

## **GST Payment of Tax**

### **Q 1. What are the Payments to be made in GST regime?**

Ans. 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/UT GST (SGST, going into the account of the concerned State Government). For any inter-state supply, tax to be paid is Integrated GST (IGST) which will have 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). In addition, wherever applicable, Interest, Penalty, Fees and any other payment will also be required to be made.

### **Q 2. Who is liable to pay GST?**

Ans. In general, the supplier of goods or services is liable to pay GST. However, in specified cases like imports and other notified supplies, the liability may be cast on the recipient under the reverse charge mechanism. Further, in some notified cases of intra-state supply of services, the liability to pay GST may be cast on e-commerce operators through which such services are supplied. Also Government Departments making payments to vendors above a specified limit [2.5 lakh under one contract as per S.51(1)(d)] are required to deduct tax (TDS) and E-commerce operators are required to collect tax (TCS) on the net value [i.e. aggregate value of taxable supplies of goods and/or services but excluding such value of services on which the operator is made liable to pay GST under Section 9(5) of the CGST Act, 2017] of supplies made through them and deposit it with the Government.

### **Q 3. When does liability to pay GST arises?**

Ans. Liability to pay arises at the time of supply of Goods as explained in Section 12 and at the time of supply of services as explained in Section 13.

The time is generally the earliest of one of the three events, namely receiving payment, issuance of invoice or completion of supply. Different situations envisaged and different tax points have been explained in the aforesaid sections.

### **Q 4. What are the main features of GST payment process?**

Ans. The payment processes under GST Act(s) have the following features:

- 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;
- Logical tax collection data 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.

**Q 5. How can payment be done?**

Ans. Payment can be done by the following methods:

- (i) Through debit of Credit Ledger of the tax payer maintained on the Common Portal – ONLY Tax can be paid. Interest, Penalty and Fees cannot be paid by debit in the credit ledger. Tax payers shall be allowed to take credit of taxes paid on inputs (input tax credit) and utilize the same for payment of output tax. However, no input tax credit on account of CGST shall be utilized towards payment of SGST and vice versa. The credit of IGST would be permitted to be utilized for payment of IGST, CGST and SGST in that order.
- (ii) In cash by debit in the Cash Ledger of the tax payer maintained on the Common Portal. Money can be deposited in the Cash Ledger by different modes, namely, E-Payment (Internet Banking, Credit Card, Debit Card); Real Time Gross Settlement (RTGS)/ National Electronic Fund Transfer (NEFT); Over the Counter Payment in branches of Banks Authorized to accept deposit of GST.

**Q 6. When is payment of taxes to be made by the Supplier?**

Ans. Payment of taxes by the normal tax payer is to be done on monthly basis by the 20th of the succeeding month. Cash payments will be first deposited in the Cash Ledger and the tax payer shall debit the ledger while making payment in the monthly returns and shall reflect the relevant debit entry number in his return. As mentioned earlier, payment can also be debited from the Credit Ledger. Payment of taxes for the month of March shall be paid by the 20th of April. Composition tax payers will need to pay tax on quarterly basis.

**Q 7. Whether time limit for payment of tax can be extended or paid in monthly installments?**

Ans. No, this is not permitted in case of self-assessed liability. In other cases, competent authority has been empowered to extend the time period or allow payment in instalments. (Section 80 of the CGST/SGST Act).

**Q 8. What happens if the taxable person files the return but does not make payment of tax?**

Ans. In such cases, the return is not considered as a valid return. Section 2(117) defines a

valid return to mean a return furnished under sub-section (1) of section 39 on which self-assessed tax has been paid in full. It is only the valid return that would be used for allowing input tax credit (ITC) to the recipient. In other words, unless the supplier has paid the entire self-assessed tax and filed his return and the recipient has filed his return, the ITC of the recipient would not be confirmed.

**Q 9. Which date is considered as date of deposit of the tax dues – Date of presentation of cheque or Date of payment or Date of credit of amount in the account of government?**

Ans. It is the date of credit to the Government account.

**Q 10. What are E-Ledgers?**

Ans. 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 tax 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 dash board at all times.

**Q 11. What is a tax liability register?**

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

**Q 12. What is a Cash Ledger?**

Ans. The cash ledger will reflect all deposits made in cash, and TDS/TCS made on account of the taxpayer. The information will be reflected on real time basis. This ledger can be used for making any payment on account of GST.

**Q 13. What is an ITC Ledger?**

Ans. Input Tax Credit as self-assessed in monthly returns will be reflected in the ITC Ledger. The credit in this ledger can be used to make payment of TAX ONLY and no other amounts such as interest, penalty, fees etc.

**Q 14. What is the linkage between GSTN and the authorized Banks?**

Ans. There will be real time two-way linkage between the GSTN and the Core Banking Solution (CBS) of the Bank. CPIN is automatically routed to the Bank via electronic string for verification and receiving payment and a challan identification number (CIN) is automatically sent by the Bank to the Common Portal confirming payment receipt. No manual intervention will be involved in the process by any one including bank cashier or teller or the tax payer.

**Q 15. Can a tax payer generate challan in multiple sittings?**

Ans. Yes, a taxpayer can partially fill in the challan form and temporarily “save” the challan for completion at a later stage. A saved challan can be “edited” before finalization. After the tax payer has finalized the challan, he will generate the challan, for use of payment of taxes. The remitter will have option of printing the challan for his record.

**Q 16. Can a challan generated online be modified?**

Ans. No. After logging into GSTN portal for generation of challan, payment particulars have to be fed in by the tax payer or his authorized person. He can save the challan midway for future updation. However once the challan is finalized and CPIN generated, no further changes can be made to it by the taxpayer.

**Q 17. Is there a validity period of challan?**

Ans. Yes, a challan will be valid for fifteen days after its generation and thereafter it will be purged from the System. However, the tax payer can generate another challan at his convenience.

**Q 18. What is a CPIN?**

Ans. CPIN stands for Common Portal Identification Number (CPIN) given at the time of generation of challan. It is a 14-digit unique number to identify the challan. As stated above, the CPIN remains valid for a period of 15 days.

**Q 19. What is a CIN and what is its relevance?**

Ans. CIN stands for Challan Identification Number. 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.

**Q 20. What is the sequence of payment of tax where that taxpayer has liabilities for previous months also?**

Ans. Section 49(8) prescribes an order of payment where the taxpayer has tax liability beyond the current return period. In such a situation, the order of payment to be followed is: First self-assessed tax and other dues for the previous period; thereafter self-assessed tax and other dues for the current period; and thereafter any other amounts payable including any confirmed demands under section 73 or 74. This sequence has to be mandatorily followed.

**Q 21. What does the expression “Other dues” referred to above mean?**

Ans. The expression “other dues” means interest, penalty, fee or any other amount payable under the Act or the rules made thereunder.

**Q 22. What is an E-FPB?**

Ans. 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

Transactions. The E-FPB will have to open accounts under each major head for all governments. Total 38 accounts (one each for CGST, IGST and one each for SGST for each State/UT Govt.) will have to be opened. Any amount received by such E-FPB towards GST will be credited to the appropriate account held by such E-FPB.

For NEFT/RTGS Transactions, RBI will act as E-FPB.

**Q 23. What is TDS?**

Ans. TDS stands for Tax Deducted at Source (TDS). As per section 51, this provision is meant for Government and Government undertakings and other notified entities making contractual payments where total value of such supply under a contract exceeds Rs. 2.5 Lakhs to suppliers. While making any payments under such contracts, the concerned Government/authority shall deduct 2% of the total payment made (1% under each Act and 2% in case of IGST) and remit it into the appropriate GST account.

**Q 24. How will the Supplier account for this TDS? while filing his return?**

Ans. Any amount shown as TDS will be reflected in the electronic cash ledger of the concerned supplier. He can utilize this amount towards discharging his liability towards tax, interest fees and any other amount.

**Q 25. How will the TDS Deductor account for such TDS?**

Ans. TDS Deductor will account for such TDS in the following ways:

1. Such deductors needs to get compulsorily registered under section 24 of the CGST/SGST Act.
2. They need to remit such TDS collected by the 10th day of the month succeeding the month in which TDS was collected and reported in GSTR 7.
3. The amount deposited as TDS will be reflected in the electronic cash ledger of the supplier.
4. They need to issue certificate of such TDS to the deductee within 5 days of crediting the TDS to the govt a/c, failing which fees of Rs. 100 per day subject to maximum of Rs.

5000/- will be payable by such deductor.

**Q 26. What is Tax Collected at Source (TCS)?**

Ans. This provision is applicable only for E-Commerce Operator under section 52 of CGST/SGST Act. Every E-Commerce Operator, not being an agent, needs to withhold an amount calculated at the rate of one percent of the “net value of taxable supplies” made through it where the consideration with respect to such supplies is to be collected by the operator. Such withheld amount is to be deposited by such E-Commerce Operator to the appropriate GST account by the 10th of the next month. The amount deposited as TCS will be reflected in the electronic cash ledger of the supplier.

**Q 27. What does the expression “Net value of taxable supplies” mean?**

Ans. The expression “net value of taxable supplies” means the aggregate value of taxable supplies of goods or services, other than services notified under Section 9(5), made during any month by all registered taxable persons through the operator reduced by the aggregate value of taxable supplies returned to the suppliers during the said month.

**Q 28. Is the pre-registration of credit card necessary in the GSTN portal for the GST payment?**

Ans. Yes. The taxpayer would be required to pre-register his credit card, from which the tax payment is intended, with the Common Portal maintained on GSTN. GSTN may also attempt to put in a system with banks in getting the credit card verified by taking a confirmation from the credit card service provider. The payments using credit cards can therefore be allowed without any monetary limit to facilitate ease of doing business.

**Q 29. In what manner the liabilities of the registered person are recorded and maintained in the Electronic Liability Register?**

Ans. The electronic liability register is maintained in FORM GST PMT-01 for each person liable to pay tax, interest, penalty, late fee or any other amount on the Common Portal and all amounts payable by him are debited to the said register.

**Q 30. What are the debits made to the Electronic Liability Register?**

Ans. The electronic liability register of the person is debited by:-

- (a) the amount payable towards tax, interest, late fee or any other amount payable as per the return furnished by the said person;
- (b) the amount of tax, interest, penalty or any other amount payable as determined by a proper officer in pursuance of any proceedings under the Act or as ascertained by the said person;
- (c) the amount of tax and interest payable as a result of mismatch under section 42 or



section 43 or section 50; or

(d) any amount of interest that may accrue from time to time.

**Q 31. What are the Credits made to the Electronic Liability Register?**

Ans. The Electronic Liability Register is credited with the following amounts:

- (a) Payment of every liability made by the registered person by way of debit from electronic credit ledger or electronic cash ledger;
- (b) the amount of TDS deducted by the Deductor in terms of Section 51 and paid by way of debit from electronic cash ledger;
- (c) the amount of TCS collected by the E-Commerce operator in terms of Section 52 and paid by way of debit from electronic cash ledger;
- (d) the amount of tax payable on reverse charge basis and paid by way of debit from electronic cash ledger;
- (e) Any amount of demand debited in the electronic liability register shall stand reduced to the extent of relief given by the appellate authority or Appellate Tribunal or court and the electronic tax liability register shall be credited accordingly.

**Q 32. In what manner is the electronic cash ledger be maintained?**

Ans. The electronic cash ledger is maintained in FORM GST PMT-05 for each person, liable to pay tax, interest, penalty, late fee or any other amount, on the Common Portal for crediting the amount deposited and debiting the payment therefrom towards tax, interest, penalty, fee or any other amount.

**Q 33. How Credits are made to the Electronic Cash Ledger?**

Ans. Any person, or a person on his behalf, shall generate a challan in FORM GST 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. The deposit shall be made through any of the following modes:

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

On successful credit of the amount to the concerned government account maintained in the authorised bank, a Challan Identification Number (CIN) will be generated by the collecting Bank and the same shall be indicated in the challan.

On receipt of CIN from the collecting Bank, the said amount shall be credited to the

electronic cash ledger of the person on whose behalf the deposit has been made and the Common Portal shall make available a receipt to this effect.

Further amount deducted or collected in accordance with section 51 or section 52 of the CGST Act, 2017 respectively would also be credited to electronic cash ledger on filing of Form GSTR-7 or Form GSTR-8 by the deductor or collector respectively.

**Q 34. What would happen in case after making a deposit the bank account of the registered person is debited but Challan Identification Number (CIN) is not generated?**

Ans. Where the bank account of the person concerned, or the person making the deposit on his behalf, is debited but no Challan Identification Number (CIN) is generated or generated but not communicated to the Common Portal, the said person may represent electronically in FORM GST PMT-07 through the Common Portal to the Bank or electronic gateway through which the deposit was initiated.

**Q 35. Is there any relaxation to the Over the Counter (OTC) payment limit of Rs.10,000/- and if so to whom does the relaxation apply?**

Ans. The restriction for deposit up to ten thousand rupees per challan in case of an Over the Counter (OTC) payment does 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 authorized for the amounts collected by way of cash, cheque or demand draft during any investigation or enforcement activity or any ad hoc deposit.

It may be noted that other registered persons may also deposit the amount of more than ten thousand rupees through challan via OTC mode but they would be liable for penalty for violation of Rule 87(3) of the CGST Rules, 2017.

**Q 36. What is the validity period of the challan generated for the purpose of making deposit in the Electronic Credit Ledger at the GST common portal?**

Ans. The challan in FORM GST PMT-06 generated at the Common Portal shall be valid for a period of fifteen days.

**Q 37. How can an un-registered person required to make a payment under the provisions of the Act, make a payment?**



Ans. Any payment required to be made by a person who is not registered under the Act, shall be made on the basis of a temporary identification number generated through the Common Portal.

**Q 38. What should be done in case the registered person notices some discrepancies in his electronic cash ledger?**

Ans. A registered person shall, upon noticing any discrepancy in his electronic cash ledger, communicate the same to the officer exercising jurisdiction in the matter, through the Common Portal in FORM GST PMT-04.

**Q 39. In case a registered person claims refund of any amount in the electronic cash ledger, how will the process be recorded in the Electronic Cash Ledger?**

Ans. Where a person has claimed refund of any amount from the electronic cash ledger, the said amount shall be debited to the electronic cash ledger. If the refund so claimed is rejected, either fully or partly, the amount debited, to the extent of rejection, shall be credited to the electronic cash ledger by the proper officer by an order made in FORM GST PMT-03.

**Q 40. What is an Electronic Credit Ledger?**

Ans. Electronic Credit ledger is for maintaining an account of input tax credit of the registered person. 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 the prescribed manner.

**Q 41. In what manner will the Electronic Credit Ledger be maintained?**

Ans. The electronic credit ledger shall be maintained in FORM GST PMT-02 for each registered person eligible for input tax credit under the Act on the Common Portal and every claim of input tax credit under the Act shall be credited to the said Ledger.

**Q 42. What will be the debits in the Electronic Credit Ledger?**

Ans. The credit in the Electronic Credit Ledger can be used for discharging liability towards Output Tax only. Further, whenever any refund of ITC is claimed, the amount claimed as refund should be debited at the time of filing refund claim.

**Q 43. Can the Credit Ledger be re-credited if the refund claim of ITC is rejected?**

Ans. Yes. If the refund so filed is rejected, either fully or partly, the amount debited, to the extent of rejection, shall be re-credited to the electronic credit ledger by the proper officer by an order made in FORM GST PMT-03. For the time being it is being credited by the officer through Form RFD-01B.

**Q 44. Are there any rules for utilization of ITC from the Electronic Credit Ledger?**

Ans. Yes. The amount of input tax credit available in the electronic credit ledger of the registered person on account of—

(a) 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;

(b) 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;

(c) 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.

But, 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;

(d) 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

But, 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.

(e) the central tax shall not be utilised towards payment of State tax or Union territory tax; and

(f) the State tax or Union territory tax shall not be utilised towards payment of central tax.

Notwithstanding anything contained above, 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.

(NOTE - The highlighted part in the above answer would be brought into force when the CGST (Amendment) Act, 2018 is enforced.)

**Q 45. Are there rules for discharge of tax liability in any particular order?**

Ans. Yes. Every taxable person shall discharge his tax and other dues under this Act or the rules made thereunder in the following order, namely:—

(a) self-assessed tax, and other dues related to returns of previous tax periods;

(b) self-assessed tax, and other dues related to the return of the current tax period;

(c) any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74.

**Q 46. Will all credits and debits made in the ledgers and register be identified and if so**

**how?**

Ans. Yes. A unique identification number shall be generated at the Common Portal for each debit or credit to the electronic cash or credit ledger, as the case may be.

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

A unique identification number shall be generated at the Common Portal for each credit in the electronic liability register for reasons other than those covered above.