



SUPER 60 QUESTIONS

Chapter 1: GST IN INDIA – AN INTRODUCTION

1. Which of the existing taxes are subsumed under GST? OR List any six state levies, which are subsumed in GST. (3 Marks, May 2018-NS) List any four Central levies, which are subsumed in GST. (2 Marks, Nov. 2018-NS)

ANS: Taxes subsumed in GST: The following duties/taxes are discontinued and subsumed into GST-

• Central Taxes	• State Taxes
• Central Excise duty	• State VAT
• Duties of Excise (Medicinal and Toilet Preparations)	• Luxury Tax
• Additional Duties of Excise (Goods of Special Importance)	• Entry Tax (all forms)
• Additional Duties of Excise (Textiles and Textile Products)	• Entertainment and Amusement Tax (except when levied by the local bodies)
• Additional Duties of Customs (commonly known as CVD)	• Taxes on advertisements
• Special Additional Duty of Customs (SAD)	• Purchase Tax
• Service Tax	• Taxes on lotteries, betting and gambling
• Central Sales Tax	• State Surcharges and Cesses so far as they relate to supply of goods and services.
• Central Surcharges and Cesses so far as they relate to supply of goods and services.	

The GST Council shall make recommendations to the Union and States on the taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed in the GST

Chapter 2 : SUPPLY UNDER GST

2. 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 6 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 (RTP May 2018)

ANS: Section 7 of the CGST Act, 2017 stipulates that in order to qualify as supply:

- Supply should be of goods and/or services.
- Supply should be made for a consideration
- Supply should be made in the course or furtherance of business.

Further, Schedule 1 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, ie, 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 its not in the course or furtherance of business.



3. A professional training institute gets its training material printed from a printing press. The content of the material is provided by the training institute who owns the usage rights of the same while the physical inputs including paper used for printing belong to the printer. Ascertain whether supply of training material by the printing press constitutes supply of goods or supply of service [MTP, May 2018, 5 Marks]/[RTP, Nov. 19, 5 Marks]

ANS:

Facts of the given case Study	<ul style="list-style-type: none"> • A printing press supplies printing services. • Content of the material is provide by the recipient of service. • Paper and other physical inputs belong to the printer. • The question is whether it is supply of goods or services.
Related Provisions	<p>(a) As per Circular No. 11/11/2017 GST dated 20.10.2017: The Supply of books printed with contents supplied by the recipient of such printed goods is a composite supply and the question, whether such supplies constitute supply of goods or services would be determined on the basis of what constitutes the principal supply.</p> <p>(b) As per Section 2(90) of the CGST Act:Principal supply is the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply forming part of that composite supply is ancillary.</p>
Decisio	<ul style="list-style-type: none"> • Supply of Printing (of the content supplied by the recipient of supply) is the Principal supply. • Therefore, such supplies would constitute Supply of service.

4. Examine whether the following activities would amount to supply under section 7 of the CGST Act:
- Damodar Charitable Trust, a trust who gets the eye treatment of needy people done free of cost, donates clothes and toys to children living in slum area.
 - Sulekha Manufacturers have a factory in Delhi and a depot in Mumbai. Both these establishments are registered in respective States. Finished goods are sent from factory in Delhi to the Mumbai depot without consideration so that the same can be sold.
 - Raman is an Electronic Commerce Operator in Chennai. His brother who is settled in London is a well-known lawyer. Raman has taken legal advice from him free of cost with regard to his family dispute.
 - Would your answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai?

ANS:

	Activity given in question	Whether supply under section 7	Reason
(a)	Free eye treatment of needy people and donation of clothes, toys, etc	No	Since it is without consideration, Not covered in section 7 and also does not come under the purview of Schedule I.
(b)	Finished goods transferred form factory to depot (Both are in different state)	Yes	<ul style="list-style-type: none"> • Schedule I of CGST Act, inter alia, stipulates that supply of goods or services or both between related persons or between distinct persons as specified in section 25, is supply even without consideration provide it is made in the course or furtherance of business. • Further, where a person who has obtained or is required to obtain registration in a state in respect of an establishment, has an establishment in another state, then such establishments shall be treated as Establishments of distinct persons [Section 25 of the CGST Act].



			<ul style="list-style-type: none">• In view of the same, factory and depot of Sulekha Manufacturers are establishments of two distinct persons.• Therefore, supply of goods from Delhi factory of Sulekha manufacturers to Mumbai Depot without consideration, but in course/furtherance of business, is supply under section 7 of the CGST Act.
(c)	Legal advice received by Raman for personal purposes from brother free of cost.	No	<ul style="list-style-type: none">• Schedule I of CGST Act, inter alia, stipulates that import of services by a taxable 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, Raman has received legal services from his brother (Not cover under the difficulties of relates person because it is independent) free of cost in a personal matter and NOT in course or furtherance of business.• Hence, services provided by Raman's brother to him would not be treated as supply under section 7 of the CGST Act.
(d)	Import of service by Raman for business purpose from brother free of cost.	No	<ul style="list-style-type: none">• It is transaction between merged person free of cost.

Chapter 3 : CHARGES OF GST

5. 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. (Similar 5 Marks, Jan. 2021)

ANS:

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.



6. 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 (not registered in GST), transported goods of Kapil & Co. a partnership firm which is not registered under GST. (3 Marks, Nov. 2018-NS) (Similar MTP May 2019)

ANS:

- As per Entry 4 of Notification No. 13/2017-CT (Rate), Services provided by way of sponsorship to any body corporate or partnership firm shall be liable to be taxed under reverse charge mechanism and the recipient of service shall be liable to pay GST. For the purpose of this notification, A “Limited Liability Partnership” formed and registered under the provisions of the Limited Liability Partnership Act, 2008 shall also be considered as a partnership firm or a firm. Thus, WE-WIN Cricket Academy shall be liable to pay GST.
 - As per Entry 1 of of Notification No. 13/2017-CT (Rate), Supply of Services by a goods transport agency (GTA) in respect of transportation of goods by road to any partnership firm whether registered or not under any law shall be liable to be taxed under reverse charge mechanism and the recipient of service shall be liable to pay GST. Thus, Kapil and Co, shall be liable to pay GST under reverse charge mechanism. However, GTA can exercise the option to pay tax under forward charge mechanism. In such a case, GTA has to take registration under the CGST Act, 2017 and has to issue a tax invoice to the recipient charging GST @5% and has to make a declaration of paying tax under forward charge mechanism on such invoice issued by him. Besides this, if GST is paid @ 12% by GTA, then Goods transport agency is liable to pay tax under forward charge mechanism.
7. Mr. X opened a retail shop - ‘Aapki Dukan’ in Janta Market, Jaipur, Rajasthan on 01 April, 2023. He opted to pay tax under Section 10(1) of the CGST Act, 2017 in the said financial year. The aggregate turnover of the retail shop for the quarter ending 30 June, 2023 was ₹ 40 lakh. Further, for the half year ending 30 September, 2023, the turnover reached ₹ 85 lakh Aapki Dukan recorded a rapid growth and the turnover reached ₹ 150 lakh by the end of December, 2023 and 165 lakh by the end of January 2024. Determine the total tax liability of Aapki Dukan. Mr. X has duly complied with the provisions of GST laws. Normal rate of tax in respect of goods sold in shop is 12%.

ANS: Section 10(1) of the CGST Act, 2017 provides that a registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore in the State of Rajasthan, will be eligible to opt for payment of tax under the composition scheme. According to Section 10(3), the benefit of composition scheme can be availed up to the aggregate turnover of ₹ 1.5 crore in current financial year. The option availed of by a registered person under Section 10(1) shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the limit of ₹ 1.5 crore.

According to Explanation 2, for the purposes of determining the tax payable by a person under this section, the expression “turnover in State or turnover in Union territory” shall not include the value of following supplies, namely -

- supplies from the first day of April of a financial year upto the date when such person becomes liable for registration under this Act, and
- exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount. Thus, Aapki Dukan is eligible to pay tax under this section upto the turnover of ₹ 150 lakh. The total tax payable by it is as under-

Period	Tax rate	Turnover(₹)	Tax liability(₹)
1 Quarter	Since turnover did not exceed ₹ 40 lakh, it was not required to obtain registration. Hence, no tax was required to be paid	40 lakh	Nil
2 Quarter	Effective rate is 1% (CGST SGST/UTCST) under Section 10(1)	45 lakh [₹(85-40) lakh]	45,000



For 3rd Quarter	Effective rate is 1% (CGST SGST/UTGST) under Section 10(1) upto ₹150 lakh	65 lakh [₹(150-85) lakh]	65,000
For the month of January 2024	Normal rate of tax i.e. 12% will be applicable	₹15 lakh [₹(165-150) lakh]	1,80,000
	Total tax liability		2,90,000

8. A Ltd. a manufacturing concern of Rajasthan having aggregate turnover of 120 lakhs in financial year 2022-23 has opted for composition scheme furnishes you with the following information for Financial Year 2023-24. It requires you to determine its composition tax liability and total tax liability. The break up of supplies are as follows-

	Particulars	₹
(1)	Intra State Supplies of Goods X chargeable @5% GST	30,00,000
(2)	Intra State Supplies of goods which are chargeable to GST at Nil rate	18,00,000
(3)	Intra state supply of services chargeable with 5% GST	6,00,000
(4)	Interest earned on fixed deposits with banks	8,00,000
(5)	Intra state supplies which are wholly exempt under Section 11 of CGST Act, 2017	2,40,000
(6)	Value of inward supplies on which tax payable under RCM (GST Rate 5%)	5,00,000
(7)	Intra State Supplies of Goods Y chargeable @ 18% GST	30,00,000

Also determine composition tax liability if A Ltd. is a trader instead of manufacturer.

ANS: The composition tax liability of A Ltd shall be as under-

- (1) Computation of Aggregate Turnover and composite tax (amount in ₹):

	Particulars	Manufacturer	Trader
(1)	Intra State Supplies of Goods X chargeable @ 5% GST	30,00,000	30,00,000
(2)	Intra State Supplies of goods which are chargeable to GST at Nil rate	18,00,000	-
(3)	Intra State supply of services chargeable with 5% GST	6,00,000	6,00,000
(4)	Interest earned on fixed deposits with banks [WN-2]	-	
(5)	Intra state supplies which are wholly exempt under Section 11 of CGST Act, 2017	2,40,000	-
(6)	Value of inward supplies on which tax payable under RCM (GST Rate 5%) (not to be included)	Nil	Nil
(7)	Intra State Supplies of Goods Y chargeable @ 18% GST	30,00,000	30,00,000
	Aggregate turnover	86,40,000	66,00,000
	Rate of composite tax	1%	1%
	Total Composite tax [A]	86,400	66,000

- (2) Tax payable under reverse charge basis (amount in ₹):

Value of inward supplies on which tax payable under RCM	5,00,000	5,00,000
Rate of GST	5%	5%
Tax payable under RCM [B]	25,000	25,000
Total Tax liability [A+ B]	1,11,400	91,000

Working Note:

- (1) As per Second proviso to Section 10(1) to provide that a composition supplier may supply services of value not exceeding 10% of the turnover in the preceding financial year in a State or Union Territory or 5 lakh whichever is higher. Thus, A Ltd. can supply services to the extent of 10% of 120 lakhs i.e. ₹ 12 lakhs



According to Explanation to Section 10(1), for the purposes of second proviso, the value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount shall not be taken into account for determining the value of turnover in a State or Union territory.

Since the value of services provided excluding interest earned on deposits is 6,00,000 which is within the limit of ₹ 12 lakhs, hence A Ltd. is eligible for composition scheme.

(2) According to Explanation 2 to Section 10, for the purposes of determining the tax payable by a person under this section, the expression “turnover in State or turnover in Union territory” shall not include the value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.

9. Eligibility under Composition scheme: Mr. Ajay has a registered repair centre where electronic goods are repaired/serviced. His repair centre is located in State of Rajasthan and he is not engaged in making any inter-State supply of services. His aggregate turnover in the preceding financial year (FY) is ₹ 45 lakh.

With reference to the provisions of the CGST Act, 2017, examine whether Mr. Ajay can opt for the composition scheme in the current financial year (FY)? Is he eligible to avail benefit of composition scheme under Section 10(2A) of the CCST Act, 2017? Considering the option of payment of tax available to Mr Ajay. Compute the amount of tax payable by him assuming that his aggregate turnover in the current financial year is ₹ 35 lakh.

Will your answer be different if Mr Ajay procures few items required for providing repair services from neighbouring State of Madhya Pradesh? (RTP Nov. 2019)

ANS:

Section 10(1) and 10(2) of the CGST Act, 2017 provides that a registered person, whose aggregate turnover in the preceding financial year did not exceed ₹1.5 crore (₹75 lakh in Special Category States except Assam, Himachal Pradesh and Jammu and Kashmir), may opt to pay, in lieu of the tax payable by him, an amount calculated at the specified rates. However, if, inter alia, such registered person is engaged in the supply of services other than restaurant services, he shall not be eligible to opt for composition levy under Section 10(1) and 10(2) but he can avail composition scheme under Section 10(2A) of the CGST Act, 2017.

Section 10(2A) has provided an option to a registered person whose aggregate turnover in the preceding financial year is upto ₹ 50 lakh and who is not eligible to pay tax under composition scheme, to pay tax @ 3% [Effective rate 6% (CGST+ SCST/UTGST)] on first supplies of goods and/or services upto an aggregate turnover of ₹ 50 lakh made on/after 1st April in any FY, subject to specified conditions.

Thus, in view of the above-mentioned provisions, Mr. Ajay is eligible to avail the benefit of concessional payment of tax under Section 10(2A) as his aggregate turnover in the preceding FY does not exceed ₹ 50 lakh and he is not eligible to opt for the composition scheme.

Thus, the amount of tax payable by him under Section 10(2A) is ₹ 2,10,000 [6% of ₹ 35 lakh]. A registered person cannot opt for Section 10(2A), if inter alia, he is engaged in making any inter-State outward supplies. However, there is no restriction on inter-State procurement of goods. Hence, answer will remain the same even if Mr. Ajay procures few items from neighbouring State of Madhya Pradesh.

10. Examine whether the suppliers are eligible for composition levy under section 10 of the CGST Act, 2017 in the following independent cases in the beginning of the current financial year.

(a) Technology Enterprises, registered in Jalandhar, Punjab, is engaged in manufacturing computer systems. Its aggregate turnover in the preceding financial year is ₹ 125 lakh. Technology Enterprises supplies the computer systems manufactured by it within the State of Punjab only. With a view to expand its business operations, it will also start providing the repairing services of computer systems in the current financial year.

(b) M/s. Siddharth & Sons, registered in Delhi, owns a restaurant ‘Tasty Foods’ with a turnover of ₹ 112 lakh in the preceding financial year. In view of the growing customer demand, it will also start intra-State trading of beverages in Delhi.



(c) Sitaram Associates, registered in Sikkim, is engaged in running a food chain 'Veg Kitchen' in the State. It has a turnover of ₹ 73 lakh in the preceding financial year. In the current financial year, it decides to shut down the food chain owing to huge losses being incurred in the said business. Instead, it will start providing intra-State architect services.

(d) Deepti Services Ltd., registered in Uttarakhand, is exclusively providing hair styling services. It has turnover of ₹ 34 lakh in the preceding financial year.

Will your answer be different, if Deepti Services Ltd. also start supplying beauty products alongwith providing hair styling services in the current financial year?

ANS:

As per section 10(1) of the CGST Act, 2017, the following registered persons, whose aggregate turnover in the preceding financial year did not exceed ₹1.5 crore, may opt to pay tax under composition levy:

- (i) Manufacturer,
- (ii) Persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II (restaurant services), and
- (iii) Any other supplier eligible for composition levy.

The composition scheme under sub-sections (1) and (2) of section 10 can essentially be availed in respect of goods and only one service namely, restaurant service. However, the scheme permits supply of other marginal services for a specified value along with the supply of goods and restaurant service, as the case may be. Such marginal services can be supplied for a value up to 10% of the turnover in the preceding year or ₹ 5 lakh, whichever is higher. Further, the registered person should not be engaged in making any inter-State outward supplies of goods.

Furthermore, newly inserted section 10(2A) of the CGST Act, 2017 provides an option to a registered person, who is not eligible to pay tax under section 10(1) and 10(2), of paying tax @ 6% (CGST 3% and SGST/UTGST 3%) provided his aggregate turnover in the preceding financial year is upto ₹ 50 lakh. Said person can pay tax @ 6% of the turnover in State or turnover in Union territory up to an aggregate turnover of ₹ 50 lakh, subject to specified conditions. One of such condition is that the registered person should not be engaged in making any inter-State outward supplies of goods or services.

In view of the abovementioned provisions, the answer to the given independent cases is as under:-

(a) The turnover limit for being eligible for composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017 for Jalandhar (Punjab) is ₹ 1.5 crore in the preceding financial year. Thus, Technology Enterprises can opt for said composition scheme as its aggregate turnover is less than ₹ 1.5 crore in the preceding financial year and it is making intra-State supplies. Further, since 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. Thus, Technology Enterprises can supply repair services up to a value of ₹ 12.5 lakh [10% of ₹ 125 lakh] in the current financial year.

(b) In the given case: –

- (i) the turnover in the preceding year is less than the eligible turnover limit under composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017 for Delhi, ie. ₹ 1.5 crore.
- (ii) the supplier is engaged in providing restaurant service which is an eligible supply under said composition scheme.
- (iii) the supplier wants to engage in trading of goods which is also an eligible supply under said composition scheme.

Thus, M/s. Siddharth & Sons is eligible for composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.

(c) The turnover limit for being eligible for composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017 for Sikkim is ₹ 75 lakh in the preceding financial year.



However, a registered person who is exclusively engaged in supplying services other than restaurant services are not eligible for said composition scheme. Thus, Sitaram Associates cannot opt for composition scheme under sub-sections (1) and (2) of section 10.

However, the benefit of composition scheme under section 10(2A) of the CGST Act, 2017 is available in case of a registered person who is not eligible to pay tax under sub-sections (1) and (2) of section 10 provided its aggregate turnover in the preceding financial year does not exceed ₹ 50 lakh.

Thus, in view of the abovementioned provisions, Sitaram Associates cannot avail the benefit of composition scheme under section 10(2A) also as its aggregate turnover in the preceding financial year is more than ₹ 50 lakh.

- (d) A service provider can opt for the composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017 only if he is engaged in supply of restaurant services. Said scheme permits supply of marginal services for a specified value, but only when the same are supplied along with goods and/or restaurant service.

Since Deepti Services Ltd. is exclusively engaged in supply of services other than restaurant services, it is not eligible for composition scheme sub-sections (1) and (2) of section 10 even though its turnover in the preceding year is less than ₹ 75 lakh, the eligible turnover limit for Uttarakhand.

However, since Deepti Services Ltd. is not eligible to opt for composition scheme under sub-sections (1) and (2) of section 10 and its aggregate turnover in the preceding financial year does not exceed ₹50 lakh, Deepti Services Ltd. is entitled to avail benefit of composition scheme under section 10(2A) of the CGST Act, 2017 in the current financial year.

Further, the answer will remain the same even if Deepti Services Ltd. also start supplying beauty products alongwith providing hair styling services in the current financial year since it fulfils the conditions laid down for availing the benefit of composition scheme under section 10(2A) of the CGST Act. It can avail the benefit of composition scheme under section 10(2A) till the time its aggregate turnover in the current year doesn't exceed ₹ 50 lakh.

Chapter 4 : PLACE OF SUPPLY

11. Asha Enterprises, supplier of sewing machines, is located in Kota (Rajasthan) and registered for purpose of GST in the said State. It receives an order from Deep Traders, located in Jalandhar (Punjab) and registered for the purpose of GST in the said State. The order is for the supply of 100 sewing machines with an instruction to ship the sewing machines to Jyoti Sons, located in Patiala (Punjab) and registered in the said State for purpose of GST. Jyoti Sons is a customer of Deep Traders. Sewing machines are being shipped in a lorry by Asha Enterprises.

Briefly explain the following:

- (a) the place of supply under IGST Act, 2017;
 (b) the nature of supply: - whether inter-State or intra-State and
 (c) Whether CGST/SGST or IGST as would be applicable in this case. [MAY 2019, (OLD), 4 MARKS]

ANS: Statutory Provision for Place of Supply in Case of Movement of Goods:-

Section (IGST Act)	NATURE OF SUPPLY	PLACE OF SUPPLY
10(1)(a)	Where the supply involves the movement of goods, whether by the supplier or the recipient or by any other person	Location of the goods at the time at which, the movement of goods terminates for delivery to the recipient.
10(1)(b)	Where the goods are delivered to the recipient, or any person on the direction of the third person by way of transfer of title or otherwise, it shall be deemed that the third person has received the goods.	The principal place of business of such third person.



In the Given Case:

(i)	The place of supply	<ul style="list-style-type: none"> In case of such supply, it is deemed that the said third person has received the goods and the place of supply of such goods is the principal place of business of such person [Section 10(1)(b) of the IGST Act, 2017]. Thus, the place of supply between Asha Enterprises (Rajasthan) and Deep Traders (Punjab) will be Jalandhar, Punjab.
(ii)	The Nature of Supply	<ul style="list-style-type: none"> For first supply : Since the location of supplier (Rajasthan) and the place of supply (Punjab) are in two different States, the Supply is an Inter-State supply in terms of section 7 of the IGST Act, 2017. For Second Supply: This situation involves another supply between Deep Traders (Jalandhar, Punjab) and Jyoti Sons (Patiala, Punjab). In this case, since the supply involves movement of goods, place of supply will be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient, i.e. Patiala, Punjab [Section 10(1)(a) of the IGST Act, 2017].
(iii)	CGST / SGST or IGST	<ul style="list-style-type: none"> For first supply: IGST as it is an inter-State supply. For Second Supply: Liable to CGST and SGST as it is an intra-State supply.

12. Mr. Z, a supplier registered in Hyderabad (Telangana), procures goods from China and directly supplies the same to a customer in US. With reference to the provisions of GST law, examine whether the said activity of supply of goods by Mr. Z to customer in US is taxable under GST. If yes, determine the place of supply of the same. [RTP NOV 2019]

ANS: (a) Statutory Provision:

- ◆ Schedule III to the CGST Act specifies transactions/activities which shall be neither treated as supply of goods nor supply of services.
- ◆ A new activity has been added in the said Schedule III vide the CGST (Amendment) Act, 2018 namely, supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.

(b) In given case:

- ◆ The goods procured from China were directly supplied to a customer in US.
 - ◆ In view of the abovementioned provisions, the said activity is not a supply.
 - ◆ Hence, it is not leviable to GST since “supply” is the taxable event for chargeability of GST.
- Thus, the question of place of supply does not arise in the given case.

13. Damani Industries has recruited Super Events Pvt. Ltd., an event management company of Gujarat, for organising the grand party for the launch of its new product at Bangalore. Damani Industries is registered in Mumbai. Determine the place of supply of the services provided by Super Events Pvt. Ltd. to Damani Industries. Will your answer be different if the product launch party is organised at Dubai? [RTP NOV 2018]

ANS: Section 12(7)(a)(i) of IGST Act, 2017 when service by way of organization of an event is provided to a registered person, place of supply is the location of recipient. Since, in the given case, the product launch party at Bangalore is organized for Damani Industries (registered in Mumbai), place of supply is the location of Damani Industries i.e., Mumbai.
In case the product launch party is organised at Dubai, the answer will remain the same, i.e. the place of supply is the location of Damani Industries - Mumbai.



- 14 Determine the place of supply in the following independent cases:—
- (i) Mr. Sahukaar (New Delhi) boards the New Delhi-Kota train at New Delhi. Mr. Sahukaar sells the goods taken on board by him (at New Delhi), in the train, at Jaipur during the journey.
 - (ii) Vidhyut Pvt. Ltd. imports electric food processors from China for its Kitchen Store in Noida, Uttar Pradesh. Vidhyut Pvt. Ltd. is registered in Uttar Pradesh.
 - (iii) Mr. Aatmaram, a manager in a Bank, is transferred from Bareilly, Uttar Pradesh to Bhopal, Madhya Pradesh. Mr. Aatmaram's family is stationed in Kanpur, Uttar Pradesh. He hires Gokul Carriers of Lucknow, Uttar Pradesh (registered in Uttar Pradesh), to transport his household goods from Kanpur to Bhopal.
 - (iv) Bholunath, a resident of New Delhi, opens his saving account in New Delhi branch of Best Bank after undergoing the KYC process. He goes to Amritsar for some official work and withdraws money from Best Bank's ATM in Amritsar thereby crossing his limit of free ATM withdrawals. [RTP MAY 21]

- ANS:**(i) Section 10(1)(e) of the IGST Act, 2017 lays down that place of supply of goods supplied on board a conveyance like aircraft, train, vessel, or a motor vehicle, is the location where such goods have been taken on board. Thus, in the given case, the place of supply of the goods sold by Mr. Sahukaar is the location at which the goods are taken on board, i.e. New Delhi and not Jaipur where they have been sold.
- (ii) As per section 11(a) of the IGST Act, 2017, if the goods have been imported in India, the place of supply of goods is the place where the importer is located. Thus, in the present case, the place of supply of the goods imported by Vidhyut Pvt. Ltd. is Noida, Uttar Pradesh.
 - (iii) As per section 12(8) of the IGST Act, 2017, the place of supply of services by way of transportation of goods, including by mail or courier provided to an unregistered person, is the location at which such goods are handed over for their transportation.
Since in the given case, the recipient - Aatmaram - is an unregistered person, the place of supply is the location where goods are handed to Gokul Carriers over for their transportation, i.e. Kanpur.
 - (iv) As per section 12(12) of the IGST Act, 2017, the place of supply of banking and other financial services, including stock broking services to any person is the location of the recipient of services in the records of the supplier of services. Thus, in the given case, the place of supply is the location of the recipient of services in the records of the supplier bank, ie. New Delhi.

15. Determine place of supply along with reasons in the following cases:
- (i) Mr. A (a Chartered Accountant registered in Kolkata) supplies services to his client in Bhubaneswar (registered in Bhubaneswar, Odisha).
 - (ii) ABC Ltd. of Patna imported certain goods from XYZ Inc. of USA. The goods were imported through vessel and delivery of goods was taken at Kolkata, whereafter the movement terminates and the goods are stored.
 - (iii) Mr. X, registered in Guwahati, has availed land-line services from BSNL. The telephone is installed in residential premises in Kolkata and the billing address is office of Mr. X in Guwahati.
 - (iv) Mr. X, residing in Chennai, is travelling with an Indian Airline aircraft and is provided with movie-on-demand service for ₹ 100 as on-board entertainment during Delhi-Chennai leg of a Bangkok-Delhi-Chennai flight.
 - (v) Mr. X of Kolkata purchased online tickets for Aquatica water park in Mumbai.
 - (vi) Mr. Z, an unregistered person of Kolkata, sends a courier from New Delhi to his friend in Chennai, Tamil Nadu while he was on trip to New Delhi.
 - (vii) Mr. X, a registered person in Ranchi, Jharkhand, buys shares from a broker in Patna on NSE, Mumbai. Determine the place of supply of brokerage service.
 - (viii) XYZ Ltd., New Delhi entered into contract with an Indian airline for the supply of biscuit packets for further supply by airline to the passengers in Kolkata-Guwahati route. The biscuits were loaded on board in Lucknow. [JAN 21, 9 MARKS]



ANS:

- (i) Bhubaneswar, Odisha. The place of supply of services, except the specified services made to a registered person, is the location of such person.
- (ii) Patna. The place of supply of goods imported into India is the location of the importer.
- (iii) Kolkata. The place of supply of services by way of fixed telecommunication line is the location where the telecommunication line is installed for receipt of services.
- (iv) Bangkok. The place of supply of services on board an aircraft is the location of the first scheduled point of departure of that aircraft or flight for the journey.
- (v) Mumbai. The place of supply of services provided by way of admission to an amusement park is the place where the park is located.
- (vi) New Delhi. The place of supply of services by way of transportation of goods by courier to a person other than a registered person is the location at which such goods are handed over for their transportation.
- (vii) Ranchi, (Jharkhand). The place of supply of stock broking services to any person shall be the location of the recipient of services on the records of the supplier of services.
- (viii) Where the supply involves movement of goods, the place of supply of such goods is the location of the goods at the time at which the movement of goods terminates for delivery to the recipient. Therefore, the place of supply of biscuit packets sold by XYZ Ltd. to Indian Airlines is Lucknow.

Chapter 5 : EXEMPTIONS OF GST

16. MTCT, an entity registered under section 12AB of the Income-tax Act, 1961, has furnished you the following details with respect to the activities undertaken by it. You are required to compute its GST liability from the information given below:

Particulars	₹
Fees charged for yoga camp conducted by the trust	6,00,000
Amount received for advancement of educational programmes relating to abandoned, orphaned or homeless children	10,50,000
Amount received for renting of commercial property owned by the trust	35,00,000
Amount received for activities relating to preservation of forests and wildlife	12.35,000
Receipts of old age home meant for residents of 60 years or more (Consideration per month per member is 5,000 (inclusive of boarding lodging and maintenance))	10,00,000

Note: GST have been charged separately wherever applicable. Rate of GST is 18%

ANS: Solution: Computation of GST liability of MTCT (amount in ₹)-

Fees charged for yoga camp conducted by the trust	[WN-1]	Nil
Amount received for advancement of educational programmes relating to abandoned, orphaned or homeless children	[WN-1]	Nil
Amount received for renting of commercial property owned by the trust	[WN-2]	35,00,000
Receipts of old age home meant for residents of 60 years or more [Consideration per month per member is 5,000 (inclusive of boarding lodging and maintenance)]	[WN-4]	Nil
Amount received for activities relating to preservation of forests and wildlife	[WN-1]	Nil
Value of Taxable supply		35,00,000
GST payable @ 18%		6,30,000

Working Notes:

- (1) Services provided by an entity registered under section 12AB of the Income-tax Act, 1961 by way of charitable activities are exempt from GST vide Exemption Notification No. 12/2017-CT (R) dated 28-06-2017



The definition of term charitable activities, inter alia, means activities relating to
 (a) advancement of yoga,
 (b) advancement of educational programmes relating to abandoned, orphaned or homeless children.
 (c) preservation of environment including watershed, forests and wildlife.

- (2) Renting of commercial property owned by the trust is liable to GST.
- (3) Services by an old age home run by an entity registered under section 12AB of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto ₹ 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance are exempt from tax vide Entry 9D of Notification No. 12/2017-CT (R).

17. Goutum Das is engaged in providing following services. With the help of information given below, determine which of the services provided by Goutum Das are exempt from GST:

- (1) Packaging of the onions purchased from village farmers into small packets of 1 kg each, in Goutum Das warehouse, so that same can be sold in a nearby city mall.
- (2) Warehousing of jaggery and tea.
- (3) Renting of warehouse for storage of agricultural produce.

ANS: (1) Entry 54, inter alia, exempts the processes/operations carried out at an agricultural farm on the agricultural produce which do not alter the essential characteristics of agricultural produce, but make it marketable only for the primary market. In the given case, though the packaging of onions does not alter their essential characteristic, it makes them marketable for retail market and not for the primary market and further, such packaging is being done at the warehouse of Goutum Das and not at an agricultural farm Hence, said services are not exempt.

(2) Entry 54, inter alia, exempts the warehousing of agricultural produce. However, entry 24B exempts warehousing of certain specified items some of which are not agricultural produce. Jaggery and tea do not qualify as agricultural produce, their warehousing is taxable as the same is also not covered under entry 24B.

(3) Entry 54, inter alia, exempts the services of loading, unloading, packing, storage or warehousing of agricultural produce. Thus, warehousing of agricultural produce, per se, is exempt. However, in the given case, services being provided are not warehousing services but renting of immovable property services. Such services are not exempt.

18. AB Ltd, a registered company of Chennai, Tamil Nadu has provided following services for the month of October, 2023

Particulars	Amount (₹)
Services of transportation of students, faculty and staff from home to college 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 2023 with necessary explanations (6 Marks, Dec. 2021)



ANS: 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

19. Indian Institute of management furnishes you the following information of its receipts for the month ending April 2022

	Particulars	₹
	Gross receipts from –	
(1)	Students pursuing 2 year full time Post Graduate Programmes in Management	2,50,00,000
(2)	Students pursuing fellow programme in management	50,00,000
(3)	Participants pursuing short duration (3 months) executive development programme. Participation certificates are awarded to participants after completion of programme.	25,00,000

You are required to compute value of taxable supply and GST liability if applicable rate of GST is 18%.

ANS: Computation of Value of taxable supply and GST liability (amount in ₹)-

Receipts from students pursuing 2 year full time Post Graduate Programmes in Management [Exempt vide Entry 66 of Notification No. 12/2017-CT (Rate).]	NIL
Receipts from students pursuing fellow programme in management (Exempt vide Entry 66 of Notification No. 12/2017-CT (Rate).]	NIL
Receipts from participants pursuing short duration (3 months) executive development programme	25,00,000
Value of taxable supply	25,00,000
GST payable 18%	4,50,000

20. XYZ Ltd. is engaged in providing various services to educational institutions and furnishes you with the following information for the month of April 2022 You are required to determine the value of taxable supply and GST payable thereon if all charges are exclusive of GST The rate of GST is 18%.

1. Renting of immovable property to higher secondary school ₹12,00,000
2. Renting of immovable property to Commercial coaching centre: ₹ 2,00,000
3. Transportation services provided to students of higher secondary school: ₹5,00,000
4. Outdoor catering services provided to educational institutions running approved vocational courses ₹5,00,000
5. Security Services provided to pre-nursery school ₹1,25,000
6. House keeping and cleaning services in college providing recognised graduation degree: ₹5,12,500
7. Conduct of examination of ICAI ₹10,00,000



8. Placement services provided to ICSI ₹12,00,000
9. Development of course content of ICMA institute: ₹2,00,000
10. Training of Staff of Higher Secondary School: ₹1,50,000
11. Receipts by way subscription of online educational journals/periodicals: ₹7,50,000 (₹5,00,000 is from educational institutions who provide degree recognized by any law and balance ₹2,50,000 from Higher Secondary school)

ANS: Computation of the Value of taxable supply and GST payable (amount in ₹)-

(1)	Renting of immovable property to higher secondary school [Liable for GST]	12,00,000
(2)	Renting of immovable property to Commercial coaching centre [Liable for GST]	2,00,000
(3)	Transportation services provided to students of higher secondary school [Exempt vide Entry 66 Exempt of Notification No. 12/2017-CT (Rate)]	Exempt
(4)	Outdoor catering services provided to educational institutions running approved vocational courses [Not covered under Entry 66 of Notification No. 12/2017-CT (Rate), hence liable to GST]	5,00,000
(5)	Security Services provided to pre-nursery school [Exempt vide Entry 66 of Notification No. 12/2017-CT (Rate)]	Exempt
(6)	House keeping and cleaning services in college providing recognised graduation degree [Not covered under Entry 66 of Notification No. 12/2017-CT (Rate), hence liable to GST]	5,12,500
(7)	Conduct of examination of ICAI [Covered under Entry 66 of Notification No. 12/2017-CT (Rate) hence exempt from GST]	Exempt
(8)	Placement services provided to ICSI [Liable for GST]	12,00,000
(9)	Development of course content of ICMA institute [Liable for GST]	2,00,000
(10)	Training of Staff of Higher Secondary School [Not covered under Entry 66 of Notification No. 12/2017-CT (Rate), hence liable to GST]	1,50,000
(11)	Receipts by way subscription of online educational journals/periodicals from educational institutions who provide degree recognized by any law is exempt under Entry 66 of Notification No. 12/2017-CT (Rate). However, amount received from higher Secondary school is liable to GST.	2,50,000
	Value of taxable supply	42,12,500
	GST payable@18%	7,58,250

21. 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 inpatients and other patients (who are not admitted) or attendants or visitors of the in-patients is exempt from GST. (MTP May 2020)

ANS: 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 inpatients 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.

22. Well-Being Nursing Home has received the following amounts in the month of November in lieu of various services rendered by it in the same month. You are required to determine its GST liability for November from the details furnished below:



	Particulars	₹ in Lakhs
(1)	Palliative care for terminally ill patients at patient's home (Palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease but the goal of such care is not to cure the disease)	30
(2)	Renting of rooms of nursing home for providing health care services (Room rent is ₹7,500 per day)	75
(3)	Renting of rooms of nursing home for providing health care services (Room rent is ₹5,000 per day)	50
(4)	Receipts from patients admitted in Intensive care unit (Rental charges is ₹10,000 per day)	85
(5)	Services provided by cord blood bank unit of the nursing home by way of preservation of stem cells	24
(6)	Hair transplant services	100
(7)	Ambulance services to transport critically ill patients from various locations to nursing home	12
(8)	Naturopathy treatments. Such treatment is a recognized system of medicine in terms of Section 2(h) of the Clinical Establishments Act, 2010	80
(9)	Plastic surgery to restore anatomy of a child affected due to an accident	30
(10)	Pranic healing treatments. Such treatment is not a recognized system of medicine in terms of Section 2(h) of the Clinical Establishments Act, 2010	120
(11)	Mortuary services	10

Note: All the amounts given above are exclusive of GST Rate of GST-18%

ANS: Computation of Value of taxable supply and GST liability (₹ in lakhs)-

(1)	Palliative care for terminally ill patients at patient's home [WN-1(a)]	-
(2)	Renting of rooms of nursing home for providing health care services (Room rent is ₹7,500 per day) [WN-1(g)]	75.00
(3)	Renting of rooms of nursing home for providing health care services (Room rent is ₹5,000 per day) [WN-1(g)]	-
(4)	Receipts from patients admitted in Intensive care unit (Rental charges is 10,000 per day) [WN-1(g)]	-
(5)	Services provided by cord blood bank by way of preservation of stem cells [WN-2]	24.00
(6)	Hair transplant services [WN-1(b)]	100.00
(7)	Ambulance services to transport critically ill patients from various locations to nursing home [WN-1(c)]	-
(8)	Naturopathy treatments [WN-1(d)]	-
(9)	Plastic surgery to restore anatomy of a child affected due to an accident [WN-1(e)]	-
(10)	Pranic healing treatments [WN-1(f)]	120.00
(11)	Mortuary services [WN-3]	-
	Value of Taxable Supply	319.00
	GST payable 18%	57.42

Working Notes:

- (1) Health care services provided by, inter alia, a clinical establishment in any recognized system of medicines in India is exempt from GST vide Entry 74 of Notification No. 12/2017-CT (Rate).
 - (a) It is immaterial whether health care service is provided at the clinical establishment or at the home of the patient or at any other place. Thus, palliative care for terminally ill patients at patient's home is eligible for exemption.
 - (b) Hair transplant services are specifically excluded from the health care services, and thus are not eligible for exemption.



- (c) Ambulance services to transport critically ill patients from various locations to nursing home are eligible for exemption.
 - (d) Since naturopathy is a recognized system of medicine in terms of Section 2(h) of the Clinical Establishments Act, 2010, it would be eligible for exemption
 - (e) Plastic surgery to restore anatomy of a child affected due to an accident will be eligible for exemption
 - (f) Since pranik healing treatment is not a recognized system of medicine in terms of Section 2(h) of the Clinical Establishments Act, 2010, it would not be eligible for exemption.
 - (g) Exemption in respect of health care services shall not apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/ Critical Care Unit (CCU)/ Intensive Cardiac Care Unit (ICCU)/ Neo natal Intensive Care Unit (NICU)] having room charges exceeding 5,000 per day to a person receiving health care services.
- (2) Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are liable to GST.
 - (3) Mortuary services are covered under negative list under Schedule III of CGST Act, 2017. Hence, the same are not liable to GST

23. M/s. PQR Ltd. is engaged in providing service of transportation of passengers by following modes in the month of November:

- (1) Service of transportation of passengers by vessels in National Waterways: ₹30,00,000,
- (2) Service of transportation of passenger by Air conditioned Stage carriage ₹25,00,000;
- (3) Service of transportation of passenger by non air conditioned Stage carriage: ₹25,00,000;
- (4) Service of transportation of passengers by contract carriage for tourism: ₹20,00,000,
- (5) Service of transportation of passenger for Mumbai to Chennai port in a vessel and such service is not for tourism purpose ₹10,00,000;
- (6) Service of transportation of passenger in Metered Cab ₹35,00,000,
- (7) Service of transportation of passengers in Radio Taxis ₹10,00,000,
- (8) Service of transportation of passengers in Non air-conditioned contract carriages: ₹10,00,000;
- (9) Service of transportation of passengers in air-conditioned contract carriages. ₹15,00,000.

Compute the value of taxable supply if all charges are exclusive of GST.

ANS: Computation of Value of taxable supply (amount in ₹)-

(1)	Transportation of passengers by National Waterways [Since National Waterways are covered in definition of inland Waterways - Exempt from GST vide Entry 17 of Notif No. 12/2017-CT (Rate)] (2)	Nil
(2)	Transportation of passenger by Air conditioned Stage Carriage (Liable to GST)	25,00,000
(3)	Transportation of passenger by non air conditioned Stage carriage [Exempt from GST vide Entry 15 of Notification No. 12/2017-CT (Rate)]	Nil
(4)	Transportation of passengers by contract carriage for tourism (Liable to GST)	20,00,000
(5)	Transportation of passenger from Mumbai to Chennai port in a vessel [Being a public transport in a vessel sailing in India and not for tourism - Exempt from GST vide Entry 17 of Notification No. 12/2017-CT (Rate)]	Nil
(6)	Transportation of passenger in Metered Cab (Exempt from GST vide Entry 17 of Notification No.	Nil
(7)	Service of transportation of passengers in Radio Taxis (Liable to GST)	10,00,000
(8)	Service of transportation of passengers in non air-conditioned contract carriages [Exempt from GST vide Entry 15 of Notification No. 12/2017-CT (Rate)]	Nil
(9)	Service of transportation of passengers in air-conditioned contract carriages (Liable to GST)	15,00,000
	Value of Taxable Supply	70,00,000



24. Compute Value of taxable supply and GST Liability for transport of goods by Rail by Indian railway within India (all sums exclusive of all taxes) (the information relates to the month of November, 2022)-

- (1) Transport of postal mails and postal bags: ₹55 lakhs
- (2) Transport of household effects: ₹50 lakhs
- (3) Transport of petroleum products: ₹25 lakhs
- (4) Transport of relief materials to flood affected areas: ₹25 lakhs
- (5) Transport of railway equipments: ₹25 lakhs
- (6) Transport of newspapers and magazines registered with registrar of newspapers: ₹15 lakhs
- (7) Transport of milk: ₹15 lakhs
- (8) Transport of tea: ₹10 lakhs
- (9) Transport of sugar: ₹25 lakhs
- (10) Transport of alcoholic beverages: ₹7 lakhs
- (11) Transport of defence and military equipments: ₹40 lakhs
- (12) Transport of organic manure: ₹90 lakhs
- (13) Transport of baled cotton: ₹ 25 lakhs
- (14) Transport of other goods: ₹5000 lakhs

Applicable GST rate -5%.

ANS: Computation of Value of taxable supply (₹ in lakhs)-

(1)	Transport of postal mails and postal bags [Liable to GST]	55
(2)	Transport of household effects [Liable to GST]	50
(3)	Transport of petroleum products [Liable to GST]	25
(4)	Transport of relief materials to flood affected areas (Exempt vide Entry 20 of Notification No.12/2017-CT (Rate))	NIL
(5)	Transport of railway equipments [Liable to GST]	25
(6)	Transport of newspapers and magazines registered with registrar of newspapers [Exempt vide Entry 20 of Notification No. 12/2017-CT (Rate)]	NIL
(7)	Transport of milk [Exempt vide Entry 20 of Notification No. 12/2017-CT (Rate)]	NIL
(8)	Transport of tea [Liable to GST]	10
(9)	Transport of sugar [Liable to GST]	25
(10)	Transport of alcoholic beverages [Liable to GST]	7
(11)	Transport of defence and military equipments [Exempt vide Entry 20 of Notification No. 12/2017-CT (Rate)]	NIL
(12)	Transport of organic manure (Exempt vide Entry 20 of Notification No. 12/2017-CT (Rate))	NIL
(13)	Transport of baled cotton [Liable to GST]	25
(14)	Transport of other goods-₹5000 lakh [Liable to GST]	5,000
	Total Value of taxable supply	5,222
	GST payable @5%	261.10

25. M/s. Apna Bank Limited a Scheduled Commercial Bank has furnished the following details for the month of August, 2022:

Particulars	Amount in 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	1



Compute the Value of taxable supply. Give reasons with suitable assumptions. (6 Marks, May 2019-NS)

ANS: Computation of value of taxable supply:

Particulars	Amount in in Crores (Excluding GST)
Extended Housing Loan to its customers [It is transaction in money and does not come under the ambit of service]	Nil
Processing fees collected from its customers on sanction taxable consideration, the same will be liable to GST] of loan [Since it represents	20
Commission collected from its customers on bank guarantee [Since it represents taxable consideration, the same will be liable to GST]	30
Interest income on credit card issued by the bank [Liable to GST since credit card interest is specifically excluded from exemption provided in respect of interest vide Entry 27 of Notification No. 12/2017-CT (Rate)]	40
Interest received on housing loan extended by the bank [Interest on loan will not be liable for GST as the same is exempt vide Entry 27 of Notification No. 12/2017-CT (Rate)]	Nil
Minimum balance charges collected from current account and saving account holder [Since it represents taxable consideration, the same will be liable to GST]	1
Total value of taxable supply	91

26. Mr. Abhishek, an advocate, has rendered the following services in the month of October, 2022:
- Representing Mr. Archit in his divorce case before High Court.
 - Representing Mr. Aniket, an architect by profession, in relation to his GST liability [Turnover of Mr. Aniket in the financial year 2021-22 was ₹25 lakh]
 - Legal consultancy given to Sunil Associates, a partnership firm of advocates [Turnover of services of Sunil Associates in the financial year 2021-22 was ₹28 lakh]
- Examine whether GST is payable on each of the above services assuming Mr. Abhishek to be-
- an advocate other than a senior advocate.
 - a senior advocate in terms of Section 16 of the Advocates Act, 1961?

ANS: In background of Entry 45 of Notification No. 12/2017-CT (Rate) dated 28-06-2017, GST liability of each of the services rendered by Abhishek, are examined hereunder-

- SR NO. When Mr. Abhishek is an advocate other than senior advocate When Mr. Abhishek is a senior advocate
- Service of representing Mr. Archit in his divorce case will be exempt as Mr. Archit is not a business entity. Such service will be exempt even if the same are rendered by a senior advocate.
 - Since the turnover of Mr. Aniket, a business entity, is more than such amount in the preceding financial year as makes it liable for registration under the CGST Act, 2017 i.e. ₹20 lakh, the same will be liable to GST. Such services, when provided by senior advocate, will also be liable to GST.
 - Legal consultancy provided by an advocate to partnership firm of advocates is exempt from GST. Such services, when provided by a senior advocate, will be liable to GST since the turnover of the partnership firm (business entity) exceeds such amount in the preceding financial year as makes it liable for registration under the CGST Act, 2017 i.e. ₹20 lakh Thus, legal consultancy provided by Mr. Abhishek to Sunil Associates, a partnership firm of advocates, will be liable to GST.



27. Mr. Navab, a performing artist, provides the following information relating to December, 2022. Receipts from:

Particulars	₹
(1) Performing classical dance	98,000
(2) Performing in television serial	2,80,000
(3) Services as brand ambassador	12,00,000
(4) Coaching in recreational activities relating to arts	2,10,000
(5) Activities in sculpture making	3,10,000
(6) Performing western dance	90,000

Determine the value of taxable supply and GST payable by Mr. Navab for December, 2022 GST 18% has been charged separately, wherever applicable.

ANS: Computation of Value of taxable supply and GST liability (amount in ₹)-

Classical dance performance	[WN 1]	Nil
Performance in television serial [Taxable since not covered in folk or classical art forms]	[WN-1]	2,80,000
Services as brand ambassador	[WN-2]	12,00,000
Coaching in recreational activities relating to arts		Nil
Sculpture making activities [Taxable as it is an activity in still art form]		3,10,000
Western dance performance [Taxable since not covered in folk or classical art forms]		90,000
Value of taxable supply		18,80,000
GST payable @ 18%		3,38,400

Working Notes:

- Services by a performing artist in folk or classical art forms of, - (a) music, or (b) dance, or (c) theatre, if the consideration charged for such performance is not more than 1,50,000 are Exempt from GST vide Entry 78 of Notification No. 12/2017-CT (Rate). However, the exemption shall not apply to service provided by such artist as a brand ambassador.
- Services by way of training or coaching in recreational activities relating to arts or culture by an individual are Exempt from GST vide Entry 80 of Notification No. 12/2017-CT (Rate)

28. Mr. X a famous cricketer furnishes you with the following information of the various receipts for the month of September 2022. You are required to determine his GST liability if all the amounts are exclusive of GST

- Receipts from Sports Authority of India for participation in recognised sport ₹50 lakh
- Receipts from franchisee of Indian Premier league (not a recognised sports body): ₹75 lakh.
- Receipts from acting as brand ambassador for corporate client: ₹22 lakh
- Receipts of sports training academy to coach young players: ₹15 lakh Rate of GST-18%

ANS: Computation of Value of taxable supply and GST liability (amount in ₹)-

(1)	Receipts from sports authority of India for participation in recognised sports [Exempt vide Entry No. 68 of Exemption Notification No. 12/2017-CT (Rate)]	Exempt
(2)	Receipts from franchisee of Indian Premier league (not a recognised sports body) [Liable for GST]	75,00,000
(3)	Receipts from acting as brand ambassador for corporate client [Liable for GST]	22,00,000
(4)	Receipts of sports training academy to coach young players [Liable for GST since sports training by charitable entities registered under Section 12AB of the Income-tax Act is exempt vide Entry No. 80 of Exemption Notification No. 12/2017-CT (Rate)]	15,00,000
	Value of Taxable Supply	1,12,00,000
	GST payable 18%	20,16,000



29. Examine whether GST is exempted on the following independent supply of services
- Teja & Co., a tour operator, provides services to a foreign tourist for tour conducted to Jammu Kashmir and receives a sum of ₹ 3,00,000.
 - 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. (3 Marks, May 2018-NS)

ANS: (a) Liable to GST: Yes, Tejas and Co. will be liable to pay GST Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India are exempt vide Entry 54 of Notification No. 9/2017-IT (Rate)]. In this case tour is conducted in Jammu and Kashmir and the IGST Act applies to whole of India including Jammu and Kashmir, hence exemption will not operate.

(b) Liable to GST: Services provided to a recognised sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organised by a recognized sports body are exempt vide Entry 68 of Notification No. 12/2017-CT (Rate)]. Since multi brand retail company is not a recognized sports body hence exemption will not be available Thus the said services will be liable to GST

30. Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons.

Particulars	Gross Amount charged (₹)
Amount charged for loading, unloading, packing and warehousing of potato chips	25,000
Fees charged for yoga camp conducted by a charitable trust registered u/s 12AB of the Income-tax Act, 1961	50,000
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	1,00,000
Amount charged by cord blood bank for preservation of stem cells	5,00,000
Amount charged for service provided by commentator to a recognized sports body	6,00,000
Amount charged for service provided by way of right to admission to circus where consideration for the same is ₹750 per person.	12,000

ANS: Computation of value of taxable supply (amount in ₹)-

Amount charged for loading, unloading, packing and warehousing of potato chips [WN-1]	25,000
Fees charged for yoga camp conducted by a charitable trust registered u/s 12AB of the Income-tax Act, 1961 [WN-2]	NIL
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [WN-3]	NIL
Amount charged by cord blood bank for preservation of stem cells [WN-4]	5,00,000
Amount charged for service provided by commentator to a recognized sports body [WN-5]	6,00,000
Amount charged for service provided by way of right to admission to circus where consideration for the same is ₹750 per person. [WN-6]	12,000

Working Notes:

- Services by way of loading, unloading, packing, storage or warehousing of agricultural produce are exempt from CST. Further, potato chips are manufactured through processes which alter the essential characteristic of agricultural produce, thus is not covered under definition of agricultural produce.
- Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities are exempt from GST. The activities relating to advancement of yoga are included in the definition of charitable activities. So, such activities are exempt from GST



- (3) Services by business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch have been exempted from GST.
- (4) Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are taxable.
- (5) Services provided to a recognized sports body only 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. Thus, services provided by commentators are liable to GST.
- (6) Services provided by way of right to admission to circus where consideration for the same is upto ₹500 per person are exempt from GST. Since in the present case, the consideration is more than ₹500 per person, so the same is liable to GST.

Chapter 6 : TIME OF SUPPLY

31. M/s. Marsh & 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 03-10-2022
 - (ii) Invoice was issued on 05-10-2022
 - (iii) Payment received on 09-10-2022 (4 Marks, May 2018-NS)

ANS: As per Section 12(2), the time of supply of goods shall be the earlier of the following dates, namely:-

- (a)
 - (i) the date of issue of invoice by the supplier; or
 - (ii) the last date on which he is required, u/s 31(1), to issue the invoice with respect to the supply; or
- (b) the date on which the supplier receives the payment with respect to the supply.

As per Section 31(1) of the Act, a registered person supplying taxable goods shall issue invoice before or at the time of,-

- (i) removal of goods for supply to the recipient, where the supply involves movement of goods; or
- (ii) delivery of goods or making available thereof to the recipient, in any other case.

Thus, in this case the time of supply of goods shall be 03-10-2022 i.e. the last date on which he is required to issue the invoice with respect to the supply.

32. From the following information determine the time a supply if goods are supplied on approval basis:

S.No.	Removal of goods	Issue of invoice	Accepted by recipient	Receipt of payment
1.	01-12-2022	15-12-2022	05-12-2022	25-12-2022
2.	01-12-2022	25-07-2023	25-07-2023	20-07-2023

ANS: Time of supply of goods in each of the above cases has been given in following table-

S l . No.	Removal of goods	Issue of invoice	Accepted by recipient	Receipt of payment	Time of supply	Reasons
1.	01-12-2022	15-12-2022	05-12-2022	05-12-2022	05-12-2022	TOS shall be the date of acceptance by the recipient as invoice was issued after that date.
2.	01-12-2022	25-07-2023	05-07-2023	25-07-2023	01-06-2023	TOS shall be date after expiry of 6 months from the date of removal,



33. Determine the Time of supply in each of following independent cases in accordance with provisions of Section 12 of the CGST Act, 2017 in case recipient of goods is liable to pay tax under reverse charge mechanism.

S l . No.	Date of invoice	Date of receipt of goods	Date of payment in books	Date when payment debited in bank account
1.	01-10-2022	05-10-2022	10-10-2022	12-10-2022
2.	01-10-2022	15-10-2022	10-10-2022	12-10-2022
3.	01-10-2022	15-10-2022	12-10-2022	10-10-2022
4.	01-10-2022	15-11-2022	18-11-2022	20-11-2022

ANS: Time of supply of goods in each of the above cases has been given in following table-

Sl. No.	Date of invoice	Date of receipt of goods	Date of payment in books	Date when payment debited in bank account	Time of supply	Reasons
1.	01-10-2022	05-10-2022	10-10-2022	12-10-2022	05-10-2022	TOS is date of receipt of goods
2.	01-10-2022	15-10-2022	10-10-2022	12-10-2022	10-10-2022	TOS is date of payment in books.
3.	01-10-2022	15-10-2022	12-10-2022	10-10-2022	10-10-2022	TOS is date when payment is debited in bank account
4.	01-10-2022	15-11-2022	18-11-2022	20-11-2022	01-11-2022	TOS is the date immediately following 30 days from the date of issue of invoice by the supplier.

34. XYZ Ltd. has purchased for its customers 100 vouchers dated 24-12-2022 worth 1,000 each from ABC Ltd., a footwear manufacturing company. The vouchers were issued by ABC Ltd. on 25-12-2022. The vouchers can be encashed at retail outlets of ABC Ltd. The employees of XYZ Ltd. encashed the same on 01-01-2023. Determine time of supply of vouchers.

ANS: In case of supply of vouchers by a supplier, the time of supply shall be the date of issue of voucher, if the supply is identifiable at that point. In this case the supply of goods i.e. footwear is identifiable with the voucher, hence time of supply shall be the date of issue of such vouchers by ABC Ltd. i.e. 25-12-2022.

35. Rajesh of Assam received some taxable services from Loreal Enterprises of UK on 1-12-2022 for which an invoice was raised on 1-12-2022. Determine the time of supply of services if Rajesh makes the payment for the said services on (presume it in taxable under RCM)

Case I: 01-01-2023

Case II: 05-03-2023

ANS: According to Section 13(3) of CGST Act, 2017, the time of supply in respect of persons who are required to pay tax as recipients of service under the Reverse Charge Mechanism shall be the date of payment or the date immediately following 60 days from the date of issue of invoice by the supplier, whichever is earlier

Case I: Since the payment has been made within 60 days from the date of invoice, time of supply shall be the date of payment ie 01-01-2023.

Case II: Since the payment is not made within a period of 60 days of the date of invoice, the time of supply shall be the date immediately following the said period of 60 days ie 31-01-2023



36. Determine the time of supply in the following cases assuming that GST is payable under reverse charge:

S No.	Date of payment by recipient of services	Date of issue of invoice by supplier of services
(i)	10-10-2022	29-08-2022
(ii)	10-10-2022	01-08-2022
(iii)	Part payment made on 30-08-2022 and balance amount paid on 01-11-2022	29-08-2022
(iv)	Payment is entered in the books of account on 28-08-2022 and debited recipient's bank account on 30-08-2022	01-08-2022
(v)	Payment is entered in the books of account on 30-08-2022 and debited recipient's bank account on 26-08-2022	01-08-2022

ANS:

S No.	Date of issue of invoice by supplier of services	Date immediately following 60 days from invoice	Date of payment by recipient of services	Time of supply of services [Earlier of (2) & (3)]
	(1)	(2)	(3)	(4)
(i)	29-08-2022	29-10-2022	10-10-2022	10-10-2022
(ii)	01-08-2022	01-10-2022	10-10-2022	01-10-2022
(iii)	29-08-2022	29-10-2022	Part payment made on 30-08-2022 and balance amount paid on 01-11-2022	30-08-2022 for part payment and 29-10-2022 for balance amount
(iv)	01-08-2022	01-10-2022	Payment is entered in the books of account on 28-08-2022 and debited in recipient's bank account on 30-08-2022	28-08-2022 (ie when payment is entered in the books of account of the recipient)
(v)	01-08-2022	01-10-2022	Payment is entered in the books of account on 30-08-2022 and debited in recipient's bank account on 26-08-2022	26-08-2022 (ie. when payment is debited in the recipient's bank account)

37. Know & Grow Publishers, a registered dealer in India, paid an advance ₹ 50,000 to Mr. Ganatra, an author, for the copyright covered under Section 13(1)(a) of the Copyright Act, 1957, of his original literary work on 5-9-2022. It made the balance payment ₹ 1,50,000 on 12-12-2022. You are required to determine the time of supply, if Mr. Ganatra raised the invoice on:

- (i) 06-10-2022, or
(ii) 17-12-2022

4 Marks, Nov. 2022

ANS: Supply of services by 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 publisher is liable to be taxed on reverse charge basis.

As per Section 13(3) of CGST Act, 2017, in case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely:-



- (a) (i) the date of payment as entered in the books of account of the recipient; or (ii) the date on which the payment is debited in his bank account, whichever is earlier; or
 (b) the date immediately following 60 days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier.

When Invoice is raised on 06-10-2022 - For advance payment of ₹50,000, time of supply shall be the date of payment i.e. 05-09-2022. For balance payment of ₹1,50,000, since payment is not made within 60 days from the date of invoice TOS shall be 61 days from the date of invoice i.e. 06-12-2022

When invoice is raised on 17-12-2022 - For advance payment of ₹50,000, time of supply shall be the date of payment i.e. 05-09-2022. For balance payment of ₹1,50,000, since payment is made before the date of invoice, TOS shall be the date of payment i.e. 12-12-2022

Chapter 7 : VALUE OF SUPPLY

38. Value of taxable supply Section 15: Shri Krishna Pvt. Ltd. registered dealer, furnishes the following information relating to goods sold by it to Shri Bairam 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 product 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 (n) to (vi) are not considered while arriving at the price of the goods given in point no. (1). (4 Marks, May 2018)

ANS: Computation of value of taxable supply (amount in ₹):

Price of the goods		1,00,000
Add: Municipal tax	[WN-1]	2,000
Inspection charges	[WN-2]	15,000
Subsidies received from Shri Ram Trust	[WN-3]	50,000
Late fees for delayed payment	[WN-4]	-
Weightment charges	[WN-5]	2,000
Value of taxable supply		1,69,000

Working Notes:

- The value of supply shall include any taxes, duties, cess, fees and charges levied under any law for the time being in force other than the CGST Act, the SGST Act, the UTGST Act and the GST (Compensation to States) Act, if charged separately by the supplier. [Section 15(2)(a) of CGST Act, 2017]
- 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 taxable supply Hence, inspection charges shall form a part of the transaction value of the supply. [Section 15(2)(c) of CGST Act, 2017]
- The value of supply shall include subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments. Since subsidy is received from non government body, the same is includible in the value of taxable supply [Section 15(2)(e) of CGST Act, 2017]



- (4) Charges for delayed payment shall form part of the value of supply. Since the same has been waived by the recipient, it will not be included in the value of taxable supply.
- (5) Any amount that the supplier is liable to pay in relation to such 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 or services or both shall form part of transaction value. Hence weightment charges shall form part of value of taxable supply [Section 15(2) (b) of CGST Act, 2017]

39. Value of taxable supply Section 15: 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:

Particulars	Amount (₹)
(i) List price of goods supplied inter-state	12,40,000
Items already adjusted in the price given in (i) above:	
(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
Items not adjusted in the price given in (i)	
(1) Tax levied by Municipal Authority	24,000
(2) Packing charges	12,000
(3) 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 (5 Marks, May 2018-NS)

ANS: Computation of value of taxable supply (amount in ₹) :

List price of goods (exclusive of taxes and discounts)	12,40,000
Subsidy from Central Government for supply of Biscuits to Government School [WN-1]	Nil
Add: Subsidy from Trade Association for supply of quality Biscuits [WN-1]	30,000
Add: Tax levied by Municipal Authority on the sale of such goods [WN-2]	24,000
Add: Packing charges [WN-3]	12,000
Add: Late fee paid by the recipient of supply for delayed Payment of invoice [WN-4]	5,000
Value of taxable supply	13,11,000

Working Notes:

- (1) The value of supply shall include subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments Hence, subsidy received from Central Government will not be included while subsidy from trade association for supply of quality Biscuits will be included in the value of taxable supply [Section 15(2)(e) of CGST Act, 2017].
- (2) The value of supply shall include any taxes, duties, cess, fees and charges levied under any law for the time being in force other than the CGST Act, the SGST Act, the UTGST Act and the GST (Compensation to States) Act, if charged separately by the supplier Thus, tax levied by Municipal Authority shall be included in the value of taxable supply [Section 15(2)(a) of CGST Act, 2017].
- (3) 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 taxable supply Hence, cost of packing shall form a part of the transaction value of the supply [Section 15(2)(c) of CGST Act, 2017].
- (4) Interest or late fee or penalty for delayed payment of any consideration for any supply as per Section 15(2)(d) of the Act. Hence, late fee paid by the recipient of supply for delayed payment of invoice shall form part of value of taxable supply.



40. Value of taxable supply and GST liability: Mr Achintya a registered supplier in Kochi (Kerala State) has provided the following details in respect of her supplies made within Intra-State for the month of March:

	Particulars	Amount (₹)
(i)	List price of goods supplied intra-State (exclusive of items given below 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 Government for encouraging women entrepreneurs	5,000

Compute the value of taxable supply and the gross GST liability of Ms. Achintya for the month of March assuming rate of CGST to be 9% and SGST to be 9%. All the amounts given above are exclusive of GST (5 Marks, Nov. 2018-NS)

ANS: Computation of value of taxable supply and GST liability (amount in ₹):

List price of goods	3,30,000
Less: Subsidy from State Government for encouraging women entrepreneurs Add: Swachh Bharat cess levied on sale of the goods	-5,000 12,500
Add: Packing expenses	10,800
Total	3,48,300
Less Discount @1% on ₹3,30,000	3,300
Value of taxable supply	3,45,000
CGST @9%	31,050
SGST @9%	31,050
Total GST Liability	62,100

Working Notes :

- (1) The value of supply shall include subsidies directly inked to the price excluding subsidies provided by the Central Government and State Governments Hence, subsidy received from State Government for encouraging women entrepreneurs will not be included in the value of taxable supply (Section 15(2) of CGST Act, 2017)
- (2) The value of supply shall include any taxes, dunes, cess, fees and charges levied under any law for the time being in force other than the CGST Act, the SGST Act, the UTGST Act and the GST (Compensation to States) Act, if charged separately by the supplier. Thus, Swachh Bharat cess levied on sale of the goods shall be included in the value of taxable supply (Section 15(2)(a) of CCST Act, 2017)
- (3) 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 taxable supply. Hence, packing expenses shall form a part of the transaction value of the supply [Section 15(2) of CGST Act 2017]
- (4) The value of supply shall not include any discount which is given before or at the time of supply [Section 15(3)(a) of CGST Act, 2017]

Assumption: In the above answer, the term “exclusive mentioned in the question has been taken to be as “not adjusted in the list price” ie the list price given in the question is before adjusting the amount of discount and subsidy However, it is also possible to take a view that the list price “excludes” amount of discount and subsidy Therefore the same need not be deducted again from the list price to arrive at the taxable value.



41. Value of taxable 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.

	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)	

(4 Marks, MTP May 2020)

ANS: Computation of taxable value of supply of machinery (amount in ₹):

Price of Machinery (exclusive of taxes and discounts)		5,50,000
Add: Amount paid by Alisha Ltd directly to the supplier for a part fitted in the machinery	[WN-1]	20,000
Add: Installation and testing charges	[WN-2]	25,000
Less: Discount 2% on machinery price [₹ 5,50,000 × 2%]	[WN-3]	-11,000
Less: Additional 1% discount at year end	[WN-4]	Nil
Value of taxable supply		5,84,000

Working Notes: As per section 15 of CGST Act, 2017

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.

42. Maahi Ltd. of Bhopal (Madhya Pradesh) is a supplier of machinery. Maahi Ltd. has supplied machinery to ABC Enterprises in Indore (Madhya Pradesh) on 1st October, 2022. The invoice for supply has been issued on 1st October, 2022. Maahi Ltd. and ABC Enterprises are not related and price is the sole consideration for the supply.

Following information is provided:

Basic price of machinery excluding all taxes is ₹ 20,00,000. In addition to the basic price, Maahi Ltd. has collected the design and engineering charges of ₹ 10,000 and loading charges of ₹ 20,000 for the machinery. The commission of ₹ 10,000 has also been charged by Maahi Ltd. from ABC Enterprises.

Maahi Ltd. provides 1-year mandatory warranty for the machinery on payment of additional charges of ₹ 1,00,000.

Maahi Ltd. has collected consultancy charges in relation to pre-installation planning of ₹ 10,000 and freight and insurance charges from place of removal to buyer's premises of ₹ 20,000.

Maahi Ltd. received subsidy of ₹ 50,000 from Central Government for supplying the machinery to backward region since receiver was located in a backward region. Maahi Ltd. also received ₹ 50,000 from the joint venture partner of ABC Enterprises for making timely supply of machinery to the recipient.



A cash discount of 1% on the basic price of the machinery is offered at the time of supply, if ABC Enterprises agrees to make the payment within 30 days of the receipt of the machinery at his premises. Discount @ 1% was given to ABC Enterprises as it agreed to make the payment within 30 days.

The machinery attracts CGST and SGST @ 18% (9% + 9%) and IGST @18%.

Compute the CGST and SGST or IGST payable, as the case may be, on the machinery.

[MTP Nov. 2018, 12 Marks]

ANS: Computation of GST Payable

Particulars	Amount ₹
Basic price of the machinery	20,00,000
Add: Design and engineering charges [Note 1]	10,000
Loading charges [Note 1]	20,000
Warranty cost [Note 2]	1,00,000
Commission [Note 1]	10,000
Consultancy charges in relation to pre-installation planning [Note 1]	10,000
Freight and insurance charges [Note2]	20,000
Subsidy received from Central Government [Note 3]	Nil
Receipts from Joint Venture of ABC Enterprises [Note 3]	50,000
Less: 1% discount on basic price = ₹ 20,00,000 × 1% [Note 4]	(20,000)
Value of Supply	22,00,000
CGST @9% [Note 5]	1,98,000
SGST @9% [Note 5]	1,98,000

Notes:

- As per Section 15(2)(c) of CGST Act, 2017: - Design and engineering charges, loading charges, commission or any amount (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) are includible in the value of supply.
- like warranty and freight and insurance is a composite supply, the principal supply of which is the supply of machinery. [Section 2(30) of the CGST Act, 2017 read with section 2(90) of that Act]. Thus, value of such ancillary supply is includible in the value of composite supply.
- Subsidies provided by the Central Government and State Governments are not includible in the value of supply in terms of section of the CGST Act, 2017. However, subsidy directly linked to the price received from a non-Government body is includible in the value in terms of section 15.
- Cash discount has been given to ABC Enterprises upfront at the time of supply and thus would have been recorded in the invoice and hence, the same is excluded from the value of supply in terms of section 15(3)(a) of the CGST Act, 2017.
- In the given case-
 - ☐ the location of the supplier is in Bhopal (Madhya Pradesh); and
 - ☐ the place of supply of machinery is the location of the machinery at the time at which the movement of the same terminates for delivery to the recipient i.e., Indore (Madhya Pradesh) vide section IO(1)(a) of IGST Act, 2017.

Therefore, as per section 8(1) of IGST Act, 2017, the given supply is an intra-State supply as the location of the supplier and the place of supply are in the same State. Thus, the supply will be leviable to CGST and SGST.

Chapter 8 : INPUT TAX CREDIT

43. S Ltd. a registered manufacturer of Jaipur entered in a contract with a supplier for supply of Input 'X' in October, 2022. As per contract it was agreed that 10,000 kgs of Input 'X' will be supplied for ₹ 7,28,000 (inclusive of CGST and SGST @ 6% each) in 4 lots. Invoice of ₹ 7,28,000 has been issued with supply of first lot of Input 'X'. Following further information has been provided regarding supply of Input received in subsequent lots.



Briefly explain whether S Ltd. eligible to take credit on proportionate basis.

Input 'X' (in lots)	Quantity in kgs	Date of Receipt of Supply
First Lot	2,500	19-10-2022
Second lot	3,000	21-10-2022
Third Lot	1,500	12-11-2022
Fourth Lot	3,000	01-12-2022

ANS: No, S Ltd. is not eligible to take credit on proportionate basis. As per first proviso to Section 16(2), where the goods against an invoice are received in lots or installments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment. Therefore, in the given case input 'X' has been received in lots hence, the credit of tax of ₹78,000 i.e. ($₹7,28,000 \times 12 \div 112$) paid on such input shall be taken by S Ltd. only after receipt of fourth lot i.e., 01-12-2022.

44. XYZ Ltd. purchased goods valuing 6,00,000 (exclusive of CGST and SGST @9% each) under the cover of invoice dated 25-12-2022. The company made payment to the supplier on the same date. Since there was a doubt regarding admissibility of tax credit on such inputs, the company did not take the input tax credit at the time of receipt of input. The company obtained clarification from a legal consultant who opined that the goods were eligible as inputs under Input tax Credit Rules. The opinion was received on 05-05-2023. The company now wants to avail Input tax credit of the tax paid on such inputs. Can it do so? The company has filed its annual return for the year 2023-24 on 12-08-2023.

ANS: As per Section 16(4), a registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after-

- 30th day of November following the end of financial year to which such invoice or debit note pertains, or;
- furnishing of the relevant annual return, whichever is earlier.

In this case the inputs were purchased by invoice dated 25-12-2022, hence Input tax credit in respect of such inputs can be taken on earlier of following dates- 30-11-2023; or 12-08-2023 being the date of furnishing of annual return. Since, XYZ Ltd. can avail credit of input tax paid on inputs till 12-08-2023. Therefore, it can avail credit of CGST ₹ 54,000 and SGST of ₹ 54,000 on 05-05-2023.

45. X Ltd. a registered manufacturer engaged in taxable supply of goods procured the following goods during the month of October. The same has been capitalized in the books of accounts of X Ltd. Determine the amount of Input tax credit available by giving necessary explanations for treatment of various items.

Inward supplies	GST(₹)
(1) Electrical transformers used in the factory	2,16,000
(2) Moulds and dies used in the factory	26,000
(3) Pollution control equipment used in the factory	2,34,000
(4) Capital goods purchased on which depreciation has been taken on full value including input tax thereon	1,35,000
(5) Capital goods used as parts purchased from supplier who paid tax of 10,000 under composition scheme and the composite tax has not been collected from X Ltd.	



ANS: Computation of Input tax credit available to X Ltd. (amount in ₹):

Electrical transformers used in the factory	[WN-1]	2,16,000
Moulds and dies used in the factory	[WN-1]	26,000
Pollution control equipment used in the factory	[WN-1]	2,34,000
Capital goods purchased on which depreciation has been taken on full value including input tax thereon	[WN-2]	Nil
Capital goods used as parts purchased from supplier who paid tax under composition scheme and the composite tax has not been collected from X Ltd	[WN-3]	Nil
Total Input tax credit available		4,76,000

Working Notes:

- (1) As per Section 2(19) "Capital goods" means goods, the value of which is capitalized in the books of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business. Hence, -
 - (a) Electrical transformers
 - (b) Moulds and dies,
 - (c) Pollution control equipment,
 which are used or intended to be used in the course or furtherance of business are eligible for ITC as capital goods.
- (2) As per Section 16(3), no input tax credit shall be admissible where registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income-tax Act, 1961.
- (3) As per Section 17(5)(e), input tax credit shall not be available in respect of goods or services or both on which tax has been paid u/s 10. Thus, no ITC shall be allowed of tax paid under composition scheme by the supplier.

46. Determine the amount of Input tax credit available to Posco Ltd, in respect of the following items procured by them in the month of February:

Inward supplies	GST(₹)
(i) Input used for the manufacture of the final product	72,000
(ii) Food and Beverages procured from Sweet Caterers for employees under statutory obligation	48,000
(iii) Goods used for providing services during warranty period	12,000
(iv) Goods used for setting up Telecommunication Towers being immovable property	90,000
(v) Inputs stolen from the factory store	13,200

ANS: Computation of Input Tax credit available with Posco Ltd. (amount in ₹):

Input used for the manufacture of the final product		72,000
Food and Beverages procured from Sweet Caterers for employees under statutory obligation	[WN-1]	48,000
Goods used for providing services during warranty period (Since used in course of business hence, input tax credit shall be available)		12,000
Goods used for setting up Telecommunication Towers being immovable property	[WN-2]	Nil
Inputs stolen from the factory store	[WN-3]	Nil
Total Input tax credit available		1,32,000

Working Notes:

- (1) As per Section 17(5)(b), no Input tax credit is available in respect of food and beverages except where an inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply or if provision of such



goods or services is obligatory for an employer to provide to its employees under any law for the time being in force Since in this case food and beverages are provided to employees under statutory obligation, Hence, input tax credit is available

- (2) As per Section 17(5)(d), Goods received by taxable person for construction of an immovable property (other than Plant and Machinery) on his own account including when such goods used in course or furtherance of business shall be considered as ineligible input and no credit shall be allowed of tax paid on such goods. Since Telecommunication tower is an immovable property, hence, no input tax credit shall be allowed in respect of goods used for setting it up.
- (3) As per Section 17(5)(h). Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples are considered as ineligible input and credit of GST paid on such goods cannot be taken.

47. 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 2023.

	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 ITA, 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 2023 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 (4 Marks, Nov 2018-NS)

ANS: Determination of the amount of ITC available to M/s. CANWIN Ltd.:

	Particulars	GST Paid ₹
(i)	Particulars Purchase of Machinery where debit note is issued [TTC can be availed on the basis of debt note issued by the supplier in accordance with Rule 36 of CGST Rules, 2017)	1,15,000
(ii)	Input purchased was directly delivered to Mr. Joe, a job worker and a registered supplier (As per Explanation to Section 16(2), it shall be deemed that the registered person has received the goods where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods either by way of transfer of documents of title to goods or otherwise. Thus, ITC can be mailed in case the goods are directly delivered to job-worker on direction of CANWIN Ltd]	80,000
(iii)	Computers purchased (Depreciation was claimed on the said GST portion under the Income-tax Act, 1961) [As per Section 16(3), where the registered person has claimed depreciation 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 shall not be allowed.]	-
(iv)	Works Contract services availed for construction of Staff quarters within the company premises The same comes under the ambit of blocked credit u/s 17(5)(c), hence ITC shall not be admissible]	-
	Total Input tax credit available	1,95,000

48. 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, 2023:



	Particulars	GST Paid ₹
(i)	Trucks used for the transport of raw material	1,20,000
(ii)	Food and beverages for consumption of employees working in the factory	40,000
(iii)	Inputs are to be received in five lots, out of which third lot was received during the month	80,000
(iv)	Membership of a club availed for employees 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, 2023)	1,50,000

Determine the amount of input tax credit available with Cloud Seven Private Limited for the month of February, 2023 by giving necessary explanations for treatment of various items. All the conditions necessary for availing the input tax credit have been fulfilled (RTP Nov. 2018)

ANS: Computation of ITC available with Cloud Seven Private Limited (amt. in ₹):

Trucks used for the transport of raw material	[WN-1]	1,20,000
Food and beverages for consumption of employees working in the factory	[WN-2]	NIL
Inputs are to be received in five lots, out of which third lot was received during the month	[WN-3]	NIL
Membership of a club availed for employees working in the factory	[WN-4]	NIL
Capital goods (out of five items, invoice for one item was missing and GST paid on that item was ₹ 50,000)	[WN-5]	3,50,000
Raw material (to be received in March, 2023)	[WN-6]	NIL
Total Input tax credit available		4,70,000

Working Notes:

- (1) ITC on motor vehicles used for transport of goods is not blocked u/s 17(5) of the CGST Act, 2017.
- (2) As per Section 17(5)(b), ITC on food or beverages is specifically disallowed unless the same is used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply or where it is obligatory for an employer to provide the same to its employees under any law for the time being in force.
- (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 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.

49. 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 Chlorat, for the month of March, 2023:

S . No.	Particulars	IGST ₹
(i)	Motor vehicle seating capacity 5 persons (including driver) purchased for employees to be used for personal as well as business purposes	1,50,000
(ii)	Motor vehicle purchased for transportation of goods within the factory	2,00,000
(iii)	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
(iv)	Rent-a-cab facility availed for employees to fulfill a statutory obligation in this regard. The Government has notified such service under section 17(5) of the CGST Act, 2017	36,000

Calculate the amount of eligible input tax credit for the month of March, 2023 (RIP May 2019)



ANS: Computation of eligible input tax credit (amount in ₹):

Particulars	IGST ₹
Motor vehicle seating capacity 5 persons (including driver) purchased for employees to be used for personal as well as business purposes [WN-1]	-
Motor vehicle purchased for transportation of goods within the factory [WN-4]	2,00,000
Food items for consumption of employees. [WN-2]	-
Rent-a-cab facility availed for employees [WN-3]	36,000
Total Input tax credit available	2,36,000

Working Notes: As per section 17(5) of the CGST Act, 2017

- (1) As per Section 17(5)(a), no Input tax credit is available in respect of motor vehicles for transportation of having approved seating capacity of not more than 13 persons (including the driver), unless they are used for making the following taxable supplies, namely:- (A) further supply of such motor vehicles; or (B) transportation of passengers, or (C) imparting training on driving such motor vehicles. Hence, no input tax credit is available on the said motor vehicles. Persons.
- (2) As per Section 17(5)(b), ITC on food or beverages is specifically disallowed unless the same is used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply or where it is obligatory for an employer to provide the same to its employees under any law for the time being in force.
- (3) 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. (4) ie on motor vehicles used for transport of goods is not blocked u/s 17(5) of the CGST Act, 2017.

50. Punjab National Bank provides the following information for the month of November, 2022:

Particulars	CGST paid (₹)	SGST paid (₹)
Eligible Input tax (CGST and SGST) available on Inputs received	16,020	16,020
Eligible Input tax (CGST and SGST) available on Input Services availed	11,340	11,340
Value of taxable supply of services	11,00,000	-
Value of exempted supply of services	10,00,000	-

Determine the amount of Input tax credit available to Punjab National Bank for the month of November, 2022 and also determine net SGST and CGST liability.

ANS: As per Section 17(4), every banking company or a financial institution, including a non-banking financial company, engaged in supply of services by way of accepting deposits or extending loans or advances has the option either to avail of, every month, an amount equal to 50% of the eligible input tax credit on inputs, capital goods and input services in that month or to comply with the provisions of Section 17(2) of taking credit of inputs and input services used for making taxable supplies.

Option I: In case the Bank opts for option to avail 50% Eligible ITC under Section 17(4) (amount in ₹):

Particulars	CGST paid (₹)	SGST paid (₹)
Total Eligible Input tax credit available	27,360	27,360
Less: Amount of input tax credit credited to electronic ledger (50% of eligible input tax on inputs, input services and capital goods) i.e., ₹27,360 × 50%	13,680	13,680
Remaining input tax credit to be reversed in Form GSTR-3B	13,680	13,680



Determination of Net Tax liability of Bank for the month of November, 2022 (amount in ₹)

Particulars	CGST paid (₹)	SGST paid (₹)	Total GST liability
Tax liability of bank before availing eligible Input tax Credit on taxable supply of services of 11,00,000	99,000	99,000	1,98,000
Less: Net/Eligible CGST Credit available on Inputs/Input services	13,680	-	13,680
Less: Net/Eligible SGST Credit available on inputs/Input services	-	13,680	13,680
Net output Tax liability of bank after availing eligible Input tax Credit	85,320	85,320	1,70,640

Option II: In case Punjab National Bank opted to comply with the provisions of Section 17(2) (amt in ₹):

Particulars	CGST paid (₹)	SGST paid (₹)
Amount of input tax credit credited to electronic ledger	27,360	27,360
As per Rule 42 of CGST Rules, 2017, Credit of CGST paid on input/ input services attributable towards Exempted supplies to be added to output tax liability = ₹27,360 × ₹10,00,000 / ₹21,00,000	13,029	-
Similarly the Credit of SGST paid on input/ input services attributable towards Exempted supplies to be added to output tax liability ₹27,360 × ₹10,00,000 / ₹21,00,000	-	13,029

Determination of Net tax liability of Bank for the month of November, 2022 (amount in ₹):

Particulars	CGST paid (₹)	SGST paid (₹)	Total GST liability
Tax liability of bank before availing eligible ITC on taxable supply of services of 11,00,000	99,000	99,000	1,98,000
Add: CGST/ SGST Credit to be added to output tax liability	13,029	13,029	26,058
Less: CGST/SGST Credit available on Inputs/Input services	27,360	27,360	54,720
Net output Tax liability of bank after availing eligible ITC	84,669	84,669	1,69,338

Chapter 9 : REGISTRATION

51. Explain the registration requirements under GST law in the following independent cases:
- Mr. Ahmad of Jammu engaged in the business of supplying tobacco based Pan Masala with an aggregate turnover of ₹ 24 lakhs.
 - Mr. Lepcha of Mizoram is engaged in the supply of papers with an aggregate turnover of ₹ 13 lakhs. Will your answer be different if Mr. Lepcha is located in Meghalaya? (5 Marks, Nov. 2019)

- ANS:** (i) Every supplier shall be liable to be registered under this Act in the State or Union territory, other than special category States, from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds ₹40 lakhs. But in this case he will not be eligible for enhanced threshold limit of ₹40 lakhs under Notification No. 10/2019-CT dated 07-03-2019, since he is engaged in supply of Pan Masala Thus, Ahmad will be liable to get registered under GST as his aggregate turnover exceeds ₹20 lakhs.
- (ii) Mr. Lepcha of Mizoram is exclusively engaged in intra-State supply of paper His aggregate turnover in the current financial year is ₹13 lakh. Since Lepcha is making taxable supplies from Mizoram which is a Special Category State, the applicable threshold limit for registration for Lepcha in the given case is ₹10 lakh. Thus, he is liable to get registered under GST
If Mr. Lepcha is located in Meghalaya, threshold limit for registration will be ₹ 20 lakhs. In such case he is not required to be registered under GST law.



52. Rishabh Enterprises - a sole proprietorship firm - started an air-conditioned restaurant in Virar, Maharashtra in the month of February wherein the customers are served cooked food as well as cold drinks/non-alcoholic beverages. In March, the firm opened a liquor shop in Kohima, Nagaland for trading of alcoholic liquor for human consumption. Determine whether Rishabh Enterprises is liable to be registered under GST law with the help of the following information:

Particulars	February (₹)*	March (₹)*
Serving of cooked food and cold drinks/non-alcoholic beverages in restaurant in Maharashtra	5,50,000	6,50,000
Sale of alcoholic liquor for human consumption in Nagaland		5,00,000
Supply of wholly exempt services	1,00,000	1,00,00
Export of packed food items from restaurant in Maharashtra	1,50,000	2,00,000

*excluding GST

You are required to provide reasons for treatment of various items given above. (RTP May, 2018)

ANS: Registration provisions: As per Section 22 of the CGST Act, 2017, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds 20 lakh.

However, if such taxable supplies are made from any of the specified special category States, namely, State of Manipur Mizoram, Nagaland, and Tripura, he shall be liable to be registered if his aggregate turnover in a financial year exceeds 10 lakh.

In the given question, since Rishabh Enterprises is engaged in making taxable supplies of goods and services from Maharashtra which is not a specified Special Category State, the threshold limit for obtaining registration is 20 lakh. It will not get the benefit of higher threshold limit of 40 lakhs since it is not engaged in exclusive supply of goods as it is also providing exempt services.

The threshold limit is not reduced to 10 lakh in this case, as sale of alcoholic liquor for human consumption from Nagaland (one of the specified Special Category States) are non-taxable supplies in terms of Section 9(1) of CGST Act, 2017.

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' In the light of the aforementioned provisions, the aggregate turnover of Rishabh Enterprises is computed as under

Computation of aggregate turnover of Rishabh Enterprises (amount in ₹):

Particulars	Turnover of February	Cumulative turnover of february & march
Serving of cooked food and cold drinks/non-alcoholic beverages in restaurant in Maharashtra	5,50,000	12,00,000 [₹5,50,000+₹6,50,000]
Add: Sale of alcoholic liquor for human consumption in Nagaland [WN-1]		₹5,00,000
Add: Supply of wholly exempt services [WN-2]	1,00,000	2,00,000 [₹1,00,000+₹1,00,000]
Add: Export of packed food items from restaurant in Maharashtra	1,50,000	₹3,50,000 [₹1,50,000+₹2,00,000]
Aggregate Turnover	8,00,000	22,50,000



Working Notes:

- (1) As per Section 2(47) of the CGST Act, 2017, exempt supply includes non-taxable supply. Thus, supply of alcoholic liquor for human consumption in Nagaland, being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.
- (2) Supply of wholly exempt services is includible while computing the aggregate turnover.

Conclusion: Rishabh Enterprises was not liable to be registered in the month of February since its aggregate turnover did not exceed ₹20 lakh in that month. However, since its aggregate turnover exceeds ₹20 lakh in the month of March, it should apply for registration within 30 days from the date on which it becomes liable to registration.

53. LMN Pvt. Ltd Coimbatore exclusively Engaged in manufacture of product X which is exempt from GST vide notifications issued under relevant GST legislations The company only supply within Tamil Nadu. The turnover of the company in the previous year was ₹45 lakh The company expects the sales to grow by 30% on the current year. The company purchased additional machinery for manufacturing on 01-10-2022 The purchase price of the capital goods was ₹30 lakh exclusive of GST 18% However effective from 01-11-2022, exemption available on X was withdrawn by the Central Government and GST 12% was imposed thereon The turnover of the company for the half year ended on 30-09-2022 was ₹45 lakh
- (i) Examine the above scenario and advise LMN Pvt. Ltd whether it needs to get registered under GST
 - (ii) If the answer to the above question is in affirmative advise LMN Pvt Ltd whether it can avail input tax credit on the additional machinery purchased exclusively for manufacturing “X”

ANS: Registration requirements Section 22(1) of the CGST Act, 2017 read with Nonfication

No 10/20019-CT dated 07-03-2019 inter alia provides that every supplier who is engaged in intra-State exclusive supply of goods is liable to be registered under GST in the State/Linion territory from where he make the taxable supply of goods only when aggregate turnover in a financial year exceeds 40,00,000.

However, the above provisions are not applicable to few specified States e States of Arunachal Pradesh. Manipur Meghalaya Mizoram Nagaland, Puducherry, Sikkim, Telangana. Tripura, Jharkhand. Further 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 in terms of section 231a) of CGST Act, 2017.

In the given case the turnover of the company for the hall year ended on 30-09-2022 is 45 lakh which is more than the applicable threshold limit of 40 lakh. Therefore, as per above mentioned provisions, the company should be liable to registration. However, since LMN Pvt Ltd supplied exempted goods till 31-10-2722 at was not required to be registered till that day though voluntary registration was allowed u/s 253) of the CGST Act 2017.

However, the position will change from 01-11-2022 as the supply of goods become taxable from that day and the turnover of company is above 40 lakh. It is important to note here that in terms of section 216) of the CGST Act, 2017, the aggregate turnover limit of 40 lakh includes exempt turnover also Therefore, turnover of X will be considered for determining the limit of 40 lakh even though the same was exempt from CST Therefore, the company needs to register within 30 days from 01-11-2022 (the date on which it becomes liable to registration) in terms of section 25(1) of the CGST Act, 2017

- (i) Input tax credit eligibility: Section 18(1)(a) of the CGST Act, 2017 provides that a person who has applied for registration within 30 days from the date on which he becomes liable to registration and has been granted such registration shall 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 he becomes liable to pay tax under the provisions of this Act.

Thus, LMN Pvt Ltd cannot avail credit for additional machinery purchased exclusively for manufacturing X as input tax credit of only inputs is allowed when a person gets registered for the first time.



54. Pure Oils. Delhi has started the supply of machine oils and high speed diesel in the month of April, 2022. The following details have been furnished by it for the said month-(RTP May 2018)

	Particulars	(₹ excluding GST)
(i)	Supply of machine oils in Delhi	12,00,000
(ii)	Supply of high speed diesel in Delhi	14,00,000
(iii)	Supply made through Fortis Lubricants - an agent of Pure Oils in Delhi (we presume that supplies is an Agent)	3,75,000
(iv)	Supply made by Pure Oils from its branch located in Punjab	1,80,000

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 Manipur in addition to the above-mentioned supplies?

ANS: Section 22(1) of the CGST Act, 2017 read with Notification No. 10/2019-CT dated 07-03-2019 inter alia provides that every supplier who is engaged in intra-State exclusive supply of goods is liable to be registered under GST in the State/Union territory from where he makes the taxable supply of goods only when aggregate turnover in a financial year exceeds 40,00,000. However, the above provisions are not applicable to few specified States, i.e. States of Arunachal Pradesh, Manipur Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura, Uttarakhand. However, if such taxable supplies are made from any of the specified special category States, namely, Manipur, Meghalaya, Nagaland and Tripura he shall be liable to be registered if his aggregate turnover in a financial year exceeds 10 lakh.

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, 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, 2022 is computed as under:

Particulars	₹
Supply of machine oils in Delhi	12,00,000
Add: Supply of high speed diesel in Delhi	14,00,000
Add: Supply made through Fortis Lubricants - an agent of Pure Oils in Delhi	-
Add: Supply made by Pure Oils from its branch located in Punjab	1,80,000
Aggregate Turnover	27,80,000

Since the aggregate turnover does not exceed 40 lakh, 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 Manipur in addition to the above supply, then threshold limit of registration will be reduced to ₹10 lakh as Manipur is one of the specified Special Category States.

Aggregate Turnover in that case would be ₹27,80,000+ ₹2,50,000 = ₹30,30,000. So, if Pure Oils supplies machine oils amounting to ₹2,50,000 from its branch in Manipur, then it is liable to be registered.



55. Examine the following cases and explain with reasons whether the supplier of goods is liable to get registered in GST
- 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
 - Ankit to Telangana is exclusively engaged in intra-state taxable supply of footwears. His aggregate turnover in the current financial year is ₹25 lakh
 - 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.

ANS: 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.

- 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.
- 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.
- 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.

56. Mahadev Enterprises, a sole proprietorship firm opened a shopping complex dealing in supply of goods at multiple locations, Le in Himachal Pradesh, Uttarakhand and Tripura in the month of June.
It has furnished the following details relating to the sale made at such multiple locations for the month of June:-

Particulars	Himachal Pradesh (₹)*	Uttarakhand (₹)	Tripura (₹)
Intra-State sale of taxable goods	22,50,000	-	7,00,000
Intra-State sale of exempted goods	-	-	6,00,000
Interest received from banks on the fixed deposits	-	-	60,000
Intra-State sale of non-taxable goods	-	21,00,000	40,000

*excluding GST

With the help of the above mentioned information, answer the following questions giving reasons:

- Determine whether Mahadev Enterprises is liable to be registered under GST law and what is the threshold limit of taking registration in this case
- Explain with reasons whether your answer in (1) will change in the following independent cases
 - If Mahadev Enterprises is dealing in taxable supply of goods only from Himachal Pradesh,
 - If Mahadev Enterprises is dealing in taxable supply of goods and services only from Himachal Pradesh.
 - If Mahadev Enterprises is dealing in taxable supply of goods only from Himachal Pradesh and has also effected inter-State supplies of taxable goods amounting to ₹4,00,000



ANS: Registration requirements: 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-

- (i) ₹10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland
- (ii) ₹20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand
- (iii) ₹40 lakh for rest of India

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

- (i) ₹10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland
- (ii) ₹20 lakh for the rest of India.

Aggregate turnover: 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.

In the light of the afore-mentioned provisions, the aggregate turnover of Mahadev Enterprises is computed as under:

Computation of State-wise aggregate turnover of Mahadev Enterprises

Particulars	Himachal Pradesh (₹)*	Uttarakhand (₹)	Tripura (₹)
Intra-State sale of taxable goods	22,50,000	-	7,00,000
Intra-State sale of exempted goods	-	-	6,00,000
Interest received from banks on the fixed deposits [WN-1]	-	-	60,000
Intra-State sale of non-taxable goods [WN-2]	-	21,00,000	40,000
Aggregate turnover	22,50,000	21,00,000	14,00,000

Working Notes:

- (1) Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services) is exempt vide Notification No. 12/2017- CT (R) dated 28.06.2017. Since aggregate turnover includes exempt supply, interest received from banks on the fixed deposits, being exempt supply, is included in the aggregate turnover.
- (2) As per section 2(47) of the CGST Act, 2017 exempt supply includes non-taxable supply. Thus, intra-State supply of non-taxable goods in Uttarakhand, being a non-taxable supply, is an exempt supply and is, therefore, included in the aggregate turnover.

In the given case, Mahadev Enterprises is engaged in exclusive intra-State supply of goods from Himachal Pradesh and Uttarakhand and in supply of both goods and exempted services from Tripura, the threshold limit for registration will be 40 lakh, 20 lakh and 10 lakh respectively.

Further, since Mahadev Enterprises also makes taxable supply of goods from one of the specified Special Category States (ie. Tripura), the threshold limit for registration will be reduced to 10 lakh

- (1) Thus, in view of the above-mentioned provisions, Mahadev Enterprises is liable to be registered under GST law with the aggregate turnover amounting to 57,50,000 (computed on all India basis). The applicable threshold limit of registration in this case is 10 lakh
- (2) (a) If Mahadev Enterprises is dealing in supply of goods only from Himachal Pradesh, the applicable threshold limit of registration would be 40 lakh. Thus, Mahadev Enterprises will not be liable for registration as its aggregate turnover would be 22,50,000.
(b) If Mahadev Enterprises is dealing in taxable supply of goods and services



only from Himachal Pradesh then higher threshold limit of 40 lakh will not be applicable as the same applies only in case of exclusive supply of goods. Therefore, in this case, the applicable threshold limit will be 20 lakh and hence, Mahadev Enterprises will be liable to registration.

(c) In case of inter-State supplies of taxable goods, section 24 of the CGST Act, 2017 requires compulsory registration irrespective of the quantum of aggregate turnover. Thus, Mahadev Enterprises will be liable to registration.

57. Determine the effective date of registration under CGST Act, 2017 in respect of the following cases with explanation:

- (1) The aggregate turnover of Varun Industries of Mumbai has exceeded? 20 lakhs on 1st August, 2022. It submits the application for registration on 20 August, 2022 Registration certificate granted on 25 August 2022 (Similar, 2 Marks, May 2018-NS & Old)
- (2) Sweta InfoTech Services are the provider of internet services in Pune. The aggregate turnover of them exceeds 20 lakhs on 25th September, 2022 It submits the application for registration on 27 October, 2022 Registration certificate is granted on 5th November, 2022 (Similar, 2 Marks, May 2018-NS & Old)

ANS: 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-

- (i) ₹10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland
- (ii) ₹20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand
- (iii) ₹40 lakh for rest of India

Since in the given case, the turnover of Varun Industries exceeded ₹ 40 lakh on 1st August, it becomes liable to registration and 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 (Section 25 read with rule 10 of the Chapter III - Registration of CGST Rules, 2017]. Therefore, the effective date of registration is 1st August, 2022.

- (1) Since in the given case, the turnover of Sweta InfoTech Services exceeds ₹ 20 lakh on 25th September, 2022, 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 November, 2022.

Chapter 10 : TAX INVOICE, CREDIT AND DEBIT NOTE

58. M/s. Xing Trans of Kolkata is engaged in the trading of transmitters. On 20-05-2022 M/s. Xing Trans has sent 500 units of transmitters for exhibition at Chennai on sale or return basis. Out of the said 500 units, 300 units have been sold on 28-07-2022 at the exhibition. Out of remaining 200 units, 150 units have been brought back to Kolkata on 25-11-2022 and balance 50 units have neither been sold nor brought back Explain the provisions under GST law relating to issue of invoices with exact dates on which tax invoices need to be issued by M/s. Xing Trans. (4 Marks, May 2022)

ANS: Where the goods being sent for sale or return are removed before the supply takes place, the tax invoice shall be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier.

In the given case, 500 units of transmitters have been sent for exhibition on sale or return basis out of which 300 units are sold before 6 months from the date of removal. Thus, tax invoice for said



300 units needs to be issued before or at the time of supply of such goods, ie upto 28-07-2022
Remaining 200 (150 + 50) units have neither been sold nor brought back till the expiry of 6 months from the date of removal goods, ie. 20-11-2022. Thus, tax invoice for said 200 units needs to be issued upto 20-11-2022.

59. The aggregate turnover of Kamlesh Enterprises Ltd. exceeded 40 lakh on 10th October, 2022. It applied for registration on 27th October, 2022 and was granted the registration certificate on 1st November, 2022. You are required to advise Kamlesh Enterprises Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices. (Similar MTP May, 2018)

ANS: As per Section 25 read with CGST Rules, 2017, where an applicant submits application for registration within 30 days from the date he becomes liable to registration, effective date of registration is the date on which he becomes liable in registration. Since, Kamlesh Enterprises Ltd's turnover exceeded? 40 lakh on 10 October, 2022, it became able to registration on same day Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is the date on which it becomes liable to registration, ie 10th October, 2022.
Time period for issuance of revised tax invoice: As per Section 31 read with CCST Rules, 2017, every 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 Revised Tax Invoices.
Revised Tax Invoices shall be issued within 1 month from the date of issuance of registration certificate in respect of liable 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, Kamlesh Enterprises Ltd has to issue the Revised Tax Invoices in respect of taxable supplies effected during the period starting from the effective date of registration (10th October, 2022) till the date of issuance of certificate of registration (1st November, 2022) within 1 month from the date of issuance of certificate of registration, ie on or before 1st December, 2022.

60. 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, 2023. 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, 2023 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:

- (i) Examine whether the tax invoice has been issued within the time limit prescribed under law?
- (ii) 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?

ANS: (i) 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 03-02-2023. However, the invoice has been issued on 10-02-2023.
In such a case, the time of supply as per section 13 of the CGST Act, 2017 would be 04-01-2023 i.e. earliest of the following:
(a) Date of provision of service (04-01-2023)
(b) Date of receipt of payment(11-02-2023)
(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.

61. Kartik & 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 2,50,000 against the actual taxable value of ₹ 2,30,000
 - (ii) 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 (iii) Value charged in invoice no. 8 was 73,20,000 as against the actual value of 4,20,000 due to wrong quantity considered while billing
- Kartik & Co. asks you to answer the following:
- (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?

ANS: The debit/credit note shall be issued by the registered person who has supplied the goods and/or services, ie Kartik & Co.

- (1) 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.
- (2) The details of the credit note cannot be declared later than 30 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.

Chapter 11A : E-WAY BILL

62. Power Electricals Ltd, a registered supplier of air-conditioners is required to send from Mumbai (Maharashtra), a consignment of parts of air-conditioner to be replaced under warranty at various client locations in Gujarat. The value of consignment declared in delivery challan accompanying the goods is 70,000. Power Electricals Ltd. claims that since movement of goods to Gujarat is caused due to reasons other than supply, e-way bill is not mandatorily required to be generated in this case. You are required to examine the technical veracity of the claim made by Power Electricals Ltd.

ANS: E-way bill to be generated even if movement of goods is by reasons other than supply: The goods to be moved to another State for replacement under warranty is not a 'supply However, rule 138(1) of the CGST Act, 2017, inter alia, stipulates that every registered person who causes movement of goods of consignment value exceeding ₹ 50,000:

- (i) in relation to a supply, or
 - (ii) for reasons other than supply; or
 - (iii) due to inward supply from an unregistered person,
- shall, generate an electronic way bill (E-way Bill) before commencement of such movement. CBIC has also clarified that even if the movement of goods is caused due to reasons others than supply [including replacement of goods under warranty], e-way bill is required to be issued. Thus, in the given case, since the consignment value exceeds ₹ 50,000, e-way bill is required to



be mandatorily generated. Therefore, the claim of Power Electricals Ltd that e-way bill is not mandatorily required to be generated as the movement of goods is caused due to reasons other than supply, is not correct.

63. Beauty Cosmetics Ltd. has multiple wholesale outlets of cosmetic products in Mumbai, Maharashtra. It receives an order for cosmetics worth ₹1,20,000 (inclusive of GST leviable @ 18%) from Prasanna, owner of a retail cosmetic store in Delhi. While checking the stock, it is found that order worth ₹55,000 can be fulfilled from the company's Dadar (Mumbai) store and remaining goods worth ₹65,000 can be sent from its Malad (Mumbai) store. Both the stores are instructed to issue separate invoices for the goods sent to Prasanna. The goods are transported to Prasanna in Delhi, in a single conveyance owned by Radhey Transporters. You are required to advise Beauty Cosmetics Ltd. with regard to Issuance of e-way bill(s).

ANS: Separate E-way bill for separate invoices - subsequently consolidated e-way bill can be prepared if goods transported in one conveyance: Beauty Cosmetics Ltd. would be required to prepare two separate e-way bills since each invoice value exceeds ₹50,000 and each invoice is considered as one consignment for the purpose of generating e-way bills. CBIC has clarified that if multiple invoices are issued by the supplier to one recipient, that is, for movement of goods of more than one invoice of same consignor and consignee, multiple e-way bills have to be generated. In other words, for each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignors or consignees are involved. Multiple invoices cannot be clubbed to generate one e-way bill. However, after generating all these e-way bills, one consolidated e-way bill can be prepared for transportation purpose, if goods are going in one vehicle.

64. Mr Shah, a consignor is required to move goods from Ahmedabad (Gujarat) to Nadiad (Gujarat). He appoints Mehta Transporter for 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. (5 Marks, Nov. 2019)

ANS: As per Rule 138(5A) of the CGST rules, 2017, the consignor or the recipient, who has furnished the information in Part A of FORM GST EWB-01, or the transporter, may assign the e-way bill number to another registered or enrolled transporter for updating the information in Part B of FORM GST EWB-01 for further movement of the consignment.

However, after the details of the conveyance have been updated by the transporter in Part B of FORM GST EWB-01, the consignor or recipient, as the case may be, who has furnished the information in Part A of FORM GST EWB-01 shall not be allowed to assign the e-way bill number to another transporter.

In this case Mr Shah (consignor) is required to move goods from Ahmedabad (Gujarat) to Nadiad (Gujarat). He appoints Transporter Mehta for movement of his goods. Transporter Mehta moves the goods from Ahmedabad (Gujarat) to Kheda (Gujarat). For completing the movement of goods from Kheda (Gujarat) to Nadiad (Gujarat), Transporter Mehta now hands over the goods to Transporter Parikh. Thereafter, the goods are moved to the destination i.e. from Kheda (Gujarat) to Nadiad (Gujarat) by Transporter Parikh. In such a scenario, only one e-way bill would be required. Part A can be filled by the consignor and then the e-way bill will be assigned by the consignor to Transporter Mehta. Transporter Mehta will fill the vehicle details, etc. in Part B and will move the goods from Ahmedabad (Gujarat) to Kheda (Gujarat). On reaching Kheda (Gujarat), Transporter Mehta will assign the said e-way bill to the Transporter Parikh. Thereafter, Transporter Parikh will be able to update the details of Part B. Transporter Parikh will fill the details of his vehicle and move the goods from Kheda (Gujarat) to Nadiad (Gujarat).



65. Mr. Bala, a registered person at Chennai wants to maintain proper accounts and records relating to GST. Advise him about the accounts and other records to be maintained under section 35(1) of the CGST Act, 2017.

Ans. As per Section 35(1) of the CGST Act, 2017:- Mr. Bala, is required to maintain a true and correct account of:-

- (a) production or manufacture of goods;
- (b) inward and outward supply of goods or services or both;
- (c) stock of goods;
- (d) input tax credit availed;
- (e) output tax payable and paid; and
- (f) other prescribed particulars

The records may be maintained electronically. Where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business should be kept at such places of business.

66. Bikanerwala Restaurant has opted for composition scheme in the current financial year. Discuss the records which are not to be maintained by a supplier opting for composition levy as enumerated in Rule 56 of the CGST Rules, 2017.

Ans. Following records are not required to be maintained by a supplier who has opted for composition scheme as per Rule 56(2) & (4) of the CGST Rules, 2017:

- (1) Stock Account: Composition supplier shall not be required to maintain the accounts of stock in respect of goods received and supplied by him, containing particulars of the opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof.
- (2) Tax details: Composite Supplier paying tax under section 10, shall not be required to keep and maintain an account, containing the details of tax payable (including tax payable in accordance with the provisions of section 9(3) and (4) on reverse charge basis), tax collected and paid, input tax, input tax credit claimed, together with a register of tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period.

67. Pooja Ltd. Is a supplier of tax consultancy services? It has approach you to ascertain the period for which the books of account or other records need to be maintained?

Ans. As per Section 3d of CGST Act, 2017 :- Every registered person required to keep and maintain books of account or other records in accordance with the provisions of section 35(1) shall retain them until the expiry of seventy-two months from the due date of furnishing of annual return for the year pertaining to such accounts and records:

- ◆ Provided that a registered person, who is a party to an appeal or revision or any other proceedings before any Appellate Authority or Revisional Authority or Appellate Tribunal or court, whether filed by him or by the Commissioner, or is under investigation for an offence under Chapter XIX, shall retain the books of account and other records pertaining to the subject matter of such appeal or revision or proceedings or investigation for a period of one year after final disposal of such appeal or revision or proceedings or investigation, or for the period specified above, whichever is later.



68. Mr. Aman, a registered Supplier of taxable goods, filed GSTR 3B for the month of January, 2023 on 15 April, 2023. The prescribed due date to file the said GSTR 38 was 20th February, 2023. The amount of GST payable on supplies made by him for the said month worked out to be ₹50,000 The input tax credit available for the said month was ₹13,500. The tax was paid on the same date of filing of return. Briefly explain the related provisions and compute the amount of interest payable under the CGST Act, 2017 by Mr. Aman.

ANS: According to Section 50 of the CGST Act, 2017. 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. Interest on delayed payment of tax is to be levied on the net tax liability ie. after allowing the credit of input tax. Hence, interest will be calculated of ₹36,500 ie ₹50,000- ₹13,500]. Thus, interest liability shall be calculated as under-

Due date of payment of tax	20-02-2023
Actual date of payment of tax	15-04-2023
Period of delay in days	54 days
GST Payable	36,500
Rate of Interest	18% pa
Interest payable [₹ 36,500 × 18% × 54/365] (Rounded off)	972

69. ABC Ltd, have filed the GTR3B for the month of July, 2022 within the due date prescribed under section 39 Le 20-08-2022 Post filing of the return, the registered person has noticed during September 2022 that tax dues for the month of July, 2022 have been short paid for 40,000. ABC Ltd, has paid the above shortfall of ₹40,000, through GSTR-3B of September 2022, filed on 20-10-2022 [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 2022 has been filed belatedly on 20-10-2022 and the sell assessed tax of 40,000/- has been paid on 20-10-2022 [payment through electronic cash ledger-30,000 and electrons credit ledger ₹10,000].

Notes:

- There exists adequate balance in Electronic Cash & Credit ledger as on 31-07-2022 for the above short fall
- No other supply has been made nor tax payable for the month of July, 2022 other than 40,000/-missed out to be paid on forward charge basis.
- Ignore the effect of leap year, if applicable in this case

ANS: 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 u/s 39, has been filed after the due date to furnish such return. In the above scenario, ABC Ltd., has defaulted in making the payment for 40,000 on self-assessment basis in the return for the month of July, 2022.

Accordingly, interest is payable on the gross liability and proviso of section 50(1) shall not be applicable Thus, the amount of interest payable by ABC Ltd., is as under-

Due date of payment of tax	20-08-2022
Actual date of payment of tax	20-10-2022
Period of delay in days	61 days
GST Payable	40,000
Rate of Interest	18% pa
Interest payable [40,000 × 18% × 61/365] (Rounded off)	1,203

Alternatively, if ABC Ltd, have filed the return for the month of July, 2022 on 20-10-2022, beyond the stipulated due date of 20-08-2022 and if the self-assessed tax for July, 2022 has been paid on 20-10-2022, Interest under proviso to Section 50(1) shall be payable on the tax paid through Electronic Cash Ledger only.



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

Due date of payment of tax	20-08-2022
Actual date of payment of tax	20-10-2022
Period of delay in days	61 days
GST Payable	30,000
Rate of Interest	18% pa
Interest payable [30,000 × 18% × 61/365] (Rounded off)	902

70. Mr. Ajay, a registered supplier of goods, pays GST under regular scheme and provides the following information for the month of August 2022:

	Particulars	₹
(i)	Inter State taxable supply of goods	10,00,000
(ii)	Intra-State taxable supply of goods	2,00,000
(iii)	Intra-State purchase of taxable goods	5,00,000

He has the following Input tax credit at the beginning of August 2022:

Nature	ITC Amount in (₹)
CGST	20,000
SGST	30,000
IGST	25,000

Rate of CGST, SGST and ICST 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 net GST payable by Mr. Ajay for the month of August 2022. (6 Marks, May 2018-NS)

ANS: Computation of net GST payable (amount in ₹):

Particulars	CGST @ 6%	SGST @ 6%	IGST @ 12%
Output tax liability			
Inter-State Sale: ₹10,00,000 [IGST leviable @ 18%] Intra-State Sale: ₹2,00,000 [CGST @ 9% and SGST @9%]	18,000	18,000	1,80,000
Total output tax liability	18,000	18,000	1,80,000
Less Input tax credit			
Opening balance	20,000	30,000	25,000
Purchases during the month			
Intra-State purchases-5,00,000 [CGST @9% and SGST @ 9%]	45,000	45,000	-
Total Input tax credit	65,000	75,000	25,000
Less Extra credit of CGST and SGST can be used for payment of IGST	47,000	57,000	1,04,000
Net amount of CGST/SGST/IGST payable	NIL	NIL	51,000

71. 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, 2023:

	Particulars	₹
(i)	Intra-State sale of taxable goods including 1,00,000 received as advance in January, 2023, the invoice for the entire sale value is issued on 15 February, 2023	4,00,000
(ii)	Goods purchased from unregistered dealer on 20 February, 2023 (Inter-State purchases are worth 30,000 and balance purchases are intra-State)	1,00,000
(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)	Goods transport services received from a GTA. GTA is paying tax 12% fit is an inter-State transaction)	2,00,000



Compute net GST liability (CCST, SGST or IGST, as the case may be) of M/s Shri Durga Corporation Pvt Ltd. for the month of February, 2023.

Assume the rates of GST, unless otherwise specified, as under:

CGST	SGST	IGST
9%	9%	18%

Note: (i) The turnover of M/s. Shri Durga Corporation Pvt. Ltd. was ₹2.5 crore in the previous financial year

(ii) All the amounts given above are exclusive of taxes (RTP Nov. 2018)

ANS: Computation of GST liability of M/s. Shri Durga Corporation Pvt. Ltd. for the month of February, 2023

Particulars	Value of Supply	CGST	SGST	IGST
Intra-State sale of taxable goods [WN-1]	4,00,000	36,000	36,000	
Goods purchased from unregistered dealer on 20 February, 2023 [WN-2]	NIL	NIL	NIL	
Services rendered by way of labour contracts for repairing residential unit otherwise than as a part of residential complex [WN-3]	1,00,000	9,000	9,000	
Goods transport services received from GTA [WN-4]	2,00,000			NIL
Total GST liability for the month of February, 2023		45,000	45,000	NIL
Less: Input tax credit available (₹2,00,000 × 12%) [WN-5]		24,000		
Net GST liability for the month of February, 2023		21,000	45,000	NIL

Working 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 Thus, liability to pay tax on the advance received in January, 2023 will also arise in the month of February, when the invoice for the supply is issued.
- (2) All intra-State and inter-State notified supplies made by notified a registered person from an unregistered person are liable to GST. Since M/s Duaga Corporation Pvt. Ltd. is not notified registered supplier and supplies made to than have are not notified supplies, hence, GST liability will not arise.
- (3) 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
- (4) As per Notification No. 13/2017-CT(R) dated 28-06-2017 GST is payable by the recipient on reverse charge basis on the receipt of services of transportation of goods by road from a goods transport agency (CTA) provided such GTA has not paid GST @ 12% or GTA has not exercised option to pay tax under forward charge mechanism Since in the given case, services have been received from a GTA who has paid GST @ 12%, reverse charge provisions will not be applicable.
- (5) Input tax credit is available for the services received from GTA The input tax credit of IGST can be used against IGST and then CGST and SGST in any order as per Section 49B read with Rule 88A of CGST Rules, 2017.

72. 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 September 2022:

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
Intra-State purchase of goods from Unregistered Dealer	2,00,000
Inter-State purchase of goods from Registered Dealer	4,00,000

Balance of ITC at the beginning of September 2022:

CGST	95,000
SGST	60,000
IGST	50,000

Additional Information:

- ☐ He purchased a car (Intra-State supply) used for business purpose at a price of ₹ 672,000/- (including CGST of ₹ 36,000 & SGST of ₹ 36,000) on September 15, 2022 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 October 3, 2022 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.

Compute the net CGST SGST and IGST payable in cash by Mr. Himanshu for the month of September 2022 (8 Marks, May 2019-NS)

ANS: Computation of net GST payable (amount in ₹):

Particulars	CGST	SGST	IGST
Output tax liability			
Inter-State Sale: 5,00,000 [IGST leviable @ 18%] Intra-State Sale 25,00,000 [CCST @ 9% and SCST @ 9%]			90,000
Total output tax liability	2,25,000	2,25,000	90,000
Less: Input tax credit			
Opening balance	95,000	60,000	50,000
Purchases during the month			
Intra-State purchases from registered dealer - 14,00,000 (CCST 9% and SGST 9%)	1,26,000	1,26,000	-
Intra-State purchase of goods from Unregistered Dealer (No Input tax credit is available, since the same are not liable to GST)	-	-	-
Inter-State purchases from Registered Dealer [4,00,000-1,00,000] [WN-2]	-	-	54,000
Total Input tax credit	2,21,000	1,86,000	1,04,000
Less: Extra credit of IGST to be used for payment of CGST and SGST in any order	4,000	10,000	-14,000
Net amount of CGST/SGST/IGST payable	NIL	29,000	NIL

Working Notes:

- (1) As per Section 17(5)(a), no input tax credit is available in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver), unless they are used for making the following taxable supplies, namely: (A) further supply of such motor vehicles, or (B) transportation of passengers, or (C) imparting training on driving such motor vehicles. Hence, no input tax credit is available on the said motor vehicles.
Besides this Input tax paid on motor car cannot be availed as ITC, its depreciation has been claimed on such tax component-Section 16(3).
- (2) No input tax credit can be availed on inputs which are not received by the registered supplier. Since goods worth ₹ 1,00,000 were received on October 3, 2022, input tax credit in respect of the same cannot be availed in the month of September, 2022.



73. "XY of Kolkata is engaged in supply of various goods and services 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:

- 10% of the inter-State supply of office stationery are made to unregistered persons
- 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.
- 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.
- All the figures mentioned above are exclusive of taxes, wherever applicable
- 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.
- 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 in ₹
GST	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. (RTP Nov. 2020)

ANS: 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 [WN-1]	2,00,000	56,000	56,000	36,000
Intra-State supply of 500 combi packs of calculators and diaries [WN-2]	4,00,000 (500x800)	(4,00,000x 14%)	(4,00,000x 14%)	
Intra-State supply of services of business correspondent to a Shubhvidhi Bank with respect to accounts in its urban area branch [WN-3]	1,00,000	9,000 (1,00,000 × 9%)	9,000 (1,00,000 × 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 [WN-4]	1,00,000	-	-	18,000
Intra-State repairing of lorry used for transportation of goods [WN-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
Less: IGST credit being set off against IGST liability		-	-	36,000
Less: IGST credit being used to pay CGST and SGST liability in any order and in any proportion		11,000	51,000	-
Less: CGST and SGST credit being used to pay CGST and SGST liability respectively		14,000	14,000	-
Minimum net GST payable in cash:		40,000	NIL	NIL



Working 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 CCST and SGST liabilities are the same as also the amount of ITC for CGST and SGST is also the same.

74. 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 subsid

During the month of February, 2023, 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, 2023 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, 2023. (8 Marks, Jan. 2021)



ANS: Computation of value of taxable supply:

Particulars	₹
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 sec. 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 sec. 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 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	Value	CGST @ 9%	SGST @ 9%	IGST @ 18%
Outward Supply				
Intra-State sale of machinery (93,400 x 3 machines)	2,80,200	25,218	25,218	-
Inter-State sale of machine (93,400 1 machine)	93,400	-	-	-
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 ICST. 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 (CCST 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: Intra-State purchases [CGST 1,20,000 × 9%, SGST = 1,20,000 × 9%]	10,800	10,800	
Total ITC available	28,800	14,800	26,000

75. 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 October, 2022 of quantity of more than 50 units will entitle them for 10% discount. Interstate supply made during the month of October 2022 is 50,00,000
Details of Intrastate supply:

Particulars	₹
Supply of Microwave Oven	15,00,000
Supply of Refrigerators with Stabilizers being a mixed supply, rate of CST on Refrigerator is 28% (14% COST & 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



Intrastate inward supplies are:

Particulars	₹
Raw material	20,000
Paid gym membership for employees	50,000
Truck purchased for transaction of goods	30,00,000

X Electronics made supply of Air Conditioners (capacity 15 Ton) to only one dealer named Mr 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:

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

Compute the Net GST payable in cash by X Electronics for the month of October, 2022 (8 Marks, July 2020)

ANS: Computation of net GST payable in cash by X Electronics for October 2022:

Intra-State supply:

	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.] ¹	45,00,000 [50,00,000 × 90%]	4,05,000	4,05,000	-
II	Inter-State supply 18%				9,00,000
	Total outward tax liability	50,00,000	-	-	
	Less: Input Tax Credit (Refer Working Note below)		11,00,000	11,00,000	9,00,000
	IGST credit first utilized towards payment of ICST Remaining amount can be utilized towards CGST and SCST in any order and in any proportion		1,00,000 (IGST)		9,00,000 (IGST)
	CCST 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 (CCST)	5,08,000 (SCST)	
	Net GST liability payable in cash		4,92,000	5,80,000	NIL

¹ It has been presumed that there is one supply transaction for 100 ACs and thus, the discount has been given in the invoice self 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 October 2022 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 October 2022 itself.

Working Note: Computation of ITC available with X Electronics-

Particulars	Amount (₹)	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		5,20,000	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.

Chapter 13 : TDS & TCS

76. Yash Shoppe, a registered supplier of Jaipur, is engaged in supply of various goods and services exclusively to Government departments, agencies, local authority and persons notified under section 51 of the CGST Act, 2017.

You are required to briefly explain the provisions relating to tax deduction at source under section 51 of the CGST Act, 2017 and also determine the amount of tax, if any, to be deducted from each of the receivables given below (independent cases) assuming that the payments as per the contract values are made on 31-10-2021. The rates of CGST, SGST and IGST may be assumed to be 6%, 6% and 12% respectively.

- Supply of computer stationery to Public Sector Undertaking (PSU) located in Mumbai. Total contract value is 2,72,000 (inclusive of GST)
- Supply of air conditioner to GST department located in Delhi. Total contract value is 2,55,000 (exclusive of GST)
- Supply of generator renting service to Municipal Corporation of Jaipur. Total contract value is 3,50,000 (inclusive of GST)

Ans:

Statutory Provision:

As per section 51 of the CGST Act, 2017, Government departments, agencies, local authority and notified persons are required to deduct tax @ 2% (1% CGST + 1% SGST/UTGST) or IGST @2% from payment made to the supplier of taxable goods and/or services where the total value of such supply [excluding tax and compensation cess indicated in the invoice], under a contract, exceeds 2,50,000.

In the given case:

Yash Shoppe is supplying goods and services exclusively to Government departments, agencies, local authority and persons notified under section 51 of the CGST Act, 2017, applicability of TDS provisions on its various receivables is examined in accordance with the abovementioned provisions as under:



S. No	Particulars	Total contract value due to be received [excluding GST] (₹)	Tax to be deducted		
i)	Supply of computer stationery to PSU in Mumbai [WN 1] [2,72,000 × 100/112]	2,42,857	-	-	5,100
ii)	Supply of air conditioner to GST Department in Delhi [WN 2]	2,55,000	-		
iii)	Supply of a generator renting service to Municipal Corporation of Jaipur [WN 3] [3,50,000 × 100/112]	3,12,500	3,125	3,125	

Working Notes:

- Supply of computer stationery to PSU in Mumbai, the total value of supply under the contract [excluding IGST (being inter-State supply)] does not exceed 2,50,000, tax is not required to be deducted.
- Supply of air conditioner to GST Department in Delhi, the total value of supply under the contract [excluding IGST (being inter-State supply)] exceeds 2,50,000, tax is required to be deducted.
- Supply of a generator renting service to Municipal Corporation of Jaipur, the total value of supply under the contract [excluding CGST and SGST (being intra-State supply)] exceeds 2,50,000, tax is required to be deducted.

77. Ritesh Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017. It has provided the information relating to the supplies made, their contract values and the payment due against each of them in the month of October, 20XX as under:

S.No	Particulars	Total contract value (inclusive of GST) (₹)	Payment due in October, 20XX (₹)
i)	Supply of stationery to Fisheries Department, Kolkata	2,60,000	15,000
ii)	Supply of car rental services to Municipal Corporation of Delhi	2,95,000	20,000
iii)	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand	5,90,000	25,000
iv)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860	6,49,000	50,000

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively

ANS:

Statutory Provision:

As per section 51 of the CGST Act, 2017 read with section 20 of the IGST Act, 2017, following persons are required to deduct CGST @ 1% [Effective tax 2% (1% CGST + 1% SGST/ UTGST)] or IGST @ 2% from the payment (excluding GST) made/credited to the supplier (deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds 2,50,000:

- a department or establishment of the Central Government or State Government; or
- local authority; or
- Governmental agencies; or
- an authority or a board or any other body, -



- i) set up by an Act of Parliament or a State Legislature; or
- i) established by any Government, with 51% or more participation by way of equity or control, to carry out any function; or
- e) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860, or
- f) Public sector undertakings.

In the given case

Since Ritesh Enterprises is supplying goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017, applicability of TDS provisions on its various receivables is examined in accordance with the abovementioned provisions as under:

S.No.	Particulars	Total contract value (₹)	Payment due (₹)	Tax to be deducted		
				CGST ₹	SGST ₹	IGST ₹
i)	Supply of stationery to Fisheries Department, Kolkata [Value excluding GST is not more than 2,50,000/- (2,60,000×100/118 = 2,20,339)]	2,60,000	15,000	-		
ii)	Supply of car rental services to Municipal Corporation of Delhi [Value excluding GST is not more than 2,50,000/- (2,95,000×100/118 = 2,50,000)]	2,95,000	20,000	-		
iii)	Supply of a heavy machinery to Public Sector Under- taking located in Uttarakhand [Value of excluding GST (5,90,000 × 100/118 = 5,00,000)]	5,90,000	25,000			500 (2% of 25,000)



iv)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860 [Value of excluding GST(6,49,000× 100/1185,50,000 (rounded off)]	6,49,000	50,000	500 (1% of 50,000)	500 (1% of 50,000)	
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Chapter 14 : RETURNS

78. Write a short note on Annual Return. (5 Marks, May 2018-Old)

ANS: Annual return [Section 44]:

- (1) Annual return to be furnished electronically upto 31st December of succeeding financial year: Every registered person, other than -
 - an Input Service Distributor,
 - a person paying tax under section 51 i.e. persons deducting tax at source, > a person paying tax under section 52, i.e. persons collecting tax at source,
 - a casual taxable person and
 - a non-resident taxable person,
 shall furnish an annual return which may include a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement for every financial year electronically, within such time and in such form and in such manner as may be prescribed.
- (2) Exemption from filing annual return: The Commissioner may, on the recommendations of the Council, by notification, exempt any class of registered persons from filing annual return under this section.
- (3) Government Department and local Authority exempt from furnishing of Annual return: Nothing contained in this section shall apply to any department of the Central Government or a State Government or a local authority whose books of account are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force.

79. Explain the procedure for furnishing Annual return.

ANS: Annual return [Rule 80]: The relevant procedure is discussed as under-

- (1) E-filing of annual return [Rule 80(1)]: Every registered person, other than-
 - Department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the accounts of local authorities,
 - an Input Service Distributor,
 - a person paying tax under section 51 or section 52,
 - a casual taxable person and
 - a nonresident taxable person,
 shall furnish an annual return as specified under section 44 electronically in FORM GSTR-9 on or before the 31st December following the end of such financial year through the common portal either directly or through a Facilitation Centre notified by the Commissioner.



E-filing of annual return by composition tax payer: A person paying tax under section 10 shall furnish the annual return in FORM GSTR-9A.

- (2) Annual statement by E-commerce operator [Rule 80(2)]: Every electronic commerce operator required to collect tax at source u/s 52 shall furnish annual statement in FORM GSTR-9B.
- (3) Self certified reconciliation statement to be furnished in FORM GSTR- 9C [Rule 80(3)]: Every registered person, other than-
- Department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the
 - accounts of local authorities,
 - an Input Service Distributor,
 - a person paying tax under section 51 or section 52,
 - a casual taxable person and
 - a nonresident taxable person,
- whose aggregate turnover during a financial year exceeds 5 crores, shall also furnish a self-certified reconciliation statement as specified under section 44 in FORM GSTR-9C along with the annual return on or before the 31st December following the end of such financial year, electronically through the common portal either directly or through a Facilitation Centre notified by the Commissioner.

80. Who is required to furnish Final Return under CGST Act, 2017 and what is the time limit for the same? Discuss. (5 Marks, May 2018-NS) OR
Explain who is required to furnish final return, time limit for filing of final return and late fee for delay in filing final return. (5 Marks, July 2021)

ANS: Final return [Section 45]:

Final return to be furnished on cancellation of registration: Every registered person who is required to furnish a return under section 39(1) and whose registration has been cancelled shall furnish a final return, in such form and manner as may be prescribed within 3 months of-

- the date of cancellation, or
 - the date of order of cancellation,
- whichever is later.

81. 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 of CGST Act, 2017 before the due date. Discuss the penal provisions, if any, for not filing the returns before the due date. (3 Marks, Jan. 2021)

ANS: The penal provisions for not filing the annual return (GSTR-9) under section 44 of the CGST Act, 2017 before the due date are as under:-

- (a) ₹50 for every day during which such failure continues, or
- (b) 0.04% of the turnover of the registered person in the State/Union Territory whichever is lower [It has been most logically assumed that Mr. Prithvi has not filed the annual return till the due date for the same Further, it has also been assumed that he has not filed the annual returns for both the financial years, FY 2020-21 and FY 2021-22].

Note: It may be noted that filing of GSTR-9 has been made voluntary in respect of financial years 2020-21 and 2021-22 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.

List of statements/returns under GST:



Return	Description	Who Files?	Date for filing
GSTR-1	Monthly Outward supplies of Goods or Services	Registered Person with annual aggregate turnover greater than presently, the 5 crore or who has opted for monthly return.	10th of the next month However, same is being extended to 11th day of the next month
	Quarterly Statement of Outward supplies of Goods or Services (QRMP Scheme)	Registered Person with annual aggregate turnover up to 5 crore	13th day of the month succeeding the quarter has been notified as the due date for the recent quarters
GSTR-3B	Monthly Return for a normal taxpayer	Registered Person	Annual turnover > 5 crore in previous financial year 20th of the month. Annual turnover ≤ 5 crore in previous financial year – 22nd or 24th of the month depending upon the State or Union Territory in which they are registered.
GSTR-4	Return for financial year	Registered person person paying tax under composition scheme	30th April of the month following the end of such financial year
GST CMP -08	Quarterly statement payment of tax	Registered person person paying tax under composition scheme	18 th of the month succeeding the quarter
GSTR-5	Monthly Return for a non-resident taxpayer	Non-resident Taxpayer	13th of the month succeeding the tax period or within 7 days after expiry of registration, whichever is earlier
GSTR-5A	Monthly Return	Registered person providing OIDAR services from a place outside India to a non-taxable online recipient or online money gaming (supplier from NTT)	20th of the next month
GSTR-6	Monthly Return for Service Distributor	Input service distributor	13th of the next month
GSTR-7	Monthly Return for deduction at source	Tax deductor at source	10th of the next month
GSTR-8	Monthly Return for Tax Collection at source	E-commerce operator who is required to collect tax at source	10th of the next month



GSTR-9	Annual return	Registered Person other than an ISD, TDS/ TCS Taxpayer, Casual Taxable Person and Non-resident Taxpayer	31st December of next Financial Year
GSTR-9A	Annual return	Registered person paying tax under composition scheme	31st December of next Financial Year
GSTR-9B	Annual statement	E-commerce operator required to collect tax at source	31st December of next Financial Year
GSTR-9C	Reconciliation statement	Registered person whose aggregate turnover during a financial year exceeds 5 crore.	To be submitted along with the annual return [GSTR-9/9A]
GSTR-10	Final Return	Taxable Person whose registration has been surrendered or cancelled	Within three months of the date of cancellation or date of order of cancellation, whichever is later
GSTR-11	Details of inward supplies	Persons who have been issued a Unique Identity Number (UIN)	-

***The above shared questions are important, however students should not expect that the paper will come from these questions**