



CHAPTER - 15

Computation of GST

MCQs:-

Students, let's try to solve it



CASE SCENARIO

Question : 1

Mr. Pasupathi, registered taxpayer under GST, is engaged in trading of various types of consumer goods. His turnover in preceding financial year was below the threshold limit liable for registration.

During the month of April in the current year, he availed the following services-

(a) GTA services from XYZ Transports (GST was charged @ 5%) - ₹ 35,000

(b) Renting of Godown premises from Local Municipality- ₹ 40,000

(c) Legal service availed from a Firm of Advocates - ₹ 50,000

He sold a car used for his personal purposes for ₹ 1,00,000. He disposed off his old computers for ₹ 60,000 on which no ITC was claimed. He also gave away his stock of old consumer goods amounting to ₹ 75,000 (on which he had claimed ITC) to an Orphanage Home.

He received goods on 1st May that are liable to tax under reverse charge. Invoice was issued on 5th May and payment for the same was made on 6th June entered in the books of accounts on same day and debited in the bank account on 7th June.

He paid repair expenses for truck used for transportation of goods of his business. GST component involved thereon was ₹ 13,000. He arranged

for catering for his workers on Labour Day function and paid bill in which GST component was ₹ 15,000. He received first lot of certain goods having GST component of ₹ 25,000.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Conditions necessary for claiming ITC have been fulfilled subject to the information given above.

Based on the information given above, choose the most appropriate answer for the following questions:- [Study Mat]

1.1 Determine the value of services taxable under reverse charge mechanism?

- (a) ₹ 35,000 (b) ₹ 75,000
(c) ₹ 85,000 (d) ₹ 1,25,000

[Hint:- 1) GTA Service and renting of godown are taxable under RCM whereas legal services are exempt

2) Refer entry no 1, SA and 2 [along with exemption] in RCM chapter]

1.2 In respect of sale of personal car and disposal of computer and stock of goods, value of supply will be _____

- (a) ₹ 60,000
(b) ₹ 75,000
(c) ₹ 1,35,000
(d) ₹ 2,35,000

[Hint:- 1.Refer para 1 of schedule 1 for disposal of computer and stock of goods 2.Car was not

supplied in the course or furtherance of business as it was used for personal purpose. Hence, not treated as supply u/s 7]

1.3 Time of Supply of goods received by Mr. Pasupathi is _____

- (a) 1st May (b) 5th May
(c) 5th June (d) 6th June

[Hint:- Refer Sec 12(3):- TOS of goods in case of RCM]

1.4 Compute the amount of input tax credit (except ITC on services taxable under reverse charge mechanism) that can be claimed by Mr. Pasupathi?

- (a) ₹ 28,000 (b) ₹ 38,000
(c) ₹ 40,000 (d) ₹ 13,000

[Hint:- 1.ITC of tax paid for truck used for transport of goods is not blocked u/s 17(5)(a), hence tax on its repair is also not blocked u/s 17(5)(ab)

2.for goods received in lots, ITC is available on receipt of last lot.

3.refer sec 17(5)(b) for ITC of tax paid on catering]

Answers Key

Question No	Answer
1.1	(b) ₹ 75,000
1.2	(b) ₹ 75,000
1.3	(a) 1 st May
1.4	(d) ₹ 13,000

Question : 2

M/s. Vittal & Co., a registered supplier under GST, is dealing in supply of taxable goods in the State of Karnataka.

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

Vittal & Co. removed goods on 10th June for delivery to Suri & Co. on 'Sale or Return Basis'. Suri & Co. accepted the goods vide its confirmation mail dated 15th December.

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

(a) GST paid on input services intended to be used for personal purposes - ₹ 12,000

(b) GST paid on purchase of Motor Vehicle for business use (being a two-wheeler having engine capacity of 25CC) - ₹ 9,000

(c) GST paid on purchase of computer - ₹ 19,000

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

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

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

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

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

All the supply referred above is intra-State unless specified otherwise.

Conditions applicable for availment of ITC are fulfilled subject to the information given above.

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

[Study Mat] [CA Inter MTP may 22] (CA Inter MTP Oct 23)

2.1 Vittal & Co. needs to furnish a statement containing details of stock of inputs/ inputs held in finished goods on the withdrawal of composition scheme by -----

- (a) 9th May (b) 23rd May
(c) 8th June (d) 7th July

[Hint:- Such statement have to be filed within 30

days of withdrawal of option- Refer composition chapter]

2.2 In respect of the goods sent on sale or return basis, Vittal & Co. shall issue the invoice by -----

- (a) 10th June (b) 10th September
(c) 10th December (d) 15th December

[Hint:- As per Sec 31(7), last date to issue invoice is - before/at time of supply OR 6 months from removal date, whichever is earlier.]

2.3 Determine the amount of eligible input tax credit that can be availed by Vittal & Co for the month of August?

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

[Hint:- 1. Refer Sec 17(5)(a), 17(5)(g), Sec 16(3) and 2nd proviso to Sec 16(2)

2. "eligible ITC":- Rs 10000+ Rs 9000 = Rs 19000

3. Rs. 10000 earlier added to output tax liability as the payment was not made to supplier in 180 days, will now be available for taking ITC without any time limit as the payment is made to the supplier.

4. ITC on motor vehicle will be available as it used for business purpose i.e. transportation of goods as supplier is dealing in supply of taxable goods.]

2.4 Compute the amount of ITC to be reversed for the month of September?

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

[Hint:- As per 2nd proviso to Sec 16(2), if payment is

not made within 180 days of invoice date to the supplier, then ITC availed shall be added to output tax liability with interest.]

2.5 Time of supply in respect of service imported by Vittal & Co from its Associated Enterprise is _____

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

[Hint:- As per 2nd proviso to Sec 13(3), TOS is date of payment OR entry in books of recipient, whichever is earlier.]

Answers Key

Question No	Answer
2.1	(c) 8 th June
2.2	(c) 10 th December
2.3	(b) ₹ 19,000
2.4	(c) ₹ 15,000
2.5	(b) 30 th September

Question : 3

M/s. Triambak & Co., a LLP registered dealer under GST is engaged in various types of business activities. It provided GTA services to Government Department, registered under GST for providing various services for which GST is payable @ 5%, here GTA is registered & opt to pay CGST under forward charge @ 6%. The firm provided services of Direct Selling Agency

(DSA Services) to NBFC located in Mumbai. The firm also provided gift to each of its employees valuing ₹ 50,000 once in a financial year. M/s Triambak & Co let out its warehouse to Mr. Grushnesh, who in turn let out to an Agriculturist for warehousing of agricultural produce. The firm also undertakes milling of paddy into rice for various agriculturists (not under the Public Distribution Scheme). The firm paid GST with respect to an order served by the GST authority demanding to pay GST on two counts-

- (a) Demand to pay GST of ₹ 45,000 for suppression of sales figures in monthly returns
 - (b) Demand to pay GST ₹ 55,000 for fraudulently obtaining refund of GST.
- Further, in a particular month, the GST liability of the firm was ₹ 20,000 IGST; ₹ 10,000 CGST; ₹ 10,000 SGST. The following credits were available in the said month-
- IGST: ₹ 8,000
CGST: ₹ 12,000
SGST: ₹ 5,000

All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred above is intra-State unless specified otherwise. Conditions for availing ITC are fulfilled subject to the information given above. Based on the information provided above, choose the most appropriate answer for the following questions-

[Study Mat]

3.1 Choose the correct statement(s).

- (i) For GTA services, Government is liable to pay GST under reverse charge
 - (ii) For DSA services, NBFC is liable to pay GST under reverse charge
 - (iii) For GTA services, Triambak & Co is liable to pay GST under forward charge
 - (iv) For DSA services, Triambak & Co is liable to pay GST under forward charge
- (a) i & ii (b) iii & iv
(c) i & iv (d) ii & iv

[Hint:- Refer proviso of entry no. 1 & entry no. 11 in RCM chapter.]

3.2 Gift of ₹ 50,000 in value provided by Triambak & Co to each of its employee will be

- (a) Supply of goods
- (b) Supply of services
- (c) Both supply of goods and services
- (d) Neither supply of goods nor supply of services

[Hint:- Refer Proviso to para 2 of schedule 1 in Supply chapter]

3.3 Which of the following statement is correct:-

- (i) Letting out of warehouse to Grushnesh is exempt
 - (ii) Milling of paddy into rice is exempt
 - (iii) Letting out of warehouse to Grushnesh is not exempt
 - (iv) Milling of paddy into rice is not exempt
- (a) i & ii (b) iii & iv
(c) i & iv (d) ii & iii

[Hint:- 1.Refer entry 54 -only renting of vacant land is allowed for exemption and not for renting of warehouse.

2. Refer entry 57 -milling of paddy is not eligible for exemption]

3.4 M/s Triambak & Co is eligible to claim input tax credit of _____

- (a) ₹ 45,000 (b) ₹ 55,000
(c) ₹ 1,00,000 (d) Nil

[Hint :- Refer Sec 17(5)(i) in ITC chapter]

3.5 Compute the GST liability of the firm to be paid in cash, if rule 86B is not applicable?

- (a) IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000
(b) IGST: ₹ 12,000; CGST: Nil; SGST: ₹ 5000
(c) IGST: Nil; CGST: ₹ 10,000, SGST: ₹ 5000
(d) IGST: 5,000; CGST: Nil , SGST: 10,000

[Hint:-Refer Sec 49(5)/49A/49B/Rule 88- Manner of utilisation of ITC

1.ITC of IGST can be set off with tax payable under IGST 1st.

2. ITC of CGST can be set off with tax payable under CGST/IGST -so here balance of itc of CGST (Rs. 2,000) adjusted with tax liability under IGST after adjusting with cgst.

3. ITC of SGST is used to pay SGST only.]

Answers Key

Question No	Answer
3.1	(c) i & iv
3.2	(d) Neither Supply of goods nor supply of Services
3.3	(b) iii & iv
3.4	(d) Nil
3.5	(a) IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000

Question : 4

Ms. Chanchala, a Doctor having in-patient facility in her hospital is a registered person under GST.

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

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

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

She is also a consultant in other hospitals and received ₹ 40,00,000 as consultancy fee from the other hospitals.

Further, she also provides canteen facility and received ₹ 55,000 from in-patients, ₹ 35,000 from patients who are not admitted and ₹ 25,000 from visitors for the same facility.

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

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

All the amounts given above are exclusive of taxes, wherever applicable.

All the supply referred above is intra-State unless specified otherwise.

From the information given above, choose the most appropriate answer for the following questions- [Study Mat] [CA Inter MTP may 22] [CA Inter MTP Sep 23]

4.1 Which of the following is a correct statement as per the provisions of CGST Act, 2017?

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

[Hint:- 1.Members of the same family are related - Refer Definition of family u/s 2(49) - in that spouse is family but sister in law is not

2.Refer para 2 of schedule 1]

4.2 Compute the taxable value of supply of

canteen service provided by Ms. Chanchala?

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

[Hint:- Refer clarification given in exemption chapter - relating to health care sector-Circular no 32/06/2018 dt 12/02/2018]

4.3 By which date Ms. Chanchala should have applied for revocation of cancellation of registration certificate, in case no extension is granted?

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

[Hint:- As per Sec 30, application for revocation shall be within 30 days from the date of service of the cancellation order]

4.4 Maximum time permissible for rectification of error committed in monthly return of June is

- (a) 30th Nov of the next year
(b) 20th October of the next year
(c) 31st October of the next year
(d) 31st December of the next year

[Hint:-Refer sec 39(9)- Time limit for making rectification is earlier of the following-

- 30th November following the F.Y. to which the rectification relates or
- Actual date of filing of relevant annual return]

Authors Note: Maximum time permissible is 31st Oct or 30th Nov whichever is earlier, but ICAI has given 30th November.

4.5 Determine which of the following services provided by Ms. Chanchala and her hospital is exempt from GST?

- Plastic surgery to enhance the beauty of the face
 - Ambulance service for transportation of patients
 - Renting of space to run medical store in hospital premises
 - Consultancy service by Ms. Chanchala in other hospitals
- (a) (i), (ii) & (iv)
(b) (i), (ii)
(c) (ii) & (iv)
(d) (i) & (iii)

[Hint:- Hint:-Refer exemption for health care services-

- Plastic surgery-refer meaning of health care services
- Ambulance services-Refer exemption
- Renting of space-not covered under health care services.
- Consultancy services- refer circular no 32/06/2018 dt 12/02/2018]

Answers Key

Question No	Answer	
4.1	(a)	(i) and (iv)
4.2	(c)	₹ 60,000
4.3	(d)	4 th September
4.4	(a)	30th Nov of the next year
4.5	(c)	(ii) & (iv)

Question : 5

M/s. Visali & Co, a Partnership firm, is engaged in manufacturing of equipments in the State of Kerala.

The firm became liable for registration on 10th July. It applied for registration on 10th August and was granted registration certificate by 14th August.

The firm received sponsorship services from "Leisure Treat Bay Privatelimited" for conducting a business expo. It received a consignment from M/s. Safe Logistics, a GTA, which charged 6% each CGST and SGST for its services. It also received security services from Prompt Security Agency Pvt. Ltd.

The firm had opted for composition levy and its turnover for the quarter ending September was ₹ 14 lakh, out of which taxable supply amounted to ₹ 10 lakh and exempt supply amounted to ₹ 4 lakh.

The firm made a supply of equipments to an unrelated limited company in the month of October having market value of ₹ 12 lakh, wholesale value of ₹ 13 lakh and maximum retail price was ₹ 14 lakh.

However, the transaction was made at ₹ 11 lakh.

The firm belatedly paid the tax amounting to ₹ 40,000 for the quarter ending December on 09th February of the succeeding year.

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

Based on the information given above, choose the most appropriate answer for the following questions- **[Study Mat]**

5.1 The effective date of registration of M/s. Visali &

Co is -----

- (a) 10th July
- (b) 9th August
- (c) 10th August
- (d) 14th August-

[Hint:- As per rule 10 given in registration chapter, if applied for registration after 30 days of becoming liable, then effective date of registration is date of grant of registration]

5.2 Amongst the services availed by M/s. Visali & Co, which of the following services are taxable under reverse charge mechanism?

- (i) Sponsorship services received from Leisure Treat Bay Pvt. Ltd. Co.
- (ii) GTA Services received from Safe Logistics
- (iii) Security Services received from Prompt Security Agency Pvt. Ltd.

- (a) (i) (b) I & ii
- (c) i & iii (d) ii & iii

[Hint:- Refer entry no. 1, 4 and 14 in RCM chapter]

5.3 Determine the value of supply of equipments under section 15(1) of CGST Act, 2017 made by M/s. Visali & Co. in the month of October?

- (a) ₹ 14 lakh (b) ₹ 13 lakh
- (c) ₹ 12 lakh (d) ₹ 11 lakh

[Hint:- As per Sec 15(1), value shall be transaction price where supply is made to unrelated party and price is sole consideration]

5.4 Compute the tax payable by the firm for

the quarter ending September under CGST and SGST?

- (a) ₹ 5,000 each (b) ₹ 7,000 each
- (c) ₹ 10,000 each (d) ₹ 35,000 each

[Hint:- the tax rate is 0.5% each CGST & SGST of turnover in state for manufacturers under composition scheme, $14,00,000 \times 0.5\% = 7,000$]

5.5 Compute the interest payable by the firm for the belated payment of tax?

- (a) ₹ 395 (b) ₹ 434
- (c) ₹ 414 (d) ₹ 552

[Hint:-1. Last date to pay tax under composition scheme is 18th of next month following the quarter - so, here, 18th Jan is last date but tax is paid on 9th Feb so no. of days delayed = 22 days

2. Interest = (Rs 40000 * 18%) * 22 Days / 365 Days = Rs 434]

Answers Key

Question No	Answer	
5.1	(d)	14th August
5.2	(a)	(i)
5.3	(d)	₹ 11 lakh
5.4	(b)	₹ 7,000 each
5.5	(b)	₹ 434

Question : 6

Mr Mandeep, a registered dealer, is engaged in the business of supplying construction material in the State of Assam. He availed architect services for his business from his friend in London free of cost. He also availed designing services from his brother in London for ₹ 5 lakh for his personal purposes.

He availed services, from an entity in India, which are liable to tax under reverse charge for which date of invoice was 1st September, payment date as per his books of account and as per his bank account was 15th November and 18th November respectively.

His turnover for the current financial year is as follows-

Taxable supply of goods - ₹ 55 lakh

Exempt supply of goods - ₹ 16 lakh

Inward supply liable to tax under reverse charge - ₹ 8 Lakh

He intends to start providing services, other than restaurant services, also from the next financial year and also to avail composition scheme under section 10(1) of the CGST Act, 2017. He also wishes to make supplies to the Government.

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

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

[Study Mat]

6.1 In respect of services imported by Mr. Mandeep, which of the following is a correct statement?

i. Architect services for his business from his friend in

London free of cost is considered as a supply

ii. Designing services from his brother in London for ₹ 5 Lakh for his personal purposes is considered as a supply.

iii. Architect services for his business from his friend in London free of cost is not considered as a supply

iv. Designing services from his brother in London for ₹ 5 Lakh for his personal purposes is not considered as a supply.

(a) i & ii (b) i & iv

(c) ii & iii (d) iii & iv

[Hint:- for option ii- as per Sec 7(1)(b), importation of service for consideration is supply whether or not in the course or furtherance of business

for option iii- it is not supply u/s 7(1)(b) as there is no consideration and it is not deemed supply also under para 4 of schedule 1 as the friend is not a related person.]

6.2 Determine the time of supply of services, received by Mr. Mandeep and taxable under reverse charge?

(a) 1st September (b) 1st November

(c) 15th November (d) 18th November

[Hint:-As per Sec 13(3), TOS is earlier of date of payment or the date immediately following 60 days from invoice date.]

6.3 Compute the aggregate turnover of Mr. Mandeep for the given financial year?

(a) ₹ 63 lakh (b) ₹ 79 lakh

(c) ₹ 71 lakh (d) ₹ 55 lakh

[Hint:- Refer definition of aggregate turnover u/s 2(6) which includes taxable as well as exempt supply-(Rs 55 lakh + Rs 16 lakh) but does not include inward supply taxable under RCM]

6.4 Mr Mandeep will be eligible for composition scheme under section 10(1) of the CGST Act, 2017, in the next financial year, but he can supply services only upto -----

(a) ₹ 5.00 lakh (b) ₹ 6.3 lakh

(c) ₹ 7.90 lakh (d) ₹ 7.10 lakh

[Hint:-As per 2nd proviso to Sec 10(1), maximum limit to provide services is 10% turnover in a State or Union territory in the preceding financial year or 5 lakh rupees, whichever is higher.]

Answers Key

Question No	Answer
6.1	(c) ii & iii
6.2	(b) 1 st November
6.3	(c) ₹ 71 lakh
6.4	(d) ₹ 7.10 lakh

Question : 7

Ms. Riya is a multi-faceted business personality. She is registered under GST from April, this year.

She supplied a package consisting of stapler, calculator and charger at a single price of ₹ 300. Rate of GST for stapler, calculator and charger is 5%, 12% and 18% respectively.

She wants to opt for composition levy.

She received following payments during the month of May:

- earned ₹ 160,000 by performing a western music in a cultural event at a Resort
- earned ₹ 50,000 by providing services by way of renting of residential dwelling for use as a boutique.
- received ₹ 70,000 by way of rent for letting of agro machinery

Ms. Riya made a supply during June, details of which are as follows-

- Basic price of the product before TCS under Income Tax Act, 1961- ₹ 45,000
- Tax collected at source under Income-tax Act, 1961 - ₹ 2,500
- She received a subsidy of ₹ 3,500 from Green Foundation Pvt. Ltd for usage of green energy and the subsidy was linked to saving energy

Ms. Riya provides the following information regarding receipt of inward supply during July-

- received invoice for goods having GST component of ₹ 30,000. Goods were to be delivered in 5 lots, out of which three lots were received in the current month.
- purchased a car having GST component of ₹ 1,50,000 for the usage in a driving school owned by her for imparting training
- availed health insurance service for her employees on her own voluntarily and paid GST of ₹ 7,000 thereon

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

necessary for claiming input tax credit (ITC) have been fulfilled subject to the information given above. [Study Mat][Similar Que MTP Sep 2022][CA Inter MTP Apr 23]

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

7.1 What would be the nature of supply and the applicable rate of GST for the supply of package made by Ms. Riya (when not registered under composition scheme):-

- (a) composite Supply & applicable rate 12%
- (b) mixed Supply & applicable rate 18%
- (c) composite Supply & applicable rate 18%
- (d) mixed Supply & applicable rate 12%
- (d) ii, iii & iv

[Hint:- 1. Refer sec 2(30) and 2(74) for definition of composite and mixed supply- here, supply is not naturally bundled and there is single price for package, so it is mixed supply

2. As per Sec 8(b) of CGST Act, a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.]

7.2 Out of payments received by Ms. Riya in month of May, exempt Supply amounts to-----

- (a) ₹ 50,000
- (b) ₹ 70,000
- (c) ₹ 1,20,000
- (d) ₹ 1,60,000

[Hint:-Refer entry no. 78, 12 and 54 in exemption chapter]

7.3 Compute the value of supply under section 15 of

CGST Act, 2017 made by Ms Riya?

- (a) ₹ 45,000
- (b) ₹ 47,500
- (c) ₹ 48,500
- (d) ₹ 51,000

[Hint:-1. Refer Circular no. 76/50/2018 in Value chapter, As TCS is an interim levy not having character of tax so it can not be included in value of supply

2. Basic price is before TCS under IT act , so when it is already before TCS, it means that TCS is already not included in this price so value = Rs 45000

3. Subsidy Rs 3500 is not directly linked to price so, not to be added in value u/s 15(2)(e).]

7.4 Compute the amount of input tax credit that can be claimed by Ms. Riya?

- (a) ₹ 30,000
- (b) ₹ 37,000
- (c) ₹ 1,50,000
- (d) ₹ 1,57,000

[Hint:- 1. As per 1st proviso to sec 16(2), if goods are received in lots then entire ITC shall be taken on receipt of last lot

2. Refer Sec 17(5)(a) for ITC on car i.e .car is used for imparting training on driving & refer proviso to sec 17(b) for services provided to its employees

Answers Key

Ques. No	Answer
7.1	(b) mixed Supply & applicable rate 18%
7.2	(b) ₹ 70,000
7.3	(a) ₹ 45,000
7.4	(c) ₹ 1,50,000

Question : 8

M/s. Shanky Consultants, a partnership firm registered in Delhi, renders following services during the year:

(i) Security services: ₹ 2,00,00,000/ to registered business entities.

(ii) Manpower services (Accountants): ₹ 5,00,000/-

(iii) Auditing services: ₹ 1,00,00,000/-

Other Information:

(i) Shanky Consultants also paid sponsorship fees of ₹ 70,000/- at seminar organized by a private NGO (a partnership firm) in Delhi.

(ii) Shanky Consultant pays rent amounting to ₹ 6,00,000/- for a building owned by MCD.

(iii) Assume all services are taxable at 18% and all transactions to be intra-State supplies. Based on the above information, answer the following questions: (CA Inter MTP Oct 2020)

8.1. What is the aggregate turnover of Shanky Consultants?

- (a) ₹ 3,05,00,000/-
- (b) ₹ 3,05,70,000/-
- (c) ₹ 1,05,00,000/-
- (d) ₹ 1,05,70,000/-

[Hint: Refer definition of aggregate turnover so aggregate T/o = (2,00,00,000+ 5,00,000 + 1,00,00,000) = 3,05,00,000]

8.2. GST liability paid under reverse charge by Shanky Consultants is?

- (a) CGST: ₹ 60,300/-, SGST: ₹ 60,300/-

(b) CGST: ₹ 6,300/-, SGST: ₹ 6,300/- (c) CGST: ₹ 54,000/-, SGST: ₹ 54,000/-

(d) None of the above

[Hint:- Refer entry no 4 and SA .So GST liability under RCM on Rs (70,000+6,00,000)= Rs. 6,70,000]

8.3. State which of the following statement is true in respect of security services provided by Shanky Consultants to registered business entities:

(a) Shanky Consultants shall issue GST compliant tax invoice.

(b) Shanky Consultants shall issue bill of supply stating "Tax to be paid by service recipient under reverse charge".

(c) Shanky Consultants can issue any document in lieu of tax invoice.

(d) Shanky Consultants shall issue receipt voucher every time Shanky Consultants receives payment.

[Hint: Refer Tax invoice concept i.e A registered person supplying taxable services shall issue tax invoice]

Answers Key

Question No	Answer
8.1	(a) -Rs. 3,05,00,000
8.2	(a)- CGST-₹60,300, SGST -₹60,300
8.3	(a) Shanky Consultants shall issue GST complaint tax invoice.

Question : 9

Mr. Kumar started interior designing practice from the month of January. His turnover up to the month of March was ₹12,50,000. On 30th June, his turnover exceeded ₹ 20,00,000 & reached to ₹ 20,05,000. Mr. Kumar applied for GST registration (as regular taxpayer) on 15th July and registration was granted to him on 25th July.

On 16th July, he entered into a contract for designing the flat of Mr. Shyam. The service was completed on 22nd July and Mr. Kumar issued invoice on the same day for ₹ 6,00,000. On 5th July, Mr. Kumar purchased capital goods amounting to ₹ 4,50,000 and from 25th July to 31st July, he availed services amounting to ₹ 1,75,000 for the purpose of completing the service.

On 1st August, Mr. Kumar got another contract for interior designing from Mr. Ram, which he accepted on 2nd August. The service was completed on 6th August and invoice was issued on 7th August for ₹ 5,00,000. Payment was received on 29th August.

All values are excluding taxes, unless specifically mentioned. Mr. Kumar makes only intra-State outward supplies and all purchases are also intra-State. Rates of tax are CGST - 9% and SGST - 9%.

In relation to the above, answer the following questions: **[Study Mat][CA Inter MTP may 22]**

9.1 The effective date of registration for Mr. Kumar is-

(a) 30th June

(b) 15th July

(c) 25th July

(d) 16th July

[Hint:-As per rule 10 given in registration chapter, if applied for registration within 30 days of becoming liable, then effective date of registration is date of becoming liable for registration]

9.2 Mr. Kumar can issue a revised tax invoice till-

(a) 23rd October

(b) 8th September

(c) 25th September

(d) 25th August

[Hint:- As per Sec 31(3) & Rule 53, revised invoice shall be issued within 1 month from the date of issuance of certificates of registration, if effective date of registration is earlier to this date]

9.3 Eligible input tax credit available with Mr. Kumar for the month of July is-

(a) CGST ₹ 40,500 & SGST ₹ 40,500

(b) CGST ₹ 15,750 & SGST ₹ 15,750

(c) CGST ₹ 56,250 & SGST ₹ 56,250

(d) CGST ₹ 36,000 & SGST ₹ 36,000

[Hint:- 1. (Rs. 450000 + Rs 175000)* 9% each each CGST and SGST

2.As the date of becoming laible to registration is 30th june which is also the effective date of registration, Sec 18(1)(a) is N.A. for ITC on capital goods purchased here i.e. ITC can be availed on it also]

9.4 The time of supply of services provided by Mr. Kumar to Mr. Ram is-

(a) 7th August

(b) 1st August

(c) 29th August

(d) 6th August

[Hint:- As per Sec 13(2), TOS of service if invoice is

issued within time limit given u/s 31 is - earlier of date of invoice or date of payment.]

9.5 If instead of opting for regular scheme, Mr. Kumar opts to pay tax under section 10(2A) of the CGST Act, 2017, the tax liability for the month of July will be-

- (a) CGST Nil and SGST Nil
- (b) CGST ₹ 54,000 & SGST ₹ 54,000
- (c) CGST ₹ 18,000 & SGST ₹ 18,000
- (d) CGST ₹ 78,150 & SGST ₹ 78,150

[Hint:- Rs. 600000 * 3% each CGST & SGST- Refer Sec 10(2A) in composition chapter]

Answers Key

Question No	Answer
9.1	(a) 30 th June
9.2	(d) 25 th August
9.3	(c) CGST ₹ 56,250 & SGST ₹ 56,250
9.4	(a) 7 th August
9.5	(c) CGST ₹ 18,000 & SGST ₹ 18,000

Question : 10

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

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

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

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

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

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

Ms. Neha supplied goods to the following persons-

Sl.	Recipient	Value of Supply
1	Mr. Pawan - an unregistered person	₹ 150
2	Mr. Umesh, a registered person	₹ 110
3	Rains Trust, an unregistered entity	₹ 250

None of the above persons requires a tax invoice.

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

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

[Study Mat]

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

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

[Hint:- Rs. 1200000 * 3% each CGST & SGST- Refer Sec 10(2A) in composition chapter]

10.2 Compute the value of Supply made by Ms. Neha to Breathe Wall LLP?

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

[Hint:- 1. Rs. (53,000+ 5,000)

2. Refer Sec 15(1)-basic price

3. Sec 15(2)(c)-outward freight & packing charges-

freight is not added in value as supply of goods is on ex-factory.

4. Sec 15(3)-as discount not included in invoice]

10.3 Determine the amount of ITC that can be claimed by Ms. Neha for the month of July?

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

[Hint:- Refer Sec 16(2)(aa) with Rule 36(4)-as only 20 invoices were uploaded by the supplier on the portal, thus ITC-₹1,00,000]

10.4 Determine the time of supply made to Breathe Wall LLP?

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

[Hint:- 1. As per Sec 31(1), if supply involves movement of goods, then last date to issue invoice is date of removal of goods.

2. As per Sec 2(96), removal means despatch of the goods for delivery by the supplier or collection of the goods by the recipient.

3. As per Sec 12(2) read with N/no. 66/2017, the TOS shall be earlier of date of invoice or last date to issue invoice u/s 31 which comes to despatch i.e. removal date 25th July

4. Here, N/no. 66/2017 will apply as in July month, Neha opted out of composition scheme]

10.5 Ms. Neha need not issue invoice to which of the following persons?

- (a) Mr. Pawan (b) Mr. Pawan and Umesh
(c) Mr. Pawan and Rains Trust

(d) Need not issue invoice to all the three persons

[Hint:-As per Sec 31(3)(b) read with proviso to rule 46, tax invoice is not required if value is < Rs 200 , recipient is unregistered and does not require invoice.]

Answers Key

Question No	Answer
10.1	(d) ₹ 36,000 each
10.2	(b) ₹ 58,000
10.3	(a) ₹ 1,00,000
10.4	(b) 25 th July
10.5	(a) Mr Pawan

Question : 11

Poorva Logistics is a Goods Transport Agency registered under GST & not opted to pay tax under forward charge.

It provided GTA services (taxable @ 5%) to the following persons-

- (a) Kunal Traders, an unregistered Partnership firm
(b) Mr. Amar, who is not registered under GST
(c) Small Traders co-operative society registered under Societies Registration Act

In a particular consignment, Poorva Logistics transported the following-

- (a) Defence Equipments
(b) Railway Equipments
(c) Organic Manure

Poorva Logistics opted to charge GST @ 12% from

April, next year. It provided GTA Services to Bama Steels Pvt. Ltd. on 1st April and issued an invoice dated 5th May. Payment was received on 6th May.

It provided both inter-State and intra-State service to various registered as well as unregistered persons.

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

[Study Mat] [CA inter MTP Mar 23]

11.1 Which of the following persons are liable to pay GST on reverse charge in respect of the GTA services (taxable@ 5%) provided by Poorva Logistics

- (i) Kunal Traders (ii) Mr. Amar
(iii) Small Traders Co-operative society

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

[Hint:- Refer entry no. 1 in RCM chapter along with exemption given there in entry No. 21A]

11.2 Out of items transported by Poorva Logistics, which of the following is/ are exempt from GST?

- i. Defence Equipments
ii. Railway Equipments
iii. Organic Manure

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

[Hint:-Refer entry no. 20/21 in transportation of goods sector in exemption chapter where railway equipments transported by only rail / vessel are exempt.]

11.3 What will be the time of supply in respect

of the services provided by Poorva Logistics to Bama Steels Pvt. Ltd.?

- (a) 6th May (b) 5th May
(c) 30th May (d) 1st April

[Hint:- As per Sec 13(2), TOS of services if invoice is not issued within time prescribed u/s 31, will be earlier of date of provision of service or date of payment, whichever is earlier]

Answers Key

Question No	Answer
11.1	(c) i & iii
11.2	(c) i & iii
11.3	(d) 1 st April

Question : 12

Vedanshi & Co., a partnership firm, is engaged in retail trade since 1st April. The firm became liable for registration on 1st October. However, it applied for registration on 10th October. It had inputs held in stock, semi finished and finished goods. The firm was granted certificate of registration on 5th November.

Vedanshi & Co. needs to transport one consignment to the transporter and then to the consignee. The distance, within the same state, between godown of the firm and the transporter is 20 kms and from the place of transporter to consignee is 99 kms, respectively.

In the month of November, the firm

received 80 invoices for various inward supplies on which total GST paid was ₹ 8 lakh. However, only 60 invoices involving GST of ₹ 7.70 lakh was uploaded in GSTR-1 by the respective suppliers.

Also, while filing return for the month of November, the firm generated E-Challan on 5th December for making payment of GST through RTGS of their bank.

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

From the information provided above, choose the most appropriate answer for the following questions-[Study Mat]

12.1 Determine the effective date of registration of Vedanshi & Co.?

- (a) 1st April (b) 1st October
(c) 10th October (d) 5th November

[Hint:- As per rule 10 given in registration chapter, if applied for registration within 30 days of becoming liable, then effective date of registration is date of becoming liable for registration]

12.2 Vedanshi & Co. is eligible to claim ITC in respect of inputs held in stock as on-

- (a) 30th September (b) 1st October
(c) 10th October (d) Not eligible to claim ITC

[Hint:- Refer Sec 18(1)(a) given in ITC chapter]

12.3 Which of the following statements is true in respect of furnishing of details of

conveyance in Part B of e way bill?

- (a) Part B need not be filed in respect of transport of consignment from Godown of Vedanshi & Co. to transporter location.
(b) Part B need not be filed in respect of transport of consignment from transporter location to consignee's location.
(c) Information in Part-B is neither required in transport of consignment from Godown of Vedanshi & Co. to transporter location nor from transporter location to consignee's location.
(d) Information in Part-B is mandatory in transport of consignment from Godown of Vedanshi & Co. to transporter location and from transporter location to consignee's location.

[Hint:- As per proviso given to rule 138(3), if the goods are transported within 50 kms within the State or Union territory from the place of business of the consignor to the place of business of the transporter for further transportation, then furnishing details in part B is not required]

12.4 Compute the amount of ITC that can be claimed by Vedanshi & Co for the month of November?

- (a) ₹ 7,50,000 (b) ₹ 7,70,000
(c) ₹ 8,25,000 (d) ₹ 6,75,000

[Hint:- Refer Rule 36(4) given in ITC chapter- ITC can be taken only for the invoices or debit notes whose details are reflected in GSTR-2B i.e. suppliers have filed the details in their GSTR 1]

12.5 Determine the validity of E-Challan

generated by Vedanshi & Co. for payment of taxes for the month of November?

- (a) 5th December (b) 15th December
(c) 20th December (d) 31st December

[Hint:- As per rule 87, the challan is valid for 15 days from generation]

Answers Key

Question No	Answer
12.1	(b) 1 st October
12.2	(a) 30 th September
12.3	(a) Part B need not be filed in respect of transport of consignment from Godown to transporter location.
12.4	(b) ₹ 7,70,000
12.5	(c) 20 th December

Question : 13

M/s. Safe Bank Ltd., a small finance bank, was incorporated in April this year. The bank got registered under GST immediately on its incorporation as a banking company.

M/s. Safe Bank Ltd. received software support service from its Head office (HO) located in United Kingdom. No amount was charged by HO for the said service. Value of the said service was ₹ 4,10,000. M/s. Safe Bank Ltd. provided one high end laptop worth ₹ 50,000 to its new Managing Director as a gift for discharge of his duties.

Initially the bank opened 125 branches across India covering various States. In order to secure business,

the bank appointed 'Quick Loan Providers LLP,' a direct selling agent, on PAN India basis. The bank was in need of services of recovery agents for various retail and personal loans granted by its branches. For this purpose, the bank appointed 'Fast Recovery Services Pvt. Ltd.', a recovery agent, on PAN India basis.

M/s. Safe Bank Ltd. provided the following details for the month of May-

Sl.no	Nature of receipt	Amount in ₹
i.	Interest received on Term Loan	10,75,000
ii.	Interest received on credit card transactions	6,20,000
iii.	Interest received on Fixed Deposit held with SBI, Mumbai	25,00,000
iv.	Commission received on letter of credit issued	3,00,000
v.	Documentation charges collected from borrowers	1,25,000
vi.	Sale of foreign exchange to Authorized dealers of Bank of Rajasthan	15,60,000

All the amounts given above are exclusive of taxes wherever applicable. All the supplies referred above are intra-state unless specified otherwise.

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

-[Study Mat]

13.1 Which of the following statements is correct under GST law?

(i) Receipt of software support service by Safe Bank Ltd. from HO is supply.

(ii) Issue of laptop to new MD as gift is supply.

(iii) Receipt of software support service by Safe Bank Ltd. from HO is not a supply.

(iv) Issue of laptop to new MD as gift is not a supply.

(a) (i) & (ii) (b) (i) & (iv)

(c) (ii) & (iii) (d) (iii) & (iv)

[Hint:- Import of software support service is deemed supply as per para 4 of schedule I & Refer proviso to para 2 of schedule I for issue of laptop having value not exceeding Rs.50000]

13.2 In respect of services availed by Safe Bank Ltd., the bank shall pay tax under reverse charge for which of the following services?

(a) Service availed from 'Quick Loan Providers LLP'

(b) Service availed from 'Fast Recovery Services Pvt. Ltd.'

(c) Both (a) and (b)

(d) None of the services availed attracts RCM

[Hint:- Refer entry no. 8 & 11 in RCM chapter, here DSA is a LLP and not an individual]

13.3 Compute the value of exempt supply provided by M/s. Safe Bank Ltd. for the month of May?

(a) ₹ 15,00,000 (b) ₹ 41,95,000

(c) ₹ 51,35,000 (d) ₹ 66,95,000

[Hint:- Refer entry no. 27 in exemption chapter for the services that are exempt here and rest all will be taxable out of the services given in table (i.e. Rs.10,75,000 + Rs

$25,00,000 + Rs\ 15,60,000 = Rs.\ 51,35,000$]

13.4 Compute the value of taxable supply made by M/s. Safe Bank Ltd. for the month of May?

(a) ₹ 10,45,000 (b) ₹ 21,20,000

(c) ₹ 36,80,000 (d) ₹ 61,80,000

[Hint:-Refer entry no. 27 in exemption chapter for the services that are exempt here and rest all will be taxable out of the services given in table (i.e. Rs 6,20,000 + Rs 3,00,000 + Rs 1,25,000 = Rs 10,45,000)]

Answers Key

Question No	Answer
13.1	(b) (i) & (iv)
13.2	(b) Service availed from 'Fast recovery services Pvt.Ltd.'
13.3	(c) ₹ 51,35,000
13.4	(a) ₹ 10,45,000

Question : 14

KBC Insurance Ltd., is an insurance company providing life and non life products across India. The company is carrying on its business for the past three years with the approval of IRDA.

KBC Insurance Ltd. secure its business through various insurance agents spread across India. Those agents include individuals, firm, LLP and private limited company also. However, all of them are licensed under

Insurance Act.

The company availed services of renting of motor vehicles for its employees in PAN India through 'RR Travels Private Limited', where cost of fuel is included in the consideration charged. The service provider charged 5% GST and informed the company that it is claiming ITC only in respect of the same line of business.

KBC Insurance Ltd. provided the following details of insurance business for the month of May-

Sl.no	Nature of receipt	Amount in ₹
i.	Premium received on Pradhan Mantri Jan DhanYojana	5,00,000
ii.	Premium received on Aam Aadmi Bima Yojana	3,00,000
iii.	Premium received on Life micro-insurance product having a sum assured of ₹ 2.50 lakh	4,00,000
iv.	Premium received on reinsurance of Group Personal Accident Policy for Self-Employed Women	1,00,000
v.	Premium received on Fire and Special perils policy of various business units	7,00,000
vi.	Premium received on Money-back policies issued	12,00,000

KBC Insurance Ltd. received a proposal for Pandemic Insurance for IPL matches from the franchisees. Sum assured for said insurance was ₹ 250 Crores with a premium of ₹ 50 lakh. The company issued the said policy on 1st July. Invoice for the same was issued on 5th August. Premium was received on 14th

August.

KBC Insurance Ltd. received the following supplies in the month of May and the details of GST paid on such supplies are as follows

i GST paid on purchase of car for use of Managing Director - ₹ 5,00,000

ii GST paid on bus (seating capacity for 14 persons) purchased by the company for transportation of its employees from their residence to office and back - ₹ 3,00,000

iii GST of ₹ 80,000 was paid on general insurance taken from Amity Insurance Ltd. for motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) which were used in transportation of staff of the company.

All the amounts given above are exclusive of taxes wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Aggregate turnover of the company is not less than ₹ 10 crores for the past three years. Conditions necessary for availment of ITC are fulfilled subject to the information given.

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

14.1 Determine the services on which the company is liable to pay tax under reverse charge?

- (a) Service availed from insurance agents
- (b) Service availed from RR Travels Private Limited
- (c) None of the services availed attracts RCM
- (d) Both (a) & (b)

[Refer entry no. 7 and entry no. 15 in RCM chapter- RR

travels is a body corporate and hence RCM is not applicable for services provided by it]

14.2 Compute the value of exempt supply provided by M/s. KBC Insurance Ltd. for the month of May?

- (a) ₹ 9,00,000 (b) ₹ 13,00,000
(c) ₹ 20,00,000 (d) ₹ 32,00,000

[Hint:-Rs 5,00,000+ Rs 3,00,000 + Rs 1,00,000 = Rs 9,00,000 (Refer Exemption in Life/ General Insurance Sector in exemption chapter)]

14.3 Compute the value of taxable Supply made by M/s. KBC Insurance Ltd. for the month of May?

- (a) ₹ 4,00,000 (b) ₹ 12,00,000
(c) ₹ 23,00,000 (d) ₹ 32,00,000

[Hint:-services other than those are exempt as seen in Q 14.2 - are taxable here i.e. Rs 4,00,000 + Rs 7,00,000+ Rs 12,00,000 = Rs 23,00,000]

14.4 Determine the amount of ITC that can be claimed by M/s. KBC Insurance Ltd?

- (a) ₹ 80,000 (b) ₹ 3,00,000
(c) ₹ 3,80,000 (d) ₹ 8,80,000

[Hint:-1. for i. ITC is blocked u/s 17(5)(a)

2. for ii. ITC is not blocked u/s 17(5)(a) and at any other place also - thus, ITC is available

3. for iii, Refer Sec 17(5)(ab) -this inward supply is falling under exception 2 i.e. services are received by person engaged in the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him.]

14.5 Determine the time of supply of service provided to IPL franchisees?

- (a) 1st July (b) 16th August
(c) 05th August (d) 14th August

[Hint:- 1. As per Sec 13(2), TOS of service if invoice is issued within time limit given u/s 31 is - earlier of date of invoice or date of payment.2. Refer Sec.31(2)& Rule 47 to know -Time limit for issuance of Invoice for supply of insurance Service- time limit is 45 days from provision of service for insurer]

Answers Key

Question No	Answer
14.1	(a) Service availed from Insurance Agents
14.2	(a) ₹ 9,00,000
14.3	(c) ₹ 23,00,000
14.4	(c) ₹ 3,80,000
14.5	(c) 5th August

Question : 15

M/s Aditi & Co, a partnership firm registered under GST, is undertaking various Government projects.

The firm has let out on hire the following vehicles

- i. A motor vehicle to carry more than 15 passengers to a State Government Electricity Department
 - ii. An electric operated vehicle to carry more than 12 passengers to Local Municipal Corporation
 - iii. An electric operated vehicle to carry upto 12 passengers to State Transport Undertaking
- The firm provided the following additional information for the month of October:

i. Works contract services were availed for construction of immovable property being plant and machinery, where value of GST component was ₹ 1,10,000.

ii. GST amounting to ₹ 70,000 was paid on account of demand of the Department due to fraud in payment of tax.

iii. Goods valuing ₹ 10,00,000, (GST on the same -₹ 1,00,000) were received 180 days ago (invoice also issued on the date of receipt of supply) for which payment has been made till date to an extent of ₹ 4,00,000 towards value, ₹ 40,000 towards tax.

The firm issued invoices pertaining to two independent outward supplies, where in one invoice value of supply was understated by ₹ 75,000 and in another invoice, value was overstated by ₹ 45,000

The firm received certain supply of goods amounting to ₹ 8,40,000 from registered persons on which tax was payable under reverse charge basis.

Question : 16

MM Charitable Trust is registered under section 12AA/12AB of the Income tax Act, 1961.

The trust conducted a three day residential yoga camp among people on the occasion of international yoga day for the advancement of yoga and charged ₹ 7,500 per person inclusive of stay and food.

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

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

- i. Mr. Sunil Sharma, proprietor of Solid Steels donated a RO water plant to the trust costing ₹ 75,000 and displayed his firm name in the RO system installed at the premises of the trust as "Donated by Mr. Sunil, owner of Solid Steels -trusted by all".
- ii. Mr. Prasanna, a lawyer donated chairs to the trust costing ₹ 25,000 and 'Love all' is printed on all chairs donated by him to the trust.

The following are the details of GST payment made by the firm

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

MM Charitable Trust also owns and manages a

gurudwara. It rented the community hall located in the precincts of the gurudwara for a rent of ₹ 8,500 per day for a marriage function. It also rented the commercial shop located in the precincts of the gurudwara for a rent of ₹ 10,000 per month per shop. You can assume that the Trust is registered under GST and all the transactions are intra-State only. Conditions for availing ITC are fulfilled subject to the above- mentioned information.

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

[CA Inter RTP Nov 21]

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

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

[Hint:- Refer entry no. 1 in exemption chapter along with Definition as per Para 2(r) for charitable activities -(education to Persons over the age of 65 years residing in a rural area is covered here)]

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

- (a) ₹ 25,000
- (b) ₹ 75,000
- (c) ₹ 1,00,000
- (d) Nil

[Hint:-Refer clarification (Circular No. 116/35/2019

GST dated 11.10.2019) given in supply chapter]

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

- (a) ₹ 1,75,000
- (b) ₹ 2,45,000
- (c) ₹ 4,20,000
- (d) Nil

[Hint:- 1. Refer Sec 17(5)(a) and 17(5)(c) given in ITC chapter

2. Motor vehicle is used for transportation of only needy persons & not passengers and hence ITC is blocked]

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

- (a) Renting of community hall is taxable while renting of commercial shop is exempt.
- (b) Renting of community hall is exempt while renting of commercial shop is taxable.
- (c) Both renting of community hall and renting of commercial shop are taxable.
- (d) Both renting of community hall and renting of commercial shop are exempt.

[Hint:- Refer entry no. 13 in exemption chapter - (if rent for shop < Rs 10000 per month per shop, then it is exempt & if rent for community hall is < Rs 10000 per day then it is exempt)]

Answers Key

Question No	Answer
16.1	(a) Advancement of Yoga
16.2	(b) ₹ 75,000
16.3	(d) Nil
16.4	(b) Renting of community hall is exempt while renting of commercial shop is taxable

Question : 17

Mr. Dhev is engaged in supply of tiles and marbles in the State of Telangana. He is not registered under GST. He commenced his business from July month. He availed godown construction services for business from his brother in-law who was dependent on him. He also availed professional consultancy services for the purpose of business from his son who was a Chartered Accountant and his son was not dependent on him. Mr. Dhev did not pay anything for both the services as both of them were his relative / family member respectively.

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

During the month of December, he received a consignment of tiles from Rajasthan

through Prompt Carriers, a goods transport agency based in the State of Rajasthan. Goods were dispatched by the supplier on 'to-pay' basis for freight. Freight charges were ₹ 50,000 and the said GTA pays GST @ 12%. Mr. Dhev paid the invoice amount in the month of December itself. This was an inter-State transaction.

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

Value of such inter-state supply was ₹ 4,50,000, exclusive of taxes.

Payment for the said inter-State supply was received on 28th February.

Invoice was raised by Mr. Dhev on 25th January.

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

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

[Study Mat] [CA Inter MTP may 22]

17.1 In respect of services availed by Mr. Dhev, which of the following is a correct statement?

- (a) Godown construction service availed from his brother-in-law free of cost is considered as a deemed supply
- (b) Professional service availed from his son free of cost is considered as a deemed supply
- (c) Neither of the services is a deemed supply

(d) Both services are deemed supply

[Hint:- 1. Refer para 2 of schedule 1 for deemed supply. 2. Members of the same family are related - Refer Definition of family u/s 2(49) - in that son is family whether dependent or not is irrelevant but brother in law is not]

17.2 Upto which limit of aggregate turnover Mr Dhev can continue to supply goods without registration within his state, if he does not procure any goods/services on which tax is payable under reverse charge mechanism?

- (a) ₹ 20 lakh
- (b) ₹ 40 lakh
- (c) ₹ 10 lakh
- (d) ₹ 150 lakh

[Hint:- 1. N/N 10/2019 CT dt 07/03/2019- for threshold limit of Rs 40 lakhs is not applicable for intrastate supply in Telangana state. Hence, As per Sec 22 - Rs 20 lakhs threshold limit applies here]

17.3 What is the tax liability for the freight charges?

- (a) ₹ 6000 of IGST under reverse charge
- (b) ₹ 6000 of IGST under forward charge
- (c) ₹ 3000 each under CGST and SGST under reverse charge
- (d) Nil as it is exempt

[Hint:- 1. The 1st interstate supply made by Dhev is on 4th Jan whereas this GTA service availed is in Dec i.e. before Interstate supply-so, there was no requirement of compulsory registration till then & threshold limit is also not reached till then. 2. Refer

entry no. 1 along with exemption Sl no. 21A given in RCM chapter- here, Dhev is unregistered so, GTA service is exempt.]

17.4 Which of the following statement is correct with respect to liability of Mr. Dhev to register under GST?

- (a) Mr. Dhev is liable to register in the month of December for receipt of GTA services.
- (b) Mr. Dhev is liable to register in the month of January for effecting inter-State outward supply of goods.
- (c) Mr. Dhev is liable to register only when his turnover exceeds the threshold limit irrespective of whether he is in receiving any GTA services or is effecting inter-State outward supply.
- (d) Mr. Dhev is not required to register as it is his first year of business.

[Hint:- As per Sec 24, Dhev is compulsorily required to get registered under GST for making taxable interstate supply of goods in Jan]

17.5 What is the time of supply of goods made by Mr Dhev during January?

- (a) 4th January
- (b) 25th January
- (c) 3rd February
- (d) 28th February

[Hint:- As per Sec 12(2) read with N/no. 66/2017, the TOS shall be earlier of date of invoice or last date to issue invoice u/s 31 i.e. 25th Jan or 4th Jan, whichever is earlier.]

Answers Key

Ques.No.	Answer
17.1	(b) Professional service availed from his son free of cost is considered as a deemed supply
17.2	(a) Rs 20 Lacs
17.3	(d) Nil as it is exempt
17.4	(b) Mr. Dhev is liable to register in the month of January for effecting inter-state outward supply of goods
17.5	(a) 4th January

Question : 18

Vidhula Impex Ltd. is engaged in supplying sports goods. The company did not opt for registration under GST. The proper officer under GST, based on enquiry, finds that the concern is liable for registration and he registers the firm on temporary basis on 15th June, 20XX.

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

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

During the course of its business, the company issued an invoice to a customer and

erroneously charged higher value by ₹ 34,000. Such invoice was issued on 28th February, 20XY.

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

In the month of March 20XY, since the company was incurring heavy losses, it applied for cancellation of GST registration on 15th March, 20XY. The order for cancellation was made on 30th March, 20XY effecting cancelling the registration with effect from 15th March, 20XY.

From the information provided above, choose the most appropriate answer for the following questions (1-5): [Study Mat][CA Inter RTP May 22]

18.1. After the grant of temporary registration, Vidhula Impex Ltd. needs to apply for registration within _____ from the date of grant of temporary registration, if no extension of period is to be granted for such temporary registration.

- (a) 30 days
- (b) 90 days
- (c) 7 days
- (d) 15 days

[Hint:- As per Section 25(8) read with rule 16-Suo-motu registration by the proper officer, registration shall be applied within 90 days from the date of grant of temporary registration]

18.2. In case of which of the following services, the company is liable to pay tax under reverse charge?

(a) Renting of Motor Vehicles

(b) Directorship services

(c) Both (a) and (b)

(d) Neither (a) nor (b)

[Hint:- 1. Refer entry no. 6 in RCM chapter- service provided by director to company is covered in RCM

2. Refer entry no. 15 in RCM chapter- here, GST charged is 12% so, it is not covered under RCM]

3. Which document is required to be issued by the company in respect of the invoice issued on 28th February, 2021?

(a) Debit note (b) Credit note

(c) Bill of supply (d) Revised Tax invoice

[Hint:- As per Sec 34 in tax invoice chapter, credit note is required to be issued for overstated value in invoice]

4. The Company needs to file its Final return by

(a) 30th April, 20XY (b) 30th August, 20XY

(c) 15th June, 20XY (d) 30th June, 20XY

[Hint:- As per Sec 45 given in returns chapter, Final return is to be filed within 3 months of effective date of cancellation or date of order of cancellation, whichever is later.]

5. Which of the following statements is correct in respect of e-way bill generated for goods in the month of February for which order was cancelled?

(a) Once generated, e-way bill cannot be cancelled.

(b) E-way bill can be cancelled within 24 hours of generation

(c) E-way bill can be cancelled within 48 hours of

generation

(d) E-way bill can be cancelled within 72 hours of generation

[Hint:- E-way bill can be cancelled within 24 hours of its generation.]

Answers Key

Question No	Answer
18.1	(b) 90 days
18.2	(b) Directorship services
18.3	(b) Credit note
18.4	(d) 30th June 2021
18.5	(b) E-way bill can be cancelled within 24 hours of generation

Question : 19

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

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

i. Vishwas Public School, a higher secondary school;

ii. Knowledge Institute of Technology, an engineering college, approved by AICTE and UGC; and

iii. Frontline Hospital

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

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

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

Based on the information given above, choose the most appropriate answer for the following questions-[CA Inter RTP Nov 22]

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

(a) CGST & SGST of ₹6,000 each

(b) CGST & SGST of ₹12,000 each

(c) CGST & SGST of ₹30,000 each

(d) CGST & SGST of ₹60,000 each

[Hint:- Refer Sec 10(1) read with Rule 7, Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II [i.e. "Restaurant, Catering where rate of tax is 2.5% each of Turnover in state, $12,00,000 \times 2.5\% = 30,000$ Each]

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

GST?

(i) Service provided to Vishwas Public School

(ii) Service provided to Knowledge Institute of Technology

(iii) Service provided to Frontline Hospital

(a) (i) and (iii) (b) (ii) and (iii)

(c) only (i) (d) (i) and (ii)

[Hint:- Refer SI no.66 Education & Training & Refer definition of Educational Institute as per para 2(y)]

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

(a) 3rd July (b) 25th July

(c) 28th July (d) 2nd August

[Hint:- As per Sec 13(2), TOS of services if invoice is not issued within time prescribed u/s 31, will be earlier of date of provision of service or date of payment,]

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

(a) M/s Delight Brothers can continue to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017.

(b) M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017.

(c) M/s Delight Brothers is not eligible to avail

composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017, but can avail benefit of composition levy under section 10(2A) of the CGST Act, 2017.

(d) M/s Delight Brothers can neither avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017 nor under section 10(2A) of the CGST Act, 2017.

[Hint:- As Delight brothers has started providing repairing services so will be ineligible under Sec 10(1) & 10(2) & its turnover is ₹ 48L so can avail benefit of composition under Sec 10 (2A)]

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

(a) 1% (b) 5%

(c) 6% (d) 12%

[Hint:- As per Sec 10(2A), tax rate shall not exceed 6% (i.e. CGST 3% and SGST/UTGST 3%) of t/o in State or UT.]

Answers Key

Ques.No.	Answer
19.1	(c) CGST & SGST of ₹ 30,000 each
19.2	(c) only (i)
19.3	(a) 3rd July
19.4	(c) M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017, but can avail benefit of composition levy under section 10(2A) of the CGST Act, 2017.
19.5	(c) 6%

Question : 20

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

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

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

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

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

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

- Basic price of the product before TCS under Income Tax Act, 1961 - ₹ 45,000

- Tax collected at source under Income-tax Act, 1961 - ₹ 2,500

- It received a subsidy of ₹ 3,500 from Bharat Foundation Pvt. Ltd. for usage of green energy and the subsidy was linked to the units of energy saved and not aforesaid product.

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

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

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:- [CA Inter RTP Nov 23]

20.1. Determine the aggregate turnover of Bali Bells for the month of September.

- (a) ₹ 2,70,00,000 (b) ₹ 95,00,000
(c) ₹ 2,95,00,000 (d) ₹ 70,00,000

[HINT: Refer definition of Aggregate Turnover, 40L + 15L + 30L + 10L = 95L]

20.2. Bali Bells wants to avail ITC on GST paid on the heavy steel machinery purchased in September. Which of the following statements is true in this regard?

- (a) ITC on the machinery cannot be availed since depreciation has been claimed on the GST paid on the machinery under Income-tax Act, 1961.
(b) ITC on the machinery shall be allowed to the extent of 50% in the current financial year and balance 50% in the subsequent financial year.
(c) ITC on the machinery shall be allowed in the current financial year only to the extent of the depreciation claimed on GST paid on machinery.
(d) Full ITC of GST paid on the machinery can be availed in the current year.

[HINT: Refer 16(3), if depreciation has been claimed on the tax component of Machinery under Income-tax Act, 1961, then ITC is not allowed on the said tax component]

20.3. Whether Bali Bells can avail ITC on the free samples of goods distributed in the month of

October?

- (a) Yes; ITC is available on outward supplies even if made without consideration in the course or furtherance of business.
(b) No; ITC is not available since supply of samples is without consideration.
(c) No; ITC on free samples is blocked under section 17(5) of the CGST Act, 2017.
(d) No; ITC is not available since supply of free samples is not in course or furtherance of business.

[HINT: Refer 17(5), ITC is blocked u/s 17(5) on goods disposed of by way of free samples]

20.4. Bali Bells can claim ITC on inputs received in July of preceding financial year upto the current financial year.

- (a) 30th November (b) 25th July
(c) 31st December (d) 30th September

[HINT: Refer sec 16(4), Earlier of 30th Nov or Date of filing annual return]

20.5. Compute the value of supply under section 15 of the CGST Act, 2017 made by Bali Bells in the month of November?

- (a) ₹ 45,000 (b) ₹ 47,500
(c) ₹ 48,500 (d) ₹ 51,000

[HINT: 1. Refer Circular no. 76/50/2018 in Value chapter, As TCS is an interim levy not having character of tax so it can not be included in value of supply

2. Basic price is before TCS under IT act, so when it is

already before TCS, it means that TCS is already not included in this price so value = Rs 45000

3. Subsidy Rs 3500 is not directly linked to price so, not to be added in value u/s 15(2)(e).]

Answers Key

Ques.No.	Answer
20.1	(b) ₹ 95,00,000
20.2	(a) ITC on the machinery cannot be availed since depreciation has been claimed on the GST paid on the machinery under Income-tax Act, 1961.
20.3	(c) No; ITC on free samples is blocked under sec17(5) of the CGST Act, 2017.
20.4	(a) 30th November
20.5	(a) ₹ 45,000