
 <p>आजादी का अमृत महोत्सव</p>	<p>भारत सरकार/ GOVERNMENT OF INDIA          प्रधान आयुक्त का कार्यालय/OFFICE OF THE PRINCIPAL COMMISSIONER          केन्द्रीय वस्तु एवं सेवाकर एवम उत्पाद शुल्क/CGST &amp; CENTRAL EXCISE RANCHI          5ए, केन्द्रीय राजस्व भवन, महात्मा गांधी मार्ग, रांची - 834 001          5A, Central Revenue Building, Mahatma Gandhi Road, Ranchi-834001          दूरभाष/Tel: 0651-2330218; फ़ैक्स/Fax: 0651-2332420:          Email: commr-cexranchi1@nic.in / comm.ranchi@icegate.gov.in</p>	
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TRADE NOTICE NO. 02/ 2023-24  
 DATED: 24.07.2023

**Subject: Clarification on charging of interest under section 50(3) of the CGST Act, 2017, in cases of wrong availment of IGST credit and reversal thereof.**

Kind attention of the Trade & Industries and Departmental Officers is invited to the Circular No. 192/04/2023-GST issued by the Central Board of Indirect Taxes & Customs (hereinafter referred to as 'Board'). The said Circular is available on CBIC website <https://www.cbic.gov.in/> [https://cbic-gst.gov.in.](https://cbic-gst.gov.in/)

2. Various representations have been received from trade requesting for clarification regarding charging of interest under sub-section (3) of section 50 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as the "CGST Act") in the cases where IGST credit has been wrongly availed by a registered person. Clarification is being sought as to whether such wrongly availed IGST credit would be considered to have been utilized for the purpose of charging of interest under sub-section (3) of section 50 of CGST Act, read with rule 88B of Central Goods and Services Tax Rules, 2017 (hereinafter referred to as the "CGST Rules"), in cases where though the available balance of IGST credit in the electronic credit ledger of the said registered person falls below the amount of such wrongly availed IGST credit, the total balance of input tax credit in the electronic credit ledger of the registered person under the heads of IGST, CGST and SGST taken together remains more than such wrongly availed IGST credit, at all times, till the time of reversal of the said wrongly availed IGST credit.

3. Issue has been examined by the Board and to ensure uniformity in the implementation of the provisions of law across the field formations, the Board, in exercise of its powers conferred by section 168 (1) of the CGST Act, hereby clarifies the issues as under:

S.No.	Issue	Clarification
1.	In the cases of wrong availment of IGST credit by a registered person and reversal thereof, for the calculation of interest under rule 88B of CGST Rules, whether the balance of input tax credit available in electronic credit ledger	Since the amount of input tax credit available in electronic credit ledger, under any of the heads of IGST, CGST or SGST, can be utilized for payment of liability of IGST, it is the total input tax credit available in

*[Signature]*

<p>under the head of IGST only needs to be considered or total input tax credit available in electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has to be considered.</p>	<p>electronic credit ledger, under the heads of IGST, CGST and SGST taken together, that has to be considered for calculation of interest under rule 88B of CGST Rules and for determining as to whether the balance in the electronic credit ledger has fallen below the amount of wrongly availed input tax credit of IGST, and to what extent the balance in electronic credit ledger has fallen below the said amount of wrongly availed credit. Thus, in the cases where IGST credit has been wrongly availed and subsequently reversed on a certain date, there will not be any interest liability under sub-section (3) of section 50 of CGST Act if, during the time period starting from such availment and upto such reversal, the balance of input tax credit (ITC) in the electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has never fallen below the amount of such wrongly availed ITC, even if available balance of IGST credit in electronic credit ledger individually falls below the amount of such wrongly availed IGST credit. However, when the balance of ITC, under the heads of IGST, CGST and SGST of electronic credit ledger taken together, falls below such wrongly availed amount of IGST credit, then it will amount to the utilization of such wrongly availed IGST credit and the extent of utilization will be the extent to which the total balance in electronic credit ledger under heads of IGST, CGST and SGST taken together falls below such amount of wrongly availed IGST credit, and will attract interest as</p>
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*G. S. Mathur*

		per sub-section (3) of section 50 of CGST Act, read with section 20 of Integrated Goods and Services Tax Act, 2017 and sub-rule (3) of rule 88B of CGST.
2.	Whether the credit of compensation cess available in electronic credit ledger shall be taken into account while considering the balance of electronic credit ledger for the purpose of calculation of interest under sub-rule (3) of rule 88B of CGST Rules in respect of wrongly availed and utilized IGST, CGST or SGST credit.	As per proviso to section 11 of Goods and Services Tax (Compensation to States) Act, 2017, input tax credit in respect of compensation cess on supply of goods and services leviable under section 8 of the said Act can be utilized only towards payment of compensation cess leviable on supply of goods and services. Thus, credit of compensation cess cannot be utilized for payment of any tax under CGST or SGST or IGST heads and/ or reversals of credit under the said heads. Accordingly, credit of compensation cess available in electronic credit ledger cannot be taken into account while considering the balance of electronic credit ledger for the purpose of calculation of interest under sub-rule (3) of rule 88B of CGST Rules in respect of wrongly availed and utilized IGST, CGST or SGST credit.

4. All Trade Associations/ Chamber of Commerce, Members of RAC (Organized and SSI) falling within the jurisdiction of Central GST & CX Commissionerate, Ranchi are requested to bring the content of this Trade Notice to the knowledge of their constituent members and other concerns for wider dissemination.

5. Hindi version will follow.



(Dr. Balbir Singh)  
Principal Commissioner  
CGST & CX, Ranchi.

24/07/23

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C.No.GEXCOM/TECH/MISC/598/2023-TECH/

Date: 26 07.2023

Copy forwarded for information and necessary action to:-

1. Federation of Jharkhand Chamber of Commerce & Industries, Jharkhand Chamber Bhawan, Main Road, Ranchi 834001.
2. Jharkhand Small Industries Association, Udyog Bhawan, Kokar Industrial Area, Kokar, Ranchi-834001
3. The Director General (Systems), Directorate General of Systems & Data Management, 4<sup>th</sup> & 5<sup>th</sup> Floor, Samrat Hotel, Chanakyapuri, New Delhi-110021.
4. The Director General, Directorate General of Tax-Payer Services, C.R. Building, I P Estate, New Delhi-110002.
5. The Chief Commissioner, Central GST & Central Excise, Ranchi Zone, Patna.
6. The Commissioner (Appeal), Central GST & Central Excise, Ranchi for information please.
7. The Commissioner (Appeal), Central GST & Central Excise, Patna for information please.
8. The Commissioner of State Tax, Government of Jharkhand for information please.
9. The Additional Commissioner, Central GST & Central Excise Sub-Commissionerate, Dhanbad.
10. The Deputy/ Assistant Commissioner, Central GST & Central Excise, Bokaro-I Division/ Bokaro-II Division/ Deoghar Division/ Dhanbad North Division/ Dhanbad South Division/ Giridih Division/ Hazaribagh Division/ Ramgarh Division/ Ranchi North Division/ Ranchi South Division for information please.
11. The Deputy /Assistant Commissioner (Systems), Central GST & Central Excise (Hqrs.), Ranchi, with request to arrange the uploading of the notice on the Departmental website.
12. The Administrative Officer, CGST & CX (H), Ranchi with request to arrange the publishing of notice in local news papers.
13. Notice Board.
14. Guard File.

  
(G Naveen Kumar)

Assistant Commissioner (Tech)  
CGST & CX, Ranchi.