

MAY  
2025

# CA FINAL INDIRECT TAX

*Interlinked Handnote on*

# INTEREST PROVISIONS

# COMPILED GST & CUSTOMS

"Study IDT  
Like **Never  
Before**"

For quick video of  
interlinked analysis,  
refer to the  
**YOUTUBE CHANNEL**

**CA SIDDHESH VALIMBE**

Join our **CA Final Telegram Channel**  
for **Top MCQs & CA Guidance**:



@SVALIMBECLASSES

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**+91 95604 36910**

## - Interest Provisions - GST + CUSTOMS

⇒ GST: Read Section - 50 + Rule 88 B

- This Page - Self Noting -

50(1) 18% p.a Interest Rate

Proviso w.r.t Interest on "Net Payment" → through CASH

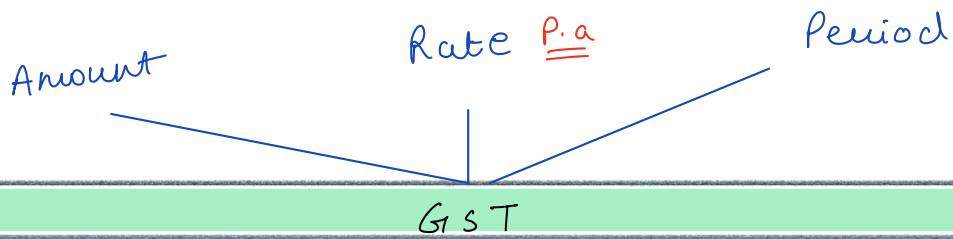
50(2) Period starts from day succeeding to the due date

50(3) Wrongly Availed & Utilised ITC

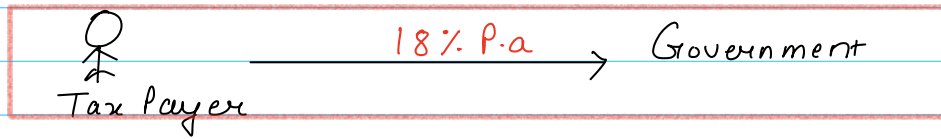
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Rule 88 B Read it

↳ Let's Start ↘ P.T.O



(A)



3 Cases

Case-1 Delayed Tax Payment to Gov 18% P.a

Question ① Interest on what amount?



→ GSTR-3B filed late but before S. 73/74 Proceedings

= Interest on Net GST Paid (Paid by debit of E-CASH ledger)

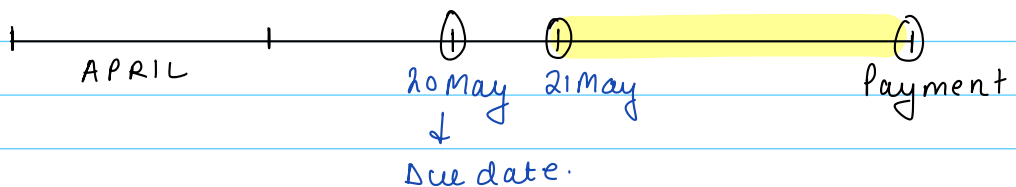
GROSS  
- ITC } CASH  
+ RCM } -CASH  
Duo - Date (Debit)

No Interest on Amount in E-CASH ledger on/Before due date till the debit of E-CASH for Tax Payment after due date

→ GSTR-3B filed on time, but missed to Report a Supply or S. 73/74

= Interest on Total (Gross) GST due (Don't consider ITC)

Question ② Period of Interest ⇒ next of due date till Payment Date.



## Case-2 Provisional Assessment

18% P.a

finalization

Question-1 on what amount?

Final Assessed Amount - Provisional Amount PAID



Question-2 Period of Interest

Day after due date \_\_\_\_\_ Payment date



\* Check if voluntary Payment in b/w.

Eg Provisional Payment 1,00,000 for April  
20,000 Paid voluntarily on 3 June  
Final Assessment GST = 1,50,000 → Balance Paid = 15 June

Solution

Total diff = 50,000

20,000

30,000

21 May - 3 June

21 May - 15 June

## Case 3 ITC wrongly Availed & Utilized

18% P.a

So(3)

Question 1 How to know that wrongly availed ITC is utilised || what amount?



How to know ⇒ E-Credit Balance < ITC Wrongly Availed } Trigger Point for Interest-

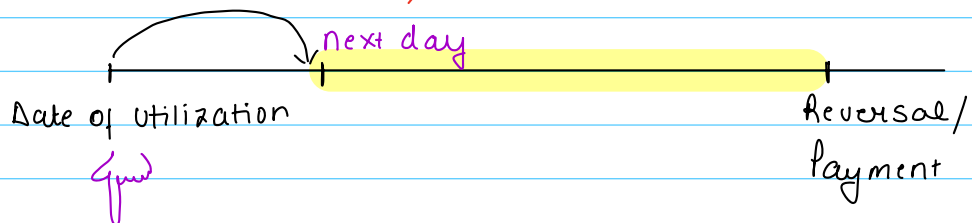
What Amount?

This diff = Amount on which Interest levied

ICAR changes from next day as contrary to Rule 88B(3)

Question 2

Period of Interest



<p>* <math>\Sigma</math>-cr &lt; Wrong ITC due to tax Payment through Return</p> <p>↓</p> <p>Due Date u/s 39 } Earlier Actual filing date }</p>	<p>* Other Case</p> <p>↓</p> <p>Debit in <math>\Sigma</math>-cr ledger</p>
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Question 3

Examples of Wrong ITC

Trigger Point = Availment of Wrong ITC



- Ⓧ Blocked Credit
- Ⓧ Ineligible portion → Rule 42 (of Exempt Supply)
- Ⓧ Rule 37 : Ⓡ didn't pay to Ⓢ within 180 DAYS
- Ⓧ Rule 37A : Ⓢ didn't pay tax to Gov → GSTR-1 ✓  
GSTR-3B X

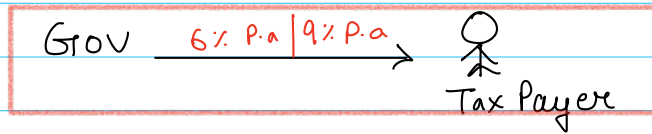
30/Sep. → Ⓡ = Tax (ITC)

Reverse

30/Nov

If not: Interest

(B)



Case ① Ch: 15 Refunds  $\rightarrow$  AFD-01 / Shipping Bill

$$\text{Refund Amount} \times \text{Period of delay from } 61^{\text{st}} \text{ day of Application till Payment date} \times 6\% \text{ P.a}$$

Mentioned in Acknowledgement

Rate = 9% P.a  $\leftarrow$  If Refund as a Result of order of Court / AA / Tribunal

Case ② Provisional Assessment finalized (AFD-01 to be filed)

$$(\text{Prov. Tax} - \text{final Tax}) \times \text{Period of delay from } 61^{\text{st}} \text{ day of Application till Payment date} \times 6\% \text{ P.a}$$

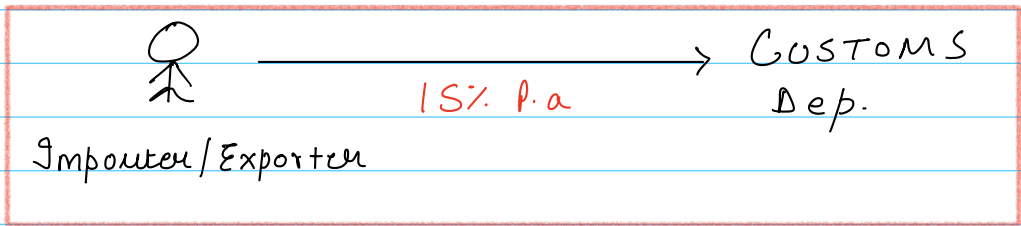
Case ③ Appeal to AA/AT  $\rightarrow$  PRE-DEPOSIT  $\rightarrow$  Appeal won  $\rightarrow$  Refund

$$\text{Pre-Deposit (Refund)} \times \text{Period} \times 9\% \text{ P.a}$$

(Date of Deposit of Pre-Deposit till Refund Date)

Don't by mistake consider the admitted liability

# CUSTOMS



Case-① Sec 61: Warehousing (other than where Manufac<sup>n</sup> Permitted u/s 65)

~~EOGS  
EHTPS  
STPS~~

$$\text{Customs duty deferred} \times \text{Period} \times 15\% \text{ P.a.}$$

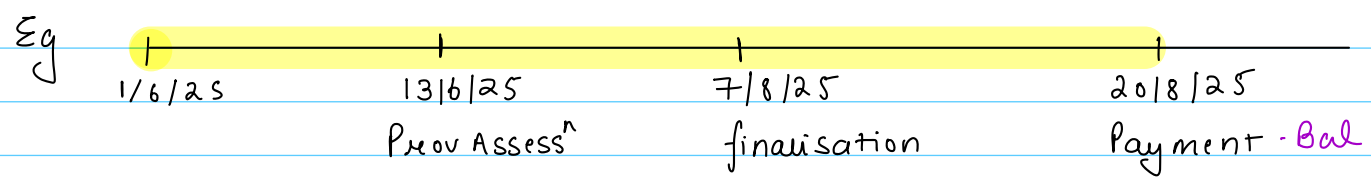
\* PRATIBHA PROCESSORS

91<sup>st</sup> day from Po's order  
u/s 60 Permitting Deposit  
of Goods  
till  
Payment date.

If no duty, no interest

Case ② Sec 18: Provisional Assessment

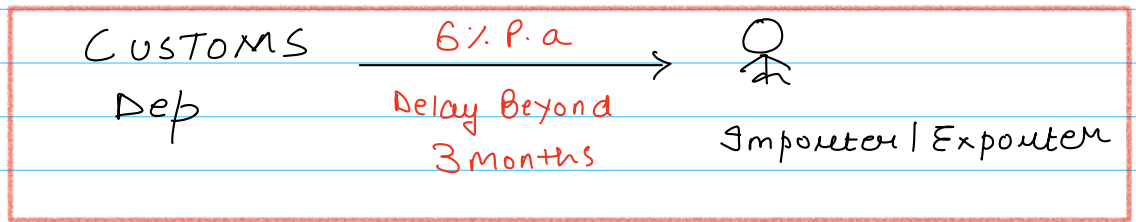
$$(\text{Final Assess}^n - \text{Prov Ass}) \times \text{Period} \times 15\% \text{ P.a.}$$



Period of Int. Starts from 1<sup>st</sup> day of Month of Prov Ass<sup>n</sup>

Note: Check if any Voluntary Payment in b/w

(B)



Case-① 27A: Delayed Refund

$$\text{Refund Amount} \times \text{Period} \times 6\% \text{ P.a.}$$

↓

Date next of 3m of Ref. Application  
till Refund Payment

Acknowledgement

Case ② Provisional Asss. finalized = Refund due

$$(\text{Prov Amt} - \text{final Amt}) \times \text{Period} \times 6\% \text{ P.a.}$$

↓

Date next of 3m of finalization  
till Refund Payment

Case ③ Refund due to Order of Court/Tribunal

$$\text{Refund Amount} \times \text{Period} \times 6\% \text{ P.a.}$$

↓

Date next of 3m of Order  
till Refund Payment

NOTE Interest w.r.t DUTY PORTION only || not deposits etc

—X—