CBIC clarifies interest to apply prospectively on delayed GST payment

FE BUREAU
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The Central Board of Indirect Taxes and Customs (CBIC) clarified on Wednesday that while its notification on charging interest on delayed payment of GST on net liability is prospective in nature, the central and state tax administration would not implement it retrospectively.

The GST law stated that an 18% interest is to be charged on delayed gross GST payment, which meant that the GST liability considered for interest calculation included the part which could be offset by input tax credit.

However, this was changed by the GST Council in its 39th meeting so that interest was to be levied on net liability or the amount to be paid in cash.

The CBIC in a statement said that due to technical reasons, the notification to give effect to the GST Council decision has been issued prospectively from September 1.

“CBIC has assured that no recoveries shall be made for the past period as well by the central and state tax administration in accordance with the decision taken in the 39th Meeting of the GST Council,” it said in a statement.