

Interest on delayed GST can be paid on net basis from Sept 1: Centre

The Centre has notified that interest payments due on delayed goods and services tax (GST) can be serviced on a net basis from September 1. Net basis means that input tax credits and refunds will not be accounted for levying interest and only the tax liability discharged in cash will be taken for consideration.

After criticism came from many quarters that the decision should have been made with retrospective effect from July 1, 2017 in line with the GST Council decision, the Central Board of Indirect Taxes and Customs (CBIC) attributed the prospective nature of the notification to "certain technical limitations".

Sources said that the CGST Act had to be amended for making the move retrospective which could not be done due to Covid-19 situation.

However, CBIC assured that the same rule will apply for past payments as well, and no recoveries will be made on the notices sent to various business for interest on gross payments. This will ensure full relief to the taxpayers as decided by the Council, it said.

Earlier in the day, experts were left baffled by the notification, wondering why the Council's decision has not yet been implemented. They had said it will lead to litigation for large taxpayers and harassment for small and medium enterprises.

Source: Business Standard