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# Introduction

The introduction of E-Ledger is a unique feature under the GST regime. Electronic Ledgers or E-Ledgers are statements of cash and input tax credit in respect of each registered taxpayer. In addition, each taxpayer shall also have an electronic tax liability register. Once a taxpayer is registered on common portal (GSTN), two e-ledger (Cash and Input Tax Credit ledger) and an electronic tax liability register will be automatically opened and displayed on his dash board at all times.

Provisions relating to payment of tax are contained in  
Chapter X of CGST Act, 2017 – Containing sections 49 to 53  
Chapter IX of CGST Rules, 2017

# Introduction

Details of Deposit

MAJOR  
HEAD

MINOR  
HEAD

	Tax ( ₹ )	Interest ( ₹ )	Penalty ( ₹ )	Fees ( ₹ )	Other ( ₹ )	Total ( ₹ )
CGST(0005)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0
IGST(0008)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0
CESS(0009)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0
Delhi SGST(0006)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0
<b>Total Challan Amount:</b>						₹ 0
<b>Total Challan Amount (In Words):</b>						

CREATE  
CHALLAN

Payment Modes •

E-Payment

Over The Counter

NEFT/RTGS

EDIT REASON

SAVE

GENERATE CHALLAN

# E-Cash Ledger (Sec 49(1) and Sec 49(3) read with Rule 87)

**Sec 49(1)** Every deposit made towards tax, interest, penalty, fee or any other amount by a person

- by internet banking or
- by using credit or debit cards or National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) or
- by such other mode and

subject to such conditions and restrictions as may be **prescribed**, shall be credited to the **electronic cash ledger** of such person to be maintained in such manner as may be **prescribed**.

**Sec 49(3)** The amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules made thereunder in such manner and subject to such conditions and within such time as may be **prescribed**.

## **Note –**

- 1. CPIN** - For making payment an online challan is to be first generated. Challan will contain CPIN i.e. Common Portal Identification Number. CPIN remains valid for a period of 15 days.
- 2. Deposit in Electronic Cash Ledger shall be made through any of the following modes, namely –**
  - i. Internet Banking through authorised banks; (Online Mode)**
  - ii. Unified Payment Interface (UPI) from any bank; (Online Mode)[Inserted vide NN 14/2022-CT, w.e.f. 5-7-2022]**
  - iii. Immediate Payment Services (IMPS) from any bank; (Online Mode) [Inserted vide NN 14/2022-CT, w.e.f. 5-7-2022]**
  - iv. Credit card or Debit card through the authorised bank; (Online Mode)**

# E-Cash Ledger (Sec 49(1) and Sec 49(3) read with Rule 87)

- v. National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) from any bank or Immediate Payment Service; **(Offline Mode)** or **[Immediate Payment Service inserted vide NN 14/2022-CT, w.e.f. 5-7-2022]**
- vi. Over the Counter (OTC) payment through authorised banks for deposits up to ₹10,000 per challan per tax period, by cash, cheque or demand draft: **(Offline Mode)**

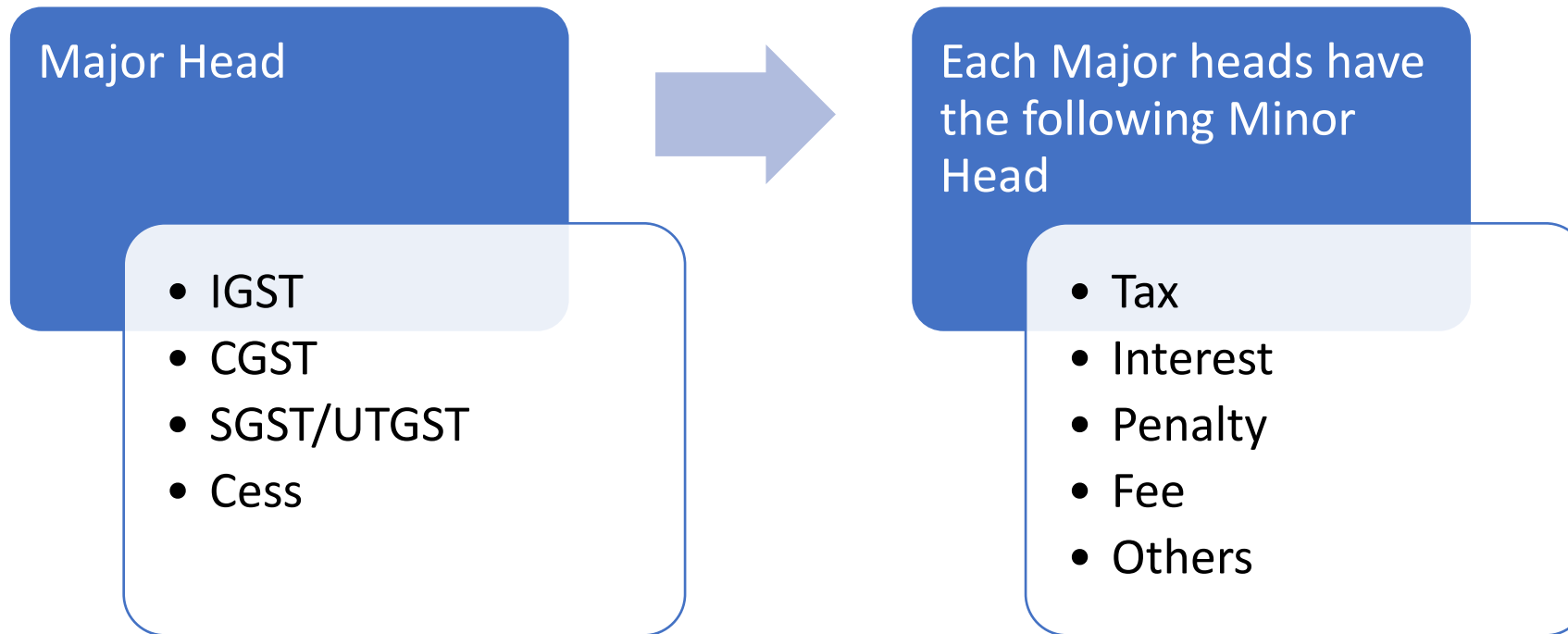
**Provided** that the restriction for deposit up to ₹10,000 per challan in case of an Over the Counter payment shall not apply to deposit to be made by –

- a) Govt. Departments or any other deposit to be made by persons as may be notified by the Commissioner in this behalf;
  - b) Proper officer or any other officer authorised to recover outstanding dues from any person, whether registered or not, including recovery made through attachment or sale of movable or immovable properties;
  - c) Proper officer or any other officer authorised for the amounts collected by way of cash, cheque or demand draft during any investigation or enforcement activity or any ad hoc deposit:
3. Where the bank fails to communicate details of Challan Identification Number to the Common Portal, the Electronic Cash Ledger may be updated on the basis of e-Scroll of the Reserve Bank of India in cases where the details of the said e-Scroll are in conformity with the details in challan generated in FORM GST PMT-06 on the Common Portal.  
**[Proviso inserted vide NN 26/2022-CT, dt 26-12-2022]**

## E-Cash Ledger (Sec 49(1) and Sec 49(3) read with Rule 87)

3. Where the payment is made by way of NEFT or RTGS mode from any bank, the mandate form shall be generated along with the challan on the common portal and the same shall be submitted to the bank from where the payment is to be made: **Provided** that the mandate form shall be valid for a period of 15 days from the date of generation of challan.
4. Any payment required to be made by a person who is **not registered** under the Act, shall be made on the basis of a temporary identification number generated through the common portal.
5. **CIN** - On successful credit of the amount to the concerned government account maintained in the authorised bank, a Challan Identification Number (**CIN**) shall be generated by the collecting bank and the same shall be indicated in the challan.
6. On receipt of the CIN from the collecting bank, the said amount is credited into the electronic cash ledger of the person on whose behalf the deposit is made and the common portal will generate a receipt to this effect.
7. A registered person may, on the common portal, **TRANSFER ANY AMOUNT** of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the Act to the electronic cash ledger for integrated tax, central tax, State tax or Union territory tax or cess in **FORM GST PMT-09**. **[Inserted vide NN 31-2019-CT, w.e.f. 21-4-2020]**
8. A registered person may, on the common portal, **TRANSFER ANY AMOUNT OF TAX**, interest, penalty, fee or any other amount available in the electronic cash ledger under the Act to the electronic cash ledger for central tax or integrated tax **of a distinct person** as specified in sub-section (4) or, as the case may be, sub-section (5) of section 25, in **FORM GST PMT-09**:  
**Provided that** no such transfer shall be allowed if the said registered person has any unpaid liability in his electronic liability register. **[Inserted vide NN 14/2022-CT, w.e.f. 5-7-2022]**

# E-Cash Ledger (Sec 49(1) and Sec 49(3) read with Rule 87)



## Which date is considered as date of deposit of the tax dues?

(i)	Date of presentation of cheque	X
(ii)	Date of payment	X
(iii)	Date of credit of amount in the account of government	√



# E-Credit Ledger (Sec 49(2), (4) & (5), 49A, 49B read with Rule 86 and Rule 88A)

**Sec 49(2)** The input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger, in accordance with section 41 or section 43A, to be maintained in such manner as may be prescribed.

**Sec 49(4)** The amount available in the electronic credit ledger may be used for making any payment towards **output tax** under this Act or under the IGST Act in such manner and subject to such conditions and within such time as may be prescribed.

## Note –

1. Input Tax Credit as self-assessed in monthly returns will be reflected in the ITC Ledger. The credit in this ledger can be used to make payment of ONLY TAX and not other amounts such as interest, penalty, fees etc.
2. Non-Utilisation of ITC for tax liability under reverse charge mechanism – The amount available in the electronic credit ledger may be used for making any payment towards output tax under CGST or IGST. It is pertinent to note that “output tax” in relation to a taxable person, means the tax chargeable under this Act on taxable supply of goods and/or services made by him or by his agent but excludes tax payable by him on reverse charge basis. Thus, ITC cannot be utilised for tax payable under RCM.

## Sec 41

(1) Every registered person shall, subject to such conditions and restrictions as may be prescribed, be entitled to take the credit of eligible input tax, as self-assessed, in his return and such amount shall be credited on a provisional basis to his electronic credit ledger.

(2) The credit referred to in sub-section (1) shall be utilised only for payment of **self-assessed output tax** as per the return referred to in the said sub-section.

## **Circular No. 172/04/2022-GST dated 6-7-2022**

### **Utilisation of the amounts available in the electronic credit ledger and the electronic cash ledger for payment of tax and other liabilities –**

**Issue** - Whether the amount available in the electronic credit ledger can be used for making payment of any tax under the GST Laws?

**Clarification** – 1. In terms of sub – section (4) of section 49 of CGST Act, the amount available in the electronic credit ledger may be used for making any payment towards output tax under the CGST Act or the IGST Act, 2017, subject to the provisions relating to the order of utilisation of input tax credit as laid down in section 49B of the CGST Act read with rule 88A of the CGST Rules.

2. Sub-rule (2) of rule 86 of the CGST Rules provides for debiting of the electronic credit ledger to the extent of discharge of any liability in accordance with the provisions of section 49 or section 49A or section 49B of the CGST Act.

3. Further, output tax in relation to a taxable person (i.e. a person who is registered or liable to be registered under section 22 or section 24 of the CGST Act) is defined in clause (82) of section 2 of the CGST Act as the tax chargeable on taxable supply of goods or services or both but excludes tax payable on reverse charge mechanism.

4. Accordingly, it is clarified that any payment towards output tax, whether self-assessed in the return or payable as a consequence of any proceeding instituted under the provisions of GST Laws, can be made by utilization of the amount available in the electronic credit ledger of a registered person.

5. It is further reiterated that as output tax does not include tax payable under reverse charge mechanism, implying thereby that the electronic credit ledger cannot be used for making payment of any tax which is payable under reverse charge mechanism.

## **Note –**

1. New form no. **FORM GST PMT-3A** is being inserted through NN 14/2022-CT, dated 5-7-2022, w.e.f. 5-7-2022, by introduction of **R-86(4B)**, for re-credit of amount to electronic credit ledger an amount equivalent to the amount of erroneous refund. This rule states as follows –
  - R-86(4B) - Where a registered person deposits the amount of erroneous refund sanctioned to him, –
    - (a) under sub-section (3) of section 54 of the Act, or
    - (b) under sub-rule (3) of rule 96, in contravention of sub-rule (10) of rule 96,along with interest and penalty, wherever applicable, through **FORM GST DRC-03**, by debiting the electronic cash ledger, on his own or on being pointed out, an amount equivalent to the amount of erroneous refund deposited by the registered person shall be re-credited to the electronic credit ledger by the proper officer by an order made in **FORM GST PMT-03A.**”

**Note –**

1. Where a person has claimed refund of any amount from the electronic cash or credit ledger, the said amount shall be debited to the electronic cash or credit ledger.
2. If the refund so claimed is rejected, either fully or partly, the amount debited earlier, to the extent of rejection, shall be credited to the electronic cash or credit ledger by the proper officer by an order made in prescribed form.

# E-Liability Ledger (Sec 49(7), (8) and (9) read with Rule 85)

**Sec 49(7)** All liabilities of a taxable person under this Act shall be recorded and maintained in an electronic liability register in such manner as may be prescribed.

**Sec 49(8)** Every taxable person shall discharge his tax and other dues under this Act or the rules made thereunder in the following order, namely:—

- (a) self-assessed tax, and other dues related to returns of previous tax periods;
- (b) self-assessed tax, and other dues related to the return of the current tax period;
- (c) any other amount payable under this Act or the rules made thereunder including the demand determined under **section 73** or **section 74**.

**Sec 49(9)** Every person who has paid the tax on goods or services or both under this Act shall, unless the contrary is proved by him, be deemed to have passed on the full incidence of such tax to the recipient of such goods or services or both.

**Note –**

1. The expression “other dues” referred to in Sec 49(8) mean interest, penalty, fee or any other amount payable under the Act or the rules made thereunder.
2. Sec 49(9) states that there is a presumption that incidence of tax is passed on. This presumption is subject to the contrary being proved.

## Note –

### 1. Debit to E-Liability register –

- (a) the amount payable towards tax, interest, late fee or any other amount payable as per the return furnished by the said person;
- (b) the amount of tax, interest, penalty or any other amount payable as determined by a proper officer in pursuance of any proceedings under the Act or as ascertained by the said person;
- ~~(c) the amount of tax and interest payable as a result of mismatch under section 42 or section 43 or section 50; or~~  
**[omitted vide NN 19/2022-CT, w.e.f. 1-10-2022]**
- ~~(a) any amount of interest that may accrue from time to time.~~

### 2. Following amount is Credited to E-Liability Register and Debited to E-Credit Ledger –

- Payment of all the liabilities of a registered person as per his return subject to section 49.

### 3. Following amount is Credited to E-Liability Register and Debited to E-Cash Ledger –

- Payment of all the liabilities of a registered person as per his return subject to section 49.
- Payment of TDS deducted under section 51,
- Payment of TCS deducted by e-commerce operator under section 52,
- Amount payable under reverse charge basis,
- Amount payable under section 10
- Amount payable towards payment of interest, penalty, fee or any other amount under the Act.

# E-Liability Ledger (Sec 49(10) and (11))

## Inter-Head Adjustment (major / minor) in E-Cash Ledger and Transfer of balance in CGST and IGST cash ledgers between distinct persons to improve liquidity and cash flows

**Sec 49(10)** A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for,—

- (a) integrated tax, central tax, State tax, Union territory tax or cess; or
- (b) integrated tax or central tax of a distinct person as specified in sub-section (4) or, as the case may be, sub-section (5) of section 25,

in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act:

**Provided** that no such transfer under clause (b) shall be allowed if the said registered person has any unpaid liability in his electronic liability register. **[Substituted vide Finance Act, 2022, w.e.f. 5-7-2022 through NN 9/2022-CT]**

## Deemed Payment in transferred Account on Inter-Head Adjustment (major / minor) in E-Cash Ledger

**Sec 49(11)** Where any amount has been transferred to the electronic cash ledger under this Act, the same shall be deemed to be deposited in the said ledger as provided in sub-section (1).

**Note – 1)** A registered person may, on the common portal, **TRANSFER ANY AMOUNT** of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the Act to the electronic cash ledger for integrated tax, central tax, State tax or Union territory tax or cess in **FORM GST PMT-09**. **[Inserted vide NN 31-2019-CT, w.e.f. 21-4-2020]**

2) The amendment by FA, 2022 has given relief to the taxpayers by allowing transfer of the amount available in Electronic Cash Ledger of one GSTIN to another GSTIN of the same PAN. However, such amount cannot be transferred, if there is any unpaid liability in the Electronic Liability register of the transferor.

# Interest on delayed payment of tax (Sec 50 read with Rule 88B)

**Sec 50(1)** Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but **fails to pay the tax** or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, **not exceeding 18%**, as may be **notified** by the Government on the recommendations of the Council. **[Notification No. 13/2017 CT dt 28-6-2017 has notified the rate of interest as 18% per annum.]**

**Provided** that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of **section 39**, except where such return is furnished after commencement of any proceedings under **section 73** or **section 74** in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger. **[Proviso made effective from 1-9-2020 through NN 63/2020-CT, dt 25-8-2020. Further the proviso made effective w.e.f. 1-7-2017 by FA, 2021 and implemented by NN 16/2021-CT, dt 1-6-2021]**

**Sec 50(2)** The interest under sub-section (1) shall be calculated, in such manner as may be prescribed, from the **day succeeding the day on which such tax was due to be paid.**

**Sec 50(3)** (3) Where the input tax credit has been wrongly availed and utilised, the registered person shall pay interest on such input tax credit wrongly availed and utilised, at such rate not exceeding 24% as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed. **[Notification No. 13/2017 CT dt 28-6-2017 has notified the rate of interest as 18% per annum as amended through FA 2022, w.e.f. 1-7-2017.][Sec 50(3) substituted vide FA, 2022, w.e.f. 1-7-2017, through NN 9/2022-CT]**



# Interest on delayed payment of tax (Sec 50 read with Rule 88B)

## Note –

1. New proviso is being inserted in section 50(1) of the CGST Act so as to provide for charging interest only on the net cash tax liability, except in those cases where returns are filed subsequent to initiation of any proceedings under section 73 or 74 of the CGST Act. **Proviso inserted by FA(No. 2), 2019 has been made applicable w.e.f. 1-9-2020 by NN 63/2020-CT.**
2. Further, the aforesaid provision of interest payable on net cash tax liability shall be applicable retrospectively from 1-7-2017 (as per administrative instruction F.No. CBEC-20/01/08/2019 – GST, dated 18-9-2020)
3. The liability for interest can be settled by adjustment with balance in Electronic Cash Ledger but not with balance in electronic credit Ledger.
4. The amendment in 50(3) is to provide that interest will be payable on the wrongly availed ITC only when the same is utilised.
5. This amendment in 50(3) also removes the words “A taxable person who makes an undue or excess claim of ITC under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43”. The section 42 and 43 were never in reality effective as they talked about Matching concept in ITC and Output tax liability through GSTR-2. GSTR-2 never became effective in GST Regime. Thus making section 42 and 43 redundant from the very beginning. Meaning thereby effective rate of interest on wrongly claimed ITC was 18% from the very beginning which has now been made at 24%.
6. The amendment in 50(3) has been introduced retrospectively since 1-7-2017 but any liability on registered person cannot be made from back date. Thus in effect it will be effective from 5-7-2022.

# Interest on delayed payment of tax (Sec 50 read with Rule 88B)

**Rule 88B inserted through NN 14/2022-CT, dated 5-7-2022, w.e.f. 1-7-2017**

**Rule 88B. Manner of calculating interest on delayed payment of tax.-**

**Rule 88B(1)** In case, where the supplies made during a tax period are declared by the registered person in the return for the said period and the said return is furnished after the due date in accordance with provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, the interest on tax payable in respect of such supplies shall be calculated on the portion of tax which is paid by debiting the electronic cash ledger, for the period of delay in filing the said return beyond the due date, at such rate as may be notified under sub-section (1) of section 50.

**Rule 88B(2)** In all other cases, where interest is payable in accordance with sub section (1) of section 50, the interest shall be calculated on the amount of tax which remains unpaid, for the period starting from the date on which such tax was due to be paid till the date such tax is paid, at such rate as may be notified under sub-section (1) of section 50.

**Rule 88B(3)** In case, where interest is payable on the amount of input tax credit wrongly availed and utilised in accordance with sub-section (3) of section 50, the interest shall be calculated on the amount of input tax credit wrongly availed and utilised, for the period starting from the date of utilisation of such wrongly availed input tax credit till the date of reversal of such credit or payment of tax in respect of such amount, at such rate as may be notified under said sub-section (3) of section 50.

# Interest on delayed payment of tax (Sec 50 read with Rule 88B)

**Rule 88B inserted through NN 14/2022-CT, dated 5-7-2022, w.e.f. 1-7-2017**

**Explanation.** —For the purposes of this sub-rule, —

- (1) input tax credit wrongly availed shall be construed to have been utilised, when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, and the extent of such utilisation of input tax credit shall be the amount by which the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed.
- (2) the date of utilisation of such input tax credit shall be taken to be, —
  - (a) the date, on which the return is due to be furnished under section 39 or the actual date of filing of the said return, whichever is earlier, if the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, on account of payment of tax through the said return; or
  - (b) the date of debit in the electronic credit ledger when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, in all other cases.;

# Interest on delayed payment of tax (Sec 50 read with Rule 88B)

## Circular No. 192/04/2023-GST dated 17-7-2023 - Clarification on charging of interest under section 50(3) of the CGST Act, 2017, in cases of wrong availment of IGST credit and reversal thereof.

Issue	Clarification
<p>In the cases of wrong availment of IGST credit by a registered person and reversal thereof, for the calculation of interest under rule 88B of CGST Rules, whether the balance of input tax credit available in electronic credit ledger under the head of IGST only needs to be considered or total input tax credit available in electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has to be considered.</p>	<p>Since the amount of input tax credit available in electronic credit ledger, under any of the heads of IGST, CGST or SGST, can be utilized for payment of liability of IGST, <b>it is the total input tax credit available in electronic credit ledger, under the heads of IGST, CGST and SGST taken together</b>, that has to be considered for calculation of interest under rule 88B of CGST Rules and for determining as to whether the balance in the electronic credit ledger has fallen below the amount of wrongly availed input tax credit of IGST, and to what extent the balance in electronic credit ledger has fallen below the said amount of wrongly availed credit.</p> <p>Thus, in the cases where IGST credit has been wrongly availed and subsequently reversed on a certain date, there will not be any interest liability under sub-section (3) of section 50 of CGST Act if, during the time period starting from such availment and up to such reversal, the balance of input tax credit (ITC) in the electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has never fallen below the amount of such wrongly availed ITC, even if available balance of IGST credit in electronic credit ledger individually falls below the amount of such wrongly availed IGST credit. However, when the balance of ITC, under the heads of IGST, CGST and SGST of electronic credit ledger taken together, falls below such wrongly availed amount of IGST credit, then it will amount to the utilization of such wrongly availed IGST credit and the extent of utilization will be the extent to which the total balance in electronic credit ledger under heads of IGST, CGST and SGST taken together falls below such amount of wrongly availed IGST credit, and will attract interest as per sub-section (3) of section 50 of CGST Act, read with section 20 of Integrated Goods and Services Tax Act, 2017 and sub-rule (3) of rule 88B of CGST</p>

# Interest on delayed payment of tax (Sec 50 read with Rule 88B)

**Circular No. 192/04/2023-GST dated 17-7-2023 - Clarification on charging of interest under section 50(3) of the CGST Act, 2017, in cases of wrong availment of IGST credit and reversal thereof.**

Issue	Clarification
<p>Whether the credit of compensation cess available in electronic credit ledger shall be taken into account while considering the balance of electronic credit ledger for the purpose of calculation of interest under sub-rule (3) of rule 88B of CGST Rules in respect of wrongly availed and utilized IGST, CGST or SGST credit.</p>	<p>As per proviso to section 11 of Goods and Services Tax (Compensation to States) Act, 2017, input tax credit in respect of compensation cess on supply of goods and services leviable under section 8 of the said Act can be utilised only towards payment of compensation cess leviable on supply of goods and services. Thus, credit of compensation cess cannot be utilized for payment of any tax under CGST or SGST or IGST heads and/ or reversals of credit under the said heads.</p> <p>Accordingly, credit of compensation cess available in electronic credit ledger <b>cannot</b> be taken into account while considering the balance of electronic credit ledger for the purpose of calculation of interest under sub-rule (3) of rule 88B of CGST Rules in respect of wrongly availed and utilized IGST, CGST or SGST credit.</p>

# Transfer of input tax credit (Sec 53 and Sec 18 of IGST Act, 2017)

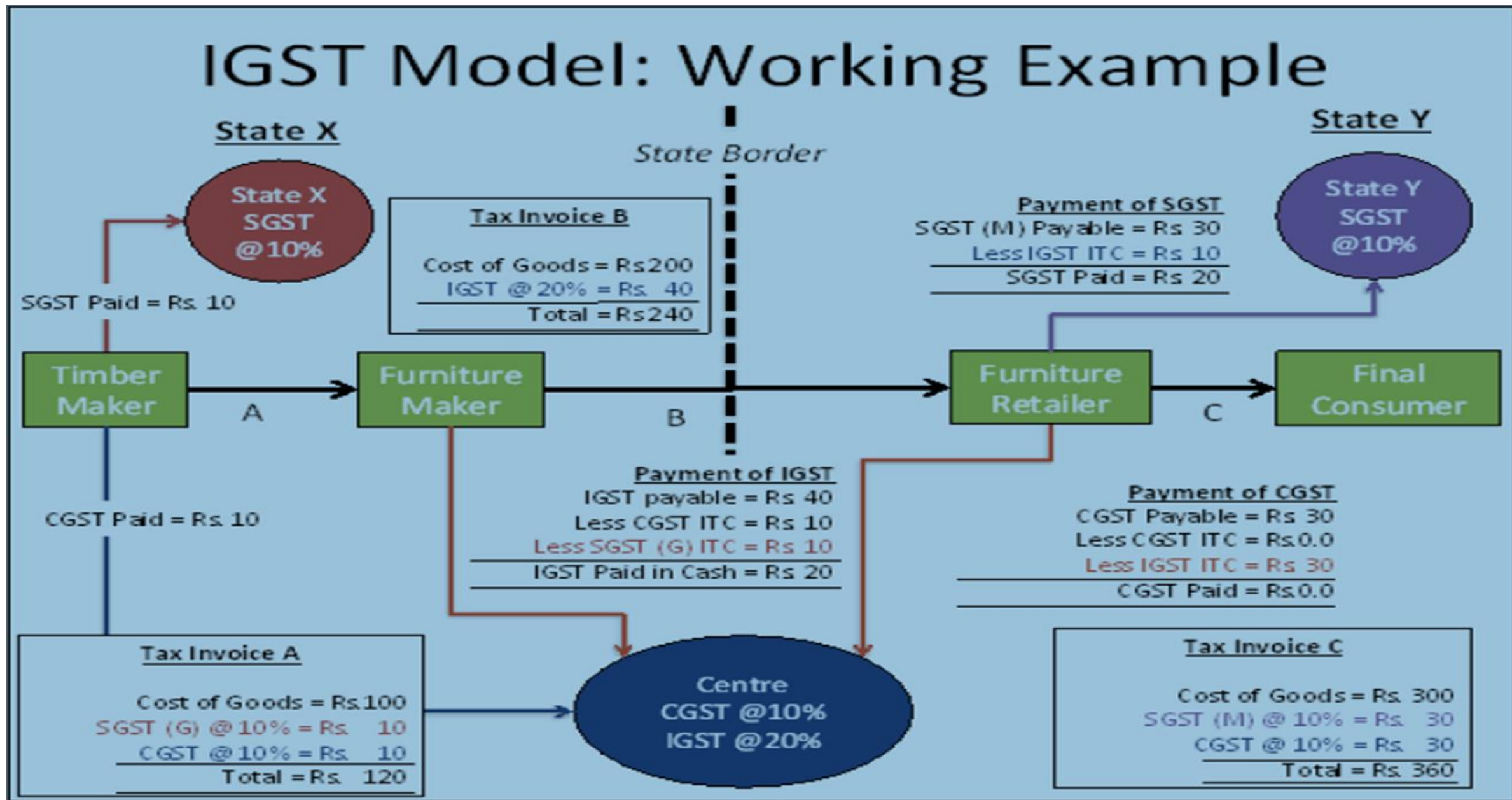
**Sec 53** On utilisation of input tax credit availed under this Act for payment of tax dues under the IGST Act in accordance with the provisions of sub-section (5) of section 49, as reflected in the valid return furnished under sub-section (1) of section 39, the amount collected as central tax shall stand reduced by an amount equal to such credit so utilised and the Central Government shall transfer an amount equal to the amount so reduced from the central tax account to the integrated tax account in such manner and within such time as may be prescribed.

**Sec 18.** On utilisation of credit of integrated tax availed under this Act for payment of,—

(a) central tax in accordance with the provisions of sub-section (5) of section 49 of the CGST Act, the amount collected as integrated tax shall stand reduced by an amount equal to the credit so utilised and the Central Government shall transfer an amount equal to the amount so reduced from the integrated tax account to the central tax account in such manner and within such time as may be prescribed;

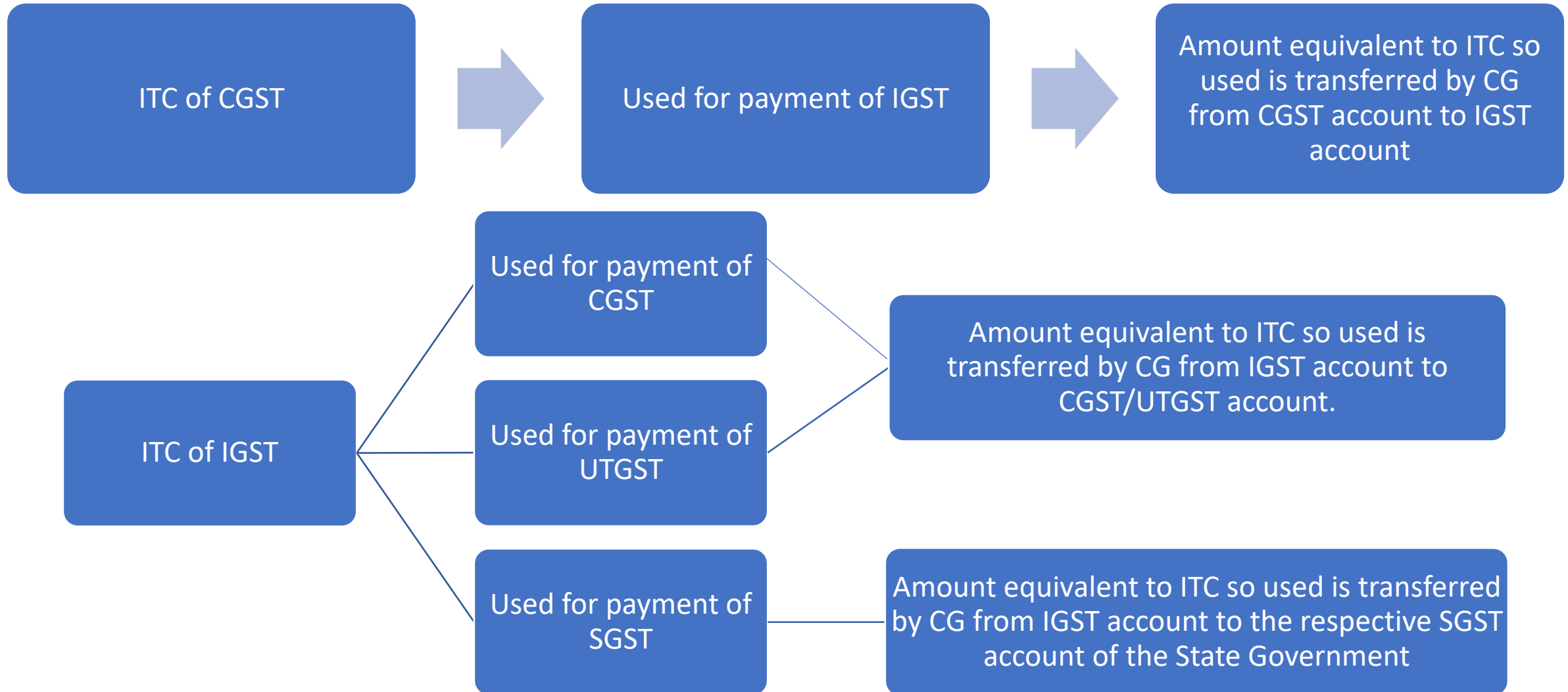
(b) Union territory tax in accordance with the provisions of section 9 of the UTGST Act, the amount collected as integrated tax shall stand reduced by an amount equal to the credit so utilised and the Central Government shall transfer an amount equal to the amount so reduced from the integrated tax account to the Union territory tax account in such manner and within such time as may be prescribed;

(c) State tax in accordance with the provisions of the respective SGST Act, the amount collected as integrated tax shall stand reduced by an amount equal to the credit so utilised and shall be apportioned to the appropriate State Government and the Central Government shall transfer the amount so apportioned to the account of the appropriate State Government in such manner and within such time as may be prescribed.



# Transfer of input tax credit (Sec 53 and Sec 18 of IGST Act, 2017)

**Explanation** — For the purposes of this Chapter, “appropriate State” in relation to a taxable person, means the State or Union territory where he is registered or is liable to be registered under the provisions of the CGST Act.





# Transfer of certain amounts (Sec 53A)

**Sec 53A** Where any amount has been transferred from the electronic cash ledger under this Act to the electronic cash ledger under the State Goods and Services Tax Act or the Union territory Goods and Services Tax Act, the Government shall, transfer to the State tax account or the Union territory tax account, an amount equal to the amount transferred from the electronic cash ledger, in such manner and within such time as may be prescribed.

**Note –**

A new section 53A is being inserted in the CGST Act so as to provide for transfer of amount between Centre and States consequential to amendment in section 49 of the CGST Act allowing transfer of an amount from one head to another head in the electronic cash ledger of the registered person.

# Empowering Commissioner/ Authorised Officer to block (Utilisation as well as Refund of ITC (Rule 86A)

## 86A. Conditions of use of amount available in electronic credit ledger.-

(1) The **Commissioner or an officer authorised by him in this behalf**, not below the rank of an Assistant Commissioner, *having reasons to believe* that credit of input tax available in the electronic credit ledger has been fraudulently availed or is ineligible in as much as-

- a) the **credit of input tax has been availed on the strength of tax invoices** or debit notes or any other document prescribed under rule 36-
  - i. issued by a registered person who has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or
  - ii. without receipt of goods or services or both; or
- b) the **credit of input tax has been availed on the strength of tax invoices** or debit notes or any other document prescribed under rule 36 in respect of any supply, the tax charged in respect of which has not been paid to the Govt.; or
- c) the **registered person availing the credit of input tax has been found non-existent or not to be conducting any business from any place for which registration has been obtained**; or
- d) the **registered person availing any credit of input tax is not in possession of a tax invoice** or debit note or any other document prescribed under rule 36,

**may**, for reasons to be recorded in writing, **not allow debit** of an amount equivalent to such credit in electronic credit ledger for discharge of any liability under section 49 or for claim of any refund of any unutilised amount.

# Empowering Commissioner/ Authorised Officer to block (Utilisation as well as Refund of ITC (Rule 86A)

**Unblocking will be done either upon cessation of reasons which leads to blocking or upon expiry of 1 year**

(2) The Commissioner, or the officer authorised by him under sub-rule (1) may, upon being satisfied that conditions for disallowing debit of electronic credit ledger as above, no longer exist, allow such debit.

(3) Such restriction shall cease to have effect after the expiry of a period of 1 year from the date of imposing such restriction. (Rule inserted vide Notification No. 75/2019 dated 26th Dec, 2019 w.e.f. 26-12-2019.)

# Restrictions on use of amount available in electronic credit ledger (Rule 86B)

**Notwithstanding anything contained in these rules**, the registered person shall not use the amount available in electronic credit ledger to discharge his liability towards output tax in excess of 99 % of such **tax liability**, in cases where the value of taxable supply other than exempt supply and zero-rated supply, **in a month exceeds ₹ 50 Lakh**:

**Provided** that the said restriction **shall NOT apply** where –

- (a) the said person or the proprietor or karta or the managing director or any of its two partners, whole-time Directors, Members of Managing Committee of Associations or Board of Trustees, as the case may be, have paid more than ₹ 1 lakh as income tax under the Income-tax Act, 1961 in each of the last two financial years for which the time limit to file return of income under subsection (1) of section 139 of the said Act has expired; or
- (b) the registered person has received a refund amount of more than ₹ 1 lakh in the preceding financial year on account of unutilised input tax credit under clause (i) of first proviso of sub-section (3) of section 54; or
- (c) the registered person has received a refund amount of more than ₹ 1 lakh in the preceding financial year on account of unutilised input tax credit under clause (ii) of first proviso of sub-section (3) of section 54; or
- (d) the registered person has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, upto the said month in the current financial year; or

- e) the registered person is –
  - i. Government Department; or
  - ii. a Public Sector Undertaking; or
  - iii. a local authority; or
  - iv. a statutory body:

**Provided** further that the Commissioner or an officer authorised by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit. **(Rule inserted vide Notification No. 94/2020-CT dated 22nd Dec, 2020 w.e.f. 1-1-2021)**

# Difference of Tax Liability as per GSTR-1 & GSTR-3B

## **88C. Manner of dealing with difference in liability reported in statement of outward supplies and that reported in return.-**

(1) Where the tax payable by a registered person, in accordance with the statement of outward supplies furnished by him in **FORM GSTR-1** or using the Invoice Furnishing Facility (**IFF**) in respect of a tax period, exceeds the amount of tax payable by such person in accordance with the return for that period furnished by him in **FORM GSTR-3B**, by such amount and such percentage, as may be recommended by the Council, the said registered person shall be **intimated** of such difference in **Part A of FORM GST DRC-01B**, electronically on the common portal, and a copy of such intimation shall also be sent to his e-mail address provided at the time of registration or as amended from time to time, highlighting the said difference and directing him to—

- (a) **pay the differential tax liability**, along with interest under section 50, through **FORM GST DRC-03**; or
- (b) **explain the aforesaid difference** in tax payable on the common portal, within a period of seven days.

(2) The registered person referred to sub-rule (1) shall, upon receipt of the intimation referred to in that sub-rule, either,-

- (a) pay the amount of the differential tax liability, as specified in Part A of FORM GST DRC-01B, fully or partially, along with interest under section 50, through FORM GST DRC-03 and **furnish the details thereof in Part B of FORM GST DRC-01B** electronically on the common portal; or
- (b) furnish a reply electronically on the common portal, incorporating reasons in respect of that part of the differential tax liability that has remained unpaid, if any, in Part B of FORM GST DRC-01B, within the period specified in the said sub-rule.

## Difference of Tax Liability as per GSTR-1 & GSTR-3B

(3) Where any amount specified in the intimation referred to in sub-rule (1) remains unpaid within the period specified in that sub-rule and where no explanation or reason is furnished by the registered person in default or where the explanation or reason furnished by such person is not found to be acceptable by the proper officer, the said amount shall be recoverable in accordance with the provisions of section 79.

**(Rule 88C inserted vide Notification No. 26/2022-CT dated 26th Dec, 2022, w.e.f. 26-12-2022.)**

# Difference of ITC as per GSTR-3B & GSTR-2B

**Rule 88D - Manner of dealing with difference in input tax credit available in auto-generated statement containing the details of input tax credit and that availed in return.**

- (1) Where the amount of input tax credit availed by a registered person in the return for a tax period or periods furnished by him in FORM GSTR-3B exceeds the input tax credit available to such person in accordance with the auto-generated statement containing the details of input tax credit in FORM GSTR-2B in respect of the said tax period or periods, as the case may be, **by such amount and such percentage, as may be recommended by the Council**, the said registered person shall be intimated of such difference in Part A of FORM GST DRC-01C, electronically on the common portal, and a copy of such intimation shall also be sent to his e-mail address provided at the time of registration or as amended from time to time, highlighting the said difference and directing him to—
  - a) **pay** an amount equal to the excess input tax credit availed in the said FORM GSTR-3B, along with interest payable under section 50, through FORM GST DRC-03, **or**
  - b) **explain** the reasons for the aforesaid difference in input tax credit on the common portal, **within a period of 7 days.**
  
- (2) The registered person referred to sub-rule (1) shall, upon receipt of the intimation referred to in the said sub-rule, either,
  - a) **pay** an amount equal to the excess input tax credit, as specified in Part A of FORM GST DRC-01C, fully or partially, along with interest payable under section 50, through FORM GST DRC-03 and furnish the details thereof in Part B of FORM GST DRC-01C, electronically on the common portal, **or**
  - b) **furnish a reply**, electronically on the common portal, incorporating reasons in respect of the amount of excess input tax credit that has still remained to be paid, if any, in Part B of FORM GST DRC-01C, **within the period specified in the said sub-rule.**



## Difference of ITC as per GSTR-3B & GSTR-2B

(3) Where any amount specified in the intimation referred to in sub-rule (1) remains to be paid within the period specified in the said sub-rule and where no explanation or reason is furnished by the registered person in default or where the explanation or reason furnished by such person is not found to be acceptable by the proper officer, the said amount shall be liable to be demanded in accordance with the provisions of section 73 or section 74, as the case may be.]

**(Rule 88D inserted vide NN 38/2023-CT dated 4-8-2023, w.e.f. 4-8-2023)**