



Chapter 19

Demand & Recovery

INDEX

S.N.	Description	Pg.No.	No. Illus.
1	Sec 73:- Determination of tax not paid or short paid or erroneously refunded or ITC wrongly availed or utilised for any reason other than fraud or any willful-misstatement or suppression of facts	116	3
2	Sec 74:- Determination of tax not paid or short paid or erroneously refunded or ITC wrongly availed or utilised by reason of fraud or any willful- misstatement or suppression of facts	116	3
3	Sec 75:- General provisions relating to determination of tax	117	2
4	Sec 76:- Tax collected but not paid to Government	117	2
5	Sec 78:- Initiation of recovery proceedings	117	1
6	Sec 80:- Payment of tax and other amount in instalments	117	1
7	Sec 81:- Transfer of property to be void in certain cases	117	1
8	Sec 82:- Tax to be first charge on property	118	1
Total No. of Illustrations			14

S.No.	Description	Chap. code	Concept and Problem code	No. Illus.
1	Study Mat	19	Q. 02.05/	1
2	Examination	19	-	-
3	RTP & MTP	19	Q. 01.01/ 04.09/	2
4	Other	19	Q. 01.02/01.03/02.04/02.06/ 03.07/ 03.08/ 04.10/ 05.11/ 06.12/ 07.13/08.14	11
Total No. of Illust.				14

01. Sec 73:- Determination of tax not paid or short paid or erroneously refunded or ITC wrongly availed or utilised for any reason other than fraud or any willful-misstatement or suppression of facts

MCQ 19.01.01.00

Rochester Private Limited has been issued a show cause notice (SCN) on 31.08.2024 under section 73(1) of the CGST Act, 2017 on account of short payment of tax during the period between 01.07.2020 and 31.12.2020. As per section 73(1), in the given case, SCN can be issued latest by _____.

[CA Final MTP March 19]

- a. 31.12.2024 b. 30.09.2024
c. 30.06.2024 d. 31.12.2023

[Hint:- Refer Sec 73(2) read with Sec 73(10) i.e. within 2 years & 9 months from due date of filing annual return]

MCQ 19.01.02.00

In which of the following cases, penalty shall not be payable by the person chargeable to tax u/s 73?

- a. He pays tax along with interest before issue of show cause notice
b. He pays tax along with interest within 30 days of issue of show cause notice
c. He pays tax along with interest within 30 days of issue of order
d. In case of (a) & (b) both

[Hint:- Refer Sec 73(5), 73(6) & 73(8)]

MCQ 19.01.03.00

Checkernot has self-assessed tax liability under IGST Act, 2017, as ₹ 80,000. He fails to pay the tax within 30 days from the due date of payment of such tax.

Determine the interest and penalty payable by him with the following particulars available from his records:

Date of collection of tax 18th December, 20XX

Date of payment of tax 26th February, 20XY

No Show Cause Notice (SCN) has been issued to him so far, while he intends to discharge his liability, even before it is issued to him, on the assumption that no penalty is leviable on him as payment is made before issue of SCN. (Assume tax rate to be 18%)

- a. Interest 1460, Penalty ₹ 8000
b. Interest 1460, Penalty ₹ 10,000
c. Interest 1946, Penalty ₹ 8000
d. Interest 1946, Penalty ₹ 10,000

[Hint: Refer Sec 73(11), if tax is self assessed but not paid within 30 days from the due date of payment, penalty = 10% of tax or Rs 10,000 WH. here, interest = Rs. $80,000 \times 18\% \times \frac{37}{365} =$ Rs, 1460 and so Penalty = 10,000 (as it is higher)
No. of days for interest = 37 days i.e. from 21st Jan, 20XY to 26th feb, 20XY]

02. Sec 74:- Determination of tax not paid or short paid or erroneously refunded or ITC wrongly availed or utilised by reason of fraud or any willful- misstatement or suppression of facts

MCQ 19.02.04.00

The notice should be issued atleast _____ before time limit of issue of order u/s 74.

- a. 1 month b. 2 months
c. 3 months d. 6 months

[Hint:- Refer Sec 74(2) read with Sec 74(10) i.e. within 4 years & 6 months from due date of filing annual return]

MCQ 19.02.05.00

Mr. A defaulted in payment of IGST amounting to Rs. 1.5 crore. The Proper Officer treated this default on the part of the taxpayer being made with the intention of fraud. Which of the following Proper Officer can issue a show cause notice to the taxpayer under section 74 of CGST Act, 2017 in this case? (Study Mat Sample Question)

- a. Assistant Commissioner of Central Tax
b. Additional Commissioner of Central Tax
c. Joint Commissioner of Central Tax
d. Superintendent of Central Tax

[Hint :- Refer section 74]

MCQ 19.02.06.00

What is the maximum penalty leviable u/s 74 of CGST Act?

- a. 100% of the taxes



b. 100% of the value of goods

c. 50% of the taxes

d. 50% of the value of goods

[Hint:- Refer Sec 74(11) - this penalty is 50% under CGST Act. Equal penalty is given under SGST/UTGST Act & thus, 100% under IGST Act]

03. Sec 75:- General provisions relating to determination of tax

MCQ 19.03.07.00

Where the service of Notice or issuance of order is stayed by a Court order, can the period of such stay be excluded in computing the period specified in sub-sections (2) and (10) of section 73 or in sub sections(2) and(10) of section 74?

a. Yes, Period of stay can be excluded

b. No, Period of stay cannot be excluded

c. At proper officer's discretion

d. None of the above

[Hint:- Refer Sec 75(1)]

MCQ 19.03.08.00

What is the maximum number of times a hearing can be adjourned during the proceedings?

a. 1

b. 3

c. 5

d. None of the above

[Hint:- Refer proviso to sec 75(5)]

04. Sec 76 - Tax collected but not paid to Government

MCQ 19.04.09.00

Time-limit for issuance of show cause notice under GST law in case of any amount collected as tax, but not paid to the Central Government is: [Study Mat] [CA Final MTP Nov 21]

a) 2 years and 9 months from the due date of filing Annual Return for the Financial Year to which the tax not paid relates to.

b) 3 years from the due date of filing Annual Return for the Financial Year to which the tax not paid relates to.

c) 4 years and 6 months from the due date of filing Annual Return for the Financial Year to which the tax not paid relates to.

d) No time-limit is prescribed.

[Hint:- Refer Sec 76]

MCQ 19.04.10.00

Whether the person who has borne the incidence of amount can apply for refund of surplus left after adjustment towards tax collected but not paid under section 76?

a. Yes, he can apply for refund

b. No, he cannot apply for refund

c. At proper officer's discretion

d. None of the above

[Hint:- Refer Sec 76(11)]

05. Sec 78 - Initiation of Recovery Proceeding

MCQ 19.05.11.00

If it is expedient in the interest of the revenue, can the proper officer after recording reasons in writing, require a taxable person to make payment of tax demand within shorter period as may be specified by him u/s 78?

a. Yes

b. No

c. With prior permission of not below the rank of Joint Commissioner

d. None of the above

[Hint:- Refer proviso to sec 78]

06. Sec 80 - Payment of Tax and other amount in installment

MCQ 19.06.12.00

Maximum number of monthly installments permissible under section 80 is:

a. 36

b. 12

c. 48

d. 24

[Hint: Refer Sec 80]

07. Sec 81- Transfer of property to be void in certain cases

MCQ 19.07.13.00

When transfer of property would be considered void u/s 81 ?

a. Transaction is done to defraud the Government revenue

b. Transaction is done without the intention to

defraud the Government revenue

c. Any of the above

d. None of the above

[Hint: Refer Sec 81]

08. Sec 82 :- Tax to be first charge on property

MCQ 19.08.14.00

What liabilities can be recovered on account of first charge on the property of such taxable person or such person as per section 82 of the CGST Act, 2017?

a. Tax

b. Interest

c. Penalty

d. All of the above

[Hint: Refer Sec 82]

Answers:-

19.01.01	b
19.01.02	d
19.01.03	b
19.02.04	d
19.02.05	a
19.02.06	c
19.03.07	a
19.03.08	b
19.04.09	d
19.04.10	a
19.05.11	a
19.06.12	d
19.07.13	a
19.08.14	d