

## PAYMENT OF TAXES (Including TDS TCS & Interest on Delayed Payment)

### PROCEDURE TO MAKE PAYMENT

(i) **Deposit of Amount in the Electronic Cash Ledger.** The taxable person shall generate the challan in form GST PMT-6 from common portal and enter the details of the amount deposited by him towards tax, interest, penalty, fees or other amount. The challan is valid for fifteen days as provided in proviso to sub-rule 3(3) of Payment of Tax Rules.

(ii) **Modes of Payment.** The amount as per payment rule can be deposited by any of the following modes:

- (i) Internet Banking through authorized banks;
- (ii) Credit card or Debit card through the authorised bank;
- (iii) National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) from any bank;
- (iv) Over the Counter payment (OTC) through authorized banks for deposits up to ten thousand rupees (₹ 10,000) per challan per tax period, by cash, cheque or demand draft:

**Provided that the restriction for deposit up to ten thousand rupees per challan in case of an Over the Counter (OTC) payment shall not apply to deposit to be made by –**

- (a) Government Departments or any other deposit to be made by persons as may be notified by the Board/Commissioner (SGST) in this behalf;
- (b) 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;
- (c) Proper officer or any other officer authorized for the amounts collected by way of cash or cheque, demand draft during any investigation or enforcement activity or any *ad hoc* deposit:

(iii) **Chalan of CIN (Challan Identification Number).** It is provided that on successful deposit of the amount the challan identification number (CIN) will be generated by the collecting bank and the same will be indicated on the challan. The CIN is an evidence that the tax payer has deposited the amount. In case due to any reason the **CIN is not generated or generated but not communicated although the bank account of the person has been debited**, the taxable person shall represent electronically in form GST PMT - 7 as provided in sub-rule 3(8) of Payment of Tax Rules through the Common Portal to the Bank or electronic gateway on which the deposit was initiated. The bank shall take appropriate action for generation or communication of CIN. The amount will be credited in electronic cash ledger only when CIN is generated or communicated.

(iv) **Mandate Form. Payment through NEFT or RTGS Mode.** Sub-rule (5) of rule 3 provides that where payment is made by way of NEFT or RTGS the bank mandate form shall be generated along with the challan. The said form shall be submitted to the bank from where the payment is made. The mandate form shall be valid for the period of fifteen days of generation.

(v) **Generation of CIN.** 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.



(vi) **Amount credited to Electronic Cash Ledger.** 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.

(vii) **Form GST PMT-07.** 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.

(viii) **Correction in Electronic Cash Ledger.** Sub-Rule 3(12) the Payment of Tax Rules provides that a registered person upon noticing *any* discrepancy in the electronic cash ledger shall communicate the same to the Officers exercising the jurisdiction in the matter through common portal in Form GST PMT -04. Thus, the nature of discrepancy needs to be informed to the Jurisdictional Officer in detail. It appears that after going through the information, the Officer will correct the discrepancies.

### Payments which can only be made by Electronic Cash Ledger

The sub-rule (4) of Rule provides that the payments specified therein shall always be made by debiting in the electronic cash ledger. The payment cannot be made by utilizing the credit. The nature of payments are:

- (a) Tax deducted by the recipient u/s. 51 of the Act;
- (b) Tax collected at source by electronic commerce operator u/s. 52 of the Act;
- (c) Payment of tax under reverse charge under CGST Act, IGST Act, SGST Act or UT-GST Act;
- (d) Any amount payable towards interest, penalty, fee or any other sum under the above Act.

### 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).

### 3. Electronic Credit Ledger

Electronic Credit Ledger shall be maintained in Form GST PMT-02 for each registered taxable person who is eligible for Input Tax Credit (ITC) under the Act. This Form shall be maintained on the Common Portal. Every claim of ITC under the Act shall be credited to the Electronic Credit Ledger.

- **Credit in Electronic Credit Ledger Means** = Input Tax Credit of the registered taxable person has been credited or added to his Electronic Credit Ledger.



- **Debit in Electronic Credit Ledger Means** = Discharge of tax liability (output tax liability) out of the ITC available to the registered taxable person.
- **U/s 49(4) of the CGST Act, Amount in Electronic Credit Ledger can be used** for making any payment towards output tax payable under the provisions of the Act. The output tax has been defined in Section 2(82) of the GST Act excluding IGST Act and 2(18) of the IGST Act as follows:
- Sec. 2(82) "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
- **Under IGST Act:** Sec. 2(18) "output tax" in relation to a taxable person, means the integrated 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.

It is a tax payable for taxable supplies of goods or services. It is clearly provided that it excludes the tax payable by him on reverse charge basis. Therefore, the tax payable under reverse charge is not considered as output tax payable. Hence the balance in the credit ledger cannot be utilized for the purpose of payment of GST on reverse charge.

**Utilisation of Credit in the Electronic Credit Ledger.** Section 49(5) of the CGST Act states that the amount of ITC available in the Electronic Credit Ledger of the Registered taxable person can be utilised in the following manner for payment of tax :

- **Credit of IGST for payment of IGST, CGST and SGST/UTGST in that order.** The amount of input tax credit on account of IGST available in the electronic credit ledger shall first be utilized towards payment of IGST and the amount remaining, if any, may be utilized towards the payment of CGST and SGST/UTGST, in that order - section 49(5)(a) of CGST Act
- **Credit of CGST for CGST and balance for IGST.** The amount of input tax credit on account of CGST available in the electronic credit ledger shall first be utilized towards payment of CGST and the amount remaining, if any, may be utilized towards the payment of IGST - section 49(5)(b) of CGST Act.

**Note:** The input tax credit on account of CGST shall not be utilized towards payment of SGST/UTGST.

- **Credit of SGST/UTGST first for SGST/UTGST and balance for IGST.** The amount of input tax credit on account of SGST/UTGST available in the electronic credit ledger shall first be utilized towards payment of SGST/UTGST and the amount remaining, if any, may be utilized towards the payment of IGST - section 49(5)(c) of CGST Act.

**Note:** The input tax credit on account of SGST/UTGST shall not be utilized towards payment of CGST.

- **ITC in Electronic Credit Ledger cannot be utilised for the payment of GST on Reverse Charge Basis.**

**PAYMENT OF TAX.** The amount of tax, interest, penalty etc. payable by the taxable person is required to be paid either by utilising balance available in electronic cash ledger or



electronic credit ledger. The amount utilized for payment from the balance in electronic credit ledger or electronic cash ledger will be shown in **GST PMT-1**. The sub-section 8 of Section 49 provides that the taxable person shall discharge his tax and other dues in the following order

- (a) self-assessed tax, and other dues related to returns of previous tax periods,
- (b) self-assessed tax, and other dues related to return of current tax period,
- (c) any other amount payable under the Act or the rules made thereunder including the demand determined under section 66 or 67.

The provisions u/s. 49(8) of the GST Act lays down the manner in which the amount paid by the tax person will be adjusted. Thus, irrespective of the details mentioned in the challan, the adjustment of tax will always be made as per Section 49(8) of the Act.

**Example:** Ramesh who is engaged in the business of supplying goods or services is required to make the following payment.

Sr. No.	Description	Amount
1.	Tax liabilities for supplies made during Aug-2017	2,00,000/-
2.	Interest on tax liability for Aug-2017	25,000/-
3.	Tax dues for supplies made in Sept-2017	3,00,000/-
4.	Interest on tax dues for supplies made in Sept-2017	10,000/-
5.	Amount of tax payable as per Order passed against him.	5,00,000/-

Assuming that Ramesh pays ₹ 3,00,000/-, the amount will be adjusted in August towards the following:

Sr. No.	Description	Amount
1.	Tax liabilities for supplies made during Aug-2017	2,00,000/-
2.	Interest on tax liability for Aug-2017	25,000/-
3.	Balance amount will be adjusted against tax amount for supplies made during the period Sept-2017	75,000/-
	Total	3,00,000

The taxable person has no choice, but to adjust the amount in the above manner. He cannot contend that the interest payable for the supplies made in Aug. 2017 will be paid by him later on. The amount of ₹ 25,000/- shall be adjusted against tax dues for supplies made in September-2017. The order of payment will therefore be as per the provisions made in Section 49(8) of the Act.

### **INTEREST ON DELAYED PAYMENT**

- (i) In case the person liable to pay the tax fails to pay the tax to the account of Central or State Government, the person will be required to pay interest at the specified rate not exceeding eighteen per cent (18%) for the delay in making payment. The rate of tax shall be the rate as may be notified on the recommendation of Council. Thus, both Central and State Government will issue the notification specifying the rate of interest leviable for delay in making payment. It is further provided that interest shall be computed from day succeeding the day on which such tax was due to be paid. As is evident that the taxable person is required to pay the tax by 20th of the

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subsequent month. Therefore, the interest period will commence from 2<sup>nd</sup> of the following month.

- (ii) **Interest on Excess Claim of Credit.** The Section 38 of the Act requires the recipient of supply to declare the details of inward supply in form GSTR 2. It may be possible that the recipient may declare the credit which is not available to him. The details of the credit will be matched with the return filed by the supplier under Section 39. In case there is the mis-match, the said amount will be added to the output tax liability of recipient. Subsection 50(3) provided that the taxable person making such undue or excess claim of credit will be liable for payment of interest at the rate as may be notified by the government on recommendations of the council but not exceeding twenty four percent (24%). The provision for recovery of interest is made under section 42(10).

**Payment of tax, interest, penalty and other amount.** Table below specifies the forms/registers/ledgers prescribed for this purpose.

S.No.	Form/Register/Ledger No.	Heading
1.	GST PMT-01	Electronic Liability Register of registered person (Part-I: Return related liabilities) Electronic Liability Register of taxable person (Part-II: Other than return related liabilities)
2.	GST PMT-02	Electronic Credit Ledger
3.	GST PMT-03	Order for re-credit of the amount to cash or credit ledger on rejection of refund claim
4.	GST PMT - 04	Application for intimation of discrepancy in Electronic Credit Ledger/Cash Ledger/Liability Register
5.	GST PMT-05 *	Electronic Cash Ledger
6.	GST PMT - 06	Challan For Deposit of Goods and Services Tax
7.	GST PMT - 07	Application for intimating discrepancy in making payment

TAX DEDUCTED AT SOURCE (TDS) (SECTION 19)