

PAPER 3

Taxation Reviewer

Chapter-wise compilation
RTP, MTP and PYP questions

KEY HIGHLIGHTS



Easy to Hard
Difficulty Level



Importance levels
marked as A, B or C



Reference to
all questions



Quick recap of
important concepts



Exam
Insights



Last Day Revision
Questions Marked

APPLICABLE
FOR MAY'25,
SEPT'25 AND
JAN'26

TAXATION REVIEWER

**CA Intermediate
May 2025,
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VIVITSU
STRIVING TOWARDS KNOWLEDGE

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This book belongs to future,

CA Finalist

“You become what you believe.”

-Oprah Winfrey



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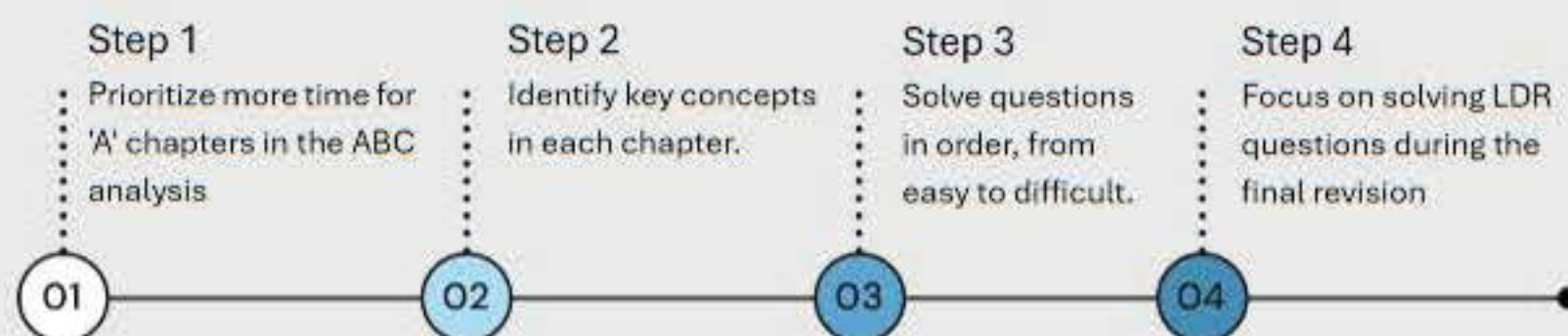


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How to Read this book?



Step 1: Prioritize your chapters

Chapters in the index are categorized as A, B, or C based on their importance. Focus more on 'A' chapters, as they carry the most weight, and give adequate attention to 'B' chapters. While all chapters must be covered, this approach helps manage time efficiently for better results.



Step 2: Identify key concept

Identify the key concepts for each chapter using the list provided at the start of the chapter. Ensure you understand them thoroughly. If you struggle with a question, revisit the concepts, review them, and strengthen your understanding before moving forward.



Step 3: Start easy

Start with Question 1, as they progress from easy to difficult, helping you build confidence throughout the chapter. Pay close attention to the "EXAM INSIGHTS" to avoid common mistakes. Questions are segregated topic wise where possible.



Step 4: Last Day Revision (LDR)

Focus on solving LDR questions during the final revision. In the 1.5 days before the exam, prioritize these questions as they cover the most critical concepts from each chapter. You'll find a quick summary of LDR question numbers listed right before each chapter for easy reference.

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ABC Analysis

A Very Important,
Read on priority

B Moderately
Important

C Less critical but still
essential

Ensure you thoroughly read all chapters without skipping any. The ABC analysis is designed to help you prioritize based on past trends, but it should not replace comprehensive preparation.

CHAPTER 11: GST IN INDIA - AN INTRODUCTION

CONCEPTS OF THIS CHAPTER

- Concept and need for GST in India.
- Framework of GST in India and its benefits.
- Constitutional provisions for tax levy.
- Need for constitutional amendment for GST.
- Key changes under Constitution (101st Amendment) Act, 2016.



LDR Questions
Q 5

QUICK REVIEW OF IMPORTANT CONCEPTS

Deficiencies in the value added taxation system

1. Non-inclusion of several local levies in State VAT such as luxury tax, entertainment tax, etc.
2. Cascading of taxes on account of
 - (i) levy of Non-Vatable CST and (ii) inclusion of CENVAT in the value for imposing VAT
3. No CENVAT after manufacturing stage
4. Non-integration of VAT & service tax
5. Double taxation of certain transactions as both goods and services

Classification based on HSN (Harmonized System of Nomenclature)

HSN is a multipurpose international product nomenclature for classifying goods across the World in a systematic manner. Classification determines the rate of tax applicable on a particular supply of goods/services. Under HSN, each product is identified by a 6 digit code which can be extended. India has extended the HSN codes upto 8-digits.

GST Common Portal

- a website managed by Goods and Services Network (GSTN) [a wholly owned Government Company]
- set by the Government to establish a uniform interface for the tax payer and a common and shared IT infrastructure between the Centre and States.

Functions of GSTN include

1. facilitating registration
2. computation and settlement of IGST
3. matching of tax payment details with banking network
4. forwarding the returns to Central and State authorities
5. providing various MIS reports to the Central and the State Governments based on the taxpayer return information
6. providing analysis of taxpayers' profile

Within GST or outside GST?

- | | |
|---|--|
| <ul style="list-style-type: none"> • Alcohol for human consumption • Five petroleum products -crude oil, diesel, petrol,natural gas and ATF. • Entertainment tax levied by local bodies • Tobacco | <ul style="list-style-type: none"> • Power to tax remains with the State. • GST Council to decide the date from which GST will be applicable • Power to tax remains with the local bodies • Within the purview of GST. Power to levy excise duties, also retained. |
|---|--|



BENEFITS OF GST

GST

- | | |
|------------------------|--------------------------------------|
| 1. Benefits to Economy | 2. Simplified Tax Structure |
| 3. Tax Compliance Easy | 4. Advantages for Trade and Industry |

Seventh Schedule to Article 246

LIST – I UNION LIST- Parliament (Central Government) has the exclusive right to make laws.

LIST – II STATE LIST- State Government has the exclusive right to make laws.

LIST – III CONCURRENT LIST- both the Central & State Governments have power to make laws.

Article 246A- Power to make laws with respect to GST

1. Power is granted to Centre and State Governments to make laws with respect to GST imposed by Centre or such State.
2. Centre has the exclusive power to make laws with respect to GST in case of inter-State supply of goods and/or services.
3. However, in respect Petroleum Crude, High Speed Diesel, Petrol, Natural Gas and Aviation Turbine Fuel, the aforesaid provisions shall apply from the date recommended by the GST Council

Article 366(12A)- Goods and services tax means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption

Article 279A- Goods & Services Tax Council

- It empowers President to constitute a joint forum of the Centre and States namely, GST Council.
- The GST Council shall make recommendations to the Union and the States on the taxes, cesses and surcharges levied; exemptions; model GST Laws, principles of levy, apportionment of GST levied on supplies in the course of inter-State trade or commerce and the principles that govern the place of supply; rates of taxes; special provision with respect to Special Category States, etc.
- GST Council shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and ATF.

Question & Answers

Question 1

Which are the commodities which have been kept outside the purview of GST? Examine the status of taxation of such commodities after introduction of GST. (SM) (MTP 3 Marks Jul'24)

Answer 1

Article 366(12A) of the Constitution as amended by 101st Constitutional Amendment Act, 2016 defines the Goods and Services tax (GST) as a tax on supply of goods or services or both, except supply of alcoholic liquor for human consumption. Therefore, alcohol for human consumption is kept out of GST by way of definition of GST in the Constitution. Five petroleum products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel have temporarily been kept out of the purview of GST; GST Council shall decide the date from which they shall be included in GST. The erstwhile taxation system (CST/VAT & central excise) still continues in respect of the said commodities.

Question 2

Write a short note on various lists provided under Seventh Schedule to the Constitution of India. (MTP 5 Marks, Oct'21)

Answer 2

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

Question 3

Briefly explain the leviability of GST or otherwise on petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas. (MTP 5 Marks, Mar'21)

Answer 3

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 4

GST is a simplified tax structure. Justify the statement. (MTP 4 Marks, Nov'21, 5 Marks, Apr'21, Old SM)

Answer 4

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 5

LDR

Discuss the leviability of GST or otherwise on the following:

- (a) Alcoholic liquor for human consumption
- (b) Petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas
- (c) Tobacco
- (d) Opium, Indian hemp and other narcotic drugs and narcotics (SM)

Answer 5

- (a) **Alcoholic liquor for human consumption:** is outside the realm of GST. The manufacture/production of alcoholic liquor continues to be subjected to State excise duty and inter-State/intra-State sale of the same is subject to CST/VAT respectively.
- (b) **Petroleum crude, diesel, petrol, ATF and natural gas:** As regards petroleum crude, diesel, petrol, ATF and natural gas are concerned, they are not presently 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.
- (c) **Tobacco:** Tobacco is within the purview of GST, i.e. GST is leviable on tobacco. However, Union Government has also retained the power to levy excise duties on tobacco and tobacco products manufactured in India. Resultantly, tobacco is subject to GST as well as central excise duty.
- (d) **Opium, Indian hemp and other narcotic drugs and narcotics:** Opium, Indian hemp and other narcotic drugs and narcotics are within the purview of GST, i.e. GST is leviable on them. However, State Governments have also retained the power to levy excise duties on such products manufactured in India. Resultantly, Opium, Indian hemp and other narcotic drugs and narcotics are subject to GST as well as State excise duties.

Question 6

Explain with the help of examples how a particular transaction of goods and services is taxed simultaneously under Central GST (CGST) and State GST (SGST)? (SM)



Answer 6

The Central GST and the State GST is levied simultaneously on every intra-State supply of goods or services or both made by registered persons except the exempted goods and services as well as goods and services which are outside the purview of GST. Further, both are levied on the same price or transaction value. The same can be better understood with the help of following examples:

Example I: Suppose that the rate of CGST is 10% and that of SGST is 10%. When a wholesale dealer of steel in Uttar Pradesh supplies steel bars and rods to a construction company which is also located within the same State for, say ₹ 100, the dealer would charge CGST of ₹ 10 and SGST of ₹ 10 in addition to the basic price of the goods. The CGST component will go into a Central Government account while the SGST portion into the account of the concerned State Government (viz. U.P.).

It is important to note that he might not actually pay ₹ 20 (₹ 10 + ₹ 10) in cash as he would be entitled to set-off this liability against the CGST or SGST paid on his eligible purchases (inputs, input services and capital goods) assuming that all his purchases are intra-State. However, for paying CGST, he would be allowed to use only the credit of CGST paid on his purchases while for SGST he can utilize the credit of SGST alone. CGST credit cannot be used for payment of SGST and vice versa.

Example II: Suppose, again the rate of CGST is 10% and that of SGST is 10%. When an advertising company located in Mumbai supplies advertising services to a company manufacturing soap also located within the State of Maharashtra for, let us say ₹ 100, the ad company would charge CGST of ₹ 10 as well as SGST of ₹ 10 at the basic value of the service. The CGST component will go into a Central Government account while the SGST portion into the account of the Maharashtra Government.

He might not actually pay ₹ 20 (₹ 10+₹ 10) in cash as it would be entitled to set-off this liability against the CGST or SGST paid on his eligible purchases (say, of inputs such as stationery, office equipment, services of an artist etc.) assuming that all his purchases are intra-State. However, for paying CGST, he would be allowed to use only the credit of CGST paid on its purchase while for SGST, he can utilise the credit of SGST alone. CGST credit cannot be used for payment of SGST and vice versa.

Question 7

No act or proceedings of the Goods and Services Tax Council shall be invalid merely by certain reasons. What are they? (PYP 3 Marks Sep'24)

Answer 7

No act or proceedings of the Goods and Services Tax Council shall be invalid merely by reason of—

- (a) any vacancy in, or any defect in, the constitution of the Council; or
- (b) any defect in the appointment of a person as a Member of the Council; or
- (c) any procedural irregularity of the Council not affecting the merits of the case.

MULTIPLE CHOICE QUESTIONS (MCQS)

1. _____ provides that no tax shall be levied or collected except by authority of law.
(MTP, 1 Mark, Sep'23)
 - (a) Article 269
 - (b) Article 245
 - (c) Article 265
 - (d) Article 246

Ans: (c)

2. Goods as per section 2(52) of the CGST Act, 2017 includes: (RTP May'21)
 - (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)

Ans: (c)

3. Alcoholic liquor for human consumption is subjected to (MTP 1 Mark, Oct'19, Mar'19, May'21)

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

Ans: (c)

4. 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.

(RTP May'21, MTP 1 Mark, Mar'19, May'20)

- (i) Basic customs duty levied under Customs Act, 1962
 - (ii) Taxes on lotteries
 - (iii) Environmental tax
- (a) (ii)
 - (b) (ii) and (iii)
 - (c) (iii)
 - (d) (i), (ii) and (iii)

Ans: (a)



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CHAPTER 12: SUPPLY UNDER GST

CONCEPTS OF THIS CHAPTER

- Taxable event under GST.
- Supply: meaning, scope, and analysis.
- Transactions as supply without consideration.
- Transactions neither goods nor services.
- Classify transactions as goods or services.
- Composite and mixed supplies: taxability.



LDR Questions

Q 5

Q 11

QUICK REVIEW OF IMPORTANT CONCEPTS

SCOPE OF SUPPLY UNDER GST

- Supply should be of goods or services | • Supply should be made for a consideration
- Supply should be made in the course or furtherance of business

Supply includes

1. **Supply with consideration in course or furtherance of business Section 7(1)(a)]**- Supply includes sale, transfer, barter, exchange, licence, rental, lease, disposal for consideration in the course or furtherance of business
2. **Supply between a person (other than individual), and its members or constituents for cash, deferred payment or other valuable consideration**
3. **Importation of services with consideration whether or not in course or furtherance of business. [Section 7(1)(b)]**
4. **Supply without consideration***
5. **Activities/transactions to be treated as supply of goods or supply of services**

*Supply without consideration – Deemed Supply [Section 7(1)(c) read with Schedule I]

As per Schedule I, in the following four cases, supplies made without consideration will be treated as supply under section 7:

- | | |
|---|--|
| I. Permanent transfer/disposal of business assets | II. Supply between related persons or distinct persons |
| III. Supply between principal and agent | IV. Importation of services |

IMPORT OF SERVICES

Import of services	• with consideration	1. in course or furtherance of business 2. not in course or furtherance of business	Supply
	• without consideration	1. related person/distinct person + in course or furtherance of business 2. Other cases	
			Not a supply

Activities or transactions to be treated as supply of goods or supply of services

Activity/Transaction	Type	Supply of goods/ services
Transfer	Goods Right/undivided share in goods without transfer of title in them	Services
Treatment /Process	Applied to another person's goods	Services



Transfer of Business Assets	Business assets transferred or disposed of under the owner's directions, no longer remaining part of those assets	Goods
	Goods used for business, provided to others for non-business purposes under the business owner's directions.	Services
	Goods that are business assets of a person ceasing to be taxable are deemed supplied by them in the course of business just before losing taxable status. Exceptions: transferred as a going concern or carried on by a personal representative who is deemed to be a taxable person.	Goods
Composite supplies: -Works contract or Supply of goods, being food or any other article for human consumption or any drink.		Services

Non-supplies under GST

Para No.	Activities or transactions which shall be treated neither as a supply of goods nor a supply of services	
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.	(a) Functions of MPs, State Legislators, Panchayats, Municipalities, and other local authorities. (b) Duties of individuals holding constitutional posts. (c) Duties of Chairpersons, Members, or Directors in bodies established by Central, State, or local governments, not classified as employees before this clause	
4.	Services of funeral, burial, crematorium or mortuary including transportation of the deceased.	
5.	Sale of land	6. Actionable claims, other than specified actionable claims.

Composite and Mixed supplies

Composite Supply	Mixed Supply
• Consist of two or more supplies	• Consist of two or more supply
• Naturally bundled	• Not naturally bundled
• In conjunction with each other	• Though can be supplied independently, still supplied together
• One of which is principal supply	• Tax liability shall be the rate applicable to the supply that attracts highest rate of tax
• Tax liability shall be rate of principal supply	

Question & Answers

Question 1

Manikaran, a registered supplier of Delhi, has supplied 20,000 packages at ₹ 30 each to Mukhija Gift Shop in Punjab. Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons. Determine the rate(s) of GST applicable in the given case assuming the rates of GST to be as under: (SM)

Goods/services supplied	GST rate
Chocolates	18%
Fruit juice bottles	12%
Toy balloons	5%

Answer 1

As per section 2(74), 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.

Supply of a package containing chocolates, fruit juice bottles and a packet of toy balloons is a mixed supply as each of these items can be supplied separately and is not dependent on any other. Further, as per section 8(b), the mixed supply is treated as a supply of that particular supply which attracts the highest rate of tax. Thus, in the given case, supply of packages is treated as supply of chocolates [since it attracts the highest rate of tax] and the rate of GST applicable on the package of ₹ 6,00,000 (20,000 × ₹ 30) is 18%.



Question 2

Sarvanna & Sons wishes to start supplying alcoholic liquor in the State of Tamil Nadu. Therefore, it applies for license to the Tamil Nadu Government for selling liquor for which the State Government has charged specified fee from it. Examine whether the grant of alcoholic liquor license by the Tamil Nadu Government to Sarvanna & Sons qualifies as supply. (SM)

Answer 2

Services by way of grant of alcoholic liquor license by the State Governments have been notified to be treated neither as a supply of goods nor as a supply of service. Such license is granted against consideration in the form of license fee or application fee or by whatever name it is called. This special dispensation is applicable only to supply of service by way of grant of liquor licenses by the State Governments as an agreement between the Centre and States and is not applicable/has no precedence value in relation to grant of other licenses and privileges for a fee in other situations, where GST is payable.

Thus, in the given case, the grant of alcoholic liquor license by the Tamil Nadu Government to Sarvanna & Sons is neither a supply of goods nor a supply of service.

Question 3

Examine the existence of "consideration" for donation received by charitable institutions from individual donors, without quid pro quo an important feature as defined in section 2(31) of the CGST Act, 2017. (PYP 5 Marks May'24)

Answer 3

Donations received by the charitable institutions from individual donors are treated as consideration only if there exists, quid pro quo, i.e., there is an obligation on part of recipient of the donation or gift to do anything. If the name of the donor is displayed in charitable institution's premises as an expression of gratitude and public recognition of his act of philanthropy and is not aimed at advertising or promotion of his business, there is no supply for the payment in the form of donation.

Question 4

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. (PYP 4 Marks, May'22)

Answer 4

- (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

EXAM INSIGHTS: Most of the examinees failed to state the provision that 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.



Question 5

LDR

Examine whether the following activities would amount to supply under section 7 read with Schedule-I:

- Viwit Su Manufacturers have a factory in Delhi and a depot in Mumbai. Both these establishments are registered in respective States. Finished goods are sent from factory in Delhi to the Mumbai depot without consideration so that the same can be sold.
- 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.
- Would your answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai? (SM, MTP 6 Marks Dec'24)

Answer 5

- Schedule I read with section 7(1)(c), inter alia, stipulates that supply of goods or services or both between related persons or between distinct persons as specified in section 25, is supply even without consideration provided it is made in the course or furtherance of business. Further, a person who has obtained more than one registration, whether in one State/Union territory or more than one State/Union territory shall, in respect of each such registration, be treated as distinct persons [Section 25(4)]. In view of the same, factory and depot of Viwit Su Manufacturers are distinct persons. Therefore, supply of goods from Delhi factory of Viwit Su Manufacturers to Mumbai Depot without consideration, but in course/furtherance of business, is supply under section 7 read with Schedule I.
- Schedule I read with section 7(1)(c) 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, —
 - the spouse and children of the person, and
 - 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.
- 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 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 6

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

- 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.
- 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.
- 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? (SM)

Answer 6

- 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 as the same are provided in course or furtherance of business.

Question 7

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 livability 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. (SM, MTP 4 Marks, Oct’23)

Answer 7

As per section 25(4)³⁸, 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, 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’.

Question 8

Happy Constructions Ltd., a registered builder under GST in Bengaluru, Karnataka has got permission to build five floors from the Municipal Projects for one of its projects at Suraj Nagar. Aditya Constructions, a neighbouring housing project approached Happy Constructions Limited to discuss regarding blockage of sun light issue arising out of construction of five floors and asked it to build only three floors for which ₹ 20 lakh was offered as compensation. Happy Constructions Limited agreed to the offer. It may be noted that Aditya Constructions is not ready to pay any further amount to Happy Constructions Ltd. in addition to the amount already agreed. Briefly explain with correct legal provision whether the above amount received as compensation is liable to GST or not? And if considered as taxable, then calculate the total GST payable by Happy Constructions Ltd. Assume the applicable rate of CGST and SGST is 9% each. Also state the conditions



to be complied with. (RTP May'24)

Answer 8

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

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

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

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

Since Aditya Constructions is not ready to pay any further amount to Happy Constructions Limited in addition to the amount already agreed, the amount received ₹ 20 lakh shall be treated as inclusive of GST and the GST payable will be $\text{₹ } 20,00,000 \times 9/118 = \text{₹ } 1,52,542.37$ or ₹ 1,52,542 (rounded off) as CGST and SGST each.

Question 9

Discuss taxability of shares held in a subsidiary company by holding company? (MTP 5 Marks Mar'24)

Answer 9

It has been clarified vide a circular that securities are considered neither as goods nor as services in terms of definition of goods and the definition of services. Further, securities include 'shares' as per definition of securities.

This implies that the securities held by the holding company in the subsidiary company are neither good nor services. Further, purchase or sale of shares or securities, in itself is neither a supply of goods nor a supply of services. For a transaction/activity to be treated as supply of services, there must be a supply as defined under section 7 of the CGST Act, 2017. It cannot be said that a service is being provided by the holding company to the subsidiary company, solely on the basis that there is a specific SAC entry in the scheme of classification of services, unless there is a supply of services by the holding company to the subsidiary company in accordance with section 7 of the CGST Act, 2017.

Therefore, the activity of holding of shares of subsidiary company by the holding company per se cannot be treated as a supply of services by a holding company to the said subsidiary company and cannot be taxed under GST.

Question 10

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.

(RTP May '21, MTP 6 Marks Mar'24)

Answer 10

- (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 11

LDR

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 goods separately. Whether this is case of mixed supply or composite supply. Explain.

(PYP 4 Marks, Jul'21)

Answer 11

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 12

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) Wiwitsu Ltd, a registered person in Ahmedabad (Gujarat) having head office located in Singapore, received management consultancy services free of cost from its head office. *(PYP 4 Marks Nov'23)*



Answer 12

- (i) Donations received by the charitable organisations 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.

- (ii) 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.

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

Exam Insights: Most of the examinees have correctly mentioned the legal provision of donations received by charitable institutions from individual donors, without quid pro quo, but failed to apply the same for conclusion.

Question 13

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 is not required.

(PYP 5 Marks, May'23, RTP Nov '18)

Answer 13

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.
- (6) Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
- (7) Sale of land and, subject to paragraph 5(b) of Schedule II, sale of building. (i.e. in case, where entire consideration for sale of building received after issuance of completion certificate or after its first occupation, whichever is earlier).
- (8) Actionable claims, other than Specified actionable claims. Specified actionable claims means actionable claim involved in or by way of betting, casino's, gambling, horse racing, lottery and online money gaming.
- (9) 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 (OR) Merchant Trading / High-sea Sales
- (10) Supply of warehoused goods to any person before clearance for home consumption.
- (11) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.

Question 14

Examine the implications of GST on supply of food and beverages at cinema halls. (RTP May'24)



Answer 14

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

The cinema operator:

I. may run these refreshment/eating stalls/kiosks/counters/ restaurant themselves

or

II. they may give it on contract to a third party.

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

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

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

Question 15

Describe the provisions relating to import of services by a registered person as contained in the section 7(1)(b), 7(1)(c) and Schedule 1 of the CGST Act, 2017. (PYP 5 Marks Sep'24)

Answer 15

As per the provisions of section 7(1)(b), 7(1)(c) and Schedule I of the CGST Act, 2017, import of services for a consideration shall be considered as supply, whether or not in the course or furtherance of business

Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business shall be treated as supply even if made without consideration.

MULTIPLE CHOICE QUESTIONS (MCQS)

1. 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. Raghuveer, 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. (MTP 2 Marks, Mar'23, RTP, Nov'21)

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

Ans: (a)

CHAPTER 13: CHARGE OF GST

CONCEPTS OF THIS CHAPTER

- Extent and commencement of CGST, IGST, SGST, and UTGST Acts.
- Levy and collection provisions for CGST and IGST.
- Services taxable under reverse charge mechanism.
- Composition levy: eligibility and conditions.



LDR Questions

Q 12
Q 15

QUICK REVIEW OF IMPORTANT CONCEPTS

Composition levy [Section 10]

An option for specified categories of small taxpayers to pay GST at a very low rate on the basis of turnover.

Turnover limit in preceding FY to opt for composition levy for goods [10(1) & 10(2)]

For Special Category States except Assam, Himachal Pradesh and J&K	• ₹ 75 lakh
For Remaining States	• ₹ 1.5 crore

Turnover limit in preceding FY to opt for composition levy for services [10(2A)]

Turnover for composition levy for services | • ₹ 50 lakh in preceding financial year

Conditions and restrictions for composition levy

1. is neither a casual taxable person nor a non-resident taxable person
2. is not engaged in the manufacture of notified goods** (or notified services also in case of composition scheme for services)
3. shall mention the words "composition taxable person, not eligible to collect tax on supplies" at the top of the bill of supply issued by him
4. shall mention the words "composition taxable person" at a prominent place at his place of business

** Goods notified for a registered person opting for composition scheme for goods are ice cream, pan masala, tobacco, aerated waters, fly ash bricks, fly ash aggregate, flyash blocks, bricks of fossil meals or similar siliceous earths, building bricks, earthen or roofing tiles.

Registered Person who is not eligible to opt for composition scheme?

Composition scheme for goods	Composition scheme for services
• Supplier engaged in making any supply of goods or services which are not leviable to tax	
• Supplier engaged in making any inter- services	
• Person supplying any services through an electronic commerce operator who is required to collect TCS	
• Manufacturer of ice cream, pan masala, 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.	• Manufacturer of notified goods or supplier of notified services
• Supplier who is either a casual taxable person or a non-resident taxable person	
• Supplier of services, save as provided in section 10(1) **	

**A registered person opting for composition scheme for goods is allowed to supply services [other than restaurant services] along with supply of goods or supply of restaurant services of value not exceeding 10% of the turnover in the preceding financial year in a State/Union territory or ₹ 5 lakh, whichever is higher. Here, while computing turnover in a State/UT, interest on loans/deposit/advances will not be taken into account.



Other points

- Bill of supply shall be issued instead of tax invoice.
- Input tax credit shall not be availed
- Tax shall not be collected from recipient of supply

Reverse Charge Mechanism (RCM)

Category of supply of services	Supplier of service	Recipient of Service
Supply of services by a Goods Transport Agency (GTA) in respect of transportation of goods by road to- (a) Registered factory (b) Registered society (c) Co-operative society established by any law; (d) any person registered under the CGST, IGST, GST, UTGST Act (e) Body corporate established under any law (f) Partnership firm whether registered or not including association of persons; or (g) Casual taxable person.	Goods Transport Agency (GTA)	(a) Registered factory (b) Registered society (c) Co-operative society established by any law; (d) any person registered under the CGST, IGST, GST, UTGST Act (e) Body corporate established under any law (f) Partnership firm whether registered or not including association of persons; (g) Casual taxable person. Any business entity located in the taxable territory.
Services provided by an individual advocate including a senior advocate or firm of advocates by way of legal services	An individual advocate including a senior advocate or firm of advocates.	Any business entity located in the taxable territory.
Services supplied by an arbitral tribunal to a business entity.	An arbitral tribunal.	Same as Above
Services provided by way of sponsorship to anybody corporate or partnership firm.	Any person	Any body corporate or partnership firm located in the taxable territory.
Services supplied by the CG, SG, UT or LA to a business entity excluding, - (1) renting of immovable property, and (2) services specified below- (i) services by the Department of Posts and the Ministry of Railways (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) transport of goods or passengers.	CG, SG, UT or LA	Any business entity located in the taxable territory.
Services supplied by CG, excluding the Ministry of Railways , , SG, UT or LA by way of renting of immovable property to a person registered under CGST Act	CG, SG, UT or LA	Any person registered under the CGST Act
Service by way of renting of residential dwelling to a registered person	Any person	Any registered person
Services by way of renting of any immovable property other than residential dwelling.	Any unregistered person	Any registered person
Services supplied by a director of a company/ body corporate to the said company/ body corporate.	A director of a company or a body corporate	Company or a body corporate located in the taxable territory.
Services supplied by an insurance agent to any person carrying on insurance business.	An insurance agent	Any person carrying on insurance business, located in the taxable territory.
Services by a recovery agent to a banking company or a financial institution or NBFC.	A recovery agent	A banking company or a financial institution or a NBFC, located in the taxable territory.



Supply of services by a music composer, photographer, artist or the like by way of transfer or permitting the use or enjoyment of a copyright relating to original dramatic, musical or artistic works to a music company, producer or the like.	Music composer, photographer, artist, or the like	Music company, producer or the like, located in the taxable territory.
Supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright relating to original literary works to a publisher.	Author	Publisher located in the taxable territory.
Supply of services by the members of Overseeing Committee to Reserve Bank of India	Members of Overseeing Committee of by RBI	RBI
Services supplied by individual Direct Selling Agents (DSAs) other than a body corporate, partnership or LLPs to bank or (NBFCs).	Individual DSAs other than body corporate, partnership or LLP firm	A banking company or a NBFC, located in the taxable territory
Services provided by business facilitator to a banking company.	Business facilitator	A banking company, located in the taxable territory
Services provided by an agent of business correspondent to business correspondent.	An agent of business correspondent	A business correspondent, located in the taxable territory.
Security services provided to a registered person. except: (i) a Department or Establishment of the CG, SG, UT or LA, Governmental agencies which has taken registration under the CGST Act, 2017 only for the purpose of deducting tax u/s 51 and not for making a taxable supply of goods or services; or (ii) a registered person paying tax under Composition scheme.	Any person other than a body corporate	A registered person, located in the taxable territory.
Renting passenger motor vehicles with fuel costs included, provided to a corporate body	Any person, other than a body corporate who supplies service to a body corporate & doesn't issue an invoice charging CGST @6% to service recipient.	Any body corporate located in the taxable territory.
Services of lending of securities under Securities Lending Scheme, 1997	Lender	Borrower

Question & Answers

Question 1

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.
(PYP 5 Marks, Jan'21)

Answer 1

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

- He has taken registration under the GST law.
- 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.

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

Question 2

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. (MTP 5 Marks Aug'24, PYP 5 Marks May'22)

Answer 2

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

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

Exam Insights: Many examinees were not aware of the services supplied by the Central Government or State Government to a business entity in India on which tax is payable under forward charge mechanism.

Question 3

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. (PYP 2 Marks Nov'22)

Answer 3

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 4

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 under section 10(1) & 10(2) in the current financial year? Or whether he is eligible to avail benefit of composition scheme under section 10(2A)? 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 neighboring State of Madhya Pradesh? (SM)

Answer 4

Section 10(1) 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,



as per proviso to section 10(1), person who opts to pay tax under composition scheme may supply services other than restaurant services, of value not exceeding 10% of the turnover in a State or Union territory in the preceding financial year or ₹ 5 lakh, whichever is higher.

In the given case, since Mr. Ajay is an exclusive supplier of services other than restaurant services [viz. repair services], he is not eligible for composition scheme under section 10(1) & 10(2).

However, section 10(2A) provides an option to a registered person (subject to certain conditions) whose aggregate turnover in the preceding financial year is up-to ₹ 50 lakh and who is not eligible to pay tax under composition scheme under section 10(1) & 10(2), to pay tax @ 3% [Effective rate 6% (CGST+ SGST/UTGST)] of the turnover of supplies of goods and services in the State or Union territory.

Thus, in view of the above-mentioned provisions, Mr. Ajay is eligible to avail the composition scheme under section 10(2A) as his aggregate turnover in the preceding FY does not exceed ₹ 50 lakh and he is not eligible to opt for the composition scheme under section 10(1) & 10(2).

Thus, the amount of tax payable by him as per the composition scheme under section 10(2A) is ₹ 2,10,000 [6% of ₹ 35 lakh].

A registered person cannot opt for composition scheme under section 10(2A), 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 neighboring State of Madhya Pradesh.

Question 5

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.

(MTP 6 Marks, Sep'22)

Answer 5

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:

CGST = ₹ 100 lakh x 0.5% = ₹ 50,000

SGST = ₹ 100 lakh x 0.5% = ₹ 50,000

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

CGST = ₹ 75 lakh (as 25% of turnover is exempt) x 0.5% = ₹ 37,500

SGST = ₹ 75 lakh (as 25% of turnover is exempt) x 0.5% = ₹ 37,500

Question 6

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. (MTP 4 Marks, Oct'21) (SM)

Answer 6

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 7

Viwit Su 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 advice Viwit Su Enterprises whether he can do so? (MTP 4 Marks, Nov'21) (SM)

Answer 7

A registered person with an aggregate turnover in a preceding financial year up to ₹ 1.5 crore is eligible for composition levy, under section 10(1) & 10(2), in Delhi. Since the aggregate turnover of Viwit Su Enterprises does not exceed ₹ 1.5 crore, it is eligible for composition levy in the current year. However, all registered persons having the same Permanent Account Number (PAN) have to opt for composition scheme. If one such registered person opts for normal scheme, others become ineligible for composition scheme. Thus, Viwit Su Enterprises either have to opt for composition levy for both the places of business or under normal levy for both the places of business.

Question 8

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. (MTP 6 Marks, Oct'22, SM)**

Answer 8

- (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.
- (ii) In case of services provided by any person by way of sponsorship to any body 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 9

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:

- (i) **Mohan Enterprises is engaged only in trading of pan masala in Rajasthan and is registered in the same State.**
- (ii) **Sugam Manufacturers has registered offices in Punjab and Haryana and sells goods manufactured by it in the neighbouring States. (MTP 4 Marks, Sep'23, SM)**



Answer 9

- (i) 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.
- (ii) 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 10

- (i) Who are not eligible to opt for composition scheme for goods under GST Laws?
- (ii) 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 the above statement. (PYP 5 Marks May'23, MTP 5 Marks Aug'24)

Answer 10

- (i) **The registered person who is not eligible for composition scheme for goods under GST law are as under:**
 - (i) Supplier engaged in making any supply of goods or services which are not leviable to tax.
 - (ii) Supplier engaged in making any inter-State outward supplies of goods or services.
 - (iii) Person supplying any goods or services through an electronic commerce operator who is required to collect tax at source (under section 52).
 - (iv) Manufacturer of ice cream, panmasala, tobacco, aerated waters, fly ash bricks; fly ash aggregate, fly ash blocks, bricks of fossil meals or similar siliceous earths, building bricks, earthen or roofing tiles.
 - (v) Supplier who is either a casual taxable person or a non-resident taxable person
 - (vi) Supplier of services exceeding an amount which is higher of 10% of the turnover in a State/U.T. in the preceding financial year or ₹ 5 lakh.
- (ii) **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:
 - (a) factory
 - (b) society
 - (c) co-operative society
 - (d) body corporate
 - (e) partnership firm
 - (f) registered casual taxable person

Exam Insights: Instead of correctly mentioning that the manufacturer of notified goods is not eligible for composition scheme for goods, some examinees wrongly answered that trader or dealer of notified goods is not eligible for composition scheme for goods and hence lost marks.

Question 11

“Wedding Bells”, a wedding photographer, has commenced providing pre-wedding shoot services in Jaipur from the beginning of current financial year 20XX-20XX. It has provided the following details of turnover for the various quarters till December, 20XX :-

S. No.	Quarter	Amount (₹ in lakh)
1	April, 20XX-June, 20XX	20
2	July, 20XX-September, 20XX	30
3	October, 20XX-December, 20XX	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? (RTP May'21) (MTP 6 Marks Apr'24)

Answer 11

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, 20XX – June, 20XX quarter [₹ 20 lakh] shall be excluded. On next ₹ 30 lakh [turnover of July, 20XX – September, 20XX quarter], 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, 20XX – June, 20XX quarter), are included.

By the end of July, 20XX – September, 20XX quarter, the aggregate turnover reaches ₹ 50 lakh. Consequently, the option to avail composition scheme for services shall lapse by the end of July, 20XX – September, 20XX quarter 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: -

Sr. No.	Quarter	GST rate [CGST + SGST]	Turnover (₹ in lakh)	GST payable (₹ in lakh)
1	April, 20XX – June, 20XX	-	20	-
2	July, 20XX – September, 20XX	6%	30	1.8
3	October, 20XX – December, 20XX	18%	40	7.2

Question 12

LDR

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

- Legal Fees is received by Abhishek, an advocate, from M/s. Navya Trading Company, engaged in making taxable supplies and located in Maharashtra, having turnover of ₹ 50 lakh in preceding financial year.**
- Padam Srivastav, an independent director, appointed in accordance with the provisions of the Companies Act, 2013, of One Fourth Pvt. Ltd., has received sitting fee amounting to ₹ 1 lakh from One Fourth Pvt. Ltd. for attending the Board meetings. (MTP 6 Marks Nov'24)**

Answer 12

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

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

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

- The part of director's remuneration which is declared as salaries in the books of a company and subjected to TDS under section 192 of the Income-tax Act (IT Act), is not taxable being consideration for services by an



employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017.

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

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

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

Question 13

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:

- (i) Shyam Enterprises is engaged only in trading of pan masala in Rajasthan and is registered in the same State.
- (ii) Viv Tsu Manufacturers has registered offices in Punjab and Haryana and sells goods manufactured by it in the neighbouring States. (MTP 5 Marks Nov'24)

Answer 13

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

Question 14

M/s Balaji 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:

- (i) 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?
- (ii) If yes, up to what amount, the services can be supplied? (MTP 5 Marks Dec'24, MTP 6 Marks, Mar'23, SM)

Answer 14

- (i) 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) of the CGST Act, 2017. 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 Balaji 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) of the CGST Act, 2017, 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 Balaji 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 15

LDR

M/s. T is a registered dealer of Andhra Pradesh trading in different types of machinery and its related different types of services. Their aggregate turnover for the preceding financial year 2023-24 for sale of machinery was ₹ 1.32 crores, it was first year so they had not started for providing service related to machinery. From FY 2024-25 they are planning to provide repair and maintenance service of ₹ 6.25 lakh for which they have to purchase some raw material of ₹ 5 lakh from the other State (till date they are purchasing within State only). From the information given above, examine whether M/s. T can opt for composition scheme under Section 10(1), 10(2A) or 10(2) of the CGST Act, 2017 for FY 2024-25? (PYP 5 Marks Sep'24)

Answer 15

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

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

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

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

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

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

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

Thus, M/s T is permitted to supply services upto a value of ₹ 13,20,000 i.e. 10% of ₹ 1.32 crores, in current FY. Further, there is no restriction on composition supplier to receive inter-State inward supplies of goods or services. Thus, it can be concluded that M/s T can opt for composition scheme of goods under section 10(1) of the CGST Act, 2017 for current FY.

CHAPTER 14: PLACE OF SUPPLY

CONCEPTS OF THIS CHAPTER

- Place of supply for goods in domestic transactions.
- Place of supply for services in domestic transactions.
- Analyse situations to determine place of supply.



LDR Questions

Q 9

Q 15

Q 16

QUICK REVIEW OF IMPORTANT CONCEPTS

Place of Supply of goods other than Import/Export

Nature of Supply	Place of Supply
Where the supply involves the movement of goods	Location of the goods at the time at which, the movement of goods terminates for delivery to the recipient
Where the goods are delivered to the recipient or any person on the direction of the third person by way of transfer of title or otherwise	Principal place of business of such third person
Where there is no movement of goods either by supplier or recipient	Location of such goods at the time of delivery to the recipient
Where goods are assembled or installed at site	Place where the goods are assembled or installed
Place of supply of goods purchased over the Counter in one State and transported to another State by the buyer	Location as per the address of the said person recorded in the invoice issued in respect of the said supply and the location of the supplier where the address of the said person is not recorded in the invoice.
Where the goods are supplied on-board a conveyance like a vessel, aircraft, train or motor vehicle	Place where such goods are taken on-board the conveyance
Where the place of supply of goods cannot be determined in terms of the above provisions	To be determined in the prescribed manner

Place of supply of services where location of supplier AND recipient is in India

S. No.	Nature of Supply	Place of Supply
1.	If the immovable property located in more than one State	Location at which the immovable property is located or intended to be located If located outside India: Location of the recipient
	Immovable property related-services	Each such State in proportion to the value of services provided in each State
2.	Restaurant and catering services, personal grooming, fitness, beauty treatment and health service	Location where the services are actually performed
3.	Training & Performance Appraisal	B2B: Location of such registered person
		B2C: Location where the service is actually performed



4.	Admission to an event or amusement park	Place where the event is actually held or where the park or the other place is located
5.	Organisation of an event including ancillary services and assigning of sponsorship to such events	B2B: Location of such registered person B2C: Location where the event is actually held If the event is held outside India: Location of the recipient
	If the event is held in more than one State	Each such State in proportion to the value of services provided in each State
6.	Transportation of goods, including mails or courier	B2B: Location of such registered person B2C: Location at which such goods are handed over for their transportation
7.	Passenger transportation	B2B: Location of such registered person B2C: Place where the passenger embarks on the conveyance for a continuous journey
8.	Services on board a conveyance	Location of the first scheduled point of departure of that conveyance for the journey
9.	Banking and other financial services including stock broking	Location of the recipient of services in the records of the supplier Location of the supplier of services if the location of the recipient of services is not available
10.	Insurance services	B2B: Location of such registered person B2C: Location of the recipient of services in the records of the supplier
11.	Advertisement services to the Government	Each of States/Union territory where the advertisement is broadcasted/ displayed/ run/ disseminated Proportionate value in case of multiple States
12.	Telecommunication services	<ul style="list-style-type: none"> Services involving fixed line: Location of such fixed equipment Post-paid mobile/ internet services: Location of billing address of the recipient and if the same is not available, location of supplier Pre-paid mobile/ internet/DTH services provided: <ul style="list-style-type: none"> – selling agent/ re-seller/ distributor: Address of such selling agent/ re-seller/ distributor – By any person to final subscriber: Location where pre-payment is received or place of sale of vouchers – When payment made through electronic mode- Location of recipient in records of supplier Other cases: Address of the recipient in the records of the supplier and if the same is not available, location of supplier

Default provision for the services other than the 12 specified services

Sr no.	Description of Supply	Place of Supply
1.	B2B	<ul style="list-style-type: none"> Location of such registered person
2.	B2C	<ul style="list-style-type: none"> Where the address on record exists: Location of the recipient Other cases: Location of the supplier of services

Question & Answers

Question 1

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



- I. Miss Kanika of Kolkata (West Bengal) visited to Jodhpur Law University (Rajasthan) and paid her college fees by purchasing a demand draft from a bank located in the University campus. Miss Kanika did not have any account with the bank.
- II. Mizu Machine Ltd., registered in the State of Andhra Pradesh, supplied a machinery to Keyan Wind Farms Ltd., registered in the State of Karnataka. However, this machinery was assembled and installed at the wind mill of Keyan Wind Farms Ltd., which was located in the State of Tamilnadu. (RTP May'24)

Answer 1

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

Question 2

Discuss briefly the place of supply of goods purchased over the counter in one State and transported to another State by the buyer. (MTP 5 Marks Apr'24)

Answer 2

There are cases where an unregistered person purchases goods over the counter (OTC) in one State and thereafter, transports the goods to another State (generally, the State where he resides). For instance, migrant workers, tourists, etc. who come to a State for work, tourism, etc. and purchase goods in that State to take it to their respective State. Similarly, in automobile sector, the residents of a State may travel to another State to purchase vehicle from that State to take advantage of lower registration charges and road tax, which vary from State to State and thereafter, take the vehicle to their State.

Where the supply of goods is made to a person other than a registered person, the place of supply shall be the location as per the address of the said person recorded in the invoice issued in respect of the said supply and the location of the supplier where the address of the said person is not recorded in the invoice.

For this purpose, recording of the name of the State of the said person in the invoice shall be deemed to be the recording of the address of the said person.

Question 3

What would be the place of supply of services provided by an event management company for organizing a sporting event for a Sports Federation which is held in multiple States? (MTP 5 Marks Apr'24 & Mar'24, Jul'24, Dec'24) (SM)

Answer 3

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 by the application of generally accepted accounting principles.



Question 4

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. (PYP 4 Marks Dec'21)

Answer 4

- (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).

Exam Insights: Few examinees lacked clarity on provisions pertaining to place of supply in respect of imports.

Question 5

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, (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? (PYP 5 Marks Nov'22)

Answer 5

- (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

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 Dumdum, 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. (MTP 5 Marks, Sep'22)

Answer 6

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 organising the music concert.
- (iii) Services provided by Hotel Dumdum to Dhanraj (P) Ltd. by way of accommodation in the Hotel lawns for organising 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 Dumdum, 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 organising 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 Dumdum (Gurugram, Haryana) to Dhanraj (P) Ltd. (Delhi) by way of accommodation in Hotel lawns for organising the music concert shall be the location of the Hotel Dumdum, i.e. Gurugram, Haryana.

Question 7

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. (RTP Nov'21)

Answer 7

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.

Question 8

Wiwit Su 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 Wiwit Su, 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 Wiwit Su to deliver the goods to Sindhu Pvt. Ltd. at Shimoga.

You are required to determine the place of supply(ies) in the above situation. (RTP Nov'23)

Answer 8

The supply between Wiwit Su (Pune) and Sukumar Enterprises (Bareilly) is a bill to ship to supply where the goods are delivered by the supplier [Wiwit Su] 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 Wiwit Su (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 9

LDR

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. (MTP 5 Marks Aug'24)

Answer 9

- (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 10

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.

(MTP 4 Marks Apr'22, PYP 5 Marks May'18)

Answer 10

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 11

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. He hires Gokul Carriers of Lucknow, Uttar Pradesh (registered in Uttar Pradesh), to transport his household goods from Kanpur to Bhopal.
- 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. (RTP May'21, May'22)

Answer 11

- 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.
- 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 12

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

- (1) Mr. Joy, an unregistered person of Kolkata, West Bengal sends a courier through Kolkata, West Bengal based Mohan Courier Agency to his sister in Mumbai, Maharashtra.
- (2) Mr. Nitin, an unregistered person, resides at Rewa, Madhya Pradesh books a two way air journey ticket from Prayagraj, Uttar Pradesh to Jaipur, Rajasthan on 6 September and back. He leaves Prayagraj on 11 September in a morning flight and land in Jaipur the same day. He leaves Jaipur on 15 September in a late night flight and lands in Prayagraj the next day.
- (3) Rimjhim Pvt. Ltd, located at Lucknow, Uttar Pradesh, purchases a manufacturing machine from Manav Steel Industries Ltd., located at Jaipur, Rajasthan, for being installed in its factory located at Haridwar, Uttarakhand. (PYP 5 Marks May'24)

Answer 12

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

Question 13

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

- (i) Determine the place of supply of services provided by Class Ltd.
- (ii) What would be your answer if the product launch takes place in Bangkok?
- (iii) What would be your answer if Mr. Wave is a registered person and product launch takes place in-
 - (a) Bengaluru
 - (b) Bangkok? (MTP 5 Marks, Mar'21, Oct'18, Oct'21, PYP 5 Marks, May '18)

Answer 13

- (i) 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. Wave] 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.



- (ii) However, if product launch takes place outside India [Bangkok], the place of supply will be the location of recipient, i.e. Pune, Maharashtra.
 - (iii) 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. Wave 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 14

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:

- (a) the place of supply;
- (b) the nature of supply: - whether inter-State or intra-State and
- (c) whether CGST/SGST or IGST would be applicable in this case.

(MTP 5 Marks, Nov 21 4 Marks Mar'22, SM)

Answer 14

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 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 15

LDR

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. (PYP 9 Marks Jan'21, MTP 9 Marks Mar'23)

Answer 15

- (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) Bhubaneswar, 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.
- (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 Lucknow. 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 16

LDR

Briefly examine the place of supply in the following independent cases.

- (a) Ms. Shanti (unregistered resident of Gujarat) went to meet her parents at the native place Patna, Bihar and buys a medical insurance policy for her parents from an insurance company – MNT Insurers- of Patna (registered in Bihar). The location of the recipient of services in the records of the MNT Insurers is Patna.
- (b) Lakhan Singh Transports Pvt. Ltd., a Goods Transportation Agency registered in Noida, Uttar Pradesh, is hired by Ram Trade Links (registered supplier in New Delhi) to transport its consignment of goods from its warehouse in Delhi to the house of a buyer located in Roorkee, Uttar Pradesh.
- (c) Mr. Karan (Mumbai) takes a post-paid mobile connection in Mumbai from the service provider - Freesia Ltd. - and gives his residence address at Mumbai as the address for billing with the said company (RTP Jan'25)

Answer 16

- (a) The place of supply of insurance services provided to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services. Thus, in the given case, the place of supply is the location of the recipient of services in the records of the supplier, i.e. Patna.
- (b) The place of supply of services by way of transportation of goods, including by mail or courier to a registered person, is the location of such person. Thus, in the given case, the recipient being registered, the place of supply is the location of recipient, i.e. New Delhi.
- (c) The place of supply of telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person in case of mobile connection for telecommunication and internet services provided on post-paid basis, be the location of billing address of the recipient of services on the record of the supplier of services. Thus, in the given case, the place of supply is the location of billing address



of the recipient, i.e. Mumbai.

Question 17

An unregistered person Mr. Pappan from Faridabad travels by Air India flight from Pune to Delhi and gets his travel insurance done in Pune. What is the place of supply of insurance services? (MTP 5 Marks Nov'24)

Answer 17

Section 12 of IGST Act, 2017 deals with the provisions of place of supply of services, where location of supplier of service and the location of the recipient of service is in India.

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

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

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

Question 18

What is the place of supply for mobile connection? Can it be the location of supplier? (MTP 5 Marks Dec'24, SM)

Answer 18

The location of supplier of mobile services cannot be the place of supply as the mobile companies are providing services in multiple states and many of these services are inter-state. The consumption principle will be broken if the location of supplier is taken as place of supply and all the revenue may go to a few states where the suppliers are located.

The place of supply for mobile connection would depend on whether the connection is on postpaid or prepaid basis. In case of postpaid connections, the place of supply is the location of billing address of the recipient of services on the record of supplier of services.

In case of pre-paid connections, if the service is supplied:-

- (i) through a selling agent or a re-seller or a distributor of SIM card or re-charge voucher, the place of supply is the place address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply; or
- (ii) by any person to the final subscriber, the place of supply is the location where such prepayment is received or such vouchers are sold;
- (iii) in other cases, the place of supply is the address of the recipient as per the records of the supplier of services and where such address is not available, the place of supply shall be location of the supplier of services.

However, if the recharge is done through internet/e-payment, the location of recipient of service on record of the supplier will be taken as the place of supply.

Question 19

- (i) Garima having its permanent residence in Bhavnagar, Gujarat purchased car from Kiara Motors of Jaipur, Rajasthan to take the advantage of lower registration charges and road tax. Garima took the delivery of the car from Jaipur and returned with car to her residence in Bhavnagar, Gujarat. Address of Garima recorded in the invoice issued by Kiara Motors mentions only the name of the State i.e. Gujarat. Garima is an unregistered person whereas Kiara Motors is a registered person under GST. Determine the place of supply for supply made by Kiara Motors to Garima. (2 Marks Sep'24)
- (ii) Aakar Advertisement Agency, a registered person in Nagpur, Maharashtra, wants to display the products of its client's at most prominent places in different States. It took on rights to use the space on



hoardings mounted on fixed surface attached to earth, situated in Udaipur, Rajasthan and in Gwalior, Madhya Pradesh from G.N. Enterprise registered in State of Chhattisgarh. Aakar Advertisement Agency has an exclusive right to use the space and also to manage the advertisements on the hoardings. What will be the place of supply of services provided by the G.N. Enterprise to the Aakar Advertisement Agency? (PYP 3 Marks Sep'24)

Answer 19

- (i) Where the supply of goods is made to an unregistered person, the place of supply is the location as per the address of the unregistered person recorded in the invoice.
Further, recording of the name of the State of the unregistered person in the invoice is deemed to be the recording of the address of the unregistered person.
Thus, place of supply is Bhavnagar, Gujarat.
- (ii) The hoarding/structure erected on the land should be considered as immovable structure/fixture as it has been embedded in earth.
Therefore, the place of supply of service provided by way of supply of sale of space on hoarding/ structure for advertising or for grant of rights to use the hoarding/ structure for advertising is the location where such hoarding/ structure is located.
The place of supply of any service provided by way of supply/sale of space on an immovable property or grant of rights to use an immovable property is the location at which the immovable property is located, i.e. the location where such hoarding/ structure is located.
Thus, for hoarding located in Udaipur, place of supply is Udaipur, Rajasthan and for hoarding located in Gwalior, place of supply is Gwalior, Madhya Pradesh.

MULTIPLE CHOICE QUESTIONS (MCQS)

1. 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.: (MTP 1 Mark Mar'22)
- (a) Gurugram, Haryana
 - (b) Mumbai, Maharashtra
 - (c) Dubai
 - (d) Either Maharashtra or Dubai, at the option of the recipient

Ans: (b)

2. Pihu' Ltd. has its registered office, under the Companies Act, 2013, in the State of Maharashtra from where it ordinarily carries on its business of taxable goods. It also has a warehouse in the State of Telangana for storing said goods. What will be the place of business of 'Pihu' Ltd. under the GST law? (MTP 1 Mark Mar'24)
- (a) Telangana
 - (b) Maharashtra
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)

Ans: (c)

CHAPTER 15: EXEMPTION OF GST

CONCEPTS OF THIS CHAPTER

- Government power to exempt CGST/IGST.
- Overview of GST-exempt goods.
- Analyse GST-exempt services.



LDR Questions

- Q 17
Q 20

QUICK REVIEW OF IMPORTANT CONCEPTS

LIST OF SERVICES EXEMPT FROM GST

1. Services related to Charitable and Religious activities by an Entity registered under section 12AA/12AB

- Services by a person by way of-
 - (a) conduct of any religious ceremony;
 - (b) renting of precincts of a religious place meant for general public except where
 - (i) charges for renting of rooms \geq ₹1,000 per day;
 - (ii) charges for **renting of premises**, community halls, kalyanmandapam, open area, etc. are \geq ₹10,000 per day;
 - (iii) charges for **renting of shops/spaces** for business/commerce are \geq ₹10,000 per month.
- In respect of a religious pilgrimage

Training/coaching in

- (a) recreational activities | (b) sports

2. Agriculture related Services

- Loading, unloading, packing, storage or warehousing of rice.
- relating to cultivation of plants & rearing of animals
- Artificial insemination of livestock (other than horses).
- Warehousing of minor forest produce.
- Intermediate production process as job work
- Services by way of storage/ warehousing of cereals, pulses, fruits & vegetables

3. Education Services

provided BY an Educational Institution (EI)

- to its students, faculty and staff; | • by way of conduct of entrance examination against consideration

Services provided TO an EI, by way of, providing services by way of preschool education & education up to higher secondary school or equivalent.

- (i) Transportation | (ii) catering, | (iii) security/cleaning/housekeeping services
- (iv) services relating to admission to, or conduct of examination
- (v) Supply of online educational journals or periodicals, exempt only for institutions offering education leading to legally recognized qualifications.



Health Care Services

- Health care services BY a clinical establishment nothing in this entry shall apply to the services provided by a clinical establishment by way of providing room other than ICU having room charges < ₹5000 per day
- Transportation of a patient in an ambulance
- Service BY a veterinary clinic in relation to health care of animals/birds

Services provided by Government

Services by the CG/SG/UT/LA excluding following services—

- services by Department of Posts and the Ministry of Posts (Indian Railways);
- services in relation to an aircraft/a vessel, inside/outside precincts of a port/airport;
- transport of goods/passengers; or
- any service, other than 'specified services' above, provided to business entities.

Services where consideration for service does not exceed Rs 5000 in a FY

Construction Services

- Pure labour contract
- Electricity Distribution Utilities
- Pure labour contracts of original works pertaining to single residential unit otherwise than as a part of a residential complex.

Services of Transport of Passengers

Such services provided by

- air in economy class embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal
 - non-air conditioned contract carriage other than radio taxi excluding tourism, conducted tour, charter
 - stage carriage other than air- conditioned stage carriage
- nothing contained in items (b) and (c) above shall apply to services supplied through an ECO

Such services provided by—

- railways in a class other than first class/an air-conditioned coach;
- metro, monorail or tramway;
- inland waterways;
- public transport, other than for tourism purpose, in a vessel between places located in India
- metered cabs or auto rickshaws (including e-rickshaws).

However, nothing contained in item (e) above shall apply to services supplied through an ECO, and notified under section 9(5) of the CGST Act

Goods Transportation Services

Services by way of transportation of goods- of—

- by road except the services
 - a goods transportation agency (GTA);
 - a courier agency;
- by inland waterways.

Exempt transportation of:

- Agricultural produce
- organic manure
- Defence/ military equipment
- milk, salt and food grain including flours, pulses and rice
- newspaper or magazines registered with the Registrar of Newspapers
- relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap

Services provided by a GTA to an unregistered person

Services provided by a GTA, by way of transport of goods in a goods carriage, to a department or Establishment of the CG/SG/UT;

Banking and Financial Services by way of—

- Extending deposits, loans or advances
- sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers.



Business Facilitator/Correspondent

- (a) business facilitator/business correspondent to a Banking Co. with respect to accounts in its rural area branch
- (b) any person as an intermediary to a business facilitator
- (c) business facilitator/business correspondent to an insurance company in rural area.

Legal Services

Service provided by	To
<ul style="list-style-type: none"> • Arbitral tribunal • Partnership firm of advocates or an individual as an advocate other than a senior advocate by way of legal services • Senior advocate by way of legal services 	<ul style="list-style-type: none"> • any person other than BE • BE with an aggregate turnover up to such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act • CG/SG/UT/LA/GA/GE

Performance by an Artist

Services by an artist by way of a performance in folk or classical art forms of music/ dance/ theatre, if the consideration charged for such performance is not more than ₹ 1,50,000. This exemption shall not apply to service provided by such artists as a brand ambassador.

Services by an unincorporated body or a non- profit entity registered under any law

- a) Services to members as reimbursement or share in contributions for exempt trade union activities.
- b) Up to ₹7,500/month per member for goods/services sourced for common member use.
- c) Services by entities promoting welfare, trade, agriculture, arts, or charitable activities, provided to members for a membership fee up to ₹1,000/year.

Right to admission to various events

Services by way of admission to:

- (i) museum, national park, wildlife sanctuary, tiger reserve or zoo
- (ii) protected monument declared under the Ancient Monuments and Archaeological Sites & Remains Act 1958/any of the State Acts, for the time being in force.
- (iii) Following events/places where the consideration for right to admission is not more than ₹ 500 per person:
 - (a) circus, dance, or theatrical performance including drama or ballet;
 - (b) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event;
 - (c) recognized sporting event;
 - (d) planetarium.

Question & Answers

Question 1

Keyan 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.

(MTP 4 Marks, Apr'21, SM)

Answer 1

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 2

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, Surkasha 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. (PYP 4 Marks May'23)

Answer 2

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 × 2 days) is liable to GST.

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

Question 3

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

- (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. (MTP 4 Marks Sep'22)

Answer 3

- (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

Examine the implications of GST on payment of honorarium to the Guest Anchors. (RTP Nov'23)

Answer 4

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 5

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. (MTP 4 Marks, Mar'23, SM)

Answer 5

- (i) Services by way of health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST. Food supplied to the in-patients by a canteen run by the hospital, as



advised by the doctor/nutritionists, is a part of composite supply of healthcare and not separately taxable. Thus, said services are exempt from GST.

- (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 6

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

- (i) **Sapna Builders, registered in Haryana, rented out 20 residential units owned by it in Jain Society to Anant Technologies, an IT based company registered in the State of Haryana, for accommodation of its employees.**
- (ii) **M/s. Wiw Su Consultants, a partnership firm registered in Delhi as a regular taxpayer, paid sponsorship fees of ₹ 1,50,000 at a seminar organized by a private NGO (a partnership firm) in Delhi.**
(MTP 4 Marks April'24) (RTP, May '23)

Answer 6

- (i) Services provided by way of renting of residential dwelling for use as residence except where the residential dwelling is rented to a registered person is exempt from GST. Further, tax on service provided by way of renting of residential dwelling to a registered person is payable by the recipient under reverse charge.

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

- (ii) In case of services provided by any person by way of sponsorship to any body 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. Wiw Su Consultants, GST is payable by Wiw Su Consultants on said services under reverse charge.

Question 7

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'.
(MTP 5 Marks, Oct'23, SM, MTP 5 Marks Jul'24)

Answer 7

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 8

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. (SM, PYP 5 Marks Jul'21)

Answer 8

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.

Question 9

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. (RTP May'23)

Answer 9

- (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 10

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 20XX. Compute the total GST payable, if any, by Satya Sai Residents Welfare Association, for February 20XX. GST rate is 18%. All transactions are intra-State.
There is no opening ITC and all conditions for ITC are fulfilled. (PYP 4 Marks, Jan'21)

Answer 10

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 11

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

- Jivan Limited, registered under GST, provided services amounting to ₹ 10,00,000 to a Governmental Authority by way of sanitation conservancy.
- Raju Transporters, a registered Goods Transport Agency (GTA) provided service of transportation of goods to Kukreja & Kukreja Co.-a unregistered partnership firm. Kukreja & Kukreja Co. paid ₹ 8,000 to Raju Transporters as consideration.
- Amardeep Hospital provided services in Neo natal Intensive Care for 2 days for which ₹ 15,000 are charged per day from Mr. Chopra for his new born son, Viraat. (RTP Sep'24)

Answer 11

- Services provided to a Governmental Authority by way of *inter alia* sanitation conservancy is exempt under GST. Thus, services provided by Jivan Limited, registered under GST amounting to ₹ 10,00,000 to a Governmental Authority by way of sanitation conservancy is exempt under GST.
- Services provided by a GTA to an unregistered person, including an unregistered casual taxable person other than, *inter alia*, any partnership firm whether registered or not under any law including association of persons is exempt under GST. Thus, GTA services provided to partnership firm including AOP – whether or not registered under GST law, are liable to tax. Hence, consideration of ₹ 8,000 paid by Kukreja & Kukreja Co. is taxable under GST.
- The services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5000 per day to a person receiving health care services is taxable under GST. Since, in the given case Amardeep Hospital provided services in Neo natal Intensive Care, so the entire amount of ₹ 30,000 charged from Mr. Chopra is exempt under GST law.

Question 12

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:



Sr. 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%. (MTP 4 Marks, Apr'23)

Answer 12

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 13

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:

- Bollywood dance performance by a film actor in a film and consideration charged is ₹ 1,45,000.
- Carnatic music performance by a classical singer to promote a brand of readymade garments and consideration charged is ₹ 1,30,000.
- Carnatic music performance by a classical singer in a music concert and consideration charged is ₹ 1,55,000.
- Kathak dance performance by a classical dancer in a cultural programme and consideration charged is ₹ 1,45,000. (MTP 4 Marks, Mar'22, SM)

Answer 13

- 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:

$$= ₹ 1,45,000 \times 18\% = ₹ 26,100$$
- 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:



$$= ₹ 1,30,000 \times 18\% = ₹ 23,400$$

- (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:

$$= ₹ 1,55,000 \times 18\% = ₹ 27,900$$

- (iv) Kathak dance performance by a classical dancer in a cultural programme is exempt from GST as it is a performance in classical art forms of dance and consideration charged does not exceed ₹ 1,50,000

Question 14

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

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

(MTP 4 Marks, Oct'22)

Answer 14

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]	Nil	Nil
Service provided by selectors to a recognized sports body [Note-4]	5,20,000	93,600

Notes:

- 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.
- 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.
- Services provided by cord blood banks by way of preservation of stem cells/any other service in relation to such preservation notification dated 18.07.2022 are removed from exemption list and are taxable.
- 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 15

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:

Sr. 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. (RTP May'22) (MTP 4 Marks Mar'24)

Answer 15

Sr. 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
(iv)	Service of brochure distribution provided under a training programme.	Taxable
	[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.]	

Question 16

Green Agro Services, a registered person provides the following information relating to its activities during the month of February, 20XX

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

All the above receipts are exclusive of GST.

Compute the value of taxable supplies under GST laws for the month of February, 20XX.

(MTP 5 Marks Aug'24, PYP 6 Marks Jan'21)

Answer 16

Computation of value of taxable supplies

Particulars	Amount (₹)
Services relating to rearing of goats [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	5,00,000



horses.]	
Processing of sugarcane into jaggery [Not exempt, since processes which alter the essential characteristics of agricultural produce are not exempt and processing of sugarcane into jaggery changes the essential characteristics of sugarcane.]	7,00,000
Milling of paddy into rice [Not exempt, since this process, being carried out after cultivation is over, is not an intermediate production process in relation to cultivation of plants and it also changes the essential characteristics of paddy.]	8,00,000
Services by way of warehousing of agricultural produce [Specifically exempt from GST.]	Nil
Value of taxable supplies	20,00,000

Question 17

LDR

AB Ltd., a registered company of Chennai, Tamil Nadu has provided following services for the month of October, 20XX

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.

(PYP 6 Marks Dec'21, MTP 5 Marks Jul'24)

Answer 17

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 since such services are provided to a non- educational institute.]	50,000
Security services 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



Question 18

Mr. Ravindra, a registered person in Bhopal, Madhya Pradesh has provided the following information regarding outward transactions made during the month of January, 20XX:

- (1) He was appointed by recognized sports body as a chief selector of hockey team and received ₹ 5,00,000 as remuneration.
 - (2) Services of pure labour contract was provided for construction of independent residential unit for ₹ 1,80,000.
 - (3) He rented out his warehouse for warehousing of sugarcane and received rental income of ₹ 75,000.
 - (4) Provided services to Municipal Corporation of Bhopal for slum improvement and upgradation for ₹ 6,50,000.
 - (5) He has charged consideration of ₹ 1,25,000 against western music dance performance in an event.
- You are required to compute the taxable value of supply on which GST is to be paid by Mr. Ravindra for the month of January, 20XX. All the amount stated above are exclusive of GST, wherever applicable.

Suitable Notes should form part of answer. (PYP 5 Marks May'24)

Answer 18

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

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

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

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

Question 19

Mr. Vivi, an individual registered supplier of Ahmedabad (Gujarat), received the following amount towards rendering of the intra-state supply of various services in the month of January 20XX:

Sr. No.	Particulars	Amount (₹)
I.	Consideration received from security and housekeeping services provided to "Holy Foundation", an educational institution providing services by way of pre-school education, outside the school premises on its annual day function.	60,000
II.	Amount received as an honorarium for participation as guest anchor on "Apna TV" in relation to a debate.	2,25,000
III.	Sum received as hiring charges for provision of non-air-conditioned contract carriage for transportation of employees to and from the work to M/s. Siddhi Pvt.	



	Ltd, a registered person under the GST. Such hiring is for 3 months. Use of the contract carriage is at the disposal of the company.	1,50,000
IV.	Amount received for provision of training in recreation activities of music.	90,000
V.	Renting of residential flat to Mr. Sahil, proprietor of M/s. Dayaram & Sons, a registered person under GST for the purpose of his own residence (in personal capacity)	30,000

You are required to compute the value of supply on which GST is to be paid by Mr. Vivi for the month of January, 20XX. All the amounts stated above are exclusive of GST, wherever applicable. Suitable notes should form part of the answer. (PYP 6 Marks Nov'23)

Answer 19

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

Sr. No.	Particulars	Amount (₹)
I.	Security and housekeeping services provided to an educational institution [Not exempted, since security and housekeeping services are performed outside the educational institution.]	60,000
II.	Honorarium for participation as guest anchor [Liable to GST since it is not specifically exempt and it is also not covered in Schedule III of the CGST Act, 2017 (neither supply of good nor supply of service).]	2,25,000
III.	Hiring charges for non-air-conditioned contract carriage [Not exempt, since exemption available only where transportation take place over pre-determined route and pre-determined schedule and contract carriage is hired for a period of time, during which the contract carriage is at the disposal of the recipient]	1,50,000
IV.	Training in recreational activities of music [Services by way of training in recreational activities relating to arts or culture, by an individual are exempt.]	-
V.	Renting of residential flat to Mr. Sahil [Renting of residential dwelling to a proprietor (registered under GST) of a proprietorship concern in his personal capacity for use as his own residence and on his own account is exempt.]	-
	Value of taxable supply on which GST is to be paid by Mr. Vivi	4,35,000

EXAM INSIGHTS : Some examinees were unaware that services by way of training in recreational activities of music, is exempt only if provided by an individual.

Question 20

LDR

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

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

(MTP 4 Marks Nov'24)

**Answer 20**

S. No.	Particulars	Taxability
(i)	Service provided by a private transport operator to Vintage Girls Higher Secondary School by way of transportation of students to and from the school. [Services provided TO an educational institution by way of transportation of students are exempted from GST]	Exempt
(ii)	Services provided by way of vehicle parking to general public in a shopping complex. [Services provided by way of vehicle parking to general public are not exempted from GST. Therefore, it would be taxable.]	Taxable
(iii)	Food supplied by the canteen run by a hospital to the in-patients as advised by the doctors. [Services by way of health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST. Food supplied to the in-patients by a canteen run by the hospital, as advised by the doctor/nutritionists, is a part of composite supply of healthcare and not separately taxable. Thus, said services are exempt from GST.]	Exempt
(iv)	An RWA in a housing society, registered under GST, collects the maintenance charges of ₹ 6,500 per month per member. [Supply of service by a RWA (unincorporated body or a non-profit entity registered under any law) to its own members by way of reimbursement of charges or share of contribution up to an amount of ₹ 7500 per month per member for providing services and goods for the common use of its members in a housing society/a residential complex are exempt from GST. Hence, in the given case, services provided by the RWA are exempt from GST since the maintenance charges collected per month per member do not exceed ₹7500.]	Exempt

Question 21

ABC Infra, is a partnership firm registered under GST. It furnishes the following details about services provided during the month of February 20XX:

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

All supplies mentioned above are intra-State supplies. GST rates for CGST, SGST, IGST are 9%, 9%, 18% respectively. Compute the GST payable by the ABC Infra for the month of February, 20XX.

(PYP 5 Marks Sep'24)

Answer 21

Computation of GST payable by the ABC Infra for February, 20XX

	Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)
(i)	Consideration for agreeing to install effluent plant [Taxable since it is a supply of service of agreeing to the obligation to do an act.]	49,500	49,500
(ii)	Distribution of 500 passes of cricket match [Exempt since consideration for services by way of right to admission to unrecognised sporting event is not more than ₹500 per person ⁴]	-	-



(iii)	Booking air tickets in economy class ⁵	10,800	10,800
	[Taxable since service of booking of air tickets is being provided here. Only the service of transportation of passengers in economy class terminating in Manipur is exempt.]		
(iv)	Service of construction of buildings provided to State Government [Taxable since value of supply of goods constitutes more than 25% of the value of the composite supply of goods and services.]	73,800	73,800
	Total GST payable by ABC Infra	1,34,100	1,34,100

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

Question 22

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, 20XX:

Sl. No.	Particulars	Amount (₹)
i.	Tuition fee received from students pursuing management courses recognised by Punjab University, established by an Act of State Legislature	18,00,000
ii.	Tuition fee received from students pursuing under-graduate courses recognised by Stan University, London under Dual Degree programmes	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, 2021. (MTP 8 Marks, Apr'22)

Answer 22

Computation of value of taxable supply and net GST liability to be paid in cash by AIM for April, 2021

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.

MULTIPLE CHOICE QUESTIONS (MCQS)

1. An exempt supply includes-

- Supply of goods or services or both which attracts Nil rate of tax
 - Non-taxable supply
 - 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 (MTP 2 Marks, Apr'21, Oct'19, Sep'23)
- (i)
 - (i) and (ii)
 - (ii) and (iii)
 - (i), (ii) and (iii)

Ans: (d)

2. 'Truth is God', a religious trust u/s 12AA of the Income-tax Act, 1961, provides service by way of renting of premises within the precincts of a religious place which is exempt upto ₹_. (PYP 1 Mark Sep'24)

- ₹ 999 per day
- ₹ 1,000 per day
- ₹ 9,999 per day
- ₹ 10,000 per day

Ans: (c)

3. Simmo Singh, a resident of Punjab, is having a residential property in Amritsar, Punjab which has been given on rent to a family for ₹ 72 lakh per annum for residence purposes. Determine whether Simmo Singh is liable to pay GST on such rent. (MTP 1 Mark Apr'24) (RTP May '21)

- Yes, as services by way of renting is taxable supply under GST.
- No, service by way of renting of residential property is exempt.
- No, service by way of renting of residential property does not constitute supply.
- Simmo Singh, being individual, is not liable to pay GST.

Ans: (b)

CHAPTER 16: TIME OF SUPPLY

CONCEPTS OF THIS CHAPTER

- GST on supply under forward charge.
- GST on supply under reverse charge.
- GST on voucher-based supply.
- GST on residual supply cases.
- Value enhancement: interest, late fee, or penalty.
- Time of supply for goods/services: problem-solving.



LDR Questions
Q 7

QUICK REVIEW OF IMPORTANT CONCEPTS

Time of supply of goods

Earliest of the following

- Date of issue of invoice by the supplier or the last date on which he is required under section 31, to issue the invoice
- Date on which the supplier receives the payment

Time of supply of services

(a) Invoice issued within the time period prescribed:

Earliest of the following:

- Date of issue of invoice
- Date of receipt of payment

(b) Invoice not issued within the time period prescribed under sec 31:

Earliest of the following:

- Date of provision of service
- Date of receipt of payment

(c) When the above events are unascertainable

- Date on which the recipient shows the receipt of services in his books of account

Time Limit for Raising Invoices

Supply of goods	Supply of services
<u>Before or at the time of, -</u>	<u>Before or after the provision of service but</u>
(a) removal of goods supply involves movement of goods	within 30 days [45 days in case of insurance companies/banking and financial institutions including NBFCs] from the date of supply of services
(b) delivery of goods or making available thereof to the recipient	

Time Of Supply Where Tax Is Payable Under Reverse Charge

Time of supply of goods	Time of supply of services
<u>Earliest of the following:</u>	
<ul style="list-style-type: none"> • Date of receipt of goods • Date of payment • 31st day from the date of issue of invoice by the supplier 	<ul style="list-style-type: none"> • Date of payment • 61st day from the date of issue of invoice by the supplier



Where the above events are not ascertainable, the time of supply shall be the date of entry in the books of account of the recipient of supply

Import of service from associated enterprise
Date of entry in the books of account of the recipient or the date of payment, whichever is earlier

Supply of vouchers exchangeable for goods and services

- (a) Supply of goods or services is identifiable at the time of issue of voucher - Date of issue of the voucher
- (b) Other cases - Date of redemption of the voucher

Time Of Supply of Goods and Services In Residual Cases

- (a) Where a periodical return is required to be filed - Due date of filing such return
- (b) Other cases - Date of payment of tax

Time Of Supply for Addition in Value by way of Interest/ Late Fee/Penalty for Delayed Payment of Consideration- Date on which the supplier receives such addition in value

Question & Answers

Question 1

(Includes concepts of Charge of GST)

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 15 th 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 (MTP 4 Marks, Mar'21, SM)

Answer 1

- (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 (18 th April) or the date on which the payment is debited in his bank account (20 th April), whichever is earlier;
 - Date immediately following 60 days since issue of invoice by the supplier, i.e. 9 th April.
 Thus, time of supply of service is 9th April.

Question 2

Wiwitsu Ltd. avails legal services from a firm of advocates. The firm issues invoice for the services to Wiwitsu Ltd. on 17th Feb. However, Wiwitsu 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 Wiwitsu Ltd. (MTP 4 Marks, Jul'24)

Answer 2

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



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

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

Question 3

M/s. Xing Trans of Kolkata is engaged in the trading of transmitters. On 20/05/20XX, 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 28/07/20XX at the exhibition. Out of remaining 200 units, 150 units have been brought back to Kolkata on 25/11/20XX 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 3

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 28/07/20XX.

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. 20/11/20XX. Thus, tax invoice for said 200 units needs to be issued upto 20/11/20XX.

Exam insights:

Some examinees failed to bring out the correct provisions relating to the time of supply of goods in case of 'sale or return transaction'. Further, many examinees were not able to apply these provisions in the given case.

STRIVING TOWARDS KNOWLEDGE

Question 4

Determine the time of supply from the given information in each of the following independent cases:

(i)

Particulars	Date
Supplier invoices goods taxable on reverse charge basis to Saroj & Co. (30 days from the date of issuance of invoice elapse on June 3)	May 4
Saroj & Co receives the goods	May 12
Saroj & Co makes the payment	May 30

(ii)

Particulars	Date
Supplier invoices goods taxable on reverse charge basis to Durable & Co. (30 days from the date of issuance of invoice elapse on June 3)	May 4
Durable & Co receives the goods	May 12
Durable & Co makes the payment	May 30

(MTP 4 Marks Dec'24)

Answer 4

Determination of time of supply:

	Particulars
(i)	May 12 will be the time of supply, being the earliest of the three stipulated dates namely, receipt of goods, date of payment and date immediately following 30 days of issuance of invoice [Section 12(3) of the CGST Act, 2017].



(ii)	June 4, 31 st day from the date of supplier's invoice, will be the time of supply, being the earliest of the three stipulated dates namely, receipt of goods, date of payment and date immediately following 30 days of issuance of invoice [Section 12(3) of the CGST Act, 2017].
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Question 5

From the following information provided by M/s Sasta Bazaar. Determine the time of supply for the purpose of payment of GST:

- I. It issued coupon on 20.06.20XX, worth ₹ 2,000 redeemable against purchase of specific plastic items. This coupon was redeemed on 31.07.20XX.
- II. It issued coupon on 01.08.20XX worth ₹ 3,000 which is redeemable against purchase of any item. This coupon was redeemed on 18.08.20XX.
- III. It received interest of ₹ 10,000 for late payment from a customer on 11.11.20XX for supply of goods which was originally made on 24.06.20XX. (RTP May'24)

Answer 5

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

- Date of issue of the voucher, if the supply that it covers is identifiable at that point, or
- Date of redemption of the voucher in other cases.
 - I. In the given case, supply can be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their issue i.e. 20.06.20XX.
 - II. In the given case, supply cannot be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their redemption i.e. 18.08.20XX.
- III. Section 12(6) of the CGST Act, 2017 prescribes that time of supply in case of addition in value on account of interest/ late fee/penalty for delayed payment of consideration for goods is the date on which the supplier receives such addition in value. Therefore, time of supply in the given case is 11.11.20XX.

Question 6

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.

(MTP 5 Marks Nov'24, MTP 5 Marks, Sep'23, SM)

Answer 6

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

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

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

OR

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

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

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

**Question 7****LDR**

Determine the time of supply in the following cases assuming that GST is payable under reverse charge:

S. No.	Date of Receipt of goods	Date of payment by the recipient of goods	Date of issue of invoice by the supplier of goods
(i)	July 1	August 10	June 29
(ii)	July 1	June 25	June 29
(iii)	July 1	Part payment made on June 30 and balance amount paid on July 20	June 29
(iv)	July 5	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1
(v)	July 1	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29
(vi)	August 1	August 10	June 29

(SM)

Answer 7

S. No.	Date of receipt of goods	Date of payment by the recipient of goods	Date of issue of invoice by the supplier of goods	Date immediately following 30 Days from the Date of invoice	Time of Supply of goods [Earlier of (1), (2) & (4)]
	(1)	(2)	(3)	(4)	(5)
(i)	July 1	August 10	June 29	July 30	July 1
(ii)	July 1	June 25	June 29	July 30	June 25
(iii)	July 1	Part payment made on June 30 and balance amount paid on July 20	June 29	July 30	June 30 for part payment made and July 1 for balance amount
(iv)	July 5	Payment is entered in the books of Account on June 28 and debited in recipient's bank account on June 30	June 1	July 2	June 28 (i.e., when payment is entered in the books of account of the recipient)
(v)	July 1	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29	July 30	June 26 (i.e., when payment is debited in the recipient's bank account)
(vi)	August 1	August 10	June 29	July 30	July 30 (i.e., 31 st day from issuance of invoice)

Question 8

- (i) An order is placed to T & Co., Sholapur on 18th August, 20XX for supply of fabrics to make garments. Company delivered the fabrics on 4th September, 20XX and after completion of the order issued the invoice on 15th September, 20XX. The payment against the same was received on 30th September, 20XX. 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, 20XX. However, the consignment could not be sent immediately on account of a strike in the



factory, and instead was sent on 20th July 20XX. Invoice was received from the transporter on 20th June 20XX and payment was made on 25th August 20XX.

What is the time of supply of the transporter's service? (PYP 5 Marks, Dec'21)

Answer 8

- (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 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, 20XX.

- (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: -

- (a) date of making payment, or
- (b) 61st day from the date of issue of invoice by supplier

Thus, in the given case, time of supply is earlier of

- (a) 25th August 20XX

or

- (b) 20th August 20XX (61st day from 20th June)

Thus, in the given case, time of supply 20th August 20XX

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, 20XX

MULTIPLE CHOICE QUESTIONS (MCQS)

1. 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. (MTP 2 Marks, Mar'23, RTP Nov'21)
 - (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.

Ans: (c)

2. ABC Insurance Ltd. received a proposal for pandemic insurance for cricket tournament organised by Lion's Club. Sum assured for said insurance was ₹ 20 Crores with a premium of ₹ 5 lakh. The company issued the said policy on 1st July. The invoice for the same was issued on 5th August. Premium was received on 14th August. Determine the time of supply of service provided to Lion's Club? (MTP 2 Marks Nov'24)
 - (a) 1st July
 - (b) 16th August
 - (c) 05th August
 - (d) 14th August

Ans: (c)

CHAPTER 17: VALUE OF SUPPLY

CONCEPTS OF THIS CHAPTER

- Value of supply for unrelated parties with price as sole consideration.
- Inclusions and exclusions in supply value.
- Discounts: when included or excluded in supply value.
- Define related persons.
- Compute taxable supply value for unrelated parties.



LDR Questions

Q 9

Q 15

Q 16

QUICK REVIEW OF IMPORTANT CONCEPTS

VALUE OF SUPPLY

Supply made to unrelated person where price is the sole consideration	Supply made to related person	Supply where price is not the sole consideration	Supply is a notified Supply u/s 15(5)
Value of supply = Transaction value u/s 15(1) + elements as specified u/s 15(2) & 15(3) of the CGST Act	Value to be determined under Chapter IV of the CGST Rules, 2017: Determination of Value of Supply		

Inclusions in value

- Taxes other than GST charged separately
- Third party payments made by the recipient for supplier obligations not accounted for in the price
- Incidental expenses including anything done by the supplier in respect of the supply till delivery/supply of goods or services, if charged to the recipient
- delivery of goods/supply of services, if charged to recipient
- subsidies directly linked to price of supply other than those given by CG/SGs
- Interest/late fee/penalty for delay in payment

Exclusions from value

- Discounts given before or at the time of supply and recorded in the invoice
- Post-supply discount/incentive, if known at the time of supply, linked to invoices, with proportionate input tax credit reversed by the recipient

Question & Answers

Question 1

Describe the conditions to be satisfied for availing deduction of post supply discounts from the value of supply as per the provisions of section 15(3) of the CGST Act 2017. (PYP 5 Marks, May'24)

Answer 1

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

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



Question 2

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.

(MTP 6 Marks, Apr'23, MTP 5 Marks Jul'24)

Answer 2

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 includible 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 includible.]	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 includible 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 includible in the value.]	25,000
Add: Interest [Interest for delayed payment of consideration is includible in the value. Since interest is received in lumpsum, amount is inclusive of GST [₹ 20,000 x 100/112] (rounded off).]	17,857
Value of taxable supply	11,52,857
CGST @ 6%	69,171
SGST @ 6%	69,171

Question 3

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	5,000



	recorded in the invoice issued by M/s Flow Pro.]	
(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. (MTP 6 Marks, Oct'21, SM) (Same concept different figures RTP May'20) (MTP 5 Marks, Apr'24)

Answer 3

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 includible 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 includible 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)]	<u>500</u>
Value of taxable supply	31,500

Question 4

Shri Krishna Pvt. Ltd., a registered supplier, furnishes the following information relating to goods sold by it to Shri Balram Pvt. Ltd.-

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. (MTP 6 Marks, Nov'21, Oct'20, Sep '23 & Dec'24, SM)

**Answer 4****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
Weighment 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 includible in the value of supply in terms of section 15(2)(b)]	2,000
Value of taxable supply	1,69,000

Question 5

Kavya Ltd., a registered supplier, has supplied machinery to Viwtsu Ltd. (a supplier registered in the same State). It provides following particulars regarding the same:

S No.	Particulars	Amount (₹)
(i)	Price of machinery (exclusive of taxes and discounts)	5,50,000
(ii)	Part fitted in the machinery at the premises of Viwtsu Ltd. [Amount has been paid by Viwtsu 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 Viwtsu Ltd.

(MTP 6 Marks, Apr'21, Mar'22, MTP 4 Marks May 20, SM)

Answer 5**Computation of value of taxable supply made by Kavya Ltd. to Viwtsu Ltd.**

Particulars	Amount (₹)
Price of machinery (exclusive of taxes and discounts)	5,50,000
Amount paid by Viwtsu 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 includible 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 includible 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 6

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. (MTP 6 Marks, Apr'22, PYP 6 Marks, May '19)

Answer 6

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 7

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.

S. No.	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%. (MTP 4 Marks, Apr'22, SM, MTP 6 Marks Oct '23)

(Same concept different figures MTP 6 Marks Mar'21, MTP 5 Marks Oct'18, RTP Nov'18, SM)

Answer 7

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 includible 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 includible in the value in terms of section 15(2)(e) of the CGST Act]	50,000
Tax levied by the Municipal Authority [Includible in the value as per section 15(2)(a) of the CGST Act]	20,000
Packing charges [Being incidental expenses, the same are includible 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 [Includible 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	<u>5,085</u>
Total value of taxable supplies	12,90,085

Question 8

Gulati Ltd., a registered supplier in Mumbai (Maharashtra), has supplied goods to Mridul Traders and Kalu Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respectively. Gulati Ltd. has furnished the following details for the current month:

S. No.	Particulars	Mridul Traders (₹)	Kalu 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 Gulati 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. (MTP 5 Marks, Mar'24) (RTP Nov '21 & May '18)

Answer 8

Computation of GST liability

S. No.	Particulars	Mridul Traders (₹)	Kalu 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 includible in the value of supply. Weighment charges are also incidental expenses, hence includible 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.
- Section 10 of the IGST Act, 2017 provides that where the supply involves movement of goods, 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, place of supply is Gujarat.
Further, where the location of the supplier and the place of supply are in two different States, supply of goods shall be treated as a supply of goods in the course of inter-State trade or commerce. Since supply made to Mridul Traders is an inter-State supply, IGST is payable.

Question 9

LDR

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

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

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

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



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

The Balance of ITC at the beginning of February was:

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

Note:

- 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 Vishwanath Ltd. for the month of February.

(MTP 10 Marks, Aug'24, PYP 8 Marks, Jan'21)

Answer 9

Computation of value of taxable supply

Particulars	Amount (₹)
List price of the machine	80,000
Add: Tax levied by Local Authority on the sale of machine [Tax other than GST, if charged separately, are includible in the value in terms of section 15 of the CGST Act, 2017.]	6,000
Add: Packing expenses for safe transportation [Includible in the value as per section 15 of the CGST Act, 2017.]	4,000
Add: Price-linked subsidy received from a NGO on sale of each machine [Subsidy received from a non-Government body and which is directly linked to the price, the same is included in the value in terms of section 15 of the CGST Act, 2017.]	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 Vishwanath 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 × 18%]
Total output tax	25,218	25,218	16,812
Less: Set off of IGST against IGST and SGST [IGST credit first be utilized towards payment of IGST, remaining amount can be utilized towards CGST and SGST in any order and in any proportion]		(9,188)	(16,812)
Less: Set off of CGST against CGST and SGST against SGST [CGST credit cannot be utilized towards payment of SGST and vice versa.]	(25,218)	(14,800)	
Minimum net GST payable in cash	Nil	1,230	

Working Note:

Computation of total ITC available

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance of ITC	18,000	4,000	26,000



Add: Inputs purchased during the month	10,800 [₹ 1,20,000 × 9%]	10,800 [₹ 1,20,000 × 9%]	
Total ITC available	28,800	14,800	26,000

Question 10

WEPL 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. in relation to the service provided by the vendor to WEPL Pvt. Ltd. (not included in the list price above)	2,000

WEPL 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 WEPL Pvt. Ltd. Determine the value of taxable supply made by WEPL Pvt. Ltd. under GST law. (PYP 6 Marks, May'22)

Answer 10

Computation of value of taxable supply made by WEPL 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 [Taxes other than GST, if charged separately, are includible in the value of supply.]	6,000
Packing charges [Being incidental expenses, same are includible in the value of supply.]	2,500
Subsidy received from NGO [Since subsidy is received from a non-Government body and directly linked to the price, the same is includible in the value of supply.]	Nil
Payment made by ABC Pvt. Ltd. in relation to service provided by vendor to WEPL Pvt Ltd ¹ [Amount that supplier is liable to pay, but incurred by the recipient, is includible in the value of supply.]	2,000
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 × 100/118]
Value of taxable supply	64,737

1 It has been most logically assumed that service provided by the vendor to WEPL Pvt. Ltd. is in relation to supply of goods by WEPL Pvt. Ltd. to ABC Pvt. Ltd.

Exam Insights:

Some examinees failed to provide proper explanatory notes supporting the inclusion or exclusion of various items while computing the value of taxable supply.

Question 11

(Includes concepts of Charge, Supply, Exemptions of GST & ITC)

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, 20XX.



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 input tax credit has been availed on such computers when used for business.	No amount Charged
(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:

S. No.	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:

(i) All the amount stated above in both the tables are exclusive of GST, wherever applicable.

(ii) 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. (PYP 6 Marks, May'23)

Answer 11

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.]	<u>15,100</u>
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.

Exam Insights:

In case of amount received from ABC Ltd. for performance of classical dance, some examinees deducted ₹ 1,50,000 from ₹ 1,74,000 and considered difference as taxable amount, which was incorrect.

Question 12

(Includes concepts of ITC)

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	20,000
	[Amount has been paid by recipient directly to the supplier. However, it was Prithviraj Pvt. Ltd.'s liability to pay the said amount.]	
(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:

Sr. No	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. (MTP 8 Marks, Sep'22)

Answer 12

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 utilised for payment of CGST and ITC of SGST is utilised 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 includible 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 includible 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 includible in the value of supply.]	50,000



Value of taxable supply of 1 machine	6,45,000
Value of taxable supply of 10 machines [$\text{₹ } 6,45,000 \times 10$]	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 13

(Includes concepts of ITC)

Vivi Tsu 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: -

S. No.	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:

S. No	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:**

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) All inward and outward supplies are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing the ITC have been fulfilled, subject to the information given above.
- (iv) All inward and outward supplies are inter-State supplies.

Compute the net GST payable in cash, by Vivi Tsu Ltd. for the month of March. (RTP Nov'23)

Answer 13**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				<u>2,18,000</u>
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 Vivi Tsu 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 includible 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 includible 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 Vivi Tsu 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 14

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 20XX:



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.:

S. No.	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 20XX 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 20XX. 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 20XX and the last lot would be delivered in April 20XX.	5,00,000
5	The company supplied 10,000 packets of tools to one of its customer at ₹ 10/- per packet in Gujarat in January 20XX. Afterwards, the company re-values it at ₹ 9 per packet in February 20XX 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. (PYP 8 Marks, Dec'21)

STRIVING TOWARDS KNOWLEDGE

Answer 14

Computation of net GST liability of ABC Ltd. to be paid in cash for February 20XX

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, 20XX to 20th February, 20XX) [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,	1,50,000	13,500 [1,50,000 × 9%]	13,500 [1,50,000 × 9%]	



being not an output tax, cannot be set off against ITC and thus, will have to be paid in cash.]				
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, 20XX 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:

- (1) ITC on goods received in lots is available on receipt of last lot. Hence, ITC on tools received will not be available in February 20XX.
- (2) 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 15

LDR

(Includes concepts of ITC)

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 2024 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, 2024, 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:

- (a) All the figures mentioned above are exclusive of taxes.
- (b) In respect of few of the invoices relating to F.Y. 2023-2024, 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.
- (c) 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, 2024.

Note: Working Notes (legal provisions) should form part of your answer. (PYP 8 Marks, May'23)

Answer 15

Computation of minimum CGST, SGST and IGST payable in cash by Jino Enterprises for the month of October, 2024

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 repairing services ¹	3,00,000	27,000 [3,00,000 × 9%]	27,000 [3,00,000 × 9%]	
Intra-State supply of parts / spares	50,000	3,000 [50,000 × 6%]	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 utilised 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)	(22,000) (IGST)	(36,000) (IGST)
		(21,000) (CGST)	(21,000) (SGST)	
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	1,000 [40,000 × 2.5%]	1,000 [40,000 × 2.5%]	



[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.]			
Invoices relating to FY 2023-24 ² [ITC in respect of any invoice can be taken upto 30th 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	21,000	21,000	80,000

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 2023-24 has not yet been furnished.

Exam Insights:

Most of the examinees were unaware that purchase of business class air tickets for travel from Assam is not exempt/taxable, since air travel embarking from Assam is not being undertaken in economy class. Resultantly, they did not avail ITC for the same.

Further, majority of them wrongly considered invoices relating to FY 2023-24 as opening balance of ITC. They were ignorant of the provision that ITC in respect of any invoice can be taken upto 30th November following the end of financial year to which such invoice relates or furnishing of the relevant annual return, whichever is earlier.

Question 16

LDR

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

1. **Consultancy services for market analysis:** Provided consultancy services for market analysis to WEPL Ltd., a registered client in Chennai, Tamil Nadu (Inter-State), for ₹ 4,50,000. Additionally, the company paid an amount of ₹ 4,500 as professional tax applicable in the State of Maharashtra as per requirement of local state legislation. The amount of professional tax was recovered separately from WEPL Ltd.
2. **Digital Marketing Services for Launch Event:** Conducted digital marketing for an upcoming product launch for Mr. A based in Rajasthan, who is an unregistered person under GST. The agreed fee for the said services is ₹ 3,00,000. Out of the agreed fee, an amount of ₹ 25,000 is incurred by Mr. A. The company was liable to pay the same in relation to the supply and the net payment received by the company was ₹ 2,75,000 (exclusive of any tax).
3. **Travelling payment for the team:** The employees incurred an amount of ₹ 50,000 on travel to Kolkata for client project and claimed a reimbursement of the same from the company. As a policy, company charged such expenses from the clients on actual basis.
4. **Discount passed on to customer:** Post supply discount was offered to a customer amounting to ₹ 50,000 against a supply for which invoice was issued in September. The customer has not reversed the input tax credit relating to such discount.
5. **Recovery of late payment charges:** The company received an amount of ₹ 1,00,000 as late payment charges for delay in payment for consideration from a client whose service contract was completed in June.
6. **Purchase of car:** A car was purchased in the name of company for use by the director. The total cost of car was ₹ 10,50,000 (inclusive of IGST amounting to ₹ 1,50,000).
7. **Insurance services:** The company paid for insurance of the above new car amounting to ₹ 25,000 which includes IGST amounting to ₹ 2,300.
8. **Procurement of services:** The company received inter-State supply of services used for business purpose on which GST paid was Rs. 45,000. Said credit was not restricted under any provision of GST laws.
9. **Sponsorship:** The company sponsored a sports event wherein it paid an amount of ₹ 2,00,000 to the event organizers.



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

- Total value of supply
- output tax payable by the Company.
- net GST payable in cash.

Note:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
 - All the amounts given above are exclusive of taxes.
 - There was no opening balance of input tax credit.
 - The turnover of the company was ₹ 10 crores in the previous financial year.
 - All the transactions are inter-State, unless otherwise specified.
- (RTP Jan'25)

Answer 16

(a) Computation of total value of supply

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

(b) Computation of output tax payable

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

(c) Computation of net GST payable in cash

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

Working Note:



Computation of ITC available

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

MULTIPLE CHOICE QUESTIONS (MCQS)

1. 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 at /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
(MTP 2 Marks, Oct'21, MTP 1 Mark Apr'19)

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

Ans: (d)

2. Smita Limited made an outward supply of garments at an agreed price of ₹ 5,00,000. The company charged 'Go Green Cess' levied by Local municipal corporation amounting to ₹ 10,000 for this supply. As the customer made payment within 3 days from the date of delivery, Smita Limited provide a discount of ₹ 5,000 separately as a customer friendly measure, even though no prior agreement was made on discount. Value of Supply made by Smita Limited u/s 15 is ₹ _____ (PYP 2 Marks Sep'24)

- (a) 5,05,000
- (b) 5,10,000
- (c) 5,00,000
- (d) 5,15,000

Ans: (b)

CHAPTER 18: INPUT TAX CREDIT

CONCEPTS OF THIS CHAPTER

- Define inputs, input services, and capital goods for ITC.
- Conditions, timelines, and restrictions for ITC claims.
- Items eligible and blocked for ITC.
- Apply ITC rules to compute GST liability.



LDR Questions

- | | |
|------|------|
| Q 14 | Q 18 |
| Q 19 | Q 22 |

QUICK REVIEW OF IMPORTANT CONCEPTS

Provisions of section 16 relating to eligibility and conditions for taking ITC

Registered person to take credit of tax paid on inward supplies of goods and/or services used/intended to be used in the course or furtherance of business if these **SIX** conditions are fulfilled:

- He has valid tax invoice/debit note/prescribed tax paying document.
- Details of ITC in respect of the said supply communicated to the registered person under section 38 not restricted
- He has received goods and/or services -Goods delivered / services provided to third person on the direction of the registered person deemed to be received by the registered person =ITC available to registered person
- Tax on such supply has been paid in cash or by utilisation of ITC
- Details of invoices/debit notes uploaded by the supplier in his GSTR-1 or using IFF and details communicated in Form GSTR-2B
- He has furnished return u/s 39

If depreciation claimed on tax Component	ITC not allowed
Goods received in lots	ITC allowed upon receipt of last lot
Time limit for availing ITC	ITC pertaining to a particular FY can be availed by 30 th November of next FY or filing of annual return, whichever is earlier. Exception Re-avilment of ITC reversed earlier
<ul style="list-style-type: none"> • Proportionate ITC to be reversed/paid with Interest if whole/part of value + tax of goods and /or services is not paid within 180 days of the issuance of invoice. • On payment, the ITC could be re availed without any time limit. 	Exceptions: <ul style="list-style-type: none"> • Reverse charge supplies • Deemed supplies without consideration • Additions made to value of supplies on account of supplier's liability being incurred by the recipient of the supply

Apportionment of credit

Goods and/or services

- Used partly for business and partly for non business purposes ITC is available only as attributable to business purposes
- Used partly for making taxable (including zero rated supplies) supplies & partly for exempt supplies ITC is available only as attributable to taxable supplies including zero rated supplies

**BLOCKED CREDITS PART-A**

Ineligible MV	Ves & AC	GI, Servicing, R&M relating to ineligible MV, Ves, AC	Leasing/renting/hiring of MV, Ves or AC on which ITC is disallowed	F&B, Outcat, BT, HS, C&PS, LI & HI
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Credit available on the below exceptions

When used for making taxable supplies of-	When used for-	(i) When ineligible MV, Ves or AC are used for eligible purposes	(i) When used for making an outward taxable supply of the same category (subcontracting) or as an element of a taxable composite or mixed supply.	(i) Where a particular category of such inward supplies is used for making an outward taxable supply of the same category [Sub-contracting] or as an element of a taxable composite or mixed supply
(i) such MV	(i) making further taxable supply of such Ves or AC	(ii) When received by manufacturer of ineligible MV, Ves or AC	(ii) When provided by an employer to its employees under statutory obligation	(ii) When provided by an employer to its employees under a statutory obligation
(ii) trptn of passengers	(ii) passenger trptn service	(iii) When received by a GI service provider in respect of such ineligible MV, Ves or AC insured by it		
(iii) imparting training on driving such ineligible MV	(iii) imparting training on navigating/flying such Ves/AC			
	(iv) trptn of goods			

Membership of club & health & fitness Centre	Travel benefits to employees on vacation (LTC/HT)	Inward supplies received by NRTP	Tax paid u/s 74 (Tax short / not paid or erroneously refunded due to fraud etc.,) section 129 (Amount paid for release of goods and conveyances in transit which are detained) and section 130 (Fine paid in lieu of confiscation)
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Credit available on the below exceptions

When provided by an employer to its employees under a statutory obligation	When provided by an employer to its employees under a statutory obligation	Goods imported by him	
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BLOCKED CREDITS PART-B

- (i) WCS for construction of immovable property
 - Credit available on the below EXCEPTIONS
 - (a) WCS for P & M
 - (b) WCS availed by a works contractor for further supply of WCS [Subcontracting]
 - (c) Where value of WCS is not capitalized
- (ii) Inward supplies received by taxable person for construction of immovable property on his own account including when such supplies are used in the course or furtherance of business
 - Credit available on the below EXCEPTIONS
 - (a) Construction of P & M
 - (b) Construction of immovable property for others
 - (c) Value of construction is not capitalised
- (iii) Inward supplies charged to composition levy
- (iv) Goods lost/ stolen/ destroyed/ written off or disposed of by way of gift or free samples
- (v) Goods/ services used/ intended to be used for CSR related activities
- (vi) Inward supplies used for personal consumption

Ineligible MV - Motor vehicle for transportation of persons with seating capacity of ≤ 13 persons (including driver)



Ves & AC	-	Vessel & Aircraft	C&PS	-	Cosmetic & plastic surgery
GI	-	General insurance	LI	-	Life insurance
R&M	-	Repairs & maintenance	HI	-	Health insurance
F&B	-	Food & beverages	NRTP	-	Non-resident taxable person
Outcat	-	Outdoor catering	WCS	-	Works contract service;
BT	-	Beauty treatment	LTC	-	Leave Travel Concession
HS	-	Health services	HT	-	Home town
trptn	-	transportation	P & M	-	Plant & machinery

(A) Construction includes re-construction/ renovation/ addition/ alterations/ repairs to the extent of capitalisation to said immovable property.

(B) P & M means apparatus, equipment, & machinery fixed to earth by foundation or structural supports but excludes land, building/ other civil structures, telecommunication towers, and pipelines laid outside the factory premises.

Special circumstances enabling availing of credit

Registered person switching from composition levy to regular scheme of payment of taxes	Registered person's exempt supplies becoming taxable	Person applying for registration within 30 days of becoming liable for registration	Person obtaining Voluntary registration
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Credit entitled on

- Inputs as such held in stock
- Inputs contained in semi-finished goods held in stock
- Inputs contained in finished goods held in stock

• Capital goods [In case of exempt supply becoming taxable Capital Goods used exclusively for such exempt supply] reduced by 5% per quarter or part thereof from the date of invoice

On the day immediately preceding the date from which he becomes liable to pay tax under regular scheme	On the day immediately preceding the date from which such supply becomes taxable	On the day immediately preceding the date from which he becomes liable to pay tax	On the day immediately preceding the date of registration
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ITC, in all the above cases, is to be availed within 1 year from the date of issue of invoice by the supplier.

Special circumstances leading to reversal of credit/payment of amount

Special circumstances leading to reversal of credit / payment of amount

Registered person (who has availed ITC) switching from regular scheme to composition levy	Supplies of registered person getting wholly exempted from tax	Cancellation of registration	Supply of capital goods (CG)/ plant and machinery (P&M) on which ITC has been taken
Amount to be reversed is equivalent to ITC on : <ul style="list-style-type: none"> • Inputs held in stock/ inputs contained in semi-finished or finished goods held in stock • Capital goods on the day immediately preceding the date of switch over/ date of exemption/date of cancellation of registration 			Amount to be paid is equivalent to higher of the following: (i) ITC on CG or P&M less 5% per quarter or part thereof from the date of invoice (ii) Tax on transaction value of such CG or P & M
Manner of reversal of credit on inputs and capital goods & other conditions (i) Inputs ⇒ Proportionate reversal based on corresponding invoices. If such invoices not available, prevailing market price on the effective date of switch over/ exemption/cancellation of registration should be used with due certification by a practicing CA/ Cost Accountant			<ul style="list-style-type: none"> • If amount at (i) exceeds (ii), then reversal amount will be added to output tax liability. • Separate ITC reversal is to be done for CGST, SGST/UTGST



- (ii) Capital goods \Rightarrow Reversal on *pro rata* basis pertaining to remaining useful life (in months), taking useful life as 5 years.
- (iii) ITC to be reversed will be calculated separately for ITC of CGST, SGST/UTGST and IGST.
- (iv) Reversal amount will be added to output tax liability of the registered person.
- (v) Electronic credit/cash ledger will be debited with such amount. Balance ITC if any will lapse.

and IGST

- Tax to be paid on transaction value when refractory bricks, moulds, dies, jigs & fixtures are supplied as scrap.

Provisions relating to utilization of ITC are summarized as under:

ITC of IGST	ITC of CGST	ITC of SGST
IGST	CGST	SGST
CGST/SGST in any order & in any proportion	IGST	IGST, only when ITC of CGST = NIL
ITC of IGST = NIL	SGST/UTGST	CGST

Question & Answers

Question 1

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. (MTP 3 Marks, Mar'23)

Answer 1

The condition of payment of value of supply plus tax within 180 days does not apply in the following situations:

- (a) Supplies on which tax is payable under reverse charge
- (b) Deemed supplies without consideration
- (c) 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 2

What is the tax implication of supply of capital goods by a registered person who had taken ITC on such capital goods? (MTP 5 Marks, Apr'22, SM)

Answer 2

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, moulds and dies, jigs and fixtures when these are supplied as scrap, the person can pay tax on the transaction value.

Question 3

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. (PYP 5 Marks, May'22)

Answer 3

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.
7. ITC of SGST/UTGST cannot be utilized for payment of CGST and vice versa.

Question 4

Briefly explain the provisions relating to reversal of input tax credit in case of non-payment of tax by the supplier and re-availment thereof? (PYP 5 Marks, Nov'23)

Answer 4

Where a registered person (recipient) avails ITC in GSTR-3B for a tax period in respect of an invoice/debit note details of which have been furnished by supplier in GSTR-1/using IFF, but supplier does not furnish his return till 30th September following the end of FY in which the ITC in respect of invoice/ debit note has been availed, then the amount of ITC shall be reversed by recipient, while furnishing a return in Form GSTR-3B on or before 30th November following the end of such FY during which such ITC has been availed.

However, where the said amount of ITC is not so reversed by recipient, such amount shall be payable by the said person along with interest.

Further, where the said supplier subsequently furnishes the return in Form GSTR-3B for the said tax period, the said registered person may re-avail the amount of such credit in the return in Form GSTR-3B for a tax period thereafter.

EXAM INSIGHTS: Majority of the examinees wrongly stated the provisions of reversal of input tax credit, where payment of supply was not made to supplier within 180 days. However, question required the examinees to explain the provisions relating to reversal of input tax credit in case of non-payment of tax by the supplier and re-availment thereof.

Question 5

Discuss the ITC entitlement of a newly registered person under GST law? (SM, MTP 5 Marks Oct'22, MTP 5 Marks Mar'22, SM)

Answer 5

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 6

Enumerate the conditions necessary for availing ITC under GST law. (MTP 5 Marks, Sep'22, MTP 5 Marks, Aug'18, SM)

Answer 6

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:

- (a) he is in possession of tax invoice or debit note or such other tax paying documents as may be prescribed;
- (b) he has received the goods or services or both;
- (c) subject to section 41 of the CGST Act, the supplier has actually paid the tax charged in respect of the supply to the Government;



- (d) he has furnished the return under section 39; and
- (e) the details of the invoice/debit note in respect of said supply has been furnished by the supplier in the statement of outward supplies (GSTR-1) and such details have been communicated to the recipient of such invoice/debit note in the manner specified under section 37

Question 7

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

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

Sr. No.	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 utilisation of ITC are fulfilled. (MTP 8 Marks, Apr'23)

Answer 7

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 8

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

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

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

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

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

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

Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively assuming that all the remaining conditions of utilization of ITC are fulfilled. (MTP 10 Marks, Jul'24)

Answer 8

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

Particulars	Value of supply	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State statutory audit services	1,20,000	10,800	10,800	
Intra-State ITR filing services	1,60,000	14,400	14,400	



Inter-State internal audit services since place of supply is location of recipient, i.e. Mumbai, Maharashtra	1,80,000	-	-	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 of ITC that can be availed

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

Question 9

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
(5) Confectionery items for consumption of employees working in the factory	3,250
(6) 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.

(PYP 6 Marks, Jul'21) (Same concepts different figures MTP 5 Marks Aug'24)

Answer 9

Computation of amount of ITC available for the month of December

S. No.	Particulars	GST(₹)
(1)	Goods used in construction of additional floor of office building [ITC on goods received by a taxable person for construction of an immovable property on his own account is blocked even if the same is used in the course or furtherance of business. 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 ³ .]	11,000



(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 includes foundation and structural supports through which the same is fixed to earth.]	8,050
	Total eligible ITC	28,900

³ It has been assumed that depreciation has not been claimed on tax component.

Question 10

Viv Tsu 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 Viv Tsu 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 20XX:

Sl. No.	Particulars	Amount in (₹)
	Outward supply:	
i.	Goods sold by Mr. Handsome in his DCA capacity (intra -State transaction)	2,80,000
ii.	Interest earned from the above customers for short term credit facility provided for timely payment of dues. (intra-State transaction)	20,000
iii.	Commission bill raised on Viv Tsu Limited (inter-State transaction) in respect of DCA services provided.	30,000
	Inward supply:	
iv.	Inter-State supply of goods received from Viv Tsu Limited. Being a DCA, no consideration was paid. Value under section 15 - ₹ 2,00,000	Nil
v.	Received training in marketing and distribution from Viv Tsu Limited as per DCA agreement, free of cost. Company charges ₹ 75,000 for such training when it provides the same to others.	Nil

Applicable rate of tax on both inward and outward supplies is 9% each for CGST and SGST and 18% for IGST. Amounts given above are exclusive of taxes wherever applicable. Subject to the information given above, necessary conditions are complied with for availment of input tax credit.

You are required to calculate the gross GST liability and eligible input tax credit for the month of March of Mr. Handsome. Brief notes should form part of your answer for treatment of items in Sl. No. (i) to (v).

(PYP 6 Marks, Nov'22)

Answer 10

Computation of gross GST liability of Mr. Handsome for the month of March 20XX

Particulars		CGST (₹)	SGST (₹)	IGST (₹)
Goods sold by Mr. Handsome in his DCA capacity	2,80,000	27,000	27,000	
		[3,00,000	[3,00,000	
Add: Interest earned for short term credit facility provided to above customers	<u>20,000</u>	× 9%]	× 9%]	



[Interest included in the value of supply of the goods sold since where DCA is an agent under Schedule - I of the CGST Act, short term credit facility provided by DCA to the buyer is subsumed in the supply of the goods by the DCA to the buyer.]				
Commission charged for DCA services [Being taxable supply of services.]				5,400 [30,000 × 18%]
Gross GST liability	27,000	27,000		5,400
Note: Since the invoice for goods sold is issued by the DCA – Mr. Handsome in his own name, he would fall under the ambit of an agent under Schedule – I of the CGST Act.				

Computation of eligible ITC for the month of March 20XX

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Inward supply of goods from Viv Tsu Limited free of cost [Supply of goods by principal – Viv Tsu 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 Viv Tsu Limited free of cost [Since no consideration is charged for the services provided, said services do not qualify as supply. As no GST is paid on the same, ITC is not available]	--	--	--
Total ITC available	Nil	Nil	36,000

EXAM INSIGHTS: Majority of the examinees did not support their answer with correct legal reasoning in respect of inclusion of interest in the value of taxable supply.

Question 11

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

Sr. No.	Particulars	Amount (₹)
1.	Capital goods procured on 5th February 2025, (Rate of CGST and SGST @ 6% each) being intra State supply.	2,00,000
2.	Inputs contained in finished goods stock held were procured on 13th February 2024 (Rate of IGST @18%) being inter-State supply.	3,00,000
3.	Value of Inputs received on 10th October, 2024 contained in semi-finished goods held in stock (Rate of CGST and SGST @ 6% each) being intra-State supply.	2,50,000
4.	Inputs procured on 1st February 2025 lying in stock of semi -finished goods (Rate of CGST and SGST @ 7.5 % each) being intra-State supply.	1,50,000
5.	Inputs procured on 8th February 2025 lying in stock of finished goods. (Rate of IGST @ 18%) being inter-State supply.	60,000

You are required to determine the eligible ITC available and amount of net minimum GST to be paid in cash by Vishnu Limited for the month of February 2024. (PYP 5 Marks, May'24)

**Answer 11**

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

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

Note: Person taking voluntary registration can avail ITC on inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration, i.e. on 23.02.2025, only within 1 year from date of issue of tax invoice by supplier.

Computation of eligible ITC available³

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Capital goods [Person taking voluntary registration cannot avail ITC on capital goods held on the day immediately preceding the date of grant of registration.]	Nil	Nil	Nil
Inputs procured on 13th February 2024	Nil	Nil	Nil
Inputs procured on 10th October 2024	15,000	15,000	Nil
Inputs procured on 1st February 2025	11,250	11,250	Nil
Inputs procured on 8th February 2025	Nil	Nil	10,800
Total ITC	26,250	26,250	10,800

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

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

Question 12**(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:

S. No.	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 Flo 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:

S. No.	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 capitalised 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. (MTP 8 Marks, Mar'23)

Answer 12

Computation of net GST payable by Wivtsu 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)]	<u>50,000</u>
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

S. No.	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 13

Viwitsu Pvt. Ltd., a registered supplier of goods and services at Kolkata has furnished the following information for the month of February:

S. No.	Particulars	Amount (₹)
(i)	Intra-State supply of taxable goods including ₹ 1,00,000 received as advance in January, the invoice for the entire sale value is issued on 15th February	4,00,000
(ii)	Purchase of goods from a composition dealer, registered in Kolkata	5,50,000
(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)	Membership of a club availed for employees working in the factory (It is an intra-State transaction)	1,75,000
(v)	Goods transport services received from a GTA. GTA has exercised option to pay tax @12% (It is an inter-State transaction)	2,00,000
(vi)	Inter-State services provided by way of training in sports	10,000
(vii)	Inter-State security services provided to Bharat higher secondary school for their annual day Function organized in Kaman Auditorium outside the school campus	15,000
(viii)	Inputs to be received in 4 lots, out of which 2 nd lot was received during the month	40,000

The company has following ITCs 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.
- 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 Viwitsu Pvt. Ltd. was ₹ 2.5 crore in the previous financial year.

Compute the minimum GST, payable in cash, by Viwitsu Pvt. Ltd. for the month of February. Make suitable assumptions as required. (MTP 10 Marks, Mar'24)

**Answer 13****Computation of GST payable on outward supplies**

S. No.	Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
(i)	Intra-State supply of goods for ₹ 4,00,000 [Note-1]	36,000	36,000	Nil
(ii)	Services rendered by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex [Note-2]	9,000	9,000	Nil
(iii)	Services provided by way of training in recreational activities relating to sports [Note-3]	Nil	Nil	1,800
(iv)	Inter-State security services provided to Bharat higher secondary school for their annual day function to be held in Kaman Auditorium. [Note-4]	Nil	Nil	2,700
	Total GST payable	45,000	45,000	4,500

Notes:

1. 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 of the CGST Act, 2017, i.e. date of issue of invoice or the last date on which invoice ought to have been issued. Thus, liability to pay tax on the advance received in January will also arise in the month of February, when the invoice for the supply is issued.
2. 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. Labour contracts for repairing are thus, taxable.
3. Services by way of training in sports is exempt under GST, only if provided by charitable entities registered under section 12AA or section 12AB of the Income-tax Act, 1961. Thus, in the given case, said service is taxable.
4. Security services provided to Bharat 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.

Computation of total ITC

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening ITC	57,000	Nil	50,000
Add: Purchase of goods from a composition dealer [ITC is not available in case of supply of goods where tax has been paid under composition scheme]	Nil	Nil	Nil
Add: Membership of a club [Blocked credit]	Nil	Nil	Nil
Add: Goods transport services received from GTA [Input tax credit is available for the services received from GTA as the same are used in the course or furtherance of business.]	Nil	Nil	24,000
Add: Inputs to be received in 4 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	74,000

Computation of minimum GST payable from electronic cash ledger

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
GST payable	45,000	45,000	4,500
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]	(24,500) IGST (3)	(45,000) IGST (2)	(4,500) IGST (1)
Less: ITC of CGST to be used against CGST	(20,500)		



	CGST		
Minimum GST payable in cash	Nil	Nil	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 14

LDR

(Includes concepts of Supply under GST, Exemptions under GST, Value of Supply)

Craftmodel Limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. It is not engaged in renting of cars business. The company provided the following details for the month of January, 2025

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

Additional Information:

- All the amounts given above are exclusive of taxes, wherever applicable.
- During the course of arranging and filing documents, the Accountant of Craftmodel Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 2nd December, 2024 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January, 2025. This invoice was issued by Mr. Rahuketu of Patna, from whom Craftmodel Limited had taken cars on rental basis. Invoice included cost of fuel also.
- Regarding pledging of shares, the face value of shares is ₹ 5,00,000. The market value of shares is ₹ 8,00,000.
- Rate of GST applicable on various supplies are as follows:

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



- (e) No opening balance of input tax credit exists in the beginning of the relevant tax period.
- (f) Subject to the information given above, conditions necessary for claiming ITC were complied with.
- You are required to calculate the amount of net GST liability payable in cash by Craftmodel Limited for the month of January, 2025. (RTP Sep'24)

Answer 14

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

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward intra-State supply of goods made in the State of Bihar. [Value of supply is the transaction value of the goods.]	36,000 [4,00,000 × 9%]	36,000 [4,00,000 × 9%]	
Outward supply of goods made to other States. [Value of supply is the transaction value of the goods.]			1,08,000 [6,00,000 × 18%]
Pledging of 5% equity shares to the merchant banker [Supply includes supply of goods and services. Shares being securities are neither goods nor services. Thus, transfer of shares which is neither goods nor services is not a supply.]			Nil
Intra-State stock transfer to Gaya Branch with no separate registration. [Stock transfer between 2 units of a legal entity under single registration is not a deemed supply under GST and hence, the same is not liable to tax under GST since branch with same GSTIN is not a distinct person.]	-	-	
Services of milling of paddy into rice. [Milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce. Thus, it is not eligible for exemption.]	18,000 (2,00,000 × 9%)	18,000 (2,00,000 × 9%)	
Services of giving trucks on hire to a Governmental authority [Services by way of giving motor vehicles on hire to a Governmental authority are taxable.]	13,500 (1,50,000 × 9%)	13,500 (1,50,000 × 9%)	
Total output tax	67,500	67,500	1,08,000
Less: Input Tax Credit [Refer Working Note below] IGST credit should first be utilized towards payment of IGST.			(90,000)
ITC of CGST should be utilized for payment of CGST and IGST in that order. ITC of CGST cannot be utilized for payment of SGST	(67,500) (CGST)		(18,000) (CGST)
ITC of SGST should be utilized for payment of SGST and IGST in that order. However, ITC of SGST should be utilized for payment of IGST, only after ITC of CGST has been utilized fully. ITC of SGST cannot be utilized for payment of CGST.		(67,500) (SGST)	-
Minimum Net GST payable in cash	Nil	Nil	Nil
ITC balance to be carried forward next month	-	18,000	-

Working Note:

Computation of ITC available

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State inward supply of services used in the course of business. [ITC cannot be availed by a registered person in respect of invoices, the details of which have not been furnished by the supplier in GSTR-1.]	85,500 (9,50,000 × 9%)	85,500 (9,50,000 × 9%)	-
Training course organized by IIM, Gujarat. [Not exempt. Short duration programmes offered by IIMs for which participation certificate is awarded are	-	-	90,000 (5,00,000 × 18%)



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

Question 15

(Includes concepts of Supply under GST, Place of Supply, Charge of GST, Exemptions under GST)

M/s Cute & Co., a partnership firm, registered supplier under GST in Bengaluru (Karnataka State), has provided the following information for the month of October, 20XX:

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

Note:



- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
(ii) All the amounts given above are exclusive of taxes.
(iii) All the conditions necessary for availing the ITC have been fulfilled.
(iv) There was no opening balance of any input tax credit.
(v) The turnover of M/s Cute & Co was ₹ 2 crore in the previous financial year.
Compute the net GST payable in cash, by M/s Cute & Co. for the month of October, 20XX. Correct legal provisions should form part of your answer. (RTP May'24)

Answer 15

Computation of net GST payable in cash

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

Working Notes:

Computation of total value of taxable supplies made by M/s Cute & Co. for the month of October, 20XX

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Taxable under Forward Charge				
Intra-State taxable supply of DSA service [Since DSA services are provided by partnership firm, so taxable under forward charge]	2,50,000	22,500	22,500	
Services provided to a Governmental authority by way of sanitation conservancy [Specifically exempt under GST]	99,900	-	-	
Information Technology services [Import of services from a non-related person without consideration, in the course or furtherance of business is not a supply.]	Nil			
Training and performance appraisal services to ABC Private Limited [Taxable; the place of supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person. Thus, place of supply is Kerala and hence an inter-State transaction.]	3,00,000			54,000
Training and performance appraisal services to Babu Cones. [Taxable, the place of supply of services in relation to training and performance appraisal to an unregistered person, shall be the location where the services are actually performed. Thus, place of supply is Bengaluru, hence Intra-State transaction]	1,00,000	9,000	9,000	
	7,49,900	31,500	31,500	54,000
Taxable under Reverse Charge				
Rent paid for residential unit [Service by way of renting of residential dwelling to a registered person is taxable under reverse charge mechanism]	25,000	2,250	2,250	
Total value of taxable supplies	7,74,900	33,750	33,750	54,000

Computation of ITC that can be availed by M/s Cute & Co. for the month of October, 20XX

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

Question 16

(Includes concepts of Supply under GST & Value of Supply)

X Electronics is a registered manufacturer of electrical appliances.

It made contract with dealers, that purchase of air conditioners of capacity 1.5 ton in the month of October of quantity of more than 50 units will entitle them for 10% discount.

Inter-State supply made during the month of October is ₹ 50,00,000

Details of Intra-State supply:

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

Intra-State inward supplies are:

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

X Electronics made supply of Air Conditioners (capacity 1.5 ton) to only one dealer named Mr. L.

Gym membership for employees is not obligatory for X Electronics under any law.

Opening Balance of ITC is as under:

CGST: ₹ 58,000

SGST: ₹ 70,000

IGST: ₹ 10,00,000

Note:

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

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

Answer 16

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

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
I. 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	45,00,000 [₹ 50,00,000]	4,05,000	4,05,000	



	have been supplied, discount @ 10% will be available.] ¹	x 90%]			
II.	Inter-State supply @ 18%	50,00,000			9,00,000
Total outward tax liability			11,00,000	11,00,000	9,00,000
Less: Input Tax Credit (Refer Working Note below)					
IGST credit first utilized towards payment of IGST. Remaining amount can be utilized towards CGST and SGST in any order and in any proportion			1,00,000 (IGST)		9,00,000 (IGST)
CGST credit set off against CGST liability and SGST credit set off against SGST liability as CGST credit cannot be utilized towards payment of SGST and vice versa.			5,08,000 (CGST)	5,20,000 (SGST)	
Net GST liability payable in cash			4,92,000	5,80,000	Nil

Working Note

Computation of ITC available with X Electronics

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

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

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

² It has been assumed that depreciation has not been claimed on tax component.

Question 17

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:

Sl. No.	Particulars	Amount (₹)
(i)	Outward supplies made during the month	
a.	Within Jharkhand	₹ 24,00,000
b.	Outside Jharkhand	₹ 5,00,000
		29,00,000
(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 Tatanagar, 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.

Brief and suitable notes should form part of your answer. (PYP 8 Marks, May'22)

Answer 17

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	30,000 [5,00,000 × 6%]	30,000 [5,00,000 × 6%]	



business.]			
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

EXAM INSIGHTS: Many examinees could not correctly arrive at the minimum net GST payable in cash as they erroneously compute the input tax credit available. Some of the examinees were not conversant with the manner of utilization of ITC.

Question 18

LDR

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 20XX:

S. No.	Particulars	Amount (₹)
	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.	Permanent transfer of old computers to orphanage home without consideration. Input tax credit was not availed on the same	80,000
v.	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 20XX.
(PYP 8 Marks, Nov'23, MTP 10 Marks Nov'24)

Answer 18

Computation of minimum net GST payable in cash by M/s Honest Enterprise for the month of December 20XX

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
GST payable under forward charge				
Intra-State supply of goods to M/s Natural & Sons	7,00,000	17,500	17,500	



		$[7,00,000 \times 2.5\%]$	$[7,00,000 \times 2.5\%]$	
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 ¹ [Since sponsorship service is provided to a body corporate, tax on the same is payable by recipient – XYZ Ltd. – under reverse charge.]	80,000			--
Permanent transfer of old computers to orphanage home without consideration. [Permanent transfer or disposal of business assets was not treated as supply even if made without consideration in terms of Schedule-I of the CGST Act, 2017, as ITC was not availed on the same.]	80,000			
Advance received for future intra-State supply of management consultancy service (In case of supply of service, tax is payable at the time of receipt of advance amount too)	40,000	3,600 $[40,000 \times 9\%]$	3,600 $[40,000 \times 9\%]$	
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 $[50,000 \times 9\%]$	4,500 $[50,000 \times 9\%]$	
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 [ITC of goods used in the course/furtherance of business is available.]	8,00,000	20,000 $[8,00,000 \times 2.5\%]$	20,000 $[8,00,000 \times 2.5\%]$	
Works contract service for repair of office [ITC is available since the repair amount is debited in the profit & loss account and not capitalized in the books of account.]	30,000	2,700 $[30,000 \times 9\%]$	2,700 $[30,000 \times 9\%]$	
Legal services availed	50,000	4,500 $[50,000 \times 9\%]$	4,500 $[50,000 \times 9\%]$	
[ITC of services used in the course/furtherance of business is available]				
Total		27,200	27,200	



EXAM INSIGHTS: Most of the examinees wrongly calculated GST on intra-State branch transfer with same GSTIN, whereas 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.

Further, while computing net GST payable, majority of them committed mistake by utilizing input tax credit for discharging reverse charge liability in case of availment of legal services. Output tax does not include tax payable under reverse charge, so input tax credit cannot be used for payment of any tax payable under reverse charge mechanism. Same has to be discharged in cash.

Question 19

LDR

(Includes concepts of Value of Supply & Place of Supply)

Evershine Pvt. Ltd., a GST registered supplier located in Jaipur, Rajasthan is engaged in taxable supply of packaging goods and consultancy services. It provides following details of various activities undertaken during the month of September, 20XX:

(A) Details of Outward Supplies:

- (1) Supply of goods of ₹ 18,00,000 to Vaidehi Enterprises, a registered person of Udaipur, Rajasthan. Further, received ₹ 50,000 from Vaidehi Enterprises towards freight charges (as agreed to deliver the goods at Vaidehi Enterprises' premises) which was not included in above value of supply.
- (2) Supply of goods worth ₹ 35,00,000 to Calc. Exim, a registered person of Prayagraj, Uttar Pradesh. Further, the amount of ₹ 60,000 charged separately (not included above) from Calc. Exim on account of municipal taxes levied in relation to such outward supply.
- (3) Supply of services to Sunshine Ltd., a registered person in Jodhpur, Rajasthan before discount worth ₹ 6,00,000. Further, discount of ₹ 30,000 which has been given at the time of supply of service and duly recorded in the invoice.
- (4) It delivered the goods worth ₹ 2,00,000 to Jeevan Solutions, a registered person located at Bikaner, Rajasthan on the direction of Raghu Enterprise, a registered person of Mumbai, Maharashtra and tax invoice was issued by Evershine Pvt. Ltd. to Raghu Enterprise of Mumbai, Maharashtra.

(B) Details of Inward Supplies:

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

Opening balance of Input tax credit as on the beginning of September 20XX -CGST ₹ 20,000, SGST ₹ 50,000 and IGST ₹ 75,000.

Rate of GST applicable on both inward and outward supply of goods & services: CGST 9%, SGST 9% and IGST @18%, except where otherwise provided.

Notes:

- (i) All the figures mentioned above are exclusive of taxes.
- (ii) Subject to the information given above, conditions necessary for claiming ITC were complied with.
- (iii) All inward supplies are used for taxable goods only.
- (iv) Brief and suitable notes should form part of your answer.



Calculate the amount of net minimum GST payable in cash by Evershine Pvt. Ltd. for the month of September, 20XX. (PYP 10 Marks, May'24)

Answer 19

Computation of minimum net GST payable in cash by Evershine Pvt. Ltd. for the month of September 20XX

Particulars		Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Output tax payable					
Intra-State supply of goods to Vaidehi Enterprises [Since arranging freight is the Liability of supplier, it is a composite supply and thus, freight charges are added to the value of principal supply.]	Place of supply is location where movement of goods terminates	18,50,000	1,66,500	1,66,500	Nil
Inter-State supply to Calc. Exim [Municipal tax is includible in value since it is a tax levied under a law other than GST law and is charged separately.]		35,60,000	Nil	Nil	6,40,800
Intra-State supply to Sunshine Ltd. [Place of supply is location of recipient. Discount given at the time of supply is deductible from the value since duly recorded in the invoice.]		5,70,000	51,300	51,300	Nil
Inter-State supply to Raghu Enterprise [Place of supply in case of bill to ship model is principal place of business of a third person at whose instructions the goods are delivered by supplier to recipient. Thus, it is considered as Inter State supply.]		2,00,000	Nil	Nil	36,000
Total output tax			2,17,800	2,17,800	6,76,800
Less: ITC available [Refer note below] [IGST credit to be utilized first towards payment of IGST.]			Nil	Nil	(4,17,000)
CGST credit utilized for payment of CGST and IGST in that order			(2,17,800)	Nil	(12,200)
SGST credit utilized for payment of SGST and IGST in that order			Nil	(2,17,800)	(42,200)
Minimum net GST payable in cash			Nil	Nil	2,05,400

Working Note:

Computation of ITC available

Particulars		Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance			20,000	50,000	75,000
Inter-State purchase of raw material [ITC is not available on goods worth ₹ 1,00,000 since not received during the month.]	Place of supply is Location where Movement of goods terminates.	19,00,000	Nil	Nil	3,42,000
					[19,00,000 × 18%]
Purchase of machinery [ITC is not Available since depreciation has been claimed on the GST component.]	Place of supply is Location where Movement of goods terminates.	2,00,000	Nil	Nil	Nil



Intra-State Purchase of truck ¹ [ITC on motor vehicles used for transportation of goods is available.]	Place of supply is Location where Movement of goods terminates.	15,00,000	2,10,000 [15,00,000 × 14%]	2,10,000 [15,00,000 × 14%]	Nil
Purchase of car [ITC on motor vehicles for transportation of persons with seating capacity up to 13 persons (including driver), is blocked, except when used for specified purposes.]	Place of supply is Location where Movement of goods terminates.	10,00,000	Nil	Nil	Nil
Purchase of goods for Construction of an additional floor ²	Place of supply is Location where Movement of goods terminates.	5,00,000	Nil	Nil	Nil
[ITC on goods used in Construction of immovable property (other than plant or machinery) on one's own account is Blocked if capitalized in the books.]	Place of supply is location where movement of goods terminates.				
Total			2,30,000	2,60,000	4,17,000

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

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

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

Question 20

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:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.
- (iii) 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. (SM)

(Same concept different figures MTP 8 Marks, Nov'21, Oct'20, Oct'18, Apr'21, Mar'22, RTP Nov'21, SM)

**Computation of GST payable on outward supplies**

Sr.No.	Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total (₹)
(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) IGST
	(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 (totaling 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 21

(Includes concepts of Charge & Exemptions under GST)

Mr. Wivitsu, 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. Wivitsu to promote a brand of readymade garments (Intra-State transaction)	1,40,000
(ii)	Outdoor catering services availed for a marketing event organised 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 recognised 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:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
(ii) All inward and outward supplies are exclusive of taxes, wherever applicable.
(iii) All the conditions necessary for availing the ITC have been fulfilled.
(iv) The turnover of Mr. Wivtsu was ₹ 2.5 crore in the previous financial year.
Compute the net GST payable in cash, by Mr. Wivtsu for the month of February. (RTP May'23)
(MTP 10 Marks Apr'24)

Answer 21

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. Wivtsu is not exempt from GST even though the consideration charged does not exceed ₹ 1,50,000 since said performance has been made by him as a brand ambassador.]	1,40,000	12,600	12,600	Nil
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 [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.]	1,75,000	Nil	Nil	31,500
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 IGST ¹	(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.

¹ 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 22

LDR

(Includes concepts of ITC & Charge of GST)

Sreshth Pvt. Ltd., a registered supplier of goods and services in Kolkata, has furnished the following information for the month of February:

S. No.	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 Vivi Ltd. in respect of a business exhibition held in Delhi	10,000
(vii)	Inter-State security services provided to Torrent Higher Secondary School (unregistered under GST) for their annual day function organised in Katyani 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. (MTP 8 Marks, Oct 22, RTP Nov '22)

Answer 22

Computation of GST payable on outward supplies

S. No.	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 Vivi 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 Katyani 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

Notes

- Intra-State supply of goods is leviable to CGST and SGST.
- 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.
- 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
	(34,500) 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 23

Renuka Sales, a registered supplier, receives 100 invoices (for inward supply of goods/ services) involving GST of ₹ 10 lakh, from various suppliers during the month of January, 2025. Out of 100 invoices, details of 80 invoices involving GST of ₹ 6 lakh have been furnished by the suppliers in their respective GSTR-1s filed on the prescribed due date therefor and such details have also been duly communicated to the recipients of such invoices in Form GSTR-2B.

Compute the ITC that can be claimed by Renuka Sales in its GSTR-3B for the month of January, 2025 to be filed by 20th February assuming that GST of ₹ 10 lakh is otherwise eligible for ITC.

Make suitable assumptions, wherever necessary. (MTP 5 Marks Nov'24)

Answer 23

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



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

Notes:

- (1) 100% ITC can be availed on invoices furnished by the suppliers in their GSTR-1.
- (2) Input tax credit in respect of any supply of goods or services or both is available to a registered person only, inter alia, if the details of the invoice/debit note in respect of said supply has been furnished by the supplier in the statement of outward supplies (GSTR-1) and such details have been communicated to the recipient of such invoice/debit note in the manner specified under section 37. Thus, in respect of 20 invoices not furnished in GSTR-1s, no ITC is available.

Question 24

Aashima 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 2025:

provided the following details for the month of January 2020:

Sr. No.	Particulars				Amount in ₹
(i)	Outward supply of goods made during the month to various non-related persons:				As given in particulars column
		Particulars	Market value	Transaction Value (₹)	
	a.	In the State of Bihar (Intra-State)	3,00,000	4,00,000	
	b.	To other States (Inter-State)	2,00,000	1,00,000	
(ii)	Services by way of warehousing of potato chips (Inter-State transaction)				5,00,000
(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 of the CGST Act, 2017 - ₹ 20,000 (Intra -State)				Nil
(iv)	Intra-State inward supply of various services for use in the course or furtherance of business (30 invoices)				6,50,000

Additional Information:

- (a) All the amounts given above are exclusive of taxes.
- (b) During the course of arranging and filing documents, the accountant of Aashima Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 02.12.2024 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January 2025. This invoice was issued by Mr. Suhaas of Patna, from whom Aashima Limited had taken cars on rental basis. Invoice included cost of fuel also. (Intra- State transaction).
- (c) 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%
- (d) No opening balance of input tax credit exists in the beginning of the month.
- (e) 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 2025, since the suppliers had filed their GSTR-1.
- (f) Subject to the information given above, conditions necessary for claiming ITC were complied with.
- (g) Aashima Ltd. is not engaged in renting of cars business.

You are required to calculate the amount of net GST liability payable in cash by Aashima Limited for the month of January 2025. Brief notes for treatment given for each item should form part of your answer.

**Answer 24****Computation of net GST payable in cash by Aashima Ltd. for the month of January 2025**

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward intra-State supply of goods made in the State of Bihar [Value of supply is the transaction value of the goods.]	36,000 [4,00,000 × 9%]	36,000 [4,00,000 × 9%]	
Outward supply of goods made to other States [Value of supply is the transaction value of the goods.]			18,000 [1,00,000 × 18%]
Services by way of warehousing of potato chips [Taxable since services by way of warehousing of only cereals, pulses, fruits & vegetables are exempt.]			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	37,800	1,08,000
Less: Input Tax Credit [Refer Working Note below] [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) (CGST)		(7,200) (CGST)
		(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. Suhaas [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 1 st 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 - Aashima Ltd. is not in the same line of business.]	--	--	--
Total ITC available	45,000	45,000	--

EXAM INSIGHTS: Most of the examinees mistakenly allowed input tax credit in respect of e- invoices without IRN. However, e-invoices without IRN is not treated as valid document for claiming ITC.

**Question 25**

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

Sr. No.	Particulars	Amount (₹)
1.	Intra State supply of taxable goods	5,00,000
2.	F Ltd. of Mumbai (unregistered) had promised to DEF Pvt. Ltd. in Oct 23 to complete contract within 3 months, but they were not able to complete committed contract, so DEF Pvt. Ltd. received consideration for non-performance of contract on time as decided by pre written agreement.	2,00,000
3.	DEF Pvt. Ltd. had provided service of booking of flight tickets for employee of H Enterprise (registered in Delhi) in the economy class from Bagdogra (West Bengal) to Pune Maharashtra.	20,000
4.	DEF Pvt. had purchased goods worth ₹ 5,00,000 from R Ltd. (registered in Gujarat) on 15.03.2024. Now R Ltd. issued debit note on 15.01.2025 for post delivery service to DEF Pvt. Ltd. as per part of terms of sales.	25,000
5.	DEF Pvt. Ltd. had sold one of its unit in Pune as a going concern (with all goods and unexecuted orders) to H Ltd. (registered in New Delhi)	10,00,000
6.	DEF Pvt. Ltd. had provided service to Mr. Y (registered in Punjab) to organise business exhibition in Dubai.	5,00,000
7.	Inter-State supply of service	10,00,000
8.	Amount towards receipt of intra State services	6,00,000
9.	Purchase of confectionery items which are to be used to supply free of cost to customers in a customer meet organised by DEF Pvt. Ltd.	1,00,000

Opening balance of Input Tax credit at the beginning of Jan 2024.

CGST ₹ 25,000

SGST ₹ 25,000

IGST ₹ 30,000

Additional Information:

(1) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively unless otherwise mentioned.

(2) Both inward and outward supplies are exclusive of taxes, wherever applicable.

(3) All the conditions necessary for availing the ITC have been fulfilled.

From the information given above, compute the output tax liability and input tax credit available to DEF Pvt. Ltd., for the month of January, 2025. Make suitable assumptions wherever required. (PYP 10 Marks Sep'24)

Answer 25**Computation of output tax liability of DEF Pvt. Ltd. for January, 2025**

Particulars	Value (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Output tax payable				
Intra-State supply of taxable goods ¹	5,00,000	45,000	45,000	
Consideration for non-performance of contract [Being 'liquidated damages', they are not the consideration for Tolerating the non- performance of the contract. Hence, not a supply]	2,00,000	-	-	
Service of booking of flight tickets ² [Taxable since service of booking of air tickets is being provided here. Only the service of transportation of passengers in economy class embarking from Bagdogra is exempt. Further, the place of supply of services made to a	20,000			3,600



registered person is the location of such person, viz. Delhi in given case. Thus, same is inter- State supply.]				
Selling of Pune unit as going concern to H Ltd. [Services by way of transfer of a going concern is exempt.]	10,00,000	-	-	-
Service in relation to business exhibition in Dubai [Services by an organiser to any person in respect of a business exhibition held outside India is exempt.]	5,00,000	-	-	-
Inter-State supply of service ³	10,00,000	-	-	1,80,000
Total output tax liability		45,000	45,000	1,83,600

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

Particulars	Value (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening balance		25,000	25,000	30,000
Issue of debit note for post delivery service [ITC on debit notes issued in a financial year can be availed any time till 30 th November of the succeeding financial year or the date of filing of the relevant annual return, whichever is earlier, irrespective of the date of original invoice/ supply. Further, place of supply being Pune in given case, same is inter-State supply.]	25,000			4,500
Receipt of intra-State services [ITC on services used in the course or furtherance of business is allowed.]	6,00,000	54,000	54,000	
Purchase of confectionery items [ITC on food or beverages is specifically disallowed unless the same is used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply.]	1,00,000	-	-	-
Total		79,000	79,000	34,500

¹ Intra-State supply of taxable goods has been logically considered as outward supply in the above solution.

² It has been assumed that entire ₹ 20,000 represents the service fee/convenience fee charged by DEF Pvt. Ltd.

³ Inter-State supply of service has been logically considered as outward supply in the above solution.

MULTIPLE CHOICE QUESTIONS (MCQS)

1. 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? (MTP 2 Marks, Mar'22)

- (a) ₹ 2,70,000
- (b) Zero
- (c) In proportion of taxable and exempt supply
- (d) By decreasing percentage points as prescribed

Ans: (b)

2. 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. (MTP 2 Marks, Sep'22)



- (a) ₹ 2,98,000
- (b) ₹ 18,000
- (c) ₹ 2,80,000
- (d) Nil

Ans: (d)

3. ITC on is _____ not blocked. (MTP 2 Marks, Oct'22)

- (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

Ans: (a)

4. 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

(MTP 2 Marks, Mar '23, RTP Nov'21)

- (a) ₹ 9,50,000
- (b) ₹ 3,50,000
- (c) ₹ 1,31,00,000
- (d) ₹ 28,50,000

Ans: (b)

5. 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 - (MTP 2 Marks, Apr'23, RTP Nov'20)

- (a) ₹ 13,500
- (b) ₹ 11,700
- (c) ₹ 9,900
- (d) ₹ 1,800

Ans: (b)

6. TT Pvt. Ltd., registered in Rajasthan, furnished following information for the month of June:

- (i) Inter-State sale of goods for ₹ 1,25,000 to JJ Enterprises registered in Haryana
- (ii) Inter-State purchases of goods from XYZ company, registered in Punjab, for ₹ 40,000
- (iii) 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- (MTP 2 Marks, Apr'23, RTP Nov'20)

- (a) CGST ₹ 1,800 & SGST ₹ 1,800
- (b) SGST ₹ 3,600
- (c) IGST ₹ 3,600
- (d) CGST ₹ 3,600

Ans: (c)

CHAPTER 19: REGISTRATION

CONCEPTS OF THIS CHAPTER

- Concept of a taxable person.
- Liability for GST registration.
- Scenarios for compulsory registration.
- Persons exempt from registration.
- GST registration procedure.
- Registration amendment process.
- Cancellation and revocation of registration.



LDR Questions

Q 9

Q 23

QUICK REVIEW OF IMPORTANT CONCEPTS

Taxable Supplies + Exempt supplies + Exports + Inter State supplies = **Aggregate Turnover**

Applicable threshold limit

- | | |
|--|---|
| <ul style="list-style-type: none"> • States with threshold limit of ₹ 10 lakh for supplier of goods and/or services • States with threshold limit of ₹ 20 lakh for supplier of goods and/or services • States with threshold limit of ₹ 20 lakh for supplier of services/both goods and services and threshold limit of ₹ 40 lakh for supplier of goods (Intra-State) | <ul style="list-style-type: none"> • Manipur, Mizoram, Nagaland and Tripura • Arunachal Pradesh, Meghalaya, Sikkim, Uttarakhand, Puducherry and Telangana • Jammu and Kashmir, Assam, Himachal Pradesh, All other States |
|--|---|

Compulsory registration in certain cases

- Persons making any inter-State taxable supply
- Casual taxable person who does not have a fixed place of business in the State or Union Territory from where he wants to make supply
- A person receiving supplies on which tax is payable by recipient on reverse charge basis
- Those e-commerce operators who are notified as liable for tax payment under section 9(5)
- Non-resident taxable persons who do not have a fixed place of business in India
- Persons who are required to deduct tax under section 51 (TDS)
- A person who supplies on behalf of some other taxable person (i.e. an Agent of some Principal)
- Suppliers other than notified under section 9(5) who supply through an e-commerce operator
- Every e-commerce operator who is required to collect TCS
- Every person supplying OIDAR services from a place outside India to a person in India other than a registered person
- Input Service Distributor, whether or not separately registered
- Person supplying online money gaming from a place outside India to a person in India
- Person/ class of persons notified by the Central/ State Government

Persons not liable for registration

- Person engaged exclusively in supplying goods/ services/ both not liable to tax/ wholly exempt from tax
- Agriculturist limited to supply of produce out of cultivation of land
- Persons making only reverse charge supplies
- Persons making inter-State supplies of taxable services up to ₹ 20 lakh**



- Persons making inter-State taxable supplies of notified handicraft goods and notified hand-made goods up to ₹ 20 lakh**
- Casual Taxable Persons making inter-State taxable supplies of notified handicraft goods and notified hand-made goods up to ₹ 20 lakh**
- Persons making intra-State supplies of goods through an ECO with aggregate turnover not exceeding threshold limit and not making supply in more than one State/UT, with one enrolment no.
- Persons making supplies of services through an ECO [other than supplies specified under section 9(5)] with aggregate turnover up to ₹ 20 lakh**
- **₹10 lakh in case of Special Category States of Mizoram, Tripura, Manipur and Nagaland

Where and by when to apply for registration?

Person who is liable to be registered under section 22 or section 24	A casual taxable person or a non-resident taxable person
<ul style="list-style-type: none"> • in every such State/UT in which he is so liable • within 30 days from the date on which he becomes liable to registration 	<ul style="list-style-type: none"> • in every such State/UT in which he is so liable • at least 5 days prior to the commencement of business

Effective date of registration

Application submitted **within 30 days** of the applicant becoming liable to registration= Effective date is the date on which he becomes liable to registration

Application submitted after **30 days** of the applicant becoming liable to registration =Effective date is date of grant of registration

Amendment of Registration

1. Changes in non-core registration details can be made by the taxable person without tax authority approval.
2. For core information changes, the taxable person must apply within 15 days of the change, and the Proper Officer will approve it within 15 days
3. Non-core field amendments require no officer approval and can be made directly on the portal.

Cancellation or suspension of registration and revocation of cancellation of registration

Registration Cancellation

Can be initiated by the registered person or the Proper Officer. Reasons include:

- Business discontinued, transferred, amalgamated, demerged, or otherwise disposed of.
- Change in business constitution.
- Taxable person no longer required to register or opts out of voluntary registration.

Cancellation by Proper Officer

- Registered person violates prescribed provisions.
- Non-filing of returns for 6 consecutive months or 2 tax periods (over 3 months delay for composition taxpayers).
- Voluntarily registered person fails to commence business within 6 months of registration.
- Registration obtained through fraud, misstatement, or suppression of facts.

Suspension of Registration

The Proper Officer may suspend registration while cancellation proceedings are pending

Revocation of cancellation

1. If registration is cancelled Suo-motu, the taxable person may apply for revocation within 90 days (extendable by 180 days by a Commissioner or authorized officer) of the cancellation order.
2. Before applying, the person must rectify defaults, file pending returns, and pay dues.
3. The officer may revoke the cancellation if satisfied.
4. If rejecting the request, the officer must issue notice and provide a hearing.
5. Revocation is deemed upon filing pending GST returns unless cancelled under Rule 22 of the CGST Rules.



Question 1

What is the validity period of the registration certificate issued to a casual taxable person and non-resident taxable person?(MTP 5 Marks, Mar'22, SM)

Answer 1

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 2

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 ? (PYP 5 Marks, Jan'21)

Answer 2

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 3

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)

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, 20XX. 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.(PYP 2 Marks, Nov'22)

Answer 3

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.

EXAM INSIGHTS: Service by a business facilitator to a banking company with respect to accounts in its rural area branch has been wrongly considered as taxable on reverse charge basis by large number of examinees. However, the said service is exempt under GST law.



Question 4

Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled?
(MTP 5 Marks, Apr'22, MTP 3 Marks, Aug'18, SM)

Answer 4

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

Determine the effective date of registration in following cases:

- (a) 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.
- (b) 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.

(MTP 6 Marks, Mar'23, MTP 6 Marks May'20, MTP 4 Marks Oct'19, SM)

Answer 5

- (a) 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.
- (b) Since in the given case, the turnover of Mehta Teleservices exceeds the applicable threshold limit [₹ 20 lakh] 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

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

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

You are required to examine the technical veracity of the advice given by Tax Consultant of Viv Tsu Limited.
(RTP Sep'24)

Answer 6

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, Viv Tsu Limited can apply for revocation of cancellation of registration within a period of 90 days from the date of the service of the order of cancellation of registration, i.e. within 90 days from 7th November, 2024.

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

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

Question 7

Examine whether the supplier is liable to get registered in the following independent cases: -

- (i) **Aadi of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is ₹ 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 ₹ 30 lakhs. (MTP 6 Marks, Apr'21)(SM)**

Answer 7

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) ₹ 10 lakhs for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakhs for the rest of India.
 - (i) 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 ₹ 20 lakhs and hence, Audi is liable to get registered under GST.
 - (ii) 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 8

Examine whether the liability to register compulsorily under section 24 of the CGST Act, 2017 arises in each of the independent cases mentioned below:

- (1) **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.**
- (2) **Aanya of Telangana is exclusively engaged in intra-State supply of toys. Its aggregate turnover in the current financial year is ₹ 22 lakh. (RTP Nov'21)**

Answer 8

- (1) 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 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.

- (2) 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, 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.

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 9

LDR

Mr. Raj of Rajasthan intends to start business of supply of building material to various construction sites in Rajasthan. 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. Raj. You are required to examine whether the action taken by proper officer is valid in law?

Mr. Raj has applied for revocation of cancellation of registration after 40 days 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. You are required to comment upon the validity of contentions raised by Department.

(MTP 5 Marks, Apr'24, RTP May '22)

Answer 9

The proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where,-

- a registered person has contravened the prescribed provisions; or
- a person paying tax under composition scheme has not furnished returns for a financial year beyond 3 months from due date of furnishing return; or
- any registered person, other than a person specified in clause (b), has not furnished returns for a prescribed period; or
- any person who has taken voluntary registration has not commenced business within six months from the date of registration; or
- registration has been obtained by means of fraud, wilful misstatement, or suppression of facts:

Thus, in view of the above-mentioned provisions, suo-motu cancellation of registration of Mr. Raj by proper officer is valid in law since Mr. Raj, 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, subject to the provisions of rule 10B, apply for revocation of the cancellation of registration to such proper officer, within 90 days from the date of service of the order of cancellation of registration.

However, the said period of 90 days 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, considering the above provisions, the contention of Department is not valid in law as he has applied for revocation within the time limit of 90 days.

Question 10

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.

(RTP Nov'22, MTP 5 Marks, Mar'24)



Answer 10

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: -

- (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:

- (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 11

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) **Viwitsu 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. (PYP 5 Marks, Jul'21)**

Answer 11

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.

- (i) 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.
- (ii) Since Viwitsu 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, Viwitsu is liable to be registered under GST as its aggregate turnover exceeds the said threshold limit.
- (iii) 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 12

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? (PYP 4 Marks, Dec'21)

Answer 12

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 supply from a specified Special Category State provided such supply is a taxable supply.

- Since Q Ltd. is making supply of taxable goods⁵ 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.

- 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.

⁵It 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

Question 13

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.

- Explain the provisions of registration for casual taxable person under GST. Examine whether Mr. Q is liable for registration or not?
- 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? (PYP 5 Marks, Dec'21)

Answer 13

- 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 turnover⁶ does not exceed ₹ 20 lakh, he will not be liable to registration provided he fulfills other conditions specified herein.

- 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.⁶ It has been assumed that Mr. Q has started supply of goods in October itself.

Question 14

State any five circumstances under which the proper officer can cancel the registration on his own under the CGST Act, 2017. (PYP 5 Marks, May'22, Jan'21)

Answer 14

Answer to Alternative

Circumstances under which the proper officer can cancel the registration on his own under the CGST Act, 2017:

- (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.
 - (e) he avails ITC in violation of the provisions of the GST law.
 - (f) 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.
 - (g) 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 15

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. (PYP 5 Marks, Nov'23)

Answer 15

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 90 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.

EXAM INSIGHTS: Question requires the examinees to mention the exceptions to rule 86B of CGST Rules, 2017. However, some examinees ended up in writing general answers instead of correct legal provisions.

Question 16

Examine whether the supplier of goods is liable to get registered in the following independent cases: -

- (i) **Aryabhata 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.

- (ii) **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.**
- (iii) **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. (MTP 6 Marks, Sep'22)**

Answer 16

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: -

- (i) 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.

- (ii) 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.
- (iii) 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 17

“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. (RTP Nov'22)

Answer 17

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: –

- his/ her Aadhaar Enrolment ID slip; and
- Bank passbook with photograph; or
 - Voter identity card issued by the Election Commission of India; or
 - Passport; or
 - 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 18

Briefly enumerate the contraventions which make a registered person liable to cancellation of registration, as prescribed under rule 21 of the CGST Rules, 2017. (RTP May'23)

Answer 18

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 as amended in Form GSTR-1A if any, 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.
- Violates the provisions of 86B
- violates the provisions of third or fourth proviso to rule 23(1).
- 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 19

B Enterprises started its business activities in the month of January, in the State of Karnataka. It provides the following information:

Sr. No.	Particulars	Amount (₹)
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
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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. (MTP 6 Marks, Apr'23)

Answer 19

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]	<u>5,00,000</u>
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 20

P Ltd, a registered person provided following information for the month of October, 20XX:

Particulars	Amount (₹)
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 20XX. All amounts are exclusive of GST. (PYP 5 Marks, Jul'21)

Answer 20

The term aggregate turnover means the aggregate value of:

- all taxable supplies
- exempt supplies,
- exports of goods or services or both and
- 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, 20XX**

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 21

Wiwtsu started his business activities in the month of February 20XX 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 Wiwtsu and also decide whether he is required to get registration under GST. Assume that the amounts given above are exclusive of taxes. (PYP 5 Marks, Nov'22)

Answer 21

Particulars	Amount (₹)
Computation of aggregate turnover of Wiwtsu	
Outward supply of petrol [Supply of petrol being a non-taxable supply is an exempt supply. Value of exempt supply is includible in aggregate turnover.]	4,00,000
Inter-State stock transfer of exempt goods [Supply of taxable/exempt goods between distinct persons is includible.]	2,00,000
Outward supply of taxable goods from Uttar Pradesh branch [Value of outward supplies under same PAN are includible.]	5,00,000
Outward supply of services taxable under reverse charge [Includible in aggregate turnover.]	6,00,000
Inward supply of services taxable under reverse charge [Excludible 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, Wiwtsu is required to pay tax under reverse charge, it is liable to obtain registration compulsorily irrespective of his quantum of turnover.

EXAM INSIGHTS: Although aggregate turnover was correctly worked out by most of the examinees but registration requirements were not correctly stated by them. They were ignorant of the provision that a person required to pay tax under reverse charge has to obtain registration compulsorily irrespective of the quantum of turnover.



Question 22

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. (MTP 6 Marks, Nov'21 & Oct '23, SM)

Answer 22

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) ₹10lakh 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 23

LDR

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

Note: All the amounts mentioned above are excluding GST.

- (i) Determine whether Right Oils is liable for registration.
- (ii) What will be your answer if, Right Oils supplies the high speed diesel in U.P. in the capacity of an agent of Center Oils Ltd., (non- registered), where invoices to customers are issued in name of Right oils? Would your answer be different in case if Center Oils Ltd. is registered entity? (MTP 5 Marks Nov'24, SM)

Answer 23

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

- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) ₹ 40 lakh for rest of India except persons engaged in making supplies of ice cream and other edible ice,



whether or not containing cocoa, pan masala and tobacco and manufactured tobacco substitutes, fly ash bricks; fly ash aggregates; fly ash blocks, bricks of fossil meals or similar siliceous earths, building bricks, earthen or roofing tiles.

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

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

Aggregate turnover includes the aggregate value of:

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

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

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

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

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

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

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

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

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

MULTIPLE CHOICE QUESTIONS (MCQS)

1. 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? (MTP 2 Marks, Apr'22)
 - (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.

Ans: (c)

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

Determine the effective date of registration of Riya & Co.? (MTP 1 Mark, Jul'24)

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

Ans: (b)

3. Miss Gyati, a jeweller registered under GST in Mumbai, wants to sell her jewellery in a Trade Expo held in Delhi. Which of the following statements is false in his case? (MTP 1 Mark, Aug'24)

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

Ans: (c)

4. Mr. Jambulal of Himachal Pradesh starts a new business and makes following supplies in the first month-

- (i) Intra-State supply of taxable goods amounting to ₹ 17 lakh
- (ii) Supply of exempted goods amounting to ₹ 1 lakh
- (iii) Inter-State supply of taxable goods amounting to ₹ 1 lakh

Whether he is required to obtain registration? (MTP 2 Marks, Apr'24) (RTP May'21)

- (a) Mr. Jambulal is liable to obtain registration as the threshold limit of ₹ 10 lakh is crossed.
- (b) Mr. Jambulal is not liable to obtain registration as he makes exempted supplies.
- (c) Mr. Jambulal is liable to obtain registration as he makes the inter-State supply of goods.
- (d) Mr. Jambulal is not liable to obtain registration as the threshold limit of ₹ 20 lakh is not crossed.

Ans: (c)

5. Rama Ltd. has provided following information for the month of September:

- (i) Intra-State outward supply ₹ 8,00,000/-
 - (ii) Inter-State exempt outward supply ₹ 5,00,000/-
 - (iii) Turnover of exported goods ₹ 10,00,000/-
 - (iv) Payment made for availing GTA services ₹ 80,000/- Calculate the aggregate turnover of Rama Ltd. (MTP 2 Marks, Mar'19, RTP Nov'21)
- (a) ₹ 8,00,000/-
 - (b) ₹ 23,80,000/-
 - (c) ₹ 23,00,000/-
 - (d) ₹ 18,00,000/-

Ans: (c)

CHAPTER 20: TAX INVOICE, CREDIT AND DEBIT NOTES

CONCEPTS OF THIS CHAPTER

- Tax invoice provisions for goods and services (time limit, manner).
- Particulars of a tax invoice.
- E-invoicing provisions.
- Revised tax invoice, bill of supply, receipt voucher, etc.
- Cases where no tax invoice is needed.
- Suppliers allowed to issue documents other than tax invoice.
- Transportation of goods without an invoice.
- Issuance of credit and debit notes.
- Prohibition of unauthorized tax collection.
- Tax amount to be shown in tax invoice and other documents.



LDR Questions

Q 10

Q 15

QUICK REVIEW OF IMPORTANT CONCEPTS

Time limit for Issuance of Invoice

1. Goods			2. Services
Involving movement of goods- At the time of removal	No movement of goods- At the time of delivery	Sale or return supplies- Before or at the time of supply, or within 6 months from the removal whichever is earlier	Within 30 days** from the supply of services- **45 days for Insurance, Banking

In case of continuous supply of goods

before/at the time each successive statements of accounts is issued or each successive payment is received

In case of continuous supply of services

- | | |
|--|--|
| • due date of payment is ascertainable from the contract | = on/before due date of payment |
| • not so ascertainable | = before/at the time of receipt of payment |
| • payment is linked to the completion of an event | = on/before the date of completion of that event |

Manner of issuing the invoice

Supply of Goods	Supply of services
Triplicate	Duplicate
Original copy for recipient Duplicate copy for transporter; and Triplicate copy for supplier	Original copy for recipient; and Duplicate copy for supplier

E-invoicing

Class of persons mandatorily required to issue e-invoice [hereinafter referred to as notified persons]

All registered businesses +	with an aggregate turnover (based on PAN) ₹ greater than 5 crore +	in any preceding financial year from 2017-18 onwards
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Situations in which e-invoicing is applicable

• Supply of goods and/or services to a registered person by notified person [B2B supplies]	Applicable
• Exports by notified persons	Applicable
• B2C supplies by notified persons	Not applicable



• Invoices issued by Input Service Distributor	Not applicable
• Supplies made by notified person, tax on which is payable under reverse charge	Applicable
• Where specified category of supplies are received by notified persons from unregistered persons [attracting reverse charge under section 9(4)] or through import of services	Not applicable
• Import of goods (Bills of Entry)	Not applicable

Exemption from e-invoicing

- Special Economic Zone units
- Insurer/banking company/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 local authority

Revised Tax Invoice

Revised Tax Invoices to be issued in respect of taxable supplies effected between effective date of registration and Date of issuance of certificate of registration

- Consolidated Revised Tax Invoice may be issued in respect of taxable supplies made to an unregistered recipient during this period
- In case of Inter-State supplies, where the value of a supply does not exceed ₹ 2,50,000, a consolidated revised tax invoice may be issued separately in respect of all unregistered recipients located in a State.

Consolidated Tax Invoice

invoice is not required to be issued

- | | | |
|---------------------------|-----------------------------|---|
| • Value of supply < ₹ 200 | • Recipient is unregistered | • Recipient does not require such invoice |
|---------------------------|-----------------------------|---|

Consolidated Tax Invoice shall be issued for such supplies at the close of each day in respect of all such supplies

Bill of Supply

Registered Person

- | | |
|--|-------------------------------------|
| • Supplying exempted goods or services or both | • Paying tax under composition levy |
|--|-------------------------------------|

Credit Notes

Where one or more tax invoices have been issued for supply of any goods or services or both

Taxable value in invoice >

Taxable value in respect of such supply

Tax charged in invoice > Tax payable in respect of such supply

OR

Where the goods supplied are returned by the recipient

OR

Where goods or services or both supplied are found to be deficient

may issue one or more credit notes for supplies made in a FY

Debit Notes

Where one or more tax invoices have been issued for supply of any goods or services or both

- Taxable value in invoice < Taxable value in respect of such supply
- Tax charged in invoice < Tax payable in respect of such supply

may issue one or more debit notes for supplies made in a FY

Question & Answers

Question 1

- What is 'e-invoicing'?
- What is the threshold limit for mandatory issuance of E-invoice for all registered businesses?
(PYP 2.5 Marks Dec'21)



Answer 1

- (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 ₹ 5 crore.

Question 2

List the details of outward supplies which can be furnished using Invoice Furnishing Facility (IFF).
(MTP 2 Marks, Jul'24)

Answer 2

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

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

Question 3

List out category of persons who are exempted from the E-invoicing provisions. (MTP 2 Marks Sep'24)

Answer 3

Following entities are exempt from the mandatory requirement of e-invoicing even if their turnover exceeds ₹ 5 crore in any preceding financial year from 2017-18 onwards:

- Special Economic Zone units
- Insurer
- 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
- A Government Department
- A local authority

Note: Any two points may be mentioned.

Question 4

Kartik & Co., a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March:

- (i) Value of supply charged in invoice no. 1 was ₹ 2,50,000 against the actual taxable value of ₹ 2,30,000.
- (ii) 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.
- (iii) 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:

- (1) Who shall issue a debit/credit note under CGST Act?
- (2) Whether debit note or credit note has to be issued in each of the above circumstances?
- (3) What is the maximum time-limit available for declaring the credit note in the GST Return?

(MTP 6 Marks, Oct'21 & April '22, SM)

Answer 4

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:
 - (i) A credit note is required to be issued as the taxable value in invoice no. 1 exceeds the actual taxable value.
 - (ii) A debit note is required to be issued as the tax charged in the invoice no. 4 is less than the actual tax payable.



- (iii) 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 5

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. (MTP 4 Marks, Mar'21, Mar'23 & MTP 6 Marks Sep '23, SM)

Answer 5

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 6

Mr. X, a registered person under GST has aggregate turnover in the preceding financial year amounting to ₹ 8 crore. He is desirous to know whether e-invoicing is applicable for supplies made by registered person to Government Departments or establishments/Government agencies/local authorities/PSUs which are registered solely for the purpose of deduction of tax at source as per provisions of section 51 of the CGST Act, 2017. You are required to advise Mr. X. (RTP Sep'24)

Answer 6

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

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

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

Question 7

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

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

(a) What is e-invoicing, and whether it would apply to Blue Panda Pvt. Ltd.?



(b) Does Blue Panda Pvt. Ltd. need to create its invoices directly on the e-invoicing portal? (RTP Jan'25)

Answer 7

- (a) E-invoicing is a system for electronically reporting Business-to-Business (B2B) invoices to the GST system for certain notified taxpayers whose turnover exceeds ₹ 5 crore in any financial year from 2017-18 onwards. Since Blue Panda Pvt. Ltd. had an aggregate turnover of ₹ 6 crore in FY 2023-2024, it is required to issue e-invoices for its B2B transactions.
- (b) No, Blue Panda Pvt. Ltd. does not need to create invoices directly on the e-invoicing portal. The company will continue generating its GST invoices using its own Accounting/Billing/ERP system. The only requirement is that these invoices must be reported to the Invoice Registration Portal (IRP) for validation and issuance of a unique Invoice Reference Number (IRN).

Question 8

Viwitsu 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, SM)

Answer 8

Viwitsu 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: -

- (i) date and number of the delivery challan;
- (ii) name, address and GSTIN of the consignor, if registered;
- (iii) name, address and GSTIN/UIN of the consignee, if registered;
- (iv) Harmonised System of Nomenclature code and description of goods;
- (v) quantity (provisional, where the exact quantity being supplied is not known);
- (vi) taxable value;
- (vii) 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;
- (viii) place of supply, in case of inter-State movement; and
- (ix) signature.

The delivery challan shall be prepared in triplicate, in case of supply of goods.

Question 9

The aggregate turnover of Sangri Services Ltd., Delhi, exceeded ₹ 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 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. (SM)

Answer 9

As per section 25 read with CGST Rules, 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 lakh 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, 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.

Question 10

LDR

Royal Fashions, a registered supplier of designer outfits in Delhi, decides to exhibit its products in a Fashion Show being organized at Hotel Park Royal, Delhi on 4th January. For the occasion, it gets the service by way of makeover of its models from 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 showing the lumpsum amount of ₹ 5,90,000 inclusive of CGST and SGST @ 9% each for the services provided.

Answer the following questions:

- Examine whether the tax invoice has been issued within the time limit prescribed under law.
- 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. (SM, MTP 5 Marks Dec'24)

Answer 10

- As per section 31 read with the CGST Rules, 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. up-to 3rd February. However, the invoice has been issued on 10th February.
- Section 31 read with the CGST Rules, inter alia, provides that tax invoice in addition to other mandatory details shall also contain the amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess). Further, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.

The objection raised by the tax consultant of Royal Fashions suggesting that the amount of tax charged in respect of the taxable supply of makeover services should be shown separately in the invoice raised by Aura Beauty Services Ltd., is valid in law.

Question 11

Rana Sanga Ltd., a registered supplier, has made following taxable supplies to its customer Babur in the quarter ending 30th June.

Date	Bill No.	Particulars	Invoice value (including GST) [₹]
5 th April	102	Notebooks [10 in numbers]	1,200
10 th May	197	Chart Paper [4 in number]	600
20 th May	230	Crayon colors [2 packets]	500
2 nd June	254	Poster colors [5 packets]	900
22 nd June	304	Pencil box [4 sets]	700

Goods in respect of bill no. 102, 230 and 254 have been returned by Babur. You are required to advise Rana Sanga Ltd. whether it can issue a consolidated credit note against all the three invoices?

(SM)

Answer 11

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

- (b) where the goods supplied are returned by the recipient, or
- (c) 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, Rana Sanga Ltd. can issue a consolidated credit note for the goods returned in respect of all the three invoices.

Question 12

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 12

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: -

- (i) Insurer or banking company or financial institution including NBFC
- (ii) GTA supplying services in relation to transportation of goods by road in a goods carriage
- (iii) Supplier of passenger transportation service
- (iv) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens
- (v) Supplier of online information and database access or retrieval (OIDAR) service

Question 13

Mohan Enterprise is a registered person having principal place of business in Gandhinagar, Gujarat. They received services of Advocate Sameer, a registered person from Ahmedabad, Gujarat. Shekhar, an unregistered person provided services of labour to Mohan Enterprise. Explain the provisions relating to issue of invoice by recipient Mohan Enterprise if he is liable to pay tax under reverse charge under Section 9(3) or 9(4) of the CGST Act, 2017. (PYP 5 Marks, May'24)

Answer 13

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

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

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

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

Further, tax on labour services received from unregistered person-Shekhar is not payable under reverse charge. Therefore, Mohan Enterprises is not required to issue an invoice with respect to said supply.

Question 14

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 14

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:

- 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 15

LDR

The aggregate turnover of M/s Mangal & Co., a registered person, for the financial year 2023-2024 was ₹ 8 Crores. It approaches you as GST Consultant for the issue of e-invoicing.

Advice whether it is mandatory to issue e-invoice?

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

(RTP May'24, PYP 2 Marks Sep'24)

Answer 15

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

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

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

- Special Economic Zone units
- Insurer or banking company or financial institution including NBFC
- GTA supplying services in relation to transportation of goods by road in a goods carriage
- Supplier of passenger transportation service
- Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens
- Government Department and a local authority

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

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

Question 16

Dream World Pvt. Ltd is registered under GST in the State of Haryana. During the Financial Year 2023-24, its annual aggregate turnover was ₹ 12 crore. In the month of April 2024, it supplied goods worth ₹ 12 lakh to Nightmare Ltd (a registered taxable person).

- You are required to ascertain whether issue of e-invoice is mandatory in respect of this transaction?
- What would be your answer if Nightmare Ltd is a SEZ (Special Economic Zone) unit?

(PYP 4 Marks, Nov'23)

Answer 16

- All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards greater than ₹ 5 crore are required to issue e-invoices.

Thus, issuance of e-invoice is mandatory in respect of the given transaction as the aggregate turnover of Dream World Pvt. Ltd. in the preceding financial year exceeded ₹ 5 crore.

- Issue of e-invoice is exempt in respect of supply BY the SEZ (Special Economic Zone) unit.



Here SEZ unit is receiver of supply. Thus, the issuance of e-invoice is mandatory in respect of given transaction even in case where Nightmare Ltd. is a SEZ (Special Economic Zone) unit.

EXAM INSIGHTS: Most of the examinees were confused with regard to generation of e-invoice BY or TO SEZ (Special Economic Zone). They did not state that issue of e-invoice is exempt in respect of supply BY the SEZ unit.

Question 17

Utsav Pvt. Ltd. of Meghalaya engaged in the supply of gifts items and repair services, provides you the following details:-

S. No.	Particulars	Date
1.	Commencement of the business of supplying goods and services	1st August
2.	Turnover exceeds ₹ 10,00,000 on	15th August
3.	Turnover exceeds ₹ 20,00,000 on	5th September
4.	Application for registration made on	28th September
5.	Registration certificate granted on	6th October

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 Mar'22, RTP Nov'18, SM)

Answer 17

A supplier of both goods and services whose aggregate turnover in a financial year exceeds ₹ 20 lakh in a State/UT [₹ 10 lakh 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 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, 20XX, 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, MTP 5 Marks Aug'24)



Answer 18

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

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 19

All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards greater than ₹ 5 Crore are required to issue e- invoices in respect of B2B supplies (supply of goods and/or services to a registered person).

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 ₹ 5 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: -

- (i) 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.
- (ii) Banking company is specifically exempt from mandatory requirement of e-invoicing even if the turnover exceeds Rs 5 crore in the preceding financial year. Thus, e- invoicing is not applicable to Rich & Poor Bank.

Question 20

Wiw Tsu 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, Wiw Tsu Limited prepares duplicate invoices and does not issue e-invoice as it is of the view that it's aggregate turnover does not cross the threshold limit to make it liable for issuing e- invoices.

Briefly explain whether the view taken by Wiw Tsu Limited is correct in law? Also explain the advantages of e-invoicing, if any. (RTP May'21)

Answer 20

The view taken by Wiw Tsu 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 ₹ 5 crore are required to issue e-invoices.

The eligibility is based on aggregate annual turnover on the common PAN. Thus, the aggregate total turnover of Wiw Tsu Limited is more than ₹ 5 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:-

- (i) **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.
- (ii) **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.
- (iii) **Early payment.** E-invoicing facilitates standardisation and inter-operability leading to reduction of disputes among transacting parties and thus, improving payment cycles.
- (iv) **Cost reduction.** E-invoicing helps in reducing processing costs and thus, leads to improvement of overall business efficiency.
- (v) **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.
- (vi) **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.
- (vii) **Paper Elimination.** E-invoicing helps in paper elimination and thereby it is eco- friendly.

Question 21

- (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, Nov'22)**

Answer 21

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

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

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



Thus, in the given case, the Government Department is not required to issue e-invoices in the current financial year even if it's aggregate turnover has exceeded ₹ 5 crore.

MULTIPLE CHOICE QUESTIONS (MCQS)

1. 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. (RTP Nov'21)
- (a) (i),(ii) and (iv)
 - (b) (i) and (iv)
 - (c) (iv)
 - (d) (i) and (iii)

Ans: (c)

2. Suvidha Enterprises issued invoices pertaining to two independent outward supplies, where in one invoice value of supply was understated by ₹ 75,000 and in another invoice, value was overstated by ₹ 45,000. Which of the following is correct in respect of document to be issued by the firm for understatement and overstatement of invoice value? (MTP 2 Marks, Jul'24)

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

Ans: (c)

3. 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. (MTP 2 Marks, Mar'21, MTP 1 Mark Oct '23)

- (a) ₹ 1,200
- (b) ₹ 600
- (c) ₹ 150
- (d) ₹ 200

Ans: (c)

4. Mr. Naresh, a supplier of readymade garments issued an invoice to a customer and erroneously charged a higher value by ₹ 42,000. Such an invoice was issued on 28th March, 2024. Which document is required to be issued by the company in respect of the invoice issued on 28th March 2024? (MTP 1 Mark Nov'24)

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

Ans: (b)

CHAPTER 21: ACCOUNTS AND RECORDS

CONCEPTS OF THIS CHAPTER

- Accounts and records to be maintained by registered persons under GST.
- Additional records for agents, manufacturers, service providers.
- Accounts and records for works contract, clearing, forwarding agents.
- Records for warehouse/godown owners/operators and transporters.
- Duration for maintaining books of accounts and records.



LDR Questions

Q 8

QUICK REVIEW OF IMPORTANT CONCEPTS

A true and correct account of following is to be maintained:

- Production or manufacture of goods
- Output tax payable and paid
- Stock of goods
- ITC availed
- Inward and outward supply of goods or services or both
- Records prescribed by rules

Records to be maintained by agent

- Authorisation received from each principal to receive/supply goods/services on behalf his behalf;
- Particulars of goods/services received/supplied on behalf of every principal
- Details of accounts furnished to every principal
- Tax paid on receipts/supply of goods/services effected on behalf of every

Records to be additionally maintained by a manufacturer and service provider

Monthly production accounts showing quantitative details of

- raw materials/services used in manufacture and
- goods so manufactured including waste and by products

Records to be additionally maintained by a Service Provider

Accounts showing

- quantitative details of goods used in the provision of services
- details of input services utilised and services supplied

Records to be maintained by a Transporter

- goods transported, delivered
- GSTIN of the registered consignor and consignee
- goods stored in transit by him
- for each of his branches

Period of retention of accounts

72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records Where an appeal/ revision/ any other proceedings before any Appellate/ Revisional Authority or Appellate Tribunal or Court, or an investigation is going on-

1 year after final disposal of such appeal/revision/proceedings/investigation

OR

72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records whichever is later



Question & Answers

Question 1

Who is required to maintain books of accounts and at which place in terms of Section 35 read with relevant rules? (SM)

Answer 1

Every registered person shall keep and maintain, his books of accounts at his principal place of business and books of account relating to additional place of business as mentioned in the certificate of registration. 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.

Question 2

Mr. Harsh Manjula is engaged in the business of works contract services and SEEKS our guidance as to specific records required to be maintained by him under GST law, if any. (SM)

Answer 2

Mr. Harsh Manjula, executing works contract shall keep separate accounts for works contract showing

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

Question 3

Chill Chain Cold is operating cold storage warehouse and seeks your guidance on the GST accounts and records to be maintained by them in terms of Section 35. (SM)

Answer 3

Chill Chain Cold shall maintain records of the consigner, consignee and other relevant details of the goods in the prescribed manner.

Chill Chain Cold shall also maintain books of accounts with respect to the period for which particular goods remain in the warehouse, including the particulars relating to dispatch, movement, receipt, and disposal of such goods.

Chill Chain Cold shall store the goods in such manner that they can be identified item-wise and owner-wise and shall facilitate any physical verification or inspection by the proper officer on demand.

Question 4

Mr. X is of the view that records are to be mandatorily maintained manually only. You are required to examine the view taken by Mr. X? (SM)

Answer 4

The view taken by Mr. X is not valid in law. Books of account include any electronic form of data stored on any electronic device. The registered person may keep and maintain such accounts and other particulars in electronic form stored on any electronic device and record so maintained shall be authenticated by means of a digital signature. The registered person maintaining electronic records shall produce, on demand, the



relevant records or documents, duly authenticated by him, in hard copy or in any electronically readable format.

Where the accounts and records are stored electronically by any registered person, he shall, on demand, provide the details of such files, passwords of such files and explanation for codes used, where necessary, for access and any other information which is required for such access along with a sample copy in print form of the information stored in such files.

Question 5

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. (PYP 2 Marks May '22)

Answer 5

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.

Question 6

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. (PYP 2 Marks, Jan'21)

Answer 6

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 7

List any four records required to be maintained by an agent under the CGST Rules, 2017. (PYP 4 Marks, Dec'21, Sep'24, SM)

Answer 7

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.

EXAM INSIGHTS: Few examinees ended up writing general and vague answers rather than the answers based on legal provisions.



Question 8

LDR

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. (SM, PYP 5 Marks May'19, RTP Jan'25) (MTP 5 Marks, Mar'24, SM)

Answer 8

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 9

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

List the details to be maintained. (PYP 5 Marks Sep'24)

Answer 9

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

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

CHAPTER 22: E-WAY BILL

CONCEPTS OF THIS CHAPTER

- E-way bill requirement and benefits.
- Situations where e-way bill is required.
- Information to be provided in e-way bill.
- Provisions for consolidated e-way bills.
- Situations where e-way bill is not required.



LDR Questions

Q 18

Q 20

QUICK REVIEW OF IMPORTANT CONCEPTS

When is required to be generated?

E-way Bill is mandatory in case of movement of goods of consignment value **exceeding ₹ 50,000**.

Movement should be:

- (i) in relation to a supply; or
- (ii) for reasons other than supply; or
- (iii) due to inward supply from an unregistered person

Exceptions to minimum consignment value of ₹ 50,000

- Inter-State transfer of goods by principal to job-worker
- Inter-State transfer of handicraft goods by a person exempted from obtaining registration

Who can generate the e-way bill?

E-way bill is to be generated by the registered consignor or consignee or the transporter

Where neither the consignor nor consignee generates the e-way bill and the value of goods is more than ₹ 50,000 it shall be the responsibility of the transporter to generate it.

Consolidated e-way bill in case of road transport

After e-way bill has been generated, where multiple consignments are intended to be transported in one conveyance.

Validity period of e-way bill

- Up-to 200 km | One day
- For every 200 km or part thereof thereafter | One additional day

Validity period of Consolidated e-way bill

- Up-to 20 km | One day
- For every 20 km or part thereof thereafter | One additional day

Documents/devices to be carried by charge of a conveyance

- invoice or bill of supply or delivery challan
- copy of the e-way bill in physical form or the e-way bill number in electronic form or mapped to a RFID embedded on to the conveyance except in case of movement of goods by rail or by air or vessel



Verification of documents and conveyances

- The Commissioner or authorized officer may allow the Proper Officer to intercept any conveyance to verify the e-way bill (physical or electronic) for inter- and intra-State goods movement.
- Physical verification of a conveyance is permitted based on specific tax evasion information, with prior approval from the Commissioner or an authorized officer

Inspection and verification of goods

A summary report of every inspection of goods in transit shall be recorded online on the common portal by the proper officer within 24 hours of inspection and the final report shall be recorded within 3 days of such inspection.

Restriction on furnishing of information in Part A of Form GST EWB-01

- (i) being a composition supplier has not furnished the statement for payment of self-assessed tax for 2 consecutive quarters, or
- (ii) being a person paying tax under regular scheme has not furnished the returns for a consecutive period of 2 tax periods, or
- (iii) being a person paying tax under regular scheme has not furnished GSTR-1 for any 2 months or quarters, as the case may be, or
- (iv) being a person whose registration has been suspended

Question & Answers

Question 1

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. (PYP 2 Marks, May'23)

Answer 1

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 2

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? (PYP 5 Marks, Dec'21)

Answer 2

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 there of thereafter.

Thus, validity period in the given case⁷, is 3 days

⁷It has been assumed that goods transported are not over Dimensional cargo

Question 3

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. (PYP 2 Mark, Nov'22)

Answer 3

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 4

Brief explain when is it not mandatory to furnish the details of conveyance in Part-B of the e-way bill?
(MTP 5 Marks, Apr'21)

Answer 4

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 5

Decide with reason whether e-way bill is required to be issued under CGST Act, 2017 in the following independent cases:

- A. 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.
- B. 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). (PYP 4 Marks May '23)

Answer 5

- A. 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.
- B. 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 Nadu.

Question 6

Mr. Venaram proprietor of M/s. Lalit Kirana Stores is registered as a composition dealer in the Jodhpur district of Rajasthan. He has not furnished the statement for payment of self - assessment tax in the form GST CMP-08 for two consecutive quarters. He placed an order for purchase of taxable goods worth ₹ 5,50,000 with M/s. Bob & Sons (a partnership firm), a registered dealer in the Bikaner district of Rajasthan. M/s. Bob & Sons has been regularly filing its GST returns. M/s. Bob & Sons wants to generate E-way bill with respect to intra- state supply to be made to M/s. Lalit Kirana Stores. Whether M/s. Bob & Sons is allowed to generate E-way bill as per the provisions of CGST Act, 2017? Answer with proper reasoning. (PYP 3 Marks, Nov'23)

Answer 6

Where a person paying tax under composition scheme has not furnished the statement for payment of self-assessed tax for 2 consecutive quarters, e-way bill shall not be allowed to be generated in respect of any outward movement of goods by such person.

However, this restriction does not apply to generation of e-way bill in respect of inward movement of goods by the defaulter.

Hence, in the given case, M/s. Bob & Sons is allowed to generate e-way bill with respect to supply to be made to M/s Lalit Kirana Stores since M/s. Bob & Sons, who is making the outward movement of goods, is a regular return filer.



EXAM INSIGHTS: In large number of cases, examinees failed to mention that e-way bill is not allowed to be generated in respect of any outward movement of goods by the defaulter. However, this restriction does not apply to generation of e-way bill in respect of inward movement of goods by the defaulter.

Question 7

Explain the meaning of consignment value of goods. (SM, MTP 5 Marks, Oct'23)

Answer 7

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 8

One consolidated e-way bill can be generated for multiple invoices". Comment on the validity of the above statement with reference to GST law. (PYP 3 Marks, May'22)

Answer 8

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 movement of such goods, multiple e-way bills have to be generated.

Thus, for each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignor 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 9

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. (PYP 2 Marks, May'23)

Answer 9

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 10

Decide with reason whether e-way bill is required to be issued under CGST Act, 2017 in the following independent cases:

- 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 July 21)**
- Mr. Wiw Tsu 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. (PYP 2 Marks, Jul'21)**



Answer 10

- (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.

Question 11

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. (RTP Nov'23, MTP 4 Marks Sep '23, SM)

Answer 11

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

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. (MTP 6 Marks, Apr'23)

Answer 12

(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 13

When is an e-way bill required to be generated?

(MTP 5 Marks, May'20 & Apr'21, PYP 5 Marks, May'19)

Answer 13

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.

EXAM INSIGHTS: Question requires the examinees to explain the records as per rule 56(2) and 56(4) of CGST Rules, 2017, which the supplier opting for composition scheme need not maintain. However, examinees ended up in writing general answers instead of being adequately substantiated by legal provisions.

Question 14

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.

(MTP 4 Marks, Mar'21 & Nov '21, Oct '22, SM, RTP May'19)

Answer 14

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 15

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). (MTP 4 Marks, Mar'22, RTP May'19) (Same concept different figures RTP May'23, SM)

Answer 15

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 16

Viwitsu & Co., a manufacturer and supplier of plastic goods, is registered under GST in the State of Maharashtra. Viwitsu & 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. (MTP 4 Marks, Apr'23)

Answer 16

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 [$₹ 43,000 + (₹ 43,000 \times 18\%)$].

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 17

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? (MTP 5 Marks, Oct'21, RTP May'19)

Answer 17

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 18

 LDR

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? (RTP May '22) (MTP 5 Marks April'24)

Answer 18

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 19

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. (PYP 3 Marks, Jan'21)

Answer 19

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 day + 18 days

= 19 days

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

Thus, validity period in given case:

= 1 day + 3 days

= 4 days

Question 20



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

(MTP 5 Marks, Aug'24)

Answer 20

The validity period of e-way bill under rule 138(10) of the CGST Rules, 2017 for transport of cargo by road



between two cities situated at a distance of 372 km is as under:

- (i) **If it is over dimensional cargo:** the validity period of the e-way bill is one day from relevant date upto 20 km and one additional day for every 20 km or part thereof thereafter.
Thus, validity period in given case:
= 1 day + 18 days
= 19 days
- (ii) **If it is a cargo other than over dimensional cargo:** the validity period of the e-way bill is one day from relevant date upto 200 km and one additional day for every 200 km or part thereof thereafter.
Thus, validity period in given case:
= 1 day + 1 day
= 2 days

Question 21

What are the documents and devices to be carried by person-in-charge of conveyance under rule 138A of CGST Rules, 2017? Also explain the meaning of consignment value of goods. (MTP 5 Marks Dec'24)

Answer 21

The person-in-charge of a conveyance has to carry -

- (a) the invoice or bill of supply or delivery challan, as the case may be; and
- (b) a copy of the e-way bill in physical form or the e-way bill number in electronic form or mapped to a Radio Frequency Identification Device embedded on to the conveyance [except in case of movement of goods by rail or by air or vessel] in such manner as may be notified by the Commissioner

Consignment value of goods shall be the value:

- ♦ determined in accordance with the provisions of section 15 of the CGST Act, 2017,
- ♦ 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.

MULTIPLE CHOICE QUESTIONS (MCQS)

Question 1

ABC Ltd. generated e-way bill on 12th February at 14.00 hrs. It used over- dimensional cargo for a distance of ~~100 km~~ (200 km). When the validity period of the e -way bill will expire? (RTP Nov'21)

- (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

Ans: (b)

Question 2

Sanu Associates, Delhi dealing in garments has ordered ladies suits from Sahiba Garments in Ludhiana (Punjab) which is 350 km away from its warehouse. E-way bill is generated by Sahiba Garments and the order is coming by a normal cargo. For how many days will the e-way bill be valid from the time it is generated? (MTP 2 Marks, Mar'24)

- (a) 24 hours
- (b) 2 days
- (c) 5 days
- (d) 7 days

Ans: (b)

CHAPTER 23: PAYMENT OF TAX

CONCEPTS OF THIS CHAPTER

- Three types of ledgers/registers: electronic cash, credit, and liability.
- Cross-utilization of credit methodology.
- Chronological order for discharging taxable person's liability.
- Circumstances for penal interest.
- Procedure for ITC transfer between Central and State Government.



LDR Questions

Q 11

Q 14

QUICK REVIEW OF IMPORTANT CONCEPTS

Key Features of Payment process

- Electronically generated challan from GSTN common portal in all modes of payment and no use of manually prepared challan;
- Facilitation for the tax payer by providing hassle free, anytime, anywhere mode of payment of tax;
- Convenience of making payment online; | • Logical tax collection data in electronic format;
- Faster remittance of tax revenue to the Government Account; | • Paperless transactions;
- Speedy Accounting and reporting; | • Electronic reconciliation of all receipts;
- Simplified procedure for banks; | • Warehousing of Digital Challan.

Major Heads of payment -

- IGST | • CGST | • SGST/UTGST | • CESS

Minor Heads of payment -

- Tax | • Interest | • Penalty | • Fee | • Others

Date of deposit of tax dues- Date of credit of amount in the account of government by Debit of Electronic Cash Ledger/Electronic credit ledger

Order of utilisation of input tax credit available in electronic credit ledger

ITC	Order of utilisation	
	(1)	(2)
IGST	IGST	CGST/SGST/UTGST- any order
	ITC of IGST to be completely exhausted first, mandatorily	
CGST	CGST	IGST
ITC of CGST has been utilized fully before utilizing SGST for payment of IGST		
SGST/UTGST	SGST/UTGST	IGST

Manner of making payment

Through debit of Electronic Credit Ledger

Through debit of Credit Ledger of the tax payer maintained on the Common portal – **ONLY Tax can be paid.**

In cash, by debit in the Electronic Cash Ledger

Payment can be made in cash, by debit in the Cash Ledger of the tax payer maintained on the common portal.



Payment of tax via Electronic Ledger

A. Electronic Cash Ledger-

It will reflect all deposits made in cash, and TDS/TCS made on account of the tax payer. This ledger can be used for making ANY PAYMENT towards tax, interest, penalty, fees or any other amount on account of GST.

Debit Amount (DR)

- Credit amount of this ledger may be used for payment of tax, interest, fees etc.
- Remaining credit balance amount after payment of above tax etc. can be claimed as refund by taxable person.

Credit Amount (CR)

- Any deposit made towards tax, interest, penalty, late fee etc. via internet banking, RTGS, IMPS/ fund transfer etc.
- TDS/TCS claimed

B. Electronic Credit ledger-

It will reflect Input Tax Credit as self-assessed in monthly returns. The credit in this ledger can be used to make payment of ONLY TAX i.e. output tax and not other amounts such as interest, penalty, fees etc.

Debit Amount (DR)

- Credit amount of this ledger may be used for payment of output tax viz IGST, CGST, SGST, UTGST in the prescribed order.

Credit Amount (CR)

- Input Tax credit as self-assessed in the return in the form of IGST, CGST, SGST, UTGST

C. Electronic Liability Register

Electronic Liability Register will reflect the total tax liability of a taxpayer (after Electronic Liability Register netting) for the particular month.

Debit Amount (DR)

- Amount payable towards tax, interest, fees etc.
- Tax or interest payable due to mismatch
- Any other dues
- Amount payable towards output tax

Credit Amount (CR)

- Electronic cash ledger
- Electronic credit ledger

Interest on delayed payment of tax [Section 50]

If person pays the unpaid amount on his own Interest Rate is **18% per annum**

Interest payable due to wrongful availment and utilisation of ITC [Section 50(3)]

ITC availed but not utilised

No interest liability

ITC availed as well as utilised

Interest from the date of utilisation till reversal date

Question & Answers

Question 1

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. (RTP May'23)

Answer 1

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 2

PPC Ltd., has availed Input Tax credit for ₹ 54,000/- IGST during February 20XX 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. GSTR-1 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? (MTP 4 Marks, Apr'21)

Answer 2

PPC Ltd., have accounted and paid ₹ 45,000/- as IGST to the supplier concerned. However, availment 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 20XX, though the input tax credit shown by the supplier is only for ₹ 45,000/-.

Question 3

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 within the specified due date. Reason for such delay is attributable to delay in closure of Books for March, which have been finalized during May. 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 (MTP 4 Marks, Oct'21, SM)

Answer 3

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

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? (PYP 3 Marks, Nov'22)

Answer 4

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.



Question 5

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, 20XX. 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? (PYP 3 Marks, Nov'23)

Answer 5

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 6

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. (SM, MTP 4 Marks, Oct'22, RTP Nov'20)

Answer 6

The amount available in the electronic credit ledger, i.e. ITC may be used for making 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 7

Sahil is a supplier of taxable goods in Karnataka. He got registered under GST in the month of September, 20XX 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? (SM)

Answer 7

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:-



- (i) Internet Banking through authorised banks;
- (ii) **Unified Payment Interface (UPI) from any bank;**
- (iii) **Immediate Payment Services (IMPS) from any bank;**
- (iv) Credit card or Debit card through the authorised bank;
- (v) National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or
- (vi) 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.
 - (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 from the date of generation of challan.
 - (c) 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 8

Discuss whether the amount available in the electronic credit ledger can be used for making payment of any tax under the GST Laws? (MTP 5 Marks, Apr'24)

Answer 8

The amount available in the electronic credit ledger may be used for making any payment towards output tax under the CGST Act or the IGST Act, subject to the provisions relating to the order of utilisation of ITC.

Further, output tax in relation to a taxable person is defined as the tax chargeable on taxable supply of goods or services or both but excludes tax payable on reverse charge mechanism.

Accordingly, it is clarified that any payment towards output tax, whether self-assessed in the return or 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.

It is further reiterated that as output tax does not include tax payable under reverse charge mechanism, implying thereby that the electronic credit ledger cannot be used for making payment of any tax which is payable under reverse charge mechanism.

Question 9

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. (MTP 4 Marks, Nov'21, SM)

Answer 9

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 accordingly.

Question 10

Restrictions have been imposed on the use of amount available in the electronic credit ledger vide rule 86B of the CGST Rules, 2017. Is there any exceptions to rule 86B? If yes, state the exceptions. (RTP May'22)

Answer 10

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 upto 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 authorised by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit.

Question 11

LDR

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. (PYP 5 Marks, Nov'22)

Answer 11

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 unutilised 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, upto 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/ authorised officer after required verifications and safeguards.

Question 12

"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.
(PYP 5 Marks, May'23)

Answer 12

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.

Question 13

Mr. Viv Tsu, 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. Viv Tsu. Ignore the effect of leap year, if applicable in this case. (MTP 4 Marks, Mar'22, May '20 SM)

Answer 13

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. Viv Tsu is as under: -

Period of delay = 21st February, 2024 to 15th April, 2024 = 54 days

Hence, amount of interest = ₹ 36,500 x 18% x 54/365 = ₹ 972

Question 14

LDR

Raghav Ltd., have filed their GSTR-3B for the month of July, 2024 within the due date prescribed under Section 39 i.e. 20.08.2024. Post filing of the return, the registered person has noticed during September 2024 that tax dues for the month of July, 2024 have been short paid for ₹ 40,000. Raghav Ltd., has paid the above shortfall of ₹ 40,000, through GSTR-3B of September 2024, filed on 20.10.2024 [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 2024 has been filed belatedly on 20.10.2024 and the self-assessed tax of ₹ 40,000/- has been paid on 20.10.2024 [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 31.07.2024 for the above short fall
- No other supply has been made nor tax payable for the month of July, 2024 other than ₹ 40,000/- missed out to be paid on forward charge basis
- Ignore the effect of leap year, if applicable in this case. (MTP 6 Marks, Apr'22, SM) (Same concepts different figures PYP 5 Marks Dec'21)

Answer 14

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, 2024. 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, 2024 to 20th October, 2024 = 61 days

Hence, amount of interest = ₹ 40,000 x 18% x 61/365 = ₹ 1,203

Alternatively, if Raghav Ltd., have filed the return for the month of July, 2024 on 20.10.2024, beyond the stipulated due date of 20.08.2024 and if the self-assessed tax for July, 2024 has been paid on 20.10.2024, 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 2024 till 20th October 2024 = 61 days

Amount of Interest = ₹ 30,000 x 18% x 61/365 = ₹ 902

Question 15

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. (PYP 5 Marks, May'23)

Answer 15

The order of discharge of GST liability under section 49(8) of the CGST Act is as under:

- self-assessed tax, interest, penalty, fee or any other amount related to returns of the previous tax periods.
- self-assessed tax, interest, penalty, fee or any other amount related to returns of the current tax period.
- 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:

- Tax, interest and penalty for the month of May, ₹ 30,000
- Tax due for the month of June, ₹ 35,000
- Liability arising out of demand notice u/s 73, ₹ 48,000

EXAM INSIGHTS: While stating provisions of order of discharge of GST liability under section 49(8) of the CGST Act, most of the examinees wrongly mentioned previous year/current year instead of previous tax period/current tax period.

Question 16

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

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



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

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

Calculation should be rounded off to nearest rupee. As 2025 is leap year, give effect of same.

(PYP 5 Marks, May'24)

Answer 16

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

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

- (i) Since Avisha Limited has furnished Form GSTR-3B for the month within the prescribed due date, interest is payable on the gross tax liability deposited with a delay of 29 days [21.02.2025 - 20.03.2025 (both inclusive)] as under:
 $= ₹ 16,000 \times 18\% \times 29/366 = ₹ 228$ (rounded off)
- (ii) If Avisha Limited has filed Form GSTR-3B for the month after the due date, i.e. on 20.03.2025, interest is payable on the net tax liability paid through Electronic Cash Ledger only, for a delay of 29 days, as under:
 $= ₹ 12,000 \times 18\% \times 29/366 = ₹ 171$ (rounded off)

MULTIPLE CHOICE QUESTIONS (MCQS)

1. Balance in electronic credit ledger can be utilized against payment of _____. (MTP 1 Marks, Oct'23)

- (a) output tax
- (b) interest
- (c) penalty
- (d) late fees

Ans: (a)

2. While filing return for the month of November, a firm - Vedika & Co. - registered under GST generated E-Challan on 5th December for making payment of GST through RTGS of their bank. Determine the validity of E-Challan generated by Vedika & Co. for payment of taxes for the month of November?

(MTP 1 Mark Dec'24)

- (a) 5th December
- (b) 15th December
- (c) 20th December
- (d) 31st December

Ans: (c)

CHAPTER 24: TAX DEDUCTION AT SOURCE AND COLLECTION OF TAX SOURCE

CONCEPTS OF THIS CHAPTER

- TDS provisions: deductors, standard rate, value of supply.
- Remittance period and TDS certificate issuance timeline.
- TCS provisions: collection, payment, and reporting by e-commerce operators.



LDR Questions

Q 7

QUICK REVIEW OF IMPORTANT CONCEPTS

Rate of TDS

- Under CGST – 1%
- Under IGST – 2%

TDS

Person liable to deduct tax at source	Threshold limit	Rate of deduction under CGST	NO TDS	Due date of payment of TDS to Government
<ul style="list-style-type: none"> • CG & SG • LA • GA • Notified persons 	Total value of supply under a contract > ₹ 2.5 lakhs, exclusive of GST as per invoice	1%	When location of supplier and place of supply is different from the state of registration of recipient	Within 10 days from the end of month

Applicability of TDS

1. Supplier, place of supply & recipient-same State	Intra-State supply	TDS (CGST + SGST) to be deducted
2. Supplier and place of supply-different States	Inter- State supply	TDS (IGST) to be deducted
3. Supplier & place of supply - same State & recipient located in another State	Intra-State supply	NO TDS

Consequences of not complying with TDS provisions

S. No.	Event	Consequence
1.	TDS not deducted	Interest to be paid along with the TDS amount; else the amount shall be determined and recovered as per the law
2.	TDS deducted but not paid to the Government or paid later than 10th of the succeeding month	

Type of supply liable to TCS

Supply of Goods through E commerce	Subject to TCS under Sec. 52 Other than Notified Services	Subject to TCS under Sec. 52
Supply of Services through E-commerce	<ul style="list-style-type: none"> • Notified Services 	E commerce operator has to pay GST under reverse charge. TCS Not applicable

TCS Applicability in major types of E-commerce



Major types of ecommerce

Selling own products through own website	Selling bought out products through own website under own billing	Mere facilitating the transaction between customer & supplier <ul style="list-style-type: none"> Operator do not own goods Billing directly by seller to customer Consideration collected by operator & then paid to supplier 	
TCS provisions not applicable	TCS provisions not applicable	TCS provisions applicable	Operator shall deduct TCS while making payment to other suppliers.

Rate of TCS

Rate of TCS	Under CGST/SGST/ UTGST - 0.5%	Under IGST - 1%
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TCS

Person liable to collect TCS	Threshold limit	Value on which TCS to be computed	Due date of deposit of TCS to Government
ECO	Nil	Net value of taxable supply	10th day of the month succeeding the calendar month in which TCS has been collected

Question & Answers

Question 1

Whether the rate of tax of 0.5% notified under section 52 is CGST or SGST or a combination of both CGST and SGST? (SM)

Answer 1

The rate of TCS as notified under CGST Act is payable under CGST and the equal rate of TCS is expected under the SGST Act also, in effect aggregating to 0.5%.

Question 2

Is every e-commerce operator required to collect tax on behalf of actual supplier? (SM)

Answer 2

Yes, every e-commerce operator is required to collect tax where consideration with respect to the supply is being collected by the e-commerce operator.

However, no TCS is required to be collected in the following cases:-

- on supply of services notified under section 9(5) of the CGST Act, 2017.
- on exempt supplies
- on supplies on which the recipient is required to pay tax on reverse charge basis.

Question 3

State whether the provisions pertaining to tax collected at source under section 52 of CGST Act, will be applicable, if Fitan Ltd. sells watch on its own through its own website? (SM)

Answer 3

As per Section 52, every electronic commerce operator not being an agent, shall collect an amount calculated at such rate not exceeding 0.5 per cent., as may be notified by the Government on the recommendations of the Council, of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator. Hence, if the person sells on his own, provisions pertaining to tax collected at source (TCS) won't be applicable.



Question 4

State whether the provisions pertaining to tax collected at source under section 52 of CGST Act, will be applicable, if ABC limited who is dealer of Royul brand sells watches through Slipkart, an electronic commerce operator? (SM)

Answer 4

As per Section 52, every electronic commerce operator not being an agent, shall collect an amount calculated at such rate not exceeding 0.5 per cent., as may be notified by the Government on the recommendations of the Council, of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator. If ABC limited who is dealer of Royul brand sells watches through Slipkart, then the provision of TCS will be applicable to Slipkart.

Question 5

There is no onus of filing any monthly & annual statements by ECO. Examine the technical veracity of the statement by explaining relevant provisions. (SM)

Answer 5

The given statement is invalid. An electronic statement has to be filed by the ECO containing details of the outward supplies of goods and/ or services effected through it, including the supplies returned through it and the amount collected by it as TCS during the month within 10 days after the end of the each month in which supplies are made.

Additionally, the ECO is also mandated to file an Annual Statement on or before 31st day of December following the end of the financial year.

The Commissioner has been empowered to extend the due date for furnishing of monthly and annual statement by the person collecting tax at source.

Question 6

Who is liable to collect TCS (collection of tax at source) under Section 52 of the CGST Act, 2017. Briefly explain the provisions relating to registration, filing of return and deposit of TCS to Government as per the provisions of section 52 of the CGST Act, 2017 and rule 12 of the CGST Rules, 2017. (PYP 5 Marks, May'24)

Answer 6

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

Such ECO is required to submit a registration application in prescribed form through the common portal. The proper officer shall, after due verification, grant registration within 3 working days from the date of the application. On a request or upon an enquiry or pursuant to any other proceeding under GST law, if the proper officer is satisfied that a person is no longer liable to collect the tax at source, he may cancel his registration. Such ECO shall furnish a monthly statement in prescribed form containing the details of the outward supplies of goods and/ or services effected through it, including supplies returned through it and the amount collected by it as TCS during the month within 10 days after the end of each month in which tax has been collected at source.

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

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

Question 7



(Includes concepts of Place of Supply)

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



October, 20XX.

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

Will your answer be different, if Ramlala Enterprises is registered under composition scheme? (RTP May'24)

Answer 7

- (a) As per section 51 of the CGST Act, 2017 read with section 20 of the IGST Act, 2017 and Notification No. 50/2018 CT 13.09.2018, following persons are required to deduct CGST @ 1% [Effective tax 2% (1% CGST + 1% SGST/UTGST)] or IGST @ 2% from the payment made/credited to the supplier (deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds ₹ 2,50,000:
- a department or establishment of the Central Government or State Government; or
 - local authority; or
 - Governmental agencies; or
 - an authority or a board or any other body, -
 - (i) set up by an Act of Parliament or a State Legislature; or
 - (ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function; or
 - Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860, or
 - Public sector undertakings.

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

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

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

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

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

Question 8

Mr. Wivi Tsu, a supplier located in Meerut, U.P. supplied the bedsheets, pillow covers and blankets to a Governmental agency, registered in U.P. under a contract. The total contract value is ₹ 4,61,000 excluding GST. The value of supply is bifurcated as below:

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

Is Governmental agency required to deduct tax at source (while making the payment to Mr. Wivi Tsu) under section 51 of the CGST Act, 2017 and if yes, determine the amount of tax to be deducted source? (Chapter Tax Deduction at Source and Collection of Tax at Source) (RTP Jan'25)

Answer 8

As per section 51 of the CGST Act, 2017, it is mandatory for the following persons to deduct tax at source from payments made to the suppliers of taxable goods and/or services:-

- Central/State Government department or establishment;
- local authority; or
- Governmental agencies; or
- such notified persons

The tax would be deducted @ 1% (each under CGST and SGST) of the payment made to the supplier of taxable goods and/or services, where the total value of such supply, under a contract, exceeds ₹ 2,50,000 (excluding



the amount of Central tax, State tax, Union Territory tax, Integrated tax and cess indicated in the invoice). Thus, individual supplies may be less than ₹ 2,50,000/-, but if total value of supplies under a contract is more than ₹ 2,50,000/-, TDS has to be deducted.

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

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

Question 9

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

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

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

What is the period by which TDS is required to be deposited to the Government account? (PYP 5 Marks Sep'24)

Answer 9

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

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

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

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

MULTIPLE CHOICE QUESTIONS (MCQS)

1. Kids Bazaar Pvt. Ltd., registered in Maharashtra sells kids clothing via an E-commerce operator Champ.com. Mr. Dhruv placed an order of 10 sets of Ethnic wear in different colours each costing ₹ 5,000 (GST @18% not included) on 20th January 20XX. However, he returned 2 sets back after 2 days in accordance with the exchange policy of Champ.com. Determine the value of supply on which Champ.com should collect TCS from Kids Bazaar Pvt. Ltd. (MTP 2 Marks, Aug'24)

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

Ans: (a)

2. Vikas Nigam Limited (a Public Sector Undertaking) has placed an order to Bharti Steels registered in Bokaro, Orissa for supply of 70 Iron shields each costing ₹ 12000 (exclusive of GST). However, the supply will take place in 3 lots containing 10 shields, 20 shields, 40 shields on different days. Determine whether tax is required to be deducted under GST law by Vikas Nigam Limited on the above order?

(MTP 2 Marks Dec'24)

- (a) No TDS will be deducted
- (b) TDS to be deducted on the third lot of 40 shields only as value exceeds Rs. 2,50,000
- (c) TDS to be deducted on entire order of 70 shields
- (d) TDS to be deducted on supply of 2nd order of 20 shields

Ans: (c)

CHAPTER 15: RETURNS

CONCEPTS OF THIS CHAPTER

- Provisions for statements on outward and inward supplies.
- Provisions for furnishing returns under Section 39.
- Provisions for other returns/statements.
- Overview of default/delay in return filing.
- Provisions relating to GST practitioners.



LDR Questions

Q 14

Q 16

QUICK REVIEW OF IMPORTANT CONCEPTS

Due Dates for Submission of Form GSTR-1

Registered persons opting for QRMP scheme	13th day of the month succeeding such quarter
Others	11th day of the month succeeding said month

Invoice Furnishing Facility (IFF)

- an optional facility
- provided to quarterly taxpayers who are in QRMP scheme
- to file their details of outward supplies in first 2 months of the quarter
- between the 1st day of the succeeding month till the 13th day of the succeeding month
- upto a cumulative value of ₹ 50 lakh in each of the first 2 months of the quarter
- to pass on the credit to their recipients

Details to be furnished in GSTR-1

Outward Taxable Supplies

B2B supplies		B2C supplies	
Inter-State supplies	Intra-State supplies	Inter-State supplies	Intra-State supplies
Invoice-wise details of all supplies to be uploaded		<ul style="list-style-type: none"> • Invoices > 2,50,000= Invoice-wise details to be uploaded • Invoices ≤ ₹ 2,50,000 State-wise rate-wise consolidated details to be uploaded 	Rate-wise consolidated details of all invoices to be uploaded

Rectification of errors in GSTR-1 filed for previous periods

Maximum time limit within which such amendments are permissible is earlier of the following dates:

- **30th day of November** following the end of the financial year to which such details pertain or
- Date of filing of the relevant annual return

Filing of Nil GSTR-1- Filing of GSTR-1 is mandatory for all normal and casual taxpayers, even if there is no business activity in any particular tax period.

GSTR-2A and GSTR-2B

Features	
GSTR- 2A	GSTR- 2B
System generated read only statement of inward supplies	Auto-generated statement containing the details of eligible ITC
Reflects details of invoices furnished by a nonresident taxable person in Form GSTR-5	Available once a month



Reflects details of TDS by deductor furnished in Form GSTR-7	Reflects details of outward supplies furnished by the suppliers in Form GSTR-1, 5 & 6, between the cut-off dates
Updated on Real Time basis	Static statement
Reflects details of invoices furnished by Input Service Distributor in Form GSTR-6	Details of outward supplies furnished by the supplier who has opted for QRMP scheme, in Form GSTR-1 or using the IFF between the cut off dates
Reflects details of TCS by an e-commerce operator furnished in Form GSTR-8	Reflects details of IGST paid on the import of goods, goods brought in the DTA from SEZ unit/developer

Return forms under section 39

- **GSTR-4** (For Composition Taxpayers)
- **GSTR-3B** (For all registered persons)
- **excluding**
 - ISD
 - N RTP
 - Composition taxpayer
 - Person deducting tax at source
 - Supplier of OIDAR services located in non-taxable territory providing services to non-taxable online recipient
- **GSTR-5** (For Non-Resident Taxable Persons)
- **GSTR-7** (For Tax Deducted at Source)

Due dates for furnishing Form GSTR-3B

- **Monthly GSTR-3B** on or before **20th** of the month succeeding the month for which return is furnished.
- **Quarterly GSTR-3B** on or before **22nd** and **24th** of the month (Depending upon State) succeeding the quarter for which return is furnished in case of a taxpayer opting for QRMP scheme.

QRMP scheme

- Optional return filing scheme
- Quarterly Return
- Monthly payment
- **Eligibility** - Taxpayers having an aggregate turnover of up to ₹ 5 crore in the preceding financial year
- **Condition to be fulfilled for becoming eligible** - Taxpayer must have furnished the last return, as due on the date of exercising such option
- **Manner of Exercising option** - Taxpayers can opt in for any quarter from 1st day of 2nd month of preceding quarter to the last day of the first month of the quarter for which the option is being exercised
- **Validity of option once exercised** - Taxpayers are not required to exercise their option every quarter. Where such option has been exercised once, they shall continue to furnish the return as per the selected option for future tax periods, unless they revise the said option.

Nil GSTR-3B- Filing of GSTR-3B is mandatory for all normal and casual taxpayers, even if there is no business activity in any particular tax period

Form GSTR-4 and GST CMP-08: For Composition dealers

GSTR-4 (Yearly Return)	Details to be furnished: (i) Invoice wise inward supplies (ii) Consolidated outward supplies	Frequency: Yearly	Due Date: By 30th day of April following the end of such financial year
GST CMP-08 (For quarterly payment of tax)	Details to be furnished: Details of payment of self-assessed tax	Frequency: Quarterly	Due Date: By 18th day of month succeeding such quarter

Form GSTR-5: For Non-Resident Taxable Person (NRTPs)

- | | |
|------------------------------|---|
| Frequency:
Monthly | Due Date:
(i) within 13 days after the end of the calendar month, or
(ii) within 7 days after the last day of validity period of the registration whichever is earlier |
|------------------------------|---|

Form GSTR-7: For Tax Deducted at Source (TDS)

- TDS | **Frequency:** Monthly | **Due Date:** On/before **10th of the month** succeeding the calendar Month

Due dates for payment of tax for the person required to file

Monthly GSTR-3B, GSTR-5 and GSTR-7	GSTR-4
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Last date of filing returns

Tax for a quarter is to be paid by 18th of the month succeeding such quarter

Payment of tax under QRMP scheme

- Tax due in each of the first 2 months of the quarter
- To be paid by depositing in pre filled Form GST PMT-06
- Payment to be made by 25th of the succeeding month

Options for making monthly payment of tax under QRMP scheme

1. Fixed sum method
2. Self assessment method

First Return (GSTR-10)

- Registered person to declare outward supplies in the period between the date on which he became liable to registration till the date on which registration has been granted =after grant of registration

Statement for TCS (GSTR-8)

- Monthly statement for Ecommerce Operator depicting supplies effecting through it
- **Filed by:** Ecommerce Operator
- **Due date:** 10th of the next month

Final Return (GSTR-10)

Taxable person whose registration has been cancelled. =Within 3 months of the date of cancellation or date of order of cancellation, whichever is later.

Annual Return & Annual Statement

Annual return	Furnished by: All registered persons – excluding	<ul style="list-style-type: none"> • Casual Taxable Person • ISD • NRTP • Person deducting tax at source • Person collecting tax at source
	Prescribed form	<ul style="list-style-type: none"> • GSTR-9 (For registered persons) • GSTR-9A (Composition tax payer) • GSTR-9B (ECO) [not yet notified]

Annual Self certified Reconciliation Statement

All registered persons are required to file furnish the statement along with annual return if their aggregate turnover during a financial year exceeds ₹ 5 crores.

– excluding

- Casual Taxable Person
- ISD
- NRTP
- Person deducting tax at source
- Person collecting tax at source

Prescribed form GSTR-9C

GSTR – 11 - Details of inward supplies of persons having UIN

GSTR-11 Persons who have been issued a Unique Identity Number (UIN) Details of inward supplies of persons having UIN

Question & Answers

Question 1

Quicktax, a GST return filing service provider, has asked its clients to provide the scanned copies of the tax invoices issued to B2B customers for uploading on the GST portal and filing the return.

Whether the process followed by Quicktax is correct? (SM)

Answer 1

No, the process followed by Quick tax is not correct.

The registered persons supplying goods or services to B2B customers are required to upload the invoice wise details of supplies made during the tax period. However, there is no requirement to upload the scanned copies of the invoices issued to the customers on the GST portal at the time of filing returns. Only information required



as per GST returns is to be captured in the return filing utility and the same is to be uploaded on the GST portal and not the scanned copies of the actual invoices.

Question 2

Discuss the eligibility for QRMP scheme under GST? (MTP 5 Marks, Oct'21)

Answer 2

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 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 3

What are the cases where a registered person is debarred from furnishing details of outward supplies in GSTR-1/IFF? (MTP 6 Marks, Nov'21)

Answer 3

- (i) 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 month.
- (ii) 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.
- (iii) a registered person, to whom an intimation has been issued on the common portal under the provisions of rule 88C(1) in respect of a tax period, shall not be allowed to furnish the details of outward supplies in Form GSTR-1 or using IFF for a subsequent tax period, unless he has either deposited the amount specified in the said intimation or has furnished a reply explaining the reasons for any amount remaining unpaid, as required under the provisions of rule 88C(2).
- (iv) a registered person, to whom an intimation has been issued on the common portal under the provisions of rule 88D(1) in respect of a tax period/periods, shall not be allowed to furnish GSTR-1/IFF for a subsequent tax period, unless he has either paid the amount equal to the excess ITC as specified in the said intimation or has furnished a reply explaining the reasons in respect of the amount of excess ITC that still remains to be paid, as required under the provisions of rule 88D(2).
- (v) a registered person shall not be allowed to furnish GSTR-1/IFF, if he has not furnished the details of the bank account as per the provisions of rule 10A

Question 4

Elaborate the provisions relating to annual return contained under section 44 of the CGST Act, 2017. (MTP 5 Marks, Sep'22)

Answer 4

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 5

Briefly elaborate the provisions relating to nil GSTR-3B. (MTP 5 Marks, Mar'23)

Answer 5

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 6

Wivitsu Ltd., a normal taxpayer, is winding up its business in Rajkot. The Tax Consultant of Wivitsu Ltd. has suggested that Wivitsu 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 Wivitsu Ltd.? Offer your comments. Ignore the aggregate turnover of Wivitsu Ltd. (RTP Nov'23, SM)

Answer 6

No, the stand taken by Tax Consultant of Wivitsu 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, Wivitsu 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 7

Answer the following questions:

- (i) **Mr. Jagmag is a registered dealer in Kerala paying tax under composition levy from 1st April. However, he opts to pay tax under regular scheme from 1st December. Is he liable to file GSTR-4 for the said financial year during which he opted out of composition scheme?**
- (ii) **Mrs. Gargi, a registered dealer in Rajasthan, did not file GSTR-3B for the month of June, but she wants to file GSTR-3B for the month of July. Is it possible? Answer with reference to section 39 of the CGST Act, 2017. (MTP 5 Marks, Jul'24, SM)**

Answer 7

- (i) Where a taxpayer opts to withdraw from the composition scheme, he has to file GSTR-4 for the period for which he has paid tax under the composition scheme. Such return is required to be furnished till 30th day of April following the end of the financial year during which such withdrawal falls. Therefore, in the given case, Mr. Jagmag is liable to file GSTR-4 for the said F.Y. during which he opted out of composition scheme by 30th June of next F.Y.
- (ii) A registered person is not allowed to furnish a return for a tax period if the return for any of the previous tax periods has not been furnished by him. Therefore, in the given case, Mrs. Gargi cannot file GSTR-3B for July, if she has not filed GSTR-3B for the preceding month, i.e., June.



Question 8

Can a chartered accountant become a GST practitioner (GSTP)? Discuss.
(MTP 5 Marks, Jul'24, SM)

Answer 8

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

Question 9

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. (PYP 5 Marks, Nov'22, SM)

Answer 9

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

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

Cases where a registered person is debarred from furnishing details of outward supplies in GSTR-1/using IFF:

- (i) 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 1 month³.
- (ii) 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.
- (iii) a registered person, to whom an intimation has been issued on the common portal under the provisions of rule 88C(1) in respect of a tax period, shall not be allowed to furnish the details of outward supplies in Form GSTR-1 or using IFF for a subsequent tax period, unless he has either deposited the amount specified in the said intimation or has furnished a reply explaining the reasons for any amount remaining unpaid, as required under the provisions of rule 88C(2).
- (iv) a registered person, to whom an intimation has been issued on the common portal under the provisions of rule 88D(1) in respect of a tax period/periods, shall not be allowed to furnish GSTR-1/IFF for a subsequent tax period, unless he has either paid the amount equal to the excess ITC as specified in the said intimation or has furnished a reply explaining the reasons in respect of the amount of excess ITC that still remains to be paid, as required under the provisions of rule 88D(2).
- (v) a registered person shall not be allowed to furnish GSTR-1/IFF, if he has not furnished the details of the bank account as per the provisions of rule 10A

Question 10

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. (PYP 3 Marks, May'23)

Answer 10

(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.

Question 11

"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. (PYP 3 Marks, May'22, PYP 2 Marks Nov'18, SM)

Answer 11

The statement is partially valid.

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

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

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

Question 12

- (a) Miss Vivitsi 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 Vivitsi 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.
- (b) Will your Answer in (a) change, if Miss Vivitsi 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?
- (c) Assuming in (a) above, Miss Vivitsi 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. (RTP May'21)

Answer 12

- (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 Vivitsi 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 Vivitsi 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 Vivitsi 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 Vivitsi 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 13

Mr. Sameer, a registered person under GST, is unable to file GSTR-1 on the reason being shown that tax payable under GSTR-1 which has been filed in respect of last tax period exceeds the tax payable under



GSTR-3B which has been filed for the corresponding tax period. Explain the procedure to be followed by the department and Mr. Sameer for the same as per the provisions of Rule 88C of the CGST Rules 2017. (PYP 5 Marks, Nov'23)

Answer 13

In the given case, Mr. Sameer would be intimated on the portal and his email address of such difference and be directed to either

- (i) pay the differential tax liability along with interest, or
- (ii) explain the difference, within 7 days period⁴.

On receiving such intimation, Mr. Sameer should either

- (i) deposit the amount specified in the said intimation fully or partially, along with interest and furnish the details on the common portal or
- (ii) furnish a reply explaining the reasons for any amount of differential tax liability remaining unpaid, within 7 days period.

Where any amount specified in the said intimation remains unpaid within 7 days' period and where no explanation is furnished by Mr. Sameer or where the explanation furnished by him is not found to be acceptable by the proper officer, the said amount shall be recoverable from him.

Question 14

LDR

Briefly explain the manner of dealing with difference in ITC available in auto-generated statement containing the details of ITC and that availed in return prescribed in terms of rule 88D of the CGST Rules, 2017. (RTP Sep'24)

Answer 14

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

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

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

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

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

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

Question 15

Who can be registered as Goods and Service Tax Practitioners under Section 48 of the CGST Act? (PYP 5 Marks, Jul'21, MTP 5 Marks Aug'24)

Answer 15

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

Any person who, (i) is a citizen of India; (ii) is a person of sound mind; (iii) is not adjudicated as insolvent; (iv) has not been convicted by a competent court; and satisfies any of the following conditions, namely that he:

1. is a retired officer of Commercial Tax Department of any State Govt./CBIC who, during service under



Government had worked in a post not lower than the rank of a Group-B gazetted officer for a period ≥ 2 years, or

2. is enrolled as a Sales Tax Practitioner or Tax Return Preparer under the erstwhile indirect tax laws for a period of not less than 5 years, or
3. acquired any of the prescribed qualifications
4. has passed Graduate/postgraduate degree or its equivalent examination having a degree in specified disciplines, from any Indian University or a degree examination of any Foreign University recognised by any Indian University as equivalent to degree examination
5. has passed any other notified examination
6. has passed final examination of ICAI/ ICSI/ Institute of Cost Accountants of India

Note: Any 3 points may be mentioned.

Question 16

LDR

How a return can be revised after filing of the same, if some changes are required to be made?

(MTP 5 Marks, Mar'24, May'20, Mar'19, Mar'21, Oct'22, Sep'23, SM)

Answer 16

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 30th 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 17

The aggregate turnover of Mr. Prithvi, a registered person for the FY 2022-23 and 2023-24 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. (PYP 3 Marks, Jan'21)

Answer 17

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: -

Registered persons having aggregate turnover \leq ₹ 5 crores in the relevant FY

- (a) ₹ 50 for every day during which such failure continues (₹ 25 CGST + ₹ 25 SGST/UTGST) or
- (b) 0.04% (0.02% CGST + 0.02% SGST/UTGST) of the turnover of the registered person in the State/Union Territory whichever is lower¹.

Question 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. (PYP 5 Marks, Jul'21, PYP 5 Marks May'18, MTP 3 Marks Aug'18)

Answer 18

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:

- (i) date of cancellation or
- (ii) date of order of cancellation whichever is later.

Quantum of late fee for not filing the final return is as follows:

- (i) ₹ 100 for every day during which such failure continues or
- (ii) ₹ 5,000 whichever is lower.

An equal amount of late fee is payable under the respective SGST/UTGST Act as well.

Question 19

- (a) 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, 2024 by 10th November, 2024. The amount of tax payable for the month of September, 2024 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?
- (b) Will your Answer be different in (a), if Mr. Ayushman has intra-State aggregate turnover of ₹ 5 crores in the preceding financial year?
- (c) Will your Answer be different in (a), if total amount of tax payable in the GSTR-3B for the month of September is Nil? (RTP May'22)

Answer 19

- (I) 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 \leq ₹ 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) or ₹ 50 (₹ 25 CGST + ₹ 25 SGST/UTGST) for every day during which such failure continues whichever is lower.
- (II) 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) or ₹ 50 (₹ 25 CGST + ₹ 25 SGST/UTGST) for every day during which such failure continues whichever is lower.
- (III) 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) or ₹ 20 (₹ 10 CGST + ₹ 10 SGST/UTGST) for every day during which such failure continues whichever is lower.

Question 20

"All taxpayers are required to file GSTR-1 only after the end of the tax period." Examine the validity of the statement. (MTP 5 Marks Nov'24)

Answer 20

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

So, the statement is partially valid.

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

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

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

CHAPTER 26: CASE SCENARIOS



LDR Questions

CS 8

CS 9

CS 24

CS 1

(MTP Marks 10 Mar'21) (Same concepts figure adjustments MTP 6 Marks Mar'23)

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) Defence Equipments
- (b) Railway Equipments
- (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

1. Which of the following persons are liable to pay GST on reverse charge in respect of the GTA services (taxable @ 5%) provided by Explore Logistics

- i Sahil Traders
- ii Mr. Aadi
- iii Small Traders Co-operative Society (Charge of GST)

- (a) i & ii
- (b) ii & iii
- (c) i & iii
- (d) i, ii & iii

Ans: (c)

2. Out of items transported by Explore Logistics, which of the following is/ are exempt from GST? (Exemptions of GST)

- i. Defence Equipments
- ii. Railway Equipments
- iii. Organic Manure

- (a) i
- (b) i & ii
- (c) i & iii
- (d) i, ii & iii

Ans: (c)



3. What will be the time of supply in respect of the services provided by Explore Logistics to Mahajan Steels Pvt. Ltd.? (Time of Supply)
- (a) 6th November
 - (b) 5th November
 - (c) 30th November
 - (d) 1st October

Ans: (d)

4. Which of the following statements is correct in respect of services provided by Explore Logistics to Mahajan Steels Pvt. Ltd.? (Charge of GST)
- (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

Ans: (b)

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. 1,00,000
 - ii. Inter-State supplies to unregistered person with invoice value not exceeding Rs. 1,00,000
 - iii. Inter-State supplies to unregistered person with invoice value exceeding Rs. 1,00,000
 - iv. Intra-State supplies to registered person with invoice value not exceeding Rs. 1,00,000

(Returns)

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

Ans: (d)

CS 2

(RTP Nov '22)

M/s. Delight Brothers, a partnership firm, is engaged in restaurant business. It is registered under the composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017 for the current financial year. Its turnover in the State for the month of April was ₹ 12,00,000.

It received new orders in the month of May to run a mess facility for supplying food at:

- i. Vishwas Public School, a higher secondary school;
- ii. Knowledge Institute of Technology, an engineering college, approved by AICTE and UGC; and
- iii. Frontline Hospital

It also provided catering services to a Coral limited company for their Annual General Meeting. Service was provided on 3rd July. But invoice was not issued by the firm to the company. However, payment was received on 25th July for which bank account was credited on 28th July. The turnover of restaurant business for the current financial year is ₹ 48,00,000.

From the inception of next financial year, M/s. Delight Brothers will close down the restaurant business and will provide service of repairing of air conditioners. M/s Delight Brothers undertakes intra-State transactions only. Based on the information given above, choose the most appropriate Answer for the following questions-

1. Compute the tax liability of M/s. Delight Brothers for the month of April? Chapter 14: Exemptions of GST
- (a) CGST & SGST of ₹ 6,000 each
 - (b) CGST & SGST of ₹ 12,000 each
 - (c) CGST & SGST of ₹ 30,000 each
 - (d) CGST & SGST of ₹ 60,000 each

Ans: (c)



2. Out of new orders received by the firm in May, which of the following services are exempt from GST?

Chapter 15.1: Time of Supply

- (i) Service provided to Vishwas Public School
- (ii) Service provided to Knowledge Institute of Technology
- (iii) Service provided to Frontline Hospital
- (a) (i) and (iii)
- (b) (ii) and (iii)
- (c) only (i)
- (d) (i) and (ii)

Ans: (c)

3. Time of supply of catering services provided to a Coral limited company is Chapter 15: Time of Supply

- (a) 3rd July
- (b) 25th July
- (c) 28th July
- (d) 2nd August

Ans: (a)

4. Which of the following statements is most appropriate in respect of next financial year for M/s Delight Brothers? Chapter 13: Charge of GST

- (a) M/s Delight Brothers can continue to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017.
- (b) M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017.
- (c) M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017, but can avail benefit of composition levy under section 10(2A) of the CGST Act, 2017.
- (d) M/s Delight Brothers can neither avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017 nor under section 10(2A) of the CGST Act, 2017)

Ans: (c)

5. Rate of GST applicable for service of repairing of air conditioners made by M/s Delight Brothers will be _____, assuming that it intends to pay the tax at the minimum rate available?

- (a) 1%
- (b) 5%
- (c) 6%
- (d) 12%

Ans: (c)

CS 3

(MTP 10 marks 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:

1. The effective date of registration for Mr. Kumar is- (Registration)

- (a) 30th June
- (b) 15th July
- (c) 25th July
- (d) 16th July

Ans: (a)

2. Mr. Kumar can issue a revised tax invoice till- (Tax Invoice, Credit & Debit Note, E-way Bill)

- (a) 23rd October
- (b) 8th September
- (c) 25th September
- (d) 25th August

Ans: (d)

3. Eligible input tax credit available with Mr. Kumar for the month of July is (Input Tax Credit)

- (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

Ans: (c)

4. The time of supply of services provided by Mr. Kumar to Mr. Ram is- (Time of Supply)

- (a) 7th August
- (b) 1st August
- (c) 29th August
- (d) 6th August

Ans: (a)

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- (Payment of Tax)

- (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

Ans: (c)

CS 4

(MTP 10 Marks Apr'22)

Mr. Vivi Tsu 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. Vivi Tsu 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. Vivi Tsu 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. Vivi Tsu paid the invoice amount in the month of December itself. This was an inter-State transaction. During the month of January, Mr. Vivi Tsu 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. Vivi Tsu 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-

1. In respect of services availed by Mr. Vivi Tsu, which of the following is a correct statement? (Chapter 12 Supply under GST)
- (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

Ans: (b)

2. Upto which limit of aggregate turnover, Mr Vivi Tsu 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? (Chapter 17 Registration)
- (a) ₹ 20 lakh
 - (b) ₹ 40 lakh
 - (c) ₹ 10 lakh
 - (d) ₹ 150 lakh

Ans: (a)

3. What is the tax liability for the freight charges? (Chapter 13 Charge of GST)
- (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

Ans: (d)

4. Which of the following statement is correct with respect to liability of Mr. Vivi Tsu to register under GST? (Chapter 17 Registration)
- (a) Mr. Vivi Tsu is liable to register in the month of December for receipt of GTA services.
 - (b) Mr. Vivi Tsu is liable to register in the month of January for effecting inter-State outward supply of goods.
 - (c) Mr. Vivi Tsu is liable to register only when his turnover exceeds the threshold limit irrespective of whether he is in receiving any GTA services or is effecting inter-State outward supply.
 - (d) Mr. Vivi Tsu is not required to register as it is his first year of business.

Ans: (b)

5. What is the time of supply of goods made by Mr Vivi Tsu during January? (Chapter 16 Time of Supply)
- (a) 4th January
 - (b) 25th January
 - (c) 3rd February
 - (d) 28th February

Ans: (a)

CS 5

(MTP 10 marks 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 organises 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-

1. Value of supply made to Dhanush Enterprises, assuming the interest on delayed payment to be exclusive of GST, is _____. (Chapter 17: Value of Supply)
 - (a) ₹ 8,00,000
 - (b) ₹ 8,08,000
 - (c) ₹ 7,92,000
 - (d) ₹ 8,16,000

Ans: (b)

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 _____. (Chapter 16: Time of Supply)
 - (a) 21st August; 5th September
 - (b) 5th September; 10th September
 - (c) 21st August; 10th September
 - (d) 5th September; 5th September

Ans: (d)

3. Determine the value of outward supplies made by Sarabhai & Sarabhai Associates on which tax is payable under reverse charge. (Chapter 13: Charge of GST)
 - (a) ₹ 1,20,000
 - (b) ₹ 50,000
 - (c) ₹ 1,70,000
 - (d) ₹ 3,00,000

Ans: (d)

4. Free gifts of value of ₹ 50,000 provided by Sarabhai & Sarabhai Associates to each of its employee is: (Chapter 12: Supply under GST)
 - (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.

Ans: (d)

5. Sarabhai & Sarabhai Associates is eligible to claim input tax credit of _____ in the month of December. (Chapter 16: Input Tax Credit)



- (a) ₹ 50,000
- (b) ₹ 20,000
- (c) ₹ 3,70,000
- (d) Nil

Ans: (d)

CS 6

(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 are intra-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:-

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) (chapter 14 Exemptions of GST)
 - (a) (i)
 - (b) (ii)
 - (c) (i) and (iii)
 - (d) (ii) and (iii)

Ans: (b)

2. Determine the amount of eligible ITC to be claimed by the firm for the month of October. (chapter 16 Input Tax Credit)
 - (a) ₹ 70,000
 - (b) ₹ 1,10,000
 - (c) ₹ 1,80,000
 - (d) Nil

Ans: (b)

3. Determine the amount of ITC to be added to the output tax liability. (chapter 16 Input Tax Credit)
 - (a) ₹ 40,000
 - (b) ₹ 60,000
 - (c) ₹ 1,00,000
 - (d) Nil

Ans: (b)

4. Which of the following is correct in respect of document to be issued by the firm for understatement and



overstatement of invoice value? (chapter 18 Tax Invoice, Credit & Debit Note, E-way Bill)

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

Ans: (c)

5. Which of the following statements is correct in respect of supply of goods received by the firm which are taxable under reverse charge? (chapter 18 Tax Invoice, Credit & Debit Note, E-way Bill)

- (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

Ans: (a)

CS 7

(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 programmes 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 [1 to 4]-

- 1. Which of the following activities conducted by trust is exempt from GST? (Chapter 15 Exemptions of GST)
 - (a) Advancement of Yoga
 - (b) Advancement of education
 - (c) Both (a) and (b)
 - (d) Neither of the activities

Ans: (a)



2. Determine the value of taxable supply in respect of donations received by the Trust? (Chapter 15

Exemptions of GST)

- (a) ₹ 25,000
- (b) ₹ 75,000
- (c) ₹ 1,00,000
- (d) Nil

Ans: (b)

3. Compute the amount of input tax credit that can be claimed by the Trust? (chapter 16 Input Tax Credit)

- (a) ₹ 1,75,000
- (b) ₹ 2,45,000
- (c) ₹ 4,20,000
- (d) Nil

Ans: (d)

4. Which of the following statements is/are correct under GST law in respect of gurudwara managed by MM Charitable Trust? . (chapter 15 Exemptions of GST)

- (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

Ans: (b)

CS 8

(RTP May '22)

LDR

Vidhula Impex Ltd. is engaged in supplying sports goods. The company did not opt for registration under GST. The proper officer under GST, based on enquiry, finds that the concern is liable for registration and he registers the firm on temporary basis on 15th June, 2024.

After being granted the registration certificate, the company availed the following services for the purpose of its business-

- i. Renting of motor vehicles from Blue Taxi Pvt. Ltd. where GST was charged @ 12%.
- ii. Appointed Mr. Rajesh as Technical Director for advisory role in business and the payment was made based on the contract entered. However, he was not employee of the company.

During the course of its business, the company issued an invoice to a customer and erroneously charged higher value by ₹ 34,000. Such invoice was issued on 28th February, 2025.

Further, in the month of February 2025, the company also generated an e-way bill for inter-State transport of goods. However, immediately on generation of the e-way bill, the buyer cancelled the order before it is dispatched from the factory for delivery.

In the month of March 2025, since the company was incurring heavy losses, it applied for cancellation of GST registration on 15th March, 2025. The order for cancellation was made on 30th March, 2025 effecting cancelling the registration with effect from 15th March, 2025.

From the information provided above, choose the most appropriate Answer for the following questions:

1. After the grant of temporary registration, Vidhula Impex Ltd. needs to apply for registration within _____ from the date of grant of temporary registration, if no extension of period is to be granted for such temporary registration. (Chapter 19 Registration)

- (a) 30 days
- (b) 90 days
- (c) 7 days
- (d) 15 days

Ans: (b)

2. In case of which of the following services, the company is liable to pay tax under reverse charge? (Chapter 13 Charge of GST)



- (a) Renting of Motor Vehicles
- (b) Directorship services
- (c) Both (a) and (b)
- (d) Neither (a) nor (b)

Ans: (b)

3. Which document is required to be issued by the company in respect of the invoice issued on 28th February, 2025? (chapter 18 Tax Invoice, Credit & Debit Note, E-way Bill)

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

Ans: (b)

4. The Company needs to file its Final return by _____ (chapter 20 Returns)

- (a) 30th April, 2024
- (b) 30th August, 2024
- (c) 15th June, 2024
- (d) 30th June, 2024

Ans: (d)

5. Which of the following statements is correct in respect of e-way bill generated for goods in the month of February for which order was cancelled? (chapter 18 Tax Invoice, Credit & Debit Note, E-way Bill)

- (a) Once generated, e-way bill cannot be cancelled.
- (b) E-way bill can be cancelled within 24 hours of generation
- (c) E-way bill can be cancelled within 48 hours of generation
- (d) E-way bill can be cancelled within 72 hours of generation

Ans: (b)

CS 9

(MTP 12 marks Apr'24)

LDR

Ecotech Solutions Private Limited is engaged in manufacturing and supply of energy products and solutions across multiple States in India. The Company manufactures solar panels and also imports certain category of solar panels as per the customer orders. The company also provides installation services and annual maintenance contracts for its products.

The Company received an advance payment for a bulk order of goods in March 2024, but the delivery was completed in May 2024. The amount of advance received by the Company was ₹ 1 crore.

During the month of March 2024, the Company sold goods worth ₹ 5 crores and provided services amounting to ₹ 1 crore to its customers across India. The goods worth ₹ 1 crore sold under multiple invoices were returned by a customer due to defective quality in the month of March, 2024 which were originally sold by the Company in December, 2024. The Company issued a GST credit note against the returned goods in March, 2025.

The Company incurred an amount of ₹ 5 lakh on the repair of the returned goods to make them resalable in the market to customers other than a related party.

Further, the customers who returned the goods issued an invoice to Gujarat unit of the Company of ₹ 1 lakh for the expense related to return of goods. The goods were initially sold from the Gujarat unit of the Company but the same were returned to Maharashtra unit of the Company and subsequently moved by the Company from Maharashtra unit to Gujarat Unit i.e. the original place of supply. The Company is registered under GST in both the States i.e. Gujarat and Maharashtra.

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

1. At what point of time tax will be payable in relation to the advance received by the Company of ₹ 1 crore? (Chapter Time of Supply)

- (a) The tax is payable at the time of receipt of advance.



- (b) The tax is payable at the time of supply of goods.
- (c) 50% of tax is payable at the time of receipt of advance.
- (d) Tax is payable at the time of issuance of receipt voucher.

Ans: (b)

2. The total amount of supply during the month of March 2024 to be reported in GSTR -1 by the Company is _____. (Chapter Value of Supply)

- (a) ₹ 1 crore
- (b) ₹ 5 crores
- (c) ₹ 6 crores
- (d) ₹ 7 crores

Ans: (b)

3. Which of the following options is correct in relation to the returned goods of value ₹ 1 crore? (Chapter Tax Invoice; Credit and Debit Notes)

- (a) Company has an option to issue single credit note against multiple invoices.
- (b) Company has to mandatorily issue credit note against each invoice.
- (c) The Company cannot issue credit note in any subsequent period after the supply is made.
- (d) The Company can only issue a commercial credit note and GST adjustment cannot be made.

Ans: (a)

4. In case returned goods are sold by the Company to customers other than the related parties, the value of supply of such goods under GST shall be _____. (Chapter Value of Supply)

- (a) equivalent to original value of supply only.
- (b) equivalent to original value of supply plus the cost incurred on making the goods reusable
- (c) 110% of original value of supply plus the cost incurred on making the goods reusable.
- (d) transaction value subject to the conditions mentioned in Section 15(2) of the CGST Act, 2017.

Ans: (d)

5. Which of the following option(s) is correct in relation to the invoice of 1 lakh issued by the customer for the expenses relating to returned goods? (Chapter Input Tax Credit)

- (a) The Company shall be eligible to avail full input tax credit.
- (b) The Company shall not be allowed to avail input tax credit.
- (c) The Company shall not be allowed to avail input tax credit in excess of 50% of the tax amount charged on such invoice.
- (d) The Company shall be allowed to claim input tax credit only if it has not issued any credit note to the customer against such returned goods.

Ans: (a)

6. While moving the goods from Maharashtra unit to Gujarat unit by the Company, goods shall be accompanied by _____. (Chapter Tax Invoice; Credit and Debit Notes)

- (a) Original invoice issued in December, 2024
- (b) Invoice issued by the returning customer to the Gujarat unit of the Company
- (c) Invoice by Maharashtra unit to the Gujarat unit of the Company
- (d) Delivery challan issued by the Customer to the Company

Ans: (c)

CS 10

(RTP Sep'24)

XYZ Private Limited is a mid-sized company, registered in Delhi, dealing in the manufacturing and distribution of electronic goods in India. The company has been operating for over a decade and has a robust supply chain network across the Country. The Company needs to ensure compliance with various GST regulations related to return filing, registration, and payment of tax.

The company is exploring to expand its sales channel in India through distributors in each State. In view of the same, the company has undertaken following activities in the month of June.



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

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

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.5 below

1. Which of the following statements is correct under GST law in relation to the hotel accommodation service received by the Company? (Chapter Tax Invoice; Credit and Debit Notes)
- (a) The hotel shall charge CGST and SGST in the invoice issued to the Company.
 - (b) The Hotel shall charge IGST in the invoice issued to the Company
 - (c) The Hotel shall issue a bill of supply to the Company.
 - (d) The Hotel shall charge CGST and SGST to the extent the charges are related to participants of Rajasthan and IGST to the extent charges are related to the participants of Gujarat and Madhya Pradesh, on the invoice issued to the Company.

Ans: (a)

2. What shall be the place of supply in relation to the gift items purchased by XYZ Private Limited? (Chapter 4: Place of Supply)
- (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

Ans: (b)

3. Which of the following statements is true in relation to the gift items and the insurance policy purchased by the Company? (Chapter 8: Input Tax Credit)
- (a) The company is not eligible to avail the input tax credit in relation to both, gift items and the insurance policy.
 - (b) The company is eligible to avail the input tax credit related to gifts valuing less than ₹ 50,000.
 - (c) The company is eligible to avail the input tax credit only on insurance policy as the same is provided to employees i.e. related person of the Company.
 - (d) There is no restriction in availing of input tax credit related to gifts and insurance policy.

Ans: (a)

4. Which of the following statements is correct in relation to the issuance of e-way bill for transportation of goods between factory and warehouse in non-motorized cart? (Chapter 12: E-Way Bill)
- (a) E-way bill is required to be issued by the company for each instance of transportation of goods irrespective of the consignment value of goods.
 - (b) E-way bill is not required to be issued in the given case irrespective of the consignment value of the goods.
 - (c) E-way bill is required to be issued for goods of the consignment value above ₹ 50,000
 - (d) E-way bill is required to be issued for goods of the consignment value above ₹ 1,00,000

Ans: (b)



5. Which of the following statements is most appropriate in relation to the new warehouse taken on rent by the Company? (Chapter 19: Registration)
- (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.

Ans: (a)

CS 11

(MTP 12 Marks Aug '24)

M/s. Maahi & Co., a LLP registered dealer under GST, is engaged in various types of business activities. It provided GTA services to Government Department, registered under GST for providing various services. Maahi & Co. did not exercise the option to pay GST.

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

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

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

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

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

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

IGST: ₹ 8,000

CGST: ₹ 12,000

SGST: ₹ 5,000

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

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

1. Choose the correct statement(s). (Chapter 13: Charge of GST)

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

Ans: (c)

2. Which of the following options is correct in respect of GTA services provided to Government Department? (Chapter 13: Charge of GST)

- (a) GTA service is taxable @ 12% without restriction of availing input tax credit.
- (b) GTA service is taxable @ 12%, but input tax credit cannot be availed for the same.
- (c) GTA service is taxable @ 5% without restriction of availing input tax credit.
- (d) GTA service is taxable @ 5%, but input tax credit cannot be availed for the same.

Ans: (d)



3. Gift of ₹ 50,000 in value provided by Maahi & Co to each of its employee will be: (Chapter 12: Supply under GST)
- Supply of goods
 - Supply of services
 - Exempt supply
 - Not a supply

Ans: (d)

4. Which of the following statements is correct:- (Chapter 14: Exemptions from GST)
- Letting out of warehouse to Shankar is exempt
 - Catering service to "Vishesh" Anganwadi is exempt
 - Letting out of warehouse to Shankar is not exempt
 - Catering service to "Vishesh" Anganwadi is not exempt
- i & ii
 - iii & iv
 - i & iv
 - ii & iii

Ans: (d)

5. M/s Maahi & Co is eligible to claim input tax credit of _____. (Chapter 18: Input Tax Credit)
- ₹ 45,000
 - ₹ 55,000
 - ₹ 1,00,000
 - Nil

Ans: (d)

6. Compute the GST liability of the firm for the month of July to be paid in cash, if rule 86B of the CGST Rules, 2017 is not applicable? (Chapter 23: Payment of Tax)
- IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000
 - IGST: ₹ 12,000; CGST: Nil; SGST: ₹ 5000
 - IGST: Nil; CGST: ₹ 10,000, SGST: ₹ 5000
 - IGST: 5,000; CGST: Nil, SGST: 10,000

Ans: (a)

CS 12

(MTP 10 Marks Apr'21)

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	– Rs.	53,000
ii. Outward freight	– Rs.	12,000
iii. Packing Charges	– Rs.	5,000
iv. Discount given on receiving payment	– Rs.	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 availment 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:

1. Compute the tax liability for the quarter ending June under CGST and SGST? (Payment of Tax)

- (a) Rs. 30,000 each
- (b) Rs. 12,000 each
- (c) Rs. 6,000 each
- (d) Rs. 36,000 each

Ans: (d)

2. Compute the value of Supply made by Ms. Anjali to Breathe Wall LLP? (Value of Supply)

- (a) Rs. 56,000
- (b) Rs. 58,000
- (c) Rs. 68,000
- (d) Rs. 75,000

Ans: (b)

3. Determine the amount of ITC that can be claimed by Ms. Anjali for the month of July (Input Tax Credit)

- (a) Rs. 1,00,000
- (b) Rs. 1,10,000
- (c) Rs. 1,05,000
- (d) Rs. 1,50,000

Ans: (b)

4. Determine the time of supply made to Breathe Wall LLP? (Time of Supply)

- (a) 22nd July
- (b) 25th July
- (c) 28th July
- (d) 30th July

Ans: (b)

5. Ms. Anjali need not issue invoice to which of the following persons? (Tax Invoice, Credit & Debit Note, E-way Bill)

- (a) Mr. Pawan
- (b) Mr. Pawan and Umesh
- (c) Mr. Pawan and Rains Trust
- (d) Need not issue invoice to all the three persons

Ans: (a)

CS 13

(MTP 10 Marks May'20, Apr'23)

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: -

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): - (Supply under GST)

- (a) composite Supply & applicable rate 12%
- (b) mixed Supply & applicable rate 18%
- (c) composite Supply & applicable rate 18%
- (d) mixed Supply & applicable rate 12%

Ans: (b)

2. Ms. Riya can opt for composition scheme if she does not undertake the supply of (Charge of GST)

- (i) Aerated water
- (ii) Tobacco
- (iii) Pan masala
- (iv) Milk
- (a) I & ii
- (b) iii & iv
- (c) I, ii & iii
- (d) ii, iii & iv

Ans: (c)

3. Out of payments received by Ms. Riya in month of May 20XX, exempt Supply amounts to _____ (Exemptions of GST)

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

Ans: (b)

4. In respect of supply made by Ms. Riya, the value of supply under section 15 of CGST Act, 2017 is (Value of Supply)

- (a) Rs. 45,000
- (b) Rs. 47,500
- (c) Rs. 48,500
- (d) Rs. 51,000

Ans: (a)

5. Eligible amount of input tax credit that can be claimed by Ms. Riya in the month of July 20XX is, (Input Tax Credit)

- (a) Rs. 30,000
- (b) Rs. 37,000



(c) Rs. 1,50,000

(d) Rs. 1,57,000

Ans: (c)

CS 14

(MTP 10 Marks Mar'22 & Oct'23)

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. It's 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 availment 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

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 _____ (Chapter 13 Charge of GST)

(a) 9th May

(b) 23rd May

(c) 8th June

(d) 7th July

Ans: (c)

2. In respect of the goods sent on sale or return basis, Harsimran & Co. shall issue the invoice by _____ (Chapter 20 Tax Invoice, Credit & Debit Note, E-way Bill)

(a) 10th June

(b) 10th September

(c) 10th December

(d) 15th December

Ans: (c)

3. Determine the amount of eligible input tax credit that can be availed by Harsimran & Co for the month of August? (Chapter 18 Input Tax Credit)



- (a) Nil
- (b) ₹ 19,000
- (c) ₹ 22,000
- (d) ₹ 50,000

Ans: (b)

4. Compute the amount of ITC to be reversed for the month of September? Ignore interest liability, if any. (Chapter 18 Input Tax Credit)

- (a) Nil
- (b) ₹ 28,000
- (c) ₹ 15,000
- (d) ₹ 13,000

Ans: (c)

5. Time of supply in respect of service imported by Harsimran & Co from its Associated Enterprise is _____ (Chapter 16 Time of Supply)

- (a) 1st September
- (b) 30th September
- (c) 1st October
- (d) 10th October

Ans: (b)

CS 15

(RTP May '23)

Manavtaa Trust is a charitable trust registered under section 12AB of the Income-tax Act, 1961. The trust is well known for its educational, charitable and religious activities. The trust became liable to registration under GST in the current financial year since it exceeded the threshold limit for registration and thus, got itself registered in the State of Gujarat in the month of May.

In the month of June, a multinational company, Dhruvtara Ltd., gifted 500 laptops worth ₹ 50 lakh to the trust free of cost for the charitable purposes, without any intention of seeking any business promotion from the same. Manavtaa Trust distributed these laptops for free in the same month to the needy students for facilitating them in their higher studies.

Manavtaa Trust owns a higher secondary school – Manavtaa Higher Secondary School - in Gujarat. In the month of July, the trust availed security personnel services from 'Perfect Security Solutions', Gujarat, a proprietorship concern, for security of the school premises for a consideration of ₹ 2,00,000. It also received legal consultancy services from 'Maya & Co.' a firm of advocates for the issues relating to the said school for ₹ 1,20,000, in the same month.

Manavtaa Trust furnished the following information regarding the expenses incurred by it in the month of August; all transactions being inter-State:

- (i) Services received and used for supplying taxable outward supplies – ₹ 3,50,000.
- (ii) Catering services received for students of Manavtaa Higher Secondary School – ₹ 2,00,000.
- (iii) Buses purchased with seating capacity of 25 persons including driver – ₹ 10,50,000 (Buses were delivered in the first week of September).

Manavtaa Trust provided the following information in respect of the services provided by it during the month of August:

- (i) It runs an old age home for senior citizens. Nominal monthly charges of ₹ 15,000 for boarding, lodging and maintenance are charged from each member. Total number of members is 20.
- (ii) It rents out a community hall situated within the precincts of a temple managed by it on 15th August for a religious function in first half for ₹ 5,000 and for an art exhibition in second half for ₹ 6,000.
- (iii) It rents out the rooms in the precincts of said temple to the devotees for a rent of ₹ 950 per room per day. Total rent collected in August amounts to ₹ 35,000.

All the figures given above are exclusive of taxes wherever applicable. Aggregate turnover of Manavtaa Trust for the preceding financial year was ₹ 15 lakh. All the conditions necessary for availment of ITC are fulfilled subject to the information given. Manavtaa Trust intends to avail exemption from GST wherever applicable.



Based on the information given above, choose the most appropriate answer to the following questions-

- Which of the following activities of Manavtaa Trust does not amount to supply under the GST law? (Chapter Exemptions of GST)
 - Free laptops distributed to the needy students
 - Boarding, lodging and maintenance of the senior citizens by the old age home run by the trust
 - Renting of community hall situated within the precincts of the temple managed by the trust
 - Renting of rooms in the precincts of the temple managed by the trust

Ans: (a)

- Compute the value of inward supplies on which tax is payable by Manavtaa Trust under reverse charge, for the month of July. (Chapter Charge of GST)
 - ₹ 2,00,000
 - ₹ 3,20,000
 - ₹ 1,20,000
 - Nil

Ans: (d)

- Compute the value of exempt supply made by Manavtaa Trust for the month of August. (Chapter Exemptions of GST)
 - ₹ 3,00,000
 - Nil
 - ₹ 3,35,000
 - ₹ 35,000

Ans: (c)

- Compute the value of taxable supply made by Manavtaa Trust for the month of August. (Chapter Value of Supply)
 - ₹ 3,00,000
 - ₹ 11,000
 - Nil
 - ₹ 35,000

Ans: (b)

- Determine the amount of ITC that can be credited to the Electronic Credit Ledger of Manavtaa Trust, in the month of August assuming rate of GST to be 18%. (Chapter Input Tax Credit)
 - ₹ 36,000
 - ₹ 63,000
 - ₹ 1,89,000
 - ₹ 2,88,000

Ans: (b)

CS 16

(RTP Nov'23)

Bali Bells Ltd. (hereinafter referred as Bali Bells), a private limited company registered in Chennai, Tamil Nadu, provides the following outward supplies in the month of September:

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

Bali Bells Ltd. sold land for ₹ 2,00,00,000 (excluding GST) in the month of September. Bali Bells purchased one heavy steel machinery in the month of September for ₹ 1,00,000 (excluding GST @ 18%). Bali Bells capitalized the value of machinery along with GST paid on the same in its books of accounts and claimed depreciation on the full value of machinery as well as on GST amount.



Apart from this, Bali Bells has a tax invoice dated 25th July of last financial year with respect to an inward supply of ₹ 50,000 (excluding GST @ 18%). The company has not availed ITC on said invoice yet.

Bali Bells distributed some free samples of goods in the month of October to its customers to promote its sales.

Bali Bells made a supply during November, 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
- It received a subsidy of ₹ 3,500 from Bharat Foundation Pvt. Ltd. for usage of green energy and the subsidy was linked to the units of energy saved and not aforesaid product.

Bali Bells has not furnished its annual return for the preceding financial year till the end of November and will furnish it in the month of December of the current financial year.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the months of September, October and November. All the amounts given above are exclusive of taxes, unless otherwise specified.

Based on the facts of the case scenario given above, choose the most appropriate answer to

Q. Nos. 1 to 5 below:-

1. Determine the aggregate turnover of Bali Bells for the month of September. (Chapter Registration)

- (a) ₹ 2,70,00,000
- (b) ₹ 95,00,000
- (c) ₹ 2,95,00,000
- (d) ₹ 70,00,000

Ans: (b)

2. Bali Bells wants to avail ITC on GST paid on the heavy steel machinery purchased in September. Which of the following statements is true in this regard? (Chapter Input Tax Credit)

- (a) ITC on the machinery cannot be availed since depreciation has been claimed on the GST paid on the machinery under Income-tax Act, 1961.
- (b) ITC on the machinery shall be allowed to the extent of 50% in the current financial year and balance 50% in the subsequent financial year.
- (c) ITC on the machinery shall be allowed in the current financial year only to the extent of the depreciation claimed on GST paid on machinery.
- (d) Full ITC of GST paid on the machinery can be availed in the current year.

Ans: (a)

3. Whether Bali Bells can avail ITC on the free samples of goods distributed in the month of October? (Chapter Input Tax Credit)

- (a) Yes; ITC is available on outward supplies even if made without consideration in the course or furtherance of business.
- (b) No; ITC is not available since supply of samples is without consideration.
- (c) No; ITC on free samples is blocked under section 17(5) of the CGST Act, 2017.
- (d) No; ITC is not available since supply of free samples is not in course or furtherance of business.

Ans: (c)

4. Bali Bells can claim ITC on inputs received in July of preceding financial year upto _____ of the current financial year. (Chapter Input Tax Credit)

- (a) 30th November
- (b) 25th July
- (c) 31st December
- (d) 30th September

Ans: (a)

5. Compute the value of supply under section 15 of the CGST Act, 2017 made by Bali Bells in the month of November? (Chapter Value of Supply)

- (a) ₹ 45,000



- (b) ₹ 47,500
- (c) ₹ 48,500
- (d) ₹ 51,000

Ans: (a)

CS 17

(RTP May'24)

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

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

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

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

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

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

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

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

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

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

1. For the transaction related to renting of commercial space, what should be the rate of tax charged by ABC Ltd.? (Chapter Charge of GST)

- (a) The rate of GST on rent and maintenance material related recovery shall be 18%.
- (b) The rate of GST on rent shall be 18% and, on the material, shall be 5%.
- (c) No GST shall be charged on the recovery related to material used in maintenance. Rate of GST on rent shall be 18%.
- (d) The rate of GST on rent and maintenance material related recovery shall be 5%.

Ans: (a)

2. Compute the value of supply under section 15 of the CGST Act, 2017 made by ABC Ltd. in the month of June? (Chapter Value of Supply)

- (a) ₹ 45,000
- (b) ₹ 47,500
- (c) ₹ 48,500
- (d) ₹ 51,000

Ans: (a)

3. With respect to the hotel accommodation service provided to Mr. X, GST payable by ABC Ltd. is _____. (Chapter Exemptions from GST)

- (a) nil, GST on accommodation service is payable by the recipient, Mr. X, under reverse charge



- (b) nil, GST on accommodation services provided to an unregistered person is exempt from GST
- (c) in the nature of CGST and SGST
- (d) in the nature of IGST

Ans: (c)

4. Which of the following options is correct with regard to the availability of ITC to ABC Ltd. in respect of GST paid on the procurement of goods meant for the purpose of corporate social responsibility activity? (Chapter Input Tax Credit)

- (a) The amount of ITC related to such procurement of goods is not available to ABC Ltd.
- (b) The amount of ITC related to such procurement of goods is available to ABC Ltd.
- (c) The amount of ITC only to the extent of 50% of amount of such procurement of goods is available to ABC Ltd.
- (d) The amount of ITC shall be available to the registered person to whom such goods are distributed under CSR activity.

Ans: (a)

5. Which of the following options is correct with regard to the advice given by GST officer in respect of auditing of accounts? (Chapter Accounts and Records)

- (a) There is no requirement of separate audit of the financial statements from the perspective of GST provisions.
- (b) Only reconciliation statement shall be audited by a Chartered Accountant.
- (c) The annual return as well as the reconciliation statement shall be audited by a Chartered Accountant.
- (d) Separate audit of financial statements at each State level is required by ABC Ltd. under the GST law.

Ans: (a)

CS 18

(MTP 12 Marks Mar'24)

XYZ Electronics Pvt. Ltd. is a leading electronic goods manufacturing company in Delhi. The company produces a wide range of products, including smartphones, laptops, and home appliances.

The sales by the Company are mainly through its distributors on the following credit terms:

For laptops – up to 15 days

For smartphones – up to 90 days

For other home appliances – up to 45 days

During the year, the Company purchased plant and machinery worth ₹ 1 crore exclusive of GST. The GST rate for such plant and machinery is 18%. The input tax credit on such plant and machinery is not blocked under any provision of the CGST Act, 2017.

The Company is planning to demerge its operations in relation to the laptops and other computer accessories from the next financial year. The demerged entity will be a separate legal entity of the Company in form of a wholly owned subsidiary of the Company having common Board of Directors.

The Company also participates in domestic and international level trade fairs to showcase its products and sale through those events. The Electronics Association of Rajasthan is organising a trade fair in Jaipur. The Company is keen to participate in the same. To ensure the GST compliances, the Company wants to obtain the GST registration as casual taxable person in the state of Rajasthan. The Company obtained the GST registration as casual taxable person in the state of Rajasthan with the validity period of 45 days.

The Company transferred the goods from one of its godown in Delhi to another godown in Gujarat wherein the Company has a registered place of business. The value of goods transferred is ₹ 5 crores and the rate of GST applicable on such transfer is 18%. The tax invoice was issued, and GST was deposited by the Company. However, the consideration was not paid by the Gujarat office of the Company to the Delhi office even after 180 days of the invoice date. Further, there was no reverse movement of such goods from Gujarat godown to Delhi Godown.

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

1. What shall be the time limit to issue invoice for supply of smartphones on credit: (Chapter 20: Tax Invoice; Credit and Debit Notes)

- (a) The invoice shall be issued on 31st day from the date of removal of smartphones to distributors.



- (b) Invoice shall be issued before or at the time of removal of smartphones to distributors.
- (c) The invoice shall be issued at the time of receiving payment from distributors.
- (d) The invoice shall be issued upon completion of credit term, i.e. 90 days.

Ans: (b)

2. In relation to the plant and machinery purchased by the Company, select the correct alternative from the following: (Chapter 18: Input Tax Credit)

- (a) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income- Tax Act, 1961 shall be ₹ 1.18 crore.
- (b) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income- Tax Act, 1961 shall be ₹ 1 crore.
- (c) ITC cannot be claimed in such transaction and value of asset on which depreciation can be claimed under the provisions of Income- Tax Act, 1961 shall be ₹ 1 crore.
- (d) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income- Tax Act, 1961 shall be ₹ 82 lakh.

Ans: (b)

3. How shall the demerged entity be treated under the provisions of GST Law? (Chapter 19: Registration)

- (a) The demerged entity shall be treated as related party of the Company.
- (b) The demerged entity shall be treated as distinct entity of the Company.
- (c) The demerged entity shall be treated as additional place of business of the Company.
- (d) The demerged entity shall be treated as sole selling agent of the Company.

Ans: (a)

4. The period of retention of books of accounts related to period prior to demerger under GST Law is: (Chapter 11: Accounts and Records)

- (a) 36 months from the end of financial year
- (b) 60 months from the end of financial year
- (c) 72 months from the end of financial year
- (d) 72 months from due date of furnishing annual return for the relevant financial year

Ans: (d)

5. The validity of GST registration as a casual taxable person in the state of Rajasthan is: (Chapter 9: Registration)

- (a) 45 days
- (b) 90 days
- (c) 180 days
- (d) 135 days

Ans: (a)

6. Which of the following statements is true in relation to the non-payment of consideration by the Gujarat godown to Delhi godown? (Chapter 8: Input Tax Credit)

- (a) The Gujarat godown shall reverse the ITC availed on the goods received from Delhi and also required to pay interest computed from the date of invoice till the date of reversal of ITC.
- (b) The Gujarat godown shall reverse the ITC availed on the goods received from Delhi and no interest shall be applicable.
- (c) The restriction of 180 days for payment of consideration is not applicable in the present case.
- (d) The Delhi godown shall issue a credit note to Gujarat godown to reverse the supply.

Ans: (c)

CS 19

(MTP 12 Marks Jul'24)

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



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

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

She received following payments during the month of May:

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

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

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

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

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

All the amounts given above are exclusive of taxes, wherever applicable. Further, all the supplies referred above are intra-State supplies unless specified otherwise. Conditions necessary for claiming input tax credit (ITC) have been fulfilled subject to the information given above. The opening balance of input tax credit for the relevant tax period of Wivtsu is Nil.

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

1. Supply of package made by Wivtsu to Natraj Traders is a _____ and is taxable under GST @ _____. (Chapter 2: Supply under GST)
- (a) composite supply; 12%
 - (b) mixed supply; 18%
 - (c) composite supply; 18%
 - (d) mixed supply; 12%

Ans: (b)

2. Out of payments received by Wivtsu in month of May, value of exempt supply is _____. (Chapter 5: Exemptions from GST)
- (a) ₹ 50,000
 - (b) ₹ 70,000
 - (c) ₹ 1,20,000
 - (d) ₹ 1,60,000

Ans: (b)

3. Compute the value of supply under section 15 of the CGST Act, 2017 made by Wivtsu in the month of June. (Chapter 7: Value of Supply)
- (a) ₹ 45,000
 - (b) ₹ 47,500



- (c) ₹ 48,500
- (d) ₹ 51,000

Ans: (a)

4. Compute the amount of input tax credit that can be claimed by Wivtsu in July. (Chapter 8: Input Tax Credit)

- (a) ₹ 30,000
- (b) ₹ 37,000
- (c) ₹ 1,50,000
- (d) ₹ 1,57,000

Ans: (c)

5. In respect of services availed by Wivtsu in April, which of the following is a correct statement? (Chapter 2: Supply Under GST)

- (a) Godown construction service availed from her brother-in-law free of cost is considered as a deemed supply.
- (b) Professional service availed from her son free of cost is considered as a deemed supply.
- (c) Neither of the two services availed by her is a deemed supply.
- (d) Both services availed by her are deemed supply.

Ans: (b)

6. Out of payments received by Wivtsu in month of May, the value of supply on which tax payable by the recipient under reverse charge is _____. (Chapter 3: Charge Of GST)

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

Ans: (d)

CS 20

(MTP 10 Marks 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 31 st 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 –

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 (Supply under GST)
- (a) (i) and (iv)
 - (b) (iii) and (iv)
 - (c) (ii) and (iii)
 - (d) (i) and (ii)

Ans: (a)

2. Compute the taxable value of supply of canteen service provided by Ms. Adisha? (Value of Supply)

- (a) ₹ 25,000
- (b) ₹ 35,000
- (c) ₹ 60,000
- (d) ₹ 80,000

Ans: (c)

3. Ms. Adisha should have applied for revocation of cancellation of registration certificate by (Registration)

- (a) 5th August
- (b) 20th August
- (c) 30th August
- (d) 4th September

Ans: (d)

4. Maximum time permissible for rectification of error committed in monthly return of June is _____ (Returns)

- (a) 20th July
- (b) 30th November of the next year
- (c) 31st October of the next year
- (d) 31st December of the next year

Ans: (b)

5. Determine which of the following services provided by Ms. Adisha and her hospital is exempt from GST? (Exemptions of GST)

- (i) Plastic surgery to enhance the beauty of the face
 - (ii) Ambulance service for transportation of patients
 - (iii) Renting of space to run medical store in hospital premises
 - (iv) Consultancy service by Ms. Adisha in other hospitals
- (a) (i), (ii) & (iv)
 - (b) (i), (ii)
 - (c) (ii) & (iv)
 - (d) (i) & (iii)

Ans: (c)

CS 21

(RTP Jan'25)

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

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

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

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



of the company.

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

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

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

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

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.5 below -

1. Which of the following statements is correct under GST law in relation to the registration requirements of the company (VCPL) in relation to its operations to be commenced in the State of Gujarat? (Chapter 9: Registration)

- (a) VCPL is not required to take GST registration for Gujarat multiplex till turnover of Gujarat multiplex does not cross ₹20 lakh.
- (b) VCPL is required to take GST registration in Gujarat while commencing business in Gujarat as aggregate turnover of VCPL has already exceeded ₹20 lakh in the current financial year.
- (c) VCPL is allowed to add Gujarat multiplex as additional place of business under the existing GST registration in Maharashtra.
- (d) VCPL is required to take GST registration only from next financial year subject to the condition that turnover of current financial year for Gujarat multiplex exceeds ₹20 lakh.

Ans: (b)

2. Which of the following statements is true in relation to filing of return by VCPL? (Chapter 15: Returns)

- (a) VCPL is required to file a single consolidated GST return for all States.
- (b) VCPL is required to file separate GST return for each State where it is registered.
- (c) VCPL is required to file returns only for the Maharashtra State where its corporate office is located.
- (d) VCPL has an option to file return in the State with the highest turnover.

Ans: (b)

3. VCPL is required to levy GST on rental charges _____. (Chapter 3: Charge of GST)

- (a) only if the turnover of tenant exceeds ₹20 lakh.
- (b) only if the turnover of tenant exceeds ₹1.5 crore.
- (c) only if the total rental charge collection in hands of VCPL exceeds ₹20 lakh.
- (d) irrespective of the turnover of the tenant or the amount of rental charge collection in the hands of VCPL.

Ans: (d)

4. In respect of the refundable security deposit given by VCPL, _____. (Chapter 3: Charge of GST)

- (a) GST is payable on the deposit amount by the owner of the premises.
- (b) GST is payable on the deposit amount by VCPL.
- (c) there is no requirement to pay GST by the owner or VCPL.
- (d) GST is payable in equal proportion over the term of rental agreement by the owner of premises.

Ans: (c)

5. VCPL is _____ for the advertisement material sent from Maharashtra Office to Gujarat office in relation to the upcoming movies. (Chapter Tax Invoice; Credit and Debit Notes)

- (a) not liable to issue any document as the transaction is between entities having same PAN.
- (b) liable to issue only a delivery challan.
- (c) liable to issue only a bill of supply.
- (d) liable to generate a tax invoice as well as an E-Way Bill.

Ans: (d)



FUTURE Insurance Ltd. is an insurance company providing life and general insurance services across India. The company has been carrying on its business for the past three years with the approval of IRDA. FUTURE Insurance Ltd. secures its business through various insurance agents spread across India. Those agents include individuals, firm, LLP and private limited company also. However, all of them are licensed under the Insurance Act.

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

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

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

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

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

All the amounts given above are exclusive of taxes wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Aggregate turnover of the company is not less than ₹ 10 crores for the past three years. Conditions necessary for availment of ITC are fulfilled subject to the information given. Values given in the question, wherever required, are in accordance with the relevant CGST Rules, 2017.

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

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

Ans: (a)

- Compute the total value of taxable supply made by FUTURE Insurance Ltd. for the month of May? (Chapter Value of Supply)

- ₹4,00,000
- ₹ 12,00,000
- ₹ 23,00,000
- ₹ 32,00,000

Ans: (c)



3. Determine the amount of ITC that can be claimed by FUTURE Insurance Ltd? (Chapter Input Tax Credit)

- (a) ₹80,000
- (b) ₹3,00,000
- (c) ₹3,80,000
- (d) ₹8,80,000

Ans: (c)

CS 23

(MTP 6 Marks Nov'24)

Madurai Impex Ltd. ('company') is engaged in supplying sports goods. The company did not opt for registration under GST. The proper officer under GST, based on enquiry, finds that the company is liable for registration and he registers the firm on temporary basis on 15th June, 2024.

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

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

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

1. After the grant of temporary registration, Madurai Impex Ltd. needs to apply for registration within _____ from the date of grant of temporary registration, if no extension of period is to be granted for such temporary registration. (Chapter Registration)

- (a) 30 days
- (b) 90 days
- (c) 7 days
- (d) 15 days

Ans: (b)

2. The Company needs to file its Final return by _____. (Chapter Returns)

- (a) 30th April, 2024
- (b) 30th August, 2024
- (c) 15th June, 2024
- (d) 30th June, 2024

Ans: (d)

3. Which of the following statements is correct in respect of e-way bill generated for goods in the month of February for which order was cancelled? (Chapter E-Way Bill)

- (a) Once generated, E-way bill cannot be cancelled.
- (b) E-way bill can be cancelled within 24 hours of generation
- (c) E-way bill can be cancelled within 48 hours of generation
- (d) E-way bill can be cancelled within 72 hours of generation

Ans: (b)

CS 24

(MTP 12 Dec'24) (MTP 12 Marks Sep'22)

LDR

Anushka, registered under GST in the State of Madhya Pradesh, is engaged in supplying multiple taxable goods and services. She has undertaken the following activities/transactions in the month of October in the current financial year:

- (i) Donated some money to Netrajyoti Charitable Trust, Madhya Pradesh, in the memory of her late mother. The Netrajyoti Charitable Trust constructed a room in the school run by it from such donation and wrote "Donated by Miss. Anushka in the memory of her mother" on the door of the room so constructed.



- (ii) Organized a seminar in Indore which was sponsored by WE-WIN Cricket Academy, an LLP. Anushka received a sponsorship fee of ₹1,50,000.
- (iii) Ashoka 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 Anushka 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 the following payments during the month of October:
 - earned ₹ 160,000 by performing at a western Indian cinematic concert in Indore
 - earned ₹ 50,000 for renting of space for use as a Textile Emporium
 - received ₹ 70,000 for supply of farm labour
- (v) Supplied 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 Prakarti Foundation Pvt. Ltd for usage of green energy and the subsidy was linked to energy saved during the month.

Anushka needs to transport one consignment to the transporter and then to the consignee. The distance, within the same State, between her godown and the transporter is 20 kms and from the place of transporter to consignee is 99 kms, respectively.

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 Q. Nos. 1 to 6 below:-

1. Donation made by Anushka to Netrajyoti Charitable Trust is _____. (Chapter Exemptions from GST)
- (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

Ans: (b)

2. Which of the following statements is correct with respect to the sponsorship fee received by Anushka? (Chapter Charge of GST)
- (a) Tax on sponsorship services is payable by Anushka 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 Anushka under reverse charge.

Ans: (b)

3. Determine the nature of supply and the applicable rate of GST for the packages supplied by Anushka to Ashoka Public School. (Chapter Supply under GST)
- (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%

Ans: (b)

4. Out of all the payments received by Anushka in the month of October, value of exempt supply amounts to _____. (Chapter Exemptions from GST)
- (a) ₹ 4,30,000
 - (b) ₹ 70,000
 - (c) ₹ 1,20,000
 - (d) ₹ 2,20,000

Ans: (b)

5. The value of supply of machinery supplied by Anushka is _____. (Chapter Value of Supply)
- (a) ₹ 45,000
 - (b) ₹ 47,500
 - (c) ₹ 48,500



(d) ₹ 51,000

Ans: (a)

6. Which of the following statements is true in respect of furnishing of details of conveyance in Part B of e-way bill? (Chapter E-Way Bill)

- (a) Part B need not be filed in respect of transport of consignment from Godown of Anushka to transporter location.
- (b) Part B need not be filed in respect of transport of consignment from transporter location to consignee's location.
- (c) Information in Part-B is neither required in transport of consignment from Godown of Anushka to transporter location nor from transporter location to consignee's location.
- (d) Information in Part-B is mandatory in transport of consignment from Godown of Anushka to transporter location and from transporter location to consignee's location.

Ans: (a)

CS 25

(PYP Sep'24)

M/s. Veena & Co. of Jabalpur was registered under GST under composition scheme. Outward Supply of the firm for the month of July 2024 was ₹ 10 lakh, out of which ₹ 2 lakh was supply of services. In the preceding financial year, the firm was doing trading of taxable goods only. Turnover of the concern for the previous financial year was ₹ 100 lakh.

The firm imported the following services during August, 2024:

- (a) Architect services from Mr. Vinod, a partner of the firm, who resides in France for ₹ 1,00,000. The said service was paid but not used for the furtherance of the business.
- (b) Management consultancy services from Mr. Lal, a renowned lawyer in Sweden, who was an ex-employee of the firm. The value of the said service was ₹ 3,00,000. Even though it was used in the furtherance of the business, no consideration was paid by the firm.

Aggregate Turnover of the firm crossed the limit of ₹ 150 lakh on 25.09.2024 from which date the firm was liable to pay tax under a regular scheme.

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 1-3 questions:

1. Tax liability of Veena & Co. for the month of July 2024 is ₹ each under CGST and SGST.

(Chapter Payment of Tax)

- (a) 5,000
- (b) 9,000
- (c) 10,000
- (d) 14,000

Ans: (a)

2. Import of services by Veena & Co. that will be treated as supply is ₹ _____. (Chapter Supply under GST)

- (a) Nil
- (b) ₹ 1,00,000
- (c) ₹ 3,00,000
- (d) ₹ 4,00,000

Ans: (b)

3. Veena & Co. will be eligible to claim ITC held on Stock and Capital goods as on _____.

(Chapter Input Tax Credit)

- (a) 01-09-2024
- (b) 24-09-2024
- (c) 25-09-2024
- (d) 30-09-2024

Ans: (b)



Pawan was engaged in providing various services within the State of Rajasthan since May 2024. His aggregate turnover crossed the threshold limit on 04.07.2024. He applied for registration under GST on 02.08.2024. He got his GST registration on 10.08.2024.

After taking registration, Pawan started a business across India including supply of goods also. He dispatched goods pan India based on orders he got for the goods dealt by him.

He received an order from Delhi for which he supplied taxable goods valuing ₹ 45,000. Applicable rate of IGST was 12%. He also supplied certain exempted goods valuing ₹ 4,000. He made one invoice for both taxable as well as exempted supply made to Delhi.

He asked his tax consultant for the requirement of generation of e-way bill for this order. Tax consultant informed him that the requirement of e-way bill is based on consignment value of goods supplied.

Even being a micro enterprise, Pawan did not receive timely payment from his customers as a result of which he ran into severe cash crunch and eventually could not make on-time payment to his suppliers. As a result, he decided to shut down his business and got placed in a software company as a senior programmer executive.

While shutting down his business, he informed his tax consultant to cancel the GST registration. Tax consultant surrendered his registration online in GST Portal on 25.10.2024 and his application for cancellation was approved by the Proper Officer on 31.10.2024.

All the amounts given above are exclusive of taxes wherever applicable.

From the information given above, choose the most appropriate answer for the 1-3 questions:

1. Effective date of registration of Pawan is _____. (Chapter Registration)

- (a) 04.07.2024
- (b) 02.08.2024
- (c) 03.08.2024
- (d) 10.08.2024

Ans: (a)

2. Consignment value of goods supplied to Delhi by Pawan is ₹ _____. (Chapter Value of Supply)

- (a) 45,000
- (b) 49,000
- (c) 50,400
- (d) 54,400

Ans: (c)

3. Due date by which Pawan is supposed to file Final return under GST is _____. (Chapter Returns)

- (a) 25.11.2024
- (b) 30.11.2024
- (c) 25.01.2025
- (d) 31.01.2025

Ans: (d)