

CHAPTER 9

Payment of Tax

QUESTION BANK

Q1.	<p>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, 2021 within the specified due date. Reason for such delay is attributable to delay in closure of Books for March 2021, which have been finalised during May 2021. The GST Common portal prompted for payment of late fees payable under Section 47 of CGST Act, 2017 for a sum of Rs. 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.</p> <p style="text-align: right;">(MTP Oct 2021) , 4 Marks</p>
Ans	<p>Section 49(3) of the CGST Act, 2017 provides that the amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules made there under in prescribed manner.</p> <p>Further, section 49(4) provides that the amount available in the electronic credit ledger may be used for making any payment towards output tax under this Act or under the Integrated Goods and Services Tax Act in prescribed manner.</p> <p>Accordingly, as per the combined reading of the above provisions, late fees shall be paid only through electronic cash ledger and not possible through electronic credit ledger. Thus, contention of the accountant of M/s ABC & Co., is not correct and the above amount shown on the common portal has to be deposited in Electronic Cash Ledger under appropriate minor head, through any of the specified modes.</p>
Q2.	<p>Mr. A has deposited a sum of Rs. 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 Rs. 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.</p> <p style="text-align: right;">(MTP Nov 2021) , 4 Marks</p>
Ans	<p>Provisions of Section 49(10) of CGST Act, 2017 permit a registered person for transferring the amount deposited under any of the minor head i.e. tax, interest, penalty, fees or others to any of the heads under IGST/CGST/SGST/UTGST and make the payment of taxes there upon. Accordingly, Mr. A need not deposit the tax amount under head " tax" and claim a refund for the remittance of amount deposited under head "interest. Rather, using the Form GST PMT 09, such amount can be transferred suo-moto on the common portal from "interest" to "tax" head and tax liability be paid.</p>
Q3.	<p>Angira Ltd. is a supplier of taxable goods in Karnataka. It got registered under GST in the month of September, 20XX and wishes to pay its IGST liability for the month. Since it is making the GST payment for the first time, it is of the view that it needs to mandatorily</p>

	<p>has the online banking facility to make payment of GST; offline payment is not permitted under GST. You are required to apprise Angira Ltd. regarding the various modes of deposit in the electronic cash ledger. Further, advise it with regard to following issues:</p> <p>(i) Are manual challans allowed under GST?</p> <p>(ii) What is the validity period of the challan?</p> <p style="text-align: right;">(MTP Nov 2020) , 4 Marks</p>
Ans	<p>As per the provisions of CGST Act, 2017 read with relevant rules, the deposit in electronic cash ledger can be made through any of the following modes, namely:-</p> <p>(i) Internet Banking through authorised banks;</p> <p>(ii) Credit card or Debit card through the authorised bank;</p> <p>(iii) National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or</p> <p>(iv) Over the Counter payment through authorised banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft.</p> <p>Thus, offline mode is also permitted under GST subject to specified conditions.</p> <p>(a) Manual or physical Challans are not allowed under the GST regime. It is mandatory to generate Challans online on the GST Portal.</p> <p>(b) Challan is valid for a period of 15 days.</p>
Q4.	<p>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:</p> <p>(a) Are manual challans allowed under GST?</p> <p>(b) What is the validity period of the challan?</p> <p>(c) Is cross utilization among Major and Minor heads of the electronic cash ledger permitted</p> <p style="text-align: right;">(RTP May 19)</p>
Ans	<p>Section 49(1) of CGST Act, 2017 read with rule 87 of CGST Rules, 2017 provides that the deposit in electronic cash ledger can be made through any of the following modes, namely:-</p> <p>(i) Internet Banking through authorised banks;</p> <p>(ii) Credit card or Debit card through the authorised bank;</p> <p>(iii) National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or</p> <p>(iv) Over the Counter payment through authorised banks.</p> <p>Thus, offline mode is also permitted under GST.</p> <p>(a) Manual or physical Challans are not allowed under the GST regime. It is mandatory to generate Challans online on the GST Portal.</p> <p>(b) E-challan is valid for a period of 15 days.</p> <p>(c) Amount entered under any Minor head (T ax, Interest, Penalty, etc.) and Major Head (CGST, IGST, SGST/UTGST) of the Electronic Cash Ledger can be utilized only for that liability. Cross-utilization among Major and Minor heads is not possible</p>
Q5.	<p>Mr. Ram Narayan, a registered supplier under GST, wants to first discharge his self-assessed tax liability for the current period before settling the dues for the previous tax period. Examine briefly whether he can do so?</p> <p style="text-align: right;">(RTP MAY 2020)</p>
Ans	<p>As per section 49(8) of the CGST Act, 2017, the liability of a taxable person has to be discharged in a chronological order as under:-</p> <p>(a) self -assessed tax and other dues for the previous tax periods have to be discharged first;</p>

	<p>(b) the self -assessed tax and other dues for the current period have to be discharged next;</p> <p>(c) Once these two steps are exhausted, thereafter any other amount payable including demand determined under section 73 or section 74 of the CGST Act, 2017 to be discharged. In other words, the liability if any, arising out of demand notice and adjudication proceedings comes last.</p> <p>This sequence has to be mandatorily followed.</p> <p>Thus, in view of the above-mentioned provisions, Mr. Ram Narayan cannot discharge his self-assessed tax liability for the current period before settling the dues for the previous tax period.</p>
Q6.	<p>State the items which are to be debited to electronic liability register of the taxable person under the CGST Act, 2017 and rules thereunder.</p> <p style="text-align: right;">(Nov 2019 Suggested) , 3 Marks</p>
Ans	<p>The items to be debited to electronic liability register of the taxable person are as under:-</p> <p>(a) all amounts payable towards tax, interest, late fee and any other amount as per return filed; 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;</p> <p>(b) the amount of tax and interest as a result of mismatch.</p> <p>(c) any interest amount that may accrue from time to time.</p>
Q7.	<p>Mr. Aman, a registered supplier of taxable goods, filed GSTR 3B for the month of January, 20XX on 15th April, 20XX. The prescribed due date to file the said GSTR 3B was 20th February, 20XX. The amount of net GST payable on supplies made by him for the said month worked out to be Rs.36,500 which was paid on the same date of filing the return. Briefly explain the related provisions and compute the amount of interest payable under the CGST Act, 2017 by Mr. Aman.</p> <p style="text-align: right;">(MTP May 2020) , 4 Marks</p>
Ans	<p>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.</p> <p>Thus, the amount of interest payable by Mr. Aman is as under:-</p> <p>Period of delay = 21st February, 20XX to 15th April, 20XX = 54 days</p> <p>Hence, amount of interest = Rs. 36,500 x 18% x 54/365 = Rs. 972</p>
Q8.	<p>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 20XX, 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, 20XX. Calculate Interest liability (Ignore Penalty).</p> <p style="text-align: right;">(MTP May 19) , 4 Marks</p>
Ans	<p>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.</p> <p>Due date of payment is 20th May, 20XX.</p> <p>Period for which interest is due = 21st May, 20XX to 31st July, 20XX = 72 days</p> <p>Thus, interest liability = Rs. 1,50,000 x 24% x 72/365 = Rs. 7,101 (approx.)</p>
Q9.	<p>Explain the consequences, if the taxable person under GST law files the GST return under Section 39(1) of the CGST Act, 2017, but does not make payment of self- assessment tax.</p> <p>(ii) State the items which are to be debited to electronic liability register of the taxable</p>

	<p>person under the CGST Act, 2017 and rules thereunder.</p> <p style="text-align: right;">(Nov 2019 Suggested) , 6 Marks</p>
Ans	<p>If the taxable person under GST law files the GST return under section 39(1) of the CGST Act, 2017, but does not pay the self-assessment tax, the return is not considered as a valid return¹. Since the input tax credit can be availed only on the basis of a valid return, the taxable person, in the given case, will not be able to claim any input tax credit.</p> <p>He shall pay interest, penalty, fees or any other amount payable under the CGST Act for filing return without payment of tax.</p> <p>(ii) The items to be debited to electronic liability register of the taxable person are as under:-</p> <ul style="list-style-type: none"> (a) all amounts payable towards tax, interest, late fee and any other amount as per return filed; 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; (b) the amount of tax and interest as a result of mismatch. (c) any interest amount that may accrue from time to time. <p>Note: Any three points may be mentioned out of the above mentioned four points.</p>
Q10.	<p>Explain the order of discharge of tax and other dues as per the provisions of section 49(8) of the CGST Act, 2017.</p> <p style="text-align: right;">(NOV 2020 Suggested) , 5 Marks</p>
Ans	<p>The order of discharge of tax and other dues as per provisions of section 49(8) of the CGST Act, 2017 is as under:-</p> <ul style="list-style-type: none"> (a) self-assessed tax and other dues related to returns for the previous tax periods should be discharged first. (b) the self-assessed tax and other dues for the current period should be discharged next. (c) Lastly, any other amount payable including demand determined under section 73 or section 74 should be discharged