

GST - PRACTICE TEST PAPER - SET 9

(From GST 9th Edition Question Bank)

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

1. [Supply + Value of Supply + ITC + Payment of Tax] X Electronics is a registered manufacturer of electrical appliances. It made contract with dealers, that purchase of air conditioners of capacity 1.5 ton in the month of March, 20XX of quantity of more than 50 units will entitle them for 10% discount. Inter-State supply made during the month of March 20XX is ₹ 50,00,000.

Details of Intra-State supply:

Particulars	Amount (₹)
Supply of Microwave Oven	15,00,000
Supply of Refrigerators with Stabilizers being a mixed supply, rate of GST on Refrigerator is 28% (14% CGST & 14% SGST), rate of GST on Stabilizer is 18% (9% CGST & 9% SGST)	40,00,000
Supply of Air Conditioners of capacity 1.5 Ton @ ₹ 50,000 per Air Conditioner	50,00,000

Intra-State inward supplies are:

Particulars	Amount (₹)
Raw material	20,00,000
Paid Gym membership for employees	50,000
Truck purchased for transportation of goods	30,00,000

X Electronics made supply of Air Conditioners (capacity 1.5 ton) to only one dealer named Mr. L.

Gym membership for employees is not obligatory for X Electronics under any law.

Opening Balance of ITC is as under:

CGST: ₹ 58,000

SGST: ₹ 70,000

IGST: ₹ 10,00,000

Note:

- (i) Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supplies except where specifically provided.
- (ii) Both inward and outward supplies are exclusive of taxes.
- (iii) All the conditions for availing the ITC have been fulfilled.

Compute the Net GST payable in cash by X Electronics for the month of March, 20XX.

Answer:**Computation of net GST payable in cash by X Electronics for March 20XX**

Particulars		Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
I.	Intra-State supply				
	Supply of microwave oven	15,00,000	1,35,000	1,35,000	
	Supply of refrigerators with stabilizers [Being mixed supply, the supply shall be treated as a supply of that particular supply which attracts the highest rate of tax and taxed accordingly. Thus, it will be taxed @ 14% CGST and 14% SGST]	40,00,000	5,60,000	5,60,000	
	Supply of 100 (₹ 50 lakh/ ₹ 50,000) air conditioners [Since 100 air conditioners have been supplied, discount @ 10% will be available]	45,00,000 [₹ 50,00,000 x 90%]	4,05,000	4,05,000	
II.	Inter-State supply @ 18%	50,00,000			9,00,000
Total outward tax liability			11,00,000	11,00,000	9,00,000
Less: Input Tax Credit (Refer Working Note below)					
IGST credit first utilized towards payment of IGST. Remaining amount can be utilized towards CGST and SGST in any order and in any proportion			1,00,000 (IGST)		9,00,000 (IGST)
CGST credit set off against CGST liability and SGST credit set off against SGST liability as CGST credit cannot be utilized towards payment of SGST and vice versa.			5,08,000 (CGST)	5,20,000 (SGST)	
Net GST liability payable in cash			4,92,000	5,80,000	Nil

Working Note**Computation of ITC available with X Electronics**

Particulars		CGST (₹)	SGST (₹)	IGST (₹)
Opening balance of ITC		58,000	70,000	10,00,000
Intra-State inward supplies				
Raw material	20,00,000	1,80,000	1,80,000	
Gym membership for employees [ITC on membership of a health and fitness centre is blocked if there is no statutory obligation for the employer to provide the same.]	50,000	Nil	Nil	
Truck purchased for transportation of goods [ITC on motor vehicles used for transportation of goods is not blocked.]	30,00,000	2,70,000	2,70,000	
Total ITC		5,08,000	5,20,000	10,00,000

Note: In the above answer, tax payable in cash has been computed by setting off the IGST credit against CGST liability. However, since IGST credit can be set off against CGST and SGST liability in any order and in any proportion, the same can be set off against CGST and/or SGST liabilities in different other ways as well. In all such cases, net CGST and net SGST payable in cash will differ though the total amount of net GST payable (₹ 10,72,000) in cash will remain the same.

It has been presumed that there is one supply transaction for 100 ACs and thus, the discount has been given in the invoice itself. Alternatively, even if there have been multiple supply transactions for the ACs during the month and the discount has been given vide credit note, it has been presumed that the credit note has been issued in March 20XX and all other conditions prescribed in section 15(3)(b) of the CGST Act, 2017 have been complied with. Thus, the effect of the discount has been adjusted in the month of March 20XX itself.

2. **[INPUT TAX CREDIT]** A Ltd. procured the following goods in the month of March, 20XX.

Inward Supplies		GST (₹)
(1)	Goods used in constructing an additional floor of office building	18,450
(2)	Goods given as free sample to prospective customers	15,000
(3)	Trucks used for transportation of inputs in the factory	11,000
(4)	Inputs used in trial runs	9,850
(5)	Confectionery items for consumption of employees working in the factory	3,250
(6)	Cement used for making foundation and structural support to plant and machinery	8,050

Compute the amount of ITC available with A Ltd. for the month of March 20XX by giving necessary explanations.

Assume that all the other conditions necessary for availing ITC have been fulfilled.

Answer:

Computation of amount of ITC available for the month of March 20XX

S. No.	Particulars	GST (₹)
(1)	Goods used in construction of additional floor of office building [ITC on goods received by a taxable person for construction of an immovable property on his own account is blocked even if the same is used in the course or furtherance of business. It has been assumed that cost of construction of additional floor has been capitalized.]	Nil
(2)	Goods given as free samples to prospective customers [ITC on goods disposed of by way of free samples is blocked .]	Nil
(3)	Trucks used for transportation of inputs in the factory [ITC on motor vehicles used for transportation of goods is not blocked .]	11,000
(4)	Inputs used in trial runs [Being used in trial runs, inputs are used in the course or furtherance of business and hence ITC thereon is allowed .]	9,850
(5)	Confectionery items for consumption of employees working in the factory [ITC on food or beverages is blocked unless the same is used in same line of business or as an element of the taxable composite or mixed supply. Further, ITC on goods and/or service used for personal consumption is blocked .]	Nil
(6)	Cement used for making foundation and structural support to plant and machinery [ITC on goods used for construction of plant and machinery is not blocked . Plant and machinery includes foundation and structural supports through which the same is fixed to earth.]	8,050
	Total eligible ITC	28,900

3. **[Supply under GST]** Explain the composite supply and mixed supply. If a trader launches a package sales for marriage containing double bed, refrigerator, washing machine, wooden wardrobe **at a single rate**. He is issuing **invoice showing value of each goods separately**. Whether this is case of mixed supply or composite supply. Explain.

Answer:

Composite supply comprises of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, **one of which is a principal supply**.

Mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

Items such as double bed, refrigerator, washing machine and wooden wardrobe are not naturally bundled and also the invoice for the supply shows separate values for each item i.e., the package is not supplied for a single price.

Therefore, supply of such items as a package will neither constitute a composite supply nor a mixed supply.

Thus, the various items of the package will be treated as being supplied individually.

Note: The question specifies that the various items are supplied at a 'single rate'. The "single rate" expression is construed as single rate of tax in the above answer.

4. [Registration] P Ltd, a registered person provided following information for the month of March, 20XX:

Particulars	Amount (₹)
Intra-State outward supply	8,00,000
Inter-State exempt outward supply	4,00,000
Turnover of exported goods	20,00,000
Payment of IGST	1,20,000
Payment of CGST and SGST	45,000 each
Payment of custom duty on export	40,000
Payment made for availing GTA services	3,00,000

GST is payable on Reverse Charge for GTA services.

Explain the meaning of aggregate turnover u/s 2(6) of the CGST Act and compute the aggregate turnover of P Ltd. for the month of March, 20XX. All amounts are exclusive of GST

Answer

The term aggregate turnover means the aggregate value of:

- (i) all taxable supplies
- (ii) exempt supplies,
- (iii) exports of goods or services or both and
- (iv) inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excluding
 - (a) central tax, State tax, Union territory tax, integrated tax and cess.
 - (b) the value of inward supplies on which tax is payable by a person on reverse charge basis

Computation of aggregate turnover of P Ltd. for the month of March, 20XX

Particulars	Amount (₹)
In terms of the definition of the aggregate turnover given above, the aggregate turnover of P Ltd. has been computed as follows:	
Intra-State outward supply	8,00,000
Inter-State exempt outward supply	4,00,000
Turnover of exported goods	20,00,000
Payment of IGST	Nil
Payment of CGST and SGST	Nil
Payment of customs duty on export	40,000
Payment made under reverse charge for availing GTA services	Nil
Aggregate turnover	32,40,000

5. **[Exemption]** XYZ Pvt. Ltd. manufactures beauty soap with the brand name 'Forever beauty'. XYZ Pvt. Ltd. has organized a concert to promote its brand. Ms. Mahima, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert.

The proceeds of the concert is ₹ 1,25,000.

- (i) Explain with relevant provisions of GST, whether Ms. Mahima will be required to pay any GST.
 (ii) What will be the answer if the proceeds of the concert is donated to a charitable organization?

[Page 6.28 of GST 9th Edition Book]

Answer:

- (i) Services by an artist by way of a performance in classical art forms of, inter alia, dance, **are exempt** from GST, if the consideration charged for such performance is not more than ₹ 1,50,000.

However, such **exemption is not available** in respect of service provided by such artist as a brand ambassador.

Since Ms. Mahima is the brand ambassador of 'Forever Beauty' soap manufactured by XYZ Pvt. Ltd., the services rendered by her by way of a **classical dance performance in the concert organized by XYZ Pvt. Ltd. to promote its brand** will not be eligible for the above-mentioned exemption and thus, be liable to GST.

- (ii) Even if the proceeds of the concert will be donated to a charitable organization, **she will be liable to GST.**

6. **[GST Return]** Explain who is required to furnish **final return**, time limit for filing of final return and late fee for delay in filing **final return**.

[Page 11.38 of GST 9th Edition Book]

Answer:

Every registered person who is required to furnish a return and whose registration has been surrendered or cancelled is required to file a final return.

The final return has to be filed within 3 months of the:

- (i) date of cancellation or
 (ii) date of order of cancellation whichever is later.

Quantum of late fee for not filing the final return is as follows: [No Amendment]

- (i) ₹ 100 for every day during which such failure continues or
 (ii) ₹ 5,000 whichever is lower.

An equal amount of late fee is payable under the respective SGST/UTGST Act as well.

7. **[Registration]** Examine the following cases and explain with reasons whether the supplier of goods is liable to get registered in GST:

- (i) Krishna of Himachal Pradesh is exclusively engaged in intra-State taxable supply of readymade suits. His turnover in the current financial year from Himachal Pradesh showroom is ₹ 25 lakh. He has two more showrooms **one in Manipur** & another in Sikkim with a turnover of ₹ 15 lakh and ₹ 18 lakh respectively in the current financial year.
 (ii) Ankit of **Telangana** is exclusively engaged in intra-State taxable supply of footwear. His aggregate turnover in the current financial year is ₹ 25 lakh:
 (iii) Aakash of Uttar Pradesh is exclusively engaged in intra-State supply of **pan masala**. His aggregate turnover in the current financial year is ₹ 30 lakh.

Answer:

Every person engaged in making a taxable supply is required to obtain registration if his aggregate turnover exceeds ₹ 20 lakh in a financial year. **An enhanced threshold limit for registration of ₹ 40 lakh is available to persons engaged exclusively in intra-State supply of goods in specified States.**

- (i) The applicable threshold limit for registration gets reduced to ₹ 10 lakh in case a person is engaged in making taxable supply from a Special Category State.

Since Krishna is making taxable supply from Manipur – a Special Category State, the applicable threshold limit will get reduced to ₹ 10 lakh. Thus, it is liable to be registered under GST as its aggregate turnover exceeds the said threshold limit.

- (ii) Since Ankit is exclusively engaged in intra-State supply of goods in Telangana, which is not a specified State for enhanced threshold limit, the applicable threshold limit for registration is ₹ 20 lakh.

Thus, Ankit is liable to be registered under GST as its aggregate turnover exceeds the said threshold limit.

- (iii) Though the enhanced threshold limit for registration of ₹ 40 lakh is available to Uttar Pradesh, **the same will not be applicable if the person is engaged in supply of pan masala.**

In view of the same, the applicable threshold limit for Aakash is ₹ 20 lakh. Thus, it is liable to be registered under GST as its aggregate turnover exceeds the said threshold limit.

8. **[GST Practitioner] Who can be registered as Goods and Service Tax Practitioners under Section 48 of the CGST Act?**

[Page 13.2 of GST 9th Edition Book] 

Answer:

Following persons can be registered as Goods and Service Tax Practitioners:

Any person who,

- (i) is a citizen of India;
- (ii) is a person of sound mind;
- (iii) is not adjudicated as insolvent;
- (iv) has not been convicted by a competent court;

and satisfies any of the following conditions (any one), namely that:

- (a) he is a retired officer of the Commercial Tax Department of any State Government or of the CBIC, who, during his service under the Government, had worked in a post **not lower in rank than that of a Group-B gazetted officer for a period of not less than 2 years**; or
- (b) he has been enrolled as a sales tax practitioner or tax return preparer under the existing law for a period of **not less than 5 years**;
- (c) He must have passed:
 - i. a graduate or postgraduate degree or its equivalent examination having a degree in Commerce, Law, Banking including Higher Auditing, or Business Administration or Business Management from any Indian University established by any law for the time being in force; or
 - ii. a degree examination of any Foreign University **recognized by any Indian University** as equivalent to the degree examination mentioned in sub-clause (i); or
 - iii. any other examination notified by the Government, on the recommendation of the Council, for this purpose; or
 - iv. **has passed any of the following examinations, namely**
 - a) final examination of the Institute of Chartered Accountants of India; or
 - b) final examination of the Institute of Cost Accountants of India; or
 - c) final examination of the Institute of Company Secretaries of India