



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 internet banking facility of the authorised banks.

Mandatory or compulsory e-payment It is compulsory for the following taxpayers to pay tax using the e-payment mode only (i.e., using internet banking facility). 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 2015-16 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 (i.e., using internet banking facility). Hence, Essem Ltd. has to pay its tax electronically by using the net banking facility.

Illustration

Mr. Raja is engaged in the business of trading in food grains. The annual turnover of the business was Rs. 1,84,00,000. He wants to pay advance tax of Rs. 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 (i.e., using internet banking facility). 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 i.e. by using the net banking facility.

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 (i.e., using internet banking facility). 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. 8,400 on the brokerage paid to Mr. Kapoor. It wants to pay the TDS of Rs. 8,400 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 (i.e., using internet banking facility). 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 by using the net banking facility.

Illustration

Mr. Krunal is engaged in the business of trading in food grains. The annual turnover of the business was Rs. 1,84,00,000. 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. 8,400 to the credit of Government. Advise 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 (i.e., using internet banking facility). 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 by using the net banking facility.

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

For making e-payment of taxes one should have only two things, an internet connection and a net banking enabled account in an authorised bank. 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 but the tax should be paid in his name.





Taxes which can be paid electronically

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) 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.e. 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.e. income-tax by companies) in case of undisclosed foreign Income and Assets.
Form No. 26QB	For making payment of tax deducted at source in case of immovable property.

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 :

- 0020
- 0021

Code 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 :

- 100
- 300
- 400
- 106
- 107
- 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 :

- 0020
- 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 :

- 200
- 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 :

- 0020
- 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., lump sum 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 (i.e., payment through net banking or e-payment by visiting any of the bank branches).
- Date of payment/credit and date of deduction of tax at source.





Overview of e-payment procedure

Given below is the overview of the procedure to be followed while making e-payment of direct taxes:

- The e-payment gateway can be approached from www.tin-nsdl.com
- 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 bank from the dropdown provided in the screen (i.e. the selection of the bank from which he wishes to make the payment).
- After selecting the applicable bank, the taxpayer should input the verification Code appearing on the screen.
- 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. In case of Form 26QB the name of the transferor and transferee will be displayed.
- If the name and other details as displayed on the screen are correct then the taxpayer can proceed for making payment by clicking on the submit to bank button provided on the screen.
- On submitting the challan to the bank, the gateway of the bank will be displayed on the screen and the taxpayer has to login to his account and input the details of tax, interest, cess, penalty, etc., to be paid.
- 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.

Contact details in case of any assistance

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

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

For more details on procedure of e-payment, visit www.tin-nsdl.com





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 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 (*i.e.*, using internet banking facility):

- 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. For making e-payment of taxes one should have only two things, an internet connection and a _____ in an authorised bank.

- (a) Saving account (b) Current account
(c) Fixed deposit (d) Net banking enabled account

Correct answer : (d)

Justification of correct answer :

For making e-payment of taxes one should have only two things, an internet connection and a net banking enabled account in an authorised bank. 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 but the tax should be paid in his name.

Thus, option (d) is the correct option.

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) 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





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 : (b)

