

Office of the
Commissioner of State Tax.
Maharashtra State, 8th Floor,
GST Bhavan, Mazgaon,
Mumbai-400 010.

INTERNAL CIRCULAR

No. JC (HQ)-1/GST/2020/Interest/ADM-8 dated 16 Oct 2020.

Internal Circular No. | SA of 2020.

To,

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Subject: Administrative instructions for recovery of interest on net cash tax liability w.e.f 1st July, 2017.

Based on the recommendation of the 35th meeting of the GST Council held on 21st June, 2019 the provision of section 50 was amended vide section 10 of the Maharashtra Goods and Services Tax (Amendment) Act, 2019 to provide for charging of interest on net cash tax liability. The said amendment was to be made effective from a date to be notified by the Government. Accordingly, the said provision was made effective vide notification 63/2020-State Tax dated 2nd September, 2020 w.e.f. 1st September, 2020. The CGST Act, 2017 has also been similarly amended and accordingly notification 63/2020-Central Tax is issued.

2. The GST Council, in its 39th meeting, held on 14th March, 2020 recommended that the interest is to be charged on net cash tax liability w.e.f.1st July, 2017 and accordingly, recommended the amendment of section 50 of the MGST Act, 2017 retrospectively w.e.f. 1st July, 2017. The retrospective amendment in the GST laws would be carried out in due course through suitable legislations.

3. Post issuance of notification 63/2020-State Tax, there were apprehensions raised by the tax payers that the said notification is issued contrary to the Council's recommendation to charge interest on net cash tax liability w.e.f. 1st July, 2017. In order to implement the decision of the GST Council in its true spirit, and at the same time working within the present legal frame work, it has been decided to address the issue through following administrative arrangements.

(i) Field officers are instructed to recover the interest only on net cash tax liability (i.e. that portion of the tax that has been paid by debiting the electronic cash ledger or is payable through cash ledger) for the period 1st July, 2017 to 31st August, 2020.

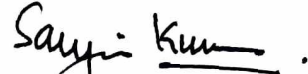
(ii) Wherever SCNs or letters, as the case may be, have been issued on gross tax payable, the same shall be withdrawn.

GST Policy Wing of Central Board of Indirect Taxes and Customs, has already issued similar administrative instructions on 18th September, 2020 (F No. CBEC-20/01/08/2019-GST).

4. Considering the above instructions, officers are instructed to issue fresh letters to tax payers requesting them to pay the interest for the period 1st July, 2017 to 31st August, 2020 on net cash tax liability. They are further instructed to mention in this letter that earlier SCNs or letters issued, if any, in this regard are withdrawn.

5. Difficulty if any, in the implementation of this Circular may be brought to the notice of the office of the Commissioner of State Tax, Maharashtra.

Yours faithfully,



(SANJEEV KUMAR)

Commissioner of State Tax,
Maharashtra State,

Mumbai.

No. JC (HQ)-1/GST/2020/Interest/ADM-8 dated 16 October 2020.

Internal Circular No. 18 A of 2020.

Copy forwarded to the Joint Commissioner of State Tax (Mahavikas) with a request to upload this Internal Circular on the Departments Web-site.

Copy submitted with compliments to, -

- (a) The Deputy Secretary, Finance Department, Mantralaya, Mumbai-21 for information.
- (b) Accounts Officer, Sales Tax Revenue Audit, Mumbai and Nagpur.



(Shriram H. Umale)

Joint Commissioner of State Tax-HQ-1
Maharashtra State.

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