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CASE SCENARIO

CASE SCENARIO-1

1. Aspire Solutions Private Limited (hereinafter referred to as 'Aspire Solutions') is engaged in providing multidimensional services to its clients through its office in Haryana, registered under GST. During the month of July, following transactions were undertaken by Aspire Solutions:

- (i) **Import of certain cloud services** from Bizcart.com for an amount of ₹ 50,00,000. **There is an additional charge of 2% as equalisation levy on such services in India** which is **recovered from the offshore service supplier** by the Government. **Bizcart.com passes the taxes to its customers by charging them**, as its internal policy.
- (ii) Aspire Solutions **pays sitting fee of ₹ 25,000 each to its 4 directors per month**. Further, there are **two directors** who are **in the executive roles** and are **withdrawing ₹ 2,00,000 each per month as salary** from the company and the applicable TDS amount, under section 192 of the Income-tax Act, 1961, is deducted from such salary.
- (iii) Aspire Solutions **paid for life insurance of its employees** in compliance of its internal policy. The amount of **premium was ₹ 5,00,000**.
- (iv) Aspire Solutions **provided consultancy services** to its client, **Zoom Corp. based in Bangalore** and issued an invoice of ₹ 30,00,000.
- (v) Empowering India is a non-government organisation located in Haryana. It aims at empowering the eligible companies to grow their business in India. Aspire Solutions, being one of the eligible companies, **received a subsidy of ₹ 5,00,000 in lumpsum from Empowering India for the month of July**.
- (vi) Aspire Solutions **provided sponsorship services** to Mr. X, an individual, **for an event organised by it in the State of Haryana**. The **amount agreed** for such sponsorship services is ₹ 5,00,000.

All the **amounts given above are exclusive of GST** unless otherwise provided. There is **no other outward or inward supply transaction** apart from aforesaid transactions in the month of July.

The **opening balance of input tax credit** for the relevant tax period for the company is **nil**. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. **GST is applicable on all inward and outward supplies at the following rates:**

I. **Intra-State supply – 9% CGST and 9% SGST** II:- **Inter-State supply – 18% IGST**

CHART

Aspire Solutions Private Limited (Haryana)			
Inward Supply of July		Outward supply of July:	
(1) Import of certain cloud services including 2% equalisation levy	51,00,000	(1) provided consultancy services to its client, Zoom Corp. based in Bangalore	30,00,000
(2) pays sitting fee of ₹ 25,000 each to its 4 directors per month	1,00,000		
(3) pays ₹ 2,00,000 each per month as salary to its 2 directors	4,00,000	(2) received a subsidy in lumpsum from Empowering India for the month of July	5,00,000
(4) paid for life insurance of its employees as per internal Policy	5,00,000	(3) provided sponsorship services to Mr. X, an individual, for an event organised by it in the State of Haryana	5,00,000
GST is applicable on all inward and outward supplies at the following rates: I. Intra-State supply – 9% CGST and 9% SGST II:- Inter-State supply – 18% IGST Opening Balance of Input Tax Credit (ITC) = Nil			

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos 1.1. to 1.5.

1.1. The GST liability for cloud services procured by Aspire Solutions from Bizcart.com shall be:

- (a) on Bizcart.com since the services are online information and database access or retrieval services and GST of ₹ 9,00,000 shall be paid by Bizcart.com. (b) nil. There will not be any GST liability on the transaction since Bizcart.com is located outside India and services are provided electronically. (c) on Bizcart.com under forward charge and GST of ₹ 9,18,000 shall be paid by Bizcart.com. (d) on Aspire Solutions under reverse charge and GST of ₹ 9,18,000 shall be paid by Aspire Solutions.

Answer:- (d) on Aspire Solutions under reverse charge and GST of ₹ 9,18,000 shall be paid by Aspire Solutions.

As per Sec 14 IGST: SUPPLY OF OIDAR (online information and database access or retrieval) service To NTOR (non-taxable online recipient)

If the **SUPPLIER OF OIDAR SERVICES** is located in Non-taxable territory

Person **liable to pay tax** is the **SUPPLIER OF OIDAR SERVICES**

But in question, import of OIDAR Service is by business entity

Therefore following is the position:

Importation of OIDAR services by a business entity

If **supplier of OIDAR service is located outside India** and the **recipient is located in India** [if the **recipient is a business entity**

POS = Location of the recipient of services. (i.e India): **Sec 13(12)**

Recipient located in India, Liable to pay IGST under reverse charge

Hence, IGST Payable for cloud services imported by Aspire Solutions from Bizcart.com shall be Rs 9,18,000 (51,00,000 * 18%)

1.2. Aspire Solutions seek your advice on the **taxability of the sitting fee** payable to directors and **salary payable to the executive directors**. The correct advice is:

(a) Sitting fees paid to the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST. (b) Total amount payable to directors (sitting fees as well as salary) is exempt from GST. (c) Total amount payable to directors (sitting fees as well as salary) is liable to GST under reverse charge in hands of Aspire Solutions. (d) Total amount payable to directors (sitting fees as well as salary) is liable to GST under forward charge in the hands of the directors as professional income.

Answer:- (a) Sitting fees paid to the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.

Salary paid to executive directors:

(i) This is for Services **in the course of employer employee relation** (i.e. a "contract of service")

(ii) It is **Part of Director Remuneration declared as salary and subject to TDS u/s 192 of I Tax Act**

(iii) **Services of Director = Not Supply (as per Schedule III of CGST Act) & hence not Taxable**

Sitting fees paid to the directors (whether to whole time or part time Directors)

(i) This is for Services **not in the course of employer employee relation** (i.e. a "contract for service")

(ii) It is **Part of Director Remuneration declared other than salary and subject to TDS u/s 194J of I. Tax Act**

(iii) **Services of Director = Supply & hence Taxable**

(iv) **Company Pay GST under Reverse charge**

1.3. What shall be the **amount of input tax credit available** with Aspire Solutions **for the month of July?**

(a) ₹ 10,26,000 (b) ₹ 11,16,000 (c) ₹ 9,36,000 (d) ₹ 1,96,000

Answer:- (c) ₹ 9,36,000

	Nature of supply	Value of supply & GST	Input tax credit
Import of cloud services	Inter-state supply	Value = 50 lakh + 2% of 50 lac = 51 lakh IGST = 51 lakh × 18% = 9,18,000	9,18,000
Inward supply of director services	Intra-state supply (assumed)	Value = 25000×4 = 1 lakh GST (CGST+SGST) = 1 lakh × 18% = 18,000	18,000
Life insurance service received for employees	Intra-state supply (assumed)	5,00,000 GST (CGST+SGST)= 5 lakh × 18% = 90,000	Blocked in sec 17(5)
Total input tax credit available			9,36,000

1.4. Compute the **value of outward supplies made** by Aspire Solutions **in July**.

(a) ₹ 30,00,000 (b) ₹ 25,00,000 (c) ₹ 35,00,000 (d) ₹ 40,00,000

Answer:- (c) ₹ 35,00,000

Computation of the value of outward supplies made by Aspire Solutions in July

consultancy services to its client, Zoom Corp. based in Bangalore	30,00,000.
Received a subsidy of ₹ 5,00,000 in lumpsum from Empowering India (not directly linked to value of supply)	Nil
provided sponsorship services to Mr. X, an individual, for an event organised by it in the State of Haryana.	5,00,000.
Total value of outward supply	35,00,000

1.5. Compute the **amount of GST to be deposited in cash** by Aspire Solutions **for the month of July**.

(a) Nil (b) ₹ 7,20,000 (c) ₹ 9,36,000 (d) ₹ 6,30,000

Answer:- (c) ₹ 9,36,000

Computation of amount of GST to be deposited in cash by Aspire Solutions for the month of July.

	IGST	CGST	SGST	Total
GST liability under Forward charge				
GST payable. IGST on consultancy services to its client, Zoom Corp. based in Bangalore [30,00,000 × 18%] = 5,40,000 GST on sponsorship services to Mr. X, an individual, for an event organised by it in the State of Haryana. CGST =45,000 [5,00,000 × 9%], SGST =45,000 [5,00,000 × 9%]	5,40,000	45,000	45,000	6,30,000
Less: ITC (IGST) of ₹ 9,18,000 [ITC of IGST shall be utilized first for payment of IGST and then, for payment of CGST or SGST, in any order in any ratio]	(5,40,000)	(45,000)	(45,000)	(6,30,000)
GST Payable under forward charge	Nil	Nil	Nil	Nil
GST liability under Reverse charge				
GST on reverse charge payable on inward supplies i.e import of cloud service, IGST = 9,18,000 [51,00,000 × 18%] Director service received CGST =9,000 [1,00,000 × 9%], SGST =9,000 [1,00,000 × 9%]	9,18,000	9,000	9,000	9,36,000
GST under reverse charge paid through cash ledger	9,18,000	9,000	9,000	9,36,000

Note: GST under reverse charge paid through cash ledger first and then credit taken of

IGST	CGST	SGST
9,18,000	9,000	9,000

CASE SCENARIO-2

Supernova India Limited is a 100% subsidiary of Supernova LLC, Japan, registered under GST in the State of Gujarat.

Supernova Inc., Singapore, is another subsidiary of Supernova LLC, Japan, and is engaged in supply of industrial goods to customers across the world.

In India, Supernova Inc., Singapore, sells the goods to a sub-contractor registered under GST in the name of Alpha Limited in the State of Maharashtra.

Alpha Limited imports the goods sold by Supernova Inc., Singapore and carries out the required technical process on such goods in the factory located in Maharashtra.

After the processing of goods by Alpha Limited, the goods are sold by Alpha Limited to Supernova India Limited for further sales to end customers.

As a holding company, Supernova LLC, Japan, recovers an amount equivalent to 20% of the sales made by Supernova India Limited as commission on monthly basis.

During the month of January, **Alpha Limited imported the goods worth ₹ 10,00,000 from Supernova Inc., Singapore.** The **inter-State purchases of Alpha Limited from domestic market** amounted to ₹ 2,00,000 during the month of January. The **value of processed goods sold by Alpha Limited to Supernova India Limited** amounted to ₹ 10,00,000. Further, **Supernova India Limited paid an additional amount equivalent to ₹ 2,00,000 for transportation and handling of goods to third party, which was contractually agreed to be paid by Alpha Limited.** No GST was payable on such transportation and handling to the third party. **Alpha Limited has also charged an amount equivalent to ₹ 12,000 on such processed goods as miscellaneous municipal levy (other than GST) payable in the State of Maharashtra.**

Supernova India Limited sold the goods purchased from Alpha Limited in the month of January as per the details provided below:

1. ₹ 6,00,000 worth goods to X Ltd, a customer located in the State of Rajasthan
2. ₹ 8,00,000 worth goods to Y Ltd, a customer located in the State of Gujarat

There is no opening stock and closing stock for the month of January with Supernova India Limited.

In January, **Supernova India Limited sent 5 of its employees of finance team to Singapore for training purpose. The training was given by Supernova Inc., Singapore, at its office located in Singapore.** The expenses related to such training were paid by Supernova India Limited to Supernova Inc., Singapore.

Further, an **employee of Supernova India Limited had visited the manufacturing unit of Alpha Limited in Mumbai, Maharashtra and had stayed in the hotel located in Mumbai, Maharashtra, in the month of January.** At the time of checkout from hotel, the invoice was issued for an amount equivalent to ₹ 1,00,000. The **hotel had issued invoice in the name of Supernova India Limited and GST was charged at the rate of 14% CGST and 14% SGST on total invoice amount of ₹ 1,00,000.** Out of such amount, the amount recoverable from the employee towards non-official stay by Supernova India Limited was ₹ 50,000.

Fun Events Ltd., an event management company at New Delhi, had organized an event in the month of January for Supernova India Limited, in Mauritius.

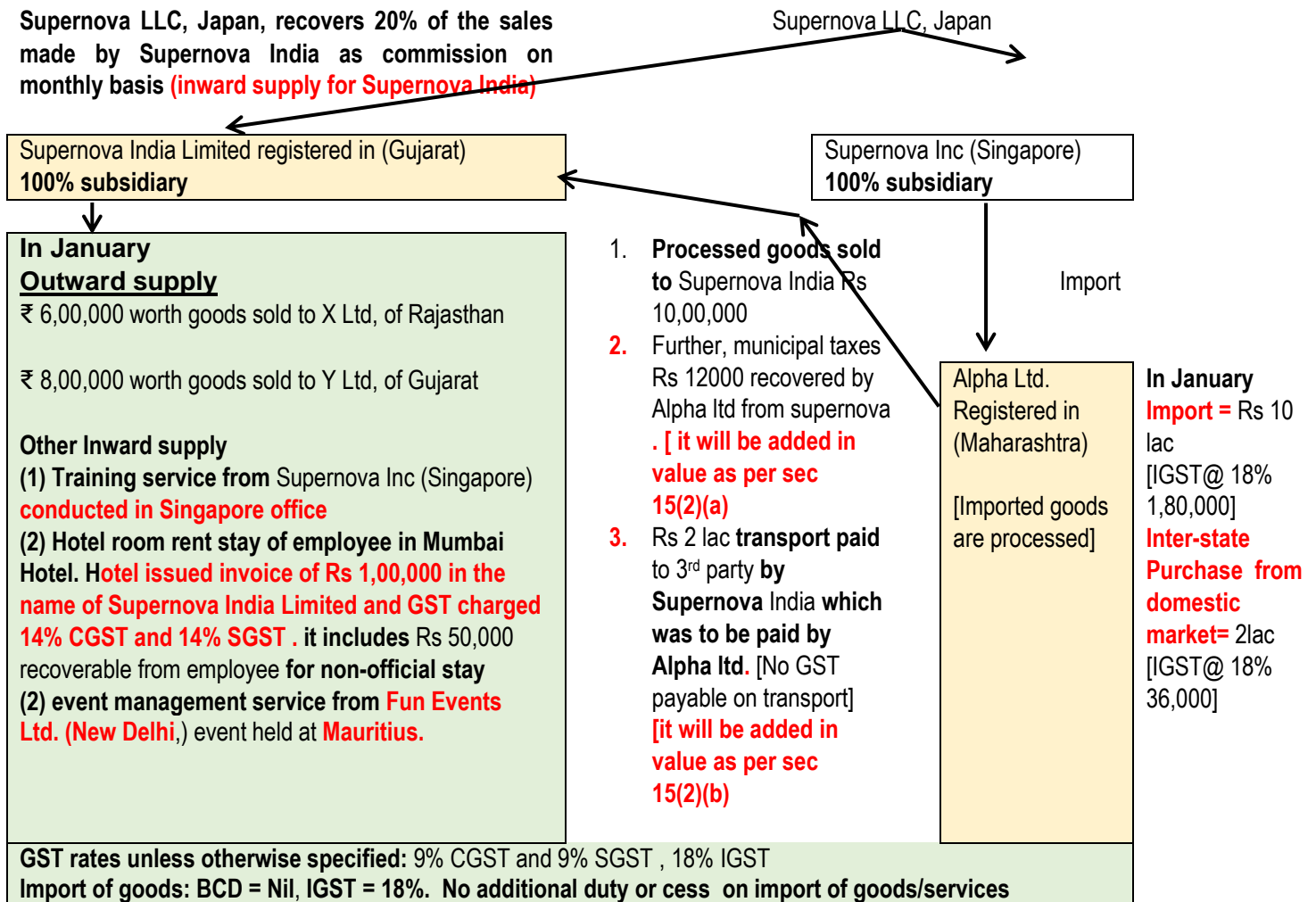
The opening balance of input tax credit of both Alpha Limited as well as Supernova India Limited for the relevant tax period is nil. Further, there is no other inward or outward supply transaction for Alpha Limited in January apart from the aforementioned transactions. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

All the above transactions are exclusive of GST, wherever applicable. **GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:**

- I. Intra-State supply – 9% CGST and 9% SGST
- II. Inter-State supply – 18% IGST

The rate of basic customs duty on import of goods is nil. However, IGST is applicable on import of goods. No additional duty or cess is applicable on the import of goods or services.

Chart



Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 2.1 to 2.5 as follows:-

2.1. The total GST liability net of input tax credit, if any, of Alpha Limited for the month of January is:

(a) ₹ 2,18,160 payable as IGST. (b) nil. (c) ₹ 2,160 payable as IGST. (d) ₹ 1,09,080 payable as CGST and ₹ 1,09,080 payable as SGST.

Answer:- (c) ₹ 2,160 payable as IGST.

- (i) **Calculation of Value u/s 15 of processed goods sold** by Alpha Limited to Supernova India Limited [10,00,000 + 2,00,000 + 12,000] = 12,12,000
- (ii) **As per Sec 15(2)(b) value of taxable supply includes Any amount incurred by recipient that supplier is liable to pay. Hence Rs 2,00,000 included in value paid for transportation and handling of goods to third party by Supernova Ltd (Recipient), which was contractually agreed to be paid by Alpha Limited.(supplier)**
- (iii) **As per Sec 15(2)(a) value of taxable supply includes Any taxes/duties, fees and charges levied under any act except GST, If charged separately. Hence municipal tax of Rs 12,000 included in value.**

Calculation of total GST liability net of input tax credit, if any, of Alpha Limited for the month of January

	IGST	CGST	SGST	Total
GST liability under Forward charge				
GST payable.	2,18,160	----	----	2,18,160
IGST on 12,12,000 [12,12,000 × 18%] = 2,18,160				
Less: ITC (IGST) of ₹ 2,16,000	(2,16,000)	----	----	2,16,000

ITC of IGST shall be utilized first for payment of IGST and then, for payment of CGST or SGST, in any order in any ratio				
GST Payable under forward charge	2,160	Nil	Nil	2,160

2.2. What shall be the **gross IGST liability** i.e. without any adjustment of input tax credit, if any, of Supernova India Limited for the month of January?

(a) ₹ 1,08,000 (b) Nil (c) ₹ 1,58,400 (d) ₹ 33,840

Answer:- (c) ₹ 1,58,400

Gross IGST liability i.e. without any adjustment of input tax credit, if any, of Supernova India Limited for the month of January

	IGST	CGST	SGST	Total
₹ 6,00,000 worth goods to X Ltd, a customer located in the State of Rajasthan = Inter-State Supply Location of Supplier = Gujarat (Supernova Ltd) Place of Supply = Rajasthan (sec 10(1)(a): where movement of goods completed) IGST on 6,00,000 [6,00,000 × 18%] = 1,08,000	1,08,000	----	----	1,08,000
₹ 8,00,000 worth goods to Y Ltd, a customer located in the State of Gujarat = intra-state supply Location of Supplier = Gujarat (Supernova Ltd) Place of Supply = Gujarat (sec 10(1)(a): where movement of goods completed) CGST: [8,00,000 × 9%] = 72,000 & SGST: [8,00,000 × 9%] = 72,000	----	72,000	72,000	1,44,000

Reverse charge Liability on commission [14 lac × 20% × 18%] = 50,400, Hence total IGST LIABILITY = 1,58,400

[1,08,000 + 50,400]

2.3. How shall the amount paid towards the training expenses employees of finance team of Supernova India Limited be treated under the GST law?

(a) No GST is applicable on the transaction since training was imparted in Singapore, i.e. place outside India.

(b) GST is applicable on the training expenses and is payable as IGST by Supernova India Limited since the place of supply for training services in case of registered person is location of such registered person.

(c) Supernova Inc., Singapore, is required to obtain registration as casual taxable person in India and discharge the GST liability in India.

(d) Supernova Inc., Singapore, is required to obtain registration as online information and database access or retrieval service provider in India and discharge the tax liability on training service.

Answer:- (a) No GST is applicable on the transaction since training was imparted in Singapore, i.e. place outside India.

Supplier	Supernova Inc., Singapore
Recipient	Supernova India Limited's
Nature of Activity	Training Services of 5 employees of finance team
As per Sec 13(3)(b) of IGST Act: Place of Supply = <div> <div> services supplied to an individual, ✓ which require the physical presence of the recipient or the person acting on his behalf, ✓ With the supplier for the supply of services. </div> <div> location where the services are actually performed </div> </div>	Hence place of supply is Singapore which is outside India

As per sec 9 CGST Act/ Sec 5 IGST Act: GST is payable on intra/inter-state supply.

Supplier (Supernova Inc., Singapore) is outside India and making supply of service (i.e. training service) outside India.

So training service outside India by supplier outside India is neither intra-state supply nor inter-state supply

Hence, no GST liability.

2.4. Whether input tax credit is available on the GST paid by Supernova India Limited on the invoice amounting to ₹ 1,00,000 to the hotel located in Mumbai, Maharashtra, for stay of the employee? If yes, please specify the amount of input tax credit available.

- (a) Yes, as ₹ 14,000 CGST and ₹ 14,000 SGST (b) Yes, as ₹ 28,000 IGST (c) No input tax credit is available
(d) Yes, as ₹ 7,000 CGST and ₹ 7,000 as SGST

Answer:- (c) No input tax credit is available

12(3)	POS of SERVICES PROVIDED IN RELATION TO IMMOVABLE PROPERTY: Supply of services,— The place of supply of services by way of lodging accommodation by a hotel, inn, guest house, home stay, club or campsite , by whatever name called, and including a house boat or any other vessel; or	location at which the immovable property or boat or vessel, as the case may be, is located or intended to be located:
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Location of Supplier = hotel located in Mumbai, Maharashtra

Place of Supply = as per sec 12(3): Mumbai, Maharashtra

Hence, stay of employee is service by way of lodging accommodation in hotel. It is intra-state supply in Maharashtra, since Location of supplier and place of supply is in Maharashtra.

Further, input tax credit is not available in respect of intra-state supply taken in a State other the state where supplier is registered.

2.5. Whether GST is applicable on the event organized by Fun Events Ltd. for Supernova India Limited in Mauritius and what is the place of supply in such case?

- (a) GST is applicable and the place of supply is New Delhi. (b) GST is applicable and the place of supply is Gujarat. (c) GST is not applicable and the place of supply is Mauritius. (d) GST is applicable and the place of supply is Mauritius.

Answer:- (b) GST is applicable and the place of supply is Gujarat.

Analysis:

Section 12 of IGST Act 2017 shall apply to determine the place of supply of services **where the location of supplier (LOS) of services and the location of the recipient (LOR) of services is in India.**

12(7)	POS FOR ORGANISATION OF EVENT: Supply of services provided by way of,—	
	a. organization of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events ; or	
	b. services ancillary to clause (a), or assigning of sponsorship to such events,—	location of such person;
	(i) to a registered person,	
	(ii) to a person other than a registered person,	place where the event is actually held
	IF event is held in INDIA	
	IF event is held OUTSIDE INDIA	location of the recipient.

Since organisation of event by Fun Events Ltd. is to Supernova India Limited which is registered in Gujarat. Hence place of supply is location of registered person i.e Gujarat.

CASE SCENARIO-3

Doodle Inc. is an entity incorporated in USA and is engaged in provision of various information technology related services directly as well as through its subsidiaries located across the world. In India, Doodle India, a subsidiary of Doodle Inc., is registered under GST in the State of Karnataka under GST and is providing services to various customers in India.

Doodle Inc. provides cloud-based storage services to its customers (business entities and non-business entities) in India. The customers can subscribe to the services by making online payment directly to Doodle Inc.'s bank account through internet banking and other modes. The terms and conditions for such services are entered between Doodle Inc. and the customer directly without involvement of any third party.

In case of any issue, the customers can call and log the issue at the customer help centre which is operated by Doodle India on principal to principal basis. For operation of such customer help centre, Doodle India is paid on cost plus 10% basis by Doodle Inc. on monthly basis.

Further, Doodle India is engaged in promotion and marketing of cloud-based storage services on principal to principal basis in India for Doodle Inc. The payment for such services is made by Doodle Inc. to Doodle India on monthly basis at cost plus 20%. The promotional and marketing activities are carried out in the name of Doodle Inc., without any reference to operations of Doodle India.

Doodle Inc. owns online space for advertisement on internet. Doodle Inc. has agreed to sell such online advertising space to Doodle India for an amount of ₹ 5,00,00,000 per month. Doodle India sells such advertising space to its customers in India on its own account. The contractual arrangement for sale of such advertising space is between the customer and Doodle India.

Doodle Inc. provides technology support to Doodle India and charges royalty from Doodle India for such technology support at a fixed charge of ₹ 25,00,000 per month. The royalty paid is exclusively related to the business of advertising space of Doodle India.

In addition to above information, during the month of January:

- (I) Doodle India has incurred following expenses:
 - 1. Expenses exclusively related to operation of call centre – ₹ 75,00,000
 - 2. Expenses exclusively related to promotion and marketing services for Doodle Inc. – ₹ 50,00,000
- (II) Doodle India earned an income of ₹ 8,00,00,000 from sale of online advertising space in India.
- (III) Doodle Inc. earned an income of ₹ 10,00,00,000 from non-taxable online recipient customers, from cloud-based storage services in India.

The opening balance of input tax credit for the relevant period for Doodle India is nil.

Note: In the aforesaid case scenario,

- (i) GST is applicable on all inward and outward supplies unless otherwise specified:
 - A. Intra-State supply – 9% CGST and 9% SGST B:- Inter-State supply – 18% IGST
- (ii) Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.
- (iii) All the amounts are exclusive of GST, wherever applicable, unless otherwise provided.

Analysis:

OUTWARD SUPPLY OF : Doodle inc(USA) Provide cloud service to NTOR = 10 Crore
Doodle inc(USA) [Holding Co.]

INWARD SUPPLY OF DOODLE INDIA:

1. Online space on internet recd from Doodle inc, payment made = 5 crore p.m
- 2. Technology support service received from Doodle inc, payment made = 25 lac p.m

OUTWARD SUPPLY OF Doodle India :- sold space for online advertisement to customer in India = Rs 8 crore

Doodle India – Karnataka (Subsidiary)

OUTWARD SUPPLY OF Doodle India :

Help centre service to Doodle Inc(USA)
Promotion & marketing to Doodle Inc(USA)

- Payment by Doodle Inc(USA) [Cost + 10%]
Expense of call Centre = 75 lac (**INWARD SUPPLY OF DOODLE INDIA**)
- Payment by Doodle Inc(USA) [Cost + 20%]
Expense of Promotion & marketing = 50 lac (**INWARD SUPPLY OF DOODLE INDIA**)

GST RATES unless otherwise specified: 9% CGST and 9% SGST, 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 3.1. to 3.4. as follows:-

3.1. What shall be the output tax payable, without any adjustment of input tax credit, if any, by Doodle India for the month of January?

- (a) ₹ 1,44,00,000 (b) ₹ 2,38,50,000 (c) ₹ 1,69,65,000 (d) ₹ 1,66,50,000

Answer:- (a) ₹ 1,44,00,000

Outward supply	Value	Nature of supply	GST
sale of online advertising space in India	8,00,00,000	Intra or inter-state	8,00,00,000×18% =1,44,00,000
Call centre service to Doodle Inc	= 75 lac ×110% = 82,50,000	Inter-state (1) LOS = India, (2) LOR = USA (outside India) (3) POS = LOR i.e USA as per Sec 13(2), (3) Foreign exchange received. Note: Doodle Inc & Doodle India are separate company. Hence there is no need for distinct person.	Nil (zero-rated supply) It is assumed that export is under Bond/LUT
promotion and marketing services to Doodle Inc	= 50 lac ×120% = 60,00,000	-----same as above-----	Nil ---same as above-----
output tax payable, without any adjustment of input tax credit			1,44,00,000

3.2. What shall be the net GST liability of Doodle Inc. for the month of January?

- (a) Nil (b) ₹ 1,80,00,000 (c) ₹ 1,84,50,000 (d) ₹ 2,74,50,000

Answer:- (b) ₹ 1,80,00,000

Sec 14 IGST: SUPPLY OF OIDAR service (cloud-based storage services) To NTOR : The **supplier (Doodle Inc.)** of OIDAR services shall, for payment of IGST, take a single registration under the **Simplified Registration Scheme** to be notified by the Government.

Further, if SUPPLY OF OIDAR service To NTOR

If the SUPPLIER (Doodle Inc.) OF OIDAR SERVICES (cloud-based storage services) is located in Non-taxable territory i.e USA	Person liable to pay tax is the SUPPLIER OF OIDAR SERVICES (Doodle Inc.)
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Hence GST on cloud-based storage services in India by **Doodle Inc.** to non-taxable online recipient customers = ₹ 10,00,00,000 × 18% = 1,80,00,000

3.3. What shall be the total input tax credit of Doodle India from the transactions undertaken in the month of January?

- (a) Total input tax of ₹ 90,00,000 (b) Total input tax of ₹ 1,12,50,000 (c) Total input tax of ₹ 1,17,00,000 (d) Total input tax of ₹ 27,00,000

Answer:- (c) Total input tax of ₹ 1,17,00,000

Note: outward supply of Doodle(India) is

(i) zero-rated (call Centre & business/marketing service), **(ii) sale of adv. Space in India**(Domestic taxable service). Since Zero-rate supply is not exempt supply, hence 100% credit allowed of inward supply.

Calculation of Total Input tax credit

	Nature of supply	Value of supply & GST	Input tax credit
Purchase (import) of online advertising space from Doodle Inc.	Inter-state supply	Value = 5 crore IGST = 5 crore × 18% =90,00,000	90,00,000
Import of technology support	Inter-state supply	Value = 25 lakh IGST = 25 lakh × 18% = 4,50,000	4,50,000
Expenses exclusively related to operation of call centre –	Inter or Intra-state supply	Value = 75 lakh IGST = 75 lakh × 18% =13,50,000	13,50,000
Expenses exclusively related to promotion and marketing services for Doodle Inc.	Inter or Intra-state supply	Value = 50 lakh IGST = 50 lakh × 18% =9,00,000	9,00,000
Total input tax credit available			1,17,00,000

3.4. Please select the correct statement specifically in relation to sale of online advertisement space service provided by Doodle Inc. to Doodle India:

- (a) Doodle Inc is providing online information and database access or retrieval service and is thus, required to register in India under GST and discharge GST on forward charge basis.
- (b) Doodle Inc is providing online information and database access or retrieval service electronically and place of supply in such case is the location of supplier which is outside taxable territory in present scenario. Therefore, no GST is payable on such services.
- (c) Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India on reverse charge basis.
- (d) Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India in capacity of an agent of Doodle Inc.

Answer:- Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India on reverse charge basis.

Analysis

Importation of OIDAR (online information and database access or retrieval service) services by a business entity ↓	--	Import by Doodle India (business entity) [Since, Supplier (outside India), Recipient (in India)]
If supplier of OIDAR service is located outside India and the recipient is located in India [if the recipient is a business entity (excluding Government, Governmental authority or Local authority)]	--	Supplier = Doodle Inc.(outside India: USA) Recipient = Doodle India (India)
POS = Location of the recipient of services. (i.e India): Sec 13(12)	--	POS = India
Recipient located in India, Liable to pay IGST under reverse charge	--	Doodle India Liable to pay IGST under reverse charge

CASE SCENARIO-4

XYZ Ltd. is registered with the jurisdictional GST authorities in the State of Rajasthan and operates in multiple businesses. The principal business of XYZ Ltd. is works contract service being provided to the customers by way of fabricating and installing the body for large transportation vehicles. The chassis of the vehicles are provided by the customers to XYZ Ltd. XYZ Ltd. procures the material for fabrication and installs the same on the chassis against a lumpsum agreed amount for material as well as services.

In addition to the above business, XYZ Ltd. is also engaged in providing transportation of goods by road through its own fleet of trucks. GST is chargeable on such services @ 5%.

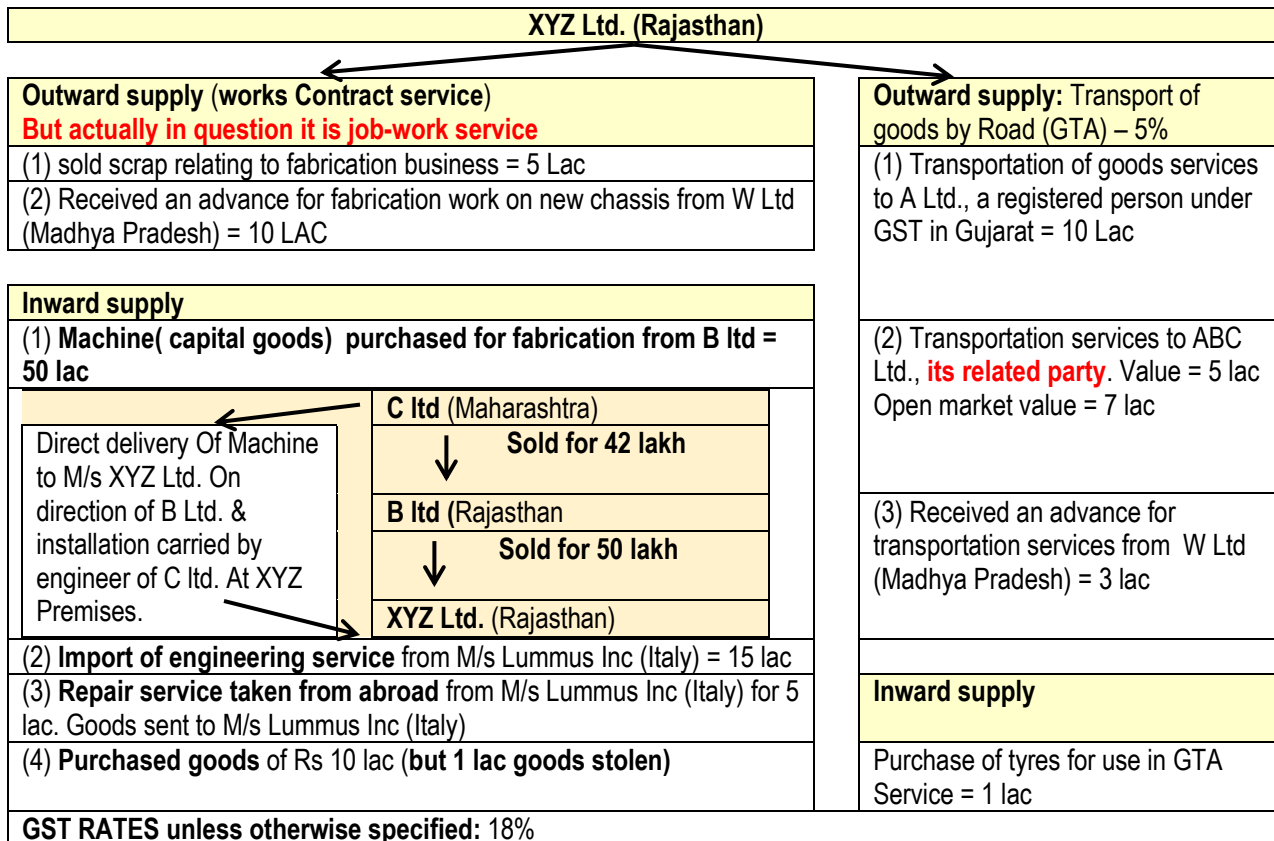
During the month of January, XYZ Ltd. undertook the following transactions:

- (i) Provided transportation of goods services to A Ltd., a registered person under GST in the State of Gujarat and received an amount of ₹ 10,00,000 as consideration for the same.
- (ii) Purchased tyres for its own fleet of trucks and paid an amount of ₹ 1,00,000 for such purchases.
- (iii) Purchased a machinery with an advance technology for fabrication of body for luxury buses amounting to ₹ 50,00,000. The machinery is installed at XYZ Ltd.'s premises and the same was purchased from B Ltd., a registered person in the State of Rajasthan. B Ltd. procured such machinery from C Ltd., a registered person under GST in the State of Maharashtra. The delivery was made by C Ltd. directly at the premises of XYZ Ltd. and installation work was carried out by the engineers of C Ltd. The amount charged by C Ltd. from B Ltd. was ₹ 42,00,000.
- (iv) XYZ Ltd. procured certain engineering services for its fabrication business through electronic mode from Lummus Inc., a company located in Italy. The consideration paid to Lummus Inc. was ₹ 15,00,000. Further, certain goods were exported by XYZ Ltd. for carrying out repairs work on the same to Lummus Inc. The consideration paid for such goods was ₹ 5,00,000.
- (v) Provided transportation services to ABC Ltd., its related party and received an amount of ₹ 5,00,000. The arm's length amount of such services provided to third party unrelated customers was ₹ 7,00,000.
- (vi) XYZ Ltd. sold scrap relating to fabrication business amounting to ₹ 5,00,000.
- (vii) Purchased goods relating to fabrication business for ₹ 10,00,000 out of which goods worth ₹ 1,00,000 were stolen from the premises of XYZ Ltd.
- (viii) Received an advance of ₹ 10,00,000 for fabrication work on new chassis and ₹ 3,00,000 towards transportation services from W Ltd., a registered person under GST in the State of Madhya Pradesh.

The opening balance of input tax credit for the relevant tax period for XYZ Ltd. is nil. All the above amounts are exclusive of GST, wherever applicable.

The applicable GST rate on all inward and outward supplies is 18% unless specified otherwise. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Chart



Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 4.1. to 4.5.:-

4.1. Determine the net outward GST liability, payable in cash, of XYZ Ltd. for the month of January.

- (a) ₹ 5,40,000 (b) ₹ 2,70,000 (c) Nil (d) ₹ 7,38,000

Answer:- (b) ₹ 2,70,000

Note: it is to be noted that question specifies works contract service which is related to immovable property. But actually in this question fabrication work on new chassis treated as job-work service. Since, it is related to movable property.

Determine the net outward GST liability, payable in cash, of XYZ Ltd. for the month of January.

	GST
sold scrap relating to fabrication business [5 Lac × 18%]	90,000
Received an advance for fabrication work on new chassis from W Ltd(MP). It is treated as job-work service [10,00,000× 18%]	1,80,000
As per Sec 13 of time of Supply: GST liability arises at time of advance received for services	
Transportation of goods services to A Ltd., a registered person under GST in Gujarat [A Ltd. Pay GST under reverse charge, since rate of GST given is 5%]	Nil
Transportation services to ABC Ltd., its related party. Value = 5 lac (assumed 100% ITC available to recipient. Hence value declared in Invoice is open market value – Rule 27) [ABC Ltd. Pay GST under reverse charge, since rate of GST given is 5%]	Nil
Received an advance for transportation services from W Ltd (M.P) [W Ltd. Pay GST under reverse charge, since rate of GST given is 5%]	Nil
Gross GST Liability	2,70,000
Less: input tax credit (Rs 2,70,000 used out of 3,32,000) see (ii) point for calculation of ITC	2,70,000
NET GST Liability	NIL

Note: ICAI Should have asked question for Gross GST Liability.

4.2. What shall be the total eligible input tax credit available to XYZ Ltd. for the month of January?

(a) ₹ 10,80,000 (b) ₹ 10,62,000 (c) ₹ 13,32,000 (d) ₹ 9,00,000

Answer:- (c) ₹ 13,32,000

CALCULATION OF total eligible input tax credit available to XYZ Ltd. for the month of January

Machine(capital goods) purchased for job-work service [50 Lac × 18%]	9,00,000
Import of engineering service for job-work service [15 Lac × 18%]	2,70,000
Repair service taken from abroad from M/s Lummus Inc (Italy) LOS= Italy(outside India), POS u/s 13(3)(a) = Italy(outside India) i.e place of performance, No GST liability, since supplier outside India provided service outside India	Nil
Purchased goods of Rs 10 lac Less – stolen goods 1lac (credit blocked in sec 17(5) [9 Lac × 18%]	1,62,000
Purchase of tyres for use in GTA Service (ITC Not available, since since rate of GST opted by GTA is 5%)	Nil
Total eligible input tax credit	13,32,000

4.3. Whether Lummus Inc. is required to obtain registration in India to discharge GST liability? If yes, compute the amount of GST liability to be discharged by it in the month of January?

(a) Yes, as online information database access and retrieval service provider. GST payable is ₹ 3,60,000

(b) Yes, as online information database access and retrieval service provider. GST payable is ₹ 2,70,000

(c) No, GST liability of Lummus Inc. is nil. (d) Yes, as normal taxpayer. GST payable is ₹ 3,60,000

Answer:- (c) No, GST liability of Lummus Inc. is nil.

GST liability to be discharged by Lummus Inc

(1) engineering service by Lummus Inc (Italy) to M/s XYZ Ltd. (India)

LOS = Italy, **POS** = LOR as per sec 13(2) = India

It is import of service for M/s XYZ Ltd. Hence M/s XYZ Ltd pay IGST under reverse charge.

No GST liability on M/s Lummus Inc.

(2) **service of Repair to M/s XYZ Ltd**

LOS = Italy, **POS** = Italy as per Sec 13(3) i.e Place of performance.

It is not import of service. No GST Liability since supplier outside India provided service outside India

No GST liability on M/s Lummus Inc.

4.4. Determine the GST liability of XYZ Ltd. on transportation of goods services provided to ABC Ltd.

(a) Nil

(b) ₹ 90,000

(c) ₹ 1,26,000

(d) ₹ 36,000

Answer:- (a) Nil

Note: M/s ABC Ltd. Pay GST under reverse charge.

4.5. In case of the machinery sold and fabricated by C Ltd., the place of supply and tax charged shall be: (a) Location of C Ltd.; IGST of ₹ 7,56,000

(a) Location of XYZ Ltd.; IGST of ₹ 7,56,000 (b) Location of B Ltd.; IGST of ₹ 9,00,000 (c) Location of C Ltd.; CGST of ₹ 3,78,000 and SGST of ₹ 3,78,000

Answer:- (b) Location of XYZ Ltd.; IGST of ₹ 7,56,000 [seems ICAI Ans misprinted]

Supply by M/s C Ltd (Maharashtra) to M/s B Ltd (Rajasthan)	Supply by M/s B Ltd (Rajasthan) to M/s XYZ Ltd (Rajasthan)
Sec 10(1)(b) – POS = Principal place of 3rd Person i.e (B Ltd.) POS = RAJASTHAN	Sec 10(1)(a) – POS = where movement of goods terminate for delivery to recipient (M/s XYZ Ltd) POS = RAJASTHAN
LOS = C Ltd (Maharashtra), POS = RAJASTHAN	LOS = B Ltd (Rajasthan), POS = RAJASTHAN
It is inter-state supply	It is intra-state supply
IGST = 42 LAC × 18% = 7,56,000	CGST = 50 LAC × 9% = 4,50,000 SGST = 50 LAC × 9% = 4,50,000

Note: The other view can be Place of supply as per sec 10(1)(d), if Goods are assembled or installed at site, **POS = PLACE WHERE GOODS are ASSEMBLED or INSTALLED**, (i.e Location of XYZ Ltd)

CASE SCENARIO-5

Varun Associates is a supplier registered under GST in Delhi. It is engaged in manufacture of Product A and Product B. Product A is a taxable product whereas Product B is an exempt product. It is also engaged in manufacture of Product C, a taxable product, which is exported by it to other countries without payment of tax under Letter of Undertaking.

It has furnished following information regarding purchase of the machineries for his manufacturing business:

Date of purchase	Machinery	Amount (₹) (exclusive of taxes)	
1 st April, 2018	Machinery X	10,00,000	Exclusively used for manufacturing Product A
1 st October, 2019	Machinery Y	15,00,000	Exclusively used for manufacturing Product B
1 st May, 2020	Machinery Z	20,00,000	Exclusively used for zero-rated supply of Product C

From 1st April, 2021, Varun Associates started using Machinery Y for manufacturing Product A as well.

All the purchases and sales are inter-State and rate of IGST applicable on all purchases and sales is 18%. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 5.1. to 5.6. as follows:-

CHART

Varun Associates	Product A	Taxable	Machinery X used for Product A
	Product B	Exempt	Machinery Y used for Product B
	Product C	Taxable – Export under Bond/LUT	Machinery Z used for Product C

From 1st April, 2021, Machinery Y used for Product A & B

- 5.1.** The amount of input tax which has been credited to electronic credit ledger during the financial year 2018-19- (a) ₹ 1,80,000
(b) ₹ 3,60,000 (c) ₹ 8,10,000 (d) ₹ 5,40,000

Answer:- (a) ₹ 1,80,000

Note: Amount of input tax which has been credited to electronic credit ledger during F.Y 2018-19

Only Machinery X purchased in F.Y 2018-19 for Exclusively used for manufacturing Taxable Product A	10 lac × 18% = 1,80,000
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- 5.2.** The amount of GST, paid on purchase of a machinery, which has not been credited to electronic credit ledger during the financial years 2018-19, 2019-20 and 2020-21 -

(a) ₹ 6,30,000 (b) ₹ 3,60,000 (c) ₹ 8,00,000 (d) ₹ 2,70,000

Answer:- (d) ₹ 2,70,000

Amount of GST, not credited to electronic credit ledger (ECrL) during the financial years

F.Y	GST not credited	Comment
2018-19	NIL	As per rule 43
2019-20	15 lac × 18% = 2,70,000	(A) Input tax in relating of CG used exclusively for Non Bus/Exempt supply = NOT CREDITED TO ECrL – Indicate in GSTR-2 & GSTR 3B (B) Input tax iro CG used exclusively in TS & Zero Rated = CREDITED TO ECrL – Indicate in GSTR-2 & GSTR 3B Since only Machine Y purchased in F.Y 2019-20 Exclusively used for manufacturing Exempted Product B. Hence credit relating to only Machine Y not credited to Electronic Credit Ledger
2020-21	NIL	

5.3. Amount of ineligible ITC in respect of Machinery Y, i.e. 'T_{ie}', as per rule 43 of the CGST Rules, 2017, to be added to the output tax liability is-

(a) ₹ 4,81,000 (b) ₹ 1,89,000 (c) ₹ 81,000 (d) ₹ 72,000

Answer:- (c) ₹ 81,000

Note- As per Rule 43, Earlier CG used exclusively for Non Bus/Exempt supply, But later on used for manufacture of taxable goods as well. (I.e now capital goods used for taxable as well as exempt supply)

(i) **Common Credit** = (ITC of CG) & Credited to ECrL

(ii) Ineligible credit for the Period during which CG used exclusively for Non Bus/Exempt supply

= Tie = 5% × No. of Qtr. used exclusively for Non Bus/Exempt supply × ITC) added to output tax liability

Amount of ineligible ITC in respect of Machinery Y, i.e. 'T_{ie}', to be added to the output tax liability

F.Y	Capital goods	
2019-20	Machine Y purchased on 1 October 2019 Exclusively used for manufacturing Exempted Product B	For 2 Qtr used for Exempt supply (1) Qtr 1 – Oct 19 to Dec 19 (2) Qtr 2 – Jan 20 to Mar 20
2020-21	Machine Y Exclusively used for manufacturing Exempted Product B	For 4 Qtr used for Exempt supply (1) Qtr 1 – Apr 20 to June 20 (3) Qtr 2 – Jul 20 to Sep 20 (3) Qtr 3 – Oct 20 to Dec 20 (4) Qtr 4 – Jan 21 to Mar 21
2021-22	Machine Y (From 1/4/21 used for Exempt Product B & Taxable Product A)	Common credit credited to ECr.L = 15 lac × 18% = 2,70,000 Amount of ineligible ITC in respect of Machinery Y, i.e. 'T_{ie}' = 5% × 6 Qtr × 2,70,000 = 81,000 Note: Machine Y used for 6 qtrs for exempt supply in 2019-20 and 2020-21

5.4. What is the time-period up to which common credit needs to be computed for Machinery Y? (a) 31st March, 2026 (b) 30th September, 2024 (c) 31st March, 2028 (d) 30th September, 2028

Answer:- (b) 30th September, 2024

Note: as per rule 43. **useful life of any CG = 5 years** from date of invoice

Hence, time-period up to which common credit needs to be computed for Machinery Y is 5 years from date of invoice (i.s 1 oct 2019) = 30 September 2024

5.5. The amount of common credit for the month of April, 2021 is- (a) ₹ 2,02,500 (b) ₹ 2,70,000 (c) ₹ 6,30,000 (d) ₹ 4,90,500

Answer:- (b) ₹ 2,70,000

2021-22	Machine Y (From 1/4/21 used for Exempt Product B & Taxable Product A)	Common credit credited to ECr.L = 15 lac × 18% = 2,70,000
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5.6. How is the amount of common credit attributable to exempt supplies treated under rule 43 of the CGST Rules, 2017?

- (a) It shall be added to output tax liability of Varun Associates. (b) It shall be reversed by Varun Associates. (c) 50% of common credit attributable to exempt supplies shall be reversed by Varun Associates and remaining 50% shall be added to output tax liability. (d) It shall lapse.

Answer:- It shall be added to output tax liability of Varun Associates.

Note: As per Rule 43, Amount of Common credit (i.e. Te) along with Interest during every Tax Period of Residual Life of Capital goods **Added to Output tax liability.**

CASE SCENARIO-6

M/s Gopi Narayan & Company is a partnership firm of advocates, registered under GST in Mumbai, Maharashtra. In the month of April, the firm has supplied services amounting to ₹ 15 lakh. The following information is provided in relation to the some of the services provided:

S. No	Particulars	Value of service (₹)
1.	Herbal Power (P) Ltd. (Registered in Telangana in the preceding financial year under section 22 of the CGST Act, 2017) Provided consultation for preparation of an affidavit in relation to construction of a hotel building in the State of Maharashtra.	50,000
2.	Veranta India (P) Ltd. (Registered in Gujarat in the preceding financial year under section 22 of the CGST Act, 2017) Filed a suit in the Gujarat High Court on behalf of the company.	200,000
3.	Ms. Saloni (Registered under GST as a salon service provider in Maharashtra in the preceding financial year under section 22 of the CGST Act, 2017) Service amounting to ₹ 1 lakh was provided in the month of February for which invoice was issued on 15th February. However, payment is made by the client on 5th April. The firm has charged ₹ 10,000 as penalty for delayed payment of consideration. Said penalty is also paid by the client on 5th April. Apart from this, the firm had paid ₹ 20,000 as attestation charges on behalf of the client which were reimbursed by the client in the month of February itself.	-

Note: The turnover of M/s Gopi Narayan & Company in the previous financial year was ₹ 50 lakh. The firm is engaged solely in providing legal services and it does not import/export any services from/to outside India.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 6.1 to 6.4 as follows:-

6.1. Whether the service provided to Veranta India (P) Ltd. is exempt under GST? If not, whether tax is payable under reverse charge?

- (a) Yes, all services provided by an advocate firm are exempt from GST.
 (b) No, since service is provided to a business entity that is registered under GST in the preceding financial year under section 22 of the CGST Act, 2017. However, tax shall be payable by M/s Gopi Narayan & Company under forward charge.
 (c) Yes, any service provided by an advocate firm to a business entity is exempt under GST.
 (d) No, since service is provided to a business entity that is registered under GST in the preceding financial year under section 22 of the CGST Act, 2017. Further, tax shall be payable by Veranta India (P) Ltd. under reverse charge.

Answer:- No, since service is provided to a business entity that is registered under GST in the preceding financial year under section 22 of the CGST Act, 2017. Further, tax shall be payable by Veranta India (P) Ltd. under reverse charge.

Legal Service: Entry/SI. No. - 45

Supplier	Exempt if provided (to) -	COMMENT
(b) legal services Provided by a Advocate other than senior advocate /firm of advocates	a Business Entity (BE) with an aggregate turnover up to [such amount in P.Y as makes it eligible for exemption from registration]	Service provided by Advocate or Firm of advocate ❖ To BE whose Turnover in P.Y make it liable for registration = Taxable & tax payable by BE under reverse charge

In our question

Supplier	=	M/s Gopi Narayan & Company registered under GST in Mumbai, Maharashtra
Recipient	=	Veranta India (P) Ltd. . (Registered in Gujarat in the preceding financial year under section 22 of the CGST Act, 2017)
Service	=	Legal service to business entity which is registered
Nature of supply	=	Inter-state supply
Exemption	=	Not available, since recipient is business entity whose aggregate turnover is more than threshold limit of registration (i.e why it is registered in P.Y)
Who will pay GST		Veranta India (P) Ltd pay GST under reverse charge

6.2. What shall be the time of supply for supplies made to Ms. Saloni in respect of original amount ₹ 1 lakh and penalty amount of ₹ 10,000?

- (a) For whole amount of ₹ 1,10,000: 15th February (b) For ₹ 1 lakh: 15th February and for ₹ 10,000: 5th April
(c) For whole amount of ₹ 1,10,000: 5th April (d) For ₹ 1 lakh: 15th April and for ₹ 10,000: 5th April

Answer:- (c) For whole amount of ₹ 1,10,000: 5th April

<p>As per sec 13(3), in case of reverse charge, Time of supply shall be For Rs 1 lakh</p> <p>(a) Date of payment (i.e 5 Apr 2021) (b) 61st day from Supplier Date of Invoice [15th Feb + 61 days = 17 Apr 2021] Whichever is earlier</p> <p>Note- DOP = (BE or Dr in Bank) w.i.earlier Hence time of supply for Rs 1 lakh shall be 5th April 2021</p>	<p>As per Sec 13(6) - For Int., Late Fee or Penalty for delay of consideration TOS = Date of Receipt of Int./Late Fee etc.</p> <p>Hence for Rs 10,000, Time of supply = 5th April 2021</p>
Hence time of supply shall be 5th April 2021 for total amount of 1,10,000	

6.3. What shall be the value of supply provided to Ms. Saloni in terms of section 15 of the CGST Act, 2017?

- (a) ₹ 110,000 (b) ₹ 100,000 (c) ₹ 130,000 (d) ₹ 120,000

Answer:- (a) ₹ 110,000

15(1): Value of taxable supply = Transaction Value,
Further as per Sec 15(2) (d) Interest or late fee or penalty for delayed payment: included in value Hence Value of Supply = 1 lac + 10,000 = 1,10,000

6.4. Which of the following statements is/are correct in law?

- (i) M/s Gopi Narayan & Company is eligible to opt for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.
(ii) M/s Gopi Narayan & Company is not eligible to opt for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.

- (iii) M/s Gopi Narayan & Company is eligible to opt for composition levy under sub-section (2A) of section 10 of the CGST Act, 2017.
- (iv) M/s Gopi Narayan & Company is not eligible to opt for composition levy under sub-section (2A) of section 10 of the CGST Act, 2017.

(a) (i) (b) (i) and (iv) (c) (ii) and (iv) (d) (ii) and (iii)

Answer:- (c) (ii) and (iv)

Analysis:

As per sec 10(1) & (2), only Restaurant service provider is eligible for composition scheme. Hence legal service provider **M/s Gopi Narayan & Company is not eligible to opt** for composition levy under sec 10(1) & (2).

As per sec 10(2A), other service provider can claim composition scheme but subject to condition that aggregate turnover in P.Y not exceed Rs 50 lac. Further there is a condition that he should not make inter-state supply. But in our case **M/s Gopi Narayan & Company is making inter-state supply to M/s Veranta India (P) Ltd. Hence /s Gopi Narayan & Company is not eligible to opt** for composition levy **under sec 10(2A) also.**

CASE SCENARIO-7

Jain Bhagwan (P) Ltd. deals in supply of air conditioners (ACs). It also undertakes installation of ACs at the premises of the client. The company has provided the following details for the month of February:

Date	Transaction
2 nd February	Supply and installation of 10 ACs at the newly established office of M/s Ram Mohan & Associates, a CA firm, registered under GST in New Delhi. The company charged ₹ 21,000 per AC from the CA firm.
15 th February	Service of installation of 15 ACs at Mr. Varun's Mansion in Chandigarh. Mr. Varun is an individual and is unregistered. The company has charged ₹ 2,000 per installation. The company forgot to issue the invoice for the service. However, payment was received in advance on 13 th February.
20 th February	Received advance of ₹ 2,00,000 from Sunshine Ltd. for installation of AC at its factory in Bawana, Delhi on 28 th February. The invoice is issued on the date of provision of service, i.e., on 28 th February. The client is registered under GST in New Delhi.

Other relevant information:

1. **Standard price charged:**

Air Conditioner: ₹ 20,000 per piece

Service of installation of air conditioner: ₹ 2,000 per installation

AC + Installation: ₹ 21,000 per piece

2. **Applicable rate of taxes:**

Date of transaction	Applicable rate of GST on supply of air conditioner	Applicable rate of GST on supply of service of installation of air conditioner
Before 22 nd February	18%	5%
On or after 22 nd February	12%	12%

3. Jain Bhagwan (P) Ltd. is registered under GST in Delhi.

4. One order for supply of 100 ACs in Hongkong has been received by the company. The company is unable to determine the time and value of supply for this supply.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 7.1. to 7.4. as follows:-

7.1. What rate of tax should the company charge on supply made to M/s Ram Mohan & Associates?

(a) 18% (b) 5% (c) 18% on AC value and 5% on installation value (d) 12%

Answer:- (a) 18%

Composite supply: 2(30)	
• Consist of 2 or more taxable supplies of goods/ service/ both	In our question Supply of air conditioner = Principal supply Installation service = Ancillary Supply Hence it is composite supply
• Naturally bundled and	
• supplied in conjunction with each other in ordinary course of business	
• One of which is principal supply	
Example: Charger supplied alongwith mobile phones	
As per Sec 8: Tax liability shall be rate of principal supply	As per sec 8: Rate of Principal supply i.e 18% taken

7.2. What is the time of supply of service provided to Mr. Varun?

(a) 15th February (b) 16th February (c) 13th February (d) 14th February

Answer:- (c) 13th February

Note: as per sec 13, if **IF Invoice not issued within time limit under Sec 31,** then Time of supply shall be:

(Date of provision of service (15th February) or

Date of payment (i.e 13th February) **W.i earlier = 13th February**

7.3. Sunshine Ltd. contended that GST should be charged @ 12% since supply is made after change in rate of tax. Advise whether the contention of Sunshine Ltd. is valid as per GST law.

(a) No. Since payment has been received before the change in rate of tax, old rate shall be applicable.

(b) Yes. Since provision of service and issue of invoice is after the change in rate of tax, new rate shall be applicable.

(c) No. Since time of supply shall be earlier of date of receipt of payment and date of issue of invoice, old rate shall be applicable.

(d) Yes. Since provision of service is after change in rate of tax, new rate shall be applicable. Date of invoice is not relevant.

Answer:- Yes. Since provision of service and issue of invoice is after the change in rate of tax, new rate shall be applicable.

Date of change in rate of GST	22 Feb
Service of installation of ACs on	28 Feb
Hence, service is provided after change in Rate of GST	

As per sec 14, Time of supply where service SUPPLIED after CHANGE IN RATE OF GST

If payment Received before but INVOICE ISSUED after change in rate of tax-, Time of supply = Date of invoice

payment received on	20th Feb
Date of provision of service and date of invoice	28th Feb

Since payment received on 20th Feb (before change in rate of GST), but invoice issued after change in rate of Tax (i.e 28 Feb), TOS = date of invoice (i.e 28 Feb), hence Rate of GST @ 12% is applicable.

Note: in table for sunshine ltd date specified is 20th February. But for advance received date, it is specified as 28th February. We have assumed payment received date is 20th February to apply sec 14. If we don't assume this way, still the answer remain same.

7.4. Since Jain Bhagwan (P) Ltd. is unable to determine the time and value of supply of air conditioners to be supplied in Hongkong, it decides to seek the advance ruling in the given case. Which of the following statements are true in this regard?

(a) Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. After seeking advance ruling, if it is aggrieved with the finding of the Authority for Advance Ruling (AAR), it can also file an appeal with Appellate Authority for Advance Ruling (AAAR).

- (b) Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time of supply of air conditioners, but advance ruling cannot be sought for determining the value of supply of air conditioners. Order of AAR is final and cannot be appealed against.
- (c) Jain Bhagwan (P) Ltd. cannot seek advance ruling to determine the time and value of supply of air conditioners.
- (d) Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. Order of AAR is final and cannot be appealed against.

Answer:- Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. After seeking advance ruling, if it is aggrieved with the finding of the Authority for Advance Ruling (AAR), it can also file an appeal with Appellate Authority for Advance Ruling (AAAR).

Note: As per **Sec 97(2): Matters/Que for which advance ruling can be made includes question of – determination of time & value of supply of goods/service or both**

Further as per **Sec 100 – Appeal to Appellate authority:**

Assessee can file appeal to Appellate Authority for Advance Ruling (AAAR) If **aggrieved by decision** of Authority for Advance Ruling (AAR)

CASE SCENARIO-8

Bright Public School, New Delhi, under the aegis of Bright Minds Society, has provided/received following services/supplies in the month of March:

- Provided transportation services to its students, teachers and other staff** for commuting to and from school. Such **transportation services are provided to Bright Public School by Ambaji Transporters.**
An amount of **₹ 1,500 per month is charged from students** whereas **such services are provided free of cost to teachers and other staff**, being part of their employment contract. **Consolidated amount of ₹ 2 lakh per month is paid to Ambaji Transporters.**
- It **conducted entrance examination for students of Class 11** for upcoming academic year. It charged entrance fee of **₹ 1,000 from external students** and nominal entrance fee of **₹ 200 was charged from internal students at school.** A **total of 2000 students gave entrance exam** out of which 1000 were internal students.
- The **school was an examination centre for Class XII Examination** conducted on 27th March. **A sum of ₹ 15,000 was received from the Central Board of Secondary Education (CBSE) for hosting the examination in school premises.**
- Bright Public School also **provides boarding and lodging facilities to its students belonging to other cities of India.** A consolidated amount of **₹ 1,75,000 per annum is charged per student as a consideration for educational services as well as for services of boarding and lodging** provided to them.

Note: The above amounts are exclusive of GST, wherever applicable.

Chart

Bright Public School, New Delhi			
Inward Supply		Outward supply	
transportation services are provided to Bright Public School by Ambaji Transporters.	2 Lac p.m	(1) transportation services to its students	₹ 1,500 per month
		(1a) transportation services to teachers and other staff (being part of their employment contract)	Free
		(2) charged entrance fee of ₹ 1,000 from external students (1000)	10 lakh
		(2a) charged entrance fee of ₹ 200 from internal students (1000)	2 lakh
		(3) Amount received from (CBSE) for hosting the examination in school premises for Class XII	₹ 15,000
		(4) Amount charged per student as a consideration for educational services as well as for services of boarding and lodging	₹ 1,75,000 per annum

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 8.1. to 8.5.:-

- 8.1.** Choose the most appropriate option in relation to service of transportation of students, teachers and other staff provided by Bright Public School:
- The amount of ₹ 1,500 charged per student is a supply in terms of section 7 of the CGST Act, 2017 and GST is payable on the same.
 - The transportation services provided to students, teachers, other staff is exempt from GST.
 - The transportation services provided to students is not a supply as it has been specifically exempted from GST under section 11 of the CGST Act, 2017.
 - Transportation services provided to teachers and staff are exempt from GST. However, since ₹ 1,500 is being charged from students for their transportation, it is not an exempt supply and GST is payable on the same.

Answer:- (b) The transportation services provided to students, teachers, other staff is exempt from GST.

Service	Amount charged	Supply or not	Exemption
service of transportation to students	1500 p.m per student	Supply	Entry 66: any Services provided - by an educational institution to its students, faculty and staff is exempt
service of transportation to teachers and other staff	Free of cost	Not supply, since part of employment contract	No need for exemption

- 8.2.** Choose the most appropriate option in relation to entrance fee charged by Bright Public School from the students:
- No GST is leviable on entrance fee charged from internal students. However, GST is payable by school on entrance fee charged from outside students as it is a service in relation to entrance examination provided to outsiders who are not students of school and therefore, supply is not eligible for exemption.
 - GST is payable on whole of the consideration received from students (internal and external both) as only services provided to educational institution relating to admission or conduct of examination are exempt and not the services provided by educational institution for conduction examination.
 - No GST is payable on consideration of ₹ 12,00,000 received from students in the form of entrance exam fee as such amount is exempt from GST. However, it still qualifies to be a supply as per the CGST Act, 2017 and needs to be reported in the return for the month of May as exempt supply.
 - Since, entrance exam fee is received for admission to the upcoming academic session, the amount of consideration needs to be amortized over the year and value of such supply would be reported in the respective month as nil rated supply.

Answer:- No GST is payable on consideration of ₹ 12,00,000 received from students in the form of entrance exam fee as such amount is exempt from GST. However, it still qualifies to be a supply as per the CGST Act, 2017 and needs to be reported in the return for the month of May as exempt supply.

Entry 66(aa): **Services provided - by an educational institution** by way of **conduct of entrance examination against consideration in the form of entrance fee is exempt**

Service	Amount charged	Supply or not	Exempt or not
Entrance examination for internal students	1000 Student × 200 = 2 lakh	= supply, since as per sec 7(1)(a), supply includes all forms of supply for consideration	Exempt under Entry 66 (a) or (aa)
Entrance examination for External students	1000 Student × 1000 = 10 lakh	= supply, since as per sec 7(1)(a), supply includes all forms of supply for consideration	Exempt under Entry 66 (aa)

8.3. Choose the most appropriate option in relation to Bright Public School being an examination centre for conducting conduct of Class XII examination:

- (a) It is not an exempt supply under section 11 of the CGST Act, 2017 as services are provided to CBSE which is not an educational institution (but a governing body) as per the provisions of the Act.
- (b) It is an exempt supply under section 11 of the CGST Act, 2017 as CBSE is treated as educational institution for the limited purpose of providing services by way of conduct of examination to the students.
- (c) It is not an exempt supply under section 11 of the CGST Act, 2017 as only those services provided by an educational institute by way of conduct of examination are exempt which are provided against consideration in the form of entrance fee.
- (d) There is no exemption for services provided by an educational institution for conduct of examination.

Answer:- (b) It is an exempt supply under section 11 of the CGST Act, 2017 as CBSE is treated as educational institution for the limited purpose of providing services by way of conduct of examination to the students.

Entry 66:

Services provided, by any person by way of, - services relating to **admission to, or conduct of examination** by, such institution is exempt

It is important to note that the Central and State Educational Boards shall be treated as 'Educational Institution' for the limited purpose of providing services by way of conduct of examination to the students

8.4. Choose the most appropriate option in relation to boarding and lodging facilities provided by Bright Public School in addition to educational services and consideration charged thereto:

- (a) It is a composite supply where the principal supply is educational services. Since the principal supply is exempt, the entire consideration of ₹ 1,75,000 is also exempt from tax.
- (b) It is a composite supply where the principal supply is that of boarding and lodging services and educational services are incidental to boarding and lodging services. Therefore, the tax is payable at the rate applicable to principal supply, i.e., boarding and lodging services.
- (c) It is a mixed supply where educational services and boarding and lodging services are independent of each other. Therefore, the tax is payable at the highest rate of tax applicable among these supplies.
- (d) It is a mixed supply where educational services and boarding and lodging services are independent of each other. Since educational services are exempt, the tax is payable at the rate of tax applicable on boarding and lodging services.

Answer:- It is a composite supply where the principal supply is educational services. Since the principal supply is exempt, the entire consideration of ₹ 1,75,000 is also exempt from tax.

Composite supply: 2(30)	
• Consist of 2 or more taxable supplies of goods/ service/ both	In our question Educational services = Principal supply boarding and lodging facilities = Ancillary Supply Hence it is composite supply
• Naturally bundled and	
• supplied in conjunction with each other in ordinary course of business	
• One of which is principal supply	
Example: Charger supplied alongwith mobile phones	
As per Sec 8: Tax liability shall be rate of principal supply	As per sec 8: Rate of Principal supply i.e Nil Since education service is exempt under Entry 66

8.5. Choose the most appropriate option in relation to supply of service by Ambaji Transporters to Bright Public School:

- (a) GST is payable on the services provided by Ambaji Transporters as they are covered under section 9(3) of the CGST Act, 2017 which includes services by a transporter.
- (b) GST is not payable on the services provided by Ambaji Transporters as services provided by it do not qualify as supply under the CGST Act, 2017.

(c) GST is not payable on the services provided by Ambaji Transporters as they have been specifically exempted under section 11 of the CGST Act, 2017. However, section 9(3) of the CGST Act, 2017 overrides all other provisions of the CGST Act, 2017 which are contrary to it, thereby making Ambaji Transporter liable to pay GST.

(d) GST is not payable on the services provided by Ambaji Transporters as they have been specifically exempted under section 11 of the CGST Act, 2017. Tax is not payable on reverse charge basis on the same under section 9(3) of the CGST Act, 2017.

Answer:- GST is not payable on the services provided by Ambaji Transporters as they have been specifically exempted under section 11 of the CGST Act, 2017. Tax is not payable on reverse charge basis on the same under section 9(3) of the CGST Act, 2017.

Services provided, by any person by way of,-	
transportation of students, faculty and staff;	Exempt, if supplied to pre-school education and education up to higher secondary school or equivalent

Since Bright Public School is providing **education up to higher secondary school** or equivalent. Hence services provided by Ambaji Transporters to Bright Public School is exempt.

Further, since no tax payable. No question of reverse charge u/s 9(3)

CASE SCENARIO-9

M/s Harimukund Hardwares, a partnership firm registered under GST in the State of Uttar Pradesh, is engaged in the supply of door and window fittings across India. In the month of October, it made following outward supplies:

Name of Receiver (State)	Taxable value (₹)	Date of invoice	Date of receipt of payment	Date of removal of goods
M/s Nand Kishore Traders (Haryana)	5,75,000	10 th October	25 th October	10 th October
M/s Charanjot Hardwares & Fitters (Punjab)	3,25,000	12 th October	10 th November	10 th October
M/s Rana Singh Ji Hardware Products (Rajasthan)	2,70,000	17 th October	12 th October	20 th October
M/s Annapurai Hardwares (Karnataka)	3,75,000	18 th October	29 th November	19 th October

The applicable tax rate on supply of above goods is 18%. Goods are generally received by parties in Punjab, Haryana & Rajasthan on 2nd day from the date of removal whereas it takes 5 days to reach Karnataka.

M/s Harimukund Hardwares gives 2% cash discount to its customers wherever the payment is received in advance or within 15 days of the date of removal of goods and the respective credit note is also issued immediately. The buyer also takes the necessary legal action with respect to such credit note immediately.

To supply such goods, it received services from a local transporter namely, M/s Khatushyam Transporters (unregistered), who raised consolidated invoice for ₹ 1,00,000 on 22nd October for which payment was made on 27th December along with payment for the month of November.

Applicable tax rate on transport services is CGST @ 2.5% and SGST @ 2.5%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 9.1. to 9.5.:-

9.1. What is the time of supply of goods in case of goods supplied to M/s Charanjot Hardwares & Fitters?

- (a) 12th October (b) 10th October (c) 10th November (d) 14th October

Answer:- (b) 10th October

(i) Time Limit For Raising Invoice: Sec 31: In case of supply of Goods,

Invoice issued Before or at time of

(a) removal of goods : where the supply involves movement of goods, or

(b) delivery of goods or making available thereof to the recipient: Where supply not involves movement of goods

Hence Invoice should be issued on 10th October

(ii) Time of supply of goods under Forward charge – Sec 12(2) + 66/2017

(Date of Invoice i.e 12th October

/ Last date to issue Invoice u/s 31 i.e 10th October)

Whichever is earlier

Hence time of supply is 10th October

9.2. What is the time of supply of goods in case of goods supplied to M/s Rana Singh Ji Hardware Products?

- (a) 17th October (b) 12th October (c) 20th October (d) 22nd October

Answer:- (a) 17th October

(i) Time Limit For Raising Invoice: Sec 31: In case of supply of Goods,

Invoice issued Before or at time of

(a) removal of goods : where the supply involves movement of goods, or

(b) delivery of goods or making available thereof to the recipient: Where supply not involves movement of goods

Hence Invoice should be issued on 20th October

(ii) Time of supply of goods under Forward charge – Sec 12(2) + 66/2017

(Date of Invoice i.e 17th October

/ Last date to issue Invoice u/s 31 i.e 20th October)

Whichever is earlier

Hence time of supply is 17th October

Note: As per NN 66/2017: No GST payable at time of Advance of goods (i.e 12th October)

9.3. What is the time of supply in case of services supplied by M/s Khatushyam Transporters?

- (a) 22nd October (b) 27th December (c) 10th October, 19th October and 20th October (d) 22nd December

Answer:- (d) 22nd December

As per sec 13(3), in case of reverse charge, Time of supply shall be

(a) Date of payment (i.e 27th December)

Note- DOP = (BE or Dr in Bank) w.i.earlier

(b) 61st day from Supplier Date of Invoice [22nd october + 61 days = 22nd December] Whichever is earlier

= 22nd December

9.4. What is the gross tax liability attributable to outward supplies of M/s Harimukund Hardwares for the month of October?

(a) IGST = ₹ 2,75,060, CGST = Nil, SGST= Nil (b) IGST = ₹ 2,78,100, CGST = ₹ 2,500, SGST= ₹ 2,500 (c) IGST = ₹ 2,75,058, CGST = Nil, SGST= Nil (d) IGST = ₹ 2,75,058, CGST = ₹ 2,500, SGST= ₹ 2,500

Answer:- (c) IGST = ₹ 2,75,058, CGST = Nil, SGST= Nil

M/s Harimukund Hardwares (Registered in U.P)				
Name of Receiver (State)	Date of removal of goods	Date of receipt of payment	Whether Discount allowed	Net Taxable value (₹)
M/s Nand Kishore Traders (Haryana) [Inter-State supply]	10 th October	25 th October	Yes [since payment within 15 days]	[5,75,000- 2%] =5,63,500
M/s Charanjot Hardwares & Fitters (Punjab) [Inter-State supply]	10 th October	10 th November	No	3,25,000
M/s Rana Singh Ji Hardware Products (Rajasthan) [Inter-State supply]	20 th October	12 th October	Yes [since payment within 15 days]	2,70,000- 2% =2,64,600
M/s Annapurai Hardwares (Karnataka) [Inter-State supply]	19 th October	29 th November	No	3,75,000
Total value of outward Taxable Supply				15,28,100
Gross tax liability i.e IGST (Since all supplies are Inter-state supply) = 15,28,100×18%				2,75,058

9.5. The total value of supply in the above scenario on which M/s Harimukund Hardwares is liable to pay tax is-

(a) ₹ 16,28,100 (b) ₹ 16,39,100 (c) ₹ 15,45,000 (d) ₹ 15,39,600

Answer:- (a) ₹ 16,28,100

Total value of supply on which M/s Harimukund Hardwares is liable to pay tax is

Total value of Outward Taxable Supply on which GST Payable under forward charge [see above 9.4 Solution]	15,28,100
Total value of inward Supply on which GST Payable under reverse charge	1,00,000
Total value of supply on which M/s Harimukund Hardwares is liable to pay tax is	16,28,100

CASE SCENARIO-10

ABC Pvt. Ltd., a company registered under GST, manufactures products which are used in laboratories. The products are manufactured in the company's factory located in Lucknow, Uttar Pradesh and sold in various parts of Uttar Pradesh. The company also provides repair and maintenance services for its products. The details of turnover of the company are as under:

Particulars	F.Y. - 1 (₹)	F.Y.- 2 (₹)
Turnover from supply of goods	75,00,000	1,02,00,000
Turnover from supply of services	7,10,000	9,25,000
Interest income from extending loans to others	5,25,000	6,26,000

The company procures service of M/s Ram Enterprises, a Goods Transport Agency, having its place of business in Lucknow, Uttar Pradesh, for transport of goods from its factory to customers' location.

M/s Ram Enterprises prepares a regular consignment note containing the details of consignor and consignee and other prescribed details. The services provided by M/s Ram Enterprises are chargeable to tax @ 5%.

Following details are provided by ABC Pvt. Ltd. for the month of July of FY-3 (current FY):

S.No.	Particulars	Amount (₹)
(i)	Turnover of supply of goods	10,20,000
(ii)	Turnover of supply of services	92,550
(iii)	Interest income from extending deposit to others	5,000
(iv)	Amount charged for services received from M/s Ram Enterprises	50,000
(v)	Raw material received from other States	5,26,000
(vi)	Input services received	7,80,900

Following additional information is also provided:

- (1) The raw material received by ABC Pvt. Ltd. mentioned in point (v) above includes goods amounting to ₹ 2,26,000 received from

M/s Aakash Enterprises on the instructions received from M/s Abhijaat Enterprises. M/s Aakash Enterprises has its principal place of business in Uttar Pradesh whereas M/s Abhijaat Enterprises has its principal place of business in Gujarat.

- (2) Vidhata Foundation, a Charitable Trust, registered under section 12AA of the Income Tax Act, 1961 has been set up by the founders of ABC Pvt. Ltd. for conducting charitable activities in the State of Uttar Pradesh. The Trust organises sessions on yoga and spirituality in the State of Uttar Pradesh and charges participation fees for the same. The total fees collected from participants for the month of July of current FY is ₹ 2,50,000. The input services received by the Trust during the said month amount to ₹ 1,25,260. The Trust is also analysing the proposal of granting rights to ABC Pvt. Ltd. to advertise on its premises.

Following GST rates are applicable on the inward and outward supplies unless otherwise specified:

Particulars	CGST	SGST	IGST
Outward supply	9%	9%	18%
Inward supply	6%	6%	12%

Chart

ABC Pvt. Ltd., a company registered in Lucknow, Uttar Pradesh		
Details of turnover of the company are as under		
Particulars	F.Y. - 1 (₹)	F.Y.- 2 (₹)
Turnover from supply of goods	75,00,000	1,02,00,000
Turnover from supply of services	7,10,000	9,25,000
Interest income from extending loans to others	5,25,000	6,26,000
Following details are provided by ABC Pvt. Ltd. for the month of July of FY-3 (current FY):		

Inward Supply		Outward supply	
GTA Service from M/s Ram Enterprises, in Lucknow, Uttar Pradesh	50,000	Turnover of supply of goods	10,20,000
Raw material received from other States It includes: (Bill to Ship to Trans) ₹ 2,26,000	5,26,000	Turnover of supply of services	92,550
M/s Aakash Enterprises (Ship to) → ABC Pvt. Ltd. (U.P.)		Interest income from extending deposit to others	5,000
Bill to ↓ M/s Abhijaat Enterprises (Gujarat) →			
Input services received	7,80,900		

Vidhata Foundation, a Charitable Trust, registered under section 12AA set up by the founders of ABC Pvt. Ltd. for conducting charitable activities in the State of Uttar Pradesh

Inward Supply		Outward supply	
Input services received	1,25,260	total fees collected from participants for the month of July on sessions in yoga and spirituality	2,50,000

Following GST rates are applicable on the inward and outward supplies unless otherwise specified:

Particulars	CGST	SGST	IGST
Outward supply	9%	9%	18%
Inward supply	6%	6%	12%

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 10.1. to 10.5.:-

10.1. Whether the service provided by M/s Ram Enterprises to ABC Pvt. Ltd. is chargeable to tax. If yes, who will discharge the tax liability?

- The service is chargeable to tax and M/s Ram Enterprises will bear the tax liability.
- The service is chargeable to tax and ABC Pvt. Ltd. will discharge the tax liability.
- The service is exempt under the CGST Act, 2017.
- The service is chargeable to tax and M/s Ram Enterprises and ABC Pvt. Ltd. will discharge the tax liability in the ratio of 1:1.

Answer:- (b) The service is chargeable to tax and ABC Pvt. Ltd. will discharge the tax liability.

For service of transport of goods by road by Goods transport agency [GTA], who has not paid GST @ 12%, recipient [falling under specified category e.g Company] is liable to pay GST under reverse charge.

Hence, ABC Pvt. Ltd. Is liable to pay GST under reverse charge.

10.2. Whether ABC Pvt. Ltd. could have opted for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017 for current financial year?

(a) Yes. However, it could have provided services up to a value of ₹ 11,12,500 under composition levy during the current financial year. (b) No, it could not have opted for composition levy.

(c) Yes. However, it could have provided services up to ₹ 5,00,000 under composition levy during the current financial year. (d) Yes. However, it could have provided services up to ₹ 11,75,100 under composition levy during the current financial year.

Answer:- (A) Yes. However, it could have provided services up to a value of ₹ 11,12,500 under composition levy during the current financial year.

Sec 10: Composition Scheme						
Eligible person	A Registered person whose aggregate TO in P.Y <table><tr><td>SATNUMMM</td><td>≤ 75 Lakh</td></tr><tr><td>Other state</td><td>≤ 1.5 Crore</td></tr></table> SATNUMMM- Sikkim, Arunachal Pradesh, Tripura, Nagaland, Uttarakhand, Manipur, Meghalaya, Mizoram,	SATNUMMM	≤ 75 Lakh	Other state	≤ 1.5 Crore	Since ABC Pvt. Ltd, registered in U.P HENCE Threshold limit for composition applicable is Rs 1.5 crore
	SATNUMMM	≤ 75 Lakh				
Other state	≤ 1.5 Crore					
Aggregate TO/ TO in state	SEC 2 (6): “Aggregate turnover” means the aggregate value of ✓ all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, ✓ exports of goods OR services OR both AND ✓ inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess; Taxable Supply = Supply of goods/ services on which tax is leviable Non- taxable supply = Supply of goods/ services on which tax is not leviable Exempt Supply = Nil rated + wholly exempt + Non- taxable supply	Aggregate turnover = 1,02,00,000 + 9,25,000 = 1,11,25,000 As per explanation1 to sec 10: Interest income to be excluded while computing aggregate turnover for determining eligibility for composition scheme. Since aggregate Turnover is less than 1.5 crore. ABC Pvt. Ltd is eligible for composition scheme.				
	As per explanation1 to sec 10: Interest income to be excluded while computing aggregate turnover for determining eligibility for composition scheme:					
	Further, Eligible person can provide service of value not exceeding [10% of TIS in P.Y or Rs 5 lakh] w.i. higher Note: interest or discount income [exempt] on deposits, loans or advances excluded for this limit	[10% of 1,11,25,000 i.e 11,12,500 or 5 lac] w.i. higer = 11,12,500 ABC Pvt. Ltd can provide in current F.Y Service upto 11,12,500				

10.3. Assuming ABC Pvt. Ltd. has opted for composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017, what shall be the total GST liability of ABC Pvt. Ltd. in the State of Uttar Pradesh for the month of July?

(a) No liability, ITC of 1,56,828 will be carried forward. (b) ₹ 45,931 (c) ₹ 13,626 (d) ₹ 2,02,759

Answer:- (c) ₹ 13,626

Explanation 2. To sec 10—	For the purposes of determining the tax payable by a person under this section, the expression " turnover in State or turnover in Union territory" shall not include the value of following supplies, namely :- (ii) exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.
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Calculation of total GST liability of ABC Pvt. Ltd. in the State of Uttar Pradesh for the month of July

S.No.	Particulars	Amount (₹)
(i)	Turnover of supply of goods	10,20,000
(ii)	Turnover of supply of services	92,550
(iii)	Interest income from extending deposit to others	Not included
	Turnover in state	11,12,550

Composition tax @ 1% on 11,12,550	11,126(R/off)
Tax payable under reverse charge on transport service received = 50000×5%	2,500
Total GST liability of ABC Pvt. Ltd.	13,626

10.4. Which of the following statement is incorrect in case of Vidhata Foundation?

- Services provided to charitable or religious trusts are not outside the ambit of GST. Unless specifically exempt, they are chargeable under GST.
 - All the activities of Vidhata Foundation are exempt from GST since it is a charitable trust registered under section 12AA of the Income-tax Act, 1961.
 - Fees charged for sessions on yoga and spirituality are exempt since the objective of such programmes is advancement of yoga and spirituality.
- (a) i & ii (b) i (c) iii (d) ii

Answer:- (d) ii

<p>Services provided to charitable or religious trusts are not outside the ambit of GST. Unless specifically exempt, they are chargeable under GST.</p>	<p>Correct: specified activities (e.g charitable activities) provided by 12AA entity is exempt.</p> <p>But service provided to 12AA entity in general are not exempt [if not covered by specific entry]</p>																												
<p>All the activities of Vidhata Foundation are exempt from GST since it is a charitable trust registered under section 12AA of the Income-tax Act, 1961.</p>	<p>Incorrect: specified activities (e.g charitable activities) provided by 12AA entity is exempt.</p> <table><tr><td><p>Entry 1</p></td><td><p>Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities.</p><p>Para 2(r) “charitable activities” means activities relating to –</p><table><tr><td>(i)</td><td>public health by way of .-</td></tr><tr><td>(A)</td><td>care or counselling of</td></tr><tr><td>(I)</td><td>terminally ill persons or persons with severe physical or mental disability;</td></tr><tr><td>(II)</td><td>persons afflicted with HIV or AIDS;</td></tr><tr><td>(III)</td><td>persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or</td></tr><tr><td>(B)</td><td>Public awareness of preventive health, family planning or prevention of HIV infection;</td></tr><tr><td>(ii)</td><td>advancement of religion , spirituality or yoga;</td></tr><tr><td>(iii)</td><td>advancement of educational programmes or skill development relating to .-</td></tr><tr><td>(A)</td><td>abandoned, orphaned or homeless children;</td></tr><tr><td>(B)</td><td>physically or mentally abused and traumatized persons;</td></tr><tr><td>(C)</td><td>prisoners; or</td></tr><tr><td>(D)</td><td>persons over the age of 65 years residing in a rural area;</td></tr><tr><td>(iv)</td><td>preservation of environment including watershed, forests and wildlife;</td></tr></table></td></tr></table>	<p>Entry 1</p>	<p>Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities.</p> <p>Para 2(r) “charitable activities” means activities relating to –</p> <table><tr><td>(i)</td><td>public health by way of .-</td></tr><tr><td>(A)</td><td>care or counselling of</td></tr><tr><td>(I)</td><td>terminally ill persons or persons with severe physical or mental disability;</td></tr><tr><td>(II)</td><td>persons afflicted with HIV or AIDS;</td></tr><tr><td>(III)</td><td>persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or</td></tr><tr><td>(B)</td><td>Public awareness of preventive health, family planning or prevention of HIV infection;</td></tr><tr><td>(ii)</td><td>advancement of religion , spirituality or yoga;</td></tr><tr><td>(iii)</td><td>advancement of educational programmes or skill development relating to .-</td></tr><tr><td>(A)</td><td>abandoned, orphaned or homeless children;</td></tr><tr><td>(B)</td><td>physically or mentally abused and traumatized persons;</td></tr><tr><td>(C)</td><td>prisoners; or</td></tr><tr><td>(D)</td><td>persons over the age of 65 years residing in a rural area;</td></tr><tr><td>(iv)</td><td>preservation of environment including watershed, forests and wildlife;</td></tr></table>	(i)	public health by way of .-	(A)	care or counselling of	(I)	terminally ill persons or persons with severe physical or mental disability;	(II)	persons afflicted with HIV or AIDS;	(III)	persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or	(B)	Public awareness of preventive health, family planning or prevention of HIV infection;	(ii)	advancement of religion , spirituality or yoga;	(iii)	advancement of educational programmes or skill development relating to .-	(A)	abandoned, orphaned or homeless children;	(B)	physically or mentally abused and traumatized persons;	(C)	prisoners; or	(D)	persons over the age of 65 years residing in a rural area;	(iv)	preservation of environment including watershed, forests and wildlife;
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<p>Fees charged for sessions on yoga and spirituality are exempt since the objective of such programmes is advancement of yoga and spirituality.</p>	<p>Correct: specified activities (e.g charitable activities) provided by 12AA entity is exempt.</p> <p>advancement of religion , spirituality or yoga is specified as charitable activity in Entry 1 [See above]</p>																												

10.5. What shall be the place of supply (POS) for the supply transaction(s) between ABC Pvt. Ltd., M/s Abhijaat Enterprises and M/s Aakash Enterprises and the nature of tax leviable thereon?

- POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of M/s Abhijaat Enterprises, i.e. Gujarat and IGST is leviable on such supply. POS for transaction between M/s Abhijaat Enterprises and ABC Pvt. Ltd. is the location of principal place of business of ABC Pvt. Ltd., i.e. Lucknow, Uttar Pradesh and IGST is leviable on such supply.
- POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of M/s Akash Enterprises, i.e. Uttar Pradesh and IGST is leviable on such supply. POS for transaction between M/s Abhijaat Enterprises and ABC Pvt. Ltd. is the location of principal place of business of M/s Abhijaat Enterprises, i.e. Gujarat and CGST and SGST are leviable on such supply.
- POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of ABC Pvt. Ltd., i.e. Uttar Pradesh since goods are delivered there and CGST and SGST are leviable on such supply.

POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of ABC Pvt. Ltd., i.e. Uttar Pradesh since goods are delivered there and IGST is leviable on such supply.

Answer:- (A) POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of M/s Abhijaat Enterprises, i.e. Gujarat and IGST is leviable on such supply. POS for transaction between M/s Abhijaat Enterprises and ABC Pvt. Ltd. is the location of principal place of business of ABC Pvt. Ltd., i.e. Lucknow, Uttar Pradesh and IGST is leviable on such supply.

Supply by M/s Aakash Enterprises (U.P) to M/s Abhijaat Enterprises (Gujarat)	Supply by M/s Abhijaat Enterprises (Gujarat) to M/s ABC Pvt. Ltd. (Lucknow – U.P)
Sec 10(1)(b) – POS = Principal place of 3rd Person i.e (M/s Abhijaat Enterprises) POS = Gujarat	Sec 10(1)(a) – POS = where movement of goods terminate for delivery to recipient (M/s ABC Pvt. Ltd) POS = U.P
LOS = M/s Aakash Enterprises (U.P), POS = Gujarat	LOS = M/s Abhijaat Enterprises (Gujarat) POS = U.P
It is inter-state supply	It is inter-state supply
IGST Leviable	IGST Leviable
	Note: ICAI Reasoning is not correct, since sec 10(1)(a) apply, where POS = where movement of goods terminate for delivery to recipient. i.e POS = U.P However ICAI applied 10(1)(b) in this case i.e location of principal place of business of ABC Pvt. Ltd., i.e Lucknow, Uttar Pradesh. However POS = U.P in both the sections.

CASE SCENARIO-11

GQF Private Limited, registered under GST in the State of Maharashtra, is engaged in manufacturing of goods which are used for further production in automobile industry. The company sends some semi-finished inputs to job workers, M/s Yamuna Enterprises and M/s Jamuna Enterprises, for necessary processing. The processed goods are sent back by the job workers to the company where they are used for manufacturing the finished products.

M/s Yamuna Enterprises has its place of business in Maharashtra. M/s Jamuna Enterprises has its place of business in the State of Madhya Pradesh viz. 35 km away from the place of business of GQF Private Limited.

The company imports some raw material and stores the same for few months in the warehouse operated by M/s Gajanan Enterprises in the State of Tamil Nadu. Later on, it is transported to the company's factory in Maharashtra. M/s Gajanan Enterprises is not registered under GST. The aggregate turnover of M/s Gajanan Enterprises for the current financial year is ₹ 18,25,000.

The company maintains all the records, documents and books of accounts at its place of business in Maharashtra.

Following are the relevant details of GQF Private Limited for the month of August.

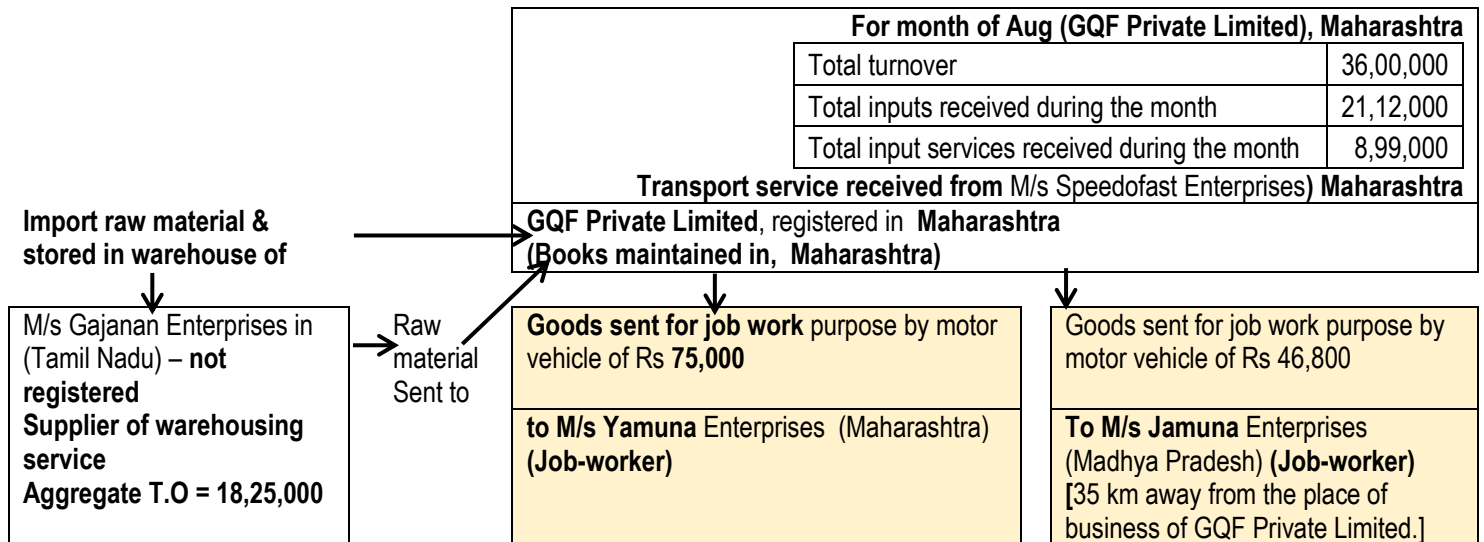
Particulars	Amount (₹)
Total turnover	36,00,000
Total inputs received during the month	21,12,000
Total input services received during the month	8,99,000
Goods sent to M/s Yamuna Enterprises during the month for job work purpose by motor vehicle	75,000
Goods sent to M/s Jamuna Enterprises during the month for job work purpose by motor vehicle	46,800

Note: All afore-mentioned amounts are exclusive of GST, wherever applicable.

GQF Private Limited procures the service of M/s Speedofast Enterprises, a goods transport agency, having its place of business in Maharashtra. GQF Private Limited transports its finished goods to different customers located in the State through M/s Speedofast Enterprises.

M/s Speedofast Enterprises prepares a consignment note containing the details of consignor and consignee, value of consignment, vehicle number, details of party paying the taxes etc.

chart



Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 11.1. to 11.5.:-

11.1. M/s Gajanan Enterprises, owner of warehouse in Tamil Nadu, wishes to know as whether it is required to obtain registration under GST to conduct its business. Which of the following statements is true in this regard? (a) Yes, being a warehouse operator, M/s Gajanan Enterprises has to compulsorily take GST registration to conduct the business irrespective of the quantum of aggregate turnover. (b) No, M/s Gajanan Enterprises is not required to take registration under GST as its aggregate turnover is below the threshold limit for registration. However, it is required to obtain a unique enrolment number under GST. (c) M/s Gajanan Enterprises is neither required to obtain registration nor unique enrolment number under GST to conduct business. (d) Yes, M/s Gajanan Enterprises is required to take registration compulsorily under GST. Further, it is also required to obtain a unique enrolment number under GST as its aggregate turnover is more than ₹ 10 lakh.

Answer:- (b) No, M/s Gajanan Enterprises is not required to take registration under GST as its aggregate turnover is below the threshold limit for registration. However, it is required to obtain a unique enrolment number under GST.

Note: Registration required or not for M/s Gajanan Enterprises in (Tamil Nadu)

Supplier	=	M/s Gajanan Enterprises in (Tamil Nadu), owner of warehouse
Recipient	=	GQF Private Limited, registered in Maharashtra
Service	=	Supply of warehousing service
POS	=	<div>12(2) PLACE OF SUPPLY (POS) GENERALLY (DEFAULT RULE): Supply of services, except the services specified in sub-sections (3) to (14),—</div> <div> <div>(a) made to a registered person shall be the;</div> <div>location of such person</div> </div> <div> <div>(b) made to any person other than a registered person shall be,—</div> <div> <div>(i) where the address on record exists; and</div> <div>location of the recipient</div> </div> <div> <div>(ii) in other cases</div> <div>location of the supplier of services</div> </div> </div> <div>Note: POS u/s 12(2) Will be determined only if, the POS can't be determined in 12(3) to 12(14).</div> <div>Since warehousing service is not covered in Sec 12(3) to 12(14), hence POS to GQF Private Limited, registered in Maharashtra = Location of Registered Person (i.e Maharashtra)</div>
Registration	=	As per Sec 24 Compulsory registration irrespective of Turnover: Persons making any inter-State taxable supply. However, threshold limit of ₹ 20 lakh (₹ 10 lakh in case of Special Category States of Mizoram, Tripura, Manipur and Nagaland) is available in case of inter-State supply of taxable services and of notified handicraft goods.

		Since, M/s Gajanan Enterprises is engaged in supply of warehousing service. Threshold limit of Rs 20 lac apply. Further Aggregate T.O = 18,25,000 in the current F.Y which is below the threshold limit. Hence M/s Gajanan Enterprises is exempt from registration.
Enrolment	=	As per Sec 35(2) - Owner/operator of warehouse to maintain records: whether he is a registered person or not, if not already registered under the Act , shall obtain a unique enrolment number Hence M/s Gajanan Enterprises is required to take unique enrolment number

11.2. GQF Private Limited is required to keep and maintain its books of accounts or other records:

(a) for 5 years from the due date of furnishing of Annual Return for the year pertaining to such accounts and records. (b) for 72 months from the due date of furnishing of Annual Return for the year pertaining to such accounts and records. (c) for 72 months from the end of respective financial year. (d) for 8 years from the end of respective financial year.

Answer:- (b) for 72 months from the due date of furnishing of Annual Return for the year pertaining to such accounts and records.

PERIOD OF RETENTION OF ACCOUNTS : SECTION 36]

Every registered person shall **retain them for 72 months from the due date of furnishing of annual return** for the year pertaining to such accounts and records:

11.3. Whether GQF Private Limited is required to generate e-way bill in case of transfer of goods to M/s Jamuna Enterprises?

(a) No, as the value of the consignment is within the prescribed limit of ₹ 50,000. (b) No, as the movement of goods is within the prescribed distance limit of 50 Kms. (c) Yes, e-way bill is required to be generated irrespective of the value of the consignment. (d) Yes, a registered person has to generate e-way bill for every movement of goods.

Answer:- (c) Yes, e-way bill is required to be generated irrespective of the value of the consignment.

E-way bill generation mandatory, even if value of consignment is less than 50,000	Exceptions to minimum consignment value of Rs 50,000 ♦ Inter-State transfer of goods by principal to job-worker ♦ Inter-State transfer of handicraft goods by a person exempted from obtaining registration u/s 24(i) or (ii)
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In our que, there is inter-state movement of goods by **GQF Private Limited- (Principal), (Maharashtra) To M/s Jamuna Enterprises (Madhya Pradesh) (Job-worker)**.

Hence e-way bill is required to be generated irrespective of the value of the consignment.

11.4. M/s Speedofast Enterprises wants to transport multiple consignments in a single conveyance. These consignments are of different consignor and consignees and individual e-way bills (EWBs) with different validity periods have been generated for these consignments. Can M/s Speedofast Enterprises generate one consolidated e-way bill for such multiple consignments?

- No, M/s Speedofast Enterprises cannot generate a consolidated e-way bill containing the details of different EWBs since all the EWBs have different validity periods.
- Yes, M/s Speedofast Enterprises can generate a consolidated e-way bill containing the details of different EWBs even if all the EWBs have different validity periods and even if it is transporting consignments of different consignor and consignees in a single conveyance.
- No, M/s Speedofast Enterprises cannot generate a consolidated e-way bill since it is transporting consignments of different consignor and consignees in a single conveyance.
- There are no provisions to generate a consolidated e-way bill under the GST law.

Answer:- (b) Yes, M/s Speedofast Enterprises can generate a consolidated e-way bill containing the details of different EWBs even if all the EWBs have different validity periods and even if it is transporting consignments of different consignor and consignees in a single conveyance.

Consolidated E-way Bill in case of road transport [Rule 138(7)]	After e-way bill has been generated, where multiple consignments are intended to be transported in one conveyance , the transporter may indicate the serial number of e-way bills generated in respect of each such consignment electronically on the common portal and a consolidated e-way bill in Form GST EWB-02 may be generated by him on the said common portal prior to the movement of goods .
Who can generate the consolidated e-way bill?	A transporter can generate the consolidated e-way bills for movement of multiple consignments in one vehicle.

What is the validity of consolidated e-way bill?	Consolidated EWB is like a trip sheet and it contains details of different EWBs in respect of various consignments being transported in one vehicle and these EWBs will have different validity periods. Hence, Consolidated EWB does not have any independent validity period. However, individual consignment specified in the Consolidated EWB should reach the destination as per the validity period of the individual EWB.
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11.5. M/s Speedofast Enterprises wants to update Part B of the e-way Bill. Can it update the same? If yes, then within what time span is it required to do so?

- (a) Yes, within 15 days from the generation of unique e-way bill number
- (b) Yes, within 24 hours from the generation of the unique e-way bill number
- (c) Yes, within 7 days from the generation of the unique e-way bill number
- (d) No, once unique e-way bill is generated, Part B of the same cannot be updated.

Answer:- (a) Yes, within 15 days from the generation of unique e-way bill number

Note:

Part A valid for 15 days. It means entry in part B made within 15 days. **[138(9) Proviso]]**

CASE SCENARIO-12

GSP Pvt. Ltd. has started its business in the month of August. It is engaged in supply of machines required for various industries along with related services. The machines are assembled and installed at the customer's premises. It has its head office in Mumbai, Maharashtra and branches in the States of Delhi, Karnataka, Madhya Pradesh, Uttarakhand and Tamil Nadu.

The turnover of GSP Pvt. Ltd. in the month of August is as under:

State	Intra-State taxable supplies (value exclusive of taxes)	Value of inward supplies on which reverse charge mechanism is applicable
Maharashtra	₹ 2,44,000	₹ 1,06,000
Delhi	₹ 3,65,560	₹ 1,50,690
Karnataka	₹ 3,60,480	₹ 1,01,250
Madhya Pradesh	₹ 4,83,440	₹ 1,40,220
Uttarakhand	₹ 3,10,600	₹ 95,500
Tamil Nadu	₹ 2,09,560	₹ 80,560

The following details for the month of December are provided by GSP Pvt. Ltd.:-

State	Taxable value of supply of machinery	Taxable value of installation service	Taxable value of inputs	Taxable value of input services
Maharashtra	₹25,00,000	₹3,00,000	₹9,80,000	₹5,60,000
Delhi	₹20,00,000	₹2,40,000	₹7,84,000	₹4,48,000
Karnataka	₹19,00,000	₹2,28,000	₹7,44,800	₹4,25,600
Madhya Pradesh	₹22,50,000	₹2,70,000	₹8,82,000	₹5,04,000
Uttarakhand	₹12,20,000	₹1,46,400	₹4,78,240	₹2,73,280
Tamil Nadu	₹24,20,000	₹2,90,400	₹9,48,640	₹5,42,080

Notes:

1. Applicable rates of GST are as follows:

Particulars	CGST	SGST	IGST
Outward supply of machinery	9%	9%	18%
Outward supply of installation service	9%	9%	18%
Inward supply of goods	6%	6%	12%
Inward supply of services	9%	9%	18%

2. All the above transactions are exclusive of GST, wherever applicable.
 3. There is no other inward or outward supply transaction for GSP Pvt. Ltd. in the relevant months apart from the aforementioned transactions.
 4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 12.1. to 12.5.:-

12.1. Whether GSP Pvt. Ltd. is required to take registration under GST in the month of August? What is the threshold limit of turnover for GSP Pvt. Ltd. to obtain registration?

- (a) Yes. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration is ₹ 20,00,000.
 (b) Yes. Threshold limit of turnover to obtain registration for GSP Pvt. Ltd. is not applicable as it is liable to obtain compulsory registration irrespective the quantum of its aggregate turnover.
 (c) No. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration in Uttarakhand is ₹10,00,000 and for other States /Union Territories (where it has operations) is ₹ 20,00,000.
 (d) Yes. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration is ₹ 40,00,000.

Answer:- Yes. Threshold limit of turnover to obtain registration for GSP Pvt. Ltd. is not applicable as it is liable to obtain compulsory registration irrespective the quantum of its aggregate turnover.

Analysis:

(1) Sec 2(6): Aggregate T.O = all **taxable supplies** + **exempt** supplies + **exports** of goods and/or services + **inter-State supplies** of a person **having the same PAN**, to be computed **on all India basis** and **Less** CGST/SGST/ UTGST/IGST/GST Comp. cess

(2) ATO exclude inward supplies on which **tax is payable under reverse charge:**

Aggregate Turnover = ₹ 2,44,000 + ₹ 3,65,560 + ₹ 3,60,480 + ₹ 4,83,440 + ₹ 3,10,600 + ₹ 2,09,560 = 19,73,640

(3) As per Sec 24 Compulsory registration irrespective of Turnover: Persons who are required to pay tax under reverse charge

Since, M/s GSP Pvt. Ltd. Is receiving inward supplies on which reverse charge mechanism is applicable. Hence it is liable to obtain compulsory registration irrespective the quantum of its aggregate turnover.

12.2. Assuming that GSP Pvt. Ltd. also has a branch in the State of Tripura with turnover of intra-State taxable supplies of ₹ 11,20,250 in the month of August, state whether the company is required to take registration in the said month? What will be the threshold limit of turnover for GSP Pvt. Ltd. to obtain registration now?

- (a) Yes. Threshold limit of turnover to obtain registration for GSP Pvt. Ltd. is not applicable as it is liable to obtain compulsory registration irrespective of its turnover.
 (b) No. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration is ₹ 10,00,000.
 (c) Yes. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration is ₹ 20,00,000.
 (d) No. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration in Tripura is ₹ 10,00,000 and for other States/Union Territories (where it has operations) is ₹ 20,00,000.

Answer:- Yes. Threshold limit of turnover to obtain registration for GSP Pvt. Ltd. is not applicable as it is liable to obtain compulsory registration irrespective of its turnover.

Analysis:

As per Sec 24 Compulsory registration irrespective of Turnover: Persons who are required to pay tax under reverse charge

Since, M/s GSP Pvt. Ltd. is receiving inward supplies on which reverse charge mechanism is applicable. Hence it is liable to obtain compulsory registration irrespective of the quantum of its aggregate turnover.

12.3. What shall be the net GST payable for the month of December in the State of Maharashtra provided the machinery has been installed at customer's site at Kanpur (U.P.) and the parts of the machinery are manufactured at factory located in Mumbai and dispatched from Mumbai, Maharashtra? Assume that all inputs and input services are procured from within the State. The invoice is raised by Mumbai Branch of GSP Pvt. Ltd.

(a) IGST ₹ 2,85,600 (b) CGST ₹ 1,42,800 & SGST ₹ 1,42,800 (c) IGST ₹ 5,04,000 (d) IGST ₹ 1,42,800

Answer:- IGST ₹ 2,85,600

LOS	=	Mumbai Branch of GSP Pvt. Ltd. (Maharashtra), Since parts of the machinery removed from factory located in Mumbai		
Supply	=	Supply of machine (goods) with installation		
POS	=	As per sed 10(1)(d) of IGST Act, where Goods are assembled or installed at site		
		POS = PLACE WHERE GOODS are ASSEMBLED or INSTALLED		
		Hence POS = Kanpur(U.P)		
Nature of supply	=	It is inter-state supply		
Rate of GST		Composite supply: 2(30)		In our question Supply of machine = Principal supply Installation service = Ancillary Supply Hence it is composite supply
		• Consist of 2 or more taxable supplies of goods/ service/ both		
		• Naturally bundled and		
		• supplied In conjunction with each other in ordinary course of business		
		• One of which is principal supply		
		Example: Charger supplied alongwith mobile phones		
		As per Sec 8: Tax liability shall be rate of principal supply		As per sec 8: Rate of Principal supply i.e 18%

Net GST payable for the month of December in the State of Maharashtra

	IGST	CGST	SGST	Total
GST liability under Forward charge				
GST payable. IGST on 28,00,000 [28,00,000 × 18%] = 5,04,000	5,04,000	----	----	5,04,000
Less: ITC (CGST & SGST) of ₹		----	----	2,85,600
[ITC of CGST shall be utilized first for payment of CGST and then, for payment of IGST]	(1,09,200)			
[ITC of SGST shall be utilized first for payment of SGST and then, for payment of IGST]	(1,09,200)			
GST Payable under forward charge	2,85,600	Nil	Nil	2,85,600

Calculation of input tax credit

	IGST	CGST	SGST
Inward supply of input [Intra-state] [9,80,000 × 6%]		58,800	58,800
Inward supply of input service [Intra-state] [5,60,000 × 9%]		50,400	50,400
Total input tax credit		1,09,200	1,09,200

12.4. The supply of machinery and supply of service of installation of machinery is a _____ supply and the applicable tax rate shall be the rate of tax applicable on _____. (a) mixed, principal supply
 (b) mixed, supply having highest volume (c) composite, principal supply (d) composite, supply having highest rate

Answer:- (c) composite, principal supply

Composite supply: 2(30)	
• Consist of 2 or more taxable supplies of goods/ service/ both	In our question Supply of machine = Principal supply Installation service = Ancillary Supply
• Naturally bundled and	
• supplied in conjunction with each other in ordinary course of business	
• One of which is principal supply	
Example: Charger supplied alongwith mobile phones	Hence it is composite supply
As per Sec 8: Tax liability shall be rate of principal supply	As per sec 8: Rate of Principal supply i.e 18%

12.5. GSP Pvt. Ltd. has received an order for supply of machinery from Auto Wheels Pvt. Ltd. GSP Pvt. Ltd. has delivered the parts manufactured at factory located in Mumbai and installed the same at the site of Auto Wheels Pvt. Ltd. which is located in Madhya Pradesh. Mumbai Branch of GSP Pvt. Ltd. has raised an invoice on the registered office of Auto Wheels Pvt. Ltd. which is located in Mumbai, Maharashtra. What shall be the place of supply (POS) of the transaction and the type of GST to be charged?

- (a) POS – Maharashtra, IGST (b) POS - Madhya Pradesh, IGST (c) POS - Maharashtra, CGST & SGST (d) POS – Madhya Pradesh, CGST & SGST

Answer:- (b) POS - Madhya Pradesh, IGST.

LOS	=	Mumbai Branch of GSP Pvt. Ltd. (Maharashtra), Since parts of the machinery removed from factory located in Mumbai
Supply	=	Supply of machine (goods) with installation
POS	=	As per sed 10(1)(d) of IGST Act, where Goods are assembled or installed at site POS = PLACE WHERE GOODS are ASSEMBLED or INSTALLED Hence POS = Madhya Pradesh
Nature of supply	=	It is inter-state supply

CASE SCENARIO-13

XYZ Logistics Limited (XLL) is into warehousing and logistics business. It has two Container Freight Stations (CFS): one at Inland Container Depot (ICD) Dadri, Uttar Pradesh and other at ICD Tughlakabad, Delhi. XLL is also engaged in the business of freight forwarding and multimodal transportation. Intermittently, XLL also deals in trading of goods, primarily in export to countries outside India.

XLL started its operations on 30th June by setting up head/ corporate office in Gurgaon, Haryana and two CFS at U.P. and Delhi. Services as well as invoicing to customers was done from Delhi and U.P. unit only. Top management was placed at the head office for the management of the company.

The aggregate turnover of the XLL's Delhi unit crossed ₹ 20 lakh on 31st October. It applied for GST registration for Delhi on 25th November. Registration was granted on 7th December. GST in respect of stock of goods at Delhi as on 30th October was ₹ 50 lakh, on 25th November was ₹ 40 lakh and on 7th December was ₹ 20 lakh.

The primary business of XLL is container handling service of import/export containers. In July next year, a shipper placed a work order on XLL for handling of an export container from ICD Tughlakabad to Dubai UAE, through Nhava Sheva seaport in Mumbai. XLL was responsible for stuffing goods in containers at ICD, assisting in obtaining customs clearance, and transportation of goods from ICD to seaport. XLL requested the customer to issue e-way bill for the movement of customs sealed containers from ICD to seaport as the value of goods in container exceeded ₹ 50,000. However, the customer denied issuing e-way bill stating that the responsibility to issue the same is on the person who arranges the transport of goods. Consequently, the management of XLL issued e-way bill with the assistance of a consultant.

There is a green cess that is applicable on the goods handled through CFS for exports outside India. XLL as a policy deposits green cess with the Government in the name of the customer and recovers such cess at actuals from the customer.

Few customers of XLL are based out of Nepal & Bhutan. It provides container handling services for their containers/ cargo which are in transit to Nepal or Bhutan. It receives consideration from Nepal/ Bhutan customers in INR (₹).

All the above amounts are exclusive of GST, wherever applicable. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 13.1. to 13.5.:-

XYZ Logistics Limited (XLL) Head office – Gurgaon
[Deal in Export of goods & service] – 30/6 start Business

July next year, a shipper placed a work order for handling of export container

Inland Container Depot (ICD) Dadri, [UP]
[Invoice issued for services]

Inland Container Depot (ICD), Tughlakabad, Delhi
[Invoice issued for services]

Sea port

Dubai (UAE)

- (1) Aggregate turnover of Delhi unit crossed ₹ 20 lakh on 31 Oct.
- (2) Applied for GST registration on 25th Nov.
- (3) Registration granted on 7th December.
- (4) **GST in respect of stock of goods at Delhi as on**

30 th Oct	50 lakh
25 th Nov	40 lakh
7 th Dec	20 lakh.

- (1) **XLL requested customer to issue e-way bill for the movement of customs sealed containers from ICD to seaport as the value more than 50,000.**
- (2) However, the **customer denied**.
- (3) Consequently, **XLL issued e-way bill**
- (4) **green cess is applicable on the goods handled through CFS for exports.**
- (5) **deposits green cess with the Government in the name of the customer and recovers such cess at actuals from the customer**
- (6) **Provides container handling services to customers of Nepal & Bhutan. Payment received in INR**

13.1. Which of the following statements is correct regarding eligibility of ITC on opening stock at the time of new registration?

(a) XLL can avail credit of ₹ 50 lakh. (b) XLL can avail credit of ₹ 40 lakh. (c) XLL can avail credit of ₹ 20 lakh. (d) XLL cannot avail credit on opening stock.

Answer:- (a) XLL can avail credit of ₹ 50 lakh.

Sec18(1)(a): Person applying for registration within 30 days of becoming liable for registration		<div><div>(i) Aggregate turnover of Delhi unit crossed ₹ 20 lakh on 31 Oct.</div><div>(ii) Since, XYZ Logistics Limited (XLL) is supplier of services, hence threshold limit for registration is Rs 20 lakh.</div><div>(iii) Date from which liable for registration = when cross 20 lac i.e 31st October</div><div>(iv) Hence credit of stock as on 30th October is available i.e Rs 50 lac.</div></div>
Credit entitled on	On the day immediately preceding the date from which he becomes liable to pay tax	
1. Inputs as such held in stock	[Note: if apply after 30 days = No ITC]	
2. Inputs contained in semifinished goods held in stock		
3. Inputs contained in finished goods held in stock		
Note: NO Credit of CG		

13.2. Which of the following statements is correct regarding GST registration by XLL?

- (a) XLL was liable for registration of only Delhi unit. (b) XLL was liable for registration of Delhi and UP units. (c) XLL was liable for registration of Delhi, UP and Haryana units. (d) XLL was liable for normal registration at Delhi and UP unit, and ISD registration at Haryana unit.

Answer:- (c) XLL was liable for registration of Delhi, UP and Haryana units.

**As per sec 25 read with sec 22, Every supplier shall be liable to be registered in every State/UT for a place from where taxable supply takes place if Aggregate Turnover exceed (ATO) 20 L,
Hence, XLL was liable for registration of Delhi, UP and Haryana units**

13.3. Which of the following statements is correct regarding generation of e-way bill for movement from ICD Tughlakabad to Nhava Sheva seaport in Mumbai?

- (a) E-way bill was not required to be generated since goods were being transported from ICD to seaport.
(b) E-way bill was mandatorily required to be generated irrespective of the value of the goods being transported as such goods were being transported from ICD to seaport. (c) E-way bill was required to be generated since the value of goods being transported exceeded ₹ 50,000. (d) E-way bill was rightfully issued by XYZ Logistics Limited being the transporter of goods.

Answer:- (a) E-way bill was not required to be generated since goods were being transported from ICD to seaport.

Analysis: As per Rule 138(14) E-way bill not required

where the **goods are being transported** -

- (i) **under customs bond from an ICD or a container freight station (CFS) to a customs port, airport, air cargo complex and land customs station, or from one customs station or customs port to another customs station or customs port, or**
(ii) **under customs supervision or under customs seal;**

Hence, E-way bill was not required to be generated since goods were being transported from ICD to seaport.

13.4. Which of the following statements is correct regarding value of container handling services provided by the company?

- (a) Value of the taxable container handling services should exclude transportation cost and green cess.
(b) Value of the taxable container handling services should exclude green cess but include transportation cost.
(c) Value of the taxable container handling services should exclude transportation cost but include green cess.
(d) Value of the taxable container handling services should include transportation cost and green cess.

Answer:- (b) Value of the taxable container handling services should exclude green cess but include transportation cost.

RULE 33. Value of supply of services in case of pure agent	
Costs incurred by the supplier as a pure agent of recipient shall be excluded from value	
Explanation - For the purposes of this rule, " pure agent " means a person who –	XLL = Pure agent fulfilling 4 conditions below:
(a) enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;	Assumed – (Contractual arrangement made)
(b) NEITHER intends to hold NOR holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply;	deposits green cess with the Government in the name of the customer (hence XLL not hold title)
(c) does not use for his own interest such goods or services so procured; and	Not using Green cess for his own interest
(d) Receives only the actual amount incurred to procure such goods or services, in addition to the amount received for supply he provides on his own account.	and recovers such cess at actuals from the customer

Following is the treatment:

green cess	Collected as pure agent	Not included in value (conditions of Rule 33 satisfied)
transportation cost	Not collected as pure agent	Included in value

13.5. Which of the following statements is correct regarding invoicing to Nepal/ Bhutan customers?

(a) GST is not chargeable on container handling services provided to Nepal/ Bhutan customers as the place of supply of such services is outside India.

(b) GST is not chargeable on container handling services provided to Nepal/ Bhutan customers as the same qualifies as export of service.

(c) GST is not payable on container handling services provided to Nepal/ Bhutan customers as the supply of services associated with transit cargo to Nepal and Bhutan are exempt services.

(d) GST is chargeable on container handling services provided to Nepal/ Bhutan customers.

Answer:- (c) GST is not payable on container handling services provided to Nepal/ Bhutan customers as the supply of services associated with transit cargo to Nepal and Bhutan are exempt services.

LOS	=	XLL, Inland Container Depot (ICD), Tughlakabad, Regd in Delhi										
Recipient	=	Unregistered persons of Nepal/Bhutan										
Supply	=	Container handling service										
POS	=	<div>Section 13 of IGST Act shall apply to determine the place of supply of services ✓ Where the location of the supplier of services or the location of the recipient of services is outside India. [Recipient are of Nepal/Bhutan]</div> <table><tr><td>13(3)</td><td colspan="2">Supply of the following services namely:—</td><td></td></tr><tr><td>(a)</td><td><div>✓ services supplied on goods ✓ made physically available ✓ by the recipient of services ❖ to the supplier of services, or ❖ to a person acting on behalf of the supplier of services in order to provide the services:</div></td><td colspan="2">location where the services are actually performed</td></tr></table> <div>Hence POS = India</div>			13(3)	Supply of the following services namely:—			(a)	<div>✓ services supplied on goods ✓ made physically available ✓ by the recipient of services ❖ to the supplier of services, or ❖ to a person acting on behalf of the supplier of services in order to provide the services:</div>	location where the services are actually performed	
13(3)	Supply of the following services namely:—											
(a)	<div>✓ services supplied on goods ✓ made physically available ✓ by the recipient of services ❖ to the supplier of services, or ❖ to a person acting on behalf of the supplier of services in order to provide the services:</div>	location where the services are actually performed										
Export of service or not	=	It is not export of service, since place of supply is not outside India.										
Exempt or not		<div>Exempt in entry 9B</div> <table><tr><td>[9B]</td><td>Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries).</td></tr></table>			[9B]	Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries).						
[9B]	Supply of services associated with transit cargo to Nepal and Bhutan (landlocked countries).											

CASE SCENARIO-14

Mr. Mahesh, a registered person under GST, is engaged in textile business in the State of Gujarat. He wants to supply textiles with traditional Indian designs. So, he **availed designing services from Mr. Manoj (Grandfather of Mr. Mahesh) in South Africa without any consideration**. He also **availed architect services from Mr. Murali (Brother of Mr. Mahesh) in London for ₹ 2 lakh for his personal purposes**. Mr. Manoj is a **reputed freelance textile designer** in South Africa and **Mr. Murali is an architect of high repute** in London.

For producing the goods as per the traditional Indian designs, he needs to **purchase & install an 'Automatic Zig-Zag Electric Sewing Machine'**.

On 3rd May, Mr. Mahesh raised a purchase order for Sewing Machine on KUSHA Pvt Ltd. (registered supplier in Andhra Pradesh) for an amount of ₹ 2 crores. The rates of GST on various dates of the transaction are as follows:

Date	Particulars	Rate of IGST
06 th June	Sewing machine is installed & accepted by Mr. Mahesh	18%
15 th June	Date of invoice	18%
03 rd August	Payment details are entered in the books of KUSHA Pvt Ltd	28%
09 th August	Payment is credited to the bank account of KUSHA Pvt Ltd	28%

(Note: The rate has been changed from 18% to 28% with effect from 01st August)

From the next financial year onwards, Mr. Mahesh intends to provide ancillary services relating to textiles like dyeing and designing & also intends to avail the composition scheme. The details of turnover & GST payable during the current financial year & the budgeted figures for the next financial year are as follows:

Particulars	Current financial year (₹)	Next financial year (₹)
Taxable supplies (excluding GST)	55,00,000	77,00,000*
Exempt supplies (exempt by way of a notification)	45,00,000	37,00,000
IGST (paid on outward supplies)	5,000	7,000
CGST	15,000	17,000
SGST	15,000	17,000

*including supply of services of ₹ 4,00,000.

On the occasion of 'Birth anniversary of Mahatma Gandhi', Mr. Mahesh **received a contract for supply of Indian traditional clothes** for an amount of ₹ 10,00,000 (exclusive of taxes) from XYZ Ltd., a State - owned enterprise. It has its registered office at Delhi and it is registered under GST only in the Union Territory of Delhi. It intends to celebrate the birth anniversary of Mahatma Gandhi by distributing such clothes to the people in the city of Porbandar, Gujarat – birthplace of Mahatma Gandhi. As per the terms of the contract, the **delivery of clothes should be made at Porbandar**. Mr. Mahesh supplied the goods as per the contract & received the payment.

Chart

Mr. Mahesh, a registered in Gujarat.

Inward Supply		
Import of designing services from Mr. Manoj (Grandfather not dependent on him) in South Africa without any consideration for business purpose	Nil	
Import of architect services from Mr. Murali (Brother not dependent on him) in London for his personal purposes	₹ 2 lakh	
purchase order of Electric Sewing Machine on KUSHA Pvt Ltd. (registered supplier in Andhra Pradesh)	₹ 2 crores	

Rates of GST on various dates of the transaction are as follows:

Date	Particulars	Rate of IGST
06 th June	Sewing machine is installed & accepted by Mr. Mahesh	18%
15 th June	Date of invoice	18%
03 rd August	Payment details are entered in the books of KUSHA Pvt Ltd	28%
09 th August	Payment is credited to the bank account of KUSHA Pvt Ltd	28%

(Note: The rate has been changed from 18% to 28% with effect from 01st August)

Outward supply			
Particulars	Current F.Y	Next F.Y	
Taxable supplies (excluding GST)	55,00,000	77,00,000*	
Exempt supplies	45,00,000	37,00,000	
IGST (paid on outward supplies)	5,000	7,000	
CGST	15,000	17,000	
SGST	15,000	17,000	

*including supply of services of ₹ 4,00,000.

Mahesh intends to provide services IN NEXT F.Y & also intends to avail the composition scheme

On 2 Oct **received a contract for supply of Indian traditional clothes** from XYZ Ltd., a State - owned enterprise registered in Delhi for free distribution

The delivery of clothes should be made at Porbandar Gujarat

10 lakh

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 14.1. to 14.4.:-

14.1. In respect of the services imported by Mr. Mahesh, which of the following services are considered as supply under section 7 of the CGST Act, 2017?

- (a) Designing services received from Mr. Manoj in South Africa without any consideration (b) Architect services received from Mr. Murali in London for ₹ 2 lakh for personal purposes
(c) Both the designing services and architect services received from Mr. Manoj and Mr. Murali respectively (d) Neither the designing services nor the architect services received from Mr. Manoj and Mr. Murali respectively

Answer:- (b) Architect services received from Mr. Murali in London for ₹ 2 lakh for personal purposes

Explanation. To sec 15: persons shall be deemed to be “related persons” if — they are members of the same family;	Sec 2(49) “family” means, — (i) the spouse and children of the person, and (ii) the parents, grandparents , brothers and sisters of the person if they are wholly or mainly dependent on the said person;
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Based on above

Mr. Manoj (Grandfather of Mr. Mahesh) in South Africa. Mr. Manoj is a reputed freelance textile designer in South Africa	= not related person, since Mr. Manoj is independent.
Mr. Murali (Brother of Mr. Mahesh). Mr. Murali is an architect of high repute in London.	= not related person, since Mr. Murali is independent.

Whether supply or not

Service	Consideration	Whether supply or not			
Import designing services from Mr. Manoj (Grandfather of Mr. Mahesh) in South Africa	No consideration	Not supply , since import of service from unrelated without consideration. Sec 7(1)(c) + Sch 1- <table><tr><td>Supply =</td><td>Import of services by a [person] from a related person without consideration, in the course or furtherance of business</td></tr></table>		Supply =	Import of services by a [person] from a related person without consideration, in the course or furtherance of business
Supply =	Import of services by a [person] from a related person without consideration, in the course or furtherance of business				
Import architect services from Mr. Murali (Brother of Mr. Mahesh) in London for his personal purposes	2 lakh	Supply <table><tr><td>Sec 7(1)(b):</td><td>import of services for a consideration whether or not in the course or furtherance of business</td></tr></table> But it is exempt under Entry 10 of IGST.		Sec 7(1)(b):	import of services for a consideration whether or not in the course or furtherance of business
Sec 7(1)(b):	import of services for a consideration whether or not in the course or furtherance of business				

14.2. What is the ‘date of payment’ for sewing machine supplied by KUSHA Pvt Ltd. to Mr. Mahesh?

- (a) Date on which payment is entered in the books of accounts of supplier or date on which the payment is credited in his bank account, whichever is earlier, i.e., 3rd August (b) Date on which payment is entered in the books of accounts of supplier or date on which the payment is credited in his bank account, whichever is later, i.e. 9th August (c) Date on which the payment is credited in his bank account, i.e. 9th August (d) Date on which payment is entered in the books of accounts of supplier, i.e. 3rd August

Answer:- (a) Date on which payment is entered in the books of accounts of supplier or date on which the payment is credited in his bank account, whichever is earlier, i.e., 3rd August

Note: [Date of payment = (Book Entry or BANK Credit) Whichever is earlier]

Exception: However, date of receipt of payment shall be the date of credit in the bank account if such credit in the bank account is after 4 working days from the date of change in the rate of tax.

But this will not be applicable in this question, since this exception of date of payment is applicable, If person claims payment received earlier than date of change of rate of GST on basis of recording payment in books.

14.3. Whether Mr. Mahesh is eligible to opt for the composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017 in the next financial year? If he is eligible, then what is the permissible limit for him for supply of services in the next financial year?

- (a) Eligible; the permissible limit for supply of services is ₹ 11,40,000 (b) Eligible; the permissible limit for supply of services is ₹ 10,00,000 (c) Eligible; the permissible limit for supply of services is ₹ 5,50,000 (d) Mr. Mahesh is not eligible to opt for composition scheme.

Answer:- (d) Mr. Mahesh is not eligible to opt for composition scheme.

Analysis:

	Sec 10: Composition Scheme		
Eligible person	A Registered person whose aggregate TO in P.Y		Sec 2(6): Aggregate T.O = all taxable supplies + exempt supplies + exports of goods and/or services + inter-State supplies of a person having the same PAN, to be computed on all India basis and Less CGST/SGST/ UTGST/IGST/GST Comp. cess
	SATNUMMM	≤ 75 Lakh	
	Other state	≤ 1.5 Crore	Aggregate T.O = 55 lac + 45 lac = 1 crore. But Mr. Mahesh is also making interstate supply. Hence Mr. Mahesh is not eligible to opt for composition scheme
	SATNUMMM- Sikkim, Arunachal Pradesh, Tripura, Nagaland, Uttarakhand, Manipur, Meghalaya, Mizoram, Note: he is not engaged in making inter-state supply.		

14.4. With respect to contract for an amount of ₹ 10,00,000 from XYZ Ltd., specify the applicable rate of tax deducted at source (TDS) under section 51 of the CGST Act, 2017.

(a) 0.5 % (b) 1% (c) 2% (d) Nil

Answer:- (d) Nil

As per sec 51: NO TDS, When location of supplier and place of supply is different from the state of registration of recipient

Supply	=	supply of Indian traditional clothes (goods) for ₹ 10,00,000
location of supplier	=	Mr. Mahesh (Gujarat)
place of supply	=	Porbandar, Gujarat [Where goods delivered]
Nature of supply	=	Intra-state [CGST + Gujarat GST] charged
Registration of Recipient	=	XYZ Ltd., a State - owned enterprise, (Delhi)

NO TDS, When location of supplier (Gujarat) and place of supply (Gujarat) is different from the state of registration of recipient (Delhi).

CASE SCENARIO-15

'M/s Kalpavriksha Iron Traders' (KIT) is located in the city of Visakhapatnam & is registered under GST in the State of Andhra Pradesh. On 1st May, 'KIT' received an order for supply of different variety of iron bars amounting to ₹ 60,00,000 (exclusive of GST) from 'TMT Pvt. Ltd.' located in the city of Hyderabad and registered under GST in the State of Telangana.

The details of advance payment, issue of invoice and the terms & conditions of the contract relating to delivery of iron bars are as follows:-

1. The buyer has to pay ₹ 7,00,000 as advance to the supplier.
2. The balance amount needs to be paid within 25 days from the date of issue of invoice.
3. The supplier will bear the goods transportation and other related charges.
4. If payment is not received within the stipulated time limit, then buyer needs to pay penal charges (taxes, if any to be paid separately) as follows:

Delay (in days)	1 to 10	11 to 20	21 to 30	More than 30
Penal charges	₹ 5,000 Per day	₹ 50,000+ (₹ 8,000 Per day)	₹ 1,30,000+ (₹ 10,000 Per day)	₹ 2,30,000+ (₹ 12,000 Per day)

1. If the entire (i.e. 100%) payment is received within the period as mentioned in the below table, the recipient will be entitled for discount as follows:

No. of days*	1 to 5	6 to 10	11 to 15	After 15th day
Total discount	₹ 15,000	₹ 10,000	₹ 8,000	No Discount

* within which the payment is received after the date of invoice

Discount will be given only when the full payment is made.

The details of invoice & payment are as follows:

Date	Particulars
2 nd May	TMT Pvt. Ltd. paid the stipulated amount of advance to KIT
5 th May	Invoice issued to TMT Pvt. Ltd.
10 th May	30% of the invoice amount is paid

14 th May	Another 20% of the invoice amount is paid
18 th May	Balance amount is paid

On 3rd May, TMT Pvt. Ltd. requested KIT to deliver the iron bars to Sakthi Iron & Steels (SIS) located in the city of Bhubaneswar (Odisha).

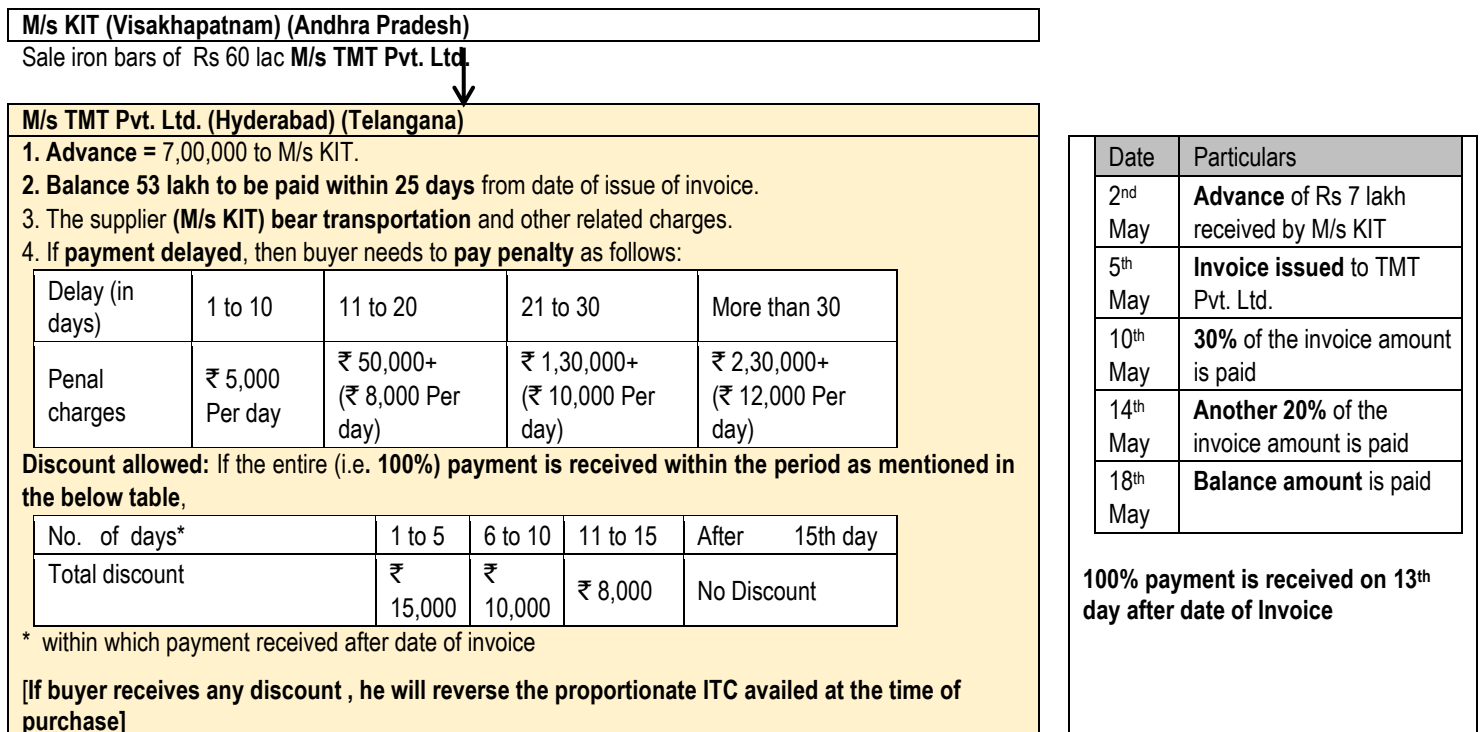
On 5th May, KIT entered into a contract with 'Express transports' [a Goods Transport Agency (GTA) located & registered under GST in the State of Andhra Pradesh charging GST at the rate of 5% on its services] for delivery of iron bars at Bhubaneswar. The freight charges and loading charges for the delivery services provided by GTA are ₹ 1,50,000 (exclusive of GST) and ₹ 5000 (exclusive of GST) respectively.

The iron bars are removed from the warehouse of KIT on 6th May and an e-way bill is generated at 00:15 AM on 6th May. The distance from the warehouse of KIT to location of SIS is 455 km. KIT paid the freight charges to the transporter immediately after the delivery of the goods.

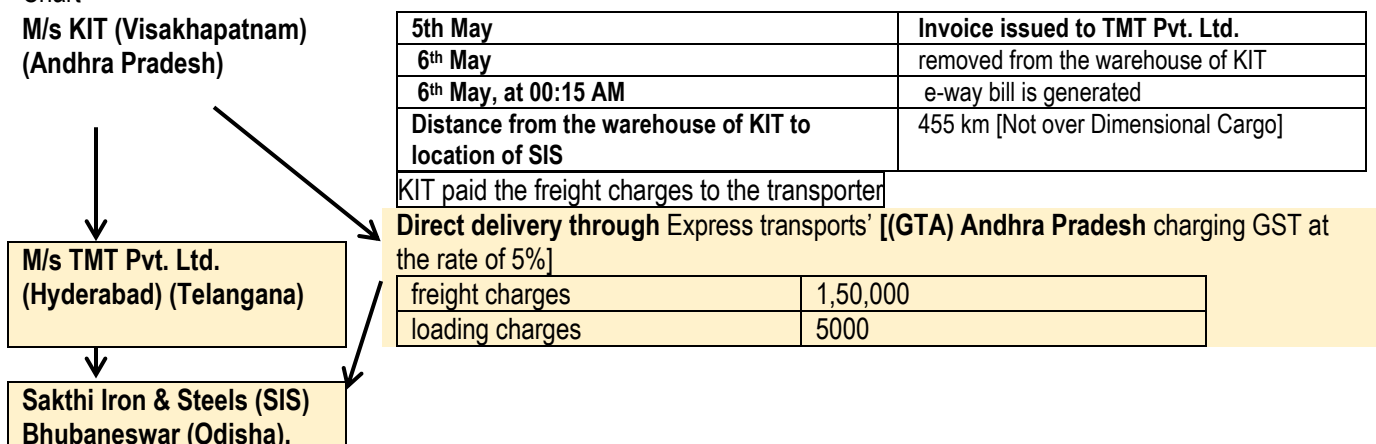
Note:

1. If buyer receives any discount from the supplier, he will reverse the proportionate ITC availed at the time of purchase.
2. The iron bars are not Over Dimensional Cargo.

Chart



Chart



Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 15.1. to 15.6.:-

15.1. What shall be the place of supply for the following two independent supplies?

- A) Supply between KIT & TMT Pvt Ltd.;
 B) Supply between TMT Pvt Ltd. & SIS (a) A) Bhubaneswar; B) Hyderabad (b) A) Bhubaneswar; B) Bhubaneswar (c) A) Hyderabad; B) Bhubaneswar (d) A) Hyderabad; B) Visakhapatnam

Answer:- (c) A) Hyderabad; B) Bhubaneswar

Supply by M/s KIT (Visakhapatnam) (Andhra Pradesh) to M/s TMT Pvt. Ltd. (Hyderabad) (Telangana)	Supply by M/s TMT Pvt. Ltd. (Hyderabad) (Telangana) to Sakthi Iron & Steels (SIS) Bhubaneswar (Odisha).
Sec 10(1)(b) – POS = Principal place of 3rd Person i.e M/s TMT Pvt. Ltd.	Sec 10(1)(a) – POS = where movement of goods terminate for delivery to recipient (Sakthi Iron & Steels (SIS))
POS = (Hyderabad) (Telangana)	POS = Bhubaneswar (Odisha).
LOS = M/s KIT (Visakhapatnam) (Andhra Pradesh)	LOS = M/s TMT Pvt. Ltd. (Hyderabad) (Telangana)
It is inter-state supply	It is inter-state supply
IGST Leviable	IGST Leviable

15.2. What shall be the time of supply for the transaction between KIT & TMT Pvt Ltd.?

- (a) 5th May (b) 6th May (c) 2nd May (d) 2nd May for supply of ₹7,00,000 & 5th May for the balance value of supply.

Answer:- (a) 5th May

(i) Time Limit For Raising Invoice: Sec 31: In case of supply of Goods,

Invoice issued Before or at time of	
(a) removal of goods : where the supply involves movement of goods, or	(b) delivery of goods or making available thereof to the recipient: Where supply not involves movement of goods

Hence Invoice should be issued on 6th May (removal from warehouse of M/s Kit)

(ii) Time of supply of goods under Forward charge – Sec 12(2) + 66/2017

(Date of Invoice i.e 5th May / Last date to issue Invoice u/s 31 i.e 6th May) Whichever is earlier Hence time of supply is 5th May
--

15.3. What shall be the value of taxable supply made by KIT to TMT Pvt Ltd.?

- (a) ₹ 61,55,000 (b) ₹ 61,47,000 (c) ₹ 59,92,000 (d) ₹ 61,22,000

Answer:- (b) ₹ 61,47,000

Basic price of iron Bars	60,00,000	Sec 15(1) = transaction value
freight charges	1,50,000	The given supply is a composite supply involving supply of goods and services (freight) where the principal supply is the supply of goods. Hence it is included.
loading charges	5000	being incidental expenses included in 15(2)(c)
	61,55,000	
Less: Discount given is post supply discount and buyer reversed proportionate input tax credit (ITC)	8,000	As per sec 15(3) Post supply discount/ Discount given after supply – if Known at time of supply through agreement entered + linked to invoice and ITC reversed by recipient: Deduct
value of taxable supply	61,47,000	

DISCOUNT Treatment:

Date	Particulars	Due date of payment = within 25 days from date of issue of invoice
2 nd May	Advance of Rs 7 lakh received by M/s KIT	i.e 5 th May + 25 days = 30th May
5 th May	Invoice issued to TMT Pvt. Ltd.	Note: 100% payment received on 18th May. (i.e 13th day after

10 th May	30% of the invoice amount is paid	date of Invoice) Note: 13 th Day is falling in 11 to 15 days table of discount, hence, discount allowed is Rs 8000.
14 th May	Another 20% of the invoice amount is paid	
18 th May	Balance amount is paid	

15.4. What will be the validity of the e-way bill generated by KIT on 6th May?

- (a) 12:15 midnight of 11th -12th May (b) 12:00 midnight of 10th -11th May (c) 12:15 midnight of 10th -11th May
(d) 12:00 midnight of 9th -10th May

Answer:- (d) 12:00 midnight of 9th -10th May

Validity period of e-way bill/ consolidated e-way bill	Type of cargo	Distance within country	Validity period from relevant date
	other than Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship	Up to 200 km	1 day
	other than Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship	For every 200 km or part thereof thereafter	1 additional day
Relevant date	Explanation 1. - "Relevant date" shall mean the date on which e-way generated and the period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as the period expiring at midnight of the day immediately following the date of generation of e-way bill.		

Since, Goods supplied **other than Over Dimensional Cargo**

Validity period of e-way bill of 455 Km	=	3 days (200 km per day)
EWB generated on	=	6 May (0.15 hrs)
1 st day end on	=	7 th - 8 th May (12:00 midnight)
3 rd day end on	=	9 th - 10 th May (12:00 midnight)

15.5. In the above case scenario, if the entire (100%) payment is made on the following independent dates namely, A) 03rd June, B) 28th May and C) 20th June, then the value of taxable supply in each independent case will be:

- (a) A) 61,75,000; B) 61,55,000; C) 62,95,000. (b) A) 60,30,000; B) 60,05,000; C) 61,55,000. (c) A) 61,80,000; B) 61,47,000; C) 63,05,000. (d) A) 60,30,000; B) 59,97,000; C) 61,55,000.

Answer:- (a) A) 61,75,000; B) 61,55,000; C) 62,95,000.

value of taxable supply in each independent case:

Payment on	Payment Due date = 25 days from date of invoice i.e 5 th May + 25 days = 30 th May	Discount allowed [if payment made within 15 days of date of invoice] i.e 20 May	Penal charges [i.e delay after due date 30 th May]	Total value of taxable Supply = 60,00,000 + 1,50,000 + 5000 = 61,55,000 less disc, add Penalty
03 rd June	30 th May	Nil	Delay = 4 days 4 × 5000 per day = 20,000	[61,55,000 + 20,000] = 61,75,000;
28 th May	30 th May	Nil	No delay	61,55,000
20 th June	30 th May	Nil	Delay = 21 days [1,30,000 + (1 × 10,000 per day)] = 1,40,000	[61,55,000 + 1,40,000] = 62,95,000

15.6. Who will be liable to pay GST on freight and loading charges charged by 'Express Transports'?

- (a) TMT Pvt Ltd (b) SIS (c) Express Transports (d) KIT

Answer:- (d) KIT

As per Sec 9(3) read with notification: Recipient pay GST under reverse charge for GTA Service as follows:

Nature of service	supplied by	To charge] [i.e recipient who is liable to pay tax under reverse
services in respect of transportation of goods by road	GTA [not paying tax @ 12%]	(a) factory registered under Factories Act, (b) society registered under Societies Act, (c) co-operative society , (d) person registered under GST law (e) body corporate and (f) partnership firm including AOP. (g) casual taxable person

		located in taxable territory (TT)
--	--	-----------------------------------

Hence,

Supply	=	services in respect of transportation of goods by road
Supplier	=	Express transports' [(GTA) Andhra Pradesh charging GST at the rate of 5%
Recipient	=	M/s KIT (registered in GST in Andhra Pradesh)
Who will pay GST on freight & loading charges	=	Since, GTA [not paying tax @ 12% provide services in respect of transportation of goods by road to M/s KIT (registered in GST). Hence, M/s KIT (registered in GST) is liable to pay GST under reverse charge.

CASE SCENARIO-16

'Suraksha Travels Pvt. Ltd' (STPL) is established on 3rd April in the city of Bangalore (Karnataka) and the primary objective of the company is to provide air-conditioned contract-based passenger transportation services at affordable fares. The company obtains the voluntary registration under GST from 1st May. On 1st July, the company purchased motor vehicles of various seating capacities as follows.

Seating capacity (including driver)	No. of vehicles	Purchase price (per vehicle exclusive of taxes)	Rate of GST
7 persons	4	10,00,000	CGST-9%; SGST - 9%
9 persons	3	12,00,000	CGST-9%; SGST - 9%
11 persons	2	14,00,000	CGST-9%; SGST - 9%
13 persons	1	15,00,000	IGST-18%

From the month of July, STPL associated with RUBA Ltd. for enhancing the business operations. RUBA Ltd. owns/operates an electronic platform for supply of passenger transportation services in Bangalore. The company developed an application called 'RUBA' through which the customers can access the nearest available motor vehicles (cabs) and avail the services. RUBA Ltd. collects the consideration for the services from the customers and remits the same to the service provider (STPL) after retaining the commission charged by it for using its electronic platform.

The details of few bookings of STPL in the month of July are as follows:

(These bookings are obtained by STPL on its own account and not through RUBA Ltd.)

Order No.	Date of travel	Starting city	Ending city	Residence of the customer	Date of payment/booking	customer Status of
CA-234	5 th July	Bangalore	Chennai	Bangalore	3 rd July	Registered
CA-435	11 th July	Bangalore	Chennai	Chennai	9 th July	Unregistered
PH-534	16 th July	Chennai	Bangalore	Hyderabad	14 th July	Registered
GK-987	19 th July	Hyderabad	Bangalore	Delhi	17 th July	Unregistered
UV-777	22 nd July	Bangalore	Hyderabad	Mumbai	20 th July	Registered
XE-001	25 th July	Chennai	Bangalore	Kolkata	23 rd July	Unregistered

The invoice is issued electronically on the date of travel immediately after the completion of the journey.

The details of the passenger transportation services supplied by STPL through RUBA Ltd. & GST payable on the supply is as follows:-

Particulars	July (₹)	August (₹)	September (₹)
Value of services	1,30,00,000	1,25,00,000	1,40,00,000
CGST	9,00,000	8,00,000	8,50,000

SGST	9,00,000	8,00,000	8,50,000
IGST	4,00,000	3,50,000	4,50,000

Note:

1. All amounts are exclusive of CGST/SGST or IGST, as the case may be.
2. Booking will be confirmed only after paying total fare for the journey.
3. There is no other inward or outward supply transaction for STPL in the relevant period apart from the aforementioned transactions.
4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

CHART:

'Suraksha Travels Pvt. Ltd' (STPL) Bangalore (Karnataka)
obtains the voluntary registration under GST from 1st May

PROVIDE passenger transportation services himself

Order No.	Date of travel	Starting city	Ending city	Residence of the customer	Date of payment/ booking	customer Status of
CA-234	5th July	Bangalore	Chennai	Bangalore	3 rd July	Registered
CA-435	11 th July	Bangalore	Chennai	Chennai	9 th July	Unregistered
PH-534	16 th July	Chennai	Bangalore	Hyderabad	14 th July	Registered
GK-987	19 th July	Hyderabad	Bangalore	Delhi	17 th July	Unregistered
UV-777	22 nd July	Bangalore	Hyderabad	Mumbai	20 th July	Registered
XE-001	25 th July	Chennai	Bangalore	Kolkata	23 rd July	Unregistered

The invoice is issued electronically on the date of travel immediately after the completion of the journey

PROVIDE passenger transportation services through ECO (RUBA Ltd) from July

Particulars	July (₹)	August (₹)	September (₹)
Value of services	1,30,00,000	1,25,00,000	1,40,00,000
CGST	9,00,000	8,00,000	8,50,000
SGST	9,00,000	8,00,000	8,50,000
IGST	4,00,000	3,50,000	4,50,000

1 July – purchased

Seating capacity (including driver)	No. of vehicles	Purchase price (per vehicle exclusive of taxes)	Rate of GST
7 persons	4	10,00,000	CGST-9%; SGST - 9%
9 persons	3	12,00,000	CGST-9%; SGST - 9%
11 persons	2	14,00,000	CGST-9%; SGST - 9%
13 persons	1	15,00,000	IGST-18%

Based on the case scenario given above, choose the most appropriate answer to Q. nos. 16.1. to 16.5.:-

16.1. Amount of blocked credit in respect of motor vehicles purchased by STPL on 1st July is _____.

- (a) CGST=₹ 9,36,000; SGST=₹ 9,36,000 & IGST = ₹ 2,70,000
- (b) CGST=₹ 3,24,000; SGST=₹ 3,24,000 & IGST=₹ 2,70,000
- (c) CGST = Nil; SGST = Nil & IGST = ₹ 2,70,000
- (d) CGST = Nil; SGST = Nil & IGST = Nil

Answer:- (d) CGST = Nil; SGST = Nil & IGST = Nil

As per Sec 17(5)(a), **ITC NOT AVAILABLE for MOTOR VEHICLE Seating capacity ≤ 13 Person(including Driver)**

Note- ITC allowed of Vehicle FOR Making taxable supply of Transport of Passenger [e.g. Providing Transport of Passenger Service]

Since, M/s STPL is engaged in supply of Transport of Passenger service, **Input tax credit allowed.**

16.2. Amount of GST payable through electronic cash ledger by STPL on the services supplied by it through RUBA Ltd. during the month of July is_____.

- (a) CGST=₹ 9,00,000; SGST=₹ 9,00,000 & IGST=₹ 4,00,000
 (b) CGST = Nil; SGST = Nil & IGST = ₹ 58,000
 (c) CGST = Nil; SGST = Nil & IGST = ₹ 1,30,000
 (d) CGST = Nil; SGST = Nil & IGST = Nil

Answer:- (d) CGST = Nil; SGST = Nil & IGST = Nil

9(5) CGST Act/ 5(5) IGST Act 2017	Tax payable by the electronic commerce operator [ECO]	<p>The Government may notify specific categories of services the tax on supplies of which shall be paid by electronic commerce operator (ECO) as if such services are supplied through it.</p> <p>9(5)/5(5) Notified services: CG Notified following service, IF Supplied through ECO: ECO is liable to pay GST:-</p> <table><tr><td>services of transport of passengers by a radio-taxi, motorcab, maxicab and motor cycle supplied thorough ECO</td><td>Supplier registered or not : ECO Pay GST</td></tr></table> <p>2(22) “maxicab” means any motor vehicle constructed or adapted to carry more than 6 passengers, but not more than 12 passengers, excluding the driver, for hire or reward ; [means Maximum = 12 Passenger + 1 Driver = Total 13 Persons Capacity]</p> <p>2(25) “motorcab” means any motor vehicle constructed or adapted to carry not more than 6 passengers excluding the driver for hire or reward ; [means Maximum = 6 Passenger + 1 Driver = Total 7 Persons Capacity]</p>	services of transport of passengers by a radio-taxi, motorcab, maxicab and motor cycle supplied thorough ECO	Supplier registered or not : ECO Pay GST
services of transport of passengers by a radio-taxi, motorcab, maxicab and motor cycle supplied thorough ECO	Supplier registered or not : ECO Pay GST			

Hence, **Tax payable by the electronic commerce operator [ECO] i.e M/s RUBA Ltd.** on the services supplied by M/s STPL through RUBA Ltd.

16.3. Amount of tax to be collected at source by RUBA Ltd. on the taxable supplies made through it during the months of A) July, B) August and C) September, is_____.

- (a) A) ₹ 65,000; B) ₹ 62,500 and C) ₹ 70,000
 (b) A) ₹ 1,30,000; B) ₹ 1,25,000 and C) ₹ 1,40,000
 (c) A) ₹ 1,30,000; B) Nil and C) ₹ 70,000
 (d) A) Nil; B) Nil and C) Nil

Answer:- A) Nil; B) Nil and C) Nil

Person liable to Collect TCS: Sec 52

electronic commerce operator [ECO] on net value of taxable supplies made through it by other suppliers, IF ECO collects consideration on behalf of the supplier

NET VALUE of Taxable supply = Aggregate value of **taxable supplies of goods/ services**

(--) notified **services** under **section 9(5)** by all registered persons through ECO

(--) taxable **supplies returned** to suppliers

Hence for Services notified u/s 9(5), ECO is not required to collect Tax at source

services of **transport of passengers by a radio-taxi, motorcab, maxicab and motor cycle** supplied through ECO is notified service in Sec 9(5). **Hence no tax to be collected at source by RUBA Ltd.**

16.4. Place of supply for order numbers 1) CA-435, 2) PH-534 & 3) GK-987 is_____.

- (a) 1) Bangalore, 2) Hyderabad & 3) Hyderabad
 (b) 1) Chennai, 2) Hyderabad & 3) Hyderabad
 (c) 1) Chennai, 2) Chennai & 3) Delhi
 (d) 1) Bangalore, 2) Chennai & 3) Hyderabad

Answer:- (a) 1) Bangalore, 2) Hyderabad & 3) Hyderabad

Section 12 of IGST Act 2017 shall apply to determine the place of supply of services **where the location of supplier (LOS) of services and the location of the recipient (LOR) of services is in India.**

12(9)	POS FOR PASSENGER TRANSPORTATION SERVICE : Supply of PASSENGER TRANSPORTATION SERVICE to,—	
	(a) a registered person,	location of such person;
	(b) a person other than a registered person,	place where the passenger embarks on the conveyance for a continuous journey:

Determination of place of supply

Order No.	Starting city	Residence of the customer	customer Status of	Place of supply
CA-435	Bangalore	Chennai	Unregistered	Bangalore [place where the passenger embarks on the conveyance]
PH-534	Chennai	Hyderabad	Registered	Hyderabad [location of registered person]
GK-987	Hyderabad	Delhi	Unregistered	Hyderabad [place where the passenger embarks on the conveyance]

16.5. Time of supply for order numbers 1) CA-234, 2) UV-777 & 3) XE-001 is _____.

- a 1) 5th July, 2) 20th July & 3) 23rd July
- b 1) 5th July, 2) 22nd July & 3) 23rd July
- c 1) 3rd July, 2) 20th July & 3) 23rd July
- d 1) 5th July, 2) 20th July & 3) 23rd July

Answer:- (c) 1) 3rd July, 2) 20th July & 3) 23rd July

(i) Time Limit For Raising Invoices: Sec 31: In case of supply of service, Invoice issued Before or after the provision of service but within 30 days from the date of supply of services

In our case invoice issued on date of travel immediately after completion of journey.

(ii) Time of supply of service under Forward charge – Sec 13(2)

IF Invoice issued as per Sec 31

- (a) (Date of invoice or
- (b) Date of payment

Whichever is earlier

Explanation - Date of payment = date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier

Hence,

Order No.	Date of travel	Date of invoice	Date of payment/ booking	Time of supply
CA-234	5 th July	5 th July	3 rd July	3 rd July
UV-777	22 nd July	22 nd July	20 th July	20 th July
XE-001	25 th July	25 th July	23 rd July	23 rd July

CASE SCENARIO-17

Mr. A is a practicing Chartered Accountant who is supplying the service in the field of auditing and assurance.

His earnings during the current financial year are as follows-

1. Income from the auditing and assurance service provided during the year- ₹ 1,86,00,000
2. Income for acting as an examiner from the ICAI and ICSI (not on their rolls) in the month of June - ₹ 2,50,000
3. Rental income from a commercial property, during the year- ₹ 13,90,000

Further, in the month of April, Mr. B purchased 10 computers at a price of ₹ 25,000 each, for his office as new staff has been recruited by his HR team and had availed and utilized ITC on the same.

On 31st October, out of these 10 computers, Mr. A shifted 2 computers at his residence for his son for learning purpose. Open market value of each of these computers, on 31st October, is ₹ 10,000.

Mr. A belatedly filed GSTR-3B for the month of December, by 5 days. Value of taxable supply for the month of December is ₹ 10,00,000 (included in his details of earnings mentioned above). Applicable rate of tax on said supply is 18%.

Note:

1. All the above amounts are exclusive of taxes, wherever applicable.
2. The opening balance of input tax credit of Mr. A for the relevant tax period is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.
3. There is no other inward or outward supply transaction for Mr. A in the relevant period apart from the aforementioned transactions.

Mr. A Practicing CA

Income	
Audit fee of the year	₹ 1,86,00,000
Examiner of ICAI and ICSI (not on their rolls) in the month of June	₹ 2,50,000
Rental income from a commercial property, of the year	₹ 13,90,000

In April	purchase 10 computer of Rs 25000 each. Availed and utilized ITC on Computers.
31 st October	2 computer shifted to residence [OMV on 31 st Oct: 10000 each]
Further	
GSTR- 3B of Dec	Late filed by 5 days
Value of taxable supply of Dec	10,00,000
Rate of GST	18%

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 17.1. to 17.5. as follows:-

17.1. Assuming that the current financial year is the financial year 2019-20, Mr. A is required to maintain and retain the books of accounts for said financial year under the GST law up to_____.

- (a) 31st December 2025
- (b) 31st December 2026
- (c) 31st December 2027
- (d) 31st December 2028

Answer:- (b) 31st December 2026

PERIOD OF RETENTION OF ACCOUNTS : SECTION 36: Every registered person shall retain them for 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records:

Further due date of Annual return = 31st December of next Financial year.

HENCE, Mr. A is required to maintain and retain the books of accounts for said financial year under the GST law up to 31st December 2026 [i.e 31st Dec 2020 + 72 month = 31st December 2026]

17.2. Aggregate turnover for the purpose GST audit is _____.

- (a) ₹ 2,02,50,000 (b) ₹ 2,02,90,000 (c) ₹ 2,02,65,000 (d) ₹ 2,02,60,000

Answer:- (d) ₹ 2,02,60,000

Analysis:

(1) Sec 2(6): **Aggregate T.O** = all **taxable supplies** + **exempt** supplies + **exports** of goods and/or services + **inter-State supplies** of a person **having the same PAN**, to be computed **on all India basis** and **Less** CGST/SGST/ UTGST/IGST/GST Comp. cess
(2) **ATO exclude inward supplies** on which **tax is payable under reverse charge**:

Aggregate Turnover =

Audit fee of the year	1,86,00,000
Examiner of ICAI and ICSI (not on their rolls) in the month of June	2,50,000
Rental income from a commercial property, of the year	13,90,000
Open market value of 2 computer shifted to house = Supply as per [para 1 sch1 + 7(1)(c)] [Permanent transfer of business assets without consideration on which ITC taken.]	20,000
Aggregate Turnover	2,02,60,000

17.3. Total taxable turnover of Mr. A for the current financial year is _____.

- (a) ₹ 2,00,10,000 (b) ₹ 2,00,40,000 (c) ₹ 2,02,60,000 (d) ₹ 2,02,50,000

Answer:- (a) ₹ 2,00,10,000

Audit fee of the year	1,86,00,000
Examiner of ICAI and ICSI (not on their rolls) in the month of June Entry 66(b) exempts Services provided, by any person by way of,- services relating to admission to, or conduct of examination by, such institution;	Exempt
Rental income from a commercial property, of the year	13,90,000
Open market value of 2 computer shifted to house = Supply as per [para 1 sch1 + 7(1)(c)] [Permanent transfer of business assets without consideration on which ITC taken.]	20,000
Taxable Turnover	2,00,10,000

17.4. Which of the following is/are not a supply under GST law?

- (a) Service provided as an examiner to ICAI and ICSI
(b) Rental income as it is not related to business
(c) Shifting of computers at home for personal purpose as there is no consideration
(d) None of the above

Answer:- (d) None of the above

Service provided as an examiner to ICAI and ICSI	= supply, but exempt under Entry 66
Rental income as it is not related to business	= Supply, covered by definition of business. Definition of business is very wide.
Shifting of computers at home for personal purpose as there is no consideration	= Supply as per [para 1 sch1 + 7(1)(c)] [Permanent transfer of business assets without consideration on which ITC taken.]

17.5. Which of the following statement(s) is/are correct with respect to interest liability of Mr. A, for the month of December?

- (a) Interest liability of Mr. A is ₹ 444 and he can pay the same either from input tax credit available in electronic credit ledger or in cash.
(b) Interest liability of Mr. A is ₹ 444 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.

(c) Interest liability of Mr. A is ₹ 2,466 and he can pay the same from input tax credit available in electronic credit ledger or in cash.

(d) Interest liability of Mr. A is ₹ 2,466 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.

Answer:- Interest liability of Mr. A is ₹ 444 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.

Sec 50: (a) Every person **who fails to pay the tax** or any part thereof to Govt. **within the period prescribed**, shall **for the period** for which the tax or any part thereof **remains unpaid, pay, on his own, interest @ 18% p.a from the day succeeding the day** on which **such tax was due to be paid**.

Period of delay = 5 days

Interest = $1,80,000 \times 18\% \times 5 \text{ days}/365 = \text{Rs } 444 \text{ (R/off)}$

Further, input tax credit can be used to pay only output tax and not for payment of interest or penalty.

CASE SCENARIO-18

Kunj Manufacturers, a registered supplier under GST in Surat, Gujarat, has opted to pay tax under composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017. It is engaged in manufacturing textile products.

The following information is available in relation to Kunj Manufacturers for the current financial year:

1. Total turnover during the quarter April-June is ₹ 1,50,00,000.
2. The option to pay tax under composition scheme lapses from 1st July.
3. Tax paid on inputs lying in stock as on 30th June (Invoice dated 4th May) - CGST ₹ 10,000 and SGST ₹ 10,000.
4. Tax paid on inputs contained in semi-finished goods held in stock as on 30th June- CGST ₹ 5,000 and SGST ₹ 5,000 (Invoice was dated 31st December of preceding financial year).
5. A machinery was purchased on 15th March of preceding financial year for ₹ 10,00,000 (taxable value). Applicable GST rate was 12%.
6. On 10th August, Kunj Manufacturers sold goods worth ₹ 2,40,000 to Surat Municipal Corporation (SMC). The contract with SMC was to supply only goods and not any services.
7. On 15th August, Kunj Manufacturers sold goods worth ₹ 10,00,000 to Finance Department of Gujarat Government.
8. Apart from the information provided above, sales and purchases worth ₹ 15,00,000 and ₹ 12,00,000 respectively were also reported during the period of July – February.
9. During the month of March of the current financial year, Kunj Manufacturers manufactured 2,500 meters of fabric (Value of the fabric is ₹ 200 per meter). ITC pertaining to such output was CGST - ₹ 27,500 and SGST - ₹ 27,500. Mr. Kunj exported 1,500 meters of fabric under bond and sold the balance 1,000 meters of fabric in Gujarat, India.

Notes:

1. There is no other outward or inward supply transaction apart from the aforesaid transactions.
2. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.
2. It is also assumed that due date for any return required to be filed by the taxpayer has not been extended by the Government.
3. **Rate of GST** applicable on goods manufactured by Kunj Manufacturers under regular scheme is 12%. GST rate applicable on inward supplies is 12% unless otherwise specified.
4. All the purchases and sales are made within the State except the export sales.
5. All the amounts given above are exclusive of taxes, wherever applicable.

Chart

Kunj Manufacturers, a registered in Surat, Gujarat

April to June – Opt Composition

Turnover – April to June = 1.5 crore

GST on stock on 30 June

Inputs (Invoice dated 4 th May) -	CGST -10,000, SGST ₹ 10,000
inputs contained in semi-finished goods [Invoice dated 31 st Dec of P.Y)	CGST -5,000, SGST ₹ 5,000

Machinery purchased on 15th March of P.Y for ₹ 10,00,000 (taxable value). GST rate was 12%.

Form 1st July – Option of composition lapses

10 Aug	Sale of goods to Surat Municipal Corporation (SMC)	2,40,000
15 Aug	Sale of goods to Finance Department of Gujarat Government	10,00,000
July to Dec	Other sale	15,00,000

Purchase from July to Dec = 12 lac
For March Month

1,500 meters of fabric Export under bond	@ 200 per meter
1,000 meters of fabric sold in Gujarat, India	
ITC related to goods manufactured 2500 meters	CGST - ₹ 27,500 and SGST - ₹ 27,500

Rate of GST- 12%, unless otherwise specified

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 18.1. to 18.5. as follows:-

18.1. The net GST payable in cash by Kunj Manufacturers during the period from April to February is_____.

(a) ₹ 1,76,800 (b) ₹ 3,46,800 (c) ₹ 18,26,800 (d) ₹ 18,46,800

Answer:- (a) ₹ 1,76,800

Calculation of net GST payable in cash by Kunj Manufacturers during the period from April to February:

	IGST	CGST	SGST	Total
GST liability under Forward charge				
Sale of goods to Surat Municipal Corporation (SMC) 2,40,000 × 6%] =	-----	14,400	14,400	28,800
Sale of goods to Finance Department of Gujarat Government 10,00,000 × 6%] =	-----	60,000	60,000	1,20,000
Other sale [15,00,000 × 6%] =	-----	90,000	90,000	1,80,000
Total liability from July to Feb		1,64,400	1,64,400	3,28,800
Less: ITC (CGST & SGST) [see Que 2] [ITC of CGST shall be utilized first for payment of CGST and then, for payment of IGST] [ITC of SGST shall be utilized first for payment of SGST and then, for payment of IGST]		1,41,000	1,41,000	2,82,000
GST Payable under forward charge through Electronic Cash ledger from July to Feb	NIL	23,400	23,400	46,800
Composition tax paid through Electronic Cash ledger from April to June , CGST =[1.5 crore × 0.5%] , , SGST =[1.5 crore × 0.5%] =	NIL	75,000	75,000	1,50,000
TOTAL GST paid through Electronic Cash ledger from April to Feb	Nil	98,400	98,400	1,96,800

Note: Answer as per ICAI is 1,76,800.

If it is assumed registration is taken in this year, then

As per Explanation 2 to sec 10	For the purposes of determining the tax payable by a person under this section, the expression "turnover in State or turnover in Union territory" shall not include the value of following supplies, namely :- (i) supplies from the first day of April of a financial year upto the date when such person becomes liable for registration under this Act; and
---------------------------------------	---

It means turnover will be 1.5 crore less 20 lakh (Registration Limit) = 1.3 crore

Then, Composition tax = 1.3 crore × 1% = 1,30,000

Then total tax will be 46,800 + 1,30,000 = 1,76,800

18.2. Input Tax Credit (ITC) available to Kunj Manufacturers during the period from April to February is _____.

- (a) ₹ 2,72,000 (b) ₹ 2,82,000 (c) ₹ 2,88,000 (d) ₹ 3,02,000

Answer:- (b) ₹ 2,82,000

Sec18(1)(c): Registered person switching from composition levy to regular scheme of payment of taxes	
Credit entitled on	On the day immediately preceding the date from which he becomes liable to pay tax under regular scheme Credit of Capital goods = [Total Tax on CG – 5% per quarter or part thereof from the date of invoice]
1. Inputs as such held in stock	
2. Inputs contained in semifinished goods held in stock	
3. Inputs contained in finished goods held in stock	
Sec 18(2): ITC, in all above cases, is to be availed within 1 year from the date of issue of invoice by the supplier.	

Input Tax Credit (ITC) available to Kunj Manufacturers during the period from April to February

	IGST	CGST	SGST	Total
Input tax credit of stock [credit on 30/6 taken]				
Inputs (Invoice dated 4 th May) [not more than 1 year old]		10,000	10,000	20,000
inputs contained in semi-finished goods Invoice dated 31 st Dec of P.Y) [not more than 1 year old]		5,000	5,000	10,000
GST on Machinery purchased on 15 th March of P.Y -= 10,00,000 × 12%. = 1,20,000 ITC on machine = [1,20,000 – 5% × 2 Qtr]=1,08,000 [Qtr period = 15 March to 30 June] 2 quarter = last Qtr of P.Y & first Qtr of Current year		54,000 [1,08,000/2]	54,000 [1,08,000/2]	1,08,000
Normal purchase [12,00,000 × 6%.]		72,000	72,000	1,44,000
Total input tax credit		1,41,000	1,41,000	2,82,000

18.3. The amount of GST refund available to Kunj Manufacturers for the month of March in the current financial year is _____.

- (a) ₹ 24,000 (b) ₹ 33,000 (c) ₹ 31,000 (d) ₹ 22,000

Answer:- (c) ₹ 31,000

	Value	GST Rate	GST
Domestic sale [1,000 meters of fabric sold in Gujarat, India]	2 lac [1000 × 200]	12%	24,000 [CGST 12,000, SGST-12000]
Export under Bond/LUT 1500 meter	3 lac [1500 × 200]		NIL [since export under LUT]
TOTAL GST			24,000
Less: input tax credit related to it			55,000 [CGST -27,500, SGST-27500]
Input tax credit balance			31,000

Refund formula as per rule 89(4) for zero rated supply

Refund of ITC for zero rated supply: as per formula	NET ITC × Turnover of Zero rate supply of (goods + service) Adjusted total Turnover	55,000 × 3 Lakh / 5 lakh = 33,000
"Net ITC" =	input tax credit availed on inputs and input services during the relevant period Less: ITC availed for which refund is claimed UNDER 89 (4A)/(4B)	55,000 [CGST -27,500, SGST-27500]
"Turnover of zero rated supply of goods"	(a) value of zero-rated supply of goods made during relevant period without payment of tax under bond or letter of undertaking less turnover of supplies in respect of which refund is claimed under 89 (4A)/(4B) Or (b) 1.5 times value of like goods domestically supplied by same or similarly placed supplier whichever is less	3,00,000

"Adjusted Total turnover" =	"Adjusted Total Turnover" means	5,00,000
	Turnover in a State or UT, as Per sec 2(112), excluding the turnover of services; and	
	Add: Turnover of zero-rated supply of services as above & non-zero-rated supply of services,	
	Less: the value of exempt supplies other than zero-rated supplies; and	
	Less: the turnover of supplies in respect of which refund is claimed under 89 (4A) or (4B) or both, if any, during the relevant period.	
	Note: As per ICAI 89(4A), (4B) Turnover of both goods & service excluded.	

Quantum of refund of Unutilized ITC= **Minimum of**

(i) Refund as per Formula under Rule 89(4) and 89(5)	33,000
(ii) Credit ledger Balance at the end of period after filing 3B for the period for which refund is claimed	Not given in que
(iii) Credit ledger Balance at the time of filing refund	31,000

Hence Refund = 31,000

18.4. Which of the following statements is correct?

- (a) Kunj Manufacturers is required to file Form GSTR-9, Form GSTR-9A and Form GSTR-9C.
 (b) Kunj Manufacturers is required to file only Form GSTR-9.
 (c) Kunj Manufacturers is required to file Form GSTR-9 and Form GSTR-9C.
 (d) Kunj Manufacturers is required to file both Form GSTR - 9 and Form GSTR - 9A.
Answer:- (d) Kunj Manufacturers is required to file both Form GSTR - 9 and Form GSTR - 9A.

Requirement of Annual Return GSTR-9:

April to June	=	Composition supplier	So File GSTR 9A
July to March	=	Normal Supplier	So File GSTR 9

Requirement to file Self-certified Reconciliation Statement in GSTR-9C:

Since, Aggregate turnover is below Rs 5 crore. Hence no requirement to furnish GSTR 9C.

18.5. Assuming that goods have been sold by Kunj Manufacturers to Finance Department of Gujarat Government for a value of ₹ 1,00,000 instead of ₹ 10,00,000, net GST payable by Kunj Manufacturers in cash during the period from July to February will be

- (a) ₹ 15,88,800 (b) ₹ 83,800 (c) ₹ 82,800 (d) nil

Answer:- (d) nil

Calculation of net GST payable in cash by Kunj Manufacturers during the period from July to February:

	IGST	CGST	SGST	Total
GST liability under Forward charge				
Sale of goods to Surat Municipal Corporation (SMC) 2,40,000 × 6% =	-----	14,400	14,400	28,800
Sale of goods to Finance Department of Gujarat Government 1,00,000 × 6% =	-----	6,000	6,000	12,000
Other sale [15,00,000 × 6%] =	-----	90,000	90,000	1,80,000
Total liability from July to Feb		1,10,400	1,10,400	2,20,800
Less: ITC (CGST & SGST) [see Que 2] [ITC of CGST shall be utilized first for payment of CGST and then, for payment of IGST] [ITC of SGST shall be utilized first for payment of SGST and then, for payment of IGST]		1,41,000	1,41,000	2,82,000
GST Payable under forward charge through Electronic Cash ledger from July to Feb	NIL	NIL	NIL	NIL
Composition tax will not be calculated, since calculation has to be done from July to February				

CASE SCENARIO-19

Ms. Nitya, engaged in the trading of pipes, is registered under GST in the State of Gujarat. Total taxable turnover of Ms. Nitya from April to February in the current financial year is ₹ 40,00,000.

Following is the information for the month of March of the said financial year:

1. Taxable value of outward supply ₹ 5,00,000; ₹ 2,500 additional charges collected from the customers toward taxes levied by the Municipal Authority.
2. Ms. Nitya went to Mumbai, Maharashtra for a business meeting and stayed in a hotel for two days. Hotel charged ₹ 10,000 (taxable value) for the stay.
3. Taxable value of other inward supplies is ₹ 2,00,000.
4. She also bought a life insurance policy for herself amounting to ₹ 11,100 (taxable value). (CGST ₹ 999, SGST ₹ 999).
5. She bought chairs for office purpose amounting to ₹ 10,000 (taxable value).

Followings additional information is also provided for the current financial year:

On 5th April, Ms. Nitya purchased a motor car, with a seating capacity of 5 persons, worth ₹ 6,00,000 and used it exclusively for business purpose and capitalized the same in the books of accounts. On the same day, she also bought 4 laptops worth ₹s 25,000 each. All the laptops are also capitalized in the books of accounts and no depreciation is claimed under the Income-tax Act, 1961 on the GST component of the same and ITC is availed on the same.

On 7th July, Ms. Nitya purchased an air conditioner worth ₹ 55,000 for office purpose and capitalized the same in the books of accounts.

On 31st December, Ms. Nitya decided to give the motor car, two laptops and the air conditioner to her brother - Mr. Darsh – a well-established businessman in Surat, Gujarat, without consideration. Open market value of the motor car, the air conditioner and the laptop on that day is ₹ 3,00,000, ₹ 40,000 and ₹ 15,000 (per laptop) respectively.

Note:

1. There is no other outward or inward supply transaction apart from the aforesaid transactions.
2. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. Ms. Nitya availed and utilized all the ITC for which she is eligible, but she did not avail the ITC on purchase of air conditioner.
3. **All inward and outward supplies are intra-State supplies except the stay in hotel in Mumbai, Maharashtra.**
4. Applicable rate of CGST is 6%, rate of SGST is 6% and rate of IGST is 12% on all inward and outward supplies.
5. All the amounts given above are exclusive of GST, wherever applicable.

Ms. Nitya, registered under GST in the State of Gujarat.

April to February			March		
Turnover – April to Feb = 40 lac			Outward supply	5,00,000	
Inward supply			Municipal taxes recovered	2,500	
5 April	purchased a motor car, with a seating capacity of 5 persons, worth ₹ 6,00,000	ITC Blocked 17(5)	Inward Supply		
5 April	bought 4 laptops worth ₹s 25,000 each	ITC availed	For March Month		
7 July	purchased an air conditioner worth ₹ 55,000 for office purpose	No ITC availed	Hotel stay in Mumbai (Maharashtra) for 2 days	10,000	
On 31 December, Gifted to her Brother Mr. Darsh – a well-established businessman in Surat, Gujarat			other inward supplies is ₹	2,00,000	
	OMV		bought a life insurance policy for herself ₹	11,100 (taxable value). (CGST ₹ 999, SGST ₹ 999).	
1 Motor car	3 Lac		bought chairs for office purpose	10,000	
2 Laptop	15,000 each				
1 AC	40,000				
Rate of GST- CGST - 6%, SGST - 6% IGST is 12%, unless otherwise specified					
NOTE: All inward and outward supplies are intra-State supplies except the stay in hotel in Mumbai, Maharashtra.					

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 19.1. to 19.5. as follows:-

19.1. Upto which of the following date(s), Ms. Nitya has to maintain relevant books of accounts under the GST Law? Assuming that:
I. the above information is provided for the financial year 2019-20 and Ms. Nitya is under investigation for an offence under Chapter XIX of the CGST Act, 2017, and such investigation was concluded on 31st December 2021.

II. the above information is provided for the financial year 2019-20 and Ms. Nitya is under investigation for an offence under Chapter XIX, and such investigation was concluded on 31st December 2026.

(a) 31st December 2026 for Case-I and 31st December 2027 for Case-II.

(b) 31st December 2027 for the both the cases. (c) 31st December 2026 for the both the cases.

(d) 31st December 2026 for Case-I and 31st December 2032 for Case-II.

Answer:- (A) 31st December 2026 for Case-I and 31st December 2027 for Case-II.

PERIOD OF RETENTION OF ACCOUNTS : SECTION 36]

Where an appeal/ revision/any other proceedings before any Appellate/ Revisional Authority or Appellate Tribunal or Court, or an investigation is going on: shall **retain the books of account and other records for a period of**

❖ **1 year after final disposal of such appeal or revision** or proceedings or investigation, **or**

❖ **For 72 months from the due date of furnishing of annual return** for the year pertaining to such accounts and records, **whichever is later**

Hence, following is the position

Case 1: 2019-20 - investigation was concluded on 31 st December 2021.		Case 2: 2019-20 - investigation was concluded on 31 st December 2026.	
Later of		Later of	
(i) 31.12.21 + 1 year =	31.12.22	(i) 31.12.26 + 1 year =	31.12.27
(ii) 31.12.20 + 72 month	31.12.26	(ii) 31.12.20 + 72 month	31.12.26
Hence, Ms. Nitya has to maintain relevant books of accounts upto 31.12.26		Hence, Ms. Nitya has to maintain relevant books of accounts upto 31.12.27	

19.2. Which of the following statements are correct?

1. Motor car given by Ms. Nitya to her brother is supply. 2:- Air conditioner given by Ms. Nitya to her brother is supply. 3:- Laptop given by Ms. Nitya to her brother is supply. 4:- Air conditioner given by Ms. Nitya to her brother is not supply.

(a) Both 1 and 2 (b) Both 2 and 3 (c) Both 3 and 4 (d) Both 1 and 4

Answer:- (c) Both 3 and 4

Explanation. To sec 15: persons shall be deemed to be “related persons” if — they are members of the same family;

Sec 2(49) “family” means, —

- (i) the spouse and children of the person, and
- (ii) the parents, grandparents, **brothers and sisters** of the person **if they are wholly or mainly dependent on the said person;**

In our question, Nitya and his brother are not related person, since brother is not dependent on him (her Brother Mr. Darsh – a well-established businessman in Surat, Gujarat)

Further

Supply	=	Para 1, Schedule 1: Permanent transfer or disposal of business assets without consideration where input tax credit has been availed on such assets. = Supply
Supply	=	Para 2, , Schedule 1: Supply of goods or services or both between related persons without consideration when made in the course or furtherance of business

On basis of above

1. Motor car given by Ms. Nitya to her brother is supply.	Not Correct: since it is not supply Para 1, Schedule 1: Not apply, since ITC of Motor vehicle below capacity of 13 person is blocked, hence ITC not availed Para 2, , Schedule 1: Not apply, because not related person.
2:- Air conditioner given by Ms. Nitya to her brother is supply.	Not Correct: since it is not supply Para 1, Schedule 1: Not apply, since ITC not availed [given in Question itself] Para 2, , Schedule 1: Not apply, because not related person.
3:- Laptop given by Ms. Nitya to her brother is supply.	Correct: it is supply Para 1, Schedule 1: Apply
4:- Air conditioner given by Ms. Nitya to her brother is not supply.	Correct: it is not supply Para 1, Schedule 1: Not apply, since ITC not availed [given in Question itself] Para 2, , Schedule 1: Not apply, because not related person

19.3. Total taxable outward supply by Ms. Nitya for the current financial year is -

(a) ₹ 48,70,000 (b) ₹ 45,70,000 (c) ₹ 45,32,500 (d) ₹ 45,17,500

Answer:- (c) ₹ 45,32,500

Taxable Turnover – April to Feb			40,00,000
For March month			
Out ward supply with consideration			5,00,000 + 2500 (Municipal taxes recovered: added in 15(2)(a))
Out ward supply without consideration			15000 × 2
	OMV		
1 Motor car	3 Lac	Not supply	
2 Laptop	15,000 each	Supply	
1 AC	40,000	Not supply	
Total taxable outward supply by Ms. Nitya for the current financial year			45,32,500

19.4. Total credit available for the month of March is_____.

(Assume that the opening balance of ITC for the relevant period is nil.)

(a) IGST - ₹ 25,200 (b) IGST - ₹ 26,400 (c) CGST - ₹ 12,600, SGST - ₹ 12,600, IGST - ₹ 1,200 (d) CGST - ₹ 12,600, SGST - ₹ 12,600

Answer:- (d) CGST - ₹ 12,600, SGST - ₹ 12,600

Calculation of Total credit available for the month of March to Ms. Nitya, registered under GST in the State of Gujarat

		IGST	CGST	SGST
Hotel stay in Mumbai (Maharashtra) for 2 days [here LOS = Maharashtra, POS = Maharashtra, Hence it is intra-state supply in Maharashtra] Input tax credit can't be taken by Ms. Nitya of Gujrat for intra-state supply of other state i.e Maharashtra		----	----	---
other inward supplies is ₹	2,00,000 × 6%	----	12,000	12,000
bought a life insurance policy for herself ₹ [ITC Blocked in Sec 17(5) for life insurance]		----	----	---
bought chairs for office purpose	10,000 × 6%	----	600	600
Total credit available for the month of March		----	12,600	12,600

19.5. Tax payable by Ms. Nitya for the month of March is _____.

(Assume that the opening balance of ITC for the relevant period is nil.)

(a) CGST - ₹ 17,550 and SGST - ₹ 17,550 (b) CGST - ₹ 16,950 and SGST - ₹ 17,550 (c) CGST - ₹ 16,350 and SGST - ₹ 17,550 (d) CGST - ₹ 15,951 and SGST - ₹ 16,551

Answer:- CGST - ₹ 17,550 and SGST - ₹ 17,550

Tax payable by Ms. Nitya for the month of March

	IGST	CGST	SGST	Total
GST liability under Forward charge				
GST On outward supply of March $[5,02,500 \times 6\%] =$	-----	30,150	30,150	60,300
Total liability		30,150	30,150	60,300
Less: ITC (CGST & SGST) [see Que above]				25,200
[ITC of CGST shall be utilized first for payment of CGST and then, for payment of IGST]		12,600		
[ITC of SGST shall be utilized first for payment of SGST and then, for payment of IGST]			12,600	
GST Payable under forward charge through Electronic Cash ledger	NIL	17,550	17,550	35,100

CASE SCENARIO-20

Neha Chemical Pvt. Ltd. (hereinafter referred to as NCPL), a registered taxpayer under in Surat, Gujarat, is engaged in manufacturing of chemical products. Poorva Fertilizers Pvt. Ltd. (hereinafter referred to as PFPL) of Dhule, Maharashtra approached NCPL for supply of chemical product.

NCPL supplied 20 tons of chemical product @ ₹ 1,00,000 per ton (taxable value) to PFPL on 1st October. The invoice for the supply has also been issued on the same date. Further, following additional amounts (in lump sum) are also charged from PFPL:

Particulars	Amount (₹)
Packing charges	25,000
Extra charges for removal of impurities from chemical product	50,000
Transit insurance for transportation	5,000
Taxes levied by Municipal Authority	4,500
Transportation charges	35,000

As per the terms of the contract of supply, NCPL is required to deliver the chemical at the premises of PFPL. Therefore, NCPL hires a transporter for transportation of chemical. The lorry receipt indicates that freight (ignoring taxes) is payable by the receiver of goods.

On 4th October, NCPL has also received ₹ 2,00,000 as subsidy from the State Government for setting up chemical manufacturing plant in Surat, Gujarat.

As per the contract, PFPL is required to make payment within 20 days of supply. However, PFPL delayed the payment of consideration and made the payment on 25th December alongwith ₹ 28,000 as interest.

On 5th October, NCPL hired a motor car from Mr. Mehul, resident of Surat, Gujarat for its management team at Mumbai, Maharashtra for a business meeting. Mr. Mehul issued bill of ₹ 10,000 (including cost of fuel) for the same. Mr. Mehul has not charged any GST in the invoice raised for the same.

On 9th December, NCPL received technical consultancy service from TikTak Inc., its subsidiary company located in Singapore, without consideration. TikTak Inc. provides similar consultancy service to other clients for ₹ 50,000 (converted into Indian rupees).

On 15th December, security office located at the entry gate of NCPL has been renovated for ₹ 1,50,000 and the same has been capitalized in the books of accounts.

Notes:

1. NCPL and PFPL are not related and price is the sole consideration for the supply.
2. All the amounts given above including interest on delayed payment of interest received from PFPL are exclusive of GST, wherever applicable.
3. Applicable rates of GST:

Particulars	CGST	SGST	IGST
Supply of chemical product	9%	9%	18%
Supply of service of hiring of motor car	2.5%	2.5%	5%
Supply of technical consultancy service	9%	9%	18%
Supply of construction services	6%	6%	12%

4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Chart

Neha Chemical Pvt. Ltd. (NCPL), a registered in Surat, Gujarat,

October

D		
1 Oct	Sale of 20 tons of chemical product to PFPL of Dhule, Maharashtra & issued Invoice	@ ₹ 1,00,000 per ton

Additional recoveries:

Particulars	Amount
Packing charges	25,000
Extra charges for removal of impurities from chemical product	50,000
Transit insurance for transportation	5,000
Taxes levied by Municipal Authority	4,500
Transportation charges for which NCPL Paid to Transporter	35,000

Further

4 Oct	received subsidy from State Government	2,00,000 for setting up chemical manufacturing plant in Surat, Gujarat.
5 Oct	NCPL hired a motor car from Mr. Mehul, resident of Surat, Gujarat for its management team at Mumbai, Maharashtra for a business meeting.	Mr. Mehul issued bill of ₹ 10,000 (including cost of fuel) for the same. Mr. Mehul has not charged any GST in the invoice raised for the same

December

25 Dec	Interest on delayed payment received (Since payment recd after 20 days allowed)	28,000
9 Dec	Import of technical consultancy service from TikTak Inc., its subsidiary company of Singapore, without consideration	OMV Rs 50,000
15 Dec	Renovation of security office and the same has been capitalized in the books of accounts	1,50,000

Applicable rates of GST:

Particulars	CGST	SGST	IGST
Supply of chemical product	9%	9%	18%
Supply of service of hiring of motor car	2.5%	2.5%	5%
Supply of technical consultancy service	9%	9%	18%
Supply of construction services	6%	6%	12%

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 20.1. to 20.5. as follows:-

20.1. What is the gross tax liability (total of CGST + SGST + IGST) for the month of October? (a) ₹ 3,82,010 (b) ₹ 2,50,640 (c) ₹ 3,75,710 (d) ₹ 2,54,840

Answer:- (a) ₹ 3,82,010

Particulars	Amount	
Sale of 20 tons of chemical product to PFPL of Dhule, Maharashtra [20 Ton × 1,00,000]	20,00,000	
Packing charges	25,000	15(2)(c): packing included in value
Extra charges for removal of impurities from chemical product	50,000	15(2)(c): charges for anything done in respect of goods included in value.
Transit insurance for transportation	5,000	The given supply is a composite supply involving supply of goods and services (transport and insurance) where the principal supply is the supply of goods. Hence it is included.
Transportation charges	35,000	
Taxes levied by Municipal Authority	4,500	15(2)(c): any taxes except GST recovered included in value.
Taxable value for month of October	21,19,500	

Interest received in month of December. Hence it forms part of value of December.

Calculation of gross tax liability (total of CGST + SGST+ IGST) for the month of October

	IGST	CGST	SGST	Total
GST liability under Forward charge				
Sale of 20 tons of chemical product by NCPL, a registered in Surat, Gujarat to PFPL of Dhule, Maharashtra. It is interstate supply. [LOS = Gujarat, POS = Maharashtra i.e where movement terminates of goods as per Sec 10(1)(a)] [21,19,500 × 18%] =	3,81,510	----	----	3,81,510
GST liability under forward charge	3,81,510	----	----	3,81,510
GST liability under reverse charge				
Hired a motor car from Mr. Mehul, resident of Surat, Gujarat. Mr. Mehul issued bill of ₹ 10,000 (including cost of fuel) for the same. Mr. Mehul has not charged any GST in the invoice raised for the same [Note 1] LOS= Surat, Gujarat, POS = Surat, Gujarat [Sec 12(2) i.e location of registered person] intra-state supply 10,000× 2.5%		250	250	
Gross GST Payable under forward & reverse charge	3,81,510	250	250	3,82,010

Note: as per Sec 9(3) read with notification

Nature of service	supplied by	To [i.e recipient who is liable to pay tax under reverse charge]
renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient	Any person, other than a body corporate who supplies the service to a body corporate and does not issue an invoice charging CGST @ 6% / IGST @ 12% to the service recipient	Any body corporate, located in TT

20.2. Which of the following statements is/are not correct in the given case?

- 1:- Subsidy received from the State Government will be included in the transaction value of the chemical product.
 2:- Service received from TikTok Inc. is not supply.
 3:- Service received from TikTok Inc. is supply.
 4:- GST is not payable on service received from Mr. Mehul.
 (a) Only 1,2 and 3 (b) Only 2,3 and 4 (c) Only 1, 2 and 4 (d) Only 4

Answer:- (c) Only 1, 2 and 4

1:- Subsidy received from the State Government will be included in the transaction value of the chemical product.	Incorrect: Subsidy received from Government not included in Value: Sec 15(2)(e)
2:- Service received from TikTok Inc. is not supply.	Incorrect: Para 4, Schedule1: Import of services by a [person] from a related person outside India without consideration, in the course or furtherance of business is supply . TikTok Inc. is related person. Hence it is supply
3:- Service received from TikTok Inc. is supply.	Correct: See above. It is supply
4:- GST is not payable on service received from Mr. Mehul.	Incorrect: NCPL is liable to pay GST under reverse charge on hiring of motor vehicle.

- 20.3. What is the time and place of supply for the interest paid on the delayed payment by PFPL? (a) 1st October and Surat, Gujarat (b) 1st October and Dhule Maharashtra (c) 25th December and Surat, Gujarat (d) 25th December and Dhule, Maharashtra

Answer :- (d) 25th December and Dhule, Maharashtra

As per Sec 13(6) - For Int., Late Fee or Penalty for delay of consideration, TOS = Date of Receipt of Int./Late Fee etc. i.e 25th December Further Place of supply = Place of Supply of Main transaction in which interest included in value. Since Main Supply is Supply of 20 Tons chemical products. Hence POS = Maharashtra i.e where movement terminates of goods as per Sec 10(1)(a)
--

20.4. Assuming that there are no other transactions carried out by NCPL during October to December apart from the ones as mentioned in the case scenario, total ITC available during such period is -

(a) ₹ 27,500 (b) ₹ 9,500 (c) ₹ 9,000 (d) Nil

Answer:- (b) ₹ 9,500

Particulars	IGST	CGST	SGST
service of hiring of motor car As per Sec 17(5)(a), ITC NOT AVAILABLE for MOTOR VEHICLE Seating capacity ≤ 13 Person (including Driver). Even ITC OF hiring or leasing of such motor vehicle is also not allowed	----	----	----
Import of technical consultancy service [50,000 × 18%]. As per sec 7 of IGST Act, import of service is inter-state supply.	9,000	----	----
Renovation of security office and the same has been capitalized in the books of accounts. It is covered by works contract service relating to construction of immovable Property. ITC not allowed as per Sec 17(5)	---	----	----
Total ITC AVAILABLE	9,000	---	---

Note: ICAI Answer is incorrect.

20.5. In the given case scenario, if TikTak Inc. is not subsidiary of NCPL and has supplied the technical consultancy service to NCPL without consideration,

(a) it will be an exempt supply. (b) it will be a zero-rated supply. (c) it will not be a supply.

(d) it will be a taxable supply.

Answer:- (c) it will not be a supply.

Import of service from related person without consideration = **supply**.
if TikTak Inc. is not subsidiary of NCPL (**i.e not related Person**) and has supplied the technical consultancy service to NCPL without consideration = **NOT SUPPLY**

CASE SCENARIO-21

Vijayant Tours and Travels Ltd. (hereinafter referred to VTTL) is a registered taxable person under GST in Surat, Gujarat providing service of tours and travels. **Following details of VTTL are available for the current financial year:**

Total outward supply during the year: ₹ 1,95,00,000

Total inward supply during the year: ₹ 1,65,00,000

Total interest income earned on fixed deposit: ₹ 5,00,000

Following details relating to additional transactions (over and above the above-mentioned information) are also available:

VTTL provided a holiday package for 3 days in Lakshadweep and Lonawala (Maharashtra) to his customer - Mr. Vijay - resident of Surat, Gujarat. The package included travel from Surat, Gujarat to Lakshadweep and from Lakshadweep to Lonawala, Maharashtra and accommodation and complimentary breakfast in the hotels at both the places. The stay in Lakshadweep was for 2 nights and in Lonawala for 1 night. For the above service, VTTL charged a total of ₹ 10,000.

On return journey, Mr. Vijay arranged his travel on his own. Mr. Vijay bought two tickets of Air India over internet from Mumbai to Surat. He boarded the flight at Mumbai airport.

During the year, VTTL gave a tour package worth ₹ 65,000 to its employee Mr. Sandip free of cost on the occasion of his marriage. VTTL booked a ticket for air travel for Mr. Ishwar for travelling to Delhi from Surat. The value of the air ticket was ₹ 8,000, out of which ₹ 7,500 was towards basic fare.

VTTL hired a security agency w.e.f. 1st April, M/s Five Star Security, a partnership firm, registered under GST in Surat, Gujarat to deploy security guards at its corporate office in Surat, Gujarat. M/s Five Star Security issues monthly invoice for ₹ 15,000.

During the year, security office located at the entry gate has been renovated for ₹ 1,50,000 and the same has been capitalized in the books of accounts.

Note:

1. All the amounts given above are exclusive of GST, wherever applicable.
2. Rates of tax applicable on all inward and outward supplies are CGST and SGST - 9% each and IGST - 18%.

Vijayant Tours and Travels Ltd. (VTTL) registered in Surat, Gujarat

Current F.Y		Additional Transaction	
D			
Total outward supply during the year	1,95,00,000	tour package to its employee Mr. Sandip free of cost	65,000.
Total interest income earned on fixed deposit	5,00,000	VTTL booked a ticket for air travel for Mr. Ishwar for travelling to Delhi from Surat. The value of the air ticket was ₹ 8,000, out of which ₹ 7,500 was towards basic fare	
Total inward supply during the year	1,65,00,000	hired a security agency w.e.f. 1 st April, M/s Five Star Security, a partnership firm, registered under GST in Surat, Gujarat	15,000 p.m
Additional transaction		Renovation of security office and the same has been capitalized in the books of accounts	1,50,000
holiday package for 3 days to Mr. Vijay - resident of Surat, Gujarat. (unregistered) The package included travel from (1) Surat, Gujarat to Lakshadweep and (2) from Lakshadweep to Lonawala, Maharashtra. The stay in Lakshadweep was for 2 nights and in Lonawala for 1 night.		Rate of GST – 18%	
For return journey Mr. Vijay - resident of Surat, Gujarat. (unregistered) bought two tickets of Air India over internet from Mumbai to Surat. He boarded the flight at Mumbai airport			

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 21.1. to 21.5. as follows:-

21.1. The place of supply in case of service provided by VTTL to Mr. Vijay is _____.

- (a) both Lakshadweep and Mumbai, Maharashtra as service is received at both the places (b) Lakshadweep as service is started at this place. (c) Lakshadweep as service is ended at this place. (d) Surat, Gujarat

Answer:- (d) Surat, Gujarat

It is assumed Mr. Vijay is not registered. Hence place of supply =

12(2)	PLACE OF SUPPLY (POS) GENERALLY (DEFAULT RULE): Supply of services, except the services specified in sub-sections (3) to (14),—	
	a) made to a registered person shall be the;	location of such person
	b) made to any person other than a registered person shall be,—	
	(i) where the address on record exists; and	location of the recipient
	(ii) in other cases	location of the supplier of services

Place of supply = **location of the supplier** (Surat, Gujarat), since **address on record not exists of Mr. Vijay in records of M/s VTTL (supplier)**

21.2. The place of supply in case of return journey of Mr. Vijay assuming that:

- (i) he is registered under GST and (ii) he is not registered under GST.

- (a) (i) Mumbai, Maharashtra and (ii) Surat, Gujarat (b) (i) Surat, Gujarat and (ii) Mumbai, Maharashtra (c) Mumbai, Maharashtra in both the cases (d) Surat, Gujarat in both the cases

Answer:- (b) (i) Surat, Gujarat and (ii) Mumbai, Maharashtra

Section 12 of IGST Act 2017 shall apply to determine the place of supply of services **where the location of supplier (LOS) of services and the location of the recipient (LOR) of services is in India.**

12(9)	POS FOR PASSENGER TRANSPORTATION SERVICE : Supply of PASSENGER TRANSPORTATION SERVICE to,—	
	(a) a registered person,	location of such person;
	(b) a person other than a registered person,	place where the passenger embarks on the conveyance for a continuous journey:

If Recipient (Mr. Vijay) is registered: POS = Location of Registered Person i.e Surat, Gujarat

If Recipient (Mr. Vijay) is not registered: POS = **place where the passenger embarks on the conveyance for a continuous journey i.e** Mumbai, Maharashtra

21.3. What will be the GST liability of VTTL in case of air ticket booking for Mr. Ishwar? (a) ₹ 1,350.00 (b) ₹ 67.50 (c) ₹ 1,440.00 (d) ₹ 72.00

Answer:- (b) ₹ 67.50

Booking Ticket by Air Travel agent - ATA- R 32(3)

Value = 5% of Basic Fare- IN CASE OF DOMESTIC BOOKING

Note: Basic Fare means Airfare on which commission is payable to air travel agent [i.e not include taxes]

Hence Value = 7500 × 5% = 375

GST = 18% OF 375 = 67.50

21.4. What will be the gross tax liability of VTTL for the current financial year?

- (a) ₹ 35,23,657.00 (b) ₹ 35,57,340.00 (c) ₹ 35,55,967.50 (d) ₹ 35,56,057.50

Answer:- (c) ₹ 35,55,967.50

Calculation of gross tax liability of VTTL for the current financial year

Total outward supply during the year	1,95,00,000	
Total interest income earned on fixed deposit	Exempt	Exempt under Entry 34, but included in Aggregate T.O
holiday package for 3 days to Mr. Vijay - resident of Surat, Gujarat	10,000	
tour package to its employee Mr. Sandip free of cost	65,000.	Para 2, Schedule 1: gifts exceeding Rs 50,000 in value in a financial year by an employer to an employee = supply of goods or services or both
AIR Travel Agent value – Booking for Ishwar = $7500 \times 5\% = 375$	375	Booking Ticket by Air Travel agent - ATA- R 32(3) Value = 5% of Basic Fare- IN CASE OF DOMESTIC BOOKING Note: Basic Fare means Airfare on which commission is payable to air travel agent [i.e not include taxes] Hence Value = $7500 \times 5\% = 375$
Taxable Turnover	1,95,75,375	
GST @ 18% under forward charge	35,23,567.50	
GST under reverse charge for security service received by VTTL Registered in GST $[15,000 \times 12] \times 18\%$	32,400	
Gross tax liability of VTTL	35,55,967.50	

Note: SECURITY SERVICE

Nature of service	supplied by	to	
Security services (services provided by way of supply of security personnel)	Any person other than a body corporate	A registered person , located in TT	Recipient pay GST under RCM

21.5. Which of the following statements is correct?

(a) Total aggregate turnover of VTTL is ₹2,00,75,375. (b) Total aggregate turnover of VTTL is ₹2,00,83,000. (c) Total aggregate turnover of VTTL is ₹2,00,10,375. (d) Total aggregate turnover of VTTL is ₹1,95,75,375.

Answer:- (a) Total aggregate turnover of VTTL is ₹2,00,75,375.

(1) Aggregate T.O = all **taxable supplies** + **exempt supplies** + **exports** of goods and/or services + **inter-State supplies** of a person **having the same PAN**, to be computed **on all India basis** and **Less**
CGST/SGST/ UTGST/IGST/GST Comp. cess

Calculation of Aggregate Turnover

Total outward supply during the year	1,95,00,000	
Total interest income earned on fixed deposit	5,00,000	Exempt under Entry 34, but included in Aggregate T.O
holiday package for 3 days to Mr. Vijay - resident of Surat, Gujarat	10,000	
tour package to its employee Mr. Sandip free of cost	65,000.	Para 2, Schedule 1: gifts exceeding Rs 50,000 in value in a financial year by an employer to an employee = supply of goods or services or both
AIR Travel Agent value – Booking for Ishwar = $7500 \times 5\% = 375$	375	Booking Ticket by Air Travel agent - ATA- R 32(3) Value = 5% of Basic Fare- IN CASE OF DOMESTIC BOOKING Note: Basic Fare means Airfare on which commission is payable to air travel agent [i.e not include taxes] Hence Value = $7500 \times 5\% = 375$
Aggregate Turnover	2,00,75,375	

CASE SCENARIO-22

Vispute Textile Pvt. Ltd. (hereinafter referred to as VTPL) is engaged in manufacturing and trading of textile products. Its head office is located in Surat, Gujarat. Besides, it has three other units – Darsh, Kunj and Nitya located in Mumbai (Maharashtra), Surat (Gujarat) and Pune (Maharashtra) respectively.

The head office (hereinafter referred to as VTPL-HO) and Units Kunj and Nitya are registered under GST. Unit Darsh is not registered under GST as it is exclusively engaged in supply of exempt goods. Further, VTPLHO in **Surat, Gujarat** is also separately registered under GST as Input Service Distributor (ISD).

VTPL-HO purchased goods worth ₹ 5,00,000 from Mr. Jayesh. However, such goods were directly sent to the premises of registered job worker, Mr. Dinesh, without being first received at VTPL's manufacturing unit.

Goods were cleared by supplier – Mr. Jayesh - on 10th April, but were received by the job worker on 16th April. The job worker carried out the job work and supplied the goods to M/s. Mahendra Enterprises on 13th April of next year on payment of tax on the direction of VTPL-HO. VTPL-HO has not declared Mr. Dinesh's premises as additional place of business in registration details on GSTN portal. VTPL-HO bought a new motor vehicle worth ₹ 12,00,000 in exchange of old motor vehicle (Exchange value of old motor vehicle is ₹ 4,50,000) on 5th July, having seating capacity of 13 persons excluding the driver for the daily transport of its employees. Old motor vehicle was purchased 2 years before on 1st September for ₹ 8,00,000. Seating capacity of the old motor vehicle was 10 persons including driver. Rate of GST on motor vehicle is 18%.

On 25th July, VTPL-HO engaged Bahubali Ltd., a company (registered under GST in Mumbai, Maharashtra) dealing in textile machineries, to supply machineries worth ₹ 30,00,000 for a spinning unit to be set up at Satara, Maharashtra. Machineries are supplied in completely knocked down condition at the Satara unit and assembled by the engineers of Bahubali Ltd. Satara unit is yet to be registered under GST.

Following information is available in respect of the units for which VTPL is registered under GST as an ISD, for month of July:

Input Service	CGST (₹)	SGST (₹)	IGST (₹)	Remarks
X	50,000	50,000	-	Used in Unit Darsh
Y	-	-	1,20,000	Used in Unit Nitya and Darsh
Z	4,000	4,000	-	Used in Unit Kunj [Input Service Z is in respect of servicing of motor bike (with engine capacity of 120 cc) used in Kunj Unit for business purpose]

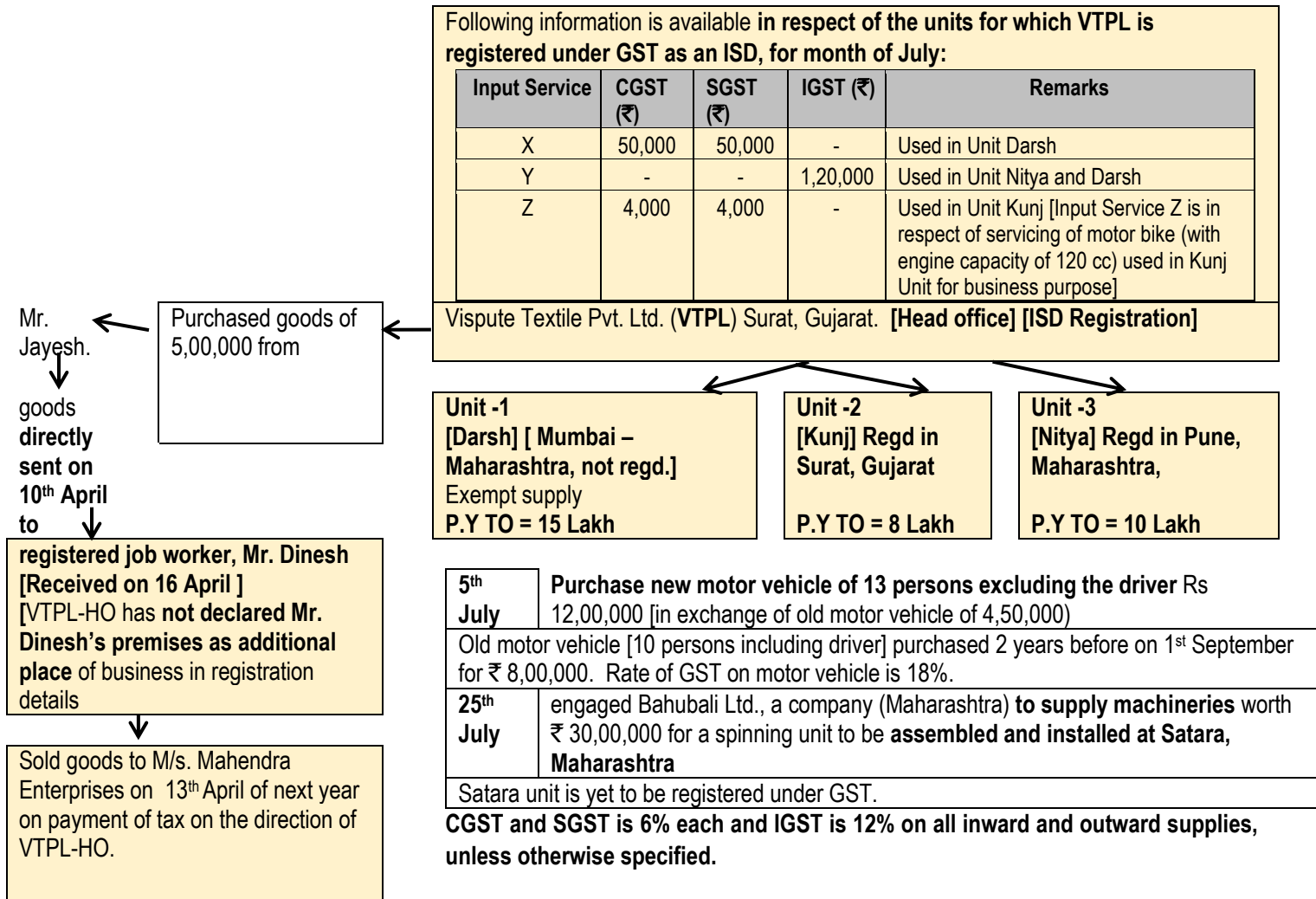
Total turnover of the units for the last financial year are given under.

Unit	Turnover (₹)
Darsh	15,00,000
Kunj	8,00,000
Nitya	10,00,000

Note:

1. Applicable rate of **CGST and SGST is 6% each and IGST is 12% on all inward and outward supplies, unless otherwise specified.**
2. All the units are operational during the year unless specifically mentioned otherwise in the question.
3. All the amounts given above are exclusive of GST, wherever applicable.
4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Chart



Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 22.1. to 22.5. as follows:-

22.1. Which of the following statements is/are correct in respect of the goods sent for job work to Mr. Dinesh?

- VTPL is not eligible to take input tax credit as it has not declared the premises of the job worker as its additional place of business.
- VTPL is required to reverse the input tax credit as job worker returned the goods after 1 year from 10th April.
- VTPL is not required to reverse the input tax credit as job worker returned the goods before 1 year from 16th April.
- VTPL cannot directly sell the goods to M/s Mahendra Enterprises from job worker's premises as VTPL has not declared the premises of the job worker as its additional place of business.

(a) 1st and 4th (b) 2nd and 4th (c) Only 3rd (d) Only 4th

Answer:- (c) Only 3rd

VTPL is not eligible to take input tax credit as it has not declared the premises of the job worker as its additional place of business.	Incorrect: As per Sec 19, ♦ Principal can take credit on goods (inputs and capital goods) sent for job work. ♦ Credit can be taken even if the said goods are sent directly to job worker without being first brought to the principal's place of business. Hence, there is no such condition of declaring the premises of the job worker as its additional place of business											
VTPL is required to reverse the input tax credit as job worker returned the goods after 1 year from 10 th April.	Incorrect: <table><tr><td rowspan="4">Time limit of ❖ return by Jobworker or ❖ supply from Job Worker premise</td><td>BRING IP after Job-worker/otherwise within 1 year of sending</td><td>BRING CG except Moulds, dies, Jigs & Fixture within 3 years of sending</td></tr><tr><td colspan="2">OR</td></tr><tr><td>SUPPLY IP after Job work within 1 year</td><td>SUPPLY CG within 3 years of sending</td></tr><tr><td colspan="2">✓ Within India- on Payment of GST ✓ Export – with or without payment of GST</td></tr></table> <p>Further, if Input, directly sent to job-worker from supplier: 1 year counted from date of receipt by job- worker Hence 1 year counted from 16th April. Since goods are sold within 1 year of 16th April = No ITC Reversal</p>			Time limit of ❖ return by Jobworker or ❖ supply from Job Worker premise	BRING IP after Job-worker/otherwise within 1 year of sending	BRING CG except Moulds, dies, Jigs & Fixture within 3 years of sending	OR		SUPPLY IP after Job work within 1 year	SUPPLY CG within 3 years of sending	✓ Within India- on Payment of GST ✓ Export – with or without payment of GST	
Time limit of ❖ return by Jobworker or ❖ supply from Job Worker premise	BRING IP after Job-worker/otherwise within 1 year of sending	BRING CG except Moulds, dies, Jigs & Fixture within 3 years of sending										
	OR											
	SUPPLY IP after Job work within 1 year	SUPPLY CG within 3 years of sending										
	✓ Within India- on Payment of GST ✓ Export – with or without payment of GST											
VTPL is not required to reverse the input tax credit as job worker returned the goods before 1 year from 16 th April.	Correct: see above											
VTPL cannot directly sell the goods to M/s Mahendra Enterprises from job worker's premises as VTPL has not declared the premises of the job worker as its additional place of business.	Incorrect: if principal declares the place of business of the job worker as his additional place of business or (i) where the job worker is registered under section 25; or (ii) where the principal is engaged in the supply of notified goods by the Commissioner.											

22.2. Which of the following statements is true in context of input tax credit to be distributed by ISD VTPL-HO to Unit Kunj?

- (a) CGST and SGST credit of ₹ 54,000 each and IGST credit of ₹ 1,20,000 will be distributed as IGST credit, to Unit Kunj in proportion to its turnover of preceding financial year to the total turnover of all the three units of the preceding financial year.
- (b) Ineligible credit of CGST and SGST of ₹ 4,000 each will be distributed as ineligible credit of IGST of ₹ 8,000 to Unit Kunj.
- (c) Credit of CGST and SGST of ₹ 4,000 each will be distributed as credit of IGST of ₹ 8,000 to Unit Kunj.
- (d) Ineligible credit of CGST and SGST of ₹ 4,000 each will be distributed as ineligible credit of CGST and SGST of ₹ 4,000 each to Unit Kunj.
- (e) **Answer:- (d)** Ineligible credit of CGST and SGST of ₹ 4,000 each will be distributed as ineligible credit of CGST and SGST of ₹ 4,000 each to Unit Kunj.

Computation of ITC to be distributed by ISD VTPL-HO [Gujarat]

S. No.	Particulars	Unit -1 [Darsh] [Maharashtra] Rs.)	Unit -2 [Kunj] [Gujarat] (Rs.)	Unit -3 [Nitya] [Maharashtra] (Rs.)
(i)	Input service "X"	IGST - 1,00,000		
(ii)	Input service "Y"	IGST - 72,000		IGST - 48,000
(iii)	Input service "Z"		CGST – 4,000 SGST – 4,000	
		1,72,000	8,000	48,000

- (1) IGST credit of Rs. 1,00,000, CGST credit of Rs. 50,000 and SGST credit of Rs. 50,000 specifically attributable to Darsh unit will be distributed as IGST credit of Rs. 1,00,000, **since head office and Kunj unit are in different state [Sec 20 read with rule 39 of the CGST Rules, 2017]. Further Unit -1 [Darsh] will not take credit, since it provides exempt supply**

and unregistered person. It is to be noted that credit is to be distributed to unregistered entity also. Credit form part of cost of supply of that entity.

- (2) Eligible ITC of IGST [Rs. 1,20,000], will be distributed among the units and centres in the ratio of their turnover of the last F.Y [Section 20 read with rule 39 of the CGST Rules, 2017].
- (3) GST credit of Rs. 8,000, CGST credit of Rs. 4,000 and SGST credit of Rs. 4,000 specifically attributable to Kunj unit will be distributed as CGST credit of Rs. 4,000 and SGST credit of Rs. 4,000 respectively, **since head office and Kunj unit are in same state [Sec 20 read with rule 39 of the CGST Rules, 2017].**
- (4) **Sec 2(28) of Motor Vehicle Act - motor vehicle** or “vehicle” means any mechanically propelled vehicle adapted for use upon roads whether the power of propulsion is transmitted thereto from an external or internal source and includes a chassis to which a body has not been attached and a trailer ; **but does not include** a vehicle running upon fixed rails or a vehicle of a special type adapted for use only in a factory or in any other enclosed premises or **a vehicle having less than four wheels fitted with engine capacity of not exceeding [25 cubic centimetres]**

(5) It means more than 25 cubic centimeters bike will be motor vehicle.

Input Service Z is in respect of servicing of motor bike (with engine capacity of 120 cc) used in Kunj Unit for business purpose.	Further, As per Sec 17(5)(a), ITC NOT AVAILABLE for MOTOR VEHICLE Seating capacity ≤ 13 Person(including Driver) Motor bike (with engine capacity of 120 cc) is motor vehicle as per above definition. But credit not allowed as it is blocked in Sec 17(5)(a)
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22.3. Amount to be distributed by VTPL-HO to Unit Darsh is-

- (a) CGST and SGST credit of ₹ 50,000 each; IGST credit of ₹ 72,000. (b) CGST and SGST credit of ₹ 50,000 each; IGST credit of ₹ 54,545. (c) IGST credit of ₹ 1,72,000. (d) nil as Unit Darsh is not registered under GST and is exclusively engaged in supply of exempt goods.

Answer:- (c) IGST credit of ₹ 1,72,000.

Note: see above table

22.4. Place of supply of the machinery supplied by Bahubali Ltd. on 25th July and the tax charged thereon is:

- (a) Surat, Gujarat; CGST and SGST (b) Satara, Maharashtra; CGST and SGST (c) Mumbai, Maharashtra; IGST (d) Surat, Gujarat; IGST

Answer:- (b) Satara, Maharashtra; CGST and SGST

As per sed 10(1)(d) of IGST Act, where Goods are assembled or installed at site POS = PLACE WHERE GOODS are ASSEMBLED or INSTALLED
Hence POS = Satara, Maharashtra Los = Bahubali Ltd. [Mumbai, Maharashtra] It is intra-state supply. Hence CGST + SGST Leviable.

22.5. Amount of ITC available on purchase of new motor vehicle in exchange of old motor vehicle as on 5th July is _____.

- (a) nil as ITC is blocked on motor vehicle under section 17(5) of the CGST Act, 2017 (b) ₹ 2,16,000 (c) ₹ 1,35,000 (d) ₹ 2,97,000

Answer:- (b) ₹ 2,16,000

Analysis

As per Sec 17(5)(a), **ITC NOT AVAILABLE for MOTOR VEHICLE Seating capacity ≤ 13 Person(including Driver)**

Since, new motor vehicle purchased is more than 13 person = credit allowed

= 12,00,000 × 18% = 2,16,000

CASE SCENARIO-23

ABC Petroleum Limited is engaged in the business of refining and marketing of petroleum products. It has one refinery each in the States of Tamil Nadu, West Bengal & Maharashtra and numerous administrative and marketing offices spread across the country.

The company has separate marketing cum administrative offices for every major State and common administrative cum marketing offices for a group of small States e.g., all north-eastern States are covered under one marketing cum administrative office. The company also blends lubricants in its blending plants located in the States of Maharashtra and Tamil Nadu.

As a policy, all the places of business of the company in a State are registered under GST under one registration.

Imported crude is used as input in the refinery and following major products are extracted after refining process:

Products chargeable to GST (Group A)	Products not chargeable to GST (Group B)
Base oil (An input for blending lubricants)	Petrol
Furnace oil	Diesel
Bitumen (Used for road construction)	Air turbine fuel
LPG (Domestic and Industrial)	

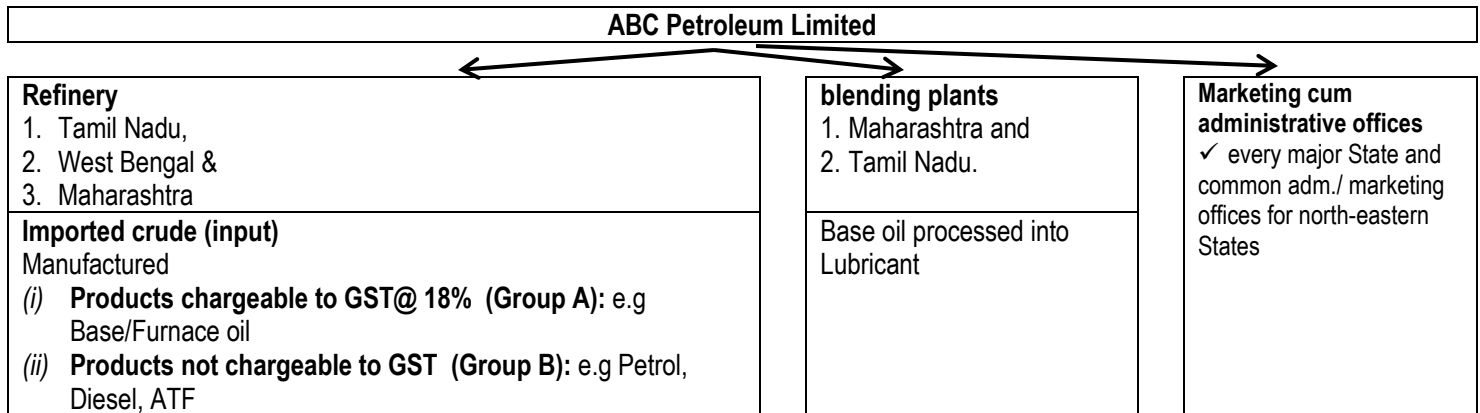
Base oils are further sent to blending plants where they are blended with additives to produce lubricants. The company provides the following particulars for States of Tamil Nadu, Maharashtra and Kerala for the month of January:

(Amount in thousands)

Particulars	Tamil Nadu (₹)	Maharashtra (₹)	Kerala (₹)
Value of supply inclusive of all taxes/duties (Group B products)	1,650	3,400	1,575
Value of supply (Group A products) before all taxes/duties	100	200	20
Excise duty leviable on supply of Group B products	500	1,000	110
VAT on supply of Group B products	250	600	65
Tax paid on inputs and input services procured at the blending plant	5	6	0
Tax paid on spares procured at the refinery (Spares are booked in revenue account)	3	8	0
Tax paid on inputs and input services procured at the marketing cum administrative office	2	3	1
Tax paid capital asset procured at the blending plant	0	5	0
Tax paid capital asset procured at the refinery	12	0	0

Assume that all of the Group A products are chargeable to GST @ 18% (including both CGST and SGST or IGST, as the case may be). The opening balance of input tax credit of ABC Petroleum Limited for the relevant tax period is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. Further, there is no other inward or outward supply transaction for ABC Petroleum Limited in January apart from the aforementioned transactions.

Chart



All the places of business of the company in a State= **Single registration**

Particulars	Amount in Thousands		
	Tamil Nadu (₹)	Maharashtra (₹)	Kerala (₹)
Value of supply inclusive of all taxes/duties (Group B products)	1,650	3,400	1,575
Value of supply (Group A products) before all taxes/duties	100	200	20
Excise duty leviable on supply of Group B products	500	1,000	110
VAT on supply of Group B products	250	600	65
Tax paid on inputs and input services procured at the blending plant	5	6	0
Tax paid on spares procured at the refinery (Spares are booked in revenue account)	3	8	0
Tax paid on inputs and input services procured at the marketing cum administrative office	2	3	1
Tax paid capital asset procured at the blending plant	0	5	0
Tax paid capital asset procured at the refinery	12	0	0

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 23.1. to 23.5. as follows:-

23.1. The value of company's supply in the Union Territory of Puducherry is ₹ 32,34,000 (Group A products) and in the State of Goa is ₹ 18,38,000 (Group A and Group B products) for the current financial year. GST registration is:

- (a) not required for both Puducherry and Goa (b) not required for Goa but required for Puducherry (c) required for both Puducherry and Goa (d) not required for Puducherry but required for Goa

Answer:- (c) required for both Puducherry and Goa

Analysis:

As per Sec 22 read with Sec 25: Every supplier shall be liable to be registered in the State or Union territory, from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds Registration threshold limit)

(Aggregate Turnover Includes Value of all outward supplies = Taxable supplies + Exempt supplies + Exports + Inter-State supplies of persons having same PAN be computed on all India basis)

Aggregate Turnover = 32,34,000 + 18,38,000 = 50,72,000

Hence Registration required for both Puducherry and Goa

23.2. The eligible ITC attributable to taxable supply, available at marketing cum administrative office located in the State of Maharashtra, for the month of January, is:

- (a) ₹ 3,000 (b) ₹ 300 (c) ₹ 166.67 (d) ₹ 1,500

Answer:- (b) ₹ 300

Analysis: As per Rule 42 of CGST Rules

ITC attributable to Exempt Supply (D1) $D1 = C2 \times E/F$ of Tax Period

= common Credit (C2) × Exempt Supply (E) / Total Turnover (F)

Note- ES & Total TO taken excluding Excise duty/ VAT/CST

Common Credit. ITC Eligible (c3) = Common Credit (C2) - ITC attr to Exempt Supply (D1)

$$D1 = 3000 \times 1800 / 2000 = 2700$$

[Where 3000 is the common credit]

[Where 1800 is Exempt Turnover [i.e 3400-1000-600 = 1800]

[Where 2000 is Total Turnover [i.e 1800 + 200 = 2000]

$$\text{Eligible ITC} = \text{Common Credit} - \text{ITC Reversed} = 3000 - 2700 = 300$$

23.3. The eligible ITC attributable to taxable supply in respect of the capital asset procured in the State of Tamil Nadu, for the month of January is:

- (a) ₹ 12,000. (b) ₹ 200. (c) ₹ 11,811.11. (d) ₹ 11,820.

Answer:- (d) ₹ 11,820.

Analysis:

Common credit for all CG having useful life in that tax period = (Tc)

Common Credit of CG during useful life for Tax Period (Tm) = Tc/60

Note: useful life of any CG = 5 years from date of invoice and **above formula shall be applicable during the useful life of the said capital goods.**

ITC attr. To Exempt Supply (Te) = Tr × E(ES) / F(TS of State)

Tr = ITC for all Common CG

E(ES) = Exempt supply for Tax Period

F(TS) = Total supply for Tax Period

Note- ES & Total Supply taken excluding Excise duty/ VAT/CST

$$Te \text{ i.e Reversal} = 200 \times 900 / 1000 = 180$$

[Where Tc = 12000 is the Common credit on Capital Goods]

[Where Tm = 12000/60 = 200 Common Credit for the Tax Period i.e. Month of Jan as life of asset is taken as 60 Months under GST law]

[Where 900 is Exempt Turnover [calculated as 1650-500-250 = 900]

[Where 1000 is Total Turnover [calculated as 900 + 100 = 1000]

$$\text{Eligible ITC} = \text{Common Credit Available} - \text{ITC Reversed} = 12000 - 180 = 11820$$

23.4. Lubricant valued at ₹ 10,000 has been stock transferred from the blending plant located in the State of Tamil Nadu to the refinery located in the same State, in the month of January. The GST (CGST and SGST) payable on such transaction is:

- (a) nil as the transaction is not a supply. (b) ₹ 900. (c) ₹ 1,800. (d) nil as such supply is exempted from GST.

Answer:- nil as the transaction is not a supply.

(Analysis –

All the places of business of the company in a State = **Single registration [As given in Que]**

As both premises have same registration, they cannot be considered as distinct persons. Hence stock transfer within same state with single registration is not a supply.

23.5. Due to sudden fire in the store-room of the refinery located in Maharashtra on 28th January, the entire quantity of spares procured in the month of January gets destroyed. What action is required from ABC Petroleum Limited?

- (a) No action is required on the part of ABC Petroleum Limited under GST Law.
 (b) ABC Petroleum Limited should report to jurisdictional GST Department for verification of the loss of inputs on account of fire.
 (c) ABC Petroleum Limited should not avail ITC of tax paid on the spares.
 (d) ABC Petroleum Limited should avail ITC and reverse the same.

Answer:- ABC Petroleum Limited should not avail ITC of tax paid on the spares.

As per Sec 17(5): ITC not available on goods lost or destroyed.

CASE SCENARIO-24

Dumdum Engineering Private Limited (DEPL), Surat (Gujarat), a supplier of heavy machinery, **supplied a machine** to Gulati Manufacturers from its godown located in Mumbai, Maharashtra, on 1st January **at a price of ₹ 64,00,000** (excluding all taxes). Gulati Manufacturers has its corporate office in New Delhi.

However, the **machinery was installed at its manufacturing unit located in Gurugram (Haryana)** for which **installation and commissioning charges of ₹ 4,80,000** and **handling and loading charges of ₹ 1,60,000**, were charged by DEPL. For every machinery supplied, DEPL receives a grant of ₹ 3,20,000 from its holding company Dharam Ltd.

Transportation of machinery to the customer's premises is arranged by DEPL through a third-party service provider [Goods Transport Agency (GTA)]. **Gulati Manufacturers entered into a separate service contract with the GTA and paid the freight of ₹ 50,000 directly to it.**

DEPL offered a cash discount of 2% on the price of the machinery at the time of supply since Gulati Manufacturers agreed to make the payment within 15 days of the receipt of the machinery at its premises. However, it was agreed that **in case Gulati Manufacturers failed to make the payment within the stipulated time, DEPL would-**

- recover the discount given; and
- charge interest @ 1% per month or part of the month on the **total amount due** (including discount recovered) **from Gulati Manufacturers** (towards the machinery supplied) **from the date of making the supply till the date of payment.** However, no interest is to be charged on the tax dues.

Gulati Manufacturers paid the consideration for the machine on

31st March. Since the payment was made after the stipulated period of 15 days of the receipt of the machinery, **discount given was recovered from it and interest was accordingly charged.** However, **Gulati Manufacturers refused to pay tax on interest and discount recovered.**

Note:

1. Assume the rates of taxes to be as under:

Supply	CGST rate	SGST rate	IGST rate
Supply of machinery	6%	6%	12%
Service of transportation of goods	2.5%	2.5%	5%
Other services involved in the above supply	9%	9%	18%

2. All the above transactions are exclusive of GST, wherever applicable.
3. **The opening balance of input tax credit of DEPL for the relevant tax period is Nil.** Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Chart

Dumdum Engineering Private Limited (DEPL), Surat (Gujarat),	
supplied a machine from its godown located in Mumbai, Maharashtra, to Gulati Manufacturers (of Delhi) on 1 st January, Place of Installation = Gurugram (Haryana)	64,00,000
Installation and commissioning charges of Machine	4,80,000
Handling and loading charges of Machine	1,60,000
Receives a grant from its holding company Dharam Ltd. For machine	3,20,000
Cash discount of 2% on the price of the machine at the time of supply [since Gulati Manufacturers agreed to make the payment within 15 days]	
If Failed to make payment in 15 days, DEPL	
(i) recover the discount	
(ii) charge interest @ 1% p.m or part of month on total amount due (including discount recovered) from Gulati Manufacturers from the date of supply till date of payment	
discount and interest recovered since payment made on 31 March (i.e after 15 days). But Gulati Manufacturers	

refused to pay tax on interest and discount recovered.

Assume the rates of taxes to be as under:

Supply	CGST rate	SGST rate	IGST rate
Supply of machinery	6%	6%	12%
Service of transportation of goods	2.5%	2.5%	5%
Other services involved in the above supply	9%	9%	18%

The opening balance of input tax credit of DEPL for the relevant tax period is

Nil.

Gulati Manufacturers entered into a separate service contract with the GTA and paid the freight of ₹ 50,000 directly to it.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 24.1. to 24.5. as follows:-

24.1. The place of supply of the machinery supplied by DEPL is _____ and the nature of supply is _____.

(a) Gujarat, intra-State supply (b) Haryana, inter-State supply (c) New Delhi, inter-State supply (d) Maharashtra, inter-State supply

Answer:- (b) Haryana, inter-State supply

In the given case-

- ◆ the location of the supplier is Godown located in Mumbai (Maharashtra); and
- ◆ the place of supply of machinery is the place of installation of the machinery i.e., Gurugram (Haryana) in terms of section 10(1)(d) of the IGST Act, 2017.

Therefore, the given supply is an inter-State supply as the location of the supplier and the place of supply are in two different States [Section 7(1)(a) of IGST Act, 2017]. Thus, the supply will be leviable IGST in terms of section 5(1) of the IGST Act, 2017

24.2. The GST liability of DEPL for the month of January is _____ (approx.).

(a) 9,46,660 (b) 8,67,840 (c) 9,06,153 (d) 8,29,440

Answer:- (b) 8,67,840

Analysis:

[Value = 64,00,000 + 4,80,000 + 1,60,000 + 3,20,000 - 1,28,000 = 72,32,000]

Price of Machine	64,00,000	
installation and commissioning charges	4,80,000	Any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods is includible in the value of supply in terms of section 15(2)(c) of CGST Act, 2017.
handling and loading charges	1,60,000	All incidental expenses charged by the supplier to the recipient of a supply are includible in the value of supply in terms of section 15(2)(c) of CGST Act, 2017
grant of from its holding company Dharam Ltd	3,20,000	Subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments are includible in the value of supply in terms of section 15(2)(e) of the CGST Act, 2017.
Less cash Discount	1,28,000	Cash discount was deducted by ABC Ltd. upfront at the time of supply on August 1, 20XX and hence, the same is excluded from the value of supply as it did not form part of the transaction value
Taxable value	72,32,000	
GST [72,32,000 * 12%]	8,67,840	The given supply is a composite supply involving supply of goods (machinery) and services (handling and loading and installation and commissioning) where the principal supply is the supply of goods. As per section 8(a) of the CGST Act, 2017, a composite supply is treated as a supply of the principal supply involved therein and charged to tax accordingly. Thus, tax rate applicable to the goods (machinery) has been considered

Transportation cost has not been included in the value of supply of the machinery as it is a separate service contract between the customer and the third-party service provider. The customer pays the freight directly to the service provider. The supplier (DEPL), in this case, merely arranges for the transport and does not provide the transport service on its own account. Tax will be separately levied on the supply of service of transportation of goods under reverse charge which will be paid by the customer.

24.3. The GST liability of DEPL for the month of March is _____ (approx.).

(a) 36,343 (b) 36,504 (c) 35,314 (d) Nil

Answer:- (a) 36,343

Analysis:

Recovery of discount	1,28,000	Interest for the delayed payment of any consideration for any supply is includible in the value of supply in terms of section 15(2)(d) of the CGST Act, 2017. Further, cash discount recovered will also be includible in the value of supply as now the transaction value i.e., the price actually paid for the machinery is devoid of any discount.
Interest @ 1% P.m for 3 months (1 Jan to 31 March) [64,00,000 + 4,80,000 + 1,60,000] 70,40,000*1%* 3 months	2,11,200	
Value Including GST	3,39,200	
GST = 3,39,200 × 12 / 112	36,343	

24.4. Supply of machinery and supply of installation and commissioning services is _____ supply. Time of supply of interest received by DEPL and cash discount recovered on account of delayed payment of consideration is _____.

(a) composite, 31st March (b) composite, 1st January (c) mixed, 1st January (d) mixed, 31st March

Answer:- (a) composite, 31st March

Composite supply: 2(30)	
• Consist of 2 or more taxable supplies of goods/ service/ both	In our question Supply of machinery = Principal supply supply of installation and commissioning services = Ancillary Supply Hence it is composite supply
• Naturally bundled and	
• supplied in conjunction with each other in ordinary course of business	
• One of which is principal supply	
Example: Charger supplied alongwith mobile phones	
As per Sec 8: Tax liability shall be rate of principal supply	As per sec 8: Rate of Principal supply

As per Sec 13(6) - For Int., Late Fee or Penalty for delay of consideration, TOS = Date of Receipt of Int./Late Fee etc. i.e 31st March

24.5. If the grant of ₹ 3,20,000 received by DEPL had been received from Central Government instead of its holding company Dharam Ltd., with other facts remaining the same, the GST liability of DEPL for the month of January would have been _____ (approx.).

(a) 9,46,660 (b) 8,67,840 (c) 9,06,153 (d) 8,29,440

Answer:- (d) 8,29,440

Analysis: As per Sec 15(2)(e): Subsidy received from government not included in value.

[Value = 64,00,000 + 4,80,000 + 1,60,000 - 1,28,000 = 69,12,000]

[Tax = 69,12,000 * 12% = Rs 8,29,440]

CASE SCENARIO-25

Starkart Limited owns and operates a web portal in the name of "Starkart" and is registered with the jurisdictional GST authorities in Delhi as an electronic commerce operator and is liable to collect tax at source under section 52 of the CGST Act, 2017.

Starkart provides listing service to various sellers for selling the goods to ultimate customers. Besides this, Starkart also sells its own products through the same web portal.

For the listing services provided to sellers, **Starkart charges a listing fee at the rate of 10% of turnover of goods sold** by the seller in a particular month. Such listing fee is recovered from the seller irrespective of any return of goods sold through Starkart. The customers can choose from wide range of goods listed on the web portal and place an online order for goods.

The payment is made by the customers through the payment gateway in online mode only. At the time of monthly settlement, Starkart makes the payment to the sellers after adjusting the tax collection at source at the applicable rates.

The invoice for goods sold on Starkart is issued by the seller in the name of customers and tax is charged on the basis of location of seller and customer. The goods are shipped directly by the seller to the customer and there is no responsibility of shipping the goods on Starkart for third party sellers.

In case of return of goods by the customer, the shipping is arranged by Starkart. It charges a fee equivalent to 20% of the value of goods returned as cancellation charges and refunds the balance amount to the customer.

Further, 10% of the value of goods returned is collected from the seller by Starkart as handling charges for return of goods.

In the month of January, Pulkit, a resident of Rajasthan, purchased following goods from Starkart:

- Laptop having a value of ₹ 50,000 and a printer having a value of ₹ 10,000. Both the products are sold by Infocom Limited, a seller listed on Starkart and registered under GST in the State of Uttar Pradesh.
- Mobile phone having a value of ₹ 30,000 sold by Starkart in its own capacity.
- CCTV camera system having a value of ₹ 1,00,000 sold by Secure World, listed on Starkart and registered under GST in the State of Gujarat.

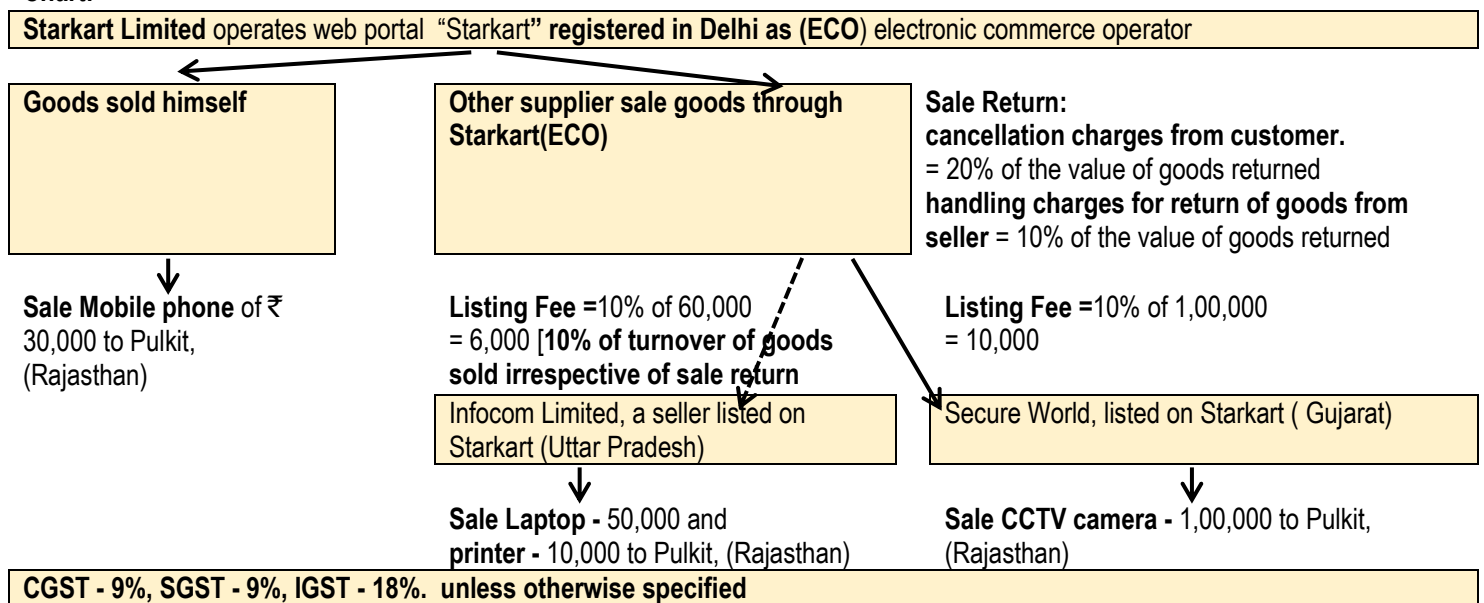
All the amounts given above are exclusive of GST, wherever applicable.

The opening balance of input tax credit for the relevant tax period for Starkart, Infocom Limited and Secure World is nil. Further, there is no other inward or outward supply transaction for Starkart, Infocom Limited and Secure World in January apart from the aforementioned transactions. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies at the following rates **unless otherwise specified**:

CGST - 9%, SGST - 9%, IGST - 18%.

Chart:



Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 25.1. to 25.4. as follows:-

25.1. The net tax liability (including amount payable as tax collection at source and after set-off of credits, if any) of Starkart Limited for the month of January is: (a) IGST - ₹ 8,280 (b) IGST - ₹ 5,400 (c) CGST - ₹ 3,500 and SGST - ₹ 3,500 (d) IGST - ₹ 9,880

Answer:- (d) IGST - ₹ 9,880

	IGST	CGST	SGST	Total
GST liability under Forward charge as supplier				
Sale of Mobile phone of ₹ 30,000 to Pulkit, (Rajasthan), LOS = Delhi, POS = Rajasthan (where movement of goods terminates as per Sec 10(1)(a)) IGST on 30,000 [30,000 × 18%] = 5400	5,400	----	----	5,400
Listing Fee from Infocom Limited, a seller listed on Starkart (Uttar Pradesh) = 10% of 60,000 = 6,000, [LOS = Delhi, POS = Uttar Pradesh i.e Place of Registered Person Sec 12(2)] IGST = 6000 × 18% = 1080	1,080			1,080
Listing Fee from Secure World, listed on Starkart (Gujarat) = 10% of 1,00,000 = 10,000, [LOS = Delhi, POS = Gujarat i.e Place of Registered Person Sec 12(2)] IGST = 1000 × 18% =	1,800			1,800
GST liability as Tax collector				
On supplies of Infocom Limited (U.P) listed on Starkart TCS(IGST) = 1% of 60,000 = 600	600			600
On supplies of Secure World, (Gujarat) listed on Starkart TCS(IGST) = 1% of 1,00,000 = 1,000	1,000			1,000
IGST (net tax liability (including tax collection at source))	9,880	Nil	Nil	9,880

25.2. The net tax liability (after set-off of credits, if any) of Infocom Limited and Secure World for the month of January is:

- (a) IGST - ₹ 10,800 and IGST - ₹ 18,000 respectively (b) IGST - ₹ 9,720 and IGST - ₹ 16,200 respectively (c) IGST - ₹ 9,120 and IGST - ₹ 15,200 respectively (d) IGST - ₹ 10,200 and IGST - ₹ 17,000 respectively

Answer:- (c) IGST - ₹ 9,120 and IGST - ₹ 15,200 respectively

Net tax liability (after set-off of credits, if any) of Infocom Limited

	IGST	CGST	SGST	Total
GST liability under Forward charge				
Sale Laptop - 50,000 and printer - 10,000 to Pulkit, (Rajasthan) LOS = U.P, POS = Rajasthan (where movement of goods terminates as per Sec 10(1)(a)) IGST on 60,000 [60,000 × 18%] = 10,800	10,800	----	----	10,800
Less: ITC (IGST) of Listing Fee = 10% of 60,000 = 6,000, IGST = 6000 × 18% = 1080 [ITC of IGST shall be utilized first for payment of IGST and then, for payment of CGST or SGST, in any order in any ratio]	(1,080)	----	----	1,080
GST Payable under forward charge	9,720	Nil	Nil	9,720
Less: TCS Balance available in Electronic cash ledger [TCS – IGST collected by Starkart & deposited to Govt. Credited to Electronic Cash ledger of Infocom Limited) 1% of 60,000 = 600	600	Nil	Nil	600
Net tax liability (after set-off of credits, if any) of Infocom Limited	9,120			9,120

Net tax liability (after set-off of credits, if any) of Secure World

	IGST	CGST	SGST	Total
GST liability under Forward charge				
Sale CCTV camera - 1,00,000 to Pulkit, (Rajasthan) to Pulkit, (Rajasthan) LOS = Gujarat, POS = Rajasthan (where movement of goods terminates as per Sec 10(1)(a)) IGST on 1,00,000 [1,00,000 × 18%] = 18,000	18,000	----	----	18,000
Less: ITC (IGST) of Listing Fee = 10% of 1,00,000 = 10,000, IGST = 10000 × 18% = 1800 [ITC of IGST shall be utilized first for payment of IGST and then, for payment of CGST or SGST, in any order in any ratio]	(1,800)	----	----	1,800
GST Payable under forward charge	16,200	Nil	Nil	16,200
Less: TCS Balance available in Electronic cash ledger [TCS – IGST collected by Starkart & deposited to Govt. Credited to Electronic Cash ledger of Secure World) 1% of 1,00,000 = 1000	1,000	Nil	Nil	600
Net tax liability (after set-off of credits, if any) of Infocom Limited	15,200			15,200

25.3. In case it is assumed that Secure World's turnover does not exceed the threshold limit for obtaining registration under applicable GST Law,

- (a) Secure World shall discharge tax only on the sales made through Starkart.
- (b) Secure World is not required to obtain registration as threshold limit for obtaining registration is not crossed and no tax is payable.
- (c) Starkart shall be liable to discharge tax liability of sales made by Secure World.
- (d) Secure World is required to obtain registration and shall be liable to pay tax on all the taxable supplies made through Starkart or on its own.

Answer:- (d) Secure World is required to obtain registration and shall be liable to pay tax on all the taxable supplies made through Starkart or on its own.

As per Sec 24, Compulsory registration irrespective of Turnover:

Persons **who supply goods, through ECO** who is required to collect tax at source under section 52,

Since secure World is making supply through ECO(Starkart) who is required to collect tax at source. Hence as per Sec 24, Secure World is required to obtain registration mandatorily.

Registered Person is covered in definition of Taxable Person.

As per Sec 9 CGST/Sec 5 IGST, Every Taxable person making supply liable to pay tax on all taxable supplies made.

25.4. Assuming that Pulkit returns the printer purchased from Infocom Limited in the month of January. As per the return policy, Starkart charges 20% of the value of the printer as cancellation charges from Pulkit and 10% of the value of the printer as handling charges from Infocom Limited. The net tax liability (including amount payable as tax collection at source and after set-off of credits, if any) of Starkart in such scenario for the month of January would be:

- (a) ₹ 6,900 payable as IGST. (b) ₹ 3,450 payable as CGST and ₹ 3,450 payable as SGST. (c) ₹ 10,320 payable as IGST. (d) ₹ 7,440 payable as IGST.

Answer:- (c) ₹ 10,320 payable as IGST.

	IGST	CGST	SGST	Total
GST liability under Forward charge as supplier				
Sale of Mobile phone of ₹ 30,000 to Pulkit, (Rajasthan), LOS = Delhi, POS = Rajasthan (where movement of goods terminates as per Sec 10(1)(a)) IGST on 30,000 [30,000 × 18%] = 5400	5,400	----	----	5,400
Listing Fee from Infocom Limited, a seller listed on Starkart (Uttar Pradesh) = 10% of 60,000 = 6,000, [LOS = Delhi, POS = Uttar Pradesh i.e Place of Registered Person Sec 12(2)] IGST = 6000 × 18% = 1080	1,080			1,080
Listing Fee from Secure World, listed on Starkart (Gujarat) = 10% of 1,00,000 = 10,000, [LOS = Delhi, POS = Gujarat i.e Place of Registered Person Sec 12(2)] IGST = 1000 × 18% =	1,800			1,800
Sale Return: Cancellation charges from customer. = 20% of the value of goods returned [10,000 × 20% × 18%]	360			
Sale Return: Handling charges for return of goods from seller = 10% of the value of goods returned [10,000 × 10% × 18%]	180			
GST liability as Tax collector				
On supplies of Infocom Limited(U.P) listed on Starkart TCS(IGST) = 1% of [60,000 – 10,000] = 500 TCS is on net value of taxable supply. Net value excludes sale return. Hence sale return deducted while calculating TCS.	500			600
On supplies of Secure World, (Gujarat) listed on Starkart TCS(IGST) = 1% of 1,00,000 = 1,000	1,000			1,000
IGST (net tax liability (including tax collection at source))	10,320	Nil	Nil	10,320

CASE SCENARIO-26

Advance Traders is a partnership firm in Jaipur, Rajasthan. The firm has obtained GST registration at its Head Office (HO) in Jaipur. Further, the firm is having its depot for storage for goods in other districts in Rajasthan. The depots are added as additional place of business in the GST registration obtained at HO. Following details are provided about the firm for the month of July:

- Advance Traders received goods worth ₹ 5,00,000 for which GST is payable on reverse charge basis. The goods were received on 25th July. The supplier issued an invoice dated 24th July and payment for the same was made by Advance Traders on 30th July. Due to the absence of accountant, the transaction was recorded in the books of accounts on 1st August.
- In the month of July, Advance Traders issued vouchers worth ₹ 2,00,000 to its customers, which were eligible to be redeemed against identified goods. Also, certain set of customers were issued vouchers worth ₹ 5,00,000. The said vouchers were eligible to be redeemed against any supply of goods in next 6 months.
- Mr. X, a partner in the firm, booked a Hotel in Udaipur, Rajasthan for the wedding of his daughter in the month of October. The advance amount of ₹ 5,00,000 for booking the hotel was paid by way of online payment from the current account of Advance Traders in July. The hotel charged GST on such booking at the rate of 28% (CGST @ 14% and SGST @ 14% or IGST @ 28%, as the case may be) on the amount received as advance and issued a receipt voucher.
- Advance Traders made a supply of goods worth ₹ 25,00,000 during the month of July. Out of the aforesaid supply, goods worth ₹ 5,00,000 were not liable to GST. However, Advance Traders inadvertently charged GST on such goods and collected the same from the customers.
- Due to clerical error, Advance Traders made a deposit in minor head penalty of the major head IGST for an amount of ₹ 3,00,000. There is no liability of interest on any IGST liability and the amount is lying as unutilized on GST portal.

The opening balance of input tax credit is nil for all the registrations. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. All the above transactions are exclusive of GST, wherever applicable.

GST is applicable on all inward and outward supplies at the following rates unless otherwise specified:

CGST - 9%, SGST - 9%, IGST - 18%.

Advance Traders is a partnership firm Registered in Jaipur, Rajasthan

OUTWARD Supply (GST Rate 18%)**(1) July**

issued vouchers to be redeemed against identified goods	2,00,000
issued vouchers to be redeemed against any supply of goods in next 6 months	5,00,000

(2) July

Outward supply of goods. it includes ₹ 5,00,000 were not liable to GST. but inadvertently collected	25,00,000
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(3) deposit in minor head penalty of the major head IGST for an amount of 3,00,000.

Inward Supply (GST Rate 18%)**Reverse charge of goods**

25/7	Received goods of 5 Lac
24/7	Date of invoice
30/7	Date of payment, but recorded in books on 1 August

Hotel Booking:

Mr. X, a partner, booked a Hotel in Udaipur, Rajasthan for the wedding of his daughter in October	IN JULY: advance of 5 lakh paid from the current account of Advance Traders. hotel charged GST @ 28% and issued a receipt voucher
--	--

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 26.1. to 26.5. as follows:-

26.1. Compute the GST liability to be discharged from electronic cash ledger for the month of July by Advance Traders. For computing this liability, consider that there is no adjustment regarding amount provided in point e. above:

(a) ₹ 5,76,000 (b) ₹ 4,36,000 (c) ₹ 3,96,000 (d) ₹ 4,86,000

Answer:- (d) ₹ 4,86,000

	GST
issued vouchers to be redeemed against identified goods [2,00,000× 18%]	36,000
issued vouchers to be redeemed against any supply of goods in next 6 months [Taxable at time of redemption, not at time of issue (i.e in month of july)]	Nil
Outward taxable supply of goods[20,00,000× 18%]	3,60,000
Exempt supply of goods[5,00,000× 18%] [as per Sec 76, GST collected on Exempted supply to be paid immediately]	90,000
GST UNDER FORWARD CHARGE	4,86,000
Less: ITC OF inward supply of goods on which GST Paid under reverse charge	(90,000)
Net GST UNDER FORWARD CHARGE	3,96,000
GST Payable under reverse charge from electronic cash ledger	90,000
Reverse Charge – 12(3), TIME OF SUPPLY = EARLIER OF (i) Date of receipt of goods, (ii) Date of Payment, (iii) 31 st day from Supplier Date of Invoice Note- DOP = (Book Entry or Bank Debit) w.i.earlier	
GST liability to be discharged from electronic cash ledger	4,86,000

26.2. Amount of input tax credit available to Advance Traders against the hotel booking expense shall be _____. Would there be any change if the hotel is located outside Rajasthan?

- (a) Nil. There will be no change even if hotel is located outside Rajasthan. (b) ₹ 70,000 as CGST and ₹ 70,000 as SGST. No credit would be available, had the hotel been located outside Rajasthan. (c) ₹ 70,000 as CGST and ₹ 70,000 as SGST. IGST of ₹ 1,40,000 would be available, had the hotel been located outside Rajasthan. (d) Nil. IGST of ₹ 1,40,000 would be available, had the hotel been located outside Rajasthan.

Answer:- (a) Nil. There will be no change even if hotel is located outside Rajasthan.

Since hotel booking is Mr. X, a partner, for the wedding of his daughter (i.e not related to business). Hence credit not allowed.

26.3. What is the time limit for issuance of show cause notice where GST is collected on supplies which are not liable to GST?

- (a) Within 2 years and 9 months from due date of filing annual return for the financial year (b) Within 4 years and 6 months from due date of filing annual return for the financial year (c) No time limit to issue the show cause notice (d) No show cause notice to be issued. The tax amount shall be refunded to the customers if the customer demands the same.

Answer:- (c) No time limit to issue the show cause notice

Sec 76: Tax collected but not paid to Government

76(1)	Amount representing tax collected from any person to be paid to CG:	Immediately, irrespective of whether the supplies in respect of which such amount was collected are taxable or not
76(2)	Issue of SCN by Proper officer (No time limit):	if such amount is not paid for such amount and Penalty = such amount

26.4. Advance Traders claimed refund of amount paid erroneously in the minor head penalty of major head IGST. The authorities rejected the refund claim. Advance Traders filed a civil suit before the jurisdictional magistrate. Choose the correct answer:

- (a) The jurisdictional magistrate can direct the authorities to process the refund amount. (b) The jurisdictional magistrate can redirect the matter for fresh assessment of refund claim. (c) The jurisdictional magistrate can order provisional refund and initiate the re-assessment proceedings. (d) The jurisdictional magistrate cannot pass any order regarding the refund claim.

Answer:- (d) The jurisdictional magistrate cannot pass any order regarding the refund claim.

Analysis: for Refund application is filed u/s 54. If Refund is rejected, then person has to file Appeal as provided in GST Law.

Further as per SECTION 162. Bar on jurisdiction of civil courts. — Save as provided in sections 117 and 118 (i.e Appeal to HC/SC), no civil court shall have jurisdiction to deal with or decide any question arising from or relating to anything done or purported to be done under this Act.

Hence Civil Court has **no jurisdiction to deal with or decide any question** arising from or relating to anything done or purported to be done under this Act.

26.5. Advance Traders wants to utilize the amount paid erroneously in the minor head penalty of the major head IGST against its tax liability to be discharged in cash. Please select the correct option assuming that all the procedural requirements for the same will also be duly complied with.

(a) The amount can be utilized only for discharging penalty amount under any head. (b) The amount can be utilized only for discharging liability of IGST under any minor head. (c) The amount can be utilized for discharging liability under any minor head or major head. (d) The amount can be utilized only for discharging penalty amount related to IGST.

Answer:- (c) The amount can be utilized for discharging liability under any minor head or major head.

Sec 49(10)	A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for integrated tax (IGST), central tax (CGST), State tax (SGST), Union territory tax (UTGST) or cess, in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act.
	Rule 87(13): A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the Act to the electronic cash ledger for integrated tax, central tax, State tax or Union territory tax or cess in FORM GST PMT-09.

Advance Trader has to transfer from one head to another by filing FORM GST PMT-09.

CASE SCENARIO-27

William & Sons (WS) is a partnership firm, registered under GST, engaged in manufacturing activity in the State of Rajasthan under GST. In the month of July following transactions were undertaken by WS:

- (a) Intra-State sale of goods worth ₹ 10,00,000. Out of such sale, ₹ 5,00,000 worth of goods were liable to GST at 28% and balance were liable to GST at 18%.
- (b) Intra-State purchase of goods worth ₹ 10,00,000 which is liable to GST at 28%.
- (c) WS intended to transfer the business as going concern to Morgan & Sons (MS) on 31st July. As per the terms of transfer, WS will transfer all the business assets worth ₹ 50,00,000 and all the liabilities valued at ₹ 20,00,000.
- (d) WS, on account of such transfer, paid gift worth ₹ 50,000 to its 3 employees as a reward towards their services to the firm.

During the month of September, MS received the notice from the authorities for outstanding liability of GST for ₹ 5,00,000 pertaining to the period before transfer of business by WS. Such liability was determined after the transfer of business. For this purpose, assume that all the assets and liabilities were transferred by WS to MS.

The balance of input tax credit at the beginning of the relevant period for WS is nil. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies at the following rates **unless otherwise specified:**

CGST - 9%, SGST - 9%, IGST - 18%.

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

William & Sons (WS) is a partnership firm, registered in Rajasthan

OUTWARD Supply		Inward Supply (GST Rate 28%)	
(1) July		July	Intra-State purchase 10 lac
Intra-State sale (GST Rate 18%)	5,00,000		
Intra-State sale (GST Rate 28%)	5,00,000		
(2) 31 July			
transfer the business as going concern to Morgan & Sons	Business Asset = 50 lac Liability = 20 lac		
(3) gift worth Rs 50,000 to its 3 employees.			

In September

MS received notice from department:

Outstanding liability of GST for Rs 5,00,000 pertaining to the period before transfer of business by WS. Such liability was determined after the transfer of business.

CGST - 9%, SGST - 9%, IGST - 18%, unless otherwise specified.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 27.1. to 27.5. as follows:-

27.1. The gross GST liability (without set off of input tax credit) of WS for the month of July is _____. (a) ₹ 2,32,000 (b) ₹ 2,80,000 (c) ₹ 25,000 (d) ₹ 2,30,000

Answer:- (d) ₹ 2,30,000

	IGST	CGST	SGST	Total
GST liability under Forward charge as supplier				
Intra-State sale (GST Rate 18%) [5 lac × 9%]	Nil	45,000	45,000	90,000
Intra-State sale (GST Rate 28%) [5 lac × 14%]	Nil	70,000	70,000	1,40,000
Transfer the business as going concern to Morgan & Sons [exempt in Entry 2]				
Gift worth Rs 50,000 to its 3 employees [Not Supply, since Gift less than 50,000 per employee – Schedule 1, Para 2]				
Gross GST liability (without set off of input tax credit) of WS		1,15,000	1,15,000	2,30,000
Less: ITC availed 10 lac × 28%				2,80,000
Input tax credit Balance				50,000

27.2. Suppose there is no transfer of business to MS, what is the amount of input tax credit lying in input tax credit ledger, if any, which can be claimed as refund by WS for the month of July?

(a) ₹ 50,000 under inverted duty structure (b) Nil since WS is making outward supply of 28% also, the balance credit shall be carried forward (c) ₹ 23,000 under inverted duty structure (d) ₹ 25,000 under inverted duty structure

Answer:- (a) ₹ 50,000 under inverted duty structure

Analysis:

Manufacturer Supplier (William & Sons), Supply some goods taxable @ 18% and some goods taxable @ 28%

Inward supply taxable @ 28%. Hence it is a case of Inverted Tax Structure. Supplier is eligible for refund in Sec 54(3) read with Rule 89(5).

Amount of Refund in case of INVERTED duty structure: Rule 89(5)

Refund of ITC in case of inverted duty structure	NET ITC × Turnover of inverted duty structure OF GOODS & SERVICE / Adjusted total Turnover	1,40,000
	Less – tax payable on such inverted rated supply OF GOODS & SERVICE [5lac × 18%]	90,000
Max refund as per formula		50,000

Where

Net ITC =	ITC of only INPUT other than ITC availed for which refund claimed in (4A) OR (4B); [10 lac × 28%]	2,80,000
"Adjusted Total turnover"/		10,00,000
Turnover of inverted duty structure	i.e taxable @ 18%	5,00,000

Further

	IGST	CGST	SGST	Total
Gross GST liability (without set off of input tax credit) of WS (see above Que)		1,15,000	1,15,000	2,30,000
Less: ITC availed 10 lac × 28%				2,80,000
Input tax credit Balance				50,000

Quantum of refund of Unutilized ITC= Minimum of [(i) Refund as per Formula under Rule 89(4) and 89(5), (ii) Credit ledger Balance at the end of period after filing 3B for the period for which refund is claimed, (iii) Credit ledger Balance at the time of filing refund]

Hence refund will be 50,000

27.3. In case of transfer of business to MS, what is the amount of input tax credit which shall stand transferred to MS?

(a) ₹ 25,000 (b) ₹ 50,000 (c) Nil. In case of partnership firm input tax credit cannot be transferred on account of transfer of business. (d) Nil as the value of liabilities is more than the value of assets.

Answer:- (b) ₹ 50,000

As per Sec 18(3): Transfer of ITC on account of change in constitution of registered person

In case of sale, merger, amalgamation, lease or transfer of business,

unutilised ITC can be **transferred to the new entity if there is a specific provision for transfer of liabilities** to the new entity. The **inputs** and **capital goods** so **transferred** shall be **duly accounted for by the transferee** in his books of accounts.

Calculation of Input tax credit Balance

	IGST	CGST	SGST	Total
Gross GST liability (without set off of input tax credit) of WS (see above Que)		1,15,000	1,15,000	2,30,000
Less: ITC availed 10 lac × 28%				2,80,000
Input tax credit Balance				50,000

27.4. Who is liable to discharge the liability of ₹ 5,00,000 on account of notice received by MS in the month of September?

(a) MS as the business is transferred by WS in July and notice was received in September (b) WS as the notice pertains to liability before transfer of business (c) Liability on MS only up to the amount of input tax credit transferred by WS (d) MS and WS jointly and severally liable

Answer:- (d) MS and WS jointly and severally liable

Sec 85 – liability in case of transfer of business

If transfer of business in whole or part by sale, gift, lease, license etc.

– Transferor and Transferee jointly & severally liable to pay - Tax, int, penalty due upto the time of transfer - Whether determined before or after

Hence, MS and WS jointly and severally liable

27.5. Suppose WS transfers the business as a going concern and transfers all the assets and liabilities of such business for a lumpsum amount to MS, the transaction shall be:

(a) treated as taxable supply liable to GST under forward charge as WS is a registered person under GST. (b) liable to GST in the hands of MS under reverse charge basis. (c) exempted from GST. (d) liable to GST only for assets on which input tax credit is availed.

Answer:- (c) exempted from GST.

Transfer of going concern is exempt under Entry 2

CASE SCENARIO-28

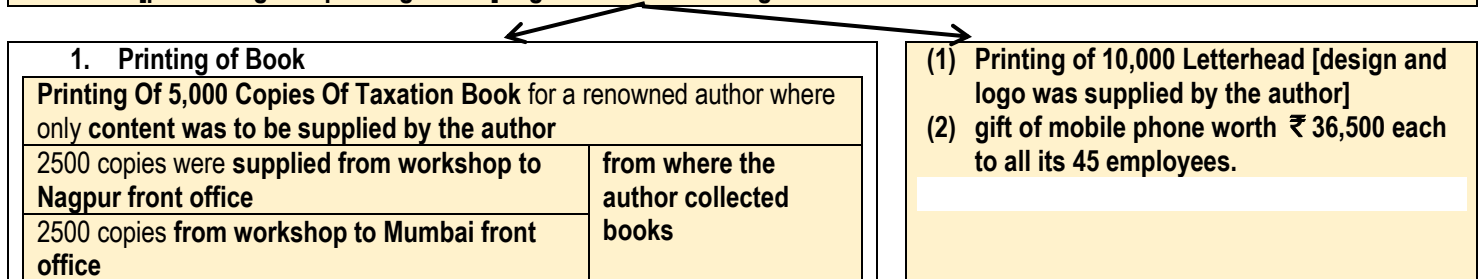
KLM Ltd. is a large publishing and printing house registered under GST under a single GSTIN in Maharashtra. It is engaged in supply of books, letter cards, envelopes, guides and reference materials. KLM Ltd. has front offices in Mumbai & Nagpur for receiving the orders; orders are supplied to front office or supplied to recipient directly, from the workshop located at Nagpur, depending on order. To save the time, workshop has in-house mess for the employees working in the workshop, where lunch is provided free of cost as per the employer-employee agreement.

During April, KLM Ltd. received a proposal for printing of 5,000 copies of taxation book from a renowned author where only content was to be supplied by the author. KLM Ltd. agreed to supply the books. As per the requirement of the author, 2500 copies were supplied from workshop to Nagpur front office and 2500 copies to Mumbai front office from where the author collected books.

Satisfied with the quality of books, the author placed another order of 10,000 pieces of letterhead during May, the design and logo was supplied by the author for printing. Due to these orders, KLM Ltd. earned a handsome amount of profit and decided to gift employees for their performance. Accordingly, KLM Ltd. gifted mobile phone worth ₹ 36,500 each to all its 45 employees.

Chart

KLM Ltd. [publishing and printing house] registered under a single GSTIN in Maharashtra.



Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 28.1. to 28.4. as follows:-

28.1 Supply of taxation books by KLM Ltd. is:

- (a) composite supply, principal supply being “supply of service”. (b) composite supply, principal supply being “supply of goods”. (c) mixed supply. (d) supply of goods or service or mixed supply, at the choice of the KLM Ltd. and it may pay the tax accordingly.

Answer:- (a) composite supply, principal supply being “supply of service”.

Composite supply: 2(30)	Circular 11/11/2017
• Consist of 2 or more taxable supplies of goods/ service/ both	In our question Supply of Printing (labour) Service = Principal supply Physical inputs including paper used for printing belong to the printer = Ancillary Supply Hence it is composite supply
• Naturally bundled and	
• supplied In conjunction with each other in ordinary course of business	
• One of which is principal supply	
Example: Charger supplied alongwith mobile phones	
As per Sec 8: Tax liability shall be rate of principal supply	As per sec 8: Rate of Principal supply being Supply of service

28.2 Supply of letterheads by KLM Ltd. will be treated as:

- (a) composite supply, principal supply being “supply of service”. (b) composite supply, principal supply being “supply of goods”. (c) mixed supply. (d) supply of goods or service or mixed supply, at the choice of the KLM Ltd. and it may pay the tax accordingly.

Answer:- (b) composite supply, principal supply being “supply of goods”.

Composite supply: 2(30)	Circular 11/11/2017
• Consist of 2 or more taxable supplies of goods/ service/ both	In our question physical inputs including paper to print, predominant supply is supply of goods = Principal supply Supply of Printing (labour) Service = Ancillary Supply Hence it is composite supply
• Naturally bundled and	
• supplied In conjunction with each other in ordinary course of business	
• One of which is principal supply	
Example: Charger supplied alongwith mobile phones	
As per Sec 8: Tax liability shall be rate of principal supply	As per sec 8: Rate of Principal supply being Supply of goods

28.3 Distribution of mobile phones to employees by KLM Ltd. will:

- (a) be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the aggregate value of mobile phones is more than ₹ 50,000.
- (b) not to be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because value of the mobile phone is less than ₹ 50,000 per employee.
- (c) be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the value of mobile phone is more than ₹ 25,000 per employee.
- (d) be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the value of mobile phone is more than ₹ 35,000 per employee.

Answer:- (b) not to be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because value of the mobile phone is less than ₹ 50,000 per employee.

Para 2, Schedule 1: gifts exceeding Rs 50,000 in value in a financial year by an employer to an employee = supply of goods or services or both

It is assumed Employer KLM Ltd. [publishing and printing house] has not availed credit.

Further value of Gift being less than Rs 50,000 is not supply [Para 2, Schedule 1]

28.4 In relation to taxability of supplies of copies from workshop to front office:

- (a) transfer from workshop to Nagpur front office will be treated as stock transfer, but is not liable to GST; however, transfer from workshop to the Mumbai front office will be treated as branch transfer between distinct persons and is liable to GST.
- (b) transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as stock transfer between distinct persons and are liable to GST.
- (c) transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as stock transfer, but are not liable to GST.
- (d) transfer from workshop to the Mumbai front office will be treated as stock transfer, but is not liable to GST, however, transfer from workshop to the Nagpur front office will be treated as branch transfer between distinct persons and is liable to GST.

Answer:- (c) transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as stock transfer, but are not liable to GST.

KLM Ltd. [publishing and printing house] registered under a single GSTIN in Maharashtra.

Hence workshop (Nagpur), Nagpur front office and Mumbai Front office are not distinct person As per Sec 25.

Since they are not distinct person, Intra-state Stock transfer from the workshop to Nagpur front office and Mumbai Front office is NOT SUPPLY. Hence no question of GST.

CASE SCENARIO-29

SV Enterprises (P) Ltd. is a pharmaceuticals company engaged in the manufacturing of medicines. It has its head office in Rajasthan being registered under GST. It primarily sells two products in the market which are as under:

- (i) A (Taxable at 18%)
- (j) B (Taxable at 28%)

From head office (HO), it makes sales on the basis of orders received from dealers and its branches. Total sales during the month of February is given below:

A		B	
Inter-State (₹)	Intra-State (₹)	Inter-State (₹)	Intra-State (₹)
50,00,000 (including branch transfers**)	50,00,000	50,00,000	30,00,000

**The company transferred product A to its branch situated in Mumbai for ₹ 10,00,000. The open market value of product A was not known at the time of transfer, but the goods of like kind and quantity were sold at ₹ 12,00,000. Cost of product A is ₹ 8,00,000. Further, the branch also deals in product A and product B only.

The company purchases its raw material worth ₹ 60,00,000 taxable @18% to be used in product A, from a supplier located at Haryana and imported raw material worth ₹ 40,00,000 taxable @ 28% to be used in product B, from U.S.A based vendor.

The opening balance of input tax credit of SV Enterprises (P) Ltd. for the relevant tax period is nil. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. All the above transactions are exclusive of GST, wherever applicable.

Chart:

SV Enterprises (P) Ltd. [head office registered in Rajasthan]			
Product A (Taxable at 18%)		Product B (Taxable at 28%)	
Outward supply			
Inter-state Sale (including stock transfer)	50 lakh	Intra-state Sale	30 lakh
Stock Transfer product A to its branch situated in Mumbai for. OMV= not known but Value of like kind and quantity = 12 Lakh Cost of product = 8 lakh	10 lakh	Inter-state Sale	50 lac
Intra-state Sale	50 lac	Purchase	
Inter- state Purchase from Haryana = 60 lac (18%)		Import of raw material = 40 lac (28%)	

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 29.1. to 29.5. as follows:-

29.1. What shall be the GST paid by SV Enterprises (P) Ltd. through Electronic Cash Ledger?

- (a) IGST: ₹ 1,00,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000 (b) IGST: ₹ 11,20,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000 (c) IGST: ₹ 12,20,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000 (d) IGST: Nil, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000

Answer:- (A) IGST: ₹ 1,00,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000

	IGST	CGST	SGST	Total
GST liability under Forward charge				
Intra-State sale Product A (Taxable at 18%) [50 lac × 9%] [including stock transfer]	Nil	4,50,000	4,50,000	9,00,000
Inter-State sale Product A (Taxable at 18%) [50 lac × 9%]	9,00,000			9,00,000
Intra-State sale Product B (Taxable at 28%) [30 lac × 14%]	Nil	4,20,000	4,20,000	8,40,000

Inter-State sale Product B (Taxable at 28%) [50 lac × 28%]	14,00,000			14,00,000
Gross GST liability (without set off of input tax credit)	23,00,000	8,70,000	8,70,000	40,40,000
Less: ITC availed – IGST	22,00,000			22,00,000
Domestic inter-state purchase = 60 lac × 18% = 10,80,000				
Import (inter-state) = 40 lac × 28% = 11,20,000				
[ITC of IGST shall be utilized first for payment of IGST and then, for payment of CGST or SGST, in any order in any ratio]				
GST paid by SV Enterprises (P) Ltd. through Electronic Cash Ledger	1,00,000	8,70,000	8,70,000	18,40,000

29.2. Suppose Product A is exempt from GST, what shall be the aggregate turnover of SV Enterprise?

(a) ₹ 1,80,00,000 (b) ₹ 80,00,000 (c) ₹ 2,20,00,000 (d) ₹ 1,40,00,000

Answer:- (a) ₹ 1,80,00,000

(1) Sec 2(6): **Aggregate T.O** = all **taxable supplies** + **exempt supplies** + **exports** of goods and/or services + **inter-State supplies** of a person **having the same PAN**, to be computed **on all India basis** and **Less** CGST/SGST/ UTGST/IGST/GST Comp. cess

(2) ATO **exclude inward supplies** on which **tax is payable under reverse charge**:

Aggregate T.O = 50 lakh + 50 Lakh + 50 lac + 30 lac = 1,80,00,000

29.3. What shall be the value of supply of product “A” transferred to its branch in Mumbai?

(a) ₹ 10,00,000 (b) ₹ 12,00,000 (c) ₹ 8,00,000 (d) ₹ 8,80,000

Answer:- (a) ₹ 10,00,000

SV Enterprises (P) Ltd. [head office registered in Rajasthan] and branch in Mumbai are distinct person as per Sec 25

Supply between Distinct OR Related Person OTHER THAN THROUGH AGENT – R- 28	Assuming 100% input tax credit available to branch., Value declared in Invoice deemed to be Open Market Value
(a) Open Market Value (OMV)	Hence Value = 10 lakh
(b) IF OMV – NOT AVAILABLE = Value of Like Kind & Quality supply	
(c) IF VALUE IN (a), (b) – NOT DETERMINABLE = Value as per Rule 30 or 31	
Note- if Recipient Eligible for 100% ITC, = Value declared in Invoice deemed to be Open Market Value	

29.4. Suppose out of imported raw material amounting to ₹ 40,00,000, raw material amounting to ₹ 10,00,000 was sold to another local customer before clearance for home consumption. What shall be the net GST liability in this case?

(a) IGST- ₹ 3,80,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000 (b) IGST- ₹ 1,00,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000 (c) IGST- ₹ 12,20,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000 (d) IGST- ₹ 20,60,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000

Answer:- (a) IGST- ₹ 3,80,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000

Then import will be 30 lakh for **SV Enterprises (P) Ltd.** And **IMPORT OF 10 LAKH FOR Local customer.** on Rs 10 lakh local customer will pay custom duty and IGST.

Gross GST liability (without set off of input tax credit)	23,00,000	8,70,000	8,70,000
Less: ITC availed – IGST	19,20,000		
Domestic inter-state purchase = 60 lac × 18% = 10,80,000			
Import (inter-state) = 30 lac × 28% = 8,40,000			
[ITC of IGST shall be utilized first for payment of IGST and then, for payment of CGST or SGST, in any order in any ratio]			
GST paid by SV Enterprises (P) Ltd. through Electronic Cash Ledger	3,80,000	8,70,000	8,70,000

29.5. If the payment for Product A was received on 25th February from one of the customers, goods supplied on 28th February and invoice issued on 3rd March, what shall be the time of supply in this case?

(a) 25th February (b) 28th February (c) 3rd March (d) 20th March

Answer:- (b) 28th February

(i) Time Limit For Raising Invoice: Sec 31: **In case of supply of Goods,****Invoice issued Before or at time of****(a) removal of goods :** where the supply involves movement of goods, or**(b) delivery of goods or making available thereof to the recipient:** Where supply not involves movement of goods**Hence Invoice should be issued on 28th February**(ii) **Time of supply of goods under Forward charge – Sec 12(2) + 66/2017****(Date of Invoice i.e 3rd March****/ Last date to issue Invoice u/s 31 i.e 28th February)****Whichever is earlier****Hence time of supply is 28th February****CASE SCENARIO-30**

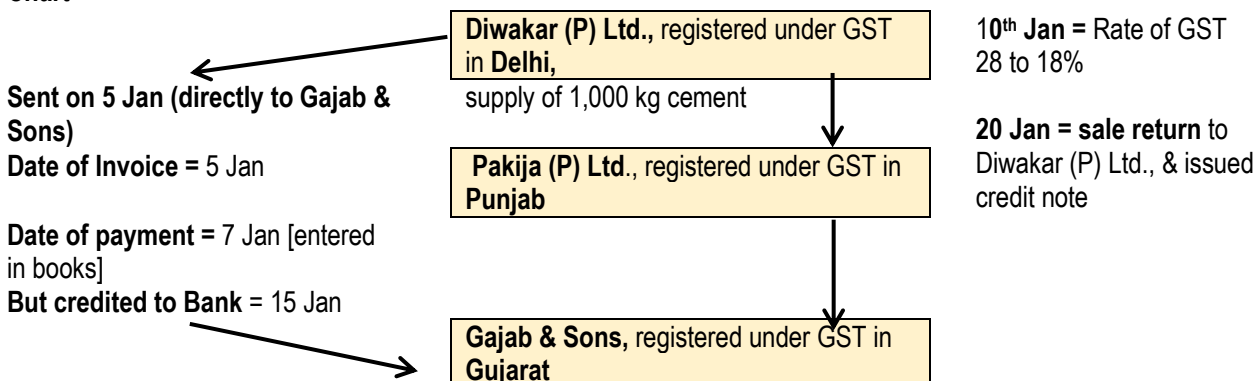
Diwakar (P) Ltd., registered under GST in Delhi, is engaged in trading of cement as well as providing services by way of renting of commercial properties. On 2nd January, it received a contract for supply of 1,000 kg cement from Pakija (P) Ltd., registered under GST in Punjab. Pakija (P) Ltd. directed Diwakar (P) Ltd. to send the consignment to Gajab & Sons, registered under GST in Gujarat.

Diwakar (P) Ltd. prepared the consignment on 4th January and dispatched the same on the next day from its warehouse in Gurugram, Haryana. The invoice was also issued on 5th January. On 7th January, it received the cheque and accountant entered the payment in books of accounts. However, he presented the cheque in bank on 14th January which was credited in the bank account of the company on 15th January.

In the meanwhile, on 10th January, the rate of tax on cement was reduced from 28% to 18%.

On inspection of said goods, it was found that there is some deficiency in the quality of goods and therefore, the defective goods were returned to Diwakar (P) Ltd. Diwakar (P) Ltd. issued credit note for the same on 20th January.

Diwakar (P) Ltd. let out property and received rent for the month of January from Pakija (P) Ltd. on 10th January. However, as per the contract entered, the payments should have been received by 7th of every month.

Chart

Diwakar (P) Ltd. let out property and

Received rent for January from Pakija (P) Ltd	. on 10th January.
However, as per the contract, payments should have been received by	7th of every month

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 30.1. to 30.4. as follows:-

30.1. What will be the time of supply and rate of tax to be charged in respect of supply of 1,000 kg of cement?

(a) 5th January; 28% (b) 7th January; 28% (c) 14th January; 18% (d) 15th January; 18%

Answer:- (a) 5th January; 28%

it may be noted that for supply of goods by a registered person (excluding composition supplier), GST is to be paid on the outward supply of goods on the date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31 - **Notification No. 66/2017 CT dated 15.11.2017**

(i) Time Limit For Raising Invoice: Sec 31: **In case of supply of Goods,**

Invoice issued Before or at time of

(a) **removal of goods** : where the supply involves movement of goods, or

(b) **delivery of goods or making available thereof to the recipient:** Where supply not involves movement of goods

Hence Invoice should be issued on 5th January

(ii) **Time of supply of goods**

(Date of Invoice i.e 5th January

/ Last date to issue Invoice u/s 31 i.e 5th January)

Whichever is earlier

Hence time of supply is 5th January

Rate of GST on 5th January was 28%

30.2. In the above case, other facts remaining the same, what will be the time of supply and rate of tax to be charged if the payment is credited into bank account on 12th January?

(a) 5th January; 28% (b) 7th January; 28% (c) 12th January; 28% (d) 12th January; 18%

Answer:- (a) 5th January; 28%

Answer will remain same, Date of payment is irrelevant.

30.3. What is the place of supply in respect of transaction between Diwakar (P) Ltd. and Pakija (P) Ltd. and Pakija (P) Ltd. and Gajab & Sons?

(a) Delhi, Punjab (b) Punjab, Gujarat (c) Haryana, Punjab (d) Haryana, Gujarat

Answer:- (b) Punjab, Gujarat

Supply by M/s Diwakar (P) Ltd., [Delhi] to M/s Pakija (P) Ltd., [Punjab]	Supply by M/s Pakija (P) Ltd., [Punjab] to M/s Gajab & Sons, [Gujarat]
Sec 10(1)(b) – POS = Principal place of 3rd Person i.e (M/s Pakija (P) Ltd.,) POS = Punjab	Sec 10(1)(a) – POS = where movement of goods terminate for delivery to recipient (M/s Gajab & Sons) POS = [Gujarat]
LOS = M/s Diwakar (P) Ltd., [Delhi], POS = Punjab	LOS = M/s Pakija (P) Ltd., [Punjab], POS = Gujarat
It is inter-state supply, IGST Leviable	It is inter-state supply, IGST Leviable

30.4. Diwakar (P) Ltd. has not issued any invoice in respect of the services provided by way of renting of commercial properties in the month of January. What is the last date for issuance of invoice?

(a) 10th January (b) 7th January (c) Either (a) or (b), whichever is earlier. (d) Either (a) or (b), whichever is later.

Answer:- (b) 7th January

CONTINUOUS SUPPLY OF SERVICE: SEC 2 (33)

means	includes	
Supply of services which is provided, or agreed to be provided, ✓ continuously or on recurrent basis, ✓ under a contract, ✓ for a period exceeding 3 months ✓ with periodic payment obligations	supply of such services as the Government may, subject to such conditions, as it may, by notification, specify;	In our question, Renting of immovable property = Continuous service

AS Per Sec 31, in case of Continuous supply Of Services:

Where due date of payment ascertainable from contract	Invoice issued on or before the due date of payment	In our question, i.e 7th of every month i.e 7th January
--	--	--

(iii) Time of supply of service under Forward charge – Sec 13(2)**IF Invoice issued as per Sec 31**(c) (Date of invoice i.e 7th January or(d) Date of payment i.e 10th January**Whichever is earlier**

Explanation - Date of payment = date on which the payment is entered in the books of account of the supplier or the date on which the payment is credited to his bank account, whichever is earlier

Hence, time of supply = 7th January

CASE SCENARIO MAY 21 MOCK TEST

Case scenario 1: Ganesh Flour Mill Pvt Ltd., a registered supplier under GST having plant at Howrah, West Bengal, is engaged in the business of food processing. Within the plant premises, there is a stock yard, an office and a few residential quarters for employees of the company. After purchasing wheat from local market/ mandi, the company processes it and packs and sells the finished products such as atta, maida and suji in 1 Kg, 5 Kg & 10 Kg bags under the brand name "Ganesh Bhog". The aggregate turnover of the company during the preceding financial year was Rs. 7.50 crores.

Following details are provided by the company for the month of September:

Particulars	Amount (Rs.)
Sale of "Ganesh Bhog" atta, maida & suji	60,00,000
Purchase of wheat from mandi	14,00,000
Transportation charges paid to an unregistered goods transport operator for transportation of wheat from mandi to factory	40,000
Hiring charges paid to a local truck owner (not a GTA) for transportation of finished products from factory to distributors	50,000
Rent received from quarters allotted to employees	10,000
Electricity charges paid to West Bengal State Electricity Board	1,60,000
Bill raised by M/s BIS Security, Kolkata (a partnership firm registered under GST) for providing security service	1,18,000*
Interest on delayed payment collected from customers	3,500
Interest on fixed deposit in a bank	8,600
Payment to Indian Chamber of Commerce (registered under GST) towards sponsorship for Investor Summit at Kolkata	25,000
Legal fee paid to advocate, Mr. Ashok Ganguly	30,000
Licence fee paid to Food & Safety Standard Authority of India (FSSAI)	25,000

Following additional information has also been provided by the company:

- (1) The security service bill raised by M/s BIS Security* is inclusive of GST @ 18%.
- (2) Out of the total sales, "Ganesh Bhog" Atta worth Rs. 3,50,000 (10,000 Kg) was supplied to Department of School Education, Govt. of West Bengal for further supply to affected families during Covid-19. A subsidy of Rs.10/kg was received from Govt. of West Bengal for the said supply.
- (3) The company had given a contract to Starcon infra Pvt Ltd. for construction of a drying yard within the factory premises for Rs. 40 lakh in the month of April, with a completion schedule of 3 months. However, the contractor could not complete the work within the scheduled time. Therefore, a penalty @ 1% of contract value was recovered from the contractor during September.
- (4) The company had awarded a maintenance contract to Power Electromech Pvt Ltd., Delhi on 10th June, for repair of DG set installed in the factory, for Rs. 60,000 with a completion period of 30 days. The maintenance work was completed on 08th July. However, due to some dispute regarding quality of work, invoice was issued by Power Electromech Pvt Ltd. only on 5th September and payment was released on 15th September.
- (5) The company had delayed in making payment of GST amounting to Rs. 5,000 pertaining to the month of April by 4 months. The proper officer has imposed a penalty for failure to pay GST within the prescribed time limit.
- (6) The company had deposited the tax liability for the month of August amounting to Rs.3,30,730 on 28th September.

Note. All the above amounts are exclusive of GST, wherever applicable, unless specified otherwise.

Chart

Ganesh Flour Mill Pvt Ltd., a registered plant at Howrah, West Bengal							
purchasing wheat & processes it and packs and sells the finished products such as atta, maida and suji in 1 Kg, 5 Kg & 10 Kg bags under the brand name "Ganesh Bhog"							
OUTWARD Supply	Inward Supply						
Sale of "Ganesh Bhog" atta, maida & suji It includes 3,50,000 (10,000 Kg) supplied to Department of School Education, Govt. of West Bengal for further supply to affected families during Covid-19 [A subsidy of Rs.10/kg was received from Govt. of West Bengal for the said supply]	Purchase of wheat from mandi 14,00,000 Transportation charges paid to an unregistered goods transport operator for transportation of wheat from mandi to factory 40,000 Hiring charges paid to a local truck owner (not a GTA) for transportation of finished products from factory to distributors 50,000 Electricity charges paid to West Bengal State Electricity Board 1,60,000 Bill raised by M/s BIS Security, Kolkata (a partnership firm registered under GST) for providing security service 1,18,000* (incl. GST@ 18%) Payment to Indian Chamber of Commerce (registered under GST) towards sponsorship for Investor Summit at Kolkata 25,000 Legal fee paid to advocate, Mr. Ashok Ganguly 30,000 Licence fee paid to Food & Safety Standard Authority of India (FSSAI) 25,000						
Rent received from quarters allotted to employees 10,000 Interest on delayed payment collected from customers 3,500 Interest on fixed deposit in a bank 8,600	company had given a contract to Starcon infra Pvt Ltd. for construction of yard within the factory for Rs. 40 lakh in the month of April, with a completion schedule of 3 months penalty @ 1% of contract value of 40 lakh recovered from the contractor during September, Since contractor could not complete the work within the scheduled time. 40,000 company had awarded a maintenance contract to Power Electromech Pvt Ltd., Delhi on 10th June, for repair of DG set installed for Rs. 60,000 with a completion period of 30 days <table> <tr> <td>maintenance work was completed on</td><td>08th July</td></tr> <tr> <td>invoice was issued by Power Electromech Pvt Ltd</td><td>5th Sept</td></tr> <tr> <td>Payment made</td><td>15th Sept</td></tr> </table>	maintenance work was completed on	08 th July	invoice was issued by Power Electromech Pvt Ltd	5 th Sept	Payment made	15 th Sept
maintenance work was completed on	08 th July						
invoice was issued by Power Electromech Pvt Ltd	5 th Sept						
Payment made	15 th Sept						
delayed in making payment of GST Rs. 5,000 of April by 4 months. Proper officer has imposed a penalty for failure to pay GST within the prescribed time limit. Deposited the tax liability for the month of August amounting to Rs.3,30,730 on 28th September							

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

(I) The value of taxable outward supply made by the company in the month of September is -

- (a) Rs.61,48,100
- (b) Rs.59,43,500
- (c) Rs.61,39,500
- (d) Rs.59,35,500

Answer (b)

Particulars	Amount (Rs.)
Sale of "Ganesh Bhog" atta, maida & suji [60,00,000 less Govt Subsidy [= 10,000 Kg@10 per kg = 1,00,000 = 59,00,000]	59,00,000
Rent received from quarters allotted to employees Rs 10,000 (Rent of immovable property for residence is exempt)	Exempt
Interest on delayed payment collected from customers (included in Value as per sec 15(2)(d))	3,500
Interest on fixed deposit in a bank Rs 8600 (Interest on loans, deposits and advances is exempt under Entry 27)	Exempt
Penalty/ Liquidated damages received from Starcon infra Pvt Ltd. due to delayed performance of contract [it is service as per schedule 2 (tolerating action of other) 40,000]	40,000
Total value of TAXABLE outward supply =	59,43,500

- (II) The value of taxable supply received by the company in the month of September on which GST is payable under reverse charge is-
- Rs.1,55,000
 - Rs.1,73,000
 - Rs.1,30,000
 - Rs.2,45,000

Answer (a)

Purchase of wheat from mandi [Wheat being agricultural produce and exempt from GST] 14,00,000	Exempt
Transportation charges paid to an unregistered goods transport operator for transportation of wheat from mandi to factory for 40,000 Exempt [in (Entry No 21)]	Exempt
Hiring charges paid to a local truck owner (not a GTA) for transportation of finished products from factory to distributors [Transport of goods by road by other than GTA, Courier is exempt in Entry 21] or It can be assumed tax is payable under forward charge.	Exempt
Electricity charges paid to West Bengal State Electricity Board (GST not on electricity)	Nil
Bill raised by M/s BIS Security, Kolkata (a partnership firm registered under GST) for providing security service Taxable under Reverse Charge (since Supplier is other than body corporate to a GST registered recipient). 1,00,000 [1,18,000 *100/118]. Taxable (under Reverse charge)	1,00,000
Payment to Indian Chamber of Commerce (registered under GST) towards sponsorship for Investor Summit at Kolkata [Taxable (under Reverse charge)] Sponsorship service to Firm or company is taxable under reverse charge. In our question sponsorship service by Indian Chamber of Commerce to Ganesh Flour Mill Pvt Ltd.	25,000
Legal fee paid to advocate, Mr. Ashok Ganguly Taxable (under Reverse charge) Legal service by Advocate to Business entity [Ganesh Flour Mill Pvt Ltd.] is Taxable (under Reverse charge)	30,000
Licence fee paid to Food & Safety Standard Authority of India (FSSAI) 25,000 Exempt (in Entry No 47A)	Exempt
Maintenance contract for repair of DG set 60,000 [Taxable under Forward charge]	-----
value of taxable supply received by the company in the month of September on which GST is payable under reverse charge	1,55,000

- (III) What is the time of supply of services provided by Power Electromech Pvt Ltd?
- 10th June
 - 5th September
 - 15th September
 - 8th July

Answer (d)

(iv) **Time Limit For Raising Invoices: Sec 31: In case of supply of service, Invoice issued Before or after the provision of service but within 30 days from the date of supply of services**

Date of supply of service = Date of Physical completion + date of inspection & confirmation by recipient where required. [i.e 8th July]

Hence invoice should be issued within 30 days from 8th July i.e Due Date of issuance of Invoice :- 7th August

(v) **Time of supply of service under Forward charge – Sec 13(2)**

IF Invoice not issued as per Sec 31

(e) (Date of Completion of service i.e 8th July or

(f) Date of payment i.e 15th September)

Whichever is earlier

Hence time of supply is 8th July

(IV) The amount of interest payable by the company under section 50 of the CGST Act, 2017 for delay in payment of tax for the month of August?

- (a) Rs.4961
- (b) Rs.1305
- (c) Rs.4567
- (d) Rs.1142

Answer (b)

Due Date of deposit tax for August	20th September
Actual Date of deposit	28th September
No. of days of delay in payment	8 Days
Tax amount in default	₹ 3,30,730
Interest as per Sec 50	$\text{₹ } 3,30,730 \times 18\% \times 8 / 365 = \text{₹ } 1,304.80 = \text{₹ } 1305$ (rounded off)

(V) In the context of the imposition of penalty on the company by the proper officer for failure to pay GST of Rs.5,000, which of the following statements is correct?

- (a) Penalty is leviable since the offence is not a "minor breach". (b) Penalty is not leviable since the offence is a "minor breach".
- (c) Penalty is leviable on failure to pay tax even if the offence is a minor breach.
- (d) No penalty is leviable for delay in payment of tax; only interest is payable for delay in payment of tax. **(5 x 2 Marks each =10 Marks)**

Answer (a)

Note: Penalty is leviable since the breach is considered as a 'minor breach' only if amount of tax involved is less than ₹ 5,000.

SECTION 126. General disciplines related to penalty.

1) Penalty shall not be imposed:	(a) a breach shall be considered a 'minor breach' if the amount of tax involved is less than Rs 5000;
❖ for minor breaches of tax regulation/ procedural requirements and	(b) an omission or mistake in documentation shall be considered to be easily rectifiable if the same is an error apparent on the face of record.
❖ in particular, any omission or mistake in documentation which is easily rectifiable and made without fraudulent intent or gross negligence	

Case scenario 2: Mr. Dinanath of Kolkata, a registered person under GST deals in sales & services of electronic goods such as TV, refrigerator, washing machine etc. His aggregate turnover during the preceding financial year was Rs. 6.2 crores. He furnishes following information for the month of December.

Outward supplies during the month of December are as under:

Particulars	Amount (Rs.)
Supply of goods to un-registered persons residing in & around Kolkata	Rs. 12 lakh
Supply of goods to a dealer of Bihar	Rs. 6 lakh
Supply of goods to registered dealers in West Bengal	Rs. 28 lakh
Repair & maintenance services provided to un-registered persons	Rs. 4 lakh

Inward supplies during the month of December are as under:

Particulars	Amount (Rs.)
Purchase of goods from registered dealers (Inter-State supply)	Rs. 30 lakh
Purchase of goods from registered dealers (Intra-State supply)	Rs. 4 lakh
Purchase of goods from un-registered dealers (Intra-State supply)	Rs. 2 lakh
Transportation charges paid to Om Logistics (GTA) (GST not charged by transporter on said bill)	Rs. 2 lakh
Payment made to Star Security Services Pvt Ltd (not registered under GST) for providing security services	Rs. 0.50 lakh
Loading & un-loading charges paid to labourer	Rs. 0.10 lakh
Shop rent paid to Kolkata Municipal Corporation	Rs. 0.30 lakh
Fee paid to Mr. Das, a Senior Advocate of Kolkata High court for legal service	Rs. 0.10 lakh

Following additional information is also provided:

- During the course of un-loading TV sets, supplied by a registered person, one LED TV costing Rs. 25,000 was damaged & the supplier refused to replace the same.
- The Assistant Commissioner of Commercial Tax, Kolkata has issued a show cause notice (SCN), to Mr. Dinanath due to non displaying of Registration Certificate & GSTIN at a prominent place of principal place of business. Mr Dinanath's plea is that the display GSTIN to general public is not mandatory as it is required for buyers only & the same is already mentioned in the tax invoice.
- GST rate on all inward and outward supplies is 18% (CGST @ 9%, SGST @ 9%, IGST @ 18%), except transportation service which attracts GST @ 5%.
- There is no opening ITC available in the relevant period in electronic credit ledger of Mr Dinanath.
- All the goods purchased by Mr Dinanath is ex-shop and he arranges his own transportation through GTA.

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

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:-

- The total value of inward supplies on which GST is payable by Mr Dinanath under reverse charge is-
 - Rs.2.40 lakh
 - Rs.2.10 lakh
 - Rs.2.90 lakh
 - Rs.3.00 lakh

Answer (a)

Particulars	Amount (Rs.)	Amount under reverse charge
Purchase of goods from registered dealers (Inter-State supply) [Taxable under forward charge]	Rs. 30 lakh	
Purchase of goods from registered dealers (Intra-State supply) [Taxable under forward charge]	Rs. 4 lakh	
Purchase of goods from un-registered dealers (Intra-State supply) [NOT taxable] SEC 9(4) reverse charge on supplies received from unregistered is applicable only on notified supplies.	Rs. 2 lakh	

Transportation charges paid to Om Logistics (GTA) (GST not charged by transporter on said bill) [Taxable under REVERSE CHARGE] Supply of Services by a GTA in respect of transportation of goods by road, who has not paid GST@12% is covered under REVERSE CHARGE.	Rs. 2 lakh	Rs. 2 lakh
Payment made to Star Security Services Pvt Ltd (not registered under GST) for providing security services [NOT Taxable] Security Services provided to a GST registered person. GST is PAYABLE under REVERSE CHARGE BY BY recipient, if supplier is other than a body corporate. . In our Que, supplier is a company (body corporate), hence Reverse charge not apply. Further, supplier company is Unregistered person (i.e., not a taxable person), Hence NO GST.	Rs. 0.50 lakh	
Loading & un-loading charges paid to labourer [NOT taxable] SEC 9(4) reverse charge on supplies received from unregistered is applicable only on notified supplies.	Rs. 0.10 lakh	
Shop rent paid to Kolkata Municipal Corporation [Taxable under REVERSE CHARGE] Renting of immovable property by Government or local authority to a GST registered person is Taxable under reverse charge]	Rs. 0.30 lakh	Rs. 0.30 lakh
Fee paid to Mr. Das, a Senior Advocate of Kolkata High court for legal service [Taxable under REVERSE CHARGE] Legal service by Advocate to Business entity [Mr. Dinanath of Kolkata, a registered person under GS having turnover of Rs 6.2 crore in P.Y.] is Taxable (under Reverse charge)	Rs. 0.10 lakh	Rs. 0.10 lakh
Total value of inward supplies on which GST is payable by Mr Dinanath under reverse charge		2.40 lakh

(II) The total value of inward supplies received during the month of December, not eligible for input tax credit (ITC) is -

- (a) Rs.2,50,000
- (b) Rs.2,85,000
- (c) Rs.2,90,000
- (d) Rs.3,25,000

Answer (b)

Particulars	Inward supply not eligible for ITC
Purchase of goods from un-registered dealers (Intra-State supply) [NOT taxable] SEC 9(4) reverse charge on supplies received from unregistered is applicable only on notified supplies.	Rs. 2 lakh
Payment made to Star Security Services Pvt Ltd (not registered under GST) for providing security services [NOT Taxable] Security Services provided to a GST registered person. GST is PAYABLE under REVERSE CHARGE BY recipient, if supplier is other than a body corporate. In our Que, supplier is a company (body corporate), hence Reverse charge not apply. Further, supplier company is Unregistered person (i.e., not a taxable person), Hence NO GST.	Rs. 0.50 lakh
Loading & un-loading charges paid to labourer [NOT taxable] SEC 9(4) reverse charge on supplies received from unregistered is applicable only on notified supplies.	Rs. 0.10 lakh
Inward supply of TV sets damaged during un-loading	Rs 0.25 lakh
Total value of inward supplies received during the month of December, not eligible for input tax credit (ITC) is -	2.85 lakh

(III) The gross GST liability of Mr Dinanath for the month of December, assuming that no ITC is claimed/availed is - (a) Rs.9,17,200

- (b) Rs.9,43,200
- (c) Rs.9,26,200
- (d) Rs.9,20,800

Answer (a)

Particulars	Amount (Rs.)	CGST	SGST	IGST
GST liability under Forward charge				
Supply of goods to un-registered persons residing in & around Kolkata	Rs. 12 lakh	1,08,000	1,08,000	
Supply of goods to a dealer of Bihar	Rs. 6 lakh			1,08,000
Supply of goods to registered dealers in West Bengal	Rs. 28 lakh	2,52,000	2,52,000	
Repair & maintenance services provided to un-registered persons	Rs. 4 lakh	36,000	36,000	
GST liability under Forward charge		3,96,000	3,96,000	1,08,000
GST liability under Reverse charge				
Transportation charges paid to Om Logistics (GTA) (GST not charged by transporter on said bill) [Taxable under REVERSE CHARGE]	Rs. 2 lakh	5,000 [2.5%]	5,000 [2.5%]	
Supply of Services by a GTA in respect of transportation of goods by road, who has not paid GST@12% is covered under REVERSE CHARGE.				
Shop rent paid to Kolkata Municipal Corporation [Taxable under REVERSE CHARGE] Renting of immovable property by Government or local authority to a GST registered person is Taxable under reverse charge]	30,000	2,700 [9%]	2,700 [9%]	
Fee paid to Mr. Das, a Senior Advocate of Kolkata High court for legal service [Taxable under REVERSE CHARGE] Legal service by Advocate to Business entity [Mr. Dinanath of Kolkata, a registered person under GS having turnover of Rs 6.2 crore in P.Y.] is Taxable (under Reverse charge)	10,000	900 [9%]	900 [9%]	
GST liability under Reverse charge		8,600	8,600	
Gross GST liability		4,04,600	4,04,600	1,08,000

Gross GST liability = 4,04,600 + 4,04,600 + 1,08,000 = Rs.9,17,200

(IV) Which of the following statement is incorrect?

- (i) Tax liability under reverse charge can be discharged through electronic credit ledger.
 - (ii) Transportation of goods by a registered person other than goods transport agency is not covered under reverse charge.
 - (iii) Inward supply of taxable goods which get damaged/destroyed is not eligible for ITC.
- (a) (i)
(b) (ii)
(c) (iii)
(d) (i),(ii) and (iii)

Answer (a)

(i) Tax liability under reverse charge can be discharged through e-credit ledger	The statement is incorrect as RCM liability shall be paid through E-Cash ledger only.
(ii) Transportation of goods by a Registered Person other than GTA is not covered under reverse charge	The statement is correct Since service of transportation of goods by GTA [when GTA is not paying GST@12% and service is provided to specified category of recipient] is only subject to Reverse charge. Further Service of transportation of goods by a Registered Person other than GTA is not covered under reverse charge.
(iii) Inward supply of taxable goods which get damaged/destroyed is not eligible for ITC	The statement is correct (As per Sec 17(5), Input tax credit not allowed on goods damaged or destroyed.)

(V) The penalty that may be leviable for failure to display Registration Certificate & GSTIN in a prominent location at principal place of business & at every additional place of business is:- (a) Rs.5000

- (b) Rs.10,000
- (c) Rs.25,000

(d) Nil

(5 x 2 Marks each =10 Marks)

Answer (c)

As per Rule 18 of CGST Rules 2017, Display of RC and GSTIN on name Board –

(1) RC displayed at Principal place of business and Additional place of business

(2) GSTIN displayed on Name Board at entry on **Principal place** of business **and every Additional place** of business

As per Section 125 of CGST Act - General Penalty: if No penalty is provided separately, Penalty may extend to Rs 25000.

Further upto Rs 25,000 penalty under SGST Act

CASE SCENARIO MAY 21 RTP

Case scenario 1: Disha Enterprise Pvt Ltd. is a financial service company having its offices in Kolkata, West Bengal and Mumbai, Maharashtra. The company is registered under GST in both the States.

The company operates through two segments (a) banking & insurance services and (b) advisory & consulting services. The aggregate turnover of the company during the previous year was (i) ₹ 80 lakh in West Bengal & (ii) ₹ 60 lakh in Maharashtra.

The bouquet of services provided under each of the two segments are as follows:

Banking & insurance services	Advisory & consulting services
Insurance agent services	Company/LLP/Society formation
Recovery agent services	Return filing
Direct Selling Agent (DSA) services (sale of banking products)	Detailed Project Report (DPR) preparation
	Business promotion/ product marketing/ exhibition etc.

The company has carried out following transactions during the month of September:

(Amount in ₹ excluding GST)

Particulars	Kolkata office	Mumbai office
Sale and purchase of foreign currency	Refer Note 3	Refer Note 3
Commission received from Nautiyal Insurance Company/ ADFC Life Insurance Company	90,000	70,000
Commission received as DSA from ICIDI Bank for opening bank account/credit card & loan products	48,000	50,000
Commission received from private banks for acting as recovery agent	1,20,000	1,50,000
Professional fee received for the formation of a company/LLP/society	80,000 [Refer Note 2]	40,000
Professional fee received for GST/ TDS return filing	65,000	75,000
Participation fee received from customers for the business exhibition organised by the company	50,00,000 (held in Russia) [Refer Note 1]	4,00,000 (held at Chennai) [Refer Note 1]
Legal fee paid to Mr. Sundaram - an advocate	10,000	15,000
Payment made for security services (by way of supply of security personnel) received	25,000 (Globe Security Pvt Ltd.)	25,000 (M/s X & Co, a partnership firm, registered under GST)

Notes:

- The participation fee of ₹ 50,00,000 received by the company is in respect of a business exhibition organized at St. Petersburg, Russia under the theme "Indian Traditional Fair" in which 10 Indian companies (all registered under GST) had participated. A participation fee of ₹ 5 lakh from each Indian company was collected for providing them a stall, furniture & other amenities at St. Petersburg, Russia.
The participation fee of ₹ 4,00,000 is in respect of a business exhibition organized by the company at Chennai, in which 100 Indian companies had participated.
- Out of the professional fee of ₹ 80,000 received by Kolkata office for the formation of a company/LLP/society, ₹ 15,000 was towards reimbursement claimed from client. It was separately mentioned in the invoice indicating that it was deposited with registrar of companies (ROC).
- Following purchase & sale of foreign currency was made by the company during the month of September:
 - Kolkata office had purchased USD 10,000 from M/s Moneywise (a FOREX dealer) @ ₹ 74 per USD on 10th September. The RBI reference rate on that day was ₹ 73 per USD.
 - Mumbai office had sold USD 5,000 to M/s Money Matters (a FOREX dealer) on 15th September @ ₹ 73.20 per USD. RBI reference rate for USD on that day is not available.
- In an order dated 14th September issued to Disha Enterprise Pvt Ltd., the Joint Commissioner of CGST, Mumbai has raised a demand of ₹ 600 crore on Mumbai office in respect of an inter-State transaction. The company is disputing the entire demand & wants to file an appeal before the Appellate Authority against the order of Joint Commissioner.
- The Kolkata office of the company had received ₹ 1 lakh on 22nd April as an advance from Ganesh Flour Mill Pvt Ltd., a client, for preparation of DPR. However, tax collected on the same from the client has not yet been deposited with the Central Government.

All the amounts given above are exclusive of GST wherever applicable (unless otherwise specified). There is no other outward or inward supply transaction apart from the aforesaid transactions in the relevant period.

Chart

Disha Enterprise Pvt Ltd, offices in Kolkata, West Bengal and Mumbai, Maharashtra. (Registered in both states)

Aggregate turnover of the company during the previous year was (i) ₹ 80 lakh in West Bengal & (ii) ₹ 60 lakh in Maharashtra . company has carried out following transactions during the month of September:

OUTWARD Supply

Following purchase & sale of foreign currency was made by the company during the month of September:

- (a) **Kolkata office** had **purchased USD 10,000** from M/s Moneywise (a FOREX dealer) **@ ₹ 74 per USD** on 10th September. The **RBI reference rate on that day was ₹ 73 per USD.**
- (b) **Mumbai office** had **sold USD 5,000 to M/s Money Matters** (a FOREX dealer) on 15th September **@ ₹ 73.20 per USD. RBI reference rate for USD on that day is not available.**

Particulars	Kolkata office	Mumbai office
Commission received from Nautiyal Insurance Company/ ADFC Life Insurance Company	90,000	70,000
Commission received as DSA from ICIDI Bank for opening bank account/credit card & loan products	48,000	50,000
Commission received from private banks for acting as recovery agent	1,20,000	1,50,000
Professional fee received for the formation of a company/LLP/society [Rs 80,000 includes ₹ 15,000 was towards reimbursement claimed from client]	80,000 [Refer Note 2]	40,000
Professional fee received for GST/ TDS return filing	65,000	75,000
Participation fee received from customers for the business exhibition organised by the company	50,00,000 (held in Russia) [Refer Note 1]	4,00,000 (held at Chennai) [Refer Note 1]

Inward Supply

Particulars	Kolkata office	Mumbai office
Legal fee paid to Mr. Sundaram - an advocate	10,000	15,000
Payment made for security services (by way of supply of security personnel) received	25,000 (Globe Security Pvt Ltd.)	25,000 (M/s X & Co, a partnership firm, registered under GST)

Commissioner of CGST, Mumbai has raised a demand of ₹ 600 crore on Mumbai office in respect of an inter-State transaction. company is disputing the entire demand & wants to file an appeal before the Appellate Authority.

The **Kolkata office of the company had received ₹ 1 lakh on 22nd April as an advance** from Ganesh Flour Mill Pvt Ltd., a client, **for preparation of DPR. However, tax collected on the same from the client has not yet been deposited** with the Central Government

Based on the facts of the case scenario given above, choose the most appropriate answer to

Q. Nos. 1. to 5. below:-

- Determine the value of taxable supply in respect of sale and purchase of foreign currency by Kolkata office and Mumbai office of the company as per rule 32(2)(a) of the CGST Rules, 2017.
(a) Kolkata office ₹ 7200, Mumbai office ₹ 3,660 (b) Kolkata office ₹ 10,000, Mumbai office ₹ 3,660
(c) Kolkata office ₹ 7,20,000, Mumbai office ₹ 3,66,000 (d) Kolkata office ₹ 7,30,000, Mumbai office ₹ 3,66,000

Answer:- (b) Kolkata office ₹ 10,000, Mumbai office ₹ 3,660

(1) Determination of value under rule 32(2)(a) of the CGST Rules, 2017**(i) For [Kolkata office]**

Value of supply is:

When exchanged from / to INR (RBI Ref. rate available)**VALUE** = [SELLING / Buying Rate – RBI Ref Rate] * No of units of currency

= (₹ 74 - ₹ 73) × 10,000 = ₹ 10,000

(ii) For [Mumbai office]**When exchanged from / to INR [No RBI Ref RATE available]****VALUE** = 1% of INR received/provided.**Value of supply** = 1% of (₹ 73.20 × 5,000) = ₹ 3,660

2. The value of taxable supply received by Mumbai office in the month of September on which tax is payable under reverse charge is _____.

- (a) ₹ 15,000 (b) ₹ 25,000 (c) ₹ 40,000 (d) ₹ 2,70,000

Answer:- (c) ₹ 40,000

(2) value of taxable supply received (i.e. INWARD SUPPLY) under reverse charge

For (MUMBAI OFFICE)

Legal fee paid to Mr. Sundaram - an advocate Disha Enterprise Pvt Ltd. is liable to pay GST under reverse charge]	15,000
Legal service by Advocate to Business entity [Disha Enterprise Pvt Ltd..] is Taxable (under Reverse charge) security services received [it is provided to a GST registered person i.e Disha Enterprise Pvt Ltd.]	25,000
Security Services provided to a GST registered person. GST is PAYABLE under REVERSE CHARGE BY recipient, if supplier is other than a body corporate. Disha Enterprise Pvt Ltd. is liable to pay GST under reverse charge]	40,000

3. The value of taxable outward supply made by Kolkata office in the month of September on which Disha Enterprise Pvt Ltd. is liable to pay tax under forward charge is _____.

- (a) ₹ 1,78,000 (b) ₹ 2,78,000 (c) ₹ 2,65,000 (d) ₹ 1,13,000

Answer:- (a) ₹ 1,78,000**COMPUTATION OF VALUE OF OUTWARD TAXABLE SUPPLY MADE UNDER FORWARD CHARGE**

Sale and purchase of foreign currency [Taxable under Forward charge]	10,000
Commission received from Nautiyal Insurance Company /ADFC Life Insurance Company [Taxable under Forward charge] Services of insurance agent to insurance company is subject to Reverse charge. But here, "insurance agent" means an insurance agent licensed under section 42 (i.e Individual). Note: if Company/Partnership appointed as insurance agent, then they pay GST under forward charge. Since, Disha Enterprise Pvt Ltd. Is company, hence it will pay GST under forward charge.	90,000
Commission received as DSA from ICIDI Bank for opening bank account or credit card/ loan products [services by individual Direct Selling Agents (DSAs) other than body corporate, partnership or LLP firm to Banking co./NBFC, located in TT are subject to reverse charge.] Since, Disha Enterprise Pvt Ltd. Is company, hence it will pay GST under forward charge.	48,000
Commission received from private banks for acting as recovery agent [Services by recovery agent to Banking co./ financial institution/ NBFC located in Taxable Territory is subject to reverse charge]. Hence, Private Banks are liable to pay GST under Reverse charge.	-----
Professional fee received for the formation of a company/LLP/society (₹ 80,000 less, ₹ 15,000 reimbursement for ROC Fee) As per Rule 33 of CGST Rules, 2017, Reimbursement claimed of expenses incurred in the capacity of pure agent of client shall not form part of value .	65,000
Professional fee received for TDS Return	65,000
Participation fee received from customers for the business exhibition organised by the company [Service by an organizer to any person in respect of a business exhibition held outside India is exempt under entry no. 52]	Exempt
value of taxable outward supply made by Kolkata office under forward charge	2,78,000

Note: ICAI answer may be misprinted

4. The maximum amount of pre-deposit that Disha Enterprise Pvt. Ltd. can be asked to deposit under the IGST Act, 2017 for filing of an appeal before the Appellate Authority is _____.
- (a) ₹ 30 crores (b) ₹ 60 crores (c) ₹ 25 crores (d) ₹ 50 crores

Answer:- (d) ₹ 50 Crores

Sec 107(6) CGST Act	Mandatory pre-deposit for filing appeal	
	Pre-deposit – Admitted tax, interest, fine, fee and penalty AND 10% of disputed Tax: No appeal shall be filed to Appellate Authority, unless the appellant has paid —	
	(a) in full , such part of the amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him; and	
	(b) a sum equal to 10% of the remaining amount of tax in dispute arising from the said order, [subject to a maximum of 25 crore rupees,] in relation to which the appeal has been filed.	
	Analysis	
	Authority	Pre-deposit
	When the tax involved is CGST	When the tax involved is IGST
Appellate Authority	Admitted CGST liability in full + 10% of the CGST in dispute, subject to a maximum of 25 crore rupees	Admitted IGST liability in full + 10% of the IGST in dispute, subject to a maximum of 50 crore rupees
Note: There is no requirement of making a pre-deposit in case of departmental appeal		

Disputed liability = 600 crore

Therefore, amount require to be deposited is

= ₹ 600 Cr x 10% = ₹ 60 Cr (subject to maximum of ₹ 50 crores)

= ₹ 50 Crores

5. The maximum penalty prescribed under section 122 of the CGST Act, 2017 for failure of Kolkata Office to deposit the tax collected on the advance received from Ganesh Flour Mill Pvt Ltd. is _____.
- (a) ₹ 18,000 (b) ₹ 25,000 (c) ₹ 10,000 (d) ₹ 10,000 or tax evaded, whichever is higher.

Answer:- (d) ₹ 10,000 or tax evaded, whichever is higher.

Advance received (value of supply along with tax Collected)	22nd April
Due date of payment of tax on such advance	20th May
Tax not paid till Sep month	

As per Sec 122(1) of CGST Act, if tax collected remains unpaid for more than 3 months, then Penalty Shall be higher of following, namely

(i) ₹ 10,000/- or

(ii) 100% of tax evaded.

Case scenario 2: ABC Ltd. is a Public Sector Undertaking (PSU) engaged in the business of generation of electricity from conventional & non-conventional sources. The **Government of India holds 75% equity in the said company** & balance equity is held by institutional and domestic investors. The **company has taken separate registration under GST in each State where it has business operations**. The company has its **head office (HO) in Delhi** & its power plants are located in the States of Bihar, Odisha & Chhattisgarh.

Following transactions were carried out by the company during the month of February:

(Amount in ₹)

Particulars	Delhi H.O.	Bihar plant	Odisha plant	Chhattisgarh plant
Sale of electrical energy to DISCOM	---	2,50,00,000	3,50,00,000	4,50,00,000
Bank interest received on saving bank account & fixed deposit	18,00,000	3,00,000	5,00,000	8,00,000
House rent recovered from the employees for residential accommodation provided to them	55,000	30,000	25,000	40,000
Rent collected from bank, ATM, post office & shops located in office premises	48,000	15,000	12,000	16,000
Sale of iron/ metal scrap (excluding TCS @ 1% as per the Income-tax Act, 1961)	-	85,000	45,000	65,000
Other Income	2,50,000	-	-	45,000

Note:

- Other income of Delhi H.O.** amounting to ₹ 2,50,000 is in respect of bond money recovered from an ex-employee who had resigned from the service of ABC Ltd. prior to completion of the period specified in the bond, viz., 2 years.
- Other income of ₹ 45,000 of Chhattisgarh plant** is in respect of penalty recovered from a contractor for delay in supply of material.

In addition to above information, following transactions were also carried out during the month of February:

- A supply order for stationery items was awarded by Delhi H.O. to M/s Stationery Mart, New Delhi for ₹ 3,36,000 (including GST @ 12%) in January.
The **vendor supplied stationery items** worth ₹ 44,800 (including GST@ 12%) & **issued the tax invoice in February**. **Delhi H.O. had made the payment of the said bill in February**. The **remaining amount was paid in April** on supply of balance items.
- Odisha plant purchased office furniture** for ₹ 2,80,000 **during February from an unregistered dealer**. **Rate of GST on said furniture item is 18%**.
- A **Board meeting for raising term loan for project expansion was held in February**. The **Delhi H.O. paid ₹ 20,000 each as sitting fee to 4 independent directors** who attended the meeting.
- For **safety & security of its H.O. & power plants**, the **company has engaged private security as well as CISF**. **Following payments were made in February**, in respect of bills issued in the month of January:

Particulars	Delhi H.O.	Bihar plant	Odisha plant	Chhattisgarh plant
CISF	---	10,00,000 (paid on 07 th February)	8,00,000 (paid on 15 th February)	14,00,000 (paid on 05 th February)
ABS Security Services Pvt Ltd.	5,00,000 (paid on 11 th February)	-	-	-

- The **Bihar plant purchased a machinery in February from M/s Sahoo Enterprises, Patna (not registered under GST)** for ₹ 86,000. **Full payment was made in February**. Rate of GST on the said machinery is 18%.

All the amounts mentioned above are excluding GST, wherever applicable (unless otherwise specified).

Chart

ABC Ltd. is a Public Sector Undertaking (PSU) (Registered in Delhi(Head office) & power plants) (Registered in Bihar, Odisha & Chhattisgarh)

OUTWARD Supply

Particulars	Delhi H.O	Bihar plant	Odisha plant	Chhattisgarh plant
Sale of electrical energy to DISCOM	---	2,50,00,000	3,50,00,000	4,50,00,000
Bank interest received on saving bank account & fixed deposit	18,00,000	3,00,000	5,00,000	8,00,000
House rent recovered from the employees for residential accommodation provided to them	55,000	30,000	25,000	40,000
Rent collected from bank, ATM, post office & shops located in office premises	48,000	15,000	12,000	16,000
Sale of iron/ metal scrap (excluding TCS @ 1% as per the Income-tax Act, 1961	-	85,000	45,000	65,000
Other Income	2,50,000	-	-	45,000

(1) **Other income of Delhi H.O.** amounting to ₹ 2,50,000 is in respect of bond money recovered from an ex-employee who had resigned from the service of ABC Ltd. prior to completion of the period specified in the bond, viz., 2 years.

(2) **Other income of ₹ 45,000 of Chhattisgarh plant** is in respect of penalty recovered from a contractor for delay in supply of material

Inward Supply

Transactions carried during the month of February:

1. A supply order for stationery items was awarded by Delhi H.O. to M/s Stationery Mart, New Delhi for ₹ 3,36,000 (including GST @ 12%) in January.

The vendor supplied stationery items & issued the tax invoice in February. Delhi H.O. had made the payment of the said bill in February..

₹ 44,800
(including GST @ 12%)

The remaining amount was paid in April on supply of balance items

2. **Odisha plant**

purchased office furniture during February from an unregistered dealer. Rate of GST on said furniture item is 18%.

₹ 2,80,000

3. **Delhi H.O.**

paid ₹ 20,000 each as sitting fee to 4 independent directors for Board meeting held in February

80,000

4. For safety & security of its H.O. & power plants, the company has engaged private security as well as CISF. Following payments were made in February, in respect of bills issued in the month of January:

Particulars	Delhi H.O.	Bihar plant	Odisha plant	Chhattisgarh plant
CISF	---	10,00,000 (paid on 07 th Feb)	8,00,000 (paid on 15 th Feb)	14,00,000 (paid on 05 th Feb)
ABS Services Pvt Ltd.	5,00,000 (paid 11 th February ^h)	-	-	-

5. The **Bihar plant**

purchased a machinery in February from M/s Sahoo Enterprises, Patna (not registered under GST). Full payment was made in February. Rate of GST on the said machinery is 18%.

86,000

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 6. to 10. below:

6. The value of taxable supply on which GST is payable by Delhi H.O. under forward charge, for the month of February is _____.

(a) ₹ 21,78,000 (b) ₹ 2,98,000 (c) ₹ 22,33,000 (d) ₹ 3,78,000

Answer:- (b) ₹ 2,98,000

Computation of value of taxable supply under forward charge [Delhi HO]

Particulars	Delhi H.O
Sale of electrical energy to DISCOM	---
Bank interest received on saving bank account & fixed deposit [Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services) are exempt [Entry 27]	Exempt
House rent recovered from the employees for residential accommodation provided to them [Services by way of renting of residential dwelling for use as residence are Exempt [Entry 12]	Exempt
Rent collected from bank, ATM, post office & shops located in office premises [Rent other than residential dwelling is taxable]	48,000
Other Income [Bond money recovered from an ex-employee who had resigned from the service of ABC Ltd. prior to completion of the period specified in the bond, viz., 2 years. It is consideration received towards tolerance of act for early leaving job. As per Sch II of CGST Act, It is supply of service.]	2,50,000
Value of taxable supply [Delhi HO]	2,98,000

7. The value of taxable inward supply on which GST shall be payable under reverse charge by Bihar power plant is _____.
 (a) ₹ 11,80,000 (b) ₹ 10,00,000 (c) ₹ 10,86,000 (d) ₹ 10,30,000

Answer:- (b) ₹ 10,00,000

Computation of value of taxable inward supply on which GST shall be payable under reverse charge by Bihar power plant

Particulars	Amount (₹)
Security services received from CSIF in Jan, but payment made in Feb [CSIF is Central Industrial Security Force, Ministry of Home Affairs, Government of India.. Services by Government to Business entity is subject to reverse charge.	10,00,000
purchased a machinery in February from M/s Sahoo Enterprises, Patna (not registered under GST) for ₹ 86,000 [NOT taxable] SEC 9(4) reverse charge on supplies received from unregistered is applicable only on notified supplies.	
value of taxable inward supply on which GST shall be payable under reverse charge	10,00,000

8. The value of supply on which TDS under section 51 of the CGST Act, 2017 shall be deducted by Delhi H.O. while making payment to M/s Stationery Mart in February is _____.
 (a) ₹ 40,000 (b) ₹ 44,800 (c) ₹ 3,00,000 (d) TDS is not applicable since payment made in February is less than ₹ 2,50,000.

Answer:- (a) ₹ 40,000

TDS: Sec 51

Person liable to deduct tax at source: Sec 51(1)	Threshold limit	Rate of deduction	Value for TDS	NO TDS	TDS Due date of payment
(a) CG/SG department or establishment Note: TDS only on certain prescribed authorities of Ministry of Defence.	Total value of supply of taxable goods and/or services under a contract > ` 2.5 lakhs, exclusive of gst as per invoice Note: individual supplies may be less than ` 2,50,000/-, but if total value of supply under a contract is more than ` 2,50,000/-, TDS will have to be deducted	1% CGST 1% SGST from the payment made or credited to the supplier or	amount indicated in the invoice Excluding GST & Cess	When location of supplier and place of supply is different from the state of registration of recipient	Within 10 days from the end of month
(b) Local authority					
(c) Governmental agencies					
(d) Notified persons e.g. PSU		2% IGST			

Calculation of TDS

	Transaction value excluding GST	TDS
Supply of Stationary Contract value excluding GST = 3 lakh [3,36,000 - 12/112 × 3,36,000] LOS, POS = Delhi (Intra-state)	[44,800 – 12/112 × 44,800] = 40,000	1% CGST = 400 1% SGST = 400
Supply of office furniture	NOT to Delhi Office	
Supply of services by directors	[20,000 × 4] = 80,000	1% CGST = 800 1% SGST = 800
Supply of security services by CISF	NOT to Delhi Office	
Supply of security services by ABS Security Services Pvt Ltd.	5,00,000	1% CGST = 5000 1% SGST = 5000

9. Which of the following statements is true with regard to the penalty of ₹ 45,000 recovered by Chhattisgarh plant from the contractor for delay in supply of material?
- Fine/ penalty levied by a PSU is an exempt supply under section 11 of the CGST Act, 2017.
 - It is a supply of services as stipulated in Schedule II of the CGST Act, 2017.
 - It is neither a supply of service nor supply of goods as it is covered under Schedule III of the CGST Act, 2017.
 - It is not a supply at all under section 7 of the CGST Act, 2017.

Answer:- (b) It is a supply of services as stipulated in Schedule II of the CGST Act, 2017.

As per Sec 7(1A) of CGST Act read with Schedule II, agreeing to tolerate an act or a situation is a supply of service

10. What is the value of supply on which GST is payable by Odisha plant on sale of scrap?

- (a) ₹ 45,000 (b) ₹ 45,450 (c) Sale of scrap is an exempt supply under GST. It is subject to TCS under the Income-tax Act, 1961. (d)

Sale of scrap is neither a supply of service nor supply of goods as it is covered under Schedule III of the CGST Act, 2017.

Answer:- (a) ₹ 45,000

Sale of iron / metal scrap (excluding TCS @ 1% as per the Income-tax Act, 1961) is a supply of goods. Hence value of supply on which GST is payable is ₹ 45,000.

RTP Nov 2021

SR Associates is a partnership firm registered under GST in the State of Rajasthan. In the month of July, following transactions were made by SR Associates:

1. Purchase of commodity X on 1st July for an amount of ₹ 5,00,000 at the rate of ₹ 1000 per tonne from the open market. The said commodity was deposited in the warehouse of NCDEX Ltd. (an agricultural commodity exchange) in Rajasthan as a security against transactions entered by SR Associates on the same day.
2. In order to hedge the aforesaid transaction, on 1st July, SR Associates undertook a derivative sale transaction in futures contract for the month of August at NCDEX at the rate of ₹ 1,100 per tonne.
3. SR Associates took subscription for an AI (Artificial Intelligence) based platform from an unrelated party, ABC Inc (a company based in US) to get real time updates on the pricing of commodity X in the international market. ABC Inc charged ₹ 50,000 for such subscription. The invoice was issued to SR Associates on 1st July, but the payment was made to ABC Inc on 20th August.
4. NCDEX charges rent from SR Associates at the rate of ₹ 10,000 per month and service charges at the rate of ₹ 20,000 per month.
5. On the date of expiry of future contract of the month of August, i.e. 31st August for commodity X, the rate of commodity X was ₹ 900 per tonne. SR Associates squared off the contract for the month of August at the same rate.
6. NCDEX charged brokerage on the transactions (both purchase and sale of derivative contract separately) at the rate of ₹ 5,000 per contract from SR Associates in the month when such transaction was entered and when such transaction was squared off.
7. On the purchase of commodity X, additional levy in form of Mandi Tax was applicable at the rate of ₹ 10 per tonne which is not included in the rate per tonne under point 1 above.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of input tax credit for the relevant tax period of SR Associates is Nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the months of July and August.

GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

- I. Intra-State supply – 9% CGST and 9% SGST
- II. Inter-State supply – 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to

Q. Nos. 1 to 5 as follows:-

1. Compute the taxable value of supply of commodity X procured by SR Associates in the month of July. (a) 5,00,000 (b) 5,50,000 (c) 5,55,000 (d) 5,05,000
2. Compute the value of outward supply made by SR Associates in the month of August.
(a) Nil
(b) 5,55,000
(c) 5,60,000
(d) 5,00,000
3. What is the time of supply for subscription of AI based platform by SR Associates?
(a) July 1
(b) August 31
(c) August 20
(d) July 31
4. Compute the net GST payable in cash by SR Associates for the month of August.
(a) Nil
(b) 2,700
(c) 81,000
(d) 9,000
5. Compute the input tax credit balance available with SR Associates for the month of July.
(a) 9,000
(b) 16,200
(c) 97,200
(d) Nil

Answer

1. (d) , 2. (a) , 3. (c), 4. (d), 5. (c)

Mr. Ashok, proprietor of M/s Office-Linc Enterprises, is engaged in trading of office stationery items in its stationery store located at Salt Lake City, Kolkata. The said store is taken on lease from Kolkata Municipal Corporation (KMC). During the financial year 2019-20, the turnover of M/s Office-Linc Enterprises was ₹ 14 lakh. Mr. Ashok supplies goods within the State of West Bengal only, but purchases stationery items mostly from Delhi & Mumbai. He owns a duplex house in New Town, Kolkata. He stays on the ground floor & has let out the first floor to an employee of IDICI Bank, Delhi for residential purposes. The rent for the same is paid by IDICI Bank to Mr. Ashok. He applied for GST registration on voluntary basis on 2nd April, 2020 and the registration was granted to him on 9th April, 2020.

The details of his stock position is as under:

Particulars	2 nd April, 2020	8 th April, 2020
Office stationery items purchased from a registered dealer	₹ 1 lakh	₹ 1 lakh
Books, periodicals, journals, newspaper, maps etc.	₹ 0.20 lakh	₹ 0.30 lakh

The details of transactions carried out by Mr. Ashok during the financial year 2020-21 is furnished hereunder:

Particulars	1 st April, 2020 to 8 th April, 2020 (₹ in lakh)	9 th April, 2020 to 31 st March, 2021 (₹ in lakh)
Sale of office stationery items (Intra-State supply to registered person)	3	84
Sale of office stationery items (Intra-State supply to unregistered person)	2	14
Legal fee paid to advocate	-	0.10
Purchase of stationery items (Intra-State supply received from registered person)	3	74
Purchase of furniture for use in own office (from an unregistered dealer of Kolkata)	-	1
Purchase of stationery items from a registered dealer of Delhi	1	18
Lease rent of the stationery store paid to Kolkata Municipal Corporation (KMC)	-	1.20
Transportation charges paid to M/s Gati Transporters, a GTA (tax is not payable @ 12%)	0.10	1.50
Interest paid on borrowings from BBI Bank	0.20	1.80
Accrued interest on Fixed deposit with BBI Bank	-	0.16
Rent received from IDICI Bank for its employee	-	2.40

Mr. Ashok went to Mumbai, Maharashtra for a business meeting in February, 2020 and stayed in Hotel Blue Pines for a week. Hotel charged ₹ 1,00,000 (taxable value) for the stay.

All the amounts given above are exclusive of GST, wherever applicable, unless otherwise provided. Assume that there is no other outward or inward supply transaction apart from aforesaid transactions in the financial year 2020-21.

GST is applicable on all inward and outward supplies, except on services of transportation of goods, at the following rates:

I. Intra-State supply – 6% CGST and 6% SGST

II. Inter-State supply – 12% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to

Q. Nos. 6 to 10 below:-

6. The value of outward supply which shall be subject to GST for the financial year 2020-21 is _____.
 (a) ₹ 98 lakh
 (b) ₹ 100 lakh
 (c) ₹ 102.40 lakh
 (d) ₹ 108 lakh
7. Which of the following statements is correct in terms of the facts of the case scenario given above?
 (a) Mr. Ashok cannot opt to pay tax in the financial year 2021-22 under composition scheme under section 10(1) and 10(2) of the CGST Act, 2017.
 (b) Mr. Ashok is entitled to take the ITC of inputs held in stock on 1st April, 2020.
 (c) Mr. Ashok shall be liable to pay GST under reverse charge under section 9(4) of the CGST Act during the financial year 2020-21 in respect of purchases made from unregistered persons.
 (d) Mr. Ashok is entitled to take the ITC of inputs held in stock on 8th April, 2020.
8. The value of supply on which Mr. Ashok is liable to pay GST under reverse charge for the financial year 2020-21 is _____.
 (a) ₹ 1,60,000
 (b) ₹ 2,80,000 (c) ₹ 1,30,000
 (d) ₹ 2,70,000
9. Which of the following inward supply is not subject to payment of tax under reverse charge mechanism?
 (i) Shop rent paid to KMC
 (ii) Legal fee paid to advocate
 (iii) Purchase of stationery items from unregistered person
 (iv) Transportation charges paid to M/s Gati Enterprises
 (a) (i) and (ii)
 (b) (iii)
 (c) (ii) and (iii)
 (d) (i) and (iii)
10. Whether input tax credit is available on the GST paid by Mr. Ashok on the taxable value of ₹ 1,00,000 charged by Hotel Blue Pines located in Mumbai, Maharashtra, for his stay? If yes, please specify the amount of input tax credit available.
 (a) Yes, ₹ 3,000 - CGST and ₹ 3,000 - SGST
 (b) Yes, ₹ 12,000 - IGST
 (c) Yes, ₹ 6,000 - CGST and ₹ 6,000 - SGST (d) No input tax credit is available.

Answer

6. (a), 7. (d), 8. (d), 9. (c), 10. (d)

11. Pyarelal Singh, registered under GST in Lucknow, Uttar Pradesh, is appointed as a delcredre agent by Sunnykart Co. (P) Ltd. He sells eye opticals to his customers locally within the same State. Sunnykart Co. (P) Ltd. is also registered under GST in the State of Uttar Pradesh.

During the current financial year, Sunnykart Co. (P) Ltd. supplied taxable goods worth ₹ 10 crore whose open market value is ₹ 10.05 crore, from its Allahabad unit to Pyarelal Singh. Pyarelal Singh has further sold these goods for ₹ 10.10 crore by raising invoices using his own GSTIN. Pyarelal Singh has received a commission of ₹ 75 lakh from Sunnykart Co. (P) Ltd. during the year and has guaranteed the payment of the value of such goods from the customers to Sunnykart Co. (P) Ltd.

Pyarelal Singh has also provided financial assistance in the form of larger credit period to his customers, on which he has also earned interest of ₹ 15 lakh.

Compute the value of supply of Sunnykart Co. (P) Ltd. and Pyarelal Singh for the current financial year assuming that both of them wish to adopt minimum value of supply to the extent possible.

- (a) Sunnykart Co. (P) Ltd.: ₹ 9.09 crore and Pyarelal Singh: ₹ 11.00 crore
- (b) Sunnykart Co. (P) Ltd.: ₹ 10.05 crore and Pyarelal Singh: ₹ 10.85 crore (c) Sunnykart Co. (P) Ltd.: ₹ 10.15 crore and Pyarelal Singh: ₹ 10.85 crore
- (d) Sunnykart Co. (P) Ltd.: ₹ 10.15 crore and Pyarelal Singh: ₹ 75.00 lakh

Answer 11. (a)

12. Which of the following statements is false?

- (a) No duty drawback shall be allowed under customs in respect of the goods the market price of which is less than the amount of drawback thereon.
- (b) Duty drawback shall not be allowed under customs where the amount of drawback in respect of any goods is ₹ 100 or less.
- (c) Where the claim of duty drawback is not paid to claimant within 1 month from the date of filing such claim, interest @ 6% p.a. is payable to the claimant.
- (d) Interest is payable by the claimant of duty drawback on erroneous refund of duty drawback @ 15% p.a.

Answer 12. (b)

13. Sapphire Enterprises imported some goods through vessel from USA in the month of April. The value of goods imported was ₹ 6,50,000.

The date of entry inwards was 21st April (basic customs duty on said date was 10%). Further, Sapphire Enterprises filed bill of entry for home consumption on 25th April (basic customs duty on said date was 20%). Applicable rate of integrated tax was 12% and social welfare surcharge was 10%. Ignore GST compensation cess.

However, before inspection and clearance for home consumption, Sapphire Enterprises found that the goods had been damaged owing to negligence on part of proper officer of customs. The proper officer accepted that due to said damage, the value of the goods has come down to ₹ 4,00,000.

Compute the total customs duty payable in the given case.

- (a) ₹ 97,280
- (b) ₹ 2,38,160
- (c) ₹ 1,58,080 (d) ₹ 1,46,560

Answer 13. (d)