

INTEREST CALCULATOR IN GSTR-3B

Introducing Interest calculator

1. To facilitate taxpayers in doing self-assessment, the new functionality of ***interest calculator*** is being released in GSTR-3B. This functionality will assist taxpayers in calculating the interest applicable for delayed filing of returns. Taxpayers will have to verify and discharge the correct interest liability as per law, as payment of interest is a statutory compliance.

Interest computation

2. The interest computed by the system has been aligned with the Section-50 of the CGST Act, 2017, **as amended**. Consequently, interest liability for respect of supplies made during the present tax-period and declared in the GSTR-3B for this period will be calculated *only* on that portion of the tax which is paid by debiting the *electronic cash ledger*, i.e., tax paid in cash. With respect to the liability pertaining to the previous tax-period(s), and paid in later GSTR-3B, the interest will be computed for the entire liability, whether paid by debiting the *electronic cash ledger* or *electronic credit ledger*.

Auto-population of system computed interest

3. This new functionality will compute the ***minimum*** interest applicable on the basis of the values declared by the taxpayers in GSTR-3B for a particular tax-period. This system computed interest will be auto-populated in Table-5.1 of GSTR-3B for the next tax-period, the way it is done for the *Late fees* at present.
3. The system computed interest values auto-populated in next GSTR-3B return will be kept editable, initially. However, the system generated PDF of filed GSTR-3B will contain both values: the *System computed* interest, and the *user paid* interest values.

Scenarios where interest is applicable

5. Interest liability can arise in cases of either of the following, or both :
 - i. ***Delayed filing of return:*** If the present GSTR-3B is filed after the '*due date*', then interest will be applicable at prescribed rate of interest from the '*due date*' of GSTR-3B for relevant period i.e. till the date of filing of the return.
 - ii. ***Delayed declaration of liability:*** If the liability pertaining to previous tax-periods is discharged in the present GSTR-3B, then interest will be leviable from the '*due date*' of return for the said previous period till the date of declaration of the liability in the return. Thus, as part of the *interest calculator*, a new feature has been provided to GSTR-3B for allowing taxpayers to *voluntarily* declare *Tax-period wise break-up* of liability. If a taxpayer is discharging liability for any past period(s) in the present GSTR-3B, then exact tax-period wise break-up of the same can be provided by the taxpayers. The interest will be thereafter computed by the system accordingly.
6. ***Furnishing tax-period wise break-up in GSTR-3B:*** The return in FORM GSTR-3B, as it is now, allows taxpayers to discharge tax liability for previous tax-periods also, in addition to the tax liability for the present period. However, the tax-period wise break-up of the tax liability is not available in GSTR-3B. Thus, for computing the exact interest liability, the information regarding the tax-period wise break-up of the consolidated tax liability declared by the taxpayer would be required by the system.

7. In view of above, **a new button** has been added in GSTR-3B, called ***Tax Liability Break-up (Voluntary)***, and data is to be entered by clicking this button only by those taxpayers who are making payment for liability pertaining to earlier tax-periods in the present GSTR-3B. In cases where the present GSTR-3B consists of liability only for the present period, the taxpayers can ignore this button, and continue filing their return as usual.

Changes in user experience

8. **Taxpayers filing on or before Due date of GSTR-3B:** After the *interest calculator* is enabled on the GST Portal, there will be no change in the user experience for the taxpayers who file their return on or before the '*due date*'. The taxpayer would still have the facility to provide the break-up of liability of the past period(s). For details of declaring tax-period wise tax liability, please refer to the [Annexure](#).
9. **Taxpayer filing GSTR-3B after Due date:** For taxpayers who are filing after '*due date*', a pop-up will be shown regarding the option to declare tax-period wise tax liability, *if applicable* to them. If they have any tax liability pertaining to any previous tax-period to declare, they may declare the same. If the entire liability pertains to the present period, then they may ignore this pop-up message, and continue their filing as usual. If no previous period tax liability is declared, by default the interest will be computed by assuming that the entire tax liability pertains to the present period.
10. This facilitation measure is expected to assist the taxpayers by helping them with calculation of correct interest while filing of GSTR-3B and will thus improve ease in filing return under GST.
11. This functionality will be made available on the GST Portal shortly, and the same will be intimated to the taxpayers. The details about functionality on computation of the interest, along with sample screenshots, is as per the [Annexure](#).

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Thanking You

Team GSTN