

GST COVID RELAXATIONS NOTE

2021

DISCLAIMER

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GST Updates Notification issued dated 01.05.2021

The following notifications were issued on 01.05.2021.

Notification No (All Central Tax - All dated 01.05.2021)	Applicable to	Content
08 / 2021	Normal Taxpayers	Reduced rate of interest prescribed - differential interest based on Turnover
09 / 2021	Normal Taxpayers	Late fee waiver for GSTR 3B
10 / 2021	Composition Scheme	GSTR-4 due date extended to 31.05.2021
11 / 2021	Normal Taxpayers	ITC-04 due date to 31.05.2021
12 / 2021	Normal Taxpayers	GSTR-1 due date extended for April 2021 to 26.05.2021
13 / 2021	Normal Taxpayers	2A / 2B comparison to be seen cumulatively for April and May 2021
	Normal Taxpayers - Quarterly filers	IFF for the month of April - 2021 extended to 28.05.2021
14 / 2021	Everyone - Including Department	Extending notices, replies appeal which falls between 15.04.2021 and 30.05.2021 to 31.05.2021

The impact is as follows:

Detailed Analysis is as follows**1. GSTR-1 & IFF – filing due date.**

GSTR – 1 for April 2021 is extended to **26.05.2021**.

For Quarterly filers, IFF for April 2021 is extended to **28.05.2021**.

Months Mar-2020 to June-2020 is effectively **Extended as follows**.

Point to Note.

Only after the due date of GSTR-1 and IFF, the data in GSTR-2A and 2B shall be available.

In other words, the GSTR-2B shall be available at the earliest by 29.05.2021 for the month of April 2021 and accordingly at the time of filing GSTR-3B for the month of April-2021, 2B Comparison may not be feasible. Refer to **S.No.3** below for further details.

2. GSTR-3B – Filing Date.**2.1. Introduction**

The GSTR-3B due dates for the months Mar-2021 and April-2021 are **EFFECTIVELY** extended based on the Aggregate Turnover of the preceding financial year.

Kindly note that the due date is not extended – but the late fee has been merely waived.

Since due date is not extended, there will also be interest levy for delayed filing of the return and consequently there is a reduction of interest and in some cases waiver of interest.

2.2. Aggregate Turnover

Kindly Note – the Aggregate Turnover – is the Turnover of the Company as a whole on all India Basis and not state-wise Turnover.

2.3. Preceding Year TO Complication

Also note that the preceding year Turnover must be seen and not the current year TO. This raises an interesting predicament.

Month for filing GSTR-3B	Aggregate TO of _____ to be seen
Mar-2021	FY 2019-20
April-2021	FY 2020-21

Accordingly, be careful in choosing the Correct option based on the Correct financial year aggregate turnover.

2.4. Taxpayer whose Aggregate TO of preceding year is.**2.4.1. Greater than 5 Crores**

If the Aggregate (i.e., All India TO) of the Preceding year (pertaining to the month of filing) is greater than Rs.5 Crores, then - 15 days relaxation from the due dates for the month of Mar and April 2021

Interest reduction for the said 15 days to 9% instead of usual 18%. Any delay after the permitted **15** days, the interest from that point onwards will revert back to 18%

2.4.2. Less than or equal to (i.e., up to) 5 Crores - Monthly filers

If the Aggregate (i.e., All India TO) of the Preceding year (pertaining to the month of filing) is up to Rs.5 Crores and OPTED FOR MONTHLY FILING then - 30 days relaxation from the due dates for the month of Mar and April 2021

Interest reduction for the said 30 days are as follows:

- First 15 days, no interest
- Balance 15 days (i.e., 16 to 30 days) reduced to 9% instead of usual 18%.
- Any delay after the permitted 30 days, the interest from that point onwards will revert back to 18%

2.4.3. Less than or equal to (i.e., up to) 5 Crores - Quarterly filers

If the Aggregate (i.e., All India TO) of the Preceding year (pertaining to the month of filing) is up to Rs.5 Crores and OPTED FOR QUARTERLY FILING then - 30 days relaxation from the due dates for the Quarter Jan to Mar - 2021.

For April onwards, if the Taxpayer opts for monthly filing, then refer to 2.4.2 above. If the Taxpayer continues for Quarterly filing again, then in any case, the 3B shall be filed for the Quarter Apr to Jun 2021 only during July-2021 and accordingly no specific extension has been granted.

For the Q4 Quarterly 3B Return, Interest reduction for the said 30 days are as follows:

- First 15 days, no interest
- Balance 15 days (i.e., 16 to 30 days) reduced to 9% instead of usual 18%.
- Any delay after the permitted 30 days, the interest from that point onwards will revert back to 18%

All the above can be summarized as follows:

The above can be summarized in the following Table.

Aggregate Turnover	Month	Original Due date before COVID-19	Revised Due date without Interest implication	Due date Reduced Interest of 9% p.a.
- 1 -	- 2 -	- 3 -	- 4 -	- 5 -
Greater than Rs.5 Crores	Mar-21	20/04/2021	20/04/2021	05/05/2021
	Apr-21	20/05/2021	20/05/2021	04/06/2021
Up to Rs.5 Crores - monthly filers	Mar-21	20/04/2021	05/05/2021	20/05/2021
	Apr-21	20/05/2021	04/06/2021	19/06/2021
Up to Rs.5 Crores - Quarterly filers	Jan to Mar 2021 - Category A States	22/04/2021	07/05/2021	22/05/2021
Up to Rs.5 Crores - Quarterly filers	Jan to Mar 2021 - Category B States	24/04/2021	09/05/2021	24/05/2021

3. 5% 2A Limit to be seen cumulatively.

As you are aware the ITC taken in a month should be less than or equal to 105% of ITC available in GSTR-2B

In other words, the ITC taken in 3B cannot exceed 5% of the ITC as per GSTR-2B.

Since, GSTR-1 and IFF for the month of April 2021 can be filed up to 26/28 May 2021, the ITC data for the month of April 2021 may not be available during the normal dates of 14th of May (for the month of April)

Now, the Government has amended the said rule so that the aforesaid limit should be tested cumulatively for April and May 2021

Action Points

- For Assessee whose turnover is less than Rs.5 Crores, waiting till 29th May and thereafter reconciling the 2B is optimal as there is no interest for the first 15 days of delay (i.e., till 04th of June)
- However, if the turnover is more than Rs.5 Crores, then such delay in filing 3B may attract interest at 9% (for the first 15 days of delay)
- Thus, Taxpayers whose turnover is more than 5 Crores have 3 options.
- Option 1
 - Wait till 29th May for 2B and then file the 3B Return.
 - This will attract interest for the delay at 9% till the first 15 days.
 - One could also approximate cash deposit on or before 20th May but file the return after undertaking the 2B Reconciliation exercise. However, department could still demand interest.
- Option 2
 - Alternatively, ITC may be taken only for that information available in GST Portal as on 20th May and file the 3B and balance may be taken as ITC in the month of May.
- Option 3
 - Take the ITC for the month of April 2021 based on the information available as per books and file the return.
 - In May 2021 - undertake complete 2B Reconciliation and adjust the May ITC accordingly.
 - However, this will create a lot of reconciliation confusion.