L&S Update

an e-update to clients from
Lakshmikumaran & **Sridharan**

L&S GST Update No. 11
16th June, 2016

Model GST Law – Payment of tax, interest, penalty and other amounts

Payment of tax, interest, penalty and other amounts

Three electronic ledgers of the taxpayer

- Amount deposited by the taxpayer towards payment of tax, interest, penalty, fee or any other amount by a taxable person shall be credited to the **electronic cash ledger**.
- Input tax credit as self-assessed by the taxable person shall be credited to his **electronic credit ledger**.
- All the tax liabilities of the taxable person will be recorded in his **electronic tax liability register**.

Rules for utilisation of cash and cross-utilisation of input tax credit of IGST, SGST and CGST

- Amount available in electronic cash ledger can be utilised for making payment towards tax, interest, penalty, fees or any other amount payable.
- Amount available in electronic credit ledger can only be used for making payment towards tax. Such amount cannot be used for making payment of interest, fee or penalty.

- Amount of input tax credit on account of IGST shall first be utilized towards payment of IGST and balance, if any, may be utilized for payment of CGST and SGST, in that order.
- Amount of input tax credit on account of CGST shall first be utilized towards payment of CGST and the balance amount, if any, may be utilized towards the payment of IGST.
- Amount of input tax credit on account of SGST shall first be utilized towards payment of SGST and the balance amount, if any, may be utilized towards the payment of IGST.
- Input tax credit on account of CGST shall not be utilized towards payment of SGST.
- Input tax credit on account of SGST shall not be utilized towards payment of CGST.

Prioritisation Rules for payment of tax and other dues

- Payment of all the tax and other dues of every taxable person shall be made in the following order:

  1. Self-assessed tax, and other dues related to returns of ***previous tax periods***

  2. Self-assessed tax, and other dues related to return of ***current tax period***

  3. Any other amount payable.

Emerging Issue

- Whether amount in electronic credit ledger can be used for payment of TDS/TCS?

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