

Quarterly Return Monthly Payment Scheme under GST

Introduction:

To reduce the compliance burden of the taxpayers, GST Department has introduced changes in GST returns filing system with effect from **1st January, 2021**, wherein all taxpayers with aggregate **turnover upto Rs 5 crores** in the preceding financial year may choose to file returns quarterly. Thereby, filing only 4 GSTR-1 returns and 4 GSTR-3B returns for the whole year.

Snapshot of QRMP Scheme:

* GST liability for the first two months of the quarter to be paid by **25th of next month** by depositing liability in Cash ledger in **PMT-06** at GST Portal either:

-on an **estimated basis as per Formula** as notified by the Government, or

-on actual basis on a **self-assessment basis**

* **GSTR-3B** to be filed on a quarterly basis by **22nd or 24th** of next month including payment of GST liability for the third month and adjustments, if any for the first two months

* **GSTR-1** to be filed on a quarterly basis by the **13th of next month**.

Let us now look at the various intricacies of the scheme in-depth:

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, and who has an aggregate turnover of up to 5 crore rupees in the **preceding financial year** (calculated from common portal), is eligible for the QRMP Scheme.

* Further, in case the aggregate turnover exceeds 5 crore rupees **during any quarter in the current financial year**, the registered person shall not be eligible for the Scheme from the next quarter.

Exercising option for QRMP Scheme:

Facility to avail the Scheme on the common portal would be **available throughout the year**. A registered person can opt in for any quarter from first day of second month of preceding quarter to the last day of the first month of the quarter. In order to exercise this option, the registered person must have furnished the last return, as due on the date of exercising such option.

***For example:** A registered person intending to avail of the Scheme for the quarter 'July to September' can exercise his option during 1st of May to 31st of July.*

If he is exercising his option on 27th July for the quarter (July to September), in such case, he must have furnished the return for the month of June which was due on 22/24th July.

For the first quarter of the Scheme i.e., for the quarter January, 2021 to March, 2021, in order to facilitate the taxpayers, it has been decided that all the registered persons, whose aggregate turnover for the FY 2019-20 is up to 5 crore rupees and who have furnished the return in Form GSTR-3B for the month of October, 2020 by 30th November, 2020, shall be migrated on the common portal as below.

Sl. No.	Class of registered person	Default Option
1	Registered persons having aggregate turnover of up to 1.5 crore rupees who have furnished Form GSTR-1 on quarterly basis in the current financial year	Quarterly return
2	Registered persons having aggregate turnover of up to 1.5 crore rupees who have furnished Form GSTR-1 on monthly basis in the current financial year	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

Above default option has been provided for the convenience of registered persons based on their anticipated behaviour. However, such registered persons are free to change the option as above, if they so desire, from **5th of December, 2020 to 31st of January, 2021**.

Some other important clarifications with regard to exercise of option is as follows:

The option to avail the QRMP Scheme is **GSTIN wise** and therefore, distinct persons as defined in Section 25 of the CGST Act (different GSTINs on same PAN) have the option to avail the QRMP Scheme for one or more GSTINs.

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.

Similarly, the facility for opting out of the Scheme for a quarter will be available from first day of second month of preceding quarter to the last day of the first month of the quarter.

All persons who have obtained registration during any quarter or the registered persons opting out from paying tax under Section 10 of the CGST Act (under Composition Scheme) during any quarter shall be able to opt for the Scheme for the quarter for which the opting facility is available on the date of exercising option.

Furnishing of details of outward supplies:

- The registered persons opting for the Scheme would be required to furnish the details of outward supply in **Form GSTR-1** quarterly.
- For each of the first and second months of a quarter, such a registered person will have an optional facility (Invoice Furnishing Facility- IFF) to furnish the details of such **outward supplies to a registered person**, between the 1st day of the succeeding month till the 13th day of the succeeding month. The said details of outward supplies shall, however, not exceed the value of fifty lakh rupees in each month. It may be noted that after 13th of the month, this

facility for furnishing IFF for previous month would not be available. The details of invoices in IFF would be duly reflected in the **Form GSTR-2A** and **Form GSTR-2B** of the concerned recipient.

For example, a registered person who has availed the Scheme wants to declare two invoices out of the total ten invoices issued in the first month of quarter since the recipient of supplies covered by those two invoices desires to avail ITC in that month itself. Details of these two invoices may be furnished using IFF. The details of the remaining 8 invoices shall be furnished in **Form GSTR-1** of the said quarter. The two invoices furnished in IFF shall be reflected in **Form GSTR-2B** of the concerned recipient of the first month of the quarter and remaining eight invoices furnished in **Form GSTR-1** shall be reflected in **Form GSTR-2B** of the concerned recipient of the last month of the quarter. The said facility would however be available, say for the month of July, from 1st August till 13th August. Similarly, for the month of August, the said facility will be available from 1st September till 13th September.

So, the details of invoices furnished using the said facility in the first two months are not required to be furnished again in **Form GSTR-1**. Accordingly, the details of outward supplies made by such a registered person during a quarter shall consist of details of invoices furnished using IFF for each of the first two months and the details of invoices furnished in **Form GSTR-1** for the quarter.

At his option, a registered person may choose to furnish the details of outward supplies made during a quarter in **Form GSTR-1** only, without using the IFF

It has to be noted that IFF facility is not mandatory and is only an optional facility made available to the registered persons under the QRMP Scheme.

Monthly Payment of Tax:

The registered person under the QRMP Scheme would be required to pay the tax due in each of the first two months of the quarter by depositing the due amount in **Form GST PMT-06**, by the 25th day of the month succeeding such month. While generating the challan, taxpayers should select “Monthly payment for quarterly taxpayer” as reason for generating the challan. The said person can use any of the following two options provided below for monthly payment of tax during the first two months -

(a) Fixed Sum Method:

Under this method, a pre-filled challan in **Form GST PMT-06** can be generated on the portal for an amount equal to 35% of the tax paid in cash in the preceding quarter where the return was furnished quarterly; *or* equal to the tax paid in cash in the last month of the immediately preceding quarter where the return was furnished monthly.

For easy understanding, the same is explained by way of an illustration in the table below:

- i. In case the last return filed was on quarterly basis for Quarter Ending March, 2021:

Tax paid in Cash in Quarter (January - March, 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	-

Monthly tax payment through this method would not be available to those registered persons who have not furnished the return for a complete tax period preceding such month. A complete tax period means a tax period in which the person is registered from the first day of the tax period till the last day of the tax period.

(b) Self-Assessment Method:

The said persons, in any case, can pay the tax due by considering the tax liability on inward and outward supplies and the input tax credit available, in **Form GST PMT-06**. In order to facilitate ascertainment of the ITC available for the month, an auto-drafted input tax credit statement has been made available in **Form GSTR2B**, for every month.

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

* It is clarified that in case the balance in the electronic cash ledger and/or electronic credit ledger is adequate for the tax due for the first month of the quarter or where there is nil tax liability, the registered person may not deposit any amount for the said month.

Quarterly filing of Form GSTR-3B :

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.

Also, 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.

Applicability of Interest :

(A) For registered person making payment of tax by opting Fixed Sum Method:

No interest would be payable in case the tax due is paid in the first two months of the quarter by way of depositing auto-calculated fixed sum amount before the due date, even if the actual amount is found

to exceed the fixed sum, provided they deposit and discharge their pending liability for the quarter in **Form GSTR-3B** of the quarter by the due date.

(i) In case such payment of tax by depositing the system calculated amount in **Form GST PMT-06** is not done by due date, interest would be payable at the applicable rate, from the due date of furnishing **Form GST PMT-06** till the date of making such payment.

(ii) Further, in case **Form GSTR-3B** for the quarter is furnished beyond the due date, interest would be payable as per the provisions of Section 50 of the CGST Act for the tax liability net of ITC.

Illustration 1 –

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 **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.

Illustration 2 –

In the above illustration-1, if 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 applicable rate on Rs. 55 [Rs. 125 – Rs. 70 (deposit made in cash ledger in M1 and M2)] for the period between due date of quarterly GSTR 3B and 30th April.

(B) For registered person making payment of tax by opting Self-Assessment Method:

Interest amount would be payable as per the provision of Section 50 of the CGST Act for tax or any part thereof (net of ITC) which **remains unpaid / paid beyond the due date for the first two months of the quarter**.

It is to be noted that, interest payable, if any, shall be paid through **Form GSTR-3B**.

Applicability of Late Fee:

Late fee is applicable for delay in furnishing of return / details of outward supply as per the provision of Section 47 of the CGST Act. As per the Scheme, the requirement to furnish the return is only quarterly. Accordingly, late fee would be applicable **for delay in furnishing of the said quarterly return / details of outward supply**. It is clarified that no late fee is applicable for delay in payment of tax in first two months of the quarter.

Source: Circular No: 143/13/2020- GST dated 10th November 2020.