

8

Input Tax Credit



Think GST !
Think Vishal Sir...!!



Section 16:-

1. Whether definition of Inputs includes capital goods.

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

Ans:- (a) (b) (c) (d)

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

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

Ans:- (a) (b) (c) (d)

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

- a. Receipt of goods
- b. Receipt of Documents
- c. Both a and b
- d. Either receipt of documents or Receipt of goods

Ans:- (a) (b) (c) (d)

4. Whether the recipient can claim ITC on the basis of revised invoices.

- a) Yes
- b) No
- c)
- d)

Ans:- (a) (b) (c) (d)

5. Whether Input tax credit on Inputs and Capital Goods is allowed in one installment?

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

Ans:- (a) (b) (c) (d)

6. Input tax credit is available only when the purchase made is used in _____

- a. The course or furtherance of business
- b. Other than business expenses
- c. Both (a) and (b)
- d. None of the above

Ans:- (a) (b) (c) (d)

7. What are the prior conditions to claim input tax credit?

- a) Tax invoice or debit note should be available
- b) The person should have received the goods/services
- c) Tax charged on the purchases has been deposited/paid to the government by the supplier
- d) All of the above

Ans:-

8. Can the taxable person under Composition Scheme claim input tax credit

- a. Yes
- b. No
- c. Only in some cases
- d. Can't say

Ans:- (a) (b) (c) (d)

9. Mr. A, non-resident taxable person bought goods from USA for the trade fair to be organized in Pune. At the customs, he paid IGST. Will he get the credit of the IGST paid?

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

Ans:- (a) (b) (c) (d)

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

- a. Yes
- b. No
- c. After usage of such capital asset
- d. The time when asset is capitalized in books

Ans:- (a) (b) (c) (d)

11. ITC avoids the _____

- a. Cascading effect
- b. Compliance burden
- c. Working capital usage
- d. Difficulty in operating business

Ans:- (a) (b) (c) (d)

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

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

Mark the correct option:

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

Ans:- (a) (b) (c) (d)

13. If the person makes export supplies or supplies to SEZ, will he be eligible to avail the ITC?

- a. Yes, if he supplies under Bond / LUT
- b. Yes, if he doesn't supply under Bond / LUT
- c. Yes, he can avail ITC in any situation
- d. None of the above

Ans:- (a) (b) (c) (d)

Q.14. ITC is eligible only when it is-----

- a) Credited to the electronic cash ledger
- b) Credited to the electronic credit ledger
- c) Booked in the books of account

d) All of the above

Ans:- (a) (b) (c) (d)

15. The input tax credit on purchase invoice dated 2nd May 2017 was omitted to be taken. The accountant realized this mistake on 1st November 2018. Can he now claim the credit?

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

Ans:- (a) (b) (c) (d)

16. Comment: Supply of goods can be spread over a period of time, It is not necessary that all elements should be supplied at the same time

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

Ans:- (a) (b) (c) (d)

17. Mr. A placed an order with Mr. B of 20,000 pcs on 1st January 2017 and the same order is to be received on last day of every month i.e. 2,000 pcs per month shall be received in next 10 months. When can Mr. A can avail ITC?

- a. 28th February, 2017
- b. 31st October, 2017
- c. 31st March, 2017
- d. Proportionately with receipt of every instalment

Ans:- (a) (b) (c) (d)

18. If the goods are received in lots/installment, -----

- (a) 50% ITC can be taken on receipt of 1st installment and balance 50% on receipt of last installment.
- (b) ITC can be availed upon receipt of last installment.
- (c) 100% ITC can be taken on receipt of 1st installment.
- (d) Proportionate ITC can be availed on receipt of each lot/installment.

Ans:- (a) (b) (c) (d)

19. Mr. A placed an order with Mr. B in April 2018. He has received the invoice and both of them has duly filed the return along with the necessary tax payment. But the goods were received in May 2018. When can Mr. A claim the credit?

- a. April 2018
- b. May 2018
- c. September 2018
- d. Either (a) or (b)

Ans:- (a) (b) (c) (d)

20. Which of the following statement is correct?

- a) If purchaser fails to pay value along with tax amount to supplier within 180 days, then the ITC amount along with interest should be added to his output tax liability.

b) If purchaser fails to pay value along with tax amount to supplier within 180 days, then the ITC amount along with interest should be reversed from the electronic ledger.

c) If purchaser fails to pay taxable value to supplier within 180 days, then the ITC amount should be added to his output tax liability.

d) If purchaser fails to pay the tax amount to supplier within 180 days, then the ITC amount should be added to his output tax liability.

Ans:- (a) (b) (c) (d)

21. In which of the following situations, taxpayer needs to reverse the credit already taken?

- (a) If payment is not made to the supplier within 45 days from the date of invoice
- (b) If payment is not made to the supplier within 90 days from the date of invoice
- (c) If payment is not made to the supplier within 180 days from the date of invoice
- (d) None of the above

Ans:- (a) (b) (c) (d)

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

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

Ans:- (a) (b) (c) (d)

23. Mr. A purchased goods from Mr. B on 1st May, 2018 and fulfilled all the conditions for availing the ITC. He availed the credit in the May Month i.e. in its GSTR – 3B which was filed on 15th June, 2018. He made the payment to Mr. B on 31st December, 2018. Answer the following questions.

Can recipient claim the credit even if he has not made the payment to supplier within 180 days?

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

Ans:- (a) (b) (c) (d)

24. In question 23, at what interest rate Mr. A need to repay the credit wrongly availed?

- a. 18% p.m.
- b. 12% p.m.
- c. 18% p.a.
- d. 12% p.a.

Ans:- (a) (b) (c) (d)

25. In question 23, after making the payment on 31st December 2018, can Mr. A reclaim input tax credit?

- a. Yes
- b. No
- c. Maybe
- d. Not allowed

Ans:- (a) (b) (c) (d)

26. In question 23, is there any time limit for re-availing the credit?

- a. One month
- b. One year
- c. 180 days
- d. No time limit

Ans:- (a) (b) (c) (d)

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

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

Ans:- (a) (b) (c) (d)

28. What should be the treatment of tax element in a capital asset?

- a. Capitalize the tax element and claim depreciation
- b. Claim the ITC at first instance
- c. Either (a) or (b)
- d. Both (a) and (b)

Ans:- (a) (b) (c) (d)

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

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

Ans:- (a) (b) (c) (d)

30. In which of the following conditions the input tax credit will be available?

- (a) Capital goods used for making exempted goods
- (b) Capital goods used for exclusively non-business (personal) purpose
- (c) Depreciation has been claimed on tax component of capital goods
- (d) None of the above

Ans:- (a) (b) (c) (d)

SECTION 17

31. Input tax credit is not available in respect of _____.

- (a) services on which tax has been paid under

- composition levy
- (b) free samples
- (c) goods used for personal consumption
- (d) all of the above

Ans:- (a) (b) (c) (d)

32. Which of the following Input Tax credit (ITC) is not available to the tax payer:-

- (a) ITC on Goods purchased for resale
- (b) ITC on Goods used for providing taxable services
- (c) ITC on Goods used in making supplies out of India
- (d) ITC on purchase of Motor vehicle for use by director

Ans:- (a) (b) (c) (d)

33. ITC of motor vehicles used for _____ is allowed.

- (a) Transportation of goods
- (b) Transportation of passengers
- (c) Imparting training on driving
- (d) All of the above

Ans:- (a) (b) (c) (d)

34. ITC on motor vehicles on its leasing, renting or hire is not allowed except _____

- a. When used for making outward supply of same category of goods or services
- b. When used for making outward supply of different category of goods or services
- c. When making outward sale of such motor vehicles
- d. None of the above

Ans:- (a) (b) (c) (d)

35. ITC is blocked in case of construction, repairs, -----, -----, ----- except plant & machinery -----

- a) Renovation, alteration, re-construction of immovable property, on own account
- b) Renovation, maintenance, re-construction of immovable property, on others account
- c) Renovation, alteration, re-construction of immovable property, on his principals account
- d) Re-construction, alteration, re-construction of immovable property, on his own account

Ans:- (a) (b) (c) (d)

36. Mr. A, a practicing Chartered Accountant purchased 3 laptops each having tax elements of Rs.40,000 in his firm name. two laptops he utilized in his office whereas one laptop he gifted to his sister. What is the amount of ineligible ITC?

- a. Rs.40,000
- b. Rs.50,000
- c. Rs.75,000
- d. Rs. 80,000

Ans:- (a) (b) (c) (d)

37. In which of the following cases, input tax credit is not allowed?

- (a) Packing material used in a factory
- (b) Goods used for providing services during warranty period
- (c) Inputs used for quality control check
- (d) Confectionery items for consumption of employees working in the factory

Ans:- (a) (b) (c) (d)

38. GST Authorities raised Mr. A's place of business and found that tax has been evaded. The proceedings under section 73 were started and Mr. A was made liable to pay a tax of Rs. 2 crore along with the interest and penalty. For which of the following amounts Mr. A can claim ITC?

- a. Rs. 2 crore
- b. Rs. 2 crore and interest paid separately
- c. Rs. 2 crore, interest and penalty paid separately
- d. No ITC shall be allowed

Ans:- (a) (b) (c) (d)

39. Mr. A purchased goods from Mr. B a composition dealer worth Rs.2,00,000. Since Mr. B was trader so he was supposed to pay only 1% of his turnover as his tax. The item so purchased was otherwise taxable at 12%. What is the amount of credit which Mr. A is eligible to take?

- a. Rs. 2,000
- b. Rs. 24,000
- c. Rs. 1,000
- d. Not eligible to claim credit

Ans:- (a) (b) (c) (d)

40. ABC Pvt. Ltd. is engaged in making Chocolates. The company on Diwali, distributed the same chocolates to its employees. Can the company claim ITC in respect to the inputs used in making such gifts?

- a. Yes
- b. No
- c. Maybe
- d. Company's discretion

Ans:- (a) (b) (c) (d)

41. ITC shall be allowed in which of the following options

- i. Excavators
 - ii. Road rollers
 - iii. Tippers
 - iv. Dumpers
- Tick the correct option.

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

Ans:- (a) (b) (c) (d)

42. ITC in respect to pipelines laid outside the factory & towers fixed to earth by foundation or structural

support including foundation & structural support are ----- for the ITC.

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

Ans:- (a) (b) (c) (d)

43. Situations:

- i. Health insurance of factory employees [Not notified by Government]
- ii. Composite service used for installation of plant and machinery
- iii. Purchase of car used by director for the business meetings only

Comment on the eligibility of the credit in below mentioned cases.

- a. Not eligible, eligible, not eligible
- b. Not eligible, not eligible, not eligible
- c. Eligible, not eligible and not eligible
- d. Eligible, eligible and not eligible

Ans:- (a) (b) (c) (d)

44. Inputs are procured by Mr. A for his business and the same are being utilized in manufacturing of exempted as well as taxable goods. What should be follow?

- a. Full ITC to be claimed
- b. Proportionate ITC to be claimed
- c. Rule 42 should be applied
- d. Rule 43 should be applied

Ans:- (a) (b) (c) (d)

45. Mr. Z trades in certain items which are exempt and supplies certain items to SEZ which are zero-rated. He wants to understand which of the following will be included in computation of taxable supplies for purpose of availing input tax credit?

- a. Zero-rated supplies
- b. Exempt supplies
- c. Both i.e., Zero-rated and exempt supplies
- d. None of the above

Ans:- (a) (b) (c) (d)

46. Mr. Jolly, lawyer is registered in Delhi. He has income of Rs. 32,00,000 from legal services. Also, he has given a commercial land on rent for which he is charging Rs. 5,00,000 per month. He has also extended loan of Rs. 1 crore for which he received interest amounting to Rs. 12,00,000 annually. What will be the value of exempt supply for the purpose of reversal of input tax credit under rule 42?

- (a) Rs. 44,00,000
- (b) Rs. 12,00,000
- (c) Rs. 32,00,000
- (d) Rs. 60,00,000

Ans:- (a) (b) (c) (d)

47 Compute the value of 'exempted supply' for purpose of section 17(2) of the CGST Act, 2017 from the following details: (i) Value of alcoholic liquor for human consumption: ₹ 1,50,000 (ii) Value of architect services supplied: ₹2,00,000 (iii) Securities of face value of ₹ 1,00,000 sold for ₹ 95,000

- (a) ₹ 1,50,000
- (b) ₹ 2,50,000
- (c) ₹ 2,45,000
- (d) ₹ 1,50,950

Ans:- (a) (b) (c) (d)

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

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

Ans:- (a) (b) (c) (d)

49. Krishna Motors is a car dealer selling cars of an international car company. It also provides maintenance and repair services of the cars sold by it as also of other cars. Determine the amount of input tax credit available with the help of the following information regarding expenses incurred by it during the course of its business operations:

| | |
|---|-----------|
| Cars purchased from the manufacturer for making further supply of such cars [Two of such cars are destroyed in accidents while being used for test drive by potential customers. GST paid on their purchase is ₹ 1,00,000] | 20,00,000 |
| Works contract services availed for constructing a car shed in its premises | 50,000 |

- (a) ₹ 19,00,000
- (b) ₹ 21,10,000
- (c) ₹ 19,50,000
- (d) ₹ 20,50,000

Ans:- (a) (b) (c) (d)

50. (i) A software professional providing technical consultancy buys a motorcycle for use of his employee.

(ii) A motor driving school buys a car for being used in imparting motor driving training.

(iii) A flying school imports an aircraft for use in its training activity.

(iv) A manufacturer buys a small truck for the purpose of transporting its inputs and finished goods. Input tax credit cannot be taken on:

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

Ans:- (a) (b) (c) (d)

51. Kamlesh hires a works contractor for repairing his factory building on a lumpsum payment of ₹ 11,80,000. He debits half of the expenditure in the profit and loss account and the remaining half in the building account. Assuming the rate of GST to be 18%, Kamlesh can take input tax credit of:

- (a) ₹ 90,000
- (b) ₹ 1,06,200
- (c) ₹ 2,12,400
- (d) Nil

Ans:- (a) (b) (c) (d)

52. Input tax Credit is available on all supplies which are used or intended to be used in the course or furtherance of business. Input tax credit will be available under which of the following situations?

- (a) GST paid on motor vehicle used in the course and furtherance of business.
- (b) GST paid on club membership fees.
- (c) GST paid on goods or services or both used for personnel consumption.
- (d) IGST @18% paid on inputs purchased from a vendor in Bangalore where the supplier is registered in Rajasthan.

Ans:- (a) (b) (c) (d)

53. For banking companies using inputs and input services partly for taxable supplies and partly for exempt supplies, which of the statement is true?

- (a) ITC shall be compulsorily restricted to credit attributable to taxable supplies including zero rated supplies
- (b) 50% of eligible ITC on inputs, capital goods, and input service shall be mandatorily taken in a month and the rest shall lapse.
- (c) Banking company can choose to exercise either option (a) or option (b)
- (d) None of the above

Ans:- (a) (b) (c) (d)

54. Bank on 1st April 2018 has a credit of Rs. 150,000. It during the month of April supplied certain exempted services & some taxable services. What is the eligible amount of credit?

- a) ₹ 150,000
- b) ₹ 75,000
- c) ₹ 100,000
- d) None of the above

Ans:- (a) (b) (c) (d)

55 Calculate the amount of eligible ITC?

| Particulars | Amount(₹) |
|--|-----------|
| Purchase of mobile phones for employees to be used for business purposes | 20,000 |
| Taxes paid on telephone expenses | 5,000 |
| Taxes paid on security services availed by registered person for his factory | 18,000 |

| | |
|---|----------|
| Motor vehicle purchased for employees to be used for personal as well as business purposes | 1,50,000 |
| Motor vehicle purchased for transportation of goods within the factory of registered person | 2,00,000 |
| Taxes paid on food expenses incurred by registered person for his employees | 2,000 |
| Rent-a-cab facility given to employees as it is obligatory for the employer to provide it under an applicable law The service has been notified by the Government. | 36,000 |
| Taxes paid on purchase of cement and other material for renovation of the office room (not capitalised) | 16,000 |

- (a) Rs. 2,95,000
(b) Rs. 4,47,000
(c) Rs. 2,43,000
(d) Rs. 2,59,000

Ans:- (a) (b) (c) (d)

SECTION 18

56. True or false – “In case of switching from taxable to exempt transactions or from Regular to composition scheme, ITC is fully restricted.”

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

Ans:- (a) (b) (c) (d)

57. An assessee obtains new registration. It can avail credit on inputs lying in stock. What is the time limit for the taking said credit?

- a. 1 year from the date of invoice
b. 3 years from the date of registration
c. 1 years from the date of registration
d. None of the above

Ans:- (a) (b) (c) (d)

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

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

Ans. (a) (b) (c) (d)

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

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

Ans:- (a) (b) (c) (d)

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

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

Ans:- (a) (b) (c) (d)

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

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

Ans. (a) (b) (c) (d)

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

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

Ans:- (a) (b) (c) (d)

63. Is Input tax to be paid in case of switchover from taxable to exempt supplies

- (a) Yes, equivalent to the credit in respect of inputs held in stock (including semi-finished and finished goods) and on capital goods held in stock
(b) No
(c) Yes, full credit
(d) No, should be debited to electronic credit ledger

Ans. (a) (b) (c) (d)

64. Is Input tax to be reversed in case of supply of capital goods

- (a) Yes fully
- (b) No
- (c) Yes, to extent of credit taken as reduced by prescribed percentage or tax on transaction value whichever is higher
- (d) Yes, to the extent of transaction value of such goods

Ans. (a) (b) (c) (d)

65. What will happen to the rest of credit carried forward in respect of a regular dealer switching over to composition stream under GST, after adjusting to the inputs held in stock?

- a) Carry forward the rest of the credit
- b) Credit kept in abeyance till the taxable opts for normal scheme once again
- c) Credit lapses
- d) Electronic credit ledger will freeze with the credit available

Ans:- (a) (b) (c) (d)

66. Mr. Natwarlal, a registered person under GST, was the proprietor of M/s. Spiceton Restaurant. He died and left behind his wife and son on 15-Aug-2018.

His son wants to continue the business of the deceased father.

The GST consultant of M/s. Spiceton Restaurant, gave the following advices to the son, how the son could continue the business of his deceased father.

Which of the following option is correct in accordance with the provisions of GST law-

- (a) The son should get himself registered under the name and style M/s. Spiceton Restaurant, under his own PAN and file Form ITC-02.
- (b) The son can get the authorized signatory changed by approaching to the Proper Officer and can continue the same business.
- (c) The son should close the old firm and start new business under different name.
- (d) The son should do the business as his mother as the new proprietor of the M/s. Spiceton Restaurant, and son should act as a Manager.

Ans:- (a) (b) (c) (d)

SECTION 19

67. Is ITC available in case goods are sent for job work and received within the specified time limit?

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

Ans:- (a) (b) (c) (d)

68. Is principal entitled to take ITC even when the principal has not received the goods and directly sent to job worker by the vendor?

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

Ans:- (a) (b) (c) (d)

69. The time limit beyond which if goods are not returned, the capital goods sent for job work shall be treated as supply

- a. One year
- b. Five years
- c. Three Years
- d. Seven years

Ans:- (a) (b) (c) (d)

70. When the goods are sent from one job worker to another, the challan may be issued by:

- a. Only by the Principal
- b. Only by Job worker sending goods to another job worker
- c. By any one of the above two

Ans:- (a) (b) (c) (d)

71. The details of challans in respect of goods dispatched to a job worker or received from a job worker or sent from one job worker to another during a quarter shall be included in FORM ?

- a. Form GST ITC-03
- b. Form GST ITC-04
- c. Form GSTR-2
- d. None of Above

Ans:- (a) (b) (c) (d)

SECTION 20

72. In case of ISD whether distributor and recipient should have same PAN

- (a) Yes
- (b) No
- (c) Yes, if in same state and different in other state
- (d) None of the above

Ans. (a) (b) (c) (d)

73. If credit applicable to more than one recipient, then it shall be distributed

- a. Equally
- b. On Pro rata basis to the aggregate turnover of such recipients
- c. Proportionately
- d. As per Adhoc Ratio

Ans:- (a) (b) (c) (d)

74. What are the areas in respect of which an ISD cannot distribute the Input tax Credit availed?

- a) ITC paid on inputs (Raw material or capital goods)
- b) To Outsourced manufacturers or service providers
- c) both (a) and (b)
- d) none of the above

Ans:- (a) (b) (c) (d)

75. Who is considered as Input Service Distributor under GST?

- a) Head office
- b) Senior Most branch
- c) Majority of branches
- d) none of the above

Ans:- (a) (b) (c) (d)

76. The ISD Mechanism is based on the concept of ----

- a) Distributing the credit on common in-voices pertaining to Input Services
- b) Distribution of goods (inputs or capital goods) among the branches
- c) both (a) and (b)
- d) none of the above

Ans:-

(a) (b) (c) (d)

77. Is Input Service Distributor Invoice a valid document for taking the ITC?

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

Ans:-

(a) (b) (c) (d)

78. What type of registration is required to be taken by an Input service Distributor?

- a) IGST Registration
- b) SGST Registration
- c) SGST and CGST Registration
- d) ISD Registration

Ans:-

(a) (b) (c) (d)

79. What is the threshold limit for registration of ISD under GST?

- a) InR 10 Lakhs
- b) InR 20 Lakhs
- c) InR 1 crore
- d) none of the above

Ans:-

(a) (b) (c) (d)

80. The due date to file GSTR-6 (Return for Input Service Distributor) is:

- (a) 10th of the next month
- (b) 13th of the next month
- (c) 18th of the next month
- (d) 20th of the next month.

Ans:-

(a) (b) (c) (d)

81. The Head Office of XYZ Ltd. is registered as Input Service Distributor in Delhi. Its Branch Office in Mumbai is engaged in the supply of readymade garments. The Head Office received an invoice from Software Solutions (P) Ltd. registered in Delhi for software maintenance service. However, the software is used in Branch Office in Mumbai. Tax invoice indicates amount as CGST: Rs. 25,000/- and SGST: Rs. 25,000/-. Calculate the amount of tax to be distributed by Head Office to its Branch Office.

- (a) IGST: Rs. 25,000/-
- (b) CGST: Rs. 25,000/-; SGST: Rs. 25,000/-
- (c) CGST: Rs. 25,000/-
- (d) IGST: Rs. 50,000/-

Ans:- (a) (b) (c) (d)

82. Metrowalk (P) Ltd. has four units registered in Mumbai, Gurgaon, Kolkata and Punjab with its Head Office registered as ISD in Delhi. Due to some dispute with one of the common customers of Gurgaon and Punjab Branch, the Delhi Head Office took legal services of a lawyer whose consultation fee was Rs. 2,00,000/-. Since the legal advice was usable by all units, the Delhi ISD office wants to distribute the credit to all its four units.

As a consultant of Metrowalk (P) Ltd., advice what is the best course of action?

- (a) Delhi unit should pay tax on legal services obtaining separate registration as a normal tax payer. The credit of said tax should be distributed to Gurgaon and Punjab Branch equally.
- (b) Delhi unit should pay tax on legal services with its ISD registration. The credit of said tax should be distributed to Gurgaon and Punjab Branch equally.
- (c) Delhi unit should pay tax on legal services with its ISD registration. The credit of said tax should be distributed to all units in the ratio of their turnover.
- (d) Delhi unit should pay tax on legal services obtaining separate registration as a normal tax payer. The credit of said tax should be distributed to all units in the ratio of their turnover.

Ans:-

(a) (b) (c) (d)

83. BTW Pvt. Ltd. has following units: A: Factory in Noida, Uttar Pradesh; closed from 2017-18 onwards, no turnover. B: Factory in Ghaziabad, Uttar Pradesh; turnover of ₹ 54 crores in 2017-18; C: Service centre in Faridabad, Haryana; turnover of ₹ 2 crore in 2017-18; D: Service centre in New Delhi; turnover of ₹ 4 crores in 2017-18; The company's corporate office functions as an input service distributor. It has to distribute input tax credit of ₹ 18 lakh for April, 2018. Of this, an invoice involving tax of ₹ 6 lakh pertains to technical consultancy for Faridabad unit. Input tax credit will be distributed as:

- (a) ₹ 3,00,000 to Noida Factory, ₹ 9,00,000 to Ghaziabad factory, ₹3,00,000 to Faridabad service centre and ₹ 3,00,000 to New Delhi service centre.
- (b) ₹ 10,80,000 to Ghaziabad factory, ₹ 6,40,000 to Faridabad service centre and ₹ 80,000 to New Delhi service centre.
- (c) ₹ 10,80,000 to Ghaziabad factory, ₹ 40,000 to Faridabad service centre and ₹ 80,000 to New Delhi service centre.
- (d) ₹ 16,20,000 to Ghaziabad factory, ₹ 60,000 to Faridabad service centre and ₹ 1,20,000 to New Delhi service centre.

Ans:- (a) (b) (c) (d)

84.. A taxable person has made following supplies in January, 2018 –

Sales within the State – ₹ 2,00,000.

Exports out of India – ₹ 60,000.

Supplies to SEZ located within the State – ₹ 40,000.

He does not intend to clear goods under Letter of Undertaking (LUT) or bond. The input tax credit available to him during January, 2018 – IGST – Nil. CGST – ₹10,000. SGST – ₹20,000.

There is no opening balance in his electronic cash ledger or electronic credit ledger. Tax rates are – SGST – 9%, CGST – 9%, IGST – 18%. How much amount is payable by him in cash?

- (a) CGST – ₹ 8,000 SGST – Nil
- (b) CGST – ₹ 11,600 SGST – ₹ 1,600
- (c) CGST – ₹ 8,000, SGST – Nil, IGST – ₹ 5,200
- (d) CGST – ₹ 8,000 SGST – Nil, IGST – ₹ 16,000

Ans:- (a) (b) (c) (d)

ICAI BGM :-

85. When the goods are sent from one job worker to another, the challan issued by the principal:

- (a) may be endorsed by the job worker sending goods to another job worker
- (b) may be endorsed by the Job worker receiving the goods
- (c) cannot be endorsed as such

Ans. (a) (b) (c) (d)

86. ITC can be taken on goods if goods not received by registered person but

- (a) By his agent on his direction
- (b) By the job worker on his instruction
- (c) By any other person on his direction
- (d) Any of above

Ans. (a) (b) (c) (d)

87. Maximum time limit for availing ITC is

- (a) The date of filing of annual return
- (b) Due date of filing return u/s 39 for the month of September
- (c) Earliest of above two

(d) Later of above two.

Ans. (a) (b) (c) (d)

88. ITC can be claimed by a registered person for

- (a) Taxable supplies for business purpose
- (b) Taxable supplies for non-business purpose
- (c) Exempted supplies
- (d) Non-taxable supplies
- (e) All of above

Ans. (a) (b) (c) (d)

89. ITC on motor vehicle can be claimed by

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

Ans. (a) (b) (c) (d) (e)

90. Person registered under composite scheme can avail ITC on

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

Ans. (a) (b) (c) (d)

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

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

Ans. (a) (b) (c) (d)

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

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

Ans. (a) (b) (c) (d)

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

- (a) Unavailed in transferor books
- (b) Unutilized in e-ledger of transferor
- (c) Total ITC available to transferor
- (d) None of above

Ans. (a) (b) (c) (d)

94. The principal can avail ITC on goods sent to job-worker which relates to

- (a) Inputs
- (b) Capital goods
- (c) Inputs/capital goods directly sent to job-worker
- (d) All of above.

Ans. (a) (b) (c) (d)

95. ITC cannot be availed by a person if

- (a) ITC relates to tax paid on goods received by agent
- (b) ITC relates to tax paid in pursuance of any demand
- (c) ITC related to previous month inputs
- (d) None of above

Ans. (a) (b) (c) (d)

96. The details of inward supply furnished by the registered taxable person shall be matched with

- (a) Corresponding details of outward supply furnished by the corresponding taxable person.
- (b) Additional duty of customs paid under section 3(5) of the Customs Tariff Act, 1975
- (c) Tax payment made by Supplier
- (d) All the above

Ans. (a) (b) (c) (d)

Answer:-

| | | | | | | | | | | | | | | | | | | | |
|----|---|----|---|----|---|----|---|----|---|----|---|----|---|----|---|----|---|----|---|
| 1 | b | 11 | a | 21 | c | 31 | d | 41 | b | 51 | a | 61 | b | 71 | b | 81 | d | 91 | d |
| 2 | a | 12 | b | 22 | b | 32 | d | 42 | b | 52 | d | 62 | c | 72 | a | 82 | d | 92 | a |
| 3 | c | 13 | c | 23 | b | 33 | d | 43 | a | 53 | c | 63 | a | 73 | b | 83 | c | 93 | b |
| 4 | a | 14 | a | 24 | c | 34 | a | 44 | c | 54 | b | 64 | c | 74 | c | 84 | d | 94 | d |
| 5 | a | 15 | b | 25 | a | 35 | a | 45 | a | 55 | a | 65 | c | 75 | a | 85 | a | 95 | b |
| 6 | a | 16 | a | 26 | d | 36 | a | 46 | c | 56 | a | 66 | a | 76 | a | 86 | d | 96 | a |
| 7 | d | 17 | b | 27 | c | 37 | d | 47 | c | 57 | a | 67 | a | 77 | a | 87 | c | | |
| 8 | b | 18 | b | 28 | c | 38 | d | 48 | a | 58 | a | 68 | a | 78 | d | 88 | a | | |
| 9 | a | 19 | b | 29 | a | 39 | d | 49 | a | 59 | c | 69 | c | 79 | d | 89 | b | | |
| 10 | a | 20 | a | 30 | d | 40 | b | 50 | c | 60 | a | 70 | c | 80 | b | 90 | d | | |