PROPOSED PAYMENT PROCESS

OCTOBER 26TH, 2015
PRESENTATION PLAN

- Broad Features
- Tax Types & Modes of Payment
- Stakeholders
- Basic Features
- Workflow for Payment under various Modes
- Features of Accounting Process
- Proposed Accounting system
- Banking arrangements
- Reconciliation of receipts
- Redressal of grievances
BROAD FEATURES

- Electronic payment process - no generation of paper at any stage
- Single point interface for challan generation - GSTN
- Ease of payment - three modes including CC/DC & NEFT/RTGS
- Common challan form with auto-population features
- Use of single challan and single payment instrument
- Common set of authorized banks
- Payment through any bank
- Common Accounting Codes
TAX TYPES & MODES OF PAYMENT

- Under GST, 4 types of Taxes to be paid— CGST, IGST, Additional Tax and SGST

- Three Modes of Payment
  - Electronic including CC/DC *(Mode I)*
  - Over The Counter Payment (for Payments upto Rs. 10,000/-) *(Mode II)*
  - Payment through RTGS/NEFT *(Mode III)*

- Payment can be accepted by Departmental officers in enforcement cases only
STAKEHOLDERS....

- Taxpayer
- GSTN (Goods and Service Tax Network)
- Authorized banks
  - one e-FPB (Electronic Focal Point Branch) for each bank (in Mode I & II) to maintain government account and report all receipts
  - all branches for receiving Over the Counter Payments
  - one or more front end service branch
STAKEHOLDERS

- All Banks for NEFT/RTGS Mode of payment
- Reserve Bank of India
  - e-FPB (in Mode III)
  - Aggregator for accountal & reconciliation of receipts
- Accounting Authorities of Centre & States
- Tax Authorities of Centre & States
BASIC FEATURES....

- Electronically generated Challan from GSTN for all 3 modes containing a unique 14-digit Common Portal Identification Number (CPIN) for each challan.

- Challan can be generated by:
  - Taxpayer
  - His authorized representative
  - Departmental officers
  - Any other person paying on behalf of taxpayer

- Certain key details like name, address, email, GSTIN of payer to be auto-populated.
….BASIC FEATURES…. 

- Single challan / instrument for payment of all four types of taxes
- Challan once generated to be valid for 7 days
- Time of payment: from 0000 hrs. to 2000 hrs.
- Proposed workflow of RBI’s e-Kuber model to be followed for payment, accounting and reconciliation:
  - Accounting Authorities to interact directly with RBI & not with Authorized banks in case of discrepancies found during reconciliation
BASIC FEATURES

- System of electronic Personal Ledger Account (cash ledger) on GSTN for each taxpayer (20 pages)
- One e-FPB per Authorized Bank (in Mode I & II) / RBI (in Mode –III)
- GSTN to be anchor in payment process with responsibility for information flow to various agencies
- RBI to act as aggregator and anchor of flow of fund and information about receipts
WORK FLOW FOR PAYMENT UNDER MODE –I ....

- **E-payment mode through authorized banks (internet banking, CC/DC):**
  - Generation of e-Challan at GSTN
  - Tax payer to select e-payment mode
    - Net Banking
    - Credit/Debit Card of any bank
    - Tax Payer to choose Authorized bank in case of Net Banking
    - Payment gateway of authorized bank (or their SPVs) in case of CC/DC
  - Credit Card proposed to be used by taxpayer to be registered at GSTN – as an additional safety check to eliminate the issue of charge back
...WORK FLOW FOR PAYMENT UNDER MODE –I

- GSTN to direct the taxpayer to the website of selected bank/payment gateway
- Alongside, GSTN to forward an electronic string to the selected bank carrying specified details of challan on real time basis
- Taxpayer to make payment using the USER ID & Password provided by his bank
- On successful completion of transaction, e-FPB of bank to forward a confirmation electronic string (CIN) to GSTN on real time basis
- GSTN to credit the Taxpayer’s ledger
- Copy of paid Challan to be available on GSTN for taxpayer (downloadable/printable)
WORK FLOW FOR PAYMENT UNDER MODE –II ….

- Over the Counter Payment:
  - For small taxpayers for making payment upto Rs. 10,000/- per challan – by cash / DD / cheque drawn on same bank or on another bank in the same city
  - Tax payer to tender only one instrument to pay one or more type of tax
  - For cheque payment, name of authorized bank & its location to be mandatorily filled in challan
  - On real time basis, GSTN to share challan details with Core Banking System (CBS) of the selected authorized bank
Taxpayer to approach the branch of the authorized bank for payment of taxes along with the instrument or cash

In case of cash / same bank instrument a unique transaction number (BTR/BRN) will be generated immediately by the authorized bank’s system and given to taxpayer

Authorized bank to send receipt information (CIN) to GSTN on real time basis

In case of instruments drawn on another bank in the same city, payment would not be realized immediately
Authorized Bank to inform GSTN on real time basis in two stages

- when an instrument is given OTC – to send an electronic string to GSTN containing specified details
- second acknowledgement – after the cheque is realized with 3 additional details

Similarly, bank to issue acknowledgement to taxpayer in two steps

- Acknowledgment of cheque immediately
- Upon realization of cheque, issuance of BTR / BTN

GSTN to credit the Taxpayer’s Ledger
WORK FLOW FOR PAYMENT UNDER MODE –III….  

- **Payment through NEFT/RTGS from any bank:**
  - To be made operational after a pilot run by RBI
  - For taxpayers:
    - not having a bank account in any of the Authorized Banks
    - having a bank account in any of the Authorized Banks
  - No limit on amount to be paid through this mode
  - Payments to be collected by RBI directly
  - RBI to perform the role of e-FPB also
Challan and NEFT/RTGS mandate form generated on GSTN
  - NEFT/RTGS mandate form to have validity period of CPIN printed on it

In challan, the field for name of Authorized Bank to be auto-populated as RBI

NEFT/RTGS mandate form will have certain information auto-populated:
  - CPIN in “Account Name” field
  - ‘GST Payment’ in “Sender to Receiver Information” field

Taxpayer to print a copy of Challan and NEFT/RTGS mandate form from GSTN & approach his bank for payment
WORK FLOW FOR PAYMENT UNDER MODE - III

- Amount indicated for remittance to be transferred by bank to the designated account of the government in RBI along with challan details and a Unique Transaction Reference (UTR) Number.
- RBI to validate payments against each challan with UTR received from remitter bank.
- RBI to report receipt of payment to GSTN (CIN) on real time basis through an electronic string with specified details.
- GSTN to credit the Taxpayer’s ledger.
FEATURES OF ACCOUNTING PROCESS....

- Authorized Banks to send list of CIN-wise details (electronic luggage file) for each type of Tax (CGST, IGST, AT & SGST) per day to RBI and Accounting Authorities at End of Day (EOD)

- RBI through its e-kuber system to consolidate the lists received from all authorized banks, debit their accounts and correspondingly credit Tax accounts of GOI / respective State Governments

- RBI to send digitally signed one e-scroll for each type of Tax (CGST, IGST, AT & SGST) per day (39) to Accounting Authorities of Central Government and State Governments & GSTN on T+1 basis
...FEATURES OF ACCOUNTING PROCESS

- GSTN to send reconciled data (challan data from Authorized Banks and e-scroll from RBI) to Accounting Authorities at EOD

- For any discrepancy noticed, accounting authority to generate a Memorandum of Error (MOE) & send to RBI

- RBI to resolve the discrepancy in consultation with the Authorized Bank

- RBI to report the corrected data to respective Accounting Authority & GSTN

- Taxpayers Master data to be provided by Tax Authorities to Accounting Authorities for mapping of payment details jurisdiction wise
PROPOSED ACCOUNTING SYSTEM

- Four different Major Heads of accounts to be opened for each tax along with underlying Minor Heads to account for various taxes & other receipts like interest, penalty, fees & others.

- Standardized uniform Accounting Codes for all taxes under GST regime among Centre, State & UTs to facilitate settlement of IGST on the basis of centralized reporting.

- Common Accounting Codes for Centre & States.
BANKING ARRANGEMENTS

- Common set of Authorized Banks comprising existing authorized banks of the Central Government & all State Governments/UTs (presently 26)

- Certain minimum standards to be met by banks to become authorized banks

- A system of penalty/incentive proposed for reporting of error free data

- Payments through non-authorized banks permitted (NEFT/RTGS)
RECONCILIATION OF RECEIPTS

- Use of only system generated challans – no re-digitization by any actor in the entire work flow

- CPIN to be generated by GSTN -- to be used as a key identifier up till receipt of payment by Bank

- CIN (actual indicator of receipt of payment) to be generated by collecting Bank -- to be used as a key identifier thereafter for accounting, reconciliation, etc.

- Accounting Authorities to play a paramount role in reconciliation –
  - Accounting on the basis of RBI data
  - Reconciliation on the basis of GSTN and bank data
GRIEVANCE REDRESSAL

- In OTC mode if cash ledger of taxpayer not credited within three days– approach bank where instrument presented

- In RTGS/NEFT mode if cash ledger of taxpayer not credited within three days– approach bank where taxpayer’s account is

- Each e–FPB required to have front end service branch to resolve payment related issues
Thank you!
PAYMENT IN E-MODE

Taxpayer → GSTN

Credit in Cash Ledger → GSTN

Generation of e-challan → GSTN

Payment through:
(i) internet banking
(ii) C.C./D.C.

Taxpayer to make payment → Portal of Concerned Bank
CASH PAYMENT IN OTC

Taxpayer

Credit in cash ledger

Payment in cash

GSTN

Generation of e-challan

Downloading and printing

Branch of Authorised Bank

Bank Transaction No & CIN provided

Bank Transaction No & CIN provided
**CHEQUE PAYMENT IN OTC**

- **Taxpayer**
- **GSTN**
  - **Generation of e-challan**
  - **Credit in Cash ledger**
  - **Downloading and printing**
  - **Payment through Cheque**
  - **Branch of Authorised Bank**
  - **Two way Communication**