

## GST

### CHAPTER 1 BASIC CONCEPTS OF INDIRECT TAXES AND INTRODUCTION OF GST

#### MULTIPLE CHOICE QUESTIONS

1.1 Authority to levy and collect taxes in India is given to the Central and State Government by

- (A) Article 246 of Constitution of India
- (B) Article 265 of Constitution of India
- (C) Article 269 of Constitution of India
- (D) Article 279A of Constitution of India

1.2 The exclusive right to make laws for matters containing in List-I of Schedule VII of the Constitution of India has been given to

- (A) State Governments
- (B) Central Government
- (C) Both Centre and State Governments
- (D) None of the above

1.3 The exclusive right to make laws for matters containing in List-II of Schedule VII of the Constitution of India has been given to

- (A) State Governments
- (B) Central Government
- (C) Both Centre and State Governments
- (D) None of the above

1.4 The exclusive right to make laws for matters containing in List-III of Schedule VII of the Constitution of India has been given to

- (A) State Governments
- (B) Central Government
- (C) Both Centre and State Governments
- (D) None of the above

1.5 Power to make laws with respect to goods and service tax has been given by the Constitution vide

- (A) Article 279A
- (B) Article 246A
- (C) Article 246
- (D) Article 366

1.6 Which of the following taxes have been subsumed In GST?

- (A) Central Sales Tax
- (B) Central Excise Duty and service tax
- (C) VAT
- (D) All of the above

1.7 GST is levied on supply of all goods and services except:

- (A) Alcoholic liquor for human consumption
- (B) Tobacco
- (C) Legal services
- (D) All of the above

1.8 GST on Petroleum Crude, High Speed Diesel, Motor Spirit (commonly known as Petrol), Natural Gas and Aviation Turbine Fuel:

- (A) is not levied at all
- (B) is levied, but exempt
- (C) will be levied from a date to be notified on the recommendations of the GST Council
- (D) will be levied from 1.4.2020

1.9 The Goods and Services Tax Council shall, besides other recommendations, make recommendations to the Union and the States on—

- (A) the goods and services that may be subjected to, or exempted from the goods and services tax
- (B) the threshold limit of turnover below which goods and services may be exempted from goods and services tax
- (C) the rates including floor rates with bands of goods and services tax
- (D) All the above

1.10 Which article of the Constitution empowered the President to Constitute Goods and Service Tax Council?

- (A) 270
- (B) 246A
- (C) 279A
- (D) 269A

1.11 Who shall be empowered to levy and collect GST on supplies in the course of Inter-State trade or commerce?

- (A) Government of India
- (B) State Governments
- (C) Union Territories
- (D) All the above

## CHAPTER 2 SUPPLY UNDER GST

### MULTIPLE CHOICE QUESTIONS

2.1 The term "supply" has replaced

- (A) the term manufacture under Central Excise
- (B) the term sale of goods under State VAT
- (C) the term provided or deemed to be provided in case of service tax
- (D) all the above

2.2 "Supply" includes import of services, if such import of services

- (A) is for a consideration
- (B) is for a consideration or not
- (C) is for a consideration and in the course or furtherance of business
- (D) is for a consideration and whether or not in the course or furtherance of business

2.3 Import of services by a person from a related person or from any of his other establishments outside India shall be treated as supply

- (A) if such import of services is for a consideration
- (B) even if such import of services is without consideration
- (C) even if such import of
- (D) services is without consideration but it should be in the course or furtherance of business
- (E) even if such import of services is without consideration and it may or may not be in the course or furtherance of business

2.4 Activities which are to be treated as "supply" even if made without consideration are specified in

- (A) Schedule I of CGST Act
- (B) Schedule II of CGST Act
- (C) Schedule III of CGST Act
- (D) All of the above

2.5 Transfer of right in goods or of undivided share in goods without the transfer of title thereof is treated as

- (A) supply of goods
- (B) supply of services
- (C) neither supply of goods nor supply of services
- (D) partly supply of goods and partly supply of services

2.6 Licence to occupy land is treated as

- (A) supply of goods
- (B) supply of services
- (C) neither supply of goods nor supply of services

(D) partly supply of goods and partly supply of services

2.7 Lease or letting out of the building is treated as supply of services if such leasing or letting is

- (A) for residential purposes
- (B) for business purposes
- (C) wholly for business or commerce
- (D) either wholly or partly for business or commerce

2.8 Any job-work carried out by a job-worker on another person's goods shall be treated as

- (A) supply of goods
- (B) supply of services
- (C) supply of services provided job work is carried out by a job-worker without any material
- (D) supply of services whether the job-work is to be carried out by a job-worker with or without any material.

2.9 Which of the following activities or transactions shall be treated neither as a supply of goods nor a supply of services:

- (A) Services by an employee to the employer in the course of or in relation to his employment
- (B) Services by any court or Tribunal established under any law for the time being in force
- (C) Services of funeral, burial, crematorium or mortuary
- (D) All the above

2.10 Which of the following activities or transactions shall be treated neither as a supply of goods nor a supply of services:

- (A) Sale of land and building
- (B) Lease of land
- (C) Rent of building
- (D) All the above

2.11 Which of the following activities is treated as a supply of services?

- (A) Transfer of right in goods/undivided share in goods without transfer of title in goods
- (B) Transfer of title in goods
- (C) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date.
- (D) All of the above

2.12 If a business asset on which input credit is claimed has been destroyed by fire or discarded, the transaction shall

- (A) be regarded as supply but shall be exempt
- (B) not be regarded as supply
- (C) not be regarded as supply but input credit shall be reversed
- (D) be regarded as supply and liable to GST.

2.13 Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory shall

- (A) be regarded as supply
- (B) not be regarded as supply
- (C) not be regarded as supply if such goods do not enter into India
- (D) not be regarded as supply whether such goods enter into India or not

### PRACTICAL QUESTIONS\*

1. R is a supplier of goods located in Mumbai. In November 2020, he has imported Consultancy Services for Development of IT Software from U.S.A. for a stipulated consideration of \$ 80,000.

Will the import of consultancy services be treated as supply?

**Ans.:**

2. R is a supplier of goods located in Chandigarh. In November 2020, he has imported 'Architecture Services' from a relative consultant located in Germany, **without any consideration (monetary or non-monetary)** for construction of his personal house.

(a) Will the import of architecture services for personal use be treated as supply and liable to GST?

(b) What will be your answer if the above services have been imported by R in the course or furtherance of business?

**Ans.:**

3. A dealer of washing machines, who has availed input tax credit on washing machines, **permanently transfers** a washing machine from his stock-in-trade, for personal use at his residence.

Will this transfer for personal use be treated as supply and liable for GST?

**Ans.**

4. R, a Chartered Accountant, purchased 3 laptops of value Rs.2,40,000 on 1.4.2020 and paid IGST amounting to Rs.43,200 thereon. He availed ITC of Rs.43,200 in his books on the same day. After 3 years of using the laptops, he has donated one laptop to a college when its fair market value is Rs.30,000.

Will such donation be treated as supply and liable to GST?

**Ans.:**

5. R is engaged in supply of certain goods in Delhi and Haryana. He wishes to transfer goods worth Rs. 1,40,000 from Delhi to its branch in Haryana.

Will such transfer be treated as supply and liable for GST?

**Ans.:**

6. Employees of a R Ltd., which is a subsidiary of G Limited, have been sent on deputation basis to its Holding Company namely G Limited.

Will such transfer on deputation be treated as supply and liable to GST?

**Ans.:**

7. R, the Principal located in Nagpur (Maharashtra) supplies certain goods to his agent G, located in Delhi. G undertakes to supply the said goods in Delhi on behalf of R.

Will the above activity be treated as supply and liable for GST?

**Ans.:**

8. R works as an agent and is located in Mumbai. G is a manufacturer located in Delhi. R agrees to purchase certain goods from Mumbai on behalf of G every month and supply the same to G.

Will the above activity be treated as supply and liable for GST?

**Ans.:**

9. R lives in Germany. His brother G is carrying on business in India. G imports technical services from R without any consideration in November, 2020 in the course or furtherance of business.

Will this be treated of supply or services although G did not pay any consideration to R?

**Ans.:**

10. Under a scheme of finance, Maruti Ltd. gives the possession of car to the buyer in November 2020. It agrees to transfer the ownership of the car to the buyer in January 2022 upon payment of full consideration of Rs.9,60,000, in instalments as agreed.

What will be the nature of this transaction?

**Ans.:**

11. R, the owner of a specific piece of land in Delhi, leases the same to G for one year for an agreed consideration in November, 2020.

What will be the nature of this transaction?

**Ans.:**

12. R is a manufacturer of goods. He sends his goods for the purpose of special packaging to G on **job work**. The packaging material has also been provided by R.

What is the nature of this activity?

**Ans.:**

13. R is carrying on the business of consumer durable products. He disposed of a defective TV for Rs.40,000 to G whereas its normal price is Rs.2,00,000.

(a) Will the aforesaid disposal be treated supply of goods or services.

(b) Assume in the above example, R donated the above-refrigerator to an NGO and he has claimed the input tax credit on such refrigerator at the time of purchase.

**Ans.:**

14. R deals in home appliances like washing machines, refrigerator, etc. He uses computers in his shops for keeping track of inventory and for other business purposes. Out of 2 computers, R takes home one computer to be used by his son for his studies **during the month of November, 2020 and thereafter computer is brought back** to the show room of R.

What will be the nature of this transaction?

**Ans.:**

15. R gives generator-sets on rental basis to various customers. He gives a generator-set to his brother-in-law **for a period of one month** in October, 2020 on the occasion of some function in the home of his brother-in-law and thereafter generator is brought back to the show room of R.

What will be the nature of this transaction?

**Ans.:**

16. R has closed down his business but was left with certain capital goods and inputs forming part of the assets of the business carried on by him. The closure of the business is due to his ill health.

What will be the nature of this transaction?

**Ans.:**

17. R who is interested in taking loan from some bank but does not have any collateral security, approaches G who agrees to mortgage his property as collateral security to the bank for advancing loan to 'R' G charges some consideration from 'R' for providing such collateral security.

What will be the nature of this transaction?

**Ans.:**

## CHAPTER 3 LEVY AND COLLECTION

### MULTIPLE CHOICE QUESTIONS

3.1 Intra- State supplies is subject to:

- (A) Central Goods and Services Tax (COST)
- (B) State Goods and Services Tax (SGST) or Union Territory Goods and Service Tax (UTGST), as the case may be.
- (C) CGST and SGST/UTGST
- (D) IGST

3.2 What is the maximum rate prescribed under CGST

- (A) 12%
- (B) 28%
- (C) 20%
- (D) 40%

3.3 Who will notify the rate of tax to be levied under CGST?

- (A) Central Government suo motu
- (B) State Government suo motu
- (C) GST Council suo motu
- (D) Central Government as per the recommendations of the GST Council

3.4 Inter-State supplies is subject to:

- (A) Central Goods and Services Tax (CGST)
- (B) State Goods and Services Tax (SGST) or Union Territory Goods and Service Tax (UTGST), as the case may be.
- (C) CGST and SGST/UTGST
- (D) Integrated Goods and Services Tax (IGST)

3.5 Which of the following taxes will be levied on Imports?

- (A) CGST
- (B) SGST
- (C) IGST
- (D) Basic Customs Duty (BCD) and IGST

3.6 Which Model of GST has been introduced in India?

- (A) National Level GST
- (B) State Level GST
- (C) Dual GST
- (D) None of the above



3.7 “Zero rated supply” means

- (A) export of goods or services or both
- (B) import of goods or services or both
- (C) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.
- (D) export of goods or services or both and supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

3.8 Zero rate supplies means?

- (A) exempt supply
- (B) nil rate supply
- (C) non-taxable supply+
- (D) none of the above

3.9 Which of the following supplies of goods is subject to reverse charge

- (A) silk yam
- (B) cotton yam
- (C) nylon
- (D) all the above

3.10 Which of the following supplies of goods made by the agriculturist is subject to reverse charge

- (A) cashew nuts, not shelled or peeled
- (B) bidi wrapper leaves (tendu)
- (C) tobacco leaves
- (D) all the above

3.11 Which of the following supplies of goods made by the agriculturist is subject to reverse charge

- (A) raw silk
- (B) cotton yam
- (C) raw cotton
- (D) all the above

3.12 GST is payable by the recipient under reverse charge on:

- (A) Sponsorship services
- (B) Transport of goods by rail
- (C) Transport of passengers by air
- (D) All of the above

3.13 GST is payable on Services supplied by an individual advocate including a senior advocate or firm of advocates under reverse charge by:

- (A) Any recipient of service
- (B) Any business entity located in the taxable territory and having aggregate turnover of more than threshold exemption limit in the preceding financial year
- (C) A person other than individual
- (D) All of the above

3.14 GST is payable on Services supplied by the Central Government, State Government, Union territory or local authority by way of renting of immovable property under reverse charge by:

- (A) Any recipient of service
- (B) Any business entity located in the taxable territory
- (C) Any person registered under the Central Goods and Services Tax Act, 2017
- (D) All of the above

3.15 Which of the following supply of services is subject to reverse charge

- (A) services provided by business facilitator to a banking company
- (B) services provided by an agent of business correspondent to business correspondent
- (C) services supplied by a director of a company to the said company
- (D) all the above

3.16 Which of the following supply of services is subject to reverse charge

- (A) services provided by any court to a business entity
- (B) services provided by an income tax tribunal to a business entity
- (C) services supplied by an arbitral tribunal to a business entity
- (D) none of the above

3.17 Which of the following services provided by way of sponsorship is subject to reverse charge

- (A) services provided to any person
- (B) services provided to any body corporate or partnership firm
- (C) services provided to any registered person
- (D) all the above

3.18 Services provided by a goods transport agency (GTA) in respect of transportation of goods by road shall not be subject to reverse charge, if the GTA has paid CGST and SGST at the rate of

- (A) 3% + 3%
- (B) 5% + 5%
- (C) 6% + 6%
- (D) 9% + 9%

3.19 Rate of GST payable by the recipient liable to pay GST on reverse charge basis on GTA services shall be

- (A) 2.5% + 2.5%
- (B) 3% + 3%
- (C) 5% + 5%
- (D) 6% + 6%

3.20 Supply of services by a music composer by way of transfer or permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original, musical to a music company shall be liable to GST in the hands of

- (A) Music composer
- (B) Music company
- (C) Either the music composer or the music company at their option
- (D) Neither the music composer nor the music company

3.21 Supply of services by a photographer by way of transfer or permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original artistic works to a producer shall be liable to GST in the hands of

- (A) Producer located in the taxable territory
- (B) Photographer
- (C) Either the photographer or the producer at their option
- (D) Neither the photographer nor the producer

3.22 Supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works to a publisher shall be liable to GST in the hands of

- (A) Author
- (B) Publisher located in the taxable territory
- (C) Either the author or the publisher at their option
- (D) Neither the author nor the publisher

3.23 Services provided by way of renting of a motor vehicle provided to a body corporate shall be liable to GST in the hands of

- (A) Body corporate located in the taxable territory
- (B) Service provider
- (C) Either the body corporate or the service provider at their option
- (D) Neither the body corporate nor the service provider

## CHAPTER 4 EXEMPTION FROM GST

### MULTIPLE CHOICE QUESTIONS

4.1 Which of the services of transportation of passenger by railways is exempt from tax

- (A) in any class
- (B) in first class
- (C) in an air-condition coach
- (D) in any class other than first class or air-condition coach

4.2 Which of the services of transportation of goods by a GTA in a goods carriage is/are exempt from GST.

- (A) agricultural produce
- (A) organic manure
- (B) milk
- (C) all of the above

4.3 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 charitable or religious trust under section 12AA of the Income-tax Act, 1961 shall be exempt provided the room rent is less than

- (A) Rs.500 per day
- (A) Rs.750 per day
- (B) Rs.1,000perday
- (C) Rs.2,000 per day

4.4 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 charitable or religious trust under section 12AA of the Income-tax Act, 1961 shall be exempt provided the charges for renting of premises, community halls, kalyanmandapam or open area, and the like where charges are less than

- (A) Rs.2,500 per day
- (A) Rs.5,000 per day
- (B) Rs. 10,000 per day
- (C) Rs.20,000 per day

4.5 Which of the following services provided by Department of Posts is/are exempt from GST?

- (A) speed post and express parcel post
- (A) life insurance
- (B) agency services
- (C) none of the above

4.6 Which of the following services of transportation of passengers is/are exempt from GST?

- (A) metro

(A) inland waterways

(B) metered cabs or auto rickshaws (including e-rickshaws)

(C) all the above

4.7 Which of the following services is not exempt from GST?

(A) service by way of transportation of goods by road other than GTA and courier agency

(A) service by way of transportation of goods by a goods transportation agency and courier agency

(B) service by way of transportation of goods by inland waterways

(C) all of the above

4.8 Which of the following services by way of transportation by rail or a vessel from one place in India is/are exempt from GST?

(A) newspaper or magazines registered with the Registrar of Newspapers;

(A) agricultural produce;

(B) milk, salt and food grain including flours, pulses and rice; and

(C) all the above

4.9 Which of the following services provided by a goods transport agency, by way of transport in a goods carriage is not exempt from GST?

(A) agricultural produce

(A) goods, where consideration charged for transportation of all such goods for a single consignee exceeds Rs.750

(B) milk, salt and food grain including flour, pulses and rice

(C) organic manure

4.10 Services by way of giving on hire to a state transport undertaking, a motor vehicle shall be exempt provided such vehicle is meant to carry more than

(A) four passengers

(A) ten passengers

(B) twelve passengers

(C) twenty passengers

4.11 Services by way of giving on hire motor vehicle for transport of students, faculty and staff, to a person providing services of transportation of students, faculty and staff to an educational institution shall be exempt provided the educational institution is providing services by way of:

(A) pre-school education

(A) education upto higher secondary school or equivalent.

(B) pre-school education and education upto higher secondary school or equivalent.

(C) education up to post graduate or equivalent

4.12 Which of the following services provided to an educational institution is/are exempt from tax (A) transportation of students, faculty and staff

(A) security services

(B) cleaning or housekeeping services performed in such educational institution

(C) all the above

4.13 Services provided to an education institution relating to admission to, or conduct of examination by, such institution; shall be exempt if such admission/examination is

(A) upto higher secondary

(A) upto graduation

(B) upto nursery/KG

(C) for all the above

4.14 Services provided by an individual to a recognised sports body for participation in a sporting event organised by a recognized sports body shall be exempt if such individual has provided the services as

(A) player

(A) referee, umpire or coach

(B) team manager

(C) player, referee, umpire or coach or team manager

4.15 Services by way of health care services shall be exempt if it is provided by (A) a clinical establishment

(A) an authorised medical practitioner

(B) para-medics

(C) a clinical establishment, an authorised medical practitioner or para-medics

4.16 Services by an artist by way of a performance in folk or classical art forms of music, or dance, or theatre shall be exempt if the consideration charged for such performance is not more than

(A) Rs.75,000

(A) Rs. 1,00,000

(B) Rs.1,50,000

(C) Rs.2,50,000

4.17 Services by way of fumigation shall be exempt if it is in:

(A) any warehouse

(A) any business premises

(B) a warehouse of agricultural produce

(C) all the above

4.18 Services by an educational institution shall be exempt if it is provided:

(A) to its students

(A) to its faculty and staff

(B) by way of conduct of entrance examination against consideration in the form of entrance fee

(C) all the above

4.19 Which of the following services are exempt:

- (A) admission to a museum
- (A) admission to a national park, wildlife sanctuary, tiger reserve or zoo
- (B) admission to a declared protected monument
- (C) all the above

4.20 Services by way of right to admission to circus, dance, or theatrical performance, award function, concert, pageant, musical performance or any sporting event or planetarium shall be exempt if the consideration for admission is not more than

- (A) Rs.250 per person
- (A) Rs.500 per person
- (B) Rs.750 per person
- (C) Rs. 1000 per person

4.21 Services by an old age home run by Central Government, State Government or by an entity registered under section 12AA of the Income-tax Act, 1961 to its residents (aged 60 years or more) shall be exempt if the consideration charged inclusive of charges for boarding, lodging and maintenance consideration is not more than

- (A) Rs. 10,000 per month per member
- (A) Rs. 15,000 per month per member
- (B) Rs.25,000 per month per member
- (C) Rs.40,000 per month per member

4.22 Service provided to an educational institution by way of transportation of students, faculty and staff shall be exempt, if such services are provided to an educational institution which is providing services by way of (A) pre-school education

- (A) education upto higher secondary school or equivalent
- (B) pre-school education, education upto higher secondary school or equivalent
- (C) education of any level

4.23 Services by way of renting of residential dwelling for use as residence shall be exempt, if the rent of residential dwelling does not exceed

- (A) Rs.20,000 p.m.
- (A) Rs.40,000 p.m.
- (B) Rs.50,000 p.m.
- (C) None of the above

4.24 Services by way of artificial insemination shall be exempt in case of (A) All livestock

- (A) All livestock other than camels
- (B) All livestock other than horses
- (C) All livestock other than pigs

4.25 Services by way of fumigation shall be exempt in a warehouse of (A) Agricultural produce

- (A) Manufactured goods
- (B) Any produce

(C) Perishable goods

4.26 Services by way of loading, unloading, packing, storage or warehousing shall be exempt in case of (A) Pulses

(A) Wheat and rice

(B) Rice

(C) All cereals

4.27 Fee or consideration charged in any other form from the participants shall be exempt for participating in (A) a religious programme or camp meant for advancement of religion

(A) a yoga programme or camp meant for advancement of yoga

(B) a meditation programme or camp meant for advancement of spirituality

(C) All the above

4.28 Religious Yatra or pilgrimage organised by any charitable or religious trust are (A) Exempt

(A) Not exempt

(B) Exempt if the amount spent by the trust does not exceed Rs. 1,000 per person

(C) Exempt if the amount spent by the trust does not exceed Rs.500 per person

4.29 Accommodation service in hostels including such services provided by trusts is exempt if the value of supply is below

(A) Rs. 1,000 per day

(A) Rs. 1,500 per day

(B) Rs.2,000 per day

(C) Rs.2,500 per day



## CHAPTER 5 TAXABILITY OF COMPOSITE AND MIXED SUPPLY

### MULTIPLE CHOICE QUESTIONS

- 5.1 Which of the following supplies is/are naturally bundled?
- (A) Rent deed executed for renting of two different floors of a building-one for residential and another for commercial purpose to same person
  - (B) Pack of tie, belt and scarf
  - (C) Package consisting of canned foods, sweets, chocolates, cakes, dry fruits, etc.
  - (D) None of the above
- 5.2 Supply comprising two or more supplies one of which is a principal supply which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, shall be taxable at the rate applicable to
- (A) each supply separately
  - (B) that particular supply which attracts the highest rate of tax
  - (C) principal supply
  - (D) none of the above
- 5.3 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 shall be taxable at the rate applicable to
- (A) each supply separately
  - (B) that particular supply which attracts the highest rate of tax
  - (C) principal supply
  - (D) none of the above
- 5.4 Which of the following is/are the essential elements of a mixed supply?
- (A) supply is made by a taxable person to a recipient
  - (B) supply consists of two or more individual supplies of goods or services or both or any combination thereof but it is not naturally bundled
  - (C) supply is made for a single price.
  - (D) all the above
- 5.5 Which of the following is/are the essential elements of a composite supply?
- (A) supply is made by a taxable person to a recipient
  - (B) supply consists of two or more taxable supplies of goods or services or both or any combination thereof which are naturally bundled and supplied in the ordinary course of business.
  - (C) one of the components of the supplies is a principal or main supply
  - (D) all the above

### PRACTICAL QUESTIONS\*

1. R is selling hampers consisting of canned foods, sweets, chocolates, cakes and dry fruits on diwali and other festivals. What is the kind of supply and at which rate will GST be payable by R?

**Ans.:**

2. R dispatched chocolates to G from Delhi to Punjab after getting it packed and paying insurance charges of such goods.

What is the kind of such supply of chocolates and what rate will GST be applicable?

**Ans.:**

3. R purchases air travel ticket of Air India from Delhi to Bangalore for Rs.9,000 which includes free food on board and free insurance. What is the kind of such supply and what rate will GST be applicable?

**Ans.:**

4. A hotel provides a 3-D/2-N package with all meals for Rs.40,000. What is the kind of such supply and which rate of GST shall be applicable.

**Ans.:**

5. R is selling certain goods comprising of set of articles at a consolidated price of Rs.80,000. R claims that the value of various articles and GST rate on such articles are as under—

|                 |           |        |
|-----------------|-----------|--------|
| (a) Article 'X' | Rs.40,000 | 5%     |
| (b) Article 'Y' | Rs.30,000 | 18%    |
| (c) Article 'Z' | Rs.10,000 | Exempt |

How much GST is payable by R if—

(1) All articles are sold separately?

(2) All article are sold as one set for a consolidated price of Rs.80,'000?

**Ans.:**

6. R has executed a single rent deed of house which has two floors. The deed specifies that one of the floors will be used as residence. The tenant uses ground floor as a shop and the first floor as his residence. What is the kind of such supply and what rate will GST be applicable?

**Ans.:**

7. R purchases a washing machine from G Ltd. He also gets warranty and a maintenance contract with the washing machine. What is the kind of such supply and what rate will GST be applicable?

**Ans.:**

8. R, a registered dealer offers a Desktop Computer (for Rs.50,000 before tax) and a wooden table (for Rs.5,000 before tax) for a consolidated price of Rs.52,500. The rates of GST applicable on the desktop computer and wooden tables are 28% and 18% respectively.

(a) Determine whether the supply is a mixed supply or composite supply.

(b) Is it beneficial for the customer to avail the offer or buy them separately?

**Ans.:**



## CHAPTER 6 COMPOSITION LEVY (COMPOSITION SCHEME)

### MULTIPLE CHOICE QUESTIONS

7.1 Which of the following persons can opt for composition scheme?

- (A) Person making any supply of goods which are not leviable to tax under this Act
- (B) Person making any inter-State outward supplies of goods
- (C) Person effecting supply of goods through an e-commerce operator liable to collect tax at source
- (D) None of the above

7.2 What is the threshold limit of turnover in the preceding financial year for opting to pay tax under composition scheme for supplier of goods?

- (A) Rs.50 lacs
- (B) Rs.75 lacs
- (C) Rs.75 lacs in case of special category States and 1 crore for any other State/UT
- (D) Rs.75 lacs in case of 8 special category States and 1.5 crore for any other State/UT

7.3 Manufacturers and traders can opt for composition scheme even if they supply services provided that value of such services should not exceed

- (A) 5% of the turnover in the preceding financial year
- (B) 10% of the turnover in the preceding financial year
- (C) 5% of the turnover in the preceding financial year

Or

Rs.5,00,000

whichever is higher

- (D) 10% of the turnover in the preceding financial year

Or

Rs.5,00,000

whichever is higher

7.4 The threshold limit for registration under composition scheme for supplier of services is

- (A) Rs.40,00,000
- (B) Rs.50,00,000
- (C) Rs.1 crore
- (D) Rs.1.5 crore

7.5 The rate prescribed for payment of GST in case of a supplier of services who has opted for composition scheme is

- (A) 1 % of the turnover as CGST and 1% of the turnover as SGST/UTST

(B) 2% of the turnover as CGST and 2% of the turnover as SGST/UTST

(C) 3% of the turnover as CGST and 3% of the turnover as SGST/UTST

(D) 4% of the turnover as CGST and 4% of the turnover as SGST/UTST

7.6 The rate prescribed for payment of GST in case of a registered person being a manufacturer who has opted for composition scheme is

(A) 1% of the turnover as CGST and 1% of the turnover as SGST/UTGST

(B) 0.5% of the turnover as CGST and 0.5% of the turnover as SGST/UTGST

(C) 2.5% of the turnover as COST and 2.5% of the turnover as SGST/UTGST

(D) none of the above

7.7 The rate prescribed for payment of GST in case of a registered person being a restaurant who has opted for composition scheme is '

(A) 1% of the turnover as CGST and 1% of the turnover as SGST/UTGST

(B) 0.5% of the turnover as CGST and 0.5% of the turnover as SGST/UTGST

(C) 2.5% of the turnover as CGST and 2.5% of the turnover as SGST/UTGST

(D) none of the above

7.8 The rate prescribed for payment of GST in case of a registered person other than a manufacturer or restaurant who has opted for composition scheme is

(A) 1% of the turnover as CGST and 1% of the turnover as SGST/UTGST

(B) 0.5% of the turnover as CGST and 0.5% of the turnover as SGST/UTGST

(C) 2.5% of the turnover as CGST and 2.5% of the turnover as SGST/UTGST

(D) none of the above

7.9 For which of the following goods, the **manufacturer** is not allowed to opt for composition scheme

(A) ice-cream and other edible ice, whether or not containing cocoa;

(B) pan masala;

(C) tobacco and manufactured tobacco substitutes

(D) all the above

7.10 For which of the following goods, the **supplier of goods** is not allowed to opt for composition scheme.

(A) alcoholic liquor for human consumption

(B) petroleum crude

(C) high speed diesel, motor spirit

(D) all the above

7.11 Can a registered person having same Permanent Account Number opt for composition scheme only for one out of his 2 business verticals?

(A) Yes

(B) No

(C) Yes, subject to prior approval of the Central Government

(D) Yes, subject to prior approval of the concerned State Government/Union Territory

7.12 Can a person who opts for composition scheme collect any tax from the recipient of goods

- (A) Yes
- (B) No
- (C) Yes, provided the recipient of goods is a registered person
- (D) Yes, provided the recipient of goods is an unregistered person

7.13 Is a person who opts for composition scheme eligible for input tax credit

- (A) Yes
- (B) No
- (C) Yes, subject to prior approval of the GST Council
- (D) Yes, subject to prior approval of State Government/Union Territory

7.14 Which of the following statement is true for a composition tax payer?

- (A) He can avail ITC on capital goods but not on inputs
- (B) He can avail ITC on inputs but not on capital goods
- (C) ITC is not available on inward supplies
- (D) ITC is available on inward supplies if tax is mentioned separately in the invoice of such supplies

### PRACTICAL QUESTIONS\*

1. The aggregate turnover of R & Sons, a registered firm during the financial year 2019-20 is Rs.66,00,000. During the financial year 2020-21, the aggregate turnover for the firm till 12.10.2020 is Rs.1,49,00,000. On 13.10.2020 it issues three invoices of Rs.1,50,000, Rs.80,000 and Rs.90,000. Will the firm liable to pay GST and if so on what amount?

**Ans.:**

2. R Ltd. is manufacturing ice cream and its turnover in the financial year 2019-20 was Rs.70,00,000.

- (a) Can R Ltd. opt for composition scheme during the financial year 2020-21?
- (b) What will be your answer is R Ltd. is a trader of ice cream?

**Ans.:**

3. R of Delhi, a trader, wishes to make Inter-State sale of goods during the financial year 2020-21 Can he opt for composition scheme?

**Ans.:**

4. R, a trader, is selling tobacco and pan masala from his shop at Delhi. Can he opt for composition scheme? If so what are the conditions to be satisfied.

**Ans.:**

5. R is having its head office located in New Delhi. It has two branches located in Noida, (UP) and Gurugram (Haryana).

(a) Can he opt for composition scheme?

(b) Can he opt for composition scheme in case of Delhi and Noida and the normal scheme for Gurugram?

**Ans.:**

6. R is a supplier of services whose annual turnover of the preceding financial year 2019-20 was Rs.48,00,000. Can R opt for composition scheme during the financial year 2020-21. If so what shall be the rate of GST.

**Ans.:**



## CHAPTER 7 TIME OF SUPPLY

### MULTIPLE CHOICE QUESTIONS

8.1 The time of supply of **goods**, where supplier is liable to pay tax under forward charge shall be

- (A) the date of actual issue of invoice by the supplier
- (B) the last date on which he is required, under section 31(1), to issue the invoice with respect to the supply
- (C) the date on which the supplier receives the payment with respect to the supply
- (D) (a) or (b) whichever is earlier
- (E) (a) or (b) or (c) whichever is earlier

8.2 The date on which the supplier receives the payment shall be—

- (A) date of receipt of payment
- (B) the date on which the payment is entered in his books of account
- (C) the date on which the payment is credited to his bank account
- (D) the date on which the payment is entered in his books of account or the date on which the payment is credited to his bank account, whichever is earlier

8.3 Where the supplier of taxable goods **receives an amount up to Rs.1,000 in excess of the amount indicated in the tax invoice**, the time of supply to the extent of such excess amount shall be

- (A) the date on which the payment is entered in his books of account
- (B) the date on which the payment is credited to his bank account.
- (C) the date on which the payment is entered in his books of account or the date on which the payment is credited to his bank account, whichever is earlier
- (D) at the option of the said supplier, the date of issue of invoice in respect of such excess amount

8.4 Where tax is levied on reverse charge basis, the time of supply of such goods shall be

- (A) the date of the receipt of goods
- (B) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier
- (C) the date immediately following 30 days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier.
- (D) earliest of (a) or (b) or (c) above

8.5 What is the time of supply of vouchers, if the supply is identifiable at the point at which voucher is issued?

- (A) date of issuance of voucher
- (B) date of redemption of voucher
- (C) date of expiry mentioned in the voucher
- (D) earlier of (a) or (b) or (c)



8.6 What is the time of supply of vouchers, if the supply is not identifiable at the point at which voucher is issued?

- (A) date of issuance of voucher
- (B) date of redemption of voucher
- (C) date of expiry mentioned in the voucher
- (D) earlier of (a) or (b) or (c)

8.7 What is Time of supply in relation to value of supply by way of interest, late fee or penalty?

- (A) the date of actual issue of invoice by the supplier
- (B) the last date on which he is required, under section 31(1), to issue the invoice with respect to the supply
- (C) the date on which the supplier receives the payment with respect to the supply
- (D) the date on which the supplier receives such addition in value by way of interest, late fee or penalty for delayed payment

8.8 What is the time limit for issuance of invoice for supply of services under section 31(2)

- (A) it should be issued before the provision of service
- (B) it should be issued within 30 days from the date of supply of service
- (C) it should be issued within 30 days (45 days in case of insurance companies/banking companies/ financial institutions including NBFCs) from the date of supply of service
- (D) it should be issued either **before the provision of service or within 30 days (45 days in case of insurance companies/banking companies/financial institutions including NBFCs)** from the date of supply of service.

8.9 What is the time of supply of services where the supplier is liable to pay tax under forward charge and the invoice is issued within prescribed period under section 31(2)

- (A) date of provision of service
- (B) date of issue of invoice
- (C) date of receipt of payment
- (D) date of issue of invoice or date of receipt of payment whichever is earlier

8.10 What is the time of supply of services where the supplier is liable to pay tax under forward charge and the invoice is not issued within prescribed period under section 31(2)

- (A) date of issue of invoice
- (B) Date of completion of provision of service
- (C) date of receipt of payment
- (D) date of provision of service or date of receipt of payment whichever is earlier

8.11 What is the time limit for issue of invoice in case of continuous supply of services

- (A) on/before the due date of payment, where due date of payment is ascertainable from the contract
- (B) before/at the time when the supplier of service receives the payment, where due date of payment is not ascertainable from the contract
- (C) on/before the date of completion of the milestone event when the payment is linked to completion of an event

(D) Any of (a) or (b) or (c) above

8.12 Where service is taxable on reverse charge basis, the time of supply of services shall be

(A) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier

(B) the date immediately following 60 days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier

(C) date of invoice of service

(D) earlier of (a) or (b) above

8.13 What is the time of supply of service where services are received from an associated enterprise located outside India?

(A) date of entry of services in the books of account of recipient of service

(B) date of payment

(C) earlier of (a) or (b)

(D) date of entry of services in the books of the supplier of service

8.14 Value of services rendered is Rs.3,00,000. Date of issue of invoice is 12.9.2020. Advance Received is Rs.75,000 on 25.8.2020. Balance amount received on 12.9.2020. What is the time of supply for Rs.3,00,000.

(A) 12.9.2020 for Rs.3,00,000

(B) 25.8.2020 for Rs.3,00,000

(C) 25.8.2020 - Rs.75,000 and 12.9.2020 for Rs.2,25,000

(D) any of the above

### PRACTICAL QUESTIONS\*

1. R supplies certain material to G on 11.12.2020 and raises the invoice on the same date. The payment was received on 26.12.2020 and it was entered in his books of account on the same date and credited in his bank account on 28.12.2020.

(a) What shall be the time of supply in the above case?

(b) What will be your answer if the invoice was raised on 16.12.2020 instead of 11.12.2020.

**Ans.:**

2. R, a manufacture of motor parts received an advance of Rs. 1,80,000 along with the purchase order on 16.12.2020 for supply of motor part X for Rs.5,00,000 to be manufactured according to the specifications. Advance payment was entered in the books of account on 17.12.2020 and credited in his bank account 19.12.2020. The part is manufactured and after approval has been delivered to the **buyer on 28.12.2020 and the invoice was raised at the time of removal**. The balance payment of Rs.3,20,000 was received on 28.7.2021 which was recorded in the books of accounts of R on the same date and was credited in his bank on 30.7.2021.

Determined the time of supply of motor parts.

**Ans.:**

3. R issues an invoice of Rs.80,200 for supply of goods on 8.11.2020 and received Rs.81,000 in his bank through RTGS on the same date which was credited in his books of account on 11.11.2020 on receipt of intimation from the bank.

Determine the time of supply of goods and the time of supply of excess payment. \_\_\_\_\_.

What will be your answer if the payment received was Rs.90,000 instead of Rs.81,000?

**Ans.:**

4. R, a registered person, supplied certain goods to G also a registered person. The tax in respect of aforesaid goods is liable to be paid on Reverse Charge Basis. Other details in respect of the above transaction are as under:

|     |  |            |
|-----|--|------------|
| (a) | Date of the receipt of goods by G  | 16.10.2020 |
| (b) | Date on which the payment is made and entered in the books of account by G | 12.11.2020 |
| (c) | Date when the payment is debited in the bank account of G                  | 14.11.2020 |

|     |  |            |
|-----|--|------------|
| (d) | Date of issue of Invoice by R, the supplier  | 10.10.2020 |
| (e) | Date immediately following 30 days from the date of issue of invoice by the supplier | 10.11.2020 |

Determine the time of supply of goods under reverse charge basis.

**Ans.:**

5. Take the above question and determine the time of supply if goods are received by G on 16.11.2020 instead of 16.10.2020.

**Ans.:**

6. Arrow Shirts Ltd. issued a voucher for Rs.10,000 to R for supply of shirts on 10.12.2020. R gifted these vouchers to his friend G on his birthday so that he can buy shirts of his choice. G redeemed the gift vouchers on 5.1.2021 and got three shirts.

Determine the time of supply of shirts.

**Ans.:**

7. R purchases gift voucher for Rs. 15,000 on 9.12.2020 from a trader M/s Croma, which deals in variety of products. The aforesaid voucher is valid for a period of three months. Voucher is redeemed for product X on 15.1.2021.

Determine the time of supply.

**Ans.:**

8. S supplies goods to R for Rs. 1,80,000 on 12.10.2020 on one month credit. It is also specified in the invoice that if the recipient fails to make payment within aforesaid one month, then interest @ Rs. 1,800 shall be charged for every delay of one month or part thereof. R makes the payment of Rs.1,80,000 on 5.12.2020. However, in respect of interest, he requests S for complete waiver, But S agrees for waiving only 40% of Rs. 1,800. Consequently, R makes payment of Rs.1,080 as interest on 10.1.2021.

Determine the time of supply of goods and time of supply in relation to value of supply by way of interest.

**Ans.:**

9. G, a chartered accountant, provides the following details:

|     |   |            |
|-----|---|------------|
| (a) | Date of supply of services  | 24.11.2020 |
| (b) | Date of issue of invoice (within 30 days of provision of service) | 27.11.2020 |
| (c) | Date of entering the payment in the books of account              | 6.12.2020  |
| (d) | Date of credit of payment in bank                                 | 5.12.2020  |

Determine the time of supply of services.

**Ans.:**

10. Bank of India provides the following details:

|     |   |            |
|-----|---|------------|
| (a) | Date of supply of Services  | 15.11.2020 |
| (b) | Date of issue of invoice (within 45 days of provision of service) | 20.12.2020 |
| (c) | Date of receipt of payment  | 18.11.2020 |

Determine the time of supply of services.

**Ans.:**

11. Mumbai Branch of Oriental Insurance Co. Ltd. supplies Insurance Services to Delhi Branch of Oriental Insurance Co. Ltd. on 29.12.2020. However, the supplier issues the invoice on 27.1.2021 but records the supply on 1.2.2021. Further, the supplier receives the payment on 8.3.2021.

Determine the time of supply of services.

**Ans**

12. R, a chartered accountant provides the following details:

|     |  |            |
|-----|--|------------|
| (a) | Date of supply [provision] of services                           | 10.12.2020 |
| (b) | Date of issue of invoice (after 30 days of provision of service) | 13.1.2021  |
| (c) | Date of receipt of payment                                       | 19.1.2021  |

Determine the time of supply of services.

**Ans.:**

13. Determine the time of supply from the following particulars:

Booking of India International Centre (IIC) Conference Hall, for agreed sum Rs.50,000,

|  |            |
|--|------------|
| Advance received (IIC) Rs.20,000 on  | 16.12.2020 |
| Function held in Conference Hall   | 15.1.2021  |
| Invoice issued for Rs.50,000 by IIC, and after deduction of advance, balance payable Rs.30,000 | 21.2.2021  |
| Balance payment received Rs.30,000 on  | 26.2.2021  |

**Ans.:**

14. Vodafone Ltd, a registered person, provides the following information in respect of its regular customer, M/s. Ravi Associates:

| Date       | Particulars   | Amount<br>Rs.                |
|------------|---|------------------------------|
| 01.10.2020 | Supply of telephone services for the month of September, 2020 | Rs.2,500                     |
| 01.10.2020 | Date of Invoice for the month of September, 2020              | Rs.2,500                     |
| 18.10.2020 | Receipt of Payment  | Rs.3,000                     |
|            | Excess amount received  | Rs.500 [Rs.3,000 - Rs.2,500] |
| 01.11.2020 | Date of Invoice for the month of October, 2020                |                              |

Determine the time of supply of excess payment.

**Ans.:**

15. Mrs R receives supply of services from non-taxable territory in respect of which tax is liable to be paid on Reverse Charge Basis by her. Further, she provides the following information:

|     |  |            |
|-----|--|------------|
| (a) | Date of payment as entered in her books of account                     | 28.12.2020 |
| (b) | The date on which payment is debited in her bank account               | 06.1.2021  |
| (c) | Date of issue of invoice by the supplier                               | 6.12.2020  |
| (d) | 61 <sup>st</sup> day from the date of issue of invoice by the supplier | 5.2.2020   |

**Ans.:**

16. Determine the time of supply from the information given below. (Assuming that service being supplied is taxable under reverse charge)

|   |            |
|---|------------|
| Date of issue of invoice by the supplier  | 13.7.2020  |
| Payment made to the supplier of service as entered in the books of account of the recipient | 29.10.2020 |
| The date on which payment is debited in bank account of the recipient                       | 31.10.2020 |
| 61 <sup>st</sup> day from the date of issue of invoice by the supplier                      | 12.09.2020 |

**Ans.:**

17. Determine the time of supply from the information given below:

|  |            |
|--|------------|
| R Ltd. of U.K. issues email informing its associated company X Ltd. of New Delhi of the cost of technical services provided to it. | 14.10.2020 |
| X Ltd transfers the amount to the account of the U.K. company  | 13.12.2020 |

There is no entry recorded in the books of account of X Ltd.

**Ans.:**

18. Roxy Dry Cleaners Ltd. issues vouchers of Rs.70,000 to R Ltd on 12.12.2020. R Ltd distributes the aforesaid vouchers amongst its employees who shall get it redeemed in one month's time.

Determine the time of supply of vouchers.

**Ans.:**

19. R Ltd. is engaged in supply of two different taxable services namely Gym. Services and Hair Treatment Services. It issues voucher of Rs. 12,000 to G on 12.10.2020. The said voucher can be redeemed within two months from the date of such voucher for either of two aforesaid services or partly for each of the two aforesaid services. R redeems the said voucher on 14.12.2020 for Hair Treatment Services only.

Determine the time of supply of voucher.

**Ans.:**



## CHAPTER 8 VALUE OF SUPPLY

### MULTIPLE CHOICE QUESTIONS

9.1 Where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply, the value of supply shall be

- (A) wholesale price
- (B) market value
- (C) maximum retail price
- (D) transaction value

9.2 The value of supply shall include

- (A) any taxes, duties, cesses, fees and charges levied other than GST
- (B) interest or late fee or penalty for delayed payment of any consideration for any supply
- (C) subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.
- (D) all the above

9.3 Which of the following shall not be included in value of supply?

- (A) Commission
- (B) Late fee or penalty for delayed payment of any consideration for any supply
- (C) GST ,
- (D) Interest A

9.4 Which of the following shall be excluded in the value of supply?

- (A) any discount which is given before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply
- (B) any discount which is given after the supply has been effected
- (C) any discount which is given after the supply has been effected provided input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply
- (D) discount as per (a) and (c) above

9.5 The transaction value for computation of value of supply can be rejected if

- (A) the buyer and seller are related and price is not the sole consideration
- (B) the goods are sold at very low margins
- (C) MRP is more than the transaction value
- (D) all the above conditions are satisfied

9.6 Where the consideration is not wholly in money, what shall be value of supply of goods or services, if open market value is available

- (A) the open market value
- (B) the sum total of consideration in money and any such further amount in money as is

equivalent to the consideration not in money, if such amount is known at the time of supply

(C) the value of supply of goods or services or both of like kind and quality

(D) any of the above

9.7 Where the consideration is not wholly in money, what shall be value of supply of goods or services, if open market value is not available

(A) the open market value

(B) the sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money, if such amount is known at the time of supply

(C) the value of supply of goods or services or both of like kind and quality

(D) any of the above

9.8 If the goods are supplied to related persons then how should the taxable person ascertain the value of supplies?

(A) Seek the help of the GST officer

(B) Use the arm's length price as required under the incomes tax law

(C) Identify the prices at which goods are sold by the unrelated person to his customer

(D) Refer the Rule 28 which is prescribed for this purpose

9.9 Value of supply of lottery run by State Governments shall be deemed to be

(A)

(i) 100/112 of the face value of ticket; or

(ii) the price as notified in the Official Gazette by the organising State, whichever is higher.

(B)

(i) 100/128 of the face value of ticket; or

(ii) 100/128 of the price as notified in the Official Gazette by the organising State, whichever is higher.

(C)

(i) 100/118 of the face value of ticket; or

(ii) 100/118 of the price as notified in the Official Gazette by the organising State, whichever is higher.

(D) None of the above

9.10 Value of supply of lottery authorised by State Governments shall be deemed to be

(A)

(i) 100/112 of the face value of ticket; or

(ii) 100/112 of the price as notified in the Official Gazette by the organising State, whichever is higher.

(B)

(i) 100/128 of the face value of ticket; or

(ii) 100/128 of the price as notified in the Official Gazette by the organising State, whichever is higher.

(C)

- (i) 100/118 of the face value of ticket; or  
 (ii) 100/118 of the price as notified in the Official Gazette by the organising State, whichever is higher.

(D) None of the above

9.11 Which of the following discounts shall be excluded to determine the value of supply

- (A) staggered discount  
 (B) post supply discounts established before or at the time of supply  
 (C) volume discounts established before or at the time of supply  
 (D) all the above

### PRACTICAL QUESTIONS\*

1. R, a trader has agreed to supply certain imported goods to G for Rs.20,00,000 + Basic Customs Duty (BCD) of 10% of the value of the imported goods.

Determine the value of supply.

**Ans.:**

2. R & Sons has agreed to supply refrigerator to G at his residence. R & Sons raises the invoice for Rs.50,000 for the said supply. G paid Rs.50,000 to the supplier at his shop. Further, G paid Rs.1,500 to concerned Tempo Agency who delivered the refrigerator at his residence, though **it was payable by R & Sons** as the term of supply was free delivery at his residence.

Determine the value of supply.

**Ans.:**

3. R, a trader provides the following information:

| Particulars   | Rs.      |
|---|----------|
| Value of supply of goods if payment is made by 20.10.2020   | 6,00,000 |
| Interest for delayed payment of consideration if payment is made after 20.10.2020 but before 20.11.2020 | 25,000   |

Determine the value of supply if payment is received by R on 5.11.2020.

**Ans.:**

4. R, a trader dealing in solar Cooker charged Rs.30,000 for supplying of cooker to G. He has received following subsidies:

|     | Particulars   | Rs.    |
|-----|---|--------|
| (a) | Subsidy directly linked to the supply and received from a <b>Charitable Trust</b> engaged in promotion of solar cookers | 10,000 |

|     |  |        |
|-----|--|--------|
| (b) | Subsidy from the <b>Central Government</b> as it also wants to promote solar products in the country | 14,000 |
|-----|--|--------|

Determine the value of supply of solar cooker.

**Ans.:**

5. R, a trader has booked order of 200 pieces of Pants of different colours at Rs.2,000 per piece. He has agreed to allow discount of 20% at the time of supply of such goods.

Determine the value of supply.

**Ans.:**

6. R Ltd. a manufacturer of readymade garments appointed certain dealers for selling its goods. He entered into an agreement to allow 3% discount by way of credit note if a dealer purchases goods for more than Rs.40,00,000 in a period of 3 months from the date of first supply. One dealer G exceeded the target and purchased goods for **Rs.50,00,000** during the period of 3 months. GST was charged separately @ 12% on such supplies.

Determine the value of supply of readymade garments made to G.

**Ans.:**

7. RG Pvt. Ltd. provides the following particulars relating to goods sold by it to GK Pvt. Ltd.

| Particulars  | Rs.       |
|--|-----------|
| List price of the goods (exclusive of taxes and discounts)         | 10,00,000 |
| Tax levied by <b>Municipal Authority</b> on the sale of such goods | 1,00,000  |
| CGST and SGST chargeable on the goods                              | 2,00,880  |
| Packing charges (not included in price above)                      | 20,000    |

RG Pvt. Ltd. received Rs.40,000 as a subsidy **from a NGO** on sale of such goods. The price of Rs. 10,00,000 of the goods is after considering such subsidy.

RG Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods.

Determine the value of taxable supply made by RG Pvt. Ltd.

**Ans.:**

8. R converted US\$5,000 from the authorized money changer @ Rs.66 per US\$ and received Rs.3,30,000. RBI reference rate for US\$ is Rs.66.50 for that day.

- (a) Compute the value of service in relation to exchange of money.  
 (b) What will be your answer if RBI reference rate is not available.

**Ans.:**

9. R converted INR60,000 into Great Britain Pound (GBP) from the authorised money changer and the exchange rate offered was Rs.80, and therefore he received GBP 750. RBI reference rate for that day for GBP is Rs.79.

- (a) Compute the value of service in relation to exchange of money.  
 (b) What will be your answer if RBI reference rate is not available.

**Ans.:**

**10.** Compute the value of supply of services as per Alternative 2 of rule 32(2):

1. Exchanged US\$ 1,000 and paid Rs.66,000
2. Exchanged US\$ 3,000 and paid Rs. 1,98,000
3. Exchanged British £12,000 and paid Rs.10,80,000

**Ans.:**

**11.** R deals in buying and selling of second hand goods purchased a second hand car for a value of Rs.3,50,000 and after minor changes sold the car for Rs.5,25,000 to S. In this case, if R does not take any Input Tax credit

- (a) compute the value of car.  
 (b) compute the value of car if in the above question, if the selling price is Rs.3,15,000 instead of Rs.5,25,000.

**Ans.:**

**12.** R financed a motor car to S (Unregistered person) on 1.4.2020 for Rs.3,60,000. On failure to repay the instalments, R took the repossession of the motor car on 1.9.2020. The motor car was sold by R on 5.1.2021 for Rs.3,00,000. Calculate the value of supply.

**Ans**