

# GST - PRACTICE TEST PAPER - SET 12

## (From GST 9<sup>th</sup> Edition Question Bank)

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

1. Explore Logistics, a Goods Transport Agency registered under GST provided GTA services (taxable @ 5%) to the following persons-
- (a) Sahil Traders, an unregistered Partnership firm.
  - (b) Mr. Aadi, a casual taxable person, who is not registered under GST.
  - (c) Small Traders co-operative society registered under Societies Registration Act.



In a particular consignment, Explore Logistics transported the following-

- (a) Defence Equipments
- (b) Railway Equipments
- (c) Organic Manure

Explore Logistics opted to charge GST @ 12% from October. It provided GTA Services to Mahajan Steels Pvt. Ltd. on 1<sup>st</sup> October and issued an invoice dated 5<sup>th</sup> November. Payment was received on 6<sup>th</sup> November.

It provided both inter-State and intra-State service to various registered as well as unregistered persons.

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

- A. Which of the following persons are liable to pay GST on reverse charge in respect of the GTA services (taxable @ 5%) provided by Explore Logistics
- (i) Sahil Traders
  - (ii) Mr. Aadi
  - (iii) Small Traders Co-operative society
- (a) i & ii
  - (b) ii & iii
  - (c) i & iii
  - (d) i, ii & iii
- B. Out of items transported by Explore Logistics, which of the following is/ are exempt from GST?
- (i) Defence Equipments
  - (ii) Railway Equipments
  - (iii) Organic Manure
- (a) i
  - (b) i & ii
  - (c) i & iii
  - (d) i, ii & iii
- C. What will be the time of supply in respect of the services provided by Explore Logistics to Mahajan Steels Pvt. Ltd.?
- (a) 6<sup>th</sup> November
  - (b) 5<sup>th</sup> November
  - (c) 30<sup>th</sup> November
  - (d) 1<sup>st</sup> October
- D. Which of the following statements is correct in respect of services provided by Explore Logistics to Mahajan Steels Pvt. Ltd.
- (a) Mahajan Steels Pvt. Ltd. is liable to pay GST
  - (b) Explore Logistics is liable to pay GST
  - (c) Service provided by Explore Logistics to Mahajan Steels Pvt. Ltd. is exempt under GST
  - (d) Mahajan Steels Pvt. Ltd. is liable to pay 50% GST and remaining 50% will be paid by Explore Logistics

- E. In respect of which of the following supplies, Explore Logistics has to provide invoice-wise details in GSTR-1?
- Inter-State supplies to registered person with invoice value not exceeding ₹ 2,50,000
  - Inter-State supplies to unregistered person with invoice value not exceeding ₹ 2,50,000
  - Inter-State supplies to unregistered person with invoice value exceeding ₹ 2,50,000
  - Intra-State supplies to registered person with invoice value not exceeding ₹ 2,50,000
- i & iv
  - i & ii
  - ii & iii
  - i, iii & iv
2. Lovely & Co., a registered person, supplies taxable goods to unregistered persons. It need not issue tax invoice for the goods supplied on 16<sup>th</sup> April, if the value of the goods is \_\_\_\_ and the recipient does not require such invoice.
- ₹ 1,200
  - ₹ 600
  - ₹ 150
  - ₹ 200
3. Can a registered person opting for composition scheme collect GST on his outward supplies?
- Yes, in all cases
  - Yes, only on such goods as may be notified by the Central Government
  - Yes, only on such services as may be notified by the Central Government
  - No
4. What is the validity of the registration certificate?
- One year
  - Two years
  - Valid till it is cancelled
  - Five years.

### Answer Key

Question No.	Answer
1(A)	(c) i & iii
1(B)	(c) i & iii
1(C)	(d) 1 <sup>st</sup> October
1(D)	(b) Explore Logistics is liable to pay GST
1(E)	(d) i, iii and iv
2	(c) ₹150
3	(d)
4	(c)

5. Buntly Pvt. Ltd., a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period:

Particulars	Amount (₹)
Intra-State supply of goods	11,20,000
Inter-State supply of goods	4,20,000

It has also furnished the following information in respect of purchases made by it in that tax period:

Particulars	Amount (₹)
Intra-State purchases of goods	2,80,000
Inter-State purchases of goods	70,000

The company has following ITCs with it at the beginning of the tax period:

Particulars	Amount (₹)
CGST	79,800
SGST	Nil
IGST	98,000

Note:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- Both inward and outward supplies are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing the ITC have been fulfilled.

Compute the minimum GST, payable in cash, by Buntly Pvt. Ltd. for the tax period. Make suitable assumptions as required.

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

**Solution:**

**Computation of GST payable on outward supplies**

S. No.	Particulars	CGST @9% (₹)	SGST @ 9%(₹)	IGST @ 18%(₹)	Total (₹)
(i)	Intra-State supply of goods for ₹ 11,20,000	1,00,800	1,00,800		2,01,600
(ii)	Inter-State supply of goods for ₹ 4,20,000			75,600	75,600
	Total GST payable				2,77,200

**Computation of total ITC**

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening ITC	79,800	Nil	98,000
<b>Add:</b> ITC on Intra-State purchases of goods valuing ₹ 2,80,000	25,200	25,200	Nil
<b>Add:</b> ITC on Inter-State purchases of goods valuing ₹ 70,000	Nil	Nil	12,600
Total ITC	1,05,000	25,200	1,10,600

**Computation of minimum GST payable from electronic cash ledger**

Particulars	CGST @ 9%(₹)	SGST @ 9% (₹)	IGST@ 18% (₹)	Total(₹)
GST payable	1,00,800	1,00,800	75,600	2,77,200
<b>Less:</b> ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow]	(Nil)	(35,000)	(75,600)	1,10,600
	(1,00,800)	(25,200)		1,26,000
	CGST	SGST		
<b>Minimum GST payable in cash</b>	<b>Nil</b>	<b>40,600</b>	<b>Nil</b>	<b>40,600</b>

**Note :** Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, ITC of IGST has been used to pay SGST (after paying IGST liability) to minimize cash outflow.

6. M/s Shubhank Associates, a partnership firm, provided recovery agent services to Neelkanth Credits Ltd., a non-banking financial company and a registered supplier, on 15<sup>th</sup> January. Invoice for the same was issued on 7<sup>th</sup> February and the payment was made on 18<sup>th</sup> April by Neelkanth Credits Ltd. Bank account of the company was debited on 20<sup>th</sup> April.

Determine the following:

- (i) Person liable to pay GST
- (ii) Time of supply of service

**Solution:**

- (i) Tax on services supplied by a recovery agent to, inter alia, a non-banking financial company (NBFC) is payable under reverse charge by such non-banking financial company.

Therefore, in the given case, person liable to pay GST is the NBFC - Neelkanth Credits Ltd.

- (ii) As per section 13(3) of the CGST Act, the time of supply of service on which GST is payable under reverse charge is earlier of the following:-

- (i) Date of payment as entered in the books of account of the recipient (18<sup>th</sup> April) or the date on which the payment is debited in his bank account (20<sup>th</sup> April), whichever is earlier;
- (ii) Date immediately following 60 days since issue of invoice by the supplier, i.e. 9<sup>th</sup> April.

Thus, time of supply of service is 9<sup>th</sup> April.

7. Fair Oils, Delhi has supplied machine oil and high-speed diesel in the month of April as per the details given in table below. Fair Oils is not yet registered.

Sl. No.	Particulars	Amount (₹)*
(i)	Supply of machine oil in Delhi	9,00,000
(ii)	Supply of high speed diesel in Delhi	18,00,000
(iii)	Supply of machine oil made in Punjab by Fair Oils from its branch located in Punjab	12,00,000

\*excluding GST

Determine whether Fair Oils is liable for registration.

**Solution:**

As per section 22 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit.

The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:-

- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) ₹ 40 lakh for rest of India except persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.

The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:-

- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the rest of India.

As per section 2(6), aggregate turnover includes the aggregate value of:

- (i) all taxable supplies,
- (ii) all exempt supplies,
- (iii) exports of goods and/or services and
- (iv) all inter-State supplies of persons having the same PAN.

The above is computed on all India basis. Further, the aggregate turnover excludes central tax, State tax, Union territory tax, integrated tax and cess. Moreover, the value of inward supplies on which tax is payable under reverse charge is not taken into account for calculation of 'aggregate turnover'.

Section 9(2) provides that CGST is not leviable on five petroleum products i.e. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. As per section 2(47), exempt supply includes non-taxable supply. **Thus, supply of high speed diesel in Delhi, being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.**

**In the backdrop of the above-mentioned discussion, the aggregate turnover of Fair Oils for the month of April is computed as under:**

S. No.	Particulars	Amount (in ₹)
(i)	Supply of machine oils in Delhi	9,00,000
(ii)	<b>Add:</b> Supply of high speed diesel in Delhi	18,00,000
(iii)	<b>Add:</b> Supply of machine oil made by Fair Oils from its branch located in Punjab	12,00,000
	<b>Aggregate Turnover</b>	<b>39,00,000</b>

Fair Oils is making exclusive supply of goods and hence the threshold limit for registration would be ₹ 40,00,000. Since the aggregate turnover does not exceed ₹ 40,00,000, Fair Oils is not liable to be registered.

8. **Narayan Singh, a registered supplier, has received advance payment with respect to services to be supplied to Shelly. His accountant asked him to issue the receipt voucher with respect to such services to be supplied. However, he is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise Narayan Singh regarding the same.**

**Solution:**

Narayan Singh is required to issue a receipt voucher at the time of receipt of advance payment with respect to services to be supplied to Shelly. A receipt voucher is a document evidencing receipt of advance money towards a supply of goods and/or services or both. A registered person, on receipt of advance payment with respect to any supply of goods or services or both, shall issue a receipt voucher or any other document, evidencing receipt of such payment.

Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment.

**Therefore, in case subsequently no services are supplied by Narayan Singh, and no tax invoice is issued in pursuance thereof, Narayan Singh may issue a refund voucher against such payment to Shelly.**

9. **Briefly explain the leviability of GST or otherwise on petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas.**

**Solution:**

Petroleum crude, diesel, petrol, ATF and natural gas are presently not leviable to GST. GST will be levied on these products from a date to be notified on the recommendations of the GST Council.

Till such date, central excise duty continues to be levied on manufacture/production of petroleum crude, diesel, petrol, ATF and natural gas and inter-State/intra-State sale of the same is subject to CST/ VAT respectively.

10. **If a return has been filed, how can it be revised if some changes are required to be made?**



**Solution:**

In GST since the returns are built from details of individual transactions, there is no requirement for having a revised return. Any need to revise a return may arise due to the need to change a set of invoices or debit/credit notes. Instead of revising the return already submitted, the system allows changing the details of those transactions (invoices or debit/credit notes) that are required to be amended. They can be amended in any of the future GSTR-1 in the tables specifically provided for the purposes of amending previously declared details.

As per section 39(9), omission or incorrect particulars discovered in the returns filed u/s 39 can be rectified in the return to be filed for the month during which such omission or incorrect particulars are noticed. Any tax payable as a result of such error or omission will be required to be paid along with interest.

The rectification of errors/omissions is carried out by entering appropriate particulars in "Amendment Tables" contained in GSTR-1.

11. **Milan Charitable trust, registered under section 10(23C)(v) of the Income-tax Act, 1961, manages a temple in Shahdara, Delhi. It has given on rent a community hall, located within temple premises, to public for celebration of Teej Mela. Rent charged is ₹ 9,900. You are required to determine whether the services provided by Milan Charitable trust are liable to GST.**

**Solution:**

Services by a person by way of renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a trust or an institution under section 10(23C)(v) of the Income-tax Act are exempt provided renting charges of premises, community halls, kalyanmandapam or open area are not ₹10,000 or more per day.

**Thus, in the given case, renting of community hall by Milan Charitable Trust is exempt from GST, as rent is less than ₹10,000 per day.**

12. **Alpy Ltd., have filed their GSTR-3B for the month of July, 20XX within the due date prescribed under Section 39 i.e. 20.08.20XX. Post filing of the return, the registered person has noticed during September 20XX that tax dues for the month of July, 20XX have been short paid for ₹ 72,000. Alpy Ltd., has paid the above shortfall of ₹72,000, through GSTR-3B of September 20XX, filed on 20.10.20XX [payment through Cash ledger - ₹54,000 and Credit ledger ₹ 18,000]. Examine the Interest payable under the CGST Act, 2017.**

**What would be your answer if, GSTR-3B for the month of July, 20XX has been filed belatedly on 20.10.20XX and the self-assessed tax of ₹ 72,000/- has been paid on 20.10.20XX [payment through electronic cash ledger - ₹54,000 and electronic credit ledger ₹18,000]**

**Notes:**

- There exists adequate balance in Electronic Cash & Credit ledger as on 31.07.20XX for the above short fall.
- No other supply has been made nor tax payable for the month of July, 20XX other than ₹ 72,000/- missed out to be paid on forward charge basis.
- Ignore the effect of leap year, if applicable in this case.

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

**Solution:**

Interest is payable under Section 50 of the CGST Act, 2017 in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

As per proviso to Section 50(1), interest is payable on the net tax liability paid in cash, only if the return to be filed for a tax period under Section 39, has been filed after the due date to furnish such return.

In the above scenario, Alpy Ltd., has defaulted in making the payment for ₹72,000 on self- assessment basis in the return for the month of July, 20XX. **Accordingly, interest is payable on the gross liability and proviso of sub-section 50(1) shall not be applicable.**

Thus, the amount of interest payable by Alpy Ltd., is as under:- Period of delay = 21<sup>st</sup> August, 20XX to 20<sup>th</sup> October, 20XX = 60 days

Hence, amount of interest = ₹72,000 x 18% x 60/365 = ₹2,130 (rounded off)

Alternatively, if Alpy Ltd., have filed the return for the month of July, 20XX on 20.10.20XX, beyond the stipulated due date of 20.08.20XX and if the self-assessed tax for July, 20XX has been paid on 20.10.20XX, Interest under proviso to Section 50(1) shall be payable on the tax paid **through Electronic Cash Ledger only.**

Hence Interest is payable from 21st August 20XX till 20<sup>th</sup> October 20XX = 60 days

Amount of Interest = ₹54,000 x 18% x 60/365 = ₹1,598 (rounded off)