

CA INTERMEDIATE Exam - Year 2024

S A T C
SURAJ AGRAWAL TAX CLASS



GST -12th Edition Practice Sets (Series A)

GST Question Bank

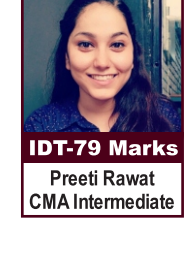
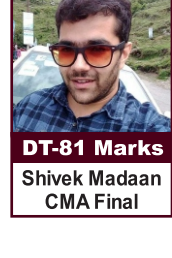
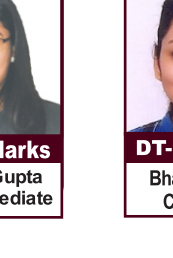
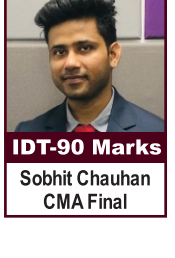
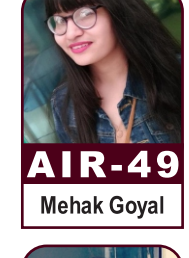
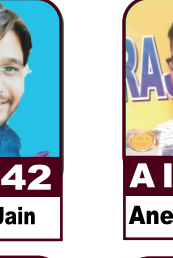
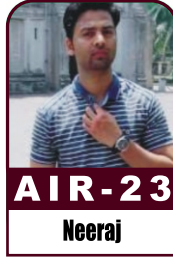
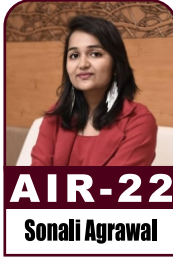
200 Pages
30 SETs
300+ Questions
120+ MCQs

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**THANKS TO MY FAMILY &
STUDENTS FOR CONTINUOUS
SUPPORT & LOVE.**

CA SURAJ AGRAWAL

**GST Practice Sets (Test Series) - Series A (12th Edition) [Total 30 Sets]
For CA INTERMEDIATE - 2024 EXAM**

Date: 15th April 2024

PREFACE

Taxation is a dynamic subject, which is not only a vast subject but also difficult to comprehend in view of frequent amendments. Yet it is the scoring subject of your syllabus. In addition, practice in the field of Taxation is also highly remunerative.

My association with the students has helped me to bring **this Question Bank** in its present form – simplified, comprehensive and easy to understand.

12th edition - GST Question Bank incorporates the followings in various sets:

- ❖ **CA Inter RTP Questions (from May 2018 to Nov 2022 Exam)**
- ❖ **Past Exam questions with answer as suggested by ICAI (From May 2018 to May 2022)**
- ❖ **Past ICAI Mock Test Papers (issued upto May 2022 Exam)**

Hope this **Question Bank** serves the purpose of the students. I shall be thankful to the readers for their suggestions, criticism and feedback if any.

All questions/Solutions are updated as per current law applicable for 2024 exam

**This question Bank is based on GST Book (12th Edition) issued to
CA INTERMEDIATE Students**

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ACKNOWLEDGEMENT

This **Question Bank** is a result of sincere efforts of our family members, colleagues, associates, well-wishers and students, whose contribution cannot go unacknowledged.

Master Reyaan, my wife **CA Monika Agrawal** and my mother deserve special mention for the time (on which they had the first right) they allowed me for this book.

I dedicate this book to my beloved late Grandparents & Papa.

CA Suraj Agrawal

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“One more step towards success”

PROFILE – CA SURAJ AGRAWAL

CA Suraj Agrawal is a Commerce Graduate [B.Com (H)] from Kolkata University and has qualified CA in November 2005 in **First Attempt** from Kolkata. He has also secured All India **27th Rank in CA-Foundation** - 1st level (First Attempt).

Besides CA, he has completed **Certification Course of International Taxation** of the ICAI in 2009. He has also qualified **CPA (Certified Public Accountant) examination from AICPA (USA)** in 2009 with **more than 90 Marks in each of four papers** in First Attempt [**Presently, he is inspired to complete CIMA, London as well as LLM in International Taxation (UK)**]

He has started his career by joining Direct Tax Department of **Reliance Industries Limited, Mumbai** and worked for near 2 years in core tax team. He has also worked in Taxation Division of **Chaturvedi & Shah (Chartered Accountants), Delhi** followed by Tax Division of **Ernst & Young, Gurgaon, India** (A Leading Big 4 Firm having International Presence). During the working tenure of more than 4 years, he is exposed to in-depth theoretical and practical knowledge of Direct Taxation & has a consultancy exposure in various industries including Energy - Oil & Gas, Airlines, Retail, Infrastructure and Shipping Industries.

With the above academic and practical knowledge, he is in teaching profession since 2010 to serve professional students (taught **24,000 CA/CMA**s Students till date). **His in-depth coverage of legal provisions in Tax with practical approach is very well recognized among the students.** He is also an associate member of ICAI and is also providing services as Tax Consultant to various organisations.

He was also a member in WTO, FEMA & International Tax Study Group of the NIRC of the ICAI for the year 2011-12 and was member of **International Taxation & FEMA Research Study Group of NIRC of the ICAI** for the year 2010-11. He is regularly contributing tax articles and various opinions on subjects of Direct Taxation including International Taxation in various leading magazines [Taxmann] and professional forums.

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Subjects: DIRECT TAX & INDIRECT TAX

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<https://www.youtube.com/c/CASURAJAGRAWALSATC/videos>

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GST - PRACTICE TEST PAPER - SET 1 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE RTP - NOVEMBER 2022

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. [Composition Scheme + Time of Supply + Exemption]

M/s. Delight Brothers, a partnership firm, is engaged in restaurant business. It is registered under the composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017 for the current financial year. Its turnover in the State for the month of April was ₹ 12,00,000.

It received new orders in the month of May to run a mess facility for supplying food at: **[Exemption chapter]**

- (i) Vishwas Public School, a higher secondary school;
- (ii) Knowledge Institute of Technology, an engineering college, approved by AICTE and UGC; and
- (iii) Frontline Hospital

It also provided catering services to a Coral limited company for their Annual General Meeting. Service was provided on 3rd July. But invoice was not issued by the firm to the company. However, payment was received on 25th July for which bank account was credited on 28th July. The turnover of restaurant business for the current financial year is ₹ 48,00,000.

From the inception of next financial year, M/s. Delight Brothers will close down the restaurant business and will provide service of repairing of air conditioners.

M/s Delight Brothers undertakes intra-State transactions only.

Based on the information given above, choose the most appropriate answer for the following questions-

A. Compute the tax liability of M/s. Delight Brothers for the month of April?

- (a) CGST & SGST of ₹ 6,000 each
- (b) CGST & SGST of ₹ 12,000 each
- (c) CGST & SGST of ₹ 30,000 each
- (d) CGST & SGST of ₹ 60,000 each

B. Out of new orders received by the firm in May, which of the following services are exempt from GST?

- (i) Service provided to Vishwas Public School
 - (ii) Service provided to Knowledge Institute of Technology
 - (iii) Service provided to Frontline Hospital
- (a) (i) and (iii)
 - (b) (ii) and (iii)
 - (c) only (i)
 - (d) (i) and (ii)

C. Time of supply of catering services provided to a Coral limited company is

- (a) 3rd July
- (b) 25th July
- (c) 28th July
- (d) 2nd August

D. Which of the following statements is most appropriate in respect of next financial year for M/s Delight Brothers?

- (a) M/s Delight Brothers can continue to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017.
- (b) M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017.
- (c) M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017, but can avail benefit of composition levy under section 10(2A) of the CGST Act, 2017.
- (d) M/s Delight Brothers can neither avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017 nor under section 10(2A) of the CGST Act, 2017.

E. Rate of GST applicable for service of repairing of air conditioners made by M/s Delight Brothers will be _____, assuming that it intends to pay the tax at the minimum rate available?

- (a) 1%
- (b) 5%
- (c) 6%
- (d) 12%

Solution:

Question No.	Answer	
A	(c)	CGST & SGST of ₹ 30,000 each [Hint: ₹ 12,00,000 x 2.5% - CGST]
B	(c)	only (i) [Page 6.29 & 6.38 of GST 12 th Edition Book]
C	(a)	3rd July
D	(c)	M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017, but can avail benefit of composition levy under section 10(2A) of the CGST Act, 2017.
E	(c)	6% [Hint: Section 10(2A)]

2. [ITC + EXEMPTION + PAYMENT OF TAX + TIME OF SUPPLY]

Neelkanth Pvt. Ltd., a registered supplier of goods and services at Kolkata has furnished the following information for the month of February:

S. No.	Particulars	Amount (₹)
(i)	Intra-State supply of taxable goods including ₹ 1,00,000 received as advance in January, the invoice for the entire sale value is issued on 15th February	4,00,000
(ii)	Purchase of goods from a composition dealer, registered in Kolkata	5,50,000
(iii)	Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (It is an intra-State transaction)	1,00,000
(iv)	Membership of a club availed for employees working in the factory (It is an intra-State transaction)	1,75,000
(v)	Inter-State services provided by way of training in recreational activities relating to sports	10,000
(vi)	Inter-State security services provided to ABC higher secondary school for their annual day function organised in Fintex Auditorium outside the School campus	15,000
(vii)	Inputs to be received in 4 lots, out of which 2nd lot was received during the month	40,000

The company has following ITCs with it at the beginning of the tax period:

Particulars	Amount (₹)
CGST	57,000
SGST	Nil
IGST	50,000

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 the ITC have been fulfilled.
- (iv) The turnover of Neelkanth Pvt. Ltd. was ₹ 2.5 crore in the previous financial year.

Compute the minimum GST, payable in cash, by Neelkanth Pvt. Ltd. for the month of February. Make suitable assumptions as required.

Solution:

S. No.	Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total (₹)
(i)	Intra-State supply of goods for ₹ 4,00,000 [Note-1]	36,000	36,000	Nil	72,000
(ii)	Services rendered by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex [Note-2]	9,000	9,000	Nil	18,000
(iii)	Services provided by way of training in recreational activities relating to sports [Note-3]	Nil	Nil	1,800	1,800
(iv)	Inter-State security services provided to ABC higher secondary school for their annual day function to be held in Fintex Auditorium. [Note-4]	Nil	Nil	2,700	2,700
	Total GST payable	45,000	45,000	4,500	94,500

Notes

- As per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier) has to pay GST on the outward supply of goods **at the time of supply as specified in section 12(2)(a) of the CGST Act, 2017, i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.**

Thus, liability to pay tax on the advance received in January will also arise in the month of February, when the invoice for the supply is issued.

- [Page 6.51]** Services by way of pure labour contracts of construction, erection, commissioning, or installation of **original works** pertaining to a single residential unit otherwise than as a part of a residential complex **are exempt** vide Notification No. 12/2017 CT(R) dated 28.06.2017. **Labour contracts for repairing are thus, taxable.**
- [Page 6.6]** Services by way of training or coaching in recreational activities relating to sports **is exempt under GST** vide Notification No. 12/2017 CT(R) dated 28.06.2017, **only if provided by charitable entities registered under Section 12AA or Section 12AB of the Income-tax Act.** Thus, in the given case, said service is taxable.
- [Page 6.29]** Security services provided to ABC higher secondary School for Annual Day function organised **outside the school campus will be taxable as** only the security services performed within the premises of the higher secondary school are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017.

Computation of total ITC

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening ITC	57,000	Nil	50,000
Add: Purchase of goods from a composition dealer [No tax is payable on the goods purchased under composition scheme]	Nil	Nil	Nil
Add: Membership of a club [Blocked credit]	Nil	Nil	Nil
Add: Inputs to be received in 4 lots, out of which 2nd lot was received during the month [In case of goods received in lots, ITC can be taken only upon receipt of the last lot]	Nil	Nil	Nil
Total ITC	57,000	Nil	50,000

Computation of minimum GST payable from electronic cash ledger

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total (₹)
GST payable	45,000	45,000	4,500	94,500
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]	(500)	(45,000)	(4,500)	50,000
	(3)	(2)	(1)	
	(44,500)			44,500
Minimum GST payable in cash	Nil	Nil	Nil	Nil

Note: Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, ITC of IGST has first been used to pay SGST (after paying IGST liability) and then CGST to minimize cash outflow.

3. **[ITC CHAPTER]** - Rimjihim Sales, a registered supplier, receives 100 invoices (for inward supply of goods/ services) involving GST of ₹ 10 lakh, from various suppliers during the month of January, 20XX. Out of 100 invoices, details of 80 invoices involving GST of ₹ 6 lakh have been furnished by the suppliers in their respective GSTR-1s filed on the prescribed due date therefor and such details have also been duly communicated to the recipients of such invoices in Form GSTR-2B.

Compute the ITC that can be claimed by Rimjihim Sales in its GSTR-3B for the month of January, 20XX to be filed by 20th February assuming that GST of ₹ 10 lakh is otherwise eligible for ITC.

[Page 12.5 of GST 12th Edition Book]

Solution:

ITC to be claimed by Rimjihim Sales in its GSTR-3B for the month of January to be filed by 20th February will be computed as under-

Invoices	Amount of ITC involved in the invoices (₹)	Amount of ITC that can be availed (₹)
80 invoices furnished in GSTR-1	6 lakh	6 lakh [Refer Note 1]
20 invoices not furnished in GSTR-1	4 lakh	Nil [Refer Note 2]
Total	10 lakh	6 lakh

Notes:

- (1) 100% ITC can be availed on invoices furnished by the suppliers in their GSTR-1.
- (2) Input tax credit in respect of any supply of goods or services or both is available to a registered person only, inter alia, if the details of the invoice/debit note in respect of said supply has been furnished by the supplier in the statement of outward supplies (GSTR-1) and such details have been communicated to the recipient of such invoice/debit note in the manner specified under section 37.

Thus, in respect of 20 invoices not furnished in GSTR-1s, no ITC is available.

4. **[REGISTRATION CHAPTER]** - Examine whether the supplier of goods is liable to get registered in the following independent cases:

- (i) Rudra Builders of Rohini, Delhi is exclusively engaged in intra-State taxable supply of building bricks. It's aggregate turnover in the current financial year is ₹ 23 lakh.
- (ii) Heera of Himachal Pradesh is exclusively engaged in intra-State taxable supply of footwear. His turnover in the current financial year (FY) from Himachal Pradesh showroom is ₹ 32 lakh. He has another showroom in Nagaland with a turnover of ₹ 11 lakh in the current FY.

[Page 3.4 of GST 12th Edition Book]

Solution:

As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to get 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:-

- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) ₹ 40 lakh for rest of India except persons engaged in making supplies of fly ash bricks/blocks, building bricks, bricks of fossil meals, earthen/roofing tiles, 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:

- (a) The benefit of enhanced threshold limit of registration of ₹ 40 lakh is **not applicable** for Rudra brothers even though it is exclusively engaged in intra-State taxable supply of goods in Delhi as it is engaged in making supplies of building bricks.

Thus, the applicable threshold limit for registration for Rudra Builders in the given case is ₹ 20 lakh. Thus, it is liable to get registered under GST as its turnover is more than the threshold limit.

- (b) Heera **could have been eligible** for enhanced threshold limit of turnover for registration, i.e. ₹ 40 lakh as he is exclusively engaged in intra-State supply of goods. **However, since Heera is engaged in supplying footwear from a Special Category State i.e. Nagaland, the threshold limit gets reduced to ₹ 10 lakh.**

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

5. **New Amendment TAX INVOICE CHAPTER** - Fashion Queen Ltd., registered under GST and dealing in baby products has an aggregate turnover of ₹ 15 crore in the preceding financial year. The tax consultant of Fashion Queen Ltd. advised it to issue e-invoices mandatorily. However, Fashion Queen Ltd. is of the view that since its aggregate turnover is less than the threshold limit applicable for e-invoicing, it is not required to issue e-invoices. You are required to comment upon the validity of the advice given by Tax consultant.

[Page 9.8 of GST 12th Edition Book]

Solution:

With effect from 01.08.2023, e-invoicing has been made mandatory for all registered businesses (except specified class of persons) with an aggregate turnover in any preceding financial year from 2017-18 onwards **greater than ₹ 5 crore**, in respect of B2B supplies (supply of goods or services or both to a registered person) or for exports.

Thus, the advice given by tax consultant of Fashion Queen Ltd. for issuance of e-invoices mandatorily in the current financial year is **valid in law** as the aggregate turnover of Fashion Queen Ltd. has exceeded the threshold limit i.e. ₹ 5 crore in the preceding financial year.

6. **New Amendment TAX INVOICE CHAPTER** - Ministry of Communications and Information Technology, a Government Department registered under GST has an aggregate turnover of ₹ 52 crore in the preceding financial year. You are required to comment whether Ministry of Communications and Information Technology is required to issue e-invoices in the current financial year?

[4 Marks]

[Page 9.8 of GST 12th Edition Book]

Solution:

Following entities are exempt from the mandatory requirement of e-invoicing:

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

Thus, above mentioned entities are not required to issue e-invoices **even if their turnover exceeds ₹ 5 crore (effective from 01.08.2023)** in the preceding financial year from 2017-18 onwards.

Thus, Ministry of Communications and Information Technology, **being a Government Department** is not required to issue e-invoices in the current financial year.

7. **REGISTRATION CHAPTER** - "Aadhaar authentication is not required for persons who are already registered under GST." Examine and discuss the correctness of the statement. You are required to elaborate the relevant legal provisions.

[5 Marks]

[Page 3.17 & 3.28 of GST 12th Edition Book]

Solution:

The given statement is incorrect. Aadhaar authentication has been made mandatory for the new registrants as well as for the existing registrants.

With regard to existing registrants, section 25(6A) of the CGST Act, 2017 stipulates that every registered person shall undergo authentication, or furnish proof of possession of Aadhaar number, in the prescribed form, manner and time.

Rule 10B of the CGST Rules, 2017 prescribes the manner in which aadhaar authentication needs to be done by a registered person.

A registered person, who has been issued a certificate of registration under GST, shall undergo authentication of the Aadhaar number of:-

- Proprietor, in the case of proprietorship firm,
- Any partner, in the case of a partnership firm,
- Karta, in the case of a Hindu undivided family,
- Managing director or any whole-time director, in the case of a company,
- Any of the Members of the Managing Committee of an Association of persons or body of individuals or a Society, or
- Trustee in the Board of Trustees, in the case of a Trust;

and of the Authorized Signatory, in order to be eligible for the following purposes:

- ✓ for filing of application for revocation of cancellation of registration
- ✓ for filing of refund application in Form RFD-01
- ✓ for refund of the IGST paid on goods exported out of India

It is not mandatory for every authorized signatory, promoter or partner to get Aadhaar authenticated for an existing GST registration. The Aadhaar authentication will be needed only for 1 Primary Authorized Signatory and 1 Promoter/ Partner/ Karta/ Director/ Member.

Further, section 25(6A) of the CGST Act, 2017 provides that if an Aadhaar number is not assigned to an existing registered person, **such person shall be offered alternate and viable means of identification in the prescribed manner.**

Such manner has been prescribed by rule 10B of the CGST Rules, 2017 as follows:

If Aadhaar number has not been assigned to the person required to undergo authentication of the Aadhaar number, such person shall furnish the following identification documents, namely: –

- (a) his/ her Aadhaar Enrolment ID slip; and
- (b)
 - ✓ Bank passbook with photograph; or
 - ✓ Voter identity card issued by the Election Commission of India; or
 - ✓ Passport; or
 - ✓ Driving license issued by the Licensing Authority

However, once Aadhaar number is allotted to such person, **he shall undergo the authentication of Aadhaar number within a period of 30 days of the allotment of the Aadhaar number.**

The afore-said Rule 10B shall not be applicable to persons notified under section 25(6D) of the CGST Act, 2017, i.e. to persons exempt from Aadhaar authentication.

GST - PRACTICE TEST PAPER - SET 2 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE RTP - MAY 2022

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. [Registration + ITC + Reverse Charge + Tax Invoice + E-way Bill + Return Chapter]

Vidhula Impex Ltd. is engaged in supplying sports goods. The company did not opt for registration under GST. The proper officer under GST, based on enquiry, finds that the concern is liable for registration and he registers the firm on temporary basis on 15th June, 2023.

After being granted the registration certificate, the company availed the following services for the purpose of its business-

- (i) Renting of motor vehicles from **Blue Taxi Pvt. Ltd.** where GST was charged @ 12%.
- (ii) Appointed Mr. Rajesh as Technical Director for advisory role in business and the payment was made based on the contract entered. However, he was not employee of the company.

During the course of its business, the company issued an invoice to a customer and erroneously charged higher value by ₹ 34,000. Such invoice was issued on 28th February, 2024.

Further, in the month of February 2024, the company also generated an e-way bill for inter-State transport of goods. However, immediately on generation of the e-way bill, the buyer cancelled the order before it is dispatched from the factory for delivery.

In the month of March 2024, since the company was incurring heavy losses, it applied for cancellation of GST registration on 15th March, 2024. The order for cancellation was made on 30th March, 2024 effecting cancelling the registration with effect from 15th March, 2024.

From the information provided above, choose the most appropriate answer for the following questions:

- A.** After the grant of temporary registration, Vidhula Impex Ltd. needs to **apply for registration** within _____ from the date of grant of temporary registration, if no extension of period is to be granted for such temporary registration.
 - (a) 30 days
 - (b) 90 days
 - (c) 7 days
 - (d) 15 days
- B.** In case of which of the following services, the company is liable to pay tax under **reverse charge**?
 - (a) Renting of Motor Vehicles
 - (b) Directorship services
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
- C.** **Which document** is required to be issued by the company in respect of the invoice issued on 28th February, 2024?
 - (a) Debit note
 - (b) Credit note
 - (c) Bill of supply
 - (d) Revised Tax invoice
- D.** The Company needs to file its **Final return** by _____.
 - (a) 30th April, 2024
 - (b) 30th August, 2024
 - (c) 15th June, 2024
 - (d) 30th June, 2024
- E.** Which of the following statements is correct in respect of e-way bill generated for goods in the month of February for which order was cancelled?
 - (a) Once generated, e-way bill cannot be cancelled.
 - (b) E-way bill can be cancelled within 24 hours of generation
 - (c) E-way bill can be cancelled within 48 hours of generation
 - (d) E-way bill can be cancelled within 72 hours of generation

SUGGESTED ANSWERS

1(A)	1(B)	1(C)	1(D)	1(E)
(b)	(b)	(b)	(d)	(b)

2. **E-WAY BILL CHAPTER** - Mr. Shambhu, a trader registered under GST in Delhi is engaged in wholesale business of toys for kids. Mr. Nandi registered under GST in Patiala, a regular return filer supplies toys in bulk to Mr. Shambhu for selling to end consumers.

Mr. Shambhu paying tax in regular scheme in Delhi, has not filed GSTR-3B for last 2 months. Mr. Nandi wants to generate e-way bill for toys amounting to ₹ 5,00,000 to be supplied to Mr. Shambhu. Also Mr. Narayan from Jammu approached Mr. Shambhu for purchasing toys amounting to ₹ 75,000 for the purpose of return gift on his son's first birthday party. Shambhu wants to generate an e-way bill in respect of an outward supply of goods to Mr. Narayan.

Examine with reference to the provisions under GST law, whether Mr. Nandi and Mr. Shambhu can generate e-way bill?

[Page 10.13 of GST 12th Edition Book]

Solution:

Rule 138E of the CGST Rules, 2017 contains provisions pertaining to blocking of e-way bill generation facility, i.e. disabling the generation of e-way bill.

A user will not be able to generate e-way bill for a GSTIN if the said GSTIN is not eligible for e-way bill generation as per rule 138E.

Rule 138E provides that blocking of GSTIN for e-way bill generation would only be for the defaulting supplier GSTIN and not for the defaulting Recipient or Transporter GSTIN.

In terms of rule 138E, a person paying tax under regular scheme who has not furnished the returns for a consecutive period of 2 tax periods is considered as a defaulting person.

Suspended GSTIN cannot generate e-way bill as supplier. However, the suspended GSTIN can get the e-way bill generated as recipient or as transporter.

In other words, e-way bill generation facility is blocked **only in respect of any outward movement of goods of the registered person who is not eligible for e-way bill generation as per rule 138E**. E-way bills can be generated in respect of inward supplies of said registered person.

Thus, applying the above provisions, there will be **no restriction in generating e-way Bill by Mr. Nandi** as Mr. Nandi who is making outward movement of goods is a regular return filer.

E-way bill generation is **blocked in case of movement of goods made by Mr. Shambhu to Mr. Narayan as it's an outward movement of goods of Mr. Shambhu** who has not filed GSTR-3B for past 2 months.

3. **RETURN CHAPTER** - Mr. Ayushman, a registered person having intra-State aggregate turnover of ₹ 1.2 crores in the preceding financial year did not file GSTR-3B for the month of September, 2023 by 31st March, 2024. The amount of tax payable for the month of September, 2023 is ₹ 8 lakh. All his supplies are intra-State supplies.

- Is there any late fee payable for the same? If yes, what is the amount of **maximum** late fee payable?
- Will your answer be different in (a), if Mr. Ayushman has intra-State aggregate turnover of ₹ 5 crores in the preceding financial year?
- Will your answer be different in (a), if total amount of tax payable in the GSTR-3B for the month of September is Nil?

[Page 11.32 & 11.33 of GST 12th Edition Book]

Solution:

As per section 47 of the CGST Act, 2017, the registered persons whose aggregate turnover is \leq ₹ 1.5 crores in the preceding FY, and who fails to furnish the returns required under section 39 by the due date **shall pay a maximum** late fee of ₹ 2,000 (₹ 1,000 each under CGST & SGST or ₹ 2,000 under IGST).

Thus, **Maximum late fee** is payable in the given case and the amount of such late fee payable is ₹ 2,000 (₹ 1,000 each under CGST & SGST).

Further, the registered persons whose aggregate turnover is more than ₹ 1.5 crores but less than equal to ₹ 5 crores in the preceding FY, and who fails to furnish the returns required under section 39 by the due date shall pay a **maximum** late fee of ₹ 5,000 (₹ 2,500 each under CGST & SGST or ₹ 5,000 under IGST).

Thus, **Maximum late fee** is payable in the given case and the amount of late fee payable is ₹ 5,000 (₹ 2,500 each under CGST & SGST).

Further, any registered person whose total amount of tax payable in the GSTR-3B is Nil and who fails to furnish the returns required under section 39 by the due date **shall pay a maximum late fee** of ₹ 500 (₹ 250 each under CGST & SGST or ₹ 500 under IGST).

Thus, **Maximum late fee is leviable** even if total amount of tax payable in the GSTR-3B for the month of September is Nil. The amount of such late fee would be ₹ 500 (₹ 250 each under CGST & SGST).

4. **New Amendment REGISTRATION CHAPTER** - Mr. X of Haryana intends to start business of supply of building material to various construction sites in Haryana. He has taken **voluntary registration under GST in the month of April**. However, he has not commenced the business till December due to lack of working capital. The proper officer suo-motu cancelled the registration of Mr. X. You are required to examine whether the action taken by proper officer is valid in law?

Mr. X has applied for revocation of cancellation of registration **after 100 days** from the date of service of the order of cancellation of registration. Department contends that application for revocation of cancellation of registration can only be made **within 90 days** from the date of service of the order of cancellation of registration. However, Mr. X contends that the period of submission of application **may be extended on sufficient grounds being shown**.

You are required to comment upon the validity of contentions raised by Department and Mr. X.

[Page 3.35 & 3.41 of GST 12th Edition Book]

Solution:

As per section 29 of the CGST Act, 2017, the proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where,-

- a registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed; or
- a person paying tax under composition scheme has not furnished **the return for a financial year beyond 3 months from the due date**; or
- any registered person, other than a person specified in clause (b), has **not furnished returns for such continuous period as may be prescribed**; or
- any person who has taken voluntary registration under sub-section (3) of section 25 has not commenced business **within 6 months** from the date of registration; or
- registration has been obtained by means of fraud, wilful misstatement, or suppression of facts:

Thus, in view of the above-mentioned provisions, suo-motu cancellation of registration of Mr. X by proper officer is valid in law since Mr. X, a voluntarily registered person, has not commenced his business within 6 months from the date of registration.

Further, where the registration of a person is cancelled suo-motu by the proper officer, such registered person may apply for revocation of the cancellation to such proper officer, **within 90 days** from the date of service of the order of cancellation of registration.

However, the said period of 90 days may, on sufficient cause being shown and for reasons to be recorded in writing, be extended by the Commissioner or an officer authorized by him in this behalf, not below the rank of additional commissioner or joint commissioner, as the case may be, for a further period not exceeding 180 days.

Thus, considering the above provisions, the contention of Department is not valid in law as extension can be sought in the prescribed time limit for revocation of cancellation of registration.

The contention raised by Mr. X is valid in law as extension in time limit is allowed on sufficient cause being shown and for reasons to be recorded in writing.

5. **[Exemption Chapter]** Gita Services Limited, registered under GST, is engaged in providing various services to Government. The company provides the following information in respect of services provided during the month of April:

S. No.	Description of Services provided
(i)	Supply of manpower for cleanliness of roads not involving any supply of goods.
(ii)	Service provided by Fair Price Shops owned by Gita Services Limited by way of sale of sugar under Public Distribution System against consideration in the form of commission.
(iii)	Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares alongwith maintenance. Generally replacement of defunct lights and other spares constitutes 35% of the supply of service.
(iv)	Service of brochure distribution provided under a training programme for which 70% of the total expenditure is borne by the Government.

Comment on the taxability or otherwise of the above transactions under GST law. Also state the correct legal provisions for the same.

Solution:

S. No.	Particulars	Taxability
(i)	Supply of manpower for cleanliness of roads not involving any supply of goods. [Pure services provided to Government are exempt.] – Page 6.49 of GST 12 th Edition Book	Exempt
(ii)	Service provided by Fair Price Shops by way of sale of sugar under Public Distribution System – Page 6.49 [Service provided by Fair Price Shops to Government by way of sale of sugar under Public Distribution System against consideration in the form of commission is exempt.]	Exempt
(iii)	Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares constituting 35% of the supply of service. – Page 6.50 [Composite supply of goods and services to Government in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply is exempt. Since, in this case value of supply of goods constitutes 35% of the supply of composite service, same is taxable.]	Taxable
(iv)	Service of brochure distribution provided under a training programme. – Page 6.49 [Services provided to the Government under any training programme for which 75% or more of the total expenditure is borne by the Government is exempt. Since in the given case, 70% of the total expenditure is borne by the Government, it is taxable.]	Taxable

6. [Payment of Tax / ITC Chapter] Restrictions have been imposed on the use of amount available in the electronic credit ledger vide Rule 86B of the CGST Rules, 2017. Is there any exceptions to rule 86B? If yes, state the exceptions.

[Page 2.10 of GST 12th Edition Book]

Solution:

Restrictions have been imposed on the use of amount available in electronic credit ledger vide rule 86B of the CGST Rules, 2017.

Rule 86B has been inserted in the CGST Rules to **restrict the amount available in electronic credit ledger** which a registered person can use to discharge his output tax liability to **99% of such tax liability** in cases where the value of taxable supply other than exempt supply and zero-rated supply, **in a month exceeds ₹ 50 lakh. This rule overrides all other rules**

Yes, there are exceptions to rule 86B. The exceptions to rule 86B are as under:-

(i) **Payment of Income Tax more than ₹ 1 lakh:**

Rule 86B may not apply in cases whereby person mentioned below have deposited sum of **more than ₹ 1 lakh as income tax** under the Income-tax Act, 1961 in **each of the last 2 financial years** for which the time limit to file return of income under section 139(1) of the said Act has expired

- ❖ The registered person or
- ❖ The karta/proprietor/the managing director of the registered person;
- ❖ Any of the two partners, whole-time directors, members of Managing Committee of Associations or Board of Trustees of the registered person, as the case may be.

(ii) **Receipt of refund of input tax credit of more than ₹ 1 lakh:**

Rule 86B may not apply whereby registered person has **received a refund amount of more than ₹ 1 lakh (in the preceding financial year)** on account of unutilized input tax credit under the following:

- ❖ zero-rated supplies made without payment of tax
- ❖ Inverted duty structure

(iii) **Payment of total output tax liability through electronic cash ledger in excess of 1% of total output tax liability:**

If the registered person has paid **more than 1% of total output tax liability** using electronic cash ledger upto the said month in the current financial year, the restrictions as specified in Rule 86B shall not apply.

Note: GST liability paid under reverse charge mechanism should not be taken into account while calculating the total output liability paid through electronic cash ledger.

(iv) **Specified registered person:**

Rule 86B would not be applicable in case of below-mentioned registered person:

- ❖ Government Department; or
- ❖ a public sector undertaking; or
- ❖ a local authority; or
- ❖ a statutory body.

However, Commissioner or an officer authorised by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit.

GST - PRACTICE TEST PAPER - SET 3 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE MTP (SET 1) - MAY 2022
[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **VERY IMP.** [Composition Scheme + Time of Supply + Tax Invoice + ITC] M/s. Harsimran & Co., a registered supplier under GST, is dealing in supply of taxable goods in the State of Karnataka.

The firm had opted for Composition Scheme from April month of last financial year. It's turnover crossed ₹ 1.50 Crores on 9th May of current financial year and had opted for withdrawal of composition scheme on the said date.

Harsimran & Co. removed goods on 10th June for delivery to Simran & Co. on 'Sale or Return Basis'.

Simran & Co. accepted the goods vide its confirmation mail dated 15th December.

The firm has paid GST for various items during the month of August. It comprised of the following –

- GST paid on input services intended to be used for personal purposes – ₹ 12,000
- GST paid on purchase of Motor Vehicle for business use (being a two-wheeler having engine capacity of 25CC) – ₹ 9,000
- GST paid on purchase of computer – ₹ 19,000

(GST portion was included as part of cost to claim depreciation under Income-tax Act, 1961)

During May, Harsimran and Co. had reversed ITC of ₹ 10,000 for not making payment to Vendors within the time prescribed under CGST Act, 2017. This pending payment was cleared in the month of August.

Out of purchases made and ITC availed during earlier months, the following information is made available as on September:

Supplier Name	Payment is due for (Number of days)	Related ITC Component
XYZ	165	₹ 13,000
ABC	199	₹ 15,000
PQR	99	₹ 20,000

Harsimran & Co received accounting services from Ekam & Co., an associated enterprise, located in Sri Lanka. Ekam & Co. issued invoice for the service on 1st September, which was entered by Harsimran & Co. in its book on 10th October. But payment was made on 30th September.

All the supply referred above is intra-State unless specified otherwise. Conditions applicable for availment of ITC are fulfilled subject to the information given above.

Based on the information provided above, choose the most appropriate answer for the following questions-

- A. Harsimran & Co. needs to furnish a statement containing details of stock of inputs/ inputs held in semi-finished / finished goods on the withdrawal of composition scheme by _____ [Page 5.28 of GST 12th Edition]
- 9th May
 - 23rd May
 - 8th June
 - 7th July

[SATC Hint: 30 days from 9th May – Form GST ITC-01 – Please don't count 9th May]

- B. In respect of the goods sent on sale or return basis, Harsimran & Co. shall issue the invoice by _____
- 10th June
 - 10th September
 - 10th December
 - 15th December

[Page 7.5 or 9.4 of GST 12th Edition Book – Section 31(7)]

C. Determine the amount of eligible input tax credit that can be availed by Harsimran & Co for the month of August?

- (a) Nil
- (b) ₹ 19,000
- (c) ₹ 22,000
- (d) ₹ 50,000

[SATC Note: Motor vehicle **excludes** vehicle having less than 4 wheels fitted with engine capacity of **not exceeding** 25CC. Hence, eligible for ITC – Page 12.10 & 12.16]

D. Compute the amount of ITC to be **reversed** for the month of **September?** Ignore interest liability, if any.

- (a) Nil
- (b) ₹ 28,000
- (c) ₹ 15,000
- (d) ₹ 13,000

E. Time of supply in respect of service imported by Harsimran & Co from its Associated Enterprise is **[Page 7.7 of GST 12th Edition Book]**

- (a) 1st September
- (b) 30th September
- (c) 1st October
- (d) 10th October

2. [ITC Chapter - Section 16(3) - Page 12.5] Ganesh Traders, engaged in manufacturing of taxable as well as exempt goods, purchased a machinery worth ₹ 17,70,000 (₹ 15,00,000 plus ₹ 2,70,000 GST). It capitalized full amount including taxes in the books of accounts and claimed depreciation on it as per provisions of the Income Tax Act, 1961. Compute the amount of ITC that can be claimed by Ganesh Traders?

- (a) ₹ 2,70,000
- (b) Zero
- (c) In proportion of taxable and exempt supply
- (d) By decreasing percentage points as prescribed

SUGGESTED ANSWERS

1(A)	1(B)	1(C)	1(D)	1(E)	2
(c)	(c)	(b)	(c)	(b)	(b)
[Page 5.28]	[Page 9.4]	[10,000+9,000]	[Page 12.4]	[Page 7.7]	[Page 12.4]

3. **IMPORTANT** [Exemption Chapter – Page 6.41 of GST 12th Edition Book] Determine the GST payable, if any, in each of the following independent cases, assuming that GST rate is 18% & the service providers are registered under GST:

- (i) Bollywood dance performance by a film actor in a film and consideration charged is ₹ 1,45,000.
- (ii) Carnatic music performance by a classical singer to promote a brand of readymade garments and consideration charged is ₹ 1,30,000.
- (iii) Carnatic music performance by a classical singer in a music concert and consideration charged is ₹ 1,55,000.
- (iv) Kathak dance performance by a classical dancer in a cultural programme and consideration charged is ₹ 1,45,000.

Solution:

- (i) Bollywood Dance performance by a film actor in a film is **not exempt** from GST even though the consideration charged is less than threshold limit of ₹ 1,50,000. The reason for the same is that the dance performance by an artist is exempt only if it is a performance in folk or classical art forms of dance. Consequently, entire consideration charged is subject to GST as follows:
= ₹ 1,45,000 × 18% = ₹ 26,100
- (ii) Carnatic music performance by a classical singer to promote a brand of readymade garments is **not exempt** from GST even though, the consideration charged is less than threshold limit of ₹ 1,50,000 and it is a performance in classical art forms of music. **The reason for the same is that the said exemption is not applicable to service provided by such artist as a brand ambassador.** Consequently, entire consideration charged is subject to GST as follows:
= ₹ 1,30,000 × 18% = ₹ 23,400
- (iii) Carnatic music performance by a classical singer in a music concert is **not exempt from GST** even though it is a performance in classical art forms of music. **The reason for the same is the consideration charged for the service exceeds ₹ 1,50,000.** Consequently, entire consideration charged is subject to GST as follows:
= ₹ 1,55,000 × 18% = ₹ 27,900
- (iv) Kathak dance performance by a classical dancer in a cultural programme is **exempt from GST** as it is a performance in classical art forms of dance and consideration charged does not exceed ₹ 1,50,000 [i.e. ₹ 1,45,000].

4. [VALUE OF SUPPLY – Q28 / Page 8A.9 of GST 12th Edition Book] Kashvi Ltd., a registered supplier, has supplied machinery to Garam Dharam Ltd. (a supplier registered in the same State). It provides following particulars regarding the same:

S. No.	Particulars	Amount (₹)
(i)	Price of machinery (exclusive of taxes and discounts)	5,50,000
(ii)	Part fitted in the machinery at the premises of Garam Dharam Ltd. [Amount has been paid by Garam Dharam Ltd. directly to the supplier. However, it was Kashvi Ltd.'s liability to pay the said amount. The said amount has not been recorded in the invoice issued by Kashvi Ltd.]	20,000
(iii)	Installation and testing charges for machinery, not included in price	25,000
(iv)	Discount @ 2% on price of the machinery mentioned at S. No. (i) above (recorded in the invoice)	
(v)	Kashvi Ltd. provides additional discount @ 1% at year end, based on additional purchase of other machinery for which adjustment is made at the end of the financial year without any change in individual transactions.	

Determine the value of taxable supply made by Kashvi Ltd. to Garam Dharam Ltd.

Solution:

Computation of value of taxable supply made by Kashvi Ltd. to Garam Dharam Ltd.

Particulars	Amount (₹)
Price of machinery (exclusive of taxes and discounts)	5,50,000
Add: Amount paid by Garam Dharam Ltd. directly to the supplier for the part fitted in the machinery Notes compiled by SATC. [Any amount that the supplier is liable to pay in relation to a supply but which has been incurred by the recipient of the supply 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) of the CGST Act, 2017.]	20,000
Add: Installation and testing 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 of supply in terms of section 15(2)(c) of the CGST Act, 2017.]	25,000
Less: Discount @ 2% on the price of machinery [₹ 5,50,000 x 2%] [Since discount is given at the time of supply of machinery and recorded in the invoice, the same is deductible from the value of the supply in terms of section 15(3)(a) of the CGST Act, 2017.]	(11,000)
Less: Additional 1% discount at year end [Though the additional discount is established before/at the time of supply, it is not deductible from the value of supply in terms of section 15(3)(b) of the CGST Act, 2017 as the same is not linked to any specific transaction and is adjusted by the parties at the end of the financial year.]	Nil
Value of taxable supply	5,84,000

5. **IMPORTANT [REGISTRATION CHAPTER + TAX INVOICE CHAPTER]** Utsav Pvt. Ltd. of Meghalaya engaged in the supply of gifts items and repair services, provides you the following details:-

S. No.	Particulars	Date
1.	Commencement of the business of supplying goods and services	1 st August
2.	Turnover exceeds ₹ 10,00,000 on	15 th August
3.	Turnover exceeds ₹ 20,00,000 on	5 th September
4.	Application for registration made on	28 th September
5.	Registration certificate granted on	6 th October

The company seeks your advice as to how it should raise revised tax invoices for supplies made. Is there any specific provision for issuance of revised tax invoices to unregistered customers? Explain.

[Page 3.25, 9.3 & 9.21 of GST 12th Edition Book]

Solution:

A supplier of **both goods and services** whose aggregate turnover in a financial year exceeds ₹ 20 lakh in a State/UT [₹ 10 lakh in specified Special Category States] is liable to apply for registration within 30 days from the date of becoming liable to registration (i.e., the date of crossing the threshold limit of ₹ 20 lakh/ ₹ 10 lakh) in terms of section 22 of the CGST Act, 2017. **Since Meghalaya is not a specified Special Category State, applicable threshold limit is ₹ 20 lakh.**

Further, where the application is submitted within said period, **the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.**

Every registered person who has been granted registration with effect from a date earlier than the date of issuance of registration certificate to him, **may issue revised tax invoices within 1 month** from the date of issuance of registration certificate in respect of taxable supplies effected during this period i.e. from the effective date of registration till the date of issuance of registration. Notes compiled by Suraj Agrawal Sir.

Since Utsav Pvt. Ltd. has made the application for registration within 30 days of becoming liable for registration, the effective date of registration becomes the date on which the company becomes liable to registration i.e. 5th September.

Thus, Utsav Pvt. Ltd. **may issue revised tax invoices** against the invoices already issued during the period between effective date of registration (5th September) and the date of issuance of registration certificate (6th October), within 1 month from 6th October.

Further, Utsav Pvt. Ltd. **may issue a consolidated revised tax invoice** in respect of all taxable supplies made to **unregistered dealers** during such period. However, in case of inter-State supplies made to unregistered dealers, a consolidated revised tax invoice **cannot be** issued in respect of all the recipients located in a State, **if the value of a supply exceeds ₹ 2,50,000.**

6. **[PAYMENT OF TAX – SECTION 50]** Mr. Piyush, a registered supplier of taxable goods, filed GSTR 3B for the month of January, 20XX on 15th April, 20XX. The prescribed due date to file the said GSTR 3B was 20th February, 20XX. The amount of net GST payable, in Cash i.e. Electronic Cash Ledger on supplies made by him for the said month worked out to be ₹ 36,500 which was paid on 15th April, 20XX.

Briefly explain the related provisions and compute the amount of interest payable under the CGST Act, 2017 by Mr. Piyush. Ignore the effect of leap year, if applicable in this case.

[Page 2.17 of GST 12th Edition Book]

Solution:

Interest is payable in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

Thus, the amount of interest payable by Mr. Piyush is as under:- Notes compiled by SATC.

Period of delay = 21st February, 20XX to 15th April, 20XX = 54 days

Hence, amount of interest = ₹ 36,500 x 18% x 54/365 = ₹ 972

7. **[ITC Chapter – Section 18]** What is the ITC entitlement of a newly registered person?

[Page 12.21 of GST 12th Edition Book]

Solution:

A person applying for registration can take **Input Tax Credit (“ITC”) of inputs** held in stock and inputs contained in semi-finished or finished goods held in stock on the day **immediately preceding the date of grant of registration.**

If the person was liable to take registration and he has applied for registration within 30 days from the date on which he became liable to registration, then ITC of **inputs held in stock and inputs contained** in semi-finished or finished goods held in stock on the day **immediately preceding the date on which he became liable to pay tax can be taken.**

In case of voluntary registration, ITC of such goods held in stock on the day immediately preceding the date of registration can be taken.

8. **[Registration Chapter]** What is the validity period of the registration certificate issued to a casual taxable person and non-resident taxable person?

[Page 3.31 & 3.32 of GST 12th Edition Book]

Solution:

In terms of section 27(1) of the CGST Act, 2017, the certificate of registration issued to a “casual taxable person” or a “non-resident taxable person” shall be valid for a period specified in the application for registration or 90 days from the effective date of registration, **whichever is earlier.** [SATC: Don't use short forms like CTP or NRTP in exam]

However, the proper officer, at the request of the said taxable person, **may extend the validity of the aforesaid period of 90 days by a further period not exceeding 90 days.**

GST - PRACTICE TEST PAPER - SET 4 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE MTP (SET 2) - MAY 2022
[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **[IMPORTANT]** Mr. Lala is engaged in supply of tiles and marbles in the State of **Telangana**. He is not registered under GST. He commenced his business from the month of July.

He availed godown construction services for business from his **brother-in-law** who was dependent on him. He also availed professional consultancy services for the purpose of business **from his son** who is a Company Secretary and his son is not dependent on him. Mr. Lala did not pay anything for both the services as both of them were his relative / family member respectively **[Page 4.12 / 12th Edition]**.

On the basis of advice of his son, Mr. Lala made the supply of tiles within his State only. His turnover reached to ₹ 7 lakh as on 31st October. However, he planned to expand his business to other States, since he has received decent orders from other States also.

During the month of December, **he received** a consignment of tiles **from Rajasthan** through Prompt Carriers, a goods transport agency based in the State of Rajasthan. Goods were dispatched by the supplier on 'to-pay' basis for freight. Freight charges were ₹ 50,000. Mr. Lala paid the invoice amount in the month of December itself. This was an inter-State transaction.

During the month of January, Mr. Lala made his **first inter-State supply** to Tamil Nadu on 4th January. His turnover before making such supply was ₹ 15 lakh.

Value of such inter-state supply was ₹ 4,50,000, exclusive of taxes. Payment for the said inter-State supply was received on 28th February. Invoice was raised by Mr. Lala on 25th January.

All the figures given above are exclusive of taxes wherever applicable.

Based on the information given above, choose the most appropriate answer for the following questions-

- A.** In respect of services availed by Mr. Lala, which of the following is a correct statement?
- (a) Godown construction service availed from his **brother-in-law [SATC: Not a family member]** free of cost is considered as a deemed supply
 - (b) Professional service availed from **his son free of cost** is considered as a **deemed supply**
 - (c) Neither of the services is a deemed supply
 - (d) Both services are deemed supply
- B.** Upto which limit of aggregate turnover, Mr Lala can continue to supply goods without registration within his state, if he does not procure any goods/services on which tax is payable under reverse charge mechanism?
- (a) ₹ 20 lakh
 - (b) ₹ 40 lakh
 - (c) ₹ 10 lakh
 - (d) ₹ 150 lakh
- C.** What is the tax liability for the freight charges?
- (a) ₹ 6000 of IGST under reverse charge
 - (b) ₹ 6000 of IGST under forward charge
 - (c) ₹3000 each under CGST and SGST under reverse charge
 - (d) Nil as it is exempt **[SATC Hint: Mr. Lala was unregistered person at that time]**

- D.** Which of the following statement is correct with respect to liability of Mr. Lala to register under GST?
- Mr. Lala is liable to register in the month of December for receipt of GTA services.
 - Mr. Lala is liable to register in the month of January for effecting inter-State outward supply of goods.
 - Mr. Lala is liable to register only when his turnover exceeds the threshold limit irrespective of whether he is in receiving any GTA services or is effecting inter-State outward supply.
 - Mr. Lala is not required to register as it is his first year of business.
- E.** What is the time of supply of goods made by Mr Lala during January?
- 4th January
 - 25th January
 - 3rd February
 - 28th February
- 2. [IMPORTANT]** Aanya, an individual, based in Gujarat, is in employment and earning ₹ 10 lakh as salary. She is also providing consultancy services to different organizations on GST implications of business. Her turnover from the supply of such services is ₹ 12 lakh. Determine whether Aanya is liable for taking registration as per provisions of the CGST Act?
- Yes, as her aggregate turnover is more than ₹ 20 lakh.
 - No, as her aggregate turnover is less than ₹ 40 lakh.
 - No, as services in the course of employment does not constitute supply and therefore, aggregate turnover is less than ₹ 20 lakh.
 - Yes, since she is engaged in taxable supply of services.

SUGGESTED ANSWERS

1(A)	1(B)	1(C)	1(D)	1(E)	2
(b)	(a)	(d)	(b)	(a)	(c)
		[Hint: Page 6.12]			

- 3. VERY IMPORTANT - [Exemption (Page 6.29) + Reverse Charge]** Alfa Institute of Management (AIM), a private college, is registered under GST in the State of Punjab. AIM provides the following particulars for the month of April, 20XX :

S. No.	Particulars	Amount (₹)
i.	Tuition fee received from students pursuing management courses recognised by Punjab University, established by an Act of State Legislature	18,00,000
ii.	Tuition fee received from students pursuing under- graduate courses <u>recognised by Stan University, London</u> under Dual Degree programmes	8,50,000
iii.	Fee received from students of competitive exam training academy run by a Department of AIM	5,40,000
iv.	Mess fees received from students pursuing qualification recognized by Indian law (Mess is run by AIM on its own)	3,20,000
v.	Amount paid to Local Municipal Corporation for premises taken on rent for conducting coaching classes for competitive exams	50,000
vi.	Legal services availed from Top Care & Co., a Partnership firm of advocates, for the competitive exam training academy (Intra-state transaction)	20,000

Note:

The aggregate turnover of AIM in the preceding financial year exceeds ₹ 20 lakh. Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both outward and inward supplies.

All the amounts given above are exclusive of taxes, wherever applicable. All the conditions necessary for availing the ITC have been fulfilled, wherever applicable. There is no opening balance of ITC under any head of tax.

From the information given above, you are required to calculate the Value of taxable supply and minimum GST liability (CGST, SGST or IGST as the case may be) to be paid in cash, if any, by AIM for the month of April, 20XX.

Solution:

Particulars		Amount (₹)
Tuition fee received from students pursuing recognized management courses [Note-1]		Nil
Tuition fee received from students pursuing under-graduate courses recognized by Foreign University [Note-2]		8,50,000
Fee received from students of Competitive Exam Training Academy [Note-3]		5,40,000
Mess fees received from students [Note-4]		Nil
Total value of taxable supply		13,90,000
Particulars	CGST (₹)	SGST (₹)
GST liability under forward charge @ 9% [Note-5]	1,25,100	1,25,100
Services on which tax is payable under reverse charge:		
Rent paid to Local Municipal Corporation [Note-6]	4,500	4,500
Legal services received from Top Care & Co., a partnership firm of advocates [Note-7]	1,800	1,800
GST liability under reverse charge payable in cash [A] [Note-8]	6,300	6,300
Output tax payable against which ITC can be set off	1,25,100	1,25,100
Less: ITC of renting immovable property and legal services	<u>6,300</u>	<u>6,300</u>
Output tax payable after set off of ITC [B]	1,18,800	1,18,800
Net GST liability payable in cash [A] + [B]	1,25,100	1,25,100

SATC Hint: GST Liability on reverse charge is payable through Electronic Cash ledger. Further, The same is also eligible as ITC to be utilized against Output GST Liability.

Notes:-

- Services provided by an educational institution to its students are exempt. Further, educational institution means inter alia an institution providing services by way of education as a part of a curriculum for obtaining a qualification **recognised by an Indian law**. Therefore, tuition fee received by Punjab University, being an educational institution, is exempt, since it provides qualification recognised by Indian law.
- Tuition fee received by Stan University is taxable since Stan University is **not an educational institution** as qualification provided by it is not recognised by Indian law.
- Fee received from students of competitive exam training academy is taxable as Department of AIM is **not an educational institution** since competitive exam training does not lead to grant of a recognized qualification.
- Catering services **provided by educational institutions** to its students are exempt.
- Since all the services provided are intra-State, CGST and SGST @ 9% is charged
- GST is payable under reverse charge in case of renting of immovable property services supplied by a local authority to a registered person.**
- GST is payable under reverse charge in case of legal services supplied by a firm of advocates to a business entity.
- The amount available in the electronic credit ledger may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax. **Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.**

4. **IMPORTANT [EXEMPTION CHAPTER – Q13 (Page 6A.5 of GST 12th Edition Book)]** M/s. Paisa Saver Bank Limited, a scheduled commercial bank, has furnished the following details for the month of September:

Particulars	Amount [₹ in lakh] (excluding GST)
Extended housing loan to its customers	130
Processing fees collected from its customers on sanction of loan	20
Commission collected from its customers on bank guarantee	30
Interest income on credit card issued by the bank	40
Interest received on housing loan extended by the bank	35
Minimum balance charges collected from current account and saving account holder	03

Compute the value of taxable supply. [Also refer Page 6.19 of GST 12th Edition Book]

Solution: Computation of value of taxable supply of M/s. Paisa Saver Bank Limited for the month of September:

Particulars	Amount in lakh (₹)
Housing loan extended to customers [Since money does not constitute goods, extending housing loan is not a supply.]	Nil
Processing fee collected on sanction of loan [Interest does not include processing fee on sanction of the loan. Hence, the same is taxable.]	20
Commission collected on bank guarantee [Any commission collected over and above interest on loan, advance or deposit are not exempt.]	30
Interest income on credit card issued by the bank [Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax. However, interest involved in credit card services is specifically excluded from this exemption entry.]	40
Interest received on housing loan [Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax.]	Nil
Minimum balance charges collected from current account and saving account holder [Any charges collected over and above interest on loan, advance or deposit are not exempt.]	03
Value of taxable supply	93

5. **[VALUE OF SUPPLY – Q24 (Page 8A.6 of GST 12th Edition Book)]** Blue Stone Ltd., Delhi, a registered supplier, is manufacturing taxable goods. It provides the following details of taxable inter-State supply made by it during the month of March.

S. No.	Particulars	Amount (₹)
(i)	List price of taxable goods supplied inter-state (exclusive of taxes)	12,00,000
(ii)	Subsidy received from the Central Government for supply of taxable goods to Government School (exclusively related to supply of goods included at S. No. 1)	1,75,000
(iii)	Subsidy received from an NGO for supply of taxable goods to an old age home (exclusively related to supply of goods included at S. No. 1)	50,000
(iv)	Tax levied by Municipal Authority	20,000
(v)	Packing charges	15,000
(vi)	Late fee paid by the recipient of supply for delayed payment of consideration (Recipient has agreed to pay ₹ 6,000 <u>in lump sum</u> and no additional amount is payable by him)	6,000

The list price of the goods is net of the two subsidies received. However, the other charges/taxes/fee are charged to the customers over and above the list price.

Calculate the total value of taxable supplies made by Blue Stone Ltd. during the month of March. Rate of IGST is 18%.

Solution:

Computation of total value of taxable supplies made by Blue Stone Ltd. during the month of March

Particulars	Amount (₹)
List price of the goods	12,00,000
Subsidy amounting to ₹ 1,75,000 received from the Central Government [Since the subsidy is received from the Government, the same is not includible in the value in terms of section 15(2)(e) of the CGST Act]	NIL
Subsidy received from NGO [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) of the CGST Act]	50,000
Tax levied by the Municipal Authority [Includible in the value as per section 15(2)(a) of the CGST Act]	20,000
Packing charges [Being incidental expenses, the same are includible in the value as per section 15(2)(c) of the CGST Act]	15,000
Late fees paid by recipient of supply for delayed payment [Includible in the value as per section 15(2)(d) of the CGST Act - As the amount of interest received is a lump sum amount, the same has to be taken as inclusive of GST] [₹ 6,000 x 100/118] rounded off	5,085
Total value of taxable supplies	12,90,085

6. [TAX INVOICE CHAPTER – Question 11 / Page 9A.3 of 12th Edition GST Book] Namo & Co., a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March:

- (i) Value of supply charged in invoice no. 1 was ₹ 1,50,000 against the actual taxable value of ₹ 1,30,000.
- (ii) Tax charged in invoice no. 4 was ₹ 42,000 against the actual tax liability of ₹ 78,000 due to wrong HSN code being chosen while issuing invoice.
- (iii) Value charged in invoice no. 8 was ₹ 3,50,000 as against the actual value of ₹ 4,50,000 due to wrong quantity considered while billing.

Namo & Co. asks you to answer the following:

- (1) Who shall issue a debit/credit note under CGST Act?
- (2) Whether debit note or credit note has to be issued in each of the above circumstances?
- (3) What is the maximum time-limit available for declaring the credit note in the GST Return?

[Page 9.33 to 9.35 of GST 12th Edition Book]

Solution:

- (1) The debit/credit note shall be issued by the registered person who has supplied the goods and/or services, i.e. Namo & Co.
- (2) Yes, debit/credit note need to be issued in each of the circumstances as under:
 - (i) A credit note is required to be issued as the taxable value in invoice no. 1 exceeds the actual taxable value.
 - (ii) A debit note is required to be issued as the tax charged in the invoice no. 4 is less than the actual tax payable.
 - (iii) A debit note is required to be issued as the value of supply charged in the invoice no. 8 is less than the actual value.
- (3) [Amended] The details of the credit note cannot be declared **later than 30th November** following the end of the financial year in which such supply was made or the date of furnishing of the relevant annual return, whichever is earlier.

7. **[Payment of Tax - Section 50]** Raghav Ltd., have filed their GSTR-3B for the month of July, 20XX within the due date prescribed under Section 39 i.e. 20.08.20XX. Post filing of the return, the registered person has noticed during September 20XX that tax dues for the month of July, 20XX have been short paid for ₹ 40,000.

Raghav Ltd., has paid the above shortfall of ₹ 40,000, through GSTR-3B of September 20XX, filed on 20.10.20XX [payment through Cash ledger - ₹ 30,000 and Credit ledger ₹ 10,000]. Examine the Interest payable under the CGST Act, 2017.

What would be your answer if, GSTR-3B for the month of July 20XX has been filed belatedly on 20.10.20XX and the self-assessed tax of ₹ 40,000/- has been paid on 20.10.20XX [payment through electronic cash ledger - ₹ 30,000 and electronic credit ledger ₹ 10,000]

Notes:

- There exists adequate balance in Electronic Cash & Credit ledger as on 31.07.20XX for the above short fall
- No other supply has been made nor tax payable for the month of July, 20XX other than ₹ 40,000/- missed out to be paid on forward charge basis
- Ignore the effect of leap year, if applicable in this case. **[Page 2.17 to 2.20 of GST 12th Edition Book]**

Solution:

Interest is payable under Section 50 of the CGST Act, 2017 in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

As per proviso to sub-section (1) of Section 50, interest is payable on the **net tax liability paid in cash, only if the return to be filed for a tax period under Section 39, has been filed after the due date to furnish such return.**

In the above scenario, Raghav Ltd., has defaulted in making the payment for ₹ 40,000 on self- assessment basis in the return for the month of July, 20XX. **Accordingly, interest is payable on the gross liability and proviso of sub-section 50(1) shall not be applicable. It is also clarified in Rule 88B.**

Thus, the amount of interest payable by Raghav Ltd., is as under:-

Period of delay = 21st August, 20XX to 20th October, 20XX = 60 days

Hence, amount of interest = ₹ 40,000 x 18% x 60/365 = ₹ 1,184

Alternatively, if Raghav Ltd., have filed the return for the month of July, 20XX on 20.10.20XX, beyond the stipulated due date of 20.08.20XX and if the self-assessed tax for July, 20XX has been paid on 20.10.20XX, **Interest under proviso to Section 50(1) shall be payable on the tax paid through Electronic Cash Ledger only.**

Hence,

Interest is payable from 21st August 20XX till 20th October 20XX = 60 days

Amount of Interest = ₹ 30,000 x 18% x 60/365 = ₹ 888

8. **[ITC Chapter]** What is the tax implication of supply of capital goods by a registered person who had taken ITC on such capital goods?

[Page 12.22 of GST 12th Edition Book – Section 18(6)]

Solution:

In case of supply of capital goods or plant and machinery on which ITC has been taken, the registered person shall pay an amount equal to the ITC taken on the said capital goods or plant and machinery reduced by 5% per quarter or part thereof from the date of invoice or the tax on the transaction value of such capital goods, whichever is higher.

However, in case of refractory bricks, moulds and dies, jigs and fixtures when these are supplied as scrap, the person can pay tax on the transaction value.

9. **[Registration]** Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled?

[Page 3.36 of GST 12th Edition Book – Section 29(5)]

Solution:

Yes, as per Section 29(5) of the CGST Act, 2017, every registered person whose registration is cancelled shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, **whichever is higher.**

GST - PRACTICE TEST PAPER - SET 5 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – DEC 2021 EXAM QUESTION (NEW)

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **IMPORTANT** [Payment of Tax + ITC + Value of Supply + Exemption] ABC Ltd., a registered supplier in Surat, Gujarat has calculated output net GST liability after adjusting ITC in the books for the month of February 20XX: CGST : ₹ 3,00,000 SGST : ₹ 2,50,000 IGST : ₹ 3,00,000

During the above month, the following additional information is provided by ABC Ltd.:

S. No.	Particulars	Amount (excluding GST) ₹
1	The company had given on hire 5 trucks to one of the transporters of Vadodara (a goods transport agency) for transporting goods for 10 days. The hiring charges for the trucks were ₹ 7,500 per truck per day	3,75,000
2	The company sold goods to X & Co. of Delhi on 6th January 20XX with a condition that interest @ 2% per month will be charged on invoice value if X & Co. failed to make payment within 30 days of the delivery of the goods. Goods were delivered and also the invoice was issued on 6th January 20XX. X & Co. paid the consideration for the goods on 20th February along with applicable interest. [Important Treatment]	5,00,000
3	The company sought legal consultancy services for it's business from A & Advocates, a partnership firm of advocates situated at Bhuj, Gujarat.	1,50,000
4	The company ordered 3,000 packets of tools which are to be delivered by the supplier of Delhi via 3 lots of 1,000 packets monthly. The supplier raised the invoice for full quantity in February 20XX and the last lot would be delivered in April 20XX.	5,00,000
5	The company supplied 10,000 packets of tools to one of it's customer at ₹ 10/- per packet in Gujarat in January 20XX. Afterwards, the company re-values it at ₹ 9 per packet in February 20XX and the company issued credit note to the customer for ₹ 1 per packet.	

The rate of GST is 9% CGST, 9% SGST and 18% IGST.

You are required to compute the actual net liability of GST to be paid in cash along with working notes for the month of February 20XX.

Solution:

Computation of net GST liability of ABC Ltd. to be paid in cash for February 20XX

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Net output GST liability as given		3,00,000	2,50,000	3,00,000
Add: Trucks given on hire to GTA [Services by way of giving a means of transportation of goods on hire to a goods transport agency are exempt. Page 6.16 of 12 th Edition]	3,75,000	--	--	--
Add: Interest on delayed payment of 15 days (6th February, 20XX to 20th February, 20XX) [Includible in value in terms of section 15 of the CGST Act, 2017] [INCLUSIVE OF GST]	5,900 [5,90,000 × 2% × 15/30]	--	--	900 [5,900 × 18/118]
Total output tax liability		3,00,000	2,50,000	3,00,900
Less: ITC in respect of legal services paid as reverse charge is available	1,50,000	(13,500) [1,50,000 × 9%]	(13,500) [1,50,000 × 9%]	
Net output tax liability (A) [Payable in Cash]		2,86,500	2,36,500	3,00,900
Legal consultancy services received (B) [Tax is payable under reverse charge on legal services received by a business entity from a partnership firm of advocates.	1,50,000	13,500 [1,50,000 × 9%]	13,500 [1,50,000 × 9%]	

Further, tax payable under reverse charge, being not an output tax, cannot be set off against ITC and thus, will have to be paid in cash.				
Total GST payable <u>in cash</u> [(A) + (B)]		3,00,000	2,50,000	3,00,900

Notes:

- ITC on goods received in lots **is available on receipt of last lot**. Hence, ITC on tools received will not be available in February 20XX.
- Since discount given by ABC Ltd. on the packets of tools **was not known at the time of supply**, it shall not be excluded from its value of supply.

2. IMPORTANT [EXEMPTION CHAPTER] AB Ltd., a registered company of Chennai, Tamil Nadu has provided following services for the month of October, 20XX [REFER PAGE 6.29 OF 12th EDITION GST BOOK]

Particulars	Amount (₹)
Services of transportation of students, faculty and staff from home <u>to college</u> and back to Commerce College , (a private college) providing degree courses in BBA, MBA, B.Com., M.Com.	2,50,000
Online monthly magazine containing question bank and latest updates in law to students of PQR Law College offering degree courses in LLB and LLM	1,00,000
Housekeeping services to T Coaching Institute	50,000
Security services to N Higher Secondary School	3,25,000
Services of providing breakfast, lunch and dinner to students of ABC Medical College offering degree courses recognized by law in medical field	5,80,000

All the above amounts are exclusive of GST.

Compute the taxable supplies of AB Ltd. for the month of October 20XX with necessary explanations.

Solution:**Computation of value of taxable supplies of AB Ltd.**

Particulars	Amount (₹)
Services of transportation of students, faculty and staff to Commerce College [Not exempt , since transportation services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.]	2,50,000
Online monthly magazine to students of PQR Law College [Services of supply of online educational journals provided to an educational institution providing qualification recognized by law are exempt.]	Nil
Housekeeping services to T Coaching Institute [Not exempt]	50,000
Security services to N Higher Secondary School [Security services provided to an educational institution providing education up to higher secondary school are exempt.]	Nil
Services of providing breakfast, lunch and dinner to students of ABC Medical College [Not exempt , since catering services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.]	5,80,000
Value of taxable supplies	8,80,000

3. [REGISTRATION] Q Ltd. is engaged exclusively in supply of taxable goods from the following states. The particulars of intra-state supplies for the month of May 20XX are as follows:

State	Turnover (₹)
Madhya Pradesh	5,00,000
Gujarat	14,00,000
Tripura	12,00,000

- (i) Q Ltd. seeks to know whether it is liable for registration under GST. Give your explanation.
 (ii) Will your answer be different if Q Ltd. supplies only petrol & diesel from Tripura instead of any other taxable goods?

[Page 3.3 to 3.7 of GST 12th Edition Book]

Solution:

Every person engaged in making a taxable supply is required to obtain registration if his aggregate turnover exceeds ₹ 20 lakh in a financial year. An enhanced threshold limit for registration of ₹ 40 lakh is available to persons engaged exclusively in intra-State supply of goods in specified States. However, the applicable threshold limit for registration gets reduced to ₹ 10 lakh in case a person is engaged in making supply from a specified Special Category State provided such supply is a taxable supply.

- (i) Since Q Ltd. is making supply of taxable goods from Tripura – a specified Special Category State, the applicable threshold limit will get reduced to ₹ 10 lakh.

Thus, it is liable to be registered under GST as its aggregate turnover [₹ 31 lakh] exceeds the said threshold limit.

- (ii) In case Q Ltd. is making supply of non-taxable goods [petrol and diesel] from Tripura, the applicable threshold limit will not be reduced to ₹ 10 lakh; enhanced threshold limit of ₹ 40 lakh will be applicable.

Thus, it is not liable to be registered under GST as its aggregate turnover [₹ 31 lakh] does not exceed the said threshold limit.

4. [TIME OF SUPPLY CHAPTER]

- (i) An order is placed to T & Co, Sholapur on 18th August, 20XX for supply of fabrics to make garments. Company delivered the fabrics on 4th September, 20XX and after completion of the order issued the invoice on 15th September, 20XX. The payment against the same was received on 30th September, 20XX. Determine the time of supply for the purpose of payment under CGST Act, 2017 with your explanations.

- (ii) [Reverse Charge + Time of Supply - Section 13(3)] HM Industries Ltd. engaged the services of a transporter for road transport of a consignment on 20th May, 20XX. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July 20XX. Invoice was received from the transporter on 20th June 20XX and payment was made on 25th August 20XX.

What is the time of supply of the transporter's service?

[Page 7.1 & 7.7 of GST 12th Edition Book]

Solution:

- (i) The time of supply of goods (where movement of goods involve) (fabric) 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.

Further, a registered person is required to issue a tax invoice before or at the time of delivery of goods or making available thereof to the recipient.

Thus, in the given case, time of supply is 4th September, 20XX.

- (ii) Tax on supply of transportation of goods by road services provided by a Goods Transport Agency (GTA) to a body corporate is payable under reverse charge by such body corporate.

Time of supply of services taxable under reverse charge is earliest of:-

- (a) date of making payment, or
 (b) 61st day from the date of issue of invoice by supplier.

Thus, in the given case, time of supply is earlier of

- (a) 25th August or
 (b) 20th August (61st day from 20th June)

Thus, in the given case, time of supply 20th August 20XX

5. IMPORTANT [REGISTRATION] Mr. Q, a casual taxable person of Gujarat state is a trader of taxable notified handicraft goods. It makes supplies to the states of Maharashtra, Rajasthan and Andhra Pradesh. Turnover for October, 20XX is ₹ 18 Lakh.

- (i) Explain the provisions of registration for casual taxable person under GST. Examine whether Mr. Q is liable for registration or not?
- (ii) What will be the answer if Mr. Q makes trading in taxable notified products instead of taxable notified handicraft goods which involves 75% making on machine and 25% by hand?

[Page 3.9 & 3.12 of GST 12th Edition Book]

Solution:

- (i) A casual taxable person is required to obtain compulsory registration under GST irrespective of the quantum of its aggregate turnover.

However, a threshold limit of ₹ 20 lakh (₹ 10 lakh in case of specified Special Category States) is available for registration to a casual taxable person who:

- (i) is making inter-State taxable supplies of **notified handicraft goods** and **notified hand-made goods**,
- (ii) is availing the benefit of exemption from registration available to inter-State supply of above-mentioned goods **upto the aggregate turnover of ₹ 20 lakh** (₹ 10 lakh in case of specified Special Category States), and
- (iii) has obtained a PAN and
- (iv) has generated an e-way bill.

In the given case, since Mr. Q is engaged in supplying notified handicraft goods and its aggregate turnover does not exceed ₹ 20 lakh, he will not be liable to registration provided he fulfills other conditions specified herein.

- (ii) In case Mr. Q is engaged in trading of notified products which are **predominantly made by machine**, he will not be eligible for the exemption from registration under aforesaid provisions and needs to take compulsory (mandatory) registration.

6. [TAX INVOICE + E-WAY BILL]

- (i) What is 'e-invoicing'?
- (ii) **[AMENDED]** What is the threshold limit for mandatory issuance of E-invoice for all registered businesses?
- (iii) Consignor hands over his goods for transportation on Friday to the transporter. However, assigned transporter starts the movement of goods from consigner's warehouse to its depot located at distance of 600 Km. on Monday.

When will the e-way bill be generated and for how many days it will be valid?

[Page 9.8, 9.9 & 10.9 of GST 12th Edition Book]

Solution:

- (i) E-invoicing is **reporting** of business to business (B2B) invoices to GST system for certain notified category of taxpayers.
- (ii) **W.e.f. 01/08/2023**, the threshold limit for mandatory issuance of e-invoice for all registered businesses **is reduced from ₹ 10 crores to ₹ 5 crores.**
- (iii) E-way bill will be generated before commencement of movement of goods by transporter on Monday.

The validity period of the e-way bill is one day from relevant date upto 200 km and one additional day for every 200 km or part thereof thereafter.

Thus, validity period in the given case, is 3 days

GST - PRACTICE TEST PAPER - SET 6 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – DEC 2021 EXAM QUESTION (OLD)

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

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 March 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 March, 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-2B of ABC & Co.

Compute the net GST payable (CGST, SGST and IGST after adjustment of ITC) by ABC & Co. for the month of March 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 March 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
Total output tax liability		25,200	25,200	32,400
Less: ITC [Refer Working Note]		(21,000)	(21,000)	
[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.]				
Net GST payable		4,200	4,200	32,400

Working Note:

Computation ITC that can be availed:

Particulars	CGST (₹)	SGST (₹)
Computation of eligible ITC		
Car purchased for official use by senior partner [ITC on motor vehicles used for transportation of persons with seating capacity upto 13 persons (including driver) is blocked except when used for making specified outward supplies.]	Nil	Nil
Office rent paid to landlord [ITC on services used in the course/furtherance of the business is ineligible since the supplier not uploaded in his GSTR-1.]	Nil	Nil
Professional fee paid [ITC on services used in the course/furtherance of the business is allowed.]	18,000	18,000
Computer for office purpose [ITC on goods used in the course/furtherance of the business is allowed.]	3,000	3,000
Total eligible ITC	21,000	21,000

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:

A. <u>Job work of engineering goods</u>	
Date of confirmation of order	- 01.03.2024
Date of receipt of advance of ₹ 1,50,000	- 03.03.2024
Date of completion of job work	- 06.03.2024
Date of issue of invoice for total amount	- 11.03.2024
Date of receipt of balance payment of ₹ 1,00,000	- 16.03.2024
B. <u>Supply of engineering goods</u>	
Date of confirmation of order	- 08.01.2024
Date of receipt of advance of ₹ 1,50,000	- 12.01.2024
Date of removal of goods	- 17.01.2024
Date of issue of invoice for total amount	- 22.01.2024
Date of receipt of balance payment of ₹ 1,00,000	- 01.02.2024

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 **03.03.2024** and for balance payment of ₹ 1,00,000 is **11.03.2024**.

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 **17.01.2024**.

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 <u>it is required under the Factories Act, 1948</u>	55,000
3.	Payment made to travel agency for organizing a <u>free vacation</u> for its best performance awarded <u>employees</u>	35,000
4.	Payment made for work contract service availed for the construction of pipe line to be laid <u>outside</u> 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 (₹)
Payment for fitness club membership of employee [ITC is blocked as said service is not provided by employer to employee under any statutory obligation.]	Nil
Payment for outdoor catering service for canteen under the Factories, Act [ITC is allowed as said service is provided by employer to employee under a statutory obligation.]	55,000
Payment to travel agency for free vacation of employees [ITC is blocked as said service is not provided by employer to employee under any statutory obligation]	Nil
Works contract service availed for construction of pipeline laid outside company's factory [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
Eligible ITC	55,000

5. **IMPORTANT [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	GST is payable. Value based exemption is now withdrawn.	1,180
2	B	Transportation of chairs for a single consignee in the goods carriage	GST is payable. Value based exemption is now withdrawn.	3,000
3	C	Transportation of milk	Exempt. Transportation of milk by GTA in a goods carriage is exempt.	Nil
Total Taxable value of services				4,180

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

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 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.

- 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:-

- (a) Insurer or banking company or financial institution including NBFC
- (b) GTA supplying services in relation to transportation of goods by road in a goods carriage
- (c) Supplier of passenger transportation service
- (d) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens
- (e) Supplier of online information and database access or retrieval (OIDAR) services
- (f) 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:

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

GST - PRACTICE TEST PAPER - SET 7 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE - MTP (SET 2) DEC 2021 EXAM

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **[Registration + Tax Invoice + ITC + Time of supply + Composition Scheme]** Mr. Kumar started interior designing practice from the month of January 2023. His turnover up to the month of March 2023 was ₹ 12,50,000. On 30th June 2023, his turnover (in FY 2023-24) 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 [Application is made within 30 days]
(ii)	(d) 25 th August [One month from date of Registration]
(iii)	(c) CGST ₹ 56,250 & SGST ₹ 56,250 [Capital Goods & Input services – both are eligible for ITC]
(iv)	(a) 7 th August
(v)	(c) CGST ₹ 18,000 & SGST ₹ 18,000 [Taxable Value 600,000 & Composite Rate is 6%]
2	(c) ₹ 23,00,000 [GTA services is an inward supply]

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
Weightment 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 fly ash bricks/aggregate/blocks, building bricks, bricks of fossil meals, earthen/roofing tiles, 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:-

- (i) 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.

- (ii) 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.

- (iii) 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.

GST - PRACTICE TEST PAPER - SET 8 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE - MTP (SET 1) DEC 2021 EXAM

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **VERY IMPORTANT [Supply, Registration & Exemption]** Ms. Adisha, a Doctor having in-patient facility in her hospital is a registered person under GST.

She availed interior decoration services **from her spouse** without any consideration being paid. She also availed IT related services from **her sister-in-law** without any consideration. Both services were for the purpose of her profession.

Ms. Adisha provided treatment of various diseases in her hospital and apart from that she also provided the following services in her hospital-

- (a) Plastic surgery to enhance the beauty of the face
- (b) Ambulance service for transportation of patients
- (c) Renting of space to run medical store in hospital premises

She is also a consultant in other hospitals and received ₹ 40,00,000 as consultancy fee from the other hospitals. Further, she also provides **canteen facility and received ₹ 55,000 from in-patients**, ₹ 35,000 from patients who are not admitted and ₹ 25,000 from visitors for the same facility.

She filed GSTR-3B for the month of June with some errors. She filed the Annual return for the said financial year **on 15th December** of the next year, whereas due date for the said Annual return is 31st December of the next year.

Proper Officer of the department cancelled the registration certificate of Ms. Adisha suo-motu on 31st July. Order of cancellation was served on 5th August. However, she applied for revocation of the same and got her registration certificate revoked.

All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred above is intra-State unless specified otherwise.

From the information given above, choose the most appropriate answer for the following questions -

- (i) Which of the following is a correct statement as per the provisions of CGST Act, 2017?

- (i) Service availed from her Spouse is a deemed supply
 - (ii) Service availed from her Sister-in-Law is a deemed supply
 - (iii) Service availed from her Spouse is not a deemed supply
 - (iv) Service availed from her Sister-in-Law is not a deemed supply
- (a) (i) and (iv)
 - (b) (iii) and (iv)
 - (c) (ii) and (iii)
 - (d) (i) and (ii)

- (ii) Compute the taxable value of supply of canteen service provided by Ms. Adisha?

- (a) ₹ 25,000
- (b) ₹ 35,000
- (c) ₹ 60,000
- (d) ₹ 80,000

- (iii) Ms. Adisha should have applied for revocation of cancellation of registration certificate by

- (a) 5th August
- (b) 20th August
- (c) 30th August
- (d) 4th September

- (iv) Maximum time permissible for rectification of error committed in monthly return of June is _____
- (a) 20th July
 (b) 30th November of the next year
 (c) 15th December of the next year
 (d) 31st December of the next year



- (v) Determine which of the following services provided by Ms. Adisha and her hospital is exempt from GST?
- (i) Plastic surgery to enhance the beauty of the face
 (ii) Ambulance service for transportation of patients
 (iii) Renting of space to run medical store in hospital premises
 (iv) Consultancy service by Ms. Adisha in other hospitals
- (a) (i), (ii) & (iv)
 (b) (i), (ii)
 (c) (ii) & (iv)
 (d) (i) & (iii)

2. [Value of Supply] Discount given after the supply has been effected is deducted from the value of taxable supply, if –

- (i) such discount is given as per the agreement entered into at/or before the supply
 (ii) such discount is linked to the relevant invoices
 (iii) proportionate input tax credit is reversed by the recipient of supply
- (a) (i)
 (b) (i) and (ii)
 (c) (ii) and (iii)
 (d) (i), (ii) and (iii)

Question No.	Answer	
1 (i)	(a)	(i) and (iv)
(ii)	(c)	₹60,000
(iii)	(d)	4 th September
(iv)	(b)	30 th November of the next year [Recent Amendment]
(v)	(c)	(ii) & (iv)
2.	(d)	(i), (ii) and (iii)

3. [PAYMENT OF TAX] SATC Pvt. Ltd., a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period:

Particulars	Amount (₹)
Intra-State supply of goods	8,00,000
Inter-State supply of goods	3,00,000

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

The company has following ITCs with it at the beginning of the tax period:

Particulars	Amount (₹)
CGST	57,000
SGST	Nil
IGST	70,000

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 the ITC have been fulfilled.

Compute the minimum GST, payable in cash, by SATC Pvt. Ltd. for the tax period. Make suitable assumptions as required.

[SIMPLE QUESTION – CAN BE IGNORED IN REVISION]

Solution:**Computation of GST payable on outward supplies**

S. No.	Particulars	CGST @9% (₹)	SGST @9% (₹)	IGST @18% (₹)	Total (₹)
(i)	Intra-State supply of goods for ₹ 8,00,000	72,000	72,000		1,44,000
(ii)	Inter-State supply of goods for ₹ 3,00,000			54,000	54,000
	Total GST payable				1,98,000

Computation of total ITC

Particulars	CGST @9% (₹)	SGST @9% (₹)	IGST @18% (₹)
Opening ITC	57,000	Nil	70,000
Add: ITC on Intra-State purchases of goods valuing ₹ 2,00,000	18,000	18,000	Nil
Add: ITC on Inter-State purchases of goods valuing ₹ 50,000	Nil	Nil	9,000
Total ITC	75,000	18,000	79,000

Computation of minimum GST payable from electronic cash ledger

Particulars	CGST @9% (₹)	SGST @ 9% (₹)	IGST @18% (₹)	Total (₹)
GST payable	72,000	72,000	54,000	1,98,000
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]	(Nil)IGST	(25,000) IGST	(54,000) IGST	79,000
	(72,000)CGST	(18,000)SGST		90,000
Minimum GST payable in cash	Nil	29,000	Nil	29,000

Note: Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, **ITC of IGST has been used to pay SGST (after paying IGST liability) to minimize cash outflow.** CGST Credit balance to be carry forward is ₹ 3,000.

4. [VALUE OF SUPPLY] M/s. Flow Pro, a registered supplier, sold a machine to BP Ltd. It provides the following information in this regard: -

S. No.	Particulars	Amount (₹)
(i)	Price of the machine [excluding taxes and other charges mentioned at S. Nos. (ii) and (iii)]	25,000
(ii)	Third party inspection charges [Such charges were payable by M/s Flow Pro but the same have been directly paid by BP Ltd. to the inspection agency. These charges were not recorded in the invoice issued by M/s Flow Pro.]	5,000
(iii)	Freight charges for delivery of the machine [M/s Flow Pro has agreed to deliver the goods at BP Ltd.'s premises]	2,000
(iv)	Subsidy received from the State Government on sale of machine under Skill Development Programme [Subsidy is directly linked to the price]	5,000
(v)	Discount of 2% is offered to BP Ltd. on the price mentioned at S. No. (i) above and recorded in the invoice	

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

Determine the value of taxable supply made by M/s Flow Pro to BP Ltd.

[SIMPLE QUESTION – CAN BE IGNORED IN REVISION]

Solution:**Computation of value of taxable supply made by M/s. Flow Pro to BP Ltd.**

Particulars	Amount (₹)
Price of the machine [Since the subsidy is received from the State Government, the same is not includible in the value of supply in terms of section 15(2)(e)]	25,000
Third party inspection charges [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)]	5,000
Freight charges for delivery of the machine [Since arranging freight is the liability of supplier , it is a case of composite supply and thus, freight charges are added in the value of principal supply.]	2,000
Total	32,000
Less: Discount @ 2% on ₹ 25,000 being price charged to BP Ltd. [Discount given before or at the time of supply if duly recorded in the invoice is deductible from the value of supply in terms of section 15(3)(a)]	500
Value of taxable supply	31,500

5. **[COMPOSITION SCHEME]** A person availing composition scheme, under sub-sections (1) & (2) of section 10, in Haryana during a financial year crosses the turnover of ₹ 1.5 crore in the month of December. Will he be allowed to pay tax under composition scheme for the remainder of the year, i.e. till 31st March? Please advise.

Solution:

No. The option to pay tax under composition scheme lapses from the day on which the aggregate turnover of the person availing composition scheme for goods during the financial year **exceeds the specified limit (₹ 1.5 crore)**. Once he crosses the threshold, he is required to file an intimation for withdrawal from the scheme **in prescribed form within 7 days of the occurrence of such event**.

Every person who has furnished such an intimation, may electronically furnish at the common portal, a statement in prescribed form containing **details of the stock of inputs and inputs contained in semi-finished or finished goods** held in stock by him on the date on which the option is withdrawn, **within a period of 30 days** from the date from which the option is withdrawn.

6. **[TAX INVOICE]** Kartik & Co., a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March 20XX:
- Value of supply charged in invoice no. 1 was ₹ 2,50,000 against the actual taxable value of ₹ 2,30,000.
 - Tax charged in invoice no. 4 was ₹ 32,000 against the actual tax liability of ₹ 68,000 due to wrong HSN code being chosen while issuing invoice.
 - Value charged in invoice no. 8 was ₹ 3,20,000 as against the actual value of ₹ 4,20,000 due to wrong quantity considered while billing.

Kartik & Co. asks you to answer the following:

- Who shall issue a debit/credit note under CGST Act?
- Whether debit note or credit note has to be issued in each of the above circumstances?
- What is the maximum time-limit available for declaring the credit note in the GST Return?

[Repetitive in Nature]

Solution:

- The debit/credit note **shall be issued by the registered person who has supplied the goods and/or services**, i.e. Kartik & Co.
- Yes, debit/credit note need to be issued in each of the circumstances as under:**
 - A credit note is required to be issued **as the taxable value in invoice no. 1 exceeds the actual taxable value.**
 - A debit note is required to be issued **as the tax charged in the invoice no. 4 is less than the actual tax payable.**
 - A debit note is required to be issued **as the value of supply charged in the invoice no. 8 is less than the actual value.**
- The **details of the credit note** cannot be declared later than the return for the month of September following the end of the financial year **in which such supply was made** or the date of furnishing of the relevant annual return, whichever is earlier.

7. **[PAYMENT OF TAX]** M/s ABC & Co., have defaulted in filing the return under Section 39 of CGST Act, 2017 i.e. GSTR-3B for the month of March, 20XX within the specified due date. Reason for such delay is attributable to delay in closure of Books for March 20XX, which have been finalised during May 20XX.

The GST Common portal prompted for payment of late fees payable under Section 47 of CGST Act, 2017 for a sum of ₹ 2,000 under CGST and SGST each.

Accountant, of M/s ABC & Co., sought your confirmation for payment of such late fees through the balance available in **Electronic Credit Ledger** for the late fees. Give your guidance in this regard.

Solution:

Section 49(3) of the CGST Act, 2017 provides that the amount available in the **electronic cash ledger** may be used for making any payment **towards tax, interest, penalty, fees or any other amount** payable under the provisions of this Act or the rules made there under in prescribed manner.

Further, section 49(4) provides that the amount available in the **electronic credit ledger** may be used for making any payment towards **output tax** under this Act or under the Integrated Goods and Services Tax Act in prescribed manner.

Accordingly, as per the combined reading of the above provisions, **late fees shall be paid only through electronic cash ledger and not possible through electronic credit ledger.**

Thus, contention of the accountant of M/s ABC & Co., is not correct and the above amount shown on the common portal has to be deposited in Electronic Cash Ledger under appropriate minor head, through any of the specified modes.

8. **[BASICS of GST]** Write a short note on various Lists provided under Seventh Schedule to the Constitution of India.

Solution:

Seventh Schedule to Article 246 of the Constitution contains three lists which enumerate the matters under which the Union and the State Governments have the authority to make laws.

(i) **List - I (UNION LIST):**

It contains the matters in respect of which the Parliament (Central Government) has the exclusive right to make laws.

(ii) **List - II (STATE LIST):**

It contains the matters in respect of which the State Government has the exclusive right to make laws.

(iii) **List - III (CONCURRENT LIST):**

It contains the matters in respect of which both the Central & State Governments have power to make laws.

9. **Important [GST RETURN]** Discuss the eligibility for QRMP scheme under GST?

Solution:

Registered persons (other than supplier of online information and database access or retrieval services (OIDAR) located in non-taxable territory and providing such services to a non-taxable online recipient), **having an aggregate turnover up to ₹ 5 crore in the preceding financial year, and who have opted to furnish quarterly return under QRMP scheme are eligible for QRMP scheme as the class of persons who shall furnish a return for every quarter from January, 2021 onwards, and pay the tax due every month.**

Thus, the taxpayers whose aggregate turnover is up to ₹ 5 crore in the preceding financial year are eligible for QRMP scheme. For computing aggregate turnover, details furnished in returns for tax periods in the preceding financial year shall be taken into account.

GST - PRACTICE TEST PAPER - SET 9 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE - RTP DEC 2021 EXAM

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

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

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

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

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

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

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

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

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

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

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

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

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

- ₹ 25,000
- ₹ 75,000
- ₹ 1,00,000
- Nil

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

- ₹ 1,75,000
- ₹ 2,45,000
- ₹ 4,20,000
- Nil

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

- Renting of community hall is taxable while renting of commercial shop is exempt.
- Renting of community hall is exempt while renting of commercial shop is taxable.
- Both renting of community hall and renting of commercial shop are taxable.
- Both renting of community hall and renting of commercial shop are exempt.

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

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

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

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

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

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

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

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

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

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

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

Answer Key

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

- 7. [E-INVOICE]** Determine in which of the following independent cases, e-invoicing is applicable?
- Harnam & Co., dealing in interior decoration products made supplies to various registered and unregistered persons in the preceding financial year. The aggregate turnover of Harnam & Co. in the preceding financial year is ₹ 8 crore.
 - Rich & Poor Bank**, registered under GST has an aggregate turnover of ₹ 75 crore in the preceding financial year.

Solution:

All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year **from 2017-18 onwards exceeds ₹ 5 crore (w.e.f. 01/08/2023)** are required to issue e-invoices in respect of B2B supplies (supply of goods and/or services to a registered person).

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

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

Thus, above mentioned entities **are not required** to issue e-invoices.

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

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

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

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

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

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

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

Make suitable assumptions, wherever necessary.

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

[SIMPLE QUESTION – CAN BE IGNORED IN REVISION]

Solution:**Computation of GST liability**

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

Notes:

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

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

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

Solution:

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

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

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

- As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019,** a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year **exceeds the threshold limit.**

The threshold limit for a person making **exclusive intra-State taxable supplies of goods is as under:-**

- ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- ₹ 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, **Telangana** and Uttarakhand.
- ₹ 40 lakh for rest of India **except persons engaged in making supplies of fly ash bricks/aggregate/blocks, building bricks, bricks of fossil meals, earthen/roofing tiles,** ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.

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

GST - PRACTICE TEST PAPER - SET 10 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – JULY 2021 EXAM QUESTION (NEW)

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

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

Details of Intra-State supply:

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

Intra-State inward supplies are:

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

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

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

Opening Balance of ITC is as under:

CGST: ₹ 58,000

SGST: ₹ 70,000

IGST: ₹ 10,00,000

Note:

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

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

Answer:

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

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

Working Note

Computation of ITC available with X Electronics

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

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

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

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

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


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

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

Answer:

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

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

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

Answer:

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

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


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

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

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

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

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

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

GST is payable on Reverse Charge for GTA services.


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

Answer

The term aggregate turnover means the aggregate value of:

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

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

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

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

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

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

Answer:

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

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

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

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

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

Answer:

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

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

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

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

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

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

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

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

Answer:

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

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


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

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

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

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

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

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

Answer:

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

Any person who,

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

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

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

GST - PRACTICE TEST PAPER - SET 11 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – JULY 2021 EXAM QUESTION (OLD SYL)

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **Very Important [VALUE OF SUPPLY & ITC]** Kaira Air Ltd. located in Anand, Gujarat is engaged in manufacturing of Air Coolers and Air Purifiers. They supply goods all over India and their aggregate turnover during F.Y. 2022-23 was ₹ 125 lakh. The details of various activities undertaken during the month of January 2024 are as follows:

S. No.	Particulars	Amount (₹)
(i)	Outward supplies made during the month: (a) Within Gujarat 11,00,000 (b) Outside Gujarat 3,00,000	14,00,000
(ii)	On 5th January 2024, the company had issued <u>10 exchange vouchers @ 1,000</u> each of which can be exchanged/redeemed against purchase of Air cooler worth ₹ 10,000 each at any of the company's outlets in the State of Gujarat. Out of the above, 7 vouchers were encashed during the month of January 2024 & rest 3 were encashed during the month of February 2024.	
(iii)	Purchase of material within Gujarat which includes material worth ₹ 3,00,000 purchased from M/s. Kalpana Industries registered as a Composition dealer.	8,00,000
(iv)	In respect of few invoices worth ₹ 1,00,000 raised during the month of October 2023, the stipulated condition was to pay the dues within 1 month from the date of raising of invoices, otherwise interest @ 24% was payable on supplies made against such invoices. The buyers failed to pay the dues within the stipulated time and made the payment <u>together with interest of ₹ 11,200</u> during the month of January 2024.	
(v)	Send 10 managers for 15 days training course organized by IIM Ahmedabad, Gujarat on 5th January 2024. The IIM provides Participation Certificates at the end of the course.	50,000

The Rates of GST applicable on various supplies are as follows:

Nature of Supply	CGST	SGST	IGST
Goods	6%	6%	12%
Services	9%	9%	18%
Composition Supplies	2.5%	2.5%	-

Opening balances of input tax credit as on 1st January, 2024 were as follows:

CGST (₹)	SGST (₹)	IGST (₹)
4,000	10,000	5,000

All the figures mentioned above other than S. No. (iv) are exclusive of taxes.

Both Inward & Outward supplies within the State of Gujarat are Intra State supplies and outside Gujarat supplies are Inter State Supplies.

Calculate the amount of tax payable in cash by Kaira Air Ltd. for the month of January 2024. Brief and suitable notes should form part of your answer.

Answer:**Computation of tax payable in cash by Kaira Air Ltd. for January 2024**

Particulars		Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
I. Output tax					
Outward supplies within Gujarat		11,00,000 @ 6%	66,000	66,000	
Outward supplies outside Gujarat		3,00,000 @ 12%			36,000
Supply of 10 exchange vouchers [Since supply is identifiable at the time of issue of the 10 vouchers, the time of supply is the date of their issue and are thus the same are taxable in January itself irrespective of the time of their redemption.] IMPORTANT		10,000 @ 6%	600	600	
Interest for delayed payment [Includible in value and taxable when the same is received, i.e. in January.]		10,000 [11,200 x 100/112] [Since inclusive of GST]			1,200
Total output tax liability (A)			66,600	66,600	37,200
II. Input tax credit					
Opening balance			4,000	10,000	5,000
Purchase of material within Gujarat [No credit on material purchased from composition dealer as he cannot collect any tax from the recipient on supplies made by him.]		5,00,000 [₹ 8,00,000 – ₹ 3,00,000] @ 6%	30,000	30,000	
Training course organized by IIM Gujarat [Not exempt. Short duration programmes offered by IIMs for which participation certificate is awarded are not 'qualification recognized by law'.]		50,000 @ 9%	4,500	4,500	
Total ITC (B)			38,500	44,500	5,000
Net GST payable in cash = (A) - (B) [IGST credit be first utilized for payment of IGST liability and then for payment of CGST and SGST liability in any order and in any proportion. After exhausting IGST credit, CGST and SGST credit to be utilized. ITC of CGST cannot be utilized for payment of SGST and vice versa.]			28,100	22,100	32,200

Note:

- It has been assumed that interest for delayed payment has been collected in respect of inter-State sale of goods. However, interest on delayed payment can also be assumed in respect of intra-State sale.

- [VERY IMPORTANT] Input Tax Credit:** SRI Petrol Pump is a licensed petrol pump of M/s. IOC Corporation and engaged in the sale of (a) petrol (b) HSD & (c) Mobil.

During the month of March 20XX, total sales of M/s. SRI Petrol Pump is as follows:

Item	Sale Value (₹)
Petrol	7,00,000
Diesel [HSD]	15,00,000
Mobil	3,00,000

Details of Purchases of M/s. SRI Petrol Pump during March 20XX are as follows:

Item	Purchase Value
Petrol	5,00,000
Diesel	16,00,000
Mobil	2,00,000

[All the figures above are exclusive of GST and rate of GST is 9% CGST and 9% SGST on applicable items.]

Other Information:

- (i) Every month M/s. IOC Corporation charges license fees from SRI Petrol Pump for grant of license and the same is charged based on total quantity of sale of all the products. During the month of March 20XX, the amount of License fees charged by IOC Corporation was ₹ 1,00,000 plus CGST & SGST @ 9% each.
- (ii) Administrative Expenses incurred by SRI Petrol Pump was ₹ 50,000 on which CGST & SGST @ 6% each were paid.

You are required to calculate the amount of taxable supply under GST, available input tax credit and net liability of SRI Petrol Pump for the month of March 20XX. Kindly provide appropriate reason wherever necessary.

Answer:**Computation of value of taxable supply and net GST liability of SRI Petrol Pump for March, 20XX**

Particulars		Amount (₹)
Supply of Petrol	Levy of GST on petrol and diesel has been deferred and thus, being not leviable to tax, the supply of the same is non-taxable supply.	-
Supply of Diesel		-
Supply of Mobil @ 9%		3,00,000
Value of taxable supply		3,00,000
Tax liability		CGST
Total outward tax liability [₹ 3,00,000 x 9%]		27,000
Less: Input Tax Credit (Refer Working Note below)		19,440
Net GST liability payable in cash		7,560

Working Note**Computation of ITC available with SRI Petrol Pump**

Particulars		Amount (₹)	CGST (₹)	SGST (₹)
Inward supply of Petrol	Being Non-taxable supply, no GST is payable thereon and hence, no ITC.	5,00,000	-	-
Inward supply of Diesel		16,00,000	-	-
Inward supply of Mobil	Being used in the course or furtherance of business, ITC is available	2,00,000	18,000	18,000
License fees @ 9%		1,00,000	9,000	9,000
Administrative expenses @ 6%		50,000	3,000	3,000
Less: Ineligible ITC attributable to exempt supply [License fee and administrative expenses are used for making both taxable supply of mobil and exempt supply of petrol and diesel, hence ITC attributable to exempt supply will be reversed as under:			(10,560)	(10,560)
Ineligible ITC = Common ITC x Exempt supply/ Aggregate turnover				
Common ITC = ₹ 9,000 + ₹ 3,000 = ₹ 12,000				
Exempt supply = ₹ 7,00,000 + ₹ 15,00,000 = ₹ 22,00,000				
Aggregate turnover = ₹ 7,00,000 + ₹ 15,00,000 + ₹ 3,00,000 = ₹ 25,00,000				
Ineligible ITC = 12,000 x 22,00,000/25,00,000 = ₹ 10,560				
Eligible ITC			19,440	19,440

3. **[Important] SUPPLY UNDER GST:** M/s. Chand is a manufacturer of Paper products having factory at Pune, Maharashtra. M/s. Kela and M/s. Bela of Mumbai, Maharashtra are appointed as agents to sell the products on behalf of M/s. Chand with the conditions that both of them guarantee the realization of payment from buyers.

Both M/s. Kela and M/s. Bela provide short-term borrowing facilities to buyers for timely payment of dues against supplies made to them and for this they charge interest from the ultimate buyer. While M/s. Kela raises invoices in the name of M/s. Chand and M/s. Bela raises invoices in its own name.

In light of provisions contained in Para 3 of Schedule I of CGST Act, kindly explain treatment of interest charged by M/s. Kela and M/s. Bela in above mentioned cases.

Answer:

M/s. Kela and M/s. Bela are del credere agents (DCA) of M/s. Chand as they guarantee the payment to the supplier.

A DCA falls under the ambit of 'agent' under Para 3 of Schedule I of the CGST Act, 2017 **if the invoice for supply of goods is issued by the DCA in its own name.**

However, if the invoice for supply of goods is issued by the supplier to the customer, either himself or through DCA, the DCA is not an 'agent' in terms of Para 3 of Schedule I. **Thus, while M/s. Bela is an agent of M/s. Chand in terms of Para 3 of Schedule I, M/s. Kela is not.**

Where the DCA is not an agent under Para 3 of Schedule I, the temporary short-term loan being provided by DCA to the buyer **is a supply of service by the DCA to the recipient on principal-to-principal basis** and is an independent supply. **Said supply is specifically exempt from tax. Thus, interest charged by M/s. Kela is an independent supply and is exempt from tax.**

Where the DCA is an agent under Para 3 of Schedule I, the temporary short-term credit being provided by DCA to the buyer no longer retains its character of an independent supply **and is subsumed in the supply of the goods by the DCA to the recipient.**

The value of the interest charged for such credit is included in the value of supply of goods by DCA to the recipient. Thus, interest charged by M/s. Bela will be included in the value of goods supplied by it.

4. [Payment of Tax] MNI Ltd. provides following details for the month of March 20XX:

- (i) While filling GST return of March 20XX on 20-04-20XX (within the prescribed due date), they came to know that one bill of January 20XX consisting tax amount of ₹ 50,000 was not considered while filling return for the month of January 20XX (Return was filed on 20-02-20XX, within the prescribed due date).**
- (ii) MNI Ltd. has paid the above shortfall of ₹ 50,000 of January 20XX, through GSTR-3B for the month of March 20XX (payment through cash ledger was ₹ 30,000 and payment through credit ledger was ₹ 20,000).**

MNI Ltd. got a notice regarding interest payment u/s 50 of the CGST Act, 2017. MNI Ltd. assumed that they paid self-assessed tax and both returns were also filed timely so they were not liable for payment of interest. They seek your opinion regarding whether,

- (a) They are liable to pay interest u/s 50 of the CGST Act.**
- (b) If they had filed return of January 20XX on 20-04-20XX (Self assessed tax also paid on 20-04-20XX of ₹ 50,000 (payment through cash ledger was ₹ 30,000 and payment through credit ledger was ₹ 20,000) then also they are liable to pay interest u/s 50 of the CGST Act.**

Answer:

- (i) As per section 50 of the CGST Act, 2017, in case of delayed payment of tax, interest @ 18% p.a. is payable from the date following the due date of payment to the actual date of payment of tax.**

Further, the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period **furnished after the due date is payable on the net tax liability** paid through electronic cash ledger.

In the given case, MNI Ltd. has defaulted in making the payment of ₹ 50,000 in the return of January 20XX. Therefore, it will be liable to pay interest @ 18% p.a. from 21.02.20XX till the date of payment.

Further, since the return for the month of January, 20XX has been filed on the due date, MNI Ltd. will be liable to pay interest on the gross tax liability i.e., ₹ 50,000 and not on net tax liability paid in cash.

- (ii) If MNI Ltd. had filed the return for the month of January, 20XX on 20.04.20XX, i.e. after the prescribed due date and the tax of ₹ 50,000 is also paid on 20.04.20XX, interest will be payable on net tax liability paid through electronic cash ledger i.e., ₹ 30,000.**

5. [REGISTRATION] Answer the following individual independent cases with reference to the provisions of registration under the CGST Act, 2017 and the rules made thereunder:

- (i) Govardhan is an agriculturist engaged in supply of produce out of cultivation of land. He utilizes services of Manu who is a commission agent as per the Agricultural Produce Marketing Committee Act. Turnover of Manu is above the threshold limit prescribed. Manu wants to know whether he is liable to get registered under GST Act or not.
- (ii) Anubhav is dealing in supply of taxable goods and services in the state of Gujarat. His turnover from intra-State supply of taxable goods is ₹ 16 lakh and inter-state supply of taxable services is ₹ 22 lakh. He is of the opinion that his aggregate turnover is within the limit so he is not required to get registered. Advise him.

Answer:

- (i) A commission agent under APMC Act provides services of sale/purchase of agricultural produce on commission basis which is an exempted supply.

Such commission agents are exempt from registration **since any person engaged exclusively in the business of supplying exempt services** is not liable to registration.

Therefore, Manu is not liable to get registered under GST law.

- (ii) A supplier who is supplying both goods and services is required to obtain registration in the State (other than special category States) from where he makes a taxable supply **if his aggregate turnover exceeds specified threshold limit of ₹ 20 lakh in a financial year.**

In the given case, the aggregate turnover of goods and services supplied by Anubhav (₹ 38 lakh) exceeds the threshold limit and thus, he is required to obtain registration.

6. **Very Important** [REGISTRATION] Zen Pvt. Ltd. is a dealer in goods having registered office at Noida, Uttar Pradesh and shops are located at Noida, Uttar Pradesh and Chennai, Tamil Nadu.

Details of various supplies both inward and outward undertaken by them during March 20XX quarter are given in the table below:

All the values given in the table are inclusive of GST (CGST/SGST/ UTGST/IGST), wherever applicable.

Applicable IGST Rate is 5% and CGST & SGST @ 2.5% each, on inward & RCM supplies as well.

S. No.	Particulars	Amount (₹)
(i)	Export of goods to China from Noida	20,00,000
(ii)	Goods supplied to SEZ located at Delhi from Noida	15,00,000
(iii)	Supply of goods directly to customer from location of job worker at Lucknow (U.P.) after completion of job work. (Intra state)	2,00,000
(iv)	Sales from Chennai Shop (Inter State)	11,00,000
(v)	Local sales at Noida (Intra State)	25,00,000
(vi)	Services of transport availed from M/s. ABC Transport (Inter State)	3,00,000
(vii)	Commission paid to Mr. Nagar, Sales Executive which is not part of the terms of employment. (Intra State)	50,000

Calculate the aggregate turnover of Zen Pvt. Ltd. for March 20XX quarter. Brief and suitable notes should form part of your answer.

Answer:**Computation of aggregate turnover of Zen Pvt. Ltd.**

	Particulars	Amount (₹) [Excluding GST]
(i)	Exports of goods to China from Noida [Includible in the aggregate turnover]	20,00,000
(ii)	Goods supplied to SEZ located at Delhi from Noida	15,00,000
(iii)	Supply of goods directly to customer from location of job worker – includible in the aggregate turnover of Zen Pvt. Ltd. (₹ 2,00,000 x 100/105)	1,90,476 (₹ 2,00,000 x 100/105)
(iv)	Sales from Chennai shop (Inter-State) [Includible in the aggregate turnover. Further, IGST be excluded from the same]	10,47,619 [₹ 11,00,000 x 100/105]
(v)	Local sales at Noida (Intra-State) [Includible in the aggregate turnover. Further, CGST and SGST be excluded from the same]	23,80,952 [₹ 25,00,000 x 100/105]
(vi)	Services of transport availed	[Inward supplies are not included in aggregate turnover] Nil
(vii)	Commission paid to sales executive	
	Total aggregate turnover	71,19,047

- It has been assumed that exports of goods have been made **without payment of tax**.
- It has been assumed that supply of goods to SEZ have been made **without payment of tax**.

7. New Amendment [REGISTRATION] M/s. S Corporation has made default in furnishing returns. It has not filed returns from the month of June 2023. The proper officer cancelled its registration with effect from 1st January 2024 by an order dated 1st January 2024. It applied for revocation of cancellation of registration and the order for revocation of cancellation of registration was passed on 1st March 2024. What are the provisions regarding filing returns before making such an application of revocation of cancellation of registration for the given case?

Answer:

Where the registration is cancelled suo-moto by the appropriate officer, the registrant seeking revocation of the order, has to apply for the revocation of cancellation **within 90 days** from the date of service of the order of cancellation of registration.

Further, he has to furnish **all the returns due till the date** of such cancellation before the application for revocation can be filed.

Further, he should **also pay any amount due as tax along with** any amount payable towards interest, penalty, and late fee in respect of the said returns.

Thus, in the given case, before making an application for revocation of cancellation of registration, M/s S. Corporation should file all returns due for the period from June 2023 till 1st January 2024.

8. [SUPPLY UNDER GST] List down the activities/transactions specified under schedule III of the GST Act as non-supplies or 'Negative List'.

Answer:

The activities/transactions specified under Schedule III of the CGST Act as non-supplies or "Negative List" are as follows:

- (i) Services by an employee to the employer in the course of or in relation to his employment.
- (ii) Services by any court or Tribunal established under any law for the time being in force.
- (iii) Functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities.
- (iv) Duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity.
- (v) Duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.
- (vi) Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
- (vii) Sale of land and, subject to paragraph 5(b) of Schedule II, sale of building.
- (viii) Actionable claims, other than lottery, betting, **casinos, horse racing, online money gaming** and gambling.

9. [Tax Invoice] Which entities are exempt from mandatory requirement of E-invoicing?**Answer:****The following entities are exempt from mandatory requirement of e-invoicing:-**

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

10. [Tax Invoice] What are the advantages of E-Invoicing?**Answer:****The advantages of e-invoicing are as follows:-**

- (i) Auto-reporting of invoices into GST returns and auto-generation of e-way bill (wherever required)
- (ii) Reduction in transcription errors
- (iii) Elimination of fake invoices
- (iv) Reduction in tax evasion
- (v) Reduction in disputes among transacting parties
- (vi) Improvement in payment cycles
- (vii) Reduction in processing costs
- (viii) Eco-friendly as it eliminates paper

11. [Tax Invoice] Under what circumstances, a registered person is required to issue a "Bill of Supply"?**Answer:**

A registered person is required to issue a "bill of supply" in the following two circumstances:-

- (a) In case of supplying exempted goods and/or services or
- (b) In case of payment of tax under composition levy.

12. [E-Way Bill] What are the documents required to be carried by a person-in-charge of a conveyance?**Answer:****The documents required to be carried by a person-in-charge of a conveyance are as under:-**

- (i) Tax invoice; or
QR code with embedded IRN may be produced electronically in case of e- invoice; or
bill of supply; or
delivery challan; **as the case may be**
- (ii) a copy of the e-way bill in physical form; or
e-way bill number in electronic form; or
e-way bill number mapped to a RFID embedded on to the conveyance [except in case of rail or air or vessel].

13. [Tax Invoice] What are the circumstances under which "Debit Notes" needs to be issued by a taxable person?**Answer:****The circumstances under which debit note needs to be issued by a taxable person are:-**

- (a) The taxable value declared in the invoice is less than the actual value of the supply;
- (b) The tax charged in the invoice is less than the actual tax payable in respect of the supply;
- (c) The quantity received by the recipient is more than what has been declared in the tax invoice and the customer chooses to retain the same.

GST - PRACTICE TEST PAPER - SET 12 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – RTP MAY 2021 EXAM
[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **IMPORTANT [Exemption + ITC + Tax Invoice]** M/s Aditi & Co, a partnership firm registered under GST, is undertaking various Government projects.

The firm has let out on hire the following vehicles-

- (i) A motor vehicle to carry more than 15 passengers to a State Government **Electricity Department**
- (ii) An electric motor vehicle to carry more than 12 passengers to Local Municipal Corporation
- (iii) An electric motor vehicle to carry up-to 12 passengers to State Transport Undertaking

The firm provided the following additional information for the month of October:

- (i) Works contract services were availed for construction of immovable property being plant and machinery, where value of GST component was ₹1,10,000.
- (ii) GST amounting to ₹70,000 was paid on account of demand of the Department due to fraud in returns filed.
- (iii) Goods valuing ₹ 10,00,000, (GST on the same ₹ 1,00,000) were received 180 days ago (invoice also issued on the date of receipt of supply) for which no payment has been made till date.

The firm made two independent outward supplies in which value of supply was understated in one case by ₹ 75,000 and overstated by ₹ 45,000 in the other case.

The firm received certain supply of goods **from registered persons** on which tax was payable under reverse charge basis.

All the amounts given above are exclusive of taxes, wherever applicable. All transactions referred to above are intra-State. All the conditions for availing ITC have been fulfilled subject to the information given above.

From the information given above, choose the most appropriate answer for questions given below:-

A. In respect of vehicles let out on hire by the firm, services that are exempt from GST are

- (i) Letting on hire a motor vehicle to State Electricity Department (>15passengers)
 - (ii) Letting on hire an electric vehicle to Local Municipality (> 12 passengers)
 - (iii) Letting on hire an electric vehicle to State Transport Undertaking (<12passengers)
- (a) (i)
 - (b) (ii)
 - (c) (i) and (iii)
 - (d) (ii) and (iii)

B. Determine the amount of eligible ITC to be claimed by the firm for the month of October.

- (a) ₹70,000
- (b) ₹1,10,000
- (c) ₹1,80,000
- (d) Nil

C. Determine the amount of ITC to be added to the output tax liability.

- (a) ₹40,000
- (b) ₹60,000
- (c) ₹1,00,000
- (d) Nil

- D.** Which of the following is correct in respect of document to be issued by the firm for understatement and overstatement of invoice value?
- Debit note is to be issued for ₹75,000.
 - Credit note is to be issued for ₹75,000.
 - Debit note is to be issued for ₹45,000.
 - Credit note is to be issued for ₹45,000.
- i & iii
 - ii & iii
 - i & iv
 - ii & iv
- E.** Which of the following statements is correct in respect of supply of goods received by the firm which are taxable under reverse charge?
- Firm shall issue a payment voucher at the time of making payment to supplier.
 - Firm shall issue invoice for supply of goods.
 - Firm shall issue receipt voucher at the time of making payment to supplier.
 - Firm is not required to issue any document in respect of such supply.
- i
 - i & ii
 - ii & iii
 - iv
- 2. [Exemption]** Sahil, a resident of Delhi, is having a residential property in Vasant Vihar, Delhi which has been given on rent to a family (not a registered person) for ₹ 50 lakh per annum. Determine whether Sahil is liable to pay GST on such rent.
- Yes, as services by way of renting is taxable supply under GST.
 - No, service by way of renting of residential property is exempt.
 - No, service by way of renting of residential property does not constitute supply.
 - Sahil, being individual, is not liable to pay GST.
- 3. IMPORTANT [Basic of GST]** Various taxes have been subsumed in GST to make one nation one tax one market for consumers. Out of the following, determine which taxes have been subsumed in GST.
- Basic customs duty levied under Customs Act, 1962
 - Taxes on lotteries
 - Environment tax**
- (ii)
 - (ii) and (iii)
 - (iii)
 - (i), (ii) and (iii)
- 4. [Supply]** Goods as per section 2(52) of the CGST Act, 2017 includes:
- Actionable claims
 - Growing crops attached to the land agreed to be severed before supply.
 - Money
 - Securities
- (i) and (iii)
 - (iii) and (iv)
 - (i) and (ii)
 - (ii) and (iii)
- 5. [Registration]** Mr. Z of Himachal Pradesh starts a new business and makes following supplies in the first month-
- Intra-State supply of taxable goods amounting to ₹17 lakh
 - Supply of exempted goods amounting to ₹1 lakh
 - Inter-State supply of taxable goods amounting to ₹1 lakh.
- Whether he is required to obtain registration?
- Mr. Z is liable to obtain registration as the threshold limit of ₹ 10 lakh is crossed.
 - Mr. Z is not liable to obtain registration as he makes exempted supplies.
 - Mr. Z is liable to obtain registration as he makes the inter-State supply of goods.
 - Mr. Z is not liable to obtain registration as the threshold limit of ₹20 lakh is not crossed.

ANSWER KEY

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

6. [Composition Scheme] **IMPORTANT** “Wedding Bells”, a wedding photographer, has commenced providing pre-wedding shoot services in Jaipur from the beginning of current financial year. It has provided the following details of turnover for the various quarters till December, 20XX:-

S. No.	Quarter	Amount (₹ in lakh)
1	April, 20XX - June, 20XX	20
2	July, 20XX - September, 20XX	30
3	October, 20XX - December, 20XX	40

You may assume the applicable tax rate as 18%. Wedding Bells wishes to pay tax at a lower rate and opts for the composition scheme. You are required to advise whether it can do so and calculate the amount of tax payable for each quarter?

Solution:

Section 10(2A) of the CGST Act, 2017 provides the turnover limit of ₹ 50 lakh in the preceding financial year for becoming eligible for composition levy for services. Wedding Bells has started the supply of services in the current financial year (FY), thus, its aggregate turnover in the preceding FY is Nil. Consequently, in the current FY, Wedding Bells is eligible for composition scheme for services.

A registered person opting for composition levy for services shall pay tax @ 3% [Effective rate 6% (CGST+SGST/UTGST)] of the turnover of supplies of goods and services in the State.

Further, Wedding Bells becomes eligible for the registration when the aggregate turnover exceeds ₹ 20 lakh (the threshold limit of obtaining registration). While registering under GST, Wedding Bells can opt for composition scheme for services.

The option of a registered person to avail composition scheme for services shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the threshold limit of ₹50 lakh.

However, for the purposes of determining the tax payable under composition scheme, the expression “turnover in State” **shall not include** the value of supplies from the first day of April of a FY up to the date when such person becomes liable for registration under this Act.

Thus, **for determining the turnover of the State for payment of tax** under composition scheme for services, turnover of April, 20XX – June, 20XX quarter [₹ 20 lakh] shall be excluded. **On next ₹ 30 lakh [turnover of July, 20XX – September, 20XX quarter], it shall pay tax @ 6% [3% CGST and 3% SGST].**

For the purposes of **computing aggregate turnover of a registered person for determining his eligibility to pay tax under this section, aggregate turnover includes** value of supplies from the 1st April of a FY up to the date of his becoming liable for registration.

Thus, while computing aggregate turnover for determining Wedding Bells's **eligibility** to pay tax under composition scheme, value of supplies from the first day of April of a financial year up to the date when it becomes liable for registration under this Act (i.e. turnover of April, 20XX – June, 20XX quarter), are included.

By the end of July, 20XX – September, 20XX quarter, the aggregate turnover reaches ₹ 50 lakh. Consequently, the option to avail composition scheme for services shall lapse by the end of July, 20XX – September, 20XX quarter **and thereafter, it is required to pay tax at the normal rate of 18%.**

Considering the above provisions, the tax payable for each quarter is as under:-

S. No.	Quarter	GST rate [CGST + SGST]	Turnover (₹ in lakh)	GST payable (₹ in lakh)
1	April, 20XX – June, 20XX	-	20	-
2	July, 20XX – September, 20XX	6%	30	1.8
3	October, 20XX – December, 20XX	18%	40	7.2

7. IMPORTANT [Supply + Reverse Charge] Mr. Priyam, director of Sun Moon Company Private Limited, provided service to the company for remuneration of ₹ 1,25,000. Briefly answer whether GST is applicable in the below mentioned independent cases? If yes, who is liable to pay GST?

- (i) Mr. Priyam is an independent director of Sun Moon Company Private Limited and not an employee of the company.
- (ii) Mr. Priyam is an executive director, i.e. an employee of Sun Moon Company Private Limited. Out of total remuneration amounting to ₹ 1,25,000, ₹ 60,000 has been declared as salaries in the books of Sun Moon Company Private Limited and subjected to TDS under section 192 of the Income-Tax Act (IT Act). However, ₹ 65,000 has been declared separately other than salaries in the Sun Moon Company Private Limited's accounts and subjected to TDS under section 194J of the IT Act as professional services.

Solution:

- (i) As per Para I of Schedule III of the CGST Act, services by an employee to the employer in the course of or in relation to his employment are non-supplies, i.e. they are neither supply of goods nor supply of services. Services provided by the independent directors who are not employees of the said company to such company, in lieu of remuneration as the consideration for the said services, are clearly outside the scope of Schedule III of the CGST Act and are therefore taxable. Further, such remuneration paid to the directors is taxable in hands of the company, on reverse charge basis.

Thus, GST is applicable in this case and Sun Moon Company Private Limited is liable to pay GST.

- (ii) The part of director's remuneration which is declared as salaries in the books of a company and subjected to TDS under section 192 of the Income-tax Act (IT Act), **is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III.**

Further, the part of employee director's remuneration which is declared separately other than salaries in the company's accounts **and subjected to TDS under section 194J of the IT Act** as fees for professional or technical services are treated as consideration for providing services **which are outside the scope of Schedule III and is therefore, taxable.** The recipient of the said services i.e. the company, is liable to discharge the applicable GST on it on reverse charge basis.

In lieu of the above provisions, ₹ 60,000 declared as salaries in the books of Sun Moon Company Private Limited and subjected to TDS under section 192 of the Income-Tax Act (IT Act), **is not taxable** being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III.

Further, ₹ 65,000 declared separately other than salaries in the Sun Moon Company Private Limited's accounts and subjected to TDS under section 194J of the IT Act as professional services is treated as consideration for providing services which is outside the scope of Schedule III and is therefore, taxable. The recipient of the said services i.e. the Sun Moon Company Private Limited, is liable to discharge the applicable GST on it on reverse charge basis.

8. GST RETURN [IMPORTANT]

- (a) Miss Kashi is a registered intra-State supplier of goods in Haryana. During the months of August and September, she was out of station on a religious pilgrimage with her family for 55 days. Thus, no business transaction was made during August. Miss Kashi is of the opinion that as there is no transaction, there is no need to file monthly return [GSTR-3B] for the month of August. However, her tax consultant has advised her to file nil GSTR-3B. Whether the advice given by tax consultant is correct? Explain.
- (b) Will your answer in (a) change, if Miss Kashi has placed an order for some purchases during August over her mobile phone, which has been received in her premises and she intends to take input tax credit on the same?
- (c) Assuming in (a) above, Miss Kashi does not have internet facility in her mobile and there is no facilitation centre notified by the Commissioner, whether no return is required to be filed in the absence of means to file return? Explain.

Solution:**(a) The advice given by tax consultant is correct.**

Under GST law, filing of GSTR-3B is mandatory for all normal and casual taxpayers, even if there is no business activity in any particular tax period. For such tax period(s), a Nil GSTR-3B is required to be filed.

Therefore, in the given case, even though Miss Kashi was out of station on a religious pilgrimage with her family for 55 days and thus, **could not do any business transaction during the month of August, she is still required to file Nil GSTR-3B for that month.**

(b) Nil GSTR-3B means that the return has nil or no entry in all its Tables. Since in the present case, Miss Kashi has received certain purchases, she **cannot file Nil GSTR-3B**, as the said purchases will need to be disclosed in the "Table for Eligible ITC" in GSTR-3B.

Thus, Miss Kashi is required to file monthly return, GSTR-3B for the month of August.

(c) GSTR-3B can be submitted electronically on the common portal, either directly or through a Facilitation Centre notified by the Commissioner. Further, a Nil GSTR-3B can be filed through an SMS using the registered mobile number of the taxpayer.

Thus, Miss Kashi is required to file Nil GSTR-3B for the month of August through an SMS using her registered mobile number even though there is no internet facility in her mobile and no Facilitation Centre notified by the Commissioner.

- 9. VERY IMPORTANT TAX INVOICE** Bali Limited, a registered taxpayer, provides security services to registered persons from Mumbai office and Delhi office. The aggregate turnover of Mumbai office and Delhi office in the preceding financial year (FY 2022-23) is ₹ 7 crore and ₹ 5 crore respectively. For the month of Jan 2024 in the current financial year (FY 2023-24), Bali Limited prepares duplicate invoices and does not issue e-invoice as it is of the view that it's aggregate turnover does not cross the threshold limit to make it liable for issuing e- invoices.

Briefly explain whether the view taken by Bali Limited is correct in law? Also explain the advantages of e-invoicing, if any.

Solution:**The view taken by Bali Limited is not correct in law.**

All notified registered businesses (except specified class of persons) with an aggregate turnover (based on PAN) in the preceding financial year **greater than ₹ 5 crore** are required to issue e-invoices.

The eligibility is based on aggregate annual turnover on the common PAN. Thus, the aggregate total turnover of Bali Limited is more than ₹ 5 crores (considering both the GSTINs) in FY 2022-23 and is required to issue e-invoices for FY 2023-24 in the month of Jan 2024.

Further, where e-invoicing is applicable, there is no need of issuing invoice copies in triplicate/duplicate.

E-invoice has many advantages for businesses, which have been given as under:-

- (i) Auto-reporting of invoices into GST return and auto-generation of e-way bill (wherever required).** Under e-invoicing, business has to report the B2B invoice data only once in the e-invoice form and the same is reported in multiple forms (GSTR-1, e-way bill etc.). E-way bill can be auto-generated using e-invoice data. GSTR-1 can also be auto-populated with the e-invoice data. It will become part of the business process of the taxpayer.
- (ii) Accuracy/Reconciliation.** Since same data is reported to tax department as well as to the buyer to prepare his inward supplies (purchase) register, transcription errors are reduced. On receipt of information through GST System, buyer can do reconciliation with his Purchase Order.
- (iii) Early payment.** E-invoicing facilitates standardisation and inter-operability leading to reduction of disputes among transacting parties and thus, improving payment cycles.
- (iv) Cost reduction.** E-invoicing helps in reducing processing costs and thus, leads to improvement of overall business efficiency.
- (v) Reduction of tax evasion.** Since a complete trail of B2B invoices is available with the Department, it will enable the system-level matching of input tax credit and output tax thereby reducing the tax evasion.

(vi) Elimination of fake invoices. E-invoicing eliminates the fake invoices. Claiming fictitious input tax credit (ITC) by raising fake invoices is also one of the biggest challenges currently faced by tax-authorities. The e-invoice system helps to curb the actions of unscrupulous taxpayers and reduce the number of fraud cases as the tax authorities have access to data in real-time.

(vii) Paper Elimination. E-invoicing helps in paper elimination and thereby it is eco-friendly.

GST - PRACTICE TEST PAPER - SET 13 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE MTP (SET 1) - MAY 2021

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

- [Important]** Lovely & Co., a registered person, supplies taxable goods to unregistered persons. It need not issue tax invoice for the goods supplied on 16th April, if the value of the goods is ___ and the recipient does not require such invoice.
 - ₹ 1,200
 - ₹ 600
 - ₹ 150
 - ₹ 200
- Can a registered person opting for composition scheme collect GST on his outward supplies?
 - Yes, in all cases
 - Yes, only on such goods as may be notified by the Central Government
 - Yes, only on such services as may be notified by the Central Government
 - No
- What is the validity of the registration certificate?
 - One year
 - Two years
 - Valid till it is cancelled
 - Five years.

Answer Key

Question No.	Answer
1	(c) ₹150
2	(d)
3	(c)

4. [Repeated in nature – can be ignored] Bunty Pvt. Ltd., a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period:

Particulars	Amount (₹)
Intra-State supply of goods	11,20,000
Inter-State supply of goods	4,20,000

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	2,80,000
Inter-State purchases of goods	70,000

The company has following ITCs with it at the beginning of the tax period:

Particulars	Amount (₹)
CGST	79,800
SGST	Nil
IGST	98,000

Note:

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

Compute the minimum GST, payable in cash, by Bunty Pvt. Ltd. for the tax period. Make suitable assumptions as required.

[Covered in earlier Practice Sets, It can be ignored]

Solution:

Computation of GST payable on outward supplies

S. No.	Particulars	CGST @9% (₹)	SGST @ 9%(₹)	IGST @ 18%(₹)	Total (₹)
(i)	Intra-State supply of goods for ₹ 11,20,000	1,00,800	1,00,800		2,01,600
(ii)	Inter-State supply of goods for ₹ 4,20,000			75,600	75,600
	Total GST payable				2,77,200

Computation of total ITC

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening ITC	79,800	Nil	98,000
Add: ITC on Intra-State purchases of goods valuing ₹ 2,80,000	25,200	25,200	Nil
Add: ITC on Inter-State purchases of goods valuing ₹ 70,000	Nil	Nil	12,600
Total ITC	1,05,000	25,200	1,10,600

Computation of minimum GST payable from electronic cash ledger

Particulars	CGST @ 9%(₹)	SGST @ 9% (₹)	IGST@ 18% (₹)	Total(₹)
GST payable	1,00,800	1,00,800	75,600	2,77,200
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]	(Nil)	(35,000)	(75,600)	1,10,600
	(1,00,800)	(25,200)		1,26,000
Minimum GST payable in cash	Nil	40,600	Nil	40,600

Note : Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, ITC of IGST has been used to pay SGST (after paying IGST liability) to minimize cash outflow.

5. [Reverse charge & Time of supply] M/s Shubhank Associates, a partnership firm, provided recovery agent services to Neelkanth Credits Ltd., a non-banking financial company and a registered supplier, on 15th January. Invoice for the same was issued on 7th February and the payment was made on 18th April by Neelkanth Credits Ltd. Bank account of the company was debited on 20th April.

Determine the following:

- (i) Person liable to pay GST
- (ii) Time of supply of service

Solution:

- (i) Tax on services supplied by a recovery agent to, inter alia, a non-banking financial company (NBFC) is payable under reverse charge by such non-banking financial company.

Therefore, in the given case, person liable to pay GST is the NBFC - Neelkanth Credits Ltd.

- (ii) As per section 13(3) of the CGST Act, the time of supply of service on which GST is payable under reverse charge is earlier of the following:-

- (i) Date of payment as entered in the books of account of the recipient (18th April) or the date on which the payment is debited in his bank account (20th April), whichever is earlier;
- (ii) Date immediately following 60 days since issue of invoice by the supplier, i.e. 9th April.

Thus, time of supply of service is 9th April.

6. [Registration Chapter] Fair Oils, Delhi has supplied machine oil and high-speed diesel in the month of April as per the details given in table below. Fair Oils is not yet registered.

Sl. No.	Particulars	Amount (₹)*
(i)	Supply of machine oil in Delhi	9,00,000
(ii)	Supply of high speed diesel in Delhi	18,00,000
(iii)	Supply of machine oil made in Punjab by Fair Oils from its branch located in Punjab	12,00,000

*excluding GST

Determine whether Fair Oils is liable for registration.

Solution:

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:-

- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) ₹ 40 lakh for rest of India except persons engaged in making supplies of fly ash bricks/aggregate/blocks, building bricks, bricks of fossil meals, earthen/roofing tiles, ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.

The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:-

- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the rest of India.

As per section 2(6), aggregate turnover includes the aggregate value of:

- (i) all taxable supplies,
- (ii) all exempt supplies,
- (iii) exports of goods and/or services and
- (iv) all inter-State supplies of persons having the same PAN.

The above is computed on all India basis. Further, the aggregate turnover excludes central tax, State tax, Union territory tax, integrated tax and cess. Moreover, the value of inward supplies on which tax is payable under reverse charge is not taken into account for calculation of 'aggregate turnover'.

Section 9(2) provides that CGST is not leviable on five petroleum products i.e. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. As per section 2(47), exempt supply includes non-taxable supply. **Thus, supply of high speed diesel in Delhi, being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.**

In the backdrop of the above-mentioned discussion, the aggregate turnover of Fair Oils for the month of April is computed as under:

S. No.	Particulars	Amount (in ₹)
(i)	Supply of machine oils in Delhi	9,00,000
(ii)	Add: Supply of high speed diesel in Delhi	18,00,000
(iii)	Add: Supply of machine oil made by Fair Oils from its branch located in Punjab	12,00,000
	Aggregate Turnover	39,00,000

Fair Oils is making exclusive supply of goods and hence the threshold limit for registration would be ₹ 40,00,000. **Since the aggregate turnover does not exceed ₹ 40,00,000, Fair Oils is not liable to be registered.**

7. **[Tax invoice chapter]** Narayan Singh, a registered supplier, has received advance payment with respect to services to be supplied to Shelly. His accountant asked him to issue the receipt voucher with respect to such services to be supplied. However, he is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise Narayan Singh regarding the same.

Solution:

Narayan Singh is required to issue a receipt voucher at the time of receipt of advance payment with respect to services to be supplied to Shelly. A receipt voucher is a document evidencing receipt of advance money towards a supply of goods and/or services or both. A registered person, on receipt of advance payment with respect to any supply of goods or services or both, shall issue a receipt voucher or any other document, evidencing receipt of such payment.

Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, **but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment.**

Therefore, in case subsequently no services are supplied by Narayan Singh, and no tax invoice is issued in pursuance thereof, Narayan Singh may issue a refund voucher against such payment to Shelly.

8. **[Introduction]** Briefly explain the leviability of GST or otherwise on petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas.

Solution:

Petroleum crude, diesel, petrol, ATF and natural gas are presently not leviable to GST. GST will be levied on these products from a date to be notified on the recommendations of the GST Council.

Till such date, central excise duty continues to be levied on manufacture/production of petroleum crude, diesel, petrol, ATF and natural gas and inter-State/intra-State sale of the same is subject to CST/ VAT respectively.

9. [GST Return] If a return has been filed, how can it be revised if some changes are required to be made?

Solution:

In GST since the returns are built from details of individual transactions, there is no requirement for having a revised return. Any need to revise a return may arise due to the need to change a set of invoices or debit/credit notes. Instead of revising the return already submitted, the system allows changing the details of those transactions (invoices or debit/credit notes) that are required to be amended. They can be amended in any of the future GSTR-1 in the tables specifically provided for the purposes of amending previously declared details.

As per section 39(9), omission or incorrect particulars discovered in the returns filed u/s 39 can be rectified in the return to be filed for the month during which such omission or incorrect particulars are noticed. Any tax payable as a result of such error or omission will be required to be paid along with interest.

The rectification of errors/omissions is carried out by entering appropriate particulars in "Amendment Tables" contained in GSTR-1.

10. [Exemption Chapter] Milan Charitable trust, registered under section 10(23C)(v) of the Income-tax Act, 1961, manages a temple in Shahdara, Delhi. It has given on rent a community hall, located within temple premises, to public for celebration of Teej Mela. Rent charged is ₹ 9,900. You are required to determine whether the services provided by Milan Charitable trust are liable to GST.

Solution:

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 trust or an institution under section 10(23C)(v) of the Income-tax Act are exempt provided renting charges of premises, community halls, kalyanmandapam or open area are not ₹10,000 or more per day.

Thus, in the given case, renting of community hall by Milan Charitable Trust is exempt from GST, as rent is less than ₹10,000 per day.

11. [Payment of Tax] Alpy Ltd., have filed their GSTR-3B for the month of July, 20XX within the due date prescribed under Section 39 i.e. 20.08.20XX. Post filing of the return, the registered person has noticed during September 20XX that tax dues for the month of July, 20XX have been short paid for ₹ 72,000. Alpy Ltd., has paid the above shortfall of ₹72,000, through GSTR-3B of September 20XX, filed on 20.10.20XX [payment through Cash ledger - ₹54,000 and Credit ledger ₹ 18,000]. Examine the Interest payable under the CGST Act, 2017.

What would be your answer if, GSTR-3B for the month of July, 20XX has been filed belatedly on 20.10.20XX and the self-assessed tax of ₹ 72,000/- has been paid on 20.10.20XX [payment through electronic cash ledger - ₹54,000 and electronic credit ledger ₹18,000]

Notes:

- There exists adequate balance in Electronic Cash & Credit ledger as on 31.07.20XX for the above short fall.
- No other supply has been made nor tax payable for the month of July, 20XX other than ₹ 72,000/- missed out to be paid on forward charge basis.
- Ignore the effect of leap year, if applicable in this case.

[Covered in earlier Practice Sets, It can be ignored at the time of revision]

Solution:

Interest is payable under Section 50 of the CGST Act, 2017 in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

As per proviso to Section 50(1), interest is payable on the net tax liability paid in cash, only if the return to be filed for a tax period under Section 39, has been filed after the due date to furnish such return.

In the above scenario, Alpy Ltd., has defaulted in making the payment for ₹72,000 on self- assessment basis in the return for the month of July, 20XX. Accordingly, interest is payable on the gross liability and proviso of sub-section 50(1) shall not be applicable.

Thus, the amount of interest payable by Alpy Ltd., is as under:- Period of delay = 21st August, 20XX to 20th October, 20XX = 60 days

Hence, amount of interest = ₹72,000 x 18% x 60/365 = ₹2,130 (rounded off)

Alternatively, if Alpy Ltd., have filed the return for the month of July, 20XX on 20.10.20XX, beyond the stipulated due date of 20.08.20XX and if the self-assessed tax for July, 20XX has been paid on 20.10.20XX, Interest under proviso to Section 50(1) shall be payable on the tax paid **through Electronic Cash Ledger only.**

Hence Interest is payable from 21st August 20XX till 20th October 20XX = 60 days

Amount of Interest = ₹54,000 x 18% x 60/365 = ₹1,598 (rounded off)

GST - PRACTICE TEST PAPER - SET 14 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE MTP (SET 2) - MAY 2021

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **[Very Important]** Ms. Anjali is engaged in supply of services. She is registered under GST and has opted to pay tax under composition scheme for service provider under section 10(2A) of the CGST Act. The turnover for the quarter ending June 20XX was ₹ 12,00,000.

During July 20XX, she crossed the aggregate turnover of ₹ 50 lakh and opted out of composition scheme. She also started trading of goods in July 20XX.

She supplied an order to Breathe Well LLP on ex-factory basis, the details of which are as follows-

(i) Basic price of the product	₹ 53,000
(ii) Outward freight	₹ 12,000
(iii) Packing Charges	₹ 5,000
(iv) Discount given on receiving payment (not included in invoice)	₹ 2,000

For supplies, provided to Breathe Well LLP, she received half of the amount as advance on 22nd July 20XX. The goods were dispatched from her factory on 25th July 20XX and delivered on 28th July 20XX. She raised the invoice on 30th July 20XX and the balance payment was also received on the same date.

Ms. Anjali received 25 invoices from various suppliers involving GST of ₹ 1,50,000 for the month of July 20XX. While filing GSTR-3B for the said month on 20th August 20XX, she found that only 20 invoices involving GST of ₹ 1,00,000 were uploaded by the suppliers

Ms. Anjali supplied goods to the following persons-

Sl. No.	Recipient	Value of Supply
1	Mr. Pawan - an unregistered person	₹ 150
2	Mr. Umesh, a registered person	₹ 110
3	Rains Trust, an unregistered entity	₹ 250

None of the above persons requires a tax invoice.

All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred above is intra-State unless specified otherwise. Conditions applicable for availment of ITC are fulfilled subject to the information given above.

Based on the information provided above, choose the most appropriate answer for the following questions-

A. Compute the tax liability for the quarter ending June under CGST and SGST?

- (a) ₹ 30,000 each
- (b) ₹ 12,000 each
- (c) ₹ 6,000 each
- (d) ₹ 36,000 each



B. Compute the value of Supply made by Ms. Anjali to Breathe Wall LLP?

- (a) ₹ 56,000
- (b) ₹ 58,000
- (c) ₹ 68,000
- (d) ₹ 75,000

[SATC Note: Ex-factory basis means transportation is not the responsibility of supplier]

C. Determine the amount of ITC that can be claimed by Ms. Anjali for the month of July 20XX?

- (a) ₹ 1,00,000
- (b) ₹ 1,10,000
- (c) ₹ 1,05,000
- (d) ₹ 1,50,000

D. Determine the time of supply made to Breathe Wall LLP?

- (a) 22nd July
- (b) 25th July
- (c) 28th July
- (d) 30th July

E. Ms. Anjali need not issue invoice to which of the following persons?

- (a) Mr. Pawan
- (b) Mr. Pawan and Umesh
- (c) Mr. Pawan and Rains Trust
- (d) Need not issue invoice to all the three persons

2. An exempt supply includes-

- (i) Supply of goods or services or both which attracts Nil rate of tax
 - (ii) Non-taxable supply
 - (iii) Supply of goods or services or both which are wholly exempt from tax under section 11 of the CGST Act or under section 6 of IGST Act
- (a) (i)
 - (b) (i) and (ii)
 - (c) (i) and (iii)
 - (d) (i), (ii) and (iii)

3. 'P' Ltd. has its registered office, under the Companies Act, 2013, in the State of Maharashtra from where it ordinarily carries on its business of taxable goods. It also has a warehouse in the State of Telangana for storing said goods. What will be the place of business of 'P' Ltd. under the GST law?

- a) Telangana
- b) Maharashtra
- c) Both (a) and (b)
- d) Neither (a) nor (b)

4. Within how many days an application for revocation of cancellation of registration can be made?

- a) Within 7 days from the date of service of the cancellation order.
- b) Within 15 days from the date of issue of the cancellation order.
- c) Within 45 days from the date of issue of the cancellation order.
- d) Within 30 days from the date of service of the cancellation order.

Solution:

Question No.	Answer	Question No.	Answer
1(A)	(d) ₹ 36,000 each	2.	(d) (i), (ii) and (iii)
1(B)	(b) ₹ 58,000	3.	(c)
1(C)	(a) ₹ 1,00,000	4.	(d)
1(D)	(b) 25th July		
1(E)	(a) Mr. Pawan		

5. **[Value of Supply]** Kavya Ltd., a registered supplier, has supplied machinery to Ayesha Ltd. (a supplier registered in the same State). It provides following particulars regarding the same:

S. No.	Particulars	Amount (₹)
(i)	Price of machinery (exclusive of taxes and discounts)	5,50,000
(ii)	Part fitted in the machinery at the premises of Ayesha Ltd. [Amount has been paid by Ayesha Ltd. directly to the supplier. However, it was Kavya Ltd.'s liability to pay the said amount. The said amount has not been recorded in the invoice issued by Kavya Ltd.]	20,000
(iii)	Installation and testing charges for machinery, not included in price	25,000
(iv)	Discount @ 2% on price of the machinery mentioned at S. No. (i) above (recorded in the invoice)	
(v)	Kavya Ltd. provides additional discount @ 1% <u>at year end</u> , based on additional purchase of other machinery for which adjustment is made at the end of the financial year without any change in individual transactions.	

Determine the value of taxable supply made by Kavya Ltd. to Ayesha Ltd.

[Covered in earlier Practice Sets, It can be ignored at the time of revision]

Solution:

Computation of value of taxable supply made by Kavya Ltd. to Ayesha Ltd.

Particulars	Amount (₹)
Price of machinery (exclusive of taxes and discounts)	5,50,000
Amount paid by Ayesha Ltd. directly to the supplier for the part fitted in the machinery [Any amount that the supplier is liable to pay in relation to a supply but which has been incurred by the recipient of the supply 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) of the CGST Act, 2017.]	20,000
Installation and testing 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 of supply in terms of section 15(2)(c) of the CGST Act, 2017.]	25,000
Less: Discount @ 2% on the price of machinery [₹ 5,50,000 x 2%] [Since discount is given at the time of supply of machinery and recorded in the invoice, the same is deductible from the value of the supply in terms of section 15(3)(a) of the CGST Act, 2017.]	11,000
Less: Additional 1% discount at year end [Though the additional discount is established before/at the time of supply, it is not deductible from the value of supply in terms of section 15(3)(b) of the CGST Act, 2017 as the same is not linked to any specific transaction and is adjusted by the parties at the end of the financial year.]	Nil
Value of taxable supply	5,84,000

6. **[Exemption]** Kashi Enterprises, an event organizer, provided services to Brisk n Frisk Ltd. by way of organizing business exhibition in New Delhi as part of Make in India initiative. Kashi Enterprises claims that it is not required to pay GST as the services provided by way of organizing business exhibition are exempt from GST. Examine the technical veracity of the claim of Kashi Enterprises, in the given case.

Solution:

No, the claim made by Kashi Enterprises that it is not required to pay GST is **not correct**. Services provided by an organiser to any person in respect of a business exhibition are exempt from **GST only when such business exhibition is held outside India.**

However, since in the given case, the exhibition is being organized in India, the services of organization of event by Kashi Enterprises **will not be exempt from GST.**

7. **[E-Way Bill]** Brief explain when is it not mandatory to furnish the details of conveyance in Part-B of the e-way bill?

Solution:

E-way bill is valid for movement of goods by road **only when the information in Part-B is furnished as per Rule 138 of the CGST Rules, 2017.**

However, details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of up-to 50 km within the State/Union territory:

- from the place of business of the consignor to the place of business of the transporter for further transportation or
- from the place of business of the transporter finally to the place of business of the consignee.

8. **[Tax Invoice]** Cutiee Toys Ltd., a wholesaler of toys registered in Chandigarh, is renowned in the local market for the variety of toys and their reasonable prices. Cutiee Toys Ltd. makes supply of 100 pieces of baby's learning laptops and chat learning phones to SATC General Store on 25th September by issuing a tax invoice amounting to ₹ 1,00,000.

However, the said toys were returned by SATC General Store on 30th September. Discuss which document Cutiee Toys Ltd. is required to issue in such a case?

Solution:

Cutiee Ltd. is required to issue a credit note in such a case.

As per section 34 of the CGST Act, 2017, where one or more tax invoices have been issued for supply of any goods or services or both **and the goods supplied are returned by the recipient the registered person**, who has supplied such goods or services or both, **may issue to the recipient one or more credit notes** for supplies made in a financial year containing such particulars as may be prescribed.

Therefore, Cutiee Ltd. is required to issue a credit note to SATC General Store for the good returned.

GST - PRACTICE TEST PAPER - SET 15 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE - JAN 2021 EXAM QUESTION (NEW)

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **VERY IMPORTANT** [Value of Supply & Payment of Tax] Star Ltd., a registered supplier in Karnataka has provided the following details for supply of one machine:-

	Particulars	Amount in (₹)
(1)	List price of machine supplied [exclusive of items given below from (2) to (4)]	80,000
(2)	Tax levied by Local Authority on sale of such machine	6,000
(3)	Discount of 2% on the list price of machine was provided (recorded in the invoice of machine)	
(4)	Packing expenses for safe transportation charged separately in the invoice	4,000

Star Ltd. received ₹ 5,000 as subsidy from a NGO on sale of each such machine, The Price of ₹ 80,000 of the machine is after considering such subsidy.

During the month of February, 20XX, Star Ltd. supplied three machines to Intra-State customers and one machine to Inter-State customer.

Star Ltd. purchased inputs (intra-State) for ₹ 1,20,000 exclusive of GST for supplying the above four machines during the month.

The Balance of ITC at the beginning of February, 20XX was:

CGST	SGST	IGST
₹ 18,000	₹ 4,000	₹ 26,000

Note:

- (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively for both inward and outward supplies.
- (ii) All the amounts given above are exclusive of GST.
- (iii) All the conditions necessary for availing the ITC have been fulfilled.

Compute the minimum net GST payable in cash by Star Ltd. for the month of February, 20XX.

Answer:

Computation of Value of taxable supply

Particulars	Amount (₹)
List price of the machine	80,000
Add: Tax levied by Local Authority on the sale of machine [Tax other than GST, if charged separately, are includible in the value in terms of section 15 of the CGST Act, 2017.]	6,000
Add: Packing expenses for safe transportation [Includible in the value as per section 15 of the CGST Act, 2017.]	4,000
Add: Subsidy received from a NGO on sale of each machine [Subsidy received from a non-Government body and which is directly linked to the price, the same is included in the value in terms of section 15 of the CGST Act, 2017.]	5,000
Total	95,000
Less: Discount @ 2% on ₹ 80,000 [Since discount is known at the time of supply and recorded in invoice, it is deductible from the value in terms of section 15 of the CGST Act, 2017.]	1,600
Value of taxable supply	93,400

Computation of minimum net GST payable in cash by Star Ltd.

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Sale of machine [Intra-State sales = ₹ 93,400 × 3 machines = ₹ 2,80,200; Inter-State sales = ₹ 93,400 × 1 machine = ₹ 93,400]	25,218 2,80,200×9%	25,218 2,80,200 ×9%	16,812 93,400×18%
Total output tax	25,218	25,218	16,812
Less: Set off of IGST against IGST and SGST [IGST credit first be utilized towards payment of IGST, remaining amount can be utilized towards CGST and SGST in any order and in any proportion]		(9,188)	(16,812)
Less: Set off of CGST against CGST and SGST against SGST [CGST credit cannot be utilized towards payment of SGST and vice versa.]	(25,218)	(14,800)	
Minimum net GST payable in cash	Nil	1,230	

Working Note:**Computation of total ITC available**

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance of ITC	18,000	4,000	26,000
Add: Inputs purchased during the month	10,800 [₹ 1,20,000 ×9%]	10,800 [₹ 1,20,000 ×9%]	
Total ITC available	28,800	14,800	26,000

2. **IMPORTANT [Exemption]** Green Agro Services, a registered person provides the following information relating to its activities during the month of February, 20XX:

Gross Receipts from	(₹)
Services relating to rearing of sheeps	6,00,000
Services by way of artificial insemination of horses	4,00,000
Processing of sugarcane into jaggery	8,00,000
Milling of paddy into rice	7,50,000
Services by way of fumigation in a warehouse of agricultural produce	1,80,000

All the above receipts are exclusive of GST. Compute the value of taxable supplies under GST laws for the month of February, 20XX.

Answer:**Computation of value of taxable supplies**

Particulars	Amount (₹)
Services relating to rearing of sheeps [Exempt since services relating to rearing of all life forms of animals, except horses, for food etc. are exempt.]	Nil
Services by way of artificial insemination of horses [Not exempt]	4,00,000
Processing of sugarcane into jaggery [Not exempt, since processes which alter the essential characteristics of agricultural produce are not exempt and processing of sugarcane into jaggery changes the essential characteristics of sugarcane.]	8,00,000
Milling of paddy into rice [Not exempt, since this process, being carried out after cultivation is over, is not an intermediate production process in relation to cultivation of plants and it also changes the essential characteristics of paddy.]	7,50,000
Services by way of fumigation in a warehouse of agricultural produce	1,80,000
Value of taxable supplies	21,30,000

3. **Important [Exemption]** Satya Sai Residents Welfare Association, a registered person under GST has 30 members each paying ₹ 8,000 as maintenance charges per month for sourcing of goods and services from third persons for common use of its members.

The Association purchased a water pump for ₹ 59,000 (inclusive of GST of ₹ 9,000) and availed input services for ₹ 23,600 (inclusive of GST of ₹ 3,600) for common use of its members during February 20XX.

Compute the total GST payable, if any, by Satya Sai Residents Welfare Association, for February 20XX. GST rate is 18%. All transactions are intra-State.

There is no opening ITC and all conditions for ITC are fulfilled.

Answer:

Computation of total GST payable by Satya Sai Residents Welfare Association

Particulars	Value (₹)	GST@ 18% (₹)
Maintenance charges received [₹ 8,000 × 30 members] [Services by RWA to its members for sourcing of goods or services from a third person for the common use of its members in a housing society are exempt provided the share of contribution per month per member is up-to ₹ 7,500. Otherwise, entire amount is taxable.]	2,40,000	
Total GST payable [It has been logically presumed that maintenance charges are exclusive of GST.]		43,200

Note: Residents Welfare Association is entitled to take ITC of GST paid by them on capital goods, goods and input services, used by it for making supplies to its members and use such ITC for discharge of GST liability on such supplies where the amount charged for such supplies is more than ₹ 7,500 per month per member.

Thus, Satya Sai Residents Welfare Association can avail ITC of GST paid on water pump purchased (₹ 9,000) and input services availed (₹ 3,600). Net GST payable in that case will come out ₹ 30,600.

4. **[Important] Tax Invoice** - ABC Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens was issuing consolidated tax invoice for supplies at the close of each day in terms of section 31(3)(b) of CGST Act, 2017 read with fourth proviso to rule 46 of CGST Rules, 2017.

During the month of October, 20XX, the Department raised objection for this practice and asked to issue separate tax invoices for each ticket.

Advise ABC Cinemas for the procedure to be followed in the light of recent notification.

Answer:

The procedure to be followed by ABC Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens, is as under:-

The option to issue consolidated tax invoice **is not available** to a supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens. **Thus, ABC Cinemas cannot issue consolidated tax invoice for supplies made by it at the close of each day.**

ABC Cinemas is required to issue an electronic ticket.

The said electronic ticket shall be deemed to be a tax invoice, **even if such ticket does not contain the details of the recipient of service but contains the other information as prescribed to be mentioned.**

5. E-Way Bill - Agni Ltd. a registered supplier wishes to transport cargo by road between two cities situated at a distance of 368 kilometres. Calculate the validity period of e-way bill under rule 138(10) of CGST Rules, 2017 for transport of the said cargo, **if it is over dimensional cargo or otherwise.**

Answer:

The validity period of e-way bill under rule 138(10) of the CGST Rules, 2017 for transport of cargo by road between two cities situated at a distance of 368 km is as under:

(i) If it is over dimensional cargo: the validity period of the e-way bill is one day from relevant date Up-to 20 km and one additional day for every 20 km or part thereof thereafter.

Thus, validity period in given case:

= 1 day + 18 days

= 19 days

(ii) If it is a cargo other than over dimensional cargo: the validity period of the e- way bill is one day from relevant date **Up-to 200 km** and one additional day for **every 200 km** or part thereof thereafter.

Thus, validity period in given case:

= 1 day + 1 days

= 2 days

6. [Important] Return - The aggregate turnover of Mr. Prithvi, a registered person for the FY 2021-22 and 2022-23 were ₹ 140 lakh and ₹ 170 lakh respectively. He has not filed the annual return (GSTR-9) under section 44(1) of CGST Act, 2017 before the due date.

Discuss the penal provisions, if any, for not filing the returns before the due date.

Answer:

The penal provisions for not filing the annual return (GSTR-9) under section 44(1) of the CGST Act, 2017 before the due date are as under:-

(a) ₹ 100 for every day during which such failure continues,

or

(b) 0.25% of the turnover of the registered person in the State/Union Territory whichever is lower.

Note:- It may be noted that filing of GSTR-9 has been made voluntary in respect of financial years 2021-22 and 2022-23 for the registered persons whose turnover is less than ₹ 2 crores and who have not furnished the said annual return before due date.

Here, the annual return is deemed to be furnished on the due date if it has not been furnished before the due date.

From the financial year 2022-23 onwards, late fee for delayed filing of annual return, has been rationalized as follows:

S. No.	Class of registered persons	Amount [under CGST Act, 2017]
1	Registered persons having an aggregate turnover of up to ₹ 5 crore in the relevant financial year.	₹ 25 per day , subject to a maximum of an amount calculated at 0.02% of turnover in the State or Union territory. [Same amount in SGST/UTGST]
2	Registered persons having an aggregate turnover of more than ₹ 5 crore and up to ₹ 20 crore in the relevant financial year.	₹ 50 per day , subject to a maximum of an amount calculated at 0.02% of turnover in the State or Union territory.
3	Registered persons having an aggregate turnover of more than ₹ 20 crore in the relevant financial year.	₹ 100 per day , subject to a maximum of an amount calculated at 0.25% of turnover in the State or Union territory.

7. **[Important] Reverse Charge** - Mr. Anurag, a famous Author is engaged in supply of services by the way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher.

Explain in brief the conditions under which an Author can choose to pay tax under forward charge.

Answer:

Mr. Anurag, an author, can choose to pay tax under forward charge provided he fulfills the following conditions:-

- (i) He has taken registration under the GST law.
- (ii) He has filed a declaration, in the prescribed form, that he exercises the option to pay tax on the said service under forward charge and, to comply with all the provisions of the GST law as they apply to a person liable for paying the tax in relation to the supply of any goods and/or services and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option.
- (iii) He makes a declaration on the invoice issued by him in prescribed form to the publisher.

8. **[Recent Amended] Registration** Under the provision of section 29(1) of CGST Act, 2017 read with rule 21A of CGST Rules, 2017 related to suspension of registration if the registered person has applied for cancellation of registration, what is the period and manner of suspension of registration?

Answer:

Where a registered person has applied for cancellation of registration, **the registration shall be deemed to be suspended from:**

- a) the date of submission of the application or
- b) the date from which the cancellation is sought, **whichever is later,**

pending the completion of proceedings for cancellation of registration.

Such person, whose registration has been suspended as above:

- ✓ shall not make any taxable supply
 - ✓ shall not be required to furnish any return under Section 39.
 - ✓ **shall not be granted any refund under section 54**
- during the period of suspension of his registration

The **expression “shall not make any taxable supply” mean that** the registered person shall not issue a tax invoice and, accordingly, not charge tax on supplies made by him during the suspension period.

GST - PRACTICE TEST PAPER - SET 16 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE - JAN 2021 EXAM QUESTION (OLD)

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **Important [ITC + Value of Supply + Payment of Tax]** Girish Trading Private Limited, a body corporate registered in the State of West Bengal, pays GST under the regular scheme. It is not eligible for any threshold exemption. The Company has provided the following information regarding its outward taxable supplies for the month of March, 20XX:

Intra-State supply of goods: ₹ 50,00,000

Inter-State supply of goods: ₹ 22,00,000

Following are the details of inward taxable supplies received during the month of March, 20XX:

Intra-State purchase of goods from Registered Supplier: ₹ 6,10,000

Inter-State purchase of goods from Registered Supplier: ₹ 16,00,000

Additional Information:

- (i) The Company has no brought forward ITC credit for the month of March, 20XX.
- (ii) Girish Trading Private Limited had additionally collected ₹ 1,000 as penalty for delay in payment by one of his customers (Not included in value of outward supplies mentioned above)
- (iii) The Company has paid ₹ 12,000 (Intra-State supply) as rent for hiring of a motor vehicle for the business use by one of its directors for the month of March, 20XX (Not included in value of inward supplies mentioned above). Invoice for the same dated 7th March, 20XX was received in the month of April, 20XX.
- (iv) The Company had placed an order for receiving goods (Intra-State supply) worth ₹ 1,10,000 latest by 30th March, 20XX. However, due to vehicle breakdown, the goods were delivered only on 1st April, 20XX. Invoice was received on 31st March, 20XX (Included in value of inward supplies mentioned above).

Note:

- (1) Applicable rate of CGST, SGST and IGST is 9%, 9% and 18% respectively.
- (2) Amount of inward and outward supplies stated above are exclusive of taxes.

Compute the net GST liability (CGST, SGST, IGST) of Girish Trading Private Limited for the month of March 20XX.

Answer:

Computation of net GST liability of Girish Trading Private Limited for March, 20XX

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output tax			
Intra -State supply of goods	4,50,000 [₹ 50,00,000 ×9%]	4,50,000 [₹ 50,00,000 ×9%]	
Inter -State supply of goods			3,96,000 [₹ 22,00,000 ×18%]
Penalty on delayed payment [Includible in value in terms of section 15 of the CGST Act, 2017. It has been assumed that penalty collected is inclusive of GST.]			153 [₹ 1,000 × 18/118]
Total Output Tax (A)	4,50,000	4,50,000	3,96,153
Input tax			
Intra -State purchase of goods ₹ 5,00,000 (6,10,000-1,10,000)	45,000 [₹ 5,00,000	45,000 [₹ 5,00,000	

[ITC on goods worth ₹ 1,10,000 is not available as such goods are not received in the month of May.]	×9%]	×9%]	
Inter -State purchase of goods			2,88,000 [₹ 16,00,000 ×18%]
Rent paid for hiring of a motor vehicle [ITC on renting or hiring of motor vehicles is blocked in terms of section 17 of the CGST Act, 2017.]	-	-	
Total ITC (B)	45,000	45,000	2,88,000
Net GST liability (A)-(B)	4,05,000	4,05,000	1,08,153

Note:

It has been assumed that penalty collected is in respect of inter-State sale. However, it is also possible to assume that penalty collected is in respect of intra-State sale.

2. **VERY IMPORTANT [EXEMPTION CHAPTER]** M/s P, a registered supplier of Rajasthan, has received the following amounts in respect of the activities undertaken by her during the month of March, 20XX.

S. No.	Particulars	Amount (in ₹)
1	Amount received for warehousing of jaggery.	50,000
2	Commission received as business facilitator for the services provided to the urban branch of a nationalized bank with respect to savings bank accounts	20,000
3	Amount received for services by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex	10,000
4	Amount received for acting as brand ambassador for corporate client	75,000
5	Amount received for service provided to the Indian Olympic Association as team manager of national team.	80,000

All the transactions stated above are Intra-State transactions and all amounts are exclusive of GST.

You are required to compute gross value of taxable supply on which GST is to be paid by M/s 'P' for the month of March, 20XX by giving necessary explanations for treatment of various items.

Answer:

Computation of value of taxable supply on which GST is to be paid by M/s 'P'

Particulars	Amount (₹)
Amount received for warehousing of jaggery [Exemption is withdrawn now]	50,000
Commission received as business facilitator [Services provided by a business facilitator to a banking company with respect to accounts only in its rural area branch are exempt from GST. In the given case since services are being provided to urban branch of the bank, they are taxable. However, the tax payable thereon is to be paid by the recipient of services i.e. banking company, under reverse charge. Hence, M/s P will not be liable to pay GST on commission received for said services.]	Nil
Amount received for services by way of labour contracts [Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt from GST. Since such services are being provided for repairing the residential unit, they are not eligible for exemption.]	10,000
Amount received for acting as brand ambassador for corporate client [Liable to tax as it is not specifically exempt.]	75,000
Amount received for service provided as team manager [Exempt, since services provided by a team manager to Indian Olympic Association (viz. a recognized sports body) are exempt.]	Nil
Total value of taxable supply on which GST is to be paid by M/s P	85,000

3. **[Composition Scheme]** Vansh Traders, a registered supplier, is providing restaurant services in Manipur. It has turnover of ₹ 55 lakh in the preceding financial year 2022-23. It has started providing intra-State event management services in the current financial year 2023-24 and discontinued rendering restaurant services.

With reference to the provisions of the CGST Act, 2017, examine whether Vansh Traders can opt for the composition scheme under section 10 of the CGST Act, 2017 in the current financial year?

Answer:

A registered person who is exclusively engaged in providing services other than restaurant services is not eligible for the composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.

However, Such person is eligible for the benefit of concessional payment of tax under composition scheme under sub-section (2A) of section 10 of the CGST Act, 2017 **provided his aggregate turnover in the preceding financial year does not exceed ₹ 50 lakh.**

Since Vansh Traders is engaged exclusively in supply of services other than restaurant services (viz. event management services) in the current financial year 2023-24, it is not eligible for composition scheme under sub-sections (1) and (2) of section 10 in said FY.

Further, since its aggregate turnover in the preceding financial year 2022-23 exceeds ₹ 50 lakh, it cannot opt for the composition scheme under sub-section (2A) of section 10 also in the current financial year 2023-24.

4. **[Registration Chapter]** Happy Trader, a sole proprietorship firm, started a business of dealing in supply of both exempted as well as taxable goods in Assam. Happy Trader has furnished the following details relating to the sales made for the month of April, 20XX. All amounts are exclusive of GST.

Particulars	Amount (₹)
Intra-State sale of goods chargeable with GST @ 12%	15,00,000
Intra-State sale of non-taxable goods	5,00,000
Intra-State sale of alcoholic liquor for human consumption	2,00,000
Intra-State sale of Tobacco	3,00,000

With reference to the above and provisions of CGST Act, 2017,

(i) Compute the aggregate turnover.

(ii) Examine whether Happy Trader is liable to be registered under the Act, with reasons for the same.

(iii) What is the threshold limit for taking registration in this case?

Answer:

Particulars	(₹)
Intra-State sale of goods chargeable with GST @ 12% [Aggregate turnover includes value of all outward taxable supplies.]	15,00,000
Intra-State sale of non-taxable goods [Non-taxable supply, being an exempt supply is included in aggregate turnover.]	5,00,000
Intra-State sale of alcoholic liquor for human consumption [Sale of alcoholic liquor for human consumption, being a non-taxable supply, is an exempt supply and is therefore, included in aggregate turnover.]	2,00,000
Intra-State sale of tobacco [Aggregate turnover includes value of all outward taxable supplies.]	3,00,000
Aggregate turnover	25,00,000

(ii) & (iii) Every person engaged in making a taxable supply is required to obtain registration if his aggregate turnover exceeds ₹ 20 lakh in a financial year.

An enhanced threshold limit for registration of ₹ 40 lakh is available to persons engaged exclusively in intra-State supply of goods in specified States.

However, it is not applicable in case such person is engaged in supply of tobacco.

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

5. **[E-way Bill]** Yash & Co. a manufacturer and supplier of plastic goods, is registered under GST in the state of Maharashtra. Yash & Co. sold plastic goods to a retail seller in Punjab, at a value of ₹ 43,000 (excluding GST leviable @ 18%). Now, it wants to send the consignment of such plastic goods to the retail seller in Punjab.

You are required to examine and advise Yash & Co., whether e-way bill is mandatorily required to be generated in respect of such movement of goods under GST laws?

Answer:

E-way bill is mandatorily required to be generated whenever there is a movement of goods of consignment value exceeding ₹ 50,000, inter alia, in relation to a supply.

Consignment value of goods, inter alia, includes the central tax, State/Union territory tax, integrated tax and cess charged, if any. The consignment value of goods, in the given case, will be ₹ 50,740 [₹ 43,000 + (₹ 43,000 × 18%)].

Thus, in the given case, since the movement of goods is in relation to supply of goods and the consignment value exceeds ₹ 50,000, e-way bill is mandatorily required to be generated in respect of movement of goods from Maharashtra to Punjab.

6. **[RETURN]** Answer the following individual independent cases with reference to the provisions of filing of various returns under the CGST Act, 2017 and the rules made thereunder:

- (i) While preparing the annual return for the FY 2023-24 in the month of September 2024, Mr. Rahul realized that while filing his GSTR-3B for the month of March, 2024, he has erroneously mentioned taxable turnover as ₹ 10,51,000 instead of ₹ 15,10,000.

He now wants to know whether the error can be rectified. State your views on the same, with reasons.

- (ii) **[Recent Amendment]** Mr. Vivek, whose aggregate turnover for the FY 2023-24 is ₹ 6.5 crore has forgotten to file his annual return under section 44(1) of the CGST Act, 2017, before the due date for the said year. He wants to know whether he would be subject to any penal consequences under the provisions of the CGST Act, 2017. State your views on the same with reasons.

Answer:

- (i) **[Recent Amendment]** Omission or incorrect particulars discovered in the returns filed can be rectified in the return to be filed for the tax period during which such omission or incorrect particulars are noticed, Up-to:
- (i) **30th November** following the end of the financial year
or
(ii) actual date of filing of the relevant annual return, whichever is earlier.

Since in the given case, Mr. Rahul noticed the error while preparing the annual return for FY 2023-24 in the month of September 2024, he can rectify the error so noticed.

- (ii) **Since Aggregate turnover exceeds ₹ 5 Crores but does not exceeds ₹ 20 crores in FY 2023-24**, Mr. Vivek is liable to following **late fee** for not filing annual return under section 44(1) of the CGST Act, 2017 Up-to the due date:
- (a) **₹ 50** ~~₹ 400~~ **for every day** during which such failure continues,
or
(b) **0.02%** ~~0.25%~~ **of the turnover** of the registered person in the State/Union Territory, whichever is lower.
[Equal late fee under SGST/UTGST is applicable]

7. [E-way Bill] Explain the following terms regarding e-way bill under the relevant CGST Rules:

- (i) Consolidated e-way bill in case of road transport.
- (ii) **Important**: Acceptance/rejection of e-way bill.

Answer:

(i) **Consolidated e-way bill in case of road transport**

Consolidated e-way bill (EWB) is a single document containing the details of multiple e-way bills (even with different validity periods) in respect of multiple consignments of various consignors and consignees **being transported in a single vehicle/ conveyance** generated by the transporter to carry a single document instead of carrying separate documents for each consignment in the conveyance

(ii) **Acceptance/rejection of e-way bill**

The details of the e-way bill generated shall be made available to: supplier (if registered), where the information in Part A of e-way bill is furnished by recipient/transporter, or recipient (if registered), where the information in Part A of e-way bill is furnished by supplier/transporter, who shall communicate his acceptance or rejection of the consignment covered by the e-way bill.

If such person does not communicate the acceptance/rejection **within**

- ✓ 72 **hours** from the time of the details being made available to him on the common portal **or**
- ✓ **the time of delivery of goods,**

whichever is earlier, it will be deemed that he has accepted the details.

8.

(i) [Supply under GST] Explain with reasons whether transfer of title and /or possession is necessary for a transaction to constitute supply of goods under the laws of GST.

(ii) **Important** [Tax Invoice] Explain the provisions relating to the transactions where tax invoice is not required to be issued under the CGST Act, 2017.

Answer:

(i) In terms of Schedule II of the CGST Act, 2017, for a supply to constitute the supply of goods, either the title in the goods is to be transferred immediately or the title in goods is to be transferred under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed.

Therefore, transfer in title irrespective of the transfer of possession is necessary in such cases.

(ii) The tax invoice is not required to be issued under the CGST Act, 2017 in the case of supply of goods and/or services of value less than ₹ 200 **to an unregistered recipient who does not require such invoice.**

Further, the tax invoice is also not required to be issued under the CGST Act, 2017 in the case of:-

- (a) supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,
- (b) transportation of goods for job work,
- (c) transportation of goods for reasons other than by way of supply, or
- (d) such other supplies as may be notified by the Board.

GST - PRACTICE TEST PAPER - SET 17 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE - NOV 2020 EXAM QUESTION (NEW SYL)

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **[ITC Chapter]** KNK Ltd., a registered supplier of Mumbai is a manufacturer of heavy machines. Its outwardsupplies (exclusive of GST) for the month of January, 20XX are as follows:

S.N.	Particulars	Amount (₹)
(i)	Inter-State	85,00,000
(ii)	Intra-State	15,00,000

Applicable rate of CGST, SGST and IGST on outward supply are 9%, 9% and 18% respectively. Details of GST paid on inward supplies during the month of January, 20XX are as follows:

S.N.	Particulars	CGST paid (₹)	SGST paid (₹)
(i)	Raw material A (of which 70% of inputs procured were used and 30% were in stock at the end of the January, 20XX)	60,000	60,000
(ii)	Raw material B (of which 90% material received in factory and remaining material completely damaged due to a road accident on the way to factory. There was no negligence on the part of the KNK Ltd.)	50,000	50,000
(iii)	Construction of pipelines laid outside the factory premises	30,000	30,000
(iv)	Insurance charges paid for trucks used for transportation of goods.	55,000	55,000

Additional Information:

- (i) There is no opening balance of any input tax credit and all the conditions necessary for availing the input tax credit (ITC) have been fulfilled.
- (ii) Details of GST paid on inward supplies are available in GSTR-2B except for item (i) i.e. Raw Material A, for which supplier has not filed its GSTR-1 for the month of January 20XX, hence corresponding input tax credit (ITC) is not reflecting in GSTR-2B of KNK Ltd. in Jan, 20XX.

Compute the following:

- (i) Amount of eligible input tax credit (ITC) available for the month of January, 20XX.
- (ii) Minimum net GST payable in cash, for the month of January, 20XX after using available input tax credit.

Working notes should form part of your answer.

Answer

- (i) Computation of amount of eligible ITC available for the month of January, 20XX

S. No.	Particulars	CGST (₹)	SGST (₹)
(i)	Raw materials B (90%) [Note-1]	45,000	45,000
(ii)	Construction of pipelines laid outside the factory premises [Note-2]	Nil	Nil
(iii)	Insurance charges paid for trucks used for transportation of goods [Note-3]	55,000	55,000
(iv)	Raw materials A [Note-4]	Nil	Nil
	Eligible ITC on invoices the details of which are available in GSTR-2B	1,00,000 (45,000 + 55,000)	1,00,000 (45,000 + 55,000)

Notes:

1. ITC on goods destroyed is blocked under section 17 of the CGST Act, 2017.
2. ITC on works contract services availed for construction of plant and machinery is allowed but pipelines laid outside the factory premises **are excluded** from the definition of plant and machinery and hence, ITC thereon is blocked.
3. ITC on motor vehicles used for transportation of goods is allowed. Further, ITC is also allowed on insurance services relating to motor vehicles, ITC on which is allowed.
4. **Where invoice has not been uploaded by the supplier in its GSTR-1, ITC cannot be availed by recipient.**

(ii) Computation of minimum net GST payable in cash for the month of January, 20XX

Particulars	Value (₹)	CGST @9% (₹)	SGST @9% (₹)	IGST @18% (₹)
Inter-State outward supplies	85,00,000			15,30,000
Intra-State outward supplies	15,00,000	1,35,000	1,35,000	
Total output tax payable		1,35,000	1,35,000	15,30,000
Less: Set off of CGST and SGST credit against CGST and SGST liability respectively		<u>(1,00,000)</u>	<u>(1,00,000)</u>	
Minimum net GST payable incash		35,000	35,000	15,30,000

2. **[IMPORTANT] VALUE OF SUPPLY** - Following are the particulars, relating to one of the machine sold by SQM Ltd. to ACD Ltd. in the month of February 20XX at list price of ₹ 9,50,000 (exclusive of taxes and discount).

Further, following additional amounts have been charged from ACD Ltd:

S. No.	Particulars	Amount (₹)
(i)	Municipal taxes chargeable on the machine	45,000
(ii)	Outward freight charges (Contract was to deliver machine at ACD Ltd.'s factory i.e. F.O.R. contract)	65,000

Additional information:

- (i) SQM Ltd. normally gives an interest-free credit period of 30 days for payment, after that it charges interest @ 1% p.m. or part thereof on list price.
ACD Ltd. paid for the supply after 45 days, but SQM Ltd. waived the interest payable.
- (ii) SQM Ltd. received ₹ 50,000 as subsidy, from one non-government organization (NGO) on sale of such machine. **This subsidy was not linked to the price of machine and also not considered in list price of ₹ 9,50,000.**
- (iii) ACD Ltd. deducted discount of ₹ 15,000 **at the time of final payment**, which was not as per agreement.
- (iv) SQM Ltd. collected ₹ 9,500 as TCS (tax collected at source) under the provisions of the Income Tax Act, 1961.

Compute the value of taxable supply as per the provision of GST laws, considering that the price is the sole consideration for the supply and both parties are unrelated to each other.

Note: Correct legal provision should form part of your answer.

Answer**Computation of Value of taxable supply**

S. No.	Particulars	Amount (₹)
	List price (exclusive of taxes and discount)	9,50,000
(i)	Municipal taxes [Note-1]	45,000
(ii)	Outward freight charges [Note-2]	65,000
	Value of taxable supply	10,60,000

Notes:

- Tax other than GST, if charged separately, are includible in the value in terms of section 15.
 - Since contract is to deliver machine at buyer's factory, it is a composite supply wherein the freight charges will be added to the value of principal supply of machine.
 - Value of supply includes interest charged for delayed payment. However, since the interest on delayed payment has been waived off, the same has not been added to the value.
 - Subsidy provided by non-Government bodies is includible in the value in terms of section 15 **provided the same is directly linked to the price.** Since subsidy received from NGO is not directly linked to the price of the machine, the same has not been added to the value.
 - Since the discount was not known or agreed to at the time of supply of goods to the buyers, such discount cannot be reduced from the price, in terms of section 15.
 - TCS is not includible in the value of supply as it is an interim levy not having the character of tax.
3. **[Reverse Charge]** In the following independent cases, decide, who is liable to pay GST, if any. You may assume that recipient is located in the taxable territory. Ignore the aggregate turnover and exemption available.

Mr. Kamal Jain, an unregistered famous author, received ₹ 20 lakh of consideration from PQR Publications Ltd. for supply of services by way of temporary transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works of his new book.

Answer

Supply of services by an author by way of transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works to a publisher located in the taxable territory is taxable under reverse charge mechanism.

Thus, in the given case, the recipient of service, i.e. PQR Publications Ltd. is liable to pay GST.

The tax can be paid by the author under forward charge if the author is a registered person. **Since in the given case, the author is an unregistered person, the said option is not available to him.**

4. **[Important] REGISTRATION CHAPTER** - BBD Pvt. Ltd. of Gujarat exclusively manufactures and sells product 'Z' which is exempt from GST vide notifications issued under relevant GST legislations. The company sells 'Z' only within Gujarat and is not registered under GST laws. The turnover of the company in the previous year 2022-23 was ₹ 50 lakh. The company expects the sales to grow by 10% in the current year 2023-24.

However, effective 01.01.2024, exemption available on 'Z' was withdrawn by the Central Government and GST@ 5% was imposed thereon. The turnover of the company for the 9 months ended on 31.12.2023 was ₹ 42 lakh.

BBD Pvt. Ltd. is of the opinion that it is not required to get registered under GST for current financial year 2023-24.

Examine the above scenario and advise BBD Pvt. Ltd. whether it needs to get registered under GST or not.

Answer

For a supplier exclusively engaged in intra-State supply of goods, the threshold limit of turnover to obtain registration in the State of Gujarat is ₹ 40 lakh. However, a person exclusively engaged in the business of supplying goods and/or services that are not liable to tax or are wholly exempt from tax is not liable to registration.

Therefore, since BBD Pvt. Ltd. was engaged exclusively in supplying exempted goods till 31.12.2023, it was not required to be registered till that day; though voluntary registration was allowed.

The position, however, will change from 01.01.2024 as the supply of goods become taxable from that day and the turnover of BBD Pvt. Ltd. is more than ₹ 40 lakh. Since the aggregate turnover limit of ₹ 40 lakh includes exempt turnover also, turnover of 'Z' till 31.12.2023 will be considered for determining the threshold limit even though the same was exempt from GST.

Therefore, BBD Pvt. Ltd. needs to register within 30 days from 01.01.2024.

5. **[E-way Bill]** "It is mandatory to furnish the details of conveyance in Part-B of E-way Bill." **Comment on the validity of the above statement with reference to provisions of E-Way Bill under CGST Rules, 2017.**

Answer

The given statement is partially valid.

An e-way bill is valid for movement of goods by road only when the information in Part-B – which includes details of conveyance - is furnished.

However, the details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of up-to 50 km within the State/Union territory:

- (a) from the place of business of the consignor to the place of business of the transporter for further transportation or
 - (b) from the place of business of the transporter finally to the place of business of the consignee.
6. **[Return chapter]** "In Form GSTR-1, submission of invoice-wise details of outward supplies is mandatory for all kind of invoices issued during the tax period."

Comment on the validity of the above statement with reference to GST laws.

Answer

The said statement is not valid.

In respect of following outward supplies, consolidated details and not invoice-wise details are required to be uploaded in the GSTR-1:

- (a) Intra-State supplies made to unregistered persons for each rate of tax
 - (b) Inter-State supplies made to unregistered persons with invoice value up-to ₹ 2,50,000 for each rate of tax separately for each State.
7. **IMPORTANT [Payment of Tax Chapter]** Who can impose restrictions on utilization of input tax credit (ITC) available in the electronic credit ledger and under what circumstances can restrictions be imposed under the CGST Rules 2017?

Answer [RULE 86A]

The Commissioner or an officer (not below the rank of an Assistant Commissioner) authorised by him has been empowered to impose restrictions on utilization of ITC available in the electronic credit ledger.

The restrictions can be imposed under the CGST Rules, 2017 in the following circumstances:

- (i) ITC has been availed on the basis of tax invoices/valid documents -
 - issued by a non-existent supplier or by a person not conducting any business from the registered place of business; or
 - without receipt of goods and/or services; or
 - the tax in relation to which has not been paid to the Government.

- (ii) Registered person availing ITC has been found non-existent or not to be conducting any business from the registered place of business; or
- (iii) Registered person availing ITC is not in possession of tax invoice/valid document.

8. **[Payment of Tax Chapter]** Explain the order of discharge of tax and other dues as per the provisions of Section 49(8) of the CGST Act, 2017.

Answer

The order of discharge of tax and other dues as per provisions of Section 49(8) of the CGST Act, 2017 is as under:-

- (a) self-assessed tax and other dues related to returns for the previous tax periods should be discharged first.
- (b) the self-assessed tax and other dues for the current period should be discharged next.
- (c) Lastly, any other amount payable including demand determined under section 73 or section 74 should be discharged.

9. **[Supply Chapter]** With reference to provisions of the CGST Act, 2017 discuss in brief, when "Importation of services" is to be considered as supply and when it is not to be considered as supply.

Answer

Importation of services for a consideration whether or not in the course or furtherance of business is to be considered as supply.

Importation of services by a person without consideration is deemed as supply provided the following two conditions are satisfied:-

- (a) such import is from related person or from his establishments located outside India, and
- (b) such import is in the course or furtherance of business.

In case any or both of the above two conditions is/are not satisfied, the import of services without consideration shall not be deemed as supply.

GST - PRACTICE TEST PAPER - SET 18 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE - NOV 2020 EXAM QUESTION (OLD SYL)

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **[Very Important] EXEMPTION** - Anand Trust, Kolkata is registered under section 12AB of the Income Tax Act, 1961. It has provided following particulars relating to the activities carried out by it for the month of March, 20XX.

Particulars	Amount (₹)
Donation received against display of name of a city based school in annual religious book published by the Trust	5,00,000
Receipts from sale of food in Anand food court, located in the Trust premises	2,00,000
Refundable deposit of ₹ 2,00,000 and annual fees of ₹ 1,00,000 received from restaurants (located in West Bengal) using brand name and logo of Anand Food Court	3,00,000
Donation received for Pooja organized in Trust premises on occasion of 'Shivratri'	1,00,000
Receipts from Skill Development Program for Senior Citizens (aged more than 65 years) residing in Kolkata	4,00,000
Amount received for activities relating to preservation of Tigers in Sunderbans, West Bengal	3,00,000
Letting out of precincts of a religious place owned by the Trust in Kolkata (Rent ₹ 10,000 per day)	2,00,000

From the given information, you are required to calculate the value of taxable supply.

Answer:

Computation of value of taxable supply

Particulars	Amount (₹)
Donation received against publishing the name of a school in annual religious publication of the Trust [Being a non-charitable activity, the service provided by the Trust is not eligible for exemption from GST.]	5,00,000
Receipts from sale of food in food court in the premises of the Trust [Being a non-charitable activity, the service provided by the Trust is not eligible for exemption from GST.]	2,00,000
Annual fees received from restaurants for use of brand name and logo of food court [Being a non-charitable activity, the service provided by the Trust is not eligible for exemption from GST. However, deposit being refundable in nature cannot be construed as consideration.]	1,00,000
Donation received for pooja organized in Trust premises on occasion of 'Shivratri' [Services of conduct of a religious ceremony are exempt from GST.]	Nil
Receipts from skill development program for senior citizens (aged more than 65 years) residing in Kolkata [Skill development program conducted by the Trust for persons over the age of 65 years is not a charitable activity since such persons are not residing in rural area, but in an urban area (Kolkata). Being a non-charitable activity, said service provided by the Trust is not eligible for exemption from GST.]	4,00,000
Amount received for activities relating to preservation of Tigers in Sunderbans, West Bengal	Nil

[Being a charitable activity of preservation of wildlife, the service provided by the Trust is eligible for exemption from GST.]	
Letting out of precincts of religious place owned by the Trust in Kolkata [Renting of precincts of a religious place meant for general public owned by a charitable trust is exempt only when the rent is less than ₹ 10,000 per day . Since the rent is ₹ 10,000 per day, the same is not eligible for exemption.]	2,00,000
Total value of taxable supply	14,00,000

2. **[IMPORTANT]** Guru Enterprises (Delhi), a registered taxpayer, made a taxable supply to Y Ltd. (Delhi). The value related details of the said supply are as follows:

Particulars	Amount(₹)
Price of goods (does not include any tax or discounts)	10,00,000
Tax levied by the Municipal Authority	10,000
Subsidy received from Jiva Enterprises Pvt Ltd. (The price above is after consideration of such subsidy amounts)	1,00,000
Amount incurred by Y Ltd. for post delivery inspection. (Charges incurred post receipt of goods by Y Ltd.)	5,000

In respect of the above supply, Guru enterprises had procured some raw material from X Ltd., for which it owed ₹ 25,000. The said amount was directly paid by Y Ltd. to X Ltd. and is not included in the price of goods mentioned above.

The payment of consideration for the said supply was delayed by Y Ltd. and hence an interest amount of ₹ 20,000 (inclusive of GST) was also charged by Guru Enterprises.

The applicable tax rate on such supply is as follows CGST @ 6%, -SGST@6% and IGST@ 12%.

You are required to determine the taxable value as well as the applicable tax liability for the said transaction.

Answer

Computation of taxable value and tax liability

Particulars	Amount (₹)
Price of goods (exclusive of tax and discounts)	10,00,000
Add: Tax levied by Municipal Authority [Tax other than GST, if charged separately, are includible in the value in terms of section 15.]	10,000
Add: Subsidy received from Jiva Enterprises Pvt. Ltd. [Subsidy provided by non-Government bodies and which is directly linked to the price is includible in the value in terms of section 15.]	1,00,000
Add: Post-delivery inspection charges [As per section 15, anything done by the supplier in respect of the supply of goods after the delivery of goods is not includible in value.]	-
Add: Amount directly paid by Y Ltd. to X Ltd. [Liability of the supplier, in relation to the supply being valued, if discharged by the recipient of supply and not included in the price, is includible in the value in terms of section 15.]	25,000
Add: Interest [Interest for delayed payment of consideration is includible in the value in terms of section 15. It has been presumed that interest is inclusive of GST ₹ 20,000 x 100/112 (rounded off).]	17,857
Value of taxable supply	11,52,857
CGST @ 6%	69,171
SGST @ 6%	69,171

3. **Important:** ABC Ltd., is a contractor executing works contract service, situated in Tamil Nadu. It entered into an agreement with XYZ Ltd. (another registered person in Tamil Nadu) to provide works contract services in various States in South India. The precise location details were to be shared later. In this regard, ABC Ltd. received an advance of ₹ 1 Crore (including GST).

You are to advise ABC Ltd. whether:

- (A) ABC Ltd. is liable to pay GST on such advance amount.
 (B) Whether the tax liability is to be paid as CGST + SGST or IGST
 (C) What would be the tax rate at which such tax liability is to be paid?

Answer

- (A) Supply includes inter alia all forms of supply made **or agreed to be made**. Thus, advance payment for a supply agreed to be made is liable to tax.

In case of services, the time of supply is issue of invoice or receipt of payment, whichever is earlier.

Therefore, in the given case, ABC Ltd. will be required to pay tax on advance of ₹ 1 crore at the time of receipt of advance.

- (B) Where at the time of receipt of advance, nature of supply is not determinable, the same is treated as inter-State supply and thus, IGST is charged thereon.

- (C) Where at the time of receipt of advance, rate of tax is not determinable, tax is paid at the rate of 18%.

4. **[ITC chapter]** Seven Wonders Pvt Ltd., a registered supplier, is involved in manufacturing of taxable goods. Following information has been provided by the company pertaining to GST paid on purchases made/input services availed by it during the month of January, 20XX.

Particulars	Amount (₹)
Raw Material (To be received in February, 20XX)	2,00,000
Capital Goods (Invoice missing for one out of 5 items and GST paid on the same was ₹ 70,000)	5,00,000
GST paid on free samples distributed	6,000
Trucks used for transportation of raw materials	1,50,000
GST paid on health insurance policies (Not under statutory obligation)	80,000

It may be assumed that all the other necessary conditions for availing input tax credit have been complied with.

Determine the amount of input tax credit that can be availed by Seven Wonders Pvt. Ltd., in the month of January, 20XX.

Answer

Particulars	(₹)
Raw material [Since the raw material is not received in January, 20XX, ITC in respect of the same cannot be availed in January, 20XX.]	-
Capital goods ITC can be availed only on the basis of a valid document. Thus, ITC in respect of the item for which the invoice is missing cannot be availed.]	4,30,000
GST paid on free samples distributed [ITC on goods written off or disposed of by way of free samples is blocked under section 17 of the CGST Act.]	-
Trucks used for transportation of raw materials [ITC on motor vehicles used for transportation of goods is allowed unconditionally.]	1,50,000
GST paid on health insurance policies [ITC on health insurance taken for employees is allowed only when there is a statutory obligation on the employer to provide the same.]	-
ITC that can be availed in the month of January 20XX	5,80,000

5. **[ITC chapter]** Examine eligibility of input tax credit in the following cases in accordance with GST laws:
- (i) Repairs and maintenance of tempos used by XYZ Limited for transportation of finished goods.
 - (ii) Company procuring health insurance services for benefit of its employees (Procurement of health insurance is mandatory under Factories Act, 1948).
 - (iii) Supply of outdoor catering services at the Annual General Meeting of ABC Ltd.
 - (iv) Luxury motor vehicle (seating capacity of 5 persons) bought by XYZ Ltd. (engaged in soap manufacturing business) for its directors.
 - (v) Motor Vehicle used by courier agency for transportation of courier consignments.

Answer

- (i) ITC on motor vehicles used for transportation of goods is allowed. Further, ITC is allowed on repair and maintenance services relating to motor vehicles, ITC on which is allowed.

Therefore, repairs and maintenance of tempos used by XYZ Limited for transportation of finished goods **is eligible for ITC.**

- (ii) ITC on health insurance services is allowed only when such services are provided by an employer to its employees under a statutory obligation.

Since in the given case, procurement of health insurance is mandatory under the Factories Act, 1948, health insurance service procured by the company for benefit of its employees **is eligible for ITC.**

- (iii) **ITC on catering services is allowed only when such services are**

- (i) used by a registered person for making outward catering supply or as an element of a taxable composite or mixed supply, or
- (ii) provided by an employer to its employees under a statutory obligation.

In view of the above, outdoor catering service supplied at the Annual General Meeting of ABC Ltd. **is not eligible for ITC.**

- (iv) ITC on motor vehicles for transportation of persons with seating capacity of up to 13 persons (including driver), can be availed only if the taxable person is in the business of transportation of passengers or is providing the services of imparting training on driving such motor vehicles or is in the business of supply of such motor vehicles.

In view of the above, luxury motor vehicle of seating capacity of 5 persons bought by XYZ Ltd. for its directors **is not eligible for ITC** as XYZ Ltd. is engaged in manufacturing business.

- (v) ITC on motor vehicles is allowed when such motor vehicle is used for transportation of goods.

Therefore, motor vehicle used by courier agency for transportation of courier consignments **is eligible for ITC.**

6. **[Registration chapter]** The aggregate turnover of X Ltd. in Delhi exceeds the applicable threshold limit for registration on 1st December. The application for registration is submitted on 20th December. Registration certificate is granted on January 1. Determine the effective date of registration along with reasoning.

Answer

Where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

Since X Ltd. applied for registration within 30 days of becoming liable to registration, the effective date of registration is 1st December.

7. **[Registration chapter]** M/s Sonu is an agent undertaking supply of goods on behalf of another taxable person i.e. Mr. Ghanshyam. The turnover of M/s Sonu does not exceed the applicable threshold limit. Is M/s Sonu required to obtain registration under GST? Explain in brief.

Answer

A person who makes taxable supply of goods on behalf of other taxable persons whether as an agent or otherwise is mandatorily required to obtain registration irrespective of the quantum of the aggregate turnover.

Therefore, in the given case, M/s Sonu is mandatorily required to obtain registration irrespective of the fact that its turnover does not exceed the applicable threshold limit.

8. **Very Important [Tax Invoice]** Briefly discuss the following with reference to GST law:

- (i) Revised Tax Invoice-
- (ii) Bill of Supply
- (iii) Receipt Voucher
- (iv) Payment Voucher
- (v) Refund Voucher

Answer

- (i) A registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him may, issue a revised tax invoice against the invoices already issued during said period, within 1 month from the date of issuance of certificate of registration in prescribed manner.
- (ii) A registered person supplying exempted goods and/or services or paying tax under composition levy, shall issue in prescribed manner, a bill of supply instead of a tax invoice, containing prescribed particulars.
- (iii) A registered person shall, on receipt of advance payment with respect to any supply of goods and/or services, issue a receipt voucher or any other document, containing prescribed particulars, evidencing receipt of such payment.
- (iv) A registered person who is liable to pay tax under reverse charge under section 9(3)/(4) of the CGST Act shall issue a payment voucher at the time of making payment to the supplier.
- (v) Where, on receipt of advance payment with respect to any supply of goods and/or services the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment.

9. **Recent Amendment [Return Chapter]** Briefly discuss GSTR-5 return

Solution

A registered non-resident taxable person is required to file a simplified monthly tax return in Form GSTR-5 for every calendar month or part thereof incorporating the details of its outward supplies and inward supplies.

GSTR-5 should be furnished **within 13 days** after the end of the calendar month or within 7 days after the last day of validity period of the registration, **whichever is earlier**.

10. **[Return Chapter]** Briefly discuss Final Return under GST. Mention persons who are not required to file annual return under GST.

Solution

Every registered person who is required to furnish return u/s 39(1) and whose registration has been surrendered or cancelled is required to file a final return electronically in prescribed form **within 3 months of the:**

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

Following persons are not required to file the annual return:

- (i) Casual taxable persons
- (ii) Non- resident taxable person
- (iii) Input service distributors
- (iv) Persons authorized to deduct/collect tax at source under section 51/52 of the CGST Act and
- (v) Person supplying OIDAR services from outside India to unregistered persons in India **or Person supplying online money gaming from outside India to persons in India**

GST - PRACTICE TEST PAPER - SET 19 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – RTP NOV 2020 EXAM
[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. [Very Important] PTL Pvt. Ltd. is a retail store of merchandise located in 25 States and/or UTs in the country. For the purpose of clearance of stock of merchandise and to attract consumers, PTL Pvt. Ltd. launched scheme of “Buy One Get One Free” for the same type of merchandise, for instance, one shirt to be given free with purchase of one shirt. For saving cost, PTL Pvt. Ltd. directly purchases merchandise from the manufacturers.

In the month of May, in order to save employee cost, PTL Pvt. Ltd. purchased a tempo traveller worth ₹ 12,00,000 with seating capacity of 25 persons (including driver) for transportation of its employees.

Further, for ensuring the well-being of its employees, PTL Pvt. Ltd. voluntarily obtained the health insurance cover of ₹ 2,00,000 for each employee in the same month. The premium of ₹ 1,500 per employee has been paid by the company for 100 employees.

In the month of July, Mr. Raghav, a customer of the company, filed a law suit in the Court, against the company for not supplying goods of the value of ₹ 1,00,000. PTL Pvt Ltd. engaged Mr. Ram, an advocate, to represent it in Court for an agreed consideration of ₹ 25,000. As per the terms of the contract, Mr. Ram issued an invoice on 5th July. However, consideration was not paid till February next year.

Note - All the amounts given above are excluding taxes and all transactions are intra- State transactions. Rates of tax are CGST - 9% and SGST – 9%. However, for tempo traveller, the rates of taxes are CGST - 14% and SGST – 14%.

In relation to the above, answer the following questions:

- (i) With respect to “Buy One, Get One” offer, which of the following statements is true:
- (a) It will not be considered as supply at all since no consideration is involved in one of the items.
 - (b) Supply of item for which consideration is charged is a supply under section 7 of the CGST Act, 2017 while supply of the other item supplied free of cost is not a supply.
 - (c) These are two individual supplies where a single price is charged for the entire supply. Since a single price is charged, the same will always be taxed as a mixed supply.
 - (d) These are two individual supplies where a single price is charged for the entire supply. Their taxability will depend upon as to whether the supply is a composite supply or a mixed supply.
- (ii) Eligible input tax credit for the month of May (i) on the purchase of tempo traveller and (ii) on health insurance premium paid (assuming that all other conditions, for availing input tax credit have been complied with) is:
- (a) (i) CGST - Nil, SGST - Nil and (ii) CGST - Nil, SGST - Nil
 - (b) (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - Nil, SGST - Nil
 - (c) (i) CGST - Nil, SGST - Nil and (ii) CGST - ₹ 18,000, SGST - ₹ 18,000
 - (d) (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - ₹ 18,000, SGST - ₹ 18,000

- (iii) Which of the following statements is true in respect of the services of advocate availed by the company?
- (a) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by PTL Pvt Ltd. ITC availed thereon is to be added to its output tax liability with interest as consideration along with tax is not paid within 180 days of the issuance of invoice.
 - (b) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by Mr. Ram. ITC availed thereon is to be added to output tax liability of PTL Pvt Ltd. with interest as consideration along with tax is not paid within 180 days of the issuance of invoice.
 - (c) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by PTL Pvt. Ltd. The condition of payment of consideration along with tax within 180 days of the issuance of invoice does not apply in the given case.
 - (d) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by Mr. Ram. The condition of payment of consideration along with tax within 180 days of the issuance of invoice does not apply in the given case.
2. During the month of May, Z Ltd. sold goods to Y Ltd. for ₹ 2,55,000 and charged GST @ 18%. However, owing to some defect in the goods, Y Ltd. returned the goods by issuing debit note of ₹ 40,000 in the same month. Z Ltd. records the return of goods by issuing a credit note of ₹ 40,000 plus GST in the same month. In this situation, GST liability of Z Ltd. for the month of May will be-
- (a) ₹ 45,900
 - (b) ₹ 38,700
 - (c) ₹ 53,100
 - (d) ₹ 40,000
3. [Important] C & Co., a registered supplier in Delhi, opted for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017. It sold goods in the fourth quarter of a financial year for ₹ 15,00,000 (exclusive of GST). The applicable GST rate on these goods is 12%.
- C & Co. purchased goods from Ramesh & Co., registered in Delhi, for ₹ 9,55,000 on which Ramesh & Co. had charged CGST of ₹ 57,300 and SGST of ₹ 57,300. C & Co. had also purchased goods from E & Co., registered in Haryana, for ₹ 2,46,000 on which E & Co. had charged IGST of ₹ 29,520.
- GST liability of C & Co. for the fourth quarter of the financial year is-
- (a) CGST ₹ 7,500 & SGST ₹ 7,500
 - (b) CGST ₹ 3,180 & SGST ₹ 32,700
 - (c) CGST ₹ 32,700 & SGST ₹ 3,180
 - (d) Nil
- [SATC Hint: Composition Rate is 0.5% CGST & 0.5% SGST; ITC not available]
4. Mr. Raghu avails services of Mr. Raja, an Accountant, as under-
- (i) Audit of financial accounts ₹ 55,000
 - (ii) Tax audit and annual filing ₹ 10,000
 - (iii) Income-tax return filing of Mr. Raghu's wife ₹ 5,000
- All the above amounts are exclusive of taxes and the applicable rate of GST on these services is 18%. The accountant of Mr. Raghu has booked the entire expenses of ₹ 70,000 plus GST in the books of account. Mr. Raghu is eligible to take input tax credit of -
- (a) ₹ 13,500
 - (b) ₹ 11,700
 - (c) ₹ 9,900
 - (d) ₹ 1,800
5. TT Pvt. Ltd., registered in Rajasthan, furnished following information for the month of June:
- (i) Inter-State sale of goods for ₹ 1,25,000 to JJ Enterprises registered in Haryana
 - (ii) Inter-State purchases of goods from XYZ company, registered in Punjab, for ₹ 40,000
 - (iii) Intra-State purchases of goods from RR Traders, registered in Rajasthan, for ₹ 65,000

The applicable rate of GST is 18%. All the above amounts are exclusive of taxes.

GST liability payable in cash is-

- (a) CGST ₹ 1,800 & SGST ₹ 1,800
- (b) SGST ₹ 3,600
- (c) IGST ₹ 3,600
- (d) CGST ₹ 3,600

6. **[Important]** Pradeep Traders, registered in Haryana, sold goods for ₹ 2,05,000 to Balram Pvt. Ltd. registered in Uttar Pradesh (GST is leviable @ 5% on said goods). **As per the terms of sales contract, Pradeep Traders has to deliver the goods at the factory of Balram Pvt. Ltd.** For this purpose, Pradeep Traders has charged freight of ₹ 2,400 from Balram Pvt. Ltd. GST is leviable @ 12% on freight. What would be the net GST liability to be paid in cash in this case assuming that the amounts given herein are exclusive of GST?
- (a) IGST-₹ 37,332
 - (b) IGST-₹ 10,370
 - (c) CGST-₹ 18,666 and SGST-₹ 18,666
 - (d) CGST-₹ 5,185 and SGST-₹ 5,185
- [SATC hint: (2,05,000 + 2,400) x 5% since it is a composite supply]**
7. Prem & Sons had taken GST registration on 1st January but failed to furnish GST returns for the next 6 months. Owing to this, the proper officer cancelled its registration on 25th July and served the order for cancellation of registration on 31st July. Now, Prem & Sons wants to revoke the cancellation of registration. Prem & Sons can file an application for revocation of cancellation of registration on or before.
- (a) 30th August
 - (b) 29th August
 - (c) 29th September
 - (d) 29th October
8. XX, registered in Delhi, purchased books from PC Traders, registered in Uttar Pradesh. Books are exempt from GST. XX arranged the transport of these books from a goods transport agency (GTA) which charged a freight of ₹ 9,000 for the same. GST is payable @ 5% on such GTA services. **GTA has not opted to pay GST under forward charge mechanism.** Which of the following statement is correct in the given context:
- (a) GST of ₹ 450 is payable by XX on reverse charge basis.
 - (b) Supply of goods and supply of GTA service is a composite supply wherein supply of goods is the principal supply and since principal supply is an exempt supply, no tax is payable on freight.
 - (c) Since exempt goods are being transported, service provided by GTA for transporting the same is also exempt.
 - (d) GST of ₹ 450 is payable by the GTA.
9. Kalim & Associates made an application for cancellation of GST registration in the month of March due to closure of its business. Its application for cancellation of GST registration was approved on 14th September. In the given case, Kalim & Associates is:
- (a) required to file Final Return on or before 13th December
 - (b) not required to file Final Return
 - (c) required to file Final Return on or before 30th September
 - (d) required to file Final Return on or before 14th December

1.
 - (i) (d)
 - (ii) (b)
 - (iii) (c)
2. (b)
3. (a)
4. (b)
5. (c)
6. (b)
7. (a)
8. (a)
9. (d)

10. [IMPORTANT]

- (a) **[ITC Chapter - Section 18]** Babla & Bros. is exclusively engaged in making exempt supply of goods and is thus, not registered under GST. On 1st October, the exemption available on its goods gets withdrawn. On that day, the turnover of Babla & Bros. was ₹ 50 lakh.

Examine the eligibility of Babla & Bros. for availing ITC, if any.

- (b) **[ITC Chapter - Section 18]** Mamta Sales trades in exempt goods and provides taxable services. It is registered under GST. On 1st October, the exemption available on its goods gets withdrawn. Analyze the scenario and determine the eligibility of Mamta Sales for availing ITC, if any, on inputs and/or capital goods used in the supply of exempt goods.

Solution:

- (a) Since the exemption available on goods being supplied by Babla & Bros. is withdrawn, it becomes liable to registration as its turnover has crossed the threshold limit (for registration) on the day when the exemption is withdrawn.

Assuming that Babla & Bros. applies for registration within 30 days of 1st October and it obtains such registration, it will be entitled to take credit of input tax **in respect of inputs** held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which it becomes liable to pay tax, i.e. 30th September [Section 18(1)(a) of the CGST Act, 2017].

Input tax paid on capital goods will not be available as input tax credit in this case.

- (b) If the exempt supply made by a registered person becomes a taxable supply, provisions of section 18(1)(d) of the CGST Act, 2017 become applicable. In the given case, since Mamta Sales is a registered person, section 18(1)(d) will be applicable.

As per section 18(1)(d), Mamta Sales will be entitled to take credit of input tax **in respect of inputs** held in stock and inputs contained in semi-finished or finished goods held in stock relating to such exempt supply and **on capital goods** exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable, i.e. 30th September.

Input tax credit on capital goods will be reduced by 5% per quarter or part thereof from the date of invoice.

- 11. [Payment of Tax]** Suhasini is a registered software consultant. On account of her ill health, she could not provide any services during the month of October. However, she had to incur all the expenses relating to her office. She paid ₹ 75,000 to various vendors. Total GST involved on the goods and services procured by her is ₹ 13,500. Out of the total bills paid by her, one bill for ₹ 15,000 relates to security services availed for security of her office, tax on which is payable under reverse charge. GST involved in such bill is ₹ 2,700.

Suhasini is of the opinion that for the month of October, no GST is payable from electronic cash ledger as she has sufficient balance of ITC for payment of GST under reverse charge on security services.

Do you think Suhasini is right? Explain with reasons.

Solution:

The amount available in the electronic credit ledger, i.e. input tax credit may be used for making any payment towards output tax. Output tax, in relation to a taxable person, means the tax chargeable on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis.

Therefore, input tax credit cannot be used to pay the tax liability under reverse charge. The same is always required to be paid through electronic cash ledger and not electronic credit ledger.

Thus, Suhasini is wrong and she should pay GST of ₹ 2,700 on security service through electronic cash ledger.

12. [Important] Supply under GST + Payment of Tax + ITC - 'XY' of Kolkata is engaged in supply of various goods and services. It pays GST under regular scheme. The following information is provided by it for the month of July:

Payments	Amount (₹)	Receipts	Amount (₹)
Inter-State purchases of office stationery	1,40,000	Inter-State supply of office stationery	2,00,000
Repairing of lorry used to transport goods from warehouse to clients' location [Intra-State supply]	1,00,000	Intra-State supply of 500 combi packs containing one calculator and one diary	4,00,000
		Intra-State supply of services of business correspondent to Shubhvidhi Bank with respect to accounts in its urban area branch	1,00,000

The following additional information is provided by 'XY' in relation to the above receipts and payments:

- (i) 10% of the inter-State supply of office stationery are made to unregistered persons.
- (ii) Each combi pack (containing a calculator and a diary) is priced at ₹ 800. The calculator and the diary are individually priced at ₹ 700 and ₹ 200 respectively.
- (iii) An invoice of ₹ 40,000 towards purchase of office stationery is missing and no other tax paying document is available in respect of such goods.
- (iv) All the figures mentioned above are exclusive of taxes, wherever applicable.
- (v) Rates of CGST, SGST and IGST for all services, office stationery and calculator are 9%, 9% and 18% respectively. Rates of CGST, SGST and IGST for diary are 14%, 14% and 28% respectively.
- (vi) Subject to the information given above, all the necessary conditions for availing input tax credit have been fulfilled.

Details of opening balances of input tax credit as on 1st July is given hereunder:

Tax	Amount (₹)
CGST	5,000
SGST	5,000
IGST	80,000

Compute the minimum net GST [CGST, SGST or IGST, as the case may be] payable in cash by 'XY' for the month of July.

Solution:

Computation of minimum net GST payable in cash by 'XY' for the month of July

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Total tax liability				
Inter-State supply of stationery [Note 1]	2,00,000			36,000
Intra-State supply of 500 combi packs of calculators and diaries [Note-2]	4,00,000 (500 x 800)	56,000 (4,00,000 x 14%)	56,000 (4,00,000 x 14%)	
Intra-State supply of services of business correspondent to a Shubhvidhi Bank with respect to accounts in its urban area branch [Note-3]	1,00,000	9,000 (1,00,000 x 9%)	9,000 (1,00,000 x 9%)	

Total tax liability		65,000	65,000	36,000
Input tax credit (ITC)				
Brought forward ITC		5,000	5,000	80,000
Inter-State purchase of office stationery [Note-4]	1,00,000			18,000
Intra-State repairing of lorry used for transportation of goods [Note-5]	1,00,000	9,000	9,000	
Total ITC		14,000	14,000	98,000
Minimum net GST payable in cash				
Total tax liability		65,000	65,000	36,000
IGST credit being set off against IGST liability				(36,000)
IGST credit being used to pay CGST and SGST liability in any order and in any proportion		(11,000)	(51,000)	
CGST and SGST credit being used to pay CGST and SGST liability respectively		(14,000) CGST	(14,000) SGST	
Minimum net GST payable in cash		40,000	Nil	Nil

Notes:-

1. Taxable supplies made by a registered person are liable to tax irrespective of whether they are made to a registered person or to an unregistered person.
2. Supply of calculator and diary as a combi pack with a single price of ₹ 800 is a mixed supply. Being a mixed supply comprising of two supplies, **it shall be treated as supply of that particular supply which attracts highest rate of tax.**
3. Services provided by a business facilitator/ business correspondent to a banking company only with respect to accounts in its **rural area branch are exempt** and not with respect to accounts in its urban area branch.
4. ITC can be taken only on the basis of a valid tax paying document. Thus, ITC will not be available on goods for which the invoice is missing.
5. ITC on motor vehicles used for transportation of goods is allowed. Further, ITC is allowed on repair and maintenance services relating to motor vehicles, ITC on which is allowed.

Note: IGST credit, after being set off against IGST liability, can be utilised against CGST and SGST liability in any order and in any proportion. Thus, there cannot be one answer for the minimum net CGST and SGST payable in cash as the amount of CGST and SGST liabilities are the same as also the amount of ITC for CGST and SGST is also the same.

- 13. [EXEMPTION]** Mutiservices Private Ltd., registered in Punjab, is engaged in supplying a variety of services. Its turnover was ₹ 35 lakh in the preceding financial year. It has provided the following information for the month of April:

Particulars	Amount (₹)
Fee for the coaching provided to students for competitive exams. The coaching centre is run by Mutiservices Private Ltd. in Punjab (Intra-State transaction)	6,24,000
Receipts for services provided in relation to conduct of examination in Pureit University, Delhi (providing education recognized by Indian law), being an inter-State transaction	19,200
Amount received for transportation of students and faculty from their residence to Lotus Public School - a higher secondary school – and back (Intra-State transaction)	24,000
Amount received for providing the security and housekeeping services in Dhaani Public School – a pre-school (Intra-State transaction)	36,000

Note: Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively. All the amounts given above are exclusive of taxes.

Compute the total GST liability of Multiservices Private Ltd. for the month of April.

Solution:**Computation of net GST liability of Multiservices Private Ltd. for the month of April:**

Particulars	Value of Taxable supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Fee for the coaching provided to students for competitive exams [Note-1]	6,24,000	56,160	56,160	
Services towards conduct of examination in Pureit University, Delhi [Note-2]	NIL			-
Services of transportation of students and faculty from their residence to Lotus Public School and back [Note-3]	NIL			-
Security and housekeeping services in Dhaani Public School [Note-4]	NIL	-	-	
Total GST liability		56,160	56,160	

Notes:-

- Coaching centre run by Mutiservices Private Ltd. is **not an educational institution** since competitive exam coaching does not lead to grant of a qualification recognized by law. Therefore, fee received for coaching provided at such coaching centre is taxable.
 - Since Pureit University provides qualification recognized by law, it is an educational institution and services provided to an educational institution, in relation to conduct of examination by such institution **are exempt from GST.**
 - Since Lotus Public School provides education up to higher secondary school, it is an educational institution and services of transportation of students, faculty and staff provided to an educational institution **are exempt.**
 - Since Dhaani Public School provides pre-school education, it is an educational institution. Security and housekeeping services provided within the premises of an educational institution **are exempt.**
- 14. [RETURN] The due date for payment of tax by a person paying tax under section 10 of the CGST Act, 2017, i.e. a composition supplier is aligned with the due date of return to be filed by the said person. Discuss the correctness or otherwise of the statement.**

Solution:

The statement is not correct. Every registered person paying tax under section 10, i.e. a composition supplier, is required to file a return annually in Form GSTR-4. Form GSTR-4 for a financial year should be furnished by 30th April of the succeeding financial year. **However, a composition supplier is required to pay his tax on a quarterly basis.**

A quarterly statement for payment of self-assessed tax in **GST CMP-08** is required to be furnished by 18th day of the month succeeding such quarter.

Therefore, while the return is to be **furnished annually**, payment of tax needs to be made on a **quarterly basis**, by a composition supplier.

GST - PRACTICE TEST PAPER - SET 20 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – RTP MAY 2020 EXAM
[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **[REVERSE CHARGE] IMPORTANT:** Mr. Vicky Frankyn, an unregistered famous author, received ₹ 3 crore of consideration from Shiv Bhawan Publications (SBP) located in Indore for supply of services by way of temporary transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works of his new book. He finished his work & made available the book to the publisher, but has yet not raised the invoice.

Mr. Vicky Frankyn is of the view that SBP is liable to pay tax under reverse charge on services provided by him. SBP does not concur with his view and is not ready to deposit the tax under any circumstances.

Examine whether the view of Mr. Vicky Frankyn is correct. Further, if the view of Mr. Vicky Frankyn is correct, what is the recourse available with Mr. Vicky Frankyn to comply with the requirements of GST law as SBP has completely refused to deposit the tax.

Solution:

Yes, the view of Mr. Vicky Frankyn is correct. GST is payable under reverse charge in case of supply of services by an author by way of transfer/permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary work to a publisher located in the taxable territory in terms of reverse charge Notification No. 13/2017 CT(R) dated 28.06.2017. Therefore, in the given case, person liable to pay tax is the publisher – SBP.

However, since SBP has completely refused to deposit the tax on the given transaction, Mr. Vicky Frankyn **has an option to pay tax under forward charge on the same**. For the purpose, he needs to fulfill the following conditions:

- (i) since he is unregistered, he has to first take registration under the CGST Act, 2017
 - (ii) he needs to file a declaration, in the prescribed form, that he exercises the option to pay CGST on the said service under forward charge in accordance with section 9(1) of the CGST Act and to comply with all the provisions as they apply to a person liable for paying the tax in relation to the supply of any goods and/or services and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option;
 - (iii) he has to make a declaration on the invoice, which he would issue to SBP, in prescribed form.
2. **[CHARGE OF GST]** - Chanchal started providing beauty and grooming services and inaugurated "Care & Care Beauty Centre" in Janak Puri, Delhi on 01st April, 20XX. She opted to pay **composition tax under section 10(2A)** in the said financial year.

The aggregate turnover of Care & Care Beauty Centre for the quarter ending 30th June, 20XX was ₹ 20 lakh. Further, for the half year ending 30th September, 20XX, the turnover reached ₹ 50 lakh. Care & Care Beauty Centre recorded a rapid growth and the turnover reached ₹ 70 lakh by the end of October, 20XX.

Determine the total tax liability of Care & Care Beauty Centre by the end of October, 20XX.

[Repetitive in Nature, can be ignored at the time of revision]

Solution:

Section 10(2A) provides an option to a registered person to pay **maximum CGST @ 3%** [Effective rate 6% (CGST+ SGST/ UTGST)] on first supplies of goods and/or services upto an aggregate turnover of ₹ 50 lakh made on/after 1st April in any financial year, subject to specified conditions.

It is clarified in the notification that first supplies of goods or services or both shall, for the purposes of determining eligibility of a person to pay tax under this notification, include the supplies from 1st April of a FY to the date from which he becomes liable for registration under the said Act, but for the purpose of determination of tax payable under this notification, shall not include the supplies from the first day of April of a financial year to the date from which he becomes liable for registration under the Act.

Thus, Care & Care Beauty Centre is eligible to pay tax under this notification upto the turnover of ₹ 50 lakh. The total tax payable by it is as under:-

Period	Tax Rate	Turnover (₹)	Tax liability (₹)
I Quarter	Since turnover did not exceed ₹ 20 lakh, it was not required to obtain registration. Hence, no tax was required to be paid	20 Lakh	Nil
II Quarter	Effective rate is 6% (CGST+ SGST/ UTGST] Under Section 10(2A).	30 Lakh [(50-20) lakh]	1,80,000
For the month of October, 20XX	Normal rate of GST of 18% is to be applied	20 lakh [(70-50) Lakh]	3,60,000
Total tax payable			5,40,000

3. **[SUPPLY]** - The temple of ancestral deity of Mr. Aman goel and his family is located at Beri, Haryana. The temple is run by a charitable organisation registered under section 12AB of the Income Tax Act, 1961. The family has got unshakeable faith in their ancestral deity. Mr. Aman is a big entrepreneur having flourishing business of tiles in Gurugram. Upon the birth of their first child, he donated ₹ 10 lakh to the said temple for construction of a sitting hall in the temple. On the main door of the sitting hall, a name plate was placed stating “Donated by Mr. Aman Goel upon birth of his first child”.

You are required to examine the levability of GST on the donation received from Mr. Aman Goel?

[Repetitive in Nature, can be ignored at the time of revision]

Solution:

GST Circular has clarified that when the name of the donor is displayed in the religious institution premises, by placing a name plate or similar such acknowledgement, which can be said to be an expression of gratitude and public recognition of donor’s act of philanthropy and is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, then it can be said that there is no supply of service for a consideration (in the form of donation). There is no obligation (quid pro quo) on part of recipient of the donation or gift to do anything (supply a service). Therefore, there is no GST liability on such consideration.

In the given case, there is no reference or mention of any business activity of the donor which otherwise would have got advertised. Thus, since the gift or donation is made to a charitable organization, the payment has the character of gift or donation and the purpose is philanthropic (i.e., it leads to no commercial gain) and not advertisement, hence GST is not leviable.

4. **AMENDED [EXEMPTION]** Holiday Guest House, situated at Shimla, provides boarding & lodging services to tourists at economical cost. The charges of a single deluxe room per day are ₹ 900. Mr. X has booked one deluxe room for two days during Christmas holidays. You are required to determine whether GST is payable by Holiday Guest House on the above booking.

Solution:

Exemption is now withdrawn in respect of Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having value of supply of a unit of accommodation **below or equal to ₹ 1,000 per day** or equivalent.

Thus, GST is **now payable** by Holiday Guest House on the booking done by Mr. X irrespective.

5. **AMENDED [EXEMPTION]** M/s Damodar Ltd. provides services by way of storage of seasonal fruits and vegetables in Bhatinda, Punjab. The monthly rental for a godown is ₹ 15,000. Examine whether GST is payable by M/s Damodar Ltd.

Solution:

Services by way of storage/ warehousing of **cereals, pulses, fruits and vegetables** have been exempted from GST under an exemption notification under GST.

Thus, no GST is payable on the services provided by M/s Damodar Ltd. by way of storage of seasonal fruits and vegetables in Bhatinda, Punjab.

6. **New Amendment [REGISTRATION]** M/s Siya Ram is a trader of decorative items in Hauz Khas, Delhi. His aggregate turnover exceeded ₹ 20 lakh in the month of October, 20XX. He applied for registration on GST portal, but missed to submit the details of his bank account. His tax consultant advised him that prior submission of bank details is mandatory to obtain registration. Examine whether the advice of Mr. Siya Ram's tax consultant is correct.

Solution:

The advice of Mr. Siya Ram's consultant that prior submission of bank details is mandatory to obtain registration is no more valid in law.

Rule 10A of the CGST Rules, 2017 allows the registered person to furnish information with respect to details of bank account, or any other information, as may be required on the common portal in order to comply with any other provision, soon after obtaining certificate of registration and a GSTIN, but within a period of 30 days from the date of grant of registration, or before furnishing the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using invoice furnishing facility, whichever is earlier,

This relaxation is however not available for those who have been granted registration as TDS deductor/ TCS collector or who have obtained suo-motu registration.

7. **VERY IMPORTANT [RETURN]** - Mr. Gauri Shiva, a registered person in Punjab, supplies goods taxable @ 12% [CGST @ 6%, SGST @ 6% & IGST @ 12%] in the States of Punjab and Haryana. He has furnished the following details in relation to independent supplies made by him in the quarter ending June, 20XX:-

Supply	Recipient	Nature of supply	Value (₹)
1	Mr. A, a registered person	Inter-State	2,20,000
2	Mr. B, a registered person	Inter-State	2,55,000
3	Mr. C, an unregistered person	Intra -State	1,80,000
4	Mr. D, an unregistered person	Intra-State	2,60,000
5	Mr. M, an unregistered person	Inter-State	3,00,000
6	Mr. N, an unregistered person	Inter-State	50,000
7	Mr. O, an unregistered person	Inter-State	2,50,000
8	Mr. P, an unregistered person	Inter-State	2,80,000
9	Mr. Q, a registered person	Intra-State	1,50,000
10	Mr. R, a registered person	Intra-State	4,10,000

The aggregate annual turnover of Mr. Gauri Shiva in the preceding financial year was ₹ 1.20 crore. With reference to rule 59 of the CGST Rules, 2017, discuss the manner in which the details of above supplies are required to be furnished in GSTR-1.

Solution:

Rule 59 of the CGST Rules, 2017, inter alia, stipulates that the details of outward supplies of goods and/or services furnished in form GSTR-1 shall include the—

(a) invoice wise details of all –

- (i) inter-State and intra-State supplies made to the registered persons; and
- (ii) inter-State supplies with invoice value more than two and a half lakh rupees made to the unregistered persons;

(b) consolidated details of all –

- (i) intra-State supplies made to unregistered persons for each rate of tax; and
- (ii) State wise inter-State supplies with invoice value upto ₹ 250,000 made to unregistered persons for each rate of tax;

Thus, in view of the above-mentioned provisions, Mr. Gauri Shiva should furnish the details of outward supplies of goods made by him during the quarter ending June 20XX in the following manner:-

Supply	Recipient	Nature of supply	Value (₹)	Manner of furnishing details
1	Mr. A, a registered person	Inter-State	2,20,000	Invoice-wise details
2	Mr. B, a registered person	Inter-State	2,55,000	Invoice-wise details
3	Mr. C, an unregistered person	Intra-State	1,80,000	Consolidated details of supplies 3 and 4
4	Mr. D, an unregistered person	Intra-State	2,60,000	
5	Mr. M, an unregistered person	Inter-State	3,00,000	Invoice-wise details
6	Mr. N, an unregistered person	Inter-State	50,000	Consolidated details of supplies 6 and 7
7	Mr. O, an unregistered person	Inter-State	2,50,000	
8	Mr. P, an unregistered person	Inter-State	2,80,000	Invoice-wise details
9	Mr. Q, a registered person	Intra-State	1,50,000	Invoice-wise details
10	Mr. R, a registered person	Intra-State	4,10,000	Invoice-wise details

8. **[E-WAY BILL]** - Discuss the correctness of the following statements:-

- (i) Once generated, an e-way bill cannot be cancelled.
- (ii) E-way bill generated in one State is valid in another State.

Solution:

- (i) **The said statement is partially correct.** Where an e-way bill has been generated, but goods are either not transported at all or are not transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal within 24 hours of generation of the e-way bill.

However, an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B of the CGST Rules, 2017.

- (ii) **The said statement is correct.** The e-way bill generated under Goods and Services Tax Rules of any State or Union territory shall be valid in every State and Union territory.

9. **[PAYMENT OF TAX]** - Mr. Ram Narayan, a registered supplier under GST, wants to first discharge his self-assessed tax liability for the current period before settling the dues for the previous tax period. Examine briefly whether he can do so?

Solution:

As per Section 49(8) of the CGST Act, 2017, the liability of a taxable person has to be discharged in a chronological order as under:-

- (a) self-assessed tax and other dues for the previous tax periods have to be discharged first;
- (b) the self-assessed tax and other dues for the current period have to be discharged next;
- (c) Once these two steps are exhausted, thereafter any other amount payable including demand determined under section 73 or section 74 of the CGST Act, 2017 to be discharged. In other words, the liability if any, arising out of demand notice and adjudication proceedings comes last.

This sequence has to be mandatorily followed.

Thus, in view of the above-mentioned provisions, Mr. Ram Narayan cannot discharge his self-assessed tax liability for the current period before settling the dues for the previous tax period.

10. **[Important]** Mr. Mandeep, a registered dealer, is doing building material business in the State of Assam. He availed architect services for his business from his friend in London free of cost. He also availed designing services from his brother (dependent) in London for ₹ 5 Lakhs for his personal purposes.

He availed services which are liable to tax under reverse charge for which date of invoice was 01.09.20XX, payment date as per his books of account and as per his bank account was 15.11.20XX and 18.11.20XX respectively.

His turnover for the current financial year is as follows:

Taxable supply of goods – ₹ 55 Lakhs Exempt supply of goods – ₹ 16 Lakhs

Inward supply liable to tax under reverse charge – ₹ 8 Lakh

He intends to start providing services also from the next financial year and also to avail composition scheme. He also wishes to make supplies to the Government.

Based on the information given above, choose the most appropriate answer for the following questions:-

- A. In respect of services imported by Mr. Mandeep, which of the following is a correct statement?
- (i) Architect services for his business from his friend in London free of cost is considered as a supply
 - (ii) Designing services from his brother in London for ₹ 5 Lakh for his personal purposes is considered as a supply.
 - (iii) Architect services for his business from his friend in London free of cost is not considered as a supply
 - (iv) Designing services from his brother in London for ₹ 5 Lakh for his personal purposes is not considered as a supply.
- (a) i & ii
(b) i & iv
(c) **ii & iii (answer)**
(d) iii & iv
- B. The time of supply of services, received by him and taxable under reverse charge, is
- (a) 01.09.20XX
(b) **01.11.20XX (answer)**
(c) 15.11.20XX
(d) 18.11.20XX
- C. Aggregate turnover of Mr. Mandeep for the given financial year will be,
- (a) ₹ 63 Lakhs
(b) ₹ 79 Lakhs
(c) **₹ 71 Lakhs (answer)**
(d) ₹ 47 Lakhs
11. In case he supplies services to State Government by way of any activity in relation to any function entrusted to a Municipality under Article 243W of the Constitution, in the next financial year, which of the following will be exempt?
- (i) Pure Services
 - (ii) Composite supply of goods and services in which value of supply of goods constitutes not more than 25% of value of said composite supply
 - (iii) Composite supply of goods and services in which value of supply of service constitutes not more than 25% of value of said composite supply
- (a) i & iii
(b) ii & iii
(c) i, ii & iii
(d) **i & ii (answer)**

12. ABC Ltd. is a registered pharmaceutical company. The company invented one drug for instant cure of cancer. They supplied free samples of this medicine to various doctors. What will be the tax treatment of these free samples under GST?
- (a) ABC Ltd. is liable to pay tax on supply of free samples and eligible to claim input tax credit.
 (b) ABC Ltd. is not liable to pay tax on supply of free samples but eligible to claim input tax credit.
 (c) **ABC Ltd. is neither liable to pay tax on supply of free samples nor eligible to claim input tax credit. (answer)**
 (d) ABC Ltd. is liable to pay tax on supply of free samples but not eligible to claim input tax credit.
13. Kala Niketan School is an educational institution providing pre-school education and education up to higher secondary school. Which of the following services are exempt if provided to Kala Niketan School?
- (i) Transportation of students, faculty and staff
 (ii) Catering services
 (iii) Cleaning services performed in such educational institution
- (a) (i)
 (b) (i) and (iii)
 (c) (ii) and (iii)
 (d) **(i), (ii) and (iii) (answer)**
14. Which of the following service is not exempt under GST?
- (a) Loading and unloading of paddy
 (b) Loading and unloading of sugarcane
 (c) **Loading and unloading of tea bags (answer)**
 (d) Loading and unloading of potato
15. Which of the following is not covered under Schedule III of CGST Act, 2017?
- (a) Director's monthly salary under employment agreement
 (b) Sitting fees to independent directors for attending AGMs
 (c) Payment to employee for providing broking services to the employer for purchase of commercial property. Such services do not form part of the employment contract entered into by the employer with the employee.
 (d) **Both (b) and (c) (answer)**
16. Calculate the amount of eligible input tax credit-

S. No.	Particulars	GST paid (₹)
1.	A Mini bus having seating capacity of 15 persons (including driver) used for running on hire	15,00,000
2.	Car having seating capacity of 8 people used for business purposes	1,00,00,000
3.	Car having seating capacity of 4 persons used for imparting training on driving such car	50,00,000
4.	Special purpose vehicle having seating capacity of 2 persons used for transportation of goods	60,00,000

- (a) ₹2,25,00,000/-
 (b) ₹2,10,00,000/-
 (c) **₹ 1,25,00,000/- (answer)**
 (d) ₹ 75,00,000/-
17. Mr. Avishkar is a painter registered under GST in Delhi. He sends his artwork for exhibition in Mumbai. At what point of time, supply is considered to have been made under GST?
- (a) When painting is completed.
 (b) When painting is sent for exhibition in Mumbai.
 (c) When painting is displayed at the exhibition in Mumbai.
 (d) **When painting is purchased by one of the visitors in the exhibition. (answer)**

GST - PRACTICE TEST PAPER - SET 21 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – MTP NOV 2020 EXAM
[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **[Payment of Tax]** Mr. Harihar, a supplier of goods, pays GST under regular scheme. He has made the following outward taxable supplies in a tax period:

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

He has also furnished the following information in respect of purchases made by him in that tax period:

Particulars	(₹)
Intra-State purchases of goods	3,00,000
Inter-State purchases of goods	2,50,000

Mr. Harihar has following ITCs with him at the beginning of the tax period:

Particulars	(₹)
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 the ITC have been fulfilled.

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

Solution:

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 cash ledger

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total GST (₹)
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]	(38,000) IGST	(3,000) IGST	(1,44,000) IGST	1,85,000 IGST
	(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.

2. **[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. (ii), (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.

Solution:

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

3. Modern Security Co. provides service of testing of electronic devices. In one case, it tested a batch of devices on 4th and 5th September but could not raise invoice till 19th November because of some dispute about the condition of the devices on return. The payment was made in December.

What is the method to fix the time of supply of the service?

Solution:

The time of supply of services, if the invoice is not issued in time, is the date of payment or the date of provision of service, whichever is earlier [Section 13(2)(b)]. In this case, the service is provided on 5th September but not invoiced within the prescribed time limit. Therefore, 5th September, the date of provision of service, being earlier than the date of payment, will be the time of supply.

4. **[Registration]** Examine whether the supplier is liable to get registered in the following independent cases:-
- Happy Ltd. of Himachal Pradesh is exclusively engaged in intra-State supply of pan masala. It's aggregate turnover in the current financial year is ₹ 24 lakh.
 - Akki Ltd. of Assam is exclusively engaged in intra-State supply of taxable services. It's aggregate turnover in the current financial year is ₹ 25 lakh.
 - Aaru Ltd. of Assam is engaged in intra-State supply of both taxable goods and services. It's aggregate turnover in the current financial year is ₹ 30 lakh.

Solution:

As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit.

The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:-

- ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- ₹ 20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- ₹ 40 lakh for rest of India.

However, the higher threshold limit of ₹ 40 lakh is not available to persons engaged in making supplies of fly ash bricks/blocks, building bricks, bricks of fossil meals, earthen/roofing tiles, ice cream and other edible ice, whether or not containing cocoa, Pan masalas and Tobacco and manufactured tobacco substitutes.

The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:-

- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the rest of India.

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

- (i) Happy Ltd. 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, Happy Ltd. is liable to get registered under GST.
 - (ii) Though Akki Ltd. is dealing in Assam, it is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusive supply of goods while it is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is ₹ 20 lakh and hence, Akki Ltd. is liable to get registered under GST.
 - (iii) Since Aaru Ltd. is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in this case is ₹ 20 lakh. Thus, Aaru Ltd. is liable to get registered under GST as its turnover is more than the threshold limit.
5. **[Payment of Tax]** Angira Ltd. is a supplier of taxable goods in Karnataka. It got registered under GST in the month of September, 20XX and wishes to pay its IGST liability for the month. Since it is making the GST payment for the first time, it is of the view that it needs to mandatorily has the online banking facility to make payment of GST; offline payment is not permitted under GST. You are required to apprise Angira Ltd. regarding the various modes of deposit in the electronic cash ledger. Further, advise it with regard to following issues:
- (a) Are manual challans allowed under GST?
 - (b) What is the validity period of the challan?

Solution:

As per the provisions of CGST Act, 2017 read with relevant rules, the deposit in electronic cash ledger can be made through any of the following modes, namely:-

- (i) Internet Banking through authorised banks;
- (ii) **Unified Payment Interface (UPI) from any bank;**
- (iii) **Immediate Payment Services (IMPS) from any bank;**
- (iv) Credit card or Debit card through the authorised bank;
- (v) National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or
- (vi) Over the Counter payment through authorised banks for deposits **up to ten thousand rupees per challan per tax period**, by cash, cheque or demand draft.

Thus, offline mode is also permitted under GST subject to specified conditions.

- (a) Manual or physical Challans are not allowed under the GST regime. **It is mandatory to generate Challans online on the GST Portal.**
 - (b) Challan is valid for a period of 15 days.
6. Explain the meaning of the term "recipient of supply of goods and/or services" under the CGST Act, 2017.

Solution:

Recipient of supply of goods or services or both, means-

- (i) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
- (ii) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
- (iii) where no consideration is payable for the supply of a service, the person to whom the service is rendered, and

any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply, and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied.

7. **[Tax Invoice]** List out the situations in which a Credit note/Debit note may be issued under the CGST Act, 2017.

Solution:**Credit note is required to be issued by the Supplier:-**

- (i) If taxable value charged in the tax invoice is found to exceed the taxable value in respect of supply of goods and/or services, or
- (ii) If tax charged in the tax invoice is found to exceed the tax payable in respect of supply of goods and/or services, or
- (iii) if goods supplied are returned by the recipient, or
- (iv) if goods and/or services supplied are found to be deficient.

Debit note is required to be issued by the Supplier:-

- (i) if taxable value charged in the tax invoice is found to be less than the taxable value in respect of supply of goods and/or services or
- (ii) if tax charged in the tax invoice is found to be less than the tax payable in respect of supply of goods and/or services.
- (iii) if excess supply is made.

8. **[Exemption & Value of Supply]** M/s. Nanco Bank Limited, a Scheduled Commercial Bank has furnished the following details for the month of August, 20XX:

Particulars	Amount ₹ in Crores (excluding GST)
Extended Housing Loan to its customers	100
Processing fees collected from its customers on sanction of loan	20
Interest received on housing loan extended by the bank	25
Minimum balance charges collected from current account and saving account holder	01

Compute the value of taxable supply. Give reasons with suitable assumptions.

Solution:**Computation of value of taxable supply of M/s. Nanco Bank Limited for the month of August, 20XX**

Particulars	Amount in crores (₹)
Housing loan extended to customers [Since money does not constitute goods, extending housing loan is not a supply.]	Nil
Processing fee collected on sanction of loan [Interest does not include processing fee on sanction of the loan. Hence, the same is taxable.]	20
Interest received on housing loan [Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax.]	Nil
Minimum balance charges collected from current account and saving account holder [Any charges collected over and above interest on loan, advance or deposit are not exempt.]	01
Value of taxable supply	21

GST - PRACTICE TEST PAPER - SET 22 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – MTP MAY 2020 EXAM
[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **[Important]** Ms. Riya is a multi-faceted business personality. She is registered under GST from April, 20XX.

She supplied a package consisting of stapler, calculator and charger at a single price of ₹ 300/. Rate of GST for stapler, calculator and charger is 5%, 12% and 18% respectively.

She wants to opt for composition levy.

She received following payments during the month of May, 20XX:

- earned ₹ 160,000 by performing in western music in a cultural event at a Resort
- earned ₹ 50,000 by providing services by way of renting of residential dwelling for use as boutique.
- received ₹ 70,000 by way of rent for letting of agro machinery

Ms. Riya made a supply during June, 20XX, details of which are as follows:-

- Basic price of the product – ₹ 45,000
- Tax collected at source under Income-tax Act, 1961 – ₹ 2,500
- She received a subsidy of ₹ 3,500 from Green Foundation Pvt. Ltd for usage of green energy and the **subsidy was linked to saving energy**

Ms. Riya provides the following information regarding receipt of inward supply during July, 20XX:

- received invoice for goods having GST Component of ₹ 30,000. Goods were to be delivered in 5 lots, out of which three lots were received in the current month.
- purchased a car having GST component of ₹ 1,50,000 for the usage in a driving school owned by her
- availed health insurance service for her employees on her own and paid GST of ₹ 7,000 thereon

Transactions referred above are intra-State only. Conditions necessary for claiming input tax credit (ITC) have been fulfilled subject to the information given above.

From the information given above, choose the most appropriate answer for the following questions:-

- (i) What would be the nature of supply and the applicable rate of GST for the supply of package made by Ms. Riya (when not registered under composition scheme) :-
- (a) composite Supply & applicable rate 12%
 - (b) mixed Supply & applicable rate 18%
 - (c) composite Supply & applicable rate 18%
 - (d) mixed Supply & applicable rate 12%
- (ii) Ms. Riya can opt for composition scheme if she does not undertake the supply of
- (i) Aerated water
 - (ii) Tobacco
 - (iii) Pan masala
 - (iv) Milk
- (a) i & ii
 - (b) iii & iv
 - (c) i, ii & iii
 - (d) ii, iii & iv
- (iii) Out of payments received by Ms. Riya in month of May 20XX, exempt Supply amounts to _____
- (a) ₹ 50,000
 - (b) ₹ 70,000
 - (c) ₹ 1,20,000
 - (d) ₹ 1,60,000

- (iv) In respect of supply made by Ms. Riya in June 20XX, the value of supply under section 15 of CGST Act, 2017 is
- ₹ 45,000
 - ₹ 47,500
 - ₹ 48,500
 - ₹ 51,000
- (v) Eligible amount of input tax credit that can be claimed by Ms. Riya in the month of July 20XX is,
- ₹ 30,000
 - ₹ 37,000
 - ₹ 1,50,000
 - ₹ 1,57,000
2. Which of the following services received without consideration for business use amount to supply?
- Import of services by a person in India from his son well-settled in Australia
 - Import of services by a person in India from his brother well-settled in Canada
 - Import of services by a person in India from his brother (wholly dependent on such person in India) in France
 - Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia
- 1), 3) and 4)
 - 2), 3) and 4)
 - 2) and 3)
 - 1) and 2)
3. Balaji Ltd. has provided following information for the month of April:
- | | |
|--|---------------|
| (a) Intra-State outward supply | ₹ 8,00,000/- |
| (b) Inter-State exempt outward supply | ₹ 5,00,000/- |
| (c) Turnover of exported goods | ₹ 10,00,000/- |
| (d) Payment made for availing GTA services | ₹ 80,000/- |
- Calculate the aggregate turnover of Balaji Ltd. as per Section 2(6) of the CGST Act, 2017
- ₹ 8,00,000/-
 - ₹ 23,80,000/-
 - ₹ 23,00,000/-
 - ₹ 18,00,000/-
4. Alcoholic liquor for human consumption is subjected to
- State excise duty
 - Central Sales Tax/Value Added Tax
 - Both (a) and (b)
 - GST

Answer Key

- (b)
 - (c)
 - (b)
 - (a) [SATC Hint: Subsidy is not related to price of goods]
 - (c)
- (a)
- (c)
- (c)

5. **[Payment of Tax]** Mr. Charlie, a registered supplier of goods at Bhatinda who pays GST under regular scheme, has made the following transactions (exclusive of tax) during April 20XX:

Source	Purchases (₹)	Sales (₹)	Tax Rate
Rajasthan	5,00,000	10,00,000	18%
Punjab	2,50,000	8,00,000	9% each for SGST & CGST
Total	7,50,000	18,00,000	

He has complied with all the conditions for availing the input tax credit (ITC) and has the following ITC credit on 01-04-20XX:

Source	CGST (₹)	SGST (₹)	IGST (₹)
Taxes	50,000	30,000	1,00,000

Compute the minimum net CGST, SGST and IGST payable by Mr. Charlie during April 20XX in cash?

Solution:

Computation of net CGST, SGST and IGST payable in cash by Mr. Charlie during April, 20XX

Particulars	Amount (₹)	CGST @9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Sales made outside Bhatinda (Rajasthan) – [Being inter-State sale, the same is liable to IGST.]	10,00,000			1,80,000
Sales made in Punjab	8,00,000	72,000	72,000	
Total GST payable		72,000	72,000	1,80,000
ITC available during April 20XX for set off [Refer Working Note Below]		72,500	52,500	1,90,000
Less: Set off of IGST ITC against IGST and SGST tax liability respectively			(10,000) IGST	(1,80,000) IGST
Less: Set off of CGST ITC against CGST tax liability		(72,000) CGST		
Less: Set off of SGST ITC against SGST tax liability			(52,500) SGST	
Net tax liability payable in cash		Nil	9,500	Nil
Net ITC available		500	Nil	Nil

Working Note

ITC available during April, 20XX is computed as under:-

Particulars	Amount (₹)	CGST @9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening balance of ITC		50,000	30,000	1,00,000
Purchases from Rajasthan [Being inter-State purchase, IGST would have been paid on it.]	5,00,000			90,000
Purchases from Punjab	2,50,000	22,500	22,500	
Total input tax credit		72,500	52,500	1,90,000

Note: Since sufficient balance of ITC of CGST is available for paying CGST liability and cross- utilization of ITC of CGST and SGST is not allowed, ITC of IGST has been used to pay SGST (after paying IGST liability) to minimize cash outflow.

6. **[Value of Supply]** Kaashi Ltd. supplies machinery to Alisha Ltd. (Dealer in same State), provides following particulars regarding the same. Determine the value of taxable supply of machinery.

S. No.	Particulars	Amount (₹)
(i)	Price of Machinery (exclusive of taxes and discounts)	5,50,000
(ii)	One part is directly fitted in machinery at place of Alisha Ltd. (amount paid by Alisha Ltd. directly to supplier, as per contract this amount should be paid by Kaashi Ltd. and not included in price)	20,000
(iii)	Installation and testing charges for machinery, not included in price	25,000
(iv)	Discount 2% on machinery price (recorded in the invoice)	
(v)	Kaashi Ltd. provides additional 1% discount at year end, based on additional purchase of other machinery (discount is not linked to the relevant invoice and proportionate ITC has not been reversed by Alisha Ltd.)	

Solution:

S. No.	Particulars	Amount (₹)
(i)	Price of machinery (exclusive of taxes and discounts)	5,50,000
(ii)	Add: Amount paid by Alisha Ltd. directly to the supplier for a part fitted in the machinery [Note-1]	20,000
(iii)	Add: Installation and testing charges [Note-2]	25,000
(iv)	Less: Discount 2% on machinery price [₹ 5,50,000 x 2%] [Note-3]	(11,000)
(v)	Less: Additional 1% discount at year end [Note-4]	Nil
	Value of taxable supply	5,84,000

Notes:**As per section 15 of CGST Act, 2017**

- Any amount that the supplier is liable to pay in relation to a supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods shall be included in the value of supply.
 - Any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of supply.
 - Since discount is given at the time of supply of machinery and recorded in the invoice, the value of the supply shall not include such discount.
 - Though the additional discount is established before or at the time of supply, it shall not be excluded from the value of supply as the same is not linked to the relevant invoice and proportionate ITC has not been reversed by Alisha Ltd.
7. **[Exemption]** “Richmond kidz” is a Play School located in Delhi. Richmond Kids has outsourced the catering services for supply of food and drink in the canteen of Play School to Ashoka Caterers, Delhi for a consideration of ₹ 8,00,000 per annum.

Examine whether supply of food and drink/catering services from Ashoka Caterers to “Richmond kidz” is exempt from GST.

Solution:

Services provided to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent, by way of catering is exempt from GST vide exemption notification under GST.

Thus, in the given case, services provided by Ashoka Caterers to Richmond Kidz are exempt from GST.

8. **[Exemption]** Balaji Hospital, a clinical establishment located in Tirupati, is specialised in cardiac treatment. The hospital has its own canteen – Healthy Foods. The canteen serves the food and drink to the in-patients as advised by the doctors/nutritionists of the hospital. Apart from this, other patients (who are not admitted) or attendants or visitors of the in-patients also take food and drink from the canteen.

Examine whether supply of food and drink/catering services to the in-patients and other patients (who are not admitted) or attendants or visitors of the in-patients is exempt from GST.

Solution:

Services by way of health care services provided by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST vide exemption Notification under GST. In this regard, CBIC has clarified that food supplied by the hospital canteen to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare services and is not separately taxable. **Thus, it is exempt from GST.**

However, other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable.

In view of the same, GST is exempt on the food supplied by Healthy Foods to the inpatients as advised by doctors/nutritionists while other supplies of food by it to patients (not admitted) or attendants/visitors of the in-patients is taxable.

9. **[Registration]** Determine the effective date of registration in following cases:

- (i) Apsara Teleservices is an architect in Lucknow. Its aggregate turnover exceeds ₹ 20 lakh on 25th October. It submits the application for registration on 27th November. Registration certificate is granted to it on 5th December.
- (ii) The aggregate turnover of Prink Footwear Industries of Delhi has exceeded the applicable threshold limit of ₹ 40 lakh on 1st September. It submits the application for registration on 20th September. Registration certificate is granted to it on 25th September.

Solution:

- (i) Every supplier becomes liable to registration if his turnover exceeds the applicable threshold limit in a financial year. Since in the given case, the turnover of Apsara Teleservices exceeds the applicable threshold limit [₹ 20 lakh] on 25th October, it becomes liable to registration on said date.

Further, since the application for registration has been submitted after 30 days from the date such person becomes liable to registration, the registration shall be effective from the date of grant of registration.

Therefore, the effective date of registration is 5th December.

- (ii) Every supplier becomes liable to registration if his turnover exceeds the applicable threshold limit [₹ 40 lakh in this case] in a financial year. Since in the given case, the turnover of Prink Industries exceeded ₹ 40 lakh on 1st September, it becomes liable to registration on said date.

Further, since the application for registration has been submitted within 30 days from such date, the registration shall be effective from the date on which the person becomes liable to registration.

Therefore, the effective date of registration is 1st September.

10. **[ITC]** Advise regarding availability of input tax credit (ITC) under the CGST Act, 2017 in the following independent cases:-

- (i) Maharaja Electronics Ltd., a manufacturing company purchased three trucks for transportation of its finished goods from the factory to dealers located in various locations within the country.
- (ii) Grow ever Handloom Pvt. Ltd. availed outdoor catering service to run a canteen in its factory. The Factories Act, 1948 requires the company to set up a canteen in its factory.

Solution:

- (i) Section 17(5) of the CGST Act, 2017, inter alia, blocks input tax credit in respect of motor vehicles for transportation of persons with certain exceptions. **However, ITC on motor vehicles for transportation of goods is allowed unconditionally.**

Therefore, ITC on trucks purchased by Maharaja Electronics Ltd for transportation of its finished goods from the factory to dealers located in various locations within the country is allowed.

- (ii) Section 17(5) of the CGST Act, 2017 inter alia, blocks input tax credit in respect of outdoor catering services. **However, ITC is available on such services, when the same are provided by an employer to its employees under a statutory obligation.**

Thus, in view of the above- mentioned provisions, Grow ever Handlooms Pvt. Ltd. can avail ITC in respect of outdoor catering services availed by it as the same is being provided under a statutory obligation.

11. **[Tax Invoice]** Examine the following independent cases of supply of goods and services and determine the time of issue of invoice under each of the cases as per the provisions of CGST Act, 2017:

- (i) Radha Krishna Enterprises, Vrindavan entered into a contract with Shyam Enterprises, Surat for supply of goods on 31st October, 20XX. The goods were removed from the factory at Vrindavan on 11th October, 20XX. As per the agreement, the goods were to be delivered by 31st October, 20XX. Shyam Enterprises has received the goods on 14th October, 20XX.
- (ii) Celebration Ltd, an event management company, has provided its services for an event at Star Film Agencies, Mumbai on 5th June, 20XX. Payment for the event was made on 19th June, 20XX.

Solution:

- (i) A registered person supplying taxable goods shall issue a tax invoice, before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods.

Therefore, in the given case, invoice has to be issued on or before, 11th October 20XX (the time of removal of goods).

- (ii) A registered person [other than an insurer/banking company/financial institution, including an NBFC] supplying taxable services shall issue a tax invoice before or after the provision of service, but within a period of 30 days from the date of supply of service.

Thus, in the given case, invoice has to be issued within 30 days of 5th June 20XX (date of supply of service), i.e. on or before, 5th July 20XX.

12. **[Supply under GST] IMPORTANT** Explain the services provided by way of tolerating non-performance of a contract and its chargeability under the provisions of the CGST Act, 2017.

Solution:

Non-performance of a contract is the failure to fulfill the obligations under a contract. It is generally one of the conditions stipulated in any contract for supply of goods/services.

The agreement entered into between the parties stipulates that both the service provider and service recipient abide by the terms and conditions of the contract. In case any of the parties breach the contract for any reason including non-performance of the contract, then such person is liable to pay damages in the form of fines or penalty to the other party.

Tolerating non-performance of a contract in lieu of damages or fines is a supply in terms of section 7 of the CGST Act, 2017 as it is made for a consideration by a person in the course or furtherance of business.

Further, tolerating non-performance of a contract is treated as a supply of service in terms of section 7 read with Schedule II of CGST Act, 2017.

However, in case of supplies to Government, non-performance of contract by the supplier of service for which consideration in the form of fines or liquidated damages is payable is exempt from GST.

GST - PRACTICE TEST PAPER - SET 23 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – NOV 2019 EXAM QUESTIONS

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **VERY IMPORTANT [Payment of Tax + Supply + Exemption + ITC]** M/s. Grey, a registered taxable person under regular scheme provides following information in respect of supplies made by it during the month of Jan, 20XX:

	(All amount in rupees)
(i) Inter-state supply of goods	1,00,000
(ii) Intra-state supply of 500 packets of detergent @ ₹ 400 each alongwith a plastic bucket worth ₹ 100 each with each packet, being a mixed supply. (Rate of GST on detergent is 18% and on plastic bucket is 28%)	
(iii) Supply of online educational journals to M/s. Pinnacle, a private coaching centre providing tuitions to students of Class X-XII, being intra-state supply.	50,000

M/s. Grey has also received the following inward supplies:

(iv) Inter-state supply of goods (out of which invoice for goods worth ₹ 20,000 is missing and no other tax paying document is available)	70,000
(v) Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply.	50,000

Details of opening balances of ITC as on 1-1-20XX are as follows:

CGST	5,000
SGST	5,000
IGST	40,000

Following additional information is provided:

- Rate of GST in respect of all inward and outward supplies except item (ii) above is 18%. i.e. CGST and SGST @ 9% and IGST @ 18%.
- All figures mentioned above are exclusive of taxes.
- All the conditions for availing the ITC have been fulfilled except specifically given and M/s. Grey is not eligible for any threshold exemption.

Compute the minimum net GST payable in cash by M/s. Grey for the month of Jan, 20XX.

Answer:

**Computation of minimum net GST payable in cash by M/s. Grey
for the month of Jan, 20XX**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Total tax liability				
Inter-State supply of goods	1,00,000			18,000
Intra-State supply of 500 packets of detergents along with a plastic bucket [Note-1]	2,00,000 (500 x 400)	28,000 (2,00,000 x 14%)	28,000 (2,00,000 x 14%)	
Supply of online educational journal to private coaching centre [Note-2]	50,000	4,500 (50,000 x 9%)	4,500 (50,000 x 9%)	
Total tax liability (A)		32,500	32,500	18,000
Input tax credit (ITC)				
Brought forward ITC		5,000	5,000	40,000
Inter-State purchase of goods [Note-3]	50,000			9,000
Repairing of bus with seating capacity of 20 passengers [Note-4]	50,000	4,500	4,500	
Total ITC (B)		9,500	9,500	49,000
Minimum net GST payable in cash				
Total tax liability		32,500	32,500	18,000
Less: Set off of IGST liability from IGST credit				(18,000)
Set off IGST credit against CGST and SGST liability in any order and in any proportion		(23,000)	(8,000)	
Set off of CGST and SGST credit against CGST and SGST liability respectively		(9,500) CGST	(9,500) SGST	
Minimum net GST payable in cash		Nil	15,000	Nil

Notes:-

- Supply of detergent and bucket together with a single price of ₹ 400 is a mixed supply. Being a mixed supply comprising of two supplies, it shall be treated as supply of that particular supply that attracts highest rate of tax (28%).
- Supply of online educational journal is exempt only when the same is provided to an educational institution which provides a qualification recognised by law. Since, the private coaching centre does not provide any recognised qualification, the supply of online educational journals to the same will be taxable.
- ITC can be taken only on the basis of a valid tax paying document. Thus, ITC will not be available on goods for which the invoice is missing.
- ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed. Further, ITC is allowed on repair and maintenance services relating to motor vehicles, ITC on which is allowed.

Note: Under the amended position of law, the IGST credit, after being set off against IGST liability, can be utilised against CGST and SGST liability in any order and in any proportion. Thus, there cannot be one answer for the minimum net CGST and SGST payable in cash [i.e. GST liability] as the amount of CGST and SGST liabilities are the same as also the amount of ITC for CGST and SGST is also the same.

2. **VERY IMPORTANT [Reverse Charge + Time of Supply]** Know & Grow Publishers, a registered dealer in India, paid an advance of ₹ 50,000 to Mr. Ganatra, an author (an unregistered person), for the copyright covered under Section 13(1)(a) of the Copyright Act, 1957, of his original literary work on 5-9-20XX. It made the balance payment of ₹ 1,50,000 on 12-12-20XX.

You are required to determine the time of supply, if Mr. Ganatra raised the invoice on:

- a. 6-10-20XX, or
- b. 17-12-20XX

Answer:

GST on 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 is payable under reverse charge by such publisher, i.e. Know & Grow Publishers.

The time of supply of service, on which GST is payable under reverse charge, is earlier of the following:

- (a) Date of payment as entered in the books of account of the recipient or date on which payment is debited from the bank account, whichever is earlier
or
- (b) 61st day from the date of issue of invoice by the supplier

(i) If the invoice is issued on 06.10.20XX, time of supply is as under:

- For the payment of ₹ 50,000: 05.09.20XX [earlier of date of payment and 61st day from date of issue of invoice]
- For the payment of ₹ 1,50,000: 06.12.20XX [earlier of date of payment and 61st day from date of issue of invoice]

(ii) If the invoice is issued on 17.12.20XX, time of supply is as under:

- For the payment of ₹ 50,000: 05.09.20XX [earlier of date of payment and 61st day from date of issue of invoice]
- For the payment of ₹ 1,50,000: 12.12.20XX [earlier of date of payment and 61st day from date of issue of invoice]

3. **[Registration]** Explain the registration requirements under GST law in the following independent cases:

- (i) Mr. Ahmad of Jammu engaged in the business of supplying tobacco based Pan Masala with an aggregate turnover of ₹ 24 lacs.
- (ii) Mr. Lepcha of Mizoram is engaged in the supply of papers with an aggregate turnover of ₹ 13 lacs.
Will your answer be different if Mr. Lepcha is located in Meghalaya?

Answer:

- (i) A person is eligible for enhanced threshold limit of ₹ 40 lakh in the State of Jammu and Kashmir if he is engaged exclusively in intra-State supply of goods.

However, the enhanced threshold limit is not applicable if the person is engaged, inter alia, in the supply of pan masala including Tobacco and manufactured tobacco substitutes. In that case, the normal threshold limit of ₹ 20 lakh will be applicable.

In view of said provisions, in the given case, Mr. Ahmad is liable to register since his aggregate turnover (₹ 24 lakh) exceeds the applicable threshold limit for registration of ₹ 20 lakh.

- (ii) The enhanced threshold limit of ₹ 40 lakh as applicable to a person engaged exclusively in intra-State supply of goods, is not applicable to Mizoram [a specified Special Category State]. Instead, a lower threshold limit of ₹ 10 lakh for registration is applicable for Mizoram.

Thus, in the given case, Mr. Lepcha of Mizoram is liable to register since his aggregate turnover (₹ 13 lakh) exceeds the applicable threshold limit for registration of ₹ 10 lakh.

The enhanced threshold limit of ₹ 40 lakh is also specifically not applicable in the State of Meghalaya. Instead, the normal threshold limit of ₹ 20 lakh for registration is applicable to it.

Therefore, if Mr. Lepcha is located in Meghalaya, he is not liable to register since his aggregate turnover (₹ 13 lakh) does not exceed the applicable threshold limit for registration of ₹ 20 lakh.

4. **[E-way Bill]** Mr. Shah, a consignor is required to move goods from Ahmedabad (Gujarat) to Nadiad (Gujarat). He appoints Mehta Transporter for movement of goods. Mehta Transporter moves the goods from Ahmedabad (Gujarat) to Kheda (Gujarat). For completing the movement of goods from Kheda (Gujarat) to Nadiad (Gujarat), Mehta Transporter now hands over the goods to Parikh Transporter.
 Explain the procedure regarding e-way bill to be followed by consignor and transporter as per provisions of GST law and rules made thereunder.

Answer:

In the given scenario, only one e-way bill is required to be issued.

Part A can be filled by either Mr. Shah or recipient of goods or Mehta Transporter on the appropriate authorisation.

Where the goods are transferred from one conveyance to another, the consignor or the recipient, who has provided information in Part A, or the transporter shall, before such transfer and further movement of goods, update the details of conveyance in the e-way bill on the common portal in Part B.

Thus, on reaching Kheda, Mr. Shah or the recipient of the goods, who has filled Part A of the e-way bill, or Mehta Transporter can, before the transfer and further movement of goods, update the details of conveyance in Part B of the e-way bill.

Further, the consignor or the recipient, who has furnished the information in Part A, or the transporter, may assign the e-way bill number to another registered or enrolled transporter for updating the information in Part B for further movement of the consignment.

Thus, on reaching Kheda, Mr. Shah or the recipient of the goods, or Mehta Transporter can assign the said e-way bill to Parikh Transporter who will thereafter update the details of conveyance in Part B.

However, upon updation of the details of the conveyance by Parikh transporter in Part B, Mr. Shah or recipient, as the case may be, who has furnished the information in Part A shall not be allowed to assign the e-way bill number to another transporter.

5. **[Composition Scheme]** Explain in brief the conditions to be fulfilled by a registered person under GST law for availing the option to pay concessional tax @ 3% (effective rate 6%) under GST as per the provisions of Section 10(2A).

Answer:

The registered person desirous of availing the option to pay concessional tax @ 3% (effective rate 6%) should -

- (i) not be engaged in making any supply which is not leviable to tax.
- (ii) not be engaged in making any inter-State outward supply of goods or services.
- (iii) neither be a casual taxable person nor a non-resident taxable person.
- (iv) not be engaged in making any supply **of services** through an electronic commerce operator who is required to collect tax at source.
- (v) not be engaged in making supplies of notified goods.
- (vi) neither collect any tax from the recipient nor be entitled to any input tax credit.
- (vii) issue a bill of supply instead of tax invoice.
- (viii) not have the aggregate turnover in the preceding financial year exceeding ₹ 50 lakh
- (ix) not be eligible for composition scheme under Section 10(1).

6. **[RETURN]** Discuss the provisions of Section 39(9) of the CGST Act, 2017, relating to rectification of errors/omissions in GST returns already filed and also state its exceptions. State the time limit for making such rectification.

Answer:

Omission or incorrect particulars discovered in the returns filed under section 39 can be rectified in the return to be filed for the month/quarter during which such omission or incorrect particulars are noticed.

Any tax payable as a result of such error or omission will be required to be paid along with interest.

Exception

Section 39(9) of the CGST Act does not permit rectification of error/omission discovered on account of scrutiny, audit, inspection or enforcement activities by tax authorities.

The time limit for making such rectification is earlier of the following dates:

- (i) **30th November after** the end of financial year or
- (ii) Actual date of filing annual return

7. **[RETURN]** Explain the consequences, if the taxable person under GST law files the GST return under Section 39(1) of the CGST Act, 2017, but does not make payment of self-assessment tax.

Answer:

If the taxable person under GST law files the GST return under section 39(1) of the CGST Act, 2017, but does not pay the self-assessment tax, the return is not considered as a valid return.

Since the input tax credit can be availed only on the basis of a valid return, the taxable person, in the given case, will not be able to claim any input tax credit.

He shall pay interest, penalty, fees or any other amount payable under the CGST Act for filing return without payment of tax.

8. **[PAYMENT OF TAX]** State the items which are to be debited to electronic liability register of the taxable person under the CGST Act, 2017 and rules thereunder.

Answer:

The items to be debited to electronic liability register of the taxable person are as under:-

- (a) all amounts payable towards tax, interest, late fee and any other amount as per return filed;
- (b) all amounts payable towards tax, interest, penalty and any other amount determined in a proceeding by an Assessing authority or as ascertained by the taxable person;
- (c) the amount of tax and interest as a result of mismatch.
- (d) any interest amount that may accrue from time to time.

9. **IMPORTANT:** Alfa Institute of Management (AIM), a private college, is registered under GST in the State of Punjab. AIM provides the following particulars for the month of April, 20XX:

Sl. No.	Particulars	Amount (₹)
i.	Tuition fee received from students pursuing management courses recognised by Punjab University, established by an Act of State Legislature	18,00,000
ii.	Tuition fee received from students pursuing under-graduate courses recognised by Stan University, London under Dual Degree programmes	8,50,000
iii.	Fee received from students of competitive exam training academy run by a Department of AIM	5,40,000
iv.	Mess fees received from students (Mess is run by AIM on its own)	3,20,000
v.	Amount paid to Local Municipal Corporation for premises taken on rent for conducting coaching classes for competitive exams	50,000
vi.	Legal services availed from Top Care & Co., a Partnership firm of advocates, for the competitive exam training academy (Intra-state transaction)	20,000

Note:

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both outward and inward supplies.

All the amounts given above are exclusive of taxes, wherever applicable.

All the conditions necessary for availing the ITC have been fulfilled, wherever applicable. No opening balance of ITC under any head of tax.

From the information given above, you are required to calculate the Value of taxable supply and net GST liability (CGST, SGST or IGST as the case may be) to be paid in cash, if any, by AIM for the month of April, 20XX.

Answer:**Computation of value of taxable supply and net GST liability to be paid in cash by AIM for April, 20XX**

Particulars		Amount (₹)
Tuition fee received from students pursuing recognized management courses [Note-1]		Nil
Tuition fee received from students pursuing under-graduate courses recognized by Foreign University [Note-2]		8,50,000
Fee received from students of Competitive Exam Training Academy [Note-3]		5,40,000
Mess fees received from students [Note-4]		Nil
Total value of taxable supply		13,90,000
Particulars	CGST (₹)	SGST (₹)
GST liability under forward charge @ 9% [Note-5]	1,25,100	1,25,100
Services on which tax is payable under reverse charge:		
Rent paid to Local Municipal Corporation [Note-6]	4,500	4,500
Legal services received from Top Care & Co., a partnership firm of advocates ¹ [Note-7]	<u>1,800</u>	<u>1,800</u>
GST liability under reverse charge payable in cash [A] [Note-8]	<u>6,300</u>	<u>6,300</u>
Output tax payable against which ITC can be set off	1,25,100	1,25,100
Less: ITC of renting immovable property and legal services	<u>6,300</u>	<u>6,300</u>
Output tax payable after set off of ITC [B]	1,18,800	1,18,800
Net GST liability payable in cash [A] + [B]	1,25,100	1,25,100

Notes:-

- Services provided by an educational institution to its students are exempt. Further, educational institution means inter alia an institution providing services by way of education as a part of a curriculum for obtaining a qualification recognised by an Indian law. Therefore, tuition fee received by Punjab University, being an educational institution, is exempt, since it provides qualification recognised by Indian law.
- Tuition fee received by Stan University is taxable since Stan University is not an educational institution as qualification provided by it is not recognised by Indian law.
- Fee received from students of competitive exam training academy is taxable as Department of AIM is not an educational institution since competitive exam training does not lead to grant of a recognized qualification.
- Catering services provided by educational institutions to its students are exempt. It has been assumed that the mess fees has been charged from the students pursuing the qualification recognised by law.
- Since all the services provided are intra-State, CGST and SGST @ 9% is charged
- GST is payable under reverse charge in case of renting of immovable property services supplied by a local authority to a registered person.
- GST is payable under reverse charge in case of legal services supplied by a firm of advocates to a business entity
- The amount available in the electronic credit ledger may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.

10. **VERY IMPORTANT [ITC CHAPTER]** Dina Ltd., a registered supplier from Maharashtra, is engaged in the manufacturing of Passenger auto. The company provides the following details of purchases made/services availed by it during the month of March, 20XX:

Sl. No.	Particulars	GST Paid (₹)
i.	Purchase of iron which is used as a raw material [Goods were received in two instalments, first one in March, 20XX and the second instalment was received in April, 20XX]	2,50,000
ii.	Purchase of accessories which were delivered directly to the dealers of the company. Only invoice was received by Dina Ltd.	90,000
iii.	Purchase of Bus (seating capacity 15) for the transportation of employees from their residence to company and back	1,97,000
iv.	Input tax on general insurance taken on a car used by Executives of the company for official purposes	5,200
v.	Payment made to M/s Tasty Caterers for providing daily breakfast & lunch to the employees of the company, as a voluntary staff welfare measure	54,700

You are required to determine the eligible Input tax credit available to M/s Dina Ltd. for the month of March, 20XX, by giving brief explanations for treatment of various items. Subject to the information given above, all the other conditions necessary for availing input tax credit have been fulfilled.

Answer:

Computation of input tax credit (ITC) available with Dina Ltd. for the month of March 20XX

Particulars	ITC (₹)
Purchase of iron used as a raw material [Note-1]	Nil
Purchase of accessories delivered directly to the dealers of the company [Note-2]	90,000
Bus for the transportation of employees [Note-3]	1,97,000
General insurance taken on car used by executives of the company for official purpose [Note-4]	Nil
Payment made to caterer for providing breakfast and lunch to the employees of company [Note-5]	Nil

Notes:-

- When inputs are received in instalments, ITC can be availed only on the receipt of last instalment. Hence, since last instalment is received in April 20XX, ITC cannot be availed in March 20XX.
- Goods delivered to another person on the direction of the registered person by way of transfer of documents of title or otherwise, either before or during the movement, are deemed to have been received by such registered person. Thus, ITC is available to the registered person, on whose order/direction the goods are delivered to a third person.
- ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed.
- ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked except when the same are used for (i) making further taxable supply of such motor vehicles (ii) making taxable supply of transportation of passengers (iii) making taxable supply of imparting training on driving such motor vehicles. Further, ITC is not allowed on services of general insurance relating to such ineligible motor vehicles.

Since, the car is not used for any of the eligible purposes, ITC thereon is blocked and thus, ITC on general insurance taken on such car is also blocked.

- ITC on outdoor catering is blocked except (i) in the case of sub-contracting, i.e. when such service is used by the taxpayer who is in the same line of business (ii) when such service is provided by the employer to its employees under a statutory obligation.

Since the company is not an outdoor caterer and it is providing such services to its employees as a voluntary staff welfare measure, ITC on such outdoor catering services is blocked.

11. **[CHARGE OF GST]** M/s Pranav Associates, a Partnership firm, provided recovery agent service to Newtron Credits Ltd., a NBFC and a registered supplier, on 15th January, 20XX. Invoice for the same was issued on 7th February, 20XX and the payment was made on 18th April, 20XX by Newtron Credits Ltd. Bank account of company was debited on 20th April, 20XX. Determine the following:
- Person liable to pay GST
 - Time of supply of service.

Answer:

- (i) Tax on services supplied by a recovery agent to, inter alia, a non-banking financial company is payable under reverse charge by such non-banking financial company.

Therefore, in the given case, person liable to pay GST is the NBFC - Newton Credits Ltd.

- (ii) **The time of supply of service on which GST is payable on reverse charge basis is earlier of the following:-**
- Date of payment as entered in the books of account of the recipient (18th April, 20XX) or the date on which the payment is debited in his bank account (20th April, 20XX), whichever is earlier;
 - Date immediately following 60 days since issue of invoice by the supplier, i.e. 9th April, 20XX.

Thus, time of supply of service is 9th April, 20XX.

12. **VERY IMPORTANT [TAX INVOICE]** Kartik & Co., a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March, 20XX:
- Value of supply charged in an invoice was ₹ 2,50,000 against the actual taxable value of ₹ 2,30,000.
 - Tax charged in an invoice was ₹ 32,000 against the actual tax liability of ₹ 68,000 due to wrong HSN code being chosen while issuing invoice.
 - Value charged in an invoice was ₹ 3,20,000 as against the actual value of ₹ 4,20,000 due to wrong quantity considered while billing.

Kartik & Co. asks you to answer the following:

- Who shall issue a Debit/Credit Note under CGST Act, 2017?
- Whether Debit Note or Credit Note has to be issued in each of the above circumstances and, if so, quantify the amount for which it is to be issued.
- What is the maximum time-limit available for declaring the credit note in the GST Return?

Answer:

- The debit/credit note shall be issued by the registered person who has supplied the goods and/or services, i.e. Kartik & Co.
- Yes debit/credit note need to be issued in each of the circumstances as under:**
 - A credit note is required to be issued as the taxable value in invoice exceeds the actual taxable value. The credit note should be issued for the excess value of supply charged in the invoice, i.e. ₹ 20,000.
 - A debit note is required to be issued as the tax charged in the invoice is less than the actual tax payable. The debit note should be issued for the amount of tax which is charged less, i.e. ₹ 36,000.
 - A debit note is required to be issued as the value of supply charged in the invoice is less than the actual value. The debit note should be issued for the amount of value which is charged less, i.e. ₹ 1,00,000.
- The details of the credit note cannot be declared later than the return for the month of September following the end of the financial year in which such supply was made or the date of furnishing of the relevant annual return, whichever is earlier.

13. **[REGISTRATION]** Examine, with reason, whether registration is required under CGST Act, 2017 in the following independent cases:
- Aadhav Computers of Gujarat is providing Computer Maintenance Service. Aggregate turnover of Aadhav Computers is ₹ 15 Lakh which comprises both inter-state and intra-state supply.
 - Soft Wings of West Bengal, exclusively trading in garments, supplies its taxable goods to various States in India. Aggregate turnover of Soft Wings is ₹ 35 Lakh.

Answer

- (i) Registration is compulsory for suppliers engaged in inter-State supply. However, threshold exemption of ₹ 20 lakh [₹ 10 lakh in case of Specified Special Category States] is available in case of inter-State supply of taxable services.

Therefore, Aadhav Computers (aggregate turnover ₹ 15 lakh) is not required to obtain registration as it is engaged in inter-State supply of taxable services and thus, is eligible for threshold exemption of ₹ 20 lakh applicable for Gujarat.

- (ii) The threshold limit for registration in the State of West Bengal for the persons engaged exclusively in supply of goods, is ₹ 40 lakh. However, registration is compulsory if the supplier is engaged inter-State supply of goods.

Thus, Soft Wings is required to obtain registration.

14. **[Exemption]** Discuss about the exemption available to the services provided by an Old Age Home under the CGST Act, 2017.

Answer

The services provided by an old age home to its residents are exempt if the following conditions are fulfilled:

- (i) the old age home is run by Central Government, State Government or an entity registered under section 12AB of the Income-tax Act, 1961.
- (ii) The consideration charged is upto ₹ 25,000 per month per member.
- (iii) The consideration charged is inclusive of charges for boarding, lodging and maintenance.
- (iv) The residents of the old age home are aged 60 years or more.

15. **[ITC]** Documents based on which ITC is taken should contain at least certain details. What are they?

Answer

The documents based on which ITC is taken should contain at least the following details:

- (i) Amount of tax charged
- (ii) Description of goods or services
- (iii) Total value of supply of goods and/or services
- (iv) GSTIN of the supplier and recipient
- (v) Place of supply in case of inter-State supply

16. **VERY IMPORTANT [COMPOSITION SCHEME]** Mr. Zafar of Assam, provides the following information for the preceding financial year 2022-23. You are required to find out the aggregate turnover for the purpose of eligibility of composition levy scheme under Section 10(1) and determine whether he is eligible for composition levy scheme or not, for the F.Y. 2023-24.

Particulars	Amount (₹ in lakh)
Value of taxable outward supplies (out of above, ₹ 10 lakh was in course of inter-state transactions).	50.00
Value of exempt supplies (which include ₹ 30 lakh received as interest on loans & advances).	70.00
Value of inward supplies on which he is liable to pay tax under reverse charge	5.00
Value of exports	5.00
All the amounts are exclusive of GST.	

Answer:

Computation of aggregate turnover of Mr. Zafar for FY 2022-23 for the purpose of eligibility of composition levy scheme under Section 10(1)

Particulars	Amount in lakh (₹)
Value of taxable outward supplies [Value of all taxable supplies including inter-State supplies are includible in aggregate turnover]	50
Value of exempt supplies [Value of exempt supplies is includible in aggregate turnover. However, value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, though exempt, is not includible in aggregate turnover for determining eligibility for composition scheme]	40
Value of inward supplies on which Mr. Zafar is liable to pay tax under reverse charge [Excludible from aggregate turnover]	Nil
Value of exports [Includible in aggregate turnover]	5
Aggregate turnover for determining eligibility for composition scheme	95

A registered person of Assam is eligible to opt for composition levy if his aggregate turnover does not exceed ₹ 1.5 crore in the preceding financial year provided he is not engaged in inter-State outward supplies of goods.

Therefore, in the given case, assuming that he is not engaged in making any inter-State outward supply of goods in FY 2023-24, Mr. Zafar is eligible to opt for composition levy for FY 2023-24 since his aggregate turnover does not exceed ₹ 1.5 crore in FY 2022-23.

[Few Books, Author & Faculties has taken different view here. Above answer is as per law & supported by institute materials]

17. **VERY IMPORTANT** [COMPOSITION SCHEME – as per CA-ICAI View] M/s United Electronics, a registered dealer, is supplying all types of electronic appliances in the State of Karnataka. Their aggregate turnover in the financial year 2022-23 by way of supply of appliances was ₹ 120 Lakh.

The firm also expects to provide repair and maintenance service of such appliances from the financial year 2023-24.

With reference to the CGST Act, 2017, examine:

- (i) Whether the firm can opt for the composition scheme for the financial year 2023-24, as the turnover may include supply of both goods and services?
- (ii) If yes, up to what amount, the supply of service can be provided?

Answer

- (i) The registered persons, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore, may opt to pay tax under composition levy. The scheme can be availed by an intra-State supplier of goods and supplier of restaurant service.

However, the composition scheme permits supply of marginal services (other than restaurant services) for a specified value along with the supply of goods and restaurant service, as the case may be.

Thus, M/s United Electronics can opt for composition scheme for the financial year 2023-24 as its aggregate turnover is less than ₹ 1.5 crore in the preceding financial year and it is not engaged in inter-State outward supplies.

- (ii) The registered person opting for composition scheme can also supply services (other than restaurant services) for a value up to 10% of the turnover in the preceding year or ₹ 5 lakh, whichever is higher, in the current financial year.

Thus, M/s United Electronics can supply repair and maintenance services up to a value of ₹ 12 lakh [10% of ₹ 120 lakh or ₹ 5 lakh, whichever is higher] in the current financial year 2023-24.

[Few Books, Author & Faculties has taken different view here. Above answer is as per law & as per CA-ICAI views adopted in study material/RTP/Suggested answer]

GST - PRACTICE TEST PAPER - SET 24 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – RTP NOV 2019 EXAM
[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. Miss. Raksha is engaged in providing private coaching services in Noida, Uttar Pradesh and is not registered under GST till 25-Sep-20XX. Her aggregate turnover is ₹ 19,00,000/- on 30-Sep-20XX. She got GST registration on 30-Sep-20XX. Which of the following options are available to her?
- (a) She can pay tax @ 18%, charge it from customer and avail full input tax credit on procurements made.
 - (b) She can pay tax @ 6% under composition scheme under Section 10(2A) for service providers but she cannot charge GST from customer and also cannot avail input tax credit.
 - (c) She is not liable for registration since her aggregate turnover is less than ₹ 40,00,000/-
 - (d) Either (a) or (b)**

2. Mr. Arun, a registered supplier, is engaged in selling sweets. The sweets are sold in boxes and the cost of each sweet box is ₹ 500/-. In order to increase his turnover, he purchased certain juice cans @ ₹ 20/- each and added juice can with every sweet box as a gift. A sweet box along with free juice can is sold at ₹ 500/- each.

Which of the statements is correct?

- (a) He is liable to pay tax on ₹ 520/- and eligible to claim input tax credit on purchase of juice cans
 - (b) He is liable to pay tax on ₹ 500/- and not eligible to claim input tax credit on purchase of juice cans
 - (c) He is liable to pay tax on ₹ 500/- and also eligible to claim input tax credit on purchase of juice cans**
 - (d) Either (a) or (b)
3. Which is not considered as supply under GST Law?
- (a) Stock transferred from one establishment in Delhi to another establishment in Gurgaon, Haryana registered under same PAN.
 - (b) CA Ram supplies accounting services to CA Radha in lieu of taxation services received from CA Radha.
 - (c) A Health club supplies lunch to its members at its annual meeting against a nominal charge.
 - (d) Mr. A sells a flat to Mr. B**
- (i) Date of completion certificate - 31/01/20XX
 - (ii) Date of agreement with buyer - 01/02/20XX
 - (iii) Consideration received - 05/02/20XX

4. With reference to the provisions relating to transaction value under Section 15 of the CGST Act, 2017, which of the following is not correct?
- (a) Central excise duty will not be included in transaction value for supply of tobacco.**
 - (b) Municipal taxes paid by tenant will be included in transaction value for supply of renting service.
 - (c) Entertainment tax included in movie ticket will form part of transaction value.
 - (d) Customer makes payment of freight which is payable by the supplier, directly to the service provider. However, supplier does not include this amount in the invoice. Such amount will be included in transaction value of the supplier.

5. Which of the following services are notified under section 9(3) of CGST Act, 2017 or section 5(3) of IGST Act, 2017 the tax on which shall be paid on reverse charge basis by the recipient of such supply:
- (i) Supply of security services provided by a person other than a body corporate to a composition taxpayer
 - (ii) Services supplied by an insurance agent to insurance company located in taxable territory
 - (iii) Supply of services by way of renting of hotel accommodation through e-commerce operator.
 - (iv) Supply of notified categories of goods or services or both by a supplier, who is not registered, to specified class of registered persons.

Choose from the following options:

- (a) (i) & (ii)
 - (b) Only (ii)**
 - (c) (i), (ii), (iii)
 - (d) (i) & (iv)
6. Mr. Dev Anand is engaged in providing services of facilitating sale and purchase of securities to various clients. He is also engaged in trading of securities. His turnover details are as follows:

Trading of securities ₹ 40,00,000/-, Brokerage on account of facilitating transactions in securities ₹ 30,00,000/- You are required to ascertain aggregate turnover of Mr. Dev Anand under GST:

- (a) ₹ 30,00,000/-**
 - (b) ₹ 40,00,000/-
 - (c) ₹ 70,00,000/-
 - (d) ₹ NIL.
7. Mr. Pappu Singh, commenced his business in Feb-20XX. He has established following units:
- 1. Unit A (in SEZ) and Unit B (non-SEZ) in the State of Maharashtra
 - 2. Unit C in Delhi
 - 3. Unit D and E in the State of Goa

Mr. Pappu Singh has approached you to help him in determining the States and number of registrations he is required to take under GST (presuming the fact that he is making taxable supply from each State and his aggregate turnover exceeds the threshold limit):

- (a) Maharashtra-2: Delhi-1, Goa-Optional 1 or 2**
 - (b) Maharashtra-Optional 1 or 2: Delhi-1, Goa-Optional 1 or 2
 - (c) Maharashtra-1: Delhi-1, Goa-1
 - (d) Maharashtra-2: Delhi-1, Goa-2
8. A non-resident taxable person is required to apply for registration:
- (a) within 30 days from the date on which he becomes liable to registration
 - (b) within 60 days from the date on which he becomes liable to registration
 - (c) at least 5 days prior to the commencement of business**
 - (d) None of the above
9. Which of the following activity shall be treated neither as a supply of goods nor a supply of services?
- (i) Permanent transfer of business assets where input tax credit has been availed on such assets
 - (ii) temporary transfer of intellectual property right
 - (iii) transportation of deceased
 - (iv) services by an employee to the employer in the course of employment
- (a) (i) & (iii)
 - (b) (ii) & (iv)
 - (c) (i) & (ii)
 - (d) (iii) & (iv)**

10. [REGISTRATION CHAPTER] Examine whether the supplier is liable to get registered in the following independent cases:-

- (i) 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 ₹ 28 lakh. He has another showroom in Tripura with a turnover of ₹ 11 lakh in the current FY.
- (ii) 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.
- (iii) 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.
- (iv) Ankit of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is ₹ 25 lakh.
- (v) Sanchit of Assam is engaged in intra-State supply of both taxable goods and services. His aggregate turnover in the current financial year is ₹ 30 lakh.

Solution:

As per Section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra - State taxable supplies of goods is as under:-

- (a) ₹ 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) ₹ 40 lakh for rest of India. *However, the higher threshold limit of ₹ 40 lakh is not available to persons engaged in making supplies of fly ash bricks/blocks, building bricks, bricks of fossil meals, earthen/roofing tiles, ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.*

The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:-

- (a) ₹ 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the rest of India.

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

- (i) 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.
- (ii) 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. Thus, he is not liable to get registered under GST as his turnover is less than the threshold limit.
- (iii) 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.
- (iv) Though Ankit is dealing in Assam, he is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusive supply of goods while he is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is ₹ 20 lakh and hence, Ankit is liable to get registered under GST.
- (v) Since Sanchit is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in his case is ₹ 20 lakh. Thus, Sanchit is liable to get registered under GST as his turnover is more than the threshold limit.

11. **IMPORTANT (4 Marks): ITC CHAPTER** Advice regarding availability of input tax credit (ITC) under the CGST Act, 2017 in the following independent cases:-

- (i) AMT Co. Ltd. purchased a mini bus having seating capacity of 16 persons for transportation of its employees from their residence to office and back.
- (ii) Bangur Ceramics Ltd., a manufacturing company purchased two trucks for transportation of its finished goods from the factory to dealers located in various locations within the country.
- (iii) "Hans premium" dealing in luxury cars in Chankyapuri, Delhi purchased five Skoda VRS cars for sale to customers.
- (iv) Sun & Moon Packers Pvt. Ltd. availed outdoor catering service to run a canteen in its factory. The Factories Act, 1948 requires the company to set up a canteen in its factory.

Solution:

- (i) Section 17(5) of the CGST Act, 2017, inter alia, blocks input tax credit in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver), except when they are used for certain specified purposes.

Since in the given case, the mini bus has a seating capacity of 16 persons, the ITC thereon will not be blocked.

- (ii) Section 17(5) of the CGST Act, 2017, inter alia, blocks input tax credit in respect of motor vehicles for transportation of persons with certain exceptions. Thus, ITC on motor vehicles for transportation of goods is allowed unconditionally.

Therefore, ITC on trucks purchased by Bangur Ceramics Ltd for transportation of its finished goods from the factory to dealers located in various locations within the country is allowed.

- (iii) Section 17(5) of the CGST Act, 2017, inter alia, blocks input tax credit in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver), except when they are used for making further supply of such motor vehicles.

Being a dealer of cars, "Hans Premium" has purchased the cars for further supply. Therefore, ITC on such cars is allowed even though seating capacity is less than 13.

- (iv) Section 17(5) of the CGST Act, 2017 inter alia, blocks input tax credit in respect of outdoor catering services. However, ITC is available on such services, when the same are provided by an employer to its employees under a statutory obligation.

Thus, in view of the above- mentioned provisions, Sun & Moon packers Pvt. Ltd. can avail ITC in respect of outdoor catering services availed by it as the same is being provided under a statutory obligation.

12. **[Value of Supply]** M/s. Flow Pro sold a machine to BP Ltd. It provides the following particulars in this regard:-

S. No.	Particulars	₹
(i)	Price of the machine (excluding taxes and incidental charges)	30,000
(ii)	Machine was subject to third party inspection. The inspection charges have been directly paid by BP Ltd. to the inspection agency.	5,000
(ii)	Freight charges for delivery of the machine (M/s Flow Pro has agreed to deliver the goods at BP Ltd's premises)	2,000
(iv)	Subsidy received from State Government on sale of machine under skill Development Programme. [The subsidy is directly linked to the price].	5,000
(v)	Discount given on price of the machine (recorded in the invoice)	2%

Note: Items given in S. No. (ii) to (v) have not been considered in the price at S. No. (i).

Determine the value of taxable supply made by M/s Flow Pro to BP Ltd.

Solution:**Computation of value of taxable supply**

Particulars	₹
Price of the machine (Price ₹ 30,000 - ₹ 5,000 subsidy) [Note-1]	25,000
Third party inspection charges [Note-2]	5,000
Freight charges for delivery of the machine value [Note-3]	2,000
Total	32,000
Less: Discount @ 2% on ₹ 30,000 being price charged to BP Ltd. [Note-4]	— 600
Value of taxable supply	31,400

Notes:-

- Since subsidy is received from State Government, the same is deductible to arrive at taxable value under section 15 of the CGST Act, 2017.
 - Any amount that the supplier is liable to pay in relation to such supply but has been incurred by the recipient, is includible in the value of supply under section 15 of the CGST Act, 2017.
 - Since arranging freight is the liability of supplier, it is a case of composite supply and thus, freight charges are added in the value of principal supply.
 - Discount given before or at the time of supply if duly recorded in the invoice is deductible from the value of supply under section 15 of the CGST Act, 2017.
13. **[EXEMPTION CHAPTER]** State with reasons, whether GST is payable in the following independent cases:-
- Services provided to recognized sports body as curator of national team.
 - Services provided by way of transportation of passenger in Metered Cab.
 - Services by way of public conveniences such as provision of facilities of washrooms.
 - Services provided by a player to a franchisee which is not a recognized sports body.

Solution:

- Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST vide Notification No. 12/2017CT(R) dated 28.06.2017. Thus, GST is payable in case of services provided to a recognized sports body as curator of national team.
 - Service of transportation of passengers, with or without accompanied belongings, inter alia, by metered cabs are specifically exempt from GST vide Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, GST is not payable in this case.
 - Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets are not liable to GST as it is specifically exempt as per Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, GST is not payable in this case.
 - Services provided by a player to a franchisee which is not a recognized sports body is taxable as it is not exempt under Notification No.12/2017 CT (R) dated 28.06.2017. Thus, GST is payable in this case.
14. **[TIME OF SUPPLY]** Mahak Sons is a registered supplier of electronic items and pays GST under regular scheme. On 15th July 20XX, Mahak Sons received an order from Sunder Trader for supply of a consignment of electronic items. Mahak Sons gets the consignment ready by 20th July 20XX. The invoice for the consignment was issued the next day, 21st July 20XX. Sunder Trader could not collect the consignment immediately. Sunder Trader collects the consignment from the premises of Mahak Sons on 30th July 20XX and hands over the cheque towards payment on the same date. The said payment is entered in the books of accounts of Mahak Sons on 31st July, 20XX and amount is credited in their bank account on 1st August 20XX.

You are required to determine the time of supply of the electronic items for the purpose of payment of tax.

Solution:

As per section 12(2) of the CGST Act, 2017, the time of supply in respect of goods shall be the earlier of the following two dates:-

- (a) Date of issue of invoice/last date on which the invoice is required to be issued as per section 31 of the CGST Act, 2017
- (b) Date of receipt of payment

Further, as per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a) i.e., date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.

As per section 31(1), the invoice needs to be issued either before or at the time of removal (where supply involves movements of goods) of goods/delivery of goods/ making goods available to the recipient.

In this case, the invoice is issued before the removal of the goods and is thus, within the time limit prescribed under section 31(1). Therefore, time of supply for the purpose of payment of tax is the date of issue of invoice, which is 21st July, 20XX.

15. **IMPORTANT [TAX INVOICE]** - ABC Ltd., a registered supplier has made following taxable supplies to its customer Mr. P in the quarter ending 30th June, 20XX.

Date	Bill No.	Particulars	Invoice value (including GST) [₹]
5 th April, 20XX	102	Notebooks [10 in numbers]	1,200
10 th May, 20XX	197	Chart Paper [4 in number]	600
20 th May, 20XX	230	Crayon colors [2 packets]	500
2 nd June, 20XX	254	Poster colors [5 packets]	900
22 nd June, 20XX	304	Pencil box [4 sets]	700

Goods in respect of bill no. 102, 230 and 254 have been returned by Mr. P. You are required to advise ABC Ltd. whether it can issue consolidated credit note against all the three invoices?

Solution:

Where **one or more tax invoices** have been issued for supply of any goods and/or services and

- (a) the taxable value/tax charged in that tax invoice is found to exceed the taxable value/tax payable in respect of such supply, or
- (b) where the goods supplied are returned by the recipient, or
- (c) where goods and/or services supplied are found to be deficient,

the registered person, who has supplied such goods and/or services, may issue to the recipient **one or more credit notes for supplies made** in a financial year containing prescribed particulars.

Thus, one (consolidated) or more credit notes can be issued in respect of multiple invoices issued in a financial year without linking the same to individual invoices.

Hence, in view of the above-mentioned provisions, M/s ABC Ltd. can issue a consolidated credit note for the goods returned in respect of all the three invoices.

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(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – MAY 2019 EXAM QUESTIONS

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **IMPORTANT [Payment of Tax & ITC]** Mr. Himanshu, a registered supplier of chemicals, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward taxable supplies for the month of January 20XX:

Intra-State supply of goods	₹ 25,00,000
Inter-State supply of goods	₹ 5,00,000
He has also made the following inward supply:	
Intra-State purchase of goods from registered dealer	₹ 14,00,000
Inter-State purchase of goods from registered dealer	₹ 4,00,000
Balance of ITC at the beginning of January 20XX:	
CGST	₹ 95,000
SGST	₹ 60,000
IGST	₹ 30,000

Additional Information :

- He purchased a car (Intra-State supply) used for business purpose at a price of ₹ 6,72,000/- (including CGST of ₹ 36,000 & SGST of ₹ 36,000) on January 15, 20XX. He capitalized the full value including GST in the books on the same date to claim depreciation.
- Out of Inter-State purchase from registered dealer, goods worth ₹ 1,00,000 were received on February 3, 20XX due to road traffic jams.

Note:

- (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
- (ii) Both inward and outward supplies given above are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing the ITC have been fulfilled except mentioned above.
- (iv) Compute the net CGST, SGST and IGST payable in cash by Mr. Himanshu for the month of January 20XX.

Answer **Computation of net GST payable in cash of Mr. Himanshu for January 20XX**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
<u>Total tax liability</u>				
Intra-State outward supplies of goods	25,00,000	2,25,000	2,25,000	
Inter-State outward supplies of goods	5,00,000			90,000
Total tax liability (A)		2,25,000	2,25,000	90,000
<u>Input Tax Credit (ITC)</u>				
Brought forward ITC		95,000	60,000	30,000
Intra-State purchase of goods from registered dealer [Note-1]	14,00,000	1,26,000	1,26,000	
Inter-State purchase of goods from registered dealer [Note-1 and Note 4]	3,00,000	-	-	54,000
Purchase of car used for business purpose [Note-2]	-	-	-	-
Total ITC (B)		2,21,000	1,86,000	84,000
Net GST liability = (A)-(B)		4,000	39,000	6,000

Notes:

1. Every registered person is entitled to take credit of input tax charged on any inward supply of goods used/intended to be used in the course/furtherance of his business.
 2. Input tax paid on capital goods cannot be availed as ITC if depreciation has been claimed on such tax component. Moreover, ITC on motor vehicle (car) is blocked under section 17(5) of CGST Act, 2017.
 3. A registered person is entitled to avail input tax in respect of any supply of goods to him only if he has actually received the said goods. Since goods worth ₹ 1,00,000 have not been received by Mr. Himanshu in the month of September 20XX, credit in respect of same cannot be claimed in the said month.
 4. **Input tax credit of IGST has been used to pay IGST first.**
2. **[Exemption]** M/s. Apna Bank Limited, a Scheduled Commercial Bank has furnished the following details for the month of August, 20XX:

Particulars	Amount ₹ in Crores (Excluding GST)
Extended Housing Loan to its customers	100
Processing fees collected from its customers on sanction of loan	20
Commission collected from its customers on bank guarantee	30
Interest income on credit card issued by the bank	40
Interest received on housing loan extended by the bank	25
Minimum balance charges collected from current account and saving account holder	01

Compute the value of taxable supply. Give reasons with suitable assumptions.

Answer

Computation of value of taxable supply of M/s. Apna Bank Limited for the month of August, 20XX

Particulars	Amount in crores (₹)
Housing loan extended to customers [Since money does not constitute goods, extending housing loan is not a supply.]	Nil
Processing fee collected on sanction of loan [Interest does not include processing fee on sanction of the loan. Hence, the same is taxable.]	20
Commission collected on bank guarantee [Any commission collected over and above interest on loan, advance or deposit are not exempt.]	30
Interest income on credit card issued by the bank [Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax. However, interest involved in credit card services is not exempt.]	40
Interest received on housing loan [Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax.]	Nil
Minimum balance charges collected from current account and saving account holder [Any charges collected over and above interest on loan, advance or deposit are not exempt.]	01
Value of taxable supply	91

3. **[Exemption]** Decide with reason whether the following independent services are exempt under CGST Act, 2017:
1. Gokul Residents' Welfare Association received ₹ 9,000 per month as contribution from each member for sourcing of goods and services from third persons for common use of its members.
 2. Mr. Vikalp, a performing artist, has received ₹ 1,58,000 from performance of classical dance and ₹ 90,000 from acting in TV Serial during the month of June 20XX.

Answer

1. Service by an unincorporated body or a registered non-profit entity, to its own members by way of share of contribution up to an amount of ₹ 7,500 per month per member for sourcing of goods/services from a third person for the common use of its members in a housing society or residential complex, is exempt.

In the given case, monthly contribution per month per member received by Gokul Residents' Welfare Association exceeds ₹ 7,500.

Therefore, exemption will not be available and GST would be payable on the full amount of ₹ 9,000.

2. Services by an artist by way of a performance in folk or classical art forms of music, dance, or theatre, if the consideration charged for such performance is not more than ₹ 1,50,000 are exempt from GST.

In the given case, since the consideration received by the performing artist- Mr. Vikalp for performance of classical dance is more than ₹ 1,50,000, said services are not exempt.

Further, consideration received for acting in TV serial is also not exempt since said performance is not in folk/classical art forms of theatre.

4. **[Tax Invoice]** Examine the following independent cases of supply of goods and services and determine the time of issue of invoice under each of the cases as per the provisions of CGST Act, 2017:
- (i) Sakthi Enterprises, Kolkata entered into a contract with Suraj Enterprises, Surat for supply of goods on 30th September, 20XX. The goods were removed from the factory at Kolkata on 11th October, 20XX. As per the agreement, the goods were to be delivered by 31st October, 20XX. Suraj Enterprises has received the goods on 14th October, 20XX.
 - (ii) Trust and Fun Ltd, an event management company, has provided its services for an event at Kapoor Film Agencies, Mumbai on 5th June, 20XX. Payment for the event was made on 19th June, 20XX.

Answer:

- (i) A registered person supplying taxable goods shall issue a tax invoice, before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods.

Therefore, in the given case, invoice has to be issued on or before, 11th October 20XX (the time of removal of goods).

- (ii) A registered person [other than an insurer/banking company/financial institution, including an NBFC] supplying taxable services shall issue a tax invoice before or after the provision of service, but within a period of 30 days from the date of supply of service.

Thus, in the given case, invoice has to be issued within 30 days of 5th June 20XX (date of supply of service), i.e. on or before, 5th July 20XX.

5. **[Registration]** State with brief reason, whether following suppliers of taxable goods are required to register under the GST Law :
- (i) Mr. Raghav is engaged in wholesale cum retail trading of medicines in the State of Assam. His aggregate turnover during the financial year is ₹ 9,00,000 which consists of ₹ 8,00,000 as Intra-State supply and ₹ 1,00,000 as Inter-State supply.
 - (ii) Mr. S.N Gupta of Rajasthan is engaged in trading of taxable goods on his own account and also acting as an agent of Mr. Rishi of Delhi. His turnover in the financial year 2023-24 is of ₹ 12 lakhs on his own account and ₹ 9 lakhs on behalf of principal. Both turnovers are Intra -State supply.

Answer

- (i) Person making any inter-State taxable supply of goods is required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.

Thus, in the given case Mr. Raghav is required to obtain registration compulsorily under GST laws even though his aggregate turnover does not exceed the threshold limit.

- (ii) Persons who make taxable supply of goods on behalf of other taxable persons whether as an agent or otherwise are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.

Aggregate turnover includes all supplies made by the taxable person, whether on his own account or made on behalf of all his principals.

Since Mr. S.N Gupta is also acting as an agent of Mr. Rishi of Delhi, he is required to obtain registration compulsorily under GST laws.

6. **[Composition Scheme]** Enumerate the persons who are not eligible to opt for Composition Scheme under section 10(2) of the CGST Act, 2017.

Answer

A registered person shall not be eligible to opt for composition scheme if:-

- (i) **Save as provided in sub-section (1)**, he is engaged in supply of services other than supplies referred to in clause (b) of paragraph 6 of Schedule II.
- (ii) he is engaged in supply of goods or services not leviable to tax
- (iii) he is engaged in inter-State outward supplies of goods or services
- (iv) he is engaged in supply of ~~goods or~~ services through an electronic commerce operator
- (v) he is a manufacturer of notified goods, namely, manufacturer of ice cream, **aerated water**, pan masala, tobacco products, **fly ash bricks/blocks, building bricks, bricks of fossil meals and earthen/roofing tiles.**

7. **[Tax Invoice]** List out the situations in which a Credit note/Debit note may be issued under the CGST Act, 2017.

Answer

Credit note is required to be issued by the Supplier:-

- (i) If taxable value charged in the tax invoice is found to exceed the taxable value in respect of supply of goods and/or services, or
- (ii) If tax charged in the tax invoice is found to exceed the tax payable in respect of supply of goods and/or services, or
- (iii) if goods supplied are returned by the recipient, or
- (iv) if goods and/or services supplied are found to be deficient.

Debit note is required to be issued by the Supplier:-

- (i) if taxable value charged in the tax invoice is found to be less than the taxable value in respect of supply of goods and/or services or
- (ii) if tax charged in the tax invoice is found to be less than the tax payable in respect of supply of goods and/or services

8. **[Important] Registration** Answer the following questions with respect to casual taxable person under the CGST Act, 2017 :

- (i) Who is a casual taxable person?
- (ii) Can a casual taxable person opt for the composition scheme?
- (iii) When is the casual taxable person liable to get registered?
- (iv) What is the validity period of the registration certificate issued to a casual taxable person?
- (v) Can the validity of registration certificate issued to a casual taxable person be extended? If yes, what will be the period of extension?

Answer

(i) **Casual taxable person means** a person who occasionally undertakes transactions involving supply of goods and/or services in the course or furtherance of business, whether as principal, agent or in any other capacity, in a State/UT where he has no fixed place of business.

(ii) No, a casual taxable person cannot opt for the composition scheme.

(iii) A casual taxable person (CTP) is liable to obtain registration compulsorily under GST laws, at least 5 days prior to commencement of business.

However, threshold limit of ₹ 20 lakh (₹ 10 lakh in case of Special Category State) is available in case of CTP making taxable supplies of specified handicraft goods.

(iv) **The registration certificate issued to a casual taxable person will be valid for:**

- the period specified in the registration application, or
- 90 days from the effective date of registration whichever is earlier.

(v) Yes, the validity of registration certificate issued to a casual taxable person can be extended. It can be extended by a further period not exceeding 90 days.

9. **Important** Mr. Uttam Kumar a registered supplier of service in Kolkata, has provided following information for the month of October, 20XX:

No.	Particulars	Amount in (₹)
1.	Intra-State taxable supply of service	6,40,000
2.	Amount received from Kapola Pvt. Ltd., for service provided to company. (He is a director in Kapola P. Ltd.), being Intra-State transaction.	5,00,000
3.	Paid legal fee to senior advocate for one legal matter within State, being Intra-State transaction.	50,000
4.	Amount received for service provided by him as a commentator to a local recognized sports body, being Intra-State transaction	1,20,000
5.	Amount received for acting as a coach in recreational activities relating to sports, from one local charitable entity registered under section 12AB of the Income Tax Act, 1961, being Intra-State transaction.	30,000

Compute the net GST liability (CGST, SGST or IGST) of Mr. Uttam Kumar for the month of October, 20XX.

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

All the amounts given are exclusive of CGST, SGST and IGST, wherever applicable.

Answer**Computation of net GST liability of Mr. Uttam Kumar October, 20XX**

Particulars	Amount (₹)	CGST (₹)	SGST (₹)
Intra-State taxable supply of service	6,40,000	57,600	57,600
Add: Amount received from Kapola Pvt. Ltd. for service provided to company, being intra-State transaction [Note-1]	5,00,000	Nil	Nil
Add: Legal fee paid to senior advocate for one legal matter within the State, being intra-State transaction [Note-2]	50,000	4,500	4,500
Add: Amount received for services provided as a commentator to a local recognized sports body, being intra-State transaction [Note-3]	1,20,000	10,800	10,800
Add: Amount received for acting as a coach in recreational activities relating to sports from one local charitable entity registered under section 12AB of the Income Tax Act, 1961, being intra-State transaction [Note-4]	30,000	Nil	Nil
Total tax payable		72,900	72,900
Less: Cash paid towards tax payable under reverse charge [A] [Note-5]		4,500	4,500
Output tax payable against which ITC can be set off		68,400	68,400
Less: ITC of tax paid on legal fees paid to senior advocate		4,500	4,500
Output tax payable after set off of ITC [B]		63,900	63,900
Net GST liability [A] + [B]		68,400	68,400

Notes:-

1. Services supplied by a director of a company to the said company are taxable under reverse charge and thus, the tax leviable thereon will be paid by the company.
 2. Services provided by a senior advocate by way of legal services **are taxable under reverse charge** and thus, the tax leviable thereon will be paid by Mr. Uttam Kumar.
 3. Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body is exempt from GST vide exemption notification. However, services provided as a commentator to a local recognized sports body is taxable.
 4. Services by way of coaching in recreational activities relating to sports by charitable entities registered under section 12AB of the Income-tax Act are exempt from GST vide exemption notification.
 5. The amount available in the electronic credit ledger may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.
 6. It has been assumed that services provided to Kapola Pvt. Ltd. by Mr. Uttam Kumar are in the capacity of being a director in the company.
 7. It has been assumed that the turnover of Mr. Uttam Kumar in the previous year exceeded ₹ 20,00,000.
 8. It has been assumed that the matter for which the legal fees is paid to the senior advocate is in the course or furtherance of business.
10. **[Value of Supply]** Koli Ltd. supplies machinery to Ghisa Ltd. (Dealer in same State), provides following particulars regarding the same. Determine the value of taxable supply of machinery.

No.	Particulars	Amount (₹)
(i)	Price of Machinery (exclusive of taxes and discounts)	5,50,000
(ii)	One part is directly fitted in machinery at place of Ghisa Ltd. (amount paid by Ghisa Ltd. directly to supplier, as per contract this amount should be paid by Koli Ltd. and not included in price)	20,000
(iii)	Installation and testing charges for machinery, not included in price	25,000
(iv)	Discount 2% on machinery price (recorded in the invoice)	
(v)	Koli Ltd. provides additional 1% discount at year end, based on additional purchase of other machinery	

[REPEATED IN NATURE]**Answer****Computation of taxable value of supply of machinery**

S. No.	Particulars	Amount (₹)
(i)	Price of machinery (exclusive of taxes and discounts)	5,50,000
(ii)	Add: Amount paid by Ghisa Ltd. directly to the supplier for a part fitted in the machinery [Note-1]	20,000
(iii)	Add: Installation and testing charges [Note-2]	25,000
(iv)	Less: Discount 2% on machinery price [₹ 5,50,000 x 2%] [Note-3]	(11,000)
(v)	Less: Additional 1% discount at year end [Note-4]	Nil
	Value of taxable supply	5,84,000

Notes:**As per Section 15 of CGST Act, 2017**

- Any amount that the supplier is liable to pay in relation to a supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods shall be included in the value of supply.
- Any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of supply.
- Since discount is given at the time of supply of machinery and recorded in the invoice, the value of the supply shall not include such discount.
- Though the additional discount is established before or at the time of supply, it shall not be excluded from the value of supply on the assumption that the same is not linked to the relevant invoice and proportionate ITC has not been reversed by Ghisa Ltd.

11. **[Input Tax Credit]** Jamku Ltd. a registered person is engaged in the business of spices. It provides following details for GST paid during October, 20XX.

No.	Particulars	GST Paid (₹)
1.	Raw spices purchase	
	✓ Raw spices used for furtherance of business	50,000
	✓ Raw spices used for personal use of Directors	20,000
2.	Electric machinery purchased to be used in the manufacturing process.	25,000
3.	Motor vehicle used for transportation of the employee	55,000
4.	Payment made for material and to contractor for construction of staff quarter.	1,25,000

Determine the amount of ITC available to Jamku Ltd. for the month October, 20XX with all related workings and explanations.

All the conditions necessary for availing the ITC have been fulfilled.

Answer**Computation of ITC available with Jamku Ltd. for the month of October 20XX**

Particulars	GST paid ₹
Purchase of raw spices for furtherance of business [Note-1]	50,000
Purchase of raw spices for personal use of directors [Note-2]	Nil
Electric machinery purchased to be used in the manufacturing process [Note-1]	25,000
Motor vehicle used for transportation of employee [Note-3]	Nil
Payment made for material and to contractor for construction of staff quarter [Note-4]	Nil
Total ITC	75,000

Notes:-

- Every registered person is entitled to take credit of input tax charged on any supply of goods to him which are used or intended to be used in the course or furtherance of his business.
- ITC is not available on goods used for personal consumption.
- ITC on motor vehicles used for transportation of the employee is blocked credit.
- ITC is not available on goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.

12. **[Registration]** Examine the liability of compulsory registration under Section 24 of the CGST Act, 2017, in each independent cases mentioned below:
- Meenu, a supplier in Maharashtra, (PDF NOTES – 8527230445) is engaged in supply of potatoes within Maharashtra and also outside Maharashtra, whose turnover exceeds threshold limit under GST Law.
 - Jinu Oils, Gujarat, is engaged in supplying machine oil as well as petrol. Total turnover of machine oil is ₹35 lakh and of petrol is ₹ 15 lakh.
 - Tilu is working as an agent, he is supplying goods as an agent of Tiku (who is registered taxable person) and its aggregate turnover does not exceed ₹ 20 lakh during the financial year.

Answer

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

However, an agriculturist, to the extent of supply of produce out of cultivation of land, is not liable to registration.

Assuming that Meenu is engaged in cultivation and supply of potatoes, she is not liable to registration of the fact that she is engaged in making inter-State supply and her turnover exceeds the threshold limit.

Note: Any person engaged exclusively in the business of supplying exempted goods is not liable to registration. Since potatoes are exempted goods, Meenu is not liable to obtain registration irrespective of the fact that she is engaged in making inter-State supply and her turnover exceeds the threshold limit.

- (b) Section 24 of the CGST Act specifies the categories of persons who are required to be mandatorily registered under GST irrespective of the quantum of their aggregate turnover.

In the given case, Jinu Oils does not fall in any of the specified categories. Therefore, it is not required to obtain registration compulsorily under GST.

However, as per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, if the aggregate turnover of the person making exclusive intra - State taxable supplies of goods in state Gujarat exceeds ₹ 40 lakhs in a financial year, is liable for registration.

Aggregate turnover includes exempted turnover of goods or services;

Accordingly, Jinu Oils is liable obtain registration on the basis of the turnover since its aggregate turnover [₹ 50 lakh - including turnover of exempt supply of petrol] exceeds the threshold limit of ₹ 40 lakhs.

- (c) Section 24 of the CGST Act provides that persons who make taxable supply of goods and/or services on behalf of other taxable persons whether as an agent or otherwise are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.

Therefore, Tilu will be mandatorily required to obtain registration.

13. **[Important] [Time of Supply]** Jolla provides continuous supply of services regarding Annual Maintenance Contract (AMC) of Air conditioner and all electronic items of Khotu Ltd. He provides following details regarding same:

They made contract for the AMC. As mentioned in contract, AMC will start from 01-10-2022 and will be valid for a year. AMC ends on 30-09-2023. Jolla receives payment for the AMC on 31-10-2023.

Explain the time of issue of invoice in case of Continuous supply of Service (CSS) as per provisions of CGST Act, 2017 and accordingly determine time of issue of invoice in following different circumstances:

- As mentioned in contract Khotu Ltd. have to make payment on 05-11-2023.
- If terms of payment is not mentioned in AMC and also not agreed by both the parties.

Answer**In case of continuous supply of services**

- (i) Where due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment.
- (ii) Where due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment
- (iii) Where payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event.

In view of the aforesaid provisions, time of issue of invoice will be as follows in the given different circumstances:

- (a) If it is mentioned in contract that Khotu Ltd. has to make payment on 05.11.2023, **the invoice shall be issued on or before 05.11.2023.**
- (b) If terms of payment are not mentioned in AMC and are also not agreed by both the parties, **the invoice shall be issued on or before 31.10.2023.**

Note: The question has been answered by considering the annual maintenance contract as continuous supply of service. **However, as per section 2(33) of the CGST Act, 2017 “continuous supply of services” inter alia means a supply of services with periodic payment obligations.**

14. **[Composition Levy]** Examine in relation to composition levy scheme u/s 10(1) under the CGST Act, 2017 and the rules made there under in the following individual cases :
1. Ketu is a manufacturer of ice-cream and pan masala in State of Maharashtra. His turnover for the year does not exceed ₹ 1.5 Crore. He wants to register for composition levy scheme. Is he eligible for it ?
 2. Jadhu of Gujarat opts for composition scheme during a financial year 2023-24. But on 10-02-2024 his turnover crosses ₹ 1.5 Crore, can he continue under composition levy scheme.
 3. X Ltd. has 2 branches K & L in Delhi, having same PAN. Branch K opts for normal scheme. X Ltd. want to continue composition levy in case of its branch L. Can X Ltd. continue composition levy only for branch L?

Answer

1. A registered person who is engaged in manufacture of, inter alia, ice cream and pan masala, is not eligible to opt for composition levy u/s 10(1) even if his aggregate turnover does not exceed ₹ 1.5 crore.

Therefore, in the given case, Ketu is not eligible to opt for composition levy.

2. The option to pay tax under composition levy availed of by a registered person lapses with effect from the day on which his aggregate turnover during a financial year exceeds the threshold limit of ₹ 1.5 crore. He needs to pay tax under normal scheme from that day.

Since in the given case, the turnover of Jadhu crosses ₹ 1.5 crore on 10.02.2024, he cannot continue under composition scheme from that day.

3. Where person having the same Permanent Account Number, has more than one registration, the registered person shall not be eligible to opt for composition scheme unless all such registered persons opt to pay tax under composition scheme. In other words, all the registrations under the same PAN have to opt for composition scheme.

In view of the same, in the given case, X Ltd. cannot continue with composition scheme only for branch L.

15. **[Tax Invoice] [Important]** Explain the meaning of consignment note in relation to Goods Transport Agency and state its contents as per provisions of the CGST Act, 2017.

Answer

Consignment note means a document, issued by a Goods Transport Agency (GTA) against the receipt of goods for the purpose of transport of goods by road in a goods carriage, which is serially numbered.

The contents of consignment note are as follows:-

- (a) gross weight of the consignment
 - (b) the name of the consignor and consignee (any one),
 - (c) registration number of the goods carriage in which the goods are transported,
 - (d) details of the goods transported,
 - (e) details of the place of origin and destination,
 - (f) GSTIN of the person liable for paying tax
 - (g) other information as prescribed for a tax invoice, under rule 46 of CGST Rules, 2017
16. **[Supply under GST] Important:** Explain the services provided by way of tolerating non-performance of a contract and its chargeability under the provisions of the CGST Act, 2017.

[Repeated in nature]

Answer

Non-performance of a contract is the failure to fulfill the obligations under a contract. It is generally one of the conditions stipulated in any contract for supply of goods/services.

The agreement entered into between the parties stipulates that both the service provider and service recipient abide by the terms and conditions of the contract. In case any of the parties breach the contract for any reason including non-performance of the contract, then such person is liable to pay damages in the form of fines or penalty to the other party.

Tolerating non-performance of a contract in lieu of damages or fines is a supply in terms of section 7 of the CGST Act, 2017 as it is made for a consideration by a person in the course or furtherance of business.

Further, tolerating non-performance of a contract is treated as a supply of service in terms of section 7 read with Schedule II of CGST Act, 2017.

However, in case of supplies to Government, non-performance of contract by the supplier of service for which consideration in the form of fines or liquidated damages is payable is exempt from GST.

17. **[Payment of Tax]** What are the E-ledgers? State the entries to be debited to electronic liability register under the CGST Act, 2017 and the CGST Rules, 2017.

Answer

Electronic Ledgers or E-Ledgers, i.e., Electronic Cash Ledger and Electronic Credit Ledger, are statements of cash and input tax credit in respect of each registered taxpayer. In addition, each taxpayer shall also have an electronic tax liability register.

[Important] The entries to be debited to electronic liability register under the CGST Act, 2017 and the CGST Rules, 2017 are as follows: -

- (i) all amounts payable towards tax, interest, late fee and any other amount as per return filed;
- (ii) all amounts payable towards tax, interest, penalty and any other amount determined in a proceeding by an Assessing authority or as ascertained by the taxable person;
- ~~(iii) the amount of tax and interest payable due to mismatch;~~
- (iv) any amount of interest that may accrue from time to time.

GST - PRACTICE TEST PAPER - SET 26 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – RTP MAY 2019 EXAM
[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

- M/s. Ramchandra Associates has received some taxable services from Mohan Dalal (P) Ltd. on 12.01.20XX by making a cash payment of ₹ 5,00,000 on same day. The payment was entered in the books of account of M/s. Ramchandra Associates on 16.01.20XX and **in the books of account of Mohan Dalal (P) Ltd. on 20.01.20XX. The invoice was issued by Mohan Dalal (P) Ltd. on 18.01.20XX.** Determine the time of supply in the given case.

 - 12.01.20XX
 - 16.01.20XX
 - 18.01.20XX [Section 13(2)]**
 - 20.01.20XX
- M.H. Husain, a famous painter, Delhi, sends his latest art work to Indian Classic gallery, Delhi, for exhibition. However, no consideration has flown from Indian Classic gallery to M. H. Husain when the art work is sent to the gallery for exhibition. M. H. Husain is in dilemma whether GST is payable on said transfer of art work. What would be your advice on the same?

 - GST is payable as the same amounts to taxable supply of goods.
 - GST is payable as the same amounts to taxable supply of services.
 - GST is not payable as the same is an exempt supply.
 - GST is not payable as the same does not amount to supply at all.**
- Kidzee Ltd., a wholesaler of toys registered in Chandigarh, is renowned in the local market for the varieties of toys and their reasonable prices. Kidzee Ltd. makes supply of 100 pieces of baby's learning laptops and chat learning phones to Nancy General Store on 25th September, 20XX by issuing a tax invoice amounting to ₹ 1,00,000.

However, the said toys were returned by Nancy General Store on 30th September, 20XX. Which document Kidzee Ltd. is required to issue in such a case?

 - Debit Note
 - Refund voucher
 - Credit note**
 - Payment voucher
- Which of the following services is exempt from GST?**

 - Bollywood dance performance by a film actor in a film and consideration charged is ₹ 1,45,000.
 - Carnatic music performance by a classical singer to promote a brand of readymade garments and consideration charged is ₹ 1,30,000.
 - Carnatic music performance by a classical singer in a music concert and consideration charged is ₹ 1,55,000.
 - Kathak dance performance by a classical dancer in a cultural programme and consideration charged is ₹ 1,45,000.**

5. **[EXEMPTION]** Examine whether supply of food and drink in the following independent cases is exempt from GST :-
- a. "Smart Kids" is a Play School located in Delhi. Smart Kids has outsourced the catering services for supply of food and drink in the canteen of Play School to BTV Caterers, Delhi for a consideration of ₹ 8,00,000 per annum.

Solution:

Services provided to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent, by way of catering is exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017 as amended. Thus, in the given case, services provided by BTV Caterers to Smart Kids are exempt from GST.

- b. **Wellness Hospital, a clinical establishment located in Tirupati, is specialised in diabetic treatment. The hospital has its own canteen – Tasty Foods. The canteen serves the food and drink to the in-patients as advised by the doctors/nutritionists of the hospital. Apart from this, other patients (who are not admitted) or attendants or visitors of the in-patients also take food and drink from the canteen.**

Solution:

Services by way of health care services provided by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017 as amended.

In this regard, CBIC has clarified that food supplied by the hospital canteen to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare services and is not separately taxable. Thus, it is exempt from GST. However, other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable.

In view of the same, GST is exempt on the food supplied by Tasty Foods to the in-patients as advised by doctors/nutritionists **while other supplies of food by it to patients (not admitted) or attendants/visitors of the in-patients is taxable.**

6. **[Payment of Tax]** Sahil is a supplier of taxable goods in Karnataka. He got registered under GST in the month of September, 20XX and wishes to pay his IGST liability for the month. Since he's making the GST payment for the first time, he is of the view that he needs to mandatorily have the online banking facility to make payment of GST; offline payment is not permitted under GST.

You are required to apprise Sahil regarding the various modes of deposit in the electronic cash ledger. Further, advise him with regard to following issues:

- Are manual challans allowed under GST?
- What is the validity period of the challan?
- Is cross utilization among Major and Minor heads of the electronic cash ledger permitted?

Solution:

Section 49(1) of CGST Act, 2017 read with rule 87 of CGST Rules, 2017 provides that the deposit in electronic cash ledger can be made through any of the following modes, namely:-

- Internet Banking through authorised banks;
- Unified Payment Interface (UPI) from any bank;**
- Immediate Payment Services (IMPS) from any bank;**
- Credit card or Debit card through the authorised bank;
- National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or
- Over the Counter payment through authorised banks.

Thus, offline mode is also permitted under GST.

- Manual or physical Challans are not allowed under the GST regime. It is mandatory to generate Challans online on the GST Portal.
- E-challan is valid for a period of 15 days.
- Amount entered under any Minor head (Tax, Interest, Penalty, etc.) and Major Head (CGST, IGST, SGST / UTGST) of the Electronic Cash Ledger can be utilized only for that liability. Cross-utilization among Major and Minor heads is not possible.

7. **[Value of Supply]** Kamal Book Depot, a wholesaler of stationery items, registered in Mumbai, has received order for supply of stationery items worth ₹ 2,00,000/- on 12th November, 20XX from another local registered dealer, Mr. Mehta, Mumbai. Kamal Book Depot charged the following additional expenses from Mr. Mehta:-

	Particulars	Amount (₹)
(i)	Packing charges	5,000
(ii)	Freight & Cartage	2,000
(iii)	Transit insurance	1,500
(iv)	Extra designing charges	6,000
(v)	Taxes by Municipal Authority	500

The goods were delivered to Mr. Mehta on 14th November, 20XX. Since Mr. Mehta was satisfied with the quality of the goods, he made the payment of goods the same day and simultaneously placed another order on Kamal Book Depot of stationery items amounting to ₹ 10,00,000 to be delivered in the month of December, 20XX**.

On receipt of second order, Kamal Book Depot allowed a discount of ₹ 20,000 on the first order placed by Mr. Mehta.

Compute the GST liability of Kamal Book Depot for the month of November, 20XX assuming the rates of GST on the goods supplied as under:

CGST 9%

SGST 9%

Would your answer be different if expenses (i) to (v) given in above table are already included in the price of ₹ 2,00,000?

Note:-

- (i) All the amounts given above are exclusive of GST.
- (ii) Kamal Book Depot and Mr. Mehta are not related persons and price is the sole consideration of the supply.

**Payment and invoice for the second order will also be made in the month of December, 20XX only.

Solution:

Computation of value of taxable supply and tax liability

	Particulars	Amount(₹)
	Price of the goods [Note-1]	2,00,000
(i)	Packing charges [Note-2]	5,000
(ii)	Freight & Cartage [Note-3]	2,000
(iii)	Transit Insurance [Note-3]	1,500
(iv)	Extra Designing charges [Note-4]	6,000
(v)	Taxes by Municipal Authority [Note-5]	500
	Value of taxable supply	2,15,000
	CGST @ 9%	19,350
	SGST @ 9%	19,350

Notes:-

1. As per section 15(1) of the CGST Act, 2017, the value of a supply is the transaction value i.e. the price actually paid or payable for the said supply.
2. All incidental expenses including packing charged by the supplier to the recipient are includible in the value of supply in terms of section 15(2) of the CGST Act, 2017.
3. The given supply is a composite supply involving supply of goods (stationery items) and services (transit insurance and freight) where the principal supply is the supply of goods.

As per section 8(a) of the CGST Act, 2017, a composite supply is treated as a supply of the principal supply involved therein and charged to tax accordingly.

4. Any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services; is includible in the value of supply vide section 15(2) of the CGST Act, 2017. Thus, extra designing charges are to be included in the value of supply.
5. The taxes by Municipal Authorities are includible in the value of supply in terms of section 15(2) of the CGST Act, 2017.
6. In the given case, Mr. Mehta is allowed a discount of ₹ 20,000 on the goods supplied to him in the month of November, 20XX. Since the said goods have already been delivered by Kamal Book Depot, this discount will be a post-supply discount.

Further, value of supply shall not include any discount which is given after the supply has been effected, if—

- (i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and
- (ii) 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 [Section 15(3) of the CGST Act, 2017].

However, in the given case, post-supply discount given to Mr. Mehta will not be allowed as a deduction from the value of supply since the discount policy was not known before the time of such supply although the discount can be specifically linked to relevant invoice (invoice pertaining to stationery items supplied to Mr. Mehta in November, 20XX).

In case the expenses (i) to (v) given in above table are already included in the price of ₹ 2,00,000: Since these expenses are includible in the value of supply by virtue of the reasons mentioned in explanatory notes above, no further addition will be required. Resultantly, the value of taxable supply will be ₹ 2,00,000 and CGST and SGST will be ₹ 18,000 and ₹ 18,000 respectively.

8. **IMPORTANT [PAYMENT OF TAX]** - Mr. Ekaant, a supplier registered in Delhi, is engaged in the business of sale and purchase of plastic raincoats (SATC 8527230445). He furnishes the following information pertaining to inward/outward supply made by him for the month of July, 20XX:

Particulars	Amount (₹ in lakh)
Value of inter-State outward supply to registered persons	30
Value of intra-State outward supply to registered persons	50
Value of intra-State outward supply to unregistered persons	15
Value of intra-State inward supply from registered persons	10
Value of inter-State inward supply from registered persons	5

Following additional information is also provided by Mr. Ekaant:-

Particulars	Amount (₹ in lakh)
IGST credit on capital goods purchased in the month of July	1.5
CGST / SGST credit on other inward supplies [including credit of ₹ 5,000 (CGST and SGST each) on account of membership of a club]	0.5 (CGST and SGST each)
Availed consultancy services from Mr. Sujit, lawyer located in Delhi [Intra-State services]	1

The amount of ITC brought forward in the month of July, 20XX is as under:-

CGST : ₹ 2 lakh
 SGST : ₹ 2 lakh
 IGST : ₹ 5 lakh

Calculate the net GST liability (CGST and SGST or IGST, as the case may be) to be paid in cash for the month of July, 20XX by assuming the rates of GST as under:

CGST 9% SGST 9% IGST 18%

Note:

- (i) All the amounts given above are exclusive of taxes.
- (ii) All the conditions necessary for availing the ITC have been fulfilled.

Solution:**Computation of net GST liability of Mr. Ekaant**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Total tax liability				
Value of intra-State legal consultancy services i.e. inward supplies liable to reverse charge mechanism (to be paid in cash) (A) [Note-1]	1,00,000	9,000	9,000	-
Value of inter-State outward supplies (B1)	30,00,000	-	-	5,40,000
Value of intra-State outward supplies to registered as well as unregistered persons (B2) (₹ 50,00,000+ ₹ 15,00,000)	65,00,000	5,85,000	5,85,000	-
Total (B) = (B1) +(B2)		5,85,000	5,85,000	5,40,000

Input tax Credit

Brought forward ITC		2,00,000	2,00,000	5,00,000
Value of intra-State inward supplies from registered person [Note-2]	10,00,000	90,000	90,000	
Value of inter-State inward supplies from registered person [Note-2]	5,00,000	-	-	90,000
IGST credit of capital goods [Note-2]				1,50,000
Credit on other inward supplies purchased in the month of July less credit on membership of a club [Note-2 & 4]		45,000	45,000	-
Credit of legal consultancy services [Note-2]		9,000	9,000	-
Total (C)		3,44,000	3,44,000	7,40,000

Computation of minimum GST payable from electronic cash ledger

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Output tax payable against which ITC can be set off	5,85,000	5,85,000	5,40,000
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]	(200,000) IGST	-	(5,40,000) IGST (Hint: First Preference)
ITC of CGST & SGST	(344,000) CGST	(344,000) SGST	
Output tax payable after set off of ITC [B]	41,000	2,41,000	Nil
Net GST liability payable in cash [A] + [B]	50,000	2,50,000	

Notes:-

- Services supplied by an individual advocate to any business entity located in the taxable territory by way of legal services, directly or indirectly are taxable under reverse charge mechanism. Thus, tax is payable by the recipient (Mr. Ekaant) on said services to the Government.

Further, as per section 49(4) of the CGST Act, 2017, amount available in the electronic credit ledger [ITC amount] may be used for making payment towards output tax. **However, tax payable under reverse charge is not an output tax in terms of section 2(82) of the CGST Act, 2017. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.**

- Every registered person is entitled to take credit of input tax charged on any inward supply of goods and/or services which are used or intended to be used in the course or furtherance of his business in terms of section 16 of CGST Act, 2017.

Further "input tax" in relation to a registered person includes the tax payable under reverse charge mechanism in terms of section 2(62) of the CGST Act, 2017.

3. Input tax credit is **not allowed** in respect of membership of a club in terms of section 17(5) of CGST Act, 2017.
4. Input tax credit of IGST has been used to pay IGST and CGST in that order. **Alternatively, balance IGST can also be used to pay SGST instead of CGST.**
9. **[Input Tax Credit]** Le Marc Ltd. of Nashik, Maharashtra, a registered supplier, is engaged in manufacturing taxable goods. It provides the following details of items purchased and services availed by it from Gujarat, for the month of March, 20XX:

S. No.	Particulars	IGST (₹)
1	Motor vehicle purchased for employees to be used for personal as well as business purposes	1,50,000
2	Motor vehicle purchased for transportation of goods within the factory	2,00,000
3	Food items for consumption of employees. These items were supplied free of cost to the employees in lieu of services rendered by them to the manufacturer in the course of employment.	2,000
4	Rent-a-cab facility availed for employees to fulfill a statutory obligation in this regard.	36,000

Calculate the amount of eligible input tax credit for the month of March, 20XX.

Solution:

Computation of eligible input tax credit

Particulars	Eligible ITC (₹)
Motor vehicle purchased for employees to be used for personal as well as business purposes [Note-1]	-
Motor vehicle purchased for transportation of goods within the factory [Note-1]	2,00,000
Food items for consumption of employees [Note-2]	-
Rent-a-cab facility given to employees [Note-3]	36,000
Total eligible input tax credit	2,36,000

Notes:-

As per Section 17(5) of the CGST Act, 2017:

- ITC on Motor vehicles for transportation of persons with seating capacity \leq 13 persons (including the driver) is blocked, EXCEPT WHEN USED FOR
 - making further taxable supply of such motor vehicles;
 - making taxable supply of transportation of passengers;
 - making taxable supply of imparting training on driving such motor vehicles
 Thus, in the given case, ITC on motor vehicle purchased for transportation of goods within the factory will only be allowed
- ITC in respect of food and beverages is blocked unless the same is provided by an employer to its employees under a statutory obligation or used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply. Thus, in the given case, ITC of taxes paid on food for employees is not allowed.
- ITC on supply of rent-a cab services is not blocked where the Government notifies the services which are obligatory for an employer to provide such service to its employees. Thus, ITC is available on said service. (whatsapp 8527230445 for PDF Notes)

GST - PRACTICE TEST PAPER - SET 27 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – NOV 2018 EXAM QUESTIONS

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **VERY IMPORTANT** Mr. Thiraj, a registered supplier of service in Bangalore (Karnataka State) has provided the following information for the month of April 20XX:

Particulars	Amount in ₹
(i) Intra-state taxable supply of service	5,20,000
(ii) Legal fee paid to a Lawyer located within the state	20,000
(iii) Rent paid to the State Govt. for his office building	30,000
(iv) Received for services towards conduct of exams in Loveall University, Pune (recognized by law), being an inter-state transaction	16,000

Compute the net GST liability (CGST, SGST or IGST) of Mr. Thiraj for the month of April 20XX.

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

All the amounts given above are exclusive of taxes.

Solution:

Computation of net GST liability by Mr. Thiraj for the month of April 20XX:

Particulars	Value of supply	CGST @ 9%	SGST @ 9%	IGST @ 18%
Output supply				
(i) Intra-State taxable supply of services	5,20,000	46,800	46,800	
(iv) Services towards conduct of exams in Loveall University, Pune [Note-1]	16,000			Exempt
Inward supply (Reverse Charge)				
(ii) Legal fee paid to lawyer located within State [Note-2]	20,000	1,800	1,800	
(iii) Rent paid to State Government for Office Building [Note-3]	30,000	2,700	2,700	
Total tax liability		51,300	51,300	
Less: Cash paid towards tax payable under reverse charge [A] [Note-4]		-4,500	-4,500	
Output tax payable against which ITC can be set off		46,800	46,800	
Less: ITC of tax paid on legal fees and rent		-4,500	-4,500	
Output tax payable after set off of ITC [B]		42,300	42,300	
Net GST liability [A] + [B]		46,800	46,800	

- Since Loveall University provides education recognized by law, it is an educational institution and services provided to an educational institution, by way of conduct of examination by such institution are exempt from GST.
- In case of legal services provided by an advocate to any business entity GST is payable under reverse charge by the recipient of service.
- In case of services supplied by, inter alia, State Government by way of renting of immovable property to a person registered under the CGST Act, GST is payable under reverse charge by the recipient of service.
- The amount available in the electronic credit ledger may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.

2. CANWIN Ltd., a registered supplier, is engaged in the manufacture of Tanks. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of January 20XX:

Particulars	GST Paid (₹)
(i) Purchase of Machinery where debit note is issued	1,15,000
(ii) Input purchased was directly delivered to Mr. Joe, a job worker and a registered supplier	80,000
(iii) Computers purchased (Depreciation was claimed on the said GST portion under the Income-Tax Act, 1961)	50,000
(iv) Works Contract services availed for construction of Staff quarters within the company premises	4,25,000

Determine the amount of ITC available to M/s. CANWIN Ltd. for the month of January 20XX by giving brief explanations for treatment of various items. Subject to the information given above, all the conditions necessary for availing the ITC have been fulfilled.

Solution:

**Computation of input tax credit (ITC) available with CANWIN Ltd.
for the month of January 20XX**

Particulars	GST (₹)
Purchase of machinery where debit note is issued [Note-1]	1,15,000
Inputs directly delivered to a job worker supported by a valid document	80,000
Computers [Note-2]	Nil
Works contract services availed for construction of staff quarters within the company premises [Note-3]	Nil
Total ITC	1,95,000

Notes:-

- Input tax credit on goods purchased on the basis of debit note which is a valid document is allowed.
- Where depreciation has been claimed on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income -tax Act, 1961, the input tax credit on the said tax component is not allowed.
- Input tax credit on works contract services supplied for construction of an immovable property is specifically disallowed except where it is an input service for further supply of works contract service.

3. **Very Important** Ms. Achintya, a registered supplier in Kochi (Kerala State) has provided the following details in respect of her supplies made Intra-State for the month of Jan 20XX:

Particulars	Amount in ₹
(i) List price of goods supplied intra-state (no adjustment is given for below item from ii to v)	3,30,000
(ii) Swachh Bharat cess levied on sale of the goods	12,500
(iii) Packing expenses charged separately in the invoice	10,800
(iv) Discount of 1% on list price of goods was provided (recorded in the invoice of goods)	
(v) Subsidy received from State Govt. for encouraging women entrepreneurs	5,000

Compute the value of taxable supply and the gross GST liability of Ms. Achintya for the month of Jan 20XX assuming rate of CGST to be 9% and SGST to be 9%. All the amounts given above are exclusive of GST

Solution:

**Computation of value of taxable supply and gross GST liability of
Ms. Achintya for the month of Jan 20XX**

Particulars	₹
List price of the goods	3,30,000
Add: Swachh Bharat Cess (SBC) levied on sale of goods [Note-1]	12,500
Add: Packing expenses [Note-2]	10,800
Less: Subsidy received from State Government [Note-3]	(5,000)
Less: Discount @ 1% on list price [Note-4]	(3,300)
Value of taxable supply	3,45,000
CGST @ 9%	31,050
SGST @ 9%	31,050
Gross GST liability	62,100

Notes:-**As per section 15 of CGST Act, 2017,**

1. Any taxes, duties and cesses levied under any law other than CGST, SGST is includible in the value.
 2. Packing expenses being incidental expenses, are includible in the value.
 3. Since subsidy is received from State Government, the same is not includible in the value. It has been assumed that such subsidies are **directly linked to the price of the goods**. **Further, since the same has not been adjusted in the list price, the same is to be excluded from the list price.**
 4. Since discount is known at the time of supply, it is deductible from the value.
4. **Decide with reason whether the following independent services are exempt under CGST Act, 2017 :**
- (i) **M/s Fast Trans, a goods transport agency, transported relief materials meant for victims of Kerala floods being a natural disaster, by road from Delhi to Ernakulam, for a Limited Co.**
 - (ii) **Keyan Enterprises, an event organizer, provided services to Breathing Wall Ltd. By way of organizing business exhibition at Pragati Maidan in New Delhi as part of Make in India initiative.**

Solution:

Services provided by a goods transport agency, by way of transport in a goods carriage of, inter alia, relief materials meant for victims of inter alia natural or man-made disasters are exempt from GST. Therefore, services provided by M/s Fast Trans will be exempt from GST.

Services provided by an organiser to any person in respect of a business exhibition held outside India is exempt from GST. Since in the given case, the exhibition is organized in India, the services of organization of event by Keyan Enterprises will not be exempt from GST.

5. **Decide which person is liable to pay GST in the following independent cases, where the recipient is located in the taxable territory. Ignore the Aggregate Turnover and Exemption available.**
- **Mr. Raghu provided sponsorship services to WE-WIN Cricket Academy, an LLP.**
 - **'Safe Trans', a Goods Transport Agency, transported goods of Kapil & Co., a partnership firm which is not registered under GST. GTA has not opted to pay GST.**

Solution:

- In case of services provided by any person by way of sponsorship to any body corporate or partnership firm / LLP, GST is liable to be paid under reverse charge by such body corporate or partnership firm / LLP located in the taxable territory. Therefore, in the given case, WE-WIN Cricket Academy is liable to pay GST under reverse charge.
- In case of services provided by Goods Transport Agency (GTA) in respect of transportation of goods by road to, inter alia, any partnership firm whether registered or not under any law; GST is liable to be paid by such partnership firm. Therefore, in the given case, Kapil & Co. is liable to pay GST under reverse charge.

6. Determine with brief reasons, whether the following statements are True or False:

Registration under the CGST Act, 2017 can be cancelled by the proper officer, if the voluntarily registered person has not commenced the business within three months from the date of registration.

Solution:

The said statement is False.

Registration under the CGST Act, 2017 can be cancelled by the proper officer, if the voluntarily registered person has not commenced the business within six months from the date of registration.

7. [Important] Mr. Lakhan provides Continuous Supply of Services (CSS) to M/s. TNB Limited. He furnishes the following further information:

- | | |
|--|------------|
| (i) Date of commencement of providing CSS - | 01-10-2023 |
| (ii) Date of completion of providing CSS - | 31-01-2024 |
| (iii) Date of receipt of payment by Mr. Lakhan - | 30-03-2024 |

Determine the time of issue of invoice as per provisions of CGST Act, 2017, in the following circumstances:

- (i) If no due date for payment is agreed upon by both under the contract of CSS.
- (ii) If payment is linked to the completion of service.
- (iii) If M/s. TNB Limited has to make payment on 25-03-2024 as per the contract between them

Solution:

- (i) Where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment.

Thus, in the given case, the invoice should be issued on or before 30.03.2024 (date of receipt of payment by Mr. Lakhan).

- (ii) If payment is linked to the completion of an event, the invoice should be issued on or before the date of completion of that event.

Since in the given case payment is linked to the completion of service, invoice should be issued on or before 31.01.2024 (date of completion of service).

- (iii) Where the due date of payment is ascertainable from the contract, the invoice should be issued on or before the due date of payment.

If M/s. TNB Limited has to make payment on 25.03.2024 as per the contract between them, the invoice should be issued on or before 25.03.2024.

8. A tax payer can file GSTR-1 under CGST Act, 2017, only after the end of the current tax period. State exceptions to this.**Solution:**

A taxpayer can file GSTR-1 under CGST Act, 2017, only after the end of the current tax period. **However, following are the exceptions to this rule:**

- (i) Casual taxpayers, after the closure of their business
- (ii) Cancellation of GSTIN of a normal taxpayer.

9. State the persons who are not liable for registration as per provisions of Section 23 of Central Goods and Service Tax Act, 2017.

Solution:

As per provisions of Section 23 of CGST Act, 2017, the persons who are not liable for registration are as under—

- a) Person engaged exclusively in supplying goods/services/both that are wholly exempt from tax.
 - b) Person engaged exclusively in supplying goods/services/both that are not liable to tax.
 - c) Agriculturist to the extent of supply of produce out of cultivation of land.
 - d) Persons only engaged in making supplies of taxable goods or services or both liable to reverse charge.
 - e) Persons making inter-State supplies of taxable services up to an aggregate turnover of ₹ 20 lakh (₹ 10 lakh in case of notified special category States).
 - f) Casual Taxable Persons making taxable supplies of specified handicraft goods up to an aggregate turnover of ₹ 20 lakh (₹ 10 lakh in case of notified special category States) subject to specified conditions.
 - g) Persons making inter-State supplies of specified handicraft goods up to an aggregate turnover of ₹ 20 lakh (₹ 10 lakh in case of notified special category States) subject to specified conditions.
 - h) Job workers making inter-State supply of services to a registered person up to an aggregate turnover of ₹ 20 lakh (₹ 10 lakh in case of notified special category States) subject to specified conditions.
 - i) Persons making supplies of services through an electronic commerce operator (other than supplies specified under section 9(5) of the CGST Act) up to an aggregate turnover of ₹ 20 lakh (₹ 10 lakh in case of notified special category States).
10. **Important** Mr. Allan, a non-resident person, wishes to provide taxable supply of goods. He has no fixed place of business or residence in India. He seeks your advise on the following aspects, relating to CGST Act, 2017:

- (i) When shall he apply for registration?
- (ii) Is PAN mandatory for his registration?
- (iii) What is the period of validity of RC granted to him?
- (iv) Will he be able to extend the validity of his registration? If yes, what will be the period of extension?

Solution:

(i) Mr. Allan, being a non-resident person, should apply for registration, irrespective of the threshold limit, at least 5 days prior to the commencement of business

(ii) No, PAN is not mandatory for his registration.

He has to submit a self-attested copy of his valid passport along with the application signed by his authorized signatory who is an Indian Resident having valid PAN.

However, in case of a business entity incorporated or established outside India, the application for registration shall be submitted along with its tax identification number or unique number on the basis of which the entity is identified by the Government of that country or its PAN, if available.

(iii) Registration Certificate granted to Mr. Allan will be valid for:

- a) Period specified in the registration application, or
- b) 90 days from the effective date of registration
whichever is earlier.

(iv) Yes, Mr. Allan can get the validity of his registration extended. Registration can be extended further by a period not exceeding 90 days.

11. Ms. Jimmy wants to adjust input tax credit for payment of interest, penalty and payment of tax under reverse charge. Explain whether she can do so.

Solution:

The input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger which may be used for making any payment towards output tax.

“Output tax” inter alia excludes tax payable on reverse charge basis.

Thus, Ms. Jimmy cannot adjust input tax credit for payment of interest, penalty as also for payment of tax under reverse charge.

12. **[Important]** Worldwide Pvt. Ltd. (a registered taxable person) having the gross receipt of ₹ 80 lakh in the previous financial year provides the following information relating to their services for the month of July, 20XX.

Sr. No.	Particulars	Amount (₹)
1	Running a boarding school	2,40,000
2	Fees from prospective employer for campus interview	1,70,000
3	Education services for obtaining the qualification recognised by law of foreign country	3,10,000
4	Renting of furnished flats for temporary stay to different persons (Rent per day is less than ₹ 1,000 per person)	1,20,000
5	Conducting Modular Employable Skill Course, approved by National Council of Vocational Training	1,40,000
6	Conducting private tuitions amount	3,00,000

Compute the value of taxable supply and the amount of GST payable. The above receipts don't include the GST amount. Rate of GST is 18%.

Solution:

S.No.	Particulars	₹
1	Running a boarding school [Services provided by an educational institution to its students, faculty and staff are exempt.]	Nil
2	Fees from prospective employer for campus interview [Not exempt.]	1,70,000
3	Education services for obtaining the qualification recognised by law of foreign country [An institution providing education services for obtaining qualification recognized by a foreign country does not qualify as educational institution. Thus, said services are not exempt.]	3,10,000
4	Renting of furnished flats for temporary stay of different persons	1,20,000
5	Conducting Modular Employable Skill Course [An institution providing Modular Employable Skill Course qualifies as educational institution. Services provided by an educational institution to its students, faculty and staff are exempt.]	Nil
6	Conducting private tuitions [Not exempt.]	3,00,000
	Value of taxable supply	9,00,000
	GST payable @ 18%	1,62,000

13. **Important** M/s J & Co. (Accountants), a partnership firm, having its registered and head office in Mumbai and registered under the GST Act in the State of Maharashtra only. It does not have any branches in other State. The gross receipts of the firm in the preceding Financial Year was ₹ 60 lakh. Firm has submitted following information for the month of August, 20XX:

Particulars	Amount (₹) (excluding GST)
Professional services provided and bills raised during the month for providing services of ITR filing and income tax consultancy	1,00,000
Internal Audit of X Pvt. Ltd. at their office in Mumbai (registered in the State of Maharashtra)	50,000
Statutory audit services provided to M/s Tirupati Trading Pvt. Ltd. at Ahmedabad (registered in the State of Gujarat)	70,000

Firm has also furnished following information in respect of input services availed from registered dealers for providing output services during the month August, 20XX:

Particulars	Amount (₹) (excluding GST)	CGST	SGST	IGST
Services availed from courier agency	5,000	450	450	Nil
Railway travelling expenses from Mumbai to Ahmedabad and Return Ticket for conducting of audit of M/s Tirupati Trading Pvt. Ltd. for 3 Tier AC	12,000	Nil	Nil	600
Service availed from another professional firm at Mumbai amount is paid without TDS u/s 194J of Income Tax Act	20,000	Nil	Nil	3,600

Notes:

- Rate of CGST, SGST and IGST to be 9%, 9% & 18% respectively, on outward supplies.
- All the conditions necessary for availing the ITC have been fulfilled.
- Opening balance of available input tax credit is Nil for CGST, SGST and IGST.

Compute the net gst payable by M/s J & Co. for the month August, 20XX after adjusting the GST credit. Brief reasoning should form part of your answer.

Solution:

Computation of net GST payable by M/s J & Co. for the month of August, 20XX

S. No.	Particulars	CGST (₹)	SGST (₹)	IGST (₹)
(i)	Professional services and services of ITR filing and IT Consultancy [₹ 1,00,000]	9,000	9,000	-
(ii)	Internal audit services [₹ 50,000]	4,500	4,500	-
(iii)	Statutory audit services [₹ 70,000]	-	-	12,600
	Total GST	13,500	13,500	12,600
	Less: ITC (Refer working note)	450	450	4,200
	Net GST payable	13,050	13,050	8,400

Working note: Computation of ITC available for set-off

S. No.	Particulars	CGST (₹)	SGST (₹)	IGST (₹)
(1)	ITC on courier services [₹ 5,000]	450	450	-
(2)	ITC on railway travelling expenses for conducting of audit of M/s Tirupati Pvt. Ltd. [₹ 12,000]	--	--	600
(3)	ITC on services availed from another professional firm at Mumbai [₹ 20,000]			3,600
	Total ITC	450	450	4,200

Note: Read amount of GST ₹ 3,600 given against services availed from another professional firm at Mumbai as given against IGST. However, it is also possible to assume the said amount of ₹ 3,600 as entirely the amount of IGST (as given in question) or as ₹ 1,800 - CGST and SGST each.

14. **[Important]** JP Charitable Institution, an entity registered under Section 12AB of Income Tax Act, 1961 and registered in GST, has furnished you the following details with respect to the activities undertaken by it during the month of January, 20XX. You are required to compute its taxable value of GST from the information given below, assuming that the rate of GST is 18%. Brief reasoning should be part of your answer.

Particulars	Amount (₹) Excluding GST
Membership fees received from members	10,00,000
Amount received for advancement of educational programs relating to abandoned or orphaned or homeless children	4,00,000
Amount received for renting of commercial property owned by Trust	5,00,000
Amount received for counselling of terminally ill person	3,50,000
Fees charged for Yoga Camp conducted by Trust	2,00,000
Amount received relating to preservation of forest & wildlife	6,00,000

Solution:

Computation of value of taxable supply of J P Charitable Institution for the month of January, 20XX

Particulars	₹
(i) Membership fees received from members	10,00,000
(ii) Amount received for advancement of educational programs relating to abandoned/orphaned/homeless children	Nil
(iii) Amount received for renting of commercial property owned by Trust	5,00,000
(iv) Amount received for counselling of terminally ill person	Nil
(v) Fee charged for Yoga Camp conducted by Trust	Nil
(vi) Amount received relating to preservation of Forest & Wildlife	Nil
Taxable Value	15,00,000

- Charitable activities provided by an entity registered under section 12AB of the Income-tax Act, 1961 are exempt. Since JP Charitable Institution is registered under section 12AB of the Income-tax Act, 1961 and activities mentioned at points (ii), (iv), (v) and (vi) are included in charitable activities, the same are exempt.
- It has been logically assumed that the commercial property owned by the Charitable Trust is not within the precincts of a religious place meant for general public.

15. Mr. XYZ & Co., a firm of Accountants, issued invoice for services rendered to Mr. A on 7th September, 20XX. Determine the time of supply in the following independent cases:

- (1) The provision of service was completed on 1st August, 20XX.
- (2) The provision of service was completed on 14th August, 20XX.
- (3) Mr. A made the payment on 3rd August, 20XX where provision of service was remaining to be completed.
- (4) Mr. A made the payment on 15th September, 20XX where provision of service was remaining to be completed.

Solution:

Time of supply will be:

- (A) if the invoice is issued within 30 days of supply of service,
date of invoice
OR
date of receipt of payment,
whichever is earlier
- (B) if the invoice is not issued within 30 days of supply of service,
date of provision of service
OR
date of receipt of payment,
whichever is earlier

In accordance with aforesaid provisions, time of supply is:

1. 01.08.20XX since the invoice is not issued within 30 days of supply of service.
 2. 07.09.20XX since the invoice is issued within 30 days of supply of service.
 3. 03.08.20XX viz. earlier of 07.09.20XX or 03.08.20XX
 4. 07.09.20XX viz. earlier of 07.09.20XX or 15.09.20XX
16. **[Important]** M/s Maheshwari Corporation Pvt. Ltd. is a supplier of goods and services at Bangalore, registered in the State of Karnataka, having turnover of ₹ 200 lakhs in the last financial year. It has furnished the following information for the month of Dec, 20XX.

Sr. No.	Particulars	Amount (₹) Excluding GST
1	Services provide by way of labour contract for repairing a single residential unit otherwise than as a part of residential complex (It is an intra-State transaction.)	1,30,000
2	Intra-State sale of taxable goods including ₹ 50,000 received as advance in Oct, 20XX. The invoice for the entire sale value is issued on 15th Dec, 20XX	2,50,000
3	Goods transport services received from GTA, GTA has opted to pay tax under forward charge (inter-State supply)	1,80,000

Compute net GST liability (CGST, SGST, IGST as the case may be) of M/s Maheshwari Corporation Pvt. Ltd. for the month of Dec, 20XX assuming the rates of GST, unless otherwise specified, as under: CGST – 9%, SGST – 9%, IGST – 18%

Solution:

Computation of net GST liability of M/s Maheshwari Corporation Pvt. Ltd.

Particulars	Value of Supply	CGST	SGST	IGST
Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex [Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt. Labour contracts for repairing are thus, taxable.]	1,30,000	11,700	11,700	-
Intra State sale of taxable goods [Time of supply of goods is the time of issue of invoice. So, advance received in Oct, 20XX will also be taxed in dec, 20XX]	2,50,000	22,500	22,500	
Less: ITC of GST paid on GTA services received		(21,600)		
Net GST liability		12,600	34,200	Nil

As per order of utilization of ITC, ITC of IGST can be used to pay CGST or SGST in any order as there is no IGST liability.

17. Harshgeet Pvt. Ltd., a registered supplier, is engaged in the manufacture of taxable goods. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of July, 20XX:

Sr.	Particulars	GST paid
No		
(1)	Raw Material (to be received in September, 20XX)	2,50,000
(2)	Membership of a club availed for employees working in the factory	1,45,000
(3)	Inputs to be received in 5 lots, out of which 3rd lot was received during the month	80,000
(4)	Trucks used for transport of raw material	40,000
(5)	Capital goods (out of 3 items, invoice for 2 items is missing and GST paid on that item is ₹ 80,000)	1,50,000

Determine the amount of tax credit available with Harshgeet Pvt. Ltd. for the month of July, 20XX by giving the necessary explanation for treatment of various items. All the conditions necessary for availing the ITC have been fulfilled.

Solution:

Computation of ITC available with Harshgeet Pvt. Ltd. for the month of July, 20XX

Particulars	₹
Raw Material [ITC not available as raw material is not received in July, 20XX]	Nil
Membership of a club availed for employees working in the factory [Blocked credit in terms of section 17(5) of the CGST Act, 2017]	Nil
Inputs to be received in 5 lots, out of which 3rd lot was received during the month [In case of goods received in lots, ITC can be taken only upon receipt of the last lot]	Nil
Trucks used for transport of raw material [ITC of GST paid on motor vehicles is allowed only when used, inter alia, for transportation of goods in terms of section 17(5) of the CGST Act, 2017]	40,000
Capital goods [ITC of GST paid on items for which invoice is missing is not available. So, ITC of ₹ 80,000 is not available]	70,000
Total ITC available	1,10,000

18. [REGISTRATION]

- i. *There is a dairy farm selling milk and milk products in Delhi. The turnover of his dairy farm is as below*
Milk (Exempted) : ₹ 39,90,000
Butter (Taxable) : ₹ 50,000
What is the registration liability under GST for the above mentioned person assuming he has same PAN?
- ii. *Amit, a taxable person, is operating in Tamilnadu, Punjab and West Bengal, with the same PAN. Can he operate with a single registration in West Bengal?*

Solution:

- (i) As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit.

The threshold limit for a person making exclusive intra - State taxable supplies of goods is as under:-

- (a) ₹ 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
 (b) ₹ 20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
 (c) ₹ 40 lakh for rest of India.

However, the higher threshold limit of ₹ 40 lakh is not available to persons engaged in making supplies of **fly ash bricks/blocks, building bricks, bricks of fossil meals, earthen/roofing tiles**, ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.

Further, aggregate turnover, inter alia, means the aggregate value of all taxable supplies as well as exempt supplies.

Here Supplier is exclusively in supply of goods & located in Delhi. Hence, threshold limit of ₹ 40,00,000 is applicable.

Aggregate Turnover is
= ₹ 39,90,000 + ₹ 50,000
= ₹ 40,40,000

Since aggregate turnover of the dairy farm in Delhi exceeds ₹ 40 lakh, it is liable to get registered.

- (ii) No, Amit cannot operate with a single registration in West Bengal if he is making taxable supplies from Tamilnadu and Punjab also. Every person who is liable to take a registration will have to get registered separately for each of the States where he has a business operation and is liable to pay GST.

However, if he is not making taxable supplies from Tamilnadu and Punjab, he can operate with a single registration in West Bengal.

19. Can a person get himself voluntarily registered though he may not be liable to pay GST?

Solution:

Yes. A person, though not liable to be registered under sections 22 or 24 of CGST Act, 2017 may get himself registered voluntarily. Once a person obtains voluntary registration, he has to pay tax even though his aggregate turnover does not exceed threshold limits.

20. [Important] State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II of CGST Act:

- i. Renting of immovable property
- ii. Transfer of right in goods without transfer of title in goods.
- iii. Works contract services
- iv. Temporary transfer of permitting use or enjoyment of any intellectual property right
- v. **Sale of personal car to dealer.**

Solution:

- (i) Renting of immovable property would be treated as supply of services in terms of Schedule-II of CGST Act, 2017.
- (ii) As per Schedule-II of CGST Act, 2017, transfer of right in goods without transfer of title in goods would be treated as supply of services.
- (iii) As per Schedule-II of CGST Act, 2017, works contract services would be treated as supply of services.
- (iv) As per Schedule-II of CGST Act, 2017, temporary transfer of permitting use or enjoyment of any intellectual property right would be treated as supply of services.
- (v) As per Schedule-II of CGST Act, 2017, sale of personal car to dealer would be treated as supply of goods as any transfer of the title in goods is a supply of goods.

However, it is also possible to take view that sale of personal car to dealer is not a supply per se as supply is not made by the individual in the course or furtherance of business.

Note: The question may be answered on the basis of either of the two views.

GST - PRACTICE TEST PAPER - SET 28 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – RTP NOV 2018 EXAM
[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **[Important]** M/s. Shri Durga Corporation Pvt. Ltd. is a supplier of goods and services at Kolkata. It has furnished the following information for the month of February, 20XX:

Particulars	Amount
(i) Intra-State sale of taxable goods including ₹ 1,00,000 received as advance in January, 20XX, the invoice for the entire sale value is issued on 15th February, 20XX	4,00,000
(ii) Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (It is an intra-State transaction)	1,00,000
(iii) Goods transport services received from a GTA. GTA is paying tax @12% under forward charge (It is an inter-State transaction)	2,00,000

Compute net GST liability (CGST, SGST or IGST, as the case may be) of M/s Shri Durga Corporation Pvt. Ltd. For the month of February, 20XX.

Assume the rates of GST, unless otherwise specified, as under:

CGST	9%
SGST	9%
IGST	18%

Note:-

The turnover of M/s. Shri Durga Corporation Pvt. Ltd. was ₹ 2.5 crore in the previous financial year. All the amounts given above are exclusive of taxes.

Solution:

Computation of GST liability of M/s. Shri Durga Corporation Pvt. Ltd. for the month of February, 20XX

Particulars	Value of Supply	CGST	SGST	IGST
Intra -State sale of taxable goods [Note-1]	4,00,000	36,000	36,000	
Services rendered by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex [Note-2]	1,00,000	9,000	9,000	
Total GST liability for the month of February, 20XX		45,000	45,000	Nil
Less: Input tax credit available [Note-4](₹ 2,00,000 x12%)		24,000	-	
Net GST liability for the month of February, 20XX		21,000	45,000	Nil

Notes:

1. Section 12 of CGST Act, 2017 **read with Notification No. 66/2017 CT dated 15.11.2017** provides that the time of supply for all suppliers of goods (excluding composition suppliers) **is the time of issue of invoice, without any turnover limit. [Time of Supply Chapter]**

Thus, liability to pay tax on the advance received in January, 20XX will also arise in the month of February, when the invoice for the supply is issued. [Any advance against Goods is not taxable in the month of receipt]

2. Services by way of **pure labour contracts of construction, erection, commissioning, or installation of original works** pertaining to a single residential unit otherwise than as a part of a residential complex are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017. **Labour contracts for repairing are thus, taxable. [Exemption Chapter]**
3. Input tax credit is available for the services received from GTA. The input tax credit of IGST can be used against IGST **then CGST and SGST in any order vide section 49(5) of CGST Act, 2017 read with Rules 88A.**
2. **[ITC Chapter]** Cloud Seven Private Limited, a registered supplier, is engaged in the manufacture of taxable goods. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the **month of February, 20XX :**

	Particulars	GST paid (₹)
(i)	Trucks used for the transport of raw material	1,20,000
(ii)	Foods and beverages for <u>consumption of employees</u> lot was received during the month	40,000
(iii)	Inputs are to be received <u>in five lots, out of which third lot</u> was received during the month	80,000
(iv)	Membership of a club <u>availed for employees</u> working in the factory	1,50,000
(v)	Capital goods (out of five items, invoice for one item was missing and GST paid on that item was ₹ 50,000)	4,00,000
(vi)	Raw material (to be received in March, 20XX)	1,50,000

Determine the amount of input tax credit available with Cloud Seven Private Limited for the month of February, 20XX by giving necessary explanations for treatment of various items. All the conditions necessary for availing the input tax credit have been fulfilled.

Solution:

Computation of input tax credit (ITC) available with Cloud Seven Private Limited for the month of February, 20XX

Particulars	₹
Trucks used for the transport of raw material [Note-1]	1,20,000
Foods and beverages for consumption of employees working in the factory [Note-2]	Nil
Inputs are to be received in five lots, out of which third lot was received during the month [Note-3]	Nil
Membership of a club availed for employees working in the factory [Note-4]	Nil
Capital goods (out of five items, invoice for one item was missing and GST paid on that item was ₹ 50,000) [Note-5]	3,50,000
Raw material to be received in March, 20XX [Note-6]	Nil
Total ITC	4,70,000

Notes:-

1. ITC on motor vehicles **used inter alia, for transportation of goods** is not blocked in terms of **Section 17(5)** [Blocked Credit] of the CGST Act, 2017.
 2. ITC on food or beverages is specifically disallowed **unless the same is provide under a statutory obligation or** used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply- [Section 17(5)].
 3. When inputs are received in instalments, ITC can be availed only on receipt of last instalment- [Section 16(2)].
 4. Membership of a club (**except the same is provided under statutory obligation**) is specifically disallowed under section 17(5) of the CGST Act, 2017.
 5. ITC cannot be taken on missing invoice. The registered person should have the invoice in its possession to claim ITC [Section 16(2) of CGST Act, 2017].
 6. Input tax credit is available only upon the receipt of goods in terms of section 16(2) of CGST Act, 2017.
3. **[Registration & Tax Invoice Chapter]** Luv & Kush Pvt. Ltd. of Telangana engaged in the supply of gifts items provides you the following details:-

S.No.	Particulars	Date
1	Commencement of the business of supplying goods	01.08.20XX
2	Turnover exceeds ₹ 10,00,000 on	15.08.20XX
3	Turnover exceeds ₹ 20,00,000 on	05.09.20XX
4	Application for registration made on	28.09.20XX
5	Registration certificate granted on	06.10.20XX

The company seeks your advice as to how it should raise revised tax invoices for supplies made. Is there any specific provision for issuance of revised tax invoices to unregistered customers? Explain.

Solution:

As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making **exclusive intra - State taxable supplies of goods** is as under:-

- (a) ₹ 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) ₹ 40 lakh for rest of India. **However, the higher threshold limit of ₹ 40 lakh is not available to persons engaged in making supplies of fly ash bricks/blocks, building bricks, bricks of fossil meals, earthen/roofing tiles, ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.**

In the given case, Luv & Kush Pvt. Ltd is located in Telangana. Though Supplier of goods are exempt from registration upto aggregate turnover of ₹ 40,00,000 but this exemption is not applicable for Supplier of goods located in Telangana. Here Limit of ₹ 20,00,000 is applicable.

A supplier whose aggregate turnover in a financial year **exceeds ₹ 20 lakh in Telangana State** is liable to apply for registration within 30 days from the date of becoming liable to registration (i.e., the date of crossing the threshold limit of ₹ 20 lakh) vide section 22 of CGST Act, 2017.

Where the application is submitted within said period, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

Every registered person who has been granted registration with effect from a date earlier than the date of issuance of registration certificate to him, **may issue revised tax invoices in respect of taxable supplies effected during this period within 1 month from the date of issuance of registration certificate [Section 31].**

Here, Luv & Kush Pvt. Ltd. has made the application for registration within 30 days of becoming liable for registration, the effective date of registration becomes the date on which the company becomes liable to registration i.e. 05.09.20XX.

Thus, Luv & Kush Pvt. Ltd. may issue revised tax invoices against the invoices already issued during the period between effective date of registration (05.09.20XX) and the date of issuance of registration certificate (06.10.20XX), **within 1 month from 06.10.20XX.**

Further, Luv & Kush Pvt. Ltd **may issue a consolidated revised tax invoice** in respect of all taxable supplies made to unregistered dealers during such period. **However, in case of inter-State supplies made to unregistered dealers, a consolidated revised tax invoice cannot be issued if the value of a supply exceeds ₹ 2,50,000.**

4. **[Value of Supply]** - Red Pepper Ltd., Delhi, a registered supplier, is manufacturing taxable goods. It provides the following details of taxable inter-State supply made by it for the month of March, 20XX.

Particulars	Amount in
List price of goods supplied inter-state (exclusive of taxes)	15,00,000
Subsidy received from Central Government for supply of taxable goods to Government School.	2,10,000
Subsidy received from a NGO for supply of taxable goods to an old age home	50,000
Tax levied by Municipal Authority	20,000
Packing charges	15,000
Late fee paid by the recipient of supply for delayed payment of invoice	6,000

The list price of the goods takes into account the two subsidies received. However, the other charges/taxes/fee are charged to the customers over and above the list price. Calculate the value of taxable supply made by M/s Red Pepper Ltd. for the month of March, 20XX. Rate of IGST is 18%.

Solution:

Computation of value of taxable supply made by Red Pepper Ltd. for the month of March, 20XX

Particulars	₹
List price of the goods	15,00,000
Add: Subsidy amounting to ₹ 2,10,000 received from Central Government [Since subsidy is received from Government, the same is not includible in the value in terms of section 15 of the CGST Act, 2017]	NIL
Subsidy received from NGO [Since subsidy is received from a non-Government body, the same is includible in the value in terms of section 15 of the CGST Act, 2017]	50,000
Tax levied by the Municipal Authority [Includible in the value as per section 15 of the CGST Act, 2017]	20,000
Packing charges [Being incidental expenses, the same are includible in the value as per section 15 of the CGST Act, 2017]	15,000
Late fees paid by recipient of supply for delayed payment [Includible in the value as per section 15 of the CGST Act, 2017] (assumed to be inclusive of taxes) [₹ 6,000 x 100/118] rounded off (Note: As an alternative, Students may also assume amount exclusive of taxes)	5,085
Value of taxable supply	15,90,085

- 5.
- (i) Explain the meaning of the term “date of receipt of payment” as per section 13 of the CGST Act, 2017.
- (ii) **VERY IMP [SUPPLY]** List any four activities which shall be neither treated as supply of goods nor a supply of services under the GST law.

Solution:

- (i) “Date of receipt of payment” in terms of section 13 of CGST Act, 2017 refers to the
- (a) date on which the payment is recorded in the books of account of the entity (supplier of service) that receives the payment, or
 - (b) the date on which the payment is credited to the entity’s bank account,
whichever is earlier.
- (ii) Section 7(2)(a) of CGST Act, 2017 read with Schedule III specifies the activities or transactions which shall be treated neither as a supply of goods nor a supply of services:
1. Services by an employee to the employer in the course of or in relation to his employment.
 2. Services by any court or Tribunal established under any law for the time being in force.
 3.
 - (a) Functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;
 - (b) Duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or
 - (c) Duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.
 4. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
 5. Sale of land and, subject to paragraph 5(b) of Schedule II, sale of building.
 6. Actionable claims, other than lottery, betting, **casino, horse racing, online money gaming** and gambling.
6. [EXEMPTION] - Examine whether GST is payable in the following independent supply of services:
- (i) Indiana Engineering College, a recognised educational institution, has conducted an entrance test examination for various courses run by it and charged entrance fees from the applicants.
 - (ii) **[Recent Amendment]** Ramfal Lalaji, an agriculturist, has stored sugarcane in a warehouse. He has taken fumigation services in the said warehouse from Gupta Pest Control Co. for which he paid the consideration of ₹ 6,000.

Solution:

- (i) Services provided by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee **are exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017 as amended.**

Since in the given case, services provided by Indiana Engineering College, an educational institution are by way of conduct of entrance examination against entrance fee, **the same is exempt and thus, GST is not payable in this case.**

- (ii) Services by way of fumigation in a warehouse of agricultural produce **are now not exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017 as amended.** In the present case, since Gupta Pest Control Co. provides services by way of fumigation in the warehouse of sugarcane [being an agricultural produce], said services are NOT exempt and GST is payable on the same.

7. Explain the meaning of the term “input tax” under section 2(62) of CGST Act, 2017.

Solution:

As per section 2(62) of CGST Act, 2017, “input tax” in relation to a registered person, means the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him and includes —

- (a) the integrated goods and services tax charged on import of goods;
- (b) the tax payable under the provisions of sub -sections (3) and (4) of section 9;
- (c) the tax payable under the provisions of sub -section (3) and (4) of section 5 of the IGST Act;
- (d) the tax payable under the provisions of sub -section (3) and sub-section (4) of section 9 of the respective SGST Act; or
- (e) the tax payable under the provisions of sub -section (3) and sub-section (4) of section 7 of the UTGST Act, **but does not include the tax paid under the composition levy.**

8. **[SUPPLY CHAPTER]** Examine whether the activity of import of service in the following independent cases would amount to supply under section 7 of the CGST Act, 2017?

- (i) Miss Shriniti Kaushik received vastu consultancy services for her residence located at Bandra, Mumbai from Mr. Racheal of Sydney (Australia). The amount paid for the said service is 5,000 Australian dollar.
- (ii) Miss Shriniti Kaushik received vastu consultancy services for her residence located at Bandra, Mumbai from her brother, Mr. Varun residing in Sydney (Australia). Further, Miss Shriniti did not pay any consideration for the said service.
- (iii) Miss Shriniti Kaushik received vastu consultancy services for her business premises located at Bandra, Mumbai from **her brother, Mr. Varun (dependent on Shriniti)** residing in Sydney (Australia). Further, Miss Shriniti did not pay any consideration for the said service.

Solution:

(i) Supply, under section 7 of the CGST Act, 2017, inter alia,

- includes import of services for a consideration
- even if it is not in the course or furtherance of business.

Thus, although the import of service for consideration by Miss. Shriniti Kaushik is not in course or furtherance of business, **as the vastu consultancy service has been availed in respect of residence, it would amount to supply.**

[Taxability - Even if it is treated as Supply, it is an exempted Supply as Per Notification No. 12/2017 CT (R) dated 28.06.2017 as amended as import of service is used by Individual for personal purpose.]

(ii) **Section 7 of the CGST Act, 2017 read with Schedule I provides that** import of services by a person from a related person located outside India, without consideration is treated as supply **if it is provided in the course or furtherance of business.**

In the given case, import of service without consideration by Miss Shriniti from her brother – Mr. Varun [brother, being member of the same family, is a related person] **will not be treated as supply as it is not in course or furtherance of business.**

(iii) Section 7 of the CGST Act, 2017 read with Schedule I provides that import of services by a person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business.

Thus, import of service without consideration by Miss Shriniti from her brother – Mr. Varun (brother, being member of the same family & dependent, is a related person) **will be treated as supply as she receives vastu consultancy service for her business premises, i.e. in course or furtherance of business.**

GST - PRACTICE TEST PAPER - SET 29 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – MAY 2018 EXAM QUESTIONS

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **IMPORTANT [VALUE OF SUPPLY]** Shri Krishna Pvt. Ltd., a registered dealer, furnishes the following information relating to goods sold by it to Shri Balram Pvt. Ltd. in the course of Intra State.

Particulars	Amount (₹)
(i) Price of the goods	1,00,000
(ii) Municipal Tax	2,000
(iii) Inspection charges	15,000
(iv) Subsidies received from Shri Ram Trust (As the products is going to be used by blind association)	50,000
(v) Late fees for delayed payment. (Though Shri Balram Pvt. Ltd. made late payment but these charges are waived by Shri Krishna Pvt. Ltd.)	1,000
(vi) Shri Balram Pvt. Ltd. paid to Radhe Pvt. Ltd. (on behalf of Shri Krishna Pvt. Ltd.) weightment charges.	2,000

According to GST Law, determine the value of taxable supply made by Shri Krishna Pvt. Ltd. Items given in Point (ii) to (vi) are not considered while arriving at the price of the goods given in point no. (i).

Solution:

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

Particulars	₹
Price of the goods	1,00,000
Municipal tax [Includible in the value as per section 15 of the CGST Act, 2017]	2,000
Inspection charges [Being incidental expenses, the same are includible in the value as per section 15 of the CGST Act, 2017]	15,000
Subsidy received from Shri Ram Trust [Since subsidy is received from a non-Government body, the same is includible in the value in terms of section 15 of the CGST Act, 2017]	50,000
Late fees for delayed payment [Not includible since waived off]	Nil
Weightment charges paid to Radhe Pvt. Ltd. by Shri Balram Pvt. Ltd. on behalf of Shri Krishna Pvt. Ltd. [Liability of the supplier being discharged by the recipient, is includible in the value in terms of section 15 of the CGST Act, 2017]	2,000
Value of taxable supply	1,69,000

2. **[Very Important]** M/s. Pradyumn Corporation Pvt. Ltd., a registered dealer of Mumbai furnishes you following information for the month of February, 20XX.

Particulars	Amount
(i) Intra state sale of Taxable goods (out of above ₹ 50,000 was received as advance in January, 20XX)	2,00,000
(ii) Received for services by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (It is Intra-State transaction)	50,000
(iii) <u>Professional fees paid to Ms. Udadhi located in a non-taxable territory (It amounts to Inter State transaction)</u>	50,000

Compute GST liability (CGST, SGST or IGST, as the case may be) of M/s Pradyumn Corporation Pvt. Ltd. for the month of Feb, 20XX.

Assume the rates of GST as under:

CGST	9%
SGST	9%
IGST	18%

Note: Turnover of M/s. Pradyumn Corporation Pvt. Ltd. was ₹ 2 crore in the previous financial year.

Solution:

Computation of GST liability of M/s. Pradyumn Corporation Pvt. Ltd. for the month of Feb, 20XX

Particulars	Value of Supply	CGST	SGST	IGST
Intra State sale of taxable goods [Note-1]	2,00,000	18,000	18,000	
Receipt for services rendered by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex [Note-3]	50,000	4,500	4,500	
Professional fees paid to Ms. Udadhi located in a non-taxable territory [Note-4]	50,000			9,000
Total GST liability for the month of Feb, 20XX		22,500	22,500	9,000

Notes:

- Section 12 of CGST Act, 2017 **read with Notification No. 66/2017 CT dated 15.11.2017** provides that the time of supply for all suppliers of goods (excluding composition suppliers) **is the time of issue of invoice, without any turnover limit.** [Time of Supply Chapter]

Thus, liability to pay tax on the advance received in January, 20XX will also arise in the month of February, when the invoice for the supply is issued. [Any advance against Goods is not taxable in the month of receipt]

- Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt. **Labour contracts for repairing are thus, taxable.**
- In case of service supplied by a person located in a non -taxable territory to a person other than non-taxable online recipient, GST is payable under reverse charge by such recipient.**

3. **[Supply under GST]** List the activities to be treated as supply under CGST Act, 2017 even if made without consideration.

Solution:

Activities to be treated as supply even if made without consideration in terms of section 7 of CGST Act, 2017 read with Schedule I:-

1. Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
 2. Supply of goods or services or both between related persons or between distinct persons as specified in section 25 of the CGST Act, 2017, when made in the course or furtherance of business.
However, gifts not exceeding ₹ 50,000 in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.
 3. **Supply of goods —**
 - (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or
 - (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
 4. Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.
4. **State, with reason, person liable to pay GST in each of following independent cases. Assume recipient is located in taxable territory.**
- (i) **Rental income received by Tamil Nadu State Government from renting an immovable property to Mannappa Pvt. Ltd. (Turnover of the company was ₹ 22 lakhs in the preceding FY) registered under CGST Act 2017.**
 - (ii) **Legal Fees received by Mr. Sushrut, a senior advocate, from M/s. Tatva Trading Company having turnover of ₹ 50 lakhs in preceding F. Y.**

Solution:

- (i) Notification No. 12/2017 CT (R) dated 28.06.2017 has inter alia exempted the services provided by the State Government to a business entity with an aggregate turnover of up to such amount in the preceding FY as makes it eligible for exemption from registration. However, the same shall not apply to services by way of renting of immovable property.

In the given case, services by way of renting of immovable property is provided by Tamil Nadu Government to **Mannappa Pvt. Ltd.**. Thus, GST is payable in the given case.

Notification No. 13/2017 CT (R) dated 28.06.2017 **as amended *inter alia provides*** that reverse charge is applicable in case of services supplied by the State Government by way of renting of immovable property to a person registered under the Central Goods and Services Tax Act, 2017.

Thus, GST is payable by Mannappa Pvt. Ltd., being a registered person in the present case.

- (ii) GST on legal services supplied by a senior advocate [Mr. Sushrut] to any business entity [M/s. Tatva Trading Company] located in the taxable territory is payable on reverse charge basis.

Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., M/s. Tatva Trading Company.

5. **What is CIN?**

Solution:

CIN is Challan Identification Number. It is generated by the banks indicating that the payment has been realized and credited to the appropriate government account against a generated challan.

6. How does the new payment system benefit the taxpayer & the Commercial Tax Department?

Solution:

The new payment system benefits the taxpayer and the commercial tax department in the following ways:

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.
- Instant online receipts for payments made online.
- 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 Commercial Tax Department:-

- Revenue will come earlier into the Government Treasury as compared to the old system.
- Logical tax collection data in electronic format.
- Speedy accounting and reporting.
- Electronic reconciliation of all receipts.
- Warehousing of digital challan.

7. State with reason whether following statement is true or false:

"When the change in constitution of business results in change in PAN, the business entity can apply for amendment of registration in prescribed manner within 15 days."

Solution:**The said statement is FALSE.**

When a change in constitution of a business results in change of PAN of the registered person, the said person shall apply for fresh registration. **The reason for the same is that GSTIN is PAN based. Any change in PAN would warrant a new registration.**

8. [ITC] Fun Pharma Private Limited, a registered supplier is engaged in the manufacture of taxable goods. The company provides the following information of GST paid on the purchases made/input services availed by it during the month of June 20XX:

Particulars	GST paid (₹)
(i) Purchase of cabs (seating capacity – 4 person) used for the transportation of its employees	3,30,000
(ii) Inputs consisting of three lots, out of which first lot was received during the month	1,25,000
(iii) Capital Goods (out of three items, invoice for one item was missing and GST paid on that item was ₹ 25,000)	2,50,000
(iv) Outdoor catering service availed on Women's day	72,000

Determine the amount of input tax credit available with M/s Fun Pharma Private Limited for the month of June 20XX by giving necessary explanations for treatment of various items. All the conditions necessary for availing the input tax credit have been fulfilled

Solution:

Computation of input tax credit (ITC) available with Fun Pharma Private Limited for the month of June 20XX

Particulars	₹
Purchase of cabs used for the transportation of its employees [Note-1]	Nil
Inputs consisting of three lots, out of which first lot was received during the month [Note-2]	Nil
Capital goods [Note-3]	2,25,000
Outdoor catering service availed on Women's day [Note-4]	Nil
Total ITC	2,25,000

Notes:-

1. Section 17 of CGST Act, 2017 provides that ITC on motor vehicles can be availed, inter alia, when they are used for making the taxable supply of transportation of passengers i.e., if the taxable person is in the business of transport of passengers. In the given case, since the supplier is a manufacturer, it cannot avail credit on cabs purchased for transportation of its employees.
 2. When inputs are received in instalments, ITC can be availed only on receipt of last instalment in terms of Section 16 of CGST Act, 2017.
 3. ITC cannot be taken on missing invoice. The registered person should have the invoice in its possession to claim ITC vide section 16 of CGST Act, 2017.
 4. ITC on outdoor catering is specifically disallowed unless the same is provided under statutory obligation or used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply in terms of section 17 of CGST Act, 2017.
9. **[VALUE]** Manager is available at 8527230445 for any kind of PDF Notes - Candy Blue Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter -state supply made by it for the month of October, 20XX.

Particulars	Amount in (₹)
(i) List price of goods supplied inter-state	12,40,000
<u>Items already adjusted in the price given in (i) above:</u>	
(1) Subsidy from Central Government for supply of biscuits to Government School.	1,20,000
(2) Subsidy from Trade Association for supply of quality biscuits.	30,000
<u>Items not adjusted in the price given in (i) above:</u>	
(3) Tax levied by Municipal Authority	24,000
(4) Packing Charges	12,000
(5) Late fee paid by the recipient of supply for delayed payment of invoice	5,000

Calculate the value of taxable supply made by M/s Candy Blue Ltd. for the month of October, 20XX.

Solution:

Computation of value of taxable supply made by Candy Blue Ltd. for the month of October, 20XX

Particulars	₹
List Price of the goods	12,40,000
Add: Subsidy amounting to ₹ 1,20,000 received from Central Government [Since subsidy is received from Government, the same is not includible in the value in terms of section 15 of the CGST Act, 2017.]	NIL
Subsidy received from Trade Association [Since subsidy is received from a non-Government body, the same is includible in the value in terms of section 15 of the CGST Act, 2017.]	30,000
Tax levied by the Municipal Authority [Includible in the value as per section 15 of the CGST Act, 2017]	24,000
Packing charges [Being incidental expenses, the same are includible in the value as per section 15 of the CGST Act, 2017]	12,000
Late fees paid by recipient of supply for delayed payment [Includible in the value as per section 15 of the CGST Act, 2017]	5,000
Value of taxable supply	13,11,000

Note: In the above solution, list price of the goods and late fee for delayed payment of invoice have been assumed to be exclusive of taxes. UPDATED NOTES BY CA SURAJ AGRAWAL

10. Explain the meaning of the term "recipient of supply of goods and/or services" under the CGST Act, 2017.

Solution:

Recipient of supply of goods or services or both, means —

- (a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
- (b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
- (c) where no consideration is payable for the supply of a service, the person to whom the service is rendered,

and (i) any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply, and (ii) shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied.

11. **[TIME OF SUPPLY]** M/s Mansh & Vansh Trading Company, a registered supplier, is liable to pay GST under forward charge. Determine the time of supply from the following information furnished by it:

- (i) Goods were supplied on 03-1-20XX
- (ii) Invoice was issued on 05-1-20XX
- (iii) Payment received on 09-1-20XX

Solution:

Section 12 of CGST Act, 2017 *read with Notification No. 66/2017 CT dated 15.11.2017* provides that the time of supply for all suppliers of goods (excluding composition suppliers) is the time of issue of invoice/Last date on which the invoice is required to be issued, without any turnover limit.

Further, a registered person is required to issue a tax invoice before or at the time of removal of goods for supply to the recipient.

Thus, in the given case, the invoice for supply of goods should have been issued on or before the removal of goods i.e., on 03-1-20XX.

However, since the invoice has not been issued within the prescribed time, the time of supply will be the last date on which the invoice is required to be issued (03-1-20XX).

Thus, the time of supply of the goods will be 03-1-20XX.

12. **[EXEMPTION]** Examine whether GST is exempted on the following independent supply of services:

- (i) Teja & Co, a tour operator, provides services to a foreign tourist for tour conducted in Jammu & Kashmir and receives a sum of ₹ 3,00,000.
- (ii) Ms. Poorva acts as a Team Manager for Indian Sports League (ISL), a recognised sports body, for a Tennis tournament organised by Multi brand retail company and received a remuneration of ₹ 2,00,000.

Solution:

- (i) Services provided by a tour operator to a foreign tourist are exempt from GST provided such services are in relation to a tour conducted wholly outside India. Thus, since in the given case, services provided by Teja & Co. are in relation to a tour conducted within India, the same are not exempt from GST.
- (ii) Services provided by a team manager to a recognised sports body for participation in a sporting event are exempt from GST provided said sporting event is organised by a recognised sports body.

Thus, since in the given case, the sporting event is not organised by a recognised sports body, the services provided by Ms. Poorva are not exempt from GST.

13. **[Composition Scheme]** M/s Sai Trading Company, an eligible registered dealer in goods making intra-state supplies within the state of Andhra Pradesh, has reported an aggregate turnover of ₹ 138 Lakhs in the preceding financial year.

- (i) Determine whether Sai Trading Company will be eligible for composition levy u/s 10(1), as on 1-4-20XX.
- (ii) Will your answer be different, if in the above scenario, M/s Sai Trading Company is making intra state supply within the state of Jammu and Kashmir?

Solution:

- (i) **Section 10(1)** of CGST Act, 2017 provides that a registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore may opt for composition scheme. The turnover limit is ₹ 75 lakh in case of Special Category States. **However, for Assam, HP & Jammu and Kashmir, the turnover limit is ₹ 1.5 crore only.**

In the given case, the applicable turnover limit for composition scheme will be ₹ 1.5 crore as Andhra Pradesh is not a Special Category State.

Further, since the aggregate turnover of the registered person in the given case does not exceed ₹ 1.5 crore **and it satisfies other conditions of composition scheme namely, not making inter-State supplies of goods, it is eligible for composition levy.**

- (ii) Since the turnover limit for determining the eligibility for composition scheme in the State of Jammu and Kashmir is also ₹ 1.5 crore, Sai Trading Company will be eligible for composition levy with other condition of not making inter-State supplies of goods being fulfilled.

14. **[Tax Invoice]** Determine with reason whether the following statements are true or false:

- (i) A registered person shall issue separate Invoices for taxable and exempted goods when supplying both taxable as well as exempted goods to an unregistered person.
- (ii) A Non-banking financial company can issue a consolidated tax invoice at the end of every month for the supply made during that month.

Solution:

- (i) **The given statement is false.**

Where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single “invoice -cum-bill of supply” may be issued for all such supplies.

- (ii) **The said statement is true.**

A non-banking financial company has been allowed to issue a consolidated tax invoice or any other document in lieu thereof for the supply of services made **during a month at the end of the month.**

GST - PRACTICE TEST PAPER - SET 30 (Series A)

(SATC GST TEST SERIES - 12th Edition)

APPLICABLE FOR CA INTER - 2024 EXAM

SOURCE: CA INTERMEDIATE – RTP MAY 2018 EXAM

[Solutions are updated for exam in Year 2024 (Amended)]

For Admission / Inquiry - WhatsApp at 8527230445 (11am to 5pm)

1. **VERY IMPORTANT:** [Section 18(6) / ITC Chapter] - Granites Textiles Ltd. purchased a needle detecting machine on 8th July, 2022 from Makhija Engineering Works Ltd. for ₹ 10,00,000 (excluding GST) paying GST @ 18% on the same. It availed the ITC of the GST paid on the machine and started using it for manufacture of goods. The machine was sold on 22nd October, 2023 for ₹ 7,50,000 (excluding GST), as second hand machine to LT. Pvt. Ltd. The GST rate on supply of machine is 18%.

State the action which Granites Textiles Ltd. is required to take, if any, in accordance with the statutory GST provisions on the sale of the second-hand machine.

Solution:

Section 18 of the CGST Act, 2017 read with the CGST Rules, 2017 provides that if capital goods or plant and machinery on which input tax credit has been taken are supplied outward by the registered person, he must pay an amount that is the higher of the following:

- (a) input tax credit taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods (i.e., input tax credit pertaining to remaining useful life of the capital goods), or
- (b) tax on transaction value.

Accordingly, the amount payable on supply of needle detecting machine shall be computed as follows:

Particulars	₹	₹
Input tax credit taken on the machine (₹ 10,00,000 × 18%)		1,80,000
Less:		
Input tax credit to be reversed @ 5% per quarter for the period of use of machine (8 th July 2022 to 22 Oct 2023) [₹1,80,000 × 5%) × 6 quarters]		<u>54,000</u>
Amount required to be paid (A)		<u>1,26,000</u>
Duty leviable on transaction value (₹ 7,50,000 × 18%) (B)		1,35,000
Amount payable towards disposal of machine is higher of (A) and (B)		1,35,000

2. [SUPPLY] - Sahab Sales, an air-conditioner dealer in Janakpuri, Delhi, needs 4 air-conditioners for his newly constructed house in Safdarjung Enclave. Therefore, he transfers 4 air-conditioners [on which ITC has already been availed by it] from its stock, for the said purpose. Examine whether the said activity amounts to supply under section 7 of the CGST Act, 2017.

Further, a Janakpuri resident, Aakash, approached Sahab Sales. He sold an air-conditioner to Sahab Sales for ₹ 5,000. Aakash had bought the said air-conditioner six months before, for his residence. Does sale of the air conditioner by Aakash to Sahab Sales amount to supply under section 7 of the CGST Act, 2017?

Solution:

Section 7 of the CGST Act, 2017 stipulates that in order to qualify as supply:

- (a) Supply should be of goods and/or services.
- (b) Supply should be made for a consideration.
- (c) Supply should be made in the course or furtherance of business.

Further, Schedule I of the CGST Act, 2017 illustrates the activities to be treated as supply even if made without consideration. One such activity is permanent transfer or disposal of business assets where input tax credit has been availed on such assets, i.e. said activity is to be treated as supply even if made without consideration.

In view of said provisions, permanent transfer of air conditioners by Sahab Sales from its stock for personal use at its residence, though without consideration, would amount to supply.

However, sale of air-conditioner by Aakash to Sahab Sales **will not qualify** as supply under section 7 of the CGST Act, 2017 **as although it is made for a consideration, but it's not in the course or furtherance of business.**

3. **[REGISTRATION]** - Pure Oils, Delhi has started the supply of machine oils and high speed diesel in the month of April, 20XX. The following details have been furnished by it for the said month:-

Sl. No.	Particulars	₹*
(i)	Supply of machine oils in Delhi	2,00,000
(ii)	Supply of <u>high speed diesel</u> in Delhi	4,00,000
(iii)	Supply made through Fortis Lubricants - an agent of Pure Oils in Delhi	3,75,000
(iv)	Supply made by Pure Oils from its branch located in Punjab	1,80,000

*excluding GST

Determine whether Pure Oils is liable for registration. Will your answer change, if Pure Oils supplies machine oils amounting to ₹ 2,50,000 from its branch located in Tripura in addition to the above-mentioned supplies?

[REPEATED IN NATURE, CAN BE IGNORED]

Solution:

As per section 22 of the CGST Act, 2017 **read with Notification No. 10/2019 CT dated 07.03.2019**, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit.

The threshold limit for a person making exclusive intra - State taxable supplies of goods is as under:-

- (a) ₹ 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) ₹ 40 lakh for rest of India.

However, the higher threshold limit of ₹ 40 lakh is not available to persons **engaged in making supplies of fly ash bricks/blocks, building bricks, bricks of fossil meals, earthen/roofing tiles**, ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.

As per section 2(6) of the CGST Act, 2017, aggregate turnover includes the aggregate value of:

- (i) all taxable supplies,
- (ii) all exempt supplies,
- (iii) exports of goods and/or services and
- (iv) all inter-State supplies of persons having the same PAN.

The above is computed on all India basis. Further, the aggregate turnover excludes central tax, State tax, Union territory tax, integrated tax and cess. Moreover, the value of inward supplies on which tax is payable under reverse charge is not taken into account for calculation of 'aggregate turnover'.

Further, the explanation to section 22 provides that the expression **"aggregate turnover" shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals.**

Section 9 of the CGST Act, 2017 provides that CGST is not leviable on five petroleum products i.e. petroleum crude, motor spirit (petrol), **high speed diesel**, natural gas and aviation turbine fuel.

As per section 2(47) of the CGST Act, 2017, exempt supply includes non-taxable supply. **Thus, supply of high speed diesel in Delhi, being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.**

In the backdrop of the above-mentioned discussion, the aggregate turnover for the month of April, 20XX is computed as under:

S. No.	Particulars	Amount (in ₹)
(i)	Supply of machine oils in Delhi	2,00,000
(ii)	Add: Supply of high speed diesel in Delhi	4,00,000
(iii)	Add: Supply made through Fortis Lubricants - an agent of Pure Oils in Delhi	-
(iv)	Add: Supply made by Pure Oils from its branch located in Punjab	1,80,000
	Aggregate Turnover	7,80,000

Since the aggregate turnover **does not exceed ₹ 40 lakh (Pure Oils is located in Delhi)**, Pure Oils is not liable to be registered.

If Pure Oils made supply of machine oils amounting to ₹ 2,50,000 from its **branch in Tripura** in addition to the above supply, then threshold limit of registration will be **reduced to ₹ 10 lakh as Tripura** is one of the specified Special Category States.

Aggregate Turnover in that case would be ₹ 7,80,000 + ₹ 2,50,000 = ₹ 10,30,000. **So, if Pure Oils supplies machine oils amounting to ₹ 2,50,000 from its branch in Tripura, then it is liable to be registered.**

SATC NOTE: Turnover of agent is not required to be added in aggregate turnover of Principle for determining "Aggregate Turnover"

4.  **[TAX INVOICE]**- Royal Fashions, a registered supplier of designer outfits in Delhi, decides to exhibit its products in a Fashion Show being organised at Hotel Park Royal, Delhi on 4th January, 20XX. For the occasion, it gets the makeover of its models done by Aura Beauty Services Ltd., Ashok Vihar, for which a consideration is ₹ 5,00,000 (excluding GST) has been charged. Aura Beauty Services Ltd. issued a duly signed tax invoice on 10th February, 20XX showing the lumpsum amount of ₹ 5,90,000 inclusive of CGST and SGST @ 9% each. Royal Fashions made the payment the very next day.

Answer the following questions:

- Examine whether the tax invoice has been issued within the time limit prescribed under law?
- Tax consultant of Royal Fashions objected to the invoice raised suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd. However, Aura Beauty Services Ltd. contended that there is no mandatory requirement of showing tax component separately in the invoice. You are required to examine the validity of the objection raised by tax consultant of Royal Fashions?

Solution:

- As per section 31 of the CGST Act, 2017 read with the CGST Rules, 2017, in case of taxable supply of services, invoices should be issued before or after the provision of service, but within a period of 30 days [45 days in case of insurer/ banking company or financial institutions including NBFCs] from the date of supply of service.

In view of said provisions, in the present case, the tax invoice should have been issued in the prescribed time limit of 30 days from the date of supply of service i.e. upto 03.02.20XX. **However, the invoice has been issued on 10.02.20XX.**

In such a case, the time of supply as per section 13 of the CGST Act, 2017 would be 04.01.20XX i.e. earliest of the following:

- Date of provision of service (04.01.20XX)
- Date of receipt of payment (11.02.20XX)

- (ii) Section 31 of the CGST Act, 2017 read with the CGST Rules, 2017, inter alia, provides that tax invoice shall contain the following particulars-
- (a) Total value of supply of goods or services or both;
 - (b) Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
 - (c) Amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);

The objection raised by the tax consultant of Royal Fashions suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd., **is valid in law.**

In the present case, the tax amount has not been shown separately in the invoice.