



# Gurugram Branch of NIRC

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## e-Newsletter



# Chartered Accountants

## February 2021 Edition

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# Chairman's Message



CA Dheeraj Sharma

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श्रेयो हि ज्ञानमभ्यासाज्ज्ञानाद्ध्यानं विशिष्यते।

ध्यानात्कर्मफलत्यागस्त्यागाच्छान्तिरनन्तरम्॥ (Shrimad Bhagwat Geeta | 12.12)

Respected Professional Colleagues

Warm greetings.

I pray for your good health and safety. I am honoured to write this communication with you as a going Chairman of Gurugram Branch of NIRC of ICAI. Profession today is ready for the emerging paradigms in finance and economy. Our globally competent and new-age Chartered Accountants are ready to face the existing challenges and tap the emerging opportunities. Last year was full of challenges but it became encouraging one because of support of members and students at large. In recent time we observed that 'e' (online) became **symbol of empowerment**. I am glad to mention that your branch has not missed any step to ensure the learning of members and students in this pandemic time and ensured to arrange all the possible means of learning through digital platform.

You branch started the calendar year 2021 with an amazing **CA Students Conference in which Civil Servants, top leadership of ICAI including President, Vice President, Central Council Members, Regional Council Members and other distinguished speakers along with paper presenters and moderators from nine different states** joined at one platform. Later on your branch has hosted an interactive talk with world famous wisdom guru **Swami Mukundanad ji which was accompanied by Member of Parliament Swami Sumedhanand Saraswati**.

I feel privileged to tell you that we at Gurugram Branch held very productive interactions with the

distinguished personalities including **Union Ministers, Member of Parliaments and higher officials of various Ministries, local administration, C&AG of India and with members in public services and industry**, to understand and implement the better way to serve the profession. I am glad to communicate that **the construction of building of Gurugram Branch is going on in good pace and I am confident that the dream building of ICAI Gurugram will be a reality soon.**

My best wishes to all the students who are waiting for their result which is expected to be announced this week. I wish for their bright future.

My tenure as Chairman of this esteemed branch will be over in this month and our current **Vice Chairman CA. Nitin Kataria** will take over the charge. I have complete trust in his leadership and professional acumen and believe strongly that the branch will prosper and advance beyond all limits. I must congratulate him in advance and welcome too. While I know that the branch will be in safe hands, I am sure it will continue to attain new heights of success; it is bound to grow under the new Vision.


I, along with my entire team express heartfelt gratitude for the love, support and guidance you have been pouring on us.

Stay safe, stay healthy. Jai Hind.

**'Be Genuine and Win Hearts'**



**CA Anita Agrawal**

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The government has launched the Quarterly Return Filing & Monthly Payment of Taxes (QRMP) scheme for small taxpayers under the GST system.

CBIC rolled out Circular No. **20/01/08/2020-GST** on November 10th, 2020, introducing the QRMP Scheme that is effective from January 1, 2021.

Under the said scheme, **eligible taxpayers** have the option to file their GST returns on quarterly basis, while payment of tax will be on monthly basis through a Challan. In this case payment through Challan in cash is mandatory.

This is an **OPTIONAL** scheme. This option can be availed GSTIN wise. Therefore, few GSTINs for a PAN can opt for the Scheme whereas the remaining GSTINs of the same PAN can remain out of the Scheme.

### Eligibility for the Scheme

- In terms of Notification No. 84/2020-Central Tax, dated 10-11-2020, a registered person who is required to furnish a return in **FORM GSTR-3B**, having **aggregate annual turnover (PAN wise) of up to Rs 5 crore in the preceding financial year** is eligible for this scheme.

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.

- Any person obtaining a new registration or opting the Composition Scheme can also opt for this Scheme.

### Time limit to opt for QRMP Scheme

The facility is available online and can be availed throughout the year, in any quarter

Taxpayer can opt for any quarter from first day of second month of preceding quarter to the last day of the first month of the quarter

### **Timeline for exercising option under QRMP Scheme during FY 2020-21**

SNo.	Period – Quarter	Timeline
1	April – June	1st Feb 2021 to 30th April 2021
2	July – Sept	1st May 2021 to 31st July 2021
3	Oct – Dec	1st August 2021 to 31st Oct 2021
4	Jan – March	1st Nov 2021 to 31st Jan 2022



- In order to exercise this option, the registered person must have furnished the last return, as due on the date of exercising such option.
- If taxpayer wants to opt this scheme and he is exercising his option on 28<sup>th</sup> November for the quarter Jan to March, he must have furnished the return for the month of October before such date.
- Option for QRMP, once exercised, will continue till registered person revises the option or his annual aggregated turnover exceeds INR 5 Cr.

## Opting Out of the Scheme

- Any taxpayer whose aggregate turnover exceeds Rs. 5 crore during any quarter in the current financial year, he shall not be eligible for the Scheme from the next quarter and shall opt out of the Scheme.
- The time limit for opting out of the Scheme is same as in case of opting in i.e., for a quarter it will be available from first day of second month of preceding quarter to the last day of the first month of the quarter.

## Default Option for First Quarter

For the first quarter of the scheme i.e., for the quarter Jan to Mar 2021, all the registered taxpayers whose Aggregate Turnover in the FY

2019-20 was up to ₹ 5 Crore and has not exceeded ₹ 5 Crore turnover in current FY i.e. 2020-21 and have furnished their return in Form GSTR-3B for the month of October 2020 by 30<sup>th</sup> November 2020, will be migrated by **default** to QRMP scheme by the GST System.

S. No.	Registered Taxpayer Type	Default Option
1	Aggregate Turnover Up to Rs.1.5 Crore- GSTR 1 (Quarterly) in the current financial year	Quarterly Return
2	Aggregate Turnover Up to Rs.1.5 Crore- GSTR 1 (Monthly) in the current financial year	Monthly Return
3	Aggregate Turnover More than Rs.1.5 Crore up to Rs.5 Crore in the preceding financial year	Quarterly Return

Registered persons are free to change the option as above, if they so desire, from 5<sup>th</sup> of December, 2020 to 31<sup>st</sup> of January, 2021.

## Furnishing details of Outward Supplies

### (Invoice Furnishing Facility-IFF)

- A taxpayer opting for QRMP Scheme will have the





**OPTIONAL FACILITY** (Invoice Furnishing Facility-IFF) to furnish the details of such outward supplies to a registered person.

- This facility will be available only for first two months of the quarter and it can be entered between following dates-

Month	Date	Amount of Invoices
April	1 <sup>st</sup> to 13 <sup>th</sup> May	Not exceeding Rs.50 Lakhs
May	1 <sup>st</sup> to 13 <sup>th</sup> June	

- Benefit of this facility is to allow to upload the invoices on a monthly basis which will be duly reflected in the FORM GSTR-2A and FORM GSTR-2B of the concerned recipients and help them to avail the input tax credit timely.

## Monthly Payment of Tax

- The registered person needs to pay the tax due in each of the first two months of the quarter by depositing the due amount by 25th day of the month succeeding such month in FORM GST PMT-06.
- At the time of generating the challan, taxpayer should select “**Monthly payment for the quarterly taxpayer**” as a reason for generating challan.

- The said person can either use the **Fixed Sum Method** (pre-filled challan) or the **Self-Assessment Method** (actual tax due), for a monthly payment of tax for the first two months, after adjusting ITC.

## Fixed Sum Method:

There can be two cases under this method-

⇒ **Case 1-Last return was filed on Quarterly Basis**

Under this case, 35% of the tax paid in cash in the preceding Quarter to be deposited.

⇒ **Case 2-Last return was filed on Monthly Basis**

Under this case, 100% of the tax paid in cash in the last month of the immediately preceding Quarter to be deposited.

Filing of up-to-date tax returns is mandatory for using this fixed sum method.

## Self Assessment Method:

Under this method, the tax due can be paid on the basis of tax liability on outward supplies plus RCM on Inward supplies minus Eligible ITC.

If cash balance is available in Elec-



tronic Cash Ledger and utilizable, then only balance deposit would be sufficient.

- The registered person is free to avail any of the above methods for payment in any of the two months of the quarter.
- No tax to be paid in first two months of the quarter if the balance in the electronic cash ledger and/or electronic credit ledger is adequate for the tax due or where there is nil tax liability.
- Tax deposited for the first 2 months can only be used for adjusting liability for the respective quarter in Form GSTR-3B and can't be used for any other purpose till the filing of return for the quarter. A refund for the balance accumulated can only be claimed after filing of GSTR 3B of the respective quarter.

### Quarterly filing of GSTR 3B Return

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

- The amount deposited by the registered person in the first two months shall be 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.**
- 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.

### Interest Payment under QRMP Scheme

#### ⇒ Under Fixed Sum Method:

- **No interest** would be payable in case the tax due (auto-calculated fixed sum) in the first two months of the quarter is paid and later discharge the entire liability for the quarter by filing **FORM GSTR-3B** by the due dates.
- In case such system calculated sum is not deposited by due date in **FORM GST PMT-06**, 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.



- Further, if FORM GSTR-3B for the quarter is not furnished by the due date, interest @ 18% would be payable as per the provisions of Section 50 of the CGST Act for the liability net of ITC.

### ⇒ Under Self-Assessment Method:

- The taxpayer needs to **pay interest @ 18% on the net tax liability** which remains unpaid or is paid beyond the due date for each of the first two months of the quarter i.e., in case PMT-06 if filed after 25<sup>th</sup> of the following month.
- Further, it is important to note that the taxpayer needs to pay interest @18% if there is any late payment of tax in the third month of a quarter. **This stays applicable irrespective of Fixed Sum Method or Self-Assessment Method.**

### Applicability of Late Fee

- The late fee will be applicable on the delay in furnishing the quarterly GSTR-3B and GSTR 1 within due date.
- However, it is clarified that **no late fee is applicable for delay in payment of tax in the first two months of the quarter in form GST PMT-06.**

### Conclusion

This scheme will reduce GST compliance burden significantly for small taxpayers. Taxpayers need to file only **4 GSTR-3B returns** instead of 12 GSTR-3B returns in a year.

Further, this may prove beneficial for large players who are currently losing credits due to non-reflection of entries in GSTR 2A since many suppliers are filing GSTR 1 quarterly, thus eventually saving both time and money.

Therefore, it can be seen as another step towards the goal of increasing “**Ease of doing business**” in India.



The Reserve Bank of India (RBI) announced a slew of measures in order to provide relief for the ongoing Coronavirus outbreak in India. **These include:**

1. **Repo Rate** – RBI announced that it was cutting the repo rate by 75 bps, or 0.75% to 4.4. The Repo Rate was earlier 5.15; last being cut in October 2019.
2. **Reverse Repo** – The regulator also announced that it would cut the Reverse Repo rate by 90 bps, or 0.90%. On a daily average, banks had been parking Rs 3 lakh crore with the RBI. The current reverse repo rate was 4%.
3. **Loan Moratorium** – In a massive relief for the middle class, the RBI Governor also announced that lenders could give a moratorium of 3 months on term loans, outstanding as on 1 March, 2020. This is applicable to All Commercial Banks including Regional, Rural, Small Finance, Co-Op Bank, All India Financial Institutions and NBFCs including Housing Finance and Microfinance.
4. **CRR** – The RBI also announced that the Cash Reserve Ratio (CRR) would be reduced by 100 bps, or 1%, to 3% . This would be applicable from March 28, and would inject Rs. 1,37,000 crore.
5. **LTRO** – The RBI will also undertake Long Term Repo Operations (LTRO); allowing further liquidity with the banks. The banks however are specified that this liquidity will be deployed in in commercial papers,

investment grade corporate bonds and non-convertible debentures.

6. **Ease of Working Capital financing** – Lenders were allowed lending to recalculate drawing power by reducing margins and/or by reassessing the working capital cycle for the borrowers. The RBI also specified that such a move would not result in asset classification downgrade.
7. **Working Capital Interest** – A Three month interest moratorium shall also be permitted to all lending institutions.
8. **Deferment of NSFR**- The Net Stable Funding Ratio (NSFR), which reduces funding risk by requiring banks to fund their activities with sufficiently stable sources of funding was postponed to October 1, 2020. The NSFR was earlier supposed to be implemented by April 1, 2020.
9. **MSF** – Marginal Standing Facility (MSF) has also been increased to 3% of SLR, available till June 30, 2020. “This measure should provide comfort to the banking system by allowing it to avail an additional 1,37,000 crore of liquidity under the LAF window in times of stress at the reduced” said the RBI.
10. **Fresh Liquidity** – The impact of all the announcements today shall inject almost 3.2% of GDP, the Governor said in his brief today. The RBI also added that since February 2020 it had injected Rs 2.8 lakh crore





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Amazon Prime Video recently dropped its 'ME' from all of the social media handles leaving viewers in dubiety. Soon it launched its first new Mobile Edition subscription plan, targeting the hundreds of millions of entertainment-hungry smart phone users in India as the country's streaming market surges. The nation of 1.3 billion is the first where a Prime Video standalone plan is available aside from the Prime membership.

A normal user will usually be restricted towards discussing the perquisites; where as a Chartered Accountant is always driven towards apprehending the core business of any platform. Therefore, let's infer the nucleus of OIDAR services (which encompass at least 40 OTT platforms including global ones such as Netflix, Amazon Prime, HotStar and hundreds of news content websites) for the corporations and the users in the ambit of Indian economy.

**What do you mean by OIDAR (Online Information Database Access and Retrieval services)?**

The IGST Act defines OIDAR to mean services whose delivery is mediated by information technology over the internet and the nature of which renders their supply essentially automated and involving minimal human intervention. It includes supply of music, films and games. Hence, services by Netflix, Amazon Prime etc can be referred to as OIDAR services.

**Reasons behind Growth of OTT platforms:**

According to a report by KPMG – Eros, with cheap data plans, viewership of online videos

has proliferated to estimated 300 million-plus users in India, a number that forecast to touch 550 million by FY 2023. Indians spend as much as 70 minutes every day on OTT platforms and typically watch a web series in three days as against the global average of four days.

Further, dozens of streaming services saw rocketing user growth as prolonged coronavirus lockdowns forced Indians to largely remain indoors. The delay of entire movie theater blockbuster slate also brought those films later at streamers such as Netflix or Amazon Prime.

**Are these services taxable under GST? If yes, then how?**

For any supply to be taxable under GST, the place of supply in respect of the subject supply should be in India. As per section 13(12) of IGST Act, if both the supplier of OIDAR Service (For Ex: HotStar) and the recipient of such service are in India, the place of supply would be the location of the recipient of service i.e. it would be governed by the default place of supply rules.

What happens in cases where the supplier of service (For Ex: Netflix) is located outside India and the recipient is located in India? In such cases also, as per section 14 of IGST Act, the place of supply would be India and the transaction would be amenable to tax.

**Who will be responsible for paying the tax?**

As per section 7(1)(b) of CGST Act, importation of services for a consideration for business or personal use amounts to supply. Does this



mean that we (Individuals) are liable to registration and pay tax under GST on subscribing to Netflix or Amazon Prime?

No, as it would be impractical to ask the individual in India to register and undertake the necessary compliances under GST for a one off purchase on the internet. For such cases the IGST Act provides that on supply of OIDAR services, the supplier shall be the person liable for paying tax on such supply of services. (A big relief!! Isn't it?)

But in cases where the recipient is a business entity (registered person) located in India, the reverse charge mechanism would get triggered and the recipient in India who is a registered entity under GST will be liable to pay GST under reverse charge and undertake necessary compliances.

## Impact on Indian Economy

### Food firms feast on Binge watching:

Streaming services are helping to drive a sharp spike in sales for online food delivery entities, ready-to-eat products and single-serve snacks led by orders from 'screenagers' (teenagers and other consumers glued to screen devices) binge watching shows on the over-the-top (OTT) platforms.

The surge is even more evident for restaurants, with fine-dining and quick service outlets reporting faster growth in home delivery, which has resulted in aggregators Swiggy and Zomato also reporting swift growth. While Zomato's latest reported numbers are 1.25 million orders a day, Swiggy's is estimated at between 1.4 million and 1.6 million.

Another category that's benefiting from binge-watching is packaged foods in single serves or multiple singles or bigger food packs. Multiple single-packs of brands such as Milano, Black Bourbon and Choco Rolls are growing 1.5 times that of regular packs of same brands.

### Heavy content investment:

Airtel, with more than 300 million subscribers in India, is the rollout partner for Prime Video Mobile Edition but Amazon intends to chase the country's vast base of prepaid mobile users by partnering with other operators. According to Media Asia Partners, a research firm, India's online-video market will expand to \$4.5 billion over the next five years, growing at an annual rate of 26% to 2025.

According to Media Asia Partners, content investment reached \$700 million in 2020. Further, the companies are plowing hundreds of millions of dollars into creating original shows in multiple languages and buying rights to Bollywood film premieres and cricket games.

Henceforth, this digital platform holds the potential to significantly sway our lifestyles. In addition to opening up a new era for advertisement, it can also provide a new boom for Indian economy along with a lot of opportunities for Chartered Accountants to explore and jump on the bandwagon.

### Sources:

The Hindustan Times

The Economic Times

Bloomberg

[www.cbec.gov.in](http://www.cbec.gov.in)

## Program hosted by Gurugram Branch in January 2021

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Date: 2-3 January 2021 | Topic: CA Students Conference

Speakers : Civil Servants, ICAI President, Vice President, Central Council Members, Regional Council Members & Academicians etc.

Date: 16 January 2021 | Topic: Managing stress amid tight deadlines Recent Change

Chief Guest : Swami Sumedhanand Saraswati, Member of Parliament

Guest Speaker: Swami Mukundanand, Wisdom Guru

Date: 17 January 2021 | Topic: VCM on Entity Structure and Taxation structure in USA

Speaker: CA. Rinkesh Shah

Date: 22 January 2021 | Topic: VCM on on A New Era of Practice

Guest of Honour : CA. Dhiraj Khandelwal, Central Council Member

Speaker: CA. Rohit Ruwatia

Date: 23 January 2021 | Topic: VCM on IFRS 13 and Valuation in recent Times

Speakers: CA. Shahnawaz Khan, Bahrain & CA. Vivek Kapoor, Canada

Date: 24 January 2021 | Topic: VCM on Startup Eco System

Speakers: CA. Sunil Kumar Pathak, Gurugram

Date: 25 January 2021 | Topic: VCM on E-invoicing, it's intricacies and way forward

Speakers: CA. Sushant Gupta, Indirect Tax Expert, Delhi

Date: 26 January 2021 | Topic: Invitation for Celebration of Republic Day and  
Branch Foundation Day

Date: 27 January 2021 | Topic: VCM on Demystifying GSTR 9/9C for FY 2019-20

Speakers: CA. Ashish Chaudhary & CA. Nikita Maheshwari

Date: 30 January 2021 | Topic: VCM on 'Faceless Assessment' & 'Faceless Appeal Scheme'  
under Income Tax | Speakers: CA. Nabin Ballodia, Gurugram

Date: 31 January 2021 | Topic: VCM on Code of Ethics 2020- Important Aspects for Auditors

Speakers: CA. Naveen Aggarwal, Delhi





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