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Payment of Taxes and Interest in GST Law

CA. Sanjeev Singhal

Sanjeev Kavish and Associates, Chartered Accountants

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Payment of Taxes and Interest in GST Law

How the liabilities in respect of Tax , interest, penalty and other dues under the GST shall be paid, have been summarized hereunder. Same shall be entered in various register etc. All this is prescribed in Section 49 to 50 of the GST Law and GST Payment Rules ,2017.

Payment of Taxes [Section -49]

A] Electronic cash ledger

- ✓ Section provides for three kind of ledger

  Electronic cash ledger
  Electronic credit ledger
  Electronic liability ledger

- ✓ Electronic Cash Ledger

  - Every deposit made for tax , interest, penalty and fees shall be credited to Electronic Cash Ledger in Form-GST PMT-5.

  - 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.
  - RP will create challan on GST PMT-6 on the common portal and enter the detail of amount to be deposited by him towards tax, fees, penalty and interest.
  - Challan created above shall be valid for 15 days.
  - Any challan created by non registered dealer shall be with temporary identification number.
  - On success credit to the Govt a/c CIN shall be created . If the CIN is not generated then RP may filed GST PMT -07 to bank through the common portal.

B] Electronic credit ledger

- ✓ The input tax credit of RP on self assessed basis in the return of taxable person shall be credited to his Electronic Credit Ledger on the common portal in Form –GST PMT-2.

- ✓ The electronic credit ledger may include the following

  - ITC from inward supply from registered person.
  - ITC from ISD
  - ITC on stock immediately preceding the day when RP is liable for payment of tax.
  - ITC available on payment made on reverse charge.

RP upon noticing any problem can apply on GST PMT-04 on common portal.

- ✓ Manner of Utilisation of ITC

- ✓ Amount of input tax credit in IGST, CGST, SGST or UTGSTshall 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/UTGST available in Electronic Credit Ledger of SGST shall be utilized for first payment of SGST/UTGST and then IGST afterwards.

  - Input tax credit available in Electronic Credit Ledger of SGST/UTGST 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- 54 and the amount refunded shall be reduce from the respective ledger a/c.

C] Tax Liability Ledger

- ✓ All amount payable by taxable person shall be debited in Electronic Liability Register in Form-GST PMT-01. Payment of every liability by registered taxable person shall be by debiting the electronic credit ledger and crediting the electronic liability register.

  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 Tax [Section 50]

- ✓ 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 u/s 42[10] and or reduction in output tax liability u/s 43[10], shall be liable to pay interest on such amount excess claimed or reduction in output tax liability under .

Situation when interest is payable

1. Delay in payment of Tax - Interest rate can not exceed 18%
2. Undue or excess claim of ITC- S.42[10]- Interest rate can not exceed 24%
3. Excess reduction in Output tax liability-S.43[10]- Interest rate can not exceed 24%.

- ✓ Tax return u/s 39 shall be valid only if the tax payable as per the return is paid in full.
- ✓ Section 73[5] and 73[6] provide that if the interest is paid, adjudicating authority shall not serve any show cause notice.
- ✓ Section 78 provides that where show cause notice has been issued but the interest is paid within 30 days of issue of notice , no penalty in this case shall be payable and case shall be concluded there only.

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About the Author:

Author is practicing chartered accountant in Gurgaon and having specialization in Service Tax and Haryana VAT. He can be reached at sanjeev.singhal@skaca.in. WWW. skaca.in