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Question Paper	
Taxation	Duration: 65
Details: Test- 20 (GST Ch- 7)	Marks: 35

Instructions:

- All the questions are compulsory
- Properly mention test number and page number on your answer sheet, Try to upload sheets in arranged manner.
- In case of multiple choice questions, mention option number only Working notes are compulsory wherever required in support of your solution
- Do not copy any solution from any material. Attempt as much as you know to fairly judge your performance.

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Q-1

XYZ Pvt. Ltd. provided the following particulars relating to goods sold by it to ABC Pvt. Ltd

Particulars	Amount (₹)
List price of the goods (exclusive of taxes and discount)	50,000
Tax levied by the Municipal Authority on the sale of such goods	6,000
Packing charges (not included in the list price above)	2,500
Subsidy received from a NGO, directly linked to price (included in the list price above)	3,000
Paid to one of the vendors by ABC Pvt. in relation to the service provided by the vendor to XYZ Pvt. Ltd. (not included in the list price above)	2,000

XYZ Pvt. Ltd. offers 2% turnover discount on the list price after reviewing the performance of ABC Pvt. Ltd. The discount was not known at the time of supply.

ABC Pvt. Ltd. delayed the payment and paid ₹ 5,000 (including GST of 18%) as interest to XYZ Pvt. Ltd. Determine the value of taxable supply made by XYZ Pvt. Ltd. under GST law.

(6 Marks)

Q-2

Following are the particulars, relating to one of the machine sold by SQM Ltd. To ACD Ltd. in the month of February 2025 at list price of ₹ 9,50,000. (exclusive of taxes and discount) Further, following additional amounts have been charged from ACD Ltd

	Particulars	Rs.
(i)	Municipal taxes chargeable on the machine	45,000
(ii)	Outward freight charges (Contract was to deliver machine at ACD Ltd.'s factory i.e. F.O.R. contract)	65,000

Additional information :

(i) SQM Ltd. normally gives an interest-free credit period of 30 days for payment, after that it charges interest @ 1% p.m. or part thereof on list price. ACD Ltd. paid for the supply after 45 days, but SQM Ltd. waived the interest payable.

(ii) SQM Ltd. received ` 50,000 as subsidy, from one non-government organization (NGO) on sale of such machine. This subsidy was not linked to the price of machine and also not considered in list price of ` 9,50,000.

(iii) ACD Ltd. deducted discount of ` 15,000 at the time of final payment, which was not as per agreement.

(iv) SQM Ltd. collected ` 9,500 as TCS (tax collected at source) under the provisions of the Income-tax Act, 1961.

Compute the value of taxable supply as per the provision of GST laws, considering that the price is the sole consideration for the supply and both parties are unrelated to each other.

Note: Correct legal provision should form part of your answer.

(6 Marks)

Q-3

Kaashi Ltd. supplies machinery to Alisha Ltd. (Dealer in same State), provides following particulars regarding the same. Determine the value of taxable supply of machinery.

	Particulars	Rs.
1.	Price of Machinery (exclusive of taxes and discounts)	5,50,000
2.	One part is directly fitted in machinery at place of Alisha Ltd. (amount paid by Alisha Ltd. directly to supplier, as per contract this amount should be paid by Kaashi Ltd. and not included in price)	20,000
3.	Installation and testing charges for machinery, not included in price	25,000
4.	Discount @ 2% on machinery price (recorded in the invoice)	
5.	Kaashi Ltd. provides additional 1% discount at year end, based on additional purchase of other machinery (discount is not linked to the relevant invoice and proportionate ITC has not been reversed by Alisha Ltd.)	

(6 Marks)

Q-4

Candy Blue Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it for the month of October :

	Particulars	Amount (₹)
(i)	List price of goods supplied inter-state	12,40,000
	Items already adjusted in the price given in (i) above	

	(1) Subsidy from Central Government for supply of Biscuits to Government School	1,20,000
	(2) Subsidy from Trade Association for supply of quality Biscuits	30,000
	Items not adjusted in the price given in (i)	
	(1) Tax levied by Municipal Authority	24,000
	(2) Packing Charges	12,000
	(3) Late fee paid by the recipient of supply for delayed Payment of invoice	5,000

Calculate the Value of taxable supply made by M/s. Candy Blue Ltd. for the month of October.

(6 Marks)

Q-5

Black Pink Papper Ltd ., Delhi, a registered supplier, manufactures taxable goods. It provides the following details of taxable inter-State supply made by it during the month of March.

S.No.	Particulars	Amount (Rs.)
1.	List price of taxable goods supplied inter-State (exclusive of taxes)	12,00,000
2.	Price linked subsidy received from the Central Government for supply of taxable goods to Government School (exclusively	2,10,000

	related to supply of goods included at S. No. 1)	
3.	Price linked 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. 7)	50,000
4.	Tax levied by Municipal Authority	20,000
5.	Packing charges	15,000
6.	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 over and above such amount)	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 Black Pink Papper Ltd . During the month of March. Rate of IGST is 18%.

(6 Marks)

Q-6 MCQ Question

1. XYZ Ltd., a supplier of electronics, enters into an agreement with its distributors, ABC Pvt. Ltd., stating that a 5% discount will be provided on future supplies if the distributors achieve certain sales targets. The agreement was signed before the time of supply. After the sales targets are achieved, XYZ Ltd. issues a credit note to ABC Pvt. Ltd., linking the discount to the relevant invoices. ABC Pvt. Ltd. reverses the input tax credit attributable to the discount.

Based on the provisions of Section 15(3) of the CGST Act, 2017, can XYZ Ltd. avail a deduction of the post-supply discount from the value of supply?

- a) No, because post-supply discounts are not eligible for deduction.
- b) Yes, because all conditions under Section 15(3) of the CGST Act, 2017, are satisfied.
- c) No, because the discount was offered after the supply was made.
- d) Yes, because the distributor reversed the input tax credit only.

2. PQR Ltd., a supplier of consumer goods, agrees with its buyer, DEF Pvt. Ltd., to offer a 10% discount on bulk purchases. However, the agreement is reached only after the goods are supplied and invoiced. Later, PQR Ltd. issues a credit note for the discount. DEF Pvt. Ltd., however, does not reverse the proportionate input tax credit (ITC) it had availed on the gross invoice value.

Can PQR Ltd. claim a deduction for the post-supply discount from the value of supply in this situation?

- a) Yes, because the discount was eventually given and documented with a credit note.
- b) No, because the agreement was made after the time of supply.
- c) Yes, because the buyer availed ITC on the gross value of the invoice.
- d) No, because the buyer did not reverse the proportionate ITC as required under the law.

3. ABC Constructions enters into an agreement with XYZ Ltd., a supplier of construction materials. As per the agreement:

- 1. ABC Constructions will pay ₹5,00,000 in cash for the supply of cement.
- 2. In addition, ABC Constructions will provide advertising services worth ₹50,000 to XYZ Ltd. as part of the consideration.

XYZ Ltd. raises an invoice for the total value of the supply, inclusive of the monetary and non-monetary consideration.

Under the CGST Act, how will the consideration for the supply be determined?

- a) ₹5,00,000, as only monetary payments are considered under GST law.
- b) ₹50,000, as only the non-monetary value is considered under GST law.
- c) ₹5,50,000, as consideration includes both monetary and non-monetary payments.
- d) ₹0, as no direct payment is made entirely in cash for the supply.

4. Sharp Minds Institute provides coaching for engineering entrance examinations and charges ₹10,000 per month from each student. During a particular month:

- The Institute collected ₹3,00,000 as coaching fees.
- It also received a lump sum subsidy of ₹10,000 from Nav Jeevan, an NGO, for supporting underprivileged students.
- The Institute provides free training to 10 underprivileged students annually.

What is the value of supply of education services made by Sharp Minds Institute for the month under GST?

- a) ₹3,10,000, including the subsidy received from Nav Jeevan.
- b) ₹3,00,000, excluding the subsidy, as subsidies provided by NGOs are not part of consideration under GST.
- c) ₹3,10,000, excluding fees for free students but including the subsidy.
- d) ₹3,10,000, excluding free services but considering both coaching fees and subsidy.

5. Furniture Wala, a retail furniture chain, offers free delivery for furniture if the customer's location is within 20 km of the showroom. For distances beyond 20 km, they charge ₹10 per additional km.

- Ms. Leena Kapoor buys furniture worth ₹2,00,000.

- In Scenario 1: Ms. Leena's residence is 18 km from the showroom, and free delivery is provided.
- In Scenario 2: Ms. Leena's residence is 50 km from the showroom, and a delivery charge of ₹300 is applicable $[(50 - 20) \times ₹10]$.

What is the value of the taxable supply made by Furniture Wala in the two scenarios?

- a) ₹2,00,000 in both scenarios, as delivery charges are optional.
- b) ₹2,00,000 for Scenario 1 and ₹2,00,300 for Scenario 2, including the delivery charge.
- c) ₹2,00,000 in Scenario 1 and ₹2,00,000 in Scenario 2, as delivery charges are excluded from taxable value.
- d) ₹2,00,300 in both scenarios, as delivery cost is always included in the value of supply.

(1×5=5 Marks)

