CHAPTER 11

PAYMENT OF TAX



The section numbers referred to in the Chapter pertain to the CGST Act, 2017 unless otherwise specified. Examples/Illustrations/Questions and Answers, as the case may be, given in the Chapter are based on the position of GST law existing as on 30.04.2026.

LEARNING OUTCOMES

After studying this Chapter, you will be able to –

- understand three kinds of ledgers/registers available to a registered person- electronic cash ledger, electronic credit ledger and electronic liability register.
- comprehend the types of ledger to be utilised for payment of tax/ interest/ penalty/ other amounts
- analyse and apply the methodology of cross utilization of credit for payment of taxes
- identify and analyse the circumstances under which penal interest is applicable.
- understand and apply the provisions relating to transfer of amount from one major head to another in electronic cash ledger.
- explain the procedure for transfer of input tax credit between Central and State Government.
- understand and analyse the provisions relating to TDS, i.e. tax deduction at source including the list of deductors, standard rate of deduction, value of supply.

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1. INTRODUCTION

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 GST SGST/UTGST, going into the account of the concerned State Government/ Union Territory. The mechanism for allocation of such tax amount has been constitutionally devised in the interest of Centre and all States/Union territories. For any inter-state supply, tax to be paid is Integrated GST (IGST) which have components of both CGST and SGST. In addition, certain categories of registered persons will be required to pay to the Government, Tax Deducted at Source (TDS) and Tax Collected at Source (TCS[1]). In addition, wherever applicable, interest, penalty, fees and any other payment will also be required to be made.



The introduction of Electronic ledger(s) is a unique feature under the GST regime. Electronic Ledgers or E-Ledgers are of two types. One set is auto-populated upon the action taken by the taxpayer (i) Electronic Cash Ledger, which gets updated upon payment made by the taxpayer on GST Portal and (ii) Electronic Credit Ledger, which gets updated as soon as any input tax credit is claimed or utilized by the taxpayer on the GST Portal. Second set is "Electronic Liability register" auto-populated on the basis of returns furnished by the Registered person or the amount of tax, interest, penalty or any other amount payable as determined by a proper officer in pursuance of any proceedings.

Once a taxpayer is registered on common portal (GSTN), two e-ledgers (Cash & Input Tax Credit ledger) and an electronic tax liability register related functionality is available which is unique for each GSTIN and is accessible to the taxpayer.

Chapter X of the CGST Act, 2017 prescribes the provisions relating to payment of tax containing sections 49 to 53A. A bird's eye view of coverage under these sections is as under-

- Section 49 discusses the three ledgers namely the electronic cash ledger, electronic credit ledger and electronic liability register,

[1] *The provisions relating to TCS have been discussed in Chapter-12: Electronic Commerce Transactions of this Module of the Study Material.*

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- Section 49A & 49B discusses about the utilisation of input tax credit and its order of utilisation.
- Section 50 discusses about the interest on delayed payment of tax.
- Section 51 lays down the circumstances in which tax deduction at source (TDS) becomes mandatory.
- Section 52 deals with the circumstances when tax is to be collected at source (TCS) by the Electronic Commerce Operator. *It is important to note that all provisions relating to e-commerce transactions (including section 52) have already been discussed in detail in Chapter 12 - Electronic Commerce Transactions in this Module of the Study Material.*
- Further, the manner of transfer of ITC is laid down in section 53 and
- Transfer of certain amounts is discussed in section 53A.

TDS stands for Tax Deduction at Source (TDS). Tax Deduction at Source (TDS) is a system, initially introduced by the Income Tax Department. Under GST, it is one of the modes/methods to collect tax, under which, certain percentage of amount is deducted by a recipient at the time of making payment to the supplier in case of specified supply transactions. It facilitates sharing of responsibility of tax collection between the deductor and the tax administrator. This concept of TDS ensures regular inflow of tax collection to the Government. This mechanism acts as a powerful instrument to prevent tax evasion and expands the tax net, as it provides for the creation of an audit trail. Also, with the integration of data furnished by the Supplier and recipient on the GST common portal, there exists an audit trail to ensure for harmony of taxes paid by the supplier.



Section 51[2] of CGST Act, 2017 provides for deduction of tax at source in certain circumstances. This Section specifically lists out the deductor's who are mandated by the Central Government to deduct tax at source, the rate of tax deduction and the procedure for remittance of the tax deducted.

[2] *Students may refer "Standard Operating Procedure on TDS" issued by CBIC from CBIC website.*

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The amount of tax deducted is reflected in the Electronic Cash Ledger of the deductee respectively.

Provisions of payment of tax including TDS under CGST Act, 2017 have also been made applicable to IGST Act, 2017 vide section 20 of the IGST Act, 2017.

Chapter IX of CGST Rules, 2017 containing Rules 85 to 88D deals with provisions relating to payment of tax. Amongst these rules, rule 86A and 86B have already been discussed in detail in Chapter-7: Input tax credit. Rule 88C and Rule 88D will be discussed in Chapter-13: Returns.

Before proceeding to understand the provisions of section 49, 49A, 49B, 50,51,53, 53A & the relevant rules, let us first go through few relevant definitions.

2. RELEVANT DEFINITIONS

- **Agent** means a person, including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another [Section 2(5)].
- **Authorised bank** shall mean a bank or a branch of a bank authorised by the Government to collect the tax or any other amount payable under this Act [Section 2(14)].
- **Central Tax** means the central goods and services tax levied under Section 9 [Section 2(21)].
- **Cess** shall have same meaning as assigned to it in the Goods and Service Tax (Compensation to States) Act [Section 2(22)].
- **Common portal** means the common goods and services tax electronic portal referred to in section 146 [Section 2(26)].
- **Council** means the Goods and Services Tax Council established under article 279A of the Constitution [Section 2(36)].
- **Electronic Cash ledger** means the electronic cash ledger referred to in sub-section (1) of Section 49 [Section 2(43)].

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- **Electronic Credit ledger** means the electronic credit ledger referred to in sub-section (2) of section 49 [Section 2(46)].
- **Integrated tax** means the integrated goods and services tax levied under the Integrated Goods and Services Tax Act [Section 2(58)].
- **Input tax** in relation to a registered person, means the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him and includes—
  - the integrated goods and services tax charged on import of goods;
  - the tax payable under the provisions of sub-sections (3) and (4) of section 9;
  - the tax payable under the provisions of sub-section (3) and (4) of section 5 of the IGST Act;
  - the tax payable under the provisions of sub-section (3) and sub-section (4) of section 9 of the respective State Goods and Services Tax Act; or
  - the tax payable under the provisions of sub-section (3) and sub-section (4) of section 7 of the Union Territory Goods and Services Tax Act,

  but does not include the tax paid under the composition levy [Section 2(62)].
- **Input Tax Credit** means the credit of input tax [Section 2(63)].
- **local authority** means-
  - a "Panchayat" as defined in clause (d) of article 243 of the Constitution;
  - a "Municipality" as defined in clause (e) of article 243P of the Constitution;
  - a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund;
  - a Cantonment Board as defined in section 3 of the Cantonments Act, 2006;
  - a Regional Council or District Council constituted under the Sixth Schedule to the Constitution;

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- a Development Board constituted under article 371 and article 371J of the Constitution; or
- a Regional Council constituted under article 371A of the Constitution. [Section 2(69)].

❖ **Notification** means a notification published in the Official Gazette and the expression "notify" and "notified" shall be construed accordingly [Section 2(80)].

❖ **Output tax** in relation to a taxable person, means the tax chargeable under this Act on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis [Section 2(82)].

❖ **Person includes:-**

(a) an individual;

(b) a Hindu Undivided Family;

(c) a company;

(d) a firm;

(e) a limited liability Partnership;

(f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India;

(g) any corporation established by or under any Central Act, State Act, or Provincial Act or a Government Company as defined in clause (45) of section 2 of the Companies Act,2013;

(h) any body corporate incorporated by or under the laws of a country outside India;

(i) a co-operative society registered under any law relating to co-operative societies;

(j) a local authority;

(k) Central Government or a State Government;

(l) society as defined under the Societies Registration Act,1860;

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(m) trust; and

(n) every artificial juridical person, not falling within any of the above [Section 2(84)].

❖ **Recipient** of supply of goods or services or both, means—

(a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;

(b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and

(c) where no consideration is payable for the supply of a service, the person to whom the service is rendered,

and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied [Section 2(93)].

❖ **State Tax** means the tax levied under any State Goods and Services Tax Act [Section2(104)].

❖ **Supplier** in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied.

Provided that a person who organises or arranges, directly or indirectly, supply of specified actionable claims, including a person who owns, operates or manages digital or electronic platform for such supply, shall be deemed to be a supplier of such actionable claims, whether such actionable claims are supplied by him or through him and whether consideration in money or money's worth, including virtual digital assets, for supply of such actionable claims is paid or conveyed to him or through him or placed at his disposal in any manner, and all the provisions of this Act shall apply to such supplier of specified actionable claims, as if he is the supplier liable to pay the tax in relation to the supply of such actionable claims; [Section 2(105)].

❖ **Tax Period** means the period for which the return is required to be furnished

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[Section 2(106]

- **Taxable person** means a person who is registered or liable to be registered under Section 22 or section 24 [Section 2(107)].
- **Taxable supply** means a supply of goods or services or both which is leviable to tax under this Act [Section 2(108)].
- **Valid return** means a return furnished under sub-section (1) of section 39 on which self-assessed tax has been paid in full [Section 2(117)].

After going through the various definitions relevant to this Chapter, let us discuss the provisions of Chapter X of the CGST Act.

3. PAYMENT OF TAX, INTEREST, PENALTY AND OTHER AMOUNTS [SECTION 49]

STATUTORY PROVISIONS		
Section 49	**Payment of tax, interest, penalty and other amounts**	
Sub-Section	**Clause**	**Particulars**
(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.*
(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, to be maintained in such manner as may be prescribed.*

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(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 there under in such manner and subject to such conditions and within such time as may be prescribed.*	
(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 restrictions within such time as may be prescribed.*	
(5)	*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;* *Provided that 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*

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		remaining, if any, may be utilised towards payment of integrated tax; *Provided that 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.*
(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.*	
(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.*	
(8)	*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 or section 74A;*

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(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.*
(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,––*
	(a) integrated tax, central tax, State tax, Union territory tax or cess; or
	(b) integrated tax or central tax of a distinct person as specified in sub-section (4) or, as the case may be, sub-section (5) of section 25, 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:
	Provided that, no such transfer under clause (b) shall be allowed if the said registered person has any unpaid liability in his electronic liability register.
(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).*
(12)	*Notwithstanding anything contained in this Act, the Government may, on the recommendations of the Council, subject to such conditions and restrictions, specify such maximum proportion of output tax liability under this Act or under the IGST Act, 2017 which may be discharged through the electronic credit ledger by a registered person or a class of registered persons, as may be prescribed.*

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Explanation––For the purposes of this section,—			
	(a)	*the date of credit to the account of the Government in the authorised bank shall be deemed to be the date of deposit in the electronic cash ledger;*	
	(b)	*the expression,—*	
		(i)	*"tax dues" means the tax payable under this Act and does not include interest, fee and penalty; and*
		(ii)	*"other dues" means interest, penalty, fee or any other amount payable under this Act or the rules made there under.*
Section 49A	**Utilisation of input tax credit subject to certain conditions**		
	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.		
Section 49B	**Order of utilisation of input tax credit**		
	Notwithstanding anything contained in this Chapter and subject to the provisions of clause (e) and clause (f) of sub section (5) ofsection 49, the Government may, on the recommendations of the Council, prescribe the order and manner of utilisation of the input tax credit on account of integrated tax, central tax, State tax or Union territory tax, as the case may be, towards payment of any such tax.		

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Section 53	Transfer of input tax credit
	On utilisation of input tax credit availed under this Act for payment of tax dues under the Integrated Goods and Services Tax Act in accordance with the provisions of sub-section (5) of section 49, as reflected in the valid return furnished under sub-section (1) of section 39, the amount collected as central tax shall stand reduced by an amount equal to such credit so utilised and the Central Government shall transfer an amount equal to the amount so reduced from the central tax account to the integrated tax account in such manner and within such time as may be prescribed.
Section 53A	**Transfer of certain amounts**
	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, in such manner and within such time as may be prescribed.

Chapter IX: Payment of Tax of the CGST Rules		
Rule 85	**Electronic Liability Register**	
(1)	*The electronic liability register specified under sub- section (7) of section 49 shall be 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 shall be debited to the said register.*	
(2)	*The electronic liability register of the person shall be 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;*

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	(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; or*[3]
	(d)	*any amount of interest that may accrue from time to time.*
(3)	*Subject to the provisions of section 49, section 49A and section 49B, payment of every liability by a registered person as per his return shall be made by debiting the electronic credit ledger maintained as per rule 86 or the electronic cash ledger maintained as per rule 87 and the electronic liability register shall be credited accordingly.*	
(4)	*The amount deducted under section 51, or the amount collected under section 52, or the amount payable on reverse charge basis, or the amount payable under section 10, any amount payable towards interest, penalty, fee or any other amount under the Act shall be paid by debiting the electronic cash ledger maintained as per rule 87 and the electronic liability register shall be credited accordingly.*	
(5)	*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.*	
(6)	*The amount of penalty imposed or liable to be imposed shall stand reduced partly or fully, as the case may be, if the taxable person makes the payment of tax, interest and penalty specified in the show cause notice or demand order and the electronic liability register shall be credited accordingly.*	
(7)	*A registered person shall, upon noticing any discrepancy in his electronic liability ledger, communicate the same to the officer*	

[3] *Clause (c) was omitted w.e.f. 1-10-2022.*

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	*exercising jurisdiction in the matter, through the common portal in **FORM GST PMT-04**.*
Rule 86	**Electronic Credit Ledger**
(1)	*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.*
(2)	*The electronic credit ledger shall be debited to the extent of discharge of any liability in accordance with the provisions of section 49 or section 49A or section 49B.*
(3)	*Where a registered person has claimed refund of any unutilized amount from the electronic credit ledger in accordance with the provisions of section 54, the amount to the extent of the claim shall be debited in the said ledger.*
(4)	*If the refund so filed is rejected, either fully or partly, the amount debited under sub- rule (3), 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**.*
(4A)	*Where a registered person has claimed refund of any amount paid as tax wrongly paid or paid in excess for which debit has been made from the electronic credit ledger, the said amount, if found admissible, shall be re-credited to the electronic credit ledger by the proper officer by an order made in FORM GST PMT-03.*
(4B)	*Where a registered person deposits the amount of erroneous refund sanctioned to him, -*
	(a) under sub-section (3) of section 54 of the Act, or
	(b) under sub-rule (3) of rule 96
	along with interest and penalty, wherever applicable, through FORM GST DRC-03, by debiting the electronic cash ledger, on

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	his own or on being pointed out, an amount equivalent to the amount of erroneous refund deposited by the registered person shall be re-credited to the electronic credit ledger by the proper officer by an order made in FORM GST PMT-03A.
(5)	*Save as provided in the provisions of this Chapter, no entry shall be made directly in the electronic credit ledger under any circumstance.*
(6)	*A registered person shall, upon noticing any discrepancy in his electronic credit ledger, communicate the same to the officer exercising jurisdiction in the matter, through the common portal in* ***FORM GST PMT-04****.*
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.*
Rule 86A	**Conditions of use of amount available in electronic credit ledger.-**
(1)	*The Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, having reasons to believe that credit of input tax available in the electronic credit ledger has been fraudulently availed or is ineligible in as much as*
	(a) *the credit of input tax has been availed on the strength of tax invoices or debit notes or any other document prescribed under rule 36-* *(i) issued by a registered person who has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or* *(ii) without receipt of goods or services or both; or*
	(b) *the credit of input tax has been availed on the strength of tax invoices or debit notes or any other document*

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		prescribed under rule 36 in respect of any supply, the tax charged in respect of which has not been paid to the Government; or
	(c)	*the registered person availing the credit of input tax has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or*
	(d)	*the registered person availing any credit of input tax is not in possession of a tax invoice or debit note or any other document prescribed under rule 36,*
	may, for reasons to be recorded in writing, not allow debit of an amount equivalent to such credit in electronic credit ledger for discharge of any liability under section 49 or for claim of any refund of any unutilised amount.	
(2)	*The Commissioner, or the officer authorised by him under sub-rule (1) may, upon being satisfied that conditions for disallowing debit of electronic credit ledger as above, no longer exist, allow such debit.*	
(3)	*Such restriction shall cease to have effect after the expiry of a period of one year from the date of imposing such restriction.*	
Rule 87	**Electronic Cash Ledger**	
(1)	*The electronic cash ledger under sub-section (1) of section 49 shall be 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.*	
(2)	*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.*	

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	Provided that the challan in FORM GST PMT-06 generated at the common portal shall be valid for a period of fifteen days.	
(3)	*The deposit under sub-rule (2) shall be made through any of the following modes, namely:-*	
	(i)	*Internet Banking through authorised banks;*
	(ia)	*Unified Payment Interface (UPI) from any bank;*
	(ib)	*Immediate Payment Services (IMPS) from any bank;*
	(ii)	*Credit card or Debit card through the authorised bank;*
	(iii)	*National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or*
	(iv)	*Over the Counter payment through authorised banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft:*
	Provided that the restriction for deposit up to ten thousand rupees per challan in case of an Over the Counter payment shall 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 authorised for the amounts collected by way of cash, cheque or demand draft during any investigation or enforcement activity or any ad hoc deposit:*

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	Provided further that a person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient referred to in section 14, or a person supplying online money gaming from a place outside India to a person in India as referred to in section 14A, of the Integrated Goods and Services Tax Act, 2017 may also make the deposit under sub-rule (2) through international money transfer through Society for Worldwide Interbank Financial Telecommunication payment network, from the date to be notified by the Board.
Explanation	*For the purposes of this sub-rule, it is hereby clarified that for making payment of any amount indicated in the challan, the commission, if any, payable in respect of such payment shall be borne by the person making such payment.*
(4)	*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.*
(5)	*Where the payment is made by way of National Electronic Fund Transfer or Real Time Gross Settlement or Immediate Payment Service mode from any bank, the mandate form shall be generated along with the challan on the common portal and the same shall be submitted to the bank from where the payment is to be made:*
	Provided that the mandate form shall be valid for a period of fifteen days from the date of generation of challan.
(6)	*On successful credit of the amount to the concerned government account maintained in the authorised bank, a Challan Identification Number shall be generated by the collecting bank and the same shall be indicated in the challan.*
(7)	*On receipt of the Challan Identification Number from the collecting bank, the said amount shall be credited to the*

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	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.
(8)	*Where the bank account of the person concerned, or the person making the deposit on his behalf, is debited but no Challan Identification Number 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.* *Provided that where the bank fails to communicate details of Challan Identification Number to the Common Portal, the Electronic Cash Ledger may be updated on the basis of e-Scroll of the Reserve Bank of India in cases where the details of the said e-Scroll are in conformity with the details in challan generated in FORM GST PMT-06 on the Common Portal.*
(9)	*Any amount deducted under section 51 or collected under section 52 and claimed by the registered taxable person from whom the said amount was deducted or, as the case may be, collected shall be credited to his electronic cash ledger.*
(10)	*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.*
(11)	*If the refund so claimed is rejected, either fully or partly, the amount debited under sub-rule (10), 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.***
(12)	*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****.*

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(13)	*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 the Act to the electronic cash ledger for integrated tax, central tax, State tax or Union territory tax or cess in FORM GST PMT-09.*
(14)	*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 the Act to the electronic cash ledger for central tax or integrated tax of a distinct person as specified in sub-section (4) or, as the case may be, sub-section (5) of section 25, in FORM GST PMT-09:* *Provided that no such transfer shall be allowed if the said registered person has any unpaid liability in his electronic liability register.*
Explanation 1	*The refund shall be deemed to be rejected if the appeal is finally rejected.*
Explanation 2	*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.*
Rule 88	**Identification number for each transaction**
(1)	*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.*
(2)	*The unique identification number relating to discharge of any liability shall be indicated in the corresponding entry in the electronic liability register.*
(3)	*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 under sub-rule (2).*

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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.



ANALYSIS

A. ELECTRONIC CASH LEDGER [SECTION 49(1),(3),(6),(10) & (11) READ WITH RULE 87 OF CGST RULES]

The Electronic Cash Ledger contains a summary of all the deposits/payments made by a taxpayer. Electronic Cash Ledger is maintained on the GST Portal. The Electronic Cash Ledger has to be maintained in prescribed form on the common portal by a person liable to pay tax.

Any deposit made towards payment of tax, interest, penalty, late fee or any other amount will be credited to the electronic cash ledger. Any debit to the electronic cash ledger represents payment therefrom towards tax, interest, penalty, late fee or any other amount.

The deposit in the electronic cash ledger shall be made through any of the following modes, namely:-

(i) Internet Banking through authorised banks;

(ii) Unified Payment Interface (UPI) from any bank;

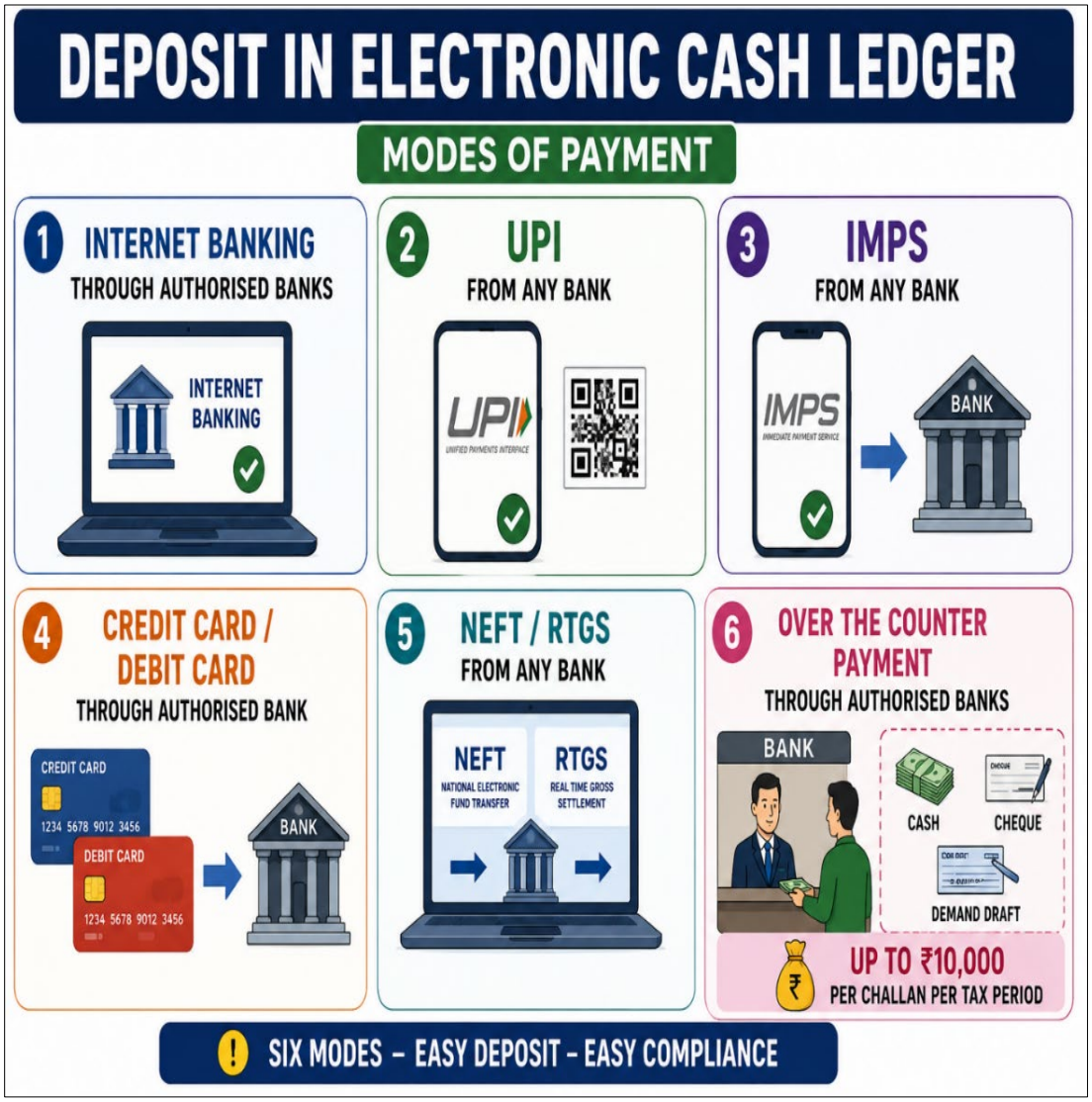
(iii) Immediate Payment Services (IMPS) from any bank;

(iv) Credit card or Debit card through the authorised bank;

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(v) National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) from any bank; or

(vi) Over the Counter payment through authorized banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft:



It may be noted that the restriction for deposit up to ten thousand rupees per challan in case of an Over the Counter payment will not apply to deposit to be made by –

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(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 authorised for the amounts collected by way of cash, cheque or demand draft during any investigation or enforcement activity or any ad hoc deposit.

Non-applicability of Over the Counter payment limit on deposits to be made by

Proper officer or any other officer authorized

to recover outstanding dues including attachment proceedings or sale of moveable/ immoveable properties

to collect the amount by way of cash/cheque/demand draft during any investigation/enforcement activity /any ad hoc deposit

Government Departments

Persons notified by Commissioner

Payment by Challan

❑ What is CPIN, CIN, BRN and E-FPB?

CPIN stands for Common portal Identification Number. It is created for every Challan successfully generated by the taxpayer. It is a 14-digit unique number to identify the challan. CPIN remains valid for a period of 15 days.

CIN or Challan Identification Number is generated by the banks, once payment in lieu of a generated Challan is successful. 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

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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.

BRN or Bank Reference Number is the transaction number given by the bank for a payment against a Challan

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 transaction.

The E-FPB will have to open accounts under each major head for all governments. Any amount received by such E-FPB towards GST will be credited to the appropriate account held by such E-FPB. For NEFT/RTGS/IMPS Transactions, RBI will act as E-FPB.

- **Are manual Challans applicable as allowed under the erstwhile indirect tax regimes?**

  Manual or physical Challans are not allowed under the GST regime. It is mandatory to generate Challans online on the GST Common Portal.

- **How many types of Challans are prescribed for various taxes and payments to be paid under the GST regime?**

  There is single Challan prescribed for all taxes, fees, penalty, interest and other payments to be made under the GST regime.

Other Aspects relating to Challan

- Any person, or a person on his behalf, can generate a challan in prescribed form [Form 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.

- E- challan validity is for 15 days. The commission for making payment through e-challan has to be borne by the person making the payment.

Validity of challan-15 days

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- The mandate form obtained after making NEFT/RTGS/IMPS payment has to be submitted in the Bank. The validity of the mandate form is 15 days.
- On successful credit of amount in the concerned (Central/State) Government Account maintained in the authorized bank, a Challan Identification Number (CIN) will be generated by the collecting bank which will be indicated in the challan.
- On receipt of the CIN from the collecting bank, the said amount is credited into the electronic cash ledger of the person on whose behalf the deposit is made and the common portal will generate a receipt to this effect.
- If CIN is not generated even after making payment and submission of mandate form or when after generation, it has not been reflected in the common portal, the person making the deposit or the person on whose behalf the deposit has been made, can make a representation in prescribed form i.e. FORM GST PMT-07 through the common portal or e-gateway through which the payment has been made.
- Where the bank fails to communicate details of Challan Identification Number to the common portal, the Electronic Cash Ledger may be updated on the basis of e-Scroll of the RBI in cases where the details of the said e-Scroll are in conformity with the details in challan generated in Form GST PMT-06 on the common portal.
- Date of credit into the treasury of the State Government/Central Government is deemed to be the date of deposit of amount in the electronic cash ledger.
- Any amount deducted under section 51 [TDS] or collected under section 52 [TCS] and claimed by the registered taxable person from whom the said amount was deducted or collected shall be credited to his electronic cash ledger.
- In case any discrepancy is noticed in electronic cash ledger, the registered person shall communicate the same to the officer exercising jurisdiction in the matter, through the common portal in prescribed form.

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- An unregistered person has to make payment through electronic cash ledger on the basis of temporary identification number generated through common portal.



(1) Rohan Traders, Chennai, has to discharge CGST, SGST, late fee and interest liabilities for the month of July. It can generate a single challan in Form GST PMT-06 covering all these amounts.

(2) Meera Textiles, Coimbatore, generates an e-challan on the GST common portal on 1st August, but does not use it to make payment immediately. Meera Textiles must make the payment within 15 days of generating the challan and cannot use the same challan after 15 days of generation, since every e-challan generated on the common portal is valid for only 15 days from the date of generation.

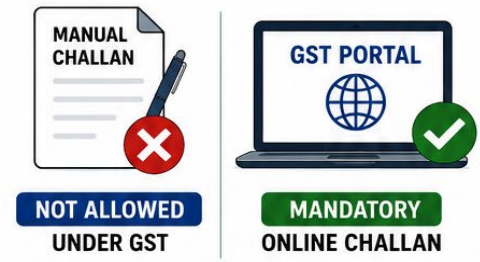
(3) Arjun Industries, Bengaluru, opts to pay its GST dues through RTGS on the common portal. It generates the mandate form along with the challan on the common portal. Arjun Industries must submit the mandate form to its bank within 15 days of generation of challan and cannot delay this submission beyond that period, since the mandate form obtained for NEFT/RTGS/IMPS payments carries a validity of only 15 days.

(4) Priya Fabrics, Mumbai makes its GST payment through IMPS and submits the mandate form to the bank, but the Challan Identification Number (CIN) does not get reflected on the common portal even after a week. Priya Fabrics may file a representation in Form GST PMT-07 through the common portal or the e-gateway used for payment.

(5) Suresh Enterprises, Nagpur is not yet registered under GST but is required to make a pre-deposit under GST provisions. Suresh Enterprises must first obtain a temporary identification number through the common portal and use it to make the payment via the electronic cash ledger and cannot make such payment using a regular GSTIN, since an unregistered person is permitted to transact on the portal only through a system-generated temporary identification number.

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MANUAL CHALLANS APPLICABLE?



HOW MANY TYPES OF CHALLANS?



OTHER ASPECTS RELATING TO CHALLAN

1 ANY PERSON CAN GENERATE CHALLAN [FORM PMT-06]



ENTER DETAILS OF AMOUNT (TAX / INTEREST / PENALTY / FEE / OTHER AMOUNT)

2 E-CHALLAN VALIDITY



COMMISSION BORNE BY PAYER

3 MANDATE FORM AFTER NEFT / RTGS / IMPS



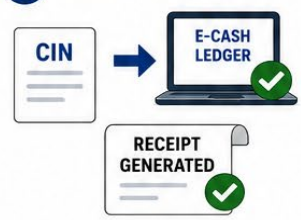
SUBMIT IN BANK
VALIDITY : 15 DAYS

4 ON SUCCESSFUL CREDIT IN GOVERNMENT ACCOUNT

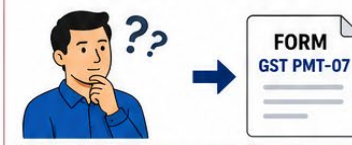


CHALLAN IDENTIFICATION NUMBER (CIN)
INDICATED IN CHALLAN

5 ON RECEIPT OF CIN



6 IF CIN NOT GENERATED / NOT REFLECTED ON PORTAL



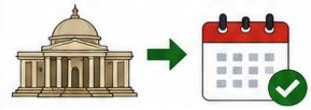
REPRESENTATION THROUGH COMMON PORTAL / E-GATEWAY

7 BANK FAILS TO COMMUNICATE CIN TO COMMON PORTAL



E-CASH LEDGER UPDATED ON BASIS OF E-SCROLL (IF DETAILS MATCH WITH CHALLAN IN PMT-06)

8 DATE OF CREDIT INTO GOVERNMENT TREASURY



Deemed to be date of deposit in electronic cash ledger

9 AMOUNT DEDUCTED / COLLECTED



10 DISCREPANCY IN E-CASH LEDGER



COMMUNICATE THROUGH COMMON PORTAL

11 UNREGISTERED PERSON



GENERATED THROUGH COMMON PORTAL

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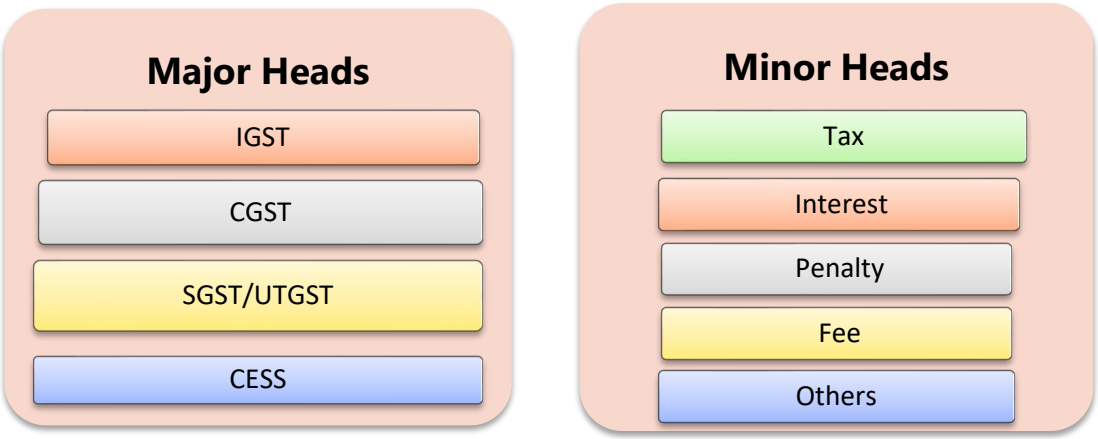
Manner of utilization of amount reflected in Electronic Cash Ledger

Sub-section 3 of section 49 of the CGST Act lays down the following:

The amount reflected in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fee, or any other amount in the prescribed manner.

In the e-ledger, information is kept minor head-wise for each major head. The ledger is displayed major head-wise i.e., IGST, CGST, SGST/UTGST, and CESS. Each major head is divided into five minor heads: Tax, Interest, Penalty, Fee, and Others.

A registered taxpayer can make cash deposits in the recognized Banks through the prescribed modes to the Electronic Cash Ledger using any of the Online or Offline modes permitted by the GST Portal. The Cash deposits can be used for making payment(s) like tax liability, interest, penalties, fee, and others.



Transfer of amount reflected in Electronic Cash Ledger

The amount available under a particular major head and minor head in the electronic cash ledger can be utilised only for payment of liability under that same major head and minor head. For instance, an amount available under the major head of IGST cannot be utilised for discharging a liability under the major head of CGST; similarly, an amount lying under the minor head "Tax" cannot be used to discharge a liability under the minor head "Interest."

However, taxpayer can perform intra-head or inter-head transfer of amount, as available in Electronic Cash Ledger, using Form GST PMT-09. Form GST PMT-09

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enables any registered taxpayer to perform, intra-head or inter-head transfer of amount, as available in Electronic Cash Ledger. Thus, a registered taxpayer can file Form GST PMT-09 for transfer of any amount of tax, interest, penalty, fee or others, under one (major or minor) head to another (major or minor) head, as available in the Electronic Cash Ledger.

Further, a registered person can transfer an amount from one (major/minor) head to another (major/minor) head in the electronic cash ledger or to transfer any amount available in the electronic cash ledger, to the electronic cash ledger for IGST/CGST of a distinct person as specified in sub-section (4) or, as the case may be, sub-section (5) of section 25, in Form GST PMT-09.

However, no such transfer shall be allowed if the said registered person has any unpaid liability in his electronic liability register.

This Form can be used either for

(i) transfer of erroneous deposits under any minor head of a major head to any other minor head of same or other major heads or

(ii) transfer of any of the amounts already lying unutilised under any of the minor heads in Electronic Cash ledger or

(iii) transfer of any amount lying in the electronic cash ledger to the electronic cash ledger for CGST/IGST of a distinct person

For instance, a registered person has deposited a sum of ₹ 1,000 under the head of "Interest" column of CGST & ₹ 1,000 under the head of "Interest" column of SGST, instead of the head "Fee". Such amount can be transferred using Form GST PMT-09 for making a transfer to the head "Fee". The said transfer is required using the above Form, because when the registered person has to make the remittance of Tax/Interest/Penalty/ Fee/ Other amount at a stage "Offset Liabilities" in any of the GST Returns/ Forms for Tax payments through Electronic Cash Ledger, adequate amount should be available under the respective head of account.

Where any amount has been transferred from the electronic cash ledger under CGST Act to the electronic cash ledger under the SGST Act or the UTGST Act, the Government shall, transfer to the State tax account or the Union territory tax account,

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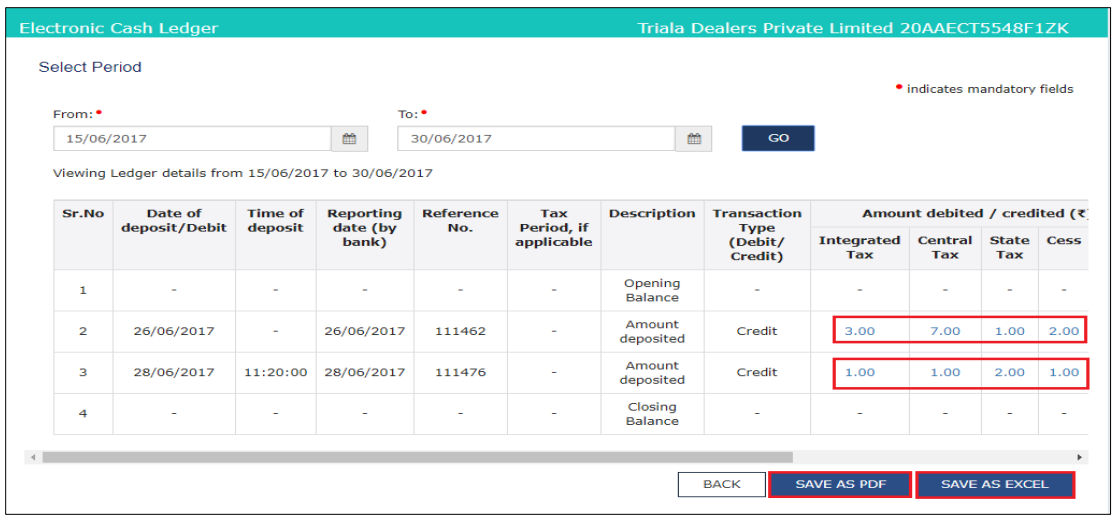
an amount equal to the amount transferred from the electronic cash ledger, in such manner and within such time as may be prescribed.

A registered person has to claim the Tax Deducted at Source under section 51 or Tax Collected at Source under section 52 to appear in his Electronic Cash ledger. A registered person's TDS (section 51) or TCS (section 52) does not credit automatically to his Electronic Cash Ledger merely because the deductor/collector has filed Form GSTR-7 or GSTR-8. Deducteee needs to accept or reject each entry and file this statement; only accepted-and-filed entries get credited to the Electronic Cash Ledger.

Other peculiar aspects of Electronic Cash Ledger

- ✓ An unregistered person has to make payment through electronic cash ledger on the basis of temporary identification number generated through common portal.
- ✓ Where the person has claimed refund of any amount from electronic cash ledger, the amount of refund claimed would be debited from the electronic cash ledger
- ✓ Where the refund claimed by a person is rejected either fully or partly, the amount debited earlier shall be credited to electronic cash ledger by the Proper officer to the extent of amount of refund rejected.

Electronic Cash Ledger


Electronic Cash Ledger — Triala Dealers Private Limited 20AAECT5548F1ZK

Select Period

* indicates mandatory fields

From:* 15/06/2017 To:* 30/06/2017 GO

Viewing Ledger details from 15/06/2017 to 30/06/2017

Sr.No	Date of deposit/Debit	Time of deposit	Reporting date (by bank)	Reference No.	Tax Period, if applicable	Description	Transaction Type (Debit/ Credit)	Amount debited / credited (₹)			
								Integrated Tax	Central Tax	State Tax	Cess
1	-	-	-	-	-	Opening Balance	-	-	-	-	-
2	26/06/2017	-	26/06/2017	111462	-	Amount deposited	Credit	3.00	7.00	1.00	2.00
3	28/06/2017	11:20:00	28/06/2017	111476	-	Amount deposited	Credit	1.00	1.00	2.00	1.00
4	-	-	-	-	-	Closing Balance	-	-	-	-	-

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B. ELECTRONIC CREDIT LEDGER [SECTION 49(2), (4) & (5), SECTION 49A, SECTION 49B READ WITH RULE 86, 86A, 86B AND 88A OF CGST RULES]

Sub-section (2) of section 49 of the CGST Act provides that the self-assessed **input tax credit (ITC)** by a registered person shall be credited to his Electronic Credit Ledger or **Electronic Input Tax Credit Ledger**. This is to be maintained in the prescribed form.

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 ONLY TAX and not other amounts such as interest, penalty, fees etc.

Non-utilisation of ITC for tax liability under reverse charge mechanism

The amount available in the electronic credit ledger may be used for making any payment towards output tax under CGST, SGST, UTGST or IGST. It is pertinent to note that "output tax" [as defined in Section 2(82)] in relation to a taxable person, means the tax chargeable under this Act [i.e. SGST/ UTGST/ CGST Act, 2017 respectively] on taxable supply of goods and/or services made by him, but excludes tax payable by him on reverse charge basis. Thus, ITC available in Electronic Credit ledger, cannot be utilised for tax payable under reverse charge mechanism under Section 9(3) or 9(4) of CGST/SGST Act, 2017 read with Section 5(3) or 5(4) of IGST Act, 2017.

Manner of utilisation of ITC [Combined reading of section 49(5), 49A, 49B, rule 88A and *Circular No. 98/17/2019 GST dated 23.04.2019*][4]

ITC of	Output IGST liability	Output CGST liability	Output SGST/ UTGST liability
IGST	(I)	(II) – In any order and in any proportion	
(III) ITC of IGST to be completely exhausted mandatorily			
CGST	(V)	(IV)	Not permitted
SGST/UTGST	(VII)	Not permitted	(VI)

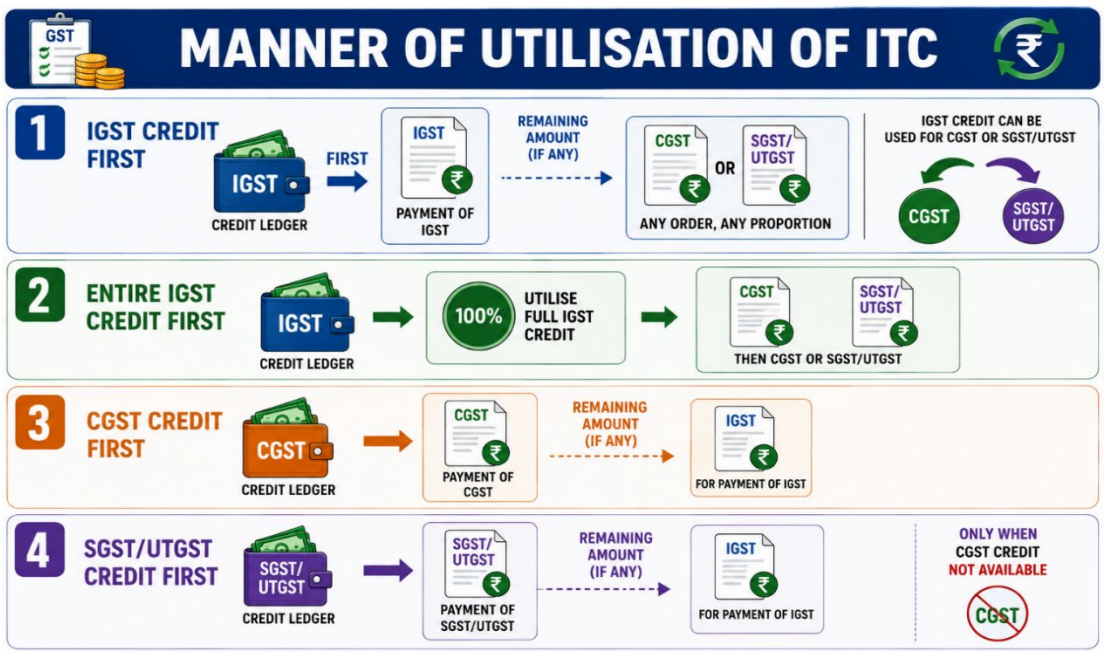
[4] *The detailed provisions have been discussed in Chapter-7: "Input tax credit" of this Module of the Study Material.*

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	Only after ITC of CGST has been utilized fully		

1. Available IGST credit in the credit ledger should first be utilized towards payment of IGST. Remaining amount if any, can be utilized towards the payment of CGST and SGST/UTGST in any order and in any proportion, i.e. ITC of IGST can be utilized either against CGST or SGST.
2. Entire ITC of IGST is to be fully utilised first before the ITC of CGST or SGST/UTGST can be utilized.
3. Available CGST Credit in the credit ledger shall first be utilized for payment of CGST. Remaining amount if any, will be utilized for payment of IGST.
4. Available SGST /UTGST credit in the credit ledger shall first be utilized for payment of SGST/UTGST. Remaining amount if any, will be utilized for payment of IGST, only when credit of CGST is not available for payment of IGST.

CGST credit cannot be utilized for payment of SGST/UTGST. Similarly, SGST/UTGST credit cannot be utilized for payment of CGST.



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(6) Kunal Traders, Delhi, has ₹ 50,000 IGST credit available in its electronic credit ledger and an IGST liability of ₹ 30,000 for the month. Kunal Traders must first utilize the available IGST credit fully towards IGST liability before using it for CGST or SGST since output tax liability under IGST must be discharged first from IGST credit, and the remaining ₹ 20,000 can then be used towards CGST and/or SGST/UTGST in any order and any proportion.

(7) Meera Enterprises, Pune, has ₹ 80,000 IGST credit in its ledger, with CGST liability of ₹ 20,000 and SGST liability of ₹ 15,000 for the month. Meera Enterprises must first utilize the entire IGST credit fully across CGST and SGST liabilities before utilizing any CGST or SGST credit balance, since the complete ITC of IGST has to be exhausted before ITC of CGST or SGST/UTGST can be utilized at all.

(8) Arjun Fabrics, Ahmedabad, has ₹ 25,000 CGST credit and a CGST liability of ₹ 15,000 as well as an IGST liability of ₹ 8,000 for the month. Arjun Fabrics must first use the CGST credit to pay off the CGST liability and only the remaining ₹ 10,000 balance can then be utilized towards the IGST liability, since available CGST credit is required to be applied to CGST payment first before any surplus flows to IGST.

(9) Priya Textiles, Jaipur, has ₹ 18,000 SGST credit and an SGST liability of ₹ 10,000, along with an IGST liability of ₹ 5,000, but its CGST credit has already been fully utilized elsewhere and is unavailable for IGST payment. Priya Textiles must first apply the SGST credit towards its SGST liability, and since no CGST credit remains available for IGST, the balance SGST credit of ₹ 8,000 can then be used to pay the IGST liability.

(10) Suresh Industries, Lucknow, has GST payable under reverse charge mechanism (RCM) on certain inward supplies, along with regular output tax liability under CGST and SGST. Suresh Industries cannot use its electronic credit ledger balance to discharge the RCM liability and must pay it only through the electronic cash ledger, since ITC can be used only against "output tax" as defined under section 2(82), which specifically excludes tax payable on reverse charge basis.

Conditions of use of amount available in electronic credit ledger [Rule 86A]

In case the Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, has reasons to believe that ITC available in the electronic credit ledger has been fraudulently availed or is ineligible, he may ,

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after recording reasons in writing, prohibit use of ITC for discharge of any liability under section 49 or for claim of any refund of any unutilised amount. *[Such provisions have already been discussed in detail in Chapter 7: Input Tax Credit.]*

Restrictions on use of amount available in electronic credit ledger [Rule 86B]

Rule 86B restricts the amount available in electronic credit ledger which a registered person can use to discharge his output tax liability to 99% of such tax liability in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds ₹ 50 lakh. *[Such provisions have already been discussed in detail in Chapter 7: Input Tax Credit]*

Other Aspects of Electronic Credit Ledger

- In case any discrepancy is noticed in the electronic credit ledger, the registered person shall communicate the same to the officer exercising jurisdiction in the matter, through the common portal in prescribed form.
- No entry shall be made directly in the electronic credit ledger under any circumstance except as provided in the provisions.

Clarifications[6] regarding utilization of the amounts available in the electronic credit ledger and the electronic cash ledger for payment of tax and other liabilities:-

Issue 1:

Whether the amount available in the electronic credit ledger can be used for making payment of any tax under the GST Laws?

Clarification:

In terms of section 49(4), the amount available in the electronic credit ledger may be used for making any payment towards output tax under the CGST Act or the IGST Act, subject to the provisions relating to the order of utilisation of ITC as laid down in section 49B read with rule 88A.

Rule 86(2) provides for debiting of the electronic credit ledger to the extent of

[6] *vide Circular No. 172/04/2022 GST dated 06.07.2022*

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discharge of any liability in accordance with the provisions of section 49/49A/49B.

Further, output tax in relation to a taxable person (i.e. a person who is registered or liable to be registered under section 22 or section 24) is defined in section 2(82) as the tax chargeable on taxable supply of goods or services or both but excludes tax payable on reverse charge mechanism.

Accordingly, it is clarified that any payment towards output tax, whether self-assessed in the return or payable as a consequence of any proceeding instituted under the provisions of GST laws, can be made by utilization of the amount available in the electronic credit ledger of a registered person.

It is further reiterated that as output tax does not include tax payable under reverse charge mechanism, implying thereby that the electronic credit ledger cannot be used for making payment of any tax which is payable under reverse charge mechanism.

Issue 2:

Whether the amount available in the electronic credit ledger can be used for making payment of any liability other than tax under the GST laws?

Clarification:

As per section 49(4), the electronic credit ledger can be used for making payment of output tax only under the CGST Act or the IGST Act. It cannot be used for making payment of any interest, penalty, fees or any other amount payable under the said Acts. Similarly, electronic credit ledger cannot be used for payment of erroneous refund sanctioned to the taxpayer, where such refund was sanctioned in cash.

Issue 3:

Whether the amount available in the electronic cash ledger can be used for making payment of any liability under the GST laws?

Clarification:

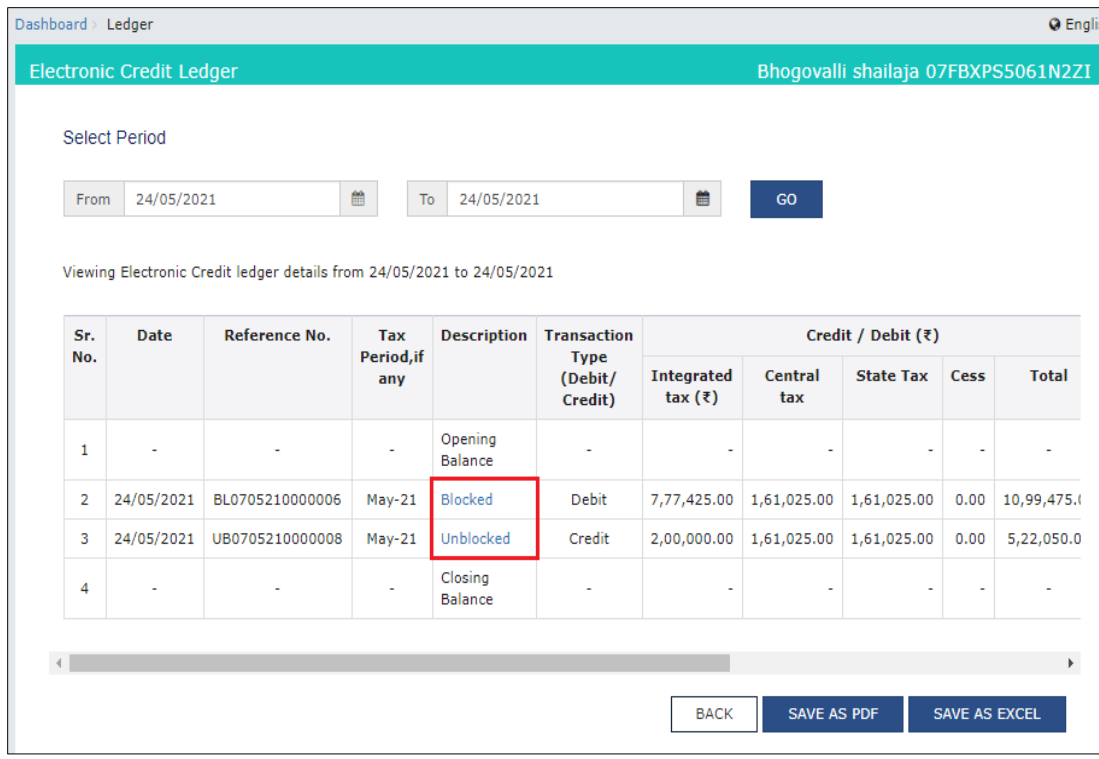
As per section 49(3), the amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of the GST laws.

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Common Points for Electronic Cash & Credit Ledger

- Where a person has claimed refund of any amount from the electronic cash or credit ledger, the said amount shall be debited to the electronic cash or credit ledger.
- If the refund so claimed is rejected, either fully or partly, the amount debited earlier, to the extent of rejection, shall be credited to the electronic cash or credit ledger by the proper officer by an order made in prescribed form.
- A unique identification number shall be generated at the common portal for each debit or credit to the electronic cash or credit ledger.
- Similarly, the unique identification number relating to discharge of any liability shall be indicated in the corresponding entry in the electronic liability register.

Electronic Credit Ledger


Dashboard › Ledger English

Electronic Credit Ledger Bhogovalli shailaja 07FBXPS5061N2ZI

Select Period

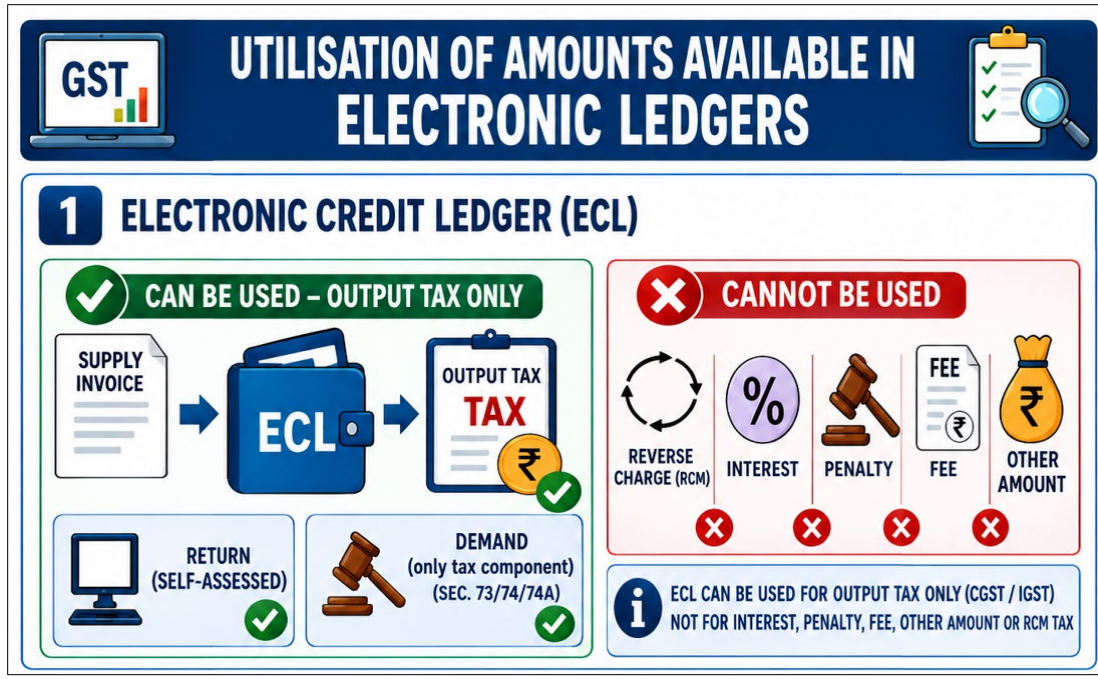
From 24/05/2021 To 24/05/2021 GO

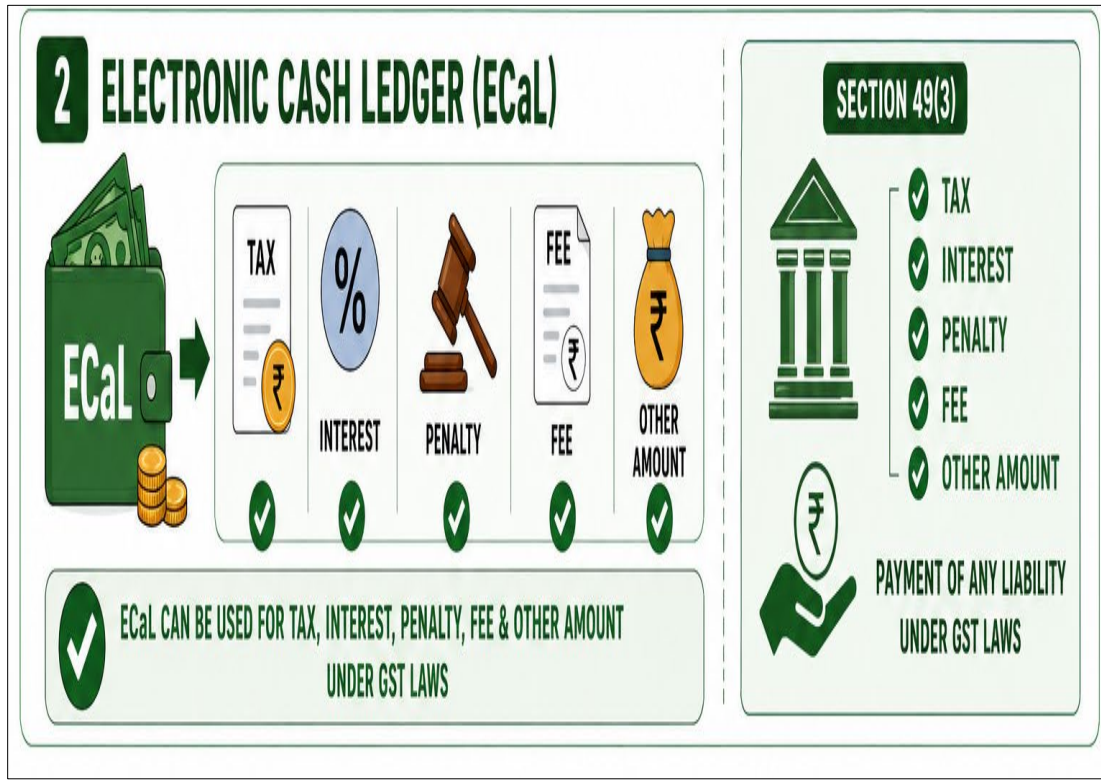
Viewing Electronic Credit ledger details from 24/05/2021 to 24/05/2021

Sr. No.	Date	Reference No.	Tax Period,if any	Description	Transaction Type (Debit/ Credit)	Credit / Debit (₹)				
						Integrated tax (₹)	Central tax	State Tax	Cess	Total
1	-	-	-	Opening Balance	-	-	-	-	-	-
2	24/05/2021	BL0705210000006	May-21	Blocked	Debit	7,77,425.00	1,61,025.00	1,61,025.00	0.00	10,99,475.(
3	24/05/2021	UB0705210000008	May-21	Unblocked	Credit	2,00,000.00	1,61,025.00	1,61,025.00	0.00	5,22,050.0
4	-	-	-	Closing Balance	-	-	-	-	-	-

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C. ELECTRONIC LIABILITY REGISTER [SECTION 49(7), (8) & (9) READ WITH RULE 85 OF CGST RULES]

❑ Sub-section (7) of section 49 enumerates about the third kind of ledger [Auto updated on common portal] viz. **Electronic Liability Register**. While the terms "Electronic Cash Ledger" and "Electronic Credit Ledger" are defined in the Act, the term "Electronic Liability Register" is not defined. The section lays down that all liabilities of a taxable person will be recorded & maintained in a separate register named 'Electronic Liability Register'.

❑ **Order of discharge of tax and other dues**

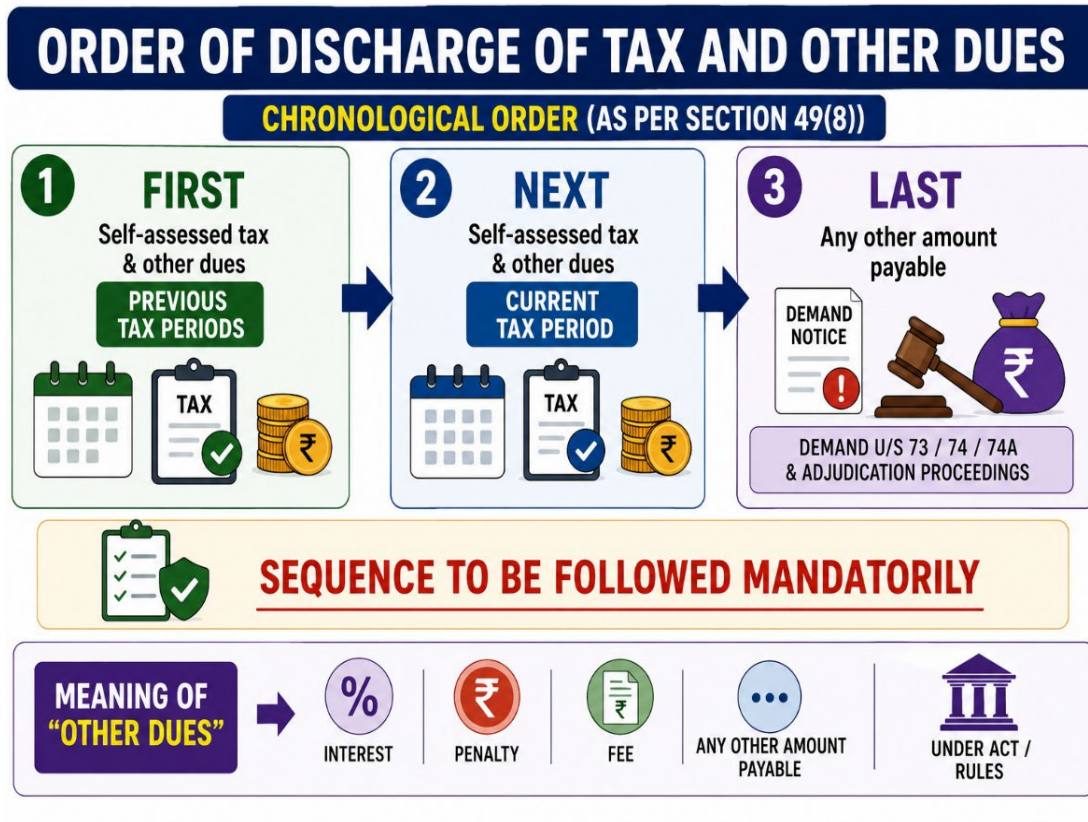
Sub-section (8) prescribes the chronological order in which the liability of a taxable person has to be discharged:

- ✓ self-assessed tax, and other dues related to returns of previous tax periods have to be discharged first;.
- ✓ self-assessed tax, and other dues related to the return of the current tax period next.
- ✓ Once these two steps are exhausted, thereafter any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74 or section 74A[7]; comes last. This sequence has to be mandatorily followed.

The expression **"tax dues"** means the tax payable under this Act and does not include interest, fee and penalty; and **"other dues"** referred above mean interest, penalty, fee or any other amount payable under the Act or the rules made thereunder.

[7] *The provisions of section 74A contain provisions relating to determination of tax not paid/short paid or erroneously refunded or ITC wrongly availed/utilized for any reason pertaining to Financial Year 2024-25 onward. Detailed provisions of this section are discussed in Chapter-19 of Module-3 of the Study material. The provisions of sections 73 and 74 are applicable for tax determination relating to the past period up to the Financial Year 2023–24.*

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❑ **Presumption that incidence of tax is passed on**

Sub-section (9) contains a deeming clause. This part of the section provides that when a taxable person has paid the GST under the corresponding Act, the taxable person is deemed to have passed on the incidence of such payment of tax to the recipient of such goods and /or services. Thus, if tax has been paid under the CGST Act, 2017 then the taxable person is deemed to have passed on the incidence of such payment of CGST to the recipient. This is subject to the contrary being proved. Onus to establish that incidence of tax has not been passed on to the recipient, becomes relevant in case of Section 54 dealing with "Refund of tax"

❑ **Chapter IX of CGST Rules provide the following:**

(I) Debit to electronic liability register:

✓ all amounts payable towards tax, interest, late fee and any other amount as per return filed;

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- ✓ all amounts payable towards tax, interest, penalty and any other amount determined in a proceeding by a proper officer or as ascertained by the said person.
- ✓ any amount of interest that may accrue from time to time.

(II) Debit to Electronic Credit/Cash ledger:

Debit to Electronic Credit Ledger and Credit to Electronic Liability Register	Debit to Electronic Cash Ledger and Credit to Electronic Liability Register
Payment of all the liabilities of a registered person as per his return subject to section 49 or section 49A or section 49B.	Payment of all the liabilities of a registered person as per his return subject to section 49 or section 49A or section 49B.
	Payment of TDS deducted under section 51, TCS collected by e-commerce operator under section 52, amount payable under reverse charge basis, amount payable under section 10, amount payable towards payment of interest, penalty, fee or any other amount under the GST law.

Electronic Liability Register

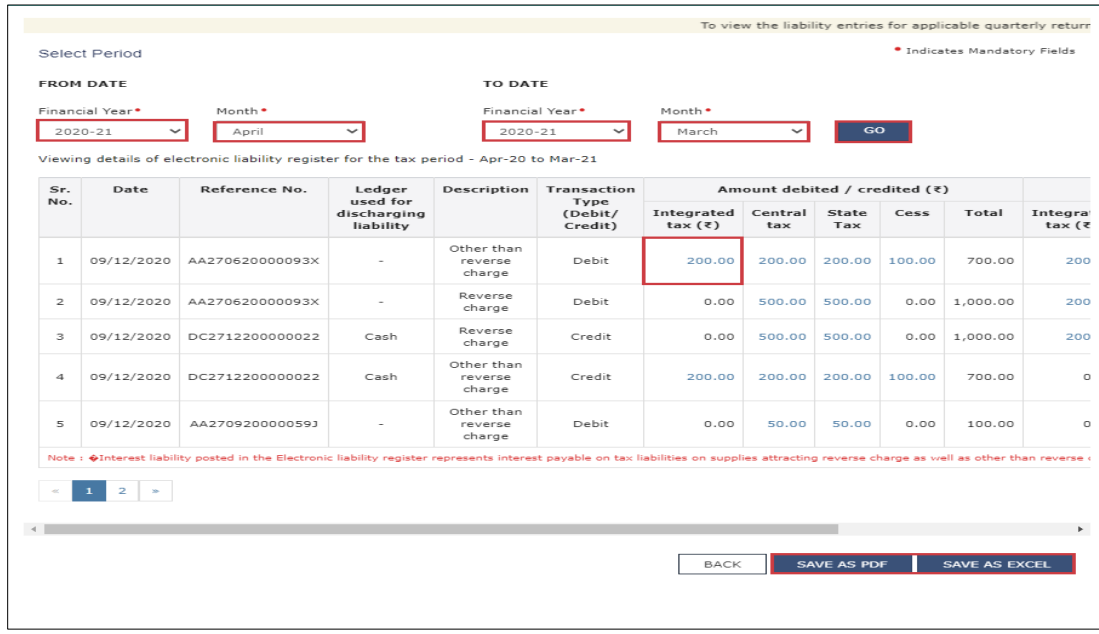
The Electronic Liability Register page is displayed in the following manner:-

Part-I: Return related Liabilities

Part-II: Other than return related liabilities

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Part - 1 Return related liabilities



To view the liability entries for applicable quarterly returr

Select Period

* Indicates Mandatory Fields

FROM DATE

Financial Year* 2020-21

Month* April

TO DATE

Financial Year* 2020-21

Month* March

GO

Viewing details of electronic liability register for the tax period - Apr-20 to Mar-21

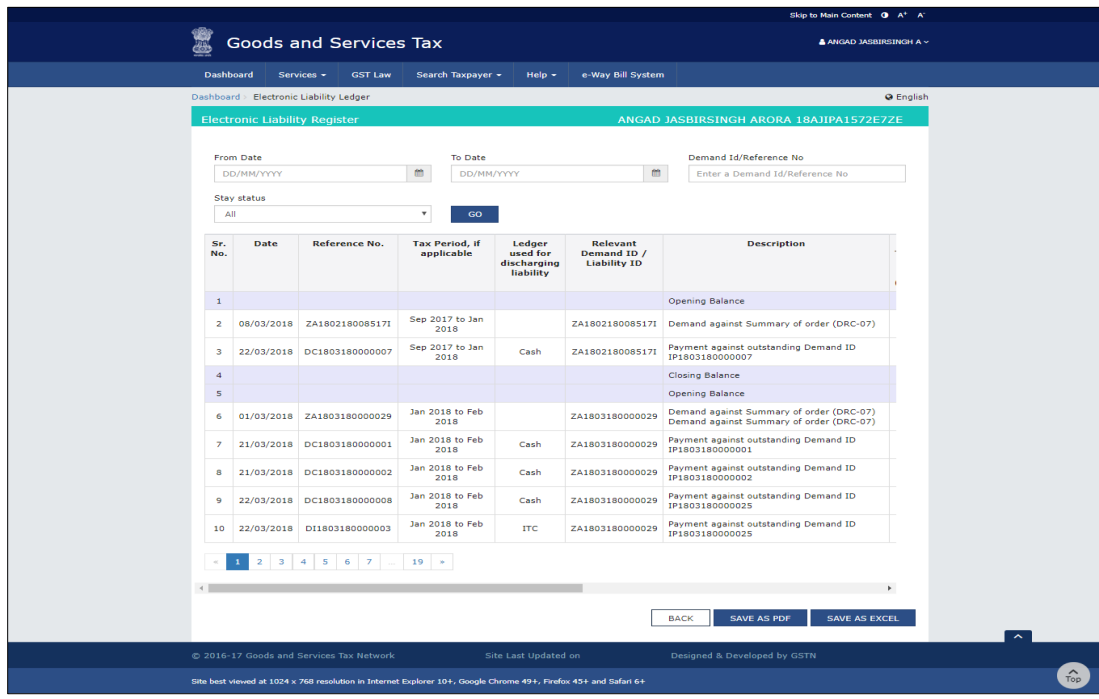
Sr. No.	Date	Reference No.	Ledger used for discharging liability	Description	Transaction Type (Debit/ Credit)	Amount debited / credited (₹)					
						Integrated tax (₹)	Central tax	State Tax	Cess	Total	Integra tax (₹
1	09/12/2020	AA270620000093X	-	Other than reverse charge	Debit	200.00	200.00	200.00	100.00	700.00	200
2	09/12/2020	AA270620000093X	-	Reverse charge	Debit	0.00	500.00	500.00	0.00	1,000.00	200
3	09/12/2020	DC2712200000022	Cash	Reverse charge	Credit	0.00	500.00	500.00	0.00	1,000.00	200
4	09/12/2020	DC2712200000022	Cash	Other than reverse charge	Credit	200.00	200.00	200.00	100.00	700.00	0
5	09/12/2020	AA2709200000059J	-	Other than reverse charge	Debit	0.00	50.00	50.00	0.00	100.00	0

Note : Interest liability posted in the Electronic liability register represents interest payable on tax liabilities on supplies attracting reverse charge as well as other than reverse

« 1 2 »

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Part - II: Other than return related liabilities



Skip to Main Content A+ A-

Goods and Services Tax

ANGAD JASBIRSINGH A

Dashboard Services GST Law Search Taxpayer Help e-Way Bill System

Dashboard > Electronic Liability Ledger

English

Electronic Liability Register ANGAD JASBIRSINGH ARORA 18AJIPA1572E7ZE

From Date DD/MM/YYYY

To Date DD/MM/YYYY

Demand Id/Reference No Enter a Demand Id/Reference No

Stay status All

GO

Sr. No.	Date	Reference No.	Tax Period, if applicable	Ledger used for discharging liability	Relevant Demand ID / Liability ID	Description
1						Opening Balance
2	08/03/2018	ZA1802180085171	Sep 2017 to Jan 2018		ZA1802180085171	Demand against Summary of order (DRC-07)
3	22/03/2018	DC1803180000007	Sep 2017 to Jan 2018	Cash	ZA1802180085171	Payment against outstanding Demand ID IP1803180000007
4						Closing Balance
5						Opening Balance
6	01/03/2018	ZA1803180000029	Jan 2018 to Feb 2018		ZA1803180000029	Demand against Summary of order (DRC-07) Demand against Summary of order (DRC-07)
7	21/03/2018	DC1803180000001	Jan 2018 to Feb 2018	Cash	ZA1803180000029	Payment against outstanding Demand ID IP1803180000001
8	21/03/2018	DC1803180000002	Jan 2018 to Feb 2018	Cash	ZA1803180000029	Payment against outstanding Demand ID IP1803180000002
9	22/03/2018	DC1803180000008	Jan 2018 to Feb 2018	Cash	ZA1803180000029	Payment against outstanding Demand ID IP1803180000025
10	22/03/2018	DI1803180000003	Jan 2018 to Feb 2018	ITC	ZA1803180000029	Payment against outstanding Demand ID IP1803180000025

« 1 2 3 4 5 6 7 ... 19 »

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4. INTEREST ON DELAYED PAYMENT OF TAX [SECTION 50]

	STATUTORY PROVISIONS
Section 50	**Interest on delayed payment of tax**
Sub-section	**Particulars**
(1)	*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 or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent., as may be notified by the Government on the recommendations of the Council.* *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 or section 74A in respect of the said period, shall be payable on that portion of the tax that is paid by debiting the electronic cash ledger.*
(2)	*The interest under sub-section (1) shall be calculated, in such manner as may be prescribed, from the day succeeding the day on which such tax was due to be paid.*
(3)	*Where the input tax credit has been wrongly availed and utilised, the registered person shall pay interest on such input tax credit wrongly availed and utilised, at such rate not exceeding 24% as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed.*
Rule 88B	**Manner of calculating interest on delayed payment of tax.**

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(1)	*In case, where the supplies made during a tax period are declared by the registered person in the return for the said period and the said return is furnished after the due date in accordance with provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 or section 74A in respect of the said period, the interest on tax payable in respect of such supplies shall be calculated on the portion of tax which is paid by debiting the electronic cash ledger, for the period of delay in filing the said return beyond the due date, at such rate as may be notified under sub-section (1) of section 50.* *Provided that where any amount has been credited in the Electronic Cash Ledger as per provisions of sub-section (1) of section 49 on or before the due date of filing the said return, but is debited from the said ledger for payment of tax while filing the said return after the due date, the said amount shall not be taken into consideration while calculating such interest if the said amount is lying in the said ledger from the due date till the date of its debit at the time of filing return.*
(2)	*In all other cases, where interest is payable in accordance with sub section (1) of* section 50, *the interest shall be calculated on the amount of tax which remains unpaid, for the period starting from the date on which such tax was due to be paid till the date such tax is paid, at such rate as may be notified under sub-section (1) of* section 50.
(3)	*In case, where interest is payable on the amount of input tax credit wrongly availed and utilized in accordance with sub-section (3) of section 50, the interest shall be calculated on the amount of input tax credit wrongly availed and utilised, for the period starting from the date of utilisation of such wrongly availed input tax credit till the date of reversal of such credit or payment of tax in respect of such amount, at such rate as may be notified under said sub-section (3) of section 50.*
Explanation	*For the purposes of this sub-rule, -*
(1)	*Input tax credit wrongly availed shall be construed to have been utilised, when the balance in the electronic credit ledger falls below*

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	the amount of input tax credit wrongly availed, and the extent of such utilization of input tax credit shall be the amount by which the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed.	
(2)	*the date of utilisation of such input tax credit shall be taken to be, -*	
	(a)	*the date, on which the return is due to be furnished under section 39 or the actual date of filing of the said return, whichever is earlier, if the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, on account of payment of tax through the said return; or*
	(b)	*The date of debit in the electronic credit ledger when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, in all other cases.*



ANALYSIS

To promote greater discipline amongst taxpayer and timeliness in payment of tax, the tax dues which are not paid within the stipulated time are made liable to interest payment. This mechanism is automatic in nature by virtue of the provisions laid under any tax laws. Interest liability is imposed on taxpayer who has withheld the payment of any tax as and when it is due and payable. Basically, it is compensatory in character and totally different from penalty which is penal in character.

On similar lines, section 50 provides for applicability of interest for default in payment of taxes within the stipulated time. Under GST law, a registered person, can make the payment of tax through electronic credit ledger or electronic cash ledger in terms of section 49. Usually, the balance in electronic credit ledger is exhausted first (subject to provisions of rule 86B) before utilizing the balance available in the electronic cash ledger for discharging tax liabilities. This practice is adopted for a better working capital management.

Proviso under section 50 provides that when a registered person has paid his taxes through a return specified under section 39 belatedly, interest shall be applicable

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only on the net taxes paid through electronic cash ledger and not on the gross taxes paid for such tax period.

As per the said proviso, the interest in cases where the tax return has been furnished after the due date (but furnished before commencement of proceedings under Section 73 or Section 74 or section 74A[8]) shall be levied on that portion of the output tax which is being paid by debiting the electronic cash ledger. This means that the interest liability shall not arise on that portion of the output tax liability which is paid using the ITC available in the electronic credit ledger.

Accordingly, interest if any payable by the registered person for delay in remittance of taxes beyond the stipulated due date on account of delay in filing of return under section 39, shall be demanded only on the net cash liability of taxes and not on the gross tax liability.

- **When interest is payable?**

  Interest is payable in case of delay in payment of tax, in full or in part within the prescribed period.

- **Rate of interest**

  The rate of interest shall be notified by the Government on the basis of recommendation of the Council. However, such rate to be notified under section 50(1) **shall not exceed 18%** in case of belated payment of tax to the Government's account and in case of wrongful availment and utilization of input tax credit, rate to be notified **shall not exceed 24%**[9].

- **Computation of period for calculation of interest**

  Generally, the period of interest will be from the date following the due date of payment to the actual date of payment of tax.

- **Manner of calculating interest on delayed payment of tax [Rule 88B]**

  In case, where the supplies made during a tax period are declared by the registered person in the return for the said period and the said return is

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[8] *The provisions of section 74A contain provisions relating to determination of tax not paid/short paid or erroneously refunded or ITC wrongly availed/utilized for any reason pertaining to Financial Year 2024-25 onward. Detailed provisions of this section are discussed in Chapter-19 of Module-3 of the Study material. The provisions of sections 73 and 74 are applicable for tax determination relating to the past period up to the Financial Year 2023–24.*

[9] *Notification No. 13/2017 CT dated 28.06.2017 has notified the rate of interest as 18% per annum.*

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furnished after the due date in accordance with provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 or section 74A in respect of the said period, the interest on tax payable in respect of such supplies shall be calculated on the portion of tax which is paid by debiting the electronic cash ledger, for the period of delay in filing the said return beyond the due date, at such rate as may be notified under section 50(1).

However, where any amount has been credited in the Electronic Cash Ledger as per provisions of section 49(1) on or before the due date of filing the said return, but is debited from the said ledger for payment of tax while filing the said return after the due date, the said amount shall not be taken into consideration while calculating such interest if the said amount is lying in the said ledger from the due date till the date of its debit at the time of filing return.

In all other cases, where interest is payable under section 50(1), the interest shall be calculated on the amount of tax which remains unpaid, for the period starting from the date on which such tax was due to be paid till the date such tax is paid at the rate specified under section 50(1).

Where interest is payable on the amount of ITC wrongly availed and utilised in accordance with section 50(3), the interest shall be calculated on the amount of input tax credit wrongly availed and utilised, for the period starting from the date of utilisation of such wrongly availed input tax credit till the date of reversal of such credit or payment of tax in respect of such amount at the rate specified under section 50(3).

The explanation to the rule lays down that-

(i) input tax credit wrongly availed shall be construed to have been utilised, when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, and the extent of such utilisation of input tax credit shall be the amount by which the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed.

(ii) the date of utilisation of such input tax credit shall be taken to be-

  (a) the date, on which the return is due to be furnished under section 39 or the actual date of filing of the said return, whichever is earlier, if the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, on account of

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payment of tax through the said return; or

(b) the date of debit in the electronic credit ledger when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, in all other cases.

❑ **Other relevant points relating to interest**

✓ The term "tax" here means the tax payable under the CGST Act read with underlying Rules made thereunder.

✓ The payment of interest in case of belated payment of tax should be made voluntarily i.e. even without a demand.

✓ The interest payable under this section shall be debited to the Electronic Liability Register.

✓ The liability for interest can be settled by adjustment with balance in Electronic Cash Ledger **but not with balance in electronic credit ledger.**

Clarification on charging of interest under section 50(3) in cases of wrong availment of IGST credit and reversal thereof[11]

The issues which arose for consideration are as to:

(i) whether in the cases of wrong availment of IGST credit by a registered person and reversal thereof, for the calculation of interest under rule 88B, whether the balance of ITC available in electronic credit ledger (ECL) under the head of IGST only needs to be considered or total ITC available in electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has to be considered.

Since the amount of ITC available in ECL, under any of the heads of IGST, CGST or SGST, can be utilized for payment of liability of IGST, it is the total ITC available in ECL, under the heads of IGST, CGST and SGST taken together, that has to be considered for calculation of interest under rule 88B and for determining as to whether the balance in the ECL has fallen below the amount of wrongly availed ITC of IGST, and to

[11] *Circular No. 192/04/2023 GST dated 17.07.2023*

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what extent the balance in ECL has fallen below the said amount of wrongly availed credit.

Thus, in the cases where IGST credit has been wrongly availed and subsequently reversed on a certain date, there will not be any interest liability under section 50(3) if, during the time period starting from such availment and up to such reversal, the balance of ITC in the ECL, under the heads of IGST, CGST and SGST taken together, has never fallen below the amount of such wrongly availed ITC, even if available balance of IGST credit in ECL individually falls below the amount of such wrongly availed IGST credit.

However, when the balance of ITC, under the heads of IGST, CGST and SGST of ECL taken together, falls below such wrongly availed amount of IGST credit, then it will amount to the utilization of such wrongly availed IGST credit and the extent of utilization will be the extent to which the total balance in ECL under heads of IGST, CGST and SGST taken together falls below such amount of wrongly availed IGST credit, and will attract interest as per section 50(3) read with section 20 of the IGST Act, 2017 and of rule 88B(3).

(ii) whether the credit of compensation cess available in ECL shall be taken into account while considering the balance of ECL for the purpose of calculation of interest under rule 88B(3) in respect of wrongly availed and utilized IGST, CGST or SGST credit.

Since ITC in respect of compensation cess can be utilised only towards payment of compensation cess. Thus, credit of compensation cess cannot be utilized for payment of any tax under CGST or SGST or IGST heads and/ or reversals of credit under the said heads. Accordingly, credit of compensation cess available in ECL cannot be taken into account while considering the balance of ECL for the purpose of calculation of interest under rule 88B(3) in respect of wrongly availed and utilized IGST, CGST or SGST credit.

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5. TAX DEDUCTION AT SOURCE [SECTION 51 OF CGST ACT]

STATUTORY PROVISIONS

Section 51	Tax deduction at source	
Sub-Section	**Clause**	**Particulars**
(1)	*Notwithstanding anything to the contrary contained in this Act, the Government may mandate, —*	
	(a)	*a department or establishment of the Central Government or State Government; or*
	(b)	*local authority; or*
	(c)	*Governmental agencies; or*
	(d)	*such persons or category of persons as may be notified by the Government on the recommendations of the Council,*
	(hereafter in this section referred to as "the deductor"), to deduct tax at the rate of one per cent from the payment made or credited to the supplier (hereafter in this section referred to as "the deductee") of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees :	
	Provided that no deduction shall be made if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.	
	Explanation - For the purpose of deduction of tax specified above, the 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.	

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(2)	*The amount deducted as tax under this section shall be paid to the Government by the deductor within ten days after the end of the month in which such deduction is made, in such manner as may be prescribed.*
(3)	*A certificate of tax deduction at source shall be issued in such form and in such manner as may be prescribed*[12]*.*
(5)	*The deductee shall claim credit, in his electronic cash ledger, of the tax deducted and reflected in the return of the deductor furnished under sub-section (3) of section 39, in such manner as may be prescribed.*
(6)	*If any deductor fails to pay to the Government the amount deducted as tax under sub-section (1), he shall pay interest in accordance with the provisions of sub-section (1) of section 50, in addition to the amount of tax deducted.*
(7)	*The determination of the amount in default under this section shall be made in the manner specified in section 73 or section 74 or section 74A.*
(8)	*The refund to the deductor or the deductee arising on account of excess or erroneous deduction shall be dealt with in accordance with the provisions of section 54 :*
	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.



ANALYSIS

❑ Deductors of Tax at Source

Under the GST regime, section 51 of the CGST Act, 2017 prescribes the authority and procedure for 'tax deduction at source'. The TDS provisions empower the Central Government to make it mandatory for the following

[12] *Sub-section (4) has been omitted by the Finance Act, 2020 w.e.f. 1-1-2021.*

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persons (the deductor) to deduct tax at source from payments made to the suppliers of taxable goods and/or services.

Central/State Government department or establishment [Section 51(1)(a)]

Local Authority [Section 51(1)(b)]

Governmental Agencies [Section 51(1)(c)]

Notified Persons/category of persons [Section 51(1)(d)]

With respect to deductors under section 51(1)(a), provisions of TDS are applicable to certain prescribed authorities of Ministry of Defence, remaining authorities under the Ministry of Defence are exempt. Detailed list has been specified under *Notification 57/2018 CT dated 23.10.2018*.

The following persons have been notified under clause (d) of sub-section (1) of section 51 of the CGST Act by the Central Government[13]:

(a) an authority or a board or any other body, -

(i) set up by an Act of Parliament or a State Legislature; or

(ii) established by any Government,

with 51% or more participation by way of equity or control, to carry out any function;

It has been clarified vide *Circular No. 76/50/2018 GST dated 31.12.2018* that the rider of 51% or more participation by way of equity or control is applicable to both the items (i) and (ii). Thus, the provisions of section 51 of the CGST Act are applicable only to such authority or a board or any other body set up by an Act of parliament or a State legislature or established by any Government in which 51% or more participation by way of equity or control is with the Government.

(b) society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860;

[13] *Notification No. 50/2018 CT dated 13.09.2018*

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(c) public sector undertakings;

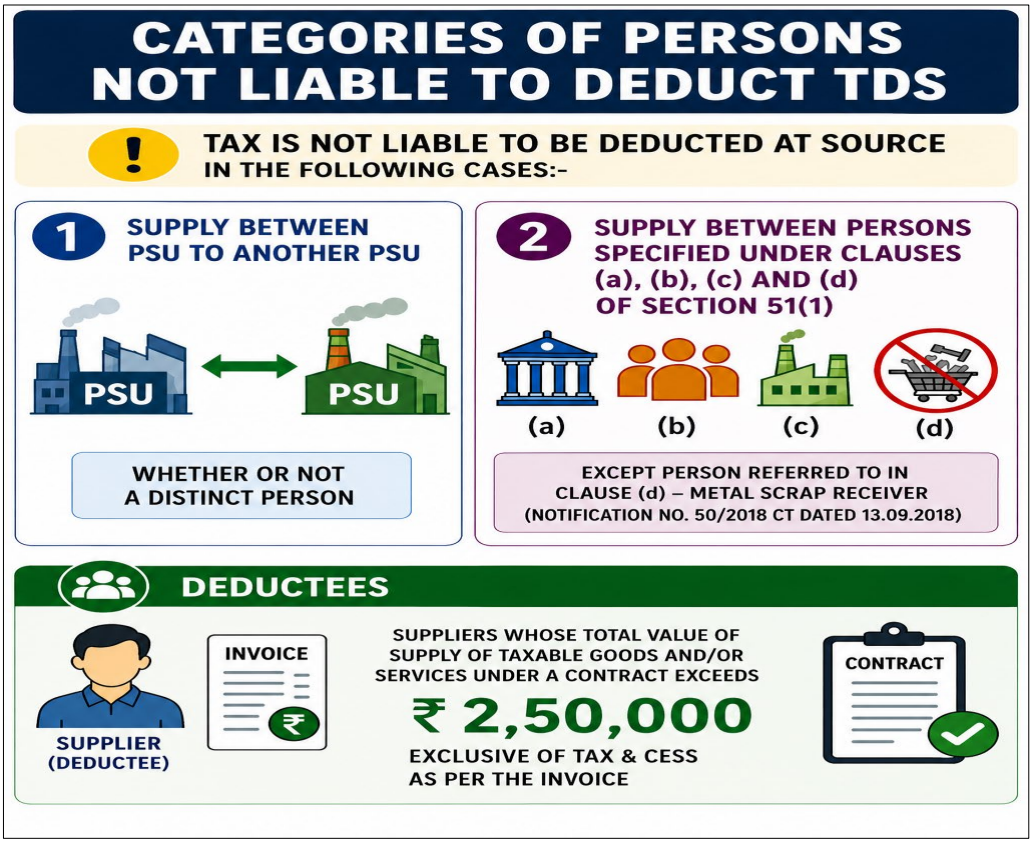
(d) any registered person receiving supplies of metal scrap falling under Chapters 72 to 81 in the First Schedule to the Customs Tariff Act, 1975, from other registered person.

❑ Categories of persons not liable to deduct TDS

Tax is not liable to be deducted at source in the following cases:-

(i) When goods and/or services are supplied from a public sector undertaking (PSU) to another PSU, whether or not a distinct person

(ii) When supply of goods and/or services takes place between one person to another person specified under clauses (a), (b), (c) and (d) of section 51(1) of the said Act, except the person referred to in clause (d) of *Notification No. 50/2018 CT dated 13.09.2018* (i.e. a registered person receiving supplies of metal scrap.



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Deductees

The deductees are the suppliers whose total value of supply of taxable goods and/or services under a contract exceeds ₹ 2,50,000 exclusive of tax & cess as per the invoice.

❑ Standard Rate of deduction

TDS-1% +1% [CGST + SGST] on net value of taxable supplies

The tax would be deducted @ 1% under CGST Act, 2017 of the payment made to the supplier (the deductee) of taxable goods and/or services, where the total value of such supply, under a contract, exceeds ₹ 2,50,000 (excluding the amount of Central tax, State tax, Union Territory tax, Integrated tax and cess indicated in the invoice). Thus, individual supplies may be less than ₹ 2,50,000/-, but if total value of supplies under a contract is more than ₹ 2,50,000/-, TDS has to be deducted.

The deductors have to deduct tax at the rate of 1% from the payment made or credited to the supplier of taxable goods and/or services under CGST Act, 2017.



It may be noted that Section 20 of IGST Act provides that in the case of tax deducted at source, the deductor shall deduct tax at the rate of 2% from the payment made or credited to the supplier.



(11) The National Highways Authority of India (NHAI), set up by an Act of Parliament, awards a road construction contract worth ₹ 50 lakh to a private contractor. Since NHAI is a body established by an Act of Parliament with 100% Government control, it must deduct TDS on payments to the contractor.

(12) Bharat Heavy Electricals Ltd (BHEL), a PSU, supplies turbines worth ₹ 30 lakh to NTPC Ltd, another PSU, for a power plant project. Even though both are notified TDS deductors, since the supply is from one PSU to another PSU, TDS is not liable to be deducted in this transaction.

(13) Mohan Enterprises, a registered person, purchases metal scrap falling

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under Chapter 74 of the Customs Tariff Act from another registered supplier, 'Kiran Metals', for ₹ 4,00,000 under a single contract. Mohan Enterprises must deduct TDS on the payment made to Kiran Metals, since registered persons receiving supplies of metal scrap from other registered persons are specifically notified as deductors under clause (d) of section 51(1).

(14) A State Government department enters into a single annual maintenance contract with a vendor for ₹ 3,00,000 (excluding GST), to be billed through four quarterly invoices of ₹ 75,000 each. Although each individual invoice is below ₹ 2,50,000, the total contract value exceeds ₹ 2,50,000. Hence, TDS must be deducted on each payment made under the contract.

❑ NO TDS

The Proviso to Section 51(1) lays down that when the location of the supplier and the place of supply is in a State/ Union territory which is different from the State/ Union territory of registration of the recipient, there will be no TDS.

The above statement can be explained in the following situations:

(a) Supplier, place of supply and recipient are in the same state.

It would be intra-State supply and TDS (Central plus State tax) shall be deducted. It would be possible for the supplier (i.e. the deductee) to take credit of TDS in his electronic cash ledger.

(b) Supplier as well as the place of supply are in different states.

In such cases, Integrated tax would be levied. TDS to be deducted would be TDS (Integrated tax) and it would be possible for the supplier (i.e. the deductee) to take credit of TDS in his electronic cash ledger.

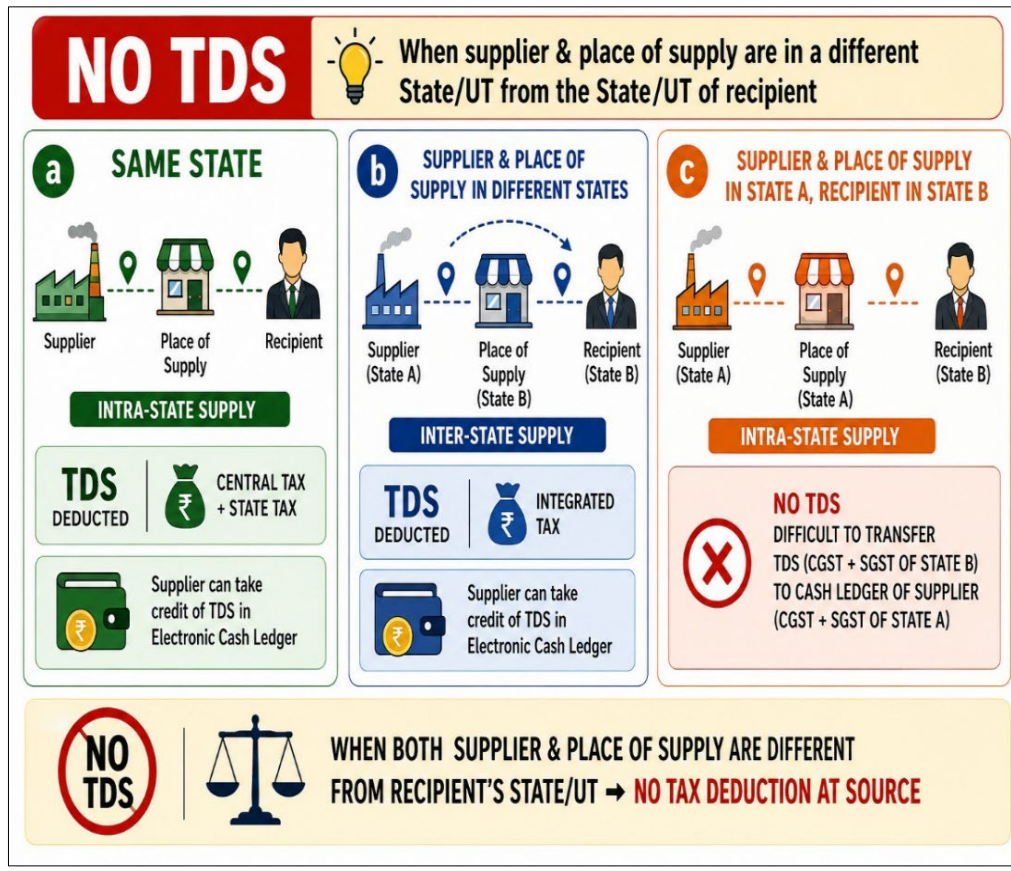
(c) Supplier as well as the place of supply are in State A and the recipient is located in State B.

The supply would be intra-State supply and Central tax and State tax would be levied. In such case, transfer of TDS (Central tax + State tax of State B) to the cash ledger of the supplier (Central tax + State tax of State A) would be difficult. So, in such cases, TDS would not be deducted.

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Thus, when both the supplier as well as the place of supply are different from that of the recipient, no tax deduction at source would be made.

Location of Supplier	Place of Supply	Registration of Recipient	TDS u/s 51
State A	State A	State A	Yes
State A	State A	State B	No
State A	State B	State B	Yes
UT1	UT1	UT1	Yes
UT1	UT2	UT2	Yes
UT1	UT1	UT2	No



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❑ Value of Supply

The amount indicated in the invoice excluding the Central tax, State tax, Union territory tax, Integrated tax and cess element, is the value of supply for the purpose of TDS under Section 51 of CGST Act, 2017.

Value of supply shall exclude tax & cess

❑ Deposit of TDS with the Government

The amount of tax deducted at source should be deposited to the Government account by deductor by 10th of the succeeding month in which the deduction is made.

❑ TDS Certificate

The details of TDS furnished by the deductor in GSTR-7 shall be made available electronically to each of the deductees on the common portal after filing of Form GSTR-7. The supplier can take this amount as credit in his electronic cash ledger after validation and use the same for payment of tax or any other liability.

Form GSTR-7A is a system generated TDS Certificate which is generated once deductor furnishes a return in Form GSTR-7 on the GST Portal and the deductee accepts the details uploaded by deductor and files his return, within 5 days of crediting the amount to the Government. This TDS Certificate will be available to both deductor and deductee.

The content of Form GSTR 7A (TDS Certificate) are given below:

1. TDS Certificate No.
2. GSTIN of deductor
3. Name of deductor
4. GSTIN of deductee
5. (a) Legal name of the deductee
   (b) Trade name, if any
6. Tax period in which tax deducted and accounted for in GSTR-7
7. Details of supplies /Amount of tax deducted

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Form GSTR 7A
[See rule 66(3)]

Tax Deduction at Source Certificate

1. TDS Certificate No. - TD/012018/1000000011
2. GSTIN of deductor - 29ACXPK3463AXDQ
3. Name of deductor - Mukesh Dhanjibhai Karshala
4. GSTIN of deductee - 09SSAUP0013A1ZS
5. (a) Legal name of the deductee - UP TaxPayer 13 Ltd
   (b)Trade name, if any - UP TaxPayer 13 Ltd
6. Tax Period in which tax deducted and accounted for in GSTR-7 - January 2018
7. Details of supplies and amount of tax deducted

Value on which Tax Deducted (₹)	Amount of Tax Deducted at Source (₹)		
	Integrated Tax	Central Tax	State/UT Tax
1,000.00	20.00	0.00	0.00

This is a system generated certificate and no signature is required.

❑ Non- remittance by the deductor

If the deductor has not remitted the amount deducted as TDS to the Government within the prescribed time limit, he is liable to pay interest under section 50 in addition to the amount of tax deducted.

❑ Reflection of amount of TDS

The amount of tax deducted is reflected in

- Electronic Cash Ledger of deductee.
- Return filed by deductor under section 39(3).[GSTR-7*][Refer Chapter:13 Returns for detailed discussion on GSTR-7]*.

The deductee can claim credit of the tax deducted, in his electronic cash ledger. This provision enables the Government to cross check whether the

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amount deducted by the deductor is correct and that there is no mis-match between the amount reflected in the electronic cash ledger and the amount shown in the return filed by deductor.

This is similar to existing practice in income tax relating to E-TDS returns filed by deductor and 26AS statement available for viewing the TDS remitted in respect of transactions by deductee.

❑ **Determination of amount in Default**

Any default in determination of the amount under Section 51 shall be made in the manner specified in Section 73 or section 74 or section 74A,[14] as the case may be.

❑ **Refund on excess/erroneous deduction**

The deductor or the deductee can claim refund of excess deduction or erroneous deduction. The provisions of section 54 relating to refunds would apply in such cases. However, if the deducted amount is already credited to the electronic cash ledger of the supplier, the same shall not be refunded.

❑ **Registration[15] [Rule 12]**

Any person required to deduct tax in accordance with the provisions of section 51 shall electronically submit a registration application in prescribed form through the common portal. The proper officer shall, after due verification, grant registration within 3 working days from the date of the application. Also, on a request or upon an enquiry or pursuant to any other proceeding under the Act, if the proper officer is satisfied that a person is no longer liable to deduct tax at source under section 51, then the said officer may cancel the said registration, following procedures as provided in Rule 22 of the CGST Rules for the cancellation of registration.

---

[14] *The provisions of section 74A contain provisions relating to determination of tax not paid/short paid or erroneously refunded or ITC wrongly availed/utilized for any reason pertaining to Financial Year 2024-25 onward. Detailed provisions of this section are discussed in Chapter-19 of Module-3 of this Study material. The provisions of sections 73 and 74 are applicable for tax determination relating to the past period up to the Financial Year 2023–24.*

[15] *The provisions relating to registration have already been discussed in Chapter-8 of this Module of the Study Material..*

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6. TRANSFER OF INPUT TAX CREDIT [SECTION 53 OF CGST ACT & SECTION 18 OF IGST ACT]

If the amount of CGST is utilised towards dues of IGST then, in terms of section 53 of the CGST Act, there shall be reduction in the amount of CGST, equal to the credit so utilized, and the Central Government shall transfer such amount equivalent to the amount so reduced in CGST account to the IGST account.

Similarly, if the amount of IGST is utilised towards dues of CGST/UTGST then, in terms of section 18 of the IGST Act, there shall be reduction in the amount of IGST, equal to the credit so utilized, and the Central Government shall transfer such amount equivalent to the amount so reduced in IGST account to the CGST/UTGST account.

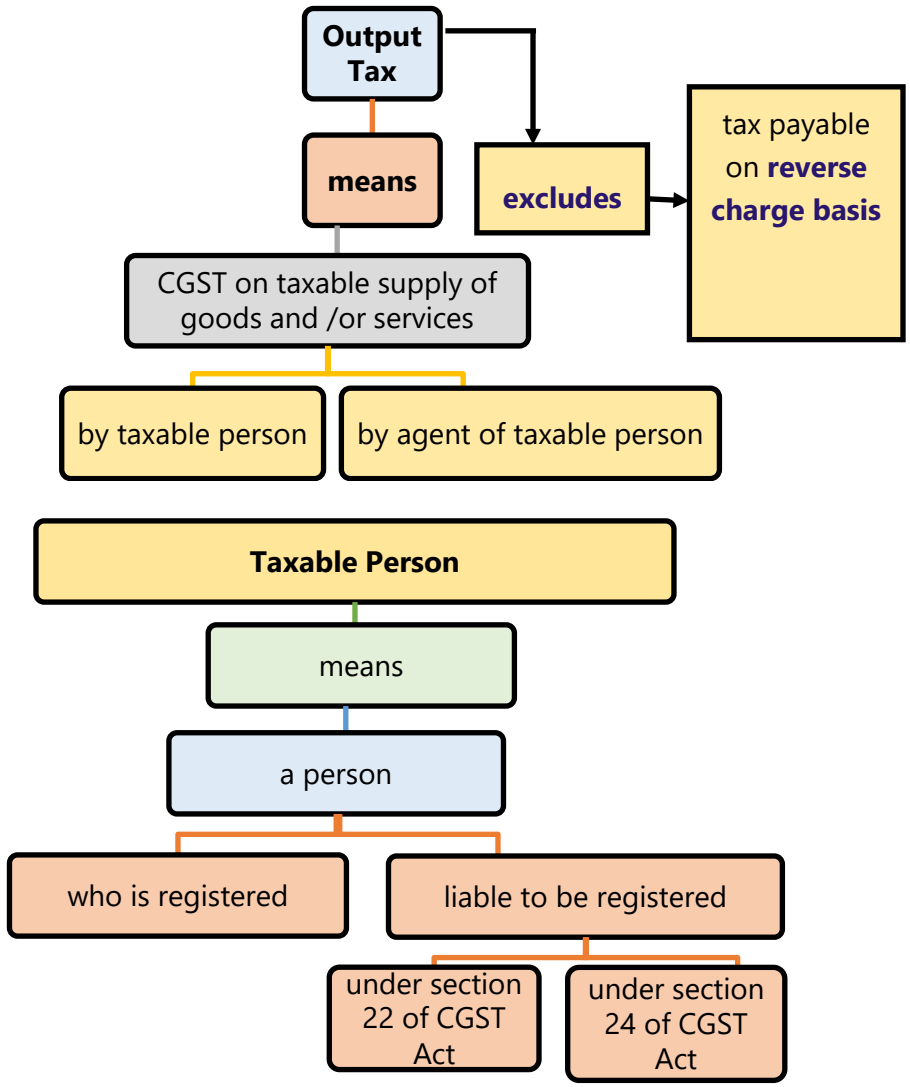
However, if the amount of IGST is utilised towards dues of SGST then, in terms of section 18 of the IGST Act, there shall be reduction in the amount of IGST, equal to the credit so utilized, and will be apportioned to the appropriate State Government and the Central Government shall transfer the amount so apportioned to the account of the respective State Government. Here, "appropriate State" in relation to a taxable person, means the State or Union territory where taxable person is registered or is liable to be registered under the provisions of the Central Goods and Services Tax Act.

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LET US RECAPITULATE

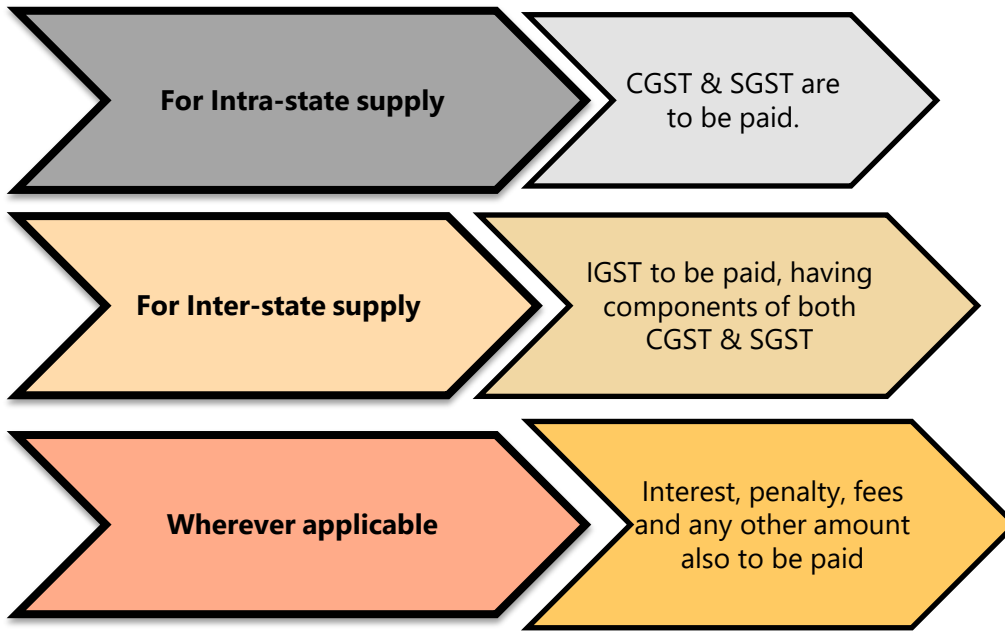
The provisions relating to payment of tax, interest and other amounts have been summarised by way of table and diagrams to help students remember and retain the provisions in a better and effective manner:-

Definitions of certain key terms



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Payments to be made in GST regime



Key Features of Payment process

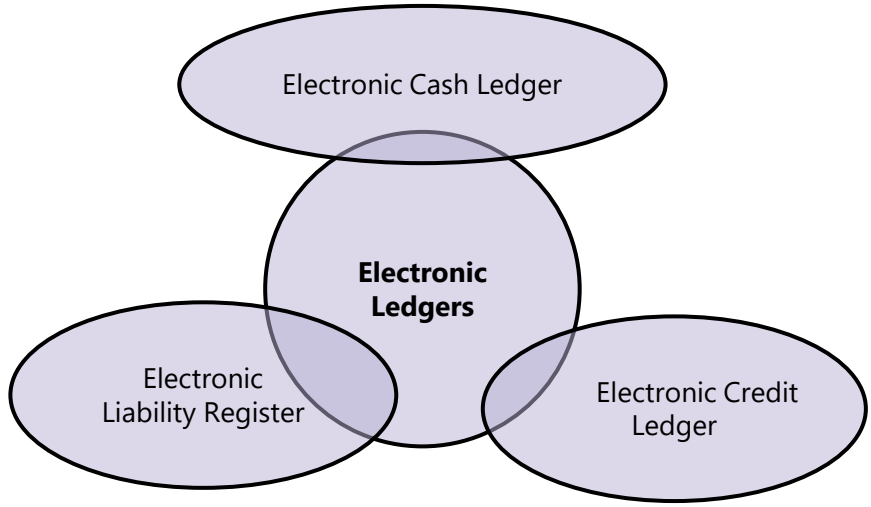
- ✓ Electronically generated challan from GSTN common portal in all modes of payment and no use of manually prepared challan;
- ✓ Facilitation for the tax payer by providing hassle free, anytime, anywhere mode of payment of tax;
- ✓ Convenience of making payment online;
- ✓ Logical tax collection data 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.

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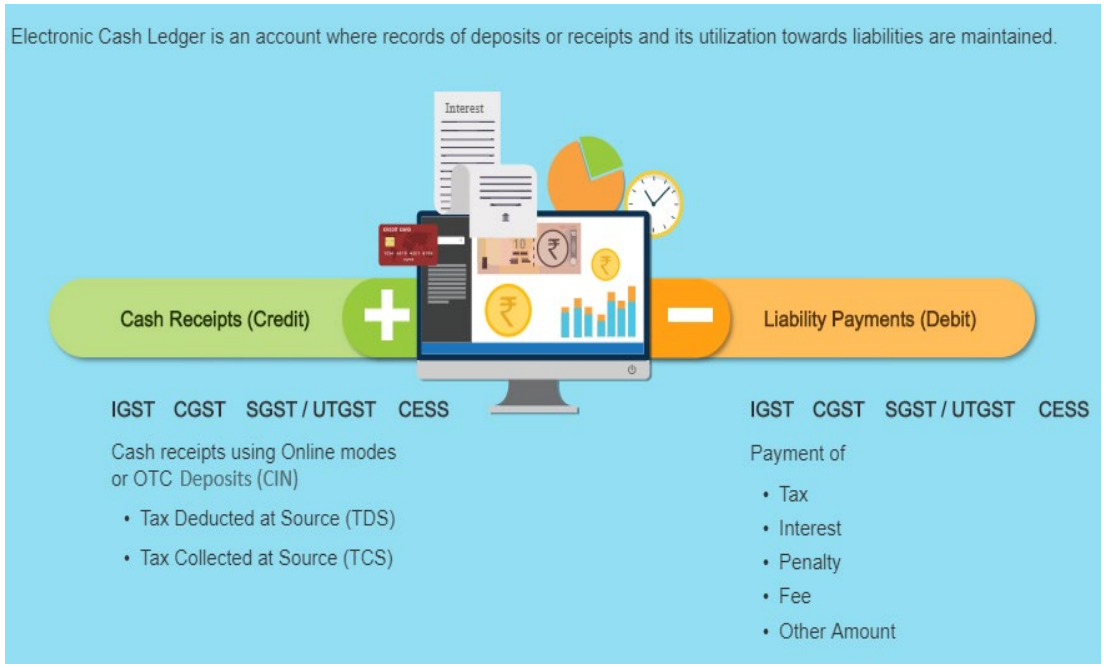
What are E-Ledgers/Registers?

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 liability register.

Types of Electronic ledgers/Registers



A. Electronic Cash Ledger



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Modes of deposit in Electronic Cash Ledger

Internet banking	•No limit
Credit/Debit card	•No limit
UPI	•No limit
NEFT/RTGS/IMPS	•No limit
Over the counter	•₹ 10,000 per challan per tax period

Major and minor Heads of payment

Major Heads

- IGST
- CGST
- SGST/UTGST
- CESS

Each of these Major Heads have the five following Minor Heads

Minor Heads

- Tax
- Interest
- Penalty
- Fee
- Others

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Date of deposit of tax dues

Which date is considered as date of deposit of the tax dues ?		
(i)	Date of presentation of cheque	×
(ii)	Date of payment	×
(iii)	Date of credit of amount in the account of government by Debit of Electronic Cash Ledger/Electronic credit ledger	√

B. Electronic credit ledger

Order of utilisation of input tax credit available in electronic credit ledger

ITC	Order of utilisation	
	(1)	(2)
IGST	IGST	CGST/SGST/UTGST- any order
ITC of IGST to be completely exhausted first, mandatorily		
CGST	CGST	IGST
ITC of CGST has been utilized fully before utilizing SGST for payment of IGST		
SGST/UTGST	SGST/UTGST	IGST



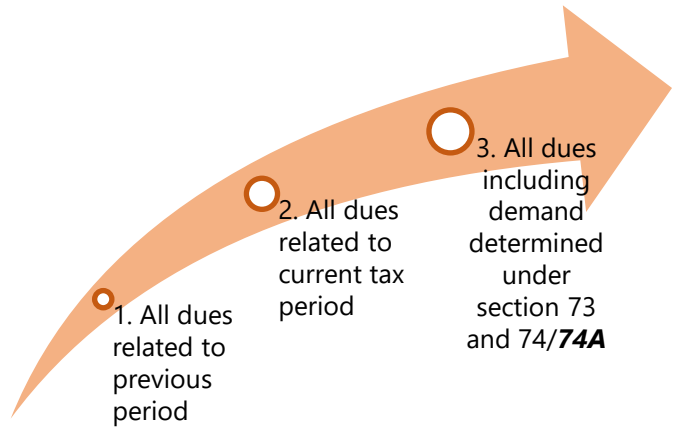
The CGST credit cannot be utilized for payment of SGST/UTGST.

The SGST/UTGST credit cannot be utilized for payment of CGST.

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C. Electronic liability register

Order of discharge of liability of taxable person



Manner of making payment

Through debit of Electronic Credit Ledger	In cash, by debit in the Electronic Cash Ledger
Through debit of Credit Ledger of the tax payer maintained on the Common portal – **ONLY Tax can be paid.**	Payment can be made in cash, by debit in the Cash Ledger of the tax payer maintained on the common portal.

E-Ledgers

Electronic Cash Ledger

- It will reflect all deposits made in cash, and TDS/TCS made on account of the tax payer.
- This ledger can be used for making **ANY PAYMENT** towards tax, interest, penalty, fees or any other amount on account of GST.

Electronic Credit Ledger

- It will reflect Input Tax Credit as self-assessed in monthly returns.
- The credit in this ledger can be used to make payment of **ONLY TAX** i.e. output tax and not other amounts such as interest, penalty, fees etc.

Electronic Liability Register

- Electronic Liability Register will reflect the total tax liability of a taxpayer for the particular month.

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Payment of tax via Electronic Ledger

A. Electronic Cash Ledger

(Assume it as an account statement provided by bank, for easy understanding)

Debit Amount (DR)	Credit Amount (CR)
• Credit amount of this ledger may be used for payment of tax, interest, fees etc. • Remaining credit balance amount after payment of above tax etc. can be claimed as refund by taxable person.	• Any deposit made towards tax, interest, penalty, late fee etc. via internet banking, RTGS, IMPS/ fund transfer etc. • TDS/TCS claimed

B. Electronic Credit ledger

Debit Amount (DR)	Credit Amount (CR)
• Credit amount of this ledger may be used for payment of output tax viz IGST, CGST, SGST, UTGST in the prescribed order.	• Input Tax credit as self-assessed in the return in the form of IGST, CGST, SGST, UTGST

C. Electronic Liability Register

Debit Amount (DR)	Credit Amount (CR)
• Amount payable towards tax, interest, fees etc. • Tax or interest payable due to mismatch • Any other dues	• Electronic cash ledger
• Amount payable towards output tax	• Electronic credit ledger

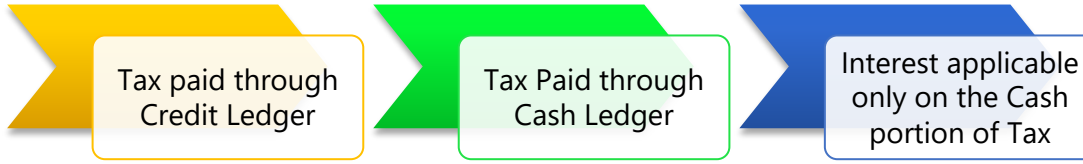
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Interest on delayed payment of tax [Section 50]



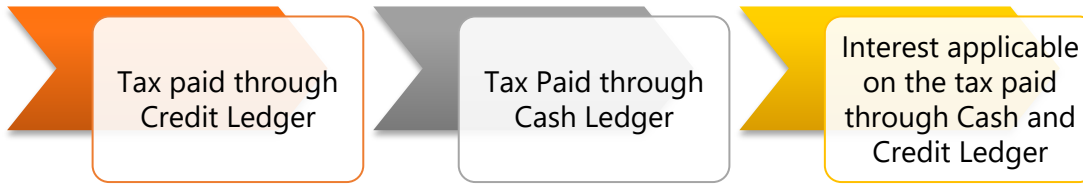
Interest payable on the net cash liability of taxes [Section 50(1)]

Interest payable on tax declared and paid in GSTR-3B filed after due date



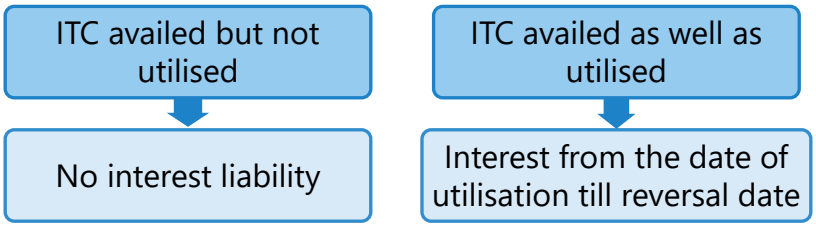
Interest payable on the gross tax liability [Section 50(1)]

Interest payable on gross liability where return is furnished within due date



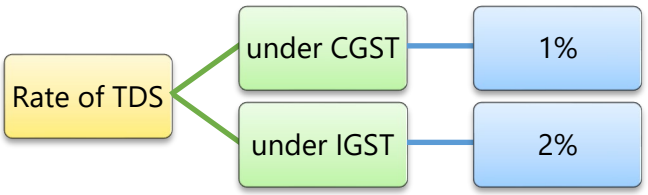
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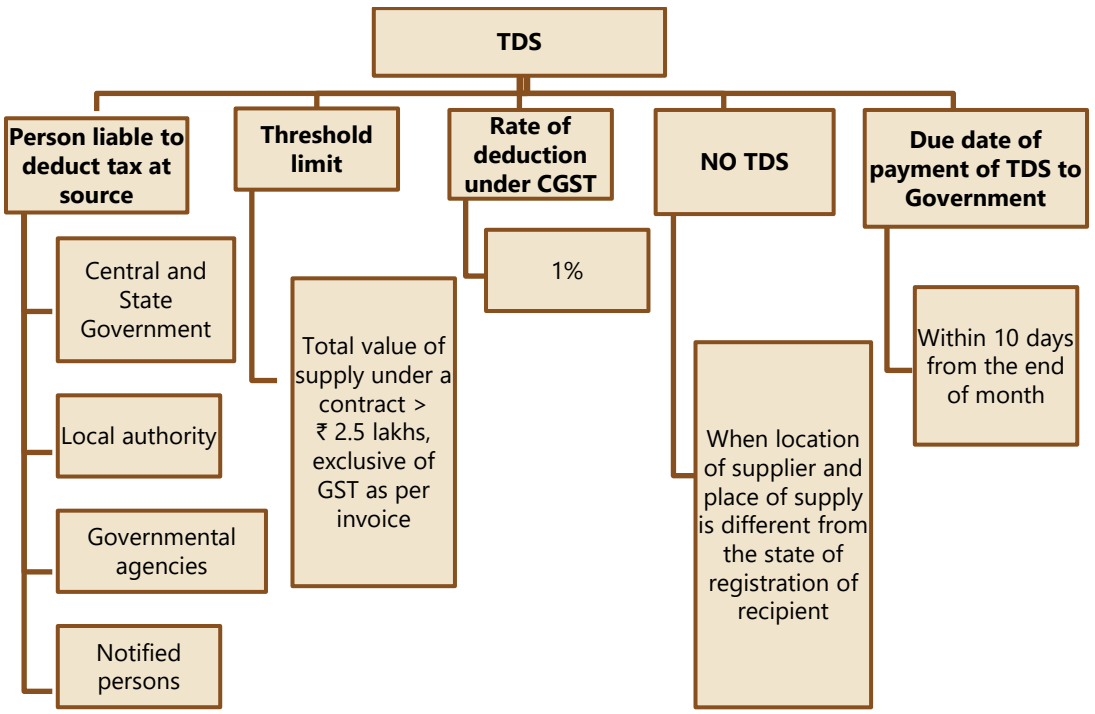
Interest payable due to wrongful availment and utilisation of ITC [Section 50(3)]



TDS

Rate of TDS





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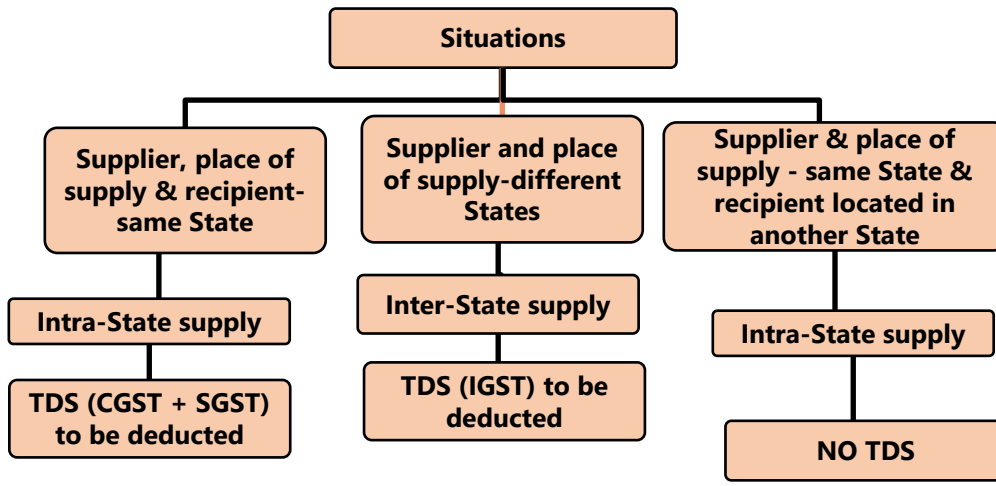
Manner of account of TDS by TDS deductor

1.	Such deductor need 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.
3.	The amount deposited as TDS will be reflected in the electronic cash ledger of the supplier.

Manner of account of TDS by supplier

- 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.

Applicability of TDS

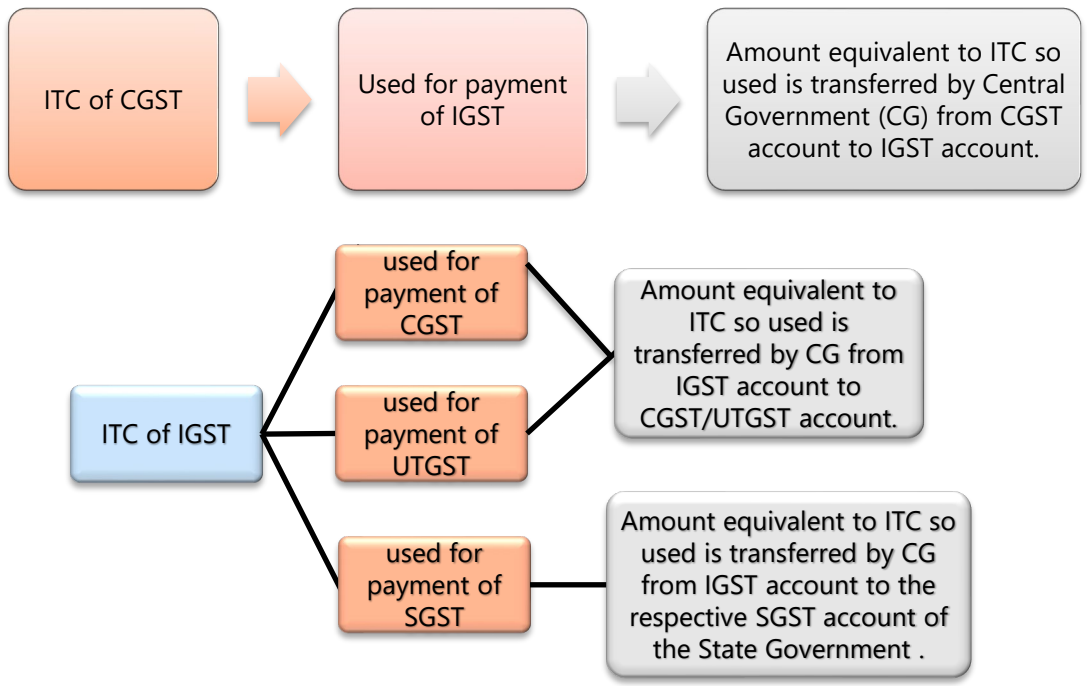


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Consequences of not complying with TDS provisions

S. No.	Event	Consequence
1.	TDS not deducted	Interest to be paid along with the TDS amount; else the amount shall be determined and recovered as per the law
2.	TDS deducted but not paid to the Government or paid later than 10th of the succeeding month	Interest to be paid along with the TDS amount; else the amount shall be determined and recovered as per the law

Transfer of input tax credit [Section 53 of CGST Act & Section 18 of IGST Act]



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TEST YOUR KNOWLEDGE

1. *Miss Nitya has following balances in her Electronic Cash Ledger as on 28th February as per GST portal.*

Major Heads	Minor Heads	Amount (₹)
CGST	Tax	40,000
	Interest	1,000
	Penalty	800
SGST	Tax	80,000
	Interest	400
	Penalty	1,200
	Fee	2,000
IGST	Tax	45,000
	Interest	200
	Penalty	Nil

She furnishes return on monthly basis. Her tax liability for the month of February for CGST and SGST was ₹ 75,000 each. She failed to pay the tax and contacted you as legal advisor on 12th April to advise her as to how much amount of tax or interest she is required to pay, if any. In order to optimize the interest liability as per GST provisions, she is willing to make any transfer from the cash ledger between any of the major or minor heads as the case may be. She wants to pay the tax on 20th April.

Other information:

(i) Date of collection of GST was 18th February.

(ii) No other transaction after this up to 20th April.

(iii) Ignore penalty and late fee for this transaction.

(iv) No other balance is available.

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You are required to advise her with reference to legal provisions with brief notes on the legal provisions applicable.

2. *A makes intra-State supply of goods valued at ₹ 50,000 (excluding taxes) to B within State of Karnataka. There is no input tax credit balance available with A. B makes inter-State supply to X Ltd. (located in Telangana) after adding 10% as its margin on the value of goods excluding taxes. Thereafter, X Ltd. sells it to Y in Telangana (Intra-State sale) after adding 10% as his margin on the value of goods excluding taxes.*

   Assume that the rate of GST chargeable is 18% (CGST and SGST at 9% each and IGST chargeable at 18%) and every person involved in the aforesaid supplies are registered tax payers. Calculate tax payable at each stage of the transactions detailed above. Wherever input tax credit is available and can be utilized, calculate the net tax payable in cash. At each stage of the transaction, indicate which Government will receive the tax paid and to what extent.

3. *Can one use input tax credit for payment of interest, penalty or payment of GST under reverse charge?*

4. *M/s PPC & Co. have availed input tax credit of ₹ 42,500 during September under IGST head, instead of availing ₹ 21,250 under CGST & SGST heads. Mr. X, accountant of the above entity would like to use Form GST PMT-09 for making a transfer from IGST head to respective CGST & SGST heads.*

   Examine the scenario and offer your comments.

5. *ABC Ltd. has belatedly filed GST return (under section 39) for the month of January after 60 days from the due date for filing such return. Total tax paid in such return is as below:*

Particulars	***IGST (₹)***	***CGST (₹)***	***SGST (₹)***
Output tax payable	*4,50,000*	*2,85,000*	*2,85,000*
Tax payable under reverse charge	*18,000*	*32,000*	*32,000*
Input tax available for utilisation	*2,50,000*	*55,000*	*55,000*
Tax paid through Electronic Cash Ledger	*2,18,000*	*2,62,000*	*2,62,000*

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Examine the interest payable as per the provisions of GST law with the help of above information.

What would be your answer, if entire tax for the month of January has to be paid through Electronic Credit Ledger except taxes to be paid on reverse charge basis?

6. *Examine the taxes to be paid for the month of July on the basis of below information furnished by M/s Zinc & Co.:*

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Output tax payable	14,75,000	28,34,000	28,34,000
Tax payable under reverse charge	36,000	1,44,000	1,44,000
Balance in Electronic Credit Ledger	26,52,000	18,32,000	18,32,000

Output tax reported under IGST column pertains to the month of February, which was not paid for the said period. Also, note that input tax credit available in Electronic Credit Ledger pertains to input tax on purchases made during the month of July and no opening balance exists from previous tax period. It furnishes return on monthly basis.

7. *Manihar Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified under section 51. It has provided the information relating to the supplies made, their contract values and the payment due against each of them in the month of October, respectively as under:*

S.No.	Particulars	Total contract value (inclusive of GST) (₹)	Payment due in October (₹)
(i)	Supply of stationery to Fisheries Department, Kolkata	2,60,000	15,000
(ii)	Supply of car rental services to Municipal Corporation of Delhi	2,95,000	20,000

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(iii)	*Supply of a heavy machinery to Public Sector Undertaking located & registered in Uttarakhand*	*5,90,000*	*25,000*
(iv)	*Supply of taxable goods to Delhi office of a society established by Government of India under the Societies Registration Act, 1860*	*6,49,000*	*50,000*
(v)	*Interior decoration of Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh)*	*12,39,000*	*12,39,000*
(vi)	*Supply of printed books and printed post cards to a West Delhi Post Office [Out of total contract value of ₹ 9,72,000, contract value for supply of books (exempt from GST) is ₹ 7,00,000 and for supply of printed post cards (taxable under GST) is ₹ 2,72,000.]*	*9,72,000*	*50,000 for books & 20,000 for printed post cards*
(vii)	*Maintenance of street lights in Municipal area of East Delhi* [The maintenance contract entered into with the Municipal Corporation of Delhi also involves replacement of defunct lights and other spares. However, the value of supply of goods is not more than 25% of the value of composite supply.]*	*3,50,000*	*3,50,000*

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	*an activity in relation to any function entrusted to a Municipality under article 243W of the Constitution		

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

Will your answer be different, if Manihar Enterprises is registered under composition scheme?

8. *Yash Shoppe, a registered supplier of Jaipur, is engaged in supply of various goods and services exclusively to Government departments, agencies, local authority and persons notified under section 51.*

Receivables are given below (independent cases). Assume that the payments as per the contract values are made on 31st October. The rates of CGST, SGST and IGST may be assumed to be 6%, 6% and 12% respectively.

(1) Supply of computer stationery to Public Sector Undertaking (PSU) located & registered in Mumbai. Total contract value is ₹ 2,72,000 (inclusive of GST)

(2) Supply of air conditioner to GST department located & registered in Delhi. Total contract value is ₹2,55,000 (exclusive of GST)

(3) Supply of a generator renting service to Municipal Corporation of Jaipur. Total contract value is ₹3,50,000 (inclusive of GST)



ANSWERS

1. As per section 49(10) of the CGST Act, 2017, any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the CGST Act, 2017 can be transferred 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. Thus, amount entered under any Minor head (Tax, Interest,

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Penalty, etc.) and Major Head (CGST, IGST, SGST/UTGST) of the Electronic Cash Ledger can be transferred to any other major or minor head. Consequently, cross-utilization among Major and Minor heads is also possible.

Further, where any amount has been credited in the Electronic Cash Ledger as per provisions of section 49(1) on or before the due date of filing the said return, but is debited from the said ledger for payment of tax while filing the said return after the due date, the said amount shall not be taken into consideration while calculating such interest if the said amount is lying in the said ledger from the due date till the date of its debit at the time of filing return.

Thus, since the amount available in the Electronic Cash Ledger from the due date till the date of its debit at the time of filing return is more than the GST payable, no interest is payable in the given case.

Further, Miss Nitya is liable to pay the following amount of tax as under:

	CGST (₹)	**SGST (₹)**
Tax Liability	75,000	75,000
Balances in Electronic cash ledger in same major/minor head	40,000	80,000
Balance transferred from other major/minor head	35,000 (Note)	Nil
Amount payable in cash	**Nil**	**Nil**

Note – ₹ 35,000 shortfall amount has been transferred from cash ledger balance available in Major Head IGST. Since there is no restriction in intra-head or inter-head transfer of available balance in cash ledger as per the relevant provisions, it is upon the taxpayer to decide from which account the shortfall has to be made good.

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2. I. Intra-State supply of goods by A to B

	₹
Value charged for supply of goods	50,000
Add: CGST @ 9%	4,500
Add: SGST @ 9%	4,500
Total price charged by A from B	59,000

A does not have credit of CGST, SGST or IGST. Thus, the entire CGST (₹ 4,500) & SGST (₹ 4,500) charged will be paid in cash by A, which shall be allocated to Central Government and Karnataka Government in specified manner.

II. Inter-State supply of goods by B to X Ltd. – Margin @ 10%

	₹
Value charged for supply of goods (₹ 50,000 x 110%)	55,000
Add: IGST @ 18%	9,900
Total price charged by B from X Ltd.	64,900

Computation of IGST payable by B to Central Government in cash

	₹
IGST payable	9,900
Less: Credit of CGST	4,500
Less: Credit of SGST	4,500
IGST payable to Central Government in cash	900

Credit of CGST and SGST can be used to pay IGST provided the SGST credit shall be utilised towards payment of IGST only where the balance of CGST credit is not available for payment of IGST. [Section 49(5) of the CGST Act, 2017].

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III. Intra-State supply of goods by X Ltd. to Y

	₹
Value charged for supply of goods (₹ 55,000 x 110%)	60,500
Add: CGST @ 9%	5,445
Add: SGST @ 9%	5,445
Total price charged by X Ltd. from Y	71,390

Computation of CGST and SGST payable by X Ltd in cash

	₹
CGST payable	5,445
Less: Credit of IGST	5,445
CGST payable to Central Government in cash	Nil
SGST payable	5,445
Less: Available Credit of IGST [₹ 9,900 – ₹ 5,445]	4,455
SGST payable to Telangana Government in cash	990

Credit of IGST shall first be utilised towards payment of IGST and the amount remaining, if any, may be utilised towards the payment of CGST and SGST/UTGST, as the case may be, in any order and in any proportion. Here, there is no payment to be made with respect to IGST so its credit balance will be directly utilised for making payment of CGST or SGST, in any order. Central Government will transfer IGST of ₹ 4,455 utilised in the payment of SGST to Telangana Government.

3. No, as per section 49(4) the amount available in the electronic credit ledger may be used for making any payment towards 'output tax'.

As per section 2(82), output tax means, the CGST/SGST chargeable under this Act on taxable supply of goods and/or services made by him or by his agent and excludes tax payable by him on reverse charge basis. Therefore, input tax

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credit cannot be used for payment of interest, penalty or GST payment under reverse charge.

4. As per provisions of section 49(10) read with rule 87(13) of CGST Rules, 2017, "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 the Act to the electronic cash ledger for integrated tax, central tax, State tax or Union territory tax or cess in FORM GST PMT-09".

It is important to note that only amounts available under Electronic Cash Ledger can be transferred to the respective heads using Form GST PMT-09 and not otherwise.

Accordingly, contention of the Accountant Mr. X of M/s PPC & Co., is not valid for transfer of ₹ 42,500 from head IGST to respective CGST & SGST in Electronic Credit Ledger.

5. Proviso to section 50 lays down 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 or section 74A in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger.

In the given scenario, ABC Ltd. has filed its return belatedly and as per the above provisions, interest is payable on the tax component paid through Electronic Cash Ledger only. A point relevant to note here is that tax payable on reverse charge basis also carries interest for the period of delay in remittance of tax and input tax credit cannot be used to pay the same (i.e. tax payable under reverse charge has to be paid in cash).

Accordingly, interest under section 50 payable for the tax paid through Electronic Cash Ledger is computed as below:

IGST: 218,000 *18%*60/365 = 6,450

CGST: 262,000*18%*60/365 = 7,752

SGST: 262,000*18%*60/365 = 7,752

Further, if entire tax payable for January is paid through Electronic Credit ledger, except for the taxes to be paid under reverse charge basis, then

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interest under section 50 is applicable only on the remittance of tax under reverse charge basis and not for tax payable on forward charge basis. Interest payable is given as below:

IGST: 18,000 * 18% * 60/365 = 533 (rounded off)

CGST: 32,000 * 18% * 60/365 = 947 (rounded off)

SGST: 32,000 * 18% * 60/365 = 947 (rounded off)

6. Payment of taxes is governed as per the provisions laid in section 49 read with section 49A and 49B along with rule 88A.

Also, section 49(8), stipulates that every taxable person shall discharge his tax and other dues under CGST 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 or section 74A;

As per the above provisions, self-assessed tax of previous tax period i.e. February shall be paid first and later self-assessed tax of current tax period i.e. July shall be paid.

Payment of taxes under forward charge

Particulars	IGST	CGST	SGST
Balance in electronic credit ledger for utilization	26,52,000	18,32,000	18,32,000
Output tax payable for July (pertaining to February)	14,75,000	28,34,000	28,34,000
Less: Utilization of input tax credit:			
a. IGST **[Refer Note1]**	14,75,000	5,88,500	5,88,500

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b. CGST	0	18,32,000	0
c. SGST	0	0	18,32,000
Amount payable through electronic cash ledger	Nil	4,13,500	4,13,500

Total amount payable through electronic cash ledger

Particulars	IGST	CGST	SGST
Amount payable through Electronic cash ledger under forward charge	Nil	4,13,500	4,13,500
Amount payable through electronic cash ledger under reverse charge [Refer Note-2]	36,000	1,44,000	1,44,000
Total amount payable through electronic cash ledger	36,000	5,57,500	557,500

Notes:-

1 After utilization of IGST credit towards output IGST liability, balance has been utilized equally amongst CGST & SGST

2 Input tax credit cannot be utilized for discharging tax liability under reverse charge basis, thus payable vide electronic cash ledger.

Since, M/s Zinc & Co., have defaulted in payment of taxes for the month of February and the same has been paid during July, interest is payable as per the provisions of section 50 of the CGST Act, 2017

7. As per section 51 of the CGST Act, 2017 read with section 20 of the IGST Act, 2017 and *Notification No. 50/2018 CT 13.09.2018,* following persons are required to deduct CGST @ 1% [Effective tax 2% (1% CGST + 1% SGST/UTGST)] or IGST @ 2% from the payment made/credited to the supplier (deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds ₹ 2,50,000:

(a) a department or establishment of the Central Government or State Government; or

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(b) local authority; or

(c) Governmental agencies; or

(d) an authority or a board or any other body, -

(i) set up by an Act of Parliament or a State Legislature; or

(ii) established by any Government,

with 51% or more participation by way of equity or control, to carry out any function; or

(e) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860, or

(f) Public sector undertakings.

Further, for the purpose of deduction of tax, the value of supply shall be taken as the amount excluding CGST, SGST/UTGST, IGST and GST Compensation Cess indicated in the invoice.

Since in the given case, Manihaar Enterprises is supplying goods and services exclusively to Government departments, agencies etc. and persons notified under section 51, applicability of TDS provisions on its various receivables is examined in accordance with the above-mentioned provisions as under:

S. No.	Particulars	Total contract value (₹)	Payment due (₹)	Tax to be deducted		
				CGST (₹)	SGST (₹)	IGST (₹)
(i)	Supply of stationery to Fisheries Department, Kolkata (Note-1)	2,60,000	15,000	--		
(ii)	Supply of car rental services to Municipal Corporation of Delhi (Note-2)	2,95,000	20,000	--		

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(iii)	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand (Note-3)	5,90,000	25,000			500
(iv)	Supply of taxable goods to Delhi office of a society established by Government of India under the Societies Registration Act, 1860 (Note-4)	6,49,000	50,000	500	500	
(v)	Interior decoration of Andhra Bhawan located in Delhi (Note-5)	12,39,000	12,39,000	--		
(vi)	Supply of printed books and printed post cards to a West Delhi Post Office (Note-6)	9,72,000		--		
(vii)	Maintenance of street lights in Municipal area of East Delhi (Note-7)	3,50,000	3,50,000	--		

Notes:

1. Being an inter-State supply of goods, supply of stationery to Fisheries Department, Kolkata is subject to IGST @ 18%. Therefore, total value of taxable supply [excluding IGST] under the contract is as follows:

   = ₹ 2,60,000 × 100 / 118

   = ₹ 2,20,339 (rounded off)

   Since the total value of supply under the contract does not exceed ₹ 2,50,000, tax is not required to be deducted.

2. Being an intra-State supply of services, supply of car rental services to Municipal Corporation of Delhi is subject to CGST and SGST @ 9% each.

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Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:

= ₹ 2,95,000 × 100 / 118

= ₹ 2,50,000

Since the total value of supply under the contract does not exceed ₹ 2,50,000, tax is not required to be deducted.

3. Being an inter-State supply of goods, supply of heavy machinery to PSU in Uttarakhand is subject to IGST @ 18%. Therefore, total value of taxable supply [excluding IGST] under the contract is as follows:

= ₹ 5,90,000× 100 / 118= ₹ 5,00,000

Since the total value of supply under the contract exceeds ₹ 2,50,000, PSU in Uttarakhand is required to deduct tax @ 2% of ₹ 25,000, i.e. ₹ 500.

4. Being an intra-State supply of goods, supply of taxable goods to the society established by Government of India under the Societies Registration Act is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:

= ₹ 6,49,000× 100 / 118= ₹ 5,50,000

Since the total value of supply under the contract exceeds ₹ 2,50,000, said society is required to deduct tax @ 2% (1% CGST + 1% SGST) of ₹ 50,000, i.e. ₹ 1,000.

5. Proviso to section 51(1) of the CGST Act, 2017 stipulates that no tax shall be deducted if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

Section 12(3) of the IGST Act, 2017, *inter alia,* stipulates that the place of supply of services, directly in relation to an immovable property, including services provided by interior decorators, shall be the location at which the immovable property is located or intended to be located. Accordingly, the place of supply of the interior decoration of Andhra Bhawan shall be Delhi.

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Since the location of the supplier (Manihar Enterprises) and the place of supply is Delhi and the State of registration of the recipient i.e. Government of Andhra Pradesh is Andhra Pradesh, no tax is liable to be deducted in the given case.

6. If the contract is made for both taxable supply and exempted supply, tax shall be deducted if the total value of taxable supply in the contract exceeds ₹ 2,50,000. Being an intra-State supply of goods, supply of printed post cards to a West Delhi Post Office is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:

= ₹ 2,72,000× 100 / 118

= ₹ 2,30,508 (rounded off)

Since the total value of taxable supply under the contract does not exceed ₹ 2,50,000, tax is not required to be deducted.

7. Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to, *inter alia*, local authority by way of any activity in relation to any function entrusted to a Municipality under article 243W of the Constitution is exempt from GST. Thus, maintenance of street lights (an activity in relation to a function entrusted to a Municipality) in Municipal area of East Delhi involving replacement of defunct lights and other spares where the value of supply of goods is not more than 25% of the value of composite supply is a service exempt from GST. Since tax is liable to be deducted from the payment made or credited to the supplier of taxable goods or services or both, no tax is required to be deducted in the given case as the supply is exempt.

The answer will remain unchanged even if Manihar Enterprises is registered under composition scheme. Tax will be deducted in all cases where it is required to be deducted under section 51 of the CGST Act, 2017 including the scenarios when the supplier is registered under composition scheme.

8. As per section 51 of the CGST Act, 2017, Government departments, agencies, local authority and notified persons are required to deduct tax @ 2% (1% CGST + 1% SGST/UTGST) or IGST @ 2% from payment made to the supplier

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of taxable goods and/ or services where the total value of such supply [excluding tax and compensation cess indicated in the invoice], under a contract, exceeds ₹ 2,50,000.

Since in the given case, Yash Shoppe is supplying goods and services exclusively to Government departments, agencies, local authority and persons notified under section 51 of the CGST Act, 2017, applicability of TDS provisions on its various receivables is examined in accordance with the above-mentioned provisions as under:

S. No.	Particulars	Total contract value due to be received [excluding GST] (₹)	Tax to be deducted		
			CGST @ 1% (₹)	SGST @ 1% (₹)	IGST @ 2% (₹)
(1)	Supply of computer stationery to PSU in Mumbai [Since the total value of supply under the contract [excluding IGST (being inter-State supply)] does not exceed ₹ 2,50,000, tax is not required to be deducted.]	2,42,857 [2,72,000 × 100 / 112]	--	--	
(2)	Supply of air conditioner to GST Department in Delhi [Since the total value of supply under the contract [excluding IGST (being inter-State supply)] exceeds	2,55,000	--		5,100

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	₹ 2,50,000, tax is required to be deducted.]				
(3)	Supply of a generator renting service to Municipal Corporation of Jaipur [Since the total value of supply under the contract [excluding CGST and SGST (being intra-State supply)] exceeds ₹ 2,50,000, tax is required to be deducted.]	3,12,500 [3,50,000× 100 / 112]	3,125	3,125	
	Total		**3,125**	**3,125**	**5,100**

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