

## Tricky Question for RTP

NOV 21

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:

1. Purchase of commodity X on 1st July for an amount of ₹ 5,00,000 at the rate of ₹ 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.
2. 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 ₹ 1,100 per tonne.
3. 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 ₹ 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.
4. NCDEX charges rent from SR Associates at the rate of ₹ 10,000 per month and service charges at the rate of ₹ 20,000 per month.
5. On the date of expiry of future contract of the month of August, i.e. 31 st August for commodity X, the rate of commodity X was ₹ 900 per tonne. SR Associates squared off the contract for the month of August at the same rate.
6. NCDEX charged brokerage on the transactions (both purchase and sale of derivative contract separately) at the rate of ₹ 5,000 per contract from SR Associates in the month when such transaction was entered and when such transaction was squared off.
7. On the purchase of commodity X, additional levy in form of Mandi Tax was applicable at the rate of ₹ 10 per tonne which is not included in the rate per tonne under point 1 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

1. Compute the taxable value of supply of commodity X procured by SR Associates in the month of July.
  - (a) 5,00,000
  - (b) 5,50,000
  - (c) 5,55,000
  - (d) 5,05,000

2. Compute the value of outward supply made by SR Associates in the month of August.
  - (a) Nil
  - (b) 5,55,000
  - (c) 5,60,000
  - (d) 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) 2,700
  - (c) 81,000
  - (d) 9,000
5. Compute the input tax credit balance available with SR Associates for the month of July.
  - (a) 9,000
  - (b) 16,200
  - (c) 97,200
  - (d) Nil

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 financial year 2019-20, the turnover of M/s Office-Linc Enterprises was ₹ 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, Delhi for residential purposes. The rent for the same is paid by IDICI Bank to Mr. Ashok.

He applied for GST registration on voluntary basis on 2nd April, 2020 and the registration was granted to him on 9th April, 2020.

The details of his stock position is as under:

Particulars	2nd April, 2020	8th April, 2020
Office stationery items purchased from a registered dealer	₹ 1 lakh	₹ 1 lakh
Books, periodicals, journals, newspaper, maps etc.	₹ 0.20 lakh	₹ 0.30 lakh

The details of transactions carried out by Mr. Ashok during the financial year 2020-21 is furnished hereunder:

Particulars	1st April, 2020 to 8th April, 2020 (₹ in lakh)	9th April, 2020 to 31st March, 2021 (₹ 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 fee 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 (tax is not payable @ 12%)	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, 2020 and stayed in Hotel Blue Pines for a week. Hotel charged ₹ 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 financial year 2020-21.

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

6. The value of outward supply which shall be subject to GST for the financial year 2020-21 is \_\_\_\_\_.  
 (a) ₹ 98 lakh  
 (b) ₹ 100 lakh  
 (c) ₹ 102.40 lakh  
 (d) ₹ 108 lakh
7. The value of supply on which Mr. Ashok is liable to pay GST under reverse charge for the financial year 2020-21 is \_\_\_\_\_.  
 (a) ₹ 1,60,000  
 (b) ₹ 2,80,000  
 (c) ₹ 1,30,000  
 (d) ₹ 2,70,000
8. Whether input tax credit is available on the GST paid by Mr. Ashok on the taxable value of ₹ 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, ₹ 3,000 - CGST and ₹ 3,000 - SGST  
 (b) Yes, ₹ 12,000 - IGST  
 (c) Yes, ₹ 6,000 - CGST and ₹ 6,000 - SGST  
 (d) No input tax credit is available.

9. Pyarelal Singh, registered under GST in Lucknow, Uttar Pradesh, is appointed as a delcredre agent by Sunnykart Co. (P) Ltd. He sells eye opticals to his customers locally within the same State. Sunnykart Co. (P) Ltd. is also registered under GST in the State of Uttar Pradesh.

During the current financial year, Sunnykart Co. (P) Ltd. supplied taxable goods worth ₹ 10 crore whose open market value is ₹ 10.05 crore, from its Allahabad unit to Pyarelal Singh. Pyarelal Singh has further sold these goods for ₹ 10.10 crore by raising invoices using his own GSTIN. Pyarelal Singh has received a commission of ₹ 75 lakh from Sunnykart Co. (P) Ltd. during the year and has guaranteed the payment of the value of such goods from the customers to Sunnykart Co. (P) Ltd.

Pyarelal Singh has also provided financial assistance in the form of larger credit period to his customers, on which he has also earned interest of ₹ 15 lakh. Compute the value of supply of Sunnykart Co. (P) Ltd. and Pyarelal Singh for the current financial year assuming that both of them wish to adopt minimum value of supply to the extent possible.

- (a) Sunnykart Co. (P) Ltd.: ₹ 9.09 crore and Pyarelal Singh: ₹ 11.00 crore  
 (b) Sunnykart Co. (P) Ltd.: ₹ 10.05 crore and Pyarelal Singh: ₹ 10.85 crore  
 (c) Sunnykart Co. (P) Ltd.: ₹ 10.15 crore and Pyarelal Singh: ₹ 10.85 crore  
 (d) Sunnykart Co. (P) Ltd.: ₹ 10.15 crore and Pyarelal Singh: ₹ 75.00 lakh

Ans:

1.	(d)	2.	(a)	3.	(c)	4.	(d)	5.	(c)
6.	(a)	7.	(d)	8.	(d)	9.	(a)		

10. Kaushal Manufacturers Ltd., registered in Delhi, is a manufacturer and supplier of electronic home appliances. It is paying tax under regular scheme. It supplies the electronic home appliances in the domestic as well as overseas market. For supplies in other States of India, the company has appointed consignment agents in each such State, except Gurgaon, Haryana and Noida, Uttar Pradesh, where the goods are supplied directly from its Delhi warehouse.

In the month of January, consignments of electronic home appliances were sent to Cardinal Electricals Pvt. Ltd. and Rochester Technos - agents of Kaushal Manufacturers Ltd. in Punjab and Madhya Pradesh respectively. Cardinal Electricals Pvt. Ltd. and Rochester Technos supplied these electronic home appliances under their invoices to the stores located in their respective States for ₹ 40,00,000 and ₹ 70,00,000 respectively. Open market value of such appliances is not available.

Further, in January, electronic home appliances have been supplied to Ronn Technomart - a wholesale dealer of electronic home appliances in Noida, Uttar Pradesh for consideration of ₹ 23,00,000, from its Delhi warehouse. Kaushal Manufacturers Ltd. owns 75% shares of Ronn Technomart. Open market value of the electronic home appliances supplied to Ronn Technomart is ₹ 30,00,000. Further, Ronn Technomart is not eligible for full input tax credit.

Kaushal Manufacturers Ltd. also provides repair and maintenance services to electronic appliance manufacturers located in India.

The company has also furnished the following information for the month of January:

Particulars	₹
Supply of electronic home appliances to wholesale dealers of such appliances in Delhi	84,00,000

Electronic home appliances supplied to Anchor Electricals Inc., USA under LUT [Consideration received in convertible foreign exchange]	1,26,00,000
Repair and maintenance services provided to Unitech Ltd., an electronic appliance manufacturer, located in Delhi	8,40,000
Advance received towards repair and maintenance services to be provided to Orelec Ltd., an electronic appliance manufacturer, located in Delhi [Repair and maintenance services have been provided in February and invoice is issued on 28th February]	7,00,000
Advance received for electronic home appliances to be supplied to Novick Electricals, a wholesale dealer of such appliances in Gurgaon, Haryana [Invoice for the goods is issued at the time of delivery of the electronic appliances in March]	8,40,000

You are required to determine the gross GST liability [CGST & SGST and/or IGST] of Kaushal Manufacturers Ltd. for the month of January.

Note:

- (i) All the given amounts are exclusive of GST, wherever applicable.  
(ii) Assume the rates of GST to be as under:

Goods/services supplied	CGST	SGST	IGST
Electronic home appliances	2.5%	2.5%	5%
Repair and maintenance services	9%	9%	18%

You are required to make suitable assumptions, wherever necessary.

Ans.

Computation of gross GST Liability of Kaushal Manufacturers Ltd. for the month of January

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Supply of electronic home appliances to consignment agents - Cardinal Electricals Pvt. Ltd. and Rochester Technos of Punjab and Madhya Pradesh [Note - 1]			4,95,000 [99,00,000 × 5%]
Supply of electronic home appliances to Ronn Technomart of Noida, Uttar Pradesh [Note - 2]			1,50,000 [30,00,000 × 5%]
Supply of electronic home appliances to wholesale dealers of such appliances in Delhi [Note - 3]	2,10,000 [84,00,000 × 2.5%]	2,10,000 [84,00,000 × 2.5%]	
Electronic home appliances supplied to Anchor Electricals Inc., USA under LUT [Note - 4]			Nil
Supply of repair and maintenance services to Unitech Ltd., an electronic appliance manufacturer, located in Delhi [Note - 5]	75,600 [8,40,000 × 9%]	75,600 [8,40,000 × 9%]	
Advance received for repair and maintenance services supplied to Orelec Ltd., a electronic appliances manufacturer, located in Delhi [Note - 6]	63,000 [7,00,000 × 9%]	63,000 [5,00,000 × 9%]	

Advance received for electronic home appliances to be supplied to Novick Electricals, a wholesale dealer of electronic appliances in Gurgaon, Haryana [Note - 7]			Nil
Total GST liability	3,48,600	3,48,600	6,45,000

Notes:

- Value of supply of goods made through an agent is determined as per rule 29 of the CGST Rules, 2017. Accordingly, the value of supply of goods between the principal and his agent is the open market value of the goods being supplied, or at the option of the supplier, is 90% of the price charged for the supply of goods of like kind and quality by the recipient to his unrelated customer, where the goods are intended for further supply by the said recipient.  
In the given case, since open market value is not available, value of electronic home appliances supplied to consignment agents - Cardinal Electricals Pvt. Ltd. and Rochester Technos - will be ₹ 99,00,000 [90% of (40,00,000 + 70,00,000)]. Further, being an inter-State supply of goods, supply of electronic home appliances to the consignment agents is subject to IGST @ 5%.
- If any person directly or indirectly controls another person, such persons are deemed as related persons. [Clause (a)(v) of explanation to section 15 of the CGST Act]. In the given case, since Kaushal Manufacturers Ltd. owns 75% shares of Ronn Technomart, both are related persons.  
Value of supply of goods between related persons (other than through an agent) is determined as per rule 28 of the CGST Rules, 2017. Accordingly, the value of supply of goods between related persons is the open market value of such goods and not the invoice value. Furthermore, since Ronn Technomart is not eligible for full input tax credit, value declared in the invoice cannot be deemed to be the open market value of the goods.  
Thus, open market value of the electronic home appliances supplied to Ronn Technomart, i.e. ₹ 30,00,000 is the value of supply of such goods. Further, being an inter-State supply of goods, supply of electronic home appliances to Ronn Technomart is subject to IGST @ 5%.
- Being an intra-State supply of goods, supply of electronic home appliances to wholesale dealers of said appliances in Delhi is subject to CGST and SGST @ 2.5 % each.
- Section 2(5) of the IGST Act defines export of goods as taking goods out of India to a place outside India. In view of the said definition, supply of the electronic home appliances to Anchor Electricals Inc. of USA under LUT is export of goods.  
Export of goods is a zero-rated supply [Section 16(1) of the IGST Act]. A zero-rated supply under LUT is made without payment of integrated tax [Section 16(3)(a) of IGST Act].
- Being an intra-State supply of services, supply of repair and maintenance services to Unitech Ltd. of Delhi is subject to CGST and SGST @ 9% each.
- Being an intra-State supply of services, supply of repair and maintenance services to Orelec Ltd. of Delhi is subject to CGST and SGST @ 9% each. Further, in terms of section 13(2) of the CGST Act, the time of supply of services is the earlier of the date of invoice or date of receipt of payment, if the invoice is issued within 30 days of the supply of service. In the given case, invoice is issued within 30 days of the supply of service. Therefore, time of supply of services will be date of receipt of advance and hence, GST is payable on the advance received in January.
- Being an inter-State supply of goods, supply of electronic home appliances to Novick

Electricals of Gurgaon, Haryana is subject to IGST @ 5%. Further, in terms of section 12(2) of the CGST Act, the time of supply of goods is the earlier of the date of issue of invoice/last date on which the invoice is required to be issued or date of receipt of payment.

However, Notification No. 66/2017 CT dated 15.11.2017 specifies that time of supply of goods for the purpose of payment of tax is the date of issue of invoice/last date when the invoice ought to have been issued under section 31.

Thus, GST is not payable at the time of receipt of advance against supply of goods. The time of supply of the advance received for electronic home appliances to be supplied to Novick Electricals is the time of issue of invoice, which is in March. Thus, said advance will be taxed in March and not in January.

11. Answer the following questions:

(i) Nirmal Private Limited, registered in Vasai, Maharashtra, is engaged in supply of taxable goods and services. In the month of April, it sold goods worth ₹ 5,00,000 (excluding GST) to Suraksha Enterprises and collected tax @ 28% on said goods from the buyer. However, the actual rate of tax applicable in the given case was 18%.

Nirmal Private Limited deposited the tax @ 18% on these goods to the Government on the due date and retained the remaining tax collected. Determine the amount of penalty, if any, that may be imposed on Nirmal Private Limited in the month of October in the given case ignoring interest payable, if any.

(ii) Bindusar, Chief Executive Officer of Ashoka Solutions Ltd., is issued a summon to appear before the central tax officer to produce the books of accounts of Ashoka Solutions Ltd. in an inquiry conducted on said company. Determine the amount of penalty, if any, that may be imposed on Bindusar, if he fails to appear before the central tax officer.

Ans.

(i) Section 122(1)(iv) of the CGST Act, 2017 stipulates that a taxable person who collects any tax in contravention of the provisions of the CGST Act, but fails to pay the same to the Government beyond a period of 3 months from the date on which such payment becomes due shall be liable to pay a penalty of:

(a) ₹ 10,000

or

(b) an amount equivalent to the tax evaded

whichever is higher.

In the given case, since Nirmal Private Limited has collected tax at a wrong rate (i.e. 28%), but fails to deposit the full tax collected to the Government i.e. it deposits only tax @ 18% thereby retaining the remaining tax collected, the amount of penalty that can be imposed on Nirmal Private Limited is as follows:

(a) ₹ 10,000

or

(b) an amount equivalent to the tax evaded [₹ 50,000 (₹ 5,00,000 × 28%) - (₹ 5,00,000 × 18%)],

whichever is higher, i.e. ₹ 50,000.

(ii) Section 122(3)(d) of the CGST Act, 2017 stipulates that any person who fails to appear before the officer of central tax, when issued with a summon for appearance to give evidence or produce a document in an inquiry is liable to a penalty which may extend to ₹ 25,000. Therefore, penalty upto ₹ 25,000 can be imposed on Bindusar, in the given case.

12. Answer the following questions:

Prithviraj Ltd., registered under GST in Uttar Pradesh, is served a notice for audit by the tax authority under GST law on 10th July. The records and other documents as sought by the tax authority have been made available by Prithviraj Ltd. on 25th July. The tax authority visits the office of Prithviraj Ltd. located in Noida, Uttar Pradesh on 8th August for conducting audit.

Determine the time-limit within which the audit under section 65 of the CGST Act, 2017 is required to be completed assuming that no extension is permitted in the given case.

**Ans.**

As per section 65(4) of the CGST Act, 2017, audit shall be completed within a period of 3 months from the date of commencement of the audit. Further, commencement of audit means the later of the following:

- (a) the date on which the records and other documents, called for by the tax authorities, are made available by the registered person, or
  - (b) the actual institution of audit at the place of business of the taxpayer. Accordingly, in the given case, date of commencement of audit is later of:
    - (a) the date on which the records and other documents, are made available by Prithviraj Ltd., i.e. 25th July, or
    - (b) the actual institution of audit at the place of business of Prithviraj Ltd., i.e. 8th August.
- Thus, date of commencement of audit is 8th August.

Hence, audit shall be completed within 3 months from the date of commencement of the audit (8th August).

13. Padmavati Traders, registered in Karnataka, is engaged in supply of taxable goods. Its turnover in the preceding financial year was ₹ 230 lakh and was furnishing its GST return on monthly basis.

In the beginning of April month in the current financial year, it sought advice from its tax consultant, Dua Consultants, whether it can furnish its GST returns on quarterly basis from now onwards. Dua Consultants advised Padmavati Traders that it cannot furnish its return on quarterly basis as the GST law does not provide for quarterly return under any circumstances. Discuss the technical veracity of the advice given by Dua Consultants.

**Ans.**

No, the advice given by Dua Consultants is not valid in law. With effect from 01.01.2021, a quarterly return has been introduced under GST law where the payment of tax is to be made on monthly basis. The scheme is known as Quarterly Return Monthly Payment (QRMP) Scheme. The scheme has been introduced as a trade facilitation measure and in order to further ease the process of doing business. It is an optional return filing scheme, introduced for small taxpayers having aggregate annual turnover (PAN based) of upto ₹ 5 crore in the current and preceding financial year to furnish their Form GSTR-1 and Form GSTR-3B on a quarterly basis while paying their tax on a monthly basis through a simple challan. Thus, the taxpayers need to file only 4 GSTR-3B returns instead of 12 GSTR-3B returns in a year. Similarly, they would be required to file only 4 GSTR-1 returns since Invoice Filing Facility (IFF) is provided under this scheme.

Opting of QRMP scheme is GSTIN wise. Distinct persons can avail QRMP scheme option for one or more GSTINs. It implies that some GSTINs for a PAN can opt for the QRMP scheme and remaining GSTINs may not opt for the said scheme.

Since the aggregate turnover of Padmavati Traders does not exceed ₹ 5 crores in the preceding financial year, it is eligible for furnishing the return on quarterly basis till the time its turnover

in the current financial year does not exceed ₹ 5 crore. In case its aggregate turnover crosses ₹ 5 crore during a quarter in the current financial year, it shall no longer be eligible for furnishing of return on quarterly basis from the first month of the succeeding quarter and needs to opt for furnishing of return on a monthly basis, electronically, on the common portal, from the first month of the quarter, succeeding the quarter during which its aggregate turnover exceeds ₹ 5 crore.

### MAY 22

Zoom Air is an airline company operating domestic as well as international flights. The head office of Zoom Air is in Mumbai and the company has also obtained registration under GST in each of the States from where the flight operations are being conducted.

During the month of January, following transactions were undertaken by it:

- (i) Zoom Air sold air tickets worth ₹ 5,00,000 during the month from its head office and the breakup of air fare is as follows:  
Basic fare excluding GST - ₹ 4,00,000  
Passenger Service Fee (PSF) and User Development Fee (UDF) inclusive of GST - ₹ 1,00,000  
Both PSF and UDF are statutory fees which are required to be collected by the airlines as per Government directions and authorization given to airlines. The aforesaid amount of PSF and UDF are inclusive of GST @ 18%. PSF and UDF are remitted by the airlines to the airport authority. Further, the amount of PSF and UDF is separately disclosed in the invoice issued to customers by Zoom Air along with applicable GST. The airport authority pays an amount of 5% of PSF and UDF (inclusive of GST amount) collected as collection charges to the airlines on which GST is applicable. There is no levy of PSF and UDF on the tickets booked by Zoom Air for its own crew or other employees.
- (ii) Zoom Air (Head Office) has collaborated with Supertrip India, an online travel portal, providing services to the customers by way of booking air tickets through its electronic commerce platform and registered under GST in the State of Maharashtra. During the month, Supertrip India booked tickets for ₹ 2,00,000 (base fare excluding GST, PSF and UDF) for the customers of Zoom Air. The amount was remitted by Supertrip India to Zoom Air after required adjustments as per GST law in terms of tax collection at source @ 1% as IGST or @ 0.5% of CGST and @ 0.5% of SGST as applicable. In addition to the aforesaid amount, Supertrip India charged commission from Zoom Air at the rate of 5% of the base fare of air tickets booked.
- (iii) Zoom Air (Head Office) charged 100% cancellation fee from the customers for bookings made in prior months. The amount of cancellation fee charged was ₹ 1,00,000 inclusive of GST. Instead of actually collecting the cancellation fee from the customers, such amount was adjusted against the booking amount and GST discharged at the time of initial bookings. However, the PSF and UDF amounting to ₹ 10,000 (inclusive of GST) charged from the customers against such bookings were refunded.
- (iv) Zoom Air provided gifts in the form of air tickets to 10 of its employees based at its head office for an amount equivalent to ₹ 60,000 each. No amount was recovered from the employees for such air tickets.
- (v) Zoom Air has a corporate tie-up with Welcome Hotel located in Rajasthan for stay of its crew members. For January, the hotel issued an invoice of ₹ 5,00,000 in the name of Zoom Air, Head office, Mumbai.

Haryana office of Zoom Air has provided services by way of sale of online advertisement space to Amazing Pvt. Ltd. (a company registered in the State of Haryana) for promotion of Amazing Pvt. Ltd.'s products. The amount charged for such service by Haryana office of Zoom Air is ₹ 5,00,000.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of input tax credit of Zoom Air and Supertrip India for the relevant tax period 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 month of January.

GST is applicable in the aforesaid case scenario @ 18% ignoring CGST, SGST and IGST bifurcation for the sake of simplicity.

In case of cancellation of tickets, the airport authority and Zoom Air had an agreement that PSF and UDF related adjustment shall be finalized at the end of financial year, i.e., during the month of March. Further, separate GST invoice shall be issued to carry out such adjustment in books of accounts.

1. The gross GST liability of Mumbai Head Office of Zoom Air for the month of January is:
  - (a) ₹ 1,08,000
  - (b) ₹ 72,000
  - (c) ₹ 1,80,000
  - (d) ₹ 2,16,900
  
2. Determine all kinds of credits available to Mumbai Head Office of Zoom Air for setting off against its GST liability for the month of January is:
  - (a) ₹ 3,800
  - (b) ₹ 93,800
  - (c) ₹ 6,800
  - (d) ₹ 96,800
  
3. Assuming that the customers, in point (i) of the case scenario above, are registered customers and all other conditions for availment of input tax credit are complied with, the amount of input tax credit available to such customers would be:
  - (a) ₹ 90,000
  - (b) ₹ 72,000
  - (c) ₹ 87,254
  - (d) ₹ 76,272
  
4. Choose the correct answer in relation to the transaction between Haryana office of Zoom Air and Amazing Pvt. Ltd.:
  - (a) The service is in the nature of online information and database access or retrieval services and Amazing Pvt. Ltd. is liable to pay IGST of ₹ 90,000.
  - (b) The sale of advertisement space is a deemed sale of services as per Schedule II of CGST Act, 2017 and liable to CGST of ₹ 45,000 and SGST of ₹ 45,000.
  - (c) Zoom Air is required to pay IGST of ₹ 90,000 and Amazing Pvt. Ltd. is required to collect tax at source on consideration paid to Zoom Air.
  - (d) Zoom Air is required to pay CGST of ₹ 45,000 and SGST of ₹ 45,000 and full credit shall be allowed to Amazing Pvt. Ltd.
  
5. Supertrip India purchases 1000 air tickets in bulk for an amount of ₹ 1,000 per ticket from Zoom Air and provides booking of air ticket facility at its electronic portal to the customers on its own account. Supertrip India was able to sell only 800 air tickets for which the total amount collected from customers was ₹ 15,00,000. As per the agreement, the remaining 200 air tickets purchased by Supertrip India from Zoom Air lapsed, and amount was forfeited by Zoom Air. Rate of TCS is 1%.

Choose the correct statement.

- Supertrip India shall be liable to pay GST of ₹ 90,000 and deduct TCS of ₹ 10,000.
- Supertrip India is acting as an agent of Zoom Air and shall be liable to pay GST of ₹ 1,26,000 and no GST will be payable by Zoom Air separately.
- Supertrip India shall be liable to pay GST of ₹ 90,000 and Zoom Air shall be liable to pay GST of ₹ 1,80,000.
- Supertrip India shall be liable to pay GST of ₹ 1,57,500 and Zoom Air shall be liable to pay GST of ₹ 1,80,000.

6. Kwality Bells Private Limited, registered under GST in Chennai, Tamil Nadu, provided following outward supplies in the current year:

Particulars	Amount (₹)	
	Taxable	Exempt
Intra-State supplies	40,00,000	15,00,000
Inter-State supplies (zero-rated supplies)	30,00,000	10,00,000
Supply of goods procured from China directly from China to UK without such goods entering into India	20,00,000	-
Supply of goods imported from UK, in high seas, to a local vendor by way of endorsement of documents of title to the goods before clearance for home consumption	5,50,000	6,00,000

Compute the aggregate turnover of Kwality Bells Private Limited under GST law for the current year.

- ₹ 95,00,000
- ₹ 1,26,50,000
- ₹ 1,20,50,000
- ₹ 1,15,00,000

Ans.

1.	(d)	2.	(a)	3.	(c)	4.	(d)	5.	(c)	6.	(a)
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7. Mr. Arihant is engaged in supply of taxable goods and is registered in the State of Orissa. A demand notice under GST law of ₹ 50 lakh is served on him on 5th April. On 10th April, despite having knowledge of said notice, Mr. Arihant transferred his ancestral property located in Punjab in the name of his wife Soma for a consideration of ₹ 2 lakh without taking any permission from the authorities under GST. The value for the purpose of stamp duty valuation was ₹ 80 lakh.

Subsequently, he filed a reply to said demand notice on 15th April stating that he would not be able to pay the amount of tax demanded in the notice due to his distressed financial situation.

Determine the validity of the act of transferring of property by Mr. Arihant to his wife Soma, under the provisions of the GST law.

Ans.

Section 81 of the CGST Act, 2017 stipulates that where a person, after any amount has become due from him, creates a charge on or parts with the property belonging to him or in his possession by way of sale, mortgage, exchange, or any other mode of transfer whatsoever of any of his properties in favour of any other person with the intention of defrauding the Government revenue, such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by the said person.

However, such charge or transfer shall not be void if it is made for adequate consideration, in good faith and without notice of the pendency of such proceedings under this Act or without notice of such tax or other sum payable by the said person, or with the previous permission of the proper officer.

In view of the above provisions, in the given case, transfer of property by Mr. Arihant to his wife Soma is void and the property will still be considered in the hands of Mr. Arihant under GST law for the purpose of recovery of dues under GST from him.

8. State the prosecution, arrest and bail implications, if any, in respect of the following independent cases pertaining to June:

- (i) 'Ashuram' fraudulently avails input tax credit of ₹ 200 lakh without any invoice or bill. However, he is yet to utilize the same.
- (ii) 'Bahubali' fraudulently avails the refund of tax of ₹ 550 lakh. The said tax has been recovered from the buyer also.
- (iii) 'Chintamani' knowingly supplies false information sought by the CGST Officer. The amount of tax involved is ₹ 250 lakh.
- (iv) 'Deendayal' collects ₹ 650 lakh as tax in January from its clients but has deposited only ₹ 50 lakh with the Central Government till date.

Note: Assume that in all above cases, offence, if any, has been committed for the first time.

Ans.

Situation	Value	Prosecution	Arrest	Bail
(i) 'Ashuram' fraudulently avails input tax credit of ₹ 200 lakh without any invoice or bill. However, he is yet to utilize the same.	200L	No	No	B+NC
(ii) 'Bahubali' fraudulently avails the refund of tax of ₹ 550 lakh. The said tax has been recovered from the buyer also.	550L	5Yrs+F	Yes	B+NC
(iii) 'Chintamani' knowingly supplies false information sought by the CGST Officer. The amount of tax involved is ₹ 250 lakh.	250L	3Yrs+F	No	B+NC
(iv) 'Deendayal' collects ₹ 650 lakh as tax in January from its clients but has deposited only ₹ 50 lakh with the Central Government till date.	650L	5Yrs+F	Yes	NB+C

9. Mr. Ajit Basu is the director of Dharma Private Limited of Kolkata for past 5 years. He resigned from the company on 1st April of the current financial year. He receives a notice of demand on 5th July for the recovery of tax dues of Dharma Private Limited pertaining to the preceding financial year as the said dues cannot be recovered from the company owing to its poor financial condition. Mr. Ajit Basu is of the view that the tax dues of Dharma Private Limited cannot be recovered from him as he is no more a director in the company. You are required to advise him on the same taking into count the relevant provisions of the GST law.

Ans.

Section 89 of the CGST Act, 2017 stipulates that notwithstanding anything contained in the Companies Act, 2013, where any tax, interest or penalty due from a private company in respect of any supply of goods or services or both for any period cannot be recovered, then, every person who was a director of the private company during such period shall, jointly and severally, be liable for the payment of such tax, interest or penalty unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company. Thus, in the given case, since Mr. Ajit Basu was the director of Dharma Private Limited during the preceding financial year for which the demand is raised, he shall, jointly and severally, be liable for the payment of the tax dues unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.

NOV 22

Trent Limited, a supplier of water purifiers, is a company registered with the jurisdictional GST authorities at its principal place of business in Mumbai, Maharashtra. Trent Limited has approached ABC India LLP, a Mumbai based event management company registered under GST in the State of Maharashtra, to undertake following activities in relation to organization of an event to be held on July 21 - 22 in Udaipur, Rajasthan for its employees:

a. Arrangement of accommodation services for its employees in a hotel in Udaipur, Rajasthan  
b. Arrangement of souvenirs to be distributed to its employees attending the event Trent Limited has agreed to pay a fixed sum of ₹ 3,00,00,000 exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%) for the aforesaid services provided by ABC India LLP. An amount of ₹ 50,00,000 is paid to ABC India LLP as advance at the time of agreement on June 25. Balance amount is payable on July 21 upon issuance of invoice by ABC India LLP and invoice is duly issued for the full amount in the month of July.

ABC India LLP has entered into an agreement with Dream Hotels, a hotel based in Udaipur, for the aforesaid event to be organized for employees of Trent Limited. Dream Hotels has a greed to provide the services to ABC India LLP which includes accommodation and other ancillary services for the aforesaid event at an agreed amount of ₹ 1,50,00,000 exclusive of GST (Rates of tax are: CGST - 14%, SGST - 14% and IGST - 28%). The consideration is payable by ABC India LLP to Dream Hotels at the time of check in of guests on July 21.

Further, ABC India LLP has also entered into an agreement with Happy Gift House, a well - known gift shop based in Udaipur, Rajasthan for purchase of souvenirs for the employees of Trent Limited. It was agreed that souvenirs would be purchased by ABC India LLP from Happy Gift House at a consideration of ₹ 20,00,000 exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%) and Happy Gift House would deliver them at the event location, i.e. Dream Hotels, Udaipur. The aforesaid amount includes the cost of packaging the souvenirs (₹ 20,000) and cost of delivering the same (₹ 50,000) at the location. The entire consideration is payable by ABC India LLP to Happy Gift House at the time of delivery of souvenirs on July 21.

In the month of August, Trent Limited gifts each of its employees (total - 150 employees) a water purifier in terms of their employment contract. The total open market value of such water purifiers is ₹ 52.50 lakh exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%). All water purifiers bear the same cost.

Trent Limited and ABC India LLP are not registered under GST in the State of Rajasthan. There is no other taxable supply or taxable procurement apart from Dream Hotels and Happy Gift House as mentioned above in the month of July for ABC India LLP. The opening balance of input tax credit of both Trent Limited and ABC India LLP for the relevant tax periods is nil. All the above amounts are exclusive of GST, wherever applicable.

1. In case of the supply of the souvenirs by Happy Gift House to ABC India LLP, the place and value of said supply are \_\_\_\_\_ and \_\_\_\_\_.  
 (a) Maharashtra; ₹ 20,00,000  
 (b) Maharashtra; ₹ 19,30,000  
 (c) Rajasthan; ₹ 20,00,000  
 (d) Rajasthan; ₹ 19,30,000
  
2. The place of supply for the hotel accommodation services provided by Dream Hotels to ABC India LLP is \_\_\_\_\_ and the nature of supply is \_\_\_\_\_.  
 (a) Maharashtra, inter-State supply liable to IGST  
 (b) Rajasthan, inter-State supply liable to IGST  
 (c) Maharashtra, intra-State supply liable to CGST and SGST  
 (d) Rajasthan, intra-State supply liable to CGST and SGST
  
3. The net GST payable in cash by ABC India LLP for the month of July in the State of Maharashtra would be \_\_\_\_\_. ABC India LLP wishes to keep its CGST liability at a minimum.  
 (a) CGST - ₹ 18,90,000; SGST - ₹ 22,50,000; IGST - Nil  
 (b) CGST - Nil; SGST - Nil; IGST - ₹ 54,00,000  
 (c) CGST - ₹ 27,00,000; SGST - ₹ 27,00,000; IGST - Nil  
 (d) CGST - ₹ 5,40,000; SGST - ₹ 13,50,000; IGST - Nil
  
4. The finance team is exploring the feasibility of getting ABC India LLP registered as a casual taxable person in the State of Rajasthan with effect from 20th June. In such a scenario, the invoice to Trent Limited will be issued by ABC India LLP as a casual taxable person registered in Rajasthan. Moreover, the invoice by Dream Hotels and Happy Gift House will be issued to ABC India LLP at its GST registration number as casual taxable person in Rajasthan. The estimated tax liability of ABC India LLP to be paid in advance at the time of submission of application for registration in the State of Rajasthan in the month of June would be \_\_\_\_\_.  
 (a) CGST - ₹ 27,00,000; SGST - ₹ 27,00,000; IGST - Nil  
 (b) CGST - Nil; SGST - Nil; IGST - ₹ 8,40,000  
 (c) CGST - ₹ 4,20,000; SGST - ₹ 4,20,000; IGST - Nil  
 (d) CGST - Nil; SGST - Nil; IGST - Nil
  
5. Compute the outward GST payable, if any, on the water purifiers gifted by Trent Limited to its employees in the month of August.  
 (a) CGST - ₹ 7,35,000; SGST - ₹ 7,35,000; IGST - Nil  
 (b) CGST - Nil; SGST - Nil; IGST - ₹ 14,70,000  
 (c) CGST - Nil; SGST - Nil; IGST - Nil  
 (d) CGST - Nil; SGST - Nil; IGST - ₹ 7,35,000
  
6. Nivedita Foundation, a charitable trust registered under section 12AB of the Income-tax Act, 1961, owns and manages a newly constructed Dharamshala "GOVINDAM" in the precincts of a temple in Haridwar. GOVINDAM has 50 rooms, a huge party lawn and other amenities. Nivedita Foundation has received following receipts during the period from April to September:
  1. Rent of ₹ 25,00,000 from renting of rooms @ ₹ 1,000/- per day.

2. Rent of ₹ 9,00,000 from renting of party lawns for marriage and social functions @ ₹ 9,000/- per day.
3. Donations of ₹ 20,00,000 (including one donation of ₹ 15,00,000 received with specific direction to advertise the business activity of the donor).

You are required to determine the value of taxable supply of GOVINDAM during the period from April to September:

- (a) ₹ 55,00,000                      (b) ₹ 50,00,000  
(c) ₹ 25,00,000                      (d) ₹ 40,00,000

Ans:

1.	(a)	2.	(d)	3.	(a)	4.	(b)	5.	(c)	6.	(d)
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7. Adinath Private Limited, registered under GST in the State of Uttar Pradesh, instructed Ashok Transporters to deliver certain taxable goods to Mahavir Enterprises in Uttar Pradesh on 10th January 2022. The value of the goods is ₹ 6,80,000 which are chargeable to CGST & SGST@ 9% each. While the goods were in transit, proper officer intercepted the goods and the truck in which goods were being transported, under section 68. However, the driver of the truck failed to tender any document in relation to the goods in movement. The proper officer, after conducting the physical verification of the goods and the truck, decided to seize the goods and the truck and issued a notice under section 29(3) specifying the penalty payable by Adinath Private Limited after giving it an opportunity of being heard.

You are required to determine the amount of penalty payable under CGST Act if Adinath Private Limited does not come forward for the payment of penalty. Further, discuss the suitable course of action for Ashok Transporters if it intends to get its truck released.

Ans:

As per section 129(1)(b), when owner of goods does not come forward for the payment of penalty, detained/seized goods and conveyance (used as a means of transport for carrying said goods) and related documents are released on payment of penalty equal to higher of the following:

- (i) 50% of value of goods or
- (ii) 200% of the tax payable on such goods.

In view of the same, the amount of penalty payable under the CGST Act if Adinath Private Limited does not come forward for the payment of penalty is as follows:

- (i) 50% of value of goods [₹ 3,40,000 (50% of ₹ 6,80,000)]

or

- (ii) 200% of the tax payable on such goods [₹ 1,22,400 (200% of ₹ 6,80,000 × 9%)]  
whichever is higher, i.e. ₹ 3,40,000.

As per first proviso to section 129(6), conveyance shall be released on payment by the transporter the penalty as mentioned in the order or ₹ 1 lakh, whichever is less.

In the given case, since the owner - Adinath Private Limited has failed to come forward to make payment of penalty, penalty of ₹ 3,40,000 under CGST Act shall be levied. Further, the transporter of goods can get its truck released upon payment of the lower of the following under CGST Act:

- (i) penalty as mentioned in the order [₹ 3,40,000]
- (ii) ₹ 1,00,000

Hence, Ashok Transporters can get its truck released upon payment of ₹ 1,00,000.

8. In the above question, all other things remaining the same, compute the value of supply (most beneficial) made by Bangalore unit as well as the value of supply (most beneficial) made by Ahmedabad Retail Showroom, with respect to transfer of goods by these units to M/s. Equilibrium Sales, M/s. Paridhi Sales and M/s. Dhara Enterprises, if Super Lever Limited furnishes the following additional information for the month of October:
- (i) Bangalore unit has appointed M/s. Equilibrium Sales as its sole selling agent. M/s. Equilibrium Sales sells the electronic goods of Bangalore unit under the invoice issued in its own name. The Bangalore unit transferred the goods costing ₹ 7,25,000 to M/s. Equilibrium Sales on 20th October which were sold by M/s. Equilibrium Sales on 31st October at ₹ 7,65,000. On 20th October, another electronic goods' manufacturer supplied the goods of like kind and quality to M/s. Equilibrium Sales as the one supplied by the Bangalore unit at a price of ₹ 7,75,000.
  - (ii) The Retail Showroom at Ahmedabad transfers goods costing ₹ 85,000 to its agent, M/s. Paridhi Sales on 12th October. M/s. Paridhi Sales sells such goods on 18th October at ₹ 5,00,000 under the invoice issued in the name of Retail Showroom at Ahmedabad. On 17th October, M/s Paridhi Sales has sold goods of like kind and quality as the one supplied by the Retail Showroom at Ahmedabad to an unrelated customer at ₹ 4,70,000.  
The Retail Showroom at Ahmedabad also transfers goods costing ₹ 95,000 to its agent, M/s. Dhara Enterprises on 15th October. M/s. Dhara Enterprises sells such goods on 20th October at ₹ 1,00,000 under the invoice issued in its own name. On 19th October, M/s Dhara Enterprises has sold goods of like kind and quality as the one supplied by the Retail Showroom at Ahmedabad to an unrelated customer at ₹ 98,000.

Note: M/s. Equilibrium Sales, M/s. Paridhi Sales and M/s. Dhara Enterprises are not eligible for full input tax credit. Further, open market value of the goods is not available in any of the above cases.

Ans:

- (i) As per clause (c) of explanation to section 15, persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.  
Thus, in the given case, since M/s. Equilibrium Sales is a sole selling agent of Bangalore unit, both are related persons.  
Further, an activity/transaction qualifies as supply under GST only if it is undertaken for a consideration and is in course/furtherance of business. However, supply of goods between 'related persons' made in the course or furtherance of business qualifies as supply even if made without consideration [Section 7(1)(c) read with Schedule I].  
Furthermore, value of supply of goods between related persons (other than through an agent) is determined as per rule 28. Accordingly, the value of supply of goods between related persons will be determined as follows:
  - (a) the open market value of such supply;
  - (b) if open market value is not available, the value of supply of goods or services of like kind and quality;
  - (c) if value cannot be determined under the above methods, it must be worked out based on the cost of the supply plus 10% mark-up or by other reasonable means, in that sequence.

However, where the goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to 90% of the price charged for the supply of goods of like kind and quality by the recipient to his unrelated

customer.

Further, where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of the goods.

Open market value of the goods is not available in the given case. Further, since M/s. Equilibrium Sales is not eligible for full input tax credit, value declared in the invoice cannot be deemed to be the open market value of the goods. Since M/s. Equilibrium Sales further supplies the goods, value of the goods will be lower of:

- (i) value of supply of goods or services of like kind and quality, i.e. ₹ 7,75,000 or
- (ii) 90% of the price charged for the supply of goods of like kind and quality by M/s. Equilibrium Sales to its unrelated customer, i.e. ₹ 6,88,500 [₹ 7,65,000 × 90%].

Thus, the value of supply, in the given case, will be ₹ 6,88,500.

- (ii) An activity/transaction qualifies as supply under GST only if it is undertaken for a consideration and is in course/furtherance of business. However, supply of goods by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal is considered as supply even if made without consideration provided the invoice for further supply is issued by the agent in his own name [Section 7(1)(c) read with Schedule I to the CGST Act, 2017]. Where the invoice is issued by the agent to the customer in the name of the principal, such agent is not an agent in terms of Schedule I.

Since M/s. Paridhi Sales sells the goods under the invoice issued in the name of Retail Showroom at Ahmedabad, it is not an agent in terms of Schedule I. Resultantly, transfer of goods by Retail Showroom at Ahmedabad to M/s. Paridhi Sales does not qualify as supply since it is made without consideration.

Further, since M/s. Dhara Enterprises sells the goods under the invoice issued in its own name, it falls within the purview of an agent in terms of Schedule I. Resultantly, transfer of goods by Retail Showroom at Ahmedabad to M/s. Dhara Enterprises qualifies as supply even though it is made without consideration.

Value of supply of goods made through an agent is determined as per rule 29. Accordingly, the value of supply of goods between the principal and his agent is the open market value of the goods being supplied, or at the option of the supplier, is 90% of the price charged for the supply of goods of like kind and quality by the recipient to his unrelated customer, where the goods are intended for further supply by the said recipient.

In the given case, since open market value is not available, value of the goods supplied to M/s. Dhara Enterprises will be ₹ 88,200 [90% of ₹ 98,000].

Thus, value of supply of Bangalore unit is ₹ 6,88,500 and of Retail Showroom at Ahmedabad is ₹ 88,200.

- 9. Sanmati Industries, registered in the State of Maharashtra, receives a machinery for repair in its workshop located in Mumbai, Maharashtra from Titsubishi Ltd., an automobile manufacturing company based in Japan. The repair work was carried out by Sanmati Industries for which it was to be paid in convertible foreign exchange and goods were returned to Titsubishi Ltd. after being used for some time in India.

While raising the invoice for the said consideration, the accountant of Sanmati Industries approaches you as to whether the Dynamic Quick Response (QR) code is mandatorily required on said invoice? You are required to advise him on the same.

Note - Titsubishi Ltd. is not registered in India. Further, the aggregate turnover of Sanmati Industries was ₹ 550 crores in the preceding financial year.

**Ans:**

The place of supply for the services provided by Sanmati Industries to Titsubishi Ltd. is as follows:

As per section 13(3)(a) of the IGST Act, 2017, in case where the services are supplied in respect of goods which are required to be made physically available by the recipient of services to the supplier of services, the place of supply of such services shall be the location where the services are actually performed. In the given case, for carrying out the repair work, machinery was required to be made physically available by Titsubishi Ltd. to Sanmati Industries. Thus, the place of supply of services in this case is the location where the services are actually performed i.e., Maharashtra, India.

Further, sixth proviso to rule 46 read with Notification No. 14/2020 CT dated 21.03.2020 provides that all invoices issued by a registered person whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds ₹ 500 crores, in respect of B2C supplies (supply of goods or services or both to an unregistered person) will mandatorily have a Dynamic QR code. Thus, the invoices issued by Sanmati Industries to unregistered persons are mandatorily required to have a Dynamic QR Code. Accordingly, since Titsubishi Ltd. is not registered in India, invoice to be raised by Sanmati Industries to it should mandatorily have a Dynamic Quick Response (QR) code.

However, Circular No. 165/21/2021 GST dated 17.11.2021 has clarified that wherever an invoice is issued to a recipient located outside India, for supply of services, for which the place of supply is in India, as per the provisions of IGST Act 2017, and the payment is received by the supplier in convertible foreign exchange, such invoice may be issued without having a Dynamic QR Code, as such dynamic QR code cannot be used by the recipient located outside India for making payment to the supplier.

Thus, the Dynamic Quick Response (QR) code is NOT mandatorily required on the invoice to be issued by Sanmati Industries to Titsubishi Ltd.

10. Briefly answer the following questions with reference to the provisions of rectification of mistakes/errors apparent on the face of record by any authority, under section 161?
- Which documents are covered under section 161?
  - Who can rectify the errors apparent on the face of record?
  - What type of mistakes or errors can be rectified?
  - What is the time limit for rectification?

**Ans:**

- (a) Following documents are covered under section 161:
- Decision
  - Any notice
  - Any other document
  - Order
  - Certificate
- (b) Any authority who has passed or issued any decision or order or notice or certificate or any other document may rectify any error which is apparent on the face of record in such documents.
- (c) Errors or mistakes which are apparent on the face of record may be rectified. Rectification can only be of error apparent from record. It is a settled law that a decision on a debatable point of law is not a mistake apparent from the record.
- (d) No rectification can be made after a period of 6 months from the date of issue of such decision, order, notice, certificate or any other document.  
However, such time limit does not apply in cases where the rectification is purely in the nature of correction of a clerical or arithmetical error or mistake, arising from any accidental slip or omission.

May 23

Mr. X is engaged in the business of supplying FMCG (Fast-moving consumer goods) to the customers on retail as well as wholesale basis. X has its head office located in Delhi and branches in Rajasthan and Madhya Pradesh. It is registered under GST in all the three States.

During the month of January, following transactions were undertaken:

- (i) X supplied goods to its agent A from its factory located in Rajasthan. A sold them to the unrelated wholesalers in the State of Rajasthan by issuing an invoice in his own name. The goods of like kind and quality were sold by A to an unrelated customer for ₹ 1,00,000. A also purchased goods of like kind and quality from another independent supplier for ₹ 80,000 on the same day.
- (ii) X appointed a consultancy firm - Rudra Consultancy registered in Rajasthan- to incorporate a new company and to undertake all the legal formalities for incorporation of said company, for an agreed consideration of ₹ 35,000. Rudra Consultancy paid the legal fee of ₹ 15,000 to the relevant Government Department during the process of incorporation of the company. The GST invoice was issued by Rudra Consultancy on X's branch in Rajasthan for an amount of ₹ 35,000 without any breakup of its own service charges and other legal expenses or fees.
- (iii) X imported certain digital data warehousing services from Mazon Inc. located in USA. The amount charged by Mazon Inc. was ₹ 5,00,000. The services were for personal consumption of X and were not used in course or furtherance of business of X. The transaction was billed to X on the GST registration number of Rajasthan.
- (iv) X imported certain online gaming services from Balibaba Inc. located in China. The services were provided to X on free of cost basis. The open market value of such services was ₹ 1,00,000. These services were also for personal consumption of X and were received on a device whose internet protocol address was registered in India. The transaction was billed to X on the GST registration number of Rajasthan.
- (v) Madhya Pradesh branch of X purchased goods worth ₹ 15,00,000 (liable to GST @ 5%) from a Madhya Pradesh dealer and procured certain input services worth ₹ 5,00,000 (liable to GST @ 28%) in Madhya Pradesh. In the later part of the month, X sold these goods for ₹ 18,00,000 (liable to GST @ 5%).
- (vi) Rajasthan branch paid the sponsorship fee of ₹ 5,00,000 to Ganga Solutions, registered in Rajasthan, for an entertainment event organised by Ganga Solutions in Haryana.

The opening balance of input tax credit of X in the States of Delhi, Rajasthan and Madhya Pradesh is nil. Further, there is no other inward or outward supply transaction for X in the months of January apart from the aforementioned transactions. Subject to the information given above, assume that all the 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

1. GST payable on the services of incorporation of the company provided by Rudra Consultancy to X is \_\_.
  - (a) ₹ 6,300 and full input tax credit of the same is available to X
  - (b) ₹ 3,600 and full input tax credit of the same is available to X
  - (c) ₹ 6,300 and input tax credit of ₹ 3,600 is available to X
  - (d) ₹ 6,300 and no input tax credit is available to X

2. Which of the following statements is true in respect of import of digital data warehousing services and online gaming services?
- (a) IGST of ₹ 1,08,000 is payable by X under reverse charge mechanism and full input tax credit of the same is available to X.
  - (b) Service providers i.e. Mazon Inc. and Balibaba Inc. need to obtain registration as OIDAR (Online Information Database Access and Retrieval) service providers and pay IGST of ₹ 1,08,000 and no input tax credit is available to X.
  - (c) IGST of ₹ 90,000 is payable by X under reverse charge mechanism and no input tax credit of the same is available to X.
  - (d) No GST is payable since import of services by individuals for personal use is specifically exempt under GST.
3. Which of the following statements is true in respect of the sponsorship fee paid by Rajasthan branch of X to Ganga Solutions?
- (a) X is liable to pay IGST of ₹ 90,000.
  - (b) Ganga Solutions is liable to pay IGST of ₹ 90,000.
  - (c) X is liable to pay CGST and SGST of ₹ 45,000 each.
  - (d) Ganga Solutions is liable to pay CGST and SGST of ₹ 45,000 each.
4. Compute the net GST liability of X in Madhya Pradesh and amount of input tax credit refund, if any, available to X.
- (a) Net GST liability is ₹ 15,000 and eligible refund amount under inverted duty structure is ₹ 1,40,000.
  - (b) Net GST payable is nil and eligible refund amount under inverted duty structure is ₹ 1,25,000.
  - (c) Net GST payable is nil and no refund is available.
  - (d) Net GST payable is nil and eligible refund amount under inverted duty structure is ₹ 75,000.
5. Dhoomketu, registered under GST in Virar, Maharashtra, is appointed as a del-credre agent by Bigbang Ltd. He sells shoes to his customers locally within the same State. Bigbang Ltd. is also registered under GST in Maharashtra. During the current financial year, Bigbang Ltd. supplied taxable goods worth ₹ 9.50 crore whose open market value is ₹ 9.82 crore, from its Navi Mumbai unit to Dhoomketu. Dhoomketu has further sold these goods for ₹ 10.10 crore by raising invoices using his own GSTIN. Dhoomketu has received a commission of ₹ 65 lakh from Bigbang Ltd. during the year and has guaranteed the payment of the value of such goods from the customers to Bigbang Ltd. Dhoomketu has also provided financial assistance in the form of larger credit period to his customers, on which he has also earned interest of ₹ 25 lakh. Compute the value of supply of Bigbang Ltd. and Dhoomketu for the current financial year assuming that both of them wish to adopt minimum value of supply to the extent possible.
- (a) Bigbang Ltd.: ₹ 9.09 crore and Dhoomketu: ₹ 11.00 crore
  - (b) Bigbang Ltd.: ₹ 10.05 crore and Dhoomketu: ₹ 10.85 crore
  - (c) Bigbang Ltd.: ₹ 10.15 crore and Dhoomketu: ₹ 10.85 crore
  - (d) Bigbang Ltd.: ₹ 10.15 crore and Dhoomketu: ₹ 75.00 lakh

Ans.

1.	(a)	2.	(c)	3.	(d)	4.	(c)	5.	(a)
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8. Jigyasa Ltd. has multiple wholesale outlets of toys in Mumbai, Maharashtra. It receives an order for toys worth ₹ 1,20,000 (inclusive of GST leviable @ 18%) from Upasana, owner of a retail toy store in Delhi. While checking the stock, it is found that order worth ₹ 55,000 can be fulfilled from the company's Bandra (Mumbai) store and remaining goods worth ₹ 65,000 can be sent from its Goregaon (Mumbai) store. Both the stores are instructed to issue separate invoices for the goods sent to Upasana. The goods are transported to Upasana in Delhi, in a single conveyance owned by Jaidev Transporters. You are required to advise Jigyasa Ltd. with regard to issuance of e-way bill(s).

Ans:

Jigyasa Ltd. would be required to prepare two separate e-way bills since each invoice value exceeds ₹ 50,000 and each invoice is considered as one consignment for the purpose of generating e-way bills.

The FAQs on E-way Bill issued by CBIC clarify that if multiple invoices are issued by the supplier to one recipient, that is, for movement of goods of more than one invoice of same consignor and consignee, multiple e-way bills have to be generated. In other words, for each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignors or consignees are involved.

Multiple invoices cannot be clubbed to generate one e-way bill. However, after generating all these e-way bills, one consolidated e-way bill can be prepared for transportation purpose, if goods are going in one vehicle

9. Vividh Pvt. Ltd. is engaged in supplying various services in Bangalore. It is registered in the State of Karnataka. It has furnished the following information for the month of June:

S.No.	Particulars	Amount (₹)
(i)	Service of transportation of passengers by metered cabs provided through Webcastle Ltd., an electronic commerce operator (ECO)	5,40,000
(ii)	Goods transport services received from GTA for transporting the goods to be used in respect of the buses given on hire to STU. Tax on such services is payable @ 12%.	1,80,000

Ans:

Computation of gross GST liability of Vividh Pvt. Ltd.

S.No.	Particulars	Amount (₹)
(i)	Service of transportation of passengers by metered cabs through Webcastle Ltd., an ECO [Taxable since services of transport of passengers by metered cabs supplied through ECO are not exempt from GST. However, tax on such services shall be paid by ECO. Therefore, Vividh Pvt. Ltd. is not liable to pay GST on the same.]	Nil

(ii)	Less: Goods transport services availed [Since GST is payable @ 12% on goods transport services, GST is payable by the GTA1 under forward charge mechanism and not by Vividh Pvt. Ltd.	Nil
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10. Alpha is a manufacturer and supplier of a machine in India. Gamma of USA helps Alpha in selling the machine by identifying client in USA, viz., Beta who wants to purchase this machine and helps in finalizing the contract of supply of machine by Alpha to Beta. Gamma charges Alpha for his services of locating Beta and helping in finalizing the sale of machine between Alpha and Beta, for which Gamma invoices Alpha and is paid by Alpha for the same. Determine the place of supply of the services provided by Gamma to Alpha

**Ans:**

As per section 13(8)(b) of the IGST Act, 2017, the place of supply of the intermediary services shall be the location of the supplier of services. ‘Intermediary’ has been defined in section 2(13) of the IGST Act, as a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account.

Further, the concept of intermediary services has been clarified vide Circular No. 159/15/2021 GST dated 21.09.2021 as follows:

- (i) **Minimum of three parties and two distinct supplies:** There must be minimum of three parties, two principals transacting in the supply of goods or services or securities (the main supply) and one intermediary arranging or facilitating (the ancillary supply) the said main supply.
- (ii) **Intermediary service provider to have the character of an agent, broker or any other similar person:** Intermediary only arranges or facilitates the main supply and does not himself provide the main supply. Thus, the role of intermediary is only supportive.
- (iii) **Does not include a person who supplies such goods or services or both or securities on his own account:** It implies that in cases wherein the person supplies the main supply, either fully or partly, on principal-to-principal basis, the said supply cannot be covered under the scope of “intermediary”.
- (iv) **Sub-contracting for a service is not an intermediary service:** Sub-contractor provides the main supply, either fully or a part thereof, and does not merely arrange or facilitate the main supply between the principal supplier and his customers, and therefore, clearly is not an intermediary.

In the backdrop of the above discussion, while Alpha and Beta are the two principals involved in the main supply of the machinery, Gamma, is facilitating the supply of machine between Alpha and Beta. In this arrangement, Gamma is providing the ancillary supply of arranging or facilitating the ‘main supply’ of machine between Alpha and Beta and therefore, Gamma is an intermediary and is providing intermediary service to Alpha.

Resultantly, in terms of section 13(8)(b) of the IGST Act, 2017, the place of supply of the intermediary services provided by Gamma shall be the location of the supplier of services, viz. outside India (USA).

11. Answer the following questions elaborating the relevant provisions of section 44:
- Who is required to furnish the annual return and what is the due date for furnishing the same?
  - What is the prescribed form for furnishing annual return/statement?
  - Who is required to furnish a self-certified reconciliation statement?

**Ans:**

- (a) All registered persons are required to file an annual return. However, following persons are not required to file annual return:
- Casual taxable persons
  - Non-resident taxable person
  - Input service distributors
  - Persons authorized to deduct/collect tax at source under section 51/52.
- The Commissioner may, on the recommendations of the Council, by notification, exempt any class of registered persons from filing annual return under this section. The department of the Central/State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force, are exempt from the requirement of furnishing an annual return including self-certified reconciliation statement.
- The annual return for a financial year needs to be filed by 31 st December of the next financial year.
- (b) The annual return is to be filed electronically in Form GSTR-9 through the common portal.
- However, a person paying tax under the composition scheme is required to file the annual return in Form GSTR-9A.
- Further, an ECO required to collect tax at source is required to file an annual statement referred to in section 52(5) in Form GSTR-9B (yet to be notified). The statement for a financial year needs to be filed by 31st December of the next financial year.
- (c) All registered persons are required to file furnish a self-certified reconciliation statement alongwith annual return if their aggregate turnover during a financial year exceeds ₹ 5 crores. Such registered persons should furnish, electronically, the annual return along with a copy of self-certified reconciliation statement, duly certified, in Form GSTR-9C. A Self-certified reconciliation statement will reconcile the value of supplies declared in the return furnished for the financial year with the audited annual financial statement. However, following persons are not required to file self-certified reconciliation statement:
- Casual taxable persons
  - Non-resident taxable person
  - Input service distributors
  - Persons authorized to deduct/collect tax at source under section 51/52, and
12. Jumbo Steels imported heavy machine from USA. The cost of the machine at the factory of the exporter was US \$ 10,000. The transport charges of US \$ 500 were incurred from the factory of exporter to the port for shipment. At the load port, handling charges of US \$ 50 were paid for loading the machine in the ship. Freight charges from exporting country to India were US \$ 1,000. Jumbo Steels paid a buying commission of US \$ 50. From the information given above, you are required to compute the assessable value of the imported goods under the Customs Act, 1962 assuming that actual insurance charges paid are not ascertainable and exchange rate is 1\$ = ₹ 70.

Ans:

Computation of assessable value of the imported machine

		US \$
(i)	Cost of the machine at the factory	10,000.00
(ii)	Transport charges up to port	500.00
(iii)	Handling charges at the port	50.00
	FOB	10,550.00
(iv)	Freight charges up to India	1,000.00
(v)	Insurance charges @ 1.125% of FOB [Note 1]	118.69
	CIF	11,668.69

		₹
	CIF in Indian rupees @ ₹ 70/ per \$	₹ 8,16,808.30
	Assessable Value	₹ 8,16,808.30
	<b>Assessable Value (rounded off)</b>	<b>8,16,808</b>

Notes:

- Insurance charges have been included @ 1.125% of FOB value of goods [Third proviso to rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007].
- Buying commission is not included in the assessable value [Rule 10(1)(a)(i) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007].

NOV 23

Infotel Ltd. (hereinafter referred to as Infotel) is a telecommunication company operating in India. The company has obtained registration in all the States in India and has its head office in Haryana. The invoice for telecommunication services in India is issued to the customer by head office located in Haryana for all the services.

During the month of January, following transactions were undertaken:

- Receipts from post-paid mobile customers are ₹ 25,00,000 (₹ 5,00,000 is from customers located in Haryana and remaining amount is from customers located in rest of India). Apart from this, Infotel collected an amount of ₹ 20,00,000 as subscription income (identifiable separately on the post-paid bill) from the customers (this amount is not included in the collection at point No. 1). The same was collected for payment to Cloudzone Ltd. (hereinafter referred to as Cloudzone), an online content provider [OTT Platform] located in Maharashtra. Full amount was remitted to Cloudzone by Infotel on behalf of the post-paid customers. Cloudzone issues invoice to the customers in its own name. As per the agreement, Infotel is not involved in any sort of facilitation or arrangement of supply from Cloudzone to the customers. The customers on their own availed the facility to pay for the services provided by Cloudzone by way of payment through Infotel. Subscription income is charged from the customers on actual basis and no fee is charged by Infotel from the customers for such payment facility. Infotel receives an amount equivalent to 10% of the total amount collected from the customers as collection charges from Cloudzone.
- Direct receipts from prepaid mobile customers are ₹ 50,00,000 (Entire payment is received from customers located outside Haryana).
- Mobile telecommunication revenue received from Paykwik Ltd. (hereinafter referred to

- as Paykwik), a reseller/ selling agent of Infotel, is ₹ 30,00,000. The location of Paykwik is in Maharashtra. Commission paid to Paykwik is 10% of the revenue received.
4. Infotel collected an amount of ₹ 5,00,000 from the customers located in Haryana against the direct to home (DTH) service provided in Haryana. This amount includes a one-time installation charges of ₹ 50,000.
  5. Infotel purchased certain equipment for installation of its towers in the State of Rajasthan. The goods were delivered and installed by the supplier (based in Rajasthan) at Infotel's site in Rajasthan and invoice was issued to Infotel at Haryana Head Office. Total amount charged was ₹ 75,00,000.
  6. Infotel collaborated with Amaze Inc., a company based in USA, for receiving technological support in relation to provision of cloud storage services to its customers. The amount paid by Infotel to Amaze Inc. is ₹ 5,00,00,000 for technology support. Further, the cloud storage services were provided by Infotel to its unrelated premium customers on free of cost basis for the trial period. The open market value of such services is ₹ 75,00,000.
  7. As per the agreement with Amaze Inc., in case of any failure in provision of cloud storage services to the customers by Infotel, Amaze Inc. shall provide the backup server access to Infotel's customers for data storage. The customer is not aware of the fact that data is being stored on Amaze Inc.'s server in case of failure at Infotel's end. Amaze Inc. charged an amount of ₹ 50,00,000 from Infotel for such instance in the month of January.

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 Infotel is Nil for all the registrations. 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

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the month of January.

1. The GST payable in cash for the month of January by the Head Office of Infotel in Haryana (assuming that no ITC is utilised by it) is\_\_\_\_\_.  
(a) ₹ 20,16,000 (b) ₹ 1,22,76,000  
(c) ₹ 29,16,000 (d) ₹ 1,19,16,000
2. The input tax credit available to Infotel in the month of January at its Head Office in Haryana is\_\_\_\_\_-.  
(a) ₹ 99,54,000  
(b) ₹ 1,13,04,000  
(c) ₹ 54,000  
(d) ₹ 14,04,000
3. In terms of GST Law, please select the correct statement for transaction between Infotel, Cloudzone and the subscribing customer:  
(a) Infotel is an agent of Cloudzone.  
(b) Infotel is a pure agent of Cloudzone.  
(c) Infotel is a pure agent of the subscribing customer.  
(d) Infotel is an intermediary of Cloudzone.

4. The jurisdictional tax authorities are contemplating to bring Amaze Inc. under the tax net for the transaction related to cloud storage. Please choose the most appropriate statement:
- Amaze Inc. is liable to obtain registration and pay GST in India on the said transaction as it is providing online information and database access or retrieval services to Infotel.
  - Amaze Inc. is liable to obtain registration in India and pay tax as principal supplier since it is providing cloud storage services to the customers through its agent i.e., Infotel in India.
  - Infotel is an intermediary of Amaze Inc. and therefore, the tax liability of Amaze Inc. shall be discharged by Infotel on behalf of Amaze Inc.
  - Amazon Inc. is not liable to, obtain registration and pay tax in India, in respect of the said transaction.
5. For the direct to home services, Infotel is exploring the possibility of providing equipment like dish antenna and cables (liable to GST at 28%) to the customers at an additional charge of ₹ 2,000. Currently, the company collects ₹ 1,000 from new customers as installation and one-month charges for services (liable to GST at 18%). In case the dish antenna and cables are also provided, the combined charge would be ₹ 3,000. Please select the most appropriate statement.
- GST on amount of ₹ 2,000 shall be charged at the rate of 28% and balance amount of ₹ 1,000 to be charged at 18%.
  - GST on amount of ₹ 3,000 shall be charged at the rate of 28%.
  - GST on amount of ₹ 3,000 shall be charged at the rate of 18%.
  - No GST on ₹ 2,000 and GST at the rate of 18% on ₹ 1,000.
6. Countervailing duty under section 9 of the Customs Tariff Act, 1975 shall not be levied unless it is determined that the subsidy provided by the exporting country on manufacture of an article:
- relates to export performance.
  - relates to use of domestic goods over imported goods in export article.
  - is conferred on all persons engaged in the manufacture of said article.
- Choose the most appropriate option.
- (i), (ii) or (iii)
  - Only (iii)
  - (ii) or (iii)
  - (i) or (ii)

Ans:

1.	(d)	2.	(a)	3.	(c)	4.	(d)	5.	(c)	6.	(d)
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7. Discuss the precautions to be observed while issuing summons under GST law.

Ans:

The following precautions should generally be observed when summoning a person under GST law: -

- A summon should not be issued for appearance where it is not justified. The power to summon can be exercised only when there is an inquiry being undertaken and the attendance of the person is considered necessary.

- (ii) Normally, summons should not be issued repeatedly. As far as practicable, the statement of the accused or witness should be recorded in minimum number of appearances.
- (iii) Respect the time of appearance given in the summons. No person should be made to wait for long hours before his statement is recorded except when it has been decided very consciously as a matter of strategy.
- (iv) Preferably, statements should be recorded during office hours; however, an exception could be made regarding time and place of recording statement having regard to the facts in the case.

**May 24**

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:

Particulars	Amount (`)
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.

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. 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.

3. 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

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	65,000
Interest	2,000	3,000	3,000	8,000

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

4. 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
5. 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
6. 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
7. 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
8. 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.

**Ans.**

1.	(a)	2.	(b)	3.	(a)	4.	(d)	5.	(a)	6.	(d)	7.	(c)	8.	(b)
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9. Fortune 365 is an online money gaming platform operating from UAE. It provides its users a platform to play and win money in different games that are available on its portal.

In the month of December, Player A, an unregistered person located in India, deposited an amount of ₹ 10,000 (inclusive of GST) in the master wallet available on the portal of Fortune 365. Subsequently, following transactions were undertaken by Player A in said month:

- i. Player A utilized the amount of ₹ 2,000 from the master wallet towards playing a virtual racing game on the portal. As a winning amount, ₹ 10,000 was credited to the master wallet of Player A.
- ii. On another portal operated by Fortune 365 in the name of Bet 180, Player A placed a bet of face value of ₹ 11,000 on an international wrestling match. The amount of such bet was paid by the master wallet of Player A. However, he lost the bet and hence the bet amount of ₹ 11,000 with applicable taxes was transferred from the master wallet to the bank account of Bet 180.
- iii. Player A transferred the balance amount from the master wallet to his bank account after the aforesaid transactions. Assume all the above transactions to be exclusive of GST unless otherwise specified.
- iv. Rate of GST applicable is 28% (Please ignore the bifurcation of GST amount into CGST, SGST and IGST.)

Based on the information provided above, answer the following questions, providing brief reasons:

- (1) Compute the total GST payable on the aforesaid given transactions.
- (2) Determine the net amount transferred by Player A to his bank account after the aforesaid transactions.
- (3) Ascertain whether Fortune 365 is required to obtain registration under GST in India. Will your answer be different if Player A is registered under GST in India?

**Ans:**

The value of online money gaming related supply shall be determined as per rule 31B. As per said rule, the value of supply of online gaming, including supply of actionable claims involved in online money gaming, shall be the total amount paid or payable to or deposited with the supplier by way of money or money's worth, including virtual digital assets, by or on behalf of the player.

Further, rule 31A provides the manner of determining the value of supply of actionable claim in the form of chance to win in betting. The value for such supply shall be 100% of the face value of the bet.

In accordance with the above provisions:

- (1) Total GST payable on given transactions is as follows:
  - (i) Value of supply of online money gaming = Total amount deposited with the supplier by the player in terms of rule 31B  
= Initial deposit of ₹ 10,000 (inclusive of GST) by Player A with Fortune 365 after excluding GST = ₹ 7,812.50 (₹ 10,000 × 100/128)  
GST payable = ₹ 7,812.50 × 28%  
= ₹ 2,188 - [A]
  - (ii) Value of supply of online bet = 100% of the face value of the bet in terms of rule 31A = ₹ 11,000  
GST payable = ₹ 11,000 × 28%  
= ₹ 3,080 - [B]

Total amount of GST that would be collected by the Government on the given transactions = [A] + [B] = 5,268 (rounded off)

- (2) Total amount transferred by Player A to his bank account from the master wallet is as follows:

Particulars	Amount (₹)
Initial Deposit	10,000
Less - GST on deposit	2,188
Less - Payment for virtual racing game	2,000
Add - Winning from virtual racing game	10,000
Less - Payment for bet placed on Bet 180	11,000
Less - GST on the bet place on Bet 180	3,080
<b>Net balance available for transfer</b>	<b>1,732</b>

- (3) As per section 24(xia), every person supplying online money gaming from a place outside India to a person in India shall be required to obtain registration on a mandatory basis in India. Accordingly, Fortune 365 being a supplier of online money gaming operating from UAE and supplying services in India shall be liable to obtain registration compulsorily in India. The answer will not change irrespective of the fact that Player A is registered under GST in India or not.

10. Bindusara commences the business of supplying taxable goods locally within the State of Rajasthan in April. He is not yet registered under GST. As his aggregate turnover reaches ₹ 8 lakh by the end of the month of June, Bindusara starts exploring the option to sell the goods supplied by him within Rajasthan on a popular electronic commerce platform - E-vastustore by listing the goods on the said platform.

He approaches you for advice on following issues in this regard:

- (A) Bindusara wishes to continue his business without registering under GST since it will enhance the compliance burden under GST law. Can he supply the goods through E-vastustore without obtaining GST registration? You are required to advise him.
- (B) Discuss the GST implications in case Bindusara supplies goods through electronic commerce platform - E-vastustore.

**Ans:**

- (A) Yes, Bindusara can supply goods through E-vastustore without obtaining GST registration. As per section 24(ix), persons who supply goods and/or services, other than services notified under section 9(5), through such electronic commerce operator (hereinafter referred as ECO) who is required to collect TCS under section 52 is required to obtain registration mandatorily.

However, the persons making supplies of goods through an ECO who is required to collect TCS and having an aggregate turnover in the preceding financial year and in the current financial year not exceeding the threshold limit in accordance with the provisions of section 22(1), are exempted from obtaining registration, vide Notification No. 34/2023 CT dated 31.07.2023, subject to the following conditions, namely:

- (i) such persons shall not make any inter-State supply of goods;
- (ii) such persons shall not make supply of goods through ECO in more than one State/ Union territory;
- (iii) such persons shall be required to have a PAN issued under the Income-tax Act, 1961;

- (iv) such persons shall, before making any supply of goods through ECO, declare on the common portal:
    - a. their PAN
    - b. address of their place of business and
    - c. State/UT in which such persons seek to make such supply, which shall be subjected to validation on the common portal;
  - (v) such persons have been granted an enrolment number on the common portal on successful validation of the PAN declared above;
  - (vi) such persons shall not be granted more than one enrolment number in a State/UT;
  - (vii) no supply of goods shall be made by such persons through ECO unless such persons have been granted an enrolment number on the common portal; and
  - (viii) where such persons are subsequently granted registration under section 25, the enrolment number shall cease to be valid from the effective date of registration.
- Thus, Bindusara can supply goods through E-vastustore without obtaining GST registration till the time its aggregate turnover does not exceed the threshold limit in accordance with the provisions of section 22(1) thereby complying with the aforesaid conditions.

**(B)** As Bindusara is not required to obtain registration under GST, there shall be no GST implications on the supplies made by him through electronic commerce platform - E-vastustore.

However, the electronic commerce operator - E-vastustore - is required to submit the details of supplies made through it by the unregistered suppliers (including Bindusara) having enrolment number in Form GSTR 8. Further, no tax at source shall be collected by the E-vastustore in respect of such supplies.

11. A Ltd. is registered under GST in Rajasthan, Delhi, Haryana and Punjab. Due to closure of business activities in Rajasthan with effect from May 31, 2023, A Ltd. filed an application for cancellation of registration before the jurisdictional tax authorities of Rajasthan. The application for cancellation of registration was filed on June 30, 2023. The registration was suspended with immediate effect from June 30, 2023, by the jurisdictional tax authorities. The final order of cancellation was dated July 31, 2023. You are required to advise A Ltd. regarding the last date for filing the final return by it in Rajasthan.

Further, A Ltd. was also registered as an ISD (Input Service Distributor) in Rajasthan; said registration was cancelled with effect from June 30, 2023 with an order dated July 31, 2023. Advise whether the final return is required to be filed upon cancellation of ISD registration by A Ltd.? If yes, what is the due date for filing said final return?

**Ans:**

As per section 45 read with rule 81, every registered person who is required to file a return under section 39(1) and whose registration has been cancelled is required to file a final return electronically in Form GSTR-10 through the common portal. The final return has to be filed within 3 months of the:

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

Thus, in the given case, final return for Rajasthan registration has to be furnished within three months of the date of order of cancellation of registration (July 31, 2023). Hence, final return has to be filed by A Ltd. on or before October 31, 2023.

Further, since an ISD is not required to furnish return under section 39(1) but under section 39(4), final return is not required to be filed upon cancellation of ISD registration. Therefore, A Ltd. is not required to furnish final return for ISD registration cancelled.

12. Zebrex, registered in Delhi, enters into a contract with Shine Ltd., an advertising company, located and registered in Gurugram, Haryana, to arrange the display of an advertisement of Zebrex's newly launched product on a hoarding placed in Marine Drive-Mumbai, Maharashtra for initial 3 months of the launch of the product. Shine Ltd., in turn, enters into a contract with the owner of Seaside Hotel located and registered in Marine Drive-Mumbai, Maharashtra for display of the advertisement on a hoarding placed in the lawn of the hotel. What will be the place of supply of service(s) provided in the given case?

**Ans:**

In the given case, two supplies are involved:

- (i) Services provided by Shine Ltd. to Zebrex by way of arranging the display of the advertisement of its newly launched product, and
- (ii) Services provided by Seaside Hotel to Shine Ltd. by way of placing a hoarding in the lawn of the hotel.

The place of supply in each of the above supplies is as follows:

- (i) As per section 12(2)(a) of the IGST Act, 2017, the place of supply of services, except the services specified in sub-sections (3) to (14) of section 12 of the IGST Act, 2017, made to a registered person is the location of the person receiving the services. Advertisement services provided by Shine Ltd. to Zebrex is not covered in any of the sub-sections of section 12 of the IGST Act, 2017. Therefore, the place of supply shall be determined by the default provision under section 12(2)(a) of the IGST Act, 2017, viz. the location of the recipient.

Thus, the place of supply, in the given case, is the location of Zebrex, i.e. Delhi.

- (ii) In case where there is supply (sale) of space or supply (sale) of rights to use the space on the hoarding/ structure (immovable property) belonging to vendor to the client/ advertising company for display of their advertisement on the said hoarding/ structure, the hoarding/structure erected on the land should be considered as immovable structure or fixture as it has been embedded in earth. Further, place of supply of any service provided by way of supply (sale) of space on an immovable property or grant of rights to use an immovable property shall be governed by the provisions of section 12(3) (a) of the IGST Act. Therefore, the place of supply of service provided by way of grant of rights to use the hoarding/ structure for advertising in this case would be the location where such hoarding/ structure is located.