

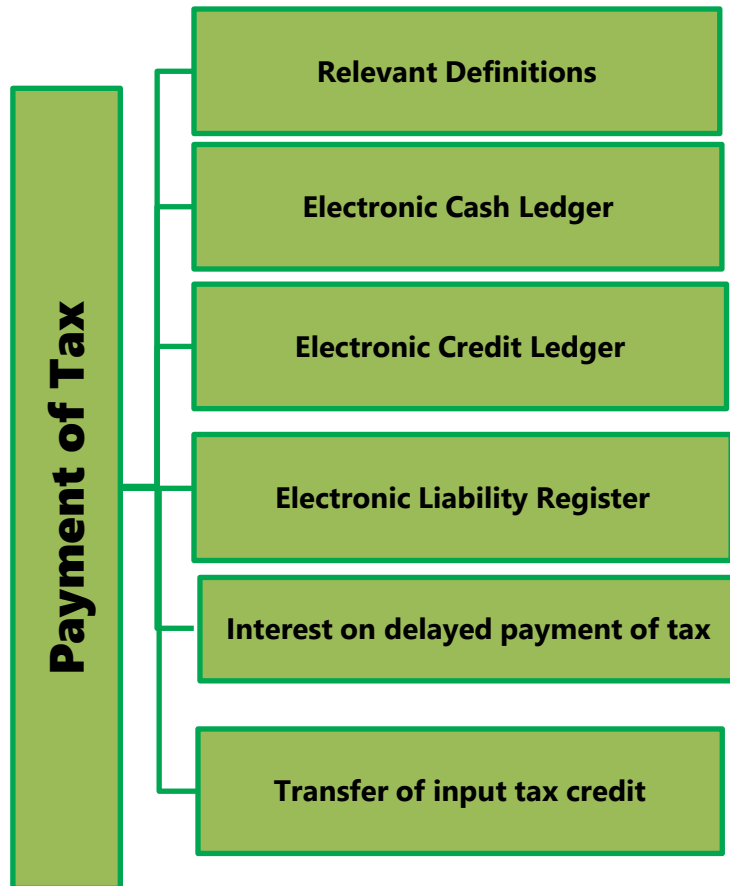
PAYMENT OF TAX



LEARNING OUTCOMES

After studying this Chapter, you will be able to –

- ❑ describe three kinds of ledgers/register to be maintained by the taxable person-electronic cash ledger, electronic credit ledger and electronic liability register.
- ❑ understand the methodology of cross utilization of credit.
- ❑ comprehend and apply the chronological order in which the liability of a taxable person has to be discharged.
- ❑ identify and analyse the circumstances in which penal interest is levied.
- ❑ procedure for transfer of input tax credit between Central and State Government

CHAPTER OVERVIEW  **1. INTRODUCTION**

In the GST regime, for any intra-state supply, taxes to be paid are the Central GST (CGST), going into the account of the Central Government and the State GST(SGST)/UTGST, going into the account of the concerned State Government. For any inter-state supply, tax to be paid is Integrated GST (IGST) which will have components of both CGST and SGST. In addition, certain categories of registered persons will be required to pay to the government account Tax Deducted at Source (TDS) and Tax



Collected at Source (TCS)¹. In addition, wherever applicable, interest, penalty, fees and any other payment will also be required to be made.

The introduction of E-ledgers is a unique feature under the GST regime. Electronic Ledgers or E-Ledgers are statements of cash and input tax credit in respect of each registered taxpayer. In addition, each taxpayer shall also have an electronic tax liability register. Once a taxpayer is registered on common portal (GSTN), two e-ledgers (Cash & Input Tax Credit ledger) and an electronic tax liability register will be automatically opened and displayed on his dash board at all times.

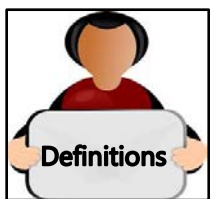
Chapter X of the CGST Act prescribes the provisions relating to payment of tax containing sections 49 to 53. While section 49 discusses the three ledgers namely the electronic cash ledger, electronic credit ledger and electronic liability register, section 50 discusses about the interest on delayed payment of tax. Section 51 lays down the circumstances in which tax deduction at source (TDS) becomes mandatory. Section 52 deals with the circumstances when tax is to be collected at source (TCS) by the Electronic Commerce Operator. Further, the manner of transfer of ITC is laid down in section 53.

Chapter IX of CGST Rules deals with provisions relating to payment of tax.

Provisions of payment of tax under CGST Act have also been made applicable to IGST Act vide section 20 of the IGST Act.

Before proceeding to understand the provisions of section 49, 50,53 & the relevant rules, let us first go through few relevant definitions.

2. RELEVANT DEFINITIONS



✔ **Agent** means a person, including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent, by whatever

¹ It may be noted that sections 51 & 52 dealing with provisions relating to TDS & TCS will be dealt in detail at the Final Level.

name called, who carries on the business of supply or receipt of goods or services or both on behalf of another [Section 2(5)].

✔ **Authorised bank** shall mean a bank or a branch of a bank authorised by the Government to collect the tax or any other amount payable under this Act [Section 2(14)].

✔ **Business** includes

- (a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;
- (b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a);
- (c) any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction;
- (d) supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;
- (e) provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members;
- (f) admission, for a consideration, of persons to any premises;
- (g) services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;
- (h) ***activities of a race club including by way of totalisator or a license to bookmaker or activities of a licensed bookmaker in such club; and***
- (i) any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities [Section 2(17)].

✔ **Central Tax** means the central goods and services tax levied under Section 9 [Section 2(21)].

✔ **Common portal** means the common goods and services tax electronic portal referred to in section 146 [Section 2(26)].

- ◆ **Council** means the Goods and Services Tax Council established under article 279A of the Constitution [Section 2(36)].
- ◆ **Electronic Cash ledger** means the electronic cash ledger referred to in sub-section (1) of Section 49 [Section 2(43)].
- ◆ **Electronic Credit ledger** means the electronic credit ledger referred to in sub-section (2) of section 49 [Section 2(46)].
- ◆ **Integrated tax** means the integrated goods and services tax levied under the Integrated Goods and Services Tax Act [Section 2(58)].
- ◆ **Input tax** in relation to a registered person, means the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him and includes—
 - ✓ the integrated goods and services tax charged on import of goods;
 - ✓ the tax payable under the provisions of sub-sections (3) and (4) of section 9;
 - ✓ the tax payable under the provisions of sub-section (3) and (4) of section 5 of the IGST Act;
 - ✓ the tax payable under the provisions of sub-section (3) and sub-section (4) of section 9 of the respective State Goods and Services Tax Act; or
 - ✓ the tax payable under the provisions of sub-section (3) and sub-section (4) of section 7 of the Union Territory Goods and Services Tax Act,but does not include the tax paid under the composition levy [Section 2(62)].
- ◆ **Input Tax Credit** means the credit of input tax [Section 2(63)].
- ◆ **local authority** means-
 - ✓ a "Panchayat" as defined in clause (d) of article 243 of the Constitution;
 - ✓ a "Municipality" as defined in clause (e) of article 243P of the Constitution;
 - ✓ a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund;
 - ✓ a Cantonment Board as defined in section 3 of the Cantonments Act, 2006;

- ✓ a Regional Council or District Council constituted under the Sixth Schedule to the Constitution;
- ✓ a Development Board constituted under article 371 **and article 371J** of the Constitution; or
- ✓ a Regional Council constituted under article 371A of the Constitution. [Section 2(69)].

📌 **Notification** means a notification published in the Official Gazette and the expression “notify” and “notified” shall be construed accordingly [Section 2(80)].

📌 **Output tax** in relation to a taxable person, means the tax chargeable under this Act on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis [Section 2(82)].

📌 **Person includes:-**

- (a) an individual;
- (b) a Hindu Undivided Family;
- (c) a company;
- (d) a firm;
- (e) a limited liability Partnership;
- (f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India;
- (g) any corporation established by or under any Central Act, State Act, or Provincial Act or a Government Company as defined in clause (45) of section 2 of the Companies Act,2013;
- (h) any body corporate incorporated by or under the laws of a country outside India;
- (i) a co-operative society registered under any law relating to co-operative societies;
- (j) a local authority;
- (k) Central Government or a State Government;

- (l) society as defined under the Societies Registration Act, 1860;
- (m) trust; and
- (n) every artificial juridical person, not falling within any of the above [Section 2(84)].

❖ **Recipient** of supply of goods or services or both, means—

- (a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
- (b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
- (c) where no consideration is payable for the supply of a service, the person to whom the service is rendered,

and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied [Section 2(93)].

❖ **State Tax** means the tax levied under any State Goods and Services Tax Act [Section 2(104)].

❖ **Supplier** in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied [Section 2(105)].


❖ **Taxable person** means a person who is registered or liable to be registered under Section 22 or section 24 [Section 2(107)].

❖ **Valid return** means a return furnished under sub-section (1) of section 39 on which self-assessed tax has been paid in full [Section 2(117)].

After going through the various definitions relevant to this Chapter, let us discuss the provisions of Chapter X of the CGST Act.



3. PAYMENT OF TAX, INTEREST, PENALTY AND OTHER AMOUNTS [SECTION 49]

		STATUTORY PROVISIONS
Section 49		Payment of tax, interest, penalty and other amounts
Sub-Section	Clause	Particulars
(1)		<i>Every deposit made towards tax, interest, penalty, fee or any other amount by a person by internet banking or by using credit or debit cards or National Electronic Fund Transfer or Real Time Gross Settlement or by such other mode and subject to such conditions and restrictions as may be prescribed, shall be credited to the electronic cash ledger of such person to be maintained in such manner as may be prescribed.</i>
(2)		<i>The input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger, in accordance with section 41, to be maintained in such manner as may be prescribed.</i>
(3)		<i>The amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules made there under in such manner and subject to such conditions and within such time as may be prescribed.</i>
(4)		<i>The amount available in the electronic credit ledger may be used for making any payment towards output tax under this Act or under the Integrated Goods and Services Tax Act in such manner and subject to such conditions and within such time as may be prescribed.</i>
(5)		<i>The amount of input tax credit available in the electronic credit ledger of the registered person on account of—</i>

	(a)	<i>integrated tax shall first be utilised towards payment of integrated tax and the amount remaining, if any, may be utilised towards the payment of central tax and State tax, or as the case may be, Union territory tax, in that order;</i>
	(b)	<i>the central tax shall first be utilised towards payment of central tax and the amount remaining, if any, may be utilised towards the payment of integrated tax;</i>
	(c)	<i>the State tax shall first be utilised towards payment of State tax and the amount remaining, if any, may be utilised towards payment of integrated tax;</i> <i>Provided that the input tax credit on account of State tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax;</i>
	(d)	<i>the Union territory tax shall first be utilised towards payment of Union territory tax and the amount remaining, if any, may be utilised towards payment of integrated tax;</i> <i>Provided that the input tax credit on account of Union territory tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax</i>
	(e)	<i>the central tax shall not be utilised towards payment of State tax or Union territory tax; and</i>
	(f)	<i>the State tax or Union territory tax shall not be utilised towards payment of central tax.</i>
(6)		<i>The balance in the electronic cash ledger or electronic credit ledger after payment of tax, interest, penalty, fee or any other amount payable under this Act or the rules made thereunder may be refunded in accordance with the provisions of section 54.</i>

(7)	<i>All liabilities of a taxable person under this Act shall be recorded and maintained in an electronic liability register in such manner as may be prescribed.</i>								
(8)	<p><i>Every taxable person shall discharge his tax and other dues under this Act or the rules made thereunder in the following order, namely:—</i></p> <p>—</p> <table border="1" style="width: 100%;"> <tr> <td style="text-align: center; vertical-align: top;"><i>(a)</i></td> <td><i>self-assessed tax, and other dues related to returns of previous tax periods;</i></td> </tr> <tr> <td style="text-align: center; vertical-align: top;"><i>(b)</i></td> <td><i>self-assessed tax, and other dues related to the return of the current tax period;</i></td> </tr> <tr> <td style="text-align: center; vertical-align: top;"><i>(c)</i></td> <td><i>any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74;</i></td> </tr> </table>	<i>(a)</i>	<i>self-assessed tax, and other dues related to returns of previous tax periods;</i>	<i>(b)</i>	<i>self-assessed tax, and other dues related to the return of the current tax period;</i>	<i>(c)</i>	<i>any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74;</i>		
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<i>(c)</i>	<i>any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74;</i>								
(9)	<i>Every person who has paid the tax on goods or services or both under this Act shall, unless the contrary is proved by him, be deemed to have passed on the full incidence of such tax to the recipient of such goods or services or both.</i>								
Explanation.—For the purposes of this section,—									
	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center; vertical-align: top;"><i>(a)</i></td> <td><i>the date of credit to the account of the Government in the authorised bank shall be deemed to be the date of deposit in the electronic cash ledger;</i></td> </tr> <tr> <td style="text-align: center; vertical-align: top;"><i>(b)</i></td> <td><i>the expression,—</i></td> </tr> <tr> <td style="text-align: center; vertical-align: top;"><i>(i)</i></td> <td><i>“tax dues” means the tax payable under this Act and does not include interest, fee and penalty; and</i></td> </tr> <tr> <td style="text-align: center; vertical-align: top;"><i>(ii)</i></td> <td><i>“other dues” means interest, penalty, fee or any other amount payable under this Act or the rules made there under.</i></td> </tr> </table>	<i>(a)</i>	<i>the date of credit to the account of the Government in the authorised bank shall be deemed to be the date of deposit in the electronic cash ledger;</i>	<i>(b)</i>	<i>the expression,—</i>	<i>(i)</i>	<i>“tax dues” means the tax payable under this Act and does not include interest, fee and penalty; and</i>	<i>(ii)</i>	<i>“other dues” means interest, penalty, fee or any other amount payable under this Act or the rules made there under.</i>
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Chapter IX: Payment of Tax of the CGST Rules	
Rule 85	Electronic Liability Register
(1)	<i>The electronic liability register specified under sub- section (7) of section 49 shall be maintained in FORM GST PMT-01 for each person liable to pay tax, interest, penalty, late fee or any other amount on the common portal and all amounts payable by him shall be debited to the said register.</i>
(2)	<p><i>The electronic liability register of the person shall be debited by:-</i></p> <p>(a) <i>the amount payable towards tax, interest, late fee or any other amount payable as per the return furnished by the said person;</i></p> <p>(b) <i>the amount of tax, interest, penalty or any other amount payable as determined by a proper officer in pursuance of any proceedings under the Act or as ascertained by the said person;</i></p> <p>(c) <i>the amount of tax and interest payable as a result of mismatch under section 42 or section 43 or section 50; or</i></p> <p>(d) <i>any amount of interest that may accrue from time to time.</i></p>
(3)	<i>Subject to the provisions of section 49, section 49A and section 49B, payment of every liability by a registered person as per his return shall be made by debiting the electronic credit ledger maintained as per rule 86 or the electronic cash ledger maintained as per rule 87 and the electronic liability register shall be credited accordingly.</i>
(4)	<i>The amount deducted under section 51, or the amount collected under section 52, or the amount payable on reverse charge basis, or the amount payable under section 10, any amount payable towards interest, penalty, fee or any other amount under the Act shall be paid by debiting the electronic cash ledger maintained as</i>

	<i>per rule 87 and the electronic liability register shall be credited accordingly.</i>
(5)	<i>Any amount of demand debited in the electronic liability register shall stand reduced to the extent of relief given by the appellate authority or Appellate Tribunal or court and the electronic tax liability register shall be credited accordingly.</i>
(6)	<i>The amount of penalty imposed or liable to be imposed shall stand reduced partly or fully, as the case may be, if the taxable person makes the payment of tax, interest and penalty specified in the show cause notice or demand order and the electronic liability register shall be credited accordingly.</i>
(7)	<i>A registered person shall, upon noticing any discrepancy in his electronic liability ledger, communicate the same to the officer exercising jurisdiction in the matter, through the common portal in FORM GST PMT-04.</i>
Rule 86	Electronic Credit Ledger
(1)	<i>The electronic credit ledger shall be maintained in FORM GST PMT-02 for each registered person eligible for input tax credit under the Act on the common portal and every claim of input tax credit under the Act shall be credited to the said ledger.</i>
(2)	<i>The electronic credit ledger shall be debited to the extent of discharge of any liability in accordance with the provisions of section 49 or section 49A or section 49B.</i>
(3)	<i>Where a registered person has claimed refund of any unutilized amount from the electronic credit ledger in accordance with the provisions of section 54, the amount to the extent of the claim shall be debited in the said ledger.</i>
(4)	<i>If the refund so filed is rejected, either fully or partly, the amount debited under sub- rule (3), to the extent of rejection, shall be re-credited to the electronic credit ledger by the proper officer by an order made in FORM GST PMT-03.</i>

(5)	Save as provided in the provisions of this Chapter, no entry shall be made directly in the electronic credit ledger under any circumstance.
(6)	A registered person shall, upon noticing any discrepancy in his electronic credit ledger, communicate the same to the officer exercising jurisdiction in the matter, through the common portal in FORM GST PMT-04 .
Explanation	For the purposes of this rule, it is hereby clarified that a refund shall be deemed to be rejected, if the appeal is finally rejected or if the claimant gives an undertaking to the proper officer that he shall not file an appeal.
Rule 87	Electronic Cash Ledger
(1)	The electronic cash ledger under sub-section (1) of section 49 shall be maintained in FORM GST PMT-05 for each person, liable to pay tax, interest, penalty, late fee or any other amount, on the common portal for crediting the amount deposited and debiting the payment therefrom towards tax, interest, penalty, fee or any other amount.
(2)	Any person, or a person on his behalf, shall generate a challan in FORM GST PMT-06 on the common portal and enter the details of the amount to be deposited by him towards tax, interest, penalty, fees or any other amount.
	Provided that the challan in FORM GST PMT-06 generated at the common portal shall be valid for a period of fifteen days.
	Provided further that a person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient referred to in section 14 of the Integrated Goods and Services Tax Act, 2017 may also do so through the Board's payment system namely, Electronic Accounting System in Excise and Service Tax from the date to be notified by the Board.

(3)	<i>The deposit under sub-rule (2) shall be made through any of the following modes, namely:-</i>	
	<i>(i)</i>	<i>Internet Banking through authorised banks;</i>
	<i>(ii)</i>	<i>Credit card or Debit card through the authorised bank;</i>
	<i>(iii)</i>	<i>National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or</i>
	<i>(iv)</i>	<i>Over the Counter payment through authorised banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft:</i>
	<i>Provided that the restriction for deposit up to ten thousand rupees per challan in case of an Over the Counter payment shall not apply to deposit to be made by –</i>	
	<i>(a)</i>	<i>Government Departments or any other deposit to be made by persons as may be notified by the Commissioner in this behalf;</i>
	<i>(b)</i>	<i>Proper officer or any other officer authorised to recover outstanding dues from any person, whether registered or not, including recovery made through attachment or sale of movable or immovable properties;</i>
	<i>(c)</i>	<i>Proper officer or any other officer authorised for the amounts collected by way of cash, cheque or demand draft during any investigation or enforcement activity or any ad hoc deposit:</i>
	<i>Provided further that a person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient referred to in section 14 of the Integrated Goods and Services Tax Act, 2017 may also make the deposit under sub-rule (2) through international money transfer through Society for Worldwide Interbank Financial Telecommunication payment network, from the date to be notified by the Board.</i>	

Explanation	For the purposes of this sub-rule, it is hereby clarified that for making payment of any amount indicated in the challan, the commission, if any, payable in respect of such payment shall be borne by the person making such payment.
(4)	Any payment required to be made by a person who is not registered under the Act, shall be made on the basis of a temporary identification number generated through the common portal.
(5)	<p>Where the payment is made by way of National Electronic Fund Transfer or Real Time Gross Settlement mode from any bank, the mandate form shall be generated along with the challan on the common portal and the same shall be submitted to the bank from where the payment is to be made:</p> <p>Provided that the mandate form shall be valid for a period of fifteen days from the date of generation of challan.</p>
(6)	On successful credit of the amount to the concerned government account maintained in the authorised bank, a Challan Identification Number shall be generated by the collecting bank and the same shall be indicated in the challan.
(7)	On receipt of the Challan Identification Number from the collecting bank, the said amount shall be credited to the electronic cash ledger of the person on whose behalf the deposit has been made and the common portal shall make available a receipt to this effect.
(8)	Where the bank account of the person concerned, or the person making the deposit on his behalf, is debited but no Challan Identification Number is generated or generated but not communicated to the common portal, the said person may represent electronically in FORM GST PMT-07 through the common portal to the bank or electronic gateway through which the deposit was initiated.
(9)	Any amount deducted under section 51 or collected under section 52 and claimed in FORM GSTR-02 by the registered taxable person from whom the said amount was deducted or, as the case may be,

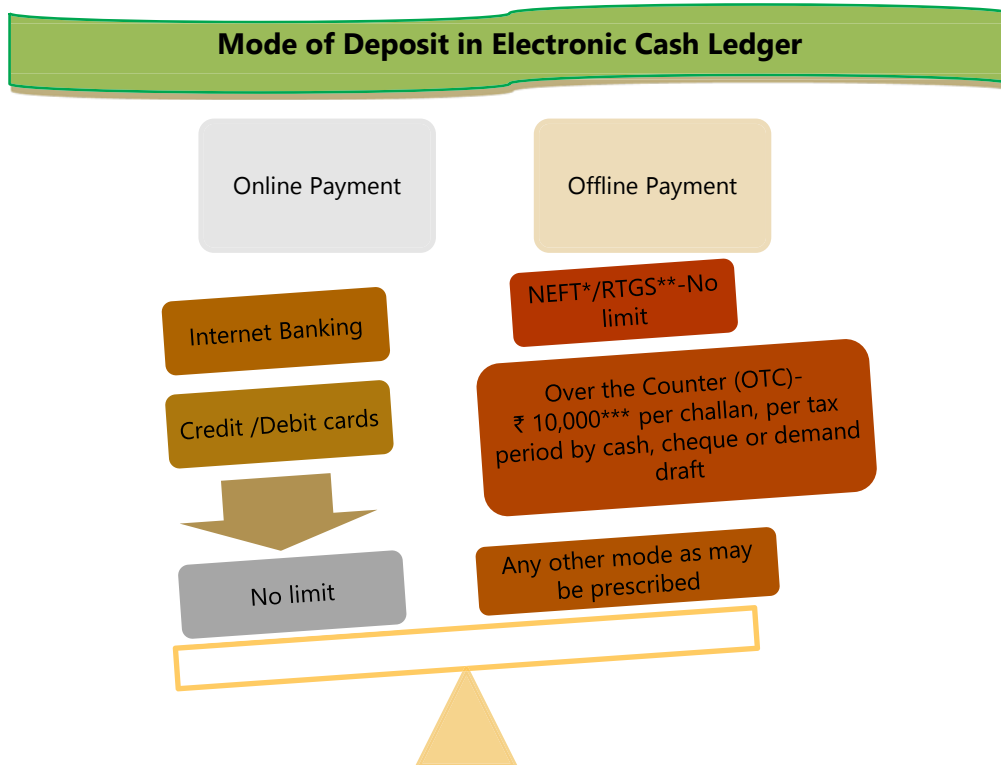
	collected shall be credited to his electronic cash ledger in accordance with the provisions of rule 87.
(10)	Where a person has claimed refund of any amount from the electronic cash ledger, the said amount shall be debited to the electronic cash ledger.
(11)	If the refund so claimed is rejected, either fully or partly, the amount debited under sub-rule (10), to the extent of rejection, shall be credited to the electronic cash ledger by the proper officer by an order made in FORM GST PMT-03 .
(12)	A registered person shall, upon noticing any discrepancy in his electronic cash ledger, communicate the same to the officer exercising jurisdiction in the matter, through the common portal in FORM GST PMT-04 .
Explanation 1	The refund shall be deemed to be rejected if the appeal is finally rejected.
Explanation 2	For the purposes of this rule, it is hereby clarified that a refund shall be deemed to be rejected, if the appeal is finally rejected or if the claimant gives an undertaking to the proper officer that he shall not file an appeal.
Rule 88	Identification number for each transaction
(1)	A unique identification number shall be generated at the common portal for each debit or credit to the electronic cash or credit ledger, as the case may be.
(2)	The unique identification number relating to discharge of any liability shall be indicated in the corresponding entry in the electronic liability register.
(3)	A unique identification number shall be generated at the common portal for each credit in the electronic liability register for reasons other than those covered under sub-rule (2).



ANALYSIS

A. ELECTRONIC CASH LEDGER [SECTION 49(1) & (3) READ WITH RULE 87 OF CGST RULES]

The Electronic Cash Ledger contains a summary of all the deposits/payments made by a taxpayer. Electronic Cash Ledger is maintained on the GST Portal. The Electronic Cash Ledger has to be maintained in prescribed form on the common portal by a person liable to pay tax.



*NEFT stands for National Electronic Fund Transfer.

**RTGS stands for Real Time Gross Settlement.

***any amount as per FAQs on "offline payments: over the counter" web-hosted on <https://www.gst.gov.in>.

Non-applicability of Over the Counter payment limit on deposits to be made by

Proper officer or any other officer authorized

Government Departments

to recover outstanding dues including attachment proceedings or sale of moveable/ immoveable properties

to collect the amount by way of cash/cheque/demand draft during any investigation/enforcement activity /any ad hoc deposit

Persons notified by Commissioner

Payment by Challan



What are CPIN, CIN, BRN and E-FPB?



CPIN stands for Common portal Identification Number. It is created for every Challan successfully generated by the taxpayer. It is a 14-digit unique number to identify the challan. CPIN remains valid for a period of 15 days.



CIN or Challan Identification Number is generated by the banks, once payment in lieu of a generated Challan is successful. It is a 17-digit number that is 14-digit CPIN plus 3-digit Bank Code.

CIN is generated by the authorized banks/Reserve Bank of India (RBI) when payment is actually received by such authorized banks or RBI and credited in the relevant government account held with them. It is an indication that the payment has been realized and credited to the appropriate government account. CIN is communicated by the authorized bank to taxpayer as well as to GSTN.



BRN or Bank Reference Number is the transaction number given by the bank for a payment against a Challan



E-FPB stands for Electronic Focal Point Branch. These are branches of authorized banks which are authorized to collect payment of GST. Each authorized bank will nominate only one branch as its E-FPB for PAN India transaction.

The E-FPB will have to open accounts under each major head for all governments. Any amount received by such E-FPB towards GST will be credited to the appropriate account held by such E-FPB. For NEFT/RTGS Transactions, RBI will act as E-FPB.



Are manual Challans applicable as allowed earlier under the VAT regimes?



Manual or physical Challans are not allowed under the GST regime. It is mandatory to generate Challans online on the GST Portal.



How many types of Challans are prescribed for various taxes and payments to be paid under the GST regime?



There is single Challan prescribed for all taxes, fees, penalty, interest, and other payments to be made under the GST regime.

Other Aspects relating to Challan



E- challan validity is for 15 days. The commission for making payment through e-challan has to be borne by the person making the payment.



Any unregistered person has to make payment on the basis of temporary identification number generated through common portal.

**Validity of
challan-15 days**



The mandate form obtained after making NEFT/RTGS payment has to be submitted in the Bank. The validity of the mandate form is 15 days.



On successful credit of amount in the concerned (Central/State) Government Account maintained in the authorized bank, a Challan Identification Number (CIN) will be generated by the collecting bank which will be indicated in the challan.



The 'deposit' made by one of the modes and in the prescribed manner will be credited to the Electronic Cash Ledger of the taxable person.





On receipt of the CIN from the collecting bank, the said amount is credited into the electronic cash ledger of the person on whose behalf the deposit is made and the common portal will generate a receipt to this effect.



If CIN is not generated even after making payment and submission of mandate form or when after generation, it has not reflected in the common portal, the person making the deposit or the person on whose behalf the deposit has been made, can make a representation in prescribed form

through the common portal or e-gateway through which the payment has been made.

-  Date of credit into the treasury of the State Government/Central Government is deemed to be the date of deposit and not the actual date of debit to the amount of the taxable person.
-  In case any discrepancy is noticed in electronic cash ledger, the registered person shall communicate the same to the officer exercising jurisdiction in the matter, through the common portal in prescribed form.

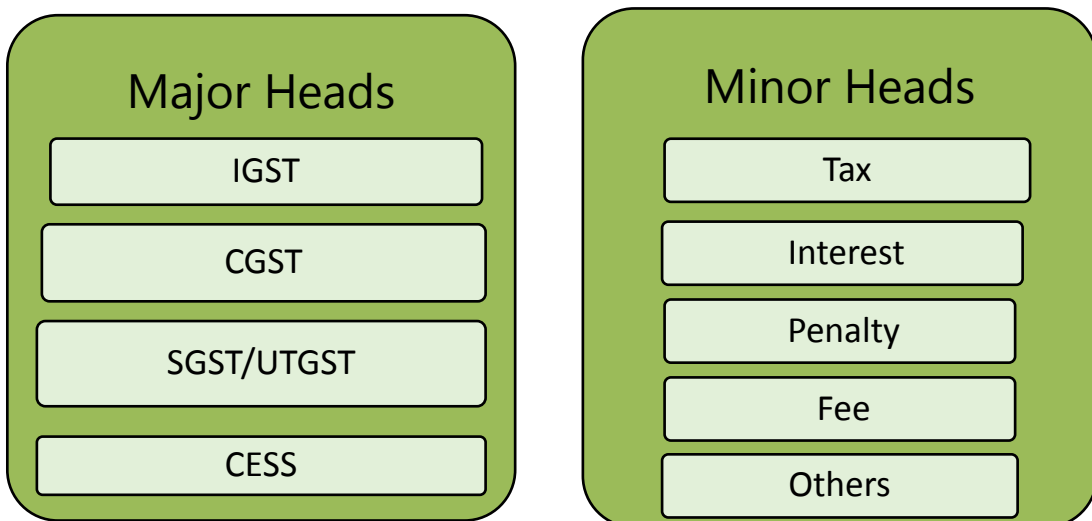
Manner of utilization of amount reflected in Electronic Cash Ledger

Sub-section 3 of section 49 of the CGST Act lays down the following:

The amount reflected in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fee, or any other amount in the prescribed manner.

In the ledger, information is kept minor head-wise for each major head. The ledger is displayed major head-wise i.e., IGST, CGST, SGST/UTGST, and CESS. Each major head is divided into five minor heads: Tax, Interest, Penalty, Fee, and Others.

A registered taxpayer can make cash deposits in the recognized Banks through the prescribed modes to the Electronic Cash Ledger using any of the Online or Offline modes permitted by the GST Portal. The Cash deposits can be used for making payment(s) like tax liability, interest, penalties, fee, and others.



B. ELECTRONIC CREDIT LEDGER [SECTION 49(2),(4) &(5), SECTION 49A, SECTION 49B READ WITH RULE 86 AND RULE 88A OF CGST RULES]

Sub-section (2) of section 49 of the CGST Act provides that the self-assessed **input tax credit (ITC)** by a registered person shall be credited to its Electronic Credit Ledger or **Electronic Input Tax Credit Ledger**. This is to be maintained in the prescribed form.

Input Tax Credit as self-assessed in monthly returns will be reflected in the ITC Ledger. The credit in this ledger can be used to make payment of ONLY TAX and not other amounts such as interest, penalty, fees etc.


Non-utilisation of ITC for tax liability under reverse charge mechanism

The amount available in the electronic credit ledger may be used for making any payment towards output tax under CGST or IGST. It is pertinent to note that "output tax" in relation to a taxable person, means the tax chargeable under this Act on taxable supply of goods and/or services made by him or by his agent but excludes tax payable by him on reverse charge basis. Thus, ITC cannot be utilised for tax payable under reverse charge mechanism.

Manner of utilisation of ITC [Combined reading of section 49(5), 49A, 49B, rule 88A and Circular No. 98/17/2019 GST dated 23.04.2019]²


 **Available IGST credit in the credit ledger should first be utilized towards payment of IGST.**

- ✓ **Remaining amount if any, can be utilized towards the payment of CGST and SGST/UTGST in any order and in any proportion, i.e. ITC of IGST can be utilized either against CGST or SGST.**

 **Entire ITC of IGST is to be fully utilised first before the ITC of CGST or SGST/UTGST can be utilized.**

 Available CGST Credit in the credit ledger shall first be utilized for payment of CGST.

- ✓ Remaining amount if any, will be utilized for payment of IGST

 Available SGST /UTGST credit in the credit ledger shall first be utilized for payment of SGST/UTGST.

² The detailed provisions have already been discussed in Chapter-6: "Input tax credit".

- ✓ Remaining amount if any, will be utilized for payment of IGST, **only when credit of CGST is not available for payment of IGST**



CGST credit cannot be utilized for payment of SGST/UTGST. Similarly, SGST/UTGST credit cannot be utilized for payment of CGST.

Common Points for Electronic Cash & Credit Ledger



Where a person has claimed refund of any amount from the electronic cash or credit ledger, the said amount shall be debited to the electronic cash or credit ledger



If the refund so claimed is rejected, either fully or partly, the amount debited earlier, to the extent of rejection, shall be credited to the electronic cash or credit ledger by the proper officer by an order made in prescribed form

C. ELECTRONIC LIABILITY REGISTER [SECTION 49(7), (8) & (9) READ WITH RULE 85 OF CGST RULES]

Sub-section (7) of section 49 speaks about the third kind of ledger to be maintained by a taxable person viz. **Electronic Liability Register**. While the terms "Electronic Cash Ledger" and "Electronic Credit Ledger" are defined in the Act, the term "Electronic Liability Register" is not defined. The Section lays down that all liabilities of a taxable person will be maintained in a separate register.

Electronic Liability Register will reflect the total tax liability of a taxpayer (after netting) for the particular month.



Order of discharge of tax and other dues


Sub-section (8) prescribes the chronological order in which the liability of a taxable person has to be discharged:



self -assessed tax and other dues for the **previous tax periods** have to be discharged first.



the self -assessed tax and other dues for the **current period** have to be discharged next.

 Once these two steps are exhausted, thereafter any other amount payable including **demand determined under section 73 or section 74** to be discharged. In other words, the liability if any, arising out of demand notice and adjudication proceedings comes last. This sequence has to be mandatorily followed.

The expression "other dues" referred above mean interest, penalty, fee or any other amount payable under the Act or the rules made thereunder.







Presumption that incidence of tax is passed on

Sub-section (9) contains a deeming clause. This part of the section provides that when a taxable person has paid the GST under the corresponding Act, the taxable person is deemed to have passed on the incidence of such payment of tax to the recipient of such goods and /or services. Thus, if tax has been paid under the CGST Act, then the taxable person is deemed to have passed on the incidence of such payment of CGST to the recipient. This is subject to the contrary being proved.



Chapter IX of CGST Rules provide the following:

(I) Debit to electronic liability register:

-  all amounts payable towards tax, interest, late fee and any other amount as per return filed;
-  all amounts payable towards tax, interest, penalty and any other amount determined in a proceeding by an Assessing authority or as ascertained by the taxable person;
-  the amount of tax and interest payable.
-  any interest amount that may accrue from time to time.








(II) Debit to Electronic Credit/Cash ledger:

Debit to Electronic Credit Ledger and Credit to Electronic Liability Register	Debit to Electronic Cash Ledger and Credit to Electronic Liability Register
Payment of all the liabilities of a registered person as per his return subject to section 49.	Payment of all the liabilities of a registered person as per his return subject to section 49.

Payment of TDS deducted under section 51, TCS deducted by e-commerce operator under section 52, amount payable under reverse charge basis, amount payable under section 10, amount payable towards payment of interest, penalty, fee or any other amount under the Act.




How do the new payment systems benefit the taxpayer and the Commercial Tax Department?

-  No more queues and waiting for making payments as payments can be made online 24 X 7.
-  Instant online receipts for payments made online.
-  Tax Consultants can make payments on behalf of the clients.
-  Single Challan form to be created online, replacing the three or four copy Challan.
-  Revenue will come earlier into the Government Treasury as compared to the old system.
-  Greater transparency.
-  Online payments made after 8 pm will be credited to the taxpayer's account on the same day.



4. INTEREST ON DELAYED PAYMENT OF TAX [SECTION 50]

	STATUTORY PROVISIONS
Section 50	Interest on delayed payment of tax
Sub-section	Particulars
(1)	<i>Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay</i>

	<i>the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent., as may be notified by the Government on the recommendations of the Council.</i>
(2)	<i>The interest under sub-section (1) shall be calculated, in such manner as may be prescribed, from the day succeeding the day on which such tax was due to be paid.</i>
(3)	<i>A taxable person who makes an undue or excess claim of input tax credit under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.</i>






ANALYSIS



When interest is payable ?

Interest is payable in following 3 circumstances:-

-  Delay in payment of tax, in full or in part within the prescribed period
-  Undue or excess claim of input tax credit under section 42(10)
-  Undue or excess reduction in output tax liability under section 43(10)

⇒ section 42 (10) of CGST Act deals with contravention of provisions for matching of claims for input tax credit by a recipient and

⇒ section 43 (10) of CGST Act deals with contravention of provisions for matching of claims for reduction in output tax liability by a supplier



Rate of interest

The rate of interest shall be notified by the Government on the basis of recommendation of the Council. However, such rate to be notified **shall not exceed-**

- (a) 18% in case of belated payment of tax i.e. on failure to pay tax (or part

of tax) to the Government's account. *Notification No. 13/2017 CT dated 28.06.2017* has notified the rate of interest as 18% per annum.

- (b) 24% on undue or excess claim of ITC or on such undue or excess reduction in output tax liability. *Notification No. 13/2017 CT dated 28.06.2017* has notified the rate of interest as 24% per annum.



Computation of period for calculation of interest

The period of interest will be from the date following the due date of payment to the actual date of payment of tax.



Other relevant points relating to interest



The term "tax" here means the tax payable under the Act or Rules made thereunder.



The payment of interest in case of belated payment of tax should be made voluntarily i.e. even without a demand.



The interest payable under this section shall be debited to the Electronic Liability Register.



The liability for interest can be settled by adjustment with balance in Electronic Cash Ledger **but not with balance in electronic credit ledger.**



5. TRANSFER OF INPUT TAX CREDIT [SECTION 53 OF CGST ACT & SECTION 18 OF IGST ACT]

If the amount of CGST is utilised towards dues of IGST then, in terms of section 53 of the CGST Act, there shall be reduction in the amount of CGST, equal to the credit so utilized, and the Central Government shall transfer such amount equivalent to the amount so reduced in CGST account to the IGST account.

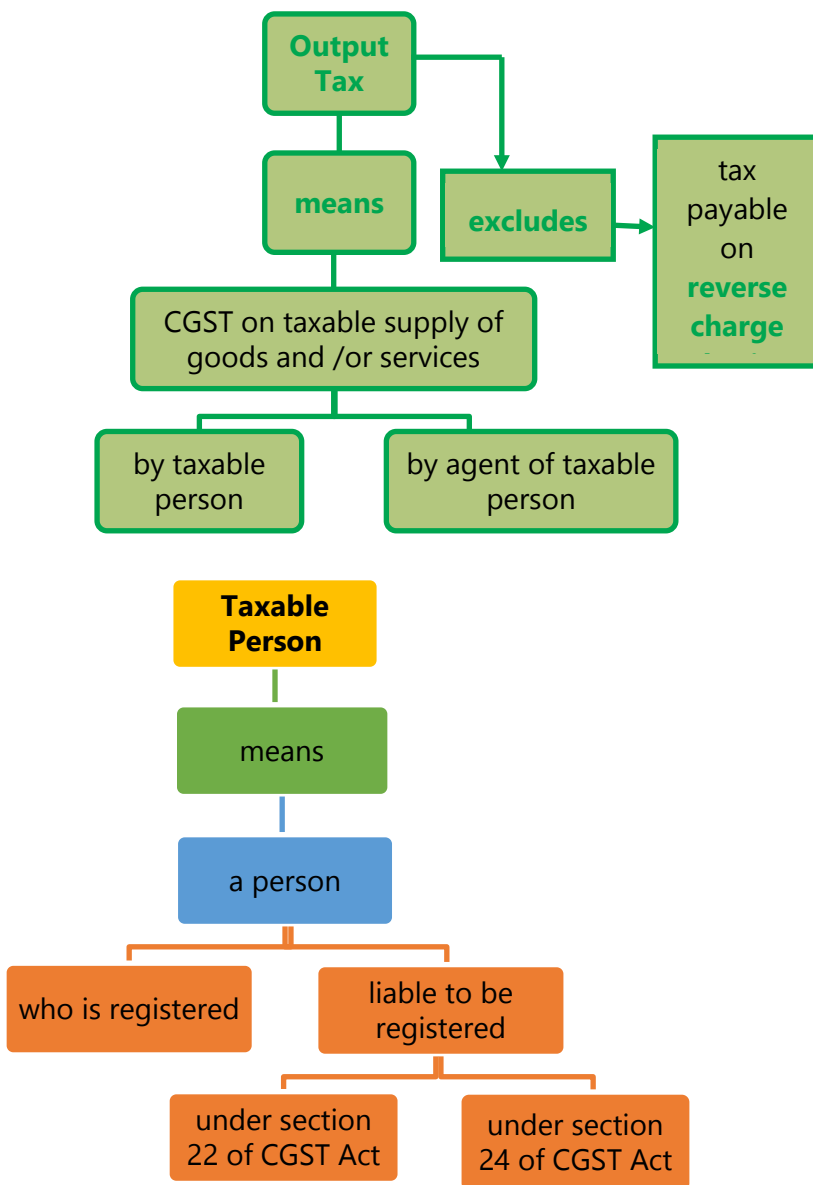
Similarly, if the amount of IGST is utilised towards dues of CGST/UTGST then, in terms of section 18 of the IGST Act, there shall be reduction in the amount of IGST, equal to the credit so utilized, and the Central Government shall transfer such amount equivalent to the amount so reduced in IGST account to the CGST/UTGST account.

However, if the amount of IGST is utilised towards dues of SGST then, in terms of section 18 of the IGST Act, there shall be reduction in the amount of IGST, equal to the credit so utilized, and will be apportioned to the appropriate State Government and the Central Government shall transfer the amount so apportioned to the account of the respective State Government.

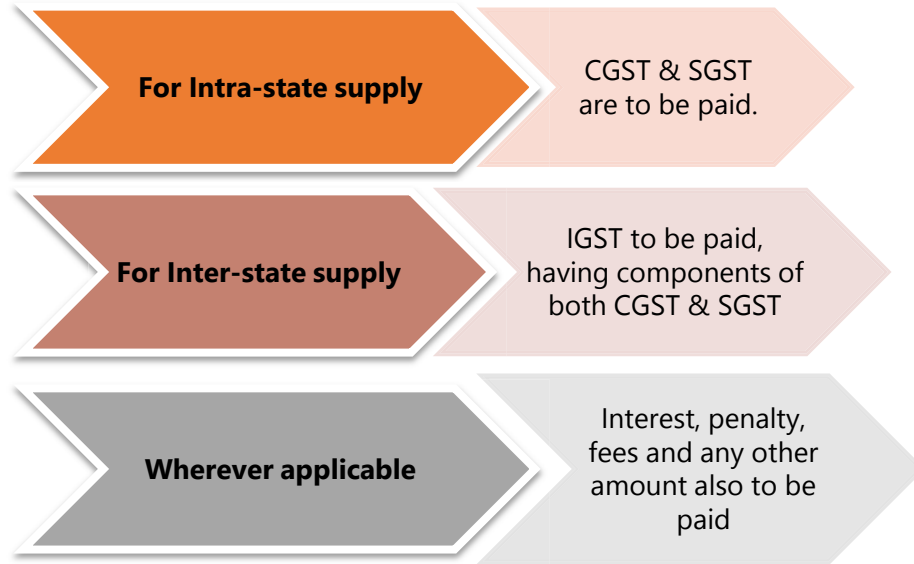
6. LET US RECAPITULATE

The provisions relating to payment of tax, interest and other amounts have been summarised by way of table and diagrams to help students remember and retain the provisions in a better and effective manner:-

DEFINITIONS OF CERTAIN KEY TERMS



Payments to be made in GST regime



Key Features of Payment process

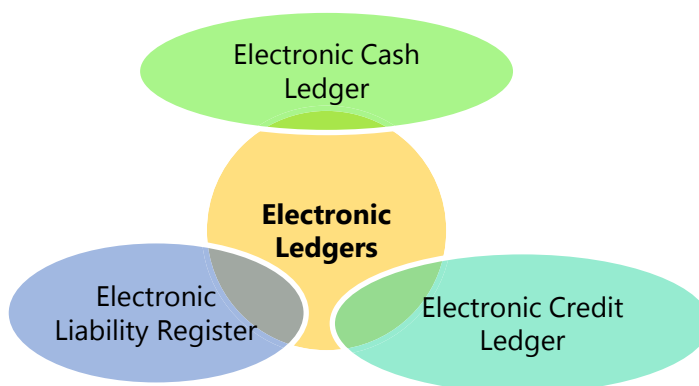
- ✎ Electronically generated challan from GSTN common portal in all modes of payment and no use of manually prepared challan;
- ✎ Facilitation for the tax payer by providing hassle free, anytime, anywhere mode of payment of tax;
- ✎ Convenience of making payment online;
- ✎ Logical tax collection data in electronic format;
- ✎ Faster remittance of tax revenue to the Government Account;
- ✎ Paperless transactions;
- ✎ Speedy Accounting and reporting;
- ✎ Electronic reconciliation of all receipts;
- ✎ Simplified procedure for banks;
- ✎ Warehousing of Digital Challan.

What are E-Ledgers/register?



Electronic Ledgers or E-Ledgers are statements of cash and input tax credit in respect of each registered taxpayer. In addition, each taxpayer shall also have an electronic tax liability register.

Types of Electronic ledgers/register

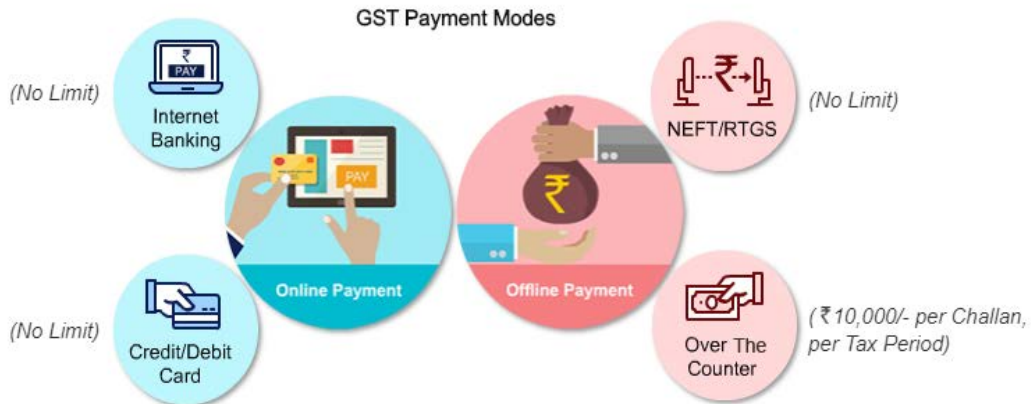


A. Electronic Cash Ledger

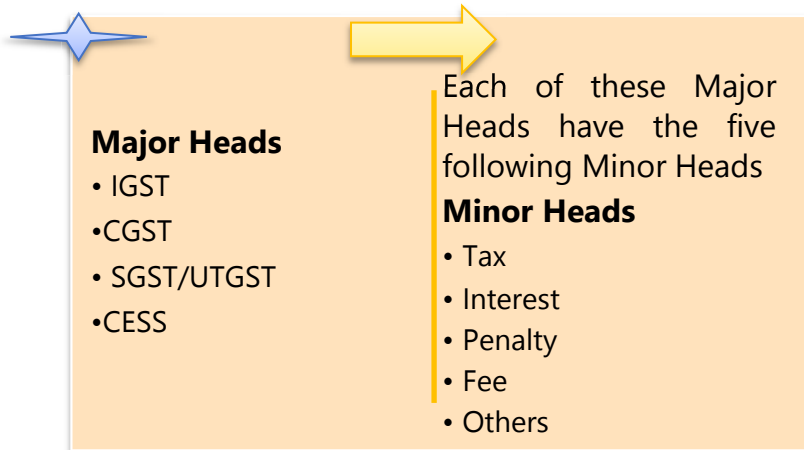
Electronic Cash Ledger is an account where records of deposits or receipts and its utilization towards liabilities are maintained.



Modes of Deposit in Electronic Cash Ledger



Major and Minor Heads of Payment



Cross utilization of funds across major or minor heads → Possible

Date of deposit of tax dues

Which date is considered as date of deposit of the tax dues ?		
(i)	Date of presentation of cheque	×
(ii)	Date of payment	×
(iii)	Date of credit of amount in the account of government	✓

B. Electronic credit ledger

Order of utilisation of input tax credit available in electronic credit ledger

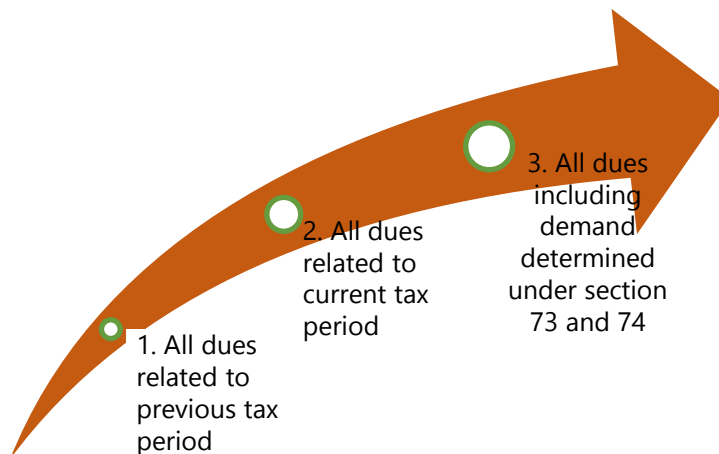
ITC	Order of utilisation	
	(1)	(2)
IGST	IGST	CGST/SGST/UTGST- <u>any proportion</u>
<i>ITC of IGST to be completely exhausted mandatorily</i>		
CGST	CGST	IGST
<i>ITC of CGST has been utilized fully</i>		
SGST/UTGST	SGST/UTGST	IGST



The CGST credit cannot be utilized for payment of SGST/UTGST.
The SGST/UTGST credit cannot be utilized for payment of CGST.

c. Electronic liability register

Order of discharge of liability of taxable person



Manner of making payment

Through debit of Electronic Credit Ledger	In cash, by debit in the Electronic Cash Ledger
Through debit of Credit Ledger of the tax payer maintained on the Common portal – ONLY Tax can be paid.	Payment can be made in cash, by debit in the Cash Ledger of the tax payer maintained on the common portal.

E-Ledgers/Register

Electronic Cash Ledger

- It will reflect all deposits made in cash, and TDS/TCS made on account of the tax payer.
- This ledger can be used for making **ANY PAYMENT** towards tax, interest, penalty, fees or any other amount on account of GST.

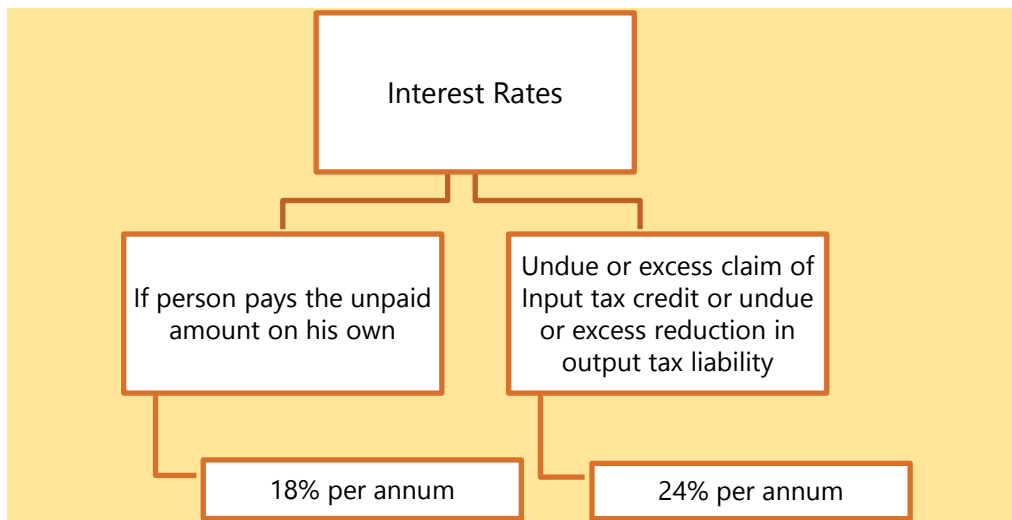
Electronic Credit Ledger

- It will reflect Input Tax Credit as self-assessed in monthly returns.
- The credit in this ledger can be used to make payment of **ONLY TAX** i.e. output tax and not other amounts such as interest, penalty, fees etc.

Electronic Liability Register

- Electronic Liability Register will reflect the total tax liability of a taxpayer (after netting) for the particular month.

Interest on delayed payment of tax [Section 50]




Payment of Tax via Electronic Ledger

A. Electronic Cash Ledger


(Assume it as an account statement provided by bank, for easy understanding)

Debit Amount (DR)	Credit Amount (CR)
<ul style="list-style-type: none"> • Credit amount of this ledger may be used for payment of tax, interest, fees etc. • Remaining credit balance amount after payment of above tax etc. will be refunded to taxable person. 	<ul style="list-style-type: none"> • Any deposit made towards tax, interest, penalty, late fee etc. via internet banking, RTGS, fund transfer etc. • TDS/TCS claimed




B. Electronic Credit Ledger

Debit Amount (DR)	Credit Amount (CR)
<ul style="list-style-type: none"> • Credit amount of this ledger may be used for payment of output tax viz IGST, CGST, SGST, UTGST in the prescribed order. 	<ul style="list-style-type: none"> • Input Tax credit as self-assessed in the return in the form of IGST, CGST, SGST, UTGST

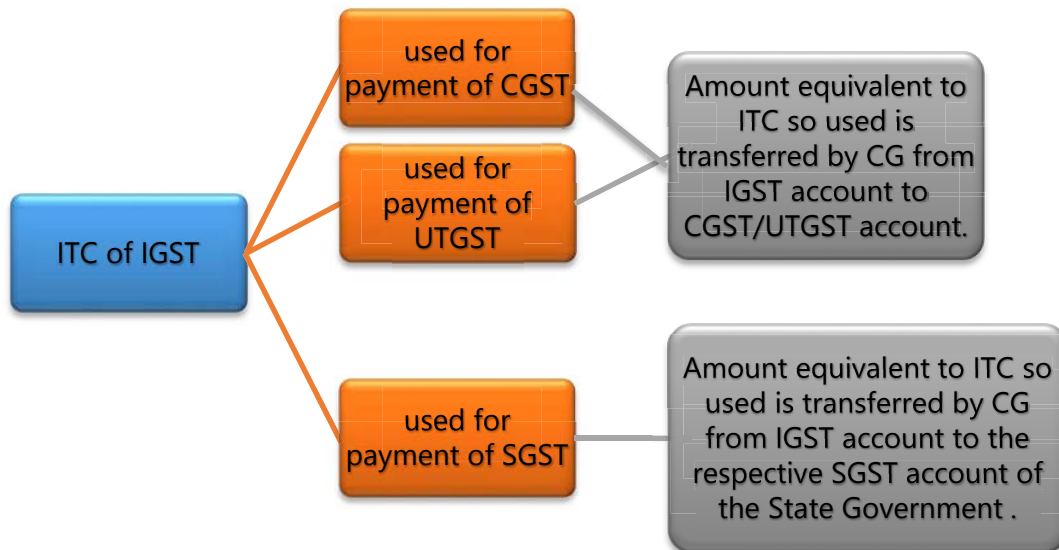


C. Electronic Liability Register

Debit Amount (DR)	Credit Amount (CR)
<ul style="list-style-type: none"> • Amount payable towards tax, interest, fees etc. • Tax or interest payable • Any other dues 	<ul style="list-style-type: none"> • Electronic cash ledger
<ul style="list-style-type: none"> • Amount payable towards output tax 	<ul style="list-style-type: none"> • Electronic credit ledger



Transfer of input tax credit [Section 53 of CGST Act & section 18 of IGST Act]



7. TEST YOUR KNOWLEDGE

- Which of these electronic ledgers/register are maintained online?
 - Electronic liability register
 - Electronic credit ledger
 - Electronic cash ledger
 - All of the above

2. Deposits towards tax, penalty, interest, fee or any other amount are credited into the ----- of a taxable person.
- (a) Electronic liability register
 - (b) Electronic credit ledger
 - (c) Electronic cash ledger
 - (d) All of the above
3. Input tax credit as self-assessed in the return of the registered person shall be credited to which of the following ledger?
- (a) Electronic liability register
 - (b) Electronic credit ledger
 - (c) Electronic cash ledger
 - (d) All of the above
4. Which of the following items are debited to electronic credit ledger?
- (a) Output tax
 - (b) Interest
 - (c) Penalty
 - (d) All of the above
5. Balance in electronic credit ledger under SGST can be used against which liability?
- (a) SGST Liability only
 - (b) SGST and IGST liability
 - (c) SGST, IGST and CGST liability
 - (d) None of the above
6. Which input tax credit cannot be claimed against which output tax liability?
- (a) IGST, SGST
 - (b) CGST, IGST
 - (c) SGST, IGST
 - (d) CGST, SGST

7. Interest is payable on:-
- (a) Belated payment of tax
 - (b) Undue/excess claim of input tax credit
 - (c) Undue/ excess reduction in output tax liability
 - (d) All of the above
8. Which of the following liability cannot be adjusted against input tax credit of CGST?
- (a) IGST
 - (b) SGST/UTGST
 - (c) All of the above
 - (d) None of the above
9. Which of the following shall be discharged first, while discharging liability of a taxable person?
- (a) All dues related to previous tax period
 - (b) All dues related to current tax period
 - (c) Demand raised under section 73 and 74
 - (d) No such condition is mandatory
10. Interest is calculated:-
- (a) From the day following the day on which tax becomes due to be paid
 - (b) From the last day such tax was due to be paid
 - (c) No period is specified
 - (d) None of the above
11. Which of the following statement is true:
- Which date is considered as date of deposit of the tax dues
- (a) Date of presentation of cheque or
 - (b) Date of payment or
 - (c) Date of credit of amount in the account of Government
12. How many types of electronic ledger/register are there?

13. What are the main features of GST payment process?
14. Explain the following terms in brief:
 - (a) E-FPB
 - (b) CPIN
 - (c) CIN
15. Are principles of unjust enrichment applicable for payment made under GST?
16. State the name of output tax under GST, where any of the input tax credit under GST can be availed?



8. ANSWERS/HINTS

1. (d) 2. (c) 3. (b) 4. (a) 5. (b) 6. (d)
7. (d) 8. (b) 9. (a) 10. (a) 11. (c)
12. (a) Electronic cash ledger
(b) Electronic credit ledger
(c) Electronic liability register
13. Refer para-Electronic Liability Register
14. Refer para-Electronic Cash Ledger
15. Yes, as per Section 49(9) of the CGST Act, 2017 every person who has paid the tax on goods or services or both under this Act shall, unless the contrary is proved by him, be deemed to have passed on the full incidence of such tax to the recipient of such goods or services or both.
16. IGST. IGST, CGST, SGST, UTGST i.e. all input tax credit can be availed against output tax liability known as IGST.

AMENDMENTS MADE VIDE THE FINANCE (NO. 2) ACT, 2019

The Finance (No. 2) Act, 2019 has become effective from 01.08.2019. However, the amendments made in the CGST Act and IGST Act vide the Finance (No. 2) Act, 2019 would become effective only from a date to be notified by the Central Government in the Official Gazette. Such a notification has not been issued till the time this Study Material is being released for printing. Therefore, the applicability or otherwise of such amendments for May 2020 and/or November 2020 examinations shall be announced by the ICAI only after such notification is issued by the Central Government.

In the table given below, the existing provisions³ relating to payment of tax are compared with the provisions as amended by the Finance (No. 2) Act, 2019.

Once the announcement for applicability of such amendments for examination(s) is made by the ICAI, students should read the provisions given hereunder in place of the related provisions discussed in the Chapter.

Section No.	Existing provisions	Provisions as amended by the Finance (No. 2) Act, 2019	Remarks
49		<p><u>After sub-section (9) of section 49 the following sub-section (10) and (11) shall be inserted:</u></p> <p>“(10) A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for integrated tax, central tax, State tax, Union territory tax or cess, in such form and manner and subject to such conditions and restrictions as may be</p>	<p>New sub-sections are being inserted in section 49 of the CGST Act to provide a facility to the registered person to transfer an amount from one (major/minor) head to another (major/minor) head in the electronic cash ledger.</p>

³ Provisions existing as on the date when the Study Material was released for printing

		<p>prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act.</p> <p>(11) Where any amount has been transferred to the electronic cash ledger under this Act, the same shall be deemed to be deposited in the said ledger as provided in sub-section (1)."</p>	
50	<p><u>Sub-section (1)</u> Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding 18%, as may be notified by the Government on the</p>	<p><u>Sub-section (1)</u> Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding 18%, as may be notified by the Government on the recommendations of the Council.</p> <p>"Provided that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due</p>	<p>New proviso is being inserted in section 50(1) of the CGST Act so as to provide for charging interest only on the net cash tax liability, except in those cases where returns are filed subsequent to initiation of any proceedings under section 73 or 74 of the CGST Act.</p>

	recommendations of the Council.	date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger.”.	
53A		<p><u>New Section 53A: “Transfer of certain Amounts” inserted after section 53</u></p> <p>Where any amount has been transferred from the electronic cash ledger under this Act to the electronic cash ledger under the State Goods and Services Tax Act or the Union territory Goods and Services Tax Act, the Government shall, transfer to the State tax account or the Union territory tax account, an amount equal to the amount transferred from the electronic cash ledger, in such manner and within such time as may be prescribed.”</p>	A new section 53A is being inserted in the CGST Act so as to provide for transfer of amount between Centre and States consequential to amendment in section 49 of the CGST Act allowing transfer of an amount from one head to another head in the electronic cash ledger of the registered person.