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Payment of Tax, Interest and Penalty in GST Law

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How the liabilities in respect of Tax , interest, penalty and other dues under the GST shall be paid, have been summarized hereunder. How the same shall be entered in various register etc. All this is prescribed in Section 44 and Section 45 of the revised GST Law and GST Payment Rules ,2016.

Payment of Tax , Interest , Penalty

- ✓ Every deposit made for tax , interest, penalty and fees shall be credited to Electronic Cash Ledger in Form-GST PMT-3.
- ✓ The input tax credit in the return of taxable person shall be credited to his Electronic Credit Ledger to be maintained as per Form –GST PMT-2.
- ✓ Amount deposited in Electronic cash ledger may be used for paying payment of tax, interest, penalty, fees and any other amount payable under this Act.
- ✓ Amount credited in Electronic Credit Ledger may be used for payment of output tax liability under the provision of this Act subject to the condition as may be prescribed.
- ✓ Amount of input tax credit in IGST, CGST and SGST shall be utilized as follows :
    - ➢ ITC of IGST available in Electronic Credit Ledger shall be utilized first for payment of IGST Liability and after wards for the payment of CGST and SGST.
    - ➢ The amount of CGST available in Electronic Credit Ledger of CGST shall be utilized for first payment of CGST and then IGST afterwards.
    - ➢ The amount of SGST available in Electronic Credit Ledger of SGST shall be utilized for first payment of SGST and then IGST afterwards.
    - ➢ Input tax credit available in Electronic Credit Ledger of SGST can not be utilized for payment of CGST or vice versa.
    - ➢ The balance in the cash or credit register after payment of taxes , interest and penalty or fees under the act may be refunded as prescribed under Section- 48 and the amount refunded shall be reduce from the respective ledger a/c.
- ✓ All amount payable by taxable person shall be debited in Electronic Liability Register in Form-GST PMT-1. Payment of every liability by registered taxable person shall be by debiting the electronic credit ledger and crediting the

electronic liability register.

- ✓ Taxes, Interest , Fees and penalty shall be paid by taxable person in any of the following mode.

  - Internet banking
  - Debit or credit card
  - NEFT or RTGS
  - Over the counter payment in Authorised banks for deposit up to Rs.10000 per challan per tax period by cash, cheque or demand draft.

Date of credit shall be the date of credit in the appropriate Government A/c of the authorized bank.

Explanation-

"Tax due" means tax payable under the Act but does not include interest , fees or penalty.

" Other due " mean interest, fees and penalty.

Interest on delayed payment of interest

- ✓ Every person liable to pay tax and fails to pay the same on due date , shall pay interest on unpaid amount at the rate as prescribed from the due date of payment of tax to the date of payment. Interest shall be paid to the account of central or State Government.
- ✓ Interest shall be paid from the first day on which such tax was due.
- ✓ In case taxable person claim excess input credit or reduction in output tax liability, shall be liable to pay interest on such amount excess claimed or reduction in output tax liability.

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