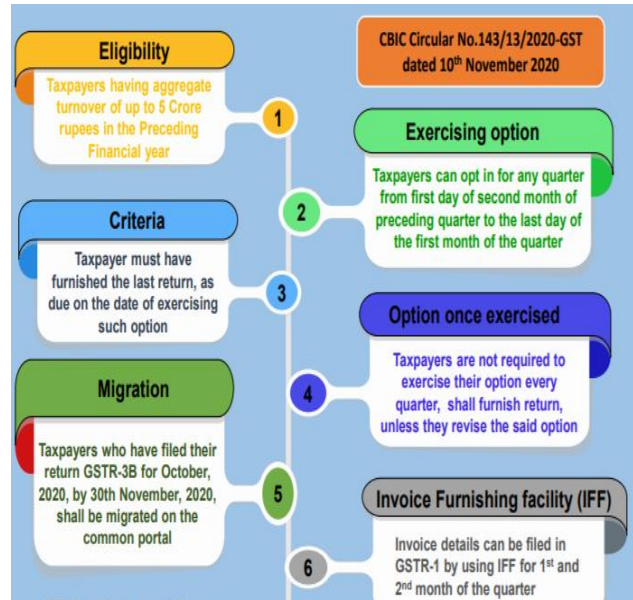
In terms of above provisions, with effect from 01.01.2021, a Quarterly Return Monthly Payment (QRMP) Scheme has been introduced as a trade facilitation measure and in order to further ease the process of doing business.

Quarterly Return

Monthly payment

Quarterly Return Monthly Payment (QRMP) Scheme

QRMP Scheme is an optional return filing scheme, introduced for small taxpayers having aggregate annual turnover (PAN based) of upto ₹ 5 crore in the current and preceding financial year to furnish their Form GSTR-1 and Form GSTR-3B on a quarterly basis while paying their tax on a monthly basis through a simple challan.



This will significantly reduce the compliance burden on such taxpayers as now the taxpayers need to file only 4 GSTR-3B returns instead of 12 GSTR-3B returns in a year. Similarly, they would be required to file only 4 GSTR-1 returns since Invoice Filing Facility (IFF) is provided under this scheme.

Opting of QRMP scheme is GSTIN wise. Distinct persons can avail QRMP scheme option for one or more GSTINs. It implies that some GSTINs for a PAN can opt for the QRMP scheme and remaining GSTINs may not opt for the said scheme.

QRMP scheme is GSTIN wise

I. Eligibility for QRMP scheme

Registered persons⁸, having **an aggregate turnover up to ` 5 crore** in the preceding financial year, and who have opted to furnish quarterly return under QRMP scheme⁹ as the class of persons who shall **furnish**

⁸ other than supplier of online information and database access or retrieval services (OIDAR) located in non-taxable territory and providing such services to a non-taxable online recipient

⁹ opted under rule 61A of the CGST Rules, 2017 (discussed subsequently)

a return for every quarter from January, 2021 onwards, and **pay the tax due every month**¹⁰.

Thus, the taxpayers whose aggregate turnover is up to ` 5 crore in the preceding financial year are eligible for QRMP scheme. For computing aggregate turnover, details furnished in returns for tax periods in the preceding financial year shall be taken into account.

Conditions and restrictions:

- (i) Registered persons under QRMP scheme must have furnished the return for the preceding month, as due on the date of exercising such option. A registered person shall not be eligible to opt for QRMP scheme if he has not furnished the last return due on the date of exercising such option.



If a registered person intending to avail of QRMP scheme for the quarter 'July to September' is exercising his option on 27th July for the said quarter, he must have furnished the return for the month of June which was due on 22nd/24th July.

- (ii) Registered persons under QRMP scheme 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.

Manner of exercising option of QRMP scheme [Rule 61A]

A registered person intending to opt for QRMP scheme for any quarter shall indicate his preference for furnishing of return on a quarterly basis from 1st day of the 2nd month of the preceding quarter till the last day of the 1st month of the quarter for which the option is being exercised.



A registered person intending to avail of QRMP scheme for the quarter 'July to September' can exercise his option from 1st May to 31st July.

¹⁰ in accordance with the proviso to section 39(7)

However, where such option has been exercised once, the said registered person shall continue to furnish the return on a quarterly basis for future tax periods, unless he–

- (a) becomes ineligible for this scheme as per the conditions and restrictions notified in this regard; or
- (b) opts for furnishing of return on a monthly basis, electronically, on the common portal.

Option of QRMP scheme to lapse

In case where a registered person's aggregate turnover crosses ` 5 crore during a quarter in a financial year, he shall not be eligible for furnishing of return on quarterly basis from the first month of the succeeding quarter. He shall opt for furnishing of return on a monthly basis, electronically, on the common portal, from the first month of the quarter, succeeding the quarter during which his aggregate turnover exceeds ` 5 crore.

The facility for opting out of the scheme for a quarter will be available from 1st day of 2nd month of preceding quarter to the last day of the 1st month of the quarter.

II. Form and manner of furnishing details of outward supplies - GSTR-1 [Rule 59 substituted with a new rule]

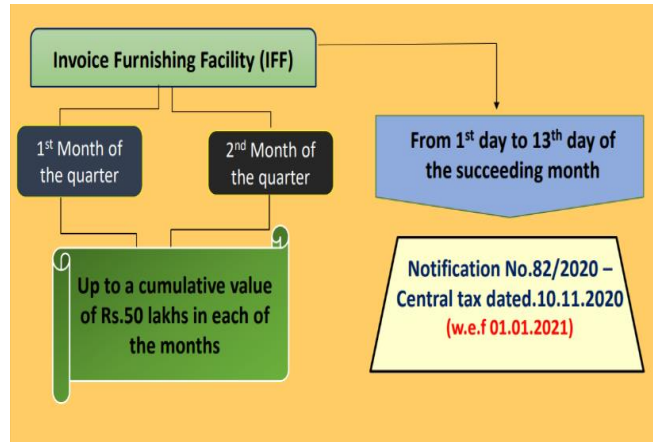
- The details of outward supplies are required to be furnished, electronically, in Form GSTR-1, for the month or quarter.

Invoice furnishing facility (IFF)

- Taxpayers opting for QRMP scheme may furnish the details of such outward supplies to a registered person, as he may consider necessary, for the 1st and 2nd months of a quarter, using invoice furnishing facility (hereafter referred to as the "IFF").

Invoices pertaining to last month of a quarter are to be uploaded in GSTR-1 only.

- 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. In case where a buyer has made purchases from a person opting for QRMP scheme,



he could not have claimed full ITC but due to introduction of IFF, such delay will not occur as the details submitted using IFF will be reflected in the GSTR-2A, GSTR-2B, GSTR-4A or GSTR-6A of the recipients, as the case may be.

- The IFF is **not mandatory, but an optional facility** made available to the registered persons under the QRMP scheme.

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.
- Taxpayers using IFF can upload the invoice details upto a cumulative value of ` 50 lakh in each of the first 2 months of the quarter.
- The invoices are to be furnished in IFF between the 1st day of the succeeding month till the 13th day of the succeeding month. After 13th of the month, this facility for furnishing IFF for previous month would not be available¹¹.

¹¹ 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 said facility would however be available, say for the month of July, from 1st August till 13th August. Similarly, for the month of August, the said facility will be available from 1st September till 13th September.

- ❑ The details of invoices furnished using IFF in the first 2 months of the quarter are not required to be furnished again in GSTR-1 for the said quarter.



A registered person who has availed the QRMP scheme wants to declare 2 invoices out of the total 10 invoices issued in the 1st month of quarter since the recipient of supplies covered by those 2 invoices desires to avail ITC in that month itself. Details of these 2 invoices may be furnished using IFF.

The details of the remaining 8 invoices shall be furnished in Form GSTR-1 of the said quarter. The two invoices furnished in IFF shall be reflected in Form GSTR-2B of the concerned recipient of the 1st month of the quarter and remaining 8 invoices furnished in Form GSTR-1 shall be reflected in Form GSTR-2B of the concerned recipient of the last month of the quarter.


- ❑ In the IFF, the taxpayer has to submit the B2B (business to business) invoice details of both inter-State and intra-State supply transactions along with debit and credit notes of the B2B invoices issued during the month. The details of outward supplies furnished using IFF shall include the –
 - (a) invoice wise details of inter-State and intra-State supplies made to the registered persons;
 - (b) debit and credit notes, if any, issued during the month for such invoices issued previously.
- ❑ However, if a registered person does not opt to upload invoices using IFF, then he has to upload invoice details for all the 3 months of the quarter in Form GSTR-1.
- ❑ The details of outward supplies of goods and/or services furnished in Form GSTR-1 shall include the–
 - (a) invoice wise details of all -

- (i) inter-State and intra-State supplies made to the registered persons; and
 - (ii) inter-State supplies with invoice value more than ₹ 2,50,000 made to the unregistered persons.
- (b) consolidated details of all -
- (i) intra-State supplies made to unregistered persons for each rate of tax; and
 - (ii) State wise inter-State supplies with invoice value upto ₹ 2,50,000 made to unregistered persons for each rate of tax;
- (c) **debit and credit notes**, if any, issued during the month for invoices issued previously.

□ **Cases where a registered person shall not be allowed to furnish details of outward supplies in GSTR-1/IFF**

- A registered person shall not be allowed to furnish the details of outward supplies in Form GSTR-1, if he has **not furnished** the return in **Form GSTR-3B for preceding two months**.
- A registered person, opting for QRMP scheme shall not be allowed to furnish the details of outward supplies under in Form GSTR-1 or using IFF, if he has **not furnished** the return in **Form GSTR-3B for preceding tax period**.
- A registered person, who is restricted from using the amount available in electronic credit ledger to discharge his liability towards tax in excess of 99% of such tax liability under rule 86B of the CGST Rules, shall not be allowed to furnish the details of outward supplies in Form GSTR-1 or using IFF, if he has **not furnished** the return in **Form GSTR-3B for preceding tax period**.

III. Form and manner of ascertaining details of inward supplies – GSTR-2A and GSTR-2B [Rule 60 substituted with a new rule]

- ❑ **Form GSTR-2A**¹² - is a system generated read only statement of inward supplies for a recipient. This statement is **updated on a real time basis**. The details become available to the recipient for view/download and are updated incrementally as and when supplier(s) upload or change details in their respective form of return/statement, for the given tax period. 

- ❑ Details of outward supplies furnished by the supplier in Form GSTR-1 or using the IFF is made available electronically to the concerned registered persons (recipients) in Form GSTR-2A, in Form GSTR-4A and in Form GSTR-6A, as the case may be.

Details of invoices furnished by a non-resident taxable person in Form GSTR-5 and by an Input Service Distributor in Form GSTR-6, details of TDS by deductor furnished in Form GSTR-7 and details of TCS by an e-commerce operator¹³ furnished in Form GSTR-8, are made available to the recipient, deductee or concerned person, in Form GSTR-2A.

Further, details of the integrated tax paid on the import of goods or goods brought in DTA from SEZ unit/developer on a bill of entry are also made available in Form GSTR-2A.

- ❑ **Form GSTR-2B** – an auto-drafted read only statement containing the details of ITC - is made available to the registered person (recipient) for every month. It is a **static**



¹² Auto-drafted details for registered person opting for composition levy are contained in Form GSTR-4A and auto-populated details of ITC received for distribution by Input Service Distributor are contained in Form GSTR-6A. Provisions relating to Input Service Distributor have been discussed at the Final level.

¹³ Provisions relating to Input Service Distributor, TDS and TCS have been discussed at the Final level.

statement and is available only once a month.

It consists of –

- (i) the details of outward supplies furnished by the suppliers in Form GSTR-1, other than a supplier who has opted for QRMP scheme, between the day immediately after the due date of furnishing of Form GSTR-1 for the previous month to the due date of furnishing of Form GSTR-1 for the month.
- (ii) the details of outward supplies furnished by his supplier who has opted for QRMP scheme, in Form GSTR-1 or using the IFF, as the case may be¹⁴, -
 - (a) **for the 1st month of the quarter**, between the day immediately after the due date of furnishing of Form GSTR-1 for the preceding quarter to the due date of furnishing details using the IFF for the 1st month of the quarter;
 - (b) **for the 2nd month of the quarter**, between the day immediately after the due date of furnishing details using the IFF for the 1st month of the quarter to the due date of furnishing details using the IFF for the 2nd month of the quarter;
 - (c) **for the 3rd month of the quarter**, between the day immediately after the due date of furnishing of details using the IFF for the 2nd month of the quarter to the due date of furnishing of Form GSTR-1 for the quarter.
- (iii) the details of the integrated tax paid on the import of goods or goods brought in the DTA from SEZ unit/developer on a bill of entry in the month.

Form GSTR-2B consists of all documents filed by suppliers/ISD in their Form GSTR-1, 5 & 6, between the cut-off dates. It also consists of

¹⁴ details of invoices are furnished by a non-resident taxable person in Form GSTR-5 and by an Input Service Distributor in his return in Form GSTR-6 [Provisions relating to Input Service Distributor have been discussed at the Final level]

import data for the period which are received within 13th of the succeeding month.

In case of monthly Form GSTR-1, the cut-off date is 00:00 hours on 12th of the relevant month to 23:59 hours, on 11th of the succeeding month. Whereas for quarterly Form GSTR-1/IFF, Form GSTR-5 and Form GSTR-6, the cut-off date is 00:00 hours on 14th day of relevant month to 23:59 hours, on 13th day of succeeding month.

The details filed in Form GSTR-1 & 5 (by supplier) & Form GSTR-6 (by ISD) would reflect in the next open Form GSTR-2B of the recipient irrespective of supplier's/ISD's date of filing.



If a supplier opting for QRMP files an invoice dated 15th July on 13th August, it will get reflected in GSTR-2B of July (generated on 14th August). If the document is filed on 14th August, the document will be reflected in Form GSTR-2B of August (generated on 14th September).

□ The statement in Form GSTR-2B for every month shall be made available to the registered person,-

- (i) for the 1st and 2nd month of a quarter, a day after the due date of furnishing of details of outward supplies for the said month,
 - in the IFF by a registered person opting for QRMP, or
 - in Form GSTR-1 by a registered person other than opting for QRMP,whichever is later.

- (ii) in the 3rd month of the quarter, a day after the due date of furnishing of details of outward supplies for the said month, in Form GSTR-1 by a registered person opting for QRMP.



For the quarter July-September, Form GSTR-2B for a registered person (recipient) who has received supplies from QRMP suppliers as well as from other suppliers will be generated as follows:

Month	Date of generation of GSTR-2B
July	14 th August
August	14 th September
September	14 th October

IV. Form and manner of filing return – GSTR-3B [Rule 61 substituted with a new rule]

- Every registered person, other than an input service distributor¹⁵ or a non-resident taxable person or a composition taxpayer, a person deducting tax at source, a person collecting tax at source, i.e. an electronic commerce operator and supplier of OIDAR services located in non-taxable territory providing such services to non-taxable online recipient, is required to furnish a return in Form GSTR-3B, electronically.

Due date for filing return

- (i) **In case of a taxpayer opting for QRMP scheme** - Quarterly GSTR-3B **on or before 22nd or 24th of the month** succeeding the quarter for which return is furnished (Refer the Table given below for details**).
- (ii) **In case of other taxpayers** - Monthly GSTR-3B **on or before 20th of the month** succeeding the month for which return is furnished.

**Due dates for taxpayers opting for QRMP scheme

Class of registered persons	Due date
Registered persons whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Union territories of Daman &	22nd day of the month succeeding such quarter.

¹⁵ Provisions relating to Input Service Distributor have been discussed at the Final level.

Diu & Dadra & Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep.	
Registered persons whose principal place of business is in the States of 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.	24th day of the month succeeding such quarter.

- ❑ Every registered person required to furnish return¹⁶ shall, discharge their liability towards tax, interest, penalty, fees or any other amount payable under GST law by debiting the electronic cash ledger or electronic credit ledger and include the details in the return.
- ❑ Every registered person under QRMP scheme shall pay the tax due under proviso to section 39(7) [discussed subsequently], for each of the first 2 months of the quarter, by depositing the said amount in Form GST PMT-06, by the 25th day of the month succeeding such month.

However, the Commissioner may, on the recommendations of the Council, by notification, extend the due date for depositing the said amount in Form GST PMT-06, for such class of taxable persons as may be specified therein.

Further, any extension of time limit notified by the Commissioner of State tax/UT shall be deemed to be notified by the Commissioner:

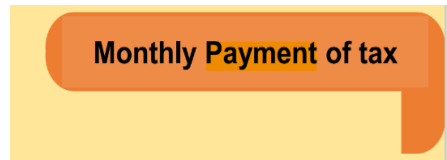
While making a deposit in Form GST PMT-06, such a registered person may –

¹⁶ subject to the provisions of section 49

- (a) **for the 1st month of the quarter**, take into account the balance in the electronic cash ledger.
 - (b) **for the 2nd month of the quarter**, take into account the balance in the electronic cash ledger excluding the tax due for the 1st month.
- At the time of filing the return for the said quarter in Form GSTR-3B, the amount deposited by the registered person in the first 2 months of the quarter shall be debited. This amount is debited solely for the purposes of offsetting the liability furnished in that quarter's Form GSTR-3B. However, any amount left after filing of that quarter's Form GSTR-3B may either be claimed as refund or may be used for any other purpose in subsequent quarters.

V. Monthly payment of tax

The registered person under the QRMP Scheme would be required to pay the **tax due in 1st month or 2nd month or both** the months of the quarter by depositing the tax due¹⁷ in Form GST PMT-06. The payment is to be made **by 25th 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 2 months –



¹⁷ under proviso to sub-section (7) of section 39

(a) **Fixed sum method:** If a taxpayer chooses this option, a facility is available on the GST portal for generating an auto-generated/pre-filled challan in Form GST PMT-06. The challan amount is calculated by the system which cannot be edited. The amount is equal to:

- (i) **35% of the tax paid in cash** in the return for the preceding quarter where the return was **furnished quarterly**; or
- (ii) **tax liability paid in cash** in the return for the last month of the immediately preceding quarter **where the return was furnished monthly**.

For easy understanding, the same is explained by way of examples given below:

(i) **In case the last return filed was on quarterly basis for quarter ending March:**

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

(ii) **In case the last return filed was monthly for tax period March:**

Tax paid in cash in March		Tax required to be paid in each of the months – April and May	
CGST	50	CGST	50
SGST	50	SGST	50
IGST	80	IGST	80
Cess	-	Cess	-

However, no such amount may be required to be deposited-

- (a) **for the 1st month of the quarter**, where the balance in the electronic cash ledger/electronic credit ledger is adequate for the tax liability for the said month or where there is nil tax liability;
- (b) **for the 2nd month of the quarter**, where the balance in the electronic cash ledger/electronic credit ledger is adequate for the cumulative tax liability for the 1st and the 2nd month of the quarter or where there is nil tax liability

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.

- (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 GSTR-2B, for every month.

The registered person under QRMP is free to avail either of the two tax payment methods above in any of the two months of the quarter.

As already discussed earlier, at the time of filing the return for a quarter in Form GSTR-3B, the amount deposited by the registered person in the first 2 months of the quarter shall be debited. Further, any amount left after filing of that quarter's Form GSTR-3B may either be claimed as refund or may be used for any other purpose in subsequent quarters.

However, such refund claim 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.



A registered person, who has opted for the QRMP Scheme, had paid a total amount of ` 100/- in cash as tax liability in the previous quarter of October to December. He opts to pay tax under fixed sum method. He therefore pays ` 35/- each on 25th February and 25th March for discharging tax liability for the first 2 months of quarter viz. January and February.

In his return for the quarter, it is found that total liability for the quarter net of available credit was ` 125, but he files the return on 30th April. Interest would be payable at applicable rate on ` 55 [` 125 – ` 70 (deposit made in cash ledger in first and second month)] for the period between due date of quarterly GSTR 3B and 30th April

B. 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 2 months of the quarter.

Interest payable, if any, shall be paid through Form GSTR-3B.

VII. Applicability of late fee

Late fee is applicable for delay in furnishing of return / details of outward supply as per the provision of section 47 of the CGST Act.

As per the QRMP scheme, the requirement to furnish the return under the proviso to section 39(1) of the CGST Act is quarterly. Accordingly, 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 2 months of the quarter.

[Notification Nos 82, 84 & 85/2020 CT all dated 10.11.2020 and Circular No. 143/13/2020 GST dated 10.11.2020]

2. Extension of due date for furnishing Form GSTR-1

Earlier, *Notification No. 74/2020 CT dated 15.10.2020* had revised the due date for filing quarterly GSTR-1 by the registered persons having aggregate **turnover up to ` 1.5 crores** in the preceding financial year or current financial year to 13th of the month succeeding the end of quarter. Such date was to be applicable for the quarters ending December 2020 and March 2021.

Further, *Notification No. 75/2020 CT dated 15.10.2020* had revised the due date for filing monthly GSTR-1 by the registered persons having aggregate **turnover of more than ` 1.5 crores** in the preceding financial year or current financial year for each of the months from October, 2020 to March, 2021 till 11th day of the month succeeding such month.

The above notifications have been superseded by ***Notification No. 83/2020 CT dated 10.11.2020*** to provide as follows:

With effect from 01.01.2021, the time limit for furnishing the details of outward supplies in Form GSTR-1 has been extended in the following manner:

Class of registered person	Time limit for furnishing the details of outward supplies in Form GSTR-1 for each quarter/tax period
Registered persons opting for QRMP scheme	13th day of the month succeeding such tax period
Others	11th day of the month succeeding such tax period