

TAX FLASH NEWS

5 April 2020

Update - GST Notifications and Circular pursuant to relief announced by the Finance Minister

Central Board of Indirect Taxes and Customs (CBIC) have issued notifications to give effect to the relief announced by the Finance Minister amid the pandemic COVID-19 outbreak.

Gist of the Notifications is as under

1. Input tax credit (ITC)

The provision requiring restricting the claim of ITC of the unmatched credits has been relaxed. The relaxation has been granted for a tax period commencing from February 2020 to August 2020. However, while filing the return in GSTR-3B for the month of September 2020, the cumulative adjustment of ITC for the said months will be required to be made.

[Notification no. 30/2020-Central Tax dated 3 April 2020]

2. Late fees and Interest

Summary of the relaxation and concession is as under

Class of registered person	GSTR return	Tax period	Rate of Interest payable	Late fee payable	Conditions
Aggregate turnover in excess of INR 5 crore	GSTR – 3B	February 2020, March 2020 and April 2020	NIL for the first 15 days from the due date, and 9 per cent thereafter	NIL	If the return is furnished on or before 24 June 2020
Aggregate turnover in excess of INR 1.50 cr. and up to INR 5 crore	GSTR – 3B	February 2020 and March 2020	NIL	NIL	If the return is furnished on or before 29 June 2020
		April 2020	NIL	NIL	If the return is furnished on or before 30 June 2020
Aggregate turnover up to INR 1.5 crore	GSTR – 3B	February 2020	NIL	NIL	If the return is furnished on or before 30 June 2020

		March 2020	NIL	NIL	If the return is furnished on or before 3 July 2020
		April 2020	NIL	NIL	If the return is furnished on or before 6 July 2020

Note –

Late fee for delayed filing of GSTR-1 return has also been waived for the tax period March 2020, April 2020 and May 2020, and for quarter ending on 31 March 2020 subject to condition that such return is filed on or before 30 June 2020.

[Notification no. 31/2020-Central Tax dated 3 April 2020, 32/2020-Central Tax dated 3 April 2020 and 33/2020-Central Tax dated 3 April 2020]

3. Relaxation in complying with the other provisions of the GST law

a. E-way bills

Where the validity period of e-way bills expires between 20 March 2020 to 15 April 2020, the validity period of such e-way bill shall be deemed to have been extended till 30 April 2020.

b. Compliance by specific class of taxpayers

Returns for the months of March 2020, April 2020 and May 2020 by specific classes of taxpayers can be filed on or before 30 June 2020.

Note -

Specific classes of taxpayer

- i. Person who are required to deduct tax at source under section 51,
- ii. Input Service Distributors, and
- iii. Non-Resident taxable person

c. Dues dates of specific compliances

The time limit for completion or compliance of any action, such as completion of any proceeding, passing of an order, issuance of any notice/intimation/notification, etc. by an authority, or filing of any appeal, reply or application or furnishing of any report, document, return, statement, by whatever name called, by any person, prescribed under the GST Act which falls between 20 March 2020 to 29 June 2020, has been extended up to 30 June 2020.

[Notification no.35/2020-Central Tax dated 3 April 2020]

4. Revised due date for filing of GSTR-3B for the month of May 2020

Due dates for filing return in GSTR-3B for the month of May 2020 in case of taxpayer having aggregate turnover in excess of INR 5 crore has been extended to 27 June 2020. For taxpayer having aggregate turnover up to INR 5 crore has been extended to either 12 July 2020 or 14 July 2020, depending upon the location of the principal place of business of the said taxpayer.

[Notification no. 36/2020-Central Tax dated 3 April 2020]

Our comments

The notifications provide the much-needed relief to the industry, which are currently under stress due to the growing impediment imposed by the COVID-19 situation.

One of the major relaxations notified is the temporary suspension of restriction from availing ITC of the unmatched credits. This should help industry to address its current working capital requirements.

Another major relaxation offered is allowing the taxpayer an option to delay the payment of GST liability, without any interest liability in case of small taxpayers, and concessional interest rate for large taxpayers. Though the same should provide the necessary boost to the small taxpayers, the burden of interest on the large taxpayer shall dominate the decision to defer the tax payment.

Apart from the above, it is very important to note that though there is no late fee for delayed filing of the GSTR-3B return, the due dates for filing of the returns has not been extended. By virtue of Rule 138E, generation of e-way bill may be blocked upon failure to file returns for 2 consecutive periods, thus if the taxpayer opts to delay the filing of return the said rule may impact generation of e-way bill. Clarification in this regard from the Government would help in taking an informed decision by the taxpayers.

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