

GST - PRACTICE TEST PAPER - SET 13

(From GST 9th Edition Question Bank)

For Admission / Inquiry - Whatsapp at 8527230445 (11am to 6pm)

1. Ms. Anjali is engaged in supply of services. She is registered under GST and has opted to pay tax under composition scheme for service provider under section 10(2A) of the CGST Act. The turnover for the quarter ending June 2021 was ₹ 12,00,000.

During July, she crossed the aggregate turnover of ₹ 50 lakh and opted out of composition scheme. She also started trading of goods in July 2021.

She supplied an order to Breathe Well LLP on ex-factory basis, the details of which are as follows-

(i) Basic price of the product	₹53,000
(ii) Outward freight	₹12,000
(iii) Packing Charges	₹5,000
(iv) Discount given on receiving payment (not included in invoice)	₹2,000

For supplies, provided to Breathe Well LLP, she received half of the amount as advance on 22nd July 2021. The goods were dispatched from her factory on 25th July 2021 and delivered on 28th July 2021. She raised the invoice on 30th July 2021 and the balance payment was also received on the same date.

Ms. Anjali received 25 invoices from various suppliers involving GST of ₹ 1,50,000 for the month of July 2021. While filing GSTR-3B for the said month on 20th August 2021, she found that only 20 invoices involving GST of ₹ 1,00,000 were uploaded by the suppliers

Ms. Anjali supplied goods to the following persons-

Sl. No.	Recipient	Value of Supply
1	Mr. Pawan - an unregistered person	₹ 150
2	Mr. Umesh, a registered person	₹ 110
3	Rains Trust, an unregistered entity	₹ 250

None of the above persons requires a tax invoice.

All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred above is intra-State unless specified otherwise. Conditions applicable for availment of ITC are fulfilled subject to the information given above.

Based on the information provided above, choose the most appropriate answer for the following questions-

A. Compute the tax liability for the quarter ending June under CGST and SGST?

- (a) ₹ 30,000 each
- (b) ₹ 12,000 each
- (c) ₹ 6,000 each
- (d) ₹ 36,000 each

B. Compute the value of Supply made by Ms. Anjali to Breathe Wall LLP?

- (a) ₹ 56,000
- (b) ₹ 58,000
- (c) ₹ 68,000
- (d) ₹ 75,000

C. Determine the amount of ITC that can be claimed by Ms. Anjali for the month of July 2021?

- (a) ₹ 1,00,000
- (b) ₹ 1,10,000
- (c) ₹ 1,05,000
- (d) ₹ 1,50,000

D. Determine the time of supply made to Breathe Wall LLP?

- (a) 22nd July
- (b) 25th July
- (c) 28th July
- (d) 30th July

E. Ms. Anjali need not issue invoice to which of the following persons?

- (a) Mr. Pawan
- (b) Mr. Pawan and Umesh
- (c) Mr. Pawan and Rains Trust
- (d) Need not issue invoice to all the three persons

2. An exempt supply includes-

- (i) Supply of goods or services or both which attracts Nil rate of tax
 - (ii) Non-taxable supply
 - (iii) Supply of goods or services or both which are wholly exempt from tax under section 11 of the CGST Act or under section 6 of IGST Act
- (a) (i)
 - (b) (i) and (ii)
 - (c) (i) and (iii)
 - (d) (i), (ii) and (iii)

3. 'P' Ltd. has its registered office, under the Companies Act, 2013, in the State of Maharashtra from where it ordinarily carries on its business of taxable goods. It also has a warehouse in the State of Telangana for storing said goods. What will be the place of business of 'P' Ltd. under the GST law?

- a) Telangana
- b) Maharashtra
- c) Both (a) and (b)
- d) Neither (a) nor (b)

4. Within how many days an application for revocation of cancellation of registration can be made?

- a) Within 7 days from the date of service of the cancellation order.
- b) Within 15 days from the date of issue of the cancellation order.
- c) Within 45 days from the date of issue of the cancellation order.
- d) Within 30 days from the date of service of the cancellation order.

Solution:

Question No.	Answer	Question No.	Answer
1(A)	(d) ₹ 36,000 each	2.	(d) (i), (ii) and (iii)
1(B)	(b) ₹ 58,000	3.	(c)
1(C)	(c) ₹ 1,05,000	4.	(d)
1(D)	(b) 25th July		
1(E)	(a) Mr. Pawan		

5. **[Value of Supply]** Kavya Ltd., a registered supplier, has supplied machinery to Ayesha Ltd. (a supplier registered in the same State). It provides following particulars regarding the same:

S. No.	Particulars	Amount (₹)
(i)	Price of machinery (exclusive of taxes and discounts)	5,50,000
(ii)	Part fitted in the machinery at the premises of Ayesha Ltd. [Amount has been paid by Ayesha Ltd. directly to the supplier. However, it was Kavya Ltd.'s liability to pay the said amount. The said amount has not been recorded in the invoice issued by Kavya Ltd.]	20,000
(iii)	Installation and testing charges for machinery, not included in price	25,000
(iv)	Discount @ 2% on price of the machinery mentioned at S. No. (i) above (recorded in the invoice)	
(v)	Kavya Ltd. provides additional discount @ 1% <u>at year end</u> , based on additional purchase of other machinery for which adjustment is made at the end of the financial year without any change in individual transactions.	

Determine the value of taxable supply made by Kavya Ltd. to Ayesha Ltd.

[Covered in earlier Practice Sets, It can be ignored at the time of revision]

Solution:

Computation of value of taxable supply made by Kavya Ltd. to Ayesha Ltd.

Particulars	Amount (₹)
Price of machinery (exclusive of taxes and discounts)	5,50,000
Amount paid by Ayesha Ltd. directly to the supplier for the part fitted in the machinery [Any amount that the supplier is liable to pay in relation to a supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods is includible in the value of supply in terms of section 15(2)(b) of the CGST Act, 2017.]	20,000
Installation and testing charges [Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includible in the value of supply in terms of section 15(2)(c) of the CGST Act, 2017.]	25,000
Less: Discount @ 2% on the price of machinery [₹5,50,000 x 2%] [Since discount is given at the time of supply of machinery and recorded in the invoice, the same is deductible from the value of the supply in terms of section 15(3)(a) of the CGST Act, 2017.]	11,000
Less: Additional 1% discount at year end [Though the additional discount is established before/at the time of supply, it is not deductible from the value of supply in terms of section 15(3)(b) of the CGST Act, 2017 as the same is not linked to any specific transaction and is adjusted by the parties at the end of the financial year.]	Nil
Value of taxable supply	5,84,000

6. **[Exemption]** Kashi Enterprises, an event organizer, provided services to Brisk n Frisk Ltd. by way of organizing business exhibition in New Delhi as part of Make in India initiative. Kashi Enterprises claims that it is not required to pay GST as the services provided by way of organizing business exhibition are exempt from GST. Examine the technical veracity of the claim of Kashi Enterprises, in the given case.

Solution:

No, the claim made by Kashi Enterprises that it is not required to pay GST is **not correct**. Services provided by an organiser to any person in respect of a business exhibition are exempt from **GST only when such business exhibition is held outside India**.

However, since in the given case, the exhibition is being organized in India, the services of organization of event by Kashi Enterprises **will not be exempt from GST**.

7. **[E-Way Bill]** Brief explain when is it not mandatory to furnish the details of conveyance in Part-B of the e-way bill? 

Solution:

E-way bill is valid for movement of goods by road **only when the information in Part-B is furnished as per Rule 138 of the CGST Rules, 2017**.

However, details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of up-to 50 km within the State/Union territory:

- from the place of business of the consignor to the place of business of the transporter for further transportation or
- from the place of business of the transporter finally to the place of business of the consignee.

8. **[Tax Invoice]** Cutiee Toys Ltd., a wholesaler of toys registered in Chandigarh, is renowned in the local market for the variety of toys and their reasonable prices. Cutiee Toys Ltd. makes supply of 100 pieces of baby's learning laptops and chat learning phones to Baniya General Store on 25th September by issuing a tax invoice amounting to ₹ 1,00,000.

However, the said toys were returned by Baniya General Store on 30th September. Discuss which document Cutiee Toys Ltd. is required to issue in such a case?

Solution:

Cutiee Ltd. is required to issue a credit note in such a case.

As per section 34 of the CGST Act, 2017, where one or more tax invoices have been issued for supply of any goods or services or both **and the goods supplied are returned by the recipient the registered person**, who has supplied such goods or services or both, **may issue to the recipient one or more credit notes** for supplies made in a financial year containing such particulars as may be prescribed.

Therefore, Cutiee Ltd. is required to issue a credit note to Baniya General Store for the good returned.