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Payment of Tax

Extra provisions for detailed and comprehensive study

113. ELECTRONIC CREDIT LEDGER

The following additional points should be noted:

- Where a registered person has claimed **refund** of any unutilized amount from the electronic credit ledger, the amount (to the extent of the claim) is debited in the said ledger. If the claim is rejected (fully or partly), the amount debited is re-credited (to the extent of rejection) to the electronic credit ledger by the proper officer by an order made in this regard.
- Further, where a registered person has claimed **refund** of any amount paid as tax wrongly paid or paid in excess for which debit has been made from the electronic credit ledger, the said amount (if found admissible) is re-credited to the electronic credit ledger by the proper officer by an order made in this regard.
- Where a registered person deposits the amount of **erroneous** refund sanctioned to him due to claim of refund of unutilized ITC (u/s 54(3)) or refund of IGST paid on exports, along with interest and penalty, wherever applicable, by debiting the electronic cash ledger¹, on his own or on being pointed out, an amount equivalent to the amount of erroneous refund deposited by the registered person is **re-credited** to the electronic credit ledger by the proper officer by an order made in this regard.
- Except as provided under the Rules, no entry can be made **directly** in the electronic credit ledger under any circumstance.

115.2 Interest where ITC is wrongly availed and utilised [S. 50(3); R. 88B(3)]

Following clarifications provided by *Circular 192/04/2023-GST* should be noted:

#	Issue	Clarification
1	In cases of wrong availment of IGST credit by a registered person and reversal thereof, for the calculation of interest whether the balance of ITC available in electronic credit ledger under the head of IGST only needs to be considered or total ITC available in electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has to be considered.	<p>Since ITC available in electronic credit ledger, under any of the heads of IGST, CGST or SGST, can be utilized for payment of liability of IGST, it is the total ITC available in electronic credit ledger, that has to be considered for calculation of interest and for determining as to whether the balance in the electronic credit ledger has fallen below the amount of wrongly availed ITC of IGST and its extent.</p> <p>Thus, in cases where IGST credit has been wrongly availed and subsequently reversed on a certain date, there will not be any interest liability if, during the time period starting from such availment and up to such reversal, the balance of ITC in the electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has never fallen below the amount of such wrongly availed ITC, even if available balance of IGST credit in electronic credit ledger individually falls below the amount of such wrongly availed IGST credit.</p> <p>However, when the balance of ITC, under the heads of IGST, CGST and SGST of electronic credit ledger taken together, falls below such wrongly availed amount of IGST credit, then it will amount to the utilization of such wrongly availed IGST credit. The extent of utilization will be the extent to which the total balance in electronic credit ledger under heads of IGST, CGST and SGST taken together falls below such amount of wrongly availed IGST credit, and will attract interest.</p>

¹ Electronic credit ledger cannot be used for payment of erroneous refund sanctioned to the taxpayer, where such refund was sanctioned in cash [*Circular 172/04/2022-GST*]. It needs to be paid through electronic cash ledger.

2 Whether credit of compensation cess available in electronic credit ledger shall be taken into account while considering the balance of electronic credit ledger for the purpose of calculation of interest in respect of wrongly availed and utilized IGST, CGST or SGST credit.	ITC in respect of compensation cess can be utilised only towards payment of compensation cess. Thus, credit of compensation cess cannot be utilized for payment of any tax under CGST or SGST or IGST heads and / or reversals of credit under the said heads. Accordingly, credit of 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 in respect of wrongly availed and utilized IGST, CGST or SGST credit.
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