

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

... WORK FLOW FOR PAYMENT UNDER MODE –II...

- 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

.... WORK FLOW FOR PAYMENT UNDER MODE –II

- 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

... WORK FLOW FOR PAYMENT UNDER MODE -III...

- 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

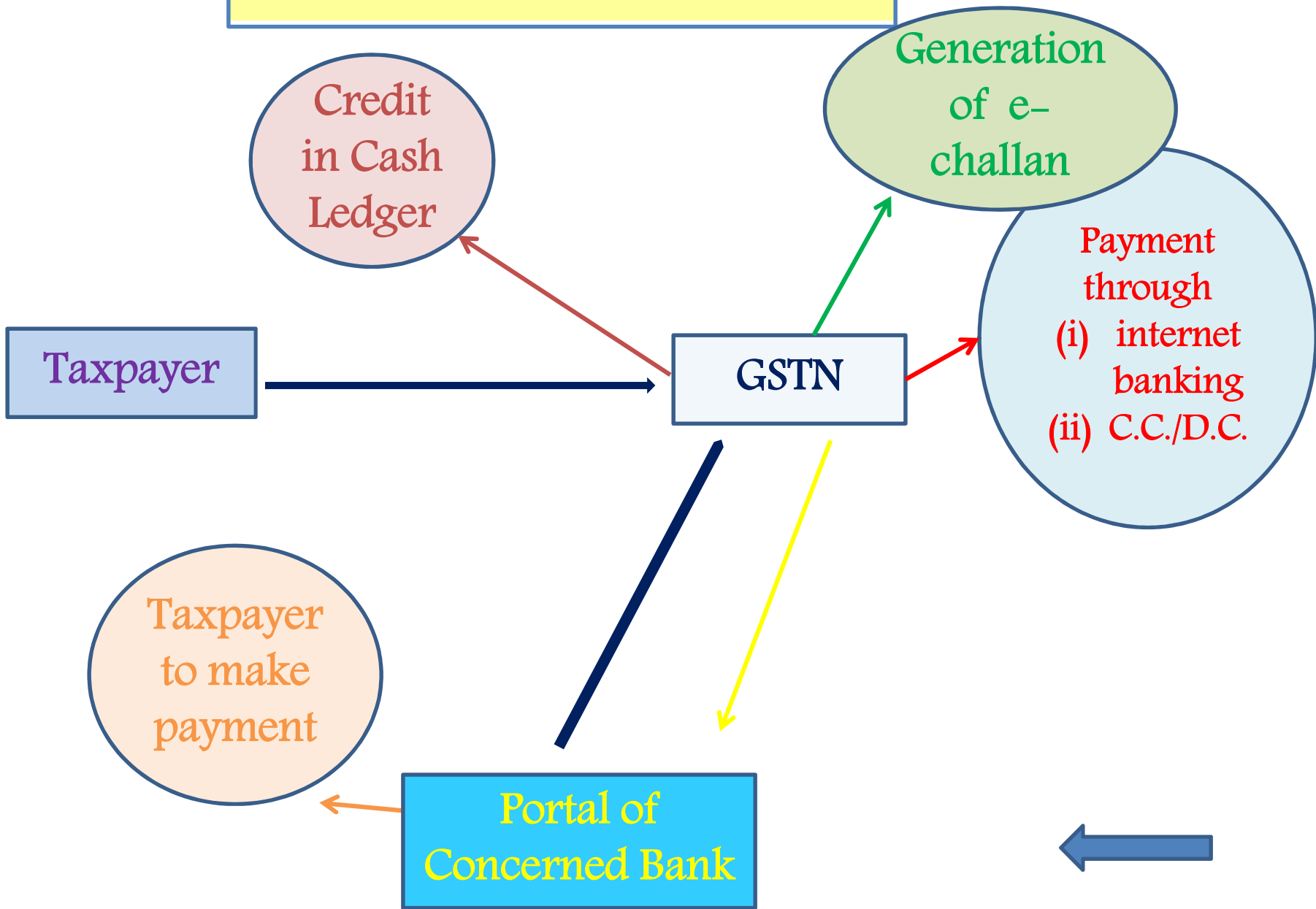
GRIEVANCE REDRESSAL

- ❑ 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

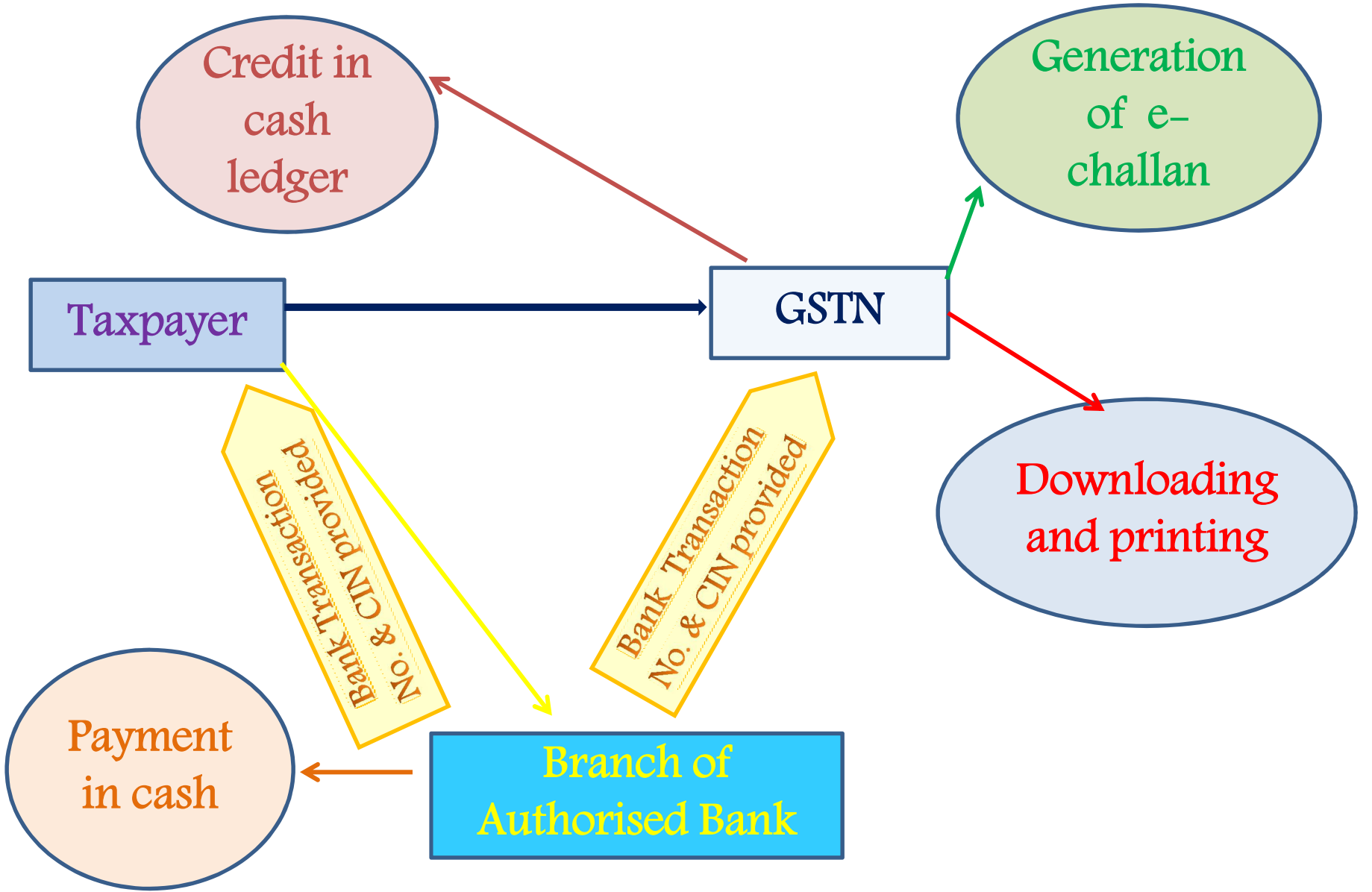
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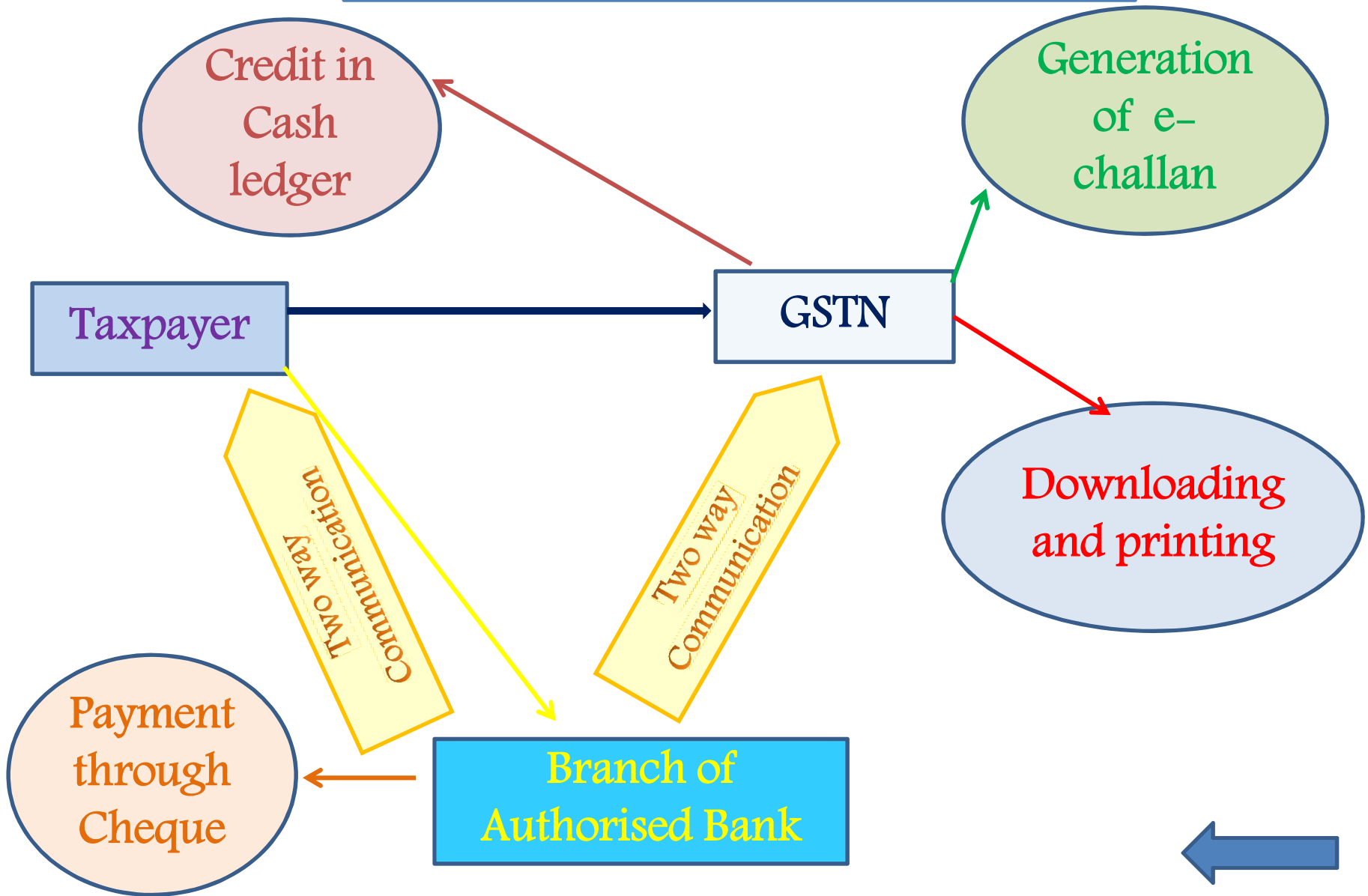
PAYMENT IN E-MODE



CASH PAYMENT IN OTC



CHEQUE PAYMENT IN OTC



PAYMENT THROUGH NEFT/RTGS

