C9: Payment of Tax

Amended upto 30.04.20 for Nov-2020

- Once registered -> 2 e-ledgers opened automatically -> Cash & ITC ledger + electronic tax liability register
- Valid return [S.2(117)] -> return furnished u/s 39(1) -> self assessment tax paid in full
- **Electronic Cash Ledger [S.49(1) & (3) r/w Rule 87]**
  - contains *summary of all deposits/payments* made by taxpayer
  - mode of deposits in ECL
    - online -> net banking, credit/debit card -> no limit
    - offline -> NEFT/RTGS: no limit | Over the counter: 10k^ per challan per tax period by cash/cheque/dd
      ^ Not applicable -> deposit by -> PO/other officer authorized -> due recovery incl. attachment proceedings and collection during any investigation/ad-hoc deposit | Govt. Depts. -> persons notified by commissioner
  - **Payment by challan:**
    - **CPIN** -> Common Portal Identification Number -> valid for 15 days
      - ✓ created for every challan successfully generated by taxpayer
      - ✓ 14-digit unique number to identify the challan
    - **CIN** -> Challan Identification Number -> generated by banks when payment in lieu of generated challan is successful
      - ✓ 17 digit number (14 digits of CPIN + 3 digits of bank code)
    - **BRN**: Bank Reference Number -> transaction number given by bank for payment against Challan
    - **E-FPB**: Electronic Focal Point Branch -> branches of authorized banks to collect GST -> 1 branch/bank for PAN India
    - Manual/physical challans -> not allowed | Mandatorily generate from GST portal
    - Single challan prescribed for all taxes, fees, penalty, interest, and other payments
    - Unreg. person -> make payment -> temporary identification number
    - NEFT/RTGS mandate form validity -> 15 days
    - If CIN not generated/reflected even after payment -> make representation via common portal/e-gateway
    - Date of credit into treasury of SG/CG = deemed date of debit in ECL
    - Any discrepancy in ECL -> communicate to jurisdiction officer via common portal
  - **Manner of utilization of amount reflected in ECL: S.49(3)**
    - for making any payment towards tax, interest, penalty, fee, or any other amount
    - ledger is displayed major head-wise -> IGST, CGST, SGST/UTGST, and CESS
    - each major head is divided into five minor heads -> Tax, Interest, Penalty, Fee, and Others [Major : Minor = 4: 5]
    - utilisation -> any liability for the respective major and minor heads
      [i.e. amount available under one major/minor head cannot be utilised for discharging the liability under any other major/minor head]

- **Electronic credit ledger [S.49(2), (4) &(5), S.49A, S.49B r/w Rule 86 and 88A]**
  - S.49(2) -> self-assessed ITC by RP -> credited to ECrL or E-ITC-L
  - utilisation -> any output tax payment of CGST/IGST | cannot be utilised for RCM tax
  - manner of utilisation -> combined reading of S. 49(5), 49A, 49B, Rule 88A and CN 98/17/2019
    - use IGST ITC for payment of IGST liability
    - remaining bal. of IGST ITC -> for payment of CGST and SGST/UTGST -> any order, any proportion
    - entire ITC of IGST shall be first utilised before utilisation of ITC of CGST or SGST/UTGST
    - use CGST ITC for CGST liability first -> then balance of CGST ITC can be used for IGST liability
    - use SGST/UTGST ITC for SGST/UTGST liability first -> then balance of SGST/UTGST ITC can be used for IGST liability only when ITC of CGST is not available
    - CGST ITC cannot be utilised for payment of SGST/UTGST and vice-versa

The **Electronic Credit Ledger** has the following (cross) credit utilization arrangement

Credit of:	Allowed for Payment of		
	IGST	CGST	SGST
IGST	✓ (1)	✓ (2)	✓ (3)
CGST	✓ (2)	✓ (1)	
SGST	✓ (2)		✓ (1)

Common points for ECL and ECrL:
- any amount of refund claimed from ECL/ECrL, amount debited to respective ledger
- refund rejected -> fully/partly -> amount debited earlier -> to the extent rejected -> credited to ECL/ECrL by PO

For my reference:
- *when deposit made in ECL, it is credit -> for utilisation/others debit (Dr. Cr. from departments side)*
- *when ITC credited in ECrL, it is credit -> for utilisation/others debit (Dr. Cr. from departments side)*

Works like bank statement, when we deposit cash, bank shows it as credit and we debit bank (like accounting)

- Rule 86(4A): Tax paid wrongly or in excess through ECrL -> RP claims refund of such tax -> If found admissible, will be credited to ECrL -> NN 16/2020

→ **Electronic liability register [S.49(7), (8) & (9) r/w Rule 85]**
- S.49(7) -> ELR not defined in the Act -> all liabilities of TP maintained in separate register -> after netting
- S.49(8) -> mandatory chronological order for discharge of liability
  - ↳ first dues of previous tax period shall be discharged and after that of current period
  - ↳ after the above two, any other amount or demand amount u/s 73/74
- S.49(9) -> deemed that -> when TP pays GST -> incidence of tax is passed on to the recipient

→ **Chapter IX of CGST rules provide the following**
- Debit to ELR: all amounts payable as per return filed/as determined in a proceeding by AO/as ascertained by TP
- Debit to ECrL and Credit to ELR: payment of all liabilities of RP as per return subject to S.49
  - ↳ *i.e. ITC used and set-off with tax payable*
- Debit to ECL and Credit to ELR: payment of all liabilities of RP as per return subject to S.49, payment of TDS, TCS, RCM tax, S.10 composition tax, interest, penalty, fee and others
  - ↳ *i.e. above liabilities paid by using the cash balance in ECL*

→ **Benefits of new payment system**
- 24x7 online mode -> no queues or waiting period
- Instant online receipts
- Tax consultants can make payments on behalf of clients
- Single challan -> replacing multiple copy system
- Faster trf. of revenue into Govt. treasury
- Greater transparency
- Online payment after 8 PM -> credited to taxpayers account on same day

→ **Interest on delayed payment of tax (S.50)**

(a) Delay in payment of tax (full/part) -> within prescribed period
(b) Undue/excess claim of ITC u/s 42(10)$^{\text{contravention provisions}}$
(c) Undue/excess reduction in output tax liability u/s 43(10)$^{\text{contravention provisions}}$

- **Rate of interest p.a.:** shall not exceed -> for (a) 18% -> for (b) and (c) 24%
- Period: from the date following the due date of payment to the actual date of payment of tax
- Belated payment should be made voluntarily (even without demand)
- Interest payable debited to ELR (Dr. from dept side and Cr. i.e. payable from assessee side)
- Cannot be adj. with ECrL -> can be adj. with ECL (i.e. interest cannot be paid using ITC, has to paid in cash)

→ **Trf. of ITC** (S.53-CGST & S.18-IGST)
- If CGST ITC is utilised to pay IGST -> CG shall trf. equivalent amount from CGST A/c to IGST A/c
- If IGST ITC is utilised to pay CGST/UTGST -> CG shall trf. equivalent amount from IGST A/c to CGST/UTGST A/c
- If IGST ITC is utilised to pay SGST -> CG shall trf. apportioned amount to the respective SG A/c (share of State)

C10: RETURNS

Amended upto 30.04.20 for Nov-2020

- **Purpose:** Trf. of info. to tax admin., compliance, finalization of tax liabilities, inputs for policy decision, audit & anti evasion
- Taxpayer is required to estimate his tax liability on *self-assessment basis* and deposit tax along with filing of such return
- All returns under GST -> to be filed electronically -> GST common portal/offline utility/GST Suvidha Providers
- Return data is consolidated and stored at common portal (CG+SG)
- Some definitions (repeated from earlier chapters not included):
  - Inward supply 2(67): receipt of G/S/B by purchase/acquisition/others with/without consideration

- **Furnishing details of outward supplies [S.37 r/w Rule 59]**
  - to be furnished by every RP incl. CTP, except
    - *ISD*, NR-TP, person under CS, *person deducting TDS, person collecting TCS, supplier of OIDAR*
      - ⇒ *Note: return process of italics in CA-Final*
  - **Form GSTR-1** -> to be filed on/before 10th of succeeding month | cannot be filed between 11th to 15th
  - AAT ≤ 1.5 crore in PFY/CFY (small taxpayer) -> GSTR-1 quarterly (till Q2 of FY19-20)
  - AAT > 1.5 crore in PFY/CFY -> GSTR-1 monthly
  - Due date can be extended by Commissioner
  - GSTR-1 cannot be filed before end of current tax period
    - except -> CTP after closure of business, GSTIN cancellation of normal taxpayer
    - taxpayer who has applied for GSTIN cancellation -> GSTR-1 after confirming receipt of application
  - GSTR-1 contents:
    - *Basic & Other Details:* GSTIN, Legal and trade name, AT in PY, Tax period, HSN wise summary, Details of documents issued, Advances received/adjusted
    - *Details of Outward Supplies:* B2B, B2C, Zero rated and deemed exports, DN/CN issued, Nil rated/Exempted/Non-GST, Prior period amendments
  - RP -> furnishes details of -> invoice and revised invoice -> supply to RP and URP during a month and DN-CN, as below:

Invoice-wise details	Consolidated details	Debit and credit notes
▪ Supply to RP: Inter and Intra State ▪ Supply to URP: Inter State where invoice value > 2.5 lakh	▪ Supply to URP: Intra-State (tax wise) ▪ Supply to URP: Inter State where invoice value ≤ 2.5 lakh (State wise and tax wise)	Issued during the month for invoices issued previously

  - For B2B: invoice details to be uploaded | For B2C: invoice details not required except inter-state & > 2.5 lakh
  - Invoices can be uploaded any time during the tax period [Eg: For Oct -> 1/10 to 10/11, Late GSTR-1 -> after 15/11]
  - Till submission of GSTR-1, invoices can be modified/deleted any number of times
  - Invoice copy is not upload instead certain prescribed fields are filled in
    - *In case of supply with no consideration -> taxable value should be worked out for uploading*
  - For Goods: HSN | For Services: SAC (service accounting code) [HSN requirements already in tax invoice chapter]
  - GSTR-1 filed by supplier -> details auto-populated^ in respective recipient's Part-A of GSTR-2A/4A[RP in CS/CR]
    ^after due date of GSTR-1 (i.e. after 10th of succeeding month)
  - **Amendment** to **prior period** outward supply: S.37(3)
    - GSTR-1 -> Tables 9, 10 and 11(II) [Amendment Table]
    - Original DN/CN/Ref.V of current period and revised DN/CN/Ref.V of earlier period -> Table 9
      - *9B - Credit/Debit Notes (Reg. and UR) [separate tables]*
      - *9C - Amended Credit/Debit Notes (Reg. and UR) [separate tables]*
    - Supplier to give details of original invoice -> which was wrongly entered earlier and now amendment is made
      - *if original invoice not included earlier -> such missed invoice in amendment table as well -> data entry error*
    - Rectification of error -> in the tax period in which error is noticed -> pay tax & interest, if any
      - *Time limit:* Earlier of -> *Actual date* of filing return for the month of September of succeeding FY or date of filing of annual return
  - If no business in tax period -> file NIL GSTR-1
  - Taxpayer option voluntary cancellation of GSTIN -> file GSTR-1 for active period
  - Taxpayer converts from normal to composition -> GSTR-1 only for normal reg. period
    - *if filed with delay -> will accept invoices of prior period (i.e. normal reg. period) even after conversion*

- **Furnishing of returns u/s 39**
  - **GSTR-3B** -> Rule 61(5)
  - S.39(1) prescribed monthly return -> GSTR-3 -> every RP other than ISD/NR-TP/CS/Person-TDS/TCS/OIDAR
  - GSTR-3 -> to be filed by 20th of succeeding month -> DEFERRED by council
  - Currently: GSTR-3B instead of GSTR-3 -> same due date
  - **w.e.f. 01.07.17 (retro amendment) -> GSTR-3B is return u/s 39(1) -> 3B furnished, then 3 not required**
  - GSTR-3B: Simple return -> no invoice wise data of outward supply
    - *basic details:* GSTIN, legal name of RP, tax period
    - *other details:* summary of outward supply, inward RCM supply, inter-state supply to URP/CS/UIN, eligible ITC, value of exempt, nil-rated, non-GST inward supply, tax payment, TDS/TCS credit

- **GSTR-4: for composition and concessional rate scheme** [S.39(2) r/w rule 62]
  - GSTR-4 -> Annual return for a FY/part of FY -> by 30th April of succeeding FY
  - Also submit GST CMP-08 -> **quarterly** statement for **payment of** self-assessed **tax** -> 18th of month succeeding the Q
  - Inward supplied from RP who file GSTR-1 -> auto-populated in GSTR-4A for viewing
  - GSTR-4 details:
    - *Basic:* GSTIN, legal & trade name, TDS/TCS Cr., Tax, int., late fee (payable & paid), Refund claimed from ECL
    - *Inward and outward supplied:*
      - Inward: Invoice wise -> intra & inter from RP & URP incl. RCM and import of services
      - Summary of self assessed liability as per GST CMP-08 (Net of advances, CN, DN, other adj.)
      - Tax rate wise -> outward $^{\text{consolidated}}$, inward RCM (Net of advances, CN, DN, other adj.)
    - Consolidated details of outward -> composition and concessional rate dealers can neither take ITC or pass ITC -> Therefore consolidated OS and not invoice wise
  - Such dealers discharge their tax liability *only by* debiting ECL (since cannot take ITC)
  - If a RP opts for C/CR scheme from beginning of FY -> furnish return of prior period -> earlier of due date of filing return for the month of September of succeeding FY or date of filing of annual return
  - C/CR dealer cannot take ITC of prior period invoice/DN received after conversion
  - RP -> who withdraws from C scheme at own/instance of PO and who ceases under CR scheme -> after withdrawal
    - furnish GST CMP-08 till 18th of month succeeding the quarter of withdrawal
    - furnish GSTR-4 till 30th April of FY succeeding the FY of withdrawal

- GSTR-3B and 4 to be filed as NIL even if no business in tax period

- **GSTR-5 for NR-TP** [S.39(5) r/w Rule 63]
  - NRTP do not have business establishment in India -> comes to India for short period to make supply
  - They import into India and make local supply
  - GSTR-5 -> monthly tax return -> outward and inward supplies
  - Due Date -> Earlier of -> within 20 days after end of calendar month *OR* within 7 days after last day of reg. validity
  - Pay tax, interest, penalty, fees or other amount till last date of filing GSTR-5
  - Due date for payment of tax -> linked with due date of return (same for GSTR-3B and for C/CR -> GST CMP-08)

- **Rectification of errors/omissions [S.39(9)]**
  - GST returns are built on individual transactions -> no concept of revised return
  - Revision is req. due to change in invoice/DN/CN -> this can be done in subsequent GSTR-1 (amendment table)
  - This section does not permit rectification of E/O found on scrutiny, audit, inspection or enforcement activities
    - ITC cannot be passed in such situations
  - Time limit: Earlier of -> due date of filing return for the month of September of succeeding FY or *actual* date of filing of annual return

- Current month return can be filed only after filing of previous month return
- Returns to be submitted and signed electronically -> otherwise considered not-filed
    - using DSC (mandatory for Co. & LLP), E-Sign (Aadhaar OTP), EVC (sent to reg. mobile no. of authorized signatory)

- **First Return (S.40)**
  - There might be time gap between person becoming liable to reg. and grant of RC
    - during such period -> person might make outward supply
    - firstly revised tax invoice is issued within 1 month from issue of RC
    - after grant of RC -> such outward supplies are declared in the first return (format same as regular return)

- **Annual Return** (S.44 r/w Rule 80)
  - All RP except CTP, NR-TP, ISD, person deducting/collecting TDS/TCS and supplying OIDAR services
  - Form GSTR-9 and 9A for composition scheme -> to be filed by 31st December of next FY
  - RP -> GST audit req. u/s 35(5) -> also furnish -> copy of audited a/c's, certified reconciliation statement^ with AR
    ^ *reconciles value of supplies declared in returns furnished in the FY with audited annual financial statement*
  - Voluntary/Optional for small taxpayers for FY 17-18 & 18-19 [NN 47/2019-CT]
    - turnover < 2 crore and AR not submitted before due date -> deemed as furnished on due date

- **Final Return** (S.45 r/w Rule 81)
  - RP -> req. to furnish return u/s 39(1) -> reg. surrendered/cancelled -> file final return -> Form GSTR-10
  - within 3 months of date of cancellation *or* date of order of cancellation, whichever is later

- **Details of inward supplies of persons having UIN (Rule 82)**
  - UIN issued for claiming refund of taxes paid on inward supplies
    - details of such inward supplies in GSTR-11 with refund application
  - UIN issued for other purposes -> such inward services as required by PO in GSTR-11

- **Default/delay in furnishing return (S.46 & 47)**
  - Notice to return defaulters [S.46 r/w Rule 68]
    - to a RP who fails to furnish return -> u/s 39 (normal)/ u/s 44 (annual)/ u/s 45(final)/ u/s 52 TCS Statement
    - notice required RP to file return within 15 days
  - **Late fees** for delay in filing return [S.47]
    - For GSTR-1 (SoOS u/s 37), Normal return u/s 39, Final return u/s 45
      - Rs. 100/day during which failure continues *or* Rs. 5000, whichever is lower
    - For annual return u/s 44
      - Rs. 100/day during which failure continues *or* 0.25% of turnover in State, whichever is lower
    - Above late fees only under CGST Act, **equal amount under SGST/UTGST** Act as well

- **GST practitioners (S.48)**
  - RP may authorise approved GSTP -> to furnish info. on his behalf to Govt. (only authorised tasks) [can be withdrawn]
    - Returns through GSTP: RP gives consent to GSTP and before submission confirm^ correctness of return
      ^ *if fails to respond to confirmation request [SMS/Email] = deemed confirmation*
  - GSTN provides separate user ID and password to GSTP | Clients user ID and passwords not required
  - Taxpayer can choose new GSTP from the portal (unselect previous and choose new)
  - GSTP enrolled in any State -> treated as enrolled in other States
  - *Eligibility:*
    - Indian citizen, Person of sound mind, Not adjudicated insolvent, Not convicted by competent court
    - *and* satisfies *any* of the following condition:
      - retired commercial tax officer of SG/CBIC -> worked ≥ 2 years atleast as Grp-B gazetted officer when in service
      - Sales Tax Practitioner or Tax Return Preparer under old law for ≥ 5 years
      - has acquired any of the prescribed qualifications:
        - ✓ *Indian University Graduate/Postgraduate (Commerce, Law, Banking incl. Higher Auditing or Business Admin./Mgmt)*
        - ✓ *Degree exam of any Foreign/Indian University recognised by Indian University as equivalent to above*
        - ✓ *Final exam pass of CA/CS/CMA and others notified*
  - GSTP affixes his DSC on statements prepared by him *or* electronically verify using his credentials
  - If guilty of misconduct -> enrolment liable to be cancelled -> show cause notice issued
  - Enrollment procedure: App^n on common portal -> App^n scrutinised and certificate granted -> If rejected: Reasons -> Once enrolled, valid till cancelled -> to remain enrolled, pass exam conducted by NACIN
    - *If GSTP was Sales Tax Practitioner or Tax Return Preparer under old law for ≥ 5 years*
      - *enrolled only for 30 months from appointed date, unless passes exam within 30 months*