



PROPER METHODS OF TAX PAYMENT



MODES OF PAYMENT

Electronic Cash Ledger

Electronic Credit Ledger (ITC)

Tax

Interest

Penalty

Fee or any other amount.

Output tax only
(not interest, penalty, or fee).

1. Self-assessed
tax and dues for
earlier periods

4. Legacy
liabilities can be
paid through
DRC03- CBIC
Circular No.
240137/14-2022-
Service Tax
Section-CBEC,
dated 28-10-
2022.

**Order of
Payment-
When a
Taxpayer owes
multiple dues:**

2. Self-assessed
tax and dues for
the current
period.

3. Any other
amount payable
under GST law.



IMPORTANT POINTS

Payment through **PMT-06
challan**

**ITC utilization rules (Rule
88A**

Correct classification between
**CGST, SGST/UTGST,
IGST, and Cess** is crucial.

**IGST Credit → IGST first, then
CGST/SGST.
CGST Credit → CGST, then
IGST.
SGST Credit → SGST, then IGST**



JUDGMENT: CGST/ SGST CREDIT CLAIMED AS IGST

Wilhelmsen Port Services India Private Limited and Another vs State of West Bengal and Others 2025 (4) TMI 806 - CALCUTTA HIGH COURT

The Calcutta High Court, recognizing that **there was no revenue loss** and that the error was **revenue-neutral**, granted a **stay on the GST demand** had, under identical circumstances, considered such mistake not to be fatal at all.

The Kerala High Court in *Rejimon Padickapparambil Alex v. Union of India* 2024 (12) TMI 399

KERALA HIGH COURT held that claiming **IGST as CGST/SGST**, even inadvertently, is **revenue-neutral**—so demanding repayment was legally not called for at all. This view stands followed in series of similar cases and holds good even today.



Saurabh Dixit
Advocate

SECTION 49 : PROPER METHODS OF TAX PAYMENT

- (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 or Real Time Gross Settlement or by such other mode and subject to such conditions and restrictions as maybe prescribed , shall be credited to the electronic cash ledger of such person to be maintained in such manner as maybe prescribed.
- (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, to be maintained in such manner as maybe prescribed.
- (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 maybe prescribed.
- (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 Integrated Goods and Services Tax Act in such manner and subject to such conditions ³[and restrictions] within such time as may be prescribed.

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- (5) The amount of input tax credit available in the electronic credit ledger of the registered person on account of-
- a) Integrated tax shall first be utilised towards payment of integrated tax and the amount remaining, if any, may be utilised towards the payment of central tax and State tax, or as the case may be, Union territory tax, in that order;
 - b) The central tax shall first be utilised towards payment of central tax and the amount remaining, if any, may be utilised towards the payment of integrated tax;
 - c) The State tax shall first be utilised towards payment of State tax and the amount remaining, if any, may be utilised towards payment of integrated tax
- ⁴[**Provided** that the input tax credit on account of State tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax;];
- d) The Union territory tax shall first be utilised towards payment of Union territory tax and the amount remaining, if any, may be utilised towards payment of integrated tax:

SECTION 49 : PROPER METHODS OF TAX PAYMENT

⁵[**Provided** that the input tax credit on account of Union territory tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax;]

e) The central tax shall not be utilised towards payment of State tax or Union territory tax; and

f) The State tax or Union territory tax shall not be utilised towards payment of central tax.

(6) The balance in the electronic cash ledger or electronic credit ledger after payment of tax, interest, penalty, fee or any other amount

payable under this Act or the rules made thereunder may be refunded in accordance with the provisions of Section 54.

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

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(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 74.

(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.

[6](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:

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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.]

(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 subsection (1).]

³[(12) Notwithstanding anything contained in this Act, the Government may, on the recommendations of the Council, subject to such conditions and restrictions, specify such maximum proportion of output tax liability under this Act or under the Integrated Goods and Services Tax Act, 2017 which may be discharged through the electronic credit ledger by a registered person or a class of registered persons, as may be prescribed]

Explanation.-For the purposes of this section,-

(a) the date of credit to the account of the Government in the authorised bank shall be deemed to be the date of deposit in the electronic cash ledger;

(b) the expression,-

(i) "tax dues" means the tax payable under this Act and does not include interest, fee and penalty; and

(ii) "other dues" means interest, penalty, fee or any other amount payable under this Act or the rules made

thereunder

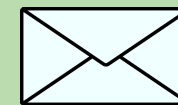
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