

CA Final
Answer Sheet-3

Answer 1:

a)

S.no	Ans	Hints
(i)	(b)	Bank interest & rent for residential accommodation are exempt under Sl. No. 27 & 12 Respectively & Value of taxable supply: ₹ 48,000 + ₹ 2,50,000 = ₹ 2,98,000
(ii)	(b)	ABS Security Services Pvt Ltd is a body corporate & hence not covered under RCM whereas CISF (service of ₹ 10,00,000) is not body corporate & hence covered under RCM entry 14]
(iii)	(a)	₹ 44,800/112% = ₹ 40,00,000
(iv)	(a)	Refer circular no. 76/50/2018 - as TCS is an interim levy not having character of tax so it cannot be included in value. Value will be ₹ 45,000 which is excluding TCS- TCS impact is not done so no need to add back.

b)

S.no	Ans	Hints
(i)	(a)	Refer Sec 138(2)
(ii)	(a)	Refer Sec 97(2), Sec 102, Sec 98(6), Proviso to Sec 98(2) & Sec 104(1)
(iii)	(d)	Refer sec 143(1) read with proviso to sec 19(3) - thus, addition = ₹ 24,000 + ₹ 96,000 + ₹ 42,000] & interest is @18% p.a.]
(iv)	(a)	1) Refer sec 2(6) & note that all outward supplies are added & inward supply taxable under RCM are not added. 2) High sea sale & supply from China to UK are not treated as supply.

Answer 2:

1)	<ul style="list-style-type: none"> ➤ As per section 132(1)(d)(iii) of CGST Act, 2017, failure to pay any amount collected as tax within 3 months from due date of payment is punishable with specified imprisonment and fine provided the amount of tax evaded exceeds at least ₹ 100 lakh. ➤ Thus, failure to deposit ₹ 90 lakh (₹ 240 lakh - ₹ 150 lakh) collected as tax by 'Homi Gabha' will not be punishable with imprisonment. ➤ However, falsification of financial records by 'Homi Gabha' is punishable with imprisonment up to 6 months or with fine or both as per section 132(1)(f)(iv) and the said offence is bailable in terms of section 132(4) of the said act.
2)	<ul style="list-style-type: none"> ➤ As per section 132(1)(d)(i) of CGST Act, 2017, failure to pay any amount collected as tax within 3 months from due date is punishable with imprisonment upto 5 years and with fine, if the amount of tax evaded exceeds ₹ 500 lakh. ➤ Since the amount of tax evaded by 'Datukeshwar Dutt' exceeds ₹ 500 lakh (₹ 630 lakh - ₹ 120 lakh = ₹ 510 lakh), 'Datukeshwar Dutt' is liable to imprisonment upto 5 years & with fine. ➤ Further, as per section 132(3), the imprisonment shall be minimum 6 months in the absence of special and adequate reasons to the contrary to be recorded in the judgment. ➤ As per section 132(5), such offence is non-bailable.
3)	<ul style="list-style-type: none"> ➤ If 'Homi Gabha' and 'Datukeshwar Dutt' repeat the offence, they shall be punishable for second and for every subsequent offence with imprisonment upto 5 years & with fine u/s 132(2). ➤ Such imprisonment shall also be for minimum 6 months in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court.

Answer 3:

1)	<p>a) Legal Provision:-</p> <ul style="list-style-type: none">➤ As per section 10(1) of CGST Act, 2017, a registered person may opt for composition levy in current financial year, if his aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore & he is not engaged in the supply of services other than restaurant services.➤ However, along with supply of goods and restaurant service, the scheme permits supply of other marginal services for a value up to 10% of turnover in a State in the preceding year or ₹ 5 lakh, whichever is higher. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none">➤ In the present case, since the aggregate turnover of Mr. Prem was ₹ 120 lakh in preceding financial year (i.e. it did not exceed ₹ 1.5 crore), he is eligible for composition scheme in the current financial year.➤ Further, in current financial year, he can also supply services other than restaurant services for a value upto ₹ 12 lakh i.e. (10% of ₹ 120 lakh) or ₹ 5 lakh, whichever is higher.➤ Thus, till the time his turnover from food delivery services does not exceed ₹ 12 lakh, he is eligible for the scheme.
	<p>b)</p> <ul style="list-style-type: none">➤ As per section 10(1) of CGST Act, 2017, the composition levy can be availed by a registered person in current financial year, if the aggregate turnover in the preceding financial year does not exceed ₹ 1.5 crore as applicable for Maharashtra.➤ As per section 10(2)(d) of the said act, the persons making any supply of services through an electronic commerce operator who is required to collect tax at source under section 52 shall not be eligible to opt for Composition levy.➤ In the present case, the aggregate turnover of XYZ Ltd. is ₹ 82,00,000 (ie ₹ 75, 00,000 + ₹ 5,00,000 + ₹ 2,00,000).➤ The restriction is on services supplied through such ECO & not goods.➤ Also, the compliance of conditions of section 10(2) are to be checked in current financial year & accordingly, XYZ Ltd. is not making any inter-state supply of goods in financial year 20YY-ZZ.➤ Thus, XYZ Ltd. is eligible to opt for composition scheme in financial year 20YY-ZZ.
2)	<p>Legal Provision:-</p> <ul style="list-style-type: none">➤ As per rule 138 of CGST Rules, e-way Bill is required to be generated mandatorily, if the goods are moved in relation to a supply and the consignment value [including CGST, SGST/UTGST, IGST and cess charged] exceeds ₹ 50,000.➤ As per CBIC clarification, if multiple invoices are issued by supplier to one recipient, then for movement of goods of more than one invoice of same consignor and consignee, multiple e-way bills have to be generated.➤ In other words, for each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignors or consignees are involved.➤ Each invoice is considered as one consignment for the purpose of generating e-way bills. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none">➤ Jigyasa Ltd. would be required to prepare two separate e-way bills since each invoice value exceeds ₹ 50,000.➤ Multiple invoices cannot be clubbed to generate one e-way bill. However, after generating all these e-way bills, one consolidated e-way bill can be prepared for transportation purpose, if goods are going in one vehicle.

Answer 4:

1) Assessment order passed by the proper officer may be withdrawn in following cases:-

(i) Assessment of non-filers of returns:

- As per **section 62** of CGST Act, 2017, if the registered person furnishes a valid return for the default period **within 60 days** of the service of the best judgment assessment order, the said order shall be deemed to have been withdrawn.
- But the liability for payment of interest on delayed payment of tax u/s 50 or for payment of late fee u/s 47 shall continue.
- However, if the registered person fails to furnish a valid return within 60 days of the service of the assessment order, he may furnish the same within a **further period of 60 days** on payment of an additional **late fee of ₹ 100** for each day of delay beyond 60 days of the service of the said order.
- If he furnishes valid return within such extended period, the said order shall be deemed to have been **withdrawn**, but the liability to pay interest u/s 50(1) or late fee u/s 47 **shall continue**.

(ii) Summary assessment:

- As per **section 64(2)** of CGST Act, 2017, the summary assessment order may be withdrawn by Additional Commissioner/Joint Commissioner, –
 - a) on an application filed by taxable person for its withdrawal **within 30 days** from the date of receipt of order or
 - b) on his own motion, where he finds such order to be erroneous.
- He may instead follow the procedures laid down in section 73/74 to determine the tax liability of such taxable person.

2) GST liability of M/s All-in-One for the month of March:-

S.no	Particulars	Value (₹)	CGST Payable (₹)	SGST Payable (₹)
A)	GST liability on outward supply:			
(i)	Direct selling agent service to Y Bank Ltd. [Tax is payable under forward charge since the supplier of such service is a partnership firm and not an individual]	4,00,000	36,000 (₹ 4,00,000 *9%)	36,000 (₹ 4,00,000 *9%)
(ii)	Security services to ABC P. Ltd., a registered person [Tax is payable under reverse charge by recipient since security services are provided by a non-body corporate to a registered person.]	-		
(iii)	Security services to PSR Trust, an unregistered person [Tax is payable under forward charge since security services are provided by a non-body corporate to an unregistered person.]	1,00,000	9,000 (₹ 1,00,000 *9%)	9,000 (₹ 1,00,000 *9%)
(iv)	Renting of motor vehicle to Amaze Tours Ltd. where value included cost of fuel [Tax is payable under reverse charge by recipient since such services are provided by a non-body corporate to a body corporate and GST is payable @ 5%.]	-		
(v)	Renting of motor vehicle to Priti & Co., CA firm, where supply value included cost of fuel [Tax is payable under forward charge since such services are provided by a non-body corporate to a non-body corporate.]	40,000	1,000 (40,000 *5%)	1,000 (40,000 *5%)
Total GST liability on outward supplies			46,000	46,000

B)	GST liability on inward supplies under reverse charge:			
(vi)	<p>Availed representational service from PB and Co, a law firm [Legal services provided by a partnership firm of advocates/individual advocate other than a senior advocate to a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration, are exempt from GST.</p> <p>Since M/s All-in-One started its business in February, its turnover in the preceding financial year is zero making it eligible for exemption from registration in the preceding financial year and hence, the legal services provided to it are exempt from GST.]</p>	70,000	-	-
	GST liability on inward supplies under reverse charge		-	-

Answer 5:

1)	<p>Legal Provision:-</p> <ul style="list-style-type: none"> ➤ As per section 51(5) of CGST Act read with rule 66 of CGST Rules, the deductee shall claim credit, in his electronic cash ledger, of the tax deducted and reflected in GSTR-7 of the deductor, after validation. ➤ Similarly, as per rule 87(9), any amount deducted under section 51 shall be credited to electronic cash ledger of the deductee. <p>Discussion & Conclusion:-</p> <ul style="list-style-type: none"> ➤ In present case, A Ltd., can take credit of TDS amount deducted by XYZ Ltd. in its electronic cash ledger and use the same for payment of tax, interest, penalty, late fee or any other amount.
2)	<ul style="list-style-type: none"> ➤ The said statement is incorrect. ➤ As per section 104(1) of CGST Act, an advance ruling shall be held as void ab-initio, if the AAR or AAAR finds that the advance ruling was obtained by the applicant by fraud or suppression of material facts or misrepresentation of facts. ➤ In such a situation, all the provisions of the GST Act(s) shall apply to the applicant as if such advance ruling had never been made (but excluding the period when advance ruling was given and up to the period when the order declaring it to be void is issued). ➤ An order declaring advance ruling to be void can be passed only after hearing the applicant. ➤ A copy of the order so made shall be sent to the applicant, the concerned officers and the jurisdictional officer.