

QUESTION BANK COMPILER

FOR MAY 25 / SEP 25 / JAN 26
(CONTAINING RTP, MTP AND PYQ)



WITNESS UNMATCHED CONCEPTUAL TEACHING FOR CA INTERMEDIATE
By CA POOJA DATTE

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Lecture 1

Topic - ITC



Lecture 2

Topic - ITC



Lecture 3

**Topic - ITC, VOS,
Exemption**



Lecture 4

**Topic - POS,
Remaining Chapter**

**Note : For some questions if lecture is not there please refer the answers
which are already given**

Case Scenario based MCQs (MTP I)

I. Himadri started providing a bouquet of goods and services in the month of April of the current financial year under the regular scheme in the State of Telangana and obtained voluntary registration under GST before starting the business.

In the month of April, she availed the services of construction of a godown for the business from her brother-in-law who was financially dependent on him. She also availed professional consultancy services in April for her business from her son who is a well settled Chartered Accountant in Telangana. Himadri did not pay any consideration for both these services as both of them were her relative/ family member respectively.

In April, she supplied 1,000 packages to Natraj Traders each consisting of a pen holder, a pen and a pencil box at a single price of ₹ 150. Rates of GST for pen holder, pen and pencil box are 5%, 12% and 18% respectively.

She received following payments during the month of May:

- earned ₹ 1,60,000 by providing services as business facilitator to YYZ Bank with respect to accounts in its urban area branch
- earned ₹ 50,000 by providing services by way of renting of residential dwelling for use as a boutique to Supriya, an unregistered person.
- received ₹ 70,000 for supply of manpower for cleanliness of roads, public places, architect services, etc., not involving any supply of goods, to Municipality.

Himadri made supply of taxable Product A during June, details of which are as follows-

- Basic price of Product A before TCS under Income-tax Act, 1961 – ₹ 45,000
- Tax collected at source under Income-tax Act, 1961 – ₹ 2,500
- She received a subsidy of ₹ 55,000 from Habitat Foundation Pvt. Ltd. For usage of green energy and the subsidy was linked to the units of green energy and not the aforesaid product.

Himadri provides the following information regarding receipt of inward supplies during July-

- purchased buses (seating capacity of 24 persons) for transportation of her employees from their residence to office and back. Depreciation is claimed on the GST component under the Income tax Act, 1961.
- purchased a truck having GST component of ₹ 1,50,000 for transportation of finished goods. No depreciation claimed on the GST component under the Income tax Act, 1961.
- availed outdoor catering services for a marketing event organised for her prospective customers.

All the amounts given above are exclusive of taxes, wherever applicable. Further, all the supplies referred above are intra-State supplies unless specified otherwise.

Conditions necessary for claiming input tax credit (ITC) have been fulfilled subject to the information given above. The opening balance of input tax credit for the relevant tax period of Himadri is Nil.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:-

1. Supply of package made by Himadri to Natraj Traders is a _____ and is taxable under GST @ _____.
(a) composite supply; 12%
(b) mixed supply; 18%
(c) composite supply; 18%
(d) mixed supply; 12%

2. Out of payments received by Himadri in month of May, value of exempt supply is ____ .
(a) ₹ 50,000
(b) ₹ 70,000
(c) ₹ 1,20,000
(d) ₹ 1,60,000

3. Compute the value of supply under section 15 of the CGST Act, 2017 made by Himadri in the month of June.
(a) ₹ 45,000
(b) ₹ 47,500
(c) ₹ 48,500
(d) ₹ 51,000

4. Compute the amount of input tax credit that can be claimed by Himadri in July.
(a) ₹ 30,000
(b) ₹ 37,000
(c) ₹ 1,50,000
(d) ₹ 1,57,000

5. In respect of services availed by Himadri in April, which of the following is a correct statement?
(a) Godown construction service availed from her brother-in-law free of cost is considered as a deemed supply.
(b) Professional service availed from her son free of cost is considered as a deemed supply.
(c) Neither of the two services availed by her is a deemed supply.
(d) Both services availed by her are deemed supply.

6. Out of payments received by Himadri in month of May, the value of supply on which tax payable by the recipient under reverse charge is _____.

- (a) ₹ 50,000
- (b) ₹ 70,000
- (c) ₹ 1,20,000
- (d) ₹ 1,60,000

(6 x 2 Marks = 12 Marks) (MTP - I - Sep 2024)

7. Suvidha Enterprises issued invoices pertaining to two independent outward supplies, where in one invoice value of supply was understated by ₹ 75,000 and in another invoice, value was overstated by ₹ 45,000. Which of the following is correct in respect of document to be issued by the firm for understatement and overstatement of invoice value?

- (i) Debit note is to be issued for ₹ 75,000.
 - (ii) Credit note is to be issued for ₹ 75,000.
 - (iii) Debit note is to be issued for ₹ 45,000.
 - (iv) Credit note is to be issued for ₹ 45,000.
- (a) (i) & (iii)
 - (b) (ii) & (iii)
 - (c) (i) & (iv)
 - (d) (ii) & (iv)

(2 Marks) (MTP - I - Sep 2024)

8. Riya & Co., a partnership firm, is engaged in retail trade since 1st April. The firm became liable for registration on 1st October. However, it applied for registration on 10th October and was granted certificate of registration on 5th November.

Determine the effective date of registration of Riya & Co.?

- (a) 1st April
- (b) 1st October
- (c) 10th October
- (d) 5th November

(1 Mark) (MTP - I - Sep 2024)

Answer

| Question No. | Answer | |
|--------------|--------|-------------------|
| 1. | (b) | mixed supply; 18% |
| 2. | (b) | ₹ 70,000 |

| | | |
|----|-----|--|
| 3. | (a) | ₹ 45,000 |
| 4. | (c) | ₹ 1,50,000 |
| 5. | (b) | Professional service availed from her son free of cost is considered as a deemed supply. |
| 6. | (d) | ₹ 1,60,000 |
| 7. | (c) | (i) & (iv) |
| 8. | (b) | 1st October |

Case Scenario based MCQs (MTP II)

II. M/s. Maahi & Co., a LLP registered dealer under GST, is engaged in various types of business activities.

It provided GTA services to Government Department, registered under GST for providing various services. Maahi & Co. did not exercise the option to pay GST.

The firm provided services of Direct Selling Agency (DSA Services) to a Banking Company located in Mumbai.

The firm provided free gift to each of its employees valuing ₹ 50,000 once in a financial year.

M/s Maahi & Co let out its warehouse to Mr. Shankar, who in turn let out to an agriculturist for warehousing of agricultural produce. The firm also undertakes catering service to "Vishwas" Anganwadi. The said Anganwadi has received fundings from Government.

The firm purchased following goods during the month of July:-

- (a) Capital goods amounting to ₹ 45,000 purchased on which depreciation has been taken on full value including GST paid thereon.
- (b) Raw materials purchased amounting to ₹ 55,000 for which invoice is missing but delivery challan is available.

Further, for the month of July, the GST liability of the firm was ₹ 20,000 IGST; ₹ 10,000 CGST; ₹ 10,000 SGST. The following credits were available in the said month-

IGST: ₹ 8,000

CGST: ₹ 12,000

SGST: ₹ 5,000

All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred above is intra-State unless specified otherwise. Conditions for availing ITC are fulfilled subject to the information given above.

Based on the information provided above, choose the most appropriate answer for the following questions-

1. Choose the correct statement(s).

- (i) For GTA services, Government is liable to pay GST under reverse charge
 - (ii) For DSA services, Banking Company is liable to pay GST under reverse charge
 - (iii) For GTA services, Maahi & Co is liable to pay GST under forward charge
 - (iv) For DSA services, Maahi & Co is liable to pay GST under forward charge
- (a) i & ii
 - (b) iii & iv
 - (c) i & iv
 - (d) ii & iii

2. Which of the following options is correct in respect of GTA services provided to Government Department?
- (a) GTA service is taxable @ 12% without restriction of availing input tax credit.
 - (b) GTA service is taxable @ 12%, but input tax credit cannot be availed for the same.
 - (c) GTA service is taxable @ 5% without restriction of availing input tax credit.
 - (d) GTA service is taxable @ 5%, but input tax credit cannot be availed for the same.
3. Gift of ₹ 50,000 in value provided by Maahi & Co to each of its employee will be:
- (a) Supply of goods
 - (b) Supply of services
 - (c) Exempt supply
 - (d) Not a supply
4. Which of the following statements is correct:-
- (i) Letting out of warehouse to Shankar is exempt
 - (ii) Catering service to "Vishesh" Anganwadi is exempt
 - (iii) Letting out of warehouse to Shankar is not exempt
 - (iv) Catering service to "Vishesh" Anganwadi is not exempt
- (a) i & ii
 - (b) iii & iv
 - (c) i & iv
 - (d) ii & iii
5. M/s Maahi & Co is eligible to claim input tax credit of _____
- (a) ₹ 45,000
 - (b) ₹ 55,000
 - (c) ₹ 1,00,000
 - (d) Nil
6. Compute the GST liability of the firm for the month of July to be paid in cash, if rule 86B of the CGST Rules, 2017 is not applicable?
- (a) IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000
 - (b) IGST: ₹ 12,000; CGST: Nil; SGST: ₹ 5000
 - (c) IGST: Nil; CGST: ₹ 10,000, SGST: ₹ 5000
 - (d) IGST: 5,000; CGST: Nil, SGST: 10,000

(6 x 2 Marks = 12 Marks) MTP - II - Sep 2024

7. Kids Bazaar Pvt. Ltd., registered in Maharashtra sells kids clothing via an E-commerce operator Champ.com. Mr. Dhruv placed an order of 10 sets of Ethnic wear in different colours each costing ₹ 5,000 (GST @18% not included) on 20th January 2023. However, he returned 2 sets back after 2 days in accordance with the exchange policy of Champ.com. Determine the value of supply on which Champ.com should collect TCS from Kids Bazaar Pvt. Ltd.

- (a) ₹ 40,000
- (b) ₹ 59,000
- (c) ₹ 50,000
- (d) ₹ 47,200(2 Marks)

MTP - II - Sep 2024

8. Miss Gyati, a jeweller registered under GST in Mumbai, wants to sell her jewellery in a Trade Expo held in Delhi. Which of the following statements is false in his case?

- (a) She needs to get registration in Delhi as casual taxable person.
- (b) She needs to pay advance tax on estimated tax liability.
- (c) She needs to mandatorily have a place of business in Delhi.
- (d) She needs to file GSTR-1/ IFF and GSTR-3B for Delhi GSTIN for the month or quarter, as the case may be, when she gets registered in Delhi.

(1 Mark) MTP - II - Sep 2024

Answer

| Question No. | Answer |
|--------------|---|
| 1 | (c) i & iv |
| 2 | (d) GTA service is taxable @ 5%, but input tax credit cannot be availed for the same. |
| 3 | (d) Not a supply |
| 4 | (d) ii & iii |
| 5 | (d) Nil |
| 6 | (a) IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000 |
| 7 | (a) ₹ 40,000 |
| 8 | (c) She needs to mandatorily have a place of business in Delhi. |

Case Scenario based MCQs (RTP Sep 24)

III. XYZ Private Limited is a mid-sized company, registered in Delhi, dealing in the manufacturing and distribution of electronic goods in India. The company has been operating for over a decade and has a robust supply chain network across the Country. The Company needs to ensure compliance with various GST regulations related to return filing, registration, and payment of tax. The company is exploring to expand its sales channel in India through distributors in each State. In view of the same, the company has undertaken following activities in the month of June.

- (a) Organized a distributor conclave in Udaipur, Rajasthan, where the distributors from Rajasthan, Gujarat and Madhya Pradesh participated in the conclave held in Rajasthan. The total cost of hotel accommodation was ₹ 25 lakh, which was paid by the Delhi office to the Hotel located in Rajasthan.
- (b) The company purchased certain gift items for distribution to the participants in the conclave. The gift items were purchased from the vendor located in Ludhiana, Punjab and were delivered to the hotel in Udaipur, Rajasthan for distribution to the participants of the conclave. The cost of such gift items was ₹ 25 lakh. However, the value of individual gift items was restricted to ₹ 75,000.
- (c) The company purchased an insurance policy for its employees travelling for the conclave and the premium for such insurance policy was ₹ 1 lakh which was paid by the company. There is no requirement under any law requiring such insurance policy.
- (d) The company took on rent, a new warehouse near its factory in Delhi for storage and dispatch of goods. The goods are being transported between the factory and new warehouse in non-motorized cart. The value of such goods transported in single trip is up to ₹ 5 lakh. Further, the rent of warehouse is ₹ 18 lakh for the initial 11 months and the same shall be revised to ₹ 21 lakh after expiry of initial 11 months.

The rate of tax applicable is 18% IGST, 9% CGST and SGST each unless otherwise specified.

On the basis of the facts given above, choose the most appropriate answer to

Q.1 to Q.5 below -

1. Which of the following statements is correct under GST law in relation to the hotel accommodation service received by the Company?
 - (a) The hotel shall charge CGST and SGST in the invoice issued to the Company.
 - (b) The Hotel shall charge IGST in the invoice issued to the Company
 - (c) The Hotel shall issue a bill of supply to the Company.

- (d) The Hotel shall charge CGST and SGST to the extent the charges are related to participants of Rajasthan and IGST to the extent charges are related to the participants of Gujarat and Madhya Pradesh, on the invoice issued to the Company.
2. What shall be the place of supply in relation to the gift items purchased by XYZ Private Limited?
- (a) Rajasthan i.e. the location where the goods were received
 - (b) Delhi i.e. the principal place of business of the Company
 - (c) Punjab i.e. the location from where the goods were dispatched
 - (d) Permanent location of participants receiving the gift
3. Which of the following statements is true in relation to the gift items and the insurance policy purchased by the Company?
- (a) The company is not eligible to avail the input tax credit in relation to both, gift items and the insurance policy.
 - (b) The company is eligible to avail the input tax credit related to gifts valuing less than ₹ 50,000.
 - (c) The company is eligible to avail the input tax credit only on insurance policy as the same is provided to employees i.e. related person of the Company.
 - (d) There is no restriction in availment of input tax credit related to gifts and insurance policy.
4. Which of the following statements is correct in relation to the issuance of e-way bill for transportation of goods between factory and warehouse in non-motorized cart?
- (a) E-way bill is required to be issued by the company for each instance of transportation of goods irrespective of the consignment value of goods.
 - (b) E-way bill is not required to be issued in the given case irrespective of the consignment value of the goods.
 - (c) E-way bill is required to be issued for goods of the consignment value above ₹ 50,000
 - (d) E-way bill is required to be issued for goods of the consignment value above ₹ 1,00,000
5. Which of the following statements is most appropriate in relation to the new warehouse taken on rent by the Company?

- (a) Separate GST registration is not required mandatorily.
- (b) Separate GST registration is required mandatorily.
- (c) GST registration is required as a casual taxable person for the term of rent agreement.
- (d) Separate GST registration is required once the rent is more than ₹ 20 lakh per annum.

RTP – Sep 2024

Answer

| MCQ No. | Most Appropriate Answer |
|---------|-------------------------|
| 1. | (a) |
| 2. | (b) |
| 3. | (a) |
| 4. | (b) |
| 5. | (a) |

Case Scenario 1

FUTURE Insurance Ltd. is an insurance company providing life and general insurance services across India. The company has been carrying on its business for the past three years with the approval of IRDA.

FUTURE Insurance Ltd. secure its business through various insurance agents spread across India. Those agents include individuals, firm, LLP and private limited company also. However, all of them are licensed under the Insurance Act.

The company availed services of renting of motor vehicles for its employees in PAN India through 'RR Travels Private Limited', where cost of fuel is included in the consideration charged. The service provider charged 5% GST and informed the company that it is claiming ITC only in respect of the same line of business.

FUTURE Insurance Ltd. provided the following details of insurance business for the month of May-

| Sl. No. | Nature of receipt | Amount in ₹ |
|---------|---|-------------|
| i. | Premium received on Pradhan Mantri Jan Dhan Yojana | 5,00,000 |
| ii. | Premium received on Aam Aadmi Bima Yojana | 3,00,000 |
| iii. | Premium received on Life micro-insurance product having a sum assured of ₹ 2.50 lakh | 4,00,000 |
| iv. | Premium received on reinsurance of Group Personal Accident Policy for Self-Employed Women | 1,00,000 |
| v. | Premium received on Fire and Special perils policy of various business units | 7,00,000 |
| vi. | Premium received on Money-back policies issued | 12,00,000 |

FUTURE Insurance Ltd. received the following supplies in the month of May and the details of GST paid on such supplies are as follows-

- i GST paid on purchase of car for use of Managing Director – ₹ 5,00,000
- ii GST paid on bus (seating capacity for 14 persons) purchased by the company for transportation of its employees from their residence to office and back – ₹ 3,00,000
- iii GST of ₹ 80,000 was paid on general insurance taken from Amity Insurance Ltd. for motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) which were used in transportation of staff of the company.

All the amounts given above are exclusive of taxes wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Aggregate turnover of the company is not less than ₹ 10 crores for the past three years. Conditions necessary for availment of ITC are fulfilled subject to the information given.

Values given in the question, wherever required, are in accordance with the relevant CGST Rules, 2017.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

1. Determine the services on which the company is liable to pay tax under reverse charge?
 - (a) Service availed from insurance agents
 - (b) Service availed from RR Travels Private Limited
 - (c) None of the services availed attracts RCM
 - (d) Both (a) & (b)

2. Compute the total value of taxable supply made by FUTURE Insurance Ltd. for the month of May?
 - (a) ₹ 4,00,000
 - (b) ₹ 12,00,000
 - (c) ₹ 23,00,000
 - (d) ₹ 32,00,000
3. Determine the amount of ITC that can be claimed by FUTURE Insurance Ltd?
 - (a) ₹ 80,000
 - (b) ₹ 3,00,000
 - (c) ₹ 3,80,000
 - (d) ₹ 8,80,000

(3 x 2 Marks = 6 Marks)

Case Scenario 2

Madurai Impex Ltd. ('company') is engaged in supplying sports goods. The company did not opt for registration under GST. The proper officer under GST, based on enquiry, finds that the company is liable for registration and he registers the firm on temporary basis on 15th June, 2023.

Further, in the month of February 2024, the company also generated an e-way bill for inter-State transport of goods. However, immediately on generation of the e-way bill, the buyer cancelled the order before it was dispatched from the factory for delivery.

In the month of March 2024, since the company was incurring heavy losses, it applied for cancellation of GST registration on 15th March 2024. The order for cancellation was made on 30th March 2024, effecting cancelling the registration with effect from 15th March 2024.

On the basis of the facts given above, choose the most appropriate answer to Q.4 to Q.6 below:

4. After the grant of temporary registration, Madurai Impex Ltd. needs to apply for registration within _____ from the date of grant of temporary registration, if no extension of period is to be granted for such temporary registration.
 - (a) 30 days
 - (b) 90 days
 - (c) 7 days
 - (d) 15 days
5. The Company needs to file its Final return by _____.
 - (a) 30th April, 2024
 - (b) 30th August, 2024
 - (c) 15th June, 2024
 - (d) 30th June, 2024
6. Which of the following statements is correct in respect of e-way bill generated for goods in the month of February for which order was cancelled?
 - (a) Once generated, E-way bill cannot be cancelled.
 - (b) E-way bill can be cancelled within 24 hours of generation

- (c) E-way bill can be cancelled within 48 hours of generation
 (d) E-way bill can be cancelled within 72 hours of generation

(3 x 2 Marks= 6 Marks)

7. ABC Insurance Ltd. received a proposal for pandemic insurance for cricket tournament organised by Lion's Club. Sum assured for said insurance was ₹ 20 Crores with a premium of ₹ 5 lakh. The company issued the said policy on 1st July. The invoice for the same was issued on 5th August. Premium was received on 14th August.

Determine the time of supply of service provided to Lion's Club?

- (a) 1st July
 (b) 16th August
 (c) 05th August
 (d) 14th August

(2 Marks)

8. Mr. Naresh, a supplier of readymade garments issued an invoice to a customer and erroneously charged a higher value by ₹ 42,000. Such an invoice was issued on 28th March, 2024. Which document is required to be issued by the company in respect of the invoice issued on 28th March 2024?

- (a) Debit note
 (b) Credit note
 (c) Bill of supply
 (d) Revised Tax invoice **(1 Mark)**

Case Scenario-1

| Question No. | Answer |
|--------------|---|
| 1. | (a) Service availed from Insurance Agents |
| 2. | (c) ₹ 23,00,000 |
| 3. | (c) ₹ 3,80,000 |

Case Scenario-2

| Question No. | Answer |
|--------------|---|
| 4. | (b) 90 days |
| 5. | (d) 30 th June, 2024 |
| 6. | (b) E-way bill can be cancelled within 24 hours of generation |
| 7. | (c) 5 th August |
| 8. | (b) Credit Note |

1. All questions should be answered on the basis of the position of GST law as amended up to 31.10.2023.
2. The GST rates for goods and services mentioned in various questions are hypothetical and may not necessarily be the actual rates leviable on those goods and services. Further, GST compensation cess should be ignored in all the questions, wherever applicable.

ABC Ltd. has its manufacturing unit in the State of Rajasthan. Further, it has ancillary units in the State of Madhya Pradesh and Gujarat and is registered in each of these States. Moreover, ABC Ltd. owns and operates a hotel in Udaipur, Rajasthan.

In addition to the aforesaid, ABC Ltd. owns a commercial space which is rented out to a registered person at the monthly rent of ₹ 50,000. The maintenance of the premises is the responsibility of ABC Ltd. In pursuance of the same, during the month of April, ABC Ltd. incurred certain expenses on the purchase of maintenance related materials. The said expenses are recoverable from the tenant along with the invoice issued for rent. The rate of tax applicable on the material used for maintenance was 5%.

During the year, ABC Ltd. agreed to provide the hotel to Mr. X for a business conference to be held at Udaipur. Mr. X is an unregistered person residing in Maharashtra.

ABC Ltd. made a supply of machinery in the month of June, details of which are as follows-

- Basic price of the machinery before TCS under Income Tax Act, 1961- ₹45,000
- Tax collected at source under Income-tax Act, 1961 - ₹2,500
- It received a subsidy of ₹ 3,500 from Green Foundation Pvt. Ltd. for usage of green energy and the subsidy was linked to the units of energy saved and not aforesaid machinery.

In addition to the aforesaid transactions, ABC Ltd. spent an amount of ₹ 5 lakh on the procurement of certain goods which were distributed as part of the corporate social responsibility [CSR] expenditure required under the provisions of the Companies Act, 2013.

During the scrutiny proceedings in the State of Gujarat, jurisdictional GST officer asked ABC Ltd. to submit the copy of audited financial statements for Gujarat and was of the view that ABC Ltd. is required to get his accounts audited by a Chartered Accountant separately under GST Law for filing annual return and reconciliation statement in each State.

All above amounts are exclusive of GST, wherever applicable. The rate of GST on all inward and outward supplies is 18%, unless otherwise mentioned.

Assume that there is no other outward or inward transaction apart from aforesaid transactions.

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

1. For the transaction related to renting of commercial space, what should be the rate of tax charged by ABC Ltd.?
 - (a) The rate of GST on rent and maintenance material related recovery shall be 18%.
 - (b) The rate of GST on rent shall be 18% and, on the material, shall be 5%.
 - (c) No GST shall be charged on the recovery related to material used in maintenance. Rate of GST on rent shall be 18%.
 - (d) The rate of GST on rent and maintenance material related recovery shall be 5%.
2. Compute the value of supply under section 15 of the CGST Act, 2017 made by ABC Ltd. in the month of June?
 - a. ₹45,000
 - b. ₹47,500

- c. ₹48,500
d. ₹51,000
3. With respect to the hotel accommodation service provided to Mr. X, GSTpayable by ABC Ltd. is _____ .
- (a) nil, GST on accommodation service is payable by the recipient, Mr. X, under reverse charge
(b) nil, GST on accommodation services provided to an unregistered person is exempt from GST
(c) in the nature of CGST and SGST
(d) in the nature of IGST
4. Which of the following options is correct with regard to the availability of ITC to ABC Ltd. in respect of GST paid on the procurement of goods meant for the purpose of corporate social responsibility activity?
- (a) The amount of ITC related to such procurement of goods is not available to ABC Ltd.
(b) The amount of ITC related to such procurement of goods is available to ABC Ltd.
(c) The amount of ITC only to the extent of 50% of amount of such procurement of goods is available to ABC Ltd.
(d) The amount of ITC shall be available to the registered person to whom such goods are distributed under CSR activity.
5. Which of the following options is correct with regard to the advice given by GST officer in respect of auditing of accounts?
- (a) There is no requirement of separate audit of the financial statements from the perspective of GST provisions.
(b) Only reconciliation statement shall be audited by a Chartered Accountant.
(c) The annual return as well as the reconciliation statement shall be audited by a Chartered Accountant.
(d) Separate audit of financial statements at each State level is required by ABC Ltd. under the GST law.
6. M/s Cute & Co., a partnership firm, registered supplier under GST in Bengaluru (Karnataka State), has provided the following information for the month of October, 2023:

| S. No. | Details of transactions | Amount (₹) |
|--------|--|------------|
| (i) | Intra-State taxable supply of Direct Selling Agent (DSA) service to public sector Bank. | 2,50,000 |
| (ii) | Services provided to a Governmental authority by way of sanitation conservancy. | 99,900 |
| (iii) | Rent paid to a residential dwelling taken for running an office for providing DSA services; Owner of the residential property was not registered under GST; This is an intra-State supply availed. | 25,000 |

| | | |
|------|---|----------------------|
| (iv) | Purchased a car for the official use of managing partners of the Firm for business use (Inter-State purchase). | 9,00,000 |
| (v) | Availed Information Technology services for their business from Partner's friend Mr Allan Waugh from Melbourne, Australia. Mr. Waugh refused to take any consideration. Open Market value of said service was ₹ 1,25,000. (Inter-State transactions). | Nil |
| (vi) | Provided training and performance appraisal services in Bengaluru to following persons: (a) ABC Private Limited, a registered supplier in the State of Kerala (b) Babu Cones, a proprietorship concern of Rajasthan, which was not registered under GST | 3,00,000 1,00,000 |

Note:

- i. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- ii. All the amounts given above are exclusive of taxes.
- iii. All the conditions necessary for availing the ITC have been fulfilled.
- iv. There was no opening balance of any input tax credit.
- v. The turnover of M/s Cute & Co was ₹ 2 crore in the previous financial year.

Compute the net GST payable in cash, by M/s Cute & Co. for the month of October, 2023. Correct legal provisions should form part of your answer.

7. From the following information provided by M/s Sasta Bazaar. Determine the time of supply for the purpose of payment of GST:
 - (i) It issued coupon on 20.06.2023, worth ₹ 2,000 redeemable against purchase of specific plastic items. This coupon was redeemed on 31.07.2023.
 - (ii) It issued coupon on 01.08.2023 worth ₹ 3,000 which is redeemable against purchase of any item. This coupon was redeemed on 18.08.2023.
 - (iii) It received interest of ₹ 10,000 for late payment from a customer on 11.11.2023 for supply of goods which was originally made on 24.06.2023.
8. With reference to GST law, Determine the place of supply with reasons in the following independent circumstances:-
 - (i) Miss Kanika of Kolkata (West Bengal) visited to Jodhpur Law University (Rajasthan) and paid her college fees by purchasing a demand draft from a bank located in the University campus. Miss Kanika did not have any account with the bank.
 - (ii) Mizu Machine Ltd., registered in the State of Andhra Pradesh, supplied a machinery to Keyan Wind Farms Ltd., registered in the State of Karnataka. However, this machinery was assembled and installed at the wind mill of Keyan Wind Farms Ltd., which was located in the State of Tamilnadu.
9. (a) Happy Constructions Ltd., a registered builder under GST in Bengaluru, Karnataka has got permission to build five floors from the Municipal Projects for one of its projects at Suraj Nagar. Aditya Constructions, a neighbouring housing project approached Happy Constructions Limited to discuss regarding blockage of sun light issue arising out of construction of five floors and asked it to build only three floors for which ₹ 20 lakh was offered as compensation. Happy Constructions Limited agreed to the offer. It may be noted

that Aditya Constructions is not ready to pay any further amount to Happy Constructions Ltd. in addition to the amount already agreed.

Briefly explain with correct legal provision whether the above amount received as compensation is liable to GST or not? And if considered as taxable, then calculate the total GST payable by Happy Constructions Ltd. Assume the applicable rate of CGST and SGST is 9% each.

Also state the conditions to be complied with.

(b) The aggregate turnover of M/s Mangal & Co., a registered person, for the financial year 2022-2023 was ₹ 8 Crores. It approaches you as GST Consultant for the issue of e-invoicing.

Advice whether it is mandatory to issue e-invoice?

Also list out the entities which are exempt from the mandatory requirement of e-invoicing.

10. (a) Ramlala Enterprises, registered in Delhi, is engaged in supply of interior decoration services to Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh). The total contract value inclusive of GST is Rs 15,50,000 and payment for the same is due in October, 2023.

You are required to determine amount of tax, if any, to be deducted in the above case assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

Will your answer be different, if Ramlala Enterprises is registered under composition scheme?

- (b) Examine the implications of GST on supply of food and beverages at cinema halls.

ANSWER

| QuestionNo. | Answer | |
|-------------|--------|---|
| 1. | (a) | The rate of GST on rent and maintenance material related recovery shall be 18%. |
| 2. | (a) | ₹45,000 |
| 3. | (c) | in the nature of CGST and SGST |
| 4. | (a) | The amount of ITC related to such procurement of goods is not available to ABC Ltd. |
| 5. | (a) | There is no requirement of separate audit of financial statements from the perspective of GST provisions. |

6. Computation of net GST payable in cash

| Particulars | CGST @ 9% (₹) | SGST @ 9% (₹) | IGST @ 18% (₹) |
|---|---------------|---------------|----------------|
| Output tax liability [Refer Working Note 1] | 31,500 | 31,500 | 54,000 |
| Less: ITC available [Refer Working Note 2] | <u>2,250</u> | <u>2,250</u> | - |
| Net GST payable | 29,250 | 29,250 | 54,000 |

| | | | |
|--|---------------|---------------|---------------|
| Add: Tax Payable under reverse charge to be paid in cash [The amount available in the electronic credit ledger may be used for making any payment towards output tax. Further, output tax means the tax chargeable on taxable supply of goods and/or services but excludes tax payable on reverse charge basis. Thus, tax liability under reverse charge has to be paid in cash] | <u>2,250</u> | <u>2,250</u> | |
| Total GST Payable in cash | 31,500 | 31,500 | 54,000 |

Working Notes

1. Computation of total value of taxable supplies made by M/sCute & Co. for the month of October, 2023

| Particulars | Amount (₹) | CGST (₹) | SGST (₹) | IGST (₹) |
|---|------------|----------|----------|----------|
| Taxable under Forward Charge | | | | |
| Intra-State taxable supply of DSA service [Since DSA services are provided by partnership firm, so taxable under forward charge] | 2,50,000 | 22,500 | 22,500 | |
| Services provided to a Governmental authority by way of sanitation conservancy [Specifically exempt under GST] | 99,900 | - | - | |
| Information Technology services [Import of services from a non-related person without consideration, in the course or furtherance of business is not a supply.] | Nil | | | |
| Training and performance appraisal services to ABC Private Limited [Taxable; the place of supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person. Thus, place of supply is Kerala and hence an inter-State transaction.] | 3,00,000 | | | 54,000 |
| Training and performance appraisal services to Babu Cones. [Taxable, the place of supply of services in relation to training and performance appraisal to an unregistered person, shall be the location where the services are actually performed. Thus, place of supply is Bengaluru, hence Intra-State transaction] | 1,00,000 | 9,000 | 9,000 | |

| | | | | |
|---|----------|--------|--------|--------|
| | 7,49,900 | 31,500 | 31,500 | 54,000 |
| Taxable under Reverse Charge | | | | |
| Rent paid for residential unit [Service by way of renting of residential dwelling to a registered person is taxable under reverse charge mechanism] | 25,000 | 2,250 | 2,250 | |
| | 7,74,900 | 33,750 | 33,750 | 54,000 |

1. Computation of ITC that can be availed by M/s Cute & Co. for the month of October, 2023

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|---|--------------|--------------|-------------|
| Rent paid to residential dwelling for providing DSA services [ITC is available as services are used in the course or furtherance of business.] | 2,250 | 2,250 | - |
| Purchase of car [Blocked credit in terms of section 17(5) of the CGST Act, 2017] | | | Nil |
| Total ITC | 2,250 | 2,250 | - |

7. As per section 12(4) of the CGST Act, 2017, the time of supply of vouchers exchangeable for goods is-

- Date of issue of the voucher, if the supply that it covers is identifiable at that point, or
- Date of redemption of the voucher in other cases.
 - (i) In the given case, supply can be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their issue i.e. 20.06.2023.
 - (ii) In the given case, supply cannot be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their redemption i.e. 18.08.2023.
 - (iii) Section 12(6) of the CGST Act, 2017 prescribes that time of supply in case of addition in value on account of interest/late fee/penalty for delayed payment of consideration for goods is the date on which the supplier receives such addition in value. Therefore, time of supply in the given case is 11.11.2023.

8. (i) Section 12(12) of the IGST Act, 2017 provides that the place of supply of banking and other financial services, including stock broking services to any person is the location of the recipient of services in the records of the supplier of services. However, if the location of recipient of services is not available in the records of the supplier, the place of supply is the location of the supplier of services.

Therefore, since the location of recipient is not available in the records of the supplier, the place of supply is the location of the supplier of services, i.e. Rajasthan (or Jodhpur).

(ii) Section 10(1)(d) of the IGST Act, 2017 provides that if the supply involves goods

which are to be installed or assembled at site, the place of supply is the place of such installation or assembly.

Thus, the place of supply is the site of assembly of machine, i.e. Tamilnadu.

9. (a) Agreeing to obligation to refrain from an act, or to tolerate an act or situation, or to do an act has been specifically declared to be a supply of service vide para 5(e) of Schedule II of the CGST Act, 2017 if the same constitutes a supply as per the CGST Act, 2017.

In the given case, Happy Constructions Limited has agreed to build only three floors, even though it is permitted to construct five floors by the Municipal Authorities, for a compensation of ₹ 20 lakh. This results in supply of service.

The conditions to be complied with for the above supply will be

- (a) There must be an expressed or implied agreement or contract must exist.
 (b) Consideration must flow in return to this contract/ agreement.

Since Aditya Constructions is not ready to pay any further amount to Happy Constructions Limited in addition to the amount already agreed, the amount received ₹ 20 lakh shall be treated as inclusive of GST and the GST payable will be ₹ 20,00,000 x 9/118 =

₹ 1,52,542.37 or ₹ 1,52,542 (rounded off) as CGST and SGST each.

- (b) E-invoicing has been made mandatory for all registered businesses (except specified class of persons) with an aggregate turnover in any preceding financial year from 2017-18 onwards greater than ₹ 5 crore in respect of B2B supplies (supply of goods or services or both to a registered person) or for exports.

Hence, it is mandatory for M/s Mangal & Co. to issue e-invoices.

Following entities are exempt from the mandatory requirement of e-invoicing:

- Special Economic Zone 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 by way of admission to exhibition of cinematograph films in multiplex screens
- Government Department and a local authority

Further, the above taxpayers exempted from the mandatory requirement of e-invoicing are required to provide a declaration on the tax invoice stating that though their aggregate turnover exceeds the notified aggregate turnover for e-invoicing, they are not required to prepare an e-invoice.

Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds ₹ 5 crore in the preceding financial year from 2017-18 onwards but are required to provide a declaration as discussed above.

10. (a) As per section 51 of the CGST Act, 2017 read with section 20 of the IGST Act, 2017 and Notification No. 50/2018 CT 13.09.2018, following persons are required to deduct CGST @ 1% [Effective tax 2% (1% CGST + 1% SGST/UTGST)] or IGST @ 2% from the payment made/credited to the supplier (deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds ₹ 2,50,000:

- (a) a department or establishment of the Central Government or State Government; or
 (b) local authority; or

- (c) Governmental agencies; or
- (d) an authority or a board or any other body, -
 - (i) set up by an Act of Parliament or a State Legislature; or established by any Government, with 51% or more participation by way of equity or control, to carry out any function; or
- (e) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860, or
- (f) Public sector undertakings.

Further, for the purpose of deduction of tax, the value of supply shall be taken as the amount excluding CGST, SGST/UTGST, IGST and GST Compensation Cess indicated in the invoice.

Proviso to section 51(1) of the CGST Act, 2017 stipulates that no tax shall be deducted if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

Section 12(3) of the IGST Act, 2017, *inter alia*, stipulates that the place of supply of services, directly in relation to an immovable property, including services provided by interior decorators, shall be the location at which the immovable property is located or intended to be located. Accordingly, the place of supply of the interior decoration of Andhra Bhawan shall be Delhi.

Since the location of the supplier (Ramlala Enterprises) and the place of supply is Delhi and the State of registration of the recipient i.e. Government of Andhra Pradesh is Andhra Pradesh, no tax is liable to be deducted in the given case.

The answer will remain unchanged even if Ramlala Enterprises is registered under composition scheme.

- (b)** Eating joint is a wide term which includes refreshment or eating stalls/ kiosks/ counters or restaurant at a cinema also.

The cinema operator:

- (i) may run these refreshment/eating stalls/kiosks/counters/ restaurant themselves

or

- (ii) they may give it on contract to a third party.

The customer may like to avail the services supplied by these refreshment/snack counters or choose not to avail these services. Further, the cinema operator can also install vending machines, or supply any other recreational service such as through coin-operated machines etc. which a customer may or may not avail.

It is hereby clarified vide *Circular No. 201/13/2023 GST dated 01.08.2023* that:

- (i) supply of food or beverages in a cinema hall is taxable as 'restaurant service' as long as:
 - (a) the food or beverages are supplied by way of or as part of a service, and
 - (b) supplied independent of the cinema exhibition service.
- (ii) where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema, the principal supply.

VALUE OF SUPPLY

1. Guru Enterprises (Delhi), a registered taxpayer, made a taxable supply to Y Ltd. (Delhi) for a price of ₹ 10,00,000 (excluding any tax or discounts). It received a price linked subsidy of ₹ 1,10,000 from Jiva Enterprises Pvt Ltd. The price of ₹ 10,00,000 is after consideration of such subsidy amount. Further, after delivery of the goods to Y Ltd., Guru Enterprises arranged post-delivery inspection of goods and charged ₹ 10,000 for the same.

In respect of above supply, Guru Enterprises had procured some raw material from X Ltd., for which it owed ₹ 25,000. The said amount was directly paid by Y Ltd. to X Ltd. and was not included in the price of goods of ₹ 10,00,000 mentioned above.

The payment of consideration for above supply was delayed by Y Ltd. Hence, an interest amount of ₹ 20,000 (in lumpsum) was also charged by Guru Enterprises.

The applicable tax rates are - CGST - 6%, SGST - 6% and IGST - 12%. You are required to determine value of taxable supply as well as the applicable tax liability for the above supply transaction.

(5 Marks) (MTP - I - Sep 2024)

Answer**Computation of value of taxable supply and tax liability**

| Particulars | Amount (₹) |
|--|-----------------------|
| Price of goods (exclusive of tax and discounts) | 10,00,000 |
| <i>Add:</i> Subsidy received from Jiva Enterprises Pvt. Ltd. [Subsidy provided by non-Government bodies and which is directly linked to the price, is includible.] | 1,10,000 |
| <i>Add:</i> Post-delivery inspection charges [Anything done by the supplier in respect of the supply of goods after the delivery of goods is not includible in value.] | - |
| <i>Add:</i> Amount directly paid by Y Ltd. to X Ltd. [Liability of the supplier, in relation to the supply being valued, if discharged by the recipient of supply and not included in the price, is includible in the value.] | 25,000 |
| <i>Add:</i> Interest [Interest for delayed payment of consideration is includible in the value. Since interest is received in lumpsum, amount is inclusive of GST [₹ 20,000 x 100/112] (rounded off).] | <u>17,857</u> |
| Value of taxable supply | 11,52,857 |
| CGST @ 6% (rounded off) | 69,171 |
| SGST @ 6% (rounded off) | 69,171 |

2. Describe the conditions to be satisfied for availing deduction of post supply discounts from the value of supply as per the provisions of section 15(3) of the CGST Act 2017.

QP – May 2024

Answer

Conditions to be satisfied for availing deduction of post supply discounts from the value of supply as per the provisions of section 15(3) of the CGST Act, 2017 are as follows:

- (i) Discount is in terms of an agreement entered into
- (ii) at or before the time of supply.
- (iii) Discount can be specifically linked to relevant invoices.
- (iv) Input tax credit as is attributable to the discount on the basis of document issued by supplier is reversed by the recipient of the supply.

Therefore, Mohan Enterprises is not required to issue an invoice with respect to said supply.

TIME OF SUPPLY

1. From the following information provided by M/s Sasta Bazaar. Determine the time of supply for the purpose of payment of GST:
- It issued coupon on 20.06.2024, worth ₹ 2,000 redeemable against purchase of specific plastic items. This coupon was redeemed on 31.07.2024.
 - It issued coupon on 01.08.2024 worth ₹ 3,000 which is redeemable against purchase of any item. This coupon was redeemed on 18.08.2024.
 - It received interest of ₹ 10,000 for late payment from a customer on 11.11.2024 for supply of goods which was originally made on 24.06.2024.

RTP – May 24**Answer**

As per section 12(4) of the CGST Act, 2017, the time of supply of vouchers exchangeable for goods is-

- Date of issue of the voucher, if the supply that it covers is identifiable at that point, or
 - Date of redemption of the voucher in other cases.
- In the given case, supply can be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their issue i.e. 20.06.2024.
 - In the given case, supply cannot be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their redemption i.e. 18.08.2024.
 - Section 12(6) of the CGST Act, 2017 prescribes that time of supply in case of addition in value on account of interest/late fee/penalty for delayed payment of consideration for goods is the date on which the supplier receives such addition in value. Therefore, time of supply in the given cases is 11.11.2024.
2. Champak Ltd. avails legal services from a firm of advocates. The firm issues invoice for the services to Champak Ltd. on 17th Feb. However, Champak Ltd. was not happy with the services provided by the firm as its legal case was not handled by the firm in a professional manner and it resulted in the company losing the case. The company delayed the payment to the firm and finally made the payment on 3rd November.
Determine the time of supply of the legal services provided by the firm of advocates to Champak Ltd.

(4 Marks) (MTP – I – Sep 2024)**Answer**

Tax on services supplied by a firm of advocates by way of legal services to any business entity is payable under reverse charge by such firm of advocates. Time of supply of services that are taxable under reverse charge is earliest of the following two dates in terms of section 13(3) of the CGST Act, 2017:

- Date of payment [3rd November]
- 61st day from the date of issue of invoice [19th April]

The date of payment comes subsequent to the 61st day from the issue of invoice by the supplier of service. Therefore, the 61st day from the date of supplier's invoice has to be taken as the time of supply. This fixes 19th April as the time of supply.

PLACE OF SUPPLY

1. What would be the place of supply of services provided by an event management company for organizing an event which is held in multiple States?

(5 Marks) (MTP – I – Sep 2024)

Answer

In case of an event, if the recipient of service is registered, the place of supply of services for organizing the event is the location of such person. However, if the recipient is not registered, the place of supply is the place where event is held.

Since the event is being held in multiple states and a consolidated amount is charged for such services, the place of supply will be deemed to be in each State in proportion to the value for services determined in terms of the contract or agreement entered into in this regard.

In the absence of a contract or agreement between the supplier and recipient of services, the proportionate value of services made in each State (where the event is held) will be computed in accordance with relevant provisions of GST law by the application of generally accepted accounting principles.

2. Determine the place of supply in the following independent cases:-

- (i) Harpreet (New Delhi) boards the New Delhi-Kota train at New Delhi. He sells the goods taken on board by him (at New Delhi), in the train, at Jaipur during the journey.
- (ii) LP Refineries (Mumbai, Maharashtra) gives a contract to Bhansali Ltd. (Ranchi, Jharkhand) to supply a machine which is required to be assembled in a power plant in its refinery located in Kutch, Gujarat.

(5 Marks) MTP – II – Sep 2024

Answer

- (i) The place of supply of goods supplied on a board a conveyance like aircraft, train, vessel, motor vehicle is the location where such goods have been taken on board.

Place of supply of goods supplied on board a conveyance is determined under this provision even if the supply has been made by any of the passenger on board the conveyance and not by the carrier of the conveyance.

Thus, in the given case, the place of supply of goods is the location at which the goods are taken on board, i.e. New Delhi and not Jaipur where they have been sold.

- (ii) If the supply involves goods which are to be installed or assembled at site, the place of supply is the place of such installation or assembly.

This is a case of composite supply of goods wherein two supplies are involved, supply of goods and ancillary supply of installation/assembling service. The principal supply is supply of goods which are being installed.

Thus, the place of supply is the site of assembly of machine, i.e. Kutch even though LP refineries is located in Maharashtra.

3. Examine the following independent cases and determine the place of supply:

- (1) Mr. Joy, an unregistered person of Kolkata, West Bengal sends a courier through Kolkata, West Bengal based Mohan Courier Agency to his sister in Mumbai, Maharashtra.
- (2) Mr. Nitin, an unregistered person, resides at Rewa, Madhya Pradesh books a two way air journey ticket from Prayagraj, Uttar Pradesh to Jaipur, Rajasthan on 6 September and back. He leaves Prayagraj on 11 September in a morning flight and land in Jaipur the same day. He leaves Jaipur on 15 September in a late night flight and lands in Prayagraj the next day.
- (3) Rimjhim Pvt. Ltd, located at Lucknow, Uttar Pradesh, purchases a manufacturing machine from Manav Steel Industries Ltd., located at Jaipur, Rajasthan, for being installed in its factory located at Haridwar, Uttarakhand.

(5 Marks) QP – May 2024

Answer

1. The place of supply of services by way of transportation of goods by courier provided to an unregistered person is the location at which such goods are handed over for their transportation. Therefore, the place of supply, in the given case is Kolkata, West Bengal.
2. The place of supply of passenger transportation service to an unregistered person is place where the passenger embarks on the conveyance for a continuous journey wherein the return journey is treated as a separate journey, even if the tickets for onward and return journey is issued at the same time.
Therefore, the place of supply for the outward and return journey are the locations where Mr. Nitin embarked on the conveyance for the continuous journey, i.e. Prayagraj, Uttar Pradesh for outward journey and Jaipur, Rajasthan, for return journey.
3. If the supply involves goods which are to be installed at site, the place of supply is the place of such installation.
Therefore, the place of supply, in the given case is Haridwar, Uttarakhand.

4. With reference to GST law, Determine the place of supply with reasons in the following independent circumstances:-

- (i) Miss Kanika of Kolkata (West Bengal) visited to Jodhpur Law University (Rajasthan) and paid her college fees by purchasing a demand draft from a bank located in the University campus. Miss Kanika did not have any account with the bank.
- (ii) Mizu Machine Ltd., registered in the State of Andhra Pradesh, supplied a machinery to Keyan Wind Farms Ltd., registered in the State of Karnataka. However, this machinery was assembled and installed at the wind mill of Keyan Wind Farms Ltd., which was located in the State of Tamilnadu.

RTP - May 24

Answer

- i. Section 12(12) of the IGST Act, 2017 provides that the place of supply of banking and other financial services, including stock broking services to any person is the location of the recipient of services in the records of the supplier of services. However, if the location of recipient of services is not available in the records of the supplier, the place of supply is the location of the supplier of services.
Therefore, since the location of recipient is not available in the records of the supplier, the place of supply is the location of the supplier of services, i.e. Rajasthan (or Jodhpur).
- ii. Section 10(1)(d) of the IGST Act, 2017 provides that if the supply involves goods which are to be installed or assembled at site, the place of supply is the place of such installation or assembly. Thus, the place of supply is the site of assembly of machine, i.e. Tamilnadu.

5. Garima having its permanent residence in Bhavnagar, Gujarat purchased car from Kiara Motors of Jaipur, Rajasthan to take the advantage of lower registration charges and road tax. Garima took the delivery of the car from Jaipur and returned with car to her residence in Bhavnagar, Gujarat. Address of Garima recorded in the invoice issued by Kiara Motors mentions only the name of the State i.e. Gujarat.

Garima is an unregistered person whereas Kiara Motors is a registered person under GST. Determine the place of supply for supply made by Kiara Motors to Garima.

QP Sep 24 - 2 Marks

Answer

Where the supply of goods is made to an unregistered person, the place of supply is the location as per the address of the unregistered person recorded in the invoice.

Further, recording of the name of the State of the unregistered person in the invoice is deemed to be the recording of the address of the unregistered person.

Thus, place of supply is Bhavnagar, Gujarat.

6. Aakar Advertisement Agency, a registered person in Nagpur, Maharashtra, wants to display the products of its client's at most prominent places in different States. It took on rights to use the space on hoardings mounted on fixed surface attached to earth, situated in Udaipur, Rajasthan and in Gwalior, Madhya Pradesh from G.N. Enterprise registered in State of Chhattisgarh. Aakar Advertisement Agency has an exclusive right to use the space and also to manage the advertisements on the hoardings.

What will be the place of supply of services provided by the G.N. Enterprise to the Aakar Advertisement Agency?

QP Sep 24 - 3 Marks

Answer

The hoarding/structure erected on the land should be considered as immovable structure/fixture as it has been embedded in earth.

Therefore, the place of supply of service provided by way of supply of sale of space on hoarding/structure for advertising or for grant of rights to use the hoarding/ structure for advertising is the location where such hoarding/ structure is located.

The place of supply of any service provided by way of supply/sale of space on an immovable property or grant of rights to use an immovable property is the location at which the immovable property is located, i.e. the location where such hoarding/ structure is located.

Thus, for hoarding located in Udaipur, place of supply is Udaipur, Rajasthan and for hoarding located in Gwalior, place of supply is Gwalior, Madhya Pradesh.

ITC

1. M/s. ABC & Co., a chartered accountancy firm, has its office in Bengaluru. It is registered under GST in the State of Karnataka. In the month of April, it supplied statutory audit services to Dhruv Manufacturers of Karnataka for ₹ 1,20,000. Further, it charged ₹ 1,60,000 for the ITR filing services provided to the recipients located within Karnataka in said month. It also received ₹ 1,80,000 for internal audit services provided to a client registered in Mumbai, Maharashtra.

All the amounts are exclusive of GST.

M/s. ABC & Co. has also provided following information regarding the expenses incurred in the month of April for the purpose of providing the taxable services:

| Sr. No. | Particulars | CGST (₹) | SGST (₹) |
|---------|---|-------------|-------------|
| 1. | Membership fee of a club (located in Bengaluru) paid for a senior partner of the firm | 2,000 | 2,000 |
| 2. | Rent paid to landlord, who is registered in State of Karnataka, for office located in Karnataka (Refer Note below) | 3,850 | 3,850 |
| 3. | Professional fee paid to Mr. Jamnadas, a practicing Chartered Accountant, for professional services availed [TDS of ₹ 20,000 is deducted under section 194] of the Income-tax Act, 1961] | 18,000 | 18,000 |
| 4. | Air conditioner purchased for office purpose | 3,000 | 3,000 |

Note - Landlord did not upload his GSTR-1 within the prescribed time resulting in the GST amount not being reflected in GSTR-2B of M/s. ABC & Co.

Other suppliers have duly uploaded their GSTR-1 within the prescribed time and GST amount is reflected in GSTR-2B of M/s. ABC & Co.

Compute the net GST payable in cash by M/s. ABC & Co. for the month of April.

Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively assuming that all the remaining conditions of utilisation of ITC are fulfilled.

(10 Marks) (MTP - I - Sep 2024)

Answer

Computation of net GST payable by ABC & Co. for the month of April

| Particulars | Value of supply | CGST (₹) | SGST (₹) | IGST (₹) |
|--------------------------------------|-----------------|-------------|-------------|-------------|
| Intra-State statutory audit services | 1,20,000 | 10,800 | 10,800 | |

| | | | | |
|---|----------|-----------------|-----------------|---------------|
| Intra-State ITR filing services | 1,60,000 | 14,400 | 14,400 | |
| Inter-State internal audit services since place of supply is location of recipient, i.e. Mumbai, Maharashtra | 1,80,000 | - | - | <u>32,400</u> |
| Total output tax liability | | 25,200 | 25,200 | 32,400 |
| <i>Less: ITC [Refer Working Note]</i> [CGST credit is set off against CGST liability and SGST credit is set off against SGST liability since CGST credit cannot be utilized towards payment of SGST liability and vice versa.] | | <u>(21,000)</u> | <u>(21,000)</u> | |
| Net GST payable | | 4,200 | 4,200 | 32,400 |

Working Note:

Computation of ITC that can be availed

| Particulars | CGST (₹) | SGST (₹) |
|---|---------------|---------------|
| Computation of eligible ITC | | |
| Membership fee paid [ITC on membership of a club is blocked except when such services are provided by an employer to its employees under a statutory obligation.] | Nil | Nil |
| Office rent paid to landlord [No ITC since the supplier did not upload the details of invoice in his GSTR-1 and said details are not being reflected in GSTR-2B of the recipient.] | Nil | Nil |
| Professional fee paid [ITC on services used in the course/furtherance of the business is allowed.] | 18,000 | 18,000 |
| Air conditioner for office purpose [ITC on goods used in the course/furtherance of the business is allowed.] | <u>3,000</u> | <u>3,000</u> |
| Total eligible ITC | 21,000 | 21,000 |

2. Vishwanath Ltd., a registered supplier in Karnataka has provided the following details for supply of one machine:

| | Particulars | Amount in (₹) |
|-----|---|---------------|
| (1) | List price of machine supplied [exclusive of items given below from (2) to (4)] | 80,000 |
| (2) | Tax levied by Local Authority on sale of such machine | 6,000 |
| (3) | Discount of 2% on the list price of machine was provided (recorded in the | |

| | | |
|-----|--|-------|
| | invoice of machine) | |
| (4) | Packing expenses for safe transportation charged separately in the invoice | 4,000 |

Vishwanath Ltd. received ₹ 5,000 as price linked subsidy from a NGO on sale of each such machine, The Price of ₹ 80,000 of the machine is after considering such subsidy.

During the month of February, Vishwanath Ltd. supplied three machines to Intra-State customers and one machine to Inter-State customer.

Vishwanath Ltd. purchased inputs (intra-State) for ₹ 1,20,000 exclusive of GST for supplying the above four machines during the month.

The Balance of ITC at the beginning of February was:

| | | |
|----------|---------|----------|
| CGST | SGST | IGST |
| ₹ 18,000 | ₹ 4,000 | ₹ 26,000 |

Note:

- (i) Rate of CGST, SGST and IGST to be 9%,9% and 18% respectively for both inward and outward supplies.
- (ii) All the amounts given above are exclusive of GST.
- (iii) All the conditions necessary for availing the ITC have been fulfilled.

Compute the minimum net GST payable in cash by Vishwanath Ltd. for the month of February.

(10 Marks) MTP - II - Sep 2024

Answer

Computation of value of taxable supply

| Particulars | Amount (₹) |
|---|---------------|
| List price of the machine | 80,000 |
| Add: Tax levied by Local Authority on the sale of machine [Tax other than GST, if charged separately, are includible in the value in terms of section 15 of the CGST Act, 2017.] | 6,000 |
| Add: Packing expenses for safe transportation [Includible in the value as per section 15 of the CGST Act, 2017.] | 4,000 |
| Add: Price-linked subsidy received from a NGO on sale of each machine [Subsidy received from a non-Government body and which is directly linked to the price, the same is included in the value in terms of section 15 of the CGST Act, 2017.] | <u>5,000</u> |
| Total | 95,000 |

| | |
|---|---------------|
| Less: Discount @ 2% on ₹ 80,000 [Since discount is known at the time of supply and recorded in invoice, it is deductible from the value in terms of section 15 of the CGST Act, 2017.] | <u>1,600</u> |
| Value of taxable supply | 93,400 |

Computation of minimum net GST payable in cash by Vishwanath Ltd.

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|---|-----------|-----------|----------|
| Sale of machine | 25,218 | 25,218 | 16,812 |
| [Intra-State sales = ₹ 93,400 × 3 machines = ₹ 2,80,200 | [2,80,200 | [2,80,200 | [93,400 |
| Inter-State sales = ₹ 93,400 × 1 machine = ₹ 93,400] | × 9%] | × 9%] | × 18%] |
| Total output tax | 25,218 | 25,218 | 16,812 |
| Less: Set off of IGST against IGST and SGST [IGST credit first be utilized towards payment of IGST, remaining amount can be utilized towards CGST and SGST in any order and in any proportion] | | (9,188) | (16,812) |
| Less: Set off of CGST against CGST and SGST against SGST [CGST credit cannot be utilized towards payment of SGST and vice versa.] | (25,218) | (14,800) | |
| Minimum net GST payable in cash | Nil | 1,230 | |

Working Note:

Computation of total ITC available

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|---|-------------------|-------------------|----------|
| Opening balance of ITC | 18,000 | 4,000 | 26,000 |
| Add: Inputs purchased during the month | 10,800 | 10,800 | |
| | [₹ 1,20,000 × 9%] | [₹ 1,20,000 × 9%] | |
| Total ITC available | 28,800 | 14,800 | 26,000 |

3. Veda Ltd. procured the following goods in the month of January, 2025.

| Inward Supplies | GST (₹) |
|---|---------|
| (1) Goods used in constructing an additional floor of office building. The cost of construction of additional floor has been capitalized. | 96,200 |

| | | |
|-----|---|--------|
| (2) | Trucks used for transportation of inputs in the factory | 11,000 |
| (3) | Inputs used in trial runs | 8,350 |
| (4) | Confectionery items for consumption of employees working in the factory | 4,325 |
| (5) | Cement used for making foundation and structural support to plant and machinery | 9,550 |

Note: Depreciation has not been claimed on tax component in case of trucks.

Compute the amount of ITC available with Veda Ltd. for the month of January, 2025 by giving necessary explanations. Assume that all the other conditions necessary for availing ITC have been fulfilled.

(5 Marks) MTP - II - Sep 2024

Answer

Computation of amount of ITC available for the month of January, 2025

| S. No. | Particulars | GST (₹) |
|--------|---|---------------|
| (1) | Goods used in construction of additional floor of office building [ITC on goods received by a taxable person for construction of an immovable property on his own account is blocked even if the same is used in the course or furtherance of business.] | Nil |
| (2) | Trucks used for transportation of inputs in the factory [ITC on motor vehicles used for transportation of goods is not blocked.] | 11,000 |
| (3) | Inputs used in trial runs [Being used in trial runs, inputs are used in the course or furtherance of business and hence ITC thereon is allowed.] | 8,350 |
| (4) | Confectionery items for consumption of employees working in the factory [ITC on food or beverages is blocked unless the same is used in same line of business or as an element of the taxable composite or mixed supply. Further, ITC on goods and/or service used for personal consumption is blocked.] | Nil |
| (5) | Cement used for making foundation and structural support to plant and machinery [ITC on goods used for construction of plant and machinery is not blocked. Plant and machinery includes foundation and structural supports through which the same is fixed to earth.] | 9,550 |
| | Total eligible ITC | 28,900 |

4. Craftmodel Limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. It is not engaged in renting of cars business. The company provided the following details for the month of January, 2024.

| Sl. No. | Particulars | Amount in ₹ | | |
|---------|--|-------------------------------------|---------------------|--------------------------|
| (i) | Outward supply of goods made during the month to various non-related persons: | As given in particulars column | | |
| | | Particulars | Market value (₹) | Transaction Value (₹) |
| | a. | in the State of Bihar (Intra-State) | 3,00,000 | 4,00,000 |
| b. | to other States (Inter-State) | 7,50,000 | 6,00,000 | |
| (ii) | The company pledged its 5% equity shares to the merchant banker for the purpose of proposed initial public offer. | | | |
| (iii) | Stock transfer of goods worth ₹ 58,000 without consideration to its branch at Gaya (Bihar). Branch has been declared as an additional place of business in the registration certificate. | | | |
| (iv) | Intra-State inward supply of various services for use in the course or furtherance of business (30 invoices). Out of 30 invoices, details of 10 invoices amounting to ₹ 2,50,000 were not furnished by the suppliers in their GSTR-1s and resultantly, were not reflected in Craftmodel Limited's GSTR-2B. | 12,00,000 | | |
| (v) | Outward supply of services of milling of paddy into rice (Intra-State) | 2,00,000 | | |
| (vi) | Outward supply of services of giving trucks on hire to a Governmental authority (Intra-State) | 1,50,000 | | |
| (vii) | Amount paid to IIM Ahmedabad, Gujarat for providing 15 days' management training to 10 managers from 10th January. The IIM provided Participation Certificates at the end of the training program. | 5,00,000 | | |
| (viii) | Purchased air tickets for its employees from Patna to Guwahati, Assam airport in economy class. Total fare was ₹ 1,00,000, out of which basic fare was ₹ 80,000. | | | |

Additional Information:

- (a) All the amounts given above are exclusive of taxes, wherever applicable.
- (b) During the course of arranging and filing documents, the Accountant of Craftmodel Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 2nd December, 2024 was omitted to be recorded in the books of accounts and no payment was made against the same till the end

of January, 2025. This invoice was issued by Mr. Rahuketu of Patna, from whom Craftmodel Limited had taken cars on rental basis. Invoice included cost of fuel also.

- (c) Regarding pledging of shares, the face value of shares is ₹ 5,00,000. The market value of shares is ₹ 8,00,000.
- (d) Rate of GST applicable on various supplies are as follows:

| Nature of supply | CGST | SGST | IGST |
|---------------------------------------|------|------|------|
| Car rental service | 2.5% | 2.5% | 5% |
| Transportation of passengers by air | 2.5% | 2.5% | 5% |
| All other inward and outward supplies | 9% | 9% | 18% |

- (e) No opening balance of input tax credit exists in the beginning of the relevant tax period.
- (f) Subject to the information given above, conditions necessary for claiming ITC were complied with. You are required to calculate the amount of net GST liability payable in cash by Craft model Limited for the month of January, 2025.

RTP – Sep 2024

Answer

Computation of net GST payable in cash by Craftmodel Ltd. for the month of January, 2025

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|---|------------------------------|------------------------------|---------------------------------|
| Outward intra-State supply of goods made in the State of Bihar. [Value of supply is the transaction value of the goods.] | 36,000 [4,00,000 × 9%] | 36,000 [4,00,000 × 9%] | |
| Outward supply of goods made to other States. [Value of supply is the transaction value of the goods.] | | | 1,08,000 [6,00,000 × 18%] |
| Pledging of 5% equity shares to the merchant banker [Supply includes supply of goods and services. Shares being securities are neither goods nor services. Thus, transfer of shares which is neither goods nor services is not a supply.] | | | Nil |
| Intra-State stock transfer to Gaya Branch with no separate registration. [Stock transfer between 2 units of a legal entity under single registration is not a deemed supply under GST and hence, the same is not liable to tax under GST since branch with same GSTIN is not a distinct person.] | - | - | |

| | | | |
|--|------------------------------|------------------------------|--------------------|
| Services of milling of paddy into rice. [Milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce. Thus, it is not eligible for exemption.] | 18,000 (2,00,000 x 9%) | 18,000 (2,00,000 x 9%) | |
| Services of giving trucks on hire to a Governmental authority [Services by way of giving motor vehicles on hire to a Governmental authority are taxable.] | 13,500 (1,50,000 x 9%) | 13,500 (1,50,000 x 9%) | |
| Total output tax | 67,500 | 67,500 | 1,08,000 |
| Less: Input Tax Credit [Refer Working Note below] IGST credit should first be utilized towards payment of IGST. | | | (90,000) |
| ITC of CGST should be utilized for payment of CGST and IGST in that order. ITC of CGST cannot be utilized for payment of SGST | (67,500) (CGST) | | (18,000) (CGST) |
| ITC of SGST should be utilized for payment of SGST and IGST in that order. However, ITC of SGST should be utilized for payment of IGST, only after ITC of CGST has been utilized fully. ITC of SGST cannot be utilized for payment of CGST. | | (67,500) (SGST) | - |
| Minimum Net GST payable in cash | Nil | Nil | Nil |
| ITC balance to be carried forward next month | - | 18,000 | - |

Working Note:

Computation of ITC available

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|---|------------------------------|------------------------------|----------|
| Intra-State inward supply of services used in the course of business. [ITC cannot be availed by a registered person in respect of invoices, the details of which have not been furnished by the supplier in GSTR-1.] | 85,500 (9,50,000 x 9%) | 85,500 (9,50,000 x 9%) | - |

| | | | |
|---|---------------|---------------|-----------------------------------|
| <p>raining course organized by IIM, Gujarat.</p> <p>[Not exempt. Short duration programmes offered by IIMs for which participation certificate is awarded are not 'qualification recognized by law'. ITC is available in respect of supply of services which are used in the course or furtherance of his business. Further, the place of supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person. Thus, place of supply is Patna (Bihar). Further, where the location of the supplier and the place of supply are in two different States, it shall be treated as inter-State supply of services.</p> | - | - | 90,000 (5,00,000 x 18%) |
| <p>Air tickets from Patna to Guwahati.</p> <p>[Transport of passengers by air terminating in an airport located in Assam is exempt from GST as said transportation is in economy class.]</p> | | | |
| <p>Cars taken on rental basis from Mr. Rahuketu.</p> <p>[Tax on renting of motor car services wherein cost of fuel is included in consideration provided by a non-body corporate to a body corporate and CGST/SGST is charged @ 2.5% each, is payable under reverse charge.</p> <p>Time of supply of such services is 1st February being earlier of date of payment, or date immediately following 60 days since issue of invoice by the supplier. Since the time of supply of renting of motor car services in the given case does not fall in January, 2025, tax liability on the same does not arise in said month.</p> <p>Further, ITC on renting of motor car services received is blocked since the recipient - Craftmodel Ltd. is not in the same line of business]</p> | -- | -- | -- |
| <p>Total ITC available</p> | 85,500 | 85,500 | 90,000 |

5. Briefly explain the manner of dealing with difference in ITC available in auto-generated statement containing the details of ITC and that availed in return prescribed in terms of rule 88D of the CGST Rules, 2017.

RTP – Sep 2024

Answer

Rule 88D of the CGST Rules, 2017 provides as follows:

Where the amount of ITC availed by a registered person in the return for a tax period(s) furnished by him in Form GSTR-3B exceeds the ITC available to such person in accordance with the auto-generated statement containing the details of ITC in Form GSTR-2B in respect of the said tax period(s), by specified amount and percentage, the said registered person shall be given an intimation in prescribed form electronically on the common portal, and a copy of such intimation shall also be sent to his e-mail address provided at the time of registration or as amended from time to time. Said intimation shall highlight the said difference and will direct him to—

- (a) pay an amount equal to the excess ITC availed in the said Form GSTR-3B, along with interest payable under section 50 of the CGST Act, 2017, through prescribed form, or
- (b) explain the reasons for the aforesaid difference in ITC on the common portal, within a period of 7 days.

Such registered person shall, upon receipt of said intimation, either,

- (a) pay an amount equal to the excess ITC, as specified in intimation, fully or partially, along with interest payable, through prescribed form and furnish the details thereof, electronically on the common portal, or
- (b) furnish a reply, electronically on the common portal, incorporating reasons in respect of the amount of excess ITC that has still remained to be paid, within 7 days' period.

Where any amount specified in the intimation remains to be paid within 7 days' period and where no explanation/reason is furnished by the registered person in default or where the explanation/reason furnished by such person is not found to be acceptable by the proper officer, the said amount shall be liable to be demanded in accordance with the provisions of section 73/section 74 of the CGST Act, 2017.

6. Evershine Pvt. Ltd., a GST registered supplier located in Jaipur, Rajasthan is engaged in taxable supply of packaging goods and consultancy services. It provides following details of various activities undertaken during the month of September, 2024:

(A) Details of Outward Supplies:

- (1) Supply of goods of ₹ 18,00,000 to Vaidehi Enterprises, a registered person of Udaipur, Rajasthan. Further, received ₹ 50,000 from Vaidehi Enterprises towards freight charges (as agreed to deliver the goods at Vaidehi Enterprises' premises) which was not included in above value of supply.
- (2) Supply of goods worth ₹ 35,00,000 to Calc. Exim, a registered person of Prayagraj, Uttar

Pradesh. Further, the amount of ₹ 60,000 charged separately (not included above) from Calc. Exim on account of municipal taxes levied in relation to such outward supply.

- (3) Supply of services to Sunshine Ltd., a registered person in Jodhpur, Rajasthan before discount worth ₹ 6,00,000. Further, discount of ₹ 30,000 which has been given at the time of supply of service and duly recorded in the invoice.

It delivered the goods worth ₹ 2,00,000 to Jeevan Solutions, a registered person located at Bikaner, Rajasthan on the direction of Raghu Enterprise, a registered person of Mumbai, Maharashtra and tax invoice was issued by Evershine Pvt. Ltd. to Raghu Enterprise of Mumbai, Maharashtra.

(B) Details of Inward Supplies:

- (1) Purchased raw material goods worth ₹ 20,00,000 from PQR Ltd; a GST registered dealer, located at Kanpur, Uttar Pradesh. Goods worth ₹ 1,00,000 out of total purchases were not received during the month.
- (2) Purchased machinery for manufacturing process worth ₹ 2,00,000 from MPQ Pvt. Ltd., a GST registered dealer, located at Bengaluru, Karnataka. Company has claimed depreciation under Income Tax Act 1961 on full value of the machine, including the GST component.
- (3) Purchased truck worth ₹ 15,00,000 from GST registered dealer, located at Ajmer, Rajasthan for transportation of its goods. GST rate on truck is: CGST 14%, SGST 14%, IGST 28%.
- (4) Purchased car (having seating capacity of 7 persons) costing to ₹ 10,00,000 excluding GST from Mihir Automobiles Pvt. Ltd., a GST registered dealer, located at Ajmer, Rajasthan for use of its director for official purpose. GST rate on car: CGST 14%, SGST 14%, IGST 28%
- (5) Purchased goods worth ₹ 5,00,000 from DEF Buildwell Pvt. Ltd., a registered person of Jaipur, Rajasthan for construction of an additional floor of factory building, of Evershine Pvt. Ltd.

Opening balance of Input tax credit as on the beginning of September 2023-CGST ₹ 20,000, SGST ₹ 50,000 and IGST ₹ 75,000. Rate of GST applicable on both inward and outward supply of goods & services: CGST 9%, SGST 9% and IGST @18%, except where otherwise provided.

Notes:

- (i) All the figures mentioned above are exclusive of taxes.
- (ii) Subject to the information given above, conditions necessary for claiming ITC were complied with.
- (iii) All inward supplies are used for taxable goods only.

- (iv) Brief and suitable notes should form part of your answer.
- (v) Calculate the amount of net minimum GST payable in cash by Evershine Pvt. Ltd. for the month of September, 2024.

(10 Marks) QP – May 2024

Answer

Computation of minimum net GST payable in cash by Evershine Pvt. Ltd. for the month of September 2024

| Particulars | Value of supply (₹) | CGST @ 9% (₹) | SGST @ 9% (₹) | IGST @ 18% (₹) |
|---|---------------------|-----------------|-----------------|-----------------|
| Output tax payable | | | | |
| Intra-State supply of goods to Vaidehi Enterprises [Since arranging freight is the liability of supplier, it is a composite supply and thus, freight charges are added to the value of principal supply.] | 18,50,000 | 1,66,500 | 1,66,500 | Nil |
| Inter-State supply to Calc. Exim [Municipal tax is includible in value since it is a tax levied under a law other than GST law and is charged separately.] | 35,60,000 | Nil | Nil | 6,40,800 |
| Intra-State supply to Sunshine Ltd. [Place of supply is location of recipient. Discount given at the time of supply is deductible from the value since duly recorded in the invoice.] | 5,70,000 | 51,300 | 51,300 | Nil |
| Inter-State supply to Raghu Enterprise [Place of supply in case of bill to ship model is principal place of business of a third person at whose instructions the goods are delivered by supplier to recipient. Thus, it is considered as Inter State supply.] | 2,00,000 | Nil | Nil | 36,000 |
| Total output tax | | 2,17,800 | 2,17,800 | 6,76,800 |
| <i>Less: ITC available [Refer note below]</i> | | Nil | Nil | (4,17,000) |

| | | | | |
|---|--|------------|------------|----------|
| [IGST credit to be utilized first towards payment of IGST.] | | | | |
| CGST credit utilized for payment of CGST and IGST in that order | | (2,17,800) | Nil | (12,200) |
| SGST credit utilized for payment of SGST and IGST in that order | | Nil | (2,17,800) | (42,200) |
| Minimum net GST payable in cash | | Nil | Nil | 2,05,400 |

Working Note:

Computation of ITC available

| Particulars | Value (₹) | CGST (₹) | SGST (₹) | IGST (₹) |
|--|--|-------------------------------|-------------------------------|-------------------------------|
| Opening balance | | 20,000 | 50,000 | 75,000 |
| Inter-State purchase of raw material [ITC is not available on goods worth ₹ 1,00,000 since not received during the month.] | Place of supply is location where movement of goods terminates. 19,00,000 | Nil | Nil | 3,42,000 [19,00,000 × 18%] |
| Purchase of machinery [ITC is not available since depreciation has been claimed on the GST component.] | 2,00,000 | Nil | Nil | Nil |
| Intra-State purchase of truck ¹ [ITC on motor vehicles used for transportation of goods is available.] | 15,00,000 | 2,10,000 [15,00,000 × 14%] | 2,10,000 [15,00,000 × 14%] | Nil |
| Purchase of car [ITC on motor vehicles for Transportation of persons with seating capacity up to 13 persons (including driver), is blocked, except when used for specified purposes.] | 10,00,000 | Nil | Nil | Nil |
| Purchase of goods for construction of an additional | 5,00,000 | Nil | Nil | Nil |

| | | | | | |
|--|--|--|----------|----------|----------|
| floor ² [ITC on goods used in construction of immovable property (other than plant or machinery) on one's own account is Blocked if capitalized in the books.] | | | | | |
| Total | | | 2,30,000 | 2,60,000 | 4,17,000 |

Note – In above answer, where location of supplier and place of supply are in two different States, it is an inter-State supply and where location of supplier and place of supply are in same State, it is an intra-State supply.

¹ It is logically assumed that depreciation is not claimed on trucks.

² It is logically assumed that amount spent on purchase of goods is capitalized in the books.

7. As per the CGST Act 2017, Vishnu Limited was not mandatorily required to get registered, however it opted for voluntary registration and applied for registration on 12th February 2025. Registration certificate has been granted by the Department on 24th February 2025, Vishnu Limited is not engaged in making inter-State outward taxable supplies. The CGST and SGST liability for the month of February, 2025 is ₹ 31,000 each. Vishnu Limited provides the following information of goods held in stock on 23rd February 2025:

| Sr. No. | Particulars | Amount (₹) |
|---------|--|---------------|
| 1. | Capital goods procured on 5 th February 2025, (Rate of CGST and SGST @ 6% each) being intra State supply. | 2,00,000 |
| 2. | Inputs contained in finished goods stock held were procured on 13 th February 2024 (Rate of IGST @18%) being inter-State supply. | 3,00,000 |
| 3. | Value of Inputs received on 10 th October, 2024 contained in semi-finished goods held in stock (Rate of CGST and SGST @ 6% each) being intra-State supply. | 2,50,000 |
| 4. | Inputs procured on 1 st February 2025 lying in stock of semi -finished goods (Rate of CGST and SGST @ 7.5 % each) being intra-State supply. | 1,50,000 |

| | | |
|----|--|--------|
| 5. | Inputs procured on 8 th February 2024 lying in stock of finished goods. (Rate of IGST @ 18%) being inter-State supply. | 60,000 |
|----|--|--------|

You are required to determine the eligible ITC available and amount of net minimum GST to be paid in cash by Vishnu Limited for the month of February 2025.

(5 Marks) QP – May 2024

Answer

Computation of minimum net GST to be paid in cash by Vishnu Limited for the month of February 2025

| Particulars | CGST (₹) | SGST (₹) |
|--|----------------------|----------------------|
| Output tax liability for the month | 31,000 | 31,000 |
| Less: Input tax credit (ITC) [Refer note below] | 5,400 (IGST) | 5,400 (IGST) |
| IGST credit is utilized first for payment of CGST and SGST liability in equal proportion. CGST credit is utilized for payment of CGST liability and SGST credit is utilized for payment of SGST liability. | <u>25,600 (CGST)</u> | <u>25,600 (SGST)</u> |
| Net GST payable (in cash) | Nil | Nil |

Note: Person taking voluntary registration can avail ITC on inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration, i.e. on 23.02.2024, only within 1 year from date of issue of tax invoice by supplier.

Computation of eligible ITC available³

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|--|------------|------------|---------------|
| Capital goods [Person taking voluntary registration cannot avail ITC on capital goods held on the day immediately preceding the date of grant of registration.] | Nil | Nil | Nil |
| Inputs procured on 13 th February 2023 | Nil | Nil | Nil |
| Inputs procured on 10 th October 2023 | 15,000 | 15,000 | Nil |
| Inputs procured on 1 st February 2024 | 11,250 | 11,250 | Nil |
| Inputs procured on 8 th February 2024 | <u>Nil</u> | <u>Nil</u> | <u>10,800</u> |
| Total ITC | 26,250 | 26,250 | 10,800 |

³ It is assumed that amounts mentioned in the question are exclusive of GST. However, it is also possible to solve the question by assuming the amounts given in the question to be inclusive of tax.

Note: In the above answer, minimum net GST to be paid in cash has been computed by setting off the IGST liability in equal proportion so as to minimize the amount of CGST and SGST payable in cash. Resultantly, Net GST payable (in cash) is Nil each under CGST and SGST.

However, since IGST credit can be set off against CGST and SGST liability in any order and in any proportion, the same can be set off against CGST and/or SGST liabilities in other possible ways as well.

8. M/s Cute & Co., a partnership firm, registered supplier under GST in Bengaluru (Karnataka State), has provided the following information for the month of October, 2024:

| S. No. | Details of transactions | Amount (₹) |
|---------------|---|----------------------|
| (i) | Intra-State taxable supply of Direct Selling Agent(DSA) service to public sector Bank. | 2,50,000 |
| (ii) | Services provided to a Governmental authority byway of sanitation conservancy. | 99,900 |
| (iii) | Rent paid to a residential dwelling taken for running an office for providing DSA services; Owner of the residential property was not registered under GST; This is an intra-State supply availed. | 25,000 |
| (iv) | Purchased a car for the official use of managing partners of the Firm for business use (Inter-State purchase). | 9,00,000 |
| (v) | Availed Information Technology services for their business from Partner's friend Mr Allan Waugh from Melbourne, Australia. Mr. Waugh refused to take any consideration. Open Market value of said service was ₹ 1,25,000. (Inter-State transactions). | Nil |
| (vi) | Provided training and performance appraisal services in Bengaluru to following persons: (a) ABC Private Limited, a registered supplier in the State of Kerala (b) Babu Cones, a proprietorship concern of Rajasthan, which was not registered under GST | 3,00,000 1,00,000 |

Note:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) All the amounts given above are exclusive of taxes.
- (iii) All the conditions necessary for availing the ITC have been fulfilled.
- (iv) There was no opening balance of any input tax credit.
- (v) The turnover of M/s Cute & Co was ₹ 2 crore in the previous financial year.

Compute the net GST payable in cash, by M/s Cute & Co. for the month of October, 2023. Correct legal provisions should form part of your answer.

RTP – May 24

Answer

Computation of net GST payable in cash

| Particulars | CGST @ 9% (₹) | SGST @ 9% (₹) | IGST @ 18% (₹) |
|--|----------------------|----------------------|-----------------------|
| Output tax liability [Refer Working Note 1] | 33,750 | 33,750 | 54,000 |
| Less: ITC available [Refer Working Note 2] | <u>2,250</u> | <u>2,250</u> | - |
| Net GST payable | 31,500 | 31,500 | 54,000 |
| Add: Tax Payable under reverse charge to be paid in cash [The amount available in the electronic credit ledger may be used for making any payment towards output tax. Further, output tax means the tax chargeable on taxable supply of goods and/or services but excludes tax payable on reverse charge basis. Thus, tax liability under reverse charge has to be paid in cash] | <u>2,250</u> | <u>2,250</u> | |
| Total GST Payable in cash | 33,750 | 33,750 | 54,000 |

Working Notes

1. Computation of total value of taxable supplies made by M/s Cute & Co. for the month of October, 2024

| Particulars | Amount (₹) | CGST (₹) | SGST (₹) | IGST (₹) |
|---|-------------------|-----------------|-----------------|-----------------|
| Taxable under Forward Charge | | | | |
| Intra-State taxable supply of DSA service [Since DSA services are provided by partnership firm, so taxable under forward charge] | 2,50,000 | 22,500 | 22,500 | |
| Services provided to a Governmental authority by way of sanitation conservancy [Specifically exempt under GST] | 99,900 | - | - | |
| Information Technology services [Import of services from a non-related person without consideration, in the course or furtherance of business is not a supply.] | Nil | | | |
| Training and performance appraisal services to ABC Private Limited [Taxable; the place of supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person. Thus, place of supply is Kerala and hence an inter-State transaction.] | 3,00,000 | | | 54,000 |
| Training and performance appraisal services to Babu Cones. [Taxable, the place of supply of services in relation to training and performance appraisal to an unregistered person, shall be the location where the | 1,00,000 | 9,000 | 9,000 | |

| | | | | |
|--|-----------------|---------------|---------------|---------------|
| services are actually performed. Thus, place of supply is Bengaluru, hence Intra-State transaction] | | | | |
| | 7,49,900 | 31,500 | 31,500 | 54,000 |
| Taxable under Reverse Charge | | | | |
| Rent paid for residential unit [Service by way of renting of residential dwelling to a registered person is taxable under reverse charge mechanism] | 25,000 | 2,250 | 2,250 | |
| Total value of taxable supplies | 7,74,900 | 33,750 | 33,750 | 54,000 |

2. Computation of ITC that can be availed by M/s Cute & Co. for the month of October, 2024

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|---|---------------------|---------------------|---------------------|
| Rent paid to residential dwelling for providing DSA services [ITC is available as services are used in the course or furtherance of business.] | 2,250 | 2,250 | - |
| Purchase of car [Blocked credit in terms of section 17(5) of the CGST Act, 2017] | | | Nil |
| Total ITC | 2,250 | 2,250 | - |

9. DEF Pvt. Ltd., a registered supplier of goods and services in Pune, Maharashtra, has furnished the following details for the month of January, 2025. The turnover of DEF Pvt. Ltd. was ₹ 3.2 crores in last financial year.

| Sr. No. | Particulars | Amount (₹) |
|----------------|---|-----------------------|
| 1. | Intra State supply of taxable goods | 5,00,000 |
| 2. | F Ltd. of Mumbai (unregistered) had promised to DEF Pvt. Ltd. in Oct 23 to complete contract within 3 months, but they were not able to complete committed contract, so DEF Pvt. Ltd. received consideration for non-performance of contract on time as decided by pre written agreement. | 2,00,000 |
| 3. | DEF Pvt. Ltd. had provided service of booking of flight tickets for employee of H Enterprise (registered in Delhi) in the economy class from Bagdogra (West Bengal) to Pune Maharashtra. | 20,000 |
| 4. | DEF Pvt. had purchased goods worth ₹ 5,00,000 from R Ltd. (registered in Gujarat) on 15.03.2023. Now R Ltd. issued debit note on 15.01.2024 for post delivery service to DEF Pvt. Ltd. as per part of terms of sales. | 25,000 |
| 5. | DEF Pvt. Ltd. had sold one of its unit in Pune as a going concern (with all goods and unexecuted orders) to H Ltd. (registered in New Delhi) | 10,00,000 |
| 6. | DEL Pvt. Ltd. had provided service to Mr. Y (registered in Punjab) to organise business exhibition in Dubai. | 5,00,000 |
| 7. | Inter-State supply of service | 10,00,000 |
| 8. | Amount towards receipt of intra State services | 6,00,000 |
| 9. | Purchase of confectionery items which are to be used to supply free of cost to customers in a customer meet organised by DEF Pvt. Ltd. | 1,00,000 |

Opening balance of Input Tax credit at the beginning of Jan 2025. CGST ₹ 25,000

SGST ₹ 25,000

IGST ₹ 30,000

Additional Information:

- (1) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively unless otherwise mentioned.
- (2) Both inward and outward supplies are exclusive of taxes, wherever applicable.
- (3) All the conditions necessary for availing the ITC have been fulfilled.

From the information given above, compute the output tax liability and input tax credit available to DEF Pvt. Ltd., for the month of January, 2025. Make suitable assumptions wherever required.

QP Sept 24 - 10 Marks

Answer

Computation of output tax liability of DEF Pvt. Ltd. for January, 2025

| Particulars | Value (₹) | CGST @ 9% (₹) | SGST @ 9% (₹) | IGST @ 18% (₹) |
|--|--------------|---------------------|---------------------|----------------------|
| Output tax payable | | | | |
| Intra-State supply of taxable goods ¹ | 5,00,000 | 45,000 | 45,000 | |
| Consideration for non- performance of contract [Being 'liquidated damages', they are not the consideration for tolerating the non- performance of the contract. Hence, not a supply] | 2,00,000 | - | - | |
| Service of booking of flight tickets ² [Taxable since service of booking of air tickets is being provided here. Only the service of transportation of passengers in economy class embarking from Bagdogra is exempt. Further, the place of supply of services made to a registered person is the location of such person, viz. Delhi in given case. Thus, same is inter- State supply.] | 20,000 | | | 3,600 |
| Selling of Pune unit as going concern to H Ltd. [Services by way of transfer of a going concern is exempt.] | 10,00,000 | - | - | - |
| Service in relation to business exhibition in Dubai [Services by an organiser to any person in respect of a business exhibition held outside India is exempt.] | 5,00,000 | - | - | -- |
| Inter-State supply of service ³ | 10,00,000 | - | - | 1,80,000 |
| Total output tax liability | | 45,000 | 45,000 | 1,83,600 |

Computation of input tax credit available to DEF Pvt. Ltd. for January, 2025

| Particulars | Value (₹) | CGST @ 9% (₹) | SGST @ 9% (₹) | IGST @ 18% (₹) |
|-----------------|--------------|---------------------|---------------------|----------------------|
| Opening balance | | 25,000 | 25,000 | 30,000 |

| | | | | |
|---|----------|---------------|---------------|---------------|
| Issue of debit note for post delivery service [ITC on debit notes issued in a financial year can be availed any time till 30 th November of the succeeding financial year or the date of filing of the relevant annual return, whichever is earlier, irrespective of the date of original invoice/ supply. Further, place of supply being Pune in given case, same is inter-Statesupply.] | 25,000 | | | 4,500 |
| Receipt of intra-Stateservices [ITC on services used in the course or furtherance of business is allowed.] | 6,00,000 | 54,000 | 54,000 | |
| Purchase of confectionery items [ITC on food or beverages is specifically disallowed unless the same is used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply.] | 1,00,000 | - | - | -- |
| Total | | 79,000 | 79,000 | 34,500 |

Note: In the above solution, the words, “DEL Pvt. Ltd.” be read as “DEF Pvt. Ltd.” in Sr. no.6 of the Question.

Question 10 (Includes concepts Value of Supply)

X Electronics is a registered manufacturer of electrical appliances. It made contract with dealers, that purchase of air conditioners of capacity 1.5 ton in the month of October of quantity of more than 50 units will entitle them for 10% discount. Inter-State supply made during the month of October is ₹ 50,00,000 Details of Intra-State supply:

| Particulars | Amount (₹) |
|---|-------------------|
| Supply of Microwave Oven | 15,00,000 |
| Supply of Refrigerators with Stabilizers being a mixed supply, rate of GST on Refrigerator is 28% (14% CGST & 14% SGST), rate of GST on Stabilizer is 18% (9% CGST & 9% SGST) | 40,00,000 |
| Supply of Air Conditioners of capacity 1.5 Ton @ ₹ 50,000 per Air Conditioner | 50,00,000 |

Intra-State inward supplies are:

| Particulars | Amount (₹) |
|---|-------------------|
| Raw material | 20,00,000 |
| Paid Gym membership for employees | 50,000 |
| Truck purchased for transportation of goods | 30,00,000 |

X Electronics made supply of Air Conditioners (capacity 1.5 ton) to only one dealer named Mr. L. Gym membership for employees is not obligatory for X Electronics under any law.

Opening Balance of ITC is as under:

CGST: ₹ 58,000

SGST: ₹ 70,000

IGST: ₹ 10,00,000

Note:

- i. Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supplies except where specifically provided.
- ii. Both inward and outward supplies are exclusive of taxes.
- iii. All the conditions for availing the ITC have been fulfilled.

Compute the Net GST payable in cash by X Electronics for the month of October. (PYP 8 Marks, July'21)

Answer

Computation of net GST payable in cash by X Electronics for October

| Particulars | Amount (₹) | CGST (₹) | SGST (₹) | IGST (₹) |
|---|-------------------------------------|-------------|-------------|-------------|
| Intra-State supply | | | | |
| Supply of microwave oven | 15,00,000 | 1,35,000 | 1,35,000 | |
| Supply of refrigerators with stabilizers [Being mixed supply, the supply shall be treated as a supply of that particular supply which attracts the highest rate of tax and taxed accordingly. Thus, it will be taxed @ 14% CGST and 14% SGST.] | 40,00,000 | 5,60,000 | 5,60,000 | |
| Supply of 100 (₹ 50 lakh/ ₹ 50,000) air conditioners [Since 100 air conditioners have been supplied, discount @ 10% will be available.] ¹ | 45,00,000 [₹ 50,00,000 x 90%] | 4,05,000 | 4,05,000 | |

¹ It has been presumed that there is one supply transaction for 100 ACs and thus, the discount has been given in the invoice itself. Alternatively, even if there have been multiple supply transactions for the ACs during the month and the discount has been given vide credit note, it has been presumed that the credit note has been issued in October and all other conditions prescribed in section 15(3)(b) of the CGST Act, 2017 have been complied with. Thus, the effect of the discount has been adjusted in the month of October itself.

| | | | | |
|---|-----------|--------------------|-----------|--------------------|
| Inter-State supply @ 18% | 50,00,000 | | | 9,00,000 |
| Total outward tax liability | | 11,00,000 | 11,00,000 | 9,00,000 |
| Less: Input Tax Credit (Refer Working Note below) | | | | |
| IGST credit first utilized towards payment of IGST. Remaining amount can be utilized towards CGST and SGST in any order and in any proportion | | 1,00,000 (IGST) | | 9,00,000 (IGST) |

| | | | |
|---|--------------------|--------------------|-----|
| CGST credit set off against CGST liability and SGST credit set off against SGST liability as CGST credit cannot be utilized towards payment of SGST and vice versa. | 5,08,000 (CGST) | 5,20,000 (SGST) | |
| Net GST liability payable in cash | 4,92,000 | 5,80,000 | Nil |

Working Note

Computation of ITC available with X Electronics

| Particulars | | CGST (₹) | SGST (₹) | IGST (₹) |
|---|-----------|-----------------|-----------------|------------------|
| Opening balance of ITC | | 58,000 | 70,000 | 10,00,000 |
| Intra-State inward supplies | | | | |
| 5 Raw material | 20,00,000 | 1,80,000 | 1,80,000 | |
| Gym membership for employees [ITC on membership of a health and fitness centre is blocked if there is no statutory obligation for the employer to provide the same.] | 50,000 | Nil | Nil | |
| Truck purchased for transportation of goods [ITC on motor vehicles used for transportation of goods is not blocked2.] | 30,00,000 | 2,70,000 | 2,70,000 | |
| Total ITC | | 5,08,000 | 5,20,000 | 10,00,000 |

Note: In the above answer, tax payable in cash has been computed by setting off the IGST credit against CGST liability. However, since IGST credit can be set off against CGST and SGST liability in any order and in any proportion, the same can be set off against CGST and/or SGST liabilities in different other ways as well. In all such cases, net CGST and net SGST payable in cash will differ though the total amount of net GST payable (₹ 10,72,000) in cash will remain the same.

Question 11 (Includes concepts of Value of Supply)

Charm Limited, registered under GST in the State of Jharkhand, manufactures cosmetic products and appointed Mr. Handsome of Mumbai, who is registered under GST in the State of Maharashtra, as their Del-credere agent (DCA) to sell their products. Being a DCA, he agrees to raise invoices in his own name and also guarantees for the realization of payments from customers to Charm Limited. In order to realize the payments from customers on time, he extends short term transaction based loans to them and charges interest for the same. Mr. Handsome provides you the following details of transactions carried out during the month of March:

| Sl. No. | Particulars | Amount in (₹) |
|---------|--|---------------|
| | Outward supply: | |
| i. | Goods sold by Mr. Handsome in his DCA capacity (intra -State transaction) | 2,80,000 |
| ii. | Interest earned from the above customers for short term credit facility provided for timely payment of dues. (intra-State transaction) | 20,000 |

| | | |
|------|---|--------|
| iii. | Commission bill raised on Charm Limited (inter-State transaction) in respect of DCA services provided. | 30,000 |
| | Inward supply: | |
| iv | Inter-State supply of goods received from Charm Limited. Being a DCA, no consideration was paid. Value under section 15 - ₹ 2,00,000 | Nil |
| v. | Received training in marketing and distribution from Charm Limited as per DCA agreement, free of cost. Company charges ₹ 75,000 for such training when it provides the same to others. | Nil |

Applicable rate of tax on both inward and outward supplies is 9% each for CGST and SGST and 18% for IGST. Amounts given above are exclusive of taxes wherever applicable. Subject to the information given above, necessary conditions are complied with for availment of input tax credit. You are required to calculate the gross GST liability and eligible input tax credit for the month of March of Mr. Handsome. Brief notes should form part of your answer for treatment of items in Sl. No. (i) to (v). (PYP 6 Marks Nov '22)

Answer

Computation of gross GST liability of Mr. Handsome for the month of March

| Particulars | | CGST (₹) | SGST (₹) | IGST (₹) |
|--|----------|---------------------|---------------------|-------------------------|
| Goods sold by Mr. Handsome in his DCA capacity | 2,80,000 | 27,000 [3,00,000 | 27,000 [3,00,000 | |
| Add: Interest earned for short term credit facility provided to above customers | 20,000 | × 9%] | × 9%] | |
| [Interest included in the value of supply of the goods sold since where DCA is an agent under Schedule - I of the CGST Act, short term credit facility provided by DCA to the buyer is subsumed in the supply of the goods by the DCA to the buyer.] | | | | |
| Commission charged for DCA services [Being taxable supply of services.] | | | | 5,400 [30,000 × 18%] |
| Gross GST liability | | 27,000 | 27,000 | 5,400 |

Note: Since the invoice for goods sold is issued by the DCA – Mr. Handsome in his own name, he would fall under the ambit of an agent under Schedule – I of the CGST Act.

Computation of eligible ITC for the month of March

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|---|----------|----------|----------------------------|
| Inward supply of goods from Charm Limited free of cost [Supply of goods by principal – Charm Limited to the agent – Mr. Handsome qualifies as supply even though it is made without consideration.] | | | 36,000 [2,00,000 × 18%] |

| | | | |
|---|-----|-----|--------|
| Training in marketing and distribution received from Charm Limited free of cost [Since no consideration is charged for the services provided, said services do not qualify as supply. As no GST is paid on the same, ITC is not available] | -- | -- | -- |
| Total ITC available | Nil | Nil | 36,000 |

Question 12 (Includes concepts of Value of Supply & Payment of Tax)

Mr. Thiraj, a registered supplier of service in Bangalore (Karnataka State) has provided the following information for the month of February:

| | Particulars | Amount in ₹ |
|-------|---|--------------------|
| (I) | Intra-state taxable supply of service | 5,20,000 |
| (ii) | Legal fee paid to a Lawyer located within the state | 20,000 |
| (iii) | Rent paid to the State Govt. for his office building | 30,000 |
| (iv) | Received for services towards conduct of exams in Loveall University Pune (recognized by law), being an inter-state transaction | 16,000 |

Compute the net GST liability (CGST, SGST or IGST) of Mr. Thiraj for the month of February. Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

All the amounts given above are exclusive of taxes. (PYP 6 Marks, Nov'18)

Answer

Computation of net GST liability by Mr. Thiraj for the month of February

| Synod. | Particulars | Value of supply (₹) | CGST @ 9% (₹) | SGST @ 9% (₹) | IGST @ 18% (₹) |
|----------------------------|--|----------------------------|----------------------|----------------------|-----------------------|
| Output supply | | | | | |
| (I) | Intra-State taxable supply of services | 5,20,000 | 46,800 | 46,800 | |
| (iv) | Services towards conduct of exams in Loveall University, Pune [Note-1] | 16,000 | | | Exempt |
| Inward supply | | | | | |
| (ii) | Legal fee paid to lawyer located within State [Note-2] | 20,000 | 1,800 | 1,800 | |
| (iii) | Rent paid to State Government for Office Building [Note-3] | 30,000 | 2,700 | 2,700 | |
| Total tax liability | | | 51,300 | 51,300 | |

| | | | | |
|--|--|---------|---------|--|
| Less: Cash paid towards tax payable under reverse charge [A] [Note-4] | | (4,500) | (4,500) | |
| Output tax payable against which ITC can be set off | | 46,800 | 46,800 | |
| Less: ITC of tax paid on legal fees and rent | | (4,500) | (4,500) | |
| Output tax payable after set off of ITC[B] | | 42,300 | 42,300 | |
| Net GST liability [A] + [B] | | 46,800 | 46,800 | |

Notes: -

Since Love all University provides education recognized by law¹, it is an educational institution and services provided to an educational institution, by way of conduct of examination by such institution are exempt from GST.

1 It has been logically assumed that the education provided by the Love all University is recognized by Indian law.

1. In case of legal services provided by an advocate to any business entity GST is payable under reverse charge by the recipient of service².
2. In case of services supplied by, inter alia, State Government by way of renting of immovable property to a person registered under the CGST Act, GST is payable under reverse charge by the recipient of service
3. The amount available in the electronic credit ledger may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.

EXEMPTION

1. Keshav Ltd., a registered company of Chennai, Tamil Nadu has provided following education related services for the month of October:

| Particulars | Amount (₹) |
|--|------------|
| Services of transportation of students, faculty and staff from home to college and back to Galgotian College, (a private college) providing degree courses in BBA, MBA, B.Com., M.Com. | 2,50,000 |
| Online monthly magazine containing articles and updates in law to students of Pariksha Law College offering degree courses in LLB and LLM | 1,00,000 |
| Housekeeping services to Career Coaching Institute | 50,000 |
| Security services to Happy Higher Secondary School for security in school premises | 3,25,000 |
| Services of providing breakfast, lunch and dinner to students of Ayushmann Medical College offering degree courses recognized by law in medical field | 5,80,000 |

All the above amounts are exclusive of GST.

Compute the value of taxable supplies of Keshav Ltd. for the month of October with necessary explanations.

(6 Marks) (MTP - I - Sep 2024)

Answer

Computation of value of taxable supplies of Keshav Ltd.

| Particulars | Amount (₹) |
|--|------------|
| Services of transportation of students, faculty and staff to Galgotian College [Not exempt, since transportation services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.] | 2,50,000 |
| Online monthly magazine to students of Pariksha Law College [Services of supply of online educational journals provided to an educational institution providing qualification recognized by law are exempt.] | Nil |
| Housekeeping services to Career Coaching Institute [Not exempt since such services are provided to a non- educational institute.] | 50,000 |
| Security services to Happy Higher Secondary School [Security services provided to an educational institution providing education up to higher secondary school are exempt since such services are performed in the premises of educational institution.] | Nil |
| Services of providing breakfast, lunch and dinner to students of Ayushmann Medical | 5,80,000 |

| | |
|---|-----------------|
| College [Not exempt, since catering services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.] | |
| Value of taxable supplies | 8,80,000 |

2. Services provided by an entity registered under section 12AB of the Income-tax Act, 1961 are exempt from GST if such services are provided by way of charitable activities. Elaborate the term 'charitable activities'.

(5 Marks) (MTP - I - Sep 2024)

Answer

The term 'charitable activities' mean activities relating to-

- (i) public health by way of-
 - (A) care or counseling of
 - (I) terminally ill persons or persons with severe physical or mental disability;
 - (II) persons afflicted with HIV or AIDS;
 - (III) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or
 - (B) public awareness of preventive health, family planning or prevention of HIV infection;
- (ii) advancement of religion, spirituality or yoga;
- (iii) advancement of educational programmes/skill development relating to,-
 - (A) abandoned, orphaned or homeless children;
 - (B) physically or mentally abused and traumatized persons;
 - (C) prisoners; or
 - (D) persons over the age of 65 years residing in a rural area;
- (iv) preservation of environment including watershed, forests & wildlife.

3. Green Agro Services, a registered person provides the following information relating to its activities during the month of February, 2025:

| Gross Receipts from | (₹) |
|--|----------|
| Services relating to rearing of goats | 3,75,000 |
| Services by way of artificial insemination of horses | 5,00,000 |
| Processing of sugarcane into jaggery | 7,00,000 |
| Milling of paddy into rice | 8,00,000 |
| Services by way of warehousing of agricultural produce | 2,25,000 |

All the above receipts are exclusive of GST.

Compute the value of taxable supplies under GST laws for the month of February, 2025.

(5 Marks) MTP - II - Sep 2024

Answer

Computation of value of taxable supplies

| Particulars | Amount (₹) |
|---|------------------|
| Services relating to rearing of goats | Nil |
| [Exempt since services relating to rearing of all life forms of animals, except horses, for food etc. are exempt.] | |
| Services by way of artificial insemination of horses [Not exempt since services of artificial insemination are exempt only of livestock other than horses.] | 5,00,000 |
| Processing of sugarcane into jaggery [Not exempt, since processes which alter the essential characteristics of agricultural produce are not exempt and processing of sugarcane into jaggery changes the essential characteristics of sugarcane.] | 7,00,000 |
| Milling of paddy into rice [Not exempt, since this process, being carried out after cultivation is over, is not an intermediate production process in relation to cultivation of plants and it also changes the essential characteristics of paddy.] | 8,00,000 |
| Services by way of warehousing of agricultural produce [Specifically exempt from GST.] | Nil |
| Value of taxable supplies | 20,00,000 |

4. Briefly examine the taxable value of supply in the following independent cases:

- (i) Jivan Limited, registered under GST, provided services amounting to ₹ 10,00,000 to a Governmental Authority by way of sanitation conservancy.
- (ii) Raju Transporters, a registered Goods Transport Agency (GTA) provided service of transportation of goods to Kukreja & Kukreja Co.-a unregistered partnership firm. Kukreja & Kukreja Co. paid ₹ 8,000 to Raju Transporters as consideration.
- (iii) Amardeep Hospital provided services in Neo natal Intensive Care for 2 days for which ₹ 15,000 are charged per day from Mr. Chopra for his new born son, Viraat.

RTP – Sep 2024

Answer

- (i) Services provided to a Governmental Authority by way of *inter alia* sanitation conservancy is exempt under GST. Thus, services provided by Jivan Limited, registered under GST amounting to ₹ 10,00,000 to a Governmental Authority by way of sanitation conservancy is exempt under GST.
- (ii) Services provided by a GTA to an unregistered person, including an unregistered casual taxable person other than, *inter alia*, any partnership firm whether registered or not under any law including association of persons is exempt under GST. Thus, GTA services provided to partnership firm including AOP – whether or not registered under GST law, are liable to tax. Hence, consideration of ₹ 8,000 paid by Kukreja & Kukreja Co. is taxable under GST.
- (iii) 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 is taxable under GST. Since, in the given case Amardeep Hospital provided services in Neo natal Intensive Care, so the entire amount of ₹ 30,000 charged from Mr. Chopra is exempt under GST law.

5. Mr. Ravindra, a registered person in Bhopal, Madhya Pradesh has provided the following information regarding outward transactions made during the month of January, 2025:

- (1) He was appointed by recognized sports body as a chief selector of hockey team and received ₹ 5,00,000 as remuneration.
- (2) Services of pure labour contract was provided for construction of independent residential unit for ₹ 1,80,000.
- (3) He rented out his warehouse for warehousing of sugarcane and received rental income of ₹ 75,000.

- (4) Provided services to Municipal Corporation of Bhopal for slum improvement and upgradation for ₹ 6,50,000.
- (5) He has charged consideration of ₹ 1,25,000 against western music dance performance in an event.

You are required to compute the taxable value of supply on which GST is to be paid by Mr. Ravindra for the month of January, 2025. All the amount stated above are exclusive of GST, wherever applicable.

Suitable Notes should form part of answer.

(5 Marks) QP - May 2024

Answer

Computation of taxable value of supply on which GST is to be paid by Mr. Ravindra

| Particulars | Amount (₹) |
|--|---------------|
| Remuneration received as a chief selector of hockey team. [Taxable since services provided to a recognised sports body by an individual only as a player, referee, umpire, coach or team manager are exempt.] | 5,00,000 |
| Service of pure labour contract for construction of independent residential unit [Services of pure labour contracts of construction of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt.] | NIL |
| Rental income from warehousing of sugarcane [Warehousing of sugarcane being an agricultural produce is exempt.] | NIL |
| Services to Municipal Corporation of Bhopal for slum improvement and upgradation* [Services provided to a Local Authority by way of slum improvement and upgradation are exempt.] | NIL |
| Consideration received against western music dance performance in an event [Taxable, since the amount received for western music dance performance but the exemption is available for performance in folk or classical art forms of music or dance. if the consideration charged for such performance is not more than ₹ 1,50,000.] | 1,25,000 |
| Value of taxable supply on which GST is to be paid by Mr. Ravindra | 6,25,000 |

**Note: It has been assumed that either the services provided are pure services or composite supply where value of supply of goods is upto 25% of value of such supply and consequently, said supply has been considered as exempt from GST.*

However, it is also possible to assume that it is a composite supply with value of supply of goods more than 25% of value of such supply. In that case, said supply will be liable to GST.

6. ABC Infra, is a partnership firm registered under GST. It furnishes the following details about services provided during the month of February 2025:

| | Particulars | Amount |
|-------|--|---------------|
| (i) | Consideration received from neighbouring Housing Cooperative Society as ABC Infra agrees to install effluent plant for treatment of wastewater even though this no legal requirement to do so. | 5,50,000 |
| (ii) | Consideration received from distribution of passes for cricket match organized as firm's annual event. Total 500 passes have been distributed. | 2,42,500 |
| (iii) | Services given of booking air tickets in economy class for flight between Mumbai to Manipur. | 1,20,000 |
| (iv) | Services given for construction of buildings to State Government in relation to function entrusted to Municipality under article 243W of the Constitution. Construction material used of ₹ 2,79,375 is included in the given figure. | 8,20,000 |

All supplies mentioned above are intra-State supplies. GST rates for CGST, SGST, IGST are 9%, 9%, 18% respectively. Compute the GST payable by the ABC Infra for the month of February, 2024.

(5 Marks) QP – Sept 2024

Answer

Computation of GST payable by the ABC Infra for February, 2025

| | Particulars | CGST @9% (₹) | SGST @ 9% (₹) |
|-------|--|-------------------------|--------------------------|
| (i) | Consideration for agreeing to install effluent plant [Taxable since it is a supply of service of agreeing to the obligation to do an act.] | 49,500 | 49,500 |
| (ii) | Distribution of 500 passes of cricket match [Exempt since consideration for services by way of right to admission to unrecognised sporting event is not more than ₹500 per person ⁴] | - | - |
| (iii) | Booking air tickets in economy class ⁵ [Taxable since service of booking of air tickets is being provided here. Only the service of transportation of passengers in economy class terminating in Manipur is exempt.] | 10,800 | 10,800 |
| (iv) | Service of construction of buildings provided to State Government [Taxable since value of supply of goods constitutes more than 25% of the value of the composite supply of goods and services.] | 73,800 | 73,800 |
| | Total GST payable by ABC Infra | 1,34,100 | 1,34,100 |

Note: In the given question, it has been assumed that the amounts given in the question are exclusive of GST. It is also possible to assume the given amounts as inclusive of GST and answer shall change accordingly.

RCM

1. Under the GST law, taxes on taxable services supplied by the Central Government or the State Government to a business entity in India are payable by recipient of services".

State the exceptions of the above statement.

(5 Marks) MTP - II - Sep 2024

Answer

Tax on following services supplied by the Central Government or State Government to a business entity in India is payable by the supplier of services:

- (1) services of renting of immovable property provided to an unregistered business entity.
- (2) services by the Department of Posts and the Ministry of Railways (Indian Railways)
- (3) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport.
- (4) services of transport of goods or passengers.

COMPOSITION

1. Mr. Jagmag is a registered dealer in Kerala paying tax under composition levy from 1st April. However, he opts to pay tax under regular scheme from 1st December. Is he liable to file GSTR-4 for the said financial year during which he opted out of composition scheme?

(3 Marks) (MTP - I - Sep 2024)

Answer

Where a taxpayer opts to withdraw from the composition scheme, he has to file GSTR-4 for the period for which he has paid tax under the composition scheme. Such return is required to be furnished till 30th day of April following the end of the financial year during which such withdrawal falls. Therefore, in the given case, Mr. Jagmag is liable to file GSTR-4 for the said F.Y. during which he opted out of composition scheme by 30th April of next F.Y.

2. Who are not eligible to opt for composition scheme for goods under GST laws?

(5 Marks) MTP - II - Sep 2024

Answer

The registered person who is not eligible for composition scheme for goods under GST law are as under:

- (i) Supplier engaged in making any supply of goods or services which are not leviable to tax.
- (ii) Supplier engaged in making any inter-State outward supplies of goods or services.
- (iii) Person supplying any goods or services through an electronic commerce operator who is required to collect tax at source (under section 52).
- (iv) Manufacturer of ice cream, panmasala, tobacco, aerated waters, fly ash bricks; fly ash aggregate, fly ash blocks, bricks of fossil meals or similar siliceous earths, building bricks, earthen or roofing tiles.
- (v) Supplier who is either a casual taxable person or a non-resident taxable person
- (vi) Supplier of services exceeding an amount which is higher of 10% of the turnover in a State/U.T. in the preceding financial year or ₹ 5 lakh.

Note: Any 5 points may be mentioned.

3. M/s. T is a registered dealer of Andhra Pradesh trading in different types of machinery and its related different types of services. Their aggregate turnover for the preceding financial year 2023-24 for sale of machinery was ₹1.32 crores, it was first year so they had not started for providing service related to machinery. From FY 2024-25 they are planning to provide repair and maintenance service of ₹6.25 lakh for which they have to purchase some raw material of ₹5 lakh from the other State (till date they are purchasing within State only).

From the information given above, examine whether M/s. T can opt for composition scheme under Section 10(1), 10(2A) or 10(2) of the CGST Act, 2017 for FY 2024-25?

QP Sept 24 - 5 Marks

Answer

A registered person is eligible to opt for composition scheme for goods in the current financial year (FY) provided his aggregate turnover does not exceed ₹ 1.50 crore [other than in specified Special Category States] in the preceding FY.

Since aggregate turnover of M/s. T in the preceding FY does not exceed ₹ 1.5 crore, he is eligible for composition scheme for goods under section 10(1) and 10(2) of the CGST Act, 2017 in the current FY.

As per section 10(2A) of the CGST Act, 2017, a registered person who is eligible to pay tax under section 10(1) and (2) is not eligible for opting for composition under section 10(2A) of the CGST Act, 2017.

As per section 10(2A) of the CGST Act, 2017, person engaged in the supply of service is eligible for composition scheme for payment of tax @ 3% CGST and 3% SGST provided his aggregate turnover does not exceed ₹ 50 lakh in the preceding FY.

Since turnover of previous year is ₹ 1.32 crore and firm is not dealing in the service only, M/s T cannot opt for composition scheme under section 10(2A) of the CGST Act, 2017 for FY 2024-25.

A person who opts to pay tax under composition scheme under section 10(1) and 10(2) of the CGST Act, 2017 is also permitted to supply services [other than restaurant services] upto a value not exceeding:

- (a) 10% of the turnover in a State/U.T. in the preceding financial year, or
- (b) ₹ 5 lakh, whichever is higher.

Thus, M/s T is permitted to supply services upto a value of ₹ 13,20,000 i.e. 10% of ₹ 1.32 crores, in current FY.

Further, there is no restriction on composition supplier to receive inter-State inward supplies of goods or services.

Thus, it can be concluded that M/s T can opt for composition scheme of goods under section 10(1) of the CGST Act, 2017 for FY 2024-25.

RETURNS

1. Mrs. Gargi, a registered dealer in Rajasthan, did not file GSTR-3B for the month of June, but she wants to file GSTR-3B for the month of July. Is it possible? Answer with reference to section 39 of the CGST Act, 2017.

(2 Marks) (MTP - I - Sep 2024)

Answer

A registered person is not allowed to furnish a return for a tax period if the return for any of the previous tax periods has not been furnished by him. Therefore, in the given case, Mrs. Gargi cannot file GSTR-3B for July, if she has not filed GSTR-3B for the preceding month, i.e., June

2. Can a chartered accountant become a GST practitioner (GSTP)? Discuss.

(5 Marks) (MTP - I - Sep 2024)

Answer

A chartered accountant can become a GST practitioner (GSTP). However, holding a certificate of practice as a chartered accountant and having GST registration does not imply that such chartered accountant is a GST practitioner as well. For becoming a GSTP, even a chartered accountant in practice has to follow the enrolment process of GSTP as provided under the GST law and only upon approval of such enrolment can a chartered accountant represent himself as a GSTP.

3. List the details of outward supplies which can be furnished using Invoice Furnishing Facility (IFF).

(2 Marks) (MTP - I - Sep 2024)

Answer

Details of outward supplies which can be furnished using IFF are as follows:

- (a) invoice wise details of inter-State and intra-State supplies made to the registered persons;
- (b) debit and credit notes, if any, issued during the month for such invoices issued previously.

4. Who can be registered as Goods and Service Tax Practitioners under Section 48 of the CGST Act, 2017?

(5 Marks) MTP - II - Sep 2024

Answer

Following persons can be registered as Goods and Service Tax Practitioners:

Any person who,

- (i) is a citizen of India;

(ii) is a person of sound mind;

(iii) is not adjudicated as insolvent;

(iv) has not been convicted by a competent court;

and satisfies any of the following conditions, namely that he:

1. is a retired officer of Commercial Tax Department of any State Govt./CBIC who, during service under Government had worked in a post not lower than the rank of a Group-B gazetted officer for a period ≥ 2 years, or
2. is enrolled as a Sales Tax Practitioner or Tax Return Preparer under the erstwhile indirect tax laws for a period of not less than 5 years, or
3. acquired any of the prescribed qualifications
4. has passed Graduate/postgraduate degree or its equivalent examination having a degree in specified disciplines, from any Indian University or a degree examination of any Foreign University recognised by any Indian University as equivalent to degree examination
5. has passed any other notified examination
6. has passed final examination of ICAI/ ICSI/ Institute of Cost Accountants of India

Note: Any 5 points may be mentioned.

INTRODUCTION

1. Which are the commodities which have been kept outside the purview of GST? Examine the status of taxation of such commodities after introduction of GST.

(3 Marks) (MTP - I - Sep 2024)

Answer

Constitution defines the Goods and Services tax (GST) as a tax on supply of goods or services or both, except supply of alcoholic liquor for human consumption. Therefore, alcohol for human consumption is kept out of GST by way of definition of GST in the Constitution.

Five petroleum products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel have temporarily been kept out of the purview of GST; GST Council shall decide the date from which they shall be included in GST. The erstwhile taxation system (CST/VAT & central excise) still continues in respect of the said commodities.

EWAY BILL

1. Sheen Ltd. a registered supplier wishes to transport cargo by road between two cities situated at a distance of 372 kilometres. Calculate the validity period of e-way bill under rule 138(10) of the CGST Rules, 2017 for transport of the said cargo, if it is over dimensional cargo or otherwise.

(5 Marks) MTP - II - Sep 2024

Answer

The validity period of e-way bill under rule 138(10) of the CGST Rules, 2017 for transport of cargo by road between two cities situated at a distance of 372 km is as under:

- (i) **If it is over dimensional cargo:** the validity period of the e-way bill is one day from relevant date upto 20 km and one additional day for every 20 km or part thereof thereafter.

Thus, validity period in given case:

= 1 day + 18 days

= 19 days

- (ii) **If it is a cargo other than over dimensional cargo:** the validity period of the e-way bill is one day from relevant date upto 200 km and one additional day for every 200 km or part thereof thereafter.

Thus, validity period in given case:

= 1 day + 1 day

= 2 days

INVOICES DEBIT & CREDIT NOTE

1. Apex Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens was issuing consolidated tax invoice for supplies at the close of each day in terms of section 31(3)(b) of the CGST Act, 2017 read with fourth proviso to rule 46 of the CGST Rules, 2017. During the month of February, 2025, the Department raised objection for this practice and asked to issue separate tax invoices for each ticket.

Advise Apex Cinemas for the procedure to be followed in this regard.

(5 Marks) MTP – II – Sep 2024

Answer

The procedure to be followed by Apex Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens, is as under:-

The option to issue consolidated tax invoice is not available to a supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens. Thus, Apex Cinemas cannot issue consolidated tax invoice for supplies made by it at the close of each day.

Apex Cinemas is required to issue an electronic ticket.

The said electronic ticket shall be deemed to be a tax invoice, even if such ticket does not contain the details of the recipient of service but contains the other information as prescribed to be mentioned.

2. Mr. X, a registered person under GST has aggregate turnover in the preceding financial year amounting to ₹ 8 crore. He is desirous to know whether e-invoicing is applicable for supplies made by registered person to Government Departments or establishments/Government agencies/local authorities/PSUs which are registered solely for the purpose of deduction of tax at source as per provisions of section 51 of the CGST Act, 2017. You are required to advise Mr. X.

RTP – Sep 2024

Answer

Government Departments or establishments/ Government agencies/ local authorities/ PSUs, which are required to deduct TDS under section 51 of the CGST Act, 2017, are liable for compulsory registration in accordance with section 24(vi) of the CGST Act, 2017.

Therefore, Government Departments or establishments/ Government agencies/ local authorities/ PSUs, registered solely for the purpose of deduction of TDS, are to be treated as registered persons under the GST law as per provisions of section 2(94) of the CGST Act, 2017.

Accordingly, the registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, is required to issue e-invoices for the supplies made to such Government Departments or establishments/ Government agencies/ local authorities/ PSUs, etc. under rule 48(4) of the CGST Rules, 2017 [*Circular No. 198/10/2023 GST dated 17.07.2023*].

INVOICES & DEBIT & CREDIT NOTE

1. Mohan Enterprise is a registered person having principal place of business in Gandhinagar, Gujarat. They received services of Advocate Sameer, a registered person from Ahmedabad, Gujarat. Shekhar, an unregistered person provided services of labour to Mohan Enterprise. Explain the provisions relating to issue of invoice by recipient Mohan Enterprise if he is liable to pay tax under reverse charge under Section 9(3) or 9(4) of the CGST Act, 2017.

(5 Marks) QP – May 2024

Answer

A registered person shall issue an invoice in respect of goods and/or services received by him provided:

- (i) he is liable to pay tax under reverse charge [under section 9(3) or 9(4) of the CGST Act, 2017] on such supplies, and
- (ii) supplies are received from the supplier who is not registered on the date of receipt of goods and/or services.

In the given case, tax on services received from advocate Sameer by Mohan Enterprise is payable under reverse charge⁵.

However, Mohan Enterprises is not required to issue an invoice with respect to said supply as supplier Sameer is registered.

Further, tax on labour services received from unregistered person-Shekhar is not payable under reverse charge.

Therefore, Mohan Enterprises is not required to issue an invoice with respect to said supply.

REGISTRATION

1. Ranmo Limited, a registered entity under GST has demerged its operations with effect from 31st October, 2024. The registration of Ranmo Limited has been cancelled suo-motu by the Proper Officer. The order of cancellation of registration was passed on 4th November, 2024 and was served on 7th November, 2024.

Ranmo Limited wishes to apply for revocation of cancellation of registration on 4th February, 2025. The tax consultant of Ranmo Limited advised that application for revocation of cancellation or registration is time barred and hence not valid in law.

You are required to examine the technical veracity of the advice given by Tax Consultant of Ranmo Limited.

RTP – Sep 2024

Answer

A registered person, whose registration is cancelled by the proper officer on his own motion, may, subject to the provisions of rule 10B of the CGST Rules, 2017, submit an application for revocation of cancellation of registration, in prescribed form, to such proper officer, within a period of 90 days from the date of the service of the order of cancellation of registration.

However, such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended by the Commissioner or an officer authorised by him in this behalf, not below the rank of Additional Commissioner or Joint Commissioner, as the case may be, for a further period not exceeding 180 days.

Thus, in the given case, Ranmo Limited can apply for revocation of cancellation of registration within a period of 90 days from the date of the service of the order of cancellation of registration, i.e. within 90 days from 7th November, 2024.

The application submitted for revocation of cancellation of registration is valid in law as the same has been submitted within the prescribed time limits.

Thus, the advice given by Tax Consultant of Ranmo Limited is not valid in law.

PAYMENT & TAX

1. GSTR 3B for the month of January 2025 has been filed by M/s Avisha Limited, a registered person, within the due date prescribed by the CGST Act 2017 which is on February 20th, 2025. It came to the notice of the Co. that tax due for the month of January, 2025 has been paid short by ₹ 16,000. The short fall of ₹ 16,000 has been paid through cash ledger and credit ledger at the time of filing GSTR 3B for the month of February 2025 on March 20th, 2025 in the following manner:

| Particulars | Cash Ledger | Credit Ledger |
|-------------|-------------|---------------|
| Shortfall | ₹ 12,000 | ₹ 4,000 |

Assume that electronic cash ledger and credit ledger carry sufficient balance for the above short fall.

- (i) You are required to calculate the amount of interest payable if any under section 50 of the CGST Act 2017 and rule 88B of the CGST rules 2017.
- (ii) Give the effect if GSTR3B for the month of January 2025 had been filed belatedly on March 20, 2025 and all other conditions remaining same.

Calculation should be rounded off to nearest rupee.

(5 Marks) QP – May 2024

Answer

Interest is payable in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

Above interest is payable on the net tax liability paid in cash only if return in Form GSTR-3B for a tax period has been filed after the due date to furnish such return. Otherwise, interest is payable on gross tax liability.

- (i) Since Avisha Limited has furnished Form GSTR-3B for the month within the prescribed due date, interest is payable on the gross tax liability deposited with a delay of 28 days [21.02.2025 - 20.03.2025 (both inclusive)] as under:

$$= ₹ 16,000 \times 18\% \times 28/365 = ₹ 221 \text{ (rounded off)}$$

- (ii) If Avisha Limited has filed Form GSTR-3B for the month after the due date, i.e. on 20.03.2024, interest is payable on the net tax liability paid through Electronic Cash Ledger only, for a delay of 29 days, as under:

$$= ₹ 12,000 \times 18\% \times 28/365 = ₹ 166 \text{ (rounded off)}$$

TCS TDS

1. Who is liable to collect TCS (collection of tax at source) under Section 52 of the CGST Act, 2017. Briefly explain the provisions relating to registration, filing of return and deposit of TCS to Government as per the provisions of section 52 of the CGST Act, 2017 and rule 12 of the CGST Rules, 2017.

(5 Marks) QP – May 2024**Answer**

Every Electronic Commerce Operator (ECO), not being an agent, is liable to collect tax at source (TCS).

Such ECO is required to submit a registration application in prescribed form through the common portal. The proper officer shall, after due verification, grant registration within 3 working days from the date of the application. On a request or upon an enquiry or pursuant to any other proceeding under GST law, if the proper officer is satisfied that a person is no longer liable to collect the tax at source, he may cancel his registration.

Such ECO shall furnish a monthly statement in prescribed form containing the details of the outward supplies of goods and/ or services effected through it, including supplies returned through it and the amount collected by it as TCS during the month within 10 days after the end of each month in which tax has been collected at source.

They also required to file annual statement⁴ on or before 31st December following the end of the financial year.

The TCS amount collected by the ECO has to be deposited by 10th of the month succeeding the month in which TCS has been collected.

2. Mohan, a registered person in Salem, Tamil Nadu, makes intra-State supply of taxable goods amounting to ₹ 13,57,000 (inclusive of GST) to a Public Sector Undertaking (PSU). Consideration for same is received in 5 equal instalments from the PSU.

Tax rates applicable: CGST 9%, SGST 9%, IGST 18%

What will be your view with respect to applicability of TDS provisions as per section 51 of the CGST Act, 2017 regarding above transaction?

What is the period by which TDS is required to be deposited to the Government account?

QP Sep 24 – 5 Marks**Answer**

In case of intra-State supply of goods by a supplier to a PSU, TDS @ 1% each under CGST and SGST is liable to be deducted by PSU only when the total value of supply under a contract exceeds ₹ 2,50,000 (exclusive of tax & cess), from the payment made or credited to the supplier.

Accordingly, in the given case, since the value of supply under the contract excluding taxes and cesses is ₹11,50,000 ($₹13,57,000 \times 100/118$),

TDS @ 1% on payment of each of the instalment of ₹ 2,30,000 ($₹ 11,50,000/5$), i.e. ₹ 2,300 each under CGST and SGST is to be deducted even though the individual payment is less than ₹2,50,000.

The amount of TDS deducted shall be paid to the Government by the deductor within 10 days after the end of the month in which such deduction is made or by 10th of the succeeding month.

3. Every registered person executing works contract shall keep separate accounts for works contract under CGST Rules, 2017.

List the details to be maintained.

QP Sep 24 – 5 Marks

Answer

Every registered person executing works contract shall keep separate accounts for works contract showing -

- the names and addresses of the persons on whose behalf the works contract is executed;
- description, value and quantity (wherever applicable) of goods/services received for the execution of works contract;
- description, value and quantity (wherever applicable) of goods/services utilized in the execution of works contract;
- the details of payment received in respect of each works contract; and
- the names and addresses of suppliers from whom he received goods or services.

4.

(a) *Mohan, a registered person in Salem, Tamil Nadu, makes intra-State supply of taxable goods amounting to ₹13,57,000 (inclusive of GST) to a Public Sector Undertaking (PSU). Consideration for same is received in 5 equal instalments from the PSU.*

Tax rates applicable: CGST 9%, SGST 9%, IGST 18%

What will be your view with respect to applicability of TDS provisions as per section 51 of the CGST Act, 2017 regarding above transaction?

What is the period by which TDS is required to be deposited to the Government account? (5 Marks)

(b) *Every registered person executing works contract shall keep separate accounts for works contract under CGST Rules, 2017.*

List the details to be maintained. (5 Marks)

Answer

(a) In case of intra-State supply of goods by a supplier to a PSU, TDS @ 1% each under CGST and SGST is liable to be deducted by PSU only when the total value of supply under a contract exceeds ₹ 2,50,000 (exclusive of tax & cess), from the payment made or credited to the supplier.

Accordingly, in the given case, since the value of supply under the contract excluding taxes and cesses is ₹ 11,50,000 (₹ 13,57,000 × 100/118),

TDS @ 1% on payment of each of the instalment of ₹ 2,30,000 (₹ 11,50,000/5), i.e. ₹ 2,300 each under CGST and SGST is to be deducted even though the individual payment is less than ₹ 2,50,000.

The amount of TDS deducted shall be paid to the Government by the deductor within 10 days after the end of the month in which such deduction is made or by 10th of the succeeding month.

(b) Every registered person executing works contract shall keep separate accounts for works contract showing -

- the names and addresses of the persons on whose behalf the works contract is executed;
- description, value and quantity (wherever applicable) of goods/services received for the execution of works contract;
- description, value and quantity (wherever applicable) of goods/services utilized in the execution of works contract;
- the details of payment received in respect of each works contract; and
- the names and addresses of suppliers from whom he received goods or services.

SUPPLY

1. Examine the existence of "consideration" for donation received by charitable institutions from individual donors, without quid pro quo an important feature as defined in section 2(31) of the CGST Act, 2017.

(5 Marks) QP - May 2024

Answer

Alternative

Donations received by the charitable institutions from individual donors are treated as consideration only if there exists, quid pro quo, i.e., there is an obligation on part of recipient of the donation or gift to do anything.

If the name of the donor is displayed in charitable institution's premises as an expression of gratitude and public recognition of his act of philanthropy and is not aimed at advertising or promotion of his business, there is no supply for the payment in the form of donation.

Watch the YouTube lecture



**Note : For some questions if lecture is not there please refer the answers
which are already given**

Case Scenario based MCQs (RTP Jan 25)

Vintage Cinemas Pvt. Ltd. (VCPL) is a leading chain of multiplexes operating in several States across India. The company has its corporate office in Mumbai, Maharashtra and is registered under GST in multiple States including Maharashtra. The company offers movie tickets, food and beverages and other entertainment-related services.

The turnover of the company in the preceding financial year as per the audited financial statements was ₹ 175 crore. The company crossed the aggregate turnover of ₹ 35 crore till June in the current year.

In July, VCPL opened a new multiplex in Gujarat wherein the commercial operations will commence from August 1.

Due to operations in multiple States, the finance and accounts operations are handled by a centralized team at the corporate office. The same team is also responsible for filing the GST returns for all the GST registrations of the company.

The company is also engaged in leasing of space to independent vendors in its food court against rental charges for the purpose of increasing the source of revenue.

The company obtained a new office building in Mumbai under a rental agreement and paid an amount of ₹ 5 crore as refundable security deposit to the owner of the premises. The term of the rental agreement is 5 years.

The company also dispatched advertisement material worth ₹ 35 lakh from Maharashtra to Gujarat Multiplex for the upcoming movies by way of transport through road in September. The company claimed input tax credit on such advertisement material at the time of receipt in Maharashtra.

The rate of tax applicable on all inward and outward supplies is 18% IGST, 9% CGST and 9% SGST unless otherwise specified.

On the basis of the facts given above, choose the most appropriate answer to

Q.1 to Q.5 below -

1. Which of the following statements is correct under GST law in relation to the registration requirements of the company (VCPL) in relation to its operations to be commenced in the State of Gujarat?
 - (a) VCPL is not required to take GST registration for Gujarat multiplex till turnover of Gujarat multiplex does not cross ₹ 20 lakh.
 - (b) VCPL is required to take GST registration in Gujarat while commencing business in Gujarat as aggregate turnover of VCPL has already exceeded ₹ 20 lakh in the current financial year.
 - (c) VCPL is allowed to add Gujarat multiplex as additional place of business under the existing GST registration in Maharashtra.
 - (d) VCPL is required to take GST registration only from next financial year subject to the condition that turnover of current financial year for Gujarat multiplex exceeds ₹ 20 lakh.
2. Which of the following statements is true in relation to filing of return by VCPL?
 - (a) VCPL is required to file a single consolidated GST return for all States.
 - (b) VCPL is required to file separate GST return for each State where it is registered.
 - (a) VCPL is required to file returns only for the Maharashtra State where its

corporate office is located.

(b) VCPL has an option to file return in the State with the highest turnover.

3. VCPL is required to levy GST on rental charges _____.

(a) only if the turnover of tenant exceeds ₹ 20 lakh.

(b) only if the turnover of tenant exceeds ₹ 1.5 crore.

(c) only if the total rental charge collection in hands of VCPL exceeds ₹ 20 lakh.

(d) irrespective of the turnover of the tenant or the amount of rental charge collection in the hands of VCPL.

4. In respect of the refundable security deposit given by VCPL, _____.

(a) GST is payable on the deposit amount by the owner of the premises.

(b) GST is payable on the deposit amount by VCPL.

(c) there is no requirement to pay GST by the owner or VCPL.

(d) GST is payable in equal proportion over the term of rent agreement by the owner of premises.

5. VCPL is _____ for the advertisement material sent from Maharashtra Office to Gujarat office in relation to the upcoming movies.

(a) not liable to issue any document as the transaction is between entities having same PAN.

(b) liable to issue only a delivery challan.

(c) liable to issue only a bill of supply.

(d) liable to generate a tax invoice as well as an E-Way Bill.

6. M/s Consultease Services Private Limited, a company registered under GST in Mumbai, Maharashtra, offers business consultancy, digital marketing and project management services across India. The company recorded the following transactions in October:

1. Consultancy services for market analysis: Provided consultancy services for market analysis to XYZ Ltd., a registered client in Chennai, Tamil Nadu (Inter-State), for ₹ 4,50,000. Additionally, the company paid an amount of ₹ 4,500 as professional tax applicable in the State of Maharashtra as per requirement of local state legislation. The amount of professional tax was recovered separately from XYZ Ltd.

2. Digital Marketing Services for Launch Event: Conducted digital marketing for an upcoming product launch for Mr. A based in Rajasthan, who is an unregistered person under GST. The agreed fee for the said services is ₹ 3,00,000. Out of the agreed fee, an amount of ₹ 25,000 is incurred by Mr. A. The company was liable to pay the same in relation to the supply and the net payment received by the company was ₹ 2,75,000 (exclusive of any tax).

3. Travelling payment for the team: The employees incurred an amount of ₹ 50,000 on travel to Kolkata for client project and claimed a reimbursement of the same from the company. As a policy, company charged such expenses from the clients on actual basis.

4. Discount passed on to customer: Post supply discount was offered to a customer amounting to ₹ 50,000 against a supply for which invoice was issued in September. The customer has not reversed the input tax credit relating to such discount.

5. **Recovery of late payment charges:** The company received an amount of ₹ 1,00,000 as late payment charges for delay in payment for consideration from a client whose service contract was completed in June.
6. **Purchase of car:** A car was purchased in the name of company for use by the director. The total cost of car was ₹ 10,50,000 (inclusive of IGST amounting to ₹ 1,50,000).
7. **Insurance services:** The company paid for insurance of the above new car amounting to ₹ 25,000 which includes IGST amounting to ₹ 2,300.
8. **Procurement of services:** The company received inter-State supply of services used for business purpose on which GST paid was Rs. 45,000. Said credit was not restricted under any provision of GST laws.
9. **Sponsorship:** The company sponsored a sports event wherein it paid an amount of ₹ 2,00,000 to the event organizers.

You are required to compute the following for the month of October:

- (a) Total value of supply
- (b) output tax payable by the Company.
- (c) net GST payable in cash.

Note

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
 - (ii) All the amounts given above are exclusive of taxes.
 - (iii) There was no opening balance of input tax credit.
 - (iv) The turnover of the company was ₹ 10 crores in the previous financial year.
 - (v) All the transactions are inter-State, unless otherwise specified.
7. Mr. Bholuram, a supplier located in Meerut, U.P. supplied the bedsheets, pillow covers and blankets to a Governmental agency, registered in U.P. under a contract. The total contract value is ₹ 4,61,000 excluding GST. The value of supply is bifurcated as below:

| | |
|----------------------------------|------------|
| 400 Blankets for ₹ 600 each | ₹ 2,40,000 |
| 850 Bed Sheets for ₹ 180 each | ₹ 1,53,000 |
| 1700 Pillow Covers for ₹ 40 each | ₹ 68,000 |

Is Governmental agency required to deduct tax at source (while making the payment to Mr. Bholuram) under section 51 of the CGST Act, 2017 and if yes, determine the amount of tax to be deducted source?

8. Blue Panda Pvt. Ltd. is a manufacturing company that supplies goods to various registered dealers across India. The company had an aggregate turnover of ₹ 6 crore in the financial year 2023-24. The finance team of the company is not sure whether e-invoicing provisions are applicable to the company and is of the view that under e-invoicing system, invoices need to be generated directly on the e-invoicing portal instead of its ERP system.

You are required to advise the finance team on the following questions:-

- (a) What is e-invoicing, and whether it would apply to Blue Panda Pvt. Ltd.?
- (b) Does Blue Panda Pvt. Ltd. need to create its invoices directly on the e-invoicing portal?

9. Briefly examine the place of supply in the following independent cases.
- (a) Ms. Shanti (unregistered resident of Gujarat) went to meet her parents at the native place Patna, Bihar and buys a medical insurance policy for her parents from an insurance company – MNT Insurers- of Patna (registered in Bihar). The location of the recipient of services in the records of the MNT Insurers is Patna.
- (b) Lakhan Singh Transports Pvt. Ltd., a Goods Transportation Agency registered in Noida, Uttar Pradesh, is hired by Ram Trade Links (registered supplier in New Delhi) to transport its consignment of goods from its warehouse in Delhi to the house of a buyer located in Roorkee, Uttar Pradesh.
10. List the accounts and records which are not required to be maintained by a supplier who has opted for composition scheme, as per the provisions of the GST laws.

ANSWERS

| MCQ No. | Most Appropriate Answer |
|---------|-------------------------|
| 1. | (b) |
| 2. | (b) |
| 3. | (d) |
| 4. | (c) |
| 5. | (d) |

6. (a) Computation of total value of supply

| Particulars | IGST (₹) |
|---|-----------------|
| Consultancy services provided to XYZ Ltd. (As per section 15 of the CGST Act, 2017, the value of supply includes the amount of any tax paid under any law other than GST. Accordingly, the amount of professional tax is includible in the value of services.) | 4,54,500 |
| Digital marketing services provided to Mr. A (The amount incurred by the recipient on behalf of the supplier is includible in the value of supply.) | 3,00,000 |
| Travelling expenses recovered from the client (Incidental expenses like travelling expenses incurred in course of supply is includible in value of supply.) | 50,000 |
| Post supply discount (No adjustment of post supply discount is allowed as the customer has not reversed the input tax credit.) | - |
| Late payment charges (The late payment charges recovered are includible in GST and liable to tax at the time of receipt of amount.) | 1,00,000 |
| Total value of supply for October | 9,04,500 |

(b) Computation of output tax payable

| Particulars | IGST (₹) |
|--|----------|
| Total value of outward supply | 9,04,500 |
| Total output tax payable @ 18% (Company is liable to pay GST on sponsorship services under reverse charge, but the tax payable under reverse charge is not included in the value of output tax.) | 1,62,810 |

(C) Computation of net GST payable in cash

| Particulars | IGST (₹) |
|---|-----------------|
| Total output tax | 1,62,810 |
| Less: Input Tax Credit [Refer Working Note below] | (81,000) |
| Net GST payable (A) | 81,810 |
| Add: GST payable under reverse charge for receipt of sponsorship services (B) [Tax on sponsorship services availed by a body corporate from any person is payable under reverse charge. Since the tax payable under reverse charge is not an output tax, ITC cannot be utilized to pay GST payable under reverse charge. Thus, it has to be paid in cash.] | 36,000 |
| Total GST payable in cash (A) +(B) | 1,17,810 |

Working Note:**Computation of ITC available**

| Particulars | IGST (₹) |
|---|---------------|
| Purchase of car for use by director (ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked except when the same are used for (i) making further taxable supply of such motor vehicles (ii) making taxable supply of transportation of passengers (iii) making taxable supply of imparting training on driving such motor vehicles. Purchase of car for use by director is not a specified purpose.) | - |
| Insurance of car (ITC is not allowed on services of insurance relating to the motor vehicles on which ITC is blocked. Since, the car is not used for any of the eligible purposes, ITC thereon is blocked and thus, ITC on insurance taken on such car is also blocked) | - |
| ITC on receipt of services (ITC is available on services used in the course or furtherance of business.) | 45,000 |
| ITC on sponsorship services (ITC is available on services used in the course or furtherance of business.) | 36,000 |
| Total ITC available | 81,000 |

7. As per section 51 of the CGST Act, 2017, it is mandatory for the following persons to deduct tax at source from payments made to the suppliers of taxable goods and/or services:-
- Central/State Government department or establishment;
 - local authority; or
 - Governmental agencies; or
 - such notified persons

The tax would be deducted @ 1% (each under CGST and SGST) of the payment made to the supplier of taxable goods and/or services, where the total value of such supply, under a contract, exceeds ₹ 2,50,000 (excluding the amount of Central tax, State tax, Union Territory tax, Integrated tax and cess indicated in the invoice). Thus, individual supplies may be less than ₹ 2,50,000/-, but if total value of supplies under a contract is more than ₹ 2,50,000/-, TDS has to be deducted.

In the given case, Mr. Bholuram has made supplies to a Governmental agency and total value of supply under a contract exceeds ₹ 2,50,000, it is mandatory for Governmental agency to deduct TDS @1% each under CGST and SGST on the net value of taxable supplies.

The amount of TDS required to be deducted each under CGST & SGST each is ₹ 4,610.

8. (a) E-invoicing is a system for electronically reporting Business-to-Business (B2B) invoices to the GST system for certain notified taxpayers whose turnover exceeds ₹ 5 crore in any financial year from 2017-18 onwards. Since Blue Panda Pvt. Ltd. had an aggregate turnover of ₹ 6 crore in FY 2023-2024, it is required to issue e-invoices for its B2B transactions.
- (b) No, Blue Panda Pvt. Ltd. does not need to create invoices directly on the e-invoicing portal. The company will continue generating its GST invoices using its own Accounting/Billing/ERP system. The only requirement is that these invoices must be reported to the Invoice Registration Portal (IRP) for validation and issuance of a unique Invoice Reference Number (IRN).
9. (a) The place of supply of insurance services provided to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services. Thus, in the given case, the place of supply is the location of the recipient of services in the records of the supplier, i.e. Patna.
- (b) The place of supply of services by way of transportation of goods, including by mail or courier to a registered person, is the location of such person. Thus, in the given case, the recipient being registered, the place of supply is the location of recipient, i.e. New Delhi.
- (c) The place of supply of telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person in case of mobile connection for telecommunication and internet services provided on post-paid basis, be the location of billing address of the recipient of services on the record of the supplier of services. Thus, in the given case, the place of supply is the location of billing address of the recipient, i.e. Mumbai.
10. A supplier who has opted for composition scheme is not required to maintain following records:
- (a) **Stock of goods:** Accounts of stock in respect of goods received and supplied by him, and such accounts shall contain particulars of the opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof.

- (b) **Details of tax:** Account, containing the details of tax payable (including tax payable under reverse charge), tax collected and paid, input tax, input tax credit claimed, together with a register of tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period.

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1. (a) Miss Shreya, proprietor of M/s. Happy Enterprise, a registered supplier of taxable goods and services in the state of West Bengal, pays GST under regular scheme. It is not eligible for any threshold exemption. It provided the following information for the month of December 2024:

| S. No. | Particulars | Amount (₹) |
|--------|--|------------|
| | <u>OUTWARD SUPPLY:</u> | |
| i. | Intra-state supply of goods to M/s. Reliable & Sons | 7,00,000 |
| ii. | Intra-state transfer of goods to its branch office in the state of West Bengal. Both places are under the same GSTIN. | 1,00,000 |
| iii. | Permanent transfer of old computers to orphanage home without consideration. Input tax credit was not availed on the same. | 80,000 |
| iv. | Advance received for Future supply of management consultancy service to Mr. Shubam (Intra-state supply) | 40,000 |
| | <u>INWARD SUPPLY: (Intra-state)</u> | |
| i. | Purchase of taxable goods from registered suppliers. | 8,00,000 |
| ii. | Availed Works Contract service for repair of office building. Amount of repair was debited in the profit & loss account. | 30,000 |
| iii. | Availed legal service form an advocate to represent the matter in the Court relating to collection of disputed proceed from customers. | 50,000 |

Notes:

- (i) Rate of CGST, SGST and IGST on all supplies are as below:

| Particulars | CGST | SGST | IGST |
|--------------------|------|------|------|
| Goods | 2.5% | 2.5% | 5% |
| Supply of services | 9% | 9% | 18% |

- (ii) Both inward and outward supplies given above are exclusive of taxes.
 (iii) All the conditions necessary for availing the ITC have been fulfilled.
 (iv) The aggregate turnover of M/s Happy Enterprise in the preceding financial year exceeds the threshold limit for registration.
 (v) Working note should form part of the answer.

Compute the net minimum GST payable in cash by M/s. Happy Enterprise for the month of December 2024.

(10 Marks)

Answer

1. (a) Computation of minimum net GST payable in cash by M/s Happy Enterprise for the month of December 2024

| Particulars | Value (₹) | CGST (₹) | SGST (₹) | IGST (₹) |
|---|--------------|--------------------------------|--------------------------------|-------------|
| <u>GST payable under forward charge</u> | | | | |
| Intra-State supply of goods to M/s Natural & Sons | 7,00,000 | 17,500 [7,00,000 × 2.5%] | 17,500 [7,00,000 × 2.5%] | |
| Intra-State branch transfer [Such transfer is not a supply as the branch has the same GSTIN as that of the head office and thus, is not a distinct person.] | 1,00,000 | -- | -- | |
| Permanent transfer of old computers to orphanage home without consideration. [Permanent transfer or disposal of business assets was not treated as supply even if made without consideration in terms of Schedule-I of the CGST Act, 2017, as ITC was not availed on the same.] | 80,000 | | | -- |
| Advance received for future intra-State supply of management consultancy service (In case of supply of service, tax is payable at the time of receipt of advance amount too) | 40,000 | 3,600 [40,000 × 9%] | 3,600 [40,000 × 9%] | |
| Total output tax | | 21,100 | 21,100 | |
| Less: ITC utilized | | 27,200 | 27,200 | |
| Net GST payable [A] | | Nil | Nil | |
| Legal services availed [B] [Tax on legal services availed by a business entity from an advocate is payable under reverse charge. Further, tax payable under reverse charge cannot be set off against ITC and thus, reverse charge has to be paid in cash since the tax payable under reverse charge is not an output tax.] | 50,000 | 4,500 [50,000 × 9%] | 4,500 [50,000 × 9%] | |
| Minimum net GST payable in cash [A] + [B] | | 4,500 | 4,500 | |

Working Note:

Computation of ITC available

| Particulars | Value (₹) | CGST (₹) | SGST (₹) | IGST (₹) |
|---|-----------|-----------------------------|-----------------------------|----------|
| Intra-State purchase of taxable goods | 8,00,000 | 20,000 [8,00,000 × 2.5%] | 20,000 [8,00,000 × 2.5%] | |
| [ITC of goods used in the course/ furtherance of business is available.] | | | | |
| Works contract service for repair of office | 30,000 | 2,700 [30,000 × 9%] | 2,700 [30,000 × 9%] | |
| [ITC is available since the repair amount is debited in the profit & loss account and not capitalized in the books of account.] | | | | |
| Legal services availed | 50,000 | 4,500 [50,000 × 9%] | 4,500 [50,000 × 9%] | |
| [ITC of services used in the course/ furtherance of business is available] | | | | |
| Total | | 27,200 | 27,200 | |

(b) Renuka Sales, a registered supplier, receives 100 invoices (for inward supply of goods/ services) involving GST of ₹ 10 lakh, from various suppliers during the month of January, 2024. Out of 100 invoices, details of 80 invoices involving GST of ₹ 6 lakh have been furnished by the suppliers in their respective GSTR-1s filed on the prescribed due date therefor and such details have also been duly communicated to the recipients of such invoices in Form GSTR-2B.

Compute the ITC that can be claimed by Renuka Sales in its GSTR-3B for the month of January, 2024 to be filed by 20th February assuming that GST of ₹ 10 lakh is otherwise eligible for ITC.

Make suitable assumptions, wherever necessary.

(5 Marks)

Answer

ITC to be claimed by Renuka Sales in its GSTR-3B for the month of January to be filed by 20th February will be computed as under-

| Invoices | Amount of ITC involved in the invoices (₹) | Amount of ITC that can be availed (₹) |
|-------------------------------------|--|---------------------------------------|
| 80 invoices furnished in GSTR-1 | 6 lakh | 6 lakh [Refer Note 1] |
| 20 invoices not furnished in GSTR-1 | 4 lakh | Nil [Refer Note 2] |
| Total | 10 lakh | 6 lakh |

Notes:

(1) 100% ITC can be availed on invoices furnished by the suppliers in their GSTR-1.

Input tax credit in respect of any supply of goods or services or both is available to a registered person only, inter alia, if the details of the invoice/debit note in respect of said supply has been furnished by the supplier in the statement of outward supplies (GSTR-1) and such details have been communicated to the recipient of such invoice/debit note in the manner specified under section 37. Thus, in respect of 20 invoices not furnished in GSTR-1s, no ITC is available.

2. (a) Comment on the taxability or otherwise of the following transactions under GST law. Also state the correct legal provisions for the same.

| S. No. | Description of Services provided |
|--------|--|
| (i) | Service provided by a private transport operator to Vintage Girls Higher Secondary School by way of transportation of students to and from the school. |
| (ii) | Services provided by way of vehicle parking to general public in a shopping complex. |
| (iii) | Food supplied by the canteen run by a hospital to the in-patients as advised by the doctors. |
| (iv) | An RWA in a housing society, registered under GST, collects the maintenance charges of ₹ 6,500 per month per member. |

(4 Marks)

Answer

1. (a)

| S. No. | Particulars | Taxability |
|--------|--|------------|
| (i) | Service provided by a private transport operator to Vintage Girls Higher Secondary School by way of transportation of students to and from the school. [Services provided TO an educational institution by way of transportation of students are exempted from GST] | Exempt |
| (ii) | Services provided by way of vehicle parking to general public in a shopping complex. [Services provided by way of vehicle parking to general public are not exempted from GST. Therefore, it would be taxable.] | Taxable |
| (iii) | Food supplied by the canteen run by a hospital to the in-patients as advised by the doctors. [Services by way of health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST. Food supplied to the in-patients by a canteen run by the hospital, as advised by the doctor/nutritionists, is a part of composite supply of healthcare and not separately taxable. Thus, said services are exempt from GST.] | Exempt |

| | | |
|------|---|--------|
| (iv) | An RWA in a housing society, registered under GST, collects the maintenance charges of ₹ 6,500 per month per member. [Supply of service by a RWA (unincorporated body or a non-profit entity registered under any law) to its own members by way of reimbursement of charges or share of contribution up to an amount of ₹ 7500 per month per member for providing services and goods for the common use of its members in a housing society/a residential complex are exempt from GST. Hence, in the given case, services provided by the RWA are exempt from GST since the maintenance charges collected per month per member do not exceed ₹ 7500.] | Exempt |
|------|---|--------|

(b) State the person liable to pay GST in the following independent case:

- (i) Legal Fees is received by Abhishek, an advocate, from M/s. Navya Trading Company, engaged in making taxable supplies and located in Maharashtra, having turnover of ₹ 50 lakh in preceding financial year.
- (ii) Padam Srivastav, an independent director, appointed in accordance with the provisions of the Companies Act, 2013, of One Fourth Pvt. Ltd., has received sitting fee amounting to ₹ 1 lakh from One Fourth Pvt. Ltd. for attending the Board meetings.

(6 Marks)

Answer

- (b) (i)** If services provided by an individual advocate including a senior advocate or firm of advocates by way of legal services, directly or indirectly, then GST is payable on reverse charge basis.

Accordingly, in this case, GST on legal services supplied by an advocate [Mr. Abhishek] to any business entity [M/s. Navya Trading Company] located in the taxable territory is payable on reverse charge basis.

Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., M/s. Navya Trading Company.

- (ii)** The part of director's remuneration which is declared as salaries in the books of a company and subjected to TDS under section 192 of the Income-tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017.

Further, the part of employee director's remuneration which is declared separately other than salaries in the company's accounts and subjected to TDS under section 194J of the IT Act as fees for professional or technical services are treated as consideration for providing services which are outside the scope of Schedule III and is therefore, taxable. The recipient of the said services i.e. the company, is liable to discharge the applicable GST on it on reverse charge basis.

In lieu of the above provisions, Rs. 1 Lakh sitting fees to Padam Srivastav, an independent director is subjected to TDS under section 192 of the Income-Tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017.

Therefore, recipient of the said services i.e. the One 4th Private Limited, is liable to discharge the applicable GST on it on reverse charge basis.

3. (a) Right Oils, an unregistered entity located in U.P. is engaged in supply of machine oil and high-speed diesel. During the month of April, it supplied machine oil in U.P. amounting to ₹ 15,00,000. Also, it supplied high speed diesel in U.P. amounting to ₹ 10,00,000. Further, it supplied machine oil in Punjab from its branch located in Punjab amounting to ₹ 10,00,000.

Note: All the amounts mentioned above are excluding GST.

- (i) Determine whether Right Oils is liable for registration.
- (ii) What will be your answer if, Right Oils supplies the high speed diesel in U.P. in the capacity of an agent of Center Oils Ltd., (non-registered), where invoices to customers are issued in name of Right oils? Would your answer be different in case if Center Oils Ltd. is registered entity? **(5 Marks)**

Answer

2. (a) (i) A supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:-

- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) ₹ 40 lakh for rest of India except persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, pan masala and tobacco and manufactured tobacco substitutes, fly ash bricks; fly ash aggregates; fly ash blocks, bricks of fossil meals or similar siliceous earths, building bricks, earthen or roofing tiles.

The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:-

- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the rest of India.

Aggregate turnover includes the aggregate value of:

1. all taxable supplies,
2. all exempt supplies,
3. exports of goods and/or services and
4. all inter-State supplies of persons having the same PAN.

The above aggregate turnover is computed on all India basis. Further, the aggregate turnover excludes central tax, State tax, Union territory tax, integrated tax and cess. Moreover, the value of inward supplies on which tax is payable under reverse charge is not taken into account for calculation of 'aggregate turnover'.

CGST is not leviable on five petroleum products i.e. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. Exempt supply includes non-taxable supply. Thus, supply of high speed diesel in U.P., being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the

aggregate turnover.

In the backdrop of the above-mentioned discussion, the aggregate turnover of Right Oils for the month of April is computed as under:

| S. No. | Particulars | Amount (in ₹) |
|--------|---|------------------|
| (i) | Supply of machine oils in U.P. | 15,00,000 |
| (ii) | Add: Supply of high speed diesel in U.P. | 10,00,000 |
| (iii) | Add: Supply of machine oil made by Right Oils from its branch located in Punjab | <u>10,00,000</u> |
| | Aggregate Turnover | 35,00,000 |

Right Oils is making exclusive supply of goods and hence the threshold limit for registration would be ₹ 40,00,000. Since the aggregate turnover does not exceed ₹ 40,00,000, Right Oils is not liable to be registered till April. However, if in remaining months of the financial year, its turnover exceeds the said limit, then it would be liable to be registered.

(ii) In case Right Oils makes the supply in capacity of an agent of Center Oils Ltd.:

Section 24 of the CGST Act, 2017 provides that an agent who is engaged in making taxable supplying of goods on behalf of other taxable persons, shall be liable to obtain registration irrespective of the threshold turnover limit. However, in the present case, if Right Oils supply high speed diesel on behalf of Center Oil Ltd. in U.P. as its agent where invoices to customers are issued in name of Right Oils, it shall still not be liable to obtain registration in U.P. since section 24 comes into play only when agent or in other capacity is making taxable supply of goods on behalf of taxable persons (principal) whereas in the given case, Right Oils is supplying non-taxable goods on behalf of Center Oils Ltd., who is non-registered.

In case if Center Oils Ltd. is registered entity, then also the answer would remain unchanged as attraction of section 24 of the CGST Act, 2017, inter-alia, requires that there should be taxable supply by agent and here, Right Oils is supplying non-taxable goods on behalf of Center Oils Ltd.

- (b) Determine whether the suppliers in the following cases are eligible for composition levy, under section 10(1) & 10(2) of the CGST Act, 2017, provided their turnover in preceding year does not exceed ₹ 1.5 crore:
- Shyam Enterprises is engaged only in trading of pan masala in Rajasthan and is registered in the same State.
 - Sahaj Manufacturers has registered offices in Punjab and Haryana and sells goods manufactured by it in the neighbouring States. **(5 Marks)**

Answer

- (b) (i)** A supplier engaged in the manufacture of notified goods during the preceding financial year is not eligible for composition scheme under section 10(1) and 10(2) of the CGST Act, 2017. Ice cream and other edible ice, whether or not containing cocoa, Pan masala, Tobacco and manufactured tobacco substitutes, aerated waters, fly ash bricks, fly ash aggregate, fly ash blocks, bricks of fossil meals or similar siliceous earths, building bricks, earthen or roofing tiles are notified under this category. However, in the given case, since Shyam Enterprises is engaged in trading of pan masala and not manufacture and his turnover does not exceed ₹ 1.5 crore, he is eligible for composition scheme subject to fulfilment of specified conditions.

(ii) Since supplier of inter-State outward supplies of goods or services is not eligible for composition levy, Sahaj Manufacturers is not eligible for composition levy.

4. (a) An unregistered person Mr. Pappan from Faridabad travels by Air India flight from Pune to Delhi and gets his travel insurance done in Pune. What is the place of supply of insurance services?
(5 Marks)

Answer

3. (a) section 12 of IGST Act, 2017 deals with the provisions of place of supply of services, where location of supplier of service and the location of the recipient of service is in India.

In accordance with sub-section (13) of section 12 of IGST Act, 2017, The place of supply of insurance services shall:-

- (a) to a registered person, be the location of such person;
(b) to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services.

So, in the given case, when insurance service is provided to an unregistered person, Mr. Pappan, the location of the recipient of services on the records of the supplier of insurance services is the place of supply. So, Faridabad is the place of supply.

Or

- (a) GST is payable on advance received for supply of goods and services taxable under forward charge.

Do you agree with the statement?

Support your answer with legal provisions.

(5 Marks)

Answer

- (a) The statement is not correct. While GST is payable on advance received for supply of services taxable under forward charge, the same is not payable in case of advance received for supply of goods taxable under forward charge.

As per section 13 of the CGST Act, 2017, the time of supply of services taxable under forward charge is –

- Date of issue of invoice or date of receipt of payment, whichever is earlier, if the same is issued within 30 days from the date of supply of service;

Or

- Date of provision of service or date of receipt of payment, whichever is earlier, if the invoice is not issued within 30 days from the date of supply of service.

Thus, in case of services, if the supplier receives any payment before the provision of service or before the issuance of invoice for such service, the time of supply gets fixed at that point in time and the liability to pay tax on such payment arises. However, the tax can be paid by the due date prescribed with reference to such time of supply.

As regards time of supply of goods taxable under forward charge is concerned, Notification No. 66/2017 CT dated 15.11.2017 provides that a registered person (excluding composition supplier) should pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. Therefore, in case of goods, tax is not

payable on receipt of advance payment.

- (b) “All taxpayers are required to file GSTR-1 only after the end of the tax period.” Examine the validity of the statement. **(5 Marks)**

Answer

- (b) In accordance with section 37(1) of CGST Act, 2017, GSTR-1 for a particular tax period is filed on or before the 10th day of the immediately succeeding tax period. In other words, GSTR-1 of a month/quarter can be filed any time between 1st and 10th day of the succeeding month/quarter. The due date of filing GSTR-1 may be extended by the Commissioner/ Commissioner of State GST/ Commissioner of UTGST for a class of taxable persons by way of a notification.

So, the statement is partially valid.

A taxpayer cannot file Form GSTR-1 before the end of the current tax period. However, following are the exceptions to this rule:

- a. Casual taxpayers, after the closure of their business.
- b. Cancellation of GSTIN of a normal taxpayer.

A taxpayer who has applied for cancellation of registration will be allowed to file Form GSTR-1 after confirming receipt of the application.