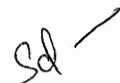


Ministry of Finance
Department of Expenditure
Office of the Controller General of Accounts
Mahalekha Niyantak Bhawan,
TA -I Section , GPO Complex, INA,
New Delhi

Subject: Accounting procedure for maintenance and operationalization of Electronic Cash Ledgers(ECL) in Customs.

Office of the Pr. Chief Controller of Accounts, CBIC may please refer to this office UO No. 9(2)/2020/TA/668-671 dated 16th September, 2021 forwarding therewith draft accounting procedure for maintenance and operationalization of Electronic Cash Ledgers in Customs to O/o CAG for their advice under Article 150 of the Constitution of India. They may also find enclosed herewith a copy of O/o C&AG's UO No. 419/GA-43/2021 dated 07.10.2021 conveying that the draft accounting procedure forwarded by this office vide UO dated 16th September is in order.

O/o Pr.CCA, CBIC may strictly adhere to the approved accounting procedure for maintenance and operationalization of Electronic Cash Ledgers (ECL) in Customs.



(Ashish Kumar Singh)

Dy. Controller General of Accounts

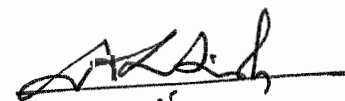
CCA, O/o Pr.CCA, CBIC, M/o Finance, DGACR Building, 1st floor, IP Estate, New Delhi.

CGA's UO. 9(2)/2020/TA/732-735

dated 22.10.2021

Copy to

- i. DG(Accounts), O/o C&AG, 10 BSZ Marg, New Delhi.
- ii. Director, Budget Division, D/o Economic Affairs, North Block, New Delhi .
- iii. Sr.AO, Code Section, O/o CGA, New Delhi.
- iv. Sr.AO (System Group) for uploading the same on CGA's website



(Ashish Kumar Singh)

Dy. Controller General of Accounts

भारतकेनियंत्रकमहालेखापरीक्षककाकार्यालय
OFFICE OF THE COMPTROLLER & AUDITOR GENERAL
OF INDIA

10बहादुरशाहजफरमार्ग, नईदिल्ली-110 002
10, Bahadur Shah Zafar Marg, New Delhi-110 002.
Government Accounts Wing

Sub:- Draft accounting procedure for maintenance and operationalization of Electronic Cash Ledger in Customs

The undersigned is directed to invite a reference to your office UO No. 9(2)/2020/TA/668 dated 16.09.2021 forwarding the revised accounting procedure for maintenance and operationalization of Electronic Cash Ledger in Customs.

The revised accounting procedure for maintenance and operationalization of Electronic Cash Ledger in Customs has been examined and it is seen that all the observations of this office has been accepted and duly incorporated in the draft accounting procedure. Hence, the draft accounting procedure is found in order and this office does not any further observation in this accounting procedure.

11/10/2021

AAOR

Alka Anand
7/10/21
(Alka Anand)
Sr. AO (Procedure- I)

Sr. Accounts Officer, TA-I Section, Office of the Controller General of Accounts, Mahalekha Nyantrak Bhawan, TA-I Section, New Delhi - 110023
UO No.1067/GA- 43/2021

Dated :- 07.10.2021

07 OCT 2021

07 OCT 2021

11/10/2021

Draft Accounting Procedure to maintenance and operation Electronic Cash Ledger(s) in Customs

A. Background

In finance Act 2018, a new section 51A has been introduced in the Customs Act 1962 so as to make provision for creation of an electronic cash ledger in which importers/exporters could deposit any amount of sum to pay their duty liability, interest, penalty, testing fees etc. Any amount deposited in this electronic cash ledger account could be debited automatically towards the dues of the exporter/importer in contrast to traditional payment system in operation right at present.

Section 51A has been added under Chapter VIIA of the Customs Act, 1962; Payment through Electronic Cash Ledger which states that:

- (1) Every deposit made towards duty, interest, penalty, fee or any other sum payable by a person under the provisions of this Act or under the Customs Tariff Act, 1975 or under any other law for the time being in force or the rules and regulations made thereunder, using authorised mode of payment shall, subject to such conditions and restrictions, be credited to the electronic cash ledger of such person, to be maintained in such manner, as may be prescribed.
- (2) The amount available in the electronic cash ledger may be used for making any payment towards duty, interest, penalty, fees or any other sum payable under the provisions of this Act or under the Customs Tariff Act, 1975 or under any other law for the time being in force or the rules and regulations made there under in such manner and subject to such conditions and within such time as may be prescribed.
- (3) The balance in the electronic cash ledger, after payment of duty, interest, penalty, fee or any other amount payable, may be refunded in such manner as may be prescribed.

B. Existing practice of making payments towards Customs duty through electronic mode

Currently, the Customs Duty is being collected through electronic mode on ICEGATE portal of CBIC which provides the option of payments to the taxpayers through Net Banking facility of various banks authorized by the office of the Pr. CCA, CBIC. In this system, a large proportion of time of the Importer is wasted in clearance of goods for payment of duty due to last minute connectivity issues in net banking mode. To reduce the time for clearance, the concept of electronic cash ledger has been envisaged under Section 51A. Through the creation of Electronic Cash Ledger, the Importer can make advance deposit in anticipation of the impending Bill of Entry/ Shipping Bills. The Importer can exercise the option of auto-debit of the Electronic Ledger for expediting the clearance of goods. Deposits envisaged under Section 51A are in nature of advance deposit in the electronic ledger for further payment towards duty, interest, ~~penalty, fee~~ or any other sum payable under the law. Given the nature of the deposits, the same would need to be credited to Public Account.

The amount of deposit made by assesses will be accounted for *under a distinct sub head 'Deposits under section 51 A of the Customs Act, 1962' below the minor head 'Electronic Cash Ledger of Customs' under the Major Head '8449 – Other Deposits' in the non-interest bearing section of Public Account of India.*

C. Objective: With the introduction of Section 51A of the Customs Act 1962, the CBIC intends to

- (i) create Electronic Cash Ledger (ECL) in Indian Customs EDI Systems (ICES)
- (ii) provide advance deposit mechanism in ECL
- (iii) to provide payment of tax and other dues through ECL

D. Payment Process of Customs Duty under Section 51A of the Customs act 1962

The tax payer has been provided the choice of making advance payment of duties towards Imports and Exports. The ICES system will maintain an Electronic Cash ledger [ECL] for each tax payer.

The payer will generate a challan on ICEGATE for an amount as per his choice for making the advance payment. On payment of the challan, the Electronic Cash Ledger will be credited. Given the nature of the deposits, the amount shall be credited to the Public Account.

The ECL would have all details of credit and debit for particular entity (like Importer/Exporter, Customs Broker, Shipping Line, Agent etc.). The ECL shall be used by the importer for further payments towards Duty, interest, fee or any other sum payable under the law.

When a declaration for clearance is made through Bill of Entry (BE) or Shipping Bill (SB), the tax payer instead of making a payment will discharge the duty amount from the advance duty paid.

After Account Head Wise Liability/ duty payment is finalized the tax payer's electronic cash ledger is debited and the duty payments are credited head-wise. Both the transactions debiting the cash ledger and crediting to the correct duty payment shall be communicated to Pr. CCA, CBIC along with the Minor Head Information for accounting purposes. The changes in the account heads due to reassessment cases or refunds shall also be communicated to Pr. CCA, CBIC.

E. Accounting implications of the Implementation of the Ledger system in Customs duty collections:

All the deposits made in the Electronic Cash Ledger (ECL), created for individual entities in ICES, shall be made by crediting the amount below the 'MH 8449 – Other Deposits' under 'Deposits not bearing interest' section of Public Account. All **the liabilities of entity concerned** will be discharged through transfer from Public Account to Consolidated Fund of India. All challan level details containing Debit – Credit Linkage(s) shall be shared regularly by the ICEGATE with O/o Pr. CCA through API integration.

F. Detailed Accounting Procedure:

i (a). At the time of Advance Deposit of lump sum amount by tax payer

Dr.

MH 8658	Suspense Accounts
00.108 or	Public Sector Bank Suspense
00.138	Other Nominated Banks(Private Sector Banks)Suspense

To

Cr.	
8449	Other Deposits
00.XXX	Electronic Cash Ledger of Customs (New Minor Head)
YY	Deposits under section 51 A of the Customs Act, 1962

i (b) on receipt of Put through statement from RBI

Dr.

MH 8675	Deposits with Reserve Bank
00. 101	Central - Civil

To

(-)Dr.

MH 8658	Suspense Accounts
00.108 or	Public Sector Bank Suspense
00.138	Other Nominated Banks (Private Sector Banks)Suspense

ii(a) The Broadsheet of Advance Deposits of lump sum amount will be maintained by the PAO and balances reconciled every quarter and at the close of the financial year

MH 8449.00.XXX.00.00

Opening Balance as on 1 st April,20xx	Deposits made during the 1 st /2 nd /3 rd /4 th quarter	Utilization made during the 1 st /2 nd /3 rd /4 th quarter	Closing Balance at the end of 1 st /2 nd /3 rd /4 th quarter

ii(b) The Broadsheet of MH 8449 shall be maintained electronically with individual importer-wise breakup and shall be reconciled with the lump sum closing balance arrived at (as shown in Fii(a) above)

MH 8449.00.XXX.00.00

Importer Exporter Code (IEC)/Name	Opening Balance as on 1 st April,20xx	Deposits made during the 1 st /2 nd /3 rd /4 th quarter	Utilization of deposits during the 1 st /2 nd /3 rd /4 th quarter	Closing Balance at the end of 1 st /2 nd /3 rd /4 th quarter

The challan level reconciliation through Debit Credit linkage will be shared by ICEGATE through APIs with the O/o Pr.CCA and this will be the key to taxpayer-wise reconciliation

ii (c). Review of balances under each importer account will be analysed at the end of the year to ensure that there are no negative balances and if large amount of balances are lying, the same may be scrutinized.

iii. At the time of usage of Advance Deposit under Sec. 51A of Custom Act, 1962 to meet the liability under various heads of account

Dr.	
MH 8449	Other Deposits
00.XXX	Electronic Cash Ledger of Customs (New Minor Head)
YY	'Deposits under section 51 A of the Customs Act, 1962'

To

Cr.	
Concerned minor head under Major Head:	
MH 0037	Customs/
MH 0008	Integrated Goods and Services Tax (IGST)/
MH 0009	Goods and Services Tax Compensation Cess

iv. At the time of processing for Refunds out of Deposits made under Public Accounts

Dr.	
MH 8449	Other Deposits
00.XXX	Electronic Cash Ledger of Customs (New Minor Head)
YY	'Deposits under section 51 A of the Customs Act, 1962'

To

Cr.	
MH 8670 –	Cheques and Bills