

# M.Com. Sem-4

## Taxation-2

### Chap-6

### Lecture-4

### ITC- Practical.

### Order of Utilisation of ITC

↓ Liability	ITC		
	Igst	Cgst	Sgst
Igst	①	⑤	⑥
Cgst	2	③	X
Sgst		X	④

\* Any order or In proportion

#### o Rule 88A of CGST Rules, 2017:

Rule 88A was inserted in the CGST Rules, 2017 vide **Notification No. 16/2019-Central Tax, dated 29th March, 2019**. The amended provisions came into effect from 1<sup>st</sup> April 2019. The Board clarified that:

- o ITC on account of IGST shall first be utilised towards payment of IGST, and the amount remaining, if any, may be utilised towards the payment of CGST and SGST or UTGST, as the case may be, in any order.
- o Provided that the ITC on account of CGST, SGST or UTGST shall be utilized towards payment of IGST, CGST, SGST or UTGST, as the case may be, only after the ITC available on account of IGST has first been utilized fully.

#### o Section 49A and Section 49B :

Section 49 was amended and Section 49A and Section 49B were inserted vide CGST (Amendment) Act, 2018. The amended provisions came into effect from 1<sup>st</sup> February 2019.

- o As per Sec 49A, ITC on account of CGST, SGST or UTGST shall be utilized towards payment of IGST, CGST, SGST or UTGST, as the case may be, only after the ITC available on account of IGST has first been utilized fully towards such payment.
- o As per Sec 49B the Government may, on the recommendations of the Council, prescribe the order and manner of utilization of the ITC on account of IGST, CGST, SGST or UTGST, as the case may be, towards payment of any such tax.

### \* Computation of GST liability

Particulars	Taxable value	IGST 18%	SGST 9%	CGST 9%
① Interstate Supply	20,00,000	360000	—	—
② Intra-State Supply	4,00,000	—	36000	36000
		360000	36000	36000

→ 4,32,000

### \* Computation of ITC

Particulars	Taxable value	IGST 18%	SGST 9%	CGST 9%
Op. Bal.	—	50,000	60,000	40,000
Intra State Purchase	10,00,000	—	90,000	90,000
		50,000	150,000	130,000

→ 330,000

102,000

8. Mr. Aul is a registered supplier of goods. You are provided following information. Transaction, month August, 2022

Sr. No.	Transactions	Transaction Value (₹)	Opening balance of input tax credit		
			CGST	SGST	IGST
i	Interstate supply of goods	20,00,000			
ii	Intrastate supply of goods	4,00,000	₹	₹	₹
iii	Intrastate purchases of goods	10,00,000	40,000	60,000	50,000

GST rate CGST 9%, SGST 9% and IGST 18%. All conditions of input tax credit are met.

\* Payment of Tax

Particulars	Tax Payable	ITC			Cash		
		Inst	Sust	Cost	Inst	Cost	Sust
Inst	36000	50000	114000	94000	102000	-	-
Cost	36000	-	-	36000	-	-	-
Sust	36000	-	36000	-	-	-	-
	432000	50000	150000	130000	102000	-	-

⇒ Inst payable = 1,02,000

$$\text{Inst} = \textcircled{310000}$$

$$\begin{aligned} \text{Sust} - 150000 - 36000 &= 114000 \\ \text{Cost} - 130000 - 36000 &= \frac{94000}{208000} \end{aligned}$$

### \* Computation of GST liability

Particular	Taxable Value	IGST 18%	CGST 9%	SGST 9%
Intrastate Sale	16,00,000	—	144000	144000
Interstate Supply	6,00,000	108000	—	—
		<u>108000</u>	<u>144000</u>	<u>144000</u>

### \* Computation of ITC

Particular	Taxable Value	IGST	CGST	SGST
Op. Bal.	—	140000	60000	60000
+ Intrastate pur.	600000	—	54000	54000
+ Interstate pur.	100000	18000	—	—
		<u>158000</u>	<u>114000</u>	<u>114000</u>

9X Rajesh Patel is regular supplier of goods, following information is available for March, 2022.

- (1) Opening Balance of ITC
- |      |          |
|------|----------|
| IGST | 1,40,000 |
| CGST | 60,000   |
| SGST | 60,000   |
- (2) Purchases done and tax paid on them:
- (a) Intrastate purchase of goods ₹ 6,00,000  
 (b) Interstate purchase of goods ₹ 1,00,000
- (3) Sales made
- (a) Intrastate supply of goods ₹ 16,00,000  
 (b) Interstate supply of goods ₹ 6,00,000
- (4) Applicable CGST, SGST and IGST are 9%, 9% and 18% respectively
- Compute net GST payable for the said period

\* Payment of Tax

Particulars	Tax Payable	ITC			Cash		
		INST	COST	SUST	INST	COST	SUST
INST	108000	108000	-	-	-	-	-
COST	144000	7000	74000	-	-	-	-
SUST	144000	7000	-	74000	-	-	-

\* No tax payable

\* Clo. Bal. at ITC: COST = 40,000, SUST = 40,000

$$\begin{aligned}
 \text{ITC : INST} &= 248000 - 108000 = 140000 \\
 \text{SUST} &= \underline{114000} - 74000 = 40000 \\
 \text{COST} &= 114000 - 74000 = 40000
 \end{aligned}$$

$\swarrow$  7000  
 $\searrow$  7000

### \* Payment of Tax

Particulars	Tax Payable	ITC			Cash		
		IGST	CGST	SGST	IGST	CGST	SGST
IGST	135000	135000	-	-	-	-	-
SGST	90000	52500	-	-	-	-	37500
CGST	90000	52500	-	-	-	37500	-
	315000	240000					

$$\text{IGST} = 24,00,000 - 13,50,000 = 10,50,000$$

$$\begin{aligned} \text{* Tax payable: } & \text{CGST} = 37,500 \\ & \text{SGST} = 37,500 \\ & \underline{\hspace{1.5cm}} \\ & \text{75,000} \end{aligned}$$

10. Order of utilization of ITC of IGST:  
Mr. Ketan is a registered person under regular system. He has credit balance of IGST ₹ 24,00,000 in the form of input tax credit. Output GST liability of the current period is as follows:

Sr. No.	GST Payable	₹
1	Outward IGST	13,50,000
2	Outward CGST	9,00,000
3	Outward SGST/UTGST	9,00,000

Determine net GST payable

11. Order of utilization of ITC of CGST:

Mr. Shiv is registered person under regular system. He has balance of input tax credit of CGST ₹ 10,50,000 in electronic credit ledger. The output GST payables as per electronic liability register are as follows:

Sr. No.	GST Payable	₹
1	Output IGST	3,60,000
2	Output CGST	6,00,000
3	Output SGST/UTGST	4,00,000

Determine order of utilization of the ITC on account of CGST. Determine net GST payable.

H.w.

12. Order of utilization of SGST

Rajesh has input tax credit for SGST of ₹ 15,40,000 in the electronic credit ledger for the month of July 2019. The output GST payable as per electronic liability register are as follow

Sr. No.	GST Payable	₹
1	Output IGST	6,80,000
2	Output CGST	7,60,000
3	Output SGST/UTGST	7,60,000

Determine the order of utilization of ITC on account of SGST. State cash GST payable

H.W

**\* Computation of GST liability**

Particulars	Taxable Value	Intra	Inter	CGST
Intra state Sale	160000	-	14400	14400
Interstate Sale	60000	10800	-	-
		<u>10800</u>	<u>14400</u>	<u>14400</u>

**\* Computation of ITC**

Particulars	Taxable Value	Intra	Inter	CGST
OP-Bal.	-	140000	60000	60000
+ Intra state pur.	600000	-	54000	54000
+ Interstate pur.	100000	18000	-	-
		<u>158000</u>	<u>114000</u>	<u>114000</u>

13. Nirali is a supplier of goods and GST is payable on regular basis you are provided with following information for the month of Sept., 2022.

(1)

Sr. No	Particular	₹	GST Rates		
			CGST	SGST	IGST
1	Intra-state purchase	6,00,000	9%	9%	18%
2	Inter-state purchase	1,00,000	9%	9%	18%
3	Intra-state sale	16,00,000	9%	9%	18%
4	Inter-state sale	6,00,000	9%	9%	18%

(2) The ITC at the beginning of Sept.,-2022

Sr. No.	GST	₹
1	IGST	1,40,000
2	CGST	60,000
3	SGST	60,000

Compute GST payable as amendments made by the CGST (amendment) Act, 2020 for the tax period Sep. 2022. Also determine balance of ITC carried forward to next period (i.e. October) if any.

**\* Payment of tax**

**As per Sum-9**