

A top-down view of a desk with various items. In the top left, a white calculator is partially visible. The center features a white spiral notebook with the text 'Tax Payments Under GST' written in blue. To the right, a yellow spiral notebook is partially visible. The background is decorated with colorful geometric shapes, including blue and orange triangles and squares. Several colored pencils (black, yellow, red, light blue) are scattered around the notebooks.

# Tax Payments Under GST

# Relevant Sections and Rules

Section 49	Payment of tax, interest, penalty and other amounts	Rule 85	Electronic Liability Register
Section 49A	Utilisation of input tax credit subject to certain conditions	Rule 86	Electronic Credit Ledger
Section 49B	Order of utilisation of input tax credit	Rule 86A	Conditions of use of ITC
Section 50	Interest on delayed payment of tax	Rule 87	Electronic Cash Ledger
Section 51	Tax deduction at source	Rule 88	Identification number for each transaction
Section 52	Collection of tax at source	Rule 88A	Order of utilization of input tax credit
Section 53	Transfer of input tax credit		
Section 53A	Transfer of certain amounts		

# Heads of Payment

	Tax (₹)	Interest (₹)	Penalty (₹)	Fees (₹)	Other (₹)
CGST(0001)					
IGST(0002)					
Cess(0003)					
SGST(0004)					

- Major Heads
- Minor Heads

Tax dues can be paid either by utilization of input tax credit or through cash. However, payment of Interest, Penalty, Fees and Others has to be done through cash only

# Electronic Liability Register

## Section 49(7)

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.

# Electronic Liability Register

Rule		Description
85(1)	Prescribed Form	The electronic liability register shall be maintained in <u>FORM GST PMT-01</u> on the common portal.
85(2)	Debits	<ul style="list-style-type: none"> <li>■ Amount payable towards tax, interest, late fees or any other amount as per return.</li> <li>■ Amount of demand as determined by proper officer in proceedings under the Act</li> <li>■ Amount of tax and interest as a result of Mismatch w.r.t ITC/Output Liability</li> </ul>
85(3 to 6)	Credits	<ul style="list-style-type: none"> <li>■ Payment of tax liability by debiting electronic credit/ cash ledger</li> <li>■ Payment of TDS, TCS, Interest, RCM liability, Composition tax liability by debiting electronic cash ledger</li> <li>■ Relief of demand given by Appellate authorities w.r.t demand debited</li> <li>■ Amount of penalty in demand order or SCN paid</li> </ul>
85(7)	Discrepancy	Any discrepancy in electronic liability ledger may be communicated through the common portal in FORM GST PMT-04.

# Electronic Cash Ledger

## Section 49 (1)

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.

# Electronic Cash Ledger

Rule	Description	
87(1)	Prescribed Form	The electronic cash ledger shall be maintained in <u>FORM GST PMT-05</u> on the common portal.
87(2)	Challan	Challan for deposit to be generated in <u>FORM GST PMT-06</u> and same shall be valid for period of 15 days.
87(3)	Modes of Payment	<ul style="list-style-type: none"><li>▪ Internet Banking</li><li>▪ Credit card or Debit card</li><li>▪ National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement from any bank (RTGS)</li><li>▪ Over the Counter payment for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft;[except Government Departments/outstanding amounts]</li></ul>

# Electronic Cash Ledger

87(4)	Payment by Unregistered Person	on the basis of a temporary identification number generated through the common portal
87(5)	Mandate Form	In case of payment through NEFT or RTGS mandate form along with challan needs to be submitted with bank and same shall be valid for period of 15 days.
87(6)	Challan Identification Number	On successful credit of the amount Challan Identification Number shall be generated by the collecting bank and the same shall be indicated in the challan.
87(7)	Transfer to ECL	On receipt of the Challan Identification Number from the collecting bank, the said amount shall be credited to the electronic cash ledger



# Electronic Cash Ledger

87(8)	Application for Missing Payment	In case payment has been deducted from bank account but no CIN has been generated communication for the same to be made in <u>GST PMT-07</u> through common portal to the bank or electronic gateway through which the deposit was initiated.
87(9)	TDS/TCS	Amount deducted or collected from registered persons shall be transferred to electronic cash ledger
87(10)	Refund	Any claim of refund shall be debited to ECL.
87(11)	Rejection of Refund	Refund so claimed if rejected; the same shall be credited to ECL by an order made in <u>GST PMT-03</u> .
87(12)	Discrepancy	Any discrepancy in ECL to be communicated in <u>GST PMT-04</u> .
87(13)	Transfer of Amount	Any amount in major/minor heads can be transferred through <u>GST PMT-09</u> .

# Electronic Cash Ledger

## 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 this Act or the rules made thereunder in such manner and subject to such conditions and within such time as may be prescribed.

# Electronic Credit Ledger

## Section 49 (2)

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 or 43A, to be maintained in such manner as may be prescribed.

## Section 49 (4)

The amount available in the electronic credit ledger may be used for making any payment towards output tax under this Act or under the Integrated Goods and Services Tax Act in such manner and subject to such conditions and within such time as may be prescribed.

# Electronic Credit Ledger

Rule		Description
86(1)	Prescribed Form	<p>The electronic credit ledger shall be maintained in FORM <u>GST PMT-02</u> on the common portal.</p> <p>Every claim of ITC shall be credited to ECL.</p>
86(2)	Utilisation	<p>ECL shall be debited to the extent of discharge of any Output Tax liability.</p>
86(3)	Refund	<p>Any claim of refund shall be debited from ECL.</p>
86(4)	Rejection of refund	<p>Refund so claimed if rejected; the same shall be credited to ECL by an order made in <u>GST PMT-03</u>.</p>

# Electronic Credit Ledger

86(4A)	Re-credit	Any refund claim of tax wrongly/excess paid which has already been debited from ECL; if found admissible shall be re-credited to ECL.
86(5)		Apart from above no entry shall be made in ECL.
86(6)	Discrepancy	Any discrepancy in ECL to be communicated in <u>GST PMT-04</u> .

**Explanation.**– For the purposes of this rule, it is hereby clarified that a refund shall be deemed to be rejected, if the appeal is finally rejected or if the claimant gives an undertaking to the proper officer that he shall not file an appeal.

**Refund**  
**[Section 49 (6)]**

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.

**Sequence of discharge of Tax & Other dues**  
**[Section 49 (8)]**

- 1) Self assessed tax and dues related to returns of previous tax period.
- 2) Self assessed tax and dues related to returns of current tax period.
- 3) Any other amount including demand raised under section 73/74.

**Deemed to have passed Incidence of Tax**  
**[Section 49 (9)]**

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.

Transfer of Amount  
in Cash Ledger  
**[Section 49 (10)]**

A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for integrated tax, central tax, State tax, Union territory tax or cess, in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act.

**Section 49 (11)**

Where any amount has been transferred to the electronic cash ledger under this Act, the same shall be deemed to be deposited in the said ledger as provided in sub-section (1)

# Utilisation of ITC\_Section 49(5)

The order of utilization of ITC has undergone a lot of changes in the recent past.

There are 3 phases for the same:

**1<sup>st</sup> phase (w.e.f 01.07.2017 to 31.01.2019)**

**IGST to be utilised in following order**

IGST Liability  
CGST Liability  
SGST/UTGST Liability

**CGST to be utilised in following order**

CGST Liability  
IGST Liability

**SGST/UTGST to be utilised in following order**

SGST/UTGST Liability  
IGST Liability

Further, CGST cannot be utilised towards payment of SGST/UTGST or vice versa.



# Utilisation of ITC\_Section 49(5)

## Illustration

Particulars	IGST	CGST	SGST/UTGST
Output Liability	1000	300	300
ITC Available	1300	200	200
Order of Utilization			
Intra Head Credit Utilization	1000	200	200
Utilization of IGST for payment of CGST & SGST		100	100
Balance Input Credit	100	-	-
Payable	-	-	-

## 2nd phase (w.e.f 01.02.2019 to 31.03.2019)

### Utilisation of input tax credit subject to certain conditions

**49A.** Notwithstanding anything contained in section 49, the input tax credit on account of central tax, State tax or Union territory tax 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.

- ✓ The newly inserted Section 49A of the CGST Act provides that the input tax credit of Integrated tax has to be utilized completely before input tax credit of Central tax / State tax can be utilized for discharge of any tax liability.
- ✓ Further, as per the provisions of section 49 of the CGST Act, credit of Integrated tax has to be utilized first for payment of Integrated tax, then Central tax and then State tax in that order mandatorily.
- ✓ This led to a situation, in certain cases, where a taxpayer has to discharge its tax liability on account of one type of tax (say State tax) through electronic cash ledger, while the input tax credit on account of other type of tax (say Central tax) remains un-utilized in electronic credit ledger.

The same can be better understood with the help of following illustrations:

Particulars	IGST	CGST	SGST/UTGST
Output Liability	1000	300	300
ITC Available	1300	200	200
Order of Utilization			
ITC Utilization from IGST	1000	300	-
Intra Head Credit Utilization	-	-	200
Balance Input Credit	-	200	-
Payable	-	-	100

## 3rd phase (w.e.f 01.04.2019)

### Rule 88A. Order of utilization of input tax credit

Input tax credit on account of 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 Union territory tax, as the case may be, **in any order**:

Provided that the input tax credit on account of central tax, State tax or Union territory tax 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.

Now Taxpayers has two options:

Option-I			
Particulars	IGST	CGST	SGST/UTGST
Output Liability	1000	300	300
ITC Available	1300	200	200
Order of Utilization			
ITC Utilization from IGST	1000	200	100
Intra Head Credit Utilization	-	100	200
Balance Input Credit	-	100	-
Payable	-	-	-

Option-II			
Particulars	IGST	CGST	SGST/UTGST
Output Liability	1000	300	300
ITC Available	1300	200	200
Order of Utilization			
ITC Utilization from IGST	1000	100	200
Intra Head Credit Utilization	-	200	100
Balance Input Credit	-	-	100
Payable	-	-	-

## Difference in the provisions of the law and set off mechanism in GST portal

In order to bring out clarification Circular No. 98/17/2019-GST dated 23.04.2019 has been issued which provides that till the time GST portal setoff the ITC in accordance with new provisions of law; taxpayers may continue to utilize their input tax credit as per the functionality available on the GST portal.

## Interest on delayed payment of tax [Section 50]

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

18% P.A

In cases of undue or excess claim of input tax credit/ undue or excess reduction in output tax liability

24% P.A

Interest shall be calculated from the day succeeding the day on which such tax was due to be paid till the date of payment.

Proviso to Section 50 (1)

## Proviso to Section 50 (1)

*“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.”*

- The effect of the *proviso* is that interest will be payable on net amount payable by cash through electronic cash ledger and not gross amount.
- Inserted vide Finance Act 2019, to be notified yet.**
- However; GST Council in its 39<sup>th</sup> meeting dated 14.03.2020 has recommended that this change will apply on a retrospective basis with effect from July 1, 2017, the date on which GST law came into force.



# End of dispute

Before 39<sup>th</sup> GST council meeting i.e. prior to 14.03.2020 there were many standing orders, judgements, tweets and interpretations which were creating confusion in taxpayers mind as follows:

- ✓ On 04.02.2019, a **Standing Order No. 01/2019** issued by the Office of the Principal Commissioner of Central Tax (Hyderabad GST Commissionerate) stating that the interest has to paid interest has to be paid on Gross Liability.
- ✓ On 18.04.2019 , the position was upheld in the order of Honourable High Court of Telangana in the Case of **M/s. Megha Engineering & Infra Ltd. V/s. The Commissioner of Central Tax.**
- ✓ On 07.08.2019, High Court of Telangana has granted interim stay order in the case of **Raghava Constructions V/s. Union of India** ordering that the amendment to sec 50 of the Central GST Act,2017 would be retrospective. Therefore, the interest has to paid on net liability basis from 01/07/2017.
- ✓ On 10.02.2020, a Letter of the CBIC circulated on the social media which ordered Principal Chief Commissioner / Chief Commissioner to recover Rs.45886/- Crores interest & has ordered to issue notices on Gross Basis.
- ✓ On 15.02.2020, **CBIC India** vide the official Twitter handle of CBIC tweeted interest has to be collected on Gross Basis.

**Relaxation due to Covid-19**  
**[N.No 31/2020-CT dated 03.04.2020]**

S. No.	Class of registered persons	Rate of interest	Tax period	Condition_GSTR-3B to be furnished
1	Turnover > 5 Crores in preceding FY	Nil for first 15 days from the due date, and 9 per cent thereafter	February to April, 20	on or before 24.06.2020
2	Turnover is between 1.5 to 5 Crores in preceding FY	NIL	February & March 20	on or before 29.06.2020
			April-20	on or before 30.06.2020
3	Turnover < 1.5 Crores in preceding FY	NIL	Feb-20	on or before 30.06.2020
			March-20	on or before 03.07.2020
			April-20	on or before 06.07.2020

Illustration :- Calculation of interest for delayed filing of return [where turnover > 5 Crores] for the month of March, 2020 (due date of filing being 20.04.2020) is illustrated as below :

S.NO	Date of filing GSTR-3B	Delay in days	Whether condition for reduced interest is fulfilled?	Interest
1	02.05.2020	12	Yes	"0"
2	11.05.2020	21	Yes	"0" for first 15 days + @9% P.A for 5 days.
3	30.06.2020	71	NO	@18% P.A for 71 days

## Tax deduction at source [Section 51]

Applicability	W.e.f 01.10.2018 vide N.N 50/2018-CT dated 13.09.2018
Persons required to deduct TDS	<ul style="list-style-type: none"> <li><input type="checkbox"/> a department or establishment of the Central Government or State Government; or</li> <li><input type="checkbox"/> local authority; or</li> <li><input type="checkbox"/> Governmental agencies; or</li> <li><input type="checkbox"/> an authority or a board or any other body,               <ul style="list-style-type: none"> <li>(i) set up by an Act of Parliament or a State Legislature; or</li> <li>(ii) established by any Government, with fifty-one per cent. or more participation by way of equity or control, to carry out any function;</li> </ul> </li> <li><input type="checkbox"/> Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860 (21 of 1860);</li> <li><input type="checkbox"/> public sector undertakings</li> </ul>
Rate	2% (1% CGST + 1% SGST) from the payment made or credited to the supplier
Applicability	Where the <u>total value</u> of <u>taxable supply</u> , <u>under a contract</u> , exceeds two lakh and fifty thousand rupees.

# Tax deduction at source

## [Section 51]

### TDS not to be deducted

- ✓ Where total Value of taxable supply  $\leq$  Rs.250000/- under a contract.
- ✓ Where activities specified in Schedule III of the CGST/SGST Acts 2017, irrespective of the value.
- ✓ Where goods or services are exempted or not leviable to GST.
- ✓ Where tax is to be paid by recipient on reverse charge basis.
- ✓ Where the payment relates to a tax invoice that has been issued before 01.10.2018.
- ✓ Where any amount was paid in advance prior to 01.10.2018 and the tax invoice has been issued on or after 01.10.18, to the extent of advance payment made before 01.10.2018.
- ✓ Where the payment is made to an unregistered supplier.
- ✓ When supply of goods and/or services takes place between one person to another person specified in clauses a,b,c & d of Sec.51 (1) of CGST Act.
- ✓ When Goods/Services are supplied from a Public sector undertaking to another Public sector undertaking, whether or not a distinct person.

## Tax deduction at source [Section 51]

<b>TDS not to be deducted</b>	Where location of the <u>supplier and the place of supply</u> is in a State or Union territory which <u>is different from the State</u> or as the case may be, Union territory of <u>registration of the recipient</u> .				
	<b>Location of Supplier</b>	<b>Place Of Supply</b>	<b>Location of Recipient</b>	<b>Applicability</b>	<b>Rate</b>
	Haryana	Haryana	Haryana	Yes	1%+1%
	Haryana	Delhi	Delhi	Yes	2%_IGST
	Haryana	Delhi	Haryana	Yes	2%_IGST
	Haryana	Haryana	Delhi	No	-
<b>Valuation</b>	Value of supply shall be taken as the amount excluding the central tax, State tax, Union territory tax, integrated tax and cess indicated in the invoice.				

## Tax deduction at source [Section 51]

<b>Deposit of TDS</b>	The amount of tax deducted at source should be deposited to the Government account by the deductor by 10th of the succeeding month.
<b>If Not Deposited</b>	Interest @18% u/s 50 (1) will be applicable.
<b>Claim of TDS</b>	Deductee can claim TDS in its electronic cash ledger.
<b>Refund of TDS</b>	<p>TDS on account of excess or erroneous deduction shall be dealt with in accordance with the provisions of section 54.</p> <p>Provided that no refund to the deductor shall be granted, if the amount deducted has been credited to the electronic cash ledger of the deductee.</p>

## Collection of tax at source Section 52

Every Electronic Commerce Operator

- shall collect an amount calculated at such rate not exceeding one per cent.,
- of the net value of taxable supplies made through it by other suppliers
- where the consideration with respect to such supplies is to be collected by the operator.



# Miscellaneous Provisions

## Transfer of input tax credit [Section 53]

On utilisation of CGST for payment of IGST liabilities, the amount collected as central tax shall stand reduced by an amount equal to such utilisation and the Central Government shall transfer the same amount from the central tax account to the integrated tax account.

## Transfer of certain amounts. [Section 53A]

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.

## Identification number for each transaction [Rule 88]

A unique identification number shall be generated at the common portal for each Debit or Credit in Cash/Credit Ledger.

Further, the unique identification number relating to discharge of any liability shall be indicated in the corresponding entry in the electronic liability register.

**Thank You**

**CA. ASHOK BATRA**