



PICTURE MEMORIES OF DECADE 1992 TO 2001

INDORE BRANCH OF CIRC OF ICAI



NEWSLETTER

December, 2020 ▶ Price ₹ 20

Chairman's Communique



CA. Harsh Firoda
(Chairman)



Respected Members,

Happy New Year & Merry Christmas

We hope that this New Year further strengthens the bond of mutual trust and respect we have for each other. Wishing you and your family good health, happiness, success, and prosperity in the coming year! Have a great start to a great year!

Last month we have witnessed presence of State MSME Minister Shri O.P. Saklecha ji who

- Acknowledged the efforts of fraternity in contribution to Economy
- Urge members to start practice in new areas like subsidy which in return will encourage entrepreneurs to invest
- Asked for suggestions to develop cluster areas in manufacturing of furniture, namkeen, textiles etc

ICAI has already requested CBDT for extension of tax audit dates. We hope for the best but at the same time requesting everyone to focus on timely compliance.

Further, I would like to congratulate all stakeholders, president, central council members, managing committee members and branch staff for successful conduct of CA examination all over India in this time of Pandemic.

Lastly, Indore Branch is proud to invite details of members for publishing Members' Directory 2020 on entering the Golden Jubilee Year of its establishment.

Please fill all your details in the GOOGLE FORM link below, latest by 25th December 2020.

https://docs.google.com/forms/d/e/1FAIpQLSfhN7teNw3IW_gqw-SVP6AhLogczdkMkUB6GuG60k-feD0RBQ/viewform?usp=sf_link

Best wishes

Stay Safe and Healthy



MANAGING COMMITTEE

CA. Kirti Joshi (Vice-Chairman) **CA. Gaurav Maheshwari** (Secretary) **CA. Ankush Jain** (Treasurer)

CA. Samkit Bhandari (CICASA Chairman) **CA. Pankaj G. Shah** (Imm. Past Chairman),

CA. Anand Jain (Media & Digital Comm. Chairman)

Ex. Officio Member : **CA. Kemisha Soni** (CCM), **CA. Nilesh Gupta** (RCM), **CA. Churchill Jain** (RCM)

DOWN THE MEMORY LANE

Dear Friends,

I feel much pleasure to share my feelings with you about the premier and best branch of ICAI in our country. When I become as member in the year 1979 of the institute total strength of the branch was about 200 members and now it has grown up more than 20 times and crossed more than 4000 members. Similarly activities of branch were restricted to Coferences, seminar and monthly meetings which has now increased manifold for members as well as students. Due to which it is continuously honored as a best branch in earlier in small category and now in large category of our Institute. I congratulate all office bearers for putting their continuous best efforts for achieving and maintaining it.

During the year 1987-88 I was holding the baton of the branch, we tried our level best to boost the activities of branch and office was shifted to bigger premises at Jhabua Towers, R.N.Marg, Indore. I pay my humble gratitude to my seniors CA B.L. Bansalji, CA D.J. Daveji, CA Maheshji Joshi, CA R.S. Bansalji, CA P.D. Nagarji, CA Kanji Agrawalji CA M.P.Agrawalji under their kind guidance in the branch activities which helped me in organizing regional conference, seminars and budget speech of Jurist Nani Palkiwalaji and other activies.

Indore Branch is Celebrating the **Golden Jubilee Year** is very much matter of pride for we people being part of the fraternity of this noble profession serving our great nation with its ethical dedication. On this occasion I would like to Congratulate to all respected senior members, fellow members and all the past Chairman and Secretary of the Indore branch.



CA. V.K. Khandelwal



It is always nostalgic to remember my tenure during 1991-92. I along with learned CA Manoj Fadnis took 1st step to shift branch office from Jhabua tower to Jaora Compound. And I still remeber that due to lack of fund we had to ask members to contribute for basic infrastructure and it was commendable to see the motivation of members. It is still a history that Indore branch has hosted 3 days meeting of central council members which has never happened before and even later. Best wishes and my full support to one of the active and leading branch and it's innovative members.

CA. Ashok Khasgiwala



VALUATION OF INTANGIBLE ASSETS: A PRACTICAL APPROACH



CA. Rajul Maheshwari

WHAT ARE INTANGIBLE ASSETS

ICAI Valuation Standard 302 states that an intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets can generally be classified under the following broad categories (not intended to be exhaustive):

1. **Customer based** : Customer lists, Non-contractual customer relationship, Customer contracts
2. **Marketing based** : Trademarks, trade-names, certification marks, Internet domain names, Non-competition agreements
3. **Contract based** : supply contracts, lease agreements, Licensing, royalty, advertising, service, construction permits, franchise agreements, broadcast rights
4. **Technology based** : processes, Computer software, Patented technology, Databases
5. **Artistic based** : books, magazines, newspapers, song lyrics, advertising jingles, photographs, video, motion pictures, music videos, television programs
Owners exploit intangibles either in their own business (direct use) or through a license fee or royalty (indirect use).

VALUATION OF INTANGIBLES

"Everything that can be counted does not necessarily count; everything that counts cannot necessarily be counted" - Albert Einstein

Valuation assignments must estimate the value of intangibles, recognising the volatility, on-going creation and problems with protection and enforcement. Knowledge underlies the creation of value. Some of the points that need to be considered include the following:

- Useful life of this asset
- Portion of the operating income this asset generates
- Unique Risks to your industry

- What would a willing buyer pay to employ the intangible asset

Financial reporting concepts require measurement of these separable intangible assets from the overall goodwill in a purchase price allocation, attributable to an acquisition (price paid over tangible assets and assumed tangible liabilities) and periodic testing of intangible assets and unallocated residual goodwill for impairment.

In undertaking the intangible's Valuation assignment, there are common planning elements for all valuation assignments, such as the following:

- Purpose and objective of the analysis
- Defining the subject intangible asset
- Highest and best use considerations
- Date of value
- Understanding the legal rights subject to analysis

However, data collection will probably be different in the intangible's assignment. We need to consider the following:

Owner or operator, or both

- History and development of the intangible asset
- Licensee or licensor, or both
- Industry operations and pricing data
- Competitive environment
- Commercial comparative intangible assets, cost, and treatment

There will be a few minor twists in the application of Valuation approaches for Intangibles, but they are similar. As in all valuations, all three approaches should be considered. Here are a few ideas on methodologies and the inherent struggles in using each one.

COST APPROACH

Cost based analyses are based on the economic principle of substitution and usually ignore the amount,

timing, and duration of future economic benefits, as well as the risk of performance within a competitive environment. Historical cost reflects only the actual cost that had been incurred to develop the asset. Reproduction cost new implies the current cost of an identical new property. Replacement cost new implies the current cost of a similar new property having the nearest equivalent utility to the property being valued. Physical deterioration is common for tangible assets, but not for intangibles, although overuse or deterioration of tangible assets could affect value of specific intangibles and the business enterprise.

Cost based models are best used for valuing an assembled workforce, engineering drawings or designs and internally developed software where no direct cash flow is generated. Consider the following

- Cost measurements
- Hard and soft costs are included
- Reproduction cost new (exact duplicate)
- Replacement cost new (equal utility)
- Measuring functional and economic obsolescence
- Replacement cost new less depreciation

INCOME APPROACH

Income based models are best used when the intangible asset is income producing or when it allows an asset to generate cash flow. Just as in other valuation assignments, an income approach technique converts future benefits (such as cash flows or earnings) to a single, discounted amount, usually as a result of increased turnover or cost savings. We have the traditional two choices of either capitalising a single period of benefits or discounting a future stream of benefits. One of the primary difficulties within an income approach method is distinguishing the cash flows uniquely related to the intangible asset from the cash flows related to the whole company.

Income models examine a discount rate from either

- A weighted average cost of capital (WACC),
- A weighted average return on assets (WARA), or
- An internal rate of return (IRR) to the investor.

Among the most common income-based methods is the relief from royalty method, where one directly estimates cost savings (or income enhancement) from using an intangible such as a trademark or patent. Under the relief from royalty method, value is based on the avoided third-party license payment for the right to

employ the asset to earn benefits.

Consider the following with regards to the income approach:

- Separation of revenue streams and related expenses
- The expected useful life of the intangible asset
- Alternative measures of income
- Operating earnings of the intangible asset
- Royalty rate income that might be earned by the intangible asset
- Direct capitalisation methods
- Residual value considerations
- Tax amortization benefit

MARKET APPROACH

Observable (one might say “findable”) market-based transactions of identical or substantially similar intangible assets recently exchanged in an arm's length transaction are often difficult to obtain. Publicly traded data usually represents a market capitalisation of the enterprise, not singular intangible assets. Market data from market participants is often used in income-based models, such as determining reasonable royalty rates and discount rates. Consider the following:

- Search for sale/license transactional data
- Issue of comparability and timing
- Selecting/adjusting price multiples
- Selecting/adjusting royalty rates

Different valuers may approach the valuation assignment with altogether a different perspective. The following table illustrates approaches for certain types of intangibles.

Intangibles	Primary	Secondary	Tertiary
Patents, Technology & Copyrights	Income	Market	Cost
Distribution Network	Income	Cost	Market
Brand Name	Income	Market	Cost
In-House Developed Software	Cost	Market	Income
Assembled Workforce	Cost	Income	Market



WAREHOUSE SUBSIDY

CA. PULKIT AGRAWAL



The role of infrastructure is crucial for agriculture development and for taking the production dynamics to the next level. It is only through the development of infrastructure, especially at the post harvest stage that the produce can be optimally utilized with opportunity for value addition and fair deal for the farmers. Development of such infrastructure shall also address the vagaries of nature, the regional disparities, development of human resource and realization of full potential of our limited land resource.

Major guidelines for claiming interest subsidy :

The hon'ble Finance Minister announced on 15.05.2020 Rs. 1 Lakh Crore Agri Infrastructure fund for farm-gate infrastructure for farmers.

1. Interest Subvention of 3% Per Annum.
2. It will be available for a period of maximum 7 Years.
3. In case of Loans beyond 2 Crores, Interest Subvention will be limited upto 2 Crore.
4. CGTMSE Scheme will also be available for eligible Borrowers.
5. The fees for CGTMSE coverage will be paid by the government.
6. Eligible projects are warehouses, Sorting & Grading Units, Cold Chains, Primary Processing Units.
7. Any Subsidy available under any other scheme can also be availed irrespective of this scheme.
8. 24% of total grants under this scheme will only be utilized for SC/ST entrepreneurs.

Following are the major guidelines for claiming Capital Subsidy :

The hon'ble Finance Minister announced on 15.05.2020 Rs. 1 Lakh Crore Agri Infrastructure fund for farm-gate infrastructure for farmers.

1. Capital Subsidy of 25% (for Male entrepreneurs) or 33% (for Female, SC/ ST Entrepreneurs) on cost of construction of Warehouse will be available.
2. Subsidy will only be available for projects sanctioned after 22.10.2018 to 31.03.2021.
3. Minimum capacity of Warehouse Is 500 Mt and Maximum Capacity upto 5000 Mt Is available for Subsidy for each individual.
4. Subsidy will be released In two equal installments, I.e. Advance Subsidy And Final Subsidy.
5. Advance Subsidy will be released after Loan Sanctioned from Bank. Final Subsidy will be released after complete construction of Warehouse.
6. Warehouse constructed on Leased Land will also be Eligible For Claiming Subsidy.





26AS – Merely a form or a Budding Audit Tool??

CA. Shruti Shah



“The New Form 26AS, will become a budding audit tool in the hands of the tax authorities”

WHAT IS FORM 26AS??

Form 26AS is an annual statement which has details of the tax credited against the PAN of a tax payer. Form 26AS gives you all the details of Tax credits. The New form 26 AS is effective from June 01, 2020. It is a form which indicates that the tax that has been deducted has also been deposited with the Govt. The Form 26AS contains details of tax deducted on behalf of the taxpayer (you) by deductors (employer, bank etc.). This form can be accessed from the Income Tax Department's e-filing portal by a tax payer using his/her Permanent Account Number (PAN). You can refer to your Form 26AS for details of your income (on which taxes have been deducted) as well as the taxes that have been paid by or on your behalf by the deductor (could be your employer, bank etc.) to the government treasury.

WHAT IS NEW IN THE FORM 26AS

From merely acting as Annual Tax Statement, the new Form has now become an Annual Information Statement. The old Form contained information only about details of tax deducted at source (TDS) against your PAN, tax collected at source (TCS) on your PAN and details of other taxes paid but the new form contains more of analytical details of the taxpayer.

The new Form 26AS has two parts: Part A and Part B.

Part A of the Form contains general information about the tax payer against the following fields:

1. Permanent Account Number of the taxpayer
2. Aadhaar Number of the taxpayer
3. Name of the taxpayer

4. Date of Birth/Incorporation
5. Mobile number (Newly inserted)
6. Email address (Newly inserted)
7. Address of the taxpayer

The New Form additionally contains a field for mobile number and email address of the tax payer which previously was not captured, which indicates the importance of the mobile number and email address and the Interlinking, where all correspondence with the tax authorities will be done only through a faceless mechanism. Thus, updating Mobile number and Email Id with the department of taxpayer becomes important.

Part B of the Form contains the following information:

1. Information relating to tax deducted or collected at source

1A. Details of 15G/15H

1B. Details of TDS on Immovable property (194IA), TDS on rent of property (194IB) and TDS on payment to resident contractors and professionals (194M)

2. Information relating to specified financial transactions (SFT)

3. Information relating to payment of taxes

4. Information relating to demand and refund

5. Information relating to pending proceedings

6. Information relating to completed proceedings

7. Information relating to GST Turnover

8. Any other information in relation to sub-rule (2) of rule 114-I Information against point numbers 1, 3 and 4 continue to be the same as in the old form.

INFORMATION RELATING TO SPECIFIED FINANCIAL TRANSACTIONS

Rule 114E of the Rules read with Section 285BA of the

Income-tax Act casts an obligation on different categories of persons to report certain financial transactions carried on by a class of persons. Basis this report furnished by different categories of persons mentioned in the Rule, a statement of financial transactions carried out by a person during a particular year will be collated and be a part of the Form 26AS of the tax payer.

Some of the Transactions that would now form a part of Form 26AS are mentioned below:

1) PAYMENT TOOLS;

- Credit card bill payments made in cash: Rs 1 lakh
- Credit card bill payments not paid in cash: Rs 10 lakh
- Purchase of any pre-paid instruments issued by RBI: Rs 10 lakh

2) CASH TRANSACTIONS;

- Purchase of bank drafts or pay orders in cash: Rs 10 lakh
- Cash deposit in one or more current account of a person: Rs 50 lakh
- Cash withdrawal in one or more current account of a person: Rs 50 lakh
- Cash deposit in your savings account in a bank: Rs 10 lakh
- Cash received for the sale of goods or rendering of services: Rs 2 lakh

3) INVESTMENTS;

- Fixed deposits in a bank (not renewals): Rs 10 lakh
- Purchase of bonds or debentures: Rs 10 lakh
- Purchase of shares: Rs 10 lakh
- Share buy-back: Rs 10 lakh
- Mutual fund investments: Rs 10 lakh
- Purchase or sale of immovable property: Rs 30 lakh

4 FOREIGN CURRENCY;

- Expenditure in foreign currency via debit card, credit card or Traveller's Cheque: Rs 10 lakh

POINTS TO PONDER

Government wants to discourage cash transactions and promote digital economy. As a Chartered Accountant the following points should be taken care of; Compliance of TDS under section 194N to deduct

TDS by the payer while making the cash payment over and above Rs 1 crore in a financial year to the payee. Also, Tax audit reporting includes disallowance and disclosures of transactions entered through any mode other than an account payee cheque / bank draft or use of ECS through a bank account. Volumes of cash transactions are indication towards management overriding of controls and frauds, which alarms auditor for more comprehensive use of audit tools and exercise professional judgement. Reporting and Allowance of credit card expenses related to personal nature should be checked. Capital gains calculations, Advance tax payments, Futures and options Reporting shall be cross-tallied with 26AS details and Account statements.

With these information initiatives, the department is now focusing on bringing closure to all outstanding tax returns and matters relating to high value transactions. The data analysis of the department will identify taxpayers who has high value transactions and simultaneously track it with the GST data to find out taxpayers who are not in line with their income tax returns. This data is compiled based on the information received by the authorities from various sources such as 'Annual Information Report', Online Tax Accounting System (OLTAS) and the Central Information Branch of the Government of India.

INFORMATION RELATED TO PENDING AND COMPLETED PROCEEDINGS

A new feature of the Form 26AS is that information related to all pending and completed proceedings for that particular assessment year will be available at a glance. This information will help the tax payer to match his records with the data being uploaded by the tax authorities and

INFORMATION RELATED TO GST

The direct and indirect tax boards have entered into an agreement for data exchange between them. The pact will facilitate data sharing between Central Board of Direct Taxes (CBDT) and Central Board of Indirect Taxes and Customs (CBIC) on an automatic and regular basis. In addition to regular exchange of data, CBDT and CBIC will also share with each other, on request and spontaneous basis, any information available in their

respective databases which may have utility for the other organisations.

The CBDT has assigned responsibility within the Income Tax department, to upload information received from the GST authorities into Income Tax department systems, which will also reflect in profile/Form 26AS of respective taxpayers. The GSTR -3B data is displayed in form 26AS Part H includes details of turnover including internal stock transfers as well.

The reconciliation statement of GST turnover as per GST returns and as displayed in 26 AS shall be made which will also help in gathering information to be reported in Tax Audit.

OTHER INFORMATION

India has signed agreements with many countries to share/exchange information about tax-payers income/asset details in other countries. Any such information received by the Indian Government from the Government of a foreign State would be reflected in the Form 26AS. Besides this, the Government has now mandated charitable and scientific research institutions which receive donations or contributions to furnish a statement of such donations or contributions received to the income-tax authority. The same will also be reflected in Form 26AS.

HOW TO DOWNLOAD FORM 26AS

This form is available in the tax payer's account on the Income Tax Department's e-filing portal: <https://incometaxindiaefiling.gov.in>

Once you log in, click on the 'View Form 26AS' tab, either under 'My Account' or 'Quick links' tabs. You need to then choose the relevant assessment year (i.e., year following the financial year) for which you want to download the statement.

IS REVISION IN DETAILS OF 26 AS POSSIBLE?

While 26AS is your tax statement, it can contain some errors. Therefore, while preparing your ITR you must reconcile the income details and tax deducted shown in the Form 26AS with the details as per your accounts. If there is a mismatch in either the quantum of income or the TDS then this should be brought to the notice of the deductor who would have to revise the TDS return basis which the entry in your 26AS will get rectified.

This exercise is required to avoid any enquiry from the tax department in case of a mismatch between your return and the Form 26AS. The reasons for mismatch could be amount of tax deducted from salary is not correctly reported by the employer, TDS deduction is reported in wrong section, incorrect PAN being punched in the TDS return by the deductor or even as a result of an incorrect PAN inadvertently being given by you to the deductor.

IS THIS HELPFUL TO THE TAX PAYER?

A tax payer can verify his actual transactions with the transactions reported in his Form 26AS before filing his ITR. This will minimise the errors on account of omission of certain transactions while filing ITR. as this will serve as a ready reckoner. At the same time, it will not be possible to conceal the effect of any such transaction that it may have on the ITR.

It is important to note that while these transactions are perfectly legitimate, the authorities will now be able to verify the amount spent vis-à-vis your income. Let us say a person declares his income as below Rs 15 lakh but his credit card spends are more than Rs 20 lakh. From now, such situations will be apparent from the tax payer's Form 26AS.

In the nutshell, gathering more information and data analytics is one of the ways to identify new taxpayers. The taxpayers will see an improved Form 26 AS which would carry additional linking of details of taxpayers regarding financial transactions, high value transactions and GST. The major information related to cash deposit/ cash withdrawal, sale / purchase of immovable properties, credit card payments, shares debentures, mutual funds etc all information will be consolidated in one single form as an umbrella. It will also help honest taxpayers with updated financial transactions while filing their returns, whereas it will desist those who inadvertently conceal financial transactions in their returns. Hence, interlinking of all additional details will assist the department as their analytical audit tool for data mining and e-proceedings.





CA. Amitesh Jain



All About Quarterly Return Monthly/ Payment Scheme (QRMP) Scheme Under GST

GST Council in its October 5 meeting said that registered person having aggregate turnover up to Rs 5 crore may be allowed to furnish return on quarterly basis along with monthly payment of tax, with effect from January 1. In pursuance to same Quarterly Return Monthly Payment Scheme (QRMP) is notified by the Government allowing a registered person having aggregate turnover up to 5 crore rupees to furnish return on a quarterly basis along with monthly payment of tax. CBIC vide circular no. 20/01/08/2020-GST dated 10 Nov. 2020 clarified various issues related to the QRMP scheme which is summarised as under:

1. EFFECTIVE DATE-

The scheme will be implemented with effect from 01 Jan 2021.

2. ELIGIBILITY FOR THE 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.

■ 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.

3. EXERCISING OPTION FOR QRMP SCHEME:

A registered person can opt-in for any quarter as per the following dates:

Quarter	Between
Q1(April to June)	1 st Feb to 30 th April
Q2 (July to September)	1 st May to 31 st July
Q3(October to December)	1 st Aug to 31 st Oct
Q4(January to March)	1 st Nov to 31 st Jan

■ In order to exercise this option, the registered person must have furnished the last return, as due on the date of exercising such an option.

■ Registered persons are not required to exercise the option every quarter. Where such option has been exercised once, they shall continue to furnish the return as per the selected option for future tax periods, unless they revise the said option.

1. DEFAULT MIGRATION FOR THE FIRST QUARTER OF THE SCHEME:

The scheme will be applicable w.e.f 01. Jan 2021. To facilitate the taxpayers, it has been decided that for the first quarter i.e. Jan. 2021 to Mar. 2021, the registered persons having turnover up to Rs 5 crores and have furnished the return in FORM GSTR-3B for Oct. 2020 by 30th Nov. 2020, shall be migrated on the common portal as indicated below :

No.	Class of registered person having aggregate turnover	Default Option
1	Up to 1.5 crore rupees & furnished FORM GSTR-1 on monthly basis in the current financial year.	Monthly Return
2	Up to 1.5 crore rupees & furnished FORM GSTR-1 on a quarterly basis in the current financial year.	Quarterly Return
3	More than 1.5 cr. rupees & up to 5 cr. rupees in the preceding financial year.	Quarterly Return

■ The taxpayers are advised to furnish the return of Oct 2020 in time so as to be eligible for default migration.

■ Change from the default option of filing return periodicity can be done if desired. For the first quarter of the scheme, the changes can be done from the 5th of December, 2020 to 31st of January, 2021.

1. OPT-OUT FROM THE SCHEME ON TURNOVER EXCEEDS RS 5 CRORES:

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. Such registered person, whose aggregate turnover crosses 5 crore rupees during a quarter in current financial years, shall opt for furnishing of return on a monthly basis, electronically, on the common portal, from the succeeding quarter.

2. GSTIN WISE OPTION IS AVAILABLE:- The option to avail of the QRMP Scheme is GSTIN wise and therefore, distinct persons (different GSTINs on same PAN) have the option to avail the QRMP Scheme for one or more GSTINs. In other words, some GSTINs for that PAN can opt for the QRMP Scheme and remaining GSTINs may not opt for the Scheme.

3. INVOICE FURNISHING FACILITY :

As a quarterly filer the taxpayer can pass credit on monthly basis by using Invoice Furnishing Facility (IFF). Features of IFF are :

- It is optional facility for Quarterly filers
- It has all B2B tables of GSTR 1
- Invoices declared in filed IFF will reflect in GSTR 2A and GSTR 2B of buyers.
- IFF will expire on the 13th of next month
- The said details of outward supplies shall, however, not exceed the value of fifty lakh rupees in each month.

4. MONTHLY PAYMENT OF TAX: The registered person under the QRMP Scheme would be required to pay the tax due on monthly basis in each of the first two months of the quarter.

- The Form 'PMT 06' is required to be used for the purpose.
- The due date of tax payment is the 25th of the succeeding month.
- While generating the challan, taxpayers should select "Monthly payment for the quarterly taxpayer" as a reason for generating the challan.

5. METHOD TO CALCULATE MONTHLY PAYMENT OF TAX: The taxpayer is free to avail either of the following two options provided below for monthly payment of tax during the first two months:-

A. FIXED SUM METHOD-

- Pay 35% : Taxpayer may file a system generated challan of 35% of net cash liability filed in last quarterly form GSTR 3B.
- No calculation / assessment has to be done by taxpayer

FOR EXAMPLE:

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

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

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

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

A. SELF-ASSESSMENT METHOD:

- Taxpayer may self-assess current month's liability (net of input tax credit) and generate a challan for same.

NOTE: In case the balance in the electronic cash ledger and/or electronic credit ledger is adequate for the tax due (for the first month or cumulative dues in the second month) or where there is a nil tax liability, the registered person may not deposit any amount for the said months.

1. REFUND CLAIM: The claim of refund in respect of the amount deposited for the first two months of a Quarter for payment of tax shall be permitted 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.

2. QUARTERLY FILING OF FORM GSTR-3B:

- The registered persons would be required to furnish FORM GSTR-3B, for each quarter, on or before the 22nd or 24th day of the month succeeding such quarter.
- In FORM GSTR-3B, they shall declare the supplies made during the quarter, ITC availed during the



Quarter, and all other details required to be furnished therein.

■ The amount deposited by the registered person in the first two months shall be debited solely to offset the liability furnished in that quarter's FORM GSTR-3B.

■ However, any amount left after the filing of that quarter's FORM GSTR-3B may either be claimed as a refund or may be used for any other purpose in subsequent quarters.

■ 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 a return in FORM GSTR-3B for the relevant tax period.

3. APPLICABILITY OF INTEREST:

FOR PERSON 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 an auto-calculated fixed sum amount by the due date.

■ In case such payment of tax by depositing the system calculated amount in FORM GST PMT-06 is not done by the 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.

■ In case FORM GSTR-3B for the quarter is furnished beyond the due date, interest would be payable as per the provisions of Section 50 of the CGST Act for the tax liability net of ITC.

FOR EXAMPLE:

(i) A registered person, who has opted for the Scheme, had paid a total amount of Rs. 100/- in cash as tax liability in the previous quarter of October to December. He opts to pay tax under the fixed sum method. He, therefore, pays Rs. 35/- each on 25th February and 25th March for discharging tax liability for the first two months of quarter viz. January and February. In his return for the quarter, it is found that liability, based on the outward and inward supplies, for January was Rs. 40/- and for February it was Rs. 42/-. No interest would be payable for the lesser amount of tax (i.e. Rs. 5 and Rs. 7 respectively) discharged in these two months provided that he discharges his entire liability for the quarter in the **FORM GSTR-3B of the quarter by the due date.**

(ii) A registered person, who has opted for the Scheme, had paid a total amount of Rs. 100/- in cash as tax liability in the previous quarter of October to

December. He opts to pay tax under the fixed sum method. He, therefore, pays Rs. 35/- each on 25th February and 25th March for discharging tax liability for the first two 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 Rs. 125 but he files the return on 30th April. Interest would be payable at the applicable rate on Rs. 55 [Rs. 125 – Rs. 70 (deposit made in cash ledger in M1 and M2)] for the period between the due date of quarterly GSTR 3B and 30th April

FOR REGISTERED PERSON 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.

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

4. APPLICABILITY OF LATE FEE –

As per the provision of Section 47 of the CGST Act. It is clarified that no late fee is applicable for delay in payment of tax in the first two months of the quarter.

AUTHOR REMARKS:

There are several benefits for QRMP scheme :

■ Reduced compliance burden as the taxpayers need to file only 4 GSTR-3B returns instead of 12 GSTR-3B returns in a year.

■ Taxpayers would be required to file only 4 GSTR-1 returns since Invoice Filing Facility (IFF) is provided under this scheme

■ Pay tax on a monthly basis, either by fixed sum method (or) self-assessment method by generating pre-filled challan selecting “monthly payment for quarterly taxpayers”.

Even though there are benefits for opting the QRMP scheme for small and medium taxpayer the scheme should be adopted wisely considering the cost effectiveness and business model of the taxpayer.



COMPLIANCE CHART

DECEMBER 2020

Return / Forms	Month/Year	Due Date/ Extended Date	Remark
GSTR 3B	Nov-20	20 December 2020	RP having ATO > Rs 5CR
		22 December 2020	For State of MP and South of MP
		24 December 2020	For States North of MP
GSTR 1	Nov-20	11 December 2020	RP having monthly filing of return
GSTR 5	Nov-20	20 December 2020	Non-Resident taxable person
GSTR 6	Nov-20	13 December 2020	ISD return
GSTR 7	Nov-20	10 December 2020	TDS return
GSTR 8	Nov-20	10 December 2020	TCS return
GSTR 2B	Nov-20	12 December 2020	Auto-populate data for Rule 36(4)
GSTR 9	18-19	31 December 2020	Annual Return
GSTR 9C	18-19	31 December 2020	GST Audit (RP having ATO > Rs 5 Cr)
Depositing of TDS/TCS	Nov-20	07 December 2020	
Depositing Equalization levy	Nov-20	07 December 2020	
Payment of PF Contribution	Nov-20	15 December 2020	
Payment of ESI Contribution	Nov-20	15 December 2020	

Particular	Tax Period	Due Date
Due date for furnishing of Form 24G by an office of the government where TDS/TCs for the month of nov-20	Nov-20	15/12/2020
Filling of Advance Tax payment	Oct-dec	15/12/2020
Filling of Income tax return for all assessee other than :	FY 19-20	31/12/2020
Corporate assesses		
Non corporate assesses, whoes books are required to be audited		
Partner of a firm whoes accounts are required to be audited	FY 19-20	31/12/2020
An Assesse who is required to furnish a report u/s 92E		
Declaration to be filled before the designated authority under vivad se vishwas act ,2020		31/12/2020
Intimation for master file Form 3CEAB	FY 19-20	31/12/2020



Meeting & Felicitation of
Shri Omprakash Saklecha
 (MSME Minister- Govt. of M.P.) at Branch



Diwali Pujan by
 MCM, Members
 & Staff at Branch.



Virtual CPE Meeting on
**Presentation before Adjudicating
 & Appellate Authorities**
 Speakers - **Shri Sant Saran Mantri**,
 (Commissioner Income Tax - Appeal)
 & **CA Manoj P. Gupta**

EDITORIAL BOARD



CA. Priyank Rana



CA. Vinay Manchanda



CA. Aayush Zanzari



CA. Sourabh Agrawal



CA. Yash Khandelwal



CA. Aayush Garg



CA. Mayank Ghatia



CA. Ena Kansal



CA. Urvashi Agrawal



CA. Guneet Khurana



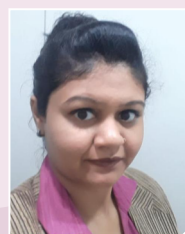
CA. Anuradha Jain



CA. Swati Jain



CA. Priyanshi Sikchi



CA. Shreya Kedia

Registered with the Registrar of Newspaper for India under No. MPBIL 01231/12/1/2008-TC

Printed Book-Post
ICAI, Indore News Letter
To,

Printed & Published by **CA. Harsh Firoda**, Chairman on behalf of the Indore Branch of Central India Regional Council of The Institute of Chartered Accountants of India, Plot No. 19-B, CA. Street Scheme No. 78, Part-II, Indore (M.P.) and designed at **Profiles**, 639, Sneha Nagar, Indore - 452 001 Ph.: 94250 64293, 0731 - 4061632 and published from Indore.

If undelivered please return to :
INDORE BRANCH OF CIRC OF ICAI
19-B, CA. Street, Scheme No. 78, Part-II,
Indore (M.P.) Tel. : 0731-2570052-53, 4298198
Mail : indore@icai.org www.indore-icai.org

Disclaimer - The views expressed in the articles or contents published in news letter do not necessarily represent the views of office bears the approval of the Council of the ICAI or any of its Committees or the concerned Regional office or its Committees or Branch Managing Committee or Committees.