

9. PAYMENT OF TAX

MODEL WISE ANALYSIS OF PAST EXAM PAPERS OF IPCC AND CA INTER

Q.NO.	M-17	N-17	M-18 (O)	M-18 (N)	N-18 (O)	N-18 (N)	M-19 (O)	M-19 (N)	N-19 (O)	N-20(N)	N-20(O)
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CHAPTER OVERVIEW

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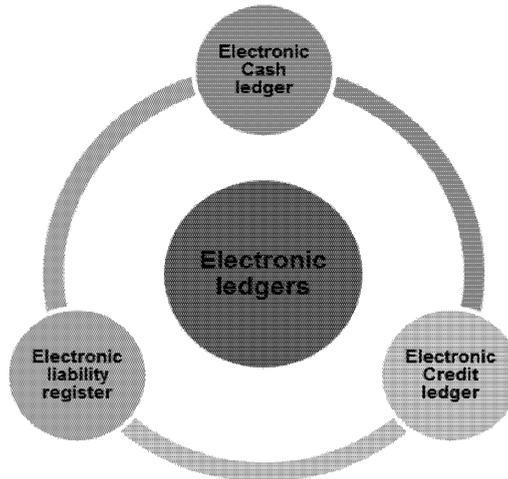
SECTION 1: THEORY FOR CLASSROOM DISCUSSION

1. INTRODUCTION

- 1) The different types of payments to be made under GST are as following:
 - a) CGST (credited to the account of C.G) and SGST/ UTGST (credited to the account of concerned S.G/ UT) are to be paid for the **intra-state** supply of goods or services or both.
 - b) Integrated GST (IGST is the sum of CGST and SGST) is to be paid for any **inter-state** supply of goods/ services/ both.
 - c) Tax deducted at source (TDS) and Tax collected at source (TCS) is to be paid **By** certain categories of registered persons.
 - d) Interest, penalty, fees and any other payment are also required to be made wherever applicable.
- 2) The introduction of E-ledgers is a unique feature under the GST regime. Electronic Ledgers or E-Ledgers are statements of cash and input tax credit in respect of each registered taxpayer. In addition, each taxpayer shall also have an electronic tax liability register. Once a taxpayer is registered on common portal (GSTN), two e-ledgers (Cash & Input Tax Credit ledger) and an electronic tax liability register, will be automatically opened and displayed on his dash board at all times.

2. PAYMENT OF TAX, INTEREST, PENALTY AND OTHER AMOUNTS

2.1. TYPES OF ELECTRONIC LEDGERS



- 1) **ELECTRONIC CASH LEDGER:** Electronic cash ledger contains a summary of all the deposits or receipts made by a tax payer. It is maintained on the GST portal.

How one can deposit in electronic cash ledger?

There are various modes to deposit/ pay in electronic cash ledger which are as follows:

- a) **Online mode:** the payment/ deposit in electronic cash ledger can be made, by using Internet banking, Credit/ Debit cards, NEFT/ RTGS **without any limits.**
- b) **Offline mode:** the **maximum limit** that can be deposited by cash through Over the Counter (OTC) is **Rs.10,000 per challan per tax period.**

Exception to Rs.10,000 limit:

In the following cases, the ceiling (i.e. maximum) limit of payment through OTC of Rs.10000 does not apply:

- i) Deposits made by **Government Departments or any other persons** as may be notified by the Commissioner.
- ii) In response to the action taken by **the proper officer or any other officer authorised** in this behalf, deposits made as a consequence of –
 - Recovering the outstanding dues from any person, whether registered or not, including the recovery made through attachment or sale of movable or immovable properties
 - Any investigation or enforcement activity or any ad hoc deposit amounts collected by way of cash, cheque or demand draft.
 - Payment is made through GSTPMT-05 challan.

Is manual challan applicable under GST regime, as allowed earlier under the VAT regimes?

Manual or physical challans are **not allowed** under the GST regime. It is **mandatory** to generate challans **online** on the GST Portal.

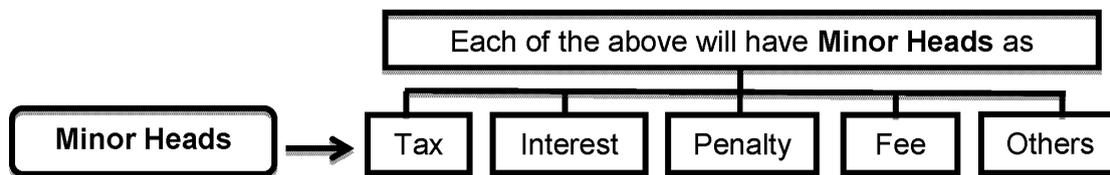
How many types of Challans are prescribed for various taxes and payments to be paid under the GST regime?

There is single Challan prescribed for all taxes, fees, penalty, interest, and other payments to be made under the GST regime.

What is the manner of utilisation of amount reflected in Electronic Cash Ledger?

The electronic cash ledger contains the following heads namely:





The amount deposited/ reflected in electronic cash ledger can be used for making any payment towards tax, interest, penalty, fee, others.

Transfer of CGST to IGST/SGST/UTT in electronic cash ledger(Section 49(10)): A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for integrated tax, central tax, State tax, Union territory tax or cess, in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act.

Amount transferred in CGST- Deemed deposit(Section 49(11)): Where any amount has been transferred to the electronic cash ledger under this Act, the same shall be deemed to be deposited in the said ledger as provided in sub-section(1).

New sub-sections 49 (10) and 49(11) inserted in section 49 of the CGST Act, 2017 w.e.f 01.01.2020 vide Finance Act, 2019 provides a facility to the registered person to transfer an amount from one (major/minor) head to another (major/minor) head in the electronic cash ledger.

The amount available in the electronic cash ledger can be utilised for payment of any liability for the major and minor heads. For instance, if the registered person has made a deposit of tax erroneously i.e. by virtue of human error, under a particular head instead of a specific head, the same can be transferred to the respective intended head vide Form GST-PMT-09.

This Form can be used either for

- a) Transfer of erroneous deposits under any minor head or a major head to any other minor head of same or other major heads or
- b) For any of the amounts already lying unutilised under any of the minor heads in Electronic Cash ledger.

For instance, a registered person has deposited a sum of ₹ 1,000 under the head of "Interest" column of CGST & ₹ 1,000 under the head of "Interest" column of SGST, instead of the head "Fee". Such amount can be transferred using Form GST-PMT-09 for making a transfer to the head "Fee". The said transfer is required using the above Form, because when the Registered person has to make the remittance of Tax/Interest/Penalty/ Fee/ Other amount at a stage "Offset Liabilities" in any of the GST Returns/ Forms for Tax payments through Electronic Cash Ledger, adequate amount should be available under the respective head of account.

Prior to the above amendment, the Registered person has to claim a refund of such erroneous deposit or unutilized amounts using the prescribed Form and make a fresh deposit of tax for utilization under the appropriate head

The new section 53A provides for transfer of amount between Centre and States consequential to amendment in section 49 of the CGST Act allowing transfer of an amount from one head to another head in the electronic cash ledger of the registered person.

NOTE: the date of deposit means the Date of credit of amount in the account of government.

Manner of Utilisation:

- a) How can the cash available in the Electronic Cash Ledger be utilised? Can a taxpayer utilise (i.e. usage) the amount available in any minor head of a major head for any other minor head of the same major head?

No. The amount available in the Electronic Cash Ledger can be utilised for payment of any liability for the respective major and minor heads.

For example, liability for the tax under IGST of Rs.1,000 can be settled only from the available amount of cash of Rs.1000 under tax (minor head) of the same IGST Major head. However if in this example, the cash is available in minor head 'interest' (instead of tax minor head) under the same major head 'IGST', adjustment of tax against interest was not allowed.

b) Further, cross utilisation of amount/ cash available under one major head against another major head is **not allowed**. For instance, the amount available in SGST/UTGST cannot be utilised for discharging liabilities under CGST, IGST, or CESS and vice versa.

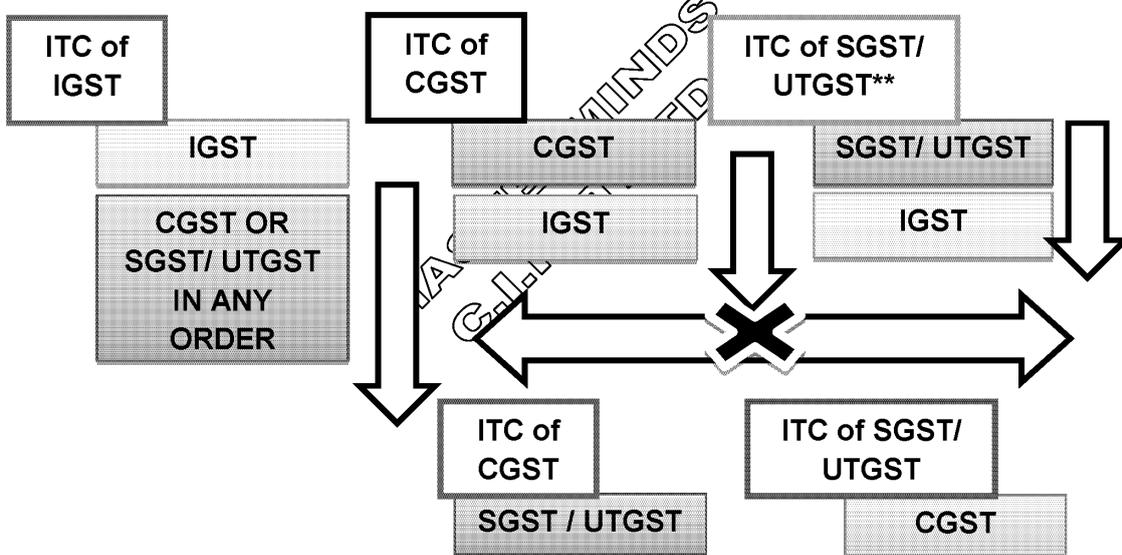
Example: A taxpayer made a cash deposit of Rs. 1,000 to IGST – Tax, through net banking. The tax payer can utilise this cash deposit of Rs. 1,000 in the cash ledger to make payment **ONLY** of the IGST – Tax liability, by debiting the Cash Ledger.

(TEACH PROBLEM NO.1 OF CLASSROOM DISCUSSION)

2) **ELECTRONIC CREDIT LEDGER (OR) ELECTRONIC INPUT TAX CREDIT LEDGER:** the self-assessed (i.e. calculating on his own) input tax credit (ITC - Reflected in the monthly returns) by a registered person shall be credited to this ledger. It is important to note that the credit in this ledger can be used to make payment of **tax only** and **not** any other minor heads such as interest, penalty, fee etc.

The manner of utilisation of amount available in the electronic credit ledger is **similar to ITC utilisation** (already discussed at chapter 6 (ITC)).

ITC of	Output IGST liability	Output CGST liability	Output SGST/ UTGST liability
IGST	(I)	(II) - In any order and in any proportion	
(III) ITC of IGST to be completely exhausted mandatorily			
CGST	(V)	(IV)	Not permitted
SGST/U TGST	(VII) Only after the ITC of CGST has been utilized fully	Not permitted	(VI)



ITC on account of **SGST/UTGST can be utilized towards payment of **IGST** only where the balance of the ITC on account of **CGST** is **not available** for payment of **IGST**.

NOTE: ITC of **CGST, SGST/UTGST** should be utilized towards payment of **IGST, CGST, SGST/UTGST** only after the ITC of **IGST** has **first been utilized fully** towards such payment.

What happens if the taxable person files the return but does not make payment of tax?

The Act specifies that the valid return means a return furnished and the respective self-assessed (i.e. calculated) tax has been paid in full.

In other words, the ITC shall be confirmed upon –

- a) The self-assessed tax was paid in full and
- b) filing of return by supplier and recipient

Common points for Electronic Credit and Cash ledger:

- a) Where a person has claimed refund of any amount from the electronic cash or credit ledger, the said amount shall be debited to the electronic cash or credit ledger.

- b) If the refund so claimed is rejected, either fully or partly, the amount debited earlier, to the extent of rejection, shall be credited to the electronic cash or credit ledger by the proper officer by an order made in prescribed form.
- c) **Conditions of Use of Amount Available in Electronic Credit Ledger [Rule 86a] (NOV 20):**
The Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, having reasons to believe that credit of input tax available in the electronic credit ledger has been fraudulently availed or its ineligible in as much as

Circumstances when restrictions can be imposed:

- i) the credit has been availed on the strength of tax invoices or other prescribed supporting documents-
- issued by a registered person who has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or
 - without receipt of goods or services or both; or
- ii) the credit has been availed on the strength of tax invoices or other prescribed supporting documents in respect of any supply, the tax charged in respect of which has not been paid to the Government; or
- iii) the registered person availing the credit has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or
- iv) the registered person availing any credit is not in possession of a tax invoice or or other prescribed supporting documents,
- 3) **ELECTRONIC LIABILITY REGISTER:** It was not defined in the Act specifically but it represents the total tax liability of a taxpayer (**after netting**) for a particular month.

What are the debits to be made in the Electronic liability register?

- a) All amounts payable towards tax, interest, fee and any other amount as per return filed.
- b) All amounts payable towards tax, interest, penalty and any other amount determined in a proceeding by an Assessing authority or as ascertained by the taxable person.
- c) The amount of tax and interest as a result of mismatch.
- d) Any interest amount that may accrue from time to time.

What is the order of discharge of tax and other dues? (Nov 20)

The following is the order in which the liability of a taxable person has to be discharged:

- a) All dues such as self-assessed tax, interest, penalty, fees etc. related to **previous tax period** have to be discharged first.
- b) All dues such as self-assessed tax, interest, penalty, fees etc. related to **current tax period** have to be discharged first.
- c) There after any liability arising out of demand notice and adjudication proceedings. The same sequence has to be followed mandatorily.

What is the treatment of making the payment of GST using the above 3 ledgers?

The following **treatment** will be made at the respective situations.

- a) **Payment of tax, interest, penalty, fees etc., of a registered person:-**

Debit to Electronic Credit Ledger (in case of ITC) (or) Electronic cash ledger (in case of cash payments) and **Credit** to Electronic Liability Register.

- b) **Payment of TDS collected, TCS deducted by ecommerce operator, amount payable under reverse charge basis, amount payable under composition levy, amount payable towards payment of interest, penalty, fee or any other amount under the Act:-**

Debit to Electronic Cash Ledger and **Credit** to Electronic Liability Register.

- 4) **PRESUMPTION THAT INCIDENCE OF TAX IS PASSED ON:** Sub-section (9) contains a deeming clause. This part of the section provides that when a taxable person has paid the GST under the corresponding Act, the taxable person is deemed to have passed on the incidence of such payment of tax to the recipient of such goods and /or services. Thus, if tax has been paid under the CGST Act, then the taxable person is deemed to have passed on the incidence of such payment of CGST to the recipient. This is subject to the contrary being proved.

SUMMARY OF ITEMS THAT CAN BE DEBITED/ CREDITED TO THE ABOVE 3 LEDGERS:

Name of the ledger	Debit Items	Credit items
Electronic Cash Ledger	<ul style="list-style-type: none"> ✓ Credit amount of this ledger may be used for payment of tax, interest, fees etc. ✓ Remaining credit balance amount after payment of above tax etc. will be refunded to taxable person. 	<ul style="list-style-type: none"> ✓ Any deposit made towards tax, interest, penalty, late fee etc. via internet banking, RTGS, fund transfer etc. ✓ TDS/ TCS claimed
Electronic Credit ledger	<ul style="list-style-type: none"> ✓ Credit amount of this ledger may be used for payment of output tax viz IGST, CGST, SGST, UTGST in the prescribed order. 	<ul style="list-style-type: none"> ✓ Input Tax credit as self-assessed in the return in the form of IGST, CGST, SGST, UTGST
Electronic Liability Register	<ul style="list-style-type: none"> ✓ Amount payable towards tax, interest, fees etc. ✓ Tax or interest payable due to mismatch ✓ Any other dues 	<ul style="list-style-type: none"> ✓ Electronic cash ledger
	<ul style="list-style-type: none"> ✓ Amount payable towards output tax 	<ul style="list-style-type: none"> ✓ Electronic credit ledger

(TEACH PROBLEM NO. 2, 3, 4, 5 OF CLASSROOM DISCUSSION)

2.2. BENEFITS OF THE NEW TAX PAYMENT SYSTEM

- 1) No more queues and waiting for making payments as payments can be made online 24 X 7.
- 2) Instant online receipts for payments made online.
- 3) Tax Consultants can make payments on behalf of the clients.
- 4) Single Challan form to be created online replacing the three or four copy Challan.
- 5) Revenue will come earlier into the Government Treasury as compared to the old system.
- 6) Greater transparency.
- 7) Online payments made after 8 pm will be credited to the taxpayer's account on the same day.

3. INTEREST ON DELAYED PAYMENT OF TAX

- 1) Interest is **payable** in following 3 circumstances:
 - a) Delay in payment of tax, in full or in part within the prescribed period
 - b) Undue or excess claim of input tax credit in the case of non-matching of claims for input tax credit by a recipient
 - c) Undue or excess reduction in output tax liability in the case of non-matching of claims for reduction in output tax liability by a supplier
- 2) **Period of interest computation:** From the date following the due date of payment **TO** the actual date of payment.
- 3) **What is the rate of interest?**

Situation	Rate of Interest per annum
a) In case of belated payment of tax	18
b) Undue or excess claim of Input tax credit or undue (i.e. inappropriate) or excess reduction in output tax liability	24

FOCUS POINTS:

- a) In case of belated payment of tax, the payment of interest should be made voluntarily even without a demand.
- b) The interest payable shall be debited to the Electronic Liability Register.
- c) The liability for interest can be settled by adjustment with balance in Electronic Cash Ledger but not with balance in electronic credit ledger.

(TEACH PROBLEM NO. 6, 7 OF CLASSROOM DISCUSSION)**TRANSFER OF INPUT TAX CREDIT****1) Transfer on Input tax credit (Section 53):**

- a) If the amount of CGST is utilized towards dues of IGST then, in terms of section 53 of the CGST Act, there shall be reduction in the amount of CGST, equal to the credit so utilized, and the Central Government shall transfer such amount equivalent to the amount so reduced in CGST account to the IGST account.
- b) Similarly, if the amount of IGST is utilized towards dues of CGST/UTGST then, in terms of section 18 of the IGST Act, there shall be reduction in the amount of IGST, equal to the credit so utilized, and the Central Government shall transfer such amount equivalent to the amount so reduced in IGST account to the CGST/UTGST account.

2) Transfer of certain Amount(Section 53A): Where any amount has been transferred from the electronic cash ledger under this Act to the electronic cash ledger under the SGST Act or the UGST Act, the Government shall, transfer to the State tax account or the Union territory tax account an amount equal to the amount transferred from the electronic cash ledger, in such manner and within such time as may be prescribed.**4. TAX WRONGFULLY COLLECTED AND PAID TO C.G OR S.G**

- 1) Payment of tax based on erroneous (i.e. wrongly) determination of 'nature of supply' is not permitted to be adjusted. Instead refund will be made.
- 2) By first restoring the discharge of the correct tax due, taxable person can claim the refund so that the incorrect tax paid reflects on the common portal as 'paid in excess' and
 - a) IGST paid in error will be refunded subject to conditions prescribed
 - b) IGST payable due to payment of CGST & SGST/UTGST is exempted from payment of interest on IGST due.

1) What is CPIN, CIN, BRN and E-FPB?

- a) CPIN stands for Common portal Identification Number. It is created for every Challan successfully generated by the taxpayer. It is a 14-digit unique number to identify the challan. CPIN remains valid for a period of 15 days.
- b) CIN or Challan Identification Number is generated by the banks, once payment in lieu of a generated Challan is successful. It is a 17-digit number that is 14-digit CPIN plus 3-digit Bank Code.
CIN is generated by the authorized banks/Reserve Bank of India (RBI) when payment is actually received by such authorized banks or RBI and credited in the relevant Government account held with them. It is an indication that the payment has been realized and credited to the appropriate Government account. CIN is communicated by the authorized bank to taxpayer as well as to GSTN.
- c) **BRN** or Bank Reference Number is the transaction number given by the bank for a payment against a Challan
- d) **E-FPB** stands for Electronic Focal Point Branch. These are branches of authorized banks which are authorized to collect payment of GST. Each authorized bank will nominate only one branch as its E-FPB for PAN India transaction.

The E-FPB will have to open accounts under each major head for all governments. Any amount received by such E-FPB towards GST will be credited to the appropriate account held by such E-FPB. For NEFT/RTGS Transactions, RBI will act as E-FPB.

SECTION 2: PROBLEMS FOR CLASSROOM DISCUSSION

PROBLEM NO.1: Blue Moon Ltd., obtains registration for paying taxes under section 9 of CGST Act. He asked his tax manager to pay taxes on quarterly basis. However, Blue Moon Ltd.'s tax manager advised the Co.to pay taxes on monthly basis. You are required to examine the validity of the advice given by tax manager?
(MTP M18 (N&O), MTP N18(N&O)) (ANS.: ADVICE GIVEN BY TAX MANAGER IS VALID IN LAW)

(SOLVE PROBLEM NO.1 OF ASSIGNMENT PROBLEMS AS REWORK)

Note: _____

PROBLEM NO.2: Mr. Ekaant, a supplier registered in Delhi, is engaged in the business of sale and purchase of plastic raincoats. He furnishes the following information pertaining to inward/outward supply made by him for the month of July, 20XX:

Particulars	Amount (Rs.in lakh)
Value of inter-State outward supply to registered persons	30
Value of intra-State outward supply to registered persons	50
Value of intra-State outward supply to unregistered persons	15
Value of intra-State inward supply from registered persons	10
Value of inter-State inward supply from registered persons	5
Value of intra-State inward supply from unregistered persons	2

Following additional information is also provided by Mr. Ekaant:

IGST credit on capital goods purchased in the month of July	1.5
CGST/ SGST credit on other inward supplies [including credit of Rs.5,000 (CGST and SGST each) on account of membership of a club]	0.5 (CGST and SGST each)
Availed consultancy services from Mr. Sujit, lawyer located in Delhi [Intra-State services]	1

The amount of ITC brought forward in the month of July, 20XX is as under:

CGST: Rs.2 lakh

SGST: Rs.2 lakh

IGST: Rs.5 lakh

Calculate the net GST liability (CGST and SGST or IGST, as the case may be) to be paid in cash for the month of July, 20XX by assuming the rates of GST as under:

CGST	9%
SGST	9%
IGST	18%

NOTE:

i) All the amounts given above are exclusive of taxes.

ii) All the conditions necessary for availing the ITC have been fulfilled.

(RTP M19(N&O))

(ANS.: IGST: NIL; CGST: RS.50,000; SGST: RS.2,50,000) (SOLVE PROBLEM NO.2 OF ASSIGNMENT PROBLEMS AS REWORK)

Note: _____

PROBLEM NO.3: Mr. Himanshu, a registered supplier of chemicals, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following taxable supplies for the month of September 2020:

Intra-state supply of goods	Rs.25,00,000
Inter-state supply of goods	Rs.5,00,000

He has also made the following inward supply:

Intra-state purchase of goods from Registered Dealer	Rs.14,00,000
Intra-state purchase of goods from Unregistered Dealer	Rs.2,00,000
Inter-state purchase of goods from Registered Dealer	Rs.4,00,000

Balance of ITC at the beginning of September 2020:

CGST	Rs.95,000
SGST	Rs.60,000
IGST	Rs.50,000

Additional information:

- He purchased a car (Intra-State supply) used for business purpose at a price of Rs.6,72,000 (including CGST of Rs.36,000 & SGST of Rs.36,000) on September 15, 2020. He capitalized the full value including GST in the books on the same date to claim depreciation.
- Out of Inter-State purchase from registered dealer, goods worth Rs.1,00,000 were received on 03.10.20 due to road traffic jams.

NOTE:

- i) Rate of CGST, SGST and IGST to be 9%,9% and 18% respectively.
- ii) Both inward and outward supplies given above are exclusive of taxes, wherever applicable.
- iii) All the conditions necessary for availing the ITC have been fulfilled except mentioned above.

Compute the net CGST, SGST and IGST payable in cash by Mr. Himanshu for the month of September 2020.

(M19(TL)-8M) (ANS.: CGST: NIL; SGST: RS.39,000; IGST: NIL)

(SOLVE PROBLEM NO.3 OF ASSIGNMENT PROBLEMS AS REWORK)

Note: _____

PROBLEM NO.4: Mr. J purchases a product for Rs.3,40,000 plus SGST & CGST @ 10% each from Mr. Y. He adds Rs.26,000 as his profit and sells to the customer by levying SGST & CGST @ 10%. Calculate the cost to consumer? Also calculate the net GST payable by Mr. J.

(ANS.: NET GST PAYABLE: CGST: RS.2,600; SGST: RS.2,600) (SOLVE PROBLEM NO.4 OF ASSIGNMENT PROBLEMS AS REWORK)

Note: _____

PROBLEM NO.5: Mr. A has output Tax Liability of Rs.1,00,000 towards CGST & SGST/UGST and Rs.20,000 towards IGST and also interest payable of Rs.1800. Explain the manner of discharge tax liability by Mr. A in the following two independent cases:

- i) Input tax credit available of CGST & SGST is Rs.25,000 each & IGST is Rs.25,000.
 - ii) Input tax credit not available. (ANS.: I) CASH TO BE DEPOSITED: RS.46,800; II) CASH TO BE PAID: RS.1,21,800)
- (SOLVE PROBLEM NO.5 OF ASSIGNMENT PROBLEMS AS REWORK)

Note: _____

PROBLEM NO.6: M/s Salty & Spicy Limited reduced the amount of Rs.1,50,000 from the output tax liability in contravention of provisions of section 42(10) of the CGST Act, 2017 for the month of April 2020, which is ineligible credit. A show cause notice was issued by the Tax Department to pay tax along with interest. M/s Salty & Spicy Limited paid the tax and interest on 31st July, 2020. Calculate Interest liability (Ignore Penalty).

(MTP M19(N&O)) (ANS.: INTEREST LIABILITY: RS.7,101)

(SOLVE PROBLEM NO.6 OF ASSIGNMENT PROBLEMS AS REWORK)

PROBLEM NO.7: M/s Nose Ltd. reduced the amount of Rs.2,25,000 from the output tax liability in contravention of the provisions of the CGST Act, 2017 in the month of January 2020 (vide invoice date 12.01.2020), which is ineligible credit at invoice level. As a result a show cause notice issued Central Tax Department under section 74 of the CGST Act, 2017 along with interest. M/s Nose Ltd paid the tax and interest on 5th March 2020. Find the interest liability if any? (ANS.: INTEREST: RS.2,071)

(SOLVE PROBLEM NO.7 OF ASSIGNMENT PROBLEMS AS REWORK)

Note: _____

PROBLEM NO.8: Mr. Alok, a registered supplier of taxable goods, filed GSTR 3B for the month of January, 2020 on 15th April, 2020. The prescribed due date to file the said GSTR3B was 20th February, 2020. The amount of net GST payable, in Cash i.e. Electronic Cash Ledger on supplies made by him for the said month worked out to be ₹ 36,500 which was paid on 15th April, 2020. Briefly explain the related provisions and compute the amount of interest payable under the CGST Act, 2017 by Mr. Alok. Ignore the effect of leap year, if applicable in this case. (ANS.: INTEREST: RS.972) (NEW SM)

(SOLVE PROBLEM NO.8 OF ASSIGNMENT PROBLEMS AS REWORK)

Note: _____

PROBLEM NO.9: M/s ABC Ltd., have filed their GSTR3B for the month of July, 2020 within the due date prescribed under Section 39 i.e. 20.08.2020. Post filing of the return, the registered person has noticed during September 2020 that tax dues for the month of July, 2020 have been short paid for ₹40,000. M/s ABC Ltd., has paid the above shortfall of ₹40,000, through GSTR3B of September 2020, filed on 20.10.2020 [payment through Cash ledger – ₹ 30,000 and credit ledger ₹10,000]. Examine the Interest payable under the CGST Act, 2017.

What would be your answer if, GSTR3B for the month of July, 2020 has been filed belatedly on 20.10.2020 and the self-assessed tax of ₹ 40,000/- has been paid on 20.10.2020 [payment through electronic cash ledger – ₹ 30,000 and electronic credit ledger ₹ 10,000].

NOTES:

- There exists adequate balance in Electronic Cash & Credit ledger as on 31.07.2020 for the above short fall
- No other supply has been made nor tax payable for the month of July, 2020 other than ₹40,000/- missed out to be paid on forward charge basis
- Ignore the effect of leap year, if applicable in this case. (ANS.: INTEREST: RS.1184, 888) (NEW SM)

(SOLVE PROBLEM NO.9 OF ASSIGNMENT PROBLEMS AS REWORK)

Note: _____

SECTION 3: PRINTED SOLUTIONS FOR CLASSROOM PROBLEMS

PROBLEM NO.1

The advice given by tax manager is valid in law. Payment of taxes by the normal tax payer is to be done on monthly basis by the 20th of the succeeding month. Cash payments will be first deposited in the Cash Ledger and the tax payer shall debit the ledger while making payment in the monthly returns and shall reflect the relevant debit entry number in his return. However, payment can also be debited from the Credit Ledger. Payment of taxes for the month of March shall be paid by the 20th of April. Composition tax payers will need to pay tax on quarterly basis.

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PROBLEM NO.2

Computation of Net GST liability of Mr. Ekaant

Particulars	Value (Rs.)	IGST (Rs.)	CGST (Rs.)	SGST (RS.)
Total tax liability				
Value of intra-State legal consultancy services i.e. inward supplies liable to reverse charge mechanism (to be paid in cash) (Note-1)	1,00,000	-	9,000	9,000
Value of inter-State outward supplies	30,00,000	5,40,000	-	-
Value of intra-State outward supplies to registered as well as unregistered persons (Rs.50,00,000+ Rs.15,00,000)	65,00,000	-	5,85,000	5,85,000
Total		5,40,000	5,94,000	5,94,000
Input tax Credit:				
Brought forward ITC		5,00,000	2,00,000	2,00,000
Value of intra-State inward supplies from registered person (Note-2)	10,00,000	-	90,000	90,000
Value of inter-State inward supplies from registered person (Note-2)	5,00,000	90,000	-	-
Value of intra-State inward supplies from unregistered person (Note-3)	2,00,000	-	-	-
IGST credit of capital goods (Note-2)	-	1,50,000	-	-
Credit on other inward supplies purchased in the month of July less credit on membership of a club (Note-2 & 4)	-	-	45,000	45,000
Credit of legal consultancy services (Note-2)			9,000	9,000
Total		7,40,000	3,44,000	3,44,000

ITC utilisation:

Particulars	IGST (Rs.)	CGST (Rs.)	SGST (RS.)
Total tax liability	5,40,000	5,94,000	5,94,000
IGST Credit set off (Note-5)	(5,40,000)	(2,00,000)	-
Input Tax Credit	-	(3,44,000)-CGST	(3,44,000)-SGST
Net Tax payable in cash	-	50,000	2,50,000

NOTES:

- Services supplied by an individual advocate to any business entity located in the taxable territory by way of legal services, directly or indirectly are taxable under reverse charge mechanism. Thus, tax is payable by the recipient (Mr. Ekaant) on said services to the Government.
Further, as per section 49(4) of the CGST Act, 2017, amount available in the electronic credit ledger [ITC amount] may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax in terms of section 2(82) of the CGST Act, 2017. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.
- Every registered person is entitled to take credit of input tax charged on any inward supply of goods and/or services which are used or intended to be used in the course or furtherance of his business in terms of section 16 of CGST Act, 2017. Further "input tax" in relation to a registered person includes the tax payable under reverse charge mechanism in terms of section 2(62) of the CGST Act, 2017.
- Intra-State supplies received by a registered person from any unregistered supplier, are exempt from the whole of the central tax leviable thereon under section 9(4) till 30.09.2019 [Notification No.8/2017 CT (R) dated 28.06.2017]. Since no tax has been paid, so no credit is available.

- 4) Input tax credit is not allowed in respect of membership of a club in terms of section 17(5) of CGST Act, 2017.
- 5) ITC utilization:
- ITC of CGST, SGST/UTGST should be utilised towards payment of IGST, CGST, SGST/UTGST only after the ITC of IGST has first been utilised fully towards such payment.
 - ITC of IGST should first be utilized towards payment of IGST.
 - Remaining ITC of IGST, if any, can be utilized towards the payment of CGST and SGST/ UTGST in any order.

PROBLEM NO.3

Net Tax payable for the month of September 2020 is as follows

Particulars	Value (Rs.)	IGST (Rs.)	CGST (Rs.)	SGST (Rs.)
Total tax liability				
Intra-state supply of goods	25,00,000	-	2,25,000	2,25,000
Inter-state supply of goods	5,00,000	90,000	-	-
Total		90,000	2,25,000	2,25,000
Input tax Credit				
Brought forward ITC		50,000	95,000	60,000
Intra-state purchase of goods from Registered Dealer	14,00,000	-	1,26,000	1,26,000
Inter-state purchase of goods from Registered Dealer (Note-1)	1,00,000	54,000	-	-
Intra-state purchase of goods from Unregistered Dealer (Note-2)	2,00,000	-	-	-
Intra-state purchase of car (Note-3)	6,00,000	-	-	-
Total		1,04,000	2,21,000	1,86,000

Calculation of Net tax payable

Particulars	IGST (Rs.)	CGST (Rs.)	SGST (RS.)
Total tax liability	90,000	2,25,000	2,25,000
IGST Credit set off (Note-4)	(90,000)	(14,000)	-
Input Tax Credit	-	(2,11,000)-CGST	(1,86,000)-SGST
Net Tax payable in cash	-	-	39,000
Input credit carry forwarded to next month	-	10,000-CGST	-

Note:

- 1) Out of Inter-state purchase of Rs.4,00,000, Rs.1,00,000 worth goods are received in the month of October. Therefore, ITC will not be allowed in the month of September.
- 2) If any goods purchased from unregistered dealer, ITC will not be allowed. Therefore, ITC on Intra-state purchase of goods worth Rs.2,00,000 will not be allowed.
- 3) If depreciation claimed on tax component, then ITC will not be allowed. No double benefit is allowed. Therefore, car is capitalized with the full value including GST in the books to claim depreciation. So, ITC will not be allowed.
- 4) ITC utilization:
 - ITC of CGST, SGST/UTGST should be utilised towards payment of IGST, CGST, SGST/UTGST only after the ITC of IGST has first been utilised fully towards such payment.
 - ITC of IGST should first be utilized towards payment of IGST.
 - Remaining ITC of IGST, if any, can be utilized towards the payment of CGST and SGST/UTGST in any order.

PROBLEM NO.4

Calculation of the cost to the customer

Particulars	Rs.
Purchase cost (Rs.4,08,000 - Rs.34,000 - Rs.34,000)	3,40,000
Add: Profit	<u>26,000</u>
Sale price	3,66,000
Add: SGST @ 10%	36,600
Add: CGST @ 10%	<u>36,600</u>
Invoice price/cost to customer	4,39,200

Calculation of Net GST payable by Mr. J

Particulars	SGST (Rs.)	CGST (Rs.)
Output GST	36,600	36,600
Less: Input GST	<u>(34,000)</u>	<u>(34,000)</u>
Net GST payable	2,600	2,600

PROBLEM NO.5

1) In Case Input Tax Credit available:

Ledger	Particulars	IGST	CGST	SGST	Interest payable	Total
Electronic liability ledger	Output tax payable	20,000	50,000	50,000	1,800	1,21,800
	IGST Credit set off (Note-1)	<u>20,000</u>	5,000	-	-	25,000
Electronic credit ledger	Input Tax Credit	-	25,000- CGST	25,000- SGST	-	50,000
Electronic cash ledger	Cash to be deposited	-	20,000	25,000	1,800 (Note-2)	46,800

NOTE:

a) ITC utilization:

- ITC of CGST, SGST/UTGST should be utilised towards payment of IGST, CGST, SGST/UTGST only after the ITC of IGST has first been utilised fully towards such payment.
- ITC of IGST should first be utilized towards payment of IGST.
- Remaining ITC of IGST, if any, can be utilized towards the payment of CGST and SGST/UTGST in any order.

b) Interest cannot be adjusted with Input Tax credit.

2) In Case Input Tax Credit is NOT available:

Ledger	Particulars	CGST	SGST	IGST	Interest payable	Total
Electronic liability ledger	Output tax payable	50,000	50,000	20,000	1,800	1,21,800
Electronic Cash ledger	Amount to be deposited	50,000	50,000	20,000	1,800	1,21,800

PROBLEM NO.6

A taxable person who makes an undue or excess claim of input tax credit shall pay interest @ 24% p.a. on such undue or excess claim in terms of section 50 of CGST Act, 2017. The period of interest will be from the date following the due date of payment to the actual date of payment of tax.

Due date of payment is 20th May, 2020.

Period for which interest is due = 21st May, 2020 to 31st July, 2020 = 72 days

Thus, interest liability = Rs.1,50,000 x 24% x 72/365 = Rs.7,101 (approx.)

PROBLEM NO.7

Amount reduced from the output tax liability in contravention of the provisions of the Act shall be added to the output tax liability of the recipient in his return for the month in which such contravention takes place and such recipient shall be liable to pay interest on the amount so added at the rate specified in the CGST Act, 2017.

Therefore, applicable rate of interest is @ 24% per annum.

January month return due date is 20th of February 2020.

Interest = Rs.2,071 (Rs.2,25,000 x 24% x 14/365).

NOTE: From 21st February 2020 to 5th March 2020 = 14 days

PROBLEM NO.8

Interest is payable in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

Thus, the amount of interest payable by Mr. Alok is as under:-

Period of delay = 21st February, 2020 to 15th April, 2020 = 54 days

Hence, amount of interest = ₹ 36,500 x 18% x 54/365 = ₹ 972

PROBLEM NO.9

Interest is payable under Section 50 of the CGST Act, 2017, in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

As per proviso to sub-section (1) of Section 50, interest is payable on the net tax liability paid in cash, only if the return to be filed for a tax period under Section 39, has been filed after the due date to furnish such return. In the above scenario, M/s ABC Ltd., has defaulted in making the payment for ₹ 40,000 on self-assessment basis in the return for the month of July, 2020. Accordingly, interest is payable on the gross liability and proviso of subsection 50(1) shall not be applicable.

Thus, the amount of interest payable by M/s ABC Ltd., is as under:- Period of delay = 21st August, 2020 to 20th October, 2020 = 60 days

Hence, amount of interest = ₹ 40,000 x 18% x 60/365 = ₹ 1,184

Alternatively, if M/s ABC Ltd., have filed the return for the month of July, 2020 on 20.10.2020, beyond the stipulated due date of 20.08.2020 and if the self-assessed tax for July, 2020 has been paid on 20.10.2020, interest under proviso to Section 50(1) shall be payable on the tax paid through Electronic Cash Ledger only.

Hence Interest is payable from 21st August 2020 till 20th October 2020 = 60days

Amount of Interest = ₹ 30,000 x 18% x 60/365 = ₹ 888

SECTION 4: ASSIGNMENT PROBLEMS

PROBLEM NO.1: Kelloggs Ltd., obtains registration for paying taxes under section 9 of CGST Act. He asked his tax manager to pay taxes on quarterly basis. However, Kelloggs Ltd.'s tax manager advised the Co.to pay taxes on monthly basis. You are required to examine the validity of the advice given by tax manager?
(ANS.: ADVICE GIVEN BY TAX MANAGER IS VALID IN LAW)

PROBLEM NO.2:

a) J Ltd. supplies the following information to you:

Value of receipt of goods and services - Rs.10,00,000

Value of supply of goods and services - Rs.6,00,000

J Ltd. had supplied only 50% of goods and services out of goods and services received by it.

SGST & CGST rate is 10% on input as well as on output. Show calculation for net GST payable by J Ltd.
(ANS.: EXCESS CREDIT: SGST: RS.40,000; CGST: RS.40,000)

b) From following details find out total GST collection by SG & CG?

Seller	Purchaser	Rs.
Manufacturer	Wholesaler	1,80,000
Wholesaler	Retailer	2,50,000
Retailer	Consumer	3,00,000

SGST & CGST rate on purchase and sales is 12% each. Price shown above is exclusive of GST.

(ANS.: SGST: RS.36,000; CGST: RS.36,000)

PROBLEM NO.3: X Ltd. has following tax liabilities under the provisions of Act:

Particulars	Amount (Rs.)
Tax liability of CGST, SGST/UGST, IGST for supplies made during August 2020	1,00,000
Interest & Penalty on delayed payment and filing of returns belonging to August 2020	20,000
Tax liability of CGST, SGST/UGST, IGST for supplies made during September 2020	1,20,000
Interest & Penalty on delayed payment and filing of returns belonging to September 2020	20,000
Demand raised as per section 73 or section 74 under CGST Act, 2017 belonging to July 2020	8,00,000
Demand raised as per the old provisions of Indirect Taxes	1,00,000

X Ltd. has Rs.5,00,000 in Electronic cash ledger. Suggest X Ltd. in discharging the tax liability.

(ANS.: BALANCE IN ELECTRONIC CREDIT LEDGER: NIL)

PROBLEM NO.4: Mr. J purchases a product for Rs.1,000 plus SGST & CGST @ 10% each from Mr. S. He adds Rs.130 as his profit and sells the customer by levying SGST & CGST @ 20% each. What is the cost to consumer? Also calculate the net GST payable by Mr. J.

(ANS.: NET GST PAYABLE: CGST: RS.196; SGST: RS.196)

PROBLEM NO.5: Y Ltd. is operating in two states Andhra Pradesh and Tamil Nadu. The tax liability for the month of August 2020 is as follows

Tax Liability	Andhra Pradesh (Rs.)	Tamil Nadu (Rs.)
Output CGST Payable	25,000	10,000
Output SGST Payable	10,000	5,000
Output IGST payable	3,000	2,500
Input CGST	8,000	13,000
Input SGST	15,000	1,500
Input IGST	12,000	16,000

Calculate the tax payable for the month of August 2020.

(ANS.: IN ANDHRA PRADESH: CGST PAYABLE: RS.8,000: ITC CAN BE C/F: ANDHRA PRADESH: SGST: RS.5,000; TAMIL NADU: RS.CGST: RS.13,000)

PROBLEM NO.6: M/s Parikshit Limited reduced the amount of Rs. 1,00,000 from the output tax liability in contravention of provisions of section 43(10) of the CGST Act, 2017 for the month of April 20XX, which is ineligible credit. A show cause notice was issued by the Tax Department to pay tax along with interest. M/s Parikshit Limited paid the tax and interest on 31st July, 20XX. Calculate Interest liability (Ignore Penalty).
(MTP N19 (O) - 4M) (ANS.: INTEREST LIABILITY: RS. 4,734)

PROBLEM NO.7: M/s Rajendra Dyeing Pvt. Ltd. supplied goods worth Rs.10,00,000 to M/s Y Ltd in the month of September, 2019 plus GST @ 12%. M/s Rajendra Dyeing Pvt. Ltd. paid the GST on 5th December 2019. The amount of input tax credit is Rs.70,000 is available in the books. Calculation of interest payment if any under the CGST Act, 2017.
(ANS.: INTEREST: RS.10,134)

PROBLEM NO.8: Mr. Royal, a registered supplier of taxable goods, filed GSTR 3B for the month of March, 2020 on 20th June, 2020. The prescribed due date to file the said GSTR3B was 20th April, 2020. The amount of net GST payable, in Cash i.e. Electronic Cash Ledger on supplies made by him for the said month worked out to be ₹ 75,000 which was paid on 20th June, 2020. Briefly explain the related provisions and compute the amount of interest payable under the CGST Act, 2017 by Mr. Alock. Ignore the effect of leap year, if applicable in this case. (ANS.: INTEREST: RS.2219)

PROBLEM NO.9: M/s Pyramid Ltd., have filed their GSTR3B for the month of August, 2020 within the due date prescribed under Section 39 i.e. 20.09.2020. Post filing of the return, the registered person has noticed during October 2020 that tax dues for the month of August, 2020 have been short paid for ₹20,000. M/s Pyramid Ltd., has paid the above shortfall of ₹20,000, through GSTR3B of October 2020, filed on 20.11.2020 [payment through Cash ledger – ₹ 15,000 and Credit ledger ₹5,000]. Examine the Interest payable under the CGST Act, 2017.

What would be your answer if, GSTR3B for the month of August 2020 has been filed belatedly on 20.11.2020 and the self-assessed tax of ₹ 20,000/- has been paid on 20.11.2020 [payment through electronic cash ledger – ₹ 15,000 and electronic credit ledger ₹ 5,000]

NOTES:

- There exists adequate balance in Electronic Cash & Credit ledger as on 31.08.2020 for the above short fall
- No other supply has been made nor tax payable for the month of August, 2020 other than ₹20,000/- missed out to be paid on forward charge basis
- Ignore the effect of leap year, if applicable in this case. (ANS.: INTEREST: RS.592, Rs 444)

SECTION 5: ADDITIONAL QUESTIONS FOR SELF PRACTICE

PROBLEM NO.1: ABC limited filed the return for GST under section 39(1) for the month of November on 20th December showing self-assessed tax of Rs. 2,50,000 which was not paid. Explain what are the implications for ABC limited as per relevant provisions? (ANS.: DOES NOT CONSIDERED AS VALID RETURN)

PROBLEM NO.2: Explain the provisions relating to interest on delayed payment of tax as prescribed under section 50 of CGST Act, 2017? (MTP M18 (N&O))

PROBLEM NO.3: Sahil is a supplier of taxable goods in Karnataka. He got registered under GST in the month of September, 20XX and wishes to pay his IGST liability for the month. Since he's making the GST payment for the first time, he is of the view that he needs to mandatorily have the online banking facility to make payment of GST; offline payment is not permitted under GST. You are required to apprise Sahil regarding the various modes of deposit in the electronic cash ledger. Further, advise him with regard to following issues:

- Are manual challans allowed under GST?
- What is the validity period of the challan?
- Is cross utilization among Major and Minor heads of the electronic cash ledger permitted?

(RTP M19 (N&O)), MTP Nov20

PROBLEM NO.4: M/s. Daksha enterprises has made a cash deposit of Rs.10,000 under minor head 'tax' of major head 'SGST'. It has a liability of Rs.2,000 for minor head "Interest" under the major head "SGST". State whether M/s. Daksha enterprises can utilize the amount available for payment of interest. (M19(N) - 2M) (ANS.: CAN NOT UTILISE THE TAX OF SGST FOR INTEREST PAYMENT)

PROBLEM NO.5: What are the E-ledgers ?, State the entries to be debited to electronic liability register under the CGST Act, 2017 and the CGST Rules, 2017. (M19(O) - 5M)

PROBLEM NO.6: Following details are available for books of ABC Co., having office in Mumbai, Maharashtra for December, 2020. The company had following balances as on 1-12-2020; Input Tax Credit (in Electronic Credit Ledger): SGST-Rs.4,000, CGST-Rs.5,000. Cash balance in Electronic Cash Ledger: SGST- Rs.2,000, CGST-Rs.3,000.

- a) 05-12-2020: Received bill dated 05-11-2020 of Advocate from Mumbai for Rs.50,000.
- b) 06-12-2020: Received bill of Goods Transport Agency, Mumbai dated 04-12-2020 for Rs.4,000, paid on 29-12-2018.
- c) 10-12-2020: Bill dated 5-7-2020 from Advocate, Delhi for Rs.1,00,000 was paid.
- d) 15-12-2020: Paid sitting fees to director from Mumbai, for meeting held on 10-11-2020, Rs.10,000.
- e) 16-12-2020: Received bill of Goods Transport Agency dated 14-11-2020 for Rs.8,000 did not pay till 31-12-2020.
- f) 22-12-2020: Paid Rs.20,000 by cheque to sponsor a lunch organized by Mumbai Industry Association.
- g) 25 12-2020: Paid 10,000 to an author from Kolkata for the Article given by him for Company House Magazine.
- h) 26 12-2020: Customs department, Mumbai had held auction of goods seized by them. In that auction, an old car was purchased for Rs.500,000. On similar new car, the rate is as follows: CGST@14%, SGST@14%, IGST@28%, GST Compensation Cess@15%.
- i) 27-12-2020: Received Bill of Goods Transport Agency for Rs.10,000. He had charged SGST of Rs.600 and CGST of Rs.600 in his tax invoice. The payment was paid to transporter on 30-12-2020.

Calculate tax liability in each case, due date of payment, and amount payable.

(ANS.: A) SGST: RS.4,500, CGST: RS.4,500; B) CGST: RS.100, SGST: RS.100; C) INTEREST PAYABLE: RS.810; D) CGST: RS.900; SGST: RS.900; E) NO REVERSE CHARGE PAYABLE; F) CGST: RS.1,800, SGST: RS.1,800; G) IGST: RS.1,200; H) CGST: RS.70,000, SGST: RS.70,000; GST COMPENSATION CESS: RS.21,000; I) NO LIABILITY UNDER RCM; PAYABLE IN CASH LEDGER: CGST: RS.74,300, SGST: RS.75,300, IGST: RS.19,200, GST COMPENSATION CESS: RS.21,000)

PROBLEM NO.7: Mr. J of Maharashtra, purchased Raw Material 1 from Maharashtra for Rs.18,000 (inclusive SGST & CGST @ 10% each) and Raw Material 2 for Rs.3,10,000 plus SGST & CGST @ 10% each. His expenses are Rs.6,75,000. Profit margin is 20% on cost. SGST & CGST rate is 10% each on supply. How much net GST is payable by the trader? (ANS.: NET GST PAYABLE: CGST: RS.87,500; SGST: RS.87,500)

SECTION 6: TEST YOUR KNOWLEDGE

- 1) Are principles of unjust enrichment (or inappropriately benefiting a person) applicable for payment made under GST? (NEW SM)
- 2) State the name of output tax under GST, where any of the input tax credit under GST can be availed?
- 3) How many types of electronic ledger are there?
- 4) Can one use input tax credit for payment of interest, penalty, and payment under reverse charge?
- 5) What is CIN?
- 6) When is interest payable?
- 7) State the items which are to be debited to electronic liability register of the taxable person under the CGST Act, 2017 and rules thereunder. (N19 (N) - 5M)
- 8) Examine the authority vested under CGST Act, 2017 for preventing a registered person from utilizing the input tax credit availed in a fraudulent manner? (NEW SM)
- 9) What are the main features of GST payment process? (NEW SM)
- 10) Mr. A has deposited a sum of ₹ 30,000 under minor head of "Interest" column for the major head "IGST". At the time of filing GSTR-3B for a particular tax period, he noticed that there is no sufficient amount under the minor head 'Tax' towards payment of ₹ 30,000. When approached with the Jurisdictional Tax officer, Mr. A was guided to deposit the tax amount under proper head of account and claim a refund for the remittance of amount deposited under head "interest". Examine the relevant provisions of CGST Act, 2017 towards payment of tax and compliance with the law. (NEW SM)
- 11) M/s PPC Ltd., has availed Input Tax credit for ₹54,000/- IGST during February 2020 on a particular purchase. Accounting records for the above purchase, indicate that IGST paid to the supplier is ₹ 45,000/- as per the bill received. GSTR1 uploaded by the supplier for the above supply indicates ₹ 45,000/- as tax paid. Examine as per GST provisions, what value shall be updated in the ledgers maintained on behalf of M/s PPC Ltd., on the common portal. (NEW SM)

- 12) M/s ABC & Co., have defaulted in filing the return under Section 39 of CGST Act, 2017 i.e. GSTR-3B for the month of March, 2020 within the specified due date . Reason for such delay is attributable to delay in closure of Books for March 2020, which have been finalised during May 2020. The GST Common portal prompted for payment of late fees payable under Section 47 of CGST Act, 2017 for a sum of ₹2,000 under CGST and SGST each. Accountant, of M/s ABC & Co., sought your confirmation for payment of such late fees through the balance available in Electronic Credit Ledger for the late fees. Give your guidance in this regard. **(NEW SM)**
- 13) Suhasini is a registered software consultant. On account of her ill health, she could not provide any services during the month of October. However, she had to incur all the expenses relating to her office. She paid ₹ 75,000 to various vendors. The total input tax involved on the goods and services procured by her is ₹ 13,500. Out of the total bills paid by her, one bill for ₹15,000 relates to security services availed for security of her office, tax on which is payable under reverse charge. Input tax involved in such bill is ₹ 2,700. Suhasini is of the opinion that for the month of October, no GST is payable from electronic cash ledger as she has sufficient balance of ITC for payment of GST under reverse charge on security services. Do you think Suhasini is right? Explain with reasons. **(NEW SM) (RTP Nov 20)**

SECTION 7: THINGS TO REMEMBER

INTEREST ON DELAYED PAYMENT OF TAX

Situation	Rate of Interest per annum
In case of belated payment of tax	18
Undue or excess claim of Input tax credit or undue (i.e. inappropriate) or excess reduction in output tax liability	24

THE END

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