

**CA Final
Test Paper-3**

Time: 1 hr & 30 mins

Total: 50 marks

Question 1:

(4*2 Marks = 8 Marks)

(a) ABC Ltd. is a Public Sector Undertaking (PSU) engaged in the business of generation of electricity from conventional & nonconventional sources. The Government of India holds 75% equity in the said company & balance equity is held by institutional and domestic investors. The company has taken separate registration under GST in each State where it has business operations. The company has its head office (HO) in Delhi & its powerplants are located in the States of Bihar, Odisha & Chhattisgarh.

Following transactions were carried out by the company during the month of February:

| Particulars | Delhi H.O | Bihar Plant | Odisha Plant | Chhattisgarh Plant |
|---|-----------|-------------|--------------|--------------------|
| Sale of electrical energy to DISCOM | - | 2,50,00,000 | 3,50,00,000 | 4,50,00,000 |
| Bank interest received on saving bank account & fixed deposit | 18,00,000 | 3,00,000 | 5,00,000 | 8,00,000 |
| House rent recovered from the employees (unregistered under GST) for residential Accommodation provided to them | 55,000 | 30,000 | 25,000 | 40,000 |
| Rent collected from bank, ATM, post office & shops located in office premises | 48,000 | 15,000 | 12,000 | 16,000 |
| Sale of iron/ metal scrap (excluding TCS @ 1% as per the Income-tax Act, 1961 | - | 85,000 | 45,000 | 65,000 |
| Other Income | 2,50,000 | - | - | 45,000 |

In addition to above information, following transactions were also carried out during the month of February:

- 1) A supply order for stationery items was awarded by Delhi H.O. to M/s Stationery Mart, New Delhi for ₹ 3,36,000 (including GST @ 12%) in January. The vendor supplied stationery items worth ₹ 44,800 (including GST@ 12%) & issued the tax invoice in February. Delhi H.O. had made the payment of the said bill in February by crediting the vendor's account for that amount on the same date in its books. The remaining amount was paid in April on supply of balance items.
- 2) Odisha plant purchased office furniture for ₹ 2,80,000 during February from an unregistered dealer. Rate of GST on said furniture item is 18%.
- 3) A Board meeting for raising term loan for project expansion was held in February. The Delhi H.O. paid ₹ 20,000 each as sitting fee to 4 independent directors who attended the meeting.
- 4) For safety & security of its H.O. & power plants, the company has engaged private security as well as CISF (Central Industrial Security Force). Following payments were made in February, in respect of bills issued in the month of January:

| Particulars | Delhi H.O | Bihar Plant | Odisha Plant | Chhattisgarh Plant |
|---------------------------------|----------------------|---|--|---|
| CISF | - | 10,00,000 (paid on 07 th Feb) | 8,00,000 (paid on 15 th Feb) | 14,00,000 (paid on 05 th Feb) |
| ABS Security Services Pvt. Ltd. | 5,00,000 (paid on | - | - | - |

| | | | | |
|--|-----------------------|--|--|--|
| | 11 th Feb) | | | |
|--|-----------------------|--|--|--|

- 5) The Bihar plant purchased a machinery in February from M/s Sahoo Enterprises, Patna (not registered under GST) for ₹ 86,000. Full payment was made in February. Rate of GST on the said machinery is 18%.

All the amounts mentioned above are excluding GST, wherever applicable (unless otherwise specified).

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. (i). to (iv) below:

- (i) The value of taxable supply on which GST is payable by Delhi H.O. under forward charge, for the month of February is _____.
- ₹ 21,78,000
 - ₹ 48,000
 - ₹ 22,33,000
 - ₹ 3,78,000
- (ii) The value of taxable inward supply on which GST shall be payable under reverse charge by Bihar power plant is _____.
- ₹ 11,80,000
 - ₹ 10,00,000
 - ₹ 10,86,000
 - ₹ 10,30,000
- (iii) The value of supply on which TDS under section 51 of the CGST Act, 2017 shall be deducted by Delhi H.O. while making payment to M/s Stationery Mart in February is _____.
- ₹ 40,000
 - ₹ 44,800
 - ₹ 3,00,000
 - TDS is not applicable since payment made in February is less than ₹ 2,50,000.
- (iv) What is the value of supply on which GST is payable by Odisha plant on sale of scrap?
- ₹ 45,000
 - ₹ 45,450
 - Sale of scrap is an exempt supply under GST. It is subject to TCS under the IT Act, 1961.
 - Sale of scrap is neither a supply of service nor supply of goods as it is covered under Schedule III of the CGST Act, 2017.

(b) Choose the most appropriate options from the following independent cases (4*2 Marks = 8 Marks)

1) Minimum and maximum limit for amount for compounding of offences under section 138 of the CGST Act, 2017 are:

- Minimum: 25% of tax involved; Maximum: 100% of tax involved
- Minimum: Higher of 50% of tax involved, or ₹ 10,000; Maximum: Higher of 150% of tax involved, or ₹ 30,000
- There are no such limits
- None of the above

2) State whether following statements are true or false w.r.t. provisions relating to Advance Ruling.

- (i) Questions on which the advance ruling can be sought under this Act, include rate of tax applicable to a particular supply and place of supply.
- (ii) Rectification of advance ruling is not possible once the Authority for Advance Ruling has passed the orders.
- (iii) The Authority for Advance Ruling shall pronounce its ruling within 90 days from the date of receipt of application.
- (iv) Authority for Advance Ruling may accept application even if the question raised in the application is already pending or decided in any proceedings under any of the provisions of the CGST Act, 2017 qua the applicant.
- (v) Authority for Advance Ruling may, by order, declare such advance ruling void ab initio if it finds out that such ruling is obtained by suppression of material facts, fraud or misrepresentation of facts.

Choose from following options:

- a. False, False, True, False, True
- b. False, True, True, False, True
- c. True, True, False, False, True
- d. False, False, False, False, True

3) Lex Corp. (P) Ltd. is a manufacturer of fruit juices registered under GST. It purchases plastic bottles and cardboard and sends the same for affixing stickers on plastic bottles and manufacturing boxes from cardboard to a registered job worker, Hammer Industries (P) Ltd. These raw materials are sent directly from the place of business of supplier to the premises of job worker. Lex Corp. (P) Ltd. booked input tax credit on purchase of such items.

The following transactions took place in this regard:

| Value of goods sent to job worker | Input tax paid on such goods | Date of purchase of goods by Lex Corp. (P) Ltd. | Date of receipt of goods by Hammer Industries (P)Ltd. | Date of goods received back from Hammer Industries (P) Ltd. |
|-----------------------------------|------------------------------|---|---|---|
| ₹ 50,000 | ₹ 6,000 | 10.07.2021 | 15.07.2021 | 12.07.2022 |
| ₹ 2,00,000 | ₹ 24,000 | 25.09.2021 | 27.09.2021 | 13.10.2022 |
| ₹ 8,00,000 | ₹ 96,000 | 22.12.2021 | 25.12.2021 | 16.08.2023 |
| ₹ 10,00,000 | ₹ 1,20,000 | 21.01.2022 | 25.01.2022 | 23.01.2023 |
| ₹ 3,50,000 | ₹ 42,000 | 24.02.2022 | 26.02.2022 | 28.02.2023 |

Determine the total amount to be added to the output tax liability of M/s. Lex Corp. (P) Ltd. in case of violation of section 143 of the CGST Act, 2017. Ignore the different point of times when the amount is added to the output tax liability.

- a. ₹ 2,88,000/- + Interest @ 18%
- b. ₹ 2,88,000/- + Interest @ 24%
- c. ₹ 1,62,000/- + Interest @ 24%
- d. ₹ 1,62,000/- +Interest @ 18%

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

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

| | | |
|--|-----------|----------|
| Supply of goods procured from China directly from China to UK without such goods entering into India | 20,00,000 | - |
| Supply of goods imported from UK, in high seas, to a local vendor by way of endorsement of documents of title to the goods before clearance for home consumption | 5,50,000 | 6,00,000 |

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

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

Question 2

(8 Marks)

Examine whether the offences committed in each of the following independent cases are bailable. Further, determine the quantum of punishment on prosecution under the CGST Act, 2017, in each of these cases:-

- 'Homi Gabha' collects ₹ 240 lakh as tax from its clients and deposits ₹ 150 lakh with the Central Government. Balance amount of tax is not paid to the Central Government. It is found that he has falsified financial records and has not maintained proper records, to evade the tax.
- Datukeshwar Dutt' collects ₹ 630 lakh as tax from its clients, but deposits only ₹ 120 lakh with the Central Government. Balance amount of tax is not paid to the Central Government.
- What would be the implications in above cases if 'Homi Gabha' & 'Datukeshwar Dutt' repeat the offences?

Note: It may be assumed that offences are proved in the court.

Question 3:

(6 + 4 Marks = 10 Marks)

1) Answer the following questions independently:-

- Mr. Prem is running a restaurant in New Delhi. In the preceding financial year, it has an aggregate turnover of ₹ 120 lakh from the restaurant services. In the current financial year, apart from restaurant service, he also wants to provide food delivery services to other small restaurants. He estimated the turnover of such services is upto ₹ 5 lakh.

Mr. Prem wishes to opt for composition scheme under sub-sections (1) and (2) of section 10 in the current financial year. You are required to advise him for same.

- M/s XYZ Ltd. (Maharashtra) started its business on 01.04.20XX & is engaged in trading business of stationery products. The details of its turnover for financial year 20XX-XY are as follows:-

- Intra state supply of product P = ₹ 75,00,000
- Intra state supply of product P through ECO = ₹ 5,00,000
- Inter-state supply of product P = ₹ 2,00,000

XYZ Ltd. decided to continue the supply of product P through ECO in financial year 20YY-ZZ and also decided to supply product P only within Maharashtra. Explain whether, XYZ Ltd. can opt for composition scheme in financial year 20YY-ZZ.

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

You are required to advise Jigyasa Ltd. with regard to issuance of e-way bill(s)

Question 4:

(5 + 5 Marks = 10 Marks)

1) Explain in what cases, assessment order passed by proper officer may be withdrawn under CGST Act, 2017

2) M/s All-in-One, a partnership concern and a registered supplier under GST, is engaged in providing various services under one roof. It is engaged in paying tax under regular scheme under GST law. The concern provides the following information pertaining to supply made/input services availed by it during the month of March:

| S.no | Particulars | Amount (₹) |
|-------|--|------------|
| (i) | Provided Direct Selling Agent service to Y Bank Ltd. | 4,00,000 |
| (ii) | Provided security services (by way of supply of security personnel) to ABC P. Ltd., a registered person under GST | 60,000 |
| (iii) | Provided security services (by way of supply of security personnel) to PSR Trust, an unregistered person under GST | 1,00,000 |
| (iv) | Provided renting of motor vehicle for transportation of passengers to Amaze Tours Ltd. and value of supply included cost of fuel | 75,000 |
| (v) | Provided renting of motor vehicle for transportation of passengers to Priti & Co., CA firm and value of supply included cost of fuel | 40,000 |
| (vi) | Availed representational service from PB and Co., a law firm towards a Consumer Court case | 70,000 |

Determine the GST liability of M/s All-in-One for the month of March by giving necessary explanations for treatment of various items. Rates of GST for both inward and outward supply is CGST/SGST@ 9% each except renting a vehicle, for which CGST/SGST @ 2.5% each is applicable.

M/s All-in-One commenced its business from February. All the supplies are intra-State only. Ignore the provisions relating to input tax credit.

Question 5:

(3 + 3 Marks = 6 Marks)

1) XYZ Ltd. has deducted TDS from the consideration payable to A Ltd. for supplies made by it. The deductee, i.e. A Ltd., seeks your advice on taking credit for the TDS deducted by XYZ Ltd. Also, whether the tax deducted by XYZ Ltd. will be shown in the electronic credit ledger or electronic cash ledger of A Ltd.?

2) Advance Ruling once issued cannot be held to be void ab-initio under any circumstances. Discuss the correctness of the statement by explaining relevant provisions.