Payments under Model Goods and Service Tax Law

1 Electronic Ledgers of actual Payments made and Input Tax Credit

Every registered taxable person will have two types of electronic ledgers showing the amounts standing to the credit of such taxable person for discharge of tax liability, interest, penalties or any other sum payable under the Act and rules made thereunder.

(i) Electronic cash ledger (ii) Electronic credit ledger

2 Electronic Cash Ledger

Following amounts are credited to the electronic cash ledger of taxable person -

(i) Every deposit made towards tax, interest, penalty, fee or any other amount by a taxable person by internet banking or by using credit/debit cards or National Electronic Fund Transfer or Real Time Gross Settlement or by any other mode, subject to such conditions and restrictions as may be prescribed in this behalf.

(ii) Advance Deposit of tax, of an amount equivalent to the estimated tax liability during the period for which the registration is sought or extention required, paid by casual taxable person or non-resident taxable person at the time of obtaining registration as required under sub-section (2) of section 19A.

(iii) the tax deducted and reflected in the return of the deductor filed under sub-section (5) of section 27.

(iv) Any tax collected at source by electronic commerce operator in accordance with the provisions of section 43C and paid to the credit of the appropriate Government and reflected in the statement of the operator filed under sub-section (4) of Section 43C.

(v) Refund of interest levied under sub-section (8) of section 29 i.e. interest levied for wrong or excess availment of input tax credit in respect of inward supply as communicated under subsection (3) or for duplicate claim of input tax credit in respect of inward supply as communicated under subsection (4) of section 29 restricted to interest actually paid by taxable person.

(vi) Refund of interest levied under sub-section (8) of section 29A i.e. interest levied for wrong or excess availment of input tax credit in respect of credit note in relation to outward supply as communicated under subsection (3) or for duplicate claim of input tax credit in respect of credit note in relation to outward supply as communicated under subsection (4) of section 29 restricted to interest actually paid by taxable person.

Credit balance in the electronic cash ledger of taxable person can be utilised for -

(i) any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of the Act or the rules made thereunder in such manner and subject to such conditions and within such time as may be prescribed.

(ii) Where any registered taxable person who has availed of input tax credit switches over as a taxable person for paying tax under section 8 or, where the goods and / or services supplied by him become exempt absolutely under section 10 or where registration is cancelled, for payment of an amount equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of such switch over or such exemption or cancellation in addition to the credit balance in the electronic credit ledger.

In case of supply of capital goods on which input tax credit has been taken, the registered taxable person shall pay an amount equal to the input tax credit taken on the said capital goods reduced by the percentage points as may be specified in this behalf or the tax on the transaction value of such capital goods, whichever is higher.

(iii) Where a taxable person who has carried forward the amount of eligible credit in a return, furnished under the earlier law, in respect of the period ending with the day immediately preceding the appointed day, switches over to the composition scheme under section 8, for payment of an amount equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of such switch over in addition to the credit balance in the electronic credit ledger. [Section 147]

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3 Electronic Credit Ledger

Following amounts are credited to the electronic credit ledger of taxable person -

(i) The input tax credit as self-assessed in the return of a taxable person on a provisional basis.

Note - A taxable person who has not furnished a valid return under section 27 of the Act shall not be allowed to utilize such credit till he discharges his self-assessed tax liability.

A return furnished by a registered taxable person without payment of full tax due as per such return shall not be treated as a valid return.

(ii) Credit of the amount of cenvat credit or credit of the amount of Value Added Tax carried forward in a return, furnished under the earlier law by him, in respect of the period ending with the day immediately preceding the appointed day in such manner as may be prescribed. [Section 143]

(iii) Credit of the unavailed cenvat credit or credit of the unavailed input tax credit in respect of capital goods, not carried forward in a return, furnished under the earlier law by him, for the period ending with the day immediately preceding the appointed day in such manner as may be prescribed. [Section 144]

(iv) Where a registered taxable person, who was not liable to be registered under the earlier law or who was engaged in the manufacture of exempted goods under the earlier law but which are liable to tax under this Act, credit of eligible duties and taxes and / or Value Added Tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day subject to the certain conditions. [Section 145]

(v) Where a registered taxable person, who was either paying tax at a fixed rate or paying a fixed amount in lieu of the tax payable under the earlier law, credit of eligible duties and taxes and/or Value Added Tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed date subject to certain conditions. [Section 146]

Credit balance in the electronic credit ledger of taxable person can be utilised for -

(i) any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of the Act or the rules made thereunder in such manner and subject to such conditions and within such time as may be prescribed.

(ii) Where any registered taxable person who has availed of input tax credit switches over as a taxable person for paying tax under section 8 or, where the goods and / or services supplied by him become exempt absolutely under section 10 or where registration is cancelled, for payment of an amount equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of such switch over or such exemption or cancellation. After payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.

In case of supply of capital goods on which input tax credit has been taken, the registered taxable person shall pay an amount equal to the input tax credit taken on the said capital goods reduced by the percentage points as may be specified in this behalf or the tax on the transaction value of such capital goods, whichever is higher.

(iii) Where a taxable person who has carried forward the amount of eligible credit in a return, furnished under the earlier law, in respect of the period ending with the day immediately preceding the appointed day, switches over to the composition scheme under section 8, for payment of an amount equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of such switch over. After payment of such amount, the balance of input tax credit, if any lying in his electronic credit ledger shall lapse. [Section 147]

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4 Utilization of Input Tax Credit

	Input Tax Credit of	Manner of Utilization
1	Integrated GST [IGST]	first be utilized towards payment of IGST and the amount remaining, if any, may be utilized towards the payment of CGST and SGST, in that order.
2	Central GST [CGST]	first be utilized towards payment of CGST and the amount remaining, if any, may be utilized towards the payment of IGST. shall not be utilized towards payment of SGST.
3	State GST [SGST]	first be utilized towards payment of SGST and the amount remaining, if any, may be utilized towards the payment of IGST. shall not be utilized towards payment of CGST.

5 Notes -

(i) The date of credit to the account of the appropriate Government in the authorized bank shall be deemed to be the date of deposit.

(ii) If any refund is granted, the amount refunded without interest, if any, will be reduced from the credit balance available for utilization or from the electronic credit ledger, as applicable.

6 Interest

(i) If person liable to pay tax in accordance with the provisions of the Act or rules made thereunder, fails to pay the tax or any part thereof to the account of the Central or a State Government within the period prescribed, shall, on his own, for the period for which the tax or any part thereof remains unpaid, pay interest at such rate as may be notified by the Central or a State Government. [Section 36]

(ii) The interest shall be calculated from the first day such tax was due to be paid.

7 Tax liability Discharge Order

Every taxable person shall discharge his tax and other dues under this Act or the rules made thereunder in the following order

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

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

(iii) any other amount payable under the Act or the rules made thereunder including the demand determined under section 51.

Thank You