

***GST CAFÉ***

***Deferment of GSTR 2A reconciliation  
for availing Input Tax Credit***

## BACKGROUND:

The Finance Ministry in view of the COVID-19 outbreak announced various reliefs relating to statutory and compliance matters under Indirect Tax. One of the major relief given to the taxpayers is w.r.t. availing of Input Tax Credit ["ITC"] under the Goods and Service Tax ["GST"] law.

## RELIEF:

In order to align the extended due dates & reduction in interest rates, the Central Board of Indirect Taxes and Customs ("CBIC") **relaxed the prospective difficulty that will arise with respect to availing of ITC under Rule 36(4) of CGST Rules.** In this background, CBIC vide Notification No. 30/2020 - Central Tax dt. 03.04.2020, inserted a proviso to Rule 36(4) of CGST rules, thereby temporarily lifting the restriction of availing the ITC up to 10 per cent on the tax payers for the period February, 2020 to August, 2020.

## [CONTD.] RELIEF:

The relevant Rule with proviso, are reproduced hereunder:

**Rule 36(4):** *"Input tax credit to be availed by a registered person in respect of invoices or debit notes, the details of which have not been uploaded by the suppliers under sub-section (1) of section 37, shall not exceed [10 per cent] of the eligible credit available in respect of invoices or debit notes the details of which have been uploaded by the suppliers under sub-section (1) of section 37."*

**Proviso (as inserted vide Notification No. 30/2020 dt. 03.04.2020) :**

*"Provided that the said condition shall apply cumulatively for the period February, March, April, May, June, July and August, 2020 and the return in FORM GSTR-3B for the tax period September, 2020 shall be furnished with the cumulative adjustment of input tax credit for the said months in accordance with the condition above."*

## [CONTD.] RELIEF:

Further, CBIC also clarified vide Circular No. 136/06/2020-GST, as under:

*“Vide notification No. 30/2020- Central Tax, dated 03.04.2020, a proviso has been inserted in CGST Rules 2017 to provide that the said condition shall not apply to input tax credit availed by the registered persons in the returns in FORM GSTR-3B for the months of February, March, April, May, June, July and August, 2020, but that the said condition shall apply cumulatively for the said period and that the return in FORM GSTR-3B for the tax period of September, 2020 shall be furnished with cumulative adjustment of input tax credit for the said months in accordance with the condition under rule 36(4)”.*

## VA COMMENTS:

In terms of aforementioned proviso and clarification issued through circular, since the condition to match credit cumulatively from February, 2020 to August, 2020 is deferred till GSTR-3B return of September 2020, the ITC in GSTR 3B for the period February, 2020 to August, 2020 can be claimed on the strength of tax invoice/debit note available.

## [CONTD.] VA COMMENTS:

However, it is reiterated, that other conditions for availment of ITC are same as earlier. Also, the cumulative reconciliation for the period February, 2020 to August, 2020 has to be effected in GSTR-3B of September, 2020.

Although the restriction is temporary in nature due to outbreak of COVID-19, the same will help organisations in managing their working capital.

For any details and clarifications, please feel free to write to:

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