



One Nation | One Association

FEDERATION OF AUTOMOBILE DEALERS ASSOCIATIONS

804-805, Surya Kiran, 19, K G Marg

New Delhi - 110 001 (INDIA)

T +91 11 6630 4852, 2332 0095, 4153 1495

Efada@fada.in

CIN U74140DL2004PNL130324

FOR IMMEDIATE RELEASE

F A D A writes to GST Council on undue hardship caused to Auto Dealers on charge of interest on Gross Value instead of Net of ITC value

20th June'19, New Delhi: The Federation of Automobile Dealers Associations (F A D A) has sent a representation to the GST Council on the undue hardship caused to Auto Dealers on charge of interest on Gross Value instead of Net of ITC value, while making the GST payment on monthly basis.

Commenting on the issue, F A D A President, Mr Ashish Harsharaj Kale said, **“Many of our members are Small Family run businesses located in Tier 2&3 towns and face difficulties in GST Compliances or returns, many a times due to system mismatches not in their Control. However, because of the nature of The Auto Retail Trade, the Business Turnover and Input Tax Credit Available is quite High.”**

In the Case of a Delayed Return, the ITC in balance as on the due date for filing the return has no relevance with regard to the interest liability u/s 50 of the Act, which provides for levy interest on late payment of GST on tax liability (which has to be Net Tax Liability as ITC is already in electronic credit ledger in control of GSTN). The issue in hand is that in the event of any delay in payment of tax liability, whether the interest payable u/s 50 shall be on the net amount payable by the assessee (net of ITC) or on the gross amount before ITC is set off. This has resulted in undue hardship to automobile dealers (members of F A D A) across the country.

It is the Revenue Department's interpretation that since Input tax credit balance in the 'Electronic Credit Ledger' cannot be treated as the tax paid, unless it is debited in the said credit ledger while filing the return for off-setting the amount in the 'Liability Ledger', the interest liability u/s 50 of the Act is mandatorily attracted on the entire tax remained unpaid beyond the due date prescribed. The ITC in balance as on the due date for filing the return has no relevance with regard to the interest liability under section 50 of the Act. It is immaterial whether the self-assessed tax is paid through ITC or the Cash. Once the payment is beyond the prescribed date, interest liability is attracted on the entire tax amount.

Mr Kale went on to say, **“The proposal to charge interest on net of ITC value instead of Gross had been already recommended by the GST Council in its 31st meeting held on 22.12.2018. However, the same could not be passed due to Parliament dissolution for four months.**

F A D A has, therefore, requested that the same gets approved in the upcoming GST Council meet on 21st June'19 and that the interest provided should be calculated on net tax liability instead of gross tax liability. We hope that the Request is Considered by H'ble GST Council which will further help Auto Dealers in Ease of Doing Business by implementing its decision taken in 31st GST Council Meet.”



One Nation | One Association

FEDERATION OF AUTOMOBILE DEALERS ASSOCIATIONS

804-805, Surya Kiran, 19, K G Marg

New Delhi - 110 001 (INDIA)

T +91 11 6630 4852, 2332 0095, 4153 1495

Efada@fada.in

CIN U74140DL2004PNL130324

Let us suppose the following figures for filing the GSTR-3B:

(INR)

	<i>Tax Liability</i>	<i>Input Tax Credit</i>
IGST	100	80
SGST	100	50
CGST	100	50

Suppose, GSTR-3B had not been filed by 20th of the following month, then interest is to be calculated on entire Rs. 100 (IGST), Rs. 100(SGST) and Rs. 100(CGST) instead on Rs. 20, 50 and 50 respectively from the due date of filing of GSTR-3B till the actual date of filing.

F A D A has also suggested to make necessary amendments in the law that interest amount should not be charged on retrospective basis and on gross amount but should only be charged on balance (net) amount payable and to suitably amend Section 41(2) by inserting a proviso to the effect that any delay in filing the return shall not lead to payment of interest u/s 50 to the extent of amount already lying to the credit of electronic credit ledger.

It has also demanded to issue a suitable order to remove administrative difficulty on implementation of section 50 to capture the spirit of law and to issue necessary administrative directions to field formations not to take any coercive action in view of the GST Council decisions.

----- End of Press Release -----

About F A D A India

Founded in 1964, Federation of Automobile Dealers Associations (F A D A), is the apex national body of automobile retail industry in India engaged in the sale, service and spares of 2/3 Wheelers, Passenger Cars, UVs, Commercial Vehicles (including buses and trucks) and Tractors. F A D A India represents over 15,000 automobile dealers having 25,000 dealerships including 30 Associations of Automobile Dealers at the Regional, State and City levels accounting for 90% of market share in India. Together we employ over 2.5 million direct employees and another 2.5 million as indirect employees, making it a total of ~5 million people in the country at dealerships and service centres.

F A D A India, at the same time also actively networks with the industries and the authorities, both at the Central & State levels to provide its inputs and suggestions on the Auto Policy, Taxation, Vehicle Registration Procedure, Road Safety and Clean Environment, etc. to sustain the growth of the Automobile Retail Trade in India.