

**Reg: Applicability of Rule 36(4) of CGST Rules, 2006 and effect in GSTR-3B as on date**

Dear Sir,

As you are aware that Rule 36(4) was inserted w.e.f. 09.10.2019, wherein restriction have been imposed in availing of Input Tax Credit in comparison to GSTR-2B. CGST Rule 36(4) is amended to remove 5% additional ITC over and above ITC appearing in GSTR-2B. **From 1st January 2022, businesses can avail ITC only if it is reported by supplier in GSTR-1/ IFF and it appears in their GSTR-2B.** For the sake of understanding, small illustration is given below:

S No	Particulars	Amount
A	Eligible ITC as per books	1,00,000
B	Eligible ITC available in the GSTR-2B	60,000
C=B only	<b>Total ITC that can be claimed in the GSTR-3B</b>	<b>60,000</b>
D=A-B	ITC not allowed in the GSTR-3B	40,000

The taxpayer needs to ascertain the amount of ITC from the auto-populated Form GSTR 2B as available on or after the due date of filing of Form GSTR-1, i.e., 11<sup>th</sup> of the succeeding month.

From 1<sup>st</sup> January 2022, ITC claims will be allowed only if it appears in GSTR-2B. So, the taxpayers can no longer ITC over and above the amount reflected in GSTR-2B in accordance to CGST Rule 36(4).

Consequences of violation of rule, if ITC is claimed in excess of the amount that is reflecting in GSTR-2B, the department can raise the demand of interest @ 24% p.a. on the basis of days.

The above rule was applicable since 09.10.2019, wherein time to time amount of ITC to be claimed as per GSTR-2A/GSTR-2B was reduced.

Now, in GSTR-3B of January, 2022 and onwards, such figures related to Input Tax Credits are auto-populated as per GSTR-2B. So, accordingly while filing GSTR-3B amount of Input Tax Credits may be lesser than as claimed by you. **Still, if your firm/company wishes to claim Input Tax Credit as per books, same shall be confirmed by you.**

**Kindly take the matter as IMPORTANT and accordingly provide us the amount of Input Tax Credits to be claimed in GSTR-3B**

Regards,