

**GST - PRACTICE TEST PAPER - SET 8**  
**(From GST 9<sup>th</sup> Edition Question Bank)**  
**For Admission / Inquiry - Whatsapp at 8527230445 (11am to 6pm)**

1. [EXEMPTION] MM Charitable Trust is registered under section 12AA of the Income-tax Act, 1961. The trust conducted a three day residential yoga camp among people on the occasion of International yoga day for the advancement of yoga and charged ₹ 7,500 per person inclusive of stay and food.

The trust also conducted programmes for the advancement of education of persons aged above 65 years in metro cities. A nominal fee was charged for the same.

The trust received following donations during the month of September:-

- (i) Solid Steels Pvt. Ltd. donated a RO water plant to the trust costing ₹ 75,000 and displayed its company name in the RO system installed at the premises of the trust as "Donated by Solid Steels Private Limited-trusted by all".
- (ii) Mr. Prasanna, a lawyer donated chairs to the trust costing ₹ 25,000 and 'Love all' is printed on all chairs donated by him to the trust.

The following are the details of GST payment made by the firm-

- (i) GST of ₹ 1,75,000 was paid for the purchase of motor vehicle **for transportation of needy persons** (Seating capacity including driver is 13).
- (ii) GST of ₹ 2,45,000 was paid for works contract services availed from Super Builders for construction of Trust's office building.

MM Charitable Trust also owns and manages a gurudwara. It rented the community hall located in the precincts of the gurudwara for a rent of ₹ 8,500 per day for a marriage function. It also rented the commercial shop located in the precincts of the gurudwara for a rent of ₹ 10,000 per month per shop.

You can assume that the Trust is registered under GST and all the transactions are intra - State only. Conditions for availing ITC are fulfilled subject to the above- mentioned information.

Based on the information given above, choose the most appropriate answer for the following questions [A to D]-

**A. Which of the following activities conducted by trust is exempt from GST?**

- (a) Advancement of Yoga
- (b) Advancement of education
- (c) Both (a) and (b)
- (d) Neither of the activities

**B. Determine the value of taxable supply in respect of donations received by the Trust?**

- (a) ₹ 25,000
- (b) ₹ 75,000
- (c) ₹ 1,00,000
- (d) Nil

**C. Compute the amount of input tax credit that can be claimed by the Trust?**

- (a) ₹ 1,75,000
- (b) ₹ 2,45,000
- (c) ₹ 4,20,000
- (d) Nil

**D. Which of the following statements is/are correct under GST law in respect of gurudwara managed by MM Charitable Trust?**

- (a) Renting of community hall is taxable while renting of commercial shop is exempt.
- (b) Renting of community hall is exempt while renting of commercial shop is taxable.
- (c) Both renting of community hall and renting of commercial shop are taxable.
- (d) Both renting of community hall and renting of commercial shop are exempt.

2. [SUPPLY] Determine which of the following independent cases will be deemed as supply even if made without consideration in terms of Schedule I of the CGST Act, 2017?

- (i) AB & Associates transfers stock of goods from its Mumbai branch to Kolkata depot for sale of such goods at the depot.
  - (ii) Mr. Raghuveer, a dealer of air-conditioners permanently transfers the motor vehicle free of cost. ITC on said motor vehicle is blocked.
  - (iii) Mrs. Riddhi, an employee of Sun Ltd., received gift from her employer on the occasion of Diwali worth ₹ 21,000.
- (a) (i)
  - (b) (ii)
  - (c) (iii)
  - (d) Both (i) and (ii)

3. [ITC] PZY Ltd. is engaged in manufacturing of motor car. The company paid following amount of GST to its suppliers against the invoices raised to it. Compute the amount of **ineligible** input tax credit under GST law:-

S. No.	Particulars	GST Paid (₹)
1.	General insurance taken on cars manufactured by PZY Ltd.	1,00,00,000
2.	Buses purchased for transportation of employees (Seating capacity 23)	25,00,000
3.	Life and health insurance for employees under statutory obligation	6,00,000
4.	Outdoor catering in Diwali Mela organized for employees	3,50,000

- (a) ₹ 9,50,000
- (b) ₹ 3,50,000
- (c) ₹ 1,31,00,000
- (d) ₹ 28,50,000

4. [TAX INVOICE] Which of the following statements **is/are incorrect** under GST law:-

- (i) If the supplier has erroneously declared a value which is more than the actual value of goods or services provided, then he can issue credit note for the same.
  - (ii) If the supplier declared some special discount which is offered after the supply is over, then he cannot issue credit note under GST law for the discount offer.
  - (iii) If quantity received by the recipient is more than what has been declared in the tax invoice, then supplier can issue debit note for the same.
  - (iv) There is no time limit to declare the details of **Credit note** in the return.
- (a) (i),(ii) and (iv)
  - (b) (i) and (iv)
  - (c) (iv)
  - (d) (i) and (iii)

5. [TIME OF SUPPLY] Ms. Pearl is a classical singer. She wants to organize a classical singing function, so she booked an auditorium on 10<sup>th</sup> August for a total amount of ₹ 20,000. She paid ₹ 5,000 as advance on that day. The classical singing function was organized on 10<sup>th</sup> October. The auditorium owner issued invoice to Ms. Pearl on 25<sup>th</sup> November amounting to ₹ 20,000. Pearl made balance payment of ₹ 15,000/- on 30<sup>th</sup> November. Determine the time of supply in this case.

- (a) Time of supply is 25<sup>th</sup> November for ₹ 20,000.
- (b) Time of supply is 25<sup>th</sup> November for ₹ 5,000 & 30<sup>th</sup> November for ₹ 15,000.
- (c) Time of supply is 10<sup>th</sup> August for ₹ 5,000 & 10<sup>th</sup> October for ₹ 15,000.
- (d) Time of supply is 10<sup>th</sup> October for ₹ 20,000.

6. [E-WAY BILL] ABC Ltd. generated e-way bill on 12<sup>th</sup> February at 14.00 hrs. It used over- dimensional cargo for a distance of 100 km. When the validity period of the e-way bill will expire?

- (a) Midnight of 13<sup>th</sup> – 14<sup>th</sup> February
- (b) Midnight of 17<sup>th</sup> – 18<sup>th</sup> February
- (c) At 14.00 hrs. of 13<sup>th</sup> February
- (d) At 14.00 hrs. of 14<sup>th</sup> February

### Answer Key

1(A)	(B)	(C)	(D)	2	3	4	5	6
(a)	(b)	(d)	(b)	(a)	(b)	(c)	(c)	(b)

7. **[E-INVOICE]** Determine in which of the following independent cases, e-invoicing is applicable?
- Harnam & Co., dealing in interior decoration products made supplies to various registered and unregistered persons in the preceding financial year. The aggregate turnover of Harnam & Co. in the preceding financial year is ₹ 60 crore.
  - Rich & Poor Bank**, registered under GST has an aggregate turnover of ₹ 75 crore in the preceding financial year.

[Page E-Invoice.2 from GST 9<sup>th</sup> Edition Book]

**Solution:**

All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year **from 2017-18 onwards greater than ₹ 50 crore** are required to issue e-invoices in respect of B2B supplies (supply of goods and/or services **to a registered person**).

Further, following entities **are exempt** from the mandatory requirement of e-invoicing:-

- A Government Department, A Local Authority**
- Special Economic Zone units
- Insurer or banking company or financial institution including NBFC
- GTA supplying services in relation to transportation of goods by road in a goods carriage
- Supplier of passenger transportation service
- Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens

Thus, above mentioned entities **are not required** to issue e-invoices even if their turnover exceeds ₹ 50 crore in the preceding financial year from 2017-18 onwards.

In view of the above mentioned provisions, the answer to the independent cases are as under:-

- The aggregate turnover of Harnam & Co. exceeds the threshold limit of aggregate turnover applicable for e-invoicing. **Thus, Harnam & Co. is mandatorily required to issue e-invoices in respect of supplies made to registered persons.**
- Banking company is specifically exempt** from mandatory requirement of e-invoicing even if the turnover exceeds ₹ 50 crore in the preceding financial year. **Thus, e-invoicing is not applicable to Rich & Poor Bank.**

8. **[VALUE OF SUPPLY]** Namu Shankar Ltd., a registered supplier in Mumbai (Maharashtra), has supplied goods to Narad Traders and Nandi Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respectively. Namu Shankar Ltd. has furnished the following details for the current month:

S. No.	Particulars	Narad Traders (₹)	Nandi Motors Ltd. (₹)
(i)	Price of the goods (excluding GST)	10,000	30,000
(ii)	Packing charges	500	
(iii)	Commission	500	
(iv)	Weighment charges		2,000
(v)	Discount for prompt payment (recorded in the invoice)		1,000

Items given in points (ii) to (v) have not been considered while arriving at price of the goods given in point (i) above.

Compute the GST liability [CGST & SGST or IGST, as the case may be] of Namu Shankar Ltd. for the given month. Assume the rates of taxes to be as under:

GST	Rate of tax
Central tax (CGST)	9%
State Tax (SGST)	9%
Integrated tax (IGST)	18%

Make suitable assumptions, wherever necessary.

Note: The supply made to Narad Traders is an inter-State supply.

[SIMPLE QUESTION – CAN BE IGNORED IN REVISION]

**Solution:****Computation of GST liability**

S. No.	Particulars	Narad Traders (₹)	Nandi Motors Ltd. (₹)
(i)	Price of goods	10,000	30,000
(ii)	Add: Packing charges (Note-1)	500	
(iii)	Add: Commission (Note-1)	500	
(iv)	Add: Weighment charges (Note-1)	-	2,000
(v)	<b>Less:</b> Discount for prompt payment (Note-2)	-	<u>(1,000)</u>
	Value of taxable supply	11,000	31,000
	<b>IGST payable @ 18% (Note-3)</b>	<b>1,980</b>	
	<b>CGST payable @ 9% (Note-4)</b>		<b>2,790</b>
	<b>SGST payable @ 9% (Note-4)</b>		<b>2,790</b>

**Notes:**

- Incidental expenses, including commission and packing, charged by supplier to recipient of supply is includible in the value of supply. Weighment charges are also incidental expenses, hence includible in the value of supply [Section 15 of the CGST Act, 2017].
- Since discount is known at the time of supply, it is deductible from the value in terms of section 15 of the CGST Act, 2017.
- Since supply made to Narad Traders is an inter-State supply, IGST is payable in terms of section 5 of the IGST Act, 2017.
- Since supply made to Nandi Motors Ltd. is an intra-State supply, CGST & SGST is payable on the same.

**9. [REGISTRATION] Examine whether the liability to register compulsorily under section 24 of the CGST Act, 2017 arises in each of the independent cases mentioned below:**

- Heera, a supplier in Haryana, is exclusively engaged in supply of potatoes produced out of cultivation of his own land, within Haryana and also outside Haryana.
- Aanya of **Telangana** is exclusively engaged in intra-State supply of toys. Its aggregate turnover in the current financial year is ₹ 22 lakh.

**Solution:**

- Section 24 of the CGST Act, 2017 provides that persons making any inter-State taxable supply of goods are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.

**However, as per section 23 of the CGST Act, 2017, an agriculturist, to the extent of supply of produce out of cultivation of land, is not liable to registration.**

Heera is exclusively engaged in cultivation and supply of potatoes. **Thus, he is not liable to registration irrespective of the fact that he is engaged in making inter -State supply of goods.** Further, Heera will not be liable to registration, in the given case, **even if his turnover exceeds the threshold limit.**

- As per section 22 of the CGST Act, 2017 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:-**

- ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- ₹ 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, **Telangana** and Uttarakhand.
- ₹ 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.

Since Aanya is making taxable supplies from Telangana, **she will not be eligible for higher threshold limit (₹ 40 lakh) available in case of exclusive supply of goods.** The applicable threshold limit for registration for Aanya in the given case is ₹ 20 lakh. **Thus, she is liable to get registered under GST.**