



**The Malad
Chamber of
Tax
Consultants**

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MCTC Bulletin

"Every Passing Minute is Another Chance to Turn it Around"

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President's Communique

My Dear Professional Colleagues,

In the last month of November, 2020, we all have celebrated Diwali Festival keeping the Govt. restrictions in mind. The 15th Dr. Bharat D. Vasani – Diwali Get-together and Virtual Entertainment Programme was an extraordinary successful event of our Chamber where more than 4200 viewers on YouTube enjoyed the programme. It's a moment of immense pride for the team, but special thanks to Dr. Bharat Vasani for sponsoring the event.

We have Successfully Organised 8th Study Circle Virtual Webinar on Co-op. Society by CA Shilpa Shinagare on 28th November, and 9th Study Circle Webinar on 29th November by Advocate Dharan Gandhi on Direct tax Vivad se Vishwas scheme.

The Malad Chamber invites "Suggestions for important amendments" as a part of its submission for Pre-Budget Memorandum 2021. The format is attached herewith, members are requested to send their suggestions by 31st December, 2020.

During this month we all are busy meeting deadlines of various statutory filings under direct tax, indirect tax as well as companies act. The professionals and business establishments are still facing operational difficulties and feel they would not be able to meet the deadline of December and January for various filings. Realising difficulties encountered, MCTC along with other professional bodies, has again initiated representation to the Finance Ministry requesting extension of filing dates.

This year taught us that no obstacle is bigger than us, as long as we are equipped with positivity and faith as our armour. After all every night is inevitably followed by a bright sunrise.

To quote Martin Luther King Jr., "If you can't fly then run, if you can't run then walk, if you can't walk then crawl, but whatever you do, you have to keep moving forward."

This is the end of the unprecedented year 2020. My next communication would be in 2021. The year 2020 has taught us so much. It was a year of extraordinary experiences on various fronts-health, work, education, knowledge-sharing and so on. It was a case of a paradigm shift. From the uncertain times of the pandemic and related anxieties to hope of a vaccine coming in and which could be the year-end gift to human begins. We should enter the New Year with hope, new directions and a positive attitude.

I wish all of you a Merry Christmas and a Happy and Healthy New Year-2021. Let's hope that in 2021 we are back to our normal social life with personal, face-to-face interactions.

Till then, we follow the dictum, 'We isolate now, so when we meet again no one is missing!'

Best Regards,

Thank You!

CA M. D. Prajapati
President

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Life Membership Fees ₹ 2,500

PRE-BUDGET MEMORANDUM 2021 INVITATION FOR SUGGESTIONS

The Malad Chamber invites “suggestions for important amendments” as a part of its submission for Pre-Budget Memorandum 2021.

We request members to E-Mail your suggestions as per attached format at maladchamber@gmail.com by 7th December 2020 to incorporate in our Memorandum.

FORMAT FOR SUGGESTIONS FOR PRE-BUDGET MEMORANDUM 2021

*From

*Contact Details : Mobile No. *Tel.

*E Mail ID.

1. Direct Tax

Sr. No.	Section	Existing Provision	Proposed Suggestions	Reasons

2. Indirect Tax

Sr. No.	Section	Existing Provision	Proposed Suggestions	Reasons

DIRECT TAXES - Law Update

Compiled by Haresh P. Kenia



❑ PAYMENT DATE EXTENDED FOR VIVAD SE VISHWAS SCHEME

PRESS RELEASE DATED 27-10-2020

In order to provide further relief to the taxpayers desirous of settling disputes under Vivad se Vishwas Scheme, the Government has further extended the date for making payment without additional amount from 31st December 2020 to 31st March 2021. The last date for making declaration under the Scheme has also been notified as 31st December 2020.

❑ INCOME-TAX EXEMPTION FOR PAYMENT OF DEEMED LTC FARE FOR NON-CENTRAL GOVERNMENT EMPLOYEES

PRESS RELEASE DATED 31-10-2020

In view of the COVID-19 pandemic and resultant nationwide lockdown as well as disruption of transport and hospitality sector, as also the need for observing social distancing, a number of employees are not able to avail of Leave Travel Concession (LTC) in the current Block of 2018-21. With a view to compensate Central Government employees and incentivize consumption, thereby giving a boost to consumption expenditure, the Government of India allowed payment of cash allowance equivalent to LTC fare to Central Government employees subject to fulfillment of certain conditions vide OM No. F. No. 12(2)/2020-EII (A) dated 12th October 2020. It has also been provided that since the cash allowance of LTC fare is in lieu of deemed actual travel, the same shall be eligible for income-tax exemption on the lines of existing income-tax exemption available for LTC fare. In order to provide the benefits to other employees (i.e. non-Central Government employees) who are not covered by the above mentioned OM, it has been decided to provide similar income-tax exemption for the payment of cash equivalent of LTC fare to the non-Central Government employees also. Accordingly, the payment of cash allowance, subject to maximum of ₹ 36,000 per person as Deemed LTC fare per person (Round Trip) to non-Central Government employees, shall be allowed income-tax exemption subject to fulfillment of the following conditions:

- (a) The employee exercises an option for the deemed LTC fare in lieu of the applicable LTC in the Block year 2018-21.
- (b) The employee spends a sum equals to three times of the value of the deemed LTC fare on purchase of goods/services which carry a GST rate of not less than 12% from GST registered vendors/service providers ('the specified expenditure') through digital mode during the period from the 12th of October, 2020 to 31st of March, 2021 ('specified period') and obtains a voucher indicating the GST number and the amount of GST paid.
- (c) An employee who spends less than three times of the deemed LTC fare on specified expenditure during the specified period shall not be entitled to receive full amount of deemed LTC fare and the related income-tax exemption and the amount of both shall be reduced proportionately as explained in Example-A below.

Example-A

Deemed LTC Fare : ₹ 20,000 x 4 = ₹ 80,000

Amount to be spent : ₹ 80,000 x 3 = ₹ 2,40,000

Thus, if an employee spends ₹ 2,40,000 or above on specified expenditure, he shall be entitled for full deemed LTC fare and the related income-tax exemption. However, if the employee spends ₹ 1,80,000 only, then he shall be entitled for 75% (i.e. ₹ 60,000) of deemed LTC fare and the related income-tax exemption. In case the employee already received ₹ 80,000 from employer in advance, he has to refund ₹ 20,000 to the employer as he could spend only 75% of the required amount.

□ **SECTION 119 OF THE INCOME-TAX ACT, 1961 - CENTRAL BOARD OF DIRECT TAXES - INSTRUCTION TO SUBORDINATE AUTHORITIES - CONDONATION OF DELAY IN FILING OF FORM NO. 10BB FOR ASSESSMENT YEAR 2016 -17 AND SUBSEQUENT YEARS**

CIRCULAR NO. 19/2020 [F. NO. 197/135/2020-ITA-1], DATED 3-11-2020

Representations have been received by the Board/field authorities stating that Form No. 10BB could not be filed along with the return of income for AY 2016-17 and AY 2017-18. It has been requested that the delay in filing of Form No. 10BB may be condoned. Accordingly, with a view to expedite the disposal of applications filed by such entities for condoning the delay and in exercise of the powers conferred under section 119(2) (b) of the Act, the Central Board of Direct Taxes hereby directs that:

- (a) In all the cases of belated applications in filing of Form No. 10BB for years prior to AY. 2018-19, the Commissioners of Income-tax are authorized to admit such applications for condonation of delay under section 119(2)(b) of the Act. The Commissioner will while entertaining such applications regarding filing Form No. 10BB shall satisfy themselves that the applicant was prevented by reasonable cause from filing such application within the stipulated time. Further, all such applications shall be disposed of by 31-3-2021.
- (b) where there is delay of upto 365 days in filing Form No. 10BB for Assessment Year 2018-19 or for any subsequent Assessment Years, the Commissioners of Income-tax are hereby authorized to admit such belated applications of condonation of delay under section 119(2) of the Income-tax Act, 1961 and decide on merits.



JUDICIAL JUDGMENTS

Compiled by CA Rupal Shah

DIT vs. M/S. AUTODESK ASIA PVT. LTD.,

Citation: I.T.A. NO.133 OF 2013, Karnataka High Court, 15 September 2020

Interpretation of amendment date of statutes and DTAAs



Facts:

Assessee is a company based in Singapore. During the year, the Company sold software licences to Indian customers and also provided certain ancillary services to the Indian customers.

The Company filed a return of income for the Assessment Year 2006-07 by declaring the taxable income as 'NIL. During assessment u/s. 143(3), AO held that software supplied is chargeable to income tax from royalty and technical services.

Para 12 of Article 12 of the India Singapore treaty was amended w.e.f. 1 Aug 2005, whereby the rate of tax on the royalties or fees for technical services was revised from 15% to 10%. Revenue contended that the rates in force mean the dates on which credit take place in the account and

accordingly rates of 15% and 10% shall apply. Assessee submitted that the substitution of a provision results in repeal of earlier provision and its replacement by new provision and thus revised rate is effective of the entire year.

On first appeal, CIT(A) upheld the view of the AO. However, ITAT allowed the appeal preferred by the assessee.

Held:

The singular issue is with regards to the rate of tax under DTAA for AY 2006-07.

From perusal of Article 4 of the Notification dated 18.07.2015, it is evident that paragraph 12 of Article 12 of DTAA has been deleted and has been substituted by the paragraph which provides for levy of tax on the royalties or fees for technical services at the rate not exceeding 10%.

When a new rule in place of an old rule is substituted, the old one is never intended to keep alive and the substitution has the effect of deleting the old rule and making the new rule operative. Thus the new rate shall be levied on the income of entire year.

Decisions relied upon:

GOI and others vs. Indian tobacco association (2005) 7 SCC 396

West UP Sugar Mills Association V. State of UP (2012) 2 SCC 773

Kamal Galani vs. ACIT

ITA Nos.266 & 267/Mum/2019, ITAT Mumbai, 10 September 2020

Unexplained money in foreign bank accounts

Facts:

The assessee was a non-resident in India up to AY 1999-2000 under the provisions of the I.T. Act, 1961. In the year 2001, the assessee came back to India for settling in India.

Based on the information received from the Government of France regarding bank accounts in HSBC Private Bank (Suisse), SA, Geneva, Switzerland held by certain persons in India, assessment was reopened for the assessee.

AO concluded that account with HSBC Bank, Geneva is opened by resident Indian and black money earned by such resident Indian has been stashed abroad without paying taxes/disclosing income in India

Assessee submitted a copy of letter, dated 09/03/2015 of Dipak V. Galani addressed to the Ld. AO and submitted that bank account was opened by his brother with the British Bank of the Middle East in the year 1998, which was subsequently taken over by HSBC Pvt. Bank (Suisse).

The assessee, further stated that bank account was opened by his brother and all rights, interest in the said bank account belong to his brother and his name was included as a second account holder as a respect to his elder brother. The assessee further stated that his brother Mr. Dipak V. Galani has owned up the account and stated that account is opened by him in the year 1998 and his brother name was included as a mark of respect and further, his brother do not have any right in bank account.

Held:

The account was opened in 1998, when the assessee himself and Mr. Dipak Galani permanently resided outside India for past 30 years and had no intention to come to India at that time. Further, both have no source of income in India, during the course of their residence abroad. Thus, there was no reason for NRI to open a secret bank account and stash unaccounted income taxable in India.

Also, as per the settled position of law, once assessee has provided reasonable explanation along with corroborative material regarding ownership of the account, then the onus was on revenue to establish that account belongs to assessee.



GST ON CORPORATE GUARANTEE

Compiled by CA Bhavin Mehta

Issue: Whether corporate guarantee given to bank for step down subsidiary company would attract GST?



My Comments: A “contract of guarantee” is a contract to perform the promise, or discharge the liability, of a third person in case of default. The person who gives the guarantee is called the “surety”; the person in respect of whose default the guarantee is given is called the “principal debtor”, and the person to whom the guarantee is given is called the “creditor”.

The term “contract” is defined in section 2(h) of the Indian Contract Act, 1872, “An Agreement enforceable by law is a contract”. ‘Agreement’ is defined as every promise and every set of promises forming the consideration for each other. Promises which form the consideration or part of the consideration for each other are called reciprocal promises. A proposal when accepted becomes a promise. Thus every agreement, in its ultimate analysis, is the result of a proposal from one side and its acceptance by the other. The agreement that the law will enforce is a contract. As per section 10 of the Indian Contract Act, 1872, an agreement is a contract when it is made for some consideration, between parties who are competent, with their free consent and for a lawful object.

Under the bank guarantee, the bank undertakes to pay the guaranteed amount in case of default by the principal debtor. Bank guarantee constitutes a separate, distinct and independent contract. An enforceable agreement is entered between Bank (surety) and principal debtor for providing bank guarantee for a consideration. Bank guarantees are backed by assets/deposits, whereas, the corporate guarantees are issued without any underlying assets of securities.

An independent company that is unable to borrow the funds it needs on a stand-alone basis is unlikely to be in a position to obtain a guarantee from an independent party to support the borrowings it needs. Where such a guarantee is given it compensates for the inadequacies in the financial position of the borrower; specifically, the fact that the subsidiary does not have enough shareholders’ funds. It would not be expected that a company pay for the acquisition of the equity it needs for its formation and continued viability. Equity is generally supplied by the shareholders at their own cost and risk. Accordingly to the extent that a guarantee substitutes for the investment of the equity needed to allow a subsidiary to be self-sufficient and raise the debt funding it needs, the costs of the guarantee (and the associated risk) should remain with the parent company providing



the guarantee. Even in a situation in which the group entity is sure that the beneficiary of guarantee has no financial means to reimburse it for the defaulted guarantee amounts, when invoked, the group entity will issue the guarantee nevertheless because these are compulsions of his group synergy rather than the assurance that his future obligations will be met.

The corporate guarantee is given by the parent company for safeguarding the interest of banks, without any reciprocal of promise from the subsidiary company. There is no element of quid pro quo between the parent company and subsidiary company. Though, the contract of corporate guarantee between Guarantor and Bank is enforceable by law, however, between parent company and subsidiary company it is not enforceable in the absence of reciprocity of promise by subsidiary company to parent company. The agreement between parent company and subsidiary company does not fulfill the contractual obligation.

In terms of section 7 of the CGST Act, 2017 (provision of SGST Act, 2017 is parimateria to CGST Act), Supply includes activities specified in schedule I, made or agreed to be made without a consideration. Entry 2 of schedule I read as under:

“supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business”.

In terms of section 15, Parent Company and Subsidiary Company would be considered as related person. Supply of goods or services by Parent Company to Subsidiary Company or vice versa without consideration would qualify as supply in terms of section 7. The question arises, whether in the absence of contractual obligation between the related parties, can it be considered as supply due to schedule I entry?

There should some common sense to classify as service. Legal concept has to be seen. Supply of service is effected and would attract GST only if there is a legal relationship between the provider of the service and the recipient pursuant to which there is reciprocal performance, the remuneration received by the provider of the service constituting the value actually given in return for the service supplied to the recipient. There should be nexus between the supply and consideration. Without reciprocal connection it is not enforceable under the law. When the person is not entitled to compensation for the activity, it would be a gratuitous activity. Every supply should arise from contractual obligation and should be enforceable by law. The gratuitous activity is not enforceable contract. In the opinion of the author, inspite of deeming fiction contained in Entry 2 of Schedule I, gratuitous activity will not qualify as “supply”. In the case of R. J. Tolsma v. Inspector of Turnover Taxes (2012) 23 taxmann.com 16 (ECJ), the assessee used to play barrel organ on the public highways. During his musical performance, he used to offer passers-by a collecting tin for their donations. Sometimes, he used to knock on the door or houses and sop to ask for donations. The department imposed service tax on the said donations contending that said activity amounted to ‘supply of services for a consideration’ and was liable to service tax. The Highest Court of Europe (European Court of Justice) held that a supply of services is effected for consideration and is taxable only if there is a legal relationship between the provider of the service and the recipient pursuant to which there is reciprocal performance by the recipient, donations received by musician from passers-by is not consideration because: firstly, there is no agreement between the parties as to the consideration, since the passers-by voluntarily make a donation as they wish; and secondly, there is

no link between the musical service and the donations.

Schedule I of the Act provides “activities to be treated as supply even if made without consideration”. It may be interpreted to say, even if an activity without reciprocal performance by the related party is considered as supply, the value of such supply shall be NIL because schedule I prescribes it so i.e. ‘without consideration’.

Section 15 of the Act prescribes the method of computing the value of taxable supply. Sub-section (1) prescribes value to be transaction value, if transaction is between unrelated parties. The value of transaction between related parties in terms of sub-section (2) is prescribed in rule 28 of CGST Rules, 2017. The valuation mechanism provided in rules for related parties are anti-avoidance measure which seeks to ensure that the tax is discharged on full consideration value for the services provided by the taxable person. However, where there is no consideration, there is no method for evaluating the value artificially. In the opinion of author, the value of transaction can be determined provided there is reciprocity by the recipient of service. In the absence of reciprocal performance by the recipient of service, the valuation mechanism provided in rules will not apply.

Now let us examine rule 28 containing valuation mechanism of supply of goods or services between distinct and related persons. Rule 28 is reproduced below:

28. Value of supply of goods or services or both between distinct or related persons, other than through an agent.- The value of the supply of goods or services or both between distinct persons as specified in sub-section (4) and (5) of section 25 or where the supplier and recipient are related, other than where the supply is made through an agent, shall-

- (a) be the open market value of such supply;
- (b) if the open market value is not available, be the value of supply of goods or services of like kind and quality;
- (c) if the value is not determinable under clause (a) or (b), be the value as determined by the application of rule 30 or rule 31, in that order:

Provided that where the goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to ninety percent of the price charged for the supply of goods of like kind and quality by the recipient to his customer not being a related person:

Provided further that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of the goods or services.

The issuance of financial guarantee in favour of an entity, which does not have adequate strength of its own to meet such obligations, will rarely be done. The comparison, between the consideration for which banks issue financial guarantees on behalf of its clients with the consideration for which the corporates issue guarantees for their subsidiaries, cannot be conceived because while banks seek to be compensated, even for the secured guarantees, for the financial risk of liquidating the underlying securities and meeting the financial commitments under the guarantee, the guarantees issued by the corporates for their subsidiaries are rarely, if at all, backed by any underlying security and the risk is entirely entrepreneurial in the sense that it seeks to maximize profitability through and by the

subsidiaries. It is inherently impossible to decide open market value of a transaction which cannot take place in arm's length situation. The motivation or trigger for issuance of such guarantees is not the kind for consideration for which a banker, for example, issue the guarantees, but it is maximization of gains for the recipient entity and thus the Guarantor's Company group as a whole.

It can therefore be derived that the consideration for issuance of corporate guarantees is generally gratuitous (free); therefore the open market value of corporate guarantee services is NIL. Once open market value as per sub-clause (a) is determined, sub-clause (b) and (c) of Rule 28 would not be applicable. The open market value of corporate guarantee being NIL the GST applicable on it shall be NIL.

Alternatively arguments: Corporate Guarantee is given for safeguarding the interest of banks and is not given on commercial consideration. Even if we accept that issuance of a corporate guarantee amounts to a 'provision for service', such a service needs to be re-characterized to bring it in tune with commercial reality as "arrangements made in relation to the transaction, viewed in their totality, differ from those which would have been adopted by independent enterprises behaving in a commercially rational manner". No bank would be willing to issue a clean guarantee, i.e. without underlying asset, to guarantor's subsidiaries when the banks are not willing to extend those subsidiaries loans on the same terms as without a guarantee. Such a guarantee transaction can only be, and is, motivated by the shareholder, or ownership considerations. The corporate guarantee issued by the guarantor is in the nature of quasi capital or shareholder activity. Therefore, as long as a guarantee is on account of, what can be termed as 'shareholder activities', it will be outside the ambit of GST. It is essential to appreciate the distinction in a service and a benefit. While the group entity is thus indeed benefited by the shareholder activities, these activities do not necessarily constitute services.

In the premises of above analysis, in the opinion of author, corporate guarantee would not be liable to levy of GST.



GST CHARCHA OF THE MONTH ***Quarterly Return Monthly Payment Scheme" (QRMP Scheme)***

Compiled by Monarch Bhatt, Advocate
(Partner at FairLaw Consultancy)



The new return scheme i.e. Quarterly Return Monthly Payment Scheme (QRMP Scheme) is the GST charcha of the month where Notification Number 81/2020 – Central Tax to 85/2020 – Central Tax dated 10.11.2020 have been issued and circular number 143/13/2020- GST has also been issued.

1. Introduction to Quarterly Return Monthly Payment (QRMP) Scheme:

The section 39 has been amended with effect from 10th day of November, 2020 whereby, power has been given to the government on the recommendations of the Council to notify certain class of registered persons who shall furnish a return for every quarter or part thereof. In accordance with this power, new "Quarterly Return Monthly Payment Scheme" (QRMP Scheme) has been made available for the assessee. As name suggest under these scheme eligible assessee will be required to file quarterly GSTR 3B. However, payment shall be

made on monthly basis. The effective date, eligibility criteria, exercising option to choose the Scheme, payment mechanism and return methodology has been discussed below:

2. Effective date of Quarterly Return Monthly Payment Scheme” (QRMP Scheme):

The QRMP Scheme is coming into effect from 01st day of January, 2021.

3. Eligibility to avail Quarterly Return Monthly Payment Scheme” (QRMP Scheme):

The assessee shall satisfy the following conditions to avail the benefit of QRMP Scheme:

- 3.1 The aggregate turnover of the assessee is up to 5 crores in the preceding financial Year. The term “aggregate turnover” has the same meaning as it has been provided under section 2 (6) of CGST Act, 2017 where PAN India turnover shall be taken into consideration and not of particular state.
- 3.2 The assessee has filed all the GSTR 3B of the preceding months.

It is to be noted that those assessee who has opted for the QRMP Scheme, in all the states they have to follow the same scheme. It is not qua state it is qua assessee. Hence, once option has been chosen, assessee having state wise different registration in each of the state, assessee have to follow the QRMP scheme in each of the state.

It is further to be noted that QRMP Scheme is optional and not mandator. The eligible assessee can also continue filing GSTR 3B on monthly basis and may not choose to exercise the option of QRMP Scheme.

4. Non-Eligibility of the assessee to avail Quarterly Return Monthly Payment Scheme” (QRMP Scheme):

The following assessee are not eligible to avail the benefit of the QRMP Scheme:

- 4.1 The supplier of online Information or database access or retrieval service as provided under section 14 of IGST Act, 2017 are not eligible to avail the benefit of the scheme.
- 4.2 The assessee whose aggregate turnover in preceding financial year is more than 5 Crore are not eligible to avail the benefit of the scheme.
- 4.3 The assessee whose aggregate turnover exceeds 5 Crore in the current financial year are not eligible to avail the benefit of the scheme from the next quarter. Example: The turnover of the assessee in 2020-2021 was 5 Crore. Hence, assessee opted for the scheme in April 2021. Thereafter, in August 2021 his turnover exceeds 5 Crore. The assessee will not be eligible to avail the benefit of QRMP scheme from 01st October, 2021. Such assessee will be required to file monthly return from October 2021.

5. Exercising the option of availing Quarterly Return Monthly Payment Scheme” (QRMP Scheme):

The assessee who has filed their October, 2020 GSTR 3B on or before 30th November, 2020, shall be deemed that they have opted for the QRMP Scheme by default in online portal. The default option for the class of registered person is as follows:

Serial No.	Class of Registered Person	Deemed Option
1	Registered persons having aggregate turnover of up to 1.5 crore rupees, who have furnished FORM GSTR1 on quarterly basis in the current financial year i.e. 2020-2021	Quarterly return
2	Registered persons having aggregate turnover of up to 1.5 crore rupees, who have furnished FORM GSTR1 on monthly basis in the current financial year i.e. 2020-2021	Monthly return
3	Registered persons having aggregate turnover more than 1.5 crore rupees and up to 5 crore rupees in the preceding financial year	Quarterly return

If assessee want to change his preference on the default option as given on the portal, the assessee can change the default option on the portal during the period 5th day of December, 2020 to the 31st day of January, 2021.

If eligible assessee who has not opted for the QRMP scheme but assessee wants to avail the benefit of QRMP Scheme, assessee can still exercise the option between any quarter from first day of second month of preceding quarter to the last day of the first month of the quarter. **Example:** If eligible assessee who has not opted for the QRMP scheme till March 2021 but from April 2021 being eligible assessee, he wants to avail the benefit of QRMP Scheme, assessee can opt for QRMP Scheme from first day of second month of preceding quarter i.e. 01st February, 2021 till last day of the first month of the quarter i.e. 30th April, 2021. Hence, such eligible assessee can opt for the QRMP Scheme during the period 01.02.2021 to 30.04.2021.

6. Monthly Payment under Quarterly Return Monthly Payment Scheme” (QRMP Scheme):

The eligible assessee who have opted for the QRMP Scheme shall make the payment for the first two month of the quarter under form GST PMT-06. The payment shall be made by 25th of the month immediately following the first and second month of the quarter. The assessee shall select “Monthly payment for quarterly taxpayer” as reason for generating the challan. The monthly payment of tax for the first two months of the quarter can be made under any of the following two options:

6.1 Fixed Sum Method: The assessee shall pay fixed sum of 35% of cash paid in the preceding quarter, where the return was furnished on quarterly basis. Example:

Tax paid in Cash in Quarter (January 2021 to March 2021)		Tax required to be paid in each of the months (April 2021 and May 2021)	
CGST	100	CGST	35
SGST	100	SGST	35
IGST	500	IGST	175
Cess	50	Cess	17.5

The assessee shall pay fixed sum equal to the sum of cash paid in the preceding month, where the return was furnished on monthly basis before opting for the QRMP Scheme.

Example:

Tax paid in Cash in March 2021		Tax required to be paid in each of the months (April 2021 and May 2021)	
CGST	50	CGST	50
SGST	50	SGST	50
IGST	80	IGST	80
Cess	—	Cess	—

6.2 **Self-Assessment Method:** The assessee can also make tax payments for the first and second month of the quarter by considering the tax liability under reverse Charge Mechanism and on outward supplies by reducing the input tax credit available with them under form GST PMT-06. ITC for the month to be claimed based on an auto-drafted input tax credit statement available in form GSTR 2B of every month.

It is to be noted that if there is sufficient cash and credit balance available with the assessee to discharge the tax liability to be paid for the first and second month or tax payable is NIL, assessee is not required to make any payments under form GST PMT-06.

7. Filing of Quarterly GSTR 3B under Quarterly Return Monthly Payment Scheme” (QRMP Scheme):

The assessee shall file their GSTR 3B return by 22nd or 24th of the month immediately following the quarter. *(The detailed date schedule has been provided in our last month column.)* This return shall include quarterly details of that quarter and not of the month and accordingly liability shall be discharged of the quarter by offsetting with the cash and credit ledger.

8. Leviability of Interest:

The interest is not leviable, if the tax has been deposited as per the given options. However, if assessee is paying the tax due for the first and second month but does not file the GSTR 3B for the quarter on time, interest will be leviable only on the balance tax payable for the last month of the quarter from the due date of filing of GSTR 3B till the date of filing of GSTR 3B. Example: Assessee paid the taxes for the January 2021 and February 2021 by 25th February 2021 and 25 March 2021 respectively. However, did not filed GSTR 3B for the January 2021 to March 2021 on the dues date i.e. 20.04.2021 and files GSTR 3B on 30.05.2021. The interest payable on the amount not paid for the month of March 2021 and interest to be computed for the period 21.04.2021 to 30.05.2021.

9. Refund or adjustment of excess payment:

Refund of excess amount paid is also available as option to the assessee or excess payment can also be used by the assessee to discharge the future tax liability.

10. Payment of Late Fees:

The late fees are payable only if quarterly GSTR 3B return has not been filed within the due dates as monthly filing of GSTR 3B is not required under QRMP Scheme.

11. Quarterly filing of GSTR 1:

The eligible assessee are required to file GSTR 1 on quarterly basis, where facility has been provided to upload the invoices even prior to the filing of GSTR 1. Invoice Furnishing Facility (IFF) has been made available for such assessee, where they can upload the invoice details of supplies made to the registered person between 1st day of the succeeding month till 13th day of succeeding month. It is to be noted that from 14th day of the succeeding month assessee will not be eligible to furnish the details of previous month and such details shall not exceed the value of 50 lakh in each month. This facility will enable the recipient to avail the ITC in the same month as it will get auto populated in their GSTR 2A and GSTR 2B. Thereafter, while filing GSTR 1, assessee is required to upload the details of only remaining tax invoices. Example: The assessee has issued 20 tax invoices in the month of January 2021, out of which 15 tax invoices are issued to the registered assessee and out of these, 8 registered persons want to get it reflected in their GSTR 2A and GSTR 2B to avail the ITC. The assessee can upload the tax invoices for the supplies made to such 8 registered tax payers during the period 01.02.2021 to 13.02.2021. Thereafter, while filing GSTR 1 for the quarter January 2021 to March 2021, assessee is not again required to upload the details of such 8 tax invoices as it has already been uploaded.

It is to be noted IFF is not mandatory and it is optional where assessee can furnish all the details while filing GSTR 1 on quarterly basis.

**STUDENTS' CORNER****BANKING STOCKS-TALE OF TRAGEDY**

Compiled by Neel Randeria



There is extreme degree of volatility expected in stock markets. We are aware that our economy has been affected by the pandemic. In spite of this, the stock market refuses to be painted in red. There is visible incongruence between our economy and stock markets. Experts have given various explanations for the same but my sceptical mind counters it as their 'under-estimation of randomness'; and as we all know, experts have been accused of palling prey to 'hindsight bias'.

Diving straight to the subject matter of our discussion, selecting stocks for investing is an art. Not everyone can master it. But on top of it, selection of *finance* stocks requires a completely different skill

set. Okay, so the question in your mind would be- How is investing in a finance company (majorly, banks) and other companies different? The approach while stock-picking is different, i.e. higher level of scrutiny of financials and different kind of checks must be done before investing in a finance/banking company.

Why is this discussion of paramount importance? It is an open fact that the Banking Industry of our country has been in bad shape lately. But, I would like to draw your attention to the fact that when such finance companies report an irregularity, there is blood bath in our stock market. And due to this ridiculous fall in their stock prices, it is the *retail investors* who are the prime sufferers. The reasoning is quite straightforward- FII's and huge players have an excellent set-up for scrutinizing the financials of companies. They are the first ones to identify issues relating to corporate governance. Whereas, overly optimistic retail investors continue to buy at falling prices with the intention to average their entry positions. Their hopes for turnaround, in majority cases, create a huge trouble for them.

In short, the only thing that we, as retail investors must do is- Identify *RED FLAGS*. Taking a few recent examples would aid in making my discussion self-explanatory.

Lakshmi Vilas Bank

- LVB's capital adequacy ratio (CAR) fell from 10.38% to 1.12% from 2017 to 2020. As per Basel III norms, different types of banks have different CAR requirements but their broad range is about 8-12%
- In the last 10 years, LVB had changed 5 CEOs, out of which, 4 did not even complete their term.
- RBI had put LVB under PCA-prompt corrective action in Sept 2019 itself.
- In the AGM held on 25th Sept 2020, 7 Directors, even MD and CEO were removed. This has never happened in the history of Indian Banking Sector.

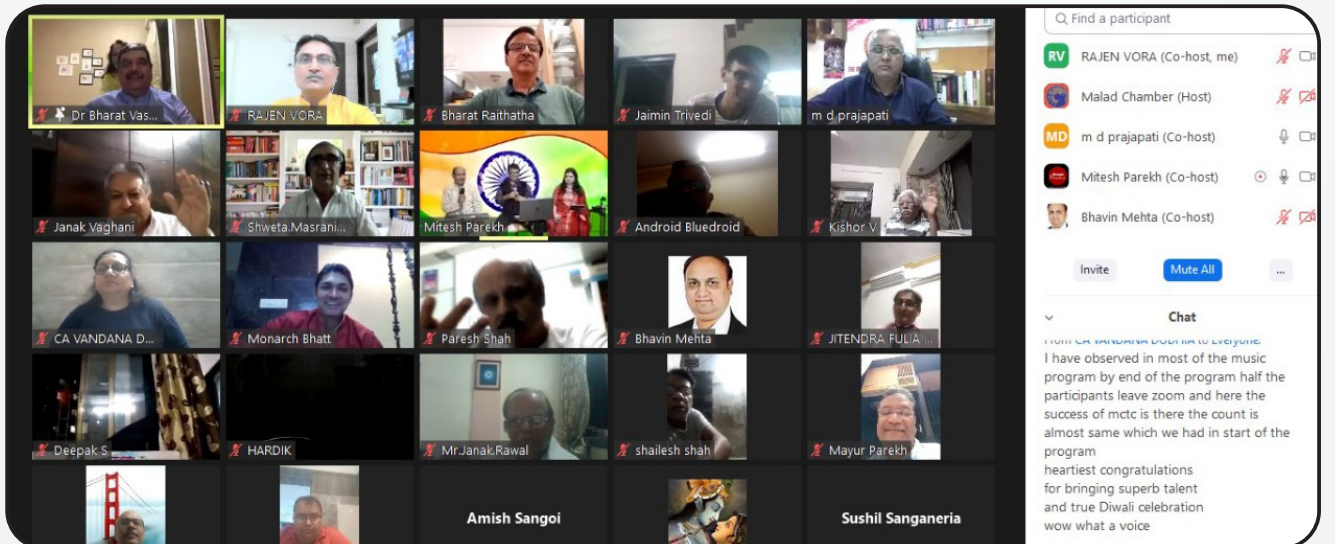
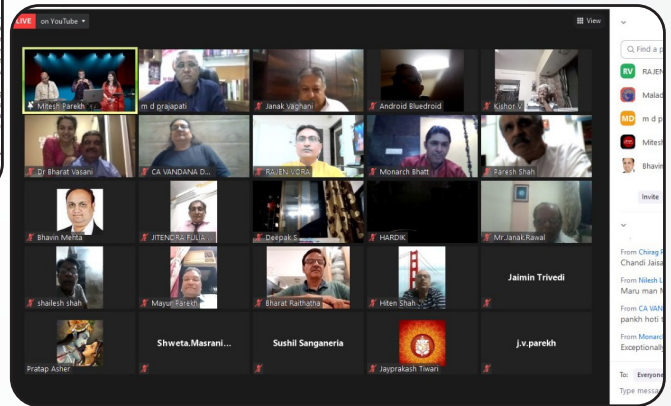
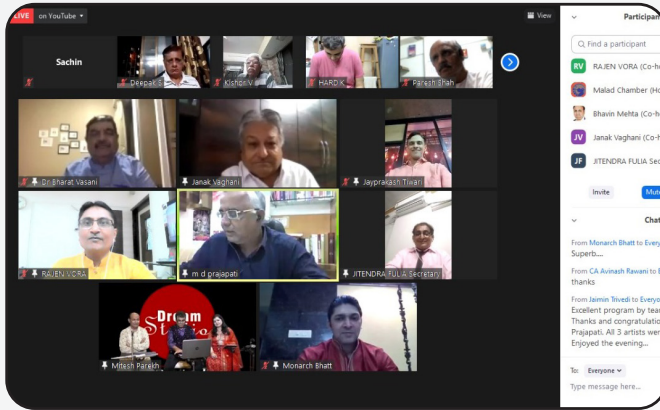
But, ignoring all such indicators, retail investors kept on buying their stocks. RBI intervened and planned a merger with DBS bank to resurrect LVB. Also, LVB got delisted on 27th November 2020. RBI's plan might help revive LVB but it has negligible relief for retail investors which were willingly trapped in this mess.

Dewan Housing Financing Limited

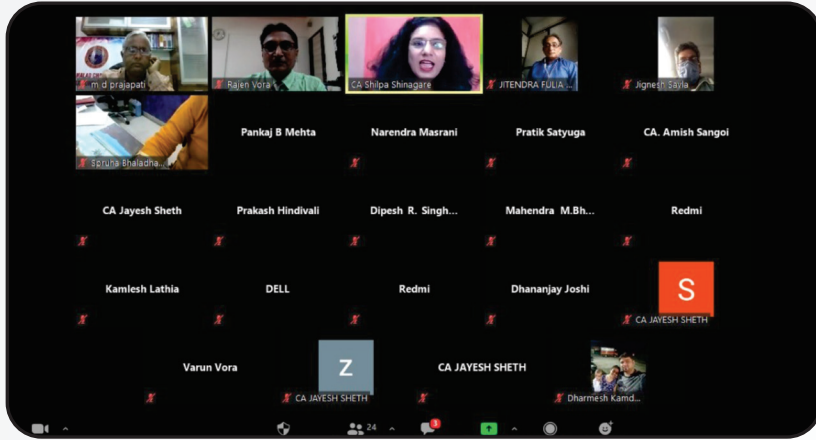
- DHFL had substantial increase in its related party transactions.
- DHFL had created a Debenture Redemption Reserve of less than 25% for which SEBI fined it in 2020.
- From FY13 to FY19, DHFL's auditors changed thrice. This is very unusual.
- Kapil Wadhwan was the chairman of risk management committee and the finance committee, both. This clearly indicates lack of independence on the board.

To conclude this discussion, I would just say- Retail investors must identify red flags and keep an eye on accounting quality before investing in a company, especially finance companies. We must be vigilant while buying banking stocks considering their leveraged business model.

DIWALI GET TOGETHER & VIRTUAL MUSICAL EVENING



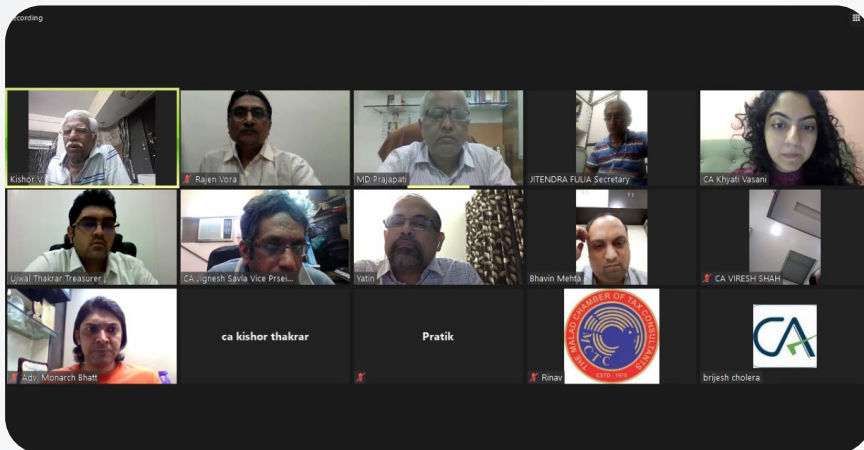
8TH STUDY CIRCLE WEBINAR ON CO-OP. SOC BY CA SHILPA SHINAGARE



9TH STUDY CIRCLE MEETING ON 29 NOV BY ADVOCATE DHARAN GANDHI



3RD MANAGING COMMITTEE MEETING HELD ON 2ND DECEMBER



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