CHAPTER - 12

Payment of Tax & TDS-TCS

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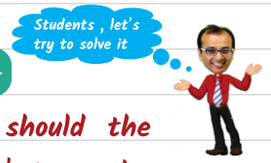

01.General Questions:-

MCQ 12.01.01.00 **What should the taxable person do if he pay's tax under wrong GSTIN?**

a) Pay again under right GSTIN and claim refund
b) Auto-adjustment
c) Adjustment on application/request
d) Raise ISD invoice and transfer

[Hint: General Question, explained in CBIC procedure]

02. Sec 49:- Payment of Tax, Interest, Penalty & Other amounts

MCQ 12.02.02.00 **The types of electronic ledger/register under GST on common portal are:- [Study Mat]**

a) Electronic cash ledger
b) Electronic credit ledger
c) Electronic liability register
d) All of the above

[Hint: Refer Sec 49]

03. Sec 49 read with Rule 87:- Electronic Cash Ledger

MCQ 12.03.03.00 **Deposits towards tax, penalty, interest, fee or any other amount are credited into the_____of a taxable person.**

a) Electronic liability registers
b) Electronic credit ledger
c) Electronic cash ledger
d) Both (a) and (b)

[Hint:- Refer Sec 49(1)]

04. Sec 49 read with Rule 87:- Tax Payment Challan

MCQ 12.04.04.00 **Which of the following shall be the date of deposit of the tax dues under GST & what shall be the validity of challan in Form GST PMT-06?**

a) Date of presentation of cheque, 15 days
b) Date of payment,15 days
c) Date of credit of amount in the account of Government, 15 days
d) Earlier of above (a), (b) or (c).

[Hint: Refer Rule 87]

05. Sec 49 read with Rule 86:- Electronic Credit Ledger

MCQ 12.05.05.00 **Input tax credit as self-assessed in the return of the registered person shall be credited to which of the following ledger?**

a) Electronic liability register
b) Electronic credit ledger
c) Electronic cash ledger
d) All of the above

[Hint: Refer Sec 49(2)]

MCQ 12.05.06.00 **Balance in electronic credit ledger can be utilized against payment of ____ _ __ _ . [Study Mat]**

a) output tax
b) interest
c) penalty
d) late fees

[Hint:- Refer Sec 49(4)]

06. Sec 49(5)/ 49A/ 49B read with Rule 88A:- Manner of utilization of input tax credit under GST

MCQ 12.06.07.00

A taxable person has made following supplies in Jan 20XX:-

Sales within State - ₹ 2,00,000

Export out of India - ₹ 60,000

Supplies to SEZ located within the state -₹ 40,000

He does not intend to clear goods under LUT or bond.

The input tax credit available to him during Jan 20XX - IGST - Nil, CGST - ₹ 10,000, SGST - ₹ 20,000.

There is no opening balance in Ele. Cash Ledger or Ele. Credit Ledger. Tax rates are - SGST - 9%, CGST - 9%, IGST - 18 %. How much amount is payable by him in Cash?

Assumption: The goods in this question are notified to be exported on payment of IGST u/s 16(4) of IGST Act. (CA Final MTP Apr 19)

a) CGST - ₹8,000, SGST - Nil
b) CGST - ₹11,600, SGST - ₹1,600
c) CGST - ₹8,000, SGST - Nil, IGST- ₹5,200
d) CGST - ₹8,000, SGST - Nil, IGST- ₹16,000

[Hint:- Refer sec 49(5)(e) & (f), sec 49A, sec 49B read with rule 88A :-
Output tax liability= Sales within state (CGST/SGST 2,00,000*9%=18,000 each)

Export without LUT (IGST 60,000*18%=10,800)
Supplies to SEZ (IGST 40,000*18%=7,200)

Credit utilisation=
Credit of IGST (0)----------will not be utilised,
Credit of CGST (10,000)- will be utilised for output tax liability of CGST (10,000)
Credit of SGST (20,000)- will be utilised for output tax liability of IGST (2,000) & liability of SGST (18000)

Cash payable=
IGST= (10,800+7,200-2,000)=16,000
CGST= (18,000-10,000)=8,000
SGST= (18,000-18,000)=Nil]

07. Sec 49(8):- Order of discharging tax dues & other dues

MCQ 12.07.08.00 **Which of the following shall be discharged first, while discharging liability of a taxable person? [Study Mat]**

a) All dues related to previous tax period
b) All dues related to current tax period
c) Demand raised under section 74A
d) No such condition is mandatory

[Hint:- Refer Sec 49(8)]

08. Sec 49 read with Rule 87(13):- Transfer from one major/minor head to another in electronic cash ledger

MCQ 12.08.09.00 **What should the taxable person do if he pay's tax, interest, penalty, fee, or any other amount under wrong head?**

a) Tansfer from wrong head to right head in FORM GST PMT-09
b) Pay again under right head and claim refund of wrong payment done
c) Auto-adjustment
d) Both (a) or (b)

[Hint:- Refer Sec 49(10) read with rules 87(13) & 87(14)]

09 Sec. 50- Interest on delayed payment of tax

MCQ 12.09.10.00 **The interest rate on GST, if not specified anywhere, shall be treated as _____ and not as _____**

a) Simple rate, compound rate
b) Compound rate, simple rate
c) Compound rate, 18%
d) 18%, 24%

[Hint: Refer Sec 50]

MCQ 12.09.11.00 **Mr. A was liable to pay GST of ₹10,000 on 20.7.20XX but he failed to pay. However, he filed the return on the due date. Later he decided to pay tax on 25.09.20XX. What would be the amount of interest that has to be paid by him?**

a) ₹ 325 b) ₹ 330
c) ₹ 434 d) ₹ 441

[Hint: Refer Sec 50 (1)/(2), 10,000*18*67/365, where 67 days=from 21/7 to 25/9]

Answer

12.01.01	a
12.02.02	d
12.03.03	c
12.04.04	c
12.05.05	b
12.05.06	a
12.06.07	d
12.07.08	a
12.08.09	d
12.09.10	a
12.09.11	b

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1	Sec.51- Tax deduction at source	85	4
2	Sec 52:- Provisions relating to Tax Collected at Source (TCS)	85	5
3	Combined Questions on TDS & TCS Provisions	86	1
	Total No. of Illustrations		10

S.No.	Description	Chap. code	Concept and Problem code	No. Illus.
1	Study Mat	13	Q. 01.15	1
2	Examination	13		-
3	RTP & MTP	13	Q. 03.21	1
4	Other	13	Q. 01.012 to 01.014/ 02.16 to 02.20	8
	Total No. of Illustrations			10

01. Sec 51:- Provisions relating to Tax Deducted at Source (TDS)

Sec 51(1) read with various Notifications:- Persons required to deduct tax at source & TDS related provisions

MCQ 12.01.12.00

Aasma Ltd had supplied goods to a local authority for ₹ 7,96,500 (inclusive of GST @ 18%). Determine the total amount of tax to be deducted at source.

a) ₹ 15,930 b) ₹ 13,500
c) ₹ 7,965 d) None of the above

[Hint:- Refer sec 51(1) read with explanation to sec 51(1) - here, TDS = ((₹ 7,96,500/118)*100) * 2% ---- TDS is 1% each CGST & SGST]

Sec 51(2) read with rule 66:- Due date for payment of TDS & filing of return

MCQ 12.01.13.00

Every registered person required to deduct tax at source under section 51 shall furnish a return in Form GSTR-7 on or before .....

a) Last day of the month to which payment relates
b) 10th day of the month succeeding the calender month.
c) 15th day of the month succeeding the calender month
d) 20th day of the month succeeding the calender month

[Hint:- Refer sec 51(2) read with rule 66(1)]

Sec 51(6):- Interest on TDS amount if deductor makes a default

MCQ 12.01.14.00

Aasma Ltd had supplied goods to a local authority for ₹ 7,96,500 (inclusive of GST @ 18%). Determine the interest liability if the amount of tax deducted at source on 15.10.20XX is deposited as on 20.12.20XX.

a) 149 b) 298
c) 266 d) Nil

[Hint - 1) Refer sec 51(1) read with explanation to sec 51(1) - here, TDS = ((₹7,96,500/118)*100) * 2% ---- TDS is 1% each CGST & SGST
2) Refer sec 51(2), 51(6) read with sec 50 for interest which shall be paid from 11.11.20XX to 20.12.20XX @ 18 % for 40 days i.e. (₹13,500 TDS *18%) /365 *40]

Standard Operating Procedures/ Illustrations issued by CBIC on TDS:-

MCQ 12.01.15.00

In which of the following supplies of goods and services made exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017, TDS is required to be deducted? The amounts given below are inclusive of GST @ 18%, wherever applicable. Assume that all other conditions for deduction of TDS are fulfilled:

i. Health Department executed a contract with a local supplier, registered under GST, to supply "medical grade oxygen" of ₹ 2.6 lakh and is making full payment.
ii. Government school is making a payment of ₹ 3.5 lakh to a registered supplier for supply of cooked food as mid-day meal under a scheme sponsored by Central/State Government.
iii. Municipal Corporation of Kolkata purchases a heavy generator from a registered supplier in Delhi. Now, it is making payment of 5 lakh for such purchase.
iv. Finance Department in Delhi is making a payment of ₹ 3 lakh to a registered supplier of 'printing & stationery' in Delhi.

Choose the most appropriate option. [Study Mat]

a) (i), (ii) and (iii) b) (ii), (iii) and (iv)
c) Only (i) and (ii) d) Only (iii) and (iv)

[Hint:- Refer Sec 51(1) & CBIC illustrations – here in i) contract value excluding GST is not exceeding ₹ 2.5 lakhs & in ii) the supply is exempt]

02. Sec 52:- Provisions relating to Tax Collected at Source (TCS)

Sec 52(1):- ECO required to collect tax at source & related provisions

MCQ 12.02.16.00

Mr. A, a supplier of Flipkart himself supply goods by capturing order through an E – commerce web site. In such case, Mr. A will be treated as an:

a. Actual Taxable Person b. E – commerce Operator
c. Aggregator d. ISD

[Hint:- Refer sec 52(1)- Mr. A is himself making supply through his e-commerce website & not other suppliers are doing so.]

MCQ 13.02.17.00

When should the e – commerce operator collect tax at source @ 0.25% each CGST and SGST ?

a) On the date when the other supplier makes supplies through operator

b) Day on which the operator remits the consideration to the supplier

c) When he collects the consideration on behalf of the supplier in respect of such supply

d) Option (a) or (c) whichever is earlier

[Hint:- Refer sec 52(1)]

Sec 52(1) read with Explanation to Sec 52(1):- Net Value of Taxable Supplies for the purpose of TCS

MCQ 13.02.18.00

What does "net value of taxable supplies" means

a) This is the difference of Aggregate value of all supplies of goods and/or services and Aggregate value of all supplies returned to the suppliers.

b) This is the difference of Aggregate value of taxable supplies of goods and/or services except services u/s 9(5) and Aggregate value of taxable supplies returned to the suppliers

c) This is the difference of Aggregate value of taxable and exempted supplies of goods and/or services and Aggregate value of supplies returned to the suppliers

d) None of the above

[Hint:- Refer explanation to sec 52(1)]

Sec 52(3) & 52(4) read with rule 67:- Payment of TCS & filing of monthly TCS statement by an ECO

MCQ 13.02.19.00

When should the e-commerce operator remit the amount of TCS to government and file Form GSTR-8? What shall be the maximum time limit?

a) Both Within 10 days after the end of the month in which such amount was collected, within 3 years from the due date of furnishing such GSTR-8

b) Payment Within 10 days after the end of the month in which such amount was collected, but no time limit for filing the Statements, within 5 years from the due date of furnishing such GSTR-8

c) Statement Within 10 days after the end of the month in which such amount was collected, but no time limit for paying the money, within 1 years from the due date of furnishing such GSTR-8

d) No time limit for all

[Hint:- Refer sec 52(3) & 52(4)]

Illustrations issued by CBIC on TCS:-

MCQ 13.02.20.00

A. The e – commerce operator may declare the Head Office as its place of business for obtaining registration in that State where it does not have physical presence.

B. E – commerce operator has to obtain separate registration for TCS irrespective of the fact whether e-Commerce operator is already registered under GST as a supplier or otherwise and has GSTIN.

Check the correctness of the above statements.

a) A – correct, B – Incorrect

b) A – Incorrect, B – Correct

c) Both A and B – Correct

d) Both A and B – Incorrect

[Hint:- Refer illustration given by CBIC]

03. Casestudies:-

MCQ 13.03.21.00

Starkart Limited owns and operates a web portal in the name of "Starkart" and is registered with the jurisdictional GST authorities in Delhi as an electronic commerce operator and is liable to collect tax at source under section 52 of the Central Goods and Services Tax Act, 2017. Starkart provides listing service to various sellers for selling the goods to ultimate customers. Besides this, Starkart also sells its own products through the same web portal.

For the listing services provided to sellers, Starkart charges a listing fee at the rate of 10% of turnover of goods sold by the seller in a particular month. Such listing fee is recovered from the seller irrespective of any return of goods sold through Starkart . The customers can choose from wide range of goods listed on the web portal and place an

online order for goods. The payment is made by the customers through the payment gateway in online mode only. At the time of monthly settlement, Starkart makes the payment to the sellers after adjusting the tax collection at source at the applicable rates.

The invoice for goods sold on Starkart is issued by the seller in the name of customers and tax is charged on the basis of location of seller and customer. The goods are shipped directly by the seller to the customer and there is no responsibility of shipping the goods on Starkart for third party sellers. In case of return of goods by the customer, the shipping is arranged by Starkart. It charges a fee equivalent to 20% of the value of goods returned as cancellation charges and refunds the balance amount to the customer.

Further, 10% of the value of goods returned is collected from the seller by Starkart as handling charges for return of goods.

In the month of January, Pulkit, a resident of Rajasthan, purchased following goods from Starkart:

a. Laptop having a value of ₹ 50,000 and a printer having a value of ₹ 10,000. Both the products are sold by Infocom Limited, a seller listed on Starkart and registered under GST in the State of Uttar Pradesh.

b. Mobile phone having a value of ₹ 30,000 sold by Starkart in its own capacity.

c. CCTV camera system having a value of ₹ 1,00,000 sold by Secure World, listed on Starkart and registered under GST in the State of Gujarat.

All the above transactions are exclusive of GST, wherever applicable.

There is no input tax credit balance as on 1st January for Starkart, Infocom Limited and Secure World. GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

CGST – 9%, SGST – 9%, IGST – 18%.

Basis the aforesaid case scenario, please answer the following questions: **[CA final RTP NOV 2020]**

1. The net tax liability (including amount payable as tax collection at source and after set – off of credits, if any) of Starkart Limited for the month of January is:

   a) IGST ₹ 8,280 b) IGST ₹ 5,400

   c) CGST ₹ 3,500 and SGST ₹ 3,500

   d) IGST ₹ 9,080

   [Hint:- GST liability of starkart is as under:-

Particulars	IGST ₹
sales on its' own a/c (₹30,000*18% IGST)	5,400
listing fee {[(₹50,000 + ₹10,000 + ₹1,00,000) * 10%] *18% IGST}	2,880
TOTAL GST LIABILITY FOR STARKART ON ITS OWN A/C	8,280
ADD:- TCS u/s 52 [(₹50,000 +₹10,000 +₹1,00,000) *0.5% TOTAL TCS]	800
TOTAL GST LIABILITY FOR STARKART	9,080

2. The net tax liability (after set-off of credits, if any) of Infocom Limited and Secure World for the month of January is:

   a) IGST ₹ 10,800 and IGST ₹ 18,000 respectively

   b) IGST ₹ 9,720 and IGST ₹ 16,200 respectively

   c) IGST ₹ 9,420 and IGST ₹ 15,700 respectively

   d) IGST ₹ 10,200 and IGST ₹ 17,000 respectively

   [Hints:- GST liability of Infocom Limited & Secure World is as under:-

Particulars	IGST ₹
Infocom Ltd- {[(₹50,000 +₹10,000) * 18% IGST] -0.5% TCS of ₹60,000}	10,500
LESS:- ITC of listing Fee (₹60,000 *10%) *18%	1080
Net GST Liability of Infocom Ltd	9,420
Secure World- [(₹1,00,000 * 18% IGST) - 0.5% TCS of ₹1,00,000]	17,500
LESS:- ITC of listing Fee (Rs 1,00,000 *10%) *18%	1800
Net GST Liability of Secure World	15,700

3. Assuming that Pulkit returns the printer purchased from Infocom Limited in the month of January. As per the return policy, Starkart charges 20% of the value of the printer as cancellation charges from Pulkit and 10% of the value of the printer as handling charges from Infocom Limited. The net tax liability (including amount payable as tax collection at source and after set- off of credits, if any) of Starkart in

such scenario for the month of January would be:

a) ₹ 6,900 payable as IGST
b) ₹ 3,450 payable as CGST and ₹ 3,450 payable as SGST
c) ₹ 9,570 payable as IGST
d) ₹ 7,440 payable as IGST

[Hints:- GST liability of starkart is as under:-

Particulars	IGST ₹
Sales on its' own a/c (₹30,000 * 18% IGST)	5,400
listing fee {[(₹50,000 + ₹10,000 + ₹1,00,000) * 10%] *18% IGST}	2,880
cancellation charges [(₹10,000 * 20% charges) *18% IGST]	360
handling charges [(₹10,000 * 10% charges) *18%]	180
TOTAL GST LIABILITY FOR STARKART ON ITS OWN A/C	**8,820**
ADD:-TCS u/s 52 [(₹50,000 +₹10,000+ ₹1,00,000 - ₹10,000) *0.5% Total TCS]	750
TOTAL GST LIABILITY FOR STARKART	**9,570**

Answer:-

13.01.12	b	13.03.21.02	c
13.01.13	b	13.03.21.03	c
13.01.14	c		
13.01.15	d		
13.02.16	a		
13.02.17	c		
13.02.18	b		
13.02.19	a		
13.02.20	c		
13.03.21.01	d		