Difference between E-Liability/E-credit ledger/E-cash Ledger

E-Liability Ledger	E-credit Ledger	E-cash Ledger
1.Booking of liability of RP(Debit In E.L.L) Discharge of liability (credit in E.L.L)	ITC availed (credit in ECL) ITC utilized (debit in ECL)	Deposit by RP (Credit in ECL) Payment by RP (Debit in ECL)
2.All the liability of taxable person under this Act,shall be recorded and maintained in E.L.L. • Self assessed liabilities. • Determined by proper officer in any proceedings. • Created by portal itself. • Interest may arise time to time ,liability arise due to mismatch.	ITC self assessed in the Return of a RP shall be credited to this E-Credir Ledger. **Purpose:-** Amount available in E-ledger maybe used for: • Output Tax liability (FCM ONLY) • Discharge of tax dues(Only FCM liability) • ~~Discharge of other dues(including RCM~~)	• Deposit through challan (GST PMT 06) • Specified mode of payment → Internet banking → Debit/credit card → NEFT/RTGS → OTC Payment (by cash, cheque -max 10k per challan. • Additional deposit on E-cash Ledger → TDS as deposited by recipient . → TCS as to be deposited by ECO.
3.Order of discharge of the liability:- **1st-**self assessed liability(tax and other dues of previous tax period) **2nd-**self assessed liability(tax and Other dues of current Period) **Lastly-**other liability (Tax/ other dues)(liability determined u/s 73 or 74)	• Manner[49(5),49A,49,B, 88A] **Order** / **Manner** IGST: 1st IGST then CGST or SGST (Any manner) CGST: 1st - CGST 2nd- IGST SGST/ UTGST: 1st -SGST/UTGST 2nd - IGST • Rule 86A : Blocking of ITC → PO can Restrict a RP from using E.C.L. • Unblocking ITC → Unblocking by commission → Post 1 year ,blocking will cease automatically.	• Utilization of E-cash Ledger → Discharge of tax dues. → Discharge of other dues. **NOTE:-**RP is allowed to T/F deposit from any major/minor head to another major/major head. ↓ Manner of transfer ↓ GST PMT 09 to be submitted.

E-Liability/E-credit ledger/E-cash Ledger

particular	E-Liability Ledger [Sec49(3) +R-85]	E-credit Ledger [Sec49(2) +R-86]	E-cash Ledger [Sec49(1) +R-87]
Form	GST PMT 01 Part A- return related liab Part B-other liab	GST PMT 02	GST PMT 05
Debit	• Tax+Int+late fee+other dues(payable as per return). • Tax+Int+late fee+other(determined by PO) • Tax+Int (arise due to mismatch) • Int(accruing Time to time.)	• Discharge of liabilities • Any refund of ITC u/s 54.	• Discharge of liabilities • Any refund of claimed from e-cash Ledger.
Credit	Discharge of payment	ITC earned in the Tax period	Deposits made through TDS,TCS
Any discrepancy coming to notice	Communication with dept form GST PMT 04	GST PMT 04	GST PMT 04

Section 50 : Interest on delayed payment

Payment within due date → No default NO Interest

Payment after due date →
- Return furnished after the proceedings u/s 73/74 → Interest:-Net GST liab× 18%p.a
- Return furnished after the proceedings u/s 73/74 → Interest:-Gross GST liab× 18%p.a

Net GST liab

Gross GST Liab	xxx
(-)ITC	xxx
Net GST Liab	bxxx

Interest period

From the day succeeding the day on which such tax was due to be paid to the date of Payment.

Clarification

1. Any amount credited to the E- Cash Ledger before the due date but debited for tax payment after the due date,Interest is not considered if it remained in the ledger from the due date until its debit.

2.
- For interest calculation under Rule 88B, total ITC in ECL (IGST, CGST, SGST) must be considered, not just IGST.
- No interest if total ITC balance never falls below wrongly availed IGST credit.
- Interest applies if total ITC falls below wrongly availed IGST credit.
- Compensation Cess in ECL is excluded as it is restricted for cess payments only.

Format of E-Cash ledger

Cross-utilization is now possible by PMT -09
- Major/minor head
- Distinct person(same pan)

major head	Minor head
IGST	Tax Int Penalty Cess Others
CGST	Tax Int Penalty Cess Others
SGST/UTGST	Tax Int Penalty Cess Others
CESS	Tax Int Penalty Cess Others

Rule 86A : Restrictions on utilisation of ITC

- Commissioner/Officer who is empowered to impose restrictions on utilization of ITC available in electronic credit ledger ,If he has reasons to believe that ITC has been fraudulently availed or is ineligible.
- Restrictions can be imposed in following circumstances.

1. ITC has been availed by the RP on the Basis of Tax invoice/debit note/prescribed Docs-
   - Issued by non -existent RP(Supplier) or supplier not conducting any business
   - from the place declared ,or Without actual receipt of
   - goods or services or both,or In respect of any supply, the tax in respect of which has not been paid to the govt.

Rule 86A Continous

2. RP availing ITC has been found non-existent or not to be conducting any business from registered place of business.
3. RP availing ITC is not in the possession of tax invoice/debit note/ prescribed documents.

- Such restriction can be imposed for a period upto 1 year from the date of imposing such restrictions.
- However, commissioner/officer can withdraw such restriction if he is satisfied that conditions for imposing restrictions no longer exist.

Rule 86B: Restrictions on Use of Amount Available in E-Credit Ledger

Applicability

- Registered person having value of taxable supply (other than exempt supply and zero rated supply) In a month exceeding ₹ 50 lakh.
- Where value of taxable supply in a month is upto ₹ 50 lakh the Restriction would not be applicable.

Nature of restriction imposed

- RP to whom the said rule is applicable, Amount available in electronic credit ledger shall be utilized only to the extent of 99% of output tax liability while discharging such tax liability.
- Balance 1% of output tax liability needs to be discharged from electronic-cash ledger.

Exception to Rule 86B

- Payment of Sum more than ₹ 1 lakh as Income Tax in each of the last 2 FYs.
- Receipt of refund amount of more than 1 lakh on account of un-utilized ITC during PFY.
- Payment of output tax liability through electronic cash ledger in excess of 1% of total output tax liability in current FY.
- Specified RP
  - Govt Department
  - Local authority
  - Public sector undertaking
  - Statutory body.

Exemption from Filing Annual Return (Section 44(1) – CGST Act)
it has been notified that from Financial Year 2024-25 onwards, any registered person whose aggregate turnover in a financial year does not exceed ₹2 crore is exempted from filing the annual return for that financial year.

CRUX

Payment (GST+other dues)

	By utilization of ITC	By cash
• Tax dues (Only FCM)	✓	✓
• Other dues → Interest → Penalty → Rcm → Other dues →	✗	✓

Some points

1.Due date of Payment is 20th/ 24th/ 22nd of next month Jab POT nikla, Uske next month ki 20th ko.
2.Return Can't be filed without Payment of CGST.
3. No further Return without Previous.
4. Generate Payment challan GST PMT 06 valid for 15 Days.
5. Payment Mode → E-Credit Ledger
→ E-Cash Ledger.

Payment deposit in E-Cash Ledger in following mode :
Net Banking
- RTGS
- Debit Card
- NEFT
- Credit Card
- IMPS, etc.

6. Payment over the Counter, maximum of 10,000 .
7. All the Taxpayers will get 3 Electronic Ledger namely:
- E-Liability Ledger (Rule 85)
- E-Credit Ledger (Rule 86)
- E-Cash Ledger (Rule 87)

COMPUTATION OF GST LIABILITY

Before you start solving these questions knowledge of chapters up to ITC is must and need to read the question carefully i.e., Who is the supplier, for whom calculation is required, supplier registered in which state, what is asked in question etc. Follow below steps to solve such questions:

1 How to Compute GST Liability – Basic Format



Calculation of Output Tax Liability [Liability on outward supplies]	XXX
(–) Input Tax Credit Available	(XXX)
Net Output GST Liability	XXX
(+) RCM Liability [Liability on inward supplies under RCM]	XXX
Net GST Liability payable in Cash	XXX

2 Step-1 Calculation of Output Tax Liability [Liability on Outward Supplies]



OUTWARD SUPPLIES (SALE)

- Identify the outward transactions (Sale) from the given transactions. (Mark – O)
- Evaluate whether such outward transaction is a supply or not?

- If transaction is a supply, evaluate whether such supply is Exempt or Taxable?
- If transaction is a taxable supply, evaluate if transaction is liable to tax under RCM/FCM?
- If taxable under FCM, evaluate whether Intra or Interstate supply? based on which CGST, SGST or IGST can be levied.
- Ensure the transaction is taxable in the month for which liability is being calculated (TOS)
- Ensure if any inclusion, exclusion is made as per VOS provision and rules i.e., Interest, Late fees, Discount, Pure Agent, Related party, Agent.
- Apply the rate of tax as applicable given in the questions.
- If you find any exempt supply under rule 42/43 i.e., Sale of land and building, Outward supply under RCM, Sale of securities etc. keep in mind to use it in next step for reversal of ITC under rule 42/43.

3 Step-2 Calculation of Input Tax Credit Available



INWARD SUPPLIES (PURCHASE)

- Add opening balances of ITC
- Identify the inward supply (purchase) from the given transactions. (Mark – I)
- Evaluate whether tax is paid on such inward supply i.e., tax is not paid in case of exempt supply, purchase from unregistered person, POS and LOS both outside India?
- If tax is payable, apply the tax rate as applicable on inward supply given in question.
- Ensure it is not blocked credit u/s 17(5).
- Ensure the conditions for availing ITC is being fulfilled including time limit to avail ITC?
- If all the condition has been fulfilled and it's not a blocked credit, Add it to ITC available.
- Whether reversal under rule 42/43 is required? If any exempt supply is made.

(i) Common credit, Exempt supply and Total Turnover is to be determined for calculating reversal under Rule 42/43
(ii) Reversal u/r 42 is reversed from ITC and in other cases added to output tax liability

- Determine whether ITC is in form of CGST, SGST or IGST.
- Ensure that tax paid under RCM has also been considered.

Note: ITC on any inward supplies which is used for making only exempt supply or used for non-business purpose shall not be taken.

4 Step-3 Calculation of RCM Liability



RCM (APPLICABLE (NWARD SUPPLIES)

- Identify the taxable inward supply (purchase) from the given transactions.
- Determine whether RCM is applicable on that, verifying the condition for levy of RCM i.e. Supplier, recipient, nature of supply, rate of tax. (Mark – R)
- Apply the tax Rate as applicable given in question.

5 Step-4 Calculation of Net Tax Liability



- Follow the basic format given above to calculate Net GST liability.
- Check whether rule 86B is applicable or not even directly not given in question [Maximum use of ITC for 99% of the output tax liability]
- Utilisation of ITC is to be done in manner given in GST, if any specific instruction given in question that must be followed i.e., Maximum cash payment of CGST, SGST etc.



CHAPTER 9 PAYMENT OF TAX

Question 1

Examine the authority vested under CGST Act, 2017 for preventing a registered person from utilising the input tax credit availed in a fraudulent manner?

Answer:

Every registered person, shall avail the input tax credit through a return filed u/s 39 of CGST Act, 2017. ITC availed shall be credited to Electronic Credit Ledger u/s 41 of CGST Act, 2017. Where the Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, has reasons to believe that ITC available in Electronic Credit Ledger has been fraudulently availed or is ineligible, he may prohibit use of ITC for discharge of any liability u/s 49 or for claim of any refund of any unutilised amount.

Question 2

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.

Answer:

Provisions of Section 49 of CGST Act, 2017 permit a registered person for transferring the amount deposited under any of the minor head (ie, tax, interest, penalty, fees or others) to any of the heads under IGST/CGST/ SGST/UTGST and make the payment of the 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'. Instead of using 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.

Question 3

M/s PPC Ltd has availed input tax credit for Rs 54,000 IGST during February 2022 on a particular purchase. Accounting records for the above purchase indicate that IGST paid to the supplier is Rs 45,000 as per the bill received. GSTR-1 uploaded by the supplier for the above supply indicates Rs 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.

Answer:

M/s PPC Ltd have accounted and paid Rs 45,000 as IGST to the supplier concerned. However, availment of input tax credit has been made for Rs 54,000. As per section 49(2) of CGST Act, 2017, the input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger. Accordingly, Electronic Credit Ledger of M/s PPC Ltd shall be updated with a value of Rs 54,000 as per self-assessed return to be filed for February 2022, though the input tax credit shown by the supplier is only for Rs 45,000.

Question 4

How many types of electronic ledger/register are there?

Answer:

- Electronic Cash Ledger
- Electronic Credit Ledger
- Electronic Liability Register

Question 5

M/s ABC & Co have defaulted in filing return u/s 39 of CGST Act, 2017 (ie, GSTR-3B) for March 2022 within the specified due date. Reason for such delay is attributable to delay in closure of books for March 2022, which have been finalised during May 2022. The GST Common Portal prompted for payment of late fees payable u/s 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.

Answer:

Section 49 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. Further, Section 49 also provides that the amount available in the Electronic Credit Ledger may be used for making any payment towards output tax in the prescribed manner.

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.

Question 6

What are the main features of GST payment process?

Answer:

The main features of GST payment process are as follows:

· Electronically generated challan from Common Portal in all modes of payment and no use of manually prepared challan

· Facilitation for the tax payer by providing hassle free, anytime, anywhere mode of payment of tax

· Convenience of making payment online

· Realtime data for tax collection in electronic format

· Faster remittance of tax revenue to the Government Account

· Paperless transactions

· Speedy accounting and reporting

· Electronic reconciliation of all receipts

· Simplified procedure for banks

· Warehousing of digital challan

Question 7

Are principles of unjust enrichment applicable for payment made under GST?

Answer:

Yes, as per section 49 of the CGST Act, 2017 every person who has paid the tax on goods or services or both shall, unless the contrary is proved by him, be deemed to have passed on the full incidence of such tax to the recipient of such goods or services or both.

Question 8

State the name of output tax under GST, where any of the input tax credit under GST can be availed?

Answer:

IGST {IGST, CGST, SGST, UTGST, ie all input tax credit can be availed against output tax liability known as IGST).

Question 9

Sahil is a supplier of taxable goods in Karnataka. He got registered under GST in the month of September 2022 and wishes to pay his IGST liability for the month. Since he is 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:

(a) Are manual challans allowed under GST?

(b) What is the validity period of the challan?

(c) Is cross utilization among major and minor heads of the Electronic Cash Ledger permitted?

Answer:

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:

· Internet banking through authorised banks;

· Credit Card/Debit Card through the authorised bank;

· National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) from any bank; or

· Over The Counter (OTC) payment through authorised banks for deposits up to Rs 10,000 per challan per tax period, by cash, cheque or demand draft.

Thus, offline mode is also permitted under GST subject to specified conditions.

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

(b) Challan is valid for a period of 15 days.

(c) 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 the CGST Act, 2017 to the Electronic Cash Ledger for Integrated Tax, Central Tax, State Tax or Union Territory Tax/Cess.

Question 10

Suhasini is a registered software consultant. on account of her ill health, she could not provide any services during October. However, she had to incur all the expenses relating to her office. She paid Rs 75,000 to various vendors. The total input tax involved on the goods and services procured by her is Rs 13,500. Out of the total bills paid by her, one bill for Rs 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 Rs 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.

Answer:

The amount available in the Electronic Credit Ledger may be used for making any payment towards output tax.

Output tax in relation to a taxable person, means the tax chargeable on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis.

Therefore, ITC cannot be used to pay the tax liability under reverse charge. The same is always required to be paid through Electronic Cash Ledger and not Electronic Credit Ledger. Thus, Suhasini is wrong and she will need to pay the GST of Rs 2,700 on security service through Electronic Cash Ledger.

Ex Deeksha

Question 11

Mr Manik provides the following information regarding his tax & other liabilities under GST Act as per Electronic Liability Register:

S.No.	Particulars	Amount (₹)	S.No.	Particulars	Amount (₹)
1.	Tax due for the month of May	25,000	4.	Tax due for the month of June	35,000
2.	Interest due for the month of May	2,000	5.	Liability arising out of demand notice u/s 73	48,000
3.	Penalty due for the month of May	3,000			

Mr Manik wants to clear his liability of demand notice u/s 73 first. Discuss the provisions of order of discharge of GST liability u/s 49(8) of CGST Act & advice to Mr Manik.

Answer

A chronological sequence has been prescribed u/s49 (8) of the CGST Act in which the liability of a taxable person has to be discharged. Such sequence needs to be followed mandatorily.

· Self-assessed tax and other dues for the previous tax periods have to be discharged first;

· Self-assessed tax and other dues for the current period have to be discharged next; and

· Liability arising out of demand notice and adjudication proceedings comes last.

In light of the above stated law, the amounts specified in the question need to be paid in the following chronological order:

· Tax, interest and penalty dues for the month of May amounting to ₹ 30,000 need to be discharged first.

· Tax due for the month of June amounting to ₹ 35,000 needs to be discharged next.

· Liability arising out of demand notice amounting to ₹ 48,000 needs to be discharged last.

Question 12

Mr Atul of Chennai is a registered dealer under GST. He has an opening balance of input tax credit of ₹ $1,20,000$ (IGST) lying in the electronic credit ledger relating to the month of November 2023. During the month, a legal proceeding has been initiated under the GST law which resulted in a tax liability of ₹ 80,000 (IGST, other than RCM liability). Mr Atul agrees with the tax liability and wants to use the balance lying in the electronic credit ledger towards payment of same.

He seeks your opinion with regard to the provisions of GST laws as to whether he is allowed to use the amount lying in the electronic credit ledger for making the payment of tax liability, payable as a consequence of the proceeding?

Answer

· As per section 49, the amount available in the electronic credit ledger may be used for making any payment towards output tax, subject to the provisions relating to the order of utilisation of ITC as laid down u/s 49.

· Further, output tax in relation to a taxable person is defined as the tax chargeable on taxable supply of goods or services or both but excludes tax payable on reverse charge mechanism. Accordingly, it is clarified that any payment towards output tax, whether self-assessed in the return or payable as a consequence of any proceeding instituted under the provisions of GST laws, can be made by utilization of the amount available in the electronic credit ledger of a registered person.

· Therefore, Mr Atul is allowed to use the amount lying in the electronic credit ledger for making the payment of tax liability payable as a consequence of legal proceeding.

Question 13

GSTR-3B for the month of January 2024 has been filed by M/s Avisha Limited, a registered person, within the due date prescribed by the CGST Act 2017 which is on February 20th, 2024. It came to the notice of the company that tax due for the month of January 2024 has been paid short by ₹$16,000$. The shortfall of ₹$16,000$ has been paid through cash Ledger and Credit Ledger at the time of filing GSTR-3B for the month of February 2024 on March 20^{th}, 2024 in the following manner:

Particulars	Cash Ledger	Credit Ledger
Shortfall	₹ 12,000	₹ 4,000

Assume that electronic cash ledger and credit ledger carry sufficient balance for the above short fall.

(i) You are required to calculate the amount of interest payable if any u/s 50 of the CGST Act.

(ii) Give the effect if GSTR-3B for the month of January 2024 had been filed belatedly on March 20,2024 and all other conditions remaining same.

Calculation should be rounded off to nearest rupee. As 2024 is leap year, give effect of same.

Answer

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

Above interest is payable on the net tax liability paid in cash only if return in Form GSTR-3B for a tax period has been filed after the due date to furnish such return. Otherwise, interest is payable on gross tax liability.

(i) Since Avisha Limited has furnished Form GSTR-3B for the month within the prescribed due date, interest is payable on the gross tax liability deposited with a delay of 29 days $\{21.02.2024 - 20.03.2024$ (both inclusive)$\}$. Interest $= ₹16{,}000 \times 18\% \times 29/366 = ₹228$ (rounded off)

(ii) If Avisha Limited has filed Form GSTR-3B for the month after the due date, ie on 20.03.2024, interest is payable on the net tax liability paid through Electronic Cash Ledger only, for a delay of 29 days. Interest $= ₹12{,}000 \times 18\% \times 29/366 = ₹171$ (rounded off)

Question 14

Amount of Input Tax Credit available and output liability under different tax heads

Head	Output Liability	Input Tax Credit
Integrated tax	1000	1300
Central tax	300	200
State tax / Union territory tax	300	200
Total	**1600**	**1700**

Option 1:

Input Tax credit on account of	Discharge of output liability on account of Integrated tax	Discharge of output liability on account of Central tax	Discharge of output liability on account of State tax/ Union territory tax	Balance of Input Tax Credit
Integrated tax	1000	200	100	0
Input tax Credit on account of Integrated tax has been completely exhausted				
Central tax	0	100	-	100
State tax / Union territory tax	0	-	200	0
Total	**1000**	**300**	**300**	**100**

Option 2:

Input tax credit on account of	Discharge of output liability on account of Integrated tax	Discharge of output liability on account of Central tax	Discharge of output liability on account of State tax / Union territory tax	Balance of Input Tax Credit
Integrated tax	1000	100	200	0
Input tax Credit on account of Integrated tax has been completely exhausted				
Central tax	0	200	-	0
State tax / Union territory tax	0	-	100	100
Total	**1000**	**300**	**300**	**100**

Question 15

A registered person, who has opted for the Scheme, had paid a total amount of Rs. 100/- in cash as tax liability in the previous quarter of October to December. He opts to pay tax under fixed sum method. He therefore pays Rs. 35/- each on 25th February and 25th March for discharging tax liability for the first two months of quarter viz. January and February. In his return for the quarter, it is found that liability, based on the outward and inward supplies, for January was Rs. 40/- and for February it was Rs. 42/-. No interest would be payable for the lesser amount of tax (i.e. Rs. 5 and Rs. 7 respectively) discharged in these two months provided that he discharges his entire liability for the quarter in the FORM GSTR-3B of the quarter by the due date.

Question 16

A registered person, who has opted for the Scheme, had paid a total amount of Rs. 100/- in cash as tax liability in the previous quarter of October to December. He opts to pay tax under fixed sum method. He therefore pays Rs. 35/- each on 25th February and 25th March for discharging tax liability for the first two months of quarter viz. January and February. In his return for the quarter, it is found that total liability for the quarter net of available credit was Rs. 125 but he files the return on 30th April. Interest would be payable at applicable rate on Rs. 55 [Rs. 125 - Rs. 70 (deposit made in cash ledger in M1 and M2)] for the period between due date of quarterly GSTR-3B and 30th April.

Question 17

From the following details, show the utilization of ITC in an optimum way :

Nature of Tax	Tax liability	ITC available
IGST	100	150 (a)
CGST	100	175 (b)
SGST	100	150 (c)

Answer:

Statement showing utilization of ITC :

Nature of tax	Tax liability	Option 1	Option 2	Option 3 (Wrong way)
		Paid through ITC	Paid through ITC	Paid through ITC
IGST	100	100 (a)	100 (a)	100 (a)
CGST	100	50 (a) 50 (b)	100 (b)	100 (b)
SGST	100	100 (c)	50 (a) 50 (c)	100 (c)

- Option 1, ITC on account of CGST ₹ 125 and SGST ₹ 50 shall be carried forward
- Option 2, ITC on account of CGST ₹ 75 and SGST ₹ 100 shall be carried forward
- Option 3, ITC on account of IGST ₹ 50, CGST ₹ 75 and SGST ₹ 50 shall be carried forward.

Option 3 is wrong way to utilize ITC. In this case, ITC on account of IGST is not fully exhausted before utilizing any other ITC.

Question 18

From the following information, compute the Net GST payable for the month of March, 2024 :

	Output GST	Opening ITC as per credit ledger
CGST	2,000	Nil
SGST	15,000	1,000
IGST	24,000	37,000

Answer:

Computation of net GST liability :

Particulars	IGST	CGST	SGST
Opening balance of ITC	37,000	-	1,000
***Less :* Output GST Payable**	24,000	2,000	15,000
Balance ITC / (Payable)	**13,000**	**(2,000)**	**(14,000)**
Adjustment of ITC of IGST	13,000	2,000	11,000
Balance Payable	**-**	**-**	**3,000**

It is to be noted that before adjusting ITC on account of CGST/SGST, ITC of IGST should be exhausted.

Question 19

Kunal Ltd., a registered supplier of Kanpur is a manufacturer of heavy machines. Its outward supplies (exclusive of GST) for the month of January, 2025 are as follows :

Sl.N0.	Particulars	₹
(i)	Inter-State	85,00,000
(ii)	Intra-State	15,00,000

Applicable rate of CGST, SGST and IGST on outward supply are 9%, 9% and 18% respectively. Details of GST paid on inward supplies during the month of January, 2025 are as follows :

Sl.No.	Particulars	CGST paid (₹)	SGST paid (₹)

(i)	Raw material A (of which 70% of inputs procured were used and 30% were in stock at the end of the January, 2025)	80,000	80,000
(ii)	Raw material B (of which 90% material received in factory and remaining material completely damaged due to a road accident on the way to factory. There was no negligence on the part of the Kunal Ltd.)	50,000	50,000
(iii)	Construction of pipelines laid outside the factory premises	40,000	40,000
(iv)	Insurance charges paid for trucks used for transportation of goods	55,000	55,000

Additional Information :

a. There is no opening balance of any input tax credit and all the conditions necessary for availing the input tax credit (ITC) have been fulfilled.

b. Details of GST paid on inward supplies are available in GSTR-2B except for item (i) i.e. Raw Material A, for which supplier has not filed its GSTR-1 for the month of January 2025, hence corresponding input tax credit (ITC) is not reflecting in GSTR-2B of Kunal Ltd. in January, 2025.

Compute the following :

a. Amount of eligible input tax credit (ITC) available for the month of January, 2025.

b. Minimum net GST payable in cash, for the month of January, 2025 after using available input tax credit.

Answer:

Computation of eligible ITC :

Particulars	CGST (₹)	SGST (₹)
Raw material A (as not reflected in GSTR-2B)	-	-
Raw material B (as 90% material is received)	45,000	45,000
Construction of pipelines laid outside the factory premises (Block Credit)	-	-
Insurance charges paid for trucks used for transportation of goods	55,000	55,000
Eligible ITC	**1,00,000**	**1,00,000**

Computation of tax payable on outward supplies :

Sl.No.	Particulars	Taxable Value	CGST @ 9%	SGST @ 9%	IGST @ 18%
(i)	Inter-State	85,00,000	-	-	15,30,000
(ii)	Intra-State	15,00,000	1,35,000	1,35,000	-
	Total		**1,35,000**	**1,35,000**	**15,30,000**

Computation of GST payable in cash :

Particulars	CGST @ 9%	SGST @ 9%	IGST @ 18%
Total GST payable	1,35,000	1,35,000	15,30,000
***Less :* ITC**	1,00,000	1,00,000	-
GST payable in cash	**35,000**	**35,000**	**15,30,000**