

CA Final
Test Paper-1

Time: 1 hr & 30 mins

Total: 50 marks

Question 1:

(3*2 Marks = 6 Marks)

a) Ganesh Flour Mill Pvt Ltd., a registered supplier under GST and a monthly return filer, having plant at Howrah, West Bengal, is engaged in the business of food processing. Within the plant premises, there is a stock yard, an office and a few residential quarters for employees of the company. After purchasing wheat from local market/ mandi, the company processes it and packs and sells the finished products such as atta, maida and suji in 1 kg, 5 kg & 10 kg bags under the brand name "Ganesh Bhog".

The aggregate turnover of the company during the preceding financial year was ₹ 7.50 crore.

Following details are provided by the company for the month of September:

Particulars	Amount (₹)
Sale of "Ganesh Bhog" atta, maida & suji (Note 2)	60,00,000
Purchase of wheat from mandi	14,00,000
Transportation charges paid to an unregistered goods transport operator for transportation of wheat from mandi to factory	40,000
Hiring charges paid to a local truck owner (not a GTA) for transportation of finished products from factory to distributors	50,000
Rent received from residential quarters allotted to employees (unregistered)	10,000
Electricity charges paid to West Bengal State Electricity Board	1,60,000
Bill raised by M/s BIS Security, Kolkata (a partnership firm registered under GST) for providing security service (Note 1)	1,18,000
Interest on delayed payment collected from customers	3,500
Interest on fixed deposit in a bank	8,600
Payment to Indian Chamber of Commerce (registered under GST) towards sponsorship for Investor Summit at Kolkata	25,000
Legal fee paid to advocate, Mr. Ashok Ganguly	30,000
Licence fee paid to Food & Safety Standard Authority of India (FSSAI)	25,000

Following additional information has also been provided by the company:

- 1) The security service bill raised by M/s BIS Security is inclusive of GST @ 18%.
- 2) Out of the total sales, "Ganesh Bhog" Atta worth ₹ 3,50,000 (10,000 kg) was supplied to Department of School Education, Govt. of West Bengal for further supply to affected families during Covid-19. A subsidy of ₹ 10 per kg was received from Govt. of West Bengal for the said supply which has not been considered in the total sales of ₹ 60,0000.
- 3) The company had awarded a maintenance contract to Power Electromech Pvt Ltd., Delhi on 10th June, for repair of DG set installed in the factory, for ₹ 60,000 with a completion period of 30 days. The maintenance work was completed on 8th July.
- 4) However, due to some dispute regarding quality of work, invoice was issued by Power Electromech Pvt Ltd. only on 5th September and payment was released on 15th September.
- 5) The company had deposited the tax liability for the month of August amounting to ₹ 3,30,730 on 28th September.

Note: All the above amounts are exclusive of GST, wherever applicable, unless specified otherwise.

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

- (1) The value of taxable outward supply made by the company in the month of September is -
- (a) ₹ 61,48,100
 - (b) ₹ 59,03,500

- (c) ₹ 61,39,500
(d) ₹ 59,35,500

(2) What is the time of supply of services provided by Power Electromech Pvt Ltd?

- (a) 10th June
(b) 5th September
(c) 15th September
(d) 8th July

(3) The amount of interest payable by the company under section 50 of the CGST Act, 2017 for delay in payment of tax for the month of August?

- (a) ₹ 4,961
(b) ₹ 1,305
(c) ₹ 4,567
(d) ₹ 1,142

b) Choose the most appropriate options

(3*2 Marks = 6 Marks)

1) 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

2) Mr. Prabhu, registered under GST in Mumbai, is in the business of trading of marble handicraft items domestically & also exporting the same. His annual turnover & input tax credit are as follows:

Particulars	Turnover (₹)	Tax paid on Inputs (₹)
Taxable goods	1,25,00,000	12,50,000
Exported goods	75,00,000	5,50,000
Exempt goods	50,00,000	5,00,000

Mr. prabhu exported the goods under LUT without payment of IGST. Value of like goods domestically supplied by him is ₹ 60,00,000. Mr. prabhu seeks your help in calculating the amount of refund o ITC which he is eligible to claim under GST Law. The refund amount is:

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

3) Calculate the amount of eligible ITC:

Particulars	Amount (₹)
Purchase of mobile phones for employees to be used for business purposes	20,000
Taxes paid on telephone expenses	5000
Taxes paid on security services availed by registered person for his factory	18,000
Motor vehicle purchased for employees to be used for personal as well as business purposes	1,50,000
Motor vehicle purchased for transportation of goods within the factory of RP	2,00,000
Taxes paid on food expenses incurred by registered person for his employees	2,000
Rent-a-cab facility given to employees as it is obligatory for the employer to provide it under an applicable law	36,000
Taxes paid on purchase of cement and other material for renovation of the office room (not capitalised)	16,000

(a) ₹ 2,95,000

(b) ₹ 4,47,000

(c) ₹ 2,43,000

(d) ₹ 2,59,000

Question 2

(8 Marks)

Flowchem Palanpur (Gujarat) has entered into a contract with R Refinery, Abu Road (Rajasthan) on 1st July to supply 10 valves on FOR basis. The following information is provided in this regard:

- List price per valve is ₹ 1,00,000, exclusive of taxes.
- One of the conditions of the contract is that Flowchem should ensure a two stage third party inspection for the valves during the manufacturing process. Cost of two stage inspection of ₹ 15,000 (for 10 valves) is directly paid by R Refinery to testing agency.
- R Refinery requires a special packing for the valves. Cost of special packing is ₹ 10,000 (for 10 valves).
- Flowchem arranges for erection and testing of the valves supplied by it at R Refinery's site. Cost of erection etc. is ₹ 15,000 (for 10 valves).
- Goods are dispatched with tax invoice on 20th July, and they reach the destination at Abu-Road on 21st July. Lorry freight of ₹ 5,000 has been paid by R Refinery directly to the lorry driver.

Assume CGST and SGST rates to be 9% each and IGST rate to be 18%. Opening balance of ITC of IGST is Nil, CGST is ₹ 20,000 and SGST is ₹ 20,000. All the given amounts are exclusive of GST, wherever applicable.

Flowchem has also undertaken following local transactions during the month of July on which it has paid CGST and SGST as under:

S.no	Particulars	Amount paid CGST (₹)	Amount paid SGST (₹)
1.	Availed services of works contractor to erect foundation for fixing the machinery to earth, in the factory	5,000	5,000
2.	Laid pipelines (from the water source outside the factory) upto the gate of the factory for the purpose of production facility.	10,000	10,000
3.	For the purpose of smooth and convenient mobile communication in its factory, it has installed telecommunication tower of a mobile company (with due permission)	5,000	5,000
4.	It has entered into an agreement with a travel company to provide home travel facility to its employees when they are on leave.	2,500	2,500
5.	It has entered into an agreement with a fitness centre to provide wellness services to its employees after office hours	2,000	2,000

Work out the net GST [CGST, SGST or IGST, as the case may be] payable from Electronic Cash Ledger of Flowchem, Palanpur (Gujarat) for the month of July after making suitable assumptions, if any.

Question 3

(6 + 4 = Marks)

- a) Super Engineering Works, a registered supplier in Haryana, is engaged in supply of taxable goods within the State. Given below are the details of turnover and applicable GST rates of the final products manufactured by Super Engineering Works as also the input tax credit (ITC) availed on inputs used in manufacture of each of the final products and GST rates applicable on the same, during a tax period:-

Product	Turnover* (₹)	Output GST Rates	ITC Availed		Input GST rates
			Inputs	Input Services	
A	5,00,000	5%	54,000	20,000	18%
B	3,50,000	5%	54,000	20,000	18%
C	1,00,000	18%	10,000	5,000	18%

***excluding GST**

Determine the maximum amount of refund of the unutilized input tax credit that Super Engineering Works is eligible to claim under section 54(3) of the CGST Act, 2017 provided that Product B is notified as a product, in respect of which no refund of unutilised input tax credit shall be allowed under said section.

- b) Mr. Kanjilal Adani is an oil exploration & production contractor and is registered under GST in the State of Gujarat. He entered into a Production Sharing Contract (PSC) with Government of Gujarat wherein he gets a license to explore, exploit and sell the petroleum crude and/or natural gas from the Government in Aliabet Oilfield in lieu of royalty and a share in profit petroleum. In the month of June, Mr. Kanjilal Adani explored the petroleum reserves at Aliabet Oilfield. He got a portion of the petroleum silt (non-taxable under GST) worth ₹ 3,00,000 as part of compensation. This petroleum silt is part of cost petroleum as per the contract entered with the Government. Examine the taxability of the petroleum silt received by Mr. Kanjilal Adani under the GST law.

Question 4:

(5 + 5 = 10 Marks)

- a) KLM Ltd., a publishing and printing house registered in Maharashtra, is engaged in supply of books, letter cards, envelopes, guides and reference materials. The following information is provided by the company:

Event	Printing of books	Printing of Envelopes
Date of entering into printing contract	16th March	20th March
Date of receipt of advance	20th March	25th March
Date of completion of printing	10th April	5th April
Date of issue of invoice	15th May	10th April
Date of removal of books and letter heads to Buyer	13th May	7th April
Date of receipt of balance payment	31st May	30th April

In respect of printing of books, content was supplied by the author. For printing of envelopes, the design and logo were supplied by the buyer.

Determine the time of suppl(ies) for the purpose of payment of tax.

- b) Examine the taxes to be paid for the month of July on the basis of below information furnished by M/s Zinc & Co.:

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
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Output tax payable	14,75,000	28,34,000	28,34,000
Tax payable under reverse Charge	36,000	1,44,000	1,44,000
Balance in Electronic Credit Ledger	26,52,000	18,32,000	18,32,000

Output tax reported under IGST column pertains to the month of February, which was not paid for the said period. Also, note that input tax credit available in Electronic Credit Ledger pertains to input tax on purchases made during the month of July and no opening balance exists from previous tax period. It furnishes return on monthly basis.

Question 5:

(4 + 3 + 3 = 10 Marks)

- a) Chirayu Life Insurance Company Limited (CLICL) has collected premium from policy subscribers. It does not intimate the amount allocated for investment to subscribers of the policy at the time of supply of insurance services. The company has provided the following details in relation to its receipts:

S.no	Particulars	Amount (₹)
1.	Premium for only risk cover	25,00,000
2.	Premium from new policy subscribers	40,00,000
3.	Renewal premium	80,00,000
4.	Single premium on annuity policy	1,00,00,000

All amounts are exclusive of tax. You are required to compute the value of supply by CLICL in terms of rule 32(4).

- b) Is there any time limit for sanctioning of refund under section 54?
- c) Mohandas International entered into a transaction for import of goods from a vendor located in Italy. Due to financial issues, Mohandas International was not in a situation to clear the goods upon payment of import duty. Mohandas International sold the goods to Radhakrishnan Export House by endorsement of title to the goods, while the goods were in high seas. The agreement further provided that Mohandas International shall purchase back the goods in future from Radhakrishnan Export House. Discuss the taxability of transaction(s) involved, under the GST law.