Advisory on Re-Computation of Interest under Table 5.1 of GSTR-3B

Subject : Advisory on Re-Computation of Interest under Table 5.1 of GSTR-3B

Dear Sir/ Madam,

We wish to bring to your attention an important advisory issued on the GST portal which elaborates the process that needs to be followed by taxpayer for correct calculation of the interest in furtherance of Advisory issued on 6th March 2026.

The detailed advisory for taxpayers wherein the system-calculated interest for the February 2026 period which has been wrongly calculated and auto-populated in the March 2026 GSTR-3B has been elaborated and simplified as follows-

1. Background and Challenges Prior to the Advisory

Historically, the GST portal has facilitated taxpayers by auto-computing interest on delayed filing of GSTR-3B, which is subsequently populated in Table 5.1 of the succeeding return period. While this automation was intended to ensure ease of compliance and reduce manual errors, it presented certain practical challenges such as lack of transparency in computation, system-driven inaccuracies [notably for February 2026 where the system failed to consider minimum balance available in the Electronic Cash Ledger as mandated under Rule 88B(1)], no flexibility for correction, etc.

These issues led to inconsistencies in self-assessment and increased reconciliation efforts during return filing.

2. Need for the Advisory

The present advisory has been issued as a corrective and facilitative measure to address the above concerns. Its primary objectives are:

- To ensure accurate computation of interest in line with statutory provisions.
- To provide taxpayers with control and flexibility in verifying and correcting system-generated values.
- To enhance transparency in the interest calculation process.

- To align the system functionality with the legal position under Rule 88B, particularly regarding the benefit of available cash balance.

3. Key Functional Update

Pursuant to this advisory:

- A "Re-compute Interest" functionality has been enabled on the GST portal under Table 5.1 of GSTR-3B.
- Upon selection, the system recalculates interest using updated and legally compliant parameters, including eligible cash ledger balances.
- The revised computation is reflected in the system-generated GSTR-3B PDF, which serves as the reference document for validation.
- Taxpayers are now required to manually update the interest value in Table 5.1, based on the recomputed figures.
- However, it is mandated that the reported interest cannot be less than the recomputed amount as per the system PDF.

4. Impact on Taxpayers

This development has both procedural and compliance-related implications:

1. Taxpayers can now ensure that interest liability is computed strictly in accordance with statutory provisions, reducing the risk of excess payment.
2. The shift from a purely system-driven approach to a taxpayer-verified mechanism enhances accountability in return filing.
3. By allowing correction of erroneous interest computation, the advisory mitigates potential disputes with tax authorities.
4. While beneficial, the update also places an onus on taxpayers to actively verify system-generated values and maintain proper documentation.
5. Taxpayers must now reconcile interest computations with the system-generated PDF before final submission of returns.

5. Conclusion

The advisory represents a progressive step towards balancing automation with taxpayer control. It addresses earlier systemic limitations while reinforcing the principle of self-assessment under GST.

Taxpayers are advised to exercise due diligence in utilizing the re-computation facility and ensure that interest reporting aligns with the revised system-generated values to avoid future discrepancies.

6. How We Can Assist

Our team would be glad to support you with:

- Conducting a detailed review of system-computed interest appearing in Table 5.1 of GSTR-3B, particularly for sensitive periods
- Re-computation and independent verification of interest liability using internal workings and reconciliations
- From a risk management perspective, assistance in identifying potential past exposure, evaluating whether any excess interest has been paid due to earlier system limitations, and advising on possible remedial actions where feasible.