Tax Talk
The Monthly Service Tax Bulletin

FAQ - E-PAYMENT

Q. Who is liable to make e-payment of Service tax?

A. All assesses who are liable to pay a total service tax of Rs. 1 Lakh or more including the amount paid by utilization of CENVAT credit for the preceding financial year i.e.2012-2013 have to deposit the service tax electronically, through internet banking w.e.f. 1st January, 2014 (Earlier this limit was Rs.10 lakhs or more during the period 01.04.2010 to 31.12.2013).

Prior to 01.04.2010, the assessee who was liable to pay service tax of Rs. 50 lakhs or more in the preceding financial year or in that particular financial year were liable to deposit the tax electronically. This limit for e-payment of service tax was first introduced on 10th September, 2007.

Q. What is the due date in case of e-payment?

A. Due date for e-payment is 6th of the next month to the month/quarter for which the tax dues are payable except for the month/quarter of March for which the due date is 31st March. E-Payment can be made 24 hours a day using internet banking service of bank. However, only payment made upto 8 P.M. will be accounted on the same day and payments affected after 8 P.M. will be included in the next working day's scroll by the Focal Point Branch. So to ensure timely payment, e-payment should be made latest by 8 P.M. on the due date.

Q. How to get Internet banking facility of Bank?

A. The customers of a Bank can request for this facility in prescribed application forms to banks having internet banking facility and have been authorized for e-payment facility by CBEC for the particular Commissionerate.

Q. Which bank is authorized to accept e-payment of Service Tax?

A. For e-payment, assessees should open a net banking account with one of the authorized banks (currently there are 28 banks), list of which is available on the website of CBEC. Only an authorized bank can accept e-payment for a particular Commissionerate.

Q. After 01.01.2014, who will be eligible to make payment of service-tax through Challans?

A. We feel everybody is now required to make e-payment because persons having tax liability less than Rs. 1 lakh will basically be eligible for Rs. 10 lakh exemption. However, following may still continue challan payment:

(a) a service receiver who is liable to pay service tax less than Rs. 1 lakh for the preceding financial year.

(b) any assessee who has commenced business in the current year.

(c) any assessee who is liable to pay service tax of less than Rs 1 lakh in the preceding financial year either due to availment of abatement or by not taking Rs.10 lakh exemption.

(d) a Small Service Provider availing Rs. 10 lakh exemption and has crossed Rs. 10 lakh in the current year.

Q. What if the taxpayer faces any procedural problems at the time of e-payment?

A. In case a taxpayer faces any procedural problem, he may contact the jurisdictional service tax/ central excise office or the jurisdictional Commissioner, who will advise and extend all possible help to the taxpayers to comply with the requirement of mandatory e-payment.

Q. What if the account gets debited more than once for the same e-tax transaction?

A. If during the transaction or after completing the transaction, bank's website encounters any error or get disconnected before generating Taxpayer counterfoil, then instead of making the same transaction again kindly check your Account. If the account has been debited then contact your bank for regeneration of taxpayer counterfoil. Please note that in the above case, do not make the same transaction again, since it could result in the account being debited more than once for same e-tax transaction.

Q. How does this e-payment system benefit one as a taxpayer?

A. This system is beneficial to the tax-payers as they are not required to personally visit the bank to make the payments. Payment can be made electronically at their convenience from any place where an internet facility is available e.g. their office, residence etc. Further, the tax-payer gets the Challan Identification Number (CIN) online, which is required by them when they file their return.

Q. How secure is the transmission of data to the website for e- payment?

A. All transmission through NSDL-CBEC website are encrypted and authenticated vide Secure Socket Layer (SSL) authentication. With respect to the banks, it depends on the security measures provided by the bank for net-banking.

Q. What are the consequences if the assessee fails to make e-payment?

A. In case any person who is required to pay tax electronically fails to do so, penalty which may extend to ten thousand rupees per transaction may be imposed as per section 77(1)(d) of The Finance Act,1994.

Q. Whether payment through bank account belonging to other person/ company is allowed?

A. The only criterion is that the service tax payment is to be done electronically and should be deposited in the assessee's name and registration number and may not be from his own Bank account.

Q. What is to be done in case where the assessee does not have internet banking facility and/or does not have knowledge of the e-payment procedure?

A. The assessee may outsource the service tax payment work to a third party who usually carries out these jobs in exchange of some commission. Further, coming to the precaution issues, there is no harm in outsourcing such work but the same is to be allotted to reliable agency whom the assessee or its consultant knows of.