

**Circular No. 192/04/2023**

**Charging interest under section 50(3), for wrong availment of IGST credit and reversal thereof:**

- Since the amount of ITC available in electronic credit ledger under all heads (IGST head, CGST head, SGST head) can be utilized for the payment of IGST, total ITC available in electronic credit ledger shall be considered for the purpose of interest calculation under Rule 88B of CGST Act, 2017.
- Further, in case IGST credit wrongly availed subsequently reversed on a certain date, there will not be any interest liability under the said section. However, if the balance of all heads together falls below the credit wrongly availed, then it will amount to utilization of such ITC wrongly availed and will attract interest liability.
- Also, the credit of Compensation Cess cannot be considered for the calculation of interest as the same can be utilized only for the payment of compensation cess.
- For instance: Mr. A , a registered supplier has wrongly availed ITC of INR 1000 in the month of January'23. Calculate interest liability in the following cases:
  - a. ITC not utilized and subsequently reversed
  - b. ITC utilized say in the month of March'23
- a. Where ITC is not utilized and subsequently reversed there will not be any interest liability under section 50(3) of the CGST Act, 2017.
- b. In this case, ITC is utilized in the month of **March** and the interest liability will be calculated from the date of utilization till the date of payment. Accordingly (from April 21, 2023 to July 24, 2023 i.e. 95 days):  
**=1000\*18%\*95/365 = 47 (approx)**