



## **Upcoming Functionality-Interest Tax Calculator in GSTR-3B**

As a facilitation measure & assisting the taxpayers in doing a correct self-assessment, a new functionality of **interest calculator** is being released in **GSTR-3B**. This functionality will arrive at the system computed interest on the basis of the tax liability values declared by the taxpayers. The interest applicable, if any, on the tax liability declared in the GSTR-3B of a particular tax-period will be computed after the filing of the said GSTR-3B. This system computed interest values will be **auto-populated** in the **Table-5.1** of the GSTR-3B of the next tax-period. The facility would be similar to the collection of late fees for GSTR-3B, filed after the Due date, posted in the next period's GSTR-3B.

1. This functionality has a **user-friendly interface**, which informs the taxpayers regarding the manner of system computation of interest values for each tax-head. This functionality also assists the taxpayers in doing correct computation of interest for the liability of any past period declared in the GSTR-3B for the current tax period, based on the details furnished by them on the portal.
2. This functionality will further improve ease of filing return under GST and is, therefore, in the direction of further **reducing the compliance burden** for taxpayers.
3. This functionality, as and when available on the GST Portal shortly, will be intimated to the taxpayers.

### **Introducing Interest Calculator in GSTR-3B**

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.
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.
4. 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.
  - iii. 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 GSTR3B, 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 Breakup** (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 GSTR3B. 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

### **ANNEXURE-1**

#### **ADVISORY ON INTEREST CALCULATOR IN GSTR-3B**

##### **Annexure with illustrative example**

##### **Illustration:**

- i. A monthly taxpayer is filing GSTR-3B for the tax period of October 2021. In the said GSTR- 3B, the taxpayer has declared the following values in Table-3.1 of GSTR-3B:

<b>Nature of supplies</b>	<b>Taxable value</b>	<b>Integrated tax</b>	<b>Central tax</b>	<b>State/UT tax</b>	<b>Cess</b>
a) Outward taxable supplies (other than zero rated, nil rated and exempted)	10,00,000	90,000	45,000	45,000	2,80,000
(b) Outward taxable supplies (zero rated)	5,00,000	45,000	-	-	1,40,000
(c) Other outward supplies (Nil rated, exempted)	10,000	-	-	-	-
(d) Inward supplies (liable to reverse charge)	2,00,000	12,000	12,000	6,000	0
(e) Non-GST outward supplies	1,00,000	-	-	-	-
<b>Total tax liability</b>	<b>-</b>	<b>1,47,000</b>	<b>51,000</b>	<b>51,000</b>	<b>4,20,000</b>

However, these consolidated tax liability values consist of not only for October 2021 but also for previous tax-periods of July, August & September 2021.

- ii. Hence, for the purposes of proper interest calculation, the taxpayer would be expected to declare the following tax-period wise break-up in GSTR-3B for October 2021, in the following manner:

<b>Tax period</b>	<b>Integrated tax</b>	<b>Central tax</b>	<b>State/UT tax</b>	<b>Cess</b>
October 2021	1,00,000	40,000	40,000	4,00,000
September 2021	40,000	8,000	8,000	4,00,000
August 2021	5,000	3,000	3,000	0
July 2021	2,000	0	0	0
<b>Total</b>	<b>1,47,000</b>	<b>51,000</b>	<b>51,000</b>	<b>4,20,000</b>



- iii. The interest calculation could be thereafter done as per the aforesaid values declared by the taxpayer, easily by the system. However, this gap exists in the current GSTR3B implementation, to cover which new feature has been added.

### **New feature in GSTR 3B**

1. **Tax Liability Break-up (Voluntary)** button in GSTR-3B: A new button called Tax Liability Break-up (Voluntary) will be provided in GSTR-3B for furnishing the tax-period wise break-up of tax liability. This button will appear in GSTR-3B on the payment page, below the Table 6.1 – Payment of tax.
2. The Tax Liability Break-up (Voluntary) button will be enabled only after clicking the **‘Make payment/Post credit to ledger’ button**. In other words, break-up of the tax period wise values can be furnished by the taxpayers after making payment of the liability for this period.
3. If the taxpayers click on this button, they will be provided with an option of declaring taxperiod wise break-up of the tax liability discharged by them in this GSTR-3B. The values could be declared head-wise, and the total value for all the tax-periods put together should be equal to the tax liability paid in the GSTR-3B.
4. On clicking the **Save button**, the option to File GSTR-3B through **EVC or DSC** will be enabled. Auto-population of system computed interest in next GSTR-3B.
5. **System computation of interest:** After filing this GSTR-3B, the **system will compute the interest liability** on the basis of the values declared in this GSTR-3B. This computation will be done in accordance with the provisions of the **Section-50** of the Act, as amended.

Interest will be computed for each tax-period as per the following **formula**:

$$\text{Interest liability} = \frac{\text{Tax liability} \times \text{Number of days since the due date} \times \text{Rate of interest}}{\text{Number of days in the year}} \quad \text{X}$$

**till the actual date of filing GSTR-3B**

Depending on the number of tax-periods declared by the taxpayer in the tax-period wise breakup, the interest liability for each tax-period will be calculated separately as per this formula. The interest values for different periods will then be added, and the **total interest liability** will be **computed** for each head **by the system**.



6. **Auto-population of interest:** The interest values computed above will be auto-populated in the **Table 5.1 – Interest and Late fee for previous tax period** of GSTR-3B of the next tax-period. The break-up and the manner of interest computation can be viewed by clicking the **System Generated GSTR-3B button** on this page. This is on the lines of the auto-population of Late fees for the previous tax-period in the subsequent tax-period. Just like the system-computed late fees is auto-populated in the next tax period, now the system-computed interest will also be populated in the GSTR-3B of the next tax-period. The system computed values will also be displayed to the user on mouse-hovering.
7. To begin with, system will not stop the users from changing the system computed interest values. However, the system will **warn the taxpayers on downward editing of the interest values** in any tax head. On downward editing of values, the concerned **cell will become Red**, and the system computed values will also be shown during mouse hovering **to caution the taxpayer from making a mistake**.
8. If the taxpayer attempts to file GSTR-3B with the downward edited values, the **interest tile** would become **Red** and also the system will **provide a Warning** regarding the same to the user. However, despite these warnings, the system **will not stop the taxpayers from filing their GSTR 3B with changed values**
9. **GSTR-3B filing:** After the filing, the PDF of the filed GSTR-3B is generated by the system, which can be downloaded by the users. In this PDF document, in addition to the information presently shown, the PDF will also consist of information pertaining to system computed interest, in case it is applicable in that GSTR-3B. This information will include the head-wise details of computation of interest, for all the tax-periods on which interest is applicable.

### **Changes in user experience**

10. **Changes in user experience Taxpayers filing on or before Due date of GSTR-3B :** Even after the interest calculator is enabled on the GST Portal, there will be absolutely no change in the user experience for the taxpayers who file their return on or before the Due date, and who have not made any delayed payment of tax liability pertaining to earlier period(s). The taxpayer would still have the facility to provide the break-up of liability of the past period(s).
11. **Taxpayer filing GSTR-3B after Due date:** For taxpayers who are filing after Due date, a popup 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 the previous period tax liability is not declared, the interest will by default be computed by assuming that the entire tax liability pertains to the present period.