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MCQ's – Chapter Wise

Chapter 1 - Introduction

1. GST stands for _____
- (a) Good and Simple Tax
 - (b) Geographical Sales Tax
 - (c) Geographical Service Tax
 - (d) Goods and Services Tax

Ans (d)

2. In India GST became effective from _____ .
- (a) 30th June 2017
 - (b) 8th August 2017
 - (c) 1st July 2017
 - (d) 1st October 2017

Ans (c)

3. GST is a _____ based tax on consumption of goods and services.
- (a) Origin
 - (b) Destination
 - (c) Supply
 - (d) Both (b) and (c) are correct

Ans (b)

4. Which of the following tax is not subsumed in GST?
- (a) Value Added Tax
 - (b) Basic Customs Duty (BCD)
 - (c) Additional Customs Duty, commonly known as Countervailing Duty (CVD)
 - (d) Special Additional Duty of Customs – 4% (SAD)

Ans (b)

5. Every person registered under GST shall be issued a unique number called as:
- (a) GSTAN (Based on TAN)
 - (b) GSTIN (Based on PAN)
 - (c) GSPIN (Based on PAN)
 - (d) GSTPIN (Unique Identification Pin)

Ans (b)

6. Article _____ in Constitution of India makes provision for constitution of GST Council?
- (a) 279A
 - (b) 366
 - (c) 269A
 - (d) 246A

Ans (a)

7. GST Council is the _____ Constitutional Authority to decide policies of GST.
- (a) Complex
 - (b) Apex
 - (c) Secondary
 - (d) Base

Ans (b)

8. Who shall be the Chairman of the GST Council?
- (a) Union Finance Minister
 - (b) State Finance Minister
 - (c) Prime Minister
 - (d) Lieutenant Governor

Ans (a)

9. How shall the Vice chairperson of the GST Council be elected?
- (a) GST Council shall elect from its Members
 - (b) President shall nominate
 - (c) Prime Minister shall nominate
 - (d) States shall with majority elect the Vice chairperson

Ans (a)

10. Which Article of the Indian Constitution defines the GST?
- (a) Article 279A
 - (b) Article 366(12A)
 - (c) Article 265
 - (d) Article 270

Ans (b)

11. Goods and Services tax means a tax on _____ of goods or services or both.
- (a) Sale
 - (b) Transfer
 - (c) Supply
 - (d) All of the above

Ans (c)

12. _____ shall be levied on inter – State branch transfers.
- (a) IGST
 - (b) CGST
 - (c) UTGST
 - (d) SGST

Ans (a)

13. Which Article of the Indian Constitution empowers the Government of India to levy IGST in case of inter – State supply?
- (a) Article 246A
 - (b) Article 279
 - (c) Article 269A(1)
 - (d) Article 366(26A)

Ans (c)

14. Tobacco products shall be subject to which of the following taxes?
- (a) Excise duty
 - (b) GST
 - (c) Excise Duty plus GST
 - (d) VAT

Ans (c)

15. Can tax be imposed on entertainment & amusement by the Municipality, panchayat, Regional Council & District Council after implementation of GST?
- (a) Yes
 - (b) No
 - (c) Yes, with prior permission of President
 - (d) May be

Ans (a) [Tax by local bodies is not subsumed under GST]

16. What can be the maximum rate of IGST that can be levied?
- (a) 28%
 - (b) 40%
 - (c) 20%
 - (d) 50%

Ans (b)

17. Which website is used for filing GST returns?
- (a) www.cbic.gov.in
 - (b) www.gst.gov.in
 - (c) www.gstcouncil.gov.in
 - (d) www.cbdt.gov.in

Ans (b)

18. What is the meaning of the cascading effect?
- (a) Charging tax on tax
 - (b) Dual taxation
 - (c) Non – eligible of ITC
 - (d) None of the above

Ans (a)

19. Which of the following tax is not subsumed in GST?

- (a) Stamp duty
- (b) Central Excise
- (c) Octroi
- (d) VAT

Ans (a)

20. The definition of goods under section 2(52) of the CGST Act does not include

- (a) Grass
- (b) Money and securities
- (c) Actionable claims
- (d) Growing crops

Ans (b)

21. As per the CGST Act, 2017, the term “works contract” includes:

- (a) Construction, fabrication, completion, erection, installation, etc. of movable property
- (b) Construction, fabrication, completion, erection, installation, etc. of immovable property
- (c) Both (a) and (b)
- (d) None of the above

Ans (b)

22. Who are the members of the GST Council? Enumerate any two recommendations that can be made by the GST Council.

Solution:

The GST Council shall consist of the following members, namely: —

- (a) the Union Finance Minister is the Chairperson;
- (b) the Union Minister of State in charge of Revenue or Finance is the Member;
- (c) the Minister in charge of Finance or Taxation or any other Minister nominated by each State Government are the Members.

The recommendations that can be made by GST Council are as under: -

- (i) the taxes, cesses and surcharges levied by the Union, the States and the local bodies which may be subsumed in GST;
- (ii) the goods and services that may be subjected to, or exempted from GST;
- (iii) model GST Laws, principles of levy, apportionment of GST levied on supplies in the course of inter-State trade or commerce and the principles governing the place of supply;
- (iv) the threshold limit of turnover below which goods and services may be exempted from GST;
- (v) the rates including floor rates with bands of GST;
- (vi) any special rate(s) for a specified period, to raise additional resources during any natural calamity/disaster;
- (vii) special provision with respect to Special Category States;

- (viii) the date on which the GST be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel;
- (ix) any other matter relating to the GST, as the Council may decide.
- (i) Briefly discuss Article 246A of the Constitution of India.

(i) Article 246A grants power to the Parliament and Legislature of every State to make laws with respect to GST imposed by Centre/such State.

Parliament has the exclusive power to make laws with respect to GST in case of inter-State supply of goods and/or services.

However, in respect of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel, the aforesaid provisions shall apply from the date recommended by the GST Council.

- 23.** Why was there a need for making a constitutional amendment for introduction of GST? Discuss significant provisions of Constitution (101st Amendment) Act, 2016.

Solution:

There was a need for making constitutional amendment for introduction of GST so as to enable integration of the central excise duty, additional duties of customs, State VAT and certain State specific taxes and service tax into a comprehensive Goods and Services Tax and to empower both Centre and the States to simultaneously levy and collect it.

The significant provisions of Constitution (101st Amendment) Act, 2016 are as under: -

- (i) Concurrent powers on Parliament and State Legislatures to make laws governing taxes on goods and services.
- (ii) Levy of IGST on inter-State transactions of goods and/or services to be levied and collected by the Central Government and apportioned between the Union and States in the manner provided by Parliament by law as per the recommendation of the GST Council.
- (iii) Principles for determining the place of supply and when a supply takes place in the course of inter-State trade/commerce shall be formulated by the Parliament, by law.
- (iv) GST will be levied on all supply of goods and services except alcoholic liquor for human consumption.
- (v) On the following products, GST shall not be levied till a date to be notified on the recommendations of the GST Council:
 - Petroleum Crude
 - High Speed Diesel
 - Motor Spirit (commonly known as Petrol)
 - Natural Gas
 - Aviation Turbine Fuel

(vi) The Union Government shall retain the power to levy duties of excise on the aforesaid products besides tobacco and tobacco products manufactured or produced in India.

(vii) President is empowered to constitute a joint forum of the Centre and States namely, Goods & Services Tax Council (GST Council).

(viii) The Union Finance Minister is the Chairman of GST Council and Ministers in charge of Finance/Taxation or any other Minister nominated by each of the States & UTs with Legislatures are its members. Besides, the Union Minister of State in charge of Revenue or Finance is also its member.

(ix) The function of the GST Council is to make recommendations to the Union and the States on important issues like tax rates, exemptions, threshold limits, dispute resolution etc.

(x) The provisions relating to GST Council came into force on 12th September, 2016. President constituted the GST Council on 15th September, 2016.

Chapter 2 - Supply

1. What is the taxable event under GST?

- a. Manufacturing of goods
- b. Sales of goods
- c. Provision of Services
- d. Supply

Ans (d)

2. Supplier within the meaning of supply includes

- a. Person supplying goods
- b. Person providing services
- c. Both
- d. None of the above

Ans (c)

3. Flow of consideration is not a mandatory field under supply, in case of:

- a. Imports
- b. Activities specified under schedule I
- c. Both
- d. None of the above

Ans (b)

4. Can an activity be considered supply even when not made in course or furtherance of business?

- a. Yes
- b. No
- c. Prior permission by the Government
- d. Not applicable

Ans (a)

5. A Holding entity made certain transfer of fixed asset on permanent basis to its subsidiary entity without any consideration. Does the same classify as a supply under GST?

- a. Yes
- b. No
- c. On prior Permission of Government
- d. Not any

Ans (a)

6. What are the transactions to be classified as supply even if made without consideration?

- a. Permanent transfer or disposal of business asset
- b. Supply between related or distinct person when made in the course or furtherance of business
- c. Import of services from related persons or from any of his other establishment outside India
- d. All of the above

Ans (d)

7. Supply of goods or other similar articles for human consumption as a part of service, shall be classified as:

- a. Supply of goods
- b. Supply of services
- c. Both
- d. None of the above

Ans (b)

8. What type of supply shall transfer of title in goods under works contract constitute?

- a. Supply of Goods
- b. Supply of services
- c. Either of the two at the option of authority
- d. None of the above

Ans (b)

9. A job worker performed certain dyeing operations on fabrics. Does the given operation qualify as supply?

- a. Yes
- b. No
- c. On the prior approval of Government
- d. None of the above

Ans (a)

10. Mr. A, being a Director of ABC Pvt. Ltd. Is provided a car which he uses for his personal purpose. Does the same classify as supply? If yes under which group?

- a. Yes, supply of goods
- b. Yes, supply of services
- c. Does not qualify as supply
- d. None of the above

Ans (b)

11. What shall be the proper classification of Renting of immovable property under supply?

- a. Supply of Goods
- b. Supply of Services
- c. Does not qualify as supply
- d. None of the above

Ans (b)

12. ABC Ltd. offers a software to businesses for smooth processing of returns and accounts. Such software shall be considered as:

- a. Supply of Goods
- b. Supply of Services
- c. Does qualify as supply
- d. None of the above

Ans (b)

13. A local club supplies lunch to its members during its quarterly meetings at subsidized rates. The same for the purpose of the Act, is classified as:
- a. Supply
 - b. Sale
 - c. Does not qualify as supply
 - d. None of the above

Ans (a)

14. Transaction falling outside the ambit of supply are provided in:
- a. Schedule I
 - b. Schedule II
 - c. Schedule III
 - d. None of the above

Ans (c)

15. Schedule III of the CGST Act includes which of the following?
- a. Funeral, Burial, Crematorium
 - b. Functions performed by MP's, MLA's
 - c. Services by any court or tribunal
 - d. All of the above

Ans (d)

16. The Government of Haryana took initiative to develop Khadi, Village and Rural Industries in various Panchayats and municipalities as public authorities under article 243G of the constitution. The same provision is covered under:
- a. Supply of Goods
 - b. Supply of services
 - c. Neither of the two
 - d. At the option of Appropriate Authority

Ans (c)

17. Which of the following is the feature of mixed supply?
- a. Supply made at a single price
 - b. Non taxable Goods supplied
 - c. Naturally Bundled
 - d. Persons in same industry follow same practices

Ans (a)

18. Which of the following is not a composite supply?
- a. Goods are packed and transported with insurance
 - b. Supplier of machinery providing erection and commissioning services
 - c. Goods transport agency arranging for loading and unloading facility

d. None of the above

Ans (d)

19. What does mixed supply means under GST?

- a. Combination of two or more goods or services made together for a single price.
- b. Each of supply made together are not naturally bundled.
- c. Both (a) and (b)
- d. None of the above

Ans (c)

20. What shall constitute the main item under composite supply?

- a. Principal Item of the supplies naturally bundled
- b. Item with Highest tax rate
- c. As per the option of the taxpayer
- d. None of the above

Ans (a)

21. What shall be the tax rate under mixed supply?

- a. Tax rates as applicable on principal supply
- b. Highest tax rate of all items bundled in supply
- c. Either (a) or (b), at the option of taxpayer
- d. None of the above

Ans (b)

22. A person purchases laptop from a vendor along with laptop bag. What types of supply it shall constitute?

- a. Composite supply
- b. Mixed supply
- c. Neither of the two
- d. As per recommendation of Government

Ans (a)

23. "Principal supply", the term used in Composite supply means the supply of goods or services which constitutes the _____ of a composite supply and to which any other supply forming part of that composite supply is _____

- a. Ancillary element, predominant
- b. Usual element, ancillary
- c. Predominant element, ancillary
- d. Predominant element, important

Ans (c)

24. Mr. B had a capital asset on which he did not avail ITC instead claimed depreciation on it. Now he has permanently transferred the same to Mr. D without consideration. Is this a supply?

- a. Yes
- b. No

- c. Maybe
- d. None of the above

Ans (b)

25. Mr. A of Kolkata is transferring stock to its branch in UP. Is this transaction taxable?

- a. Yes
- b. No
- c. Maybe
- d. None of the above

Ans (a)

26. What kind of supply is this transaction: Food supplied to the in – patients as advised by the doctor in the hospital.”

- a. Composite Supply
- b. Mixed Supply
- c. Works Contract Service
- d. None of the above

Ans (a)

27. Comment on the tax rate applicable in case of composite supply?

- a. Tax rate as applicable on principal supply
- b. Tax rate as applicable on ancillary supply
- c. Tax rate as applicable on respective supply
- d. None of the above

Ans (a)

28. Mr. A, a director of ABC Pvt. Ltd sends some goods to Mr. B for his personal use. Will this constitute a supply?

- a. Yes, transaction between related parties
- b. No
- c. Maybe
- d. None of the above

Ans (b)

29. Free food is supplied in the religious institutions. Is the same taxable?

- a. Yes
- b. No
- c. Maybe
- d. None of the above

Ans (b)

30. As per section 2(102) of the CGST Act 2017, “services” means anything other than goods. Does this means that immovable property is also included in services?

- a. Yes

- b. No
- c. Maybe
- d. None of the above

Ans (a)

- 31.** Mr. A gave Rs. 2000 note to Mr. C, who in return gave 4 notes of Rs.500 back to Mr. A. Does this qualify “service” definition as per GST Law?
- a. Yes
 - b. No
 - c. Maybe
 - d. None of the above

Ans (b)

- 32.** Recipient of supply of goods or services means
- a. Where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
 - b. Where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and
 - c. Where no consideration is payable for the supply of a service, the person to whom the service is rendered.
 - d. All of the above

Ans (d)

- 33.** ABC Ltd. donates old computers on which they had availed ITC, to a charitable institution after they purchased new computer systems. Such donation of computers on permanent basis is:
- a. Supply under GST
 - b. Shall not be a supply
 - c. On prior approval of Government
 - d. Not any

Ans (a)

- 34.** ABC Ltd. provides certain services to Mr. Joy who holds 35% of the voting right in the company. The transfer made was without any consideration. Does the same qualify as supply?
- a. Yes, if made in the course or furtherance of business
 - b. No, since made without any consideration
 - c. Not a supply
 - d. Yes

Ans (a)

- 35.** Any gift made by an employer to an employee shall be considered as supply. What is the limit prescribed for the same?
- a. Less than or equal to 50,000
 - b. More than 50,000
 - c. Exactly 50,000
 - d. 50,000 and above

Ans (b)

- 36.** Transfer of rights in goods has been considered as supply under Schedule II. What type of supply is it?
- a. Supply of goods
 - b. Supply of services
 - c. Either of two at the option of authority
 - d. None of the above

Ans (b)

- 37.** Any transfer made of title in goods shall be considered as:
- a. Supply of services
 - b. Supply of goods
 - c. Does not qualify as supply
 - d. At the option of taxpayer

Ans (b)

- 38.** Mr. C a taxable person initiates action of winding up his business due to any non – compliance clause under legal verdict of court. As a result of such incidence, he shall cease to be taxable person under GST. All the stocks standing as on date of winding up of business shall hence be classified as:
- a. Supply of Goods
 - b. Supply of Services
 - c. Does not qualify as supply
 - d. None of the above

Ans (a)

- 39.** Temporary transfer or permitting use of intellectual right or property is classified as:
- a. Supply of goods
 - b. Supply of services
 - c. Does not qualify as supply
 - d. Supply on the prior permission of Government

Ans (b)

- 40.** Mr. A agreed with B Pvt. Ltd. to withdraw the suit filed against the company, if principle amount of loan paid by him to company is returned to him. Does the withdrawal of the suit qualify as supply?
- a. Yes
 - b. No
 - c. At the approval of Government
 - d. None of the above

Ans (a)

- 41.** Items provided under the ambit of Schedule III are not considered as:
- a. Supply of Goods
 - b. Supply of Services

- c. Both
- d. None of the above

Ans (c)

42. What is the classification of sale of land and building under GST?

- a. Supply of Goods
- b. Supply of Services
- c. Does not qualify as supply
- d. None of the above

Ans (c)

43. Mr. A, a whole time director in ABC Pvt. Ltd. provides certain services in the course of employment to the company. The consideration received in respect of such services has been taxed under reverse charge mechanism. Is the classification justified?

- a. Yes, Services of Director has been considered under Reverse charge Mechanism
- b. No, since he is an employee and the same fall under the ambit of Schedule III
- c. At the option of the Company
- d. None of the above

Ans (b)

44. XYZ Pvt. Ltd. manufactures the jeans on order of ABC Pvt. Ltd. Further, after manufacturing, it also gets it delivered to ABC Ltd. & gets the in transit insurance done. What kind of supply is this?

- a. Mixed supply
- b. Composite supply
- c. None of the above
- d. Don't know

Ans (b)

45. Mr. A went into ABC outlet and purchased a gift wrap containing canned foods, sweet, chocolates, cakes, dry fruits, aerated drink and fruit juices. What type of supply it shall constitute?

- a. Composite supply
- b. Mixed supply
- c. Non taxable supply
- d. Not a supply under GST

Ans (b)

46. A person purchase a bundle of toothpaste along with Tooth brush. Toothpaste under this case is liable to GST at 12% and tooth brush for instance is liable to GST at 18% and is sold as a single unit for a single price. What shall be the tax rate applicable in case of such supply?

- a. 18%
- b. 12%
- c. Nil
- d. None of the above

Ans (a)

- 47.** All the activities covered under actionable claims are not liable to tax as are entirely covered under Schedule III. Do you agree?
- a. Yes, as provided under schedule III.
 - b. No, Lottery, Betting and gambling is covered under GST
 - c. As per the opinion of appropriate authority
 - d. None of the above

Ans (b)

- 48.** Consideration within the meaning of supply consists of:
- a. Money
 - b. Any payment made in kind
 - c. Forbearance of any act
 - d. All of the above

Ans (d)

- 49.** ABC Pvt. Ltd. makes certain supplies to Mr. X and Mr. Z. Both of them hold 51% of the voting rights in the company and exercise major stake in the decision making. Does the same supply stands as related party transaction?
- a. Yes
 - b. No
 - c. As per the opinion of the appropriate authority
 - d. None of the above

Ans (a)

- 50.** Mr. A purchased a car for personal consumption which after two years of use was sold to a car dealer, ABC Motors for certain consideration. Does the same qualify as supply?
- a. No, since the supply is not made in course or furtherance of business
 - b. Yes, since it is made for consideration
 - c. Neither of the two
 - d. As per the opinion of appropriate Authority

Ans (a)

- 51.** Mr. Amar being a managing director of Alpha Project Pvt. Ltd. made gifts to his employees worth of INR 60,000 each for assisting in the architectural work of his house. Does the same be considered supply?
- a. Yes, since the value of gift exceeds the provided limit of INR 50,000
 - b. No, since the gift is not made in course or furtherance of business
 - c. As per the option of appropriate authority
 - d. No

Ans (b)

- 52.** ABC enterprises made gifts to its employees worth 51,000 each, in consideration of execution of a particular project of the company. Does the same qualify as supply?
- a. Yes, since the value exceed 50,000 per employee
 - b. No, since such gift is made against a consideration

- c. As per the opinion of the appropriate authority
- d. None of the above

Ans (a)

- 53.** Any agreement entered into as of hire purchase or instalment purchase of any goods shall be classified as:
- a. Supply of Goods
 - b. Supply of Services
 - c. Neither of the two
 - d. At the option of taxpayer

Ans (a)

- 54.** Mr. P has been paid Rs.50,000 by Mr. D for not selling the goods in his vicinity for a month. Does this constitute a supply?
- a. Yes
 - b. No
 - c. At the option of Government
 - d. None of the above

Ans (a)

55. Illustrations on scope of Supply:

Illustration 1: An electronics dealer sells a laptop for ₹ 50,000 to earn a profit. Does it qualify as a supply?

Ans: Yes. As per Section 7(1)(a) of CGST Act, 2017, Supply includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course of furtherance of business. Hence, in the above case it will be treated as supply and liable to GST.

Illustration 2: Mr. A (An unregistered person) plans to pursue his higher education in US. He receives career consultancy services from a US based consultant for ₹ 5,00,000. Does it qualify as supply?

Ans: Yes. As per Section 7(1)(b) of CGST Act, 2017, Supply includes import of services for a consideration whether or not in the course or furtherance of business. Hence, in the above case it will be treated as supply.

Illustration 3: Mr A, a manufacturer of goods donated old computers to Charitable Schools on account of renovation of office. The company has taken input tax credit on the computers so donated. Does it qualify as a supply?

Ans: Yes. As per Section 7(1)(c) read with Schedule I of CGST Act, 2017, Permanent transfer or disposal of business assets where input tax credit has been availed shall be treated as supply even

if made without consideration. Hence, donation of old computers to Charitable Schools shall qualify as supply since input tax credit has been availed by Mr A.

Illustration 4: A Limited provides management consultancy services without charge to B Limited in which A Limited has controlling rights. The said consultancy has been provided for benefit of entire group. Does it qualify as supply?

Ans: Yes. As per Section 7(1)(c) read with Schedule I of CGST Act, 2017, Supply of goods or services between related persons is treated as supply even if it is without consideration. As per explanation to Section 15 of CGST Act, 2017, persons shall be deemed to be “related persons” if “one of them directly or indirectly controls the other”. Since A Ltd Has controlling rights of B Ltd, they will be treated as related person and the said transaction will qualify as supply.

Illustration 5: A Ltd gives gift worth ₹5,00,000 to an employee. Does it qualify as supply? Would your answer be different if gifts of ₹ 45,000 has been given to the employee?

Ans: As per Section 7(1)(c) read with Schedule I of CGST Act, 2017, Supply of goods or services between related persons is treated as supply even if it is without consideration when made in course or furtherance of business. As per explanation to Section 15 of CGST Act, 2017, persons shall be deemed to be “related persons” if such persons are employer and employee. Thus, gift worth ₹5,00,000 to an employee will qualify as supply and such supply would be leviable to GST. If gifts of ₹ 45,000 has been given instead of ₹5,00,000, the same will not qualify as supply since it has been specifically provided that gifts not exceeding ₹50,000 in value in a financial year by an employer to employee shall not be treated as supply of goods or services or both.

Illustration 6: A Motors Ltd. engages B Ltd. as an agent to sell cars on its behalf and the agent will bill it in his own name. For the purpose, A Motors Ltd. has supplied 200 cars to the showroom of B Ltd. located in Rajasthan. Does it qualify as supply?

Ans. As per Section 7(1)(c) read with Schedule I of CGST Act, 2017, Supply of goods by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal shall be treated as supply even if made without consideration. In view of the same supply of cars by A Motors Ltd. to B Ltd. will qualify as supply.

Illustration 7: A Ltd. (a registered taxable person) receives architectural design supplied by a foreign architect to design a residential house to be built in Hyderabad for a consideration of ₹50,00,000. Does it qualify as supply?

Ans: As per Section 7(1)(b) of CGST Act, 2017, Importation of Services for a consideration whether or not in the course or furtherance of business is covered under supply. In the above case it will be treated as supply and will be liable to GST.

Illustration 8: Mr. A, a famous actor, recorded a song sung by him for a music company and sold the audio CD. The consideration for such sale was to be donated to a Charitable Trust. Will the sale of CD to music company by the actor qualify as supply.

Ans: Any activity undertaken in course/for furtherance of business would constitute a supply. Since, 'business' includes vocation, sale of goods or service even as a vocation is a supply under GST. Hence, the sale of CD to music company by the actor will qualify as supply.

Illustration 9: A Ltd., an NBFC transfers bad loans (unsecured) to B Ltd. Does it qualify as supply?

Ans: Actionable claims are covered in the definition of goods. However, Schedule III excludes actionable claims other than lottery, gambling and betting from the scope of supply. Transfer of Unsecured loans, therefore, would not, amount to supply.

Illustration 10: A Ltd. having head office in Mumbai (Maharashtra) supplied goods worth ₹10,00,000 to its Branch Office in Jaipur (Rajasthan). Does it qualify as supply.

Ans: As per Section 7(1)(c) read with Schedule I of CGST Act, 2017, Supply of goods or services or both between distinct persons as specified in Section 25, when made in the course or furtherance of business will be treated as supply even if made without consideration.

As per Section 25(5) of CGST Act, 2017, where a person who has obtained or is required to obtain registration in a State or Union Territory in respect of an establishment, has an establishment in another State or Union Territory, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act. Hence, branch transfer of goods worth ₹10,00,000 for Maharashtra to Rajasthan will qualify as supply.

Chapter 3 – Charge of GST, Composition and RCM

1. What are the supplies to which the reverse charge mechanism could be applied?
 - a. Inward supplies of Goods or Services or both
 - b. Outward supplies of Goods or Services or both
 - c. Both the above
 - d. None of the above

Ans (a)
2. Input tax credit in case of reverse charge mechanism can be availed by:
 - a. Supplier of the Goods / Services
 - b. Recipient of Goods / Services
 - c. Both
 - d. None

Ans (b)
3. Is the below statement correct: “A person is not required to obtain registration if he is required to pay tax under reverse charge but he has not exceeded his threshold limit”
 - a. Incorrect, the person is required to take registration & pay tax under reverse charge irrespective the fact that threshold is crossed or not.
 - b. Incorrect, if the person is required to pay tax under reverse charge he shall obtain registration only if the value of supply under reverse charge exceeds the threshold limit.
 - c. Above statement is correct
 - d. Correct, a person is required to obtain registration if he is required to pay tax under reverse charge and, he is making taxable supplies irrespective of the threshold limit.

Ans (a)
4. Is ITC available to the **supplier**, supplying goods / services under Reverse Charge Mechanism
 - a. Yes
 - b. No
 - c. Not applicable
 - d. Yes, if permitted by the authority

Ans (b)
5. Mr. A is liable to pay tax under Reverse Charge Mechanism. What shall be the threshold limit applicable for registration of Mr. A.
 - a. 20 lakhs
 - b. 10 lakhs
 - c. 50 lakhs
 - d. No threshold

Ans (d)
6. What is the amount of Input tax credit available to a composition dealer falling under Reverse charge mechanism?
 - a. 100% of tax paid

- b. 50% of tax paid
- c. Nil
- d. Some portion of tax paid

Ans (c)

7. What is the manner of payment of tax under Reverse charge?

- a. Through Input available in the electronic credit ledger
- b. Through Cash ledger
- c. Through both mediums
- d. None

Ans (b)

8. Mr. A has supplied services to Mr. B which are covered under RCM. Both of them are located in Maharashtra. Which tax shall be paid?

- a. CGST & SGST
- b. IGST
- c. CGST & UTGST
- d. CGST & IGST

Ans (a)

9. Goods transportation agency (GTA) is registered and does not avail the ITC. He provides GTA services to another registered person. Will this transaction fall under RCM? What shall be the

GST Rate?

- a. RCM applicable, Rate – 5%
- b. RCM applicable, Rate – 12%
- c. RCM not applicable, Rate – 18% under forward charge
- d. Not taxable

Ans (a)

10. ABC Pvt. Ltd. has taken consultancy services from an engineer in USA. Who shall be liable to pay tax and under what head?

- a. ABC Pvt. Ltd. will pay the tax, IGST
- b. ABC Pvt. Ltd. will pay the tax, CGST and SGST
- c. Engineer will pay the tax, IGST
- d. Engineer will pay the tax, CGST & SGST

Ans (a)

11. Mr. A, a lawyer provides representational services to ABC Pvt. Ltd. having a turnover of Rs.15 lakhs. Is RCM applicable?

- a. Yes
- b. No
- c. Maybe
- d. Mr. A needs to pay tax

Ans (b)

12. Central Government gave a piece of land on rent to M/s ABC Pvt. Ltd., registered in Delhi who shall pay tax? Is RCM applicable?
- a. Central Government, RCM Applicable
 - b. Central Government, RCM not Applicable
 - c. M/s ABC Pvt. Ltd., RCM Applicable
 - d. M/s ABC Pvt. Ltd., RCM not Applicable

Ans (c)

13. ABC Pvt. Ltd. appointed Mr. A as their independent director and paid him the sitting fees. Is this supply covered under RCM?
- a. Yes
 - b. No
 - c. Not taxable at all
 - d. Taxable under forward charge

Ans (a)

14. Comment on the correctness of the sentence – “Person can take the credit of the tax paid under RCM only when he has paid the tax.”
- a. Correct
 - b. Incorrect
 - c. Partially correct
 - d. None of the above

Ans (a)

15. Reverse Charge is applicable on _____
- a. Inter and Intra – state supplies
 - b. Only on inter – state supplies
 - c. Supplies in States
 - d. Supplies in non taxable territory

Ans (a)

16. Can Input tax credit standing in the Electronic credit ledger be utilized for payment of tax under Reverse Charge Mechanism?
- a. Yes
 - b. No
 - c. Not Applicable
 - d. May be

Ans (b)

17. Ola being an E – commerce operator provides cab services to the passengers through various local service providers. The liability to pay tax on such services shall be applicable to:
- a. Ola
 - b. Passengers
 - c. Local Service Providers
 - d. None

Ans (a)

- 18.** What is the tax rate applicable on a Composition dealer falling under Reverse Charge Mechanism?
- a. As applicable to a Composition dealer
 - b. As applicable to a normal taxpayer
 - c. Exempt
 - d. None of the above

Ans (b)

- 19.** Which of the following services are covered under RCM?
- a. Advocate services
 - b. Goods transportation services
 - c. Insurance agent services
 - d. All of the above

Ans (d)

- 20.** If an unregistered GTA gives services to an unregistered person other than specified person. Who shall pay tax?
- a. Unregistered GTA
 - b. Unregistered person under RCM
 - c. None of them
 - d. Both of them

Ans (c)

- 21.** Mr. A, a lawyer provides representational services to ABC Pvt. Ltd. having a turnover of Rs. 25 lakhs. Is RCM applicable?
- a. Yes
 - b. No
 - c. Maybe
 - d. Mr. A need to pay tax

Ans (a)

- 22.** ABC Pvt. Ltd. appointed Mr. A as their whole time director and paid salary regularly on time. Is this supply covered under RCM?
- a. Yes
 - b. No
 - c. Not taxable at all
 - d. Taxable under forward charge

Ans (c)

- 23.** Is RCM applicable on supplies procured by a composition dealer?
- a. Yes
 - b. No
 - c. Maybe
 - d. None of the above

Ans (a)

- 24.** Mr. B, a GTA in Delhi supplied services of Rs. 60,000 to Mr. Q, a registered person in Delhi and the entire amount was being paid to the GTA. What shall be tax amount to be paid under RCM?
- a. Rs. 1,500 each in CGST and Delhi GST
 - b. Rs. 3,000 in IGST
 - c. Rs. 2,857 each in CGST and Delhi GST
 - d. Rs. 2,857 in IGST

Ans (a)

- 25.** ABC Ltd., a manufacturer has got itself registered in Delhi on 1.2.20XX in composition scheme. It makes a supply to XYZ Ltd., a registered entity in Delhi. It is confused in respect to what is the GST rate applicable on it under CGST?
- a. 0.5%
 - b. 1%
 - c. 2%
 - d. 2.5%

Ans (a)

- 26.** ABC Pvt. Ltd. is having place of business in 3 states namely Haryana, Punjab & Rajasthan each having turnover of Rs. 60 lacs, 60 lacs, 80 lacs respectively. Which State is eligible to opt for composition scheme?
- a. Haryana
 - b. Punjab
 - c. Rajasthan
 - d. None of the above

Ans (d)

- 27.** What document shall a person under composition scheme issue to its customer?
- a. Bill of supply
 - b. Tax invoice
 - c. Invoice
 - d. Payment Voucher

Ans (a)

- 28.** Which of the following returns is to be filed by the composition dealer?
- a. GSTR – 1
 - b. GSTR – 3B
 - c. GSTR – 2
 - d. None of the above

Ans (d)

- 29.** Can the option to pay tax under composition levy be exercised at any time of the year?
- a. Yes

- b. No
- c. Any one of the above (depending on situation)
- d. Yes, subject to prior approval of the Central Government

Ans (b)

30. Can a person paying tax under composition levy, withdraw voluntarily from the scheme?

- a. Yes
- b. No
- c. Maybe
- d. Yes, subject to prior approval of the Central Government

Ans (a)

31. Calculate the tax to be paid by Mr. A, a composition dealer who is involved in trading of garments. Details of his business is as below:

Purchases = Rs. 30,000 (including GST of 4,500)

Cost of products sold = Rs. 7,00,000

Invoice value = Rs. 9,00,000

- a. Rs. 3,000
- b. Rs. 7,000
- c. Rs. 9,000
- d. Rs. 2,542

Ans (c)

32. Mr. A, a garment trader is also providing certain exempt services like extending deposits, loans etc. Can he opt for composition scheme?

- a. Yes
- b. No
- c. Maybe
- d. None of the above

Ans (a)

33. A person registered in composition scheme in FY 17–18. Now, he again wants to operate in this scheme in FY 18 – 19. Does he need to file a fresh declaration for the same?

- a. Yes
- b. No
- c. Maybe
- d. None of the above

Ans (b)

34. ABC Ltd., a trader has got itself registered in Delhi on 1.2.20XX in composition scheme. In the month of Aug 20XX, it makes supply of taxable goods worth Rs. 3 lacs and exempted goods worth Rs. 1 lac. On what value it shall pay the GST to the Government?

- a. Rs. 1 lac
- b. Rs.3 lacs
- c. Rs.4 lacs
- d. Rs.2 lacs

Ans (b)

35. Who is not eligible to opt for composition scheme?

- a. Cotton Manufacturer
- b. Ice cream Manufacturer
- c. Restaurant service provider
- d. Ice cream trader

Ans (b)

36. ABC Pvt. Ltd., has started his business in Delhi and has got himself registered in Composition Scheme. He has purchased capital goods worth Rs. 1,28,000 (tax amount Rs. 28,000) and inputs worth Rs. 50,000 (tax amount Rs. 7,000). What is the eligible amount of ITC that it can claim?

- a. Rs. 28,000
- b. Rs. 7,000
- c. Rs. 35,000
- d. Zero

Ans (d)

37. Whether a restaurant serving alcohol along with other foods etc. to its customers can opt for composition scheme under Section 10?

- a. Yes
- b. No
- c. None of the above
- d. Maybe

Ans (b)

38. Which return has to be filed by the composition dealer?

- a. GSTR – 4
- b. GSTR – 4A
- c. GSTR – 3B
- d. GSTR – 1

Ans (a)

39. What are the other conditions and restrictions subject to which a person is allowed to avail composition scheme?

- a. He must not be engaged in manufacture of notified goods.
- b. He must mention the words 'composition taxable person, not eligible to collect tax on supplies' at the top of bill of supply issued by him
- c. Mention 'composition taxable person' on every notice or signboard displayed at every prominent place of business
- d. All of the above

Ans (d)

40. ABC Pvt. Ltd., a Mumbai based manufacturer of the pan masala, has started manufacturing biscuits within same PAN. His threshold of Rs. 20 lacs is crossed but is expected to be below Rs. 80 lacs in the current financial year. Can he opt for composition scheme?

- a. Yes
- b. No
- c. Maybe
- d. Yes, with prior approval

Ans (b)

41. Will composition supplier make the payment of CGST & SGST in separate heads or shall make one combined payment?

- a. Yes, pay under separate heads
- b. No, pay a consolidate amount
- c. Maybe
- d. Make payment under IGST

Ans (a)

42. What are the notified goods that have been kept outside the purview of a composition dealer?

- a. Ice cream and other edible ice, whether or not containing cocoa.
- b. Pan masala
- c. Tobacco and manufactured tobacco substitutes
- d. All of the above

Ans (d)

43. Mr. A, a retailer who keeps no inventories, presents the following expected information for the year

- 1. Purchases of Goods : ₹50 lakhs (GST @ 5%)
- 2. Sales (at fixed selling price inclusive of all taxes) : ₹60 lakhs (GST on sales @ 5%)

Discuss whether he should opt for composition scheme.

Expenses of keeping detailed statutory records required under the GST Laws will be ₹1,20,000 p.a., which shall get reduced to ₹50,000 if composition scheme is opted for. Other expenses are ₹3,00,000 p.a.

Solution : The cost to the ultimate customer under two schemes is as under –

Particulars	Normal GST Scheme	Composition Scheme
Cost of goods sold (*No credit under composition scheme, hence, cost of goods sold will be higher)	50,00,000	52,50,000
Add: Costs of maintaining records	1,20,000	50,000
Add: Normal Expenses	3,00,000	3,00,000
Total Costs	54,20,000	56,00,000
Sales (inclusive of all taxes)	60,00,000	60,00,000

Less: Tax (GST=₹60 lakh * 5 / 105); (C Tax=₹60 lakh*1%)	2,85,714	60,000
Sales (net of taxes)	57,14,286	59,40,000
Profit of the dealer (Sales, net of taxes – Total Costs)	2,94,286	3,40,000

Conclusion: It is apparent that while cost to ultimate consumer, in both the cases remains same, the profit of the dealer is higher if the dealer opts for composition scheme. Hence, composition scheme should be opted.

44. Mr. Rajbeer, a registered person at Delhi, is in the business of selling goods relating to interior decoration under the firm name M/s. Rajbeer & Sons. He has opted for composition scheme for the Financial Year (FY) 2023-24.

His turnover for FY 2023-24 is ₹ 80 lakh and is expected to achieve ₹ 130 lakh in FY 2024-25. Discuss whether M/s Rajbeer & Sons can still enjoy the benefits of composition scheme in FY 2024-25.

His son Karan wants to start business of providing services relating to interior decoration, after completing post-graduation course in interior decoration under same firm name M/s Rajbeer & Sons with effect from 01.04.2024 and wants to enjoy the benefits of composition scheme under GST.

Advise Mr. Rajbeer and his son Karan.

Solution:

As per section 10 of the CGST Act, 2017, 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, provided he is, inter alia, engaged in supply of goods and/or restaurant service.

However, a person who opts for composition scheme is permitted to supply services other than restaurant service of value not exceeding 10% of turnover in a State/UT in the preceding financial year or ₹ 5 lakh, whichever is higher.

In the given case, M/s. Rajbeer & Sons (It is assumed that it is a sole proprietor) engaged in business of selling goods relating to interior decoration, is eligible for composition scheme in FY 2024-25 since its aggregate turnover in preceding FY (viz. ₹ 80 lakh) does not exceed ₹ 1.5 crore.

If Karan wishes to start the business of providing services relating to interior decoration under the same firm name M/s Rajbeer & Sons, the sole proprietorship needs to be first converted into a partnership firm. Further, new GST registration under the new PAN is required to be obtained.

In such a case, the firm can provide services relating to interior decoration up to a value of ₹ 5 lakh (10% of zero turnover of last year or ₹ 5 lakh, whichever is higher) to continue enjoying the benefit of composition scheme in FY 2024-25.

45. Examine whether the suppliers are eligible for composition scheme in the following independent cases. Is there any other option available for concessional tax payment with any of these suppliers, wherever composition scheme cannot be availed?

(a) M/s Devlok, a registered dealer, is dealing in intra-State trading of electronic appliances in Jaipur (Rajasthan). It has turnover of ₹ 130 lakh in the preceding financial year. In the current financial year, it has also started providing repairing services of electronic appliances.

(b) M/s Narayan & Sons, a registered dealer, is running a “Khana Khazana” Restaurant near City Palace in Jaipur. It has turnover of ₹ 140 lakh in the preceding financial year. In the current financial year, it has also started dealing in intra-State trading of beverages in Jaipur (Rajasthan).

(c) M/s Indra & bro, a registered dealer, is providing restaurant services in Uttarakhand. It has turnover of ₹ 70 lakh in the preceding financial year. It has started providing intra-State interior designing services in the current financial year and discontinued rendering restaurant services.

(d) M/s Him Naresh, a registered dealer, is exclusively providing intra-state architect services in Uttarakhand. It has turnover of ₹ 40 lakh in the preceding financial year.

Solution:

As per section 10 of the CGST Act, 2017, the following registered persons, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore, may opt to pay tax under composition levy.

- (a) Manufacturer,
- (b) Persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II (restaurant services), and
- (c) Any other supplier eligible for composition levy.

Thus, essentially, the composition scheme can be availed in respect of goods and only one service namely, restaurant service. However, the scheme permits supply of other marginal services for a specified value along with the supply of goods and restaurant service, as the case may be. Such marginal services can be supplied for a value up to 10% of the turnover in the preceding year or ₹ 5 lakh, whichever is higher.

Further, the registered person should not be engaged in making any inter-State outward supplies of goods.

Furthermore, an option of availing benefit of concessional payment of tax has been provided to a registered person whose aggregate turnover in the preceding financial year is upto ₹ 50 lakh and who is not eligible to pay tax under composition scheme. Said person can pay tax @ 3% [*Effective rate 6% (CGST+ SGST/UTGST)*] on first supplies of goods and/or services up to an aggregate turnover of ₹ 50 lakh made on/after 1st April in any financial year (FY), subject to specified conditions vide *Notification No. 2/2019 CT (R) dated 07.03.2019 as amended*. One of such condition is that the registered person should not be engaged in making any inter-state outward taxable supplies. (Now this provision is part of Section 10(2A) of CGST Act, 2017.

In view of the above-mentioned provisions, the answer to the given independent cases is as under:-

(a) The turnover limit for composition scheme in case of Jaipur (Rajasthan) is ₹1.5 crore. Thus, M/s Devlok can opt for composition scheme as its aggregate turnover is less than ₹1.5 crore. Further, since the registered person opting for composition scheme 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, M/s Devlok can supply repair services up to a value of ₹13 lakh [10% of ₹130 lakh or ₹5 lakh, whichever is higher] in the current financial year.

(b) In the given case:-

(i) the turnover in the preceding year is less than the eligible turnover limit, i.e. ₹ 1.5 crore.

(ii) the supplier is engaged in providing restaurant service which is an eligible supply under composition scheme.

(iii) the supplier wants to engage in trading of goods which is also an eligible supply under composition scheme.

Thus, M/s Narayan & Sons is eligible for composition scheme.

(c) The turnover limit for composition scheme in case of Uttarakhand is ₹ 75 lakh. Further, a registered person who is exclusively engaged in supplying services other than restaurant services are not eligible for composition scheme. Thus, M/s Indra & bro cannot opt for composition scheme. Further, the benefit of concessional tax payment under *Notification No. 2/2019 CT (R) dated 07.03.2019* is available in case of a registered person whose aggregate turnover in the preceding financial year does not exceed ₹ 50 lakh.

Thus, in view of the above- mentioned provisions, M/s Indra & bro cannot avail the benefit of concessional tax payment as its aggregate turnover in the preceding financial year is more than ₹ 50 lakh.

(d) An exclusive service provider can opt for the composition scheme only if he is engaged in supply of restaurant services. The composition scheme permits supply of marginal services for a specified value, but only when the same are supplied along with goods and/or restaurant service.

Since M/s Him Naresh is exclusively engaged in supply of services other than restaurant services, it is not eligible for composition scheme even though its turnover in the preceding year is less than ₹ 75 lakh, the eligible turnover limit for Uttarakhand.

However, since M/s Him Naresh is not eligible to opt for composition scheme, its aggregate turnover in the preceding financial year does not exceed ₹ 50 lakh and it is exclusively engaged in supply of services other than restaurant services, M/s Him Naresh is entitled to avail benefit of concessional payment of tax under *Notification No. 2/2019 CT (R) dated 07.03.2019*.

Chapter 4 - Exemption

1. Which of the following can be issued by Central Government/ State Government to exempt goods and/or services on which tax is leviable in exceptional cases?
- (a) Exemption Notification
 - (b) Special order
 - (c) Other notifications
 - (d) None of the above

Ans. (b) Special Order

2. Which one of the following is true?
- (a) Entire income of any trust is exempted from GST
 - (b) Entire income of a registered trust is exempted from GST
 - (c) Incomes from specified/defined charitable activities of a trust are exempted from GST
 - (d) Incomes from specified/defined charitable activities of a registered trust (u/s 12AA of Income Tax Act) are exempted from GST

Ans. (d) Incomes from specified/defined charitable activities of a registered trust (u/s 12AA of Income Tax Act) are exempted from GST

3. Select the correct statement?
- (a) Transfer of a going concern wholly is not exempt from GST
 - (b) Transfer of a going concern is partly exempt from GST
 - (c) Transfer partly as going concern is exempted from GST
 - (d) Transfer of a going concern is exempt from GST

Ans. (d) Transfer of a going concern is exempt from GST

4. Service by whom, by way of any activity in relation to any function entrusted to a municipality under Article 243 W of the Constitution, is exempted?
- (a) Central Government or State Government or Union territory or Local authority
 - (b) Governmental authority
 - (c) Municipality under Article 243 W of the Constitution
 - (d) All of above

Ans. (d) All of Above

5. Which is a wrong statement?
- (a) All services of Department of Post are exempted
 - (b) All services by State/Central Governments/local authorities in relation to an aircraft or a vessel in a Port or an Airport are exempted
 - (c) All services by State/Central Governments/local authorities in relation to transport of passengers are exempted
 - (d) All the above mentioned

Ans. (d) All the above mentioned

6. Services to a single residential unit is, exempted if:
- (a) It is pure labour service only
 - (b) It is works contract only
 - (c) It is a part of residential complex only
 - (d) It is on ground floor without further super structure

Ans. (a) It is pure labour service only

7. Which exemption option is right from the following?
- (a) For letting out any immovable property
 - (b) For letting out any residential dwelling for use as residence
 - (c) For letting out any residential property irrespective of its use
 - (d) For none of the above

Ans. (b) For letting out any residential dwelling property for use as residence

8. Services by a hotel, inn, guest house, club or campsite are exempted for residential / lodging purposes -
- (a) If the actual tariff for a unit of accommodation is below ₹ 10,000
 - (b) If the actual tariff for a unit of accommodation is below ₹ 1,000
 - (c) If the actual tariff for a unit of accommodation is upto ₹ 1,000
 - (d) If the actual tariff for a unit of accommodation is above ₹ 1,000

Ans. (c) If the actual tariff for a unit of accommodation is upto ₹ 1,000

9. Transportation of passengers exempted if -
- (a) It is by air-conditioned stage carriage
 - (b) It is by air-conditioned contract carriage
 - (c) It is by non-air-conditioned stage carriage for tourism, charter or hire
 - (d) None of the above

Ans. (d) None of the above

10. Transportation of passengers is exempted -
- (a) In an air-conditioned railway coach
 - (b) In a vessel for public tourism purpose between places in India
 - (c) In a metered cab/auto rickshaw / e rickshaw
 - (d) In all the above mentioned

Ans. (c) In a metered cab/auto rickshaw / e rickshaw

11. Transportation of goods is not exempted if it is -
- (a) by a goods transport agency / courier agency
 - (b) by inland waterways
 - (c) by an aircraft from a place outside India upto the customs station of clearance in India
 - (d) by all the above mentioned

Ans. (a) by a goods transport agency / courier agency

12. Transportation of agricultural produces, milk, salt and food grain including flour, pulses and rice, 'relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap', newspaper or magazines registered with the Registrar of Newspapers - is exempted –
- (a) If it is by a goods transport agency
 - (b) If it is by a rail - within India
 - (c) If it is by a vessel - within India
 - (d) If it is by all of the above

Ans. (d) If it is by all of the above

13. Which of the following is exempted –
- (a) Services by way of loading, unloading, packing, storage or warehousing of rice
 - (b) Services by way of loading and unloading of jute
 - (c) Services by way of packing and storage or warehousing of rubber
 - (d) None of the above

Ans. (a) Services by way of loading, unloading, packing, storage or warehousing of rice

14. Core services of which organization is not exempted -

- (a) Services provided by the Insurance Regulatory and Development Authority of India to insurers
- (b) Services provided by the Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors
- (c) Services by Port Trusts
- (d) Services by the Reserve Bank of India

Ans. (c) Services by Port Trusts

15. If the aggregate turnover of in FY 2021-22 of M/s ABC Enterprises, Kanchipuram, Tamil Nadu, India was ₹ 18 lakh, exemption is available for the following services rendered to ABC Enterprises -

- (a) Arbitral Tribunal services
- (b) Legal services by firm of advocates
- (c) Legal services by senior advocate
- (d) All of the above

Ans. (d) All of the above

16. One of the following is exempted from GST -

- (a) Any business exhibition
- (b) A business exhibition in India
- (c) A business exhibition outside India
- (d) None of the above

Ans. (c) A business exhibition outside India

17. Which of the following is not exempted -?

- (a) Health care service to human beings by authorized medical practitioners / para medics
- (b) Health care services to Animals/Birds
- (c) Slaughtering of animals
- (d) Rearing horses

Ans. (a) Rearing horses

18. Services by educational institution is exempted if the services are to -

- (a) Any common man
- (b) Its own students, faculty / staff
- (c) Both a & b
- (d) None of the above

Ans. (b) Its own students, faculty / staff

19. Services by a Non-Profit entity (Registered or Unregistered) are exempted -

- (a) If they are to its own members provided the contribution received is up to ₹ 7500 , per month from a member
- (b) If they are to its own members, provided contribution received is up to ₹ 7500 per month from a member towards sourcing goods/services from any third person for common use of members
- (c) If they are to its own members, provided the contribution is less than ₹ 7500 per month from a member towards sourcing goods/services from any third person for common use of members
- (d) If they are to its own members, provided the contribution is up to ₹ 7500 per month per member for common use specified members

Ans. (b) If they are to its own members, provided the contribution received is up to ₹ 7500 per month from a member towards sourcing goods/services from any third person for common use of members

20. Which of the following are exempted services?

- (a) Services by an artist by way of a performance in folk or classical art forms of music/ dance / theatre with consideration therefor not exceeding ₹ 1 lakh
- (b) Services by an artist by way of a performance in folk or classical art forms of music/ dance with consideration therefor not exceeding ₹ 1.5 lakh
- (c) Services by an artist by way of a performance in folk or classical art forms of music/ dance / theatre with consideration therefor not exceeding ₹ 1.5 lakh
- (d) Services by an artist as a brand ambassador by way of a performance in folk or classical art forms of music/ dance / theatre with consideration therefor not exceeding ₹ 1.5 lakh

Ans. (c) Services by an artist by way of a performance in folk or classical art forms of music/ dance / theatre with consideration therefor not exceeding ₹ 1.5 lakh

21. Which of the following service by electricity transmission/ distribution is exempt?

- (a) Transmission of electricity
- (b) Duplication bill charges
- (c) rental charges for meter
- (d) charges for shifting of meter

Ans: (a) Transmission of electricity

22. Which of the following entry fee of ₹ 700 is taxable?

- (a) Zoo
- (b) Museum
- (c) Tiger reserve
- (d) Circus

Ans: (d) Circus

23. Which of the following exchange of foreign currency are taxable?

- (a) Amongst banks
- (b) Amongst bank and individual
- (c) Amongst foreign exchange dealers
- (d) None of the above

Ans: (b) Amongst bank and individual

24. Service provided to a school being _____ is taxable

- (a) Transportation of students
- (b) Canteen services
- (c) Renting service
- (d) Security services

Ans: (c) Renting service

25. Which of the Services by unincorporated body to members is taxable?

- (a) As a trade union
- (b) By Residential association upto amount 7500 per month per member for maintenance

- (c) By Residential association for letting out party hall
- (d) None of the above

Ans: (c) By Residential association for letting out party hall

26. IIM providing _____ service is taxable
- (a) Fellow programme in management
 - (b) 5 year integrated programme in management
 - (c) 2 year full time Post Graduation programme
 - (d) Executive development programme for less than 1 year

Ans: (d) Executive development programme for less than 1 year

27. Which health care services is not exempt?
- (a) Cosmetic surgery of accident victim
 - (b) Cosmetic surgery to restore anatomy
 - (c) Hair transplant
 - (d) Lip treatment of new born baby

Ans: (c) Hair transplant

28. Which of the following service related to agriculture is not exempt?
- (a) Harvesting of paddy
 - (b) Storage of rice
 - (c) Fumigating of warehouse of agricultural product
 - (d) Commission agent of rice

Ans: (d) Commission agent of rice

29. Which of the hiring of means of transportation is exempt?
- (a) Bus to a state transport undertaking
 - (b) School bus for marriage party
 - (c) Truck given to an individual driver
 - (d) All of the above

Ans: (a) Bus to a state transport undertaking

30. Which of the legal service by lawyer is taxable?
- (a) Services to other than business entity
 - (b) Service to business entity whose previous year turnover is ₹ 21 lakhs
 - (c) Services to business entities whose previous year turnover is ₹ 15 lakhs
 - (d) None of the above

Ans: (b) Service to business entity whose previous year turnover is ₹ 21 lakhs

31. _____ service provided by department of post is exempt
- (a) Speed post
 - (b) Postal Order

- (c) Life Insurance
- (d) Distribution services

Ans: (b) Postal Order

32. Which of the following transportation of passengers is exempt?

- (a) Non AC Local train
- (b) Metro
- (c) AC first class train
- (d) Flight

Ans: (a) Non AC local train

33. Transportation of _____ is not liable to GST

- (a) Milk
- (b) Paddy
- (c) Pickle
- (d) Military equipment

Ans: (c) Pickle

34. Which of the following is taxable

- (a) Life micro insurance ₹ 75,000
- (b) Aam Aadmi Bima Yojana
- (c) Pradhan Mantri Jeevan Jyothi Yojana
- (d) Air travel insurance

Ans: (d) Air travel insurance

35. Which of the service by artist is exempt?

- (a) Classical Music
- (b) Folk dance
- (c) Kathak
- (d) All of the above

Ans: (d) All of the above

36. Identify the correct statement

- (a) Service provided to RBI is exempt
- (b) Service provided to embassy is exempt
- (c) Service provided by RBI is taxable
- (d) None of the above

Ans: (d) None of the above

37. Which of the service to recognized sports body is taxable?

- (a) Players
- (b) Umpire

- (c) Commentator
- (d) Coach

Ans: (c) Commentator

38. Tour operator providing _____ service is exempt
- (a) To a foreigner for foreign tour
 - (b) To an Indian for Indian tour
 - (c) To a foreigner for Indian tour
 - (d) To a Indian for foreign tour

Ans: (a) To a foreigner for foreign tour

39. Which of the following renting of immovable property is taxable?
- (a) Vacant land to agriculturalist/farmer
 - (b) Vacant land with structure to farmer
 - (c) Renting of bungalow with furniture
 - (d) Renting of land to school

Ans: (d) Renting of land to school

40. Banks providing _____ service is exempt
- (a) Extending deposits to company
 - (b) Extending loan to farmers
 - (c) Bill discounting
 - (d) All of the above

Ans: (d) All of the above

41. Which of the following educational services are taxable?
- (a) Private tutions
 - (b) Foreign university
 - (c) Coaching classes
 - (d) All of the above

Ans: (d) All of the above

42. Which of the following services related to recognized health is taxable
- (a) Rent of rooms provided to patients
 - (b) Food to in patients
 - (c) Food to others
 - (d) Consultancy by senior doctors who are not employees

Ans: (c) Food to others

43. Which of the following is taxable?
- (a) Toll charges
 - (b) Commission to Toll agent

- (c) Toll charges by way of annuity
- (d) None of the above

Ans: (b) Commission to toll agent

44. Which of the following GTA services are taxable?

- (a) Single consignee ₹ 600
- (b) Single consignee ₹ 750
- (c) Single carriage ₹ 1500
- (d) Single carriage ₹ 2500

Ans: (d) Single carriage ₹ 2500

45. Which of the services provided by government is exempt?

- (a) Mining License
- (b) Driving License
- (c) Spectrum allocation charges
- (d) Security service to business entity

Ans: (b) Driving License

46. Which one of the following shall not be exempted from GST?

- a. Fee charged for yoga camp conducted by the trust
- b. Amount received for advancement of educational programmes related to abandoned, orphaned or homeless children
- c. Amount received for renting of commercial property owned by the trust
- d. Amount received for activities relating to preservation of forests and wildlife.

Ans (c)

47. Service by way of transfer of _____ is exempt from GST.

- a. Going concern
- b. Goodwill
- c. Patent
- d. Copyright

Ans (a)

48. Services by a person by way of conduct of any _____ is exempt from GST.

- a. Religious Ceremony
- b. Marriage Ceremony
- c. Festival Ceremony
- d. Entertainment Ceremony

Ans (a)

49. Services provided to the Central Government, State Government or Union Territory or local authority or a Government Authority by way of _____ are exempt.

- a. In relation to any function entrusted to a Panchayat under article 243G of the Constitution

- b. In relation to any function entrusted to a Municipality under article 243W of the Constitution
- c. In relation to any function entrusted to a Municipality under article 243G of the Constitution
- d. Both (a) and (b)

Ans (d)

50. Which of the following services is exempt?

- a. Basic mail services
- b. Speed post services
- c. Express parcel post services
- d. Life insurance services

Ans (a)

51. Renting of residential dwelling for any purpose is exempt from GST. Comment.

- a. Yes, it can be rented for usage of any purpose.
- b. No, it should have been rented for residential purpose only.
- c. No, it should have been rented for commercial purpose only
- d. No, it should have been rented for charitable purpose only.

Ans (b)

52. Government granted exemption to PSU's but did not gave the same to private sector. Comment.

- a. Permissible
- b. Not permissible
- c. Discriminatory
- d. Both (b) and (c)

Ans (a)

53. An entity registered a religious trust u/s 12AA of the Income Tax Act, 1961, , has furnished you the following details with respect to the activities undertaken by it. You are required to compute its value of taxable supply from the information given below:

Particulars	₹
Renting of room where charges are ₹ 500 per day	6,00,000
Renting of room where charges are ₹ 1,500 per day	9,00,000
Renting of Community halls where charges are ₹ 25,000 per day	10,00,000
Renting of kalyan mandapam where charges are ₹ 5,000 per day	7,50,000
Renting of shops for business where charges are ₹ 15,000 per month	7,50,000
Renting of shops for business where charges are ₹ 5,000 per month	5,50,000

Solution : Computation of GST Liability of VHP –

Particulars	₹
Renting of room where charges are ₹ 500 per day	Nil
Renting of room where charges are ₹ 1,500 per day	9,00,000
Renting of Community halls where charges are ₹ 25,000 per day	10,00,000
Renting of kalyanmandapam where charges are ₹ 5,000 per day	Nil

Renting of shops for business where charges are ₹ 15,000 per month	7,50,000
Renting of shops for business where charges are ₹ 5,000 per month	Nil
Value of Taxable Supply	26,50,000

Working Note: Services by a person by way of renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust u/s 12AA of the Income Tax Act, 1961 are exempt. However, this exemption shall not apply to, -

- (a) Renting of rooms where charges are ₹1,000 or more per day;
- (b) Renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ₹ 10,000 or more per day;
- (c) renting of shops or other spaces for business or commerce where charges are ₹ 10,000 or more per month.

54. A Ltd. (a registered taxable person) provides the following information relating to their services for the month of November, 2022:

Particulars	₹
Gross receipts from Running a Boarding School (<i>including receipts for providing residential dwelling services ₹12,00,000</i>)	28,00,000
Conducting private tuition's	16,00,000
Education services for obtaining a qualification recognised by law of a foreign country	8,00,000
Conducting modular employable skill course, approved by National Council of vocational training	10,00,000
Fees from prospective employers for campus interview	6,00,000
Renting of furnished flats for temporary stay to different persons	6,80,000

Compute the value of taxable supply and the amount of GST payable. The above receipts are exclusive of GST. GST Rate – 18%.

Solution : Computation of Value of taxable supply and GST liability –

Particulars	₹
Running a Boarding School (<i>including residential dwelling services</i> [WN-1])	Nil
Conducting private tuition [WN-2]	16,00,000
Education services for obtaining a qualification recognised by law of a foreign country [WN-3]	8,00,000
Conducting modular employable skill course, approved by NCVT [WN-4]	Nil
Fees from prospective employers for campus interview (<i>Not covered in exemption</i>)	6,00,000
Value of renting of furnished flats for temporary stay to different persons [WN-5]	6,80,000
Value of Taxable Supply	36,80,000
GST payable @ 18%	6,62,400

Working Notes :

- 1) Running a boarding school is not taxable since education upto higher secondary school is exempt *vide* Entry 66 of Notification No. 12/2017-CT (Rate) and renting of residential dwelling is exempt *vide* Entry 12 of Notification No. 12/2017-CT (Rate).
- 2) Private Tuitions is not exempt as they do not lead to grant of a qualification recognised by law.
- 3) Education as a part of curriculum for obtaining a qualification recognized by only an Indian Law and not a foreign law is exempt.
- 4) Modular Employable Skill Course is an approved vocational education course and is exempt *vide* Entry 66 of Notification No. 12/2017-CT (Rate).
- 5) Short stay by different persons in furnished flats is not renting of residential dwelling and thus, not exempt.

55. Mr. Nagarjun, a registered supplier of Chennai, has received the following amounts in respect of the activities undertaken by him during the month ended on 30th September, 2022:

S. No.	Particulars	Amount (₹)
(i)	Amount charged for service provided to recognized sports body as selector of national team.	50,000
(ii)	Commission received as an insurance agent from insurance company.	65,000
(iii)	Amount charged as business correspondent for the services provided to the urban branch of a nationalized bank with respect to savings bank accounts.	15,000
(iv)	Service to foreign diplomatic mission located in India.	28,000
(v)	Funeral services.	30,000

He received the services from unregistered goods transport agency for his business activities relating to serial numbers (i) to (iii) above and paid freight of ₹ 45,000 (his aggregate turnover of previous year was ₹ 9,90,000).

Note: All the transactions stated above are intra-State transactions and also are exclusive of GST.

You are required to calculate gross value of taxable supply on which GST is to be paid by Mr. Nagarjun for the month of September, 2022. Working notes should form part of your answer. (May/Nov 2018)

Solution: Computation of gross value of taxable supply on which GST is to be paid by Mr. Nagarjun

Particulars	Amount (₹)
Supplies on which Mr. Nagarjun is liable to pay GST under forward charge	
Amount charged for service provided to recognized sports body as selector of national team [Note 1]	50,000
Commission received as an insurance agent from insurance company [Note 2]	Nil
Amount charged as business correspondent for the services provided to the urban branch of a nationalised bank with respect to savings bank accounts [Note 3]	15,000
Services provided to foreign diplomatic mission located in India [Note 4]	28,000
Funeral services [Note 5]	Nil

Supplies on which Mr. Nagarjun is liable to pay GST under reverse charge	
Services received from GTA [Note 6]	45,000
Value of taxable supply on which GST is to be paid	1,38,000

Notes:

(1) Services provided to a recognized sports body by an individual only 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 Exemption Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, service provided as selector of team is liable to GST.

(2) Though commission for providing insurance agent's services is liable to GST, the tax payable thereon is to be paid by the recipient of service i.e., insurance company, under reverse charge in terms of Notification No. 13/2017 CT(R) dated 28.06.2017. Thus, Mr. Nagarjun will not be liable to pay GST on such commission.

(3) Services provided by business correspondent to a banking company with respect to accounts in its rural area branch are exempt from GST vide Exemption Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, such services provided in respect of urban area branch will be taxable.

(4) While services provided by a foreign diplomatic mission located in India are exempt from GST vide Exemption Notification No. 12/2017 CT(R) dated 28.06.2017, services provided to such mission are taxable.

(5) Funeral services being covered in entry 4 of Schedule III to CGST Act, 2017 are not a supply and thus, are outside the ambit of GST.

(6) GST on services provided by a GTA (not paying tax @ 12%) to inter alia a registered person is payable by the recipient of service i.e., the registered person, under reverse charge in terms of Notification No. 13/2017 CT(R) dated 28.06.2017. The turnover of previous year is irrelevant in this case.

Chapter 5.1 – Time of Supply

1. Which section governs the provisions regarding determining time of supply of goods?
- Section 12
 - Section 13
 - Section 14
 - Section 15

Ans (a)

2. Which section governs the provisions regarding determining time of supply of services?
- Section 12
 - Section 13
 - Section 14
 - Section 15

Ans (b)

3. The time of supply fixes the point when the _____ to / of GST arises.
- Liability
 - Payment
 - Provision
 - Recovery

Ans (a)

4. Reverse charge means the liability to pay tax by the _____ of goods or services or both instead of the _____ of such goods or services or both.
- Recipient, Supplier
 - Recipient, Agent
 - Supplier, Recipient
 - Agent, Recipient

Ans (a)

5. Where amount received is in excess of invoice with amount upto _____, supplier has option to choose time of supply as date of issue of fresh invoice for the said excess amount.
- Rs.100
 - Rs.1,000
 - Rs.500
 - Rs.10,000

Ans (b)

6. On 04.09.20XX, supplier invoices goods taxable on reverse charge basis to ABC & Co. ABC & Co. receives the goods on 12.09.20XX and makes payment on 30.9.20XX. Determine the time of supply.
- 04.09.20XX
 - 04.10.20XX
 - 12.09.20XX
 - 30.09.20XX

Ans (c)

7. ABC Ltd. has purchased for its customers 50 vouchers dated 20.8.20XX worth Rs.100 each from PQR Ltd., a footwear manufacturing company which can be used only for a specific type of footwear. The vouchers were issued by ABC Ltd. on 20.09.20XX. The vouchers can be encashed at retail outlets of PQR Ltd. The employees of ABC Ltd. encashed the same on 01.10.20XX. Determine the time of supply of vouchers.
- a. 20.08.20XX
 - b. 20.09.20XX
 - c. 01.10.20XX
 - d. Supply is not identified

Ans (b)

8. Ms. A purchased a gift voucher (it can be redeemed against any product of the departmental store) from a super market worth Rs.2,000 on 30.7.20XX and gifted it to her friend on the occasion of her marriage on 05.08.20XX. her friend encashed the same on 01.09.20XX for purchase of a watch. Determine the time of supply.
- a. 30.07.20XX
 - b. 05.08.20XX
 - c. 01.09.20XX
 - d. Supply is identified

Ans (c)

9. What is the time of supply of goods in residuary cases, in case where a periodical return has to be filed?
- a. Date on which return is to be filed
 - b. Actual date of filing of return
 - c. Date of payment of tax
 - d. Date of collection of tax

Ans (a)

10. What is the time of supply in case of addition in the value of way of interest, late fee or penalty or any delayed payment of consideration?
- a. Last date on which such late fees / penalty has been charged
 - b. Date of payment of such additional amount
 - c. Date of collection of whole amount
 - d. It doesn't constitute supply

Ans (b)

11. Date of receipt of advance is the time of supply in case of advance received for supply for services especially when the invoice and provisioning of service is done post advance receipt. Comment.
- a. True
 - b. False
 - c. Partially correct
 - d. None of the above

Ans (a)

- 12.** Continuous supply of services means a supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period exceeding _____ with _____ payment obligations.
- a. 1 year, annual
 - b. 3 months, periodic
 - c. 6 months, half yearly
 - d. 1 year, periodic

Ans (b)

- 13.** Mr. X has received the payment, but has not deposited the cheque in the bank account, what is the date of receipt of payment?
- a. Date of receipt of payment
 - b. Date of credit in the bank account
 - c. Date on which payment is entered in the books of account of the supplier
 - d. Earlier of (b) and (c)

Ans (d)

- 14.** Is composition dealer required to pay tax on the advance received by it in respect to supply of goods?
- a. Yes
 - b. No
 - c. Maybe
 - d. None of the above

Ans (a)

- 15.** The relaxation of non payment of taxes on the advance receipt is only to the supplier of goods and not to the providers of service.
- a. Correct
 - b. Incorrect
 - c. Partially correct
 - d. None of the above

Ans (a)

- 16.** Mr. A entered into a contract with Mr. C and agreed to make the payment by 30th September, 20XX. If the payment is not made in time, then he shall pay late fees Rs.100 / day. No payment of late fees has been made so far. What shall be the time of supply in respect of the late fees due on Mr. A?
- a. September 20XX
 - b. October 20XX
 - c. Time of supply has not arisen
 - d. None of the above

Ans (c)

- 17.** What is time of supply of goods, in case of forward charge?
- a. Date of issue of invoice
 - b. Due date of issue of invoice

- c. Date of receipt of consideration by the supplier
- d. Earlier of (a) & (b)

Ans (d)

18. What is time of supply of goods, in case of supplier opting for composition levy under Section 10 of the CGST Act, 2017?

- a. Date of issue of invoice
- b. Date of receipt of consideration by the supplier
- c. Later of (a) & (b)
- d. Earlier of (a) & (b)

Ans (d)

Chapter 5.2 – Value of Supply

1. Value of supply shall be the transaction value, if _____

- a. Transaction is between unrelated parties
- b. Price is the sole consideration
- c. Both (a) and (b)
- d. None of the above

Ans (c)

2. What is transaction value under GST?

- a. Price actually paid or payable for supply of goods
- b. Price actually paid for supply of services
- c. Price as such paid between unrelated parties
- d. All of the above

Ans (d)

3. Mr. A supplied goods worth of 1,00,000 for which he received payment in US dollars. Does the consideration as received falls within the ambit of money

- a. Yes
- b. No
- c. As per the opinion of Appropriate authority
- d. None of the above

Ans (a)

4. Consideration excludes:

- a. Payment in money or otherwise for supply
- b. Monetary value of an act or forbearance
- c. Subsidy by the Central and State Government
- d. All of the above

Ans (c)

5. Value of supply is considered to exclude:

- a. Taxes, duties, cesses and fees levied under any other Act
- b. SGST and UTGST
- c. Compensation Cess
- d. Both (b) and (c)

Ans (d)

6. Value of supply shall be construed to include:

- a. Any taxes, duties, cess, fees and charges levied under any Act, except GST
- b. Any amount that the supplier is liable to pay which has been incurred by the recipient and is not included in the price.
- c. All the incidental expenses, subsidies linked to supply and other interest, late fee and penalty
- d. All of the above

Ans (d)

7. What are the deductions allowed in case of transaction value consideration?

- a. Discounts specified in the invoice
- b. Any payment made by customer on behalf of supplier
- c. Packing charges
- d. All of the above

Ans (a)

8. Mr, A is selling a product for Rs.1,050 inclusive of GST. Rate of CGST and SGST will be 2.5%. Determine the value of supply.

- a. INR 1,000
- b. INR 1,025
- c. INR 1,050
- d. None of the above

Ans (a)

9. ABC Pvt. Ltd. gives discount of 30% on the list price to its distributors as per its contract. As per invoice raised on the items supplied per carton, the list price on the same amounts to INR 600. What shall be the taxable value of such supply, given that the discount is allowed at the time of supply and shown in invoice?

- a. INR 300
- b. INR 420
- c. INR 600
- d. None of the above

Ans (b)

10. Surya Agencies has agreed to supply goods to customer's premises. Goods valued ₹ 80,000 are taxable @ 5% IGST as it is an inter-State supply. It also pays freight and transit insurance of ₹ 12,000. GTA is a registered entity and has charged GST (6% CGST and 6% SGST) under forward charge.

(i) Compute the invoice value of supply including IGST.

(ii) What will be the invoice value of supply including IGST, if the supply was under ex-factory basis instead of door-delivery basis?

Solution:

Computation of invoice value of supply

(i) When supplier agrees to supply the goods at customer's premises, i.e. freight and transit insurance are paid by the supplier, invoice value of supply will be computed as follows:

Particulars	Amount (₹)
Value of goods supplied	80,000
Add: Freight and transit insurance	12,000

[Since the supplier has agreed to deliver the goods at the customer's premises and to pay for freight and insurance, the contract of supply becomes a composite supply, the principal supply being the supply of goods.]	
Total	92,000
Add: IGST @ 5% [Being a composite supply, GST at the rate applicable for principal supply will be charged]	4,600
Invoice value of supply	96,600

(ii) When supplier agrees to supply the goods on ex-factory basis, i.e. the buyer pays the freight and transit insurance, invoice value of supply will be computed as follows:

Particulars	Amount (₹)
Value of goods supplied	80,000
Add: IGST @ 5% of ₹ 80,000	4,000
Invoice value of supply	84,000

Note: The above answer is based on the view that part (ii) of the question is an independent case and thus, the information provided in the first paragraph of the question regarding payment of freight and transit insurance by Surya Agencies does not apply to it. Moreover, when the contract is ex-factory, it implies that the freight and insurance will be the buyer's responsibility and seller will have no role, whatsoever, in delivering the goods to the customer's premises.

Chapter 6 – Input tax credit

1. Which of the following is included for computation of taxable supplies for the purpose of availing credit?

- (a) Zero-rated supplies
- (b) Exempt supplies
- (c) Both
- (d) None of the above

Ans. (a) Zero Rated supplies

2. Whether definition of Inputs includes capital goods.

- (a) Yes
- (b) No
- (c) Certain capital goods only
- (d) None of the above

Ans. (a) No

3. Is it mandatory to capitalize the capital goods in books of Accounts?

- (a) Yes
- (b) No
- (c) Optional
- (d) None of the above

Ans. (a) Yes

4. Whether credit on capital goods can be taken immediately on receipt of the goods?

- (a) Yes
- (b) No
- (c) After usage of such capital goods
- (d) After capitalizing in books of Accounts

Ans. (a) Yes

5. The term “used in the course or furtherance of business” means?

- (a) It should be directly co-related to output supply
- (b) It is planned to use in the course of business
- (c) It is used or intended to be used in the course of business
- (d) It is used in the course of business for making outward supply

Ans. (c) It is used or intended to be used in the course of business

6. Under section 16(2) of CGST Act how many conditions are to be fulfilled for the entitlement of credit?

- (a) All four conditions
- (b) Any two conditions
- (c) Conditions not specified
- (d) None of the above

Ans. (a) All four conditions

7. Whether credit on inputs should be availed based on receipt of documents or receipt of goods

- (a) Receipt of goods
- (b) Receipt of Documents
- (c) Both
- (d) Either receipt of documents or Receipt of goods

Ans. (c) Both

8. In case supplier has deposited the taxes but the receiver has not received the documents, is receiver entitled to avail credit?

- (a) Yes, it will be auto populated in recipient monthly returns
- (b) No as one of the conditions of 16(2) is not fulfilled
- (c) Yes, if the receiver can prove later that documents are received subsequently
- (d) None of the above

Ans. (b) No as one of the conditions of 16(2) is not fulfilled

9. Input tax credit on capital goods and Inputs can be availed in one installment or in multiple installments?

- (a) In thirty-six installments
- (b) In twelve installments
- (c) In one installment
- (d) In six installments

Ans. (c) In one installment

10. The time limit to pay the value of supply with taxes to avail the input tax credit?

- (a) Three months
- (b) Six Months
- (c) One hundred and eighty days
- (d) Till the date of filing of Annual Return

Ans. (c) One hundred and eighty days

11. What is the time limit for taking input tax credit by a registered taxable person?

- (a) No time limit
- (b) 1 year from the date of invoice
- (c) Due date of furnishing of the return under section 39 for the month of September following the end of financial year to which such invoice or invoice relating to such debit note pertains
- (d) Due date of furnishing of the return under section 39 for the month of September following the end of financial year to which such invoice or invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier.

Ans. (d) Due date of furnishing of the return under section 39 for the month of September following the end of financial year to which such invoice or invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier.

12. Can the recipient avail the Input tax credit for the part payment of the amount to the supplier within one hundred and eighty days?

- (a) Yes, on full tax amount and partly value amount
- (b) No, he can't until full amount is paid to supplier
- (c) Yes, but proportionately to the extent of value and tax paid
- (d) Not applicable is eligible to claim refund in respect of exports of goods

Ans. (c) Yes, but proportionately to the extent of value and tax paid

13. Whether depreciation on tax component of capital goods and Plant and Machinery and whether input tax credit is Permissible?

- (a) Yes
- (b) No
- (c) Input tax credit is eligible if depreciation on tax component is not availed
- (d) None of the above

Ans. (c) Input tax credit is eligible if depreciation on tax component is not availed

14. What is the maximum time limit to claim the Input tax credit?

- (a) Till the date of filing annual return
- (b) Due date of September month which is following the financial year
- (c) Earliest of (a) or (b)
- (d) Later of (a) or (b)

Ans. (c) Earliest of (a) or (b)

15. Capital goods include-

- (a) Goods, the value of which is capitalized in the books of accounts
- (b) Goods which are used or intended to be used in the course or furtherance of business
- (c) Both (a) and (b)
- (d) None of the above

Ans. (c) Both (a) and (b)

16. Banking company or Financial Institution have an option of claiming:

- (a) Eligible Credit or 50% credit
- (b) Only 50% Credit
- (c) Only Eligible credit
- (d) Eligible credit and 50% credit

Ans. (a) Eligible Credit or 50% credit

17. Can Banking Company or Financial Institution withdraw the option of availing actual credit or 50% credit anytime in the financial year?

- (a) Yes
- (b) No
- (c) Yes, with permission of Authorized officer
- (d) Not applicable

Ans. (b) No

18. An assessee obtains new registration, voluntary registration, change of scheme from composition to regular scheme and from exempted goods/ services to taxable goods/services. It can avail credit on inputs lying in stock. What is the time limit for taking said credit?

- (a) 1 year from the date of invoice
- (b) 3 years from the date of invoice
- (c) 5 years from the date of invoice
- (d) None of the above

Ans. (a) 1 year from the date of invoice

19. Credit on Input services or capital goods held in stock can be availed in case of new Registration/Voluntary Registration

- (a) Yes
- (b) No
- (c) Yes, on Input services only
- (d) Yes, on capital goods only

Ans. (b) No

20. In case of Compulsory registration, input tax credit can be availed on

- (a) stocks held on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act, provided application for registration is filed within 30 days from the due date
- (b) Stocks held on the day immediately preceding the date of grant of registration under the provisions of this Act.
- (c) Stocks held on the day immediately preceding the date of application of registration under the provisions of this Act.
- (d) None of the above

Ans. (a) Stocks held on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act, provided application for registration is filed within 30 days from the due date

21. In case of Voluntary registration input tax credit can be availed

- (a) On stocks held on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act
- (b) On stocks held on the day immediately preceding the date of grant of registration under the provisions of this Act.
- (c) On stocks held on the day immediately preceding the date of application of registration under the provisions of this Act.
- (d) None of the above

Ans. (b) On stocks held on the day immediately preceding the date of grant of registration under the provisions of this Act.

22. Eligibility of credit on capital goods in case of change of scheme from Composition scheme to Regular scheme

- (a) Eligible during application for Regular scheme
- (b) Not eligible
- (c) Yes, immediately before the date from which he becomes liable to pay tax under the Regular scheme
- (d) None of the above

Ans. (c) Yes, immediately before the date from which he becomes liable to pay tax under the Regular scheme

23. Can the unutilized input tax credit be transferred in case of change in constitution of business?

- (a) Not possible
- (b) No, it will be exhausted
- (c) Yes, it will be transferred only if there is provision for transfer of liabilities
- (d) It will be transferred only if it is shown in books of Accounts of transferor

Ans. (c) Yes, it will be transferred only if there is provision for transfer of liabilities

24. Is it mandatory that the tax on the supply has to be paid by the supplier so that the recipient can claim credit?

- (a) No
- (b) Yes
- (c) Optional
- (d) Not Applicable

Ans. (b) Yes

25. Input Tax credit as credited in Electronic Credit ledger can be utilized for

- (a) Payment of Interest

- (b) Payment of penalty
- (c) Payment of Fine
- (d) Payment of Taxes

Ans. (d) Payment of Taxes

26. ITC can be availed on

- (a) Possession of prescribed invoice/ debit note
- (b) Receipt of goods/services
- (c) Tax on such supply has been paid to government and return being furnished by the supplier
- (d) Fulfilling all the above conditions

Ans. (d) Fulfilling all the above conditions

27. ITC on motor vehicle can be claimed by

- (a) Any registered person
- (b) Registered person engaged in same line of business
- (c) Any registered person engaged in exempted supply
- (d) Any of above

Ans. (b) Registered person engaged in same line of business

28. Person registered under Composition scheme can avail ITC on

- (a) Supply of taxable goods/services
- (b) Receipt of goods/services on specified time period
- (c) Payment to suppliers
- (d) None of above

Ans. (d) None of above

29. ITC can be claimed on goods/services for personal use if

- (a) Payment to supplier has been made
- (b) Return being filed
- (c) All of above
- (d) No ITC can be claimed

Ans. (d) No ITC can be claimed

30. ITC on works contract service can be availed only if

- (a) Engaged in same line of business
- (b) Service related to movable property
- (c) Service related to immovable property
- (d) All of above

Ans. (a) Engaged in same line of business

31. An unregistered person can avail ITC on stock if he applies for registration within

- (a) 60 days of becoming liable to register under GST
- (b) Immediately after becoming liable to register under GST
- (c) 30 days of becoming liable to register under GST
- (d) Cannot avail ITC on stock

Ans. (c) 30 days of becoming liable to register under GST

32. On sale, demerger, transfer, amalgamation, transferee is allowed to utilize ITC which is

- (a) Unavailed in transferor books
- (b) Unutilized in e-ledger of transferor

- (c) Total ITC available to transferor
- (d) None of above

Ans. (b) Unutilized in e-ledger of transferor

33. In case of supply of plant & machinery on which ITC is taken, tax to be paid on is

- (a) Amount equal to ITC availed less 5% for every quarter or part thereof
- (b) Tax on transaction value
- (c) Higher of above two
- (d) Lower of above two

Ans. (c) Higher of above two

34. Which of the following are covered in the definition of input tax?

- i. Tax paid under RCM
- ii. IGST on imports
- iii. Taxes on composition levy
- iv. CGST

Mark the correct option:

- a. (i) & (ii)
- b. (i), (ii) & (iv)
- c. (i), (ii) & (iii)
- d. All of the above

Ans (b)

35. Input can be availed if the following particulars are mentioned in the invoice:

- i. GSTIN of supplier & recipient
- ii. Place of supply
- iii. Tax amount
- iv. Description of goods or services

Which one is the correct option?

- a. (i), (ii) & (iv)
- b. (i) only
- c. (i) & (iii) only
- d. (i), (ii), (iii) & (iv)

Ans (d)

36. The input tax credit on purchase invoice dated 2nd May 20XX was omitted to be taken. The accountant realized this mistake on 1st November 20XX of next year. Can he now claim the credit?

- a. Yes
- b. No
- c. Yes, with permission of Jurisdictional officer
- d. Maybe

Ans (b)

37. Mr. A, a registered person omitted to take the ITC of the August 20XX month. He has filed his GST annual return on 30th June, 20XX. By when he could have availed the ITC?

- a. 30th June, 20XX
- b. 20th October, 20XX

- c. 30th September, 20XX
- d. 31st July, 20XX

Ans (a)

- 38.** Mr. A received an order worth Rs.1 crore from Mr. X. he received an advance of Rs.10 lacs in this regard and accordingly paid the tax to the Government under reverse charge. Can Mr. X claim ITC in respect to tax paid on advance by Mr. A?
- a. Yes
 - b. No
 - c. Maybe
 - d. Yes, with permission of Jurisdictional officer

Ans (b)

- 39.** Mr. A of Delhi placed an order with Mr. B of Delhi on 1st April 20XX and asks him to deliver the goods to Mr. C of UP. The goods get delivered to Mr. C on 3rd May 20XX. Who shall be eligible to claim the credit on this supply?
- a. Mr. A
 - b. Mr. B
 - c. Mr. C
 - d. Either (a) or (c)

Ans (a)

- 40.** In above question, in which month the eligible person book the credit in its electronic ledger?
- a. April 20XX
 - b. May 20XX
 - c. September 20XX
 - d. Either (a) or (b)

Ans (b)

- 41.** Is there any time limit for re-availing the credit?
- a. One month
 - b. One year
 - c. 180 days
 - d. No time limit

Ans (d)

- 42.** Mr. A, a practicing Chartered Accountant purchased 3 laptops each having tax elements of Rs.40,000 in his firm name. two laptops he utilized in his office whereas one laptop he gifted to his sister. What is the amount of ineligible ITC?
- a. Rs.40,000
 - b. Rs.50,000
 - c. Rs.75,000
 - d. None of the above

Ans (a)

- 43.** Mr. A, non-resident taxable person bought goods from USA for the trade fair to be organized in Pune. At the customs, he paid IGST. Will he get the credit of the IGST paid?
- a. Yes
 - b. No
 - c. Maybe
 - d. Yes, with permission of Customs

Ans (a)

- 44.** Mr. A purchased goods from Mr. B a composition dealer worth Rs.2,00,000. Since Mr. B was trader so he was supposed to pay only 1% of his turnover as his tax. The item so purchased was otherwise taxable at 12%. What is the amount of credit which Mr. A is eligible to take?
- a. Rs. 2,000
 - b. Rs. 24,000
 - c. Rs. 1,000
 - d. Not eligible to claim credit

Ans (d)

- 45.** ABC Pvt. Ltd. is engaged in making Chocolates. The company on Diwali, distributed the same chocolates to its employees. Can the company claim ITC in respect to the inputs used in making such gifts?
- a. Yes
 - b. No
 - c. Maybe
 - d. Company's discretion

Ans (b)

- 46.** True or false: A person cannot take ITC with respect to goods given as gifts or free samples.
- a. True
 - b. False
 - c. Partially correct
 - d. None of the above

Ans (a)

- 47.** ITC shall be allowed in which of the following options
- i. Excavators
 - ii. Road rollers
 - iii. Tippers
 - iv. Dumpers
- Tick the correct option.
- a. (i) & (ii)
 - b. (iii) & (iv)
 - c. (i), (ii) & (iii)
 - d. (i), (ii), (iii) & (iv)

Ans (d)

48. ITC in respect to pipelines laid outside the factory and telecommunication towers fixed to earth by foundation or structural support including foundation and structural support are _____ for the ITC.

- a. Eligible
- b. Not eligible
- c. Eligible, with permission of Jurisdictional officer
- d. None of the above

Ans (b)

49. Situations:

- i. Health insurance of factory employees
 - ii. Composite service used for installation of plant and machinery
 - iii. Purchase of car used by director for the business meetings only
- Comment on the eligibility of the credit in below mentioned cases.
- a. Not eligible, eligible, not eligible
 - b. Not eligible, not eligible, not eligible
 - c. Eligible, not eligible and not eligible
 - d. Eligible, eligible and not eligible

Ans (a)

50. “Credit of ITC may be availed for making zero rated supplies, even if such supply is an exempted supply.” – Comment

- a. Correct
- b. Incorrect
- c. Partially correct
- d. None of the above

Ans (a)

51. A person has a single GST registration in respect of two different trade names. Can he set off input tax credit from one trade name against the output tax liability of the other?

- a. Yes
- b. No
- c. Maybe
- d. None of the above

Ans (a)

52. Whether Input tax credit is available in respect of Input tax paid on use of mobile phones / laptops / as given to employees?

- a. Yes
- b. No
- c. Maybe
- d. None of the above

Ans (a)

53. Determine the eligibility of ITC in the following cases:

CASE	ADMISIBILITY
Goods purchased without invoice	Not available
Goods purchased from A Ltd. (Full payment is made by the recipient to A Ltd. but tax has not been deposited by A Ltd.)	Not available
Goods purchased from A Ltd. (invoice received in previous month while goods are yet to be received)	Not available
Electrical transformers used in the Factory	Available
Pollution control equipment used in the factory	Available
Moulds & Dies used in the Factory	Available
Capital goods used as parts purchased from a supplier who paid tax of ₹10,000 under composition scheme	Not available
Food and Beverages purchased for Dealer's meet	Not available
Inputs stolen from the Factory Store	Not available
Goods used for providing Service during Warranty period	Available
Goods used for setting up Tele-communication towers being immovable property	Not available
Goods used in constructing an additional floor of Office Building	Not available
Packing Materials used in the Factory	Available
Goods destroyed due to Natural Calamity	Not available
Goods used for repairing the office building & cost of such repairs is debited to Profit & Loss Account	Available
Paper for photocopying machine used in office	Available
Inputs used for tests or quality control check	Available
Inputs used in trial runs	Available
Cement used for making foundation and structural support to plant and machinery	Available
Sales promotion service	Available
Quality control service	Available
Healthcare Service availed to upkeep the health of employees	Not available
Accounting and auditing service	Available
Health insurance services for employees (Services are not provided under Government obligation)	Not available
Hotel accommodation and conveyance facility for employee on vacation	Not available
Works contract services for construction of office building	Not available
Health insurance of factory employees.	Not Available
Purchase of manufacturing machine directly sent to job worker's premises under challan	Available
Purchase of car used by director for the business meetings only.	Not Available
Outdoor catering service availed for business meetings.	Not Available

Chapter 7 - Registration

1. The term 'agriculturist' includes the following persons who undertake cultivation of land:
- (a) An individual
 - (b) A Hindu Undivided Family
 - (c) A co-operative society
 - (d) Both (a) and (b)

Ans. (d) Both (a) and (b)

2. The term 'casual taxable person' includes:
- (a) A person occasionally supplying goods or services or both in a State or a Union territory where he has no fixed place of business.
 - (b) A person occasionally supplying goods or services or both in a State or a Union territory where he has fixed place of business.
 - (c) Both (a) and (b)
 - (d) None of the above

Ans. (a) A person occasionally supplying goods or services or both in a State or a Union territory where he has no fixed place of business.

3. Mr. X of Delhi is participating in Hitex Furniture Expo in Haryana where he has no fixed place of business and exhibiting his products. During the expo, the said products will be sold to the people attending and intending to purchase such products. In such scenario, Mr. X shall obtain which of the following registration under the CGST Act, 2017:
- (a) Non-resident taxable person registration
 - (b) Casual taxable person registration
 - (c) Regular taxpayer registration
 - (d) No registration under GST required.

Ans. (b) Casual taxable person registration.

4. A person who occasionally undertakes transactions involving supply of goods or services or both, whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India is:
- (a) Non-resident taxable person
 - (b) Composition dealer
 - (c) Registered person
 - (d) Casual taxable person

Ans. (a) Non-resident taxable person

5. How the aggregate turnover of ₹ 20 Lakh is calculated?
- (a) Aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and interstate supplies of a person having same PAN computed on all India basis.
 - (b) Aggregate value of all taxable supplies(excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and interstate supplies of a person computed for each state separately.
 - (c) Aggregate value of all taxable intrastate supplies, export of goods/services and exempt supplies of a person having same PAN computed for each state separately.
 - (d) Aggregate value of all taxable supplies(excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and

interstate supplies of a person having same PAN computed on all India basis and excluding taxes if any charged under CGST Act, SGST Act and IGST Act.

Ans. (d) Aggregate value of all taxable supplies(excluding the value of inward supplies on which tax is payable by a person on reverse charge basis),, exempt supplies, export of goods/services and interstate supplies of a person having same PAN computed on all India basis and excluding taxes if any charged under CGST Act, SGST Act and IGST Act

6. The term “place of business” includes:

- (a) Place from where business is ordinarily carried out including godown, warehouse, etc.
- (b) Place where a taxable person maintains his books of account
- (c) Place where taxable person is engaged in business through an agent
- (d) All the above

Ans. (d) All the above

7. ‘P’ Ltd. has its registered office under the Companies Act, 2013 in the State of Maharashtra. It also has a corporate office in the State of Telangana. What will be the place of business of ‘P’ Ltd. under the CGST Act, 2017?

- (a) Telangana
- (b) Maharashtra
- (c) Both (a) and (b)
- (d) None of the above

Ans. (c) Both (a) and (b)

8. P Ltd. has a contract with X Ltd. to provide book keeping services to Q Ltd. Q Ltd. is a subsidiary of P Ltd. The liability to discharge consideration for such book keeping service is of P Ltd. As per the CGST Act, 2017, who will be the recipient of the above service?

- (a) P Ltd.
- (b) Q Ltd.
- (c) X Ltd.
- (d) Both (a) and (b)

Ans. (a) P Ltd.

9. Aggregate turnover does not include-

- (a) Inward supplies on which tax is payable on reverse charge basis
- (b) Exempt supplies
- (c) Export of goods or services or both
- (d) Inter-State supplies of persons having the same PAN number

Ans. (a) Inward supplies on which tax is payable on reverse charge basis

10. ABC Ltd. has provided following information for the month of Sep, 20XX:

- (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 to GTA ₹ 80,000/-

Calculate the aggregate turnover of ABC Ltd.

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

Ans. (c) ₹ 23,00,000/-

11. Whether all persons are mandatorily required to obtain registration?

- (a) Yes
- (b) Not required if he is an agriculturist or person exclusively engaged in supplying exempt goods or services, if specified threshold limit does not exceed in a financial year.
- (c) Not required if he is an agriculturist or person exclusively engaged in supplying exempt goods or services.
- (d) No, only if specified threshold exceeds in a financial year then only need to obtain.

Ans. (c) Not required if he is an agriculturist or person exclusively engaged in supplying exempt goods or services.

12. Which one of the following is true?

- (a) A person can't collect tax unless he is registered.
- (b) Registered person not liable to collect tax till his aggregate turnover exceeds ₹20 lakhs/ ₹10 Lakhs as the case may be.
- (c) A person can collect the tax during the period of his provisional registration.
- (d) Both (a) and (b) are correct.

Ans. (a) A person can't collect tax unless he is registered

13. Within how many days a person should apply for registration?

- (a) Within 60 days from the date he becomes liable for registration.
- (b) Within 30 days from the date he becomes liable for registration.
- (c) No Time Limit
- (d) Within 90 days from the date he becomes liable for registration.

Ans. (b) Within 30 days from the date he becomes liable for registration

14. Which one of following statements are correct?

- (a) Voluntary registration is not possible under GST.
- (b) Voluntarily registered person not liable to comply with all the provisions of the GST.
- (c) A person may get himself registered voluntarily and shall comply with all the provisions of GST.
- (d) None of the above.

Ans. (c) A person may get himself registered voluntarily and shall comply with all the provisions of GST

15. What is the validity of the registration certificate?

- (a) One year
- (b) No validity
- (c) Valid till it is cancelled.
- (d) Five years.

Ans. (c) Valid till it is cancelled

16. What is the validity of the registration certificate issued to casual taxable person and non-resident taxable person?

- (a) 90 days from the effective date of registration
- (b) Period specified in the application for registration
- (c) Earliest of (a) or (b) above
- (d) 180 days from the effective date of registration.

Ans. (c) Earliest of (a) or (b) above

17. Which of the following requires amendment in the registration certificate?

- (a) Change of name of the registered person

- (b) Change in constitution of the registered person
- (c) Addition, deletion or retirement of partners or directors, Karta, Managing Committee, Board of Trustees, Chief Executive Officer or equivalent, responsible for the day to day affairs of the business
- (d) All of the above

Ans. (d) All of the above

18. When can a voluntarily registration be cancelled?

- (a) If the person does not start business within six months from the date of registration.
- (b) Business has been discontinued or transferred for any reason.
- (c) Non-filing of returns for a continuous period of six months or for three consecutive tax period in case of Composition dealer.
- (d) All of the above

Ans. (d) All of the above

19. Which of the following statements are correct?

- (i) Revocation of cancellation of registration under CGST/SGST Act shall be deemed to be a revocation of cancellation of registration under SGST/CGST Act.
 - (ii) Cancellation of registration under CGST/SGST Act shall be deemed to be a cancellation of registration under SGST/CGST Act.
 - (iii) Revocation of cancellation of registration under CGST/SGST Act shall not be deemed to be a revocation of cancellation of registration under SGST/CGST Act.
 - (iv) Cancellation of registration under CGST/SGST Act shall not be deemed to be a cancellation of registration under SGST/CGST Act.
- (a) (i) and (ii)
 - (b) (i) and (iv)
 - (c) (ii) and (iii)
 - (d) (iii) and (iv)

Ans. (a) (i) and (ii)

20. Which of the below statements are incorrect in finding out the effective date of registration?

- (a) From the date on which a person becomes liable to registration, where application is submitted within 30 days from such date.
- (b) Date of grant of registration, where application is submitted after 30 days from such date.
- (c) From the date of grant of provisional registration, in case of persons registered under earlier law.
- (d) Date of issue of certificate of registration.

Ans. (d) Date of issue of certificate of registration

21. An Unique Identity Number will be allotted to the following persons upon submitting an application:

- (a) All the taxable persons can apply.
- (b) Only unregistered persons can apply.
- (c) Specialized agency of the UNO or any multilateral financial institution or consulate or embassy of foreign countries.
- (d) No such concept under CGST/SGST Act.

Ans. (c) Specialized agency of the UNO or any multilateral financial institution or consulate or embassy of foreign countries

22. Every registered taxable person shall display his certificate of registration in a prominent location at his principal and at every other place of business also GSTIN shall be displayed on the name board at the entry of such places.
- (a) No, certificate of registration to be displayed only at a registered place of business and GSTIN need not be displayed on the name board.
 - (b) Yes, above statement is correct.
 - (c) No, GSTIN to be displayed only on the invoices.
 - (d) Above statement is correct subject to certificate of registration to be displayed only at registered place of business.

Ans. (b) Yes, above statement is correct

23. Does a Medical Service Provider needs to get registered under GST, if his aggregate turnover (u/s 2 (6) is more than ₹ 20 Lakhs but has taxable supply of only an amount of ₹2.4 Lakh p.a.?
- (a) No
 - (b) Yes

Ans. (b) Yes [he should get registered and also pay GST on taxable supply.]

24. Who will take registration on services in relation to transportation of goods (including used household for personal use) if, GTA avails ITC on supplies made by him
- (a) GTA, forward charge
 - (b) GTA, RCM
 - (c) Service receiver, forward charge
 - (d) Service receiver, RCM

Ans. (a) GTA, forward charge

25. Do I, a Mutual fund Distributor working in Delhi, need to register under GST, having income less than ₹ 20 Lakhs but working for offices that are registered in Mumbai and have branch offices in Delhi?
- (a) No
 - (b) Yes

Ans. (b) No [Section 24 read Notification No. 10/2017 – Integrated Tax dated 13.10.2017]

26. A. SEZ Unit are required to register separately under GST.
B. Input Service Distributor shall make a separate application for registration as such Input Service Distributor.
Comment on the above statements,
- a. A – correct, B – incorrect
 - b. A – incorrect, B – correct
 - c. Both A & B – correct
 - d. Both A & B – incorrect

Ans (c)

27. A person applying for registration as a casual taxable person shall be given a temporary reference number by the Common Portal _____ .
- a. For making advance deposit of tax
 - b. After validation of email and phone number with OTP
 - c. For making proper signature with DSC
 - d. None of the above

Ans (a)

28. The application shall be forwarded to the _____ who shall examine the application and the accompanying documents for GST registration.

- a. Proper Officer
- b. GSTN
- c. GSTP
- d. GST Portal

Ans (a)

29. The application for registration after being examined by the proper officer, if the same are found to be in order, approve the grant of registration to the applicant within _____ from the date of submission of application if Aadhar authentication is complete and the proper officer does not consider physical verification necessary before grant of registration.

- a. 3 working days
- b. 5 working days
- c. 7 working days
- d. 10 working days

Ans (c)

30. The applicant shall furnish any clarification, sought electronically by the proper officer regarding deficiency in application, in form GST REG – 04, within _____ from the date of receipt of such notice.

- a. 3 working days
- b. 7 working days
- c. 10 working days
- d. 15 working days

Ans (b)

31. The application for grant of registration shall be deemed to have been approved, if the proper officer fails to take any action.

- a. Within 7 working days from the date of submission of application in case of Aadhar authentication completed
- b. Within 7 working days from the date of receipt of clarification, information or documents furnished by the applicant
- c. Both (a) or (b)
- d. None of the above

Ans (c)

32. What is the full form of GSTIN?

- a. Goods and Services Tax Identification Number
- b. Goods and Services Tax Information Number
- c. Goods and Services Type Identity Number
- d. Goods and Services Type Information Number

Ans (a)

33. The Number of Digits in the PAN based GSTIN registration Number will be:

- a. 10 Digits
- b. 12 Digits
- c. 14 Digits
- d. 15 Digits

Ans (d)

- 34.** Arrange the following in an order to form proper GSTIN, -
- a. Ten characters for the PAN or the Tax Deduction and Collection Account Number
 - b. One checksum character
 - c. Two characters for the entity code
 - d. Two characters for the State code
- a. c, a, d, b
 - b. a, d, c, b
 - c. d, c, b, a
 - d. d, a, c, b

Ans (d)

- 35.** What is the effective date of registration where the application for registration has been submitted within 30 days from being liable to get registered?
- a. Date of becoming liable to registration
 - b. Date of making application in GST REG – 01
 - c. Date of grant of registration
 - d. Date of first sale made after registration

Ans (a)

- 36.** What is the effective date of registration in case the person voluntarily opts to take registration in GST?
- a. Date of becoming liable to registration
 - b. Date of making application in GST REG – 01
 - c. Date of grant of registration
 - d. Date of first sale made after registration

Ans (c)

- 37.** What is the prescribed time period to apply for registration by a non – resident taxable person?
- a. Within 7 days after total turnover crosses 20 lakhs
 - b. Within 7 days prior to the commencement of business
 - c. Within 30 days from being liable to registration
 - d. At least 5 days prior to the commencement of business

Ans (d)

- 38.** M/s ABC & Co. crossed their threshold limit for registration on 30.8.20XX. but it applied for GST registration on 5.9.20XX and he was granted GST registration on 8.9.20XX. What will be his effective date of registration?
- a. 30.8.20XX
 - b. 5.09.20XX
 - c. 8.9.20XX

d. 30.9.20XX

Ans (a)

39. A. Voluntary registration can be cancelled any time.

B. Tax must be paid once voluntary registration is obtained, even if annual turnover is less than Rs. 20 lakhs.

Comment on the above statements,

a. A – correct, B – incorrect

b. A – incorrect, B – correct

c. Both a and b – correct

d. Both a and b – incorrect

Ans (c)

40. What is the full form of UIN?

a. Un – identified Nation

b. United Identity Number

c. Unique Identity Number

d. United in Nation

Ans (c)

41. The threshold limit for inter state supply of goods is

(a) 10 lakh

(b) 20 lakh

(c) 75 lakh

(d) No limit – Fully taxable

Ans: (d)

42. Mr. A (Delhi) supplied goods to Kangra (Himachal Pradesh), he is eligible for GST threshold limit amounting to Rs...?

(a) 10 lakh

(b) 20 lakh

(c) 75 lakh

(d) No limit – Fully taxable

Ans: (d)

43. Mr. A (Manipur) supplied goods to Mr. B (Manipur), he is eligible to threshold limit of Rs.....?

(a) 10 lakh

(b) 20 lakh

(c) 75 lakh

(d) No limit – Fully taxable

Ans: (a)

44. Mr. A (Jammu) supplied goods to Mr. B (Delhi), he is eligible to threshold limit of ₹?

- (a) 10 lakh
- (b) 20 lakh
- (c) 75 lakh
- (d) No limit – Fully taxable

Ans: (d)

45. Mr. A (Uttarakhand) supplied goods to Mr. B (Uttarakhand), he is eligible to GST threshold limit amounting to Rs...?
- (a) 10 lakh
 - (b) 20 lakh
 - (c) 75 lakh
 - (d) No limit – Fully taxable

Ans: (b)

46. A Ltd. of Jaipur, Rajasthan has effected intra-state supplies of taxable goods amounting to ₹12,00,000 till 31.12.2022. On 01.01.2023 it has effected inter-state supply of taxable goods amounting to ₹1,00,000. A Ltd. is of the opinion that it is not required to get registered under GST Law since its aggregate turnover is not likely to exceed ₹20,00,000 during financial year 2022-23. As a consultant of the company you are required to advise the company relating to registration requirements.

Solution: The opinion of A Ltd. is not correct. As per Section 24 of CGST Act, 2017, person making inter state taxable supply of goods are compulsorily required to obtain registration. Thus, Section 24 is an overriding section that makes it mandatory to obtain registration by certain prescribed persons. even though the conditions prescribed u/s 22 are not met. Hence, A Ltd. is mandatorily required to register.

47. With the help of the following information in the case of M/s Jayant Enterprises, Jaipur (Rajasthan) for the year 2022-23, determine the aggregate turnover for the purpose of registration under the CGST Act, 2017.

S. No.	Particulars	Amount (₹)
(i)	Sale of diesel on which Sale Tax (VAT) is levied by Rajasthan Govt	1,00,000
(ii)	Supply of goods, after completion of job work, from the place of Jayant Enterprises directly by principal.	3,00,000
(iii)	Export supply to England (U.K.)	5,00,000
(iv)	Supply to its own additional place of business in Rajasthan.	5,00,000
(v)	Outward supply on which GST is to be paid by recipient under reverse charge.	1,00,000

All the above amounts are excluding GST.

You are required to provide reasons for treatment of various items given above. (May/Nov 2018)

Solution: Computation of aggregate turnover of M/s Jayant Enterprises for the FY 2022-23

Particulars	Amount (₹)
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Supply of diesel on which Sales Tax (VAT) is levied by Rajasthan Government [Note-1]	1,00,000
Supply of goods, after the completion of job work, from the place of Jayant Enterprises, directly by the principal [Note-2]	Nil
Export supply to England [Note-3]	5,00,000
Supply to its own additional place of business in Rajasthan [Note-4]	Nil
Outward supply on which GST is to be paid by recipient under reverse charge [Note-5]	1,00,000
Aggregate turnover	7,00,000

Notes:-

1. As per section 2(47) of the CGST Act, 2017, exempt supply includes non-taxable supply. Thus, supply of diesel, being a non-taxable supply, is an exempt supply and exempt supply is specifically includible in aggregate turnover in terms of section 2(6) of the CGST Act, 2017.
2. Supply of goods after completion of job work by a registered job worker shall be treated as the supply of goods by the principal in terms of explanation (ii) to section 22 of the CGST Act, 2017.
3. Export supplies are specifically includible in the aggregate turnover in terms of section 2(6) of the CGST Act, 2017.
4. Supply made without consideration to units within the same State (under same registration) is a not a supply and hence not includible in aggregate turnover.
5. Outward supplies taxable under reverse charge would be part of the “aggregate turnover” of the supplier of such supplies. Such turnover is not included as turnover in the hands of recipient. Section 22(1) of the CGST Act, 2017 provides that a supplier whose aggregate turnover in a financial year exceeds ₹ 20 lakh [₹10 lakh in Special Category States other than Jammu and Kashmir] in a State/UT is liable to be registered.

The applicable turnover limit for registration, in the given case, will be ₹ 20 lakh as Rajasthan is not a Special Category State. Although, the aggregate turnover of M/s Jayant Enterprises does not exceed ₹ 20 lakh, it is compulsorily required to register in terms of section 24(i) of the CGST Act, 2017 irrespective of the turnover limit as it is engaged in making inter-State supplies in the form of exports to England.

Chapter 8 – Tax invoice, debit note credit note, E way bill

1. Tax invoice must be issued by_____
- (a) Every supplier
 - (b) Every taxable person
 - (c) Registered persons not paying tax under composition scheme
 - (d) All the above

Ans. (c) Registered persons not paying tax under composition scheme

2. Law permits collection of tax on supplies effected prior to registration, but after applying for registration:
- (a) Yes, but only on intra-State supplies, if the revised invoice is raised within one month
 - (b) Yes, but only on intra-State supplies effected to unregistered persons, if the revised invoice is raised within one month
 - (c) Yes, on all supplies, if the revised invoice is raised within one month
 - (d) No, tax can be collected only on supplies effected after registration is granted.

Ans. (c) Yes, on all supplies, if the revised invoice is raised within one month

3. A bill of supply can be issued in case of inter-State and intra-State:
- (a) Exempted supplies
 - (b) Supplies to unregistered persons
 - (c) Both of above
 - (d) None of the above.

Ans. (a) Exempted supplies

4. An invoice must be issued:
- (a) At the time of removal of goods
 - (b) On transfer of risks and rewards of the goods to the recipient
 - (c) On receipt of payment for the supply
 - (d) Earliest of the above dates.

Ans. (a) At the time of removal of goods.

5. An acknowledgement must be given on receipt of advance payment in respect of supply of goods or services:
- (a) Yes, in the form of a proforma invoice
 - (b) Yes, as a receipt voucher
 - (c) Yes, the invoice must be raised to that extent
 - (d) None of the above

Ans. (b) Yes, as a receipt voucher.

6. The recipient must issue an invoice in the following cases:
- (a) The supplier fails to issue an invoice
 - (b) The supplier is unregistered
 - (c) The goods or services received are notified for tax on reverse charge basis

Ans. (b) & (c)

7. A payment voucher need not be raised if the supplier is an unregistered person.
- (a) True, as the recipient is required to issue an invoice in that case
 - (b) True, if the unregistered person does not require it
 - (c) False, a payment voucher is the only document to evidence the supply

- (d) False, payment voucher should be issued in addition to raising an invoice for the inward supply

Ans. (d) False, payment voucher should be issued in addition to raising an invoice for the inward supply

8. The time limit for issue of tax invoice in case of continuous supply of goods:

- (a) At the time of issue of statement of account where successive accounts are involved
- (b) At the time of receipt of payment, if payments are received prior to issue of accounts
- (c) On a monthly basis
- (d) As and when demanded by the recipient.

Ans. (a) At the time of issue of statement of account where successive accounts are involved

9. In case of goods sent on sale on approval basis, invoice has to be issued:

- (a) while sending the goods; another Invoice has to be issued by the recipient while rejecting the goods
- (b) while sending the goods but the recipient can take credit only when the goods are accepted by him
- (c) when the recipient accepts the goods or six months from the date of removal whichever is earlier
- (d) when the recipient accepts the goods or three months from the date of supply whichever is earlier

Ans. (c) when the recipient accepts the goods or six months from the date of removal, whichever is earlier.

10. If Supply of Services has ceased under a contract before the completion of supply:

- (a) Invoice has to be issued within 30 days on the basis of 'Quantum Meruit' from the date of cessation
- (b) Invoice has to be issued at the time of cessation to the extent of the supply effected
- (c) Invoice has to be issued for the full value of the contract after deducting a percentage thereof as prescribed
- (d) Invoice cannot be issued as the matter will be sub-judice.

Ans. (b) Invoice has to be issued at the time of cessation to the extent of the supply effected.

11. The tax invoice should be issued _____ the date of supply of service:

- (a) Within 30 days from
- (b) Within 1 month from
- (c) Within 15 days from
- (d) On

Ans. (a) Within 30 days from

12. A person who has applied for registration can:

- (a) Provisionally collect tax till his registration is approved, on applying for registration, if he has applied for registration within prescribed time
- (b) Neither collect tax nor claim input tax credit
- (c) Issue 'revised invoice' and collect tax within 1 month of date of issuance of certificate of registration, subject to conditions
- (d) All of the above.

Ans. (c) Issue 'revised invoice' and collect tax within 1 month of date of issuance of certificate of registration, subject to conditions.

13. The name of the State of recipient along with State code is required on the invoice where:

- (a) Supplies are made to unregistered persons

- (b) Supplies are made to unregistered persons where the value of supply is ₹ 50,000 or more
- (c) Inter-state supplies are made to unregistered persons where the value of supply is ₹ 50,000 or more
- (d) Supplies are made to registered persons

Ans. (b) Supplies are made to unregistered persons where the value of supply is ₹ 50,000 or more

14. A credit note is issued by _____ and it is a document accepted for GST purposes:

- (a) Supplier, for reducing the tax/ taxable value
- (b) Recipient, for reducing the tax/ taxable value
- (c) Supplier, for increasing the tax/ taxable value
- (d) Recipient, for increasing the tax/ taxable value

Ans. (a) Supplier, for reducing the tax/ taxable value.

15. For an increase in the tax/ taxable value, a debit note for GST purposes:

- (a) Should be issued by the supplier
- (b) Should be issued by the recipient
- (c) May be issued by the supplier
- (d) May be issued by the recipient

Ans. (a) Should be issued by the supplier.

16. The last date for declaring the details of a Credit Note issued on 25-Jun-20XX for a supply made on 19-Sep-20XX is:

- (a) 31-Dec-20XX – Last date for filing annual return
- (b) 20-Jul-20XX – Actual date for filing annual return
- (c) 20-Jan-20XX – Due Date of Filing of December Return
- (d) 20-Oct-20XX – Due Date of Filing of September Return

Ans. (d) 20-Oct-20XX – Due Date of Filing of September Return

17. The receipt voucher must contain:

- (a) Details of goods or services
- (b) Invoice reference
- (c) Full value of supply
- (d) None of the above

Ans. (a) Details of goods or services.

18. A registered person, Mr. A supplies goods worth Rs.175 to Mr. B an unregistered person. Is it mandatory to issue tax invoice separately?

- a. Yes
- b. No
- c. No, even if Mr. B asks for it
- d. None of the above

Ans (b)

19. “Removal”, in relation to goods, means –

- a. Dispatch of the goods for delivery by the supplier
- b. Collection of the goods by the recipient
- c. Either (a) or (b)
- d. Receipt of goods by the recipient

Ans (c)

- 20.** Tax Invoice must be issued within _____ from the date of removal of goods sent or taken on approval for sale or return.
- a. 3 months
 - b. 30 days
 - c. 15 days
 - d. 6 months

Ans (d)

- 21.** Which documents is to be issued by the consignor instead of tax invoice for transportation of goods for job work?
- a. E – way bill
 - b. Delivery Challan
 - c. Debit Note
 - d. Receipt Voucher

Ans (b)

- 22.** Delivery Challan should be issued at the time of _____ of goods.
- a. Sale
 - b. Purchase
 - c. Removal
 - d. Supply

Ans (c)

- 23.** Bill of Supply is issued by the registered person –
- a. Paying tax under composition scheme
 - b. Supplying exempted goods or services or both
 - c. (a) and (b) both
 - d. None of the above

Ans (c)

- 24.** Invoice cum Bill of Supply may be issued by registered person
- a. Supplying taxable as well as exempted goods and / or services
 - b. Supplying taxable goods and exempted services
 - c. Supplying taxable services and exempted goods
 - d. Supplying taxable as well as exempted services

Ans (a)

- 25.** Revised invoice is an invoice which is issued against the invoice already issued
- a. During the period beginning with the date of application till the effective date of registration
 - b. During the period beginning with the effective date of registration till the date of issuance of registration certificate
 - c. During the period beginning with the date of application till the date of issuance of registration certificate
 - d. During the whole period prior to registration

Ans (b)

- 26.** Goods may be transported without issue of invoice in case of
- a. Supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,
 - b. Transportation of goods for job work
 - c. Transportation of goods for reasons other than by way of supply
 - d. All of the above

Ans (d)

- 27.** A registered taxable person shall, on receipt of advance payment w.r.t. any supply, issue
- a. Debit note
 - b. Credit note
 - c. Receipt voucher
 - d. Tax invoice

Ans (c)

- 28.** No tax is payable on receipt of advance payment w.r.t. any supply of _____.
- a. Goods
 - b. Services
 - c. Goods or Services or both
 - d. Input services

Ans (a)

- 29.** When payment is made by recipient of supply to supplier in respect of supplies where tax is payable under reverse charge, _____ is required to be issued
- a. Debit note
 - b. Credit note
 - c. Receipt voucher
 - d. Payment voucher

Ans (d)

- 30.** If prices are increased after renegotiations, the supplier should issue
- a. Credit note with GST
 - b. Debit note without GST
 - c. Credit note without GST
 - d. Debit note with GST

Ans (d)

- 31.** Credit note is issued when _____
- a. Tax invoice is found to exceed the taxable value or tax payable
 - b. Goods supplied are returned by the recipient
 - c. Goods or services supplied are found to be deficient
 - d. All of the above

Ans (d)

32. When due date of payment is ascertainable, tax invoice shall be issued on or before.

- a. Due date of payment
- b. The date when supplier receives the payment
- c. (a) or (b), whichever is earlier
- d. (a) or (b), whichever is later

Ans (a)

33. When due date of payment is not ascertainable, tax invoice shall be issued on or before.

- a. Due date of payment
- b. The date when supplier receives the payment
- c. (a) or (b), whichever is earlier
- d. (a) or (b), whichever is later

Ans (b)

34. In case of taxable supply of services, tax invoice shall be issued within _____ from the date of supply of service provided that the supplier is other than an insurer / banking company / financial institution / non – banking financial company.

- a. 15 days
- b. 30 days
- c. 45 days
- d. 60 days

Ans (b)

35. What are the cases in which there is supply without movement of goods?

- a. Agent who is in possession of certain goods decides to buy the goods
- b. On – site installation of machinery
- c. Sale and lease back transactions
- d. All of the above

Ans (d)

36. Mr. A had a contract for supplying man power for 20 days for Rs. 20,000. However, after 20 days, the service has stopped i.e. the service started on 11.9.20XX and ceased on 30.9.20XX. When should the invoice be raised?

- a. 11.09.20XX
- b. 30.09.20XX
- c. 11.10.20XX
- d. Any of the above

Ans (b)

37. Mr. A had made a supply in April, 20XX. The party returned the goods in May 20XX. In which month the credit note is to be reflected?

- a. April, 20XX
- b. May 20XX
- c. By 10th April, 20XX

d. None of the above

Ans (b)

38. Some of the customers of a registered taxpayer asks the supplier not to mention the tax amount instead show a consolidated price in the invoice. Is this valid?

- a. Yes
- b. No
- c. It doesn't make a difference
- d. None of the above

Ans (b)

39. Mr. A, a registered artist took the painting from his gallery on basis of _____ to an art house for subsequent sale. There he issued _____ to a customer while selling his art work.

- a. Delivery challan, tax invoice
- b. Delivery challan, bill of supply
- c. Invoice, bill of supply
- d. E way bill, bill of supply

Ans (a)

40. Concept of revised invoice was introduced so as to enable customer to _____.

- a. Avail input tax credit
- b. Utilize input tax credit
- c. Both (a) and (b)
- d. Either (a) or (b)

Ans (a)

41. Refund Voucher shall be issued if supply is not made and tax invoice not issued against

- a. Debit note
- b. Receipt voucher
- c. Credit note
- d. Bill of supply

Ans (b)

42. The validity period of E – way Bill is said to initiate when:

- a. Part A is completely filled
- b. Part B is completely Filled
- c. Both Parts are filled completely
- d. None of the above

Ans (c)

43. What shall be the validity of E – way bill in vase of vehicles other than over dimensional cargo?

- a. One day per 200 kms.
- b. One day per 20 kms.
- c. Both (a) and (b)
- d. None of the above

Ans (a)

44. Mr. A generated an E – way bill at 00 : 10 hrs. on 17th September. When shall be the first day be considered to end for validity consideration?
- a. At 11 : 50 p.m. of 17th September
 - b. At 12 : 00 Midnight of 18th September
 - c. At 12 : 10 am to 18th September
 - d. None of the above

Ans (b)

45. What are the governing provisions of E – way bill under GST?
- a. Section 68 of CGST Act
 - b. Rule 138 of CGST Rules, 2017
 - c. Both (a) and (b)
 - d. None of the above

Ans (c)

46. Can a transporter furnish information in Part A of Form GST EWB – 01?
- a. No, since the same can be filled only by the Registered person causing movement of goods
 - b. Yes, on an authorization received from registered person
 - c. As per the opinion of the appropriate authority
 - d. None of the above

Ans (b)

47. Mr. A got his goods transported through an ecommerce operator worth of Rs. 1,00,000. Mr. A however was not able to fill Part A of Form GST EWB – 01. What are the alternatives to stand the viability of such movement of goods?
- a. Movement of goods shall stand cancelled
 - b. E – commerce operator on an authorization from Mr. A shall generate e – way bill
 - c. Either A and B at the option of proper officer
 - d. None of the above

Ans (b)

48. Mr. A transported certain goods through railways which in aggregate values to Rs.1,00,000. Mr. filled Part A of Form GST EWB – 01, but did not fill Part B of Form GST EWB – 01, anticipating the same to be fulfilled by the railway department. Does he justify such course of action?
- a. Yes
 - b. No
 - c. As per the option of proper officer
 - d. None of the above

Ans (b)

49. Who is responsible to fill Part A of Form GST EWB – 01 in case of transportation of goods through E – commerce operator?
- a. Consignor

- b. E – commerce operator on the authorization of consignor
- c. Both (a) and (b)
- d. None of the above

Ans (c)

- 50.** What shall be limit of generation of e – way bill in case of inter – State movement of goods by a principal to a Job worker?
- a. Rs. 50,000
 - b. Rs. 1,00,000
 - c. Rs. 20,000
 - d. No limit

Ans (d)

- 51.** Is it feasible for consignor or consignee to furnish details in Part B and generate E – way bill?
- a. Yes, where such transportation is made by the consignor or consignee in their own vehicle
 - b. No, since the same shall be filled by the transporter
 - c. Either (a) or (b) at the option of proper officer
 - d. None of the above

Ans (a)

- 52.** When can an e – way bill be generated in case of transportation of goods by railways or airways?
- a. Before commencement of movement of such goods
 - b. After commencement of movement of such goods
 - c. Either (a) or (b)
 - d. None of the above

Ans (c)

- 53.** What are the instances where E – way bill generation is mandatory?
- a. Inter – State transportation of goods by Principal to Job Worker
 - b. Inter – State transportation of goods by any supplier of handicraft goods
 - c. Goods worth Rs. 2,00,000 are being sent from Delhi to Mumbai
 - d. All of the above

Ans (d)

- 54.** Mr. A because of motor vehicles strike transported goods worth Rs. 60,000 through Hand pulled cart. Does he need to generated e – way bill in the given case?
- a. Yes, since the value of goods being transported exceeds the limit of Rs. 50,000
 - b. No, since generation of e way bill is exempted in case of non – motorized conveyance.
 - c. As per the opinion of appropriate authority
 - d. None of the above

Ans (b)

- 55.** Is it mandatory to generate an e way bill in case where goods are transported within a State from the place of consignor to the place of transporter and the distance as such is less than 50 kms.
- a. Yes

- b. No
- c. Optional
- d. None of the above

Ans (c)

- 56.** An Army battalion took a shift from Maharashtra to Kashmir. As a consequence there was movement of goods from such place. Is the Ministry of Defence liable to generate e – way bill under this case?
- a. Yes
 - b. No
 - c. As notified by the appropriate authority
 - d. None of the above

Ans (b)

- 57.** Does transportation of empty cargo containers require generation require generation e – way bill?
- a. Yes
 - b. No
 - c. At the option of Government
 - d. None of the above

Ans (b)

- 58.** Government of Maharashtra for the purpose of certain construction in Maharashtra, transported sandstones from MP through rail transport. Does such transportation require generation of E – way bill by the government?
- a. Yes
 - b. No
 - c. As notified by the Central Government
 - d. None of the above

Ans (b)

- 59.** Mr. A transported certain goods worth Rs. 2 lakhs to Mr. B. the goods initially were transported by a truck. However, due to some technical faults, truck failed to reach the destination. As a consequence the goods were shifted to other lorry. Is updating e – way bill mandatory under the given case?
- a. Yes
 - b. No
 - c. At the option of proper officer
 - d. None of the above

Ans (a)

- 60.** What is the significant of consolidated E – way bill?
- a. Useful where single consignment is being transported through multiple vehicles
 - b. Useful where multiple consignments are being transported in one conveyance
 - c. Useful in both the cases
 - d. None of the above

Ans (b)

61. Who can create consolidated E – way bill under the GST regime?

- a. Consignor
- b. Consignee
- c. Transporter
- d. All of the above

Ans (c)

62. M/s ABC enterprises from Pune is assigned to repair a boiler at the premises of M/s XYZ of Ahmedabad. For this Job he needs to move his tools and equipment valuing above Rs. 50,000. Does such movement require generation of E – way Bill?

- a. Yes
- b. No
- c. At the option of proper officer
- d. None of the above

Ans (a)

63. What is the time limit provided for cancellation of E – way bill?

- a. Within 15 hours of generation of E – way bill
- b. Within 24 hours of generation of E – way bill
- c. Within 48 hours of generation of E – way bill
- d. None of the above

Ans (b)

64. An over dimensional cargo containing a consignment or goods or cargo, takes a visit of 58 km in total. What shall be the validity of E way bill generated as per the provision under this case?

- a. 2 days
- b. 3 days
- c. 4 days
- d. None of the above

Ans (b)

65. A vehicle containing a consignment or goods or cargo, takes a visit of 360 km in total. What shall be the validity of E way bill generated under this case?

- a. 4 days
- b. 3 days
- c. 2 days
- d. 1 day

Ans (c)

66. What is the time period provided for acceptance of details of E – way bill by the supplier or recipient under rule 138(1)?

- a. Within 72 hours of such details provided on the portal
- b. Time of delivery of goods
- c. Earlier of two
- d. None of the above

Ans (c)

- 67.** Mr. A being a supplier sends a consignment to Mr. B on 25th March, 20XX. E way bill relating to such goods was generated on 25th March and the details as such are made available on the common portal by 3 pm. The consignment was delivered to Mr. B on 27th March, 20XX. What shall be the last date for acceptance or rejection of details of such e – way bill generated?
- a. By 27th March, 20XX
 - b. By 28th March, 20XX
 - c. At the choice of Mr. A
 - d. None of the above

Ans (a)

- 68.** Mr. A as a result of transfer, shifted from Haryana to Pune. He got all his household items and person effects transported consequently. Does he requires to generate E – way bill in such case?
- a. Yes
 - b. No
 - c. As per the opinion of appropriate authority
 - d. None of the above

Ans (b)

- 69.** How many E – way bill is required to be generated under the Bill to Ship to Transactions?
- a. 1
 - b. 2
 - c. 3
 - d. Nil

Ans (a)

- 70.** M/s ABC Associates, a CA firm of Pune provides certain services to their clients who are unregistered under GST. Who shall generate e – way bill in the given case?
- a. M/s ABC Associates
 - b. Client
 - c. Not applicable in case of services
 - d. None of the above

Ans (c)

- 71.** A Pharmaceuticals company supplies free samples to a charitable hospital. Does such supply requires generation of E – way bill?
- a. Yes
 - b. No
 - c. At the option of proper officer
 - d. None of the above

Ans (a)

- 72.** M/s ABC having unit 1 at central location of Pune, transfers goods to his unit 2 at industrial area, worth of Rs. 3,00,000. The distance being covered under such movement is less than 50 kms. Whether E – way bill is required to be generated?

- a. Yes
- b. No
- c. At the option of proper officer
- d. None of the above

Ans (a)

73. ABC Road lines is carrying goods accompanied by a consolidated E – way Bill. In route his truck meets an accident. Consequently another truck was arranged and the consolidated e – way bill was required to be updated. How shall such bill be updated?

- a. Through E – way bill portal
- b. By making an application to the appropriate authority concerned
- c. Both (a) and (b)
- d. Through GST portal

Ans (a)

74. Mr. A sold certain goods to Mr. B. However, when the goods reached the godown, they were checked and Certain goods were found defective and thus were returned. Does such sales return require generation of E – way Bill?

- a. Yes
- b. No
- c. At the option of appropriate authority
- d. None of the above

Ans (a)

75. Is it possible to club multiple invoices in one E – way bill?

- a. Yes
- b. No
- c. At the option of proper officer
- d. None of the above

Ans (b)

76. What happens when there is change in the transporter company involved in movement of goods?

- a. Part A shall be updated with new transporter details
- b. Part B shall be updated and modified with new transporter details
- c. Either (a) or (b)
- d. None of the above

Ans (b)

77. For the purpose of making E – way Bill, what type shall be selected from the below options in case the goods which are being sent for fair or exhibition?

- a. Exports
- b. Job work
- c. Other than supply
- d. Sales

Ans (c)

78. E – way bill is required in transportation of which of the below mentioned items?

- a. Jewellery
- b. Petroleum crude
- c. Pearls
- d. None of the above

Ans (d)

Chapter 9 – Payment of tax

1. Which of these registers/ledgers are maintained online?

- (a) Tax liability register
- (b) Credit ledger
- (c) Cash ledger
- (d) All of them

Ans. (d) All of them

2. Payment made through challan will be credited to which registers/ledgers?

- (a) Electronic Tax liability register
- (b) Electronic Credit ledger
- (c) Electronic Cash ledger
- (d) All of them

Ans. (c) Electronic Cash ledger

3. What is deemed to be the date of deposit in the electronic cash ledger?

- (a) Date on which amount gets debited in the account of the taxable person
- (b) Date on which payment is initiated and approved by the taxable person
- (c) Date of credit to the account of the appropriate Government
- (d) Earliest of the above three dates

Ans. (c) Date of credit to the account of the appropriate Government

4. Balance in electronic credit ledger can be utilized against which liability?

- (a) Output tax payable
- (b) Interest
- (c) Penalty
- (d) All of them

Ans. (d) Output tax payable

5. Balance in electronic credit ledger under IGST can be used against which liability?

- (a) IGST Liability only
- (b) IGST and CGST liability
- (c) IGST, CGST and SGST liability
- (d) None of them

Ans. (c) IGST, CGST and SGST liability

6. Balance in electronic credit ledger under CGST can be used against which liability?

- (a) CGST Liability only
- (b) CGST and IGST liability
- (c) CGST, IGST and SGST liability
- (d) None of them

Ans. (b) CGST and IGST liability

7. Balance in electronic credit ledger under SGST can be used against which liability?

- (a) SGST Liability only
- (b) SGST and IGST liability
- (c) SGST, IGST and CGST liability
- (d) None of them

Ans. (b) SGST and IGST liability

8. What should the taxable person do if he pay's the wrong tax i.e. IGST instead of CGST/SGST or vice versa?

- (a) Remit tax again and claim refund
- (b) It will be auto-adjusted
- (c) It will be adjusted on application/request
- (d) None of the above

Ans. (a) Remit tax again and claim refund

9. What should the taxable person do if he pay's tax under wrong GSTIN?

- (a) Pay again under right GSTIN and claim refund
- (b) Auto-adjustment
- (c) Adjustment on application/request
- (d) Raise ISD invoice and transfer

Ans. (a) Pay again under right GSTIN and claim refund

10. What is the due date for payment of tax?

- (a) Last day of the month to which payment relates
- (b) Within 10 days of the subsequent month
- (c) Within 20 days of the subsequent month
- (d) Within 15 days of the subsequent month

Ans. (c) Within 20 days of the subsequent month

11. What is the validity of challan in FORM GST PMT-06?

- (a) 1 day
- (b) 5 days
- (c) 15 days
- (d) Perpetual validity

Ans. (c) 15 days

12. A taxable person failed to pay tax and/or file returns on time. He should pay interest on?

- (a) Gross tax payable
- (b) Gross tax payable & input credit claimed
- (c) Net tax payable
- (d) No interest payable, if reasonable cause is shown

Ans. (c) Net tax payable

13. For payment of IGST input tax credit can be utilised in the following manner only :

- (a) IGST, CGST or SGST/UTGST in any order and any proportion
- (b) IGST, SGST/UTGST, CGST
- (c) CGST, SGST/UTGST, IGST
- (d) Any of the above manner

Ans. a) IGST, CGST or SGST/UTGST in any order and any proportion

32. What is the full form of CPIN?

- a. Challan Identification Number
- b. Common Portal Identification Number
- c. Challan Pin Identification Number
- d. Common Pin Identification Number

Ans (b)

33. What is the full form of CIN?

- a. Challan Identification Number
- b. Common Portal Identification Number
- c. Common Inquiry Number
- d. Challan Inquiry Number

Ans (a)

34. What is the full form of BRN?

- a. Bank Reconciliation Number
- b. Bank Reconciliation Notification
- c. Bank Reference Notification
- d. Bank Reference Number

Ans (d)

35. What is Electronic – Focal Point Branch?

- a. Authorized branches of banks to collect payment of GST
- b. Prescribed banks to distribute GST forms
- c. Prescribed banks for GST workshops
- d. All of the above

Ans (a)

36. Mr. A was liable to pay GST of Rs.10,000 on 20.7.20XX but he failed to pay. Later he decided to pay tax on 25.09.20XX. what would be the amount of interest that has to be paid by him?

- a. Rs. 325
- b. Rs. 330
- c. Rs. 434
- d. Rs. 441

Ans (b)

37. Any payment required to be made by a person who is not registered under the Act, shall be made on the basis of a_____.

- a. Temporary Identification Number
- b. Transaction Reference Number
- c. Challan Identification Number
- d. Bank Reference Number

Ans (a)

38. Mr. A was liable to pay GST of Rs.10,000 on 20.8.20XX but he failed to pay. Later he decided to pay tax on 26.10.20XX. what would be the period for which interest has to be paid by him?

- a. 66 days
- b. 67 days
- c. 68 days
- d. 70 days

Ans (b)

Chapter 10 - Returns

1. The details of outward supplies of goods or services shall be submitted by
- (a) 10th/11th of the succeeding month
 - (b) 18th of the succeeding month
 - (c) 15th of the succeeding month
 - (d) 20th of the succeeding month

Ans. (a) 10th/11th of the succeeding month

2. Details of Outward supplies shall include
- (a) Invoice
 - (b) Credit and Debit notes
 - (c) Revised invoice issued in relation to outward supplies
 - (d) All the above

Ans. (d) All the above

3. Which of the following is correct?
- (a) Non-Resident taxable person shall file the return by 20th of succeeding month in Form GSTR 5
 - (b) Input Service Distributor shall furnish the return by 13th of the succeeding month in Form GSTR 6
 - (c) The person deducting tax at source shall furnish the return by 10th of the succeeding month in Form GSTR 7
 - (d) All the above

Ans. (d) All the above

4. The First return shall be filed by every registered taxable person for the period from
- (a) The date on which he became liable for registration till the date of grant of registration
 - (b) The date of registration to the last day of that month
 - (c) The date on which he became liable for registration till the last day of that month
 - (d) All of the above

Ans. (a) The date on which he became liable for registration till the date of grant of registration

5. Every registered taxable person shall be entitled to take credit of input tax in his return and such input tax credit shall be credited to
- (a) Personal Ledger Account
 - (b) Refund account
 - (c) Electronic Cash Ledger
 - (d) Electronic Credit Ledger

Ans. (d) Electronic Credit Ledger

6. The annual return shall be filed by the registered taxable person (other than dealers paying tax under section 10) in form
- (a) GSTR 7
 - (b) GSTR 9
 - (c) GSTR 9A
 - (d) GSTR 10

Ans. (b) GSRT 9

7. The final return shall be filed by the registered taxable person within

- (a) 3 months of the date of cancellation
- (b) 3 months of the Date of order of cancellation
- (c) Later of the (a) or (b)
- (d) Earlier of the (a) or (b)

Ans. (d) Later of (a) or (b)

8. Which of the following is correct?

- (a) Failure to file annual return within due date attracts a late fee of ₹ 100 per day up to 0.25% of his turnover
- (b) Failure to file annual return within due date attracts late fee of 1% of his turnover till the failure continues
- (c) Failure to file annual returns within due date attracts a late fee of ₹ 100 per day up to 1% of his turnover.
- (d) On failure to file annual return within due date the proper officer shall issue a notice of non-filing on such person

Ans. (a) Failure to file annual return before due date attracts a late fee of ₹ 100 per day up to 0.25% of his turnover

9. Output tax in relation to a taxable person under the CGST Act, 2017 includes:

- (a) Tax chargeable on taxable supplies made by him
- (b) Tax chargeable on taxable supplies made by his agent
- (c) Tax payable by him under reverse charge
- (d) Both (a) and (b)

Ans. (d) Both (a) and (b)

10. A goods and service tax practitioner can undertake the following activities if authorized by the taxable person

- (a) Furnish details inward and outward supplies
- (b) Furnish monthly / quarterly return
- (c) Furnish Annual and Final return
- (d) All of the above

Ans. (d) All of the above

15. In a case there is no transaction during the relevant period, Nil return is required to be filed by all_____.

- a. Taxable persons
- b. Persons liable to pay tax
- c. Registered persons
- d. Composition dealer

Ans (c)

16. In case of monthly returns, taxes will be payable _____.

- a. Before filing the return
- b. At the time of filing return
- c. After or at the time of filing return
- d. Before or at the time of filing return

Ans (d)

- 17.** Details of outward suppliers of goods or services by registered person paying tax under composition scheme shall be submitted in
- a. FORM GSTR-1
 - b. FORM GSTR-4
 - c. FORM GSTR-6
 - d. FORM GSTR-7

Ans (b)

- 18.** Registered person paying tax under normal scheme shall submit GSTR-3B monthly
- a. Within 7 days after the end of such month
 - b. Within 10 days after the end of such month
 - c. Within 18 days after the end of such month
 - d. Within 20 days after the end of such month

Ans (d)

- 19.** Every registered taxable person who has made outward suppliers in the period between the date on which he become liable to registration till the date on which is registration has been granted shall declare the same in the
- a. First return filed by him after grant of registration
 - b. First two return filed by him after grant of registration
 - c. FORM GSTR-7
 - d. FORM GSTR-11

Ans (a)

- 20.** Every registered taxable person who is required to file return under section 39 of CGST act and whose registration has been cancelled shall furnish
- a. Last return
 - b. Final return
 - c. Closing return
 - d. None of the above

Ans (b)

- 21.** Final return shall be furnished in
- a. Form GSTR-8
 - b. Form GSTR-9
 - c. Form GSTR-10
 - d. Form GSTR-11

Ans (c)

- 22.** GST practitioners must be:
- a. A citizen of India
 - b. Person of sound mind
 - c. Non adjudicated as an insolvent
 - d. All of above

Ans (d)