

	<p>केंद्रीय शुल्क के प्रधान आयुक्त का कार्यालय OFFICE OF THE PRINCIPAL COMMISSIONER OF CENTRAL TAX हैदराबाद जीएसटी आयुक्तालय HYDERABAD GST COMMISSIONERATE जीएसटी भवन, एल बी स्टेडियम रोड, बशीर बाग, हैदराबाद-500 004 GST BHAVAN, L B STADIUM ROAD, BASHEERBAGH, HYDERABAD-500004 Phone No.040-23241117 / 23240725 Fax No. 040-23299204 e-mail: cgst.hydcmmr@gov.in</p>	 <p>IS 15700 : 2005 Certified Commissionerate</p>
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C.No: IV/16/32/2019 – CT (Tech.)

Dt: 04.02.2019

STANDING ORDER No: 01/2019

Sub: GST- Interest liability U/ Sec. 50 of CGSTA/SGSTA on account of the delayed filing of GSTR-3B returns – Interest liable to be paid both on the cash and the ITC component of the tax paid after the due date prescribed - Recovery of such interest as clearly recoverable arrears- Reg.

It is needless to mention that the Interest is an inevitable liability on the self-assessed tax in every case of delayed filing of GST-return, except NIL return [*delayed filing of returns obviously involve delayed payment of Tax*], besides the late fee. The said interest liability is not reflected in the Electronic Liability Ledger (ELL) of GSTN, unlike the late fee which is reflected automatically in ELL. Therefore, the said interest liable to be paid in terms of the Sec. 50, on account of the delayed filing of the return, has to be necessarily worked out and paid by indicating the same in the Col. 9 of the Table: 6.1 of the GSTR-3B; or Col. 3 of the Table 13 of the GSTR-4, as the case may be.

2. In this regard the following irregularities have been reported:

- (i) The said interest liability is not being discharged by some Taxpayers (TPs);
- (ii) Some TPs are discharging such interest liability, either at the instance of the officers of the department or on their own as convenient to them, while filing subsequent return; and
- (iii) Some TPs are paying such interest only on the cash component of the Tax paid / being paid belatedly, but not on the ITC component of the Tax paid/being paid, for the delayed returns.

3. The above irregularities are against the provisions of the GST law and need to be addressed on priority. In fact, the delay in payment of interest is a clear case of financial accommodation; and is absolutely against the interest of the Revenue. Hence, prompt action for recovery of interest, as per the law, is warranted.

4. The Sec. 50 envisages that such interest is liable to be paid by the Taxpayer ***on his own***. Thus, the interest liability is an inevitable statutory liability in all such cases where the return was filed after the prescribed due date [*delayed filing of returns obviously involve delayed payment of Tax*]. Moreover, such interest liability on account of the delayed payment of Tax is not generated by the IT system (GSTN) and hence is not reflected in ELL. Therefore, it is important to check the fact whether such TPs had paid the interest in terms of the Sec. 50 or not; and whether such interest was correctly paid on the entire self-assessed Tax amount or they paid the interest only on the cash component of such tax paid.

5. Further, with regard to the contention of some TPs that they are liable to pay such interest only on the Cash component of the self-assessed Tax paid/being paid, but not on the ITC available in their Electronic Credit Ledger, it may be noted that the interest in terms of the Sec. 50 is liable to be paid, on the tax or any part thereof, which remained unpaid to the Government within the period prescribed. The said provision is reproduced hereunder, for ready reference:

Sec. 50. Interest on delayed payment of tax: *Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, **on his own**, interest at such rate, not exceeding eighteen per cent., as may be notified by the Government on the recommendations of the Council.*

6. Since ITC/Credit in balance in the 'Electronic Credit Ledger' cannot be treated as the Tax paid, unless it is debited in the said credit ledger while filing the return for off-setting the amount in the 'Liability Ledger', the interest liability under Sec. 50 is mandatorily attracted on the entire Tax remained unpaid beyond the due date prescribed. The ITC in balance as on the due date for filing the return has no relevance with regard to the interest liability u/Sec.50. It is immaterial whether the self-assessed tax is paid through the Credit/ITC or the Cash. Once the payment is beyond the prescribed date, interest liability is attracted on the entire Tax amount.

7. It is pertinent to mention that the amount of the interest payable in terms of the Sec. 50, would automatically become a recoverable arrears, which needs to be recovered in terms of the Sec. 79 of CGSTA/SGSTA.

8. In view of the foregoing facts and the legal position, the following instructions are issued for strict compliance (*except in cases where there is a pending W.P on the issue discussed at para 5 & 6 above*):

- (1) Conduct due verification of all the cases of belated filing of returns [*which obviously involve payment of self-assessed Tax after the prescribed due date*] and ensure that the interest liability is paid not only on the cash component, but also on the credit component of the Tax paid;
- (2) In case the interest in terms of the Sec. 50 was not discharged by any Taxpayer, the concerned officer(s) should initiate prompt action for recovery of the same in terms of the Sec.79.
- (3) A Register shall be maintained, in the Ranges/Divisions, in order to keep track of the cases which shall be updated on regular basis with proper abstract; and the unpaid interest amount shall be pursued for recovery by treating the same as clearly recoverable arrears.

9. Acknowledge the receipt.

Sd/ 04.02.2019
(M. SRINIVAS)
PRINCIPAL COMMISSIONER

To

1. The Addl / Jt. Commissioner, Central GST, Hyderabad Commissionerate, Hyderabad.
2. All the Dy. / Asst. Commissioner, Central GST, Hyderabad Commissionerate, Hyderabad.
3. All the Range Officers, Central GST, Hyderabad Commissionerate, Hyderabad.
4. All the officers, Central GST, GST Bhavan, Hyderabad.

Copy submitted to: The Principal Chief Commissioner, Central Tax and Customs, Hyderabad Zone
– for information please.

(M. SRINIVAS)