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GST- ON BEAT, OFF-BEAT AND BACK BEAT

Notices under GST Article 4: FORM GST DRC-03

This is the fourth article in the series of Notices under GST. This article covers about Form GST DRC- 03.

To understand Form DRC-03, we have to go through CGST Rule 142(2) and (3).

Background and Legal Provision:

Rule 142(2) and (3) of CGST Rules 2017: -

Rule 142(2) :

Where, before the service of notice or statement, the person chargeable with tax makes payment of the tax and interest in accordance with the provisions of sub-section (5) of section 73 or, as the case may be, tax, interest and penalty in accordance with the provisions of sub-section (5) of section 74,

or where any person makes payment of tax, interest, penalty or any other amount due in accordance with the provisions of the Act 4 whether on his own ascertainment or, as communicated by the proper officer under sub-rule (1A), he shall inform the proper officer of such payment in FORM GST DRC-03.

Rule 142(3) :

Where the person chargeable with tax makes payment of tax and interest under subsection (8) of section 73 or, as the case may be, tax, interest and penalty under sub-section (8) of section 74 within thirty days of the service of a notice under sub-rule (1), or where the person concerned makes payment of the amount referred to in sub-section (1) of section 129 within fourteen days of detention or seizure of



the goods and conveyance, he shall intimate the proper officer of such payment in FORM GST DRC-03

payment of outstanding liabilities under Sections 73 and 74 of the CGST Act.

Form GST DRC-03:

- ✿ DRC-03 is a voluntary tax payment form in which a taxpayer can pay the tax by raising its liability voluntarily or in response to the show-cause notice (SCN) raised by the GST department.
- ✿ Form DRC-03 is filed for making a voluntary

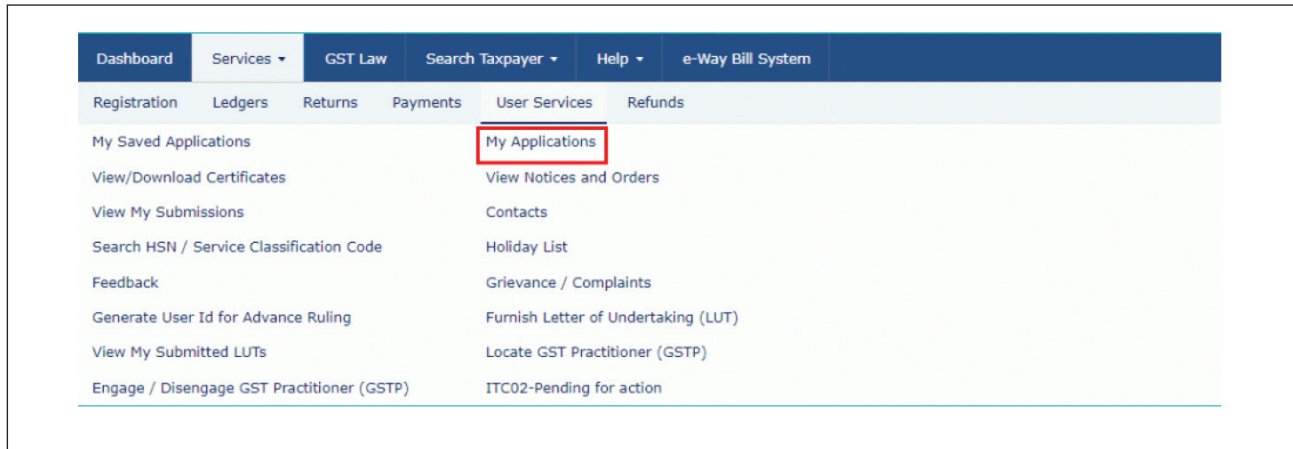
- Section 73 – deals with cases where there is non-payment/under-payment of tax without any intention or invocation of fraud.
- Section 74 – deals with cases where there is non-payment/under-payment of tax with intention or invocation of fraud.

Form DRC-03:

FORM GST DRC- 03											
<i>[See rule 142(2) & 142 (3)]</i>											
Intimation of payment made voluntarily or made against the show cause notice (SCN) or statement											
1.	GSTIN										
2.	Name										
3.	Cause of payment					<< drop down>> Audit, investigation, voluntary, SCN, others (specify)					
4.	Section under which voluntary payment is made					<< drop down>>					
5.	Details of show cause notice, if payment is made within 30 days of its issue					Reference No.			Date of issue		
6.	Financial Year										
7.	Details of payment made including interest and penalty, if applicable (Amount in Rs.)										
Sr. No.	Tax Period	Act	Place of supply (POS)	Tax/ Cess	Interest	Penalty, if applicable	Total	Ledger utilised (Cash / Credit)	Debit entry no.	Date of debit entry	
1	2	3	4	5	6	7	8	9	10	11	
8. Reasons, if any - << Text box>>											
9. Verification-											
I hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.											
Signature of Authorized Signatory											
Name _____											
Designation / Status -----											
Date -											

Steps to file DRC-03 on GST Portal: -

Step 1: Login to GST Portal and go to ‘My Applications’ under ‘User Services’.



Step 2: Assuming a taxpayer has not made any payment and does not have a Payment Reference Number (PRN).

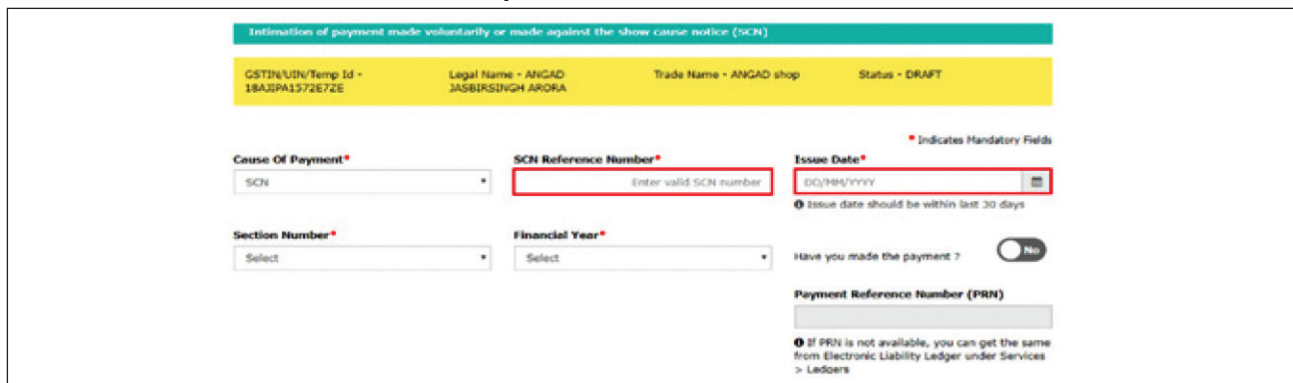
- Select the Application Type as ‘Intimation of Voluntary Payment – DRC-03’ and then click ‘New Application.’



Step 3: A taxpayer will get two options whether payment is made voluntarily or against SCN:

- Voluntary payment: The payment date will be auto-populated without an option to edit.
- Payment against SCN: A taxpayer has to manually enter the SCN Number and select the issue date which must be within 30 days of making payment.

Step 4: Select the Section under which payment is being made, the Financial Year and then select the from date and to date of the overall tax period.





Step 5: Provide details of payment including interest and penalty. A taxpayer can provide additional details by clicking on 'Add'. Then, click 'Proceed to Pay'.

Details of payment made including interest and penalty, if applicable

Tax Period				ACT TYPES	Place of Supply (Name of State)
From	To				
Select	Select	Select	Select	Select Tax Act Type	Select Place of Supply

0

ADD

SAVE PROCEED TO PAY PREVIEW FILE

Step 6: Voluntary payment page will be displayed which will be divided into 3 sections:

(1) Liability Details: Liabilities are displayed in this table.

Voluntary Payment

Description	Liability (₹)				
	Integrated Tax	Central Tax	State/UT Tax	Cess	
Tax	₹1,000	₹0	₹0	₹0	
Interest	₹200	₹0	₹0	₹0	
Penalty	₹0	₹0	₹0	₹0	
Fees	₹0	₹0	₹0	₹0	
Others	₹0	₹0	₹0	₹0	

(2) Cash Ledger balance: The cash balance available on a particular date is reflected in this table. The taxpayer has to enter the value of cash to be paid from the available balance against outstanding liabilities.

Description	Cash Ledger Balance (₹)					Description	Integral
	Integrated Tax	Central Tax	State/UT Tax	Cess			
Tax	₹0	₹27	₹99	₹0		Tax	
Interest	₹29	₹42	₹99	₹40		Interest	
Penalty	₹30	₹42	₹99	₹35		Penalty	
Fees	₹1,000	₹99	₹99	₹500		Fees	
Others	₹199	₹99	₹100	₹100		Others	

0

(3) Credit Ledger balance: ITC available as on date is reflected in this table.

The taxpayer has to enter the value of the liability to be paid through ITC and click Set-Off.

Credit Ledger Balance (IT)				
Description	Available	Provisional	Matched	Unmatched
Integrated Tax	₹2,46,89,133	₹0,00,000	₹0	₹0
Central Tax	₹1,55,447	₹0,00,000	₹0	₹0
State/UT Tax	₹1,55,937	₹0,00,000	₹0	₹0
Cash	₹0	₹0	₹0	₹0

A confirmation message will pop up stating the cash and ITC balance being used up for making payment. On clicking 'Ok', a PRN will be generated along with a successful payment message.

- Note: If PRN is not available, it can be extracted from the 'Electronic Liability Register' under Services>Ledgers>Electronic Liability Register.

Step 7: To view the draft DRC-03, Click the 'Preview' button on the page- 'Intimation of payment made voluntarily or against SCN'.

Provide reasons if any, in the field provided. Choose a file in the attachments section to upload. Click on the verification checkbox and then select the 'Authorised Signatory' and enter the 'Place'.

Step 8: Click on 'File'. Two options will be available (Refer the image of Step 7)

- File with DSC: Browse the certificate and click on the button 'sign'.
- File with EVC: An OTP will be sent to the registered mobile number and email ID.

On validation of OTP, a success message will be received along with ARN.

FAQs-

When can one pay tax voluntarily under GST?

- A taxpayer can make a voluntary payment of tax before the issue of notice under Sections 73 or 74 of the CGST Act, 2017 or
- Within thirty days of issue of show cause notice (SCN) under the said sections.

- Taxpayer cannot make voluntary payment after thirty days of the issue of SCN.

Can a taxpayer settle payments from the credit available in their Cash/Credit Ledgers?

- Yes, all the payments need to be made either from input tax credit available in electronic credit ledger or cash balance available in the electronic cash ledger.
- But, in case of interest and penalties ITC utilization is not available. It has to be compulsorily paid in cash.

What happens after the DRC-03 form is filed on the GST portal?

- All the three ledgers viz. Electronic Liability Ledger, Electronic Cash Ledger and Electronic Credit Ledger shall get updated after the filing of form DRC-03, i.e., respective debit and credit entries will be passed and PRN (Payment Reference Number) gets generated.

Can a Taxpayer save the application for intimation of voluntary payment??

- Application for intimating voluntary payment in DRC-03 can be saved at any stage for a maximum period of fifteen days.
- If the same is not filed within that time, the saved draft will be removed from the GST database.
- To view the saved application, go to 'Services' > click on 'User Services' > option called 'My Saved Applications'.

What should a taxpayer do if there is no sufficient balance in the cash ledger to make voluntary payment in DRC-03 against a liability raised in an SCN?

- Firstly, deposit the amount in Electronic Cash Ledger by using the "Create Challan" facility which is available on the voluntary payment screen.
- Upon clicking the "Create Challan" button, it

will be redirected to a screen in the Payment section.

- On the "Create Challan" page, amounts get auto-populated in the challan based on the additional cash needed after considering the tax liabilities and others.

Rights of the Registered Person/Tax Payer:

- The taxpayer must conduct reconciliation for the entire year before proceeding to prepare and file annual returns.
- During such reconciliation, there can be a fresh discovery of any short payment of taxes, interest or penalties due to non-reporting or under-reporting of taxable supplies.
- Taxpayers are given an option to pay such tax differences in cash and report it by filing DRC-03.
- A taxpayer can self-ascertain the tax before issuance of SCN or within 30 days of SCN determination to avoid the hassles of demand and recovery provisions.

Duties of the Registered Person/Tax Payer:

- Where the assessee has for any financial year, discovered any case of short payment of tax, interest or penalties or excess claim of the input tax credit, and the time limit to report the same in GST returns is expired, the taxpayer must make voluntary payment in DRC-03 and report it in GSTR-9..
- If the tax authorities have sent notice for differences, being shortfall of tax liability in GSTR-3B when compared to GSTR-1, then the taxpayer must make the payment in DRC-03 or reply by justifying the reasons.
- If the taxpayer has claimed excess ITC i.e., more than allowed under the prescribed CGST Rule [Rule 36(4)] in GSTR-3B when compared to GSTR-2B, the taxpayer must use this form while depositing the excess claims of ITC.

- Voluntary payment should be made either:
 - Before the issuance of show cause notice or
 - 30 days of issue of SCN.

Common Advice to all the Taxpayers:

- Taxpayers are always advised to keep track of the details posted on the GST portal as a good practice and timely response to the notice.

- If any irregularity or error is found, the taxpayer should, if possible, attempt to correct the same in the latest return.
- Taxpayers should also reconcile all returns with each other, such as the turnover recorded in GSTR 1 with GSTR 3B and the generated e-way bills.
- Also, ITC reconciliation with GSTR 2A or GSTR 2B was used in GSTR 3B. TB