



GCCI
GUJARAT CHAMBER OF
COMMERCE & INDUSTRY
(SINCE 1949)
(ગુજરાત વેપારી મહામંડળ)

12/07/2019

GCCI/DYSGR-2/2019-20/7686

Shri Nitinbhai Patel,
Hon. Dy Chief Minister & Minister of Finance,
Govt. of Gujarat,
Swarnim Sankool-1
2nd Floor, Sachivalay,
Gandhinagar.

Sub: **Removal of Anomalies in Differential Rate of Interest on GST Liability Vs GST Refunds for registered Dealers falling in the category of MSME with Gujarat Commercial Tax Department.**

Respected Sir,

We Congratulate you on the forward-looking budget being presented by your good selves for the state.

Herewith we are bringing a very critical issue facing the MSMEs of the State regarding Differential rate of Interest Charged and Paid against GST Liability Vs GST Refunds respectively, which we believe is unjust for the cash strapped MSMEs of the state.

Please find attach herewith the case of one of our Member M/s Gunjan Paints Limited in which, the state is paying interest of only 6% for its outstanding liability of VAT refunds, whereas; GST Department is recovering 18% dues on Vendors unpaid GST Liability. The Case of VAT refund pending payment from the Govt. to the Vendor precedes the Case of GST liability on the head of the Vendor. So , When we apply principal of Natural Justice, this case looks like injustice to the vendor in a sense that their dues from the Government are paid at a rate of Interest of 6% and his dues to the Government is to be paid with 18% Interest, and in this case, the fund flow scenario is such that , the fund which is to be received from the Gujarat Commercial Tax department against the vendors appeal was for the assessment year 2010-11 , thus logically the fund to be received from the Govt. precedes the Funds to be paid against the Vendors pending GST liability. Which has created an unnecessary additional cost of 12% on vendor's outstanding liabilities with the Commercial Tax department.



We therefore request your office , to kindly amend the rules for such cases , where the vendor who is from the MSME category doesn't have to shelve additional cost when such vendors whose outstanding claims from the government are paid at the lesser interest rate and where as vendor's due to the government is being recovered at a higher interest rate, even though the vendors fund flow from the government precedes their liability to the government.

Ideally, Government should be paying the same rate of Interest for outstanding dues to the vendor the rate at which government Collects penalties for late payment of Commercial Taxes from the vendor.

We request you to kindly do the needful and serve justice to the MSME units.

Thanking you,

Yours Sincerely,

Durgesh Buch

(President)

C.C.:

1.) Shri Arvind Agarwal, Additional Chief Secretary – Finance, Govt. of Gujarat, Block No.4, 6th Floor, Sardar Bhavan, Gandhinagar.

2) Shri P.D. Vaghela – IAS, Commissioner of Commercial Tax, Vanijyak Vera bhavan, Ashram Road, Vishalpur, Muslim Society, Navrangpura, Ahmedabad -380009.

Encl: Letter No. Nil dated 28/06/2019 of Gunjan Paints Ltd.