

GST - PRACTICE TEST PAPER - SET 6

(From GST 9th Edition Question Bank)

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

1. Mr. Kumar started interior designing practice from the month of January 2021. His turnover up to the month of March 2021 was ₹ 12,50,000. On 30th June 2021, his turnover (in FY 2021-22) exceeded ₹ 20,00,000 & reached to ₹ 20,05,000. Mr. Kumar applied for GST registration (as regular taxpayer) on 15th July and registration was granted to him on 25th July.

On 16th July, he entered into a contract for designing the flat of Mr. Shyam. The service was completed on 22nd July and Mr. Kumar issued invoice on the same day for ₹ 6,00,000. On 5th July, Mr. Kumar purchased capital goods amounting to ₹ 4,50,000 and from 25th July to 31st July, he availed services amounting to ₹ 1,75,000 for the purpose of completing the service.

On 1st August, Mr. Kumar got another contract for interior designing from Mr. Ram, which he accepted on 2nd August. The service was completed on 6th August and invoice was issued on 7th August for ₹ 5,00,000. Payment was received on 29th August.

All values are excluding taxes, unless specifically mentioned. Mr. Kumar makes only intra-State outward supplies and all purchases are also intra-State. Rates of tax are CGST - 9% and SGST - 9%.

In relation to the above, answer the following questions:

- (i) The effective date of registration for Mr. Kumar is-

- (a) 30th June
- (b) 15th July
- (c) 25th July
- (d) 16th July

- (ii) Mr. Kumar can issue a revised tax invoice till-

- (a) 23rd October
- (b) 8th September
- (c) 25th September
- (d) 25th August

- (iii) Eligible input tax credit available with Mr. Kumar for the month of July is-

- (a) CGST ₹ 40,500 & SGST ₹ 40,500
- (b) CGST ₹ 15,750 & SGST ₹ 15,750
- (c) CGST ₹ 56,250 & SGST ₹ 56,250
- (d) CGST ₹ 36,000 & SGST ₹ 36,000

- (iv) The time of supply of services provided by Mr. Kumar to Mr. Ram is-

- (a) 7th August
- (b) 1st August
- (c) 29th August
- (d) 6th August

- (v) If instead of opting for regular scheme, Mr. Kumar opts to pay tax under section 10(2A) of the CGST Act, 2017, the tax liability for the month of July will be-

- (a) CGST Nil and SGST Nil
- (b) CGST ₹ 54,000 & SGST ₹ 54,000
- (c) CGST ₹ 18,000 & SGST ₹ 18,000
- (d) CGST ₹ 78,150 & SGST ₹ 78,150

2. [Registration] Rama Ltd. has provided following information for the month of September: Intra-State outward supply ₹ 8,00,000

- Inter-State exempt outward supply ₹ 5,00,000
- Turnover of exported goods ₹ 10,00,000
- Payment made for availing GTA services ₹ 80,000

Calculate the aggregate turnover of Rama Ltd.

- (a) ₹ 8,00,000
- (b) ₹ 23,80,000
- (c) ₹ 23,00,000
- (d) ₹ 18,00,000

Answer:

Question No.	Answer
1(i)	(a) 30 th June
(ii)	(d) 25 th August
(iii)	(c) CGST ₹ 56,250 & SGST ₹ 56,250
(iv)	(a) 7 th August
(v)	(c) CGST ₹ 18,000 & SGST ₹ 18,000
2	(c) ₹ 23,00,000/-

3. **[Payment of Tax Chapter]** Paritosh & Co., a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period: **[SIMPLE QUESTION – CAN BE IGNORED IN REVISION]**

Particulars	Amount (₹)
Intra-State supply of goods	10,00,000
Inter-State supply of goods	8,00,000

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	3,00,000
Inter-State purchases of goods	2,50,000

Paritosh & Co. has following ITCs with it at the beginning of the tax period:

Particulars	Amount (₹)
CGST	57,000
SGST	60,000
IGST	1,40,000

Note:

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

Compute the minimum GST, payable in cash, by Paritosh & Co. for the tax period and the ITC to be carried forward to the next month. Make suitable assumptions as required.

Answer:

Computation of GST payable on outward supplies

S.No.	Particulars	CGST @9% (₹)	SGST @9% (₹)	IGST @18% (₹)	Total (₹)
(i)	Intra-State supply of goods for ₹ 10,00,000	90,000	90,000		1,80,000
(ii)	Inter-State supply of goods for ₹ 8,00,000			1,44,000	1,44,000
	Total GST payable				3,24,000

Computation of total ITC

Particulars	CGST @9% (₹)	SGST @ 9% (₹)	IGST @18% (₹)
Opening ITC	57,000	60,000	1,40,000
Add: ITC on Intra-State purchases of goods valuing ₹ 3,00,000	27,000	27,000	Nil
Add: ITC on Inter-State purchases of goods valuing ₹ 2,50,000	Nil	Nil	45,000
Total ITC	84,000	87,000	1,85,000

Computation of minimum GST payable from electronic cash ledger

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total (₹)
GST payable	90,000	90,000	1,44,000	3,24,000
Less: 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 [SATC Hint: Since, SGST Credit of 87,000 is available, it is beneficial to allocate IGST credit of 3,000 towards SGST Liability]	(38,000) IGST	(3,000) IGST	(1,44,000) IGST (Hint: First Preference)	1,85,000
	(52,000) CGST	(87,000) SGST		1,39,000
Minimum GST payable in cash	Nil	Nil	Nil	Nil
ITC balance to be carried forward next month	32,000	Nil	Nil	32,000

Note: The above computation is one of the many ways to set off the ITC of IGST (₹ 41,000-after set off against IGST liability) against CGST and SGST liability to compute minimum GST payable in cash. To illustrate, IGST of ₹ 10,000 can be set off against SGST payable and IGST of ₹ 31,000 can be set off against CGST payable. In this situation also, the net GST payable will be nil but the ITC of CGST and SGST to be carried forward will be ₹ 25,000 and ₹ 7,000 (totaling to ₹ 32,000) respectively. However, if the entire ITC of ₹ 41,000 is set off against CGST payable, then SGST of ₹ 3,000 will be payable in cash thus, increasing the cash outflow. Therefore, such a set off would not be advisable for computing the minimum GST payable.

4. **[Value of Supply]** Shri Krishna Pvt. Ltd., a registered supplier, furnishes the following information relating to goods sold by it to Shri Balram Pvt. Ltd.-

S. No.	Particulars	Amount (₹)
(i)	Price of the goods [excluding taxes and other charges mentioned at S. Nos. (iii), (v) and (vi)]	1,00,000
(ii)	Municipal tax	2,000
(iii)	Inspection charges	15,000
(iv)	Subsidy received from Shri Ram Trust [Subsidy is directly linked to the goods supplied]	50,000
(v)	Late fees for delayed payment inclusive of GST [Shri Balram Pvt. Ltd. paid the late fees. However, these charges were ultimately waived by Shri Krishna Pvt. Ltd. and the amount was refunded to Shri Balram Pvt. Ltd. during the same month]	1,000
(vi)	Weighment charges [Such charges were paid by Shri Balram Pvt. Ltd. to Radhe Pvt. Ltd. on behalf of Shri Krishna Pvt. Ltd.]	2,000

Note: Price of the goods is net of the subsidy received.

Determine the value of taxable supply made by Shri Krishna Pvt. Ltd. to Shri Balram Pvt. Ltd.

Answer:

Computation of value of taxable supply made by Shri Krishna Pvt. Ltd. to Shri Balram Pvt. Ltd.

Particulars	Amount (₹)
Price of the goods	1,00,000
Municipal tax [Includible in the value as per section 15(2)(a)]	2,000
Inspection 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 as per section 15(2)(c)]	15,000
Subsidy received from Shri Ram Trust [Since the subsidy is received from a non-Government body and directly linked to the supply, the same is includible in the value in terms of section 15(2)(e)]	50,000
Late fees for delayed payment [Not includible since the same is waived off]	Nil
Weighment charges paid to Radhe Pvt. Ltd. on behalf of Shri Krishna Pvt. Ltd. [Any amount that the supplier is liable to pay in relation to the supply but has been incurred by the recipient 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)]	2,000
Value of taxable supply	1,69,000

5. **[Composition Scheme]** Subramanian Enterprises has two registered places of business in Delhi. Its aggregate turnover for the preceding year for both the places of business was ₹ 120 lakh. It wishes to pay tax under composition levy, under section 10(1) & 10(2), for one of the places of business in the current year while under normal levy for other. You are required to advise Subramanian Enterprises whether he can do so?

[SIMPLE QUESTION – CAN BE IGNORED IN REVISION]

Answer:

A registered person with an aggregate turnover in a preceding financial year up to ₹ 1.5 crore is eligible for composition levy, under section 10(1) & 10(2), in Delhi. Since the aggregate turnover of Subramanian Enterprises does not exceed ₹ 1.5 crore, it is eligible for composition levy in the current year.

However, all registered persons having the same Permanent Account Number (PAN) have to opt for composition scheme. If one such registered person opts for normal scheme, others become ineligible for composition scheme.

Thus, Subramanian Enterprises either have to opt for composition levy for both the places of business or under normal levy for both the places of business.

6. **[Registration Chapter]** Examine whether the supplier of goods is liable to get registered in the following independent cases:-

- Raghav of Assam is exclusively engaged in intra-State taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is ₹ 33 lakh. He has **another showroom in Tripura** with a turnover of ₹ 11 lakh in the current FY.
- Pulkit of Panjim, Goa is exclusively engaged in intra-State taxable **supply of shoes**. His aggregate turnover in the current financial year is ₹ 22 lakh.
- Harshit of Himachal Pradesh is exclusively engaged in intra-State **supply of pan masala**. His aggregate turnover in the current financial year is ₹ 24 lakh.

Answer:

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:-

- ₹ 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.**

In the light of the afore-mentioned provisions, the answer to the independent cases is as under:-

- Raghav is eligible for higher threshold limit of turnover for registration, i.e. ₹ 40 lakh as he is exclusively engaged in intra-State supply of goods. However, since Raghav is engaged in supplying readymade garments **from a Special Category State i.e. Tripura, the threshold limit gets reduced to ₹ 10 lakh.**

Thus, Raghav is liable to get registered under GST as his turnover exceeds ₹10 lakh. Further, he is required to obtain registration in both Assam and Tripura as he is making taxable supplies from both the States.

- The applicable threshold limit for registration for Pulkit in the given case is ₹ 40 lakh as he is exclusively engaged in intra-State taxable supply of goods in Goa. Thus, **he is not liable to get registered** under GST as his turnover is less than the threshold limit.

- Harshit being exclusively engaged in supply of **pan masala is not eligible for higher threshold limit of ₹40 lakh.** The applicable threshold limit for registration in this case is ₹20 lakh. Thus, Harshit is liable to get registered under GST.

7. **[Payment of Tax Chapter]** Mr. A has deposited a sum of ₹ 30,000 under minor head of "Interest" column for the major head "IGST". At the time of filing GSTR-3B for a particular tax period, he noticed that there is no sufficient amount under the minor head 'Tax' towards payment of ₹ 30,000. When approached with the Jurisdictional Tax officer, Mr. A was guided to deposit the tax amount under proper head of account and claim a refund for the remittance of amount deposited under head "interest".

Examine the relevant provisions of CGST Act, 2017 towards payment of tax and compliance with the law.

Answer:

Provisions of Section 49(10) of CGST Act, 2017 permit a registered person for transferring the amount deposited under any of the minor head i.e. tax, interest, penalty, fees or others to any of the heads under IGST/CGST/SGST/UTGST and make the payment of taxes there upon.

Accordingly, Mr. A need not deposit the tax amount under head "tax" and claim a refund for the remittance of amount deposited under head "interest". **Rather, using the Form GST PMT 09, such amount can be transferred suo-moto on the common portal from "interest" to "tax" head and tax liability be paid.**

8. **[INTRODUCTION CHAPTER]** GST is a simplified tax structure. Justify the statement.

[SIMPLE QUESTION – CAN BE IGNORED IN REVISION]

Answer:

GST is a simplified tax structure. The statement is justified. Simpler tax regime with fewer exemptions along with reduction in multiplicity of taxes under GST has led to simplification and uniformity in tax structure. The uniformity in laws, procedures and tax rates across the country makes doing business easier. Common system of classification of goods and services across the country ensures certainty in tax administration across India.

9. **[AMENDED] RETURN CHAPTER:** What are the cases where a registered person is debarred from furnishing details of outward supplies in GSTR-1/IFF?

[Refer Page 11.9 of 9th Edition GST Book]

Answer:

- (i) A registered person shall not be allowed to furnish the details of outward supplies in Form GSTR-1, if he has not furnished the return in Form GSTR-3B **for the preceding month preceding two months; (w.e.f. 01.01.2022).**
- (ii) A registered person, opting for QRMP scheme shall not be allowed to furnish the details of outward supplies in Form GSTR-1 or using IFF, if he has not furnished the return in Form GSTR-3B for preceding tax period.
- (iii) **Omitted from 01.01.2022:** A registered person, who is restricted from using the amount available in electronic credit ledger to discharge his liability towards tax in excess of 99% of such tax liability under rule 86B of the CGST Rules, shall not be allowed to furnish the details of outward supplies in Form GSTR-1 or using IFF, if he has not furnished the return in Form GSTR-3B for preceding tax period.

