

COVID-19: CBIC notifies recently announced indirect tax relaxation

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Summary

The finance minister recently announced various Goods and Service Tax (GST) and customs duty relief measures for businesses in view of the COVID-19 pandemic. The Central Board of Indirect Taxes and Customs (CBIC) has now issued notifications/circulars to give effect to the said measures.

Key changes notified/clarifications issued¹

- **Extension of last date to opt for Composition Scheme for FY 2020-21:** Any registered person who wants to opt for composition scheme for the financial year (FY) 2020-21 can electronically file intimation in Form GST CMP-02 on or before 30 June 2020 and shall furnish the statement in Form GST ITC-03 upto 31 July 2020.
- **Restrictions from availing ITC shall not apply during lockdown period:** The restriction² in availing input tax credit (ITC) @ 10% in case of certain invoices shall not apply to ITC availed in Form GSTR-3B for the months of February 2020 to August 2020, but shall apply cumulatively for the said period. Further, in Form GSTR-3B for September

2020, cumulative adjustment of ITC for the said months is required to be furnished.

- **Waiver of late fees for delay in filing Form GSTR-1 (Outward Supplies):** The late fee payable for delay in filing Form GSTR-1 for the months of March to May 2020 and for the quarter ending 31 March 2020 shall be waived if the Form is filed by 30 June 2020.
- **Waiver of interest and late fees for delay in filing Form GSTR-3B:** Conditional waiver of interest and late fees for delay in furnishing Form GSTR-3B of February 2020 to April 2020 has been provided as under:
 - **Taxpayer having aggregate turnover of more than INR 5 crore during preceding financial year (FY)**

Rate of interest	• Nil – For first 15 days from due date
	• Thereafter – 9% p.a.

¹ Notification No. 30/2020 – Central Tax dated 3 April 2020 to Notification No. 36/2020 – Central Tax dated 3 April 2020 read with Circular No. 136/06/2020 – GST dated 3 April 2020

² Under Rule 36(4) of the CGST Rules, 2017

Tax period	February, March and April 2020
GSTR-3B filed on or before	24 June 2020

- Taxpayer having aggregate turnover of more than INR 1.5 crore and up to INR 5 crore during preceding FY

Rate of interest	Nil
Tax period	February and March 2020
GSTR-3B filed on or before	<ul style="list-style-type: none"> • By 29 June 2020 for February and March 2020 • By 30 June 2020 for April 2020

- Taxpayer having aggregate turnover of up to INR 1.5 crore during preceding FY

Rate of interest	Nil
Tax period	February, March and April 2020
GSTR-3B filed on or before	<ul style="list-style-type: none"> • By 30 June 2020 for February 2020 • By 3 July 2020 for March 2020 • By 6 July 2020 for April 2020

- **Extension of due date for filing Form GST CMP-08 and Form GSTR-4:** The due date for furnishing
 - Form GST CMP-08 for the quarter ending March 2020 has been extended till 7 July 2020
 - Form GSTR-4 for FY 2020-21 has been extended till 15 July 2020.

- **Extension of due date for filing Form GSTR-3B for May 2020:** The due date for filing Form GSTR-3B for the month of May 2020 has been extended as under:

Category	Due date
Aggregate turnover of more than INR 5 crore rupees in previous FY	27 June 2020

Aggregate turnover of upto INR 5 crore rupees in previous FY

Principal place of business in Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union Territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep	12 July 2020
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Principal place of business in the states of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union Territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi	14 July 2020
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- **Extension of compliance due dates falling during 20 March 2020 to 29 June 2020:**

- Time limit for completion or compliance of any action, by any authority or by any person, which falls³ during 20 March 2020 to 29 June 2020 shall be extended upto **30 June 2020**.
- Validity of an e-way bill (expiring during the period 20 March 2020 to 15 April 2020) shall be deemed to have been extended till the **30 April 2020**.
- In the period up to 30 April 2020, the customs authorities may accept request for submission of an undertaking from the importer/exporter in lieu of a bond.
- Importers/Exporters availing this facility shall ensure that the undertaking furnished in lieu of bond is duly replaced with a proper bond on or before 7 May 2020.
- This relaxation will apply to the following categories of the importers/exporters:
 - Government/public sector undertakings⁶
 - Manufacturer/actual user importer
 - Authorised economic operators
 - Status holder
 - All importers availing warehouse facility⁷.

Key changes notified under customs law

Relaxation from requirement to submit bonds⁴:

- Due to the lockdown, importers/exporters are finding difficulties in obtaining notarised stamp papers for furnishing bonds required during the assessment and clearance of goods⁵.
- With a view to expedite clearance of goods and for maintaining balance between customs control and facilitation of legitimate trade, relaxation has been provided from the requirement of submission of bonds **till 30 April 2020**.

³ and if such action has not been made within such time

⁴ Circular No. 17/2020-Customs dated 3 April 2020

⁵ prescribed under section 18, section 59 and section 143, and under notifications issued in terms of section 25 of the Customs Act, 1962

⁶ Central/State/UT Government or administrations and their undertakings

⁷ in terms of section 59 of the Customs Act, 1962

Our comments

COVID-19 has caused immense disruptions in trade and industry. The government's announcement to provide tax and compliance reliefs for the businesses at large will help the business community to a great extent during this difficult time.

Extension of various due dates and waiver of interest and late fee will help the taxpayers deal with the financial crisis/working capital issues caused by the lockdown. Further, conditional ease of ITC restrictions is a welcome move and will provide relief in compliances.

Contact us

To know more, please visit www.grantthornton.in or contact any of our offices as mentioned below:

NEW DELHI National Office Outer Circle L 41 Connaught Circus, New Delhi 110001 T +91 11 4278 7070	NEW DELHI 6th floor, Worldmark 2, Aerocity, New Delhi - 110037 T +91 11 4952 7400	AHMEDABAD 7th Floor, Heritage Chambers, Nr. Azad Society, Nehru Nagar, Ahmedabad - 380015	BENGALURU 5th Floor, 65/2, Block A, Bagmane Tridib, Bagmane Tech Park, C V Raman Nagar, Bengaluru - 560093 T+91 80 4243 0700	CHANDIGARH B-406A, 4th Floor, L&T Elante office Industrial area, Phase-I, Chandigarh 160002 T +91 172 4338 000
CHENNAI 7th Floor, Prestige Polygon 471, Anna Salai, Teynampet Chennai - 600 018 T +91 44 4294 0000	DEHRADUN Suite 2211, Michigan Avenue, Doon Express Business Park, Saharanpur Road, Dehradun - 248002T +91 135 264 6500	GURGAON 21st Floor DLF Square Jacaranda Marg, DLF Phase II, Gurgaon 122002 T +91 124 462 8000	HYDERABAD 7th Floor, Block III White House Kundan Bagh, Begumpet Hyderabad 500016 T +91 40 6630 8200	KOCHI 7th Floor, Modayil Centre Point, Warriam road junction, M.G. Road, Kochi 682016 T +91 484 406 4541
KOLKATA 10C Hungerford Street5th Floor, Kolkata 700017 T +91 33 4050 8000	MUMBAI 16th Floor, Tower Indiabulls Finance Centre SB Marg, Prabhadevi (W) Mumbai 400013 T +91 22 6626 2600	MUMBAI Kaledonia, 1st Floor, C Wing (Opposite J&J office) Sahar Road, Andheri East, Mumbai 400069	NOIDA Plot No. 19A, 7th Floor Sector - 16A, Noida 201301 T +91 120 4855 901	PUNE 3rd Floor, Unit No 309 to 312, West Wing, Nyati Unitree Nagar Road, Yerwada Pune- 411006 T +91 20 6744 8800

For more information or for any queries, write to us at contact@in.gt.com



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