



CA INTER JAN & MAY '25

GST

QUESTION BANK

COMPILED BY

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Goods and Services Tax

Relevant For-

CA Inter- January 2025 / May 2025

CS Executive - December 2024

CMA Inter- December 2024

Compilation by: -

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(FCA, B.Com, CCTP)

Book Dedicated to ALL My Students & Parents

About Book-

- ✓ Cover All Past Year Questions of CA,CS,CMA and RTP and MTPs.
- ✓ Colourful Question Bank.
- ✓ Covers all amendments as per latest notification
- ✓ Covers Multiple Choice Questions
- ✓ Questions are bifurcated chapter-wise.
- ✓ Each question has associated marks distribution.

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Chapter 1: GST in India- An Introduction

Descriptive Questions

Easy

Question 1

MTP Oct'21

Write a short note on various Lists provided under Seventh Schedule to the Constitution of India. 5 Marks

Answer:

Seventh Schedule to Article 246 of the Constitution contains three lists which enumerate the matters under which the Union and the State Governments have the authority to make laws.

(i) List -I (UNION LIST): It contains the matters in respect of which the Parliament (Central Government) has the exclusive right to make laws.

(ii) List -II (STATE LIST): It contains the matters in respect of which the State Government has the exclusive right to make laws.

(iii) List -III (CONCURRENT LIST): It contains the matters in respect of which both the Central & State Governments have power to make laws.

Question 2

MTP Nov'21, MTP April'21

GST is a simplified tax structure. Justify the statement. 5 Marks

Answer

GST is a simplified tax structure. The statement is justified. Simpler tax regime with fewer exemptions along with reduction in multiplicity of taxes under GST has led to simplification and uniformity in tax structure.

The uniformity in laws, procedures and tax rates across the country makes doing business easier. Common system of classification of goods and services across the country ensures certainty in tax administration across India.

Question 3

MTP Oct'18, PYP May '18, CS Exec. May'18

List any four state levies, which are subsumed in GST. 5 Marks

Answer

The State levies which are subsumed in GST are as under: -

- State surcharges and cases in so far as they relate to supply of goods & services
- Entertainment Tax (except those levied by local bodies)
- Tax on lottery, betting and gambling
- Entry Tax (All Forms) & Purchase Tax
- VAT/ Sales tax



- Luxury Tax
- Taxes on advertisements

Note: Any of the four points may be mentioned.

Question 4

Discuss any two functions of GSTN.

MTP Aug'18

2 Marks

Answer

The functions of the GSTN include:

- ✓ facilitating registration;
- ✓ forwarding the returns to Central and State authorities;
- ✓ computation and settlement of IGST;
- ✓ matching of tax payment details with banking network;
- ✓ providing various MIS reports to the Central and the State Governments based on the taxpayer return information;
- ✓ providing analysis of taxpayers' profile; and running the matching engine for matching, reversal and reclaim of input tax credit.

(Note: Any two points may be mentioned)

Question 5

Discuss any two significant benefits of GST.

MTP March'18

2 Marks

Answer

GST is a win-win situation for the entire country. It brings benefits to all the stakeholders of industry, Government and the consumer. It will lower the cost of goods and services, give a boost to the economy and make the products and services globally competitive.

The significant benefits of GST are discussed hereunder:

- **Creation of unified national market:** GST aims to make India a common market with common tax rates and procedures and remove the economic barriers thus paving the way for an integrated economy at the national level.
- **Mitigation of ill effects of cascading:** By subsuming most of the Central and State taxes into a single tax and by allowing a set-off of prior-stage taxes for the transactions across the entire value chain, it would mitigate the ill effects of cascading, improve competitiveness and improve liquidity of the businesses.
- **Elimination of multiple taxes and double taxation:** GST has subsumed majority of existing indirect tax levies both at Central and State level into one tax i.e., GST which is levied uniformly on goods and services. This will make doing business easier and will also tackle the highly-disputed issues relating to double taxation of a transaction as both goods and services.
- **Boost to 'Make in India' initiative:** GST will give a major boost to the 'Make in India' initiative of the Government of India by making goods and services produced in India competitive in the national as well as international market.



➤ **Buoyancy to the Government Revenue:** GST is expected to bring buoyancy to the Government Revenue by widening the tax base and improving the taxpayer compliance.
 (Note: Any two points may be mentioned)

Question 6

MTP March'21

Briefly explain the liveability of GST or otherwise on petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas.

5 Marks

Answer

Petroleum crude, diesel, petrol, ATF and natural gas are presently not leviable to GST. GST will be levied on these products from a date to be notified on the recommendations of the GST Council. Till such date, central excise duty continues to be levied on manufacture/production of petroleum crude, diesel, petrol, ATF and natural gas and inter-State/intra-State sale of the same is subject to CST/VAT respectively.

Question 7

PYQ Nov'18, CS Exec. Nov'18

List any four Central levies, which are subsumed in GST.

2 Marks

Answer

The Central levies which are subsumed in GST are as under: -

- Central Excise Duty & Additional Excise Duties
- Service tax
- Excise duty under Medicinal & Toilet Preparation Act
- CVD
- Special CVD
- Central Sales Tax
- Central surcharges and cases in so far as they relate to supply of goods & services

Note: Any of the four points may be mentioned.

Moderate

Question 1

CS Exec. June'19

Mention any four products which are kept outside the preview of Goods and Services Tax. Are they exempt from any tax?

4 Marks

Answer:

The following items have been kept outside the purview of Goods and Services Tax:

- Alcoholic liquor for human consumption
- Petroleum crude*
- Motor spirit (petrol)*
- Aviation Turbine Fuel*
- High speed diesel*
- Natural gas*



7. Electricity

8. Immovable Property

*GST to be notified on recommendation of GST Council.

No, they are not exempt but taxable under the respective laws of the Centre and States other than GST.

Question 2

CS Exec. May'18

With reference to GST Laws, how does the new payment system benefit the taxpayer & the Commercial Tax Department?

3 Marks

Answer:

The new payment system benefits the taxpayer and the commercial tax department in the following ways :-

| Benefits to Taxpayer | Benefits to the Commercial Tax Department |
|--|--|
| <p>(1) Ease in payment: No more queues and waiting for making payments as payments can be made online 24x7.</p> <p>(2) Paperless transactions: Electronically generated challan from GSTN common portal in all modes of payment and no use of manually prepared challan.</p> <p>(3) Acknowledgement: Instant online receipts for payments made online.</p> <p>(4) Electronic Challan: Single challan form to be created online, replacing the three or four copy Challan.</p> <p>(5) Transparency: Greater transparency</p> | <p>(1) Instant receipt: Revenue will come earlier into the Government Treasury as compared to the old system.</p> <p>(2) Tax collection: Logical tax collection data in electronic format.</p> <p>(3) Paperless environment: The use of electronic mode facilitates speedy accounting and reporting.</p> <p>(4) Automatic Reconciliation: Due to availability of entries in logical electronic format, there is logical reconciliation of all receipts.</p> <p>(5) Digital storage: Warehousing of digital challan.</p> |

Question 3

CS Exec

Enumerate any five matters on which the GST Council may make recommendations under Article 279A of the Constitution of India.

Answer:

The GST Council shall make recommendation to the Union and the States on the following :-

| | |
|---|---|
| Abolition of taxes | The taxes, cesses and surcharges levied by the Union, the State and the local bodies which may be subsumed in the GST. |
| Number of Goods or Services Exempted | The goods and services that may be subjected to, or exempted from GST. |
| Making of rules of levy and place of supply | Model GST Laws, principles of levy, apportionment of Integrated Goods and Services Tax (IGST) and the principles that govern the place of supply. |
| Threshold exemption | The threshold limit of turnover below which goods and services may be exempted from GST. |
| Rates of tax | The rates including floor rates with bands of GST. |



Multiple Choice Questions

Question 1

MTP Oct'19, MTP Mar'19, MTP May'21

Alcoholic liquor for human consumption is subjected to

- State excise duty
- Central Sales Tax/Value Added Tax
- Both (a) and (b)
- GST

Question 2

MTP April '19

Which of the following statements is true under GST?

- Grand-parents are never considered as related persons to their grandson/granddaughter
- Grand-parents are always considered as related persons to their grandson/granddaughter
- Grand-parents are considered as related persons to their grandson/granddaughter only if they are wholly dependent on their grandson/granddaughter
- None of the above

Question 3

MTP March'19, May'20

Taxes subsumed in GST are

- Service tax
- Luxury tax
- VAT
- All of the Above

Question 4

MTP Sep'23

_____ provides that no tax shall be levied or collected except by authority of law.

- Article 269
- Article 245
- Article 265
- Article 246

Question 5

RTP May'21

Various taxes have been subsumed in GST to make one nation one tax one market for consumers. Out of the following, determine which taxes have been subsumed in GST.

- Basic customs duty levied under Customs Act, 1962
- Taxes on lotteries
- Environment tax

- (ii)
- (ii) and (iii)
- (iii)
- (i), (ii) and (iii)



Question 6

RTP May'21

Goods as per section 2(52) of the CGST Act, 2017 includes:

- (i) Actionable claims
- (ii) Growing crops attached to the land agreed to be severed before supply.
- (iii) Money
- (iv) Securities

a) (i) and (iii)
b) (iii) and (iv)
c) (i) and (ii)
d) (ii) and (iii)

Question 7

CMA Inter

GST is a _____ based tax.

- (A) Territory
- (B) Origin
- (C) Destination
- (D) None of the above

Question 8

CMA Inter

Which of the following taxes have been subsumed in GST?

- (A) Central Sales Tax
- (B) Central Excise Duty
- (C) VAT
- (D) All of the above

Question 9

CMA Inter

GST is levied on supply of all goods and services except:

- (A) Alcoholic liquor for human consumption
- (B) Tobacco
- (C) Health Care Services
- (D) All of the above

Question 10

CMA Inter

On Petroleum Crude, High Speed Diesel, Motor Spirit (commonly known as Petrol), Natural Gas and Aviation Turbine Fuel:

- (A) GST is not levied at all
- (B) GST will be levied from a date to be notified on the recommendations of the GST Council.
- (C) GST is levied, but exempt
- (D) None of the above

Question 11

CS Execu.

The first committee to design GST model was headed by -

- (a) Vijay Kelkar
- (b) Asim Das Gupta
- (c) Dr. Chidambaram
- (d) None of the above



| | |
|---|--|
| Question 12 | CS Execu. |
| One of the following states does not fall under special category given under Article 279A of the Constitution - (a) Himachal Pradesh (b) Uttarakhand (c) Chhattisgarh (d) Jammu & Kashmir | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| Question 13 | CS Execu. |
| The recommendation of the GST Council will be _____. (a) Mandatory (b) Only Advisory Power (c) Mandatory and sometimes Advisory (d) Mandatory on States only | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| Question 14 | CS Execu. |
| List-I of the Constitution contains matters in respect of which has the exclusive right to make laws. (a) Parliament (b) State (c) Both Centre and State Governments (d) Central Government | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| Question 15 | CS Execu. |
| Which article of the Constitution outlines the composition and functions of the GST Council? (a) 270 (b) 279A (c) 246A (d) 269A | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| Question 16 | CS Execu. |
| Goods and Service Tax council referred in which section - (a) 279A of the Constitution (b) 276 of the Constitution (c) 277 of the Constitution (d) 279 of the Constitution | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
| Question 17 | CS Execu. |
| notifies the "rate of central tax to be levied under CGST Act, 2017. (a) Central Government (b) State Government (c) GST Council (d) Central Government as per the recommendations of the GST Council | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |

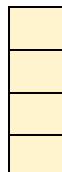


Question 18

CS Execu.

GST Council would consist of which of the following members:

- a. Union Minister of State
- b. minister who is in charge of finance or taxation or any other minister as nominated by the respective State Governments.
- c. minister nominated by Each State Government
- d. All of above

**Answers**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---|----|
| c | c | d | c | a | c | c | d | a | b |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | | |
| b | c | c | a | b | a | d | d | | |

CA VIVEK GABA



Chapter 2: Supply under GST

Descriptive Questions

Easy

Question 1

MTP Oct'20 & Oct'18, PYQ May '18

Explain the meaning of the term "recipient of supply of goods and/or services" under the CGST Act, 2017.

5 Marks

Answer:

Recipient of supply of goods or services or both, means –

- (i) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
- (ii) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
- (iii) where no consideration is payable for the supply of a service, the person to whom the service is rendered, and
- (i) any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply, and
- (ii) shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied.

Question 2

MTP April'19, CS Exec. Nov'18

State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II of CGST Act:

- (i) Renting of immovable property
- (ii) Transfer of right in goods without transfer of title in goods.
- (iii) Works contract services
- (iv) Temporary transfer of permitting use or enjoyment of any intellectual property right
- (v) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date.

5 Marks

Answer

Renting of immovable property would be treated as supply of services in terms of Schedule- II of CGST Act, 2017.

- (i) As per Schedule-II of CGST Act, 2017, transfer of right in goods without transfer of title in goods would be treated as supply of services.
- (ii) As per Schedule-II of CGST Act, 2017, works contract services would be treated as supply of services.



(iii) As per Schedule-II of CGST Act, 2017, temporary transfer of permitting use or enjoyment of any intellectual property right would be treated as supply of services.

(iv) As per Schedule-II of CGST Act, 2017, transfer of title in goods under an agreement which stipulates that property shall pass at a future date would be treated as supply of goods.

Question 3

MTP March'19

Whether transfer of title and/or possession is necessary for a transaction to constitute supply of goods?

5 Marks

Answer

Title as well as possession both have to be transferred for a transaction to be considered as a supply of goods. In case title is not transferred, the transaction would be treated as supply of service in terms of Schedule II(1)(b) of the CGST Act. In some cases, possession may be transferred immediately but title may be transferred at a future date like in case of sale on approval basis or hire purchase arrangement. Such transactions will also be termed as supply of goods.

Question 4

MTP March'18

Discuss the term 'composite supply' and its taxability under GST law.

4 Marks

Answer

Composite supply means a supply made by a taxable person to a recipient and:

- ✓ comprises two or more taxable supplies of goods or services or both, or any combination thereof.
- ✓ are naturally bundled and supplied in conjunction with each other, in the ordinary course of business
- ✓ one of which is a principal supply [Section 2(30) of the CGST Act].

A composite supply comprising of two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply [Section 8 of the CGST Act, 2017].

Question 5

MTP March'18

Explain the term 'aggregate turnover'.

4 Marks

Answer

Aggregate turnover includes the aggregate value of:

- (i) all taxable supplies,
- (ii) all exempt supplies,
- (iii) exports of goods and/or services and
- (iv) all inter-State supplies of persons having the same PAN.

The above 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' [Section 2(6) of CGST Act].

Question 6

MTP March'23

The goods supplied on hire purchase basis will be treated as supply of services. Examine the validity of the statement.

2 Marks

Answer



The statement is not correct. Supply of goods on hire purchase shall be treated as supply of goods as there is transfer of title, albeit at a future date.

Question 7

PYQ Nov '20

With reference to provisions of the CGST Act, 2017 discuss in brief, when "Importation of services" is to be considered as supply and when it is not to be considered as supply. **5 Marks**

Answer

Importation of services for a consideration whether or not in the course or furtherance of business is to be considered as supply.

Importation of services by a person without consideration is deemed as supply provided the following two conditions are satisfied: -

- (a) such import is from related person or from his establishments located outside India, and
- (b) such import is in the course or furtherance of business.

In case any or both of the above two conditions is/are not satisfied, the import of services without consideration shall not be deemed as supply.

Moderate

Question 1

RTP Nov '18

Examine whether the activity of import of service in the following independent cases would amount to supply under section 7:

(i) Miss Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from Mr. Racheal of Sydney (Australia). The amount paid for the said service is 5,000 Australian dollar.

(ii) Miss Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from her brother, Mr. Varun residing in Sydney (Australia) [wholly dependent on Miss Shriniti]. Further, Miss Shriniti did not pay any consideration for the said service.

(iii) Will your answer change if in the above case, if Miss Shriniti has taken interior decoration services with regard to her business premises and not her residence? **5 Marks**

Answer:

i. Supply, under section 7, *inter alia*,

- ✓ includes import of services for a consideration
- ✓ even if it is not in the course or furtherance of business.

Thus, although the import of service for consideration by Miss. Shriniti Kaushik is not in course or furtherance of business [as the interior decoration services have been availed in respect of residence], it would amount to supply.

ii. Schedule I, *inter alia*, stipulates that import of services by a taxable person from a **related person** located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business. Explanation to section 15, *inter alia*, provides that persons shall be deemed to be "**related persons**" if they are **members of the same family**.



Further, as per section 2(49), family means, —

(i) the spouse and children of the person, and

(ii) the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.

In the given case, Miss Shriniti Kaushik has received interior decoration services from her brother. In view of section 2(49)(ii) above, Miss Shriniti and her brother shall be considered to be related as Miss Shriniti's brother is wholly dependent on her. However, Miss Shriniti has taken interior decoration services for her residence and not in course or furtherance of business. Consequently, services provided by Miss Shriniti's brother to her would not be treated as supply under section 7 read with Schedule I.

iii. In the above case, if Miss Shriniti has taken interior decoration services with regard to her business premises, services provided by Miss Shriniti's brother to her would be treated as supply under section 7 read with Schedule I.

Question 2

MTP Oct'19

Raman is an architect in Chennai. His brother who is settled in London is a well-known lawyer. Raman has taken legal advice from him free of cost with regard to his family dispute. Examine whether the said activity would amount to supply under section 7 read with Schedule I of the CGST Act. Would your Answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai?

6 Marks

Answer

Schedule I of CGST Act, inter alia, stipulates that import of services by a taxable person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business. Explanation to section 15, inter alia, provides that persons shall be deemed to be "related persons" if they are members of the same family. Further, as per section 2(49) of the CGST Act, 2017, family means, —

(i) the spouse and children of the person, and

(ii) the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.

In the given case, Raman has received free of cost legal services from his brother. However, in view of section 2(49) (ii) above, Raman and his brother cannot be considered to be related as Raman's brother is a well-known lawyer and is not wholly/mainly dependent on Raman. Further, Raman has taken legal advice from him in personal matter and not in course or furtherance of business. Consequently, services provided by Raman's brother to him would not be treated as supply under section 7 read with Schedule I of the CGST Act.

In the above case, if Raman has taken advice with regard to his business unit, services provided by Raman's brother to him would still not be treated as supply under section 7 of the CGST Act read with Schedule I, as although the same are provided in course or furtherance of business, such services have not been received from a related person.



Question 3

RTP May '18

Sahab Sales, an air-conditioner dealer in Janakpuri, Delhi, needs 4 air-conditioners for his newly constructed house in Safdarjung Enclave. Therefore, he transfers 4 air-conditioners [on which ITC has already been availed by it] from its stock, for the said purpose. Examine whether the said activity amounts to supply under section 7 of the CGST Act, 2017.

Further, a Janakpuri resident, Aakash, approached Sahab Sales. He sold an air-conditioner to Sahab Sales for ₹ 5,000. Aakash had bought the said air-conditioner six months before, for his residence. Does sale of the air conditioner by Aakash to Sahab Sales amount to supply under section 7 of the CGST Act, 2017?

Answer

Section 7 of the CGST Act, 2017 stipulates that in order to qualify as supply:

- (a) Supply should be of goods and/or services.
- (b) Supply should be made for a consideration.
- (c) Supply should be made in the course or furtherance of business.

Further, Schedule I of the CGST Act, 2017 illustrates the activities to be treated as supply even if made without consideration. One such activity is permanent transfer or disposal of business assets where input tax credit has been availed on such asset's, i.e. said activity is to be treated as supply even if made without consideration.

In view of said provisions, permanent transfer of air conditioners by Sahab Sales from its stock for personal use at its residence, though without consideration, would amount to supply.

However, sale of air-conditioner by Aakash to Sahab Sales will not qualify as supply under section 7 of the CGST Act, 2017 as although it is made for a consideration, but it's not in the course or furtherance of business.

Question 4

PYQ July '21

Explain the composite supply and mixed supply. If a trader launches a package sale for marriage containing double bed, refrigerator, washing machine, wooden wardrobe at a single rate. He is issuing invoice showing value of each good separately. Whether this is case of mixed supply or composite supply. Explain.

4 Marks

Answer

Composite supply comprises of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

Mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

Items such as double bed, refrigerator, washing machine and wooden wardrobe are not naturally bundled and also the invoice for the supply shows separate values for each item i.e., the package is not supplied for a single price.



Therefore, supply of such items as a package will neither constitute a composite supply nor a mixed supply.

Thus, the various items of the package will be treated as being supplied individually.

Note: The question specifies that the various items are supplied at a 'single rate'. The "single rate" expression is construed as single rate of tax in the above answer. Further, the "single rate" may also be construed as single price as given in the below mentioned answer. Items such as double bed, refrigerator, washing machine and wooden wardrobe are not naturally bundled.

Therefore, supply of such items as a package will not constitute composite supply. Further, a single price has been charged for the package.

Consequently, supply of such items as a package will be treated as mixed supply.

Question 5

PYQ Nov '18, CS Exec.

Explain the meaning of supply as per provisions of Section 7(1) of Central Goods and Service Tax Act, 2017. 5 Marks

As per section 7(1) of CGST Act, 2017, the term supply includes -

- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person, in the course or furtherance of business;
- (b) **As Per amendment:** the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.
- (c) import of services for a consideration whether or not in the course or furtherance of business;
- (d) the activities specified in Schedule I, made or agreed to be made without a consideration; and
- (e) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.

Question 6

PYQ May '22

Examine whether the following activities would amount to "supply" under GST law?

(i) Glory Ltd. is engaged in manufacturing and selling of cosmetic products. Seva Trust, a charitable organisation, approached Glory Ltd. to provide financial assistance for its charitable activities. Glory Ltd. donated a sum of ₹ 2 lakh to Seva Trust with a condition that Seva Trust will place a hoarding at the entrance of the trust premises displaying picture of products sold by Glory Ltd.

(ii) Mr. Swamy of Chennai is working as a manager with ABC Bank. He consulted M/s. Jacobs and Company of London and took its advice for buying a residential house in Mumbai and paid them consultancy fee of 200 UK Pound for this import of service. 4 Marks

Answer

(i) An activity qualifies as supply under GST only if it is for a consideration and is in course/furtherance of business. Donations received by the charitable organizations are treated as consideration only when there's an obligation on part of the recipient of the donation to do anything.

Since in the given case, the display of products sold by the donor - Glory Ltd. - in charitable



organization's premises aims at advertising/promotion of its business, it is supply for consideration in course/furtherance of business and thus, qualifies as supply under GST law.

(ii) Supply includes importation of services, for a consideration whether or not in the course/furtherance of business. Thus, in the given case, the import of services by Mr. Swamy amounts to supply although it is not in course/furtherance of business.

Question 7

PYQ May '23, RTP Nov '18

List any 5 (Five) activities/transactions specified under Schedule III of the CGST Act, 2017 which shall be neither treated as supply of goods nor as supply of services. Detailed explanations are not required.

5 Marks

Answer

Activities or transactions which shall be treated neither as a supply of goods nor a supply of services are as under: -

- (1) Services by an employee to the employer in the course of or in relation to his employment.
- (2) Services by any court or Tribunal established under any law for the time being in force.
- (3) Functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities.
- (4) Duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity.
- (5) Duties performed by any person as a chairperson or a member or a director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.

Question 8

PYQ Nov'23

Examine whether the following activities would be treated as supply under GST law?

(i) Mr. Sonu from Chandigarh purchased a water cooler from Malhotra Bros. of Hoshiarpur for ₹25,000 to donate it to a temple situated in Hoshiarpur. Mr. Sonu directed Malhotra Bros. to engrave the words on the water cooler- "Donated by Mr. Sonu from Chandigarh" and dispatch the water cooler directly to the temple.

(ii) Wesco Ltd, a registered person in Ahmedabad (Gujarat) having head office located in Singapore, received management consultancy services free of cost from its head office. 4 Marks

Answer:

(i) Donations received by the charitable organizations 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 (supply a service).

Since the name of the donor, Mr. Sonu is displayed in temple as an expression of gratitude and public recognition of his act of philanthropy and is not aimed at advertising or promotion of his business, hence, donation of water cooler by Mr. Sonu to temple is without *quid pro quo* and is, thus, not a supply under GST law.



However, supply of water cooler by Malhotra Bros. to Mr. Sonu is supply as it is made for consideration in course or furtherance of business.

(ii) As per schedule I, in case of import of services by a person from a related person or from his establishments located outside India, without consideration, in the course or furtherance of business shall be treated as "supply".

Hence, services3 received by Wesco Ltd. qualify as supply even though such services have been provided free of cost by the head office.

Question 9

CS Execu.

Define 'intra-State supply' and 'inter-State supply' under GST law. Is it correct to say that inter-State supply attracts both CGST and SGST?

Ans. INTER-STATE SUPPLY [Section 7 of IGST Act, 2017]:

The supply shall be treated as a supply of goods/services in the course of inter-State in the following cases:

1. When location of the supplier and the place of supply are in:

- Two different States
- Two different Union Territory's

A state and a Union Territory

2. Supply of goods/services imported into the territory of India;

3. Supply to/by an SEZ developer or SEZ unit; or

INTRASTATE SUPPLY [Section 8 of IGST Act, 2017]:

The supply of goods/services shall be treated as intra-State supply, where the

location of the supplier and the place of supply are in -

- Same State
- Same Union Territory

GST on inter-State supply

It is not correct to say that inter-State Supply attracts both CGST and SGST as inter-State Supply attracts IGST. However, IGST is the sum total of CGST SGST/UTGST.

Question 10

CS Execu. Dec 2018

Determine which of the following is inter-State supply or intra-State supply, and state whether CGST/SGST/IGST will apply: (with reasons)

(i) Supply of goods to A & Co., Surat from a unit located in SEZ in the same State, viz. Gujarat.

(ii) Export of garments from Bengaluru to Sweden. 4 Marks

Answer:

(i) As per section 7(5) of IGST Act, 2017, supply of goods or services from or to units in SEZ is to be treated as inter-State supply. Hence IGST will apply in this scenario.

(ii) As per section 7(5) of IGST Act, 2017, supply of goods or services to a place outside India



shall be treated as inter-State supply. Therefore, export of garments from Bengaluru to Sweden is an inter-State supply of goods.

Hence IGST will apply.

Question 11

CS Execu. PYQ Dec 2019

State whether the following are supply of goods/services, as per GST law, with brief reasons:

- (i) Mr. X availed the architectural services of his son living in France (free of cost) for designing his residential building and factory layout.
- (ii) Scrap of machinery destroyed by fire handed over to insurance company for settlement of claim.
- (iii) Lease of land for two-wheeler parking stand.
- (iv) Permitting use of registered patent for annual fee.
- (v) Transfer of tenancy right by executing and registering a document.

5 Marks

Answer:

| | Statutory Provision | Whether supply of goods or services |
|------|--|---|
| i. | In terms of section 7 of the CGST Act, 2017, import of service for a consideration whether or not in the course of or furtherance of business is a supply. | Here, the services received by Mr. X is without consideration, thus not a supply. It is not subject to GST |
| ii. | As per Para 1 of Schedule I of the CGST Act, Permanent transfer or disposal of business assets where input tax credit has been availed on such assets is considered as supply. | When the machinery destroyed by fire is handed over to insurance company in return for insurance compensation, it is a supply of goods. |
| iii. | As per Clause 2(a) of Schedule II of the CGST Act, any lease, tenancy, easement, licence to occupy land is a supply of services. | Thus, lease of land for two-wheeler parking is a supply of service. |
| iv. | As per Clause 5(c) of Schedule II of the CGST Act provides that temporary transfer or permitting the use or enjoyment of any intellectual property right is supply of service. | Hence, permitting use of registered patent/trademark shall amount to supply of service. |
| v. | The activity of transfer of tenancy rights is squarely covered under the scope of supply of service in terms of section 7. | However, renting of residential dwelling unit for use as a residence is exempt, when recipient is unregistered. |

Difficulty

Question 1

RTP May '21

Mr. Priyam, director of Sun Moon Company Private Limited, provided service to the company for remuneration of ₹ 1,25,000. Briefly answer whether GST is applicable in the below mentioned independent cases? If yes, who is liable to pay GST?

- (i) Mr. Priyam is an independent director of Sun Moon Company Private Limited and not an employee of the company.



(ii) Mr. Priyam is an executive director, i.e. an employee of Sun Moon Company Private Limited. Out of total remuneration amounting to ₹ 1,25,000, ₹ 60,000 has been declared as salaries in the books of Sun Moon Company Private Limited and subjected to TDS under section 192 of the Income-Tax Act (IT Act).

However, ₹ 65,000 has been declared separately other than salaries in the Sun Moon Company Private Limited's accounts and subjected to TDS under section 194J of the IT Act as professional services.

Answer

(I) As per Para I of Schedule III of the CGST Act, services by an employee to the employer in the course of or in relation to his employment are non-supplies, i.e. they are neither supply of goods nor supply of services. Services provided by the independent directors who are not employees of the said company to such company, in lieu of remuneration as the consideration for the said services, are clearly outside the scope of Schedule III of the CGST Act and are therefore taxable. Further, such remuneration paid to the directors is taxable in hands of the company, on reverse charge basis. Thus, GST is applicable in this case and Sun Moon Company Private Limited is liable to pay GST.

(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.

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, ₹ 60,000 declared as salaries in the books of Sun Moon Company Private Limited 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.

Further, ₹ 65,000 declared separately other than salaries in the Sun Moon Company Private Limited's accounts and subjected to TDS under section 194J of the IT Act as professional services is treated as consideration for providing services which is outside the scope of Schedule III and is therefore, taxable. The recipient of the said services i.e. the Sun Moon Company Private Limited, is liable to discharge the applicable GST on it on reverse charge basis.

Question 2

CS Execu. June'19

Sugandha Enterprises, dealers of Watches, Leather goods and other items is supplying a Kit containing a piece of Watch, a Wallet and a Pen bundled as a Combo Pack for ₹ 12,500. The rates of GST on pen are 12%, on wallet is 18% and on watch is 28%. The selling price of



individual items are Watch ₹ 11,000, Wallet ₹ 1,000 and Pen ₹ 1,500. Determine the nature of supply of the combo pack and the rate of GST to be charged. 3 Marks

Answer:

Nature of Supply:

Each of the goods in the package has individual identity and can be supplied separately, but is deliberately supplied conjointly for a single consolidated price. Hence, the supply of all the three items in the combo pack would constitute mixed supply as per section 2(74) of CGST Act, 2017.

Rate of GST:

As per section 8(b) of CGST Act, 2017, the tax rates applicable in case of mixed supply would be the rate of tax attributable to that one supply (goods, or services) which attracts the highest rate of tax from amongst the supplies forming part of the mixed supply. Therefore, entire package will be chargeable to GST @ 28%.

Question 3

CS Execu. June'19

State which of the following is composite supply or mixed supply under the GST law:

- (i) Sale of car with warranty coverage.
- (ii) Gift pack with chocolates and books.
- (iii) Sale of Refrigerator with power stabilizer.
- (iv) Hotel accommodation with complimentary breakfast.
- (v) Doctor providing consultancy and dispensing medicines.

3 Marks

Answer:

| Particulars of Supply | Composite or Mixed Supply |
|---|--|
| Sale of car with warranty coverage | Composite Supply: Sale of car with warranty coverage is a composite supply as both supplies are naturally bundled and sale of car is a principal supply. |
| Gift pack with chocolates and books | Mixed Supply: Gift pack with chocolates and books are not bundled due to natural necessities and hence they are mixed supply. |
| Sale of Refrigerator with power stabilizer | Mixed Supply: Refrigerator and power stabilizer are not inseparable and are not bundled due to natural necessities. They are mixed supply. |
| Hotel accommodation with complimentary breakfast | Composite Supply: Hotel accommodation with complimentary breakfast is a composite supply as the principal supply is supply of accommodation service |
| Doctor providing consultancy and dispensing medicines | Composite Supply: Doctor providing consultancy and dispensing medicine is a composite supply as the principal supply is supply of medical service. |



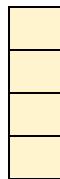
Multiple Choice Questions

Question 1

MTP Oct'19

Which of the following is not a supply of services?

- (a) Renting of Commercial Office Complex
- (b) Payment of Non-Compete Fee by an ex-employee to his previous employer
- (c) Repairing of Mobile Phone
- (d) Permanent transfer of business assets on which ITC is availed

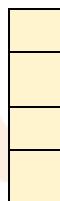


Question 2

MTP March '19

Which of the following services received without consideration amount to supply?

- (1) Import of services by a person in India from his son well-settled in USA
- (2) Import of services by a person in India from his brother well-settled in Germany
- (3) Import of services by a person in India from his brother (wholly dependent on such person in India) in France
- (4) Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia
- (a) 1), 3) and 4)
- (b) 2), 3) and 4)
- (c) 2) and 3)
- (d) 1) and 2)

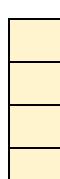


Question 3

MTP March'23

Determine which of the following independent transactions even if made without consideration in terms of Schedule I of the CGST Act, 2017, will be deemed as supply?

- (i) AB & Associates transfers stock of goods from its Mumbai branch to Kolkata depot for sale of such goods at the depot.
- (ii) Mr. Raghuvir, a dealer of air-conditioners permanently transfers the motor vehicle free of cost. ITC on said motor vehicle was blocked and therefore, was not availed.
- (iii) Mrs. Riddhi, an employee of Sun Ltd., received gift from her employer on the occasion of Diwali worth ₹ 21,000.
- (a) (i)
- (b) (ii)
- (c) (iii)
- (d) Both (i) and (ii)

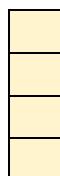


Question 4

RTP May'19

M.H. Husain, a famous painter, Delhi, sends his latest art work to Indian Classic gallery, Delhi, for exhibition. However, no consideration has flown from Indian Classic gallery to M. H. Husain when the art work is sent to the gallery for exhibition. M. H. Husain is in dilemma whether GST is payable on said transfer of art work. What would be your advice on the same?

- (a) GST is payable as the same amounts to taxable supply of goods.
- (b) GST is payable as the same amounts to taxable supply of services.
- (c) GST is not payable as the same is an exempt supply.
- (d) GST is not payable as the same does not amount to supply at all.



Question 5

RTP Nov'19

ABC Ltd. is a registered pharmaceutical company. The company invented one drug for instant cure of cancer. They supplied free samples of this medicine to various doctors. What will be the tax treatment of these free samples under GST?

- (a) ABC Ltd. is liable to pay tax on supply of free samples and eligible to claim input tax credit.
- (b) ABC Ltd. is not liable to pay tax on supply of free samples but eligible to claim input tax credit.
- (c) ABC Ltd. is neither liable to pay tax on supply of free samples nor eligible to claim input tax credit.
- (d) ABC Ltd. is liable to pay tax on supply of free samples but not eligible to claim input tax credit.

Question 6

RTP May'21

Which of the following is not covered under Schedule III of CGST Act, 2017?

- (a) Director's monthly salary under employment agreement
- (b) Sitting fees to independent directors for attending AGMs
- (c) Payment to employee for providing broking services to the employer for purchase of commercial property. Such services do not form part of the employment contract entered into by the employer with the employee.
- (d) Both (b) and (c).

Question 7

RTP May'20

Mr. Arun, a registered supplier, is engaged in selling sweets. The sweets are sold in boxes and the cost of each sweet box is ₹ 500/-. In order to increase his turnover, he purchased certain juice cans @ ₹ 20/- each and added juice can with every sweet box as a gift. A sweet box along with free juice can is sold at ₹ 500/- each.

Which of the statements is correct?

- (a) He is liable to pay tax on ₹ 520/- and eligible to claim input tax credit on purchase of juice cans
- (b) He is liable to pay tax on ₹ 500/- and not eligible to claim input tax credit on purchase of juice cans
- (c) He is liable to pay tax on ₹ 500/- and also eligible to claim input tax credit on purchase of juice cans
- (d) Either (a) or (b)

Question 8

RTP May'20

Which is not considered as supply under GST Law?

- i. Date of completion certificate - 31/01/20XX
- ii. Date of agreement with buyer - 01/02/20XX
- iii. Consideration received - 05/02/20XX

- (a) Stock transferred from one establishment in Delhi to another establishment in Gurgaon, Haryana registered under same PAN.
- (b) CA Ram supplies accounting services to CA Radha in lieu of taxation services received from CA Radha.
- (c) A Health club supplies lunch to its members at its annual meeting against a nominal charge.
- (d) Mr. A sells a flat to Mr. B



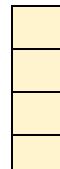
Question 9

RTP May'20

Which of the following activity shall be treated neither as a supply of goods nor a supply of services?

- (i) Permanent transfer of business assets where input tax credit has been availed on such assets
- (ii) temporary transfer of intellectual property right
- (iii) transportation of deceased
- (iv) services by an employee to the employer in the course of employment

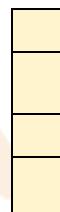
(a) (i) & (iii)
 (b) (ii) & (iv)
 (c) (i) & (ii)
 (d) (iii) & (iv)

**Question 10**

RTP May'21

Sahil, a resident of Delhi, is having a residential property in Vasant Vihar, Delhi which has been given on rent to a family for ₹ 50 lakh per annum. Determine whether Sahil is liable to pay GST on such rent.

- (a) Yes, as services by way of renting is taxable supply under GST.
- (b) No, service by way of renting of residential property is exempt.
- (c) No, service by way of renting of residential property does not constitute supply.
- (d) Sahil, being individual, is not liable to pay GST.

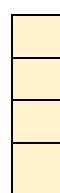
**Question 11**

RTP Nov'21

Determine which of the following independent cases will be deemed as supply even if made without consideration in terms of Schedule I of the CGST Act, 2017?

- (i) AB & Associates transfers stock of goods from its Mumbai branch to Kolkata depot for sale of such goods at the depot.
- (ii) Mr. Raghuvir, a dealer of air-conditioners permanently transfers the motor vehicle free of cost. ITC on said motor vehicle is blocked.
- (iii) Mrs. Riddhi, an employee of Sun Ltd., received gift from her employer on the occasion of Diwali worth ₹ 21,000.

(a) (i)
 (b) (ii)
 (c) (iii)
 (d) Both (i) and (ii)

**Question 12**

ICAI BoS

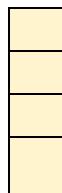
Jolly Electronics (P) Ltd., an authorized dealer of GG Micro Ltd., is located and registered under GST in Lucknow, Uttar Pradesh. It has sold following items to Mr. Rakesh (a consumer):

Product: Refrigerator (500 litres) taxable @ 18% = Rs.40,000
 Product: Stabilizer for refrigerator taxable @ 12% = Rs. 5,000
 Product: LED television (42 inches) taxable @ 12% = Rs.30,000
 Product: Split air conditioner (2 Tons) taxable @ 28% = Rs.35,000
 Product: Stabilizer for air conditioner taxable @ 12% = Rs. 5,000
 Total value = Rs.1,15,000



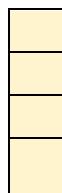
Jolly Electronics (P) Ltd. has given a single invoice indicating price of each item separately to Mr. Rakesh. Mr. Rakesh has given a single cheque of Rs. 1,00,000 for all the items as a composite discounted price. State the type of supply and the tax rate applicable on the same.

(a) Composite supply; highest tax rate applicable to split air conditioner, i.e. 28%
 (b) Mixed supply; highest tax rate applicable to split air conditioner, i.e. 28%
 (c) Supply other than composite and mixed supply; highest tax rate applicable to split air conditioner, i.e., 28%
 (d) Supply other than composite and mixed supply; respective tax rate applicable to each item

**Question 13****ICAI BoS**

Which of the following is/are not considered as a supply under the CGST Act, 2017?

(a) Importation of architectural services for Rs. 1,00,000 for construction of residential property used for personal purposes from unrelated person.
 (b) Importation of architectural services free of cost for construction of office used for business purposes from related person.
 (c) Importation of architectural services free of cost for construction of office used for business purposes from unrelated person.
 (d) Both (a) and (c)

**Question 14****ICAI BoS**

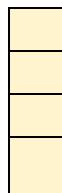
Palliwal Associates, a firm of Chartered Accountants registered under GST, located in Jaipur, Rajasthan is providing professional consultancy services to its various clients.

It has taken consultancy services for its Jaipur business from another establishment of its firm located in UK. However, no consideration was charged for the same.

Such services would have been taxable @ 18% (CGST @ 9%, SGST @ 9% and IGST @ 18%), had the same been received from a local firm. Further, Palliwal Associates would have paid Rs. 4.00 lakh, had it not received the said services from its UK establishment.

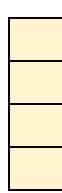
Determine the GST liability of Palliwal Associates.

(a) IGST - Rs. 72,000
 (b) CGST - Rs. 36,000 & SGST - Rs. 36,000, since place of supply is in India
 (c) Nil, since no foreign exchange was paid.
 (d) Nil, since such services are exempt.

**Question 15****ICAI BoS**

Which of the following is not a supply under the CGST Act, 2017?

(a) Goods supplied free of cost by X & Sons to its agent for further supply to customer at Rs. 5,000 for which invoice will be issued by the agent in his own name.
 (b) Importation of accounting services (for business purposes) free of cost from a dependent father residing in US.
 (c) An expensive watch gifted to an employee for Rs. 50,000. No other gifts provided to such employee during the entire financial year.
 (d) A machinery disposed of free of cost on which input tax credit has been availed.



Question 16**CS Exec.**

Which of the following cases constitute as Composite Supply?

- (i) A Five-star hotel provides four days and three-night package, with breakfast.
- (ii) Combo packs of Tie, watch, wallet, pen bundled as a kit and supplied for a single price.
- (iii) Repair Service of Computer along with requisite parts.
- (iv) Supply of lectures at coaching centre with an excursion trip.

(a) (i), (ii) and (iv)
 (b) (i) and (iii)
 (c) (i), (iii) and (iv)
 (d) (ii), (iii) and (iv)

Question 17**CS Exec.**

Where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, the usage or making available of such goods is

- (a) Supply of goods
- (b) neither as a supply of goods nor a supply of services.
- (c) Supply of services
- (d) either as a supply of goods or as a supply of services.

Question 18**CMA Inter.**

_____ specifies the activities to be treated as supply even if made without consideration.

- (A) Schedule I of CGST Act
- (B) Schedule II of CGST Act
- (C) Schedule III of CGST Act
- (D) All of the above

Question 19**CMA Inter.**

Which of the following supplies are naturally bundled?

- (A) Rent deed executed for renting of two different floors of a building one for residential and another for commercial purpose to same person
- (B) Pack of watch, tie and belt
- (C) Package of canned food such as burger, chocolates, sweets, cake etc
- (D) None of the above

Question 20**CMA Inter.**

Which of the following activities is a supply of services?

- (A) Transfer of right in goods/undivided share in goods without transfer of title in goods.
- (B) Transfer of title in goods
- (C) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date
- (D) All of the above



Answers

| | | | | | | | | | |
|----|----|----|----|----|----|----|----|----|----|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| d | c | a | d | c | d | b | d | d | b |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| d | b | d | a | c | b | d | a | b | a |



Chapter 3: Charge of GST

Descriptive Questions

Easy

Question 1

MTP Oct'21

A person availing composition scheme, under sub-sections (1) & (2) of section 10, in Haryana during a financial year crosses the turnover of ₹ 1.5 crore in the month of December. Will he be allowed to pay tax under composition scheme for the remainder of the year, i.e. till 31st March? Please advise.

4 Marks

Answer:

No. The option to pay tax under composition scheme lapses from the day on which the aggregate turnover of the person availing composition scheme for goods during the financial year exceeds the specified limit (₹ 1.5 crore). Once he crosses the threshold, he is required to file an intimation for withdrawal from the scheme in prescribed form within 7 days of the occurrence of such event. Every person who has furnished such an intimation, may electronically furnish at the common portal, a statement in prescribed form containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn, within a period of 30 days from the date from which the option is withdrawn.

Question 2

MTP Nov'21

Subramanian Enterprises has two registered places of business in Delhi. Its aggregate turnover for the preceding year for both the places of business was ₹ 120 lakh. It wishes to pay tax under composition levy, under section 10(1) & 10(2), for one of the places of business in the current year while under normal levy for other. You are required to advise Subramanian Enterprises whether he can do so?

4 Marks

Answer

GST is a simplified tax structure. The statement is justified. Simpler tax regime with fewer exemptions along with reduction in multiplicity of taxes under GST has led to simplification and uniformity in tax structure.

The uniformity in laws, procedures and tax rates across the country makes doing business easier. Common system of classification of goods and services across the country ensures certainty in tax administration across India.

Question 3

PYQ July'21

P Ltd, a registered person provided following information for the month of October, 2023:

| Particulars | Amount (₹) | VG SIR |
|-------------|------------|--------|
|-------------|------------|--------|



| | |
|--|-------------|
| Intra-State outward supply | 8,00,000 |
| Inter-State exempt outward supply | 4,00,000 |
| Turnover of exported goods | 20,00,000 |
| Payment of IGST | 1,20,000 |
| Payment of CGST and SGST | 45,000 each |
| Payment of custom duty on export | 40,000 |
| Payment made for availing GTA services | 3,00,000 |

GST is payable on Reverse Charge for GTA services. Explain the meaning of aggregate turnover u/s 2(6) of the CGST Act and compute the aggregate turnover of P Ltd. for the month of October, 2020. All amounts are exclusive of GST. 5 Marks

Answer

The term aggregate turnover means the aggregate value of:

- (i) all taxable supplies
- (ii) exempt supplies,
- (iii) exports of goods or services or both and
- (iv) inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excluding
 - central tax, State tax, Union territory tax, integrated tax and cases.
 - the value of inward supplies on which tax is payable by a person on reverse charge basis

Computation of aggregate turnover of P Ltd. for the month of October, 2023

| Particulars | Amount (₹) |
|--|------------|
| In terms of the definition of the aggregate turnover given above, the aggregate turnover of P Ltd. has been computed as follows: | |
| Intra-State outward supply | 8,00,000 |
| Inter-State exempt outward supply | 4,00,000 |
| Turnover of exported goods | 20,00,000 |
| Payment of IGST | Nil |
| Payment of CGST and SGST | Nil |
| Payment of customs duty on export | 40,000 |
| Payment made under reverse charge for availing GTA services | Nil |
| Aggregate turnover | 32,40,000 |

Question 4

PYQ Jan'21

Mr. Anurag, a famous Author is engaged in supply of services by the way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher. Explain in brief the conditions under which an Author can choose to pay tax under forward charge. 5 Marks

Answer

Mr. Anurag, an author, can choose to pay tax under forward charge provided he fulfills the following conditions: -

1. He has taken registration under the GST law.



2. He has filed a declaration, in the prescribed form, that he exercises the option to pay tax on the said service under forward charge and, to comply with all the provisions of the GST law as they apply to a person liable for paying the tax in relation to the supply of any goods and/or services and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option.

3. He makes a declaration on the invoice issued by him in prescribed form to the publisher.

Question 5

PYQ May'19, MTP Sept' 24

Enumerate the persons who are not eligible to opt for Composition Scheme under section 10(2) of the CGST Act, 2017.

5 Marks

Answer:

A registered person shall not be eligible to opt for composition scheme if: - he is engaged in supply of services other than supplies referred to in clause (b) of paragraph 6 of Schedule II

- (i) he is engaged in supply of goods or services not leviable to tax
- (ii) he is engaged in inter-State outward supplies of goods or services
- (iii) he is engaged in supply of goods or services through an electronic commerce operator
- (iv) he is a manufacturer of notified goods, namely, manufacturer of ice cream, pan masala and tobacco.
- (v) He is a casual taxable person or a non-resident taxable person

Question 6

PYQ May'18

List the inclusions and exclusions for computing the "Aggregate Turnover" under CGST Act, 2017.

5 Marks

Answer:

Aggregate turnover includes the aggregate value of all:

- (i) taxable supplies,
- (ii) exempt supplies,
- (iii) exports of goods and/or services and
- (iv) inter-State supplies of persons having the same PAN., to be computed on all India basis

Aggregate turnover excludes: -

- (i) value of inward supplies on which tax is payable by a person on reverse charge basis,
- (ii) central tax, State tax, Union territory tax, integrated tax and
- (iii) cases

Question 7

PYQ Nov'22

Answer the following, after reading the below given paragraph:

- (i) Briefly discuss the relevant provision
- (ii) decide the correct conclusion and
- (iii) determine the validity of the given advice (Correct/Incorrect)

Raju is engaged in the manufacture of 'Fly ash Bricks' in the State of Kerala. He



started his activity in the month of April 2022 and deals only in intra-State. His tax consultant advised him to register under composition levy under GST as Raju's turnover is expected to be below ₹ 1 crore for the said financial year.

2 Marks

Answer:

A registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore in a State/UT may opt for composition scheme subject to fulfilment of specified conditions. One of these conditions is that he must not be engaged in the manufacture of notified goods including fly ash bricks.

Therefore, in the given case, since Raju is engaged in manufacture of fly ash bricks, he cannot opt for composition levy even though his aggregate turnover in the preceding financial year is nil. Thus, the advice given by his tax consultant is not correct.

Question 8

PYQ Nov'19

Explain in brief the conditions to be fulfilled by a registered person under GST law for availing the option to pay concessional tax @ 3% (effective rate 6%) under GST as per the provisions of notification number 2/2019 CT(R) dated 7-3-2019 as amended, with effect from 1st April, 2019.

5 Marks

Answer:

The registered person desirous of availing the option to pay concessional tax @ 3% (effective rate 6%) under Notification No. 2/2019 CT (R) dated 7-3-2019 should -

- (i) Not be engaged in making any supply which is not leviable to tax.
- (ii) Not be engaged in making any inter-state outward supply of goods and/or services.
- (iii) Neither be a casual taxable person nor a non-resident taxable person.
- (iv) Not be engaged in making any supply through an electronic commerce operator who is required to collect tax at source.
- (v) Not be engaged in making supplies of notified goods.
- (vi) Neither collect any tax from the recipient nor be entitled to any input tax credit.
- (vii) Issue a bill of supply instead of tax invoice.
- (viii) Not have the aggregate turnover in the preceding financial year exceeding ₹50 lakh
- (ix) Not be eligible for composition scheme.

Note: any five conditions may be mentioned out of the above mentioned nine conditions.

Moderate

Question 1

MTP April'19

Mr. Guneet is running a consulting firm and also a readymade garment showroom in Kolkata registered in same PAN. Turnover of the showroom is Rs. 70 lakh and receipt of consultancy firm is Rs. 15 lakhs in the preceding financial year. You are required to answer the following:

1. Is Mr. Guneet eligible for composition scheme?



2. Is it possible for Mr. Guneet to opt for composition scheme only for showroom? **4 Marks**

Answer:

A registered person, whose aggregate turnover in the preceding financial year did not exceed Rs. 1 crore (*As per amendment- the limit has been changed to Rs. 1.5 crore*) in a State/UT [Rs. 75 lakhs in case of Special Category States except Jammu and Kashmir and Uttarakhand], may opt for composition scheme. However, he shall not be eligible to opt for composition scheme if, inter alia, he is engaged in the supply of services other than restaurant services.

1. In the given case, since Mr. Guneet is engaged in the supply of consultancy service, he is not eligible to opt for composition scheme irrespective of its turnover in the preceding financial year.

2. No, it is not possible for Mr. Guneet to opt for composition scheme only for showroom as all the registrations under the same PAN have to opt for composition scheme and since the supply of consultancy service is ineligible for composition scheme, supply of readymade garments too becomes ineligible for composition scheme.

Question 2

MTP Oct'18

M/s. Modish and Stylish Company is a partnership firm of interior decorators and also running a readymade garment showroom. Turnover of the showroom was Rs. 80 lakh and receipts of the interior decorator's service was Rs. 22 Lakh in the preceding financial year.

With reference to the provisions of the CGST Act, 2017, examine whether the firm can opt for the composition scheme?

Will your Answer change, if the turnover of the showroom was Rs? 70 lakh and receipts of the interior decorator's service was Rs. 22 Lakh in the preceding financial year?

Also discuss whether it is possible for M/s. Modish and Stylish Company to opt for composition scheme only for showroom?

Answer:

A registered person, whose aggregate turnover in the preceding financial year did not exceed Rs. 1 crore (*As per amendment- the limit has been changed to Rs. 1.5 crore*) [Rs. 75 lakhs in case of special category States except Jammu and Kashmir and Uttarakhand], may opt for composition scheme vide section 10 of CGST Act, 2017.

However, he shall not be eligible to opt for composition scheme if, inter alia, he is engaged in the supply of services other than restaurant services.

In the given case, since M/s Modish and Stylish Company is engaged in supply of interior decorator's service, it is not eligible to opt for composition scheme irrespective of its turnover in the preceding financial year.

Therefore, the Answer will remain the same i.e., the company will not be eligible to opt for composition scheme even with the change in the turnovers as given in the second case.

Further, where more than one registered person is having the same Permanent Account Number, the registered person shall not be eligible to opt for composition scheme unless all such registered persons opt to pay tax under composition scheme.



Therefore, the Answer will not change in the third case also as all the registrations under the same PAN are required to opt for composition scheme and since the supply of interior decorator service is ineligible for composition scheme, supply of readymade garments too becomes ineligible for composition scheme.

Question 3

MTP March'19, PYQ Nov '18

Decide which person is liable to pay GST in the following independent cases, where the recipient is located in the taxable territory. Ignore the Aggregate Turnover and Exemption available.

- i. Miss Shinu Ambani provided sponsorship services to Indian Love Cricket Academy, a Limited Liability Partnership.
- ii. "Fast move", a Goods Transport Agency, transported goods of Amba & Co., a partnership firm which is not registered under GST.

3/4 Marks

Answer:

- i. In case of services provided by any person by way of sponsorship to anybody corporate or partnership firm / limited liability partnership (LLP), GST is liable to be paid under reverse charge by such body corporate or partnership firm / LLP located in the taxable territory. Therefore, in the given case, Indian Love Cricket Academy is liable to pay GST under reverse charge.
- ii. In case of services provided by Goods Transport Agency (GTA) in respect of transportation of goods by road to, inter alia, any partnership firm whether registered or not under any law; GST is liable to be paid by such partnership firm. Therefore, in the given case, Amba & Co. is liable to pay GST under reverse charge.

Question 4

MTP Oct'22

Examine given cases and determine the persons liable to pay tax in each of the following independent cases:

- i. Dharam Shastri, an independent director of Universe Pvt. Ltd., has received sitting fee amounting to ₹ 1 lakh from Universe Pvt. Ltd. for attending the Board meetings.
- ii. Chandan Associates provided sponsorship services to Virat Cricket Academy, an LLP.
- iii. Legal Fees is received by Gaba, an advocate, from M/s. Naveen Consultants having turnover of ₹ 50 lakh in preceding financial year.

6 Marks

Answer:

- i. GST on supply of services by director of a company to the said 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., Universe Pvt. Ltd.

As per amendment it is clarified that services supplied by the director of the company in his personal capacity such as service supplied by renting of immovable property are not taxable under RCM.

- ii. In case of services provided by any person by way of sponsorship to anybody corporate or partnership firm, GST is liable to be paid under reverse charge by such body corporate or partnership firm located in the taxable territory.



Further, for the reverse charge purposes, Limited Liability Partnership formed and registered under the provisions of the Limited Liability Partnership Act, 2008 is also be considered as a partnership firm. Therefore, in the given case, Virat Cricket Academy is liable to pay GST under reverse charge.

iii. GST on legal services supplied by an advocate [Mr. Gaba] to any business entity [M/s Naveen Consultants] 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. Naveen Consultants.

Question 5

MTP March'23

M/s United Electronics, a registered dealer, is supplying all types of electronic appliances in the State of Karnataka. Its aggregate turnover in the preceding financial year by way of supply of appliances is ₹ 120 lakh.

The firm also expects to provide repair and maintenance service of such appliances from the current financial year.

With reference to the provisions of the CGST Act, 2017, examine:

- Whether the firm can opt for the composition scheme, under section 10(1) and 10(2), for the current financial year, as the turnover may include supply of both goods and services?
- If yes, up to what amount, the services can be supplied? 6 Marks

Answer:

1. The registered person, whose aggregate turnover in the preceding financial year does not exceed ₹ 1.5 crore, may opt to pay tax under composition levy, under section 10(1) and 10(2). The scheme can be availed by an intra-State supplier of goods and supplier of restaurant service.

However, the composition scheme permits supply of marginal services (other than restaurant services) for a specified value along with the supply of goods and restaurant service, as the case may be.

Thus, M/s United Electronics can opt for composition scheme for the current financial year as its aggregate turnover is less than ₹ 1.5 crore in the preceding financial year and it is not engaged in inter-State outward supplies.

ii. The registered person opting for composition scheme, under section 10(1) and 10(2), can also supply services (other than restaurant services) for a value up to 10% of the turnover in the preceding year or ₹ 5 lakh, whichever is higher, in the current financial year.

Thus, M/s United Electronics can supply repair and maintenance services up to a value of ₹ 12 lakh [10% of ₹ 120 lakh or ₹ 5 lakh, whichever is higher] in the current financial year.

Question 6

MTP Sep'23

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:

- Mohan Enterprises is engaged only in trading of pan masala in Rajasthan and is registered in the same State.

VG Sir

2. Sugam Manufacturers has registered offices in Punjab and Haryana and sells goods manufactured by it in the neighboring States. 4 Marks

Answer:

1. A supplier engaged in the manufacture of goods as notified under section 10(2)(e) of the CGST Act, 2017, during the preceding FY is not eligible for composition scheme under section 10(1) and 10(2). 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 Mohan 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.

2. Since supplier of inter-State outward supplies of goods or services is not eligible for composition levy, Sugam Manufacturers is not eligible for composition levy.

Question 7

RTP Nov'19

Mr. Vicky Frankyn, an unregistered famous author, received ₹ 3 crore of consideration from Shiv Bhawan Publications (SBP) located in Indore for supply of services by way of temporary transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works of his new book. He finished his work & made available the book to the publisher, but has yet not raised the invoice.

Mr. Vicky Frankyn is of the view that SBP is liable to pay tax under reverse charge on services provided by him. SBP does not concur with his view and is not ready to deposit the tax under any circumstances. Examine whether the view of Mr. Vicky Frankyn is correct. Further, if the view of Mr. Vicky Frankyn is correct, what is the recourse available with Mr. Vicky Frankyn to comply with the requirements of GST law as SBP has completely refused to deposit the tax.

Answer:

Yes, the view of Mr. Vicky Frankyn is correct. GST is payable under reverse charge in case of supply of services by an author by way of transfer/permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary work to a publisher located in the taxable territory in terms of reverse charge Notification No. 13/2017 CT(R) dated 28.06.2017. Therefore, in the given case, person liable to pay tax is the publisher - SBP.

However, since SBP has completely refused to deposit the tax on the given transaction, Mr. Vicky Frankyn has an option to pay tax under forward charge on the same.

For the purpose, he needs to fulfill the following conditions:

(As per amendment the answer is the same but a separate line item has been added in the exemption list)

- (i) since he is unregistered, he has to first take registration under the CGST Act, 2017
- (ii) he needs to file a declaration, in the prescribed form, that he exercises the option to pay CGST on the said service under forward charge in accordance with section 9(1) of the



CGST Act and to comply with all the provisions as they apply to a person liable for paying the tax in relation to the supply of any goods and/or services and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option;

- (iii) he has to make a declaration on the invoice, which he would issue to SBP, in prescribed form.

Question 8

RTP May'20

Mr. Ajay has a registered repair centre where electronic goods are repaired/serviced. His repair centre is located in State of Rajasthan and he is not engaged in making any inter-State supply of services. His aggregate turnover in the preceding financial year (FY) is ₹ 45 lakh.

With reference to the provisions of the CGST Act, 2017, examine whether Mr. Ajay can opt for the composition scheme in the current financial year (FY)? Is he eligible to avail benefit of concessional payment of tax under Notification No. 2/2019 CT (R) dated 07.03.2019? Considering the option of payment of tax available to Mr. Ajay, compute the amount of tax payable by him assuming that his aggregate turnover in the current financial year is ₹ 35 lakh.

Will your answer be different if Mr. Ajay procures few items required for providing repair services from neighbouring State of Madhya Pradesh?

Answer:

Section 10 of the CGST Act, 2017 provides that a registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore (₹ 75 lakh in Special Category States except Assam, Himachal Pradesh and Jammu and Kashmir), may opt to pay, in lieu of the tax payable by him, an amount calculated at the specified rates. However, if, inter alia, such registered person is engaged in the supply of services other than restaurant services, he shall not be eligible to opt for composition levy.

In the given case, since Mr. Ajay is a supplier of repair services, he is not eligible for composition scheme even though his aggregate turnover in the preceding FY does not exceed ₹ 1.5 crore.

Therefore, he has to discharge his tax liability under regular provisions at the applicable rates. However, with effect from 01.04.2019, Notification No. 2/2019 CT (R) dated 07.03.2019 has provided an option to a registered person whose aggregate turnover in the preceding financial year is upto ₹ 50 lakh and who is not eligible to pay tax under composition scheme, to pay tax @ 3% [Effective rate 6% (CGST+ SGST/UTGST)] on first supplies of goods and/or services upto an aggregate turnover of ₹ 50 lakh made on/after 1st April in any FY, subject to specified conditions.

Thus, in view of the above-mentioned provisions, Mr. Ajay is eligible to avail the benefit of concessional payment of tax under Notification No. 2/2019 CT (R) dated 07.03.2019 as his aggregate turnover in the preceding FY does not exceed ₹ 50 lakh and he is not eligible to opt for the composition scheme. Thus, the amount of tax payable by him under Notification No. 2/2019 CT (R) dated 07.03.2019 is ₹ 2,10,000 [6% of ₹ 35 lakh]. A registered person cannot opt for Notification No. 2/2019 CT (R) dated 07.03.2019, if inter alia, he is engaged in making any inter-State outward supplies. However, there is no restriction on inter-State procurement of goods.

Hence, answer will remain the same even if Mr. Ajay procures few items from neighbouring State of Madhya Pradesh.



Question 9

In the following independent cases, decide, who is liable to pay GST, if any.

You may assume that recipient is located in the taxable territory. Ignore the aggregate turnover and exemption available.

1. 'Veer Transport', a registered Goods Transport Agency (GTA) paying IGST @12%, transported goods by road of Dili & Company, a sole proprietary firm (other than specified person) which is not registered under GST or any other Law. 2 Marks

2. Mr. Kamal Jain, an unregistered famous author, received ₹20 lakh of consideration from PQR Publications Ltd. for supply of services by way of temporary transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works of his new book. 2 Marks

Answer:

(i) In case of a GTA service, where GST is payable @ 5% and recipient is one of the specified recipients, tax is payable by the recipient of service under reverse charge.

However, where GST is payable @ 12%, tax is payable under forward charge by the supplier of service. Therefore, in the given case, tax is payable under forward charge by "Veer Transport", a registered GTA. Note in the given case, since the recipient of service is other than specified recipient, i.e., unregistered sole proprietorship firm, GTA service is exempt from GST.

However, in the above answer, the said exemption has been ignored since the question specifically requires the students to ignore the exemptions, if any, available.

(ii) Supply of services by an author by way of transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works to a publisher located in the taxable territory is taxable under reverse charge mechanism. Thus, in the given case, the recipient of service, i.e. PQR Publications Ltd. is liable to pay GST. The tax can be paid by the author under forward charge if the author is a registered person. Since in the given case, the author is an unregistered person, the said option is not available to him.

Question 10

PYQ May'18

M/s Sai Trading Company, an eligible registered dealer in goods making intra -state supplies within the state of Andhra Pradesh, has reported an aggregate turnover of ₹78 Lakhs in the preceding financial year.

(i) Determine whether Sai Trading Company will be eligible for composition levy, as on 31-10-2017.
 (ii) Will your answer be different, if in the above scenario, M/s Sai Trading Company is making intra state supply within the state of Jammu and Kashmir? 3 Marks

Answer:

(i) Section 10 of CGST Act, 2017 provides that a registered person, whose aggregate turnover in the preceding financial year did not exceed ₹1 crore (**As per amendment- the limit has been**



changed to Rs. 1.5 crore) may opt for composition scheme. The turnover limit is ₹75 lakh in case of Special Category States. However, for Jammu and Kashmir and Uttarakhand, the turnover limit is ₹1 crore only (As per amendment- the limit has been changed to Rs. 1.5 crore).

In the given case, the applicable turnover limit for composition scheme will be ₹1 crore as Andhra Pradesh is not a Special Category State. Further, since the aggregate turnover of the registered person in the given case does not exceed ₹1 crore (As per amendment- the limit has been changed to Rs. 1.5 crore) and it satisfies other conditions of composition scheme namely, not making inter-State supplies of goods, it is eligible for composition levy.

(ii) Since the turnover limit for determining the eligibility for composition scheme in the State of Jammu and Kashmir is also ₹1 crore (As per amendment- the limit has been changed to Rs. 1.5 crore), Sai Trading Company will be eligible for composition levy with other condition of not making inter-State supplies of goods being fulfilled.

Question 11

PYQ Nov'22

Nesamani started his business activities in the month of February 2024 in the State of Orissa. He provided the following details:

| Particulars | Amount in ₹ |
|--|-------------|
| (i) Outward supply of petrol (Intra State) | 4,00,000 |
| (ii) Transfer of exempt goods to his branch in Rajasthan (Inter- State) | 2,00,000 |
| (iii) Outward supply of taxable goods by his branch in Uttar Pradesh (Intra State) | 5,00,000 |
| (iv) Outward supply of services on which tax is payable under RCM by the recipient of services (Intra-State) | 6,00,000 |
| (v) Inward supply of services on which tax is payable under RCM (Intra- State) | 2,00,000 |

From the information given above, compute the aggregate turnover of Nesamani and also decide whether he is required to get registration under GST. Assume that the amounts given above are exclusive of taxes.

5 Marks

Answer:

| Particulars | Amount (₹) |
|--|------------|
| Computation of aggregate turnover of Nesamani | |
| Outward supply of petrol | 4,00,000 |
| [Supply of petrol being a non-taxable supply is an exempt supply. Value of exempt supply is includable in aggregate turnover.] | |
| Inter-State stock transfer of exempt goods | 2,00,000 |
| [Supply of taxable/exempt goods between distinct persons is includable.] | |
| Outward supply of taxable goods from Uttar Pradesh branch [Value of outward supplies under same PAN are includable.] | 5,00,000 |
| Outward supply of services taxable under reverse charge [Includable in aggregate turnover.] | 6,00,000 |



| | |
|--|-----------|
| Inward supply of services taxable under reverse charge [Excludable from the aggregate turnover.] | -- |
| Aggregate turnover | 17,00,000 |

For a supplier engaged in supply of goods and services from the States of Orissa and Uttar Pradesh, the threshold limit of aggregate turnover to obtain registration is ₹ 20 lakh. However, a person required to pay tax under reverse charge has to obtain registration compulsorily irrespective of the quantum of turnover.

Since in the given case, Nesamani is required to pay tax under reverse charge, it is liable to obtain registration compulsorily irrespective of his quantum of turnover.

Question 12

PYQ May'23

Who are not eligible to opt for composition scheme for goods under GST Laws?

GTA services provided to an unregistered person (including unregistered casual taxable person) are exempt from GST by virtue of Entry 21 A of GST Laws. Discuss the validity of above statement.

5 Marks

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 lakhs.

The said statement is invalid.

Services provided by a GTA to an unregistered person, including an unregistered casual taxable person are exempt except when provided to a:

- factory
- society
- co-operative society
- body corporate
- partnership firm
- registered casual taxable person.



Question 13

Mr. Atul of Chennai is a registered dealer under GST. He has an opening balance of input tax credit of ₹1,20,000 (IGST) lying in the electronic credit ledger relating to the month of November, 2022. During the month, a legal proceeding has been initiated under the GST law which resulted in a tax liability of ₹80,000 (IGST, other than RCM liability). Mr. Atul agrees with the tax liability and wants to use the balance lying in the electronic credit ledger towards payment of same.

He seeks your opinion with regard to the provisions of GST laws as to whether he is allowed to use the amount lying in the electronic credit ledger for making the payment of tax liability, payable as a consequence of the proceeding?

3 Marks

Answer:

The amount available in the electronic credit ledger of IGST may be used for making any payment towards tax under the CGST Act or the SGST Act or the IGST Act other than tax payable under reverse charge.

It is clarified that any payment towards output tax, payable as a consequence of any proceeding instituted under the provisions of GST laws, can be made by utilization of the amount available in the electronic credit ledger of a registered person.

Thus, Mr. Atul is allowed to use the credit of IGST in electronic credit ledger for making payment of tax liability of ₹ 80,000, payable as a consequence of the legal proceeding.

Question 14

CS Exec. (P) Dec., 2018

X is a registered trader in Ghaziabad (Uttar Pradesh). In the Financial Year 2020-21 total value of supplies are as follows:

- (i) Intra-State supplies made under forward charge: ₹ 35 lakhs
- (ii) Intra-State supplies made which are chargeable to GST at Nil rate: ₹ 25 lakhs
- (iii) Intra-State supplies of goods which are wholly exempt under section 11 of CGST Act: ₹ 30 lakhs
- (iv) Value of inward supplies on which tax payable under Reverse Charge Basis (RCM): ₹ 20 lakhs

Briefly explain whether X is eligible to opt for Composition Scheme in the financial year 2021-22?

5 Marks

Answer:**Condition for Composition Scheme:**

As per section 10 of CGST, 2017, a registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore or ₹ 75 lakhs in notified special category states, as the case may be may opt for Composition Scheme.

Meaning of Aggregate Turnover:

As per section 2(6) of CGST Act, 2017, "aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number.



Computation of Aggregate Turnover in FY 2020-21:

| | |
|--|-----|
| Intra-State supplies made under forward charge | 35 |
| Intra-State supplies made which are chargeable to GST at Nil rate | 25 |
| Intra-State supplies of goods which are wholly exempt under section 11 of CGST Act, 2017 | 30 |
| Value of inward supplies under Reverse Charge Basis (not to be included in computing aggregate turnover) | Nil |
| Total | 90 |

Difficulty**Question 1**

MTP Sep'22

Swaminathan started the business of supplying shoes in the State of Kerala from 1st April. He makes only intra-State supplies. His turnover for April - June quarter was ₹ 20 lakh and for July - September quarter was

₹ 100 lakh. Further, one-fourth of his total turnover in each of the quarters was exempt from GST. Being eligible for composition scheme, Swaminathan got himself registered under the composition scheme with effect from 1st July.

You are required to compute the tax payable by Swaminathan under composition scheme assuming that he is a manufacturer. Will your answer be different if Swaminathan is trader. **6 Marks**

Answer:

A registered person opting for composition levy for goods pays tax at the rates mentioned below during the current FY, in lieu of the tax payable by him under regular scheme:

| | |
|---|---|
| Manufacturers, other than manufacturers of notified goods | 1% ($\frac{1}{2}\%$ CGST + $\frac{1}{2}\%$ SGST/UTGST) of the turnover in the State/ Union territory |
| Trader | 1% ($\frac{1}{2}\%$ CGST + $\frac{1}{2}\%$ SGST/UTGST) of turnover of taxable supplies of goods & services in the State/ Union territory |

Turnover prior to obtaining registration will not be considered for determining the turnover in a State/Union Territory.

Tax payable by Swaminathan under composition scheme is as follows:

$$\text{CGST} = ₹ 100 \text{ lakh} \times 0.5\% = ₹ 50,000 \quad \text{SGST} = ₹ 100 \text{ lakh} \times 0.5\% = ₹ 50,000$$

In case where Swaminathan is a trader, tax payable by him under composition scheme will be as follows:

$$\text{CGST} = ₹ 75 \text{ lakh} \text{ (as 25% of turnover is exempt)} \times 0.5\% = ₹ 37,500$$

$$\text{SGST} = ₹ 75 \text{ lakh} \text{ (as 25% of turnover is exempt)} \times 0.5\% = ₹ 37,500.$$

Question 2

MTP April '23

B Enterprises started its business activities in the month of January, in the State of Karnataka.

It provides the following information:

| Sr. No. | Particulars | (₹) |
|---------|---|----------|
| 1. | Value of intra-State outward taxable supply of goods | 7,00,000 |
| 2. | Value of inter-State outward taxable supply of services | 6,00,000 |



| | | |
|----|--|----------|
| 3. | Value of intra-State outward supply on which tax is payable under reverse charge mechanism. | 1,00,000 |
| 4. | Value of intra-State outward supply of exempted good from its other place of business in the State of Manipur (under same PAN) | 5,00,000 |

From the information given above, you are required to calculate the aggregate turnover of B Enterprises with necessary explanations and also, specify with reason whether it is liable to get registered under CGST Act or not.

6 Marks

Answer:

Computation of aggregate turnover of B Enterprises, Karnataka, for January

| Particulars | (₹) |
|---|-----------|
| Intra-State outward taxable supply of goods [Aggregate turnover includes value of all taxable supplies.] | 7,00,000 |
| Inter-State outward taxable supply of services [Aggregate turnover includes value of inter-State supplies.] | 6,00,000 |
| Intra-State outward supply on which tax is payable under reverse charge mechanism [Aggregate turnover includes value of all taxable supplies whether taxable under reverse charge or forward charge.] | 1,00,000 |
| Intra-State outward supply of exempted goods from Manipur [Aggregate turnover includes value of exempt supplies made in all the States under the same PAN] | 5,00,000 |
| Aggregate turnover | 19,00,000 |
| Persons making any inter-State taxable supply of goods are required to obtain compulsory registration, but in case of inter-State supply of taxable services, threshold limit of ₹ 20 lakh is available. Such threshold limit gets reduced to ₹ 10 lakh in case of specified Special Category State provided taxable supply is being made therefrom. Since B Enterprises is making exempt supplies from Manipur - a specified Special Category State, the applicable threshold limit of registration for B Enterprises is ₹ 20 lakh. Thus, it is not liable to be registered as its aggregate turnover does not exceed the threshold limit. | |

Question 3

RTP Nov '18

M/s. Handsome and Likemi Company, a partnership firm at Mumbai is running a mobile phone showroom. Along with mobile phone showroom, it is also engaged in providing health and fitness services. Turnover of the mobile phone showroom was ₹ 78 lakh and receipts of the health and fitness service was ₹ 26 lakh in the preceding financial year.

1. With reference to the provisions of the CGST Act, 2017, examine whether the firm can opt for the composition scheme,
2. Will your Answer change, if the turnover of the mobile phone showroom was ₹ 74 lakh and receipts of the health and fitness service was ₹ 18 lakh in the preceding financial year?
3. If M/s. Handsome and Likemi Company obtain separate registration for their mobile phone showroom & for health fitness centre, can it opt for composition scheme only for mobile phone showroom?



Answer:

A registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1 crore (As per amendment- the limit has been changed to Rs. 1.5 crore) [₹ 75 lakhs in case of special category States except Jammu and Kashmir and Uttarakhand], may opt for composition scheme vide section 10 of CGST Act, 2017.

~~However, he shall not be eligible to opt for composition scheme if, inter alia, he is engaged in the supply of services other than restaurant services. (As per amendment)~~

1. In the given case, since M/s Handsome and Likemi Company is engaged in supply of health and fitness service, it is not eligible to opt for composition scheme irrespective of its turnover in the preceding financial year.
2. The Answer will remain the same i.e., M/s. Handsome & Likemi Company will not be eligible to opt for composition scheme even with the change in the turnovers.

3. Where more than one registered person is having the same Permanent Account Number, the registered person shall not be eligible to opt for composition scheme unless all such registered persons opt to pay tax under composition scheme.

Therefore, M/s. Handsome and Likemi Company will not be able to opt for composition scheme only for mobile phone showroom as all the registrations under the same PAN have to opt for composition scheme and since the supply of health and fitness service is ineligible for composition scheme, supply of mobile phones too becomes ineligible for composition scheme.

Question 4

RTP Nov '19

- a. Chanchal started providing beauty and grooming services and inaugurated "Care & Care Beauty Centre" in Janak Puri, Delhi on 01st April, 20XX. She opted to pay tax under Notification No. 2/2019 CT (R) dated 07.03.2019 in the said financial year.

The aggregate turnover of Care & Care Beauty Centre for the quarter ending 30th June, 20XX was ₹ 20 lakh. Further, for the half year ending 30th September, 20XX, the turnover reached ₹ 50 lakh. Care & Care Beauty Centre recorded a rapid growth and the turnover reached ₹ 70 lakh by the end of October, 20XX. Determine the total tax liability of Care & Care Beauty Centre by the end of October, 20XX.

- b. Care & Care Beauty Centre wishes to opt for composition scheme from the next financial year. You are required to advise it whether it can do so?

Note: Rate of GST applicable on such services is 18%.

Answer:

- a. Notification No. 2/2019 CT (R) dated 07.03.2019 provides an option to a registered person to pay CGST @ 3% [Effective rate 6% (CGST+ SGST/ UTGST)] on first supplies of goods and/or services up to an aggregate turnover of ₹ 50 lakh made on/after 1st April in any financial year, subject to specified conditions.

It is clarified in the notification that first supplies of goods or services or both shall, for the

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purposes of determining eligibility of a person to pay tax under this notification, include the supplies from 1st April of a FY to the date from which he becomes liable for registration under the said Act, but for the purpose of determination of tax payable under this notification, shall not include the supplies from the first day of April of a financial year to the date from which he becomes liable for registration under the Act.

Thus, Care & Care Beauty Centre is eligible to pay tax under this notification upto the turnover of ₹ 50 lakh. The total tax payable by it is as under: -

| Period | Tax Rate | Turnover (₹) | Tax liability (₹) |
|--------------------------------|--|-------------------------|-------------------|
| I Quarter | Since turnover did not exceed ₹ 20 lakh, it was not required to obtain registration. Hence, no tax was required to be paid | 20 Lakh | Nil |
| II Quarter | Effective rate is 6% (CGST+ SGST/ UTGST) under Notification No. 2/2019 CT (R) | 30 Lakh [(50-20) lakh] | 1,80,000 |
| For the month of October, 20XX | Normal rate of GST of 18% is to be applied | 20 lakhs [(70-50) lakh] | 3,60,000 |
| Total tax payable | | | 5,40,000 |

b. No, Care & Care Beauty Centre cannot opt for composition scheme from the next financial year. Fundamentally, the composition scheme can be availed in respect of goods and only one service namely, restaurant service. As regards services other than restaurant services are concerned, only marginal supply of the such services for a specified value along with the supply of goods and/or restaurant service, as the case may be, is permitted under section 10(1) of CGST Act, 2017. Therefore, a person engaged exclusively in supply of services other than restaurant services is not eligible to opt for composition scheme.

Question 5

RTP May '21

"Wedding Bells", a wedding photographer, has commenced providing pre-wedding shoot services in Jaipur from the beginning of current financial year 2023-2024. It has provided the following details of turnover for the various quarters till December, 2023: -

| S. No. | Quarter | Amount (₹ in lakh) |
|--------|------------------------------|--------------------|
| 1 | April, 2023-June, 2023 | 20 |
| 2 | July, 2023-September, 2023 | 30 |
| 3 | October, 2023-December, 2023 | 40 |

You may assume the applicable tax rate as 18%. Wedding Bells wishes to pay tax at a lower rate and opts for the composition scheme. You are required to advise whether it can do so and calculate the amount of tax payable for each quarter?

Answer:

Section 10(2A) of the CGST Act, 2017 provides the turnover limit of ₹ 50 lakh in the preceding financial year for becoming eligible for composition levy for services. Wedding Bells has started the supply of services in the current financial year (FY), thus, its aggregate turnover



in the preceding FY is Nil. Consequently, in the current FY, Wedding Bells is eligible for composition scheme for services. A registered person opting for composition levy for services shall pay tax @ 3% [Effective rate 6% (CGST+ SGST/UTGST)] of the turnover of supplies of goods and services in the State.

Further, Wedding Bells becomes eligible for the registration when the aggregate turnover exceeds ₹ 20 lakh (the threshold limit of obtaining registration). While registering under GST, Wedding Bells can opt for composition scheme for services.

The option of a registered person to avail composition scheme for services shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the threshold limit of ₹ 50 lakh.

However, for the purposes of determining the tax payable under composition scheme, the expression "turnover in State" shall not include the value of supplies from the first day of April of a FY up to the date when such person becomes liable for registration under this Act.

Thus, for determining the turnover of the State for payment of tax under composition scheme for services, turnover of April,2020 - June,2020 quarter [₹ 20 lakhs] shall be excluded. On next ₹ 30 lakh [turnover of July,2023 - September, 2023 quarters], it shall pay tax @ 6% [3% CGST and 3% SGST]. For the purposes of computing aggregate turnover of a registered person for determining his eligibility to pay tax under this section, aggregate turnover includes value of supplies from the 1st April of a FY up to the date of his becoming liable for registration.

Thus, while computing aggregate turnover for determining Wedding Bells's eligibility to pay tax under composition scheme, value of supplies from the first day of April of a financial year up to the date when it becomes liable for registration under this Act (i.e. turnover of April,2023 - June,2023 quarter), are included.

By the end of July, 2023 - September, 2023 quarters, the aggregate turnover reaches ₹ 50 lakh. Consequently, the option to avail composition scheme for services shall lapse by the end of July, 2023 - September, 2023 quarters and thereafter, it is required to pay tax at the normal rate of 18%.

Considering the above provisions, the tax payable for each quarter is as under:-

| | Quarter | GST rate [CGST + SGST] | Turnover (₹ in lakh) | GST payable (₹ in lakh) |
|---|---------------------------|------------------------|----------------------|-------------------------|
| 1 | April, 23 - June, 23 | - | 20 | - |
| 2 | July, 23-September, 23 | 6% | 30 | 1.8 |
| 3 | October, 23 -December, 23 | 18% | 40 | 7.2 |

Question 6

PYQ Nov'19

Mr. Zafar of Assam, provides the following information for the preceding financial year 2022-23. You are required to find out the aggregate turnover for the purpose of eligibility of composition levy scheme and determine whether he is eligible for composition levy scheme or not, for the F.Y. 2023-24. (₹ in lakh)



| Particulars | Amount |
|---|--------|
| Value of taxable outward supplies (out of above, ₹10 lakh was in course of inter-state transactions). | 50.00 |
| Value of exempt supplies (which include ₹30 lakh received as interest on loans & advances). | 70.00 |
| Value of inward supplies on which he is liable to pay tax under reverse charge | 5.00 |
| Value of exports | 5.00 |
| All the amounts are exclusive of GST. | |

6 Marks**Answer:**

Computation of aggregate turnover of Mr. Zafar for FY 2022-23 for the purpose of eligibility of composition levy scheme

| Particulars | Amount in Lakhs |
|---|-----------------|
| Value of taxable outward supplies [Value of all taxable supplies including inter-State supplies are includable in aggregate turnover] | 50 |
| Value of exempt supplies [Value of exempt supplies is includable in aggregate turnover. However, value of supply of exempt services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, though exempt, is not includable in aggregate turnover for determining eligibility for composition scheme] | 40 |
| Value of inward supplies on which Mr. Zafar is liable to pay tax under reverse charge [Excludable from aggregate turnover] | Nil |
| Value of exports [Includable in aggregate turnover] | 5 |
| Aggregate turnover for determining eligibility for composition scheme | 95 |

A registered person of Assam is eligible to opt for composition levy if his aggregate turnover does not exceed ₹1.5 crore in the preceding financial year provided, he is not engaged in inter-State outward supplies of goods. Therefore, in the given case, assuming that he is not engaged in making any inter-State outward supply of goods in FY 2019-20, Mr. Zafar is eligible to opt for composition levy for FY 23-24 since his aggregate turnover does not exceed ₹1.5 crore in FY 2022-23.

Question 7**CS Exec. (P) Dec., 2020**

Examine the correctness or otherwise of the following statements in accordance with the provisions of GST Act, 2017 and support your answer by giving brief reasons:

- The composition scheme will not be an optional scheme.
- A taxable person having same PAN can opt to pay tax under composition scheme by seeking separate registration for branches.
- A taxable person will be eligible to opt for composition scheme only for one out of the three or more business verticals.
- Composition scheme can be availed, where the taxable person effects inter-State supplies.



(v) Composition tax can be collected from the customers. 5 Marks

Answer:

| Correct/Incorrect | Reason |
|-------------------|--|
| Incorrect | Composition scheme as stated in section 10 of CGST Act is an OPTIONAL scheme. |
| Incorrect | A registered person cannot opt for Composition scheme if its other unit i.e., branch is paying tax as per normal levy under GST. Hence, a taxable person having same PAN cannot opt to pay tax under composition scheme by seeking separate registration for branches. |
| Incorrect | A registered person cannot opt for Composition scheme if its other unit i.e. branch is paying tax as per normal levy under GST. |
| Incorrect | A registered person should not be engaged inter alia in inter-State taxable supplies in order to be eligible to opt for composition scheme. |
| Incorrect | Composition tax cannot be charged separately and hence, it cannot be collected from the customers. Composition Tax is to be paid at specified percentage of the turnover in the state. |



Multiple Choice Questions

| | | |
|--|------------------------------------|--|
| Question 1 | MTP Oct'19 | |
| Which of the following is not eligible for opting composition scheme under GST? | | |
| a) M/s ABC, a firm selling garments having annual turnover of Rs. 78 lakhs. | | |
| b) A startup company operating restaurant in Delhi having an annual turnover of Rs. 98 lakhs. | | |
| c) A courier service company operating solely in Mumbai having annual turnover of Rs. 90 lakhs. | | |
| d) A trader selling grocery items having an annual turnover of Rs. 95 lakhs. | | |
| Question 2 | MTP Oct'19 | |
| Which of the following persons is not eligible for composition scheme even though their aggregate turnover does not exceed Rs 1 crore in preceding FY, in Uttar Pradesh? | | |
| (a) A person supplying restaurant services | | |
| (b) A person supplying restaurant services and earning bank interest | | |
| (c) A person supplying restaurant services and warehousing of rice | | |
| (d) A person supplying restaurant services and warehousing of processed tea | | |
| Question 3 | MTP Oct'19 | |
| Can a registered person opting for composition scheme collect GST on his outward supplies? | | |
| a) Yes, in all cases | | |
| b) Yes, only on such goods as may be notified by the Central Government | | |
| c) Yes, only on such services as may be notified by the Central Government | | |
| d) No | | |
| Question 4 | MTP April'19 & March'19 | |
| Which of the following services does not fall under reverse charge provisions as contained under section 9(3) of the CGST Act? | | |
| a) Services supplied by arbitral tribunal to business entity | | |
| b) Sponsorship provided to any partnership firm | | |
| c) Sponsorship provided to anybody corporate | | |
| d) None of the above | | |
| Question 5 | MTP March'19 | |
| Rama Ltd. has provided following information for the month of September: | | |
| (i) Intra-State outward supply Rs. 8,00,000/- | | |
| (ii) Inter-State exempt outward supply Rs. 5,00,000/- | | |
| (iii) Turnover of exported goods Rs. 10,00,000/- | | |
| (iv) Payment made for availing GTA services Rs. 80,000/- Calculate the aggregate turnover of Rama Ltd. | | |
| (a) Rs. 8,00,000/- | | |
| (b) Rs. 23,80,000/- | | |
| (c) Rs. 23,00,000/- | | |
| (d) Rs. 18,00,000/- | | |



Question 6

MTP May'19

Which of the following persons is not eligible for composition scheme even though their aggregate turnover does not exceed Rs? 1 crore in preceding FY, in Uttar Pradesh?

- a) A person supplying restaurant services
- b) A person supplying restaurant services and earning bank interest
- c) A person supplying restaurant services and warehousing of rice
- d) A person supplying restaurant services and warehousing of processed tea.

Question 7

MTP Oct'19

GST is payable by recipient of services in the following cases: -

- (i) Services provided by way of sponsorship to ABC Ltd.
- (ii) Services supplied by a director of Galaxy Ltd. to Mr. Krishna.
- (iii) Services by Department of Posts by way of speed post to MNO Ltd.
- (iv) Services supplied by a recovering agent to SNSP Bank

- a) & (iii)
- b) & (iv)
- c) & (iii)
- d) (ii) & (iv)

Amendment:

As per amendment Services by Department of Posts by way of speed post has been removed from exemptions and will now have GST applicable on RCM basis by the recipient of services) Hence as per this amendment the answer can be (a) as well. Hence the GST is payable by recipient of services for (i), (iii) & (iv).

Question 8

MTP Nov'21

Rama Ltd. has provided following information for the month of September: Intra-State outward supply ₹ 8,00,000. Inter-State exempt outward supply ₹ 5,00,000 Turnover of exported goods ₹ 10,00,000. Payment made for availing GTA services ₹ 80,000. Calculate the aggregate turnover of Rama Ltd.

- (a) ₹ 8,00,000
- (b) ₹ 23,80,000
- (c) ₹ 23,00,000
- (d) ₹ 18,00,000

Question 9

RTP May'20

Which of the following services are notified under section 9(3) of CGST Act, 2017 or section 5(3) of IGST Act, 2017 the tax on which shall be paid on reverse charge basis by the recipient of such supply:

- (i) Supply of security services provided by a person other than a body corporate to a composition taxpayer
- (ii) Services supplied by an insurance agent to insurance company located in taxable territory
- (iii) Supply of services by way of renting of hotel accommodation through e-commerce operator.
- (iv) Supply of notified categories of goods or services or both by a supplier, who is not registered, to specified class of registered persons.

Choose from the following options:

- (a) (i) & (ii)
- (b) Only (ii)

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| | |
|--|-------------|
| <p>(c) (i), (ii), (iii) (d) (i) & (iv)</p> | |
| <p>Question 10</p> | RTP Nov '20 |
| <p>C & Co., a registered supplier in Delhi, opted for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017. It sold goods in the fourth quarter of a financial year for ₹ 15,00,000 (exclusive of GST). The applicable GST rate on these goods is 12%. C & Co. purchased goods from Ramesh & Co., registered in Delhi, for ₹ 9,55,000 on which Ramesh & Co. had charged CGST of ₹ 57,300 and SGST of ₹ 57,300. C & Co. had also purchased goods from E & Co., registered in Haryana, for ₹ 2,46,000 on which E & Co. had charged IGST of ₹ 29,520. GST liability of C & Co. for the fourth quarter of the financial year is-</p> | |
| <p>(a) CGST ₹ 7,500 & SGST ₹ 7,500 (b) CGST ₹ 3,180 & SGST ₹ 32,700 (c) CGST ₹ 32,700 & SGST ₹ 3,180 (d) Nil</p> | |
| <p>Question 11</p> | RTP Nov '20 |
| <p>XX, registered in Delhi, purchased books from PC Traders, registered in Uttar Pradesh. Books are exempt from GST. XX arranged the transport of these books from a goods transport agency (GTA) which charged a freight of ₹ 9,000 for the same. GST is payable @ 5% on such GTA services. Which of the following statement is correct in the given context:</p> <p>a) GST of ₹ 450 is payable by XX on reverse charge basis. b) Supply of goods and supply of GTA service is a composite supply wherein supply of goods is the principal supply and since principal supply is an exempt supply, no tax is payable on freight. c) Since exempt goods are being transported, service provided by GTA for transporting the same is also exempt. d) GST of ₹ 450 is payable by the GTA.</p> | |
| <p>Question 12</p> | RTP May '20 |
| <p>Mr. Dev Anand is engaged in providing services of facilitating sale and purchase of securities to various clients. He is also engaged in trading of securities. His turnover details are as follows:</p> | |
| <p>Trading of securities ₹ 40,00,000/-</p> | |
| <p>Brokerage on account of facilitating transactions in securities ₹ 30,00,000/-</p> | |
| <p>You are required to ascertain aggregate turnover of Mr. Dev Anand under GST:</p> | |
| <p>(a) ₹ 30,00,000/- (b) ₹ 40,00,000/- (c) ₹ 70,00,000/- (d) ₹ NIL</p> | |



Question 13

CS Execu.

M/s Vishu Megamart, a store located and registered under GST in Rajasthan, has come out with big discount offers at the time of Diwali on various gift items. In order to attract more customers, it has decided to supply a gift pack containing 5 packets of Jeerarams Namkeen (200 gram each) taxable @ 12%, 1 packet of Roasted Smoked Almonds (100 gram) taxable @ 18%, 1 packet of Cournville Chocolate (50 mg) taxable @ 28% and 1 bottle of Teal Fresh Juice (1 litre) taxable @ 18% in a single basket for a single price of Rs. 1,000.

State the type of supply and the tax rate applicable on the same.

- (a) Composite supply; tax rate of the principal item, i.e. Namkeen @18%
- (b) Composite supply; highest tax rate out of all items, i.e. 28% applicable to chocolates
- (c) Mixed supply; tax rate of principal item, i.e. Namkeen @18%
- (d) Mixed supply; highest tax rate out of all items, i.e. 28% applicable to chocolates

Question 14

CS Execu.

Which of the following persons can opt for the composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017, in the State of Delhi?

- (1) Registered person whose aggregate turnover in the preceding financial year did not exceed Rs. 75 lakhs.
- (2) Registered person whose aggregate turnover in the preceding financial year did not exceed Rs. 1.5 crore.
- (3) A person engaged in manufacture of pan masala, tobacco and manufactured tobacco substitutes.
- (4) A person engaged in the manufacture of ice cream, other edible ice, whether or not containing cocoa.
- (5) A person engaged exclusively in providing restaurant service.
- (6) A person engaged exclusively in supply of medicines.

- (a) 1, 2, 3, 5
- (b) 1, 2, 5, 6
- (c) 2, 3, 4, 5
- (d) 3, 4, 5, 6

Question 15

CS Execu.

The turnover limit of Rs. 75 lakhs for composition scheme is not applicable to the state of -

- (a) Himachal Pradesh
- (b) Assam
- (c) Uttarakhand
- (d) Both a&b

Question 16

CS Execu.

What is the rate applicable under CGST to a registered person being a manufacturer opting to pay taxes under composition scheme?

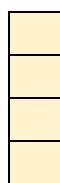
- (a) 0.5% of the turnover of taxable goods and services in the State or Union territory
- (b) 0.5% of the turnover in the State or Union territory
- (c) 5% of the turnover in the State or Union territory
- (d) Manufacturer is not eligible for composition scheme



Question 17**CS Execu.**

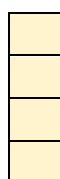
Can Composition scheme be availed if the registered person effects interstate supplies of goods?

- (a) Yes
- (b) Yes, subject to prior approval of the Central Government and State government
- (c) No
- (d) Yes, subject to prior approval GST council

**Question 18****CS Execu.**

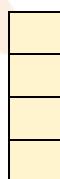
The following suppliers cannot opt for composition scheme

- (a) Inter-State supplier of goods;
- (b) Person supplying goods through an electronic commerce operator
- (c) Supplier of alcoholic liquor for human consumption
- (d) All of the above

**Question 19****CS Execu**

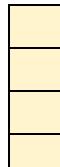
XYZ & Company a trader of goods has opted for composition scheme having an aggregate turnover of Rs. 120 lakhs in preceding financial year. It wants to provide consultancy services in the current financial year. Determine the value of services it can provide to be eligible under the said scheme

- (a) Rs. 5,00,000
- (b) Rs. 12,00,000
- (c) Rs. 10,00,000
- (d) Nil

**Question 20****CS Execu**

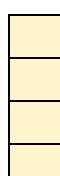
Suppose, One Taxable Person with same PAN having two businesses at Alwar and Ajmer and his Aggregate Turnover in a financial year does not exceed Rs. 150 lakhs. Can he opt composition levy of tax at Alwar and Normal Levy at Ajmer?

- (a) Yes
- (b) No
- (c) Up to an aggregate turnover of Rs. 150 lakhs at Alwar only
- (d) Subject to the Discretionary power of the Proper Officer

**Question 21****CMA Inter**

In computation of aggregate turnover for composition levy, which of the following item should be excluded from the aggregate turnover?

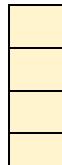
- (A) The value of exported goods/services
- (B) Inter-state supplies between distinct persons having same PAN
- (C) Compensation Cess
- (D) Supply on own account and on behalf of principal.



Question 22**CMA Inter**

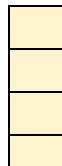
If a person is liable to be registered on 11th Oct 2017 and he has applied for registration on 17th Oct 2017, the effective date of registration for composition levy will be:

- (A) 17th Oct 2017
- (B) 11th Oct 2017
- (C) 11th Nov 2017
- (D) 17th Nov 2017

**Question 23****CMA Inter**

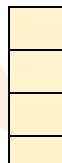
The turnover limit of Rs. 50 Lakh for composition scheme is not applicable to the state of

- (A) Himachal Pradesh
- (B) Assam
- (C) Uttarakhand
- (D) None of the above

**Question 24****CMA Inter**

A person of Tripura is eligible to opt for composition levy provided his previous year turnover (aggregate) exceeds Rs.75 lakh.

- a) True
- b) False
- c) Partly True
- d) Partly False

**Answers**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| c | d | d | d | c | d | b | c | b | a |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| a | a | d | d | d | b | c | d | b | b |
| 21 | 22 | 23 | 24 | | | | | | |
| c | b | c | b | | | | | | |



Chapter 4: Place of Supply

Descriptive Questions

Easy

Question 1

MTP Aug '18

Determine the place of supply for the following independent cases under the IGST Act, 2017:

1. Mega Events, an event management company at Kolkata, organises two award functions for Shagun Jewellers of Chennai (Registered in Chennai) at New Delhi and at Singapore.
2. Crown Planners (Bengaluru) is hired by Dr. Banta (unregistered person based in Kochi) to plan and organise his son's wedding at Mumbai.

Will your answer be different if the wedding is to take place at Malaysia?

5 Marks

Answer

1. When service by way of organization of an event is provided to a registered person, place of supply is the location of recipient in terms of section 12(7)(a)(i) of IGST Act, 2017. Since, in the given case, the award functions at New Delhi and Singapore are organized for Shagun Jewellers (registered in Chennai), place of supply in both the cases is the location of Shagun Jewellers i.e., Chennai.

2. As per section 12(7)(a)(ii) of IGST Act, 2017, when service by way of organization of an event is provided to an unregistered person, the place of supply is the location where the event is actually held and if the event is held outside India, the place of supply is the location of recipient. Since, in the given case, the service recipient [Dr. Banta] is unregistered and event is held in India, place of supply is the location where the event is actually held i.e., Mumbai.

However, if the wedding is to take place outside India [Malaysia], the place of supply is the location of recipient, i.e. Kochi.

Question 2

MTP Oct '19

The place of supply in relation to immovable property is the location of immovable property. Suppose a road is constructed from Delhi to Mumbai covering multiple states. What will be the place of supply of construction services?

5 Marks

Answer

Where the immovable property is located in more than one State, the supply of service is treated as made in each of the States in proportion to the value for services separately collected or determined, in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf [Explanation to section 12(3) for domestic supplies].

VG Sir



In the absence of a contract or agreement between the supplier and recipient of services in this regard, the proportionate value of services supplied in different States/Union territories (where the immovable property is located) is computed on the basis of the area of the immovable property lying in each State/ Union territories [Rule 4 of the IGST Rules].

Question 3

MTP Oct '20

Raman Row, a registered supplier under GST in Mumbai, Maharashtra is directed by Nero Enterprises, Kolkata, West Bengal to deliver goods valued at ₹12,00,000 to Fabricana of Aurangabad in Maharashtra. Raman Row makes out an invoice at 9% tax rate under CGST and SGST respectively (scheduled rate) and delivers it locally in Maharashtra.

Discuss and comment on the above levy of tax and determine the tax liability of goods in the above circumstances.

5 Marks

Answer:

The supply between Raman Row (Mumbai, Maharashtra) and Nero Enterprises (Kolkata, West Bengal) is a bill to ship to supply where the goods are delivered by the supplier [Raman Row] to a recipient [Fabricana (Aurangabad, Maharashtra)] or any other person on the direction of a third person [Nero Enterprises]. In such a case, it is deemed that the said third person has received the goods and the place of supply of such goods is the principal place of business of such person [Section 10(1)(b) of IGST Act, 2017].

Accordingly, the place of supply between Raman Row (Mumbai, Maharashtra) and Nero Enterprises (Kolkata, West Bengal) will be Kolkata and thus, it will be an inter-State supply liable to IGST. Hence, Raman Row should charge 18% IGST on ₹ 12,00,000, which comes out to ₹ 2,16,000.

This situation involves another supply between Nero Enterprises (Kolkata, West Bengal) and Fabricana (Aurangabad, Maharashtra). The place of supply in this case will be the location of the goods at the time when the movement of goods terminates for delivery to the recipient i.e., Aurangabad, Maharashtra in terms of section 10(1)(a) of IGST Act, 2017. Thus, being an inter- State supply, the same will also be chargeable to IGST.

Question 4

PYQ Dec '21

Determine the place of supply in respect of the following independent instances under the provisions of IGST Act, 2017:

- (i) Miss Poorva, an interior design consultant, having office at Chennai (Tamil Nadu), provided professional services to Mr. Nihil who resides in Dubai, for his two immovable properties under single contract, one property is outside India at Singapore and another at Surat (Gujarat).
- (ii) United Traders, having a registered place of business at Bengaluru (Karnataka), imported instruments used in COVID treatment from London (UK) through Vizag (Andhra Pradesh) Port.

Note: Your answer should also include relevant provisions of law.

4 Marks

Answer:



i. In a case where location of supplier or recipient of service is outside India, the place of supply of services of interior decorators provided directly in relation to an immovable property is the location of immovable property. Further, where such services are supplied at more than one location, including a location in the taxable territory, the place of supply of said services is the location of immovable property in the taxable territory. In view of the above provisions, place of supply of Miss. Poorva's (interior design consultant located in India) services provided to Mr. Nihil (recipient located outside India in Dubai) in respect of immovable properties, located in Surat (Gujarat) and in Singapore, is the location in taxable territory, i.e. Surat (Gujarat).

ii. The place of supply of goods imported into India is the location of the importer. Thus, in the given case, place of supply of instruments imported by United Traders is Bengaluru (Karnataka).

Question 5**PYQ Nov 22**

Determine the place of supply for the following independent cases:

I. Festival Event, an event management company at Mumbai, organises two business promotion events for Prabhu Enterprises (registered in Ahmedabad, Gujarat) at New Delhi and in Malaysia.

II. Global Planners (Jodhpur, Rajasthan) is hired by Mr. John (unregistered person based in Kochi, Kerala) to plan and organize his son's wedding at Mumbai, Maharashtra. Will your answer be different if the wedding is to take place in Singapore?

5 Marks

Answer:

I. When service of organization of event is provided to a registered person, the place of supply is location of recipient, whether event is held in India or outside India.

Thus, in the given case, place of supply of:

- event held at New Delhi is Ahmedabad, Gujarat, and
- event held at Malaysia is Ahmedabad, Gujarat.

II. When service of organization of event is provided to an unregistered person, the place of supply is location where the event is held when event is held in India and place of supply is location of recipient where event is held outside India.

Thus, in the given case, place of supply:

- if wedding takes place at Maharashtra is Mumbai, Maharashtra, and
- if wedding takes place at Singapore is Kochi, Kerala

Question 6**MTP Sept 24**

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

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.

Question 7

MTP Sept 24

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

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.

Question 8

CS Execu. June'19

Determine the place of supply of goods/services in the following cases as per the provisions of the Integrated Goods and Services Tax (IGST) Act, 2017:

(i) X Ltd., of Mumbai assembles its machinery for Z of Chennai at Bengaluru.

(ii) JJ Paints Ltd., exported paints to London from Ahmedabad.

(iii) HRD Ltd., Hyderabad provides training and performance appraisal services at Varanasi to the employees of KK Ltd., an unregistered entity located in Patna.

(iv) Y of Rajasthan sells car to ABC Ltd. at Surat of Gujarat.

1 Mark each

Answer:

Place of Supply of goods/services

(i) As per section 10(1)(d) of IGST Act, 2017 where the goods are assembled or installed at site, the place of supply shall be the place of such installation or assembly.

In this case, as the machinery is assembled at Bengaluru, therefore, the place of supply is Bengaluru.

(ii) As per section 11(b) of IGST Act, 2017 the place of supply of exported goods from India shall be the location outside India.

In the present case, as JJ Paints Ltd., exported paints to London, therefore, the place of supply is London.

(iii) As per section 12(5) of IGST Act, 2017 the place of supply of services in relation to training and performance appraisal to a person other than a registered person, shall be the location where the services are actually performed.

In the present case, as training and performance appraisal service is provided at Varanasi, therefore, the place of supply is Varanasi.

(iv) As per section 10(1)(a) of IGST Act, 2017 the place of supply of goods, where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of such goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient.

Question 9

CS (P) June 2019

Mrs. Bharghavi is a registered supplier under GST law in Coimbatore, Tamil Nadu, running a factory for manufacture of electric motors. For giving training to her employees, she has utilized the services of Vibrant Trainers Pvt. Ltd., a registered supplier in Trissur, Kerala. The training programs are to be held at Trissur.

(i) What will be the place of supply of services provided by Vibrant Trainers Pvt. Ltd. to Mrs. Bharghavi?

(ii) Will your answer be different, if Mrs. Bharghavi is not a registered supplier?

(iii) In the situation given in the problem, if the training is to be provided at Singapore, what will be the place of supply?

5 Marks

Answer:

Statutory Provision:

| | Statutory Provision | Place of Supply |
|-------|--|---|
| (i) | As per section 12(5) of IGST Act, 2017, when service in relation to training is provided to a registered person, place of supply is the location of recipient. | Therefore, if Mrs. Bharghavi is a registered person, the place of supply will be the location of recipient, i.e., Coimbatore, Tamil Nadu. |
| (ii) | As per section 12(5) of IGST Act, 2017, when service in relation to training is provided to an unregistered person, the place of supply is the location where the services are actually performed. | Therefore, in this case, place of supply will be Trissur, Kerala. |
| (iii) | When the training takes place outside India (Singapore), the place of supply will be the location of recipient | Coimbatore, Tamil Nadu as Mrs. Bharghavi i.e. recipient of supply is registered under GST. |



Moderate

MTP April '18, MTP April '18

Question 1

Answer the following questions in the light of the place of supply provisions contained in the IGST Act, 2017:

1. Quick deal Enterprises (Ahmednagar, Gujarat) opens a new branch office at Hissar, Haryana. It purchases a building for office from Ruhani Builders (Hissar) along with pre-installed office furniture and fixtures. Determine place of supply of the pre-installed office furniture and fixtures. 2 Marks

2. Supra Events, an event management company at New Delhi, organizes an award function for Chirag Diamond Merchants of Varanasi (registered in U.P.), at Mumbai. Determine place of supply of the service supplied by Supra Events. Will your answer be different, if the award function is organized at Mauritius instead of Mumbai? 3 Marks

Answer:

1. Section 10(1)(c) of the IGST Act stipulates that if the supply does not involve movement of goods, the place of supply is the location of goods at the time of delivery to the recipient. Since there is no movement of office furniture and fixtures in the given case, the place of supply of such goods is their location at the time of delivery to the recipient (Quick deal Enterprises) i.e., Hissar, Haryana.

2. Section 12(7) of the IGST Act stipulates that the place of supply of services provided by way of organisation of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events is the location of recipient in a case where such service is provided to a registered person. In the given case, since the recipient (Chirag Diamond Merchants) is a registered person, the place of supply is the location of the recipient, i.e., Varanasi, U.P.

Further, the place of supply will not change even if the award function is organized at Mauritius instead of Mumbai as the location of recipient remains unchanged. Thus, in that case also, the place of supply is the location of the recipient, i.e., Varanasi, U.P.

Question 2

MTP March '21, Oct'18, Oct'21, PYQ May '18

Mr. Sheru, an unregistered person and a resident of Pune, Maharashtra hires the services of Class Ltd. an event management company registered in Delhi, for organising the new product launch in Bengaluru, Karnataka.

1. Determine the place of supply of services provided by Class Ltd.
2. What would be your answer if the product launch takes place in Bangkok?
3. What would be your answer if Mr. Sheru is a registered person and product launch takes place in-
 - a) Bengaluru
 - b) Bangkok?

Answer

5 Marks

VG Sir



1. As per section 12(7)(a)(ii) of the IGST Act, 2017 when service by way of organization of an event is provided to an unregistered person, the place of supply is the location where the event is actually held and if the event is held outside India, the place of supply is the location of recipient.

Since, in the given case, the service recipient [Mr. Sheru] is unregistered and event is held in India, place of supply is the location where the event is actually held, i.e. Bengaluru, Karnataka. The location of the supplier and the location of the recipient is irrelevant in this case.

2. However, if product launch takes place outside India [Bangkok], the place of supply will be the location of recipient, i.e. Pune, Maharashtra.

3. When service by way of organization of an event is provided to a registered person, place of supply is the location of recipient vide section 12(7)(a)(i) of the IGST Act, 2017.

Therefore, if Mr. Sheru is a registered person, then in both the cases, i.e. either when product launch takes place in Bengaluru or Bangkok, the place of supply will be the location of recipient, i.e. Pune, Maharashtra.

Question 3

MTP Nov 21, Mar'22

Asha Enterprises, supplier of sewing machines, is located in Kota (Rajasthan) and registered for purpose of GST in the said State. It receives an order from Deep Traders, located in Jalandhar (Punjab) and registered for the purpose of GST in the said State. The order is for the supply of 100 sewing machines with an instruction to ship the sewing machines to Jyoti Sons, located in Patiala (Punjab) and registered in the said State for purpose of GST. Jyoti Sons is a customer of Deep Traders. Sewing machines are being shipped in a lorry by Asha Enterprises.

Briefly explain the following:

the place of supply;

the nature of supply: - whether inter-State or intra-State and whether CGST/SGST or IGST would be applicable in this case.

4/5 Marks

Answer:

The supply between Asha Enterprises (Kota, Rajasthan) and Deep Traders (Jalandhar, Punjab) is a bill to ship to supply where the goods are delivered by the supplier [Asha Enterprises] to a recipient [Jyoti Sons (Patiala, Punjab)] on the direction of a third person [Deep Traders].

In case of such supply, it is deemed that the said third person has received the goods and the place of supply of such goods is the principal place of business of such person [Section 10(1)(b) of the IGST Act, 2017]. Thus, the place of supply between Asha Enterprises (Rajasthan) and Deep Traders (Punjab) will be Jalandhar, Punjab.

Since the location of supplier and the place of supply are in two different States, the supply is an inter-State supply in terms of section 7, liable to IGST.

This situation involves another supply between Deep Traders (Jalandhar, Punjab) and Jyoti Sons (Patiala, Punjab). In this case, since the supply involves movement of goods, place of supply

VG Sir

will be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient, i.e. Patiala, Punjab [Section 10(1)(a) of the IGST Act, 2017].

Since the location of supplier and the place of supply are in the same State, the supply is an intra-State supply in terms of section 8, liable to CGST and SGST.

Question 4

MTP April 22, PYQ May '18

Mr. Rajat Chawla, an interior decorator provides professional services to Mr. Aman Malhotra in relation to two of his immovable properties. Determine the place of supply in the transactions below as per provisions of GST law in the following independent situations:

| Case | Location of Mr. Rajat Chawla | Location of Mr. Aman Malhotra | Property situated at |
|------|------------------------------|-------------------------------|----------------------|
| I | Delhi | Maharashtra | New York (USA) |
| II | Delhi | New York | Pihus (France) |

Explain the relevant provisions of law to support your conclusions.

4/5 Marks

Answer:

Case I

As per section 12(3) of the IGST Act, 2017, where both the service provider and the service recipient are located in India, the place of supply of services directly in relation to an immovable property, including services provided by interior decorators is the location of the immovable property. However, if the immovable property is located outside India, the place of supply is the location of the recipient. Since in the given case, both the service provider (Mr. Rajat Chawla) and the service recipient (Mr. Aman Malhotra) are located in India and the immovable property is located outside India (New York), the place of supply will be the location of recipient, i.e. Maharashtra.

Case II

As per section 13(4) of the IGST Act, 2017, where either the service provider or the service recipient is located outside India, the place of supply of services directly in relation to an immovable property including services of interior decorators is the location of the immovable property. Since in the given case, service provider (Mr. Rajat Chawla) is located in India and service recipient (Mr. Aman Malhotra) is located outside India (New York), the place of supply will be the location of immovable property, i.e. Pihus (France).

Question 5

RTP May '21, May '22

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

- Mr. Sahukaar (New Delhi) boards the New Delhi-Kota train at New Delhi. Mr. Sahukaar sells the goods taken on board by him (at New Delhi), in the train, at Jaipur during the journey.
- Vidhyut Pvt. Ltd. imports electric food processors from China for its Kitchen Store in Noida, Uttar Pradesh. Vidhyut Pvt. Ltd. is registered in Uttar Pradesh.
- Mr. Aatmaram, a manager in a Bank, is transferred from Bareilly, Uttar Pradesh to Bhopal, Madhya Pradesh. Mr. Aatmaram's family is stationed in Kanpur, Uttar Pradesh.



(iv) He hires Gokul Carriers of Lucknow, Uttar Pradesh (registered in Uttar Pradesh), to transport his household goods from Kanpur to Bhopal.

(v) Bholunath, a resident of New Delhi, opens his saving account in New Delhi branch of Best Bank after undergoing the KYC process. He goes to Amritsar for some official work and withdraws money from Best Bank's ATM in Amritsar thereby crossing his limit of free ATM withdrawals.

Answer:

(i) Section 10(1)(e) of the IGST Act, 2017 lays down that place of supply of goods supplied on board a conveyance like aircraft, train, vessel, or a motor vehicle, is the location where such goods have been taken on board. Thus, in the given case, the place of supply of the goods sold by Mr. Sahukaar is the location at which the goods are taken on board, i.e. New Delhi and not Jaipur where they have been sold.

(ii) As per section 11(a) of the IGST Act 2017, if the goods have been imported in India, the place of supply of goods is the place where the importer is located. Thus, in the present case, the place of supply of the goods imported by Vidhyut Pvt. Ltd. is Noida, Uttar Pradesh.

(iii) As per section 12(8) of the IGST Act, 2017, the place of supply of services by way of transportation of goods, including by mail or courier provided to an unregistered person, is the location at which such goods are handed over for their transportation.

Since in the given case, the recipient - Aatmaram - is an unregistered person, the place of supply is the location where goods are handed to Gokul Carriers over for their transportation, i.e. Kanpur.

(iv) As per section 12(12) of the IGST Act, 2017, 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. Thus, in the given case, the place of supply is the location of the recipient of services in the records of the supplier bank, i.e. New Delhi.

Question 6

RTP Nov '21

Dobriyal Technocrats Ltd., registered in Gurgaon, Haryana, is engaged in manufacturing heavy steel machinery. It enters into an agreement with Mindsharp Associates, registered in Delhi, for imparting motivational training to the top management of Dobriyal Technocrats Ltd. in a 5-day residential motivational training programme at an agreed consideration of ` 20,00,000.

Mindsharp Associates books the conference hall alongwith the rooms of Hotel Chumchum, Neemrana (registered in Rajasthan) for the training programme, for a lump sum consideration of ` 12,00,000. You are required to determine the place of supply in respect of the supply(ies) involved in the given scenario.

Answer:

In the given situation, two supplies are involved:

(i) Services provided by Mindsharp Associates to Dobriyal Technocrats Ltd. by way of providing motivational training to its top management.

(ii) Services provided by Hotel Chumchum to Mindsharp Associates by way of accommodation in said hotel for organizing the training programme.



The place of supply in respect of each of the above supplies is determined as under:

- (i) As per the provisions of section 12(5)(a) of the IGST Act, 2017, the place of supply of services provided in relation to training and performance appraisal to a registered person, shall be the location of such person. Therefore, the place of supply of services supplied by Mindsharp Associates to the registered recipient - Dobriyal Technocrats Ltd. by way of providing motivational training to its top management is the location of Dobriyal Technocrats Ltd., i.e. Gurgaon, Haryana.
- (ii) As per the provisions of section 12(3)(c) of the IGST Act, 2017, the place of supply of services, by way of accommodation in any immovable property for organizing, inter alia, any official/ business function including services provided in relation to such function at such property, shall be the location at which the immovable property is located.

Therefore, the place of supply of services supplied by Hotel Chumchum to Mindsharp Associates by way of accommodation of conference hall alongwith the rooms of Hotel Chumchum for the training programme shall be the location of the Hotel Chumchum, i.e. Neemrana, Rajasthan.

Difficulty

Question 1

MTP Sep 22

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

Dhanraj (P) Ltd. books the lawns of Hotel Dum Dum, Gurugram (registered in Haryana) for holding the music concert, for a lump sum consideration of ` 4,00,000. Dhun Pvt. Ltd. fixes the entry fee to the music concert at ` 5,000.

You are required to determine the place of supply in respect of the supply(ies) involved in the given scenario.

5 Marks

Answer:

In the given situation, three supplies are involved:

- (i) Services provided by Dhun Pvt. Ltd. to audiences by way of admission to music concert.
- (ii) Services provided by Dhanraj (P) Ltd. to Dhun Pvt. Ltd. by way of organizing the music concert.
- (iii) Services provided by Hotel Dum Dum to Dhanraj (P) Ltd. by way of accommodation in the Hotel lawns for organizing the music concert.

The place of supply in respect of each of the above supplies is determined as under:

- (i) As per the provisions of section 12(6), the place of supply of services provided by way of admission to, inter alia, a cultural event shall be the place where the event is actually held.

Therefore, the place of supply of services supplied by Dhun Pvt. Ltd. (Ludhiana, Punjab) to audiences by way of admission to the music concert is the location of the Hotel Dum Dum, i.e. Gurugram, Haryana.



(ii) Section 12(7)(a)(i) stipulates that the place of supply of services provided by way of organization of, *inter alia*, a cultural event to a registered person is the location of such person.

Therefore, the place of supply of services supplied by Dhanraj (P) Ltd. (Delhi) to Dhun Pvt. Ltd. (Ludhiana, Punjab) by way of organizing the music concert is the location of the registered person, i.e. Ludhiana (Punjab).

(iii) As per the provisions of section 12(3)(c) of the IGST Act, 2017, the place of supply of services, by way of accommodation in any immovable property for organizing, *inter alia*, any cultural function shall be the location at which the immovable property is located.

Therefore, the place of supply of services supplied by Hotel Dum dum (Gurugram, Haryana) to Dhanraj (P) Ltd. (Delhi) by way of accommodation in hotel lawns for organizing the music concert shall be the location of the Hotel Dum dum, i.e. Gurugram, Haryana.

Question 2

RTP Nov '18

1. Parth of Pune, Maharashtra enters into an agreement to sell goods to Bakul of Bareilly, Uttar Pradesh. While the goods were being packed in Pune godown of Parth, Bakul got an order from Shreyas of Shimoga, Karnataka for the said goods. Bakul agreed to supply the said goods to Shreyas and asked Parth to deliver the goods to Shreyas at Shimoga. You are required to determine the place of supply(ies) in the above situation.

2. Damani Industries has recruited Super Events Pvt. Ltd., an event management company of Gujarat, for organising the grand party for the launch of its new product at Bangalore. Damani Industries is registered in Mumbai. Determine the place of supply of the services provided by Super Events Pvt. Ltd. to Damani Industries. Will your answer be different if the product launch party is organised at Dubai?

Answer:

1. The supply between Parth (Pune) and Bakul (Bareilly) is a bill to ship to supply where the goods are delivered by the supplier [Parth] to a recipient [Shreyas (Shimoga)] or any other person on the direction of a third person [Bakul]. The place of supply in case of bill to ship to supply of goods is determined in terms of section 10(1)(b) of IGST Act, 2017.

As per section 10(1)(b) of IGST Act, 2017, where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person.

Thus, in the given case, it is deemed that the Bakul has received the goods and the place of supply of such goods is the principal place of business of Bakul. Accordingly, the place of supply between Parth (Pune) and Bakul (Bareilly) will be Bareilly, Uttar Pradesh.

This situation involves another supply between Bakul (Bareilly) and Shreyas (Shimoga). The place of supply in this case will be determined in terms of section 10(1)(a) of IGST Act, 2017.



Section 10(1)(a) of IGST Act, 2017 stipulates that where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of such goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient of goods terminates for delivery to the recipient (Shreyas) i.e., Shimoga, Karnataka.

2. Section 12(7)(a)(i) of IGST Act, 2017 stipulates that when service by way of organization of an event is provided to a registered person, place of supply is the location of recipient.

Since, in the given case, the product launch party at Bangalore is organized for Damani Industries (registered in Mumbai), place of supply is the location of Damani Industries i.e., Mumbai.

In case the product launch party is organized at Dubai, the answer will remain the same, i.e. the place of supply is the location of Damani Industries - Mumbai.

Question 3

MTP Oct'18 RTP May '19

Musicera Pvt. Ltd., owned by Nitish Daani - a famous classical singer - wishes to organise a 'Nitish Daani Music Concert' in Gurugram (Haryana). Musicera Pvt. Ltd. (registered in Ludhiana, Punjab) enters into a contract with an event management company, Supriya (P) Ltd. (registered in Delhi) for organising the said music concert at an agreed consideration of ` 10,00,000. Supriya (P) Ltd. books the lawns of Hotel Dum Dum, Gurugram (registered in Haryana) for holding the music concert, for a lump sum consideration of ` 4,00,000. Musicera Pvt. Ltd. fixes the entry fee to the music concert at ` 5,000. 400 tickets for 'Nitish Daani Music Concert' are sold.

You are required to determine the CGST and SGST or IGST liability, as the case may be, in respect of the supplier(s) involved in the given scenario.

Will your answer be different if the price per ticket is fixed at ₹450?

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

Answer:

In the given situation, three supplies are involved:

- (i) Services provided by Musicera Pvt. Ltd. to audiences by way of admission to music concert.
- (ii) Services provided by Supriya (P) Ltd. to Musicera Pvt. Ltd. by way of organising the music concert.
- (iii) Services provided by Hotel Dum Dum to Supriya (P) Ltd. by way of accommodation in the Hotel lawns for organising the music concert.

The CGST and SGST or IGST liability in respect of each of the above supplies is determined as under:

- (i) As per the provisions of section 12(6) of the IGST Act, 2017, the place of supply of services provided by way of admission to, *inter alia*, a cultural event shall be the place where the event is actually held.

Therefore, the place of supply of services supplied by Musicera Pvt. Ltd. to audiences by way of admission to the music concert is the location of the Hotel Dum Dum, i.e. Gurugram, Haryana.

Since the location of the supplier (Ludhiana, Punjab) and the place of supply (Gurugram,

VG Sir



Haryana) are in different States, IGST will be leviable. Therefore, IGST leviable will be computed as follows: Consideration for supply (400 tickets @ ₹5,000 per ticket) = ₹20,00,000 IGST @ 18% on value of supply = ₹20,00,000 × 18% = ₹3,60,000.

(ii) Section 12(7)(a)(i) of IGST Act, 2017 stipulates that the place of supply of services provided by way of organization of, *inter alia*, a cultural event to a registered person is the location of such person.

Therefore, the place of supply of services supplied by Supriya (P) Ltd. to Musicera Pvt. Ltd. (Ludhiana, Punjab) by way of organising the music concert is the location of the recipient, i.e. Ludhiana (Punjab). Since the location of the supplier (Delhi) and the place of supply (Ludhiana, Punjab) are in different States, IGST will be leviable.

Therefore, IGST leviable will be computed as follows:

Consideration for supply = ₹10,00,000

IGST @ 18% on value of supply = ₹10,00,000 × 18% = ₹1,80,000

(i) As per the provisions of section 12(3)(c) of the IGST Act, 2017, the place of supply of services, by way of accommodation in any immovable property for organizing, *inter alia*, any cultural function shall be the location at which the immovable property is located.

Therefore, the place of supply of services supplied by Hotel Dum dum (Gurugram, Haryana) to Supriya (P) Ltd. by way of accommodation in Hotel lawns for organising the music concert shall be the location of the Hotel Dum dum, i.e. Gurugram, Haryana.

Since the location of the supplier (Gurugram, Haryana) and the place of supply (Gurugram, Haryana) are in the same State, CGST and SGST will be leviable.

Therefore, CGST and SGST leviable will be computed as follows:

Consideration for supply = ₹4,00,000

CGST @ 9% on value of supply = ₹4,00,000 × 9% = ₹36,000 SGST @ 9% on value of supply = ₹4,00,000 × 9% = ₹36,000

If the price for the entry ticket is fixed at ₹450, answer will change in respect of supply of service provided by way of admission to music concert, as mentioned in point (i) above. There will be no IGST liability if the consideration for the ticket is ₹450 as the inter-State services by way of right to admission to, *inter alia*, musical performance are exempt from IGST vide Notification No. 9/2017 IT (R) dated 28.06.2017, if the consideration for right to admission to the event is not more than ₹ 500 per person. However, there will be no change in the answer in respect of supplies mentioned in point (ii) and (iii) above.

Question 4

RTP Nov '19

(ii) Mr. Z, a supplier registered in Hyderabad (Telangana), procures goods from China and directly supplies the same to a customer in US. With reference to the provisions of GST law, examine whether the said activity of supply of goods by Mr. Z to customer in US is taxable under GST. If yes, determine the place of supply of the same.



(ii) Priyank of Pune, Maharashtra enters into an agreement to sell goods to Bisht of Bareilly, Uttar Pradesh. While the goods were being packed in Pune godown of Priyank, Bisht got an order from Sahil of Shimoga, Karnataka for the said goods. Bisht agreed to supply the said goods to Sahil and asked Priyank to deliver the goods to Sahil at Shimoga.

You are required to determine the place of supply(ies) in the above situation.

Answer:

(i) Schedule III to the CGST Act specifies transactions/ activities which shall be neither treated as supply of goods nor supply of services. A new activity has been added in the said Schedule III vide the CGST (Amendment) Act, 2018 namely, supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India. Thus, it seeks to exclude from the tax net such transactions which involve movement of goods, caused by a registered person, from one non-taxable territory to another non-taxable territory.

Therefore, in view of the above-mentioned provisions, the said activity is not a supply. Hence, it is not leviable to GST since "supply" is the taxable event for chargeability of GST. Therefore, since the transaction is not leviable to GST, the question of place of supply does not arise in the given case.

(ii) The supply between Priyank (Pune) and Bisht (Bareilly) is a bill to ship to supply where the goods are delivered by the supplier [Priyank] to a recipient [Sahil (Shimoga)] or any other person on the direction of a third person [Bisht]. The place of supply in case of domestic bill to ship to supply of goods is determined in terms of section 10(1)(b) of IGST Act, 2017.

As per section 10(1)(b) of IGST Act, 2017, where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person.

Thus, in the given case, it is deemed that the Bisht has received the goods and the place of supply of such goods is the principal place of business of Bisht. Accordingly, the place of supply between Priyank (Pune) and Bisht (Bareilly) will be Bareilly, Uttar Pradesh.

This situation involves another supply between Bisht (Bareilly) and Sahil (Shimoga). The place of supply in this case will be determined in terms of section 10(1)(a) of IGST Act, 2017.

Section 10(1)(a) of IGST Act, 2017 stipulates that where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of such goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient.

Thus, the place of supply in second case is the location of the goods at the time when the movement of goods terminates for delivery to the recipient (Sahil), i.e. Shimoga, Karnataka.



Question 5

PQ', a statutory body, deals with the all the advertisement and publicity of the Government. It has issued a release order to 'Moon Plus' channel (registered in State 'A') for telecasting an advertisement relating to one of the schemes of the Government in the month of September 20XX. The advertisement will be telecasted in the States of 'A', 'B', 'C', 'D' and 'E'. The total value of the service contract entered into between 'Moon Plus' and 'PQ' is ` 10,00,000 (exclusive of GST).

You are required to determine the place of supply of the services in the instant case as also the value of supply attributable to the States of 'A', 'B', 'C', 'D' and 'E'.

Further, compute the GST liability [CGST & SGST or IGST, as the case may be] of 'Moon Plus' as also advise it as to whether it should issue one invoice for the entire contract value or separate State-wise invoices.

The other relevant information is given hereunder:

Table 1

| States | Viewership figures of 'Moon Plus' channel in the last week of June 20XX as provided by the Broadcast Audience Research Council |
|--------|--|
| A | 50,000 |
| B + C | 1,00,000 |
| D + E | 50,000 |

Table 2

| States | Population as per latest census (in crores) |
|--------|---|
| A | 50 |
| B | 180 |
| C | 20 |
| D | 100 |
| E | 25 |

The applicable rate of tax is as under:

| CGST | SGST | IGST |
|------|------|------|
| 9% | 9% | 18% |

Answer:

As per section 12(14) of the IGST Act, 2017, the place of supply of advertisement services to the Central Government, a State Government, a statutory body or a local authority meant for the States or Union territories identified in the contract or agreement is taken as being in each of such States or Union territories (where the advertisement is broadcasted/ run /played/disseminated).

Therefore, in the given case, the place of supply of advertisement service is in the States of 'A', 'B', 'C', 'D' and 'E'.

The value of the supply of such advertisement services specific to each State/Union territory is in proportion to the amount attributable to the services provided by way of dissemination in the respective States/Union territories determined in terms of the contract or agreement entered into in this regard.

In the absence of such a contract or agreement between the supplier and recipient of services, the proportionate value of advertisement services attributable to different States/Union territories (where the advertisement is broadcasted/run/played/ disseminated) is computed in accordance with rule 3 of the IGST Rules, 2017.



As per rule 3(f) of the IGST Rules, 2017, in the case of advertisement on television channels, the amount attributable to the value of advertisement service disseminated in a State shall be calculated on the basis of the viewership of such channel in such State, which in turn, shall be calculated in the following manner, namely:-

- (i) the channel viewership figures for that channel for a State or Union territory shall be taken from the figures published in this regard by the Broadcast Audience Research Council;
- (ii) the figures published for the last week of a given quarter shall be used for calculating viewership for the succeeding quarter;
- (iii) where such channel viewership figures relate to a region comprising of more than one State or Union territory, the viewership figures for a State or Union territory of that region, shall be calculated by applying the ratio of the populations of that State or Union territory, as determined in the latest Census, to such viewership figures;
- (iv) the ratio of the viewership figures for each State or Union territory as so calculated, when applied to the amount payable for that service, shall represent the portion of the value attributable to the dissemination in that State or Union territory.
- (v) Therefore, value of supply attributable to 'A', 'B', 'C', 'D' and 'E', will be computed as under:

| States | Viewership figures of 'Moon Plus' channel as provided by the Broadcast Audience Research Council in the last week of June 20XX | Viewership ratio of 'Moon Plus' channel in the States 'A', ('B' + 'C') and ('D' + 'E') | Proportionate value of advertisement services for States 'A', ('B' + 'C') and ('D' + 'E') |
|--------|--|--|---|
| A | 50,000 | 50,000: 1,00,000: 50,000 = 1:2:1 | ₹10,00,000 x 1/4 = ₹2,50,000 |
| B + C | 1,00,000 | | ₹10,00,000 x 2/4 = ₹5,00,000 |
| D + E | 50,000 | | ₹10,00,000 x 1/4 = ₹2,50,000 |

| States | Population as per latest census (in crores) | Population ratio in the States 'B' & 'C' and 'D' & 'E' | Proportionate value of advertisement services in the States 'A', 'B', 'C', 'D' & 'E' |
|--------|---|--|--|
| A | 50 | | ₹2,50,000 |
| B | 180 | B:C = 180:20 = 9:1 | ₹5,00,000 x 9/10 = ₹4,50,000 |
| C | 20 | | ₹5,00,000 x 1/10 = ₹50,000 |
| D | 100 | D:E = 100:25 = 4:1 | ₹2,50,000 x 4/5 = ₹2,00,000 |
| E | 25 | | ₹2,50,000 x 1/5 = ₹50,000 |

Since, there are five different places of supply in the given case, 'Moon Plus' channel will have to issue five separate invoices for each of the States namely, 'A', 'B', 'C', 'D' & 'E' indicating the value pertaining to that State. The GST liability of 'Moon Plus' channel will, therefore, be worked out as under:

Computation of GST liability of 'Moon Plus'

| States | Proportionate value of advertisement services (₹) | CGST @ 9% (₹) | SGST @ 9% (₹) | IGST @ 18% (₹) |
|--------|---|---------------|---------------|----------------|
| A | 2,50,000 | 22,500 | 22,500 | |
| B | 4,50,000 | | | 81,000 |
| C | 50,000 | | | 9,000 |
| D | 2,00,000 | | | 36,000 |
| E | 50,000 | | | 9,000 |



Only in case of supply of services in State 'A', the location of supplier (State 'A') and the place of supply are in the same State, hence the same is an intra-State supply in terms of section 8(1) of the IGST Act, 2017 and is thus, liable to CGST and SGST.

In all the remaining cases of supply of services, the location of the supplier (State 'A') and the places of supply (States 'B', 'C', 'D' & 'E') are in two different States, hence the same are inter-State supplies liable to IGST [Section 7(1)(a) of the IGST Act, 2017 read with section 5(1) of that Act].

Question 6

RTP Nov 23

Pathan Vohra of Pune, Maharashtra enters into an agreement to sell goods to Sukumar Enterprises of Bareilly, Uttar Pradesh. While the goods were being packed in Pune godown of Pathan Vohra, Sukumar got an order from Sindhu Pvt. Ltd. of Shimoga, Karnataka for the said goods. Sukumar Enterprises agreed to supply the said goods to Sindhu Pvt. Ltd. and asked Pathan Vohra to deliver the goods to Sindhu Pvt. Ltd. at Shimoga.

You are required to determine the place of supply(ies) in the above situation.

Answer:

The supply between Pathan Vohra (Pune) and Sukumar Enterprises (Bareilly) is a bill to ship to supply where the goods are delivered by the supplier [Pathan Vohra] to a recipient [Sindhu Pvt. Ltd. (Shimoga)] or any other person on the direction of a third person [Sukumar Enterprises]. The place of supply in case of domestic bill to ship to supply of goods is determined in terms of section 10(1)(b) of the IGST Act, 2017.

As per section 10(1)(b) of the IGST Act, 2017, where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person.

Thus, in the given case, it is deemed that the Sukumar Enterprises has received the goods and the place of supply of such goods is the principal place of business of Sukumar Enterprises. Accordingly, the place of supply between Pathan Vohra (Pune) and Sukumar Enterprises (Bareilly) will be Bareilly, Uttar Pradesh.

This situation involves another supply between Sukumar Enterprises (Bareilly) and Sindhu Pvt. Ltd. (Shimoga). The place of supply in this case will be determined in terms of section 10(1)(a) of the IGST Act, 2017.

Section 10(1)(a) stipulates that where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of such goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient.

Thus, the place of supply in second case is the location of the goods at the time when the movement of goods terminates for delivery to the recipient (Sindhu Pvt. Ltd.), i.e. Shimoga, Karnataka.



Question 7

Determine place of supply along with reasons in the following cases:

- (i) Mr. X, an architect (Kolkata), provides interior decorator services to Mr. Y of New York (USA) in relation to his immovable property located in New Delhi.
- (ii) Mr. A (a Chartered Accountant registered in Kolkata) supplies services to his client in Bhubaneswar (registered in Bhubaneswar, Odisha).
- (iii) ABC Ltd. of Patna imported certain goods from XYZ Inc. of USA. The goods were imported through vessel and delivery of goods was taken at Kolkata, whereafter the movement terminates and the goods are stored.
- (iv) Mr. X, registered in Guwahati, has availed land-line services from BSNL. The telephone is installed in residential premises in Kolkata and the billing address is office of Mr. X in Guwahati.
- (v) Mr. X, residing in Chennai, is travelling with an Indian Airline aircraft and is provided with movie-on- demand service for `100 as on-board entertainment during Delhi-Chennai leg of a Bangkok-Delhi- Chennai flight.
- (vi) Mr. X of Kolkata purchased online tickets for Aquatica water park in Mumbai.
- (vii) Mr. Z, an unregistered person of Kolkata, sends a courier from New Delhi to his friend in Chennai, Tamil Nadu while he was on trip to New Delhi.
- (viii) Mr. X, a registered person in Ranchi, Jharkhand, buys shares from a broker in Patna on NSE, Mumbai. Determine the place of supply of brokerage service.
- (ix) XYZ Ltd., New Delhi entered into contract with an Indian airline for the supply of biscuit packets for further supply by airline to the passengers in Kolkata-Guwahati route. The biscuits were loaded on board in Lucknow.

9 Marks

Answer:

- (i) New Delhi. In a case where location of the supplier or location of recipient of service is outside India, the place of supply of services supplied directly in relation to an immovable property including that of interior decorators is the place where the immovable property is located.
- (ii) Bhubaneshwar, Odisha. The place of supply of services, except the specified services made to a registered person, is the location of such person.
- (iii) Patna. The place of supply of goods imported into India is the location of the importer.
- (iv) Kolkata. The place of supply of services by way of fixed telecommunication line is the location where the telecommunication line is installed for receipt of services.
- (v) Bangkok. The place of supply of services on board an aircraft is the location of the first scheduled point of departure of that aircraft or flight for the journey
- (vi) Mumbai. The place of supply of services provided by way of admission to an amusement park is the place where the park is located.
- (vii) New Delhi. The place of supply of services by way of transportation of goods by courier to a person other than a registered person is the location at which such goods are handed over for their transportation.

VG Sir



(viii) Ranchi, (Jharkhand). The place of supply of stock broking services to any person shall be the location of the recipient of services on the records of the supplier of services.²

(ix) Where the supply involves movement of goods, the place of supply of such goods is the location of the goods at the time at which the movement of goods terminates for delivery to the recipient. Therefore, the place of supply of biscuit packets sold by XYZ Ltd. to Indian Airlines is Lucknow³. Further, where the goods are supplied on board an aircraft, the place of supply shall be the location at which such goods are taken on board. Thus, the place of supply of biscuit packets sold by Indian Airlines to the passengers in Kolkata-Guwahati route is Lucknow.

Question 8**CS (P) Dec. 2021**

Determine the place of supply of service as well as their taxability in each of the following independent cases in the context of provision contained in the CGST Act, 2017 :

(a) Ajay the owner of an immovable property located in New Delhi gives on rent the said property to Basant of U.P. for use in commercial purposes.

(b) Rahul, a Delhi based Interior Decorator provides his professional services to Rama Enterprises of Agra in respect of property which is intended to be located in Punjab.

(c) A USA based company possessing specialization in mineral exploration has been awarded a contract by Singhal Sons Mines of Jaipur (Rajasthan) for mineral exploration in respect of specific sites located in Canada.

(d) Rohit, a consulting Engineer provides his professional consultancy services to a UK based company in respect of its three properties located UK, USA and Dubai.

(e) A Delhi based builder provides construction services to Punjab based company in respect of construction of its new building in Bangladesh.

5 Marks**Answer:**

(a) As per section 12(3) of the IGST Act, 2017, place of supply of services in relation to an immovable property shall be the place where it is located or intended to be located. Hence, in given case, it shall be New Delhi, being the location of the property. Supplier of services i.e. Ajay is located in New Delhi while the place of supply is also New Delhi and therefore, it is an Intra-State supply and hence will be chargeable to CGST + SGST. It is immaterial that the location of recipient is U.P.

(b) Here, the place of supply shall be Punjab, being the location of the property. Location of Supplier i.e. Rahul is Delhi while the place of supply is Punjab and therefore, location of supplier and place of supply being in different states, it is an Inter-State supply and therefore will be chargeable to IGST.

(c) As per section 13(4) of the IGST Act, 2017, place of supply of services in relation to an immovable property where either the location of supplier or the location of recipient is outside India shall be the place where the immovable property is located or intended to be located. Hence, in this case, the place of supply shall be location of mines i.e. Canada. Here, the location of supplier is USA and the place of supply is Canada and therefore, this supply will not be subject to GST.



(d) As per section 13(4) of the IGST Act, 2017, place of supply of services in relation to an immovable property where either the location of supplier or the location of recipient is outside India shall be the place where the immovable property is located or intended to be located. Hence, in this case, place of supply of services given by Rohit, a Consulting Engineer to UK based company in relation to properties at UK, USA and Dubai shall be UK, USA and Dubai respectively. Since the place of supply is outside India, there shall be no charge of GST. It shall be zero rated supply.

(e) As per section 12(3) of the IGST Act, 2017, place of supply of services in relation to an immovable property, where both supplier as well as recipient of supply are in India shall be the place where the property is located or intended to be located. However, where such property is located outside India, place of supply shall be the location of the recipient of supply.

Therefore, in given case, place of supply shall be Punjab being the location of recipient of supply as the property is to be situated in Bangladesh. There shall be charge of IGST as it is an inter-State supply as location of supplier is Delhi and place of supply is Punjab.



Multiple Choice Questions

Question 1

MTP March '19

M/s. Buildwell Engineering Consultants, located and registered in Gurugram, Haryana provided consultancy services to M/s. Taj India Ltd., (located and registered in Mumbai, Maharashtra) for its hotel to be constructed on land situated in Dubai.

Determine the place of supply of consultancy services provided by M/s. Buildwell Engineering Consultants to M/s. Taj India Ltd.:

- a) Gurugram, Haryana
- b) Mumbai, Maharashtra
- c) Dubai
- d) None of the above

Question 2

MTP April '19

Mr. Salman Khan, a resident of Mumbai, has booked a Videocon D2H connection at his other home in Delhi. His friend Shah Rukh Khan, is resident of Kerala, paid the charges for Salman's D2H connection in Delhi at the time of actual installation. Mr. Shah Rukh Khan went to Kolkatta after making the payment. Both Salman Khan and Shah Rukh Khan are not registered in GST.

Determine the place of supply of D2H service provided by Videocon to Mr. Salman Khan:

- a) Mumbai
- b) Kerala
- c) Delhi
- d) Kolkatta

Question 3

MTP Oct '19

Aflatoon Spares (P) Ltd., located and registered in Haryana, supplied spare parts (FOB basis) to Mr. Laxmi Khurana, an unregistered person, located in Rajasthan. Mr. Laxmi Khurana booked the courier himself with Black Dart Courier (P) Ltd., registered in Delhi for delivery in Rajasthan. Black Dart Courier (P) Ltd. picked up the goods from Haryana and delivered the courier in Rajasthan while passing through the State of Uttar Pradesh.

Determine the place of supply of service provided by Black Dart Courier (P) Ltd. to Mr. Laxmi Khurana:

- a) Haryana
- b) Delhi
- c) Rajasthan
- d) Uttar Pradesh

Question 4

MTP March 22

M/s Fair Engineering Consultants, located and registered under GST in Gurugram, Haryana, provided architectural services to Mahal India Ltd., located and registered under GST in Mumbai, Maharashtra, for its hotel to be constructed on land situated in Dubai. Determine the place of supply of architectural services provided by M/s Fair Engineering Consultants to Mahal India Ltd.:

- a) Gurugram, Haryana
- b) Mumbai, Maharashtra
- c) Dubai
- d) Either Maharashtra or Dubai, at the option of the recipient



Question 5

RTP May '20

Lucky Singh, a resident of Noida, U.P., went to Himachal Pradesh for a family vacation via Delhi-Chandigarh- Himachal Pradesh in his own car. After entering Chandigarh, his car broke down due to some technical issue. He called 'ONROARDS' - an emergency roadside car assistance company (registered under GST in Delhi) to repair the car. The car was repaired by the staff of 'ONROARDS'. The value of supply amounted to ` 50,000 (being labour charges ` 40,000 and spares ` 10,000). The bill was supposed to be generated online though the server, but due to some technical issue, it was not so generated.

Determine the place of supply in the given case.

- a) Delhi
- b) Chandigarh
- c) Noida, U.P
- d) Himachal Pradesh

Question 6

RTP Sept'24

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 gifts

Question 7

CS Execu.

M/s Dhoom Furniture Mart, located and registered under GST in the State of Chhattisgarh, sells furniture from its showroom to M/s Lucky Dhaba (located and registered under GST in the State of Jharkhand). M/s Lucky Dhaba requested to deliver the furniture to Mr. Pyare Lal at Patna, Bihar. M/s Dhoom Furniture Mart sends the furniture with a proper e-way bill to Patna through a transporter who made the delivery to Mr. Pyare Lal.

Determine the place of supply of furniture sold by M/s Dhoom Furniture Mart to M/s Lucky Dhaba in the above case.

- (a) Chhattisgarh
- (b) Jharkhand
- (c) Bihar
- (d) Either Jharkhand or Bihar, at the option of the recipient

Question 8

CS Execu.

Aflatoon Spares (P) Ltd., located and registered under GST in Haryana, supplied spare parts (FOB basis) to Mr. Laxmi Khurana, an unregistered person, located in Rajasthan. Mr. Laxmi Khurana booked the courier himself with Black Dart Courier (P) Ltd., registered under GST in Delhi for delivery in Rajasthan. Black Dart Courier (P) Ltd. picked up the goods from Haryana handed over by Aflatoon Spares (P) Ltd. and delivered the courier in Rajasthan while passing through the State of Uttar Pradesh.

Determine the place of supply of service provided by Black Dart Courier (P) Ltd. to Mr. Laxmi Khurana

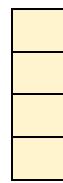
- (a) Haryana
- (b) Delhi
- (c) Rajasthan
- (d) Uttar Pradesh



Question 9**CMA Inter**

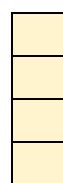
Subbu, a registered supplier based at Erode coached the staff of a software company in Hyderabad, which is registered. The classes were held at Erode. The place of supply is:

- (A) As mutually agreed upon
- (B) As decided by the Department, whichever is more favourable to them
- (C) Erode
- (D) Hyderabad

**Question 10****CMA Inter**

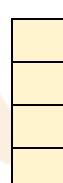
Mr. C of Chennai supplied goods to M/s Smart Jet Airlines of Chennai flying between Delhi-Mumbai. The goods are loaded in the aircraft in Delhi. The place of supply of goods will be:

- (A) Chennai
- (B) Delhi
- (C) Mumbai
- (D) None of the above

**Question 11****CMA Inter**

Place of supply of services, in relation to training and performance appraisal provided to a registered person, will be the location of provider of Service.

- a. True
- b. False
- c. Partly false
- d. Place True

**Question 12****CMA Inter**

The place of supply for postpaid telecommunication services will be the _____.

- a. Billing
- b. paying
- c. consumption
- d. all of the above

Answers

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-----------|-----------|---|---|---|---|---|---|---|----|
| b | c | a | b | a | a | b | a | d | b |
| 11 | 12 | | | | | | | | |
| b | a | | | | | | | | |



Chapter 5: Exemptions of GST

Descriptive Questions

Easy

Question 1

MTP Aug'18, PYP May '18

Examine whether GST is exempted on the following independent supply of services:

- i. Relax & Co, a tour operator, provides services to a foreign tourist for tour conducted in Kerala and receives a sum of Rs. 1,50,000.
- ii. Ms. Sneha acts as a Coach for Indian Sports League (ISL), a recognized sports body, for a Tennis tournament organized by superb retail company and received a remuneration of Rs. 4,00,000.

6 Marks

Answer

- i. Services provided by a tour operator to a foreign tourist are exempt from GST provided such services are in relation to a tour conducted wholly outside India. Thus, since in the given case, services provided by Relax & Co. are in relation to a tour conducted within India, the same are not exempt from GST.
- ii. Services provided by a coach to a recognized sports body for participation in a sporting event are exempt from GST provided said sporting event is organized by a recognized sports body. Thus, since in the given case, the sporting event is not organized by a recognized sports body, the services provided by Ms. Sneha are not exempt from GST.

Question 2

MTP April'21

Kashi Enterprises, an event organizer, provided services to Brisk N Frisk Ltd. by way of organizing business exhibition in New Delhi as part of Make in India initiative. Kashi Enterprises claims that it is not required to pay GST as the services provided by way of organizing business exhibition are exempt from GST. Examine the technical veracity of the claim of Kashi Enterprises, in the given case.

4 Marks

Answer

No, the claim made by Kashi Enterprises that it is not required to pay GST is not correct. Services provided by an organizer to any person in respect of a business exhibition are exempt from GST only when such business exhibition is held outside India. However, since in the given case, the exhibition is being organized in India, the services of organization of event by Kashi Enterprises will not be exempt from GST.

Question 3

MTP Sep'22 VG Sir

State with reasons, whether GST is payable in the following independent cases: -

Exemptions from GST



i. Services provided to recognized sports body as selector of national team.

ii. Services provided by way of transportation of passengers in metered cab, through an electronic commerce operator.

4 Marks

Answer

i. Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST vide Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, GST is payable in case of services provided to a recognized sports body as selector of national team.

ii. Service of transportation of passengers, with or without accompanied belongings, inter alia, by metered cabs are specifically exempt from GST vide Notification No. 12/2017 CT(R) dated 28.06.2017. However, where such services are supplied through an electronic commerce operator, said services are not exempt. Thus, GST is payable in the given case.

Question 4

MTP March '23

State with reasons, whether GST is payable in the following independent cases: -

i. Food supplied by the canteen run by a hospital to the in-patients as advised by the doctors.

ii. An RWA in a housing society, registered under GST, collects the maintenance charges of ₹ 6,500 per month per member.

4 Marks

Answer

(i) Services by way of health care services by a clinical establishment, an authorized 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.

(ii) 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.

Question 5

MTP March '23

Miss. P, a registered supplier of Rajasthan, has received the following amounts in respect of the activities undertaken by her during the month of April:

| S. No. | Particulars | Amount (in ₹) |
|--------|--|---------------|
| 1 | Amount received for warehousing of sugarcane | 50,000 |
| 2 | Commission received as business facilitator for the services provided to the urban branch of a nationalized bank with respect to savings bank accounts | 20,000 |



| | | |
|---|---|--------|
| 3 | Amount received for services by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex | 10,000 |
|---|---|--------|

All the transactions stated above are inter-State transactions and all amounts are exclusive of GST.

You are required to compute total GST payable by Miss. P for the month of April assuming the rate of GST to be 18%.

4 Marks

Answer

Computation of value of taxable supply on which GST is to be paid by Miss. P

| Particulars | IGST* (₹) |
|---|-------------------------|
| Amount received for warehousing of sugarcane [Warehousing of agricultural produce is exempt from GST.] | Nil |
| Commission received as business facilitator [Services provided by a business facilitator to a banking company with respect to accounts only in its rural area branch are exempt from GST. In the given case since services are being provided to urban branch of the bank, they are taxable. However, the tax payable thereon is to be paid by the recipient of services i.e. banking company, under reverse charge. Hence, Miss P will not be liable to pay GST on commission received for said services.] | Nil |
| Amount received for services by way of labour contracts [Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt from GST. Since such services are being provided for repairing the residential unit, they are not eligible for exemption.] | 1,800 [10,000 X 18%] |
| Total IGST payable | 1,800 |

*Note: IGST is payable on inter-State supply.

Question 6

MTP Oct' 23

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

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.

Question 7

RTP Nov '19

a) Holiday Guest House, situated at Shimla, provides boarding & lodging services to tourists at economical cost. The charges of a single deluxe room per day are ₹ 999. Mr. X has booked one deluxe room for two days during Christmas holidays. You are required to determine whether GST is payable by Holiday Guest House on the above booking. If yes, determine the amount of GST so payable. Will your Answer change, if the charges of a single deluxe room per day charged by Holiday Guest House are ₹ 1,000?

b) M/s Damodar Ltd. provides services by way of storage of seasonal fruits and vegetables in Bhatinda, Punjab. The monthly rental for a godown is ₹ 15,000. Examine whether GST is payable by M/s Damodar Ltd.

Answer

a. Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, as per amendment, notification dated 18.07.2022 Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having value of supply of a unit of accommodation below or equal to 1,000 per day or equivalent is removed from the exemption list and is now taxable.

Thus, in view of the above-mentioned provisions, GST is not payable by Holiday Guest House on the booking done by Mr. X

b. Services by way of storage/ warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibers such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea have been exempted from GST under an exemption notification under GST.

Thus, no GST is payable on the services provided by M/s Damodar Ltd. by way of storage of seasonal fruits and vegetables in Bhatinda, Punjab.

Question 8

RTP May '20

State with reasons, whether GST is payable in the following independent cases: -

- Services provided to recognized sports body as curator of national team.
- Services provided by way of transportation of passenger in Metered Cab.
- Services by way of public conveniences such as provision of facilities of washrooms.
- Services provided by a player to a franchisee which is not a recognized sports body

Answer

i. Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST vide Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, GST is payable in case of services provided to a recognized sports body as curator of national team.

VG Sir

- ii. Service of transportation of passengers, with or without accompanied belongings, inter alia, by metered cabs are specifically exempt from GST vide Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, GST is not payable in this case.
- iii. Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets are not liable to GST as it is specifically exempt as per Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, GST is not payable in this case.
- iv. Services provided by a player to a franchisee which is not a recognized sports body is taxable as it is not exempt under Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, GST is payable in this case.

Question 9

RTP Nov '23

Examine the implications of GST on payment of honorarium to the Guest Anchors.

Answer

Circular No. 177/09/2022 GST dated 03.08.2022 clarifies the applicability of GST on honorarium paid to Guest Anchors. Sansad TV and other TV channels invite guest anchors to participate in their shows and pay remuneration to them in the form of honorarium.

It is clarified that supply of all goods & services are taxable unless exempt or declared as 'neither a supply of goods nor a supply of service'. Services provided by the guest anchors in lieu of honorarium attract GST liability.

However, guest anchors whose aggregate turnover in a financial year does not exceed ₹ 20 lakh (₹ 10 lakh in case of specified Special Category States) shall not be liable to take registration and pay GST.

Question 10

PYP May '19

Decide with reason whether the following independent services are exempt under CGST Act, 2017: Gould Residents' Welfare Association received 9,000 per month as contribution from each member for sourcing of goods and services from third persons for common use of its members.

Mr. Vial, a performing artist, has received 1,58,000 from performance of classical dance and 90,000 from acting in TV Serial during the month of June 2018.

4 Marks

Answer

i. Service by an unincorporated body or a registered non-profit entity, to its own members by way of share of contribution up to an amount of 7,500 per month per member for sourcing of goods/services from a third person for the common use of its members in a housing society or residential complex, is exempt. In the given case, monthly contribution per month per member received by Gould Residents' Welfare Association exceeds 7,500. Therefore, exemption will be available up to 7,500 and GST would be payable on the amount in excess of 7,500 (viz. 1,500 in this case).

ii. Services by an artist by way of a performance in folk or classical art forms of music, dance, or theatre, if the consideration charged for such performance is not more than 1,50,000 are exempt from GST in the given case, since the consideration received by the performing artist - Mr. Vial for performance of classical dance is more than 1,50,000, said services are not exempt.

Further, consideration received for acting in TV serial is also not exempt since said performance is not in folk/classical art forms of theatre.



Question 11

Decide with reason whether the following independent services are exempt under CGST Act, 2017:

- i. M/s Fast Trans, a goods transport agency, transported relief materials meant for victims of Kerala floods being a natural disaster, by road from Delhi to Ernakulum, for a Limited Co. (Old & New SM)
- ii. Keyan Enterprises, an event organizer, provided services to Breathing Wall Ltd. by way of organizing business exhibition at Pragmatic Maiden in New Delhi as part of Make in India initiative.

3 Marks

Answer

- i. Services provided by a goods transport agency, by way of transport in a goods carriage of, inter alia, relief materials meant for victims of inter alia natural or man-made disasters are exempt from GST. Therefore, services provided by M/s Fast Trans will be exempt from GST.
- ii. Services provided by an organizer to any person in respect of a business exhibition held outside India is exempt from GST. Since in the given case, the exhibition is organized in India, the services of organization of event by Keyan Enterprises will not be exempt from GST.

Question 12

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

5 Marks

| Gross Receipts from | (₹) |
|--|----------|
| Services relating to rearing of sheep's | 6,00,000 |
| Services by way of artificial insemination of horses | 4,00,000 |
| Processing of sugarcane into jiggery | 8,00,000 |
| Milling of paddy into rice | 7,50,000 |
| Services by way of fumigation in a warehouse of agricultural Produce | 1,80,000 |

All the above receipts are exclusive of GST.

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

Answer:

Computation of value of taxable supplies

| Particulars | Amount (₹) |
|--|------------|
| Services relating to rearing of sheep's [Exempt since services relating to rearing of all life forms of animals, except horses, for food etc. are exempt.] | Nil |
| Services by way of artificial insemination of horses [Not exempt since services of artificial insemination are exempt only of livestock other than horses.] | 4,00,000 |



| | |
|--|------------------|
| Processing of sugarcane into jiggery [Not exempt, since processes which alter the essential characteristics of agricultural produce are not exempt and processing of sugarcane into jiggery changes the essential characteristics of sugarcane.] | 8,00,000 |
| 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.] | 7,50,000 |
| Services by way of fumigation in a warehouse of agricultural produce (As per amendment in the notification dated 18.07.2022 Services by way of fumigation in a warehouse of agricultural produce is removed from the exemption list and is now taxable) | 1,80,000 |
| Value of taxable supplies | 21,30,000 |

Question 13

PYP Dec'21

AB Ltd., a registered company of Chennai, Tamil Nadu has provided following services for the month of October.

6 Marks

| Particulars | Amount (`) |
|---|------------|
| Services of transportation of students, faculty and staff from home to college and back to Commerce College, (a private college) providing degree courses in BBA, MBA, B.Com., M.Com. | 2,50,000 |
| Online monthly magazine containing question bank and latest updates in law to students of PQR Law College offering degree courses in LLB and LLM | 1,00,000 |
| Housekeeping services to T Coaching Institute | 50,000 |
| Security services to N Higher Secondary School | 3,25,000 |
| Services of providing breakfast, lunch and dinner to students of ABC Medical College offering degree courses recognized by law in medical field | 5,80,000 |

All the above amounts are exclusive of GST.

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

Answer

Computation of value of taxable supplies of AB Ltd.

| Particulars | Amount (`) |
|---|------------|
| Services of transportation of students, faculty and staff to Commerce 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 PQR 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 T Coaching Institute [Not exempt] | 50,000 |



| | |
|--|----------|
| Security services ⁴ to N Higher Secondary School [Security services provided to an educational institution providing education up to higher secondary school are exempt.] | Nil |
| Services of providing breakfast, lunch and dinner to students of ABC Medical 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.] | 5,80,000 |
| Value of taxable supplies | 8,80,000 |

4th has been assumed that security services are performed in N Higher Secondary School.

Question 14

PYP Jan'21

Satya Sai Residents Welfare Association, a registered person under GST has 30 members each paying 8,000 as maintenance charges per month for sourcing of goods and services from third persons for common use of its members.

The Association purchased a water pump for 59,000 (inclusive of GST of 9,000) and availed input services for 23,600 (inclusive of GST of 3,600) for common use of its members during February 2020. Compute the total GST payable, if any, by Satya Sai Residents Welfare Association, for February 2020.

GST rate is 18%. All transactions are intra-State.

There is no opening ITC and all conditions for ITC are fulfilled.

4 Marks

Answer

Computation of total GST payable by Satya Sai Residents Welfare Association

| Particulars | Value (₹) | GST @ 18% (₹) |
|--|-----------|---------------|
| Maintenance charges received [8,000 × 30 members] [Services by RWA to its members for sourcing of goods or services from a third person for the common use of its members in a housing society are exempt provided the share of contribution per month per member is up to 7,500. Otherwise, entire amount is taxable.] | 2,40,000 | |
| Total GST payable [It has been logically presumed that maintenance charges are exclusive of GST.] | | 43,200 |

Note:

Residents Welfare Association is entitled to take ITC of GST paid by them on capital goods, goods and input services, used by it for making supplies to its members and use such ITC for discharge of GST liability on such supplies where the amount charged for such supplies is more than 7,500 per month per member. Thus, Satya Sai Residents Welfare Association can avail ITC of GST paid on water pump purchased (9,000) and input services availed (3,600). Net GST payable in that case will come out 30,600.



Question 15

Mr. Shyam Das was admitted to Suraksha Hospital in Mumbai for 2 days in relation to diagnosis of removal of stones from his kidney. For the said services, Suraksha hospital charged following from Mr. Das:

- i. Room rent 7,000 per day for 2 days.
- ii. Operation theatre charges 5,000
- iii. Doctors Consultation Charges 8,000
- iv. Other services 4,000

In each of the above scenario explain whether Suraksha Hospital should levy GST or not in line with the relevant provisions of the GST laws. 4 Marks

Answer

Health care services by a clinical establishment are exempt from GST.

However, services provided by a clinical establishment by way of providing room having room charges exceeding 5,000 per day to a person receiving health care services are not exempt.

In view of the same, only the room rent of ` 14,000 (` 7,000 per day \times 2 days) is liable to GST.

Other than room rent, all other nature of services provided by Suraksha Hospital are exempt from GST.

Question 16

"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.

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 by way of speed post, express parcel post, life insurance, and agency services provided to a person other than the Central Government, State Government, Union territory; is removed from the exemption list and is now taxable for the recipient of service.
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.

Question 17

RXL Pvt. Ltd. manufactures a beauty soap with the brand name 'Forever Young'. RXL Pvt. Ltd. has organized a concert to promote its brand. Ms. Ahana Kapoor, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert as a part of her services as a brand ambassador of the company. The proceeds of the concert worth 1,20,000 will be donated to a charitable organization by Ms. Ahana.

Examine whether Ms. Ahana Kapoor will be required to pay any GST for classical dance performance given in the said concert. 5 Marks

Answer

Services by an artist by way of a performance in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre are exempt from GST, if the consideration charged for such performance is not more than 1,50,000. However, such exemption is not available in respect of service provided by such artist as a brand ambassador.

Since Ms. Ahana Kapoor is the brand ambassador of 'Forever Young' soap manufactured by RXL Pvt. Ltd., the services rendered by her by way of a classical dance performance in the concert organized by RXL Pvt. Ltd. to promote its brand will not be eligible for the above-mentioned exemption and thus, be liable to GST. The fact that the proceeds of the concert will be donated to a charitable organization will not have any bearing on the eligibility or otherwise to the above-mentioned exemption.

Moderate

Question 1

MTP May'20, RTP May '19

- i. "Richmond kids" is a Play School located in Delhi. Richmond Kids has outsourced the catering services for supply of food and drink in the canteen of Play School to Ashoka Caterers, Delhi for a consideration of Rs. 8,00,000 per annum. Examine whether supply of food and drink/catering services from Ashoka Caterers to "Richmond kids" is exempt from GST:
- ii. Balaji Hospital, a clinical establishment located in Tirupati, is specialized in cardiac treatment. The hospital has its own canteen - Healthy Foods. The canteen serves the food and drink to the in-patients as advised by the doctors/nutritionists of the hospital. Apart from this, other patients (who are not admitted) or attendants or visitors of the in-patients also take food and drink from the canteen. Examine whether supply of food and drink/catering services to the in-patients and other patients (who are not admitted) or attendants or visitors of the in-patients is exempt from GST:

6 Marks

Answer

- i. Services provided to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent, by way of catering is exempt from GST vide exemption notification under GST. Thus, in the given case, services provided by Ashoka Caterers to Richmond Kids are exempt from GST.
- ii. Services by way of health care services provided by a clinical establishment, an authorized medical practitioner or para-medics are exempt from GST vide exemption Notification under GST. In this regard, CBIC has clarified that food supplied by the hospital canteen to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare services and is not separately taxable. Thus, it is exempt from GST. However, other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable. In view of the same, GST is exempt on the food supplied by Healthy Foods to the inpatients as advised by doctors/nutritionists while other supplies of food by it to patients (not admitted) or attendants/visitors of the in-patients is taxable.



Question 2

Ayushman Medical Centre, a clinical establishment, offers the following services:

| S.No. | Particulars | ₹ |
|-------|--|-----------|
| (I) | Reiki healing treatments. Such therapy is not a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010. | 10,00,000 |
| (II) | Plastic surgeries. [One such surgery was conducted to repair cleft lip of a new born baby. Consideration of ₹ 1,00,000 was charged for the same.] | 20,00,000 |
| (III) | Air ambulance services to transport critically ill patients from distant locations to Ayushman Medical Centre. | 1,00,000 |
| (IV) | Alternative medical treatments by way of Ayurveda. Such therapy is not a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010 | 2,50,000 |

*Excluding GST

Ayushman Medical Centre also operates a cord blood bank which provides services in relation to preservation of stem cells. You are required to compute the value of supply and GST liability [CGST & SGST or IGST] of Ayushman Medical Centre, if any, in the light of relevant GST provisions.

Note - All the services provided by Ayushman Medical Centre are intra-State supplies. Assume the rates of CGST, SGST and IGST to be 9%, 9% and 18% respectively. 6 Marks

Answer

Health care services provided by, inter alia, a clinical establishment in India are exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017. The definition of 'health care services' stipulates that such services must be provided in any recognized system of medicines.

As per section 2(h) of Clinical Establishments Act, 2010, recognized system of medicine means allopathy, yoga, naturopathy, Ayurveda, homeopathy, siddha and umami system of medicines or any other system of medicines as may be recognized by the Central Government. Accordingly, value of supply and GST liability of Ayushman Medical Centre will be computed as follows:

| S.No. | Particulars | ₹ |
|-------|---|-----------|
| (i) | Reiki healing treatments [Not a recognized system of medicines] | 10,00,000 |
| (ii) | Plastic surgeries [₹ 20,00,000 - ₹ 1,00,000] ['Health care services' specifically excludes, inter alia, cosmetic or plastic surgery except when undertaken to restore/reconstruct anatomy/functions of body affected due to congenital defects, developmental abnormalities, injury or trauma] | 19,00,000 |
| (iii) | Air ambulance services to transport critically ill patients from distant locations to the Medical Centre ['Health care services' specifically includes services by way of transportation of the patient to and from a clinical establishment] | Nil |



| | | |
|------|--|------------------|
| (iv) | Alternative medical treatments by way of Ayurveda [Being a recognized system of medicines] | Nil |
| | Value of supply | 29,00,000 |
| | CGST @ 9% | 2,61,000 |
| | SGST @ 9% | 2,61,000 |

Note: As per amendment, notification dated 18.07.2022 Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation is removed from the exemption list and is now taxable

Question 3

MTP March'22

Determine the GST payable, if any, in each of the following independent cases, assuming that the rate of GST is 18% and that the service providers are registered under GST:

- i. Bollywood dance performance by a film actor in a film and consideration charged is ₹ 1,45,000.
- ii. Carnatic music performance by a classical singer to promote a brand of readymade garments and consideration charged is ₹ 1,30,000.
- iii. Carnatic music performance by a classical singer in a music concert and consideration charged is ₹ 1,55,000.
- iv. Kathak dance performance by a classical dancer in a cultural programmed and consideration charged is ₹ 1,45,000.

4 Marks

Answer

- i. Bollywood Dance performance by a film actor in a film is not exempt from GST even though the consideration charged is less than threshold limit of ₹ 1,50,000. The reason for the same is that the dance performance by an artist is exempt only if it is a performance in folk or classical art forms of dance. Consequently, entire consideration charged is subject to GST as follows: = ₹ 1,45,000 × 18% = ₹ 26,100
- ii. Carnatic music performance by a classical singer to promote a brand of readymade garments is not exempt from GST even though, the consideration charged is less than threshold limit of ₹ 1,50,000 and it is a performance in classical art forms of music. The reason for the same is that the said exemption is not applicable to service provided by such artist as a brand ambassador. Consequently, entire consideration charged is subject to GST as follows: = ₹ 1,30,000 × 18% = ₹ 23,400
- iii. Carnatic music performance by a classical singer in a music concert is not exempt from GST even though it is a performance in classical art forms of music. The reason for the same is the consideration charged for the service exceeds ₹ 1,50,000. Consequently, entire consideration charged is subject to GST as follows: = ₹ 1,55,000 × 18% = ₹ 27,900
- iv. Kathak dance performance by a classical dancer in a cultural programmed is exempt from GST as it is a performance in classical art forms of dance and consideration charged does not exceed ₹ 1,50,000 [i.e. ₹ 1,45,000].



Question 4

MTP May'20

Explain the services provided by way of tolerating non-performance of a contract and its chargeability under the provisions of the CGST Act, 2017

5 Marks**Answer**

Non-performance of a contract is the failure to fulfill the obligations under a contract. It is generally one of the conditions stipulated in any contract for supply of goods/services.

The agreement entered into between the parties stipulates that both the service provider and service recipient abide by the terms and conditions of the contract. In case any of the parties breach the contract for any reason including non-performance of the contract, then such person is liable to pay damages in the form of fines or penalty to the other party.

Tolerating non-performance of a contract in lieu of damages or fines is a supply in terms of section 7 of the CGST Act, 2017 as it is made for a consideration by a person in the course or furtherance of business.

Further, tolerating non-performance of a contract is treated as a supply of service in terms of section 7 read with Schedule II of CGST Act, 2017.

However, in case of supplies to Government, non-performance of contract by the supplier of service for which consideration in the form of fines or liquidated damages is payable is exempt from GST.

Question 5

MTP Oct'19

Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons:

4 Marks

| Particulars | Gross amount charged (Rs.) |
|---|----------------------------|
| Fee charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961 | 50,000 |
| Amount charged by business correspondent from banking company for the services provided to the rural branch of a bank with respect to Savings Bank Accounts | 1,00,000 |
| Amount charged by cord blood bank for preservation of stem cells | 5,00,000 |
| Amount charged for service provided by commentator to a recognized sportsbody | 5,20,000 |

Answer**Computation of value of taxable supply**

| Particulars | (Rs.) |
|---|----------|
| Fees charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961 [Note-1] | Nil |
| Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [Note-2] | Nil |
| Amount charged by cord blood bank for preservation of stem cells [Note-3] | 5,00,000 |
| Service provided by commentator to a recognized sports body [Note-4] | 5,20,000 |

Notes:

1. Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities are exempt from GST. The activities relating to advancement of



yoga are included in the definition of charitable activities. So, such activities are exempt from GST.

2. Services by business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch have been exempted from GST.
3. As per amendment, notification dated 18.07.2022 Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation is removed from the exemption list and is now taxable.
4. Services provided to a recognized sports body only by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST. Thus, services provided by commentators are liable to GST.

Question 6

RTP Nov '18

Examine whether GST is payable in the following independent supply of services:

Indiana Engineering College, a recognized educational institution, has conducted an entrance test examination for various courses run by it and charged entrance fees from the applicants.

Ramfal Lalaji, an agriculturist, has stored sugarcane in a warehouse. He has taken fumigation services in the said warehouse from Gupta Pest Control Co. for which he paid the consideration of ₹ 6,000.

Answer

i. Services provided by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee are exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017 as amended.

Since in the given case, services provided by Indiana Engineering College, an educational institution are by way of conduct of entrance examination against entrance fee, the same is exempt and thus, GST is not payable in this case.

ii. Services by way of fumigation in a warehouse of agricultural produce. In the present case, since Gupta Pest Control Co. provides services by way of fumigation in the warehouse of sugarcane [being an agricultural produce], said services are not exempt and GST is payable on the same.

As per amendment dated 18.07.2022 Services by way of fumigation in a warehouse of agricultural produce is removed from the exemption list and is now taxable.

Question 7

RTP Nov '18

The temple of ancestral deity of Mr. Aman goel and his family is located at Beri, Haryana. The temple is run by a charitable organization registered under section 12AA of the Income Tax Act, 1961. The family has got unshakeable faith in their ancestral deity. Mr. Aman is a big entrepreneur having flourishing business of tiles in Gurugram. Upon the birth of their first child, he donated ₹ 10 lakh to the said temple for construction of a sitting hall in the temple. On the main door of the sitting hall, a name plate was placed stating "Donated by Mr. Aman Goel upon birth of his first child".

You are required to examine the lability of GST on the donation received from Mr. Aman Goel?



Answer

It has been clarified vide Circular No. 116/35/2019 GST dated 11.10.2019 that when the name of the donor is displayed in the religious institution premises, by placing a name plate or similar such acknowledgement, which can be said to be an expression of gratitude and public recognition of donor's act of philanthropy and is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, then it can be said that there is no supply of service for a consideration (in the form of donation). There is no obligation (quid pro quo) on part of recipient of the donation or gift to do anything (supply a service). Therefore, there is no GST liability on such consideration.

In the given case, there is no reference or mention of any business activity of the donor which otherwise would have got advertised. Thus, since the gift or donation is made to a charitable organization, the payment has the character of gift or donation and the purpose is philanthropic (i.e., it leads to no commercial gain) and not advertisement, hence GST is not leviable.

Question 8

RTP Nov' 18

With reference to the provisions of GST law, briefly Answer the following questions: -

- Income is received by Maharashtra Government from renting of immovable property to Ganpati Morya Pvt. Ltd., registered in Maharashtra (Turnover of the company was ₹ 18 lakh in the preceding financial year). Is GST payable in the present case? If yes, who is liable to pay the same?
- Mr. Vivek Goyal, director of A2Z Pvt. Ltd. Company has received sitting fee amounting to ₹ 1 lakh from A2Z Pvt. Ltd for attending the Board meetings.

Answer

a. Notification No. 12/2017 CT (R) dated 28.06.2017 has inter alia exempted the services provided by the State Government to a business entity with an aggregate turnover of up to ₹ 20 lakh (₹ 10 lakh in case of a Special Category States) in the preceding FY. However, the same shall not apply to services by way of renting of immovable property.

In the given case, services by way of renting of immovable property is provided by Maharashtra Government to Ganpati Morya Pvt. Ltd, registered in Maharashtra. Therefore, the above exemption will not apply in this case even though the turnover of the company was less than ₹ 20 lakh in the preceding financial year. Thus, GST is payable in the given case.

Notification No. 13/2017 CT (R) dated 28.06.2017 as amended inter alia provides that reverse charge is applicable in case of services supplied by the State Government by way of renting of immovable property to a person registered under the Central Goods and Services Tax Act, 2017. Thus, GST is payable by Ganpati Morya Pvt. Ltd., being a registered person in the present case.

b. Notification No. 13/2017 CT (R) dated 28.06.2017 inter alia provides that GST on supply of services by the director of a company to the said company located in the taxable territory is payable on a reverse charge basis. (As per amendment GST on reverse charge is to be paid by services supplied by director of a company or body corporate to said company or body corporate. Person liable to pay tax: Company or body corporate.) Therefore, in the given case, person liable to



pay GST is the recipient of services, i.e., A2Z Pvt. Ltd. Company. (Note even after the amendment the conclusion stays the same)

Question 9

RTP May' 23

State the person liable to pay GST in the following independent services provided:

- i. Siddhi Builders, registered in Haryana, rented out 20 residential units owned by it in Sanskriti Society to Rudra Technologies, an IT based firm registered in the State of Haryana, for accommodation of its employees.
- ii. M/s. Purohit Consultants, a partnership firm registered in Delhi as a regular tax payer, paid sponsorship fees of ` 70,000 at a seminar organized by a private NGO (a partnership firm) in Delhi.

Answer

i. Services provided by way of renting of residential dwelling for use as residence is exempt from GST. However, where the residential dwelling is rented to a registered person, said exemption is not available. Further, tax on service provided by way of renting of residential dwelling to a registered person is payable by the recipient under reverse charge.

As per amendment Nov 23- it is not taxable if the registered person is a proprietor of a proprietorship concern and rents the residential dwelling in his own personal capacity for use as his own residence and such renting is on his own account and not that of the proprietary concern.

Therefore, in the given case, Rudra Technologies is liable to pay GST on the residential dwellings taken on rent by it from Siddhi Builders, under reverse charge mechanism.

ii. In case of services provided by any person by way of sponsorship to anybody corporate or partnership firm, GST is liable to be paid under reverse charge by such body corporate or partnership firm located in the taxable territory.

Since in the given case, sponsorship services are being provided by the private NGO to a partnership firm - M/s. Purohit Consultants, GST is payable by Purohit Consultants on said services under reverse charge.

Difficulty

Question 1

MTP March'18

Kesar Maharaj, a registered supplier, gave a classical dance performance in an auditorium. The consideration charged for the said performance is ₹ 1,48,500. Is Kesar Maharaj liable to pay GST on the consideration received for the said performance if such performance is not for promotion of any product/services? If yes, determine his GST liability (CGST and SGST or IGST, as the case may be). Will your Answer be different if?

- i. Kesar Maharaj is a brand ambassador of a food product and aforesaid performance is for the promotion of such food product?
- ii. the dance performance given by Kesar Maharaj is not a classical dance performance, but a contemporary Bollywood style dance performance?
- iii. consideration charged by Kesar Maharaj for the classical dance



performance is ₹ 1,60,000?

Notes:

1. Services provided by Kesar Maharaj are intra-State supplies.
2. Wherever applicable, GST has been charged separately.
3. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.

6 Marks

Answer

Notification No. 12/2017 CT (R) dated 28.06.2017 exempts services by an artist by way of a performance in folk or classical art forms of (I) music, or (ii) dance, or (iii) theatre, if the consideration charged for such performance is not more than ₹ 1,50,000. However, exemption will not apply to service provided by such artist as a brand ambassador.

In view of the aforesaid provisions, services provided by Kesar Maharaj are exempt from GST as consideration for the classical dance performance has not exceeded ₹ 1,50,000. Therefore, his GST liability is nil.

- i. If Kesar Maharaj is a brand ambassador of a food product and aforesaid performance is for the promotion of such food product, he will be liable to pay GST as aforesaid exemption is not applicable to service provided by an artist as a brand ambassador. His CGST and SGST liability would, therefore, be ₹ 13,365 ($\text{₹ 1,48,500} \times 9\%$) and ₹ 13,365 ($\text{₹ 1,48,500} \times 9\%$) respectively.
- ii. If Kesar Maharaj gives a contemporary Bollywood style dance performance, such performance will not be eligible for aforesaid exemption. The reason for the same is that although the consideration charged does not exceed ₹ 1,50,000, said performance is not in folk or classical art forms of dance. Hence, GST would be payable on the same. His CGST and SGST liability would, therefore, be ₹ 13,365 ($\text{₹ 1,48,500} \times 9\%$) and ₹ 13,365 ($\text{₹ 1,48,500} \times 9\%$) respectively.
- iii. If the consideration charged for the classical dance performance by Kesar Maharaj is ₹ 1,60,000, he will be liable to pay GST on the same as although the performance is by way of classical art form of dance, consideration charged for such performance has exceeded ₹ 1,50,000. His CGST and SGST liability would, therefore, be ₹ 14,400 ($\text{₹ 1,60,000} \times 9\%$) and ₹ 14,400 ($\text{₹ 1,60,000} \times 9\%$) respectively.

Question 2

MTP April'19

Sun grows Pvt. Ltd. (a registered taxable person) having the gross receipt of Rs. 50 lakhs in the previous financial year provides the following information relating to their services for the month of July, 2023

| Sr. No. | Particulars | Amount (Rs.) |
|---------|---|--------------|
| (1) | Running a boarding school | 2,40,000 |
| (2) | Fees from prospective employer for campus interview | 1,70,000 |
| (3) | Education services for obtaining the qualification recognized by law of foreign country | 3,10,000 |



| | | |
|-----|---|----------|
| (4) | Renting of furnished flats for temporary stay to different persons (Rent per day is less than Rs. 1,000 per flat) | 1,20,000 |
| (5) | Conducting Modular Employable Skill Course, approved by National Council of Vocational Training | 1,40,000 |
| (6) | Conducting private tuitions amount | 3,00,000 |
| (7) | Running martial arts academy for young children | 55,000 |
| (8) | Conducting career counselling session | 1,65,000 |

Compute the value of taxable supply and the amount of GST payable. The above receipts don't include the GST amount. Rate of GST is 18%.

8 Marks

Answer

Computation of value of taxable supply and amount of GST payable

| S. No | Particulars | Rs. |
|--------------------------------|---|------------------|
| (1) | Running a boarding school [Services provided by an educational institution to its students, faculty and staff are exempt.] | Nil |
| (2) | Fees from prospective employer for campus interview [Not exempt.] | 1,70,000 |
| (3) | Education services for obtaining the qualification recognized by law of foreign country [An institution providing education services for obtaining qualification recognized by a foreign country does not qualify as educational institution. Thus, said services are not exempt.] | 3,10,000 |
| (4) | Renting of furnished flats for temporary stay of different persons As per amendment, notification dated 18.07.2022 Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having value of supply of a unit of accommodation below or equal to 1,000 per day or equivalent is removed from the exemption list and is now taxable. | 1,20,000 |
| (5) | Conducting Modular Employable Skill Course [An institution providing Modular Employable Skill Course qualifies as educational institution. Services provided by an educational institution to its students, faculty and staff are exempt.] | Nil |
| (6) | Conducting private tuitions [Not exempt.] | 3,00,000 |
| (7) | Running martial arts academy for young children [Not exempt under GST laws] | 55,000 |
| (8) | Conducting career counselling session [Not exempt under GST laws] | 1,65,000 |
| Value of taxable supply | | 11,20,000 |
| GST payable @ 18% | | 2,01,600 |



Question 3

Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons:

6 Marks

| Particulars | Gross amount charged (Rs.) |
|--|----------------------------|
| Amount charged for loading, unloading, packing and warehousing of potato chips | 25,000 |
| Fees charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961 | 50,000 |
| Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts | 1,00,000 |
| Amount charged by cord blood bank for preservation of stem cells | 5,00,000 |
| Amount charged for service provided by commentator to a recognized sports body | 6,00,000 |
| Amount charged for service provided by way of right to admission to circus where consideration for the same is Rs. 750 per person. | 12,000 |

Answer**Computation of value of taxable supply**

| Particulars | (Rs.) |
|---|----------|
| Amount charged for loading, unloading, packing and warehousing of potato chips [Note-1] | 25,000 |
| Fees charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961 [Note-2] | Nil |
| Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [Note-3] | Nil |
| Amount charged by cord blood bank for preservation of stem cells [Note-4] | 5,00,000 |
| Service provided by commentator to a recognized sports body [Note-5] | 6,00,000 |
| Amount charged for service provided by way of right to admission to circus where consideration for the same is Rs. 750 per person. [Note-6] | 12,000 |

Notes:

1. Services by way of loading, unloading, packing, storage or warehousing of agricultural produce are exempt from GST. Further, potato chips are manufactured through processes which alter the essential characteristic of agricultural produce, thus is not covered under definition of agricultural produce.
2. Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities are exempt from GST. The activities relating to advancement of yoga are included in the definition of charitable activities. So, such activities are exempt from GST.
3. Services by business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch have been exempted from GST.
4. As per amendment, notification dated 18.07.2022 Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation is removed from the exemption list and is now taxable.



5. Services provided to a recognized sports body only by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST. Thus, services provided by commentators are liable to GST.
6. Services provided by way of right to admission to circus where consideration for the same is up to Rs. 500 per person are exempt from GST. Since in the present case, the consideration is more than Rs. 500 per person, so the same is liable to GST.

Question 4

MTP Oct'22

Determine the GST payable @ 18% with respect to each of the following independent services provided by the registered persons:

4 Marks

| Particulars | Gross amount charged (₹) |
|---|--------------------------|
| Fees charged for 'Swasthya Yoga Camp' conducted by Chandra Prakash Charitable Trust, registered under section 12AB of the Income-tax Act, 1961 | 98,000 |
| Amount charged by business correspondent from Wealthy Banking Company for the services provided to the rural branch of a bank with respect to Savings Bank Accounts | 1,00,000 |
| Amount charged by cord blood bank for preservation of stem cells | 5,00,000 |
| Amount charged for service provided by selectors to a recognized sports body | 5,20,000 |

Answer**Computation of GST payable**

| Particulars | Amount (₹) | GST payable @ 18% (₹) |
|--|------------|-----------------------|
| Fees charged for 'Swasthya Yoga Camp' conducted by Chandra Prakash Charitable Trust, registered under section 12AB of the Income-tax Act, 1961 [Note-1] | Nil | Nil |
| Amount charged by business correspondent from Wealthy Banking Company for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [Note-2] | Nil | Nil |
| Amount charged by cord blood bank for preservation of stem cells [Note-3] | 5,00,000 | 90,000 |
| Service provided by selectors to a recognized sports body [Note-4] | 5,20,000 | 93,600 |

Notes:

1. Services by an entity registered under section 12AB of the Income-tax Act, 1961 by way of charitable activities are exempt from GST. The activities relating to advancement of yoga are included in the definition of charitable activities. So, such activities are exempt from GST.
2. Services by business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch have been exempted from GST.
3. As per amendment, notification dated 18.07.2022 Services provided by the cord blood banks by way of preservation of stem cells or any other service in relation to such preservation is removed from the exemption list and is now taxable



4. Services provided to a recognized sports body only by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST. Thus, services provided by selectors are liable to GST.

Question 5

RTP May '22

Gita Services Limited, registered under GST, is engaged in providing various services to Government. The company provides the following information in respect of services provided during the month of April:

| S. No. | Description of Services provided |
|--------|--|
| (i) | Supply of manpower for cleanliness of roads not involving any supply of goods. |
| (ii) | Service provided by Fair Price Shops owned by Gita Services Limited by way of sale of sugar under Public Distribution System against consideration in the form of commission. |
| (iii) | Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares along with maintenance. Generally, replacement of defunct lights and other spares constitutes 35% of the supply of service. |
| (iv) | Service of brochure distribution provided under a training programme for which 70% of the total expenditure is borne by the Government. |

Comment on the taxability or otherwise of the above transactions under GST law. Also state the correct legal provisions for the same.

Answer

| S. No. | Particulars | Taxability |
|--------|--|------------|
| (i) | Supply of manpower for cleanliness of roads not involving any supply of goods. [Pure services provided to Government are exempt.] | Exempt |
| (ii) | Service provided by Fair Price Shops by way of sale of sugar under Public Distribution System [Service provided by Fair Price Shops to Government by way of sale of sugar under Public Distribution System against consideration in the form of commission is exempt.] | Exempt |
| (iii) | Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares constituting 35% of the supply of service. [Composite supply of goods and services to Government in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply is exempt. Since, in this case value of supply of goods constitutes 35% of the supply of composite service, same is taxable.] | Taxable |



| | |
|--|---------|
| Service of brochure distribution provided under a training programme. [Services provided to the Government under any training programme for which 75% or more of the total expenditure is borne by the Government is exempt. Since in the given case, 70% of the total expenditure is borne by the Government, it is taxable.] | Taxable |
|--|---------|

Question 6

RTP Nov'20

Multiservice Private Ltd., registered in Punjab, is engaged in supplying a variety of services. Its turnover was ₹ 35 lakh in the preceding financial year. It has provided the following information for the month of April:

| Particulars | Amount (₹) |
|---|------------|
| Fee for the coaching provided to students for competitive exams. The coaching center is run by Multiservice Private Ltd. in Punjab (Intra-State transaction) | 6,24,000 |
| Receipts for services provided in relation to conduct of examination in Pure its University, Delhi (providing education recognized by Indian law), being an inter-State transaction | 19,200 |
| Amount received for transportation of students and faculty from their residence to Lotus Public School - a higher secondary school - and back (Intra-State transaction) | 24,000 |
| Amount received for providing the security and housekeeping services in Dhaani Public School - a pre-school (Intra-State transaction) | 36,000 |

Note: Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively. All the amounts given above are exclusive of taxes. Compute the total GST liability of Multiservice Private Ltd. for the month of April.

Answer

Computation of net GST liability of Multiservice Private Ltd. for the month of April:

| Particulars | Value of supply (₹) | CGST @ 9% (₹) | SGST @ 9% (₹) | IGST @ 18% (₹) |
|--|---------------------|---------------|---------------|----------------|
| Fee for the coaching provided to students for competitive exams [Note-1] | 6,24,000 | 56,160 | 56,160 | |
| Services towards conduct of examination in Pure its University, Delhi [Note-2] | 19,200 | | | - |
| Services of transportation of students and faculty from their residence to Lotus Public School and back [Note-3] | 24,000 | | | - |
| Security and housekeeping services in Dhaani Public School [Note-4] | 36,000 | - | - | |
| Total GST liability | | 56,160 | 56,160 | |



Notes: -

1. Coaching center run by Multiservice Private Ltd. is not an educational institution since competitive exam coaching does not lead to grant of a qualification recognized by law. Therefore, fee received for coaching provided at such coaching center is taxable.
2. Since Pure its university provides qualification recognized by law, it is an educational institution and services provided to an educational institution, in relation to conduct of examination by such institution are exempt from GST.
3. Since Lotus Public School provides education up to higher secondary school, it is an educational institution and services of transportation of students, faculty and staff provided to an educational institution are exempt.
4. Since Dhaani Public School provides pre-school education, it is an educational institution. Security and housekeeping services provided within the premises of an educational institution are exempt.

Question 7

RTP May '23

Determine whether GST is payable in each of the following independent transactions:

- i. Dhruv Developers sold a plot of land in Greater Noida after levelling, laying down of drainage lines, water lines and electricity lines.
- ii. Deccan Shipping Pvt. Ltd., registered under GST in Andaman and Nicobar Islands, provided the passenger transportation services to the local residents in the ferries owned by it from Neil Island to Havelock Island.

Answer

- i. GST is not payable by Dhruv Developers on sale of plot of land. Circular No. 177/09/2022 GST dated 03.08.2022 clarifies applicability of GST on sale of land after levelling, laying down of drainage lines etc. As per Para 5 of Schedule III of the CGST Act, 2017, 'sale of land' is neither a supply of goods nor a supply of services. Therefore, the sale of land does not attract GST. Land may be sold either as it is or after some development such as levelling, laying down of drainage lines, water lines, electricity lines, etc. It is clarified that sale of such developed land is also sale of land and is covered by Para 5 of Schedule III and accordingly, does not attract GST.
- ii. Transportation of passenger services provided by the private operator - Deccan Shipping Pvt. Ltd. - are exempt from GST. Circular No. 177/09/2022 GST dated 03.08.2022 clarifies the applicability of GST on private ferry tickets. Transportation of passengers by public transport, other than predominantly for tourism purpose, in a vessel between places located in India is exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017. It is clarified that this exemption would apply to tickets purchased for transportation from one point to another irrespective of whether the ferry is owned or operated by a private sector enterprise or by a PSU/Government.

It is further clarified that, the expression 'public transport' used in the said exemption notification only means that the transport should be open to public. It can be privately or publicly



owned. Only exclusion is on transportation which is predominantly for tourism, such as services which may combine with transportation, sightseeing, food and beverages, music, accommodation such as in shikara, cruise etc.

Question 8

PYP Nov 23

Miss Nitya, proprietor of M/s. Honest 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 2022:

| S.No. | | |
|-------------------------------------|--|----------|
| OUTWARD SUPPLY: | | |
| i. | Intra-state supply of goods to M/s. Natural & 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. | Provided inter-state supply of sponsorship services to XYZ Ltd of Chennai | 80,000 |
| iv. | Advance received for future supply of management consultancy service to Mr. Sharad (Intra-state supply) | 40,000 |
| INWARD SUPPLY: (Intra-state) | | |
| 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 from 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) Working note should form part of the answer.

Compute the net minimum GST payable in cash by M/s. Honest Enterprise for the month of December 2022.

8 Marks

Answer

Computation of minimum net GST payable in cash by M/s Honest Enterprise for the month of December 2022

| Particular | 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 | -- | -- | |
| Inter-State supply of sponsorship service to XYZ Ltd. of Chennai [Since sponsorship service is provided to a body corporate, tax on the same is payable by recipient - XYZ Ltd. - under reverse charge.] | 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 ² [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 | |



Multiple Choice Questions

Question 1

MTP April'21, Oct'19, Sep'23

An exempt supply includes-

- i. Supply of goods or services or both which attracts Nil rate of tax
- ii. Non-taxable supply
- iii. Supply of goods or services or both which are wholly exempt from tax under section 11 of the CGST Act or under section 6 of IGST Act

(a) (i)
 (b) (i) and (ii)
 (c) (ii) and (iii)
 (d) (i), (ii) and (iii)

Question 2

MTP Oct '20

Which of the following services are exempt under GST?

- (i) testing of agricultural produce
- (ii) supply of farm labour
- (iii) warehousing of agricultural produce

(a) (i)
 (b) (i) and (ii)
 (c) (ii) and (iii)
 (d) (i), (ii) and (iii)

Question 3

MTP Oct' 19

Which of the following services is exempt under health care services provided by clinical establishments?

- a) Chemist shop in the hospital selling medicines to public at large
- b) Food supplied from an outsourced canteen to in-patients as per diet prescribed by the hospital dietitian
- c) Advertisement services provided by the hospital to a pharmaceutical company for their asthma pump by displaying it prominently in the hospital building
- d) All of the above

Question 4

MTP April' 19

Services by way of warehousing of is exempt from GST.

- i. processed tea
- ii. jaggery
- iii. processed coffee
- iv. rice

a) (i) & (ii)
 b) (iii)
 c) (iv)
 d) all of the above



Question 5

MTP April'19

Which of the following services are exempt from GST?

- a) Services by an artist by way of a performance in folk or classical art forms of painting/sculpture making etc. with consideration therefor not exceeding Rs. 1.5 lakh.
- b) Services by an artist by way of a performance in modern art forms of music/ dance/ theatre with consideration therefor not exceeding Rs. 1.5 lakh.
- c) Services by an artist by way of a performance in folk or classical art forms of music/ dance/theatre with consideration therefor exceeding Rs. 1.5 lakh.
- d) Services by an artist by way of a performance in folk or classical art forms of music/ dance / theatre with consideration therefor not exceeding Rs. 1.5 lakh.

Question 6

MTP March'19

Services by way of admission to are exempt from GST.

- a) Museum
- b) National Park
- c) Tiger reserve
- d) All of the above

Question 7

MTP March'19

Transport of by rail are exempt from GST:

- a) Milk
- b) Salt
- c) Defense equipment's
- d) All of the above

Question 8

RTP May'19

Which of the following services is exempt from GST?

- a) Bollywood dance performance by a film actor in a film and consideration charged is ₹ 1,45,000.
- b) Carnatic music performance by a classical singer to promote a brand of readymade garments and consideration charged is ₹ 1,30,000.
- c) Carnatic music performance by a classical singer in a music concert and consideration charged is ₹ 1,55,000.
- d) Kathak dance performance by a classical dancer in a cultural programme and consideration charged is ₹ 1,45,000.

Question 9

RTP Nov'19

Kala Niketan School is an educational institution providing pre-school education and education up to higher secondary school. Which of the following services are exempt if provided to Kala Niketan School?

- (i) Transportation of students, faculty and staff
- (ii) Catering services
- (iii) Cleaning services performed in such educational institution

- a) (i)
- b) (i) and (iii)
- c) (ii) and (iii)
- d) (i), (ii) and (iii)

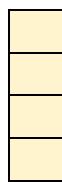


Question 10

RTP Nov'19

Which of the following service is not exempt under GST?

- (a) Loading and unloading of paddy
- (b) Loading and unloading of sugarcane
- (c) Loading and unloading of tea bags
- (d) Loading and unloading of potato.

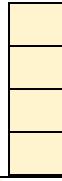
**Question 11**

CS Execu.

Mr. Happy Singh is a resident of Chandigarh. The marriage of his daughter, Khushi Kaur, has been finalized with Mr. Lovely Singh, a NRI settled in Canada. The marriage is scheduled on 14th February in Chandigarh. Mr. Happy Singh wants to send 5,000 marriage invitation cards to all his relatives and friends, in India, to attend the marriage. He has to send the invitation by speed post.

He is not sure about the taxability of speed post services under GST regime. He seeks your help in determining the applicability of GST on speed post. Choose the correct option.

- (a) GST payable
- (b) Non-taxable
- (c) Exempt
- (d) Outside the purview of GST

**Question 12**

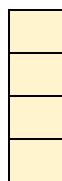
CS Execu.

Dev Bhoomi Rice (P) Ltd., a registered person under GST, is providing services of processing of milling of paddy into rice, loading, unloading, packing, storage and warehousing of rice in the State of Chhattisgarh. The company has made following supplies during the tax period of April to September:

- (i) Loading and unloading of rice: Rs. 50,00,000.
- (ii) Packing and warehousing of rice: Rs. 30,00,000.
- (iii) Processing services of milling of paddy into rice: Rs. 1,00,00,000.

Determine the amount of GST payable on the above supplies assuming that the applicable rate of tax is 5% and amounts given herein are exclusive of GST.

- (a) Rs. 32,40,000
- (b) Rs. 9,00,000
- (c) Rs. 5,00,000
- (d) Nil

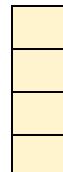


Question 13**CS Execu.**

Diksha Public School (DPS) situated in Bilaspur in the State of Chhattisgarh has planned to celebrate its sports day in Bilaspur Stadium located at a distance of 20 km from the school precincts on 15th April. DPS has invited quotes from various suppliers for arranging tent, security and catering for students and teachers. The price has to be quoted including all applicable taxes. Raman & Co., a supplier providing the services required above, is not sure of the GST impact on the above transactions.

It seeks your help to determine whether GST is applicable on all the above services or not, so that it can quote the competitive price accordingly.

- (a) Tent, security and catering services: All taxable
- (b) Tent, security and catering services: All exempt
- (c) Tent and security services: Taxable; Catering services: exempt
- (d) Tent: Taxable; Security and catering services: exempt

**Answers**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-----------|-----------|-----------|---|---|---|---|---|---|----|
| d | d | b | c | c | d | d | d | d | c |
| 11 | 12 | 13 | | | | | | | |
| a | c | c | | | | | | | |



Chapter 6: Time of Supply

Descriptive Questions

Easy

Question 1

PYQ May'18

Mansh & Vansh Trading Company, a registered supplier, is liable to pay GST under forward charge. It has furnished the following information:

- (i) Goods were supplied on 3rd October
- (ii) Invoice was issued on 5th October
- (iii) Payment received on 9th October

Determine the time of supply of goods for the purpose of payment of tax.

4 Marks

Answer:

As per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier) has to 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.

Further, a registered person is required to issue a tax invoice before or at the time of removal of goods for supply to the recipient. Thus, in the given case, the invoice for supply of goods should have been issued on or before the removal of goods i.e., on 3rd October.

However, since the invoice has not been issued within the prescribed time, the time of supply for the purpose of payment of tax will be the last date on which the invoice is required to be issued i.e., 3rd October.

Question 2

MTP Oct'20

Modern Security Co. provides service of testing of electronic devices. In one case, it tested a batch of devices on 4th and 5th September but could not raise invoice till 19th November because of some dispute about the condition of the devices on return. The payment was made in December.

What is the method to fix the time of supply of the service?

4 Marks

Answer

The time of supply of services, if the invoice is not issued in time, is the date of payment or the date of provision of service, whichever is earlier [Section 13(2)(b)]. In this case, the service is provided on 5th September but not invoiced within the prescribed time limit. Therefore, 5 the September, the date of provision of service, being earlier than the date of payment, will be the time of supply.



Question 3

Food meal coupons are sold to a company on 9th August for being distributed to the employees of the said company. The coupons are valid for six months and can be used against purchase of food items. The employees use them in various stores for purchases of various edible items on different dates throughout the six months. What is the date of supply of the coupons? **4 Marks**

Answer:

Section 12(4) of CGST Act, 2017 provides that in case of supply of vouchers by a supplier, the time of supply shall be the date of issue of invoice, if the supply is identifiable at that point; or the date of redemption of vouchers, in all other cases.

As the coupons can be used for a variety of food items, which are taxed at different rates, the 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 in terms of section 12(4) of CGST Act.

Question 4

MTP March'21

M/s Shubhank Associates, a partnership firm, provided recovery agent services to Neelkanth Credits Ltd., a non-banking financial company and a registered supplier, on 15th January. Invoice for the same was issued on 7th February and the payment was made on 18th April by Neelkanth Credits Ltd. Bank account of the company was debited on 20th April.

Determine the following:

- (i) Person liable to pay GST
- (ii) Time of supply of service

4 Marks

Answer:

(i) Tax on services supplied by a recovery agent to, inter alia, a non-banking financial company (NBFC) is payable under reverse charge by such non-banking financial company. Therefore, in the given case, person liable to pay GST is the NBFC - Neelkanth Credits Ltd.

(ii) As per section 13(3) of the CGST Act, the time of supply of service on which GST is payable under reverse charge is earlier of the following: -

- Date of payment as entered in the books of account of the recipient (18th April) or the date on which the payment is debited in his bank account (20th April), whichever is earlier;
- Date immediately following 60 days since issue of invoice by the supplier, i.e. 9th April. Thus, time of supply of service is 9th April.

Question 5

RTP Nov '18

Explain the meaning of the term "date of receipt of payment" as per section 13 of the CGST Act, 2017.

Answer:

"Date of receipt of payment" in terms of section 13 of CGST Act, 2017 refers to the

- (a) date on which the payment is recorded in the books of account of the entity (supplier of service) that receives the payment, or
- (b) the date on which the payment is credited to the entity's bank account, whichever is earlier.



Question 6

Examine the following independent cases of supply of goods and services and determine the time of issue of invoice under each of the cases as per the provisions of CGST, 2023:

(i) Sakha Enterprises, Kolkata entered into a contract with Suraj Enterprises, Surat for supply of goods on 31st October, 2023. The goods were removed from the factory at Kolkata on 11th October, 2023. As per the agreement, the goods were to be delivered by 31st October, 2023. Suraj Enterprises has received the goods on 14th October, 2023.

(ii) Trust and Fun Ltd, an event management company, has provided its services for an event at Kapoor Film Agencies, Mumbai on 5th June, 2023. Payment for the event was made on 19th June, 2023.

4 Marks

Answer:

(i) A registered person supplying taxable goods shall issue a tax invoice, before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods. Therefore, in the given case, invoice has to be issued on or before, 11th October 2023 (the time of removal of goods).

(ii) A registered person [other than an insurer/banking company/financial institution, including an NBFC] supplying taxable services shall issue a tax invoice before or after the provision of service, but within a period of 30 days from the date of supply of service. Thus, in the given case, invoice has to be issued within 30 days of 5th June 2023 (date of supply of service), i.e. on or before, 5th July 2023.

Question 7

(CS Execu. May 2018 Modified)

M/s. Mansh & Vansh Trading Company, a registered supplier, is liable to pay GST under forward charge. Determine the time of supply from the following information furnished by it:

(i) Goods were supplied on 3-10-2020
 (ii) Invoice was issued on 5-10-2020
 (iii) Payment received on 9-10-2020

4 Marks

Answer:

| Statutory Provision | In the given case |
|---|--|
| As per Notification No. 66/2017-CT, dated 15.11.2017, a registered person (excluding composition supplier) has to 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. | (a) Actual date of issue of invoice: 05-10-2020 (b) Last date as per section 31(1)(b): 03-10-2020 Time of supply of goods is 3rd October, 2020 |



Question 8

(CS Executive Dec. 2018)

Samodia Trading Company, a registered supplier, is liable to pay GST under forward charge mechanism. Determine the time of supply from the following information furnished by the firm Samodia Trading Company:

(a) Goods supplied on 3rd May, 2018;

(b) Invoice issued on 3rd May, 2018;

(c) Payment received on 9th May, 2018;

Provisions involved are to be explained briefly.

5 Marks**Answer:**

As per section 12 of CGST Act, 2017, the time of supply of goods, tax on which is payable under forward charge, is the earlier of the following

Date of issue of invoice or last date on which the invoice is required to be issued.

A registered person is further required to issue a tax invoice before or at the time of removal of goods for supply to the recipient. Thus, in the given case, the invoice for supply of goods should have been issued on or before the removal of goods i.e., on 03-05-2018.

Thus, the time of supply of the goods will be 03-05-2018

Moderate**Question 1**

MTP Oct'19

Discuss the provisions relating to time of supply of goods that are taxable under reverse charge?

5 Marks**Answer**

The time of supply of goods on which GST is payable on reverse charge basis under sub-sections (3) and (4) of section 9 of CGST Act is determined in terms of section 12(3)(a), (b) and (c), as follows: The time of supply for such goods will be the earliest of the following dates:

- Date on which the goods are received, or
- Date on which payment is recorded in the books of account of the recipient, or the date on which the same is debited in his bank account, whichever is earlier, or
- Date immediately following 30 days from the date of issue of invoice (or document by some other name in lieu of invoice) by the supplier.

If it is not possible to determine the time of supply by using these parameters, then the time of supply will be the date of entry of goods in the books of account of the recipient of supply.

Question 2

MTP March'19, PYQ Nov '18

Mr. Mayank provides Continuous Supply of Services (CSS) to M/s. Omega Limited. He furnishes the following further information:

(i) Date of commencement of Providing CSS

01-10-20XX

(ii) Date of completion of Providing CSS

31-01-20XY

(iii) Date of receipt of payment by Mr. Mayank

30-03-20XY



Determine the time of issue of invoice as per provisions of CGST Act, 2017, in the following circumstances:

- (i) If no due date for payment is agreed upon by both under the contract of CSS.
- (ii) If payment is linked to the completion of service.
- (iii) If M/s. Omega Limited has to make payment on 25-03-20XY as per the contract between them.

3/5 Marks

Answer

Where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment.

Thus, in the given case, the invoice should be issued on or before 30.03.20XY (date of receipt of payment by Mr. Mayank).

- (i) If payment is linked to the completion of an event, the invoice should be issued on or before the date of completion of that event. Since in the given case payment is linked to the completion of service, invoice should be issued on or before 31.01.20XY (date of completion of service).
- (ii) Where the due date of payment is ascertainable from the contract, the invoice should be issued on or before the due date of payment.
- (iii) If M/s. Omega Limited has to make payment on 25.03.20XY as per the contract between them, the invoice should be issued on or before 25.03.20XY.

Question 3

MTP Aug'18

Gupta & Sons, a registered supplier, paying tax under normal scheme is a wholesale supplier of ready-made garments located in Bandra, Mumbai. On 5th September, 20XX, Mohan, owner of Charming Boutique located in Dadar, Mumbai, approached Gupta & Sons for supply of a consignment of customized dresses for ladies and kids.

Gupta & Sons gets the consignment ready by 2nd December, 20XX and informs Mohan about the same. The invoice for the consignment was issued the next day, 3rd December, 20XX.

Due to some reasons, Mohini could not collect the consignment immediately. So, she collects the consignment from the premises of Gupta & Sons on 18th December, 20XX and hands over the cheque for payment on the same date. The said payment is entered in the accounts on 20th December, 20XX and amount is credited in the bank account on 21st December, 20XX.

You are required to determine the time of supply of the readymade garments supplied by Gupta & Sons to Mohini elaborating the relevant provisions under the GST law.

4 Marks

Answer:

As per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a) of CGST Act, 2017 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, the time of supply of goods is 3rd December which is the date on which the invoice for the consignment was issued.

VG Sir



Question 4

Mahak Sons is a registered supplier of electronic items and pays GST under regular scheme. On 15th July 20XX, Mahak Sons received an order from Sunder Trader for supply of a consignment of electronic items. Mahak Sons gets the consignment ready by 20th July 20XX. The invoice for the consignment was issued the next day, 21st July 20XX. Sunder Trader could not collect the consignment immediately. Sunder Trader collects the consignment from the premises of Mahak Sons on 30th July 20XX and hands over the cheque towards payment on the same date. The said payment is entered in the books of accounts of Mahak Sons on 31st July, 20XX and amount is credited in their bank account on 1st August 20XX.

You are required to determine the time of supply of the electronic items for the purpose of payment of tax.

Answer:

As per section 12(2) of the CGST Act, 2017, the time of supply in respect of goods shall be the earlier of the following two dates: -

- Date of issue of invoice/last date on which the invoice is required to be issued as per section 31 of the CGST Act, 2017
- Date of receipt of payment

Further, as per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier) has to 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. As per section 31(1), the invoice needs to be issued either before or at the time of removal (where supply involves movements of goods) of goods/delivery of goods/ making goods available to the recipient.

In this case, the invoice is issued before the removal of the goods and is thus, within the time limit prescribed under section 31(1). Therefore, time of supply for the purpose of payment of tax is the date of issue of invoice, which is 21st July, 20XX.

Question 5

PYQ May '18

M/s Mansh & Vansh Trading Company, a registered supplier, is liable to pay GST under forward charge. Determine the time of supply from the following information furnished by it:

Goods were supplied on 03-10-2023

Invoice was issued on 05-10-2023

Payment received on 09-10-2023

4 Marks

Answer:

As per section 12 of CGST Act, 2017, the time of supply of goods, tax on which is payable under forward charge, is the earlier of the following two dates:

- Date of issue of invoice/last date on which the invoice is required to be issued



b. Date of receipt of payment i.e., the date on which the payment is recorded in the books of account of the supplier or date on which the payment is credited to the supplier's bank account, whichever is earlier

Further, a registered person is required to issue a tax invoice before or at the time of removal of goods for supply to the recipient. Thus, in the given case, the invoice for supply of goods should have been issued on or before the removal of goods i.e., on 03-10-2023.

However, since the invoice has not been issued within the prescribed time, the time of supply will be the last date on which the invoice is required to be issued (03-10-2023) or date of receipt of payment (09-10-2023), whichever is earlier. Thus, the time of supply of the goods will be 03-10-2023.

It has been assumed that the aggregate turnover of Mansh and Vansh Trading Company in the preceding financial year is more than ` 1.5 crore.

Difficulty

Question 1

MTP March'18

Mehra Sons, a registered supplier, is a wholesale supplier of ready-made garments located in Bandra, Mumbai. On 5th September, 20XX, Subhadra, owner of Aura Boutique located in Dadar, Mumbai, approached Mehra Sons for supply of a consignment of customized dresses for ladies and kids.

Mehra Sons gets the consignment ready by 2nd December, 20XX and informs Subhadra about the same. The invoice for the consignment was issued the next day, 3rd December, 20XX.

Due to some reasons, Subhadra could not collect the consignment immediately. So, she collects the consignment from the premises of Mehra Sons on 18th December, 20XX and hands over the cheque for payment on the same date. The said payment is entered in the accounts on 20th December, 20XX and amount is credited in the bank account on 21st December, 20XX.

You are required to determine the time of supply of the readymade garments supplied by Mehra Sons to Subhadra elaborating the relevant provisions under the GST law.

4 Marks

Answer:

Time of supply of goods is the earlier of the following two dates:

- Date of issue of invoice/last date on which the invoice is required to be issued
- Date of receipt of payment.

Further, date of receipt of payment is earlier of date of recording the payment in books of account and date of crediting of payment in bank account [Section 12(2) of the CGST Act, 2017].

In the given case,

Date of invoice: 3rd December, 20XX

Date of recording payment in books of account: 20th December, 20XX Date of crediting in the bank account: 21st December, 20XX

Therefore, the date of receipt of payment will be 20th December, 20XX (earlier of two dates)

VG Sir



namely, date of recording the payment in books of account and date of crediting of payment in bank account). However, since the invoice date is earlier than date of payment, the time of supply will be 3rd December, 20XX.

Question 2

MTP Sep '23

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:

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) of the CGST Act, 2017, i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31 of the CGST Act, 2017. Therefore, in case of goods, tax is not payable on receipt of advance payment.

Question 3

RTP May '18

Royal Sweet Co., Delhi, a registered supplier, has furnished the details of the following few transactions which took place in November, 20XX:

| S. No. | Date | Particulars | Date of invoice | Amount (₹) |
|--------|------------|--|-----------------|------------|
| (i) | 11.11.20XX | Payment made to an advocate in Delhi | 07.07.20XX | 1,25,000 |
| (ii) | 20.11.20XX | Paid sitting fee to Director from Haryana for meeting held in Delhi on 15.10.20XX [Inter-State supply] | 15.10.20XX | 75,000 |

Assume the rates of taxes to be as under:-

| Particulars | Rate |
|-------------|------|
| CGST | 9% |
| SGST | 9% |



| | |
|------|-----|
| IGST | 18% |
|------|-----|

You are required to compute GST [CGST & SGST/IGST, as the case may be] payable for the month of November, 20XX along with time of supply of the aforementioned activities.

Answer:

Computation of GST payable for the month of November, 20XX

| S. No. | Particulars | Time of supply of services | CGST (₹) | SGST (₹) | IGST (₹) | Interest (₹) |
|--------|------------------------------------|----------------------------|----------|----------|----------|-----------------|
| (i) | Services from an advocate in Delhi | 06.09.20XX [Note-1 & 3] | 11,250 | 11,250 | - | 244 [Note-4] |
| (ii) | Director's Sitting fee | 20.11.20XX [Note-2 & 3] | - | - | 13,500 | |

Notes: -

2. Services supplied by an individual advocate to any business entity located in the taxable territory is a notified service on which tax is payable on reverse charge basis by the recipient of services.
3. Services supplied by a director of a company to the said company is a notified service on which tax is payable on reverse charge basis by the recipient of services.
4. As per section 13 of the CGST Act, 2017, the time of supply of services in case of reverse charge is earliest of the following: -
 - (a) Date of payment as entered in the books of account of the recipient or the date on which the payment is debited to his bank account, whichever is earlier, or
 - (b) Date immediately following 60 days since the date of issue of invoice.

Provisions of time of supply as provided under section 13 of the CGST Act are also applicable for inter-State supply vide section 20 of the IGST Act.

In view of the aforesaid provisions, the time of supply and due date for payment of tax in the given cases would be determined as under:

- (i) Time of supply of the services is the date immediately following 60 days since the date of issue of invoice, i.e. 06.09.20XX. The due date for payment of tax is 20.10.20XX with return of September, 20XX.
- (ii) Time of supply of service is 20.11.20XX and due date for payment of tax is 20.12.20XX with return of December, 20XX.
5. The due date for payment of tax in case (i) is 20.10.20XX with return of September, 20XX. However, the payment of tax is actually made on 11.11.20XX. Thus, payment of tax is delayed by 22 days.

In case of delayed payment of tax, interest @ 18% per annum is payable for the period for which the tax remains unpaid starting from the day succeeding the day on which such tax was due to be paid [Section 50 of the CGST Act, 2017 read with Notification No. 13/2017 CT dated 28.06.2017]. In view of the same, in the given case, interest payable would be as follows:

Amount of interest payable = ₹ 22,500 × 18% × 22/365 = ₹ 244 (rounded off).



Question 4

Royal Fashions, a registered supplier of designer outfits in Delhi, decides to exhibit its products in a Fashion Show being organised at Hotel Park Royal, Delhi on 4th January, 20XX. For the occasion, it gets the makeover of its models done by Aura Beauty Services Ltd., Ashok Vihar, for which a consideration is ₹ 5,00,000 (excluding GST) has been charged. Aura Beauty Services Ltd. issued a duly signed tax invoice on 10th February, 20XX showing the lumpsum amount of ₹ 5,90,000 inclusive of CGST and SGST @ 9% each. Royal Fashions made the payment the very next day. Answer the following questions:

- (i) Examine whether the tax invoice has been issued within the time limit prescribed under law?
- (ii) Tax consultant of Royal Fashions objected to the invoice raised suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd. However, Aura Beauty Services Ltd. contended that there is no mandatory requirement of showing tax component separately in the invoice.

You are required to examine the validity of the objection raised by tax consultant of Royal Fashions?

Answer:

As per section 31 of the CGST Act, 2017 read with the CGST Rules, 2017, in case of taxable supply of services, invoices should be issued before or after the provision of service, but within a period of 30 days [45 days in case of insurer/ banking company or financial institutions including NBFCs] from the date of supply of service. In view of said provisions, in the present case, the tax invoice should have been issued in the prescribed time limit of 30 days from the date of supply of service i.e. upto 03.02.20XX. However, the invoice has been issued on 10.02.20XX.

In such a case, the time of supply as per section 13 of the CGST Act, 2017 would be 04.01.20XX i.e. earliest of the following:

Date of provision of service (04.01.20XX) Date of receipt of payment (11.02.20XX)

Section 31 of the CGST Act, 2017 read with the CGST Rules, 2017, inter alia, provides that tax invoice shall contain the following particulars-

Total value of supply of goods or services or both;

Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);

Amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);

The objection raised by the tax consultant of Royal Fashions suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd., is valid in law. In the present case, the tax amount has not been shown separately in the invoice.

Question 5

PYQ Nov'19

Know & Grow Publishers, a registered dealer in India, paid an advance of ₹50,000 to Mr. Ganatra, an author, for the copyright covered under Section 13(1)(a) of the Copyright



Act, 1957, of his original literary work on 5-9-2023. It made the balance payment of ` 1,50,000 on 12-12-2023. You are required to determine the time of supply, if Mr. Ganatra raised the invoice on:

- (i) 6-10-2023, or
- (ii) 17-12-2023

4 Mark

Answer:

GST on supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works to a publisher is payable under reverse charge by such publisher, i.e. Know & Grow Publishers.

The time of supply of service, on which GST is payable under reverse charge, is earlier of the following:

- a) Date of payment as entered in the books of account of the recipient or date on which payment is debited from the bank account, whichever is earlier

or

- b) 61st day from the date of issue of invoice by the supplier

- (i) If the invoice is issued on 06.10.2023, time of supply is as under:

- For the payment of ` 50,000: 05.09.2023 [earlier of date of payment and 61st day from date of issue of invoice]
- For the payment of ` 1,50,000: 06.12.2023 [earlier of date of payment and 61st day from date of issue of invoice]

- (ii) If the invoice is issued on 17.12.2023, time of supply is as under:

- For the payment of ` 50,000: 05.09.2023 [earlier of date of payment and 61st day from date of issue of invoice]
- For the payment of ` 1,50,000: 12.12.2023 [earlier of date of payment and 61st day from date of issue of invoice]

Question 6

PYQ Dec '21

- (i) An order is placed to T & Co., Sholapur on 18th August, 2023 for supply of fabrics to make garments. Company delivered the fabrics on 4th September, 2023 and after completion of the order issued the invoice on 15th September, 2023. The payment against the same was received on 30th September, 2023. Determine the time of supply for the purpose of payment under CGST Act, 2017 with your explanations.

- (ii) HM Industries Ltd. engaged the services of a transporter for road transport of a consignment on 20th May, 2023. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July 2023. Invoice was received from the transporter on 20th June 2023 and payment was made on 25th August 2023.

What is the time of supply of the transporter's service?

5 Marks

Answer:

- (i) The time of supply of goods (where movement of goods involve) (fabric) for the purpose of payment of tax is the date of issue of invoice or the last date when the invoice ought to have been

VG Sir



issued. Further, a registered person is required to issue a tax invoice before or at the time of delivery of goods or making available thereof to the recipient. Thus, in the given case, time of supply is 4th September, 2023.

(ii) Alternative 1: Assuming that services of transportation of goods by road have been provided by a GTA which has not paid GST @ 12%; i.e. GST is payable @ 5%.

Tax on supply of transportation of goods by road services provided by a Goods Transport Agency (GTA) to a body corporate is payable under reverse charge by such body corporate.

Time of supply of services taxable under reverse charge is earliest of:-

- date of making payment, or
- 61st day from the date of issue of invoice by supplier

Thus, in the given case, time of supply is 20th August 2023

→ 25th August or
 → 20th August 2023 (61st day from 20th June)

Thus, in the given case, time of supply 20th August 2023

Alternative 2: Assuming that services of transportation of goods by road have been provided by a GTA which has paid GST @ 12%. Thus, GST is payable under forward charge.

The time of supply of services in case where the invoice is issued within 30 days of provision of service is the earlier of date of invoice or date of receipt of payment.

Thus, in the given case, time of supply is 20th June, 2023

Question 7

MTP Sept 2024

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

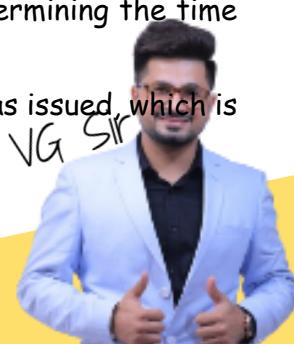
Answer:

The time of supply of the legal services provided by the firm of advocates to Champak Ltd. would be 17th February, the date the invoice was issued.

Here's the reasoning:

- Invoice Date:** The invoice date is generally considered the time of supply under the Indian Goods and Services Tax (GST) law.
- Dissatisfaction with Services:** The fact that Champak Ltd. was not happy with the services and lost the case does not change the time of supply. The time of supply is determined based on the invoice date, not the quality of the services provided.
- Delayed Payment:** The delayed payment by Champak Ltd. is not relevant to determining the time of supply.

Therefore, the time of supply for the legal services would be the date the invoice was issued, which is 17th February.



Multiple Choice Questions

Question 1

MTP Oct'19

Ms. Pearl is a classical singer. She wants to organize a classical singing function, so she booked an auditorium on 10th August for a total amount of ₹ 20,000. She paid ₹ 5,000 as advance on that day. The classical singing function was organized on 10th October. The auditorium owner issued invoice to Ms. Pearl on 25th November amounting to ₹ 20,000. Pearl made balance payment of ₹ 15,000 on 30th November. Determine the time of supply in this case.

- a) Time of supply is 25th November for ₹ 20,000.
- b) Time of supply is 25th November for ₹ 5,000 & 30th November for ₹ 15,000.
- c) Time of supply is 10th August for ₹ 5,000 & 10th October for ₹ 15,000.
- d) Time of supply is 10th October for ₹ 20,000.

Question 2

MTP April'19

Mr. Rahu is receiving legal services from a lawyer Mr. Ketu. The information regarding date of payment, invoice etc. is as follows-

Invoice issued by Mr. Ketu on 15-Apr-20XX Payment received by Mr. Ketu on 5-May-20XX Date of payment entered in books of accounts of Rahu: 1-May-20XX What is time of supply of goods?

- (a) 1-May-20XX
- (b) 5-May-20XX
- (c) 14-Jun-20XX
- (d) 15-Apr-20XX

Question 3

MTP April'19

Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued:

- a) before/at the time of supply.
- b) 6 months from the date of removal.
- c) Earlier of (a) or (b).
- d) Later of (a) or (b)

Question 4

MTP March'19

The time of supply of service in case of reverse charge mechanism is

- (a) Date on which payment is made to the supplier
- (b) Date immediately following 60 days from the date of issue of invoice
- (c) Date of invoice
- (d) Earlier of (a) and (b)

Question 5

RTP May '19

M/s. Ramchandra Associates has received some taxable services from Mohan Dalal (P) Ltd. on 12.01.20XX by making a cash payment of ₹ 5,00,000 on same day. The payment was entered in the books of account of M/s. Ramchandra Associates on 16.01.20XX and in the books of account of Mohan Dalal (P) Ltd. on 20.01.20XX. The invoice was issued by Mohan Dalal (P) Ltd. on 18.01.20XX. Determine the time of supply in the given case.

- a) 12.01.20XX
- b) 16.01.20XX
- c) 18.01.20XX
- d) 20.01.20XX



Question 6

RTP Nov '19

Mr. Avishkar is a painter registered under GST in Delhi. He sends his artwork for exhibition in Mumbai. At what point of time, supply is considered to have been made under GST?

- a) When painting is completed.
- b) When painting is sent for exhibition in Mumbai.
- c) When painting is displayed at the exhibition in Mumbai.
- d) When painting is purchased by one of the visitors in the exhibition.

Question 7

RTP Nov '21

Ms. Pearl is a classical singer. She wants to organize a classical singing function, so she booked an auditorium on 10th August for a total amount of ₹ 20,000. She paid ₹ 5,000 as advance on that day. The classical singing function was organized on 10th October. The auditorium owner issued invoice to Ms. Pearl on 25th November amounting to ₹ 20,000. Pearl made balance payment of ₹ 15,000/- on 30th November. Determine the time of supply in this case.

- a) Time of supply is 25th November for ₹ 20,000.
- b) Time of supply is 25th November for ₹ 5,000 & 30th November for ₹ 15,000.
- c) Time of supply is 10th August for ₹ 5,000 & 10th October for ₹ 15,000.
- d) Time of supply is 10th October for ₹ 20,000.

Question 8

CS Execu.

Banke Bihari (Pedewala) owns a famous sweets shop located and registered under GST in Mathura, Uttar Pradesh. He received an order for 200 kg of sweets on 2nd May from Ghoomghoom Travels (P) Ltd., located in same locality of Mathura and registered under GST, for a total consideration of Rs. 1,00,000. Complete order of sweets was delivered to Ghoomghoom Travels (P) Ltd. on 5th May but without invoice, as accountant of Mr. Banke Bihari was on leave on that day. However, the invoice was raised for the same on 6th May, when the accountant joined the office after leave. Payment in full was made on 7th May.

Determine the time of supply of goods in this case.

- (a) 2nd May
- (b) 5th May
- (c) 6th May
- (d) 7th May

Question 9

CS Execu.

Radhika Travels (P) Ltd. purchased a bus chassis from Jyoti Motors Ltd. for a consideration of Rs. 80.00 lakh on 1st August. Radhika Travels (P) Ltd. sent the bus chassis for body building to M/s Hanumant Fabricators and paid in advance the total consideration of Rs. 25.00 lakh, received by M/s Hanumant Fabricators on 10th August. M/s Hanumant Fabricators, after completing the bus body, informed Radhika Travels (P) Ltd., for inspection of the work done on 1st September. Radhika Travels (P) Ltd. visited the workshop of M/s Hanumant Fabricators on 7th September and confirmed that the bus body was in accordance with the terms of the contract.

M/s Hanumant Fabricators raised an invoice of Rs. 25.00 lakh on 15th September and supplied chassis along with the bus body so constructed, along with the invoice on 16th September. State the time of supply in this case for supply made by M/s Hanumant Fabricators, out of the choices given below.

VG Sir



| | |
|--|--|
| <p>(a) 10th August (b) 7th September (c) 15th September (d) 16th September</p> | |
| <p>Question 10 CS Execu. What is the time of supply of service if the invoice is issued within 30 days from the date of provision of service? (a) Date of issue of invoice (b) Date on which the supplier receives payment (c) Date of provision of service (d) Earlier of (a) & (b)</p> | |
| <p>Question 11 CS Execu. Where the supplier of taxable services receives an amount up to in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount. (a) Rs. 1,000 (b) Rs. 5,000 (c) Rs. 10,000 (d) Rs. 50,000</p> | |
| <p>Question 12 CS Execu. XYZ Ltd. has purchased for its employees 100 vouchers dated 24-12-2021 worth Rs. 1,000 each from ABC Ltd, a footwear manufacturing company. The vouchers were issued by ABC Ltd. on 25-12-2021. The vouchers can be encashed at retail outlets of ABC Ltd. The same were given to employees on 26-12-2021. The employees of XYZ Ltd. encashed the same on 01-01-2022. Determine time of supply of vouchers. (a) 24-12-2021 (b) 25-12-2021 (b) 26-12-2021 (d) 01-01-2022</p> | |
| <p>Question 13 CS Execu. The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which. (a) The supplier receives such addition in value (b) The original invoice was issued (b) The supplier issues revised invoice (d) The original payment was received</p> | |



Question 14**CMA Inter**

ABC Ltd. of Mumbai supplied goods to XYZ Ltd. of Delhi under a contract for the goods to be delivered at the factory of the buyers. Goods removed from the factory of ABC Ltd. on 09-08-2021 and were delivered in the factory of XYZ Ltd. of Delhi on 16-08-2021. Invoice for the supplies was raised by ABC Ltd. on 18-08-2021. Payment of the bill was received on 20-09-2021. The time of supply in this case under GST be taken as : (June 2019)

- (a) 09-08-2021
- (b) 16-08-2021
- (c) 18-08-2021
- (d) 20-09-2021

Question 15**CMA Inter**

What is the time of supply of vouchers when the supply with respect to the voucher is identifiable?

- (A) Date of issue of voucher
- (B) Date of redemption of voucher
- (C) Date of entry in books of accounts
- (D) Earlier of (A) or (B) or (C)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|----|----|----|----|----|---|---|---|---|----|
| c | d | a | d | c | d | c | b | a | d |
| 11 | 12 | 13 | 14 | 15 | | | | | |
| a | b | a | a | b | | | | | |



Chapter 7: Value of Supply

Descriptive Questions

Easy

Question 1

MTP March'18

Quantum Plats Private Limited, Delhi supplies plastic granulation machine to Capcom Ltd., Delhi. It furnishes the following details in respect of such supply:

| Particulars | ₹ |
|---|----------|
| List price of the machine (exclusive of taxes and discounts) | 1,00,000 |
| Corrugated Boxes used for packing the machine (not included in price above) | 1,000 |
| Subsidy received from Delhi Government on sale of such machine (considered in price above) | 5,000 |
| Discount @ 2% is offered on list price of the machine (recorded in the invoice for the machine) | |

Determine the value of taxable supply made by Quantum Plats Private Limited. **5 Marks**

Answer:

Computation of value of taxable supply

| Particulars | ₹ |
|---|-----------------|
| List price of the goods (exclusive of taxes and discounts) | 1,00,000 |
| Add: Corrugated Boxes used for packing the machine [Includible in the value as per section 15(2)(c)] | 1,000 |
| Add: Subsidy received from Delhi Government on sale of such machine [Subsidy received from State Government is not included the value in terms of section 15(2)(e)] | - |
| Total | 1,01,000 |
| Less: Discount @ 2% on ₹ 1,00,000 [Since discount is known at the time of supply, it is deductible from the value in terms of section 15(3)(a)] | 2,000 |
| Value of taxable supply | 99,000 |



Question 2

MTP April 22, PYQ May '19

(a) M/s. Paisa Saver Bank Limited, a scheduled commercial bank, has furnished the following details for the month of September:

| Particulars | Amount [₹ in lakh] excluding GST) |
|--|--------------------------------------|
| Extended housing loan to its customers | 130 |
| Processing fees collected from its customers on sanction of loan | 20 |
| Commission collected from its customers on bank guarantee | 30 |
| Interest income on credit card issued by the bank | 40 |
| Interest received on housing loan extended by the bank | 35 |
| Minimum balance charges collected from current account and saving account holder | 03 |

Compute the value of taxable supply.

6 Marks

Answer:

a. Computation of value of taxable supply of M/s. Paisa Saver Bank Limited for the month of September:

| Particulars | Amount in lakh (₹) |
|--|--------------------|
| Housing loan extended to customers [Since money does not constitute goods, extending housing loan is not a supply.] | Nil |
| Processing fee collected on sanction of loan [Interest does not include processing fee on sanction of the loan. Hence, the same is taxable.] | 20 |
| Commission collected on bank guarantee [Any commission collected over and above interest on loan, advance or deposit are not exempt.] | 30 |
| Interest income on credit card issued by the bank [Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax. However, interest involved in credit card services is specifically excluded from this exemption entry.] | 40 |
| Interest received on housing loan [Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax.] | Nil |
| Minimum balance charges collected from current account and saving account holder [Any charges collected over and above interest on loan, advance or deposit are not exempt.] | 03 |
| Value of taxable supply | 93 |

Question 3

RTP Nov '21 & May '18

Namo Shankar Ltd., a registered supplier in Mumbai (Maharashtra), has supplied goods to Narad Traders and Nandi Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respectively. Namo Shankar Ltd. has furnished the following details for the current month:



| S. No. | Particulars | Narad Traders (₹) | Nandi Motors Ltd. (₹) |
|--------|---|-------------------|-----------------------|
| (i) | Price of the goods (excluding GST) | 10,000 | 30,000 |
| (ii) | Packing charges | 500 | |
| (iii) | Commission | 500 | |
| (iv) | Weighment charges | | 2,000 |
| (v) | Discount for prompt payment (recorded in the invoice) | | 1,000 |

Items given in points (ii) to (v) have not been considered while arriving at price of the goods given in point (i) above.

Compute the GST liability [CGST & SGST or IGST, as the case may be] of Namo Shankar Ltd. for the given month. Assume the rates of taxes to be as under:

| Particulars | Rate Of Tax |
|-----------------------|-------------|
| Central Tax (Cgst) | 9% |
| State Tax (Sgst) | 9% |
| Integrated Tax (Igst) | 18% |

Make suitable assumptions, wherever necessary.

Note: The supply made to Narad Traders is an inter-State supply.

Answer:

Computation of GST liability

| S. No. | Particulars | Narad Traders (₹) | Nandi Motors Ltd. (₹) |
|--------|--|-------------------|-----------------------|
| (i) | Price of goods | 10,000 | 30,000 |
| (ii) | Add: Packing charges (Note-1) | 500 | |
| (iii) | Add: Commission (Note-1) | 500 | |
| (iv) | Add: Weighment charges (Note-1) | - | 2,000 |
| (v) | Less: Discount for prompt payment (Note-2) | - | 1,000 |
| | Value of taxable supply | 11,000 | 31,000 |
| | IGST payable @ 18% (Note-3) | 1,980 | |
| | CGST payable @ 9% (Note-4) | | 2,790 |
| | SGST payable @ 9% (Note-4) | | 2,790 |

Notes:

- Incidental expenses, including commission and packing, charged by supplier to recipient of supply is includable in the value of supply. Weighment charges are also incidental expenses, hence includable in the value of supply [Section 15 of the CGST Act, 2017].
- Since discount is known at the time of supply, it is deductible from the value in terms of section 15 of the CGST Act, 2017.
- Since supply made to Narad Traders is an inter-State supply, IGST is payable in terms of section 5 of the IGST Act, 2017. Since supply made to Nandi Motors Ltd. is an intra-State supply, CGST & SGST is payable on the same.

Question 4

PYQ Nov'20

Following are the particulars, relating to one of the machines sold by SQM Ltd. to ACD Ltd. in the month of February 2020 at list price of ` 9,50,000. (Exclusive of taxes and discount) Further, following additional amounts have been charged from ACD Ltd:



| S.No. | Particulars | Amount (₹) |
|-------|--|------------|
| (i) | Municipal taxes chargeable on the machine | 45,000 |
| (ii) | Outward freight charges (Contract was to deliver machine at ACD Ltd.'s factory i.e. F.O.R. contract) | 65,000 |

Notes:

- (i) Tax other than GST, if charged separately, are includable in the value in terms of section 15.
- (ii) Since contract is to deliver machine at buyer's factory, it is a composite supply wherein the freight charges will be added to the value of principal supply of machine.
- (iii) Value of supply includes interest charged for delayed payment. However, since the interest on delayed payment has been waived off, the same has not been added to the value.
- (iv) Subsidy provided by non-Government bodies is includable in the value in terms of section 15 provided the same is directly linked to the price. Since subsidy received from NGO is not directly linked to the price of the machine, the same has not been added to the value.
- (v) Since the discount was not known or agreed to at the time of supply of goods to the buyers, such discount cannot be reduced from the price, in terms of section 15.
- (vi) TCS is not includable in the value of supply as it is an interim levy not having the character of tax.

Question 5

PYQ May'18

Candy Blue Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it for the month of October.

| Particulars | Amount in ₹ |
|---|-------------|
| 1. List price of goods supplied inter-state | 12,40,000 |
| 2. Items already adjusted in the price given in (I) above: | |
| Subsidy from Central Government for supply of biscuits to Government School. | 1,20,000 |
| 3. Subsidy from Trade Association for supply of quality biscuits. | |
| Items not adjusted in the price given in (I) above: | |
| (i) Tax levied by Municipal Authority | 30,000 |
| (ii) Packing Charges | 24,000 |
| (iii) Late fee paid by the recipient of supply for delayed payment of invoice | 12,000 |
| | 5,000 |

Calculate the value of taxable supply made by M/s Candy Blue Ltd. for the month of October, 2017.

5 Marks**Answer:**

Computation of value of taxable supply made by Candy Blue Ltd. for the month of October

| Particulars | ₹ |
|---|-----------|
| List Price of the goods | 12,40,000 |
| Add: Subsidy amounting to ₹1,20,000 received from Central Government [Since subsidy is received from Government, the same is not includable in the value in terms of section 15 of the CGST Act, 2017.] | NIL |



| | |
|---|-----------|
| Subsidy received from Trade Association [Since subsidy is received from a non-Government body, the same is includable in the value in terms of section 15 of the CGST Act, 2017.] | 30,000 |
| Tax levied by the Municipal Authority [Includable in the value as per section 15 of the CGST Act, 2017] | 24,000 |
| Packing charges [Being incidental expenses, the same are includable in the value as per section 15 of the CGST Act, 2017] | 12,000 |
| Late fees paid by recipient of supply for delayed payment [Includable in the value as per section 15 of the CGST Act, 2017] | 5,000 |
| Value of taxable supply | 13,11,000 |

Note:

In the above solution, list price of the goods and late fee for delayed payment of invoice have been assumed to be exclusive of taxes.

Question 6

PYQ May'22

XYZ Pvt. Ltd. provided the following particulars relating to goods sold by it to ABC Pvt. Ltd.:

| Particulars | Amount (₹) |
|---|------------|
| List price of the goods (exclusive of taxes and discount) | 50,000 |
| Tax levied by the Municipal Authority on the sale of such goods | 6,000 |
| Packing charges (not included in the list price above) | 2,500 |
| Subsidy received from a NGO, directly linked to price (included in the list price above) | 3,000 |
| Paid to one of the vendors by ABC Pvt. Ltd. in relation to the service provided by the vendor to XYZ Pvt. Ltd. (not included in the list price above) | 2,000 |

XYZ Pvt. Ltd. offers 2% turnover discount on the list price after reviewing the performance of ABC Pvt. Ltd. The discount was not known at the time of supply.

ABC Pvt. Ltd. delayed the payment and paid ₹ 5,000 (including GST of 18%) as interest to XYZ Pvt. Ltd. Determine the value of taxable supply made by XYZ Pvt. Ltd. under GST law. **6 Marks**

Answer:

Computation of value of taxable supply made by XYZ Pvt. Ltd.

| Particulars | Amount (₹) |
|---|------------|
| List price of the goods (exclusive of taxes and discounts) | 50,000 |
| Tax levied by Municipal Authority on the sale of such goods | 6,000 |
| [Taxes other than GST, if charged separately, are includable in the value of supply.] | |
| Packing charges | 2,500 |
| [Being incidental expenses, same are includable in the value of supply.] | |
| Subsidy received from NGO | Nil |
| [Since subsidy is received from a non-Government body and directly linked to the price, the same is includable in the value of supply.] | |
| Payment made by ABC Pvt. Ltd. in relation to service provided by vendor to XYZ Pvt Ltd ¹ . | 2,000 |
| [Amount that supplier is liable to pay, but incurred by the recipient, is includable in the value of supply.] | |



| | |
|--|-------------------------------------|
| Turnover discount [Since discount is not known at the time of supply, it is not deductible from the value of supply.] | - |
| Interest for delayed payment (rounded off) [Includible in the value of supply] | 4,237 [$5,000 \times 100/118$] |
| Value of taxable supply | 64,737 |

¹ It has been most logically assumed that service provided by the vendor to XYZ Pvt. Ltd. is in relation to supply of goods by XYZ Pvt. Ltd. to ABC Pvt. Ltd.

Question 7

PYQ May '23

Mr. Jayesh, a registered supplier of Mumbai, received the following amounts in respect of the various activities undertaken by him during the month of October.

| S. No | Particulars | Amount |
|-------|---|-------------------|
| (i) | Commission received as a recovery agent from a Non-Banking Finance Company (NBFC) | 80,000 |
| (ii) | Actionable claim received from normal business debtors | 10,50,000 |
| (iii) | Amount received from ABC Ltd. for performance of classical dance in one program. | 1,74,500 |
| (iv) | Business assets (old computers) given to a friend free of cost, the market value of all the computers was ` 51,000. | No amount Charged |
| | No input tax credit has been availed on such computers when used for business. | |
| (v) | Consideration received for one month rent from a registered individual person for renting of residential dwelling for use as residence. | 15,200 |

Details of Input services:

| | Particulars | Amount (`) |
|--|---|------------|
| | Paid to an unregistered Goods Transport agency for various consignments of transportation of goods by road. (Each individual consignment in a single carriage was of less than ` 1,450.) | 15,100 |

Notes:

- ✓ All the amount stated above in both the tables are exclusive of GST, wherever applicable.
- ✓ Aggregate turnover of Mr. Jayesh in previous year was ` 42,00,000.

You are required to compute Gross value of supplies, on which GST to be paid by Mr. Jayesh for the month of October.

6 Marks

Answer:

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

| Particulars | Amount (`) |
|---|------------|
| Commission received as a recovery agent from Non-Banking Financial Company [Tax is payable by NBFC under reverse charge.] | - |
| Actionable claim received from normal business debtors [No tax is payable as actionable claims other than lottery, betting and gambling are covered under Schedule III, i.e. they are neither supply of goods nor supply of services.] | - |



| | |
|--|----------|
| Amount received from ABC Ltd. for performance of classical dance [Taxable since consideration for classical dance performance exceeds ` 1,50,000.] | 1,74,500 |
| Business assets given free of cost [Not a supply as it is made without consideration and not covered in Schedule I because ITC is not availed on the same.] | - |
| Rent from registered individual person [Tax is payable by the registered individual person under reverse charge ³] | - |
| Services from unregistered GTA [Tax on services provided by unregistered GTA is payable under reverse charge by Mr. Jayesh being a registered person.] | 15,100 |
| Gross value of taxable supply on which GST is to be paid by Mr. Jayesh | 1,89,600 |

³Based on the position of law as existing on 31.10.2022.

Moderate

Question 1

MTP Apr'19

M/s. Flow Pro, a registered supplier, sold a machine to BP Ltd. It provides the following information in this regard: -

| S. No. | Particulars | Amount (₹) |
|--------|---|------------|
| (i) | Price of the machine [excluding taxes and other charges mentioned at S. Nos. (ii) and (iii)] | 25,000 |
| (ii) | Third party inspection charges [Such charges were payable by M/s Flow Pro but the same have been directly paid by BP Ltd. to the inspection agency. [These charges were not recorded in the invoice issued by M/s Flow Pro.] | 5,000 |
| (iii) | Freight charges for delivery of the machine [M/s Flow Pro has agreed to deliver the goods at BP Ltd.'s premises] | 2,000 |
| (iv) | Subsidy received from the State Government on sale of machine under Skill Development Programme [Subsidy is directly linked to the price] | 5,000 |
| (v) | Discount of 2% is offered to BP Ltd. on the price mentioned at S. No. (i) above and recorded in the invoice | |

Note: Price of the machine is net of the subsidy received.

Determine the value of taxable supply made by M/s Flow Pro to BP Ltd.

6 Marks

Answer:

Computation of value of taxable supply made by M/s. Flow Pro to BP Ltd.

| Particulars | Amount (₹) |
|--|------------|
| Price of the machine [Since the subsidy is received from the State Government, the same is not includable in the value of supply in terms of section 15(2)(e)] | 25,000 |
| Third party inspection charges [Any amount that the supplier is liable to pay in relation to the supply but has been incurred by the recipient and not included in the price actually paid or payable for the goods, is includable in the value of supply in terms of section 15(2)(b)] | 5,000 |



| | |
|--|---------------|
| Freight charges for delivery of the machine [Since arranging freight is the liability of supplier, it is a case of composite supply and thus, freight charges are added in the value of principal supply.] | 2,000 |
| Total | 32,000 |
| Less: Discount @ 2% on ₹ 25,000 being price charged to BP Ltd. [Discount given before or at the time of supply if duly recorded in the invoice is deductible from the value of supply in terms of section 15(3)(a)] | 500 |
| Value of taxable supply | 31,500 |

Question 2

MTP Nov'21, Oct'20 & Sep '23

Shri Krishna Pvt. Ltd., a registered supplier, furnishes the following information relating to goods sold by it to Shri Balram Pvt. Ltd. -

6 Marks

| S. No. | Particulars | Amount (₹) |
|--------|--|------------|
| (i) | Price of the goods [excluding taxes and other charges mentioned at S. Nos. (iii), (v) and (vi)] | 1,00,000 |
| (ii) | Municipal tax | 2,000 |
| (iii) | Inspection charges | 15,000 |
| (iv) | Subsidy received from Shri Ram Trust [Subsidy is directly linked to the goods supplied] | 50,000 |
| (v) | Late fees for delayed payment inclusive of GST [Shri Balram Pvt. Ltd. paid the late fees. However, these charges were ultimately waived by Shri Krishna Pvt. Ltd. and the amount was refunded to Shri Balram Pvt. Ltd. during the same month] | 1,000 |
| (vi) | Weighment charges [Such charges were paid by Shri Balram Pvt. Ltd. to Radhe Pvt. Ltd. on behalf of Shri Krishna Pvt. Ltd.] | 2,000 |

Note: Price of the goods is net of the subsidy received

Determine the value of taxable supply made by Shri Krishna Pvt. Ltd. to Shri Balram Pvt. Ltd

Answer:

Computation of value of taxable supply made by Shri Krishna Pvt. Ltd. to Shri Balram Pvt. Ltd.

| Particulars | Amount (₹) |
|---|------------|
| Price of the goods | 1,00,000 |
| Municipal tax [Includible in the value as per section 15(2)(a)] | 2,000 |
| Inspection charges [Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includible in the value as per section 15(2)(c)] | 15,000 |
| Subsidy received from Shri Ram Trust [Since the subsidy is received from a non-Government body and directly linked to the supply, the same is includible in the value in terms of section 15(2)(e)] | 50,000 |
| Late fees for delayed payment [Not includible since the same is waived off] | Nil |



| | |
|--|-----------------|
| Weightage charges paid to Radhe Pvt. Ltd. on behalf of Shri Krishna Pvt. Ltd. [Any amount that the supplier is liable to pay in relation to the supply but has been incurred by the recipient and not included in the price actually paid or payable for the goods, is includable in the value of supply in terms of section 15(2)(b)] | 2,000 |
| Value of taxable supply | 1,69,000 |

Question 3

MTP April 22, MTP Oct '23 MTP Mar'21, MTP Oct'18, RTP Nov'18

Blue Stone Ltd., Delhi, a registered supplier, is manufacturing taxable goods. It provides the following details of taxable inter-State supply made by it during the month of March.

| | Particulars | Amount (₹) |
|-------|--|------------|
| (i) | List price of taxable goods supplied inter-state (exclusive of taxes) | 12,00,000 |
| (ii) | Subsidy received from the Central Government for supply of taxable goods to Government School (exclusively related to supply of goods included at S. No. 1) | 1,75,000 |
| (iii) | Subsidy received from an NGO for supply of taxable goods to an old age home (exclusively related to supply of goods included at S. No. 1) | 50,000 |
| (iv) | Tax levied by Municipal Authority | 20,000 |
| (v) | Packing charges | 15,000 |
| (vi) | Late fee paid by the recipient of supply for delayed payment of consideration (Recipient has agreed to pay ₹ 6,000 in lump sum and no additional amount is payable by him) | 6,000 |

The list price of the goods is net of the two subsidies received. However, the other charges/taxes/fee are charged to the customers over and above the list price. Calculate the total value of taxable supplies made by Blue Stone Ltd. during the month of March. Rate of IGST is 18%.

4/5/6Marks

Answer:

Computation of total value of taxable supplies made by Blue Stone Ltd. during the month of March

| Particulars | Amount (₹) |
|--|------------|
| List price of the goods | 12,00,000 |
| Subsidy amounting to ₹ 1,75,000 received from the Central Government [Since the subsidy is received from the Government, the same is not includable in the value in terms of section 15(2)(e) of the CGST Act] | NIL |
| Subsidy received from NGO [Since the subsidy is received from a non-Government body and directly linked to the supply, the same is includable in the value in terms of section 15(2)(e) of the CGST Act] | 50,000 |
| Tax levied by the Municipal Authority [Includable in the value as per section 15(2)(a) of the CGST Act] | 20,000 |



| | |
|--|------------------|
| Packing charges [Being incidental expenses, the same are includable in the value as per section 15(2)(c) of the CGST Act] | 15,000 |
| Late fees paid by recipient of supply for delayed payment [Includable in the value as per section 15(2)(d) of the CGST Act - As the amount of interest received is a lump sum amount, the same has to be taken as inclusive of GST] [₹ 6,000 x 100/118] rounded off | 5,085 |
| Total value of taxable supplies | 12,90,085 |

Question 4

MTP April '23

Guru Enterprises (Delhi), a registered taxpayer, made a taxable supply to Y Ltd. (Delhi).

The details of the said supply are as follows:

| Particulars | Amount (₹) |
|---|------------|
| Price of the goods (excluding any tax or discounts) | 10,00,000 |
| Tax levied by the Municipal Authority | 10,000 |
| Subsidy received from Jiva Enterprises Pvt Ltd. (The price above is after consideration of such subsidy amount) | 1,00,000 |
| Amount incurred by Y Ltd. for post delivery inspection. (Charges incurred post receipt of goods by Y Ltd.) | 5,000 |

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 the taxable value as well as the applicable tax liability for the said supply transaction.

6 Marks

Answer:

Computation of taxable value and tax liability

| Particulars | Amount (₹) |
|--|------------|
| Price of goods (exclusive of tax and discounts) | 10,00,000 |
| Add: Tax levied by Municipal Authority [Tax other than GST, if charged separately, are includable in the value.] | 10,000 |
| Add: Subsidy received from Jiva Enterprises Pvt. Ltd. [Subsidy provided by non-Government bodies and which is directly linked to the price is includable.] | 1,00,000 |
| Add: Post-delivery inspection charges [Anything done by the supplier in respect of the supply of goods after the delivery of goods is not includable in value.] | - |



| | |
|---|-----------|
| Add: 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 includable in the value.] | 25,000 |
| Add: Interest [Interest for delayed payment of consideration is includable in the value. Since interest is received in lumpsum, amount is inclusive of GST [$\text{₹ } 20,000 \times 100/112$ (rounded off).]] | 17,857 |
| Value of taxable supply | 11,52,857 |
| CGST @ 6% | 69,171 |
| SGST @ 6% | 69,171 |

Question 5

PYQ Nov'18

Ms. Achintya, a registered supplier in Kochi (Kerala State) has provided the following details in respect of her supplies made Intra-State for the month of March:

| | Particulars | Amount in ₹ |
|-------|--|-------------|
| (i) | List price of goods supplied intra-state (exclusive of items given below from ii to v) | 3,30,000 |
| (ii) | Swachh Bharat cases levied on sale of the goods | 12,500 |
| (iii) | Packing expenses charged separately in the invoice | 10,800 |
| (iv) | Discount of 1% on list price of goods was provided (recorded in the invoice of goods) | |
| (v) | Subsidy received from State Govt. for encouraging women entrepreneurs | 5,000 |

Compute the value of taxable supply and the gross GST liability of Ms. Achintya for the month of March 2018 assuming rate of CGST to be 9% and SGST to be 9%. All the amounts given above are exclusive of GST.

5 Marks

Answer:

Computation of value of taxable supply and gross GST liability of Ms. Achintya for the month of March

| Particulars | ₹ |
|--|---------------|
| List price of the goods | 3,30,000 |
| Add: Swachh Bharat Cass (SBC) levied on sale of goods [Note-1] | 12,500 |
| Add: Packing expenses [Note-2] | 10,800 |
| Less: Subsidy received from State Government [Note-3] | (5,000) |
| Less: Discount @ 1% on list price [Note-4] | (3,300) |
| Value of taxable supply | 3,45,000 |
| CGST @ 9% | 31,050 |
| SGST @ 9% | 31,050 |
| Gross GST liability | 62,100 |



Notes: -

- ✓ As per section 15 of CGST Act, 2017,
- ✓ Any taxes, duties and cases levied under any law other than CGST, SGST is includable in the value.
- ✓ Packing expenses being incidental expenses, are includable in the value.
- ✓ Since subsidy is received from State Government, the same is not includable in the value. It has been assumed that such subsidies are directly linked to the price of the goods. Further, since the same has not been adjusted in the list price, the same is to be excluded from the list price.
- ✓ Since discount is known at the time of supply, it is deductible from the value.

Note:

- ✓ In the above answer, the term "exclusive" mention need in the question has been taken to be as "not adjusted in the list price", i.e. the list price given in the question is before adjusting the amount of discount and subsidy. However, it is also possible to take a view that the list price "excludes" amount of discount and subsidy. Therefore, the same need not be deducted again from the list price to arrive at the taxable value.
- ✓ Read SBC as other taxes.

Question 6

MTP Oct '23

Gagan Engineering Pvt. Ltd., registered in Haryana, is engaged in providing maintenance and repair services for heavy steel machinery. For carrying out the repair work, Gagan Engineering Pvt. Ltd. sends its container trucks equipped with items like repair equipment's, consumables, tools, parts etc. from Haryana workshop to its own repairing centers (registered under GST law) located in other States across India where the clients' machinery are being brought and are being repaired. Discuss the leviable of GST on the inter-State movement of trucks from the workshop of Gagan Engineering Pvt. Ltd. in Haryana to its own repairing centers located in other States across India.

4 Marks

Answer:

As per section 25(4), a person who has obtained more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as 'distinct persons'. Schedule I to the CGST Act specifies situations where activities are to be treated as supply even if made without consideration. Supply of goods and/or services between 'distinct persons' as specified in section 25, when made in the course or furtherance of business is one such activity included in Schedule I under para 2.

However, as per CBIC circular, the inter-State movement of various modes of conveyance including, inter alia, trucks, carrying goods or passengers or both or for repairs and maintenance, between 'distinct persons' as specified in section 25(4), not involving further supply of such conveyance, may be treated 'neither as a supply of goods nor supply of service' and therefore, will not be leviable to

IGST. Applicable CGST/SGST/IGST, however, shall be leviable on repairs and maintenance done for such conveyance [Circular No. 1/1/2017 IGST dated 07.07.2017]. Thus, in the given case,

VG Sir



inter-State movement of trucks from the workshop of Gagan Engineering Pvt. Ltd. located in Haryana to its repair centers located in other States is 'neither a supply of goods nor supply of service'.

Difficulty

Question 1

MTP April'21, Mar'22, MTP May 20

Kavya Ltd., a registered supplier, has supplied machinery to Ayesha Ltd. (a supplier registered in the same State). It provides following particulars regarding the same:

| S. No. | Particulars | Amount (Rs.) |
|--------|---|--------------|
| (i) | Price of machinery (exclusive of taxes and discounts) | 5,50,000 |
| (ii) | Part fitted in the machinery at the premises of Ayesha Ltd. [Amount has been paid by Ayesha Ltd. directly to the supplier. However, it was Kavya Ltd.'s liability to pay the said amount. The said amount has not been recorded in the invoice issued by Kavya Ltd.] | 20,000 |
| (iii) | Installation and testing charges for machinery, not included in price | 25,000 |
| (iv) | Discount @ 2% on price of the machinery mentioned at S. No. (i) above (recorded in the invoice) | |
| (v) | Kavya Ltd. provides additional discount @ 1% at year end, based on additional purchase of other machinery for which adjustment is made at the end of the financial year without any change in individual transactions. | |

Determine the value of taxable supply made by Kavya Ltd. to Ayesha Ltd. 4/ 6 Marks

Answer:

Computation of value of taxable supply made by Kavya Ltd. to Ayesha Ltd.

| Particulars | Amount |
|---|-----------------|
| Price of machinery (exclusive of taxes and discounts) | 5,50,000 |
| Amount paid by Ayesha Ltd. directly to the supplier for the part fitted in the machinery [Any amount that the supplier is liable to pay in relation to a supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods is includable in the value of supply in terms of section 15(2)(b) of the CGST Act, 2017.] | 20,000 |
| Installation and testing charges [Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includable in the value of supply in terms of section 15(2)(c) of the CGST Act, 2017.] | 25,000 |
| Less: Discount @ 2% on the price of machinery [Rs.5,50,000 x 2%] [Since discount is given at the time of supply of machinery and recorded in the invoice, the same is deductible from the value of the supply in terms of section 15(3)(a) of the CGST Act, 2017.] | 11,000 |
| Less: Additional 1% discount at year end [Though the additional discount is established before/at the time of supply, it is not deductible from the value of supply in terms of section 15(3)(b) of the CGST Act, 2017 as the same is not linked to any specific transaction and is adjusted by the parties at the end of the financial year.] | Nil |
| Value of taxable supply | 5,84,000 |



Question 2**MTP Aug'18**

A manufacturer of machinery supplied a special machine to Modern Furnishers. Following details are provided in relation to amounts charged:

| S. No. | Particulars | Rs. |
|--------|---|----------|
| (i) | Price of machinery excluding taxes (before cash discount) | 5,00,000 |
| | Additional charges not included above:- | |
| (ii) | Freight | 13,000 |
| (iii) | Packing charges | 10,000 |
| (iv) | Charges for designing the machine | 17,000 |

Other information furnished is -

(a) Cash discount @ 2% on price of machinery has been allowed to the customer at the time of supply and also recorded in invoice.

(b) GST rate - 18%.

Calculate value of supply of the special machine.

5 Marks

Answer:

Computation of value of special machine

| Particulars | Rs. |
|---|-----------------|
| Price of machinery | 5,00,000 |
| Add: Freight [Note 1] | 13,000 |
| Packing charges [Note 2] | 10,000 |
| Designing charges [Note 3] | 17,000 |
| Total | 5,40,000 |
| Less: 2% cash discount on price of machinery [Rs. 5,00,000 × 2%] [Note 4] | 10,000 |
| Value of taxable supply | 5,30,000 |

Notes:

- (i) Supply of machinery (goods) with supply of ancillary services like freight is a composite supply, the principal supply of which is the supply of machinery. Thus, value of such ancillary supply is includable in the value of composite supply.
- (ii) All incidental expenses including packing charged by the supplier to the recipient of a supply are includable in the value of supply in terms of section 15(2)(c) of CGST Act, 2017.
- (iii) Designing charges are includable in the value of supply as any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods is so includable in terms of section 15(2)(c) of CGST Act, 2017.
- (iv) Cash discount was given at the time of supply and also recorded in invoice, so the same is not to be included while computing value of supply in terms of section 15(3)(a) of CGST Act, 2017.



Question 3

Alfa Institute of Management (AIM), a private college, is registered under GST in the State of Punjab. AIM provides the following particulars for the month of April :

| | Particulars | Amount (₹) |
|------|--|------------|
| i. | Tuition fee received from students pursuing management courses recognized by Punjab University, established by an Act of State Legislature | 18,00,000 |
| ii. | Tuition fee received from students pursuing under- graduate courses recognized by Stan University, London under Dual Degree programmed | 8,50,000 |
| iii. | Fee received from students of competitive exam training academy run by a Department of AIM | 5,40,000 |
| iv. | Mess fees received from students pursuing qualification recognized by Indian law (Mess is run by AIM on its own) | 3,20,000 |
| v. | Amount paid to Local Municipal Corporation for premises taken on rent for conducting coaching classes for competitive exams | 50,000 |
| vi. | Legal services availed from Top Care & Co., a Partnership firm of advocates, for the competitive exam training academy (Intra-state transaction) | 20,000 |

Note:

The aggregate turnover of AIM in the preceding financial year exceeds ₹ 20 lakh. Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both outward and inward supplies. All the amounts given above are exclusive of taxes, wherever applicable. All the conditions necessary for availing the ITC have been fulfilled, wherever applicable. There is no opening balance of ITC under any head of tax. From the information given above, you are required to calculate the Value of taxable supply and minimum GST liability (CGST, SGST or IGST as the case may be) to be paid in cash, if any, by AIM for the month of April.

8 Marks**Answer:**

Computation of value of taxable supply and net GST liability to be paid in cash by AIM for April

| Particulars | Amount (₹) |
|--|------------------|
| Tuition fee received from students pursuing recognized management courses [Note-1] | Nil |
| Tuition fee received from students pursuing under-graduate courses recognized by Foreign University [Note-2] | 8,50,000 |
| Fee received from students of Competitive Exam Training Academy [Note-3] | 5,40,000 |
| Mess fees received from students [Note-4] | Nil |
| Total value of taxable supply | 13,90,000 |

| Particulars | CGST (₹) | SGST (₹) |
|--|----------|----------|
| GST liability under forward charge @ 9% [Note-5] | 1,25,100 | 1,25,100 |
| Services on which tax is payable under reverse charge: | | |
| Rent paid to Local Municipal Corporation [Note-6] | 4,500 | 4,500 |



| | | |
|---|----------|----------|
| Legal services received from Top Care & Co., a partnership firm of advocates [Note-7] | 1,800 | 1,800 |
| GST liability under reverse charge payable in cash [A] [Note-8] | 6,300 | 6,300 |
| Output tax payable against which ITC can be set off | 1,25,100 | 1,25,100 |
| Less: ITC of renting immovable property and legal services | 6,300 | 6,300 |
| Output tax payable after set off of ITC [B] | 1,18,800 | 1,18,800 |
| Net GST liability payable in cash [A] + [B] | 1,25,100 | 1,25,100 |

Notes:-

- Services provided by an educational institution to its students are exempt. Further, educational institution means inter alia an institution providing services by way of education as a part of a curriculum for obtaining a qualification recognised by an Indian law. Therefore, tuition fee received by Punjab University, being an educational institution, is exempt, since it provides qualification recognised by Indian law.
- Tuition fee received by Stan University is taxable since Stan University is not an educational institution as qualification provided by it is not recognised by Indian law.
- Fee received from students of competitive exam training academy is taxable as Department of AIM is not an educational institution since competitive exam training does not lead to grant of a recognized qualification.
- Catering services provided by educational institutions to its students are exempt.
- Since all the services provided are intra-State, CGST and SGST @ 9% is charged
- GST is payable under reverse charge in case of renting of immovable property services supplied by a local authority to a registered person.
- GST is payable under reverse charge in case of legal services supplied by a firm of advocates to a business entity. 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.

Question 4

MTP Sep'22

Prithviraj Pvt. Ltd., a registered supplier, is engaged in manufacturing heavy steel fabrication machine. The details pertaining to pricing of each such machine is as follows:

| S. No. | Particulars | Amount (₹) |
|--------|---|------------|
| (i) | Price of the machine (exclusive of taxes and discounts) | 5,50,000 |
| (ii) | Part fitted in the machine at the premises of the recipient [Amount has been paid by recipient directly to the supplier. However, it was Prithviraj Pvt. Ltd.'s liability to pay the said amount.] | 20,000 |
| (iii) | Installation and testing charges at the premises of the recipient | 25,000 |
| (iv) | Subsidy received from Shri Ram Trust [Subsidy is directly linked to the price of the machine] | 50,000 |

Items given in points (ii) to (iv) have not been considered while arriving at price of the machine given in point (i) above. The contract includes installation and testing of machine at the recipient's premises. Prithviraj Pvt. Ltd. has made supply of 10 such machines in



the month of July.

It also provided the following details pertaining to the purchases made/services availed during said month:

| Particulars | Amount (₹) |
|--|------------|
| (1) Raw material (to be received in September) | 10,00,000 |
| (2) Membership of a club availed for employees working in the factory | 6,00,000 |
| (3) Trucks used for transport of raw material | 3,50,000 |
| (4) Capital goods (out of 3 items, invoice for 2 items is missing and GST paid on those two items is ₹ 18,000) | 7,00,000 |

Compute the net GST payable in cash by Prithviraj Pvt. Ltd. for the given month assuming that all the inward and outward supplies are intra-State supplies. Assume the rates of taxes to be as under:

| Particulars | Rates of tax |
|-----------------------|--------------|
| Central tax (CGST) | 9% |
| State Tax (SGST) | 9% |
| Integrated tax (IGST) | 18% |

Make suitable assumptions, wherever necessary. All the conditions necessary for availing the ITC have been fulfilled. Opening balance of the input tax credit for the relevant period is Nil.

8 Marks

Answer:

Computation of net GST payable by Prithviraj Pvt. Ltd. for the month of July

| Particulars | CGST (₹) | SGST (₹) |
|--|----------|----------|
| GST payable on outward supplies (Refer Working note - 1) | 5,80,500 | 5,80,500 |
| Less: ITC (Refer Working note - 2) [ITC of CGST is utilized for payment of CGST and ITC of SGST is utilized for payment of SGST.] | 76,500 | 76,500 |
| Net GST payable in cash | 5,04,000 | 5,04,000 |

Working note - 1

Computation of GST payable on outward supply made by Prithviraj Pvt. Ltd. for the month of July

| Particulars | Amount (₹) |
|--|------------|
| Price of machine (exclusive of taxes and discounts) | 5,50,000 |
| Amount paid by the recipient directly to the supplier (Prithviraj Pvt. Ltd.) for the part fitted in the machine [Any amount that the supplier is liable to pay in relation to a supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods is includable in the value of supply.] | 20,000 |
| Installation and testing charges [Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includable in the value of supply.] | 25,000 |



| | |
|---|-----------|
| Subsidy received from Shri Ram Trust [Since the subsidy is received from a non-Government body and directly linked to the price, the same is includable in the value of supply.] | 50,000 |
| Value of taxable supply of 1 machine | 6,45,000 |
| Value of taxable supply of 10 machines [$₹ 6,45,000 \times 10$] | 64,50,000 |

| | |
|---|----------|
| GST payable on outward supplies | |
| CGST @ 9% | 5,80,500 |
| SGST @ 9% | 5,80,500 |
| [Since all the outward supplies are intra-State supplies, CGST and SGST are payable on the same.] | |

Working note - 2

Computation of ITC available with Prithviraj Pvt. Ltd. for the month of July

| Particulars | CGST (₹) | SGST (₹) |
|--|----------|----------|
| Raw Material [ITC not available as raw material is not received in July] | Nil | Nil |
| Membership of a club availed for employees working in the factory [Blocked credit] | Nil | Nil |
| Trucks used for transport of raw material [ITC of GST paid on motor vehicles used for transportation of goods is allowed] | 31,500 | 31,500 |
| Capital goods [ITC of GST paid on items for which invoice is missing is not available. So, ITC of ₹ 18,000 is not available] [₹ 63,000 - ₹ 18,000] | 45,000 | 45,000 |
| Total ITC available | 76,500 | 76,500 |

Note - Since all the inward supplies are intra-State supplies, CGST @ 9% and SGST @ 9% are payable on the same.

Question 5

MTP Oct 22, RTP Nov '22

Srishti Pvt. Ltd., a registered supplier of goods and services in Kolkata, has furnished the following information for the month of February:

| | Particulars | Amount (₹) |
|-------|---|------------|
| (i) | Intra-State supply of taxable goods | 4,00,000 |
| (ii) | Purchase of goods destroyed due to fire before being put into the production process (It is an intra-State transaction) | 5,50,000 |
| (iii) | Services provided to a foreign diplomatic mission located in India (It is an intra-State transaction) | 1,00,000 |



| | | |
|-------|---|----------|
| (iv) | Intra-State purchase of food items for being served to the customers, free of cost. (It is an intra-State transaction) | 1,75,000 |
| (v) | Goods transport services received from a GTA. GST is payable @ 5% (It is an inter-State transaction) | 2,00,000 |
| (vi) | Inter-State services provided to Dhruv Ltd. in respect of a business exhibition helds in Delhi | 10,000 |
| (vii) | Inter-State security services provided to Torrent Higher Secondary School (unregistered under GST) for their annual day function organized in Katayani Auditorium outside the School campus | 15,000 |
| (vii) | Inputs to be received in 3 lots, out of which 2nd lot was received during the month | 40,000 |

The company has following balances of ITC with it at the beginning of the tax period:

| Particulars | Amount (₹) |
|-------------|------------|
| CGST | 57,000 |
| SGST | Nil |
| IGST | 50,000 |

Note:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively unless otherwise mentioned.
- Both inward and outward supplies are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing the ITC have been fulfilled.
- The turnover of Sreshth Pvt. Ltd. was ₹ 2.5 crore in the previous financial year.

Compute the minimum GST, payable in cash, by Sreshth Pvt. Ltd. for the month of February.

Make suitable assumptions as required.

8 Marks

Answer:

Computation of GST payable on outward supplies

| Particulars | CGST ₹ | SGST ₹ | IGST ₹ | Total ₹ |
|--|---------------|---------------|--------------|---------------|
| GST payable under forward charge | | | | |
| (i) Intra-State supply of goods [Note-1] | 36,000 | 36,000 | Nil | 72,000 |
| (ii) Services provided to a foreign diplomatic mission located in India [Note-2] | 9,000 | 9,000 | Nil | 18,000 |
| (iii) Services provided to Dhruv Ltd. in respect of a business exhibition held in Delhi [Note- 3] | Nil | Nil | 1,800 | 1,800 |
| (iv) Inter-State security services provided to Torrent higher secondary school for their annual day function to be held in Katayani Auditorium. [Note-4] | Nil | Nil | 2,700 | 2,700 |
| Total GST payable under forward charge | 45,000 | 45,000 | 4,500 | 94,500 |
| GST payable under reverse charge | | | | |



| | | | | |
|--|-----|-----|--------|--------|
| GTA services availed [As per Notification No. 13/2017 CT(R) dated 28.06.2017, GST is payable by the recipient on reverse charge basis on the receipt of services of transportation of goods by road from a goods transport agency (GTA), provided GST is not payable @ 12% and services have been received by the specified recipient. Since in the given case, services have been received from a GTA where GST is payable @ 5% and recipient is one of the specified recipients, Reverse charge provisions will be applicable.] | Nil | Nil | 10,000 | 10,000 |
|--|-----|-----|--------|--------|

1. Intra-State supply of goods is leviable to CGST and SGST.
2. Services by a foreign diplomatic mission located in India are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017. However, no exemption is available with respect to the services provided to a foreign diplomatic mission located in India.
3. Services by an organiser to any person in respect of a business exhibition are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017, only if such business exhibition is held outside India. Thus, in the given case, said service is taxable.
4. Security services provided to Torrent higher secondary School for Annual Day function organised outside the school campus will be taxable as only the security services performed within the premises of the higher secondary school are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017.

Computation of total ITC available

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|---|---------------|------------|---------------|
| Opening ITC | 57,000 | Nil | 50,000 |
| Add: Purchase of goods destroyed due to fire before being put into the production process [ITC is blocked on lost goods, stolen goods, destroyed goods and goods that are written off] | Nil | Nil | Nil |
| Add: Purchase of food items for being served to the customers, free of cost [Blocked credit] | Nil | Nil | Nil |
| Add: Goods transport services received from GTA [ITC is available for the services received from GTA since it is used in course or furtherance of business.] | Nil | Nil | 10,000 |
| Add: Inputs to be received in 3 lots, out of which 2nd lot was received during the month [In case of goods received in lots, ITC can be taken only upon receipt of the last lot] | Nil | Nil | Nil |
| Total ITC | 57,000 | Nil | 60,000 |



Computation of minimum GST payable from electronic cash ledger

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) | Total (₹) |
|--|-------------------------|-------------------------|-----------------------|-----------|
| GST payable under forward charge | 45,000 | 45,000 | 4,500 | 94,500 |
| Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow] | (10,500) IGST (3) | (45,000) IGST (2) | 4,500) IGST (1) | 60,000 |
| | 4,500) CGST | | | 34,500 |
| GST payable under reverse charge on GTA services [Payable in cash since tax payable under reverse charge, being not an output tax, cannot be set off against ITC and thus, will have to be paid in cash] | | | 10,000 | |
| Minimum GST payable in cash | Nil | Nil | 10,000 | Nil |

Note: Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, ITC of IGST has first been used to pay SGST (after paying IGST liability) and then CGST to minimize cash outflow.

Question 6

RTP May 19

Kamal Book Depot, a wholesaler of stationery items, registered in Mumbai, has received order for supply of stationery items worth ₹ 2,00,000/- on 12th November, 20XX from another local registered dealer, Mr. Mehta, Mumbai. Kamal Book Depot charged the following additional expenses from Mr. Mehta:-

| | Particulars | Amount (₹) |
|-------|------------------------------|------------|
| (i) | Packing charges | 5,000 |
| (ii) | Freight & Cartage | 2,000 |
| (iii) | Transit insurance | 1,500 |
| (iv) | Extra designing charges | 6,000 |
| (v) | Taxes by Municipal Authority | 500 |

The goods were delivered to Mr. Mehta on 14th November, 20XX. Since Mr. Mehta was satisfied with the quality of the goods, he made the payment of goods the same day and simultaneously placed another order on Kamal Book Depot of stationery items amounting to ₹ 10,00,000 to be delivered in the month of December, 20XX**. On receipt of second order, Kamal Book Depot allowed a discount of ₹ 20,000 on the first order placed by Mr. Mehta.

Compute the GST liability of Kamal Book Depot for the month of November, 20XX assuming the rates of GST on the goods supplied as under:

| | |
|------|----|
| CGST | 9% |
| SGST | 9% |

Would your answer be different if expenses (i) to (v) given in above table are already included in the price of ₹ 2,00,000?



Note:-

(i) All the amounts given above are exclusive of GST.
 (ii) Kamal Book Depot and Mr. Mehta are not related persons and price is the sole consideration of the supply.

**Payment and invoice for the second order will also be made in the month of December, 20XX only.

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

| | Particulars | Amount (₹) |
|-------|---------------------------------------|------------|
| | Price of the goods [Note-1] | 2,00,000 |
| (i) | Packing charges [Note-2] | 5,000 |
| (ii) | Freight & Cartage [Note-3] | 2,000 |
| (iii) | Transit Insurance [Note-3] | 1,500 |
| (iv) | Extra Designing charges [Note-4] | 6,000 |
| (v) | Taxes by Municipal Authority [Note-5] | 500 |
| | Value of taxable supply | 2,15,000 |
| | CGST @ 9% | 19,350 |
| | SGST @ 9% | 19,350 |

- As per section 15(1) of the CGST Act, 2017, the value of a supply is the transaction value i.e. the price actually paid or payable for the said supply.
- All incidental expenses including packing charged by the supplier to the recipient are includable in the value of supply in terms of section 15(2) of the CGST Act, 2017.
- The given supply is a composite supply involving supply of goods (stationery items) and services (transit insurance and freight) where the principal supply is the supply of goods.
As per section 8(a) of the CGST Act, 2017, a composite supply is treated as a supply of the principal supply involved therein and charged to tax accordingly.
- Any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services; is includable in the value of supply vide section 15(2) of the CGST Act, 2017. Thus, extra designing charges are to be included in the value of supply.
- The taxes by Municipal Authorities are includable in the value of supply in terms of section 15(2) of the CGST Act, 2017.
- In the given case, Mr. Mehta is allowed a discount of ₹ 20,000 on the goods supplied to him in the month of November, 20XX. Since the said goods have already been delivered by Kamal Book Depot, this discount will be a post-supply discount.
 - such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and
 - input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply [Section 15(3) of the CGST Act, 2017].



However, in the given case, post-supply discount given to Mr. Mehta will not be allowed as a deduction from the value of supply since the discount policy was not known before the time of such supply although the discount can be specifically linked to relevant invoice (invoice pertaining to stationery items supplied to Mr. Mehta in November, 20XX).

In case the expenses (i) to (v) given in above table are already included in the price of ₹ 2,00,000: Since these expenses are includible in the value of supply by virtue of the reasons mentioned in explanatory notes above, no further addition will be required. Resultantly, the value of taxable supply will be ₹ 2,00,000 and CGST and SGST will be ₹ 18,000 and ₹ 18,000 respectively.

Question 7

RTP May '23

Mr. Prithviraj, registered under GST, is engaged in supplying services (as discussed in the table below) in Maharashtra. He has furnished the following information with respect to the services provided/ received by him, during the month of February:

| S. No. | Particulars | Amount (₹) |
|--------|---|------------|
| (i) | Carnatic music performance given by Mr. Prithviraj to promote a brand of readymade garments (Intra-State transaction) | 1,40,000 |
| (ii) | Outdoor catering services availed for a marketing event organized for his prospective customers (Intra-State transaction) | 50,000 |
| (iii) | Services of transportation of students provided to Subhaskar College providing education as part of a curriculum for obtaining a recognized qualification (Intra-State transaction) | 1,00,000 |
| (iv) | Legal services availed for official purpose from an advocate located in Gujarat (Inter-State transaction) | 1,75,000 |
| (v) | Services provided to Wealth Bank as a business correspondent with respect to accounts in a branch of the bank located in urban area (Intra-State transaction) | 2,00,000 |
| (vi) | Recovery agent's services provided to a car dealer (Intra-State transaction) | 15,000 |
| (vii) | General insurance taken on a car (seating capacity 5) used for official purposes (Intra-State transaction) | 40,000 |

Note:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- All inward and outward supplies are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing the ITC have been fulfilled.
- The turnover of Mr. Prithviraj was ₹ 2.5 crore in the previous financial year. Compute the net GST payable in cash, by Mr. Prithviraj for the month of February.

Answer:

Computation of GST payable

| Particulars | Value of supply | CGST @ 9% | SGST @ 9% | IGST @ 18% |
|---|-----------------|-----------|-----------|------------|
| GST payable under forward charge | | | | |
| Carnatic music performance given to promote a brand of readymade garments [Carnatic music performance by Mr. Prithviraj is not exempt from GST even though the consideration charged does not | 1,40,000 | 12,600 | 12,600 | Nil |



| | | | | |
|--|----------|--------|--------|--------|
| exceed ₹1,50,000 since said performance has been made by him as a brand ambassador.] | | | | |
| Services of transportation of students provided to Subhaskar College [Services of transportation of students provided to an educational institution other than an institution providing pre-school education or education up to higher secondary school, are not exempt.] | 1,00,000 | 9,000 | 9,000 | Nil |
| Services provided to Wealth Bank as a business correspondent [Services provided by a business correspondent to a banking company are not exempt when such services are provided with respect to accounts in its urban area branch.] | 2,00,000 | 18,000 | 18,000 | Nil |
| Services provided as a recovery agent [Tax is payable under forward charge since recovery agent's services are being provided to a person other than banking company/financial institution/ non-banking financial company.] | 15,000 | 1,350 | 1,350 | Nil |
| Total GST payable under forward charge (A) | | 40,950 | 40,950 | Nil |
| GST payable under reverse charge | | | | |
| Legal services availed from an advocate | 1,75,000 | Nil | Nil | 31,500 |
| [Legal services received by a business entity with aggregate turnover in the preceding financial year exceeding threshold limit for registration (₹ 20 lakh) are not exempt and tax on the same is payable under reverse charge.] | | | | |
| Total GST payable under reverse charge (B) | | Nil | Nil | 31,500 |
| Total GST payable [(A)+(B)] | | 40,950 | 40,950 | 31,500 |

Computation of total ITC available

| Particulars | Value Of supply | CGST @ 9% | SGST @ 9% | IGST @ 18% |
|---|-----------------|-----------|-----------|------------|
| Outdoor catering services availed [ITC on outdoor catering services is blocked except when such services are (i) used by the taxpayer who is in the same line of business or (ii) provided by the employer to its employees under a statutory obligation.] | 50,000 | Nil | Nil | Nil |



| | | | | |
|---|----------|-----|-----|---------------|
| Legal services availed [ITC is available as said services are used in course or furtherance of business.] | 1,75,000 | Nil | Nil | 31,500 |
| General insurance taken on a car (seating capacity 5) used for official purposes [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. Further, ITC is not allowed on services of general insurance relating to such ineligible motor vehicles.] | 40,000 | Nil | Nil | Nil |
| Total ITC available | | Nil | Nil | 31,500 |

Computation of net GST payable in cash

| Particulars | CGST @ 9% | SGST @ 9% | IGST @ 18% |
|--|------------------|------------------|---------------|
| GST payable under forward charge | 40,950 | 40,950 | Nil |
| Less: ITC of IGST1 | (15,750) IGST | (15,750) IGST | - |
| | 25,200 | 25,200 | Nil |
| Add: GST payable under reverse charge in cash [Tax payable under reverse charge, being not an output tax, cannot be set off against ITC and thus, will have to be paid in cash.] | Nil | Nil | 31,500 |
| Net GST payable in cash | 25,200 | 25,200 | 31,500 |

Note: CGST and SGST is payable on the intra-State transaction and IGST is payable on the inter-State transactions.

ITC of IGST can be utilised towards payment of CGST and SGST in any proportion and in any order. Therefore, there can be multiple ways of setting off of IGST credit against CGST and SGST liability and accordingly, in the given case, amount of net GST payable in cash under the heads of CGST and SGST will vary. However, total amount of net GST payable in cash will be ₹81,900 in each case.

Question 8

RTP Nov '23

Chill Ltd., Delhi, a registered supplier, manufacturing machineries has made a taxable supply of machinery during the month of March. It furnished the following details for each such machinery supplied: -

| | Particulars | Amount |
|-------|--|-----------|
| (i) | List price of machinery (exclusive of taxes) | 10,00,000 |
| (ii) | Subsidy received from the Central Government for supply of machinery to Government School (exclusively related to supply of machinery included at S. No. 1) | 2,10,000 |
| (iii) | Subsidy received from an NGO for supply of machinery to an old age home (exclusively related to supply of goods included at S. No. 1) | 2,00,000 |
| (iv) | Tax levied by Municipal Authority | 2,50,000 |



| | |
|---------------------|----------|
| (v) Packing charges | 1,25,000 |
|---------------------|----------|

Additional information: -

The list price of the machinery is after considering the two subsidies received. However, the other charges/taxes/fee are charged to the customers over and above the list price.

Further, the company has provided the following information pertaining to purchases made/services availed by it in respect of supply of said machinery during the month of March:

| Particulars | GST (₹) |
|---|----------|
| (1) Raw material (to be received in the month of April) | 8,50,000 |
| (2) Membership of a club availed for employees working in the factory (not obligatory to be provided under any law) | 4,00,000 |
| (3) Inputs to be received in 6 lots, out of which 1st lot was received during the month | 3,50,000 |
| (4) Trucks used for transport of raw material | 1,50,000 |
| (5) Capital goods (out of 3 items, invoice for 2 items is missing and GST paid on those items is ₹ 2,82,000) | 3,50,000 |

Note:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- All inward and outward supplies are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing the ITC have been fulfilled, subject to the information given above.
- All inward and outward supplies are inter-State supplies.

Compute the net GST payable in cash, by Chill Ltd. for the month of March

Answer:

Computation of net GST payable in cash

| Particulars | Value Of supply (₹) | CGST @9% (₹) | SGST @ 9% (₹) | IGST @ 18% (₹) |
|--|---------------------|--------------|---------------|----------------|
| Supply of machinery [Refer Working Note] | 15,75,000 | | | 2,83,500 |
| Less: ITC available | | | | 2,18,000 |
| Net GST payable in cash | | | | 65,500 |

Note: IGST is payable on the inter-State transactions.

Computation of total value of taxable supply made by Chill Ltd. during the month of March

| Particulars | Amount (₹) |
|--|------------|
| List price of the machinery | 10,00,000 |
| Subsidy amounting to ₹ 2,10,000 received from the Central Government [Since the subsidy is received from the Government, the same is not includable in the value in terms of section 15(2)(e) of the CGST Act, 2017] | Nil |
| Subsidy received from NGO [Since the subsidy is received from a non-Government body and directly linked to the supply, the same is includable in the value in terms of section 15(2)(e) of the CGST Act, 2017] | 2,00,000 |



| | |
|--|-----------|
| Tax levied by the Municipal Authority [Includible in the value as per section 15(2)(a) of the CGST Act, 2017] | 2,50,000 |
| Packing charges [Being incidental expenses, the same are includible in the value as per section 15(2)(c) of the CGST Act, 2017] | 1,25,000 |
| Total value of taxable supplies | 15,75,000 |

Computation of ITC that can be availed by Chill Ltd. for the month of March

| Particulars | ITC (₹) |
|---|----------|
| Raw Material [ITC not available as raw material is not received in March] | Nil |
| Membership of a club availed for employees working in the factory (not obligatory to be provided under any law) [ITC is blocked in terms of section 17(5) of the CGST Act, 2017] | Nil |
| Inputs to be received in 6 lots, out of which 1st lot was received during the month [In case of goods received in lots, ITC can be taken only upon receipt of the last lot] | Nil |
| Trucks used for transport of raw material [ITC of GST paid on motor vehicles used for transportation of goods is allowed unconditionally] | 1,50,000 |
| Capital goods [ITC can be availed only on the basis of a valid document (invoice). Thus, GST paid on items for which invoice is missing, i.e. ₹ 2,82,000, is not available.] | 68,000 |
| Total ITC | 2,18,000 |

Question 9

RTP Nov'19

M/s. Grey, a registered taxable person under regular scheme provides following information in respect of supplies made by it during the month of April:

| | (All amount in rupees) |
|--|------------------------|
| (I) Inter-state supply of goods | 1,00,000 |
| (ii) Intra-state supply of 500 packets of detergent @ ₹ 400 each along with a plastic bucket worth ₹ 100 each with each packet, being a mixed supply. (Rate of GST on detergent is 18% and on plastic bucket is 28%) | |
| (iii) Supply of online educational journals to M/s. Pinnacle, a private coaching centre providing tuitions to students of Class X-XII, being intra-state supply. | 50,000 |

M/s. Grey has also received the following inward supplies:

| | |
|---|--------|
| (iv) Inter-state supply of goods (out of which invoice for goods worth ₹ 20,000 is missing and no other tax paying document is available) | 70,000 |
| (v) Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply. | 50,000 |



Details of opening balances of ITC as on 1-4-2019 are as follows:

| | |
|------|--------|
| CGST | 5,000 |
| SGST | 5,000 |
| IGST | 40,000 |

Following additional information is provided:

(i) Rate of GST in respect of all inward and outward supplies except item (ii) above is 18%.
i.e. CGST and SGST @ 9% and IGST @ 18%.

(ii) All figures mentioned above are exclusive of taxes.

(iii) All the conditions for availing the ITC have been fulfilled except specifically given and M/s. Grey is not eligible for any threshold exemption.

Compute the minimum net GST payable in cash by M/s. Grey for the month of April.

Answer:

Computation of minimum net GST payable in cash by M/s. Grey for the month of April.

| Particulars | Value of supply | CGST ₹ | SGST ₹ | IGST ₹ |
|--|-------------------------|----------------------------|----------------------------|----------|
| Total tax liability | | | | |
| Inter-State supply of goods | 1,00,000 | | | 18,000 |
| Intra-State supply of 500 packets of detergents along with a plastic bucket [Note-1] | 2,00,000 (500 x 400) | 28,000 (2,00,000 x 14%) | 28,000 (2,00,000 x 14%) | |
| Supply of online educational journal to private coaching center [Note-2] | 50,000 | 4,500 (50,000 x 9%) | 4,500 (50,000 x 9%) | |
| Total tax liability (A) | | 32,500 | 32,500 | 18,000 |
| Input tax credit (ITC) | | | | |
| Brought forward ITC | | 5,000 | 5,000 | 40,000 |
| Inter-State purchase of goods [Note-3] | 50,000 | | | 9,000 |
| Repairing of bus with seating capacity of 20 passengers [Note-4] | 50,000 | 4,500 | 4,500 | |
| Total ITC (B) | | 9,500 | 9,500 | 49,000 |
| Minimum net GST payable in cash | | | | |
| Total tax liability | | 32,500 | 32,500 | 18,000 |
| Less: Set off of IGST liability from IGST credit | | | | (18,000) |
| Set off IGST credit against CGST and SGST liability in any order and in any proportion | | (23,000) | (8,000) | |
| Set off of CGST and SGST credit against CGST and SGST liability respectively | | (9,500) CGST | (9,500) SGST | |
| Minimum net GST payable in cash | | Nil | 15,000 | Nil |

Notes: -

- Supply of detergent and bucket together with a single price of ` 400 is a mixed supply. Being a mixed supply comprising of two supplies, it shall be treated as supply of that particular supply that attracts highest rate of tax (28%).
- Supply of online educational journal is exempt only when the same is provided to an educational institution which provides a qualification recognized by law. Since, the private coaching centre does not provide any recognized qualification, the supply of online educational journals to the same will be taxable.



3. ITC can be taken only on the basis of a valid tax paying document. Thus, ITC will not be available on goods for which the invoice is missing.
4. ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed. Further, ITC is allowed on repair and maintenance services relating to motor vehicles, ITC on which is allowed.

Note:

Under the amended position of law, the IGST credit, after being set off against IGST liability, can be utilized against CGST and SGST liability in any order and in any proportion. Thus, there cannot be one answer for the minimum net CGST and SGST payable in cash [i.e. GST liability] as the amount of CGST and SGST liabilities are the same as also the amount of ITC for CGST and SGST is also the same.

Question 10

PYQ Dec '21

ABC Ltd., a registered supplier in Surat, Gujarat has calculated output net GST liability after adjusting ITC in the books for the month of February 2021:

CGST: ` 3,00,000 SGST : ` 2,50,000 IGST : ` 3,00,000

During the above month, the following additional information is provided by ABC Ltd.:

| | Particulars | Amount (excluding GST) ₹ |
|---|--|--------------------------|
| 1 | The company had given on hire 5 trucks to one of the transporters of Vadodara (a goods transport agency) for transporting goods for 10 days. The hiring charges for the trucks were ` 7,500 per truck per day | 3,75,000 |
| 2 | The company sold goods to X & Co. of Delhi on 6th January 2021 with a condition that interest @ 2% per month will be charged on invoice value if X & Co. failed to make payment within 30 days of the delivery of the goods. Goods were delivered and also the invoice was issued on 6th January 2021. X & Co. paid the consideration for the goods on 20th February along with applicable interest. | 5,00,000 |
| 3 | The company sought legal consultancy services for its business from A & Advocates, a partnership firm of advocates situated at Bhuj, Gujarat. | 1,50,000 |
| 4 | The company ordered 3,000 packets of tools which are to be delivered by the supplier of Delhi via 3 lots of 1,000 packets monthly. The supplier raised the invoice for full quantity in February 2021 and the last lot would be delivered in April 2021. | 5,00,000 |
| 5 | The company supplied 10,000 packets of tools to one of its customers at ₹10/- per packet in Gujarat in January 2021. Afterwards, the company re-values it at ₹9 per packet in February 2021 and the company issued credit note to the customer for ` 1 per packet. | |

The rate of GST is 9% CGST, 9% SGST and 18% IGST.

You are required to compute the actual net liability of GST to be paid in cash along with working notes for the month of February.

8 Marks



Answer:

Computation of net GST liability of ABC Ltd. to be paid in cash for February

| Particulars | Value | CGST | SGST | IGST |
|---|----------------------------------|-----------------------------|-----------------------------|-----------------|
| Net output GST liability as given | | 3,00,000 | 2,50,000 | 3,00,000 |
| Add: Trucks given on hire to GTA [Services by way of giving a means of transportation of goods on hire to a goods transport agency are exempt.] | 3,75,000 | -- | -- | -- |
| Add: Interest on delayed payment of 15 days ¹ (6th February, 2021 to 20 th February, 2021) [Includible in value in terms of section 15 of the CGST Act, 2017.] | 5,900 [5,90,000 × 2% × 15/30] | -- | -- | 900 |
| Total output tax liability | | 3,00,000 | 2,50,000 | 3,00,900 |
| Less: ITC in respect of legal services paid as reverse charge is available ² | 1,50,000 | (13,500) [1,50,000 × 9%] | (13,500) [1,50,000 × 9%] | |
| Net output tax liability (A) | | 2,86,500 | 2,36,500 | 3,00,900 |
| Legal consultancy services received(B) [Tax is payable under reverse charge on legal services received by a business entity ³ from a partnership firm of advocates. Further, tax payable under reverse charge, being not an output tax, cannot be set off against ITC and thus, will have to be paid in cash.] | 1,50,000 | 13,500 [1,50,000 × 9%] | 13,500 [1,50,000 × 9%] | |
| Total GST payable in cash [(A) + (B)] | | 3,00,000 | 2,50,000 | 3,00,900 |

¹ Interest on delayed payment collected is assumed to be inclusive of GST. Further, the invoice value has been taken as inclusive of GST for computing said penal interest. However, it is also possible to assume the interest to be exclusive of GST and to compute the same by taking the values as exclusive of GST (i.e. ₹5,00,000).

² The reversal provisions under rule 42 of the CGST Rules, 2017 have not been given effect to in the above answer on account of specific exclusion of the same via Study guidelines applicable for November, 2021 examination.

³ It has been most logically assumed that the aggregate turnover of ABC Ltd. in the preceding FY was above the threshold limit for registration under GST law.

Notes:

- ✓ ITC on goods received in lots is available on receipt of last lot. Hence, ITC on tools received will not be available in February 2021.
- ✓ Since discount given by ABC Ltd. on the packets of tools was not known at the time of supply, it shall not be excluded from its value of supply.

Question 11

PYQ Nov '22

Ajay Limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. The company provided the following details for the month of January:

| | Particulars | Amount in ₹ |
|--|-------------|-------------|
| | | |



| | | | | | |
|-------|---|-------------------------------------|--------------|-------------------|--|
| (i) | Outward supply of goods made during the month to various non-related persons: | | | | |
| | | 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) | 2,00,000 | 1,00,000 | |
| (ii) | Services provided to the State Government of Karnataka for conducting a computer training programme for its employees. Total expenditure incurred for the said programme was ₹ 90,000, of which ₹ 63,000 was borne by the State Govt. (Inter-State transaction) | | | | |
| (iii) | Stock transfer without consideration to its branch at Gaya (Bihar). Branch has separate GSTN for convenience of accounting and billing. Value under section 15 - ₹ 20,000 (Intra-State) | | | | |
| (iv) | Intra-State inward supply of various services for use in the course or furtherance of business (30 invoices) | | | | |

Additional Information:

1. All the amounts given above are exclusive of taxes.
2. During the course of arranging and filing documents, the accountant of Ajay Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 02.12.2021 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January 2022. This invoice was issued by Mr. Mukesh of Patna, from whom Ajay Limited had taken cars on rental basis. Invoice included cost of fuel also. (Intra-State transaction).
3. Rate of GST applicable on various supplies are as follows:

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

- a) No opening balance of input tax credit exists in the beginning of the month.
- b) Out of the 30 invoices of inward supply received, 6 invoices with taxable value amounting to ₹ 1,50,000 were e-invoices in which Invoice Reference Number (IRN) was not mentioned. However, all the invoices were duly reflected in GSTR 2B for the month of January 2022, since the suppliers had filed their GSTR-1.
- c) 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 Ajay Limited for the month of January 2022. Brief notes for treatment given for each item should form part of your.

8 Marks

Answer:

| 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.] | | | 18,000 [1,00,000 × 18%] |
| Inter-State services provided to State Government of Karnataka for conducting a computer training programmed [Not exempt since the State Government has borne less than 75% of total expenditure of the training programmed.] | | | 90,000 [5,00,000 × 18%] |
| Intra-State stock transfer to Gaya Branch with separate registration [Supply of goods between distinct persons in course or furtherance of business qualifies as supply even if made without consideration.] | 1,800 [20,000 × 9%] | 1,800 [20,000 × 9%] | |
| Total output tax | 37,800 | 37800 | 1,08,000 |
| Less: Input Tax Credit [Refer Working Note below] | (37,800) (CGST) | | (7,200) (CGST) |
| [CGST credit should be utilized for payment of CGST and IGST in that order. Similarly, SGST credit should be utilized for payment of SGST and IGST in that order. ITC of CGST cannot be utilized for payment of SGST and vice versa.] | | (37,800) (SGST) | (7,200) (SGST) |
| Net GST payable in cash | Nil | Nil | 93,600 |

Working Note:**Computation of ITC available**

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|---|---------------------------|---------------------------|----------|
| Intra-State inward supply of services [₹ 6,50,000 - ₹1,50,000] [ITC cannot be claimed on the e-invoices without IRN since an e-invoice without IRN is not treated as valid document for claiming ITC.] | 45,000 [5,00,000 × 9%] | 45,000 [5,00,000 × 9%] | -- |
| Cars taken on rental basis from Mr. Mukesh [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 invoice is issued charging CGST/SGST @ 2.5% is payable under reverse charge. 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, tax liability on the same does not arise in said month. Further, ITC on renting of motor car services received is blocked since the recipient - Ajay Ltd. is not in the same | -- | -- | -- |



| | | | |
|----------------------------------|---------------|---------------|----|
| line of business ¹ .] | | | |
| Total ITC available | 45,000 | 45,000 | -- |

¹ It has been most logically assumed that Ajay Ltd. is not engaged in renting of cars business

Question 12

PYQ May '23

Jino Enterprises, a partnership firm is a regular taxable person registered in Guwahati, Assam and is engaged in supply of Air conditioners and its accessories as well as air-conditioned repairing services. Details of their various activities for the month of October 2023 are as follows:

(i) Intra State supply of Air conditioner to customers in Assam. Freight is separately charged in invoices for delivery of goods at customer's doorstep.

| ₹ |
|--|
| Value of goods |
| 4,00,000 |
| Value of freight charges charged separately in above invoices. |
| 1,00,000 |

(ii) Intra State supply of repairing services wherein apart from charging service charges, cost of parts/ spares provided to customers is also charged and consideration for the same is separately mentioned in the invoices.

| ₹ |
|---|
| Value of services component of invoices |
| 3,00,000 |
| Value of parts / spares component in invoices |
| 50,000 |

(iii) In order to enhance their sales and to clear the stock of old models of air- conditioner, Jino Enterprises made combo offers to customers wherein, if a customer purchases an Air-conditioner along with a stabilizer, the same is offered at a combo price of ₹20,000 as against the original price of ₹30,000 (Air-conditioner ₹22,000 & stabilizer ₹8,000) if these are purchased separately. During October, 2023, Jino Enterprises had made inter-State supply of 10 numbers of such combo products.

(iv) Purchased business class air tickets for intra State travel from Guwahati Airport, Assam to Dibrugarh Airport, Assam for its executive employees relating to business of the concern. Basic air fare was ₹ 40,000 and airlines charges GST @ 2.5% CGST, SGST each on basic freight, in case the same is applicable.

Additional Information:

All the figures mentioned above are exclusive of taxes.

In respect of few of the invoices relating to F.Y. 2022-2023, involving ITC of CGST ₹20,000, SGST of ₹20,000, IGST ₹ 80,000 was not taken earlier. Jino Enterprises now want to avail credit in respect of such invoices in the current month.

The rates of GST applicable on various supplies are as follows:

| Nature of Supply | CGST | SGST | IGST |
|---|------|------|------|
| Air-Conditioner, Parts and accessories (Except Stabilizers) | 6% | 6% | 12% |
| Services | 9% | 9% | 18% |
| Stabilizers | 9% | 9% | 18% |
| Freight | 6% | 6% | 12% |

Calculate the amount of minimum CGST, SGST & IGST tax payable in cash by Jino Enterprises for the month of October, 2023.

Note: Working Notes (legal provisions) should form part of your answer. **8 Marks**



Answer:

Computation of minimum CGST, SGST and IGST payable in cash by Jino Enterprises for the month of October, 2023

| Particulars | Value (₹) | CGST (₹) | SGST (₹) | IGST (₹) |
|--|--------------------------------------|---|---|-------------------------------|
| Intra-State supply of air-conditioners [Since goods are agreed to be delivered at customer's doorsteps, supply of air-conditioners along with transportation thereof is a composite supply which is treated as the supply of the principal supply (viz. air conditioners). Accordingly, rate of principal supply, i.e. air-conditioners will be charged.] | 5,00,000 [4,00,000 + 1,00,000] | 30,000 [5,00,000 × 6%] | 30,000 [5,00,000 × 6%] | |
| Intra-State supply of [Since parts/ spares and repairing services ¹ repair services are not Intra-State supply of parts / spares naturally bundled, they are taxable separately at the applicable rates.] | 3,00,000 50,000 | 27,000 [3,00,000 × 9%] 3,000 [50,000 6%] | 27,000 [3,00,000 × 9%] 3,000 [50,000 6%] | |
| Inter-State supply of 10 combos of air conditioners and stabilizers [Since supplies are not naturally bundled and a single price is being charged, it is a mixed supply. It is treated as supply of that particular supply which attracts highest tax rate(i.e., stabilizers).] | 2,00,000 [20,000 × 10] | | | 36,000 [2,00,000 × 18%] |
| Total output tax | | 60,000 | 60,000 | 36,000 |
| Less: Input Tax Credit [Refer Working Note below] [IGST credit is first utilized for payment of IGST liability. Remaining IGST credit has been utilized for payment of CGST and SGST in such proportion to keep the liability at its minimum. After exhausting IGST credit, CGST and SGST credits have been utilized. CGST credit is utilized for payment of CGST and SGST credit is utilised for the payment of SGST. ITC of CGST cannot be utilized for payment of SGST and vice versa.] | | (22,000) (IGST) (21,000) (CGST) | (22,000) (IGST) (21,000) (SGST) | (36,000) (IGST) |
| Minimum net GST payable in cash | | 17,000 | 17,000 | Nil |

Working Note:**Computation of ITC available**

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|--|-----------------------------|-----------------------------|----------|
| Purchase of business class air tickets for travel from Assam [Not exempt, since air travel embarking from Assam is not being undertaken in economy class. Further, ITC is available since service is used in the course/furtherance of business.] | 1,000 [40,000 × 2.5%] | 1,000 [40,000 × 2.5%] | |
| Invoices relating to FY 2022-23 ² [ITC in respect of any invoice can be taken upto 30 th November following the end of FY to which such invoice relates or furnishing of the relevant annual return, whichever is earlier.] | 20,000 | 20,000 | 80,000 |
| Total ITC available | | | |

¹ Based on the view taken in Circular No. 47/21/2018 GST dated 08.06.2018. However, it is also possible to consider the supply of repairing services along with parts/spares as a



composite supply.

² It has been most logically assumed that the annual return for the FY 2022-23 has not yet been furnished

CA VIVEK GABA



Multiple Choice Questions

Question 1

MTP Oct'21, MTP Apr'19

Discount given after the supply has been effected is deducted from the value of taxable supply, if -

- (i) such discount is given as per the agreement entered into an/or before the supply
- (ii) such discount is linked to the relevant invoices
- (iii) proportionate input tax credit is reversed by the recipient of supply

a) (i)
b) (i) and (ii)
c) (ii) and (iii)
d) (i), (ii) and (iii)

Question 2

RTP May '20

With reference to the provisions relating to transaction value under section 15 of the CGST Act, 2017, which of the following is not correct?

- a) Central excise duty will not be included in transaction value for supply of tobacco.
- b) Municipal taxes paid by tenant will be included in transaction value for supply of renting service.
- c) Entertainment tax included in movie ticket will form part of transaction value.
- d) Customer makes payment of freight which is payable by the supplier, directly to the service provider. However, supplier does not include this amount in the invoice. Such amount will be included in transaction value of the supplier.

Question 3

RTP Nov '20

Pradeep Traders, registered in Haryana, sold goods for ₹ 2,05,000 to Balram Pvt. Ltd. registered in Uttar Pradesh (GST is leviable @ 5% on said goods). As per the terms of sales contract, Pradeep Traders has to deliver the goods at the factory of Balram Pvt. Ltd. For this purpose, Pradeep Traders has charged freight of ₹ 2,400 from Balram Pvt. Ltd. GST is leviable @ 12% on freight. What would be the net GST liability to be paid in cash in this case assuming that the amounts given herein are exclusive of GST?

- a) IGST-₹ 37,332
- b) IGST-₹ 10,370
- c) CGST-₹ 18,666 and SGST-₹ 18,666
- d) CGST-₹ 5,185 and SGST-₹ 5,185

Answers

| 1 | 2 | 3 |
|---|---|---|
| d | a | b |



Chapter 8: Input Tax Credit

Descriptive Questions

Easy

Question 1

MTP Oct'22, MTP Mar'22

What is the ITC entitlement of a newly registered person?**Answer:**

A person applying for registration can take input tax credit of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration. If the person was liable to take registration and he has applied for registration within thirty days from the date on which he became liable to registration, then ITC of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date on which he became liable to pay tax can be taken.

In case of voluntary registration, ITC of such goods held in stock on the day immediately preceding the date of registration can be taken.

Question 2

MTP Oct'18, Mar'18

Radiance Soap Factory, a registered supplier, is engaged in manufacturing beauty soaps - 'Glow 24x7' in Mumbai. It has provided the following information pertaining to purchases made/services availed in the month of January:

| Particulars | Amount (Rs.) |
|--|-----------------|
| Soap making machine [Note-1] | 50,000 |
| Motor vehicles for transportation of inputs [Note-2] | 70,000 |
| Membership of 'Amaze' health and fitness center for its employees [Note-3] | Nil |
| Inputs stolen from the factory [Note-4] | Nil |
| Total ITC available | 1,20,000 |

You are required to compute the input tax credit (ITC) available with Radiance Soap Factory for the month of January, 2018 assuming that all the other conditions for availing ITC, wherever applicable, have been fulfilled.

4 Marks**Answer:****Computation of ITC available with Radiance Soap Factory**

| Particulars | Amount (Rs.) |
|--|--------------|
| Soap making machine [Note-1] | 50,000 |
| Motor vehicles for transportation of inputs [Note-2] | 70,000 |
| Membership of 'Amaze' health and fitness center for its employees [Note-3] | Nil |



| | |
|---|----------|
| Inputs stolen from the factory [Note-4] | Nil |
| Total ITC available | 1,20,000 |

Notes: -

- ITC in respect of goods used in course/furtherance of business is available in terms of section 16 of the CGST Act.
- ITC in respect of motor vehicles and conveyances is blocked, except when used, inter alia, for transportation of goods, in terms of section 17(5) of the CGST Act.
- ITC in respect of membership of a club, health and fitness center is blocked in terms of section 17(5) of the CGST Act.
- ITC in respect of goods stolen is blocked in terms of section 17(5) of the CGST Act.

Question 3

MTP Aug'18

Shridhar Co. Ltd., a registered supplier, is engaged in the manufacture of heavy machinery. It procured the following items during the month of March.

| Items | GST paid (Rs.) |
|--|----------------|
| (i) Sweets for consumption of employees working in the factory | 50,000 |
| (ii) Raw material | 1,00,000 |
| (iii) Trucks used for the transport of raw material | 2,00,000 |
| (iv) Electrical transformers to be used in the manufacturing process | 4,00,000 |

Determine the amount of input tax credit available with Shridhar Co. Ltd., for the month of March by giving necessary explanations for treatment of various items. Note: All the conditions necessary for availing the input tax credit have been fulfilled.

4 Marks

Answer:

Computation of ITC available with Shridhar Co. Ltd. for the month of March

| Items | ITC (Rs.) |
|---|-----------------|
| (I) Sweets for consumption of employees working in the factory [Note-1] | Nil |
| (ii) Raw material [Note-2] | 1,00,000 |
| (iii) Trucks used for the transport of raw material [Note-3] | 2,00,000 |
| (iv) Electrical transformers [Note-4] | 4,00,000 |
| Total ITC | 7,00,000 |

Notes: -

- 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- Section 17(5)(b)(I).
- Being goods used in the course or furtherance of business, ITC thereon is available in terms of section 16(1).
- Though ITC on motor vehicles has been specifically disallowed under section 17(5)(a), ITC on motor vehicles used for transportation of goods is allowed under section 17(5)(a)(ii).
- Being goods used in the course or furtherance of business, ITC thereon is available in terms of section 16(1).



Question 4

What is the tax implication of supply of capital goods by a registered person who had taken ITC on such capital goods?

5 Marks

Answer:

In case of supply of capital goods or plant and machinery on which ITC has been taken, the registered person shall pay an amount equal to the ITC taken on the said capital goods or plant and machinery reduced by 5% per quarter or part thereof from the date of invoice or the tax on the transaction value of such capital goods, whichever is higher.

However, in case of refractory bricks, molds and dies, jigs and fixtures when these are supplied as scrap, the person can pay tax on the transaction value.

Question 5

MTP Sep'22, MTP Aug'18

Enumerate the conditions necessary for availing ITC under GST law.

5 Marks

Answer:

No registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless:

1. he is in possession of tax invoice or debit note or such other tax paying documents as may be prescribed;
2. he has received the goods or services or both;
3. subject to section 41 of the CGST Act, the supplier has actually paid the tax charged in respect of the supply to the Government;
4. he has furnished the return under section 39; and
5. 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 bill note in the manner specified under section 37

Question 6

MTP March '23

A registered person must pay to the supplier, the value of the goods and/or services along with the tax within 180 days from the date of issue of invoice. State the exceptions to said rule.

3 Marks

Answer:

The condition of payment of value of supply plus tax within 180 days does not apply in the following situations:

- ✓ Supplies on which tax is payable under reverse charge
- ✓ Deemed supplies without consideration
- ✓ Additions made to the value of supplies on account of supplier's liability, in relation to such supplies, being incurred by the recipient of the supply.

Question 7

MTP Aug'18

Mr. Bholenath, a registered supplier of goods, pays GST under regular scheme and provides the following information for the month of January, 20XX:

| | Particulars | (Rs.) |
|-------|---------------------------------------|-----------|
| (i) | Inter-state taxable supply of goods | 10,00,000 |
| (ii) | Intra state taxable supply of goods | 2,00,000 |
| (iii) | Intra state purchase of taxable goods | 5,00,000 |



He has the following input tax credit at the beginning of January 20XX:

| Nature | ITC Amount in (Rs.) |
|--------|---------------------|
| CGST | 20,000 |
| SGST | 30,000 |
| IGST | 25,000 |

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively. Both inward and outward supplies are exclusive of taxes wherever applicable. All the conditions necessary for availing the ITC have been fulfilled. Compute the net GST payable by Mr. Bholenath for the month of January, 20XX.

6 Marks

Answer:

Computation of net GST payable by Mr. Bholenath for the month of January, 20XX Working of GST payable on Outward supplies

| S.No. | Particulars | (Rs.) | GST (Rs.) |
|-------|-------------------------------------|--------|-----------|
| (i) | Inter-State taxable supply of goods | | |
| | IGST @ 18% on Rs. 10,00,000 | | 1,80,000 |
| (ii) | Intra-State taxable supply of goods | | |
| | CGST @ 9% on Rs. 2,00,000 | 18,000 | |
| | SGST @ 9% on Rs. 2,00,000 | 18,000 | 36,000 |

Computation of total ITC

| Particulars | CGST @ 9% (Rs.) | SGST @ 9% (Rs.) | IGST @ 18% (Rs.) |
|---|-----------------|-----------------|------------------|
| Opening ITC | 20,000 | 30,000 | 25,000 |
| Add: ITC on Intra-State purchases of taxable goods valuing Rs. 5,00,000 | 45,000 | 45,000 | |
| Total ITC | 65,000 | 75,000 | 25,000 |

Computation of GST payable from cash ledger

| Particulars | CGST @ 9% (Rs.) | SGST @ 9% (Rs.) | IGST @ 18% (Rs.) |
|-------------|-----------------|-----------------|------------------|
| GST payable | 18,000 | 18,000 | 1,80,000 |
| Less: ITC | (18,000)-CGST | (18,000)-SGST | (25,000)-IGST |
| | | | (47,000)-CGST |
| | | | (57,000)-SGST |
| | Nil | Nil | 51,000 |

Note:

ITC of IGST, CGST & SGST have been used to pay IGST in that order.

Question 8

RTP Nov '18

Explain the meaning of the term "input tax" under section 2(62) of CGST Act, 2017.

Answer:

As per section 2(62) of CGST Act, 2017, "input tax" in relation to a registered person, means the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him and includes—

- the integrated goods and services tax charged on import of goods;



2. the tax payable under the provisions of sub-sections (3) and (4) of section 9;
3. the tax payable under the provisions of sub-section (3) and (4) of section 5 of the IGST Act;
4. the tax payable under the provisions of sub-section (3) and sub-section (4) of section 9 of the respective SGST Act; or
5. the tax payable under the provisions of sub-section (3) and sub-section (4) of section 7 of the UTGST Act, but does not include the tax paid under the composition levy.

Question 9

RTP May '18

Shipra Traders is a registered supplier of goods in Assam. It purchased goods valued at ₹ 10,000 from Kartik Suppliers located within the same State. Kartik Suppliers charged CGST & SGST separately in its invoice. Subsequently, Shipra Traders sold goods valuing ₹ 9,500 to Rabina Manufacturers located in Assam. 20% of the inputs purchased are still lying in stock and there was no opening stock of goods. Rate of CGST and SGST on supply and purchase of goods is 9% each. Calculate the net GST payable by Shipra Traders and input tax credit (ITC) to be carried forward, if any.

Answer 24**Computation of net GST payable by Shipra Traders**

| Particulars | CGST @ 9% (₹) | SGST @ 9% (₹) |
|--|----------------------|----------------------|
| GST payable on intra-State supply of goods [Being an intra- State supply, CGST and SGST is payable on the same] | 855 [9,500 × 9%] | 855 [9,500 × 9%] |
| Less: ITC on intra-State purchase of goods [ITC of CGST and SGST paid on intra-State purchase is available in full, even if some inputs are lying in stock] | 900 [10,000 × 9%] | 900 [10,000 × 9%] |
| Net GST payable | Nil | Nil |
| Input tax credit carried forward in Electronic Credit Ledger | 45 | 45 |

Question 10

RTP May '20

Mr. X, a supplier of goods, pays GST under regular scheme. The amount of input tax credit (ITC) available and output tax liability under different tax heads is as under: -

| Head | Output tax liability | ITC |
|---------------|----------------------|-------|
| IGST | 2,000 | 4,000 |
| 7C79G7S9T4646 | 800 | 2,000 |
| SGST/ UTGST | 2,500 | 500 |

Compute the minimum GST payable in cash by Mr. X. Make suitable assumptions as required.

Answer:

Mr. X can use the ITC to pay his output tax liability. The order of utilisation of ITC is as under: -

- ✓ IGST credit should first be utilized towards payment of IGST.
- ✓ Remaining IGST credit, if any, can be utilized towards payment of CGST and SGST/UTGST in any order and in any proportion.
- ✓ Entire ITC of IGST should be fully utilized before utilizing the ITC of CGST or SGST/UTGST.
- ✓ ITC of CGST should be utilized for payment of CGST and IGST in that order.
- ✓ ITC of SGST /UTGST should be utilized for payment of SGST/UTGST and IGST in that order. However, ITC of SGST/UTGST should be utilized for payment of IGST, only after ITC of CGST has been utilized fully.



✓ CGST credit cannot be utilized for payment of SGST/UTGST and SGST/UTGST credit cannot be utilized for payment of CGST.

Computation of minimum GST payable in cash

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|-------------------------|------------|--------------|--------------|
| GST payable | 800 | 2,500 | 2,000 |
| Less: ITC | - | (2,000)-IGST | (2,000)-IGST |
| | (800)-CGST | (500) - SGST | |
| Net GST payable in cash | Nil | Nil | Nil |

Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, it is beneficial to use ITC of IGST to pay SGST (after paying IGST liability) to minimize cash outflow.

Question 11

PYP July'21

A Ltd. procured the following goods in the month of December.

| Inward Supplies | GST (₹) |
|---|---------|
| (1) Goods used in constructing an additional floor of office building | 18,450 |
| (2) Goods given as free sample to prospective customers | 15,000 |
| (3) Trucks used for transportation of inputs in the factory | 11,000 |
| (4) Inputs used in trial runs | 9,850 |
| Confectionery items for consumption of employees working in the factory | 3,250 |
| Cement used for making foundation and structural support to plant and machinery | 8,050 |

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

6 Marks

Answer:

Computation of amount of ITC available for the month of December

| 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. It has been assumed that cost of construction of additional floor has been capitalized.] | Nil |
| (2) Goods given as free samples to prospective customers [ITC on goods disposed of by way of free samples is blocked.] | Nil |
| (3) Trucks used for transportation of inputs in the factory [ITC on motor vehicles used for transportation of goods is not blocked.] | 11,000 |

It has been assumed that depreciation has not been claimed on tax component.

| | |
|--|-------|
| (4) 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.] | 9,850 |
|--|-------|



| | | |
|-----|--|---------------|
| (5) | Confectionary 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 |
| (6) | 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 include foundation and structural supports through which the same is fixed to earth.] | 8,050 |
| | Total eligible ITC | 28,900 |

Question 12**PYQ Nov'20**

Who can impose restrictions on utilization of input tax credit (ITC) available in the electronic credit ledger and under what circumstances can restrictions be imposed under the CGST Rules 2017?

5 Marks**Answer:**

The Commissioner or an officer (not below the rank of an Assistant Commissioner) authorized by him has been empowered to impose restrictions on utilization of ITC available in the electronic credit ledger.

The restrictions can be imposed under the CGST Rules, 2017 in the following circumstances:

(i) ITC has been availed on the basis of tax invoices/valid documents -

issued by a non-existent supplier or by a person not conducting any business from the registered place of business; or

✓ without receipt of goods and/or services; or

✓ the tax in relation to which has not been paid to the Government

(ii) Registered person availing ITC has been found non-existent or not to be conducting any business from the registered place of business; or

(iii) Registered person availing ITC is not in possession of tax invoice/valid document.

Question 13**PYQ Nov'18**

CANWIN Ltd., a registered supplier, is engaged in the manufacture of Tanks. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of January:

| | Particulars | GST Paid (₹) |
|-------|---|--------------|
| (I) | Purchase of Machinery where debit note is issued | 1,15,000 |
| (ii) | Input purchased was directly delivered to Mr. Joe, a job worker and a registered supplier | 80,000 |
| (iii) | Computers purchased (Depreciation was claimed on the said GST portion under the Income-Tax Act, 1961) | 50,000 |
| (iv) | Works Contract services availed for construction of Staff quarters within the company premises | 4,25,000 |

Determine the amount of ITC available to M/s. CANWIN Ltd. for the month of January by giving brief explanations for treatment of various items. Subject to the information given above, all the conditions necessary for availing the ITC have been fulfilled.

4 Mark**Answer:**

Computation of input tax credit (ITC) available with
CANWIN Ltd. for the month of January

| Particulars | GST (₹) |
|---|-----------------|
| Purchase of machinery where debit note is issued [Note-1] | 1,15,000 |
| Inputs directly delivered to a job worker supported by a valid document | 80,000 |
| Computers [Note-2] | Nil |
| Works contract services availed for construction of staff quarters within the company premises [Note-3] | Nil |
| Total ITC | 1,95,000 |

Notes: -

1. Input tax credit on goods purchased on the basis of debit note which is a valid document is allowed.
2. Where depreciation has been claimed on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income-tax Act, 1961, the input tax credit on the said tax component is not allowed.
3. Input tax credit on works contract services supplied for construction of an immovable property is specifically disallowed except where it is an input service for further supply of works contract service.

Question 14

PYQ May'18

Fun Pharma Private Limited, a registered supplier is engaged in the manufacture of taxable goods. The company provides the following information of GST paid on the purchases made/input services availed by it during the month of September:

| Particulars | GST paid (₹) |
|--|--------------|
| Purchase of cabs used for the transportation of its employees | 3,30,000 |
| Inputs consisting of three lots, out of which first lot was received during the month | 1,25,000 |
| Capital Goods (out of three items, invoice for one item was missing and GST paid on that item was ₹25,000) | 2,50,000 |
| Outdoor catering service availed on Women's Day | 72,000 |

Determine the amount of input tax credit available with M/s Fun Pharma Private Limited for the month of September by giving necessary explanations for treatment of various items. All the conditions necessary for availing the input tax credit have been fulfilled. **4 Marks**

Answer:

Computation of input tax credit (ITC) available with Fun Pharma Private Limited for the month of September

| Particulars | ₹ |
|--|----------|
| Purchase of cabs used for the transportation of its employees [Note-1] | Nil |
| Inputs consisting of three lots, out of which first lot was received during the month [Note-2] | Nil |
| Capital goods [Note-3] | 2,25,000 |



| | |
|--|-----------------|
| Outdoor catering service availed on Women's Day [Note-4] | Nil |
| Total ITC | 2,25,000 |

Notes: -

1. Section 17 of CGST Act, 2017 provides that ITC on motor vehicles can be availed, inter alia, when they are used for making the taxable supply of transportation of passengers i.e., if the taxable person is in the business of transport of passengers. In the given case, since the supplier is a manufacturer, it cannot avail credit on cabs used for transportation of its employees.
2. When inputs are received in instalments, ITC can be availed only on receipt of last instalment in terms of section 16 of CGST Act, 2017.
3. ITC cannot be taken on missing invoice. The registered person should have the invoice in its possession to claim ITC vide section 16 of CGST Act, 2017.
4. ITC on outdoor catering 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 in terms of section 17 of CGST Act, 2017.

Question 15**PYP May'22**

Mr. B, a registered supplier of Uttar Pradesh, is doing the trading of taxable goods. He approaches you to understand the manner of utilization of available Input Tax Credit (ITC). With reference to the provisions of payment of tax, state the manner of utilization of ITC under GST law.

5 Marks**Answer:**

The manner of utilization of ITC under GST law is as under:

1. IGST credit should first be utilized towards payment of IGST.
2. Remaining IGST credit, if any, can be utilized towards payment of CGST and SGST/UTGST in any order and in any proportion.
3. Entire ITC of IGST should be fully utilized before utilizing the ITC of CGST or SGST/UTGST.
4. Subsequently, ITC of CGST should be utilized for payment of CGST and IGST in that order.
5. ITC of SGST /UTGST should be utilized for payment of SGST/UTGST and IGST in that order.
6. ITC of SGST/UTGST should be utilized for payment of IGST, only after ITC of CGST has been utilized fully.

ITC of SGST/UTGST cannot be utilized for payment of CGST and vice versa.

Moderate**Question 1****MTP April'19**

Laxmi Pvt. Ltd., a registered supplier, is engaged in the manufacture of taxable goods. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of July:

| | Particulars | GST paid |
|-----|---|----------|
| (1) | Raw Material (to be received in September, 2018) | 2,50,000 |
| (2) | Membership of a club availed for employees working in the factory | 1,45,000 |



| | | |
|-----|--|----------|
| (3) | Inputs to be received in 5 lots, out of which 3rd lot was received during the month | 80,000 |
| (4) | Trucks used for transport of raw material | 40,000 |
| (5) | Capital goods (out of 3 items, invoice for 2 items is missing and GST paid on that item is Rs. 80,000) | 1,50,000 |
| (6) | Confectionery items for consumption of employees working in the factory. These items were supplied free of cost to the employees in lieu of services rendered by them to the manufacturer in the course of employment. | 75,000 |

Determine the amount of tax credit available with Laxmi Pvt. Ltd. for the month of July by giving the necessary explanation for treatment of various items. All the conditions necessary for availing the ITC have been fulfilled. 6 Marks

Answer:

Computation of ITC available with Laxmi Pvt. Ltd. for the month of July

| Particulars | Rs. |
|---|----------|
| Raw Material [ITC not available as raw material is not received in July, 2018] | Nil |
| Membership of a club availed for employees working in the factory [Blocked credit in terms of section 17(5) of the CGST Act, 2017] | Nil |
| Inputs to be received in 5 lots, out of which 3rd lot was received during the month [In case of goods received in lots, ITC can be taken only upon receipt of the last lot] | Nil |
| Trucks used for transport of raw material [ITC of GST paid on motor vehicles is allowed only when used, inter alia, for transportation of goods in terms of section 17(5) of the CGST Act, 2017] | 40,000 |
| Capital goods [ITC of GST paid on items for which invoice is missing is not available. So, ITC of Rs. 80,000 is not available] | 70,000 |
| Confectionery items for consumption of employees working in the factory [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-Section 17(5)(b)(I)] | Nil |
| Total ITC available | 1,10,000 |

Question 2

MTP April '23

(Includes concepts of Value of Supply)

M/s. ABC & Co., a chartered accountancy firm, has its office in Bengaluru and is registered under GST in the State of Karnataka. It submitted the following information for the month of April:

| Sr. No. | Particulars | Amount of services provided excluding GST (₹) |
|---------|--|---|
| 1. | Statutory audit services provided (intra-State supplies) | 1,20,000 |



| | | |
|----|--|----------|
| 2. | ITR filing services provided within Karnataka (intra-State supplies) | 1,60,000 |
| 3. | Internal audit services provided to Mumbai client (inter-State supplies) | 1,80,000 |

& Co. had also incurred the following expenses in the month of April for the purpose of providing the taxable services:

| | Particulars | CGST (₹) | SGST (₹) |
|----|--|----------|----------|
| 1. | Car purchased by firm for the use of senior partner of the firm for official use | 42,000 | 42,000 |
| 2. | Office rent paid to landlord who is registered in State of Karnataka | 450 | 450 |
| 3. | Professional fee paid to Mr. Rajesh, a practicing Chartered Accountant, for professional services availed [TDS of ₹ 20,000 is deducted under section 194J of the Income-tax Act, 1961] | 18,000 | 18,000 |
| 4. | Computer purchased for office purpose | 3,000 | 3,000 |

Out of the above 4 suppliers/service providers, landlord of office to whom rent was paid did not upload his GSTR-1 within the specified time allowed under GST resulting in the GST amount not being 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 utilization of ITC are fulfilled.

8 Marks

Answer:

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

| Particulars | Value of supply | CGST (₹) | SGST (₹) | IGST (₹) |
|--|-----------------|--------------|--------------|---------------|
| Statutory audit services | 1,20,000 | 10,800 | 10,800 | |
| ITR filing services | 1,60,000 | 14,400 | 14,400 | |
| Internal audit services | 1,80,000 | - | - | 32,400 |
| Total output tax liability | | 25,200 | 25,200 | 32,400 |
| Less: ITC [Refer Working Note] [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.] | | (21,000) | (21,000) | |
| Net GST payable | | 4,200 | 4,200 | 32,400 |



Working Note:

Computation ITC that can be availed

| Particulars | CGST (₹) | SGST (₹) |
|--|----------|----------|
| Computation of eligible ITC | | |
| Car purchased for official use by senior partner [ITC on motor vehicles used for transportation of persons with seating capacity upto 13 persons (including driver) is blocked except when used for making specified outward supplies.] | 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 recipient.] | Nil | Nil |
| Professional fee paid [ITC on services used in the course/furtherance of the business is allowed.] | 18,000 | 18,000 |
| Computer for office purpose [ITC on goods used in the course/furtherance of the business is allowed.] | 3,000 | 3,000 |
| Total eligible ITC which can be availed [ITC in respect of invoices furnished by the suppliers in their GSTR-1s and reflected in GSTR-2B of recipient.] | 21,000 | 21,000 |

Question 3

MTP May'20

Mr. Charlie, a registered supplier of goods at Bhatinda who pays GST under regular scheme, has made the following transactions (exclusive of tax) during April 20XX

| Source | Purchases (Rs.) | Sales (Rs.) | Tax Rate |
|-----------|-----------------|-------------|-------------------------|
| Rajasthan | 5,00,000 | 10,00,000 | 18% |
| Punjab | 2,50,000 | 8,00,000 | 9% each for SGST & CGST |
| Total | 7,50,000 | 18,00,000 | |

He has complied with all the conditions for availing the input tax credit (ITC) and has the following ITC credit on 01-04-20XX:

| Source | CGST (Rs.) | SGST (Rs.) | IGST (Rs.) |
|--------|------------|------------|------------|
| Taxes | 50,000 | 30,000 | 1,00,000 |

Compute the minimum net CGST, SGST and IGST payable by Mr. Charlie during April 20XX in cash? 8 Marks

Answer:

Computation of net CGST, SGST and IGST payable in cash by Mr. Charlie during April, 20XX

| Particulars | Amount (Rs.) | CGST @ 9% (Rs.) | SGST @ 9% (Rs.) | IGST @ 18% (Rs.) |
|--|--------------|-----------------|-----------------|------------------|
| Sales made outside Bhatinda (Rajasthan) - [Being inter-State sale, the same is liable to IGST.] | 10,00,000 | | | 1,80,000 |



| | | | | |
|--|----------|------------------|------------------|--------------------|
| Sales made in Punjab | 8,00,000 | 72,000 | 72,000 | |
| Total GST payable | | 72,000 | 72,000 | 1,80,000 |
| ITC available during April 20XX for set off [Refer Working Note Below] | | 72,500 | 52,500 | 1,90,000 |
| Less: Set off of IGST ITC against IGST and SGST tax liability respectively | | | (10,000) IGST | (1,80,000) IGST |
| Less: Set off of CGST ITC against CGST tax liability | | (72,000) CGST | | |
| Less: Set off of SGST ITC against SGST tax liability | | | (52,500) SGST | |
| Net tax liability payable in cash | | Nil | 9,500 | Nil |
| Net ITC available | | 500 | Nil | Nil |

Working Note

ITC available during April, 20XX is computed as under: -

| Particulars | Amount (Rs.) | CGST @ 9% (Rs.) | SGST @ 9% (Rs.) | IGST @ 18% (Rs.) |
|--|-----------------|--------------------|--------------------|------------------------|
| Opening balance of ITC | | 50,000 | 30,000 | 1,00,000 |
| Purchases from Rajasthan [Being inter-State purchase, IGST would have been paid on it.] | 5,00,000 | | | 90,000 |
| Purchases from Punjab | 2,50,000 | 22,500 | 22,500 | |
| Total input tax credit | | 72,500 | 52,500 | 1,90,000 |

Note:

Since sufficient balance of ITC of CGST is available for paying CGST liability and cross-utilization of ITC of CGST and SGST is not allowed, ITC of IGST has been used to pay SGST (after paying IGST liability) to minimize cash outflow.

Question 4

RTP May '18

Granites Textiles Ltd. purchased a needle detecting machine on 8th July, 2022 from Makhija Engineering Works Ltd. for ₹ 10,00,000 (excluding GST) paying GST @ 18% on the same. It availed the ITC of the GST paid on the machine and started using it for manufacture of goods. The machine was sold on 22nd October, 2023 for ₹ 7,50,000 (excluding GST), as second-hand machine to LT. Pvt. Ltd. The GST rate on supply of machine is 18%.

State the action which Granites Textiles Ltd. is required to take, if any, in accordance with the statutory GST provisions on the sale of the second-hand machine provisions on the sale of the second-hand machine.

Answer:

Section 18 of the CGST Act, 2017 read with the CGST Rules, 2017 provides that if capital goods or plant and machinery on which input tax credit has been taken are supplied outward by the registered person, he must pay an amount that is the higher of the following:



input tax credit taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods (i.e., input tax credit pertaining to remaining useful life of the capital goods), or tax on transaction value.

Accordingly, the amount payable on supply of needle detecting machine shall be computed as follows:

| Particulars | ₹ | ₹ |
|---|--------|-----------------|
| Input tax credit taken on the machine ($\text{₹ } 10,00,000 \times 18\%$) | | 1,80,000 |
| Less: Input tax credit to be reversed @ 5% per quarter for the period of use of machine | | |
| (i) For the year 2017-18 = ($\text{₹ } 1,80,000 \times 5\%$) \times 3 quarters | 27,000 | |
| (ii) For the year 2018-19 = ($\text{₹ } 1,80,000 \times 5\%$) \times 3 quarters | 27,000 | 54,000 |
| Amount required to be paid (A) | | 1,26,000 |
| Duty leviable on transaction value ($\text{₹ } 7,50,000 \times 18\%$) (B) | | 1,35,000 |
| Amount payable towards disposal of machine is higher of (A) and (B) | | 1,35,000 |

Question 5

RTP Nov '18

Cloud Seven Private Limited, a registered supplier, is engaged in the manufacture of taxable goods. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of February.

| | Particulars | GST paid (₹) |
|-------|--|--------------|
| (i) | Trucks used for the transport of raw material | 1,20,000 |
| (ii) | Foods and beverages for consumption of employees working in the factory | 40,000 |
| (iii) | Inputs are to be received in five lots, out of which third lot was received during the month | 80,000 |
| (iv) | Membership of a club availed for employees working in the factory | 1,50,000 |
| (v) | Capital goods (out of five items, invoice for one item was missing and GST paid on that item was ₹ 50,000) | 4,00,000 |
| (vi) | Raw material (to be received in March, 20XX) | 1,50,000 |

Determine the amount of input tax credit available with Cloud Seven Private Limited for the month of February, 20XX by giving necessary explanations for treatment of various items. All the conditions necessary for availing the input tax credit have been fulfilled.

Answer:

Computation of input tax credit (ITC) available with Cloud Seven Private Limited for the month of February, 20

| Particulars | ₹ |
|---|----------|
| Trucks used for the transport of raw material [Note-1] | 1,20,000 |
| Foods and beverages for consumption of employees working in the factory [Note-2] | Nil |
| Inputs are to be received in five lots, out of which third lot was received during the month [Note-3] | Nil |
| Membership of a club availed for employees working in the factory [Note-4] | Nil |



| | |
|---|----------|
| Capital goods (out of five items, invoice for one item was missing and GST paid on that item was ₹ 50,000) [Note-5] | 3,50,000 |
| Raw material to be received in March, 20XX [Note-6] | Nil |
| Total ITC | 4,70,000 |

Notes: -

- ✓ ITC on motor vehicles is disallowed in terms of section 17(5) of the CGST Act, 2017, except when they are used *inter alia*, for transportation of goods.
- ✓ 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- [Section 17(5)].
- ✓ When inputs are received in instalments, ITC can be availed only on receipt of last instalment- [Section 16(2)].
- ✓ Membership of a club is specifically disallowed under section 17(5) of the CGST Act, 2017.
- ✓ ITC cannot be taken on missing invoice. The registered person should have the invoice in its possession to claim ITC [Section 16(2) of CGST Act, 2017].
- ✓ Input tax credit is available only upon the receipt of goods in terms of section 16(2) of CGST Act, 2017.

Question 6

RTP May '19

Mr. Ekaant, a supplier, a registered supplier, is engaged in manufacturing taxable goods. It provides the following details of items purchased and services availed by it from Gujarat, for the month of March, 20XX:

| | Particulars | IGST (₹) |
|---|--|----------|
| 1 | Motor vehicle purchased for employees to be used for personal as well as business purposes | 1,50,000 |
| 2 | Motor vehicle purchased for transportation of goods within the factory | 2,00,000 |
| 3 | Food items for consumption of employees. These items were supplied free of cost to the employees in lieu of services rendered by them to the manufacturer in the course of employment. | 2,000 |
| 4 | Rent-a-cab facility availed for employees to fulfill a statutory obligation in this regard. The Government has notified such service under section 17(5)(b)(iii)(A) of the CGST Act, 2017. | 36,000 |

Calculate the amount of eligible input tax credit for the month of March, 20XX.

Answer:

Computation of eligible input tax credit

| Particulars | Eligible ITC (₹) |
|---|------------------|
| Motor vehicle purchased for employees to be used for personal as well as business purposes [Note-1] | - |
| Motor vehicle purchased for transportation of goods within the factory [Note-1] | 2,00,000 |
| Food items for consumption of employees [Note-2] | - |



| | |
|---|-----------------|
| Rent-a-cab facility given to employees [Note-3] | 36,000 |
| Total eligible input tax credit | 2,36,000 |

Notes: -

As per section 17(5) of the CGST Act, 2017:

1. ITC on motor vehicles and other conveyances is blocked except when they are used—

(i) for making the following taxable supplies, namely: —

- a) further supply of such vehicles or conveyances; or
- b) transportation of passengers; or
- c) imparting training on driving, flying, navigating such vehicles or conveyances;

(ii) for transportation of goods.

Thus, in the given case, ITC on motor vehicle purchased for transportation of goods within the factory will only be allowed

2. ITC in respect of food and beverages is blocked 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. Thus, in the given case, ITC of taxes paid on food for employees is not allowed.

3. ITC on supply of rent-a cab services is not blocked where the Government notifies the services which are obligatory for an employer to provide such service to its employees. Thus, ITC is available on said service.

Question 7

RTP May '20

Advice regarding availability of input tax credit (ITC) under the CGST Act, 2017 in the following independent cases: -

AMT Co. Ltd. purchased a mini bus having seating capacity of 16 persons for transportation of its employees from their residence to office and back.

Bangor Ceramics Ltd., a manufacturing company purchased two trucks for transportation of its finished goods from the factory to dealers located in various locations within the country.

Hans premium" dealing in luxury cars in Chanakyapuri, Delhi purchased five Skoda VRS cars for sale to customers.

Sun & Moon Packers Pvt. Ltd. availed outdoor catering service to run a canteen in its factory. The Factories Act, 1948 requires the company to set up a canteen in its factory.

Answer:

1. Section 17(5) of the CGST Act, 2017, inter alia, blocks input tax credit in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver), except when they are used for certain specified purposes. Since in the given case, the mini bus has a seating capacity of 16 persons, the ITC thereon will not be blocked.
2. Section 17(5) of the CGST Act, 2017, inter alia, blocks input tax credit in respect of motor vehicles for transportation of persons with certain exceptions. Thus, ITC on motor vehicles for transportation of goods is allowed unconditionally. Therefore, ITC on trucks purchased by Bangor Ceramics Ltd for transportation of its finished goods from the factory to dealers located in various locations within the country is allowed.
3. Section 17(5) of the CGST Act, 2017, inter alia, blocks input tax credit in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver), except when they are used for making further supply of such motor vehicles.



4. Being a dealer of cars, "Hans Premium" has purchased the cars for further supply. Therefore, ITC on such cars is allowed even though seating capacity is less than 13.
5. Section 17(5) of the CGST Act, 2017 inter alia, blocks input tax credit in respect of outdoor catering services. However, ITC is available on such services, when the same are provided by an employer to its employees under a statutory obligation.
6. Thus, in view of the above- mentioned provisions, Sun & Moon packers Pvt. Ltd. can avail ITC in respect of outdoor catering services availed by it as the same is being provided under a statutory obligation.

Question 8

RTP Nov '20

- a) Babla & Bros. is exclusively engaged in making exempt supply of goods and is thus, not registered under GST. On 1st October, the exemption available on its goods gets withdrawn. On that day, the turnover of Babla & Bros. was ₹ 50 lakh. Examine the eligibility of Babla & Bros. for availing ITC, if any.
- b) Mamta Sales trades in exempt goods and provides taxable services. It is registered under GST. On 1st October, the exemption available on its goods gets withdrawn. Analyze the scenario and determine the eligibility of Mamta Sales for availing ITC, if any, on inputs and/or capital goods used in the supply of exempt goods.

Answer:

(a) Since the exemption available on goods being supplied by Babla & Bros. is withdrawn, it becomes liable to registration as its turnover has crossed the threshold limit (for registration) on the day when the exemption is withdrawn.

Assuming that Babla & Bros. applies for registration within 30 days of 1st October and it obtains such registration, it will be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which it becomes liable to pay tax, i.e. 30th September [Section 18(1)(a) of the CGST Act, 2017]. Input tax paid on capital goods will not be available as input tax credit in this case.

(b) If the exempt supply made by a registered person becomes a taxable supply, provisions of section 18(1)(d) of the CGST Act, 2017 become applicable. In the given case, since Mamta Sales is a registered person, section 18(1)(d) will be applicable.

As per section 18(1)(d), Mamta Sales will be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock relatable to such exempt supply and on capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable, i.e. 30th September. Input tax credit on capital goods will be reduced by 5% per quarter or part thereof from the date of invoice.

Question 9

RTP Nov '18

M/s. Shri Durga Corporation Pvt. Ltd. is a supplier of goods and services at Kolkata. It has furnished the following information for the month of February, 20XX:

| | Particulars | Amount (₹) |
|-----|---|------------|
| (i) | Intra-State sale of taxable goods including ₹ 1,00,000 received as advance in January, 20XX, the invoice for the entire sale value is issued on 15th February, 20XX | 4,00,000 |



| | | |
|-------|---|----------|
| (ii) | Goods purchased from unregistered dealer on 20th February, 20XX (Inter-State purchases are worth ₹ 30,000 and balance purchases are intra-State) | 1,00,000 |
| (iii) | Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (It is an intra-State transaction) | 1,00,000 |
| (iv) | Goods transport services received from a GTA. GTA is paying tax @12% (It is an inter-State transaction) | 2,00,000 |

Compute net GST liability (CGST, SGST or IGST, as the case may be) of M/s Shri Durga Corporation Pvt. Ltd. for the month of February, 20XX. Assume the rates of GST, unless otherwise specified, as under:

CGST 9%

SGST 9%

IGST 18%

Notes:

1. The turnover of M/s. Shri Durga Corporation Pvt. Ltd. was ₹ 2.5 crore in the previous financial year.
2. All the amounts given above are exclusive of taxes.

Answer:

Computation of GST liability of M/s. Shri Durga Corporation Pvt. Ltd. for the month of February, 20XX

| Particulars | Value of Supply | CGST (₹) | SGST (₹) | IGST (₹) |
|--|-----------------|----------|----------|----------|
| Intra -State sale of taxable goods [Note-1] | 4,00,000 | 36,000 | 36,000 | |
| Goods purchased from unregistered dealer on 20th February, 20XX [Note-2] | Nil | Nil | Nil | |
| Services rendered by way of labor contracts for repairing a single residential unit otherwise than as a part of residential complex [Note-3] | 1,00,000 | 9,000 | 9,000 | |
| Goods transport services received from GTA [Note- 4] | 2,00,000 | | | Nil |
| Total GST liability for the month of February, 20XX | | 45,000 | 45,000 | Nil |
| Less: Input tax credit available [Note-5] (₹ 2,00,000 x 12%) | | 24,000 | | |
| Net GST liability for the month of February, 20XX | | 21,000 | 45,000 | Nil |

Notes:

1. Section 12 of CGST Act, 2017 read with Notification No. 66/2017 CT dated 15.11.2017 provides that the time of supply for all suppliers of goods (excluding composition suppliers) is the time of issue of invoice, without any turnover limit. Thus, liability to pay tax on the advance received in January, 20XX will also arise in the month of February, when the invoice for the supply is issued.
2. All intra-State and inter-State procurements made by a registered person from unregistered person have been exempted from reverse charge liability, without any upper limit for daily procurements upto 30.06.2018*1. [Notification No. 8/2017 CT (R) dated 28.06.2017 as amended and Notification No. 32/2017 IT(R) dated 13.10.2017 as amended]
3. Services by way of pure labor contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017. Labor contracts for repairing are thus, taxable.



4. As per Notification No. 13/2017 CT(R) dated 28.06.2017, GST is payable by the recipient on reverse charge basis on the receipt of services of transportation of goods by road from a goods transport agency (GTA) provided such GTA has not paid GST @ 12%. Since in the given case, services have been received from a GTA who has paid GST @ 12%, reverse charge provisions will not be applicable.
5. Input tax credit is available for the services received from GTA. The input tax credit of IGST can be used against IGST, CGST and SGST in the respective order vide section 49(5) of CGST Act, 2017

Question 10**RTP May '18**

Tirupati Traders, a registered supplier of goods, pays GST [CGST & SGST or IGST, as the case may be] under regular scheme. It has furnished the following particulars for a tax period: -

| Particulars | ₹ |
|--|--------|
| Value of intra-State supply of goods | 12,000 |
| Value of intra-State purchase of goods | 10,000 |

Note:

1. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
2. Both inward and outward supplies are exclusive of taxes, wherever applicable.
3. All the conditions necessary for availing the input tax credit have been fulfilled.
4. Compute the net GST payable by Tirupati Traders during the given tax period assuming that there is no opening balance of input tax credit (ITC). Make suitable assumptions wherever required.
5. Govind, a registered supplier, is engaged in providing services in the neighboring States from his registered office located in Mumbai. He has furnished the following details in respect of the inward and outward supplies made during a tax period: -

| Particulars | (₹) |
|--|----------|
| Inter-State supply of services | 1,80,000 |
| Receipt of goods and services within the State | 1,00,000 |

Assume the rates of taxes to be as under: -

| Particulars | Rate |
|-------------|------|
| CGST | 9% |
| SGST | 9% |
| IGST | 18% |

Note:

- a) Both inward and outward supplies are exclusive of taxes, wherever applicable.
- b) All the conditions necessary for availing the input tax credit have been fulfilled.

Compute the net GST payable by Govind during the given tax period. Make suitable assumptions if required.

(RTP May '18)

Answer:



(i) Computation of net GST payable

| Particulars | CGST (₹) | SGST (₹) |
|---|-------------------------|-------------------------|
| GST payable on intra-State supply of goods [Being an intra-State supply, CGST and SGST is payable on the same] | 1,080 (₹12,000 × 9%) | 1,080 (₹12,000 × 9%) |
| Less: Input tax credit (ITC) on intra-State purchase of goods [CGST and SGST paid on the intra-State purchases of goods] | 900 (₹10,000 × 9%) | 900 (₹10,000 × 9%) |
| Net GST payable | 180 | 180 |

(ii) Computation of net GST payable by Govind

| Particulars | ₹ |
|---|----------------------------|
| IGST @ 18% payable on inter-State supply of services [Being an inter-State supply, IGST is payable on the same in terms of section 5 of the IGST Act, 2017] | 32,400 [1,80,000 × 18%] |
| Less: ITC of CGST @ 9% paid on intra-State receipt of goods and services [Cross utilization of CGST towards IGST] | 9,000 [1,00,000 × 9%] |
| Less: ITC of SGST @ 9% paid on intra-State receipt of goods and services [Cross utilization of SGST towards IGST] | 9,000 [1,00,000 × 9%] |
| Net GST payable in cash | 14,400 |

Note:

- ✓ CGST shall first be utilized towards payment of CGST and the amount remaining, if any, be utilized towards the payment of IGST [Section 49 of the CGST Act, 2017].
- ✓ SGST shall first be utilized towards payment of SGST and the amount remaining, if any, may be utilized towards the payment of IGST [Section 49 of the CGST Act, 2017].

Question 11

PYQ Nov '22

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:

| Sr. 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 a claim 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).

6 Marks

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 × 9%] | 27,000 [3,00,000 × 9%] | |
| Add: Interest earned for short term credit facility provided to above customers | 20,000 | | |
| [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 service 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

PYQ Nov'18

From the following information, compute the Net GST payable for the month of March: **4 Marks**

| | Output GST | Amount in ₹ Opening ITC as Per credit ledger |
|------|------------|--|
| CGST | 2,000 | Nil |
| SGST | 15,000 | 1,000 |
| IGST | 24,000 | 37,000 |

Answer:

Computation of net GST payable for the month of March

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|--|--------------|----------------|----------------|
| Output tax payable | 2,000 | 15,000 | 24,000 |
| Less: Opening ITC as per credit ledger | (Nil) -CGST | (1,000)-SGST | (24,000)- IGST |
| | (2,000)-IGST | (11,000)- IGST | |
| Net GST payable | Nil | 3,000 | Nil |

Note:

Input tax credit of IGST has been used to pay IGST, CGST and SGST in that order.

Question 13

PYQ May'18

Mr. Ajay, a registered supplier of goods, pays GST under regular scheme and provides the following information for the month of August:

| Particulars | (₹) |
|--|-----------|
| i. Inter-state taxable supply of goods | 10,00,000 |
| ii. Xandra state taxable supply of goods | 2,00,000 |
| iii. Intra state purchase of taxable goods | 5,00,000 |

He has the following input tax credit at the beginning of August

| Nature | ITC Amount in (₹) |
|--------|-------------------|
| CGST | 20,000 |
| SGST | 30,000 |
| last | 25,000 |

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

Both inward and outward supplies are exclusive of taxes wherever applicable.

All the conditions necessary for availing the ITC have been fulfilled. Compute the net GST payable by Mr. Ajay for the month of August. **6 Marks****Answer:**

Computation of net GST payable by Mr. Ajay for the month of August Working of GST payable on Outward supplies

| Particulars | (₹) | GST (₹) |
|-------------|-----|---------|
| | | |

Sir



| | | | |
|------|-------------------------------------|--------|----------|
| (i) | Intra-State taxable supply of goods | | |
| | CGST @ 9% on ₹2,00,000 | 18,000 | |
| | SGST @ 9% on ₹2,00,000 | 18,000 | 36,000 |
| (ii) | Inter-State taxable supply of goods | | |
| | IGST @ 18% on ₹ 10,00,000 | | 1,80,000 |

Computation of total ITC

| Particulars | CGST @ 9% (₹) | SGST @ 9% (₹) | IGST @18% (₹) |
|--|---------------|---------------|---------------|
| Opening ITC | 20,000 | 30,000 | 25,000 |
| Add: ITC on Intra-State purchases of taxable goods valuing ₹5,00,000 | 45,000 | 45,000 | |
| Total ITC | 65,000 | 75,000 | 25,000 |

Computation of GST payable from cash ledger

| Particulars | CGST @ 9% (₹) | SGST @ 9% (₹) | IGST @ 18% (₹) |
|-----------------|---------------|----------------|----------------|
| GST payable | 18,000 | 18,000 | 1,80,000 |
| Less: ITC | (18,000)-CGST | (18,000)- SGST | (25,000)-IGST |
| | | | (47,000)-CGST |
| | | | (57,000)-SGST |
| Net GST payable | Nil | Nil | 51,000 |

Note:

ITC of IGST, CGST & SGST have been used to pay IGST in that order

Question 14

CS Executive June 2019

SS Ltd., a registered person under GST, is manufacturing taxable goods. The company supplies following information relating to GST paid on purchases made and input services availed in July, 2018 :

| | |
|---|----------|
| Trucks used to bring raw materials | 1,40,000 |
| Raw materials purchased (to be received in August, 2018) | 2,10,000 |
| Inputs are to be received in four lots. The second lot was received during this month 1,00,000 | |
| GST paid on six capital goods (out of the six, the invoice of one item was missing on which a GST of ₹ 60,000 was paid) | 3,80,000 |

Calculate the amount of input tax credit available to SS Ltd., for the month of July, 2018. Assume that all the conditions for availing ITC are satisfied.

4 Marks

Answer:

Calculation of Input Tax Credit (ITC) available to SS Ltd. for July 2018

| | |
|---|----------|
| ITC on Trucks used for transportation of goods is allowable. | 1,40,000 |
| Input tax paid on purchase of raw material- ITC allowed only on the receipt of goods- cannot be availed now | Nil |



| | |
|--|-----------------|
| Input tax paid for four lots. Now second lot was received-other two lots are yet to be received- ITC allowed only after receiving all lots | Nil |
| GST paid on six capital goods-ITC cannot be claimed on missing invoice. | 3,20,000 |
| Total ITC available | 4,60,000 |

Question 15**CS Executive Dec. 2018**

Ram & Shyam LLP, engaged in the business of manufacturing of domestic use electrical items, provides the following details relating to the amount of GST paid on various items and asks you to suggest whether any Input Tax Credit under the CGST Act,2017 be available against such items to them:

Electrical Transformers utilized in the manufacturing process of electrical items. 3,00,000

Mini Trucks used for transporting the materials/goods in the Factory. 1,00,000

Food and pastries for consumption given to workers during working within the factory. 22,500

Answer:

(a) As per section 16 of CGST Act, 2017, Input Tax Credit (ITC) of GST paid on purchase of electrical transformers of ₹ 3,00,000 shall be fully available to Ram & Shyam LLP as the transformers are being used in the course or furtherance of the business of manufacturing of domestic use electrical items.

(b) The ITC of Motor Vehicles is not allowable being a blocked credit under section 17(5) of CGST Act, 2017, however, where such vehicles are being used for transportation of goods the same is allowable. Hence entire ITC of GST paid of ₹ 1,00,000 for transportation of material in factory by Mini Trucks is available.

(c) ITC on food and beverages is a blocked credit under section 17(5) of CGST Act, 2017 unless the inward taxable supplies are consumed to make outward taxable supplies in the same category. In the present case the same is used for consumption of factory workers and therefore ITC of GST paid of ₹ 22,500 on food items is not available.

Question 16**CS Executive Dec. 2023**

Piyush is a supplier of taxable goods in Karnataka. He got registered under GST in the month of April, 2023 and wishes to pay his IGST liability for the month. Since he is making the GST payment for the first time, he is of the view that he needs to mandatorily have the online banking facility to make payment of GST; offline payment is not permitted under GST. You are required to advise him with regard to following issues:

- Are manual challans allowed under GST?
- What is the validity period of the payment challan?
- Is cross utilization among Major and Minor heads of the electronic cash ledger permitted?

3 Marks



Answer:

(i) Are Manual Challans Allowed Under GST?

Under the GST regime, payments are primarily made through the online mode using the GST portal. However, for taxpayers who cannot make payments online, an option to generate a challan online and then make the payment physically at designated banks is available. This process involves generating a challan on the GST portal (Form GST PMT-06) and then making the payment via cash, cheque, or demand draft at the bank. So, while the challan generation is online, the actual payment can be offline. Therefore, completely manual challans are not permitted, but this hybrid method is allowed.

(ii) What is the Validity Period of the Payment Challan?

Once the challan for GST payment is generated, it is valid for a period of 15 days from the date of generation. Within this period, the payment should be made, failing which the challan would become invalid and a new challan would need to be generated for making the payment.

(iii) Is Cross Utilization Among Major and Minor Heads of the Electronic Cash Ledger Permitted?

Section 49(10)/(11) of CGST Act, 2017 facilitates a registered person to transfer an amount from one (major/minor) head to another(major/minor) head in the electronic cash ledger or to transfer any amount available in the electronic cash ledger, to the electronic cash ledger for IGST/CGST of a distinct person, provided there is no unpaid liability in this electronic liability ledger.

Therefore, the cross utilization is permitted.

Difficulty

Question 1

MTP Nov'21, Oct'20, Oct'18, Apr'21, Mar'22, RTP Nov'21

Paritosh & Co., a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period:

| Particulars | Amount (₹) |
|-----------------------------|------------|
| Intra-State supply of goods | 10,00,000 |
| Inter-State supply of goods | 8,00,000 |

It has also furnished the following information in respect of purchases made by it in that tax period:

| Particulars | Amount (₹) |
|--------------------------------|------------|
| Intra-State purchases of goods | 3,00,000 |
| Inter-State purchases of goods | 2,50,000 |

Paritosh & Co. has following ITCs with it at the beginning of the tax period:

| Particulars | Amount (₹) |
|-------------|------------|
| CGST | 57,000 |
| SGST | 60,000 |
| IGST | 1,40,000 |

Note:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- Both inward and outward supplies are exclusive of taxes, wherever applicable.



- All the conditions necessary for availing ITC have been fulfilled.

Compute the minimum GST, payable in cash, by Paritosh & Co. for the tax period and the ITC to be carried forward to the next month. Make suitable assumptions as required. **8 Marks**

Answer:

Computation of GST payable on outward supplies

| | Particulars | CGST @ 9% | SGST @ 9% | IGST @ 18% | Total (Rs.) |
|--------------------------|--|-----------|-----------|------------|-----------------|
| (i) | Intra-State supply of goods for ₹10,00,000 | 90,000 | 90,000 | | 1,80,000 |
| (ii) | Inter-State supply of goods for ₹8,00,000 | | | 1,44,000 | 1,44,000 |
| Total GST payable | | | | | 3,24,000 |

Computation of total ITC

| Particulars | CGST @ 9% (₹) | SGST @ 9% (₹) | IGST @ 18% (₹) |
|--|---------------|---------------|-----------------|
| Opening ITC | 57,000 | 60,000 | 1,40,000 |
| Add: ITC on Intra State purchases of goods valuing ₹3,00,000 | 27,000 | 27,000 | Nil |
| Add: ITC on Inter State purchases of goods valuing ₹2,50,000 | Nil | Nil | 45,000 |
| Total ITC | 84,000 | 87,000 | 1,85,000 |

Computation of minimum GST payable from electronic cash ledger

| Particulars | CGST @ 9% (₹) | SGST @ 9% (₹) | IGST @ 18% (₹) | Total (₹) |
|---|--------------------------|--------------------------|--------------------|-----------------|
| GST payable | 90,000 | 90,000 | 1,44,000 | 3,24,000 |
| Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow] | (38,000) IGST | (3,000) IGST | (1,44,000) IGST | 1,85,000 |
| | (52,000) CGST | (87,000) SGST | | 1,39,000 |
| Minimum GST payable in cash | Nil | Nil | Nil | Nil |
| ITC balance to be carried forward next month | 32,000 | Nil | Nil | 32,000 |

Note: The above computation is one of the many ways to set off the ITC of IGST (₹41,000-after set off against IGST liability) against CGST and SGST liability to compute minimum GST payable in cash. To illustrate, IGST of ₹10,000 can be set off against SGST payable and IGST of ₹31,000 can be set off against CGST payable.

In this situation also, the net GST payable will be nil but the ITC of CGST and SGST to be carried forward will be ₹25,000 and ₹7,000 (totalling to ₹32,000) respectively. However, if the entire ITC of ₹41,000 is set off against CGST payable, then SGST of ₹3,000 will be payable in cash thus, increasing the cash outflow. Therefore, such a set off would not be advisable for computing the minimum GST payable.



Question 2

M/s. Comfortable (P) Ltd. is registered under GST in Chennai, Tamil Nadu. It is engaged in the manufacture of iron and steel products. It has carried out following transactions in the financial year 20XX-XY: -

a) Purchased 1,000 Metric Ton (MT) iron @ 1,000 per MT (excluding GST) from M/s. Hard Ltd. of Chennai. M/s. Hard Ltd. has fulfilled the order as follows:

| Date | Quantity (MT) | Taxable Value |
|-------------|---------------|---------------|
| 28-Feb-20XY | 200 | 2,00,000/- |
| 10-Mar-20XY | 250 | 2,50,000/- |
| 25-Mar-20XY | 250 | 2,50,000/- |
| 28-Mar-20XY | 200 | 2,00,000/- |

Balance order requirement has been fulfilled by Hard Ltd. on 5-Apr-20XY. However, Hard Ltd. has raised the invoice for full order at the time of dispatch of first lot, i.e. on 28-Feb-20XY. M/s. Comfortable (P) Ltd. has made the full payment on 28-Feb-20XY for the order.

b. Company has received IT engineering service from M/s. Dynamic InfoTech (P) Ltd. of Chennai for Rs. 11,00,000/- (excluding GST) on 28-Oct-20XX. Invoice for service rendered was issued on 5-Nov- 20XX. M/s Comfortable (P) Ltd. made part-payment of Rs. 4,13,000/- on 31-Dec-20XX. Being unhappy with service provided by M/s Dynamic InfoTech (P) Ltd., it did not make the balance payment. Deficiency in service rendered was made good by M/s Dynamic InfoTech (P) Ltd. by 15-Feb-20XY. M/s. Comfortable

(P) Ltd. made payment of Rs. 2,95,000/- on 15-Feb-20XY towards full and final settlement of the dues & did not pay the balance amount.

c. Company has made the following intra State supplies (excluding GST) for the financial year 20XX- XY: -

| Sr.No. | Particulars | Amount (Rs.) |
|--------|---|--------------|
| 1. | Value of intra-State supplies made to registered persons | 10,00,000 |
| 2. | Value of intra- State supplies made to unregistered persons | 2,00,000 |

1. Compute the GST liability (CGST, SGST or IGST, as the case may be) of M/s. Comfortable (P) Ltd. for the financial year 20XX-XY: -

2. Compute the amount of input tax credit to be reversed in the FY 20XX-XY and/or in the next FY 20XY- YZ, if any.

Assume the rates of GST as under:

| | |
|------|-----|
| CGST | 9% |
| SGST | 9% |
| IGST | 18% |

Note

- All the conditions necessary for availing input tax credit have been fulfilled.
- Ignore interest, if any

8 Marks



Answer:

Computation of net GST payable for the financial year 20XX-XY

| Particulars | Value (Rs.) | CGST (Rs.) | SGST (Rs.) |
|---|-------------|------------|------------|
| Tax liability | | | |
| Intra-State supplies made to registered persons | 10,00,000 | 90,000 | 90,000 |
| Intra State supplies made to unregistered persons | 2,00,000 | 18,000 | 18,000 |
| Total (A) | | 1,08,000 | 1,08,000 |
| Input Tax credit | | | |
| Supply of iron in lots by M/s Hard Limited [Note-1] | 10,00,000 | - | - |
| Supply of IT engineering service [Note-2] | 11,00,000 | 99,000 | 99,000 |
| Total (B) | | 99,000 | 99,000 |
| Net GST payable (A)-(B) | | 9,000 | 9,000 |

Notes: -

Section 16 of CGST Act, 2017 provides that where the goods against an invoice are received in lots or installments, the registered person shall be entitled to take credit upon receipt of the last lot or installment. Although 900 tonnes of iron are received in financial year 20XX-XY, the last lot of iron has been received after FY 20XX-XY only, i.e. on 5, April 20XY, thus no input tax credit is available in FY 20XX-XY.

In view of above provisions, full input tax credit in respect of transaction (a) will be claimed in financial year 20XY-20YZ i.e. on receipt of last installment.

Section 16 of CGST Act, 2017 inter alia provides that every registered person is entitled to take credit of input tax charged on supply of services to him which are used in the course of business on receipt of the said services.

Thus, in view of the above-mentioned provisions full input tax credit of Rs. 1,98,000/- can be claimed in financial year 20XX-XY.

Section 16 of CGST Act, 2017 provides that where a recipient fail to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of 180 days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon, in the prescribed manner. However, the recipient shall be entitled to avail of the credit of input tax on payment made by him of the amount towards the value of supply of goods or services or both along with tax payable thereon.

Since the full amount of value along with tax payable thereon has not been paid by M/s Comfortable (P) Ltd. to M/s Dynamic InfoTech (P) Ltd within a period of 180 days from the date of issue of invoice, the Proportionate amount of input tax credit availed needs to be reversed. However, the reversal will be done in the financial year 20XY-YZ during when the time period of 180 days expires. Input tax credit to be reversed in financial year 20XY-YZ

| Particulars | Amount |
|--|-----------|
| Total value of procurement of IT engineering service | 11,00,000 |
| Add: Total GST on the above value @ 18%[CGST + SGST] | 1,98,000 |
| Value including GST | 12,98,000 |
| Amount paid for the said service including GST [Rs. 4,13,000 + Rs. 2,95,000] | 7,08,000 |



| | |
|---|----------|
| Amount [value along with tax payable thereon] not paid for the said service | 5,90,000 |
| ITC to be reversed [Rs. 5,90,000 x 18/118] | 90,000 |

Question 3**MTP March '23**

(Includes concepts of Value of Supply)

M/s. Flow Pro, a registered supplier, is engaged in manufacturing heavy steel fabrication machine. The details pertaining to pricing of each such machine is as follows:

| | Particulars | Amount (₹) |
|-------|--|------------|
| (i) | Price of the machine [excluding taxes and other charges mentioned at S. Nos. (ii) and (iii)] | 25,00,000 |
| (ii) | Third party inspection charges [Such charges were payable by M/s Flow Pro but the same have been directly paid by BP Ltd. to the inspection agency. These charges were not recorded in the invoice issued by M/s Flow Pro.] | 5,00,000 |
| (iii) | Freight charges for delivery of the machine [M/s Flow Pro has agreed to deliver the goods at BP Ltd.'s premises] | 2,00,000 |
| (iv) | Subsidy received from the State Government on sale of machine under Skill Development Programme [Subsidy is directly linked to the price] | 5,00,000 |
| (v) | Discount of 2% is offered to BP Ltd. on the price mentioned at S. No. (i) above and recorded in the invoice | |

Note: Price of the machine is net of the subsidy received.

M/s. Flow Pro has supplied one such machine in the month of October. It also provided the following details pertaining to the purchases made/services availed during said month:

| | Inward supplies | IGST (₹) | Remarks |
|-------|-----------------|----------|---|
| (i) | Inputs 'A' | 1,00,000 | One invoice on which IGST payable was ₹ 10,000, is missing |
| (ii) | Inputs 'B' | 50,000 | Inputs are to be received in two lots. First lot has been received in October |
| (iii) | Capital goods | 1,20,000 | M/s. Flow Pro has capitalized the capital goods at full invoice value inclusive of GST as it will avail depreciation on the full invoice value. |
| (iv) | Input services | 2,25,000 | One invoice dated 20th January of preceding financial year on which GST payable was ₹ 50,000 was missing and has been found in October |

Compute the net GST payable in cash by M/s. Flow Pro for October assuming that all the inward supplies are inter-State supplies and all outward supplies are intra-State supplies. Assume the rates of taxes to be as under:

| Particulars | Rates of tax |
|-----------------------|--------------|
| Central tax (CGST) | 9% |
| State Tax (SGST) | 9% |
| Integrated tax (IGST) | 18% |

Make suitable assumptions, wherever necessary. All the conditions necessary for availing



the ITC have been fulfilled. Opening balance of the input tax credit for the relevant period is Nil. The annual return for the previous financial year was filed on 15th September of the current year.

8 Marks

Answer:

Computation of net GST payable by Prithviraj Pvt. Ltd. for the month of October

| Particulars | CGST (₹) | SGST (₹) |
|--|-------------|-------------|
| GST payable on outward supplies (Refer Working note - 1) | 2,83,500 | 2,83,500 |
| Less: ITC (Refer Working note - 2) [ITC of IGST can be utilised for payment of CGST and SGST in any proportion and in any order.] | 1,32,500 | 1,32,500 |
| Net GST payable in cash | 1,51,000 | 1,51,000 |

Note:

ITC of IGST can be utilised towards payment of CGST and SGST in any proportion and in any order. Therefore, there can be multiple ways of setting off of IGST credit against CGST and SGST liability and accordingly, in the given case, amount of net GST payable in cash under the heads of CGST and SGST will vary. However, total amount of net GST payable in cash will be ₹ 3,02,000 in each case

Working note - 1

Computation of GST payable on outward supply made by M/s. Flo Pro for the month of October

| Particulars | Amount (₹) |
|--|------------------|
| Price of the machine [Since the subsidy is received from the State Government, the same is not includible in the value of supply in terms of section 15(2)(e)] | 25,00,000 |
| Third party inspection charges [Any amount that the supplier is liable to pay in relation to the supply but has been incurred by the recipient and not included in the price actually paid or payable for the goods, is includible in the value of supply in terms of section 15(2)(b)] | 5,00,000 |
| Freight charges for delivery of the machine [Since arranging freight is the liability of supplier, it is a case of composite supply and thus, freight charges are added in the value of principal supply.] | 2,00,000 |
| Total | 32,00,000 |
| Less: Discount @ 2% on ₹ 25,00,000 being price charged to BP Ltd. [Discount given before or at the time of supply if duly recorded in the invoice is deductible from the value of supply in terms of section 15(3)(a)] | 50,000 |
| Value of taxable supply | 31,50,000 |
| GST payable on outward supplies | |
| CGST @ 9% | 2,83,500 |
| SGST @ 9% | 2,83,500 |
| [Since all the outward supplies are intra-State supplies, CGST and SGST are payable on the same.] | |



Working note - 2

Computation of ITC available with M/s Flow Pro for the month of October

| | Inward supplies | ITC (₹) |
|-------|---|-----------------|
| (i) | Inputs 'A' [ITC cannot be taken on missing invoice. The registered person should have the invoice in its possession to claim ITC.] | 90,000 |
| (ii) | Inputs 'B' [When inputs are received in lots, ITC can be availed only on receipt of last lot.] | Nil |
| (iii) | Capital goods [Input tax paid on capital goods cannot be availed as ITC, if depreciation has been claimed on such tax component.] | Nil |
| (iv) | Input services [ITC on an invoice cannot be availed after 30th November following the end of financial year to which such invoice pertains or the date of filing annual return, whichever is earlier. Since the annual return for the previous financial year has been filed on 15 th September, ITC on the invoice pertaining to previous financial year cannot be availed after 15th September.] | 1,75,000 |
| | Total ITC (IGST) | 2,65,000 |

Note -

CGST @ 9% and SGST @ 9% are payable on the outward supplies since they are intra-State supplies and IGST @ 18% is payable on the inward supplies since they are inter-State supplies.

Question 4

RTP May '19

(Also includes concepts from Charge of GST, Exemptions from GST & Payment of Tax)

Mr. Ekaant, a supplier registered in Delhi, is engaged in the business of sale and purchase of plastic raincoats. He furnishes the following information pertaining to inward/outward supply made by him for the month of July, 20XX:

| Particulars | Amount (₹ in lakh) |
|--|--------------------|
| Value of inter-State outward supply to registered persons | 30 |
| Value of intra-State outward supply to registered persons | 50 |
| Value of intra-State outward supply to unregistered persons | 15 |
| Value of intra-State inward supply from registered persons | 10 |
| Value of inter-State inward supply from registered persons | 5 |
| Value of intra-State inward supply from unregistered persons | 2 |

Following additional information is also provided by Mr. Ekaant: -

| Particulars | Amount (₹ in lakh) |
|--|--------------------------|
| IGST credit on capital goods purchased in the month of July | 1.5 |
| CGST/ SGST credit on other inward supplies [including credit of ₹ 5,000 (CGST and SGST each) on account of membership of a club] | 0.5 (CGST and SGST each) |
| Availed consultancy services from Mr. Sujit, lawyer located in Delhi [Intra-State services] | 1 |



The amount of ITC brought forward in the month of July, 20XX is as under: -

| |
|----------------|
| CGST: ₹ 2 lakh |
| SGST: ₹ 2 lakh |
| IGST: ₹ 5 lakh |

Calculate the net GST liability (CGST and SGST or IGST, as the case may be) to be paid in cash for the month of July, 20XX by assuming the rates of GST as under:

| | |
|------|-----|
| CGST | 9% |
| SGST | 9% |
| IGST | 18% |

Note:

1. All the amounts given above are exclusive of taxes.
2. All the conditions necessary for availing the ITC have been fulfilled.

Answer:

Computation of net GST liability of Mr. Ekaant

| Particulars | Value (₹) | CGST (₹) | SGST (₹) | IGST (₹) |
|---|-----------|-----------------|-----------------|-----------------|
| Total tax liability | | | | |
| Value of intra-State legal consultancy services i.e. inward supplies liable to reverse charge mechanism (to be paid in cash) (A) [Note-1] | 1,00,000 | 9,000 | 9,000 | - |
| Value of inter-State outward supplies (B1) | 30,00,000 | - | - | 5,40,000 |
| Value of intra-State outward supplies to registered as well as unregistered persons (B2) (₹ 50,00,000+ ₹ 15,00,000) | 65,00,000 | 5,85,000 | 5,85,000 | - |
| Total (B) = (B1) +(B2) | | 5,85,000 | 5,85,000 | 5,40,000 |
| Input tax Credit | | | | |
| Brought forward ITC | | 2,00,000 | 2,00,000 | 5,00,000 |
| Value of intra-State inward supplies from registered person [Note-2] | 10,00,000 | 90,000 | 90,000 | - |
| Value of inter-State inward supplies from registered person [Note-2] | 5,00,000 | - | - | 90,000 |
| Value of intra-State inward supplies from unregistered person [Note-3] | 2,00,000 | - | - | - |
| IGST credit of capital goods [Note-2] | | | | 1,50,000 |
| Credit on other inward supplies purchased in the month of July less credit on membership of a club [Note-2 & 4] | | 45,000 | 45,000 | - |
| Credit of legal consultancy services [Note-2] | | 9,000 | 9,000 | - |
| Total (C) | | 3,44,000 | 3,44,000 | 7,40,000 |
| Net liability (B)-(C) | | 2,41,000 | 2,41,000 | (2,00,000) |
| Less: Set off from IGST credit [Note-5] | | 2,00,000 | - | - |
| Liability after set off (D) | | 41,000 | 2,41,000 | Nil |
| Net GST liability to be paid in cash (A) + (D) | | 50,000 | 2,50,000 | Nil |



Notes: -

Services supplied by an individual advocate to any business entity located in the taxable territory by way of legal services, directly or indirectly are taxable under reverse charge mechanism. Thus, tax is payable by the recipient (Mr. Ekaant) on said services to the Government. Further, as per section 49(4) of the CGST Act, 2017, amount available in the electronic credit ledger [ITC amount] may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax in terms of section 2(82) of the CGST Act, 2017. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.

Every registered person is entitled to take credit of input tax charged on any inward supply of goods and/or services which are used or intended to be used in the course or furtherance of his business in terms of section 16 of CGST Act, 2017. Further "input tax" in relation to a registered person includes the tax payable under reverse charge mechanism in terms of section 2(62) of the CGST Act, 2017.

Intra-State supplies received by a registered person from any unregistered supplier, are exempt from the whole of the central tax leviable thereon under section 9(4) till 30.09.2019 [Notification No.8/2017 CT (R) dated 28.06.2017]. Since no tax has been paid, so no credit is available.

Input tax credit is not allowed in respect of membership of a club in terms of section 17(5) of CGST Act, 2017.

Input tax credit of IGST has been used to pay IGST and CGST in that order.

Question 5

RTP Nov '20

'XY' of Kolkata is engaged in supply of various goods and services. It pays GST under regular scheme. The following information is provided by it for the month of July:

| Payments | Amount (₹) | Receipts | Amount (₹) |
|---|---------------|--|---------------|
| Inter-State purchases of office stationery | 1,40,000 | Inter-State supply of office stationery | 2,00,000 |
| Repairing of lorry used to transport goods from warehouse to clients' location [Intra-State supply] | 1,00,000 | Intra-State supply of 500 combi packs containing one calculator and one diary | 4,00,000 |
| | | Intra-State supply of services of business correspondent to Shahidi Bank with respect to accounts in its urban area branch | 1,00,000 |

1. The following additional information is provided by 'XY' in relation to the above receipts and payments:
 - 10% of the inter-State supply of office stationery are made to unregistered persons.
 - Each combi pack (containing a calculator and a diary) is priced at ₹ 800. The calculator and the diary are individually priced at ₹ 700 and ₹ 200 respectively.
 - An invoice of ₹ 40,000 towards purchase of office stationery is missing and no other tax paying document is available in respect of such goods.
 - All the figures mentioned above are exclusive of taxes, wherever applicable.
 - Rates of CGST, SGST and IGST for all services, office stationery and calculator are 9%, 9% and 18% respectively. Rates of CGST, SGST and IGST for diary are 14%, 14% and 28% respectively.



7. Subject to the information given above, all the necessary conditions for availing input tax credit have been fulfilled.

Details of opening balances of input tax credit as on 1st July is given hereunder:

| Tax | Amount (₹) |
|------|------------|
| CGST | 5,000 |
| SGST | 5,000 |
| IGST | 80,000 |

Compute the minimum net GST [CGST, SGST or IGST, as the case may be] payable in cash by 'XY' for the month of July.

Answer:

Computation of minimum net GST payable in cash by 'XY' for the month of July

| Particulars | Value (₹) | CGST (₹) | SGST (₹) | IGST (₹) |
|--|-------------------------|----------------------------|----------------------------|----------|
| Total tax liability | | | | |
| Inter-State supply of stationery [Note 1] | 2,00,000 | | | 36,000 |
| Intra-State supply of 500 combi packs of calculators and diaries [Note-2] | 4,00,000 (500 x 800) | 56,000 (4,00,000 x 14%) | 56,000 (4,00,000 x 14%) | |
| Intra-State supply of services of business correspondent to a Shubhvidhi Bank with Respect to accounts in its urban area branch [Note-3] | 1,00,000 | 9,000 (1,00,000 x 9%) | 9,000 (1,00,000 x 9%) | |
| Total tax liability | | 65,000 | 65,000 | 36,000 |
| Input tax credit (ITC) | | | | |
| Brought forward ITC | | 5,000 | 5,000 | 80,000 |
| Inter-State purchase of office stationery [Note- 4] | 1,00,000 | | | 18,000 |
| Intra-State repairing of lorry used for transportation of goods [Note-5] | 1,00,000 | 9,000 | 9,000 | |
| Total ITC | | 14,000 | 14,000 | 98,000 |
| Minimum net GST payable in cash | | | | |
| Total tax liability | | 65,000 | 65,000 | 36,000 |
| IGST credit being set off against IGST liability | | | | (36,000) |
| IGST credit being used to pay CGST and SGST liability in any order and in any proportion | | (11,000) | (51,000) | |
| CGST and SGST credit being used to pay CGST and SGST liability respectively | | (14,000) CGST | (14,000) SGST | |
| Minimum net GST payable in cash | | 40,000 | Nil | Nil |

Notes: -

1. Taxable supplies made by a registered person are liable to tax irrespective of whether they are made to a registered person or to an unregistered person.
2. Supply of calculator and diary as a combi pack with a single price of ₹ 800 is a mixed supply. Being a mixed supply comprising of two supplies, it shall be treated as supply of that particular supply which attracts highest rate of tax.
3. Services provided by a business facilitator/ business correspondent to a banking company only with respect to accounts in its rural area branch are exempt and not with respect to accounts in its urban area branch.



- ITC can be taken only on the basis of a valid tax paying document. Thus, ITC will not be available on goods for which the invoice is missing.
- ITC on motor vehicles used for transportation of goods is allowed. Further, ITC is allowed on repair and maintenance services relating to motor vehicles, ITC on which is allowed.

Note:

IGST credit, after being set off against IGST liability, can be utilised against CGST and SGST liability in any order and in any proportion. Thus, there cannot be one Answer for the minimum net CGST and SGST payable in cash as the amount of CGST and SGST liabilities are the same as also the amount of ITC for CGST and SGST is also the same.

Question 6

PYP Jan'21

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

| | Particulars | Amount |
|-----|---|--------|
| (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 |

Star Ltd. received ₹5,000 as subsidy from an 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 Star Ltd. supplied three machines to Intra-State customers and one machine to Inter-State customer.

Star 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, 2020 was:

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

Note:

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

Compute the minimum net GST payable in cash by Star Ltd. for the month of February. **8 Marks**

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 includable in the value in terms of section 15 of the CGST Act, 2017.] | 6,000 |

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| | |
|---|---------------|
| Add: Packing expenses for safe transportation [Includible in the value as per section 15 of the CGST Act, 2017.] | 4,000 |
| Add: 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.] | 5,000 |
| 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.] | 1,600 |
| Value of taxable supply | 93,400 |

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

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|--|----------------------------|----------------------------|---------------------------|
| Sale of machine [Intra-State sales = ₹93,400 × 3 machines = ₹2,80,200 Inter-State sales = ₹93,400 × 1 machine = ₹93,400] | 25,218 2,80,200 ×9%] | 25,218 2,80,200 ×9%] | 16,812 93,400×1 8%] |
| 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 [₹1,20,000 × 9%] | 10,800 [₹1,20,000 × 9%] | |
| Total ITC available | 28,800 | 14,800 | 26,000 |

Question 7

PYP Nov'20

KNK Ltd., a registered supplier of Mumbai is a manufacturer of heavy machines. Its outward supplies (exclusive of GST) for the month of January are as follows:

| S. No. | Particulars | Amount (₹) |
|--------|-------------|------------|
| (i) | Inter-State | 85,00,000 |
| (ii) | Intra-State | 15,00,000 |



Applicable rate of CGST, SGST and IGST on outward supply are 9%, 9% and 18% respectively.

Details of GST paid on inward supplies during the month of January are as follows:

| S. No. | Particulars | CGST paid (₹) | SGST paid (₹) |
|--------|---|---------------|---------------|
| (i) | Raw material A (of which 70% of inputs procured were used and 30% were in stock at the end of the January, 2020) | 60,000 | 60,000 |
| (ii) | Raw material B (Of which 90% material received in factory and remaining material completely damaged due to a road accident on the way to factory. There was no negligence on the part of the KNK Ltd.) | 50,000 | 50,000 |
| (iii) | Construction of pipelines laid outside the factory premises | 30,000 | 30,000 |
| (iv) | Insurance charges paid for trucks used for transportation of goods. | 55,000 | 55,000 |

Additional Information:

- There is no opening balance of any input tax credit and all the conditions necessary for availing the input tax credit (ITC) have been fulfilled.
- Details of GST paid on inward supplies are available in GSTR-2A except for item (I) i.e. Raw Material A, for which supplier has not filed its GSTR-1 for the month of January hence corresponding input tax credit (ITC) is not reflecting in GSTR-2A of KNK Ltd. in January.

Compute the following:

- Amount of eligible input tax credit (ITC) available for the month of January.
- Minimum net GST payable in cash, for the month of January, 2020 after using available input tax credit.

Working notes should form part of your answer.

8 Marks

Answer:

(i) Computation of amount of eligible ITC available for the month of January

| | Particulars | CGST (₹) | SGST (₹) |
|-------|---|----------------------------------|----------------------------------|
| (i) | Raw materials B (90%) [Note-1] | 45,000 | 45,000 |
| (ii) | Construction of pipelines laid outside the factory premises [Note-2] | Nil | Nil |
| (iii) | Insurance charges paid for trucks used for transportation of goods [Note-3] | 55,000 | 55,000 |
| (iv) | Raw materials A [Note-4] | Nil | Nil |
| (v) | Eligible ITC on invoices the details of which are available in GSTR-2A | 1,00,000 (45,000 + 55,000) | 1,00,000 (45,000 + 55,000) |
| (vi) | ITC on invoices the details of which are not available in GSTR-2A, i.e. the invoices which have not been uploaded by the suppliers in their GSTR-1 [Note-4] | 10,000 | 10,000 |
| | Total eligible ITC | 1,10,000 | 1,10,000 |

Notes:

- ITC on goods destroyed is blocked under section 17 of the CGST Act, 2017.



2. ITC on works contract services availed for construction of plant and machinery is allowed but pipelines laid outside the factory premises are excluded from the definition of plant and machinery and hence, ITC thereon is blocked.
3. ITC on motor vehicles used for transportation of goods is allowed. Further, ITC is also allowed on insurance services relating to motor vehicles, ITC on which is allowed.
4. Where invoice has not been uploaded by the supplier in its GSTR-1, 10% of the eligible ITC available in respect of the uploaded invoices can be claimed by the recipient, i.e. 10% of ₹1,00,000.

(ii) Computation of minimum net GST payable in cash for the month of January

| Particulars | Value (₹) | CGST @ 9% (₹) | SGST @ 9% (₹) | IGST @ 18% (₹) |
|--|-----------|---------------|---------------|----------------|
| Inter-State outward supplies | 85,00,000 | | | 15,30,000 |
| Intra-State outward supplies | 15,00,000 | 1,35,000 | 1,35,000 | |
| Total output tax payable | | 1,35,000 | 1,35,000 | 15,30,000 |
| Less: Set off of CGST and SGST credit against CGST and SGST liability respectively | | (1,10,000) | (1,10,000) | |
| Minimum net GST payable in cash | | 25,000 | 25,000 | 15,30,000 |

Question 8

PYQ May'19

(Includes concepts of Chap 15.2- Value of Supply & Chap 19-Payment of Tax)

Mr. Hemant, a registered supplier of chemicals, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward taxable supplies for the month of September:

| | |
|--|-----------|
| Intra-State supply of goods | 25,00,000 |
| Inter-State supply of goods | 5,00,000 |
| He has also made the following inward supply: | |
| Intra-State purchase of goods from registered dealer | 14,00,000 |
| Intra-State purchase of goods from unregistered dealer | 2,00,000 |
| Inter-State purchase of goods from registered dealer | 4,00,000 |
| Balance of ITC at the beginning of September 2018: | |
| CGST | 95,000 |
| SGST | 60,000 |
| IGST | 50,000 |

Additional Information:

- He purchased a car (Intra-State supply) used for business purpose at a price of ₹6,72,000/- (including CGST of ₹36,000 & SGST of ₹36,000) on September 15, 2018. He capitalized the full value including GST in the books on the same date to claim depreciation.
- Out of Inter-State purchase from registered dealer, goods worth ₹1,00,000 were received on October 3, 2018 due to road traffic jams.

Note:

- (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
- (ii) Both inward and outward supplies given above are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing the ITC have been fulfilled except mentioned above. Compute the net CGST, SGST and IGST payable in cash by Mr. Hemant for the month of September.

8 Marks



Answer:

Computation of net GST payable in cash of Mr. Himanshu for September

| Particulars | Value (₹) | CGST (₹) | SGST (₹) | IGST (₹) |
|--|-----------|----------|----------|----------|
| Total tax liability | | | | |
| Intra-State outward supplies of goods | 25,00,000 | 2,25,000 | 2,25,000 | |
| Inter-State outward supplies of goods | 5,00,000 | | | 90,000 |
| Total tax liability (A) | | 2,25,000 | 2,25,000 | 90,000 |
| Input Tax Credit (ITC) | | | | |
| Brought forward ITC | | 95,000 | 60,000 | 50,000 |
| Intra-State purchase of goods from registered dealer [Note-1] | 14,00,000 | 1,26,000 | 1,26,000 | |
| Inter-State purchase of goods from registered dealer [Note-1 and Note 4] | 3,00,000 | - | - | 54,000 |
| Intra-State purchase of goods from unregistered dealer [Note-2] | 2,00,000 | - | - | - |
| Purchase of car used for business purpose [Note-3] | - | - | - | - |
| Total ITC (B) | | 2,21,000 | 1,86,000 | 1,04,000 |
| Net GST liability = (A)-(B) | | 4,000 | 39,000 | (14,000) |
| Less: Set off from IGST credit [Note- 5] | | 4,000 | 10,000 | |
| Net GST payable in cash | | Nil | 29,000 | Nil |

Notes:

1. Every registered person is entitled to take credit of input tax charged on any inward supply of goods used/intended to be used in the course/furtherance of his business.
2. Intra-State supplies received by a registered person from any unregistered supplier, are exempt from the whole of the tax leviable thereon under reverse charge till 30.09.2019. Since no tax has been paid, so no credit is available.
3. Input tax paid on capital goods cannot be availed as ITC if depreciation has been claimed on such tax component. Moreover, ITC on motor vehicle (car) is blocked under section 17(5) of CGST Act, 2017.
4. A registered person is entitled to avail input tax in respect of any supply of goods to him only if he has actually received the said goods. Since goods worth ₹1,00,000 have not been received by Mr. Himanshu in the month of September 2018, credit in respect of same cannot be claimed in the said month.
5. Input tax credit of IGST has been used to pay IGST, CGST and SGST in that order.

Question 9

PYQ Nov'18

Mr. Dhiraj, 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 Love all 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.

6 Marks

All the amounts given above are exclusive of taxes.

Answer:

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

| | 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 Love all 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 law, 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.

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 service.
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.

Question 10

PYQ July'21

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:

1. Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supplies except where specifically provided.
2. Both inward and outward supplies are exclusive of taxes.
3. 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. **8 Marks**

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.] | 45,00,000 [₹50,00,000 x 90%] | 4,05,000 | 4,05,000 | |

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 | | 9,00,000 |
| Less: Input Tax Credit (Refer Working Note below) | | 11,00,000 | | |
| 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) | | 9,00,00 (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. | | 5,08,00 (CGST) | 5,20,00 (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 | | | | |
| Raw material | 20,00,000 | 1,80,000 | 1,80,000 | |
| Gym membership for employees [ITC on membership of a health and fitness center 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 t 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

PYP May'22

Zeon Ltd., a GST registered supplier located in Ranchi, Jharkhand, is engaged in the manufacturing of washing machines & mixer grinders. It provides you the details of various activities undertaken during the month of September as follows:

| Sr. No. | Particulars | Amount (₹) |
|---------|--|-------------|
| (i) | Outward supplies made during the month | |
| | a. Within Jharkhand | ₹ 24,00,000 |
| | b. Outside Jharkhand | ₹ 5,00,000 |
| (ii) | Purchase of raw materials from registered dealers within Jharkhand which includes materials worth ₹ 2,00,000 purchased from Mr. Krishna, a registered person who is paying tax under composition scheme. | 7,00,000 |
| (iii) | Bus purchased from a registered dealer in Tata Nagar, Jharkhand. Bus used to ferry its 25 workers to and from factory. | 12,00,000 |

Assume the rates of GST applicable on various supplies as follows:

| Nature of supply | CGST | SGST | IGST |
|-----------------------------------|------|------|------|
| Composition supplies | 0.5% | 0.5% | - |
| Bus | 14% | 14% | 28% |
| Raw material | 6% | 6% | 12% |
| Washing machines & mixer grinders | 9% | 9% | 18% |

Opening balances of input tax credit as on September were as follows:

| CGST (₹) | SGST (₹) | IGST (₹) |
|----------|----------|----------|
| 20,000 | 5,000 | 95,000 |

Note:

- All the figures mentioned above are exclusive of taxes.
- Both inward & outward supplies within the State of Jharkhand are to be considered intra-State supplies and outside the State of Jharkhand are inter-State supplies.
- Subject to information given above, all the other conditions necessary for availing ITC have been fulfilled.



Calculate the amount of net minimum GST payable in cash by Zeon Ltd. for the month of September, 2021. Brief and suitable notes should form part of your answer. **8 Marks**

Answer:

Computation of minimum net GST payable in cash by Zeon Ltd. for the month of September

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|--|---------------------------------|---------------------------------|-------------------------------|
| Outward supplies made within Jharkhand | 2,16,000 [24,00,000 × 9%] | 2,16,000 [24,00,000 × 9%] | |
| Outward supplies made outside Jharkhand | | | 90,000 [5,00,000 × 18%] |
| Total output tax | 2,16,000 | 2,16,000 | 90,000 |
| Less: Input Tax Credit [Refer Working Note below] | - | 5,000 (IGST) | (90,000) (IGST) |
| [IGST credit be first utilized for payment of IGST liability. Remaining IGST credit has been utilized for payment of SGST liability since the SGST liability is to be kept at minimum. After exhausting IGST credit, CGST and SGST credit to be utilized. CGST credit to be utilized for payment of CGST and SGST credit to be utilized for the payment of SGST. ITC of CGST cannot be utilized for payment of SGST and vice versa.] | 2,16,000 (CGST) | 2,03,000 (SGST) | |
| Minimum net GST payable in cash | Nil | 8,000 | Nil |
| ITC to be carried forward next month | 2,000 | | |

Working Note:

Computation of ITC available

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|---|----------------------------------|----------------------------------|----------|
| Opening balance | 20,000 | 5,000 | 95,000 |
| Purchase of raw materials from registered dealers within Jharkhand [7,00,000 - 2,00,000] [ITC on purchases of goods worth ₹ 2,00,000 on which tax has been paid under composition scheme is blocked. ITC on remaining purchases worth ₹ 5,00,000 is available, being supply of goods used/intended to be used in the course/furtherance of business.] | 30,000 [5,00,000 × 6%] | 30,000 [5,00,000 × 6%] | |
| Bus purchased from dealer in Jharkhand used to ferry 25 workers to and from factory [ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed.] | 1,68,000 [12,00,000 × 14%] | 1,68,000 [12,00,000 × 14%] | |
| Total ITC available | 2,18,000 | 2,03,000 | 95,000 |



Multiple Choice Questions

Question 1

MTP Oct'20

Akash Ltd. a registered person in Punjab has purchased Air Conditioner for invoice value of ₹ 32,000 (which includes GST at 18%) from Mukesh Ltd. registered in Punjab. Akash Ltd. had capitalized Air Conditioner in his books of accounts for full value of ₹ 32,000 and taking the benefit of depreciation on the same. Keeping in view of the above situation the input tax credit which Akash Ltd. is required to take in his books of accounts will be;

- a) Nil
- b) ₹4,881
- c) ₹5,760
- d) ₹2,880

Question 2

MTP March'19

A supplier takes deduction of depreciation on the GST component of the cost of capital goods as per Income- tax Act, 1961. The supplier can-

- a) avail only 50% of the said tax component as ITC
- b) not avail ITC on the said tax component
- c) avail 100% ITC of the said tax component
- d) avail only 25% of the said tax component as ITC

Question 3

MTP March 22

Ganesh Traders, engaged in manufacturing of taxable as well as exempt goods, purchased a machinery worth ₹ 17,70,000 (₹ 15,00,000 plus ₹ 2,70,000 GST). It capitalized full amount including taxes in the books of accounts and claimed depreciation on it as per provisions of the Income Tax Act, 1961. Compute the amount of ITC that can be claimed by Ganesh Traders?

- (a) ₹ 2,70,000
- (b) Zero
- (c) In proportion of taxable and exempt supply
- (d) By decreasing percentage points as prescribed

Question 4

MTP Sep'22

Medhavi Industries, engaged in manufacturing of taxable goods, purchased cars for official use of its employees. Amount of GST paid on purchase of the cars amounted to ₹ 2,80,000. It also availed outdoor catering services for a marketing event organised for its prospective customers. Amount of GST paid on said services was ₹18,000. Compute the total amount of ITC that can be claimed by Medhavi Industries.

- a) ₹ 2,98,000
- b) ₹618,000
- c) ₹2,80,000
- d) Nil

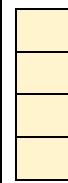


Question 5

MTP Oct'22

ITC on is not blocked.

- a) trucks purchased by a company for transportation of its finished goods
- b) aircraft purchased by a manufacturing company for official use of its CEO
- c) general insurance taken on a car used by employees of a manufacturing company for official purposes
- d) cars purchased by a manufacturing company for official use of its employees

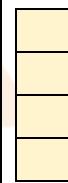
**Question 6**

MTP March '23, RTP Nov'21

PZY Ltd. is engaged in manufacturing of motor car. The company paid following amount of GST to its suppliers against the invoices raised to it. Compute the amount of ineligible input tax credit under GST law:-

| S. No. | Particulars | GST Paid (₹) |
|--------|---|--------------|
| 1. | General insurance taken on cars manufactured by PZY Ltd. | 1,00,00,000 |
| 2. | Buses purchased for transportation of employees (Seating capacity 23) | 25,00,000 |
| 3. | Life and health insurance for employees under statutory obligation | 6,00,000 |
| 4. | Outdoor catering in Diwali Mela organized for employees | 3,50,000 |

- (a) ₹ 9,50,000
- (b) ₹ 3,50,000
- (c) ₹ 1,31,00,000
- (d) ₹ 28,50,000

**Question 7**

MTP April '23, RTP Nov'20

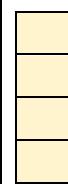
Mr. Raghu avails services of Mr. Raja, a Chartered Accountant, as under-

- (i) Audit of financial accounts of Mr. Raghu ₹ 55,000
- (ii) Tax audit and annual accounts filing of Mr. Raghu ₹ 10,000
- (iii) Income-tax return filing of Mr. Raghu 's wife (salaried-return) ₹ 5,000

All the above amounts are exclusive of taxes and the applicable rate of GST on these services is 18%.

The accountant of Mr. Raghu has booked the entire expenses of ₹ 70,000 plus GST in the books of account. Mr. Raghu is eligible to take input tax credit of -

- a) ₹ 13,500
- b) ₹ 11,700
- c) ₹ 9,900
- d) ₹ 1,800



Question 8

MTP April '23, RTP Nov '20

TT Pvt. Ltd., registered in Rajasthan, furnished following information for the month of June:

- Inter-State sale of goods for ₹ 1,25,000 to JJ Enterprises registered in Haryana
- Inter-State purchases of goods from XYZ company, registered in Punjab, for ₹ 40,000
- Intra-State purchases of goods from RR Traders, registered in Rajasthan, for ₹ 65,000

All the above amounts are exclusive of taxes. The applicable rates of CGST, SGST and IGST are 9%, 9% and 18% respectively on inward as well as outward supplies. There is no opening balance of ITC. GST liability payable in cash is-

- a) CGST ₹ 1,800 & SGST ₹ 1,800
- b) SGST ₹ 3,600
- c) IGST ₹ 3,600
- d) CGST ₹ 3,600

Question 9

RTP Nov '19

Calculate the amount of eligible input tax credit-

| S. No. | Particulars | GST paid (₹) |
|--------|---|--------------|
| 1. | A Mini bus having seating capacity of 15 persons (including driver) used for running on hire | 15,00,000 |
| 2. | Car having seating capacity of 8 people used for business purposes | 1,00,00,000 |
| 3. | Car having seating capacity of 4 persons used for imparting training on driving such car | 50,00,000 |
| 4. | Special purpose vehicle having seating capacity of 2 persons used for transportation of goods | 60,00,000 |

- a) ₹ 2,25,00,000/-
- b) ₹ 2,10,00,000/-
- c) ₹ 1,25,00,000/-
- d) ₹ 75,00,000/-

Question 10

RTP May '20

M/s. Comfortable (P) Ltd. is registered under GST in the State of Odisha. It is engaged in the business of manufacturing of iron and steel products. It has received IT engineering services from M/s. High-Fi Infotech (P) Ltd. for ₹ 11,00,000/- (excluding GST @ 18%) on 28-Oct-20XX. Invoice for service rendered was issued on 5-Nov-XX. M/s Comfortable (P) Ltd. made part-payment of ₹ 4,20,000/- on 30-Nov-XX. Being unhappy with service provided by M/s High-fi Infotech (P) Ltd., it did not make the balance payment. Deficiency in service rendered was made good by M/s High-Fi Infotech (P) Ltd. by 15-Feb-XY. M/s. Comfortable (P) Ltd. made payment of ₹ 3,00,000/- on 15-Feb-XY and balance payment was made on 6-June-20XY, i.e. after 180 days of issue of invoice.

Input tax credit available in respect of IT engineering services received from M/s. High-Fi Infotech (P) Ltd. in financial year 20XX-XY:

- a) ₹ 1,98,000/-
- b) Nil
- c) ₹ 64,068/-
- d) ₹ 1,09,831/-



| | |
|--|---|
| <p>Question 11</p> <p>Under which of the following situations, input tax credit will be available under GST law?</p> <p>(a) Cars purchased by a manufacturing company for official use of its employees. (b) Aircraft purchased by a manufacturing company for official use of its CEO. (c) General insurance taken on a car used by employees of a manufacturing company for official purposes. (d) Maintenance & repair services availed by a company for a truck used for transporting its finished goods.</p> | <p>CS Execu.</p> <div style="border: 1px solid black; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; font-size: 20px; font-weight: bold;">4</div> |
| <p>Question 12</p> <p>Which of the following statements is false?</p> <p>(a) ITC on works contracts services availed by a software company for construction of its office, is blocked. (b) ITC on works contract services availed by a manufacturing company for construction of pipelines to be laid outside its factory, is blocked. (c) ITC on goods and/or services used by an automobile company for construction of a foundation on which a machinery (to be used in the production process) is to be mounted permanently, is allowed. (d) ITC on works contract services availed by a consulting firm for repair of its office building is blocked provided the company has booked such expenditure in profit and loss account.</p> | <p>CS Execu.</p> <div style="border: 1px solid black; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; font-size: 20px; font-weight: bold;">4</div> |
| <p>Question 13</p> <p>If the goods are received in lots/installment.</p> <p>(a) 50% ITC can be taken on receipt of 1st instalment and balance 50% on receipt of last instalment (b) ITC can be availed upon receipt of last instalment (c) 100% ITC can be taken on receipt of 1st instalment. (d) Proportionate ITC can be availed on receipt of each lot/installment</p> | <p>CS Execu.</p> <div style="border: 1px solid black; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; font-size: 20px; font-weight: bold;">4</div> |
| <p>Question 14</p> <p>What is the time limit for taking ITC?</p> <p>(a) 180 days from the date of invoice (b) 1 year from the date of Invoice. (c) 20th October of the next financial year or the date of filing annual return whichever is earlier (d) No limit</p> | <p>CS Execu.</p> <div style="border: 1px solid black; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; font-size: 20px; font-weight: bold;">4</div> |
| <p>Question 15</p> <p>Input tax credit on capital goods can be availed in:</p> <p>(a) 36 Instalments (b) 12 Instalments (c) 1 Installment (d) 6 Instalments</p> | <p>CS Execu.</p> <div style="border: 1px solid black; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; font-size: 20px; font-weight: bold;">4</div> |



Question 16

CS Execu.

Banking company or Financial Institution have an option of claiming:

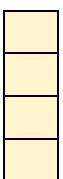
- (a) Eligible Credit or 50% credit of the tax paid on inputs, input services and capital goods
- (b) Only 50% Credit
- (c) Only Eligible credit
- (d) Eligible credit and 50% credit of the tax paid on inputs, input services and capital goods

**Question 17**

CS Execu.

In case of Compulsory registration, input tax credit can be availed on—

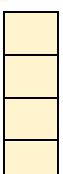
- (a) credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act provided application for registration is filed within 30 days from the due date
- (b) on stocks held on the day immediately preceding the date of grant of registration under the provisions of this Act.
- (c) on stocks held on the day immediately preceding the date of application of registration under the provisions of this Act.
- (d) None of the above

**Question 18**

CS Execu.

ITC is allowed only on those goods and / or Services which are intended for making :

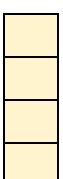
- (a) Taxable Supplies
- (b) Zero Rated Supplies
- (c) Both taxable supplies and zero-rated supplies
- (d) Even on Taxable Inward Supply and Non- Taxable Local or Interstate Supplies

**Question 19**

CS Execu.

The unutilized ITC in the electronic ITC Ledger will be allowed to a new entity on business as a whole transfer, merger, demerger, amalgamation and on lease if the transfer deed provides for:

- (a) Transfer of all the Assets of the Existing Business Concern
- (b) Transfer of all the Liabilities of the Existing Business Concern
- (c) Transfer of both Assets and Liabilities of the existing business concern including credit on Electronic Cash Ledger
- (d) Any of the Above

**Answers**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----|
| a | b | b | d | a | b | b | c | c | a |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | |
| d | d | b | c | c | a | a | c | c | |



CA VIVEK GABA



Chapter 9: Registration

Descriptive Questions

Easy

Question 1

MTP Oct'19

What could be the liabilities (in so far as registration is concerned) on transfer of a business?

2 Marks

Answer:

The transferee or the successor shall be liable to be registered with effect from such transfer or succession and he will have to obtain a fresh registration with effect from the date of such transfer or succession.

Question 2

MTP Aug'18

Mr. Akash Malhotra of Gujarat often participates in the jewellery exhibition at Trade Fair in Delhi, which is organized every year in the month of February. Mr. Akash Malhotra applied for registration in January. The proper officer demanded an advance deposit of tax in an amount equivalent to the estimated tax liability of Mr. Akash Malhotra. You are required to examine whether any advance tax is to be paid by Mr. Akash Malhotra at the time of obtaining registration? 4 Marks

Answer:

Yes, advance tax is to be paid by Mr. Akash Malhotra at the time of obtaining registration. Since Mr. Akash Malhotra occasionally undertakes supply of goods in the course or furtherance of business in a state where he has no fixed place of business, thus he qualifies as casual taxable person in terms of section 2(20) of CGST Act, 2017. While a normal taxable person does not have to make any advance deposit of tax to obtain registration, a casual taxable person shall, at the time of submission of application for registration is required, in terms of section 27(2) read with proviso thereto, to make an advance deposit of tax in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought. If registration is to be extended beyond the initial period of 90 days, an advance additional amount of tax equivalent to the estimated tax liability is to be deposited for the period for which the extension beyond 90 days is being sought.

Question 3

MTP March 22

What is the validity period of the registration certificate issued to a casual taxable person and non-resident taxable person? 5 Marks

Answer:



In terms of section 27(1) of the CGST Act, 2017 read with proviso thereto, the certificate of registration issued to a "casual taxable person" or a "non-resident taxable person" shall be valid for a period specified in the application for registration or 90 days from the effective date of registration, whichever is earlier. However, the proper officer, at the request of the said taxable person, may extend the validity of the aforesaid period of 90 days by a further period not exceeding 90 days.

Question 4**MTP April 22, MTP Aug'18**

Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled? 5 Marks

Answer:

Yes, as per section 29(5) of the CGST Act, 2017, every registered person whose registration is cancelled shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher.

Question 5**MTP March '23, MTP May'20, MTP Oct'19**

Determine the effective date of registration in following cases:

- The aggregate turnover of Dhampur Footwear Industries of Delhi has exceeded the applicable threshold limit of ₹ 40 lakh on 1st September. It submits the application for registration on 20th September. Registration certificate is granted to it on 25th September.**
- Mehta Teleservices is an architect in Lucknow. Its aggregate turnover exceeds ₹ 20 lakh on 25th October. It submits the application for registration on 27th November. Registration certificate is granted to it on 5th December. 6 Marks**

Answer:

- Every supplier becomes liable to registration if his turnover exceeds the applicable threshold limit [₹ 40 lakh in this case] in a financial year. Since in the given case, the turnover of Dhampur Industries exceeded ₹ 40 lakh on 1st September, it becomes liable to registration on said date. Further, since the application for registration has been submitted within 30 days from such date, the registration shall be effective from the date on which the person becomes liable to registration. Therefore, the effective date of registration is 1st September.**
- Since in the given case, the turnover of Mehta Teleservices exceeds the applicable threshold limit [₹ 20 lakhs] on 25th October, it becomes liable to registration on said date.**

Further, since the application for registration has been submitted after 30 days from the date such person becomes liable to registration, the registration shall be effective from the date of grant of registration. Therefore, the effective date of registration is 5th December.



Question 6

M/s Siya Ram is a trader of decorative items in Hauz Khas, Delhi. His aggregate turnover exceeded ₹ 20 lakh in the month of October, 20XX. He applied for registration on GST portal, but missed to submit the details of his bank account. His tax consultant advised him that prior submission of bank details is mandatory to obtain registration. Examine whether the advice of Mr. Siya Ram's tax consultant is correct.

Answer:

The advice of Mr. Siya Ram's consultant that prior submission of bank details is mandatory to obtain registration is no more valid in law.

A new rule 10A has been inserted in the CGST Rules, 2017 vide Notification No. 31/2019 CT dated 28.06.2019 which allows the registered person to furnish information with respect to details of bank account, or any other information, as may be required on the common portal in order to comply with any other provision, soon after obtaining certificate of registration and a GSTIN, but not later than 45 days from the date of grant of registration or the date on which the return required under section 39 is due to be furnished, whichever is earlier.

This relaxation is however not available for those who have been granted registration as TDS deductor/ TCS collector under rule 12 or who have obtained suo-motu registration under rule 16.

Question 7

Briefly enumerate the contraventions which make a registered person liable to cancellation of registration, as prescribed under rule 21 of the CGST Rules, 2017.

Answer:

Rule 21 of the CGST Rules, 2017 prescribes the contraventions which make a registered person liable to cancellation of registration. As per said rule, the registration granted to a person is liable to be cancelled, if the said person -

- does not conduct any business from the declared place of business.
- issues invoice/bill without supply of goods/services in violation of the provisions of this Act, or the rules made thereunder.
- violates the provisions of section 171 of the CGST Act. Section 171 contains provisions relating to anti-profiteering measure.
- violates the provision of rule 10A of the CGST Rules relating to furnishing of bank account details.
- avails input tax credit in violation of the provisions of section 16 of the CGST Act or the rules made thereunder.
- furnishes the details of outward supplies in Form GSTR-1 under section 37 of the CGST Act for one or more tax periods which is in excess of the outward supplies declared by him in his valid return under section 39 for the said tax periods being a registered person required to file return under section 39(1) of the CGST Act for each month or part thereof (i.e. monthly return filer), has not furnished returns for a continuous period of 6 months being a registered person required to file return under proviso to section 39(1) of the CGST Act for each quarter or part thereof (i.e. quarterly return filer), has not furnished returns for a continuous



period of 2 tax periods.

Question 8

PYQ July'21

Examine the following cases and explain with reasons whether the supplier of goods is liable to get registered in GST:

- (i) Krishna of Himachal Pradesh is exclusively engaged in intra-State taxable supply of readymade suits. His turnover in the current financial year from Himachal Pradesh showroom is ` 25 lakh. He has two more showrooms one in Manipur & another in Sikkim with a turnover of ` 15 lakh and ₹18 lakh respectively in the current financial year.
- (ii) Ankit of Telangana is exclusively engaged in intra-State taxable supply of footwears. His aggregate turnover in the current financial year is ` 25 lakh.
- (iii) Aakash of Uttar Pradesh is exclusively engaged in intra-State supply of pan masala. His aggregate turnover in the current financial year is ` 30 lakh. **5 Marks**

Answer:

Every person engaged in making a taxable supply is required to obtain registration if his aggregate turnover exceeds ₹20 lakh in a financial year. An enhanced threshold limit for registration of ₹40 lakh is available to persons engaged exclusively in intra-State supply of goods in specified States.

1. The applicable threshold limit for registration gets reduced to ₹10 lakh in case a person is engaged in making taxable supply from a Special Category State. Since Krishna is making taxable supply from Manipur - a Special Category State, the applicable threshold limit will get reduced to ₹10 lakh. Thus, it is liable to be registered under GST as its aggregate turnover exceeds the said threshold limit.
2. Since Ankit is exclusively engaged in intra-State supply of goods in Telangana, which is not a specified State for enhanced threshold limit, the applicable threshold limit for registration is ₹20 lakh. Thus, Ankit is liable to be registered under GST as its aggregate turnover exceeds the said threshold limit.
3. Though the enhanced threshold limit for registration of ` 40 lakh is available to Uttar Pradesh, the same will not be applicable if the person is engaged in supply of pan masala. In view of the same, the applicable threshold limit for Aakash is ` 20 lakh. Thus, it is liable to be registered under GST as its aggregate turnover exceeds the said threshold limit.

Question 9

PYQ Jan'21

Under the provision of section 29(1) of CGST Act, 2017 read with rule 21A of CGST Rules, 2017 related to suspension of registration if the registered person has applied for cancellation of registration, what is the period and manner of suspension of registration on? **5 Marks**

Answer:

Where a registered person has applied for cancellation of registration, the registration shall be deemed to be suspended from:

- a) the date of submission of the application or
- b) the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration.



Such person shall not make any taxable supply during the period of suspension and shall not be required to furnish any return.

The expression "shall not make any taxable supply" mean that the registered person shall not issue a tax invoice and, accordingly, not charge tax on supplies made by him during the suspension period.

Question 10

PYQ Jan'21

Explain the circumstances under which proper officer can cancel the registration on his own of a registered person under CGST Act, 2017. **5 Marks**

Answer:

The circumstances under which proper officer can cancel the registration on his own of a registered person under the CGST Act, 2017 are as under: -

- (i) A registered person has contravened any of the following prescribed provisions of the GST law:
 - a) He does not conduct any business from the declared place of business.
 - b) He issues invoice/bill without supply of goods/services in violation of the provisions of GST law.
 - c) He violates the provisions of anti-profiteering.
 - d) He violates the provisions relating to furnishing of bank details.
- (ii) A person paying tax under composition levy has not furnished returns for 3 consecutive tax periods.
- (iii) A registered person paying tax under regular scheme has not furnished returns for continuous period of 6 months.
- (iv) Voluntarily registered person has not commenced the business within 6 months from the date of registration.
- (v) Registration was obtained by means of fraud, willful misstatement or suppression of facts.

Question 11

PYQ Nov'19

Explain the registration requirements under GST law in the following independent cases:

- (i) Mr. Ahmad of Jammu engaged in the business of supplying tobacco-based Pan Masala with an aggregate turnover of ` 24 lacs.
- (ii) Mr. Lepta of Mizoram is engaged in the supply of papers with an aggregate turnover of ` 13 lacs.

Will your answer be different if Mr. Lepcha is located in Meghalaya? **5 Marks**

Answer:

(i) A person is eligible for enhanced threshold limit of ₹40 lakh in the State of Jammu and Kashmir if he is engaged exclusively in intra-State supply of goods.

However, the enhanced threshold limit is not applicable if the person is engaged, inter alia, in the supply of pan masala and all goods of chapter 24 i.e. Tobacco and manufactured tobacco substitutes. In that case, the normal threshold limit of ₹20 lakh will be applicable.

In view of said provisions, in the given case, Mr. Ahmad is liable to register since his aggregate turnover (₹24 lakh) exceeds the applicable threshold limit for registration of ₹20 lakh.



(ii) The enhanced threshold limit of ₹40 lakh as applicable to a person engaged exclusively in intra-State supply of goods, is not applicable to Mizoram [a specified Special Category State]. Instead, a lower threshold limit of ₹10 lakh for registration is applicable for Mizoram.

Thus, in the given case, Mr. Lepcha of Mizoram is liable to register since his aggregate turnover (₹13 lakh) exceeds the applicable threshold limit for registration of ₹10 lakh. The enhanced threshold limit of ₹40 lakh is also specifically not applicable in the State of Meghalaya.

Instead, the normal threshold limit of ₹20 lakh for registration is applicable to it. Therefore, if Mr. Lepcha is located in Meghalaya, he is not liable to register since his aggregate turnover (₹13 lakh) does not exceed the applicable threshold limit for registration of ₹20 lakh.

Question 12

PYQ May'19

State with brief reason, whether following suppliers of taxable goods are required to register under the GST Law:

(i) Mr. Raghav is engaged in wholesale cum retail trading of medicines in the State of Assam. His aggregate turnover during the financial year is ₹9,00,000 which consists of ₹8,00,000 as Intra-State supply and ₹1,00,000 as Inter-State supply.

(ii) Mr. S.N Gupta of Rajasthan is engaged in trading of taxable goods on his own account and also acting as an agent of Mr. Rishi of Delhi. His turnover in the financial year 2023-24 is of ₹12 lakhs on his own account and ₹9 lakhs on behalf of principal. Both turnovers are Intra -State supply.

4 Marks

Answer:

(i) Person making any inter-State taxable supply of goods is required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover. Thus, in the given case Mr. Raghav is required to obtain registration compulsorily under GST laws even though his aggregate turnover does not exceed the threshold limit of ₹ 10 lakh [since Assam is a Special Category State] in the financial year.

(ii) Persons who make taxable supply of goods on behalf of other taxable persons whether as an agent or otherwise are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover. Aggregate turnover includes all supplies made by the taxable person, whether on his own account or made on behalf of all his principals.

Since Mr. S.N Gupta is also acting as an agent of Mr. Rishi of Delhi, he is required to obtain registration compulsorily under GST laws.

Question 13

PYQ Nov'18

Registration under the CGST Act, 2017 can be cancelled by the proper officer, if the voluntarily registered person has not commenced the business within three months from the date of registration. **1.5 Marks**

Answer:

The said statement is False.

Registration under the CGST Act, 2017 can be cancelled by the proper officer, if the



voluntarily registered person has not commenced the business within six months from the date of registration.

Question 14

PYQ Nov'18, MTP April'19

State the persons who are not liable for registration as per provisions of Section 23 of Central Goods and Service Tax Act, 2017. 5 Marks

Answer:

As per provisions of Section 23 of CGST Act, 2017, the persons who are not liable for registration are as under-

- (i) Person engaged exclusively in supplying goods/services/both that are wholly exempt from tax.
- (ii) Person engaged exclusively in supplying goods/services/both that are not liable to tax.
- (iii) Agriculturist to the extent of supply of produce out of cultivation of land.
- (iv) Persons only engaged in making supplies of taxable goods or services or both liable to reverse charge.
- (v) Persons making inter-State supplies of taxable services up to an aggregate turnover of ₹20 lakh (₹10 lakh in case of special category States except Jammu and Kashmir).
- (vi) Casual Taxable Persons making taxable supplies of specified handicraft goods up to an aggregate turnover of ₹20 lakh (₹10 lakh in case of special category States except Jammu and Kashmir) subject to specified conditions.
- (vii) Persons making inter-State supplies of specified handicraft goods up to an aggregate turnover of ₹20 lakh (₹10 lakh in case of special category States except Jammu and Kashmir) subject to specified conditions.
- (viii) Job workers making inter-State supply of services to a registered person up to an aggregate turnover of ₹20 lakh (₹10 lakh in case of special category States except Jammu and Kashmir) subject to specified conditions.
- (ix) Persons making supplies of services through an electronic commerce operator (other than supplies specified under section 9(5) of the CGST Act) up to an aggregate turnover of ₹20 lakh (₹10 lakh in case of special category States except Jammu and Kashmir).

Question 15

May'18, MTP Oct'18

Determine the effective date of registration in the following instances:

The aggregate turnover of Madhu Ltd., engaged in taxable supply of services in the state of Punjab, exceeded ₹ 20 lakh on 25th August, 2023. It applies for registration on 19th September, 2023 and is granted registration certificate on 29th September, 2023.

What will be your answer, if in the above scenario, Madhu Ltd. submits the application for registration on 27th September, 2023 and is granted registration on 5th October, 2023? 4 Marks

Answer:

A supplier whose aggregate turnover in a financial year exceeds ₹ 20 lakh in a State/UT [₹10 lakh in Special Category States except Jammu and Kashmir] is liable to apply for registration within 30 days from the date of becoming liable to registration (i.e., the date of crossing the



threshold limit of ` 20 lakh/` 10 lakh).

Where the application is submitted within the said period, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

In the given case, the applicable turnover limit for registration will be ` 20 lakh as Punjab is not a Special Category State.

- (i) Since Madhu Ltd. applied for registration within 30 days of becoming liable to registration, the effective date of registration is 25th August, 2023.
- (ii) In this case, since Madhu Ltd. applies for registration after the expiry of 30 days from the date of becoming liable to registration, the effective date of registration is 5th October, 2023.

Question 16

PYQ May'19

Answer the following questions with respect to casual taxable person under the CGST Act, 2017:

Who is a casual taxable person?

Can a casual taxable person opt for the composition scheme?

- (i) When is the casual taxable person liable to get registered?
- (ii) What is the validity period of the registration certificate issued to a casual taxable person?
- (iii) Can the validity of registration certificate issued to a casual taxable person be extended? If yes, what will be the period of extension. **5 Marks**

Answer:

- (i) Casual taxable person means a person who occasionally undertakes transactions involving supply of goods and/or services in the course or furtherance of business, whether as principal, agent or in any other capacity, in a State/UT where he has no fixed place of business.
- (ii) No, a casual taxable person cannot opt for the composition scheme.
- (iii) A casual taxable person (CTP) is liable to obtain registration compulsorily under GST laws, at least 5 days prior to commencement of business.

However, threshold limit of ` 20 lakh (` 10 lakh in case of Special Category States other than Jammu & Kashmir) is available in case of CTP making taxable supplies of specified handicraft goods.

- (iv) The registration certificate issued to a casual taxable person will be valid for:
 - a) the period specified in the registration application, or
 - b) 90 days from the effective date of registration whichever is earlier.
- (v) Yes, the validity of registration certificate issued to a casual taxable person can be extended. It can be extended by a further period not exceeding 90 days.

Question 17

PYQ May'22

State any five circumstances under which the proper officer can cancel the registration on his own under the CGST Act, 2017. **5 Marks**

Answer:

Answer to Alternative

Circumstances under which the proper officer can cancel the registration on his own

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under the CGST Act, 2017:

(i) A registered person has contravened any of the following prescribed provisions of the GST law:

- he does not conduct any business from the declared place of business.
- he issues invoice/bill without supply of goods/services in violation of the provisions of GST law.
- he violates the provisions of anti-profiteering.
- he violates the provisions relating to furnishing of bank details.
- he avails ITC in violation of the provisions of the GST law.
- furnishes the details of outward supplies in GSTR-1 for one or more tax periods which is in excess of the outward supplies declared by him in his valid return for the said tax periods.
- he violates the provision relating to restrictions on use of amount available in electronic credit ledger

(ii) A person paying tax under composition levy has not furnished returns for 3 consecutive tax periods.

(iii) A registered person paying tax under regular scheme has not furnished returns for continuous period of 6 months.

(iv) Voluntarily registered person has not commenced the business within 6 months from the date of registration.

(v) Registration was obtained by means of fraud, wilful misstatement or suppression of facts.

Question 18

PYQ Nov '22

Answer the following, after reading the below given paragraph:

- Briefly discuss the relevant provision decide the correct conclusion and
- Determine the validity of the given advice (Correct/Incorrect)

Dharun provides service as a business facilitator to Zio Bank Limited by facilitating in opening of bank accounts to villagers in its rural branches in Punjab and earned a commission of ₹ 22 lakh in the month of April, 2022. So far he is not registered under GST. Dharun's tax consultant advised him that he is liable for registration under GST as his gross receipts exceeded ₹ 20 lakh. Dharun has no other receipt/ business activity other than the above. **2 Marks**

Answer:

Services by a business facilitator to a banking company with respect to accounts in its rural area branch is exempt from GST.

Since in the given case, Dharun is engaged exclusively in providing the exempt services, it is not liable to obtain registration even though his aggregate turnover exceeds ₹ 20 lakh.

Thus, the advice given by his tax consultant is not correct.

Question 19

PYQ Nov '23

Explain the procedure for revocation of cancellation of registration where the registration of a person is cancelled suo-motu by the proper officer as per the provisions of CGST Act, 2017.

5 Marks

Answer:



Registration

Where the registration of a person is cancelled *suo-motu* by the proper officer, such registered person may apply for revocation of the cancellation of registration to such proper officer, within 30 days (or within extended time period) from the date of service of the order of cancellation of registration.

If the proper officer is satisfied that there are sufficient grounds for revocation of cancellation, he may revoke the cancellation of registration, by an order within 30 days of receipt of application and communicate the same to applicant.

Otherwise, he may reject the revocation application. However, before rejecting the application, he has to first issue SCN to the applicant who shall furnish the clarification within 7 working days of service of SCN.

The proper officer shall dispose the application (accept/reject the same) within 30 days of receipt of clarification.

Moderate

Question 1

MTP Apr'19

Determine the effective date of registration under CGST Act in respect of the following cases with proper explanation:

The aggregate turnover of Varun Industries of Mumbai has exceeded ₹ 40 lakh on 1st August. Varun Industries manufactures LED TVs in Mumbai and sells them in Pune. It submits the application for registration on 20th August. Registration certificate granted on 25th August.

Sweta InfoTech Services is the provider of internet services in Pune. Its aggregate turnover exceeds ₹ 20 lakh on 25th September. It submits the application for registration on 27th October. Registration certificate is granted on 5th November. **4 Marks**

Answer:

As per section 22 read with Notification No. 10/2019 CT dated 07.03.2019, 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 States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) ₹ 40 lakh for rest of India. However, the higher threshold limit of ₹ 40 lakh is not available to 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. The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:
 - ₹ 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
 - ₹ 20 lakh for the rest of India.

As per rule 10, where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person

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becomes liable to registration; otherwise, it is the date of grant of registration. In the light of the above provisions, in the given cases, the applicable turnover limit for registration will be ₹ 40 lakh and ₹ 20 lakh respectively in case (i) and (ii).

1. Since Varun Industries applied for registration within 30 days of becoming liable to registration, the effective date of registration is 1st August.
2. Since Sweta InfoTech Services applied for registration after the expiry of 30 days from the date of becoming liable to registration, the effective date of registration is 5th November.

Question 2

MTP April'21

Examine whether the supplier is liable to get registered in the following independent cases: -

- (i) Audi of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is Rs. 25 lakhs.
- (ii) Atri of Assam is engaged in intra-State supply of both taxable goods and services. His aggregate turnover in the current financial year is Rs. 30 lakhs. **6 Marks**

Answer:

As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, 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 taxable supply of services or supply of both goods and services is as under: -

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

1. Though Audi is dealing in Assam, he is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusively supply of goods and he is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is Rs. 20 lakhs and hence, Audi is liable to get registered under GST.
2. Since Atri is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in his case is Rs. 20 lakhs. Thus, Atri is liable to get registered under GST as his turnover is more than the threshold limit.

Question 3

MTP March'18

Tirupati Box Manufacturing Co. started manufacturing corrugated boxes in Andhra Pradesh on 25.01.20XX. On 06.05.20XX, its aggregate turnover exceeded ₹ 10 lakh and on 01.11.20XX, its aggregate turnover exceeded ₹ 20 lakh. It applied for registration on 28.11.20XX and is granted registration certificate on 05.12.20XX. Determine the effective date of registration elaborating the relevant provisions. **4 Marks**

Answer:

As per section 22 of the CGST Act, a supplier is liable to be registered in the State/ Union territory from where he makes a taxable supply of goods or services or both, if his aggregate



turnover in a financial year exceeds ₹ 20 lakh [₹ 10 lakh in case of special category States except Jammu and Kashmir] (**As per amendment 40 Lakhs**), within 30 days from the date on which it becomes so liable to registration. Where an applicant submits application for registration within 30 days from the date he becomes liable to registration, effective date of registration is the date on which he becomes liable to registration otherwise it is the date of grant of registration.

In the given case, threshold limit of registration for Tirupati Box Manufacturing Co. is ₹ 20 lakh as it is engaged in making taxable supplies from Andhra Pradesh. The aggregate turnover of Tirupati Box Manufacturing Co. exceeded ₹ 20 lakh (**As per amendment 40 Lakhs**) on 01.11.20XX. Thus, it is liable to get registered by 01.12.20XX [30 days] in the State of Andhra Pradesh. Since Tirupati Box Manufacturing Co. applied for registration on 28.11.20XX i.e. before the expiry of 30 days from the date on which it becomes so liable to registration, the effective date of registration in its case is 01.11.20XX.

Question 4

MTP April'19

The aggregate turnover of Priyank Services Ltd. exceeded Rs. 20 lakh on 12th August. He applied for registration on 3rd September and was granted the registration certificate on 6th September. You are required to advise Priyank Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices. **6 Marks**
(Also includes concepts from Tax Invoice, Credit & Debit Note, E-way Bill)

Answer:

As per section 25 read with CGST Rules, 2017, where an applicant submits application for registration within 30 days from the date, he becomes liable to registration, effective date of registration is the date on which he becomes liable to registration. Since, Priyank Services Ltd.'s turnover exceeded Rs. 20 lakhs on 12th August, it became liable to registration on same day.

Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is the date on which he becomes liable to registration, i.e. 12th August. As per section 31 read with CGST Rules, 2017, every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue Revised Tax Invoices. Revised Tax Invoices shall be issued within 1 month from the date of issuance of certificate of registration. Revised Tax Invoices shall be issued within 1 month from the date of issuance of registration in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration.

Therefore, in the given case, Priyanka Services Ltd. has to issue the Revised Tax Invoices in respect of taxable supplies effected during the period starting from the effective date of registration (12th August) till the date of issuance of certificate of registration (6th September) within 1 month from the date of issuance of certificate of registration, i.e. on or before 6th October.



Question 5

Examine whether the supplier of goods is liable to get registered in the following independent cases: -

- (ii) Aryabhatt of Assam is exclusively engaged in intra-State taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is ₹ 12 lakh. He has another showroom in Manipur with a turnover of ₹ 11 lakh in the current FY. (Sep'22)
- (iii) Bharat of Panjim, Goa is exclusively engaged in intra-State taxable supply of shoes. His aggregate turnover in the current financial year is ₹ 22 lakh. (Sep'22)
- (iv) Vikramaditya of Himachal Pradesh is exclusively engaged in intra-State supply of bricks of fossil meals. His aggregate turnover in the current financial year is ₹ 24 lakh. **6 Marks**

Answer:

A supplier is liable to get 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 fly ash bricks/blocks, building bricks, bricks of fossil meals, earthen/roofing tiles, ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.

In the light of the afore-mentioned provisions, the answer to the independent cases is as under:-

1. Aryabhatt is eligible for enhanced threshold limit of turnover for registration, i.e. ₹ 40 lakh as he is exclusively engaged in intra-State supply of goods. However, since Aryabhatt is engaged in supplying readymade garments from a specified Special Category State i.e. Manipur also, the threshold limit gets reduced to ₹ 10 lakh.

Thus, Aryabhatt is liable to get registered under GST as his turnover exceeds ₹ 10 lakh. Further, he is required to obtain registration in both Assam and Manipur as he is making taxable supplies from both the States.

2. The applicable threshold limit for registration for Bharat in the given case is ₹ 40 lakh as he is exclusively engaged in intra-State taxable supply of goods in Goa. Thus, he is not liable to get registered under GST as his turnover is less than the applicable threshold limit.
3. Vikramaditya being exclusively engaged in supply of bricks of fossil meals is not eligible for enhanced threshold limit of ₹ 40 lakh. The applicable threshold limit for registration in this case is ₹ 20 lakh. Thus, Vikramaditya is liable to get registered under GST as his aggregate turnover exceeds the threshold limit for registration.



Question 6

The aggregate turnover of Sangri Services Ltd., Delhi, exceeded ₹ 20 lakhs on 12th August. He applied for registration on 3rd September and was granted the registration certificate on 6th September. You are required to advise Sangri Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices. **6 Marks**

Answer:

As per section 25 read with CGST Rules, 2017, where an applicant submits application for registration within 30 days from the date, he becomes liable to registration, effective date of registration is the date on which he becomes liable to registration. Since, Sangri Services Ltd.'s turnover exceeded ₹ 20 lakhs on 12th August, it became liable to registration on same day. Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is the date on which he becomes liable to registration, i.e. 12th August.

As per section 31 read with CGST Rules, 2017, every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue Revised Tax Invoices. Revised Tax Invoices shall be issued within 1 month from the date of issuance of certificate of registration. Revised Tax Invoices shall be issued within 1 month from the date of issuance of registration in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration.

Therefore, in the given case, Sangri Services Ltd. has to issue the Revised Tax Invoices in respect of taxable supplies effected during the period starting from the effective date of registration (12th August) till the date of issuance of certificate of registration (6th September) within 1 month from the date of issuance of certificate of registration, i.e. on or before 6th October taxable supplies effected during the period starting from the effective date of registration (12th August) till the date of issuance of certificate of registration (6th September) within 1 month from the date of issuance of certificate of registration, i.e. on or before 6th October.

Question 7

RTP Nov '21

Examine whether the liability to register compulsorily under section 24 of the CGST Act, 2017 arises in each of the independent cases mentioned below:

- Heera, a supplier in Haryana, is exclusively engaged in supply of potatoes produced out of cultivation of his own land, within Haryana and also outside Haryana.
- Aanya of Telangana is exclusively engaged in intra-State supply of toys. Its aggregate turnover in the current financial year is ₹ 22 lakh.

Answer:

- Section 24 of the CGST Act, 2017 provides that persons making any inter-State taxable supply of goods are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover. However, as per section 23 of the CGST Act, 2017, an agriculturist, to the extent of supply of produce out of cultivation of land, is

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not liable to registration. Heera is exclusively engaged in cultivation and supply of potatoes. Thus, he is not liable to registration irrespective of the fact that he is engaged in making inter -State supply of goods. Further, Heera will not be liable to registration, in the given case, even if his turnover exceeds the threshold limit.

(ii) As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, 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: -

- ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- ₹ 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- ₹ 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.

Since Aanya is making taxable supplies from Telangana, she will not be eligible for higher threshold limit available in case of exclusive supply of goods. The applicable threshold limit for registration for Aanya in the given case is ₹ 20 lakh. Thus, she is liable to get registered under GST.

Question 8

RTP Nov'22

Examine whether the supplier of goods is liable to get registered in the following independent cases:

- Rudra Builders of Rohini, Delhi is exclusively engaged in intra-State taxable supply of building bricks. Its aggregate turnover in the current financial year is ₹ 23 lakh.
- Heera of Himachal Pradesh is exclusively engaged in intra-State taxable supply of footwear. His turnover in the current financial year (FY) from Himachal Pradesh showroom is ₹ 32 lakh. He has another showroom in Nagaland with a turnover of ₹ 11 lakh in the current FY.

Answer:

As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to get 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:-

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



In the light of the afore-mentioned provisions, the answer to the independent cases is as under:

- (i) The benefit of enhanced threshold limit of registration of ₹ 40 lakh is not applicable for Rudra's brothers even though it is exclusively engaged in intra-State taxable supply of goods in Delhi as it is engaged in making supplies of building bricks. Thus, the applicable threshold limit for registration for Rudra Builders in the given case is ₹ 20 lakh. Thus, it is liable to get registered under GST as its turnover is more than the threshold limit.
- (ii) Heera could have been eligible for enhanced threshold limit of turnover for registration, i.e. ₹ 40 lakh as he is exclusively engaged in intra-State supply of goods. However, since Heera is engaged in supplying footwear from a Special Category State i.e. Nagaland, the threshold limit gets reduced to ₹ 10 lakh. Thus, Heera is liable to get registered under GST as his turnover exceeds ₹ 10 lakh. Further, he is required to obtain registration in both Himachal Pradesh and Nagaland as he is making taxable supplies from both the States.

Question 9

PYQ Nov'20

BBD Pvt. Ltd. of Gujarat exclusively manufactures and sells product 'Z' which is exempt from GST vide notifications issued under relevant GST legislations. The company sells 'Z' only within Gujarat and is not registered under GST laws. The turnover of the company in the previous year 2022-23 was ₹ 50 lakh. The company expects the sales to grow by 10% in the current year 2023-24. However, effective 01.01.2024, exemption available on 'Z' was withdrawn by the Central Government and GST@ 5% was imposed thereon. The turnover of the company for the nine months ended on 31.12.2023 was ₹ 42 lakh. BBD Pvt. Ltd. is of the opinion that it is not required to get registered under GST for current financial year 2019-20. Examine the above scenario and advise BBD Pvt. Ltd. whether it needs to get registered under GST or not.

4 Marks

Answer:

For a supplier exclusively engaged in intra-State supply of goods, the threshold limit of turnover to obtain registration in the State of Gujarat is ₹ 40 lakh. However, a person exclusively engaged in the business of supplying goods and/or services that are not liable to tax or are wholly exempt from tax is not liable to registration.

Therefore, since BBD Pvt. Ltd. was engaged exclusively in supplying exempted goods till 31.12.2023, it was not required to be registered till that day; though voluntary registration was allowed.

The position, however, will change from 01.01.2024 as the supply of goods become taxable from that day and the turnover of BBD Pvt. Ltd. is more than ₹ 40 lakh. Since the aggregate turnover limit of ₹ 40 lakh includes exempt turnover also, turnover of 'Z' till 31.12.2023 will be considered for determining the threshold limit even though the same was exempt from GST. Therefore, BBD Pvt. Ltd. needs to register within 30 days from 01.01.2024.

Question 10

PYQ Nov'18

Mr. Allan, a non-resident person, wishes to provide taxable supply of goods. He has no fixed place of business or residence in India. He seeks your advice on the following aspects, relating to CGST Act, 2017:



(i) When shall he apply for registration?

(ii) Is PAN mandatory for his registration?

(iii) What is the period of validity of RC granted to him?

Will he be able to extend the validity of his registration? If yes, what will be the period of extension? **5 Marks**

Answer:

(i) Mr. Allan, being a non-resident person, should apply for registration, irrespective of the threshold limit, at least 5 days prior to the commencement of business.

(ii) No, PAN is not mandatory for his registration. He has to submit a self-attested copy of his valid passport along with the application signed by his authorized signatory who is an Indian Resident having valid PAN.

However, in case of a business entity incorporated or established outside India, the application for registration shall be submitted along with its tax identification number or unique number on the basis of which the entity is identified by the Government of that country or its PAN, if available.

(iii) Registration Certificate granted to Mr. Allan will be valid for:

- Period specified in the registration application, or
- 90 days from the effective date of registration whichever is earlier.

(iv) Yes, Mr. Allan can get the validity of his registration extended. Registration can be extended further by a period not exceeding 90 days.

Question 11

PYQ Dec '21

Mr. Q, a casual taxable person of Gujarat state is a trader of taxable notified handicraft goods. It makes supplies to the states of Maharashtra, Rajasthan and Andhra Pradesh. Turnover for October is ₹18 Lakh.

(i) Explain the provisions of registration for casual taxable person under GST. Examine whether Mr. Q is liable for registration or not?

(ii) What will be the answer if Mr. Q makes trading in taxable notified products instead of taxable notified handicraft goods which involves 75% making on machine and 25% by hand? **5 Marks**

Answer:

1. A casual taxable person is required to obtain compulsory registration under GST irrespective of the quantum of its aggregate turnover.

However, a threshold limit of ₹20 lakh (₹10 lakh in case of specified Special Category States) is available for registration to a casual taxable person who:

- is making inter-State taxable supplies of notified handicraft goods and notified hand-made goods,
- is availing the benefit of exemption from registration available to inter-State supply of above-mentioned goods upto the aggregate turnover of ₹20 lakh (₹10 lakh in case of specified Special Category States), and
- has obtained a PAN and
- has generated an e-way bill.



In the given case, since Mr. Q is engaged in supplying notified handicraft goods and its aggregate turnover does not exceed ` 20 lakh, he will not be liable to registration provided he fulfills other conditions specified herein.

2. In case Mr. Q is engaged in trading of notified products which are predominantly made by machine, he will not be eligible for the exemption from registration under aforesaid provisions and needs to take compulsory (mandatory) registration. It has been assumed that Mr. Q has started supply of goods in October 2021 itself.

Question 12

PYQ Dec '21

Q Ltd. is engaged exclusively in supply of taxable goods from the following states. The particulars of intra-state supplies for the month of May are as follows:

| State | Turnover (₹) |
|----------------|--------------|
| Madhya Pradesh | 5,00,000 |
| Gujarat | 14,00,000 |
| Tripura | 12,00,000 |

Q Ltd. seeks to know whether it is liable for registration under GST. Give your explanation.

Will your answer be different if Q Ltd. supplies only petrol & diesel from Tripura instead of any other taxable goods? 4 Marks

Answer:

Every person engaged in making a taxable supply is required to obtain registration if his aggregate turnover exceeds ` 20 lakh in a financial year. An enhanced threshold limit for registration of ` 40 lakh is available to persons engaged exclusively in intra-State supply of goods in specified States. However, the applicable threshold limit for registration gets reduced to ` 10 lakh in case a person is engaged in making from supply a specified Special Category State provided such supply is a taxable supply.

1. Since Q Ltd. is making supply of taxable goods from Tripura - a specified Special Category State, the applicable threshold limit will get reduced to ₹10 lakh.

Thus, it is liable to be registered under GST as its aggregate turnover [` 31 lakh] exceeds the said threshold limit.

2. In case Q Ltd. is making supply of non-taxable goods [petrol and diesel] from Tripura, the applicable threshold limit will not be reduced to ` 10 lakh; enhanced threshold limit of ` 40 lakh will be applicable. Thus, it is not liable to be registered under GST as its aggregate turnover [` 31 lakh] does not exceed the said threshold limit.

It has been assumed that Q Ltd. is not engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa [2105 00 00], Pan masala [2106 90 20] and all goods of Chapter 24, i.e. Tobacco and manufactured tobacco substitutes



Difficulty

Question 1

MTP Nov'21 & Oct '23

Examine whether the supplier of goods is liable to get registered in the following independent cases:

- (i) Raghav of Assam is exclusively engaged in intra-State taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is ₹ 33 lakh. He has another showroom in Tripura with a turnover of ₹ 11 lakh in the current FY.
- (ii) Pulkit of Panjim, Goa is exclusively engaged in intra-State taxable supply of shoes. His aggregate turnover in the current financial year is ₹ 22 lakh.
- (iii) Harshit of Himachal Pradesh is exclusively engaged in intra-State supply of pan masala. His aggregate turnover in the current financial year is ₹ 24 lakh. **6 Marks**

Answer:

As per section 22 read with Notification No. 10/2019 CT dated 07.03.2019, 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.

In the light of the afore-mentioned provisions, the Answer to the independent cases is as under: -

- (i) Raghav is eligible for a higher threshold limit of turnover for registration, i.e. ₹ 40 lakh as he is exclusively engaged in intra-State supply of goods. However, since Raghav is engaged in supplying readymade garments from a Special Category State i.e. Tripura, the threshold limit gets reduced to ₹ 10 lakh. Thus, Raghav is liable to get registered under GST as his turnover exceeds ₹ 10 lakh. Further, he is required to obtain registration in both Assam and Tripura as he is making taxable supplies from both the States.
- (ii) The applicable threshold limit for registration for Pulkit in the given case is ₹ 40 lakh as he is exclusively engaged in intra-State taxable supply of goods in Goa. Thus, he is not liable to get registered under GST as his turnover is less than the threshold limit.
- (iii) Harshit being exclusively engaged in supply of pan masala is not eligible for higher threshold limit of ₹ 40 lakh. The applicable threshold limit for registration in this case is ₹ 20 lakh. Thus, Harshit is liable to get registered under GST.



Question 2

Examine whether the supplier is liable to get registered in the following independent cases: -

- (i) Happy Ltd. of Himachal Pradesh is exclusively engaged in intra-State supply of pan masala. It's aggregate turnover in the current financial year is ₹ 24 lakh.
- (ii) Kaki Ltd. of Assam is exclusively engaged in intra-State supply of taxable services. It's aggregate turnover in the current financial year is ₹ 25 lakh.
- (iii) Aarau Ltd. of Assam is engaged in intra-State supply of both taxable goods and services. It's aggregate turnover in the current financial year is ₹ 30 lakh. **6 Marks**

Answer:

As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, 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 of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- c) ₹ 40 lakh for rest of India. However, the higher threshold limit of ₹ 40 lakh is not available to persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masalas and Tobacco and manufactured tobacco substitutes.

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

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

In the light of the afore-mentioned provisions, the answer to the independent cases is as under: -

- (i) Happy Ltd. being exclusively engaged in supply of pan masala is not eligible for higher threshold limit of ₹40 lakh. The applicable threshold limit for registration in this case is ₹20 lakh. Thus, Happy Ltd. is liable to get registered under GST.
- (ii) Though Kaki Ltd. is dealing in Assam, it is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusive supply of goods while it is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is ₹ 20 lakh and hence, Kaki Ltd. is liable to get registered under GST.
- (iii) Since Aarau Ltd. is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in this case is ₹ 20 lakh. Thus, Aarau Ltd. is liable to get registered under GST as its turnover is more than the threshold limit.

Question 3

RTP May '18

Pure Oils, Delhi has started the supply of machine oils and high-speed diesel in the month of April, 20XX. The following details have been furnished by it for the said month:-

| Sr.No. | Particulars | ₹ |
|--------|---------------------------------|----------|
| (i) | Supply of machine oils in Delhi | 2,00,000 |



| | | |
|-------|--|----------|
| (ii) | Supply of high-speed diesel in Delhi | 4,00,000 |
| (iii) | Supply made through Fortis Lubricants - an agent of Pure Oils in Delhi | 3,75,000 |
| (iv) | Supply made by Pure Oils from its branch located in Punjab | 1,80,000 |

*Excluding GST

Determine whether Pure Oils is liable for registration. Will your answer change, if Pure Oils supplies machine oils amounting to ₹ 2,50,000 from its branch located in Himachal Pradesh in addition to the above-mentioned supplies?

Answer:

As per section 22 of the CGST Act, 2017, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds ₹ 20 lakh. *(As per amendment the Government may at the request of a State or recommendation of the Council enhance the aggregate turnover from 20 Lakhs to such an amount not exceeding 40 Lakhs in case of supplier who is exclusively engaged in the supply of goods subject to such conditions & limitations as may be notified)*

However, if such taxable supplies are made from any of the specified special category States, namely, States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand, he shall be liable to be registered if his aggregate turnover in a financial year exceeds ₹ 10 lakh. *(As per amendment the Government may at the request of a State or recommendation of the Council enhance the aggregate turnover from 10 Lakhs to such an amount not exceeding 20 Lakhs in case of supplier who is exclusively engaged in the supply of goods subject to such conditions & limitations as may be notified)*

As per section 2(6) of the CGST Act, 2017, aggregate turnover includes the aggregate value of:

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

The above 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'.

Further, the explanation to section 22 provides that the expression "aggregate turnover" shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals.

Section 9 of the CGST Act, 2017 provides that CGST is not leviable on five petroleum products i.e. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. As per section 2(47) of the CGST Act, 2017, exempt supply includes non-taxable supply. Thus, supply of high-speed diesel in Delhi, being a non-taxable supply, is an exempt supply and is, therefore, includable while computing the aggregate turnover.



In the backdrop of the above-mentioned discussion, the aggregate turnover for the month of April, 20XX is computed as under:

| S.No | Particulars | Amount(in ₹) |
|-------|---|--------------|
| (i) | Supply of machine oils in Delhi | 2,00,000 |
| (ii) | Add: Supply of high speed diesel in Delhi | 4,00,000 |
| (iii) | Add: Supply made through Fortis Lubricants - an agent of Pure Oils in Delhi | - |
| (iv) | Add: Supply made by Pure Oils from its branch located in Punjab | 1,80,000 |
| | Aggregate Turnover | 7,80,000 |

Since the aggregate turnover does not exceed ₹ 20 lakh (as per amendment 40 Lakh), Pure Oils is not liable to be registered.

If Pure Oils made supply of machine oils amounting to ₹ 2,50,000 from its branch in Himachal Pradesh in addition to the above supply, ~~then threshold limit of registration will be reduced to ₹ 10 lakh as Himachal Pradesh is one of the specified Special Category States. As per amendment the limit will be 40 Lakhs as mentioned below.~~

Aggregate Turnover in that case would be ₹ 7,80,000 + ₹ 2,50,000 = ₹ 10,30,000. ~~So, if Pure Oils supplies machine oils amounting to ₹ 2,50,000 from its branch in Himachal Pradesh, then it is liable to be registered. Hence It will not be liable to get registered.~~

As per amendment -

As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, 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: -

- ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- ₹ 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- ₹ 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.

Question 4

RTP May '22

Mr. X of Haryana intends to start business of supply of building material to various construction sites in Haryana. He has taken voluntary registration under GST in the month of April. However, he has not commenced the business till December due to lack of working capital. The proper officer suo-motu cancelled the registration of Mr. X. You are required to examine whether the action taken by proper officer is valid in law?

Mr. X has applied for revocation of cancellation of registration after 40 from the date of service of the order of cancellation of registration. Department contends that



application for revocation of cancellation of registration can only be made within 30 days from the date of service of the order of cancellation of registration. However, Mr. X contends that the period of submission of application may be extended on sufficient grounds being shown. You are required to comment upon the validity of contentions raised by Department and Mr. X.

Answer:

As per section 29 of the CGST Act, 2017, the proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where,-

- (a) a registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed; or
- (b) a person paying tax under composition scheme has not furnished returns ~~for three consecutive tax periods. (As per amendment -the return for a financial year beyond 3 months from the due date of furnishing the said return)~~ or
- (c) any registered person, other than a person specified in clause (b), has not furnished returns ~~for a continuous period of six months such continuous tax period as may be prescribed~~; or
- (d) any person who has taken voluntary registration under sub-section (3) of section 25 has not commenced business within six months from the date of registration; or registration has been obtained by means of fraud, willful misstatement, or suppression of facts:

Thus, in view of the above-mentioned provisions, suo-motu cancellation of registration of Mr. X by proper officer is valid in law since Mr. X, a voluntarily registered person, has not commenced his business within 6 months from the date of registration. Further, where the registration of a person is cancelled suo-motu by the proper officer, such registered person may apply for revocation of the cancellation to such proper officer, within ~~30 days~~ **90 days** from the date of service of the order of cancellation of registration.

However, the said period of ~~30 days~~ **90 days** may, on sufficient cause being shown and for reasons to be recorded in writing, be extended for a period not exceeding ~~30 days~~ **180 days by the Commissioner or an officer authorised by him on his behalf not below rank of Additional/Joint Commissioner and by further period not exceeding 30 days by Commissioner**. Thus, considering the above provisions, the contention of Department is not valid in law as extension can be sought in the prescribed time limit for revocation of cancellation of registration. The contention raised by Mr. X is valid in law as extension in time limit is allowed on sufficient cause being shown and for reasons to be recorded in writing.

(As per amendment a registered person can submit an application for revocation of cancellation of registration to such proper officer within a period of 90 days from the date of service of the order of cancellation of registration. However, such a period may on sufficient cause being shown and for reasons to be recorded in writing be extended by the Commissioner or an officer authorized by him in this behalf not below the rank of Additional or Joint Commissioner as the case maybe for a further period not exceeding 180 days)

Question 5

RTP Nov'22

"Aadhaar authentication is not required for persons who are already registered under GST." Examine and discuss the correctness of the statement. You are required to elaborate the relevant legal provisions.



Answer:

The given statement is incorrect. Aadhaar authentication has been made mandatory for the new registrants as well as for the existing registrants. With regard to existing registrants, section 25(6A) of the CGST Act, 2017 stipulates that every registered person shall undergo authentication, or furnish proof of possession of Aadhaar number, in the prescribed form, manner and time. New rule 10B of the CGST Rules, 2017 prescribes the manner in which Aadhaar authentication needs to be done by a registered person.

A registered person, who has been issued a certificate of registration under GST, shall undergo authentication of the Aadhaar number of:-

- Proprietor, in the case of proprietorship firm,
- Any partner, in the case of a partnership firm,
- Karta, in the case of a Hindu undivided family,
- Managing director or any whole-time director, in the case of a company,
- Any of the Members of the Managing Committee of an Association of persons or body of individuals or a Society, or
- Trustee in the Board of Trustees, in the case of a Trust; and of the Authorized Signatory, in order to be eligible for the following purposes:
 - ✓ for filing of application for revocation of cancellation of registration [Rule 23]
 - ✓ for filing of refund application in Form RFD-01 [Rule 89]
 - ✓ for refund of the IGST paid on goods exported out of India [Rule 96]

First proviso to section 25(6A) of the CGST Act, 2017 provides that if an Aadhaar number is not assigned to an existing registered person, such person shall be offered alternate and viable means of identification in the prescribed manner. Such manner has been prescribed by rule 10B of the CGST Rules, 2017 as follows:

If Aadhaar number has not been assigned to the person required to undergo authentication of the Aadhaar number, such person shall furnish the following identification documents, namely: -

- a) his/ her Aadhaar Enrolment ID slip; and
- b) (i) Bank passbook with photograph; or
 - (ii) Voter identity card issued by the Election Commission of India; or
 - (iii) Passport; or
 - (iv) Driving license issued by the Licensing Authority

However, once Aadhaar number is allotted to such person, he shall undergo the authentication of Aadhaar number within a period of 30 days of the allotment of the Aadhaar number.

The afore-said rule 10B shall not be applicable to persons notified under section 25(6D) of the CGST Act, 2017, i.e. to persons exempt from Aadhaar authentication.



Question 6

Ranmo Limited, a registered entity under GST has demerged its operations with effect from 31st October, 2023. 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, 2023 and was served on 7th November, 2023.

Ranmo Limited wishes to apply for revocation of cancellation of registration on 4th February, 2024. The tax consultant of Ranmo Limited advised that application for revocation of cancellation of 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.

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, 2023.

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.

Question 7

CS Execu. June 2019

State the persons who are not liable for registration as per provisions of Section 23 of Central Goods and Services Act, 2017. **3 Marks**

Answer:

As per the provisions of section 23(1) of the CGST Act, 2017 the following persons shall not be liable to registration, namely :-

(a) any person engaged exclusively in business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act or under the IGST Act;

(b) an agriculturist, to the extent of supply of produce out of cultivation of land.

Section 23(2) of the CGST Act, 2017 states that the Government may, on their commendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act. Notifications have also been issued in exercise of the powers conferred by section 23(2) of CGST Act, 2017.



Question 8

Subsequent to the grant of registration under the GST law, can the proper Officer conduct physical verification of the place of business? **3 Marks**

Answer:

Rule 25 of CGST Rules, 2017 empowers the proper officer to do physical verification of the place of business of a registered person after grant of registration.

Such verification may be made and the verification report along with other documents, including photographs, shall be uploaded in form GST REG 30 on the common portal (gst.gov.in) within 15 working days following the date of such verification.

Question 9

State when a registration granted under the CGST Act, 2017 to a taxable person can be cancelled and what should be done by such person after cancellation of registration in the electronic cash ledger or electronic credit ledger? **3 Marks**

Answer:

As per section 29 of CGST Act, 2017 the proper officer may either him-self or on application filed by a registered person, or his legal heirs in case of a death of a registered person, cancel/revoke the registration of such person.

This cancellation could be from a prospective/retrospective date as the officer may deem fit. This cancellation would in no way interfere with the liabilities of the said person relating to the taxes and other dues.

A registered person whose registration is being cancelled will have to debit the electronic cash ledger or the electronic credit ledger equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher.



Multiple Choice Questions

Question 1

MTP Oct'19

Which of the following statements are correct?

- (i) Revocation of cancellation of registration under CGST/SGST Act shall be deemed to be a revocation of cancellation of registration under SGST/CGST Act.
- (ii) Cancellation of registration under CGST/SGST Act shall be deemed to be a cancellation of registration under SGST/CGST Act.
- (iii) Revocation of cancellation of registration under CGST/SGST Act shall not be deemed to be a revocation of cancellation of registration under SGST/CGST Act.
- (iv) Cancellation of registration under CGST/SGST Act shall not be deemed to be a cancellation of registration under SGST/CGST Act.

a) (i) and (ii)
b) (i) and (iv)
c) (ii) and (iii)
d) (iii) and (iv)

Question 2

MTP April'19

A person having ____ business verticals in a State ____ obtain a separate registration for each business vertical.

- a) Single, shall
- b) Multiple, shall
- c) Multiple, may
- d) Single, may

Question 3

MTP April'19

Registration certificate granted to casual taxable person or non-resident taxable person will be valid for:

- a) Period specified in the registration application
- b) 90 days from the effective date of registration
- c) Earlier of (a) or (b)
- d) Later of (a) or (b)

Question 4

MTP April 22

Aanya, an individual, based in Gujarat, is in employment and earning ₹ 10 lakh as salary. She is also providing consultancy services to different organizations on GST implications of business. Her turnover from the supply of such services is ₹ 12 lakh. Determine whether Aanya is liable for taking registration as per provisions of the CGST Act?

- a) Yes, as her aggregate turnover is more than ₹ 20 lakh.
- b) No, as her aggregate turnover is less than ₹ 40 lakh.
- c) No, as services in the course of employment does not constitute supply and therefore, aggregate turnover is less than ₹ 20 lakh.
- d) Yes, since she is engaged in taxable supply of services.



Question 5

RTP May '20

Miss. Raksha is engaged in providing private coaching services in Noida, Uttar Pradesh and is not registered under GST till 25-Sep-20XX. Her aggregate turnover is ₹19,00,000/- on 30-Sep-20XX. She got GST registration on 30-Sep-20XX. Which of the following options are available to her?

- She can pay tax @ 18%, charge it from customer and avail full input tax credit on procurements made.
- She can pay tax @ 6% under exemption scheme for service providers but she cannot charge GST from customer and also cannot avail input tax credit.
- She is not liable for registration since her aggregate turnover is less than ₹40,00,000/-
- Either (a) or (b)

Question 6

RTP May '20

Mr. Pappu Singh, commenced his business in Feb-20XX. He has established following units:

- Unit A (in SEZ) and Unit B (non-SEZ) in the State of Maharashtra
- Unit C in Delhi
- Unit D and E in the State of Goa

Mr. Pappu Singh has approached you to help him in determining the States and number of registrations he is required to take under GST (presuming the fact that he is making taxable supply from each State and his aggregate turnover exceeds the threshold limit):

- Maharashtra-2: Delhi-1, Goa-Optional 1 or 2
- Maharashtra-Optional 1 or 2: Delhi-1, Goa-Optional 1 or 2
- Maharashtra-1: Delhi-1, Goa-1
- Maharashtra-2: Delhi-1, Goa-2

Question 7

RTP May '20

A non-resident taxable person is required to apply for registration:

- within 30 days from the date on which he becomes liable to registration
- within 60 days from the date on which he becomes liable to registration
- at least 5 days prior to the commencement of business
- None of the above

Question 8

RTP Nov '20

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

- 30th August
- 29th August
- 29th September
- 29th October

(As per amendment a registered person can submit an application for revocation of cancellation of registration to such proper officer within a period of 90 days from the date of service of the order of cancellation of registration. However, such a period may on sufficient cause being shown and for reasons to be recorded in writing be extended by the Commissioner or an officer authorized by him in this behalf not below the rank of Additional or Joint Commissioner as the case maybe for a further period not exceeding 180 days)

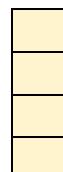


Question 9

RTP Nov '20

Kalim & Associates made an application for cancellation of GST registration in the month of March due to closure of its business. Its application for cancellation of GST registration was approved on 14th September. In the given case, Kalim & Associates is:

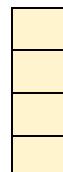
- a) required to file Final Return on or before 13th December
- b) not required to file Final Return
- c) required to file Final Return on or before 30th September
- d) required to file Final Return on or before 14th December

**Question 10**

RTP May '21

Mr. Z of Himachal Pradesh starts a new business and makes following supplies in the first month-Intra-State supply of taxable goods amounting to ₹ 17 lakh Supply of exempted goods amounting to ₹ 1 lakh. Inter-State supply of taxable goods amounting to ₹ 1 lakh Whether he is required to obtain registration?

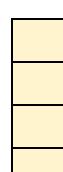
- a) Mr. Z is liable to obtain registration as the threshold limit of ₹ 10 lakh is crossed.
- b) Mr. Z is not liable to obtain registration as he makes exempted supplies.
- c) Mr. Z is liable to obtain registration as he makes the inter-State supply of goods.
- d) Mr. Z is not liable to obtain registration as the threshold limit of ₹ 20 lakh is not crossed.

**Question 11**

PYQ Nov '23

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.

**Question 12**

CS exceu.

Mr. Manjot is a trader supplying goods from his firm M/s Singh Traders. The office of the firm is located in Delhi whereas its godowns are located in the State of Uttar Pradesh, Punjab and Jammu & Kashmir (J & K) respectively. M/s Singh Traders made following intra-State supplies from different States during the current financial year:

- (i) Delhi - Taxable supplies: Rs. 21,00,000
- (ii) Punjab - Exempted supplies: Rs. 6,00,000
- (iii)Uttar Pradesh -Taxable and exempted supplies: Rs. 3,00,000 each respectively.
- (iv)J & K -Taxable and exempted supplies: Rs. 8,00,000 and Rs. 3,00,000 respectively.

Ascertain the States in which Mr. Manjot is required to take registration under GST.

- (a) Delhi, Punjab, Uttar Pradesh and J & K
- (b) Delhi, Uttar Pradesh and J & K
- (c) Delhi and Uttar Pradesh
- (d) Delhi



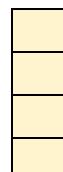
Question 13

CS exceu.

Section 24 of the CGST Act, 2017 lists categories of persons who are required to take registration even if they are not covered under section 22 of the Act. Find out from the following categories of persons who are being required to take registration as per section 24 of the CGST Act, 2017 :

- (i) Casual taxable person
- (ii) Non-resident taxable person
- (iii) Recipient of service under Reverse Charge
- (iv) Interstate supplier
- (v) Input service distributor : (June, 2019)

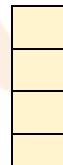
(a) (i), (iii) and (v)
 (b) (i), (ii), (iv) and (v)
 (c) (i), (ii) and (v)
 (d) All (i) to (v)

**Question 14**

CS exceu.

Mr. A has started supply of goods in Jammu and Kashmir. He is required to obtain registration if his aggregate turnover exceeds _____ during a financial year.

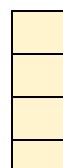
- (a) Rs. 10 lakh
- (b) Rs. 20 lakh
- (c) Rs. 30 lakh
- (d) Rs. 40 lakh

**Question 15**

CS exceu.

A casual taxable person or a non-resident taxable person shall apply for registration at least prior to the commencement of business.

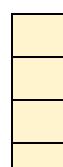
- (a) 5 days
- (c) 15 days
- (b) 10 days
- (d) 30 days

**Question 16**

CS exceu.

Determine the effective date of registration in following case : The aggregate turnover of Dhampur Industries of Delhi has exceeded Rs. 20 lakh on 1st September. It submits the application for registration on 20th September. Registration certificate is granted to it on 25th September.

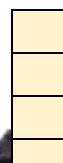
- (a) 1st September
- (b) 20th September
- (c) 25th September
- (d) 1st October

**Question 17**

CS exceu.

What is the validity of the registration certificate?

- (a) One year
- (b) No validity
- (c) Valid till it is cancelled.
- (d) Five years.



Question 18

CS exceu.

If a person, opting for composition scheme is liable to be registered on 1st Oct. 2017 and he has applied for registration on 17th Nov. 2017 and registration granted on 20th Nov. 2017, then the effective date of registration will be:

- (A) 20th Nov. 2017
- (B) 1st Oct. 2017
- (C) 17th Nov. 2017
- (D) 1st April, 2018

Question 19

CMA Inter

Lakshmi became liable to be registered under GST law on 10th November, 2018. She submitted the application for registration on 18th November, 2018. The registration certificate is issued on 9th December, 2018. The effective date of registration will be

- (A) 10th November, 2018
- (B) 18th November, 2018
- (C) 9th December, 2018
- (D) None of these

Question 20

CMA Inter

Registration under GST is not compulsory to-

- (A) Casual taxable person
- (B) Input service distributor
- (C) Non-resident taxable person
- (D) None of the above

Question 21

CMA Inter

GST Registration

- (A) Aadhar based
- (B) Passport based
- (C) Pan based
- (D) None of the above

Answers

| | | | | | | | | | |
|----|----|----|----|----|----|----|----|----|----|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| a | c | c | c | d | a | c | d | d | c |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| a | b | d | d | a | a | c | a | a | d |
| 21 | | | | | | | | | |
| c | | | | | | | | | |



Chapter 10: Tax Invoice, Credit & Debit Note

Descriptive Questions

Easy

Question 1

MTP Oct'21 & April '22

Kartik & Co., a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March:

- Value of supply charged in invoice no. 1 was ₹ 2,50,000 against the actual taxable value of ₹ 2,30,000.
- Tax charged in invoice no. 4 was ₹ 32,000 against the actual tax liability of ₹ 68,000 due to wrong HSN code being chosen while issuing invoice.
- Value charged in invoice no. 8 was ₹ 3,20,000 as against the actual value of ₹ 4,20,000 due to wrong quantity considered while billing.

Kartik & Co. asks you to answer the following:

6 Marks

Who shall issue a debit/credit note under CGST Act?

- Whether debit note or credit note has to be issued in each of the above circumstances?
- What is the maximum time-limit available for declaring the credit note in the GST Return?

Answer:

1. The debit/credit note shall be issued by the registered person who has supplied the goods and/or services, i.e. Kartik & Co.

2. Yes, debit/credit note need to be issued in each of the circumstances as under:

- A credit note is required to be issued as the taxable value in invoice no. 1 exceeds the actual taxable value.
- A debit note is required to be issued as the tax charged in the invoice no. 4 is less than the actual tax payable.
- A debit note is required to be issued as the value of supply charged in the invoice no. 8 is less than the actual value.

3. The details of the credit note cannot be declared later than the return for the month of September as per amendment 30th November following the end of the financial year in which such supply was made or the date of furnishing of the relevant annual return, whichever is earlier.

Question 2

MTP March'21, March '23 & MTP Sep '23

Narayan Singh, a registered supplier, has received advance payment with respect to services to be supplied to Shelly. His accountant asked him to issue the receipt voucher with respect to such services to be supplied. However, he is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise



Narayan Singh regarding the same.

Answer:

Narayan Singh is required to issue a receipt voucher at the time of receipt of advance payment with respect to services to be supplied to Shelly. A receipt voucher is a document evidencing receipt of advance money towards a supply of goods and/or services or both. A registered person, on receipt of advance payment with respect to any supply of goods or services or both, shall issue a receipt voucher or any other document, evidencing receipt of such payment.

Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment. Therefore, in case subsequently no services are supplied by Narayan Singh, and no tax invoice is issued in pursuance thereof, Narayan Singh may issue a refund voucher against such payment to Shelly

Question 3

MTP March'21, March '23 & MTP Sep '23

Angira Ltd. is a supplier of taxable goods in Karnataka. It got registered under GST in the month of September, 20XX and wishes to pay its IGST liability for the month. Since it is making the GST payment for the first time, it is of the view that it needs to mandatorily have the online banking facility to make payment of GST; offline payment is not permitted under GST. You are required to apprise Angira Ltd. regarding the various modes of deposit in the electronic cash ledger. Further, advise it with regard to following issues:

Are manual challans allowed under GST?

What is the validity period of the challan? (MTP 4 Marks, Oct'20)

Answer:

As per the provisions of CGST Act, 2017 read with relevant rules, the deposit in electronic cash ledger can be made through any of the following modes, namely: -

- Internet Banking through authorised banks;
- Credit card or Debit card through the authorised bank;
- National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or
- Over the Counter payment through authorised banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft.

Thus, offline mode is also permitted under GST subject to specified conditions.

- a) Manual or physical Challans are not allowed under the GST regime. It is mandatory to generate Challans online on the GST Portal.
- b) Challan is valid for a period of 15 days.

Question 4

List out the situations in which a Credit note/Debit note may be issued under the CGST Act, 2017. (MTP 5 Marks, Oct'20, PYP 5 Marks May '19)

Answer:



Credit note is required to be issued by the Supplier: -

- If taxable value charged in the tax invoice is found to exceed the taxable value in respect of supply of goods and/or services, or
- If tax charged in the tax invoice is found to exceed the tax payable in respect of supply of goods and/or services, or
- if goods supplied are returned by the recipient, or
- if goods and/or services supplied are found to be deficient. Debit note is required to be issued by the Supplier: -

1. if taxable value charged in the tax invoice is found to be less than the taxable value in respect of supply of goods and/or services or
2. if tax charged in the tax invoice is found to be less than the tax payable in respect of supply of goods and/or services.

Question 5

Under what circumstances does the need of issuance of debit note and credit note arise under section 34 of CGST Act, 2017? (MTP 5 Marks, Oct'18)

Answer:

Debit note is required to be issued

- (i) if taxable value charged in the tax invoice is found to be less than the taxable value in respect of supply of goods and/or services or
- (ii) if tax charged in the tax invoice is found to be less than the tax payable in respect of supply of goods and/or services

Credit note is required to be issued: -

- (i) If taxable value charged in the tax invoice is found to exceed the taxable value in respect of supply of goods and/or services, or
- (ii) If tax charged in the tax invoice is found to exceed the tax payable in respect of supply of goods and/or services, or
- (iii) if goods supplied are returned by the recipient, or
- (iv) if goods and/or services supplied are found to be deficient.

Question 6

Determine with reason whether the following statements are true or false:

- (i) A registered person shall issue separate invoices for taxable and exempted goods when supplying both taxable as well as exempted goods to an unregistered person.
- (ii) A non-banking financial company can issue a consolidated tax invoice at the end of every month for the supply made during that month. (MTP 4 Marks, Oct'18, PYP 3 Marks, May'18)

Answer:

- (i) The given statement is false.

Where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single "invoice-cum-bill of supply" may be issued for all such supplies.



(ii) The said statement is true.

A non-banking financial company is allowed to issue a consolidated tax invoice or any other document in lieu thereof for the supply of services made during a month at the end of the month.

Question 7

Discuss the time-limit for issuance of invoice in case of taxable supply of goods. (MTP 3 Marks March'18)

Answer:

In case of taxable supply of goods, invoice shall be issued before or at the time of—

- a) removal of goods for supply to the recipient, where the supply involves movement of goods; or
- b) delivery of goods or making available thereof to the recipient, in any other case.

In case of continuous supply of goods, where successive statements of accounts/ successive payments are involved, the invoice shall be issued before/at the time each such statement is issued or each such payment is received [Section 31 of the CGST Act].

Question 8

Examiner whether the following statements are true or false giving brief reasons:

- (i) It is mandatory to issue a tax invoice in case a registered person has opted for composition levy scheme.
- (ii) A composition tax payer, who has not rendered any taxable supply during a quarter, is not required to file any return. (MTP 4 Marks March 18)

Answer 8

- (i) The given statement is false. A registered person paying tax under the provisions of section 10 [composition levy] is required to issue, instead of a tax invoice, a bill of supply containing the specified particulars in the prescribed manner [Section 31(3)(c) read with rule 49 of the CGST Rules].
- (ii) The given statement is false. Composition tax payer is required to furnish return under section 39 for every quarter even if no supplies have been effected during such period. In other words, filing of Nil return is also mandatory

Question 9

Utsav Pvt. Ltd. of Meghalaya engaged in the supply of gifts items and repair services, provides you the following details:-

| Particulars | Date |
|--|-----------------|
| Commencement of the business of supplying goods and services | 1st August |
| Turnover exceeds ₹ 10,00,000 on | 15th August |
| Turnover exceeds ₹ 20,00,000 on | 5th September |
| Application for registration made on | 28th September |
| Registration certificate granted on | 6th October Sir |



The company seeks your advice as to how it should raise revised tax invoices for supplies made. Is there any specific provision for issuance of revised tax invoices to unregistered customers? Explain. (MTP 6 Marks March 22, RTP Nov'18, Old & New SM)

Answer:

A supplier of both goods and services whose aggregate turnover in a financial year exceeds ₹ 20 lakh in a State/UT [₹ 10 lakhs in specified Special Category States] is liable to apply for registration within 30 days from the date of becoming liable to registration (i.e., the date of crossing the threshold limit of ₹ 20 lakh/ ₹ 10 lakh) in terms of section 22 of the CGST Act, 2017. Since Meghalaya is not a specified Special Category State, applicable threshold limit is ₹ 20 lakh.

Further, where the application is submitted within said period, the effective date of registration is the date on which the person becomes liable to registration; otherwise, it is the date of grant of registration. Every registered person who has been granted registration with effect from a date earlier than the date of issuance of registration certificate to him, may issue revised tax invoices within 1 month from the date of issuance of registration certificate in respect of taxable supplies effected during this period i.e. from the effective date of registration till the date of issuance of registration.

Since Utsav Pvt. Ltd. has made the application for registration within 30 days of becoming liable for registration, the effective date of registration becomes the date on which the company becomes liable to registration i.e. 5th September.

Thus, Utsav Pvt. Ltd. may issue revised tax invoices against the invoices already issued during the period between effective date of registration (5th September) and the date of issuance of registration certificate (6th October), within 1 month from 6th October.

Further, Utsav Pvt. Ltd may issue a consolidated revised tax invoice in respect of all taxable supplies made to unregistered dealers during such period. However, in case of inter -State supplies made to unregistered dealers, a consolidated revised tax invoice cannot be issued in respect of all the recipients located in a State, if the value of a supply exceeds ₹ 2,50,000.

Question 10

Draupad Fabrics has opted for composition levy scheme in the current financial year. It has approached you for advice whether it is mandatory for it to issue a tax invoice. You are required to advise him regarding same. (MTP 3 Marks, March'19, Old & New SM)

Answer:

A registered person paying tax under the provisions of section 10 [composition levy] shall issue, instead of a tax invoice, a bill of supply containing such particulars and in such manner as may be prescribed. Therefore, in the given case, Draupad Fabrics cannot issue tax invoice. Instead, it shall issue a Bill of Supply.

VG Sir



Question 11

Manmohan Textiles has to send cloth for dyeing to its job-worker. It wishes to know whether it needs to issue a tax invoice at the time of sending the goods to job-worker. You are required to advise it with reference to the provisions of the CGST Act. (MTP 4 Marks Sep'22, Old SM)

Answer:

Manmohan Textiles has to issue a delivery challan and not a tax invoice at the time of sending the goods to job-worker. For the purposes of transportation of goods for job work, the consignor may issue a delivery challan, serially numbered, in one or multiple series, in lieu of invoice at the time of removal of goods for transportation, containing the following details, namely:-

1. date and number of the delivery challan;
2. name, address and GSTIN of the consigner, if registered;
3. name, address and GSTIN/UIN of the consignee, if registered;
4. Harmonised System of Nomenclature code and description of goods;
5. quantity (provisional, where the exact quantity being supplied is not known);
6. taxable value;
7. tax rate and tax amount - central tax, State tax, integrated tax, Union territory tax or cess, where the transportation is for supply to the consignee;
8. place of supply, in case of inter-State movement; and
9. signature.

The delivery challan shall be prepared in triplicate, in case of supply of goods.

Question 12

Briefly discuss the following with reference to GST law:

- (i) Revised Tax Invoice
- (ii) Bill of Supply (MTP 4 Mark April '23)

Answer:

- (i) A registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him may, issue a revised tax invoice against the invoices already issued during said period, within 1 month from the date of issuance of certificate of registration in prescribed manner.
- (ii) A registered person supplying exempted goods and/or services or paying tax under composition levy, shall issue in prescribed manner, a bill of supply instead of a tax invoice, containing prescribed particulars.

Question 13

ABC Ltd., a registered supplier has made following taxable supplies to its customer Mr. P in the quarter ending 30th June, 20XX.

| Date | Bill No. | Particulars | Invoice value (including GST) [₹] |
|-----------------|----------|--------------------------|-----------------------------------|
| 5th April, 20XX | 102 | Notebooks[10 in numbers] | 1,200 |



| | | | |
|-----------------|-----|---------------------------|-----|
| 10th May, 20XX | 197 | Chart Paper [4 in number] | 600 |
| 20th May, 20XX | 230 | Crayon colors [2 packets] | 500 |
| 2nd June, 20XX | 254 | Poster colors [5 packets] | 900 |
| 22nd June, 20XX | 304 | Pencil box [4 sets] | 700 |

Goods in respect of bill no. 102, 230 and 254 have been returned by Mr. P. You are required to advise ABC Ltd. whether it can issue consolidated credit note against all the three invoices? (RTP May '20, Old & New SM)

Answer:

Where one or more tax invoices have been issued for supply of any goods and/or services and

- the taxable value/tax charged in that tax invoice is found to exceed the taxable value/tax payable in respect of such supply, or
- where the goods supplied are returned by the recipient, or
- where goods and/or services supplied are found to be deficient, the registered person, who has supplied such goods and/or services, may issue to the recipient one or more credit notes for supplies made in a financial year containing prescribed particulars.

Thus, one (consolidated) or more credit notes can be issued in respect of multiple invoices issued in a financial year without linking the same to individual invoices.

Hence, in view of the above-mentioned provisions, M/s ABC Ltd. can issue a consolidated credit note for the goods returned in respect of all the three invoices.

Question 14

Bali Limited, a registered taxpayer, provides security services to registered persons from Mumbai office and Delhi office. The aggregate turnover of Mumbai office and Delhi office in the preceding financial year is ₹300 crore and ₹ 250 crore respectively. For the month of November in the current financial year, Bali Limited prepares duplicate invoices and does not issue e-invoice as it is of the view that its aggregate turnover does not cross the threshold limit to make it liable for issuing e- invoices.

Briefly explain whether the view taken by Bali Limited is correct in law? Also explain the advantages of e- invoicing, if any. (RTP May '21)

Answer:

The view taken by Bali Limited is not correct in law.

~~All notified registered businesses (except specified class of persons) with an aggregate turnover (based on PAN) in the preceding financial year greater than ₹ 500 crore are required to issue e-invoices.~~

With effect from 01.8.2023, such limit has been reduced to ₹ 5 crore. Thus, e-invoicing has been made mandatory for all registered businesses with an aggregate turnover in any preceding financial year from 2017-18 onwards greater than ₹ 5 crore.

The eligibility is based on aggregate annual turnover on the common PAN. Thus, the aggregate total turnover of Bali Limited is more than ₹ 500 crores Rs 10 crores (considering both the GSTINs) and is required to issue e-invoices.



Further, where e-invoicing is applicable, there is no need of issuing invoice copies in triplicate/duplicate. E-invoice has many advantages for businesses, which have been given as under:- Auto-reporting of invoices into GST return and auto-generation of e-way bill (wherever required). Under e-invoicing, business has to report the B2B invoice data only once in the e-invoice form and the same is reported in multiple forms (GSTR-1, e-way bill etc.). E-way bill can be auto-generated using e-invoice data. GSTR-1 can also be auto-populated with the e-invoice data. It will become part of the business process of the taxpayer.

- ✓ **Accuracy/Reconciliation.** Since same data is reported to tax department as well as to the buyer to prepare his inward supplies (purchase) register, transcription errors are reduced. On receipt of information through GST System, buyer can do reconciliation with his Purchase Order.
- ✓ **Early payment.** E-invoicing facilitates standardisation and inter-operability leading to reduction of disputes among transacting parties and thus, improving payment cycles.
- ✓ **Cost reduction.** E-invoicing helps in reducing processing costs and thus, leads to improvement of overall business efficiency.
- ✓ **Reduction of tax evasion.** Since a complete trail of B2B invoices is available with the Department, it will enable the system-level matching of input tax credit and output tax thereby reducing the tax evasion.
- ✓ **Elimination of fake invoices.** E-invoicing eliminates the fake invoices. Claiming fictitious input tax credit (ITC) by raising fake invoices is also one of the biggest challenges currently faced by tax-authorities. The e-invoice system helps to curb the actions of unscrupulous taxpayers and reduce the number of fraud cases as the tax authorities have access to data in real-time.
- ✓ **Paper Elimination.** E-invoicing helps in paper elimination and thereby it is eco-friendly.

Question 15

Determine in which of the following independent cases, e-invoicing is applicable?

- (i) Harnam & Co., dealing in interior decoration products made supplies to various registered and unregistered persons in the preceding financial year. The aggregate turnover of Harnam & Co. in the preceding financial year is ₹ 60 crore.
- (ii) Rich & Poor Bank, registered under GST has an aggregate turnover of ₹ 75 crore in the preceding financial year. (RTP Nov '21)

Answer:

All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards greater than ₹ 50 crore ₹ 5 Crore are required to issue e-invoices in respect of B2B supplies (supply of goods and/or services to a registered person).

With effect from 01.8.2023, such limit has been reduced to ₹ 5 crore. Thus, e-invoicing has been made mandatory for all registered businesses with an aggregate turnover in any preceding financial year from 2017-18 onwards greater than ₹ 5 crore.

Further, following entities are exempt from the mandatory requirement of e-invoicing:-

- a) Special Economic Zone units



- b) Insurer or banking company or financial institution including NBFC
- c) GTA supplying services in relation to transportation of goods by road in a goods carriage
- d) Supplier of passenger transportation service
- e) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds ₹ 50 crore in the preceding financial year from 2017-18 onwards.

In view of the above mentioned provisions, the Answer to the independent cases are as under:-

1. The aggregate turnover of Harnam & Co. exceeds the threshold limit of aggregate turnover applicable for e-invoicing. Thus, Harnam & Co. is mandatorily required to issue e-invoices in respect of supplies made to registered persons.
2. Banking company is specifically exempt from mandatory requirement of e-invoicing even if the turnover exceeds ₹ 50 crore **Rs 5 crore** in the preceding financial year. Thus, e-invoicing is not applicable to Rich & Poor Bank.

Question 16

- a) Fashion Queen Ltd., registered under GST and dealing in baby products has an aggregate turnover of ₹ 40 crore in the preceding financial year. The tax consultant of Fashion Queen Ltd. advised it to issue e-invoices mandatorily. However, Fashion Queen Ltd. is of the view that since its aggregate turnover is less than the threshold limit applicable for e-invoicing, it is not required to issue e-invoices. You are required to comment upon the validity of the advice given by Tax consultant. (Nov'22)
- b) Ministry of Communications and Information Technology, a Government Department registered under GST has an aggregate turnover of ₹ 52 crore in the preceding financial year. You are required to comment whether Ministry of Communications and Information Technology is required to issue e-invoices in the current financial year? (RTP Nov'22)

Answer 16

- a. With effect from 01.04.2022, 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 ₹ 20 crore **Rs 5 crore**, in respect of B2B supplies (supply of goods or services or both to a registered person) or for exports.

With effect from 01.10.2022, such limit has been reduced to ₹ 10 crore. Thus, e-invoicing has been made mandatory for all registered businesses with an aggregate turnover in any preceding financial year from 2017-18 onwards greater than ₹ 10 crore.

Thus, the advice given by tax consultant of Fashion Queen Ltd. for issuance of e-invoices mandatorily in the current financial year is valid in law as the aggregate turnover of Fashion Queen Ltd. has exceeded the threshold limit i.e. ₹ 20 crore **Rs 5 crore** in the preceding financial year.

- b. 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

Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds ~~₹ 20 crore~~ **Rs 5 crore** in the preceding financial year from 2017-18 onwards.

Thus, Ministry of Communications and Information Technology, being a Government Department is not required to issue e-invoices in the current financial year even if its aggregate turnover has exceeded ~~₹ 20 crore~~ **Rs 5 crore**.

Question 17

- a) Eden Ltd., registered under GST and dealing in educational toys, has an aggregate turnover of ₹ 18 crore in the preceding financial year. The tax consultant of Eden Ltd. advised it to issue e-invoices mandatorily in the current financial year. However, Eden Ltd. is of the view that since its aggregate turnover is less than the threshold limit applicable for e-invoicing, so it is not required to issue e-invoices. You are required to comment upon the validity of the advice given by Tax consultant.
- b) A Government Department is registered under GST. Its aggregate turnover in the preceding financial year is ₹ 22 crore. You are required to comment with the help of relevant provisions whether the said Department is required to issue e-invoices in the current financial year.
(RTP Nov '23)

Answer:

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 ~~₹ 10 crore~~ **Rs 5 crore** in respect of B2B supplies (supply of goods or services or both to a registered person) or for exports. Thus, the advice given by tax consultant of Eden Ltd. for issuance of e-invoices mandatorily in the current financial year is valid in law as the aggregate turnover of Eden Ltd. has exceeded the threshold limit i.e. ~~₹ 10 crore~~ **Rs 5 crore** in the preceding financial year.

With effect from 01.8.2023, such limit has been reduced to ₹5 crore. Thus, e-invoicing has been made mandatory for all registered businesses with an aggregate turnover in any preceding financial year from 2017-18 onwards greater than ₹5 crore

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 ~~₹ 10 crore~~ **Rs 5 crore** in the preceding financial year from 2017-18 onwards but are required to provide a declaration as discussed above.

Thus, in the given case, the Government Department is not required to issue e-invoices in the current financial year even if its aggregate turnover has exceeded ~~₹ 10 crore~~ **Rs 5 crore**.

Question 18

ABC 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 CGST Act, 2017 read with fourth proviso to rule 46 of CGST Rules, 2017.

During the month of October, 2019, the Department raised objection for this practice and asked to issue separate tax invoices for each ticket. Advise ABC Cinemas for the procedure to be followed in the light of recent notification.

(PYP 4 Marks, Jan'21)

Answer:

The procedure to be followed by ABC 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, ABC Cinemas cannot issue consolidated tax invoice for supplies made by it at the close of each day. ABC 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.

Question 19

Is Dynamic Quick Response (QR) Code applicable to suppliers who issue invoice to unregistered persons? If no, list the suppliers to whom Dynamic QR Code is not applicable. (PYP 5 Marks Dec '21)

Answer:

Dynamic QR code is applicable to invoices issued in respect of supplies made to unregistered persons by a registered supplier provided its aggregate turnover in any preceding financial year from 2017/18 onwards exceeds ₹ 500 crores.



However, it is not applicable to following suppliers issuing invoices to unregistered persons:-

- 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
- Supplier of online information and database access or retrieval (OIDAR) service

Question 20

- (i) What is 'e-invoicing'?
- (ii) What is the threshold limit for mandatory issuance of E-invoice for all registered businesses?
- (iii) A consignor hands over his goods for transportation on Friday to the transporter. However, assigned transporter starts the movement of goods from consigner's warehouse to its depot located at distance of 600 Km. on Monday.

When will the e-way bill be generated and for how many days it will be valid? (5 Marks Dec '21)

Answer:

- (i) E-invoicing is reporting of business to business (B2B) invoices to GST system for certain notified category of taxpayers.
- (ii) The threshold limit for mandatory issuance of e-invoice for all registered businesses is ₹50 crores. With effect from 01.8.2023, such limit has been reduced to ' 5 crore. Thus, e-invoicing has been made mandatory for all registered businesses with an aggregate turnover in any preceding financial year from 2017-18 onwards greater than '5 crore
- (iii) E-way bill will be generated before commencement of movement of goods by transporter on Monday.

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 the given case, is 3 days, It has been assumed that goods transported are not over Dimensional cargo

Question 21

M/s. Xing Trans of Kolkata is engaged in the trading of transmitters. On 20/05/2021, M/s. Xing Trans has sent 500 units of transmitters for exhibition at Chennai on sale or return basis. Out of the said 500 units, 300 units have been sold on 28/07/2021 at the exhibition. Out of remaining 200 units, 150 units have been brought back to Kolkata on 25/11/2021 and balance 50 units have neither been sold nor brought back.

Explain the provisions under GST law relating to issue of invoices with exact dates on which tax invoices need to be issued by M/s. Xing Trans. (PYP 4 Marks May'22)

Answer:



Where the goods being sent for sale or return are removed before the supply takes place, the tax invoice shall be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier.

In the given case, 500 units of transmitters have been sent for exhibition on sale or return basis out of which 300 units are sold before 6 months from the date of removal. Thus, tax invoice for said 300 units needs to be issued before or at the time of supply of such goods, i.e. upto 28/07/2021.

Remaining 200 (150+ 50) units have neither been sold nor brought back till the expiry of 6 months from the date of removal goods, i.e. 20/11/2021. Thus, tax invoice for said 200 units needs to be issued upto 20/11/2021.

Question 22

List any three situations that warrant issue of credit note. Briefly explain the time line to declare such credit note in the GST return. (PYP 5 Marks Nov '22)

Answer:

Situations that warrant the issue of credit note are as follows:

- The supplier has erroneously declared a value which is more than the actual value of the goods or services provided.
- The supplier has erroneously declared a higher tax rate than what is applicable for the kind of the goods or services or both supplied.
- The quantity received by the recipient is less than what has been declared in the tax invoice.
- The quality of the goods or services or both supplied is not to the satisfaction of the recipient thereby necessitating a partial or total reimbursement on the invoice value.

The details of credit note are declared in the GST return for the month during which such credit note has been issued but not later than:

- (i) September following the end of the financial year in which such supply was made, or
- (ii) the date of furnishing of the relevant annual return, whichever is earlier.

Question

What is the time limit for issuing a tax invoice for:

- (a) Supply of Goods
- (b) Continuous Supply of goods
- (c) Goods sent on approval

Answer:

(a) Time Limit for issuing a tax invoice for supply of goods [section 31(1)]: In case of registered person supplying taxable goods, the invoice must be issued before or at the time of:

- (a) removal of goods for supply, where the supply involves movement of goods.
- (b) or delivery of goods or making available thereof to the recipient in any other case "Removal", in relation to goods, means dispatch of the goods for delivery by the supplier or collection of the goods by the recipient.

(b) Continuous Supply of Goods [section 31(4)]: "Continuous Supply of Goods" means a supply of



goods which is provided continuously under a contract, whether or not by means of a wire, cable, pipeline or other conduits, and for which the supplier invoices the recipient on a regular or periodic basis and includes the supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify.

In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

(c) Goods Sent on Approval basis [Section 31(7)]: Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued before or at the time of supply or six months from the date of removal, whichever is earlier.

Thus, the tax invoice must be issued within six months from removal.

Goods can be removed on an approval basis within the State or outside the State. Delivery Challan should be issued at the time of removal of goods. E-way bills will also be issued wherever applicable. The person carrying goods for such a supply can carry the invoice book so that he can issue the invoice once the supply is fructified.

Examine the following independent cases of supply of goods and services, and state in each of the cases, when should a tax invoice be issued by the person making supplies, as per the provisions of the CGST Act, 2017:

(i) Meenakshi Enterprises, Kolkata makes a supply of goods to Dhirani Enterprises, Ghaziabad. The goods were removed from the factory at Kolkata on 3rd September, 2017. Same is received by the buyer on 5th September, 2016.

(ii) Mohan Ltd., an event management company, has provided its services for an event at Photo Film Agencies at Mumbai, on 1st Nov., 2017.

(iii) Seema & Co. has entered into an Annual Maintenance Contract (AMC) with Vir Enterprises for one-year, effective 1st Nov., 2017 for the stabilizers installed in the factory.

[CS Executive Dec. 2018] [3 Marks]

Answer:

(i) As per section 31(1) of CGST Act, 2017, tax invoice shall be issued before or at the time of

- (a) removal of goods, where the supply involves movement of goods or
- (b) delivery of goods or making available thereof to the recipient in any other case.

In the given case, the tax invoice for the goods removed on 3rd September 2017 must be issued on or before 3rd September, 2017.

(ii) As per section 31(2) of CGST Act, 2017 read with rule 47 of CGST Rules, 2017, tax invoice in case of supply of services shall be issued before or after provision of services but within a period of 30 days from the date of supply of service. In the given case, the tax invoice must therefore be issued within 30 days of providing service, that is by 30th Nov. 2017.

(iii) As per section 31(5) of CGST Act, 2017 in case of continuous supply of services:

- (a) where the due date of payment is ascertainable from the contract, the invoice shall be issued on



or before the due date of payment;

(b) where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;

(c) where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event.

Since the question does not provide due date of payment, assuming that date of entering into AMC contract is due date of payment, hence the tax invoice shall be issued on or before 1st November, 2017.

Difficulty

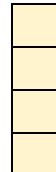


Question 1**MTP Oct'19**

Lovely & Co., a registered person, supplies taxable goods to unregistered persons. It need not issue tax invoice for the goods supplied on 16th April, if the value of the goods is and the recipient does not require such invoice.

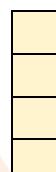
- (a) ₹ 1,200
- (b) ₹ 600
- (c) ₹ 150
- (d) ₹ 200 (MTP 2 Marks, March'21)/(MTP 1 Mark Oct '23)

Ans: (c)

**Question 2****MTP Oct'19**

Invoice shall be prepared in (I) _____ in case of taxable supply of goods and in (ii) _____ in case of taxable supply of services.

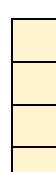
- (a) (I) Triplicate, (ii) Duplicate
- (b) (I) Duplicate, (ii) Triplicate
- (c) (I) Duplicate, (ii) Duplicate
- (d) None of the above Ans: (a) (MTP 1 Mark, April'19)

**Question 3****MTP Oct '19**

Kidzee Ltd., a wholesaler of toys registered in Chandigarh, is renowned in the local market for the varieties of toys and their reasonable prices. Kidzee Ltd. makes supply of 100 pieces of baby's learning laptops and chat learning phones to Nancy General Store on 25th September, 20XX by issuing a tax invoice amounting to ₹ 1,00,000. However, the said toys were returned by Nancy General Store on 30th September, 20XX. Which document Kidzee Ltd. is required to issue in such a case?

- a) Debit Note
- b) Refund voucher
- c) Credit note
- d) Payment voucher (RTP May '19)

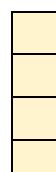
Ans: (c)

**Question 4****MTP April'19 & March'19**

Which of the following statements is/are incorrect under GST law:-

- (i) If the supplier has erroneously declared a value which is more than the actual value of goods or services provided, then he can issue credit note for the same.
- (ii) If the supplier declared some special discount which is offered after the supply is over, then he cannot issue credit note under GST law for the discount offer.
- (iii) If quantity received by the recipient is more than what has been declared in the tax invoice, then supplier can issue debit note for the same.
- (iv) There is no time limit to declare the details of debit note in the return.

- a) (i),(ii) and (iv)
- b) (i) and (iv)
- c) (iv)
- d) (i) and (iii) (RTP Nov '21)



Ans: (c)

Question 5**MTP March'19**

During the month of May, Z Ltd. sold goods to Y Ltd. for ₹ 2,55,000 and charged GST @ 18%. However, owing to some defect in the goods, Y Ltd. returned the goods by issuing debit note of ₹ 40,000 in the same month. Z Ltd. records the return of goods by issuing a credit note of ₹ 40,000 plus GST in the same month. In this situation, GST liability of Z Ltd. for the month of May will be-

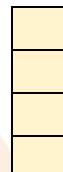
- (a) ₹ 45,900
- (b) ₹ 38,700
- (c) ₹ 53,100
- (d) ₹ 40,000 (RTP Nov '20)

Ans: (b)

**Question 6****MTP May'19**

What will be the rate of tax and nature of supply of a service if the same is not determinable at the time of receipt of advance?

- (a) 12%, inter-State supply
- (b) 12%, intra-State supply
- (c) 18%, inter-State supply
- (d) 18%, intra-State supply c

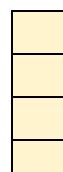
**Question 7****MTP Oct'19**

Which of the following statements is incorrect while issuing a tax invoice?

- (i) Place of supply in case of inter-State supply is not required to be mentioned.
- (ii) A registered person whose annual turnover is greater than Rs. 5 crores in the preceding financial year is not required to mention HSN code for goods or services, supplied by it to an unregistered person.
- (iii) Quantity is not required to be mentioned in case of goods when goods are sold on "as is where is basis".
- (iv) Description of goods is not required to be given in case of mixed supply of goods.

Choose the most appropriate option.

- (a) (ii), (iii)
- (b) (i), (ii), (iii)
- (c) (i), (ii), (iii), (iv)
- (d) (i), (iii), (iv) c



A registered person supplying taxable goods shall issue a tax invoice showing -

- (a) the description
- (b) quantity and value of goods
- (c) the tax charged thereon
- (d) All the above Ans.(d)

Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued:

- (a) before/at the time of supply
- (b) 6 months from the date of removal
- (c) Earlier of (a) or (b)
- (d) None of the above Ans.(c)

A credit note is issued by _____ and it is a document accepted for GST purposes?



(a) Supplier, for reducing the tax or taxable value;
 (b) Recipient, for reducing the tax or taxable value;
 (c) Supplier, for increasing the tax or taxable value;
 (d) Recipient, for increasing the tax or taxable value.

Ans. (a)

A registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a evidencing receipt of such payment.

(a) Credit note
 (b) Debit note
 (c) Receipt voucher
 (d) Payment voucher Ans.(c)

Where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, may issue to the recipient a _____ containing such particulars as may be prescribed.

(a) Credit note
 (b) Debit note
 (c) Receipt voucher
 (d) Payment voucher Ans.(a)

Debit note and credit note mentioned in which section

(A) Section 36
 (B) Section 39
 (C) Section 34
 (D) None of the above c

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|----|----|----|----|----|----|----|----|---|----|
| c | c | d | c | a | c | c | d | a | b |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | | |
| b | c | c | a | b | a | d | d | | |



Chapter 11: Accounts and Records

Descriptive Questions

Easy

Question 1

MTP April '18

Explain the provisions relating to period of retention of accounts as provided under section 36 of CGST Act, 2017? 5 Marks

Answer:

Section 36 of the CGST Act explains the provisions relating to period of retention of accounts as under: - Every registered person required to keep and maintain books of account or other records shall retain them until the expiry of 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.

However, a registered person, who is a party to an appeal or revision or any other proceedings before any Appellate Authority or Revisional Authority or Appellate Tribunal or court, whether filed by him or by the Commissioner, or is under investigation for an offence under Chapter XIX, shall retain the books of account and other records pertaining to the subject matter of such appeal or revision or proceedings or investigation for a period of 1 year after final disposal of such appeal or revision or proceedings or investigation, or for the period specified above, whichever is later.

Question 2

PYQ Jan 21

Whether the transporters, who are not registered under the GST, are required to maintain any records under the provisions of CGST Act, 2017? Also explain, if any other unregistered persons who are required to maintain records under GST. 2 Marks

Answer:

The transporters, who are not registered under GST, shall obtain a unique enrollment number on GST common portal and maintain records of goods transported, delivered and goods stored in transit by them along with GSTIN of the registered consignor and consignee for each of his branches. Every owner or operator of warehouse/godown/any other place used for storage of goods, even if unregistered, is also required to maintain records under GST.

Question 3

PYQ May '22

Comment on the given independent situations relating to GST procedures. Your answer should include relevant provisions of law, as may be applicable:

GoToDress is a chain of stores dealing in readymade garments through five showrooms in Delhi. It has a single GSTIN for all its showrooms in Delhi and has a principal place of



business at Karol Bagh, Delhi. One of the consultants has suggested GoToDress to maintain books of accounts of all of its five showrooms at principal place of business at Karol Bagh, Delhi for better administration and control.

Give your comment on the above advice according to the provisions of GST law.

2 Marks

Answer:

The suggestion of the consultant is *not correct*.

Every registered person is required to keep and maintain, his books of accounts at his principal place of business.

Where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business.

Moderate

Question 1

PYQ May '19

Mr. Sky is engaged in the business of trading of mobiles. He is eligible for composition scheme and has opted for the same. He seeks your advice for records which are not required to be maintained by him as composition taxable person.

5 Marks

Answer:

A supplier who has opted for composition scheme is not required to maintain records relating to;

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.

Thus, Mr. Sky is not required to maintain above mentioned records.

Question 2

PYQ Dec' 21

List any four records required to be maintained by an agent under the CGST Rules, 2017. 4 Marks

Answer:

Every agent shall maintain accounts depicting the-

- particulars of authorisation received by him from each principal to receive or supply goods or services on behalf of such principal separately;
- particulars including description, value and quantity (wherever applicable) of goods or services received on behalf of every principal;
- particulars including description, value and quantity (wherever applicable) of goods or services supplied on behalf of every principal;
- details of accounts furnished to every principal; and
- tax paid on receipts or on supply of goods or services effected on behalf of every principal.]



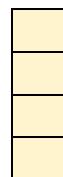
Multiple Choice Questions

Question 1

MTP April '19

Which of the following statements are true w.r.t. accounts and records under GST laws?

- All accounts and records are to be retained for 5 years.
- Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme.
- Stock record is to be maintained by all registered dealers including composition dealers.
- Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition.



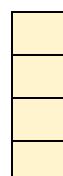
Question 2

RTP May '19

Which of the following statements are true with respect to accounts and records?

- All accounts and records are to be retained for 6 years.
- Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme.
- Stock record is to be maintained by all registered dealers including composition dealers.
- Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition.
- Monthly production records are to be maintained by all dealers including composition dealers.
- Records are to be maintained at principal place of business.

- 1, 2, 5, 6
- 1, 3, 5
- 1, 3, 4
- 1, 2, 4, 6

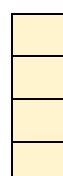


Question 3

CS Execu.

Accounts are required to be maintained in —

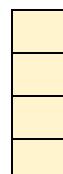
- Manual form
- Electronic form
- Manual and electronic form
- Manual or electronic form



Question 4**CS Execu.**

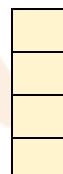
The time period prescribed for maintenance of accounts and records if the taxable person is a party to an appeal or revision shall be —

- (a) 2 years after final disposal of such appeal or revision or proceeding, or until the expiry of 36 months from the last date of filing of Annual Return for the year pertaining to such accounts and records, whichever is later.
- (b) 2 years after final disposal of such appeal or revision or proceeding, or until the expiry of 48 months from the last date of filing of Annual Return for the year pertaining to such accounts and records, whichever is later.
- (c) 1 year after final disposal of such appeal or revision or proceeding, or until the expiry of 72 months from the last date of filing of Annual Return for the year pertaining to such accounts and records, whichever is later
- (d) 1 year after final disposal of such appeal or revision or proceeding, or until the expiry of 60 months from the last date of filing of Annual Return for the year pertaining to such accounts and records, whichever is later

**Question 5****CS Execu.**

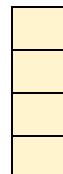
Valid return mentioned in which section

- (A) Section 29
- (B) Section 39
- (C) Section 47
- (D) Section 49

**Question 6****CS Execu.**

As per the GST Law, every registered taxable person must maintain the accounts books and records for at least:

- (A) 36 months from the due date of furnishing of annual return for the year pertaining to such accounts and records
- (B) 60 months from the due date of furnishing of annual return for the year pertaining to such accounts and records
- (C) 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records
- (D) 18 months from the due date of furnishing of annual return for the year pertaining to such accounts and records

**Answers**

| 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|
| b | a | d | c | b | b |

Chapter 12: E-Way Bills

Descriptive Questions

Easy

Question 1

MTP Oct'23

Explain the meaning of consignment value of goods.

5 Marks

Answer:

Consignment value of goods shall be the value:

- Ⓐ determined in accordance with the provisions of section 15,
- Ⓑ declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment and
- Ⓒ also includes the Central tax, State or Union territory tax, integrated tax and cess charged, if any, in the document and
- Ⓓ shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.

Question 2

MTP April'21

Brief explain when is it not mandatory to furnish the details of conveyance in Part-B of the e-way bill?

5 Marks

Answer:

E-way bill is valid for movement of goods by road only when the information in Part -B is furnished in terms of explanation 2 to rule 138(3) of the CGST Rules, 2017. However, details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of up to 50 km within the State/Union territory:

- from the place of business of the consignor to the place of business of the transporter for further transportation or
- from the place of business of the transporter finally to the place of business of the consignee.

Question 3

MTP April'23

Explain the following terms regarding e-way bill under the relevant CGST Rules:

- i. Consolidated e-way bill in case of road transport.
- ii. Acceptance/rejection of e-way bill.

6 Marks

Answer:

- i. **Consolidated e-way bill in case of road transport**

Consolidated e-way bill (EWB) is a single document containing the details of multiple e-way



bills (even with different validity periods) in respect of multiple consignments of various consignors and consignees being transported in a single vehicle/ conveyance generated by the transporter to carry a single document instead of carrying separate documents for each consignment in the conveyance.

ii. Acceptance/rejection of e-way bill

The details of the e-way bill generated shall be made available to supplier (if registered), where the information in Part A of e-way bill is furnished by recipient/transporter, or recipient (if registered), where the information in Part A of e-way bill is furnished by supplier/transporter, who shall communicate his acceptance or rejection of the consignment covered by the e-way bill.

If such person does not communicate the acceptance/rejection within 72 hours from the time of the details being made available to him on the common portal or the time of delivery of goods, whichever is earlier, it will be deemed that he has accepted the details.

Question 4

PYQ Nov'22

M/s Sakura Enterprises made an inter-State supply of taxable goods valued at ₹ 47,500 and exempt goods valued at ₹ 2,000. Rate of IGST for taxable supply was 6%. Determine, with brief reasons, whether e-way bill generation is mandatory for the above supply made by M/s Sakura Enterprises.

2 Marks

Answer:

In the given case, consignment value of goods (including GST and excluding value of exempt supply) is ₹ 50,350 ($47,500 \times 106\%$).

Since there is a movement of goods of consignment value exceeding ₹ 50,000, M/s Sakura Enterprises is mandatorily required to issue e-way bill.

Question 5

PYQ May'22

One consolidated e-way bill can be generated for multiple invoices". Comment on the validity of the above statement with reference to GST law.

3 Marks

Answer:

The statement is invalid.

Multiple invoices cannot be clubbed to generate one e-way bill. If multiple invoices are issued by the supplier to recipient, for more men. Thus, for each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignors or consignees are involved. However, after generating all these e-way bills, one consolidated e-way bill can be prepared for transportation purpose, if goods are going in one vehicle.

Question 6

PYQ May'23

When goods are transferred by principal to job worker, there is no need to issue e-way bill. Comment on the validity of the above statement with reference to GST Laws.

2 Marks

Answer:

The said statement is not valid.

When goods are transferred by principal to job worker, e-way bill is required to be mandatorily



issued:

- in case of intra-State transfer, if consignment value exceeds ₹ 50,000, and
- in case of inter-State transfer, irrespective of the value of the consignment.

Question 7

PYQ July'21

Decide with reason whether e-way bill is required to be issued under CGST Act, 2017 in the following independent cases:

(a) Square Ltd., registered in Andhra Pradesh, sends goods to its job worker Cube & Co. in Karnataka, which is also registered under GST. Value of the consignment was ₹ 45,000 (including GST). **2 Marks**

(b) Mr. Bheeshma of Telangana started doing business in notified handicraft products as a casual taxable person. He got his first order of ₹ 30,000 from Tamil Nadu which he transports. He is not registered under GST since he has a threshold limit of ₹ 20 lakh. **2 Marks**

Answer:

a. E-way bill is mandatorily required to be issued in case of inter-State transfer of goods by principal to job-worker, irrespective of the value of the consignment.

In view of the same, e-way is mandatorily required to be issued in the given case.

b. E-way bill is mandatorily required to be issued in case of inter-State transfer of handicraft goods by a person exempted from obtaining registration.

In view of the same, e-way bill is mandatorily required to be issued in the present case.

Moderate

Question 1

MTP April'23

Yash & Co., a manufacturer and supplier of plastic goods, is registered under GST in the State of Maharashtra. Yash & Co. sold plastic goods to a retail seller in Punjab, at a value of ₹ 43,000 (excluding GST leviable @ 18%). Now, it wants to send the consignment of such plastic goods to the retail seller in Punjab.

You are required to examine whether e-way bill is mandatorily required to be generated in respect of such movement of goods as per the provisions of the GST law. **4 Marks**

Answer:

E-way bill is mandatorily required to be generated whenever there is a movement of goods of consignment value exceeding ₹ 50,000, inter alia, in relation to a supply.

Consignment value of goods, inter alia, includes the central tax, State/Union territory tax, integrated tax and cess charged, if any. The consignment value of goods, in the given case, will be ₹ 50,740 [₹ 43,000 + (₹ 43,000 × 18%)]. Thus, in the given case, since the movement of goods is in relation to supply of goods and the consignment value exceeds ₹ 50,000, e-way bill is mandatorily required to be generated in respect of movement of goods from Maharashtra to Punjab.



Question 2

Whether action can be taken for transportation of goods without valid documents or if goods are attempted to be removed without proper record in books? If yes, explain the related provisions under the CGST Act, 2017.

5 Marks**Answer:**

Yes, action can be taken for transportation of goods without valid documents or if goods are attempted to be removed without proper record in books. If any person transports any goods or stores any such goods while in transit without the documents prescribed under the Act (i.e. invoice and a declaration) or supplies or stores any goods that have not been recorded in the books or accounts maintained by him, then such goods shall be liable for detention along with any vehicle on which they are being transported [Section 129 of CGST Act].

Where owner comes forward: - Such goods shall be released on payment of the applicable tax and penalty equal to 100% of the tax payable on such goods or upon furnishing of security equivalent to the said amount.

In case of exempted goods, penalty is 2% of value of goods or Rs. 25,000/- whichever is less.

Where owner does not come forward: - Such goods shall be released on payment of the applicable tax and penalty equal to 50% of value of goods reduced by the tax amount paid thereon or upon furnishing of security equivalent to the said amount.

In case of exempted goods, penalty is 5% of value of goods or Rs. 25,000/- whichever is lesser.

Question 3**MTP May '20 & April 21, PYQ May'19**

When is an e-way bill required to be generated?

5 Marks**Answer:**

As per rule 138 of the CGST Rules, 2017, whenever there is a movement of goods of consignment value exceeding Rs. 50,000:

- (i) in relation to a supply; or
- (ii) for reasons other than supply; or
- (iii) due to inward supply from an unregistered person, e-way bill needs to be generated prior to the commencement of transport of goods.

Further, in the following situations, e-way bill needs to be issued even if the value of the consignment is less than Rs. 50,000:

- (i) Where goods are sent by a principal located in one State/ Union territory to a job worker located in any other State/Union territory, the e-way bill shall be generated either by the principal or the job worker, if registered, irrespective of the value of the consignment.
- (ii) Where specified handicraft goods are transported from one State/ Union territory to another State/ Union territory by a person who has been exempted from the requirement of obtaining registration under section 24 of the CGST Act, 2017, the e-way bill shall be generated by the said person irrespective of the value of the consignment.



Question 4

Orip Electricals Ltd., a registered supplier of air-conditioners, is required to send from Mumbai (Maharashtra), a consignment of parts of air-conditioner to be replaced under warranty at various client locations in Gujarat. The value of consignment declared in delivery challan accompanying the goods is Rs. 60,000. Orip Electricals Ltd. claims that since movement of goods to Gujarat is caused due to reasons other than supply, e-way bill is not mandatorily required to be generated in this case. You are required to examine the technical veracity of the claim made by Orip Electricals Ltd.

4 Marks**Answer:**

The goods to be moved to another State for replacement under warranty is not a 'supply'. However, rule 138(1) of the CGST Act, 2017, inter alia, stipulates that every registered person who causes movement of goods of consignment value exceeding Rs. 50,000:

- (i) in relation to a supply; or
- (ii) for reasons other than supply; or
- (iii) due to inward supply from an unregistered person, shall, generate an electronic way bill (E-way Bill) before commencement of such movement.

CBIC vide FAQs on E-way Bill has also clarified that even if the movement of goods is caused due to reasons others than supply [including replacement of goods under warranty], e-way bill is required to be issued.

Thus, in the given case, since the consignment value exceeds Rs. 50,000, e-way bill is required to be mandatorily generated. Therefore, the claim of Orip Electricals Ltd. that e-way bill is not mandatorily required to be generated as the movement of goods is caused due to reasons other than supply, is not correct.

Question 5**MTP Oct 21, RTP May'19**

Sindhi Toys Manufacturers, registered in Punjab, sold electronic toys to a retail seller in Gujarat, at a value of ₹ 48,000 (excluding GST leviable @ 18%). Now, it wants to send the consignment of such toys to the retail seller in Gujarat. You are required to advise Sindhi Toys Manufacturers whether e-way bill is mandatorily required to be generated in respect of such movement of goods?

5 Marks**Answer:**

Rule 138(1) of the CGST Rules, 2017 provides that e-way Bill is mandatorily required to be generated if the goods are moved, *inter alia*, in relation to supply and the consignment value exceeds ₹ 50,000. Further, explanation 2 to rule 138(1) stipulates that the consignment value of goods shall be the value, determined in accordance with the provisions of section 15, declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment and also includes CGST, SGST/UTGST, IGST and cess charged, if any, in the document and shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.

Accordingly, in the given case, the consignment value will be as follows:

$$= ₹ 48,000 \times 118\%$$



= ₹ 56,640.

Since the movement of goods is in relation to supply of goods and the consignment value exceeds ₹ 50,000, e-way bill is mandatorily required to be issued in the given case.

Question 6

MTP March 22, RTP May'19

Nature Cosmetics Ltd. has multiple wholesale outlets of cosmetic products in Mumbai, Maharashtra. It receives an order for cosmetics worth ₹ 1,20,000 (inclusive of GST leviable @ 18%) from Pankh, owner of a retail cosmetic store in Delhi. While checking the stock, it is found that order worth ₹ 55,000 can be fulfilled from the company's Dadar (Mumbai) store and remaining goods worth ₹ 65,000 can be sent from its Malad (Mumbai) store. Both the stores are instructed to issue separate invoices for the goods sent to Pankh. The goods are transported to Pankh in Delhi, in a single conveyance owned by R Transporters. You are required to advise Nature Cosmetics Ltd. with regard to issuance of e-way bill(s).

4 Marks

Answer:

Nature Cosmetics Ltd. would be required to prepare two separate e-way bills since each invoice value exceeds ₹ 50,000 and each invoice is considered as one consignment for the purpose of generating e-way bills.

The FAQs on E-way Bill issued by CBIC clarify that if multiple invoices are issued by the supplier to one recipient, that is, for movement of goods of more than one invoice of same consignor and consignee, multiple e-way bills have to be generated. In other words, for each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignors or consignees are involved. Multiple invoices cannot be clubbed to generate one e-way bill. However, after generating all these e-way bills, one consolidated e-way bill can be prepared for transportation purpose, if goods are going in one vehicle.

Question 10

RTP Nov'19

Discuss the correctness of the following statements: -

- (i) Once generated, an e-way bill cannot be cancelled.
- (ii) E-way bill generated in one State is valid in another State.

Answer:

(i) The said statement is partially correct. Where an e-way bill has been generated, but goods are either not transported at all or are not transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal within 24 hours of generation of the e-way bill.

However, an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B of the CGST Rules, 2017.

(ii) The said statement is correct. The e-way bill generated under Goods and Services Tax Rules of any State or Union territory shall be valid in every State and Union territory.



Question 11

RTP Nov '23, MTP Sep '23

Mr. Shyam Nath, a registered person has caused movement of goods of consignment value exceeding ₹ 50,000 in relation to a supply and thus, generated e-way bill. However, after generation of e-way bill, he found a mistake in the e-way bill and wants to edit it. You are required to advise Mr. Shyam Nath whether he can do so with the help of relevant provisions.

4 Marks**Answer:**

If there is a mistake, incorrect or wrong entry in the e-way bill, then it cannot be edited or corrected. Only option is cancellation of e-way bill within 24 hours of generation and generate a new one with correct details.

Thus, in view of the above-mentioned provisions, Mr. Shyam Nath cannot edit the e-way bill. However, he can cancel the e-way bill within 24 hours of generation and generate a new one with correct details.

Question 12

PYQ Nov'20

"It is mandatory to furnish the details of conveyance in Part-B of E-way Bill. "Comment on the validity of the above statement with reference to provisions of E-Way Bill under CGST Rules, 2017.

3 Marks**Answer:**

The given statement is partially valid.

An e-way bill is valid for movement of goods by road only when the information in Part-B - which includes details of conveyance - is furnished.

However, the details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of up to 50 km within the State/Union territory:

- (a) from the place of business of the consignor to the place of business of the transporter for further transportation or
- (b) from the place of business of the transporter finally to the place of business of the consignee.

Difficulty**Question 1**

RTP May'22

Mr. Shambhu, a trader registered under GST in Delhi is engaged in wholesale business of toys for kids. Mr. Nandi registered under GST in Patiala; a regular return filer supplies toys in bulk to Mr. Shambhu for selling to end consumers.

Mr. Shambhu paying tax in regular scheme in Delhi, has not filed GSTR-3B for last 2 months. Mr. Nandi wants to generate e-way bill for toys amounting to ₹ 5,00,000 to be supplied to Mr. Shambhu. Also Mr. Narayan from Jammu approached Mr. Shambhu for purchasing toys amounting to ₹ 75,000 for the purpose of return gift on his son's first birthday party. Shambhu wants to generate an e-way bill in respect of an outward supply of goods to Mr. Narayan.

Examine with reference to the provisions under GST law, whether Mr. Nandi and Mr. Shambhu can generate e-way bill?



Answer:

Rule 138E of the CGST Rules, 2017 contains provisions pertaining to blocking of e-way bill generation facility, i.e. disabling the generation of e-way bill.

A user will not be able to generate e-way bill for a GSTIN if the said GSTIN is not eligible for e-way bill generation as per rule 138E.

Rule 138E as amended vide Notification No. 15/2021 CT dated 18.05.2021 provides that blocking of GSTIN for e-way bill generation would only be for the defaulting supplier GSTIN and not for the defaulting Recipient or Transporter GSTIN.

In terms of rule 138E, a person paying tax under regular scheme who has not furnished the returns for a consecutive period of 2 tax periods is considered as a defaulting person.

Suspended GSTIN cannot generate e-way bill as supplier. However, the suspended GSTIN can get the e-way bill generated as recipient or as transporter.

In other words, e-way bill generation facility is blocked only in respect of any outward movement of goods of the registered person who is not eligible for e-way bill generation as per rule 138E. E-way bills can be generated in respect of inward supplies of said registered person.

Thus, applying the above provisions, there will be no restriction in generating e-way Bill by Mr. Nandi as Mr. Nandi who is making outward movement of goods is a regular return filer.

E-way bill generation is blocked in case of movement of goods made by Mr. Shambhu to Mr. Narayan as it's an outward movement of goods of Mr. Shambhu who has not filed GSTR-3B for past 2 months.

Question 2

PYQ Jan'21

Agni Ltd. a registered supplier wishes to transport cargo by road between two cities situated at a distance of 368 kilometers. Calculate the validity period of e-way bill under rule 138(10) of CGST Rules, 2017 for transport of the said cargo, if it is over dimensional cargo or otherwise.

3 Marks

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 368 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 up to 20 km and one additional day for every 20 km or part thereof thereafter.

Thus, validity period in given case:

$$= 1 \text{ day} + 18 \text{ days}$$

$$= 19 \text{ days}$$

(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 up to 100 km and one additional day for every 100 km or part thereof thereafter.

Thus, validity period in given case:

$$= 1 \text{ day} + 3 \text{ days}$$

$$= 4 \text{ days}$$

VG Sir



Question 3

Mr. Shah, a consignor is required to move goods from Ahmedabad (Gujarat) to Naiad (Gujarat). He appoints Mehta Transporter for movement of goods. Mehta Transporter moves the goods from Ahmedabad (Gujarat) to Knead (Gujarat). For completing the movement of goods from Knead (Gujarat) to Naiad (Gujarat), Mehta Transporter now hands over the goods to Parikh Transporter. Explain the procedure regarding e-way bill to be followed by consignor and transporter as per provisions of GST law and rules made thereunder.

5 Marks**Answer:**

In the given scenario, only one e-way bill is required to be issued.

Part A can be filled by either Mr. Shah or recipient of goods or Mehta Transporter on the appropriate authorization. Where the goods are transferred from one conveyance to another, the consignor or the recipient, who has provided information in Part A, or the transporter shall, before such transfer and further movement of goods, update the details of conveyance in the e-way bill on the common portal in Part B.

Thus, on reaching Knead, Mr. Shah or the recipient of the goods, who has filled Part A of the e-way bill, or Mehta Transporter can, before the transfer and further movement of goods, update the details of conveyance in Part B of the e-way bill.

Further, the consignor or the recipient, who has furnished the information in Part A, or the transporter, may assign the e-way bill number to another registered or enrolled transporter for updating the information in Part B for further movement of the consignment. Thus, on reaching Knead, Mr. Shah or the recipient of the goods, or Mehta Transporter can assign the said e-way bill to Parikh Transporter who will thereafter update the details of conveyance in Part B.

However, upon updating of the details of the conveyance by Parikh transporter in Part B, Mr. Shah or recipient, as the case may be, who has furnished the information in Part A shall not be allowed to assign the e-way bill number to another transporter.

Question 4

PYQ MAY'23

Decide with reason whether e-way bill is required to be issued under CGST Act, 2017 in the following independent cases:

SV Electricals Ltd., a registered supplier of electronic goods, is required to send from Delhi, a consignment of parts of LED TV to be replaced under warranty at various client locations in Gurugram (Haryana). The value of consignment declared in delivery challan accompanying the goods is ₹ 65,000.

SV Electricals Ltd. claims that since movement of goods to Gurugram (Haryana) is caused due to reasons other than supply, e-way bill is not mandatorily required to be generated in this case. You are required to examine the technical veracity of the claim made by SV Electricals Ltd.

Tree Ltd. registered in Kerala, sends goods to its job worker Woods & Co. in Tamil Nadu, which is also registered under GST. Value of the consignment was ₹ 37,500 (including GST). **4 Marks**

Answer:

The claim made by SV Electricals Ltd. is not correct. SV Electricals Ltd. needs to issue e-way bill.



E-way bill is mandatorily required to be issued whenever there is a movement of goods for reasons other than supply, provided the consignment value exceeds ₹ 50,000.

In case of inter-State transfer of goods by principal to job-worker, e-way bill is mandatorily required to be issued irrespective of the value of the consignment.

Thus, e-way bill is required to be issued in case of transfer of goods by Tree Ltd. registered in Kerala to Woods & Co. in Tamil Nadu1.

CA VIVEK GABA



Multiple Choice Questions

Question 1

MTP Oct '20

Which document is required in case of movement of goods of consignment value of ₹ 1,05,000 for reasons other than supply:

- a) Bill of supply
- b) Receipt Voucher
- c) Payment voucher
- d) E-way bill

Question 2

RTP Nov '21

ABC Ltd. generated e-way bill on 12th February at 14.00 hrs. It used over-dimensional cargo for a distance of 100 km. When the validity period of the e-way bill will expire?

- a) Midnight of 13th-14th February
- b) Midnight of 17th-18th February
- c) At 14.00 hrs. of 13th February
- d) At 14.00 hrs. of 14th February

Question 3

MTP March '19

M/s Gyaan Publishing House, registered under GST in Delhi, is engaged in printing and selling of books as well as trading of stationery items. He has provided following information of a consignment which is to be supplied to Mumbai: -

- (i) Taxable value of supplies indicated on tax invoice: ₹ 35,000/-
- (ii) Value of exempted supplies: ₹ 8,000/-
- (iii) Value of goods to be sent to job worker on delivery challan: ₹ 15,000/-

Calculate the consignment value for the purpose of generating e-way bill for inter-State supply of goods. Assume rate of tax on taxable goods to be 18%.

- a) ₹ 35,000/-
- b) ₹ 50,000/-
- c) ₹ 56,300/-
- d) ₹ 64,300/-

Question 4

CS Execu.

When a movement of goods is of more than _____ in value, the e-way bill must accompany the goods.

- (a) Rs. 20,000
- (b) Rs. 50,000
- (c) Rs. 1,00,000
- (d) Rs. 2,00,000

Question 5

CS Execu.

When the goods are dispatched to a destination which is 280 kms from the place of dispatch, the e-way bill generated is valid for :

- (a) 1 day
- (b) 3 days
- (c) 2 days
- (d) 5 days

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| d | b | c | b | c |



Chapter 13: Payment of Tax

Descriptive Questions

Easy

Question 1

PYQ May'19

M/s. Daksha Enterprises has made a cash deposit of ₹10,000 under minor head 'tax' of major head 'SGST'. It has a liability of ₹2,000 for minor head "Interest" under the major head "SGST". State whether M/s. Daksha Enterprises can utilise the amount available for payment of interest.

2 Marks

Answer:

The Registered person is allowed to transfer the amount available under any minor head of a major head to any of the minor head of the same or other major head as per Section 49(10) of the CGST Act vide Form PMT-09.

Therefore, in the given case, amount of 10,000 available under minor head 'tax' of major head 'SGST' can be utilized for payment of liability of 2,000 under minor head 'interest' of the same major head, after making a due transfer entry using Form GST PMT-09 from the minor head of 'tax' to 'interest'.

Question 2

MTP April'21

PPC Ltd., has availed Input Tax credit for ₹ 54,000/- IGST during February 2021 on a Particular purchase. Accounting records for the above purchase, indicate that IGST paid to the supplier is ₹45,000/- as per the bill received. GSTR1 uploaded by the supplier for the above supply indicates ₹45,000/- as tax paid. Examine as per GST provisions, what value shall be updated in the ledgers maintained on behalf of PPC Ltd., on the common portal.

4 Marks

Answer:

PPC Ltd., have accounted and paid ₹45,000/- as IGST to the supplier concerned. However, an ailment of input tax credit has been made for ₹54,000/-.

As per Section 49(2) of CGST Act, 2017" The input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger, in accordance with section 41, to be maintained in such manner as may be prescribed."

Accordingly, electronic credit ledger of PPC Ltd., shall be updated with a value of ₹54,000/- as per self-assessed return to be filed for February 2021, though the input tax credit shown by the supplier is only for ₹45,000/-.

Question 3

MTP March'19

M/s Salty & Spicy Limited reduced the amount of Rs. 1,50,000 from the output tax liability in contravention of provisions of section 42(10) of the CGST Act, 2017 for the month of April 20XX, which is ineligible credit. A show cause notice was issued by the Tax Department to pay tax along with interest.

M/s Salty & Spicy Limited paid the tax and interest on 31st July, 20XX.
Calculate Interest liability (Ignore Penalty).

4 Marks



Answer:

A taxable person who makes an undue or excess claim of input tax credit shall pay interest @ 24% p.a. on such undue or excess claim in terms of section 50 of CGST Act, 2017. The period of interest will be from the date following the due date of payment to the actual date of payment of tax. Due date of payment is 20th May, 20XX.

Period for which interest is due = 21st May, 20XX to 31st July, 20XX = 72 days

Thus, interest liability = Rs. 1,50,000 x 24% x 72/365 = Rs. 7,101 (approx.)

Question 4

MTP Aug'18, PYP May '18

When shall the interest be payable by a registered person under section 50 of the CGST Act, 2017 and what is the maximum rate of interest chargeable for the same? **5 Marks**

Answer:

As per section 50 of the CGST Act, 2017, interest is payable in the following cases: -

- failure to pay tax, in full or in part within the prescribed period,
- undue or excess claim of input tax credit,
- undue or excess reduction in output tax liability.

The maximum rate of interest chargeable for the same is as under-

- (i) 18% p.a. in case of failure to pay full/part tax within the prescribed period
- (ii) 24% p.a. in case of undue or excess claim of input tax credit or undue or excess reduction in output tax liability.

Question 5

MTP March'18

What is an electronic cash ledger? Enumerate the modes of making deposit in the electronic cash ledger. **3 Marks**

Answer:

Electronic cash ledger is maintained in prescribed form for each person, liable to pay tax, interest, penalty, late fee or any other amount, on the common portal for crediting the amount deposited and debiting the payment therefrom towards tax, interest, penalty, fee or any other amount.

The deposit can be made through any of the following modes, namely: -

- (i) Internet Banking through authorized banks;
- (ii) Credit card or Debit card through the authorized bank;
- (iii) NEFT or RTGS from any bank; or
- (iv) Over the Counter payment through authorized banks for deposits up to ₹ 10,000/- per challan per tax period, by cash, cheque or demand draft [Section 49 of the CGST Act read with rule 87 of the CGST Rules].

Question 6

MTP March 22, May '20

Mr. Piyush, a registered supplier of taxable goods, filed GSTR 3B for the month of January, 2024 on 15th April, 2024. The prescribed due date to file the said GSTR 3B was 20th February, 2024. The amount of net GST payable, in Cash i.e. Electronic Cash Ledger on supplies made by him for the said month worked out to be ₹ 36,500 which was paid on 15th April, 2024. Briefly explain the related provisions and compute the amount of interest payable under the CGST Act, 2017 by Mr. Piyush. Ignore the effect of leap year, if applicable in this case. **4 Marks**

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. Thus, the amount of interest payable by Mr. Piyush is as under: -

Period of delay = 21st February, 2024 to 15th April, 2024 = 54 days

Hence, amount of interest = ₹ 36,500 × 18% × 54/365 = ₹ 972

Question 7

MTP Oct '18

How does the new payment system benefit the taxpayer & the Commercial Tax Department?

3 Marks

Answer:

The new payment system benefits the taxpayer and the commercial tax department in the following ways: -

Benefits to Taxpayer: -

- No more queues and waiting for making payments as payments can be made online 24 X 7.
- Electronically generated challan from GSTN common portal in all modes of payment and no use of manually prepared challan. Paperless transactions.
- Instant online receipts for payments made online.
- Tax consultants can make payments on behalf of the clients.
- Single challan form to be created online, replacing the three or four copy Challan.
- Greater transparency.

Benefits to the Commercial Tax Department: -

- Revenue will come earlier into the Government Treasury as compared to the old system.
- Logical tax collection data in electronic format.
- Speedy accounting and reporting.
- Electronic reconciliation of all receipts.
- Warehousing of digital challan.
- Note - Any three points each may be mentioned for Tax payer and Commercial Tax Department.

Question 8

MTP Aug '18

Sangam Ltd., obtains registration for paying taxes under section 9 of CGST Act. He asked his tax manager to pay taxes on quarterly basis. However, Sangam Ltd.'s tax manager advised the Company to pay taxes on monthly basis. You are required to examine the validity of the advice given by tax manager?

4 Marks

Answer:

The advice given by tax manager is valid in law. Payment of taxes by the normal tax payer is to be done on monthly basis by the 20th of the succeeding month. Cash payments will be first deposited in the Cash Ledger and the tax payer shall debit the ledger while making payment in the monthly returns and shall reflect the relevant debit entry number in his return. However, payment can also be debited from the Credit Ledger. Payment of taxes for the month of March shall be paid by the 20th of April. Composition tax payers will need to pay tax on quarterly basis.

Question 9

RTP Nov '18

Explain the order in which liability of taxable person has to be discharged under GST laws.

Answer:

Section 49(8) of CGST Act, 2017 prescribes the chronological order in which the liability of a taxable person has to be discharged:



- self-assessed tax and other dues for the previous tax periods have to be discharged first.
- self-assessed tax and other dues for the current tax period have to be discharged next.
- Once these two steps are exhausted, thereafter any other amount payable including demand determined under section 73 or section 74 is to be discharged. In other words, the liability if any, arising out of demand notice and adjudication proceedings comes last. This sequence has to be mandatorily followed.

The expression "other dues" referred above mean interest, penalty, fee or any other amount payable under the Act or the rules made thereunder.

Question 10

RTP Nov '19

Mr. Ram Narayan, a registered supplier under GST, wants to first discharge his self-assessed tax liability for the current period before settling the dues for the previous tax period. Examine briefly whether he can do so?

Answer:

As per section 49(8) of the CGST Act, 2017, the liability of a taxable person has to be discharged in a chronological order as under: -

- self-assessed tax and other dues for the previous tax periods have to be discharged first;
- the self-assessed tax and other dues for the current period have to be discharged next;
- Once these two steps are exhausted, thereafter any other amount payable including demand determined under section 73 or section 74 of the CGST Act, 2017 to be discharged. In other words, the liability if any, arising out of demand notice and adjudication proceedings comes last.

This sequence has to be mandatorily followed.

Thus, in view of the above-mentioned provisions, Mr. Ram Narayan cannot discharge his self-assessed tax liability for the current period before settling the dues for the previous tax period.

Question 11

RTP May '23

State the order in which every taxable person discharges his tax and other dues under GST law, as provided under section 49 of the CGST Act, 2017.

Answer:

Section 49 of the CGST Act, 2017 stipulates that every taxable person shall discharge his tax and other dues under the GST law in the following order, namely: -

- self-assessed tax, and other dues related to returns of previous tax periods;
- self-assessed tax, and other dues related to the return of the current tax period;
- any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74.

Question 12

PYQ Nov '20

Explain the order of discharge of tax and other dues as per the provisions of section 49(8) of the CGST Act, 2017.

5 Marks

Answer:

The order of discharge of tax and other dues as per provisions of section 49(8) of the CGST Act, 2017 is as under: -

- self-assessed tax and other dues related to returns for the previous tax periods should be discharged first.
- the self-assessed tax and other dues for the current period should be discharged next.

VG Sir

c. Lastly, any other amount payable including demand determined under section 73 or section 74 should be discharged.

Question 13

PYQ Nov '19

State the items which are to be debited to electronic liability register of the taxable person under the CGST Act, 2017 and rules thereunder. **5 Marks**

Answer:

The items to be debited to electronic liability register of the taxable person are as under: - all amounts payable towards tax, interest, late fee and any other amount as per return filed;

1. Currently GST portal does not allow filing of returns without payment of tax.
 - a. all amounts payable towards tax, interest, penalty and any other amount determined in a proceeding by an Assessing authority or as ascertained by the taxable person;
 - b. the amount of tax and interest as a result of mismatch.
 - c. any interest amount that may accrue from time to time.

Note: Any three points may be mentioned out of the above mentioned four points.

Question 14

PYQ Nov '18

Electronic cash ledger balance of ₹5,000 under the major head of IGST can be utilized for discharging the liability of major head of CGST. **3 Marks**

Answer:

The said statement is False.

Amount available under one major head cannot be utilized for discharging the liability under any other major head.

Question 15

PYQ Nov '18

Ms. Jimmy wants to adjust input tax credit for payment of interest, penalty and payment of tax under reverse charge. Explain whether she can do so. **3 Marks**

Answer:

The input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger which may be used for making any payment towards output tax. "Output tax" inter alia excludes tax payable on reverse charge basis.

Thus, Ms. Jimmy cannot adjust input tax credit for payment of interest, penalty as also for payment of tax under reverse charge.

Question 16

PYQ Nov '22

Pranesh has deposited a sum of ₹ 5,000 under the head of 'Fee' column of Cess and ₹4,000 was lying unutilized under the head of 'Penalty' column of IGST. Both the deposits were made wrongly instead of depositing under the head of Fee column under SGST.

In the light of the provisions of section 49(10) & 49(11) of the CGST Act, 2017, briefly explain the relevant provisions as how can Pranesh rectify these errors? **3 Marks**

Answer:

A registered person is allowed to make intra-head or inter-head transfer of amount, as available in electronic cash ledger, using specified form.

It can transfer any amount of tax, interest, penalty, fee or others, under one (major or minor) head to another (major or minor) head, as available in the electronic



cash ledger.

Therefore, in the given case, amount of ₹ 5,000 available under minor head 'fee' of major head 'cess' and ₹ 4,000 available under minor head 'penalty' of major head 'IGST' can be transferred to minor head 'fee' of major head 'SGST' using specified form.

Moderate

Question 1

RTP May'19

Sahil is a supplier of taxable goods in Karnataka. He got registered under GST in the month of September, 2021 and wishes to pay his IGST liability for the month. Since he is making the GST payment for the first time, he is of the view that he needs to mandatorily have the online banking facility to make payment of GST; offline payment is not permitted under GST. You are required to apprise Sahil regarding the various modes of deposit in the electronic cash ledger. Further, advise him with regard to following issues:

- Are manual challans allowed under GST?
- What is the validity period of the challan?
- Is cross utilization among Major and Minor heads of the electronic cash ledger permitted?

Answer:

As per the provisions of CGST Act, 2017 read with relevant rules, the deposit in electronic cash ledger can be made through any of the following modes, namely: -

- Internet Banking through authorized banks;
- Credit card or Debit card through the authorized bank;
- National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or
- Over the Counter payment through authorized banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft.

Thus, offline mode is also permitted under GST subject to specified conditions.

- Manual or physical Challans are not allowed under the GST regime. It is mandatory to generate Challans online on the GST Portal.
- Challan is valid for a period of 15 days.
- A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the CGST Act, 2017 to the electronic cash ledger for integrated tax, central tax, State tax or Union territory tax or cess.

Question 2

MTP Oct '22, RTP Nov'20

Suhasini is a registered software consultant. On account of her ill health, she could not provide any services during the month of October. However, she had to incur all the expenses relating to her office. She paid ₹75,000 to various vendors. The total input tax involved on the goods and services procured by her is ₹13,500. Out of the total bills paid by her, one bill for ₹15,000 relates to security services availed for security of her office, tax on which is payable under reverse charge. Input tax involved in such bill is ₹2,700. Suhasini is of the opinion that for the month of October, no GST is payable from electronic cash ledger as she has sufficient balance of ITC for payment of GST under reverse charge on security services. Do you think Suhasini is right? Explain with reasons assuming provisions of rule 86B are not applicable.

4 Marks

Answer:

The amount available in the electronic credit ledger, i.e. ITC may be used for making

VG Sir

any payment towards output tax [Section 49(4)]. Output tax in relation to a taxable person, means the tax chargeable on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis [Section 2(82)].

Therefore, ITC cannot be used to pay the tax liability under reverse charge. The same is always required to be paid through electronic cash ledger and not electronic credit ledger. Thus, Suhasini is wrong and she will need to pay the GST of ₹2,700 on security service through electronic cash ledger.

Question 3

MTP Oct'21

M/s ABC & Co., have defaulted in filing the return under Section 39 of CGST Act, 2017 i.e. GSTR-3B for the month of March, 2023 within the specified due date. Reason for such delay is attributable to delay in closure of Books for March 2021, which have been finalized during May 2023. The GST Common portal prompted for payment of late fees payable under Section 47 of CGST Act, 2017 for a sum of ₹ 2,000 under CGST and SGST each. Accountant, of M/s ABC & Co., sought your confirmation for payment of such late fees through the balance available in Electronic Credit Ledger for the late fees. Give your guidance in this regard. **4 Marks**

Answer:

Section 49(3) of the CGST Act, 2017 provides that the amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules made there under in prescribed manner.

Further, section 49(4) provides that the amount available in the electronic credit ledger may be used for making any payment towards output tax under this Act or under the Integrated Goods and Services Tax Act in prescribed manner.

Accordingly, as per the combined reading of the above provisions, late fees shall be paid only through electronic cash ledger and not possible through electronic credit ledger. Thus, contention of the accountant of M/s ABC & Co., is not correct and the above amount shown on the common portal has to be deposited in Electronic Cash Ledger under appropriate minor head, through any of the specified modes.

Question 4

MTP Oct'18

5 Marks

What is CIN?

Answer:

- CIN is challan Identification Number. It is generated by the banks indicating that the payment has been realized and credited to the appropriate government account against a generated challan
- The new payment system benefits the taxpayer and the commercial tax department in the following ways: -

Benefits to Taxpayer: -

- No more queues and waiting for making payments as payments can be made online 24 X 7.
- Electronically generated challan from GSTN common portal in all modes of payment and no use of manually prepared challan. Paperless transactions.
- Instant online receipts for payments made online.
- Tax consultants can make payments on behalf of the clients.
- Single challan form to be created online, replacing the three or four copy Challan.
- Greater transparency.

Benefits to the Commercial Tax Department: -

- Revenue will come earlier into the Government Treasury as compared to the old system.
- Logical tax collection data in electronic format.



- Speedy accounting and reporting.
- Electronic reconciliation of all receipts.
- Warehousing of digital challan.

Note - Any three points each may be mentioned for Tax payer and Commercial Tax Department.

Question 5

MTP Nov'21

Mr. A has deposited a sum of ₹ 30,000 under minor head of "Interest" column for the major head "IGST". At the time of filing GSTR-3B for a particular tax period, he noticed that there is no sufficient amount under the minor head 'Tax' towards payment of ₹ 30,000. When approached with the Jurisdictional Tax officer, Mr. A was guided to deposit the tax amount under proper head of accountant claim a refund for the remittance of amount deposited under head "interest". Examine the relevant provisions of CGST Act, 2017 towards payment of tax and compliance with the law.

4 Marks

Answer:

Provisions of Section 49(10) of CGST Act, 2017 permit a registered person for transferring the amount deposited under any of the minor head i.e. tax, interest, penalty, fees or others to any of the heads under IGST/CGST/SGST/UTGST and make the payment of taxes there upon. Accordingly, Mr. A need not deposit the tax amount under head "tax" and claim a refund for the remittance of amount deposited under head "interest". Rather, using the Form GST PMT 09, such amount can be transferred so-moto on the common portal from "interest" to "tax" head and tax liability be paid

As per amendment- A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for, --

- a) integrated tax, central tax, State tax, Union territory tax or cess;
- b) or integrated tax or central tax of a distinct person as specified in sub-section (4) or, as the case may be, sub- section (5) of section 25, in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act:

Provided that no such transfer under clause (b) shall be allowed if the said registered person has any unpaid liability in his electronic liability register

Question 6

MTP April '22

Raghav Ltd., have filed their GSTR-3B for the month of July, 2023 within the due date prescribed under Section 39 i.e. 20.08.2023. Post filing of the return, the registered person has noticed during September 2023 that tax dues for the month of July, 2023 have been short paid for ₹ 40,000. Raghav Ltd., has paid the above shortfall of ₹ 40,000, through GSTR-3B of September 2023, filed on 20.10.2023 [payment through Cash ledger - ₹ 30,000 and Credit ledger ₹ 10,000]. Examine the Interest payable under the CGST Act, 2017. What would be your Answer if, GSTR-3B for the month of July 2023 has been filed belatedly on 20.10.2023 and the self-assessed tax of ₹ 40,000/- has been paid on 20.10.2023 [payment through electronic cash ledger - ₹ 30,000 and electronic credit ledger ₹ 10,000]

Notes:

- ✓ There exists adequate balance in Electronic Cash & Credit ledger as on 31.07.2023 for the above short fall
- ✓ No other supply has been made nor tax payable for the month of July, 2023 other than ₹ 40,000/- missed out to be paid on forward charge basis.



✓ Ignore the effect of leap year, if applicable in this case.

5 Marks

Answer:

Interest is payable under Section 50 of the CGST Act, 2017 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.

As per proviso to sub-section (1) of Section 50, interest is payable on the net tax liability paid in cash, only if the return to be filed for a tax period under Section 39, has been filed after the due date to furnish such return.

In the above scenario, Raghav Ltd., has defaulted in making the payment for ₹ 40,000 on self-assessment basis in the return for the month of July, 2023. Accordingly, interest is payable on the gross liability and proviso of sub-section 50(1) shall not be applicable.

Thus, the amount of interest payable by Raghav Ltd., is as under: -

Period of delay = 21st August, 2023 to 20th October, 2023 = 60 days

Hence, amount of interest = ₹ 40,000 × 18% × 60/365 = ₹ 1,184

Alternatively, if Raghav Ltd., have filed the return for the month of July, 2023 on 20.10.2023, beyond the stipulated due date of 20.08.2023 and if the self-assessed tax for July, 2023 has been paid on 20.10.2023, Interest under proviso to Section 50(1) shall be payable on the tax paid through Electronic Cash Ledger only.

Hence Interest is payable from 21st August 2023 till 20th October 2023 = 60 days

Amount of Interest = ₹ 30,000 × 18% × 60/365 = ₹ 888

Question 7

RTP May '22

Restrictions have been imposed on the use of amount available in the electronic credit ledger vide rule 86B of the CGST Rules, 2017. Are there any exceptions to rule 86B? If yes, state the exceptions.

Answer:

Restrictions have been imposed on the use of amount available in electronic credit ledger vide rule 86B of the CGST Rules, 2017. Yes, there are exceptions to rule 86B. The exceptions to rule 86B are as under: -

(i) Payment of Income Tax more than ₹ 1 lakh

Rule 86B may not apply in cases whereby person mentioned below have deposited sum of more than ₹ 1 lakh as income tax under the Income-tax Act, 1961 in each of the last 2 financial years for which the time limit to file return of income under section 139(1) of the said Act has expired

- The registered person or
- The karta/proprietor/the managing director of the registered person;
- Any of the two partners, whole-time directors, members of Managing Committee of Associations or Board of Trustees of the registered person, as the case may be.

(ii) Receipt of refund of input tax credit of more than ₹ 1 lakh

Rule 86B may not apply whereby registered person has received a refund amount of more than ₹ 1 lakh on account of unutilized input tax credit under the following:

- zero-rated supplies made without payment of tax
- Inverted duty structure

It is pertinent to note that refund should have been received in the preceding financial year.

(iii) Payment of total output tax liability through electronic cash ledger in excess of 1% of total output tax liability. If the registered person has paid more than 1% of total output tax liability using electronic cash ledger up to the said month in the current financial year, the restrictions as specified in Rule 86B shall not apply.



It is pertinent to note that GST liability paid under reverse charge mechanism should not be taken into account while calculating the total output liability paid through electronic cash ledger.

(iv) Specified registered person:

Rule 86B would not be applicable in case of below-mentioned registered person:

- Government Department; or
- a public sector undertaking; or
- a local authority; or
- a statutory body.

However, Commissioner or an officer authorized by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit.

Question 8

PYQ Nov '22

Rule 86B restricts the use of Input Tax Credit (ITC) available in the Electronic Credit Ledger for discharging output tax liability. List down the exceptions to the rule 86B. **5 Marks**

Answer:

Rule 86B of the CGST Rules, 2017 restricts the use of ITC available in the Electronic Credit Ledger for discharging output tax liability by a registered person. Exceptions to rule 86B are as follows:

1. Where the said person/proprietor/karta/managing director/any of its two partners, whole-time directors, members of Managing Committee of Associations or Board of Trustees, as the case may be, have paid more than ₹ 1 lakh as income tax in each of the last 2 financial years.
2. Where the registered person has received a refund of more than ₹ 1 lakh in the preceding FY on account of unutilized ITC in case of
 - (i) zero rated supplies made without payment of tax or
 - (ii) inverted duty structure.
3. Where the registered person has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, up to the said month in the current FY.
4. Where the registered person is Government Department, Public Sector Undertaking, Local authority or Statutory body. Said restriction may be removed by Commissioner/ authorized officer after required verifications and safeguards.

Question 9

PYQ May '23

Mr. Manik provides the following information regarding his tax & other liabilities under GST law as per Electronic Liability Register:

| Sr. No. | Particulars | Amount (₹) |
|---------|---|------------|
| 1. | Tax due for the month of May | 25,000 |
| 2. | Interest due for the month of May | 2,000 |
| 3. | Penalty due for the month of May | 3,000 |
| 4 | Tax due for the month of June | 35,000 |
| 5. | Liability arising out of demand notice u/s 73 | 48,000 |

Mr. Manik wants to clear his liability of demand notice u/s 73 first.

Discuss the provision of order of discharge of GST liability u/s 49 (8) of the CGST Act & advice to Mr. Manik. **5 Marks**

Answer:

The order of discharge of GST liability under section 49(8) of the CGST Act is as under: Sir



- (i) self-assessed tax, interest, penalty, fee or any other amount related to returns of the previous tax periods.
- (ii) self-assessed tax, interest, penalty, fee or any other amount related to returns of the current tax period.
- (iii) any other amount payable including demand determined under section 73 or section 74,

In view of the above provisions, Mr. Manik cannot clear his liability of demand notice u/s 73 first. *The order of discharge of liability of Mr. Manik will be as under:*

1. Tax, interest and penalty for the month of May, ` 30,000
2. Tax due for the month of June, ₹35,000
3. Liability arising out of demand notice u/s 73, ` 48,000

Question 10**PYQ May'23**

"Rule 86A of the CGST Rules, 2017 provides that in certain specified circumstances, Commissioner on the basis of reasonable belief may not allow debit of an amount equivalent to such credit in electronic credit ledger." State the grounds (as guided by CBIC) on which the reasons for such belief must be based on.

5 Marks**Answer:**

The reasons for such belief must be based on one or more of the following grounds:

1. The credit is availed by the registered person on the invoices/debit notes issued by a supplier, who is found to be non-existent or is found not to be conducting any business from the place declared in registration.
2. The credit is availed by the registered person on invoices/debit notes, without actually receiving any goods and/or services.
3. The credit is availed by the registered person on invoices/debit notes, the tax in respect of which has not been paid to the Government.
4. The registered person claiming the credit is found to be non-existent or is found not to be conducting any business from the place declared in registration.
5. The credit is availed by the registered person without having any invoice/debit note or any other valid document for it.



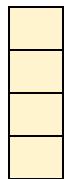
Multiple Choice Questions

Question 1

MTP Oct'19

What is the due date for payment of tax for a normal taxpayer?

- a) Last day of the month to which payment relates
- b) Within 10 days of the subsequent month
- c) Within 20 days of the subsequent month
- d) Within 15 days of the subsequent month

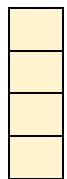


Question 2

MTP Oct'23

Balance in electronic credit ledger can be utilized against payment of ...

- a) output tax
- b) interest
- c) penalty
- d) late fees



| | |
|---|---|
| 1 | 2 |
| c | a |

Chapter 14: Tax Deduction at Source and Collection of Tax at Source

Descriptive Questions

Easy

Question 1

PYQ Nov '22

BSA Corporation is a Public Sector Undertaking registered in Karnataka. For entertainment events in Bengaluru and at Mumbai, BSA has given contract to Mr. A, a renowned artist, registered person in Maharashtra, to perform on contemporary Bollywood songs. BSA Corporation agreed to pay ₹ 12,39,000 and ₹ 18,29,000, inclusive of GST, for Mumbai and Bengaluru events respectively. BSA Corporation seeks your advice regarding amount of TDS to be deducted assuming GST rate @ 18% (CGST @ 9%, SGST @ 9%, IGST @18%) **5 Marks**

Answer:

A Public Sector Undertaking is required to deduct tax @ 2% (on inter-State supplies) from payment made to the supplier of taxable services where the total value of such supply, excluding tax indicated in the invoice, under a contract, exceeds ₹ 2,50,000.

Value of supplies excluding tax are

₹ 10,50,000 (₹ 12,39,000 × 100/118) and

₹ 15,50,000 (₹ 18,29,000 × 100/118)

Further, in the given case, since the location of supplier is Maharashtra and place of supply of services provided by Mr. A to BSA Corporation is the location of recipient, viz. Karnataka, said services provided at both Mumbai and Bengaluru events are inter -State supplies.

Accordingly, in the given case, BSA Corporation is required to deduct tax as follows:

(i) ₹ 10,50,000 × 2% = ₹ 21,000 (IGST)

(ii) ₹ 15,50,000 × 2% = ₹ 31,000 (IGST)

Moderate

Question 1

MTP April '21

Shubi Enterprises is entitled for exemption from tax under GST law. However, it collected tax from its buyers worth Rs. 50,000 in the month of August. It has not deposited the said amount collected as GST with the Government. You are required to brief to Shubi Enterprises the consequences of collecting tax, but not depositing the same with Government as provided under section 76 of the CGST Act, 2017. **5 Marks**

Answer:

It is mandatory to pay amount, collected from other person representing tax under GST law,



to the Government. Every person who has collected from any other person any amount as representing the tax under GST law, and has not paid the said amount to the Government, shall forthwith pay the said amount to the Government, irrespective of whether the supplies in respect of which such amount was collected are taxable or not. For any such amount not so paid, proper officer may issue show cause notice (SCN) for recovery of such amount and penalty equivalent to amount specified in notice.

The proper officer shall, after considering the representation, if any, made by the person on whom SCN is served, determine the amount due from such person and thereupon such person shall pay the amount so determined alongwith interest at the rate specified under section 50 of the CGST Act, 2017 from the date such amount was collected by him to the date such amount is paid by him to the Government.

Question 2

MTP March '23

Ragini Traders, a registered supplier of Jaipur, is engaged in supply of various goods and services exclusively to Government departments, agencies, local authority and persons notified under section 51 of the CGST Act, 2017.

You are required to briefly explain the provisions relating to tax deduction at source under section 51 and also determine the amount of tax, if any, to be deducted from each of the receivables given below (independent cases) assuming that the payments as per the contract values are made on 31st October. The rates of CGST, SGST and IGST may be assumed to be 6%, 6% and 12% respectively.

- 1) Supply of computer stationery to Public Sector Undertaking (PSU) located & registered in Mumbai. Total contract value is ₹ 2,72,000 (inclusive of GST)
- 2) Supply of air conditioner to GST department located & registered in Delhi. Total contract value is ₹ 2,55,000 (exclusive of GST)
- 3) Supply of generator renting service to Municipal Corporation of Jaipur (not exempt under GST law). Total contract value is ₹ 3,50,000 (inclusive of GST)

Answer:

As per section 51 of the CGST Act, 2017, Government departments, agencies, local authority and notified persons are required to deduct tax @ 2% (1% CGST + 1% SGST/UTGST) or IGST @ 2% from payment made to the supplier of taxable goods and/ or services where the total value of such supply [excluding tax and compensation cess indicated in the invoice], under a contract, exceeds ₹ 2,50,000. Since in the given case, Ragini Traders is supplying goods and services exclusively to Government departments, agencies, local authority and persons notified under section 51 of the CGST Act, 2017, applicability of TDS provisions on its various receivables is examined in accordance with the above-mentioned provisions as under:



| S. No. | Particulars | Total contract value due to be received [excluding GST] (₹) | Tax to be deducted | | |
|--------|---|---|--------------------|---------------|---------------|
| | | | CGST @ 1% (₹) | SGST @ 1% (₹) | IGST @ 2% (₹) |
| (1) | Supply of computer stationery to PSU in Mumbai [Since the total value of supply under the contract [excluding IGST (being inter-State supply)] does not exceed ₹ 2,50,000, tax is not required to be deducted.] | 2,42,857 [2,72,000 × 100 / 112] | -- | -- | |
| (2) | Supply of air conditioner to GST Department in Delhi [Since the total value of supply under the contract [excluding IGST (being inter-State supply)] exceeds ₹ 2,50,000, tax is required to be deducted.] | 2,55,000 | -- | | 5,100 |
| (3) | Supply of a generator renting service to Municipal Corporation of Jaipur [Since the total value of supply under the contract [excluding CGST and SGST (being intra-State supply)] exceeds ₹ 2,50,000, tax is required to be deducted.] | 3,12,500 [3,50,000 × 100 / 112] | 3,125 | 3,125 | |
| | Total | | 3,125 | 3,125 | 5,100 |

Question 2

PYQ Nov '20

- 1) A Central Government Department located at Uttar Pradesh is registered with the Commercial Tax Department UP State for deducting GST. It enters into a contract with a Public Sector Undertaking (PSU), registered under GST in the State of Delhi, for supplying goods valued ₹3,50,000. The PSU argues that no tax is deductible on this supply by the Central Government Department as it is located outside the State of Uttar Pradesh and therefore not liable to tax under CGST and SGST as it is a local levy and IGST tax deduction is not applicable if it is located in another State, other than the State in which the Department is registered. You are required to comment on this.
- 2) Would there be any difference, if instead of the PSU if it was an entity in the private sector? Applicable tax rate for deduction is 1% CGST, 1% SGST and 2% IGST.
- 3) If the private sector entity undertakes works contract, for the above Department in New Delhi. What would be the position of tax deduction when the contract value is ₹5,00,000?
- 4) The disbursing officer has not paid the tax deducted in the month of February 2019,



amounting to ₹2,00,000 under CGST and 2,00,000 under SGST to the Government's account on the relevant due date, but has paid it on 14th May, 2019. Further, return for that month is also filed on that date and the certificate is also issued simultaneously. What are the consequences, on such failures, to the disbursing officer under the GST law? **4 Marks**

Answer:

1. Certain specified persons are required to deduct tax from the payment made to the supplier of taxable goods and/or services, where the total value of such supply [excluding GST] under a contract, exceeds ₹2,50,000.

However, the tax is not liable to be deducted at source when supply of goods and/or services has taken place between one specified person to another specified person. Since both Central Government Department and PSU are the specified persons, tax is not deductible in case of supply of goods between them.

2. Central Government Department is mandatorily required to deduct IGST @ 2% since a private entity is not the specified person.

3. Since, in the given case, the location of supplier and place of supply is in the same State, i.e., Delhi and location of recipient is in UP, Central Government Department is not required to deduct TDS although the total value of supply under the contract is more than ₹ 2,50,000.

4. Failure to deposit TDS with the Government and failure to furnish TDS return within the stipulated time period will result in following consequences:

- Interest @ 18% p.a. on the amount of tax deducted shall be payable.
- Late fee of ₹100 per day for the period of delay in furnishing return, or ₹ 5,000, whichever is lower, shall be payable. Equal amount of late fee will be payable under the respective State law.
- Applicable penalty will also be levied.

Question 3

PYQ Jan '21

From the following information of independent cases, your expert advice, with appropriate reasoning, is sought on the applicability of TDS/TCS provisions of the CGST Act, 2017. You shall also quantify the amount of TDS/TCS, as the case be, if the same is applicable.

- Top Fashions, a designer cloth dealer and registered in the State of West Bengal, effected supply through 'QUICK DEAL', an electronic commerce operator. Net value of taxable intra-State supplies effected for the month of October 2019 was ₹ 1,50,000.
- M/s Super Builders, a registered supplier in Tamil Nadu, was awarded a works contract by Government of Tamil Nadu amounting to ₹ 4,30,000. Of this, value of exempt supply was ₹ 1,00,000.

(iii) Tasty Caterers, a registered supplier of Kerala, provided catering services in Kochi, Kerala to Government of Andhra Pradesh for its annual training camp held for its staff.

Value of said services was ₹ 4,50,000. **4 Marks**



Answer:

(i) An electronic commerce operator (ECO) is required to collect TCS - an amount @ 1% (CGST 0.5% and SGST @ 0.5%) of the net value of taxable supplies made through it by other suppliers.
 $= `1,50,000 \times 0.5\% = ` 750 \text{ (CGST)} \& ` 750 \text{ (SGST)}$

(ii) A State Government is required to deduct tax from the payment made to the supplier of taxable goods and/or services, where the total value of such supply [excluding GST] under a contract, exceeds ` 2,50,000. TDS to be deducted in the given intra-State supply (since place of supply and location of supplier is in Tamil Nadu) is as follows:
 $= `(4,30,000 - 1,00,000) \times 1\% = ` 3,300 \text{ (CGST)} = ` 3,300 \text{ (SGST)}$

(iii) Since, in the given case, the location of supplier and place of supply are in the same State, i.e., Kerala and location of recipient is in Andhra Pradesh, Andhra Pradesh Government is not required to deduct TDS although the total value of supply under the contract is more than ` 2,50,000.

Note: In above question, it has been assumed that the value given is exclusive of GST, wherever applicable, since the rate of tax is not given in the question.

Difficulty**Question 1**

RTP May '19, MTP April 19, MTP Oct'22

Manihar Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017. It has provided the information relating to the supplies made, their contract values and the payment due against each of them in the month of October, 20XX as under:

| | Particulars | Total contract value (inclusive of GST) (`) | Payment due in October, 20XX (`) |
|-------|--|---|----------------------------------|
| (i) | Supply of stationery to Fisheries Department, Kolkata | 2,60,000 | 15,000 |
| (ii) | Supply of car rental services to Municipal Corporation of Delhi | 2,95,000 | 20,000 |
| (iii) | Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand | 5,90,000 | 25,000 |
| (iv) | Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860 | 6,49,000 | 50,000 |
| (v) | Interior decoration of Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh). | 12,39,000 | 12,39,000 |



| | | | |
|-------|---|----------|--|
| (vi) | Supply of printed books and printed post cards to a West Delhi Post Office [Out of total contract value of ` 9,72,000, contract value for supply of books (exempt from GST) is ` 7,00,000 and for supply of printed post cards (taxable under GST) is ` 2,72,000.] | 9,72,000 | 50,000 for books & 20,000 for printed post cards |
| (vii) | Maintenance of street lights in Municipal area of East Delhi* [The maintenance contract entered into with the Municipal Corporation of Delhi also involves replacement of defunct lights and other spares. However, the value of supply of goods is not more than 25% of the value of composite supply.] *an activity in relation to any function entrusted to a Municipality under article 243W of the Constitution | 3,50,000 | 3,50,000 |

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively. Will your answer be different, if Manihar Enterprises is registered under composition scheme? **4 Marks**

Answer:

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, with effect from 01.10.2018, 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, -
- 1) set up by an Act of Parliament or a State Legislature; or
- 2) 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.

Since in the given case, Manhaar Enterprises is supplying goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017, applicability of TDS provisions on its various receivables is examined in accordance with the above-mentioned provisions as under:



| S. No. | Particulars | Total contract value (`) | Payment due (`) | Tax to be deducted | | |
|--------|--|--------------------------|-----------------|--------------------|----------|----------|
| | | | | CGST (`) | SGST (`) | IGST (`) |
| (i) | Supply of stationery to Fisheries Department, Kolkata (Note-1) | 2,60,000 | 15,000 | -- | | |
| (ii) | Supply of car rental services to Municipal Corporation of Delhi (Note-2) | 2,95,000 | 20,000 | -- | | |
| (iii) | Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand (Note-3) | 5,90,000 | 25,000 | | | 500 |
| (iv) | Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860 (Note-4) | 6,49,000 | 50,000 | 500 | 500 | |
| (v) | Interior decoration of Andhra Bhawan located in Delhi (Note-5) | 12,39,000 | 12,39,000 | -- | | |
| (vi) | Supply of printed books and printed post cards to a West Delhi Post Office (Note-6) | 9,72,000 | | -- | | |
| (vii) | Maintenance of street lights in Municipal area of East Delhi (Note-7) | 3,50,000 | 3,50,000 | -- | | |

Notes:

1. Being an inter-State supply of goods, supply of stationery to Fisheries Department, Kolkata is subject to IGST @ 18%. Therefore, total value of taxable supply [excluding IGST] under the contract is as follows:

$$= ` 2,60,000 \times 100 / 118$$

$$= ` 2,20,339 \text{ (rounded off)}$$

Since the total value of supply under the contract does not exceed ` 2,50,000, tax is not required to be deducted.

2. Being an intra-State supply of services, supply of car rental services to Municipal Corporation of Delhi is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:

$$= ` 2,95,000 \times 100 / 118$$

$$= ` 2,50,000$$

Since the total value of supply under the contract does not exceed ` 2,50,000, tax is not required to be deducted.

3. Being an inter-State supply of goods, supply of heavy machinery to PSU in Uttarakhand is subject to IGST @ 18%. Therefore, total value of taxable supply [excluding IGST] under the contract is as follows:



$$= ` 5,90,000 \times 100 / 118$$

$$= ` 5,00,000$$

Since the total value of supply under the contract exceeds ` 2,50,000, PSU in Uttarakhand is required to deduct tax @ 2% of ` 25,000, i.e. ` 500.

4. Being an intra-State supply of goods, supply of taxable goods to National Housing Bank, Delhi is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:

$$= ` 6,49,000 \times 100 / 118$$

$$= ` 5,50,000 \text{ (rounded off)}$$

Since the total value of supply under the contract exceeds ` 2,50,000, National Housing Bank, Delhi is required to deduct tax @ 2% (1% CGST + 1% SGST) of ` 50,000, i.e. ` 1,000.

5. 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 (Manihar Enterprises) and the place of supply is Delhi and the State of registration of the recipient - Government of Andhra Pradesh is Andhra Pradesh, no tax is liable to be deducted in the given case.

6. If the contract is made for both taxable supply and exempted supply, tax shall be deducted if the total value of taxable supply in the contract exceeds ` 2,50,000. Being an intra-State supply of goods, supply of printed post cards to a West Delhi Post Office is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:

$$= ` 2,72,000 \times 100 / 118$$

$$= ` 2,30,509 \text{ (rounded off)}$$

Since the total value of taxable supply under the contract does not exceed ` 2,50,000, tax is not required to be deducted.

7. Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to, inter alia, local authority by way of any activity in relation to any function entrusted to a Municipality under article 243W of the Constitution is exempt from GST. Thus, maintenance of street lights (an activity in relation to a function entrusted to a Municipality) in Municipal area of East Delhi involving replacement of defunct lights and other spares where the value of supply of goods is not more than 25% of the



value of composite supply is a service exempt from GST. Since tax is liable to be deducted from the payment made or credited to the supplier of taxable goods or services or both, no tax is required to be deducted in the given case as the supply is exempt.

The answer will remain unchanged even if Manihar Enterprises is registered under composition scheme. Tax will be deducted in all cases where it is required to be deducted under section 51 of the CGST Act, 2017 including the scenarios when the supplier is registered under composition scheme.



Multiple Choice Questions

Question 1

March Oct'19

In which of the following supplies of goods and services made exclusively to Government departments, agencies etc., TDS is required to be deducted?

- (i) Health Department executed a contract with a local supplier to supply "medical grade oxygen" of ` 2.6 lakh (including GST @ 18%) and is making full payment.
- (ii) Government school is making a payment of ` 3.5 Lakh to a supplier for supply of cooked food as mid- day meal under a scheme sponsored by Central/State Government
- (iii) Municipal Corporation of Kolkata purchases a heavy generator from a supplier in Delhi. Now, it is making payment of ` 5 lakh and IGST @18% on ` 5 lakh for such purchase.
- (iv) Finance Department is making a payment of ` 3 lakh (including GST @ 18%) to a supplier of 'printing & stationery'.

Assume all other conditions for deduction of TDS are fulfilled

- (a) (i), (ii) and (iii)
- (b) (ii), (iii) and (iv)
- c) Only (i) and (ii)
- (d) Only (iii) and (iv)

Question 2

MTP April'19

Analyze the transactions mentioned below-

1. Mr. Abhinay, provides architect services to Institute for Rural Development, a Government Agency for Rs. 2,80,000/- (inclusive of Rs. 30,000/- GST) under a contract in October, 2018. Mr. Abhinay, is registered under GST. Being a registered supplier, Institute for Rural Development deducted TDS of supplier.

2. M/s. Manmohak Apparels, is registered under GST in Madhya Pradesh. It sells leather handbags across India through e-commerce operator Pingpong. Pingpong, is also registered with Madhya Pradesh GST Authority as TCS collector and collected TCS @ 1% (0.5% CGST + 0.5% SGST) on supplies made through it. M/s. Manmohak Apparels made sales of Rs. 3,45,000/- and received sales returns of Rs. 67,700/- in the month of October, 2018. Sales are inclusive of tax. Leather handbags are taxable @ 18% GST. Pingpong, collected TCS of Rs. 2,350/- from M/s Manmohak Apparels. Which of the transactions are in compliance with section 51 or section 52 of CGST Act?

- (a) Only (i)
- b) Only (ii)
- c) Both (i) and (ii)
- (d) Neither (i) nor(ii)



Question 3

MTP April'19

A taxable person has made following supplies in January, 2018 - Sales within the State - Rs. 2,00,000. Exports out of India- Rs. 60,000.

Supplies to SEZ located within the State - Rs. 40,000. He does not intend to clear goods under Letter of Undertaking (LUT) or bond. The input tax credit available to him during January, 2018 - IGST - Nil. CGST - Rs.10,000. SGST - Rs. 20,000.

There is no opening balance in his electronic cash ledger or electronic credit ledger. Tax rates are - SGST - 9%, CGST - 9%, IGST - 18%. How much amount is payable by him in cash?

- (a) CGST - Rs. 8,000 SGST - Nil
- (b) CGST - Rs. 11,600 SGST - Rs. 1,600
- (c) CGST - Rs. 8,000, SGST - Nil, IGST - Rs. 5,200
- (d) CGST - Rs. 8,000 SGST - Nil, IGST - Rs. 16,000

Question 4

MTP Mar'22

Sachi Traders, registered in Maharashtra, purchased machinery two years back worth ` 2,00,00,000 and did not avail ITC on said machinery at the time of its purchase. After using the machinery for two years, it gave said machinery free of cost in the month of September (in the current year) to an unrelated person in Punjab. On the date of transfer, open market value of the machinery was ` 1,25,00,000 and the written down value was ` 1,53,00,530.

In the month of September, it also supplied taxable goods worth ` 50,00,000 to Hike Oil Corporation Limited in the territorial waters. The said territorial waters are located at a distance of 5 nautical miles from the baseline of the State of Maharashtra and 7 nautical miles from the baseline of the State of Kerala.

All above amounts are exclusive of GST and rates of applicable CGST, SGST and IGST in above cases are 9%, 9% and 18%.

You are required to determine the amount of net CGST and SGST and/or IGST payable in the month of September.

- (a) CGST: ` 4,50,000; SGST: ` 4,50,000; IGST: Nil
- (b) CGST: Nil; SGST: Nil; IGST: ` 9,00,000
- (c) CGST: Nil; SGST: Nil; IGST: Nil
- (d) CGST: ` 4,50,000; SGST: ` 4,50,000; IGST: ` 22,50,000

Question 5

RTP Nov'20

In respect of a consignment supplied on 20th August, provisional assessment was resorted to. The assessment was finalized on 20th November and the taxpayer became liable to pay differential IGST of ` 10,000/-. The taxpayer paid this amount on 20th February next year.

The number of days for which the taxpayer is liable to pay interest are-

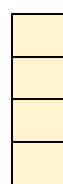
- a) 184 days
- b) 153 days
- c) 92 days
- d) 204 days



Question 6**CS Execu.**

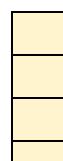
Which of these electronic ledgers are maintained online?

- (a) Electronic liability register
- (b) Electronic credit ledger
- (b) Electronic cash ledger
- (d) All of the above

**Question 7****CS Execu.**

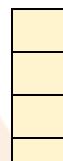
Balance in electronic credit ledger under SGST can be used against which liability?

- (a) SGST Liability only
- (b) SGST and IGST liability
- (c) SGST, IGST and CGST liability
- (d) None of the above

**Question 8****CS Execu.**

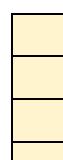
Which of the following shall be discharged first, while discharging liability of a taxable person?

- (a) All dues related to previous tax period
- (b) All dues related to current tax period
- (c) Demand raised under section 73 and 74
- (d) No such condition is mandatory

**Question 9****CS Execu.**

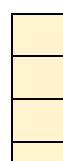
The input tax credit as self-assessed in the return of a registered person shall be credited to his _____, in accordance with Section 41, to be maintained in such manner as may be prescribed.

- (a) Electronic cash ledger
- (b) Electronic credit ledger
- (c) Personal ledger account
- (d) Refund account

**Question 10****CS Execu.**

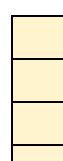
Suppose one dealer has a credit of Rs. 5 lakhs in his Electronic ITC Ledger. That dealer has interest arrears dues of Rs. 6 lakhs and penalty dues of Rs. 2 lakhs. If so, how much, he has to deposit to settle the above interest and penalty dues?

- (a) Rs. 3 lakhs
- (b) Rs. 6 lakhs
- (c) Rs. 2 lakhs
- (d) Rs. 8 lakhs

**Question 11****CS Execu.**

What is the late fee for delay in issuing the Certificate of TDS Deduction to the Deductee?

- (a) Rs. 100 per day with a Maximum of Rs. 5,000
- (b) Rs. 100 per day with a Maximum of Rs. 10,000
- (c) Rs. 100 per day with a Maximum of Rs. 15,000
- (d) No Late fee is leviable

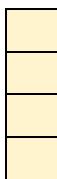


Question 12

The TDS Remittance of the Deductor will be shown in the :

- (a) Electronic ITC Ledger of the Deductor
- (b) Electronic ITC Ledger of the Deductee
- (c) Electronic Cash Ledger of the Deductor
- (d) Electronic Cash Ledger of the Deductee

CS Execu.

**Answers**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-----------|-----------|---|---|---|---|---|---|---|----|
| d | b | d | a | b | d | b | a | b | d |
| 11 | 12 | | | | | | | | |
| a | d | | | | | | | | |

Chapter 15: Returns

Descriptive Questions

Easy

Question 1

MTP Oct'21

Discuss the eligibility for QRMP scheme under GST?

5 Marks

Answer:

Registered persons (other than supplier of online information and database access or retrieval services (OIDAR) located in non-taxable territory and providing such services to a non-taxable online recipient), having an aggregate turnover up to ` 5 crore in the preceding financial year, and who have opted to furnish quarterly return under QRMP scheme are eligible for QRMP scheme as the class of persons who shall furnish a return for every quarter from January, 2021 onwards, and pay the tax due every month.

Thus, the taxpayers whose aggregate turnover is up to ` 5 crore in the preceding financial year are eligible for QRMP scheme. For computing aggregate turnover, details furnished in returns for tax periods in the preceding financial year shall be taken into account.

Question 2

MTP Oct'19

Mr. X, a regular tax payer, did not make any taxable supply during the month of July. Is he required to file any goods and service tax return?

3 Marks

Answer:

A regular tax payer is required to furnish a return u/s 39 for every month even if no supplies have been effected during such period. In other words, filing of Nil return is also mandatory.

Therefore, Mr. X is required to file monthly return even if he did not make any taxable supply during the month of July.

Question 3

MTP Sep'22

Elaborate the provisions relating to annual return contained under section 44 of the CGST Act, 2017.

5 Marks

Answer:

Every registered person, other than an input service distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person shall furnish an annual return which may include a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement for every financial year electronically, within prescribed time, form and manner.



However, the Commissioner may exempt any class of registered persons from filing annual return. Further, any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor- General of India, or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force, is not required to furnish annual return.

Question 4

RTP Nov '20

The due date for payment of tax by a person paying tax under section 10 of the CGST Act, 2017, i.e. a composition supplier is aligned with the due date of return to be filed by the said person. Discuss the correctness or otherwise of the statement.

Answer:

The statement is not correct. Every registered person paying tax under section 10, i.e. a composition supplier, is required to file a return annually in Form GSTR-4. Form GSTR-4 for a financial year should be furnished by 30th April of the succeeding financial year. However, a composition supplier is required to pay his tax on a quarterly basis. A quarterly statement for payment of self-assessed tax in GST CMP-08 is required to be furnished by 18th day of the month succeeding such quarter.

Therefore, while the return is to be furnished annually, payment of tax needs to be made on a quarterly basis, by a composition supplier.

Question 5

RTP Nov '23

Batra Ltd., a normal taxpayer, is winding up its business in Rajkot. The Tax Consultant of Batra Ltd. has suggested that Batra Ltd. will have to file either the annual return or the final return at the time of voluntary cancellation of registration in the State of Rajkot.

Do you agree with the stand taken by Tax Consultant of Batra Ltd.? Offer your comments. Ignore the aggregate turnover of Batra Ltd.

Answer:

No, the stand taken by Tax Consultant of Batra Ltd. is not correct.

Annual return is required to be filed by every registered person paying tax as a normal taxpayer. Final return is filed by the registered persons who have applied for cancellation of registration within three months of the date of cancellation or the date of cancellation order.

In the given case, Batra Ltd., a registered person, is winding up its business and has thus, applied for cancellation of registration. Therefore, it is required to file both annual return and final return.

Question 6

PYQ Jan'21

The aggregate turnover of Mr. Prithvi, a registered person for the FY 2017-18 and 2018-19 were ` 140 lakh and ` 170 lakh respectively. He has not filed the annual return (GSTR-9) under section 44(1) of CGST Act, 2017 before the due date. Discuss the penal provisions, if any, for not filing the returns before the due date.

3 Marks**Answer:**

VG Sir



The penal provisions for not filing the annual return (GSTR-9) under section 44(1) of the CGST Act, 2017 before the due date are as under: -

a) ` 100 for every day during which such failure continues,

or

b) 0.25% of the turnover of the registered person in the State/Union Territory whichever is lower1.

Note: - It may be noted that filing of GSTR-9 has been made voluntary in respect of financial years 2017-18 and 2018-19 for the registered persons whose turnover is less than ` 2 crores and who have not furnished the said annual return before due date. Here, the annual return is deemed to be furnished on the due date if it has not been furnished before the due date.

Question 7

PYQ Nov'20

"In Form GSTR-1, submission of invoice-wise details of outward supplies is mandatory for all kind of invoices issued during the tax period. "Comment on the validity of the above statement with reference to GST laws.

3 Marks

Answer:

The said statement is not valid.

In respect of following outward supplies, consolidated details and not invoice-wise details are required to be uploaded in the GSTR-1:

- a) Intra-State supplies made to unregistered persons for each rate of tax
- b) Inter-State supplies made to unregistered persons with invoice value up to ` 2,50,000 for each rate of tax separately for each State.

Question 8

PYQ Nov'19

Explain the consequences, if the taxable person under GST law files the GST return under Section 39(1) of the CGST Act, 2017, but does not make payment of self- assessment tax.

2 Marks

Answer:

If the taxable person under GST law files the GST return under section 39(1) of the CGST Act, 2017, but does not pay the self-assessment tax, the return is not considered as a valid return1. Since the input tax credit can be availed only on the basis of a valid return, the taxable person, in the given case, will not be able to claim any input tax credit.

He shall pay interest, penalty, fees or any other amount payable under the CGST Act for filing return without payment of tax.

Question 9

PYQ July'21, PYQ May'18, MTP Aug'18

Explain who is required to furnish final return, time limit for filing of final return and late fee for delay in filing final return.

5 Marks

Answer:

Every registered person who is required to furnish a return and whose registration has been surrendered or cancelled is required to file a final return.

The final return has to be filed within 3 months of the:



1. date of cancellation or
2. date of order of cancellation whichever is later. Quantum of late fee for not filing the final return is as follows:
 - ₹ 100 for every day during which such failure continues or
 - ₹ 5,000 whichever is lower.

An equal amount of late fee is payable under the respective SGST/UTGST Act as well.

Question 10

PYQ May'22, PYQ Nov'18

"All taxpayers are required to file GSTR-1 only after the end of the current tax period." Comment on the validity of the above statement with reference to GST law. **3 Marks**

Answer:

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:

- Casual taxpayers, after the closure of their business
- 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.

Moderate

Question 1

MTP Nov'21

What are the cases where a registered person is debarred from furnishing details of outward supplies in GSTR-1/IFF? **6 Marks**

Answer:

- A registered person shall not be allowed to furnish the details of outward supplies in Form GSTR-1, if he has not furnished the return in Form GSTR-3B for preceding two months.
- A registered person, opting for QRMP scheme shall not be allowed to furnish the details of outward supplies in Form GSTR-1 or using IFF, if he has not furnished the return in Form GSTR-3B for preceding tax period.
- A registered person, who is restricted from using the amount available in electronic credit ledger to discharge his liability towards tax in excess of 99% of such tax liability under rule 86B of the CGST Rules, shall not be allowed to furnish the details of outward supplies in Form GSTR-1 or using IFF, if he has not furnished the return in Form GSTR-3B for preceding tax period.

Question 2

MTP March '23

Briefly elaborate the provisions relating to nil GSTR-3B.

5 Marks

Answer:

- Filing of GSTR-3B is mandatory for all normal and casual taxpayers, even if there is no



business activity in any particular tax period. For such tax period(s), a Nil GSTR-3B is required to be filed.

- A Nil GSTR-3B does not have any entry in any of its tables. For example, a Nil GSTR-3B for a tax period cannot be filed, if the taxpayer has made any outward supply (including nil-rated, exempt or non-GST supplies) or has received any supplies which are taxable under reverse charge or it intends to take ITC etc.
- A Nil GSTR-3B can be filed through an SMS using the registered mobile number of the taxpayer. GSTR-3B submitted through SMS is verified by registered mobile number-based OTP facility.
- A taxpayer may file Nil GSTR-3B, anytime on or after the 1st day of the subsequent month/quarter for which the return is being filed for.

Question 3

RTP May'19

M/s Cavenon Enterprises, a registered supplier of designer wedding dresses under regular scheme, has aggregate annual turnover of ₹ 30 lakh in the preceding financial year. It is of the view that in the current financial year, it is permitted to file its monthly statement of outward supplies - GSTR-1 - on a quarterly basis while its accountant advises it to file the same on a monthly basis. You are required to advise M/s Cavenon Enterprises on the same.

During a given tax period in the current financial year, owing to an off-season, M/s Cavenon Enterprises has not made any taxable supply. Therefore, M/s Cavenon Enterprises opines that no return under GST is required to be filed for the said period. You are required to examine the technical veracity of the opinion of M/s Cavenon Enterprises.

Answer:

Section 37 of the CGST Act, 2017 stipulates that GSTR-1 for a particular month is required to be filed on or before the 10th day of the immediately succeeding month, i.e. on a monthly basis.

However, presently, as a measure of easing the compliance requirement for small tax payers, GSTR-1 has been allowed to be filed quarterly by small tax payers with aggregate annual turnover up to ₹ 1.5 crore in the preceding financial year or the current financial year. Tax payers with annual aggregate turnover above

₹ 1.5 crore will however continue to file GSTR-1 on a monthly basis.

In view of the same, M/s Cavenon Enterprises can file its GSTR-1 on quarterly basis as its aggregate turnover does not exceed ₹ 1.5 crore in the preceding financial year.

Further, GSTR-1 needs to be filed even if there is no business activity in a tax period. Thus, in the present case, even if no supply has been made by M/s Cavenon Enterprises, a nil return is required to be filed for the relevant tax period.

Question 4

PYQ Nov'19

Discuss the provisions of Section 39(9) of the CGST Act, 2017, relating to rectification of errors/omissions in GST returns already filed and also state its exceptions. State the time limit for making such rectification.

5 Marks

Answer:



Omission or incorrect particulars discovered in the returns filed under section 39 can be rectified in the return to be filed for the month/quarter during which such omission or incorrect particulars are noticed. Any tax payable as a result of such error or omission will be required to be paid along with interest. Exception Section 39(9) of the CGST Act does not permit rectification of error/omission discovered on account of scrutiny, audit, inspection or enforcement activities by tax authorities. The time limit for making such rectification is earlier of the following dates:

- (i) ~~Due date for filing return for September month of next financial year or~~
- (ii) ~~Actual date of filing annual return~~

As per amendment Provided that no such rectification of any omission or incorrect particulars shall be allowed after the 30th day of November following the end of the financial year to which such details pertain, or the actual date of furnishing of relevant annual return, whichever is earlier.

Question 5

RTP May '21

Miss Kashi is a registered intra-State supplier of goods in Haryana. During the months of August and September, she was out of station on a religious pilgrimage with her family for 55 days. Thus, no business transaction was made during August. Miss Kashi is of the opinion that as there is no transaction, there is no need to file monthly return [GSTR-3B] for the month of August. However, her tax consultant has advised her to file nil GSTR-3B. Whether the advice given by tax consultant is correct? Explain.

Will your answer in (a) change, if Miss Kashi has placed an order for some purchases during August over her mobile phone, which has been received in her premises and she intends to take input tax credit on the same?

Assuming in (a) above, Miss Kashi does not have internet facility in her mobile and there is no facilitation centre notified by the Commissioner, whether no return is required to be filed in the absence of means to file return? Explain.

Answer:

a) The advice given by tax consultant is correct.

Under GST law, filing of GSTR-3B is mandatory for all normal and casual taxpayers, even if there is no business activity in any particular tax period. For such tax period(s), a Nil GSTR-3B is required to be filed.

Therefore, in the given case, even though Miss Kashi was out of station on a religious pilgrimage with her family for 55 days and thus, could not do any business transaction during the month of August, she is still required to file Nil GSTR-3B for that month.

b) Nil GSTR-3B means that the return has nil or no entry in all its Tables. Since in the present case, Miss Kashi has received certain purchases, she cannot file Nil GSTR-3B, as the said purchases will need to be disclosed in the "Table for Eligible ITC" in GSTR-3B.

Thus, Miss Kashi is required to file monthly return, GSTR-3B for the month of August.

c) GSTR-3B can be submitted electronically on the common portal, either directly or through a Facilitation Centre notified by the Commissioner. Further, a Nil GSTR-3B can be filed through an SMS using the registered mobile number of the taxpayer.



Thus, Miss Kashi is required to file Nil GSTR-3B for the month of August through an SMS using her registered mobile number even though there is no internet facility in her mobile and no Facilitation Centre notified by the Commissioner.

Question 6

RTP May '22

Mr. Ayushman, a registered person having intra-State aggregate turnover of ₹ 1.2 crores in the preceding financial year did not file GSTR-3B for the month of September, 2023 by 10th November, 2023. The amount of tax payable for the month of September, 2023 is ₹ 8 lakh. All his supplies are intra-State supplies. Is there any late fee payable for the same? If yes, what is the amount of late fee payable?

- Will your Answer be different in (a), if Mr. Ayushman has intra-State aggregate turnover of ₹ 5 crores in the preceding financial year?
- Will your Answer be different in (a), if total amount of tax payable in the GSTR-3B for the month of September is Nil?

Answer:

- As per section 47 of the CGST Act, 2017 read with Notification No 19/2021 CT dated 01.06.2021, the registered persons whose aggregate turnover is ≤ ₹ 1.5 crores in the preceding FY, and who fails to furnish the returns required under section 39 by the due date shall pay a late fee of ₹ 2,000 (₹ 1,000 each under CGST & SGST or ₹ 2,000 under IGST).

Thus, late fee is payable in the given case and the amount of late fee payable is ₹ 2,000 (₹ 1,000 each under CGST & SGST).

- As per section 47 of the CGST Act, 2017 read with Notification No 19/2021 CT dated 01.06.2021, the registered persons whose aggregate turnover is more than ₹ 1.5 crores but less than equal to ₹ 5 crores in the preceding FY, and who fails to furnish the returns required under section 39 by the due date shall pay a late fee of ₹ 5,000 (₹ 2,500 each under CGST & SGST or ₹ 5,000 under IGST).

Thus, late fee is payable in the given case and the amount of late fee payable is ₹ 5,000 (₹ 2,500 each under CGST & SGST).

- As per section 47 of the CGST Act, 2017 read with Notification No 19/2021 CT dated 01.06.2021, any registered person whose total amount of tax payable in the GSTR-3B is Nil and who fails to furnish the returns required under section 39 by the due date shall pay a late fee of ₹ 500 (₹ 250 each under CGST & SGST or ₹ 500 under IGST).

Thus, late fee is leviable even if total amount of tax payable in the GSTR-3B for the month of September is Nil. The amount of late fee would be ₹ 500 (₹ 250 each under CGST & SGST).

As per amendment Provided that no such rectification of any omission or incorrect particulars shall be allowed after the 30th day of November following the end of the financial year to which such details pertain, or the actual date of furnishing of relevant annual return, whichever is earlier.



Question 7

List the details of outward supplies which can be furnished using Invoice Furnishing Facility (IFF). Also briefly list the cases where a registered person is debarred from furnishing details of outward supplies in GSTR-1/IFF.

5 Marks**Answer:**

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

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

Cases where a registered person is debarred from furnishing details of outward supplies in GSTR-1/using IFF:

- A registered person is not allowed to furnish Form GSTR-1, if he has not furnished the return in Form GSTR-3B for the preceding 2 months²/ for the preceding 1 month³.
- A registered person, opting for QRMP (Quarterly Return Monthly Payment) scheme is not allowed to furnish Form GSTR-1/using IFF, if he has not furnished the return in Form GSTR-3B for preceding tax period.

² Position of law till 31.12.2021

³ Position of law w.e.f. 01.01.2022

Question 8

PYQ Dec'21

PQR Ltd., have filed their GSTR-3B return for the month of August, 2023 within the due date i.e. 20.09.2023. It was noticed in October, 2023 that tax dues for the month of August, 2023 have been short paid by ` 10,000. The shortfall of ` 10,000 was paid through cash ledger and credit ledger amounting to ` 7,500 and ` 2,500 respectively while filing GSTR-3B of October, 2023 which was filed on 20.11.2023.

- (1) Examine and compute the interest payable if any under the CGST Act, 2017.
- (2) What would be your answer if, GSTR-3B for the month of August 2023 had been filed belatedly on 20.11.2023 as above.

Note: Ignore the effect of the leap year. Electronic cash ledger and credit ledger carried sufficient balance for the above shortfall.

5 Marks**Answer:**

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

However, interest is payable only on the short-paid tax which is paid through electronic cash ledger if return under section 39 is furnished after the due date.

- (i) In the given case, PQR Ltd. has furnished the return for August 2020 by the due date. Hence, interest is payable on the entire amount of short payment of ` 10,000, as under:

$$= ` 10,000 \times 18\% \times 61/365 = ` 300.82 \text{ or } 301 \text{ (rounded off)}$$

- (ii) If PQR Ltd. has furnished the return for August 2020 after the due date, interest is payable only on the short payment which is paid through electronic cash ledger, i.e. ` 7,500, as under:

$$= ` 7,500 \times 18\% \times 61/365 = ` 225.62 \text{ or } 226 \text{ (rounded off)}$$



Question 9

Mr. Sumit is a registered dealer in the state of Punjab. In the month of May, he decides to apply for QRMP scheme. As he wants to switch to QRMP scheme, he had not filed his returns for the months of May and June.

Please guide to Mr. Sumit regarding the following:

(A) Conditions and restrictions of QRMP scheme.
(B) Manner of exercising option of QRMP scheme.

3 Marks

Answer:

(A) Conditions and restrictions of QRMP scheme

Mr. Sumit has to fulfil the following conditions and restrictions for opting for QRMP scheme:

- His aggregate annual turnover (PAN based) is up to ` 5 crore in the preceding financial year.
- He has furnished the return for the preceding month, as due on the date of exercising such option.
- He is not required to exercise the option every quarter.

(B) Manner of exercising option of QRMP scheme

Registered person - Mr. Sumit - intending to opt for QRMP scheme for any quarter should indicate his preference for furnishing of return on a quarterly basis from 1st day of the 2nd month of the preceding quarter till the last day of the 1st month of the quarter for which the option is being exercised.

Difficulty**Question 1**

MTP May'20, March '19, March'21, Oct'22, Sep'23

If a return has been filed, how can it be revised if some changes are required to be made?

Answer:

In GST since the returns are built from details of individual transactions, there is no requirement for having a revised return. Any need to revise a return may arise due to the need to change a set of invoices or debit/ credit notes.

Instead of revising the return already submitted, the system allows amendment in the details of those individual details of those transactions (invoices or debit/credit notes) that are required to be amended. They can be amended in any of the future GSTR- 1 in the tables specifically provided for the purposes of amending previously declared details. Omission or incorrect particulars discovered in the returns filed under section 39 of the CGST Act, 2017 can be rectified in the return to be filed for the month during which such omission or incorrect particulars are noticed. Any tax payable as a result of such error or omission will be required to be paid along with interest. The rectification of errors/omissions is carried out by entering appropriate particulars in "Amendment Tables" contained in GSTR-1. However, no such rectification of any omission or incorrect particulars is allowed after the due date for furnishing of return for the month of September or second quarter (in case of quarterly filers) following the end of the financial year to which such details pertain, or the actual date of furnishing of relevant annual return, whichever is earlier.



As per amendment Provided that no such rectification of any omission or incorrect particulars shall be allowed after the 30th day of November following the end of the financial year to which such details pertain, or the actual date of furnishing of relevant annual return, whichever is earlier.

Question 2

RTP Nov '19

IGST @ 12%] in the States of Punjab and Haryana. He has furnished the following details in relation to independent supplies made by him in the quarter ending June, 20XX:-

| Supply | Recipient | Nature of supply | Value (₹) |
|--------|-------------------------------|------------------|-----------|
| 1 | Mr. A, a registered person | Inter-State | 2,20,000 |
| 2 | Mr. B, a registered person | Inter-State | 2,55,000 |
| 3 | Mr. C, an unregistered person | Intra -State | 1,80,000 |
| 4 | Mr. D, an unregistered person | Intra-State | 2,60,000 |
| 5 | Mr. M, an unregistered person | Inter-State | 3,00,000 |
| 6 | Mr. N, an unregistered person | Inter-State | 50,000 |
| 7 | Mr. O, an unregistered person | Inter-State | 2,50,000 |
| 8 | Mr. P, an unregistered person | Inter-State | 2,80,000 |
| 9 | Mr. Q, a registered person | Intra-State | 1,50,000 |
| 10 | Mr. R, a registered person | Intra-State | 4,10,000 |

The aggregate annual turnover of Mr. Gauri Shiva in the preceding financial year was ₹ 1.20 crore.

With reference to rule 59 of the CGST Rules, 2017, discuss the manner in which the details of above supplies are required to be furnished in GSTR-1.

Answer:

Rule 59 of the CGST Rules, 2017, inter alia, stipulates that the details of outward supplies of goods and/or services furnished in form GSTR-1 shall include the-

- invoice wise details of all -
 - inter-State and intra-State supplies made to the registered persons; and
 - inter-State supplies with invoice value more than two and a half lakh rupees made to the unregistered persons;
- consolidated details of all -
 - intra-State supplies made to unregistered persons for each rate of tax; and
 - State wise inter-State supplies with invoice value upto two and a half lakh rupees made to unregistered persons for each rate of tax;

Thus, in view of the above-mentioned provisions, Mr. Gauri Shiva should furnish the details of outward supplies of goods made by him during the quarter ending June 20XX in the following manner:-

| Supply | Recipient | Nature of supply | Value (₹) | Manner of furnishing details |
|--------|-------------------------------|------------------|-----------|--|
| 1 | Mr. A, a registered person | Inter-State | 2,20,000 | Invoice-wise details |
| 2 | Mr. B, a registered person | Inter-State | 2,55,000 | Invoice-wise details |
| 3 | Mr. C, an unregistered person | Intra-State | 1,80,000 | Consolidated details of supplies 3 and 4 |
| 4 | Mr. D, an unregistered person | Intra-State | 2,60,000 | |



| | | | | |
|----|-------------------------------|-------------|----------|--|
| 5 | Mr. M, an unregistered person | Inter-State | 3,00,000 | Invoice-wise details |
| 6 | Mr. N, an unregistered person | Inter-State | 50,000 | Consolidated details of supplies 6 and 7 |
| 7 | Mr. O, an unregistered person | Inter-State | 2,50,000 | |
| 8 | Mr. P, an unregistered person | Inter-State | 2,80,000 | Invoice-wise details |
| 9 | Mr. Q, a registered person | Intra-State | 1,50,000 | Invoice-wise details |
| 10 | Mr. R, a registered person | Intra-State | 4,10,000 | Invoice-wise details |

Question 3

PYQ July '21

Who can be registered as Goods and Service Tax Practitioners under Section 48 of the CGST Act?**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:

- 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
- 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
- acquired any of the prescribed qualifications
- 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
- has passed any other notified examination
- has passed final examination of ICAI/ ICSI/ Institute of Cost Accountants of India Note: Any 3 points may be mentioned.



Multiple Choice Questions

Question 1

CS Execu..

Mr. Prabhu, registered under GST in Mumbai, is in the business of trading of marble handicraft items domestically as also exporting the same. His annual turnover and input tax details are as follows:

| Particulars | Turnover [Rs.] | Tax paid on inputs [Rs.] |
|----------------|----------------|--------------------------|
| Taxable goods | 1,25,00,000 | 12,50,000 |
| Exported goods | 75,00,000 | 5,50,000 |
| Exempt goods | 50,00,000 | 5,00,000 |

Mr. Prabhu exported the goods under LUT without payment of IGST. Value of like goods domestically supplied by him is Rs. 60,00,000.

Mr. Prabhu seeks your help in calculating the amount of refund of ITC which he is eligible to claim under GST law. The refund amount is:

- (a) Rs. 18,00,000
- (b) Rs. 6,75,000
- (c) Rs. 5,40,000
- (d) Rs. 6,90,000

Question 2

CS Execu..

The details of outward supplies of goods or services shall be submitted by –

- (a) 11th of the succeeding month
- (b) 18th of the succeeding month
- (c) 15th of the succeeding month
- (d) 20th of the succeeding month

Question 3

CS Execu..

The normal permissible Time Period to upload the statement of outward supply will be :

- (a) From 01st to 11th of the Next Month
- (b) From 11th to 15th of the Next Month
- (c) From 11th to 15th of the Next Month
- (d) From 11th to 20th of the Next Month

Question 4

CS Execu..

Which form is furnished for submission of details of outward supplies u/s 37?

- (a) GSTR-1
- (b) GSTR-2
- (c) GSTR-3
- (d) GSTR-5



Question 5**CS Execu.**

Supplier registered under composition scheme must file return within (June, 2019)

- (a) 7 days after end of every month
- (b) 20 days after end of every month
- (c) 18 days after end of every quarter
- (d) 30 days after end of the year

Question 6**CS Execu.**

A registered taxable person other than Input service distributor, non-resident tax payer & a person paying tax under section 10, 51 or 52, shall file its periodical return —

- (a) by 20th of the month succeeding the quarter
- (b) by 18th of the month succeeding the quarter
- (c) by 10th of the succeeding month
- (d) by 20th of the succeeding month

Question 7**CS Execu.**

The maximum amount of late fee payable by any registered person on failure to furnish GSTR-3B by the due date is

- (a) Rs. 1,000
- (b) Rs. 5,000
- (c) Rs. 10,000
- (d) Rs. 25,000

Question 8**CS Execu.**

The e-commerce operator collecting tax under section 52 shall file its monthly return —

- (a) by 18th of the succeeding month
- (b) 20th of the month succeeding the quarter
- (c) 17th of the succeeding month
- (d) 10th of the succeeding month

Question 9**CS Execu.**

Mr. Pandit is engaged in trading of gifts articles and his annual turnover will exceeds Rs. 500 lakhs. The due date for filing annual return would be _____ of the following financial year.

- (a) 31st October
- (b) 31st December
- (c) 30th September
- (d) 30th November

Answers

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | |
|---|---|---|---|---|---|---|---|---|--|
| b | a | a | a | d | d | b | d | b | |



Case Scenarios

Easy

Case I

MTP Oct'21 & Sep '23

Ms. Adisha, a doctor having in-patient facility in her hospital is a registered person under GST. She availed interior decoration services from her spouse without any consideration being paid. She also availed IT related services from her sister-in-law without any consideration. Both services were for the purpose of her profession.

Ms. Adisha provided treatment of various diseases in her hospital and apart from that she also provided the following services in her hospital-

- (a) Plastic surgery to enhance the beauty of the face
- (b) Ambulance service for transportation of patients
- (c) Renting of space to run medical store in hospital premises

She is also a consultant in other hospitals and received ₹ 40,00,000 as consultancy fee from the other hospitals.

Further, she also provides canteen facility and received ₹ 55,000 from in-patients, ₹ 35,000 from patients who are not admitted and ₹ 25,000 from visitors for the same facility.

She filed GSTR-3B for the month of June with some errors. She filed the Annual return for the said financial year on 31st October of the next year, whereas due date for the said Annual return is 31st December of the next year.

Proper Officer of the department cancelled the registration certificate of Ms. Adisha suo moto on 31st July. Order of cancellation was served on 5th August. However, she applied for revocation of the same and got her registration certificate revoked.

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

From the information given above, choose the most appropriate Answer for the following Questions

Question 1

Which of the following is a correct statement as per the provisions of CGST Act, 2017?

- (i) Service availed from her Spouse is a deemed supply
- (ii) Service availed from her Sister-in-Law is a deemed supply
- (iii) Service availed from her Spouse is not a deemed supply
- (iv) Service availed from her Sister-in-Law is not a deemed supply

- (a) (I) and (iv)
- (b) (iii) and (iv)
- (c) (ii) and (iii)
- (d) (I) and (ii)

Question 2

Compute the taxable value of supply of canteen service provided by Ms. Adisha?

- (a) ₹25,000
- (b) ₹35,000
- (c) ₹60,000
- (d) ₹80,000



Question 3

Ms. Adisha should have applied for revocation of cancellation of registration certificate by

- 5th August
- 20th August
- 30th August
- 3rd November

Question 4

Maximum time permissible for rectification of error committed in monthly return of June is _

- 20th July
- 30th November of the next year
- 31st October of the next year
- 31st December of the next year

Question 5

Determine which of the following services provided by Ms. Adisha and her hospital is exempt from GST?

- Plastic surgery to enhance the beauty of the face
- Ambulance service for transportation of patients
- Renting of space to run medical store in hospital premises
- Consultancy service by Ms. Adisha in other hospitals

- (I), (ii) & (iv)
- (I), (ii)
- (ii) & (iv)
- (I) & (iii)

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| a | c | d | b | c |

Case II

MTP Nov'21, RTP Nov '20

Mr. Kumar started interior designing practice from the month of January. His turnover up to the month of March was ₹ 12,50,000. On 30th June, his turnover exceeded ₹ 20,00,000 & reached to ₹ 20,05,000. Mr. Kumar applied for GST registration (as regular taxpayer) on 15th July and registration was granted to him on 25th July. On 16th July, he entered into a contract for designing the flat of Mr. Sham. The service was completed on 22nd July and Mr. Kumar issued invoice on the same day for ₹ 6,00,000. On 5th July, Mr. Kumar purchased capital goods amounting to ₹ 4,50,000 and from 25th July to 31st July, he availed services amounting to ₹ 1,75,000 for the purpose of completing the service.

On 1st August, Mr. Kumar got another contract for interior designing from Mr. Ram, which he accepted on 2nd August. The service was completed on 6th August and invoice was issued on 7th August for ₹ 5,00,000. Payment was received on 29th August. All values are excluding taxes, unless specifically mentioned. Mr. Kumar makes only intra-State outward supplies and all purchases are also intra-State. Rates of tax are CGST - 9% and SGST - 9%.

In relation to the above, Answer the following Questions:

Question 1

The effective date of registration for Mr. Kumar is-

- 30th June



- (b) 15th July
- (c) 25th July
- (d) 16th July

Question 2

Mr. Kumar can issue a revised tax invoice till-

- (a) 23rd October
- (b) 8th September
- (c) 25th September
- (d) 25th August

Question 3

Eligible input tax credit available with Mr. Kumar for the month of July is-

- (a) CGST ₹ 40,500 & SGST ₹ 40,500
- (b) CGST ₹ 15,750 & SGST ₹ 15,750
- (c) CGST ₹ 56,250 & SGST ₹ 56,250
- (d) CGST ₹ 36,000 & SGST ₹ 36,000

Question 4

The time of supply of services provided by Mr. Kumar to Mr. Ram is-

- (a) 7th August
- (b) 1st August
- (c) 29th August
- (d) 6th August

Question 5

If instead of opting for regular scheme, Mr. Kumar opts to pay tax under section 10(2A) of the CGST Act, 2017, the tax liability for the month of July will be-

- (a) CGST Nil and SGST Nil
- (b) CGST ₹ 54,000 & SGST ₹ 54,000
- (c) CGST ₹ 18,000 & SGST ₹ 18,000
- (d) CGST ₹ 78,150 & SGST ₹ 78,150

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| a | d | c | a | c |

Case III

MTP Nov'21, RTP Nov '20

Ms. Anjali is engaged in supply of services. She is registered under GST and has opted to pay tax under composition scheme for service provider under section 10(2A) of the CGST Act. The turnover for the quarter ending June was Rs. 12,00,000. During July, she crossed the aggregate turnover of Rs. 50 lakh and opted out of composition scheme. She also started trading of goods in July.

She supplied an order to Breathe Well LLP on ex-factory basis, the details of which are as follows-

- I. Basic price of the product- ₹53,000
- II. Outward freight- ₹12,000
- III. Packing Charge - ₹ 5,000
- IV. Discount given on receiving payment - ₹2,000 (not included in invoice)



For supplies, provided to Breathe Well LLP, she received half of the amount as advance on 22nd July. The goods were dispatched from her factory on 25th July and delivered on 28th July. She raised the invoice on 30th July and the balance payment was also received on the same date. Ms. Anjali received 25 invoices from various suppliers involving GST of Rs. 1,50,000 for the month of July. While filing GSTR-3B for the said month on 20th August, she found that only 20 invoices involving GST of Rs. 1,00,000 were uploaded by the suppliers.

Ms. Anjali supplied goods to the following persons-

| Sr. No. | Recipient | Value of Supply |
|---------|-------------------------------------|-----------------|
| 1 | Mr. Pawan - an unregistered person | Rs. 150 |
| 2 | Mr. Umesh, a registered person | Rs. 110 |
| 3 | Rains Trust, an unregistered entity | Rs. 250 |

None of the above persons requires a tax invoice.

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

Based on the information provided above, choose the most appropriate

Question 1

Compute the tax liability for the quarter ending June under CGST and SGST?

- (a) Rs. 30,000 each
- (b) Rs. 12,000 each
- (c) Rs. 6,000 each
- (d) Rs. 36,000 each

Question 2

Compute the value of Supply made by Ms. Anjali to Breathe Wall LLP?

- (a) 56,000
- (b) 58,000
- (c) 68,000
- (d) 75,000

Question 3

Determine the amount of ITC that can be claimed by Ms. Anjali for the month of July?

- (a) Rs. 1,00,000
- (b) Rs. 1,10,000
- (c) Rs. 1,20,000
- (d) Rs. 1,50,000

Question 4

Determine the time of supply made to Breathe Wall LLP?

- (a) 22nd July
- (b) 25th July
- (c) 28th July
- (d) 30th July

Question 5

Ms. Anjali need not issue invoice to which of the following persons?



- (a) Mr. Pawan
- (b) Mr. Pawan and Umesh
- (c) Mr. Pawan and Rains Trust
- (d) Need not issue invoice to all the three persons

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| d | b | b | b | a |

Case IV

MTP Mar'21

Explore Logistics, a Goods Transport Agency registered under GST provided GTA services (taxable @ 5%) to the following persons-

- A. Sahil Traders, an unregistered Partnership firm.
- B. Mr. Aadi, a casual taxable person, who is not registered under GST.
- C. Small Traders co-operative society registered under Societies Registration Act. In a particular consignment, Explore Logistics transported the following-

- (a) Defense Equipment's
- (b) Railway Equipment's
- (c) Organic Manure

Explore Logistics opted to charge GST @ 12% from October. It provided GTA Services to Mahajan Steels Pvt. Ltd. on 1st October and issued an invoice dated 5th November. Payment was received on 6th November.

It provided both inter-State and intra-State service to various registered as well as unregistered persons. Based on the information provided above, choose the most appropriate Answer for the following

Question 1

Which of the following persons are liable to pay GST on reverse charge in respect of the GT A services (taxable @ 5%) provided by Explore Logistics

- (i) Sahil Traders
- (ii) Mr. Aadi
- (iii) Small Traders Co-operative society

- (a) i & ii
- (b) ii & iii
- (c) i & iii
- (d) i, ii & iii

Question 2

Out of items transported by Explore Logistics, which of the following is/ are exempt from GST?

- (i) Defence Equipments
- (ii) Railway Equipments
- (iii) Organic Manure

- (a) i
- (b) i & ii
- (c) i & iii
- (d) i, ii & iii

Question 3

What will be the time of supply in respect of the services provided by Explore Logistics to Mahajan Steels Pvt. Ltd.?

- (a) 6th November
- (b) 5th November
- (c) 30th November
- (d) 1st October

Question 4

Which of the following statements is correct in respect of services provided by Explore Logistics to Mahajan Steels Pvt. Ltd.?

- (a) Mahajan Steels Pvt. Ltd. is liable to pay GST
- (b) Explore Logistics is liable to pay GST
- (c) Service provided by Explore Logistics to Mahajan Steels Pvt. Ltd. is exempt under GST
- (d) Mahajan Steels Pvt. Ltd. is liable to pay 50% GST and remaining 50% will be paid by Explore Logistics

Question 5

In respect of which of the following supplies, Explore Logistics has to provide invoice-wise details in GSTR- 1?

- (i) Inter-State supplies to registered person with invoice value not exceeding Rs. 2,50,000
- (ii) Inter-State supplies to unregistered person with invoice value not exceeding Rs. 2,50,000
- (iii) Inter-State supplies to unregistered person with invoice value exceeding Rs. 2,50,000
- (iv) Intra-State supplies to registered person with invoice value not exceeding Rs. 2,50,000

- (a) i & iv
- (b) i & ii
- (c) ii & iii
- (d) i, iii & iv

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| c | c | b | b | d |

Case V

MTP Oct'20

M/s. Shanky Consultants, a partnership firm registered in Delhi, renders following services during the year:

- (i) Security services: ₹ 2,00,00,000/- to registered business entities.
- (ii) Manpower services (Accountants): ₹ 5,00,000/-
- (iii) Auditing services: ₹ 1,00,00,000/-

Other Information:

- i. Shanky Consultants also paid sponsorship fees of ₹ 70,000/- at seminar organized by a private NGO (a partnership firm) in Delhi.
- ii. Shanky Consultant pays rent amounting to ₹ 6,00,000/- for a building owned by MCD.
- iii. Assume all services are taxable at 18% and all transactions to be intra-State supplies. Based on the above information, Answer the following Questions:

Question 1

What is the aggregate turnover of Shanky Consultants?

- (a) ₹ 3,05,00,000/-



(b) ₹ 3,05,70,000/-
 (c) ₹ 1,05,00,000/-
 (d) ₹ 1,05,70,000/-.

Question 2

GST liability paid under reverse charge by Shanky Consultants is?

(a) CGST: ₹ 60,300/-, SGST: ₹ 60,300/-
 (b) CGST: ₹ 6,300/-, SGST: ₹ 6,300/-
 (c) CGST: ₹ 54,000/-, SGST: ₹ 54,000/-
 (d) None of the above.

Question 3

State which of the following statement is true in respect of security services provided by Shanky Consultants to registered business entities:

(a) Shanky Consultants shall issue GST compliant tax invoice.
 (b) Shanky Consultants shall issue bill of supply stating "Tax to be paid by service recipient under reverse charge".
 (c) Shanky Consultants can issue any document in lieu of tax invoice.
 (d) Shanky Consultants shall issue receipt voucher every time Shanky Consultants receives payment.

| 1 | 2 | 3 |
|---|---|---|
| a | a | a |

Case VI

MTP May'20

Ms. Riya is a multi-faceted business personality. She is registered under GST from April, 20XX. She supplied a package consisting of stapler, calculator and charger at a single price of Rs. 300/. Rate of GST for stapler, calculator and charger is 5%, 12% and 18% respectively.

She wants to opt for composition levy.

She received following payments during the month of May, 20XX:

- earned Rs. 160,000 by performing in western music in a cultural event at a Resort
- earned Rs. 50,000 by providing services by way of renting of residential dwelling for use as boutique.
- received Rs. 70,000 by way of rent for letting of agro machinery

Ms. Riya made a supply during June, 20XX, details of which are as follows: -

- Basic price of the product - Rs. 45,000
- Tax collected at source under Income-tax Act, 1961 - Rs. 2,500
- She received a subsidy of Rs. 3,500 from Green Foundation Pvt. Ltd for usage of green energy and the subsidy was linked to saving energy

Ms. Riya provides the following information regarding receipt of inward supply during July, 20XX:

- received invoice for goods having GST Component of Rs. 30,000. Goods were to be delivered in 5 lots, out of which three lots were received in the current month.
- purchased a car having GST component of Rs. 1,50,000 for the usage in a driving school owned by her
- availed health insurance service for her employees on her own and paid GST of Rs. 7,000 thereon

Transactions referred above are intra-State only. Conditions necessary for claiming input tax credit (ITC) have been fulfilled subject to the information given above.



From the information given above, choose the most appropriate Answer for the following Questions:

Question 1

What would be the nature of supply and the applicable rate of GST for the supply of package made by Ms. Riya (when not registered under composition scheme): -

- (a) composite Supply & applicable rate 12%
- (b) mixed Supply & applicable rate 18%
- (c) composite Supply & applicable rate 18%
- (d) mixed Supply & applicable rate 12%

Question 2

Ms. Riya can opt for composition scheme if she does not undertake the supply of

- (i) Aerated water
- (ii) Tobacco
- (iii) Pan masala
- (iv) Milk

- (a) I& ii
- (b) iii & iv
- (c) I, ii & iii
- (d) ii, iii & iv

Question 3

Out of payments received by Ms. Riya in month of May 20XX, exempt Supply amounts to _____

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

Question 4

In respect of supply made by Ms. Riya, the value of supply under section 15 of CGST Act, 2017 is

- (a) Rs. 45,000
- (b) Rs. 47,500
- (c) Rs. 48,500
- (d) Rs. 51,000

Question 5

Eligible amount of input tax credit that can be claimed by Ms. Riya in the month of July 20XX is,

- (a) Rs. 30,000
- (b) Rs. 37,000
- (c) Rs. 1,50,000
- (d) Rs. 1,57,000

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| b | c | b | a | c |



Case VII

M/s. Harsimran & Co., a registered supplier under GST, is dealing in supply of taxable goods in the State of Karnataka.

The firm had opted for Composition Scheme from April month of last financial year. Its turnover crossed ₹ 1.50 Crores on 9th May of current financial year and had opted for withdrawal of composition scheme on the said date.

Harsimran & Co. removed goods on 10th June for delivery to Simran & Co. on 'Sale or Return Basis'.

Simran & Co. accepted the goods vide its confirmation mail dated 15th December.

The firm has paid GST for various items during the month of August. It comprised of the following -

- (a) GST paid on input services intended to be used for personal purposes - ₹ 12,000
- (b) GST paid on purchase of Motor Vehicle for business use (being a two-wheeler having engine capacity of 25CC) - ₹ 9,000
- (c) GST paid on purchase of computer - ₹ 19,000

(GST portion was included as part of cost to claim depreciation under Income-tax Act, 1961)

During May, Harsimran and Co. had reversed ITC of ₹ 10,000 for not making payment to Vendors within the time prescribed under CGST Act, 2017. This pending payment was cleared in the month of August.

Out of purchases made and ITC availed during earlier months, the following information is made available as on September:

| Supplier Name | Payment is due for (Number of days) | Related ITC Component |
|---------------|-------------------------------------|-----------------------|
| XYZ | 165 | ₹ 13,000 |
| ABC | 199 | ₹ 15,000 |
| PQR | 99 | ₹ 20,000 |

Harsimran & Co received accounting services from Ekam & Co., an associated enterprise, located in Sri Lanka. Ekam & Co. issued invoice for the service on 1st September, which was entered by Harsimran & Co. in its book on 10th October. But payment was made on 30th September. All the supply referred above is intra-State unless specified otherwise. Conditions applicable for an ailment of ITC are fulfilled subject to the information given above. Based on the information provided above, choose the most appropriate Answer for the following Questions

Question 1

Harsimran & Co. needs to furnish a statement containing details of stock of inputs/ inputs held in semi-finished / finished goods on the withdrawal of composition scheme by

- (a) 9th May
- (b) 23rd May
- (c) 8th June
- (d) 7th July

Question 2

In respect of the goods sent on sale or return basis, Harsimran & Co. shall issue the invoice by

- (a) 10th June
- (b) 10th September
- (c) 10th December
- (d) 15th December

Question 3

Determine the amount of eligible input tax credit that can be availed by Harsimran & Co for the month of August?

- (a) Nil
- (b) ₹ 19,000
- (c) ₹ 22,000
- (d) ₹ 50,000

Question 4

Compute the amount of ITC to be reversed for the month of September? Ignore interest liability, if any.

- (a) Nil
- (b) ₹ 28,000
- (c) ₹ 15,000
- (d) ₹ 13,000

Question 5

Time of supply in respect of service imported by Harsimran & Co from its Associated Enterprise is _____

- (a) 1st September
- (b) 30th September
- (c) 1st October
- (d) 10th October

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| c | c | b | c | b |

Case VIII

MTP April' 22

Mr. Lala is engaged in supply of tiles and marbles in the State of Telangana. He is not registered under GST. He commenced his business from the month of July.

He availed godown construction services for business from his brother-in-law who was dependent on him. He also availed professional consultancy services for the purpose of business from his son who is a Company Secretary and his son is not dependent on him. Mr. Lala did not pay anything for both the services as both of them were his relative / family member respectively.

On the basis of advice of his son, Mr. Lala made the supply of tiles within his State only. His turnover reached to ₹ 7 lakh as on 31st October. However, he planned to expand his business to other States, since he has received decent orders from other States also.

During the month of December, he received a consignment of tiles from Rajasthan through Prompt Carriers, a goods transport agency based in the State of Rajasthan. Goods were dispatched by the supplier on 'to-pay' basis for freight. Freight charges were ₹ 50,000 and the said GTA pays GST @ 12%. Mr. Lala paid the invoice amount in the month of December itself. This was an inter-State transaction. During the month of January, Mr. Lala made his first inter-State supply to Tamil Nadu on 4th January. His turnover before making such supply was ₹ 15 lakh.

Value of such inter-state supply was ₹ 4,50,000, exclusive of taxes. Payment for the said inter-State supply was received on 28th February. Invoice was raised by Mr. Lala on 25th January.

All the figures given above are exclusive of taxes wherever applicable. Based on the information given above, choose the most appropriate Answer for the following Questions-



Question 1

In respect of services availed by Mr. Lala, which of the following is a correct statement?

- (a) Godown construction service availed from his brother-in-law free of cost is considered as a deemed supply
- (b) Professional service availed from his son free of cost is considered as a deemed supply
- (c) Neither of the services is a deemed supply
- (d) Both services are deemed supply

Question 2

Up to which limit of aggregate turnover, Mr. Lala can continue to supply goods without registration within his state, if he does not procure any goods/services on which tax is payable under reverse charge mechanism?

- (a) ₹ 20 lakh
- (b) ₹ 40 lakh
- (c) ₹ 10 lakh
- (d) ₹ 150 lakh

Question 3

What is the tax liability for the freight charges?

- (a) ₹ 6000 of IGST under reverse charge
- (b) ₹ 6000 of IGST under forward charge
- (c) ₹ 3000 each under CGST and SGST under reverse charge
- (d) Nil as it is exempt

Question 4

Which of the following statement is correct with respect to liability of Mr. Lala to register under GST?

- (a) Mr. Lala is liable to register in the month of December for receipt of GTA services.
- (b) Mr. Lala is liable to register in the month of January for effecting inter-State outward supply of goods.
- (c) Mr. Lala is liable to register only when his turnover exceeds the threshold limit irrespective of whether he is in receiving any GTA services or is affecting inter-State outward supply.
- (d) Mr. Lala is not required to register as it is his first year of business.

Question 5

What is the time of supply of goods made by Mr Lala during January?

- (a) 4th January
- (b) 25th January
- (c) 3rd February
- (d) 28th February

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| b | a | d | b | a |

Case IX

Purvi, registered under GST in the State of Madhya Pradesh, is engaged in supplying a bouquet of

MTP Sep'22



taxable goods and services. She has undertaken following activities/transactions in the month of October in the current financial year:

- (i) Donated some money to Divya Prakash Charitable Trust, Madhya Pradesh, in the memory of her late father. The Divya Prakash Charitable Trust constructed a room in the school run by it from such donation and wrote "Donated by Miss. Purvi in the memory of her father" on the door of the room so constructed.
- (ii) Organized a seminar in Indore which was sponsored by WE-WIN Cricket Academy, an LLP. Purvi received a sponsorship fee of ₹1,50,000.
- (iii) Bindusar Public School intended to distribute gift packages consisting of fountain pen, calculator and tape dispenser to its students on the occasion of Children's Day. Therefore, it entered into a contract with Purvi on 28th October for supply of 2,000 packages at a single price of ₹ 250. Rates of GST for fountain pen, calculator and tape dispenser are 5%, 12% and 18% respectively.
- (iv) Received following payments during the month of October:
 - earned ₹ 160,000 by performing at a western music concert in Indore
 - earned ₹ 50,000 for renting of space for use as a Textile Emporium
 - received ₹ 70,000 for supply of farm labor

- (v) Supplied a machinery with a basic price of ₹ 45,000 (before TCS under Income Tax Act, 1961). Tax collected at source under Income-tax Act, 1961 on said machinery is ₹ 2,500. Further, a subsidy of ₹50,000 is received from Green Foundation Pvt. Ltd for usage of green energy and the subsidy was linked to energy saved during the month.

All the amounts given above are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Question

Question 1

Donation made by Purvi to Divya Prakash Charitable Trust is ____.

- (a) exempted from GST by way of a notification
- (b) not a supply at all
- (c) liable to GST under forward charge
- (d) liable to GST under reverse charge

Question 2

Which of the following statements is correct with respect to the sponsorship fee received by Purvi?

- (a) Tax on sponsorship services is payable by Purvi under forward charge.
- (b) Tax on sponsorship services is payable by WE-WIN Cricket Academy under reverse charge.
- (c) Sponsorship services are exempt from GST since services provided to a sports academy are exempt.
- (d) Tax on sponsorship services is payable by Purvi under reverse charge.

Question 3

Determine the nature of supply and the applicable rate of GST for the packages supplied by Purvi to Bindusar Public School.

- (a) composite supply & applicable rate of GST is 12%
- (b) mixed supply & applicable rate of GST is 18%
- (c) composite supply & applicable rate of GST is 18%
- (d) mixed supply & applicable rate of GST is 12%

Question 4

Out of all the payments received by Purvi in the month of October, value of exempt supply amounts



to ____.

- (a) ₹ 4,30,000
- (b) ₹ 70,000
- (c) ₹ 1,20,000
- (d) ₹ 2,20,000

Question 5

The value of supply of machinery supplied by Purvi is ____.

- (a) ₹ 45,000
- (b) ₹ 47,500
- (c) ₹ 48,500
- (d) ₹ 51,000

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| b | b | b | b | a |

Case X

MTP Oct'22

Sarabhai & Sarabhai Associates, a partnership firm registered under GST, is engaged in various types of business activities. It has provided the details of the following activities undertaken by it in the current financial year:

- (i) It supplies taxable goods to Dhanush Enterprises at a price of ₹ 8,00,000 in the month of April, with a credit period of 1 month for payment. Thereafter, interest @ 12% p.a. is chargeable on the consideration. The payment is received from Dhanush Enterprises after the lapse of two months from the date of supply.
- (ii) It enters into a contract for supply of 100 office chairs @ ₹ 15,000 with Ashoka Mart on 21st August. Chairs are removed from the warehouse of Sarabhai & Sarabhai Associates on 5th September along with the invoice of said date. Ashoka Mart has paid 30% of the total contract value on 21st August; balance 70% is paid after delivery of chairs on 10th September.
- (iii) In the month of October, it provides services by way of transportation of goods in a goods carriage by road to Fisheries Department of Government of India, registered under GST for the purpose of deducting tax at source and not for making any taxable supply. Sarabhai & Sarabhai Associates is a registered goods transport agency and charges ₹1,20,000 for the said services.
- (iv) It also provides services of Direct Selling Agent to an NBFC located in Mumbai in the month of December for ₹ 50,000.
- (v) It organizes a business exhibition in the month of December for which it receives a sponsorship fee of ₹ 3,00,000 from Dhara Ltd.
- (vi) It provides free gifts to each of its employees valuing ₹ 50,000 at the end of each financial year.
- (vii) It avails services of Dhruv Travel Agency for organizing a free vacation for its top performing employees in the month of December. GST of ₹ 50,000 is paid on the same. In the same month, it also pays GST of ₹ 20,000 on the membership of Rudraksh Fitness Centre taken for its CEO.

All the amounts given above are exclusive of taxes, wherever applicable. All 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-

Question 1

Value of supply made to Dhanush Enterprises, assuming the interest on delayed payment to be exclusive of GST, is ____.



- (a) ₹ 8,00,000
- (b) ₹ 8,08,000
- (c) ₹ 7,92,000
- (d) ₹ 8,16,000

Question 2

The time of supply of advance money of ₹ 4,50,000 received for supply of office chairs to Ashoka Mart is _____. For balance payment of ₹ 10,50,000 received, the time of supply is_____

- (a) 21st August; 5th September
- (b) 5th September; 10th September
- (c) 21st August; 10th September
- (d) 5th September; 5th September

Question 3

Determine the value of outward supplies made by Sarabhai & Sarabhai Associates on which tax is payable under reverse charge.

- (a) ₹ 1,20,000
- (b) ₹ 50,000
- (c) ₹ 1,70,000
- (d) ₹ 3,00,000

Question 4

Free gifts of value of ₹ 50,000 provided by Sarabhai & Sarabhai Associates to each of its employee is:

- (a) considered as supply of goods.
- (b) considered as supply of services.
- (c) exempt from GST.
- (d) not a supply as per Schedule I of the CGST Act, 2017.

Question 5

Sarabhai & Sarabhai Associates is eligible to claim input tax credit of _____ in the month of December.

- (a) ₹ 50,000
- (b) ₹ 20,000
- (c) ₹ 3,70,000
- (d) Nil

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| b | d | d | d | d |

Case XI

MTP Oct'22

Poorva Logistics, a Goods Transport Agency, is registered under GST. It did not exercise the option to itself pay GST on the services supplied by it in the preceding financial year. It provided goods transport services (taxable @ 5%) to the following persons in February of preceding financial year-

- (a) Kunal Traders, an unregistered partnership firm
- (b) Mr. Amar, who is not registered under GST
- (c) Small Traders Co-Operative Society registered under Societies Registration Act



In a particular consignment in March of preceding financial year, Poorva Logistics transported the following-

- (a) Defence Equipments
- (b) Railway Equipments
- (c) Organic Manure

Poorva Logistics exercises the option to itself pay GST on services supplied by it @ 12% from April, of the current financial year. It provided goods transport services to Bama Steels Pvt. Ltd. on 1 st April and issued an invoice dated 5th May. Payment was received on 6th May.

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

Question 1

Which of the following persons are liable to pay GST under reverse charge in respect of the GTA services provided by Poorva Logistics in February of the preceding financial year?

- (i) Kunal Traders
- (ii) Mr. Amar
- (iii) Small Traders Co-operative society

- (a) i & ii
- (b) ii & iii
- (c) i & iii
- (d) i, ii & iii

Question 2

Transportation of by Poorva Logistics is exempt from GST.

- (i) Defence Equipments
- (ii) Railway Equipments
- (iii) Organic Manure

- (a) i
- (b) i & ii
- (c) i & iii
- (d) i, ii & iii

Question 3

What will be the time of supply in respect of the services provided by Poorva Logistics to Bama Steels Pvt. Ltd.?

- (a) 6th May
- (b) 5th May
- (c) 30th May
- (d) 1st April

| 1 | 2 | 3 |
|---|---|---|
| c | c | d |

Case XII

Ms. Riya is engaged in providing various goods and services. She got registered under GST in the month of April of the current financial year under regular scheme.

She supplied a package to Dhruv Traders consisting of stapler, calculator and charger at a single price

MTP April'23



of ₹ 300 in the month of May. Rates of GST for stapler, calculator and charger are 5%, 12% and 18% respectively.

She received following payments during the month of May:

- earned ₹ 160,000 by performing western music in a cultural event at a Resort
- 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 by way of rent for letting of agro machinery Ms. Riya made a supply during June, details of which are as follows-
- Basic price of the product 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 ₹ 3,500 from Green Foundation Pvt. Ltd. for usage of green energy and the subsidy was linked to the units of energy and not aforesaid product.

Ms. Riya provides the following information regarding receipt of inward supplies during July-

- received invoice for goods having GST component of ₹ 30,000. Goods were to be delivered in 5 lots, out of which first three lots were received in the current month.
- purchased a car having GST component of ₹ 1,50,000 for imparting training on driving such motor vehicles.
- availed health insurance service for her employees and paid GST of ₹ 7,000 thereon. Health insurance service is being provided voluntarily by Ms. Riya and not mandated by any law.

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 Ms. Riya is Nil.

Based on the facts of the case scenario given above, choose the most appropriate answer to Question

Question 1

Supply of package made by Ms. Riya to Dhruv Traders is a _____ and is taxable under GST @ _____.

- (a) composite supply; 12%
- (b) mixed supply; 18%
- (c) composite supply; 18%
- (d) mixed supply; 12%

Question 2

Out of payments received by Ms. Riya in month of May, value of exempt supply is _____.

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

Question 3

Compute the value of supply under section 15 of the CGST Act, 2017 made by Ms Riya in the month of June.

- (a) ₹ 45,000
- (b) ₹ 47,500
- (c) ₹ 48,500
- (d) ₹ 51,000

VG Sir



Question 4

Compute the amount of input tax credit that can be claimed by Ms. Riya in July.

- (a) ₹ 30,000
- (b) ₹ 37,000
- (c) ₹ 1,50,000
- (d) ₹ 1,57,000

| 1 | 2 | 3 | 4 |
|---|---|---|---|
| b | b | a | c |

Case XIII

RTP Nov '19

Mr. Mandeep, a registered dealer, is doing building material business in the State of Assam. He availed architect services for his business from his friend in London free of cost. He also availed designing services from his brother in London for ₹ 5 Lakhs for his personal purposes.

He availed services which are liable to tax under reverse charge for which date of invoice was 01.09.20XX, payment date as per his books of account and as per his bank account was 15.11.20XX and 18.11.20XX respectively.

His turnover for the current financial year is as follows:

Taxable supply of goods - ₹ 55 Lakhs Exempt supply of goods - ₹ 16 Lakhs

Inward supply liable to tax under reverse charge - ₹ 8 Lakh

He intends to start providing services also from the next financial year and also to avail composition scheme. He also wishes to make supplies to the Government.

Based on the information given above, choose the most appropriate Answer for the following questions: -

Question 1

In respect of services imported by Mr. Mandeep, which of the following is a correct statement?

- (i) Architect services for his business from his friend in London free of cost is considered as a supply
- (ii) Designing services from his brother in London for ₹ 5 Lakh for his personal purposes is considered as a supply.
- (iii) Architect services for his business from his friend in London free of cost is not considered as a supply
- (iv) Designing services from his brother in London for ₹ 5 Lakh for his personal purposes is not considered as a supply.

- (a) i & ii
- (b) i & iv
- (c) ii & iii
- (d) iii & iv

Question 2

The time of supply of services, received by him and taxable under reverse charge, is

- (a) 01.09.20XX
- (b) 01.11.20XX
- (c) 15.11.20XX
- (d) 18.11.20XX

VG Sir



Question 3

Aggregate turnover of Mr. Mandeep for the given financial year will be,

- (a) ₹ 63 Lakhs
- (b) ₹ 79 Lakhs
- (c) ₹ 71 Lakhs
- (d) ₹ 47 Lakhs

Question 4

Mr. Mandeep will be eligible for composition scheme in the next financial year, but he can supply services only up to:

- (a) ₹ 5.00 Lakhs
- (b) ₹ 6.3 Lakhs
- (c) ₹ 7.90 Lakhs
- (d) ₹ 7.10 Lakhs

Question 5

In case he supplies services to State Government by way of any activity in relation to any function entrusted to a Municipality under Article 243W of the Constitution, in the next financial year, which of the following will be exempt?

- (i) Pure Services
- (ii) Composite supply of goods and services in which value of supply of goods constitutes not more than 25% of value of said composite supply
- (iii) Composite supply of goods and services in which value of supply of service constitutes not more than 25% of value of said composite supply

- (a) i & iii
- (b) ii & iii
- (c) i, ii & iii
- (d) i & ii

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| c | b | c | d | d |

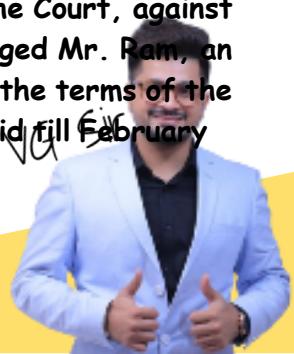
Case XIV

RTP Nov '20

PTL Pvt. Ltd. is a retail store of merchandise located in 25 States and/or UTs in the country. For the purpose of clearance of stock of merchandise and to attract consumers, PTL Pvt. Ltd. launched scheme of "Buy One Get One Free" for the same type of merchandise, for instance, one shirt to be given free with purchase of one shirt. For saving cost, PTL Pvt. Ltd. directly purchases merchandise from the manufacturers.

In the month of May, in order to save employee cost, PTL Pvt. Ltd. purchased a tempo traveler worth ₹ 12,00,000 with seating capacity of 25 persons (including driver) for transportation of its employees. Further, for ensuring the well-being of its employees, PTL Pvt. Ltd. voluntarily obtained the health insurance cover of ₹ 2,00,000 for each employee in the same month. The premium of ₹ 1,500 per employee has been paid by the company for 100 employees.

In the month of July, Mr. Raghav, a customer of the company, filed a law suit in the Court, against the company for not supplying goods of the value of ₹ 1,00,000. PTL Pvt Ltd. engaged Mr. Ram, an advocate, to represent it in Court for an agreed consideration of ₹ 25,000. As per the terms of the contract, Mr. Ram issued an invoice on 5th July. However, consideration was not paid till February



next year.

Note - All the amounts given above are excluding taxes and all transactions are intra- State transactions. Rates of tax are CGST - 9% and SGST - 9%. However, for tempo traveller, the rates of taxes are CGST - 14% and SGST - 14%.

In relation to the above, Answer the following questions:

Question 1

With respect to "Buy One, Get One" offer, which of the following statements is true:

- (a) It will not be considered as supply at all since no consideration is involved in one of the items.
- (b) Supply of item for which consideration is charged is a supply under section 7 of the CGST Act, 2017 while supply of the other item supplied free of cost is not a supply.
- (c) These are two individual supplies where a single price is charged for the entire supply. Since a single price is charged, the same will always be taxed as a mixed supply.
- (d) These are two individual supplies where a single price is charged for the entire supply. Their taxability will depend upon as to whether the supply is a composite supply or a mixed supply.

Question 2

Eligible input tax credit for the month of May (i) on the purchase of tempo traveller and (ii) on health insurance premium paid (assuming that all other conditions, for availing input tax credit have been complied with) is:

- (a) (i) CGST - Nil, SGST - Nil and (ii) CGST - Nil, SGST - Nil
- (b) (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - Nil, SGST - Nil
- (c) (i) CGST - Nil, SGST - Nil and (ii) CGST - ₹ 18,000, SGST - ₹ 18,000
- (d) (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - ₹ 18,000, SGST - ₹ 18,000

Question 3

Which of the following statements is true in respect of the services of advocate availed by the company?

- (a) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by PTL Pvt Ltd. ITC availed thereon is to be added to its output tax liability with interest as consideration along with tax is not paid within 180 days of the issuance of invoice.
- (b) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by Mr. Ram. ITC availed thereon is to be added to output tax liability of PTL Pvt Ltd. with interest as consideration along with tax is not paid within 180 days of the issuance of invoice.
- (c) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by PTL Pvt. Ltd. The condition of payment of consideration along with tax within 180 days of the issuance of invoice does not apply in the given case.
- (d) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by Mr. Ram. The condition of payment of consideration along with tax within 180 days of the issuance of invoice does not apply in the given case.

| 1 | 2 | 3 |
|---|---|---|
| d | b | c |

Case XV

RTP May '21

M/s Aditi & Co, a partnership firm registered under GST, is undertaking various Government projects. The firm has let out on hire the following vehicles-

- (i) A motor vehicle to carry more than 15 passengers to a State Government Electricity Department



(ii) An electric motor vehicle to carry more than 12 passengers to Local Municipal Corporation

(iii) An electric motor vehicle to carry upto 12 passengers to State Transport Undertaking

The firm provided the following additional information for the month of October:

(i) Works contract services were availed for construction of immovable property being plant and machinery, where value of GST component was ₹ 1,10,000.

(ii) GST amounting to ₹ 70,000 was paid on account of demand of the Department due to fraud in returns filed.

(iii) Goods valuing ₹ 10,00,000, (GST on the same ₹ 1,00,000) were received 180 days ago (invoice also issued on the date of receipt of supply) for which payment has been made till date to an extent of ₹ 4,00,000 towards value, ₹ 40,000 towards tax.

The firm made two independent outward supplies in which value of supply was understated in one case by ₹ 75,000 and overstated by ₹ 45,000 in the other case.

The firm received certain supply of goods from registered persons on which tax was payable under reverse charge basis.

All the amounts given above are exclusive of taxes, wherever applicable. All transactions referred to above to the information State. All the conditions for availing ITC have been fulfilled subject to the information given above.

From the information given above, choose the most appropriate Answer for Q. 1 to Q. 5 given below:

Question 1

In respect of vehicles let out on hire by the firm, services that are exempt from GST are

(i) Letting on hire a motor vehicle to State Electricity Department (>15 passengers)

(ii) Letting on hire an electric vehicle to Local Municipality (> 12 passengers)

(iii) Letting on hire an electric vehicle to State Transport Undertaking (<12 passengers)

(a) (i)

(b) (ii)

(c) (i) and (iii)

(d) (ii) and (iii)

Question 2

Determine the amount of eligible ITC to be claimed by the firm for the month of October.

(a) ₹ 70,000

(b) ₹ 1,10,000

(c) ₹ 1,80,000

(d) Nil

Question 3

Determine the amount of ITC to be added to the output tax liability.

(a) ₹ 40,000

(b) ₹ 60,000

(c) ₹ 1,00,000

(d) Nil

Question 4

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.

VG Sir

(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

Question 5

Which of the following statements is correct in respect of supply of goods received by the firm which are taxable under reverse charge?

(i) Firm shall issue a payment voucher at the time of making payment to supplier.
 (ii) Firm shall issue invoice for supply of goods.
 (iii) Firm shall issue receipt voucher at the time of making payment to supplier.
 (iv) Firm is not required to issue any document in respect of such supply.

(a) i
 (b) i & ii
 (c) ii & iii
 (d) iv

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| b | b | b | c | a |

Case XVI

RTP Nov '21

MM Charitable Trust is registered under section 12AA of the Income-tax Act, 1961. The trust conducted a three-day residential yoga camp among people on the occasion of international yoga day for the advancement of yoga and charged ₹ 7,500 per person inclusive of stay and food. The trust also conducted programmed for the advancement of education of persons aged above 65 years in metro cities. A nominal fee was charged for the same.

The trust received following donations during the month of September: -

(i) Solid Steels Pvt. Ltd. donated a RO water plant to the trust costing ₹ 75,000 and displayed its company name in the RO system installed at the premises of the trust as "Donated by Solid Steels Private Limited-trusted by all".
 (ii) Mr. Prasanna, a lawyer donated chairs to the trust costing ₹ 25,000 and 'Love all' is printed on all chairs donated by him to the trust.

The following are the details of GST payment made by the firm-

(i) GST of ₹ 1,75,000 was paid for the purchase of motor vehicle for transportation of needy persons (Seating capacity including driver is 13).
 (ii) GST of ₹ 2,45,000 was paid for works contract services availed from Super Builders for construction of Trust's office building.

MM Charitable Trust also owns and manages a gurudwara. It rented the community hall located in the precincts of the gurudwara for a rent of ₹ 8,500 per day for a marriage function. It also rented the commercial shop located in the precincts of the gurudwara for a rent of ₹ 10,000 per month per shop.

You can assume that the Trust is registered under GST and all the transactions are intra - State only. Conditions for availing ITC are fulfilled subject to the above- mentioned information.

Based on the information given above, choose the most appropriate Answer for the following questions



Question 1

Which of the following activities conducted by trust is exempt from GST?

- (a) Advancement of Yoga
- (b) Advancement of education
- (c) Both (a) and (b)
- (d) Neither of the activities

Question 2

Determine the value of taxable supply in respect of donations received by the Trust?

- (a) ₹ 25,000
- (b) ₹ 75,000
- (c) ₹ 1,00,000
- (d) Nil

Question 3

Compute the amount of input tax credit that can be claimed by the Trust?

- (a) ₹ 1,75,000
- (b) ₹ 2,45,000
- (c) ₹ 4,20,000
- (d) Nil

Question 4

Which of the following statements is/are correct under GST law in respect of gurudwara managed by MM Charitable Trust?

- (a) Renting of community hall is taxable while renting of commercial shop is exempt.
- (b) Renting of community hall is exempt while renting of commercial shop is taxable.
- (c) Both renting of community hall and renting of commercial shop are taxable.
- (d) Both renting of community hall and renting of commercial shop are exempt.

| 1 | 2 | 3 | 4 |
|---|---|---|---|
| a | b | d | b |



“If You Think You Can, then You Can Do Anything”

- by VG Sir

- FCA, B.Com & CCTP
- Faculty for
 - CA Intermediate – Direct Tax & Indirect Tax
- Qualified as Chartered Accountant at the age of 20
- Started teaching Taxation Laws in 2014 to CS students. Now regarded as the “TAXATION KING”
- Makes difficult subject like Tax simple to understand, and teaches in a joyous environment.
- Plays multiple roles as a Teacher, Guide, Mentor, Motivator, Big Brother, and Friend to his students. He focuses upon overall development of the student.
- In 2019, sir was the speaker of Josh Talk and shared his journey of becoming a CA. The video has received more than 1.4 million views till date.



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