

GIB/TN/MEGHA ENG./18-04-2019/HC-54

High Court Category : INTEREST

State : Telangana

Order No.: GIB/TN/MEGHA ENG./18-04-2019/HC-54

Name of Entry :
MEGHA ENGINEERING & INFRASTRUCTURE LTD.

Date : 18-04-2019

Breif Issue :

Fact & Issues Involved:

The petitioner is engaged in the manufacture of MS Pipes and in the execution of infrastructure projects. After the enactment of the Central Goods and Services Tax Act, 2017 (for short 'CGST Act, 2017'), the petitioner registered themselves as a dealer under the Act and they claim to be regularly filing returns and paying taxes.

The case of the petitioner is that the GST Portal is designed in such a manner that unless the entire tax liability is charged by the assessee, the system will not accept the return in GSTR - 3B Form. As a result, even if an Assessee was entitled to set off, to the extent of 95%, by utilizing the ITC, the return cannot be filed unless the remaining 5% is also paid.

According to the petitioner, the total tax liability of the petitioner for the period from July, 2017 to May, 2018 was Rs.1014,02,89,385/- and the ITC available to the credit of the petitioner during this period was Rs.968,58,86,133/-.

In response, the petitioner sent a letter dated 15.10.2018, pointing out that interest is to be calculated only on the net tax liability after deducting ITC from the total tax liability. The petitioner also paid an amount of Rs.30,92,522/- towards interest on their net tax liability, the Department demanded interest on the total tax liability and hence the petitioner has come up with the above writ petition.

Aggrieved by a demand made by the respondent for payment of interest on the ITC portion of the tax paid for the months of July, 2017 to May, 2018, the petitioner has come up with the above writ petition?

Decision of Advance Ruling Authority :

Decision:

In view of the above, the claim made by the respondents for interest on the ITC portion of the tax cannot be found fault with. Hence, the Writ Petition is dismissed. However, in the circumstances, there

shall be no order as to costs.

As a sequel thereto, miscellaneous petitions, if any, pending in the writ petition, shall stand closed.

The claim made by the respondents for interest on the ITC portion of the tax cannot be found fault with. Hence, the Writ Petition is dismissed.