

**CA Final
Answer Sheet-2**

Answer 1:

a)

S.no	Ans	Hints														
(1)	(a)	<p>Value of outward supply subject to GST:-</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>Intra-state sale of stationery to RP</td> <td>84,00,000</td> </tr> <tr> <td>Intra-state sale of stationery to URP</td> <td>14,00,000</td> </tr> <tr> <td>Sales between 2nd April to 8th April is not liable to GST as the voluntary registration is effective from 9th April</td> <td>-</td> </tr> <tr> <td>Accrued int. on FD (exempt under sl. No. 27 of exemption)</td> <td>-</td> </tr> <tr> <td>Rent received from IDICI Bank for its employee (exempt under sl. No. 12 of exemption - renting of residential dwelling for use as residence to URP is exempt)</td> <td>-</td> </tr> <tr> <td>Total taxable value</td> <td>98,00,000</td> </tr> </tbody> </table>	Particulars	Amount (₹)	Intra-state sale of stationery to RP	84,00,000	Intra-state sale of stationery to URP	14,00,000	Sales between 2nd April to 8th April is not liable to GST as the voluntary registration is effective from 9th April	-	Accrued int. on FD (exempt under sl. No. 27 of exemption)	-	Rent received from IDICI Bank for its employee (exempt under sl. No. 12 of exemption - renting of residential dwelling for use as residence to URP is exempt)	-	Total taxable value	98,00,000
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(2)	(d)	Refer sec 18(1)(b):- In case of Voluntary registration, effective date of registration is date of certificate of registration and assessee can take ITC on input held as stock on the day preceding the date of grant of registration - i.e. the day preceding the 9 th April.														
(3)	(d)	GTA service taken ₹ 1,50,000 is covered under sl. No. 1 of RCM + Lease rent ₹ 1,20,000 of stationery store is covered under l. No. 5A as property is rented by a local authority to RP.														
(4)	(c)	Purchase of stationery items from URP is not covered under RCM & Legal service received is exempt as per sl. No. 45 of exemption as the t/o ₹ 14 lakhs of Shorya in P.F.Y. is not exceeding the threshold for registration u/s 22.														
(5)	(d)	POS of Hotel service is Maharashtra as per sec 12(3) of IGST Act while the registration of Shorya is in Kolkata. Hence, ITC is not available for the CGST & SGST paid in Mumbai. ITC of one state cannot be utilized against tax payable in another state.														

b)

S.no	Ans	Hints
(1)	(b)	Refer Sec 117(1)
(2)	(a)	Refer Sec 30 read with Rule 23
(3)	(d)	Refer Sec 76

Answer 2:

The IGST or CGST & SGST liability in each of the below three supplies involved in this case is as under:-

1.	<p>Services provided by Musicera Pvt. Ltd. to audiences by way of admission to music concert:-</p> <p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per section 12(6) of IGST Act, the place of supply of services provided by way of admission to a cultural event shall be the place where the event is actually held. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ The place of supply of services supplied by Musicera Pvt. Ltd. (Ludhiana, Punjab) to audiences by way of admission to music concert is the location of the Hotel Dumdum, i.e. Gurugram, Haryana. ➤ Since, the location of supplier (Ludhiana, Punjab) & the place of supply (Gurugram, Haryana) are in different States, IGST will be leviable as under:- <ul style="list-style-type: none"> - Consideration for supply (400 tickets @ ₹ 5,000 per ticket) = ₹ 20,00,000
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- IGST @ 18% on value of supply = ₹ 20,00,000 x 18% = ₹ 3,60,000.

2. Services provided by Supriya (P) Ltd. to Musicera Pvt. Ltd. by organising the music concert:-

Legal Provision:-

- As per **section 12(7)** of IGST Act, if service of organizing of a cultural event is provided to a registered person, the place of supply shall be the location of such registered recipient.

Discussion & Conclusion:-

- The place of supply of services supplied by Supriya (P) Ltd. (Delhi) to Musicera Pvt. Ltd. (Ludhiana, Punjab) for organising the music concert is the location of registered person, i.e. **Ludhiana (Punjab)**.
- Since, the location of supplier (Delhi) and the place of supply (Ludhiana, Punjab) are in different States, **IGST** will be leviable as under:-
 - Consideration for supply = ₹ 10,00,000
 - IGST @ 18% on value of supply = ₹ 10,00,000 x 18% = ₹ 1,80,000.

3. Services provided by Hotel Dumdum to Supriya (P) Ltd. by way of accommodation in the Hotel lawns for organising the music concert:-

Legal Provision:-

- As per **section 12(3)** of IGST Act, the place of supply of accommodation services provided in any immovable property for organizing any cultural function shall be the location at which the immovable property is located.

Discussion & Conclusion:-

- The place of supply for accommodation provided by Hotel Dumdum (Gurugram, Haryana) to Supriya (P) Ltd. (Delhi) in Hotel lawns for organising the music concert shall be the location of Hotel Dumdum, i.e. **Gurugram, Haryana**.
- Since, the location of supplier (Gurugram, Haryana) and the place of supply (Gurugram, Haryana) are in the same State, **CGST and SGST** will be leviable as under:-
 - Consideration for supply = ₹ 4,00,000
 - CGST @ 9% on value of supply = ₹ 4,00,000 x 9% = ₹ 36,000
 - SGST @ 9% on value of supply = ₹ 4,00,000 x 9% = ₹ 36,000.

If the price for the entry ticket is fixed at ₹ 450:-

- The **answer will change for (i)** i.e. for admission to music concert.
- There will be **no IGST liability** if consideration for ticket is ₹ 450. (Refer Exemption)
- This is because the inter-state supply of service of right to admission to a musical performance is exempt from **IGST**, if consideration for the same is **not more than ₹ 500 per person**.
- However, there will be **no change in answer** for supplies mentioned in point (ii) and (iii) above.

Answer 3:

1) Legal Provision:-

- Health care services provided by a clinical establishment, an authorised medical practitioner or paramedics are exempt from GST vide exemption notification.

Discussion & Conclusion:-

- In light of the same, the eligibility to exemption in respect of each service offered by Swasthya Nursing Home is examined below:-

- a) **Not Exempt:** Exemption available to health care services provided by a clinical establishment shall not apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5000 per day to a person receiving health care services.

b)	Exempt: <ul style="list-style-type: none"> ➤ Health care service does not include cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma. ➤ Therefore, plastic surgeries will not be entitled to the said exemption, but the plastic surgery conducted to repair a cleft lip will be eligible for exemption as it reconstructs anatomy, or functions of body affected due to congenital defects (cleft lip).
c)	Exempt: <ul style="list-style-type: none"> ➤ Health care service includes services by way of transportation of the patient to and from a clinical establishment. ➤ Thus, air ambulance service to transport critically ill patients to Swasthya Nursing Home would be eligible for exemption.
d)	Exempt: CBIC clarified that food supplied by the hospital canteen to the in-patients as advised by the doctor/nutritionists is a part of composite supply of health care services and is not separately taxable. Thus, it is exempt from GST.
e)	Exempt: Since Homeopathy is a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010, the same would be eligible for exemption.

Further, exemption available to services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation has been withdrawn and thus, said services are no longer exempt from GST. Therefore, services provided in relation to preservation of stem cells by the cord blood bank operated by Swasthya Nursing Home will be liable to GST.

2)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per section 73 of CGST Act, 2017, if self-assessed tax is not paid within 30 days from due date of payment of such tax, penalty equivalent to 10% of tax or ₹10,000, whichever is higher, is payable. ➤ Thus, option to pay tax within 30 days of issuance of show cause notice to avoid penalty is not available in case of self-assessed tax. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ The due date for payment of tax for the month of May, 20XX is 20.06.20XX. ➤ Since in given case, KK Pvt. Ltd. has not paid the self-assessed tax within 30 days of due date [i.e., 20.06.20XX], penalty equivalent to the higher of the following is payable by him:- <ul style="list-style-type: none"> - ₹ 11,500 which is 10% of tax ₹ 1,15,000 or - ₹ 10,000. ➤ Thus, the penalty payable is ₹ 11,500 each under CGST & SGST ➤ Hence, the stand taken by the Department that penalty will be levied on KK Pvt. Ltd. is correct, but the amount of penalty ₹ 57,500 is not correct.
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Answer 4:

1)	<p>Legal Provision:</p> <ul style="list-style-type: none"> ➤ As per section 22 of CGST Act, a supplier is liable to be registered in the State/ UT from where he makes a taxable supply of goods or services, if his aggregate turnover in a financial year exceeds the threshold limit. ➤ As per section 24(ix), person who supply goods or services or both, other than supplies specified under section 9(5), through ECO who is required to collect tax at source u/s 52, is mandatorily required to obtain registration irrespective of its turnover. ➤ However, if ECO is liable to pay tax on behalf of the suppliers of services under section 9(5), the suppliers of such services are entitled for threshold exemption. ➤ Section 9(5) specifies services of housekeeping, except where person supplying such service through ECO is liable for registration under section 22(1), as one such service where the ECO
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is liable to pay tax on behalf of suppliers.

- Also, if a person is supplying goods through an ECO who is required to collect tax at source u/s 52 of CGST Act & his aggregate turnover in preceding as well as current financial year does not exceed the threshold applicable for registration u/s 22(1), then he is **exempted** from obtaining registration subject to fulfilment of specified conditions.

Discussion & Conclusion:

- Since Hi-Tech Indya Pvt Ltd. owns and manages a website for e commerce where both goods and services are supplied, it is **presumed** that Hi-Tech Indya is an **ECO which is required to collect tax at source u/s 52**.
- However, house-keeping services provided by AB Pvt Ltd., which is not liable for registration u/s 22(1) as its turnover is less than ₹ 20 lakh through an ECO, is a **service notified u/s 9(5)**.
- Thus, **AB Pvt Ltd. will be entitled for threshold exemption for registration** and will not be required to obtain registration even though it supplies services through ECO.
- **In second case**, answer will remain the same, AB Pvt Ltd. will be entitled for threshold exemption for registration, even though it sells readymade garments through ECO.

2) Computation of gross GST liability of Mr. Nagarjun:

Particulars	Explanation	Value of Supply (₹)	GST (₹)
Supplies on which Mr. Nagarjun is liable to pay GST under forward charge:			
Amount charged for service provided to recognized sports body as selector of national team	It is taxable as exemption is given to player, referee, umpire, coach or team manager and not to selectors	50,000	9,000
Commission received as an insurance agent from insurance company	Though commission for providing insurance agent's services to any person carrying on insurance business is liable to GST, the tax payable thereon is to be paid by recipient of service i.e., insurance company, under reverse charge. Thus, Mr. Nagarjun will not be liable to pay GST on such commission	Nil	Nil
Amount charged as business correspondent for the services provided to the urban branch of a nationalised bank with respect to savings bank accounts	Services provided by a business correspondent to a banking company with respect to accounts in its rural area branch are exempt from GST. Thus, services provided by him in respect of urban area branch of the bank will be taxable	15,000	2,700
Services provided to foreign diplomatic mission located in India	Services given by a foreign diplomatic mission located in India are exempt from GST but services provided to such mission are taxable	28,000	5,040
Funeral services	Funeral services are not supply as they are covered in entry 4 of Schedule III to CGST Act, 2017 and thus, are outside the ambit of GST.	Nil	Nil
Supplies on which Mr. Nagarjun is liable to pay GST under reverse charge:			
Services received from GTA	GST on services provided by an unregistered GTA to a registered person is payable by the recipient of service i.e., the	45,000	2,250

	registered person, under reverse charge. Since in given case, GTA is unregistered, Mr. Nagarjun is liable to pay tax under reverse charge @ 5% (CGST @ 2.5% and SGST @ 2.5%).		
	IGST payable (Since all the transactions are inter-State transactions, IGST is payable on the same)		18,990

Answer 5:

<p>1) Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per section 109(5) of CGST Act, 2017, only the Principal Bench of the Tribunal can decide appeals where one of the issues involved relates to the place of supply. ➤ Further, as per section 118, appeal against orders passed by the Principal Bench of the Tribunal lies to the Supreme Court and not High Court. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In given case, since the issue involved in Mr. A's case relates to place of supply, the appeal in his case would have been decided by the Principal Bench of the Tribunal. ➤ Thus, Mr. A will have to file an appeal with the Supreme Court and not with the High Court. 	
<p>2)</p> <ul style="list-style-type: none"> ➤ Mandatory e-invoicing : All registered businesses whose aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards exceeds ₹ 5 Crore will be required to issue e-invoices for B2B supplies or for exports or B2G (Government Departments or establishments/ Government agencies/ local authorities/ PSUs) supplies who are registered solely for the purpose of TDS u/s 51 of CGST Act. ➤ Exception:- Following persons are exempted from the mandatory requirement of e-invoicing:- <ul style="list-style-type: none"> - A Government Department - A local Authority - Special Economic Zone (SEZ) units - Insurer or banking company or financial institution including NBFC - GTA supplying services in relation to transportation of goods by road in a goods carriage - Supplier of passenger transportation service - Person supplying services of admission to exhibition of cinematograph films in multiplex screens <p>As per CBIC clarification, the said exemption from generation of e-invoices is for the entity as a whole and is not restricted by the nature of supply being made by the said entity.</p> <ul style="list-style-type: none"> ➤ Declaration to be given in tax invoice:- A taxpayer whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds ₹ 5 Crore but is exempted from e-invoicing shall give a declaration in the tax invoice that <ul style="list-style-type: none"> - invoice is not required to be issued in the manner specified under rule 48(4). 	