

## **E-PAYMENT OF TAXES- CONCEPT AND PROCEDURE**

E-payment of tax is a facility provided to the tax payers to make tax payments through internet using net-banking facility.

### **I. INCOME-TAX:**

The Central Board of Direct Taxes has amended the Income-tax Rules,1962 vide Income-tax (Fourth Amendment) Rules,2008 made mandatory electronic payment of taxes for all Corporate Assessees and all other assesses to whom the provisions of section 44AB of the Income-tax are applicable. The scheme of mandatory electronic payment of taxes is made applicable from 1st April,2008. Pay tax electronically shall mean, payment of tax by way of internet banking facility or use of credit/debit card. However, the use of credit/debit card facility is yet to be in operation. All Direct Taxes e.g. Income-tax, Corporate Tax, FBT, BCTT (TDS, Advance-tax, Self assessment tax), interest, penalty to be paid online using net banking facility. Even the payment relating to earlier assessment is also required to be paid electronically if the payment is made on or after 1st April, 2008.

### **Procedure for payment of taxes electronically**

- Open a net-banking facility with any authorized banks.
- Obtain User Name and Password and change password immediately.
- Go to website [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in) click on “pay taxes online.
- Fill in the required challan online and take print out.
- Choose your bank name and submit to the bank.
- Login to the bank website using your user name and password.
- Ensure sufficient funds are available in the bank account
- Enter the amount of payment to be made and validate.



- Authorise the payment using your transaction password.
- A challan counterfoil will be available instantaneously on the screen with CIN (Challan Identification Number). The CIN on this counterfoil should be quoted in Return of Income.
- Print the counterfoil and also save it in the computer if possible.
- Immediately check your account statement online whether the payment is debited to your account.
- Check whether your payment has reached the Income-tax Department at <https://tin.tin.nsdl.com/oltas/servlet/QueryTaxpayer>.

### **Internal Control**

In order to have better internal control on payment taxes electronically, the following points should be kept in mind:

- ✓ Change your password immediately on receipt of login name and password from your bank.
- ✓ Login Password and Transaction Password should be different.
- ✓ Maintain confidentiality in password and don't disclose to any body.
- ✓ Transaction Password should be used by assessee himself and it should not disclosed to any of your employees.

### **II. SERVICE-TAX**

The Central Board of Excise and Customs (CBEC) has issued a notification No.27/2006-Service tax, dt.21st September,2006 made mandatory e-payment of service tax in certain cases. A service tax assessee who has paid tax of rupees fifty lakhs (Rs.50 Lakhs) or above in the immediately preceding financial year or has already paid service tax of rupees fifty lakhs in the current financial year, shall deposit the service tax liable to be paid by him electronically, through internet banking. The electronic payment of services is applicable from 1st day of October,2006.

To avail the facility of e-payment of service tax, the taxpayer has to get registered with the bank authorized for the respective Commissionerate and offering e-payment solution.

This e-payment facility is available to:-

- Registered Service tax assessee who possesses the 15 digit PAN based Assessee Code.
- Customer of any authorized bank, which provide e-payment solution.
- Customer having Bank's Internet Banking ID.
- Customers who have given the option for effecting Service tax payment through the Internet with the authorized bank.

**Procedure for e payment of service tax:**

- Login to bank account using your login password.
- Choose the Indirect Tax mode.
- Making a payment to CBEC is a two steps process:
  - **Step 1:**
    - **Register** your PAN based assessee code and the set of minor heads for which your will be paying taxes. These details will be mapped to your profile.
  - **Step 2:**
    - **Make payment** using funds in any of your transaction accounts. You need to specify the amount of tax paid for each minor head.
- Authorise the payment and take print out of Challan generated instantaneously.

**Penalty:**

The Finance Bill,2008 has introduced a penalty for failure to pay tax electronically where applicable, with a maximum of Rs.5000/- per failure.

### **III. CENTRAL EXCISE**

The Central Board of Excise and Customs (CBEC) has issued a Notification No.8/2007 –Central Excise (N.T.) dt. 1st March,2007 further amended the Central Excise Rules,2008 namely Service tax (Fourth Amendment) Rules,2006 made mandatory payment of Central Excise in certain cases. The Central Excise Assessee who has paid fifty lakhs rupees (Rs.50 lakhs)(PLA), other than the amount of duty paid by utilization of CENVAT Credit, in the preceding financial year, shall thereafter, deposit the duty electronically through internet banking”. The electronic payment of Central Excise is applicable from 1st day of April,2007. The procedure for payment of central excise is same as referred in service tax.

### **IV. CUSTOMS DUTY**

An option is available to the assesseees for e-payment of Customs Duty. Those who wish to pay customs duty electronically, they are required to registered in <https://www.icegate.gov.in/>. A registered user with ICEGATE can use the facility of Online payment in addition the existing facility. The registered users will be able to make the duty payment for all the documents filed through the ICEGATE. An unregistered user with ICEGATE and not regular importer or exporter is also make customs duty for import assignment who has an Internet Bank Account in the designated bank.

## **V. R.O.C PAYMENTS**

All payment made to Registrar of Companies can be made using the internet banking facility (only specified branches) or with the use of Credit Card.

### Track Payment Status

This facility enables you to check the status of payment made by you.

1. Click on Track payment status on left hand side of the homepage of MyMCA portal.
2. Enter SRN of the transaction in the SRN field. Click on the Submit button.
3. The payment status will be shown in the lower side of the same screen.
4. The payment status is Paid and Not Paid. If you click on Paid, you are shown date of payment.

## **VI. VALUE ADDED TAX:**

Some of the States like Rajasthan etc has introduced the concept of e-payment of Value Added Taxes in their VAT legislation.

### **RBI on e-payment of Taxes**

RBI has been decided in consultation with Central Board of Excise & Customs that e-payment received upto 8.00 p.m. may be treated as received on that day and payment received after this time limit may be treated as received on next working day

## **ADVANTAGES OF E-PAYMENT OF TAXES**

- ✚ Ease of operation and convenience.
- ✚ Availability of the facility is on 24x7 basis
- ✚ On-line filing of challans and payment of taxes (No more queues and waiting).
- ✚ Instant Cyber Receipts for payment made.
- ✚ Challans delivered at door step and
- ✚ Service is normally free of charge.