

CA Final
Test Paper-2

Time: 1 hr & 30 mins

Total: 50 marks

Question 1:

(5*2 Marks = 10 Marks)

(a) Mr. Shorya, proprietor of M/s Grand-New Enterprises, is engaged in trading of office stationery items in its stationery store located at Salt Lake City, Kolkata. The said store is taken on lease from Kolkata Municipal Corporation (KMC). During the previous financial year, the turnover of M/s Grand-New Enterprises was ₹ 14 lakh.

Mr. Shorya 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 (both unregistered under GST) for residential purposes. The rent for the same is paid by IDICI Bank to Mr. Shorya.

During the current financial year, he applied for GST registration on voluntary basis on 2nd April, 20XX and the registration was granted to him w.e.f. 9th April, 20XX.

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

Particulars	2 nd April 20XX	8 th April 20XX
Office stationery items purchased from a registered dealer	₹ 1 Lakh	₹ 1 Lakh
Books, periodicals, journals, newspaper, maps etc.	₹ 0.20 Lakh	₹ 0.20 Lakh

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

Particulars	1 st April, 20XX to 8 th April, 20XX (₹ in lakh)	9 th April, 20XX To 31 st March, 20YY (₹ in lakh)
Sale of office stationery items (Intra-State supply to RP)	3	84
Sale of office stationery items (Intra-State supply to URP)	2	14
Legal fees paid to advocate	-	0.10
Purchase of stationery items (Intra-State supply received from registered person)	3	74
Purchase of furniture for use in own office (from an unregistered dealer of Kolkata)	-	1
Purchase of stationery items from a registered dealer of Delhi	1	18
Lease rent of the stationery store paid to Kolkata Municipal Corporation (KMC)	-	1.20
Transportation charges paid to M/s Jagat 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. Shorya went to Mumbai, Maharashtra for a business meeting in February, 20YY 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 current financial year. GST is applicable on all inward and outward supplies, except on services of transportation of goods, at the following rates:

I. Intra-State supply – 6% CGST and 6% SGST

II. Inter-State supply – 12% IGST

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

1. The value of outward supply which shall be subject to GST for the current financial year is---
 - a) ₹ 98 lakh
 - b) ₹ 100 lakh
 - c) ₹ 102.40 lakh
 - d) ₹ 108 lakh

2. Which of the following statements is correct in terms of the facts of the case scenario given above?
 - a) Mr. Shorya cannot opt to pay tax in the FY - 20YY-ZZ under composition scheme under section 10(1) and 10(2) of the CGST Act, 2017.
 - b) Mr. Shorya is entitled to take the ITC of inputs held in stock on 1st April, 20XX.
 - c) Mr. Shorya shall be liable to pay GST under reverse charge under section 9(4) of the CGST Act during the current financial year in respect of purchases made from unregistered persons.
 - d) Mr. Shorya is entitled to take the ITC of inputs held in stock on 8th April, 20XX.

3. The value of supply on which Mr. Shorya is liable to pay GST under reverse charge for the current financial year is _____.
 - a) ₹ 1,60,000
 - b) ₹ 2,80,000
 - c) ₹ 1,30,000
 - d) ₹ 2,70,000

4. Which of the following inward supply is not subject to payment of tax under reverse charge mechanism?
 - (i) Shop rent paid to KMC
 - (ii) Legal fee paid to advocate
 - (iii) Purchase of stationery items from unregistered person
 - (iv) Transportation charges paid to M/s Jagat EnterprisesChoose the most appropriate option.
 - a) (i) and (ii)
 - b) (iii)
 - c) (ii) and (iii)
 - d) (i) and (iii)

5. Whether input tax credit is available on the GST paid by Mr. Shorya 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

(b) Choose the most appropriate options from the following independent cases (3*2 Marks = 6 Marks)

1) An appeal to the High court can be filed under the CGST Act 2017, 2017 in the following Cases:

- (i) By a person aggrieved against the order passed by the State bench or Area bench of Appellate Tribunal
- (ii) By a person aggrieved against the order passed by the National bench or Regional bench of Appellate Tribunal
- (iii) For matter involving substantial question of law
- (iv) All of the above
 - a) (i) and (ii)
 - b) (i) and (iii)
 - c) (ii) and (iii)
 - d) (iv)

2) Mr. Prem & Sons had taken GST registration on 1st January but failed to furnish GST returns for the next 6 months. Owing to this, the proper officer cancelled its registration on 25th July and served the order for cancellation of registration on 31st July. Now, Prem & Sons wants to revoke the cancellation of registration. Prem & Sons can file an application for revocation of cancellation of registration on or before.

- a) 29th October
- b) 30th August
- c) 30th November
- d) 30th October

3) Time-limit for issuance of show cause notice under GST law in case of any amount collected as tax, but not paid to the Central Government is:

- a) 2 years and 9 months from the due date of filing Annual Return for the Financial Year to which the tax not paid relates to.
- b) 3 years from the due date of filing Annual Return for the Financial Year to which the tax not paid relates to.
- c) 4 years and 6 months from the due date of filing Annual Return for the Financial Year to which the tax not paid relates to.
- d) No time-limit is prescribed.

Question 2

(8 Marks)

Musicera Pvt. Ltd. owned by Nitish Daani - a famous classical singer - wishes to organise a 'Nitish Daani Music Concert' in Gurugram (Haryana). Musicera Pvt. Ltd. (registered in Ludhiana, Punjab) enters into a contract with an event management company, Supriya (P) Ltd. (registered in Delhi) for organising the said music concert at an agreed consideration of ₹ 10,00,000.

Supriya (P) Ltd. books the lawns of Hotel Dumdum, Gurugram (registered in Haryana) for holding the music concert, for a lump sum consideration of ₹ 4,00,000. Musicera Pvt. Ltd. fixes the entry fee to the music concert at ₹ 5,000. 400 tickets for 'Nitish Daani Music Concert' are sold.

You are required to determine the gross GST liability in respect of supply(ies) involved in given scenario. Will your answer be different if the price per ticket is fixed at ₹ 450?

Note: Rate of CGST and SGST is 9% each and IGST is 18%. All the amounts given above are exclusive of taxes, wherever applicable.

Question 3:

(6 + 4 Marks = 10 Marks)

1) Swasthya Nursing Home, a clinical establishment, offers the following services:-

- a) Rooms provided to the in-patients where the room charges per day are ₹ 6,500.
- b) Plastic surgery conducted to repair cleft lip of a new born baby.

- c) Air ambulance services to transport critically ill patients from distant locations to Swasthya Nursing Home.
- d) Supply of food to the in-patients as per the advice of the doctor/nutritionist from its restaurant – Annapurna Bhawan - located in the basement of Swasthya Nursing Home. The food is prepared by its employees, and nothing is outsourced to any third-party vendors.
- e) Homeopathic medical treatment.

Swasthya Nursing Home also operates a cord blood bank which provides services in relation to preservation of stem cells. Determine whether GST is payable in respect of each of the above services provided by Swasthya Nursing Home.

2) KK Pvt. Ltd. self-assessed its tax liability as ₹ 1,15,000 for the month of May 20XX but failed to make the payment. Subsequently the Department initiated penal proceedings against KK Pvt. Ltd. for recovery of penalty under Section 73 for failure to pay GST and issued show cause notice on 12th September 20XX, which was received by KK Pvt. Ltd. on 17th September 20XX.

KK Pvt. Ltd. deposited the tax along with interest on 27th September 20XX and informed the department on the same day.

Department is contending that he is liable to pay a penalty of ₹ 57,500 (i.e. 50% of ₹ 1,15,000).

Examine the correctness of the stand taken by the Department with reference to the provisions of the CGST Act. Explain the relevant provisions in brief.

Question 4:

(5 + 5 Marks = 10 Marks)

1) AB Pvt Ltd., Pune, Maharashtra, provides house-keeping services. The company supplies its services exclusively through an e-commerce website owned and managed by Hi-Tech Indya Pvt Ltd., Pune. The turnover of AB Pvt Ltd. in the current financial year is ₹ 18 lakh.

Advise AB Pvt Ltd. as to whether it is required to obtain GST registration. Will your advice be any different if AB Pvt Ltd. sells readymade garments exclusively through the e-commerce website owned and managed by Hi-Tech Indya Pvt Ltd.?

2) Mr. Nagarjun, a registered supplier of Chennai, has received the following amounts in respect of the activities undertaken by him during the month of September:

S.no	Particulars	Amount (₹)
(i)	Amount charged for service provided to recognized sports body as selector of national team	50,000
(ii)	Commission received as an insurance agent from insurance company	65,000
(iii)	Amount charged as business correspondent for the services provided to the urban branch of a nationalized bank with respect to savings bank accounts	15,000
(iv)	Service to foreign diplomatic mission located in India	28,000
(v)	Funeral services	30,000

He received the services from an unregistered goods transport agency for his business activities and paid freight of ₹ 45,000.

You are required to calculate gross GST liability (ignoring ITC provisions) of Mr. Nagarjun for the month of September assuming that the rate of GST, wherever applicable, is 18% except the GTA services where the applicable rate of GST is 5%. Working notes should form part of your answer

Note: All the transactions stated above are inter-State transactions and also are exclusive of GST.

Question 5:

(3 + 3 Marks = 6 Marks)

1) Mr. A had filed an appeal before the Appellate Tribunal against an order of the Appellate Authority

where the issue involved relates to place of supply. The order of Appellate Tribunal is also in favour of the Department. Mr. A now wants to file an appeal against the decision of the Appellate Authority as he feels the stand taken by him is correct.

You are required to advise him suitably with regard to filing of an appeal before the appellate forum higher than the Appellate Tribunal.

2) Enumerate the persons to whom the provisions regarding E-invoicing are applicable.

VSMART ACADEMY