

# GRC BULLETIN

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## CBIC

Procedure to be followed in department appeal filed against interest and/or penalty only, related to Section 128A of the CGST Act, 2017

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TAX  
LAWS

## Authority

Central Board of  
Indirect Taxes and  
Customs

## Circular Date

Feb 07, 2025

## Circular Number

No.02/2025-GSTCBIC-  
20016/39/2024-GST-  
SECTION

## Effective Date

Feb 07, 2025

**CBIC - PROCEDURE TO BE FOLLOWED IN  
DEPARTMENT APPEAL FILED AGAINST  
INTEREST AND/OR PENALTY ONLY,  
RELATED TO SECTION 128A OF THE CGST  
ACT, 2017*****Applicability:***

*Applicable to all taxpayers who have fully paid their tax dues under Section 73 of the CGST Act for FY 2017-18, 2018-19, and 2019-20, where only interest and/or penalty is in dispute*

The Central Board of Indirect Taxes and Customs (CBIC) has issued Instruction No. 02/2025-GST to clarify the procedure for department appeals filed solely on interest and/or penalty disputes under Section 128A of the CGST Act, 2017. This move aims to reduce unnecessary litigation and ensure that taxpayers who have fully paid their tax dues under Section 73 of the CGST Act for the financial years 2017-18, 2018-19, and 2019-20 can avail of the waiver benefits, even if the department has mistakenly challenged the interest calculation or penalty imposition.

**Key Takeaways:****1. Clarification on Section 128A:**

- Waiver of interest and/or penalty for demands under Section 73 of the CGST Act for FYs 2017-18, 2018-19, and 2019-20.
- Applicable only if the taxpayer has fully paid the tax amount.

**2. Department Appeals & Taxpayer Eligibility:**

- If the department has filed or is in the process of filing an appeal over interest miscalculations or incorrect penalty imposition, taxpayers can still avail benefits under Section 128A.
- The objective is to reduce unnecessary litigation and avoid denying relief on technical grounds.

**3. Withdrawal of Appeals:**

- If the department has appealed only on interest or penalty issues (not tax), it must withdraw the appeal if the taxpayer meets the conditions of Section 128A.
- If the order under Section 73 is under review, it should be accepted.



# TAX LAWS

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#### 4. Taxpayer Benefits:

4. No litigation for minor interest or penalty disputes.
5. Quicker resolution for eligible cases, reducing compliance burdens.

#### 5. Implementation & Reporting:

4. Proper officers are instructed to withdraw appeals where applicable.
5. Any difficulties in implementation should be reported to the Board.

**SOURCE:** [Click here for more details](#)

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