



# No interest payable if tax deposited in Electronic Cash Ledger

## *Eicher Motors Limited v. the Superintendent of GST and Central Excise*<sup>1</sup>

Recently, the Madras High Court ('the Court') quashed a demand notice issued for recovery of interest and held that interest is not payable if Form GSTR-3B is filed belatedly but, the amount of tax is paid in the Electronic Cash Ledger ('ECL') within the time it was due. The Court also sustained the argument that depositing money into ECL tantamount to payment of tax to the Government.

### Facts of the case

- Eicher Motors Limited ('the Petitioner') was served with a recovery notice demanding interest for delay in filing Form GSTR-3B caused due to non-reflection of transition credit in Electronic Credit Ledger. It is notable that the Petitioner had deposited the amount of tax payable, in cash in the ECL within the due date, i.e. 20<sup>th</sup> of succeeding month. Aggrieved by this, the Petitioner preferred a writ petition before the High Court.
- Issue for consideration before the Court was whether the Petitioner is liable to pay interest on the GST liability, under Section 50(1) of the CGST Act<sup>2</sup> on account of late filing of Form GSTR-3B although

GST was deposited into the ECL within the due date.

### Discussion and Findings

- The Court analysed Section 39 of the CGST Act, which provides for filing of Form GSTR-3B, and observed that:
  - Form GSTR-3B requires the taxpayer to report the details of tax paid. Therefore, tax should have been paid before filing Form GSTR-3B.
  - Tax payable is required to be paid by not later than the due date for filing Form GSTR-3B. The fact that Form GSTR-3B is filed within the due date or not, does not matter; however, the tax should be paid on or before such due date.
- The amount paid vide a tax payment challan (i.e., GST PMT-06 challan) directly goes to the RBI as beneficiary, in the form of GST.
- Explanation to Section 49 of the CGST Act also confirms that the date of credit to the account of the Government is the date of deposit in the ECL. Therefore, as soon as tax is paid by GST PMT-06 challan, the said amount gets credited directly to the Government.

<sup>1</sup>TS-19-HC(MAD)-2024-GST

<sup>2</sup> Central Goods and Services Tax Act, 2017



- Based on the above reading and interpretation, the Court distinguished the ruling of the Jharkhand High Court in the case of ***RSB Transmission (India) Ltd. v. Union of India***<sup>3</sup> wherein it was held that mere deposit of amount in ECL does not amount to payment of tax to the Government.
- The Court also equated ECL with Personal Ledger Account ('PLA') under the Central Excise regime, by placing reliance on the judgement of the Supreme Court in the case of ***CIT v. Modipon Ltd***<sup>4</sup>, wherein it was held that any amount deposited in the PLA stands credited to the Revenue with the assessee having no domain over such amount deposited.
- Reliance was also placed on the judgement of the Gujarat High Court in the case of ***Vishnu Aroma Pouching Pvt. Ltd. v. Union of India***<sup>5</sup> wherein it was held that the tax liability was duly discharged within the prescribed period as Challan Identification Number, which is generated by the authorised bank/RBI at the time of actual receipt of payment, was available on the challans paid. Thus, as payment was credited to the account of Government within due date, interest was not payable.

### Judgement

- The Court quashed the recovery notice served upon the Petitioner and held that once the amount is paid vide GST PMT-06, it will be credited to the account of the Government immediately. Thus, the tax liability shall be treated to have been discharged to such extent upon making a deposit into the ECL.

### Dhruva Comments

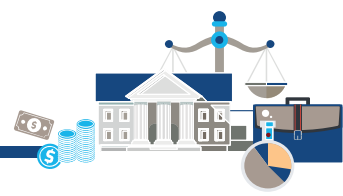
The judgment provides relief to taxpayers by not imposing interest on delay in filing Form GSTR-3B, if the amount of tax payable is deposited into ECL.

This will buoy-up the taxpayers who couldn't file their Form GSTR-3B on time but, had complied with GST payments in ECL.

<sup>3</sup> TS-589-HC(JHAR)-2022-GST

<sup>4</sup>TS-548-SC-2017-MODIPON

<sup>5</sup> TS-543-HC-2020(GUJ)-NT



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