

E-PAYMENT OF DIRECT TAXES

There are two modes of payment of direct taxes (i) physical mode i.e. payment by furnishing the hard copy of the challan at the designated bank; and (ii) e-payment mode i.e. making payment by using the electronic mode. In this part, you can gain knowledge about various provisions relating to e-payment of various direct taxes.

Introduction

Earlier, we used to stand in queue for hours to book movie tickets, railway tickets, etc. but now we can relax at our place and perform these tasks using the internet. With the development of technology, the Government has also upgraded itself. Previously, the taxpayers have to wait in long queues at the banks for making the payment of tax, but after the introduction of e-payment facility one can pay tax quite comfortably from any place by using various online payment mode

Mandatory or compulsory e-payment

It is compulsory for the following taxpayers to pay tax using the e-payment mode only. In other words, following persons cannot use the physical mode of payment of tax and have to pay the tax electronically using the e- payment facility:

- All companies
- All taxpayers other than company who are liable to get their accounts audited as per section 44AB.

Illustration

The income-tax liability for the financial year 2022-23 of Essem Ltd. amounted to Rs. 8,40,000. It wants to discharge its tax liability. Advise the company as to the mode of payment of tax.

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It is compulsory for a company to pay the income-tax using the e-payment mode only. Hence, Essem Ltd. has to pay its tax electronically by using various prescribed online mode of payment.

Illustration

Mr. Raja is engaged in the business of trading in food grains. The annual turnover of the business was Rs. 2,84,00,000. He wants to pay advance tax of Rs. 1,84,000. Advise him as to the mode of payment of tax.

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The turnover of the business of Mr. Raja exceeds Rs. 1,00,00,000 and, hence, as per section 44AB Mr. Raja will be liable to get the accounts audited.

It is compulsory for the following taxpayers to pay tax using the e-payment mode only. In other words, following persons cannot use the physical mode of payment of tax and have to pay the tax electronically using the e- payment facility:

- 1) All companies
- 2) All taxpayers other than company who are liable to get their accounts audited as per section 44AB.

Mr. Raja is liable to get his accounts audited and, hence, he will be covered by (2) above, and hence he has to pay the advance tax electronically.

Illustration

Mr. Vipul is engaged in the business of trading in fabrics. The annual turnover of the business amounted to Rs. 84,00,000. Profit for the year amounted to Rs. 8,40,000. He wants to pay his advance tax. Advise him as to the mode of payment of tax.

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The turnover of the business does not exceed Rs. 1,00,00,000 and, hence, as per section 44AB Mr. Vipul is not liable to get the accounts audited.

It is compulsory for the following taxpayers to pay tax using the e-payment mode only. In other words, following persons cannot use the physical mode of payment of tax and have to pay the tax electronically using the e- payment facility:

- (1) All companies
- (2) All taxpayers other than company who are liable to get their accounts audited as per section 44AB.

Mr. Vipul is not covered in any of the above discussed categories and, hence, it is not mandatory for him to pay tax electronically. Thus, he can pay tax by physical mode or electronic mode as per his choice. However, e-payment will be easy and will save time and efforts.

Illustration

Essem Ltd. paid brokerage of Rs. 84,000 to Mr. Kapoor. The company deducted tax of Rs. 4,200 on the brokerage paid to Mr. Kapoor. It wants to pay the TDS of Rs. 4,200 to the credit of Government. Advise the company as to the mode of payment of TDS to the credit of the Government.

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It is compulsory for the following taxpayers to pay tax using the e-payment mode only. In other words, following persons cannot use the physical mode of payment of tax and have to pay the tax electronically using the e- payment facility:

- (1) All companies
- (2) All taxpayers other than company who are liable to get their accounts audited as per section 44AB.

The above provisions will apply to all forms of tax like advance tax, self assessment tax, tax deducted at source, etc. Hence, Essem Ltd. has to pay electronically the TDS to the credit of Government.

Illustration

Mr. Krunal is engaged in the business of trading in food grains. The annual turnover of the business was Rs. 2,84,00,000. He purchased 1,000 quintals of wheat through a broker and paid him brokerage of Rs. 84,000. Mr. Krunal deducted tax of Rs. 8,400 on the brokerage paid by him. He wants to pay the TDS of Rs. 4,200 to the credit of Government. Advice him as to the mode of payment of TDS to the credit of the Government.

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The turnover of the business exceeds Rs. 1,00,00,000 and, hence, as per section 44AB Mr. Krunal will be liable to get the accounts audited.

It is compulsory for the following taxpayers to pay tax using the e-payment mode only. In other words, following persons cannot use the physical mode of payment of tax and have to pay the tax electronically using the e-payment facility:

- (1) All companies
- (2) All taxpayers other than company who are liable to get their accounts audited as per section 44AB.

The above provisions will apply to all forms of taxes like advance tax, self assessment tax, tax deducted at source, etc. Hence, Mr. Krunal has to pay electronically the TDS to the credit of the Government.

Optional e-payment

As discussed earlier, e-payment is mandatory for all companies and all non-corporate taxpayers covered by audit under section 44AB. A person not covered in the mandatory category can voluntarily pay his tax by using the e-payment mode. E-payment saves time and efforts.

Benefits of e-payment

E-payment is time saving, simple, safe and this facility can be used at any time from anywhere.

Requirements for making e-payment

Tax can be paid online using any of the following payment mode:

- a) Net Banking
- b) Debit Card
- c) Credit Card
- d) RTGS/NEFT
- e) UPI

If the taxpayer does not have any of the above mentioned facility, he can make e-payment using account of any other person but the tax should be paid in his name.

It should be noted that the above mode of payment are available only on new e-filing portal of income-tax, i.e., www.incometax.gov.in. If the payment is to be made through a credit card, you need to select the 'Payment Gateway' mode option. In such a case, the transaction charges of 0.85% + GST @ 18% shall apply. These transaction charges will be applicable over and above the tax amount in this mode.

If taxpayer is making tax payment using Tin-NSDL website, i.e., <https://www.protean-tinpan.com/>, e-payment of taxes can be made only through Net Banking and Debit Card.

Taxes which can be paid electronically

Following direct taxes can be paid using the e-payment mode:

- (1) Income-tax
- (2) Equalization Levy
- (3) Corporate tax (i.e., income-tax paid by a company)
- (4) Tax deducted at source (TDS)
- (5) Tax collected at source (TCS)
- (6) Securities Transaction Tax (STT)
- (7) Commodities Transaction Tax (CTT)
- (8) Wealth-tax and other direct taxes like gift tax, expenditure tax, etc.

Nature of challan to be used

Following are the Challans to be used for making payment of different direct taxes:

Challan No.	Nature of tax payment
ITNS 280	For making payment of income-tax and Corporate tax (<i>i.e.</i> income-tax by companies)
ITNS 281	For making payment of TDS/TCS by corporate and non-corporate deductors/collectors
ITNS 282	For making payment of Securities Transaction Tax, Wealth Tax and other direct taxes.
ITNS 284	For making payment of income-tax and corporate tax (<i>i.e.</i> income-tax by companies) in case of undisclosed foreign Income and Assets.
ITNS 285	For making payment of Equalization levy
Form No. 26QB	For making payment of tax deducted at source in case of immovable property.
Form No. 26QC	For making payment of tax deducted at source in case of rent of property
Form No. 26QD	For making payment of tax deducted at source in case of resident contractors and professionals

General details to be provided in the Challans to be used for making payment of tax.

Following are few significant details which are common to all the above discussed challans:

- Correct Permanent Account Number of the taxpayer should be entered in case of payment of income-tax and correct Tax Deduction Account Number of the deductor should be entered in case of payment of TDS/TCS.
- Correct financial year/assessment year should be selected.
- Correct address of the taxpayer is to be provided along with correct Pin Code. Correct
- e-mail ID and correct phone number of the taxpayer should be provided.

Challan 280 specific details Challan 280 is to be used for making payment of Income- tax and Corporate tax. Following are few important points to be kept in mind while providing details in Challan 280:

- Taxpayer should make correct selection of applicable tax along with correct Code of respective tax. The Codes provided in the Challan 280 are :
 - o 0020
 - o 0021Code 0020 is for income-tax paid by companies and Code 0021 is for income-tax paid by non-corporate taxpayers.
- Taxpayer should make correct selection of applicable type of payment along with correct Code of respective type of payment. The Codes for different type of payment provided in Challan 280 are :
 - o 100
 - o 300
 - o 400
 - o 106
 - o 107
 - o 102

Code 100 is for payment of advance tax, Code 300 is for payment of self assessment tax, Code 400 is for tax on regular assessment, Code 106 is for dividend distribution tax, Code 107 is for tax on distributed income to unit holders and Code 102 is for surtax.

Challan 281 specific details Challan

281 is to be used for making payment of TDS/TCS by corporate and non-corporate deductors/collectors. Following are few important points to be kept in mind while providing details in Challan 281:

- Correct selection of nature of deductee is to be made along with correct Code. The Codes provided in the Challan 281 are :
 - o 0020
 - o 0021

Code 0020 is for company deductees and 0021 is for non-company deductees.

- Correct selection of type of payment is to be made along with correct Code. The Codes provided in the Challan 281 are :
 - o 200
 - o 400

Code 200 is for TDS/TCS payable by taxpayer and Code 400 is for TDS/TCS to be paid on regular assessment.

- Correct selection of nature of payment should be made (i.e., TDS on salary, interest, commission, etc.) along with correct section.

Form 26QB specific details

Form 26QB is to be used for making payment of tax deducted at source from consideration paid for purchase of immovable property. It can be used by a corporate as well as non-corporate deductor. Following are few important points to be kept in mind while providing details in Form 26QB:

Correct selection of nature of deductee is to be made along with correct Code. The Codes provided in Form 26QB are :

- o 0020
- o 0021

Code 0020 is for company deductees and Code 0021 is for non-company deductees.

Selection of type of payment. In case of Form 26QB, by default there will be only one Code for type of payment, i.e., 800 (i.e. TDS on sale of property) and will be automatically selected.

Permanent Account Number (PAN) of the transferee and transferor (to be provided in block letter).

- Category of the PAN of the transferee and transferor (will be automatically selected).
- Full name of the transferee and transferor.
- Address of the transferee and transferor.
- Selection for more than one transferee/buyer. Selection for more than one transferor/seller.
- Details of the property transferred along with complete address.
- Date of agreement/booking, sale consideration and type of payment (i.e., lumpsum or on installment).

Amount paid/credited (to be selected from the drop down provided). Amount of TDS and other details like rate of TDS, interest, fees, etc.

Selection of mode of payment.

Date of payment/credit and date of deduction of tax at source.

How to e-pay tax using Tin-NSDL website?

Given below is the step to make e-payment of direct taxes using tin-NSDL website:

- Go to website <https://www.protean-tinpan.com>
- Go to Services and click on e-payment: Pay Taxes Online
- Open the respective challan.
- After selecting the correct challan, the screen for providing details will be displayed, the taxpayer should provide the correct details in the challan (as discussed earlier).
- After providing all the requisite details correctly along with the correct Codes, the taxpayer should select his mode of payment, i.e., Net-banking or Debit Card
- After providing the verification Code the taxpayer should click on the proceed button provided on the screen.
- On clicking on the proceed button, a new page will be displayed containing the details provided by the taxpayer in the Challan and the name of the taxpayer as per the data base of Income-tax Department will be displayed. The name will be displayed from the PAN/TAN database with the Department.
- On submitting the challan to the bank, the gateway of the bank will be displayed on the screen and the taxpayer has to enter his internet banking login credentials/debit card details.
- After providing the details he should verify the details once again to check the correctness and then should submit the challan to bank for effecting payment.
- On successful completion of the transaction, the challan of payment (i.e., receipt of payment) will be generated and will be displayed on the screen.
- Challan will contain Challan Identification Number (CIN) and other details. The taxpayer should preserve the hard copy as well as soft copy of the Challan for his records and for further requirements.

How to e-pay tax using Income-tax e-Filing website?

Given below is the step to make e-payment of direct taxes using e-filing portal of Income-tax Dept.:

- Go to website <https://www.incometax.gov.in/iec/foportal>
- Click on 'e-Pay Tax'
- Enter PAN and mobile number and click on proceeds.
- Enter one time password received on mobile number and click on continue.
- A screen will appear showing PAN and name linked to that PAN. If particulars are correct, click on continue.
- Select appropriate tax payment, i.e., Income Tax, Equalisation Levy/STT/CTT or fee/other payment.
- On next screen, enter assessment year and type of payment (challan).

- Enter amount of tax, surcharge, cess, etc. (if any)
- On click on continue, taxpayer will have a new screen with various option to make payment, like net banking, debit card, Pay at bank counter, RTGS/NEF and payment gateway.
- Select appropriate mode of payment and click on continue. If taxpayer wishes to make payment using credit card or UPI, he needs to select 'Payment Gateway'.
- Verify all the details appearing on challan and pay tax.
- On successful completion of the transaction, the challan of payment (i.e., receipt of payment) will be generated and will be displayed on the screen.

Note: Payment through Net Banking/ Pay at bank counter facility on e-filing portal is available only in case of Bank of India, Federal Bank and Kotak Mahindra Bank. For other banks, taxpayer need to go to NSDL website.

Contact details in case of any assistance

While making e-payment, if the taxpayer faces any problem, he should contact the call center.

While making e-payment, if the taxpayer faces any problem at the payment gateway of his bank, he should contact his bank.

MCQ ON E-PAYMENT OF DIRECT TAXES

Q1. Can a person pay direct taxes using the e-payment facility?

- (a) Yes (b) No

Correct answer : (a) Justification of correct answer :

With the development of technology, the Government has also upgraded itself, thus, as on today, there are two modes of payment of direct taxes (i) physical mode *i.e.* payment by furnishing the hard copy of the challan at the designated bank; and (ii) e-payment mode. Thus, option (a) is the correct option.

Q2. It is compulsory for every company to pay income-tax electronically.

- (a) True (b) False

Correct answer : (a) Justification of correct answer :

It is compulsory for the following taxpayers to pay tax using the e-payment mode only:

- All companies
- All taxpayers other than company who are liable to get their accounts audited as per section 44AB.

Thus, the statement given in the question is true and hence, option (a) is the correct option.

Q3. It is compulsory to pay income-tax using the e-payment mode for all the taxpayers other than a company who are liable to get their accounts audited as per section 44AB.

- (a) True (b) False

Correct answer : (a)

Q4. A person not compulsorily required to pay tax electronically cannot voluntarily pay his tax by using the e-payment facility.

- (a) True (b) False

Correct answer : (b) Justification of correct answer :

A person not covered in the mandatory category can voluntarily pay his tax using the e-payment mode.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Q5. Taxpayer can make tax payment using credit card.

(a) True

(b) False

Correct answer : (a)

Justification of correct answer :

Credit card can be used for making tax payments. However this facility is available only on e-filing portal of income-tax, i.e., www.incometax.gov.in. If the payment is to be made through a credit card, you need to select the 'Payment Gateway' mode option. In such a case, the transaction charges of 0.85% + GST @ 18% shall apply.

Q6. If the taxpayer does not have a net banking enabled account, then he can make e- payment using a net banking enabled account of any other person.

(a) True

(b) False

Correct answer : (a)

Q7. The facility of e-payment of tax is available in case of income-tax and not in case of other direct taxes like wealth tax, securities transaction tax, etc.

(a) True

(b) False

Correct answer : (b) Justification of correct answer :

Following direct taxes can be paid using the e-payment mode :

- (1) Income-tax
- (2) Corporate tax (*i.e.*, income-tax paid by a company)
- (3) Tax deducted at source (TDS)
- (4) Tax collected at source (TCS)
- (5) Securities Transaction Tax (STT)
- (6) Commodities Transaction Tax (CTT)
- (7) Wealth-tax and other direct taxes like gift tax, expenditure tax, etc

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Q8. Which of the following challan is to be used for making payment of income-tax and Corporate tax (*i.e.* income-tax by companies)?

(a) ITNS 280

(b) ITNS 281

(c) ITNS 282

(d) Form No. 26QB

Correct answer : (a)



Q9. Which of the following challan is to be used for making payment of TDS/TCS by corporate and non-corporate deductors/collectors?

- | | |
|--------------|-------------------|
| (a) ITNS 280 | (b) ITNS 281 |
| (c) ITNS 282 | (d) Form No. 26QB |

Correct answer : (b)

Q10. Which of the following challan is to be used for making payment of Securities Transaction Tax, Wealth Tax and other direct taxes?

- | | |
|--------------|-------------------|
| (a) ITNS 280 | (b) ITNS 281 |
| (c) ITNS 282 | (d) Form No. 26QB |

Correct answer : (c)

Q11. Which of the following challan is to be used for making payment of tax deducted at source in case of immovable property?

- | | |
|--------------|-------------------|
| (a) ITNS 280 | (b) ITNS 281 |
| (c) ITNS 282 | (d) Form No. 26QB |

Correct answer : (d)

Q12. Which of the following challan is to be used for making payment of income-tax in case of undisclosed foreign income?

- | | |
|--------------|--------------|
| (a) ITNS 281 | (b) ITNS 282 |
| (c) ITNS 284 | (d) ITNS 280 |

Correct answer : (c)