

**BHUBANESWAR BRANCH OF  
EASTERN INDIA REGIONAL COUNCIL OF**  
**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**  
E-Newsletter/1/2021-22

# NEWSLETTER

## JANUARY 2021



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## From Chairman's Desk

Dear Members;

During the month of January 2021 we had organized various special events and all the programs were great success with good participation of our members and students.

The forthcoming events and programs for the month of February 2021 are given in this newsletter, please make note of the same and plan your schedule accordingly.

Also visit our branch's website [www.bhubaneswar-icai.org](http://www.bhubaneswar-icai.org) for details of various programs.

Your valuable participation is the only motivating factor for us to organize more programs for the betterment of the CA fraternity.

We will not rest until our targets are achieved and will serve as a sculpt for others to ensure that together we all can make a significant impact.

To this end we thank all the members whose dedicated efforts and continuous support is generating a powerful synergy to reach a new horizon.

Wishing you all a wonderful month ahead.

**CA. Bibhu Prasad Mohapatra**  
Chairman

### **Editor**

**CA Bibhu Prasad Mohapatra**

### **Members:**

**CA Bisworanjan Sutar**

**CA Ranjan Kumar Prusty**

**CA Janhabi Deo**

**CA Pradip Kumar Sahoo**

**CA Goutam Lenka**

**CA Sugyan Kumar Sahoo**

### **CONTENTS**

Editorial

**Members area of Interest**

**Students area of Interest**

Forthcoming events for the

Month of February 2021

On the Lighter side of Life

Glimpses of events

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*MANAGING COMMITTEE MEMBERS  
OF BHUBANESWAR BRANCH OF EIRC OF ICAI (2020-21)*



CA. Bibhu Prasad Mohapatra  
Chairman



CA. Bisworanjan Sutar  
Vice Chairman



CA. Ranjan Kumar Prusty  
Secretary



CA. Janhabi Deo  
Treasurer



CA. Pradip Kumar Sahoo  
Chairman, EICASA, Bhubaneswar



CA. Goutam Lenka  
Member



CA. Sugyan Kumar Sahoo  
Member

## **MEMBERS AREA OF INTEREST**

### **GST –SEAMLESS CREDIT & RULE 86B – CA SWATI KEJRIWAL**

**1<sup>ST</sup> July 2017** became a historic midnight in India with the launch of GST by the President of **India**, and the Government of **India**. The **launch** was marked by a historic midnight (30 June –1 July) session of both the houses of parliament convened at the Central Hall of the Parliament. Prime Minister Shri Narendra Modi in his speech said “GST marks the economic integration of India,” He also added that “There are 500 taxes and we are getting rid of it. From Ganganagar to Itanagar and Leh to Lakshadweep, it is one nation, one tax.” In fact it has been heralded by economists and that this will count as the most important economic reform of Modi’s administration.

There was disruption, chaos, confusion and also euphoria among the people of India to welcome this change in the taxation system. But, the entire country looked forward to “One Nation One Tax” and the **Concept of Seamless Credit**. Input Tax Credit (ITC) was the backbone of this structural change in the taxation system as it promised to remove the cascading effects of taxation. This ITC and its utilization has gone through a lot of changes however the ITC available in the electronic credit ledger could always be fully utilized for discharging the output tax liability.

But, on **22<sup>nd</sup> December 2020**, certain amendments have been notified vide Notification number 94/2020 and made effective from January 2021. These new amendments are as follows:-

- 1) Under Rule 21A of the CGST Rules, 2017 the GST registration can be cancelled or suspended at the discretion of the tax officer in certain cases;
- 2) Recipients can claim provisional Input Tax Credit (ITC) to the extent of 5% instead of earlier 10% of the total ITC available in GSTR 2B for the month while discharging their tax liability in Form GSTR 3B
- 3) Certain taxpayers cannot make payment from their electronic credit ledger in excess of 99% of the total tax liability for the tax period.
- 4) Changes notified in e-way bills Rules regarding validity and blocking due to non-filing of GSTR-3B.

### **RULE 86B AND THE PANIC AROUND IT**

The new Rule 86B has limited the use of ITC for discharging the output tax liability.

#### **Applicability of Rule 86B**

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

#### **Exceptions**

1. If the persons mentioned below have paid more than Rs.1 lakh as Income Tax under Income Tax Act, 1961
  - The registered person
  - Proprietor, karta or Managing Director of the registered person
  - Any of the partners or whole time directors or any other person as the case maybe.

2. If the registered person under concern has received a refund of amount greater than Rs.1lakh in the preceding financial year on account of export under LUT or due to inverted tax structure.
3. If the registered person under concern has discharged his liability towards output tax by electronic cash ledger for an amount in excess of 1% cumulatively of the total output tax liability up to the said month in the current financial year.
4. If the registered person under concern is any of the following:
  - Government department
  - Public sector undertaking
  - Local authority
  - Statutory Authority

### **What does the Rule Say?**

The rule states that when the taxpayer's taxable turnover exceeds above Rs.50,00,000/- in a given month, then in that month, the taxpayer is required to pay 1% of output liability of such taxable turnover by cash ledger i.e. ITC is restricted to 99% *even though taxpayer may have sufficient balance in his credit ledger.*

### **Impact of Rule 86B**

- 1) This new rule overrides all other existing rules which shall result in mandatory applicability of this rule
- 2) This rule will not impact the small and micro businesses of the country. It will be applicable to the large taxpayers.
- 3) This rule will also not impact composition dealers.
- 4) This rule will result in mandatory payment of 1% of the output tax liability despite their being balance in the Electronic Credit Ledger
- 5) This rule will impact business houses who generally hold large inventory and discharge their tax liability through Electronic Credit Ledger
- 6) Taxpayers engaged in businesses having inverted tax structure will be impacted
- 7) Any taxpayer who has setup a new business and has large input credit due to investment in Capital Goods will also be impacted
- 8) There would be impact as outflow of such 1% GST will result in outflow of cash which will impact the **working capital** of the business houses.
- 9) Further Business houses will now have more compliance burden with reconciliations of Form 2A and 2B.

With the notification coming in on 22<sup>nd</sup> December there has been dissent and outrage among the Business houses, professionals and taxpayers for the rollback of this Rule. However, the Primary stated objective of bringing out this Rule is to curb fake invoices menace which has been plaguing the entire GST ecosystem. However, with this rule the 1% tax payment will be required and seamless credit concept becomes uncertain.



**ON THE LIGHTER SIDE OF LIFE**

**Now have a laugh at our expense...**

The latest income-tax form has been greatly simplified. It consists of only three parts:

1. How much did you make last year?
2. How much do you have left?
3. Send amount listed in part 2.

*Source : Anonymous*

***EVENTS FOR FEBRUARY 2021***

**MEMBERS**

1. Live webcast of Union Budget 2021.
2. Seminar on Union Budget-2021 on 4th February 2021.
3. Two Days Residential Workshop on Practice Automation, Code of Ethics & Corporate Laws on 23rd & 24th February 2021 at Hotel Empires, Puri.
4. Seminar on Direct Taxes- Faceless Assessment on 27th February 2021.
5. Felicitation Programme & Inauguration of Members Lounge.

**STUDENTS:**

1. AICITSS- MCS Course
2. ICITSS- Orientation Course
3. ICITSS- Information Technology.
4. AICITSS- Advanced Information Technology
5. Two Days CA Students Conference on 9th & 10th February 2021.
6. Saraswati Puja on 16th February, 2021.
7. Seminar on Recent Changes in Direct Tax on 27th February 2021.



Glimpses of Events

