

## Rate of Interest payable under GST

Section of CGST Act 2017	Provisions	Rate of Interest
<b>Proviso to 16(2)</b>	<b>ITC Reversal Due to Non Payment Within 180 days</b> - Where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with <b>interest</b> thereon, in such manner as may be prescribed.	18%
<b>21</b>	<b>Manner of recovery of credit distributed in excess by ISD</b> - Where the Input Service Distributor distributes the credit in contravention of the provisions contained in section 20 resulting in excess distribution of credit to one or more recipients of credit, the excess credit so distributed shall be recovered from such recipients along with <b>interest</b> , and the provisions of section 73 or section 74, as the case may be, shall, mutatis mutandis, apply for determination of amount to be recovered.	<b>24%</b>
<b>37(3)</b>	<b>Short payment of tax</b> - Any registered person, who has furnished the details under sub-section (1) for any tax period [and which have remained unmatched under section 42 or section 43], shall, upon discovery of any error or omission therein, rectify such error or omission in such manner as may be prescribed, and shall pay the tax and <b>interest</b> , if any, in case there is a short payment of tax on account of such error or omission, in the return to be furnished for such tax period:	18%
<b>38(5)</b>	<b>Short payment of tax</b> - Any registered person, who has furnished the details under sub-section (2) for any tax period and which have remained unmatched under section 42 or section 43, shall, upon discovery of any error or omission therein, rectify such error or omission in the tax period during which such error or omission is noticed in such manner as may be prescribed, and shall pay the tax and interest, if any, in case there is a short payment of tax on account of such error or omission, in the return to be furnished for such tax period.	18%
<b>39(9)</b>	<b>Rectification of omissions or incorrect particulars other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities</b> - [Subject to the provisions of sections 37 and 38, if] any registered person after furnishing a return under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (4) or sub-section (5) discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by	18%

	the tax authorities, he shall rectify such omission or incorrect particulars [in the return to be furnished for the month or quarter during which such omission or incorrect particulars are noticed,] subject to payment of interest under this Act.	
<b>42(8)</b>	A recipient in whose output tax liability any amount has been added under sub-section (5) or sub-section (6), shall be liable to pay interest at the rate specified under sub-section (1) of section 50 on the amount so added from the date of availing of credit till the corresponding additions are made under the said sub-sections.	18%
<b>42(10)</b>	<b>Interest on Undue or Excess Claim of Input Tax Credit u/s 42 (10) by the recipient</b> - The amount reduced from the output tax liability in contravention of the provisions of sub-section (7) shall be added to the output tax liability of the recipient in his return for the month in which such contravention takes place and such recipient shall be liable to pay interest on the amount so added at the rate specified in sub-section (3) of section 50.]	24%
<b>43(8)</b>	A supplier in whose output tax liability any amount has been added under sub-section (5) or sub-section (6), shall be liable to pay interest at the rate specified under sub-section (1) of section 50 in respect of the amount so added from the date of such claim for reduction in the output tax liability till the corresponding additions are made under the said sub-sections.	18%
<b>43(10)</b>	<b>Interest on Undue or Excess Reduction in Output Tax Liability u/s 43 (10) by the supplier</b> - The amount reduced from output tax liability in contravention of the provisions of sub-section (7) shall be added to the output tax liability of the supplier in his return for the month in which such contravention takes place and such supplier shall be liable to pay interest on the amount so added at the rate specified in sub-section (3) of section 50.]	24%
<b>50(1)</b>	<b>Interest on Payment of Tax After Due Date</b> - 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.	18%
<b>50(3)</b>	Where the input tax credit has been wrongly availed and utilised, the registered person shall pay interest on such input tax credit wrongly availed and utilised, at such rate not exceeding twenty-four per cent. as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed.	24%

<b>51(6)</b>	If any deductor fails to pay to the Government the amount deducted as tax under sub-section (1), he shall pay interest in accordance with the provisions of sub-section (1) of section 50, in addition to the amount of tax deducted.	18%
<b>52(6)</b>	If any operator after furnishing a statement under sub-section (4) discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities, he shall rectify such omission or incorrect particulars in the statement to be furnished for the month during which such omission or incorrect particulars are noticed, subject to payment of interest, as specified in sub-section (1) of section 50.	18%
<b>52(11)</b>	The concerned supplier, in whose output tax liability any amount has been added under sub-section (10), shall pay the tax payable in respect of such supply along with interest, at the rate specified under sub-section (1) of section 50 on the amount so added from the date such tax was due till the date of its payment.	18%
<b>54(12)</b>	<b>Interest on Delay in Refund In respect of Appeal</b> - Where a refund is withheld under sub-section (11), the taxable person shall, notwithstanding anything contained in section 56, be entitled to interest at such rate not exceeding six per cent. as may be notified on the recommendations of the Council, if as a result of the appeal or further proceedings he becomes entitled to refund.	6%
<b>56</b>	<b>Interest on delay in refund in respect of order passed by Appellate Authority or Appellate Tribunal</b> - If any tax ordered to be refunded under sub-section (5) of section 54 to any applicant is not refunded within sixty days from the date of receipt of application under subsection (1) of that section, interest at such rate not exceeding six per cent. as may be specified in the notification issued by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application under the said sub-section till the date of refund of such tax:	6%
<b>Proviso to 56</b>	Provided that where any claim of refund arises from an order passed by an adjudicating authority or Appellate Authority or Appellate Tribunal or court which has attained finality and the same is not refunded within sixty days from the date of receipt of application filed consequent to such order, interest at such rate not exceeding nine per cent. as may be notified by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application till the date of refund.	9%
<b>60(4)</b>	<b>Tax payable under provisional assessment but not paid on the due date</b> - The registered person shall be liable to pay	18%

	interest on any tax payable on the supply of goods or services or both under provisional assessment but not paid on the due date specified under sub-section (7) of section 39 or the rules made thereunder, at the rate specified under sub-section (1) of section 50, from the first day after the due date of payment of tax in respect of the said supply of goods or services or both till the date of actual payment, whether such amount is paid before or after the issuance of order for final assessment.	
<b>67(6)</b>	<b>Release of seized goods on provisional basis-</b> The goods so seized under sub-section (2) shall be released, on a provisional basis, upon execution of a bond and furnishing of a security, in such manner and of such quantum, respectively, as may be prescribed or on payment of applicable tax, interest and penalty payable, as the case may be.	18%
<b>76(4)</b>	<b>Tax amount collected but not paid to the Government -</b> The person referred to in sub-section (1) shall in addition to paying the amount referred to in sub-section (1) or sub-section (3) also be liable to pay interest thereon at the rate specified under section 50 from the date such amount was collected by him to the date such amount is paid by him to the Government.	18%
<b>80</b>	<b>Payment of tax and other amount in instalments -</b> On an application filed by a taxable person, the Commissioner may, for reasons to be recorded in writing, extend the time for payment or allow payment of any amount due under this Act, other than the amount due as per the liability self-assessed in any return, by such person in monthly instalments not exceeding twenty four, subject to payment of interest under section 50 and subject to such conditions and limitations as may be prescribed.	18%
<b>115</b>	<b>Interest on refund of amount paid for admission of appeal -</b> Where an amount paid by the appellant under sub-section (6) of section 107 or sub-section (8) of section 112 is required to be refunded consequent to any order of the Appellate Authority or of the Appellate Tribunal, interest at the rate specified under section 56 shall be payable in respect of such refund from the date of payment of the amount till the date of refund of such amount.	6%

The Central Government had notified the rate of interest per annum vide **Notification No. 13/2017 – Central Tax dated 28th June, 2017** for the purposes of the sections as specified in the Table below:

**Table**

<b>Serial Number</b>	<b>Section</b>	<b>Rate of interest (in per cent)</b>
(1)	(2)	(3)
1.	Sub-section (1) of section 50	18

2.	sub-section (3) of section 50	*[18]
3.	sub-section (12) of section 54	6
4.	section 56	6
5.	proviso to section 56	9

Further the Central Government had waived the rate of interest per annum for the class of registered persons mentioned in the Table, who were [liable to pay tax but failed to do so] for the months mentioned in the corresponding entry in column (4) of the said Table by the due date, namely:--

Table

S. No. (1)	Class of registered persons (2)	Rate of interest (3)	[Month/Quarter] (4)
1.	Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year	Nil for first 15 days from the due date, and 9 per cent thereafter till 24th day of June, 2020	February, 2020, March 2020, April, 2020
2.	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year, whose principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep	Nil till the 30th day of June, 2020, and 9 per cent thereafter till the 30th day of September, 2020	February, 2020
		Nil till the 3rd day of July, 2020, and 9 per cent thereafter till the 30th day of September, 2020	March, 2020
		Nil till the 6th day of July, 2020, and 9 per cent thereafter till the 30th day of September, 2020	April, 2020
		Nil till the 12th day of September, 2020, and 9 per cent thereafter till the 30th day of September, 2020	May, 2020
		Nil till the 23rd day of September, 2020, and 9 per cent thereafter till the 30th day of September, 2020	June, 2020
		Nil till the 27th day of September, 2020, and 9 per cent thereafter till the 30th day of September, 2020	July, 2020

3.	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year, whose principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi	Nil till the 30th day of June, 2020, and 9 per cent thereafter till the 30th day of September, 2020	February, 2020
		Nil till the 5th day of July, 2020, and 9 per cent thereafter till the 30th day of September, 2020	March, 2020
		Nil till the 9th day of July, 2020, and 9 per cent thereafter till the 30th day of September, 2020	April, 2020
		Nil till the 15th day of September, 2020, and 9 per cent thereafter till the 30th day of September, 2020	May, 2020
		Nil till the 25th day of September, 2020, and 9 per cent thereafter till the 30th day of September, 2020	June, 2020
		Nil till the 29th day of September, 2020, and 9 per cent thereafter till the 30th day of September, 2020	July, 2020.]
		[4.	Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year
5.	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year who are liable to furnish the return as specified under sub-section (1) of section 39	Nil for the first 15 days from the due date, 9 per cent for the next 45 days, and 18 per cent thereafter	March, 2021
		Nil for the first 15 days from the due date, 9 per cent for the next 30 days, and 18 per cent thereafter	April, 2021
		Nil for the first 15 days from the due date, 9 per cent for the next 15 days, and 18 per cent thereafter	May, 2021

6.	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year who are liable to furnish the return as specified under proviso to sub-section (1) of section 39	Nil for the first 15 days from the due date, 9 per cent for the next 45 days, and 18 per cent thereafter	March, 2021
		Nil for the first 15 days from the due date, 9 per cent for the next 30 days, and 18 per cent thereafter	April, 2021
		Nil for the first 15 days from the due date, 9 per cent for the next 15 days, and 18 per cent thereafter	May, 2021
7.	Taxpayers who are liable to furnish the return as specified under sub-section (2) of section 39	Nil for the first 15 days from the due date, 9 per cent for the next 45 days, and 18 per cent thereafter	Quarter ending March, 2021]

\*Recently, The Central Government has amended vide Section 116 of Finance Act, 2022 read with (Sixth Schedule) w.e.f. 01-07-2017 before it was read as, "24".

**Note:** Please refer Notification No. 13/2017 – Central Tax dated 28th June 2017, Notification No. 31/2020–Central Tax dated 03-04-2020 , Notification No. 51/2020 – Central Tax dated 24-06-2020, Notification No. 08/2021- Central Tax dated 01-05-2021 , Notification No. 18/2021 – Central Tax dated 01-06-2021 and Section 116 of Finance Act, 2022 for the above compilation.

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