

GOVERNMENT OF TAMIL NADU
COMMERCIAL TAXES DEPARTMENT
TAMIL NADU GOODS & SERVICES TAXES ACT, 2017

**PROCEEDINGS OF THE STATE TAX OFFICER,
EGMORE ASSESSMENT CIRCLE**

Present: Thiru. R.PREMKUMAR.,MCA.,
Station: No. 88, , 2nd floor, Chetpet Taluk Office Building,
Mayor Ramanathan Salai,Spur Tank Road, Chetpet, Chennai - 600 031

GSTIN- 33AAACT2381C1ZU/2018-2019
(DRC-03 Belated payment of Tax Interest)

Dated: 18-04-2024

<u>Sub:-</u>	TNGST Act, 2017 / CGST Act 2017 - Egmore Assessment Circle- Tv1. Tamilnadu Steel Tubes Ltd - GSTIN: 33AAACT2381C1ZU - RETURNS SCRUTINY - Voluntary payment of taxes under Section 73(5) made through DRC-03 Challan - Non Payment / Short payment of interest under Section 50 - DRC-01 in Show Cause Notice Issued - Reply Filed -Personal Hearing Offered- order passed - Regarding.
<u>Ref:</u>	1) This office ASMT -10 Notice dated : 29/09/2023 2) This office DRC-01 - Show Cause Notice reference No. ZD3301241628879 Form GST DRC-01 dated: 31-01-2024 3) The Taxpayer reply dated: 14.02.2024

Note: An appeal against this order lies before the Appellate Deputy Commissioner of State Tax - I, Appeal, Chennai (North), Chennai -6 within 3 month of receipt of this order is communicated in accordance with Section 107 of the TN GST/CGST Act, 2017.

ORDERS:

Tv1. TAMILNADU STEEL TUBES LTD, (hereafter referred as 'taxpayer') bearing GSTIN 33AAACT2381C1ZU, business at No. 1st Floor, No 22/11, Wheatcrofts Road, Nungambakkam, Chennai, Chennai, Tamil Nadu, 600034 were an assessee in the books of Egmore assessment circle and registered tax payers under TN GST Act 2017 / CGST Act 2017.

On Scrutiny of taxpayer monthly returns, Annual return and payments made reveals that you have paid the following amount by way of DRC-03 Challan under section 73(5) as follows:-

DRC-03 Paymen treference ARN	Date o fARN	Cause of Payment	Tax Period (from) (mm/dd/yyyy)	Tax Period (To) (mm/dd/yyyy)
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AD330321029752H	3/31/2021	Annual return	4/1/2018	3/31/2019
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DETAILS OF PAYMENT MADE:-

(Amount in Rs.)

Act	Tax	Interest	Penalty	Fee	Others	Ledger Utilized for payment - Cash /Credit	Debit entry no	Date of debit entry
IGST	399234	101143	0	0	0	Cash	DC3303210344056	31/03/2021
CGST	43176	81696	0	0	0	cash	DC3303210344056	31/03/2021
SGST	43176	81696	0	0	0	cash	DC3303210344056	31/03/2021
CESS	0	0	0	0	0			

Reason for Payment as reported in the DRC-03:-

Whereas the above taxes were paid by you to discharge your liability under the Act voluntarily for differences found during reconciliation of Taxable Turnover and Taxes paid.

Though you have remitted the above taxes / reversed ITC, it is noticed that you have not paid the statutory interest due for the belated payment of the above Taxes / reversal of ITC. Hence you are requested to pay the interest amount due under section 50 of the TN GST Act 2017 / CGST Act 2017 on the belated payment of taxes at the rate of 18% per annum as detailed below:

INTEREST WORKING (CALCULATED UPTO THE DATE OF NOTICE):-

$$\begin{array}{rcl}
 \text{INTEREST DUE (CGST/SGST IGST/CESS) =} & \frac{\text{TAX DUE -PAID BELATEDLY (CGST/SGST IGST/ CESS)}}{365} \times \frac{18}{100} \times & \text{No. of Days Delayed}
 \end{array}$$

INTEREST DUE:-

Tax Paid / Reversal of wrong availment of ITC				Due date for payment	Date of payment (MM/DD/YYYY)	No. of days delayed as on Payment date
IGST	CGST	SGST	CESS			
399234	43176	43176	0	4/20/2019	3/31/2021	711

Abstract of Demand

	IGST	CGST	SGST	CESS
Interest Due	139983	15139	15139	0
Interest Paid	101143	81696	81696	0
Balance Interest Payable	-38,840	+66,557	+66,557	0

Accordingly a notice in ASMT-10 was sent to the registered taxable person through the departmental portal under Section 61 of the TN GST Act 2017, on 29.09.2023, but the taxpayer has not responded to the above notice within the stipulated time. In the absence of the same, action is pursued under Section 73 as applicable of TN GST Act 2017.

Hence, a show cause notice along with Form DRC- 01 issued on 31.01.2024 vide in this office reference 2nd cited. The taxpayer has responded with supporting documents and filed their submission on 14.02.2024.

The taxpayer Reply:

With reference to the above notices we submit our reply as under.

1. The show-cause notice received for the period alleges short payment of interest on voluntary payment of taxes.

The notice is alleging short payment of interest in the nature of IGST – Rs. 38,840 and excess payment of interest in the nature of CGST and SGST – Rs. 66,557/- each. The excess payments allegedly made in the notice are ignored, the show cause notice has demanded interest in IGST to the tune of Rs. 38,840/- for the year on the voluntary payment of taxes.

In this regard, we are enclosing an extract of the notice showing the details of the

calculations made in the notice below:

Tax Paid/ Reversal of wrong availment of ITC				Due date for payment	Date of payment (MM/DD/YYYY)	No. of days delayed as on Payment date
IGST	CGST	SGST	CESS			
399234	43176	43176	0	4/20/2019	3/31/2021	711

	IGST	CGST	SGST	CESS
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2. With reference to the difference, we submit that during the financial year 2018-19, we had filed the GSTR 3B and GSTR 1 monthly returns regularly and properly. At the time of filing the GST annual returns, we identified some differences between the books of accounts and the GST returns filed. These issues were corrected then by remitting the tax along with applicable interest. The GSTR 9 annual returns were filed for the year on 31.03.2021.
3. The areas in which the discrepancies were corrected in the annual returns were as follows:
 - 3.1. RCM payable
 - 3.2. ITC reversal
 - 3.3. Outward taxes
4. The Amounts paid at the time of filing the GST annual returns for the year are detailed below:

4.1. GST on RCM

GST is payable on reverse charge basis for the inward supplies received u/s 9(3) of the Act. While filing the GSTR 9 returns for the year, we compared the total amounts liable to paid vis-à-vis the total amounts on which RCM liability was discharged at the time of filing the monthly returns.

On verification, we found the following differences

Month	As per Books of Accounts			As per 3B			Difference - payable/ (excess paid)		
	IGST	CGST	SGST	IGST	CGST	SGST	IGST	CGST	SGST
Apr	55,985	14,447	14,447	160	28,588	28,588	55,825	-14,141	-14,141
May	1,02,631	29,289	29,289	-	65,379	65,379	1,02,631	-36,090	-36,090
Jun	55,251	60,559	60,559	-	42,252	42,252	55,251	18,307	18,307
Jul	53,680	43,840	43,840	8,846	36,137	36,137	44,834	7,704	7,704
Aug	1,20,911	47,141	47,141	750	76,204	76,204	1,20,161	-29,062	-29,062
Sep	47,104	45,609	45,609	47,104	17,113	17,113	-	28,496	28,496
Oct	14,235	44,482	44,482	14,235	1,07,570	1,07,570	-	-63,088	-63,088
Nov	29,301	57,179	57,179	14,798	42,159	42,159	14,503	15,019	15,019
Dec	16,264	39,882	39,882	25,693	17,865	17,865	-9,429	22,017	22,017
Jan	32,578	37,518	37,518	32,578	33,675	33,675	-	3,844	3,844
Feb	3,884	52,115	52,115	3,884	32,380	32,380	-	19,736	19,736
Mar	29,359	49,004	49,004	15,577	41,236	41,236	13,782	7,768	7,768
	5,61,183	5,21,064	5,21,064	1,63,625	5,40,556	5,40,556	3,97,558	-19,490	-19,490

There was a shortfall in payment of IGST and excess CGST and SGST payments made. The major reason for this was due to incorrect place of provision application and payment of RCM liability as CGST and SGST instead of IGST. That is, where RCM was payable as IGST we had paid CGST and SGST in its place.

Further due to clerical errors, we had missed out certain RCM liabilities for some months. These were identified and corrected within the year itself in the GSTR 3B returns. For example, a portion of the difference in the months of Apr, May and Jun 2018 were corrected in the month of Oct 2018 and Dec 2018.

In this regard, we submit that the entire amount of tax difference - IGST - Rs. 3,97,558/- was paid without any adjustment at the time of filing GSTR 9 returns. This was done by remitting the IGST payable through the cash ledger and filing GST-DRC-03 for the same.

For computation of interest, interest is calculated only on the net off difference after adjustment of inter head difference. Similarly, interest is computed up to the period the default is corrected. That is, if the difference of Apr, May and Jun are

corrected in Oct, then interest is computed only up to that date.

We are attaching the detailed interest calculation for each month with this submission for your perusal.

4.2. ITC reversal

ITC which was wrongly availed in the GSTR 3B filing was reversed at the time of filing GST annual returns for the year. The amount was duly paid along with interest @ 24% per annum. The detailed calculations are enclosed for your perusal.

4.3. Difference in outward tax

There was a difference in the IGST values reported in the GSTR 1 Vs GSTR 3B returns for the month of September 2018. This was corrected in the month of October 2018. Interest on the delayed payment of one month was computed and the same was paid at the time of filing GST Annual Returns.

4.4. Total amount payable

Thus, the total amount payable was worked out as follows:

Particulars	Tax			Interest		
	IGST	CGST	SGST	IGST	CGST	SGST
RCM	3,97,558	0	0	96,730	57,551	57,551
ITC reversal	1,676	43,176	43,176	903	24,145	24,145
Outward tax difference	0	0	0	3,510	0	0
Total	3,99,234	43,176	43,176	1,01,143	81,696	81,696

This amount was duly paid by us vide CPIN 21033300512896 on 31.03.2021 and the DRC 03 was filed on the same day, 31.03.2021 vide ARN AD330321029752H.

5. We request you to consider our submission and the calculations enclosed with the submissions and request you to drop the demand alleged by the SCN.

Kindly accept our submission and drop further proceedings.

Proper officer Findings

The reply of the taxpayer was carefully examined and found that they have paid the tax along with interest and filed DRC-03 on 31.03.2021. They

have already remitted the tax due with interest the same was verified with payment in GSTR 3B and found in order. Hence levy of interest is hereby dropped.

In view of the above, the reply filed by the taxpayer is hereby accepted and the proposal to levy interest for the said show cause notice is hereby ordered as dropped.

**STATE TAX OFFICER
EGMORE ASSESSMENT CIRCLE**

To

Tv1. TAMILNADU STEEL TUBES LTD

GSTIN-33AAACT2381C1ZU

This order is served to the taxpayer as required under section 169(1)(d) of the Act.

Copy submitted to the Deputy Commissioner (ST), North III Zone, Chennai.

Master file.