

INTERMEDIATE COURSE

PAPER – 3

TAXATION

SECTION-B : GOODS AND SERVICES TAX

[RELEVANT FOR MAY 2025, SEPTEMBER 2025 & JANUARY 2026 EXAMINATION]

BOOKLET ON CASE SCENARIOS



BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

This booklet has been prepared by the faculty of the Board of Studies. The objective of the booklet is to provide teaching material to the students to enable them to obtain knowledge in the subject. In case students need any clarifications or have any suggestions to make for further improvement of the material contained herein, they may write to the Joint Director, Board of Studies.

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PREFACE

Under the New Scheme of Education and Training which was introduced on 1st July, 2023, 30% of the examination assessment is by the way of Objective Type Questions at Intermediate and Final level. Therefore, to provide hands-on practice for such type of questions, BOS launched MCQ Paper Practice Portal on 1st July, 2023. This online portal contains independent MCQs as well as case scenario based MCQs both for conceptual clarity and practice of the students.

In continuation to this handholding initiative and to provide quality academic inputs to the students to help them grasp the intricate aspects of the subject, the Board of studies has brought forth subject-wise booklets on Case Scenarios at Intermediate and Final level. These booklets are meticulously designed to assist Chartered Accountancy (CA) students in their preparation of the CA course.

At Intermediate level, the **‘Booklet on Case Scenarios for Paper 3: Taxation, Section B – Goods and Services Tax’** contains the case scenarios which have been answered on the basis of the provisions of the Central Goods and Services Tax Act, 2017 and the Integrated Goods and Services Tax Act, 2017 as amended by the Finance (No. 2) Act, 2024, including significant circulars and notifications issued and other legislative amendments made, which have become effective up to 31.10.2024. The case scenario-based MCQs are all application oriented MCQs and arise from the facts of the case. At the end of each case scenario followed by MCQs, we have also provided explanations/hints for each MCQ which will enable the students to evaluate their performance and identify areas requiring further attention.

This booklet is relevant for May 2025, September 2025 and January 2026 examinations. Please note that before working out the MCQs of this booklet, students have to be thorough with the provisions and concepts of the Goods and Services Tax law as discussed in the October, 2024 edition of the Study Material, which is based on the provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance (No. 2) Act, 2024, including significant circulars and notifications issued and other legislative amendments made, which have become effective up to 31.10.2024.

Students appearing for September 2025 examinations and January 2026 examinations also need to go through the Statutory Update for respective examinations which will be web-hosted at the BoS Knowledge Portal, containing the significant notifications, circulars and other legislative amendments made, up to 28.02.2025 and up to 30.06.2025 respectively in the GST law.

After attaining conceptual clarity by reading the Study Material (and Statutory Update, if applicable), you are expected to apply the concepts learnt in answering the MCQs given in this booklet. You have to read the case scenarios and the MCQs, identify the provisions of tax law involved, apply the provisions correctly in addressing the issue raised/making the computation required in the MCQ, and finally, choose the correct answer. This process of learning concepts and provisions of tax laws and solving MCQs based thereon will help you attain conceptual clarity and hone your application and analytical skills so that you are able to approach the examination with confidence and a positive attitude.

We are confident that this booklet will serve as a valuable companion in your preparation journey. We encourage students to make the most of this resource by engaging deeply with the scenarios, reflecting on the MCQs, and embracing the learning process.

**Best wishes for your studies and success in the CA Intermediate
Examination!**

CASE SCENARIO 1

Manavtaa Trust ('trust') is a charitable trust registered under section 12AB of the Income-tax Act, 1961. The trust is well known for its educational, charitable and religious activities. The trust became liable to registration under GST in the current financial year since it exceeded the threshold limit for registration and thus, registered in the State of Gujarat in the month of May.

In the month of June, a multinational company, Dhruvtara Ltd., gifted 500 laptops worth ₹ 50 lakh to the trust free of cost for charitable purposes, without any intention of seeking any benefit by way of business promotion from such activity. The trust distributed these laptops for free of cost in the same month to the deprived students for assisting them in their higher studies.

The trust also runs a higher secondary school in the name of Manavtaa Higher Secondary School in the state of Gujarat. In the month of July, the trust availed security personnel services from 'Perfect Security Solutions', Gujarat, a proprietorship concern, for security of the school premises for a consideration of ₹ 2,00,000. It also received legal consultancy services from 'Maya & Co.', a firm of advocates for the issues relating to the said school for ₹ 1,20,000, in the same month.

The trust furnished following information regarding the expenses incurred by it in the month of August; all transactions being inter-State:

- (i) Services received and used for supplying taxable outward supplies – ₹ 3,50,000.
- (ii) Catering services received for students of Manavtaa Higher Secondary School – ₹ 2,00,000.
- (iii) Bus purchased with seating capacity of 25 persons including driver – ₹ 10,50,000 (Bus was delivered in the first week of September).

The trust provided the following information in respect of the services provided by it during the month of August:

- (i) It runs an old age home for citizens aged 65 years or more. Nominal monthly charges of ₹ 15,000 for boarding, lodging and maintenance are charged from each member. The total number of members is 20.
- (ii) It rents out a community hall situated within the precincts of a temple managed by it on 15th August for a religious function in the first half for ₹ 5,000 and for an art exhibition in second half for ₹ 6,000.
- (iii) It rents out the rooms in the precincts of said temple to the devotees for a rent of ₹ 950 per room per day. Total rent collected in August amounts to ₹ 35,000.

All the figures given above are exclusive of taxes wherever applicable. Aggregate turnover of the trust for the preceding financial year was ₹ 15 lakh. All the conditions necessary for availment of ITC are fulfilled subject to the information given. The trust intends to avail exemption from GST wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5-

MULTIPLE CHOICE QUESTIONS

- 1. Which of the following activities of the trust does not amount to supply under the GST law?
 - (a) Free laptops distributed to the deprived students
 - (b) Boarding, lodging and maintenance of the senior citizens by the old age home run by the trust
 - (c) Renting of community hall situated within the precincts of the temple managed by the trust
 - (d) Renting of rooms in the precincts of the temple managed by the trust
- 2. Compute the value of inward supplies on which tax is payable by the trust under reverse charge, for the month of July.
 - (a) ₹ 2,00,000
 - (b) ₹ 3,20,000

-
- (c) ₹ 1,20,000
- (d) Nil
3. Compute the value of exempt supply made by the trust for the month of August.
- (a) ₹ 3,00,000
- (b) Nil
- (c) ₹ 3,35,000
- (d) ₹ 35,000
4. Compute the value of taxable supply made by the trust for the month of August.
- (a) ₹ 3,00,000
- (b) ₹ 11,000
- (c) Nil
- (d) ₹ 35,000
5. Determine the amount of ITC that can be credited to the Electronic Credit Ledger of the trust, in the month of August assuming rate of GST to be 18%.
- (a) ₹ 36,000
- (b) ₹ 63,000
- (c) ₹ 1,89,000
- (d) ₹ 2,88,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** Free laptops distributed to the deprived students

Reason

As per the provisions of Section 7 of the CGST Act, 2017, the activity of distribution of laptops to deprived students is not a supply as the same does not involve any flow of consideration from such students to the trust.

Further, the activity is not covered under Section 7(a)(a) of the CGST Act, 2017 or under Schedule I of the CGST ACT, 2017.

2. Option (d) Nil

Reason

The services by way of security services provided to a higher secondary school is exempt from GST as per Entry 66 of the Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*.

Further, the legal consultancy services by a firm of advocates to a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017, are exempted from GST as per Entry 45 of the Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*.

Thus, both the security as well as legal consultancy services received by the trust in relation to the school are exempted from GST.

3. Option (c) ₹ 3,35,000

Reason

As per Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*, following services are exempt:-

- (a) Renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AB of the Income Tax Act, 1961 except:
 - (i) renting of rooms where charges are ₹ 1,000 or more per day;
 - (ii) renting of community halls where charges are ₹ 10,000 or more per day; [Entry 13 of *Exemption Notification No. 12/2017 CT(R) dated 28.06.2017*]
- (b) Services by an old age home run by Central Government, State Government or an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto ₹ 25,000 per month per member, provided that the consideration charged is inclusive of charges for

boarding, lodging and maintenance. [Entry 9D of Exemption Notification No. 12/2017 CT(R) dated 28.06.2017]

In the present case only renting of community hall will be taxable as the charges are more than ₹ 10,000 per day.

4. Option (b) ₹ 11,000

Reason

As per Exemption Notification No. 12/2017 CT(R) dated 28.06.2017, following services are exempt:-

- (a) Renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AB of the Income Tax Act, 1961 except:
 - (i) renting of rooms where charges are ₹ 1,000 or more per day;
 - (ii) renting of community halls where charges are ₹ 10,000 or more per day; [Entry 13 of Exemption Notification No. 12/2017 CT(R) dated 28.06.2017]
- (b) Services by an old age home run by Central Government, State Government or an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto ₹ 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance. [Entry 9D of Exemption Notification No. 12/2017 CT(R) dated 28.06.2017]

5. Option (b) ₹ 63,000

Reason

Input tax credit (ITC) related to services received from providing taxable outward supplies amounting to ₹ 3,50,000 is eligible input tax credit.

Catering service received by high secondary school is exempted from GST and therefore no input tax credit is available.

Further, the bus is received in the month of September and accordingly the condition under section 16 of the CGST Act, 2017 [i.e. "goods should be received"] is not fulfilled to avail input tax credit.

CASE SCENARIO 2

Bali Bells Ltd. (hereinafter referred as Bali Bells), a private limited company registered in Chennai, Tamil Nadu, provides the following outward supplies in the month of September:

| Particulars | Amount (₹) | |
|------------------------------|------------|-----------|
| | Taxable | Exempt |
| Intra-State outward supplies | 40,00,000 | 15,00,000 |
| Inter-State outward supplies | 30,00,000 | 10,00,000 |

Bali Bells Ltd. sold land for ₹ 2,00,00,000 (excluding GST) in the month of September. Bali Bells purchased one heavy steel machinery in the month of September for ₹ 1,00,000 (excluding GST @ 18%). Bali Bells capitalized the value of machinery along with GST paid on the same in its books of accounts and claimed depreciation on such capitalized value as per Income-tax Act, 1961.

Apart from this, on a tax invoice dated 25th July of previous financial year with respect to an inward supply of ₹ 50,000 (excluding GST @ 18%), the company has not availed the ITC yet.

Bali Bells made a supply during November, details of which are as follows-

- Basic price of the product before TCS under Income Tax Act, 1961 – ₹ 45,000
- Tax collected at source under Income-tax Act, 1961 – ₹ 2,500
- It received a subsidy of ₹ 3,500 from Bharat Foundation Pvt. Ltd. for usage of green energy and the subsidy was linked to the units of energy saved and not for the aforesaid product.

Bali Bells has not furnished its annual return for the preceding financial year till the end of November and will furnish it in the month of December of the current financial year.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the months of September, October and November. All the amounts given above are exclusive of taxes, unless otherwise specified.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. Determine the aggregate turnover of Bali Bells for the month of September.
 - (a) ₹ 2,70,00,000
 - (b) ₹ 95,00,000
 - (c) ₹ 2,95,00,000
 - (d) ₹ 70,00,000
2. Bali Bells wants to avail ITC on GST paid on the heavy steel machinery purchased in September. Which of the following statements is true in this regard?
 - (a) ITC on the machinery cannot be availed since depreciation has been claimed on the GST paid on the machinery under Income-tax Act, 1961.
 - (b) ITC on the machinery shall be allowed to the extent of 50% in the current financial year and balance 50% in the subsequent financial year.
 - (c) ITC on the machinery shall be allowed in the current financial year only to the extent of the depreciation claimed on GST paid on machinery.
 - (d) Full ITC of GST paid on the machinery can be availed in the current year.
3. Bali Bells can claim ITC on inputs received in July of preceding financial year upto _____ of the current financial year.
 - (a) 30th November
 - (b) 25th July
 - (c) 31st December
 - (d) 30th September

4. Compute the value of supply under section 15 of the CGST Act, 2017 made by Bali Bells in the month of November?
- (a) ₹ 45,000
 - (b) ₹ 47,500
 - (c) ₹ 48,500
 - (d) ₹ 51,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** ₹ 95,00,000

Reason

Sale of land is neither a supply of goods nor a supply of services as per entry 5 of Schedule III of the CGST ACT, 2017 and thus, also not covered under the definition of aggregate turnover. Hence, only inter-State and intra-State turnover (taxable and exempted) is to be considered while computing aggregate turnover.

2. **Option (a)** ITC on the machinery cannot be availed since depreciation has been claimed on the GST paid on the machinery under Income-tax Act, 1961.

Reason

As per Section 16 of the CGST Act, 2017, the recipient has an option to claim input tax credit or depreciation under Income-tax Act, 1961. Since the Company has claimed depreciation on the GST amount related to purchase of machinery, input tax credit shall not be available.

3. **Option (a)** 30th November

Reason

As per section 16(4) of the CGST Act, 2017, a registered person shall be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both on or before the thirtieth day of November following the end of financial year to which such invoice or

debit note pertains or furnishing of the relevant annual return, whichever is earlier.

4. Option (a) ₹ 45,000

Reason

Tax collected at source is not a tax but an interim levy and accordingly not includible in the value of supply. Further, the subsidy provided by Bharat foundation Pvt. Ltd. is not directly linked to the price and accordingly not includible in the value of supply as per Section 15 of the CGST Act, 2017.

CASE SCENARIO 3

ABC Ltd. has its manufacturing unit in the State of Rajasthan. Further, it has ancillary units in the State of Madhya Pradesh and Gujarat and is registered in each of these States. Moreover, ABC Ltd. owns and operates a hotel in Udaipur, Rajasthan.

In addition to the aforesaid, ABC Ltd. owns a commercial space which is rented out to a registered person at the monthly rent of ₹ 50,000. The maintenance of the premises is the responsibility of ABC Ltd. In pursuance of the same, during the month of April, ABC Ltd. incurred certain expenses on the purchase of maintenance related materials. The said expenses are recoverable from the tenant alongwith the invoice issued for rent. The rate of tax applicable on the material used for maintenance was 5%.

During the year, ABC Ltd. agreed to provide the hotel to Mr. X for a business conference to be held at Udaipur. Mr. X is an unregistered person residing in Maharashtra.

In addition to the aforesaid transactions, ABC Ltd. spent an amount of ₹ 5 lakh on the procurement of certain goods which were distributed as part of the corporate social responsibility [CSR] expenditure required under the provisions of the Companies Act, 2013.

All amounts are exclusive of GST, wherever applicable. The rate of GST on all inward and outward supplies is 18%, unless otherwise mentioned.

Assume that there is no other outward or inward transaction apart from aforesaid transactions.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. For the transaction related to renting of commercial space, what should be the rate of tax charged by ABC Ltd.?

-
- (a) The rate of GST on rent and maintenance material related recovery shall be 18%.
- (b) The rate of GST on rent shall be 18% and, on the material, shall be 5%.
- (c) No GST shall be charged on the recovery related to material used in maintenance. Rate of GST on rent shall be 18%.
- (d) The rate of GST on rent and maintenance material related recovery shall be 5%.
2. With respect to the hotel accommodation service provided to Mr. X, GST payable by ABC Ltd. is _____.
- (a) nil, GST on accommodation service is payable by the recipient, Mr. X, under reverse charge
- (b) nil, GST on accommodation services provided to an unregistered person is exempt from GST
- (c) in the nature of CGST and SGST
- (d) in the nature of IGST
3. Which of the following options is correct with regard to the availability of ITC to ABC Ltd. in respect of GST paid on the procurement of goods meant for the purpose of corporate social responsibility activity?
- (a) The amount of ITC related to such procurement of goods is not available to ABC Ltd.
- (b) The amount of ITC related to such procurement of goods is available to ABC Ltd.
- (c) The amount of ITC only to the extent of 50% of amount of such procurement of goods is available to ABC Ltd.
- (d) The amount of ITC shall be available to the registered person to whom such goods are distributed under CSR activity.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** The rate of GST on rent and maintenance material related recovery shall be 18%.

Reason

The supply of services related to renting of commercial space along with maintenance services which requires specific material for maintenance and such expenses being recoverable from the recipient is in the nature of composite supply wherein the rental service is the principal supply. Accordingly, the rate of tax i.e. 18% on the rental service shall be charged.

2. **Option (c)** in the nature of CGST and SGST

Reason

As per section 12(3)(c) of the IGST Act, 2017, the place of supply of services by way of accommodation in any immovable property for organizing any official function shall be the location at which the immovable property is located. Accordingly, the supply shall be an intra-State supply and therefore CGST and SGST shall be charged.

3. **Option (a)** The amount of ITC related to such procurement of goods is not available to ABC Ltd.

Reason

As per section 17(5)(fa) of the CGST Act, 2017, ITC shall not be available in respect of goods and/or services received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility (CSR) referred to in section 135 of the Companies Act, 2013.

CASE SCENARIO 4

XYZ Private Limited is a mid-sized company, registered in Delhi, dealing in the manufacturing and distribution of electronic goods in India. The company has been operating for over a decade and has a robust supply chain network across the Country. The company needs to ensure compliance with various GST regulations related to return filing, registration, and payment of tax.

The company is exploring to expand its sales channel in India through distributors in each State. In view of the same, the company has undertaken following activities in the month of June:-

- (a) Organized a distributor conclave in Udaipur, Rajasthan, where the distributors from Rajasthan, Gujarat and Madhya Pradesh participated in the conclave held in Rajasthan. The total cost of hotel accommodation was ₹ 25 lakh, which was paid by the Delhi office to the Hotel located in Rajasthan.
- (b) The company purchased certain gift items for distribution to the participants in the conclave. The gift items were purchased from the vendor located in Ludhiana, Punjab and were delivered to the hotel in Udaipur, Rajasthan for distribution to the participants of the conclave. The cost of such gift items was ₹ 25 lakh. However, the value of individual gift items was restricted to ₹ 75,000.
- (c) The company purchased an insurance policy for its employees travelling for the conclave and the premium for such insurance policy was ₹ 1 lakh which was paid by the company. There is no requirement under any law requiring such insurance policy.
- (d) The company took on rent, a new warehouse near its factory in Delhi for storage and dispatch of goods. The goods are being transported between the factory and new warehouse in non-motorized cart. The value of such goods transported in single trip is up to ₹ 5 lakh. Further, the rent of warehouse is ₹ 18 lakh for the initial 11 months and the same shall be revised to ₹ 21 lakh after expiry of initial 11 months.

The rate of tax applicable is 18% IGST, 9% CGST and SGST each unless otherwise specified.

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.5 below -

MULTIPLE CHOICE QUESTIONS

1. Which of the following statements is correct under GST law in relation to the hotel accommodation service received by the company?
 - (a) The hotel shall charge CGST and SGST on the invoice issued to the company.
 - (b) The hotel shall charge IGST on the invoice issued to the company
 - (c) The hotel shall issue a bill of supply to the company.
 - (d) The hotel shall charge CGST and SGST to the extent the charges are related to participants of Rajasthan and IGST to the extent charges are related to the participants of Gujarat and Madhya Pradesh, on invoice issued to the company.
2. What shall be the place of supply in relation to the gift items purchased by the company?
 - (a) Rajasthan i.e. the location where the goods were received
 - (b) Delhi i.e. the principal place of business of the company
 - (c) Punjab i.e. the location from where the goods were dispatched
 - (d) Permanent location of participants receiving the gifts
3. Which of the following statements is true in relation to the gift items and the insurance policy purchased by the company?
 - (a) The company is not eligible to avail the input tax credit in relation to both, gift items and the insurance policy.
 - (b) The company is eligible to avail the input tax credit related to gifts valuing less than ₹ 50,000.
 - (c) The company is eligible to avail the input tax credit only on insurance policy as the same is provided to employees i.e. related person of the Company.

- (d) There is no restriction in availment of input tax credit related to gifts and insurance policy.
4. Which of the following statements is correct in relation to the issuance of e-way bill for transportation of goods between factory and warehouse in non-motorized cart?
- (a) E-way bill is required to be issued by the company for each instance of transportation of goods irrespective of the consignment value of goods.
 - (b) E-way bill is not required to be issued in the given case irrespective of the consignment value of the goods.
 - (c) E-way bill is required to be issued for goods of the consignment value above ₹ 50,000
 - (d) E-way bill is required to be issued for goods of the consignment value above ₹ 1,00,000
5. Which of the following statements is most appropriate in relation to the new warehouse taken on rent by the Company?
- (a) Separate GST registration is not required mandatorily.
 - (b) Separate GST registration is required mandatorily.
 - (c) GST registration is required as a casual taxable person for the term of rent agreement.
 - (d) Separate GST registration is required once the rent is more than ₹ 20 lakh per annum.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** The hotel shall charge CGST and SGST on the invoice issued to the Company

Reason

As per section 12(3)(c) of the IGST Act, 2017, the place of supply of services by way of accommodation in any immovable property for organizing any official function shall be the location at which the

immovable property is located. Accordingly, the supply shall be an intra-State supply and therefore CGST and SGST shall be charged.

2. **Option (b)** Delhi i.e. the principal place of business of the company

Reason

The place of supply shall be Delhi as the transaction is in the nature of bill-to-ship supply where in the gifts are dispatched at the direction of the company to the location of conclave i.e. the hotel in Udaipur.

3. **Option (a)** The company is not eligible to avail the input tax credit in relation to both, gift items and the insurance policy.

Reason

As per section 17(5)(h) of the CGST Act, 2017 input tax credit is blocked for goods distributed as gifts.

Further, the input tax credit is also blocked for insurance unless the same is mandatory under any law. In the present case, the provision of insurance is not mandatory and hence the input tax credit shall not be available to the company in terms of section 17(5)(b) of the CGST Act, 2017.

4. **Option (b)** E-way bill is not required to be issued in the given case irrespective of the consignment value of the goods.

Reason

The transportation is being undertaken by a non-motorized conveyance and therefore, no e-way bill is required irrespective of the value of goods being transported between the factory and warehouse.

5. **Option (a)** Separate GST registration is not required mandatorily

Reason

The company is already having a GST registration in Delhi. There is no mandatory requirement of separate GST registration as per section 25(2) of the CGST Act, 2017. The factory can be added as an additional place of business in the existing GST registration of the company.

CASE SCENARIO 5

Vidhula Impex Ltd. ('company') is engaged in supplying sports goods. The company did not opt for registration under GST. The proper officer under GST, based on enquiry, finds that the company is liable for registration and he registers the company on temporary basis on 15th June, 2023.

After being granted the registration certificate, the company availed the following services for the purpose of its business-

- i. Renting of motor vehicles from Blue Taxi Pvt. Ltd. where GST was charged @ 12%.
- ii. Appointed Mr. Rajesh as Technical Director for advisory role in business and the payment was made based on the contract entered. However, he was not covered under any employment contract with the company.

During the course of its business, the company issued an invoice to a customer and erroneously charged a higher value by ₹ 34,000. Such invoice was issued on 28th February, 2024.

Further, in the month of February 2024, the company also generated an e-way bill for inter-State transport of goods. However, immediately on generation of the e-way bill, the buyer cancelled the order before it was dispatched from the factory for delivery.

In the month of March 2024, since the company was incurring heavy losses, it applied for cancellation of GST registration on 15th March 2024. The order for cancellation was made on 30th March 2024, effecting cancelling the registration with effect from 15th March 2024.

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.5 below:-

MULTIPLE CHOICE QUESTIONS

1. After the grant of temporary registration, company needs to apply for registration within _____ from the date of grant of temporary registration, if no extension of period is to be granted for such temporary registration.
 - (a) 30 days
 - (b) 90 days
 - (c) 7 days
 - (d) 15 days
2. Which of the following input services are liable to GST under reverse charge in the hands of company?
 - (a) Renting of Motor Vehicles
 - (b) Directorship services
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
3. Which document is required to be issued by the company in respect of the invoice issued on 28th February 2024?
 - (a) Debit note
 - (b) Credit note
 - (c) Bill of supply
 - (d) Revised Tax invoice
4. The Company needs to file its Final return by _____.
 - (a) 30th April, 2024
 - (b) 30th August, 2024
 - (c) 15th June, 2024
 - (d) 30th June, 2024

5. Which of the following statements is correct in respect of e-way bill generated for goods in the month of February for which order was cancelled?
- (a) Once generated, E-way bill cannot be cancelled
 - (b) E-way bill can be cancelled within 24 hours of generation
 - (c) E-way bill can be cancelled within 48 hours of generation
 - (d) E-way bill can be cancelled within 72 hours of generation

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** 90 days

Reason

As per section 25(8) of the CGST Act, 2017 read with rule 16(3) of the CGST Rules, 2017, the person shall submit an application for registration in prescribed form within 90 days from the date of grant of temporary registration.

2. **Option (b)** Directorship services

Reason

Reverse charge is not applicable in case of renting of motor vehicles if the supplier of services is issuing invoice and charging GST at 12%. Also, Director providing any service to the company is liable to GST under reverse charge.

3. **Option (b)** Credit Note

Reason

As per Section 34 of the CGST Act, 2017, a supplier can issue credit note to reduce value of supply if he has erroneously declared a value which is more than the actual value of the goods or services provided.

4. **Option (d)** 30th June, 2024

Reason

As per section 45 of the CGST Act, 2017, the final return has to be filed within 3 months of the:

- (i) date of cancellation
 - or
 - (ii) date of order of cancellation
- whichever is later.

5. Option (b) E-way bill can be cancelled within 24 hours of generation

Reason

Where an e-way bill has been generated, but goods are either not transported or are not transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal within 24 hours of generation of the e-way bill vide rule 138(9) of the CGST Rules, 2017.

CASE SCENARIO 6

M/s. Delight Brothers, a partnership firm, is engaged in the restaurant business. It is registered under the composition levy scheme under section 10(1) of the CGST Act, 2017 for the current financial year. Its turnover in the State for the month of April was ₹ 12,00,000.

It received new orders in the month of May to run a mess facility for supplying food at:

- i. Vishwas Public School, a higher secondary School;
- ii. Knowledge Institute of Technology, an engineering college, approved by AICTE and UGC; and
- iii. Frontline Hospital

It also provided catering services to a Coral limited company for their Annual General Meeting. Service was provided on 3rd July. But invoice was not issued by the firm to the company till the end of August. However, payment was received on 25th July for which bank account was credited on 28th July. The turnover of restaurant business for the current financial year is ₹ 48,00,000.

From the beginning of next financial year, M/s. Delight Brothers will close down the restaurant business and will provide service of repairing of air conditioners. However, the firm wishes to continue with the Composition Scheme, if eligible.

M/s Delight Brothers undertakes intra-State transactions only.

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.5 below-

MULTIPLE CHOICE QUESTIONS

1. Compute the tax liability of M/s. Delight Brothers for the month of April?
 - (a) CGST & SGST of ₹ 6,000 each
 - (b) CGST & SGST of ₹ 12,000 each
 - (c) CGST & SGST of ₹ 30,000 each
 - (d) CGST & SGST of ₹ 60,000 each

2. Out of new orders received by the firm in May, which of the following services are exempt from GST?
- (i) Service provided to Vishwas Public School
 - (ii) Service provided to Knowledge Institute of Technology
 - (iii) Service provided to Frontline Hospital
- (a) (i) and (iii)
- (b) (ii) and (iii)
- (c) only (i)
- (d) (i) and (ii)
3. Time of supply of catering services provided to a Coral limited company is
- (a) 3rd July
 - (b) 25th July
 - (c) 28th July
 - (d) 2nd August
4. Which of the following statements is most appropriate in respect of next financial year for M/s Delight Brothers?
- (a) M/s Delight Brothers can continue to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017.
 - (b) M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017.
 - (c) M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017, but can avail benefit of composition levy under section 10(2A) of the CGST Act, 2017.
 - (d) M/s Delight Brothers can neither avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017 nor under section 10(2A) of the CGST Act, 2017.

5. Rate of GST applicable for service of repairing of air conditioners made by M/s Delight Brothers will be _____, assuming that it intends to pay the tax at the minimum rate available?
- (a) 1%
 - (b) 5%
 - (c) 6%
 - (d) 12%

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (c)** CGST & SGST of ₹ 30,000 each

Reason

As per section 10 of the CGST Act, 2017 read with rule 7 of the CGST Rules, 2017, the rate of tax in case of composition registration opted by a restaurant service provider is 2.5% each for CGST and SGST and accordingly on supply of ₹ 12,00,000 during the month of April, GST shall apply at 5% (CGST+SGST).

2. **Option (c)** only (i)

Reason

Since food is not provided by Hospital but outsourced, so the same is taxable.

However, said services when provided to an educational institution providing pre-school education or education up to higher secondary school or equivalent are exempt from tax [covered under Entry 66(b)(ii) of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*].

3. **Option (a)** 3rd July

Reason

As per section 31(2) of the CGST Act, 2017 read with rule 47 of CGST Rules, 2017, the tax invoice is to be issued within 30 days of supply of service. In the given case, the invoice is not issued within the prescribed time limit. As per section 13(2)(b) of the CGST Act, 2017, in a case where the invoice

is not issued within the prescribed time, the time of supply of service is the date of provision of service or receipt of payment, whichever is earlier.

4. **Option (c)** M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017, but can avail benefit of composition levy under section 10(2A) of the CGST Act, 2017.

Reason

A person engaged exclusively in supply of services other than restaurant service is not eligible for the composition scheme. stipulated under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.

However, under section 10(2A) of the CGST Act, 2017, composition scheme is available for persons engaged in supply of services other than restaurant service whose aggregate turnover in the preceding financial year is up to ₹ 50 lakh.

5. **Option (c)** 6%

Reason

Section 10(2A) of the CGST Act, 2017 read with Rule 7 of the CGST Rules, 2017 provides an option to a registered person (subject to certain conditions) whose aggregate turnover in the preceding financial year is upto ₹ 50 lakh and who is not eligible to pay tax under composition scheme under section 10(1) & 10(2) of the CGST Act, 2017, to pay tax @ 3% [Effective rate 6% (CGST+ SGST/UTGST)] of the turnover of supplies of goods and services in the State or Union territory.

CASE SCENARIO 7

Safe Bank Ltd., a small finance bank, was incorporated in April this year. The bank got registered under GST immediately on its incorporation as a banking company.

Safe Bank Ltd. received software support service free of cost from its Head office (HO) located in United Kingdom for business purpose in April. Safe Bank Ltd. provided one high-end laptop worth ₹ 50,000 to its new Managing Director (MD) as a gift for discharge of his duties.

Initially the bank opened 125 branches across India covering various States. To secure business, the bank appointed 'Quick Loan Providers LLP,' a direct selling agent, on PAN India basis. The bank needed the services of recovery agents for various retail and personal loans granted by its branches. For this purpose, the bank appointed 'Fast Recovery Services Pvt. Ltd.', a recovery agent, on PAN India basis.

Safe Bank Ltd. provided the following details for the month of May, in respect of one of its branches-

| Sl. No | Nature of receipt | Amount in ₹ |
|--------|---|-------------|
| i. | Interest received on Term Loan | 10,75,000 |
| ii. | Interest received on credit card transactions | 6,20,000 |
| iii. | Interest received on Fixed Deposit held with SBI, Mumbai | 25,00,000 |
| iv. | Commission received on Letter of Credit issued | 3,00,000 |
| v. | Documentation charges collected from borrowers | 1,25,000 |
| vi. | Sale of foreign exchange to Bank of Rajasthan, an authorized dealer | 15,60,000 |

All the amounts given above are exclusive of taxes wherever applicable. All the supplies referred to above are intra-state unless specified otherwise.

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.4 below-

MULTIPLE CHOICE QUESTIONS

1. Which of the following statements is correct under GST law?
 - (i) Receipt of software support service by Safe Bank Ltd. from HO is supply.
 - (ii) Issue of laptop to new MD as gift is supply.
 - (iii) Receipt of software support service by Safe Bank Ltd. from HO is not a supply.
 - (iv) Issue of laptop to new MD as gift is not a supply.
 - (a) (i) & (ii)
 - (b) (i) & (iv)
 - (c) (ii) & (iii)
 - (d) (iii) & (iv)
2. In respect of services availed by Safe Bank Ltd., the bank shall pay tax under reverse charge for which of the following services?
 - (a) Service availed from 'Quick Loan Providers LLP'
 - (b) Service availed from 'Fast Recovery Services Pvt. Ltd.'
 - (c) Both (a) and (b)
 - (d) None of the services availed attracts RCM
3. Compute the value of exempt supply provided by the branch of Safe Bank Ltd. for the month of May?
 - (a) ₹ 15,00,000
 - (b) ₹ 41,95,000
 - (c) ₹ 51,35,000
 - (d) ₹ 66,95,000
4. Compute the value of taxable supply made by the branch of Safe Bank Ltd. for the month of May?
 - (a) ₹ 10,45,000
 - (b) ₹ 21,20,000

(c) ₹ 36,80,000

(d) ₹ 61,80,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) (i) & (iv)

Reason

Both the transactions are covered within the purview of Schedule I of the CGST ACT, 2017. However, the laptop is worth ₹ 50,000 i.e. not exceeding ₹ 50,000 and therefore, is not a deemed supply as per Schedule I of the CGST Act, 2017. But the software support service received from the HO is a supply as import of services by a person from a related person or from his establishments located outside India, without consideration, in the course or furtherance of business shall be treated as "supply".

2. Option (b) Service availed from 'Fast recovery services Pvt Ltd'

Reason

Services supplied by an individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership (LLP) firm to bank or non-banking financial company (NBFCs) are taxable under reverse charge. In the given case, Quick Loan Providers LLP is a LLP and hence said service is not taxable under reverse charge. However, recovery services provided by any recovery agent are liable to GST under reverse charge.

3. Option (c) ₹ 51,35,000

Reason

Interest other than interest received from services related to credit card transactions is exempt vide entry 27 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*. Further, the sale of foreign exchange is also exempt from GST.

Documentation services, commission related to letter of credit and interest related to credit card services are liable to GST.

4. Option (a) ₹ 10,45,000**Reason**

Interest other than interest received from services related to credit card transactions is exempt vide entry 27 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*. Further, the sale of foreign exchange is also exempted from GST.

Documentation services, commission related to letter of credit and interest related to credit card services is liable to GST.

CASE SCENARIO 8

Mr. Lala is engaged in supply of tiles and marbles in the State of Telangana. He is not registered under GST. He commenced his business from the month of July.

He availed godown construction services for business from his brother-in-law who was dependent on him. He also availed professional consultancy services for the purpose of business from his son who is a Company Secretary, and his son is not dependent on him. Mr. Lala did not pay anything for both the services as both were his relative / family member respectively.

Based on advice of his son, Mr. Lala made the supply of tiles within his State only. His turnover reached to ₹ 7 lakh as on 31st October. However, he planned to expand his business to other States, since he has received decent orders from other States also.

During the month of December, he received a consignment of tiles from Rajasthan through Prompt Carriers, a goods transport agency based in the State of Rajasthan. Goods were dispatched by the supplier on 'to-pay' basis for freight. Freight charges were ₹ 50,000 and the said GTA pays GST @ 12%. Mr. Lala paid the invoice amount in the month of December itself. This was an inter-State transaction.

During the month of January, Mr. Lala made his first inter-State supply to Tamil Nadu on 4th January. His turnover before making such supply was ₹ 15 lakh.

Value of such inter-state supply was ₹ 4,50,000, exclusive of taxes. Payment for the said inter-State supply was received on 28th February. Invoice was raised by Mr. Lala on 25th January.

All the figures given above are exclusive of taxes wherever applicable.

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.5 below-

MULTIPLE CHOICE QUESTIONS

1. In respect of services availed by Mr. Lala, which of the following is a correct statement?
 - (a) Godown construction service availed from his brother-in-law free of cost is considered as a deemed supply
 - (b) Professional service availed from his son free of cost is considered as a deemed supply
 - (c) Neither of the services is a deemed supply
 - (d) Both services are deemed supply
2. Upto which limit of aggregate turnover, Mr Lala can continue to supply goods without registration within his State, if he does not procure any goods/services on which tax is payable under reverse charge mechanism?
 - (a) ₹ 20 lakh
 - (b) ₹ 40 lakh
 - (c) ₹ 10 lakh
 - (d) ₹ 150 lakh
3. What is the tax liability for the freight charges?
 - (a) ₹ 6000 of IGST under reverse charge
 - (b) ₹ 6000 of IGST under forward charge
 - (c) ₹3000 each under CGST and SGST under reverse charge
 - (d) Nil as it is exempt
4. Which of the following statement(s) is correct with respect to liability of Mr. Lala to register under GST?
 - (a) Mr. Lala is liable to register in the month of December for receipt of GTA services.
 - (b) Mr. Lala is liable to register in the month of January for effecting inter-State outward supply of goods.

- (c) Mr. Lala is liable to register only when his turnover exceeds the threshold limit irrespective of whether he is in receiving any GTA services or is effecting inter-State outward supply.
 - (d) Mr. Lala is not required to register as it is his first year of business.
5. What is the time of supply of goods made by Mr Lala during January?
- (a) 4th January
 - (b) 25th January
 - (c) 3rd February
 - (d) 28th February

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** Professional service availed from his son free of cost is considered as a deemed supply

Reason

Deemed supply as per Schedule I of the CGST ACT, 2017 covers transactions with related persons when made in the course or furtherance of business and as per the definition of "Family", Mr. Lala's son is a related person, but the definition of family excludes "brother-in-law" even if he is dependent on Mr. Lala. Therefore, the transaction between Mr. Lala and his brother-in-law is not a deemed supply.

2. **Option (a)** ₹ 20 lakh

Reason

Notification No. 10/2019 CT dated 07.03.2019 exempts any person who is engaged in exclusive supply of goods and whose aggregate turnover in the financial year does not exceed ₹ 40 lakh, from registration requirement.

Exceptions to this exemption is *inter alia* persons engaged in making intra-State supplies in the States of Telangana and other specified States.

3. **Option (d)** Nil as it is exempt

Reason

Services provided by a GTA to an unregistered person, including an unregistered casual taxable person is exempt from GST vide Entry 21A of Exemption Notification No. 12/2017 CT(R) dated 28.06.2017.

4. **Option (b)** Mr. Lala is liable to register in the month of January for effecting inter-State outward supply of goods.

Reason

Person making inter-State taxable supply of goods is liable to registration compulsorily vide section 24 of the CGST Act, 2017.

5. **Option (a)** 4th January

Reason

As per section 12(2) of the CGST Act, 2017, the time of supply of goods that are taxable under forward charge, is the earlier of the following two dates:

- (a) Date of issue of invoice by the supplier or the last date on which the invoice ought to have been issued in terms of section 31 of the CGST Act, 2017, to the extent the invoice covers the supply of goods; [4th January] or
- (b) Date of receipt of payment by the supplier, to the extent the payment covers the supply of goods [28th February].

Further, the time-limit for raising invoices in case of supply of goods as per section 31(1) of the CGST Act, 2017 is before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods.

CASE SCENARIO 9

Purvi, registered under GST in the State of Madhya Pradesh, is engaged in supplying multiple taxable goods and services. She has undertaken the following activities/transactions in the month of October in the current financial year:

- (i) Donated some money to Divyaprakash Charitable Trust, Madhya Pradesh, in the memory of her late father. The Divyaprakash Charitable Trust constructed a room in the school run by it from such donation and wrote "Donated by Miss. Purvi in the memory of her father" on the door of the room so constructed.
- (ii) Organized a seminar in Indore which was sponsored by WE-WIN Cricket Academy, an LLP. Purvi received a sponsorship fee of ₹1,50,000.
- (iii) Bindusar Public School intended to distribute gift packages consisting of fountain pen, calculator and tape dispenser to its students on the occasion of Children's Day. Therefore, it entered into a contract with Purvi on 28th October for supply of 2,000 packages at a single price of ₹ 250. Rates of GST for fountain pen, calculator and tape dispenser are 5%, 12% and 18% respectively.
- (iv) Received the following payments during the month of October:
 - earned ₹ 1,60,000 by performing at a western music concert in Indore
 - earned ₹ 50,000 for renting of space for use as a Textile Emporium
 - received ₹ 70,000 for supply of farm labour

All the amounts given above are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. Donation made by Purvi to Divyaprakash Charitable Trust is _____.
 - (a) exempted from GST by way of a notification

- (b) not a supply at all
 - (c) liable to GST under forward charge
 - (d) liable to GST under reverse charge
2. Which of the following statements is correct with respect to the sponsorship fee received by Purvi?
- (a) Tax on sponsorship services is payable by Purvi under forward charge.
 - (b) Tax on sponsorship services is payable by WE-WIN Cricket Academy under reverse charge.
 - (c) Sponsorship services are exempt from GST since services provided to a sports academy are exempt.
 - (d) Tax on sponsorship services is payable by Purvi under reverse charge.
3. Determine the nature of supply and the applicable rate of GST for the packages supplied by Purvi to Bindusar Public School.
- (a) composite supply & applicable rate of GST is 12%
 - (b) mixed supply & applicable rate of GST is 18%
 - (c) composite supply & applicable rate of GST is 18%
 - (d) mixed supply & applicable rate of GST is 12%
4. Out of all the payments received by Purvi in the month of October, value of exempt supply amounts to ____.
- (a) ₹ 4,30,000
 - (b) ₹ 70,000
 - (c) ₹ 1,20,000
 - (d) ₹ 2,20,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** not a supply at all

Reason

There is no obligation (quid pro quo) on part of recipient of the donation to do anything (i.e. supply a service). Thus, it can be said that there is no supply of service for the payment in the form of donation.

2. **Option (b)** Tax on sponsorship services is payable by WE-WIN Cricket Academy under reverse charge.

Reason

Services provided by way of sponsorship to any body corporate or partnership firm is liable to GST under reverse charge. LLP is also considered as a partnership firm or firm.

3. **Option (b)** mixed supply & applicable rate of GST is 18%

Reason

Supply of fountain pen, calculator and tape dispenser is not a supply wherein one of the supply is a principal supply and these are not naturally bundled. Therefore, the supply is a mixed supply and the highest tax rate shall be applied for the whole supply.

4. **Option (b)** ₹ 70,000

Reason

Out of the transactions made in October, only supply of farm labour is covered within the purview of exempt supplies.

CASE SCENARIO 10

Sarabhai & Sarabhai Associates, a partnership firm registered under GST, is engaged in various types of business activities. It has provided the details of the following activities undertaken by it in the current financial year:

- (i) It supplied taxable goods to Dhanush Enterprises valuing ₹ 8,00,000 in the month of April, with a credit period of 1 month for payment. Thereafter, interest @ 12% p.a. is chargeable on the consideration. The payment is received from Dhanush Enterprises after the lapse of two months from the date of supply.
- (ii) It enters into a contract for supply of 100 office chairs @ ₹ 15,000 with Ashoka Mart on 21st August. Chairs are removed from the warehouse of Sarabhai & Sarabhai Associates on 5th September along with the invoice of said date. Ashoka Mart has paid 30% of the total contract value on 21st August; 70% is paid after delivery of chairs on 10th September.
- (iii) In the month of October, it provided services by way of transportation of goods in a goods carriage by road to Fisheries Department of Government of India, which is registered under GST only for the purpose of deducting tax at source. Sarabhai & Sarabhai Associates is a registered goods transport agency and charges ₹1,20,000 for the said services.
- (iv) It also provided services of Direct Selling Agent to an NBFC located in Mumbai in the month of December for ₹ 50,000.
- (v) It organized a business exhibition in the month of December for which it received a sponsorship fee of ₹ 3,00,000 from Dhara Ltd.
- (vi) It has a policy to provide free gifts to each of its employees valuing ₹ 50,000 at the end of each financial year.
- (vii) It availed services of Dhruv Travel Agency for organizing a free vacation for its top performing employees in the month of December. GST of ₹ 50,000 was paid for the same. In the same month, it also paid GST of ₹ 20,000 on membership of Rudraksh Fitness Centre taken for its CEO.

All the amounts given above are exclusive of GST, wherever applicable. All conditions for availing ITC are fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. Value of supply made to Dhanush Enterprises, assuming the interest on delayed payment to be exclusive of GST, is _____.
 - (a) ₹ 8,00,000
 - (b) ₹ 8,08,000
 - (c) ₹ 7,92,000
 - (d) ₹ 8,16,000
2. The time of supply of advance money of ₹ 4,50,000 received for supply of office chairs to Ashoka Mart is _____. For balance payment of ₹ 10,50,000 received, the time of supply is _____.
 - (a) 21st August; 5th September
 - (b) 5th September; 10th September
 - (c) 21st August; 10th September
 - (d) 5th September; 5th September
3. Determine the value of outward supplies made by Sarabhai & Sarabhai Associates on which tax is payable under reverse charge.
 - (a) ₹ 1,20,000
 - (b) ₹ 50,000
 - (c) ₹ 1,70,000
 - (d) ₹ 3,00,000
4. Free gifts of value of ₹ 50,000 provided by Sarabhai & Sarabhai Associates to each of its employee is:
 - (a) a supply as gifts of only less than ₹ 50,000 in value are not treated as supply in terms of Schedule I of the CGST Act, 2017.
 - (b) a supply as gifts provided by employer to employee of any value are treated as supply in terms of Schedule I of the CGST Act, 2017.

- (c) a supply as gifts of only more than ₹ 50,000 in value are not treated as supply in terms of Schedule I of the CGST Act, 2017.
 - (d) not a supply as gifts not exceeding ₹ 50,000 in value in a financial year by an employer to an employee shall not be treated as supply in terms of Schedule I of the CGST Act, 2017.
5. Sarabhai & Sarabhai Associates is eligible to claim input tax credit of _____ in the month of December.
- (a) ₹ 50,000
 - (b) ₹ 20,000
 - (c) ₹ 3,70,000
 - (d) Nil

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** ₹ 8,08,000

Reason

The value of supply as per Section 15 of the CGST Act, 2017 includes interest or late fee or penalty for delayed payment of any consideration for any supply. In the present case, there is a delay of 1 month in payment of consideration after considering the credit period.

2. **Option (d)** 5th September; 5th September

Reason

Taxpayers under forward charge (except composition suppliers and registered persons making supply of specified actionable claims) are not required to pay GST at the time of receipt of advance in relation to supply of goods. The entire GST shall become payable only when the invoice for the supply of such goods is issued or ought to have been issued. Thus, time of supply of goods for the purpose of payment of tax is the date of issue of invoice or the last date when the invoice ought to have been issued under section 31 of the CGST Act, 2017.

3. Option (d) ₹ 3,00,000**Reason**

Sarabhai & Sarabhai Associates, being a partnership firm, is liable to pay GST on Direct Selling Agent related services under forward charge.

The services of goods transport to Fisheries Department of Government of India are not liable to GST under reverse charge mechanism but is exempt vide entry 21B of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*.

Sponsorship services are liable to GST under reverse charge as sponsorship services are provided to a body corporate.

4. Option (d) not a supply as gifts not exceeding ₹ 50,000 in value in a financial year by an employer to an employee shall not be treated as supply in terms of Schedule I of the CGST Act, 2017.**Reason**

As the amount of gift is not exceeding ₹ 50,000 the same is not covered under deemed supply provisions as per Schedule I of the CGST Act, 2017.

5. Option (d) Nil**Reason**

The expenses are specifically blocked under section 17(5)(b) of the CGST Act, 2017 where it is not obligatory for an employer to provide the same to its employees under any law for the time being in force and therefore no input tax credit is available.

CASE SCENARIO 11

Poorva Logistics, a Goods Transport Agency, is registered under GST. It did not exercise the option to pay GST itself on the services supplied by it in the preceding financial year. It provided goods transport services to the following persons in February of preceding financial year-

- (a) Kunal Traders, an unregistered partnership firm
- (b) Mr. Amar, a casual taxable person, who is not registered under GST
- (c) Small Traders Co-Operative Society registered under Societies Registration Act

In a particular consignment in March of preceding financial year, Poorva Logistics transported the following-

- (a) Defence Equipments
- (b) Railway Equipments
- (c) Organic Manure

Poorva Logistics exercises the option to itself pay GST on services supplied by it @ 12% from April, of the current financial year. It provided goods transport services to Bama Steels Pvt. Ltd. on 1st April and issued an invoice dated 5th May. Payment was received on 6th May.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

MULTIPLE CHOICE QUESTIONS

1. Which of the following persons are liable to pay GST under reverse charge in respect of the GTA services provided by Poorva Logistics in February of the preceding financial year?
 - (i) Kunal Traders
 - (ii) Mr. Amar
 - (iii) Small Traders Co-operative society

- (a) i & ii
 - (b) ii & iii
 - (c) i & iii
 - (d) i, ii & iii
2. Transportation of _____ by Poorva Logistics is exempt from GST.
- (i) Defence Equipments
 - (ii) Railway Equipments
 - (iii) Organic Manure
- (a) i
 - (b) i & ii
 - (c) i & iii
 - (d) i , ii & iii
3. What will be the time of supply in respect of the services provided by Poorva Logistics to Bama Steels Pvt. Ltd.?
- (a) 6th May
 - (b) 5th May
 - (c) 30th May
 - (d) 1st April

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (c)** i & iii

Reason

Unregistered individual end consumer or unregistered casual taxable person (Mr. Amar in the present case) is exempt from payment of GST vide entry 21A of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*.

Further, Supply of services by a Goods Transport Agency (GTA) in respect of transportation of goods by road to *inter alia*-

- (a) any co-operative society established by or under any law; or
- (b) any partnership firm whether registered or not under any law including association of persons;

is taxable under RCM.

2. Option (c) i & iii

Reason

Transportation of defence equipments and organic manures is exempted vide Entry 21 of Exemption *Notification No. 12/2017 CT (R) dated 28.06.2017*.

3. Option (d) 1st April

Reason

RCM is applicable only when Poorva Logistics has opted to charge GST @ 5%. In the given case, rate of GST-12% hence RCM not applicable. Thus, Poorva will pay GST on forward charge basis.

Since the invoice is not issued within the prescribed time period of 30 days as per Section 31 of the CGST Act, 2017, the time of supply of services as per section 13 of the CGST Act, 2017 is earliest of the following:

- (a) Date of provision of service or
- (b) Date of receipt of payment

Thus, the date of provision of service shall be considered as time of supply.

CASE SCENARIO 12

Ms. Chanchala, a doctor by profession, is a registered person under GST as a monthly return filer, having in-patient facility in her hospital wherein room charges are capped at ₹ 3,000 per day.

Ms. Chanchala provided treatment of various diseases in her hospital and apart from that, she also provided the following services in her hospital-

- (a) Plastic surgery to enhance the beauty of the face
- (b) Ambulance service for transportation of patients
- (c) Renting of space to run medical store in hospital premises

She is also a consultant in other hospitals and received ₹ 40,00,000 as consultancy fee from the other hospitals.

Further, she also provides canteen facility and received ₹ 55,000 from in-patients for supply of food as per advise of nutritionist, ₹ 35,000 from patients who are not admitted and ₹ 25,000 from visitors for the same facility.

She filed GSTR-3B for the month of June with some errors. She filed the Annual return for the said financial year on 31st October of the next financial year, whereas due date for the said Annual return was 31st December of the next financial year.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

1. Compute the taxable value of supply of canteen service provided by Ms. Chanchala?
 - (a) ₹ 25,000
 - (b) ₹ 35,000
 - (c) ₹ 60,000
 - (d) ₹ 80,000

2. Maximum time permissible for rectification of error committed in monthly return of June is _____
- (a) 30th November of the next year
 - (b) 31st October of the next year
 - (c) 20th October of the next year
 - (d) 31st December of the next year
3. Determine which of the following services provided by Ms. Chanchala and her hospital is exempt from GST?
- (i) Plastic surgery to enhance the beauty of the face
 - (ii) Ambulance service for transportation of patients
 - (iii) Renting of space to run medical store in hospital premises
 - (iv) Consultancy service by Ms. Chanchala in other hospitals
- (a) (i), (ii) & (iv)
 - (b) (i), (ii)
 - (c) (ii) & (iv)
 - (d) (i) & (iii)

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (c)** ₹ 60,000

Reason

Food supplied to the in-patients by a canteen run by the hospital, as advised by the doctor/nutritionists, is a part of composite supply of healthcare and not separately taxable. Thus, said services are exempt from GST.

2. **Option (b)** 31st October of the next year

Reason

As per section 16(4) of the CGST Act, 2017 the maximum time limit within which such amendments are permissible is earlier of the following dates:

- (a) 30th day of November following the end of the financial year to which such details pertain or
- (b) Date of filing of the relevant annual return

3. Option (c) (ii) & (iv)

Reason

'Health care services' does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.

Transportation of a patient in an ambulance by any person other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5000 per day to a person receiving health care services is exempt vide entry 74 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*.

Services by way of health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST.

CASE SCENARIO 13

M/s. Neelkanth & Co., a registered supplier under GST, is dealing in supply of taxable goods in the State of Karnataka.

The firm had opted for Composition Scheme from April month of last financial year. It's turnover crossed ₹ 1.50 crores on 9th May of current financial year and had opted for withdrawal of composition scheme on the said date.

Neelkanth & Co. removed goods on 10th June for delivery to Chandra & Co. on 'Sale or Return Basis'. Chandra & Co. accepted the goods vide its confirmation mail dated 15th December.

The firm has paid GST for various items during the month of August. It is comprised of the following-

- (a) GST paid on input services intended to be used for personal purposes – ₹ 12,000
- (b) GST paid on purchase of Motor Vehicle for business use (being a two-wheeler having engine capacity of 25CC) – ₹ 9,000
- (c) GST paid on purchase of computer – ₹ 19,000

(GST portion was included as part of cost to claim depreciation under Income-tax Act, 1961)

During May, Neelkanth and Co. had reversed ITC of ₹ 10,000 for not making payment to Vendors within the time prescribed under CGST Act, 2017. This pending payment was cleared in the month of August.

Out of purchases made and ITC availed during earlier months, the following information is made available as on September:

| Supplier Name | Payment is due for (Number of days) | Related ITC Component |
|---------------|--|--------------------------|
| XYZ | 145 | ₹ 13,000 |
| ABC | 199 | ₹ 15,000 |
| PQR | 99 | ₹ 20,000 |

Neelkanth & Co received accounting services from Raghu & Co., an associated enterprise, located in Sri Lanka. Raghu & Co. issued invoice for the service on 1st September, which was entered by Neelkanth & Co. in its book on 10th October. But payment was made on 30th September.

All the supply referred above is intra-State unless specified otherwise. Conditions applicable for availment of ITC are fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. Neelkanth & Co. needs to furnish a statement containing details of stock of inputs/ inputs held in semi-finished / finished goods on the withdrawal of composition scheme by _____
 - (a) 9th May
 - (b) 23rd May
 - (c) 8th June
 - (d) 7th July
2. In respect of the goods sent on sale or return basis, Neelkanth & Co. shall issue the invoice by _____
 - (a) 10th June
 - (b) 10th September
 - (c) 10th December
 - (d) 15th December
3. Determine the amount of eligible input tax credit that can be availed by Neelkanth & Co for the month of August?
 - (a) Nil
 - (b) ₹ 19,000
 - (c) ₹ 22,000
 - (d) ₹ 50,000

4. Compute the amount of ITC to be reversed for the month of September. Ignore interest liability, if any.
- (a) Nil
 - (b) ₹ 28,000
 - (c) ₹ 15,000
 - (d) ₹ 13,000
5. Time of supply in respect of service imported by Neelkanth & Co from its Associated Enterprise is _____
- (a) 1st September
 - (b) 30th September
 - (c) 1st October
 - (d) 10th October

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (c)** 8th June

Reason

After filing the application to withdraw from the Composition levy, it is mandatory to file statement in FORM GST ITC-01 containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock on the date on which the option is withdrawn or denied, within a period of 30 days from the date from which the option is withdrawn in terms of Rule 6(6) of the CGST Rules, 2017.

2. **Option (c)** 10th December

Reason

As per section 31(7) of the CGST Act, 2017 where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier.

3. Option (b) ₹ 19,000**Reason**

ITC related to personal expenses is not allowed. Further, the ITC related to scooter is allowed as the same is not a motor vehicle. The ITC related to computer is not available as depreciation has been claimed on the same. Further, the pending payment of ₹ 10,000 was cleared in the month of August. So, the credit of same is available.

4. Option (c) ₹ 15,000**Reason**

As per second proviso to section 16(2) of the CGST Act, 2017, only ITC relating to the supply where the consideration has not been paid within 180 days is to be reversed in September.

5. Option (b) 30th September**Reason**

As per second proviso to section 13(3) of the CGST Act, 2017, in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.

CASE SCENARIO 14

XYZ Electronics Pvt. Ltd. is a leading electronic goods manufacturing company in Delhi. The company produces a wide range of products, including smartphones, laptops, and home appliances.

The sales by the Company are mainly through its distributors on the following credit terms:

For laptops – up to 15 days

For smartphones – up to 90 days

For other home appliances – up to 45 days

During the year, the Company purchased plant and machinery worth ₹ 1 crore exclusive of GST. The GST rate for such plant and machinery is 18%. The input tax credit on such plant and machinery is not blocked under any provision of the GST law.

The Company is planning to demerge its operations in relation to the laptops and other computer accessories from the next financial year. The demerged entity "PR Ltd." will be a separate legal entity of the Company in form of a wholly owned subsidiary of the Company having common Board of Directors.

The Company also participates in domestic and international level trade fairs to showcase its products and sale through those events. The Electronics Association of Rajasthan is organising a trade fair in Jaipur. The Company is keen to participate in the same. To ensure the GST compliances, the Company wants to obtain the GST registration as casual taxable person in the state of Rajasthan. The Company obtained the GST registration as casual taxable person in the state of Rajasthan with the validity period of 45 days.

The Company transferred the goods from one of its godown in Delhi to another godown in Gujarat wherein the Company has a registered place of business. The value of goods transferred is ₹ 5 crores and the rate of GST applicable on such transfer is 18%. The tax invoice was issued, and GST was deposited by the Company. However, the consideration was not paid by the Gujarat office of the Company to the Delhi office even after 180 days of the invoice date. Further,

there was no reverse movement of such goods from Gujarat godown to Delhi Godown.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:

MULTIPLE CHOICE QUESTIONS

1. What shall be the time limit to issue invoice for supply of smartphones on credit:
 - (a) Invoice shall be issued on 31st day from the date of removal of smartphones to distributors.
 - (b) Invoice shall be issued before or at the time of removal of smartphones to distributors.
 - (c) Invoice shall be issued at the time of receiving payment from distributors.
 - (d) Invoice shall be issued upon completion of credit term, i.e. 90 days.
2. In relation to the plant and machinery purchased by the Company, select the correct alternative from the following:
 - (a) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income-Tax Act, 1961 shall be ₹ 1.18 crore.
 - (b) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income-Tax Act, 1961 shall be ₹ 1 crore.
 - (c) ITC cannot be claimed on such transaction and value of asset on which depreciation can be claimed under the provisions of Income-Tax Act, 1961 shall be ₹ 1 crore.
 - (d) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income-Tax Act, 1961 shall be ₹ 82 lakh.
3. How shall the PR Ltd. be treated under the provisions of GST Law?
 - (a) The PR Ltd. shall be treated as related party of the XYZ Electronics Pvt. Ltd.

- (b) The PR Ltd. shall be treated as distinct entity of the XYZ Electronics Pvt. Ltd.
 - (c) The PR Ltd. shall be treated as additional place of business of XYZ Electronics Pvt. Ltd.
 - (d) The PR Ltd. shall be treated as sole selling agent of XYZ Electronics Pvt. Ltd.
- 4. The period of retention of books of accounts related to period prior to demerger under GST Law is:
 - (a) 36 months from the end of financial year
 - (b) 60 months from the end of financial year
 - (c) 72 months from the end of financial year
 - (d) 72 months from due date of furnishing annual return for the relevant financial year
- 5. The validity of GST registration in the state of Rajasthan is:
 - (a) 45 days
 - (b) 90 days
 - (c) 180 days
 - (d) 135 days
- 6. Which of the following statements is true in relation to the non-payment of consideration by the Gujarat godown to Delhi godown?
 - (a) The Gujarat godown shall reverse the ITC availed on the goods received from Delhi and also required to pay interest computed from the date of invoice till the date of reversal of ITC.
 - (b) The Gujarat godown shall reverse the ITC availed on the goods received from Delhi and no interest shall be applicable.
 - (c) The restriction of 180 days for payment of consideration is not applicable in the present case.
 - (d) The Delhi godown shall issue a credit note to Gujarat godown to reverse the supply.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** Invoice shall be issued before or at the time of removal of smartphones to distributors.

Reason

As per Section 31(1) of the CGST Act, 2017, the invoice in case of supply of goods shall be issued on or before the removal of goods for supply. The same is irrespective of the fact that the supply is made for cash or credit.

Accordingly, even if the smartphones are supplied for a credit period of up to 90 days, the invoice shall be issued on or before removal of smartphones for supply.

2. **Option (b)** ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income-Tax Act, 1961 shall be ₹ 1 crore.

Reason

As per the provisions of Section 16(3) of the CGST Act, 2017, where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income-tax Act, 1961 the input tax credit on the said tax component shall not be allowed.

3. **Option (a)** The PR Ltd. shall be treated as related party of the XYZ Electronics Pvt. Ltd.

Reason

The proposed demerged company, "PR Ltd." shall be a separate legal entity having common board of directors as that of the Company. Since, the demerged entity will be a separate legal entity, it will be termed as a related party as per the provisions under explanation to Section 15 of the CGST Act, 2017.

4. **Option (d)** 72 months from due date of furnishing annual return for the relevant financial year

Reason

As per Section 36 of the CGST Act, 2017, the Company is required to keep and maintain books of account or other records until the expiry of seventy-two months from the due date of furnishing of annual return for the year pertaining to such accounts and records.

5. Option (a) 45 days**Reason**

As per Section 27(1) of the CGST Act, 2017, the registration as a casual taxable person is valid for a period specified in the registration certificate or 90 days from the effective date of registration, whichever is earlier. In the present case, the Company obtained registration having validity of 45 days only.

6. Option (c) The restriction of 180 days for payment of consideration is not applicable in the present case.**Reason**

In case of distinct persons having same PAN, the restriction of 180 days for payment of consideration is not applicable as per proviso to rule 37(1) of the CGST Rules, 2017.

CASE SCENARIO 15

Ecotech Solutions Private Limited is engaged in manufacturing and supply of energy products and solutions across multiple States in India. The Company manufactures solar panels and also imports certain category of solar panels as per the customer orders. The company also provides installation services and annual maintenance contracts for its products.

The Company received an advance payment for a bulk order of goods in March 2024, but the delivery was completed in May, 2024. The amount of advance received by the Company was ₹ 1 crore.

During the month of March 2024, the Company sold goods worth ₹ 5 crores and provided services amounting to ₹ 1 crore to its customers across India. The goods worth ₹ 1 crore sold under multiple invoices were returned by a customer due to defective quality in the month of March, 2024 which were originally sold by the Company in January, 2024. The Company issued a GST credit note against the returned goods in March, 2024.

The Company incurred an amount of ₹ 5 lakh on the repair of the returned goods to make them resalable in the market to customers other than a related party.

Further, the customers who returned the goods issued an invoice to Gujarat unit of the Company of ₹ 1 lakh for the expense related to return of goods. The goods were initially sold from the Gujarat unit of the Company but the same were returned to Maharashtra unit of the Company and subsequently moved by the Company from Maharashtra unit to Gujarat Unit i.e. the original place of supply. The Company is registered under GST in both the States i.e. Gujarat and Maharashtra.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:

MULTIPLE CHOICE QUESTIONS

1. At what point of time, tax will be payable in relation to the advance received by the Company of ₹ 1 crore?
 - (a) The tax is payable at the time of receipt of advance.
 - (b) The tax is payable at the time of supply of goods.
 - (c) 50% of tax is payable at the time of receipt of advance.
 - (d) Tax is payable at the time of issuance of receipt voucher.
2. The total amount of supply during the month of March, 2024 to be reported in GSTR -1 by the Company is _____.
 - (a) ₹ 1 crore
 - (b) ₹ 5 crores
 - (c) ₹ 6 crores
 - (d) ₹ 7 crores
3. Which of the following options is correct in relation to the returned goods of value ₹ 1 crore ?
 - (a) Company has an option to issue single credit note against multiple invoices.
 - (b) Company has to mandatorily issue separate credit note against each invoice.
 - (c) The Company cannot issue credit note in any subsequent period after the supply is made.
 - (d) The Company can only issue a commercial credit note and GST adjustment cannot be made.
4. In case returned goods are sold by the Company to customers other than the related parties, the value of supply of such goods under GST shall be _____.
 - (a) equivalent to original value of supply only.
 - (b) equivalent to original value of supply plus the cost incurred on making the goods reusable

- (c) 110% of original value of supply plus the cost incurred on making the goods reusable.
 - (d) transaction value subject to the conditions mentioned in Section 15(2) of the CGST Act, 2017.
5. Which of the following option(s) is correct in relation to the invoice of ₹ 1 lakh issued by the customer for the expenses relating to returned goods?
- (a) The Company shall be eligible to avail full input tax credit.
 - (b) The Company shall not be allowed to avail input tax credit.
 - (c) The Company shall not be allowed to avail input tax credit in excess of 50% of the tax amount charged on such invoice.
 - (d) The Company shall be allowed to claim input tax credit only if it has not issued any credit note to the customer against such returned goods.
6. While moving the goods from Maharashtra unit to Gujarat unit by the Company, goods shall be accompanied by _____.
- (a) Original invoice issued in January, 2024
 - (b) Invoice issued by the returning customer to the Gujarat unit of the Company
 - (c) Invoice by Maharashtra unit to the Gujarat unit of the Company
 - (d) Delivery challan issued by the Customer to the Company.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** The tax is payable at the time of supply of goods

Reason

Notification No. 66/2017 CT dated 15.11.2017 specifies that all taxpayers under forward charge (except composition suppliers and registered persons making supply of specified actionable claims) are not required to pay GST at the time of receipt of advance in relation to supply of goods. The entire GST shall become payable only when the invoice for the supply of such goods is issued or ought to have been issued.

Accordingly, ₹ 1 crore advance for supply of goods shall be liable to tax only at the time of supply of goods and not at the time of receipt of advance.

2. Option (b) ₹ 5 crores

Reason

The total amount of supply to be reported in GSTR 1 of March, 2024 is worked out as:

Supply of goods = ₹ 5 crores

Supply of services = ₹ 1 crore

Return of Goods sold in January, 2024 = ₹ 1 crore

Total supply to be reported in March 2024 = $a+b-c = 5+1-1 = ₹ 5$ crores

3. Option (a) Company has an option to issue single credit note against multiple invoices.

Reason

As per the section 34(1) of the CGST Act, 2017, there is no requirement to match the credit notes with the invoices. A single credit note can be issued for multiple invoices as per the choice of the registered person.

4. Option (d) transaction value subject to the conditions mentioned in Section 15(2) of the CGST Act, 2017.

Reason

The goods being resold by the Company can be sold at any value to third party customer. The amount received from the customer shall be treated as transaction value liable to GST subject to the adjustments mentioned in section 15(2) of the CGST Act, 2017.

5. Option (a) The Company shall be eligible to avail full input tax credit.

Reason

The invoice of ₹ 1 lakh issued by the customer is in course or furtherance of business of the Company and accordingly, the ITC on the same cannot be disallowed unless the same is specifically blocked under GST provisions.

- 6. Option (c)** Invoice by Maharashtra unit to the Gujarat unit of the Company

Reason

The Gujarat and Maharashtra unit of the Company are distinct entities as per the provisions of GST Law, accordingly the movement of goods between the same shall be considered as inter-State supply of goods as per Schedule I of the CGST Act, 2017 and an invoice shall be issued by the dispatching unit to the receiving unit.

CASE SCENARIO 16

M/s. Maahi & Co., a LLP registered dealer under GST, is engaged in various types of business activities.

It provided GTA services to Government Department, registered under GST for providing various services. Maahi & Co. did not exercise the option to pay GST.

The firm provided service by way of renting of residential dwelling to the student, Mr. Pawan, an unregistered person.

M/s Maahi & Co let out its warehouse to Mr. Shankar, who in turn let out to an agriculturist for warehousing of agricultural produce. The firm also undertakes catering service to "Vishwas" Anganwadi. The said Anganwadi has received fundings from the Government.

The firm purchased the following goods during the month of July:-

- (a) Capital goods amounting to ₹ 45,000 purchased on which depreciation has been taken on full value including GST paid thereon.
- (b) Raw materials purchased amounting to ₹ 55,000 for which invoice is missing but delivery challan is available.

Further, for the month of July, the GST liability of the firm was ₹ 20,000 IGST; ₹ 10,000 CGST; ₹ 10,000 SGST. The following credits were available in the said month-

IGST: ₹ 8,000

CGST: ₹ 12,000

SGST: ₹ 5,000

All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred to above is intra-State unless specified otherwise. Conditions for availing ITC are fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

MULTIPLE CHOICE QUESTIONS

1. Choose the correct statement(s).
 - (i) For GTA services, Government is liable to pay GST under reverse charge
 - (ii) For renting services, Mr. Pawan is liable to pay GST under reverse charge
 - (iii) For GTA services, Maahi & Co is liable to pay GST under forward charge
 - (iv) For renting services, Maahi & Co is liable to pay GST under forward charge
 - (a) i & ii
 - (b) iii & iv
 - (c) i & iv
 - (d) ii & iii
2. Which of the following options is correct in respect of GTA services provided to Government Department?
 - (a) GTA service is taxable @ 12% without restriction of availing input tax credit.
 - (b) GTA service is taxable @ 12%, but input tax credit cannot be availed for the same.
 - (c) GTA service is taxable @ 5% without restriction of availing input tax credit.
 - (d) GTA service is taxable @ 5%, but input tax credit cannot be availed for the same.
3. Which of the following statements is correct:-
 - (i) Letting out of warehouse to Shankar is exempt
 - (ii) Catering service to "Vishesh" Anganwadi is exempt
 - (iii) Letting out of warehouse to Shankar is not exempt

- (iv) Catering service to "Vishesh" Anganwadi is not exempt
 - (a) i & ii
 - (b) iii & iv
 - (c) i & iv
 - (d) ii & iii
4. M/s Maahi & Co is eligible to claim input tax credit on the procurement value of _____.
- (a) ₹ 45,000
 - (b) ₹ 55,000
 - (c) ₹ 1,00,000
 - (d) Nil
5. Compute the GST liability of the firm for July to be paid in cash, if rule 86B of the CGST Rules, 2017 is not applicable?
- (a) IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000
 - (b) IGST: ₹ 12,000; CGST: Nil; SGST: ₹ 5000
 - (c) IGST: Nil; CGST: ₹ 10,000, SGST: ₹ 5000
 - (d) IGST: ₹ 5,000; CGST: Nil, SGST: ₹ 10,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (c)** i & iv

Reason

Service provided by any person by way of renting of residential dwelling to a registered person is taxable under reverse charge.

GTA services are liable to reverse charge as reverse charge mechanism (RCM) does not apply to services provided by a GTA, by way of transport of goods in a goods carriage by road to a Department of the Central Government/ State Government which has taken registration under the

CGST Act only for the purpose of deducting tax under section 51 of the CGST Act, 2017 and not for making a taxable supply of goods or services.

In the given case, Government department is registered under GST for providing various services.

2. **Option (d)** GTA service is taxable @ 5%, but input tax credit cannot be availed for the same.

Reason

Where GTA does not exercise the option to itself pay GST, GTA service is taxable @ 5%. Further input tax credit (ITC) on goods or services used in supplying GTA service cannot be availed by GTA in this case.

3. **Option (d)** ii & iii

Reason

Services provided to an educational institution by way of serving of food (catering including mid- day meals) is exempt from levy of GST irrespective of its funding from government grants or corporate donations.

Hence, serving of food to anganwadi shall also be covered by said exemption, whether sponsored by government or through donation from corporates.

Warehousing rental services are provided to Mr. Shankar who is not an agriculturist and hence the services are not exempt.

4. **Option (d)** Nil

Reason

Depreciation has been claimed on the total value including the value of GST and hence input tax credit cannot be claimed on capital goods.

Further, without availability of invoice, input tax credit related to raw material cannot be claimed.

5. **Option (a)** IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000

Reason

Available IGST credit in the credit ledger should first be utilized towards payment of IGST. Entire ITC of IGST is to be fully utilised first before the ITC of CGST or SGST/UTGST can be utilized.

Available CGST Credit in the credit ledger shall first be utilized for payment of CGST. The remaining amount if any, will be utilized for payment of IGST.

Available SGST /UTGST credit in the credit ledger shall first be utilized for payment of SGST/UTGST. Remaining amount if any, will be utilized for payment of IGST, only when credit of CGST is not available for payment of IGST.

CASE SCENARIO 17

M/s. Veena & Co. of Jabalpur was registered under GST under composition scheme. Outward Supply of the firm for the month of July 2024 was ₹10 lakh. Out of which ₹ 2 lakh was supply of repairing services. In the preceding financial year, the firm was doing trading of taxable goods only. Turnover of the concern for the previous financial year was ₹ 100 lakh.

The firm imported the following services during August, 2024:

- (a) Architect services from Mr. Vinod, a partner of the firm, who resides in France for ₹ 1,00,000. The said service was paid but not used for the furtherance of the business.
- (b) Management consultancy services from Mr. Lal, a renowned lawyer in Sweden, who was an ex-employee of the firm. The value of the said service was ₹ 3,00,000. Even though it was used in the furtherance of the business, no consideration was paid by the firm.

Aggregate turnover of the firm crossed the limit of ₹ 150 lakhs on 25.09.2024 from which date the firm was liable to pay tax under regular scheme.

All the amounts given above are exclusive of taxes wherever applicable. All the supply referred above is intra-State unless specified otherwise.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

MULTIPLE CHOICE QUESTIONS

1. Tax liability of Veena & Co. for the month of July 2024 is ₹_____each under CGST and SGST.
 - (a) 5,000
 - (b) 9,000
 - (c) 10,000
 - (d) 14,000

2. Import of services by Veena & Co. that will be treated as supply is ₹ _____.
(a) Nil
(b) 1,00,000
(c) 3,00,000
(d) 4,00,000
3. Veena & Co. will be eligible to claim ITC held on Stock and Capital goods as on _____.
(a) 01-09-2024
(b) 24-09-2024
(c) 25-09-2024
(d) 30-09-2024

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** 5,000

Reason

The second proviso to section 10(1) of the CGST Act, 2017 permits marginal supply of services [other than restaurant services – not supplying alcoholic liquor for human consumption] for a specified value along with the supply of goods and/or restaurant service, as the case may be. This specified value is value not exceeding:

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

whichever is higher.

In the present case, composition scheme is available for the month of July and thus, tax shall be applicable at the rate of 1 % [CGST + SGST] of turnover of taxable supplies of goods & services in the State.

2. Option (b) 1,00,000**Reason**

Supply includes importation of services for consideration whether or not in course or furtherance of business [Section 7(1)(b) of the CGST Act, 2017]. Thus, the services from Mr. Vinod is a supply.

Import of services by a person from a related person or from his establishments located outside India, without consideration, in the course or furtherance of business shall be treated as "supply" as per Schedule I of the CGST Act, 2017.

In the given case, Mr. Lal is not a related person and therefore his service is not a supply.

3. Option (b) 24-09-2024**Reason**

As per section 18(1)(c) of the CGST Act, 2017, the registered person is entitled to input tax credit from the day immediately preceding the date from which he becomes liable to pay tax under regular scheme.

CASE SCENARIO 18

Pawan was engaged in providing various services within the State of Rajasthan since May 2024. His Aggregate turnover crossed the threshold limit on 04.07.2024. He applied for registration under GST on 02.08.2024. He got his GST registration on 10.08.2024.

After taking registration, Pawan started a business across India including supply of goods also. He dispatched goods pan India based on orders he got for the goods dealt by him.

He received an order from Delhi for which he supplied taxable goods valuing ₹ 45,000. The applicable rate of IGST was 12%. He also supplied certain exempted goods valuing ₹ 4,000. He made one invoice for both taxable as well as exempted supply made to Delhi.

He asked his tax consultant for the requirement of the generation of e-way bill for this order. The tax consultant informed him that the requirement of e-way bill is based on consignment value of goods supplied.

Even being a micro enterprise, Pawan did not receive timely payment from his customers because of which he ran into severe cash crunch and eventually could not make on-time payment to his suppliers. As a result, he decided to shut down his business and got placed in a software company as a senior programmer executive.

While shutting down his business, he informed his tax consultant to cancel the GST registration. The tax consultant surrendered his registration online on GST Portal on 25.10.2024 and his application for cancellation was approved by the Proper Officer on 31.10.2024.

All the amounts given above are exclusive of taxes wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

MULTIPLE CHOICE QUESTIONS

1. Effective date of registration of Pawan is _____.
 - (a) 04.07.2024
 - (b) 02.08.2024
 - (c) 03.08.2024
 - (d) 10.08.2024
2. Consignment value of goods supplied to Delhi by Pawan is ₹_____.
 - (a) 45,000
 - (b) 49,000
 - (c) 50,400
 - (d) 54,400
3. Due date by which Pawan is supposed to file Final return under GST is _____.
 - (a) 25.11.2024
 - (b) 30.11.2024
 - (c) 25.01.2025
 - (d) 31.01.2025

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** 04.07.2024

Reason

As per rule 10 of the CGST Rules, 2017, where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

2. Option (c) 50,400**Reason**

As per Explanation 2 to Rule 138(1) of the CGST Rules, 2017, consignment value of goods shall be the value:

- determined in accordance with the provisions of section 15 of the CGST Act, 2017,
- declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment and
- also includes the Central tax, State or Union territory tax, integrated tax and cess charged, if any, in the document and
- shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.

Thus, consignment value in the given case = ₹ 45,000 x 112% = ₹ 50,400

3. Option (d) 31.01.2025**Reason**

As per section 45 of the CGST Act, 2017, the final return has to be filed within 3 months of the:

- (i) date of cancellation
 - or
 - (ii) date of order of cancellation
- whichever is later.

CASE SCENARIO 19

KBC Insurance Ltd., is an insurance company providing life and non-life insurance products across India. The company has been carrying on its business for the past three years with the approval of IRDA.

KBC Insurance Ltd. secure its business through various insurance agents spread across India. Those agents include individuals, firm, LLP and private limited company also. However, all of them are licensed under the Insurance Act.

The company availed services of renting of motor vehicles for its employees in PAN India through 'RR Travels Private Limited', where cost of fuel is included in the consideration charged. The service provider charged 5% GST and informed the company that it is claiming ITC only in respect of the same line of business.

KBC Insurance Ltd. provided the following details of insurance business for the month of May-

| Sl. No. | Nature of receipt | Amount in ₹ |
|---------|---|-------------|
| i. | Premium received on Pradhan Mantri Jan Dhan Yojana | 5,00,000 |
| ii. | Premium received on Aam Aadmi Bima Yojana | 3,00,000 |
| iii. | Premium received on Life micro-insurance product having a sum assured of ₹ 2.50 lakh | 4,00,000 |
| iv. | Premium received on reinsurance of Group Personal Accident Policy for Self-Employed Women | 1,00,000 |
| v. | Premium received on Fire and Special perils policy of various business units | 7,00,000 |
| vi. | Premium received on Money-back policies issued | 12,00,000 |

KBC Insurance Ltd. received a proposal for Pandemic Insurance for IPL matches from the franchisees. Sum assured for said insurance was ₹ 250 crores with a premium of ₹ 50 lakh. The company issued the said policy on 1st July. The invoice for the same was issued on 5th August. Premium was received on 14th August.

KBC Insurance Ltd. received the following supplies in the month of May and the details of GST paid on such supplies are as follows-

- i GST paid on purchase of car for use of Managing Director – ₹ 5,00,000
- ii GST paid on bus (seating capacity for 14 persons) purchased by the company for transportation of its employees from their residence to office and back – ₹ 3,00,000
- iii GST of ₹ 80,000 was paid on general insurance taken from Amity Insurance Ltd. for motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) which were used in transportation of staff of the company.

All the amounts given above are exclusive of taxes wherever applicable. All the supplies referred above are intra-State unless specified otherwise. The company has a policy to claim input tax credit (ITC) for all the capital goods, where it is eligible to avail ITC on such capital goods. Aggregate turnover of the company is not less than ₹ 10 crores for the past three years. Conditions necessary for availment of ITC are fulfilled subject to the information given.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

MULTIPLE CHOICE QUESTIONS

- 1. Determine the services on which the company is liable to pay tax under reverse charge?
 - (a) Service availed from insurance agents
 - (b) Service availed from RR Travels Private Limited
 - (c) None of the services availed attracts RCM
 - (d) Both (a) & (b)
- 2. Compute the total value of exempt supply provided by KBC Insurance Ltd. for the month of May?
 - (a) ₹ 9,00,000
 - (b) ₹ 13,00,000
 - (c) ₹ 20,00,000
 - (d) ₹ 32,00,000

-
3. Compute the total value of taxable supply made by KBC Insurance Ltd. for the month of May?
- (a) ₹ 4,00,000
 - (b) ₹ 12,00,000
 - (c) ₹ 23,00,000
 - (d) ₹ 32,00,000
4. Determine the amount of ITC that can be claimed by KBC Insurance Ltd?
- (a) ₹ 80,000
 - (b) ₹ 3,00,000
 - (c) ₹ 3,80,000
 - (d) ₹ 8,80,000
5. Determine the time of supply of service provided to IPL franchisees?
- (a) 1st July
 - (b) 16th August
 - (c) 05th August
 - (d) 14th August

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** Service availed from Insurance Agents

Reason

Services availed from insurance agent is covered under reverse charge. Renting of motor vehicle is not covered under reverse charge as the service is provided by a body corporate.

2. **Option (a)** ₹ 9,00,000

Reason

Insurance services under following schemes is exempted-

- Aam Aadmi Bima Yojana; [Entry 36 of Exemption Notification No. 12/2017 CT(R) dated 28.06.2017]

- Life micro-insurance product as approved by the Insurance Regulatory and Development Authority (IRDA), having maximum amount of cover of ₹ 2,00,000; [Entry 36 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]
- Pradhan Mantri Jan Dhan Yojana; [Entry 36 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]
- Group Personal Accident Policy for Self-Employed Women [Entry 35 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]

3. Option (c) ₹ 23,00,000

Reason

All the services for insurance other than the following are taxable:

Insurance services under following schemes is exempted-

- Aam Aadmi Bima Yojana; [Entry 36 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]
- Life micro-insurance product as approved by the Insurance Regulatory and Development Authority (IRDA), having maximum amount of cover of ₹ 2,00,000; [Entry 36 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]
- Pradhan Mantri Jan Dhan Yojana; [Entry 36 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]
- Group Personal Accident Policy for Self-Employed Women [Entry 35 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]

4. Option (c) ₹ 3,80,000

Reason

ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked except when the same are used for

- (i) making further taxable supply of such motor vehicles
- (ii) making taxable supply of transportation of passengers

- (iii) making taxable supply of imparting training on driving such motor vehicles.

Thus, the input tax credit on purchase of car is blocked under section 17 of the CGST Act, 2017.

ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed. Thus, ITC on bus is allowed.

As per section 17(5)(ab) of the CGST Act, 2017, the input tax credit in respect of services of general insurance in so far as they relate to motor vehicles is available where received by a taxable person engaged in the supply of general insurance services in respect of such motor vehicles insured by him.

Thus, insurance related input tax credit is available as the ITC in respect of such goods and/or services shall be available where an inward supply of such goods and/or services is used by a registered person for making an outward taxable supply of the same category of goods/services as per Section 17 of the CGST Act, 2017.

5. Option (c) 5th August

Reason

As per section 31 of the CGST Act, 2017 read with the rule 47 of the CGST Rules, 2017 in case of taxable supply of services, invoices should be issued before or after the provision of service, but within a period of 45 days in case of insurer/ banking company or financial institutions including NBFCs from the date of supply of service.

As per section 13(2)(a) of the CGST Act, 2017, time of supply of services is the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under section 31 of the CGST Act, 2017 or the date of receipt of payment, whichever is earlier.

In the given case, since the invoice has been issued within 45 days of provision of service i.e. 1st July and hence the invoice issuance date shall be considered as the time of supply.

CASE SCENARIO 20

M/s Aditi & Co, a partnership firm registered under GST, is undertaking various Government projects.

The firm has let out on hire the following vehicles-

- i. A motor vehicle to carry more than 15 passengers to the State Government Electricity Department
- ii. An electric operated vehicle to carry more than 12 passengers to Local Municipal Corporation
- iii. An electric operated vehicle to carry up to 12 passengers to State Transport Undertaking

The firm issued invoices pertaining to two independent outward supplies, where in one invoice value of supply was understated by ₹ 75,000 and in another invoice, value was overstated by ₹ 45,000.

The firm received certain supply of goods amounting to ₹ 8,40,000 from registered persons on which tax was payable under reverse charge basis.

All the amounts given above are exclusive of taxes, wherever applicable. All transactions referred to above are intra-State. All the conditions for availing ITC have been fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

MULTIPLE CHOICE QUESTIONS

1. In respect of vehicles let out on hire by the firm, services that are exempt from GST are _____.
 - (i) Letting on hire a motor vehicle to the State Electricity Department
 - (ii) Letting on hire an electric operated vehicle to Local Municipality
 - (iii) Letting on hire an electric operated vehicle to State Transport Undertaking

-
- (a) (i)
- (b) (ii)
- (c) (i) and (iii)
- (d) (ii) and (iii)
2. Which of the following is correct in respect of document to be issued by the firm for understatement and overstatement of invoice value?
- (i) Debit note is to be issued for ₹ 75,000.
- (ii) Credit note is to be issued for ₹ 75,000.
- (iii) Debit note is to be issued for ₹ 45,000.
- (iv) Credit note is to be issued for ₹ 45,000.
- (a) i & iii
- (b) ii & iii
- (c) i & iv
- (d) ii & iv
3. Which of the following statements is correct in respect of supply of goods amounting to ₹ 8,40,000 received by the firm which are taxable under reverse charge?
- (i) Firm shall issue a payment voucher at the time of making payment to supplier.
- (ii) Firm shall issue a delivery challan for supply of goods.
- (iii) Firm shall issue receipt voucher at the time of making payment to supplier.
- (iv) Firm is not required to issue any document in respect of such supply.
- (a) i
- (b) i & ii
- (c) ii & iii
- (d) iv

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) (ii)**Reason**

Services by way of giving on hire –

- (a) to a state transport undertaking (STU), a motor vehicle meant to carry more than 12 passengers;
- (aa) to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers

are exempt from GST [Entry 22 of *Exemption Notification No. 12/2017 CT(R)* dated 28.06.2017].

2. Option (c) i & iv**Reason**

As per Section 34 of the CGST Act, 2017, debit note is issued for under-valued invoices and credit note is issued for invoices where the value has exceeded the actual value of supply.

3. Option (a) i

As per section 31(3)(g) of the CGST Act, 2017, a registered person who is liable to pay tax under reverse charge shall issue a payment voucher at the time of making payment to the supplier.

CASE SCENARIO 21

MM Charitable Trust is registered under section 12AB of the Income-tax Act, 1961.

The trust conducted a three-day residential yoga camp among people on international yoga day for the advancement of yoga and charged ₹ 7,500 per person inclusive of stay and food.

The trust also conducted programmes for the advancement of education of people aged above 65 years in metro cities. A nominal fee was charged for the same.

The trust received the following donations during the month of September: -

- i. Mr. Sunil Sharma, proprietor of Solid Steels donated a RO water plant to the trust costing ₹ 75,000 and displayed his firm name in the RO system installed at the premises of the trust as "Donated by Mr. Sunil, owner of Solid Steels -trusted by all'.
- ii. Mr. Prasanna, a lawyer, donated chairs to the trust costing ₹ 25,000 and 'Love all' is printed on all chairs donated by him to the trust.

MM Charitable Trust also owns and manages a gurudwara. It rented the community hall located in the precincts of the gurudwara for a rent of ₹ 8,500 per day for a marriage function. It also rented the commercial shop located in the precincts of the gurudwara for a rent of ₹ 10,000 per month per shop.

You can assume that the Trust is registered under GST and all the transactions are intra-State only. Conditions for availing ITC are fulfilled subject to the above- mentioned information.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

MULTIPLE CHOICE QUESTIONS

1. Which of the following activities conducted by trust is exempt from GST?
 - (a) Advancement of Yoga
 - (b) Advancement of education

- (c) Both (a) and (b)
 - (d) Neither of the activities
2. Determine the value of taxable supply in respect of donations received by the Trust?
- (a) ₹ 25,000
 - (b) ₹ 75,000
 - (c) ₹ 1,00,000
 - (d) Nil
3. Which of the following statements is/are correct under GST law in respect of gurudwara managed by MM Charitable Trust?
- (a) Renting of community hall is taxable while renting of commercial shop is exempt.
 - (b) Renting of community hall is exempt while renting of commercial shop is taxable.
 - (c) Both renting of community hall and renting of commercial shop are taxable.
 - (d) Both renting of community hall and renting of commercial shop are exempt.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** Advancement of Yoga

Reason

Advancement of yoga by charitable trust is exempted. However, the advancement of education is in metro cities and thus, not exempted. [Entry 1 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017.*]

2. **Option (b)** ₹ 75,000

Reason

If donation is received with specific instructions/mutual understanding between the donor and the receiver that the same will advertise or promote business of the donor, such donation will be subject to GST.

3. **Option (b)** Renting of community hall is exempt while renting of commercial shop is taxable.

Reason

Services by a person by way of renting of precincts of a religious place meant for general public, owned/managed by institutions/entities/trusts, registered under section 12AB of the Income tax Act is exempt except where-

- (i) charges for renting of premises, community halls, etc. are \geq ₹ 10,000 per day;
- (ii) charges for renting of shops/spaces for business/commerce are \geq ₹ 10,000 per month.

Since rent of commercial shop is ₹ 10,000 per month, so same is taxable.

CASE SCENARIO 22

Vedanshi & Co., a partnership firm, is engaged in retail trade since 1st April. The firm became liable for registration on 1st October. However, it applied for registration on 10th October. It had inputs held in stock, semi-finished and finished goods. The firm was granted certificate of registration on 5th November.

Vedanshi & Co. needs to transport one consignment to the transporter and then to the consignee. The distance, within the same state, between godown of the firm and the transporter is 20 kms and from the place of transporter to consignee is 99 kms, respectively.

Also, while filing return for the month of November, the firm generated E-Challan on 5th December for making payment of GST through RTGS of their bank.

All the supplies referred above are intra-State unless specified otherwise. Conditions applicable for availment of ITC are fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. Determine the effective date of registration of Vedanshi & Co.?
 - (a) 1st April
 - (b) 1st October
 - (c) 10th October
 - (d) 5th November
2. Vedanshi & Co. is eligible to claim ITC in respect of inputs held in stock as on-
 - (a) 30th September
 - (b) 1st October

- (c) 10th October
 - (d) Not eligible to claim ITC
3. Which of the following statements is true in respect of furnishing of details of conveyance in Part B of e- way bill?
- (a) Part B need not be filed in respect of transport of consignment from Godown of Vedanshi & Co. to transporter location.
 - (b) Part B need not be filed in respect of transport of consignment from transporter location to consignee's location.
 - (c) Information in Part-B is neither required in transport of consignment from Godown of Vedanshi & Co. to transporter location nor from transporter location to consignee's location.
 - (d) Information in Part-B is mandatory in transport of consignment from Godown of Vedanshi & Co. to transporter location and from transporter location to consignee's location.
4. Determine the validity of E-Challan generated by Vedanshi & Co. for payment of taxes for the month of November?
- (a) 5th December
 - (b) 15th December
 - (c) 20th December
 - (d) 31st December

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** 1st October

Reason

As per rule 10 of the CGST Rules, 2017, where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

2. Option (a) 30th September**Reason**

As per section 18(1)(a) of the CGST Act, 2017, person who has applied for registration within 30 days from the date on which he becomes liable to registration and has been granted such registration shall be eligible for input tax credit on inputs held in stock and inputs contained in semi-finished or finished goods held in stock from the day immediately preceding the date from which he becomes liable to pay tax.

3. Option (a) Part B need not be filed in respect of transport of consignment from Godown of Vedanshi & Co. to transporter location.**Reason**

Details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of upto 50 km within the State/Union territory:

- from the place of business of the consignor to the place of business of the transporter for further transportation or
- from the place of business of the transporter finally to the place of business of the consignee

4. Option (c) 20th December**Reason**

Rule 87(2) of the CGST Rules, 2017 provides that challan generated at the common portal shall be valid for a period of 15 days.

CASE SCENARIO 23

M/s. Shanky Consultants, a partnership firm, registered in Delhi, as a regular taxpayer, renders the following services during the year:

- (i) Security services: ₹ 2,00,00,000 to registered business entities.
- (ii) Manpower services (Accountants): ₹ 5,00,000
- (iii) Auditing services: ₹ 1,00,00,000

Other Information:

- (i) Shanky Consultants also paid sponsorship fees of ₹ 70,000 at seminar organized by Banarsidas Private Limited in Delhi.
- (ii) Shanky Consultants pays rent amounting to ₹ 6,00,000 for a building owned by Municipal Corporation of Delhi.
- (iii) Assume all services are taxable at 18% and all transactions to be intra-State supplies.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

MULTIPLE CHOICE QUESTIONS

1. What is the aggregate turnover of Shanky Consultants?
 - (a) ₹ 3,05,00,000
 - (b) ₹ 3,05,70,000
 - (c) ₹ 1,05,00,000
 - (d) ₹ 1,05,70,000
2. GST liability paid under reverse charge by Shanky Consultants is?
 - (a) CGST: ₹ 60,300, SGST: ₹ 60,300
 - (b) CGST: ₹ 6,300, SGST: ₹ 6,300
 - (c) CGST: ₹ 54,000, SGST: ₹ 54,000
 - (d) CGST: ₹ 2,40,300, SGST: ₹ 2,40,300

3. State which of the following statements is true in respect of security services provided by Shanky Consultants to registered business entities:
- (a) Shanky Consultants shall issue GST compliant tax invoice.
 - (b) Shanky Consultants shall issue bill of supply stating "Tax to be paid by service recipient under reverse charge".
 - (c) Shanky Consultants can issue any document in lieu of tax invoice.
 - (d) Shanky Consultants shall issue receipt voucher every time, it receives payment.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** ₹ 3,05,00,000

Reason

Aggregate turnover includes all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number.

In the present case, while the outward security services are liable to GST under reverse charge but the same shall form part of the turnover.

Thus, Aggregate turnover = ₹ 2 crore + ₹ 5 lakh + ₹ 1 crore = ₹ 3,05,00,000.

2. **Option (a)** CGST: ₹ 60,300, SGST: ₹ 60,300

Reason

As per entry 4 of Reverse Charge *Notification No. 13/2017 CT (R) dated 28.06.2017* -Reverse Charge Mechanism (RCM) is applicable on services provided by any person by way of sponsorship service to any body corporate or partnership firm located in the taxable territory.

Further, as per entry 5A of Reverse Charge *Notification No. 13/2017 CT (R) dated 28.06.2017* - RCM is applicable on services supplied by Central Government, State Government, Union territory or local authority by way of renting of immovable property to a person registered under the CGST Act, 2017.

Hence liability under RCM is 9% of [₹ 70,000 + ₹ 6,00,000] = ₹ 60,300 CGST & SGST each.

Further, the security services provided by any person other than a body corporate to a registered person, located in the taxable territory are liable to tax under reverse charge in the hands of the recipient of services as per Entry 14 of Reverse Charge Notification No. 13/2017 CT (R) dated 28.06.2017.

- 3. Option (a)** Shanky Consultants shall issue GST compliant tax invoice.

Reason

Since Shanky consultants is registered under GST, a tax invoice as per Section 31 of the CGST Act, 2017 read with rule 46 of the CGST Rules, 2017, shall be issued.

CASE SCENARIO 24

PTL Pvt. Ltd. is a registered company and have retail store of merchandise located in 25 States in the country. For the purpose of clearance of stock of merchandise and to attract consumers, PTL Pvt. Ltd. launched scheme of "Buy One Get One Free" for the same type of merchandise, for instance, one shirt to be given free with purchase of one shirt. For saving cost, PTL Pvt. Ltd. directly purchases merchandise from the manufacturers.

In the month of May, to save employee cost, PTL Pvt. Ltd. purchased a tempo traveller worth ₹ 12,00,000 with seating capacity of 25 persons (including driver) for transportation of its employees. Further, to ensure the well-being of its employees, PTL Pvt. Ltd. voluntarily obtained the health insurance cover of ₹ 2,00,000 for each employee in the same month. The premium of ₹ 1,500 per employee has been paid by the company for 100 employees.

In the month of July, Mr. Raghav, a customer of the company, filed a law suit in the Court, against the company for not supplying goods of the value of ₹ 1,00,000. PTL Pvt. Ltd. engaged Mr. Ram, an advocate, to represent it in Court for an agreed consideration of ₹ 25,000. As per the terms of the contract, Mr. Ram issued an invoice on 5th July. However, consideration was not paid till February next year.

All the amounts given above are excluding taxes and all transactions are intra-State transactions. Rates of taxes are CGST - 9% and SGST – 9%. However, for tempo traveller, the rates of taxes are CGST - 14% and SGST – 14%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

1. With respect to "Buy One, Get One free" offer, which of the following statements is true:
 - (a) It will not be considered as supply at all since no consideration is involved in one of the items.
 - (b) Supply of item for which consideration is charged is a supply under section 7 of the CGST Act, 2017 while supply of the other item supplied free of cost is not a supply.

-
- (c) These are two individual supplies where a single price is charged for the entire supply. Since a single price is charged, the same will always be taxed as a mixed supply.
- (d) These are two individual supplies where a single price is charged for the entire supply. Their taxability will depend upon as to whether the supply is a composite supply or a mixed supply.
2. Eligible input tax credit for the month of May (i) on the purchase of tempo traveller and (ii) on health insurance premium paid (assuming that all other conditions, for availing input tax credit have been complied with) is:
- (a) (i) CGST - Nil, SGST - Nil and (ii) CGST - Nil, SGST - Nil
- (b) (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - Nil, SGST - Nil
- (c) (i) CGST - Nil, SGST - Nil and (ii) CGST - ₹ 18,000, SGST - ₹ 18,000
- (d) (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - ₹ 18,000, SGST - ₹ 18,000
3. Which of the following statements is true in respect of the services of advocate availed by the company?
- (a) CGST-₹ 2,250 and SGST-₹ 2,250 on advocate services are payable by PTL Pvt Ltd. ITC availed thereon is to be added to its output tax liability with interest as consideration along with tax is not paid within 180 days of the issuance of invoice.
- (b) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by Mr. Ram. ITC availed thereon is to be added to output tax liability of PTL Pvt Ltd. with interest as consideration along with tax is not paid within 180 days of the issuance of invoice.
- (c) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by PTL Pvt. Ltd. The condition of payment of consideration along with tax within 180 days of the issuance of invoice does not apply in the given case.
- (d) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by Mr. Ram. The condition of payment of consideration along with tax within 180 days of the issuance of invoice does not apply in the given case.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (d)** These are two individual supplies where a single price is charged for the entire supply. Their taxability will depend upon as to whether the supply is a composite supply or a mixed supply.

Reason

Circular No. 92/11/2019 GST dated 07.03.2019 has clarified the entitlement of ITC in the hands of supplier in respect of sales promotional scheme like 'buy one get one free'. Such promotional offers are not individual supplies of free goods, but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one.

Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply and the rate of tax shall be determined as per the provisions of section 8 of the CGST Act, 2017.

2. **Option (b)** (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - Nil, SGST - Nil

Reason

Only motor vehicles for transportation of persons with seating capacity \leq 13 persons (including the driver) is blocked as per section 17(5) of the CGST Act, 2017. Further, same is used for business purpose, so admissible ITC = CGST-₹ 1,68,000, SGST-₹ 1,68,000

Health insurance- When such goods and/or services are provided by the employer to its employees without any statutory obligation, ITC thereon is blocked as per section 17(5) of the CGST Act, 2017.

3. **Option (c)** CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by PTL Pvt. Ltd. The condition of payment of consideration along with tax within 180 days of the issuance of invoice does not apply in the given case.

Reason

Services provided by an individual advocate including a senior advocate or firm of advocates by way of legal services, directly or indirectly to any business entity located in the taxable territory is payable under reverse charge.

Further, as per 2nd proviso to section 16(2) of the CGST Act, 2017, the requirement of reversing input tax credit on account of non-payment to the supplier of services within 180 days is not applicable in case of services liable to GST under reverse charge.

CASE SCENARIO 25

Ms. Neha is engaged in the supply of services. She is registered under GST and has opted to pay tax under the composition scheme for service provider under section 10(2A) of the CGST Act. The turnover for the quarter ending June was ₹ 12,00,000.

During July, she crossed the aggregate turnover of ₹ 50 lakh and opted out of composition scheme. She also started trading of goods in July.

She supplied an order to Breathe Well LLP on ex-factory basis, the details of which are as follows-

- | | | |
|------|--|------------|
| i. | Basic price of the product | – ₹ 53,000 |
| ii. | Outward freight | – ₹ 12,000 |
| iii. | Packing Charges | – ₹ 5,000 |
| iv. | Discount given on receiving payment | – ₹ 2,000 |
| | (not included in the invoice and there was not any agreement for the same) | |

For supplies, provided to Breathe Well LLP, she received half of the amount in advance on 22nd July. The goods were dispatched from her factory on 25th July and delivered on 28th July. She raised the invoice on 30th July and the balance payment was also received on the same date.

Ms. Neha supplied goods to the following persons-

| Sl. No. | Recipient | Value of Supply |
|---------|-------------------------------------|-----------------|
| 1 | Mr. Pawan - an unregistered person | ₹ 150 |
| 2 | Mr. Umesh, a registered person | ₹ 110 |
| 3 | Rains Trust, an unregistered entity | ₹ 250 |

None of the above persons requires a tax invoice.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Conditions

applicable for availment of ITC are fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:

MULTIPLE CHOICE QUESTIONS

1. Compute the tax liability for the quarter ending June under CGST and SGST?
 - (a) ₹ 30,000 each
 - (b) ₹ 12,000 each
 - (c) ₹ 6,000 each
 - (d) ₹ 36,000 each
2. Compute the value of Supply made by Ms. Neha to Breathe Wall LLP?
 - (a) ₹ 56,000
 - (b) ₹ 58,000
 - (c) ₹ 68,000
 - (d) ₹ 70,000
3. Determine the time of supply made to Breathe Wall LLP?
 - (a) 22nd July
 - (b) 25th July
 - (c) 28th July
 - (d) 30th July
4. Ms. Neha need not issue tax invoice to which of the following persons but required to issue a consolidated tax invoice?
 - (a) Mr. Pawan
 - (b) Mr. Pawan and Umesh
 - (c) Mr. Pawan and Rains Trust
 - (d) Need not issue invoice to all the three persons

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (d)** ₹ 36,000 each

Reason

The rate of tax for services supplied under section 10(2A) of the CGST Act, 2017 i.e. composition scheme for service providers is 6%. The taxable value in the current case is ₹12,00,000 for the quarter ended on 30th June. The tax accordingly on such taxable supply is ₹ 36,000 each as CGST and SGST.

2. **Option (b)** ₹ 58,000

Reason

Outward freight is not includible in the value as the supply was ex-factory basis.

The packing charges are includible in the value as the same are incidental to supply.

Post sale discount without any agreement is not deductible from the value of supply.

3. **Option (b)** 25th July

As per *Notification No. 66/2017 CT dated 15.11.2017*, a registered person (excluding composition supplier and registered persons making supply of specified actionable claims) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a) of the CGST Act, 2017 i.e., date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31 of the CGST Act, 2017.

As per section 31(1) of the CGST Act, 2017, the invoice needs to be issued either before or at the time of removal of goods where supply involves movement of goods.

In the given case, date of issue of invoice-30th July or last date on which supplier is required to issue invoice (date of removal)-25th July.

Thus, time of supply- 25th July

4. Option (a) Mr. Pawan**Reason**

Section 31(3)(b) of the CGST Act, 2017 read with proviso to rule 46 of the CGST Rules, 2017 provides that a registered person may not issue a Tax Invoice if:

- (i) Value of the goods/services/both supplied < ₹ 200,
- (ii) the recipient is unregistered; and
- (iii) the recipient does not require such invoice.

Instead, such registered person shall issue a Consolidated tax invoice for such supplies at the close of each day in respect of all such supplies.

| Sl. No. | Recipient | Value of Supply | Remarks |
|---------|-------------------------------------|-----------------|--|
| 1. | Mr. Pawan - an unregistered person | ₹ 150 | Unregistered and less than ₹ 200- so, no invoice |
| 2. | Mr. Umesh, a registered person | ₹ 110 | Registered-so invoice to be issued |
| 3. | Rains Trust, an unregistered entity | ₹ 250 | Unregistered and more than ₹ 200- so, invoice to be issued |

CASE SCENARIO 26

Mr. Kumar started interior designing practice from the month of January. His turnover up to the month of March was ₹ 12,50,000. On 30th June, his turnover exceeded ₹ 20,00,000 & reached to ₹ 20,05,000. Mr. Kumar applied for GST registration (as regular taxpayer) on 15th July and registration certificate was issued to him on 25th July.

On 16th July, he entered into a contract for designing the flat of Mr. Shyam. The service was completed on 22nd July and Mr. Kumar issued invoice on the same day for ₹ 6,00,000. On 5th July, Mr. Kumar purchased capital goods amounting to ₹ 4,50,000 and from 25th July to 31st July, he availed input services amounting to ₹ 1,75,000 in relation to an output service to be provided in the month of August.

On 1st August, Mr. Kumar got another contract for interior designing from Mr. Ram, which he accepted on 2nd August. The service was completed on 6th August and invoice was issued on 7th August for ₹ 5,00,000. Payment was received on 29th August.

All values are excluding taxes, unless specifically mentioned. Mr. Kumar makes only intra-State outward supplies and all purchases are also intra-State. Rates of tax are CGST - 9% and SGST – 9%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. The effective date of registration for Mr. Kumar is-
 - (a) 30th June
 - (b) 15th July
 - (c) 25th July
 - (d) 16th July
2. Mr. Kumar can issue a revised tax invoice till-
 - (a) 23rd October

- (b) 8th September
 - (c) 25th September
 - (d) 25th August
3. Eligible input tax credit that can be availed by Mr. Kumar for the month of July is-
- (a) CGST ₹ 40,500 & SGST ₹ 40,500
 - (b) CGST ₹ 15,750 & SGST ₹ 15,750
 - (c) CGST ₹ 56,250 & SGST ₹ 56,250
 - (d) CGST ₹ 36,000 & SGST ₹ 36,000
4. The time of supply of services provided by Mr. Kumar to Mr. Ram is-
- (a) 7th August
 - (b) 1st August
 - (c) 29th August
 - (d) 6th August
5. What will be the tax liability of July month if Mr. Kumar is paying tax under section 10(2A) of the CGST Act, 2017?
- (a) CGST Nil and SGST Nil
 - (b) CGST ₹ 54,000 & SGST ₹ 54,000
 - (c) CGST ₹ 18,000 & SGST ₹ 18,000
 - (d) CGST ₹ 78,150 & SGST ₹ 78,150

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** 30th June

Reason

As per Rule 10(2) of the CGST Rules, 2017, where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

2. **Option (d)** 25th August

Reason

Revised tax invoices shall be issued within 1 month from the date of issuance of certificate of registration as per section 31(3)(a) of the CGST Act, 2017.

3. **Option (c)** CGST ₹ 56,250 & SGST ₹ 56,250

Reason

Since the effective date of registration is 30th June, the supplies received after such date shall be eligible for input tax credit vide section 16 of the CGST Act, 2017 unless the same is specifically blocked.

ITC on Capital goods- ₹ 4,50,000 x 9% = ₹ 40,500 each CGST & SGST

ITC on input services = ₹ 1,75,000 x 9% = ₹ 15,750 each CGST & SGST

Thus, total ITC = ₹ 40,500 + ₹ 15,750 = ₹ 56,250

4. **Option (a)** 7th August

Reason

Section 13 of the CGST Act, 2017 provides that the time of supply of services shall be the date of issue of invoice by the supplier, if the invoice is issued within 30 days of supply of services as per Section 31 of the CGST Act, 2017 or the date of receipt of payment, whichever is earlier. Thus, the time of supply shall be the date of issuance of invoice.

5. **Option (c)** CGST ₹ 18,000 & SGST ₹ 18,000

Reason

The rate of tax for services supplied under section 10(2A) of the CGST Act, 2017 i.e. composition scheme for service providers is 3% CGST & SGST each [Effective rate 6% (CGST+ SGST/UTGST)] of the turnover of supplies of goods and services in the State.

Mr. Kumar completed services on 22nd July and issued invoice on same day for ₹ 6,00,000. GST @ 6% = ₹ 36,000, i.e. CGST + SGST = ₹ 18,000 each.

CASE SCENARIO 27

M/s. Visali & Co, a Partnership firm, is engaged in manufacturing of equipment's in the State of Kerala.

The firm became liable for registration on 10th July. It applied for registration on 10th August and was granted registration certificate by 14th August. The firm opted for a monthly return filing.

The firm received sponsorship services from "Leisure Treat Bay Private limited" for a business expo conducted by such company. It received a consignment from M/s. Safe Logistics, a GTA, which charged 6% for each CGST and SGST for their services. It also received security services from Prompt Security Agency Pvt. Ltd.

The firm had opted for composition levy and its turnover for the quarter ending September was ₹ 14 lakh, out of which taxable supply amounted to ₹ 10 lakh and exempt supply amounted to ₹ 4 lakh.

The firm made a supply of equipment's to an unrelated limited company in the month of October with a market value of ₹ 12 lakh, wholesale value of ₹ 13 lakh and maximum retail price was ₹ 14 lakh. However, the transaction was made at ₹ 11 lakh which was the only consideration.

The firm belatedly paid the tax amounting to ₹ 40,000 by debiting the electronic cash ledger for the month of December on 09th February of the succeeding year.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. The effective date of registration of M/s. Visali & Co is _____.
 - (a) 10th July
 - (b) 9th August

- (c) 10th August
 - (d) 14th August
2. Amongst the services availed by M/s. Visali & Co, which of the following services are taxable under reverse charge mechanism?
- (i) Sponsorship services received from Leisure Treat Bay Pvt. Ltd. Co.
 - (ii) GTA Services received from Safe Logistics
 - (iii) Security Services received from Prompt Security Agency Pvt. Ltd.
- (a) i
 - (b) i & ii
 - (c) i & iii
 - (d) ii & iii
3. Determine the value of supply of equipments under section 15(1) of CGST Act, 2017 made by M/s. Visali & Co. in the month of October?
- (a) ₹ 14 lakh
 - (b) ₹ 13 lakh
 - (c) ₹ 12 lakh
 - (d) ₹ 11 lakh
4. Compute the tax payable by the firm for the quarter ending September under CGST and SGST?
- (a) ₹ 5,000 each
 - (b) ₹ 7,000 each
 - (c) ₹ 10,000 each
 - (d) ₹ 35,000 each
5. Compute the interest payable by the firm for the belated payment of tax?
- (a) ₹ 395
 - (b) ₹ 434
 - (c) ₹ 414
 - (d) ₹ 552

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (d)** 14th August

Reason

As per rule 10 of the CGST Rules, 2017, where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

2. **Option (a)** i

Reason

Sponsorship services provided by any person to any body corporate or partnership firm are liable to GST under reverse charge.

GTA services are not liable to GST under reverse charge if the service provider is paying tax at the rate of 12%.

Security services are not liable to GST under reverse charge if the services are provided by a body corporate.

3. **Option (d)** ₹ 11 lakh

Reason

The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

4. **Option (b)** ₹ 7,000 each

Reason

The registered manufacturers, other than manufacturers of notified goods opting for composition levy under section 10(1) of the CGST Act, 2017 shall pay tax @ ½% CGST & SGST each [Effective rate 1% (CGST+ SGST/UTGST)] of the turnover in the State/Union territory during the current FY, in lieu of the tax payable by him under regular scheme.

Thus, tax liability under CGST & SGST each is ₹ 14 lakh (10 lakh + ₹ 4 lakh) x 0.5% = ₹ 7,000 each.

5. Option (b) ₹ 434

Reason

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 = ₹ 40,000 x 18% x 22 days (18th January to 9th February)/365

CASE SCENARIO 28

Mr. Pasupathi, registered taxpayer under GST in the State of Karnataka, is engaged in trading of various types of consumer goods. His turnover in the preceding financial year was below the threshold limit liable for registration and so, was eligible for exemption from registration under GST in the preceding year.

He received goods on 1st May that are liable to tax under reverse charge. Invoice was issued on 5th May and payment for the same was made on 6th June entered in the books of accounts on same day and debited in the bank account on 7th June.

He got an order from Ravi & Co of Punjab with an instruction to dispatch the goods to Kumar & Co of Tamil Nadu, which was executed as ordered. He had sourced the goods from Lal & Co of Kerala.

He paid repair expenses for trucks used for transportation of goods of his business. The GST component involved thereon was ₹ 13,000. He arranged for catering for his workers on Labour Day function and paid bill in which GST component was ₹ 15,000. He received the first lot of certain goods having GST component of ₹ 25,000.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Conditions necessary for claiming ITC have been fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

MULTIPLE CHOICE QUESTIONS

1. Time of Supply of goods received by Mr. Pasupathi is _____.
 - (a) 1st May
 - (b) 5th May

- (c) 5th June
 - (d) 6th June
2. Compute the amount of input tax credit (except ITC on services taxable under reverse charge mechanism) that can be claimed by Mr. Pasupathi?
- (a) ₹ 28,000
 - (b) ₹ 38,000
 - (c) ₹ 40,000
 - (d) ₹ 13,000
3. Place of Supply for delivery of order placed by Ravi and Co. is _____.
- (a) Karnataka
 - (b) Punjab
 - (c) Tamilnadu
 - (d) Kerala

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** 1st May

Reason

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 earliest of the following dates, namely:-

- (a) the date of the receipt of goods; or
- (b) 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
- (c) the date immediately following thirty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier.

- 2. Option (d)** ₹ 13,000

Reason

ITC related to goods received in lots is available upon receipt of last lot. Further, ITC related to catering services is not available in the present case. Hence, only ITC related to repair expense of trucks shall be available.

- 3. Option (b)** Punjab

Reason

The place of supply in case of bill to ship to transactions shall be the location of such person on whose instance/instruction the supply has taken place.

CASE SCENARIO 29

Mr. Rajeev Sharma, a regular GST registered supplier located in Jaipur, Rajasthan, provides the following details:

- (i) He received an order from Velocity Ltd. of Jodhpur, Rajasthan, for a taxable supply of goods worth ₹ 2,50,000 on 15th November 2024 and received payment on 18th November 2024. The goods were supplied on 22nd November 2024, and the invoice was issued on 23rd November 2024. The applicable GST rate on such goods is CGST 2.5%, SGST 2.5%, and IGST 5%.
- (ii) He deals in laptops and related accessories. He sold a laptop along with a lapdesk for a single price of ₹ 1,25,000 to Zenith Pvt. Ltd., a registered person in Ahmedabad, Gujarat, on 28th November 2024.

Applicable GST Rate:

- Laptop - CGST 9%, SGST 9%, and IGST 18%.
 - Lapdesk - CGST 6%, SGST 6%, and IGST 12%.
- (iii) He purchased raw materials worth ₹ 75,000 for business use from Orion Industries, a registered supplier in Bengaluru, Karnataka, on 10th November, 2024. However, he consumed raw materials worth ₹ 10,000 from the said purchase for his personal use during the month of November, 2024. The applicable GST Rate is CGST 2.5%, SGST 2.5%, and IGST 5%.
 - (iv) He has paid ₹ 1,00,000 on 20th November, 2024 for membership in a club located in Udaipur, Rajasthan, availed for employees working in the factory (not obligatory under any law). The applicable GST Rate is CGST 9%, SGST 9%, and IGST 18%.

Notes:

- All figures mentioned above are exclusive of taxes.
- All conditions required for availing ITC have been complied with.

Based on the information given above, choose the most appropriate answer for the questions 1-3

MULTIPLE CHOICE QUESTIONS

1. The time of supply of goods supplied to Velocity Ltd. is:-
 - (a) 23rd November, 2024
 - (b) 22nd November, 2024
 - (c) 18th November, 2024
 - (d) 15th November, 2024
2. GST payable on outward supply for the month of November, 2024 is:
 - (a) IGST - ₹ 22,500, CGST - ₹ 6,250, SGST - ₹ 6,250
 - (b) IGST - ₹ 15,000, CGST - ₹ 6,250, SGST - ₹ 6,250
 - (c) IGST-Nil, CGST - ₹ 13,750, SGST - ₹ 13,750
 - (d) IGST-Nil, CGST- ₹ 17,500, SGST - ₹ 17,500
3. Amount of total eligible Input Tax Credit for the month of November 2024 is:
 - (a) IGST ₹ 3,750, CGST ₹ 9,000, SGST ₹ 9,000
 - (b) IGST ₹ 3,250, CGST ₹ 9,000, SGST ₹ 9,000
 - (c) IGST ₹ 3,750, CGST NIL, SGST NIL
 - (d) IGST ₹ 3,250, CGST NIL, SGST NIL

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** 22nd November, 2024

Reason

As per *Notification No. 66/2017 CT dated 15.11.2017*, a registered person (excluding composition supplier and registered persons making supply of specified actionable claims) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a) of the CGST

Act, 2017 i.e., date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31 of the CGST Act, 2017.

As per section 31(1) of the CGST Act, 2017, the invoice needs to be issued either before or at the time of removal of goods where supply involves movement of goods.

In the given case, date of issue of invoice - 23rd November or last date on which supplier is required to issue invoice (date of removal) - 22nd November.

Thus, time of supply- 22nd November

2. Option (a) IGST - ₹ 22,500, CGST - ₹ 6,250, SGST - ₹ 6,250

Reason

1. Tax on ₹ 2,50,000 supply to Velocity Ltd. (within Rajasthan – Intra-State)

$$\text{CGST (2.5\%)} = ₹ 6,250$$

$$\text{SGST (2.5\%)} = ₹ 6,250$$

2. Tax on ₹ 1,25,000 supply of laptop alongwith lapdesk to Zenith Pvt. Ltd. (Inter State - IGST)

$$\text{Laptop (₹ 1,25,000 at 18\%)} = ₹ 22,500$$

Since it's a composite supply, the highest rate (18%) applies to the whole transaction.

$$\text{IGST} = ₹ 22,500$$

Thus, total GST Payable:

- **IGST** = ₹ 22,500
- **CGST** = ₹ 6,250
- **SGST** = ₹ 6,250

3. Option (d) IGST ₹ 3,250, CGST NIL, SGST NIL

Reason

Amount of total eligible input tax credit (ITC) for the month of November 2024 is:

ITC on raw material purchased from Orion Industries (₹ 75,000) (Inter-State - IGST 5%)

IGST on ₹ 75,000 = ₹ 3,750

Less: ITC not available for personal use ₹ 10,000 x 5% = ₹ 500

Eligible ITC = ₹ 3,750 - ₹ 500 = ₹ 3,250

ITC on Club Membership (₹ 1,00,000) (Intra-State - CGST 9%, SGST 9%)

CGST (9%) = ₹ 9,000

SGST (9%) = ₹ 9,000

Not eligible for ITC since it's for employees & not obligatory

Total Eligible ITC:

IGST = ₹ 3,250

CGST = ₹ 9,000

SGST = ₹ 9,000

CASE SCENARIO 30

Bright Star Pvt. Ltd., a regular GST registered supplier of both taxable and exempted goods, is located in Shimla, Himachal Pradesh. The company provides the following details:

- (i) The aggregate turnover (all intra-State) of goods exceeded ₹ 20 lakh on 29th July 2024 and ₹ 40 lakh on 16th August 2024. It submitted the application for GST registration on 30th August, 2024. The registration certificate is granted to it on 8th September 2024.
- (ii) It also entered into a contract with Zenith Ltd. of Manali, Himachal Pradesh on 10th September 2024 for the supply of taxable goods worth ₹ 15 lakh. The payment for the same was received on 12th September 2024. The goods were scheduled for delivery on 25th September, 2024 but were removed from the factory on 24th September, 2024.
- (iii) It has opted monthly filing of GSTR 3B return and filed GSTR 3B return for the month of September, 2024 on 19th December 2024. The prescribed due date to file the said GSTR 3B return was 20th October, 2024. The amount of net GST payable in cash on supplies made for said September month work out to be 56,000 which was paid on 19th December, 2024.

Based on the above information, choose the correct answer for the questions 1 to 3.

MULTIPLE CHOICE QUESTIONS

- 1. The effective date of registration under the CGST Act, 2017, of Bright Star Pvt. Ltd. is:
 - (a) 29th July 2024
 - (b) 16th August 2024
 - (c) 30th August 2024
 - (d) 8th September 2024
- 2. The date by which an invoice must be issued to Zenith Ltd. is:
 - (a) 10th September 2024

- (b) 12th September 2024
 - (c) 25th September 2024
 - (d) 24th September 2024
3. The amount of interest payable for delay in payment of GST as per section 50 of the CGST Act 2017 is:
- (a) ₹ 1,629
 - (b) ₹ 1,657
 - (c) ₹ 2,209
 - (d) ₹ 2,182

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** 16th August 2024

Reason

Since Bright Star Pvt. Ltd., is a registered supplier of both taxable and exempted goods in Shimla, Himachal Pradesh, the applicable threshold limit of registration is ₹ 40 lakh. The turnover exceeded ₹ 40 lakh on 16th August 2024.

As per rule 10 of the CGST Rules, 2017, where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

2. **Option (d)** 24th September 2024

Reason

As per section 31(1) of the CGST Act, 2017, the invoice needs to be issued either before or at the time of removal of goods where supply involves movement of goods.

Since the goods were removed on 24th September 2024, the invoice must be issued on or before that date.

3. Option (b) ₹ 1,657**Reason**

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 Calculation:

Due date for payment of GST = 20th October 2024

Actual date of payment = 19th December 2024

Delay in payment = 21st October, 2024 – 19th December, 2024 = 60 days

Net GST payable in cash = ₹ 56,000

Interest rate = 18% per annum

Interest = $56,000 \times 18\% \times 60/365 = ₹ 1,657$ (rounded off)