GSTAT

Division Bench Court No. Court I

APL/171/RPR/2026

SHRI SHYAM ISPAT INDIA PRIVATE LIMITED **.....Appellant**

Versus

THE COMMISSIONER, COMMISSIONER, STATE GST RAIPUR (C.G.) & ORS. **.....Respondent**

Counsel for Appellant
SHRI BHISHM AHLUWALIA, ADVOCATE
SHRI JITENDRA SINGH KHANUJA, CA
MS. SIMRAN DHANER, ADVOCATE

Counsel for Respondent
MR. ABHAY TIWARI, ADVOCATE

Hon'ble Pradeep Kumar Vyas, Member (Judicial)
Hon'ble Chandra Bhushan Singh, Member (Technical)

Form GST APL-04A

[See rules 113(1) & 115]

Summary of the order and demand after issue of order by the GST Appellate Tribunal

Whether remand order: No

Order reference no.: ZA220050926000275H **Date of order:** 29/09/2026

1.	GSTIN/Temporary ID/UIN - 22AADCS5057R1ZX	
2.	Appeal Case Reference no. - APL/171/RPR/2026	Date - 26/06/2026
3.	Name of the appellant - SHRI SHYAM ISPAT INDIA PRIVATE LIMITED, ca.sudhir@yahoo.co.in, 9993569928	
4.	Name of the respondent - 1. Office of the State Tax Commissioner, Nava Raipur, Atal Nagar, Chhattisgarh, cctd.cg@gov.in, 8962326279 2. The Commissioner	
5.	Order appealed against - AD220720000264W	
	(5.1) Order Type - Demand Order	

	(5.2) Ref Number - ZD221220001553C	Date - 31/12/2020
6.	Personal Hearing - 29/09/2026 22/09/2026 16/09/2026 02/09/2026 28/07/2026	
7.	Status of Order under Appeal - Confirmed – Order under Appeal is confirmed	
8.	**Order in brief** - The common order concerns the levy of interest under Section 50 of the GST law where returns in FORM GSTR-3B were filed after the due dates, but sufficient amounts had already been credited to the Electronic Cash Ledger and remained available until eventual debit. The central question is whether such prior credit amounts to payment of tax or whether payment occurs only when the ledger is debited against the return liability. The order holds that the statutory scheme distinguishes between a "deposit" into the Electronic Cash Ledger and "payment" of a particular tax liability. Section 49 treats money credited to the ledger as a deposit and separately permits that balance to be used for payment, while Rule 85(3) identifies debit of the cash or credit ledger as the act by which liability is discharged. A Challan Identification Number establishes receipt of funds by Government, but not their appropriation towards a particular self-assessed liability. The retrospective proviso to Section 50(1) and Rule 88B(1) are treated as reinforcing this distinction, because both refer to tax paid by debiting the Electronic Cash Ledger and link interest to the period of delay in filing the return. The later proviso inserted in Rule 88B(1) in 2024, excluding qualifying balances already lying in the cash ledger, is regarded as prospective rather than merely clarificatory, especially in view of its text and legislative history. The order recognises conflicting High Court authority. It respectfully prefers the interpretation that gives effect to the statutory distinction between deposit and debit, while acknowledging that other High Courts have taken the view that interest should stop once funds reach the Government. On procedure, the order finds breach of Section 75(4) because personal hearing was not granted despite request. However, remand is declined because the material facts, ledger sufficiency and calculations are undisputed, the legal issue was fully argued before the Tribunal, and no surviving prejudice is shown. Accordingly, the appeals are proposed to be dismissed, with directions to give proper credit for all amounts already paid, deposited, recovered or adjusted and to avoid double recovery under the applicable statutory framework itself.	

Summary of Order

9.	If demand order then whether demand quantified: Yes

Section-I

Particulars	Central tax		State/UT tax		Integrated tax		Cess		Total	
	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount	Disputed Amount	Determined Amount

1	2	3	4	5	6	7	8	9	10	11
(a) Tax	0	0	0	0	0	0	0	0	0	0
(b) Interest	344171	344171	378782	378782	50688	50688	0	0	773641	773641
(c) Penalty	0		0		0		0		0	0
(d) Fees	0		0		0		0		0	0
(e) Others										0
(f) Refund										0

Section-II

Place of Supply/Name of State/UT	Demand	Tax	Interest	Penalty	Other	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Amount in dispute	0	50688	0	0	50688
	Amount Determined	0	50688	0	0	50688
	Amount in dispute	0	50688	0	0	50688
	Amount Determined					
	Amount in dispute	0	50688	0	0	50688
	Amount Determined					

10.	For Other orders and Demand orders which are not quantified:	
Issues as raised by proper officer	Issues as determined by Appellate/Revisional authority	Order by GST Appellate Tribunal
Levy of interest or late fee or fine	773641	As follows

Place: RAIPUR
Date: 29.09.2026

Signature
RAIPUR Chandra Bhushan Singh
Designation: Member
Jurisdiction: Raipur

ORDER

PER: C. B. SINGH, MEMBER (TECHNICAL)

1. These three appeals, preferred under Section 112 of the Chhattisgarh Goods and Services Tax Act, 2017 ("Chhattisgarh GST Act") and the corresponding provisions of the Central Goods and Services Tax Act, 2017 ("CGST Act"), read, insofar as integrated tax is concerned, with Section 20 of the Integrated Goods and Services Tax Act, 2017 ("IGST Act"), arise out of the same controversy between the same parties. They concern levy of interest under Section 50 on the cash component of tax liability where the monthly returns in FORM GSTR-3B were furnished after the respective due dates, although the appellant had, to the extent now material, credited sufficient amounts to its Electronic Cash Ledger ("ECL") on or before the due dates and such balances continued to remain available until debit at the time of filing the returns.

2. The appeals relate to three successive periods and were heard together because the material statutory provisions, the reasoning adopted by the adjudicating and first appellate authorities, the principal grounds of challenge and the submissions at final hearing are common. They are therefore being disposed of by this common order, while the period-wise figures and proceedings are kept distinct as under:

Appeal / period	DRC-01 / OIO	OIA / APL-04	Interest confirmed	Admitted / disputed
APL/171 FY 2017-18 (Jul 2017-Mar 2018)	DRC-01: ZA220220000274M 07.02.2020 OIO: ZA220320000454I 07.03.2020	OIA 101/GST/2020 14.12.2020 APL-04: ZD221220001553C 31.12.2020	IGST 50,688 CGST 3,46,450 SGST 3,78,782 Total 7,75,920	Admitted 2,279 Disputed 7,73,641
APL/172 FY 2018-19	DRC-01: ZA220220000272Q 07.02.2020 OIO: ZA220320000453K 07.03.2020	OIA 102/GST/2020 14.12.2020 APL-04: ZD2212200015574 31.12.2020	IGST 1,83,793 CGST 8,40,358 SGST 8,40,358 Total 18,64,509	Admitted 638 Disputed 18,63,871
APL/173 FY 2019-20*	DRC-01: ZA220220000271S 07.02.2020 OIO: ZA220320000452M 07.03.2020	OIA 103/GST/2020 14.12.2020 APL-04: ZD221220001562D 31.12.2020	IGST 91,333 CGST 69,511 SGST 69,511 Total 2,30,355	Admitted 660 Disputed 2,29,695

** The Order-in-Original in APL/173 describes the covered tax period as April 2019 to November 2019; the appeal papers describe the dispute as FY 2019-20. Nothing turns upon this description because the demand and return-wise computation are not disputed arithmetically.*

3. The aggregate interest originally confirmed in the three matters is Rs. 28,70,784. The appellant admits, and states that it has already paid, interest aggregating Rs. 3,577 in respect of the cash deposits which were themselves made after the applicable due dates. The aggregate balance disputed before this Tribunal is Rs. 28,67,207. The limited controversy is therefore whether, for the remaining amounts, interest continued to run after the requisite cash had been credited to and continuously remained in the ECL but before the ledger was debited on filing the belated GSTR-3B returns.

I. FACTUAL MATRIX

4. The appellant is a registered manufacturer of iron and steel products. For each of the three periods it filed monthly GSTR-3B returns, some of them after the prescribed dates. On scrutiny under Section 61, the proper officer issued ASMT-10 notices dated 14.01.2020 pointing to interest on account of delayed return filing. Thereafter, three DRC-01 notices dated 07.02.2020 were issued under Section 73(1), proposing the above period-wise interest demands on the stated ground that GSTR-3B had been filed after the due dates.

5. The DRC-01 was integrated with the portal-generated SCN. An even-dated departmental communication dated 07.02.2020, setting out the basis and computation of the proposed demand, is also available on record. The appellant filed detailed replies in FORM GST DRC-06 dated 09.02.2020, wherein it contested the proposition that interest was payable up to the date of filing of GSTR-3B notwithstanding the earlier availability of sufficient balance in the Electronic Cash Ledger, relied upon the relevant challans/CINs and requested a personal hearing. The effect of the aforesaid communication and the rival submissions concerning its status as an annexure to DRC-01 are considered hereinafter.

6. The DRC-01 forms themselves recorded "NA" against the date, time and venue of personal hearing. Notwithstanding the written request in DRC-06 and the contemplated adverse decision, no personal hearing was fixed before the adjudication orders dated 07.03.2020. The adjudicating authority nevertheless considered the written replies and confirmed the demands. The common reasoning was that, under Section 49 read with Rule 85(3), depositing money into the ECL and paying a tax liability are distinct acts; payment of the return liability takes place only when the electronic credit ledger or

electronic cash ledger is debited and the electronic liability register is credited accordingly.

7. The appellant preferred three first appeals. It accepted only the small interest amounts referred to above arising from cash actually deposited after the respective due dates and disputed the balance. By three separate Orders-in-Appeal Nos. 101/GST/2020, 102/GST/2020 and 103/GST/2020, all dated 14.12.2020, the Joint Commissioner (Appeals), State Tax, Bilaspur, dismissed the appeals. The appellate authority substantially affirmed the distinction between a deposit in ECL and payment of tax, described ECL as being in the nature of an electronic wallet, and held that the liability stood discharged only upon debit/appropriation while furnishing the return. The corresponding APL-04 summaries were uploaded on 31.12.2020.

8. At that time the Goods and Services Tax Appellate Tribunal was not operational. The appellant therefore approached the Hon'ble High Court of Chhattisgarh. APL/171 was preceded by WPT No. 117 of 2021; APL/172 and APL/173 were preceded by WPT Nos. 122 and 119 of 2021 respectively. During those proceedings the appellant deposited Rs. 1,55,184, Rs. 3,72,903 and Rs. 46,071 respectively on 27.07.2021. The Department also adjusted/recovered amounts against the demands: Rs. 1,48,718 in relation to FY 2017-18, Rs. 2,32,052 in relation to FY 2018-19, and Rs. 1,93,388 in relation to FY 2019-20. The total of the three writ deposits and the total of the three subsequent adjustments each works out to Rs. 5,74,158; the actual accounting treatment, however, must be reconciled demand-wise so that no double credit or recovery occurs.

9. After constitution of the statutory Tribunal, WPT No. 117 of 2021 was permitted to be withdrawn with liberty to avail the statutory remedy. WPT Nos. 119 and 122 of 2021 were similarly dismissed as withdrawn by a common order of the Hon'ble High Court dated 13.05.2026 with liberty to avail the remedy available in law. None of the writ proceedings resulted in an adjudication on the merits of the present Section 50 controversy.

10. The present appeals were thereafter instituted before this Tribunal. Replies/counter-statements were filed on behalf of the respondent. At the common final hearing, submissions were addressed on the statutory scheme, the legal effect of a CIN and ECL credit, the proviso to Section 50(1), Rule 88B, Section 75(12), the amendment made in

2024, the divergent High Court decisions, the disputed status of the departmental communication dated 07.02.2020 vis-à-vis DRC-01, and the consequential relief sought. The ground founded on Section 75(4), though specifically pleaded in the appeals, was not separately developed in oral submissions at the final hearing.

II. PLEADINGS OF THE PARTIES

A. Appellant

11. The appellant pleads that the cash equivalent of the net liability, after utilisation of eligible input tax credit, had been deposited through prescribed challans and stood credited in the Government account/ECL on or before the applicable due dates, except to the limited extent for which interest of Rs. 2,279, Rs. 638 and Rs. 660 respectively has been admitted and paid. It relies upon the Challan Identification Numbers (CINs), Rule 87(6), the Explanation to Section 49 and the electronic cash ledger extracts to submit that, once the amount reached the Government account, tax could no longer be regarded as "unpaid" for purposes of Section 50(1).

12. It is further pleaded that interest is compensatory and cannot be charged for a period during which the Government was already in possession of the requisite money. Reliance is placed, inter alia, on *Pratibha Processors v. Union of India, (1996) 11 SCC 101: 1996 (88) E.L.T. 12 (S.C.)*, and upon the earlier indirect-tax jurisprudence concerning deposits in statutory accounts. The appellant also relies on the accounting procedure of the Controller General of Accounts and submits that credit in the designated Government banking channel is a real receipt by Government, not a notional private wallet balance.

13. The appellant challenges the description of ECL as a mere wallet. It submits that Section 39(7) requires payment not later than the due date but does not require that the payment must necessarily occur simultaneously with filing of the return; Section 49 recognises the date on which money is credited to the Government account in the authorised bank as the date of deposit in ECL; and the words "for the period for which the tax or any part thereof remains unpaid" in Section 50(1) terminate the interest period once the money has reached Government.

14. The appellant also invokes the proviso inserted in Rule 88B(1) by Notification No. 12/2024-Central Tax dated 10.07.2024, which excludes from interest computation an

amount credited to ECL on or before the due date if it continues to remain in the ledger until its debit at the time of filing the delayed return. It contends that this amendment is clarificatory or curative and therefore reflects the correct meaning of Section 50 even for earlier periods. In support, reliance is placed on *Allied Motors (P) Ltd. v. Commissioner of Income Tax, (1997) 3 SCC 472.*

15. On judicial authority, the appellant principally relies upon *Eicher Motors Ltd. v. Supdt. of GST, (2024) 124 GSTR 101*, decided by the Hon'ble Madras High Court, and *Arya Cotton Industries v. Union of India, (2024) 130 GSTR 81*, decided by the Hon'ble Gujarat High Court. It also relies upon *Union of India v. Vishnu Aroma Pouching (P) Ltd., (2022) 9 SCC 263* and related decisions involving payment through the GST system.

16. Procedurally, the appellant pleads violation of Section 75(4) on the ground that, although a personal hearing was specifically requested in each FORM GST DRC-06, no such hearing was afforded before passing the adjudication orders dated 07.03.2020. It also challenges the sufficiency of the notice material and disputes that the departmental communication dated 07.02.2020 formed part of or accompanied the respective FORM GST DRC-01.

B. Respondent

17. The respondent supports the impugned orders and submits that the statute deliberately distinguishes between a "deposit" into the ECL and "payment" of a particular tax liability. Section 49(1) provides for credit of a deposit to ECL, whereas Section 49(3) states that the amount available in ECL may be used for making payment towards tax, interest, penalty, fee or other amount. According to the respondent, the specific return liability is discharged only by debit of the ledger in the manner contemplated by Rule 85(3) and the return-payment mechanism.

18. The respondent further relies upon Section 39(7), the proviso to Section 50(1) and Rule 88B(1). It submits that the proviso itself describes the relevant tax as the portion "paid by debiting the electronic cash ledger" and Rule 88B(1), with retrospective operation from 01.07.2017, directs calculation on that cash-ledger portion "for the period of delay in filing the said return beyond the due date". The statutory text therefore links the interest period to delayed filing/debit and not to an earlier unappropriated cash deposit.

19. The respondent relies principally upon *M/s RSB Transmissions (India) Ltd. v. UOI, (2023) 120 GSTR 71 (Jharkhand High Court, 18.10.2022), Sincon Infrastructure (P) Ltd. v. Union of India, (2024) 130 GSTR 66 (Patna High Court, 19.04.2024), and India Yamaha Motor (P) Ltd. v. Commr., (2024) 130 GSTR 56 (Madras High Court, 29.08.2022)*, for the proposition that mere ECL credit is not discharge of the return liability. It submits that *Eicher Motors* and *Arya Cotton* adopt a contrary construction which should not be followed.

20. As to the amendment of 2024, the respondent submits that Notification No. 12/2024-Central Tax gives no retrospective operation to the newly inserted proviso to Rule 88B(1). It contrasts this with Notification No. 14/2022-Central Tax dated 05.07.2022, by which Rule 88B itself was expressly deemed to have been inserted with effect from 01.07.2017. According to the respondent, the 2024 change is therefore a prospective relief and cannot govern the three periods presently in dispute.

21. The respondent also disputes the appellant's attempt to equate late fee under Section 47 with interest under Section 50, contending that they operate in different fields: late fee attaches to delayed filing, while interest attaches to delayed statutory payment.

22. The broad plea of GSTN difficulties is said to be unsupported by month-specific contemporaneous evidence and, in any event, not determinative of the statutory question.

III. SUBMISSIONS AND ADMISSIONS AT FINAL HEARING

23. We have considered the rival submissions and the material on record. *Mr. Bhishm Ahluwalia*, the learned Counsel for the appellant and *Mr. Abhay Tiwari*, the learned counsel for the respondent took us in detail through the statutory scheme, the respective Electronic Cash Ledger entries, challans/CINs, the computation of interest and the authorities relied upon by them. The submissions made at the final hearing substantially narrowed the factual controversy. The learned counsel for the respondent fairly accepted that, in respect of the disputed component in all three appeals, there is no controversy regarding the continuous availability and head-wise sufficiency of the amounts lying in the respective Electronic Cash Ledgers from the relevant due dates until the eventual debit towards discharge of the tax liability. The arithmetic of the appellant was also not disputed, except on the legal premise advanced by the respondent

that mere deposit or credit of an amount in the Electronic Cash Ledger does not, by itself, constitute payment of the corresponding tax liability. The period-wise amount of interest admitted by the appellant is also not in dispute.

24. Considerable submissions were also addressed to us regarding the notice proceedings. The respondent submitted that the departmental communication dated 07.02.2020, which sets out the basis and computation of the proposed demand, accompanied and formed part of the respective DRC-01. The appellant did not admit that the said communication was annexed to or formed part of DRC-01. It was, however, pointed out during the course of hearing that the appellant had filed detailed replies in FORM GST DRC-06 dated 09.02.2020 dealing with the very basis on which interest was proposed, referring to the relevant challans/CINs and specifically contesting the proposition that interest continued to run notwithstanding the earlier availability of sufficient balance in the Electronic Cash Ledger. No material defence on the computation or on the legal basis of the demand was identified as having been prevented from being raised for want of particulars in DRC-01. The rival submissions regarding the status of the communication dated 07.02.2020 are, therefore, required to be considered together with the contemporaneous DRC-06 replies and the question of actual prejudice, if any.

25. The appellant has specifically raised in the statement of facts and grounds of appeal that, despite having requested a personal hearing in its replies, no such hearing was granted by the adjudicating authority before passing the orders impugned in first appeal. The record supports the factual premise that no personal hearing was afforded at the original adjudication stage. Although this ground was not separately developed in oral submissions at the final hearing before us, it forms part of the appeal and, being a question arising from the admitted record and the mandate of Section 75(4), requires consideration. The consequence of such non-compliance, however, has to be examined in the factual setting of the present appeals, including the nature of the controversy, the material already placed by the appellant in its detailed replies and the extent to which any prejudice is shown to have survived.

26. On the principal issue on merits, learned Counsel for the appellant carefully took us through the functioning of the Electronic Cash Ledger and the challans placed on record. He submitted that generation of the CIN follows successful remittance through

the authorised banking channel and evidences that the money has already reached the Government account; consequently, where sufficient head-wise balance remained continuously available from the statutory due date, charging compensatory interest merely because the corresponding debit from the Electronic Cash Ledger occurred later would, according to him, be contrary to the very character of interest under Section 50. The learned Counsel for the respondent fairly accepted the mechanics of CIN generation and the continuous head-wise sufficiency of the ledger balances, but drew a distinction between deposit of money into the Electronic Cash Ledger and its appropriation towards a particular self-assessed tax liability. According to him, the statutory payment is completed only when the liability is discharged by debit in accordance with Sections 39 and 49 and the applicable Rules. Both sides also addressed the circumstance that a CIN, by itself, is not tagged to any particular tax period. The factual difficulty which could otherwise arise from that feature stands substantially narrowed in the present appeals because of the respondent's express concession regarding continuous head-wise sufficiency during the relevant period.

27. Learned Counsel for the appellant developed the above submission by relying upon the compensatory character of interest and, inter alia, the principles emerging from *Eicher Motors Ltd (supra).* and *Arya Cotton Industries (supra)*, and also invited our attention to the subsequent legislative insertion concerning amounts lying in the Electronic Cash Ledger. The learned Counsel for the respondent, in reply, placed reliance upon the scheme of Sections 39, 49 and 50, Rule 85(3) and Rule 88B(1), and the decisions in *RSB Transmissions (supra), Sincon Infrastructure (supra) and India Yamaha Motor (supra)*, to contend that availability of money in the Electronic Cash Ledger cannot be equated with discharge of the return liability prior to the actual debit.

28. Both sides rendered detailed assistance on the relevance of the recommendations of the 53rd GST Council, the subsequent insertion of the proviso to Rule 88B(1) by Notification No. 12/2024-Central Tax dated 10.07.2024, and the judicial developments bearing upon whether that amendment is clarificatory or operates prospectively. Learned Counsel for the appellant and the learned Counsel for the respondent were also heard on the distinction between the statutory incidence of late fee for delayed filing of the return and interest under Section 50 on delayed payment of tax.

29. We have considered the authorities and statutory provisions cited by both sides while answering the issues framed hereinafter. Nothing further was stated to be required by either side for determination of the common legal issue.

IV. ISSUES FOR DETERMINATION

30. Having regard to the pleadings, the record and the admissions at final hearing, the following issues arise for determination:

(i) Whether the proceedings are liable to fail for want of an adequate show-cause notice, having regard to the portal-generated SCN/DRC-01, the disputed status of the departmental communication dated 07.02.2020 as an annexure thereto, and the detailed DRC-06 replies?

(ii) Whether the admitted non-grant of personal hearing by the original adjudicating authority, despite the written request, requires the matters to be remanded under Section 75(4), or whether the Tribunal can finally determine the appeals on the complete and undisputed factual record?

(iii) Under Sections 39, 49 and 50 read with Rules 85, 87 and 88B, and having regard to Section 75(12) to the extent relevant, did the disputed tax cease to remain "unpaid" when sufficient cash was credited to the ECL, or only when the ECL was debited in discharge of the return liability?

(iv) What is the effect of the retrospective proviso to Section 50(1), Rule 88B (1), and the further proviso inserted in Rule 88B (1) by Notification No. 12/2024-Central Tax dated 10.07.2024; in particular, can the latter proviso be applied retrospectively or treated as merely declaratory of the earlier law?

(v) Depending on the above, whether the three interest demands and the consequential prayers for refund/adjustment require interference?

V. STATUTORY FRAMEWORK

31. Section 39(7) requires a registered person furnishing the prescribed return to pay to the Government the tax due as per such return not later than the last date on which the return is required to be furnished. Thus, the due date for the return is also the outer statutory date for payment of the self-assessed tax due as per that return.

32. Section 49 provides separate electronic ledgers and the manner of payment. Under Section 49(1), every "deposit" made towards tax, interest, penalty, fee or other amount through the prescribed modes is credited to the electronic cash ledger. Section 49(3) then provides that the amount available in the electronic cash ledger "may be used for making any payment" towards tax or other dues in the prescribed manner. Section 49(4) separately permits use of the amount available in the electronic credit ledger towards payment of output tax subject to the prescribed manner and conditions. The statutory vocabulary therefore distinguishes availability of a balance from its subsequent use in discharge of an identified liability.

33. The Explanation to Section 49 treats the date of credit to the account of Government in the authorised bank as the date of deposit in the electronic cash ledger. Rule 87(6) similarly provides for generation of the CIN on successful credit of the amount to the concerned Government account and communication of that CIN to the common portal. We therefore accept the appellant's factual proposition that the ECL credit represents money which has reached the Government banking channel. The legal question remains whether such a general deposit is, by that fact alone, the statutory payment of the particular return liability.

34. *Rule 85(3)*, as applicable, provides that payment of every liability by a registered person as per his return shall be made by debiting the electronic credit ledger maintained under Rule 86 or the electronic cash ledger maintained under Rule 87 and the electronic liability register shall be credited accordingly. This provision is important because it identifies debit of the appropriate ledger as the statutory act by which a return liability is discharged.

35. Section 50(1) imposes interest where a person liable to pay tax fails to pay it to the Government within the prescribed period, for the period for which the tax or any part thereof remains *unpaid*. The proviso to Section 50(1), made retrospectively applicable from 01.07.2017, further provides, in the ordinary delayed-return situation, that interest shall be payable on that portion of the tax which is paid by debiting the electronic cash ledger. *Abis Export India Private Limited v. State of Chhattisgarh & Ors., [2023] 108 GSTR 273 (Chhattisgarh)* recognised that the proviso to Section 50(1) operates retrospectively from 01.07.2017.

36. Rule 88B was inserted by Notification No. 14/2022-Central Tax dated 05.07.2022 and was expressly deemed to have been inserted with effect from 01.07.2017. Rule 88B(1) provides that, where supplies are declared in the return for the same tax period and that return is furnished after the due date (other than the statutory exception relating to commencement of Section 73/74 proceedings for that period), interest shall be calculated on the portion of tax paid by debiting the electronic cash ledger "for the period of delay in filing the said return beyond the due date". Thus the retrospective rule speaks both to the cash-ledger component and to the duration of interest.

37. By Notification No. 12/2024-Central Tax dated 10.07.2024, a further proviso was inserted in Rule 88B(1). It provides, in substance, that where an amount has been credited in ECL on or before the due date and remains lying there from the due date until debit at the time of filing the delayed return, that amount shall not be taken into consideration while calculating interest. The notification contains no provision giving this particular amendment retrospective operation; save as otherwise provided, the amendment rules came into force on publication on 10.07.2024.

38. Section 75(12), which was specifically referred to in the course of final hearing, provides that, notwithstanding anything contained in Sections 73 and 74, where any amount of self-assessed tax in accordance with a return furnished under Section 39, or interest payable on such tax, remains unpaid, the same shall be recovered under Section 79. The provision thus proceeds on the existence of an unpaid self-assessed tax liability or interest thereon. It does not itself prescribe the statutory event by which such liability stands discharged; that question has to be determined from Sections 39, 49 and 50 read with the applicable Rules.

39. Section 75(4) mandates an opportunity of hearing where a written request is received from the person chargeable with tax or penalty, or where an adverse decision is contemplated. Section 113(1), on the other hand, empowers this Tribunal, after giving the parties an opportunity of being heard, to pass such orders as it thinks fit confirming, modifying or annulling the decision or order appealed against, or to refer the case back for fresh adjudication or decision. Remand is therefore an available remedy, but not the only appellate disposition.

40. By virtue of Section 20 of the IGST Act, the relevant provisions of the CGST Act concerning, inter alia, payment of tax, interest, demands and appeals apply, mutatis

mutandis, to integrated tax. The IGST components in the three demands therefore stand governed by the same analysis, subject to the applicable cross-references under Section 20.

VI. DISCUSSION AND FINDINGS

A. Sufficiency of notice and absence of surviving prejudice

41. The challenge to the notice does not warrant interference. The SCN together with DRC-01 was generated on the portal on 07.02.2020. A departmental communication of the same date, manually issued and setting out the basis and computation of the proposed demand, was admittedly received by the appellant and has itself been placed on record by the appellant as Annexure A/5 to the appeal. The respondent maintains that the said communication accompanied and formed part of DRC-01, whereas the appellant did not admit that position at the final hearing. Significantly, however, no such objection as to its annexure status was raised in the contemporaneous DRC-06 replies dated 09.02.2020. On the contrary, those replies demonstrate that the appellant had received and understood the precise basis and computation of the proposed demand, specifically contested the proposition that interest continued notwithstanding the earlier availability of sufficient balance in the Electronic Cash Ledger, relied upon the relevant challans/CINs and sought a personal hearing. No new factual or legal foundation beyond that case was adopted in adjudication, and no material defence has been shown to have been prevented for want of particulars. In these circumstances, the later dispute regarding the formal status of the communication dated 07.02.2020 as an annexure to DRC-01 does not establish any prejudice warranting interference with the notice proceedings.

B. Section 75(4): breach established, but remand not warranted on these facts

42. There is no difficulty in holding that the original adjudicating authority did not comply with Section 75(4). A personal hearing had been specifically requested in writing and an adverse decision was contemplated and ultimately made. The fields in DRC-01 concerning date, time and venue of hearing were marked "NA", and the record does not disclose any subsequent hearing before the orders dated 07.03.2020.

43. The failure to grant the personal hearing specifically sought by the appellant amounts to non-compliance with Section 75(4). The further question is whether that breach

necessarily requires the adjudication to be set aside and the matters remanded, irrespective of the circumstances subsequently obtaining. In *Dharampal Satyapal Ltd. v. Deputy Commissioner of Central Excise, Gauhati*, (2015) 8 SCC 519, the Hon'ble Supreme Court distinguished the obligation to observe natural justice from the remedial consequence which should follow upon its breach. Likewise, in *Escorts Farms Ltd. v. Commissioner, Kumaon Division*, (2004) 4 SCC 281, and *State of U.P. v. Sudhir Kumar Singh*, (2021) 19 SCC 706: 2020 SCC OnLine SC 847, the Hon'ble Supreme Court recognised that a remand need not follow mechanically where no real prejudice survives or where repetition of the exercise would be merely formal. The effect of the admitted non-compliance with Section 75(4) must, therefore, be tested in the particular factual setting of these appeals.

44. The consequence of the aforesaid non-compliance has to be examined in the particular factual setting of these appeals. The Hon'ble Supreme Court in *Dharampal Satyapal Ltd. v. Deputy Commissioner of Central Excise, Gauhati*, (2015) 8 SCC 519, and *State of U.P. v. Sudhir Kumar Singh*, (2021) 19 SCC 706: 2020 SCC OnLine SC 847, has recognised that, while observance of natural justice is an important requirement, the relief to be granted upon its breach depends upon whether any real prejudice has resulted and whether remand would serve a substantive purpose. *Escorts Farms Ltd. v. Commissioner, Kumaon Division*, (2004) 4 SCC 281, likewise recognises that a remand need not be ordered where repetition of the proceeding would be an empty formality. The question, therefore, is not whether Section 75(4) was complied with—it was not—but whether, on the present record, that breach has resulted in a prejudice which still requires the matters to be sent back for fresh adjudication.

45. On the exceptional facts of these appeals, no such surviving prejudice is shown. The basis and computation of the proposed demand were demonstrably understood, as is evident from the detailed DRC-06 replies; the authenticity of the relevant challans and ledger material is not in issue; the respondent has admitted continuous head-wise sufficiency of the ECL balances from the due dates to debit; the calculations are not disputed except on the legal premise governing the terminal date of interest; and the three appeals have been finally heard together on that legal premise. The appellant has not suggested any additional fact, document, witness, reconciliation or submission which it would make if the matter were sent back merely for an oral hearing before the original authority.

46. We accordingly decline to remand. This conclusion does not dilute Section 75(4) and is not based on a theory of appellate "cure". It rests on the distinct appellate conclusion that repetition of the original stage would add no material to a closed factual record and would merely require the adjudicating authority to decide the same pure statutory question which this Tribunal is competent and obliged to decide under Section 113. In these circumstances, remand would be an empty formality rather than a means of restoring a lost substantive opportunity.

C. Whether credit in ECL constituted payment of the return liability under the pre-10.07.2024 law

47. The appellant is correct to the extent that the credited cash had reached the Government banking system. Rule 87(6) and the Explanation to Section 49 leave little room for dispute on that accounting fact. We also accept that interest is ordinarily compensatory, as explained in *Pratibha Processors (supra)*. Those propositions, however, do not by themselves identify the statutory event by which a particular GST return liability is discharged. That question must be answered from the integrated scheme of Sections 39, 49 and 50 and the Rules.

48. Section 49(1) calls the incoming amount a "deposit" and credits it to an undifferentiated electronic cash ledger under the prescribed heads. Section 49(3) then separately authorises the amount "available" in that ledger to be "used for making any payment". Rule 85(3) identifies debit of the electronic cash or credit ledger as the means of payment of a liability as per the return. The statutory distinction between deposit/availability and payment/discharge cannot be treated as accidental. A CIN proves receipt of funds by Government; it does not, before appropriation through the statutory ledger mechanism, identify the deposit as discharge of a particular self-assessed monthly liability. Section 75(12) does not alter that payment mechanism; it addresses the recovery consequence where self-assessed tax or interest remains unpaid, but does not deem an unappropriated ECL balance to be payment of a particular return liability.

49. This construction is reinforced by the retrospective proviso to Section 50(1). For a belated return, Parliament did not describe the relevant portion as tax "deposited" in the ECL. It described it as the portion of tax "paid by debiting the electronic cash ledger". Rule 88B(1), retrospectively operative from 01.07.2017, adopts the same formulation

and additionally prescribes interest on that cash-ledger portion "for the period of delay in filing the said return beyond the due date". Read together, these provisions provide a textual answer to both the interest base and its duration under the law applicable to the disputed periods.

50. We have considered the argument that the proviso to Section 50 was intended only to resolve the gross-versus-net liability controversy and therefore says nothing about duration. That is the construction adopted in *Arya Cotton (supra)* and, in substance, *Eicher Motors (supra).* With respect, for the periods now before us the argument does not sufficiently account for the language of Rule 88B(1), which was subsequently made expressly retrospective to 01.07.2017 and which couples the cash-ledger portion with the "period of delay in filing" the return. It is difficult to treat that retrospective prescription as having no bearing on the terminal point of statutory interest.

51. The decisions in *RSB Transmissions (supra)* and *Sincon Infrastructure (supra)* support the distinction between ECL deposit and discharge through debit. We find that part of their reasoning more consonant with Sections 39, 49 and 50 read with Rules 85 and 88B as applicable to the present cash-ledger dispute. *India Yamaha Motor (supra)* is also consistent with the proposition that the return-payment mechanism cannot be displaced merely because an amount stood in the cash ledger.

52. One qualification is necessary. *Sincon Infrastructure (supra)* also contains observations extending its debit theory to the electronic credit ledger. It is unnecessary for us to endorse or reject that extension. In an ordinary delayed-return case, the proviso to Section 50(1) and Rule 88B(1) expressly confine the interest base to the portion paid by debiting the electronic cash ledger; the credit-ledger portion is thus treated differently for interest. The present appeals concern only the disputed cash component. We rely on *Sincon Infrastructure (supra)* only insofar as its reasoning concerns the distinction between a cash deposit in ECL and payment/discharge of the relevant liability by debit.

Divergent High Court decisions

53. We have given anxious consideration to the contrary line. In *Eicher Motors (supra), the* Hon'ble Madras High Court held that where the tax amount had reached the Government through timely ECL credit, interest could not continue merely because the

GSTR-3B was filed later. *Arya Cotton (supra)*, a Division Bench judgment of the Hon'ble Gujarat High Court, likewise held that the proviso to Section 50 primarily addresses the net-cash base and that interest cannot continue after the deposit into ECL.

54. These authorities are entitled to substantial persuasive weight. They also demonstrate that the precise point is the subject of a genuine inter-High-Court divergence. No binding decision of the Hon'ble Supreme Court resolving this precise ECL-credit-versus-debit controversy has been brought to our notice. Nor has the Hon'ble High Court of Chhattisgarh decided that precise issue.

55. *Abis Export (supra)*, being a decision of the jurisdictional High Court, is significant. It recognised the retrospective operation of the proviso to Section 50(1) and treated that amended proviso, whose operative text speaks of the portion of tax *paid by debiting* the Electronic Cash Ledger, as governing entitlement to the statutory interest relief, remitting the matter for application of the amendment. Although *Abis Export (supra)* did not adjudicate the precise deposit-versus-debit controversy now before us, its treatment of the proviso lends support to giving due statutory significance to the debit formulation rather than treating that formulation as immaterial.

56. In the absence of binding jurisdictional authority on the precise issue, this Tribunal must adopt the construction it finds to follow from the statute. For the reasons already stated, we respectfully prefer, for these pre-10.07.2024 periods, the construction which gives operative effect to the distinction in Section 49 between deposit and use for payment, to Rule 85(3), to the words "paid by debiting the electronic cash ledger" in the retrospective proviso to Section 50(1), and to the explicit retrospective formulation in Rule 88B(1). The later decisions following *Arya Cotton (supra)* do not remove those textual considerations; they reflect the contrary judicial view which we have expressly considered but are not binding on this Bench.

E. Effect of the 2024 proviso to Rule 88B(1)

57. The proviso inserted in Rule 88B(1) by Notification No. 12/2024-Central Tax dated 10.07.2024 is undoubtedly relevant. The notification provides that, save as otherwise specified, the amendments shall come into force on the date of their publication, and the proviso contains no express provision giving it retrospective or deemed operation from 01.07.2017 or any other earlier date. Its formal commencement is, therefore,

10.07.2024. That circumstance, however, does not by itself conclude whether the proviso is clarificatory of the pre-existing statutory scheme. The liability for the periods presently in dispute must consequently be determined by construing Section 50(1), including its retrospective proviso, Section 49 and the Rules then governing discharge of liability, in the light of the authorities considered hereinabove.

58. The contrast with Notification No. 14/2022-Central Tax is marked. When the rule-maker intended Rule 88B itself to govern the past, it expressly provided that the rule "shall be deemed to have been inserted" with effect from 01.07.2017. No comparable language accompanies the 2024 exclusion for an amount continuously lying in ECL. Applying ordinary principles of temporal operation, this deliberate contrast weighs strongly against direct retrospective application.

59. The materials of the 53rd GST Council meeting are also significant as legislative and policy history. Agenda Item 3(x), after examining Sections 39, 49 and 50 and Rule 88B as they then stood, expressly proceeded on the understanding that, under the existing provisions, a deposit in the Electronic Cash Ledger prior to the due date did not amount to discharge of the tax liability and that interest continued on the amount debited from the Electronic Cash Ledger for the period of delay in filing the return. The agenda thereafter noted that levy of interest in such circumstances, although the amount had already been credited to the Government account, did not appear fair, and on that consideration proposed an amendment to Rule 88B(1) excluding the amount continuously lying in the Electronic Cash Ledger from the computation of interest. The Council accepted that recommendation. The tenor and sequence of the agenda therefore indicate that the proviso was proposed as a substantive relief from the position understood to prevail under the existing provisions, rather than merely as a clarification of an earlier ambiguity. While such legislative history cannot override the enacted text, it is a relevant interpretative circumstance in determining the nature and temporal operation of the 2024 amendment.

60. *Allied Motors (supra)* does not compel a different result. A later beneficial or curative amendment may, depending on its text, context and mischief, be treated as declaratory of the earlier law. On the construction adopted by us above, however, the statute and the retrospectively inserted Rule 88B already contained a coherent pre-amendment rule, and the rule-maker expressly knew how to confer retrospective operation. On that

construction, the 2024 proviso changes the result for a specific class of continuously available ECL balances without any retrospective deeming language. We therefore decline to apply it to these earlier tax periods.

F. Compensatory nature of interest, portal difficulties and late fee

61. The compensatory character of interest does not require the result urged by the appellant once the statute identifies when the particular liability is legally paid. Money could undoubtedly be with Government as a general ECL deposit while remaining unappropriated to the return liability; the legislature was competent to prescribe debit/return filing as the discharge mechanism. The 2024 proviso reflects a later specific exclusion for continuously available ECL balances; for the reasons stated above, we decline to apply that exclusion directly to the earlier periods in dispute in the absence of retrospective or declaratory operation.

62. The appellant's broad plea of GSTN architecture, delayed supplier filings and technical constraints was also addressed. For present purposes it is unnecessary to make findings on each alleged technical difficulty because the appellant's principal legal case does not depend upon proof of portal impossibility, and no month-specific technical failure has been shown to alter the statutory due dates or legally suspend the obligation in these appeals. Conversely, our decision does not rest on any inference of wilful delay; interest under Section 50 is statutory and not penal in character.

63. The plea that late fee under Section 47 is the exclusive consequence of delayed return filing is likewise not acceptable. Late fee attaches to the procedural default in furnishing the return; Section 50 interest concerns delay in statutory payment as defined by the Act and Rules. The two provisions operate in distinct fields and one does not displace the other.

G. Application of the Above Principles to the Admitted Facts and Quantification of Interest

64. Because the respondent has admitted continuous head-wise sufficiency of the relevant ECL balances from each due date until debit, there is no residual factual dispute requiring a challan-by-challan remand. Nor is there an arithmetical controversy once the governing legal premise is decided. Under the pre-10.07.2024 law as construed above, the cash component remained subject to interest until discharge by debit in the

course of filing the belated return, subject to the amounts already admitted/paid by the appellant and all payments or adjustments already made against the respective demands.

65. Accordingly, the disputed demand of Rs. 7,73,641 in APL/171, Rs. 18,63,871 in APL/172 and Rs. 2,29,695 in APL/173 does not call for interference on the ground that sufficient cash had earlier been deposited in ECL. The impugned Orders-in-Appeal are sustained in result on the independent reasoning recorded in this common order. To the extent the first appellate orders employed a general "wallet" analogy, our affirmation does not depend on that analogy; it rests upon the statutory provisions and authorities discussed above.

66. The appellant's prayer for refund of amounts recovered/adjusted on the premise that the disputed interest is not payable therefore fails. At the same time, all admitted payments, writ-period deposits and departmental recoveries/adjustments must be given proper demand-wise credit. The Department shall ensure that no amount is recovered twice and that any excess revealed solely by reconciliation of payments against the confirmed liabilities is dealt with in accordance with law.

VII. CONCLUSIONS

67. For clarity, our conclusions are summarised as follows:

(i) The challenge to the notice does not warrant interference. The departmental communication dated 07.02.2020 was admittedly received by the appellant, was itself placed on record by the appellant, and its basis and computation were specifically answered in the contemporaneous DRC-06 replies. The later dispute as to whether that communication formally accompanied or formed an annexure to DRC-01 does not, in the facts of these appeals, establish any prejudice affecting the notice proceedings.

(ii) The adjudicating authority did not comply with Section 75(4) despite the appellant having specifically requested a personal hearing. In the particular factual setting of these appeals, however, that non-compliance does not warrant remand. The relevant factual material is already on record; the continuity and head-wise sufficiency of the ECL balances and the computations are not in dispute; no additional fact, document or defence has been identified which could be placed before the

adjudicating authority upon remand; and the surviving controversy concerning the legal effect of an earlier ECL deposit has been fully argued before this Tribunal. A remand would therefore serve no substantive purpose.

(iii) Under Sections 39, 49 and 50 read with Rules 85, 87 and 88B as applicable to the periods in dispute, mere deposit or credit of sufficient amount in the Electronic Cash Ledger did not, without debit/appropriation against the particular return liability, constitute payment of that liability for the purpose of terminating interest under Section 50. The retrospective proviso to Section 50(1) and Rule 88B(1) reinforce the distinction between deposit in the Electronic Cash Ledger and payment by debit thereof.

(iv) The proviso inserted in Rule 88B(1) by Notification No. 12/2024-Central Tax dated 10.07.2024 took effect from that date and contains no provision giving it retrospective or deemed operation. Having regard also to the language and legislative history of the amendment, it is not treated, for the periods involved in these appeals, as merely clarificatory of the pre-existing law. The contrary High Court authorities supporting the appellant have been considered; in the absence of a binding decision of the Hon'ble Supreme Court or the jurisdictional High Court on the precise ECL deposit-versus-debit issue, we respectfully prefer the construction recorded hereinabove.

(v) Consequently, the disputed interest demands of ₹7,73,641 in APL/171, ₹18,63,871 in APL/172 and ₹2,29,695 in APL/173 call for no interference. The consequential prayer for refund on the substantive merits of the appeals therefore fails, subject to proper appeal-wise and demand-wise credit and reconciliation of all amounts already paid, deposited, recovered or adjusted.

VIII. OPERATIVE ORDER

68. For the reasons recorded hereinabove, APL/171/RPR/2026, APL/172/RPR/2026 and APL/173/RPR/2026 are dismissed. No interference is called for with the respective interest demands as confirmed by Order-in-Appeal Nos. 101/GST/2020, 102/GST/2020 and 103/GST/2020, all dated 14.12.2020, read with the corresponding summaries in FORM GST APL-04 dated 31.12.2020.

69. While giving effect to this common order, the respondent shall, appeal-wise and demand-wise, give due credit to all amounts already paid, deposited, recovered or adjusted against the respective demands, including the admitted interest of ₹2,279 in APL/171/RPR/2026, ₹638 in APL/172/RPR/2026 and ₹660 in APL/173/RPR/2026; the amounts of ₹1,55,184, ₹3,72,903 and ₹46,071 respectively deposited during the writ proceedings; and the amounts of ₹1,48,718, ₹2,32,052 and ₹1,93,388 respectively recovered or adjusted, as reflected in the record. There shall be no double recovery. Any excess, if found merely upon such consequential reconciliation, shall be dealt with in accordance with the applicable provisions of the Act and the Rules.

70. The consequential prayers for refund founded upon the appellant's challenge to the legality of the interest demands are rejected. This shall, however, not affect any consequence that may arise solely from the reconciliation directed in paragraph 68 above in accordance with law. There shall be no order as to costs.

Pronounced in open Court on 29.09.2026

(Pradeep Kumar Vyas) (Chandra Bhushan Singh)

Dated: 29.09.2026