CHAPTER 9
Payment of Tax & TDS-TCS

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PAYMENT OF TAX

01. Sec 49(1), (3), (6), (10) & (11) read with Rule 87:- Electronic Cash Ledger & Tax Payment Challan

Q1. Vedanshi & Co., a partnership firm registered under GST, is engaged in retail trade. While filing return for November, the firm generated E-Challan on 5th December for making payment of GST through RTGS of their bank. Determine the validity of E-Challan generated by Vedanshi & Co. for payment of taxes for November? [ICAI Case 42 Sub-Q4] [MTP 2 Jan 25 & Sep 25]

(a) 5th December

(b) 15th December

(c) 20th December

(d) 31st December

[**Reason**: Refer **Rule 87-** challan & mandate for RTGS generated at common portal shall be valid for **15 days.**]

Q2. 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)

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

02. Sec 49(2) & (4) read with Rule 86:- Electronic Credit Ledger

Q3. Raj Enterprises, a partnership firm registered under GST in Odisha, is supplying taxable and exempt goods and services. Firm had received ₹ 50,000 refund (sanctioned erroneously) which was credited to cash ledger. It owed ₹ 1,100 interest on account of late payment of GST for previous tax periods. The output tax liability of the firm for April was ₹ 2,50,000. The opening balance of electronic credit ledger & cash ledger was ₹ 2,60,000 & ₹ 70,000 respectively. Remaining Balance of Electronic Credit ledger and Electronic Cash ledger after filing return of April will be ___________. [ICAI Case 7 Sub-Q3]

(a) ₹ 10,000 and ₹ 18,900

(b) NIL and ₹ 28,900

(c) ₹ 8,900 and ₹ 20,000

(d) ₹ 28,900 and NIL

[**Reason:** Firm used its ITC balance of ₹ 2,60,000 to pay April GST liability of ₹ 2,50,000, leaving ₹ 10,000 in e-credit ledger. In e-cash ledger, it had ₹ 70,000, from which it repaid wrongly sanctioned refund of ₹ 50,000 & paid ₹ 1,100 interest. After using ₹ 51,100 for these payments, cash ledger balance becomes ₹ 18,900.]

03. Manner of Utilisation of ITC [Combined reading of sec 49(5), 49A, 49B, rule 88A & Cir. No. 98/17/2019

Q4. M/s. Maahi & Co. , a LLP registered under GST, is engaged in various businesses. During July, it purchased –

i) Capital goods ₹ 45,000 on which depreciation is taken on full value including GST paid thereon.

ii) Raw materials ₹ 55,000 for which invoice is missing but delivery challan is available.

Further, for July, its GST liability was ₹ 20,000 IGST; ₹ 10,000 CGST; ₹ 10,000 SGST. The credits available in the said month were- IGST: ₹ 8,000 CGST: ₹ 12,000 SGST: ₹ 5,000. Amounts given are exclusive of taxes. Compute the GST liability of the firm for July to be paid in cash, if rule 86B of the CGST Rules, 2017 is not applicable? [ICAI Case 36 Sub-Q5]

(a) IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000

(b) IGST: ₹ 12,000; CGST: Nil; SGST: ₹ 5000

(c) IGST: Nil; CGST: ₹ 10,000, SGST: ₹ 5000

(d) IGST: ₹ 5,000; CGST: Nil, SGST: ₹ 10,000

[Reason: 1) ITC of GST paid on capital goods & raw materials purchased is **not allowed u/s 16(3) & 16(2)(a).**

2) **Manner of utilization of credit:-**

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
GST Liability	20,000	10,000	10,000
Less: ITC IGST – 8,000 (used fully to pay IGST)	(8,000)	-	-
CGST – 12,000 (used to pay CGST 1st & then IGST)	(2,000)	(10,000)	-
SGST – 5,000 (used to pay SGST 1st)	-	-	(5,000)
Net GST Payable	**10,000**	**Nil**	**5,000**

04. Sec 50: Interest on delayed payment of tax

Q5. Bright Star Pvt. Ltd. is a regular GST registered supplier of goods in Shimla, Himachal Pradesh. It has opted monthly filing of GSTR 3B return and filed GSTR 3B return for September, 20XX on 19th December, 20XX. The prescribed due date to file the said GSTR 3B return was 20th October, 20XX. The amount of net GST payable in cash on supplies made for said September month work out to be ₹56,000 which was paid on 19th December, 20XX.

The amount of interest payable for delay in payment of GST as per section 50 of the CGST Act 2017 is __________. [ICAI Case 50 Sub-Q3]

(a) ₹ 1,629

(b) ₹ 1,657

(c) ₹ 2,209

(d) ₹ 2,182

[Reason: Refer **sec 50(1)-** Interest is payable in case of delayed payment of tax @18% p.a. from date following the due date of payment to the actual date of payment of tax. Interest = ₹56,000 × 18% × 60 (21st Oct to 19th Dec/365 = **₹ 1,657** (rounded off).]

Q6. M/s. Visali & Co., a Partnership firm, is a manufacturer of equipments in Kerala & registered under GST under composition scheme. The firm belatedly paid tax ₹ 40,000 by debiting the electronic cash ledger for December on 09th February of the succeeding year. Compute the interest payable by the firm for the belated payment of tax? [ICAI Case 11 Sub-Q3 - Similar] [ICAI Case 47 Sub-Q5]

(a) ₹ 395

(b) ₹ 434

(c) ₹ 414

(d) ₹ 552

[Reason: Refer **sec 50(1)-** 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. As firm has opted for composition levy, **due date** for quarter Oct to Dec tax payment was **18th January** as per **rule 62**. Interest = ₹ 40,000 x 18% x 22 days (19th January to 9th February) / 365 = **₹ 434** (approximately).]

Q7. Mouriya & Co. is a registered textile manufacturer in Tamilnadu. It wrongly availed excess ITC under IGST head for ₹ 1,00,000 during April. During the time period starting from excess availment upto such reversal, the balance in credit ledgers of CGST, SGST and IGST were, ₹70,000, ₹ 20,000 and ₹ 20,000 respectively. The firm identified the wrong availment and reversed the excess ITC availed. In respect of excess claim of ITC under IGST, the firm would be liable to pay interest on the excess availed IGST ITC amount of __________. [ICAI Case 9 Sub-Q3]

(a) Nil

(b) ₹ 10,000

(c) ₹ 80,000

(d) ₹ 1,00,000

[Reason: Refer **sec 50(3) read with CBIC clarification-** Interest is payable on wrongly availed ITC only if that ITC is actually utilised to pay tax. Even though ₹ 1,00,000 of IGST ITC was wrongly availed, taxpayer already had enough correct ITC available across CGST, SGST, and IGST (₹ 1,10,000 in total). The law checks utilisation based on overall ITC pool, not ledger-wise, the wrong credit would not have been used at all. Therefore, **wrongly availed ITC is considered unutilised, and no interest is payable.]**

TDS - TCS

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

Q8. Prakash & Sons is registered under GST separately in multiple states. A local authority in MP made a ₹ 3 lakh (excluding tax) purchase from the MP branch, but TDS was not deducted. Is TDS applicable on MP branch's supply to a local authority? [ICAI Case 10 Sub-Q3 - Similar] [ICAI Case 11 Sub-Q4]

(a) No, if supply is intra-state

(b) Yes, if supply > ₹ 2.5 lakh & recipient is a notified deductor

(c) No, TDS applies only to services

(d) Yes, if payment is in cash

[Reason: Refer **sec 51-** TDS is to be deducted in this case, as supply of is made to a notified recipient (local authority) & also the contract value (₹ 3 lakh) exceeds ₹ 2.5 lakh threshold, regardless of mode of payment & inter- or intra-state status.]

Q9. Vikas Nigam Limited (a Public Sector Undertaking) has placed an order to Bharti Steels registered in Bokaro, Orissa for supply of 70 Iron shields each costing ₹ 12,000 (exclusive of GST). However, the supply will take place in 3 lots containing 10 shields, 20 shields, 40 shields on different days. Determine whether tax is required to be deducted under GST law by Vikas Nigam Limited on the above order? [MTP 2 Jan 25]

(a) No TDS will be deducted

(b) TDS to be deducted on the third lot of 40 shields only as value exceeds ₹ 2,50,000

(c) TDS to be deducted on entire order of 70 shields

(d) TDS to be deducted on supply of 2nd order of 20 shields

[Reason: Refer **Sec 51,** TDS to be deducted as contract value (excluding GST) exceeds ₹ 2,50,000 (i.e value here = ₹ 8,40,000) of an order as a whole.]

Q10. Raghu Impex Ltd., registered in Uttar Pradesh, is supplying stationery items. It supplied printing materials in February:

(i) to Telangana State Agriculture Department for an invoice value of ₹

2,60,400 inclusive of GST @ 5%, delivering at Hyderabad, Telangana.

(ii) to UPGST, State GST Department for an invoice value of ₹ 2,95,000 inclusive of GST @ 18%, delivering at Noida, Uttar Pradesh.

(iii) to Delhi Transport Corporation, Government owned transport corporation registered in Delhi for supply to its Central Stores located in Ghaziabad, Uttar Pradesh, for an invoice value of ₹ 2,97,360 inclusive of GST @ 18%.

In respect of printing materials supplied in February, the company shall be subjected to a total GST TDS of ₹ _____, ignoring bifurcation as CGST & SGST/IGST. [ICAI Case 5 Sub-Q2]

(a) NIL

(b) 5,000

(c) 5,040

(d) 10,040

[**Reason**: 1) As per **Sec 51**, TDS is required to be deducted only when the taxable value of a supply (excluding GST) made to a notified Government authority exceeds ₹2,50,000. Only case (iii) exceeds this threshold. Thus, total TDS **is ₹5,040** [2,97,360/118% x 2%]. 2) POS shall be as per **sec 10(1)(b)** of IGST Act. Consequently, **proviso to sec 51(1) does not get invoked**.]

Q11. Mouriya & Co. is a registered textile manufacturer in Tamilnadu. They supplied Dhoties and Sarees to various State Government during March as under:

i) Supplied Sarees worth ₹ 2,95,000 including GST @ 18% to Government of Tamilnadu for Tamil New year distribution.

ii) Supplied Dhoties worth ₹ 3,00,000 excluding GST @ 18% to Government of Tamilnadu for Scheme distribution.

iii) Supplied both Sarees and Dhoties to Government of Andhra Pradesh for Telugu New Year, valued at ₹ 3,68,750 including GST @ 18%. The said supply was made to its Govt undertaking in Chennai, Tamilnadu. Invoice was issued to the Andhra Govt in Tirupati.

Determine the gross amount of TDS (ignoring break-up between CGST/SGST/IGST) which will be deducted by the recipients in respect of supplies made to various Govts. [ICAI Case 9 Sub-Q2]

(a) ₹ 6,000

(b) ₹ 11,000

(c) ₹ 12,250

(d) ₹ 17,250

[**Reason**: Refer **sec 51 with its proviso**.

Case (i): Sarees taxable value is exactly ₹ 2,50,000, does not exceed threshold, **no TDS.**
Case (ii): Dhoties ₹ 3,00,000 exceeds threshold of ₹2,50,000, thus **TDS = ₹ 6,000** [1% CGST + 1% SGST as all parties are in Tamilnadu.
Case (iii): POS **u/s 10(1)(b)** of IGST Act is Tirupati as per Bill to Ship model. Supplier Mouriya & Co. is from Tamil Nadu, Recipient is based in Tirupati & POS is also Tirupati. Thus, proviso to sec 51 does not apply & TDS applies. TDS = ₹ 3,12,500 (excluding GST) x 2% = **₹ 6,250.**
Total TDS = ₹ 6,000 + ₹ 6,250 = ₹ 12,250.]

Q12. Sambhav Ltd., registered under GST, provided accommodation services to Governmental Agency of Gujarat (registered in Gujarat) in its own hotel located in Rajasthan. The accommodation services were provided for the stay of employees of the Governmental Agency of Gujarat who had to attend a training programme organized by the Central Government. The total amount charged by the company for such service was ₹ 25,00,000. The amount of tax to be deducted at source under GST law by Governmental Agency of Gujarat is __________. [ICAI Case 1 Sub-Q3]

(a) IGST - ₹ 25,000
(b) CGST - ₹ 12,500 and SGST - ₹ 12,500
(c) Nil
(d) IGST - ₹ 50,000

[Reason: Refer **proviso to sec 51- no deduction** shall be made in this case, as the location of supplier (Sambhav Ltd.) & POS u/s 12(3) of IGST Act is in a State (Rajasthan) which is different from the State of registration of recipient (Governmental Agency – Gujarat).]

Q13. Every registered person required to deduct tax at source u/s 51 shall furnish a return in GSTR-7, on or before……..

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

[Reason: Refer **sec 39(3) read with Rule 66(1)**- GSTR-7 is to be furnished on or before the 10th day of the month succeeding the calendar month.]

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

Q14. Food Xpress Ltd. is an online food delivery aggregator registered in Delhi. It

collects payments on behalf of restaurants and deducts 1% TCS. Which of the following statement(s) is most appropriate in relation to TCS applicability on Food Xpress Ltd. for payments collected by it? [ICAI Case 12 Sub-Q1]

(a) Yes, TCS is applicable as payment is collected by it on behalf of restaurants.

(b) No, TCS is not applicable, since restaurants are not sellers

(c) Yes, TCS is applicable, only if value > ₹ 50,000

(d) No, TCS is not applicable, since food is exempt from GST

[Reason: Refer **sec 52-**TCS applies as Food Xpress Ltd. is an **ECO & collects consideration** on behalf of restaurants (suppliers) who provides services through such Food Xpress Ltd. Value of supply is irrelevant to determine TCS applicability.]

Q15. Saundarya Bazaar Pvt. Ltd., registered in Maharashtra sells Makeup Kits via an E-commerce operator BeautyBoost.com. Mrs. Dhwani placed an order of 20 sets of Makeup Kits each costing ₹ 11,800 (GST @18% included) on 15th January. However, he returned 4 sets back after 2 days in accordance with the exchange policy of BeautyBoost.com. Determine the value of supply on which BeautyBoost.com should collect TCS from Saundarya Bazaar Pvt. Ltd. [MTP 2 Sep 24 - Similar] [MTP 1 May 25]

(a) ₹ 1,60,000 (b) ₹ 1,88,800

(c) ₹ 2,00,000 (d) ₹ 2,36,000

[Reason: Refer **sec 52-** ECO must collect TCS only on net value of taxable supplies made by other suppliers through it, excluding returns. Net value of taxable supplies = (₹ 11,800/ 118*100) * (20-4) = ₹ **1,60,000.**]

Q16. Sambhav Ltd. is an e-commerce operator (ECO), registered under GST, facilitating third-party transactions as well supplying goods and services on its own account through its portal. During January:

i) Dumdum Ltd. supplied goods worth ₹ 75,00,000 through the company's e-commerce platform. Out of this supply, goods ₹ 15,00,000 were returned in January.

ii) The company supplied its own products of ₹ 20,00,000 through the e-commerce platform.

iii) The amount of hotel accommodation services supplied through its e-commerce portal by hotel owners not required to obtain registration under GST (in terms of section 22(1) of CGST Act, 2017) amounted to ₹ 20,00,000.

The amount of tax to be collected at source by the company under the GST law during January is _______ (ignore bifurcation of CGST, SGST and IGST). [ICAI Case 1 Sub-Q4]

(a) ₹ 50,000

(b) ₹ 40,000

(c) ₹ 37,500

(d) ₹ 30,000

[Reason: Refer **sec 52**- ECO must collect TCS only on net value of taxable supplies made by other suppliers through it, excluding returns. Own supplies and supplies made by unregistered hotel owners are not subject to TCS. Net taxable supplies = ₹ 75,00,000 - ₹ 15,00,000 = ₹ 60,00,000. **TCS at 0.5% = ₹ 60,00,000 * 0.5% = ₹ 30,000.]**

Q17. When should the e-commerce operator remit the amount of TCS to government and file Form GSTR-8?

(a) Both within 10 days after the end of the month in which such amount was collected.

(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.

(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.

(d) No time limit for both.

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

Q18. Food Xpress Ltd. is an online food delivery aggregator (i.e. an ECO) registered in Delhi. During GST audit, it was found that while TCS was correctly deducted on payments to restaurants in June, it failed to report these TCS details in the return and delayed deposit of ₹ 1.5 lakh. What is the implication of delay in TCS deposit by Food Xpress Ltd.? [ICAI Case 12 Sub-Q3]

(a) Penalty only

(b) No consequence

(c) Interest and penalty

(d) TCS reversal for suppliers

[Reason: Refer **sec 52**- Delay in deposit of TCS attracts both interest and penalty. Interest is payable @18% p.a. **u/s 50** on the delayed TCS amount from the due date of deposit to the actual date of deposit. Penalty **u/s 122(vi)** is leviable.]

[Author's Note: Sec 122 is N.A. to CA Inter. They just need to know the fact that penalty would be payable if TCS is collected but not deposited to Govt. How much penalty to be paid is not relevant.]

Answers:

01	c
02	d
03	a
04	a
05	b
06	b
07	a
08	b
09	c
10	c
11	c
12	c
13	b
14	a
15	b
16	d
17	a
18	c