

Section 50 : Interest on delayed payment of tax

- (1) Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent., as may be notified by the Government on the recommendations of the Council:
- ¹[**Provided** that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 ²[or section 74A] in respect of the said period, shall be payable on that portion of the tax which is paid by debiting the electronic cash ledger.]
- (2) The interest under sub-section (1) shall be calculated, in such manner as may be prescribed, from the day succeeding the day on which such tax was due to be paid.
- ³[(3) Where the input tax credit has been wrongly availed and utilised, the registered person shall pay interest on such input tax credit wrongly availed and utilised, at such rate not exceeding twenty-four per cent. as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed.]

Relevant Rules : Rule 88B

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- 1 Proviso substituted by [the Finance Act, 2021 \(No. 13 of 2021\)](#) w.e.f. 01-07-2017. [Noti. No. 16/2021–Central Tax, dt. 01-06-2021](#) appoints 01-06-2021 as the date of enforcement. Earlier to substitution it read as under:
- Aⁿ[**Provided** that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger.]"
- A. Earlier the above proviso inserted by Finance (No. 2) Act, 2019 (No. 23 of 2019). It is made effective from 01-09-2020 by Noti. No. 63/2020–Central Tax, dt. 25-08-2020. But by CBEC-20/01/08/2019-GST, dt. 18-09-2018, it has been administrative directed that for the period 01-07-2017 to 31-08-2020 interest shall be recovered on the net cash tax liability.
- 2 Inserted by The Finance (No. 2) Act, 2024 (No. 15 of 2024). It is made effective from 01-11-2024 by Noti. No. 17/2024–Central Tax, dt. 27-09-2024.
- 3 Sub-section (3) substituted by [Finance Act, 2022](#) (No. 6 of 2022) w.e.f. 01-07-2017. Noti. No. 09/2022–Central Tax, dt. 05-07-2022 appoints 05-07-2022 as the date of enforcement. Earlier to substitution it read as under:
- "(3) A taxable person who makes an undue or excess claim of input tax credit under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council."