

Deadlier Interest

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All the interests payable under the Customs, Central Excise and service tax have been hiked from 13 p.a. to 18 %, which is nothing but steeper. While the maximum penalty payable under the most stringent penal provisions (Section 11 AC for Excise, and Section 78 for Service Tax) can be reduced to 25 % of such duty / tax, within 30 days of the order passed in this regard, the interest of 18 % is as harsh as a penalty. Though a lesser rate of 15 % has been prescribed for those small service providers having a annual turnover of less than Rs.60 lakhs, it is still going to be a heavy burden on them.

One, rather only one good thing about this hike of rate is making it effective from 1st April 2011, instead of giving immediate effect like in the past, which will go a long way in easy computing of interest liability.

Before parting...

Why the interest payable by the Government for delayed refunds are still maintained at 9 %?