

CA Final

# Indirect Tax

**MCQS & Case Scenario**

CA Divyesh Vaghela

- Chapterwise ICAI BOS MCQs
- Included RTP May 24 MCQs
- All MCQs categorized by difficulty



# PREFACE

Dear student,

This book covers all Chapterwise MCQs & Case Scenarios from ICAI BOS and Latest RTP May 24. All MCQs are categorized by difficulty level, using the same format as on the BOS portal here: S for Simple, M for Medium, and D for Difficult.

**Important:** ICAI may add more MCQs on the BOS portal. If there are any additions, I'll update them on my Telegram channel.

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## IDT MCQS

CA Divyesh Vaghela

Supply under GST

01

Charge of GST

04

Exemptions from GST

05

Place of Supply

10

Time of Supply

12

Value of Supply

13

Input Tax Credit

14

Registration

15

Tax Invoice, Credit and Debit Notes

17

Payment of Tax

18

Return

19

Import and Export under GST

19

Refund under GST

21

Job Work

22

Assessment and Audit

23

Inspection, Search, Seizure and Arrest

24

Demands and Recovery

25

Liability to Pay Tax in Certain Cases

25

Offences & Penalties & Ethical aspects under GST

26

Appeals and Revision

27

Miscellaneous Provisions

29

Levy of and Exemptions from Customs Duty

30

Types of Duty

33

Classification of Imported and Export Goods

35

Valuation under the Customs Act, 1962

36

Importation and Exportation of Goods

39

Warehousing

39

Refund under Custom

40

Foreign Trade Policy

41

Case Scenarios

(RTP May 24 Case Scenario also included)

42



## MCQs Based Questions

### Supply under GST

- S** 1. Which of the following is not a supply under the CGST Act, 2017?
- Goods supplied free of cost by X & Sons to its agent for further supply to customer at Rs. 5,000 for which invoice will be issued by the agent in his own name.
  - Importation of accounting services (for business purposes) free of cost from a dependent father residing in US.
  - An expensive watch gifted to an employee for Rs. 50,000. No other gifts provided to such employee during the entire financial year.
  - A machinery disposed off free of cost on which input tax credit has been availed.
- S** 2. Which of the following transactions does not qualify as supply under GST law?
- Disposal of car without consideration and the supplier has not claimed input tax credit on such car.
  - A principal makes supplies to his agent who is also registered under GST and is situated within the same State and the invoice for further supply is issued by the agent in his name.
  - Head Office makes a supply of services to its own branch outside the State.
  - A person imports services without consideration for the purposes of his business from his elder son living outside India.
- M** 3. Palliwal Associates, a firm of Chartered Accountants registered under GST, located in Jaipur, Rajasthan is providing professional consultancy services to its various clients. It has taken consultancy services for its Jaipur business from another establishment of its firm located in UK. However, no consideration was charged for the same. Such services would have been taxable @ 18% (CGST @ 9%, SGST @ 9% and IGST @ 18%), had the same been received from a local firm. Further, Palliwal Associates would have paid Rs. 4.00 lakh, had it not received the said services from its UK establishment.

Determine the GST liability of Palliwal Associates.

- (a) IGST - Rs. 72,000
- (b) CGST - Rs. 36,000 & SGST - Rs. 36,000, since place of supply is in India
- (c) Nil, since no foreign exchange was paid.
- (d) Nil, since such services are exempt.

M

4. Which of the following is/are not considered as a supply under the CGST Act, 2017?
- (a) Importation of architectural services for Rs. 1,00,000 for construction of residential property used for personal purposes from unrelated person.
  - (b) Importation of architectural services free of cost for construction of office used for business purposes from related person.
  - (c) Importation of architectural services free of cost for construction of office used for business purposes from unrelated person.
  - (d) Both (a) and (c)

M

5. Aircool Ltd., a supplier of air conditioners, is registered under GST in the State of Maharashtra. It has a policy to gift an air conditioner to its employees [residing in Gujarat] at the end of a financial year in terms of the employment contract. The company installs such air conditioners at the residence of the employees.
- During the current financial year, the company gifted its employees 150 air conditioners and got the air conditioners installed at the residence of these employees. The total open market value of such air conditioners is Rs. 52.50 lakh (excluding GST). The tax rate on such air conditioners is 28% (14% CGST, 14% SGST and 28% IGST).

Compute the GST liability of Aircool Ltd., if any.

- (a) Rs. 7,35,000 - CGST, Rs. 7,35,000 - SGST
- (b) Rs. 14,70,000 - IGST
- (c) Nil
- (d) Rs. 7,35,000 - IGST

D

6. Mr. James Stewart is registered under GST in the State of Maharashtra. He sells footwear to his customers locally within the same State. He has been appointed as an agent by Toto Shoes Ltd., a company registered under GST in the State of Karnataka. During a financial year, Toto Shoes Ltd., sends taxable goods worth Rs. 5.00 crore from its Bengaluru store to Mr. James Stewart who sells such goods for Rs. 5.00 crore by raising invoices using the GSTIN of Toto Shoes Ltd. Mr. James Stewart receives a commission of Rs. 60.00 lakh from Toto Shoes (P) Ltd., during the said financial year.

Compute the value of supply of Toto Shoes (P) Ltd. and Mr. James Stewart for the financial year assuming that amounts given above are exclusive of GST, wherever applicable.

- (a) Toto Shoes (P) Ltd.: Nil and James Stewart: Rs. 5.6 crore
- (b) Toto Shoes (P) Ltd.: Rs. 5 crore and James Stewart: Rs. 5.6 crore
- (c) Toto Shoes (P) Ltd.: Rs. 5 crore and James Stewart: Rs. 60 lakh rule 29 OMV
- (d) Toto Shoes (P) Ltd.: Rs. 5.6 crore and James Stewart: Nil

**D** 7. Jolly Electronics (P) Ltd., an authorized dealer of GG Micro Ltd., is located and registered under GST in Lucknow, Uttar Pradesh. It has sold following items to Mr. Rakesh (a consumer):

- Product: Refrigerator (500 litres) taxable @ 18% = Rs.40,000
- Product: Stabilizer for refrigerator taxable @ 12%= Rs. 5,000
- Product: LED television (42 inches) taxable @ 12% = Rs.30,000
- Product: Split air conditioner (2 Tons) taxable @ 28% = Rs.35,000
- Product: Stabilizer for air conditioner taxable @12%. =Rs. 5,000
- Total value= Rs.1,15,000

Jolly Electronics (P) Ltd. has given a single invoice indicating price of each item separately to Mr. Rakesh. Mr. Rakesh has given a single cheque of Rs. 1,00,000 for all the items as a composite discounted price. State the type of supply and the tax rate applicable on the same.

- (a) Composite supply; highest tax rate applicable to split air conditioner, i.e. 28%
- (b) Mixed supply; highest tax rate applicable to split air conditioner, i.e. 28%
- (c) Supply other than composite and mixed supply; highest tax rate applicable to split air conditioner, i.e., 28%
- (d) Supply other than composite and mixed supply; respective tax rate applicable to each item

Q.	Ans.	Description
1	C	Section 7 read with Schedule I of the CGST Act, 2017
2	A	Section 7 of the CGST Act, 2017
3	A	Section 7 read with Schedule I of the CGST Act, 2017
4	C	Section 7 read with Schedule I of the CGST Act, 2017
5	C	Schedule III of the CGST Act, 2017
6	C	Schedule I of the CGST Act, 2017 read with rule 29 of the CGST Rules, 2017
7	D	Section 8 of the CGST Act, 2017

## Charge of GST

- D** 1. M/s Vishu Megamart, a store located and registered under GST in Rajasthan, has come out with big discount offers at the time of Diwali on various gift items. In order to attract more customers, it has decided to supply a gift pack containing 5 packets of Jeerarams Namkeen (200 gram each) taxable @ 12%, 1 packet of Roasted Smoked Almonds (100 gram) taxable @ 18%, 1 packet of Cournville Chocolate (50 mg) taxable @ 28% and 1 bottle of Teal Fresh Juice (1 litre) taxable @ 18% in a single basket for a single price of Rs. 1,000.
- State the type of supply and the tax rate applicable on the same.
- (a) Composite supply; tax rate of the principal item, i.e. Namkeen @18%
- (b) Composite supply; highest tax rate out of all items, i.e. 28% applicable to chocolates
- (c) Mixed supply; tax rate of principal item, i.e. Namkeen @18%
- (d) Mixed supply; highest tax rate out of all items, i.e. 28% applicable to chocolates
- D** 2. Which of the following persons can opt for the composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017, in the State of Delhi?
- (1) Registered person whose aggregate turnover in the preceding financial year did not exceed Rs. 75 lakh.
- (2) Registered person whose aggregate turnover in the preceding financial year did not exceed Rs. 1.5 crore.
- (3) A person engaged in manufacture of pan masala, tobacco and manufactured tobacco substitutes.
- (4) A person engaged in the manufacture of ice cream, other edible ice, whether or not containing cocoa.
- (5) A person engaged exclusively in providing restaurant service.
- (6) A person engaged exclusively in supply of medicines.
- (a) 1, 2, 3, 5
- (b) 1, 2, 5, 6
- (c) 2, 3, 4, 5
- (d) 3, 4, 5, 6

Q.	Ans.	Description
1	D	Section 8 of the CGST Act, 2017
2	B	Section 10 of the CGST Act, 2017



## Exemptions from GST

- M 1. The Resident Welfare Association (RWA) of Kutumb Housing Society is registered under GST in the State of Maharashtra. There are 100 three BHK flats and 100 four BHK flats in the society. It received/paid the following amounts (excluding GST, wherever applicable) in the months of January and February:

Particulars	January (Rs.)	February (Rs.)
Maintenance charges per flat received from all 3 BHK flat owners	7,000	7,000
Maintenance charges per flat received from all 4 BHK flat owners	10,000	10,000
Interest received on the fixed deposit with Dhansukh Bank	5,00,000	5,00,000
Generator purchased for the power back-up of 4 BHK flats		1,00,000
Taps, pipes, other sanitary fittings purchased for 3 BHK flats	50,000	

Determine the net GST liability to be paid for the months of January and February, assuming that the GST rate is 18% on all inward and outward supplies.

- (a) January - Rs. 1,71,000; February - Rs. 1,62,000  
 (b) January - Rs. 1,80,000; February - Rs. 1,62,000  
 (c) January - Rs. 1,80,000; February - Rs. 1,80,000  
 (d) January - Rs. 1,71,000; February - Rs. 1,80,000

- M 2. Which of the following statements are true?
- 1) Services provided by Government ITIs to individual trainees are exempt from GST.
  - 2) Services provided by the State Governments and Private Service Providers by way of transportation of patients in ambulance are exempt from GST.
  - 3) Services of renting of medical shops in a hospital are exempt from GST being health care services.
  - 4) Services provided by police to PSUs are taxable.

Choose the most appropriate option.

- (a) 1, 2 & 4  
 (b) 2, 3 & 4  
 (c) 3 & 4  
 (d) 1, 2, 3 & 4

- M** 3. Mr. Happy Singh is a resident of Chandigarh. The marriage of his daughter, Khushi Kaur, has been finalized with Mr. Lovely Singh, a NRI settled in Canada. The marriage is scheduled on 14th February in Chandigarh. Mr. Happy Singh wants to send 5,000 marriage invitation cards to all his relatives and friends, in India, to attend the marriage. He has to send the invitation by speed post. He is not sure about the taxability of speed post services under GST regime. He seeks your help in determining the applicability of GST on speed post. Choose the correct option.
- (a) GST payable
  - (b) Non-taxable
  - (c) Exempt
  - (d) Outside the purview of GST
- M** 4. Dev Bhoomi Rice (P) Ltd., a registered person under GST, is providing services of processing of milling of paddy into rice, loading, unloading, packing, storage and warehousing of rice in the State of Chhattisgarh. The company has made following supplies during the tax period of April to September:
- (i) Loading and unloading of rice: Rs. 50,00,000.
  - (ii) Packing and warehousing of rice: Rs. 30,00,000.
  - (iii) Processing services of milling of paddy into rice: Rs. 1,00,00,000.
- Determine the amount of GST payable on the above supplies assuming that the applicable rate of tax is 5% and amounts given herein are exclusive of GST.
- (a) Rs. 32,40,000
  - (b) Rs. 9,00,000
  - (c) Rs. 5,00,000
  - (d) Nil
- M** 5. State which of the following statements is incorrect:
- (i) Services by any artist by way of performance in folk or classical art forms of music, dance, or theatre as a brand ambassador if the consideration charged for such performance is not more than Rs. 1,50,000 is exempt.
  - (ii) Services of life insurance business under Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having minimum amount of cover of Rs. 2,00,000 is exempt.
  - (iii) Service by an acquiring bank, to any person in relation to settlement of an amount upto Rs. 2,500 in a single transaction transacted through credit card, debit card, charge card or other payment card service is exempt.
  - (iv) Services provided by a goods transport agency by way of transport in a goods carriage of, goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage is Rs. 2,250 is exempt.

Choose the appropriate Option.

- (a) (i)
- (b) (ii), (iii)
- (c) (ii), (iii), (iv)
- (d) (i), (ii), (iii),(iv)

M

6. Which of the following activities are not exempt from GST?

- (i) Religious pilgrimage organised by Todarmal Charitable Trust
- (ii) Services provided by a business facilitator to an insurance company in an urban area
- (iii) Milling of paddy into rice

Choose the most appropriate option.

- (a) (i), (ii)
- (b) (i), (iii)
- (c) (ii), (iii)
- (d) (i), (ii),(iii)

D

7. Mr. Pandey is an ambulance driver who lives in NCT of Delhi. He provides driving services to Preeti Heart and Lung Institute (PHLI) - a super specialty hospital registered under GST in Delhi - for a consideration of Rs. 25,000 per month. Mr. Pandey was instructed to pick up a patient in Gurugram to PHLI.

While going from Delhi to Gurugram, he picked up 5 passengers for transportation in the ambulance from Delhi to Gurugram and charged Rs. 500 each from them.

You are required to ascertain the taxability of transport services provided by Mr. Pandey in the ambulance from Delhi to Gurugram under the CGST Act, 2017:

- (a) Taxable supply
- (b) Exempt supply
- (c) Not a supply at all
- (d) Outside the purview of GST

D

8. A Municipal Corporation has invited online bids for maintenance of bus stops for a period of one year from 1st January to 31st December. The work involves composite supply of goods and services wherein the supply of services is the principal supply. The value of goods constitutes 25% of the total value of composite supply.

Mr. Kumar, Managing Director of Khiladi Contractors (P) Ltd., located and registered under GST in Gujarat, wants to bid for the same. He seeks your opinion to determine the taxability of the above supply to quote the best price.

Choose the correct option.

- (a) Not leviable to tax
- (b) GST payable
- (c) Exempt
- (d) Outside the purview of GST

- D** 9. Diksha Public School (DPS) situated in Bilaspur in the State of Chhattisgarh has planned to celebrate its sports day in Bilaspur Stadium located at a distance of 20 km from the school precincts on 15th April. DPS has invited quotes from various suppliers for arranging tent, security and catering for students and teachers. The price has to be quoted including all applicable taxes. Raman & Co., a supplier providing the services required above, is not sure of the GST impact on the above transactions.
- It seeks your help to determine whether GST is applicable on all the above services or not, so that it can quote the competitive price accordingly.
- (a) Tent, security and catering services: All taxable
  - (b) Tent, security and catering services: All exempt
  - (c) Tent and security services: Taxable; Catering services: exempt
  - (d) Tent: Taxable; Security and catering services: exempt
- D** 10. Mr. Kumar is the Managing Director of Khiladi Equipments (P) Ltd. The company is located and registered under GST in Mumbai, Maharashtra. Mr. Kumar has decided to send food grains and other relief materials worth Rs. 50,00,000 and Rs. 20,00,000 through railway and airways respectively, to the cyclone hit victims in Kerala in the month of November.
- The company has contacted Super Airlines and Indian Railways to transport the materials from Mumbai to Kerala and cost of transportation for the same has been determined as Rs. 10,00,000 by air and Rs. 50,000 by railways excluding taxes.
- Mr. Kumar seeks your help to determine the amount of GST payable in respect of services procured from Super Airlines and Indian Railways, if applicable GST rate is 18% and the amounts given above are exclusive of GST, wherever applicable.
- (a) Super Airlines: Rs. 1,80,000; Indian Railways: Nil
  - (b) Super Airlines: Rs. 1,80,000; Indian Railways: Rs. 9,000
  - (c) Super Airlines: Nil; Indian Railways: Rs. 9,000
  - (d) Super Airlines: Nil; Indian Railways: Nil
- D** 11. Happy Singh is the lawful owner of a residential house situated in Chandigarh. The property has four floors constructed on it. Out of the four floors in his house, first and second floor are self-occupied and third and fourth floor have been let out for residential purposes. Ratanjot Singh, who is a tenant

on third floor, has surrendered his tenancy rights to Parminder Singh for a tenancy premium of Rs. 5,00,000 on 1st June.

Parminder Singh has paid the applicable stamp duty and registration charges on transfer of tenancy rights. Moreover, Parminder Singh (unregistered) will pay a monthly rent of Rs. 50,000 to Happy Singh from June.

Determine the value of taxable supply, in the given case, for the month of June assuming that the amounts given above are exclusive of GST, wherever applicable.

- (a) Happy Singh: Rs. 5,50,000; Ratanjot Singh: Nil
- (b) Happy Singh: Nil; Ratanjot Singh: Rs. 5,00,000
- (c) Happy Singh: Rs. 50,000; Ratanjot Singh: Nil
- (d) Happy Singh: Rs. 50,000; Ratanjot Singh: Rs. 5,00,000

**D** 12. Shree Ram Seva Trust, registered under GST, is a charitable institution registered under section 12AB of the Income-tax Act, 1961. It has organized a skill development programme relating to persons over the age of 65 years residing in a metro city, in the month of April. It has received following amounts under the programme:

Subscription fees for the programme Rs. 50,000

Sponsorship fees received from Mahesh Enterprises, a sole proprietorship firm Rs. 1,00,000

Consideration for supply of goods Rs. 3,00,000

Besides, the trust has received the donations of Rs. 2,00,000 in April from Mehta Builders. Trust is entitled to use this donation for any purpose. Hanuman, accountant of Shree Ram Seva Trust, is not able to determine the taxability of the above amounts received under GST law. He seeks your expertise in determining the same.

Determine the value of taxable supply of Shree Ram Seva Trust, for the month of April assuming that the amounts given above are exclusive of GST, wherever applicable.

- (a) Nil
- (b) Rs. 6,50,000
- (c) Rs. 6,00,000
- (d) Rs. 4,50,000

Q.	Ans.	Description
1	B	Notification No. 12/2017 CT(R) dated 28.06.2017 read with section 16 and 17 of the CGST Act, 2017.
2	A	Notification No. 12/2017 CT(R) dated 28.06.2017
3	A	Notification No. 12/2017 CT(R) dated 28.06.2017
4	C	Notification No. 12/2017 CT(R) dated 28.06.2017
5	D	Notification No. 12/2017 CT(R) dated 28.06.2017
6	A	Notification No. 12/2017 CT(R) dated 28.06.2017
7	A	Notification No. 12/2017 CT(R) dated 28.06.2017
8	C	Notification No. 12/2017 CT(R) dated 28.06.2017
9	C	Notification No. 12/2017 CT(R) dated 28.06.2017
10	A	Notification No. 12/2017 CT(R) dated 28.06.2017
11	D	Circular No. 44/2018 CT dated 02.05.2018 and Notification No. 12/2017 CT(R) dated 28.06.2017
12	D	Notification No. 12/2017 CT(R) dated 28.06.2017

## Place of Supply

- M** 1. M/s Buildwell Engineering Consultants, located and registered under GST in Gurugram, Haryana, provided architectural services to Taj India Ltd., located and registered under GST in Mumbai, Maharashtra, for its hotel to be constructed on land situated in Dubai.  
Determine the place of supply of architectural services provided by M/s Buildwell Engineering Consultants to Taj India Ltd.:
- (a) Gurugram, Haryana  
(b) Mumbai, Maharashtra  
(c) Dubai  
(d) Either Maharashtra or Dubai, at the option of the recipient
- M** 2. M/s Dhoom Furniture Mart, located and registered under GST in the State of Chhattisgarh, sells furniture from its showroom to M/s Lucky Dhaba (located and registered under GST in the State of Jharkhand). M/s Lucky Dhaba requested to deliver the furniture to Mr. Pyare Lal at Patna, Bihar. M/s Dhoom Furniture Mart sends the furniture with a proper e-way bill to Patna through a transporter who made the delivery to Mr. Pyare Lal.  
Determine the place of supply of furniture sold by M/s Dhoom Furniture Mart to M/s Lucky Dhaba in the above case.
- (a) Chhattisgarh  
(b) Jharkhand  
(c) Bihar  
(d) Either Jharkhand or Bihar, at the option of the recipient
- D** 3. Lucky Singh, a resident of Noida and an unregistered person, U.P. (working in a private firm), went to Himachal Pradesh for a family vacation via Delhi-Chandigarh-Himachal Pradesh in his own car. After entering Chandigarh, his car broke down due to some technical issue. He called "ONROARDS"- an emergency roadside car assistance company (registered under GST in Delhi) to repair the car. The car was repaired by the staff of "ONROARDS". "ONROARDS" does not have policy to maintain a record of the addresses of the persons taking the car assistance service. The value of supply amounted to Rs. 50,000 (being labour charges Rs. 40,000 and spares Rs. 10,000). The bill was supposed to be generated online through the server, but due to some technical issue, it was not so generated. Determine the place of supply in the given case.
- (a) Delhi  
(b) Chandigarh

- (c) Noida, U.P
- (d) Himachal Pradesh

**D** 4. Aflatoon Spares (P) Ltd., located and registered under GST in Haryana, supplied spare parts (FOB basis) to Mr. Laxmi Khurana, an unregistered person, located in Rajasthan. Mr. Laxmi Khurana booked the courier himself with Black Dart Courier (P) Ltd., registered under GST in Delhi for delivery in Rajasthan. Black Dart Courier (P) Ltd. picked up the goods from Haryana handed over by Aflatoon Spares (P) Ltd. and delivered the courier in Rajasthan while passing through the State of Uttar Pradesh.

Determine the place of supply of service provided by Black Dart Courier (P) Ltd. to Mr. Laxmi Khurana

- (a) Haryana
- (b) Delhi
- (c) Rajasthan
- (d) Uttar Pradesh

**D** 5. Mr. Javed, an unregistered person residing in Hisar, Haryana, went to Delhi for seeking admission of his child - Mr. Arjun - in CA Intermediate. Mr. Javed got the demand draft generated at ICIDI Bank Ltd., located and registered under GST in Sahibabad, Uttar Pradesh against cash, for depositing the registration fee to the ICAI.

Mr. Javed does not have a bank account in ICIDI Bank Ltd. and the bank doesn't have any policy of KYC requirements (name, address and other identity verification policy) for customers requiring demand draft and not having account with any of its branch in India.

Determine the place of supply of service provided by ICIDI Bank Ltd., Uttar Pradesh to Mr. Javed.

- (a) Delhi
- (b) Uttar Pradesh
- (c) Either Delhi or Uttar Pradesh, at the option of the recipient
- (d) Haryana

Q.	Ans.	Description
1	B	Section 12 of the IGST Act, 2017
2	B	Section 10 of the IGST Act, 2017
3	A	Section 12 of the IGST Act, 2017
4	A	Section 12 of the IGST Act, 2017
5	B	Section 12 of the IGST Act, 2017

## Time of Supply

- M** 1. Banke Bihari (Pedewala) owns a famous sweets shop located and registered under GST in Mathura, Uttar Pradesh. He received an order for 200 kg of sweets on 2nd May from Ghoomghoom Travels (P) Ltd., located in same locality of Mathura and registered under GST, for a total consideration of Rs. 1,00,000. Complete order of sweets was delivered to Ghoomghoom Travels (P) Ltd. on 5th May but without invoice, as accountant of Mr. Banke Bihari was on leave on that day. However, the invoice was raised for the same on 6th May, when the accountant joined the office after leave. Payment in full was made on 7th May.

Determine the time of supply of goods in this case.

- (a) 2nd May
- (b) 5th May
- (c) 6th May
- (d) 7th May

- M** 2. Radhika Travels (P) Ltd. purchased a bus chassis from Jyoti Motors Ltd. for a consideration of Rs. 80.00 lakh on 1st August. Radhika Travels (P) Ltd. sent the bus chassis for body building to M/s Hanumant Fabricators and paid in advance the total consideration of Rs. 25.00 lakh, received by M/s Hanumant Fabricators on 10th August. M/s Hanumant Fabricators, after completing the bus body, informed Radhika Travels (P) Ltd., for inspection of the work done on 1st September. Radhika Travels (P) Ltd. visited the workshop of M/s Hanumant Fabricators on 7th September and confirmed that the bus body was in accordance with the terms of the contract.

M/s Hanumant Fabricators raised an invoice of Rs. 25.00 lakh on 15th September and supplied chassis along with the bus body so constructed, along with the invoice on 16th September.

State the time of supply in this case for supply made by M/s Hanumant Fabricators, out of the choices given below.

- (a) 10th August
- (b) 7th September
- (c) 15th September
- (d) 16th September

Q.	Ans.	Description
1	B	Section 12 of the CGST Act, 2017
2	A	Section 13 of the CGST Act, 2017



## Value of Supply

- D** 1. Mr. Allauddin, a stationery retailer, located and registered under GST in Allahabad, has received order for supply of goods worth Rs. 2,00,000 (before any discount) on 12th November from another local registered dealer, Mr. Jallauddin.
- Goods were supplied under the cover of a tax invoice. Mr. Allauddin, incurred the following additional expenses before the goods were delivered to Mr. Jallauddin:
- Packing charges - Rs. 3,000
  - Freight & Cartage - Rs. 2,500
  - Handling Charges - Rs. 1,500
- Mr. Jallauddin made full payment (including the additional amounts charged by Mr. Allauddin) on delivery of the goods for which he was allowed instant cash discount of Rs. 2,000.
- The applicable rates of tax on the goods supplied are: IGST @ 18%, CGST @ 9% and SGST @ 9% and the amounts given above are exclusive of GST.
- Mr. Allauddin paid CGST of Rs. 18,000 and SGST of Rs. 18,000. As a tax consultant, determine the further tax liability of Mr. Allauddin.
- (a) CGST - Rs. 630 and SGST - Rs. 630
  - (b) CGST - Rs. 450 and SGST - Rs. 450
  - (c) CGST - Rs. 18,630 and SGST - Rs. 18,630
  - (d) CGST - Rs. 18,450 and SGST - Rs. 18,450

Q.	Ans.	Description
1	A	Section 15 of the CGST Act, 2017

## Input Tax Credit

- S** 1. Under which of the following situations, input tax credit will be available under GST law?
- Cars purchased by a manufacturing company for official use of its employees.
  - Aircraft purchased by a manufacturing company for official use of its CEO.
  - General insurance taken on a car used by employees of a manufacturing company for official purposes.
  - Maintenance & repair services availed by a company for a truck used for transporting its finished goods.

- M** 2. Mr. Chamcham, registered under GST in Delhi, is a domestic trader as also an exporter of whole-sale goods. His annual turnover and input tax details are as follows:

Particulars	Turnover [Rs.]	Tax paid on inputs [Rs.]
Taxable goods	90,00,000	9,00,000
Exempt goods	10,00,000	1,00,000
Exported goods	15,00,000	2,00,000

No GST is payable on exempt and exported goods. Mr. Chamcham seeks your expert help in calculating the amount of ITC which he is eligible to claim under GST law. ITC admissible, in given case, is:

- Rs. 12,00,000
- Rs. 11,00,000
- Rs. 10,00,000
- Rs. 9,00,000

- M** 3. Which of the following statements is false?
- ITC on works contracts services availed by a software company for construction of its office, is blocked.
  - ITC on works contract services availed by a manufacturing company for construction of pipelines to be laid outside its factory, is blocked.
  - ITC on goods and/or services used by an automobile company for construction of a foundation on which a machinery (to be used in the production process) is to be mounted permanently, is allowed.
  - ITC on works contract services availed by a consulting firm for repair of its office building is blocked provided the company has booked such expenditure in profit and loss account.

Q.	Ans.	Description
1	D	Section 17(5) of the CGST Act, 2017
2	B	Section 17 of the CGST Act, 2017
3	D	Section 17(5) of the CGST Act, 2017

## Registration

- M** 1. Mr. Manjot is a trader supplying goods from his firm M/s Singh Traders. The office of the firm is located in Delhi whereas its godowns are located in the State of Uttar Pradesh, Punjab and Jammu & Kashmir (J & K) respectively. M/s Singh Traders made following intra-State supplies from different States during the current financial year:
- (i) Delhi - Taxable supplies: Rs. 21,00,000
  - (ii) Punjab - Exempted supplies: Rs. 6,00,000
  - (iii) Uttar Pradesh - Taxable and exempted supplies: Rs. 3,00,000 each respectively.
  - (iv) J & K - Taxable and exempted supplies: Rs. 8,00,000 and Rs. 3,00,000 respectively.
- Ascertain the States in which Mr. Manjot is required to take registration under GST.
- (a) Delhi, Punjab, Uttar Pradesh and J & K
  - (b) Delhi, Uttar Pradesh and J & K
  - (c) Delhi and Uttar Pradesh
  - (d) Delhi
- D** 2. Shah Beedi Company (P) Ltd. is a manufacturer of cigarettes. It has been registered under GST in the State of West Bengal.
- The turnover of the company from the current financial year is Rs. 90,00,000. The excise duty paid on the cigarettes removed is Rs. 10,00,000. CGST and SGST paid on the cigarettes is Rs. 18,00,000 each which was charged separately in the invoices.
- The company also recovered actual freight of Rs. 5,00,000 from the buyers on the supply of cigarettes so made during the current financial year and also charged CGST/ SGST thereon. The company paid tax @ 5% under reverse charge while availing the services of GTA of Rs. 5,00,000.
- Compute the aggregate turnover of Shah Beedi Company (P) Ltd. assuming that the amounts given above are exclusive of GST.
- (a) Rs. 90,00,000
  - (b) Rs. 1,00,00,000
  - (c) Rs. 1,18,00,000
  - (d) Rs. 1,05,00,000
- D** 3. State which of the following statements is incorrect:
- (i) An agent, supplying taxable goods on behalf of principal, where invoice is issued in the name of principal, is required to get compulsorily registered under GST.

- (ii) Persons who are required to deduct tax under section 51 of the CGST Act, 2017, whether or not separately registered under CGST Act, are compulsory required to get registered under GST without any threshold limit.
- (iii) Every person supplying online information and database access or retrieval services from a place outside India to a registered person in India is compulsory required to get registered under GST without any threshold limit.
- (iv) Persons who supply services, other than supplies specified under sub-section (5) of section 9 of the CGST Act, 2017, through such electronic commerce operator who is required to collect tax at source under section 52 of the CGST Act, 2017, are compulsory required to get registered under GST without any threshold limit.

Choose the most appropriate option.

- (a) (i), (ii)  
(b) (iii), (iv)  
(c) (i), (iii), (iv)  
(d) (i), (ii), (iii) and (iv)

Q.	Ans.	Description
1	B	Section 22 of the CGST Act, 2017
2	D	Section 2(6) of the CGST Act, 2017
3	C	Section 24 of the CGST Act, 2017

## Tax Invoice, Credit and Debit Notes

- S** 1. What will be the rate of tax and nature of supply of a service if the same is not determinable at the time of receipt of advance?
- (a) 12%, inter-State supply
  - (b) 12%, intra-State supply
  - (c) 18%, inter-State supply
  - (d) 18%, intra-State supply
- M** 2. Which of the following statements is incorrect while issuing a tax invoice?
- (i) Place of supply in case of inter-State supply is not required to be mentioned.
  - (ii) A registered person whose annual turnover is greater than Rs. 5 crores in the preceding financial year is not required to mention HSN code for goods or services, supplied by it to an unregistered person.
  - (iii) Quantity is not required to be mentioned in case of goods when goods are sold on "as is where is basis".
  - (iv) Description of goods is not required to be given in case of mixed supply of goods.
- Choose the most appropriate option.
- (a) (ii), (iii)
  - (b) (i), (ii), (iii)
  - (c) (i), (ii), (iii), (iv)
  - (d) (i), (iii), (iv)
- D** 3. ASC, a registered person under GST, supplied goods amounting to Rs. 1,18,000 (inclusive of GST, taxable @ 18%) to BSC, a registered person under GST on 30th September. BSC further sold such goods to Rakesh, a consumer who came to his shop on 30th October in cash, for Rs. 2,36,000 (inclusive of GST, taxable @ 18%).
- ASC issued a credit note of Rs. 11,800 (Rs. 10,000 + Rs. 1800 - GST) for rate difference on 2nd November to BSC. Thereafter, BSC entered a credit note in its books for the same amount in the name of Rakesh, without intimating him and providing any refund of the sum paid, on 2nd November and reduced its output tax liability accordingly.
- As per the provisions of GST law, which of the above-mentioned suppliers are allowed to reduce their output tax liability?
- (a) ASC
  - (b) BSC
  - (c) Both ASC and BSC

(d) Neither ASC nor BSC, since incidence of tax has been passed on to another person.

Q.	Ans.	Description
1	C	Section 31 of the CGST Act, 2017
2	C	Section 31 of the CGST Act, 2017
3	A	Section 34 of the CGST Act, 2017

## Payment of Tax; TDS

**D** 1. In which of the following supplies of goods and services made exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017, TDS is required to be deducted? The amounts given below are inclusive of GST @ 18%, wherever applicable.

Assume that all other conditions for deduction of TDS are fulfilled:

- (i) Health Department executed a contract with a local supplier, registered under GST, to supply "medical grade oxygen" of Rs. 2.6 lakh and is making full payment.
- (ii) Government school is making a payment of Rs. 3.5 lakh to a registered supplier for supply of cooked food as mid-day meal under a scheme sponsored by Central/State Government.
- (iii) Municipal Corporation of Kolkata purchases a heavy generator from a registered supplier in Delhi. Now, it is making payment of Rs. 5 lakh for such purchase.
- (iv) Finance Department in Delhi is making a payment of Rs. 3 lakh to a registered supplier of "printing & stationery" in Delhi.

Choose the most appropriate option.

- (a) (i), (ii) and (iii)
- (b) (ii), (iii) and (iv)
- (c) Only (i) and (ii)
- (d) Only (iii) and (iv)

Q.	Ans.	Description
1	D	Section 51 of the CGST Act, 2017

## Returns

- D** 1. Mr. Prabhu, registered under GST in Mumbai, is in the business of trading of marble handicraft items domestically as also exporting the same. His annual turnover and input tax details are as follows:

Particulars	Turnover [Rs.]	Tax paid on inputs [Rs.]
Taxable goods	1,25,00,000	12,50,000
Exported goods	75,00,000	5,50,000
Exempt goods	50,00,000	5,00,000

Mr. Prabhu exported the goods under LUT without payment of IGST. Value of like goods domestically supplied by him is Rs. 60,00,000.

Mr. Prabhu seeks your help in calculating the amount of refund of ITC which he is eligible to claim under GST law. The refund amount is:

- (a) Rs. 18,00,000
- (b) Rs. 6,75,000
- (c) Rs. 5,40,000
- (d) Rs. 6,90,000

Q.	Ans.	Description
1	B	Section 54 of the CGST Act, 2017

## Import and Export under GST

- M** 1. Which of the following services does not qualify as online information database access and retrieval services?
- (a) PDF document manually emailed by provider
  - (b) PDF document automatically downloaded from site
  - (c) Online course consisting of pre-recorded videos and downloadable PDFs
  - (d) Stock photographs available for automatic download
- D** 2. Sukhamani Traders, registered in Maharashtra, purchased machinery two years back worth Rs. 2,00,00,000 and did not avail ITC on said machinery at the time of its purchase. After using the machinery for two years, it gave said machinery free of cost in the month of September (in the current year) to an unrelated person in Punjab. On the date of transfer, open market value of the

machinery was Rs. 1,25,00,000 and the written down value was Rs. 1,53,00,530. In the month of September, it also supplied taxable goods worth Rs. 50,00,000 to Royal Oil Corporation Limited in the territorial waters. The said territorial waters are located at a distance of 5 nautical miles from the baseline of the State of Maharashtra and 7 nautical miles from the baseline of the State of Kerala. All above amounts are exclusive of GST and rates of applicable CGST, SGST and IGST in above cases are 9%, 9% and 18%. You are required to determine the amount of net CGST and SGST and/or IGST payable in the month of September.

- (a) CGST: Rs. 4,50,000; SGST: Rs. 4,50,000; IGST: Nil
- (b) CGST: Nil; SGST: Nil; IGST: Rs. 9,00,000
- (c) CGST: Nil; SGST: Nil; IGST: Nil
- (d) CGST: Rs. 4,50,000; SGST: Rs. 4,50,000; IGST: Rs. 22,50,000

D

3. Fury Ltd., India, has received an order for supply of services amounting to \$ 5,00,000 from a US based client. Fury Ltd., India is unable to supply the entire services from India and asks Neik Inc., Mexico (who is not an establishment of Fury Ltd.) to supply a part of the services, i.e. 40% of the total contract value to the US client. Fury Ltd. raised the invoice for entire value of \$ 5,00,000, but the US client paid \$ 3,00,000 to Fury Ltd. and \$ 2,00,000 directly to Neik Inc., Mexico which is approved by a special order of RBI. Fury Ltd. also paid IGST@ 18% on the services imported from Neik Inc. Mexico. Assuming all the conditions of section 2(6) of the IGST Act, 2017 are fulfilled, determine the value of export of services assuming that the amounts given above are exclusive of GST.

- (a) \$ 3,00,000
- (b) \$ 5,00,000
- (c) \$ 3,90,000
- (d) \$ 5,90,000

Q.	Ans.	Description
1	A	Section 2(17) of the CGST Act, 2017
2	A	Section - 9, Integrated Goods And Services Tax Act, 2017
3	B	Refer Import & Export under GST



## Refund under GST

- M** 1. State whether the following statements are true or false:
1. Zero rated supply means supply of any goods or services or both which attracts nil rate of tax.
  2. Exempt supply means export of goods or services or both or supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.
  3. Non-taxable supply means supply of goods or services or both which is not leviable to tax under the CGST Act, 2017 but leviable to tax under the IGST Act, 2017.
  4. ITC may be availed for making zero rated supply of exempt goods.

Choose the most appropriate option.

- (a) False, False, False, True
- (b) True, False, False, False
- (c) True, True, False, False
- (d) False, False, False, False

- D** 2. M/s Raman Plastics is a manufacturer of plastic toys. It is registered under GST in Shimla, Himachal Pradesh. It furnishes the return on monthly basis. It procures its raw materials from Punjab. During the month of April 2021, it purchased material of Rs. 35.00 lakh and paid IGST thereon amounting to Rs. 6.30 lakh. It supplied 30% of its production in the State of Jammu and Kashmir, whereas the 70% of its production was supplied taxable @ 0.1% to a merchant exporter during the month of April 2021. The returns for the month of April 2021 were duly filed in time, i.e. within the due date of 20th May, 2021. The last date upto which the taxpayer can claim refund of input tax credit on account of inverted duty structure is:

- (a) 20th April, 2023
- (b) 20th May, 2023
- (c) 31st March, 2024
- (d) 20th April, 2022

Q.	Ans.	Description
1	A	Section 16 of the IGST Act, 2017, section 2(7) and section 17 of the CGST Act, 2017
2	B	Section 54 of the CGST Act, 2017

## Job Work

- D** 1. Lex Corp. (P) Ltd. is a manufacturer of fruit juices registered under GST. It purchases plastic bottles and cardboard and sends the same for affixing stickers on plastic bottles and manufacturing boxes from cardboard to a registered job worker, Hammer Industries (P) Ltd. These raw materials are sent directly from the place of business of supplier to the premises of job worker. Lex Corp. (P) Ltd. booked input tax credit on purchase of such items.

The following transactions took place in this regard:

Value of goods sent to job worker	Input tax paid on such goods	Date of purchase of goods by Lex Corp. (P) Ltd.	Date of receipt of goods by Hammer Industries (P) Ltd.	Date of goods received back from Hammer Industries (P) Ltd.
Rs. 50,000	Rs. 6,000	10.07.2021	15.07.2021	12.07.2022
Rs. 2,00,000	Rs. 24,000	25.09.2021	27.09.2021	13.10.2022
Rs. 8,00,000	Rs. 96,000	22.12.2021	25.12.2021	16.08.2023
Rs. 10,00,000	Rs. 1,20,000	21.01.2022	25.01.2022	23.01.2023
Rs. 3,50,000	Rs. 42,000	24.02.2022	26.02.2022	28.02.2023

Determine the total amount to be added to the output tax liability of Lex Corp. (P) Ltd. in case of violation of provisions of section 143 of the CGST Act, 2017 in different point of times assuming that there was no extension granted by the Commissioner in terms of proviso to section 143(1) in any of the above cases.

- (a) Rs. 2,88,000 + Interest @ 18%
- (b) Rs. 2,88,000 + Interest @ 24%
- (c) Rs. 1,62,000 + Interest @ 24%
- (d) Rs. 1,62,000 + Interest @ 18%

Q.	Ans.	Description
1	D	Section 143 of the CGST Act, 2017

## Assessment and Audit

M 1. In respect of a consignment supplied on 20th August, provisional assessment was resorted to by a person who files return on monthly basis. The assessment was finalized on 20th November and the taxpayer became liable to pay differential IGST of Rs. 10,000. The taxpayer paid this amount on 20th December.

The number of days for which the taxpayer is liable to pay interest are-

- (a) 122 days
- (b) 91 days
- (c) 61 days
- (d) 30 days

M 2. Reena Banerji & Associates is engaged in retail business of selling mobile phones in the State of West Bengal. It has effected supplies to the customers in the State of Uttar Pradesh and Haryana. Its total turnover during the current financial year is Rs. 18,00,000. Owing to low profit margins in the business, she has decided to shut down the business in the next financial year.

The proper officer has collected evidence of the inter-State sales of mobile phone effected by Reena Banerji & Associates during the current financial year. Now, the proper officer wants to make the assessment as it was liable for registration but did not get itself registered under GST.

You are required to assist the proper officer by determining which assessment can be done in this case under the CGST Act, 2017

- (a) Self-assessment
- (b) Provisional Assessment
- (c) Assessment of unregistered persons
- (d) Special assessment

Q.	Ans.	Description
1	B	Section - 60 of the CGST Act, 2017
2	C	63 of the CGST Act, 2017

## Inspection, Search, Seizure and Arrest

- S** 1. For which of the following acts done by a taxable person, inspection can be ordered under GST law?
- (i) Suppression of any transaction of supply of goods or services
  - (ii) Suppression of stock of goods in hand
  - (iii) Contravention of any of the provisions of the GST law to evade tax
- Choose the most appropriate option
- (a) (i), (ii)
  - (b) (i), (iii)
  - (c) (ii), (iii)
  - (d) (i), (ii), (iii)
- M** 2. During access to any business premises under section 71, which of the following records can be inspected by the officers:
- (i) Trial balance
  - (ii) Statements of annual financial accounts, duly audited, wherever required;
  - (iii) Cost audit report
  - (iv) Income-tax audit report
- Choose the most appropriate option.
- (a) (i) and (ii)
  - (b) (i), (ii) and (iv)
  - (c) (ii), (iii) and (iv)
  - (d) (i), (ii), (iii) and (iv)

Q.	Ans.	Description
1	D	Section - 68, Central Goods And Services Tax Act, 2017
2	D	Section 71 of the CGST Act, 2017

## Demands and Recovery

- S** 1. Under GST law, time-limit for issuance of show cause notice in case of non-payment of tax on account of Descriptions other than fraud, wilful misstatement or suppression of facts, etc. is:
- (a) 2 years and 9 months from the due date of filing Annual Return for the Financial Year to which the tax not paid relates to.
  - (b) 3 years from the due date of filing Annual Return for the Financial Year to which the tax not paid relates to
  - (c) 4 years and 6 months from the due date of filing Annual Return for the Financial Year to which the tax not paid relates to.
  - (d) 5 years from the due date of filing Annual Return for the Financial Year to which the tax not paid relates to.
- M** 2. Time-limit for issuance of show cause notice under GST law in case of any amount collected as tax, but not paid to the Central Government is:
- (a) 2 years and 9 months from the due date of filing Annual Return for the Financial Year to which the tax not paid relates to.
  - (b) 3 years from the due date of filing Annual Return for the Financial Year to which the tax not paid relates to.
  - (c) 4 years and 6 months from the due date of filing Annual Return for the Financial Year to which the tax not paid relates to.
  - (d) No time-limit is prescribed.

Q.	Ans.	Description
1	A	Section 73 of the CGST Act, 2017
2	D	Section 73(11) of the CGST Act, 2017

## Liability to Pay Tax in Certain Cases

- M** 1. Mohandas, a registered person, has supplied goods to Karamchand, under his own invoice, on behalf of his principal, Krishnadev, a registered person.
- Which of the following statements is correct?
- (a) Mohandas shall be jointly and severally liable to pay the GST payable on such goods

- (b) Krishnadev shall be jointly and severally liable to pay the GST payable on such goods
- (c) Both (a) and (b)
- (d) Neither (a) nor (b)

- M** 2. Mr. Lal, a registered person under GST, was the proprietor of M/s Spiceton Restaurant. He died and left behind his wife and son, on 15th August. His son "Mr. Pal" - wants to continue the business of the deceased father. The GST consultant of M/s Spiceton Restaurant gives advice to Mr. Pal as to how he can continue the business of his deceased father.
- Which of the following options is correct in accordance with the provisions of GST law?
- (a) Mr. Pal should apply for a new registration under GST in the name M/s Spiceton Restaurant under his own PAN w.e.f. the date of succession and file Form GST ITC 02 for transfer of ITC to the new entity
  - (b) Mr. Pal can get the authorized signatory changed by approaching to the Proper Officer and can continue the same business
  - (c) Mr. Pal should close the old firm and start new business under different name.
  - (d) Mr. Pal should do the business with his mother as the new proprietor of the M/s Spiceton Restaurant, and Mr. Pal should act as a Manager.

Q.	Ans.	Description
1	C	Schedule I of the CGST Act, 2017
2	A	Section 29 of the CGST Act, 2017

## Offences and Penalties and Ethical aspects under GST

- S** 1. In which of the following cases, compounding of offence is not allowed under section 138 of the CGST Act, 2017?
- (i) A person who has been allowed to compound once in respect of any of the offences specified in clauses (a) to (f), (h), (i) and (l) of sub-section (1) of section 132.
  - (ii) A person who has been convicted for an offence under GST law by a Court.
  - (iii) A person who has been accused of committing an offence under GST law which is also an offence under any other law for the time being in force.
- Choose the most appropriate option.
- (a) (i), (ii)
  - (b) (i), (iii)

- (c) (ii), (iii)
- (d) (i), (ii), (iii)

- D** 2. Sukanya, a supplier registered under GST, failed to pay the GST amounting to Rs. 5,000 for the month of January. The proper officer imposed a penalty on Sukanya for failure to pay tax. Sukanya believes that it is a minor breach and in accordance with the provisions of section 126 of the CGST Act, 2017, no penalty is imposable for minor breaches of tax regulations. In this regard, which of the following statements is true?
- (a) Penalty is leviable on Sukanya since the breach is considered as a "minor breach" only if amount of tax involved is less than Rs. 5,000.
  - (b) Penalty is leviable on Sukanya since the breach is considered as a "minor breach" if amount of tax involved is less than Rs. 2,500.
  - (c) Penalty is not leviable on Sukanya since the breach is considered as a "minor breach" if amount of tax involved is upto Rs. 5,000
  - (d) Penalty is leviable on Sukanya since the breach is considered as a "minor breach" only if amount of tax involved is nil.

Q.	Ans.	Description
1	D	Section 138 of the CGST Act, 2017
2	A	Section 126 of the CGST Act, 2017

## Appeals and Revision

- M** 1. An appeal to the High Court can be filed under the CGST Act, 2017 in the following cases:
- (i) By a person aggrieved against the order passed by the State bench or Area bench of the Appellate Tribunal
  - (ii) By a person aggrieved against the order passed by the National bench or Regional bench of the Appellate Tribunal
  - (iii) For a matter involving substantial question of law
- Choose the most appropriate option.
- (a) (i) and (ii)
  - (b) (i) and (iii)
  - (c) (ii) and (iii)
  - (d) (i), (ii) and (iii)

- M** 2. Sukhimal, a sole proprietor, has to appear before the Appellate Authority. He decides to appear through an authorized representative.
- Which of the following persons can be appointed as "authorized representative" of Sukhimal under GST law?
- (i) Sohan, his son, who has been dismissed from a Government service lately
  - (ii) Rohan, a Company Secretary, who has been adjudged as an insolvent
  - (iii) Mukul, a practicing High Court advocate
- Choose the most appropriate option.
- (a) (i) and (ii)
  - (b) (ii) and (iii)
  - (c) (iii)
  - (d) (ii)

- D** 3. State whether following statements are true or false:
- (i) Any person aggrieved by any decision or order passed by an adjudicating authority under the CGST Act, 2017 may appeal to such Appellate Authority as may be prescribed within 3 months from the date on which the said decision or order is communicated to him.
  - (ii) No appeal shall be filed to Appellate Authority unless the appellant has paid sum equal to twenty five percent of the remaining amount of tax in dispute arising from the said order, in relation to which appeal has been filed.
  - (iii) Adjournment of appeal shall not be granted more than three times to a party during hearing of the appeal.
  - (iv) The Appellate Authority shall have the power to refer back the case to adjudicating authority that passed the said decision or order.
- Choose the most appropriate option.
- (a) True, True, True, False
  - (b) False, True, True, False
  - (c) True, False, True, False
  - (d) False, False, False, True

Q.	Ans.	Description
1	B	Section 117 of the CGST Act, 2017
2	C	Section - 116, Central Goods And Services Tax Act, 2017
3	C	Section - 107, Central Goods And Services Tax Act, 2017



## Miscellaneous Provisions

- S** 1. GST compliance rating shall be assigned to:
- (a) only a person who is liable to deduct TDS/ collect TCS.
  - (b) only a composition dealer.
  - (c) only an input service distributor.
  - (d) every registered person.
- M** 2. Where the Anti-Profiteering Authority determines that a registered person has not passed on the benefit of input tax credit to the recipient by way of commensurate reduction in price, the Authority may order:
- (i) reduction in prices
  - (ii) imposition of prescribed penalty
  - (iii) cancellation of registration
- Which of the above options are correct?
- (a) i. and ii.
  - (b) i., ii. and iii.
  - (c) i. and iii.
  - (d) i.

Q.	Ans.	Description
1	D	Section - 149, Central Goods And Services Tax Act, 2017
2	B	Section - 171, Central Goods And Services Tax Act, 2017

## Levy of and Exemptions from Customs Duty

- S** 1. The taxable event under the Customs Act, 1962 is:
- (a) import of goods into India/ export of goods from India.
  - (b) supply of goods into India/ supply of goods from India to outside India.
  - (c) sale of goods in India/ sale of goods outside India.
  - (d) manufacture of goods into India for supply outside India.
- S** 2. Which of the following options is/are correct?
- (i) Indian customs waters extend up to 12 nautical miles from the base line.
  - (ii) Indian customs waters extend up to 24 nautical miles from the base line.
  - (iii) Indian customs waters extend up to exclusive economic zone of India.
  - (iv) Indian customs waters include territorial waters and extend up to 200 nautical miles from the base line.
- Choose the most appropriate option.
- (a) Only (ii)
  - (b) (iii) and (iv)
  - (c) (ii) and (iv)
  - (d) Only (iv)
- M** 3. Which of the following is correct for destroyed goods under section 23 of the Customs Act, 1962?
- (a) It is applicable in case of total loss of goods even if same can be recovered.
  - (b) The provisions of this section are also applicable if goods are lost due to pilferage at any time before clearance for home consumption.
  - (c) The provisions of this section are also applicable even if the goods are destroyed at the warehouse.
  - (d) The importer need not prove the loss to the proper officer.
- M** 4. Which of the following statements are incorrect?
- (i) Special exemption under section 25 of the Customs Act, 1962 is granted by issuing a notification.
  - (ii) General exemption under section 25 of the Customs Act, 1962 is granted by issuing an order.
  - (iii) Special exemption is required to be published in official gazette.
  - (v) General exemption is not required to be published in official gazette.

Choose the most appropriate option.

- (a) (i) and (iii)
- (b) (i), (ii), (iii) and (iv)
- (c) (i) and (ii)
- (d) (ii) and (iv)

M 5. Which of the following combinations is correct?

Situation	Consequence
1. Goods pilfered after unloading and before clearance for home consumption	1. Abatement of duty
2. Goods lost or destroyed before clearance for home consumption	2. No liability to pay customs duty
3. Goods damaged or deteriorated before their examination for assessment	3. Remission of duty

- (a) 1 and 1, 2 and 2, 3 and 3
- (b) 1 and 3, 2 and 1, 3 and 2
- (c) 1 and 2, 2 and 3, 3 and 1
- (d) 1 and 2, 2 and 1, 3 and 3

M 6. In which of the following cases, can an importer claim pilferage and choose not to pay duty under section 13 of the Customs Act, 1962 provided the goods are not restored to the importer after pilferage?

- (i) Goods pilfered while on high seas
- (ii) Goods pilfered before unloading
- (iii) Goods pilfered after unloading but before order for home consumption given by proper officer
- (iv) Goods cleared for home consumption

Choose the most appropriate option.

- (a) (i) and (ii)
- (b) (i) and (iii)
- (c) Only (ii)
- (d) Only (iii)

M 7. In which of the following cases, can an importer claim abatement of duty under section 22 of the Customs Act, 1962?

- (i) Goods pilfered during unloading

- (ii) Goods damaged by accident (due to negligence of the importer) after unloading but before examination for assessment by customs authorities
- (iii) Goods destroyed by accident while being removed from the warehouse after clearance for home consumption
- (iv) Goods damaged by accident (not due to negligence of the importer) after unloading but before examination for assessment by customs authorities

Choose the most appropriate option.

- (a) Only (iv)
- (b) Only (iii)
- (c) Both (i) and (iii)
- (d) (i), (ii), (iii) and (iv)

M

8. ABC Ltd. exported certain goods last year. The buyer has sent back those goods since the same were under warranty and required repairs. Which of the following conditions are to be satisfied by ABC Ltd. to avail exemption on goods re-imported for repairs under Notification No. 158/95 Cus dated 14.11.1995?

- (i) ABC Ltd., at the time of importation, executes a bond.
- (ii) Goods must be re-exported within 6 months or 1 year (if time is extended) of the date of re-importation.
- (iii) In case goods are not repaired, new goods are to be sent by ABC Ltd. within 6 months.

Choose the most appropriate option.

- (a) (i) and (iii)
- (b) (i), (ii) and (iii)
- (c) (ii) and (iii)
- (d) (i) and (ii)

D

9. XYZ Ltd. sent certain goods abroad for repairs. XYZ Ltd. has been advised by their consultants that they will have to pay customs duty (i.e. basic customs duty, IGST & GST compensation cess) only on fair cost of repairs, cost of materials used in repairs (whether such costs are actually incurred or not), freight and insurance charges, both ways, on re-import of exported goods under Notification No. 45/2017 Cus dated 30.06.2017 provided they fulfill following conditions:

- (i) The re-importation is done within 3 years from date of export or, if time is extended, within 5 years.
- (ii) The exported and re-imported goods are same.

(iii) The ownership of goods should not have changed. Which one of the above-mentioned conditions is/are correct?

Choose the most appropriate option.

- (a) (i), (ii) and (iii)
- (b) (ii) and (iii)
- (c) (i) and (iii)
- (d) Only (ii)

Q.	Ans.	Description
1	A	Section 12 of the Customs Act, 1962
2	B	Section 2(28) of the Customs Act, 1962
3	C	Section 23 of the Customs Act, 1962
4	B	Section 22 of the Customs Act, 1962
5	C	Section 13, section 22 and section 23 of the CGST Act, 2017
6	D	Section 13 of the Customs Act, 1962
7	A	Section 13 and section 22 of the Customs Act, 1962
8	D	Notification No. 158/95 Cus. dated 14.11.1995 as amended vide Notification No. 60/2018 Cus dated 11.09.2018
9	A	Notification No. 45/2017 Cus. dated 30.06.2017

## Types of Duty

- S** 1. Which of the following duties are excluded while computing social welfare surcharge (SWS)?
- (i) Safeguard duty
  - (ii) Countervailing duty
  - (iii) Social welfare surcharge itself
  - (iv) Anti-dumping duty to protect domestic industry

Choose the most appropriate option.

- (a) (i), (ii), (iii) and (iv)
- (b) (i), (ii) and (iv)
- (c) (i), (iii) and (iv)
- (d) (i), (ii) and (iii)

- M 2. Anti-dumping duty is calculated as follows:
- (a) Higher of margin of dumping or injury margin
  - (b) Lower of margin of dumping or injury margin
  - (c) Higher of export price or normal value
  - (d) Lower of export price or normal value
- M 3. Which of the following statements is false?
- (a) Anti-dumping duty is imposed when any article is exported from any country to India at more than its normal value.
  - (b) Absorption of countervailing duty is said to have taken place if there is a decrease in the export price of an article without any commensurate change in the resale price in India of such article imported from the exporting country or territory.
  - (c) Safeguard duty shall not be imposed on articles originating from developing country if the share of imports of that article from that country  $\leq$  3% of the total imports of that article into India.
  - (d) Central Government may exempt notified quantity of any article, when imported from any country into India, from whole/part of the safeguard duty.
- M 4. Countervailing duty under section 9 of the Customs Tariff Act, 1975 shall not be levied unless it is determined that:
- (i) subsidy relates to export performance.
  - (ii) subsidy relates to use of domestic goods over imported goods in export article.
  - (iii) subsidy is conferred on all persons engaged in the manufacture of articles whether to be exported or to be consumed domestically.
- Choose the most appropriate option.
- (a) (i), (ii) and (iii)
  - (b) Only (iii)
  - (c) (ii) and (iii)
  - (d) and (ii)
- M 5. Which of the following statements is valid under the customs law? (i) Imposition of countervailing duty and anti-dumping duty on an article to compensate for the same situation of dumping. (ii) Imposition of countervailing duty on an article for the reason that same is exempt from duty borne by a like article when meant for consumption in country of origin. (iii) Imposition of anti-dumping duty on articles imported from a member country of WTO on determination that import of such article materially retards the establishment of any industry in India. Choose the most appropriate option.
- (a) (i), (ii) and (iii)
  - (b) (i) and (ii)
  - (c) (i) and (iii)
  - (d) Only (iii)

- D** 6. Countervailing duty under section 9 of the Customs Tariff Act, 1975 shall not be levied unless it is determined that: (i) subsidy relates to export performance. (ii) subsidy relates to use of domestic goods over imported goods in export article. (iii) subsidy is conferred on all persons engaged in the manufacture of articles whether to be exported or to be consumed domestically. Choose the most appropriate option.
- (a) (i), (ii) and (iii)
  - (b) Only (iii)
  - (c) (ii) and (iii)
  - (d) (i) and (ii)

Q.	Ans.	Description
1	A	Social welfare Surcharge Provisions
2	B	Provisions of section 9A of the Customs Tariff Act, 1975
3	A	Provisions of section 8B and 9A of the Customs Tariff Act, 1975
4	D	Section 9 of the Customs Tariff Act, 1975
5	D	Provisions of section 9 and 9A of the Customs Tariff Act, 1975
6	D	Provisions of section 9 of the Customs Tariff Act, 1975

## Classification of Imported and Export Goods

- M** 1. Under the customs law, electric shaving machine is classifiable under following: 8510: Shavers and hair clippers with self-contained electric motors 8509: Electro-mechanical domestic appliances with self-contained electric motor As per rules of classification, electric shaving machine should be classifiable under:
- (a) 8510
  - (b) 8509
  - (c) More information is needed
  - (d) Can be classified under both
- D** 2. Which of the following statements are correct as per the General Rules for the interpretation of import tariff? (i) A durable wooden case specially shaped to contain a musical instrument and presented with the same, shall follow the classification of such musical instrument. (ii) Packing materials presented with the goods therein shall be classified with the goods if they are of a kind normally used for packing such goods provided such packing materials are clearly suitable for

repetitive use. (iii) The heading which provides the most specific description shall be preferred to headings providing a more general description. Choose the most appropriate option.

- (a) (i) and (iii)
- (b) (ii) and (iii)
- (c) (i) and (ii)
- (d) (i), (ii) and (iii)

Q.	Ans.	Description
1	A	Rule 3(a) of General Rules for the interpretation of import tariff
2	A	Rule 5 and rule 3(a) of General Rules for the interpretation of import tariff

## Valuation under the Customs Act, 1962

- M** 1. Which of the following statements is/are not correct for 'identical goods for valuation purposes under the Customs Act, 1962? (i) Identical goods are same in all respects, including physical characteristics, quality and reputation as the goods being valued except for minor differences in appearance that do not affect the value of goods. (ii) Identical goods can be produced in any country. (iii) Identical goods are produced by same person who produced the goods being valued, or where no such goods are available, goods produced by a different person. Choose the most appropriate option.
- (a) (i), (ii) and (iii)
  - (b) (i) and (iii)
  - (c) Only (ii)
  - (d) Only (iii)
- M** 2. For the purposes of rule 7 (Deductive Value) of the Customs (Determination of Value of Imported Goods) Rules, 2007, determine the unit price in greatest aggregate quantity: A Ltd. makes two sales to unrelated buyers. In the first sale, 500 units are sold at a price of Rs. 95. In the second sale, 400 units are sold at a price of Rs. 100.
- (a) Rs. 95
  - (b) Rs. 100
  - (c) Average of Rs. 95 and Rs. 100 i.e.  $(Rs. 95 + Rs. 100)/2 = Rs. 97.5$
  - (d) Data is insufficient to determine the unit price in greatest aggregate quantity



- M** 3. The transaction value of imported goods is not accepted for valuation purposes when: (i) the use of the imported goods by the buyer is subject to the restrictions imposed by the seller which substantially affect the value of goods. (ii) the buyer and seller are not related. (iii) price is not the sole consideration for sale. Choose the most appropriate option.
- (a) (i) and (iii)  
 (b) Only (i)  
 (c) Only (iii)  
 (d) (i), (ii) and (iii)
- M** 4. The relevant date for determining the rate of exchange in case of imported goods is:
- (a) date when the vessel leaves the exporters port for India  
 (b) date of presentation of bill of entry.  
 (c) date of examination of goods by proper officer.  
 (d) date of deposit of duty.
- M** 5. Which of the following statements is not correct in the context of valuation of imported goods?
- (a) Buying commission is not includible in the value of imported goods.  
 (b) Rate of exchange notified by CBIC on date of presentation of bill of entry is to be considered, in case of imported goods.  
 (c) For imports by air, the cost of transport, loading, unloading and handling charges up to place of importation cannot exceed 20% of free on board value of goods.  
 (d) Social welfare surcharge is leviable on basic customs duty, integrated tax and GST compensation cess.
- D** 6. For determining the CIF price of the imported goods, certain additions have to be made to the value of imported goods under rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. If cost of insurance is not ascertainable from the documents submitted before the customs authorities, then such amount is determined as follows: (i) 20% of free on board value of imported goods (ii) 1.125% of free on board value of imported goods (iii) Where free on board value is not ascertainable, but sum of free on board value and cost of transport, loading, unloading and handling charges up to place of importation is ascertainable; then 1.125% of such sum (iv) Where free on board value is not ascertainable, but sum of free on board value and cost of transport, loading, unloading and handling charges up to place of importation is ascertainable; then 20% of such sum. Choose the most appropriate option.
- (a) (i) or (iii)  
 (b) (i) or (iv)  
 (c) (ii) or (iii)

(d) (ii) or (iv)

- D** 7. For valuation purposes under the Customs Act, 1962, which of the following transactions would be considered as having been made between related persons? (i) A foreign company - A Ltd. having a joint venture with Indian company - B Ltd. in the name of AB Ltd., an Indian company. A Ltd. holds 51% shareholding in AB Ltd. The transactions between A Ltd. and AB Ltd. (ii) A foreign company - A Ltd. having a joint venture with Indian company - B Ltd. in the name of AB Ltd. The transactions between A Ltd. and B Ltd. (iii) A Inc., a company in USA, holding 4% of share capital of importer company - B Ltd., an Indian company. The transactions between A Inc. and B Ltd. Choose the most appropriate option.
- (a) (i), (ii) and (iii)  
 (b) (i) and (iii)  
 (c) (i) and (ii)  
 (d) (ii) and (iii)
- D** 8. Certain goods were imported by air. The free on board value of goods is ₹ 100. The cost of transport, loading, unloading and handling charges up to place of importation is ₹ 25. The cost of insurance is ₹ 10. For the purposes of rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, which of the following shall be added to the value of imported goods?
- (a) Cost of transport, loading, unloading and handling charges - ₹ 25; and Cost of insurance - ₹ 10  
 (b) Cost of transport, loading, unloading and handling charges - ₹ 25; and Cost of insurance - ₹ 1.125  
 (c) Cost of transport, loading, unloading and handling charges - ₹ 20; and Cost of insurance - ₹ 1.125  
 (d) Cost of transport, loading, unloading and handling charges - ₹ 20; and Cost of insurance - ₹ 10

Q.	Ans.	Description
1	C	Rule 2(1)(d) of the Valuation (Determination of Value of Imported Goods) Rules, 2007
2	A	Customs (Determination of Value of Imported Goods) Rules, 2007
3	A	Section 14 of the Customs Act, 1962
4	B	Clause (a) of the explanation to section 14 of the Customs Act, 1962
5	D	Rule 10(1) and 10(2) of the Valuation (Determination of Value of Imported Goods) Rules, 2007, clause (a) of the explanation to section 14 of the Customs Act, 1962 and Notification No. 13/2018-Cus dated 02.02.2018
6	C	Rule 10(2) of the Valuation (Determination of Value of Imported Goods) Rules, 2007
7	C	Rule 2(2) of the Valuation (Determination of Value of Imported Goods) Rules, 2007
8	D	Rule 10(2) of the Valuation (Determination of Value of Imported Goods) Rules, 2007

## Importation and Exportation of Goods

M 1. Outline the stepwise procedure of import of goods into India.

- (i) Grant of entry inwards to vessel
- (ii) Filing of Import General Manifest
- (iii) Unloading of goods
- (iv) Assessment of goods
- (v) Filing of Bill of Entry
- (vi) Payment of duty

Choose the most appropriate option.

- (a) (i), (ii), (iii), (iv), (v), and (vi)
- (b) (ii), (iii), (i), (iv), (v), and (vi)
- (c) (iii), (ii), (i), (vi), (v), and (iv)
- (d) (ii), (i), (iii), (v), (iv) and (vi)

Ans: (D)

2. Ms. Paarvati, an Indian resident who was on a visit to USA, returned after 1 year for contesting in assembly elections of her State. She was carrying with her the following items:

- i. Personal effects ₹ 59,000
- ii. Laptop computer ₹ 37,000
- iii. Jewellery - 25 grams (purchased in USA) ₹ 67,000
- iv. Music system ₹ 1,25,000

Compute the customs duty payable by Ms. Paarvati with reference to the Baggage Rules, 2016. Ignore Agriculture Infrastructure and Development Cess. (RTP May 2024 MCQ)

- (a) ₹ 28,875
- (b) ₹ 54,670
- (c) ₹ 68,915
- (d) ₹ 43,120

Ans: (A)

## Warehousing

M 1. What is the relevant date for determining rate of duty in case of warehoused goods cleared for home consumption?

- (a) Date of presentation of into-bond bill of entry
- (b) Date of presentation of ex-bond bill of entry i.e. bill of entry for home consumption

- (c) Date of payment of duty
- (d) Date of import of goods into India

**Ans: (B)** - Description :Section 15 of the Customs Act, 1962

## Refund under Custom

M

1. In which of the following cases, the refund under section 27 of the Customs Act, 1962 is credited to the consumer welfare fund?
- (a) If the importer proves that there is no unjust enrichment.
  - (b) Where goods are imported for non-personal use of an individual and he could not prove that there is no unjust enrichment
  - (c) If the amount of refund relates to drawback of duty under sections 74 and 75 of the Customs Act, 1962.
  - (d) If the amount relates to the duty paid in excess (as evident from the bill of entry in case of self-assessed bill of entry) by the importer before an order permitting clearance of goods for home consumption is made.

D

2. Which of the following statements are incorrect in relation to refund provisions under the Customs Act, 1962?
- (i) Interest on delayed refund is payable to the applicant only if duty ordered to be refunded is not refunded within 3 months from the date of receipt of refund application.
  - (ii) If imports were made by an individual for his personal use, the amount of duty found refundable, is paid to the applicant instead of being credited to the Consumer Welfare Fund.
  - (iii) Application for refund has to be made within 1 year of payment of duty where duty is paid under protest.
  - (iv) Doctrine of unjust enrichment is applicable if refund of duty is relatable to drawback of duty payable under sections 74 and 75.

Choose the most appropriate option.

- (a) (i) and (iv)
- (b) (i) and (ii)
- (c) (iii) and (iv)
- (d) (ii), (iii) and (iv)

Q.	Ans.	Description
1	B	Section 27 of the Customs Act, 1962
2	C	Section 27 and 27A of the Customs Act, 1962

## Foreign Trade Policy

D

1. Which of the following privileges are granted to the Status Holders as per Foreign Trade Policy 2023?

- (i) Authorisation and custom clearances for both imports and exports may be granted on self-declaration basis.
- (ii) Two Star Export Houses and above are permitted to establish export warehouses.
- (iii) Input-Output norms may be fixed on priority within 7 days by the Norms Committee.
- (iv) Exemption from furnishing of bank guarantee in Schemes under FTP.

Choose the most appropriate option.

- (a) (i), (ii) and (iv)
- (b) (i), (ii) and (iii)
- (c) (i), (ii), (iii) and (iv)
- (d) (i) and (ii)

Ans: (A)



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## Case Scenario MCQs

### Case Scenario 1

SR Associates is a partnership firm registered under GST in the State of Rajasthan. In the month of July, following transactions were made by SR Associates:

- (a) Purchase of commodity X on 1st July from registered person for an amount of Rs. 5,00,000 at the rate of Rs. 1000 per tonne from the open market. The said commodity was deposited in the warehouse of NCDEX Ltd. (an agricultural commodity exchange) in Rajasthan as a security against transactions entered by SR Associates on the same day.
- (b) In order to hedge the aforesaid transaction, on 1st July, SR Associates undertook a derivative sale transaction in futures contract for the month of August at NCDEX at the rate of Rs. 1,100 per tonne.
- (c) SR Associates took subscription for an AI (Artificial Intelligence) based platform from an unrelated party, ABC Inc (a company based in US) to get real time updates on the pricing of commodity X in the international market. ABC Inc charged Rs. 50,000 for such subscription. The invoice was issued to SR Associates on 1st July, but the payment was made to ABC Inc on 20th August.
- (d) NCDEX charges rent from SR Associates at the rate of Rs. 10,000 per month and service charges at the rate of Rs. 20,000 per month.
- (e) On the date of expiry of future contract of the month of August, i.e. 31st August for commodity X, the rate of commodity X was Rs. 900 per tonne. SR Associates squared off the contract (without physical delivery) for the month of August at the same rate.
- (f) NCDEX charged brokerage on the transactions (both purchase and sale of derivative contract separately) at the rate of Rs. 5,000 per contract from SR Associates in the month when such transaction was entered and when such transaction was squared off.
- (g) On the purchase of commodity X, additional levy in form of Mandi Tax was applicable at the rate of Rs. 10 per tonne which is not included in the rate per tonne under point (a) above.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of input tax credit for the relevant tax period of SR Associates is Nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the months of July and August.

GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

- (i) Intra-State supply - 9% CGST and 9% SGST
- (ii) Inter-State supply - 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer:-

1. Compute the taxable value of inward supply of commodity X for SR Associates in the month of July.
  - (a) Rs. 5,00,000
  - (b) Rs. 5,50,000
  - (c) Rs. 5,55,000
  - (d) Rs. 5,05,000
  
2. Compute the value of outward supply made by SR Associates in the month of August.
  - (a) Nil
  - (b) Rs. 5,55,000
  - (c) Rs. 5,60,000
  - (d) Rs. 5,00,000
  
3. What is the time of supply for subscription of AI based platform by SR Associates?
  - (a) July 1
  - (b) August 31
  - (c) August 20
  - (d) July 31
  
4. Compute the net GST payable in cash by SR Associates for the month of August.
  - (a) Nil
  - (b) Rs. 2,700
  - (c) Rs. 81,000
  - (d) Rs. 9,000

Q.	Ans.	
1	D	Rs. 5,05,000
2	A	Nil
3	C	August 20
4	D	Rs. 9,000

## Case Scenario 2

Disha Enterprise Pvt Ltd. is a financial service company having its offices in Kolkata, West Bengal and Mumbai, Maharashtra. The company is registered under GST in both the States. The company operates through two segments (a) banking services and (b) advisory & consulting services.

The aggregate turnover of the company during the previous year was (i) Rs. 80 lakh in West Bengal & (ii) Rs. 60 lakh in Maharashtra.

The bouquet of services provided under each of the two segments are as follows:

Banking services	Advisory & consulting services
Recovery agent services	Company/LLP/Society formation
	Return filing
Direct Selling Agent (DSA) services (sale of banking products)	Detailed Project Report (DPR) preparation
	Business promotion/ product marketing/ exhibition etc.

The company has carried out following transactions during the month of September:

(Amount in Rs. excluding GST)

Particulars	Kolkata office	Mumbai office
Sale and purchase of foreign currency in course of business	Refer Note 3	Refer Note 3
Amount received from Devidas Private Limited. It has sponsored the business exhibition organized by Disha Enterprise Pvt Ltd.	90,000	70,000
Commission received as DSA from ICIDI Bank for opening bank account/credit card & loan products	48,000	50,000
Commission received from private banks for acting as recovery agent	1,20,000	1,50,000
Professional fee received for the formation of a company/LLP/society	80,000 [Refer Note 2]	40,000
Professional fee received for GST/ TDS return filing	65,000	75,000
Participation fee received from customers for the business exhibition organised by the company	50,00,000 (held in Russia) [Refer Note 1]	4,00,000 (held at Chennai) [Refer Note 1]
Legal fee paid to Mr. Sundaram - an advocate	10,000	15,000
Payment made for security services (by way of supply of security personnel) received	25,000 (Globe Security Pvt Ltd.)	25,000 (M/s X & Co, a partnership firm, registered under GST)



**Notes:**

- 1) The participation fee of Rs. 50,00,000 received by the company is in respect of a business exhibition organized at St. Petersburg, Russia under the theme "Indian Traditional Fair" in which 10 Indian companies (all registered under GST) had participated. A participation fee of Rs. 5 lakh from each Indian company was collected for providing them a stall, furniture & other amenities at St. Petersburg, Russia.  
The participation fee of Rs. 4,00,000 is in respect of a business exhibition organized by the company at Chennai, in which 100 Indian companies had participated.
- 2) Out of the professional fee of Rs. 80,000 received by Kolkata office for the formation of a company/LLP/society, Rs. 15,000 was towards reimbursement claimed from client. It was separately mentioned in the invoice indicating that it was deposited with registrar of companies (ROC).
- 3) Following purchase & sale of foreign currency was made by the company during the month of September:
  - a) Kolkata office had purchased USD 10,000 from M/s Moneywise (a FOREX dealer) @ Rs. 73 per USD on 10th September. The RBI reference rate on that day was Rs. 74 per USD.
  - b) Mumbai office had sold USD 5,000 to M/s Money Matters (a FOREX dealer) on 15th September @ Rs. 73.20 per USD. RBI reference rate for USD on that day is not available.
- 4) In an order dated 14th September issued to Disha Enterprise Pvt Ltd., the Joint Commissioner of CGST, Mumbai has raised a demand of Rs. 600 crore on Mumbai office in respect of an inter-State supply transaction. The company is disputing the entire demand & wants to file an appeal before the Appellate Authority against the order of Joint Commissioner.
- 5) The Kolkata office of the company had received Rs. 1 lakh on 22nd April as an advance from Ganesh Flour Mill Pvt Ltd., a client, for preparation of DPR. However, tax collected on the same from the client has not yet been deposited with the Central Government since 4 months.

All the amounts given above are exclusive of GST wherever applicable (unless otherwise specified). There is no other outward or inward supply transaction apart from the aforesaid transactions in the relevant period. Disha Enterprise Pvt Ltd. is not an authorised FOREX dealer.

Based on the facts of the case scenario given above, choose the most appropriate answer.

1. Determine the value of taxable supply in respect of sale and purchase of foreign currency by Kolkata office and Mumbai office of the company as per rule 32(2)(a) of the CGST Rules, 2017.
  - (a) Kolkata office Rs. 7200, Mumbai office Rs. 3,660
  - (b) Kolkata office Rs. 10,000, Mumbai office Rs. 3,660
  - (c) Kolkata office Rs. 7,20,000, Mumbai office Rs. 3,66,000
  - (d) Kolkata office Rs. 7,30,000, Mumbai office Rs. 3,66,000

2. The value of taxable supply received by Mumbai office in the month of September on which tax is payable under reverse charge is \_\_\_\_\_.
  - (a) Rs. 15,000
  - (b) Rs. 25,000
  - (c) Rs. 40,000
  - (d) Rs. 2,70,000
  
3. The value of taxable outward supply made by Kolkata office in the month of September on which Disha Enterprise Pvt Ltd. is liable to pay tax under forward charge is \_\_\_\_\_.
  - (a) Rs.1,78,000
  - (b) Rs. 2,78,000
  - (c) Rs. 2,65,000
  - (d) Rs. 1,13,000
  
4. The maximum amount of pre-deposit that Disha Enterprise Pvt. Ltd. can be asked to deposit under the IGST Act, 2017 for filing of an appeal before the Appellate Authority is \_\_\_\_\_.
  - (a) Rs. 30 crores
  - (b) Rs. 60 crores
  - (c) Rs. 25 crores
  - (d) Rs. 50 crores
  
5. The maximum penalty prescribed under section 122 of the CGST Act, 2017 for failure of Kolkata Office to deposit the tax collected on the advance received from Ganesh Flour Mill Pvt Ltd. is \_\_\_\_\_.
  - (a) Rs. 50,000
  - (b) Rs. 25,000
  - (c) Rs. 10,000
  - (d) Rs. 10,000 or tax evaded, whichever is higher

Q.	Ans.	
1	B	Kolkata office Rs. 10,000, Mumbai office Rs. 3,660
2	C	Rs. 40,000
3	A	Rs.1,78,000
4	D	Rs. 50 crores
5	D	Rs. 10,000 or tax evaded, whichever is higher

## Case Scenario 3

Aspire Solutions Private Limited (hereinafter referred to as 'Aspire Solutions') is engaged in providing multidimensional services to its clients through its office in Haryana, registered under GST. During the month of July, following transactions were undertaken by Aspire Solutions:

- (i) Import of certain cloud services from Bizcart.com for an amount of Rs. 50,00,000. There is an additional charge of 2% as equalisation levy on such services in India which is recovered from the offshore service supplier by the Government. Bizcart.com passes the taxes to its customers by charging them, as its internal policy.
- (ii) Aspire Solutions pays sitting fee of Rs. 25,000 each to its 4 directors per month. Further, there are two directors who are in the executive roles and are withdrawing Rs. 2,00,000 each per month as salary from the company and the applicable TDS amount, under section 192 of the Income-tax Act, 1961, is deducted from such salary.
- (iii) Aspire Solutions paid for life insurance of its employees in compliance of its internal policy. The total amount of premium paid for 20 employees was Rs. 5,00,000.
- (iv) Aspire Solutions provided consultancy services to its client, Zoom Corp. based in Bangalore and issued an invoice of Rs. 30,00,000.
- (v) Empowering India is a non-government organisation located in Haryana. It aims at empowering the eligible companies to grow their business in India. Aspire Solutions, being one of the eligible companies, received a subsidy of Rs. 5,00,000 in lumpsum from Empowering India for the month of July.
- (vi) Aspire Solutions provided sponsorship services to Mr. X, an individual, for an event organised by it in the State of Haryana. The amount agreed for such sponsorship services is Rs. 5,00,000.

All the amounts given above are exclusive of GST unless otherwise provided. There is no other outward or inward supply transaction apart from aforesaid transactions in the month of July.

The opening balance of input tax credit for the relevant tax period for the company is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies at the following rates:

- i. Intra-State supply - 9% CGST and 9% SGST
- ii. Inter-State supply - 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer.

1. Liability to pay GST for cloud services procured by Aspire Solutions from Bizcart.com shall be:
  - (a) on Bizcart.com since the services are online information and database access or retrieval services and GST of Rs. 9,00,000 shall be paid by Bizcart.com.
  - (b) nil. There will not be any GST liability on the transaction since Bizcart.com is located outside India and services are provided electronically.
  - (c) on Bizcart.com under forward charge and GST of Rs. 9,18,000 shall be paid by Bizcart.com.
  - (d) on Aspire Solutions under reverse charge and GST of Rs. 9,18,000 shall be paid by Aspire Solutions.
  
2. Aspire Solutions seek your advice on the taxability of the sitting fee payable to directors and salary payable to the executive directors. The correct advice is:
  - (a) Sitting fees paid to the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.
  - (b) Total amount payable to directors (sitting fees as well as salary) is exempt from GST.
  - (c) Total amount payable to directors (sitting fees as well as salary) is liable to GST under reverse charge in hands of Aspire Solutions.
  - (d) Total amount payable to directors (sitting fees as well as salary) is liable to GST under forward charge in the hands of the directors as professional income.
  
3. What shall be the amount of input tax credit available with Aspire Solutions for the month of July?
  - (a) Rs. 10,26,000
  - (b) Rs. 11,16,000
  - (c) Rs. 9,36,000
  - (d) Rs. 1,96,000
  
4. Compute the value of outward supplies made by Aspire Solutions in the month of July.
  - (a) Rs. 30,00,000
  - (b) Rs. 25,00,000
  - (c) Rs. 35,00,000
  - (d) Rs. 40,00,000
  
5. Compute the amount of GST to be deposited in cash by Aspire Solutions for the month of July.
  - (a) Nil
  - (b) Rs. 7,20,000
  - (c) Rs. 9,36,000
  - (d) Rs. 14,76,000

Q.	Ans.	
1	D	on Aspire Solutions under reverse charge and GST of Rs. 9,18,000 shall be paid by Aspire Solutions.
2	A	Sitting fees paid to the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.
3	C	Rs. 9,36,000
4	C	Rs. 35,00,000
5	C	Rs. 9,36,000

### Case Scenario 4

ABC Ltd. is a Public Sector Undertaking (PSU) engaged in the business of generation of electricity from conventional & non-conventional sources. The Government of India holds 75% equity in the said company & balance equity is held by institutional and domestic investors. The company has taken separate registration under GST in each State where it has business operations. The company has its head office (HO) in Delhi & its power plants are located in the States of Bihar, Odisha & Chhattisgarh.

Following transactions were carried out by the company during the month of February:

Particulars	Delhi H. O	Bihar plant	Odisha plant	Chhattisgarh plant
Sale of electrical energy to DISCOM	-	2,50,00,000	3,50,00,000	4,50,00,000
Bank interest received on saving bank account & fixed deposit	18,00,000	3,00,000	5,00,000	8,00,000
House rent recovered from the employees (unregistered) for residential accommodation provided to them	55,000	30,000	25,000	40,000
Rent collected from bank, ATM, post office & shops located in office premises	48,000	15,000	12,000	16,000
Sale of iron/ metal scrap (excluding TCS @ 1% as per the Income-tax Act, 1961)	-	85,000	45,000	65,000
Other Income	2,50,000	-	-	45,000

In addition to above information, following transactions were also carried out during the month of February:

- 1) A supply order for stationery items was awarded by Delhi H.O. to M/s Stationery Mart, New Delhi for Rs. 3,36,000 (including GST @ 12%) in January.

The vendor supplied stationery items worth Rs. 44,800 (including GST@ 12%) & issued the tax invoice in February. Delhi H.O. had made the payment of the said bill in February by crediting the

vendor's account for that amount on the same date in its books. The remaining amount was paid in April on supply of balance items.

- 2) Odisha plant purchased office furniture for Rs. 2,80,000 during February from an unregistered dealer. Rate of GST on said furniture item is 18%.
- 3) A Board meeting for raising term loan for project expansion was held in February. The Delhi H.O. paid Rs. 20,000 each as sitting fee to 4 independent directors who attended the meeting.
- 4) For safety & security of its H.O. & power plants, the company has engaged private security as well as CISF (Central Industrial Security Force). Following payments were made in February, in respect of bills issued in the month of January:

Particulars	Delhi H.O.	Bihar plant	Odisha plant	Chhattisgarh plant
CISF	---	10,00,000 (paid on 7 <sup>th</sup> February)	8,00,000 (paid on 15 <sup>th</sup> February)	14,00,000 (paid on 5 <sup>th</sup> February)
ABS Security Services Pvt Ltd.	5,00,000 (paid on 11 <sup>th</sup> February)	-	-	-

- 5) The Bihar plant purchased a machinery in February from M/s Sahoo Enterprises, Patna (not registered under GST) for Rs. 86,000. Full payment was made in February. Rate of GST on the said machinery is 18%.

All the amounts mentioned above are excluding GST, wherever applicable (unless otherwise specified).

Based on the facts of the case scenario given above, choose the most appropriate answer.

1. The value of taxable supply on which GST is payable by Delhi H.O. under forward charge, for the month of February is \_\_\_\_\_.
  - (a) Rs. 21,78,000
  - (b) Rs. 2,98,000
  - (c) Rs. 22,33,000
  - (d) Rs. 3,78,000
2. The value of taxable inward supply on which GST shall be payable under reverse charge by Bihar power plant is \_\_\_\_\_.
  - (a) Rs. 11,80,000
  - (b) Rs. 10,00,000
  - (c) Rs. 10,86,000
  - (d) Rs. 10,30,000

3. The value of supply on which TDS under section 51 of the CGST Act, 2017 shall be deducted by Delhi H.O. while making payment to M/s Stationery Mart in February is \_\_\_\_\_.
- (a) Rs. 40,000
  - (b) Rs. 44,800
  - (c) Rs. 3,00,000
  - (d) TDS is not applicable since payment made in February is less than Rs. 2,50,000.

Q.	Ans.	
1	B	Rs. 2,98,000
2	B	Rs. 10,00,000
3	A	Rs. 40,000

### Case Scenario 5

Supernova India Limited is a 100% subsidiary of Supernova LLC, Japan, registered under GST in the State of Gujarat. Supernova Inc., Singapore, is another subsidiary of Supernova LLC, Japan, and is engaged in supply of industrial goods to customers across the world.

In India, Supernova Inc., Singapore, sells the goods to a sub-contractor registered under GST in the name of Alpha Limited in the State of Maharashtra. Alpha Limited imports the goods sold by Supernova Inc., Singapore and carries out the required technical process on such goods in the factory located in Maharashtra.

After processing of goods by Alpha Limited, the goods are sold by Alpha Limited to Supernova India Limited for further sales to end customers.

As a holding company, Supernova LLC, Japan, recovers an amount equivalent to 20% of the sales made by Supernova India Limited as commission on monthly basis.

During the month of January, Alpha Limited imported the goods worth Rs. 10,00,000 from Supernova Inc., Singapore. The inter-State purchases of Alpha Limited from domestic market amounted to Rs. 2,00,000 during the month of January. The value of processed goods sold by Alpha Limited to Supernova India Limited amounted to Rs. 10,00,000. Further, Supernova India Limited paid an additional amount equivalent to Rs. 2,00,000 for transportation and handling of goods to third party (a Goods Transport Operator), which was contractually agreed to be paid by Alpha Limited. Alpha Limited has also charged an amount equivalent to Rs. 12,000 on such processed goods as miscellaneous municipal levy (other than GST) payable in the State of Maharashtra.

Supernova India Limited sold the goods purchased from Alpha Limited in the month of January as per the details provided below:

- 1) Rs. 6,00,000 worth goods to X Ltd, a customer located in the State of Rajasthan

2) Rs. 8,00,000 worth goods to Y Ltd, a customer located in the State of Gujarat

There is no opening stock and closing stock for the month of January with Supernova India Limited. In February, Supernova India Limited sent 5 of its employees of finance team to Singapore for training purpose. The training was given by Supernova Inc., Singapore, at its office located in Singapore. The expenses related to such training were paid by Supernova India Limited to Supernova Inc., Singapore. Further, an employee of Supernova India Limited had visited the manufacturing unit of Alpha Limited in Mumbai, Maharashtra and had stayed in the hotel located in Mumbai, Maharashtra, in the month of February. At the time of checkout from hotel, the invoice was issued for an amount equivalent to Rs. 1,00,000. The hotel had issued invoice in the name of Supernova India Limited and GST was charged at rate of 14% CGST and 14% SGST on total invoice amount of Rs. 1,00,000. Out of such amount, the amount recoverable from the employee towards non-official stay by Supernova India Limited was Rs. 50,000.

Fun Events Ltd., an event management company, located and registered at New Delhi, had organized a cultural event in the month of February for Supernova India Limited, in Mauritius.

The opening balance of input tax credit of both Alpha Limited as well as Supernova India Limited for the relevant tax periods is nil. Further, there is no other inward or outward supply transaction for Alpha Limited in January and February apart from the aforementioned transactions. Subject to the information given above, assume that all other conditions necessary for availing ITC have been fulfilled.

All the above transactions are exclusive of GST, wherever applicable. GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

- i. Intra-State supply - 9% CGST and 9% SGST
- ii. Inter-State supply - 18% IGST

The rate of basic customs duty on import of goods is nil. However, IGST is applicable on import of goods. No additional duty or cess is applicable on the import of goods or services.

Based on the facts of the case scenario given above, choose the most appropriate answer.

1. The total GST liability net of input tax credit, if any, of Alpha for the month of January is:
  - (a) Rs. 2,18,160 payable as IGST.
  - (b) nil.
  - (c) Rs. 2,160 payable as IGST.
  - (d) Rs. 1,09,080 payable as CGST and Rs. 1,09,080 payable as SGST.
  
2. What shall be the gross IGST liability i.e. without any adjustment of input tax credit, if any, of Supernova India Limited for the month of January?
  - (a) Rs. 1,08,000
  - (b) Nil



- (c) Rs. 1,58,400
- (d) Rs. 33,840

3. How shall the amount paid towards the training expenses of employees of finance team of Supernova India Limited be treated under the GST law?
- (a) No GST is applicable on the transaction since training was imparted in Singapore, i.e. place outside India.
  - (b) GST is applicable on the training expenses and is payable as IGST by Supernova India Limited since the place of supply for training services in case of registered person is location of such registered person.
  - (c) Supernova Inc., Singapore, is required to obtain registration as casual taxable person in India and discharge the GST liability in India.
  - (d) Supernova Inc., Singapore, is required to obtain registration as online information and database access or retrieval service provider in India and discharge the tax liability on training service.
4. Whether input tax credit is available on the GST paid by Supernova India Limited on the invoice amounting to Rs. 1,00,000 to the hotel located in Mumbai, Maharashtra, for stay of the employee? If yes, please specify the amount of input tax credit available.
- (a) Yes, as Rs. 14,000 CGST and Rs. 14,000 SGST
  - (b) Yes, as Rs. 28,000 IGST
  - (c) Input tax credit is not available
  - (d) Yes, as Rs. 7,000 CGST and Rs. 7,000 as SGST
5. Whether GST is applicable on the event organized by Fun Events Ltd. for Supernova India Limited in Mauritius and what is the place of supply in such case?
- (a) GST is applicable and the place of supply is New Delhi.
  - (b) GST is applicable and the place of supply is Gujarat.
  - (c) GST is not applicable and the place of supply is Mauritius.
  - (d) GST is applicable and the place of supply is Mauritius.

Q.	Ans.	
1	C	Rs. 2,160 payable as IGST.
2	C	Rs. 1,58,400
3	A	No GST is applicable on the transaction since training was imparted in Singapore, i.e. place outside India.
4	C	Input tax credit is not available
5	B	GST is applicable and the place of supply is Gujarat.

## Case Scenario 6

Mr. Ashok, proprietor of M/s Office-Linc Enterprises, is engaged in trading of office stationery items in its stationery store located at Salt Lake City, Kolkata. The said store is taken on lease from Kolkata Municipal Corporation (KMC).

During the previous financial year, the turnover of M/s Office-Linc Enterprises was Rs. 14 lakh. Mr. Ashok supplies goods within the State of West Bengal only, but purchases stationery items mostly from Delhi & Mumbai. He owns a duplex house in New Town, Kolkata. He stays on the ground floor & has let out the first floor to an employee of IDICI Bank, registered in Delhi for residential purposes. The rent for the same is paid by IDICI Bank to Mr. Ashok.

During the current financial year, he applied for GST registration on voluntary basis on 2nd April, 2023 and the registration was granted to him w.e.f. 9th April, 2023.

The details of his stock position during current financial year is as under:

Particulars	Delhi H.O.	Bihar plant
Office stationery items purchased from a registered dealer	Rs. 1 lakh	Rs. 1 lakh
Books, periodicals, journals, newspaper, maps etc.	Rs. 0.20 lakh	Rs. 0.30 lakh

The details of transactions carried out by Mr. Ashok during the current financial year is furnished hereunder:

Particulars	1 <sup>st</sup> April, 2023 to 8 <sup>th</sup> April, 2023 (Rs. in lakh)	9 <sup>th</sup> April, 2023 to 31 <sup>st</sup> March, 2024 (Rs. in lakh)
Sale of office stationery items (Intra-State supply to registered person)	3	84
Sale of office stationery items (Intra-State supply to unregistered person)	2	14
Legal fees paid to advocate	-	0.10
Purchase of stationery items (Intra-State supply received from registered person)	3	74
Purchase of furniture for use in own office (from an unregistered dealer of Kolkata)	-	1
Purchase of stationery items from a registered dealer of Delhi	1	18
Lease rent of the stationery store paid to Kolkata Municipal Corporation (KMC)	-	1.20
Transportation charges paid to M/s Gati Transporters, a GTA who has not exercised the option to pay tax itself (tax is payable @ 5%)	0.10	1.50
Interest paid on borrowings from BBI Bank	0.20	1.80
Accrued interest on Fixed deposit with BBI Bank	-	0.16
Rent received from IDICI Bank for its employee	-	2.40

Mr. Ashok went to Mumbai, Maharashtra for a business meeting in February, 2023 and stayed in Hotel Blue Pines for a week. Hotel charged Rs. 1,00,000 (taxable value) for the stay.

All the amounts given above are exclusive of GST, wherever applicable, unless otherwise provided. Assume that there is no other outward or inward supply transaction apart from aforesaid transactions in the current financial year. GST is applicable on all inward and outward supplies, except on services of transportation of goods, at the following rates:

- i. Intra-State supply - 6% CGST and 6% SGST
- ii. Inter-State supply - 12% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer.

1. The value of outward supply tax on which is payable by Mr. Ashok for the current financial year is \_\_\_\_\_.
  - (a) Rs. 98 lakh
  - (b) Rs. 100.40 lakh
  - (c) Rs. 102.40 lakh
  - (d) Rs. 108 lakh
2. Which of the following statements is correct in terms of the facts of the case scenario given above?
  - (a) Mr. Ashok cannot opt to pay tax in the FY - 2024-25 under composition scheme under section 10(1) and 10(2) of the CGST Act, 2017.
  - (b) Mr. Ashok is entitled to take the ITC of inputs held in stock on 1st April, 2023.
  - (c) Mr. Ashok shall be liable to pay GST under reverse charge under section 9(4) of the CGST Act during the current financial year in respect of purchases made from unregistered persons.
  - (d) Mr. Ashok is entitled to take the ITC of inputs held in stock on 8th April, 2023.
3. The value of supply on which Mr. Ashok is liable to pay GST under reverse charge for the current financial year is \_\_\_\_\_.
  - (a) Rs. 1,60,000
  - (b) Rs. 2,80,000
  - (c) Rs. 1,30,000
  - (d) Rs. 2,70,000

4. Which of the following inward supply is not subject to payment of tax under reverse charge mechanism?

- (i) Shop rent paid to KMC
- (ii) Legal fee paid to advocate
- (iii) Purchase of stationery items from unregistered person
- (iv) Transportation charges paid to M/s Gati Enterprises

Choose the most appropriate option.

- (a) (i) and (ii)
- (b) (iii)
- (c) (ii) and (iii)
- (d) (i) and (iii)

5. Whether input tax credit is available on the GST paid by Mr. Ashok on the taxable value of Rs. 1,00,000 charged by Hotel Blue Pines located in Mumbai, Maharashtra, for his stay? If yes, please specify the amount of input tax credit available.

- (a) Yes, Rs. 3,000 - CGST and Rs. 3,000 - SGST
- (b) Yes, Rs. 12,000 - IGST
- (c) Yes, Rs. 6,000 - CGST and Rs. 6,000 - SGST
- (d) No input tax credit is available.

Q.	Ans.	
1	A	Rs. 98 lakh
2	D	Mr. Ashok is entitled to take the ITC of inputs held in stock on 8th April, 2023.
3	D	Rs. 2,70,000
4	C	(ii) and (iii)
5	D	No input tax credit is available.



**RTP May 24 - Case scenario**

Please Note: These RTP Case scenarios are also included by ICAI in Bos MCQs.

**RTP Case scenario - I**

Dhairya Limited, India, a registered supplier under GST in the State of Kerala, is engaged in supplying goods and services. Dhairya Inc., San Francisco, USA, is a subsidiary of Dhairya Limited, India and is engaged in supply of information technology services to customers in USA. Dhairya Limited, India has undertaken following transactions during the month of April:

<b>Particulars</b>	<b>Amount (₹)</b>
Supplied large paper rolls to Ford Mount School, Bengaluru (Karnataka), for printing of question papers. As directed by the school, Dhairya Limited delivered the paper rolls at a printing press located in Trivandrum, Kerala.	15,00,000
Bond amount recovered from the outgoing Managing Director (residing in Kerala) of Dhairya Limited since he had left the employment before contracted period.	2,50,000
Supplied steel sheets in the territorial waters* to Dhruvank Builders. *Located at a distance of 12 nautical miles from the baseline of Kerala and 15 nautical miles from the baseline of Tamil Nadu.	6,00,000
Received an advance for future supplies of goods from a customer based in Kerala	2,10,000
Received an advance for future supplies of services from a customer based in Kerala	4,90,000
Computer (used for business purpose & on which no ITC has been taken yet) given free of cost to unrelated person based in Kerala [Purchased 2 years' back at a price of ₹ 1,12,100 (including GST). Open market value is ₹ 75,000.]	Nil

Dhairya Limited provided the following additional information for the month of April:

- (i) The company paid the sitting fee of ₹ 6,00,000 to an independent director, based at Cochin, Kerala, for attending meetings.
- (ii) Room charges of ₹ 2,25,000 were paid to Hillwoods Hotel located in Mumbai, Maharashtra for stay of the CEO of the company on a business trip.

- (iii) The company availed the services of an Arbitral Tribunal in Cochin, Kerala to settle a business dispute and paid ₹ 7,00,000.
- (iv) Salary of ₹ 15,00,000 was paid to employees on payroll.
- (v) The company purchased a new machinery from a dealer based in Cochin, Kerala for ₹ 12,00,000. Depreciation has been claimed under the Income-tax Act, 1961 on the same including on all applicable taxes.

In the month of May, Dhairya Limited sent a team of 25 employees to San Francisco for receiving the training in emerging information technologies. The training was given by Dhairya Inc., USA, at its office located in San Francisco. The expenses related to such training were paid by Dhairya Limited to Dhairya Inc., USA.

Further, Dhoom Events Ltd., an event management company, located and registered at Karnataka, had organized a cultural event in the month of May for Dhairya Limited, in Dubai. Dhairya Limited paid a sum of ₹ 10,00,000 to Dhoom Events Ltd. for the same.

Notes -

- (A) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services, wherever applicable.
- (B) All the amounts given above are exclusive of taxes, wherever applicable.
- (C) The opening balance of input tax credit for the relevant tax periods of Dhairya Limited, India is Nil.
- (D) Assume that there is no other outward or inward transaction apart from aforesaid transactions, in the months of April and May.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below: -

1. Which of the following activities/transactions undertaken by Dhairya Limited do not amount to supply?
- (i) Supply of steel sheets in territorial waters
  - (ii) Computer being used for business purpose given free of cost to unrelated person
  - (iii) Supply of paper rolls for printing of question papers to Ford Mount Senior Secondary School
  - (iv) Recovery of bond amount from the outgoing Managing Director

Choose the most appropriate option.

- (a) (ii) and (iv)
- (b) (ii), (iii) and (iv)
- (c) (i), (iii) and (iv)

(d) (i), (ii) and (iii)

2. Which of the inward supplies received by Dhairya Limited in the month of April are taxable under reverse charge?

- (i) Services received from the independent director
- (ii) Accommodation services received from Hillwoods Hotel, Mumbai
- (iii) Services of the Arbitral Tribunal
- (iv) New machinery purchased from the dealer based in Cochin
- (v) Salary paid to employees on payroll

Choose the most appropriate option.

- (a) (ii) and (v)
- (b) (ii), (iii) and (iv)
- (c) (i), (iii) and (v)
- (d) (i) and (iii)

3. Compute the total GST payable on outward supplies before setting off of ITC for the month of April by Dhairya Limited.

- (a) CGST - ₹ 1,03,050, SGST - ₹ 1,03,050 and IGST - ₹ 2,70,000
- (b) CGST - ₹ 98,100, SGST - ₹ 98,100 and IGST - ₹ 2,70,000
- (c) CGST - ₹ 1,35,000, SGST - ₹ 1,35,000
- (d) CGST - ₹ 98,100, SGST - ₹ 98,100

4. Compute the total ITC admissible to Dhairya Limited for the month of April.

- (a) CGST - ₹ 63,000, SGST - ₹ 63,000 and IGST - ₹ 40,500
- (b) CGST - ₹ 1,17,000, SGST - ₹ 1,17,000 and IGST - Nil
- (c) IGST - ₹ 2,74,500
- (d) CGST - ₹ 2,25,000, SGST - ₹ 2,25,000 and IGST - ₹ 40,500

5. Whether GST is applicable on the event organized by Dhoom Events Ltd., Karnataka for Dhairya Limited in Dubai and what is the place of supply in such case?

- (a) GST is applicable and the place of supply is Karnataka.
- (b) GST is applicable and the place of supply is Kerala.
- (c) GST is not applicable and the place of supply is Dubai.
- (d) GST is applicable and the place of supply is Dubai.

6. How shall the amount paid towards the training expenses of employees of Dhairya Limited be treated under the GST law?

- (a) No GST is applicable on the transaction since training was imparted in San Francisco, i.e., a place outside India.
- (b) GST is applicable on the training expenses and is payable as IGST by Dhairya Limited since the place of supply for training services in case of registered person is location of such registered person.
- (c) Dhairya Inc., USA, is required to obtain registration as casual taxable person in India and discharge the GST liability on training expenses in India.
- (d) Dhairya Inc., USA, is required to obtain registration as - online information and database access or retrieval service provider in India and discharge the tax liability on training service.

Q.	Ans.	
1	A	(ii) and (iv)
2	D	(i) and (iii)
3	B	CGST - ₹ 98,100, SGST - ₹ 98,100 and IGST - ₹ 2,70,000
4	B	CGST - ₹ 1,17,000, SGST - ₹ 1,17,000 and IGST - Nil
5	B	GST is applicable and the place of supply is Kerala.
6	A	No GST is applicable on the transaction since training was imparted in San Francisco, i.e., a place outside India.

## RTP Case scenario - II

Alpha Cargo Private Limited, a company registered under GST in the State of Rajasthan, is engaged in supplying services of transportation of goods. In addition to its head office registered in Rajasthan, the company has also obtained registration in other States where it is operating as supplier of goods transportation services. During the month of January, following transactions were undertaken:

1. Revenue from service of transportation of goods provided to registered persons is ₹ 70,00,000.
2. Revenue from supply of goods transportation services provided to Dhoop Garments, registered in Rajasthan, for transport of goods to Japan is ₹ 18,10,000.
3. The company paid rent to the local municipal authorities of respective States for its offices located in different States as mentioned below:
  - Rajasthan - ₹ 50,000
  - Maharashtra - ₹ 75,000
  - Delhi - ₹ 25,000
  - Gujarat - ₹ 40,000



The invoice was issued by the local municipal authority in these States to the offices of the company located in respective States.

4. There are 5 independent directors in the company (all based in Rajasthan) and the sitting fees paid to each such director during the month is ₹ 25,000 from the head office of the company. Out of these directors, Mr. X, a chartered accountant and an independent director of the company, is also a partner in ABC LLP, a chartered accountant firm in Delhi. ABC LLP provided professional services to the company during the month. The LLP has issued an invoice for ₹ 1,50,000 on the head office in the month of January.  
Another independent director, Mr. Z, on account of his long-term relationship with Alpha Cargo Private Limited, has provided personal guarantee of ₹ 1 crore to Dhandhan Bank for loan taken by the company during the month of January. He has not charged any commission or brokerage for the same.
5. The company obtained services of Mr. Y (based in Rajasthan), who is providing agency services for payment of annual road tax payable to the Government for the vehicles owned and operated by the company. Mr. Y issued an invoice amounting to ₹ 10,00,000 on the head office. Such amount includes ₹ 9,50,000 as amount of road tax paid on actual basis and is indicated separately in the invoice and ₹ 50,000 as fee of Mr. Y for said services.
6. The company also paid an amount of ₹ 5,00,000 for an event related to goods transport industry in the State of Rajasthan as sponsorship amount.
7. The company, registered as Goods Transport Agency, has opted for payment of GST on goods transportation services on forward charge basis.

In the month of February, Rajasthan office of the company has following balances available in its electronic cash ledger:

Description	IGST (₹)	CGST (₹)	SGST (₹)	Total (₹)
Tax	25,000	20,000	20,000	<b>65,000</b>
Interest	2,000	3,000	3,000	<b>8,000</b>

All the amounts given in the scenario are exclusive of GST, unless otherwise provided. The opening balance of input tax credit of Alpha Cargo Private Limited for the relevant tax periods is nil. GST is payable (wherever applicable) on all inward and outward transactions in the aforesaid case scenario at the following rates, unless otherwise specified:

- I. Intra-State supply - 9% CGST and 9% SGST
- II. Inter-State supply - 18% IGST

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

1. Total amount of GST payable (before setting off of ITC) by the company including GST payable under reverse charge for the month of January, for all its locations, is:

- (a) ₹ 16,20,000
- (b) ₹ 12,60,000
- (c) ₹ 13,72,000
- (d) ₹ 17,32,500

2. In February, after paying all its dues for the month, Rajasthan office wants to transfer certain amounts using Form GST PMT-09 from its electronic cash ledger to the electronic cash ledger of Orissa office. It wants to transfer:

(i) from tax (minor head) under IGST (major head) amounting to:

- (a) ₹ 12,000 to tax under CGST head and
- (b) ₹ 12,000 to tax under SGST head, of Orissa office, and

(ii) from interest (minor head) under the major head of:

- (a) CGST of ₹ 3,000 to interest under IGST head, and
- (b) SGST of ₹ 3,000 to interest under IGST head, of Orissa office.

Balance under all the heads in electronic cash ledger of Orissa office is nil at that time. The balance of tax under IGST, CGST and SGST heads of the electronic cash ledger of Orissa office and that of interest under IGST, CGST and SGST heads of the electronic cash ledger of Rajasthan office will be:

- (a) Tax: Nil; ₹12,000; Nil and Interest: ₹ 2,000; Nil; ₹ 3,000
- (b) Tax: Nil; ₹12,000; ₹12,000 and Interest: ₹2,000; Nil; Nil
- (c) Tax: Nil; Nil; ₹12,000 and Interest: ₹2,000; Nil; Nil
- (d) Tax: ₹24,000; Nil; Nil and Interest: ₹2,000; Nil; ₹3,000

3. The total amount payable to Mr. Y including GST as applicable is \_\_\_\_\_.

- (a) ₹ 10,00,000
- (b) ₹ 11,80,000
- (c) ₹ 11,71,000
- (d) ₹ 10,09,000

4. Total input tax credit available to the company at PAN India level is:

- (a) ₹ 1,82,700 as IGST

- (b) ₹ 3,53,700 as IGST
- (c) ₹ 77,850 as CGST, ₹ 77,850 as SGST and ₹ 27,000 as IGST
- (d) ₹ 91,350 as CGST and ₹ 91,350 as SGST

5. The value of supply of the service of providing personal guarantee by Mr. Z to Dhandhan Bank for sanctioning of credit facilities to the company is:

- (a) Nil since it is not a supply under GST.
- (b) Nil. Services provided by a director to a company is deemed as supply, even without consideration, under Schedule I of the CGST Act, 2017. However, since as per RBI Guidelines, no consideration can be paid to the director by the company for providing guarantee, Open Market Value (OMV) of said supply will be zero.
- (c) 1% of the amount of the guarantee provided, i.e. ₹ 1 lakh.
- (d) 10% of the amount of the guarantee provided, i.e. ₹ 10 lakh.

Q.	Ans.	
1	D	₹ 17,32,500
2	A	Tax: Nil; ₹12,000; Nil and Interest: ₹ 2,000; Nil; ₹ 3,000
3	D	₹ 10,09,000
4	C	₹ 77,850 as CGST, ₹ 77,850 as SGST and ₹ 27,000 as IGST
5	B	Nil. Services provided by a director to a company is deemed as supply, even without consideration, under Schedule I of the CGST Act, 2017. However, since as per RBI Guidelines, no consideration can be paid to the director by the company for providing guarantee, Open Market Value (OMV) of said supply will be zero.



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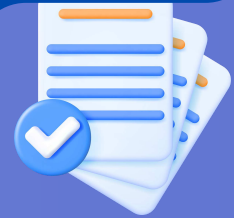
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