

PAYMENT OF TAX

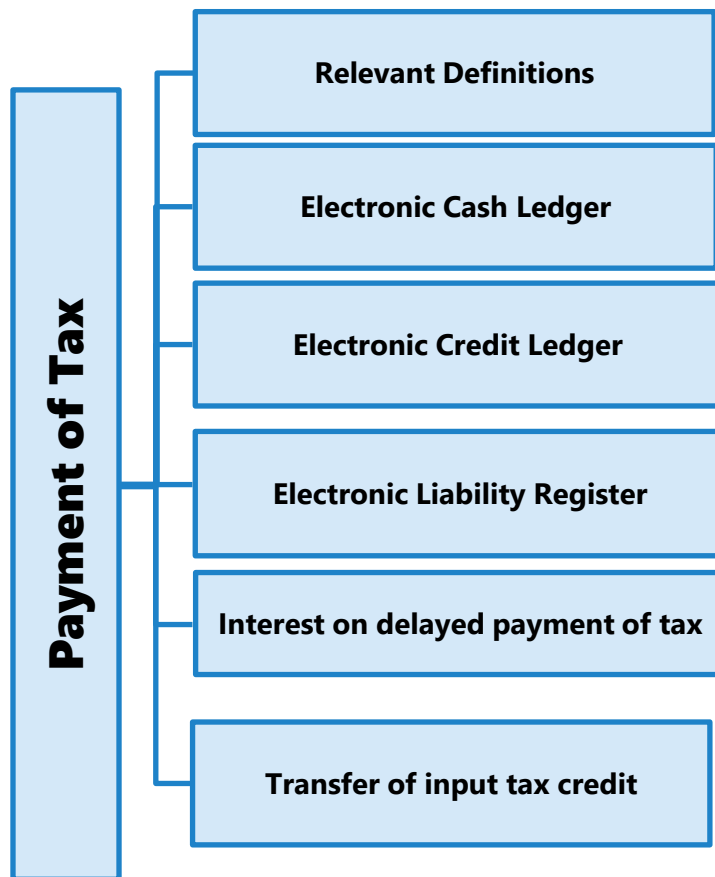


The section numbers referred to in the Chapter pertain to CGST Act, unless otherwise specified. Examples/Illustrations/Questions and Answers, as the case may be, given in the Chapter are based on the position of GST law existing as on 30.04.2023.

LEARNING OUTCOMES

After studying this Chapter, you will be able to –

- ❑ describe three kinds of ledgers/register available to a registered 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) having 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 of two types. One set is prepared and updated by the Taxpayer – Electronic Cash Ledger and Electronic Credit Ledger. Second set is prepared and updated on the basis of returns furnished by the Registered person or Tax authority i.e. Electronic 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 dashboard at all times.

Chapter X of the CGST Act, 2017, prescribes the provisions relating to payment of tax containing sections 49 to 53A. Bird's eye view of coverage under these sections is as under-

- Section 49 discusses the three ledgers namely the electronic cash ledger, electronic credit ledger and electronic liability register,
- Section 49A & 49B discusses about the utilisation of input tax credit and its order of utilisation.
- 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 and
- Transfer of certain amounts is discussed in section 53A.

¹It may be noted that sections 51 & 52 dealing with provisions relating to TDS & TCS have been discussed in detail in chapter-14 in this Module of the Study Material.

Chapter IX of CGST Rules, 2017 containing Rules 85 to 88C deals with provisions relating to payment of tax. Amongst these rules, rule 86A, 86B and 88B have already been discussed in detail in Chapter-8: Input tax credit. Rule 88C will be discussed in Chapter-15: Returns.

Provisions of payment of tax under CGST Act, 2017 have also been made applicable to IGST Act, 2017 vide section 20 of the IGST Act, 2017.

Before proceeding to understand the provisions of section 49, 49A, 49B, 50, 53, 53A & 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 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)].
- ❑ **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)].
- ❑ **Cess** shall have same meaning as assigned to it in the Goods and Service Tax (Compensation to States) Act [Section 2(22)].
- ❑ **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)].
- ❑ **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)].

- ❑ **Tax Period** means the period for which the return is required to be furnished [Section 2(106)]
- ❑ **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, 2017.

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

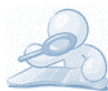
	STATUTORY PROVISIONS	
Section 49	<i>Payment of tax, interest, penalty and other amounts</i>	
Sub-Section	Clause	Particulars
(1)		<i>Every deposit made towards tax, interest, penalty, fee or any other amount by a person by internet banking or by using credit or debit cards or National Electronic Fund 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 restrictions 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)		<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>
	(a)	<i>self-assessed tax, and other dues related to returns of previous tax periods;</i>
	(b)	<i>self-assessed tax, and other dues related to the return of the current tax period;</i>
	(c)	<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>
(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,—
	(a)	integrated tax, central tax, State tax, Union territory tax or cess; or

	(b)	<i>integrated tax or central tax of a distinct person as specified in sub-section (4) or, as the case may be, sub-section (5) of section 25, in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act:</i>
		<i>Provided that, no such transfer under clause (b) shall be allowed if the said registered person has any unpaid liability in his electronic liability register.</i>
(11)		<i>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).</i>
(12)		<i>Notwithstanding anything contained in this Act, the Government may, on the recommendations of the Council, subject to such conditions and restrictions, specify such maximum proportion of output tax liability under this Act or under the IGST Act, 2017 which may be discharged through the electronic credit ledger by a registered person or a class of registered persons, as may be prescribed.</i>
<i>Explanation.—For the purposes of this section,—</i>		
	(a)	<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>
	(b)	<i>the expression,—</i>
	(i)	<i>“tax dues” means the tax payable under this Act and does not include interest, fee and penalty; and</i>
	(ii)	<i>“other dues” means interest, penalty, fee or any other amount payable under this Act or the rules made there under.</i>
Section 49A	<i>Utilisation of input tax credit subject to certain conditions</i>	
	<i>Notwithstanding anything contained in section 49, the input tax credit on account of central tax, State tax or Union territory tax</i>	

	<i>shall be utilised towards payment of integrated tax, central tax, State tax or Union territory tax, as the case may be, only after the input tax credit available on account of integrated tax has first been utilised fully towards such payment.</i>
Section 49B	<i>Order of utilisation of input tax credit</i>
	<i>Notwithstanding anything contained in this Chapter and subject to the provisions of clause (e) and clause (f) of sub section (5) of section 49, the Government may, on the recommendations of the Council, prescribe the order and manner of utilisation of the input tax credit on account of integrated tax, central tax, State tax or Union territory tax, as the case may be, towards payment of any such tax.</i>
Section 53	<i>Transfer of input tax credit</i>
	<i>On utilisation of input tax credit availed under this Act for payment of tax dues under the Integrated Goods and Services Tax Act in accordance with the provisions of sub-section (5) of section 49, as reflected in the valid return furnished under sub-section (1) of section 39, the amount collected as central tax shall stand reduced by an amount equal to such credit so utilised and the Central Government shall transfer an amount equal to the amount so reduced from the central tax account to the integrated tax account in such manner and within such time as may be prescribed.</i>
Section 53A	<i>Transfer of certain amounts</i>
	<i>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.</i>



ANALYSIS

A. ELECTRONIC CASH LEDGER [SECTION 49(1),(3),(6),(10)&(11) READ WITH RULE 87 OF CGST RULES]

The Electronic Cash Ledger contains a summary of all the deposits/payments made by a tax payer. Electronic Cash Ledger is maintained on the GST Common Portal.

Any deposit made towards payment of tax, interest, penalty, late fee or any other amount will be credited to the electronic cash ledger. Any debit to the electronic cash ledger represents payment therefrom towards tax, interest, penalty, late fee or any other amount.

The deposit in the electronic cash ledger shall be made through any of the following modes, namely:-

- (i) Internet Banking through authorised banks;
- (ii) Unified Payment Interface (UPI) from any bank;**
- (iii) Immediate Payment Services (IMPS) from any bank;**
- (iv) Credit card or Debit card through the authorised bank;
- (v) National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) from any bank; or
- (vi) Over the Counter payment through authorized banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft:

It may be noted that the restriction for deposit up to ten thousand rupees per challan in case of an Over the Counter payment will 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 Commissioner 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 authorised for the amounts collected by way of cash, cheque or demand draft during any investigation or enforcement activity or any ad hoc deposit.

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/enforceme
nt activity /any ad hoc
deposit

Persons notified by
Commissioner

Payment by Challan

❑ What is 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/**IMPS** Transactions, RBI will act as E-FPB.

❑ **Are manual Challans applicable as allowed under the erstwhile indirect tax regimes?**

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

- ❑ Any person, or a person on his behalf, can generate a challan in prescribed form [Form 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.

- ❑ 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.

**Validity of
challan-15 days**

- ❑ The mandate form obtained after making NEFT/RTGS/**IMPS** 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.
- ❑ 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 been 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 i.e. FORM GST PMT-07 through the common portal or e-gateway through which the payment has been made.

- ❑ ***Where the bank fails to communicate details of Challan Identification Number to the common portal, the Electronic Cash Ledger may be updated on the basis of e-Scroll of the RBI in cases where the details of the said e-Scroll are in conformity with the details in challan generated in Form GST PMT-06 on the common portal.***
- ❑ Date of credit into the treasury of the State Government/Central Government is deemed to be the date of debit in the electronic cash ledger and not the actual date of deposit of amount in the electronic cash ledger of the taxable person.
- ❑ Any amount deducted under section 51 [TDS] or collected under section 52 [TCS] and claimed by the registered taxable person from whom the said amount was deducted or collected shall be credited to his electronic cash ledger.
- ❑ 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
- ❑ An unregistered person has to make payment through electronic cash ledger on the basis of temporary identification number generated through common portal.

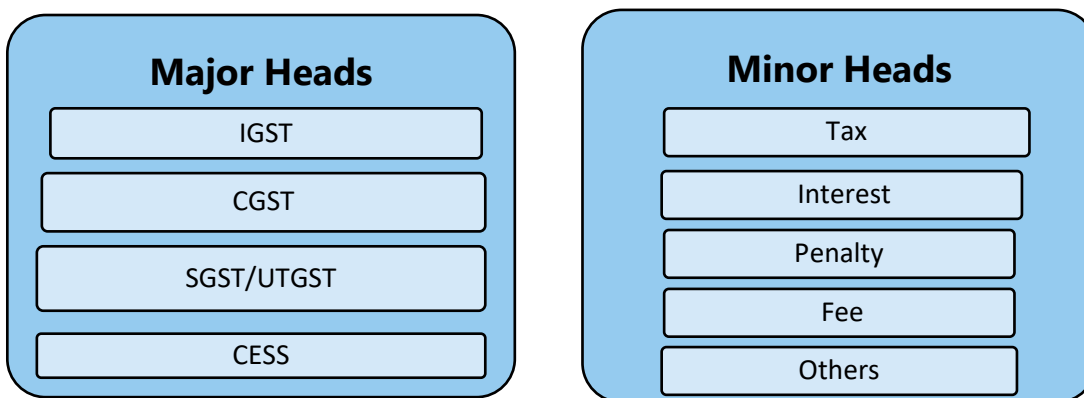
Manner of utilization of amount reflected in Electronic Cash Ledger

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 e-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.



Transfer of amount reflected in Electronic Cash Ledger

Sub-sections (10) and (11) of section 49 of the CGST Act, 2017 facilitates a **registered person to transfer an amount from one (major/minor) head to another (major/minor) head in the electronic cash ledger or to transfer any amount available in the electronic cash ledger, to the electronic cash ledger for IGST/CGST of a distinct person, provided there is no unpaid liability in his electronic liability register.**

The amount available in the electronic cash ledger can be utilised for payment of any liability for the major and minor heads. For instance, if the registered person has made a deposit of tax erroneously i.e. by virtue of human error, under a particular head instead of a specific head, the same can be transferred to the respective intended head vide Form GST PMT-09.

Further, 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 to the electronic cash ledger for central tax or integrated tax of a distinct person as specified in sub-section (4) or, as the case may be, sub-section (5) of section 25, in Form GST PMT-09.

However, no such transfer shall be allowed if the said registered person has any unpaid liability in his electronic liability register.

This Form can be used either for -

- (i) transfer of erroneous deposits under any minor head of a major head to any other minor head of same or other major heads or
- (ii) transfer of any of the amounts already lying unutilised under any of the minor heads in Electronic Cash ledger or
- (iii) ***transfer of any amount lying in the electronic cash ledger to the electronic cash ledger for CGST/IGST of a distinct person***

For instance, a registered person has deposited a sum of ₹ 1,000 under the head of "Interest" column of CGST & ₹ 1,000 under the head of "Interest" column of SGST, instead of the head "Fee". Such amount can be transferred using Form GST PMT-09 for making a transfer to the head "Fee". The said transfer is required using the above Form PMT 09, because when the registered person has to make the remittance of Tax/Interest/Penalty/Fee/Other amount at a stage "Offset Liabilities" in any of the GST Returns/ Forms for Tax payments through Electronic Cash Ledger, adequate amount should be available under the respective head of account.

Section 53A of the CGST Act and section 17A of the IGST Act provides for transfer of amount between Centre and States in accordance with 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.

ILLUSTRATION 1

M/s. Daksha Enterprises has made a cash deposit of ₹ 10,000 under minor head 'tax' of major head 'SGST'. It has a liability of ₹ 2,000 for minor head "Interest" under the major head "SGST".

State whether M/s. Daksha Enterprises can utilise the amount available for payment of interest.

ANSWER

The registered person is allowed to transfer the amount available under any minor head of a major head to any of the minor head of the same or other major head as per Section 49(10) of the CGST Act vide Form PMT-09.

Therefore, in the given case, amount of ₹ 10,000 available under minor head 'tax' of major head 'SGST' can be utilised for payment of liability of ₹ 2,000 under minor head 'interest' of the same major head, after making a due transfer entry using Form GST PMT-09 from the minor head of 'tax' to 'interest'.

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

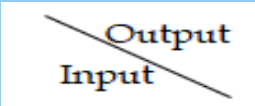
Sub-section (2) of section 49 of the CGST Act provides that the self-assessed **input tax credit (ITC)** by a registered person shall be credited to his Electronic Credit Ledger.

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" [as defined in Section 2(18)] 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.

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

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

	IGST	CGST	SGST/UTGST
IGST	(1)	(2) [refer1(i)]	(2) [refer1(i)]
CGST	(2) [refer 2 & 3(i)]	(1) [refer 2 & 3]	Not allowed
SGST/ UTGST	(2) [refer 2 & 4(i)]	Not allowed	(1) [refer 2 & 4]

²The detailed provisions have already been discussed in Chapter-8: "Input tax credit".

1. Available IGST credit in the credit ledger should first be utilized towards payment of IGST.
 - (i) 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.
2. Entire ITC of IGST is to be fully utilised first before the ITC of CGST or SGST/UTGST can be utilized.
3. Available CGST Credit in the credit ledger shall first be utilized for payment of CGST.
 - (i) Remaining amount if any, will be utilized for payment of IGST
4. Available SGST /UTGST credit in the credit ledger shall first be utilized for payment of SGST/UTGST.
 - (i) 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.**

Conditions of use of amount available in electronic credit ledger [Rule 86A]

In case the Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, has **reasons to believe** that ITC available in the electronic credit ledger has been fraudulently availed or is ineligible, he may, after recording reasons in writing, prohibit use of ITC for discharge of any liability under section 49 or for claim of any refund of any unutilised amount. *[Such provisions have already been discussed in detail in Chapter 8: Input Tax Credit.]*

Restrictions on use of amount available in electronic credit ledger [Rule 86B]

Rule 86B restricts the amount available in electronic credit ledger which a registered person can use to discharge his output tax liability to 99% of such tax liability in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds ₹ 50 lakh. *[Such provisions have already been discussed in detail in Chapter 8: Input Tax Credit.]*

Other Aspects of Electronic Credit Ledger

- ❑ In case any discrepancy is noticed in the electronic credit ledger, the registered person shall communicate the same to the officer exercising jurisdiction in the matter, through the common portal in prescribed form.
- ❑ No entry shall be made directly in the electronic credit ledger under any circumstance except as provided in the provisions.

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.
- ❑ A unique identification number shall be generated at the common portal for each debit or credit to the electronic cash or credit ledger.
- ❑ Similarly, the unique identification number relating to discharge of any liability shall be indicated in the corresponding entry in the electronic liability register.

CBIC has provided clarifications³ regarding utilization of the amounts available in the electronic credit ledger and the electronic cash ledger for payment of tax and other liabilities:-

Issue 1:

Whether the amount available in the electronic credit ledger can be used for making payment of any tax under the GST Laws?

Clarification:

In terms of section 49(4), the amount available in the electronic credit ledger may be used for making any payment towards output tax under the CGST Act or the IGST Act, subject to the provisions relating to the order of utilisation of ITC as laid down in section 49B read with rule 88A.

Rule 86(2) provides for debiting of the electronic credit ledger to the extent of discharge of any liability in accordance with the provisions of section

³ vide Circular No. 172/04/2022 GST dated 06.07.2022

49/49A/49B.

Further, output tax in relation to a taxable person (i.e. a person who is registered or liable to be registered under section 22 or section 24) is defined in section 2(82) as the tax chargeable on taxable supply of goods or services or both but excludes tax payable on reverse charge mechanism.

Accordingly, it is clarified that any payment towards output tax, whether self-assessed in the return or payable as a consequence of any proceeding instituted under the provisions of GST laws, can be made by utilization of the amount available in the electronic credit ledger of a registered person.

It is further reiterated that as output tax does not include tax payable under reverse charge mechanism, implying thereby that the electronic credit ledger cannot be used for making payment of any tax which is payable under reverse charge mechanism.

Issue 2:

Whether the amount available in the electronic credit ledger can be used for making payment of any liability other than tax under the GST laws?

Clarification:

As per section 49(4), the electronic credit ledger can be used for making payment of output tax only under the CGST Act or the IGST Act. It cannot be used for making payment of any interest, penalty, fees or any other amount payable under the said Acts. Similarly, electronic credit ledger cannot be used for payment of erroneous refund sanctioned to the taxpayer, where such refund was sanctioned in cash.

Issue 3:

Whether the amount available in the electronic cash ledger can be used for making payment of any liability under the GST laws?

Clarification:

As per section 49(3), 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 the GST laws.

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

Sub-section (7) of section 49 enumerates about the third kind of ledger [Auto updated on common portal] 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 recorded & maintained in a separate register named 'Electronic Liability Register'.

❑ 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:

Electronic Liability Register will reflect the total tax liability of a taxpayer for a particular tax period.

- ✓ self -assessed tax and other dues for the **previous tax periods** have to be discharged first.
- ✓ self-assessed tax and other dues for the **current tax 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 74⁴** 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 there under.

❑ Presumption that incidence of tax is passed on

Sub-section (9) of Section 49 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, 2017, then the taxable person is deemed to have passed on the incidence of such payment of CGST to the recipient.

⁴ The provisions relating to section 73 and section 74 will be discussed in detail at Final level.

❑ **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 a proper officer or as ascertained by the said person;
- 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 or section 49A or section 49B.	Payment of all the liabilities of a registered person as per his return subject to section 49 or section 49A or section 49B.
	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 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	<i>Interest on delayed payment of tax</i>
Sub-section	<i>Particulars</i>
(1)	<p><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 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></p> <p><i>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 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</i></p>
(2)	<p><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></p>

(3)

Where the input tax credit has been wrongly availed and utilised, the registered person shall pay interest on such input tax credit wrongly availed and utilised, at such rate not exceeding 24% as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed.



ANALYSIS

To promote greater discipline amongst taxpayer and timeliness in payment of tax, the tax dues which are not paid within the stipulated time are made liable to interest payment. This mechanism is automatic in nature by virtue of the provisions laid under any tax laws. Interest liability is imposed on taxpayer who has withheld the payment of any tax as and when it is due and payable. Basically, it is compensatory in character and totally different from penalty which is penal in character.

On similar lines, section 50 of the CGST Act, 2017 provides for applicability of interest for default in payment of taxes within the stipulated time. Under GST law, a registered person, can make the payment of tax through electronic credit ledger or electronic cash ledger in terms of section 49 of CGST Act, 2017. Usually, the balance in electronic credit ledger is exhausted first (subject to provisions of rule 86B) before utilizing the balance available in the electronic cash ledger. This practice is adopted for a better working capital management.

In case a registered person does not have sufficient amount available in electronic credit ledger to pay the tax dues for a particular tax period and also if the registered person does not have sufficient money for making deposit of balance tax amount in electronic cash ledger then in such a situation, GST common portal doesn't have a mechanism to allow a registered person to make part payment of taxes.

If the law maker demands tax dues along with interest on the gross payments i.e. tax paid through electronic cash ledger and credit ledger both, it may be an unhealthy practice from business perspective. To counter such recovery mechanism, the proviso under Section 50 provides that when a registered person

has paid his taxes through a return specified under Section 39 of CGST Act, 2017 belatedly, interest shall be applicable only on the net taxes paid through electronic cash ledger and not on the gross taxes paid for such tax period.

As per the said proviso, the interest, in cases where the tax return has been furnished after the due date (but furnished before commencement of proceedings under Section 73 or Section 74), shall be levied on that portion of the output tax which is being paid by debiting the electronic cash ledger. This means that the interest liability shall not arise on that portion of the output tax liability which is paid using the ITC available in the electronic credit ledger.

Accordingly, interest if any payable by the registered person for delay in remittance of taxes beyond the stipulated due date on account of delay in filing of return under section 39, shall be demanded only on the net cash liability of taxes and not on the gross tax liability.

❑ When interest is payable?

Interest is payable in case of delay in payment of tax, in full or in part within the prescribed period.

❑ 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** 18% in case of belated payment of tax i.e. on failure to pay tax (or part of tax) to the Government's account and in case of wrongful availment and utilization of input tax credit⁵.

❑ Computation of period for calculation of interest

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

❑ Manner of calculating interest on delayed payment of tax [Rule 88B]

In case, where the supplies made during a tax period are declared by the registered person in the return for the said period and the said return is furnished after the due date in accordance with provisions of section 39, except where such return is furnished after commencement of any

⁵ Notification No. 13/2017 CT dated 28.06.2017 has notified the rate of interest as 18% per annum

proceedings under section 73 or section 74 in respect of the said period, the interest on tax payable in respect of such supplies shall be calculated on the portion of tax which is paid by debiting the electronic cash ledger, for the period of delay in filing the said return beyond the due date, at such rate as may be notified under section 50(1).

In all other cases, where interest is payable under section 50(1), the interest shall be calculated on the amount of tax which remains unpaid, for the period starting from the date on which such tax was due to be paid till the date such tax is paid at the rate specified under section 50(1).

Where interest is payable on the amount of ITC wrongly availed and utilised in accordance with section 50(3), the interest shall be calculated on the amount of input tax credit wrongly availed and utilised, for the period starting from the date of utilisation of such wrongly availed input tax credit till the date of reversal of such credit or payment of tax in respect of such amount at the rate specified under section 50(3).

The explanation to the rule lays down that-

- (i) input tax credit wrongly availed shall be construed to have been utilised, when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, and the extent of such utilisation of input tax credit shall be the amount by which the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed.***
- (ii) the date of utilisation of such input tax credit shall be taken to be-***
 - (a) the date, on which the return is due to be furnished under section 39 or the actual date of filing of the said return, whichever is earlier, if the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, on account of payment of tax through the said return; or***
 - (b) the date of debit in the electronic credit ledger when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, in all other cases.***

❑ 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.**

ILLUSTRATION 2

Mr. Alok, a registered supplier of taxable goods, filed GSTR 3B for the month of January, 2023 on 15th April, 2023. The prescribed due date to file the said GSTR 3B was 20th February, 2023. The amount of net GST payable, in Cash i.e. Electronic Cash Ledger on supplies made by him for the said month worked out to be ₹36,500 which was paid on 15th April, 2023. Briefly explain the related provisions and compute the amount of interest payable under the CGST Act, 2017 by Mr. Alok. Ignore the effect of leap year, if applicable in this case.

ANSWER

Interest is payable in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

Thus, the amount of interest payable by Mr. Alok is as under:-

Period of delay = 21st February, 2023 to 15th April, 2023 = 54 days

Hence, amount of interest = ₹ 36,500 × 18% × 54/365 = ₹ 972

ILLUSTRATION 3

ABC Ltd., have filed their GSTR3B for the month of July, 2022 within the due date prescribed under Section 39 i.e. 20.08.2022. Post filing of the return, the registered person has noticed during September 2022 that tax dues of ₹ 40,000 for the month of July, 2022 have not been paid. ABC Ltd., has paid the above amount of ₹40,000, through GSTR-3B of September 2022, filed on 20.10.2022 [payment through

Cash ledger - ₹ 30,000 and Credit ledger ₹ 10,000]. Examine the Interest payable under the CGST Act, 2017.

What would be your answer if, GSTR-3B for the month of July 2022 has been filed belatedly on 20.10.2022 and the self-assessed tax of ₹ 40,000/- has been paid on 20.10.2022 [payment through electronic cash ledger - ₹ 30,000 and electronic credit ledger ₹ 10,000]

Notes:

- *No other supply has been made nor tax payable for the month of July, 2022 other than ₹ 40,000/- missed out to be paid on forward charge basis*
- *Ignore the effect of leap year, if applicable in this case.*

ANSWER

Interest is payable under Section 50 of the CGST Act, 2017 in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

As per proviso to sub-section (1) of Section 50, interest is payable on the net tax liability paid in cash, only if the return to be filed for a tax period under Section 39, has been filed after the due date to furnish such return.

In the above scenario, ABC Ltd., has defaulted in making the payment for ₹ 40,000 on self-assessment basis in the return for the month of July, 2022. Accordingly, interest is payable on the gross liability and proviso of sub-section 50(1) shall not be applicable.

Thus, the amount of interest payable by ABC Ltd., is as under:-

Period of delay = 21st August, 2022 to 20th October, 2022 = 61 days

Hence, amount of interest = ₹ 40,000 x 18% x 61/365 = ₹ 1,203

Alternatively, if ABC Ltd., have filed the return for the month of July, 2022 on 20.10.2022, beyond the stipulated due date of 20.08.2022 and if the self-assessed tax for July, 2022 has been paid on 20.10.2022, Interest under proviso to Section 50(1) shall be payable on the tax paid through Electronic Cash Ledger only.

Hence Interest is payable from 21st August 2022 till 20th October 2022 = 61 days

Amount of Interest = ₹ 30,000 x 18% x 61/365 = ₹ 902



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.

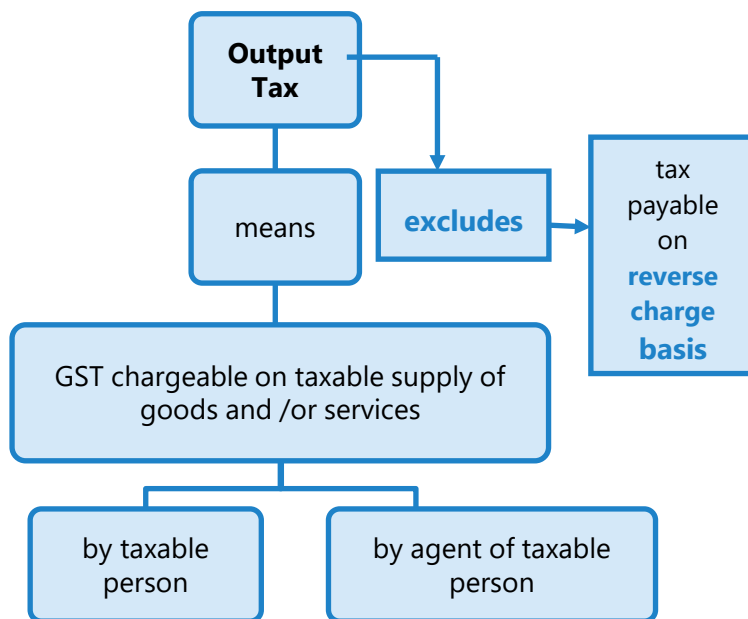
However, if the amount of IGST is utilised towards dues of SGST then, in terms of section 18 of the IGST Act, there shall be reduction in the amount of IGST, equal to the credit so utilized, and will be apportioned to the 'appropriate State' Government and the Central Government shall transfer the amount so apportioned to the account of the respective State Government. Here, "appropriate State" in relation to a taxable person, means the State or Union territory where taxable person is registered or is liable to be registered under the provisions of the Central Goods and Services Tax Act.

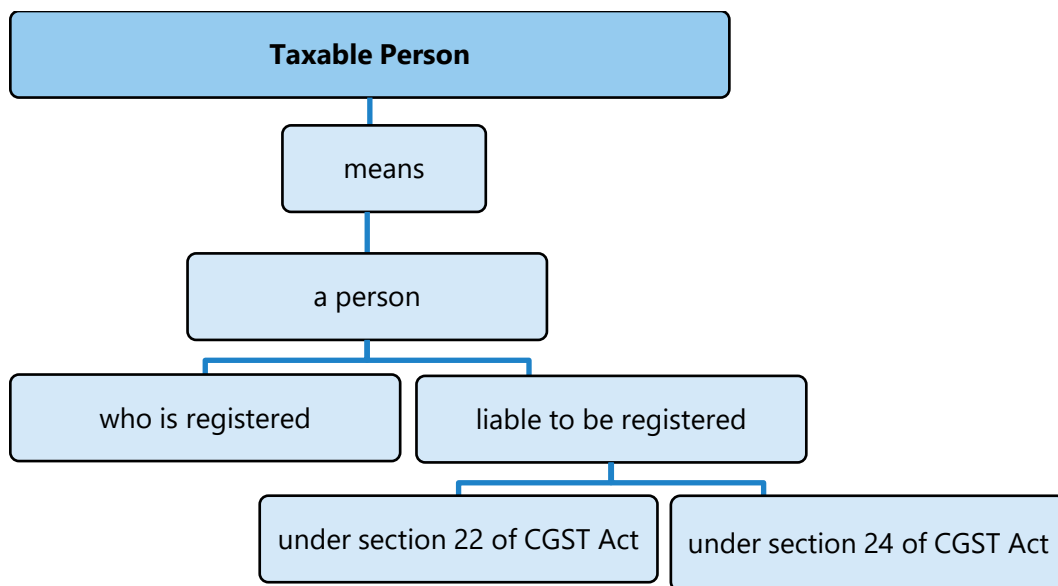


LET US RECAPITULATE

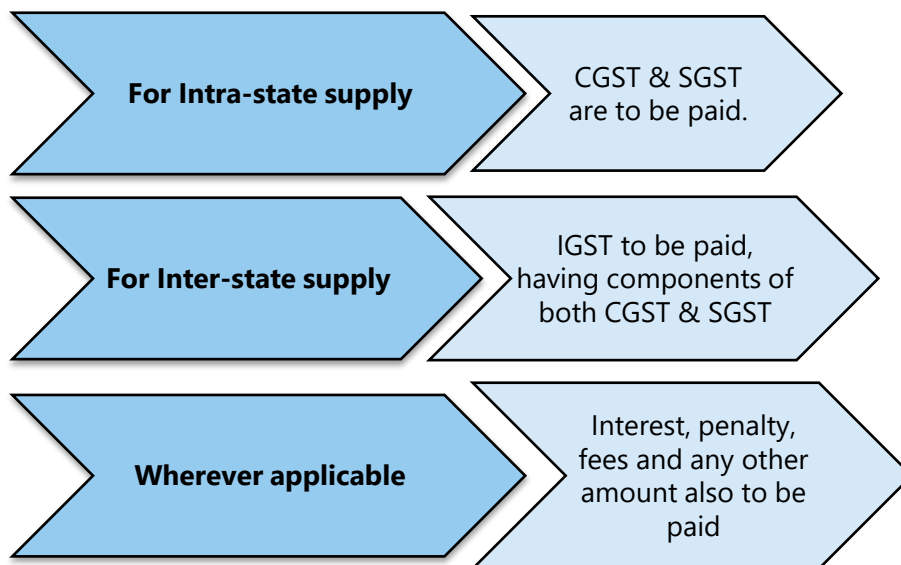
The provisions relating to payment of tax, interest and other amounts have been summarised by way of table and diagrams to help students remember and retain the provisions in a better and effective manner:-

Definitions of certain key terms





Payments to be made in GST regime



Key Features of Payment process

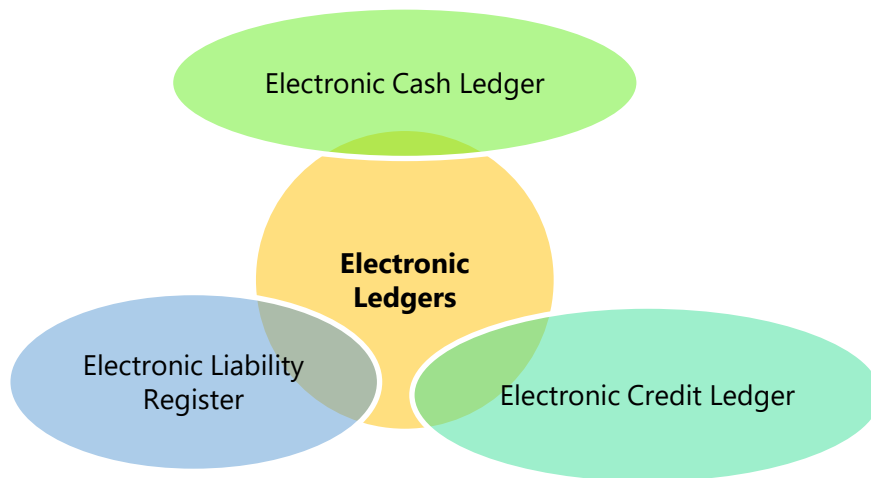
- ❑ Electronically generated challan from GSTN common portal in all modes of payment and no use of manually prepared challan;
- ❑ Facilitation for the tax payer by providing hassle free, anytime, anywhere mode of payment of tax;

- ❑ Convenience of making payment online;
- ❑ Real time data for tax collection 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?

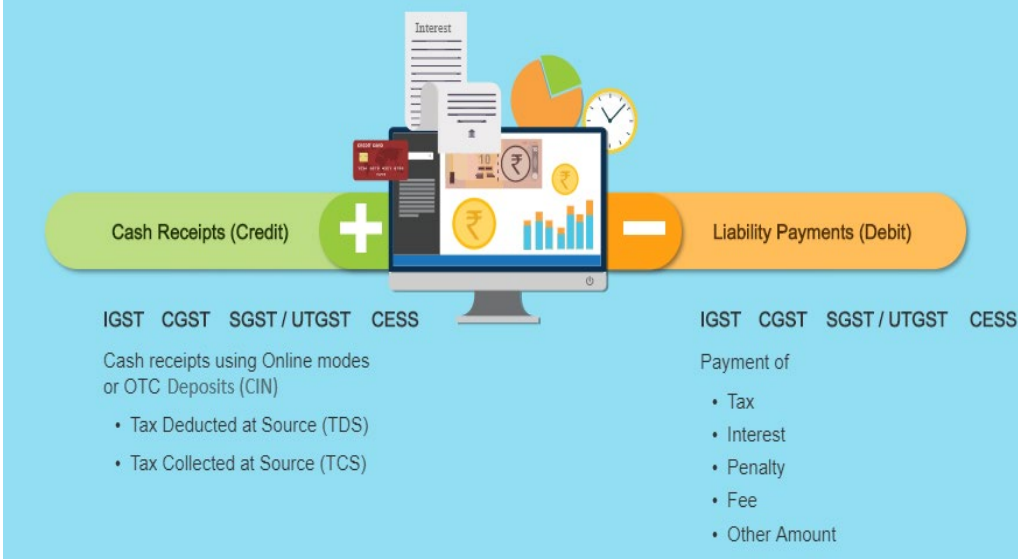
Electronic ledgers or E-Ledgers are statements of cash and input tax credit in respect of each registered taxpayer. In addition, each taxpayer shall also have an electronic liability register.

Types of Electronic ledgers/register

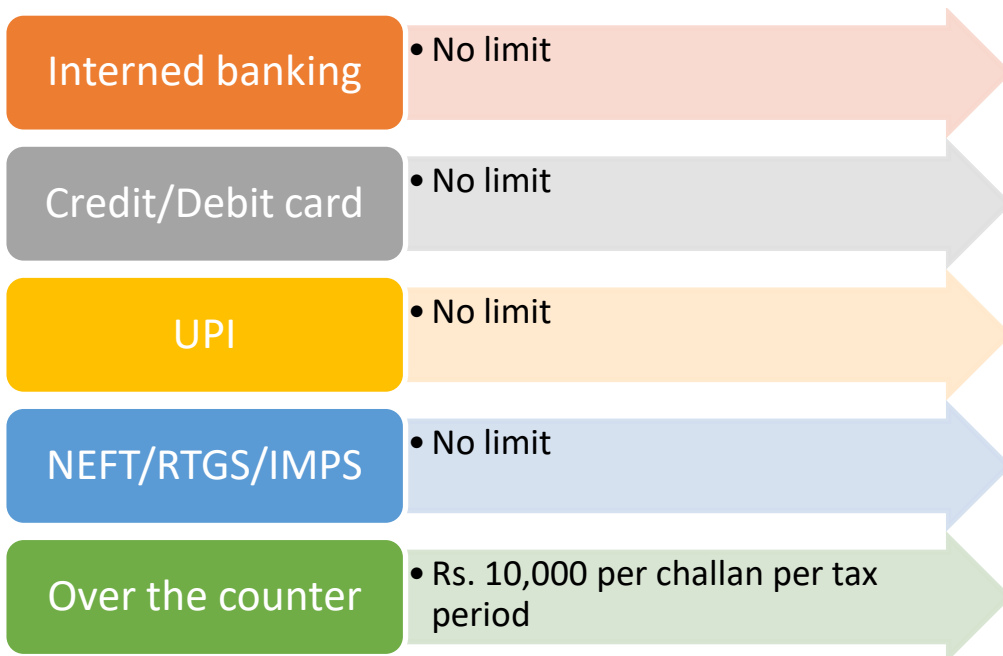


A. Electronic Cash Ledger

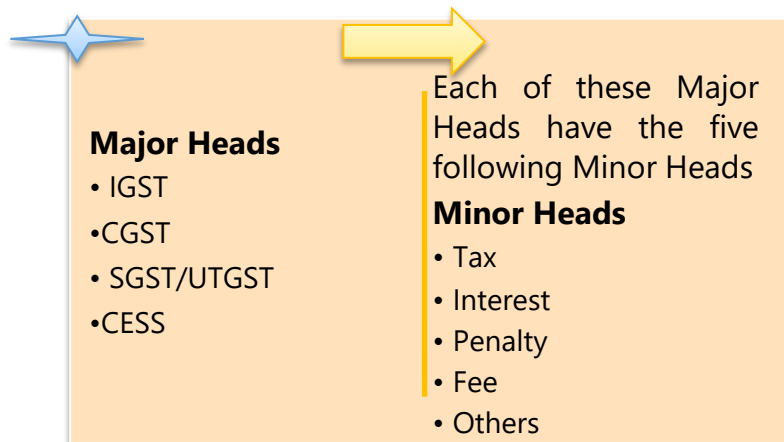
Electronic Cash Ledger is an account where records of deposits or receipts and its utilization towards liabilities are maintained.



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 by Debit of Electronic Cash Ledger/Electronic credit ledger	✓

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 order</u>
ITC of IGST to be completely exhausted first, mandatorily		

CGST	CGST	IGST
ITC of CGST has been utilized fully before utilizing SGST for payment of IGST		
SGST/UTGST	SGST/UTGST	IGST

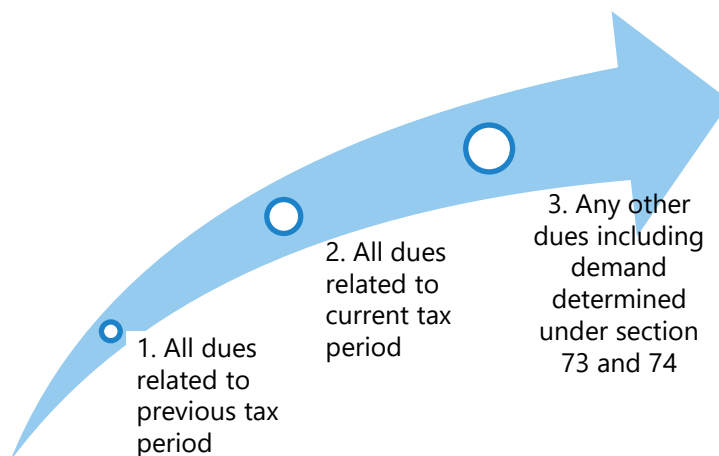


The CGST credit cannot be utilized for payment of SGST/UTGST.

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

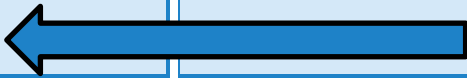
- Electronic Liability Register will reflect the total tax liability of a taxpayer (after netting) for the particular month.

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 can be claimed as refund by taxable person 	<ul style="list-style-type: none"> • Any deposit made towards tax, interest, penalty, late fee etc. via internet banking, RTGS, IMPS, fund transfer etc. • TDS/TCS claimed


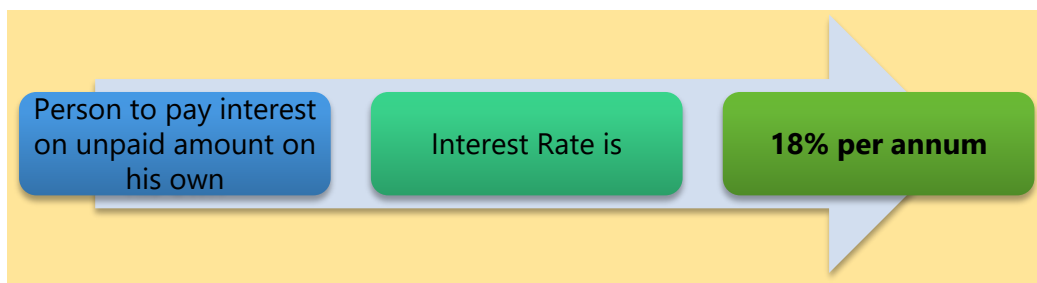


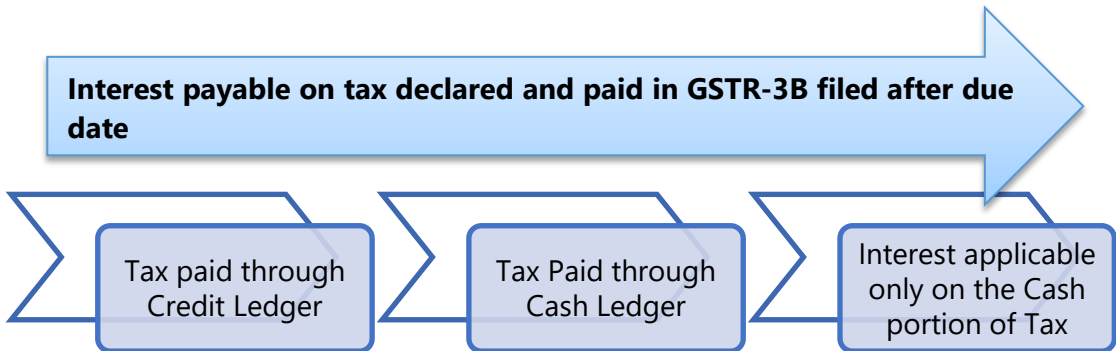
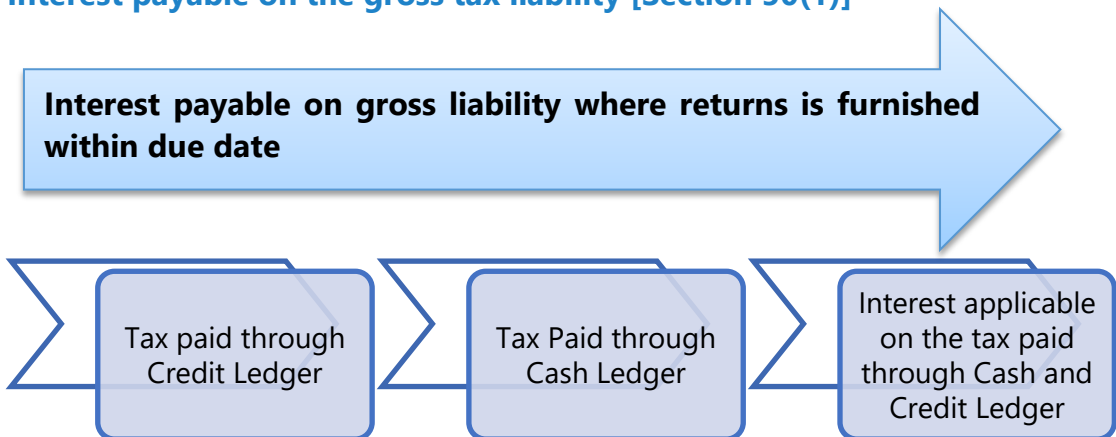
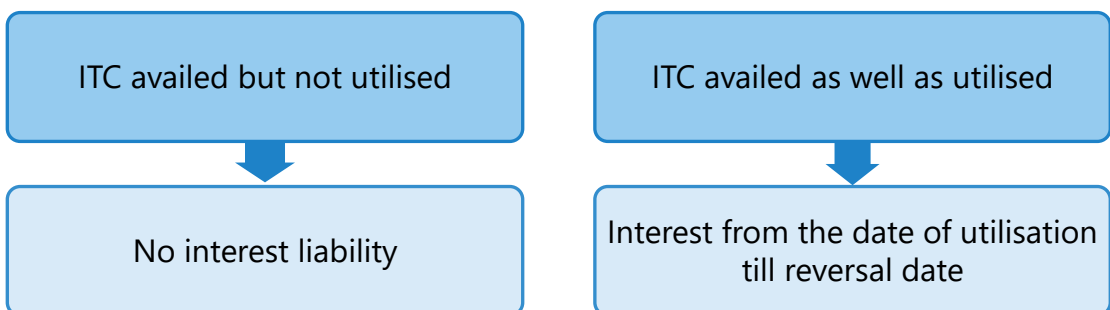
B. Electronic Credit ledger

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, CESS 	<ul style="list-style-type: none"> Input Tax credit as self-assessed in the return in the form of IGST, CGST, SGST, UTGST, CESS

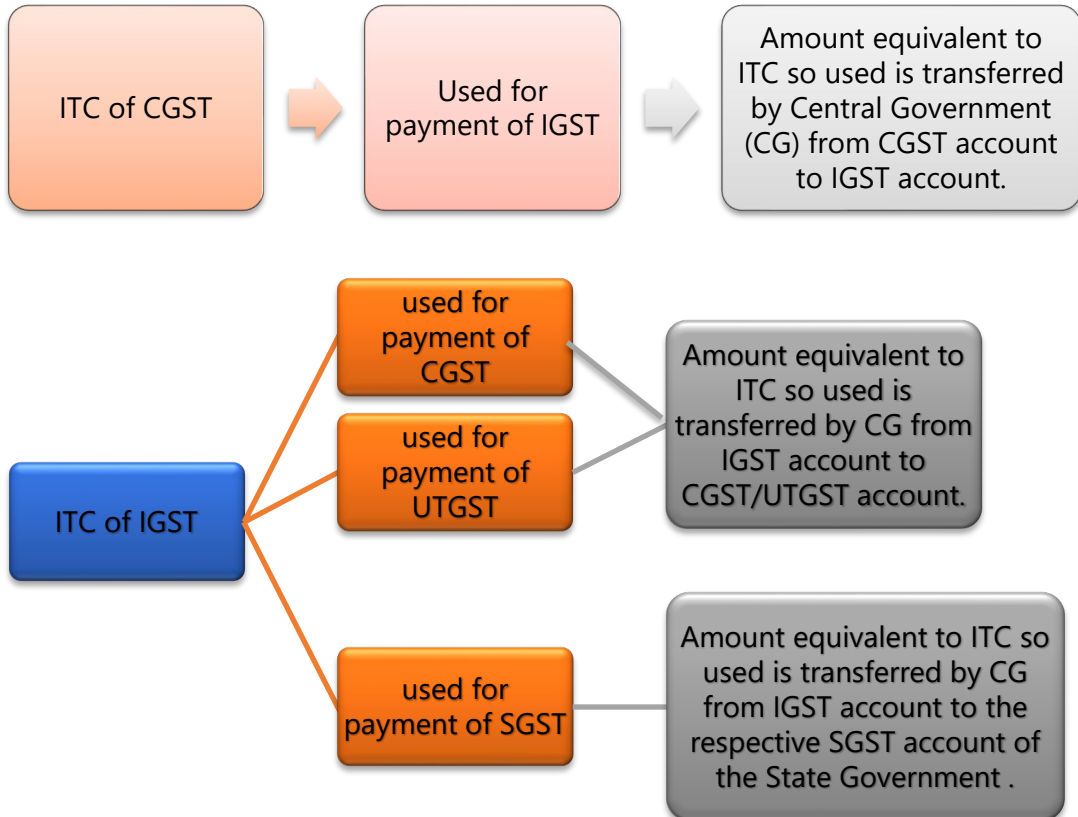

C. Electronic Liability Register

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


Interest on delayed payment of tax [Section 50]

Interest payable on the net cash liability of taxes [Section 50(1)]**Interest payable on the gross tax liability [Section 50(1)]****Interest payable due to wrongful availment and utilisation of ITC [Section 50(3)]**

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



**TEST YOUR KNOWLEDGE**

1. *How many types of electronic ledger/register are being maintained on GST common portal?*
2. *What are the main features of GST payment process?*
3. *Are principles of unjust enrichment applicable for payment of tax made under GST?*
4. *State the name of output tax under GST, where any of the input tax credit under GST can be utilized?*
5. *Mr. A has deposited a sum of ₹ 30,000 under minor head of "Interest" column for the major head "IGST". At the time of filing GSTR-3B for a particular tax period, he noticed that there is no sufficient amount under the minor head 'Tax' towards payment of ₹ 30,000. When approached with the consultant, Mr. A was guided to deposit the tax amount under proper head of account and claim a refund for the remittance of amount deposited under head "interest". Examine the relevant provisions of CGST Act, 2017 towards payment of tax and compliance with the law.*
6. *M/s ABC & Co., have defaulted in filing the return under Section 39 of CGST Act, 2017 i.e. GSTR-3B for the month of March within the specified due date. Reason for such delay is attributable to delay in closure of books for March, which have been finalised during May. The GST Common portal prompted for payment of late fees payable under Section 47 of CGST Act, 2017 for a sum of ₹ 2,000 under CGST and SGST each. Accountant, of M/s ABC & Co., sought your confirmation for payment of such late fees through the balance available in Electronic Credit Ledger Give your guidance in this regard*
7. *Sahil is a supplier of taxable goods in Karnataka. He got registered under GST in the month of September and wishes to pay his IGST liability for the month. Since he is making the GST payment for the first time, he is of the view that he needs to mandatorily have the online banking facility to make payment of GST; offline payment is not permitted under GST. You are required to apprise Sahil regarding the various modes of deposit in the electronic cash ledger. Further, advise him with regard to following issues:*

- (a) Are manual challans allowed under GST?
 - (b) What is the validity period of the challan?
 - (c) Is cross utilization among Major and Minor heads of the electronic cash ledger permitted?
8. *Suhasini is a registered software consultant. On account of her ill health, she could not provide any services during the month of October. However, she had to incur all the expenses relating to her office. She paid ₹ 75,000 to various vendors. The total input tax involved on the goods and services procured by her is ₹ 13,500. Out of the total bills paid by her, one bill for ₹ 15,000 relates to security services availed for security of her office, tax on which is payable under reverse charge. Input tax involved in such bill is ₹ 2,700.*

Suhasini is of the opinion that for the month of October, no GST is payable from electronic cash ledger as she has sufficient balance of ITC for payment of GST under reverse charge on security services.

Do you think Suhasini is right? Explain with reasons assuming provisions of rule 86B are not applicable.



ANSWERS/HINTS

1.
 - (a) Electronic cash ledger
 - (b) Electronic credit ledger
 - (c) Electronic liability register
2. The main features of GST payment process are as follows:-
 - (a) Electronically generated challan from GSTN common portal in all modes of payment and no use of manually prepared challan;
 - (b) Facilitation for the tax payer by providing hassle free, anytime, anywhere mode of payment of tax;
 - (c) Convenience of making payment online;
 - (d) Realtime data for tax collection in electronic format;
 - (e) Faster remittance of tax revenue to the Government Account;

- (f) Paperless transactions;
 - (g) Speedy Accounting and reporting;
 - (h) Electronic reconciliation of all receipts;
 - (i) Simplified procedure for banks;
 - (j) Warehousing of Digital Challan.
- 3.** 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.
- 4.** IGST. IGST, CGST, SGST, UTGST i.e. all input tax credit can be utilized against output tax liability known as IGST. However, it has to be utilized in prescribed manner.
- 5.** Provisions of Section 49(10) of CGST Act, 2017 permit a registered person for transferring the amount deposited under any of the minor head i.e. tax, interest, penalty, fees or others to any of the heads under IGST/CGST/SGST/UTGS and make the payment of taxes there upon. Accordingly, Mr. A need not deposit the tax amount under head "tax" and claim a refund for the remittance of amount deposited under head "interest". Rather, using the Form GST PMT 09, such amount can be transferred suo-moto on the common portal from "interest" to "tax" head and tax liability be paid accordingly.
- 6.** Section 49(3) of the CGST Act, 2017 provides that 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 prescribed manner.

Further, section 49(4) provides that 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 prescribed manner.

Accordingly, as per the combined reading of the above provisions, late fees shall be paid only through electronic cash ledger and not possible through electronic credit ledger. Thus, contention of the accountant of M/s ABC & Co.,

is not correct and the above amount shown on the common portal has to be deposited in Electronic Cash Ledger under appropriate minor head, through any of the specified modes.

7. As per the provisions of CGST Act, 2017 read with relevant rules, the deposit in electronic cash ledger can be made through any of the following modes, namely:-

(i) Internet Banking through authorised banks;

(ii) Unified Payment Interface (UPI) from any bank;

(iii) Immediate Payment Services (IMPS) from any bank;

(iv) Credit card or Debit card through the authorised bank;

(v) National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or

(vi) 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.

(a) Manual or physical challans are not allowed under the GST regime. It is mandatory to generate challans online on the GST Portal.

(b) Challan is valid for a period of 15 days from the date of generation of challan.

(c) 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 the CGST Act, 2017 to the electronic cash ledger for integrated tax, central tax, State tax or Union territory tax or cess.

8. The amount available in the electronic credit ledger, i.e. ITC may be used for making any payment towards output tax. Output tax in relation to a taxable person, means the tax chargeable 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.

Therefore, ITC cannot be used to pay the tax liability under reverse charge. The same is always required to be paid through electronic cash ledger and not electronic credit ledger. Thus, Suhasini is wrong and she will need to pay the GST of ₹ 2,700 on security service through electronic cash ledger.

RAPID FIRE QUIZ



1

•The deposit towards payment of interest and penalty will be credited to which ledger?

2

•Whether deposit in the electronic cash through IMPS from bank is valid?

3

•Is it correct that there is no monetary limit for deposit in electronic cash ledger by over the counter payment through authorised banks?

4

•For how much period CPIN remains valid?

5

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

6

•What is the condition for transfer of any amount available in the electronic cash ledger, to the electronic cash ledger for IGST of a distinct person?

7

•What is the use of balance available in electronic credit ledger?

8

•Is Mr. X permitted to use UTGST credit for payment of CGST?

9

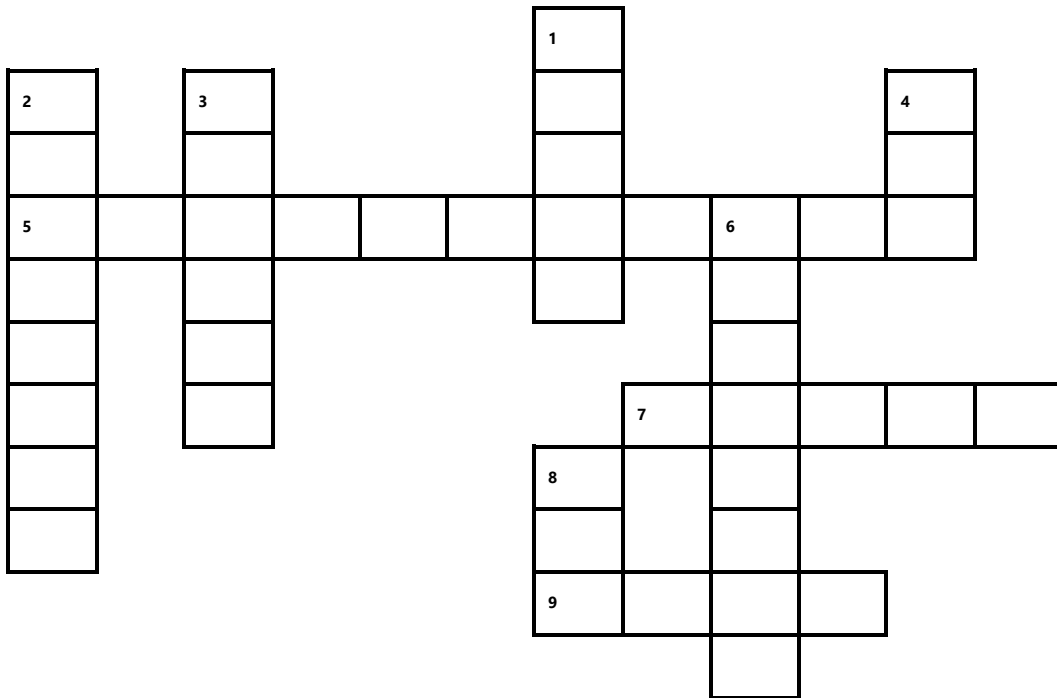
•Penalty of previous tax period has to be discharged first or last?

10

•In which order credit of IGST be utilised for payment of CGST & SGST?



CROSSWORD PUZZLE



ACROSS

5. Input tax does not include the tax paid under the---- levy.
7. The ITC wrongly availed shall be construed to have been utilised, when the balance in the electronic credit ledger is ----- the amount of ITC wrongly availed.
9. Entire ITC of -----is to be fully utilised first before utilising any other credit. (Acronym)

DOWNWARDS

1. ----- return means a return furnished under section 39(1) of CGST Act on which self-assessed tax has been paid in full.
2. Output tax -----tax payable by taxable person on reverse charge basis.

3. The liability arising out of----- notice comes last.
4. -----is the transaction number given by the bank for a payment against a Challan. (Acronym)
6. The liability for -----can not be settled by adjustment with balance in Electronic credit Ledger.
8. The deposit in the electronic cash ledger can be made through -----from any bank. (Acronym)

Scan the following QR code for accessing the answers to Rapid Fire Quiz and Cross word puzzle of this chapter.



Scan the code