

## GST - PRACTICE TEST PAPER - SET 5

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

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

1. **[VERY IMPORTANT] ITC CHAPTER:** M/s. ABC & Co., a accountancy firm, having office in Bengaluru registered under GST in the State of Karnataka, submitted the following information for the month of April 20XX:

Sr. No.	Particulars	Amount of services provided excluding GST (₹)
1.	Statutory audit services provided (intra-State supplies)	1,20,000
2.	ITR filing services provided within Karnataka (intra-State supplies)	1,60,000
3.	Internal audit services provided to Mumbai client (inter-State supplies)	1,80,000

ABC & Co. had also incurred the following expenses in the month of April, 20XX for the purpose of providing the taxable services:

Sr. No.	Particulars	Amount including GST (₹)
1.	Car purchased by firm for the use of senior partner of the firm for official use	7,84,000 (₹ 42,000 CGST and ₹ 42,000 SGST)
2.	Office rent paid to landlord who is registered in State of Karnataka	5,900 (CGST ₹ 450 and SGST ₹ 450)
3.	Professional fee paid to Mr. Rajesh, a practicing Accountant, for professional services availed	2,36,000 (CGST ₹ 18,000 and SGST ₹ 18,000) TDS deducted ₹ 20,000 u/s 194J of the Income Tax Act, 1961
4.	Computer purchased for office purpose	56,000 (CGST ₹ 3,000 and SGST ₹ 3,000)

Out of the above 4 suppliers/service providers, landlord of office to whom rent was paid did not upload his GSTR-1 within the specified time allowed under GST resulting in the GST amount not reflecting in GSTR-2A of ABC & Co.

Compute the net GST payable (CGST, SGST and IGST after adjustment of ITC) by ABC & Co. for the month of April 20XX.

Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively assuming that all the remaining conditions of utilisation of ITC are fulfilled.

#### **Solution:**

#### Computation of net GST payable by ABC & Co. for the month of April 20XX

Particulars	Value of supply	CGST (₹)	SGST (₹)	IGST (₹)
Statutory audit services	1,20,000	10,800	10,800	
ITR filing services	1,60,000	14,400	14,400	
Internal audit services	1,80,000	-	-	32,400
<b>Total output tax liability</b>		<b>25,200</b>	<b>25,200</b>	<b>32,400</b>
Less: ITC [Refer Working Note] [CGST credit is set off against CGST liability and SGST credit is set off against SGST liability since CGST credit cannot be utilized towards payment of SGST liability and vice versa.]		(21,450)	(21,450)	
<b>Net GST payable</b>		<b>3,750</b>	<b>3,750</b>	<b>32,400</b>

**Working Note:****Computation ITC that can be availed:**

Particulars	CGST (₹)	SGST (₹)
<b>Computation of eligible ITC</b>		
<b>Car purchased for official use by senior partner</b> [ITC on motor vehicles used for transportation of persons with seating capacity upto 13 persons (including driver) <b>is blocked</b> except when used for making specified outward supplies.]	Nil	Nil
<b>Office rent paid to landlord</b> [ITC on services used in the course/furtherance of the business <b>is ineligible since the supplier not uploaded in his GSTR-1.</b> ]	Nil	Nil
<b>Professional fee paid</b> [ITC on services used in the course/furtherance of the business is allowed.]	18,000	18,000
<b>Computer for office purpose</b> [ITC on goods used in the course/furtherance of the business is allowed.]	3,000	3,000
<b>Total eligible ITC</b>	<b>21,000</b>	<b>21,000</b>
<b>Computation of ITC which can be availed</b>		
1. ITC in respect of invoices furnished by the suppliers in their GSTR- 1s (100% ITC can be availed)	21,000	21,000
2. <b>ITC in respect of invoices not furnished by the suppliers in their GSTR-1s is restricted to:</b> (i) 5% of eligible ITC in respect of invoices furnished in GSTR-1s [₹ 1,050 (5% of 21,000)], or (ii) Actual amount of ITC [₹ 450] whichever is lower.	450	450
<b>ITC that can be availed</b>	<b>21,450</b>	<b>21,450</b>

2. **[TIME OF SUPPLY]** A Ltd., registered under GST, is engaged in job work of engineering goods as well as supplying of engineering goods. **[SIMPLE QUESTION – CAN BE IGNORED IN REVISION]**

A Ltd. provides following details regarding orders received for Job work and supply of goods:

<b>A. Job work of engineering goods</b>	
Date of confirmation of order	- 01.03.2022
Date of receipt of advance of ₹ 1,50,000	- 03.03.2022
Date of completion of job work	- 06.03.2022
Date of issue of invoice for total amount	- 11.03.2022
Date of receipt of balance payment of ₹ 1,00,000	- 16.03.2022
<b>B. Supply of engineering goods</b>	
Date of confirmation of order	- 08.01.2022
Date of receipt of advance of ₹ 1,50,000	- 12.01.2022
Date of removal of goods	- 17.01.2022
Date of issue of invoice for total amount	- 22.01.2022
Date of receipt of balance payment of ₹ 1,00,000	- 01.02.2022

You are required to examine and determine the time and value of supply under forward charge w.r.t. job work and supply of goods under the provisions of CGST Act, 2017.

**Solution:****Time and value of supply in case of job work: Job work is treated as supply of services.**

The time of supply of services in case where the invoice is issued within 30 days of provision of service is the earlier of date of invoice or date of receipt of payment (to the extent the invoice/payment covers the supply of services).

Thus, the time of supply for advance of ₹ 1,50,000 received for the supply of job work services is **03.03.2022** and for balance payment of ₹ 1,00,000 is **11.03.2022**.

Value of supply is ₹ 2,50,000

**Time and value of supply in case of supply of goods:**

The time of supply of goods for the purpose of payment of tax is the date of issue of invoice or the last date when the invoice ought to have been issued viz. before/at the time of removal of goods for supply to the recipient, where supply involves movement of goods.

Thus, the time of supply for advance of ₹ 1,50,000 as well as for the balance payment of ₹ 1,00,000 is **17.01.2022**.

Value of supply is ₹ 2,50,000

**3. [REGISTRATION CHAPTER]** In the below two independent cases, you are required to examine and explain with reasons as per GST rules and regulations:

- (i) B is engaged exclusively in intra-State supply of taxable goods in the state of Punjab. Her aggregate turnover is ₹ 32 lakh. She also receives certain inward supplies on which GST is payable under RCM. Whether she is liable to be registered or not?
- (ii) A is engaged in supply of taxable goods. He has taken voluntary registration under CGST Act. His aggregate turnover is below the threshold limit. He is of the opinion that he will be liable to pay tax from the day his aggregate turnover exceeds the threshold limit. Whether the contention of A is tenable?

**[SIMPLE QUESTION – CAN BE IGNORED IN REVISION]**

**Solution:**

- a. The threshold limit for registration applicable to persons engaged exclusively in intra- State supply of taxable goods in specified States is ₹ 40 lakh.

However, persons who are required to pay tax on inward supplies under reverse charge basis are required to obtain registration compulsorily.

In the given case, although the aggregate turnover of B is below the applicable threshold limit, she is required to obtain registration compulsorily irrespective of her aggregate turnover.

- b. **No, the contention of A is not tenable.**

All provisions of GST law, as are applicable to a registered person, apply to a voluntarily registered person. Therefore, since A has obtained voluntary registration, he has to pay tax from the date of grant of registration even though his aggregate turnover does not exceed the threshold limit.

**4. [ITC CHAPTER]** PQR Ltd., a registered supplier from Madhya Pradesh, is engaged in the manufacturing of heavy machines. The company provides the following details of purchases made/services availed by it during the month of February, 20XX:

Sr. No.	Particulars	GST Amount (₹)
1.	Payment for fitness club membership availed by employee as one of the terms of employment	25,000
2.	Payment made to outdoor catering service to run a free canteen in factory as it is required under the Factories Act, 1948	55,000
3.	Payment made to travel agency for organizing a free vacation for its best performance awarded employees	35,000
4.	Payment made for work contract service availed for the construction of pipe line to be laid outside company's factory	1,05,000

You are required to determine the eligible ITC available to PQR Ltd. for the month of February, 20XX by giving brief explanations for treatment of various items.

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

**Solution:**

## Computation of eligible ITC available to PQR Ltd. for February 20XX

Particulars	Amount (₹)
<b>Payment for fitness club membership of employee</b> [ITC is blocked as said service is not provided by employer to employee under any statutory obligation.]	Nil
<b>Payment for outdoor catering service for canteen under the Factories, Act</b> [ITC is allowed as said service is provided by employer to employee under a statutory obligation.]	55,000
<b>Payment to travel agency for free vacation of employees</b> [ITC is blocked as said service is not provided by employer to employee under any statutory obligation.]	Nil
<b>Works contract service availed for construction of pipeline laid outside company's factory</b> [ITC is blocked on works contract services for construction of immovable property except plant & machinery. Construction of pipeline laid outside factory premises is excluded from plant & machinery.]	Nil
<b>Eligible ITC</b>	<b>55,000</b>

5. **[EXEMPTION CHAPTER]** Discuss with reasons whether GST is payable in respect of transportation services provided by X Transports, a goods transport agency, in each of the following independent cases. Also, calculate the total taxable value of the transportation services:

Sr. No.	Customer	Nature of Services provided	Amount charged excluding of GST (₹)
1	A	Transportation of goods on consignment transported in a single goods carriage	1,180
2	B	Transportation of chairs for a single consignee in the goods carriage	3,000
3	C	Transportation of milk	8,000

**Solution:**

## Computation of Taxable Value of transportation services of X Transports

Sr. No.	Customer	Nature of services provided	GST payable or exempt	Taxable value [₹]
1	A	Transportation of goods on consignment transported in a single goods carriage	Exempt, since consideration for transportation of goods by GTA on a consignment transported in a single goods carriage does not exceed ₹ 1,500.	Nil
2	B	Transportation of chairs for a single consignee in the goods carriage	GST is payable. Exemption is available for transportation of goods by GTA only where consideration for transportation of all goods for a single consignee does not exceed ₹ 750.	3,000
3	C	Transportation of milk	Exempt. Transportation of milk by GTA in a goods carriage is exempt.	Nil
<b>Total Taxable value of services</b>				<b>3,000</b>

6. **IMPORTANT QUESTION - [REGISTRATION CHAPTER]** B Enterprises started its business activities in the month of January, 20XX, in the State of Karnataka. It provides the following information:

Sr. No.	Particulars	Amount (₹)
1.	Value of intra-State outward taxable supply of goods	7,00,000
2.	Value of inter-State outward taxable supply of services	6,00,000
3.	Value of intra-State outward supply on which tax is payable under reverse charge mechanism. <b>[SATC Hint: It is an outward supply of B Enterprise]</b>	1,00,000
4.	Value of intra-State outward supply of exempted good from its other place of business in the State of Manipur (under same PAN)	5,00,000

From the information given above, you are required to calculate the aggregate turnover of B Enterprises with necessary explanations and also, specify with reason whether it is liable to get registered under CGST Act or not.

**Solution:**

Particulars	(₹)
<b>Computation of aggregate turnover of B Enterprises, Karnataka, for January 20XX</b>	
<b>Intra-State outward taxable supply of goods</b> [Aggregate turnover includes value of all taxable supplies.]	7,00,000
<b>Inter-State outward taxable supply of services</b> [Aggregate turnover includes value of inter-State supplies.]	6,00,000
<b>Intra-State outward supply on which tax is payable under reverse charge mechanism</b> [Aggregate turnover includes value of all taxable supplies whether taxable under reverse charge or forward charge.]	<b>1,00,000</b>
<b>Intra-State outward supply of exempted goods from Manipur</b> [Aggregate turnover includes value of exempt supplies made in all the States under the same PAN]	5,00,000
<b>Aggregate turnover</b>	<b>19,00,000</b>
Persons making <b>any inter-State</b> taxable supply are required to obtain compulsory registration, but in case of inter-State supply of taxable services, threshold limit of ₹ 20 lakh is available. Such threshold limit gets reduced to ₹ 10 lakh in case of <b>specified Special Category State provided taxable supply is being made therefrom.</b> Since B Enterprises <b>is making exempt supplies from Manipur</b> - a specified Special Category State, the applicable threshold limit of registration for B Enterprises is ₹ 20 lakh.  <b>Thus, it is not liable to be registered as its aggregate turnover does not exceed the threshold limit.</b>	

**7. [REGISTRATION + TAX INVOICE CHAPTER]** The aggregate turnover of taxable supplies of services of XYZ Ltd., Gujarat, has exceeded ₹ 20 lakh on 10th October, 20XX. It applied for registration on 2nd November, 20XX and was granted the registration certificate on 5th November, 20XX. You are required to advise XYZ Ltd. with relevant provisions of GST:

- What will be the effective date of registration?
- Period for issuance of revised tax invoices from applicability of registration till date of registration.

[SIMPLE QUESTION – CAN BE IGNORED IN REVISION]

**Solution:**

- (a) A supplier becomes liable to registration when his aggregate turnover exceeds the threshold limit for registration. Where he applies for registration within 30 days of becoming liable to registration, effective date of registration is the date on which he becomes liable to registration; otherwise, it is the date of grant of registration.

In the given case, since XYZ Ltd. have applied for registration on 02.11.20XX which is within 30 days from the date of becoming liable to registration (10.10.20XX), its effective date of registration is 10.10.20XX.

- (b) Revised tax invoices shall be issued within 1 month from the date of issuance of registration in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration.

Therefore, in the given case, XYZ Ltd. may issue the revised tax invoices against the invoices already issued during the period between effective date of registration (10.10.20XX) and the date of issuance of registration certificate (05.11.20XX), on or before 05.12.20XX.

8. **[TAX INVOICE CHAPTER]** Briefly explain the requirement of Dynamic Quick Response (QR) code and list out the non-applicability of requirement of Dynamic QR code.

**Solution:**

All invoices issued to an unregistered person (B2C invoice) by a registered person whose aggregate turnover in any preceding financial year from 2017-18 onwards **exceeds ₹ 500 crores** are required to have a Dynamic QR code.

However, Dynamic QR code is not applicable to an invoice issued to an unregistered person by following suppliers:-

- 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
- Supplier of online information and database access or retrieval (OIDAR) services
- Registered person whose aggregate turnover in all the preceding financial years from 2017-18 onwards **does not exceed ₹ 500 crores**.

9. **[PAYMENT OF TAX CHAPTER]** List out the benefits of the new payment system of GST available to the taxpayer and the GST Department.

**Solution:**

**Benefits of the payment system of GST available to the taxpayer and the GST Department:**

**Benefits to Taxpayer:**

- No more queues and waiting for making payments as payments can be made online 24 X 7.
- Electronically generated challan from GSTN common portal in all modes of payment and no use of manually prepared challan. Paperless transactions.
- Tax consultants can make payments on behalf of the clients.
- Single challan form to be created online, replacing the three or four copy Challan.
- Greater transparency.
- Online payments made after 8 pm will be credited to the taxpayer's account on the same day.

**Benefits to the GST Department:**

- Revenue will come more rapidly into the Government Treasury.
- Logical tax collection data in electronic format.
- Speedy accounting and reporting.
- Electronic reconciliation of all receipts.
- Warehousing of digital challan.

10. **[RETURN CHAPTER]** A registered person is opting for Quarterly Return Monthly Payment (QRMP) scheme. You are required to answer the following:

- What are the due dates for filing of GSTR 3B under QRMP scheme?
- Mention any 2 States** for each of the due dates of filing of GSTR 3B under QRMP scheme.

**Solution:**

a. Under QRMP scheme, a registered person is required to furnish GSTR-3B on quarterly basis on or before 22nd or 24th (depending upon the principal place of business of such registered person) of the month succeeding the quarter for which return is furnished.

b. Due date is Registered persons whose principal place of business is in

22nd day of the month succeeding the quarter	<b>Mention any 2 States</b> - Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Union territories of Daman & Diu & Dadra & Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep
24th day of the month succeeding the quarter.	<b>Mention any 2 States</b> - Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi.