



**Akola Branch of WICASA of ICAI**  
**E-Newsletter for the month of January 2021**





## MOTTO

Ya esa suptesu jagarti kamam kamam Puruso nirmimanah |  
Tadeva sukram tad brahma tadevamrtamucyate |  
Tasminloka sritah sarve tadu natyeti Kascan | etad vai tat |

य एष सुप्तेषु जागर्ति कामं कामं पुरुषो निर्मिमाणः  
तदेव शुक्रं तद् ब्रम्ह तदेवामृतमुच्यते ।  
तस्मिंल्लोकाः श्रिताः सर्वे तदु नात्येदि कश्चन । एतद् वै तत् ॥

*(That person who is awake in those that sleep,  
shaping desire after desire, that, indeed, is the pure.  
That is Brahmam, that indeed, is called the immortal.  
In it all the worlds rest and no one ever goes beyond it.  
This, verify, is that, kamam kamam: desire after desire, really objects of desire.  
Even dream objects of walking consciousness are due to the Supreme Person.  
Even dream consciousness is a proof of the existence of the self.  
No one ever goes beyond it: of Eckhard: 'On reaching God all progress ends.')*

## MISSION

**'The Indian Chartered Accountancy Profession will be the  
valued Trustee of World Class Financial Competencies,  
Good Governance and Competitiveness.'**

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## ● INDEX

- **Preface** 1
- **Chairman's Message** 2
- **Article I-** Businesses With Monthly Turnover of Over 50 Lakhs To Pay Atleast 1 % GST Liability in cash. 5
- **Article II-** QRMP Scheme (Quarterly Return and Monthly Payment) 8
- **Events of the month(Dec –Jan)** 13

## **PREFACE**

The E-Newsletter of Western India Chartered Accountant Students Association (WICASA), Akola is one of the channel to reach student of Chartered Accountancy profession to keep them updated with latest amendments in Law and various Acts . Its motive is to encourage students to come forward with their writing skills and actively participate in WICASA events. The team behind this E-Newsletter have put their hard efforts for collective improvement of pursuant of these common professions . In these regards, we request you to contribute to this “ Initiative of monthly E-Newsletter “ by enthusiastically providing quality material s.

We believe that , with your active participation , we shall be regularly providing you E-Newsletter on timely basis . Hope this E-Newsletter will be useful to you all . Lets make this initiative “ both way efforts” and grand success .

The views expressed in this E-Newsletter are of respective auditors and neither the Akola Branch of ICAI nor WICASA, Akola authenticate such views . Yet maximum efforts are put to ensure to correct and up to date information in the E-Newsletter .

For contributing to WICASA , Akola E-Newsletter through articles or other materials kindly contact CA. Shivam Randad and Mr. Adarsh Sisodiya.





## From the Desk of Chairman

Dear Students, (Namaste to all)

We are into the first month of the Calendar year 2021 -January 2021. Month where our Constitution of India was formed on 26th January. Wish you a Happy Republic Day to all. About Dream we have a very rightly said “Some people dream of accomplishing great things. Others stay awake and make it happen.”

To accomplish great things you need to imbibe, cultivate and nurture integrity. Integrity is the most critical part of being a Chartered Accountant. What is Integrity? It is your conscious decision to do the right thing at all times, without paying attention whether you are alone or in a group, whether you are working by yourself or under supervision. This choice of walking the straight & conscientious path - despite numerous challenges you might face - is called Integrity.

Challenges faced is COVID-19. We all need to take utmost care of the Health of ourselves and our family members. The year has come with a good news. What not... the vaccine for the COVID-19 are here. In step by step process people have started getting the 1st dosage of vaccine. But to come to the common man it will take some time. In the meanwhile we also need to remember that the disease has not gone completely. People are still getting affected by the disease. With all these situations, the second phase of CA Examination scheduled in January 2021 have started. Best of Luck to all the students who are appearing in these exams.

The examinations are half done and in a few days would complete. But for those who have given the papers, hope their attempt was to their best and they would come out in flying colours. Definitely Hard Work will get repaid and may all your dream come true.

Last month we had a visit of CA Lalit Bajaj Sir, Chairman WIRC with his Team at Akola. He had a good interaction with the students. Solutions to various queries were given by him. On this occasion and to bring about an increased sense of awareness about the need of people less fortunate, AKOLA WICASA had also organized Blood Donation Camp at our Branch premises. In this period of COVID-19, we were able to gather 25 bottles of blood. We commend all students and members who took part in the blood donation camp.

December 2020, being a month full of due dates. Amidst we had organised Indoor Sports containing Chess, Carrom and Table Tennis. Students enthusiastically participated in the games. Thanks to Jitendra Sir who gave his support in organising and judging the games Carrom and Chess and Thanks to CA Palak Karani for extending his support for conducting and judging the game Table Tennis.

For the CA Final Students, already a Virtual batch of Advanced ITT is going on and we have also launched a Virtual Batch of MCS. In the past month, the setup for virtual batches was exceptionally favourable for students and no doubt students found the concept along with teaching methodology very adapting. We have also planned a seminar on the “Burning Issues in GST and Start-ups.

WICASA gives platform to each and every student to explore themselves on every front of their Life Co-curricular and extra-curricular activities which in-fact leads to the overall development of the student. We are thankful to all the students who have made contributions by submitting their articles, art work or writings.

So stay connected with us. Wishing you and your loved ones good health and strength in the days and weeks ahead. Stay safe, stay healthy and stay connected.

With best wishes and regards,

CA Keyur S. Dedhia  
WICASA Chairman  
Akola Branch of WIRC of ICAI

Article:1-Divya Kadhi (WRO0588733)

## Businesses With Monthly Turnover of Over 50 Lakhs To Pay Atleast 1 % GST Liability in cash

### **1. How was ITC utilization allowed before Rule 86B**

Input tax credit plays a very important role in GST by avoiding cascading effect of taxation. The order of utilization of ITC for different components such as CGST, SGST and IGST has gone through a lot of changes. However, the **ITC** available in the electronic credit ledger could always be fully utilized for discharging the output tax liability. The new Rule 86B has limited the use of ITC balance for paying its output tax liability.

### **2. What is the restriction imposed under Rule 86B**

Rule 86B limits the use of input tax credit (ITC) available in the electronic credit ledger for discharging the output tax liability. This rule has an overriding impact on all the other CGST Rules.

#### **Applicability:**

This rule is applicable to registered persons having taxable value of supply (other than exempt supply and zero-rated supply) in a month which is more than Rs.50 lakh. The limit has to be checked every month before filing each return.

#### **Restriction imposed:**

The applicable registered persons cannot use ITC in excess of 99% of output tax liability. In simple words, more than 99% of the output tax liability cannot be discharged by using input tax credit.



### **Exceptions to the Rule:**

If the persons mentioned below have paid more than Rs.1 lakh as Income Tax under Income Tax Act, 1961

The registered person

Proprietor, karta or Managing Director of the registered person

Any of the partners or whole time directors or any other person as the case may be.

If the registered person under concern has received a refund of amount greater than Rs.1 lakh in the preceding financial year on account of export under LUT or due to inverted tax structure.

If the registered person under concern has discharged his liability towards output tax by electronic cash ledger for an amount in excess of 1% cumulatively of the total output tax liability up to the said month in the current financial year.

If the registered person under concern is any of the following:

Government department

Public sector undertaking

Local authority

Statutory Authority

### **3. Impact of Rule 86B on businesses & working capital**

After going through the above restrictions and exceptions introduced by Rule 86B, it is clear that the above rule is applicable only to the large taxpayers. There will be no impact on micro and small businesses. The motto behind the introduction of this rule is to control the issue of fake invoices to use the fake input tax credit to discharge liability. Further, it restricts fraudsters from showing high turnovers without having any financial credibility.

CBIC has further clarified that 1% is to be calculated on the tax liability in a month and the turnover of the respective month. Let us understand this with the help of an example:

A taxpayer Mr.A has made a sale of Rs. 1 crore of goods on which tax rate is 12%. In this case, he can discharge his liability up to 99% through ITC and must pay Rs. 12,000 in cash, as per this rule.

Though this rule has also brought genuine taxpayers under ambit making it inconvenient for them, the motto of the Government is to avoid fake invoicing and eventually curb tax evasion

Further, the CBIC has amended GST rules restricting filing of outward supply details in GSTR-1 for business that have not paid tax for the past periods by filing GSTR 3B.

So far, until now, non-filing of GSTR 3B resulted in blockage

The government has now restricted filing of outward supply details in GSTR 1 return for businesses who have not paid tax for the past periods by filing GSTR 3B.

The government's idea here seems to be to curb input tax credit passing by businesses which have otherwise not paid their GST liability

These changes indicate that government is grappling with lower tax collections and high tax evasions, burden of which will again be on honest taxpayers.

The CBIC has also notified authentication of Aadhaar number or physical verification of business premises for the purposes of obtaining GST registration.

Also, the validity of electronic way bill provisions has been amended by the CBIC according to which the e-way bill will be valid for 1 day for every 200 kilometres of travel, as against 100 km earlier

## QRMP SCHEME (QUARTERLY RETURN AND MONTHLY PAYMENT)

- **Who is eligible for the QRMP scheme?**

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. It is clarified 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 is optional and will be effective from 01.01.2021.

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.

- **Exercising option for QRMP Scheme**

- 1) Facility to avail the Scheme on the common portal would be available throughout the year.
- 2) 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 current quarter**. For 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.
- 3) In order to exercise this option, the registered person **must have furnished the last return**, as due on the date of exercising such option. For example: 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.
- 4) Any taxpayer whose aggregate turnover has exceeded 5 crore rupees in the financial year 2020-21, shall opt out of the Scheme.

## 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 next 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 **35% 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.

**(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 said registered person is free to avail either of the two tax payment method above in any of the two months of the quarter.

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.

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.

### **Applicability of Interest-**

#### **1) 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 due date.

2) In case such payment of tax by depositing the system calculated amount in **FORMGST 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.

3) 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.

4) **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.

5) Interest payable, if any, shall be paid through **FORM GSTR-3B**.

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

- 1) 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.**
- 2) 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.
- 3) In case of cancellation of registration of such person during any of the first two months of the quarter, he is still required to furnish return in FORM GSTR-3B for the relevant tax period

### **Furnishing of details of outward supplies**

- 1) The registered persons opting for the Scheme would be required to furnish the details of outward supply in FORM GSTR-1 **quarterly.**
- 2) In case of taxpayer having B2B sales (sales to registered persons) , such a taxpayer will have the facility called **Invoice Furnishing Facility- IFF**, to furnish the details of such outward supplies to a registered person for 1<sup>st</sup> and 2<sup>nd</sup> month of quarter. The details of such sales in IFF shall be furnished till the 13th day of the succeeding month. The said details of outward supplies shall, however, not exceed the value of 50 Lakh rupees in each month.
- 3) 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.
- 4) IFF is not mandatory and is only 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.

**Special Note:** The taxpayers who are eligible for QRMP scheme (having turnover less than Rs. 5 crore) but not opting for the said scheme shall-

File Form GSTR- 3B monthly by the end of 22<sup>nd</sup>/24<sup>th</sup> of the succeeding month.

File Form GSTR- 1 **monthly** by the end of 11<sup>th</sup> of the succeeding month.

## Events of the month (Dec-Jan)

### Indoor games



### Industrial visit



## WIRC Meet



## Blood Donation



# Republic Day Celebration

