

**CA/CS/CMA**  
**INTER - MAY'24/SEP'24**

**GST**

**CA KARAN SHETH**

**MOST  
IMPORTANT  
QUESTIONS  
IN RTP**



# Top 10 Tricky Question from RTPs



## Question 1

(RTP Nov'23)

Bali Bells Ltd. (hereinafter referred as Bali Bells), a private limited company registered in Chennai, Tamil Nadu, provides the following outward supplies in the month of September:

Particulars	Amount (₹)	
	Taxable	Exempt
Intra-State outward supplies	40,00,000	15,00,000
Inter-State outward supplies	30,00,000	10,00,000

Bali Bells Ltd. sold land for ₹ 2,00,00,000 (excluding GST) in the month of September. Bali Bells purchased one heavy steel machinery in the month of September for ₹ 1,00,000 (excluding GST @ 18%). Bali Bells capitalized the value of machinery along with GST paid on the same in its books of accounts and claimed depreciation on the full value of machinery as well as on GST amount.

Apart from this, Bali Bells has a tax invoice dated 25th July of last financial year with respect to an inward supply of ₹ 50,000 (excluding GST @ 18%). The company has not availed ITC on said invoice yet.

Bali Bells distributed some free samples of goods in the month of October to its customers to promote its sales.

Bali Bells made a supply during November, details of which are as follows-

- Basic price of the product before TCS under Income Tax Act, 1961 - ₹ 45,000
- Tax collected at source under Income-tax Act, 1961 - ₹ 2,500
- It received a subsidy of ₹ 3,500 from Bharat Foundation Pvt. Ltd. for usage of green energy and the subsidy was linked to the units of energy saved and not aforesaid product.

Bali Bells has not furnished its annual return for the preceding financial year till the end of November and will furnish it in the month of December of the current financial year.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the months of September, October and November. All the amounts given above are exclusive of taxes, unless otherwise specified.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

1. Determine the aggregate turnover of Bali Bells for the month of September.
  - (a) ₹ 2,70,00,000
  - (b) ₹ 95,00,000
  - (c) ₹ 2,95,00,000
  - (d) ₹ 70,00,000

### Answer

- (b) ₹ 95,00,000

2. Batra Ltd., a normal taxpayer, is winding up its business in Rajkot. The Tax Consultant of Batra Ltd. has suggested that Batra Ltd. will have to file either the annual return or the

final return at the time of voluntary cancellation of registration in the State of Rajkot. Do you agree with the stand taken by Tax Consultant of Batra Ltd.? Offer your comments. Ignore the aggregate turnover of Batra Ltd.

### Answer

No, the stand taken by Tax Consultant of Batra Ltd. is not correct.

Annual return is required to be filed by every registered person paying tax as a normal taxpayer. Final return is filed by the registered persons who have applied for cancellation of registration within three months of the date of cancellation or the date of cancellation order.

In the given case, Batra Ltd., a registered person, is winding up its business and has thus, applied for cancellation of registration. Therefore, it is required to file both annual return and final return.

3. Mr. Shyam Nath, a registered person has caused movement of goods of consignment value exceeding ₹ 50,000 in relation to a supply and thus, generated e-way bill. However, after generation of e-way bill, he found a mistake in the e-way bill and wants to edit it. You are required to advise Mr. Shyam Nath whether he can do so with the help of relevant provisions

### Answer

If there is a mistake, incorrect or wrong entry in the e-way bill, then it cannot be edited or corrected. Only option is cancellation of e-way bill within 24 hours of generation and generate a new one with correct details.

Thus, in view of the above-mentioned provisions, Mr. Shyam Nath cannot edit the e-way bill. However, he can cancel the e-way bill within 24 hours of generation and generate a new one with correct details.

### Question 2.

(RTP May'23)

Manavtaa Trust is a charitable trust registered under section 12AB of the Income-tax Act, 1961. The trust is well known for its educational, charitable and religious activities. The trust became liable to registration under GST in the current financial year since it exceeded the threshold limit for registration and thus, got itself registered in the State of Gujarat in the month of May.

In the month of June, a multinational company, Dhruvtara Ltd., gifted 500 laptops worth ₹ 50 lakh to the trust free of cost for the charitable purposes, without any intention of seeking any business promotion from the same. Manavtaa Trust distributed these laptops for free in the same month to the needy students for facilitating them in their higher studies.

Manavtaa Trust owns a higher secondary school - Manavtaa Higher Secondary School - in Gujarat. In the month of July, the trust availed security personnel services from 'Perfect Security Solutions', Gujarat, a proprietorship concern, for security of the school premises for a consideration of ₹ 2,00,000. It also received legal consultancy services from 'Maya & Co.' a firm of advocates for the issues relating to the said school for ₹ 1,20,000, in the same month. Manavtaa Trust furnished the following information regarding the expenses incurred by it in the month of August; all transactions being inter-State:

Manavtaa Trust furnished the following information regarding the expenses incurred by it in the month of August; all transactions being inter-State:

- (i) Services received and used for supplying taxable outward supplies - ₹ 3,50,000.
- (ii) Catering services received for students of Manavtaa Higher Secondary School - ₹ 2,00,000.



- (iii) Buses purchased with seating capacity of 25 persons including driver - ₹ 10,50,000 (Buses were delivered in the first week of September).

Manavtaa Trust provided the following information in respect of the services provided by it during the month of August:

- (i) It runs an old age home for senior citizens. Nominal monthly charges of ₹ 15,000 for boarding, lodging and maintenance are charged from each member. Total number of members is 20.
- (ii) It rents out a community hall situated within the precincts of a temple managed by it on 15th August for a religious function in first half for ₹5,000 and for an art exhibition in second half for ₹ 6,000.
- (iii) It rents out the rooms in the precincts of said temple to the devotees for a rent of ₹ 950 per room per day. Total rent collected in August amounts to ₹ 35,000.

All the figures given above are exclusive of taxes wherever applicable. Aggregate turnover of Manavtaa Trust for the preceding financial year was ₹ 15 lakh. All the conditions necessary for availment of ITC are fulfilled subject to the information given. Manavtaa Trust intends to avail exemption from GST wherever applicable.

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

1. Which of the following activities of Manavtaa Trust does not amount to supply under the GST law?
- (a) Free laptops distributed to the needy students
- (b) Boarding, lodging and maintenance of the senior citizens by the old age home run by the trust
- (c) Renting of community hall situated within the precincts of the temple managed by the trust
- (d) Renting of rooms in the precincts of the temple managed by the trust

**Answer**

- (a) Free laptops distributed to the needy students
2. Mr. Prithviraj, registered under GST, is engaged in supplying services (as discussed in the table below) in Maharashtra. He has furnished the following information with respect to the services provided/ received by him, during the month of February:

S.No.	Particulars	Amount (₹)
(i)	Carnatic music performance given by Mr. Prithviraj to promote a brand of readymade garments (Intra-State transaction)	1,40,000
(ii)	Outdoor catering services availed for a marketing event organised for his prospective customers (Intra-State transaction)	50,000
(iii)	Services of transportation of students provided to Subhaskar College providing education as part of a curriculum for obtaining a recognised qualification (Intra-State transaction)	1,00,000
(iv)	Legal services availed for official purpose from an advocate located in Gujarat (Inter-State transaction)	1,75,000





(v)	Services provided to Wealth Bank as a business correspondent with respect to accounts in a branch of the bank located in urban area (Intra-State transaction)	2,00,000
(vi)	Recovery agent's services provided to a car dealer (Intra-State transaction)	15,000
(vii)	General insurance taken on a car (seating capacity 5) used for official purposes (Intra-State transaction)	40,000

Note:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
  - All inward and outward supplies are exclusive of taxes, wherever applicable.
  - All the conditions necessary for availing the ITC have been fulfilled.
  - The turnover of Mr. Prithviraj was ₹ 2.5 crore in the previous financial year.
- Compute the net GST payable in cash, by Mr. Prithviraj for the month of February.

**Answer**

#### Computation of GST payable

Particulars	Value of supply(₹)	CGST @ 9% (₹)	SGST@ 9% (₹)	IGST @ 18% (₹)
<b>GST payable under forward charge</b>				
Carnatic music performance given to promote a brand of garments [Carnatic music performance by Mr. Prithviraj is not exempt from GST even though the consideration charged does not exceed ₹ 1,50,000 since said performance has been made by him as a brand ambassador.]	1,40,000	12,600	12,600	Nil
Services of transportation of students provided to Subhaskar College [Services of transportation of students provided to an educational institution other than institution providing pre- school education up to higher secondary school, are not exempt.]	1,00,000	9,000	9,000	Nil
Services provided to Wealth Bank as a business correspondent [Services by a business correspondent to a banking company are not exempt when such services are provided with respect to accounts in its urban area branch.]	2,00,000	18,000	18,000	Nil
Services provided as a recovery agent [Tax is payable under forward charge since recovery services are being provided to a person other than banking company/financial institution/ non-banking financial company.]	15,000	1,350	1,350	Nil
<b>Total GST payable under forward charge (A)</b>		<b>40,950</b>	<b>40,950</b>	<b>Nil</b>
<b>GST payable under reverse charge</b>				



Legal services availed from an advocate [Legal services received by a business entity with aggregate turnover in the preceding financial year exceeding threshold limit for registration (₹ 20 lakh) are not exempt and tax on the same is payable under reverse charge.]	1,75,000	Nil	Nil	31,500
Total GST payable under reverse charge (B)		Nil	Nil	31,500
<b>Total GST payable [(A)+(B)]</b>		<b>40,950</b>	<b>40,950</b>	<b>31,500</b>

### Computation of total ITC available

Particulars	Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Outdoor catering services availed [ITC on outdoor catering services is blocked except when such services are (i) used by the taxpayer who is in the same line of business or (ii) provided by the employer to its employees under a statutory obligation.]	50,000	Nil	Nil	Nil
Legal services availed [ITC is available as said services are used in course or furtherance of business.]	1,75,000	Nil	Nil	31,500
General insurance taken on a car (seating capacity 5) used for official purposes [ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked except when the same are used for (i) making further taxable supply of such motor vehicles (ii) making taxable supply of transportation of passengers (iii) making taxable supply of imparting training on driving such motor vehicles. Further, ITC is not allowed on services of general insurance relating to such ineligible motor vehicles.]	40,000	Nil	Nil	Nil
<b>Total ITC available</b>		<b>Nil</b>	<b>Nil</b>	<b>31,500</b>

### Computation of net GST payable in cash

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
GST payable under forward charge	40,950	40,950	Nil
Less: ITC of IGST1	(15,750) IGST	(15,750) IGST	-
	<b>25,200</b>	<b>25,200</b>	<b>Nil</b>

Add: GST payable under reverse charge in cash [Tax payable under reverse charge, being not an output tax, cannot be set off against ITC and thus, will have to be paid in cash.]	Nil	Nil	31,500
<b>Net GST payable in cash</b>	<b>25,200</b>	<b>25,200</b>	<b>31,500</b>

**Note:** CGST and SGST is payable on the intra-State transaction and IGST is payable on the inter-State transactions.

3. Determine whether GST is payable in each of the following independent transactions:
- (i) Dhruv Developers sold a plot of land in Greater Noida after levelling, laying down of drainage lines, water lines and electricity lines.
  - (ii) Deccan Shipping Pvt. Ltd., registered under GST in Andaman and Nicobar islands, provided the passenger transportation services to the local residents in the ferries owned by it from Neil Island to Havelock Island.

**Answer**

- (i) GST is not payable by Dhruv Developers on sale of plot of land . Circular No. 177/09/2022 GST dated 03.08.2022 clarifies applicability of GST on sale of land after levelling, laying down of drainage lines etc. As per Para 5 of Schedule III of the CGST Act, 2017, ‘sale of land’ is neither a supply of goods nor a supply of services. Therefore, the sale of land does not attract GST. Land may be sold either as it is or after some development such as levelling, laying down of drainage lines, water lines, electricity lines, etc. It is clarified that sale of such developed land is also sale of land and is covered by Para 5 of Schedule III and accordingly, does not attract GST.
- (ii) Transportation of passenger services provided by the private operator - Deccan Shipping Pvt. Ltd. - are exempt from GST. Circular No. 177/09/2022 GST dated 03.08.2022 clarifies the applicability of GST on private ferry tickets. Transportation of passengers by public transport, other than predominantly for tourism purpose, in a vessel between places located in India is exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017. It is clarified that this exemption would apply to tickets purchased for transportation from one point to another irrespective of whether the ferry is owned or operated by a private sector enterprise or by a PSU/ Government.  
It is further clarified that, the expression ‘public transport’ used in the said exemption notification only means that the transport should be open to public. It can be privately or publicly owned. Only exclusion is on transportation which is predominantly for tourism, such as services which may combine with transportation, sightseeing, food and beverages, music, accommodation such as in shikara, cruise etc.

4. State the person liable to pay GST in the following independent services provided:
- (i) Siddhi Builders, registered in Haryana, rented out 20 residential units owned by it in Sanskriti Society to Rudra Technologies, an IT based firm registered in the State of Haryana, for accommodation of its employees.
  - (ii) M/s. Purohit Consultants, a partnership firm registered in Delhi as a regular tax payer, paid sponsorship fees of ₹ 70,000 at a seminar organized by a private NGO (a partnership firm) in Delhi.

**Answer**

- (i) Services provided by way of renting of residential dwelling for use as residence is exempt from GST. However, where the residential dwelling is rented to a registered person, said exemption is not available. Further, tax on service provided by way of renting of residential dwelling to a registered person is payable by the recipient under reverse charge.

Therefore, in the given case, Rudra Technologies is liable to pay GST on the residential dwellings taken on rent by it from Siddhi Builders, under reverse charge mechanism.

- (ii) In case of services provided by any person by way of sponsorship to any body corporate or partnership firm, GST is liable to be paid under reverse charge by such body corporate or partnership firm located in the taxable territory.

Since in the given case, sponsorship services are being provided by the private NGO to a partnership firm - M/s. Purohit Consultants, GST is payable by Purohit Consultants on said services under reverse charge.

5. Briefly enumerate the contraventions which make a registered person liable to cancellation of registration, as prescribed under rule 21 of the CGST Rules, 2017.

**Answer**

Rule 21 of the CGST Rules, 2017 prescribes the contraventions which make a registered person liable to cancellation of registration. As per said rule, the registration granted to a person is liable to be cancelled, if the said person -

- (a) does not conduct any business from the declared place of business.
- (b) issues invoice/bill without supply of goods/services in violation of the provisions of this Act, or the rules made thereunder.
- (c) violates the provisions of section 171 of the CGST Act. Section 171 contains provisions relating to anti-profiteering measure.
- (d) violates the provision of rule 10A of the CGST Rules relating to furnishing of bank account details.
- (e) avails input tax credit in violation of the provisions of section 16 of the CGST Act or the rules made thereunder.
- (f) furnishes the details of outward supplies in Form GSTR-1 under section 37 of the CGST Act for one or more tax periods which is in excess of the outward supplies declared by him in his valid return under section 39 for the said tax periods.
- (h) being a registered person required to file return under section 39(1) of the CGST Act for each month or part thereof (i.e. monthly return filer), has not furnished returns for a continuous period of 6 months.
- (i) being a registered person required to file return under proviso to section 39(1) of the CGST Act for each quarter or part thereof (i.e. quarterly return filer), has not furnished returns for a continuous period of 2 tax periods.

6. State the order in which every taxable person discharges his tax and other dues under GST law, as provided under section 49 of the CGST Act, 2017.

**Answer**

Section 49 of the CGST Act, 2017 stipulates that every taxable person shall discharge his tax and other dues under the GST law in the following order, namely:-

- (a) self-assessed tax, and other dues related to returns of previous tax periods;





- (b) self-assessed tax, and other dues related to the return of the current tax period;  
 (c) any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74.

**Question 3.****(RTP Nov'22)**

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

It received new orders in the month of May to run a mess facility for supplying food at:

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

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

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

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

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

1. Compute the tax liability of M/s. Delight Brothers for the month of April?
  - (a) CGST & SGST of ₹ 6,000 each
  - (b) CGST & SGST of ₹ 12,000 each
  - (c) CGST & SGST of ₹ 30,000 each
  - (d) CGST & SGST of ₹ 60,000 each

**Answer**

- (c) CGST & SGST of ₹ 30,000 each

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

S. No.	Particulars	Amount (₹)
(i)	Intra-State supply of taxable goods including ₹ 1,00,000 received as advance in January, the invoice for the entire sale value is issued on 15th February	4,00,000
(ii)	Purchase of goods from a composition dealer, registered in Kolkata	5,50,000
(iii)	Services provided by way of labour contracts for repairing a single residential unit otherwise as a part of residential complex (It is an intra-State transaction)	1,00,000
(iv)	Membership of a availed for employees working in the factory (It is an intra-State transaction)	1,75,000



(v)	Goods transport services received from a GTA. GST is payable @12% (It is an inter-State transaction)	2,00,000
(vi)	Inter-State services provided by way of training in recreational activities relating to sports	10,000
(vii)	Inter-State security services provided to ABC higher secondary school for their annual day function organised in Fintex Auditorium outside the School campus	15,000
(viii)	Inputs to be received in 4 lots, out of which 2nd lot was received during the month	40,000

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

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

Note:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- Both inward and outward supplies are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing the ITC have been fulfilled.
- The turnover of Neelkanth Pvt. Ltd. was ₹ 2.5 crore in the previous financial year. Compute the minimum GST, payable in cash, by Neelkanth Pvt. Ltd. for the month of February. Make suitable assumptions as required.

**Answer**

### Computation of GST payable on outward supplies

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

**Notes**

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



- February, when the invoice for the supply is issued.
2. Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017. Labour contracts for repairing are thus, taxable.
  3. Services by way of training or coaching in recreational activities relating to sports is exempt under GST vide Notification No. 12/2017 CT(R) dated 28.06.201, only if provided by charitable entities registered under section 12AA of the Income-tax Act. Thus, in the given case, said service is taxable.
  4. Security services provided to ABC higher secondary School for Annual Day function organised outside the school campus will be taxable as only the security services performed within the premises of the higher secondary school are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017.

### Computation of total ITC

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening ITC	57,000	Nil	50,000
Add: Purchase of goods from a composition dealer [No tax is payable on goods purchased under composition scheme]	Nil	Nil	Nil
Add: Membership of a club [Blocked credit]	Nil	Nil	Nil
Add: Goods transport services received from GTA [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 (GTA), provided GST is not payable @ 12%. Since in the given case, services have been received from a where GST is payable @ 12% and recipient is one of the specified recipients, reverse charge provisions will not be applicable. In this case, input tax credit is available for the services received from GTA.]	Nil	Nil	24,000
Add: Inputs to be received in 4 lots, out of which 2nd lot was received during the month [In case of goods received in lots, ITC can be taken only upon receipt of the last lot]	Nil	Nil	Nil
<b>Total ITC</b>	<b>57,000</b>	<b>Nil</b>	<b>74,000</b>

### Computation of minimum GST payable from electronic cash ledger

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total (₹)
GST payable	45,000	45,000	4,500	94,500
Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow]	(24,500) IGST (3)	(45,000) IGST (2)	(4,500) IGST (1)	74,000

	(20,500) CGST			20,500
Minimum GST payable in cash	Nil	Nil	Nil	Nil

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

3. “Aadhaar authentication is not required for persons who are already registered under GST.” Examine and discuss the correctness of the statement. You are required to elaborate the relevant legal provisions.

**Answer**

The given statement is incorrect. Aadhaar authentication has been made mandatory for the new registrants as well as for the existing registrants. With regard to existing registrants, section 25(6A) of the CGST Act, 2017 stipulates that every registered person shall undergo authentication, or furnish proof of possession of Aadhaar number, in the prescribed form, manner and time. New rule 10B of the CGST Rules, 2017 prescribes the manner in which aadhaar authentication needs to be done by a registered person.

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

- Proprietor, in the case of proprietorship firm,
- Any partner, in the case of a partnership firm,
- Karta, in the case of a Hindu undivided family,
- Managing director or any whole-time director, in the case of a company,
- Any of the Members of the Managing Committee of an Association of persons or body of individuals or a Society, or
- Trustee in the Board of Trustees, in the case of a Trust; and of the Authorized Signatory, in order to be eligible for the following purposes:
  - for filing of application for revocation of cancellation of registration [Rule 23]
  - for filing of refund application in Form RFD-01 [Rule 89]
  - for refund of the IGST paid on goods exported out of India [Rule 96]

First proviso to section 25(6A) of the CGST Act, 2017 provides that if an Aadhaar number is not assigned to an existing registered person, such person shall be offered alternate and viable means of identification in the prescribed manner. Such manner has been prescribed by rule 10B of the CGST Rules, 2017 as follows:

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

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

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

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

**Question 4.****(RTP May'22)**

Vidhula Impex Ltd. is engaged in supplying sports goods. The company did not opt for registration under GST. The proper officer under GST, based on enquiry, finds that the concern is liable for registration and he registers the firm on temporary basis on 15th June, 2020. After being granted the registration certificate, the company availed the following services for the purpose of its business-

- i. Renting of motor vehicles from Blue Taxi Pvt. Ltd. where GST was charged @ 12%.
  - ii. Appointed Mr. Rajesh as Technical Director for advisory role in business and the payment was made based on the contract entered. However, he was not employee of the company.
- During the course of its business, the company issued an invoice to a customer and erroneously charged higher value by ₹ 34,000. Such invoice was issued on 28th February, 2021.

Further, in the month of February 2021, the company also generated an e-way bill for inter-State transport of goods. However, immediately on generation of the e-way bill, the buyer cancelled the order before it is dispatched from the factory for delivery.

In the month of March 2021, since the company was incurring heavy losses, it applied for cancellation of GST registration on 15th March, 2021. The order for cancellation was made on 30th March, 2021 effecting cancelling the registration with effect from 15th March, 2021. From the information provided above, choose the most appropriate answer for the following questions (1-5):

1. After the grant of temporary registration, Vidhula Impex Ltd. needs to apply for registration within \_\_\_\_\_ from the date of grant of temporary registration, if no extension of period is to be granted for such temporary registration.
  - (a) 30 days
  - (b) 90 days
  - (c) 7 days
  - (d) 15 days

**Answer:**

- (b) 90 days

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

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

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

**Answer**

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

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

Rule 138E as amended vide Notification No. 15/2021 CT dated 18.05.2021 provides that blocking of GSTIN for e-way bill generation would only be for the defaulting supplier



GSTIN and not for the defaulting Recipient or Transporter GSTIN.

In terms of rule 138E, a person paying tax under regular scheme who has not furnished the returns for a consecutive period of 2 tax periods is considered as a defaulting person. Suspended GSTIN cannot generate e-way bill as supplier. However, the suspended GSTIN can get the e-way bill generated as recipient or as transporter.

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

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

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

### 3.

- (a) Mr. Ayushman, a registered person having intra-State aggregate turnover of ₹ 1.2 crores in the preceding financial year did not file GSTR-3B for the month of September, 2021 by 10th November, 2021. The amount of tax payable for the month of September, 2021 is ₹ 8 lakh. All his supplies are intra-State supplies. Is there any late fee payable for the same? If yes, what is the amount of late fee payable?
- (b) Will your answer be different in (a), if Mr. Ayushman has intra-State aggregate turnover of ₹ 5 crores in the preceding financial year?
- (c) Will your answer be different in (a), if total amount of tax payable in the GSTR-3B for the month of September is Nil?

#### Answer:

- (i) As per section 47 of the CGST Act, 2017 read with Notification No 19/2021 CT dated 01.06.2021, the registered persons whose aggregate turnover is  $\leq$  ₹ 1.5 crores in the preceding FY, and who fails to furnish the returns required under section 39 by the due date shall pay a late fee of ₹ 2,000 (₹ 1,000 each under CGST & SGST).  
Thus, late fee is payable in the given case and the amount of late fee payable is ₹ 2,000 (₹ 1,000 each under CGST & SGST).
- (ii) As per section 47 of the CGST Act, 2017 read with Notification No 19/2021 CT dated 01.06.2021, the registered persons whose aggregate turnover is more than ₹ 1.5 crores but less than equal to ₹ 5 crores in the preceding FY, and who fails to furnish the returns required under section 39 by the due date shall pay a late fee of ₹ 5,000 (₹ 2,500 each under CGST & SGST).  
Thus, late fee is payable in the given case and the amount of late fee payable is ₹ 5,000 (₹ 2,500 each under CGST & SGST).
- (iii) As per section 47 of the CGST Act, 2017 read with Notification No 19/2021 CT dated 01.06.2021, any registered person whose total amount of tax payable in the GSTR-3B is Nil and who fails to furnish the returns required under section 39 by the due date shall pay a late fee of ₹ 500 (₹ 250 each under CGST & SGST).  
Thus, late fee is leviable even if total amount of tax payable in the GSTR-3B for the month of September is Nil. The amount of late fee would be ₹ 500 (₹ 250 each under CGST & SGST).



4. Mr. X of Haryana intends to start business of supply of building material to various construction sites in Haryana. He has taken voluntary registration under GST in the month of April. However, he has not commenced the business till December due to lack of working capital. The proper officer suo-motu cancelled the registration of Mr. X. You are required to examine whether the action taken by proper officer is valid in law? Mr. X has applied for revocation of cancellation of registration after 40 days from the date of service of the order of cancellation of registration. Department contends that application for revocation of cancellation of registration can only be made within 30 days from the date of service of the order of cancellation of registration. However, Mr. X contends that the period of submission of application may be extended on sufficient grounds being shown. You are required to comment upon the validity of contentions raised by Department and Mr. X.

### Answer

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

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

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

Further, where the registration of a person is cancelled suo-motu by the proper officer, such registered person may apply for revocation of the cancellation to such proper officer, within 30 days from the date of service of the order of cancellation of registration.

However, the said period of 30 days may, on sufficient cause being shown and for reasons to be recorded in writing, be extended for a period not exceeding 30 days by Additional/ Joint Commissioner and by further period not exceeding 30 days by Commissioner.

Thus, considering the above provisions, the contention of Department is not valid in law as extension can be sought in the prescribed time limit for revocation of cancellation of registration. The contention raised by Mr. X is valid in law as extension in time limit is allowed on sufficient cause being shown and for reasons to be recorded in writing.

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

S.No.	Description of Services provided
(i)	Supply of manpower for cleanliness of roads not involving any supply of goods.

(ii)	Service provided by Fair Price Shops owned by Gita Services Limited by way of sale of sugar under Public Distribution System against consideration in the form of commission.
(iii)	Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares alongwith maintenance. Generally replacement of defunct lights and other spares constitutes 35% of the supply of service.
(iv)	Service of brochure distribution provided under a training programme for which 70% of the total expenditure is borne by the Government.

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

**Answer**

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



6. M/s Cute & Co., a partnership firm, registered supplier under GST in Bengaluru (Karnataka State), has provided the following information for the month of October, 2023:

S. No.	Details of transactions	Amount (₹)
(i)	Intra-State taxable supply of Direct Selling Agent (DSA) service to public sector Bank.	2,50,000
(ii)	Services provided to a Governmental authority by way of sanitation conservancy.	99,900
(iii)	Rent paid to a residential dwelling taken for running an office for providing DSA services; Owner of the residential property was not registered under GST; This is an intra-State supply availed.	25,000
(iv)	Purchased a car for the official use of managing partners of the Firm for business use (Inter-State purchase).	9,00,000
(v)	Availed Information Technology services for their business from Partner's friend Mr Allan Waugh from Melbourne, Australia. Mr. Waugh refused to take any consideration. Open Market value of said service was ₹ 1,25,000. (Inter-State transactions).	Nil
(vi)	Provided training and performance appraisal services in Bengaluru to following persons: (a) ABC Private Limited, a registered supplier in the State of Kerala (b) Babu Cones, a proprietorship concern of Rajasthan, which was not registered under GST	3,00,000 1,00,000

**Note:**

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.  
(ii) All the amounts given above are exclusive of taxes.  
(iii) All the conditions necessary for availing the ITC have been fulfilled.  
(iv) There was no opening balance of any input tax credit.  
(v) The turnover of M/s Cute & Co was ₹ 2 crore in the previous financial year.  
Compute the net GST payable in cash, by M/s Cute & Co. for the month of October, 2023. Correct legal provisions should form part of your answer. (RTP May 2024)

**Answer**

Computation of net GST payable in cash

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Output tax liability [Refer Working Note 1]	31,500	31,500	54,000
Less: ITC available [Refer Working Note 2]	<u>2,250</u>	<u>2,250</u>	-
Net GST payable	29,250	29,250	54,000



Add: Tax Payable under reverse charge to be paid in cash [The amount available in the electronic credit ledger may be used for making any payment towards output tax. Further, output tax means the tax chargeable on taxable supply of goods and/or services but excludes tax payable on reverse charge basis. Thus, tax liability under reverse charge has to be paid in cash]	<u>2,250</u>	<u>2,250</u>	
<b>Total GST Payable in cash</b>	<b>31,500</b>	<b>31,500</b>	<b>54,000</b>

**Working Notes**

1. Computation of total value of taxable supplies made by M/s Cute & Co. for the month of October, 2023

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Taxable under Forward Charge				
Intra-State taxable supply of DSA service [Since DSA services are provided by partnership firm, so taxable under forward charge]	2,50,000	22,500	22,500	
Services provided to a Governmental authority by way of sanitation conservancy [Specifically exempt under GST]	99,900	-	-	
Information Technology services [Import of services from a non-related person without consideration, in the course or furtherance of business is not a supply.]	Nil			
Training and performance appraisal services to ABC Private Limited [Taxable; the place of supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person. Thus, place of supply is Kerala and hence an inter-State transaction.]	3,00,000			54,000





Training and performance appraisal services to Babu Cones. [Taxable, the place of supply of services in relation to training and performance appraisal to an unregistered person, shall be the location where the services are actually performed. Thus, place of supply is Bengaluru, hence Intra-State transaction]	1,00,000	9,000	9,000	
	<b>7,49,900</b>	<b>31,500</b>	<b>31,500</b>	<b>54,000</b>
<b>Taxable under Reverse Charge</b>				
Rent paid for residential unit [Service by way of renting of residential dwelling to a registered person is taxable under reverse charge mechanism]	25,000	2,250	2,250	
	<b>7,74,900</b>	<b>33,750</b>	<b>33,750</b>	<b>54,000</b>

2. Computation of ITC that can be availed by M/s Cute & Co. for the month of October, 2023

Particulars	CGST (`)	SGST (`)	IGST (`)
Rent paid to residential dwelling for providing DSA services [ITC is available as services are used in the course or furtherance of business.]	2,250	2,250	-
Purchase of car [Blocked credit in terms of section 17(5) of the CGST Act, 2017]			Nil
<b>Total ITC</b>	<b>2,250</b>	<b>2,250</b>	<b>-</b>

7. From the following information provided by M/s Sasta Bazaar. Determine the time of supply for the purpose of payment of GST:

- It issued coupon on 20.06.2023, worth ` 2,000 redeemable against purchase of specific plastic items. This coupon was redeemed on 31.07.2023.
- It issued coupon on 01.08.2023 worth ` 3,000 which is redeemable against purchase of any item. This coupon was redeemed on 18.08.2023.
- It received interest of ` 10,000 for late payment from a customer on 11.11.2023 for supply of goods which was originally made on 24.06.2023. (RTP May 2024)

**Answer**

As per section 12(4) of the CGST Act, 2017, the time of supply of vouchers exchangeable for goods is-

- Date of issue of the voucher, if the supply that it covers is identifiable at that point, or
  - Date of redemption of the voucher in other cases.
    - (i) In the given case, supply can be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their issue i.e. 20.06.2023.
    - (ii) In the given case, supply cannot be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their redemption i.e. 18.08.2023.
    - (iii) Section 12(6) of the CGST Act, 2017 prescribes that time of supply in case of addition in value on account of interest/ late fee/penalty for delayed payment of consideration for goods is the date on which the supplier receives such addition in value. Therefore, time of supply in the given case is 11.11.2023.
8. With reference to GST law, Determine the place of supply with reasons in the following independent circumstances:-
- (i) Miss Kanika of Kolkata (West Bengal) visited to Jodhpur Law University (Rajasthan) and paid her college fees by purchasing a demand draft from a bank located in the University campus. Miss Kanika did not have any account with the bank.
  - (ii) Mizu Machine Ltd., registered in the State of Andhra Pradesh, supplied a machinery to Keyan Wind Farms Ltd., registered in the State of Karnataka. However, this machinery was assembled and installed at the wind mill of Keyan Wind Farms Ltd., which was located in the State of Tamilnadu.

**Answer**

- (i) Section 12(12) of the IGST Act, 2017 provides that 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. However, if the location of recipient of services is not available in the records of the supplier, the place of supply is the location of the supplier of services.  
Therefore, since the location of recipient is not available in the records of the supplier, the place of supply is the location of the supplier of services, i.e. Rajasthan (or Jodhpur).
- (ii) Section 10(1)(d) of the IGST Act, 2017 provides that if the supply involves goods which are to be installed or assembled at site, the place of supply is the place of such installation or assembly.  
Thus, the place of supply is the site of assembly of machine, i.e. Tamilnadu.

(RTP May 2024)

9. (a) Happy Constructions Ltd., a registered builder under GST in Bengaluru, Karnataka has got permission to build five floors from the Municipal Projects for one of its projects at Suraj Nagar. Aditya Constructions, a neighbouring housing project approached Happy Constructions Limited to discuss regarding blockage of sun light issue arising out of construction of five floors and asked it to build only three floors for which ` 20 lakh was offered as compensation. Happy Constructions Limited agreed to the offer. It may be noted that Aditya Constructions is not ready to pay any further amount to Happy Constructions Ltd. in addition to the amount already agreed.



Briefly explain with correct legal provision whether the above amount received as compensation is liable to GST or not? And if considered as taxable, then calculate the total GST payable by Happy Constructions Ltd. Assume the applicable rate of CGST and SGST is 9% each.

Also state the conditions to be complied with.

- (b) The aggregate turnover of M/s Mangal & Co., a registered person, for the financial year 2022-2023 was ₹ 8 Crores. It approaches you as GST Consultant for the issue of e-invoicing.

Advice whether it is mandatory to issue e-invoice?

Also list out the entities which are exempt from the mandatory requirement of e-invoicing.

(RTP May 2024)

### Answer

- (a) Agreeing to obligation to refrain from an act, or to tolerate an act or situation, or to do an act has been specifically declared to be a supply of service vide para 5(e) of Schedule II of the CGST Act, 2017 if the same constitutes a supply as per the CGST Act, 2017.

In the given case, Happy Constructions Limited has agreed to build only three floors, even though it is permitted to construct five floors by the Municipal Authorities, for a compensation of ₹ 20 lakh. This results in supply of service.

The conditions to be complied with for the above supply will be

- (a) There must be an expressed or implied agreement or contract must exist.  
(b) Consideration must flow in return to this contract/ agreement.

Since Aditya Constructions is not ready to pay any further amount to Happy Constructions Limited in addition to the amount already agreed, the amount received ₹ 20 lakh shall be treated as inclusive of GST and the GST payable will be  $₹ 20,00,000 \times 9/118 = ₹ 1,52,542.37$  or ₹ 1,52,542 (rounded off) as CGST and SGST each.

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

Hence, it is mandatory for M/s Mangal & Co. to issue e-invoices.

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

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

Further, the above taxpayers exempted from the mandatory requirement of e-invoicing are required to provide a declaration on the tax invoice stating that though their aggregate turnover exceeds the notified aggregate turnover for e-invoicing, they are not required to prepare an e-invoice.

Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds ₹ 5 crore in the preceding financial year from 2017-18 onwards but are required to provide a declaration as discussed above.

10. (a) Ramlala Enterprises, registered in Delhi, is engaged in supply of interior decoration services to Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh). The total contract value inclusive of GST is Rs 15,50,000 and payment for the same is due in October, 2023.
- You are required to determine amount of tax, if any, to be deducted in the above case assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively. Will your answer be different, if Ramlala Enterprises is registered under composition scheme?
- (b) Examine the implications of GST on supply of food and beverages at cinema halls.
- (RTP May 2024)

### Answer

- (a) As per section 51 of the CGST Act, 2017 read with section 20 of the IGST Act, 2017 and Notification No. 50/2018 CT 13.09.2018, following persons are required to deduct CGST @ 1% [Effective tax 2% (1% CGST + 1% SGST/UTGST)] or IGST @ 2% from the payment 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) a department or establishment of the Central Government or State Government; or
- (b) local authority; or
- (c) Governmental agencies; or
- (d) an authority or a board or any other body, -
  - (i) set up by an Act of Parliament or a State Legislature; or
  - (ii) 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.

Further, for the purpose of deduction of tax, the value of supply shall be taken as the amount excluding CGST, SGST/UTGST, IGST and GST Compensation Cess indicated in the invoice.

Proviso to section 51(1) of the CGST Act, 2017 stipulates that no tax shall be deducted if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

Section 12(3) of the IGST Act, 2017, inter alia, stipulates that the place of supply of services, directly in relation to an immovable property, including services provided by interior decorators, shall be the location at which the immovable property is located or intended to be located. Accordingly, the place of supply of the interior decoration of Andhra Bhawan shall be Delhi.

Since the location of the supplier (Ramlala Enterprises) and the place of supply is Delhi and the State of registration of the recipient i.e. Government of Andhra Pradesh is Andhra Pradesh, no tax is liable to be deducted in the given case.

The answer will remain unchanged even if Ramlala Enterprises is registered under composition scheme.

- (b) Eating joint is a wide term which includes refreshment or eating stalls/ kiosks/ counters or restaurant at a cinema also.



The cinema operator:

- (i) may run these refreshment/eating stalls/kiosks/counters/restaurant themselves or
- (ii) they may give it on contract to a third party.

The customer may like to avail the services supplied by these refreshment/snack counters or choose not to avail these services. Further, the cinema operator can also install vending machines, or supply any other recreational service such as through coin-operated machines etc. which a customer may or may not avail.

It is hereby clarified vide Circular No. 201/13/2023 GST dated 01.08.2023 that:

- (i) supply of food or beverages in a cinema hall is taxable as 'restaurant service' as long as:
  - (a) the food or beverages are supplied by way of or as part of a service, and
  - (b) supplied independent of the cinema exhibition service.
- (ii) where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema, the principal supply.





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