



THE COTTON TEXTILES EXPORT PROMOTION COUNCIL

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

Dear Member,

CBIC vide Circular No. 192/04/2023-GST dated 17.7.2023 ([copy enclosed](#)) issued 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.

CBIC has clarified as under:

- 1) The total ITC available in electronic credit ledger, under the heads of IGST, CGST and SGST taken together has to be considered for calculation of interest under rule 88B of CGST Rules.
- 2) In case where IGST credit has been wrongly availed and subsequently reversed on a certain date, if during the time period starting from such availment and up to such reversal, the combined balance of ITC in the electronic credit ledger, under the heads of IGST, CGST and SGST, has never fallen below the amount of such wrongly availed ITC – No interest liability u/s 50(3) of the CGST Act, 2017 (even if available balance of IGST credit in electronic credit ledger individually falls below the amount of such wrongly availed IGST credit).
- 3) In case where combined balance of ITC under heads IGST, CGST and SGST 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 falls below – Interest liability u/s 50(3) would be attracted.
- 4) ITC in respect to 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 liability in respect of wrongly availed and utilized IGST, CGST or SGST credit.

For detailed information, members may please refer to Circular No.192/04/2023-GST dated 17.7.2023.

Regards,

Dr. Siddhartha Rajagopal
Executive Director

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