

## **Payment under GST - Made Simple**

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Section 44 of the proposed GST model law (Nov-16) provide provisions for payment of tax, interest, penalty and other amounts.

The payments could be made by creating a challan in the GST portal by providing details of amount towards CGST/SGST/IGST/interest/fee/penalty/other amounts that the taxable person propose to deposit.

Every deposit made towards tax, interest, penalty, fee or any other amount by a taxable person shall be credited to the **electronic cash ledger** of such person. Further, it also provides that the input tax credit as self-assessed in the return of a taxable person shall be credited to his **electronic credit ledger**.

The manner of maintaining electronic cash and credit ledgers are prescribed in the proposed GST Payment Rules. These electronic ledgers function similarly to a bank account where in deposits and withdrawals are credited and debited respectively.

### **Electronic Cash Ledger**

As per rule 3 of the said rules, the electronic cash ledger shall be maintained in FORM GST PMT-3 for each registered taxable person on the Common Portal (GSTN server). All the cash deposits made by the assessee towards payment of tax, interest, penalty, fee or any other amount would be credited in the cash ledger and such cash ledger would be debited as and when the amount is utilized to discharge respective liabilities.

Further, if any amount deducted at source on account of a taxable person shall also get credited to this electronic cash ledger. Further, the amount of cash refund claimed by the assessee shall get debited from the said ledger. However, when the refund application is rejected, Electronic Cash Ledger shall be credited back to the extent of rejection.

The taxable person shall fill the details of deposits on the Challan Form GST PMT-4 generated by him on the said GST common portal.

The deposit shall be made through any of the following modes:

- i. Internet Banking through authorized banks;
- ii. Credit card or Debit card after registering the same with the Common Portal;
- 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 –

Restriction of Rs. 10,000/- is not applicable to Government department/ recovery agents/officer authorised in this regard.

If any unregistered person making payment shall obtain a temporary identification number from the authorised officer and could deposit using Form GST PMT-5.

Where the payment is made by way of NEFT or RTGS mode, the mandate form shall be generated along with the challan & shall be submitted to the bank from where the payment is to be made. Such Mandate form would be valid up to 15 days from the challan date.

A Challan Identification Number (CIN) will be generated on successful credit of the amount to the concerned government account and such CIN shall be indicated in the challan.

When due to any technical fault, CIN is not generated, then the assessee may represent electronically in FORM GST PMT-6.

### **Electronic Credit Ledger**

Any claim of input tax credit (CSGT, SGST & IGST) on supply of goods and or services shall be credited to the electronic credit ledger maintained in Form GST PMT-2. Further, such electronic credit ledger shall be debited on utilization for making tax payment under the provisions of the GST Act.

The manner of utilization of IGST/CGST/SGST credits lying as input tax credit in electronic credit ledger would be as under:

- a) IGST balance shall first be utilized to pay IGST liability and the balance if any thereafter may be utilized towards payment of CGST and then the balance towards SGST.
- b) CGST credit balance shall be utilized first towards payment of CGST liability and balance if any could be used to pay the IGST liability.
- c) SGST credit shall be utilized towards payment of SGST liability, the balance if any thereafter could be utilised for payment of IGST.
- d) The input tax credit on account of CGST shall not be utilized towards payment of SGST. Similarly, the credit on account of SGST shall not be used for payment of CGST.

Unutilized balance in Cenvat credit ledger can be claimed as refund by a registered taxable person at the end of any tax period at the option of assessee. The amount to the extent of the refund claim shall be debited in the said ledger. Then, to the extent of

refund claim rejected if any, shall be re-credited to the electronic credit ledger by the proper officer by an order made in Form GST PMT-2A.

### **Electronic Tax Liability Register**

All liabilities of a taxable person under GST Act shall be recorded and maintained in an electronic register called Electronic Tax Liability Register (ETLR). Rule 1 of the proposed GST payment rules provides that the ETLR shall be maintained in Form GST PMT-1 on the Common Portal.

The electronic tax liability register of a registered taxable person shall be debited by:

- (a). The amount payable towards tax, interest, late fee or any other amount payable as per the return filed.
- (b). The amount of tax, interest, penalty or any other amount payable as determined by a proper officer in pursuance of any proceeding under the Act.
- (c). The amount of tax and interest payable as a result of mismatch of input tax credit.
- (d). Any amount of interest that may accrue from time to time.

Electronic tax liability register shall be credited as and when the taxable person discharges his liability either through Electronic Credit Ledger or Electronic Cash Ledger.

In summary, on one part there is an Electronic tax liability register (ETLR) and on the other side there are two ledgers namely Electronic Cash Ledger (ECaL) & Electronic Credit Ledger (ECrL). The Credits in ETLR would be the debits of ECaL/ECrL.

Further, it is provided that every person who has paid the tax on goods and/or services shall be deemed to have passed on the full incidence of such tax to the recipient of such goods/services unless contrary is proved by the taxable person.

A Unique Identification Number (UIN) shall be generated at the common portal for each debit or credit to the electronic cash or credit ledger, as the case may be. Further, UIN relating to discharge of any liability shall be indicated in the corresponding entry in the electronic tax liability register.

Key issues to be noted in the payment process:

- a) The challan once created can never be amended. If any changes such as amount, mode of payment etc to be made, a new challan shall be created accordingly.
- b) Once challan is saved, same will be available for creation up to 7 days. Changes if any could be made before creation.

- c) Once challan is created, it shall be valid for 15 days. Payment shall be made against such challan within 15 days from the date of creation. Once challan is expired, no payment can be done against such challan.
- d) Amount paid towards CGST/ CGST interest/CGST penalty/CGST fee etc shall be used only to pay such amount and cannot be utilized to discharge other liabilities. Example Amount paid towards CGST interest shall only be utilized to pay CGST interest and not other heads such as CGST /SGST/IGST/Penalty/fee etc. Though the law allows, the rules and formats overriding the law to restrict the utilization of amount available in electronic credit ledger.

Summary of forms prescribed under GST payment rules are as follows:

<b>Sr. No.</b>	<b>Form No.</b>	<b>Title of the Form</b>
1.	Form GST PMT-1	Electronic Tax Liability Register of Taxpayer (Part-I: Return related liabilities Electronic Tax Liability Register of Taxpayer) (Part-II: Other than return related liabilities)
2.	Form GST PMT-2	Electronic Credit Ledger
3.	Form GST PMT-2A	Order for re-credit of the amount to cash or credit ledger
4.	Form GST PMT-3	Electronic Cash Ledger
5.	Form GST PMT-4	Challan For Deposit of Goods and Services Tax
6.	Form GST PMT-5	Payment Register of Temporary IDs / Un-registered Taxpayers
7.	Form GST PMT-6	Application For Credit of Missing Payment (CIN not generated)

Kindly refer the below links for formats:

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/draft-formats-under-payment-rules.pdf>

*Please note that the draft GST payment rules has been issued based on Model GST Law released in June 2016. It is expected that the rules could be amended further in line with Draft Model law released in November 2016.*

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