

# **GST**

# **TOP 12**

**AMENDMENT  
BASED  
QUESTIONS**



**CA VARDHAMAN DAGA**

# GST

# TOP 12

## AMENDMENT BASED QUESTIONS



CA VARDHAMAN DAGA

## INDEX

01

ISCOPE OF SUPPLY  
(1-2)

02

CHARGE OF GST AND  
COMPOSITION LEVY  
(3-5)

03

EXEMPTION UNDER  
GST  
(6-7)

04

TIME OF SUPPLY  
(8)

05

INPUT TAX CREDIT  
(9-11)

06

TAX INVOICE  
(12-13)

07

PAYMENT OF TAX AND  
TDS  
(14)

08

ELECTRONIC COMMERCE  
TRANSACTIONS UNDER  
GST  
(15-16)

09

RETURNS  
(17)



Telegram



you tube



**SURE SHOT QUESTIONS FOR IDTL SEPTEMBER 2025 EXAMS  
(WITH SOLUTIONS)**  
**GOODS AND SERVICES TAX (GST)**  
**SCOPE OF SUPPLY**

**ILLUSTRATION 1**

Suraksha Insurance Ltd., a registered insurer in Maharashtra, is engaged in providing insurance services. During the current financial year, the company entered into following transactions:

- (i) Suraksha Insurance Ltd. enters into a co-insurance agreement with KBC Insurance Ltd.. where Suraksha Insurance Ltd. is the lead insurer. The insured - Pragati Industries- pays a total premium of ₹ 50,00,000 which is apportioned by the lead insurer - Suraksha Insurance Ltd. between itself and KBC Insurance Ltd.. in the ratio of 60:40 for the insurance services jointly supplied by them to Pragati Industries. Suraksha Insurance Ltd. agrees to discharge the entire GST liability on the full amount of premium received from Pragati Industries.
- (ii) A large industrial plant needs an insurance worth 500 crore. It approaches Suraksha Insurance Ltd. for the same. However, since Suraksha Insurance Ltd. is unable to underwrite the entire risk alone, it enters into a reinsurance agreement with a reinsurer - Karishma Insurance Ltd. The total premium charged is 50 lakh. The insurer - Suraksha Insurance Ltd. pays a reinsurance premium of 20 lakh to Karishma Insurance Ltd. This allows Suraksha Insurance Ltd. to manage its risk and financial exposure. While paying this amount to Karishma Insurance Ltd., Suraksha Insurance Ltd. deducts a ceding commission of 1,00,000 which it has charged for the services it provides to Karishma Insurance Ltd. Karishma Insurance Ltd. pays GST on the gross reinsurance premium including the ceding commission.

Based on the provisions of Schedule III of the CGST Act, 2017, discuss whether the following activities amount to supply:

- (a) Apportionment of co-insurance premium by Suraksha Insurance Ltd. to KBC Insurance Ltd. for the insurance services jointly supplied by them to Pragati Industries.
- (b) Services by Suraksha Insurance Ltd. to Karishma Insurance Ltd. for which ceding commission is deducted from reinsurance premium paid by Suraksha Insurance Ltd. to Karishma Insurance Ltd.

**SOLUTION**

- (a) As per para 9 of Schedule III of the CGST Act, 2017, activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured is neither supply of goods nor supply of services and hence no GST is charged on the apportionment transaction. However, the lead insurer (Suraksha Insurance Ltd.) is required to pay the entire GST (CGST and SGST or IGST, as applicable) on the full premium amount paid by the insured Pragati Industries, of 50,00,000. The co-insurer KBC Insurance Ltd.. does not pay GST on its share of the premium separately.



(b) As per para 10 of Schedule III of the CGST Act, 2017, services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer is neither supply of goods nor supply of services, subject to the condition that the central tax, the State tax, the Union territory tax and the integrated tax is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.

However, the reinsurer (PQR Reinsurers Ltd.) is liable to pay GST on the gross reinsurance premium payable by the insurer (20 lakh), inclusive of the ceding commission (₹ 1 lakh).

## CHARGE OF GST AND COMPOSITION LEVY

### ILLUSTRATION 2

M/s. ASUOR, a sole-proprietorship concern owned by Mahadev and a registered supplier under GST, is engaged in providing various services under one roof. The concern provides the following information pertaining to supply made by it during the month of March 2025 :

	Particulars	₹
(i)	Supply of Services of a Goods Transport Agency (GTA) in respect of transportation of goods by road to PQR Ltd. (factory registered under or governed by the Factories Act, 1948)	50,000
(ii)	Sponsorship fees received from Mr. Jagatguru who sponsored a debate competition organised by M/s. ASUOR	4,00,000
(iii)	Service by way of renting of residential dwelling to a Mr. P sole proprietor registered under GST (Mr. P has taken the premises for his self residence)	25,000
(iv)	Provided security services to ABC P. Ltd. a registered person under GST	60,000
(v)	Provided security services to PSR Trust, an unregistered person under GST	1,00,000
(vi)	Provided renting of motor vehicle to Amaze Tours Ltd. and supply value included cost of fuel	75,000
(vii)	Provided renting of motor vehicle to Priti & Co., CA Firm and supply value included cost of fuel	40,000

Determine the GST liability of M/s. ASUOR for the month of March, 2025 by giving necessary explanations for treatment of various items. Rate of tax for both inward and outward supply is CGST/ SGST @ 9% each except GTA service and renting a vehicle, for which CGST/ SGST @ 2.5% each is applicable and No ITC is availed by ASUOR.

### SOLUTION

Computation of GST liability of M/s. ASUOR for the month of March, 2025 :

	Particulars	(Amount in ₹)		
		VALUE	GST	SGST
(i)	GTA services provided to PQR Ltd. [WN-1]	50,000	-	-
(ii)	Sponsorship fees received from Jagatguru [WN-2]	4,00,000	36,000	36,000
(iii)	Renting of residential dwelling [WN-3]	25,000	-	-
(iv)	Security services to ABC P. Ltd. a registered Person under GST [WN-4]	60,000	-	-
(v)	Security services to PSR Trust, an unregistered Person under GST [WN-5]	1,00,000	9,000	9,000

(vi)	Renting of motor vehicle to Amaze Tours Ltd. and supply value included cost of fuel [WN-6]	75,000	-	-
(vii)	Renting of motor vehicle to Priti & Co., CA Firm and supply value included cost of fuel [WN-7]	40,000	1,000	1,000
	<b>Total GST liability on outward supplies</b>		<b>46,000</b>	<b>46,000</b>

**Working Notes:**

- (1) Supply of Services by a Goods Transport Agency (GTA) in respect of transportation of goods by road to any factory registered under or governed by the Factories Act, 1948 when rate of GST is 5% is chargeable to tax under reverse charge mechanism.
- (2) Services provided by way of sponsorship to individual is chargeable to tax under forward charge basis.
- (3) Services by way of renting of residential dwelling to a registered person where, the registered person is proprietor of a proprietorship concern and rents the residential dwelling in his personal capacity for use as his own residence is exempt from tax.;
- (4) Security services (services provided by way of supply of security personnel) provided by any person other than body corporate to a registered person in the taxable territory is covered under reverse charge mechanism. Hence, ABC Pvt. Ltd. will be liable to pay GST.
- (5) Security services (services provided by way of supply of security personnel) provided by any person other than body corporate to a registered person in the taxable territory is covered under reverse charge mechanism. In this case since the services are provided to unregistered person, it will be leviable to tax under forward charge mechanism.
- (6) Service by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient is liable to tax under RCM where supplier of service is any person, other than a body corporate who supplies service to a body corporate & doesn't issue an invoice charging CGST @ 6% to service recipient. Since in this case the recipient is a body corporate, hence RCM will be applicable.
- (7) Service by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient is liable to tax under RCM where supplier of service is any person, other than a body corporate who supplies service to a body corporate & doesn't issue an invoice charging CGST @ 6% to service recipient. Since in this case the recipient is not a body corporate, hence the said service will be taxable under forward charge mechanism.

**ILLUSTRATION 3**

Vidhata Foundation of Commerce organized a business summit in Surat, Gujarat, in which all the startups were invited to pitch their business ideas. Asha Kiran Pvt Ltd., registered in the State of Maharashtra, sponsored the summit and paid a sponsorship fee of 1,50,000 to Vidhata Foundation of Commerce.

You are required to determine, who is the person liable to pay tax if:  
day

- (i) Vidhata Foundation of Commerce is a body corporate.
- (ii) Vidhata Foundation of Commerce is not a body corporate.

**SOLUTION**



(i) In case of services provided by way of sponsorship service to any body corporate or partnership firm by any person other than a body corporate, the recipient is liable to pay tax under reverse charge mechanism.

Since Vidhata Foundation of Commerce, the supplier, is a body corporate in this case, so reverse charge provisions are not applicable in this case.

Thus, Vidhata Foundation of Commerce is required to pay tax under forward charge on the supply of the sponsorship services.

(ii) In case of services provided by way of sponsorship to any body corporate or partnership firm by any person other than a body corporate, the recipient is liable to pay tax under reverse charge mechanism.

Since Vidhata Foundation of Commerce, the supplier, is not a body corporate in this case, so reverse charge provisions are applicable in this case.

Accordingly, Asha Kiran Pvt Ltd is required to pay tax under the reverse charge on sponsorship fees paid to Vidhata Foundation of Commerce.

## EXEMPTION UNDER GST

### ILLUSTRATION 4

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

- Apex Facilities provided civil maintenance services for the upkeep of the Municipal Corporation of Delhi (MCD) head office building. Value of supply of goods constitute 20% while providing such maintenance services.
- Stay Home LLP received ₹ 2,00,000 received for accommodation services provided to 10 students preparing for UPSC. The said accommodation service is supplied for a continuous period of 6 months at a monthly rent of ₹ 20,000 per student.

### SOLUTION

- If the composite supply of goods and services provided to local authority, in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply, by way of any activity in relation to any function entrusted to a Municipality under article 243W of the Constitution, then it would be exempt under GST. Further, it has been clarified vide a Circular that civil maintenance services received for the upkeep of the MCD office are not in relation to any function entrusted under Article 243W of the Constitution and thus not covered under the exemption. Therefore, such civil maintenance services are not exempt and hence taxable.
- Supply of accommodation services having value of supply less than or equal to ₹ 20,000 per person per month is exempt provided that the accommodation service is supplied for a continuous period of at least 90 days. Hence ₹ 2,00,000 received by Stay home LLP shall be exempt from tax]

### ILLUSTRATION 5

Determine the taxability or otherwise of the following services provided by Indian Railways:

Sl.No.	Particulars	Amount (₹)
(i)	Cloak room services provided to passengers	20,00,000
(ii)	Service of transportation of passengers in second class	20,00,000
(iii)	Platform tickets sold to passengers	50,00,000
(iv)	Renting of warehouse located in Bengaluru railway station to Paras Traders, registered in Chennai	1,50,000
(v)	Service of transportation of passengers in airconditioned coaches	10,00,000
(vi)	Service of transportation of relief materials meant for victims of flood affected area	3,00,000
(vii)	Service of transportation of organic manure	2,00,000

### SOLUTION

Sl.No.	Particulars
(i)	<b>Cloak room services provided to passengers</b> [Exempt since services provided by Ministry of Railways (Indian Railways) to individuals by way of cloak room services are exempt.]
(ii)	<b>Service of transportation of passengers in second class</b> [Exempt since service of transportation of passengers by railways in a class other than first class or an air-conditioned coach is exempt.]
(iii)	<b>Platform tickets sold to passengers</b> [Exempt since services provided by Ministry of Railways (Indian Railways) to individuals by way of sale of platform tickets are exempt.]
(iv)	<b>Renting of warehouse located in Bengaluru railway station to Paras Traders, registered in Chennai</b> [Taxable since services supplied by the Ministry of Railways (Indian Railways) by way of renting of immovable property to a person registered under GST law are not exempt. Further, tax on said services is payable by the Railways under forward charge.]
(v)	<b>Service of transportation of passengers in air-conditioned coaches</b> [Service of transportation of passengers by railways in a class other than first class or an air-conditioned coach is exempt. Thus, service of transportation of passengers in air-conditioned coaches is taxable.]
(vi)	<b>Service of transportation of relief materials meant for victims of flood affected area</b> [Exempt since service of transportation of relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap by rail is exempt.]
(vii)	<b>Service of transportation of organic manure</b> [Exempt since service of transportation of organic manure by rail is exempt.]

## TIME OF SUPPLY

### ILLUSTRATION 6

Mr. Foster (unregistered person) who is the author and owner of the copyright of a book "Way to heaven" has entered into an agreement with "Sure Publishers" on 15-07-2025 for its publication. In terms of the agreement the copyright is transferred to "Sure publishers" for a lump sum amount of ₹ 5 lakh on 18-07-2025. "Sure Publisher issued invoice on 20-07-2025 and payment was made on the same day. Mr. Foster recorded the receipt of payment in his books on 22-07-2025 and payment was credited in his bank account on 21-07-2025. Determine with reasons by way of a brief note on the time of supply. Assume that the transaction is liable to GST under reverse charge basis.

### SOLUTION

Supply of services by an author by way of transfer or permitting the use or enjoyment of a copyright covered under Section 13(1)(a) of the Copyright Act, 1957 relating to original literary works to a publisher is chargeable to tax on reverse charge basis and publisher is liable to pay GST. As per Section 13(3) of CGST Act, in case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely :-

- a. (i) the date of payment as entered in books of account of the recipient i.e. 22-07-2025; or
- b. (ii) the date on which the payment is debited in his bank account, i.e. 21-07-2025 whichever is earlier; or
- c. the date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient i.e. 20-07-2025.

Thus, the time of supply shall be 20-07-2025.

## INPUT TAX CREDIT

### ILLUSTRATION 7

Mascot Motors Private Limited (hereinafter referred as MMPL), a dealer of motor vehicles, registered in Udaipur, Rajasthan, has given an exworks contract to M/s Ganesh Traders, registered in Ahmedabad, Gujarat for manufacturing 10 units of Pick-Up vans.

M/s Ganesh Traders manufactured the vans and handed them over to transporter on behalf of MMPL on 29<sup>th</sup> April and delivery on its part is complete at it's factory gate in Ahmedabad.

Further, it raised the invoice for all ten Pick-Up vans on same day. MMPL has recorded the invoice in it's books on the same day.

Price of the vans (ex-factory) was ₹ 10 lakh each (excluding GST @ 28%). However, the vans were physically received by MMPL at its showroom in Udaipur, Rajasthan on 2nd May and payment was also made on the same day. After the payment, two Vans got damaged completely in a fire in the showroom in first week of May and therefore, they were written off in the books in the month of receipt by MMPL.

Discuss the availability of ITC on pick-up vans to MMPL with reference to the provisions under GST law. In which month, MMPL is eligible to avail ITC on the purchase of vans and how much ITC is available in respect of the vans?

### SOLUTION

Section 16(2)(b) of the CGST Act, 2017 provides that no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless he has received the goods or services or both.

Explanation to section 16(2)(b) of the CGST Act, 2017 provides that it shall be deemed that the registered person has received the goods or, as the case may be, services, where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise.

Further, it has been clarified vide a circular that in case of Ex-works contract, the property in the goods can be considered to have been passed on to the dealer by the Original Equipment Manufacturer (OEM) upon handing over of the said goods to the transporter at his factory gate, meaning thereby that the goods can be considered to have been delivered to the registered person (the dealer), through the transporter, by the supplier (the OEM) at his factory gate and the supply of the said goods can be considered to have fructified at the factory gate of the OEM, even though the goods may be physically received by the registered person (the dealer) after the transit period.

In the given case, since the contract between M/s Ganesh Traders (OEM) and MMPL (dealer) is ex-works, pick up vans are considered to be received by MMPL on 29<sup>th</sup> April i.e. the date on which the vans are handed over to the transporter, even though they were physically received in the month of May.

So, initially on 29<sup>th</sup> April, full ITC of ₹ 28 lakh [₹ 10 lakh × 10 vans × 28%] can be availed while filing the return of the month of April.

Subsequently, after the receipt of vans in the showroom, 2 vans were destroyed due to fire and written off in the books.

So, ITC in respect of such vans, which was already availed has to be reversed while filing the return of the next month-May, since ITC on the goods, which are destroyed is not available in accordance with section 17(5) of the CGST Act, 2017.

The Amount of ITC which has to be reversed in the return of next month is = ₹ 5.6 lakh [₹ 10 lakh × 2 vans × 28%].

### ILLUSTRATION 8

Mr. Divas, a registered person in Agra, Uttar Pradesh purchased a car for 12,50,000 on 15th October. On 31st October, the car met with an accident resulting in minor damage.

Due to urgency, he got his car repaired in the local garage of a nearby market instead of garage authorized by his general insurance company, i.e. Suraksha Insurance Company, through which his car was insured.

The total cost of repairs was 54,000 (excluding GST @ 18%). On the instructions of Mr. Divas, the invoice for the entire amount was raised by garage in the name of Suraksha Insurance Company. The insurance company approved the claim amount of only ₹ 40,000 after the survey and reimbursed the same amount along with GST @ 18% to Mr. Divas.

In light of the above facts, you are required to answer the following questions:

- Whether Suraksha Insurance Company is eligible to avail ITC on the basis of the invoice raised by garage? If yes, what would the amount of eligible input tax credit?
- Would your answer be different, if garage had issued two different invoices, one for ₹ 40,000 + GST @18% to Suraksha Insurance Company and another for ₹ 14,000 + GST @ 18% to Mr. Divas?
- In case, the garage issued the invoice in the name of Mr. Divas, would Suraksha Insurance Company be eligible to avail ITC?

### SOLUTION

- Section 17(5) provides that ITC in respect of services of repair of motor vehicles shall be available where received by a taxable person engaged in the supply of general insurance services in respect of motor vehicles insured by him. Further, section 2(93) defines recipient of supply of goods or services or both, as the person who is liable to pay the consideration, where such consideration is payable for the said supply of goods or services or both. As per section 2(31), consideration includes any payment made or to be made in relation to supply of the goods or services or both, whether by the recipient or by any other person.
- CBIC vide Circular No. 217/11/2024-GST dated 26.06.2024 has clarified that in reimbursement mode of claim settlement, the payment is made by the insurance company for the approved cost of repair services through reimbursement to the insured. Further, irrespective of the fact that the payment of the repair services to the garage is first made by the insured, which is then reimbursed by the insurance company to the insured to the extent of the approved claim cost, the liability to pay for the repair service for the approved claim cost lies with the insurance company, and thus, the insurance company is covered in the definition of recipient in respect of the said supply of services of



vehicle repair provided by the garage, in terms of section 2(93), to the extent of approved repair liability.

Moreover, availment of credit in respect of input tax paid on motor vehicle repair services received by the insurance company for outward supply of insurance services for such motor vehicles is not blocked under section 17(5).

Accordingly, it is clarified that ITC is available to insurance companies in respect of motor vehicle repair expenses incurred by them in case of reimbursement mode of claim settlement. It is further clarified that if the invoice for full amount for repair services is issued to the insurance company while the insurance company makes reimbursement to the insured only for the approved claim cost, then the ITC may be available to the insurance company only to the extent of reimbursement of the approved claim cost to the insured, and not on the full invoice value.

In the given case, although the invoice for the full amount of repair services (54,000 +GST) is raised in the name of Suraksha Insurance Company, it is liable to pay the repair service to the extent of the approved claim cost (₹ 40,000 +GST). Thus, it is covered in the definition of 'recipient' under section 2(93), to the extent of approved claim cost.

Hence, it is eligible to avail the ITC to the extent of the GST paid on the amount of ₹ 40,000 (approved claim cost). Thus, ITC of ₹7,200 (₹ 40,000 × 18%) is available to Suraksha Insurance Company.

(ii) The circular further clarifies that in cases where the garage issues two separate invoices in respect of the repair services, one to the insurance company in respect of approved claim cost and second to the customer for the amount of repair service in excess of the approved claim cost, ITC may be available to the insurance company on the said invoice issued to the insurance company subject to reimbursement of said amount by insurance company to the customer.

Thus, in the given case, if the garage has issued two different invoices, the answer would remain the same because the approved claim of service cost which was reimbursed by Suraksha Insurance Company to Mr. Diwas was ₹ 40,000 only. Thus, ITC of ₹ 7,200 (40,000 × 18%) is available to Suraksha Insurance Company.

(iii) The circular also clarifies that where the invoice for the repair of the vehicle is not in name of the insurance company, condition of clauses (a) and (aa) of section 16(2) is not satisfied and accordingly, ITC will not be available to the insurance company in respect of such an invoice. Thus, in the given case, if the invoice has been raised in the name of Mr. Diwas, then Suraksha Insurance Company would not be eligible to avail the ITC.

## TAX INVOICE

### ILLUSTRATION 9

Mr. Muttwami, an electronics dealer registered in Bangalore, Karnataka hired M/s Parivahan Logistics, an unregistered Good Transport Agency (GTA), to deliver his goods at the place of business of customer in Jaipur, Rajasthan. M/s. Parivahan Logistics charged ₹ 60,000 for the transportation of goods, which was paid by Muttwami on 4th January through account payee cheque. The delivery was also made on the same day.

M/s. Parivahan Logistics did not raise the tax invoice for these services, since it was unregistered. In this case, you are required to determine:

- (i) Person liable to issue the tax invoice
- (ii) Time limit for issuance of the tax invoice
- (iii) Time of supply of transportation services provided by GTA, assuming that tax invoice is issued on the last day on which it should have been issued.

### ANSWER

Supply of services by a Goods Transport Agency (GTA) in respect of transportation of goods by road to any person registered under the GST is taxable under reverse charge mechanism in terms of section 9(3) of the CGST Act, 2017. Thus, Mr. Muttwami, being the registered recipient is liable to pay tax under reverse charge mechanism in respect of services received from unregistered GTA.

(i) **Person liable to issue the tax invoice:** As per section 31(3)(f) of the CGST Act, 2017, a registered person who is liable to pay tax under reverse charge mechanism under section 9(3) / 9 (4) shall within the period as may be prescribed issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both.

Since, M/s Parivahan Logistics is an unregistered GTA, Mr. Muttwami, being liable to pay the tax under reverse charge mechanism under section 9(3) is required to issue the tax invoice.

(ii) **Time limit for issuance of the tax invoice:** Rule 47A of the CGST Rules, 2017 provides that where an invoice referred to in rule 46 is required to be issued under section 31(3)(f) by a registered person, who is liable to pay tax under section 9(3) / 9 (4) he shall issue the said invoice within a period of 30 days from the date of receipt of the said supply of goods and/or services, as the case may be.

Thus, Mr. Muttwami is required to issue a tax invoice till 3rd February (i.e. within 30 days of receipt of services).

(iii) **Time of supply of transportation services supplied by GTA:** As per section 13(3) of the CGST Act, 2017, in case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely:-



- (a) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or
- (b) the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier, in cases where invoice is required to be issued by the supplier, or
- (c) the date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient.

Since, in this case the reverse charge mechanism is applicable on receipt of services provided by GTA and invoice is issued by recipient, time of supply would be earliest of the following date:

- (a) Date of payment i.e. 4th January
- (b) The date of issue of invoice by the recipient ie. 3rd February. So, the time of supply in this case will be 4<sup>th</sup> January.

## PAYMENT OF TAX AND TDS

### ILLUSTRATION 10

Mr. Aman, a registered supplier of taxable goods, filed GSTR 3B for the month of January, 2025 on 15th April, 2025. The prescribed due date to file the said GSTR 3B was 20th February, 2025. The amount of GST payable on supplies made by him for the said month worked out to be 5,00,000. The input tax credit available for the said month was 1,35,000. Mr. Aman has deposited 2,00,000 in electronic cash ledger on 20th February 2025 and the same has not been utilised till filing of GSTR-3B for the month of January. The outstanding tax was paid at the time of filing GSTR-3B for the month of January 2025. Briefly explain the related provisions and compute the amount of interest payable under the CGST Act, 2017 by Mr. Aman.

### SOLUTION

According to Section 50 of the CGST Act, 2017, Interest is payable in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax. Interest on delayed payment of tax is to be levied on the net tax liability i.e. after allowing the credit of input tax.

Further, where any amount has been credited in the Electronic Cash Ledger as per provisions of section 49(1) on or before the due date of filing the said return, but is debited from the said ledger for payment of tax while filing the said return after the due date, the said amount shall not be taken into consideration while calculating such interest if the said amount is lying in the said ledger from the due date till the date of its debit at the time of filing return.

Hence, interest will be calculated of 1,65,000 i.e. [₹5,00,000 - ₹1,35,000 - ₹2,00,000].

Thus, interest liability shall be calculated as under-

Particulars	₹
Due date of payment of tax	20-02-2025
Actual date of payment of tax	15-04-2025
Period of delay in days	54 days
GST Payable	1,65,000
Rate of Interest	18% p.a.
Interest payable [₹ 1,65,000 × 18% × 54/365] (Rounded off)	4,394

## ELECTRONIC COMMERCE TRANSACTIONS UNDER GST

### ILLUSTRATION 11

Mr. Ramesh of Rajasthan books accommodation, though an e-commerce operator - Ease My Trip Ltd. (EMTL), registered under GST in Jammu and Kashmir, in a newly established budget hotel - Vaishno Resorts Ltd. (VRL) located in Katra, Jammu and Kashmir. The turnover of VRL in the current financial year is ₹ 18 lakh.

VRL raises an invoice for ₹ 1,00,000 to Mr. Ramesh. EMTL collects the payment from Mr. Ramesh and after deducting its fees and other charges from the same, remits the balance amount to VRL. Advise VRL as to whether it is required to obtain GST registration. Also, whether tax is required to be collected at source by EMTL under section 52 on the services provided by VRL to Mr. Ramesh through electronic commerce operator - EMTL. If yes, determine the amount of tax to be collected at source.

Suppose in the above case, other facts remaining same, if VRL, supplying accommodation services, is also an e-commerce operator (registered in Jammu and Kashmir as TCS collector as well as a regular tax payer since its aggregate turnover exceeds the threshold limit) and EMTL has an agreement with VRL for booking the accommodation at the time when Mr. Ramesh booked the accommodation, ascertain whether tax is required to be collected at source under section 52 on the services provided by VRL to Mr. Ramesh through electronic commerce operator - EMTL. If yes, determine the amount of tax to be collected at source and since two e-commerce operators are involved in the said transaction, who is required to collect the tax at source under section 52?

**Note:** Amounts given above are exclusive of GST. Assume applicable rate of CGST and SGST to be 9% each and IGST to be 18%.

### SOLUTION

As per section 22, every supplier of goods or services or both is required to obtain registration in the State/Union territory from where he makes the taxable supply if his aggregate turnover exceeds threshold limit in a financial year. However, section 24, inter alia, provides that persons who supply goods or services or both through an electronic commerce operator (hereinafter referred as ECO), who is required to collect tax at source under section 52, are required to obtain registration mandatorily.

However, said mandatory registration is not applicable, inter alia, to the suppliers of the services which are notified under section 9(5) or section 5(5) of the IGST Act, 2017; such suppliers are entitled for threshold exemption.

In case where services are notified under section 5(5) of the IGST Act, 2017, the ECO is liable to pay the entire tax on behalf of the suppliers of services. Notification No. 14/2017-IT (R) dated 28.06.2017 issued under said section notifies services by way of providing accommodation in hotels, provided the person supplying such service through ECO is not liable for registration under section 22(1), as one such service where the ECO is liable to pay tax on behalf of the suppliers.

In the given case, VRL provides services by way of providing accommodation in hotel through an ECO. Services by way of providing accommodation in hotels provided by a supplier - VRL - which is not liable for registration under section 22(1) as its turnover is less than the threshold limit for registration, [viz. ₹ 20 lakh],

is a service notified under section 5(5). Thus, VRL will be entitled for threshold exemption for registration and will not be required to obtain registration even though it supplies services through ECO.

As per section 52, ECO is not required to collect tax at source (TCS) in cases where the service is notified under section 9(5) of the CGST Act, 2017/section 5(5) of the IGST Act, 2017. The applicable tax on such services is to be paid by the ECO as if he is the supplier liable to pay tax on the supply of such services.

Thus, in the given case, no tax is required to be collected at source under section 52. Further, the supply of accommodation services by VRL to Mr. Ramesh is an intra-State supply liable to CGST and SGST since the place of supply of services by way of lodging accommodation by a hotel is the location at which the immovable property is located in terms of section 12(3) of the IGST Act, 2017. Accordingly, in the given case, place of supply is Jammu and Kashmir and location of supplier - VRL - is also Jammu and Kashmir.

As discussed above, entire tax of 9,000 (each under CGST and SGST) on ₹ 1,00,000 will be paid by the ECO N-EMTL.

In case where VRL is registered under GST, service by way of providing accommodation in hotels provided by it through ECO will no longer be a service notified under section 5(5). The reason for the same is that services by way of providing accommodation in hotels are notified under section 5(5) only where the person supplying such service through ECO is not liable for registration under section 22(1). Consequently, said services shall be subject to the TCS provisions under section 52. Further, in a situation where multiple ECOS are involved in a single transaction of supply of goods or services or both through ECO platform and the supplier-side ECO is himself the supplier of the said supply,

Circular No. 194/06/2023 GST dated 17.07.2023 clarifies that the buyer-side ECO will be required to collect TCS, as applicable, pay the same to the Government in accordance with section 52 and also make other compliances under said section.

As discussed above, the supply of accommodation services by VRL to Mr. Ramesh is an intra-State supply liable to CGST and SGST. Accordingly, in the given case, buyer side ECO - EMTL - is required to collect TCS on ₹ 1,00,000 @ 0.25% each under CGST and SGST as follows:

$$= ₹ 1,00,000 \times 0.25\%$$

$$= ₹ 250 \text{ each under CGST and SGST}$$

## RETURNS

### ILLUSTRATION 12

Mehul Enterprises, registered under GST in Uttar Pradesh and a monthly return filer, is engaged in making taxable supplies of goods and services. It furnished the details of its outward supplies in Form GSTR-1 for the month of January on 11th February. However, on 14th February, the accountant of Mehul Enterprises noticed that one invoice issued to Vaishali Traders (registered in Gujarat) for supply of goods of value of ₹ 1,00,000 (taxable @ 18%) pertaining to January has been inadvertently missed to be declared in Form GSTR-1 furnished for January. He has approached you for the advice before furnishing Form GSTR-3B for the said month. You are required to briefly discuss whether Mehul Enterprises can amend the details of outward supply furnished in Form GSTR-1 of January. If such amendment is permitted and details of Form GSTR-1 are amended, whether the details of said invoice will be available in Form GSTR-2B of Vaishali Traders for the month of January.

### ANSWER

As per proviso to rule 59(1), a registered person may, after furnishing the details of outward supplies of goods or services or both in Form GSTR-1 for a tax period but before filing of return in Form GSTR-3B for the said tax period, at his own option, amend or furnish additional details of outward supplies of goods or services or both in Form GSTR-1A for the said tax period. Thus, Mehul Enterprises has the option to furnish the details of the invoice issued to Vaishali Traders in Form GSTR-1A on or after 14th February but before filing Form GSTR-3B for January. The corresponding effect of the changes made through Form GSTR-1A on the liability of Mehul Enterprises shall be reflected in Form GSTR-3B for January.

Further, rule 60(7) (iia) provides that the additional details or amendments in details of outward supplies furnished by the supplier in Form GSTR-1A filed after the due date of furnishing of Form GSTR-1 for the previous tax period shall be reflected in Form GSTR-2B for the current tax period. This implies that the ITC for the supplies declared or amended by the suppliers through Form GSTR-1A will be available to the recipient in Form GSTR-2B generated for the next tax period. Thus, the details of missing invoice of Vaishali Traders will be available in its Form GSTR-2B for the month of February.