



## Payment of Tax

Output Tax: Tax chargeable under **GST Act** on taxable supply of goods/services/both made by him or by his agent but **excludes** tax payable by him on RCM basis.

Payments to be made in GST regime:

Type	To be Paid
Intra-state Supply	CGST & SGST
Inter-state Supply	IGST (having components of both CGST & SGST)
Wherever applicable	Interest, Penalty, Fees, and any other amount

Key Features of Payment Process:

Electronically generated challan from GSTN common portal in all modes of payment;	
No use of manually prepared challan;	Provide hassle-free, anytime, anywhere mode of tax payment;
Convenience of making payment online;	Logical tax collection data in electronic format;
Paperless transactions;	Faster remittance of tax revenue to Govt. A/c;
Speedy accounting & reporting;	Electronic reconciliation of all receipts;
Simplified procedure for banks;	Warehousing of Digital Challan.

Electronic ledgers/Registers: E-Ledgers are statements of cash and ITC in respect of each regd. taxpayer. In addition, each taxpayer shall also have an electronic liability register.

Types of Electronic ledgers/Registers

1. Electronic Cash Ledger: A/c where records of deposits/receipts & its utilization are maintained.
2. Electronic Credit Ledger: Sec. 49(2) of CGST Act states that self-assessed ITC is credited to ECRL.
3. Electronic Liability Ledger: Reflects total tax liability of a taxpayer for a particular tax period.

Electronic Cash Ledger:

Credits: **Cash receipts** using online modes/OTC deposits, **TDS/TCS credits** are added to ECL.

Debits: **Payments** made from ECL for **tax, interest, penalty, late fee, or any other amount** are deducted.

Modes of Deposit: Deposits into ECL can be made via:

Internet Banking (authorized banks)	UPI (any bank)
NEFT/RTGS /IMPS (any bank)	Credit/Debit Cards (authorized bank)
Over the Counter (cash, cheque, or demand draft for deposits up to <b>₹10,000 per challan per tax pd.</b> )	

Exemption from ₹10,000 Restriction for OTC Deposits: ₹10,000 limit does not apply to deposits made by:

<b>Govt. Depts. or</b>	<b>Persons as notified by Commissioner.</b>
<b>PO or any other officer</b> authorized to:	
<ul style="list-style-type: none"> <li>• <b>recover outstanding dues</b>, including through attachment/sale of movable or immovable properties.</li> <li>• <b>collect cash/cheques/demand drafts</b> during <b>investigations/ enforcement activities</b>/ad hoc deposits.</li> </ul>	

Payment by Challan:

Common Portal Identification No. (CPIN): A **14-digit unique no.** generated for every challan created on GST portal, **valid for 15 days.**

Challan Identification No. (CIN): An **18-digit no.** (14 digits **CPIN** + 4 digits **Bank Code**) generated by banks when payment is credited to Govt. A/c.

Bank Reference No. (BRN): A **transaction no.** provided by bank for payment against a challan.

Electronic Focal Point Branch (E-FPB): **Designated branch of an authorized bank** responsible for collecting GST payments & crediting them to Govt. A/cs. Each authorized bank will nominate only 1 branch as its E-FPB for PAN India transactions.

### Key Points on Challan:

- Any person can generate a challan in **Form PMT-06** on GST portal to deposit tax, interest, etc.
- Single** Challan prescribed for all taxes, fees, penalty, interest, and other payments.
- An e-challan is valid for **15 days**, and commission for making payment is borne by payer.
- NEFT/RTGS/IMPS payments require submission of a **mandate form** to bank, valid for 15 days.
- CIN** is generated by bank on successful credit of payment to Govt. A/c.
- On receipt of CIN, **amt. credits** into ECL, & common portal generates a receipt to this effect.
- If CIN is not generated even after making payment & submission of mandate form or not reflected in common portal, representation can be made using **Form GST PMT-07** via common portal/e-gateway.
- If bank fails to communicate CIN, ECL may be updated based on **RBI e-Scroll details**.
- Any **discrepancies** in ECL must be reported to jurisdictional officer via common portal.
- Unregd. persons has to make payments through ECL on basis **temporary identification no.**

### Major and Minor Heads of payment:

Major Heads	Minor Heads
IGST	Tax, Interest, Penalty, Fee, Others
CGST	Tax, Interest, Penalty, Fee, Others
SGST/UTGST	Tax, Interest, Penalty, Fee, Others
CESS	Tax, Interest, Penalty, Fee, Others

### Date of Deposit of Tax Dues: Which date is considered as date of deposit of the tax dues?

Date of presentation of cheque	x
Date of payment	x
Date of Credit of amount in Govt. A/c (via Debit of ECL/ECrL)	✓

### Transfer of Amount reflected in Electronic CASH Ledger:

- Regd. persons can transfer amounts **b/w major/minor heads** in ECL or to ledger of distinct person, provided no unpaid liability exists in their electronic liability register.
- Amts. can be transferred to correct erroneous deposits/for other adjts. using **Form GST PMT-09**.
- Transfers are allowed for:
  - Moving erroneous deposits within same or other **major** heads.
  - Moving unutilized amounts b/w **minor** heads.
  - Transferring amts. to distinct person's ECL for **CGST/IGST**.
- If a person **erroneously** deposits amounts under wrong heads (e.g., "Interest" instead of "Fee"), they can transfer it using Form GST PMT-09.
- Transfer b/w Centre & States is governed by Sec. 53A, allowing **adjustments within ECL**.
- TDS/TCS claims u/s 51/52 must be manually claimed in periodical returns to reflect in ECL, as automatic updates are not available currently.
- If a refund is claimed from ECL, refunded amount will be debited from ECL. And when a refund is rejected, either partially or fully, debited amount will be credited back to ECL by PO.

### Electronic Credit Ledger:

#### Order of utilisation of Input Tax Credit available in ECrL

ITC	Manner of Utilization
IGST	IGST → CGST/SGST/UTGST (any order)
ITC of IGST to be completely exhausted first, mandatorily	
CGST	CGST → IGST
ITC of CGST to be utilized fully before utilizing SGST for payment of IGST	
SGST/UTGST	SGST/UTGST → IGST
CGST credit cannot be utilized for payment of SGST/UTGST & vice-versa	

### Key Points on ECrL:

- ITC can only be applied for **output tax payment**. It can't be used to pay tax under RCM.
- ECrL cannot be used for paying liabilities other than output tax, such as interest, penalty, fees or other amounts under GST Act. But, amount in ECL can be used for paying any liability under GST laws.
- Any **discrepancies in ECrL** must be reported to jurisdictional officer via common portal.
- No direct entry shall be made in ECrL, except as provided under applicable provisions.

### Common Points for Electronic Cash & Credit Ledger:

- If a **refund** is claimed from ECL/ECrL, amount will be **debited** from such ledger.
- If refund is **rejected**, debited amount (to the extent of rejection) will be **credited back** to such ledger.
- A **unique identification no.** will be generated at common portal for each debit or credit entry in ledger.
- Unique identification no. w.r.t. discharged liab. is reflected in corresponding entry in E-Liab. register.

### Electronic Liability Register

- Order of discharge of liabilities:  
First: Self-assessed tax and other dues related to **previous tax period** returns.  
Next: Self-assessed tax and other dues related to the **current tax period** return.  
Last: Any **other amount payable** under the Act, including **demand** determined u/s 73 or 74\*.  
**[\*Amendment from Nov' 25: Sec.74A reference also added]**
- Under GST Act, it is presumed that tax incidence has been passed on to recipient of goods/services.
- Debit to Electronic Liability Register:
  - Amts. **payable** as per return filed (tax, interest, late fee, etc.).
  - Amts. determined in **proceedings** by a PO or as ascertained by person.
  - **Interest** payable u/s 50, which may accrue from time to time.
- Debit to Electronic Credit/Cash Ledger and Credit to Electronic Liability Register:
  - For ECrL: Payment of all liab. of a regd. person according to return, subject to Sec. 49/49A/49B i.e. only **tax**.
  - For ECL: Payment of all liabilities as per return, subject to Sec. 49/49A/ 49B and also TDS u/s 51, TCS u/s 52, reverse charge, payments u/s 10 (composition) i.e. **TAX**, and amounts towards **interest, penalty, fee**, or other **dues** under the Act.
- Electronic Liability Register page is displayed in 2 parts:-  
Part-I: **Return related** Liabilities  
Part-II: **Other than return** related liabilities

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

- No more queues & 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**.

## Interest [Section 50]

### • Table:

Interest on Delayed Payment of Tax [Sec. 50(1)]	Int. payable on Wrongly Availed ITC [Sec. 50(3)]
<p>Paid after due date but before proceedings of Sec. 73/74: Int. payable @ 18% on Payment from Electronic Cash Ledger [i.e. Net tax liability + RCM Tax] FROM day next to due date TO date of tax payment</p> <p>However, if an amt. is credited to ECL u/s 49(1) before due date of return filing but is debited later for tax payment after due date, this amt. will not be considered while calculating int. Thus, no int. will be charged on amt. in ECL if it remains in ECL from due date to its debit after due date for filing return.</p>	<p>Int. payable @ 18% on ITC Excess utilized [i.e. Total wrongly availed ITC - ITC Balance in Credit Ledger] FROM day next to wrong utilization TO date of reversal/ payment back</p> <p><b>Date of utilization:</b> (a) If ECrL Bal. falls below wrongly availed ITC on payment of tax through return, then <b>earlier of due date or actual date</b> of such return filing (b) In other cases, <b>date of debit in ECrL</b></p>
<p>Paid after initiation of proceedings u/s 73/74*: Int. payable @ 18% on Gross Tax Liab. [i.e. total unpaid tax] FROM day next to due date TO date of tax payment [<b>*Amendment from Nov' 25: Sec.74A reference also added</b>]</p>	

### • Other relevant points relating to interest:

- Int. payment for belated tax payment is **must** & should be made voluntarily i.e. even without demand.
- Interest payable under this section shall be **debited to Electronic Liability Register**.
- The liability for interest can be settled by adjustment with balance in **ECL** & not with ECrL.
- Interest is **not applicable** on ITC **availed but not utilized**, while interest is applicable from the date of utilization until the reversal date for ITC that is both availed and utilized.
- **Int. on wrong availment of IGST credit is only applicable if total available ITC across all heads (IGST, CGST, SGST), & not just IGST credit, falls below wrongly availed IGST credit.**
- **Credit of compensation cess cannot be included in calculation of interest on wrongly availed IGST, CGST, or SGST credits.**

## Tax Deduction at Source [Section 51]

Rate: TDS under GST is deducted @ 1% (CGST) +1% (SGST) or 2% (IGST) on taxable supplies from payment made/credited to supplier where **contract value** (excl. taxes & cess) > ₹2,50,000. Even if individual invoices are < ₹2,50,000, TDS must be deducted if **total contract value exceeds** this threshold.

Applicability: TDS is applicable to the following persons:

- **CG/SG depts.** or establishments
- Local Authorities (**LA**)
- Governmental Agencies (**GA**)
- Notified Persons or Categories:
  - Authority/Board/Body with **51% or more equity/control** by Govt.:
    - (i) set up by an Act of Parliament or a State Legislature; OR
    - (ii) established by any Government
  - **Societies established by CG/SG/LA** under Societies Registration Act, 1860.
  - Public sector undertakings (**PSUs**).
  - **Regd. person receiving supplies of metal scrap (Chapters 72-81 of Customs Tariff Act, 1975) from other regd. person.**

[Specific authorities under Ministry of Defence are subject to TDS as deductors, but other authorities are exempt]

Exemptions from TDS deduction: TDS is not applicable in the following scenarios:

- Supplies **from 1 PSU to another PSUs** (whether or not distinct persons).

- Supplies b/w all persons specified above, except metal scrap supplier.
- If location of supplier and POS are in 1 State/UT & recipient's registration is in different State/UT:

Scenario	Type of Supply	Tax Applicable	TDS Applicability	Reason
Supplier, POS, & Recipient in Same State	Intra-State Supply	CGST + SGST	Yes	TDS is deducted, & supplier can claim credit in their ECL
Supplier & POS in Different States	Inter-State Supply	IGST	Yes	TDS is deducted under IGST, & supplier can claim credit in their ECL
Supplier & POS in State A, Recipient in State B	Intra-State Supply	CGST + SGST (of State A)	No	TDS is not deducted as credit transfer across states (State A to State B) is not possible

#### Key Points:

- TDS must be deposited with Govt. by **10th** of succeeding month of deduction.
- TDS Certificate (**Form GSTR-7A**) must be issued by deductor to deductee, with details: certificate no., GSTIN & name/trade name of deductor & deductee, tax pd., details of supplies, & amt. of TDS.
- If deductor **fails** to remit TDS amt. within prescribed time, he is also liable to pay **interest u/s 50**.
- TDS amt. is reflected in **ECL** of deductee (supplier) & **GSTR-7** of deductor.
- **Defaults** related to TDS are determined as per **Sec. 73 or 74\***, depending on nature of default. **[\*Amendment from Nov' 25: Sec.74A reference also added]**
- Deductor/deductee can claim refund of **excess/erroneous deduction**, but no refund will be issued if deducted amt. has already been credited to supplier's ECL.
- Persons req. to deduct TDS must electronically apply for regn. on **GST portal** & **PO** grants regn. **within 3 working days after verification**. Regn. may be canceled if **PO** determines that person is no longer liable to deduct TDS.

#### Transfer of Input Tax Credit (ITC)

- **CGST to IGST**: When **CGST** is used for **IGST** dues, **CG** transfers equivalent amt. from **CGST** to **IGST**.
- **IGST to CGST/UTGST**: **IGST** used for **CGST/UTGST** dues is transferred from **IGST A/c** to **CGST/UTGST A/c** by **CG**.
- **IGST to SGST**: **IGST** used for **SGST** dues is apportioned to appropriate State Govt. & transferred accordingly by **CG** to respective **SG**.

\*Appropriate State = State where taxable person is regd. or liable to register under **GST Act**.