

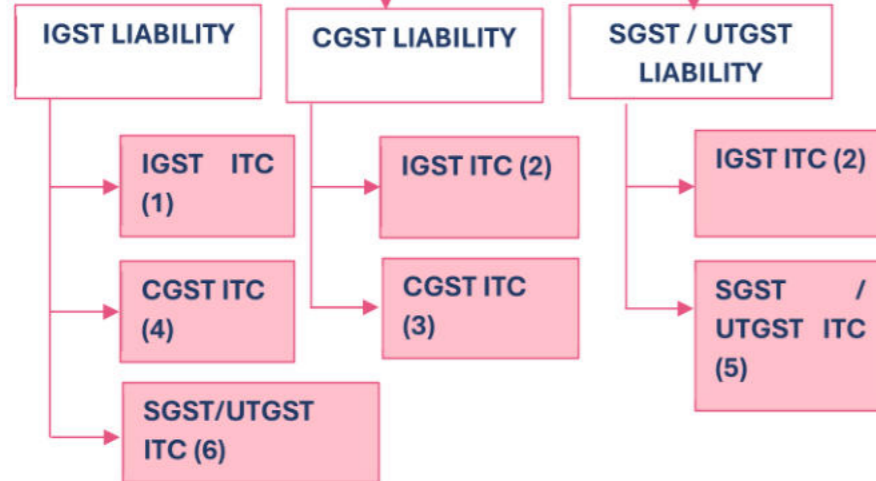
Payment of Tax, TDS, TCS [Section 49 to 53 r/w Rule 85 – 88, 88A, B, C, D] (1/4)

1. Payment of Taxes (GST) can be done through utilising ITC availed or through Cash (Bank).

Payment of Taxes through Input Tax Credit (Section 49B r/w Rule 88A) inserted vide CGST Amendment Act, 2018. Electronic Credit Ledger (ECL) (Rule 86)

All Liability like tax, interest, penalty etc. appears in electronic liability register.

Registered person may pay SGST / UTGST Liability prior to CGST Liability or vice versa (any order)



Payment of Tax through Electronic Cash Ledger [S. 49(1) r/w R. 87]

- Any amount paid (by certain modes see point 4) by the taxpayer, TDS, TCS claimed will be reflected in the electronic cash ledger.
- Registered person first utilises its ITC to pay of tax liability, balance liability can be paid off through cash ledger.

Major Heads	Minor Heads
IGST	Tax
CGST	Interest
SGST / UTGST	Penalty
Cess	Fees & Others

- Cash ledger Balance can be transferred from any major head's minor head to any other major head's minor head by filing PMT 09 [R. 87(13)].
 - IGST Cash or CGST cash ledger of a distinct person, can be transferred to distinct person. However, no such transfer can be done if liability is outstanding [R. 87(14)].
- Interest, Penalty & Late fee can be paid only through E – cash ledger.
 - Challan to be generated online (Manual is not allowed) in PMT 06 which will be valid for 15 DAYS:
 - Internet banking (authorized banks only)
 - Credit or debit card (authorized banks only), NEFT, RTGS, UPI, IMPS
 - Over-the-counter (OTC) payment (authorized banks only) for DEPOSITS UP TO RS. 10,000/- PER CHALLAN
 - Person supplying OIDAR services can deposit through international money transfer
 - Unregistered person has to make payment on the basis of TRN generated

- CGST & SGST paid in different state is not available as ITC.
- RCM Liability to be discharge in Cash
- When a person claims refund of UNUTILISED ITC (NOT WITH PAYMENT OF TAX), electronic credit ledger is debited.

RULES FOR PAYMENT OF TAX THROUGH INPUT TAX CREDIT:

- IGST ITC shall be used to discharge IGST liability
- Balance IGST ITC can be used to pay CGST Liability & SGST liability in any proportion.
- CGST ITC cannot be utilised to pay SGST liability & SGST ITC cannot be used to pay CGST liability.
- In case where, after paying IGST Liability through IGST ITC, IGST liability remains unpaid, then CGST ITC can be used for paying IGST Liability **BUT ONLY AFTER** CGST Liability is paid. Further, if still IGST liability is pending, then SGST ITC can be used for paying IGST Liability **BUT ONLY AFTER** SGST Liability is paid.

Imp Notes:

- RCM liability shall be paid only in cash, thus, to be added at the end.
- ITC shall be added (if eligible) in respect of RCM, in the same month, which can be used to pay output tax liability (FCM)

2. About Electronic Liability Ledger [GST PMT – 01]

It is ledger on GST Portal, showing liabilities of taxpayer such as 3B liability, Liability determined by officer.

(i) Order of discharge of tax and other dues

As per Section 49(8) of CGST Act, following shall be the order of discharge of dues:

- Past period Self-assessed tax and other dues
- Current period Self-assessed tax and other dues
- Amount payable under section 73 or section 74, 74A

(ii) What is Debited in Electronic liability ledger?

- The E-Liability register of a person shall be debited by
 - Amt payable towards tax, interest & fees as per return furnished by him,
 - tax, interest, penalty or late fees determined by PO and
 - Amt of interest that may accrue from time to time

3. Disallowance of ITC if availed fraudulently [R. 86A]

Officer **NOT BELOW THE RANK OF AN ASSISTANT COMMISSIONER** can restrict Utilisation of ITC from E – credit ledger if it is fraudulent ITC*.

*Fraudulent ITC means: -

- ITC passed on by person who has not conducted business from regd. POB
- ITC in respect of which GST not paid by Tax payer
- ITC availed by person who has not conducted business from Regd. POB
- No possession of tax invoice or debit note.

Other points: -

- If commissioner is satisfied that above conditions does not exist then he may allow such debit [R. 86A (2)]
- Restriction period – 1 year

4. Payment of Interest on Delayed Payment of Tax [Section 50 of CGST Act r/w 88B]

Interest on Late Payment of "Net Tax" Liability

- If GST is not paid within due date, then it shall be paid along with interest @ 18% from 1st day after due date till the date of payment on **Net Cash Liability [i.e., O/P Liab (-) ITC]**
- If a certain month's liability is discharged in further month's ITC in GSTR 3B, then interest will be levied on **Gross Liability**.
- If return is filed after officer has issued order u/s 74A, interest shall be levied on gross GST liability.

Interest on Availment and utilisation of incorrect ITC:

- If recipient avails **AND** utilises incorrect ITC, int shall be levied @ 18% on incorrect ITC availed and utilised from **date of utilisation of ITC** till the date of reversal of ITC.

Date of utilisation of ITC would be as below:

If Tax is paid through return (3B): Due date to file 3B or actual filing date whichever is earlier.

If Tax is paid through other means (DRC 03): the date of debit in the electronic credit ledger (PMT 02) when the balance in the electronic credit ledger. **(Refer example on next page)**

If return is filed after officer has issued order u/s 74A, interest shall be levied on gross GST liability.

Proviso: If Tax is deposited in E – Cash Ledger on or before due date but used for paying liability in 3B after due date then interest shall not be calculated on such portion

Payment of Tax, TDS, TCS [Section 49 to 53 r/w Rule 85 - 88] (2/4)

Month	Opening Balance	Eligible ITC	Incorrect ITC	Total ITC	O/P Tax liability	Closing Balance	Amount on which Interest is applicable
April	-	3,60,000	40,000	4,00,000	3,50,000	50,000	0 [As closing balance is more than incorrect availment]
May	50,000	2,50,000	-	3,00,000	2,80,000	20,000	20,000 [Electronic credit ledger balance i.e., 20,000 falls below Incorrect ITC 40,000 by Rs. 20,000. Thus, 20,000 is deemed to be utilised]
June	20,000	1,80,000	-	2,00,000	1,95,000	5,000	15,000 [Balance incorrect ITC was Rs. 20,000; however, electronic credit ledger balance was Rs. 5,000, Thus, interest would be levied on 15,000]
July	5,000	1,90,000	-	195,000	2,10,000	-	5,000 [Since credit ledger balance is 0, entire ITC has been utilised for payment of tax, thus, balance incorrect ITC would be liable to interest]

Note: Closing balance shall be compared of the head for which such ITC is usable. For example: If IGST ITC is wrongly availed and utilised, compare the same with sum total of closing balance of IGST, CGST, SGST.

Rule 86B: Turnover > 50 Lakhs per month - ITC shall be used to the extent of 99% of Gross Output Tax Liability (Subject to conditions)

As per rule 86B, if supplier's turnover in a particular month exceeds Rs. 50 lakh, then at least 1% liability shall be paid through E – cash ledger.

T/O: Exempt supply and zero-rated supply not to be considered

Example: If rate of Tax on certain product is 18%, & a firm is supplying taxable goods & services amounting to Rs. 60,00,000. The amount of Rs. 10,800 [Rs. 60,00,000 x 18% x 1%] shall be payable in Cash.

Meaning of liability: RCM liability shall not be taken into consideration over here.

Exceptions [In below cases, a regd. person can use full Input tax credit for making payment of output tax]:

- (i) The said person or the proprietor or karta or the managing director or any of its two partners, whole-time Directors, Members of Managing Committee of Associations or Board of Trustees, have paid > Rs. 1 lakh as Income tax in each of the last two financial years of ITR Filed.
- (ii) Obtained refund of Unutilised ITC > 1 Lakh for export of goods or services or supply to SEZ
- (iii) Cumulative Payment in Cash > 1% applied cumulatively: Every month (including current month) supplier shall check [Liability discharged in cash divide by total liability]. If it is more than 1%, then no need to pay GST in cash in current month.
- (iv) The registered person is Government Department; or a Public Sector Undertaking; or a local authority; or a statutory body.

IMP TERMS:

1. **Common Portal Identification Number (CPIN) – 14 DIGIT**

2. **CIN or Challan Identification Number – 18 digits number (14 digits CPIN + 4 digits Bank Code).**

Upon successful credit to authorized bank A/c, a Challan Identification No is generated and on the basis of this CIN, E-cash is credited.

3. **Bank Reference Number (BRN)**

4. **E – FPB (Authorised bank branches to collect GST, For NEFT/RTGS Transactions, RBI will act as E-FPB.)**

Rule 88C: Difference in liability reported in statement of outward supplies and that reported in 3B

If tax payable by supplier shown in GSTR 1 > GSTR 3B, then registered person shall be intimated of such difference by e-mailing, highlighting the said difference and directing him to:

- ❖ **Pay** the differential tax liability, along with interest under section 50,
- ❖ **Explain** the aforesaid difference in tax payable within a period of **7 days**.

The **registered person shall, either:** -

- ❖ **Pay** the amount of the differential tax liability, along with interest under section 50, or
- ❖ **Furnish a reply** electronically incorporating reasons

Where supplier does not pay or does not reply **within 7 days** then proper officer, can recover in accordance with the provisions of section 79 (**recovery proceedings**)

Tax Deduction at Source (S. 51)

WHO HAS TO DEDUCT TDS?

- a) A CG department or establishment
- b) Local authority,
- c) Governmental agencies,
- d) An authority or a board or any other body, -
 - ❖ Set up by an Act of Parliament or a State Legislature; or
 - ❖ Established by any Government; with 51% or more equity control;
- e) Society established by the CG / SG / LA under the Societies Registration Act, 1860
- f) PSU
- g) Regd. Metal Scrap Dealer

WHEN TO DEDUCT TDS? [Analysis of Whole provision]

- ❖ **Contract value exceeds Rs. 2,50,000 (excluding Taxes & Cess)**
- ❖ **Supplier shall be registered person** (incl. Composition) and the supplies shall be **taxable supplies**.
- ❖ TDS shall be **deducted only at the time of payment** (incl. Advances)
- ❖ "Taxable" proportion of contract shall be seen for determining applicability. [Example: If a contract is of Rs. 9,00,000 (excl. GST), out of which Rs. 2,20,000 is taxable supply & 6,80,000 (exempt supply), TDS will not be applicable]

RATE OF TDS: 1% CGST, 1% SGST (In case of IGST 2%)

WHEN NOT TO DEDUCT?

- ❖ When LOS = POS which is other than LOR, then not to be deducted. (whenever LOR is other than POS then not to be deducted)
- ❖ Further if supplier and recipient both are from (a) to (f) then not to deduct.

Other Points:

- ❖ Late payment attracts interest @ 18% p.a. from due date of payment till the date of actual payment.
- ❖ TDS credited in E – Cash ledger. TDS certificate (form GSTR – 7A) shall be given by dedr to dedee within 5d from credit.
- ❖ Tax Deductor has to obtain compulsory registration u/s 24 of CGST Act & return to be filed in Form GSTR 7
- ❖ **Any regd. person supplying metal scrap to another regd. person shall be liable to deduct Tax at source @ 2%. Same provisions will be applicable.**

Payment of Tax, TDS, TCS [Section 49 to 53 r/w Rule 85 - 88] (3/4)

6. TAX COLLECTION AT SOURCE [SECTION 52]

Tax Collection at Source (S. 52 of CGST Act)

Are you an E – commerce operator?

Yes

Whether Supplier makes taxable supplies through ECO [other than 9(5) of CGST / 5(5) of

Yes

Whether Consideration is collected by ECO?

Yes

Liable to Collect Tax (from Supplier) @ 0.5% of Net Value of Taxable supplies made during the relevant month. (0.25% CGST, 0.25% SGST/UTGST; 0.5% IGST)

Notes & interlinking of various chapters: -

- (i) **Net Value** of taxable supplies = **Total Supplies (-) Returns**
- (ii) TCS to be **deposited upto 10th of next month**
- (iii) E – statement in **GSTR - 8 to be filed upto 10th of Next month**
- (iv) **Annual statement by 31/12 of succeeding financial year (Not yet notified)**
- (v) **Time-limit to rectify mistake** in monthly statement –
 - ❖ **30TH November of succeeding financial year or,**
 - ❖ **Actual date of furnishing Annual statement**
 whichever is earlier
- (vi) An officer not below the rank of Deputy Commissioner can issue notice to an operator, asking him to furnish details. The ECO shall furnish w/i 15 working days. If not submitted penalty u/s 122 (Rs. 25k)
- (vii) TCS is not collected on Services provided by ECO u/s 9(5) of CGST Act.

Rule 88D: Rule Inserted to deal with difference in ITC reflecting in GSTR 2B & Claimed in GSTR 3B

If ITC availed by recipient in GSTR 3B > GSTR 2B in excess of notified %, then registered person shall be intimated of such difference by e-mailing, highlighting the said difference and directing him to:

- ❖ Pay the differential tax liability, along with interest under section 50,
- ❖ Explain the aforesaid difference in tax payable within a period of 7 days.

The registered person shall, either: -

- ❖ Pay the amount of the differential tax liability, along with interest under section 50, or
- ❖ Furnish a reply electronically incorporating reasons

Where supplier does not pay or does not reply within 7 days then proper officer, can determine the liability as per section 73 or 74 as the case may be.

Clarification on TCS liability under Sec 52 of the CGST Act, 2017 in case of multiple E-commerce Operators in one transaction. [Circular No. 194/06/2023-GST dtd. 17th July, 2023]

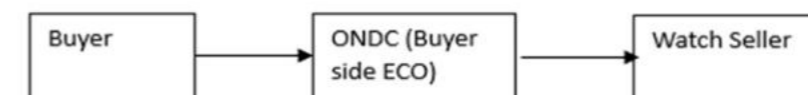
This circular discusses the liability to collect TCS in cases where there is involvement of more than one E-commerce operator. Government launched ONDC Network is a classic example of aggregators of E – commerce operators. ONDC is an app through which you can compare pricing of a certain product instantly on different ECO. For example, you want to buy watch you can check the comparative current pricing of watch together on Amazon, Flipkart, Watch suppliers' website etc. The said circular clarifies TCS liability aspects. Below example would help in explaining the provision much better:

Example 1:



In this case, ONDC collects payment through buyer and remits it to Amazon, in this case Amazon shall be liable to deduct TCS while paying to Watch seller.

Example 2:



In this case, ONDC collects payment through buyer and remits it to Watch seller, thus, ONDC shall be liable to deduct TCS.

Payment of Tax, TDS, TCS [Section 49 to 53 r/w Rule 85 - 88] (4/4)

Case I: [Excess IGST ITC distributed Equally]

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit	2,00,000	62,500	62,500

Solution: -

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit			
IGST ITC	(1,80,000)	(10,000)	(10,000)
CGST ITC	-	(62,500)	
SGST ITC	-		(62,500)
Net Liability	-	2,500	2,500

Notes: -

- ❖ IGST ITC of Rs. 2,00,000 will be first utilised to pay IGST Liability (to the extent required), here we require only Rs. 1,80,000/-
- ❖ Balance IGST ITC will be utilised in equal proportion to pay CGST SGST liability, thus, Rs. 10,000 of IGST ITC would be allocated to pay CGST Liability & Rs. 10,000 of IGST ITC would be allocated to pay SGST Liability.
- ❖ Net liability of Rs. 2,500 CGST & 2,500 SGST shall be paid in Cash

Case II: [Short IGST ITC]

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit	1,60,000	95,000	95,000

Solution: -

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit			
IGST ITC	(1,60,000)	-	-
CGST ITC	(20,000)	(75,000)	
SGST ITC	-		(75,000)
Net Liability	-	-	-
Balance c/f	-	-	20,000

Notes: -

- ❖ IGST ITC of Rs. 1,60,000 will be first utilised to pay IGST Liability. Thus, fully it shall be utilised.
- ❖ Balance IGST ITC shall be utilised to pay CGST SGST liability. However, in this case, excess IGST ITC is not there, thus no CGST & SGST liability can be paid.
- ❖ IGST liability can be paid through CGST Credit, however, only after CGST liability ITC is paid. Accordingly, Rs. 75,000 (CGST credit) shall be used to pay CGST liability balance 20,000 would be used to pay IGST liability.
- ❖ It is to be noted that in next month SGST balance would be higher than that of CGST Balance by Rs. 20,000/-

Case III: [Excess IGST ITC distributed Unequally]

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit	2,10,000	62,500	82,500

Solution: -

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit			
IGST ITC (WN)	(1,80,000)	(25,000)	(5,000)
CGST ITC		(50,000)	
SGST ITC			(70,000)
Net Liability	0	0	0
Balance c/f	0	12,500	12,500
		(62,500-50,000)	(82,500-70,000)

WN to Distribute ITC: -

Particulars	CGST	SGST
	62,500	82,500
Balancing Figure [IGST ITC of 20,000 from Rs. 180,000 shall be first given to pay CGST liability]	*20,000	
	62,500	82,500
Balance IGST ITC (shall be distributed equally)	5,000	5,000
Total IGST Distribution	25,000	5,000

Steps:

- First write down CGST & SGST ITC balances
- Write higher total on both the sides
- Write balancing figure on shorter side (represents the amount of IGST to be distributed to pay particular liability)
- Then once equated it can be distributed equally

Notes: -

- ❖ IGST ITC of Rs. 2,10,000 will be first utilised to pay IGST Liability (to the extent required), here we require only Rs. 1,80,000/-
- ❖ Balance IGST ITC (Rs. 30,000) will be utilised in proportion (as determined above) to pay CGST & SGST liability.
- ❖ Net liability is 0

Case IV: [Excess IGST ITC distributed Unequally]

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit	2,10,000	70,000	70,000

RCM liability = Rs. 2,500 CGST & 2,500 SGST (ITC is eligible)

Solution: -

Particulars	IGST	CGST	SGST
Output Tax Liability	1,80,000	75,000	75,000
Input Tax Credit			
IGST ITC (WN)	(1,80,000)	(15,000)	(15,000)
CGST ITC (incl. RCM)		(60,000)	
SGST ITC (incl. RCM)			(60,000)
Net Liability	0	0	0
RCM Liability		2,500	2,500
Balance c/f	0	12,500	12,500
		(70-60+2.5)	(70-60+2.5)

RCM liability is to be discharged in cash; therefore, it will be added in net liability and ITC.