

Prof. Dippak



10th Edition

MCQs BOOKLET

CA-FINAL Nov, 2022 Attempt



- RTP, MTP
- Multi Disciplinary Case Study
- Booklet on MCQs & Case Scenarios



Updated Answers

(updated as per latest applicable law)



Detailed Solution of MCQs

(Further supported by Author's Notes)

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Amended upto **30th April, 2022**

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जिन्दगी को आसान नहीं
बस खुद को मजबूत बनाना पड़ता है।



ठोकरें खाता हूँ पर 'शान' से चलता हूँ,
मैं खुले आसमान के नीचे
सीना तान के चलता हूँ,
मुश्किल तो साज़ है जिन्दगी का
उठुंगा गिरुंगा फिर उठुंगा
और
आखिर मैं...
जीतूंगा मैं ही ये ठान के चलता हूँ...

चलना हमारा काम है

गति प्रबल पैरों में भरी
फिर क्यों रहूँ दर दर खड़ा
जब आज मेरे सामने
है रास्ता इतना पड़ा
जब तक न मंजिल पा सकूँ,
तब तक मुझे न विराम है, चलना हमारा काम है।

कुछ कह लिया, कुछ सुन लिया
कुछ बोझ अपना बँट गया
अच्छा हुआ, तुम मिल गई
कुछ रास्ता ही कट गया
क्या राह में परिचय कहूँ, राही हमारा नाम है,
चलना हमारा काम है।

जीवन अपूर्ण लिए हुए
पाता कभी खोता कभी
आशा निराशा से घिरा,
हँसता कभी रोता कभी
गति-मति न हो अवरूद्ध, इसका ध्यान आठो याम है,
चलना हमारा काम है।

इस विशद विश्व-प्रहार में
किसको नहीं बहना पड़ा
सुख-दुख हमारी की तरह,
किसको नहीं सहना पड़ा
फिर व्यर्थ क्यों कहता फिरूँ, मुझ पर विधाता वाम है,
चलना हमारा काम है।

मैं पूर्णता की खोज में
दर-दर भटकता ही रहा
प्रत्येक पग पर कुछ न कुछ
रोड़ा अटकता ही रहा
निराशा क्यों मुझे? जीवन इसी का नाम है,
चलना हमारा काम है।

IT'S A SINGLE LIFE

IT'S A SINGLE LIFE,
YOU HAVE GOT TO LIVE.
THERE'S A LOT TO TAKE
AND A LOT TO GIVE.

WISE MEN WELL SAID,
DON'T MAKE IT LONG.
JUST MAKE IT WORTHY,
ALL ALONG!!

TRY ALL THE THINGS,
YOU ASPIRE TO DO.
AT THE END DON'T HAVE,
A REGRETFUL YOU!

THE WORLD IS A STAGE.
ASSHAKESPEARE SAID.
GO, FIND YOUR ROLE,
AND BUILD YOUR IMAGE

LOOKING TO WHICH,
YOU TAKE A SIGH;
FULL OF CONTENTMENT,
THEN MAKE YOUR FLY

OFF THIS WORLD
OFF THIS STAGE;
MAKING AN EXIT,
SAVOURING EVERY BIT

IT'S A SINGLE LIFE
YOU HAVE GOT TO LIVE
MAKE IT BILSSFUL
AND TAKE A LEAVE

Multiple Choice Questions (MCQs)

Part-I.....	2
ICAI Booklet on MCQs & CASE SCENARIOS (Jan. 2022 Edition)	2
MCQs	2
CASE SCENARIOS	42
Part-II.....	133
RTP/ MTP/ Sample Paper/ Multi-Disciplinary Case Studies/ Misc.	133
SAMPLE PAPERS (ICAI)	133
SERIES-I	133
SERIES-II	145
SERIES-III	159
SERIES-IV	163
MULTIDISCIPLINARY CASE STUDY (ICAI)	174
Case Study-1	174
Case Study-2.....	176
Case Study-3	178
Case Study-4	178
Case Study-5	180
Case Study-6	182
Case Study-7	184
MOCK TEST PAPER (ICAI)	187
MTP – May 2019 Exams.....	187
MTP – Nov 2019 Exams.....	193
MTP – May 2020 Exams.....	199
MTP – Nov 2020 Exams.....	200
MTP – May 2021 Exams.....	202
MTP – Nov 2021 Exams.....	205
(a) Series-I	205
(b) Series-II.....	207
REVISION TEST PAPER (ICAI)	209
RTP – May 2019 Exams	209
RTP – Nov 2019 Exams	211
RTP – May 2020 Exams	211
RTP – Nov 2020 Exams	212
RTP – May 2021 Exams	212
RTP – Nov 2021 Exams	212
RTP – May 2022 Exams	212
MISCELLANEOUS MCQs.....	217

MCQs & CASE SCENARIOS

Part-I ICAI Booklet on MCQs & CASE SCENARIOS (Jan. 2022 Edition)

MCQs

1. Aircool Ltd., a supplier of air conditioners, is registered under GST in the State of Maharashtra. It has a policy to gift an air conditioner to its employees [residing in Gujarat] at the end of financial year in terms of the employment contract. The company installs such air conditioners at the residence of the employees. During the month of March, the company installed 150 air conditioners at the residence of these employees. The total open market value of such air conditioners is ₹ 52.50 lakh (excluding GST). The tax rate on such air conditioners is 28% (14% CGST, 14% SGST and 28% IGST). Compute the GST liability of Aircool Ltd., if any.
- (A) ₹ 7,35,000 - CGST, ₹ 7,35,000 - SGST (C) Nil
(B) ₹ 14,70,000 - IGST (D) ₹ 7,35,000 - IGST

[ICAI RTP- May 2019]

Ans. (C) Nil

Sec 7: Scope of Supply

Supplier = Aircool Ltd. (employer)

Recipient = Employee (= 'RELATED PERSON of employer/supplier')

Activity = Supply of AC without consideration

In terms of Schedule I (para 2), since gifts upto ₹ 50,000 ($\text{₹ } 52.50 \text{ lakh} / 150 = \text{₹ } 35,000$) shall not be treated as supply.**Author:** Presumed that Aircool Ltd. is manufacturer supplier of AC and therefore, gift of manufactured goods is not covered by Para 1 of Schedule I.

2. Mr. James Stewart is a registered person under GST in the State of Maharashtra who sells footwear to his customers locally within the same State. He has been appointed as an agent by Toto Shoes Ltd., a company registered under GST in the State of Karnataka. During a financial year, Toto Shoes Ltd., sends taxable goods worth ₹ 5.00 crore from its Bengaluru store to Mr. James Stewart who sells such goods for ₹ 5.00 crore by raising invoices using the GSTIN of Toto Shoes Ltd. Mr. James Stewart receives a commission of ₹ 60.00 lakh from Toto Shoes (P) Ltd., during the said financial year. Compute the value of supply of Toto Shoes (P) Ltd. and Mr. James Stewart for the financial year assuming that amounts given above are exclusive of GST, wherever applicable.
- (A) Toto Shoes (P) Ltd.: Nil and James Stewart: ₹ 5.6 crore (C) Toto Shoes (P) Ltd.: ₹ 5 crore and James Stewart: ₹ 60 lakh
(B) Toto Shoes (P) Ltd.: ₹ 5 crore and James Stewart: ₹ 5.6 crore (D) Toto Shoes (P) Ltd.: ₹ 5.6 crore and James Stewart: Nil

[ICAI RTP- May 2019]

Ans. (C) Toto Shoes (P) Ltd.: ₹ 5 crore and James Stewart: ₹ 60 lakh

Toto Shoes Ltd. (RP of Karnataka) = Supplier of footwear = Principal to whom goods belong**James Stewart (RP of Maharashtra)** = Agent (commission agent) who is facilitating supply of goods of James Stewart for commission**Since Toto Shoes is not making further supply of goods by issuing invoice in his name, he shall not be considered as 'agent' within the ambit of Sec 7(1)(c) read with Schedule I (Para 3) of the CGST Act [Circular No. 57/31/2018-GST]**

Such agent shall be considered as 'supplier of intermediary service' and value of supply of his service shall be commission earned by him, i.e., ₹ 60,00,000.

Toto Shoes Ltd. shall be considered as supplier of goods to the ultimate buyer. The value of supply of goods for him shall be ₹ 5 Crore.

Therefore, Value of supply will be as follows: -

For Toto Shoes (P) Ltd. supply value will be ₹ 5.00 crore

Mr. James Stewart supply value will be ₹ 60.00 lakh

3. Which of the following persons can opt for the composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017?
1. Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 75 lakh.
 2. Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore.
 3. A person engaged in manufacture of pan masala, tobacco and manufactured tobacco substitutes.
 4. A person engaged in the manufacture of ice cream, other edible ice, whether or not containing cocoa.
 5. A person engaged exclusively in providing restaurant service.
 6. A person engaged exclusively in supply of medicines.
- (A) 1, 2, 3, 5 (C) 2, 3, 4, 5
(B) 1, 2, 5, 6 (D) 3, 4, 5, 6

Ans. (B) 1, 2, 5, 6

Sec 10(1) read with 10(2)

Eligible Supplier = Supplier of goods and supplier of restaurant services are covered by Composition Scheme as laid down in **Sec 10(1) read with Sec 10(2)**.

Further, Composition scheme eligibility limit = ATO (PY) upto ₹ 150 lakh (in certain specified states, limit is ₹ 75 Lakh).

Additionally, services can be provided upto higher of following limit (a) 10% of TO in the State (b) ₹ 5,00,000. (in this limit, exempt as well as non-exempt service shall be considered)

Also, one of condition of eligibility is that supplier shall not be engaged in providing any service (other than services within permissible limit as per 10(1))

Sec 10(2A)

Eligible Supplier = Supplier not eligible for composition scheme under 10(1) read with 10(2) [ATO (PY) upto ₹ 50 Lakh]

Conclusions

1. Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 75 lakh :- **Composition allowed** - Sec 10(1) read with 10(2)
2. Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore:- **Composition allowed** - Sec 10(1) read with 10(2)
3. A person engaged in manufacture of pan masala, tobacco and manufactured tobacco substitutes:- **Composition not allowed** - Sec 10(1) read with 10(2)
4. A person engaged in the manufacture of ice cream, other edible ice, whether or not containing cocoa:- **Composition not allowed** - Sec 10(1) read with 10(2)
5. A person engaged exclusively in providing restaurant service:- **Composition allowed** - Sec 10(1) read with 10(2)
6. A person engaged exclusively in supply of medicines:- **Composition allowed** - Sec 10(1) read with 10(2)

4. State which of the following statements is incorrect:

- (i) An agent, supplying taxable goods on behalf of principal where invoice is issued in the name of principal, is required to get compulsorily registered under GST.
- (ii) Persons who are required to deduct tax under section 51 of the CGST Act, 2017, whether or not separately registered under CGST Act, are compulsory required to get registered under GST without any threshold limit.
- (iii) Every person supplying online information and database access or retrieval services from a place outside India to a registered person in India is compulsory required to get registered under GST without any threshold limit.
- (iv) Persons who supply services, other than supplies specified under sub-section (5) of section 9 of the CGST Act, 2017, through such electronic commerce operator who is required to collect tax at source under section 52 of the CGST Act, 2017 are compulsory required to get registered under GST without any threshold limit.

- (A) (i), (ii) (C) (i), (iii), (iv)
(B) (iii), (iv) (D) (i), (ii), (iii) and (iv)

Ans. (C) (i), (iii), (iv)

Applicable law: (Sec 24 Compulsory registration)

- (i) Agent registration is compulsory if such agent is making supply on behalf of principal but issuing invoice in his own name (that not the case, given statement is incorrect)
- (ii) Tax Deductor registration compulsory (even if registered as supplier) -- (given statement is incorrect)
- (iii) Overseas supplier of OIDAR services requires compulsory registration while making supply to unregistered recipient (thus, given statement is incorrect)
- (iv) Supplier of services supplying through ECO exempted from registration upto ATO of ₹ 20 Lakh (in some cases, ₹ 10 Lakh) - Notification issued u/**Sec 23(2)** (thus, given statement is incorrect)

5. Mr. Lal, a registered person under GST, was the proprietor of M/s. Spiceton Restaurant. He died and left behind his wife and son on 15th August. His son – Mr. Pal - wants to continue the business of the deceased father. The GST consultant of M/s. Spiceton Restaurant gives advice to Mr. Pal as to how he can continue the business of his deceased father. Which of the following options is correct in accordance with the provisions of GST law?
- (a) Mr. Pal should get himself registered under GST in the name and style M/s. Spiceton Restaurant under his own PAN and file Form GST ITC 02.
- (b) Mr. Pal can get the authorized signatory changed by approaching to the Proper Officer and can continue the same business.
- (c) Mr. Pal should close the old firm and start new business under different name.
- (d) Mr. Pal should do the business with his mother as the new proprietor of the M/s. Spiceton Restaurant, and Mr. Pal should act as a Manager.

- (A) Mr. Pal should get himself registered under GST in the name and style M/s. Spiceton Restaurant under his own PAN and file Form GST ITC 02.
- (B) Mr. Pal can get the authorized signatory changed by approaching to the Proper Officer and can continue the same business.
- (C) Mr. Pal should close the old firm and start new business under different name.
- (D) Mr. Pal should do the business with his mother as the new proprietor of the M/s. Spiceton Restaurant, and Mr. Pal should act as a Manager.

- Ans. (A) Mr. Pal should get himself registered under GST in the name and style M/s. Spiceton Restaurant under his own PAN and file Form GST ITC 02.

Proprietor = GST registered

Death of proprietor: Legal heir (son) wants to continue business

Formalities to be complied by Legal heir (Son)

- **Acting for self**, he shall get business registered in his name (with his PAN)
- **Acting on behalf of deceased father**,
... he shall apply for transfer of credit lying in registered business to his name (for this purpose, he shall file Form GST ITC-02 on behalf of his father) and
... also he shall proceed for cancellation of registration of his deceased father (for this purpose, he shall file registration cancellation application on behalf of his father).

6. M/s. Raman Plastics is a manufacturer of plastic toys. It is registered under GST in Shimla, Himachal Pradesh. It procures its raw materials from Punjab. During April 20x1, it purchased material of ₹ 35.00 lakh and paid IGST thereon amounting to ₹ 6.30 lakh. It supplied 30% of its production in the State of Jammu and Kashmir, whereas the 70% of its production was supplied taxable @ 0.1% to a merchant exporter during April 20x1. The returns for the month of April 20x1 were duly filed in time, i.e. within the due date of 20th May, 20x1. The last date upto which the taxpayer can claim refund of input tax credit on account of inverted duty structure is:

- (A) 20th April, 20x3 (C) 31st March, 20x4
- (B) 20th May, 20x3 (D) 20th April, 20x2

- Ans. (B) 20th May, 20x3

Sec 54: Refund of GST/ITC etc.

54(3): Refund of unutilized ITC - admissible if supplier is making an outward supply with Inverted tax structure (ITS)

CBIC Circular: Supply to merchant exporter at concessional rate @ 0.1% = Supply with ITS

54(1): Submission of Refund Application [GST RFD-01] - within 2 years from relevant date

Expl to Sec 54: Relevant Date = Due date of filing return in which claim for refund arises (i.e., ITC remains non-utilizable)

... **Last date of filing R/A = Refund application filing maximum by 20th May 20x3**

Rule 89(5) Maximum Admissible Refund - determined as per formulae

ITC (inputs) as attributable to such supply with ITC [₹ 6,30,000 * 70%]	= ₹ 4,41,000
Less: GST paid on supply with ITS (Value of supply (not given in question) * 0.1%)	= (₹ XXXXX)
Max Amount of admissible refund	₹

7. Jolly Electronics (P) Ltd., an authorized dealer of GG Micro Ltd., is located and registered under GST in Lucknow, Uttar Pradesh. It has sold following items to Mr. Rakesh (a consumer):

Product	Amount (₹)
Refrigerator (500 litres) taxable @ 18%	40,000
Stabilizer for refrigerator taxable @ 12%	5,000
LED television (42 inches) taxable @ 12%	30,000
Split air conditioner (2 Tons) taxable @ 28%	35,000
Stabilizer for air conditioner taxable @12%.	5,000
Total value	1,15,000

Jolly Electronics (P) Ltd. has given a single invoice indicating price of each item separately to Mr. Rakesh. Mr. Rakesh has given a single cheque of ₹ 1,00,000 for all the items as a composite discounted price. State the type of supply and the tax rate applicable on the same.

- (A) Composite supply; highest tax rate applicable to split air conditioner, i.e. 28% (C) Supply other than composite and mixed supply; highest tax rate applicable to split air conditioner, i.e., 28%
- (B) Mixed supply; highest tax rate applicable to split air conditioner, i.e. 28% (D) Supply other than composite and mixed supply; respective tax rate applicable to each item

Ans. (D) Supply other than composite and mixed supply; respective tax rate applicable to each item

Supply not composite supply as none of them is principal supply.

Supply not mixed supply as items have been charged for separately.

Thus, this is case of separate supplies on a single invoice. Accordingly, value of each supply shall respectively be charged at his respective rate.

8. Radhika Travels (P) Ltd. purchased a bus chassis from Jyoti Motors Ltd. for a consideration of ₹ 80.00 lakh on 1st August. Radhika Travels (P) Ltd. sent the bus chassis for body building to M/s. Hanumant Fabricators and paid in advance the total consideration of ₹ 25.00 lakh on 10th August. M/s. Hanumant Fabricators, after completing the bus body, informed Radhika Travels (P) Ltd., for inspection of the work done on 1st September. Radhika Travels (P) Ltd. visited the workshop of M/s. Hanumant Fabricators on 7th September and confirmed that the bus body was in accordance with the terms of the contract. Hanumant Fabricators raised an invoice of ₹ 25.00 lakh on 15th September and supplied chassis along with the bus body so constructed, along with the invoice on 16th September. State the time of supply in this case for supply made by M/s Hanumant Fabricators, out of the choices given below-

- (A) 10th August (C) 15th September
(B) 7th September (D) 16th September

Ans. (A) 10th August

M/s Hanumant Fabricators = Job-worker (doing processing/ bus-building on goods/chasis belonging to RP (Radhika Travels (P) Ltd) = Supplier of services (consideration of service is ₹ 25 lakh)

Time of supply of Service = **Sec 13 (2)**

Service invoicing within permissible time limit of 30 day (service provided on 7th Sep, Service billed on 15th Sep)

ToS shall be earlier of

- (a) Date of invoice (15th Sep) or
(b) Date of payment (10th Aug)

Thus, ToS shall be 10th Aug.

9. Banke Bihari (Pedewala) owns a famous sweets shop located and registered under GST in Mathura, Uttar Pradesh. He received an order for 200 kg of sweets on 2nd May from Ghoomghoom Travels (P) Ltd., located in same locality of Mathura and registered under GST, for a total consideration of ₹ 1,00,000. Complete order of sweets was delivered to Ghoomghoom Travels (P) Ltd. on 5th May but without invoice, as accountant of Mr. Banke Bihari was on leave on that day. However, the invoice was raised for the same on 6th May, when the accountant joined the office after leave. Payment in full was made on 7th May.

Determine the time of supply of goods in this case.

- (A) 2nd May (C) 6th May
(B) 5th May (D) 7th May

Ans. (B) 5th May

Banke Bihari (Pedewala) = Supplier of goods (consideration ₹ 1,00,000)

Time of supply of Goods = Sec 12 (2) read with Sec 148 Notification (N/N 66/2017-CT)

= Invoice (or due date of invoice, if invoice issued belatedly)

[Remember- Advance does not create time of supply - Sec 148 Special Procedure]

In given case,

Due date of issuance of invoice = Delivery of goods to recipient (presuming such supply does not involve movement) = 5th May

Issuance of Invoice = 6th May (i.e., after due date)

Thus, ToS = Due date of invoice = 5th May

10. **M/s. Dhoom Furniture Mart, located and registered under GST in the State of Chhattisgarh, sells furniture from its showroom to M/s. Lucky Dhaba (located and registered under GST in the State of Jharkhand). M/s. Lucky Dhaba requested to deliver the furniture to Mr. Pyare Lal (his landlord) at his new rented home at Patna, Bihar. M/s. Dhoom Furniture Mart sends the furniture with a proper e-way bill to Patna through a transporter who made the delivery to Mr. Pyare Lal.**

Determine the place of supply of furniture sold by M/s. Dhoom Furniture Mart to M/s. Lucky Dhaba in the above case.

- | | |
|------------------|---|
| (A) Chhattisgarh | (C) Bihar |
| (B) Jharkhand | (D) Either Jharkhand or Bihar, at the option of the recipient |

Ans. (B) Jharkhand

Determination of Place of Supply of Goods

Sec 10: POS in case of goods (other than imported goods or export goods)

10(1)(b): PoS in case of "BTST - Bill to Ship to" Transaction

= Location of principal place of business of person to whom billing is made = Jharkhand

11. **M/s. Buildwell Engineering Consultants, located and registered under GST in Gurugram, Haryana, provided architectural services to Taj India Ltd., located and registered under GST in Mumbai, Maharashtra, for its hotel to be constructed on land situated in Dubai.**

Determine the place of supply of architectural services provided by M/s. Buildwell Engineering Consultants to Taj India Ltd.:

- | | |
|-------------------------|---|
| (A) Gurugram, Haryana | (C) Dubai |
| (B) Mumbai, Maharashtra | (D) Either Maharashtra or Dubai, at the option of the recipient |

Ans. (B) Mumbai, Maharashtra

Determination of Place of Supply of Services

Sec 12: POS for service where LoS and LoR are both in India.

12 (3): PoS in case of services directly relating to immovable property = Location of immovable property (however, if location of immovable property is outside India, then PoS shall be location of recipient)

Given supply = **architectural services = service directly relating to an immovable property**

Thus, PoS as per 12(3) = ~~Location of IP~~ = Location of Recipient (as IP is location outside India) = Mumbai, Maharashtra

12. **Aflatoon Spares (P) Ltd., located and registered under GST in Haryana, supplied spare parts (FOB basis) to Mr. Laxmi Khurana, an unregistered person, located in Rajasthan. Mr. Laxmi Khurana booked the courier himself with Black Dart Courier (P) Ltd., registered under GST in Delhi for delivery in Rajasthan. Black Dart Courier (P) Ltd. picked up the goods from Haryana and delivered the courier in Rajasthan while passing through the State of Uttar Pradesh.**

Determine the place of supply of service provided by Black Dart Courier (P) Ltd. to Mr. Laxmi Khurana:

- | | |
|-------------|-------------------|
| (A) Haryana | (C) Rajasthan |
| (B) Delhi | (D) Uttar Pradesh |

Ans. (A) Haryana

Determination of Place of Supply of Services

Sec 12: POS for service where LoS and LoR are both in India.

LoS = Black Dart Courier (P) Ltd. (Rajasthan)

LoR = Mr Laxmi Khurana (Rajasthan)- **unregistered**

12 (8): PoS in case of service of transportation of goods including mail or courier = for B2C Supply, PoS shall be Pick up point
In given case, PoS = Haryana (pick up point of goods)

- 13. Mr. Javed, an unregistered person residing in Hisar, Haryana, went to Delhi for seeking admission of his child - Mr. Arjun - in CA IPCC. Mr. Javed got the demand draft generated at ICIDI Bank Ltd., registered under GST in Sahibabad, Uttar Pradesh against cash, for depositing the registration fee to the ICAI. Mr. Javed does not have a bank account in ICIDI Bank Ltd. and the bank doesn't have any policy of KYC requirements (name, address and other identity verification policy) for customers not having account with any of its branch in India. Determine the place of supply of service provided by ICIDI Bank Ltd., Delhi to Mr. Javed.**
- (A) Delhi (C) Either Delhi or Uttar Pradesh, at the option of the recipient
(B) Uttar Pradesh (D) Haryana

Ans. (B) Uttar Pradesh

Determination of Place of Supply of Services

Sec 12: POS for service where LoS and LoR are both in India.

12 (12): PoS in case of banking services = Location of supplier (if address of recipient is not available in records of supplier)
In given case,

LoS = ICIDI Bank Ltd. (RP in Uttar Pradesh)

LoR = Javed (Hisar- Haryana) - **(unregistered person)**

Sec 12(12) - PoS = Location of supplier (as address of recipient is not available in records of supplier) = U.P.

- 14. Which of the following statements is correct while issuing a tax invoice?**
- (i) Place of supply in case of inter-State supply is not required to be mentioned.
(ii) A registered person whose annual turnover is greater ₹ 5 crores in the preceding financial year is not required to mention HSN code for goods or services, supplied by it to a registered person.
(iii) Quantity is not required to be mentioned in case of goods when goods are sold on "as is where is basis".
(iv) Description of goods is not required to be given in case of mixed supply of goods.
- (A) (ii), (iii) (C) None of the above
(B) (i), (ii), (iii) (D) (i), (iii), (iv)

Ans. (C) None of the above

Rule 46: Contents of Tax Invoice

- (i) Inter-state supply, PoS shall be mentioned on invoice - **thus, given statement is incorrect.**
(ii) RP with ATO (PY) > 5 crore, mention of HSN code for goods or services is mandatory - **thus, given statement is incorrect.**
(iii) In case of supply of goods, Quantity is required to be mentioned on invoice - **thus, given statement is incorrect.**
(iv) Description of goods shall be mentioned on invoice - **thus, given statement is incorrect.**

- 15. What will be the rate of tax and nature of supply of a service if the same is not determinable at the time of receipt of advance?**
- (A) 12%, inter-State supply (C) 18%, inter-State supply
(B) 12%, intra-State supply (D) 18%, intra-State supply

Ans. (C) 18%, inter-State supply

Rule 50: Receipt Voucher

- Where at the time of receipt of advance the rate of tax is not determinable, the tax shall be paid at the rate of 18 %.
- Where at the time of receipt of advance the nature of supply is not determinable, the same shall be treated as inter-State supply.

- 16. Which of the following activity is liable to GST?**
- (i) Supply of food by a hospital to patients (not admitted) or their attendants or visitors
(ii) Transportation of passengers by non-air-conditioned railways
(iii) Services by a brand ambassador by way of folk-dance performance where consideration charged is ₹ 1,40,000
(iv) Transportation of agriculture produce by air from one place to another place in India
(v) Services by way of loading, unloading, packing, storage or warehousing of rice

(vi) Service provided by GTA where consideration charged for transportation of goods for a single carriage is ₹ 900

(A) (i), (v), (vi)

(C) (i), (iii), (iv)

(B) (iii), (iv), (v)

(D) (iv), (v)

Ans. (C) (i), (iii), (iv)

Exemption

- (i) Food to patients (not admitted) or their attendants or visitors - Restaurant / catering service - it is not health care service and hence, **not exempt** vide **Entry No. 74** (Circular 32/06/2018-GST)
- (ii) Transportation of passengers by non-A/C railways - **exempt** vide **Entry No. 17**
- (iii) Services by a brand ambassador by way of folk dance performance - **not exempt** vide **Entry No. 78**
- (iv) Transportation of agriculture produce by air - **not exempt** vide **Entry No. 18**
- (v) Loading, unloading, packing, storage or warehousing of rice - **exempt** vide **Entry No. 24**
- (vi) Service provided by GTA for transportation of goods for a single carriage for freight of 900- **exempt** (if freight is upto 1,500) vide **Entry No. 21**

17. In which of the following cases, compounding of offence is not allowed under section 138 of the CGST Act, 2017?

(i) A person who has been allowed to compound once in respect of any of the offences specified in clauses (a) to (f) of section 132(1) of the CGST Act, 2017

(ii) A person who has been convicted for an offence under GST law by a Court

(iii) A person who has been accused of committing an offence under GST law which is also an offence under any other law for the time being in force

(A) (i), (ii)

(C) (ii), (iii)

(B) (i), (iii)

(D) (i), (ii), (iii)

Ans. (D) (i), (ii), (iii)

Sec 138: Compounding of offence

As per restriction as to compounding of offence, in all of above cases compounding is not allowed.

18. For which of the following acts done by a taxable person, inspection can be ordered under GST law?

(i) Suppression of any transaction of supply of goods or services

(ii) Suppression of stock of goods in hand

(iii) Contravention of any of the provisions of the GST law to evade tax

(A) (i), (ii)

(C) (ii), (iii)

(B) (i), (iii)

(D) (i), (ii), (iii)

Ans. (D) (i), (ii), (iii)

Sec 67 : Inspection, Search and Seizure

As per **Section 67 of CGST Act**, Inspection can be carried out by an officer of CGST only upon a written authorization given by an officer of the rank of Joint Commissioner or above.

A Joint Commissioner or an officer higher in rank can give such authorization only if he has reasons to believe that :

(a) taxable person has done one of the following :

- i. suppressed any transaction of supply of goods and/or services;
- ii. suppressed stock of goods in hand;
- iii. claimed excess input tax credit;
- iv. contravened any provision of the CGST Act to evade tax;

(b) any person engaged in transporting of goods has kept goods which have escaped payment of tax or has kept his accounts or goods in a manner that is likely to cause evasion of tax, whether or not he is a registered taxable person.

(c) an owner or an operator of a warehouse or a godown or any other place has kept goods which have escaped payment of tax or has kept his accounts or goods in a manner that is likely to cause evasion of tax.

19. The time-limit for issuance of order of best judgment assessment is:

(A) 5 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.

(C) 3 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.

(B) 4 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.

(D) None of the above

Ans. (A) 5 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.

2 types of BJA (Best Judgment Assessment) under GST Law:

- **Sec 62:** Best judgment Assessment in case of non-filers of returns
- **Sec 63:** Best judgment Assessment in case of unregistered person

In both of above BJA, applicable time limitation is '5 years from the due date of submission of Annual Return of relevant FY'

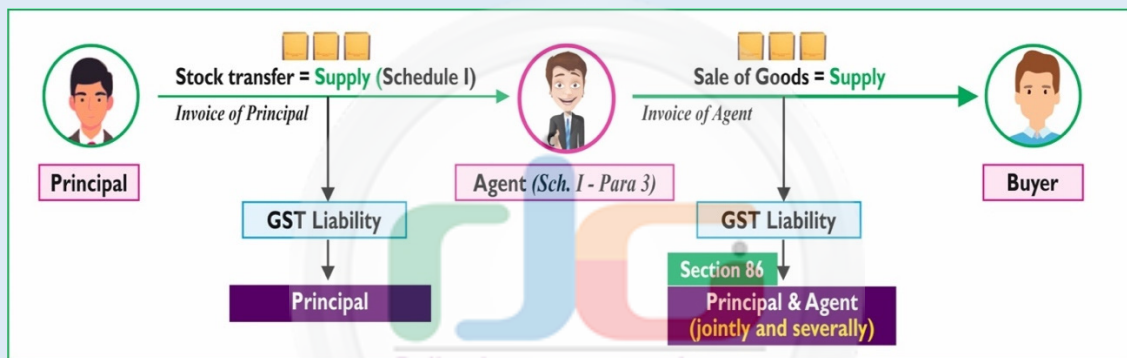
20. Mohandas has supplied goods to Karamchand, under his own invoice, on behalf of his principal Krishnadev. Which of the following statements is correct?

- (A) Mohandas shall be jointly and severally liable to pay the GST payable on such goods. (C) Both (a) and (b)
- (B) Krishnadev shall be jointly and severally liable to pay the GST payable on such goods. (D) Neither (a) nor (b)

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

Note:

1. **Stock transfer made by Principal to Agent = Supply** --- Principal (=supplier) liable to pay GST.
2. **Sales made by Agent to buyer = Supply** --- Agent (=supplier) as well as Principal liable to pay GST. (this liability is joint or several) -- **Sec 86**



21. Which of the following activities are not exempt from GST?

- (i) Religious pilgrimage organised by Todarmal Charitable Trust.
- (ii) Services provided by a business facilitator to an insurance company in an urban area
- (iii) Milling of paddy into rice.
- (A) (i), (ii) (C) (ii), (iii)
- (B) (i), (iii) (D) (i), (ii), (iii)

Ans. (D) (i), (ii), (iii)

Exemption

- (i) **Religious pilgrimage is exempt vide Entry No. 60** but only if it is specified organization (i.e., Kumaon Mandal and Haj Committee). For others, this service is not exempt.
- (ii) **Storage/warehousing of Jaggery and pulses (non- agricultural produce)** - exempt vide **Entry No. 24-B**
- (iii) **Milling of paddy into rice:** Milling is not an intermediate production process relating to cultivation of plant (as it is carried out on paddy which is obtained after completion of cultivation and harvesting process - Circular No. 19/19/2017-GST) - **not exempt vide Entry No. 55**

22. Which of the following statements are true?

1. Services provided by Government ITIs to individual trainees are exempt from GST.
 2. Services provided by the State Governments and Private Service Providers by way of transportation of patients in ambulance are exempt from GST.
 3. Services of renting of shops in a hospital are exempt from GST being health care services.
 4. Services provided by police to PSUs are taxable.
- (A) 1, 2 & 4 (C) 3 & 4
- (B) 2, 3 & 4 (D) 1, 2, 3 & 4

Ans. (A) 1, 2 & 4

Exemption

- (i) **Services by Government ITIs to individual trainees** = Supply of other than specified services to non-business entity and thus, **exempt** vide **Entry No. 6** (CBIC Circular 55/29/2018- GST)
- (ii) **Transportation of patients in ambulance** - **exempt** vide **Entry No. 74**
- (iii) **Renting of shops in a hospital** = It is service of 'renting of immovable property' and not 'health care service' and thus, **not exempt** vide **Entry No. 74** (CBIC Circular 27/01/2018-GST)
- (iv) **Service by Police (SG) to PSU (business entity)** - Non-exempt, i.e., taxable (RCM applicable)

23. Which of the following transactions does not qualify as supply under GST law?

- (A) Disposal of car without consideration and where the supplier has not claimed input tax credit on such car.
- (B) A principal makes supplies to his agent who is also registered under GST and is situated within the same State and the invoice for further supply is issued by the agent in his name.
- (C) Head Office makes a supply of services to its own branch outside the State.
- (D) A person imports services without consideration for the purposes of his business from his elder son living outside India.

Ans. (A) Disposal of car without consideration and where the supplier has not claimed input tax credit on such car.

Sec 7: Scope of Supply

- **Sec 7(1)(c): 4 specified Activities (as specified in Schedule 1) without consideration will also qualify as 'supply'**
- **Schedule I - Para 1:** Permanent transfer / disposal of business assets on which ITC was availed = Supply

Note:

- (A) **Disposal of car without consideration and where the supplier has not claimed input tax credit on such car**
 - In general, ITC of Motor Car is blocked.
 - Thus, disposal of such motor vehicle for free shall not apply to supply.
- (B) **A principal makes supplies to his agent who is also registered under GST and is situated within the same State and the invoice for further supply is issued by the agent in his name**
 - Agent making supply of goods of principal by issuing invoice in his own name = Agent covered by Para 3 (Schedule I)
 - Supply of goods by Principal to such agent = Supply
- (C) **Head Office makes a supply of services to its own branch outside the State**
 - HO in one state and branch in different State = Deemed Distinct persons (DDP) (as per **Sec 25**)
 - Supply of goods between such DDP = Supply
- (D) **A person imports services without consideration for the purposes of his business from his elder son living outside India**
 - Import of service without consideration is supply if such import is from RP or DDP for business purpose.
 - Son is related person and thus, import of service from him for business purpose shall amount to supply.

24. Korelal Printon (P) Ltd., a registered person under GST in the State of Jammu & Kashmir, is engaged in the business of offset printing and is providing services to various book publishers. A publisher situated in the State of Himachal Pradesh, a registered person under GST, sent content of the books to be printed by Korelal Printon (P) Ltd. in PDF format. The publisher also sent paper worth ₹ 4.00 lakh (excluding GST) to the printer, free of cost for the purposes of printing its books on 10th February. Korelal Printon (P) Ltd. raised an invoice of ₹ 1.50 lakh (excluding GST) against printing of books and returned the printed books through challan to the publisher on 20th August.

The Proper Officer intercepted the vehicle and claimed that Korelal Printon (P) Ltd. should have sent the invoice of ₹ 5.50 lakh, i.e. including the value of free of cost paper supplied by the publisher.

You may suitably advice which one of the following is the correct option-

- (A) The value of supply of paper for job work is to be included in the invoice in terms of section 15 of the CGST Act, 2017.
- (B) The goods sent for job work i.e. paper sent for printing is a composite supply
- (C) Korelal Printon (P) Ltd. has entered into an agreement of printing books. Therefore, he is liable to pay tax on the gross value of ₹ 5.50 lakh.
- (D) Korelal Printon (P) Ltd. has entered into an agreement of printing books. Therefore, he is liable to pay tax on the net value of ₹ 1.50 lakh.

Ans. (D) Korelal Printon (P) Ltd. has entered into an agreement of printing books. Therefore, he is liable to pay tax on the net value of ₹ 1.50 lakh.

Korelal Printon (P) Ltd. (RP in State of J&K) = Printing Books for publisher on content and paper supplied by publisher
Nature of Activity = **Composite supply** (printing service + consumables/material used for printing like ink etc)
Nature of supply for purposes of GST = Supply of service (since printing service is principal supply)
Invoicing requirement = Invoice for service of value of ₹ 1,50,000 (**Sec 31 + Rule 46**)
Other documentation requirement = Delivery challan for movement of goods involved (**Rule 55**)

25. **Palliwal Associates, a firm of Chartered Accountants registered under GST, located in Jaipur, Rajasthan is providing professional consultancy services to its various clients.**

It has taken consultancy services for its business from another establishment of its firm in UK. However, it has not paid any consideration for the same.

Such services would have been taxable @ 18% (CGST @ 9%, SGST @ 9% and IGST @ 18%), had the same been received in India. Further, Palliwal Associates would have paid ₹ 4.00 lakh, had it not received the said services from its UK establishment.

Determine the GST liability of Palliwal Associates.

- | | |
|--|--|
| (A) IGST - ₹ 72,000 | (C) Nil, since no foreign exchange was paid. |
| (B) CGST - ₹ 36,000 & SGST - ₹ 36,000, since place of supply is in India | (D) Nil, since such services are exempt. |

Ans. (A) IGST - ₹ 72,000

Sec 8 of IGST Act: Foreign establishment of an entity & Indian establishment of same entity = deemed distinct person (DDP)

Sec 2(11) of IGST Act: Import of service

Sec 7 of CGST Act: Scope of Supply

- Supply includes activity without consideration
- Import of service without consideration is supply - if it is done for business use and such import is made from Related person or DDP

Given case is case of import of service

Sec 15 of CGST Act: Valuation of supply

Sec 15(1) - Not applicable (as this import is without any consideration)

Sec 15(4) - Valuation rules to be applied

- Rule 27: valuation in case of supply involving non-monetary consideration**
- Value = OMV = 4,00,000**

~~**Rule 28** - Not applicable (as that is applicable when DDP are of Sec 25 and not that of explanation of Sec 8)~~

~~**Rule 30** - presumed to be not applicable (as recipient who is liable to pay GST under RCM - presumed to be not knowing cost data)~~

~~**Rule 31** - Best judged value (here, we can take OMV) - ₹ 4,00,000~~

Thus, IGST liability = 18% of ₹ 4,00,000 = ₹ 72,000

26. **In which of the following supplies of goods and services made exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017, TDS is required to be deducted? The amounts given below are inclusive of GST @ 18%, wherever applicable. Assume that all other conditions for deduction of TDS are fulfilled.**

- | | |
|--|-------------------------|
| (i) Health Department executed a contract with a local supplier to supply "medical grade oxygen" of ₹ 2.6 lakh and is making full payment. | |
| (ii) Government school is making a payment of ₹ 3.5 lakh to a supplier for supply of cooked food as mid-day meal under a scheme sponsored by Central/State Government. | |
| (iii) Municipal Corporation of Kolkata purchases a heavy generator from a supplier in Delhi. Now, it is making payment of ₹ 5 lakh for such purchase. | |
| (iv) Finance Department in Delhi is making a payment of ₹ 3 lakh to a supplier of 'printing & stationery' in Delhi. | |
| (A) (i), (ii) and (iii) | (C) Only (i) and (ii) |
| (B) (ii), (iii) and (iv) | (D) Only (iii) and (iv) |

Ans. (D) Only (iii) and (iv)

Sec 51: TDS

- (i) TDS not required as GST exclusive value is less than 2,50,000;
- (ii) Mid-day meal (catering service) to school is exempt supply - No TDS required;
- (iii) Supply of goods (generator) of value more than 2,50,000 - TDS required;
- (iv) Supply of printing/stationary of value more than 2,50,000 - TDS required.

27. State whether following statements are true or false:

- Any person aggrieved by any decision or order passed by an adjudicating authority under the CGST Act, 2017 may appeal to such Appellate Authority as may be prescribed within 3 months from the date on which the said decision or order is communicated to him.
 - No appeal shall be filed to Appellate Authority unless the appellant has paid sum equal to twenty five percent of the amount of tax in dispute arising from the said order, in relation to which appeal is filed.
 - Adjournment of appeal shall not be granted more than three times to a party during hearing of the appeal.
 - The Appellate Authority shall have the power to refer back the case to adjudicating authority that passed the said decision or order.
- (A) True, True, True, False (C) True, False, True, False
(B) False, True, True, False (D) False, False, False, True

Ans. (C) True, False, True, False

Sec 107 Appeal to Appellate Authority

• Time limit for assessee = 3 months	<u>Thus, (i) is True</u>
• Payment (pre-deposit) required = 10% of tax in dispute in OIO (order in original)	<u>Thus, (ii) is False</u>
• Adjournment = Max 3 times to a party	<u>Thus, (iii) is True</u>
• Order passed in appeal (OIA)= No remand back allowed	<u>Thus, (i) is False</u>

28. Which of the following is/are not considered as a supply under the CGST Act, 2017?

- (A) Importation of architectural services for ₹ 1,00,000 for construction of residential property used for personal purposes from unrelated person. (C) Importation of architectural services free of cost for construction of office used for business purposes from unrelated person.
- (B) Importation of architectural services free of cost for construction of office used for business purposes from related person. (D) Both (a) and (c)

Ans. (C) Importation of architectural services free of cost for construction of office used for business purposes from unrelated person.

Import of Service: Sualify as supply as defined in Sec 7 of CGST Act in 2 cases

7(1)(b): Import of service for consideration = supply – irrespective of such import for business use or personal use

7(1)(c): Import of service without consideration = supply – only if such import is for business purpose and also from related person or deemed distinct foreign establishment

• Importation of architectural services for ₹ 1,00,000 for construction of residential property used for personal purposes from unrelated person	<u>Import for consideration</u> : qualifies as supply even if for personal purpose
• Importation of architectural services free of cost for construction of office used for business purposes from related person	<u>Import without consideration</u> : since for business purpose and from RP, it will also qualify as supply
• Importation of architectural services free of cost for construction of office used for business purposes from unrelated person	<u>Import without consideration</u> : since for business purpose but not from RP, it will not qualify as supply

29. Which of the following is not a supply under the CGST Act, 2017?

- (A) Goods supplied free of cost by X & Sons to its agent for further supply to customer at ₹ 5,000. (C) An expensive watch gifted to an employee for ₹ 50,000.
- (B) Importation of accounting services (for business purposes) free of cost from a dependent father residing in US. (D) A machinery disposed off free of cost on which input tax credit has been availed.

Ans. (C) An expensive watch gifted to an employee for ₹ 50,000.

Gift to Employee

- Employee is 'related person' of supplier.
- However, gifts of value upto ₹ 50,000 per employee per annum shall not be treated as supply [Schedule I (para 2)]

30. Mrs. Reena is a consultant. She has provided the following details relating to services provided and received by her:

1. Supply of management consultancy services for ₹ 500,000 p.a.
2. Supply of accounting services for ₹ 200,000 p.a.
3. Renting of immovable property for residential purposes for ₹ 10,000 p.m.
4. Management consultancy services provided to a hospital for ₹ 50,000 one time
5. Services provided to a client outside India for ₹ 50,000 p.m.
6. Services received from a lawyer for ₹ 1,00,000

Note: Assume that amounts given above are exclusive of GST, wherever applicable.

What shall be her aggregate turnover for the financial year under GST provided her aggregate turnover during previous financial year was ₹ 24 lakh?

- (A) ₹ 9,10,000 (C) ₹ 14,70,000
(B) ₹ 15,70,000 (D) ₹ 8,20,000

Ans. (C) ₹ 14,70,000

Sec 2(6) Aggregate Turnover

- ATO to include all outward supplies (taxable or exempt)
- However, none of inward supply to be included (even if such service attracts RCM)

Thus, ATO is

$$= [₹ 5,00,000 + ₹ 2,00,000 + (₹ 10,000 \text{ p.m.} * 12 \text{ months}) + ₹ 50,000 + (₹ 50,000 \text{ p.m.} * 12 \text{ months})]$$

$$= ₹ 14,70,000$$

31. GST compliance rating shall be assigned to:

- (A) only a person who is liable to deduct TDS/collect TCS. (C) only an input service distributor.
(B) only a composition dealer. (D) every registered person.

Ans. (D) every registered person.

Sec 149: GST Compliance rating

[Compliance rating is assigned by evaluating/checking compliance level of person. Impliedly, it is only for registered person. It is applicable for all registered persons.] **[Author: Presently, this provision is not operational]**

32. Where the National Anti-Profiteering Authority determines that a registered person has not passed on the benefit of input tax credit to the recipient by way of commensurate reduction in price, the Authority may order:

- i. reduction in prices
- ii. imposition of prescribed penalty
- iii. cancellation of registration

Which of the above options are correct?

- (A) i. and ii. (C) i. and iii.
(B) i., ii. and iii. (D) i.

Ans. (B) i., ii. and iii.

Sec 171

Anti-profiteering Authority

- NAPA (national anti-profiteering authority) to examine cases as to anti-profiteering.

If supplier is found guilty of anti-profiteering, NAPA may order providing for all the above stated matters.

33. Sukanya, a supplier registered under GST, failed to pay the GST amounting to ₹ 5,000 for the month of January. The proper officer imposed a penalty on Sukanya for failure to pay tax. Sukanya believes that it is a minor breach and in accordance with the provisions of section 126 of the CGST Act, 2017, no penalty is imposable for minor breaches of tax regulations. In this regard, which of the following statements is true?

- (A) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is less than ₹ 5,000. (C) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is upto ₹ 5,000.

(B) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' if amount of tax involved is less than ₹ 2,500.

(D) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is Nil.

Ans. (A) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is less than ₹ 5,000.

Sec 126: General principles as to imposition of penalty

As per **Sec 126(1) of the CGST Act, 2017**, no penalty shall be leviable under the Act for minor breaches of tax regulations.

In terms of Explanation (a) to **Sec 126(1)**, a breach shall be considered as "minor breach", if tax (CGST) involved is less than ₹ 5,000.

34. Which of the following statements is false?:

(A) ITC on works contract services availed by a software company for construction of its office, is blocked.

(C) ITC on goods and/or services used by an automobile company for construction of a foundation on which a machinery (to be used in the production process) is to be mounted permanently, is allowed.

(B) ITC on works contract services availed by a manufacturing company for construction of pipelines to be laid outside its factory, is blocked.

(D) ITC on works contract services availed by a consulting firm for repair of its office building is allowed provided the company has booked such expenditure in profit and loss account.

Ans. ~~(D) — ITC on works contract services availed by a consulting firm for repair of its office building is allowed provided the company has booked such expenditure in profit and loss account.~~

(B) ITC on works contract services availed by a manufacturing company for construction of pipelines to be laid outside its factory, is blocked.

Answers given by ICAI is (D) which seems incorrect.

Admissibility of ITC of works contract

As per **Section 17(5)**, ITC of works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service is blocked. It shall be noted that as per explanation "plant and machinery" means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes—

- (i) land, building or any other civil structures;
- (ii) telecommunication towers; and
- (iii) pipelines laid outside the factory premises.

In given case, **ITC on works contract services availed by a consulting firm for repair of its office building is blocked**. But, expenditure booked in P&L is not hit by blocking provision and ITC is admissible.

35. Sukhimal, a sole proprietor, has to appear before the Appellate Authority.

He decides to appear through an authorized representative. Which of the following persons can be appointed as 'authorized representative' of Sukhimal under GST law?

(i) Sohan, his son, who has been dismissed from a Government service lately.

(ii) Rohan, a Company Secretary, who has been adjudged insolvent.

(iii) Mukul, a practicing High Court advocate.

(A) (i) and (ii)

(C) (iii)

(B) (ii) and (iii)

(D) (ii)

Ans. (C) (iii)

Sec 116: Appearance by Authorized Representative

(i) Sohan, his son, who has been dismissed from a Government service lately.	Person dismissed from government service cannot be made AR.
(ii) Rohan, a Company Secretary, who has been adjudged insolvent.	Insolvent person cannot be made AR.
(iii) Mukul, a practicing High Court advocate.	HC advocate can be made AR.

36. Under which of the following situations, input tax credit will be available under GST law?

(A) Cars purchased by a manufacturing company for official use of its employees..

(C) General insurance taken on a car used by employees of a manufacturing company for official purposes.

(B) Aircraft purchased by a manufacturing company for official use of its CEO..

(D) Maintenance & repair services availed by a company for a truck used for transporting its finished goods.

Ans. (D) Maintenance & repair services availed by a company for a truck used for transporting its finished goods.

Admissibility of ITC on purchase of motor vehicle having seating capacity of 13 persons excluding the driver

As per **Section 17(5)(a)/(aa)**, ITC of motor vehicle (passenger vehicle with seating capacity upto 13 passengers, including driver) used for transportation of employees and ITC of aircraft used for official use of CEO is blocked (except under certain specified cases). It shall be noted that ITC of other motor vehicle is not blocked and hence, admissible.

In given case, **Section 17(5)(ab)** Maintenance & repair services availed by a company for a truck used for transporting its finished goods is admissible and thus, ITC in respect of such vehicle is not blocked. Its use for transportation of transportation of goods which is business use and hence, ITC is admissible.

37. Under GST law, time-limit for issuance of show cause notice in case of non-payment of GST is on account of reasons other than fraud, wilful misstatement or suppression of facts, etc. is:

(A) 2 years and 9 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.

(C) 4 years and 6 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.

(B) 3 years from the due date of filing Annual Return for the Financial Year to which the demand pertains.

(D) 5 years from the due date of filing Annual Return for the Financial Year to which the demand pertains.

Ans. (A) 2 years and 9 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.

Sec 73: Determination of GST not-paid/ short paid

73(1): Issuance of SCN

73(2): Time limit for issuance of SCN = 2 years and 9 months from due date of Annual Return of the relevant FY

38. Time-limit for issuance of show cause notice under GST law in case of any amount collected as tax, but not paid to the Central Government is:

(A) 2 years and 9 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.

(C) 4 years and 6 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.

(B) 3 years from the due date of filing Annual Return for the Financial Year to which the demand pertains.

(D) None of the above

Ans. (D) None of the above

Sec 76: Amount collected as tax but not paid to CG

• No time limit for issuance of SCN

[Time limit has been specified for passing of order which is 1 year from issuance of SCN]

39. Dev Bhoomi Rice (P) Ltd., a registered person under GST, is providing services of processing of milling of paddy into rice, loading, unloading, packing, storage and warehousing of rice in the State of Chhattisgarh. The company has made following supplies during the tax period of April to September:

(i) Loading and unloading of rice: ₹ 50,00,000.

(ii) Packing and warehousing of rice: ₹ 30,00,000.

(iii) Processing services of milling of paddy into rice: ₹ 1,00,00,000. Determine the amount of GST payable on the above supplies assuming that the applicable rate of tax is 5% and amounts given herein are exclusive of GST.

(A) ₹ 32,40,000

(C) ₹ 5,00,000

(B) ₹ 9,00,000

(D) ₹ Nil

Ans. (C) ₹ 5,00,000

Exemption

(i) **Loading and unloading of rice** - exempt vide **Entry no. 24**

(ii) **Packing and warehousing of rice** - exempt vide **Entry no. 24**

(iii) **Processing services of milling paddy into rice** - not exempt (GST @5% payable on ₹ 1,00,00,000)

40. A Municipal Corporation has invited online bids for maintenance of bus stops for a period of one year from 1st January to 31st December. The work involves composite supply of goods and services wherein the supply of services is the principal supply. The value of goods constitutes 25% of the total value of composite supply. Mr. Kumar, Managing Director of Khiladi Contractors (P) Ltd., located and registered under GST in Gujarat, wants to bid for the same. He seeks your opinion to determine the taxability of the above supply to quote the best price.

- (A) Not leviable to tax (C) Exempt
(B) GST payable (D) Outside the purview of GST

Ans. (C) Exempt

Exemption

Entry No. 3A

Service = Composite supply (where value of material is upto 25%) to CG/SG or Local Authority ~~or Govt Authority or Govt Entity~~ is exempt if it is in relation to municipal or panchayat functions

Here,

Supply to BMC = **Supply to LOCAL AUTHORITY**

Supply of Service = Composite Supply (with value of material upto 25%)

Purpose = Maintenance of bus stops = **Municipal Function as per Article 243-W**

(Municipal Functions as per Article 243-W of Constitution of India - **Public amenities** including street lighting, parking lots, **bus stops** and public conveniences.)

41. Mr. Happy Singh is a resident of Chandigarh. The marriage of his daughter, Khushi Kaur, has been finalized with Mr. Lovely Singh, a NRI settled in Canada. The marriage is scheduled on 14th February in Chandigarh. Mr. Happy Singh wants to send 5,000 marriage invitation cards to all his relatives and friends to attend the marriage. He has to send the invitation by speed post. He is not sure about the taxability of speed post services under GST regime. He seeks your help in determining the applicability of GST on speed post. Choose the correct option.

- (A) GST payable (C) Exempt
(B) Non-taxable (D) Outside the purview of GST

Ans. (A) GST payable

Services by Govt

Postal Department = Department of CG

Services by Govt

- Activities of Government = Business Activity
- Even if Government is engaged in doing activity as public authority, then such activity is business activity. (Though, municipal functions and panchayat functions have been excluded from scope of supply)
- Postal department services = within scope of Supply

Exemption

Entry No. 6: Other than certain specified services, all services of postal department have been exempted.

However, speed post service is not exempt. Thus, on speed post, GST is payable.

42. Mr. Kumar is the Managing Director of Khiladi Equipments (P) Ltd. The company is located and registered under GST in Mumbai, Maharashtra. Mr. Kumar has decided to send food grains and other relief materials worth ₹ 50,00,000 and ₹ 20,00,000 through railway and airways respectively, to the cyclone hit victims in Kerala in the month of November. The company has contacted Super Airlines and Indian Railways to transport answer the materials from Mumbai to Kerala and price for the same has been determined as ₹ 10,00,000 by air and ₹ 50,000 by railways excluding taxes. Mr. Kumar seeks your help to determine what is the amount of GST payable by Super Airlines and Indian Railways, if applicable GST rate is 18% and the amounts given above are exclusive of GST, wherever applicable.

- (A) Super Airlines: ₹ 1,80,000; Indian Railways: Nil (C) Super Airlines: Nil; Indian Railways: ₹ 9,000
(B) Super Airlines: ₹ 1,80,000; Indian Railways: ₹ 9,000 (D) Super Airlines: Nil; Indian Railways: Nil

[ICAI RTP- Nov 2019]

Ans. (A) Super Airlines: ₹ 1,80,000; Indian Railways: Nil

Exemption

- (i) Transportation of goods (being relief material or food-grains) by rail – exempt vide **Entry No. 20**
- (ii) Transportation of goods (being relief material or food-grains) by air – no exemption

- 43. Mr. Manjot is a trader supplying goods from his firm M/s. Singh Traders. The office of the firm is located in Delhi whereas its godowns are located in the State of Uttar Pradesh, Punjab and Jammu & Kashmir (J & K) respectively. M/s. Singh Traders made following intra-State supplies from different States during the current financial year:**
- (i) **Delhi - Taxable supplies: ₹ 21,00,000**
 - (ii) **Punjab – Exempted supplies: ₹ 6,00,000**
 - (iii) **Uttar Pradesh – Taxable and exempted supplies: ₹ 3,00,000 each respectively.**
 - (iv) **J & K – Taxable and exempted supplies: ₹ 8,00,000 and ₹ 3,00,000 respectively.**
- Ascertain the States in which Mr. Manjot is required to take registration under GST:**
- (A) **Delhi, Punjab, Uttar Pradesh and J & K**
 - (B) **Delhi, Uttar Pradesh and J & K**
 - (C) **Delhi and Uttar Pradesh**
 - (D) **Delhi**

Ans. (B) Delhi, Uttar Pradesh and J & K

Sec 2(85) = Place of Business

- **Place where goods are stored is also place of business.**

Sec 22 + Notification issued u/Sec 23(2):

Supplied engaged in exclusive supply of goods: Registration required if ATO exceeds ₹ 40 Lakh

Sec 2(6): ATO (Aggregate all TO linked to same PAN)

[in our case, ATO = ₹ 44 Lakh (₹ 21,00,000 + ₹ 6,00,000 + ₹ 3,00,000 + 3,00,000 + ₹ 8,00,000 + ₹ 3,00,000)]

Registration required (as ATO is more than ₹ 40 Lakh)

Sec 25: Registration required for place of business in each state.

- All units in different states = Deemed Distinct person (DDP)
- Registration required for each unit in **respective state** – Delhi, Punjab, UP, J&K
- However, Punjab Unit (being a DDP) need not apply the registration as it is engaged exclusively in making exempt supply **[Sec 23(1)]**

Thus, registration is required in Delhi, UP and J&K.

- 44. Mr. Pandey is an ambulance driver who lives in NCT of Delhi. He provides driving services to Preeti Heart and Lung Institute (PHLI) - a super specialty hospital registered under GST in Delhi - for a consideration of ₹ 25,000 per month. Mr. Pandey was instructed to pick up a patient in Gurugram to PHLI. While going from Delhi to Gurugram, he picked up 5 passengers for transportation in the ambulance from Delhi to Gurugram and charged ₹ 500 each from them. You are required to ascertain the taxability of transport services provided by Mr. Pandey in the ambulance from Delhi to Gurugram under the CGST Act, 2017:**
- (A) **Taxable supply**
 - (B) **Exempt supply**
 - (C) **Not a supply**
 - (D) **Outside the purview of GST**

Ans. (A) Taxable supply

Exemption

Transportation of persons who are not patient = Not ambulance services (not part and parcel of health care services) = Thus, not exempt

Such service = Taxable Service – GST is payable.

- 45. M/s. Kala & Associates, dealing in sale/ purchase of used or second- hand cars, is registered under GST. During the current financial year, it effected following intra-State transactions:**

Particulars	Purchase Price	Sale Price
Car 1	₹ 5,00,000	₹ 7,50,000
Car 2	₹ 3,00,000	₹ 2,75,000
Car 3	₹ 6,00,000	₹ 6,50,000
Car 4	₹ 8,00,000	₹ 9,50,000

M/s. Kala & Associates purchased Car 1, Car 2 and Car 3 from unregistered persons and Car 4 from registered person who charged GST of ₹ 1,30,000 and accordingly M/s. Kala & Associates had availed the input credit of the same.

M/s. Kala & Associates is not conversant with GST provisions. Hence, it has approached you for determining his GST liability. Assume that the applicable rate of tax is 18% and the amounts given above are exclusive of GST.

- (A) ₹ 95,000 (C) ₹ 1,30,500
(B) ₹ 1,08,000 (D) No GST is payable since sale of second-hand goods is exempt under GST

Ans. (A) ₹ 95,000

Rule 32(5): Valuation of second hand goods as per Margin Scheme, i.e., Value = Profit Margin

[Condition to be complied with: On purchase of second hand goods, ITC shall not be availed]

Given case, Margin Scheme is not available in respect of Car 4 as he has availed ITC on its purchase.

	Value as per Rule 32(5) [₹]	GST @18% (₹)	ITC (₹)	Net liability (₹)
Car 1	2,50,000 (value as per Rule 32(5) = margin)	45,000	---	45,000
Car 2	Ignore (value as per Rule 32(5) = 0, as negative margin)	----	---	----
Car 3	50,000 (value as per Rule 32(5) = margin)	9,000	---	9,000
Car 4	9,50,000 (Value as per Sec 15(1) = TV) (margin scheme not applicable as ITC availed on purchase of such goods)	1,71,000	1,30,000	41,000
Total		2,25,000	1,30,000	95,000

46. M/s. Vishu Megamart, a store located and registered under GST in Rajasthan, has come out with big discount offers at the time of Diwali on various gift items. In order to attract more customers, it has decided to supply a gift pack containing 5 packets of Jeeraram's Namkeen (200 gram each) taxable @ 12%, 1 packet of Roasted Smoked Almonds (100 gram) taxable @ 18%, 1 packet of Cournville Chocolate (50 mg) taxable @ 28% and 1 bottle of Teal Fresh Juice (1 litre) taxable @ 18% in a single basket for a single price of ₹ 1,000. State the type of supply and the tax rate applicable on the same.

- (A) Composite supply; tax rate of the principal item, i.e. Namkeen @18% (C) Mixed supply; tax rate of principal item, i.e. Namkeen @18%
(B) Composite supply; highest tax rate out of all items, i.e. 28% applicable to chocolates (D) Mixed supply; highest tax rate out of all items, i.e. 28% applicable to chocolates

Ans. (D) Mixed supply; highest tax rate out of all items, i.e. 28% applicable to chocolates

Sec 8: GST treatment of MIXED SUPPLY

Mixed Supply - shall be treated as that supply which is taxable at highest tax rate

47. State which of the following statements is incorrect:

- (i) Services by any artist by way of performance in folk or classical art forms of music, dance, or theatre as a brand ambassador if the consideration charged for such performance is not more than ₹ 150,000 is exempt.
(ii) Services of life insurance business under Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having minimum amount of cover of ₹ 2,00,000 is exempt.
(iii) Service by an acquiring bank, to any person in relation to settlement of an amount upto ₹ 2,500 in a single transaction transacted through credit card, debit card, charge card or other payment card service is exempt.
(iv) Services provided by a goods transport agency by way of transport in a goods carriage of, goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage is ₹ 2250, is exempt.

- (A) (i) (C) (ii), (iii), (iv)
(B) (ii), (iii) (D) (i), (ii), (iii), (iv)

Ans. (D) (i), (ii), (iii), (iv)

Exemption

- (i) Exemption not available to service provided as brand ambassador [Entry No. 78]
- (ii) Exemption to micro-insurance product with maximum value of cover of ₹ 2,00,000 is exempt. (₹ 2,00,000 amount is not minimum amount but maximum amount) [Entry No. 36]
- (iii) Exemption is available only if settlement amount is of ₹ 2,000 [Entry No. 34]
- (iv) Exemption to GTA service by way of transportation of goods in a single carriage upto ₹ 1500 is exempt. [Entry No. 21]

48. **ASC, a registered person under GST, supplied goods amounting to ₹ 1,18,000 (inclusive of GST, taxable @ 18%) to BSC, a registered person under GST on 30th September. BSC further sold such goods to Rakesh, a consumer who came to his shop on 30th October in cash, for ₹ 2,36,000 (inclusive of GST, taxable @ 18%). ASC issued a credit note of ₹11,800 (₹10,000 + ₹ 1800 - GST) for rate difference on 2nd November to BSC. Thereafter, BSC entered a credit note in its books for the same amount in the name of Rakesh, without intimating him, on 2nd November and reduced its output tax liability accordingly.**

As per the provisions of GST law, which of the above-mentioned suppliers are allowed to reduce their output tax liability?

- (A) ASC
- (B) BSC
- (C) Both ASC and BSC
- (D) Neither ASC nor BSC, since incidence of tax has been passed on to another person.

Ans. (A) ASC

Supply-1: ASC to BSC = B2B Supply

- CN (credit note) issued by supplier
- Supplier (ASC) = Entitled to reduce his output tax liability
- Recipient (BSC) = To reverse ITC

Supply-2: BSC to Rakesh = B2C Supply

- CN (credit note) issued by supplier but not intimated to recipient

49. **Mr. Allauddin, a stationery retailer, located and registered under GST in Allahabad, has received order for supply of goods worth ₹ 2,00,000 on 12th November from another local registered dealer, Mr. Jallauddin. Goods were properly supplied with invoice of ₹ 2,00,000 on 14th November. Mr. Allauddin, incurred the following expenses before the goods were delivered to Mr. Jallauddin:**

Packing charges - ₹ 3,000

Freight & Cartage - ₹ 2,500

Handling Charges - ₹ 1,500

Mr. Jallauddin made full payment (including the additional amounts charged by Mr. Allauddin) on delivery of the goods for which he was allowed instant cash discount of ₹ 2,000.

The applicable rates of tax on the goods supplied are: IGST @ 18%, CGST @ 9% and SGST @ 9% and the amounts given above are exclusive of GST.

Mr. Allauddin, paid CGST ₹ 18,000 and SGST 18,000. As a tax consultant, what will be your advice relating to further tax liability of Mr. Allauddin-

- (A) CGST - ₹ 630 and SGST - ₹ 630
- (B) CGST - ₹ 450 and SGST - ₹ 450
- (C) CGST - ₹ 18,630 and SGST - ₹ 18,630
- (D) CGST - ₹ 18,450 and SGST - ₹ 18,450

Ans. (A) CGST - ₹ 630 and SGST - ₹ 630

Sec 15: Valuation of supply

= ₹ [2,00,000 + 3,000 + 2,500 + 1,500]

= ₹ 2,07,000

[* Discount of ₹ 2000 (cash discount granted upon payment of delivery of goods) = Assumed post-supply discount grant of which was not known to the recipient at the time of supply]

GST liability: CGST = ₹ 18,630 (2,07,000 * 9%) SGST = ₹ 18,630 (2,07,000 * 9%)

Diff Payable: CGST = ₹ 630 (18,630 - 18,000) SGST = ₹ 630 (18,630 - 18,000)

50. **Pyarelal Singh, registered under GST in Lucknow, Uttar Pradesh, is appointed as a del-credre 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

[ICAI RTP- Nov 2021]

Ans. (A) Sunnykart Co. (P) Ltd.: ₹ 9.09 crore and Pyarelal Singh: ₹ 11.00 crore

Sunnykart Co. (P) Ltd. [= Principal making supply of goods to Agent (Para 3 of Schedule I)]

Statement showing computation of Value of Supply

Particulars	Intra-State <u>or</u> Inter-state	Exempt <u>or</u> Non-exempt	Amount in crores (₹)
Supply of taxable goods [Value of supply of goods made through an agent is determined as per rule 29 of the CGST Rules, 2017 . Accordingly, the value of supply of goods between the principal and his agent is the open market value of the goods being supplied, or at the option of the supplier, is 90% of the price charged for the supply of goods of like kind and quality by the recipient to his unrelated customer, where the goods are intended for further supply by the said recipient. In the given case, • OMV = 10.05 Crore • 90% of price charges for supply of like kind and quality of goods = 90% of 10.10 crore = 9.09 Crore Since the question is stating that supplier wishes to adopt the minimum value of supply to the extent possible, the value of supply shall be taken to be 9.09 crore.]	Intra-State	Non-exempt	9.09
Total			9.09

Pyarelal Singh [= Agent who is making further supply of goods by raising invoice in his own name]

Statement showing computation of Value of Supply

Particulars	Intra-State <u>or</u> Inter-state	Exempt <u>or</u> Non-exempt	Amount in crores (₹)
Supply of Goods			
Supply of goods for by raising invoices using his own GSTIN.	Intra-State	Non-exempt	10.10
Supply of Services			
Supply of intermediary services (for commission)	---	Non-exempt	0.75
Supply of service by way of advancing loan (for interest)	---	Exempt [Entry No. 27 of E/N 12/2017-CT(Rate)]	0.15
Total			11.00

51. Shah Beedi Company (P) Ltd. is a manufacturer of cigarettes. It has been registered under GST in the State of West Bengal.

The turnover of the company from the current financial year is ₹ 90,00,000. The excise duty paid on the cigarettes removed is ₹ 10,00,000. CGST and SGST paid on the cigarettes is ₹ 18,00,000 each.

The company also recovered actual freight of ₹ 5,00,000 from the buyers on the supply of cigarettes so made during the current financial year and also charged CGST/ SGST thereon. The company paid tax @ 5% under reverse charge while availing the services of GTA of ₹ 5,00,000.

Compute the aggregate turnover of Shah Beedi Company (P) Ltd. assuming that the amounts given above are exclusive of GST.

- (A) ₹ 90,00,000
(B) ₹ 1,00,00,000

- (C) ₹ 1,18,00,000
(D) ₹ 1,05,00,000

Ans. (D) ₹ 1,05,00,000

Sec 15: Valuation of supply

Value = [₹ 90,00,000 + ₹ 10,00,000 (Non-GST tax) + ₹ 5,00,000 (freight charged to customer - incidental expense)]

Thus, Value of outward supply = ₹ 1,05,00,000

Sec 2(6): ATO

ATO = Value of outward supplies = ₹ 1,05,00,000

52. Mr. Chamcham, registered under GST in Delhi, is a domestic trader as also an exporter of whole-sale goods. His annual turnover and input tax details are as follows:

	Turnover (₹)	Tax paid on inputs (₹)
Taxable goods	90,00,000	9,00,000
Exempt goods	10,00,000	1,00,000
Exported goods	15,00,000	2,00,000

No GST is payable on exempt and exported goods. Mr. Chamcham seeks your expert help in calculating the amount of ITC which he is eligible to claim under GST law. The refund amount is:

- (A) ₹ 12,00,000 (C) ₹ 10,00,000
(B) ₹ 11,00,000 (D) ₹ 9,00,000

Ans. (B) ₹ 11,00,000

Sec 17

Admissible ITC = ₹ 11,00,000 (i.e. ₹ 9,00,000 + ₹ 2,00,000)

[*Presumed details of ITC given is of exclusive inputs/capital goods/ input services (and not of common goods or services)]

53. Mr. Prabhu, registered under GST in Mumbai, is in the business of trading of marble handicraft items domestically as also exporting the same. His annual turnover and input tax details are as follows:

	Turnover (₹)	Tax paid on inputs (₹)
Taxable goods	1,25,00,000	12,50,000
Exported goods	75,00,000	5,50,000
Exempt goods	50,00,000	5,00,000

Mr. Prabhu exported the goods under LUT without payment of IGST. Value of like goods domestically supplied by him is ₹ 60,00,000.

Mr. Prabhu seeks your help in calculating the amount of refund of ITC which he is eligible to claim under GST law. The refund amount is:

- (A) ₹ 18,00,000 (C) ₹ 5,40,000
(B) ₹ 6,75,000 (D) ₹ 6,90,000

Ans. (B) ₹ 6,75,000

Sec 54(3): ITC refund claim

Rule-89(4): Admissible refund (max. amount)

$$\text{Refund Amount (Max)} = \text{Net ITC} \times \frac{(\text{Turnover of zero-rated supply of goods})}{\text{Adjusted Total Turnover}}$$

$$= ₹ 18,00,000 \times ₹ 75,00,000 / ₹ 200,00,000 = ₹ 6,75,000$$

Net ITC	= ITC availed = (₹ 12,50,000 + ₹ 5,50,000) = ₹ 18,00,000 [*Presumed- input tax of ₹ 5,00,000 is of exclusive inputs/capital goods/ input services used for exempt supply - whose credit was not availed at all. Hence, not considered in computation of Net ITC]		
TO of 0-rated supply (exported goods)	= Lower of following		
	(a) <u>Value (in GST) of zero-rated supply of goods</u> made under Bond/ LuT		= ₹ 75,00,000
	(b) <u>1.5 times the value of like goods domestically supplied</u>		= (1.5* 60,00,000 = 90,00,000)

	= ₹ 75,00,000. [WN-1]
Adjusted Total TO	= TO in the State - TO of Exempt Supply (other than 0-rated supply)
Goods	TO
Taxable goods	1,25,00,000
Exported goods	75,00,000 * [WN-2]
Exempt goods	50,00,000
TO in the State	250,00,000
Less: Exempt Goods	(50,00,000)
Adjusted Total TO	200,00,000

Working Notes:1. **Rule 89 (4)(c)**- as amended

Cap (limit) has been placed on 'value of zero-rated SUPPLY OF GOODS (exporter of GOODS)' on value declared by supplier while filing claim for ITC refund (Value declared for purposes of refund cannot exceed 1.5 times the value of like goods domestically supplied by similarly situated supplier)

Illustration

	GST invoice value (₹)	Value of like goods supplied domestically (₹)	1.5 times the Value of like goods supplied domestically (₹)	Value for purposes of refund claim (₹)
Case-A	75,00,000	60,00,000	90,00,000	75,00,000
Case-B	75,00,000	40,00,000	60,00,000	60,00,000

2. **Circular No. 147/03/2021-GST** - dated 12th March, 2021

CBIC has clarified that

"the value of zero-rated/ export supply of goods, as calculated as per amended definition of 'Turnover of zero-rated supply of goods', need to be taken into consideration while calculating 'TO in a state or a union territory' (as defined in Sec 2(112) of the CGST Act), and accordingly, in 'adjusted total turnover' for the purpose of Rule 89(4).

Thus, the restriction of 150% of the value of like goods domestically supplied, as applied in 'turnover of zero-rated supply of goods', would also apply to the value of 'Adjusted Total Turnover' in Rule 89 (4) of the CGST Rules, 2017

Illustration

	GST invoice value (₹)	Value of like goods supplied domestically (₹)	1.5 times the Value of like goods supplied domestically (₹)	Value for purposes of refund claim (₹)	Value for the purpose of computation of Adjusted Total TO
Case-A	75,00,000	60,00,000	90,00,000	75,00,000	75,00,000
Case-B	75,00,000	40,00,000	60,00,000	60,00,000	60,00,000

54. State whether the following statements are true or false:

- Zero rated supply means supply of any goods or services or both which attracts nil rate of tax.
 - Exempt supply means export of goods or services or both or supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.
 - Non-taxable supply means supply of goods or services or both which is not leviable to tax under the CGST Act, 2017 but leviable to tax under the IGST Act, 2017.
 - ITC may be availed for making zero rated supply of exempt goods.
- (A) False, False, False, True (C) True, True, False, False
(B) True, False, False, False (D) False, False, False, False

Ans. (A) False, False, False, True

- 0-rated supply = **Sec 16 of IGST Act** :: supply = Specified supplies (2) of any goods/services (taxable or exempt)
- Exempt Supply = **Sec 2 (47)** = Wholly exempt + Nil rated + Non-taxable supply
- Non-taxable Supply = **Sec 2 (78)** = GST not leviable - neither under CGST Act nor under IGST Act.
- ITC admissible for non-exempt supply as well as zero-rated supply of exempt goods/services.

55. In respect of a consignment supplied on 20th August, provisional assessment was resorted to. The assessment was finalized on 20th November and the taxpayer became liable to pay differential IGST of ₹ 10,000. The taxpayer paid this amount on 20th December. The number of days for which the taxpayer is liable to pay interest are-

- (A) 122 days (C) 61 days
(B) 91 days (D) 30 days

[ICAI RTP- Nov 2020]

Ans. (B) 91 days

AuthorTime of Supply of consignment supplied on 20th Aug = 20th AugDue date of payment of GST liability = 20th Sep (provisional tax liability paid)Differential tax liability paid on 20th December.Interest shall be payable starting from 21st Sep and ending on 20th Feb

= 10 days (Sep) + 31 Days (Oct) + 30 Days (Nov) + 20 Days (Dec) = 91 Days

56. Shree Ram Seva Trust, registered under GST, is a charitable institution registered u/Sec 12AA of the Income-tax Act, 1961. It has organized a skill development programme relating to persons over the age of 65 years residing in a well-planned city, in the month of April. It has received following amounts under the programme:

Particulars	Amount (₹)
Subscription fees for the programme	50,000
Sponsorship fees received from Mahesh Enterprises – a sole proprietorship firm	1,00,000
Consideration for supply of goods	3,00,000

Besides, the trust has received the donations of ₹ 2,00,000 in April. Hanuman, accountant of Shree Ram Seva Trust, is not able to determine the taxability of the above amounts received under GST law. He seeks your expertise in determining the same.

Determine the value of taxable supply of Shree Ram Seva Trust, for the month of April assuming that the amounts given above are exclusive of GST, wherever applicable.

- (A) Nil (C) ₹ 6,00,000
(B) ₹ 6,50,000 (D) ₹ 4,50,000

Ans. (D) ₹ 4,50,000

Donations received by the trust is exempt vide Entry No. 1.

Hence value of taxable supply is ₹ 4,50,000 (50,000 + 1,00,000 + 3,00,000)

57. Happy Singh is the lawful owner of a residential house situated in Chandigarh. The property has four floors constructed on it. Out of the four floors in his house, first and second floor are self-occupied and third and fourth floor have been let out for residential purposes. Ratanjot Singh, who is a tenant on third floor, has surrendered his tenancy rights to Parminder Singh for a tenancy premium of ₹ 5,00,000 on 1st June. Parminder Singh has paid the applicable stamp duty and registration charges on transfer of tenancy rights. Moreover, Parminder Singh will pay a monthly rent of ₹ 50,000 to Happy Singh from June.

Determine the value of taxable supply, in the given case, for the month of June assuming that the amounts given above are exclusive of GST, wherever applicable.

- (A) Happy Singh: ₹ 5,50,000; Ratanjot Singh: Nil (C) Happy Singh: ₹ 50,000; Ratanjot Singh: Nil
(B) Happy Singh: Nil; Ratanjot Singh: ₹ 5,00,000 (D) Happy Singh: ₹ 50,000; Ratanjot Singh: ₹ 5,00,000

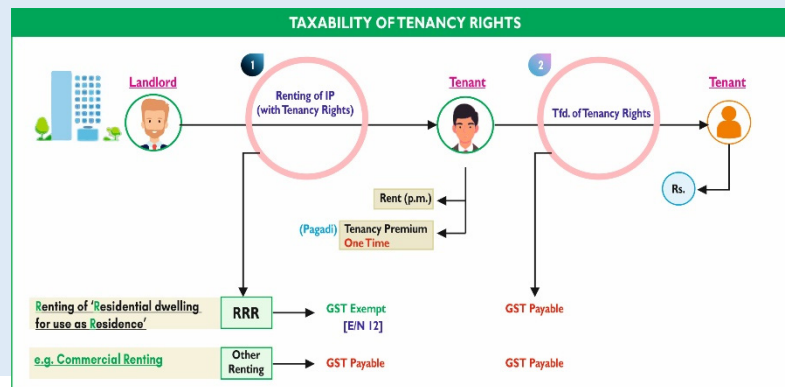
[ICAI RTP- May 2020]

Ans. (B) Happy Singh: Nil; Ratanjot Singh: ₹ 5,00,000

Value of taxable supply

Happy Singh :- Nil, because renting of residential dwelling for use of residence is exempt vide Entry no. 12

Ratanjot Singh :- As per Circular No. 44/18/2018-CT, Tenancy Premium is covered in Schedule II of CGST Act. Hence value is ₹ 5,00,000.



58. Lucky Singh, a resident of Noida, U.P. (working in a private firm), went to Himachal Pradesh for a family vacation via Delhi-Chandigarh- Himachal Pradesh in his own car. After entering Chandigarh, his car broke down due to some technical issue. He called 'ONROADS' - an emergency roadside car assistance company (registered under GST in Delhi) to repair the car. The car was repaired by the staff of 'ONROADS'. 'ONROADS' does not have a record of the addresses of the persons taking the car assistance service. The value of supply amounted to ₹ 50,000 (being labour charges ₹ 40,000 and spares ₹ 10,000). The bill was supposed to be generated online through the server, but due to some technical issue, it was not so generated.
- (A) Delhi (C) Noida, U.P.
(B) Chandigarh (D) Himachal Pradesh

[ICAI RTP- May 2020]

Ans. (A) Delhi

Determination of POS of Services**Sec 12:** POS for service where LoS and LoR are both in India.**12(2):** Generally, PoS = (B2B Supply = LoR) & (B2C supply = Address on record of recipient, but if address on record does not exist, then PoS = Location of Supplier)

In given case,

LoS = 'ONROADS' registered in Delhi

LoR = U.P. (Lucky Singh being resident in Noida, U.P.)

PoS = LoS (being transaction is B2C transaction and address on record of recipient is not in existence) = Delhi

59. State whether following statements are true or false w.r.t. provisions relating to advance ruling.
- Questions on which the advance ruling can be sought under the CGST Act, 2017 include rate of tax applicable to a particular supply and place of supply.
 - Rectification of advance ruling is not possible once the Authority for Advance Ruling has passed the orders.
 - The Authority for Advance Ruling shall pronounce its ruling within 90 days from the date of receipt of application.
 - Authority for Advance Ruling may accept application even if the question raised in the application is already pending or decided in any proceedings under any of the provisions of the CGST Act, 2017 qua the applicant.
 - Authority for Advance Ruling may, by order, declare such advance ruling void ab-initio if it finds out that such ruling is obtained by suppression of material facts, fraud or misrepresentation of facts.
- Choose from the following options:
- (A) False, False, True, False, True (C) True, True, False, False, True
(B) False, True, True, False, True (D) False, False, False, False, True

[ICAI RTP- Nov 2019]

Ans. (A) False, False, True, False, True

- Place of supply** - this issue cannot be raised in Advance Ruling (as AAR is constituted State-wise)
- Rectification of mistakes apparent from record** - AAR is empowered to rectify apparent mistakes in AR.
- Time bound advance ruling** - AAR shall pronounce its advance ruling within 90 days.
- Mandatory rejection of application for AR** - AAR shall reject application if question raised in application is already pending or decided in any proceedings qua the applicant.
- Ruling obtained by fraud** - AAR empowered to declare such ruling void ab-initio.

60. Lex Corp. (P) Ltd. is a manufacturer of fruit juices registered under GST. It purchases plastic bottles and cardboard and sends the same for affixing stickers on plastic bottles and manufacturing boxes from cardboard to a registered job worker, Hammer Industries (P) Ltd. These raw materials are sent directly from the place of business of supplier to the premises of job worker. Lex Corp. (P) Ltd. booked input tax credit on purchase of such items. The following transactions took place in this regard:

Value of goods sent to job worker	Input tax paid on such goods	Date of purchase of goods by Lex Corp. (P) Ltd.	Date of receipt of goods by Hammer Industries (P) Ltd.	Date of goods received back from Hammer Industries (P) Ltd.
₹ 50,000	₹ 6,000	10.07.2019	15.07.2019	12.07.2020
₹ 2,00,000	₹ 24,000	25.09.2019	27.09.2019	13.10.2020

₹ 8,00,000	₹ 96,000	22.12.2019	25.12.2019	16.08.2021
₹ 10,00,000	₹ 1,20,000	21.01.2020	25.07.2020	23.01.2021
₹ 3,50,000	₹ 42,000	24.02.2020	26.02.2020	28.02.2021

Determine the total amount to be added to the output tax liability of Lex Corp. (P) Ltd. in case of violation of provisions of section 143 of the CGST Act, 2017 in different point of times.

- (A) ₹ 2,88,000 + Interest @ 18% (C) ₹ 1,62,000 + Interest @ 24%
 (B) ₹ 2,88,000 + Interest @ 24% (D) ₹ 1,62,000 + Interest @ 18%

[ICAI RTP- Nov 2019]

Ans. (D) ₹ 1,62,000 + Interest @ 18%

Sec 143

Sending ITC availed input/CG to job-worker for job-work = Not a supply (no GST payable)

This is if goods are sent under intimation and received back within specified period (inputs to be brought back within 1 year + Extension of 1 year; and capital goods to be brought back within 3 years + extension of 2 years)

Presuming no extension was either sought by principal (Lex Corporation) or allowed by Commissioner, non-bringing of inputs sent within 1 year, will lead to consequence that GST will payable with interest @18% p.a.

Given transaction - goods of value ₹ 2,00,000 and ₹ 8,00,000 and ₹ 3,50,000 not received back within 1 year. Thus, GST payable shall be ₹ (24,000 + 96,000 + 42,000) = ₹ 1,62,000 with interest @18% p.a.

- 61. Mr. Mehul Roy, proprietor of M/s. Royal Shoe & Company, is running a business of manufacturing shoes with the brand name of 'JUNOON'. The manufacturing unit is located in Delhi and is registered under GST. However, due to low profitability in the business, he has decided to transfer his business to his friend Mr. Dilip Tijori. Mr. Dilip Tijori is already running the business of manufacturing shoes under a proprietorship firm named M/s Hawaii Shoes & Company which is located in Mumbai and registered under GST.**

Mr. Mehul Roy has approached you to help him with the issue of transfer of unutilized input tax credit in electronic credit ledger of M/s. Royal Shoe & Company to M/s Hawaii Shoes & Company.

Advise Mr. Mehul Roy with the correct option in accordance with the provisions of the CGST Act, 2017:

- (A) M/s. Royal Shoe & Company cannot transfer unutilised ITC in its electronic credit ledger to M/s Hawaii Shoes & Company as the proprietors are different. (C) M/s. Royal Shoe & Company can transfer unutilized ITC in its electronic credit ledger to M/s Hawaii Shoes & Company and it can be further utilized in setting off GST liability for a period upto the month of September following the year in which ITC was transferred.
 (B) M/s. Royal Shoe & Company can transfer the unutilized ITC in its electronic credit ledger to M/s Hawaii Shoes & Company and it can further be utilized in setting off GST liability for succeeding period. (D) M/s. Royal Shoe & Company cannot transfer unutilized ITC in its electronic credit ledger to M/s Hawaii Shoes & Company but can claim refund of such unutilized input tax credit.

[ICAI RTP- Nov 2019]

Ans. (B) M/s. Royal Shoe & Company can transfer the unutilized input tax credit in its electronic credit ledger to M/s Hawaii Shoes & Company and it can further be utilized in setting off GST liability for succeeding period.

Author's Observation

Transferor = Mehul Roy (proprietor) = Registered in Delhi (Delhi State)

Transferee = Dilip Tijori (proprietor) = Registered in Mumbai (Maharashtra State)

Transferee (Dilip Tijori) shall be required to take separate registration for its newly acquired business in Delhi. (separate registration is required as newly acquired business will be operated from different state)

Once separate registration is obtained, related ITC shall be transferred to e-credit ledger of this new Delhi registration.

- 62. An appeal to the High Court can be filed under the CGST Act, 2017 in the following cases:**
- (i) By a person aggrieved against the order passed by the State bench or Area bench of the Appellate Tribunal
 - (ii) By a person aggrieved against the order passed by the National bench or Regional bench of the Appellate Tribunal
 - (iii) For matter involving substantial question of law
- Choose the correct option from the following:**
- (A) (i) and (ii) (C) (ii) and (iii)

(B) (i) and (iii)

(D) (i), (ii) and (iii)

[ICAI RTP- Nov 2019]

Ans. (B) (i) and (iii)

- I. **Appellate Tribunal (State/ Area bench)** - hears issues other than issue of place of supply - appeal against such order of AT lies to HC [Sec 117]
- II. **Appellate Tribunal (National/ Regional bench)** - hears issue of place of supply - appeal against such order of AT lies to SC directly [Sec 118]
- III. **Appeal to HC is admissible only if it involves substantial question of law** [Sec 117]

63. **Reena Banerji & Associates is engaged in retail business of selling mobile phones in the State of West Bengal. It has effected supplies to the customers in the State of Uttar Pradesh and Haryana. Its total turnover during the current financial year is ₹ 18,00,000. Owing to low profit margins in the business, she has decided to shut down the business in the next financial year.**

The proper officer has collected evidence of the inter-State sales of mobile phone effected by Reena Banerji & Associates during the current financial year. Now, the proper officer wants to make the assessment as it was liable for registration but did not get itself registered under GST.

You are required to assist the proper officer by determining which assessment can be done in this case under the CGST Act, 2017?

- (A) Self-assessment
(B) Provisional Assessment

- (C) Assessment of unregistered persons
(D) Special assessment

[ICAI RTP- Nov 2019]

Ans. (C) Assessment of unregistered persons

Reena Banerji = Supplier of mobile phones (goods)

Location of supplier = West Bengal

Place of supply = UP and Haryana [Sec 10 of IGST Act]

Type of supply = Inter-state supply [Sec 7(1) of IGST Act]

Liability of registration = Compulsory registration [Sec 24 of CGST Act]

Default = registration not taken, GST not paid

Action on part of GST officer = Best judgment assessment of unregistered person [as per Sec 63 of CGST Act]

64. **Fury Ltd., India has received an order for supply of services amounting to \$ 5,00,000 from a US based client. Fury Ltd., India is unable to supply the entire services from India and asks Neik Inc., Mexico (who is not an establishment of Fury Ltd.) to supply a part of the services, i.e. 40% of the total contract value to the US client. Fury Ltd. raised the invoice for entire value of \$ 5,00,000, but the US client paid \$ 3,00,000 to Fury Ltd. and \$ 2,00,000 directly to Neik Inc., Mexico which is approved by a special order of RBI. Fury Ltd. also paid IGST@ 18% on the services imported from Neik Inc. Mexico. Assuming all the conditions of section 2(6) of the IGST Act, 2017 are fulfilled, determine the value of export of services assuming that the amounts given above are exclusive of GST.**

- (A) \$ 3,00,000
(B) \$ 5,00,000

- (C) \$ 3,90,000
(D) \$ 5,90,000

[ICAI RTP- Nov 2019]

Ans. (B) \$ 5,00,000

Supplier = Fury Ltd. (India)

Recipient = US based client

PoS = Sec 13(2) of IGST Act = Location of recipient = USA

Nature of supply = Inter-state supply [Sec 7(5)(a) of IGST Act]

Supply qualifying as export of service - Sec 2(6) of IGST Act

Zero-rating benefit available in terms of Sec 16 of IGST Act

Realization of export proceeds - \$ 5,00,000 (full) or \$ 3,00,000 (part)

Circular No. 78/52/2018-GST dated 31-12-2018

1. **Discharge of consideration by foreign client to foreign sub-contractor amounts to receipt by Indian exporter:** If the full consideration for the services as per the contract value is not received in convertible foreign exchange in India due to the fact that recipient of services located outside India has directly paid to the supplier of services located outside India (for outsourced part of services), that portion of the consideration shall also be treated as receipt of consideration for export of services in terms of section 2(6)(iv) of the IGST Act, provided the :
 - (i) IGST has been paid by the supplier located in India for import of services on that portion of the services which has been directly provided by the supplier located outside India to the recipient of services located outside India; and

- (ii) RBI by general instruction or by specific approval has allowed that a part of the consideration for such exports can be retained outside India.

65. The Resident Welfare Association (RWA) of Kutumb Housing Society is registered under GST in the State of Maharashtra. There are 100 three BHK flats and 100 four BHK flats in the society. It received/paid the following amounts (excluding GST, wherever applicable) in the months of January and February:

Particulars	January (₹)	February (₹)
Maintenance charges per flat received from all 3 BHK flat owners	7,000	7,000
Maintenance charges per flat received from all 4 BHK flat owners	10,000	10,000
Interest received on the fixed deposit with Dhansukh Bank	5,00,000	5,00,000
Generator purchased for the power back-up of 4 BHK flats		1,00,000
Taps, pipes, other sanitary fittings purchased for 3 BHK flats	50,000	

Determine the net GST liability to be paid for the months of January and February, assuming that the GST rate is 18% on all inward and outward supplies.

- (A) January - ₹ 1,71,000; February - ₹ 1,62,000
 (B) January - ₹ 1,80,000; February - ₹ 1,62,000
 (C) January - ₹ 1,80,000; February - ₹ 1,80,000
 (D) January - ₹ 1,71,000; February - ₹ 1,80,000

Ans. (B) January - ₹ 1,80,000; February - ₹ 1,62,000

GST liability:

Particulars	January		February	
	(₹)	GST liability (₹)	(₹)	GST liability (₹)
Maintenance charges received from 3 BHK flat owners	7,000*100	Exempt	7,000*100	Exempt
Maintenance charges received from all 4 BHK flat owners	10,000*100	GST@18% = 1,80,000	10,000*100	GST@18% = 1,80,000
Interest received on the fixed deposit with Dhansukh Bank	5,00,000	Exempt	5,00,000	Exempt
Gross GST liability		1,80,000		1,80,000
Less: Admissible ITC				
Generator purchased for the power back-up of 4 BHK flats	---	---	1,00,000	18,000 (1,00,000 * 18%) [Generator purchased is Capital goods. Since it has been used for making taxable supply, ITC is admissible]
Taps, pipes, other sanitary fittings purchased for 3 BHK flats	50,000	[Reimbursement in capacity of pure agent - no GST implications]	--	--
Net GST liability		1,80,000		1,62,000

66. Which of the following service does not qualify as OIDAR service?

- (a) PDF document manually emailed by provider
 (b) PDF document automatically downloaded from site
 (c) Online course consisting of pre-recorded videos and downloadable PDFs
 (d) Stock photographs available for automatic download

Ans. (a) PDF document manually emailed by provider

Sec 2 (17) of IGST Act

OIDAR Service = Automated service involving minimum human intervention

- (i) Manual e-mail - **not covered under OIDAR** (using internet but not automated)
 (ii) PDF document auto download from site - covered under OIDAR
 (iii) Online course and downloadable Pdfs - covered under OIDAR
 (iv) Auto download stock photographs - covered under OIDAR

67. During access to any business premises under section 71, which of the following records can be inspected by the officers:

- (i) Trial balance
- (ii) Statements of annual financial accounts, duly audited, wherever required;
- (iii) Cost audit report
- (iv) Income-tax audit report

Choose the most appropriate option.

(iv) Drawback is not allowed in cases where market price of goods is less than the amount of drawback claimed.

- (A) (i) and (ii)
- (B) (i), (ii) and (iv)
- (C) (ii), (iii) and (iv)
- (D) (i), (ii), (iii) and (iv)

Ans. (D) (i), (ii), (iii) and (iv)

As per **Section 71**, Every person in charge of place shall, on demand, make available to the officer authorised or the audit party deputed by the proper officer or a cost accountant or CA nominated under section 66—

- (i) such records as prepared or maintained by the registered person and declared to the proper officer in such manner as may be prescribed;
- (ii) trial balance or its equivalent;
- (iii) statements of annual financial accounts, duly audited, wherever required;
- (iv) cost audit report, if any, under section 148 of the Companies Act, 2013;
- (v) the income-tax audit report, if any, under section 44AB of the Income-tax Act, 1961; and
- (vi) any other relevant record,

for the scrutiny by the officer or audit party or the CA or cost accountant within a period not exceeding 15 working days from the day when such demand is made, or such further period as may be allowed by the said officer or the audit party or the chartered accountant or cost accountant.

68. Diksha Public School (DPS) situated in Bilaspur in the State of Chhattisgarh has planned to celebrate its sports day in Bilaspur Stadium located at a distance of 20 km from the school precincts on 15th April. DPS has invited quotes from various suppliers for arranging tent, security and catering for students and teachers. The price has to be quoted including all applicable taxes.

- (A) Tent, security and catering services: All taxable
- (B) Tent, security and catering services: All exempt
- (C) Tent and security services: Taxable; Catering services: exempt
- (D) Tent: Taxable; Security and catering services: exempt

Ans. (C) Tent and security services: Taxable; Catering services: exempt

As per exemption under **Entry No. 66 of E/N 12/2017- CT(Rate)**, **Catering**, including any mid-day meals scheme sponsored by the CG, SG or UT and **Security or cleaning or house-keeping services performed in such educational institution** are exempt whereas tent and security services are taxable.

69. Dharampal & Co., registered under GST in Rajasthan, issued an invoice of ₹ 5,00,00,000 (excluding GST) to Popatlal & Co. without supplying any goods or services, at the advice of its accountant – Mr. Sudhanshu. GST @ 18% was charged in this invoice. Popatlal & Co. availed the ITC on the basis of said invoice and utilized it in the same month. Determine the amount of penalty leviable in this case.

- (A) Dharampal & Co.: ₹ 90,00,000; Popatlal & Co.: ₹ 90,00,000; Mr. Sudhanshu: Nil
- (B) Dharampal & Co.: ₹ 90,00,000; Popatlal & Co.: ₹ 90,00,000; Mr. Sudhanshu: ₹ 90,00,000
- (C) Dharampal & Co.: Nil; Popatlal & Co.: Nil; Mr. Sudhanshu: ₹ 90,00,000
- (D) Dharampal & Co.: ₹ 10,000; Popatlal & Co.: ₹ 10,000; Mr. Sudhanshu: Nil

Ans. (B) Dharampal & Co.: ₹ 90,00,000; Popatlal & Co.: ₹ 90,00,000; Mr. Sudhanshu: ₹ 90,00,000

Presumption

- **GST = CGST**
- **Sudhanshu (the accountant) = Retaining the benefit of the transaction**

Sec 122 Penalty for certain offences

122(1A) Any person who retains the benefit of a transaction covered under Sec 122(1)(ii) i.e issues any invoice or bill without supply of goods or services or both in violation of the provisions of this Act or the rules made thereunder **and** at whose instance such transaction is conducted, shall be liable to a penalty of an amount equivalent to the tax evaded or ITC availed of or passed on

Penalty = **Higher of following 2** : (a) ₹ 10,000 (b) tax (CGST) evaded = ₹ 90,00,000

* An equal amount of penalty shall be leviable in terms of Sec 122 (1A) of SGST Act, 2017.

- 70. Sukhamani Traders, registered in Maharashtra, purchased machinery two years back worth ₹ 2,00,00,000 and did not avail ITC on said machinery at the time of its purchase. After using the machinery for two years, it gave said machinery free of cost in the month of September (in the current year) to an unrelated person in Punjab. On the date of transfer, open market value of the machinery was ₹ 1,25,00,000 and the written down value was ₹ 1,53,00,530.**

In the month of September, it also supplied taxable goods worth ₹ 50,00,000 to Royal Oil Corporation Limited in the territorial waters. The said territorial waters are located at a distance of 5 nautical miles from the baseline of the State of Maharashtra and 7 nautical miles from the baseline of the State of Kerala.

All above amounts are exclusive of GST and rates of applicable CGST, SGST and IGST in above cases are 9%, 9% and 18%.

You are required to determine the amount of net CGST and SGST and/or IGST payable in the month of September.

- (A) CGST: ₹ 4,50,000; SGST: ₹ 4,50,000; IGST: Nil (C) CGST: Nil; SGST: Nil; IGST: Nil
(B) CGST: Nil; SGST: Nil; IGST: ₹ 9,00,000 (D) CGST: ₹ 4,50,000; SGST: ₹ 4,50,000; IGST: ₹ 22,50,000

Ans. (A) CGST: ₹ 4,50,000; SGST: ₹ 4,50,000; IGST: Nil

As ITC not availed at the time of machine so there would be no requirement of reversal.

However, sale of such machinery will constitute supply (being made in the course of the business) and thus, there will be GST liability [GST = ₹ 50,00,000 ie ₹ 50,00,000 * 18 / 100 = ₹ 9,00,000 (CGST: ₹ 4,50,000; SGST: ₹ 4,50,000)]

- 71. For the purposes of rule 7 (Deductive Value) of the Customs (Determination of Value of Imported Goods) Rules, 2007, determine the unit price in greatest aggregate quantity:**

A Ltd. makes two sales. In the first sale, 500 units are sold at a price of ₹ 95. In the second sale, 400 units are sold at a price of ₹ 100.

- (A) ₹ 95 (C) Average of ₹ 95 and ₹ 100 i.e. (₹ 95 + ₹ 100)/2 = ₹ 97.5
(B) ₹ 100 (D) Data is insufficient to determine the unit price in greatest aggregate quantity

[ICAI RTP- Nov 2019]

Ans. (A) ₹ 95

Rule 7 of Customs (Determination of Value of Imported Goods) Rules, 2007

AV = Sale price at which greatest aggregate quantity of goods is sold less specified deductions

Unit Sale price at which greatest aggregate quantity has been sold in India = ₹ 95 (as quantity sold 500 at this price is the greatest quantity)

- 72. Which of the following combinations is correct?**

Situation	Consequence
1. Goods pilfered after unloading and before clearance for home consumption	1. Abatement of duty
2. Goods lost or destroyed before clearance for home consumption	2. No liability to pay customs duty
3. Goods damaged or deteriorated before their examination for assessment	3. Remission of duty

- (A) 1 and 1, 2 and 2, 3 and 3 (C) 1 and 2, 2 and 3, 3 and 1
(B) 1 and 3, 2 and 1, 3 and 2 (D) 1 and 2, 2 and 1, 3 and 3

[ICAI RTP- Nov 2019]

Ans. (C) 1 and 2, 2 and 3, 3 and 1

1. Goods pilfered – no liability to pay any duty – **Sec 13**

2. Goods lost or destroyed – remission can be claimed from AC/DC – **Sec 23(1)**

3. Goods damaged or deteriorated – pro-rata abatement of duty – **Sec 22**

73. Which of the following statements are correct in relation to drawback provisions under sections 74 and 75 of the Customs Act, 1962?

- (i) While drawback under section 74 is payable when duty paid goods are re-exported, drawback under section 75 is payable when imported materials are used in the manufacture of export goods
 - (ii) While the rates for drawback under section 74 are fixed, a manufacturer may seek a special rate for drawback under section 75.
 - (iii) In case drawback is not paid to the applicant within one month of application, the interest has to be paid to the applicant in both the cases.
 - (iv) Drawback is not allowed in cases where market price of goods is less than the amount of drawback claimed.
- (A) (i), (ii) and (iii) (C) (ii) and (iv)
(B) (i), (ii), (iii) and (iv) (D) (ii) and (iii)

[ICAI RTP- Nov 2019]

Ans. (B) (i), (ii), (iii) and (iv)

1. **Sec 74 DBK** = re-export of imported goods; **Sec 75 DBK** = Export of goods manufactured out of imported inputs
2. **Sec 74 DBK** = 98% of import duty paid, **Sec 75 DBK** = as per AIR, Brand rate or special brand rate
3. **Belated payment of DBK** - beyond 1 month of submission of DBK claim, applicant entitled to interest @6% p.a. - **Sec 75-A of Customs Act, 1962**
4. **Prohibition on allowance of DBK** : if market price of export goods is less than DBK claimed - **Sec 76 of Customs Act, 1962**

74. Which of the following options is/are correct?

- (i) Indian customs waters extend up to 12 nautical miles.
 - (ii) Indian customs waters extend up to 24 nautical miles.
 - (iii) Indian customs waters extend up to exclusive economic zone of India.
 - (iv) Indian customs waters include territorial waters and extend up to 200 nautical miles.
- (A) Only (ii) (C) (ii) and (iv)
(B) (iii) and (iv) (D) Only (iv)

Ans. (B) (iii) and (iv)

Sec 2: Indian Customs water
ICW = extends to EEZ = 200 NM

75. The taxable event under the Customs Act, 1962 is:

- (A) import of goods into India/ export of goods from India. (C) sale of goods into India/ sale of goods outside India.
- (B) supply of goods into India/ supply of goods from India to outside India. (D) manufacture of goods into India for supply outside India.

Ans. (A) import of goods into India/ export of goods from India.

Sec 12: Charging Section

76. What is the relevant date for determining rate of duty in case of warehoused goods before clearing for home consumption?

- (A) Date of presentation of in-bond bill of entry (C) Date of payment of duty
 - (B) Date of presentation of ex-bond bill of entry (D) Date of import of goods into India
- i.e. bill of entry for home consumption

Ans. (B) Date of presentation of ex-bond bill of entry i.e. bill of entry for home consumption

77. Which of the following is correct for destroyed goods under section 23 of the Customs Act, 1962?

- (A) It is applicable in case of total loss of goods even if same can be recovered. (C) The provisions are also applicable even if goods are destroyed at the warehouse.
- (B) The provisions are not applicable if goods are destroyed at the warehouse. (D) The importer need not prove the loss to the proper officer.

Ans. (C) The provisions are also applicable even if goods are destroyed at the warehouse.

Sec 23: Remission of duty

Remission can be requested if goods are lost / destroyed at any time before clearance for home consumption.

78. In which of the following cases, importer can claim pilferage and choose not to pay duty under section 13 of the Customs Act, 1962 provided the goods are not restored to the importer after pilferage?

- (i) Goods pilfered while on high seas
 - (ii) Goods pilfered before unloading
 - (iii) Goods pilfered after unloading but before order for home consumption given by proper officer
 - (iv) Goods cleared for home consumption
- (A) (i) and (ii) (C) Only (ii)
(B) (i) and (iii) (D) Only (iii)

Ans. (D) Only (iii)

Sec 13: Pilferage of goods

Post unloading, goods pilfered in custody of custodian - **Sec 13** benefit available.

79. In which of the following cases, can an importer claim abatement of duty under section 22 of the Customs Act, 1962?

- (i) Goods pilfered during unloading
 - (ii) Goods damaged by accident (due to negligence of the importer) after unloading but before examination for assessment by customs authorities
 - (iii) Goods destroyed by accident while being removed from the warehouse after clearance for home consumption
 - (iv) Goods damaged by accident (not due to negligence of the importer) after unloading but before examination for assessment by customs authorities
- (A) Only (iv) (C) Both (i) and (iii)
(B) Only (iii) (D) (i), (ii), (iii) and (iv)

Ans. (A) Only (iv)

Exemption

- (i) **Pilferage** - Benefit, if available, is u/**Sec 13** (person not liable to duty at all)
- (ii) **Damage attributable to negligence** - Abatement cannot be claimed u/**Sec 22**
- (iii) **Destruction of goods** - Benefit, if available, is u/**Sec 23** (apply for remission of duty)
- (iv) **Damage not attributable to negligence** - Abatement can be applied for u/**Sec 22**

80. Which of the following statements is/are correct?

- (i) Special exemption under section 25 of the Customs Act, 1962 is granted by issuing a notification.
 - (ii) General exemption under section 25 of the Customs Act, 1962 is granted by issuing an order.
 - (iii) Special exemption is required to be published in official gazette.
 - (iv) General exemption is not required to be published in official gazette.
- (A) (i), (ii), (iii) and (iv) (C) Both (i) and (ii)
(B) None of above (D) (ii) and (iv)

Ans. (B) None of above

Sec 25: Exemption from duty

2 modes - through notification or through order	
Sec 25 (1): Exemption in general	Sec 25 (2): Exemption in special individual case
Any goods can be exempted	Any goods can be exempted
Exemption shall be granted in public interest.	Exemption shall be granted in public interest. Further, exceptional nature circumstance shall be there to justify exemption.
Exemption Notification shall be issued. [Such Notification = Exemption Notification]	Exemption order shall be issued. [Such Order = Ad-Hoc Exemption order]

81. ABC Ltd. exported certain goods last year. The buyer has sent back those goods since the same were under warranty and required repairs. Which of the following conditions are to be satisfied by ABC Ltd. to avail exemption on goods re-imported for repairs under Notification No. 158/95 Cus dated 14.11.1995?

- (i) ABC Ltd., at the time of importation, executes a bond.
 - (ii) Goods must be re-exported within 6 months or 1 year (if time is extended) of the date of re-importation.
 - (iii) In case goods are not repaired, new goods are to be sent by ABC Ltd. within 6 months.
- (A) (i) and (iii) (C) (ii) and (iii)
 (B) (i), (ii) and (iii) (D) (i) and (ii)

Ans. (D) (i) and (ii)

Sec 20: Re-importation of goods into India

- Export of goods – tax free
- Re-import for repair = **Sec 20** provides for treatment of 'fresh import', but considering that re-import for repair and subsequent re-export, concessional treatment has been provided vide E/N 158/95-Cus (subject to fulfillment of certain conditions)
- Conditions = Re-import + Repair (in India) + Re-export of same goods

82. XYZ Ltd. sent certain goods abroad for repairs. XYZ Ltd. has been advised by their consultants that they will have to pay customs duty only on fair cost of repairs, freight and insurance charges, both ways, on re-import of exported goods under Notification No. 45/2017 Cus dated 30.06.2017 provided they fulfill following conditions:

- (i) The re-importation is done within 3 years or, if time is extended, within 5 years.
- (ii) The exported and re-imported goods are same.
- (iii) The ownership of goods should not have changed.

Which one of the above-mentioned conditions is/are correct?

- (A) (i), (ii) and (iii) (C) (i) and (iii)
 (B) (ii) and (iii) (D) Only (ii)

Ans. (A) (i), (ii) and (iii)

Sec 20: Re-importation of goods into India

- Export of goods for repairs abroad – No DBK/ other benefit claim upon re-export
- Repair work done in abroad
- Re-import of repaired goods = **Sec 20** provides for treatment of 'fresh import', but concessional treatment has been provided vide E/N 45/2017-Cus (subject to fulfillment of certain conditions)

Conditions = Export + repair (out of India) + re-import of same goods

Tax liability: Normal duties exempt, Pay duty only on (fair cost of repairs)

83. Which of the following statements is correct in relation to value of imported goods determined under rule 4 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, i.e. transaction value of identical goods:

- (A) The transaction value of identical goods in a sale at any commercial level and in substantially the same quantity as the goods being valued shall be used to determine the value of imported goods.
- (B) The transaction value of identical goods in a sale at same commercial level and in any quantity as the goods being valued shall be used to determine the value of imported goods.
- (C) The transaction value of identical goods in a sale at same commercial level and in substantially the same quantity as the goods being valued shall be used to determine the value of imported goods.
- (D) The transaction value of identical goods in a sale at any commercial level and in any quantity as the goods being valued shall be used to determine the value of imported goods.

Ans. (C) The transaction value of identical goods in a sale at same commercial level and in substantially the same quantity as the goods being valued shall be used to determine the value of imported goods.

84. Which of the following are levied as additional duties of customs under section 3 of the Customs Act, 1962?

- (i) Duty equal to excise duty leviable on like product manufactured in India
- (ii) Countervailing duty as special additional duty

- (iii) Special additional duty to counterbalance sales tax
- (iv) Anti-dumping duty to protect domestic industry

- (A) (i), (ii), (iii) and (iv)
- (B) (i), (ii) and (iv)
- (C) (i), (iii) and (iv)
- (D) (i), (ii) and (iii)

Ans. (D) (i), (ii) and (iii)

Sec 3: Levy of additional duty equal to excise duty, sales tax, local taxes and other charges

- (i) CVD (counter-balancing ED levied on like goods when produced/manufactured in India - like tobacco products) - **Sec 3(1) of CTA, 1975**
- (ii) CVD as SAD/ special additional duty (counter-balancing VAT/sales tax which is levied on sales of like article in India - e.g., petro products) - **Sec 3(5) of CTA, 1975**
- (iii) ----- same as in point (ii) -----
- (iv) Anti-Dumping duty - levied u/ **Sec 9-A of CTA, 1975**

107

85. Safeguard duty cannot be imposed if:

- (A) The article on which it is proposed to be imposed originates from a developed country provided its share of imports is not more than 3% of total imports of that article in India.
- (B) The article on which it is proposed to be imposed originates from a developing country provided its share of imports is not more than 5% of total imports of that article in India.
- (C) The article on which it is proposed to be imposed originates from more than one developing country and its aggregate share of imports from developing countries each with less than 3% share taken together does not exceed 9% of total imports of that article into India.
- (D) The article is imported by a person in special category State.

Ans. (C) The article on which it is proposed to be imposed originates from more than one developing country and its aggregate share of imports from developing countries each with less than 3% share taken together does not exceed 9% of total imports of that article into India.

Sec 8B: Power of CG to apply SAFEGUARD MEASURES

107

86. Which of the following privileges are granted to the Status Holders as per Foreign Trade Policy 2015-2020?

- (i) Authorisation and custom clearances for both imports and exports may be granted on self-declaration basis.
- (ii) Two Star Export Houses and above are permitted to establish export warehouses.
- (iii) Input-Output norms may be fixed on priority within 7 days by the Norms Committee.
- (iv) Exemption from furnishing of bank guarantee in Schemes under FTP.

Choose the most appropriate option.

- (A) (i), (ii) and (iv)
- (B) (i), (ii) and (iii).
- (C) (i), (ii), (iii) and (iv)
- (D) (i) and (ii)

Ans. (A) (i), (ii) and (iv)

107

87. Countervailing duty under section 9 of the Customs Tariff Act, 1975 shall not be levied unless it is determined that:

- (i) subsidy relates to export performance.
- (ii) subsidy relates to use of domestic goods over imported goods in export article.
- (iii) subsidy is conferred on all persons engaged in the manufacture of articles whether to be exported or to be consumed domestically.

Choose the most appropriate option.

- (A) (i), (ii) and (iii)
- (B) Only (iii)
- (C) (ii) and (iii)
- (D) (i) and (ii)

Ans. (D) (i) and (ii)

Sec 9: CVD on Subsidized Article

One of the conditions for levy of CVD (subsidized article) is that subsidy shall be granted to limited number of persons (manufacturer or exporter)

Thus, condition (iii) stated above is not required for levy of CVD (subsidized article) under section

88. Anti-dumping duty is calculated as follows:

- | | |
|--|--|
| (A) Higher of margin of dumping or injury margin | (C) Higher of export price or normal value |
| (B) Lower of margin of dumping or injury margin | (D) Lower of export price or normal value |

Ans. (B) Lower of margin of dumping or injury margin

Sec 9A: Anti Dumping Duty

89. Which of the following statements is valid under the customs law?

- (i) Imposition of countervailing duty and anti-dumping duty on same article.
 (ii) Imposition of countervailing duty on an article for the reason that same is exempt from duty borne by a like article when meant for consumption in country of origin.
 (iii) Imposition of anti-dumping duty on articles imported from a member country of WTO on determination that import of such article materially retards the establishment of any industry in India.
- | | |
|-------------------------|-------------------|
| (A) (i), (ii) and (iii) | (C) (i) and (iii) |
| (B) (i) and (ii) | (D) Only (iii) |

Ans. (D) Only (iii)

Sec 9-B: No levy u/Sec 9 or 9-A in certain cases

90. Social welfare surcharge is payable on-

- | | |
|----------------------------|-----------------------|
| (i) Basic customs duty | |
| (ii) IGST | |
| (iii) Anti-dumping duty | |
| (iv) GST compensation cess | |
| (A) Only (i) | (C) (i) + (ii) + (iv) |
| (B) (i) + (ii) + (iii) | (D) (i) + (iii) |

[as modified by ICAI]

Ans. (A) Only (i)

FA, 2018 (Sec 110): Social Welfare Surcharge

91. Under the customs law, electric shaving machine is classifiable under following:

- 8510: Shavers and hair clippers with self-contained electric motors;
 8509: Electro mechanical domestic appliances with self-contained electric motor
 As per rules of classification, electric shaving machine should be classifiable under
- | | |
|----------|----------------------------------|
| (A) 8510 | (C) More information is needed |
| (B) 8509 | (D) Can be classified under both |

Ans. (A) 8510

Rule 3 in CTA, 1975

Rule 3(a) - specific heading shall prevail over general heading. [Specific Heading is 8510]

92. Which of the following statements are correct as per the General Rules for the interpretation of import tariff?

- (i) A durable wooden case specially shaped to contain a musical instrument and presented with the same, shall follow the classification of such musical instrument
 (ii) Packing materials presented with the goods therein shall be classified with the goods if they are of a kind normally used for packing such goods provided such packing materials are clearly suitable for repetitive use.
 (iii) The heading which provides the most specific description shall be preferred to headings providing a more general description.
- | | |
|-------------------|------------------|
| (A) (i) and (iii) | (C) (i) and (ii) |
|-------------------|------------------|

(B) (ii) and (iii)

(D) (i), (ii) and (iii)

Ans. (A) (i) and (iii)

Rule 5 of GRI (as contained in CTA, 1975)**Rule 5(a)** - cases fitted to contain a specific article or set of articles suitable for long-term use and presented with the articles for which they are intended shall be classified with MAIN ARTICLE**Rule 5(b)** - Packing materials presented with the goods therein shall also be classified with the MAIN ARTICLE **except when such packing material are clearly suitable for repetitive use****Rule 3 of GRI** lays down the principle for determining classification of good when it is prima facie classifiable under more than one heading. It provides for application of following principles consecutively:

- (a) Heading which provides **specific description** shall be preferred over heading giving general description.
- (b) **Mixtures, composite goods consisting of different materials or made up of different components or goods put up in a sets for retail sale** shall be classified as that material part which **provides essential character**.
- (c) Where classification can't be decided with reference to (a) or (b), heading occurring **last in the numerical order** shall be preferred.

93. The transaction value of imported goods is not accepted for valuation purposes when:

- (i) the use of the imported goods by the buyer is subject to the restrictions imposed by the seller which substantially affect the value of goods.
- (ii) the buyer and seller are not related.
- (iii) price is not the sole consideration for sale.

Choose the most appropriate option.

(A) (i) and (iii)

(C) Only (iii)

(B) Only (i)

(D) (i), (ii) and (iii)

Ans. (A) (i) and (iii)

Sec 14: Valuation of goods (import or export goods)**CVR, 2007****Rule 3 (Acceptance of TV):** TV is acceptable only if parties are unrelated.

- TV is rejected if parties are related.

94. The relevant date for determining the rate of exchange in case of imported goods is:

- (A) date when the vessel arrives in India.
- (B) date of presentation of bill of entry.
- (C) date of examination of goods by proper officer.
- (D) date of deposit of duty.

Ans. (B) date of presentation of bill of entry.

Sec 14: Valuation of goods**95. Which of the following statements is/are not correct for 'identical' goods' for valuation purposes under the Customs Act, 1962?**

- (i) Identical goods are same in all respects, including physical characteristics, quality and reputation as the goods being valued except for minor differences in appearance that do not affect the value of goods.
- (ii) Identical goods can be produced in any country.
- (iii) Identical goods are produced by same person who produced the goods being valued, or where no such goods are available, goods produced by a different person.

Choose the most appropriate option.

(A) (i), (ii) and (iii)

(C) Only (ii)

(B) (i) and (iii)

(D) Only (iii)

Ans. (C) Only (ii)

Rule 2 of IVR, 2007

Identical goods defined.

One of condition, inter-alia, is these must be produced in same country.

96. For valuation purposes under the Customs Act, 1962, which of the following transactions would be considered as having been made between related persons?

- (i) A foreign company - A Ltd. having a joint venture with Indian company - B Ltd. in the name of AB Ltd. A Ltd. holds 51% shareholding in AB Ltd. The transactions between A Ltd. and AB Ltd.
- (ii) A foreign company - A Ltd. having a joint venture with Indian company - B Ltd. in the name of AB Ltd. The transactions between A Ltd. and B Ltd.
- (iii) A Inc., a company in USA, holding 5% of share capital of importer company - B Ltd. The transactions between A Inc. and B Ltd.

Choose the most appropriate option.

- (A) (i), (ii) and (iii) (C) (i) and (ii)
- (B) (i) and (iii) (D) (ii) and (iii)

Ans. (C) (i) and (ii)

Related person defined in Rule 2 of IVR, 2017

Rule 2 of the Customs Valuation Rules, 2007 defines the term "related person" in the context of valuation of goods for customs purposes. It provides that persons shall be deemed to be related persons if :

- They are officers or directors of **one another's businesses**; or
- They are Legally recognized partners in business; or
- They are employer and employee; or
- They are members of the same family; or
- Both of them are **controlled** by a third person (directly/indirectly); or
- Both of them **control** a third person (directly/indirectly) ;
- One of them **controls** the other (directly/indirectly); or
- Any Person owns, controls or holds (directly/indirectly) **5% or more** of the outstanding voting stock/shares of **both of them**

Application to given case

1. **A Ltd. and AB Ltd/ = Related Person** (as one person is controlling the other)
2. **A Ltd. and B Ltd/ = Related Person** (as both of them are controlling a third person/ JV entity)
3. **A Ltd. and B Ltd/ = Not Related Person**

97. Which of the following is not includible in the transaction value of goods under rule 10(1) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007?

- (A) Buying Commission (C) License fees
- (B) Royalties (D) Cost of packing

Ans. (A) Buying Commission

Rule 10(1)(a) of IVR (Import Valuation Rules), 2007

Selling Commission is includible. Buying commission is excludible.

98. For determining the CIF price of the imported goods, certain additions have to be made to the value of imported goods under rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. If cost of insurance is not ascertainable from the documents submitted before the customs authorities, then such amount is determined as follows:

- (i) 20% of free on board value of goods
- (ii) 1.125% of free on board value of goods
- (iii) Where free on board value is not ascertainable, but sum of free on board value and cost of transport, loading, unloading and handling charges up to place of importation are available; then 1.125% of such sum
- (iv) Where free on board value is not ascertainable, but sum of free on board value and cost of transport, loading, unloading and handling charges up to place of importation are available; then 20% of such sum

Choose the most appropriate option.

- (A) (i) or (iii) (C) (ii) or (iii)
- (B) (i) or (iv) (D) (ii) or (iv)

Ans. (C) (ii) or (iii)

Rule 10

FoB Price

- R-10(1)** a) Packing + Container + Selling Commission
b) Assist Supplied by Importer
c) Royalty & Licence Fees
d) Share of Subsequent Sale Proceeds
e) Other Pre-importation Recoveries

XXXXX

XXXXX
XXXXX
XXXXX
XXXXX
XXXXX

- R-10(2)** a) Cost of Transport
b) Transit Insurance

Ascertainable	Un-ascertainable
Actual	20% of FoB
Actual	1.125% of FoB

- If FoB not available, Then, 20% of (FoB + Insurance)
- If FoB not available, Then, 1.125% of (FoB + Freight)

99. Certain goods were imported by air. The free on board value of goods is ₹ 100. The cost of transport, loading, unloading and handling charges up to place of importation is ₹ 25. The cost of insurance is ₹ 10. For the purposes of rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, which of the following shall be added to the value of imported goods?

- (A) Cost of transport, loading, unloading and handling charges – ₹ 25; and Cost of insurance ₹ 10
- (B) Cost of transport, loading, unloading and handling charges – ₹ 25; and Cost of insurance ₹ 1.125
- (C) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance ₹ 1.125
- (D) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance ₹ 10

Ans. (D) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance ₹ 10

Sec 14: Valuation of import goods

Rule 10 : Transport cost = Air transport cost, ascertainable = Addition to be restricted to 20% of FoB = ₹ 20

Transit Insurance Cost = Actual cost being ascertainable = ₹ 10 to be added

100. Which of the following statements is not correct in the context of valuation of imported goods?

- (A) Buying commission is not includible in the value of imported goods.
- (B) Rate of exchange notified by CBIC on date of presentation of bill of entry is to be considered.
- (C) For imports by air, the cost of transport, loading, unloading and handling charges up to place of importation cannot exceed 20% of free on board value of goods.
- (D) Social welfare surcharge is leviable on basic customs duty, integrated tax and GST compensation cess.

Ans. (D) Social welfare surcharge is leviable on basic customs duty, integrated tax and GST compensation cess.

Sec 110 FA, 2018: Imposition of Surcharge

SWS levy on (IGST) or (GST Cess) exempted via notification.

101. In which of the following cases, the refund under section 27 of the Customs Act, 1962 is credited to the consumer welfare fund?

- (A) If the importer proves that there is no unjust enrichment.
- (B) Where goods are imported for non-personal use of an individual and he could not prove that there is no unjust enrichment.
- (C) If the amount of refund relates to drawback of duty under sections 74 and 75 of the Customs Act, 1962.
- (D) If the amount relates to export duty paid on goods which have been returned to exporter as specified under section 26 of the Customs Act, 1962.

Ans. (B) Where goods are imported for non-personal use of an individual and he could not prove that there is no unjust enrichment.

Sec 27: Refund of Customs Duty

102. Which of the following statements is false?

- (A) Anti-dumping duty is imposed when any article is exported from any country to India at more than its normal value.
- (B) Safeguard duty shall not be applicable on articles imported by a 100% EOU or SEZ unit unless specifically made applicable.
- (C) Safeguard duty shall not be imposed on articles originating from developing country if the share of imports of that article from that country \leq 3% of the total imports of that article into India.
- (D) Central Government may exempt notified quantity of any article, when imported from any country into India, from whole/part of the safeguard duty.

[ICAI RTP- Nov 2020]

Ans. (A) Anti-dumping duty is imposed when any article is exported from any country to India at more than its normal value.

ADD is imposable when exporting country is dumping its goods into India.

Dumping occurs when goods are exported to India at **less than** its normal value.

103. Which of the following statements is/are incorrect in relation to refund provisions under the Customs Act, 1962?

- (i) Interest on delayed refund is payable to the applicant only if duty ordered to be refunded is not refunded within 3 months from the date of receipt of application.
- (ii) If imports were made by an individual for his personal use, the amount of duty found refundable, is paid to the applicant instead of being credited to the Consumer Welfare Fund.
- (iii) Application for refund has to be made within 1 year of payment of duty where duty is paid under protest.
- (iv) Doctrine of unjust enrichment is applicable if refund of duty is relatable to drawback of duty payable under sections 74 and 75.

(A) (i) and (iv)

(C) (iii) and (iv)

(B) (i) and (ii)

(D) (ii), (iii) and (iv)

[ICAI RTP- Nov 2020]

Ans. (C) (iii) and (iv)

(iii) is incorrect - as time limitation of '1 year from relevant date (=payment of duty)' is not applicable in respect of refund of duty paid under protest.

(iv) is incorrect - as doctrine of unjust enrichment does not apply in respect of DBK claim arising due to export of goods.

104. Outline the stepwise procedure of import of goods into India.

- i. Filing of Import General Manifest
- ii. Arrival of vessel
- iii. Grant of entry inwards to vessel
- iv. Unloading of goods
- v. Assessment of goods
- vi. Filing of Bill of Entry
- vii. Payment of duty

(A) (i), (ii), (iii), (iv), (v), (vi) and (vii)

(C) (iii), (ii), (i), (vi), (v), (vii) and (iv)

(B) (ii), (iii), (i), (iv), (v), (vi) and (vii)

(D) (i), (vi), (v), (vii), (ii), (iii), and (iv)

[ICAI RTP- May 2020]

Ans. (D) (i), (vi), (v), (vii), (ii), (iii), and (iv)

Provisions of Customs Act, 1962

1. **Sec 29** :- Arrival of conveyance
2. **Sec 30** :- Filing of Import General Manifest
3. **Sec 31** :- Grant of entry inwards to vessel
4. **Sec 32** :- Unloading of goods

5. **Sec 46** :- Filing of Bill of Entry
6. **Sec 17** :- Assessment of goods
7. **Sec 47** :- Payment of duty

Section 46(3) of the Customs Act, 1962. (*As amended by FA, 2021)

The importer should present the bill of entry **before the end of the day (including holidays) preceding the day** on which the aircraft/vessel/vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing.

Provided that the Board may, in such cases as it may deem fit, prescribe different time limits for presentation of the bill of entry, which shall NOT be later than the end of the day of such arrival.

Circular No.08 /2021-Cus: Clarifications on the legislative changes in Section 46 of Customs Act, 1962-reg.

Amendment **seeks to facilitate pre-arrival processing and assessment of Bills of Entry (BE) by mandating their ADVANCE FILING** thus leading to significant decrease in the Customs clearance time. The amended Section 46 requires an importer to **file a BE before the end of the day (including holidays) preceding the day of arrival of the vessel/aircraft/vehicle carrying the imported goods at a Customs port/station at which such goods are to be cleared for home consumption or warehousing.** However, Board is empowered to prescribe different time limits for such filing in certain cases, but by not later than the end of the day of arrival of the vessel/aircraft/vehicle at the Customs port/station.

Summary of Amended provisions

Sl. No.	Customs Station	Bill of Entry is required to be filed latest by the end of the day of Arrival of the Vessel/ Aircraft / Vehicle	Bill of Entry is required to be filed latest by the end of the preceding day of Arrival of the Vessel/ Aircraft / Vehicle
(1)	(2)	(3)	(4)
1.	Sea Port (*except ICD)	Imports consigned from following countries viz. 1. Bangladesh 2. Maldives 3. Myanmar 4. Pakistan 5. Sri Lanka	Imports consigned from all countries other than those mentioned in Column (3)
2.	Airport	All imports	None
3.	Land Customs Station (LCS)	All Imports	None
4.	Inland Container Depot (ICD)	None	All imports

105. Which of the following is not correct in relation to claim of duty drawback under section 75 of the Customs Act, 1962?

- (i) The upper limit for drawback is one third of market price of export product.
- (ii) Countervailing duties and safeguard duties are included in all industry rates of drawback.
- (iii) Countervailing duties and safeguard duties are not included while determining all industry rates of drawback and thus can be claimed in application for fixing brand rate.
- (iv) Provisions of section 75 are not applicable on goods exported by post.

Choose the most appropriate option.

- (A) (i), (ii) and (iv)
- (B) (i), (iii) and (iv)
- (C) (ii) and (iv)
- (D) (iii) and (iv)

[ICAI RTP- May 2020]

Ans. (C) (ii) and (iv)

- As per **Rule 9 of Customs & Central Excise DBK Rules, 2017**, the upper limit for drawback should not exceed one third of market price of export product.
- All industries rates of drawback are exclusive of countervailing duty and safeguard duty.
- Countervailing duties and safeguard duties are not included while determining all industry rates of drawback and thus, can be claimed in application for fixation of brand rate (special brand rate) subject to fulfillment of related conditions laid down in **Rule 7 of Customs & Central Excise DBK Rules, 2017**.
- Provisions of **section 75** are not applicable on goods exported by baggage.

106. Ayat Niryat Enterprises exported goods having FOB value of ₹ 10 lakh.

The All-Industry Rate of duty drawback on exports of these goods is 5%. Market price of the goods in India is ₹ 40,000. Calculate the duty drawback receivable by Ayat Niryat Enterprises.

- (A) ₹ 50,000
- (B) ₹ 40,000
- (C) Ayat Niryat Enterprises is not entitled to get any duty drawback since the market price of such goods is less than the amount of drawback.
- (D) Either (a) or (b) at the option of the exporter.

Ans. (C) Ayat Niryat Enterprises is not entitled to get any duty drawback since the market price of such goods is less than the amount of drawback.

Section 76 of the Customs Act, 1962 contains the provisions in respect of prohibition and regulation of drawback and no drawback shall be allowed in respect of any goods, the market price of which is less than the amount of drawback due thereon.

107. Suhasini Oberoi, an Indian resident who was on a visit to USA, returned after 6 months for contesting in assembly elections of her State. She was carrying with her the following items:

(i)	Personal effects	₹ 59,000
(ii)	Laptop computer	₹ 37,000
(iii)	Jewellery - 25 grams (purchased in USA)	₹ 67,000
(iv)	Music system	₹ 58,000

Compute the customs duty payable by Suhasini Oberoi with reference to the Baggage Rules, 2016.

- (A) ₹ 28,875 (C) ₹ 85,085
(B) ₹ 62,370 (D) ₹ 48,125

[ICAI RTP- Nov 2021]

Ans. (A) ₹ 28,875

Statement showing computation of Duty payable on import of Goods as well as Jewellery in baggage
[Sec 79 of Customs Act, 1962 r/w Baggage Rules, 2016 (Rule 3 & Rule 5)]

	Baggage Articles	Total Value (₹)	Duty free limit	Import Duty
Suhasini Oberoi	Used personal effects (jewellery to be excluded)	59,000	All articles	Nil
	Travel souvenirs	----	----	---
	Other Articles			
	Annexure-1 Article			
	Other Articles			
	• Laptop computer	Separately exempt	-----	-----
	• Music System	58,000	50,000 [Rule 3]	28,875
	• Jewellery * [25 gm, Value ₹ 67,000]	67,000		[₹ 75,000 @ 38.5%]
Total customs duty payable is ₹ 28,875				

*1 Jewellery Allowance under Rule 5 for lady passenger is (40 gm - value cap of 1,00,000). Excess value is chargeable to duty. However, it shall be noted that the additional jewellery allowance is applicable only to a passenger residing abroad for more than 1 year. In given case, Suhasini Oberoi is returning after 6 months; she is not entitled to additional jewellery allowance of Rule 5.

108. M/s Sohan Enterprises Ltd. had imported goods after paying the customs duty of ₹ 25,00,000 at the time of import. These goods were used and later re-exported after 19 months of import. The amount of duty drawback that M/s Sohan Enterprises Ltd. is eligible to claim on such re-export made is _____.

- (A) Nil (C) 20,00,000
(B) 23,75,000 (D) 24,00,000

[ICAI RTP- Nov 2021]

Ans. (A) Nil

Sec 74(2) of Customs Act, 1962 provides for allowance of DBK at reduced rate (as notified) in respect of goods imported and subsequently re-exported after use in India.

The corresponding notification specifies Nil rate of DBK if goods has been used for more than 18 months.

109. 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.

[ICAI RTP- Nov 2021]

Ans. (B) Duty drawback shall not be allowed under customs where the amount of drawback in respect of any goods is ₹ 100 or less.

- (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:- As per Sec 76 of CA, 1962, If (DBK > Market Price of goods)- then DBK admissible. Thus, this statement is true.

- (B) **Duty drawback shall not be allowed under customs where the amount of drawback in respect of any goods is ₹ 100 or less :-** As per **Sec 76 of CA, 1962**, DBK of amount less than ₹ 50 shall not be admissible. Thus this statement is **false**.
- (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 :-** As per **sec 75A (1) of CA, 1962**, where department makes a delay in grant of duty drawback and delay is of a period more than 1 month from the date of filing of DBK claim, then exporter assessee shall be entitled to interest @6% p.a.. Thus, this statement is **true**.
- (D) **Interest is payable by the claimant of duty drawback on erroneous refund of duty drawback @ 15% p.a. :-** As per **sec 75A (2) of CA, 1962**, where any duty drawback has been paid erroneously or it otherwise becomes recoverable, then such duty drawback shall be re-paid along with interest @15% p.a.. Thus, this statement is **true**.

110. 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 (C) ₹ 1,58,080
(B) ₹ 2,38,160 (D) ₹ 1,46,560

[ICAI RTP- Nov 2021]

Ans. (D) ₹ 1,46,560

As per **section 22 of the Customs Act**, where it is shown to the satisfaction of the AC/ DC of Customs that **any imported goods, other than warehoused goods**, had been **damaged at any time after the unloading thereof in India but before their examination u/s 17** (section 17 deals with assessment) on account of any accident not due to any wilful act, negligence or default of importer, his employee or agent, then, such goods shall be chargeable to duty in accordance with this section.

The duty to be charged on the damaged/ deteriorated goods shall be abated proportionately and shall be computed in following manner:

$$\text{Customs Duty (on Damaged/Deteriorated Goods)} = \frac{\text{Customs Duty (Goods before Damage/Deterioration)} \times \text{Value (of Damaged/Deteriorated Goods)}}{\text{Value (Goods before Damage/Deterioration)}}$$

Thus, in the given case, the amount of total duty payable = ₹ 2,74,800 (see WN below) $\times (\frac{₹ 4,00,000}{₹ 7,50,000}) = ₹ 1,46,560$

Working Note

1. Statement showing computation of duty payable on imported goods (before damage)

Duties	Value	Rate	Amount (₹)
BCD [Customs Act, 1962]	Sec 14(1) Value = ₹ 7,50,000	20%**	1,50,000
SWS [Finance Act]	BCD = ₹ 1,50,000	10%	15,000
IGST [Customs Tariff Act, 1975]	Sec 3(8) of CTA, 1975 = Sec 14 Value + BCD + SWS = ₹ 7,50,000 + ₹ 1,50,000 + ₹ 15,000 = ₹ 9,15,000	12%	1,09,800
Total duties payable (customs as well as IGST)			2,74,800

1. As per Sec 15(1)(a) of Customs Act, 1962, applicable rate of duty shall be as prevalent on following dates:

In case of goods imported in vessel	Later of following 2 dates:
(a)	Date of presentation of B/E for home consumption u/Sec 46;
(b)	Date of grant of entry inward to vessel

Hence, applicable rate shall be 20% BCD.

CASE SCENARIOS

1. **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. 1.1 to 1.5 as follows:-

[ICAI RTP- Nov 2021]

- 1.1. Compute the taxable value of supply of commodity X procured by SR Associates in the month of July.

(A) ₹ 5,00,000	(C) ₹ 5,55,000
(B) ₹ 5,50,000	(D) ₹ 5,05,000

Ans. (D) ₹ 5,05,000

Statement showing computation of value of taxable supply of commodity X procured by SR Associates in the month of July [Sec 15 of CGST Act]

Particulars	Amount (₹)
Basic Purchase Price of commodity X [500 tonne x ₹ 1,000 per tonne]	5,00,000
Add: Non-GST taxes/ duties etc	5,000
• Mandi Tax =[500 tonne x ₹ 10 per tonne]	
Value of taxable supply	5,05,000

- 1.2. Compute the value of outward supply made by SR Associates in the month of August.

(A) Nil	(C) ₹ 5,60,000
(B) ₹ 5,55,000	(D) ₹ 5,00,000

Ans. (A) Nil

Statement showing computation of value of taxable supply made (i.e. OUTWARD SUPPLY) in Aug [Sec 15 of CGST Act]

Particulars	Amount (₹)
-------------	------------

Sale of securities [Derivative in Commodities]	Nil
[Security is neither 'goods' nor 'service' under GST law]	
Value of taxable supply	Nil

1.3. What is the time of supply for subscription of AI based platform by SR Associates?

- (A) July 1 (C) August 20
(B) August 31 (D) July 31

Ans. (C) August 20

Subscription for an AI based platform from an unrelated party, ABC Inc in USA

= **OIDAR service received from Abroad** (Supply of s)

= **Transaction amounts to import of service**

= **Import of service is by business entity in India – hence, subject to RCM**

Time of Supply of Services subject to RCM

In case of **RCM liability on services**, time of supply shall be as per provisions of **Sec 13(3) of CGST Act**.

The time of supply will be the earliest of the following dates:

- (i) Date of payment, or
(ii) 61st day from the date of issue of invoice by the supplier

Statement showing computation of ToS of OIDAR Sr [Sec 13 (3) of CGST Act, 2017]

Particulars	Date of issue of invoice by supplier services	Date immediately following 60 days from invoice of supplier	Date of payment by recipient for supply of services	Time of supply [Earlier of (2) & (3)]
	(1)	(2)	(3)	(4)
OIDAR service received from Abroad	1 st July	31 st August	20 th August	20 th August

1.4. Compute the net GST payable in cash by SR Associates for the month of August.

- (A) Nil (C) ₹ 81,000
(B) ₹ 2,700 (D) ₹ 9,000

Ans. (D) ₹ 9,000

Statement showing computation of GST liability payable in cash by SR Associates for the month of August

Basis	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
GST liability under forward charge (i.e., on outward supplies)				
Sale of securities [Derivative in Commodities] [Security is neither 'goods' nor 'service' under GST law]	-----	-----	-----	-----
GST liability under Reverse charge (i.e., on inward supplies)				
OIDAR service received from Abroad	50,000	-----	-----	9,000 [50,000 * 18%]
Total GST liability		Nil	Nil	9,000

1.5. Compute the input tax credit balance available with SR Associates for the month of July.

- (A) ₹ 9,000 (C) ₹ 97,200
(B) ₹ 16,200 (D) Nil

Ans. (C) ₹ 97,200

Statement showing eligible ITC of inputs, capital goods and input services for tax period of July

[Sec 16 r/w Sec 17(5) of CGST Act and related Rules of CGST Rules, 2017]

	Particulars	Value (₹)	GST @18% (₹)	ITC (₹)
1)	Inward supply of goods [purchase of 'commodity x']	5,05,000 [refer Q-1 above]	90,900	90,900

2)	Inward supply of OIDAR service [ITC not available as ITC i.r.o. services subject to RCM is available only post-payment of RCM liability. RCM liability is payable in Aug month, hence ITC claimable only in Aug month]	---	---	
3)	Inward supply of service of renting of immovable property (supplier-NCDEX)	10,000	1,800	1,800
4)	Inward supply of service by NCDEX	20,000	3,600	????
5)	Inward supply of intermediary services (Brokerage paid to NCDEX on security transaction) [ITC not available as it exclusively relates to 'transaction in securities' which is not a supply transaction]	5000	900	???
Total			92,700	

2. 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
Recovery agent services	Company/LLP/Society formation
	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
Amount received from Devidas Private Limited. It has sponsored the business exhibition organized by Disha Enterprise Pvt Ltd.	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 organized 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:

- (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.
4. 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.
5. 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. **Disha Enterprise Pvt Ltd. is not an authorised FOREX dealer.**

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

[ICAI RTP – May 2021]

- 2.1. 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

Ans. (B) Kolkata office ₹ 10,000, Mumbai office ₹ 3,660

Determination of value under rule 32(2)(a) of the CGST Rules, 2017

(i) Rule 32(2)(a) of the CGST Act, 2017 [Kolkata office]

Value of supply is:

= (Selling rate of USD - RBI reference for USD -) × Total number of units of USD bought

= (₹ 74 - ₹ 73) × 10,000 = ₹ 10,000

(ii) First proviso to rule 32(2)(a) of the CGST Act, 2017 [Mumbai office]

Value of supply is = 1% of the gross amount of Indian Rupees received = 1% of (₹ 73.20 × 5,000) = ₹ 3,660

Rule 32(3) is applicable irrespective of whether the Forex Dealer is 'RBI Authorized Dealer' or not'

- 2.2. 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

Ans. (C) ₹ 40,000

Statement showing computation of value of taxable supply received (i.e. INWARD SUPPLY) under reverse charge

[Sec 9 of CGST Act r/w relevant notification]

Particulars	Amount (₹)
INWARD SUPPLIES (MUMBAI OFFICE)	
Legal fee paid to Mr. Sundaram - an advocate	15,000
[As per section 9(3) of CGST Act read with relevant notification, services supplied by an individual advocate, or a firm of advocates, by way of legal services, to a business entity (Disha Enterprise Pvt Ltd.) is covered under RCM. Further, recipient (Disha Enterprises Pvt Ltd.) being already a registered unit, such legal services are not exempt. Hence, Disha Enterprise Pvt Ltd. is liable to pay GST under reverse charge]	
Payment made for security services (by way of supply of security personnel) received	25,000
[As per section 9(3) of CGST Act read with relevant notification, security services (services supplied by way of supply of security personnel) provided to a GST registered person is covered under RCM. Hence, Disha Enterprise Pvt Ltd. is liable to pay GST under reverse charge]	
Value of taxable supply received by MUMBAI OFFICE which is subject to reverse charge	40,000

- 2.3. 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

(C) ₹ 2,65,000

(B) ₹ 2,78,000

(D) ₹ 1,13,000

Ans. (A) ₹ 1,78,000

ICAI Answer: (A) ₹ 1,78,000. This answer seems incorrect as ₹ 1,88,000 is taxable value of outward supply (of Kolkata office) which is chargeable to tax on forward charge basis.

Statement showing computation of value of taxable supply made (i.e. OUTWARD SUPPLY) under FORWARD CHARGE

[Sec 9 of CGST Act r/w relevant notification]

Particulars	Amount (₹)
OUTWARD SUPPLIES	
Sale and purchase of foreign currency [Such services are taxable on forward charge basis]	10,000
Amount received from Devidas Private Limited (for sponsorship of business exhibition) [The recipient being company (a body corporate), this supply is subject to RCM. The recipient shall be liable to pay GST]	RCM
Commission received as DSA from ICICI Bank for opening bank account/credit card & loan products [As per section 9(3) of CGST Act read with relevant notification, on services supplied by an individual DSA other than Body Corporate, Partnership Firm or LLP to a banking company or a NBFC, reverse charge shall be applicable. Here services are supplied by body corporate DSA. Hence, RCM not applicable and supplier shall be liable to pay GST]	48,000
Commission received from private banks for acting as recovery agent [As per section 9(3) of CGST Act read with relevant notification, on services supplied by a recovery agent to a banking company or a financial institution or a NBFC, reverse charge shall be applicable. Thus, private banks liable to pay GST]	-----
Professional fee received for the formation of a company/LLP/society [Registration service is not covered under RCM. Hence, Disha Enterprise Pvt Ltd. is liable to pay GST. Value of supply in this case shall be (₹80,000 - ₹15,000) = ₹ 65,000. ₹ 15,000 towards reimbursement claimed of expenses incurred in the capacity of pure agent of client shall not form part of value as per Rule 33 of CGST Rules, 2017]	65,000
Professional fee received for GST/ TDS return filing [Return filing service is not covered under RCM. Hence, Disha Enterprise Pvt Ltd. is liable to pay GST]	65,000
Participation fee received from customers for the business exhibition organised by the company [Services by an organizer to any person in respect of a business exhibition held outside India are exempt vide entry no. 52 of N/N 12/2017-CT (Rate).]	-----
Value of taxable supply of KOLKATA OFFICE (taxable under Forward Charge)	1,88,000

2.4. 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

(C) ₹ 25 crores

(B) ₹ 60 crores

(D) ₹ 50 crores

Ans. (D) ₹ 50 crores

Disputed liability = IGST liability = ₹ 600 crores

To file appeal against such liability before first appellate authority, specified pre-deposit is required to be made.

Sec 107 of CGST Act, 2017 r/w Sec 20 of IGST Act [Appeals to Appellate Authority]

Requisite pre-deposit in respect of disputed liability

= 10% of disputed tax (subject to maximum of ₹ 50 crores)

Therefore, amount require to be deposited is

= ₹ 600 Cr x 10% = ₹ 60 Cr (subject to maximum of ₹ 50 crores)

= ₹ 50 Crores

2.5. 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

(C) ₹ 10,000

(B) ₹ 25,000

(D) ₹ 10,000 or tax evaded, whichever is higher.

Ans. (D) ₹ 10,000 or tax evaded, whichever is higher.

Advance receipt (value of supply with tax) = 22nd April

Due date of payment of tax on such advance = 20th May

Tax not paid till Sep month

Since tax is remaining unpaid for more than 3 months, it attracts penalty in terms of Sec 122(1) of CGST Act.

(presumed that default is in respect of intra-state supply)

Applicable penalty: Penalty under section 122(1) of CGST Act shall be higher of following, namely

(i) ₹ 10,000/- or

(ii) 100% of **tax (CGST) evaded.**

[**Note:** Equivalent penalty shall be payable under SGST Act also]

3. 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 pay 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

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos 3.1. to 3.5.

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

- | | |
|---|---|
| <p>(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.</p> <p>(B) Nil. There will not be any GST liability on the transaction since Bizcart.com is located outside India and services are provided electronically.</p> | <p>(C) on Bizcart.com under forward charge and GST of ₹ 9,18,000 shall be paid by Bizcart.com.</p> <p>(D) on Aspire Solutions under reverse charge and GST of ₹ 9,18,000 shall be paid by Aspire Solutions.</p> |
|---|---|

Ans. (D) on Aspire Solutions under reverse charge and GST of ₹ 9,18,000 shall be paid by Aspire Solutions.

Sec 14 of IGST Act

Any person located in a non-taxable territory providing OIDAR services which are received by a NTOR then supplier of such services located in a non-taxable territory shall be the person liable for paying integrated tax on such supply of services

Here service is provided to company. Hence, it is liable to pay GST under reverse charge.

Therefore, GST liability for cloud services procured by Aspire Solutions from Bizcart.com shall be ₹ 9,18,000 (₹51,00,000 * 18%)

3.2. 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:

- | | |
|--|---|
| <p>(A) Sitting fees paid to all the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.</p> | <p>(C) Total amount payable to directors (sitting fees as well as salary) is liable to GST under reverse charge in hands of Aspire Solutions.</p> |
|--|---|

(B) Total amount payable to directors (sitting fees as well as salary) is exempt from GST.

(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.

Ans. (A) Sitting fees paid to all the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.

- a) **Salary paid to (whole time director and employee of company):** - Salary paid to him is subjected to TDS u/Sec 192 of Income Tax Act, 1962. It will not be taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017 [Circular No.140/10/2020 GST]
- b) **Sitting Fees paid to directors (even to whole time director and employee of company):** - Sitting Fees paid to him is subjected to TDS u/Sec 194-J and thus, shall be treated as consideration for services and shall be liable to GST. Further, recipient company shall be liable to GST under reverse charge.

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

(A) ₹ 10,26,000

(C) ₹ 9,36,000

(B) ₹ 11,16,000

(D) ₹ 1,96,000

Ans. (C) ₹ 9,36,000

ITC available

Inward Supply	GST thereon	ITC admissibility (₹)
Import of OIDAR service	IGST = (₹ 50,00,000 + ₹ 1,00,000) x 18% = ₹ 9,18,000	Yes - 9,18,000
Inward supply of director's services	(CGST + SGST) = (₹ 1,00,000 sitting fees) x 18% = ₹ 18,000	Yes - 18,000
Inward supply of service of life insurance of employees	(CGST + SGST) = (₹ 5,00,000 sitting fees) x 18% = ₹ 90,000	ITC is blocked
Total Admissible ITC		9,36,000

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

(A) ₹ 30,00,000

(C) ₹ 35,00,000

(B) ₹ 25,00,000

(D) ₹ 40,00,000

Ans. (C) ₹ 35,00,000

Computation of value of outward supplies

	Particulars	Value (₹)
(i)	Consultancy services to its client, Zoom Corp. based in Bangalore	30,00,000
(ii)	Subsidy from NGO to help the supplier grow in their business	Not directly linked with price
(iii)	Sponsorship services to Mr. X, an individual, for an event in the State of Haryana	5,00,000
	Total	35,00,000

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

(A) Nil

(C) ₹ 9,36,000

(B) ₹ 7,20,000

(D) ₹ 6,30,000

Ans. (C) ₹ 9,36,000

GST liability

- Inter-state service = ₹ 30,00,000 * 18% = ₹ 5,40,000
- Intra-state service = ₹ 5,00,000 * 18% = ₹ 90,000 (CGST - ₹ 45,000 + SGST - ₹ 45,000)

ITC

- Intra-state purchase = ₹ 1,00,000 * 18% = ₹ 18,000 (Assumed it has been paid in cash first under RCM)
- Imported Goods = ₹ 51,00,000 * 18% = ₹ 9,18,000 (Assumed it has been paid in cash first under RCM)

Statement showing computation of NET GST PAYABLE from cash ledger for tax period of July

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	IGST (₹)	CGST (₹)	SGST (₹)	Total GST (₹)
-------------	----------	----------	----------	---------------

GST liability under Forward charge				
GST payable.	5,40,000	45,000	45,000	6,30,000
Less: ITC (IGST) of ₹ 9,18,000 [ITC (IGST) shall be utilized first for payment of IGST and then, for payment of CGST or SGST, as per discretion of taxpayer.]	(5,40,000)	(45,000)	(45,000)	(6,30,000)
Less: ITC (CGST) of ₹ 9,000 [ITC (CGST) shall be utilized first for payment of CGST and then, for payment of IGST liability, if any.]	--	--	--	--
Less: ITC (SGST) of ₹ 9000 [ITC (SGST) shall be utilized first for payment of SGST and then, for payment of IGST liability, if any.]	--	--	--	--
GST payable in cash (from e-cash ledger)	Nil	Nil	Nil	Nil
GST liability under Reverse charge				
Liability on inward supplies subject to RCM	9,18,000	9,000	9,000	9,36,000
GST payable in cash (from e-cash ledger)	9,18,000	9,000	9,000	9,36,000
Total liability to be discharged in cash	9,18,000	9,000	9,000	9,36,000

4. 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
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CISF	---	10,00,000 (paid on 07th February)	8,00,000 (paid on 15th February)	14,00,000 (paid on 05th February)
ABS Security Services Pvt Ltd.	5,00,000 (paid on 11 th February)	-	-	-

(5) 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). Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 4.1 to 4.4 below:

[ICAI RTP – May 2021]

- 4.1. 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 (C) ₹ 22,33,000
(B) ₹ 2,98,000 (D) ₹ 3,78,000

Ans. (B) ₹ 2,98,000

Statement showing computation of value of taxable supply under forward charge [Delhi HO]

[Sec 9 of CGST Act r/w relevant notification]

Particulars	Amount (₹)
Sale of electrical energy to DISCOM [Services by an organizer to any person in respect of a business exhibition held outside India are exempt vide entry no. 52 of N/N 12/2017-CT (Rate).]	-----
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 vide Entry 27 of N/N 12/2017-CT (Rate).]	-----
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 vide Entry 12 of N/N 12/2017-CT (Rate)]	-----
Rent collected from bank, ATM, post office & shops located in office premises [Services by way of renting of residential dwelling for use as residence are exempt vide Entry 12 of N/N 12/2017-CT (Rate). It being rent for commercial purpose it is taxable.]	48,000
Sale of iron / metal scrap (excluding TCS @ 1% as per the Income-tax Act, 1961)	-----
Other Income [Bond money recovered from ex-employee is consideration received towards tolerance of act of early leaving the company job. It is taxable as supply of service.]	2,50,000
Value of taxable supply [Delhi HO]	2,98,000

- 4.2. The value of taxable inward supply on which GST shall be payable under reverse charge by Bihar power plant is _____.
- (A) ₹ 11,80,000 (C) ₹ 10,86,000
(B) ₹ 10,00,000 (D) ₹ 10,30,000

Ans. (B) ₹ 10,00,000

Statement showing computation of value of taxable INWARD SUPPLY received by BIHAR POWER PLANT under reverse charge

[Sec 9 of CGST Act r/w relevant notification]

Particulars	Amount (₹)
INWARD SUPPLIES (BIHAR POWER PLANT)	
Security services received from CSIF in Jan, but paid for in Feb [CSIF refers to Central Industrial Security Force, Ministry of Home Affairs, Govt. Thus, supply of security services by CSIF is supply of security services by Govt. Such supply being to business entity, it attracts reverse charge and consequently, recipient business entity shall be liable to pay GST.]	10,00,000
Purchase of machinery from unregistered supplier - M/s Sahoo Enterprises, Patna [Only notified supply of goods and services from notified categories of suppliers is subject to RCM in terms of Sec 9(4) of CGST Act. The given supply being non-notified is not subject to RCM]	---
Value of taxable supply received by BIHAR PLANT which is subject to reverse charge	10,00,000

4.3. 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

(C) ₹ 3,00,000

(B) ₹ 44,800

(D) TDS is not applicable since payment made in February is less than ₹ 2,50,000.

Ans. (A) ₹ 40,000

Requirement to deduct tax as per provisions of Sec 51

- Specified and notified category of recipients are liable to deduct tax in respect of taxable supplies received under contract where value of such supply (GST exclusive) exceeds ₹ 2,50,000.
- PSU is required to deduct TDS.

Statement showing computation of applicable tax deduction of at source by Delhi HO for Feb

[Sec 51 of CGST Act/ SGST Act + Sec 20 of IGST Act read with Sec 51 of CGST Act]

Description of supply	Location of Supplier	Place of Supply	Location of recipient	Type of Supply	Contract Value (exclusive of GST)	Tax	TDS deduction
Supply of Stationary	Delhi	Delhi	Delhi	Intra- State (CGST + SGST)	40,000	4,800	Yes [Contract value is exceeding ₹ 2,50,000] (CGST - 1%) (SGST - 1%)
Supply of office furniture	THIS IS NOT TO DELHI- HO.						
Supply of services by directors	Delhi (presumed)	Delhi	Delhi	Intra- State (CGST + SGST)	80,000 (20,000 * 4)	---	Such supply being under RCM, TDS provisions not applicable.
Supply of security services by CISF	THIS IS NOT TO DELHI- HO.						
Supply of security services by ABS Security Services Pvt Ltd.	Delhi (presumed)	Delhi	Delhi	Intra- State (CGST + SGST)	5,00,000	--	Yes [Contract value is exceeding ₹ 2,50,000] (CGST - 1%) (SGST - 1%)
Supply of machinery by M/s Sahoo Enterprises, Patna	THIS IS NOT TO DELHI- HO.						

4.4. What is the value of supply on which GST is payable by Odisha plant on sale of scrap?

(A) ₹ 45,000

(C) Sale of scrap is an exempt supply under GST. It is subject to TCS under the Income-tax Act, 1961.

(B) ₹ 45,450

(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.

Ans. (A) ₹ 45,000

Sale of iron / metal scrap (excluding TCS @ 1% as per the Income-tax Act, 1961) is a supply of goods. Hence taxable value is ₹ 45,000.

For your knowledge

Circular No. 76/50/2018-GST

Supplier making supply and collecting TCS (income tax) from buyer/receiver: Such TCS not includible in value of supply

Situation	<p>ABC Motor Corporation [Authorized Dealer of POLO cars] April, 20x1</p> <p>– Supply made – Tax Invoice raised [Price- ₹ 20,00,000 + GST@28% = ₹ 5,60,000 = 25,60,000]</p> <ul style="list-style-type: none"> Now, as per provisions of Income Tax Act, if a seller makes a sale of motor vehicles in excess of VALUE of ₹ 10,00,000, then such seller is required to collect from buyer TCS@1% from the buyer. The seller obligation to collect TCS arise out of Sec 206-C of Income Tax Act, 1961. Such seller shall collect 1%TCS from buyer (= 1% of 20,00,000 = ₹ 20,000) and deposit it with CG. Such seller shall issue TCS certificate to buyer. Buyer will get tax credit of TCS (while filing his income tax return) so collected from him by the seller and paid to the Govt. So, finally seller collected [₹ 25,60,000 (Total Invoice Value) + ₹ 20,000 (TCS of Income Tax)]
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	<p>Controversary:</p> <p>TCS of income tax (₹ 20,000) whether will form part of 'Transaction Value - Sec 15(1)'.</p> <ul style="list-style-type: none"> If yes, this shall be loaded to price - [TV= 20,20,000 - GST on ₹ 20,20,000 shall be charged to buyer] If no, this shall not be loaded to price - [TV= 20,00,0000 - GST on ₹ 20,00,000 shall be charged to buyer]
Answer	<ul style="list-style-type: none"> 'Income tax TCS is nothing but recipient income tax payment which has been collected from seller'. TCS (Income tax) represents tax liability of recipient. It does not represent a tax levied on supplier. Now, clarified that 'income tax TCS shall not form part of value for purpose of charging GST'.
CBIC:	<p>Tax collected at source (TCS) under the provisions of the Income Tax Act, 1961 would not be includible as it is an interim levy not having the character of tax.*</p>

** Reason cited by them is not very sound/ convincing. But, undoubtedly, income tax TCS shall not form part of value of car for levying GST.

5. 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:

- ₹ 6,00,000 worth goods to X Ltd, a customer located in the State of Rajasthan
- ₹ 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 February, 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:

- Intra-State supply – 9% CGST and 9% SGST
- 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.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 5.1 to 5.5 as follows:-

5.1. 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 (C) ₹ 2,160 payable as IGST
(B) Nil (D) ₹ 1,09,080 payable as CGST and ₹ 1,09,080 payable as SGST

Ans. (C) ₹ 2,160 payable as IGST

GST liability

- **IGST = Inter-state sale** = ₹ (10,00,000 + ₹ 2,00,000 + ₹ 12,000) * 18% = ₹ 2,18,160

ITC

- **Inter-state purchase** = ₹ 2,00,000 * 18% = ₹ 36,000 (IGST)
- **IGST on Imported Goods** = ₹ 10,00,000 * 18% = ₹ 1,80,000 (IGST)

Statement showing computation of NET GST PAYABLE from cash ledger for tax period of Jan

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	IGST (₹)	CGST (₹)	SGST (₹)	Total GST (₹)
<u>GST liability under Forward charge</u>				
GST payable.	2,18,160	--	--	2,18,160
Less: ITC (IGST) of ₹ 2,16,000 [ITC (IGST) shall be utilized first for payment of IGST and then, for payment of CGST or SGST, as per discretion of taxpayer.]	(2,16,000)	--	--	(2,16,000)
Less: ITC (CGST) of ₹ Nil [ITC (CGST) shall be utilized first for payment of CGST and then, for payment of IGST liability, if any.]	--	--	--	--
Less: ITC (SGST) of ₹ Nil [ITC (SGST) shall be utilized first for payment of SGST and then, for payment of IGST liability, if any.]	--	--	--	--
GST payable in cash (from e-cash ledger)	2,160	Nil	Nil	2,160
<u>GST liability under Reverse charge</u>				
Liability on inward supplies subject to RCM	--	--	--	--
GST payable in cash (from e-cash ledger)	--	--	--	--
Total liability to be discharged in cash	2,160	Nil	Nil	2,160

5.2. 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 (C) ₹ 1,58,400
(B) Nil (D) ₹ 33,840

Ans. (C) ₹ 1,58,400

Gross IGST liability

Supply	Value (₹)	Rate	IGST (₹)	CGST (₹)	SGST (₹)
Inter-State Supply of goods (in Rajasthan)	6,00,000	18%	1,08,000	---	--
Intra-state Supply of goods (in Gujarat)	8,00,000	9% + 9%	---	72,000	72,000
Inter-state supply of service (import of service) *	2,80,000 (14,00,000 * 2%)	18%	50,400 (RCM)		

Thus, Gross Liability of IGST = ₹ 1,58,400

Sec 13(3)(b)

- **Supplier** - Supernova Inc., Singapore
- **Recipient** - Supernova India Limited
- **Nature of Activity** = Service
- **Place of Supply** = location of recipient = India

Foreign supplier supplying service in India to Indian recipient = Import of service = Inter-state supply - IGST (RCM) payable by recipient - Supernova India Limited's

5.3. How shall the amount paid towards the training expenses of 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

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

Sec 13(3)(b)

- **Supplier** - Supernova Inc., Singapore
- **Recipient** - Supernova India Limited's 5 employees
- **Nature of Activity** = Training Services
- **Place of Supply** = location where the services are actually performed = Singapore = outside India

Since supplier outside India has made supply outside India, no GST is applicable on the transaction (such transaction is neither intra-state supply nor inter-state supply as defined in GST law).

5.4. 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) Input tax credit is not available
- (D) Yes, as ₹ 7,000 CGST and ₹ 7,000 as SGST

Ans. (C) Input tax credit is not available

Supply by Hotel is intra-state supply in Maharashtra (as place of supply of this service is in Maharashtra).

No ITC is admissible in respect of intra-state supply availed in State other than state of registration of the supplier.

5.5. 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.

Ans. (B) GST is applicable and the place of supply is Gujarat.

Sec 13(3)(b) of IGST Act

Supplier - Fun Events Ltd., New Delhi

Recipient - Supernova India Limited, Gujarat

Location of event = Mauritius

Place of supply of event organisation service = If provided to registered person, PoS shall be the location of such person
Therefore GST is applicable and the place of supply is Gujarat

6. 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 previous financial year, 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. During the current financial year, He applied for GST registration on voluntary basis on 2nd April, 20x1 and the registration was granted to him on 9th April, 20x1.

The details of his stock position is as under:

Particulars	2nd April, 20x1	8th April, 20x1
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 current financial year is furnished hereunder:

Particulars	1st April, 20x1 to 8th April, 20x1 (₹ in lakh)	9th April, 20x1 to 31st March, 20x2 (₹ 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, 20x2 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 current financial year.

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. 6.1 to 16.5 below:-

[ICAI RTP- Nov 2021]

6.1. The value of outward supply which shall be subject to GST for the current financial year is_____.

(A) ₹ 98 lakh

(C) ₹ 102.40 lakh

(B) ₹ 100 lakh

(D) ₹ 108 lakh

Ans. (A) ₹ 98 lakh

Statement showing computation of value of OUTWARD SUPPLY

[Only supply made post-registration shall be subject to tax as only that supply is supply made by Taxable person]

Particulars	Subject to tax [Amount in Lakh (₹)]	Not Subject to tax [Amount in Lakh (₹)]
<u>Supply of Goods</u>		
Sale of office stationery items (Intra-State supply to RP + URP) [(84 Lakh + 14 Lakh)]	98	
<u>Supply of Services</u>		
Supply of service by way of <u>extending deposits (for interest as consideration)</u>	---	0.16 [Exempt]
Supply of service by way of <u>renting of residential dwelling for residential purpose</u> (for rent received from company)	---	2.40 [Exempt]
Value of taxable supply [Delhi HO]	98	2.56

6.2. 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 20x2-x3 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, 20x1.
- (C) Mr. Ashok shall be liable to pay GST under reverse charge under section 9(4) of the CGST Act during the current financial year 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, 20x1.

Ans. (D) Mr. Ashok is entitled to take the ITC of inputs held in stock on 8th April, 20x1.

- (A) Mr. Ashok cannot opt to pay tax in the financial year 20x2-x3 under composition scheme under section 10(1) and 10(2) of the CGST Act, 2017 :- Mr Ashok is a mixed supplier (supplying goods as well as service). It shall be eligible for composition scheme for FY 20x2-x3 if its ATO for preceding FY (FY 20x1-x2) is upto Rs 50 lakhs. Since the ATO for the 'preceding FY (FY 20x1-x2) was 105.56 Lakh (above the applicable limit of 50L). Hence, Mr. Ashok is ineligible for composition scheme.

Particulars	1st April, 20x1 to 8th April, 20x1 (₹ in lakh)	9th April, 20x1 to 31st March, 20x2 (₹ in lakh)	Total
Sale of office stationery items (Intra-State supply to registered person)	3	84	87
Sale of office stationery items (Intra-State supply to unregistered person)	2	14	16
Accrued interest on Fixed deposit with BBI Bank	-	0.16	0.16
Rent received from IDICI Bank for its employee	-	2.40	2.40
ATO of FY 20x1-x2			105.56

- (B) Mr. Ashok is entitled to take the ITC of inputs held in stock on 1st April, 20x1 :- As per Sec 18(1)(b) of the CGST Act, a person who takes voluntary registration under section 25(3) shall be entitled to take ITC in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration. Hence Mr. Ashok is not entitled to take the ITC of inputs held in stock on 1st April, 20x1.
- (C) Mr. Ashok shall be liable to pay GST under reverse charge under section 9(4) of the CGST Act during the current financial year in respect of purchases made from unregistered persons :- RCM u/Sec 9(4) of the CGST Act does not get attracted on any purchase from URP, rather it applies only on supply of notified goods and services and that too, from notified person.
- (D) Mr. Ashok is entitled to take the ITC of inputs held in stock on 8th April, 20x1 :- As per Sec 18(1)(b) of the CGST Act, a person who takes voluntary registration under section 25(3) shall be entitled to take ITC in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration. Hence Mr. Ashok is entitled to take the ITC of inputs held in stock on 8th April, 20x1.

6.3. The value of supply on which Mr. Ashok is liable to pay GST under reverse charge for the current financial year is _____.

- (A) ₹ 1,60,000
- (B) ₹ 2,80,000
- (C) ₹ 1,30,000
- (D) ₹ 2,70,000

Ans. (D) ₹ 2,70,000

Statement showing computation of value of supply under REVERSE CHARGE (making Mr Ashok liable to pay GST)

Particulars	Amount in Lakh (₹)						
<div>Inward supply of legal services received from advocate However, Entry No. 45 of E/N 12/2017-CT(Rate) provides that legal services provided to Business Entity whose ATO in PY was of such amount which makes it eligible for exemption from registration, then such supply is exempt for GST.</div> <table><tr><th>Yr in which service availed</th><th>TO (PY) of Mr Ashok- Business entity</th><th>Exemption available or not</th></tr><tr><td>FY 20x2-x3</td><td>TO (20x1-x2) = 14 Lakh</td><td>Exemption available Hence, such supply is not subject to payment under RCM.</td></tr></table>	Yr in which service availed	TO (PY) of Mr Ashok- Business entity	Exemption available or not	FY 20x2-x3	TO (20x1-x2) = 14 Lakh	Exemption available Hence, such supply is not subject to payment under RCM.	---
Yr in which service availed	TO (PY) of Mr Ashok- Business entity	Exemption available or not					
FY 20x2-x3	TO (20x1-x2) = 14 Lakh	Exemption available Hence, such supply is not subject to payment under RCM.					
Inward supply of service of renting of immovable property received from Local Authority (Kolkata Municipal Corporation)	1.20						
Inward supply of road transportation service received from GTA (M/s Gati Transporters) [₹ 1.50]	1.50						

Supply received when it was URP (unregistered individual) = exempt (thus, 0.10 value exempt from GST)	
Value of taxable supply [Delhi HO]	2.70

6.4. 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) (C) (ii) and (iii)
(B) (iii) (D) (i) and (iii)

Ans. (C) (ii) and (iii)

- (i) **Shop rent paid to KMC** :- KMC (Kolkata Municipal Corporation) which falls in definition of 'local authority' as defined under GST Law. Supply of renting service by Govt./ Local Authority to 'registered person' is subject to RCM. The given service was availed when it was RP and thus, this service is subject to RCM.

- (ii) **Legal fee paid to advocate** :- Legal services provided by advocate are **subject to RCM**.
However, **Entry No. 45 of E/N 12/2017-CT(Rate)** provides that **legal services provided to Business Entity whose ATO in PY was of such amount which makes it eligible for exemption from registration, then such supply is exempt for GST.**

Yr in which service availed	TO (PY) of Mr Ashok- Business entity	Exemption available or not
FY 20x2-x3	TO (20x1-x2) = 14 Lakh	Exemption available Hence, such supply is not subject to payment under RCM.

- (iii) **Purchase of stationery items from unregistered person** :- **No default RCM is applicable on such supply by URP.**

- (iv) **Transportation charges paid to M/s Gati Enterprises** :- Transportation services provided by GTA are **subject to RCM** (given that GTA is not paying GST@12% and the recipient of service is of specified category/ GST RP)

FY 20x2-x3	Status of Mr Ashok- Business entity	Exemption available or not
GTA Sr availed in capacity of URP (till 8 th April, 20x2)	URP (not falling into specified category of person for purpose of RCM)	Exemption available Hence, such supply is not subject to payment under RCM.
GTA Sr availed in capacity of URP (on/from 9 th April, 20x2)	RP (falling into specified category of person for purpose of RCM)	Exemption not available Hence, such supply is subject to payment under RCM.

6.5. 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 (C) Yes, ₹ 6,000 - CGST and ₹ 6,000 - SGST
(B) Yes, ₹ 12,000 - IGST (D) No input tax credit is available

Ans. (D) No input tax credit is available

Place of Supply of service

Under the given situation:			
Supplier	Hotel Blue Pines	Location: Mumbai (Maharashtra)	Status: GST registered
Recipient	Mr. Ashok	Location: Kolkata (West Bengal)	Status: GST registered
Supply	Description: Service directly relating to an Immovable Property Type: B2B (supply to registered recipient)		
Place of Supply	As per Section 12, being both the supplier and recipient are located in India. ▪ Sec 12(3) shall be applicable. ▪ Being specific provision made for determination of PoS		

As per **section 12(3) of the IGST Act, 2017**, in respect of services directly relating to an immovable property, **the place of supply of services shall be the location of the immovable property in India**. Thus, the place of supply of services in this case is the location of immovable property (location of the Hotel Blue Pines), i.e., Mumbai, Maharashtra.

Nature of Supply (Intra-state or Inter-state)**Under the given situation,**

Supplier	Location: Mumbai, Maharashtra	
Place of Supply	Mumbai, Maharashtra	
Nature of Supply	The given case being of supplier located in one state and place of supply in same state, the supply qualifies to be an intra-state supply in terms of Sec 8(2) of IGST Act, 2017. The given transaction will attract levy of CGST/SGST.	

The recipient (Mr Ashok) is RP at time of availing hotel accommodation service (i.e., Feb, 20x1), but he cannot avail ITC of the CGST/SGST liability of Maharashtra state is not allowable as ITC in West Bengal state.

7. 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:

- Expenses exclusively related to operation of call centre – ₹ 75,00,000
- 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:

- Intra-State supply – 9% CGST and 9% SGST
- 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.

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 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 | (C) ₹ 1,69,65,000 |
| (B) ₹ 2,38,50,000 | (D) ₹ 1,66,50,000 |

Ans. (A) ₹ 1,44,00,000

Outward Supplies made during Jan and related GST liability

	Outward Supply	Nature of OS	Nature of OS	Value of Supply (₹)	GST Liability @18%. (₹)
1.	OS-1 Sale of advertisement space in India	Either intra-state or inter-state	Non-exempt	800,00,000	= 144,00,000
2.	OS-2 Activity of operation of call centre (customer/business support services) to Holding Company in USA	Inter-State Supply Such supply qualifying as Export of Service: <ul style="list-style-type: none"> Supplier = In India Recipient = outside India PoS = Sec 13(2) = LoR = Outside India Consideration = received in forex Supplier and Recipient are not DDP (Holding and Subsidiary company are real distinct person legally. 	Non-exempt (qualifying as zero-rated supply)	= (75,00,000 +10%) = 82,50,000	= Nil (presumed export effected under Bond/LuT as per Sec 16(3)(a))
3.	OS-3 Activity of operation of call centre (customer/business support services) and business promotion and marketing services	Inter-State Supply Such supply qualifying as Export of Service: <ul style="list-style-type: none"> Supplier = In India Recipient = outside India PoS = Sec 13(2) = LoR = Outside India Consideration = received in forex Supplier and Recipient are not DDP (Holding and Subsidiary company are real distinct person legally. 	Non-exempt (qualifying as zero-rated supply)	= (50,00,000 +20%) = 60,00,000	= Nil (presumed export effected under Bond/LuT as per Sec 16(3)(a))
Total Liability (Gross)					= ₹ 144,00,000

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

- (A) Nil (C) ₹ 1,84,50,000
(B) ₹ 1,80,00,000 (D) ₹ 2,74,50,000

Ans. (B) ₹ 1,80,00,000

Doodle Inc (USA) = Foreign Supplier located outside India

It has supplier OIDAR Services to NTOR in India in respect of which it shall be liable to pay GST by obtaining special registration as per provisions of **Sec 14 of IGST Act**.

- Value of Supply = ₹ 10,00,00,000
- GST Liability = ₹ 10,00,00,000 * 18% = ₹ 1,80,00,000

7.3. 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 (C) Total input tax of ₹ 1,17,00,000
(B) Total input tax of ₹ 1,12,50,000 (D) Total input tax of ₹ 27,00,000

Ans. (C) Total input tax of ₹ 1,17,00,000

ITC on inward supplies during Jan month

	Outward Supply	Nature of OS	ITC admissibility	Related Inward Supply & ITC amount(₹)
1.	Business activity of sale of advertisement space in India	Non-exempt	Yes	<ul style="list-style-type: none"> Purchase of Internet space (500,00,000 *18%) = 90,00,000 Technology Support (25,00,000 *18%) = 4,50,000
2.	Activity of operation of call centre (customer/business support services) and business promotion and marketing services	Non-exempt (qualifying as zero-rated supply)	Yes	<ul style="list-style-type: none"> Expenses relating to call centre services (75,00,000 *18%) = 13,50,000 Expenses relating to promotion and marketing services (50,00,000 *18%) = 9,00,000
Total admissible ITC				= ₹ 117,00,000

7.4. 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 OIDAR service and is thus, required to register in India under GST and discharge GST on forward charge basis.
- (B) Doodle Inc is providing OIDAR 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 OIDAR service and tax on the same is to be paid by Doodle India on reverse charge basis.
- (D) Doodle Inc. is providing OIDAR service and tax on the same is to be paid by Doodle India in capacity of an agent of Doodle Inc.

Ans. (C) Doodle Inc. is providing OIDAR service and tax on the same is to be paid by Doodle India on reverse charge basis.

Sale of online advertisement space by Doodle Inc (USA) to Doodle India

- **Supplier** = Doodle Inc (USA) = Located outside India
- **Recipient** = Doodle India (India) = Located in India
- **Service Supplied** = OIDAR Sr
- **POS** = as per **Sec 13(12) of IGST Act** = LoR = india
- **Nature of transaction** = import of service
- **Taxability** = Import of service (for business purpose) is supply
- **Person liable to pay** = Since import is by business entity (Doodle India), RCM shall be applicable

8. 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 ₹ 7.50 crores.

Following details are provided by the company for the month of September:

Particulars	Amount (₹)
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 [Note-1]	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 ₹ 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 ₹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 ₹ 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 ₹ 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 ₹ 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 ₹ 3,30,730 on 28th September.

Note. All the above amounts are exclusive of GST, wherever applicable, unless specified otherwise.

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

[ICAI MTP- May 2021]

8.1. The value of taxable outward supply made by the company in the month of September is -

- (A) ₹ 61,48,100 (C) ₹ 61,39,500
(B) ₹ 59,43,500 (D) ₹ 59,35,500

Ans. (B) ₹ 59,43,500

Statement showing computation of Taxable OUTWARD SUPPLY for Sep Month

	Particulars	Amount (₹)	Taxable
1.	Sale of "Ganesh Bhog" atta, maida & suji [Presuming sale value given of 60,00,000 is inclusive of amount of Govt Subsidy (= 10,000 Kg @ 10/kg = 1,00,000), the value of supply for purposes of GST shall be ₹ 59,00,000]	59,00,000	Taxable
2.	Interest on delayed payment collected from customers	3,500	Taxable (form value of value of supply of goods -Atta/ Maida/ Suji)
3.	Interest on fixed deposit in a bank	8,600	Exempt (Interest on loans, deposits and advances is exempt)
4.	Rent received from quarters allotted to employees	10,000	Exempt (Renting of IP for use as residence)
5.	Penalty/ Liquidated damages received from Starcon infra Pvt Ltd. due to delayed performance of contract [This amount constitutes consideration of tolerating act of delayed performance. Under GST law, such consideration is consideration of supply of service.]	40,000	Taxable
	Total value of TAXABLE outward supply	59,43,500	

8.2. The value of taxable supply received by the company in the month of September on which GST is payable under reverse charge is-

- (A) ₹ 1,55,000 (C) ₹ 1,30,000
(B) ₹ 1,73,000 (D) ₹ 2,45,000

Ans. (A) ₹ 1,55,000

Analysis of Taxable INWARD SUPPLY received in Sep Month

	Particulars	Amount (₹)	Taxable
1.	Purchase of wheat from mandi [Wheat is agricultural produce and exempt from GST]	14,00,000	Exempt
2.	Transportation charges paid to an unregistered GTA for transportation of wheat from mandi to factory	40,000	Exempt (Entry No 21)
3.	Hiring charges paid to a local truck owner (not a GTA) for transportation of finished products from factory to distributors	50,000	Taxable (FCM)
4.	Electricity charges paid to West Bengal State Electricity Board	1,60,000	Exempt (GST Exempt)
5.	Bill raised by M/s BIS Security, Kolkata (a partnership firm registered	1,00,000	Taxable (RCM)

	under GST) for providing security service [This supply is subject to RCM (being supplier by supplier other than body corporate to a GST registered recipient). That being so, supplier should not have charged GST in the bill. It is case of wrong charge of GST by supplier.]	[1,18,000 * 100/118]	
6.	Sponsorship Service - Payment to Indian Chamber of Commerce (registered under GST) towards sponsorship for Investor Summit at Kolkata	25,000	Taxable (RCM)
7.	Legal fee paid to advocate, Mr. Ashok Ganguly	30,000	Taxable (RCM)
8.	Licence fee paid to Food & Safety Standard Authority of India (FSSAI)	25,000	Exempt (Entry No 47-A)
9.	Maintenance Services (maintenance of DG Set installed in the factory) [presuming that such DG set is immovable property, the maintenance service is in nature of works contract service relating to immovable property]	60,000	Taxable (FCM)

8.3. What is the time of supply of services provided by Power Electromech Pvt Ltd?

- (A) 10th June (C) 15th September
(B) 5th September (D) 8th July

Ans. (D) 8th July

Date of completion of service (supply of service) :- 8th July

Due Date of issuance of Invoice :- 7th August. (within 30 days from date of supply of service: 23 days July + 7 Days Aug)

Actual date of Invoice issued :- 5th September. (i.e., belated invoicing)

Date of Payment :- 15th September

As per Sec 13(2) of CGST Act, 2017, ToS is Earlier of following dates:-

... the date of provision of service (8th July)

... the date of receipt of payment (15th September)

Therefore, ToS is 8th July

8.4. 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) ₹ 4,961 (C) ₹ 4,567
(B) ₹ 1,305 (D) ₹ 1,142

Ans. (B) ₹ 1,305

Due Date of deposit tax for Aug tax liability :- 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 :- ₹ 3,30,730 x 18% x 8 / 365 = ₹ 1,304.80 = ₹ 1305 (rounded off)

8.5 In the context of the imposition of penalty on the company by the proper officer for failure to pay GST of ₹5,000, which of the following statements is correct?

- (A) Penalty is leviable since the offence is not a "minor breach" (C) Penalty is leviable on failure to pay tax even if the offence is a minor breach
(B) Penalty is not leviable since 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

Ans. (A) Penalty is leviable since the offence is not a "minor breach"

Sec 126: General principles as to imposition of penalty

As per section 126(1) of the CGST Act, 2017, no penalty shall be leviable under the Act for minor breaches of tax regulations.

In terms of Explanation (a) to section 126(1), a breach shall be considered as "minor breach", if tax involved is **less than** ₹ 5,000.

❗ **Default in making payment of GST (beyond 3 months) of ₹ 5,000 does not qualify as 'MINOR BREACH'**

9. 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 service¹ being provided to the customers by

¹ Under GST law, works contract service has been defined to mean service relating to immovable property. Thus, the service of body-building on chassis supplied by customer is not works contract service as defined in GST law. These are basically 'job-work services'.

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 for providing services of transportation of goods by road 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 sent 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.

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

- | | |
|----------------|----------------|
| (A) ₹ 5,40,000 | (C) Nil |
| (B) ₹ 2,70,000 | (D) ₹ 7,38,000 |

Ans. (b) 2,70,000.

Statement showing Gross Outward GST liability

	Particulars	GST liability (₹)
(A) FCM liability (outward tax liability)		
(i)	Job-Work Service (fabrication of body on chasis supplied by customer- RP in MP) <ul style="list-style-type: none"> Supply of Service Value of supply = 10,00,000 (advance received) FCM liability ToS = Advance taxable on receipt basis 	1,80,000
(ii)	Sale of scrap relating to fabrication business <ul style="list-style-type: none"> Supply of Goods Value of supply = 5,00,000 FCM liability 	90,000
(iii)	Service of transportation of goods to customer- RP in MP <ul style="list-style-type: none"> Supply of Service Value of supply = 3,00,000 (advance received) RCM liability (as applicable GST rate is 5% and recipient is specified category of recipient) 	Nil
(iv)	Service of transportation of goods to customer- RP in Gujarat <ul style="list-style-type: none"> Supply of Service Value of supply = 10,00,000 (full consideration received) RCM liability (as applicable GST rate is 5% and recipient is specified category of recipient) 	Nil

(v)	Service of transportation of goods to Related Party/ ABC Ltd. <ul style="list-style-type: none"> Supply of Service Value of supply = 5,00,000 (presuming ITC available to recipient, TV is acceptable - Sec 15 read with rule 28 where the recipient is eligible for full ITC, the value declared in the invoice shall be the open market value of goods or services) RCM liability (as applicable GST rate is 5% and recipient is specified category of recipient) 	Nil
(B) RCM liability (inward tax liability)		
(i)	* Import of service (technology import from Italy Supplier) (15,00,000@18%).	2,70,000
	Total	5,40,000

ITC on inward supplies

	Outward Supply	Relating to	ITC admissibility	ITC amount
1.	Inward supply of Import of service (technology import from Italy Supplier)	Job-work services (which is non-exempt)	Yes	₹ 2,70,000 (15,00,000@18%)
2.	Repair service taken from overseas supplier by sending goods abroad (PoS of such service as per 13(3) is place of performance, i.e., outside India and thus, such service shall not attract any GST liability)	Job-work services (which is non-exempt)	Yes	N.A.
3.	Inward supply of goods purchased for use in providing job-work services (excluding goods stolen whose ITC is blocked)	Job-work services (which is non-exempt)	Yes	₹ 1,62,000 (9,00,000@18%)
4.	Inward supply of capital goods purchased for use in providing job-work services	Job-work services (which is non-exempt)	Yes	₹ 9,00,000 (50,00,000@18%)
5.	Inward supply of tyres purchased for use in providing GTA services	GTA service (which is exempt)	No	---
Total admissible ITC				13,32,000

Payment required to be made in cash

- Outward tax liability** = NIL payment in cash (as entirely set off with the ITC)
- Inward tax liability** = 2,70,000 to be paid through e-cash ledger (ITC cannot be used)

9.2. What shall be the total eligible ITC available to XYZ Ltd. for the month of January?

- (A) ₹ 10,80,000 (C) ₹ 13,32,000
(B) ₹ 10,62,000 (D) ₹ 9,00,000

Ans. (C) ₹ 13,32,000

Eligible ITC – refer statement in answer to 9.1

9.3. 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 OIDAR service provider. GST payable is ₹ 3,60,000 (C) No, Lummus Inc. is not required to obtain GST registration in India for discharging GST liability. GST liability of Lummus Inc. is nil.
(B) Yes, as OIDAR service provider. GST payable is ₹ 2,70,000 (D) Yes, as normal taxpayer. GST payable is ₹ 3,60,000

Ans. (C) No, Lummus Inc. is not required to obtain GST registration in India for discharging GST liability. GST liability of Lummus Inc. is nil.

Lummus Inc. (located outside India) – nature of activities and consequent GST implication

- Supply of technology to XYZ Ltd.**
 - PoS as per **Sec 13(2)** = Location of recipient = India
 - This supply constitutes 'import of service' and thus covered within scope of supply.
 - However, it will attract RCM (recipient liable to pay)
- Supply of repair services to XYZ Ltd.**
 - PoS as per **Sec 13(3)** = place of performance = Italy = outside India
 - This supply does not constitute 'import of service'.
 - Since supplier outside India has made supply outside India, no GST is applicable on the transaction (such transaction is neither intra-state supply nor inter-state supply as defined in GST law).

Crux: Lummus Inc is not liable to GST in respect of any of its activities.

9.4. The amount of GST payable on transportation of goods services provided to ABC Ltd. by XYZ Ltd. is:

- (A) Nil (C) ₹ 1,26,000
(B) ₹ 90,000 (D) ₹ 36,000

Ans. (A) Nil

- As discussed in 9.1., RCM is applicable on such supply and thus, XYZ Ltd. is not liable to pay GST

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

Ans. (B) Location of XYZ Ltd.; IGST of ₹ 7,56,000

	Supply 1	Supply 2
Supplier	C Ltd.- (Maharashtra)	B Ltd.- (Rajasthan)
Recipient	B Ltd.- (Rajasthan)	XYZ Ltd.- (Rajasthan)
Place of Supply	Sec 10(1)(b) of IGST Act POS shall be location of the principal place of business of third person (not the actual recipient of goods). Thus, PoS shall be principal place of business of B Ltd.- (Rajasthan) Thus, for this supply, place of supply shall be Rajasthan	Sec 10(1)(a) of IGST Act POS shall be location of goods at the time of termination of movement of goods at time of delivery of goods to the recipient XYZ Ltd.- (Rajasthan) Thus, for this supply, place of supply shall be Rajasthan.
Nature of Supply	Inter-state supply Location of supplier (Maharashtra) and place of supply (Rajasthan) are into two different states and therefore, this qualifies as inter-state supply in terms of Sec 7 of IGST Act.	Intra-state supply Location of supplier (Rajasthan) and place of supply (Rajasthan) is into same state and therefore, this qualifies as intra-state supply in terms of Sec 8 of IGST Act.
GST	IGST	CGST + Rajasthan GST
Liability	IGST = (42,00,000 * 18%) = 7,56,000	CGST = (50,00,000 * 9%) = 4,50,000 SGST = (50,00,000 * 9%) = 4,50,000

10. Mr. Dinanath of Kolkata, a registered person under GST deals in sales & services of electronic goods such as TV, refrigerator, washing machine etc. It also provides services of repair and maintenance of said goods. His aggregate turnover during the preceding financial year was ₹ 6.2 crores. He furnishes following information for the month of December.

Outward supplies during the month of December are as under:

Particulars	Amount (₹)
Supply of goods to un-registered persons residing in & around Kolkata	₹ 12 lakh
Supply of goods to a dealer of Bihar	₹ 6 lakh
Supply of goods to registered dealers in West Bengal	₹ 28 lakh
Repair & maintenance services provided to un-registered persons	₹ 4 lakh

Inward supplies during the month of December are as under:

Particulars	Amount (₹)
Purchase of goods from registered dealers (Inter-State supply)	₹ 30 lakh
Purchase of goods from registered dealers (Intra-State supply)	₹ 4 lakh
Purchase of goods from un-registered dealers (Intra-State supply)	₹ 2 lakh
Transportation charges paid to Om Logistics (GTA) (GST not charged by transporter on said bill)	₹ 2 lakh
Payment made to Star Security Services Pvt Ltd (not registered under GST) for providing security services	₹ 0.50 lakh
Loading & un-loading charges paid to labourer	₹ 0.10 lakh
Shop rent paid to <u>Kolkata Municipal Corporation</u>	₹ 0.30 lakh
Fee paid to Mr. Das, a Senior Advocate of <u>Kolkata High court</u> for legal service	₹ 0.10 lakh

Following additional information is also provided:

- (a) During the course of un-loading TV sets, supplied by a registered person, one LED TV costing ₹ 25,000 was damaged & the supplier refused to replace the same.
- (b) The Assistant Commissioner of Commercial Tax, Kolkata has issued a show cause notice (SCN), to Dinanath & Sons due to non-displaying of Registration Certificate a prominent location and the GSTIN on name board at the entry of the principal place of business. Dinanath & Son's plea is that the display GSTIN to general public is not mandatory as it is required for the knowledge of the customers only & the same is already mentioned in the tax invoice.
- (c) GST rate on all inward and outward supplies is 18% (CGST @ 9%, SGST @ 9%, IGST @ 18%), except transportation service which attracts GST @ 5%.
- (d) There is no opening ITC available in the relevant period in electronic credit ledger of Mr Dinanath.
- (e) 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 Q. Nos. 10.1 to 10.4. below:-

[ICAI MTP- May 2021]

10.1. The total value of inward supplies on which GST is payable by Mr Dinanath under reverse charge is-

- (A) ₹ 2.40 lakh (C) ₹ 2.90 lakh
(B) ₹ 2.10 lakh (D) ₹ 3.00 lakh

Ans. (A) ₹ 2.40 lakh

Statement showing computation of total value of inward supplies (FCM and RCM)

	Particulars		Value (₹)	IGST	CGST	SGST
1.	Purchase of goods from registered dealers (Inter-State supply)	FCM	30,00,000	5,40,000	--	--
2.	Purchase of goods from registered dealers (Intra-State supply)	FCM	4,00,000	--	36,000	36,000
3.	Purchase of goods from un-registered dealers (Intra-State supply) [Such inward supply must be without charge of GST. Sec 9(4) RCM is not applicable on every supply from URP]	---	2,00,000	--	--	--
4.	Transportation charges paid to Om Logistics (GTA) (GST not charged by transporter on said bill) [Supply of Services by a GTA in respect of transportation of goods by road, who has not paid GST@12% is covered under RCM. Applicable GST rate is 5% (CGST@2.5% + SGST@2.5%) Also, it has been presumed that nature of this supply is intra-state supply]	RCM	2,00,000	---	5,000	5,000
5.	Payment made to Star Security Services Pvt Ltd (not registered under GST) for providing security services [Security Services provided to a GST registered person attracts RCM is supplier by a person other than a body corporate. In given case, supplier is a company (body corporate), hence RCM not applicable. Further, supplier company is URP (i.e., not a taxable person) and therefore, such supply is not subject to any GST liability]	FCM	50,000	--	--	--
6.	Loading & un-loading charges paid to labourer [Such inward supply must be without charge of GST. Sec 9(4) RCM is not applicable on every supply from URP]	---	10,000	--	--	--
7.	Shop rent paid to Kolkata Municipal Corporation [Services supplied by local authority by way of renting of immovable property to a GST registered person is covered under RCM]	RCM	30,000	--	2,700	2,700
8.	Fee paid to Mr. Das, a Senior Advocate of Kolkata High court for legal service [Services by advocate to legal entity is subject to RCM]	RCM	10,000	--	900	900

Total value of inward supply which is subject to RCM

= (₹ 2,00,000 + ₹ 30,000 + ₹ 10,000) = ₹ 2,40,000

10.2. The total input tax credit that can be availed by Dinanath & Sons for December is -

- (A) ₹ 6,97,500 (C) ₹ 6,86,700
(B) ₹ 6,24,700 (D) ₹ 6,95,700

Ans. (B) ₹ 6,24,700

Statement showing computation of Eligible ITC

	Particulars		Value (₹)	IGST	CGST	SGST
1.	Purchase of goods from registered dealers (Inter-State supply)	FCM	30,00,000	5,40,000	--	--
2.	Purchase of goods from registered dealers (Intra-State supply)	FCM	4,00,000	--	36,000	36,000
3.	Purchase of goods from un-registered dealers (Intra-State supply) [Such inward supply must be without charge of GST. Sec 9(4) RCM is not applicable on every supply from URP]	----	2,00,000	--	--	--
4.	Transportation charges paid to Om Logistics (GTA) (GST not charged by transporter on said bill) [Supply of Services by a GTA in respect of transportation of goods by road, who has not paid GST@12% is covered under RCM. Applicable GST rate is 5% (CGST@2.5% + SGST@2.5%) Also, it has been presumed that nature of this supply is intra-state supply]	RCM	2,00,000	---	5,000	5,000
5.	Payment made to Star Security Services Pvt Ltd (not registered under GST) for providing security services [Security Services provided to a GST registered person attracts RCM is supplier by a person other than a body corporate. In given case, supplier is a company (body corporate), hence RCM not applicable. Further, supplier company is URP (i.e., not a taxable person) and therefore, such supply is not subject to any GST liability]	FCM	50,000	--	--	--
6.	Loading & un-loading charges paid to labourer [Such inward supply must be without charge of GST. Sec 9(4) RCM is not applicable on every supply from URP]	---	10,000	--	--	--
7.	Shop rent paid to Kolkata Municipal Corporation [Services supplied by local authority by way of renting of immovable property to a GST registered person is covered under RCM]	RCM	30,000	--	2,700	2,700
8.	Fee paid to Mr. Das, a Senior Advocate of Kolkata High court for legal service [Services by advocate to legal entity is subject to RCM]	RCM	10,000	--	900	900
	ITC Reversals i.r.o. Inward supply of Goods (TV sets) which got damaged at time of receipt of inward supply		25,000	(4,500)	---	----
	Total Eligible ITC			5,35,500	44,600	44,600
				= 6,24,700		

10.3. The gross GST liability of Mr Dinanath for the month of December, assuming that no ITC is claimed/availed is -

(A) ₹ 9,17,200

(C) ₹ 9,26,200

(B) ₹ 9,43,200

(D) ₹ 9,20,800

Ans. (A) ₹ 9,17,200

Statement showing TAX LIABILITY (GROSS) for the tax period of Dec

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	Value of Supply (₹)	Inter-state supply / Intra-state supply	CGST (₹)	SGST (₹)	IGST (₹)
GST liability under Forward charge					
Outward supply of Goods	12,00,000	Intra-state	1,08,000 [@9%]	1,08,000 [@9%]	----
Outward supply of Goods	6,00,000	Inter-state	--	--	1,08,000 [18%]
Outward supply of Goods	28,00,000	Intra-state	2,52,000 [9%]	2,52,000 [9%]	----
Outward supply of Services	4,00,000	Intra-state	36,000 [9%]	36,000 [9%]	----
Total			3,96,000	3,96,000	1,08,000

GST liability under Reverse charge					
Inward supply of GTA Service	2,00,000	Intra-state supply (presumed)	5,000 [@2.5%]	5,000 [@2.5%]	----
Inward supply of service of renting of immovable property by Local Authority	30,000	Intra-state supply	2,700 [@9%]	2,700 [@9%]	----
Inward supply of legal services by Senior Advocate	10,000	Intra-state supply	900 [@9%]	900 [@9%]	----
Total			8,600	8,600	---
Total tax liability (FCM as well as RCM)			4,04,600	4,04,600	1,08,000

Total Tax Liability [GROSS - Output tax liability (FCM) + Input tax liability (RCM)]

= (₹ 4,04,600 + ₹ 4,04,600 + ₹ 1,08,000) = ₹ 9,17,200

10.4. 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) ₹ 5000 (C) ₹ 25,000
(B) ₹ 10,000 (D) Nil

Ans. (C) ₹ 25,000

Sec 125 of CGST Act: General penalty upto ₹ 25,000 (CGST Penalty)
[Equivalent penalty leviable under parallel provisions of SGST Act]

11. 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, 2019	Machinery X	10,00,000	Exclusively used for manufacturing Product A
1 st October, 2020	Machinery Y	15,00,000	Exclusively used for manufacturing Product B
1 st May, 2021	Machinery Z	20,00,000	Exclusively used for zero-rated supply of Product C

From 1st April, 2022, 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. 11.1. to 11.6. as follows:-

11.1. The amount of input tax which has been credited to electronic credit ledger during the financial year 2019-20-

- (A) ₹ 1,80,000 (C) ₹ 8,10,000
(B) ₹ 3,60,000 (D) ₹ 5,40,000

Ans. (A) ₹ 1,80,000

FY 2019-20 - Machinery X (Value 10,00,000) purchased for use in making Non-exempt supply - thus, ITC admissible is ₹ 10,00,000 x 18% = ₹ 1,80,000

11.2. The amount of GST, paid on purchase of a machinery, which has not been credited to electronic credit ledger during the financial years 2019-20, 2020-21 and 2021-22 -

- (A) ₹ 6,30,000 (C) ₹ 8,00,000
(B) ₹ 3,60,000 (D) ₹ 2,70,000

Ans. (D) ₹ 2,70,000

GST paid on machinery not credited to e-credit ledger:

- FY 2019-20 = Nil
- FY 2020-21 = ₹ 2,70,000 (₹ 15,00,000 x 18%)
- FY 2021-22 = Nil

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

(A) ₹ 4,81,000

(C) ₹ 81,000

(B) ₹ 1,89,000

(D) ₹ 72,000

Ans. (C) ₹ 81,000

- **FY 2020-21:** 1st Oct, 2020 – Machinery Y initially purchased for making exempt supply– No ITC availed (all 2 quarters used for making exempt supply)
- **FY 2021-22:** It used for making exempt supply only. (all 4 quarters)
- **FY 2022-23:** Now, its use changed – mixed use (exempt supply as well as non-exempt supply)

GST treatment on change in usage

- ITC to be availed = ₹ 2,70,000 (₹ 15,00,000 × 18%)
- Addition to output tax liability i.r.o. usage made for exempt supply for 6 quarters = (2,70,000 × 5% × 6) = 81,000

11.4. What is the time-period up to which common credit needs to be computed for Machinery Y?

(A) 31st March, 2027

(C) 31st March, 2029

(B) 30th September, 2025

(D) 30th September, 2029

Ans. (B) 30th September, 2025

The useful life of any capital goods shall be considered as five years from the date of invoice

Time period upto which common credit need to be computed = Date of invoice (1st Oct, 2020) + 5 years = 30th Sep, 2025**11.5. The amount of common credit in respect of Machinery Y is -**

(A) ₹ 2,02,500

(C) ₹ 6,30,000

(B) ₹ 2,70,000

(D) ₹ 4,90,500

Ans. (B) ₹ 2,70,000

FY 2022-23:

- **April, 2022:** Usage of machinery Y changed (from exclusive exempt supply to mixed use (exempt supply as well as non-exempt supply))
- ITC to be availed = ₹ 2,70,000 (₹ 15,00,000 × 18%)

12. 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 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. 12.1 to 12.4 as follows:-

[ICAI MTP- Nov 2021]

12.1. 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.

Ans. (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.

- **Supplier** = M/s Gopi Narayan & Company (Advocate Firm)- RP of Maharashtra
- **Recipient** = Veranta India (P) Ltd. = RP of Gujarat
- **Service supplied** = Legal Services to business entity who is registered
- **Nature of service** = Inter-state supply
- **Exemption:** Service is not exempt since recipient is registered business entity (having ATO(PY) in excess of eligible threshold limit of registration)
- **RCM** = RCM is applicable

12.2. 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

Ans. (C) For whole amount of ₹ 1,10,000: 5th April

ToS of legal service

Sec 13(2): ToS of basic service charges

Service invoicing within permissible time limit of 30 day (service provided on 7th Sep, Service billed on 15th Sep, 20x1)
ToS shall be earlier of

- (a) Date of payment (5th April, 20x1) or
- (b) Date immediately following 60 days from the date of issue of invoice (15th Feb, 20x1 + 61 days = 17th April, 20x1)
- Thus, ToS shall be 5th April, 20x1.

Sec 13(6): ToS of value addition by way of penalty on account of delayed payment

ToS to the extent it relates to an addition in the value of supply by way of interest, late fee or enalty for delayed payment of any consideration shall be shall be the date on which the supplier receives such addition in value (5th April, 20x1).

Thus, ToS of entire ₹ 1,10,000 shall be 5th April, 20x1.

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

- (A) ₹ 1,10,000
- (B) ₹ 1,00,000
- (C) ₹ 1,30,000
- (D) ₹ 1,20,000

Ans. (A) ₹ 1,10,000

Sec 15(1) read with sec 15(2), value of supply shall be ₹ 1,00,000 + ₹ 10,000 = ₹ 1,10,000

12.4. 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)

Ans. (C) (ii) and (iv)

- As per **Sec 10(1) read with 10(2)**, Composition scheme is restricted to restaurant services. Hence, supplier of legal services is not eligible for composition scheme as provided in **Sec 10(1) read with 10(2)**.
- As per **Sec 10(2A)**, Composition scheme is available when ATO (PY) is upto 50 Lakh. However, one of the condition of eligibility is that supplier shall not be engaged in inter-state supply of services. Since, M/s Gopi Narayan & Company has made inter-state supply of legal services to Veranta India (P) Ltd. (RP of Gujarat), he is not eligible for composition scheme of **Sec 10(2A)**.
In nutshell, M/s Gopi Narayan & Company is not eligible for composition scheme.

13. Mr. Veera is a trader of readymade garments and is registered under GST in the State of Uttar Pradesh. His turnover is ₹ 1,80,00,000 during the current financial year. The composition of his turnover is as under-

(a) Intra-State - ₹ 80,00,000

(b) Inter-State - ₹ 1,00,00,000 [including exempt supplies of ₹ 15,00,000]

His inward supplies are as under-

(a) Inter-State - ₹ 1,00,30,000 [including ₹ 20,00,000 exclusively used for exempt supplies]

(b) Intra-State ₹ 46,00,000 [including ₹ 15,00,000 exclusively used for taxable supplies]

Apart from above, Mr. Veera has undertaken following transactions during the current financial year:

1. He purchased a pick-up van for the purpose of delivery of goods to his customers for ₹ 1,70,000.
2. He got his showroom renovated (debited all expenses under repairs and maintenance) and spent money as under-
Labour charges ₹ 3,60,000
Architect fees ₹ 80,000
Wooden flooring ₹ 4,00,000
Miscellaneous expenses ₹ 1,62,000
3. He purchased some T-shirts for ₹ 1,80,000 (taxable under GST). After one week, he gave them away free to its customers to promote his business.
4. He also sold his shares during the year for ₹ 10 crore and bought a house from that money.
5. The rates of tax are 9% (CGST), 9% (SGST) and 18% (IGST) on all inward/ outward supplies.
6. All the amounts given above are exclusive of taxes, wherever applicable.
7. The opening balance of input tax credit for the relevant tax period of Mr. Veera is Nil. 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 13.4 below:-

[ICAI MTP- Nov 2021]

13.1 Compute value of exempt outward supply (for the purpose of reversal of ITC) by Mr. Veera during the current financial year.

(A) ₹ 10,00,000

(C) ₹ 25,00,000

(B) ₹ 15,00,000

(D) ₹ 20,00,000

Ans. (C) ₹ 25,00,000

As per Sec 15 read with Sec 17 value of exempt outward supply (for the purpose of reversal of ITC) by Mr. Veera during the current financial year

= ₹ 15,00,000 + 1% of ₹ 10 Crores

= ₹ 25,00,000

13.2 Which of the following statements is true?

(A) Mr. Veera cannot claim ITC on van purchased for delivery of goods, expenses incurred on renovation of showroom and T-shirts distributed free of cost.

(B) Mr. Veera can claim ITC on van purchased for delivery of goods and T-shirts distributed free of cost, but cannot

(C) Mr. Veera can claim ITC on van purchased for delivery of goods, expenses incurred on renovation of showroom and T-shirts distributed free of cost.

(D) Mr. Veera can claim ITC on van purchased for delivery of goods and expenses incurred on renovation of

claim ITC on expenses incurred on renovation of showroom.

showroom, but cannot claim ITC on T-shirts distributed free of cost.

- Ans. (D)** Mr. Veera can claim ITC on van purchased for delivery of goods and expenses incurred on renovation of showroom, but cannot claim ITC on T-shirts distributed free of cost.

As per Sec 16 read with Schedule I, ITC of T-shirts distributed free of cost need to be reversed.

13.3 Calculate the amount of input tax credit credited to electronic credit ledger of Mr. Veera (ignore individual heads of CGST/SGST/IGST).

(A) ₹ 24,84,360

(C) ₹ 23,04,000

(B) ₹ 22,73,400

(D) ₹ 24,53,760

- Ans. (A)** ₹ 24,84,360

The amount of input tax credit credited to electronic credit ledger shall be as follows:-

Inter State :- (₹ 1,00,30,000 - ₹ 20,00,000) × 18/100 = ₹ 14,45,400

Intra State :- (₹ 46,00,000 - ₹ 15,00,000) × 18/100 = ₹ 5,58,000

Van Purchased :- ₹ 1,70,000 × 18/100 = ₹ 30,600

Expenses of showroom renovated:- (₹ 3,60,000 + ₹ 80,000 + ₹ 4,00,000 + ₹ 1,62,000) × 18/100 = ₹ 1,80,360

Taxable Supplies :- ₹ 15,00,000 × 18/100 = ₹ 2,70,000

Total ITC ₹ 24,84,360

13.4 Compute the amount of common credit as per rule 42 of the CGST Rules, 2017.

(A) ₹ 20,03,400

(C) ₹ 20,34,000

(B) ₹ 22,14,360

(D) ₹ 21,83,760

- Ans. (B)** ₹ 22,14,360

The amount of common credit as per rule 42 shall be as follows:-

Inter State :- (₹ 1,00,30,000 - ₹ 20,00,000) × 18/100 = ₹ 14,45,400

Intra State :- (₹ 46,00,000 - ₹ 15,00,000) × 18/100 = ₹ 5,58,000

Van Purchased :- ₹ 1,70,000 × 18/100 = ₹ 30,600

Expenses of showroom renovated:- (₹ 3,60,000 + ₹ 80,000 + ₹ 4,00,000 + ₹ 1,62,000) × 18/100 = ₹ 1,80,360

Total ITC ₹ 22,14,360

14. Mr. Venkat, a practicing Chartered Accountant, based in Hyderabad, is registered under GST in the State of Telangana.

He undertook following transactions/activities during the current financial year:

- (1) He provided consultancy services to Kuick Tours, a UK based entity engaged in the business of e-commerce in the field of tour and travels, having its office at UK. Kuick Tours paid a sum of Euro 95,000 to Mr. Venkat billed @ ₹ 75 per Euro. Mr. Venkat made travel to UK several times during the year and incurred Euro 5,000 @ ₹ 75 as incidental expenses (including VAT paid ₹ 10,000) which was ultimately charged from Kuick Tours. Kuick Tours also paid a sum of EURO 5,000 @ ₹ 75 to Mr. Venkat as interest on account of delay in payment of agreed consideration.
Mr. Venkat also hired the services of a professional firm based in UK to complete the assignment of providing services to Kuick Tours and paid Euro 10,000 @ ₹ 75. This was not recovered from Kuick Tours.
- (2) Mr. Venkat's taxable earnings for services provided in India for the financial year are ₹ 85,00,000. In addition to this, Mr. Venkat also provided return filing services free of charge in the month of July to Indian residents who were economically weaker. Open market value of such services was ₹ 1,40,000.
- (3) In July, Mr. Venkat also provided financial services to his real brother Mr. Kamath who is working at an IT company and earning handsomely, for ₹ 75,000 (invoice value). However, Mr. Venkat offered him 90% discount on the invoice raised to him. Therefore, Mr. Kamath paid ₹ 7,500 only.
- (4) Dumdum Electricals Ltd., registered under GST in Guwahati, Assam approached Mr. Venkat to impart GST training to its accounts and finance personnel. Mr. Venkat imparted the said training to 50 employees of Dumdum Electricals Ltd. at a conference room of Swaraj Hotel located in Siliguri, West Bengal on 25th August.

Notes: The rates of tax are 9% (CGST), 9% (SGST) and 18% (IGST) on all inward/ outward supplies. All the amounts given above are exclusive of taxes, wherever applicable.

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

14.1 Compute the value of supply made by Mr. Venkat to Kuick Tour (in Euros).

- (A) 120,000 (C) 115,000
(B) 105,000 (D) 125,000

Ans. (B) 105,000

As per Sec 15 value of supply is as follows:-

= ₹ 95,000 + ₹ 5,000 + ₹ 5,000 + Nil (Being amount not recovered)

= ₹ 1,05,000

14.2 Compute aggregate turnover of Mr. Venkat for the current financial year.

- (A) ₹ 1,78,75,000 (C) ₹ 1,63,82,500
(B) ₹ 1,86,25,000 (D) ₹ 1,80,90,000

Ans. (C) ₹ 1,63,82,500

Sec 2(6) Aggregate Turnover

- ATO to include all outward supplies (taxable or exempt)
- However, none of inward supply to be included (even if such service attracts RCM)

Thus, ATO is

= [(₹ 1,05,000 x 75) + ₹ 85,00,000 + Nil + ₹ 7,500*]

= ₹ 1,63,82,500

*Mr. Kamath is not a related person of Mr. Venkat as he is not dependent on him. So Rule 28 will not apply. Value will be ₹ 7,500 only.

14.3 What is value of supply made by Mr. Venkat to Mr. Kamath if Mr. Kamath is the son of Mr. Venkat and not his brother, other facts remaining the same?

- (A) ₹ 7,500 (C) Not a supply since they are related
(B) ₹ 75,000 (D) Value cannot be determined

Ans. (B) ₹ 75,000

Here Rule 28 will apply and OMV will be the Value of supply

14.4 The place of supply of the GST training imparted by Mr. Venkat to the accounts and finance personnel of Dumdum Electricals Ltd. is _____.

- (A) Hyderabad, Telangana (C) Siliguri, West Bengal
(B) Guwahati, Assam (D) Either (a) or (b), at the option of Mr. Venkat

Ans. (B) Guwahati, Assam

Supplier :- Mr. Venkat

Receiver :- Dumdum Electricals Ltd.

PoS is LoR ie Guwahati, Assam

15. Jaskaran, a registered supplier of Delhi, is engaged in supplying a bouquet of taxable goods and services. He has made the following supplies in the month of January:

S.No.	Particulars	Amount* (₹)
(i)	Supply of 20,000 packages at ₹ 30 each to Sukhija Gift Shop in Punjab [Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons]	6,00,000
(ii)	500 packages each consisting of 1 chocolate and 1 fruit juice bottle given as free gift to Delhi customers on the occasion of Diwali [Cost of each package is ₹ 12, but the open market value of such package of goods and of goods of like kind and quality is not available. Input tax credit has not been taken on the items contained in the package]	50,000
(iii)	Catering services provided to elder brother free of cost for his business function in Delhi [Cost of providing said services is ₹ 55,000, but the open market value of such services and of services of like kind and quality is not available.]	

*excluding GST

Following additional information has been furnished by Jaskaran:

1. Penalty of ₹ 10,000 was collected in lumpsum in the month of March from Sukhija Gift Shop since the payment was received with a delay of 60 days.
2. One of the old customers of Jaskaran – Mr. Bahubali - approached him requesting him to arrange the transportation of the goods purchased by him from a local supplier. Jaskaran arranged the transportation of said goods for Mr. Bahubali through a goods transport operator. Jaskaran did not issue a consignment note to Mr. Bahubali.
3. Assume the rates of GST to be as under:

Goods/services supplied	CGST	SGST	IGST
Chocolates	9%	9%	18%
Fruit juice bottles	6%	6%	12%
Toy balloons	2.5%	2.5%	5%
Catering service	9%	9%	18%

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 15.1 to 15.4 below:-

- 15.1 GST payable on packages supplied to Sukhija Gift Shop in January and in March is (1) _____ and (2) _____ respectively.

- (A) (1) IGST - ₹ 1,09,526; (2) nil (C) (1) IGST - ₹ 1,08,000; (2) IGST - ₹ 1,526
(B) (1) CGST - ₹ 54,763; SGST - ₹ 54,763; (2) nil (D) (1) CGST - ₹ 54,000; SGST - ₹ 54,000; (2) CGST - ₹ 763; SGST - ₹ 763

Ans. (C) (1) IGST - ₹ 1,08,000; (2) IGST - ₹ 1,526

As per Sec 49 read with sec 12/13 GST payable is as follows:-

January = ₹ 6,00,000 x 18% = ₹ 1,08,000

March = ₹ 10,000 x 18 / 118 = ₹ 1,526 Penalty Amount)

- 15.2 GST on services of transportation of goods provided by Jaskaran to Mr. Bahubali:

- (A) is payable by Mr. Bahubali @ 5%. (C) is payable by Mr. Bahubali @ 12%.
(B) is payable by Jaskaran @ 12%. (D) is not payable at all.

Ans. (D) is not payable at all.

As Jaskaran has not issued consignment note there for he is not GTA. The supply is not covered under RCM. Hence no GST is payable.

- 15.3 Supply of 500 packages given as free gift to Delhi customers on the occasion of Diwali is _____.

- (A) a mixed supply (C) a composite supply
(B) not a supply (D) a separate supply of chocolate and fruit juice bottle

Ans. (B) not a supply

As there is no involvement of GST and not supplied to related person therefor it is not a supply. Had ITC taken then it would be treated as deemed supply as per Schedule I.

- 15.4 For the purposes of GST law, value of supply of catering services provided by Jaskaran to his elder brother free of cost for his business function in Delhi is _____.

- (A) ₹ 60,500 (C) ₹ 60,500 or ₹ 55,000, whichever is lower
(B) ₹ 55,000 (D) nil as catering services provided by Jaskaran to his elder brother is not a supply.

Ans. (D) nil as catering services provided by Jaskaran to his elder brother is not a supply.

As the supply made not to related person as the elder brother is not dependent on Jaskaran, Rule 28 wouldn't be applied. The supply has been made to unrelated person free of cost therefor it is not a supply.

16. Sudershan Transport Agency (P) Ltd. (hereinafter referred to as "STAL"), registered under GST in Jaipur, Rajasthan, is providing services by way of transportation of goods by road for which it issues consignment notes, to all the sectors of industries.

It maintains trucks, trollers, advance carriages for heavy loads, lorries and small tractors, for the purpose of transportation and renting purposes. It also maintains special vehicles which has special storage features and other advance facilities for transporting defence equipments and other complex machineries, chemical and food products.

It has provided the following details for the current financial year:

- (i) STAL rendered transportation services to farmers in Punjab for transportation of agricultural produce to nearby cities for ₹ 2,00,000.
- (ii) STAL gave buses on rent to a higher secondary school in Rajasthan affiliated to CBSE and charged ₹ 5,00,000 for the same during the year.
- (iii) STAL also had a contract with local authority in Rajasthan to provide services by way of transportation of relief material to flood affected victims for which ₹ 2,50,000 is charged.
- (iv) Manimani Bank, (registered in Bareilly, Uttar Pradesh) sent its branch manager Mr. Champak on one year deputation on a special project to Bhopal, Madhya Pradesh. Mr. Champak's family is stationed in Kanpur (U.P.). Manimani Bank enters into a contract with STAL for transportation of the household goods of Mr. Champak from Kanpur to Bhopal for ₹ 1,50,000.
- (v) STAL transported equipments to a military camp which also availed special storage facility from STAL and amount charged for such services is ₹ 5,50,000.
- (vi) STAL provided service of transportation of goods to a co-operative society which was newly constituted and hence was not registered under GST law and the amount charged was ₹ 3,00,000. While transporting the goods of the said co-operative society, STAL generated e-way bill on Monday at 2:00 pm. The goods were to be transported for a distance of 220 km.
- (vii) STAL owns and maintains its own petrol pump wherein the revenue from supply of petrol was ₹ 20,00,000.

Notes:

1. Assume that GST is payable on the transportation in the aforesaid case scenario at the following rates unless otherwise specified:
 - I. Intra-State supply – 6% CGST and 6% SGST
 - II. Inter-State supply – 12% IGST
2. All the above amounts are exclusive of GST, wherever applicable, unless otherwise specified.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 16.1 to 16.5 below:

16.1 Determine the value of outward supplies made by STAL which are exempt from GST.

- | | |
|-----------------|-----------------|
| (A) ₹ 35,00,000 | (C) ₹ 16,00,000 |
| (B) ₹ 15,00,000 | (D) ₹ 5,50,000 |

Ans. (A) ₹ 35,00,000

Value of exempted supply
 = ₹ 2,00,000 + ₹ 5,00,000 + ₹ 2,50,000 + ₹ 5,50,000 + ₹ 20,00,000
 = ₹ 35,00,000

16.2 Determine the place of supply of the services of transportation of household goods of Mr. Champak provided by STAL.

- | | |
|-----------------------------|----------------------------|
| (A) Jaipur, Rajasthan | (C) Kanpur, Uttar Pradesh |
| (B) Bareilly, Uttar Pradesh | (D) Bhopal, Madhya Pradesh |

Ans. (B) Bareilly, Uttar Pradesh

Supplier = STAL
 Recipient = Bank
 PoS = LoR = Bareilly, Uttar Pradesh

16.3 Calculate the aggregate turnover of STAL for the current financial year.

- | | |
|-----------------|-----------------|
| (A) ₹ 35,00,000 | (C) ₹ 19,50,000 |
| (B) ₹ 39,50,000 | (D) ₹ 38,00,000 |

Ans. (B) ₹ 39,50,000

Sec 2(6) Aggregate Turnover

- ATO to include all outward supplies (taxable or exempt)
 - However, none of inward supply to be included (even if such service attracts RCM)
- Thus, ATO is
 = [₹ 2,00,000 + ₹ 5,00,000 + ₹ 2,50,000 + ₹ 5,50,000 + ₹ 20,00,000 + ₹ 1,50,000 + ₹ 3,00,000]
 = ₹ 39,50,000

16.4 Determine the period of validity of e-way bill generated by STAL for transporting the goods of the co-operative society.

- (A) Tuesday-Wednesday at 12.00 midnight (C) Wednesday at 12.00 noon
 (B) Wednesday-Thursday at 12.00 midnight (D) Wednesday at 2.00 pm

Ans. ((B) Wednesday-Thursday at 12.00 midnight

Rule 138 (10):

- Goods supplied are other than ODC. Therefore, validity period for covering distance of 220 km shall be **2 days** (200 Km per day).
- The term "relevant date" shall mean the date on which the EWB has been generated and the period of validity shall be counted from the time at which the EWB 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.
 EWB is generated at 02:00 pm on Monday. Then first day would end on 12:00 midnight of Tuesday-Wednesday and Second day will end on 12:00 midnight of Wednesday-Thursday.
- Therefore, validity of EWB shall be till 12:00 midnight of Wednesday-Thursday.

16.5 Whether tax is required to be deducted under section 51 of the CGST Act, 2017 for the service provided by STAL to local authority in Rajasthan?

- (A) No; since the value of contract is not less than ₹ 2,50,000. (C) Yes; since TDS is mandatorily to be deducted for any supplies made to a local authority irrespective of the value of supply.
 (B) Yes; since the value of contract is ₹ 2,50,000. (D) No; since it is an exempt supply.

Ans. (D) No; since it is an exempt supply.

Since the supply is exempt so there no requirement to deduct TDS as per sec 51.

17.

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. 17.1. to 17.5:-

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

- (A) 12th October (C) 10th November
(B) 10th October (D) 14th October

Ans. (B) 10th October

Transaction	Due date of invoice	Invoice issuance	Payment	ToS - <u>Sec 12(2) read with Sec 148 Notification 66/2017-CT</u>
Goods supplied to M/s Charanjot Hardwares & Fitters	10 th Oct	12 th Oct	10 th Nov	ToS shall be date of issuance of invoice = 10 th Oct

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

- (A) 17th October (C) 20th October
(B) 12th October (D) 22nd October

Ans. (A) 17th October

Transaction	Due date of invoice	Invoice issuance	Payment	ToS - <u>Sec 12(2) read with Sec 148 Notification 66/2017-CT</u>
Goods supplied to M/s Rana Singh Ji Hardware Products	20 th Oct	17 th Oct	12 th Oct (i.e., advance received)	ToS shall be due date of invoice = 17 th Oct

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

- (A) 22nd October (C) 10th October, 19th October and 20th October
(B) 27th December (D) 22nd December

Ans. (D) 22nd December

Transaction	Due date of invoice	Invoice issuance	Payment	ToS - <u>Sec 13(3)</u>
Services supplied by M/s Khatushyam Transporters	-- (no due date presuming supplier transporter is URP as supplying services under RCM)	22 th Oct	27 th Dec	ToS shall be earlier of following:- a) Date of receipt of payment (27 th Dec) or b) Date immediately following 60 days from the date of issue of invoice (22 nd Oct + 61 days = 22 nd Dec) ToS shall be 22nd Dec.

17.4. 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 (round off), CGST = Nil, SGST = Nil (C) IGST = ₹ 2,75,058, CGST = Nil, SGST = Nil
(B) IGST = ₹ 2,78,100, CGST = ₹ 2,500, SGST = ₹ 2,500 (D) IGST = ₹ 2,75,058, CGST = ₹ 2,500, SGST = ₹ 2,500

Ans. (C) IGST = ₹ 2,75,058, CGST = Nil, SGST = Nil

Supplier - Registered in Gujarat

Outward Supply - Supply of goods

Supply of Goods	Date of removal of goods	Date of receipt of payment	Eligibility discount of	Taxable value (₹)	Value net of discount of 2% (₹)
M/s Nand Kishore Traders (Haryana). (inter-state supply)	10 th October	25 th October	Yes (as payment received within 15 days of removal of goods)	5,75,000	5,63,500 (discount must have been passed by way of issuance of credit note)
M/s Charanjot Hardwares & Fitters (Punjab) (inter-state supply)	10 th October	10 th November	No	3,25,000	3,25,000
M/s Rana Singh Ji Hardware	20 th October	12 th October	Yes	2,70,000	2,64,600

Products (Rajasthan) (inter-state supply)			(as payment received in advance)		(discount must have been passed on invoice itself as was known at that time)
M/s. Annapuram Hardwares (Karnataka) (inter-state supply)	19 th October	29 th November	No	3,75,000	3,75,000
Total					15,28,100

- Gross GST liability in above outward supplies = ₹ 15,28,100 * 18% = ₹ 2,75,058 (IGST)

17.5. 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 (C) ₹ 15,45,000
(B) ₹ 16,39,100 (D) ₹ 15,39,600

Ans. (A) ₹ 16,28,100

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

- Value of outward Supply (refer previous question) = ₹ 15,28,100
- Value of Inward Supply of transportation on which RCM is applicable = ₹ 1,00,000
- Total = ₹ 16,28,100

18. 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:

- 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.
- Vidhata Foundation, a Charitable Trust, registered under section 12AB 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 all 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. 18.1. to 18.5.:-

18.1. 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?

- (A) The service is chargeable to tax and M/s Ram Enterprises will bear the tax liability. (C) The service is exempt under the CGST Act, 2017.
- (B) The service is chargeable to tax and ABC Pvt. Ltd. will discharge the tax liability. (D) 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.

Ans. (B) The service is chargeable to tax and ABC Pvt. Ltd. will discharge the tax liability.

Reverse charge is applicable only when there is a supply of services by a GTA in respect of transportation of goods by road, who has not paid GST@12% (6% CGST + 6% SGST). Therefore, ABC Ltd. Is required to pay GST liability under reverse charge.

18.2. 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. (C) Yes. However, it could have provided services up to ₹ 5,00,000 under composition levy during the current financial year.
- (B) No, it could not have opted for composition levy. (D) Yes. However, it could have provided services up to ₹ 11,75,100 under composition levy during the current financial year.

Ans. (A) Yes. However, it could have provided services up to a value of ₹ 11,12,500 under composition levy during the current FY.

Current FY = FY-3

ATO of PY (FY-2) to be checked for eligibility.

Sec 10(1): Composition scheme eligibility limit = ₹ 150 Lakh / ₹ 75 Lakh (ATO in PY)

ATO for purposes of determination of eligibility

- ATO as defined in **Sec 2(6)** (which defines it to include exempt as well as non-exempt supply)
- But as per Explanation 1 to **Sec 10 of CGST Act** exempt service by way of interest shall be excluded while determining PY eligibility limit for composition scheme.

Thus, ATO is (₹ 1,02,00,000 + ₹ 9,25,000) = ₹ 1,11,25,000

Proviso to Sec 10(1)

Provisioning of service other than restaurant/ catering service is now permissible

Permissible limit = ₹ 11,12,500 (which is higher of following:

- (a) 10% of TO in the State (₹ 1,11,25,000 is TO in the State);
(a) ₹ 5,00,000;

Also, exempt service interest shall not be considered in above limit [ROD order]

18.3. 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. (C) ₹ 13,626
- (B) ₹ 45,931 (D) ₹ 2,02,759

Ans. (C) ₹ 13,626

S.No.	Particulars	Amount (₹)	
Liability under composition scheme on TO in the State of outward supplies			
(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	Ignore	
	TO in the State	11,12, 550	₹ 11,126 (rounded off) [11,12,150@1%]
RCM Liability on inward supplies in normal manner			
(iv)	Amount charged for services received from M/s Ram Enterprises	50,000	₹ 2,500 [50,000@5%]
	Total gross/net tax liability		₹ 13,626

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

- i. Services provided to charitable or religious trusts are not outside the ambit of GST. Unless specifically exempt they are chargeable under GST.
 - ii. All the activities of Vidhata Foundation are exempt from GST since it is a charitable trust registered under section 12AB of the Income-tax Act, 1961.
 - iii. 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 (C) iii
(B) i (D) ii

Ans. (D) ii

- i. **Services provided to charitable or religious trusts are not outside the ambit of GST. Unless specifically exempt they are chargeable under GST :-** Few services of such entities are exempt vide **Entry no. 1**. Hence, given statement is correct.
- ii. **All the activities of Vidhata Foundation are exempt from GST since it is a charitable trust registered under section 12AB of the Income-tax Act, 1961 :-** Only few services of such entities are exempt vide **Entry no. 1**. Hence, given statement is incorrect.
- iii. **Fees charged for sessions on yoga and spirituality are exempt since the objective of such programmes is advancement of yoga and spirituality :-** Few services of such entities are exempt vide **Entry no. 1**. Yoga and spirituality services are covered therein and hence, exempt. Hence, given statement is correct.

18.5. 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?

- (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 at which the movement of goods terminates i.e. at the factory of ABC Pvt. Ltd. in Lucknow, Uttar Pradesh and IGST is leviable on such supply.
- (B) 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.
- (C) 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.
- (D) 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.

Ans. (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 at which the movement of goods terminates i.e. at the factory of ABC Pvt. Ltd. in Lucknow, Uttar Pradesh and IGST is leviable on such supply

	Supply 1	Supply 2
Supplier	M/s Aakash Enterprises - (UP)	M/s Abhijaat Enterprises - (Gujrat)
Recipient	M/s Abhijaat Enterprises - (Gujrat)	ABC Pvt. Ltd.- (UP)
Place of Supply	<u>Sec 10(1)(b) of IGST Act</u> POS shall be location of the principal place of business of third person (not the actual recipient of goods). Thus, PoS shall be principal place of business of M/s Abhijaat Enterprises - (Gujrat) Thus, for this supply, PoS shall be Gujrat	<u>Sec 10(1)(a) of IGST Act</u> POS shall be location of goods at the time of termination of movement of goods at time of delivery of goods to the recipient ABC Pvt. Ltd.- (UP) Thus, for this supply, PoS shall be UP.
Nature of Supply	<u>Inter-state supply</u> Location of supplier (UP) and place of supply (Gujrat) are	<u>Inter-state supply</u> Location of supplier (Gujarat) and place of supply

	into two different states and therefore, this qualifies as inter-state supply in terms of <u>Sec 7 of IGST Act.</u>	(UP) are into two different states and therefore, this qualifies as inter-state supply in terms of <u>Sec 7 of IGST Act.</u>
GST	IGST	IGST

- 19.** 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, Gujarat and Kerala. M/s Speedofast Enterprises is registered in all these States with the same PAN. 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. Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 19.1. to 19.5.:-

Prof. Dippak

[ICAI MTP- Nov 2021]

- 19.1.** 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.

- Ans.** (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.

Registration requirement

- M/s Gajanan Enterprises = Supplier of warehousing services

Place of Supply of Warehousing Service.**Under the given situation:**

Supplier	Gajanan Enterprises	Location: Tamil Nadu	Status: to be determined
Recipient	GQF Private Limited	Location: Maharashtra	Status: GST registered
Supply	Description: Warehousing Service		Type: B2B (supply to registered recipient)
Place of Supply	As per Section 12 of IGST Act , being both the supplier and recipient are located in India. <ul style="list-style-type: none"> Sec 12(2) shall be applicable. Being no specific provision made for determination of PoS. 		

As per **section 12(2) of the IGST Act, 2017**, PoS shall be the location of recipient, i.e., Maharashtra.

- Thus, M/s Gajanan Enterprises is making inter-state supply of services and applicable registration provisions are of **Sec 24** which provides for compulsory registration. However, presently exemption from registration has been granted u/**Sec 23(2)** to inter-state supplier of services for ATO upto 20 Lakh (10 Lakh in case of certain states).
- M/s Gajanan Enterprises is exempted from registration as applicable limit of ATO to it is ₹ 20 Lakh.

Enrollment requirement

- Though not required to take registration, it is required to enroll itself as per express provisions of **Sec 35(2)** read with relevant rule.
- As per **sec 35(2)** read with **rule 58**, even unregistered warehouse operator is required to maintain records and accounts in respect of warehoused goods. Also, it is required to obtain a Unique Enrollment Number (UEN).

19.2. M/s Speedofast Enterprises wishes to obtain a unique common enrolment number (referred hereafter as CEN) for generating e-way bills. Which of the following statements is true in this regard?:

- (A) M/s Speedofast Enterprises is not eligible for obtaining CEN as a transporter registered only in a single State is eligible for the same.
- (B) M/s Speedofast Enterprises is eligible for obtaining CEN as a transporter registered in multiple States with same PAN is eligible for the same. After obtaining CEN, it can use either CEN or its GSTIN for generating e-way bills throughout the country.
- (C) M/s Speedofast Enterprises is not eligible obtaining the CEN as only unregistered transporters are eligible for the same.
- (D) M/s Speedofast Enterprises is eligible for obtaining the CEN as it is registered in multiple States with same PAN. After obtaining CEN, it can use it for generating e-way bills and updating Part-B throughout the country.

Ans. (D) M/s Speedofast Enterprises is eligible for obtaining the CEN as it is registered in multiple States with same PAN. After obtaining CEN, it can use it for generating e-way bills and updating Part-B throughout the country..

RP can opt for Common UEN (for generation of EWB on PAN India Basis using that UEN)

- However, such RP cannot use GSTIN for generation of EWB in this scenario.

Sec 35(2) + R-58:

[owner/ operator of warehouse/godown] + [transporter] shall maintain account - even if not registered - (Their accounts shall facilitate item-wise and owner-wise identification)

- Such unregistered person shall get himself enrolled over common portal**
- Apply in **Form GST ENR-01**, Grant of **UEN (Unique Enrollment No.)**
- UEN in one state = deemed UEN all other states. [Thus, UEN is NOT required state-wise]

Use of enrollment by transporter

- Using this only, the transporter will be able to generate EWB.

Transporter having GSTIN - UEN is not required

But if it is having multiple GSTINs, then it can optionally obtain UEN

- Apply in **Form GST ENR-02**, Grant of **UEN (Unique Enrollment No.)**
- UEN in one state = deemed UEN all other states. [Thus, UEN is NOT required state-wise]
- Now, this UEN can be used to generate EWB all over India.**

19.3. 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.
- (C) Yes, e-way bill is required to be generated mandatorily in case of inter-State transfer of goods by principal to job worker irrespective of value of consignment.

(B) No, as the movement of goods is within the prescribed distance limit of 50 Kms.

(D) Yes, a registered person has to generate e-way bill mandatorily for every inter-State movement of goods irrespective of the value of the consignment.

Ans. (C) Yes, e-way bill is required to be generated mandatorily in case of inter-State transfer of goods by principal to job worker irrespective of value of consignment.

Transfer of goods by GQF Private Limited (principal) to M/s Jamuna Enterprises (Job-worker)

- Movement of goods = INTER-STATE MOVEMENT for job-work
- Requirement of EWB = **Proviso to Rule 138(1)** EWB shall be generated by either by the principal or the job-worker, if registered, irrespective of the value of the consignment.

19.4. M/s Speedofast Enterprises wants to transport multiple consignments in a single conveyance. These consignments are of different consignors 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?

(A) No, M/s Speedofast Enterprises cannot generate a consolidated EWB containing the details of different EWBs since all the EWBs have different validity periods.

(C) No, M/s Speedofast Enterprises cannot generate a consolidated EWB since it is transporting consignments of different consignors and consignees in a single conveyance.

(B) Yes, M/s Speedofast Enterprises can generate a consolidated EWB containing the details of different EWBs even if all the EWBs have different validity periods and it is transporting consignments of different consignors and consignees in a single conveyance.

(D) There are no provisions to generate a consolidated e-way bill under the GST law.

Ans. (B) Yes, M/s Speedofast Enterprises can generate a consolidated EWB containing the details of different EWBs even if all the EWBs have different validity periods and it is transporting consignments of different consignors and consignees in a single conveyance.

Rule 138(6)

After EWB has been duly generated, where multiple consignments are intended to be transported in one conveyance, the transporter may indicate the serial number of EWBs generated in respect of each such consignment electronically on the common portal and a consolidated EWB in FORM GST EWB-02 may be generated by him on the said common portal prior to the movement of goods.

Consolidated e-way bill

(a) Individual consignments having different validity period

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, a consolidated EWB has no separate validity and will be governed by the underlying validity period of the individual EWBs. Individual consignment specified in the Consolidated EWB should reach the destination as per the validity period of the individual EWB.

(b) Individual consignments are of different destination

The consolidated EWB can have the goods or EWBs which will be delivered to multiple locations as per the individual EWB included in the CEWB. That is, if the CEWB is generated with 10 EWBs to move 3 consignments to destination Y and 7 consignments to destination X, then on the way the transporter can deliver 3 consignments to destination Y out of 10 and move with remaining 7 consignments to the destination X with the same CEWB. Alternatively, two CEWB can be generated one for 3 consignments for destination Y and another CEWB for 7 consignments for destination X

19.5. 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 he required to do so?

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

(C) Yes, within 7 days from the generation of the unique e-way bill number

(B) Yes., within 24 hours 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.

Ans. (A) Yes, within 15 days from the generation of unique e-way bill number

EWB completion has to be done by filing up Part B.

Part A of EWB (with corresponding unique EWB number) remains valid for 15 days maximum.

- If EWB completion is not made within 15 days, process of generation of EWB has to be started afresh.

20.

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	UTGST
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 periods 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. 20.1. to 20.5.:-

20.1. 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?

- | | |
|---|---|
| <p>(A) Yes. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration is ₹ 20,00,000.</p> <p>(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.</p> | <p>(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.</p> <p>(D) Yes. Threshold limit of turnover for GSP Pvt. Ltd. to obtain registration is ₹ 40,00,000.</p> |
|---|---|

Ans. (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.

Sec 2(6): Aggregate Turnover

ATO to include all outward supplies (taxable or exempt)

However, none of inward supply to be included (even if such service attracts RCM)

Thus, ATO is

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

Compulsory registration u/Sec 24

Since it is receiving inward supplies subject to RCM, it is required to get itself registered compulsory irrespective of its ATO.

[Further, registration being state-wise, separate registration shall be taken in all states where it is having place of business]

20.2. 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.

Ans. (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.

Compulsory registration u/Sec 24

Since it is receiving inward supplies subject to RCM, it is required to get itself registered compulsory irrespective of its ATO.

[Further, registration being state-wise, separate registration shall be taken in all states where it is having place of business]

20.3. 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

Ans. (A) IGST ₹ 2,85,600

Supply of machinery with installation at customer's site in UP

- LoS = Maharashtra (parts being removed from factory in Mumbai)
- PoS as per **Sec 10(1)(d) of IGST Act**: = place where the goods are assembled or installed at site = Kanpur (U.P.)
- Nature of supply = inter-state supply
- GST liability (FCM) = IGST@18% on value of ₹ 28,00,000. [supply of machinery with installation facility = Composite supply where principal supply is of machinery- hence, GST treatment of supply of machinery shall be given as per **Sec 8(a)**] = ₹ 5,04,000

Statement showing TAX LIABILITY for the tax period of Dec for Registration in Maharashtra

	Value of Supply (₹)	Inter-state supply / Intra-state supply	CGST (₹)	SGST (₹)	IGST (₹)
GST liability under Forward charge					
Supply of machinery	28,00,000	Inter-state	--	--	5,04,000
Total					5,04,000
GST liability under Reverse charge					
Inward supplies subject to RCM	--	--	--	--	---
Total			Nil	Nil	Nil
Total tax liability (FCM as well as RCM)			Nil	Nil	5,04,000

Statement showing computation of total ITC as available for utilization for discharge of liability

S. No.	Particulars	CGST paid (₹)	SGST paid (₹)	IGST paid (₹)
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(i)	Inward supply of inputs of value 9,80,000 (CGST-6% + SGST 6%)	58,800	58,800	----
(ii)	Inward supply of input services of value 5,60,000 (CGST-9% + SGST 9%)	50,400	50,400	----
(iii)	GST on Inward supply subject to RCM	Nil	Nil	---
Total		1,09,200	1,09,200	---

Statement showing computation of NET GST PAYABLE from cash ledger for the tax period of Dec for the Registration in Maharashtra

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	IGST (₹)	CGST (₹)	SGST (₹)	Total GST (₹)
GST liability under Forward charge				
GST payable.	5,04,000	--	--	5,04,000
Less: ITC (IGST) of ₹ Nil [ITC (IGST) shall be utilized first for payment of IGST and then, for payment of CGST or SGST, as per discretion of taxpayer.]	--	---	--	--
Less: ITC (CGST) of ₹ 1,09,200 [ITC (CGST) shall be utilized first for payment of CGST and then, for payment of IGST liability, if any.]	(1,09,200)	--	--	(1,09,200)
Less: ITC (SGST) of ₹ 1,09,200 [ITC (SGST) shall be utilized first for payment of SGST and then, for payment of IGST liability, if any.]	(1,09,200)	--	--	(1,09,200)
GST payable in cash (from e-cash ledger)	2,66,520	Nil	Nil	2,85,600
GST liability under Reverse charge				
RCM liability on inward supply	---	--	---	--
GST payable in cash (from e-cash ledger)	---	--	---	--
Total liability to be discharged in cash	2,85,600	NIL	NIL	2,85,600

20.4. 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 (C) composite, principal supply
(B) mixed, supply having highest volume (D) composite, supply having highest rate

Ans. (C) composite, principal supply

- **Combination Supply (sale of machinery + service of installation)** = Composite supply as defined in **sec 2(30)** (as supplies are naturally bundled in the ordinary course of business and sale of machinery is principal supply and other supply is ancillary)
- **GST treatment of composite supply as per Sec 8(a)** = Treat it as supply of principal supply - thus, treat it as supply of machinery (accordingly, tax rate of machinery, i.e., 18% applicable)

20.5. 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 (C) POS - Maharashtra, CGST & SGST
(B) POS - Madhya Pradesh, IGST (D) POS – Madhya Pradesh, CGST & SGST

Ans. (B) POS - Madhya Pradesh, IGST

Supply of machinery with installation at customer's site in MP

- **LoS = Maharashtra** (parts being removed from factory in Mumbai)
- **PoS as per Sec 10(1)(d) of IGST Act:** = place where the goods are assembled or installed at site = MP
- **Nature of supply = Inter-state supply**
- **GST liability (FCM) = IGST@18%**

21. 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. Further, trading of goods was also carried out from the head office only.

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. Such stock was procured approximately 3 to 5 months before the respective dates.

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. 21.1. to 21.5.:-

[ICAI MTP- Nov 2021]

21.1. 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. | (C) XLL can avail credit of ₹ 20 lakh. |
| (B) XLL can avail credit of ₹ 40 lakh. | (D) XLL cannot avail credit on opening stock. |

Ans. (A) XLL can avail credit of ₹ 50 lakh.

Sec 18(1)(a): [New Registration: ITC of stock-in hand on day preceding to date of becoming liable to pay tax is admissible if registration is applied for within 30 days of becoming liable for registration]

- **Supplier** = XLL = Supplier of services
- **Date of becoming liable for registration** = ATO crossing 20 Lakh = 31st Oct
- **Date of submission of registration application** = 25th Nov (i.e., within 30 days of becoming liable for registration)
- **Date of grant of registration** = 7th Dec (Registration shall be effective from 25th Nov)
- **ITC of stock in hand on the day immediately preceding the date from which he becomes liable to registration** = Stock as on 30th Oct = Stock of value of 50 lakh
- **Procedural formalities to be complied with:** Form GST ITC-01 to be submitted over common portal for claiming such ITC

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

- | | |
|--|--|
| (A) XLL was liable for registration of only Delhi unit. | (C) XLL was liable for registration of Delhi, UP and Haryana units. |
| (B) XLL was liable for registration of Delhi and UP units. | (D) XLL was liable for normal registration at Delhi and UP unit, and ISD registration at Haryana unit. |

Ans. (C) XLL was liable for registration of Delhi, UP and Haryana units.

- As per **sec 25**, XLL is required to take registration for all the places from where it makes taxable supplies.
- Registration is required for HO (Haryana) as well as Branch Offices (UP and Delhi).

21.3. 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.

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

Rule 138(14): Cases where EWB is not required to be generated

Where the goods are being transported under customs bond

- o from an ICD or a CFS to a customs port, airport, air cargo complex and land customs station, or
- o from one customs station or customs port to another customs station or customs port, or

[Note: ICD is deemed 'customs port'. Export goods are brought to ICD for customs clearance. Further movement from ICD to seaport is under Customs control. Hence, law has relaxed requirement of EWB]

21.4. 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.

Ans. (B) Value of the taxable container handling services should exclude green cess but include transportation cost.

Rule 33 of CGST Rules, 2017: It stipulates that **notwithstanding anything** contained in the provisions of 'Chapter IV – Determination of Value of Supply', the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply (subject to satisfaction of certain conditions).

- XLL has collected 'green cess' as pure agent of the customers. Hence, it shall not form part of value of supply.
- But 'transportation charges' have not been collected as 'pure agent' of customer, hence these shall form part of value of supply.

21.5. 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.

Ans. (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.

Determination of place of supply of 'Container Handling Services'

Under the given situation:			
Supplier	XLL	Location: Delhi (ICD)	Status: GST registered
Recipient	(not given)	Location: Nepal / Buthan	Status: unregistered under GST
Supply	Description: Container Handling Service		Type: B2C (supply to unregistered recipient)
Place of Supply	As per Section 13 of IGST Act, being recipient located outside India. <ul style="list-style-type: none"> ▪ Sec 13(3) shall be applicable. ▪ Being specific provision made for determination of PoS. 		

As per **section 13(3) of the IGST Act, 2017**, in respect of services supplied in respect of goods which are required to be made physically available to the supplier by the recipient, POS shall be the place of performance of service. Thus, the place of supply of service in this case shall be **(India)**.

Place of supply being in India, such supply does not qualify as 'EXPORT OF SERVICE' and consequently, not eligible for zero-rating benefit.

However, such supply has been exempted from GST.

Entry No. 9-B. of E/N 12/2017-CT (Rate): Supply of service associated with transit cargo to Nepal and Bhutan is exempt.

22. 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
06th June	Sewing machine is installed & accepted by Mr. Mahesh	18%
15th June	Date of invoice	18%
31 July	Payment details are entered in the books of KUSHA Pvt Ltd	28%
09th 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	55,00,000	77,00,000*
Exempt supplies (exempt by way of 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. The company has its registered office at Delhi and it is registered under GST only in the Union Territory of Delhi. The company 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.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 22.1. to 22.4.:-

- 22.1. 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
- (B) Architect services received from Mr. Murali of London
- (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

Ans. (B) Architect services received from Mr. Murali of London

Import of service from	consideration	RP or not	Nature of activity	Supply or not
Mr. Manoj (grand parent) in South Africa	Without consideration	Being independent, grand parent not falling in definition of family [Sec 2 (49)]. Thus, not related person as defined in GST Law.	Import of service without consideration for business, but not from related person	Not supply [Not covered by Sec 7(1)(c) - Schedule I (para 4)]

Mr. Murali (brother) in London	Consideration of 2 lakh	Being independent, both not falling in definition of family [Sec 2 (49)]. Thus, not related person as defined in GST Law.	Import of service for consideration for non-business purpose (from related person)	Supply [covered by Sec 7(1)(b)] GST levy attracted. However, GST not payable as exempted (being such import is for personal purpose)
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22.2. What is the 'date of payment' for sewing machine supplied by KUSHA Pvt Ltd. to Mr. Mahesh? Determine time of supply in said case.

- (A) 31st July; 6th June (C) 31st July; 15th June
(B) 9th August; 6th June (D) 9th August; 15th June

Ans. (B) 9th August; 6th June

14(a)

GST rate = 18%	GST rate = 28% (on/from 1 st Aug)	ToS - Sec 14
Date of supply = 6 June		
Date of invoice = 15 June	Date of Change (DoC) 1 August	Date of payment = 3 Aug * (being earlier of date of entry in books or date of credit into bank account)
		Date of invoice = 15 June (Applicable GST rate = 18%)

Special provision as to determination of 'date of payment' for Sec 14:

As per [section 14 of the CGST Act, 2017](#), in case of change in rate of tax, date of receipt of payment is **earlier of**:

- (i) date of entering payment in the books of account of the supplier (31 July) or
(ii) date on which the payment is credited to his bank account (9 Aug)
[if this is applied, then date of payment shall be date of credit into bank account - 31 July]

However, it has also been provided as an exception that **if the payment is credited in the bank account after 4 working days from the date of change in the rate of tax** (in given case, 1st Aug), **the date of receipt of payment will be the date of credit in the bank account.** [if this exception is applied, then date of payment shall be date of credit into bank account - 9th Aug]

In given scenario, this exception shall be applied

Thus, date of receipt of payment in this case will be determined in normal manner and it shall be 9th Aug.

Time of Supply - SEC 14: (based on MAJORITY RULE)

Earlier of 'Date of Supply' / 'Date of Invoice' = 6th June

22.3. 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 (C) Eligible; the permissible limit for supply of services is ₹ 5,50,000
(B) Eligible; the permissible limit for supply of services is ₹ 10,00,000 (D) Mr. Mahesh is not eligible to opt for composition scheme.

Ans. (D) Mr. Mahesh is not eligible to opt for composition scheme.

Composition scheme as per Sec 10(1) read with 10(2)

Eligible Supplier = Supplier of goods and supplier of restaurant services are covered by Composition Scheme as laid down in [Sec 10\(1\) read with Sec 10\(2\)](#).

Further, Composition scheme eligibility limit = ATO (PY) upto ₹ 150 lakh (in certain specified states, limit is ₹ 75 Lakh).

Additionally, services can be provided upto higher of following limit (a) 10% of TO in the State (b) ₹ 5,00,000. (in this limit, exempt as well as non-exempt service shall be considered)

Also, in terms of [Sec 10\(2\)](#), such supplier shall not be engaged in making certain supplies. One such supply is 'inter-state supply'.

Eligibility of Mr Mahesh for Composition scheme as per Sec 10(1) read with 10(2)

ATO (PY) = ₹ (55,00,000 + 45,00,000) = ₹ 100,00,000. - within applicable eligibility limit of 150 Lakh.

However, **since the supply intended to be made by Mr Mahesh includes 'inter-state supplies' also, he is not eligible to opt for composition scheme.**

22.4. 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 % (C) 2%
(B) 1% (D) Nil

Ans. (D) Nil

In terms of Sec 51, supply, whether intra-state or inter-state, both are subject to deduction of tax by the Government.

However, no deduction shall be made if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

In simple word.

Location of Supplier & PoS in State A	Location of recipient in State B
= Intra-state supply of State A = CGST+ State-A GST (e.g., supply of immovable property related service, or supply of intermediary service)	<i>in such cases, TDS would not be deducted</i>

In given case,

- **Supplier Mr Mahesh** = Located in Gujarat
- **Place of supply of goods** = Porbandar (Gujarat) - where goods are being delivered
- **Nature of supply** = intra-state supply (CGST+ Guj GST liability)
- **Location of recipient (State)** = Delhi State (Delhi is state for purposes of GST law)

Supplier has made intra-state supply in his state to recipient located in other state - TDS provisions shall not be applicable due to express provisions of sec 51.

23. '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)

5. 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 15 th 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
2nd May	TMT Pvt. Ltd. paid the stipulated amount of advance to KIT
5th May	Invoice issued to TMT Pvt. Ltd.
10th May	30% of the invoice amount is paid
14th May	Another 20% of the invoice amount is paid
18th 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. Credit Note is to be issued by KIT for discount to be provided, if any, and for levying penal charges, further invoice to be issued.
2. The iron bars are not Over Dimensional Cargo.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 23.1. to 23.6.:-

23.1. 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 (C) A) Hyderabad; B) Bhubaneswar
 (B) A) Bhubaneswar; B) Bhubaneswar (D) A) Hyderabad; B) Visakhapatnam

Ans. (C) A) Hyderabad; B) Bhubaneswar

	Supply 1	Supply 2
Supplier	M/s Kalpavriksha Iron Traders (KIT) - (AP)	TMT Pvt. Ltd.- (Hyderabad -Telengana)
Recipient	TMT Pvt. Ltd.- (Hyderabad -Telengana)	Shakti Iron & Steels (Bhubaneswar -Odisha)
Place of Supply	Sec 10(1)(b) of IGST Act POS shall be location of the principal place of business of third person (not the actual recipient of goods). Thus, PoS shall be principal place of business of 'TMT Pvt. Ltd.'- (Hyderabad -Telengana) Thus, for this supply, PoS shall be Hyderabad - Telengana.	Sec 10(1)(a) of IGST Act POS shall be location of goods at the time of termination of movement of goods at time of delivery of goods to the recipient Shakti Iron & Steels (Bhubaneswar -Odisha). Thus, for this supply, PoS shall be Odisha.
Nature of Supply	Inter-state supply Location of supplier (AP) and place of supply (Hyderabad -Telengana) are into two different states and therefore, this qualifies as inter-state supply in terms of Sec 7 of IGST Act.	Inter-state supply Location of supplier (Telengana) and place of supply (Bhubaneswar - Odisha) are into two different states and therefore, this qualifies as inter-state supply in terms of Sec 7 of IGST Act.
GST	IGST	IGST

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

- (A) 5th May (C) 2nd May
 (B) 6th May (D) 2nd May for supply of ₹7,00,000 & 5th May for the balance value of supply.

Ans. (A) 5th May

- 'M/s Kalpavriksha Iron Traders' (KIT) = Supplier of goods
- Determination of ToS: **Sec 12(2) read with Sec 148 notification (N/n 66/2017-CT)**
 ToS shall be the date of issue of invoice (or due date of issue of invoice)
 - Due date of invoice = date of removal of goods = 6th may
 - Date of issue of invoice = 5th may
 - ToS = 5th May

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

- (A) ₹ 61,55,000 (C) ₹ 59,92,000
 (B) ₹ 61,47,000 (D) ₹ 61,22,000

Ans. (B) ₹ 61,47,000

	Amount (₹)	Details (₹)		Remarks (₹)
Payment due against supply	61,55,000 (GST extra)	Basic Price	60,00,000	Due date of payment :Within 25 days from invoice date (5 May + 25 days) = 30 may
		Freight	1,50,000	
		Delivery charges	5,000	

		Total Value	61,55,000	
Receipt of payment	Partial advance Balance in installments	2 nd May	7,00,000 Advance	Total payment due for supply has been received by 18 th May, i.e., within 19 days from invoice date.
		10 th May	30% of invoice amount	
		14 th May	20% of invoice amount	
		18 th May	Balance	
Cash discount on account of making prompt payment	8,000	Since total payment has been made within 15 days of invoice date, recipient is entitled to discount of ₹ 8,000 as per discount policy of supplier.		

- **Value of Supply** = [Sec 15(1) r/w 15(2): 61,55,000 less Discount (allowed as per 15(3)) of 8,000] = ₹ 61,47,000

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

- (A) 12:00 midnight of 08th -9th May (C) 12:00 midnight of 10th -11th May
(B) 12:00 midnight of 09th -10th May (D) 12:00 midnight of 11th -12th May

[Author: Options modified in view of amendment recently made in Rule 138(10)]

Ans. (B) 12:00 midnight of 09th -10th May

Rule 138 (10): (as amended w.e.f. 1st Jan, 2021)

- Goods supplied are other than ODC. Therefore, validity period for covering distance of 455 km shall be **3 days** (200 Km per day).
- The term "relevant date" shall mean the date on which the EWB has been generated and the period of validity shall be counted from the time at which the EWB 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.
EWB is generated at 00:15 hrs. on 6th May. Then first day would end on 12:00 midnight of 07 -08 May. Second day will end on 12:00 midnight of 08-09 May and third day will end on 12:00 midnight of 09-10 May.
- Therefore, validity of EWB shall be till 12:00 midnight of 09th - 10th May (6th May + 3 Days)

23.5. 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. (C) A) 61,80,000; B) 61,47,000; C) 63,05,000.
(B) A) 60,30,000; B) 60,05,000; C) 61,55,000. (D) A) 60,30,000; B) 59,97,000; C) 61,55,000.

Ans. (A) A) 61,75,000; B) 61,55,000; C) 62,95,000.

Value of taxable supply in different scenarios:

	Amount (₹)	Due date of payment	Discount / Penal charges	Final Value (₹)
Case A) payment by 3rd June	61,55,000 (GST extra)	= Within 25 days from invoice date = (5 May + 25 days) = 30 May	= delayed payment by 4 days of due date = Penal charges @5000 per day = 20,000 (GST extra)	= [61,55,000 + 20,000 (penal charges - includible in value as per Sec 15(2))] = 61,75,000
Case B) payment by 28th May	61,55,000 (GST extra)	= Within 25 days from invoice date = (5 May + 25 days) = 30 May	Total payment due for supply has been received by 28 th May, i.e., after 15 days of invoice, no discount entitlement to recipient.	= 61,55,000
Case C) payment by 20th June	61,55,000 (GST extra)	= Within 25 days from invoice date = (5 May + 25 days) = 30 May	= delayed payment by 21 days of due date = Penal charges [1,30,000 + @10,000 for one day] = 1,40,000 (GST extra)	= [61,55,000 + 1,40,000 (penal charges - includible in value as per Sec 15(2))] = 62,95,000

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

- (A) TMT Pvt Ltd (C) Express Transports
(B) SIS (D) KIT

Ans. (D) KIT

- **Supplier** = GTA - supplying goods transportation by road service and not opting for GST payment @12%
- **Recipient** = KIT, business entity in taxable territory = (GST registered person)
- **Given supply by GTA to RP** - covered under RCM (as notified u/ Sec 9(3) of CGST Act / Sec 5(3) of IGST Act)
- Since RCM applicable, **KIT shall be liable to pay GST**

24. '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	Status of customer
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:

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

Based on the case scenario given above, choose the most appropriate answer to Q. nos. 24.1. to 24.5.:-

- 24.1. 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

Ans. (D) CGST = Nil; SGST = Nil & IGST = Nil

Sec 17(5)(a): ITC is blocked if motor vehicles for transportation of persons having approved seating capacity of **not** more than 13 persons (including the driver). But ITC is admissible if such vehicle is purchased for providing taxable service of transportation of passengers.

- As STPL is providing passenger transportation services, ITC is not blocked.

24.2. 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 (C) CGST = Nil; SGST = Nil & IGST = ₹ 1,30,000
(B) CGST = Nil; SGST = Nil & IGST = ₹ 58,000 (D) CGST = Nil; SGST = Nil & IGST = Nil

Ans. (D) CGST = Nil; SGST = Nil & IGST = Nil

Refer Discussion in 16.3 below

GST liability of STPL i.r.o. services supplied by it through ECO/ RUBA

- ** Since ECO is liable to deemed supplier as per provisions of [Sec 9\(5\)](#), such ECO is liable to pay GST.
- STPL is not liable to pay GST.

24.3. 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 (C) A ₹ 1,30,000; B Nil and C ₹ 70,000
(B) A ₹ 1,30,000; B ₹ 1,25,000 and C ₹ 1,40,000 (D) A Nil; B Nil and C Nil

Ans. (D) A Nil; B Nil and C Nil

Seating capacity of MV purchased (including driver)	Status of MV under Motor Vehicle Act, 1988 (refer below)	Sec 9(5) applicability	Supply of passenger transportation service	
			Through third party ECO - RUBA	On his own
7 persons (6P + 1D)	Motor Cab (6P + 1D)	Yes	ECO (RUBA) = deemed supplier as per Sec 9(5) , liable to pay GST	Supplier (STPL) liable to pay GST
9 persons (8P + 1D)	Maxi Cab (6P + 1D)	Yes		
11 persons (10P + 1D)	Maxi Cab (6P + 1D)	Yes	July Value = 130,00,000	
13 persons (12P + 1D)	Maxi Cab (6P + 1D)	Yes	Aug Value = 125,00,000	
			Sep Value = 140,00,000	
* P = Passenger D = Driver			** Since ECO is liable to deemed supplier as per provisions of Sec 9(5) , such ECO is not liable to collect tax at source in terms of Sec 52 .	

Author:

- It shall be noted that [Sec 9\(5\)](#) makes ECO deemed supplier in respect of passenger transportation service supplied by a radio taxi, motor cab, maxi cab and motor cycle.
- Accordingly, it needs to be checked the status of motor vehicle through which passenger transportation service is being provided by STPL.

Definition under Motor Vehicle Act, 1988

Motor Cab	2 (25)	"motorcab" means any motor vehicle constructed or adapted to carry not more than six passengers excluding the driver for hire or reward [thus, Total capacity = 6 passengers + 1 driver = 7 persons]
Maxi Cab	2 (22)	"maxicab" means any motor vehicle constructed or adapted to carry more than six passengers, but not more than twelve passengers , excluding the driver , for hire or reward [thus, Total capacity = 12 passengers + 1 driver = 13 persons]

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

- (A) 1) Bangalore, 2) Hyderabad & 3) Hyderabad (C) 1) Chennai, 2) Chennai & 3) Delhi
(B) 1) Chennai, 2) Hyderabad & 3) Hyderabad (D) 1) Bangalore, 2) Chennai & 3) Hyderabad

Ans. (A) 1) Bangalore, 2) Hyderabad & 3) Hyderabad

In all given cases, service has been supplied to recipient located in India. Accordingly, POS shall be determined as per provisions of [Sec 12](#).

- **PoS as per [Sec 12\(9\)](#):**
 - if it is [B2B Supply](#) (to a registered person): PoS = LoR;
 - if it is [B2C Supply](#) (to unregistered person): PoS = place where the passenger embarks on the conveyance for a continuous journey

Determination of POS

Order No.	Date of travel	Starting City	Ending City	Residence of the customer	Date of payment / booking	Status of customer	POS as per Sec 12(9)
CA-435	11 th July	Bangalore	Chennai	Chennai	9 th July	Unregistered	Bangalore (Place of embarkation)
PH- 534	16 th July	Chennai	Bangalore	Hyderabad	14 th July	Registered	Hyderabad (LoR)
GK- 987	19 th July	Hyderabad	Bangalore	Delhi	17 th July	Unregistered	Hyderabad (Place of embarkation)

24.5. 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 (C) 1) 3rd July, 2) 20th July & 3) 23rd July
 (B) 1) 5th July, 2) 22nd July & 3) 23rd July (D) 1) 5th July, 2) 20th July & 3) 23rd July

Ans. (C) 1) 3rd July, 2) 20th July & 3) 23rd July

Order No.	Date of travel	Date of invoice issuance (Invoice issued electronically immediately after completion of the journey)- i.e., within prescribed period of 30 days	Date of payment / booking	ToS as per Sec 13(2) Earlier of (a) Date of invoice; or (b) Date of payment
CA-234	5 th July	5 th July	3 rd July	3 rd July (being earlier of 2 dates)
UV-777	22 nd July	22 nd July	20 th July	20 th July (being earlier of 2 dates)
XE- 001	25 th July	25 th July	23 rd July	23 rd July (being earlier of 2 dates)

25. Mr. A, registered under GST, 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-

- Income from the auditing and assurance service provided during the year- ₹ 1,86,00,000
- Income for acting as an examiner from the ICAI and ICSI (not on their rolls) in the month of June - ₹ 2,50,000
- 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:

- All the above amounts are exclusive of taxes, wherever applicable.
- 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.
- Mr A furnishes return on monthly basis.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 25.1. to 25.5. as follows:-

25.1. Assuming that the current financial year is the financial year 2021-22, 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 2027 (C) 31st December 2029
 (B) 31st December 2028 (D) 31st December 2030

Ans. (B) 31st December 2028

Sec 36

Every RP required to keep and maintain books of account or other records in accordance with the provisions of **section 35(1)** shall retain them until the expiry of 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records

- Due date for annual return for FY 2019-20 is 31-12-2020

ICAI: For exam purposes, Students are NOT required to use extended due dates.

- Period upto which accounts shall be preserved = 31st Dec, 2022 + 72 Months = 31st Dec, 2028

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

- (A) ₹ 2,02,50,000 (C) ₹ 2,02,65,000
(B) ₹ 2,02,90,000 (D) ₹ 2,02,60,000

Ans. (D) ₹ 2,02,60,000

Sec 2(6): Aggregate Turnover

ATO to include all outward supplies (taxable or exempt)

However, none of inward supply to be included (even if such service attracts RCM)

Thus, ATO is

$$= [₹ 1,86,00,000 + 2,50,000 + 13,90,000] + [\text{OMV of 2 computers disposed off (it is also supply as per Schedule I (para 1))}]$$

$$= ₹ 2,02,60,000$$

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

- (A) ₹ 2,00,10,000 (C) ₹ 2,02,60,000
(B) ₹ 2,00,40,000 (D) ₹ 2,02,50,000

Ans. (A) ₹ 2,00,10,000

Total Taxable TO = TO on which GST is payable

$$= \text{ATO of 202, 60,000 less exempted TO of 2,50,000} = 200, 10,000$$

Note: Service provided as an examiner to ICAI and ICSI is exempt supply vide **Entry no. 66(b)**

- **Entry 66(b):** Exemption provided to [Services provided (by any person) to an educational institution by way of services relating to admission to, or conduct of examination by, such institution.]

25.4. Which of the following transactions/activities are considered as supply under GST law?

- (i) Service provided as an examiner to ICAI and ICSI
(ii) Rental income
(iii) Shifting of computers at home for personal purpose without consideration

- (A) (i) and (ii) (C) (i) and (iii)
(B) (ii) and (iii) (D) (i), (ii) and (iii)

Ans. (D) (i), (ii) and (iii)

- (a) Service provided as an examiner to ICAI and ICSI: It is supply, though exempted vide **Entry no. 66**;
(b) Rental income as it is not related to business : Business defined and its scope is much wider to cover renting activity also. Hence, it is also supply.
(c) Shifting of computers at home for personal purpose as there is no consideration:: It is supply as per Schedule 1 (para 1)

25.5. 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 ITC available in electronic credit ledger or in cash. (C) Interest liability of Mr. A is ₹ 2,466 and he can pay the same from ITC available in electronic credit ledger or in cash.
(B) Interest liability of Mr. A is ₹ 444 and he cannot utilize the ITC for the payment of interest. He needs to pay the interest in cash. (D) Interest liability of Mr. A is ₹ 2,466 and he cannot utilize the ITC for the payment of interest. He needs to pay the interest in cash.

Ans. (B) Interest liability of Mr. A is ₹ 444 and he cannot utilize the ITC for the payment of interest. He needs to pay the interest in cash.

Sec 50: Interest on delayed payment of tax

- Applicable rate = 18% p.a.
- Period of interest = Starting from due date of payment and ending with date of payment
- Amount subjected to interest = Net GST liability paid through e-cash ledger

In given case, considering that supplier is 'regular supplier' who is liable to pay on 'monthly basis'

- Period of interest = 5 days (given in question)
- Amount subject to interest = ₹ 1,80,000 (entire amount is payable through e-cash ledger)
- Amount of interest = ₹ (1,80,000 * 18% p.a. * 5 Days / 365 Days) = ₹ 444 (rounded off)

26. 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.
3. It is also assumed that due date for any return required to be filed by the taxpayer has not been extended by the Government.
4. 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.
5. All the purchases and sales are made within the State except the export sales.
6. All the amounts given above are exclusive of taxes, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 26.1. to 26.4. as follows:-

- 26.1. The net GST payable in cash by Kunj Manufacturers during the period from April to February is -

- (A) ₹ 1,76,800 (C) ₹ 18,26,800
(B) ₹ 3,46,800 (D) ₹ 18,46,800

Ans. (A) ₹ 1,76,800

Author: ICAI answer does not seem to be correct

Statement showing computation of output tax liability from **April to Feb** of Current FY

Period	Status	Value/TO(₹)	Rate	GST liability (₹)
April + May + June	Composition Supplier	150,00,000	1%	1,50,000 [CGST- 75,000 + SGST - 75,000]
July till Feb	Regular Supplier			
	(a) Sale to SMC	2,40,000	12%	28,800 [CGST- 14,400 + SGST - 14,400]
	(b) Sale to Finance Dept of Gujarat	10,00,000	12%	1,20,000 [CGST- 60,000 + SGST - 60,000]
	(c) Sales	15,00,000	12%	1,80,000 [CGST- 90,000 + SGST - 90,000]
	(d) Fabric sale in Gujarat	2,00,000 (1000 m×200)	12%	24,000 [CGST- 12,000 + SGST - 12,000]
	(e) Export of fabric	3,00,000 (1000 m×200)	12%	NIL CGST (as export is under Bond)
Total Liability				4,78,800 [CGST- 2,39,400 + SGST - 2,39,400]

Statement showing computation of admissible ITC of **April to Feb** of Current FY

Period	Status	Value of inward supply (₹)	Rate	GST liability (₹)						
April + May + June	Composition Supplier	--	--	No ITC admissible						
30 th June	Special ITC becoming available as RP ceases to work under composition scheme									
	(a) Inputs lying as such (Purchase invoice - dated 4 th May (presumed of current FY))	--	--	Full ITC [CGST- 10,000 + SGST - 10,000] (admissible as 1 year not expired from date of invoice)						
	(b) Inputs lying in form of semi-finished goods	--	--	Full ITC [CGST- 5,000 + SGST - 5,000] (admissible as 1 year not expired from date of invoice)						
	(c) Capital goods lying in stock	10,00,000	12%	Reduced ITC <table><tr><td>GST paid on machine</td><td>1,20,000</td></tr><tr><td>Less: 5% per quarter or part thereof [Q4 of PY (Jan+ Feb +Mach) + Q1 of CY (April + May + June)]= 2 quarters @5% each = 10%</td><td>(12,000)</td></tr><tr><td>Reduced ITC</td><td>1,08,000</td></tr></table> [CGST- 54,000 + SGST - 54,000] (admissible as 1 year not expired from date of invoice)	GST paid on machine	1,20,000	Less: 5% per quarter or part thereof [Q4 of PY (Jan+ Feb +Mach) + Q1 of CY (April + May + June)]= 2 quarters @5% each = 10%	(12,000)	Reduced ITC	1,08,000
GST paid on machine	1,20,000									
Less: 5% per quarter or part thereof [Q4 of PY (Jan+ Feb +Mach) + Q1 of CY (April + May + June)]= 2 quarters @5% each = 10%	(12,000)									
Reduced ITC	1,08,000									
July till Feb	Regular Supplier									
	(a) Purchases	12,00,000	12%	1,44,000 [CGST- 72,000 + SGST - 72,000]						
Total ITC				2,82,000 [CGST- 1,41,000 + SGST - 1,41,000]						

Statement showing computation of NET GST PAYABLE from cash ledger for **April to Feb** of Current FY

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	IGST (₹)	CGST (₹)	SGST (₹)	Total GST (₹)
GST liability as composition supplier				
Composition tax liability	--	75,000	75,000	1,50,000
GST payable in cash (from e-cash ledger)	--	75,000	75,000	1,50,000
GST liability under Forward charge				
GST payable.	---	1,64,400	1,64,400	3,28,800
Less: ITC (IGST) of Nil [ITC (IGST) shall be utilized first for payment of IGST and then, for payment of CGST or SGST, as per discretion of taxpayer.]	--	--	-	--
Less: ITC (CGST) of ₹ 1,41,000 [ITC (CGST) shall be utilized first for payment of CGST and then, for payment of IGST liability, if any.]	--	(1,41,000)	--	(1,41,000)
Less: ITC (SGST) of ₹ 1,41,000 [ITC (SGST) shall be utilized first for payment of SGST and then, for payment of IGST liability, if any.]	--	--	(1,41,000)	(1,41,000)
GST payable in cash (from e-cash ledger)	Nil	23,400	23,400	46,800
Total liability to be discharged in cash	Nil	98,400	98,400	1,96,800

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

(A) ₹ 2,72,000

(C) ₹ 2,88,000

(B) ₹ 2,82,000

(D) ₹ 3,02,000

Ans. (B) ₹ 2,82,000

Kindly refer statement prepared in answer to 18.2

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

(A) ₹ 24,000

(C) ₹ 31,000

(B) ₹ 33,000

(D) ₹ 22,000

Ans. (C) ₹ 31,000

Analysis of outward and inward supplies of March of current FY

Outward Supply	Domestic Sales	₹ 2,00,000 (1000 m@200)	12%	₹ 24,000 [CGST- 12,000 + SGST - 12,000]
	Export	₹ 3,00,000 (1000 m@200)	12%	NIL IGST (as export is under Bond)
Inward Supply	ITC			₹ 55,000 [CGST- 27,500 + SGST - 27,500]
Surplus ITC post set-off				₹ 31,000 [CGST- 15,500 + SGST - 15,500]

Admissible Refund

- Max refund as per **Rule 89(4)** = Net ITC * TO of zero-rated supply/ Total TO = $[55,000 * 3,00,000 / 5,00,000] = 33,000$

However, admissible refund cannot exceed balance lying in e-credit ledger by end of tax period.

Thus, actual admissible refund shall be ₹ 31,000 [CGST- 15,500 + SGST - 15,500]

26.4. 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

(C) ₹ 82,800

(B) ₹ 83,800

(D) Nil

Ans. (D) Nil

Statement showing computation of output tax liability from July to Feb of Current FY

Period	Status	Value/TO (₹)	Rate	GST liability (₹)
April + May + June	Composition Supplier	150,00,000	1%	1,50,000 [CGST- 75,000 + SGST - 75,000]
July till Feb	Regular Supplier			
	(a) Sale to SMC	2,40,000	12%	28,800 [CGST- 14,400 + SGST - 14,400]
	(b) Sale to Finance Dept of Gujarat	1,00,000	12%	12,000 [CGST- 6,000 + SGST - 6,000]
	(c) Sales	15,00,000	12%	1,80,000 [CGST- 90,000 + SGST - 90,000]
	(d) Fabric sale in Gujarat	2,00,000 (1000 m@200)	12%	24,000 [CGST- 12,000 + SGST - 12,000]
	(e) Export of fabric	3,00,000 (1000 m@200)	12%	NIL IGST (as export is under Bond)
Total Liability				2,20,800 [CGST- 1,10,400 + SGST - 1,10,400]

Statement showing computation of admissible ITC of April to Feb of Current FY

Period	Status	Value of inward supply (₹)	Rate	GST liability (₹)
April + May + June	Composition Supplier	—	—	No ITC admissible
30 th June	Special ITC becoming available as RP ceases to work under composition scheme			
	(a) Inputs lying as such (Purchase invoice - dated 4 th May (presumed of current FY))	--	--	Full ITC [CGST- 10,000 + SGST - 10,000] (admissible as 1 year not expired from date of invoice)
	(b) Inputs lying in form of semi-finished goods	--	--	Full ITC [CGST- 5,000 + SGST - 5,000] (admissible as 1 year not expired from date of invoice)

	(c) Capital goods lying in stock	10,00,000	12%	<table><tr><td>Reduced ITC</td><td></td></tr><tr><td>GST paid on machine</td><td>1,20,000</td></tr><tr><td>Less: 5% per quarter or part thereof [Q4 of PY (Jan+ Feb +Mach) + Q1 of CY (April + May + June)]= 2 quarters @5% each = 10%</td><td>(12,000)</td></tr><tr><td>Reduced ITC</td><td>1,08,000</td></tr></table> <p>[CGST- 54,000 + SGST - 54,000] (admissible as 1 year not expired from date of invoice)</p>	Reduced ITC		GST paid on machine	1,20,000	Less: 5% per quarter or part thereof [Q4 of PY (Jan+ Feb +Mach) + Q1 of CY (April + May + June)]= 2 quarters @5% each = 10%	(12,000)	Reduced ITC	1,08,000
Reduced ITC												
GST paid on machine	1,20,000											
Less: 5% per quarter or part thereof [Q4 of PY (Jan+ Feb +Mach) + Q1 of CY (April + May + June)]= 2 quarters @5% each = 10%	(12,000)											
Reduced ITC	1,08,000											
July till Feb	Regular Supplier											
	(a) Purchases	12,00,000	12%	1,44,000 [CGST- 72,000 + SGST - 72,000]								
Total ITC				<u>2,82,000</u> [CGST- 1,41,000 + SGST - 1,41,000]								

Statement showing computation of NET GST PAYABLE from cash ledger for July to Feb of Current FY

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	IGST (₹)	CGST (₹)	SGST (₹)	Total GST (₹)
<u>GST liability as composition supplier</u>				
Composition tax liability	---	75,000	75,000	1,50,000
GST payable in cash (from e-cash ledger)	---	75,000	75,000	1,50,000
<u>GST liability under Forward charge</u>				
GST payable.	---	1,10,400	1,10,400	2,20,800
Less: ITC (IGST) of Nil [ITC (IGST) shall be utilized first for payment of IGST and then, for payment of CGST or SGST, as per discretion of taxpayer.]	--	--	--	--
Less: ITC (CGST) of ₹ 1,41,000 [ITC (CGST) shall be utilized first for payment of CGST and then, for payment of IGST liability, if any.]	--	(1,10,400)	--	(1,10,400)
Less: ITC (SGST) of ₹ 1,41,000 [ITC (SGST) shall be utilized first for payment of SGST and then, for payment of IGST liability, if any.]	--	--	(1,10,400)	(1,10,400)
GST payable in cash (from e-cash ledger)	Nil	Nil	Nil	Nil
Total liability to be discharged in cash	Nil	Nil	Nil	Nil

27. 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 ₹ 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.

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. 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 2021-22 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 2023.
 - 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 2028.
- (A) 31st December 2028 for Case-I and 31st December 2029 for Case-II. (C) 31st December 2028 for the both the cases.
- (B) 31st December 2029 for the both the cases. (D) 31st December 2028 for Case-I and 31st December 2034 for Case-II.

Ans. (A) 31st December 2028 for Case-I and 31st December 2029 for Case-II.

Sec 36: (period for which records shall be preserved)

Where RP is a party to an appeal or revision or any other proceedings or is under investigation for an offence before any Appellate Authority or Revisional Authority or Appellate Tribunal or court he shall retain books of accounts later of the following time :-

- 1) 72 months from the due date of furnishing of annual return; or
- 2) 1 year after final disposal of such appeal or revision or proceedings or investigation

I) For FY 2021-22:

Later of the 2 dates is

(A) Due date for annual return for FY 2021-22 is 31-12-2022 + 72 months = 31-12-2028

(B) 1 year after final disposal of such investigation = 31-12-2023 + 1 year = 31-12-2024

Therefore, books and records are to be maintained till **31-12-2026**

II) For FY 2021-22:

Later of the 2 dates is

(A) Due date for annual return for FY 2021-22 is 31-12-2022 + 72 months = 31-12-2028

(B) 1 year after final disposal of investigation = 31-12-2028 + 1 year = 31-12-2029

Therefore, books and records are to be maintained till **31-12-2029**

27.2. 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.

Choose the most appropriate answer:

- (A) Both 1 and 2 (C) Both 3 and 4
- (B) Both 2 and 3 (D) Both 1 and 4

Ans. (C) Both 3 and 4

1. Motor car given by Ms. Nitya to her brother is supply: -

- Schedule I (para 2) not applicable - as brother is not related person (brother is not dependent upon her and hence, does not fall in definition of 'family' as given in Sec 2(49))

- Schedule I (para 1) not applicable - as no ITC was availed on motor vehicle since ITC in respect of motor vehicle with seating capacity upto 13 passengers is blocked.
- **Hence statement is incorrect**
- 2. **Air conditioner given by Ms. Nitya to her brother is supply: -**
 - Schedule I (para 2) not applicable - as brother is not related person (brother is not dependent upon her and hence, does not fall in definition of 'family' as given in Sec 2(49))
 - Schedule I (para 1) is applicable - **as per question, entire amount (including GST) paid was capitalized in the books and thus, no ITC availed in terms of Sec 16(4) of the CGST Act.** Since no ITC was availed such AC and hence, disposal of such AC (business asset) will NOT fall within scope of supply.
 - **Hence statement is incorrect**
- 3. **Laptop given by Ms. Nitya to her brother is supply: -**
 - Schedule I (para 2) not applicable - as brother is not related person (brother is not dependent upon her and hence, does not fall in definition of 'family' as given in Sec 2(49))
 - Schedule I (para 1) is applicable - as ITC was availed on laptops and hence, disposal of such AC (business asset) falls within scope of supply. [Value of supply = OMV = 60,000 (15,000 * 4)]
 - **Hence statement is correct.**
- 4. **Air conditioner given by Ms. Nitya to her brother is NOT supply:**
 - Schedule I (para 2) not applicable - as brother is not related person (brother is not dependent upon her and hence, does not fall in definition of 'family' as given in Sec 2(49))
 - Schedule I (para 1) is applicable - **as per question, entire amount (including GST) paid was capitalized in the books and thus, no ITC availed in terms of Sec 16(4) of the CGST Act.** Since no ITC was availed such AC and hence, disposal of such AC (business asset) will NOT fall within scope of supply.
 - **Hence statement is correct**

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

(A) ₹ 48,70,000

(C) ₹ 45,32,500

(B) ₹ 45,70,000

(D) ₹ 45,17,500

Ans. (C) ₹ 45,32,500

Total taxable outward supply during the current FY

1)	Value of taxable outward supply made during April to Feb	₹40,00,000												
2)	Supply during March	₹ 5,32,500												
(a) Supply for consideration = [5,00,000 + 2,500 (Non-GST tax)] = ₹ 5,02,500 (b) Supply without consideration = Supply of goods given to brother (= family = RP) without consideration														
	<table border="1"> <thead> <tr> <th>Activity</th><th>Supply or No-supply</th><th>Value of Supply (₹)</th></tr> </thead> <tbody> <tr> <td>Gifting of car</td><td>= Not Supply [as discussed in 27.2]</td><td>-----</td></tr> <tr> <td>Gifting of 2 laptops</td><td>= Supply</td><td>= ₹ 30,000 [OMV = 15,000 * 2]</td></tr> <tr> <td>Gifting of AC</td><td>= NOT Supply. [as discussed in 27.2]</td><td>-----</td></tr> </tbody> </table>	Activity	Supply or No-supply	Value of Supply (₹)	Gifting of car	= Not Supply [as discussed in 27.2]	-----	Gifting of 2 laptops	= Supply	= ₹ 30,000 [OMV = 15,000 * 2]	Gifting of AC	= NOT Supply. [as discussed in 27.2]	-----	
Activity	Supply or No-supply	Value of Supply (₹)												
Gifting of car	= Not Supply [as discussed in 27.2]	-----												
Gifting of 2 laptops	= Supply	= ₹ 30,000 [OMV = 15,000 * 2]												
Gifting of AC	= NOT Supply. [as discussed in 27.2]	-----												
		₹45,32,500												

27.4. 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

(C) CGST - ₹ 12,600, SGST - ₹ 12,600, IGST - ₹ 1,200

(B) IGST - ₹ 26,400

(D) CGST - ₹ 12,600, SGST - ₹ 12,600

Ans. (D) CGST - ₹ 12,600, SGST - ₹ 12,600

Statement showing computation of total ITC as available for utilization for March month

S. No.	Particulars	CGST paid (₹)	SGST paid (₹)	IGST paid (₹)
(i)	Service of boarding and loading in Hotel in Maharashtra (ITC not admissible as it is intra-state supply in Maharashtra)	----	----	----
(ii)	Other inward supply of value of 2,00,000 (being intra-state - CGST@6% + SGST@6%)	12,000	12,000	----
(iii)	Life Insurance service	--	--	--

	[it being personal policy not for business purpose- ITC not admissible]			
(iv)	Goods being chairs purchased of value of ₹ 10,000 (being intra-state - CGST@6% + SGST@6%)	600	600	---
Total admissible ITC		12,600	12,600	---

27.5. 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 (C) CGST - ₹ 16,350 and SGST - ₹ 17,550
 (B) CGST - ₹ 16,950 and SGST - ₹ 17,550 (D) CGST - ₹ 15,951 and SGST - ₹ 16,551

Ans. (A) CGST - ₹ 17,550 and SGST - ₹ 17,550

Statement showing computation of NET GST PAYABLE from cash ledger for **March month**

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	IGST (₹)	CGST (₹)	SGST (₹)	Total GST (₹)
GST liability under Forward charge				
GST payable. [Supply - value 5,02,500] (being intra-state - CGST@6% + SGST@6%)	---	30,150	30,150	60,300
Less: ITC (IGST) of ₹ Nil [ITC (IGST) shall be utilized first for payment of IGST and then, for payment of CGST or SGST, as per discretion of taxpayer.]	--	--	--	---
Less: ITC (CGST) of ₹ 12,600 [ITC (CGST) shall be utilized first for payment of CGST and then, for payment of IGST liability, if any.]	--	(12,600)	--	(12,600)
Less: ITC (SGST) of ₹ 12,600 [ITC (SGST) shall be utilized first for payment of SGST and then, for payment of IGST liability, if any.]	--	--	(12,600)	(12,600)
GST payable in cash (from e-cash ledger)	--	17,550	17,550	35,100
GST liability under Reverse charge				
No such supply	--	---	---	--
GST payable in cash (from e-cash ledger)	--	---	---	--
Total liability to be discharged in cash	--	17,550	17,550	35,100

28. 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 TikTok Inc., its subsidiary company located in Singapore, without consideration. TikTok 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.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 28.1. to 28.5. as follows:-

28.1. What is the gross tax liability (total of CGST + SGST+ IGST) for the month of October?

- (A) ₹ 3,82,010 (C) ₹ 3,75,710
(B) ₹ 2,50,640 (D) ₹ 2,54,840

Ans. (A) ₹ 3,82,010

Statement showing TAX LIABILITY for the tax period of October

	Value of Supply (₹)	Inter-state supply / Intra-state supply	CGST (₹)	SGST (₹)	IGST (₹)
GST liability under Forward charge					
Supply of chemical product [₹ 20,00,000 + 25,000 + 50,000 + 5,000 + 4,500 + 35,000 - 28,000 = ₹ 21,19,500 [Interest received (₹ 28,000) forms part of value of supply of goods, but it shall not form part of value for month of Oct. The reason being that it is taxable on receipt basis - i.e. in Dec]	21,19,500	Inter-state [Supplier NCPL located in Gujarat is supplying goods in Maharashtra]			3,81,510
Total			--	---	3,81,510
GST liability under Reverse charge					
Availed service of 'hiring of passenger vehicle (where supplier is not issuing invoice with GST@12%) - Such supply is subject to RCM (applicable GST rate is 5%)	10,000	Intra-state supply	250	250	--
Total			250	250	--
Total tax liability (FCM as well as RCM)			250	250	3,81,510

Gross Liability = (250 + 250 + 3,81,510) = 3,82, 010

28.2. 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 (C) Only 1, 2 and 4
(B) Only 2,3 and 4 (D) Only 4

Ans. (C) Only 1, 2 and 4

1. **Govt Subsidy:** Does not constitute consideration of supply – hence, not includible in value - **thus, given statement is incorrect**
2. **Service received from TikTok Inc. is not supply:** TikTok Inc is 'related person' of recipient. Import of service for business purposes from related person amounts to supply even if such import is without consideration. - **thus, given statement is incorrect**
3. **Service received from TikTok Inc. is supply** - discussed in point (2) - **thus, given statement is correct**
4. **GST is not payable on service received from Mr. Mehul** - Mr mehul has supplied 'service of renting of passenger vehicle' without charging any GST. Such service is subject to RCM and hence, NCPL (as recipient) is liable to pay GST on services received from Mr Mehul.- **thus, given statement is incorrect**

28.3. What is the time and place of supply for the interest paid on the delayed payment by PFPL?

- (A) 1st October and Surat, Gujarat (C) 25th December and Surat, Gujarat
(B) 1st October and Dhule Maharashtra (D) 25th December and Dhule, Maharashtra

Ans. (D) 25th December and Dhule, Maharashtra

Interest received by supplier on account of belated payment of consideration by the recipient is value addition to the supply.

- **Time of supply** = date of receipt of such interest = 25th Dec
- **Place of supply** = PoS of the transaction whose value it is forming part of = PoS of supply of goods = Dhule (Maharashtra)

28.4. 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 (C) ₹ 9,000
(B) ₹ 9,500 (D) Nil

Ans. (C) ₹ 9,000

Statement showing computation of total ITC as available for utilization for discharge of liability of NCPL

S. No.	Particulars	CGST paid (₹)	SGST paid (₹)	IGST paid (₹)
(i)	Hiring of motor car (subject to RCM@5%) - intra-state inward supply [Value = 10,000] [ITC of Motor car (with seating capacity upto 13 passengers (including driver) is blocked as per provisions of Sec 17(5) . Further, even hiring, leasing of such motor vehicle is also blocked as per Sec 17(5)]	Blocked	Blocked	---
(ii)	Import of technical consultancy service from related person (subject to RCM@18%) - inter-state inward supply [Value = 50,000]	---	---	9,000
(iii)	Works contract service relating to construction of immovable property (subject to FCM@18%) - intra-state inward supply [Value = 1,50,000] [ITC is blocked as per Sec 17(5)]	Blocked	Blocked	--
Total		--	--	9,000
Total admissible ITC = 9,000/-				

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

- (A) it will be an exempt supply. (C) it will not be a supply.
(B) it will be a zero-rated supply. (D) it will be a taxable supply.

Ans. (C) it will not be a supply.

Import of service without Consideration: in course/furtherance of business but not from related person or from own establishment outside India - Would not amount supply as per **Sec 7(1)(c) of CGST Act** read with Schedule I (para 4).

29. 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. For valuation of such services, VTTL has opted for the most beneficial option.

VTTL hired a security agency w.e.f. 01st 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%.

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. 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 | (C) Lakshadweep as service is ended at this place. |
| (B) Lakshadweep as service is started at this place. | (D) Surat, Gujarat |

Ans. (D) Surat, Gujarat

Since both the supplier and recipient are located in India, the place of supply shall be determined in terms of **Sec 12 of IGST Act**. In terms of **Sec 12(9)**, place of supply shall be determined in following manner:

- If the recipient is registered, the place of supply will be the location of recipient.
- If the recipient is not registered, the place of supply for the forward journey will be the place where passenger embarks on the conveyance **for a continuous journey**.

In absence of specific information, presuming that recipient / Vijay is not registered, then then PoS = Place where the passenger embarks on the conveyance for a continuous journey = Surat (Gujarat).

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

- | | |
|---|---|
| (i) he is registered under GST in Gujarat and | |
| (ii) he is not registered under GST. | |
| (A) (i) Mumbai, Maharashtra and (ii) Surat, Gujarat | (C) Mumbai, Maharashtra in both the cases |
| (B) (i) Surat, Gujarat and (ii) Mumbai, Maharashtra | (D) Surat, Gujarat in both the cases |

Ans. (B) (i) Surat, Gujarat and (ii) Mumbai, Maharashtra

Since both the supplier and recipient are located in India, the place of supply shall be determined in terms of **Sec 12 of IGST Act**. In terms of **Sec 12(9)**, place of supply shall be determined in following manner:

- If the recipient is registered, the place of supply will be the location of recipient.
- If the recipient is not registered, the place of supply for the forward journey will be the place where passenger embarks on the conveyance **for a continuous journey**.

In the present case,

(a) if recipient / Vijay is registered, then PoS = Location of recipient = Surat (Gujarat).

(b) if recipient / Vijay is unregistered, then PoS = Place where the passenger embarks on the conveyance for a continuous journey = Mumbai (Maharashtra)

29.3. What will be the GST liability of VTTL in case of air ticket booking for Mr. Ishwar?

- | | |
|----------------|----------------|
| (A) ₹ 1,350.00 | (C) ₹ 1,440.00 |
| (B) ₹ 67.50 | (D) ₹ 72.00 |

Ans. (B) ₹ 67.50

	Value(₹)	Rate	Tax Liability (₹)
Service of air travel agent (booking of air ticket) [* In terms of Rule 32(3) , value of air travel agent's services shall be deemed to be '5% of basic fare'. Thus, value of service is (5% of 7,500) = 375]	375	18%	67.50

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

(A) ₹ 35,23,657.00

(C) ₹ 35,55,967.50

(B) ₹ 35,57,340.00

(D) ₹ 35,56,057.50

Ans. (C) ₹ 35,55,967.50

Computation of ATO for current FY

FCM Liability (in respect of outward supplies)

	Value (₹)	Rate	Tax Liability (₹)
Outward supply during the year	195,00,000	18%	35,10,000.00
Interest earned on fixed deposit	5,00,000	Nil (being exempt)	
Holiday package	10,000	18%	1,800.00
Tour package to employee (without consideration) [* Employee is related person. Supply of service to employee falls within scope of supply as per Schedule I (para 2). Para 2 provides for relaxation if value of supply of services to an employee does not exceed ₹ 50,000 in a FY. Here, value of supply of services is exceeding ₹ 50,000 and hence, supply of holiday package to employee falls within the scope of supply.]	65,000	18%	11,700.00
Service of air travel agent (booking of air ticket) [* In terms of Rule 32(3) , value of air travel agent's services shall be deemed to be '5% of basic fare'. Thus, value of service is (5% of 7,500) = 375.]	375	18%	67.50
			35,23,567.50

RCM Liability (in respect of inward supplies)

	Value(₹)	Rate	Tax Liability(₹)
Inward supply of security services [15,000 p.m. @12 months]	1,80,000	18%	32,400.00
Total Gross Tax liability of VTTL			35,55,967.50

29.5. Which of the following statements is correct?

(A) Total aggregate turnover of VTTL is ₹2,00,75,375.

(C) Total aggregate turnover of VTTL is ₹2,00,10,375.

(B) Total aggregate turnover of VTTL is ₹2,00,83,000.

(D) Total aggregate turnover of VTTL is ₹1,95,75,375.

Ans. (A) Total aggregate turnover of VTTL is ₹2,00,75,375.

Computation of ATO for current FY

Outward supply during the year	₹ 195,00,000	
Interest earned on FD	₹ 5,00,000	
Holiday package	₹ 10,000	
Tour package to employee (without consideration)	₹ 65,000	* Employee is related person. Supply of service to employee falls within scope of supply as per Schedule I (para 2). Para 2 provides for relaxation if value of supply of services to an employee does not exceed ₹ 50,000 in a FY. Here, value of supply of services is exceeding ₹ 50,000 and hence, supply of holiday package to employee falls within the scope of supply.
Service of air travel agent (booking of air ticket)	₹ 375	* In terms of Rule 32(3) , value of air travel agent's services shall be deemed to be '5% of basic fare'. Thus, value of service is (5% of 7,500)= 375.
ATO	₹ 200,75,375	

30. 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, VTPL-HO 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 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.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 30.1. to 30.5. as follows:-

- 30.1. Which of the following statements is/are correct in respect of the goods sent for job work to Mr. Dinesh?
1. 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.
 2. VTPL is required to reverse the input tax credit as job worker returned the goods after 1 year from 10th April.
 3. VTPL is not required to reverse the input tax credit as job worker returned the goods before 1 year from 16th April.
 4. 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 (C) Only 3rd
(B) 2nd and 4th (D) Only 4th

Ans. (C) Only 3rd

Goods directly dispatched to Job-worker for job-work: post job-work direct clearance from job-worker's premises

- 1st statement is incorrect: As per [sec 19](#), the principal shall be entitled to take ITC on inputs even if the inputs are directly sent to a job worker for job work without being first brought to his place of business. There is no such condition that premises of the job worker is to be declared as its additional place of business.
- 2nd statement is incorrect: In case of goods/inputs directly dispatched to job-worker from supplier's premise, time limit of 1 year for bringing back such goods/ direct clearance of goods from job-worker's premises shall be counted from date of receipt of goods by job-worker (16th April, in given case). Since goods have been directly cleared from job-worker's premise within 1 year of 16th April, no ITC reversal is applicable.
- 3rd statement is correct: (reason as discussed above)
- 4th statement is incorrect: The requirement for direct clearance of goods from job-worker's premise is that the premise shall be registered premise. Since job-worker's premise is registered, direct clearance is allowed.

30.2. 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.

Ans. (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.

Particulars	Total Credit available				Unit I: RP HO [Surat, Gujarat] Credit to be distributed as			Unit II: URP Darsh Mumbai- Maharashtra (as IGST)	Unit III: RP Kunj Surat Gujarat (as CGST, SGST, IGST)	Unit IV: RP Nitya Pune- Maharashtra (as IGST)
	CGST	SGST	IGST	Total	CGST	SGST	IGST			
Input Service "X" [WN-1]	50,000	50,000	—	1,00,000	—	—	—	1,00,000	—	—
Input Service "Y" [WN-2]	—	—	1,20,000	1,20,000	—	—	—	72,000	—	48,000
Input Service "Z" (ineligible credit) [WN-3]	4,000	4,000	—	8,000	—	—	—	—	4,000- CGST 4,000- SGST	—
Total credit distributed				2,28,000	—	—	—	1,72,000 (it shall treat it as cost, being URP it cannot avail ITC)	8,000	48,000

Working Notes:

- (1) The credit of input tax attributable as input service to a particular unit shall be distributed only to that unit. Since Unit-Darsh is exclusively engaged in supply of exempted goods, the total credit of ₹ 1,00,000,000 is distributable to it. Further as per [Rule 39\(1\)\(d\) of CGST Rules, 2017](#), no differentiation is to be made whether the unit is registered or not, and therefore, credit attributable to Unit III: Darsh is distributed to that unit although it is not registered, which implies, it is a loss of credit.
- (2) As per [Section 20\(2\)\(d\)](#), the credit of tax attributable as input service to more than one unit but not to all the units shall be distributed only amongst such units to which the inputs service attributable and such distribution shall be *pro rata* on the basis of the turnover of such units, to the total turnover of all such unit during the relevant period. Hence, the credit of input service "Y" is distributed among Darsh and Nitya in the ratio of TO of PY, i.e., (15,00,000: 10,00,000 - i.e., 3:2. The related ITC is - 72,000 (Darsh- No ITC as URP) and 48,000 (Nitya- ITC of 48,000).
- (3) Given that the service availed would not be eligible input services u/[Sec 17\(5\)](#), the taxes relating to 'input service-Z' should be distributed as ineligible ITC to Kunj Unit (4,000 CGST + 4,000 SGST). Since ISD and Kunj Unit are located in same state, CGST shall be distributed as CGST and SGST shall be distributed as SGST.

- **Motor Bike (2-wheeler) having engine capacity of 120CC*** :: ITC is blocked under [Section 17\(5\)](#) - thus, ITC of related input service of service of such vehicle is also not admissible.

Detailed Discussion of above point:

CGST Act, 2017	Sec 2(76)	"Motor Vehicle" shall have the same meaning as assigned to it in sec 2(28) of the Motor Vehicles Act, 1988
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Motor Vehicles Act, 1988	Sec 2(28)	<p>"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;</p> <p>but does not include</p> <ul style="list-style-type: none"> - 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 <u>not exceeding 25CC</u>
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Since given motor vehicle is Motor Bike which is a 2-Wheeler (i.e., less than 4 wheels) fitted with engine capacity of 120 CC (i.e., exceeding 25CC) - It is motor vehicle covered by Sec 17(5) of which credit is blocked under GST law.

Thus, **ITC of such motor vehicle shall NOT be admissible.**

Since ITC of such motor vehicle is not admissible, **ITC of related input service of servicing of such motor vehicle shall also not be admissible.**

30.3. 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.

Ans. (C) IGST credit of ₹ 1,72,000

Refer discussion in answer to 22.2

30.4. 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

Ans. (B) Satara, Maharashtra; CGST and SGST

POS of goods requiring installation/assembly

- **Sec 10(1)(d) of IGST Act** = PoS shall be place of assembly/ installation = Satara (Maharashtra)

30.5. 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

Ans. (B) ₹ 2,16,000

Admissibility of ITC on purchase of motor vehicle having seating capacity of 13 persons excluding the driver

As per **Section 17(5)**, ITC of motor vehicle (passenger vehicle with seating capacity upto 13 passengers, including driver) used for transportation of employees is **blocked** (except under certain specified cases). It shall be noted that ITC of other motor vehicle is not blocked and hence, admissible.

In given case, the motor vehicle purchased is having seating capacity of 14 passengers (including driver) and thus, ITC in respect of such vehicle is not blocked. Its use for transportation of employees is business use and hence, ITC is admissible.

- **Admissible ITC** = [12,00,000 * 18%] = ₹ 2,16,000

31. 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 on forward charge basis (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 West Bengal for 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

Due to sudden fire in the store-room of the refinery located in Maharashtra on 28th February, the entire quantity of spares procured in the month of February itself, gets destroyed.

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.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 31.1. to 31.5. as follows:-

Prof. Dippak

[ICAI RTP- May 2020]

31.1. 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 | (C) required for both Puducherry and Goa |
| (B) not required for Goa but required for Puducherry | (D) not required for Puducherry but required for Goa |

Ans. (C) required for both Puducherry and Goa

Sec 2(6): ATO (Aggregate Turnover)

ATO is computed PAN wise - all over India basis.

ATO to include all outward supplies - Taxable (Group A) or Exempt (Group B)

[₹ 32,34,000 (Puducherry- Group A products) + ₹ 18,38,000 (Goa- Group A and Group B products)] = ₹ 50,72,000

With this ATO, registration is mandatory in both the States.

31.2. 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 | (C) ₹ 166.67 |
| (B) ₹ 300 | (D) ₹ 1,500 |

Ans. (B) ₹ 300

(Amounts in thousands)

Common Input ITC available at administrative and marketing office of Maharashtra = ₹ 3

Aggregate value of Exempt supply (Group B Product) = ₹ 1,800 (₹ 3,400 - ₹ 1,000 Excise Duty - ₹ 600 VAT)

Aggregate value of Non-Exempt supply (Group A Product) = ₹ 200

Total Turnover in the Maharashtra State = ₹ 1,800 + ₹ 200 = ₹ 2,000

ITC of Exempt supply = ₹ 3 * ₹ 1,800 / ₹ 2,000 = ₹ 2.7

Eligible ITC = ₹ 3 - ₹ 2.7 = ₹ 0.3 (Amounts in thousands)

Eligible ITC (in ₹) = 0.3 * 1,000 = ₹ 300

31.3. 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.

(C) ₹ 11,811.11.

(B) ₹ 200.

(D) ₹ 11,820.

Ans. (D) ₹ 11,820.

(Amounts in thousands)

Common Capital Asset ITC = ₹ 12,000

ITC attributable during useful life = ₹ 12,000 / 60 = ₹ 200

Aggregate value of Exempt supply = ₹ 900 (₹ 1,650 - ₹ 500 - ₹ 250)

Total Turnover = ₹ 900 + ₹ 100 = ₹ 1,000

ITC of Exempt supply = ₹ 200 * ₹ 900 / ₹ 1,000 = ₹ 180

Eligible ITC = ₹ 12,000 - ₹ 180 = ₹ 11,820

31.4. 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.

(C) ₹ 1,800.

(B) ₹ 900.

(D) nil as such supply is exempted from GST.

Ans. (A) Nil as the transaction is not a supply.

Blending Plant (TN) and Refinery (TN) - not separately registered.

Thus, not deemed distinct persons under GST law.

Therefore, inter-se stock transfer does not qualify as supply.

Such transfer shall be made under cover of 'delivery challan'.

31.5. What action is required from ABC Petroleum Limited in respect to the spares destroyed by fire in February?

(A) No action is required on the part of ABC Petroleum Limited under GST Law.

(C) ABC Petroleum Limited should not avail ITC of tax paid on the spares.

(B) ABC Petroleum Limited should report to jurisdictional GST Department for verification of the loss of inputs on account of fire.

(D) ABC Petroleum Limited should avail ITC and reverse the same.

Ans. (C) ABC Petroleum Limited should not avail ITC of tax paid on the spares.

Spares procured in month of January gets destroyed in the same month itself.

As the due date of return for the month of January is 20th February.

As the return is not filed yet so ITC should not be availed.

32. 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, which was its liability only, to pay, as per the agreement with DEPL.

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.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 32.1. to 32.5. as follows:-

[ICAI RTP- May 2020]

32.1. The place of supply of the machinery supplied by DEPL is _____ and the nature of supply is _____.

- (A) Gujarat, intra-State supply (C) New Delhi, inter-State supply
(B) Haryana, inter-State supply (D) Maharashtra, inter-State supply

Ans. (B) Haryana, inter-State supply

Sec 7

LoS :- ~~Surat (Gujarat)~~ Mumbai (Maharashtra) [Godown = Place of Business - Needs registration under GST Law]

PoS :- Gurugram (Haryana) - **Sec 10(1)(d)** - where installation takes place

Both are in different states hence nature of supply is Inter State

32.2. The GST liability of DEPL for the month of January is _____ (approx.).

- (A) 9,46,660 (C) 9,06,153
(B) 8,67,840 (D) 8,29,440

Ans. (B) 8,67,840

	Particulars	Value (₹)	GST Liability (₹)
(i)	Value of machine	64,00,000	
(ii)	Installation & Commissioning charges	4,80,000	
(iii)	Handling & Loading charges	1,60,000	
(iv)	Grant from Holding Co.	3,20,000	
(v)	Cash Discount (@2% on the price of machine)	(1,28,000)	
	Total	72,32,000	
	Liability@12%		8,67,840

No liability on GTA services as recipient has directly paid freight to GTA

32.3. The GST liability of DEPL for the month of March is _____ (approx.).

- (A) 36,343 (C) 35,314
(B) 36,504 (D) Nil

Ans. (A) 36,343

	Particulars		(₹)
(i)	Recovery of discount allowed		1,28,000
(ii)	Interest @ 1% per month or part of the month		2,11,200
	Amount payable by recipient = (72,32,000 + 1,28,000 discount recovered - 3,20,000)	70,40,000	
	Period = (1 st Jan to 31 st March)	3 months	
	Amount = 80,07,840 @ 1% * 3 =	2,11,200	
	Total (inclusive of GST)		3,39,200
	GST Liability. (3,39,200 * 12/112)		36,343 (Rounded off)

32.4. 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

(C) mixed, 1st January

(B) composite, 1st January

(D) mixed, 31st March

Ans. (A) composite, 31st March

As per **sec 8 of CGST Act**, Supply of machinery is a principal supply and supply of installation and commissioning service is an ancillary supply. Hence the supply is composite supply

As per **sec 13(6)** ToS of value of supply by way of interest for delayed payment occurs on the date when the supplier receives such interest. Hence ToS is 31st March

32.5. 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

(C) 9,06,153

(B) 8,67,840

(D) 8,29,440

Ans. (D) 8,29,440

	Particulars	Value (₹)	GST Liability (₹)
(i)	Value of machine	64,00,000	
(ii)	Installation & Commissioning charges	4,80,000	
(iii)	Handling & Loading charges	1,60,000	
(iv)	Grant from Central Govt. (Not consideration of supply)	Nil	
(v)	Cash Discount (@2% on the price of machine)	(1,28,000)	
	Total	69,12,000	
	Liability @ 12%		8,29,440

No liability on GTA services as recipient has directly paid freight to GTA

33. 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

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%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 33.1. to 33.4. as follows:-

[ICAI RTP – Nov 2020]

33.1. 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 | (C) CGST - ₹ 3,500 and SGST - ₹ 3,500 |
| (B) IGST - ₹ 5,400 | (D) IGST - ₹ 9,880 |

Ans. (D) IGST - ₹ 9,880

Starkart Ltd is running ECO platform through which it makes supplies of its own goods.

Also, other suppliers supplying through its site.

Starkart is located in Delhi and is GST registered.

		IGST (₹)	CGST	SGST
GST liability as supplier	Supply of goods (Mobile to Pulkit (Rajasthan))	= 30,000 @ 18% = 5,400		
	Supply of services (Listing of vendors on its site against listing fees)	= (1,60,000 * 10%) * 18% = 2,880		
	Supply of services (Handling services to supplier in respect of return shipment)	Nil		
	Supply of services (Tolerance services to recipient in respect of return shipment for which cancellation charges are taken as consideration)	Nil		
GST liability as tax collector	Supply by Vendor-1 (Infocom Ltd -UP registered supplier) making supply to Pulkit (Buyer in Rajasthan) Vs= 60,000	TCS(IGST) = 1% of 60,000 = 600		
	Supply by Vendor-2 (Secure World -Gujarat registered supplier) making supply to Pulkit (Buyer in Rajasthan) Vs= 1,00,000	TCS(IGST) = 1% of 1,00,000 = 1,000		
Total Liability (as supplier as well as collector)		IGST = 9,880		

33.2. 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 | (C) IGST - ₹ 9,120 and IGST - ₹ 15,200 respectively |
| (B) IGST - ₹ 9,720 and IGST - ₹ 16,200 respectively | (D) IGST - ₹ 10,200 and IGST - ₹ 17,000 respectively |

Ans. (C) IGST - ₹ 9,120 and IGST - ₹ 15,200 respectively

	Supply by Vendor-1 (₹) (Infocom Ltd -UP registered supplier)	Supply by Vendor-2 (₹) (Secure World -Gujarat registered supplier)
Supply	Supply of laptop and printer (separate supplies) to Pulkit (Buyer in Rajasthan)	Supply of CCTV Camera to Pulkit (Buyer in Rajasthan)

Nature of Supply	Inter-State Supply	Inter-State Supply
GST payable	IGST	IGST
Gross GST	= 60,000@18% = 10,800	= 1,00,000@18% = 18,000
Less:		
ITC in E-credit ledger	<u>ITC of listing fees paid to ECO</u> [= (60,000 * 10%) * 18%] = 1,080	<u>ITC of listing fees paid to ECO</u> [= (1,00,000 * 10%) * 18%] = 1,800
Net tax liability to be discharged	9,720	16,200
Existing balance in E-cash ledger	<u>TCS(IGST) as credited to E-cash ledger upon validation by Vendor</u> = 1% of 60,000 = 600	<u>TCS(IGST) as credited to E-cash ledger upon validation by Vendor</u> = 1% of 1,00,000 = 1,000
Fresh deposits required in E-cash ledger	9,120	15,200

33.3. 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. (C) Starkart shall be liable to discharge tax liability of sales made by Secure World.
- (B) Secure World is not required to obtain registration as threshold limit for obtaining registration is not crossed and no tax is payable. (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.

Ans. (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.

Secure World is GST registered supplier of goods.

It is making supply through ECO (Starkart) who is liable to pay TCS as per Sec 52.

Thus, **registration of Secure world is compulsory as per provisions of Sec 24 of CGST Act.**

Even otherwise Secure World has made inter-state supply of goods and for that reason also it is required to take compulsory registration u/Sec. 24 of CGST Act.

Once registered, Secure World = Taxable Person

Being taxable person, he shall be liable to pay GST [Sec 9 of CGST Act/ Sec 5 of IGST Act]

33.4. Assuming that Pulkrit 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 Pulkrit 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. (C) ₹ 10,320 payable as IGST.
- (B) ₹ 3,450 payable as CGST and ₹ 3,450 payable as SGST. (D) ₹ 7,440 payable as IGST.

Ans. (C) ₹ 10,320 payable as IGST.

Liability in case sales return is involved:

		IGST (₹)	CGST	SGST
<u>GST liability as supplier</u>	<u>Supply of goods</u> (Mobile to Pulkrit (Rajasthan))	= 30,000@18% = 5,400		
	<u>Supply of services</u> (Listing of vendors on its site against listing fees)	= (1,60,000 * 10%) * 18% = 2,880		
	<u>Supply of services</u> (Handling services to supplier in respect of return shipment)	= (10,000 * 10%) * 18% = 180		
	<u>Supply of services</u> (Tolerance services to recipient in respect of return shipment for which cancellation charges are taken as consideration)	= (10,000 * 20%) * 18% = 360		
<u>GST liability as</u>	<u>Supply by Vendor-1</u>	<u>TCS(IGST)</u>		

tax collector	(Infocom Ltd -UP registered supplier) making supply to Pulkit (Buyer in Rajasthan) Vs= 60,000	= 1% of 50,000 = 500 [*TCS @1% to be paid on Net Value of taxable supplies (i.e., sales net of sales return)]		
	Supply by Vendor-2 (Secure World -Gujarat registered supplier) making supply to Pulkit (Buyer in Rajasthan) Vs= 1,00,000	TCS(IGST) = 1% of 1,00,000 = 1,000		
Total Liability (as supplier as well as collector)		IGST = 10,320		

34. Advance Traders is a partnership firm in Jaipur, Rajasthan. The firm has obtained GST registration at its Head Office (HO) in Jaipur and is a monthly return filer. 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%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 34.1. to 34.5. as follows:-

[ICAI RTP – Nov 2020]

34.1. 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 | (C) ₹ 3,96,000 |
| (B) ₹ 4,36,000 | (D) ₹ 4,86,000 |

Ans. (D) ₹ 4,86,000

Advance Traders (partnership firm) = Supplier of goods [Multiple premises within Rajasthan, but single GST Registration]

GST liability for month of July, 20x1

		GST (₹)
RCM liability	Receipt of goods which are under RCM (ToS as per Sec 12(3) - will arise in July itself as payment has been made in July) (presumed goods used are consumed in course of business and hence, eligible for ITC post payment of RCM liability)	= 5,00,000@18% = 90,000

FCM Liability	Supply of goods against Voucher (redeemable against goods which are identifiable at time of issuance of voucher) (ToS as per Sec 12(4) - will arise with issuance of voucher - i.e., within July itself)	= 2,00,000@18% = 36,000
	Supply of goods against Voucher (redeemable against goods which are identifiable at time of issuance of voucher) (ToS as per Sec 12(4) - will arise at time of redemption of voucher - i.e., not in July)	-----
	Supply of goods (a) Taxable goods - sold charging GST to buyer (b) Exempt goods - sold charging GST to buyer (Such GST shall be payable to CG immediately as per provisions of Sec 76)	= 20,00,000@18% = 3,60,000 = 5,00,000@18% = 90,000
Total Liability		5,76,000
Less: ITC	Inward supply of goods with RCM (eligible for ITC as for business purpose)	(90,000)
	Inward supply of services of hotel (not eligible for ITC as not for business purpose)
	ITC to be set-off against FCM liability only	
Net Liability	(payable through e-cash ledger)	4,86,000

34.2. 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. (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.
- (B) ₹ 70,000 as CGST and ₹ 70,000 as SGST. No credit 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.

Ans. (A) Nil. There will be no change even if hotel is located outside Rajasthan.

Services of hotel accommodation is not for business purpose and thus, it is not eligible input service for purposes of ITC availment [Definition of input service as given in [Sec 2 of CGST Act](#)]
It is immaterial whether such supply is intra-state supply or inter-state supply (i.e., whether supplier Hotel is located in Rajasthan or outside Rajasthan)

34.3. What is the time limit for issuance of show cause notice in respect of the GST inadvertently charged and collected on the goods in July assuming that Advance Traders does not deposit the same with the Government?

- (A) Within 2 years and 9 months from due date of filing annual return for the financial year (C) No time limit to issue the show cause notice
- (B) Within 4 years and 6 months from due date of filing annual return for the financial year (D) No show cause notice to be issued. The tax amount shall be refunded to the customers if the customer demands the same.

Ans. (C) No time limit to issue the show cause notice

In respect of supply which is not subject to GST, if supplier makes such supply collecting GST then such supplier shall be liable to pay such GST to the Government.
[Sec 76 of the CGST Act, 2017](#) makes such person liable to pay GST so collected.
Such GST is payable immediately (i.e., liability to pay is not linked to due date of return)
If such person fails to pay, then PO empowered to issue SCN demanding such GST.
No time limit has been specified for issuance of SCN u/[Sec 76](#).

34.4. 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. (C) The jurisdictional magistrate can order provisional refund and initiate the re-assessment proceedings.
- (B) The jurisdictional magistrate can redirect the matter for fresh assessment of refund claim. (D) The jurisdictional magistrate cannot pass any order regarding the refund claim.

Ans. (D) The jurisdictional magistrate cannot pass any order regarding the refund claim.

Under GST, all refunds are as per provisions of **Sec 54**.

If refund claim filed by applicant is rejected, then he shall pursue appellate remedies provided within GST Law.

Through **Sec 162 of CGST Act, 2017**, Jurisdiction of Civil Court has been barred in respect of GST matter except to the extent provided in **Sec 117** (appeal to HC) and **Sec 118** (appeal to SC).

Sec 162 of CGST Act: Bar on Jurisdiction of Civil Court

Save as provided in sections 117 and 118, **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.

34.5. 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 have been duly complied with:

- (A) The amount can be utilized only for discharging penalty amount under an head. (C) The amount can be utilized for discharging liability under any minor head or major head.
- (B) The amount can be utilized only for discharging liability of IGST under any minor head. (D) The amount can be utilized only for discharging penalty amount related to IGST.

Ans. (C) The amount can be utilized for discharging liability under any minor head or major head.

Author: This answer as given by ICAI seems to be improper.

Reason:

- Straight utilization is not possible.

FA, 2019 has inserted **Sec 49(10) in CGST Act, 2017** whereunder the RP can transfer the amount from one head to another head. For that purpose, he shall submit Form GST PMT-09 over common portal. Based on such form, amount paid under Penalty (IGST) can be transferred to any other head (any other minor head or major head)

35. 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. Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 35.1. to 35.5. as follows:-

[ICAI MTP- Nov 2020]

35.1. The gross GST liability (without set off of input tax credit) of WS for the month of July is _____.

- (A) 2,32,000 (C) 25,000
- (B) 2,80,000 (D) 2,30,000

Ans. (D) 2,30,000

Statement showing TAX LIABILITY

	Value of Supply (₹)	Inter-state supply / Intra-state supply	CGST (₹)	SGST (₹)	IGST (₹)
GST liability under Forward charge					
Sale of goods (taxable @18%)	5,00,000	Intra-state	45,000	45,000	--

Sale of goods (taxable @28%)	5,00,000	Intra-state	70,000	70,000	--
Sale of business as going concern (exempted service - Entry No. 2 of E/N 12/2017-CT (Rate))	30,00,000 (net of liabilities)	Intra-state (presumed)	--	--	--
Gifts to employees	--	No supply [not getting covered by Sch I (para 2) being value not exceeding ₹ 50,000 per employee]	--	--	--
Total			1,15,000	1,15,000	--
GST liability under Reverse charge					
---	--	--	--	-	--
Total			--	--	--
Total tax liability (FCM as well as RCM)			1,15,000	1,15,000	--

Gross GST liability = ₹ 2,30,000 in total

35.2. 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 (C) ₹ 23,000 under inverted duty structure
(B) Nil since WS is making outward supply of 28% also, the balance credit shall be carried forward (D) ₹ 25,000 under inverted duty structure

Ans. (A) ₹ 50,000 under inverted duty structure

Inverted tax structure (ITS) - admissible refund as per Section 54(3)

Supplier manufacturer - supplying goods (some attracting GST @18%, some attracting 28%)

Inward supply of inputs goods (attracting GST @28%)

Part of supply made by Supplier is qualifying as supply having inverted tax structure and shall be eligible for refund u/Sec 54(3)(ii)

	Supply with inverted tax structure	Other Supply	Total
TO of supplier and GST liability during relevant period			
TO of supplier	5,00,000	5,00,000	10,00,000
• GST rate	18%	28%	
• GST liability	90,000	1,40,000	2,30,000
ITC availed during relevant period and utilized			
• ITC availed - (GST@28% on 10,00,000)= 2,80,000	--	--	2,80,000
• ITC utilized	(90,000)	(1,40,000)	(2,30,000)
Surplus ITC post utilization			50,000

Refundable amount (max) as per Rule 89(5) = 50,000

Net ITC attributable to supply with ITS (= 2,80,000 * 5,00,000 / 10,00,000)	1,40,000
Less: GST paid on supply with inverted tax structure	(90,000)
Refundable amount (max) as per Rule 89(5)	50,000

Unutilized ITC in e-credit ledger = 50,000

ITC which can be claimed as refund = 50,000

- When submit refund application, ITC of ₹ 50,000 shall be reduced from e-credit ledger (so as to avoid any possibility of utilization of ITC of which refund is being claimed)

35.3. In case of transfer of business to MS, what is the amount of input tax credit which shall stand transferred to MS and which form is required to be filed for such transfer?

- (A) ₹ 25,000 (C) Nil. In case of partnership firm input tax credit cannot be transferred on account of transfer of business.
(B) ₹ 50,000 (D) Nil as the value of liabilities is more than the value of assets.

Ans. (B) ₹ 50,000

Untulized ITC = ₹ 50,000

Sec 18 (3)

Where there is a change in the constitution of a RP on account of transfer of the business with the specific provisions for transfer of liabilities, **the said RP shall be allowed to transfer the ITC which remains unutilized in his e-credit ledger** to such transferred business and is required to furnish details of ITC intended to be transferred in Form GST ITC-02.

35.4. 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 | (C) Liability on MS only up to the amount of input tax credit transferred by WS |
| (B) WS as the notice pertains to liability before transfer of business | (D) MS and WS jointly and severally liable |

Ans. (D) MS and WS jointly and severally liable

Sec 85

Where a taxable person transfers his business in whole or in part, by sale, gift, lease, leave and license, hire or in any other manner whatsoever, the TP and the person to whom the business is so transferred shall be jointly and severally liable.

It is immaterial whether such dues are determined post-transfer of business.

35.5. 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. | (C) exempted from GST. |
| (B) liable to GST in the hands of MS under reverse charge basis. | (D) liable to GST only for assets on which input tax credit is availed. |

Ans. (C) exempted from GST.

Entry No. 2 provides for exemption of services by way of transfer of a going concern, as a whole or an independent part thereof.

36. 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.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 36.1. to 36.4. as follows:-

[ICAI MTP- Nov 2020]

36.1 Supply of taxation books by KLM Ltd. is:

- | | |
|---|---|
| (A) composite supply, principal supply being "supply of service". | (C) mixed supply. |
| (B) composite supply, principal supply being "supply of goods". | (D) supply of goods or service or mixed supply, at the choice of the KLM Ltd. and it may pay the tax accordingly. |

Ans. (A) composite supply, principal supply being "supply of service".

Circular No. 11/11/2017-GST

- Printing of books for author/recipient = (supply of paper/goods and supply of service/labour) = Composite Supply (as naturally bundled in the ordinary course of business, where principal/ predominant supply is that of the supply of printing of the content)
- GST treatment as per **Sec 8(a)** = Supply of Service

36.2. Supply of letterheads by KLM Ltd. will be treated as:

- (A) composite supply, principal supply being "supply of service". (C) mixed supply.
- (B) composite supply, principal supply being "supply of goods". (D) supply of goods or service or mixed supply, at the choice of the KLM Ltd. and it may pay the tax accordingly.

Ans. (B) composite supply, principal supply being "supply of goods".

Circular No. 11/11/2017-GST

- Printing of letterheads for recipient = (supply of goods and supply of service/labour) = Composite Supply (as naturally bundled in the ordinary course of business, where principal/ predominant supply is that of the supply of goods).
- GST treatment as per **Sec 8(a)** = Supply of Goods

36.3. Distribution of mobile phones to employees by KLM Ltd. will:

- (A) be treated as deemed supply as per para 2 of Schedule I because the aggregate value of mobile phones is more than ₹ 50,000. (C) be treated as deemed supply as per para 2 of Schedule I because the value of mobile phone is more than ₹ 25,000 per employee.
- (B) not to be treated as deemed supply as per para 2 of Schedule I because value of the mobile phone is less than ₹ 50,000 per employee. (D) be treated as deemed supply as per para 2 of Schedule I because the value of mobile phone is more than ₹ 35,000 per employee.

Ans. (B) not to be treated as deemed supply as per para 2 of Schedule I because value of the mobile phone is less than ₹ 50,000 per employee.

- Supplier = Publishing and Printing House
- Mobiles purchased for gifting to employees (presumed no ITC availed in compliance with **Sec 17(5)** which blocks ITC in respect of goods distributed as gifts)
- **Activity of free supply of mobiles to employees which are related person under GST Law:** Generally, free supply to related person is considered as supply as per Schedule I (para 2). But special relaxation has been provided in respect of gifts of goods/services to employee according to which it will not be treated as supply if value of such supply does not exceed ₹ 50,000 per employee in a year.

36.4. 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. (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.
- (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. (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.

Ans. (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.

- Supplier = Printing and Publishing House = Entity will multiple places of business in a State (maharashtra) but not registered separately
- Since it is carrying single GST registration, such place of business are not treated as 'deemed distinct persons'.
- Therefore, any stock transfer between these will not constitute supply within the meaning of **Sec 7**.

37. 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 and is a monthly return filer. It primarily supplies two products in the market which are as under:

- (i) A (Taxable at 18%)
(ii) 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. No other transactions have been made by the head office as well as by any of the branches of SV Enterprises.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 37.1. to 37.5. as follows:-

[ICAI MTP- May 2020]

37.1. 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 (C) IGST: ₹ 12,20,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000
- (B) IGST: ₹ 11,20,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000 (D) IGST: Nil, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000

Ans. (A) IGST: ₹1,00,000, CGST: ₹ 8,70,000, SGST: ₹ 8,70,000

Statement showing TAX LIABILITY

	Value of Supply (₹)	Inter-state supply /Intra-state supply	CGST (₹)	SGST (₹)	IGST (₹)
<u>GST liability under Forward charge</u>					
Product A (taxable @18%)	50,00,000	Inter-state			9,00,000
	50,00,000	Intra-state	4,50,000	4,50,000	
Product B (taxable @28%)	50,00,000	Inter-state			14,00,000
	30,00,000	Intra-state	4,20,000	4,20,000	
Total			8,70,000	8,70,000	23,00,000
<u>GST liability under Reverse charge</u>					
---	--	--	--	-	--
Total				--	
Total tax liability (FCM as well as RCM)			8,70,000	8,70,000	21,00,000

Statement showing computation of total ITC as available for utilization

S. No.	Particulars	CGST paid (₹)	SGST paid (₹)	IGST paid (₹)
(i)	Domestic Purchase (inter-state) [60,00,000 *18%]	----	----	10,80,000
(ii)	Import of goods (inter-state supply) [40,00,000 *28%]	----	----	11,20,000
				22,00,000

Statement showing computation of NET GST PAYABLE from cash ledger

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	IGST (₹)	CGST (₹)	SGST (₹)	Total GST (₹)
<u>GST liability under Forward charge</u>				
GST payable.	23,00,000	8,70,000	8,70,000	40,40,000
Less: ITC (IGST) of ₹ 22,00,000	(22,00,000)	--	--	(22,00,000)
[ITC (IGST) shall be utilized first for payment of IGST and then, for payment of CGST or SGST, as per discretion of taxpayer]				
Less: ITC (CGST) of ₹ Nil	--	--	--	---

[ITC (CGST) shall be utilized first for payment of CGST and then, for payment of IGST liability, if any.]				
Less: ITC (SGST) of ₹ Nil [ITC (SGST) shall be utilized first for payment of SGST and then, for payment of IGST liability, if any.]	--	--	--	---
GST payable in cash (from e-cash ledger)	1,00,000	8,70,000	8,70,000	18,40,000
GST liability under Reverse charge				
RCM liability	--	--	--	---
GST payable in cash (from e-cash ledger)	--	--	--	---
Total liability to be discharged in cash	1,00,000	8,70,000	8,70,000	18,40,000

37.2. Suppose Product A is exempt from GST, what shall be the aggregate turnover of SV Enterprise?

- (A) ₹ 1,80,00,000 (C) ₹ 2,20,00,000
(B) ₹ 80,00,000 (D) ₹ 1,40,00,000

Ans. (A) ₹ 1,80,00,000

Sec 2(6): Aggregate Turnover

ATO to include all outward supplies (taxable or exempt)

$$= [₹ 50,00,000 + ₹ 50,00,000 + ₹ 50,00,000 + ₹ 30,00,000] = ₹ 1,80,00,000$$

37.3. What shall be the value of supply of product "A" transferred to its branch in Mumbai?

- (A) ₹ 10,00,000 (C) ₹ 8,00,000
(B) ₹ 12,00,000 (D) ₹ 8,80,000

Ans. (A) ₹ 10,00,000

Transfer of goods between DDP (deemed distinct persons of Sec 25) = Supply (here, inter-state supply)

As per **sec 15 read with rule 28**, where the recipient is eligible for full ITC, the value declared in the invoice shall be deemed to be the OMV of goods or services.

Therefore, value of supply of product "A" transferred to its branch in Mumbai is ₹ 10,00,000

37.4. 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 (C) IGST- ₹ 12,20,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000
(B) IGST- ₹ 1,00,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000 (D) IGST- ₹ 20,60,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000

Ans. (A) IGST- ₹ 3,80,000, CGST- ₹ 8,70,000, SGST- ₹ 8,70,000

Statement showing TAX LIABILITY

	Value of Supply (₹)	Inter-state supply / Intra-state supply	CGST (₹)	SGST (₹)	IGST (₹)
GST liability under Forward charge					
Product A (taxable @18%)	50,00,000	Inter-state			9,00,000
	50,00,000	Intra-state	4,50,000	4,50,000	
Product B (taxable @28%)	50,00,000	Inter-state			14,00,000
	30,00,000	Intra-state	4,20,000	4,20,000	
Sale of imported raw-material (worth ₹ 10,00,000) on High-Sea sales basis	Not given	Not Supply [such sale is out of scope of supply- Schedule III (para 8)]	---	---	---
Total			8,70,000	8,70,000	23,00,000
GST liability under Reverse charge					
---	---	---	---	---	---
Total			---	---	---
Total tax liability (FCM as well as RCM)			8,70,000	8,70,000	21,00,000

Statement showing computation of total ITC as available for utilization

S. No.	Particulars	CGST paid (₹)	SGST paid (₹)	IGST paid (₹)
(i)	Domestic Purchase (inter-state) [60,00,000 * 18%]	----	----	10,80,000
(ii)	Import of goods (inter-state supply) - ITC of raw-material of 30,00,000 (as used in business) [30,00,000 * 28%]	----	----	8,40,000
				19,20,000

Statement showing computation of NET GST PAYABLE from cash ledger

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	IGST (₹)	CGST (₹)	SGST (₹)	Total GST (₹)
GST liability under Forward charge				
GST payable.	23,00,000	8,70,000	8,70,000	40,40,000
Less: ITC (IGST) of ₹ 19,20,000 [ITC (IGST) shall be utilized first for payment of IGST and then, for payment of CGST or SGST, as per discretion of taxpayer.]	(19,20,000)	--	--	(19,20,000)
Less: ITC (CGST) of ₹ Nil [ITC (CGST) shall be utilized first for payment of CGST and then, for payment of IGST liability, if any.]	--	--	--	---
Less: ITC (SGST) of ₹ Nil [ITC (SGST) shall be utilized first for payment of SGST and then, for payment of IGST liability, if any.]	--	--	--	---
GST payable in cash (from e-cash ledger)	3,80,000	8,70,000	8,70,000	21,20,000
GST liability under Reverse charge				
RCM liability	--	--	--	---
GST payable in cash (from e-cash ledger)	--	--	--	---
Total liability to be discharged in cash	3,80,000	8,70,000	8,70,000	21,20,000

37.5. 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 (C) 3rd March
(B) 28th February (D) 20th March

Ans. (B) 28th February

Transaction	Due date of invoice	Invoice issuance	Payment	ToS - Sec 12(2) read with Sec 148 Notification 66/2017-CT
Goods supplied	28 th Feb	3 rd March (belated invoicing)	25 th Feb	ToS shall be due date of issuance of invoice = 28 th Feb

38. 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. Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 38.1. to 38.4. as follows:-

[ICAI MTP- May 2020]

38.1. 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% (C) 14th January; 18%
(B) 7th January; 28% (D) 15th January; 18%

Ans. (A) 5th January; 28%

Sec 14(a)

GST rate = 28%	GST rate = 18%		ToS - Sec 14
Date of supply = 4 Jan	Date of Change (DoC) 10 Jan		
Date of invoice = 5 Jan		Date of payment = 15 th Jan * (refer box below)	Date of invoice = 5 Jan (Applicable GST rate = 28%)

As per **section 14 of the CGST Act, 2017**, in case of change in rate of tax, date of receipt of payment is earlier of:

- (i) date of entering payment in the books of account of the supplier (7th Jan) or
(ii) date on which the payment is credited to his bank account (15th Jan).

However, **if the payment is credited in the bank account after 4 working days from the date of change in the rate of tax** (in given case, 10th Jan), **the date of receipt of payment will be the date of credit in the bank account.**

In the given case, since the payment has been credited in the bank **after 4 working days from the date of change in the rate of tax**, the date of receipt of payment will be date of credit into bank, i.e., 15th Jan.

38.2. 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% (C) 12th January; 28%
(B) 7th January; 28% (D) 12th January; 18%

Ans. (A) 5th January; 28%

Sec 14(a)

GST rate = 28%	GST rate = 18%		ToS - Sec 14
Date of supply = 4 Jan	Date of Change (DoC) 10 Jan		
Date of invoice = 5 Jan		Date of payment = 12 th Jan * (refer box below)	Date of invoice = 5 Jan (Applicable GST rate = 28%)

As per **section 14 of the CGST Act, 2017**, in case of change in rate of tax, date of receipt of payment is earlier of:

- (i) date of entering payment in the books of account of the supplier (7th Jan) or
(ii) date on which the payment is credited to his bank account (12th Jan).

However, **if the payment is credited in the bank account after 4 working days from the date of change in the rate of tax** (in given case, 10th Jan), **the date of receipt of payment will be the date of credit in the bank account.**

In the given case, since the payment has been credited in the bank **within 4 working days from the date of change in the rate of tax**, the date of receipt of payment will not be date of credit into bank, i.e., 12th Jan.

Thus, date of receipt of payment in this case will be determined in normal manner and it shall be 12th Jan.

38.3. 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 (C) Haryana, Punjab
(B) Punjab, Gujarat (D) Haryana, Gujarat

Ans. (B) Punjab, Gujarat

	Supply 1	Supply 2
Supplier	Diwakar (P) Ltd.- (Delhi)	Pakija (P) Ltd.- (Punjab)
Recipient	Pakija (P) Ltd.- (Punjab)	Gajab & Sons (Gujarat)
Place of Supply	Sec 10(i)(b) of IGST Act POS shall be location of the principal place of business of third person (not the actual recipient of goods). Thus, PoS shall be	Sec 10(i)(a) of IGST Act POS shall be location of goods at the time of termination of movement of goods at time of delivery of goods to the recipient

	principal place of business of Pakija (P) Ltd.- (Punjab)	Gajab & Sons (Gujarat).
	Thus, for this supply, PoS shall be Punjab.	Thus, for this supply, PoS shall be Gujarat.
Nature of Supply	Inter-state supply Location of supplier (Delhi) and place of supply (Punjab) are into two different states and therefore, this qualifies as inter-state supply in terms of Sec 7 of IGST Act.	Inter-state supply Location of supplier (Punjab) and place of supply (Gujarat) are into two different states and therefore, this qualifies as inter-state supply in terms of Sec 7 of IGST Act.
GST	IGST	IGST

38.4. 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 (C) Either (a) or (b), whichever is earlier.
(B) 7th January (D) Either (a) or (b), whichever is later.

Ans. (B) 7th January

Invoicing requirement in case of service of renting of immovable property

- **Renting of immovable property service under a contract** - Continuous supply of service as defined in **Sec 2(33) of CGST Act** (as generally contract period is of more than 3 months)
- Invoicing requirement as per provisions of **Sec 31(5)** - as per **Sec 31(5)(a)**, when the due date of payment is ascertainable from the contract, invoice must be issued on or before the due date of payment. Hence, Diwakar (P) Ltd. shall issue invoice on or before 7th of every month.

Determination of time of supply

Sec 13(2)

ToS shall be the earlier of following:-

- **Date of provision of service** (as invoice issued belatedly **7th Jan**) or
- **Date of receipt of payment** (**10th Jan**)

Thus, ToS shall be 7th Jan.

39. 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
2nd 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. Payment for the same was received on 28th February.
15th 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 13th February.
20th February	Received advance of ₹ 2,00,000 from Sunshine Ltd. for installation of AC at its factory in Bawana, Delhi on 28th February. The invoice is issued on the date of provision of service, i.e., on 28th 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. 39.1. to 39.4. as follows:-

[ICAI MTP- Nov 2021]

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

- (A) 18% (C) 18% on AC value & 5% on installation value
(B) 5% (D) 12%

Ans. (A) 18%

- As per [sec 2\(30\)](#) it is a composite supply (supply of AC is principal supply and supply of installation service is ancillary supply)
- Treatment of composite supply as per [Sec 8\(a\)](#): Supply of principal supply (i.e., supply of AC)
- Therefore, rate applicable is 18%

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

- (A) 15th February (C) 13th February
(B) 16th February (D) 14th February

Ans. (C) 13th February**Sec 13(2)**

ToS shall be earlier of following:-

- a) Date of provision of service, if the invoice is not issued within the period prescribed under [section 31](#) (15th Feb assumed)
or
b) Date of receipt of payment (13th Feb)

ToS shall be 13th Feb.**39.3. 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. (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.
(B) Yes. Since provision of service and issue of invoice is after the change in rate of tax, new 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.

Ans. (B) Yes. Since provision of service and issue of invoice is after the change in rate of tax, new rate shall be applicable.**Supply of installation service involving change in rate** (5% rate upto 21 Feb changed to 12% on/after 22nd Feb)**Sec 14**

Where the invoice for the same has been issued and the payment is also received after the change in rate of tax the time of supply shall be earlier of (the date of receipt of payment) or (the date of issue of invoice).

Therefore, applicable rate is 12%. Hence the contention of Sunshine Ltd. is valid as per GST law

39.4. 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). (C) Jain Bhagwan (P) Ltd. cannot seek advance ruling to determine the time and value of supply of air conditioners.
(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. (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.

Ans. (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).

- As per [sec 97\(2\)](#), Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners.
- Also, if 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).

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

- 1. 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.**
- 2. 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.**
- 3. 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.**
- 4. 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. Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 40.1. to 40.5.:-

40.1. Choose the most appropriate option in relation to service of transportation of students, teachers and other staff provided by Bright Public School:

- | | |
|---|---|
| <p>(A) 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.</p> | <p>(C) The transportation services provided to students is specifically exempted from GST under section 11 of the CGST Act, 2017 whereas transportation services provided to teachers and other staff is not a supply as it is provided in course of employment.</p> |
| <p>(B) The transportation services provided to students, teachers, other staff is exempt from GST.</p> | <p>(D) 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.</p> |

Ans. (B) The transportation services provided to students, teachers, other staff is exempt from GST.

*** The option (B) is best available option, though strictly legally it is not precisely correct**

Activity	Supply or not	GST liability
Transportation services to its students (consideration charged 1500 p.m.)	Supply	GST levy attracted But exempt vide Entry no. 66
Transportation services to its teachers and other staff (without consideration)	Not a supply (being a part of employment contract)	No GST levy attracted [This is no supply transaction]

40.2. Choose the most appropriate option in relation to entrance fee charged by Bright Public School from the students:

- | | |
|---|---|
| <p>(A) 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.</p> | <p>(C) 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.</p> |
|---|---|

- (B) 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.

- (D) 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.

Ans. (C) 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):** Exemption provided to [Services provided **by an educational institution** by way of **conduct of entrance examination** against consideration in the form of **ENTRANCE FEE**]
- Above exemption is available in respect of entrance fees charged from students or potential students - thus, entire consideration of ₹ 12,00,000 is exempt
- Such service is exempt supply and its disclosure is required in Return as 'exempt supply'

40.3. 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.

- (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 entrance examination are exempt which are provided against consideration in the form of entrance fee.

- (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.

- (D) There is no exemption for services provided by an educational institution for conduct of entrance examination.

Ans. (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(b):** Exemption provided to [Services provided (by any person) **to an educational institution** by way of **services relating to admission to, or conduct of examination by,** such institution.]
- For purpose of above exemption, the term 'Educational Institution' has been defined to mean certain specified institution. However, Explanation to aforesaid entry provides that "For removal of doubts, it is clarified 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.**"
- Thus, considering the explanation, CBSE (Central Board of Secondary Education) is also an 'educational institution'. Accordingly, service of hosting the examination in school (which is also a service by way of conduct of examination) is eligible for exemption.

40.4. 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.

- (C) It is a mixed supply where educational service 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.

- (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.

- (D) It is a mixed supply where educational service 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.

Ans. (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.

- Combination Supply = Education Service + Boarding and lodging service
- This combination = Composite supply (as defined in [sec 2\(30\)](#)) - being naturally bundled in ordinary course of business and education service is principal supply in the combination
- GST treatment as per [Sec 8\(a\)](#) = Treat it as supply of principal supply = Treat it as supply of education service
- GST liability on education service = Nil (being exempt vide [Entry no. 66](#))

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

- | | |
|--|--|
| <p>(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.</p> <p>(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.</p> | <p>(C) GST is payable on the services provided by Ambaji Transporters as Ambaji Transporters is not an educational institution and said services are exempt only when provided by an educational institution.</p> <p>(D) GST is not payable at all on the services provided by Ambaji Transporters as services provided to an educational institution by way of transportation of students, faculty and staff are exempt from GST.</p> |
|--|--|

Ans. (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.

- [Entry 66\(b\)](#): Exemption provided to [Services provided (by any person) to an educational institution by way of transportation of students, faculty and staff.]
- The aforesaid exemption is available when service is provided to Educational Institution which is providing services by way of - 'pre school education' and/or 'education upto higher secondary school or equivalent'.
- Since Bright Public School is providing education upto higher secondary school, transportation service provided to it by Ambaji Transporters is exempt.

Part-II RTP/ MTP/ Sample Paper/ Multi-Disciplinary Case Studies/ Misc.**SAMPLE PAPERS (ICAI)****SERIES-I**

1. A taxable person has made following supplies in Oct, 20x1 –
 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 Oct, 20x1 – 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 (C) CGST – ₹ 8,000, SGST – Nil, IGST – ₹ 5,200
 (B) CGST – ₹ 11,600, SGST – ₹ 1,600 (D) CGST – ₹ 8,000, SGST – Nil, IGST – ₹ 16,000
- Ans. (D) CGST – ₹ 8,000, SGST – Nil, IGST – ₹ 16,000

GST liability

- (Exports + Supply to SEZ) = IGST liability (as not supplied under Bond) = 1,00,000 * 18% = 18,000
- Intra-state sale = 2,00,000 - CGST@9% = 18,000 - SGST@9% = 18,000

Statement showing computation of NET GST PAYABLE from cash ledger for tax period of Oct, 20x1

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	IGST (₹)	CGST (₹)	SGST (₹)	Total GST (₹)
GST liability under Forward charge				
GST payable	18,000	18,000	18,000	54,000
Less: ITC (IGST) of ₹ Nil				
Less: ITC (CGST) of ₹ 10,000 [ITC (CGST) shall be utilized first for payment of CGST and then, for payment of IGST liability, if any.]	---	10,000	N.A.	10,000
Less: ITC (SGST) of ₹ 20,000 [ITC (SGST) shall be utilized first for payment of SGST and then, for payment of IGST liability, if any.]	2,000	N.A.	18,000	20,000
GST payable in cash (from e-cash ledger)	16,000	8,000	Nil	24,000
GST liability under Reverse charge				
RCM liability	---	---	---	---
GST payable in cash (from e-cash ledger)	---	---	---	---
Total liability to be discharged in cash	16,000	8,000	Nil	24,000

2. Mr. A has received technical consultancy services from IT Star Consultants, USA. The import of technical consultancy will not be liable to GST if-
- Mr. A pays some consideration for the services received
 - Mr. A pays some consideration for the services received and if Mr. A uses the said service for business purposes
 - Mr. A uses the said service for business purposes even though he does not pay any consideration for the same
 - Mr. A uses the said service for personal purposes and does not pay any consideration for the same and is also a partner in IT Star Consultants
 - Mr. A uses the said service for business purposes and does not pay any consideration for the same and is also a partner in IT Star Consultants
- (A) (i), (ii), (v) (C) (iii), (iv)
 (B) (ii), (iii) and (v) (D) (iii), (iv) and (v)

Ans. (C) (iii), (iv)

Supply

7(1)(b) Import of service for consideration = Supply - irrespective of such import for business use or personal use

7(1)(c) Import of service without consideration = Supply - only if such import is for business purpose and also from related person or deemed distinct foreign establishment

■ point (iii) not covered - as not from related person or deemed distinct person

■ point (iv) not covered - as import is not for business purpose

3. XY, Bangalore, Karnataka furnishes following information:

(i) 10 MT of inputs stock transferred to branch located in Chennai, Tamil Nadu on 10th April, 20x1. Transfer value of the inputs shown in the invoice is ₹ 10,000.

(ii) 5 MT of inputs supplied to customer located in Chennai at ₹ 12,500 on 10th April, 20x1.

(iii) Cost of production of 1 MT of input is ₹ 750.

(iv) Chennai branch is eligible for full input tax credit.

The value of the inputs stock transferred to Chennai Branch is-

(A) ₹ 10,000

(C) ₹ 8,250

(B) ₹ 25,000

(D) ₹ 12,500

Ans. (A) ₹ 10,000

Rule 28: Supply transaction between DDP (Deemed Distinct Persons)

Value of supply shall be OMV of such supply

However, if recipient is entitled to full ITC, then value declared in invoice shall be deemed to be OMV

[Here, recipient is entitled to full ITC - so, transfer value as declared in invoice (₹ 10,000) shall be deemed to be OMV and shall be acceptable as such]

4. Which of the given activities does not amount to supply?

(A) An architect in India seeks legal advice from his son settled in London free of cost with regard to his family dispute.

(C) A dealer of air-conditioners permanently transfers an air conditioner from his stock in trade, for personal use at his residence.

(B) A Resident Welfare Association provides the service of depositing the electricity bills of the residents in lieu of some nominal charges.

(D) An electronic commerce operator in India seeks legal advice for its business from its head office in US free of cost.

Ans. (A) An architect in India seeks legal advice from his son settled in London free of cost with regard to his family dispute.

Supply

7(1)(c) Import of service without consideration = supply - only if such import is for business purpose and also from related person or deemed distinct foreign establishment

■ option (A) not covered - import is for personal matter

5. Mr. X enters into a contract with a client for supply of certain services on 18.12.20x1. GST is payable on such services under forward charge. Services are supplied on 25.12.20x1 and invoiced on 05.01.20x2. The client makes payment by cheque for the services on 29.12.20x1 and such payment is credited to the bank account of Mr. X on 06.01.20x2. The payment is recorded in the books of account of the client and Mr. X on 30.12.20x1 and 07.01.20x2 respectively.

The time of supply of services is:

(A) 29.12.20x1

(C) 06.01.20x2

(B) 30.12.20x1

(D) 05.01.20x2

Ans. (D) 05.01.20x1

ToS

Sec 13(2) Service invoiced within 30 days (provided on 25th Dec, 20x1 and invoiced on 5th Jan, 20x2)

ToS = Earlier of

(a) Date of invoice = 5th Jan, 20x2

(b) Date of payment = 6th Jan, 20x2

(being, earlier of Entry in - Books (7th Jan, 20x2) and Bank (6th Jan, 20x2))

6. Kesar Maharaj, a registered supplier, gave a classical dance performance in an auditorium. The consideration charged for the said performance is ₹ 1,60,000. Such performance is not for promotion of any

product/services. Rate of CGST and SGST on such services is 9% each. Assuming the services supplied by him to be intra-state supplies, which of the following statements are true?

- (A) GST liability of Kesar Maharaj is Nil as services provided by him are exempt. (C) Kesar Maharaj is liable to pay CGST and SGST of ₹ 900 and ₹ 900 respectively.
- (B) Kesar Maharaj is liable to pay CGST and SGST of ₹ 14,400 and ₹ 14,400 respectively. (D) None of the above.

Ans. (B) Kesar Maharaj is liable to pay CGST and SGST of ₹14,400 and ₹ 14,400 respectively.

Exemption

Kesar Maharaj is not entitled to exemption as consideration for classical dance performance is exceeding ₹ 1,50,000.

CGST (1,60,000 * 9%) = ₹ 14,400 SGST (1,60,000 * 9%) = ₹ 14,400

7. Avtaar Enterprises, Kanpur (UP) started trading in ayurvedic medicines from July 1, 20x1. Its turnover exceeded ₹ 40 Lakh on October 3, 20x1. The firm applied for registration on October 31, 20x1 and was issued registration certificate on November 5, 20x1.

Can any revised invoice be issued in the given scenario? If the answer to the first question is in affirmative, determine the period for which the revised invoices can be issued as also the last date upto which the same can be issued.

- (A) Revised invoice cannot be issued in the given case. (C) Revised invoices can be issued for supplies made between October 31, 20x1 and November 5, 20x1. Further, the revised invoices can be issued for the said period till December 31, 20x1.
- (B) Revised invoices can be issued for supplies made between October 3, 20x1 and November 5, 20x1. Further, the revised invoices can be issued for the said period till December 5, 20x1. (D) Revised invoices can be issued for supplies made between July 1, 20x1 and November 5, 20x1. Further, the revised invoices can be issued for the said period till December 31, 20x1.

Ans. (B) Revised invoices can be issued for supplies made between October 3, 20x1 and November 5, 20x1. Further, the revised invoices can be issued for the said period till December 5, 20x1.

Sec 31

Invoicing

31(3)(a) + Revised Tax Invoices can be issued only when supplier applies for registration within 30 days of becoming liable for registration.

- Post grant of registration, RTI can be issued within 1 months (i.e., upto 5th Dec, 20x1)

* For your knowledge :

Applicant seeking registration must undergo Aadhaar Authentication (unless he is exempted u/Sec 25(6D)).

Rule 8(4A) of CGST Rules, 2017

- If Aadhaar authentication is done successfully within 15 days of submission of Part B of GST REG-01, then application is deemed to be submitted on date of Aadhaar Authentication.
- If Aadhaar authentication fails, then application shall be deemed to be submitted on 15th day from date of submission of Part B of GST REG-01.

In either of above case, if date of submission of application falls within 30 days of becoming liable for registration, then such person shall be eligible to issue Revised Tax Invoice as per Sec 31(3)(a).

8. Shagun started supply of goods in Vasai, Maharashtra from 01.01.20x1. Her turnover exceeded ₹ 40 lakh on 25.01.20x1. However, she didn't apply for registration. Determine the amount of penalty, if any, that may be imposed on Shagun under section 122(1) of the CGST Act, 2017 on 31.03.20x1, if the tax evaded by her, as on said date, on account of failure to obtain registration is ₹ 1,26,000:

- (A) ₹ 10,000 (C) ₹ 12,600
- (B) ₹ 1,26,000 (D) None of the above

Ans. (B) ₹ 1,26,000

Sec 122 Penalty for certain offences

122(1) Penalty on 'taxable person' - who failed to take registration

Penalty (CGST) = Higher of following 2 : (a) 10,000 (b) tax (CGST) evaded = 1,26,000

* An equal amount of penalty shall be leviable in terms of Sec 122 (1) of Maharashtra GST Act, 2017.

9. Kutch Refineries supplies LPG to XYZ Ltd. by a pipeline under a contract. The terms of contract are:
- (i) Monthly payment of ₹ 2 Lakh to be made by the recipient on 5th day of the month.

- (ii) A quarterly statement of the goods dispatched and payments made will be issued by 7th day of the month succeeding the relevant quarter.

August 5, September 5, October 5	Payments of ₹ 2 lakh made in each month
October 7	Statement of accounts issued by supplier for the quarter July – September
October 17	Differential payment of ₹ 56,000 received by supplier for the quarter July – September as per statement of accounts

Which of the following statements is true ?

- (A) Invoice will be issued on August 5, September 5, October 5 and October 7. (C) Invoice will be issued on August 5, September 5, October 5, October 7 and October 17
- (B) Invoice will be issued on August 5, September 5 and October 5. (D) None of the above

Ans. (A) Invoice will be issued on August 5, September 5, October 5 and October 7.

Sec 31 Invoicing

31(4) Invoicing in case of 'continuous supply of goods'

Invoice shall be issued upon receipt of payment or issue of statement of supplies.

- Receipt of payment (Aug 5, Sep 5, Oct 5)
- Issue of statement of supply (Oct 7)

10. A Chartered Accountant issued following bill –

- (i) Professional fees – ₹ 1,00,000
 (ii) Out of pocket expenses – ₹ 10,000
 (iii) MCA Fees for e-filing of documents on MCA portal – ₹ 5,000.

His value of service for tax purposes is:

- (A) ₹ 1,15,000 (C) ₹ 1,05,000
 (B) ₹ 1,10,000 (D) ₹ 1,00,000

Ans. (B) ₹ 1,10,000

Sec 15 Determination of Value of Supply

Rule 33 Value of Supply – Costs/charges incurred in capacity of pure agent of the recipient shall be excluded from the value of supply. [MCA Fees = 5,000 to be excluded]

Thus, value of supply = ₹ 1,10,000 (₹ 1,00,000 + ₹ 10,000)

11. 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:

Particulars	GST paid (₹)
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 (C) ₹ 19,50,000
 (B) ₹ 21,10,000 (D) ₹ 20,50,000

Ans. (A) ₹ 19,00,000

Sec. 17(5) Blocked ITC

Motor Car (motor vehicle with seating capacity upto 13 capacity (including driver)) = **ITC blocked**

But allowed to person who is in business of further supply of such motor vehicle

- Thus, ITC of cars purchased is admissible (₹ 20,00,000)
- However, car destroyed in accident shall not be eligible for ITC (₹ 1,00,000)

ITC of Works Contract service = as to construction of immovable property = **ITC Blocked**

Thus, final admissible ITC = ₹ 19,00,000 (₹ 20,00,000 – ₹ 1,00,000)

12. In which of the following cases, import of services by an individual is taxable under GST?
- (1) Import of service with consideration in course or furtherance of business.
 - (2) Import of service with consideration not in course or furtherance of business.
 - (3) Import of service without consideration from a related person in course or furtherance of business.
 - (4) Import of service without consideration from a related person not in course or furtherance of business.
- (A) (1) and (3) (C) (1), (2) and (3)
(B) (2) and (4) (D) (4)

Ans. (C) (1), (2) and (3)

Supply

7(1)(b) Import of service for consideration = supply – irrespective of whether such import is for business use or personal use

7(1)(c) Import of service without consideration = supply – only if such import is for business purpose and also from related person or deemed distinct foreign establishment

■ point (4) not covered – as import is not in course or furtherance of business

13. 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 (C) ₹ 2,45,000
(B) ₹ 2,50,000 (D) ₹ 1,50,950

Ans. (D) ₹ 1,50,950

Sec 17 **Apportionment of ITC – ITC related to 'exempt supply'**

2(47) Exempt Supply includes non-taxable supply [Value = transaction value = 1,50,000]

17(3) Exempt supply also includes transactions in securities. [Value = 1% of sale price = 950]

Thus, value of exempt supply = 1,50,950/-

14. Grand Foods is engaged in supplying restaurant service in Delhi. In the preceding financial year, it has an aggregate turnover of ₹ 95 lakh from restaurant service and ₹ 5 lakh from supply of farm labour and has earned a bank interest of ₹ 10 lakh. Which of the following statements are true in the given case?

- (1) Aggregate turnover of Grand Foods, for determining eligibility for composition scheme, in the preceding FY is ₹ 90 lakh.
- (2) Aggregate turnover of Grand Foods, for determining eligibility for composition scheme, in the preceding FY is ₹ 100 lakh.
- (3) Aggregate turnover of Grand Foods, for determining eligibility for composition scheme, in the preceding FY is ₹ 110 lakh.
- (4) Supply of farm labour and supply of service of extending loans/deposits does not make Grand Foods ineligible for composition scheme.
- (5) Supply of services other than restaurant service - supply of farm labour and supply of service of extending loans/deposits - by Grand Foods makes it ineligible for composition scheme.

- (A) (1) and (4) (C) (1) and (5)
(B) (2) and (4) (D) (3) and (5)

Ans. (B) (2) and (4)

Sec 10 **Composition Scheme**

10(1) Composition scheme eligibility limit = ₹ 150 lakh / ₹ 75 lakh (ATO in PY)

ATO for purposes of determination of eligibility

- ATO as defined in Sec 2(6) (which defines it to include exempt as well as non-exempt supply)
- But as per Explanation 1 to Sec 10 of CGST Act, exempt service by way of interest shall be excluded while determining PY eligibility limit for composition scheme.
- Thus, ATO is (₹ 95 Lakh + ₹ 5 Lakh exempt service of farm labour supply) = ₹ 100 lakh

10(1) proviso - Provisioning of service other than restaurant/ catering service is now permissible
But only upto the limit of higher of following:

- (b) 10% of TO in the State (₹ 1,00,00,000 is TO in the State);
 (c) ₹ 5,00,000;

Further, exempt service interest shall not be considered in above limit **[ROD order]**

Presuming that value of supply of services supplied by such person will be within the permitted limit as stated above, such person shall be eligible for composition scheme in current year.

* Explanation to Proviso to Sec 10 of CGST Act provides that exempt service by way of interest shall be excluded while computing TO in the State (PY) for purpose of determination of permissible marginal value of services.

15. Which of the following services provided by Good Health Care Nursing home are not exempt?
- (1) Reiki healing treatment.
 - (2) Plastic surgery conducted to repair cleft lip of a new born baby.
 - (3) Air ambulance services to transport critically ill patients from distant locations to Good Health Care Nursing home.
 - (4) Palliative care for terminally ill patients. On request, such care is also provided to patients at their homes. (Palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease but the goal of such care is not to cure the disease).
 - (5) Alternative medical treatments by way of Ayurveda.
- (A) (1) and (3) (C) (1)
 (B) (2) and (4) (D) (1), (4) and (5)

Ans. (C) (1)

Exemption Health care services only in recognized system of medicines are exempt **[Entry No. 74]**
 - Reiki Healing Treatment = Not recognized system of medicine

16. Open area in the precincts of a temple has been rented for a marriage for a day. In which of the following cases, such renting is exempt from GST?
- (A) Temple is owned by Sanatan Charitable Trust (registered under section 12AA of the Income-tax Act, 1961) and consideration charged is ₹ 9,000.
 - (B) Temple is owned by Sanatan Charitable Trust (registered under section 12AA of the Income-tax Act, 1961) and consideration charged is ₹ 11,000.
 - (C) Both (a) and (b).
 - (D) None of the above.

Ans. (A) Temple is owned by Sanatan Charitable Trust (registered under section 12AA of the Income-tax Act, 1961) and consideration charged is ₹ 9,000.

Exemption Exemption is available only if amount charged is less than ₹ 10,000 **[Entry No. 13]**

17. BTW Pvt. Ltd. has following units:
 A: Factory in Noida, Uttar Pradesh; closed from 20x1-x2 onwards, no turnover
 B: Factory in Ghaziabad, Uttar Pradesh; turnover of ₹ 54 crores in 20x1-x2
 C: Service centre in Faridabad, Haryana; turnover of ₹ 2 crore in 20x1-x2
 D: Service centre in New Delhi; turnover of ₹ 4 crores in 20x1-x2
 The company's corporate office functions as an input service distributor. It has to distribute input tax credit of ₹ 18 lakh for April, 20x2 (FY 20x2-x3). 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. (B) ₹ 10,80,000 to Ghaziabad factory, ₹ 6,40,000 to Faridabad service centre and ₹ 80,000 to New Delhi service centre.

Sec 21: Distribution of ITC by ISD

ITC of ₹ 6,00,000 = distribution to Faridabad unit only

ITC of ₹ 12,00,000 = Distribution among all existing units – Ghaziabad, Faridabad and New Delhi (use ratio of TO in PY – i.e., 54:2:4)
= ₹ 10,80,000 (Ghaziabad), ₹ 40,000 (Faridabad Unit) and ₹ 80,000 (New Delhi Unit)

Total ITC = ₹ 10,80,000 (Ghaziabad), ₹ 6,40,000 (Faridabad) and ₹ 80,000 (New Delhi)

* PY = 4 units operational

CY = 3 Units operational – **CY ITC to be distributed to 3 operational units** [For all these 3 operational units, PY TO is available and thus, that TO shall be used for ITC distribution of common services]

18. (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) (C) (i)
(B) (i), (ii), (iii), (iv) (D) (i), (iii)

Ans. (C) (i)

Sec 17(5): Blocked ITC

ITC of passenger motor vehicle (with seating capacity upto 13 passenger (including driver)) = Blocked

However, allowed if used for imparting training of motor driving

ITC of vessels and aircraft = Blocked

However, allowed if used for imparting training (navigation training)

ITC of goods vehicle = not blocked (i.e., allowed in all cases)

19. 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 (C) ₹ 2,12,400
(B) ₹ 1,06,200 (D) Nil

Ans. (A) ₹ 90,000

Sec 17(5): Blocked ITC

Bill of Building Repair service (works contract service in relation to immovable property as defined in Sec 2(119) of CGST Act)

Billed Amount = ₹ 10,00,000 + ₹ 1,80,000 GST = Total ₹ 11,80,000

ITC of Works Contract service = as to construction of immovable property = **ITC Blocked**

Construction = covers repairs, renovation etc. to the extent such expenses are capitalized in books of accounts

Repair to extent of capitalization (here, 50% of ₹ 10,00,000 = ₹ 5,00,000) = deemed to be construction service of immovable property = ITC disallowed

Rest ITC allowed = 18% on (50% of ₹ 10,00,000 i.e. ₹ 5,00,000) = ₹ 90,000

20. An online portal, Best Info, raises invoice for database access on 21st February, 20x1 on Roy & Bansal Ltd. The payment is made by Roy & Bansal Ltd. by a demand draft sent on 25th February, 20x1 which is received and entered in the accounts of Best Info on 28th February, 20x1. Best Info encashes the demand draft and thereafter, gives access to the database to Roy & Bansal Ltd from 3rd March, 20x1. In the meanwhile, the rate of tax is changed from 1st March 20x1.

What is the time of supply of the service of database access by Best Info?

- (A) 25th February, 20x1 (C) 21st February, 20x1
(B) 28th February, 20x1 (D) 3rd March, 20x1

Ans. (C) 21st February, 20x1

Sec 14 (ToS)

ToS as per Sec 14 as it involves change in rate of GST.

Supply of service post change in rate.

Payment received and invoice issued prior to change in rate.

Thus, ToS = earlier of

- (a) Date of payment = 28th Feb, 20x1 (being, earlier of Entry in – Books (28th Feb, 20x1) and Bank (3rd Mar, 20x1))
(b) Date of invoice = 21st Feb, 20x1

Date of payment in case of Sec 14

- Date of entry in books = 28th Feb, 20x1
- Date of entry in bank = 3rd Mar, 20x1
- Since, payment in bank account has actually been realized within 4 days of change in rate of tax. Thus, date of payment shall be determined as per normal principle – earlier of date of entry in books or date of credit in bank account.

21. Which of the following persons can opt for the composition scheme?

- 1) Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 75 lakh.
- 2) Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore.
- 3) A person engaged in manufacture of Pan Masala, Tobacco and manufactured tobacco substitutes.
- 4) A person engaged in the manufacture of Ice Cream or other edible ice.
- 5) A person engaged exclusively in the providing restaurant service.
- 6) A person engaged exclusively in supply of medicines.

- (A) 1,2,3,5 (C) 2,3,4,5
(B) 1,2,5,6 (D) 3,4,5,6

Ans. (B) 1,2,5,6

Sec 10 Composition Scheme

10(1) Composition scheme eligibility limit = ₹ 150 Lakh / ₹ 75 Lakh (ATO in PY)

10(2) **Composition scheme not available to certain manufacturer supplier**

Manufacturer supplier of **Pan Masala, Tobacco and manufactured tobacco substitutes, Ice Cream or other edible ice and Aerated Water.**

22. Which of the following statements is not correct for a tax payer who has opted for composition scheme?

- (A) A registered person supplying goods under the composition scheme shall issue a bill of supply. (C) A composition dealer shall mention the words "Composition taxable person, not eligible to collect tax on supplies" at the top of the bill of supply issued by him.
- (B) Last date for payment of liability towards tax, interest, penalty, fee or any other sum is 20th day of each month. (D) Last date for payment of liability towards tax, interest, penalty, fee or any other sum is 18th day of the month following each quarter.

Ans. (B) Last date for payment of liability towards tax, interest, penalty, fee or any other sum is 20th day of each month.

Sec 10 Composition Scheme

Sec 39(2) Composition supplier - return to be filed in such form and manner and within such time as may be prescribed.

Rule 62 - Return = **GSTR-4** - to be filed annually (by 30th of April of subsequent to FY)

Sec 39(7) General Rule: Due date of filing return = Due date of payment of tax

Exception Person opting for Sec 10 (composition supplier) shall be liable to pay tax on quarterly basis (form + manner + time to be prescribed)

Rule 62 - Payment Intimation to be submitted over portal = **GST CMP-08** - to be filed quarterly (by 18th of subsequent month)

For your knowledge

* if for any quarter, there is No/ Nil Entry in GST CMP-08, then it can be filed by SMS also [Rule 67-A of CGST Rules, 2017]

23. M/s. Tanatan received testing services from Aquarian Solution (P) Ltd. on 10-May-20x1. The payment was entered in the books of account of M/s. Tanatan on 16-May-20x1 and was credited in the bank account of supplier on 19-May-20x1. In the meantime, supplier issued invoice on 18-May-20x1. What will be the time of supply in this case?

- (A) 10-May-20x1 (C) 16-May-20x1
(B) 18-May-20x1 (D) 19-May-20x1

Ans. (C) 16 May, 20x1.

Sec 13(2): ToS

Service invoiced within 30 days (provided on 10th May, 20x1 and invoiced on 18th May, 20x1)

ToS = Earlier of

- i. **Date of payment** = 16th May, 20x1 (being, earlier of Entry in - **Books** (16th May, 20x1 - we are presuming supplier/ Aquarian also entered receipt of payment on same date) and **Bank** (19th May, 20x1))
- ii. **Date of invoice** = 18th May, 20x1

24. Which one of the following cannot be a reason for cancellation of registration?

- (A) There is a change in the constitution of business from partnership firm to proprietorship. (C) A composition taxpayer has not furnished returns for three consecutive tax periods.

(B) The business has been discontinued.

(D) A registered person, other than composition taxpayer, has not furnished returns for three consecutive tax periods.

Ans. (D) A registered person, other than composition taxpayer, has not furnished returns for three consecutive tax periods.

Sec 29(2): Cancellation of registration by PO

- Registration of **composition supplier** can be cancelled if he failed to furnish monthly return for 3 consecutive tax periods (i.e., 3 Annual Returns- GSTR-4)
- Registration of **RP (other than composition supplier)** can be cancelled if he failed to furnish return **for a continuous period of 6 months**

☛ **For Yours Knowledge**

Normal Supplier

Operating under	Return filing frequency	Cancellation proceedings can be invoked in terms of Sec 29(2) (c)
QRMP Scheme	Quarterly GSTR-3B. - by 22nd / 24th	Continuous 2 Quarterly Returns are not filed
Normally	Monthly GSTR-3B - by 20th	Continuous 6 Monthly Returns are not filed

25. Which of the following is an OIDAR service?

- (i) Online course consisting of pre-recorded videos and downloadable PDFs
- (ii) PDF document manually emailed by provider
- (iii) Individually commissioned content sent in digital form e.g., photographs
- (iv) Stock photographs available for automatic download
- (v) PDF document automatically emailed by provider's system.

(A) (i), (iv)

(C) (i), (iv), (v)

(B) (iv), (v), (ii)

(D) All of the above

Ans. (C) (i), (iv), (v)

Sec 2 (17) of IGST Act

OIDAR Service = Automated service involving minimum human intervention

- (i) Online course and downloadable Pdfs - covered under OIDAR
- (ii) Manual e-mail - not covered under OIDAR (using internet but not automated)
- (iii) Individual commissioned content sent in digital form - not covered under OIDAR (using internet but not automated)
- (iv) Auto download stock photographs - covered under OIDAR
- (v) PDF document auto e-mail - covered under OIDAR

26. Which of the following is included while computing the value of supply of goods under GST?

(A) Price of the goods

(C) Tax levied by Municipal Authority on sale of the goods

(B) Packing charges of the goods

(D) All of the above

Ans. (D) All of the above

Sec 15 : Value of Supply

Value of Supply = Transaction value (i.e. price of goods)

Inclusions as per Sec 15(2)

- Incidental expenses like packing charges are included
- Non-GST taxes are included (like municipal taxes on goods)

27. Which documents are required to send goods from branch office in one State to head office in another State?

(A) Tax invoice and e way bill

(C) Payment Voucher and e way bill

(B) Receipt Voucher and e way bill

(D) All of the above.

Ans. (A) Tax invoice and e way bill

Sec 25 HO in one state & BO in another state = Deemed Distinct person

Sec 7 Stock transfer of goods between DDP = Supply [Sec 7(1)(c) read with Schedule I (Para 2)]

Sec 31 Every supply to be documented by way of issuance of tax invoice.

Rule 138 Presuming the value of goods under movement is more than 50,000 - EWB is also required

28. Is e-way bill mandatory in case of transport of the handicraft goods from one State to another State by a person who has been exempted from the requirement of obtaining registration?

- (A) E-way Bill is not required as the supplier is exempt from the requirement of obtaining registration.
- (B) E-way Bill is mandatory only if the value of consignment is more than ₹ 50,000
- (C) E-way Bill is mandatory even if the value of consignment does not exceed ₹ 50,000
- (D) None of the above.

Ans. (C) E-way Bill is mandatory even if the value of consignment does not exceed ₹ 50,000

Sec 23 (2) Supplier of Handicraft goods - making inter-state supply of value upto ₹ 20 lakh - exempted from requirement of taking registration
 - Condition of exemption of registration is that such supplier must have PAN and they shall raise EWB for every movement of such handicraft goods

Rule 138 Mandatory EWB where handicraft supplier is supplying goods availing above exemption.

29. A registered person can claim refund of any unutilized input tax credit on zero rated supplies without payment of tax or the credit accumulated on account of inverted tax rate structure:

- (A) before the expiry of 2 years from the relevant date*.
- (B) before the expiry of the tax period.
- (C) before the expiry of 3 years from the relevant date.
- (D) before the expiry of 18 months from the relevant date.

Ans. (A) before the expiry of 2 years from the relevant date.

Sec 54 Refund under GST (whether of GST or ITC or other amount)

54(3) Refund of ITC (zero-rated supplies or when supply is having inverted tax structure)

Relevant date Due date of filing return of tax period in which claim of refund arises (as ITC is found to be surplus / not utilizable)

T/L for filing refund: 2 years from the relevant date (as stated above)

30. A registered person, who is under investigation for an offence under Chapter XIX, needs to retain the books of accounts/other records pertaining to such investigation until the expiry of:

- (A) 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.
- (B) 1 year after final disposal of such investigation.
- (C) (a) or (b), whichever is later
- (D) None of the above

Ans. (C) (a) or (b), whichever is later

Sec 36: Period for which records under GST shall be preserved

31. Which of the following is a correct method of serving notice?

- (i) By giving it to any adult member of the family residing with the taxable person
- (ii) By making it available on the common portal
- (iii) By sending a courier to a person regularly employed by him in connection with the business
- (iv) By registered post with acknowledgement due to his authorized representative
- (v) Affixing a copy on the notice board of the office of the concerned officer who issued such notice
- (A) (ii), (iv)
- (B) (i), (iii), (v)
- (C) (i), (ii), (iii), (iv)
- (D) (i), (ii), (iii), (iv) and (v)

Ans. (D) (i), (ii), (iii), (iv) and (v)

Sec 169: Manner of service of notice, summons, decision, orders etc.
 All above modes are covered.

32. Which of the following transactions does not qualify as supply under GST law?

- (i) When the Head Office makes a supply of services to its own branch outside the State.
- (ii) When a person imports services without consideration for the purposes of his business from his son living outside India.
- (iii) Disposal of car without consideration and where the supplier has not claimed input tax credit on such car.
- (iv) When a principal makes supplies to his agent who is also registered and is situated within the same State.
- (A) (i) & (iii)
- (B) (i), (ii) & (iii)
- (C) (iii)
- (D) (iii) & (ii)

Ans. (C) (iii)

Sec 7 Scope of Supply

7(1)(c) Activities without consideration

Schedule I - Para 1: Permanent transfer / disposal of business assets on which ITC was availed
[Motor Car (ITC blocked and hence, not availed)- Now, disposed off for free - not covered]

33. 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 car (4 seaters) used in the course and furtherance of business. | (C) GST paid on goods or services or both used for personnel consumption. |
| (B) GST paid on club membership fees. | (D) IGST @18% paid on inputs purchased from a vendor in Bangalore where the supplier is registered in Rajasthan. |

Ans. (D) IGST @18% paid on inputs purchased from a vendor in Bangalore where the supplier is registered in Rajasthan.

Sec 17(5): Blocked ITC

Option A, B and C are covered under blocked ITC.

34. Which of the following statements are true w.r.t. accounts and records?

- 1) All accounts and records are to be retained for 6 years.
 - 2) Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme.
 - 3) Stock record is to be maintained by all registered dealers including composition dealers.
 - 4) Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition.
 - 5) Monthly production records are to be maintained by all dealers including composition dealers
 - 6) Records are to be maintained at principal place of business.
- Which of the above are correct?

- | | |
|-----------|-------------|
| (A) 1,2,5 | (C) 1,3,4 |
| (B) 1,3,5 | (D) 1,2,4,6 |

Ans. (A) 1,2,5

Sec 35: Accounts and records

In terms of Sec 35, records are to be maintained at principal place of business and also at additional place of business.

35. A special Audit under GST is conducted by :

- | | |
|------------------------|---|
| (A) The CGST Officials | (C) Chartered Accountant or Cost Accountant |
| (B) The SGST Officials | (D) Any of the above |

Ans. (C) Chartered Accountant or Cost Accountant

Sec 66: Special Audit

Books of account are examined and audited by a Chartered Accountant or a Cost Accountant as nominated by the Commissioner

36. There is a difference in taxability of goods forming part of composite supply and mixed supply. Here are few examples from which you need to identify which is correct example of composite supply and mixed supply.

- i) Mr. A buys a car and purchases warranty and maintenance of the car by paying nominal amount. Car, warranty and maintenance here are a mixed supply.
- ii) Mr. A buys a car and purchases warranty and maintenance of the car by paying nominal amount. Car, warranty and maintenance here are a composite supply.
- iii) Mrs. A buys a microwave oven and some utensils for use in microwave oven. Both microwave oven and utensils are sold at a single price. Microwave oven and its utensils here are a mixed supply.
- iv) Mrs. A buys chocolates, juices and biscuits from a shop. All items have different prices. Chocolates, juices and biscuits are a mixed supply.

The correct examples of composite and mixed supply are: -

- | | |
|-------------|-----------------------|
| (A) i, iv | (C) ii, iii, iv |
| (B) ii, iii | (D) None of the above |

Ans. (B) ii, iii

Sec 2 Composite Supply = Bundle of taxable goods/ services in which one is principal supply

Sec 2 Mixed Supply = Bundled supply which is not composite but made for a single supply

- (i) Composite supply (as supply of car is principal supply) – once a supply is composite supply, it cannot be a mixed supply.
- (ii) Composite supply (as supply of car is principal supply)
- (iii) Mixed supply (none of supply is principal supply and hence, it is not a composite supply) – further, such supply being made for a single price, so it becomes mixed supply)
- (iv) Not Mixed supply (none of supply is principal supply and hence, it is not a composite supply) – further, such supply is not for a single price, so it cannot be a mixed supply)

37. Mr. A purchases redeemable vouchers worth INR 8000/- on 1st January. The vouchers are redeemable against purchase of any goods. The vouchers are valid till 30th June. What will be the time of supply in case of such vouchers?

- (A) 1st January
- (B) 30th June
- (C) The date of redemption of vouchers
- (D) None of the above

Ans. (C) The date of redemption of vouchers

Sec 12

12(4): Supply of goods against VOUCHERS

Goods to be supplied against vouchers are not identifiable at time of issuance of voucher
Therefore, ToS = Date of redemption of voucher

38. Mr. R, a resident of Delhi, holds an account in ICICI Bank in Delhi. Mr. R goes to Jaipur for work. During his visit to Jaipur he takes certain services relating to his account from ICICI bank in Jaipur in relation to some transaction to be carried out at Mumbai. What will be place of supply in this case?

- (A) The place of supply shall be Delhi
- (B) The place of supply shall be Jaipur
- (C) The place of supply shall be Mumbai
- (D) None of the above

Ans. (A) The place of supply shall be Delhi

Sec 12 LoS and LoR both in India = PoS as per Sec 12

12(12) LoS = ICICI Bank in Delhi (home branch with which Mr R is having account)

LoR = Delhi (Mr. R being resident in Delhi)

Sec 12(12) – PoS = Location of recipient (as available in records of supplier) = Delhi

**** Home Branch (Delhi Branch) is serving Mr R.**

Jaipur Branch (DDP) is not supplier of service to Mr R, rather Jaipur Branch is serving Home Branch and it will be charging Home Branch.

'FAQ on Banking, Insurance and Stock Broker Sector' REVISED EDITION

Q. What will be the place of supply in cases where the account is held in a bank in one State but some services are availed in a different branch of the same bank in another State.

Ans. As per the provisions of Section 12(12) of the IGST Act, 2017, the place of supply of services for a bank is the location of the recipient of the services on the records of the supplier of services. In general, this will be the State in which the account exists. For example, if the account is held in Delhi, and some services are obtained by the account holder in Maharashtra, the place of supply of services will be Delhi (and hence Central tax / State tax or Union territory tax will be chargeable). In such transactions, the branch in Maharashtra will only be a facilitator for providing these services. If the branch in Maharashtra levies any charges on the branch in Delhi for providing this facility, that will be a separate supply between the two branches, it will be chargeable to Integrated tax.

39. Mr. X becomes liable to registration on 1st August, 20x1 and has obtained registration on 15th August, 20x1. Such person is eligible for input tax credit on inputs held in stock as on:

- (A) 1st August, 20x1
- (B) 31st July, 20x1
- (C) 15th August, 20x1
- (D) He cannot take credit for the past period

Ans. (B) 31st July, 20x1

Sec 18 ITC in Special circumstances

18(1)(a) First time registration upon becoming liable to register

ITC on inputs admissible – Input held in stock on the day immediately preceding the date from which supplier becomes liable for registration shall be considered (i.e., 31st July, 20x1)

40. Indigo Airlines sells various products like watches, artificial jewellery, packaged foods etc. to its passengers on board during the flight. The flight originates from Jaipur, halts at Mumbai and finally lands in Chennai. What would be the place of supply of such products?

- (A) Jaipur
- (C) Location where goods were taken on board

(B) Chennai

(D) Location where passengers buying goods disembark

Ans. (C) Location where goods were taken on board

Sec 10 PoS in case of goods other than imported or export goods

10(1)(e) PoS = Location at which such goods are taken on board

SERIES-II

1. Mr. Jeet Ram, located in the State of Uttar Pradesh, is a re-seller of agricultural produce cultivated from land. His turnover for FY 20x1-x2 ₹ 20,00,000/-

He has made occasional inter-State taxable supplies also of ₹ 10,00,000/- of some goods to the State of Jammu and Kashmir during the month of March, 20x2.

Compute the aggregate turnover of Mr. Jeet Ram for the FY 20x1-x2 under the CGST Act, 2017, and also state whether he is liable for registration under the Act or not.

(A) ₹ Nil; Not liable for registration

(C) ₹ 30,00,000/-; Not liable for registration

(B) ₹ 10,00,000/-; Not liable for registration

(D) ₹ 30,00,000/-; Liable for registration

Ans. (D) ₹ 30,00,000/-; liable for registration

Sec 2(6): ATO (Aggregate Turnover)

ATO to include all outward supplies.

Jeet Ram = re-seller of agricultural produce (not an agriculturist himself) = ₹ 20,00,000

Jeet Ram = Supplier of handicraft goods = ₹ 10,00,000

ATO = ₹ 30,00,000

* Mr Jeet Ram is located in UP. Being inter-state supplier, he is liable to compulsory registration in terms of Sec 24 of CGST Act.

2. Mr. Champak, located in the State of Himachal Pradesh, a job worker, is engaged in providing job work services relating to silverware articles to his Principal, Mr. Mote Lal, in the State of Himachal Pradesh. The details of his turnover are as under:

a) For the FY 20x1-x2: ₹ 19,00,000/-

Mr. Champak, has earned continuous rental income of ₹ 15,000/- per month from his residential flat in Delhi for nine months from July, 20x1 to March, 20x2. He has also made wholly exempt supplies of handicraft items of ₹ 50,000/- during the FY 20x1-x2.

Compute the aggregate turnover of Mr. Champak for the financial year 20x1-x2 under the CGST Act, 2017, and also state whether he is liable for registration under the Act or not.

(A) ₹ 20,85,000/-; Liable for registration.

(C) ₹ 19,00,000/-; Not liable for registration.

(B) ₹ 20,35,000/-; Liable for registration.

(D) ₹ 19,50,000/-; Liable for registration.

Ans. (A) ₹ 20,85,000/-; Liable for registration.

Sec 2(6): ATO (Aggregate Turnover)

ATO to include all outward supplies - Taxable or Exempt

[₹ 19,00,000 (J/w service - Taxable Service) + ₹ 1,35,000 (Renting Service - Exempt Service) + ₹ 50,000 (Handicraft Goods - Exempt Goods)] = ₹ 20,85,000

ATO exceeding ₹ 20,00,000

Registration is mandatory.

* Enhanced threshold of ₹ 40 lakh is only for a person who is engaged in exclusive supply of goods. Mr. Champak being supplier of service not entitled to enhanced threshold of ₹ 40 lakh.

3. Mr. Fardeen Khan, is the owner of a proprietorship firm (located in the State of Jammu and Kashmir), which is engaged in trading of ice-cream (not containing cocoa) and supplies the same locally within the same State itself. The turnover details of his firm are as under:

• For FY 20x1-x2: ₹ 90,00,000/-

• For FY 20x2-x3: ₹ 125,00,000/-

He wants to opt for Composition Scheme for FY 20x2-x3. State the composition turnover limit for the State of Jammu and Kashmir and whether he is eligible to opt for Composition Scheme or not.

(A) ₹ 80,00,000/-: Yes

(C) ₹ 1,00,00,000/-: Yes

(B) ₹ 80,00,000/-: No

(D) ₹ 1,50,00,000/-: Yes

Ans. (D) ₹ 1,50,00,000/-: Yes

Sec 10 Composition Scheme

10(1) Eligible person= Supplier of goods (but **not manufacturer of 4 notified goods**)
Eligibility limit = ATO (PY) of ₹ 150 Lakh (for J&K supplier)

10(2) **Conditions for availment (for CY)**

Manufacturer supplier of ice-cream is not entitled (but traders are entitled)
Inter-state supplier not entitled (but intra-state supplier is entitled)
Thus, he is eligible.

4. **Mr. Manubhai and Mr. Anubhai are two brothers running a business of supplying lubricants located in the State of Gujarat in their company, M/s. Ambani Lubricants (P) Ltd. On death of their respected father, the two brothers have divided their business. However, they have signed an agreement that Mr. Anubhai will not enter into business of supplying lubricants similar to business done by M/s. Ambani Lubricants (P) Ltd. run by Mr. Manubhai, for which Mr. Manubhai will pay him ₹ 2.5 crores as a lump sum payment. State whether transaction entered through the above agreement constitutes supply under CGST Act, 2017 or not.**

- (A) Yes, supply of goods by Mr. Manubhai. (C) Yes, supply of services by Mr. Manubhai.
(B) Yes, supply of goods by Mr. Anubhai. (D) Yes, supply of services by Mr. Anubhai.

Ans. (D) Yes, supply of services by Mr. Anubhai.

Sec 2 (52) Goods = Movable property (other than money and security)

Sec 2 (102) Services = Anything (other than goods, money and security)

Given transaction = Agreeing not to do an act = Service activity

5. **Which of the following legal services does not fall under RCM provisions as contained under section 9(3) of the CGST Act-**

- (A) Representation services provided by an individual advocate (C) Representation services provided by a firm of advocates
(B) Representation services provided by a senior advocate (D) Legal services provided by an advocate to an individual in relation to his personal non-business matter

Ans. (D) Legal services provided by an advocate to an individual in relation to his personal non-business matter

Sec 9(3) RCM on legal services (as one of notified service)

- Legal services to non-business entity does not attract any RCM. (infact, such service is exempt)
- RCM applicable when legal services provided to business entity. (infact, such service is exempt if ATO (PY) of such business entity is upto such amount as does not make it liable for registration)

6. **M/s. Sunlight Associates, is a management consultancy firm located in Delhi and has certain foreign clients to whom the firm provides business support services. In regard to one of the foreign client, certain services were rendered in the month of January, 20x1 and the invoice was duly raised.**

The firm undertakes such export of services against Letter of Undertaking, i.e. without payment of integrated tax. However, it is likely that the payment against such invoice would not be received till March, 20x2.

Is M/s. Sunlight Associates, required to pay integrated tax on such transaction if the payment is not received till March, 20x2? In case integrated tax is payable, is M/s. Sunlight Associates, entitled to claim refund on this account? State which of the following option is correct-

- (A) Integrated tax is payable by M/s. Sunlight Associates, but refund of payment of such tax is not allowed (C) Integrated tax is payable by M/s. Sunlight Associates, and refund of payment of such tax is allowed
(B) Integrated tax is payable by the foreign client and M/s. Sunlight Associates can claim ITC of such payment made (D) Integrated tax is not payable and refund of accumulated ITC is allowed

Ans. (C) Integrated tax is payable by M/s. Sunlight Associates, and refund of payment of such tax is allowed

Supplier = Supplier of Services (business support services)

Sec 16 Zero-rating of export supply

16(3)(a) Supply under Bond / LuT

- Bond / LuT is executed in terms of Rule 96-A.
- Rule 96-A requires bond with condition that export proceeds shall be realized within 1 year failing which exporter shall

pay IGST alongwith interest within 15 days. If not so paid within 15 days, then bond / LuT will be encashed.

- Since in given case, export proceeds not realized within 1 year of export invoice, IGST will become payable. However, refund of such IGST admissible in terms of Sec 16(3)(b).

7. M/s. Global Exports (P) Ltd. made following supplies as under:

- Exports of taxable goods made on 01-Jun-20x1 with payment of tax. GST returns were duly filed in time. However, GST RFD-01 has not been filed.
- Exports of exempted goods were made on 15-Jul-20x1 under letter of undertaking. However, input tax credit in respect of manufacturing of such goods is ₹ 50,000/-. Refund application GST RFD-01 is filed on 30-Apr-20x2 i.e. after end of financial year 20x1-x2.
- Goods supplied to export oriented unit on 29-Jul-20x1 and return for the month of July, 20x1 was filed on 20-Aug-20x1. Input tax credit in respect of such supply is ₹ 26,000/- and an undertaking was received from the recipient that it will not claim input tax credit and supplier may seek refund. GST RFD-01 is filed on 01-Dec-20x3.
- Supply of services outside India were made on 11-Aug-20x1 and payment was received on 10-Oct-20x1. Input tax credit in respect of such supply is ₹ 48,000/-. GST RFD-01 is filed on 30-Sep-20x3.

Note: Payment is received in US Dollars (\$) for all transactions except transaction (i).

Determine in which of above mentioned transactions, refund is available to M/s. Global Exports (P) Ltd.?

- (A) (ii), (iii) and (iv) (C) (iii) and (iv)
(B) (i), (ii) and (iv) (D) (i) and (ii)

Ans. (B) (i), (ii) and (iv)

Sec 54

Refund of GST/ ITC

Transaction	Nature	R/D	Time Limit	Refund Claim filing
Exports with IGST payment - Refund of IGST paid	Zero-rated supply with IGST payment	Date when goods leave India (1 st June, 20x1)	2 years from R/D	Not filed - R/A can be filed upto 1 st June, 20x3 - Refund shall be available.
Exports of exempted goods - Refund of ITC	Zero-rated supply under LuT [Author: Exempted Goods - Bond/LUT not required at all (CBIC). To that extent, there is mistake in ICAI Question]	Date when goods leave India (15 th July, 20x1)	2 years from R/D (15 th July, 20x3)	Filed on 30 th April, 20x2 - Application is within time limit - Refund available
Supply to EoU	Deemed Export (Sec 147) GST payable but refundable to supplier	Date of filing return for the period in which such supply is made (20 th Aug, 20x1)	2 years from R/D (20 th Aug, 20x3)	Filed on 1 st Dec, 20x3 - Application is time barred - Refund not available
Export of services - Refund of ITC	Zero-rated supply under LuT [Author: so presumed as ITC details are given]	Date when payment is received (10 th Oct, 20x1)	2 years from R/D (10 th Oct, 20x3)	Filed on 30 th Sep, 20x3 - Application is within time limit - Refund available

8. M/s Gyaan Publishing House, registered under GST in Delhi is engaged in printing and selling of books as well as trading of stationery items. He has provided following information of a consignment which is to be supplied to Mumbai: -

- Taxable value of supplies indicated on tax invoice: ₹ 35,000/-
- Value of exempted supplies: ₹ 8,000/-
- Value of goods to be sent to job worker on delivery challan: ₹ 15,000/-

Calculate the consignment value for the purpose of generating e-way bill for inter-State supply of goods. Assume rate of tax on taxable goods to be 18%.

- (A) ₹ 35,000/- (C) ₹ 56,300/-
(B) ₹ 50,000/- (D) ₹ 64,300/-

Ans. (C) ₹ 56,300/-

ICAI Answer

Rule-138: EWB mandatory if consignment value is more than 50,000 [Consignment Value = Total Value in Invoice (include GST)]

	Particulars	Consignment Value (₹)	
(i)	Taxable value of supplies indicated on tax invoice :	35,000	
	Add : GST @18%	6,300	41,300
(ii)	Value of exempt supplies [The same shall not be included]		—
(iii)	Value of goods to be sent job worker on delivery challan		15,000
	Consignment value for the purpose of generating E-way bill		56,300
Since the movement of goods is in relation to supply of goods and the consignment value exceeds ₹ 50,000, e-way bill is mandatorily required to be issued in the given case.			E-way Bill required

Above answer given by ICAI does not seems to be correct

Author's view

3 consignments are involved for which consignment value shall be separately determined.

Consignment Value = Value as per individual Invoice / Bill of Supply / Delivery Challan

Consignment-1: Goods with GST@18% shall be supplied with tax invoice (value = 41,300)

[No requirement of EWB as consignment value is not exceeding ₹ 50,000 - Rule 138(1)]

Consignment-2: Exempt goods shall be supplied with bill of supply (value = 8,000)

[EWB not required for exempt goods- Rule 138(14)]

Consignment-3: Goods sent for job-work shall be supplied with Delivery Challan (value = 15,000)

[No requirement of EWB as consignment value is not exceeding ₹ 50,000 - Rule 138(1)]

Another possibility

Consignment-1 and Consignment 2 can be supplied under single document (invoice-cum-bill of supply) if supply is B2C supply.

In that case, it will constitute a single consignment. Consignment value for EWB purpose shall be 41,300 (as value of exempt goods are not considered as per Rule 138). Thus, EWB will not be required even in that case.

Goods to be sent to job-worker under separate delivery challan (also referred as Job-Work Challan). This is a separate consignment.

If such goods are being sent for **inter-state job-work**, then EWB shall be mandatory irrespective of value.

If such goods are being sent for **intra-state job-work**, then EWB shall not be required as consignment value of goods sent is not exceeding ₹ 50,000.

9. **Mr. Motilal, a trader registered in Delhi, receives an order from Mr. Chotilal, registered in Noida, Uttar Pradesh, for supply of goods of ₹ 1,00,000/- taxable @18%. Mr. Motilal, agrees to supply the goods ex- factory. Mr. Motilal, supplied goods on 3-Nov-20x1 and issued a tax invoice of ₹ 1,18,000/- (₹ 1,00,000/- + 18,000/- IGST) in the name of Mr. Chotilal. Mr. Chotilal, arranged his own vehicle for transportation of goods from Delhi to Noida. However, during transportation of goods, the vehicle of Mr. Chotilal, was stopped and checked by the Proper Officer. The Proper officers found that there was no e-way bill along with the tax invoice. The owner of the goods decided to pay the penalty and got the goods released himself. According to the provisions of section 129 of the CGST Act, 2017, what is the amount to be paid for release of goods and who shall make the payment,-**

- | | |
|---|---|
| <p>(A) Payment of applicable tax and penalty equal to 100% of the tax payable by Mr. Motilal, i.e. ₹ 18,000/- tax + ₹ 18,000/- penalty</p> <p>(B) Payment of applicable tax and penalty equal to 100% of the tax payable by Mr. Chotilal i.e. ₹ 18,000/- tax + ₹ 18,000/- penalty</p> | <p>(C) Payment of applicable tax and penalty equal to 100% of the value of goods by Mr. Motilal i.e. ₹ 18,000/- tax + ₹ 1,00,000/- penalty</p> <p>(D) Payment of applicable tax and penalty equal to 50% of the value of goods by Mr. Chotilal i.e. ₹ 18,000/- tax + ₹ 50,000/- penalty</p> |
|---|---|

- Ans. (B)** Payment of applicable tax and penalty equal to 100% of the tax payable by **Mr. Chotilal** i.e. ₹ 18,000/- tax + ₹ 18,000/- penalty

Recipient (Chotilal) = RP of UP - causing moving of goods (his inward supply) without EWB

Sec 129 Detention/ Seizure of goods

- Transportation without legal documents as required under CGST Act / Rules = Transportation in contravention of legal provisions =
- Hence, Goods as well as conveyance to be detained and seized
 1. Detention/ Seizure Order - **Form GST MOV 06**
 2. Notice to pay tax and penalty as per

- Owner coming forward to release goods (goods are taxable goods- taxable @18% IGST)
- Payable Amount = [Tax] + [Penalty equal to tax]

IGST Act

[Sec 20]

Sec 129 applicable mutatis mutandis.**Tax payable = IGST payable = 18,000****Penalty under IGST = Penalty (CGST) + Penalty (SGST) = 9,000 (CGST) + 9,000 (SGST) = 18,000****10. Analyse the transactions mentioned below-**

- Mr. Abhinay, provides architect services to Institute for Rural Development, a Government Agency for ₹ 2,80,000/- (inclusive of ₹ 30,000/- GST) under a contract in October, 20x1. Mr. Abhinay, is registered under GST. Being a registered supplier, Institute for Rural Development deducted TDS of supplier.
- M/s. Manmohak Apparels, is registered under GST in Madhya Pradesh. It sells leather handbags across India through e-commerce operator Pingpong. Pingpong, is also registered with Madhya Pradesh GST Authority as TCS collector and collected TCS @ 1% (0.5% CGST + 0.5% SGST) on supplies made through it. M/s. Manmohak Apparels made sales of ₹ 3,45,000/- and received sales returns of ₹ 67,700/- in the month of October, 20x1. Sales are inclusive of tax. Leather handbags are taxable @ 18% GST. Pingpong, collected TCS of ₹ 2,350/- from M/s Manmohak Apparels.

Which of the transactions are in compliance with section 51 and section 52 of CGST Act?

- | | |
|---------------|--------------------------|
| (A) Only (i) | (C) Both (i) and (ii) |
| (B) Only (ii) | (D) Neither (i) nor (ii) |

Ans. (B) Only (ii)**Sec 51****TDS obligation on recipient** if the recipient is specified or notified entity + receiving supply under a contract with value (GST exclusive) exceeding ₹ 2,50,000

- In given case, tax exclusive value is ₹ 2,50,000 - TDS not applicable

Sec 52**TCS obligation on ECO** - @1% on net value of supplies (GST exclusive) effected through it

- Net Value of supplies = [Supplies less sales return] = (₹ 3,45,000 - ₹ 67,700) / 118% = ₹ 2,35,000
- TCS @1% = 1% of ₹ 2,35,000 = ₹ 2,350

11. State which of the following statement is incorrect:

- An agent, supplying goods on behalf of principal where invoice is issued in the name of principal, is required to get compulsorily registered under GST.
 - Persons who are required to deduct tax under section 51, whether or not separately registered under this Act are compulsory required to get registered under GST without any threshold.
 - Every person supplying online information and database access or retrieval services from a place outside India to a registered person in India is compulsory required to get registered under GST without any threshold.
 - Persons who supply services, other than supplies specified under section 9(5), through such electronic commerce operator who is required to collect tax at source under section 52 are compulsory required to get registered under GST without any threshold.
- | | |
|-----------------|-----------------------|
| (A) (i), (ii) | (C) (i), (iii), (iv) |
| (B) (iii), (iv) | (D) None of the above |

Ans. (C) (i), (iii), (iv)**Sec 24: Compulsory registration**

- Agent registration is compulsory if such agent is making supply on behalf of principal but issuing invoice in his own name (that not the case, given statement is incorrect)
- Tax Deductor registration compulsory (even if registered as supplier)
- Overseas supplier of OIDAR services requires compulsory registration while making supply to unregistered recipient (thus, given statement is incorrect)
- Supplier of services supplying through ECO exempted from registration upto ATO of ₹ 20 Lakh (in some cases, ₹ 10 Lakh) - Notification issued u/Sec 23(2) (thus, given statement is incorrect)

12. 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-20x1.**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 GST 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) The son should get himself registered under the name and style M/s. Spiceton Restaurant, under his own PAN and file Form GST ITC-02.

Sec 22(3) Registration by legal heir succeeding the business – compulsory registration (no threshold)

Sec 18(3) Transfer of unutilized ITC

CBIC Circular: In case of death of proprietor, Sec 18(3) applicable. Legal Heir shall submit declaration Form GST ITC 02. Legal Heir, as transferee shall accept this declaration over portal and then ITC stands transferred to their account.

- 13. M/s. Raman Plastics, is a manufacturer of plastic toys. It is registered person under GST in Shimla, Himachal Pradesh.**

It procures its raw materials from Punjab. During the month of April, 2020, it purchased material of ₹ 35.00 Lakh and paid IGST thereon amounting to ₹ 6.30 Lakh. It supplied 30% of its production in the State of Jammu and Kashmir, whereas the 70% of its production was supplied taxable @ 0.1% to a merchant exporter during the month of April, 2020.

The returns for the month of April, 2020 were duly filed in time. The last date upto which the taxpayer can claim refund of input tax credit on account of inverted duty structure is

- (A) 20-Apr-2021 (C) 20-Apr-2022
(B) 31-Mar-2022 (D) 20-May-2022

Ans. (D) 20 May, 2022

Sec 54 Refund of GST/ITC etc.

54(3) Refund of unutilized ITC – admissible if supplier is making an outward supply with Inverted tax structure (ITS)

CBIC Circular: Supply to merchant exporter at concessional rate @0.1% = Supply with ITS

54(1) Refund Application [GST RFD-01] – within 2 years from relevant date

Expl to Sec 54 Relevant Date = Due date of filing return in which claim for refund arises (i.e., ITC remains non-utilizable)

Last date of filing R/A= Refund application filing maximum by 20th May 2022

Rule 89(5) Maximum Admissible Refund – determined as per formulae

- ITC (inputs) as attributable to such supply with ITC [₹ 6,30,000 * 70%] = ₹ 4,41,000
Less: GST paid on supply with ITS (XXXXX)

- 14. M/s. Jolly Electronics (P) Ltd., is an authorized dealer of M/s. GG Micro Ltd., located and registered in Lucknow, Uttar Pradesh. It has sold following items to Mr. Alla Rakha (a consumer):**

Product	Amount (₹)
Refrigerator (500 litres) taxable @ 18%	40,000/-
Stabilizer for refrigerator taxable @ 12%	5,000/-
LED television (42 inches) taxable @ 12%	30,000/-
Split air conditioner (2 Tons) taxable @ 28%	35,000/-
Stabilizer for air conditioner taxable @12%.	5,000/-
Total value	1,15,000/-

M/s. Jolly Electronics (P) Ltd. has given a single invoice, indicating price of each item separately to Mr. Alla Rakha. Mr. Alla Rakha, has given a single cheque of ₹ 1,00,000/- for all the items as a composite discounted price. State the type of supply and the tax rate applicable on the same.

- (A) Composite supply; Highest tax rate applicable to split air conditioner, i.e. 28% (C) Supply other than composite and mixed supply; Highest tax rate applicable to split air conditioner i.e. 28%
- (B) Mixed supply; Highest tax rate applicable to split air conditioner, i.e. 28% (D) Supply other than composite and mixed supply; respective tax rate applicable to each item

Ans. (D) Supply other than composite and mixed supply; respective tax rate applicable to each item

Supply not composite supply as none of them is principal supply

Supply not mixed supply as items have been charged for separately

Separate supplies to same recipient = Single GST value but each supply to be charged independently

- 15. M/s. Radhika Travels (P) Ltd., purchased a bus chassis from M/s. Jyoti Motors Ltd., for a consideration of ₹ 80.00 Lakh on 1-Aug-20x1. M/s. Radhika Travels (P) Ltd., sent the bus chassis for body building to M/s. Hanumant Fabricators, and paid in advance the total consideration of ₹ 25.00 Lakh on 10-Aug-20x1. M/s. Hanumant Fabricators, after completing the bus body, informed M/s. Radhika Travels (P) Ltd., for inspection of the work done on 1-Sep-20x1. M/s. Radhika Travels (P) Ltd., visited the work shop of M/s. Hanumant Fabricators, on 7-Sep-20x1, and confirmed that the bus body was in accordance with the terms of the contract. M/s. Hanumant Fabricators, raised an invoice of ₹ 25.00 Lakh on 15-Sep-20x1, and supplied chassis along with the bus body so constructed, along with the invoice on 16-Sep-20x1. State the time of supply in this case, out of the choices given below-**

(A) 10-Aug-20x1

(C) 15-Sep-20x1

(B) 7-Sep-20x1

(D) 16-Sep-20x1

Ans. (A) 10-Aug-20x1

Sec 13 ToS

Activity of bus body building on chassis supplied by others = job-work = service activity

13(2)

Service invoicing within permissible time limit of 30 day (service provided on 7th Sep, 20x1, Service billed on 15th Sep, 20x1)

ToS shall be earlier of

(a) Date of invoice (15th Sep, 20x1) or

(b) Date of payment (10th Aug, 20x1)

Thus, ToS shall be 10th Aug, 20x1.

- 16. Banke Bihari (Pedewala), is a famous sweets manufacturer, located and registered in Mathura, Uttar Pradesh. He received an order for 200 Kg. of sweets on 2nd November, 20x1 from M/s. Ghoomghoom Travels (P) Ltd., located and registered in same locality of Mathura for a total consideration of ₹ 1,00,000/- on occasion of Diwali festival. All 200 Kg. sweets were delivered to M/s. Ghoomghoom Travels (P) Ltd. on 5th November, 20x1, but without invoice, as accountant of Mr. Banke Bihari was on leave on that day. However, the invoice was raised for the same on 6th November, 20x1, when the accountant joined the office after leave. Payment in full was made on 7th November, 20x1.**

Determine the time of supply of goods in this case.

(A) 2nd November, 20x1

(C) 6th November, 20x1

(B) 5th November, 20x1

(D) 7th November, 20x1

Ans. (B) 5th November, 20x1

Sec 12 ToS for Goods

Sec 12(2) read with Sec 148 notification

ToS in case of forward charge liability = invoice or due date of invoice

[Remember- Advance does not create time of supply - Sec 148 special procedure]

In given case, invoice not raised by due date

Due date of invoice = Sec 31(1) = Delivery of goods to recipient (presuming such supply does not involve movement) = 5th Nov, 20x1

ToS = Due date of invoice = 5th Nov, 20x1

- 17. M/s. Dhoom Furniture Mart, located and registered under GST in the State of Chhattisgarh, sells furniture from its showroom to M/s. Lucky Dhaba (located and registered under GST in the State of Jharkhand). M/s. Lucky Dhaba requested to deliver the furniture to Mr. Pyare Lal (his landlord at his new rented home at Patna, Bihar). M/s. Dhoom Furniture Mart sends the furniture with a proper E-way bill to Patna through a transporter, who made the delivery to Mr. Pyare Lal.**

Determine the place of supply of furniture sold by M/s. Dhoom Furniture Mart to M/s. Lucky Dhaba in the above case.

(A) Chhattisgarh

(C) Patna, Bihar

(B) Jharkhand

(D) None of the above

Ans. (B) Jharkhand

Sec 10

POS in case of goods (other than imported goods or export goods)

10(1)(b)

PoS in case of "BTST - Bill to.... Ship to" Transaction

= Location of principal place of business of person to whom billing is made = Jharkhand

18. M/s. Buildwell Engineering Consultants, located and registered in Gurugram, Haryana provided consultancy services to M/s. Taj India Ltd., (located and registered in Mumbai, Maharashtra) for its hotel to be constructed on land situated in Dubai.

Determine the place of supply of consultancy services provided by M/s. Buildwell Engineering Consultants to M/s. Taj India Ltd.:

- (A) Gurugram, Haryana (C) Dubai
(B) Mumbai, Maharashtra (D) None of the above

Ans. (B) Mumbai, Maharashtra

Sec 12 POS for service where LoS and LoR are both in India.

12(3) PoS in case of services directly relating to immovable property

- Here, Sec 12(3) not applicable as consultancy is not directly related to immovable property

12(2) POS shall be as 12(2) - general provision

PoS = LoR (being transaction is B2B transaction) = **Mumbai, Maharashtra**

19. Aflaton Spares (P) Ltd., located and registered in Haryana, supplied spare parts (FOB basis) to Mr. Laxmi Khurana, an unregistered person, located in Rajasthan. Mr. Laxmi Khurana booked the courier himself with Black Dart Courier (P) Ltd., registered in Delhi for delivery in Rajasthan. Black Dart Courier (P) Ltd. picked up the goods from Haryana and delivered the courier in Rajasthan while passing through the State of Uttar Pradesh.

Determine the place of supply of service provided by Black Dart Courier (P) Ltd. to Mr. Laxmi Khurana:

- (A) Haryana (C) Rajasthan
(B) Delhi (D) Uttar Pradesh

Ans. (A) Haryana

Sec 12 POS for service where LoS and LoR are both in India.

12(8) POS shall be as 12(8) - transportation of goods including mail or courier

PoS = Pick up point (being transaction is B2C transaction) = Haryana

20. Mr. Javed Miandad, an unregistered person residing in Lucknow, Uttar Pradesh, went to Delhi for seeking admission of his child, Mr. Inzamam in CA IPCC. Mr. Javed Miandad got the demand draft generated at ICICI Bank Ltd., registered in Delhi against cash, for depositing the registration fee to ICAI. Mr. Javed Miandad does not have a bank account in ICICI Bank Ltd.

Determine the place of supply of service provided by ICICI Bank Ltd., Delhi to Mr. Javed Miandad.

- (A) Delhi (C) Uttar Pradesh
(B) Lucknow (D) None of the above

Ans. (A) Delhi

Sec 12 LoS and LoR both in India = PoS as per Sec 12

12(12) LoS = ICICI Bank Ltd. in Delhi

LoR = Lucknow, Uttar Pradesh (unregistered person)

Sec 12(12) - PoS = Location of supplier (as address of recipient is not available in records of supplier) = Delhi

21. Which one of the following statements is correct while issuing a tax invoice:

- (i) Place of supply in case of inter-State supply is not required to be mentioned
(ii) The power of attorney holder can sign the tax invoice in case the taxpayer or his authorized representative has been travelling abroad
(iii) Quantity is not required to be mentioned in case of goods when goods are sold on "as is where is basis"
(iv) Description of goods is not required to be given in case of mixed supply of goods
(A) (ii), (iii) (C) None of the above
(B) (i), (ii), (iii) (D) All of the above

Ans. (C) None of the above

Rule 46 Contents of Tax Invoice

22. What will be the rate of tax and nature of supply of a service, if the same is not determinable at the time of receipt of advance?

- (A) 12%, Inter-State supply (C) 18%, Inter-State supply
(B) 12%, Intra-State supply (D) 18%, Intra-State supply

Ans. (C) 18%, Inter-State supply

Rule 50: Receipt Voucher

Where at the time of receipt of advance the rate of tax is not determinable, the tax shall be paid at the rate of 18 % & the nature of supply is not determinable, the same shall be treated as inter-State supply.

23. Which of the following activity is taxable under GST?

- (i) Supply of food by a hospital to patients (not admitted) or their attendants or visitors.
- (ii) Transportation of passengers by non-air-conditioned railways
- (iii) Services by a brand ambassador by way of folk dance performance where consideration charged is ₹ 1,40,000.
- (iv) Transportation of agriculture produce by air from one place to another place in India
- (v) Services by way of loading, unloading, packing, storage or warehousing of rice
- (vi) Service provided by GTA where consideration charged for transportation of goods for a single carriage is ₹ 900

(A) (i), (v), (vi)

(C) (i), (iii), (iv)

(B) (iii), (iv), (v)

(D) (iv), (v)

Ans. (C) (i), (iii), (iv)

Exemption

- (i) Food to patients (not admitted) or their attendants or visitors = Restaurant / catering service - it is not health care service and hence, not exempt vide **Entry No. 74** (Circular 32/06/2018-GST)
- (ii) Transportation of passengers by non-A/C railways - exempt vide **Entry No. 17**
- (iii) Services by a brand ambassador by way of folk dance performance - not exempt vide **Entry No. 78**
- (iv) Transportation of agriculture produce by air - not exempt vide **Entry No. 18**
- (v) Loading, unloading, packing, storage or warehousing of rice - exempt vide **Entry No. 24**
- (vi) Service provided by GTA for transportation of goods for a single carriage - exempt vide **Entry No. 21**

24. In which of the following cases, compounding of offence is not allowed under section 138 of CGST Act, 2017?

- (A) a person who has been allowed to compound once in respect of any of the offences specified in clauses (a) to (f) of section 132(1).
- (B) a person who has been convicted for an offence under GST law by a Court.
- (C) a person who has been accused of committing an offence under GST law which is also an offence under any other law for the time being in force.
- (D) All of the above.

Ans. (D) All of the above.

Sec 138 Compounding of offence

As per restriction as to compounding of offence, in all of above cases compounding is not allowed.

25. If a taxable person has done the following act, inspection can be ordered:

- (A) Suppression of any transaction of supply of goods or services
- (B) Suppression of stock of goods in hand
- (C) Contravention of any provision of the GST law to evade tax
- (D) All of the above

Ans. (D) All of the above

Sec 67: Inspection, Search and Seizure

Such inspection requires authorization from an officer not below rank of Joint Commissioner. Joint Commissioner or Higher rank officer will issue 'inspection order'.

26. The time-limit for issuance of order of Best Judgment assessment is:

- (A) 5 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
- (B) 4 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
- (C) 3 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
- (D) None of the above

Ans. (A) 5 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.

Sec 62 Best judgment in case of non-filers of returns

Sec 63 Best judgment in case of unregistered person

27. Where any agent supplies goods on behalf of his principal:

- (A) Such agent shall be jointly and severally liable to pay the GST payable on such goods. (C) Both (a) and (b)
- (B) The principal shall be jointly and severally liable to pay the GST payable on such goods. (D) None of the above.

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

Sec 86: Liability of agent and principle

Supply by agent = Agent as well as principal – jointly and severally liable

28. Which of the following activities are exempt from GST?

- (A) Religious pilgrimage organized by Todarmal Charitable Trust. (C) Milling of paddy into rice.
- (B) Warehousing of jaggery and pulses. (D) All of the above.

Ans. (B) Warehousing of jaggery and pulses.

Exemption

- (i) **Religious pilgrimage** is exempt vide **Entry No. 60** but only if it is specified organization (i.e., Kumaon Mandal and Haj Committee). For others, this service is not exempt.
- (ii) **Storage/warehousing of Jaggery and pulses (non-agricultural produce)** – exempt vide **Entry No. 24-B**
- (iii) **Milling of paddy into rice** = Milling is not an intermediate production process relating to cultivation of plant (as it is carried out on paddy which is obtained after completion of cultivation and harvesting process – Circular No. 19/19/2017-GST) – **not exempt** vide **Entry No. 55**

29. Which of the following statements is true?

- Services provided by Government ITIs to individual trainees are exempt from GST.
 - Services provided by the State Governments and Private Service Providers by way of transportation of patients in ambulance are exempt from GST.
 - Services of renting of shops in a hospital are exempt from GST being health care services.
 - Services provided by Police to PSUs are taxable.
- (A) 1, 2 & 4 (C) 3 & 4
- (B) 2, 3 & 4 (D) All of the above.

Ans. (A) 1, 2 & 4

Exemption

- (i) Services by Government ITIs to individual trainees – exempt vide **Entry No. 6** (CBIC Circular 55/29/2018- GST)
- (ii) Transportation of patients in ambulance – exempt vide **Entry No. 74**
- (iii) Renting of shops in a hospital – It is renting service, it is not 'health care service' and thus, not exempt vide **Entry No. 74** (CBIC Circular 27/01/2018-GST)
- (iv) Service by Police (SG) to PSU (business entity) – taxable (RCM applicable)

30. Which of the following transactions does not qualify as supply under GST law?

- (A) Disposal of car without consideration and where the supplier has not claimed input tax credit on such car. (C) When the Head Office makes a supply of services to its own branch outside the State.
- (B) When a principal makes supplies to his agent who is also registered and is situated within the same State. (D) When a person imports services without consideration for the purposes of his business from his elder son living outside India.

Ans. (A) Disposal of car without consideration and where the supplier has not claimed input tax credit on such car.

Sec 7 Scope of Supply

7(1)(c) Activities without consideration

Schedule I - Para 1: Permanent transfer / disposal of business assets on which ITC was availed
[Motor Car (ITC blocked and hence, not availed) - Now, disposed off for free - not covered]

31. Read the following and choose the correct option:
- Indian customs waters extend up to 12 nautical miles;
 - Indian customs waters extend up to 24 nautical miles;
 - Indian customs waters extend up to exclusive economic zone of India;
 - Indian customs waters include territorial waters and extend up to 200 nautical miles.
- (A) Only (ii) (C) (ii) and (iv)
(B) (iii) and (iv) (D) Only (iv)

Ans. (B) (iii) and (iv)

Sec 2: Indian Customs water

ICW = extends to EEZ = 200 NM

32. The taxable event under the Customs Act, 1962 is:
- (A) Import of goods into India / export of goods from India; (C) Sale of goods into India / Sale of goods outside India;
(B) Supply of goods into India / Supply of goods from India to outside India; (D) Manufacture of goods into India for supply outside India.

Ans. (A) Import of goods into India/ export of goods from India;

Sec 12 Charging Section

33. Which of the following is correct for destroyed goods under section 23?
- (A) It is only applicable in case of total loss of goods even if same can be recovered. (C) The provisions are also applicable even if goods are destroyed after warehousing.
(B) The importer is not required to pay duty on such goods. (D) The importer need not prove the loss to the proper officer.

Ans. (C) The provisions are also applicable even if goods are destroyed after warehousing.

Sec 23: Remission of duty

Remission can be requested if goods are lost / destroyed at any time before clearance for home consumption.

34. In which of the following cases, importer can claim pilferage and choose not to pay duty under section 13 of Customs Act?
- Goods pilfered while on high seas;
 - Goods pilfered before unloading;
 - Goods pilfered after unloading but before order for home consumption given by proper officer;
 - Goods cleared for home consumption.
- (A) (i) and (ii) (C) Only (ii)
(B) (i) and (iii) (D) Only (iii)

Ans. (D) Only (iii)

Sec 13: Pilferage of goods

Post unloading, goods pilfered in custody of custodian - Sec 13 benefit available.

35. In which of the following cases, can an importer claim abatement of duty under section 22 of Customs Act.
- Goods pilfered during unloading;
 - Goods damaged by accident (due to negligence of the importer) after unloading but before examination for assessment by customs authorities;
 - Goods destroyed by accident while in warehouse;
 - Goods damaged* by accident (not due to negligence of the importer) after unloading but before examination for assessment by customs authorities.
- (A) Only (iv) (C) Both (i) and (iii)
(B) Only (iii) (D) All of above

Ans. (A) Only (iv)

Exemption

(i) Pilferage - Sec 13 benefit (person not liable to duty at all)

- (ii) Damage attributable to negligence - Abatement cannot be claimed u/Sec 22
- (iii) Destruction of goods - Sec 23 benefit (apply for remission of duty)
- (iv) Damage not attributable to negligence - Abatement can be applied for

36. Which of the following statement(s) is/are correct?

- (i) Special exemption under section 25 of the Customs Act is granted by issuing a notification;
 - (ii) General exemption under section 25 of the Customs Act is granted by issuing an order;
 - (iii) Special exemption is required to be published in official gazette;
 - (iv) General exemption is not required to be published in official gazette.
- (A) All of above (C) Both (i) and (ii)
(B) None of above (D) (ii) and (iv)

Ans. (B) None of above

Sec 25: Exemption from duty

2 modes - through notification or through order	
Sec 25 (1): Exemption in general	Sec 25 (2): Exemption in special individual case
Any goods can be exempted	Any goods can be exempted
Exemption shall be granted in public interest.	Exemption shall be granted in public interest. Further, exceptional nature circumstance shall be there to justify exemption.
Exemption Notification shall be issued. [Such Notification = Exemption Notification]	Exemption order shall be issued. [Such Order = Ad-Hoc Exemption order]

37. ABC Ltd. exported certain goods last year. The buyer has sent back those goods since the same were under warranty and required repairs. Which of the following condition(s) is/are to be satisfied by ABC Ltd. to avail exemption on goods re-imported for repairs under Notification No. 158/95- Cus?

- (i) The re-import has to be for repairs only;
 - (ii) Goods must be re-exported after repairs;
 - (iii) Goods must be re-exported within 6 months or 1 year if time is extended;
 - (iv) In case goods are not repaired, new goods have to be sent by ABC Ltd within 6 months.
- (A) (i), (ii) and (iv); (C) (ii) and (iii);
(B) (i), (ii) and (iii); (D) All of above

Ans. (B) (i), (ii) and (iii)

Sec 20: Re-importation of goods into India

- Export of goods - tax free
- Re-import for repair = Sec 20 provides for treatment of 'fresh import', but considering that re-import for repair and subsequent re-export, concessional treatment has been provided vide E/N 158/95-Cus (subject to fulfillment of certain conditions)
- Conditions = Re-import + Repair (in India) + Re-export of same goods

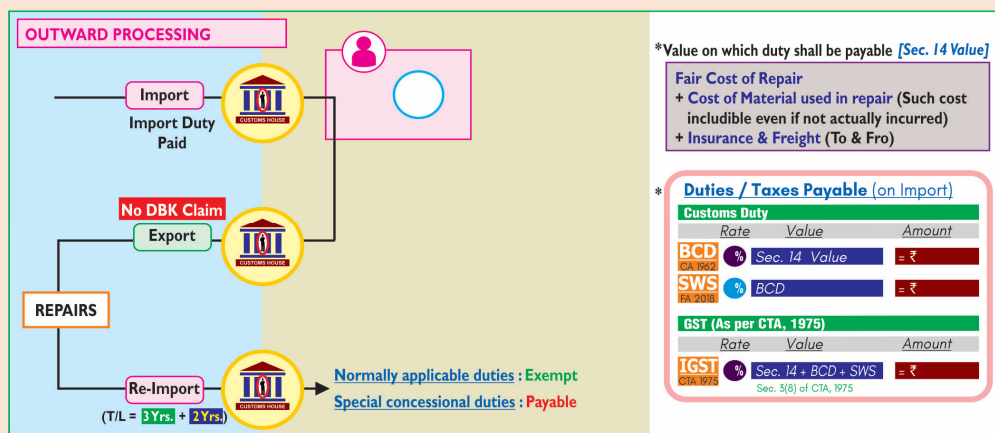
38. XYZ Ltd. sent certain goods abroad for repairs. XYZ Ltd. has been advised by their consultants that they will have to pay customs duty only on fair cost of repairs, freight and insurance charges, both ways, on re-import of exported goods under Notification No. 46/2017 Cus. provided they fulfill following conditions:

- (i) The re-importation is done within 3 or, if time is extended 5 years;
- (ii) The exported and re-imported goods are same;
- (iii) The ownership of goods should not have changed.

Choose which one of above is correct.

- (A) (i), (ii) and (iii) (C) (i) and (iii)
(B) (ii) and (iii) (D) Only (ii)

Ans. (A)* (i), (ii) and (iii)



Sec 20: Re-importation of goods into India

- Export of goods for repairs abroad – No DBK/ other benefit claim upon re-export
- Repair work done in abroad
- Re-import of repaired goods = Sec 20 provides for treatment of 'fresh import', but concessional treatment has been provided vide E/N 46/2017-Cus (subject to fulfillment of certain conditions)

Conditions = Export + Repair (out of India) + Re-import of same goods

Duty/tax payable (after availing exemption) : [Consider Sec 14 Value as (fair cost of repairs)]

39. The integrated tax leviable on imported goods is levied-

- (A) as an additional duty of customs under section 3(7) of the Customs Tariff Act, 1975;
- (B) as integrated tax under section 5 of the IGST Act, 2017;
- (C) as a duty of customs under the Customs Tariff Act, 1975 read with IGST Act, 2017;
- (D) None of the above

Ans. (B) as integrated tax under section 5 of the IGST Act, 2017

Sec 5 of IGST Act, 2017

Charging section for IGST
Import of goods = Inter-State Supply (Sec 7(2) of IGST Act) = attract charge of IGST
- Though, its actual levy and collection is materialized through Customs law

Sec 3 (7) of CTA, 1975

It provides that it shall be collected as an additional customs duty.
[Customs law will be handling levy and collection treating/deeming it as an 'additional customs duty'.

Conclusion: IGST on import of goods is IGST, but through CTA, 1975 it is collected just like as an additional customs duty.

* It shall be noted that assessment of GST liability on imported goods is carried out exclusively by the Customs officer to the clear exclusion of the GST Officers.

40. Which of the following are levied as additional duties of customs under section 3 of the Customs Tariff Act, 1975*?

- (i) Duty equal to excise duty leviable on like product manufactured in India;
- (ii) Countervailing duty as special additional duty;
- (iii) Special additional duty to counterbalance sales tax;
- (iv) Anti-dumping duty to protect domestic industry
- (A) All of above;
- (B) (i), (ii) and (iv);
- (C) (i), (iii) and (iv);
- (D) (i), (ii) and (iii)

Ans. (D) (i), (ii) and (iii)

Sec 3: Levy of additional duty equal to excise duty, sales tax, local taxes and other charges

- (i) CVD (counter-balancing ED levied on like goods when produced/manufactured in India – like tobacco products) – Sec 3(1) of CTA, 1975
- (ii) CVD as SAD/ special additional duty (counter-balancing VAT/sales tax which is levied on sales of like article in India – e.g., petro products) – Sec 3(5) of CTA, 1975
- (iii) ----- same as in point (iii) -----
- (iv) Anti-Dumping duty – levied u/Sec 9-A of CTA, 1975

41. Safeguard duty cannot be imposed if:

- (A) The article on which is proposed to be imposed originates from a developed country provided its share of imports is not more than 3% of total imports of that article in India;
- (B) The article on which is proposed to be imposed originates from a developing country provided its share of imports is not more than 5% of total imports of that article in India;
- (C) The article on which is proposed to be imposed originates from more than one developing country and its aggregate share of imports from developing countries each with less than 3% share taken together does not exceed 9% of total imports of that article into India.
- (D) The article is imported by a person in special category State.

Ans. (C) The article on which is proposed to be imposed originates from more than one developing country and its aggregate share of imports from developing countries each with less than 3% share taken together does not exceed 9% of total imports of that article into India.

Sec 88: Power of CG to apply SAFEGUARD MEASURES

42. Some banks in China are giving interest free loans to its domestic manufacturers for manufacture of solar panels. This interest free loan would qualify as subsidy for levying of countervailing duty under section 9 of the Customs Tariff Act, 1975 in India on import of such solar panels if:

- (A) Such interest free loans is given by public or Government banks;
- (B) Such interest free loan is given by private banks on their own without any direction or instruction from the Government;
- (C) None of above;
- (D) Both (a) and (b)

Ans. (A) Such interest free loans is given by public or Government banks

Sec 9: CVD on Subsidized Article

Subsidy given by Govt only considered for imposition of CVD on subsidized article.

43. Countervailing duty under section 9 of the Customs Tariff Act shall not be levied unless it is determined that:

- (i) Subsidy relates to export performance;
- (ii) Subsidy relates to use of domestic goods over imported goods in export article;
- (iii) Subsidy is conferred on all persons engaged in the manufacture of export article.
- (A) All of above
- (B) Only (iii)
- (C) (ii) and (iii)
- (D) (i) and (ii)

Ans. (D) (i) and (ii)

Sec 9: CVD on Subsidized Article

One of the conditions for levy of CVD (subsidized article) is that subsidy shall be granted to limited number of persons (manufacturer or exporter)

Thus, condition (iii) stated above is not required for levy of CVD (subsidized article) under section 9.

44. Anti-Dumping duty is calculated as

- (A) Higher of margin of dumping or injury margin;
- (B) Lower of margin of dumping or injury margin;
- (C) Higher of export price or normal value;
- (D) Lower of export price or normal value

Ans. (B) Lower of margin of dumping or injury margin;

Sec 9-A: Anti Dumping Duty

SERIES-III

1. M/s. Korelal Printon (P) Ltd., a registered person under GST in the State of Jammu & Kashmir, has been engaged in the business of offset printing and has been providing services to various book publishers. A publisher situated in the State of Himachal Pradesh, a registered person under GST sent content of the books to be printed by M/s. Korelal Printon (P) Ltd., in PDF format. The publisher also sent paper worth ₹ 4.00 Lakh to the printer, free of cost for the purposes of printing its books on 10-Nov-2018. M/s. Korelal Printon (P) Ltd., raised an invoice of ₹ 1.50 Lakh against printing of books and returned the printed books through Challan to the publisher on 20-Feb-2019.

The Proper Officer, intercepted the vehicle and claimed that M/s. Korelal Printon (P) Ltd., should have sent the invoice of ₹ 5.50 Lakh, i.e. including the value of free of cost paper supplied by the publisher.

You may suitably advice which one of the following is the correct option-

- (A) The value of supply of paper for job work is to be included in the invoice in terms of section 15 of the CGST Act.
- (B) The goods sent for job work, i.e. paper sent for printing is a composite supply
- (C) M/s. Korelal Printon (P) Ltd., has entered into an agreement of printing books. Therefore, he is liable to pay tax on the gross value of ₹ 5.50 Lakh.
- (D) M/s. Korelal Printon (P) Ltd., has entered into an agreement of printing books. Therefore, he is liable to pay tax on the net value of ₹ 1.50 Lakh.

- Ans. (D) M/s. Korelal Printon (P) Ltd., has entered into an agreement of printing books. Therefore, he is liable to pay tax on the net value of ₹ 1.50 Lakh.

Printing Printer (publishing unit)

- Printing for others on content supplied by other = Service Activity

Sec 15 Value of supply

Supply of service of printing = TV (price actually paid or payable to supplier for his supply) = 1,50,000

2. Mr. Palliwal Desai, a registered practicing Chartered Accountant, located in Jaipur, in the State of Rajasthan, is providing professional and consultancy services to its various clients from his firm. He has taken some professional consultancy services from another establishment of its firm in UK. He has not paid any consideration for the same.

Such services would have been taxable @ 18% (9% under CGST + 9% under SGST and 18% under IGST), had they been received in India. Also, Mr. Palliwal Desai would have paid ₹ 4.00 Lakh, had he not received the said services from the UK establishment.

State the liability of Mr. Palliwal Desai, under CGST/ IGST Act, 2017, out of the following options-

- (A) ₹ 72,000/- as Integrated Tax
- (B) CGST ₹ 36,000/- & SGST ₹ 36,000/-, since POS is in India
- (C) Nil, since no foreign exchange was paid
- (D) Nil, since such services are exempt

- Ans. (A) ₹ 72,000/- as Integrated Tax

Sec 8 of IGST Act

Foreign establishment of an entity & Indian establishment of same entity = **Deemed Distinct Person (DDP)**

Sec 2(5) of IGST Act: Import of service

Sec 7 of CGST Act: Scope of Supply

Supply includes activity without consideration

Import of service without consideration is supply - if it is done for business use and such import is made from Related person or DDP

Given case is case of import of service

Sec 15 of CGST Act: Valuation of supply

Sec 15(1) - Not applicable (as this import is without any consideration)

Sec 15(4) - Valuation rules to be applied

- o **Rule 28** - Not applicable (as that is applicable when DDP are of Sec 25 and not that of explanation of Sec 8)
- o **Rule 30** - presumed to be not applicable (as recipient who is liable to pay GST under RCM - presumed to be not knowing cost data)
- o **Rule 31**- best judged value (here, we can take OMV)= ₹ 4,00,000

Thus, IGST liability = 18% of ₹ 4,00,000 = ₹ 72,000

3. In which of the following supplies of goods and services made exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017, TDS is required to be deducted?
- Health Department executed a contract with a local supplier to supply "medical grade oxygen" of ₹ 2.6 lakh (including GST) and is making full payment.
 - Government school is making a payment of ₹ 3.5 Lakh to a supplier for supply of cooked food as mid-day meal under a scheme sponsored by Central/State Government
 - Municipal Corporation of Kolkata purchases a heavy generator from a supplier in Delhi. Now, it is making payment of ₹5 lakh and IGST @18% on ₹ 5 lakh for such purchase.
 - Finance Department is making a payment of ₹ 3 lakh (including GST) to a supplier of 'printing & stationery'.

Assume all other conditions for deduction of TDS are fulfilled.

- | | |
|--------------------------|-------------------------|
| (A) (i), (ii) and (iii) | (C) Only (i) and (ii) |
| (B) (ii), (iii) and (iv) | (D) Only (iii) and (iv) |

Ans. (D) Only (iii) and (iv)

Sec 51: TDS

- TDS not required as GST exclusive value is less than 2,50,000;
- Mid-day meal (catering service) to school is exempt supply - No TDS required;
- Supply of goods (generator) of value more than 2,50,000 - TDS required;
- Supply of printing/stationary of value more than 2,50,000 - TDS required.

4. State whether following statements are true or false:

- Any person aggrieved by any decision or order passed by an adjudicating authority under the Act, may appeal to such Appellate Authority as may be prescribed within 3 months from the date on which the said decision or order is communicated to him.
 - No appeal shall be filed to Appellate Authority unless the appellant has paid sum equal to twenty five percent of the remaining amount of tax in dispute arising from the said order, in relation to which appeal is filed.
 - Adjournment of appeal shall not be granted more than three times to a party during hearing of the appeal.
 - The Appellate Authority shall have the power to refer back the case to adjudicating authority that passed the said decision or order.
- | | |
|------------------------------|-------------------------------|
| (A) True, True, True, False | (C) True, False, True, False |
| (B) False, True, True, False | (D) False, False, False, True |

Ans. (C) True, False, True, False

Sec 107: Appeal to Appellate Authority

Time limit for assessee = 3 months
 Payment (pre-deposit) required = 10% of tax in dispute in OIO (order in original)
 Adjournment = Max 3 times to a party
 Order passed in appeal (OIA) = No remand back allowed

5. Which of the following is not considered as a supply under the CGST Act, 2017?

- | | |
|---|---|
| (A) Importation of architectural services for ₹ 1,00,000/- for construction of residential property used for personal purposes from unrelated person. | (C) Importation of architectural services free of cost for construction of office used for business purposes from unrelated person. |
| (B) Importation of architectural services free of cost for construction of office used for business purposes from related person. | (D) Both (a) and (c) |

Ans. (C) Importation of architectural services free of cost for construction of office used for business purposes from unrelated person.

Supply

- 7(1)(b) Import of service for consideration = supply - irrespective of such import for business use or personal use
- 7(1)(c) Import of service without consideration = supply - only if such import is for business purpose and also from related person or deemed distinct foreign establishment
- (C) not covered - as not from related person or deemed distinct person

6. Which of the following is not a supply under the CGST Act, 2017?

- (A) Food items* supplied free of cost by Mr. A (Owner of a Restaurant) to his agent for further supply to customer at ₹ 500/. (C) A Rolex watch gifted to an employee worth ₹ 50,000/.
(B) Importation of accounting services free of cost from father residing in US. (D) A machinery given free of cost to an employee on which input tax credit was availed by the employer.

Ans. (C) A Rolex watch gifted to an employee for ₹ 50,000/.

Sec 7: Scope of Supply

Employee is 'related person of employer'

But, gifts upto ₹ 50,000 shall not be treated as supply. [Schedule I - Para 2]

7. Mrs Reena is a consultant. She has provided the following details relating to services provided and received by her:

1. Supply of management consultancy services for ₹ 5,00,000/- p.a.
2. Supply of accounting services for ₹ 2,00,000/- p.a.
3. Renting of immovable property for residential purposes for ₹ 10,000/- p.m.
4. Management consultancy services provided to a hospital for ₹ 50,000/- one time
5. Services provided to a client outside India for ₹ 50,000/- p.m.
6. Services received from a lawyer for ₹ 1,00,000/-

Calculate her aggregate turnover for a year under GST.

- (A) ₹ 9,10,000 (C) ₹ 14,70,000
(B) ₹ 15,70,000 (D) ₹ 8,20,000

Ans. (C) ₹ 14,70,000

Sec 2(6): Aggregate Turnover

ATO to include all outward supplies (taxable or exempt)

However, none of inward supply to be included (even if such service attracts RCM)

Thus, ATO is

$$= [₹ 5,00,000 + ₹ 2,00,000 + (₹ 10,000 \text{ p.m.} \times 12 \text{ months}) + ₹ 50,000 + (₹ 50,000 \text{ p.m.} \times 12 \text{ months})]$$

$$= ₹ 14,70,000$$

8. Which of the following is valid?

- (i) Imposition of countervailing duty and anti-dumping duty on same article;
(ii) Countervailing duty has been imposed on an article for the reason that same is exempt from duty borne by a like article when meant for consumption in country of origin;
(iii) Imposition of anti-dumping duty on articles imported from a member country of WTO on determination that import of such article materially retards the establishment of any industry in India.
(A) All of above; (C) (i) and (iii);
(B) (i) and (ii); (D) Only (iii)

Ans. (D) Only (iii)

Sec 9-B: No levy u/Sec 9 or 9-A in certain cases

9. Social welfare surcharge is leviable on-

- (i) Basic Customs Duty;
(ii) IGST;
(iii) Anti-Dumping Duty;
(iv) GST Compensation Cess
(A) Only (i) (C) (i) + (ii) + (iv)
(B) (i) + (ii) + (iii) (D) (i) + (iii)

Ans. (A) Only (i)

FA, 2018 (Sec 110): Social Welfare Surcharge

10. Electric shaving machine is classifiable under following:

8510: Shavers and hair clippers with self-contained electric motors;

8509: Electro mechanical domestic appliances with self-contained electric motor

As per rules of classification, electric shaving machine should be classifiable under

- (A) 8510 (C) More information is needed;
(B) 8509 (D) Can be classified under both

Ans. (A) 8510

Rule 3 in CTA, 1975

Rule 3(a) – specific heading shall prevail over general heading.
In given case, Specific Heading is 8510.

11. Which of the following is correct?

- (i) Cases which are specially designed or fitted to contain a specific article and given with the articles for which they are intended shall follow the classification of items which are packed;
(ii) Packing materials whether capable of repetitive use or not, cleared along with goods, are classifiable with goods.

- (A) (i) (C) Both
(B) (ii) (D) None

Ans. (A) (i)

Rule 5 of GRI (as contained in CTA, 1975)

Rule 5(a) – Cases fitted to contain a specific article or set of articles suitable for long-term use and presented with the articles for which they are intended shall be classified with MAIN ARTICLE

Rule 5(b) – Packing materials presented with the goods therein shall also be classified with the MAIN ARTICLE except when such packing material are clearly suitable for repetitive use

12. The transaction value of imported goods is not accepted for valuation purposes when:

- (i) The use of the imported goods by the buyer is subject to the restrictions imposed by the seller which substantially affect the value of goods;
(ii) The buyer and seller are not related;
(iii) Price is not the sole consideration for sale.

- (A) (i) and (iii) (C) Only (iii)
(B) Only (i) (D) All of above

Ans. (A) (i) and (iii)

Sec 14: Valuation of goods (import or export goods)

CVR, 2007: Rule 3 to be applied

- TV is accepted if parties are unrelated.
- TV is rejected if parties are related.

13. The relevant date for determining the rate of exchange in case of imported goods is:

- (A) Date when the vessel arrives in India (C) Date of examination of goods by proper officer
(B) Date of presentation of bill of entry (D) Date of deposit of duty

Ans. (B) Date of presentation of bill of entry

Sec 14: Valuation of goods

14. Which of the following is/are not correct for 'identical goods' for valuation purposes under the Customs Act, 1962?

- (i) Identical goods are same in all respects, including physical characteristics, quality and reputation as the goods being valued except for minor differences in appearance that do not affect the value of goods;
(ii) Identical goods can be produced in any country;
(iii) Identical goods are produced by same person who produced the goods being valued, or where no such goods are available, goods produced by a different person.

- (A) All of above (C) Only (ii)
(B) (i) and (iii) (D) Only (iii)

Ans. (C) Only (ii)

Rule 2 of IVR, 2007 Identical goods defined.

One of condition, inter-alia, is these must be produced in same country.

15. Which of the following values is not includible in the transaction value of goods under rule 10(1) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007
- | | |
|------------------------|---------------------|
| (A) Buying Commissions | (C) License fees |
| (B) Royalties | (D) Cost of packing |

Ans. (A) Buying Commissions

Rule 10(1)(a) of IVR, 2007

Selling Commission is includible. Buying commission is excludible.

SERIES-IV

1. GST compliance rating shall be assigned to:
- | | |
|--|---------------------------------------|
| (A) only a person who is liable to deduct TDS/ collect TCS | (C) only an Input Service Distributor |
| (B) only a composition dealer | (D) every registered person |

Ans. (D) every registered person

Sec 149: GST Compliance rating

[Compliance rating is assigned by evaluating/checking compliance level of person. Impliedly, it is only for registered person. It is applicable for all registered persons.] **[Author: Presently, this provision is not operational]**

2. Where the National Anti-Profitteering Authority determines that a registered person has not passed on the benefit of input tax credit to the recipient by way of commensurate reduction in price, the Authority may order :

- reduction in prices
- imposition of prescribed penalty
- cancellation of registration

Which of the above options are correct?

- | | |
|----------------------|-----------------|
| (A) i. and ii. | (C) i. and iii. |
| (B) i., ii. and iii. | (D) i. |

Ans. (B) i., ii. and iii.

Sec 171 Anti-profitteering Authority

- NAPA (national anti-profitteering authority) to examine cases as to anti-profitteering.
- If supplier is found guilty of anti-profitteering, NAPA may order providing for all the above stated matters.

*** Sec 171 (3A) empowers NAPA to order for levy of PENALTY = 10% of amount profiteered**

[Saving from penalty: However, if profiteered amount itself is deposited within 30 days, then penalty shall not be leviable]

3. Sukanya, a registered supplier, failed to pay the GST amounting to ₹ 5,000 for the month of January, 20x1. The proper officer imposed a penalty on Sukanya for failure to pay tax. Sukanya believes that it is a minor breach and in accordance with the provisions of section 126 of the CGST Act, 2017, no penalty is imposable for minor breaches of tax regulations. In this regard, which of the following statements is true?

- | | |
|---|--|
| (A) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is less than ₹ 5,000 | (C) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is Nil. |
| (B) Penalty is not leviable on Sukanya since the breach is considered as a 'minor breach' if amount of tax involved is upto ₹ 5,000 | (D) None of the above. |

Ans. (A) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is **less than** ₹ 5,000

Sec 126: General principles as to imposition of penalty - where penalty amount is discretionary for officer

4. Minimum and maximum limit for amount for compounding of offences under section 138 of the CGST Act, 2017 are:

- | | |
|---|--|
| (A) Minimum: Higher of 50% of tax involved, or ₹ 10,000; Maximum: Higher of 150% of tax involved, or ₹ 30,000 | (C) Minimum: Higher of 50% of tax involved, or ₹ 10,000; Maximum: Lower of 150% of tax involved, or ₹ 30,000 |
|---|--|

(B) Minimum: Lower of 50% of tax involved, or ₹ 10,000; Maximum: Higher of 150% of tax involved, or ₹ 30,000

(D) Minimum: Lower of 50% of tax involved, or ₹ 10,000; Maximum: Lower of 150% of tax involved, or ₹ 30,000

Ans. (A) Minimum: Higher of 50% of tax involved, or ₹ 10,000; Maximum: Higher of 150% of tax involved, or ₹ 30,000

Sec 138: Compounding of Offences

5. Mr. A, a sole proprietor, has to appear before the Appellate Authority. He decides to appear by an authorized representative. Which of the following persons can be appointed as 'authorized representative' of Mr. A under GST law?

(A) Sohan, his son, who has been dismissed from a Government service lately.

(C) Mukul, a practicing High Court advocate.

(B) Rohan, a Company Secretary, who has been adjudged insolvent.

(D) All of the above.

Ans. (C) Mukul, a practicing High Court advocate.

Sec 116: Appearance by Authorized Representative

6. Rupam wishes to file an appeal to Appellate Tribunal. In which of the following cases, the Appellate Tribunal cannot refuse to admit his appeal?

i. Amount of tax/ ITC or difference in tax/ difference in ITC involved exceeds ₹ 50,000

ii. Amount of fine, fee or penalty determined by the order exceeds ₹ 50,000

iii. Amount of tax/ ITC or difference in tax/ difference in ITC involved is ₹ 50,000

iv. Amount of fine, fee or penalty determined by the order is ₹ 50,000

v. Amount of tax/ ITC or difference in tax/ difference in ITC involved is less than ₹ 50,000

vi. Amount of fine, fee or penalty determined by the order is less than ₹ 50,000

(A) i. and ii.

(C) ii. and iv.

(B) i. and iii.

(D) v. and vi.

Ans. (A) i. and ii.

Sec 112: Appeal to Appellate Tribunal

- Tribunal has right to refusal admission of appeal in cases where dues are upto ₹ 50,000.

7. Which of the following statements are true in case of retirement of a partner from the firm?

(A) Retiring partner and not the firm shall intimate the date of his retirement to the Commissioner. Retiring partner shall be liable to pay tax, interest or penalty due up to the date of such intimation.

(C) Either retiring partner or the firm, shall intimate the date of retirement of such partner to the Commissioner. Retiring partner shall be liable to pay tax, interest or penalty due up to the date of his retirement, whether determined or not, on that date.

(B) The firm and not the retiring partner shall intimate the date of retirement of such partner to the Commissioner. Retiring partner shall be liable to pay tax, interest or penalty due up to the date of such intimation.

(D) Either retiring partner or the firm, shall intimate the date of retirement of such partner to the Commissioner. Retiring partner shall be liable to pay tax, interest or penalty due up to the date of such intimation.

Ans. (C) Either retiring partner or the firm, shall intimate the date of retirement of such partner to the Commissioner. Retiring partner shall be liable to pay tax, interest or penalty due up to the date of his retirement, whether determined or not, on that date.

Sec 90: Liability of partners to pay tax in case of partnership firm

8. Time-limit for issuance of show cause notice in case of non-payment of ITC is on account of reasons other than fraud, wilful misstatement or suppression of facts, etc. is:

(A) 2 years and 9 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.

(C) 4 years and 6 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.

(B) 3 years from the due date of filing Annual Return for the Financial Year to which the demand pertains.

(D) 5 years from the due date of filing Annual Return for the Financial Year to which the demand pertains.

Ans. (A) 2 years and 9 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.

Sec 73 Determination of GST/ ITC

73 (1) Issuance of SCN

73 (2) **Time limit for issuance of SCN**

[Year of shortfall] – **Annual Return (due date)** – upto 2 years and 9 months SCN may be issued

9. Rochester Private Limited has been issued a show cause notice (SCN) on 31.08.2023 under section 73(1) of the CGST Act, 2017 on account of short payment of tax during the period between 01.07.2019 and 31.12.2019. As per section 73(1), in the given case, SCN can be issued latest by_____.

(A) 31.12.2023

(C) 30.06.2023

(B) 30.09.2023

(D) 31.12.2022

Ans. (B) 30.09.2023

Sec 73 Determination of GST/ ITC

73 (1) Issuance of SCN

73 (2) **Time limit for issuance of SCN**

[Year of shortfall] – **Annual Return (due date)** – upto 2 years and 9 months SCN may be issued

[FY 2019-20] --- 31st Dec, 2020 2 years & 9 Months = 30 Sep, 2023 – upto this SCN may be issued

10. Time-limit for issuance of show cause notice in case of any amount collected as tax but not paid to the Central Government is:

(A) 2 years and 9 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.

(C) 4 years and 6 months from the due date of filing Annual Return for the Financial Year to which the demand pertains.

(B) 3 years from the due date of filing Annual Return for the Financial Year to which the demand pertains.

(D) None of the above

Ans. (D) None of the above

Sec 76: Amount collected as tax, but not paid to CG

Time limit for issuance of SCN for recovery of such amount = No time limitation for issue of SCN

11. For valuation purposes under the Customs Act, 1962, which of the following transactions would be considered as having been made between related persons?

(i) A foreign company A Ltd. having a joint venture with Indian company B Ltd. in the name of AB Ltd. The transactions between A Ltd. and AB Ltd.

(ii) A foreign company A Ltd. having a joint venture with Indian company B Ltd. in the name of AB Ltd. The transactions between A Ltd. and B Ltd.

(iii) A Inc, a company in USA, appoints Mr. X as its sole agent to sell its products in India. The transactions between A Inc. and Mr. X

(iv) A Inc., a company in USA, holding 30% of share capital of importer company B Ltd. The transactions between A Inc. and B Ltd.

(A) All of above;

(C) (i), (ii) and (iii)

(B) None of above;

(D) (ii), (iii) and (iv)

Ans. (C) (i), (ii) and (iii)

Related person defined in Rule 2 of IVR, 2017

Evaluation of point (iv): Applicable point

Whether one of them is controlling the other?

- In general, 30% shareholding cannot be equated as 'control'.

Thus, A Inc. (supplier, USA) and B Ltd. (importer, India) are not related person.

12. Which of the following values is not includible in the transaction value of goods under Rule 10(1) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007?

(A) Buying Commissions

(C) License fees

(B) Royalties

(D) Cost of packing

Ans. (A) Buying Commissions

Rule 10(1) of IVR, 2007

Selling commission includible, but buying commission is not includible

13. For determining the CIF price of the imported goods, certain additions have to be made to the value of imported goods under rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. If cost of insurance is not ascertainable from the documents submitted before customs authorities, then such sum is:
- 20% of free on board value of goods;
 - 1.125% of free on board value of goods;
 - Where free on board value is not ascertainable, but sum of free on board value and cost of transport, loading, unloading and handling charges up to place of importation are available; then 1.125% of such sum.
 - Where free on board value is not ascertainable, but sum of free on board value and cost of transport, loading, unloading and handling charges up to place of importation are available; then 20% of such sum.
- (A) (i) or (iii) (C) (ii) or (iii)
(B) (i) or (iv) (D) (ii) or (iv)

Ans. (C) (ii) or (iii)

Rule 10 (2): Addition on account of 'transport cost' and 'transit insurance'

14. Certain goods were imported by air. The free on board value of goods is ₹ 100. The cost of transport, loading, unloading and handling charges up to place of importation is ₹ 25. The cost of insurance is ₹ 10. For the purposes of rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, which of the following shall be added to the value of imported goods?
- (A) Cost of transport, loading, unloading and handling charges – ₹ 25; and Cost of insurance ₹ 10; (C) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance ₹ 1.125
(B) Cost of transport, loading, unloading and handling charges – ₹ 25; and Cost of insurance ₹ 1.125 (D) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance ₹ 10

Ans. (D) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance ₹ 10

Sec 14 Valuation of import goods

Rule 10 Transport cost = Air transport cost, ascertainable = Addition to be restricted to 20% of FoB = 20

Transit Insurance Cost = Actual cost being ascertainable = ₹ 10 to be added

15. Which of the following statements is not correct in the context of valuation of imported goods?
- (A) Buying commission is not includible in the value of imported goods. (C) For imports by air, the cost of transport, loading, unloading and handling charges up to place of importation cannot exceed 20% of free on board value of goods;
(B) Rate of exchange notified by CBIC on date of presentation of bill of entry is to be considered. (D) Social welfare surcharge is leviable on basic customs duty, integrated tax and GST compensation cess.

Ans. (D) Social welfare surcharge is leviable on basic customs duty, integrated tax and GST compensation cess.

FA, 2018 (Sec 110): Imposition of Social Welfare Surcharge

- SWS levy on (IGST) or (GST Cess) exempted via notification.

16. In which of the following cases, the refund under section 27 of the Customs Act, 1962 is credited to the consumer welfare fund?
- (A) If the importer proves that there is no unjust enrichment; (C) If the amount of refund relates to drawback under sections 74 and 75 of the Customs Act, 1962
(B) Where goods are imported for non-personal use of an individual; (D) If the amount relates to export duty paid on goods which have been returned to exporter as specified under section 26 of the Customs Act, 1962.

Ans. (B) Where goods are imported for non-personal use of an individual;

Sec 27: Refund of Customs Duty

While refund arising in case of import of goods for personal use is not subject to 'unjust enrichment',

- Refund arising in case of import of goods for non-personal use of individual is subject to doctrine of unjust enrichment.

17. M/s. Dev Bhoomi Rice (P) Ltd., a registered person under GST, is providing services of processing of milling of paddy into rice, loading, unloading, packing, storage and warehousing of rice in the State of Chhattisgarh. The company has made following supplies during the tax period of April, 20x1 to September, 20x1:

- (i) Loading and unloading of rice: ₹ 50,00,000/-.
- (ii) Packing and warehousing of rice: ₹ 30,00,000/- .
- (iii) Processing services of milling of paddy into rice: ₹ 1,00,00,000/-.

Determine the amount of GST payable on the above supplies assuming rate of tax as 5%.

- (A) ₹ 32,40,000/-
- (B) ₹ 9,00,000/-
- (C) ₹ 5,00,000/-
- (D) ₹ Nil/-

Ans. (C) ₹ 5,00,000/-

Exemption

- (i) Loading and unloading of rice – exempt vide entry no. 24
- (ii) Packing and warehousing of rice – exempt vide entry no. 24
- (iii) Processing services of milling paddy into rice – not exempt (GST @5% payable on ₹ 1,00,00,000)

18. Bombay Municipal Corporation (BMC) has invited online bids for maintenance of bus stops for a period of one year from 1-Jan-20x1 to 31-Dec-20x1. The work involves composite supply of goods and services and supply of services being the principal supply in which the value of goods constitutes 25% of the total value of composite supply.

Mr. Akshay Kumar, Managing Director of Khiladi Contractors (P) Ltd., located and registered in GST in Gujarat, wants to bid for the same. He seeks your opinion to determine the taxability of the above to quote the best price.

- (A) Not Taxable
- (B) GST payable
- (C) Exempt
- (D) None of the above

Ans. (C) Exempt

Exemption: Entry No. 3A

Service = Composite supply (where value of material is upto 25%) to CG/SG or Local Authority or Govt Authority or Govt Entity is exempt if it is in relation to municipal or panchayat functions

Here,

Supply to BMC = Supply to local authority

Supply of Service = Composite Supply (with value of material upto 25%)

Purpose = Maintenance of bus stops = **Municipal Function as per Article 243-W**

(Municipal Functions as per Article 243-W of Constitution of India – **Public amenities** including street lighting, parking lots, **bus stops** and public conveniences.)

19. Mr. Happy Singh is a resident of Chandigarh. The marriage of his daughter, Khushi Kaur, has been finalized with Mr. Lovely Singh, a NRI settled in Canada. The marriage is scheduled on 14-Oct-20x1 in Chandigarh. Mr. Happy Singh wants to send 5,000 marriage invitation cards to all his relatives and friends to attend the marriage. He has to send the invitation by speed post. He is not sure about the taxability of speed post services under GST regime. He seeks your help in determining the applicability of GST on speed post.

- (A) GST payable
- (B) Non Taxable
- (C) Exempt
- (D) None of the above

Ans. (A) GST payable

Services by Govt Postal Department = Department of CG

Services by Govt

- Activities of Government = Business Activity
- Even if Government is engaged in doing activity as public authority, then such activity is business activity. (Though, municipal functions and panchayat functions have been excluded from scope of supply)
- Postal department services = within scope of Supply

Exemption Entry No. 6:

- Other than certain specified services, all services of postal department have been exempted.
- However, speed post service is not exempt. Thus, on speed post, GST is payable.

20. Mr. Khiladi Kumar, is the Managing Director of Khiladi Equipments (P) Ltd. The Company is located and registered in GST with office and factories in Mumbai. Mr. Khiladi Kumar, has decided to send food grains and other relief materials worth ₹ 50,00,000/- and ₹ 20,00,000 respectively through railway and airways to the cyclone hit victims in Kerala in the month of November, 2018. The Company has contacted Super Airlines and

Indian Railways to transport the materials from Mumbai to Kerala and price for the same has been determined as ₹ 10,00,000/- by air and ₹ 50,000/- by railways excluding taxes. Mr. Khiladi Kumar, seeks your help to determine what amount of GST is to be paid to Go Air and Indian Railways if applicable GST rate is 18%.

- (A) Super Airlines: ₹ 1,80,000/-; Indian Railways: NIL
 (B) Super Airlines: ₹ 1,80,000/-; Indian Railways: ₹ 9,000
 (C) Super Airlines: Nil; Indian Railways: ₹ 9,000/-
 (D) Super Airlines: Nil; Indian Railways: Nil

Ans. (A) Super Airlines: ₹ 1,80,000/-; Indian Railways: NIL

Exemption

- (iii) Transportation of goods (being relief material or food-grains) by rail – exempt vide Entry No. 20
 (iv) Transportation of goods (being relief material or food-grains) by air – no exemption

21. Mr. Manjot Singh Sidhu is a trader supplying goods from his firm M/s. Singh Traders. The office of the firm is located in Delhi whereas the godowns are located in the State of Uttar Pradesh, Punjab and Jammu & Kashmir (J & K).

M/s. Singh Traders made intra-state supplies from different States during the period from FY 20x1-x2 as follows:

- (i) Delhi-Taxable supplies: ₹ 21,00,000/-.
 (ii) Punjab-Exempted supplies: ₹ 16,00,000/-.
 (iii) Uttar Pradesh-Taxable and exempted supplies: ₹ 13,00,000/- each respectively.
 (iv) J & K-Taxable and exempted supplies: ₹ 18,00,000/- and ₹ 13,00,000/- respectively.

Being a GST expert, Mr. Manjot Singh Sidhu seeks your advice to correctly ascertain the States in which he is required to take registration under GST:

- (A) Delhi, Punjab, Uttar Pradesh and J & K
 (B) Delhi, Uttar Pradesh and J & K
 (C) Delhi and Uttar Pradesh
 (D) Delhi

Ans. (B) Delhi, Uttar Pradesh and J & K

Sec 22 Registration subject to threshold (₹ 20 Lakh)

Sec 23(2) Notification issued enhancing threshold to ₹ 40 lakh

Sec 2(6) ATO (Aggregate all TO linked to same PAN)

= ₹ 94 lakh (₹ 21,00,000 + ₹ 16,00,000 + ₹ 13,00,000 + ₹ 13,00,000 + ₹ 18,00,000 + ₹ 13,00,000)

Registration required (as ATO is more than ₹ 40 lakh)

Sec 25

All units in different states = Deemed Distinct person (DDP)

- Registration required for each unit in respective state – Delhi, Punjab, UP, J&K
- However, Punjab Unit (being a DDP) need not apply the registration as it is engaged exclusively in making exempt supply [Sec 23(1)]

Thus, registration is required in Delhi, UP and J&K.

22. Mr. Bulbul Pandey, is an ambulance driver, who lives in the NCT of Delhi. He provides driving services to Preeti Heart and Lung Institute (PHLI-a super specialty hospital registered in GST in Delhi) for a consideration of ₹ 25,000/- per month.

Mr. Bulbul Pandey was instructed to pick up a patient in Gurugram to PHLI. While going from Delhi to Gurugram, he picked up 5 passengers for transportation in the ambulance from Delhi to Gurugram, and charged ₹ 500/- from them.

Being the GST expert, you are required to ascertain the taxability of transport services provided by Mr. Bulbul Pandey in the ambulance from Delhi to Gurugram under GST Act, 2017:

- (A) Taxable supply
 (B) Exempt supply
 (C) Not a supply
 (D) None of the above

Ans. (A) Taxable supply

Exemption

Transportation of persons who are not patient = Not ambulance services (not part and parcel of health care services) = Thus, not exempt
 Such service = Taxable Service – GST is payable.

23. Kaushal Industries (P) Ltd. is an unregistered person having Head Office in Delhi. It has started supplying goods through e-commerce operator all over India. The turnover achieved by its two business verticals during financial year 2018-19 is as follows:

Turnover from first business vertical located in Delhi: ₹ 10,50,000. Turnover from second business vertical located in Assam: ₹ 8,00,000.

As a GST consultant of Kaushal Industries (P) Ltd., you are required to guide Mr. Kaushal, Director of Kaushal Industries (P) Ltd. as to which business vertical is liable to be registered under GST?

- (A) Delhi (C) Both
(B) Assam (D) Registration not required

Ans. (C) Both

Sec 24 Compulsory Registration

Supplier of goods – supplying through ECO = Compulsory Registration (Threshold not relevant)

Sec 25

Business vertical/premise in Delhi & Business vertical/premise in Assam = Deemed Distinct Person (DDP)

So, Registration formalities are to be complied with separately by these 2 units

Hence, Registration required in both the states

24. Mr. Kala is a proprietor of M/s. Kala & Associates registered in GST which deals in sale/purchase of used or second hand cars. During financial year 20x1-x2, he effected following intra-state transactions:

Particulars	Purchase Price	Sale Price
Car 1	₹ 5,00,000	₹ 7,50,000
Car 2	₹ 3,00,000	₹ 2,75,000
Car 3	₹ 6,00,000	₹ 6,50,000
Car 4	₹ 8,00,000	₹ 9,50,000

Mr. Kala purchased Car 4 from another registered person who charged GST of ₹ 1,30,000 and accordingly Mr. Kala has availed the input credit of the same.

Mr. Kala is not familiar with GST provisions hence he has approached you for determining his GST liability. Assume applicable rate of tax is 18%.

- (A) ₹ 95,000/- (C) ₹ 1,30,500/-
(B) ₹ 1,08,000/- (D) Exempt Supply, No GST

[ICAI RTP- May 2020]

Ans. (A) ₹ 95,000/-

Rule 32(5): Margin Scheme to dealer of second hand goods

Scheme comes with condition as to non-availment of ITC

Given case, Margin Scheme is not available in respect of Car 4 as he has availed ITC on its purchase.

	Value	GST payable @18%	ITC	Net liability
Car 1	2,50,000 (value as per Rule 32(5) = margin)	45,000	---	45,000
Car 2	Ignore (value as per Rule 32(5) = 0, as negative margin)	----	---	----
Car 3	50,000 (value as per Rule 32(5) = margin)	9,000	---	9,000
Car 4	9,50,000 (Value as per Sec 15(1) = TV)	1,71,000	1,30,000	41,000
Total		2,25,000	1,30,000	95,000

25. Jhulelal Palkiwala & Co. is a firm of advocates registered in GST in the State of Punjab. It provides legal consultancy services to various clients. It has provided consultancy services of ₹ 50,000 on 5-Sep-20x1 to Burger Queen (P) Ltd., a registered business entity located in Sikkim. Burger Queen (P) Ltd. achieved the turnover of ₹ 15,00,000/- in the preceding financial year. The law firm raised proper invoice on the Burger Queen (P) Ltd. on 25-Sep-20x1. Calculate the taxability of above transaction if applicable rate of tax is 18%.

- (A) Exempt supply (C) 9,000 payable by Burger Queen (P) Ltd.
(B) 9,000 payable by Jhulelal Palkiwala & Co. (D) Non-taxable supply

Ans. (C) Exempt Supply

Exemption Legal services to business entity is exempt if ATO of such business entity in PY is upto such amount as makes it eligible for exemption from registration under the CGST Act

Sec 9(3)

Legal services to business entity attract RCM

Given situation, recipient = business entity in Sikkim

Presuming recipient is supplier of goods (exclusive supplier), the limit for exemption of registration is ₹ 20,00,000

Recipient ATO (in PY) being within applicable exemption registration limit, legal services provided to him shall be exempt from registration.

GST Exempt

26. M/s. Vishu Megamart, operating a store located and registered in Rajasthan, has come out with big discount offers at the time of Diwali on various gift items. In order to attract more customers, it has decided to supply a gift pack containing 5 packets of Haldiram's Namkeen (200 gram each) taxable @ 12%, 1 packet of Roasted Smoked Almonds (100 gram) taxable @ 18%, 1 packet of Bournville Chocolate (50 mg) taxable @ 28% and 1 bottle of Real Fresh Juice (1 litre) taxable @ 18% in a single basket for a single price of ₹ 1,000/-. State the type of supply and the tax rate applicable on the same.

- (A) Composite supply; Tax rate of the principal item, i.e. Namkeen @18% (C) Mixed supply; Tax rate of principal item, i.e. Namkeen @18%
(B) Composite supply; Highest tax rate out of all items, i.e. 28% applicable to chocolates (D) Mixed supply; Highest tax rate out of all items, i.e. 28% applicable to chocolates

Ans. (D) Mixed supply; Highest tax rate out of all items, i.e. 28% applicable to chocolates

Sec 8 Mixed Supply - shall be treated as supply which is taxable at highest tax rate

27. State which of the following statement is correct:

- (i) Services by any artist by way of performance in folk or classical art forms of music, dance, or theatre as a brand ambassador if the consideration charged for such performance is not more than ₹ 1,50,000/- is exempt.
(ii) Services of life insurance business under Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having minimum amount of cover of ₹ 2,00,000/- is exempt.
(iii) Service by an acquiring bank, to any person in relation to settlement of an amount upto ₹ 2,500/- in a single transaction transacted through credit card, debit card, charge card or other payment card service is exempt.
(iv) Services provided by a goods transport agency by way of transport in a goods carriage of, goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage does not exceed ₹ 750/- is exempt.

Your options are-

- (A) (i) (C) (ii), (iii), (iv)
(B) (ii), (iii) (D) None of the above

Ans. (D) None of the above

Exemption

- (i) Exemption not available to service provided as brand ambassador [Entry No. 78]
(ii) Exemption to micro-insurance product with maximum value of cover of ₹ 2,00,000 is exempt. (₹ 2,00,000 amount is not minimum amount but maximum amount) [Entry No. 36]
(iii) Exemption is available only if settlement amount is of ₹ 2,000 [Entry No. 34]
(iv) Exemption to GTA service by way of transportation of goods in a single carriage upto ₹ 1500 is exempt. [Entry No. 21]

28. ASC, a registered person supplied goods amounting to ₹ 1,18,000/- (inclusive of GST, taxable @ 18%) to BSC, a registered person on 30-9-20x1. BSC further sold such goods to CSC, a consumer who came to his shop on 30-10-20x1 in cash for ₹ 2,36,000/- (inclusive of GST, taxable @ 18%).

ASC, issued a credit note of ₹11,800/- (10,000+1800/-GST) for rate difference on 2-11-20x1 to BSC. BSC, then entered a credit note in its books for the same amount in the name of CSC, without intimating CSC on 2-11-20x1 and reduced its output tax liability accordingly.

As per the provisions of GST law, which of the above mentioned suppliers are allowed to reduce their output tax liability?

- (A) ASC (C) Both ASC and BSC
(B) BSC (D) None of the above, since incidence of tax has been passed on to other person.

Ans. (A) ASC

Supply-1

- ASC to BSC = B2B Supply
- CN (credit note) issued by supplier
 - Supplier (ASC) = Entitled to reduce his output tax liability
 - Recipient (BSC) = To reverse ITC

Supply-2

- BSC to CSC = B2C Supply
- CN (credit note) issued by supplier but not intimated to recipient

- (D) CGST ₹ 18,450/- and SGST 18,450/-

Differential GST Payable : CGST = ₹ 630 (18,630 - 18,000) SGST = ₹ 630 (18,630 - 18,000)

- (D) Interior decoration services received from abroad are not taxable, since below threshold limit**

Further, import transaction = IGST liability with RCM

- (D) ₹ 1,05,00,000/-

Sec 2(6) ATO = Value of outward supplies = ₹ 1,05,00,000

32. Mr. Salman Khan, a resident of Mumbai, has booked a Videocon D2H connection at his other home in Delhi. His friend Shah Rukh Khan, is resident of Kerala, paid the charges for Salman's D2H connection in Delhi at the time of actual installation. Mr. Shah Rukh Khan went to Kolkatta after making the payment. Both Salman Khan and Shah Rukh Khan are not registered in GST.

Determine the place of supply of D2H service provided by Videocon to Mr. Salman Khan:

- (A) Mumbai © Delhi
(B) Kerala (D) Kolkatta

Ans. (C) Delhi

Sec 12 LoS and LoR – both in India

12 (II)

Service = Supply of telecommunication service including cable and direct to home television services

PoS = Place of installation = Delhi

33. Mr. Sunil Shetty, a resident of Mumbai, went to Vaishno Devi by train. Mr. Sunil Shetty, after visiting Vaishno Devi temple, purchased a JIO prepaid SIM from Tantan Communications in Jammu by paying cash. Mr. Sunil Shetty took the JIO SIM and the same day boarded the train to Delhi. He went to Agra thereafter, to visit Taj Mahal.

Determine the place of supply of JIO SIM by Tantan Communications to Mr. Sunil Shetty:

- (A) Mumbai © Delhi
(B) Jammu (D) Agra

Ans. (B) Jammu

Sec 12 LoS and LoR – both in India

12 (II)

Service = Supply of telecommunication service by way of pre-paid mobile connection – sold through agent / distributor

PoS = Address of such agent/ distributor (Tantan Communication) = Jammu

34. Mr. Chamcham, registered under GST in Delhi, is a domestic trader as also an exporter of whole sale goods. His annual turnover and input tax details are as follows:

	Turnover (outward supply)	Related Input Tax paid (inward supply)
Taxable Goods	90,00,000/-	9,00,000/-
Exempt Goods	10,00,000/-	1,00,000/-
Exported Goods	15,00,000/-	2,00,000/-

No GST is payable on exempt and exported goods. Mr. Chamcham seeks your expert help in calculating the amount of ITC, which he is eligible to claim:

- (A) 12,00,000/- (C) 10,00,000/-
(B) 11,00,000/- (D) 9,00,000/-

Ans. (B) 11,00,000/-

Sec 17

Admissible ITC = ₹ 11,00,000 (i.e. ₹ 9,00,000 + ₹ 2,00,000)

[*Presumed details of ITC given is of exclusive inputs/capital goods/ input services (and not of common goods or services)]

35. Mr. Prabhu Deva, registered under GST in Mumbai, is in the business of trading of marble handicraft items domestically as also exporting the same. His annual turnover and input tax details are as follows:

	Turnover (outward supply)	Related Input Tax paid (inward supply)
Taxable Goods	1,25,00,000/-	12,50,000/-
Exported Goods	75,00,000/-	5,50,000/-
Exempt Goods	50,00,000/-	5,00,000/-

Mr. Prabhu Deva exported the goods under LUT without payment of IGST. Value of like goods domestically supplied by him is ₹ 60,00,000.

Now, Mr. Prabhu Deva seeks your help in calculating the amount of refund of ITC, which he is eligible to claim.

- (A) 18,00,000/- © 5,40,000/-
(B) 6,75,000/- (D) 6,90,000/-

Ans. (B) 6,75,000/-

Sec 54(3): ITC refund claim

Rule-89(4): Admissible refund (max. amount)

$$\text{Refund Amount (Max)} = \text{Net ITC} \times \frac{(\text{Turnover of zero-rated supply of goods})}{\text{Adjusted Total Turnover}}$$

$$= ₹ 18,00,000 \times ₹ 75,00,000 / ₹ 200,00,000 = ₹ 6,75,000$$

Net ITC	<div>= ITC availed</div> <div>= (₹ 12,50,000 + ₹ 5,50,000) = ₹ 18,00,000</div> <div>[*Presumed- input tax of ₹ 5,00,000 is of exclusive inputs/capital goods/ input services used for exempt supply - whose credit was not availed at all. Hence, not considered in computation of Net ITC]</div>																							
TO of 0-rated supply (exported goods)	<div>= Lower of following</div> <table><tr><td>(a) <u>Value (in GST) of zero-rated supply of goods</u> made under Bond/ LuT</td><td>= ₹ 75,00,000</td></tr><tr><td>(b) <u>1.5 times the value of like goods domestically supplied</u></td><td>= (1.5* 60,00,000 = 90,00,000)</td></tr></table> <div>= ₹ 75,00,000. [WN-1]</div>			(a) <u>Value (in GST) of zero-rated supply of goods</u> made under Bond/ LuT	= ₹ 75,00,000	(b) <u>1.5 times the value of like goods domestically supplied</u>	= (1.5* 60,00,000 = 90,00,000)																	
(a) <u>Value (in GST) of zero-rated supply of goods</u> made under Bond/ LuT	= ₹ 75,00,000																							
(b) <u>1.5 times the value of like goods domestically supplied</u>	= (1.5* 60,00,000 = 90,00,000)																							
Adjusted Total TO	<div>= TO in the State – TO of Exempt Supply (other than 0-rated supply)</div> <table><tr><th>Goods</th><th>TO</th><th></th></tr><tr><td>Taxable goods</td><td>1,25,00,000</td><td></td></tr><tr><td>Exported goods</td><td>75,00,000 *</td><td>[WN-2]</td></tr><tr><td>Exempt goods</td><td>50,00,000</td><td></td></tr><tr><td>TO in the State</td><td>250,00,000</td><td></td></tr><tr><td>Less: Exempt Goods</td><td>(50,00,000)</td><td></td></tr><tr><td>Adjusted Total TO</td><td>200,00,000</td><td></td></tr></table>			Goods	TO		Taxable goods	1,25,00,000		Exported goods	75,00,000 *	[WN-2]	Exempt goods	50,00,000		TO in the State	250,00,000		Less: Exempt Goods	(50,00,000)		Adjusted Total TO	200,00,000	
Goods	TO																							
Taxable goods	1,25,00,000																							
Exported goods	75,00,000 *	[WN-2]																						
Exempt goods	50,00,000																							
TO in the State	250,00,000																							
Less: Exempt Goods	(50,00,000)																							
Adjusted Total TO	200,00,000																							

Working Notes:

1. **Rule 89 (4)(c) amended** - w.e.f. 23rd March, 2020

Cap (limit) has been placed on 'value of zero-rated SUPPLY OF GOODS (exporter of GOODS)' on value declared by supplier while filing claim for ITC refund (Value declared for purposes of refund cannot exceed 1.5 times the value of like goods domestically supplied by similarly situated supplier)

Illustration				
	GST invoice value (₹)	Value of like goods supplied domestically (₹)	1.5 times the Value of like goods supplied domestically (₹)	Value for purposes of refund claim (₹)
Case-A	75,00,000	60,00,000	90,00,000	75,00,000
Case-B	75,00,000	40,00,000	60,00,000	60,00,000

2. **Circular No. 147/03/2021-GST** - dated 12th March, 2021

CBIC has clarified that

"the value of zero-rated/ export supply of goods, as calculated as per amended definition of "Turnover of zero-rated supply of goods", need to be taken into consideration while calculating "TO in a state or a union territory" (as defined in Sec 2(112) of the CGST Act), and accordingly, in "adjusted total turnover" for the purpose of Rule 89(4).

Thus, the restriction of 150% of the value of like goods domestically supplied, as applied in "turnover of zero-rated supply of goods", would also apply to the value of "Adjusted Total Turnover" in Rule 89 (4) of the CGST Rules, 2017

Illustration					
	GST invoice value (₹)	Value of like goods supplied domestically (₹)	1.5 times the Value of like goods supplied domestically (₹)	Value for purposes of refund claim (₹)	Value for the purpose of computation of Adjusted Total TO
Case-A	75,00,000	60,00,000	90,00,000	75,00,000	75,00,000
Case-B	75,00,000	40,00,000	60,00,000	60,00,000	60,00,000

36. State whether the following statements are true or false:

- Zero rated supply means supply of any goods or services or both which attracts nil rate of tax.
 - Exempt supply means export of goods or services or both, or supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.
 - Non-taxable supply means supply of goods or services or both which is not leviable to tax under CGST Act, 2017 but leviable to tax under the Integrated Goods and Services Tax Act, 2017.
 - ITC may be availed for making zero rated supply of exempt goods.
- (A) False, False, False, True (C) True, True, False, False
 (B) True, False, False, False (D) False, False, False, False

Ans. (A) False, False, False, True

1. 0-rated supply = Sec 16 supply = Specified supply of any goods/services (taxable or exempt)
2. Exempt Supply = Sec 2(47) = Wholly exempt + Nil rated + Non-taxable supply
3. Non-taxable Supply = GST not leviable - neither under CGST Act nor under IGST Act
4. ITC admissible for non-exempt supply as well as zero-rated supply of exempt goods/services

MULTIDISCIPLINARY CASE STUDY (ICAI)

Case Study-1

1. Import and export under the Foreign Trade Policy without _____ number is not permitted unless specifically exempted.

- | | |
|------------|----------------------|
| (A) IEC | (C) PAN |
| (B) GSTIN* | (D) All of the above |

Ans. (A) IEC

Foreign Trade Policy requires an importer/exporter to compulsorily obtain Importer Exporter Code (IEC) for import/export.

[For Yours Knowledge]

- IEC is granted by DGFT. DGFT issues IEC in electronic form (e-IEC).
 - **Online Application at DGFT web-portal**
Application process for IEC is completely online and IEC can be generated by the applicant as per the procedure detailed in the Handbook of Procedure.
 - **Documents submission with application:**
 - (i) Address Proof of applicant entity, and
 - (ii) Cancelled cheque bearing entity's preprinted name or Bank certificate.

[Note: Copy of PAN is not required, as PAN data is integrated]
 - Photograph in the IEC and requirement of Digital Signature has been dispensed with.

[Note: IEC is no longer be treated as identity card for identity purposes]
 - IEC once issued is of lifetime validity. (thus, once issued it does not require any renewal)
- Importer and Exporter Code ('IEC') holders are mandated to update IEC online every year**
- **Annual e-updation (during April-June) mandatory:** irrespective of changes in IEC details
 An IEC holder has to ensure that details in its IEC is updated electronically every year, during April-June period. In cases where there are no changes in IEC details, same also needs to be confirmed online.
 - **Non-updation will lead to cancellation of IEC**
 An IEC shall be de-activated, if it is not updated within the prescribed item.
 An IEC so de-activated may be activated, on its successful updation.

2. Mr. X has imported certain goods from Singapore. He intends to clear the goods from the customs station for home consumption. The vessel containing the goods arrives at customs station on 05.07.20x1. 06.07.20x1 is a public holiday. Mr. X has not filed the bill of entry till the time the vessel arrived at the customs station. Mr. X should have filed the bill of entry latest by:

- | | |
|----------------|----------------|
| (A) 05.07.20x1 | (C) 07.07.20x1 |
| (B) 06.07.20x1 | (D) 04.07.20x1 |

[Question Modified to align with the Amended provisions of Sec 46]

Ans. (D) 04.07.20x1

Section 46(3) of the Customs Act, 1962. (*As amended by FA, 2021)

The importer should present the bill of entry before the end of the day (including holidays) preceding the day on which the aircraft/vessel/vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing.

Provided that the Board may, in such cases as it may deem fit, prescribe different time limits for presentation of the bill of entry, which shall NOT be later than the end of the day of such arrival.

Circular No.08 /2021-Cus: Clarifications on the legislative changes in Section 46 of Customs Act, 1962-reg.

Amendment **seeks to facilitate pre-arrival processing and assessment of Bills of Entry (BE) by mandating their ADVANCE FILING** thus leading to significant decrease in the Customs clearance time. The amended Section 46 requires an importer to file a BE before the end of the day (including holidays) preceding the day of arrival of the vessel/aircraft/vehicle carrying the imported goods at a Customs port/station at which such goods are to be cleared for home consumption or warehousing. However, Board is empowered to prescribe different time limits for such filing in certain cases, but by not later than the end of the day of arrival of the vessel/aircraft/vehicle at the Customs port/station.

Summary of Amended provisions

Sl. No.	Customs Station	Bill of Entry is required to be filed latest by the end of the day of Arrival of the Vessel/ Aircraft / Vehicle	Bill of Entry is required to be filed latest by the end of the preceding day of Arrival of the Vessel/ Aircraft / Vehicle
(1)	(2)	(3)	(4)
1.	Sea Port (*Excludign ICD)	Imports consigned from following countries viz. 6. Bangladesh 7. Maldives 8. Myanmar 9. Pakistan 10. Sri Lanka	Imports consigned from all countries other than those mentioned in Column (3)
2.	Airport	All imports	None
3.	Land Customs Station (LCS)	All Imports	None
4.	Inland Container Depot (ICD)	None	All imports

Note: In respect of **import goods arriving at seaports**, consigned country (refer column 3 of the sl.no 1 of above table) refers to the country where the goods have been consigned by the exporter of the goods by way of Bill of Lading. The same is already being mentioned as the country of consignment in the Bill of Entry. To illustrate, in respect of the goods consigned from Sri Lanka by the Sri Lanka exporter, Bill of Entry is to be filed latest by the end of the day of the arrival, whereas in respect of the goods consigned from let us say, Hong Kong, but merely transhipped through Sri Lanka, Bill of Entry is required to be filed latest by the end of day preceding the day of the arrival of the vessel.

Answer to question: In terms of amended provisions (as discussed above), Mr X was required to file B/E **latest by the end of the day preceding the day of arrival of the vessel**. Thus, he should have filed B/E by 4th July, 20x1.

Now, B/E filed will be belated B/E which will attract late fees as specified in Sec 47 (4).

3. Which of the following expenses is not includible in the assessable value of the imported goods?

- (A) Cost of the packing incurred by buyer but not included in the price paid for the imported goods. (C) Cost of transport to the place of importation
- (B) Royalty related to imported goods required to be paid as consideration of sale. (D) Buying commission paid by the buyer but not included in the price paid for the imported goods

Ans. D) Buying commission paid by the buyer but not included in the price paid for the imported goods

Rule 10(1)(a) of IVR, 2007

Buying commission is not includible in the assessable value of the imported goods

4. Who is/are related persons in terms of customs valuation rules for imported goods?

- (A) Members of the same family. (C) Employer and employee.
- (B) One person indirectly controlling the other person. (D) All of the above

Ans. (D) All of the above

Rule 2 (2) of IVR, 2007

Members of the same family, one person indirectly controlling the other person, employer and employee are all related persons in terms of clauses (viii), (v), (iii) respectively

5. For export goods, the relevant rate of exchange for the purpose of conversion of the value of export goods is the rate prevalent on the date of:

- i. Filing shipping bill
- ii. Filing bill of export

- iii. Filing bill of entry
iv. Let export order
Identify the correct option

- (A) (i) and (ii) (C) (i), (ii) and (iv)
(B) (i) and (iv) (D) (iii)

Ans. (A) (i) and (ii)

Sec 14

For export goods, the conversion in value shall be done with reference to the rate of exchange prevalent on the date of filing shipping bill (vessel or aircraft) or bill of export (vehicle) under section 50.

Case Study-2

1. Which of the following activities does not amount to supply?

- (A) An architect in India seeks legal advice from his brother settled in London free of cost with regard to his family dispute. (C) A dealer of air-conditioners permanently transfers an air conditioner from his stock in trade on which ITC has been taken, for personal use at his residence.
(B) A Resident Welfare Association provides the service of depositing the electricity bills of the residents in lieu of some nominal charges. (D) An electronic commerce operator in India seeks legal advice for its business from its head office in US free of cost.

Ans. (A) An architect in India seeks legal advice from his brother settled in London free of cost with regard to his family dispute.

Supply

7(1)(c)

Import of service without consideration = supply – only if such import is for business purpose and also from related person or deemed distinct foreign establishment

- option (A) not covered – import is for personal matter

2. A taxable person has made following supplies in January, 20x1 – 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, 20x1 – 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 (C) CGST – 8,000, SGST – Nil, IGST – 5,200
(B) CGST – 11,600 SGST – 1,600 (D) CGST – 8,000 SGST – Nil, IGST – 16,000

Ans. (D) CGST – 8,000 SGST – Nil, IGST – 16,000

GST liability

- (Exports + Supply to SEZ) = IGST liability (as not supplied under Bond) = 1,00,000 * 18% = 18,000
- Intra-state sale = 2,00,000 - CGST@9% = 18,000 - SGST@9% = 18,000

Statement showing computation of NET GST PAYABLE from cash ledger for tax period of Jan, 20x1

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	IGST (₹)	CGST (₹)	SGST (₹)	Total GST (₹)
GST liability under Forward charge				
GST payable	18,000	18,000	18,000	54,000
Less: ITC (IGST) of ₹ Nil				
Less: ITC (CGST) of ₹ 10,000 [ITC (CGST) shall be utilized first for payment of CGST and then, for payment of IGST liability, if any.]	---	10,000	N.A.	10,000
Less: ITC (SGST) of ₹ 20,000 [ITC (SGST) shall be utilized first for payment of SGST and then, for payment of IGST liability, if any.]	2,000	N.A.	18,000	20,000
GST payable in cash (from e-cash ledger)	16,000	8,000	Nil	24,000
GST liability under Reverse charge				
RCM liability	----	---	----	----

GST payable in cash (from e-cash ledger)	----	---	----	----
Total liability to be discharged in cash	16,000	8,000	Nil	24,000

3. Which of the following supplies are exempt from GST?

- (1) Warehousing of jaggery.
 - (2) Loading and unloading of green tea packets
 - (3) Warehousing of coffee beans
 - (4) Warehousing of rice
- (A) (1) and (3) (C) (3) and (4)
(B) (1), (3) and (4) (D) (1) and (2)

Ans. (B) (1), (3) and (4)

Exemption

- (i) Warehousing of jaggery - exempt vide **Entry No. 24-B**
- (ii) Loading and unloading of green tea packets - not exempt vide Entry no. 54 **or** Entry No. 24 (Loading and unloading services - exempt under Entry No 54 (for agricultural produce) or under Entry No. 24 (for rice))
- (iii) Warehousing of coffee beans - exempt vide **Entry No. 54** (Coffee Beans = Agricultural Produce, its storage and warehousing separately exempt vide Entry No. 54)
- (iv) Warehousing of rice - exempt vide **Entry No. 24** (Rice is a non- agricultural produce, its storage and warehousing separately exempt vide Entry No. 24)

4. Which of the following services are OIDAR [Online Information Database Access and Retrieval] services?

- (1) Online course consisting of pre-recorded videos and downloadable pdfs plus support from a live tutor
 - (2) Pdf document manually emailed by provider
 - (3) Pdf document automatically downloaded from site
 - (4) Pdf document automatically emailed by provider's system
- (A) (1) and (3) (C) (3) and (4)
(B) (1), (3) and (4) (D) (2), (3) and (4)

Ans. (C) (3) and (4)

Sec 2 (17) of IGST Act

OIDAR Service = Automated service involving minimum human intervention

- (i) Online course, downloadable Pdfs and support from a live tutor - not covered under OIDAR (as using internet, but it is not automated service)
- (ii) Manual e-mail - not covered under OIDAR (using internet but not automated)
- (iii) Auto download Pdf document - covered under OIDAR
- (iv) PDF document auto e-mail - covered under OIDAR

5. A taxable person is engaged in supplying restaurant service in Delhi. In the preceding financial year, it has an aggregate turnover of ₹ 90 lakh from restaurant service and ₹ 10 lakh from supply of farm labour and has earned a bank interest of ₹ 10 lakh. Such person wants to opt for composition scheme. Which of the following statements are true in context of composition scheme?

- (1) Aggregate turnover of the taxable person in the preceding FY is ₹ 90 lakh.
 - (2) Aggregate turnover of the taxable person in the preceding FY is ₹ 100 lakh.
 - (3) Aggregate turnover of the taxable person in the preceding FY is ₹ 110 lakh.
 - (4) Supply of farm labour and supply of service of extending loans/deposits does not make the taxable person ineligible for composition scheme.
 - (5) Supply of services other than restaurant service - supply of farm labour and supply of service of extending loans/deposits - by the taxable person makes it ineligible for composition scheme.
- (A) (1) and (4) (C) (1) and (5)
(B) (2) and (4) (D) (3) and (5)

Ans. (B) (2) and (4)

Sec 10 Composition Scheme

- 10 (1) Composition scheme eligibility limit = 150 Lakh / 75 Lakh (ATO in PY)
ATO for purposes of determination of eligibility
- ATO as defined in Sec 2(6) (which defines it to include exempt as well as non-exempt supply)
 - But as per Explanation 1 to Sec 10, exempt service by way of interest shall be excluded while determining PY eligibility limit for composition scheme.

- Thus, ATO is (90 Lakh + 10 Lakh exempt service of farm labour supply) = 100 Lakh
- 10(i) proviso** - Provisioning of service other than restaurant/ catering service is now permissible But only upto the limit of higher of following:
- (b) 10% of TO in the State/UT (₹ 1,00,00,000 is TO in the State/UT);
- (c) 5,00,000;
- Explanation to proviso of Sec 10 provides that **exempt service by way of interest shall be excluded while computing TO in the State/UT (PY) for determining permissible limit of marginal value of services.**
- Further, exempt service interest shall not be considered in above limit **[ROD order]**
- Presuming that value of supply of services supplied by such person will be within the permitted limit as stated above,** such person shall be eligible for composition scheme in current year.

Case Study-3

1. Excise duty will be applicable from April 01, 2017 till June 30, 2017 for ABC and GST will be applicable for the period from July 1, 2017. How should revenue be presented by ABC in financial statements for the year ended March 31, 2018?

- (A) Revenue for the period prior to the applicability of GST should be shown as net of excise duty and that post GST becoming applicable should be shown as gross of GST.
- (B) Revenue for the period prior to the applicability of GST should be shown as gross of excise duty and that post GST becoming applicable should be shown as net of GST.
- (C) Revenue for the period prior to the applicability of GST and that post GST becoming applicable should be shown as gross of excise duty and GST.
- (D) Revenue for the period prior to the applicability of GST and that post GST becoming applicable should be shown as net of excise duty and GST.

- Ans.** (B) Revenue for the period prior to the applicability of GST should be shown as gross of excise duty and that post GST becoming applicable should be shown as net of GST.

[kindly apply yours Accounts knowledge]

Pre-GST Turnover= Report at gross value (value + ED)

Post GST Turnover = Report at net value (net of GST)

"Educational Material on Ind AS 18"

Excise duty and GST are different in nature, since the incidence of excise duty was on production of goods but that of GST is on supply of goods and services. Further, they are chargeable to tax under separate laws and regulations. Consequently, excise duty is included in measurement of revenue whereas GST is not included in revenue.

Accordingly, **revenue for the period prior to the applicability of GST should be shown as gross of excise duty and that post GST becoming applicable should be shown as net of GST.**

Case Study-4

1. Ayushman Medical Centre, a clinical establishment, has provided the following information:

	Particulars	₹ (excluding GST if applicable)
(i)	Consultancy charges paid to doctors	10,00,000
(ii)	Food supplied to in-patients as advised by the dietician of the Ayushman Medical Centre	5,00,000
(iii)	Food supplied to attendants of the in-patients	2,50,000
(iv)	Alternative medical treatments by way of Naturopathy. Such therapy is a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010	3,50,000
(v)	Reiki healing treatments. Such therapy is not a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010	5,00,000
(vi)	Preservation of stem cells by Ayushman Medical Centre's cord blood bank	90,000

You are required to compute the value of taxable supply of Ayushman Medical Centre, if any, in the light of relevant GST provisions

- (A) Nil (C) 7,50,000
- (B) 26,90,000 (D) 12,50,000

Ans. (C) 7,50,000

Exemption

- (i) **Consultancy charges** = charges for health care service - Exempt vide Entry No. 74
- (ii) **Food supplied to in-patients as advised by the dietician** = Part and parcel of health care service = Exempt vide Entry No. 74
- (iii) **Food supplied to attendants of the in-patients** = Not part and parcel of health care service, not exempt vide Entry No. 74 (CBIC Circular 32/06/2018-GST)
- (iv) **Alternative medical treatments by way of Naturopathy** = Health care service in recognized system of medicine and hence, exempt vide Entry No. 74
- (v) **Reiki healing treatments** = Health care service but not in recognized system of medicine- thus, not exempt vide Entry No. 74 (non-recognized system of medicine)
- (vi) **Preservation of stem cells** - Exempt vide Entry No. 73

2. Kesar Maharaj, a registered supplier, gave a classical dance performance in an auditorium. The consideration charged for the said performance is ₹ 1,60,000. Such performance is not for promotion of any product/services. Rate of CGST and SGST on such services is 9% each. Assuming the services supplied by him to be intra-State supplies, which of the following statements are true?

- (A) GST liability of Kesar Maharaj is Nil as services provided by him are exempt.
- (B) Kesar Maharaj is liable to pay CGST and SGST of ₹ 14,400 and ₹14,400 respectively
- (C) Kesar Maharaj is liable to pay CGST and SGST of ₹ 900 and ₹900 respectively
- (D) None of the above

Ans. (B) Kesar Maharaj is liable to pay CGST and SGST of ₹ 14,400 and ₹14,400 respectively

Exemption

Kesar Maharaj is not entitled to exemption as consideration for classical dance performance is exceeding ₹ 1,50,000.

CGST (1,60,000 * 9%) = 14,400 SGST (1,60,000 * 9%) = 14,400

3. Which of the statement(s) is/are not correct?

- (1) A person having aggregate turnover of ₹ 18,00,000 in a financial year can take voluntary registration. The person has business operations in Uttar Pradesh and Jammu and Kashmir.
- (2) A person having aggregate turnover of ₹ 18,00,000 in a financial year can take voluntary registration. The person has business operations in Uttar Pradesh and Nagaland.
- (3) A person having aggregate turnover of ₹ 18,00,000 can take voluntary registration. The person is an agriculturist having operations in Uttar Pradesh and Jammu and Kashmir.
- (4) A person having aggregate turnover of ₹ 48,00,000 can take voluntary registration. The person is an agriculturist having operations in Uttar Pradesh and Assam.
- (A) (2)*
- (B) (2), (4)
- (C) (2), (3), and (4)
- (D) (3) and (4)

[*question modified considering enhanced limit of registration]

Ans. (A) (2)

Sec 22

Registration subject to threshold

(₹ 10 lakh-SCS- Nagaland, Manipur, Tripura and Mizoram & ₹ 20 lakh-others)

Notification issued enhancing threshold to ₹ 40 Lakh (only for supplier of GOODS)

Sec 23 (1)

An agriculturist, to the extent of supply of produce out of cultivation of land, is not liable for registration

Sec 25 (3)

A person, though not liable to be registered may get himself registered voluntarily

Sec 2 (6)

ATO= Aggregate of value of all kinds of supplies (outward supplies)

Sec 25

Person may take voluntary registration

- (i) Not liable for registration- but can take voluntarily registration u/Sec 25 - correct
- (ii) Liable for registration- Sec 22 - incorrect statement
- (iii) Not liable for registration- but can take voluntarily registration u/Sec 25 - correct
- (iv) Not liable for registration- but can take voluntarily registration u/Sec 25 - correct

4. Which of the option is correct?

- (A) Supplies to EOU's can be made without payment of tax under bond/LUT
- (B) Supplies to EOU's are zero rated.
- (C) Both (a) and (b) are correct
- (D) None of the above

Ans. (D) None of the above

Sec 147: Deemed Export (Deemed Export = Notified supplies of domestic goods within India)

Supply to EoU = Notified u/Sec 147 = Deemed export supply

(Deemed exports are not zero-rated u/sec 16 of IGST Act)

Treatment of deemed export supply under GST

- o Supply upon payment of GST
- o Either supplier or recipient can claim refund of this GST

5. Mr. X of Agra, Uttar Pradesh purchased goods from Mr. Y of Mumbai, Maharashtra. While the goods were being packed in Mumbai godown of Mr. Y, Mr. X got an order from Mr. K of Bangalore, Karnataka for the said goods. Mr. X agreed to supply the said goods to Mr. K and asked Mr. Y to deliver the goods to Mr. K at Bangalore.

What is/are the place of supply(ies) in this case?

- (A) Agra (C) Bangalore
(B) Agra, Bangalore (D) Mumbai

Ans. (B) Agra, Bangalore

Sec 10 of IGST Act: POS in case of goods (other than imported goods or export goods)

10(1)(b) PoS in case of "BTST - Bill to.... Ship to" - Supply by Mr Y (Maharashtra) to Mr X (Agra)

= Location of principal place of business of person to whom billing is made = Agra

10(1)(a) PoS in case of goods where the supply involves movement of goods - Supply by Mr X (Agra) to Mr K (Bangalore)

= Location of the goods at the time at which the movement of goods terminates for delivery to the recipient (Mr K) = Bangalore

Case Study-5

1. Goods and Services Tax is:

- (A) Source based tax on consumption of goods and services (C) Destination based tax on consumption of goods and services
(B) Destination based tax only on sale of goods and services (D) Source based tax on supply of goods and services

Ans. (C) Destination based tax on consumption of goods and services

GST, being a consumption tax, is destination-based tax.

The destination territory shall have the jurisdictional right to tax the supply transaction.

2. PQR Ltd. (GST registered in Punjab) undertook following transactions in Oct, 20x1*:

1. Purchase of Raw material – ₹ 1,00,000 (excluding GST) from trader based in Punjab
2. Local Sales of goods – ₹ 60,000 (excluding GST)
3. Sale of goods to Andaman & Nicobar – ₹ 60,000 (excluding GST)

Assume rates to be 9% (CGST, SGST, UTGST & IGST). The net tax payable in cash by PQR Ltd. is:

- (A) CGST – ₹ 1,800 & UTGST – ₹ 1,800 (C) IGST – ₹ 3,600
(B) CGST – ₹ 3,600 (D) UTGST – ₹ 5,400

Ans. (C) IGST – ₹ 3,600

GST liability

- Intra-state sale = 60,000 - CGST@9% = 5,400 - SGST@9% = 5,400
- Inter-state sale = 60,000 - IGST@18% = 10,800

Statement showing computation of NET GST PAYABLE from cash ledger for tax period of

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	IGST (₹)	CGST (₹)	UTGST (₹)	Total GST (₹)
GST liability under Forward charge				
GST payable	10,800	5,400	5,400	21,600
Less: ITC (IGST) of ₹ NIL				
Less: ITC (CGST) of ₹ 9,000 [ITC (CGST) shall be utilized first for payment of CGST and then, for payment of IGST liability, if any.]	3,600	5,400	N.A.	9,000

Less: ITC (UTGST) of ₹ 9,000 [ITC (UTGST) shall be utilized first for payment of UTGST and then, for payment of IGST liability, if any.]	3,600	N.A.	5,400	9,000
GST payable in cash (from e-cash ledger)	3,600	Nil	Nil	3,600
GST liability under Reverse charge				
Liability on GTA Service availed	---	---	---	---
GST payable in cash (from e-cash ledger)	---	---	---	---
Total liability to be discharged in cash	3,600	Nil	Nil	3,600

3. Following are the GST amounts paid on purchase transactions of PQR Ltd. for the month of Oct, 20x1.

- Ball bearings from GST registered supplier* – ₹ 5,000
- Metal purchases from dealer following composition scheme – ₹ 10,000
- Fixed Assets – ₹ 50,000 (The GST amount has been capitalized in the Gross Block of PQR)
- Consumables from unregistered dealer – ₹ 1,000

The GST credit of PQR Ltd. for the month of October 20x1 is:

- | | |
|-----------|------------|
| (A) 5,000 | (C) 66,000 |
| (B) 5,000 | (D) 16,000 |

Ans. (A) 5,000

Eligible Credit

- (i) Ball bearings from GST registered supplier – admissible

Ineligible Credit

- (ii) Metal purchases from dealer following composition scheme as per Sec 10(4) and Sec 17(5)(g)
 (iii) Fixed Assets GST amount has been capitalized in the Gross Block – not admissible as per Sec 16(3)
 (iv) Consumables from unregistered dealer – unregistered dealer cannot collect any GST from recipient – so, question of allowance of ITC does not arise

4. PQR Ltd. has agreed to provide consultancy services to ABC Ltd. Following are the clauses related to billing.

- ABC Ltd. incurs the conveyance charges for PQR Ltd. staff who visit ABC Ltd. for providing the services. These expenses are liability of PQR Ltd. however these are not included in the sale value.
- PQR Ltd. will charge interest @ 2%p.a. for any delayed payments
- PQR Ltd. receives special subsidy from a non-Government body on consultancy given to specific industries. ABC Ltd. falls under these industries and hence PQR Ltd is entitled to receive subsidy on services provided to ABC Ltd.

Which of the above items will be included in calculating value of taxable supply?

- | | |
|-------------|-------------------|
| (A) i & ii | (C) ii & iii |
| (B) i & iii | (D) i, ii and iii |

Ans. (D) i, ii and iii

Sec 15

- (i) Any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both
 (ii) Interest or late fee or penalty for delayed payment of any consideration for any supply- (though, these will form part of value of supply when actually charged/received from recipient)
 (iii) Non-Govt Subsidy which is directly linked to the price of supply shall form part of value of supply

5. Read the following statements:

- In case PQR Ltd. supplies exempted goods or services or both, it is required to issue a bill of supply instead of a tax invoice.
- In case PQR Ltd fails to pay creditors' dues within 180 months*, the input tax credit claimed on these purchases will become ineligible.
- In case PQR Ltd. receives an advance towards goods to be supplied, tax will not be payable on receipt of such advance. Turnover of PQR Ltd. in the preceding financial year is 1 crore.

Which of the above statement are true?

- | | |
|-------------|---------------------|
| (A) i & ii | (C) ii & iii |
| (B) i & iii | (D) i, ii and (iii) |

Ans. (D) i, ii and (iii)

- (i) As per **Sec 31(3)(c)**, a registered person supplying exempted goods or services or both shall issue, instead of a tax invoice, a bill of supply.
- (ii) As per **Sec 16(2) read with proviso** where a recipient fails to pay to the supplier(creditor) of goods or services or both, other than the supplies on which tax is payable on REVERSE CHARGE basis, the amount towards the value of supply along with tax payable thereon within a period of 180 days from the date of issue of invoice by the supplier, an amount equal to the ITC availed by the recipient shall be added to his output tax liability, along with interest thereon.
- (iii) As per **Sec 12 read with N/N 66/2017-CT** (notification issued u/Sec 148), the registered person is liable to pay GST only on invoice basis. Receipt of advance shall not create time of supply (*TO of supplier in PY is not irrelevant*).

6. **PQR Ltd. (GST registered in Punjab) has entered into agreement with XYZ Ltd. which manufactures bicycles. The highlights of the agreement are as follows:**

- **PQR Ltd. to provide 1000 chain drives on monthly basis.**
- **PQR Ltd. to incur the freight, packing and insurance charges during each supply of chain drives.**
- **PQR Ltd. to provide servicing of the drives every fortnight.**
- **Payment for the servicing activity carried out during a month to be released at the end of the month.**
- **PQR Ltd. to assist XYZ Ltd. with maintenance of conveyor belts on quarterly basis and installation of new assembly lines as and when required.**
- **Payment for maintenance of conveyor belts to be released on quarterly basis after the maintenance activity is carried out.**
- **Terms of payment for installation of new assembly lines to be finalised as and when the requirement thereof arises.**

The agreement is entered into for a period of one year.

Which of the above statement(s) is/are true?

- i. The agreement involves a composite supply of goods (chain drives) and services (freight, packing and insurance) wherein the supply of chain drives is the principal supply.
 - ii. The agreement involves a mixed supply of goods (chain drives) and services (freight, packing and insurance).
 - iii. The agreement involves continuous supply of services wherein servicing is carried out of the chain drives.
 - iv. The agreement involves mixed supply wherein the individual supplies are supply of chain drives, supply of servicing activity, supply of maintenance service and supply of installation service.
- (A) (i), (iii) (C) (iv)
(B) (ii) and (iii) (D) (i), (ii) and (iii)

Ans. (A) (i), (iii)

Sec 2 Composite Supply = Bundle of taxable goods and/or services in which one is principle supply

Sec 8 Composite Supply – shall be treated as a supply of such principle supply

Sec 2 Continuous Supply of Services

Supply of any service fulfilling following conditions:

- (a) Supply is covered by a contract which is providing for supply on a continuous or recurrent basis
- (b) The contract period is more than (>) 3 months
- (c) Contract is providing for periodic payment obligations

(i) Supply = Composite supply (principal supply of goods)

(ii) Supply = Not mixed supply

(iii) Supply = continuous supply of service – service contract for more than 3 months with periodic payment obligations

(iv) Supply = Not mixed supply (as all elements are not singly priced)

Case Study-6

1. **Import and export under the Foreign Trade Policy without _____ number is not permitted unless specifically exempted.**

- (A) IEC (C) PAN
(B) GSTIN* (D) All of the above

Ans. (A) IEC

FTP requires an importer/exporter to compulsorily obtain Importer Exporter Code (IEC) for import/export.

2. Mr. X has imported certain goods from Sri Lanka. He intends to clear the goods from the customs station for home consumption. The vessel containing the goods arrives at customs station on 05.07.20x1. 06.07.20x1 is a public holiday. Mr. X has not filed the bill of entry till the time the vessel arrived at the customs station. Mr. X should have filed the bill of entry latest by:

- (A) 05.07.20x1 (C) 07.07.20x1
(B) 06.07.20x1 (D) 04.07.20x1

[Question Modified to align with the Amended provisions of Sec 46]

Ans. (D) 04.07.20x1

Section 46(3) of the Customs Act, 1962. (*As amended by FA, 2021)

The importer should present the bill of entry **before the end of the day (including holidays) preceding the day** on which the aircraft/vessel/vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing.

Provided that the Board may, in such cases as it may deem fit, prescribe different time limits for presentation of the bill of entry, which shall NOT be later than the end of the day of such arrival.

Circular No.08 /2021-Cus: Clarifications on the legislative changes in Section 46 of Customs Act, 1962-reg.

Amendment **seeks to facilitate pre-arrival processing and assessment of Bills of Entry (BE) by mandating their ADVANCE FILING** thus leading to significant decrease in the Customs clearance time. **The amended Section 46 requires an importer to file a BE before the end of the day (including holidays) preceding the day of arrival of the vessel/aircraft/vehicle carrying the imported goods at a Customs port/station at which such goods are to be cleared for home consumption or warehousing.** However, Board is empowered to prescribe different time limits for such filing in certain cases, but by not later than the end of the day of arrival of the vessel/aircraft/vehicle at the Customs port/station.

Summary of Amended provisions

Sl. No.	Customs Station	Bill of Entry is required to be filed latest by the end of the day of Arrival of the Vessel/ Aircraft / Vehicle	Bill of Entry is required to be filed latest by the end of the preceding day of Arrival of the Vessel/ Aircraft / Vehicle
(1)	(2)	(3)	(4)
1.	Sea Port (*Excluding ICD)	Imports consigned from following countries viz. 1. Bangladesh 2. Maldives 3. Myanmar 4. Pakistan 5. Sri Lanka	Imports consigned from all countries other than those mentioned in Column (3)
2.	Airport	All imports	None
3.	Land Customs Station (LCS)	All Imports	None
4.	Inland Container Depot (ICD)	None	All imports

Answer to question: In terms of amended provisions (as discussed above), i.e. sea imports from Sri Lanka, Mr X was required to file B/E latest by the end of the day of arrival of the vessel. Thus, he should have filed B/E by 5th July, 20x1.

Now, B/E filed will be belated B/E which will attract late fees as specified in Sec 47 (4).

3. Which of the following statements are true in case of supply of goods by a Special Economic Zone (SEZ) unit to a unit in Domestic Tariff Area (DTA)?

- (1) No customs duty is leviable on the goods removed from SEZ to DTA.
(2) Goods removed from SEZ to DTA are leviable to customs duties, including anti-dumping, countervailing and safeguard duties under the Customs Tariff Act, 1975, as leviable on goods when imported into India.
(3) Goods removed from SEZ to DTA are leviable to customs duties, as leviable on goods when imported into India. However, anti-dumping, countervailing and safeguard duties cannot be imposed on such goods.
(4) The liability to pay the customs duties, as applicable, is on the SEZ unit.
(5) The liability to pay the customs duties, as applicable, is on the DTA unit.
(A) (1) (C) (2) and (5)
(B) (2) and (4) (D) (3) and (5)

Ans. (C) (2) and (5)

SEZ Act, 2005

SEZ Act provides that:

Goods removed from SEZ to DTA are leviable to customs duties, including anti-dumping, countervailing and safeguard duties under the Customs Tariff Act, 1975, as leviable on goods when imported into India.

The liability to pay the customs duties, as applicable, is on the DTA unit.

4. Who is/are related persons in terms of customs valuation rules for imported goods?

- | | |
|---|----------------------------|
| (A) Members of the same family. | (C) Employer and employee. |
| (B) One person indirectly controlling the other person. | (D) All of the above |

Ans. (D) All of the above

Rule 2 (2) of IVR, 2007

Members of the same family, one person indirectly controlling the other person, employer and employee are all related persons in terms of clauses (viii), (v), (iii) respectively.

5. For export goods, the relevant rate of exchange for the purpose of conversion of the value of export goods is the rate prevalent on the date of:

- Filing shipping bill
- Filing bill of export
- Filing bill of entry
- Let export order

Identify the correct option

- | | |
|------------------|------------------------|
| (A) (i) and (ii) | (C) (i), (ii) and (iv) |
| (B) (i) and (iv) | (D) (iii) |

Ans. (A) (i) and (ii)

Sec 14 of Customs Act, 1962

For export goods, the conversion in value shall be done with reference to the rate of exchange prevalent on the date of filing shipping bill (vessel or aircraft) or bill of export (vehicle) under section 50.

Case Study-7

1. A taxable person received goods in his factory on 01-12-2021. Tax invoice for said goods has been issued on 15-12-2021. He took the Input Tax Credit pertaining to said goods as his supplier uploaded this invoice in his GSTR 1. The supplier has paid the tax to the Government. In which of the following circumstances, the taxable person is required to reverse the Input Tax Credit?

- | | |
|---|--|
| (A) If the taxable person does not make payment to supplier on or before 13-6-2022. | (C) If the taxable person does not make payment to supplier on or before 01-6-2022. |
| (B) If the taxable person does not make payment to supplier on or before 15-6-2022. | (D) He is not required to reverse the input tax credit as supplier has paid tax to the Government. |

Ans. (A) If the taxable person does not make payment to supplier on or before 13-6-2022.

Sec 16 (2) of CGST Act (read with proviso)

Where a recipient fails to pay to the supplier (creditor) of goods or services or both, other than the supplies on which tax is payable on REVERSE CHARGE basis, the amount towards the value of supply along with tax payable thereon within a period of 180 days from the date of issue of invoice by the supplier, an amount equal to the ITC availed by the recipient shall be added to his output tax liability, along with interest thereon

2. A taxable person has made following supplies in Oct, 20x1 – Sales within the State – ₹ 2,00,000. Exports out of India – ₹ 60,000. Supplies to SEZ located within the State – ₹ 40,000. He intends to clear goods under Letter of Undertaking (LUT) wherever permissible.

The input tax credit available to him during Oct, 20x1 – 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 | (C) CGST – ₹ 8,000, SGST – Nil, IGST – ₹ 5,200 |
| (B) CGST – ₹ 11,600, SGST – ₹ 1,600 | (D) CGST – ₹ 8,000, SGST – Nil, IGST – ₹ 16,000 |

Ans. (A) CGST – ₹ 8,000, SGST – Nil

GST liability

- (Exports + Supply to SEZ) = IGST liability = Nil (as supplied under Bond)
- Intra-state sale = 2,00,000 - CGST@9% = 18,000 - SGST@9% = 18,000

Statement showing computation of NET GST PAYABLE from cash ledger for tax period of Oct, 20x1

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	IGST (₹)	CGST (₹)	SGST (₹)	Total GST (₹)
GST liability under Forward charge				
GST payable	NIL	18,000	18,000	36,000
Less: ITC (IGST) of ₹ NIL	---	---	---	---
Less: ITC (CGST) of ₹ 10,000 [ITC (CGST) shall be utilized first for payment of CGST and then, for payment of IGST liability, if any.]	---	10,000	N.A.	10,000
Less: ITC (SGST) of ₹ 20,000 [ITC (SGST) shall be utilized first for payment of SGST and then, for payment of IGST liability, if any.]	---	N.A.	18,000	18,000
GST payable in cash (from e-cash ledger)	Nil	8,000	NIL	8,000
GST liability under Reverse charge				
RCM liability	---	---	---	---
GST payable in cash (from e-cash ledger)	---	---	---	---
Total liability to be discharged in cash	Nil	8,000	NIL	8,000

3. A taxable person has following liability for Oct, 20x1: Tax payable on supplies made by him – IGST – ₹ 30,000. Tax payable on advocate services under reverse charge– CGST – ₹ 5,000; SGST – ₹ 5,000.

Opening balance in his electronic credit ledger is as follows IGST – ₹ 20,000, SGST – ₹ 6,000, CGST – ₹ 6,000.

How much amount is payable by him in electronic cash ledger?

- (A) IGST – ₹ 10,000, SGST – ₹ 5,000, CGST – ₹ 5,000 (C) IGST – ₹ 8,000 – SGST – Nil, CGST – Nil
- (B) IGST – Nil, SGST – ₹ 5,000, CGST – ₹ 5,000 (D) IGST – ₹ 10,000 – SGST – Nil, CGST – Nil

Ans. (B) IGST – Nil, SGST – ₹ 5,000, CGST – ₹ 5,000

GST liability

- Liability under RCM = CGST = ₹ 5,000 - SGST = ₹ 5,000 - this liability has to be discharged through e-cash ledger only
- Liability under FCM = IGST = ₹ 30,000 - this liability may be discharged through e-credit or e-cash ledger

Statement showing computation of NET GST PAYABLE from cash ledger for tax period of Oct, 20x1

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	IGST (₹)	CGST (₹)	SGST (₹)	Total GST
GST liability under Forward charge				
GST payable	30,000	NIL	NIL	30,000
Less: ITC (IGST) of ₹ 20,000 [ITC (IGST) shall be utilized first for payment of IGST and then, for payment of CGST or SGST, as per discretion of taxpayer. We have presumed that assessee has utilized it for payment of CGST liability]	20,000	--	--	20,000
Less: ITC (CGST) of ₹ 6,000 [ITC (CGST) shall be utilized first for payment of CGST and then, for payment of IGST liability, if any.]	6,000	--	N.A.	6,000
Less: ITC (SGST) of ₹ 6,000 [ITC (SGST) shall be utilized first for payment of SGST and then, for payment of IGST liability, if any.]	4,000	N.A.	--	4,000
GST payable in cash (from e-cash ledger)	Nil	NIL	NIL	NIL
GST liability under Reverse charge				

RCM liability	---	5,000	5,000	10,000
GST payable in cash (from e-cash ledger)	---	5,000	5,000	10,000
Total liability to be discharged in cash	Nil	5,000	5,000	10,000

4. Which of the following statements are true for a zero-rated supply, but not for an exempt supply?
- (1) Entire value chain of the supply is exempt from GST, i.e. no tax is payable on the outward supplies and input supplies are also tax free.
 - (2) Credit of input tax needs to be reversed and no tax is payable on the outward supplies.
 - (3) Normal tax invoice needs to be issued.
 - (4) Instead of a tax invoice, bill of supply needs to be issued
 - (5) No tax is payable on outward supplies.
- (A) (1) and (3) (C) (2), (4) and (5)
(B) (2), (3) and (5) (D) (1) and (4)

Ans. (A) (1) and (3)

0-rated supply:

- (1) Entire value chain is free of tax burden - **True**
- (2) ITC reversal is required - **False** (ITC reversal not required - **Sec 16(2) of IGST Act** and Sec 17(3) of CGST Act)
- (3) Normal tax invoice shall be issued - **True** (as such supply is not exempt supply)- Rule 46 of CGST Rules, 2017
- (4) Bill of supply shall be issued - **False** (0-rated supply is not treated as exempt supply. Bill of supply is only for exempt supply)
- (5) GST not payable on outward supply - **False** (as 0-rated supply may be 0-rated in 2 manner - 16(3)(a) - without payment of GST or 16(3)(b)- upon payment of GST)

5. Details of supplies of a taxable person in the month of January, 20x1 are as follows - Alcoholic liquor for human consumption of value of ₹ 1,50,000. Value of architect services supplied by him in Jamnagar, Gujarat is ₹ 2,00,000. Securities of face value of ₹ 1,00,000 sold for ₹ 95,000. What is the value of 'exempted supply' for purpose of section 17(2) of the CGST Act, 2017 [proportionate reversal of ITC]?
- (A) 1,50,000 (C) 2,45,000
(B) 2,50,000 (D) 1,50,950

Ans. (D) 1,50,950

Sec 17 Apportionment of ITC - ITC related to 'exempt supply'

2 (47) Exempt Supply includes non-taxable supply [Value = transaction value = ₹ 1,50,000]

17 (3) Exempt supply also includes transactions in securities. [Value = 1% of sale price = ₹ 950]

Thus, total value of exempt supply = ₹ 1,50,950/-

6. No ITC shall be admissible in respect of which of the following Goods-
- (A) Electrical Transformers used in the factory (C) Pollution Control Equipment used in the factory
(B) Moulds & Dies used in the factory (D) Goods used for setting up Telecommunication towers.

Ans. (D) Goods used for setting up Telecommunication towers.

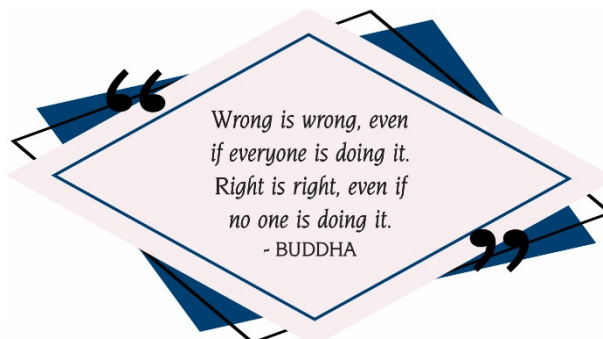
Sec 16 All goods used in business are in general eligible for ITC - whether as inputs or as capital goods

Explanation **Goods/ services used for construction / setting up of immovable plant and machinery**

to Sec 17 ITC is admissible.

However, ITC is blocked if such immovable Plant & Machinery is 'Telecommunication Tower'

Thus, goods used for setting up telecommunication tower - Not eligible for ITC



MOCK TEST PAPER (ICAI)**MTP – May 2019 Exams**

1. In which of the following supplies of goods and services made exclusively to Government departments, agencies etc., TDS is required to be deducted?
- Health Department executed a contract with a local supplier to supply "medical grade oxygen" of ₹ 2.6 lakh (including GST @ 18%) and is making full payment.
 - Government school is making a payment of ₹ 3.5 Lakh to a supplier for supply of cooked food as mid-day meal under a scheme sponsored by Central/State Government
 - Municipal Corporation of Kolkata purchases a heavy generator from a supplier in Delhi. Now, it is making payment of ₹5 lakh and IGST @18% on ₹5 lakh for such purchase.
 - Finance Department is making a payment of ₹3 lakh (including GST @ 18%) to a supplier of 'printing & stationery'.

Assume all other conditions for deduction of TDS are fulfilled.

- | | |
|--------------------------|-------------------------|
| (A) (i), (ii) and (iii) | (C) Only (i) and (ii) |
| (B) (ii), (iii) and (iv) | (D) Only (iii) and (iv) |

Ans. (D) Only (iii) and (iv)

Sec 51: TDS

- TDS not required as GST exclusive value is less than 2,50,000;
- Mid-day meal (catering service) to school is exempt supply – No TDS required;
- Supply of goods (generator) of value more than 2,50,000 – TDS required;
- Supply of printing/stationary of value more than 2,50,000 – TDS required.

2. M/s Gyaan Publishing House, registered under GST in Delhi, is engaged in printing and selling of books as well as trading of stationery items. He has provided following information of a consignment which is to be supplied to Mumbai: -

- Taxable value of supplies indicated on tax invoice: ₹ 35,000/-
- Value of exempted supplies: ₹ 8,000/-
- Value of goods to be sent to job worker on delivery challan: ₹ 15,000/-

Calculate the consignment value for the purpose of generating e-way bill for inter-State supply of goods. Assume rate of tax on taxable goods to be 18%.

- | | |
|----------------|----------------|
| (A) ₹ 35,000/- | (C) ₹ 56,300/- |
| (B) ₹ 50,000/- | (D) ₹ 64,300/- |

Ans. (C) ₹ 56,300/-

ICAI Answer

Rule-138: EWB mandatory if consignment value is more than 50,000 [Consignment Value = Total Value in Invoice (include GST)]

	Particulars	Consignment Value (₹)	
(i)	Taxable value of supplies indicated on tax invoice :	35,000	
	Add : GST @18%	6,300	41,300
(ii)	Value of exempt supplies [The same shall not be included]		—
(iii)	Value of goods to be sent job worker on delivery challan		15,000
	Consignment value for the purpose of generating E-way bill		56,300
Since the movement of goods is in relation to supply of goods and the consignment value exceeds ₹ 50,000, e-way bill is mandatorily required to be issued in the given case.			E-way Bill required

Above answer given by ICAI does not seems to be correct

Author's view

3 consignments are involved for which consignment value shall be separately determined.

Consignment Value = Value as per individual Invoice / Bill of Supply / Delivery Challan

Consignment-1: Goods with GST@18% shall be supplied with tax invoice (value = 41,300)

[No requirement of EWB as consignment value is not exceeding ₹ 50,000 – Rule 138(1)]

Consignment-2: Exempt goods = shall be supplied with bill of supply (value = 8,000)

[EWB not required for exempt goods- Rule 138(14)]

Consignment-3: Goods sent for job-work = shall be supplied with Delivery Challan (value = 15,000)

[No requirement of EWB as consignment value is not exceeding ₹ 50,000 – Rule 138(1)]

Another possibility

Consignment-1 and Consignment 2 can be supplied under single document (invoice-cum-bill of supply) if supply is B2C supply.

In that case, it will constitute a single consignment. Consignment value for EWB purpose shall be 41,300 (as value of exempt goods are not considered as per Rule 138). Thus, EWB will not be required even in that case.

Goods to be sent to job-worker under separate delivery challan (also referred as Job-Work Challan). This is a separate consignment.

If such goods are being sent for **inter-state job-work**, then EWB shall be mandatory irrespective of value.

If such goods are being sent for **intra-state job-work**, then EWB shall not be required as consignment value of goods sent is not exceeding ₹ 50,000.

3. **Mr. Manubhai and Mr. Anubhai are two brothers running a business of supplying lubricants located in the State of Gujarat in their company, M/s. Ambani Lubricants (P) Ltd. On death of their respected father, the two brothers have divided their business. However, they have signed an agreement that Mr. Anubhai will not enter into business of supplying lubricants similar to business done by M/s. Ambani Lubricants (P) Ltd. run by Mr. Manubhai, for which Mr. Manubhai will pay him ₹ 2.5 crores as a lump sum payment. State whether transaction entered through the above agreement constitutes supply under CGST Act, 2017 or not.**
- (A) Yes, supply of goods by Mr. Manubhai. (C) Yes, supply of services by Mr. Manubhai.
(B) Yes, supply of goods by Mr. Anubhai. (D) Yes, supply of services by Mr. Anubhai.

Ans. (D) Yes, supply of services by Mr. Anubhai.

Goods 2 (52) = Movable property (other than money and security)

Services 2 (102) = Anything other than goods, money and security

Given transaction = Agreeing not to do an act = Service activity

4. **Banke Bihari (Pedewala), is a famous sweets manufacturer, located and registered in Mathura, Uttar Pradesh. He received an order for 200 kg of sweets on 2nd November, 20x1 from M/s. Ghoomghoom Travels (P) Ltd., located and registered in same locality of Mathura for a total consideration of ₹ 1,00,000/- on occasion of Diwali festival. All 200 kg sweets were delivered to M/s. Ghoomghoom Travels (P) Ltd. on 5th November, 20x1, but without invoice, as accountant of Mr. Banke Bihari was on leave on that day. However, the invoice was raised for the same on 6th November, 20x1, when the accountant joined the office after leave. Payment in full was made on 7th November, 20x1. Determine the time of supply of goods in this case.**
- (A) 2nd November, 20x1 (C) 6th November, 20x1
(B) 5th November, 20x1 (D) 7th November, 20x1

Ans. (B) 5th November, 20x1

Sec 12 ToS for Goods

12(2) Read with Sec 148 notification

ToS in case of forward charge liability = invoice or due date of invoice

[Remember- Advance does not create time of supply – Sec 148 special procedure]

In given case, invoice not raised by due date

Due date of invoice = Sec 31 (1) = Delivery of goods to recipient (presuming such supply does not involve movement) = 5th Nov, 20x1

ToS = Due date of invoice = 5th Nov, 20x1

5. **M/s. Buildwell Engineering Consultants, located and registered in Gurugram, Haryana provided consultancy services to M/s. Taj India Ltd., (located and registered in Mumbai, Maharashtra) for its hotel to be constructed on land situated in Dubai. Determine the place of supply of consultancy services provided by M/s. Buildwell Engineering Consultants to M/s. Taj India Ltd.:**
- (A) Gurugram, Haryana (C) Dubai
(B) Mumbai, Maharashtra (D) None of the above

Ans. (B) Mumbai, Maharashtra

Sec 12 POS for service where LoS and LoR are both in India.

12(3) PoS in case of services directly relating to immovable property

- Here 12(3) not applicable as consultancy is not directly related to immovable property

12(2) POS shall be as 12(2) – general provision

PoS = LoR (being transaction is B2B transaction) = Mumbai, Maharashtra

6. Which of the following activity is taxable under GST?

- (i) Supply of food by a hospital to patients (not admitted) or their attendants or visitors.
 - (ii) Transportation of passengers by non-air-conditioned railways.
 - (iii) Services by a brand ambassador by way of folk dance performance where consideration charged is ₹ 1,40,000.
 - (iv) Transportation of agriculture produce by air from one place to another place in India.
 - (v) Services by way of loading, unloading, packing, storage or warehousing of rice.
 - (vi) Service provided by GTA where consideration charged for transportation of goods for a single carriage is ₹ 900.
- (A) (i), (v), (vi) (C) (i), (iii), (iv)
(B) (iii), (iv), (v) (D) (iv), (v)

Ans. (C) (i), (iii), (iv)

Exemption

- (i) **Food to patients (not admitted) or their attendants or visitors** - Restaurant / catering service - it is not health care service and hence, not exempt vide Entry No. 74 (Circular 32/06/2018-GST)
- (ii) **Transportation of passengers by non-a/c railways** - exempt vide Entry No. 17
- (iii) **Services by a brand ambassador by way of folk dance performance** - not exempt vide Entry No. 78
- (iv) **Transportation of agriculture produce by air** - not exempt vide Entry No. 18
- (v) **Loading, unloading, packing, storage or warehousing of rice** - exempt vide Entry No. 24
- (vi) **Service provided by GTA for transportation of goods for a single carriage** - exempt vide Entry No. 21

7. XY, Bangalore, Karnataka furnishes following information:

- (i) 10 MT of inputs stock transferred to branch located in Chennai, Tamil Nadu on 10th April, 20x1. Transfer value of the inputs shown in the invoice is ₹ 10,000.
- (ii) 5 MT of inputs supplied to customer located in Chennai at ₹ 12,500 on 10th April, 20x1.
- (iii) Cost of production of 1 MT of input is ₹ 750.
- (iv) Chennai branch is eligible for full input tax credit.

The value of the inputs stock transferred to Chennai Branch is-

- (A) ₹ 10,000 (C) ₹ 8,250
(B) ₹ 25,000 (D) ₹ 12,500

Ans. (A) ₹ 10,000

Rule 28

Supply transaction between DDP (Deemed Distinct Persons)

Value of supply shall be OMV of such supply

However, if recipient is entitled to full ITC, then value declared in invoice shall be deemed to be OMV

[Here, recipient is entitled to full ITC - so, transfer value as declared in invoice (₹ 10,000) shall be deemed to be OMV and shall be acceptable as such]

8. Shagun started supply of goods in Vasai, Maharashtra from 01.01.20x1. Her turnover exceeded ₹ 40 lakh on 25.01.20x1. However, she didn't apply for registration. Determine the amount of penalty, if any, that may be imposed on Shagun under section 122(1) of the CGST Act, 2017 on 31.03.20x1, if the tax evaded by her, as on said date, on account of failure to obtain registration is ₹ 1,26,000:

- (A) ₹ 10,000 (C) ₹ 12,600
(B) ₹ 1,26,000 (D) None of the above

Ans. (B) ₹ 1,26,000

Sec 122 Penalty for certain offences

122 (1) Penalty on 'taxable person' - who failed to take registration

Penalty = **Higher of following 2** : (a) 10,000 (b) **tax (CGST) evaded** = 1,26,000

9. Rochester Private Limited has been issued a show cause notice (SCN) on 31.08.2023 under section 73(1) of the CGST Act, 2017 on account of short payment of tax during the period between 01.07.2019 and 31.12.2019. As per section 73(1), in the given case, SCN can be issued latest by_____.

- (A) 31.12.2023 (C) 30.06.2023
(B) 30.09.2023 (D) 31.12.2023

Ans. (B) 30.09.2023

Sec 73 Determination of GST/ ITC

73 (1) Issuance of SCN

73 (2) **Time limit for issuance of SCN**[Year of shortfall] – **Annual Return (due date)**—upto 2 years and 9 months SCN may be issued[FY 2019-20] --- 31st Dec, 2020..... 2 years & 9 Months = 30 Sep, 2023 – upto this SCN may be issued

10. Prabhat International Ltd. exported some goods to USA by air at an FOB price of US \$ 1,00,000. Other details are as follows:

Particulars	Date	Rate of duty	Rate of exchange notified by CBIC	Rate of exchange prescribed by RBI
Presentation of shipping bill	16.04.20x1	12%	1 US \$ = 65	1 US \$ = 68
Let export order	18.05.20x1	10%	1 US \$ = 64	1 US \$ = 66

The export duty payable by Prabhat International Ltd. is:

- (A) ₹ 6,50,000 (C) ₹ 7,68,000
(B) ₹ 7,80,000 (D) ₹ 6,40,000

Ans. (A) ₹ 6,50,000

Sec 14 AV = TV (sale price) – applicable ex-rate for conversion into ₹ = CBIC notified Ex-rate (as in force on the date on which a Shipping Bill /Bill of export, is presented u/Sec 50)

Sec 15 Applicable RoD = Rate prevailing on the date on which the PO makes "Let Export Order (LEO)"

Thus, Export Duty = [(₹ 1,00,000 * ₹ 65) * rate 10%]

11. Which of the following legal services does not fall under reverse charge mechanism provisions as contained under section 9(3) of the CGST Act, 2017-

- (A) Representation services provided by an individual advocate (C) Representation services provided by a firm of advocates
(B) Representation services provided by a senior advocate (D) Legal services provided by an advocate to an unregistered individual

Ans. (D) Legal services provided by an advocate to an unregistered individual

Sec 9(3) RCM on legal services (as one of notified service)

- Legal services to non-business entity does not attract any RCM. (infact, such service is exempt)
- RCM applicable when legal services provided to business entity. (infact, such service is exempt if ATO (PY) of such business entity is upto such amount as does not make it liable for registration under GST)

12. Which one of the following cannot be a reason for cancellation of GST registration?

- (A) There is a change in the constitution of business from partnership firm to proprietorship. (C) A composition taxpayer has not furnished returns for three consecutive tax periods.
(B) The business has been discontinued. (D) A registered person, other than composition taxpayer, has not furnished returns for three consecutive tax periods.

Ans. (D) A registered person, other than composition taxpayer, has not furnished returns for three consecutive tax periods.

Sec 29 (2): Cancellation of registration by PO

- Registration of **composition supplier** can be cancelled if he failed to furnish monthly return for 3 consecutive tax periods (i.e., 3 Annual Returns- GSTR-4)
- Registration of **RP (other than composition supplier)** can be cancelled if he failed to furnish return **for a continuous period of 6 months**

***For Yours Knowledge**

Normal Supplier

Operating under	Return filing frequency	Cancellation proceedings can be invoked in terms of Sec 29(2) (c)
QRMP Scheme	Quarterly GSTR-3B. - by 22nd / 24th	Continuous 2 Quarterly Returns are not filed
Normally	Monthly GSTR-3B - by 20th	Continuous 6 Monthly Returns are not filed

13. A registered person can claim refund of unutilized input tax credit on zero rated supplies without payment of tax or the credit accumulated on account of inverted tax rate structure:

- (A) before the expiry of 2 years from the relevant date*.
 (B) before the expiry of the tax period.
 (C) before the expiry of 3 years from the relevant date.
 (D) before the expiry of 18 months from the relevant date.

Ans. (A) before the expiry of 2 years from the relevant date.

Sec 54: Refund under GST (whether of GST or ITC or other amount)

54 (3) = Refund of ITC (zero-rated supplies or when supply is having inverted tax structure)

Relevant date = Due date of filing return of tax period in which claim of refund arises (as ITC is found to be surplus / not utilizable)

T/L for filing refund = 2 years from the relevant date (as stated above)

14. A registered person, who is under investigation for an offence under Chapter XIX of the CGST Act, 2017, needs to retain the books of accounts/other records pertaining to such investigation until the expiry of:

- (A) 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.
 (B) 1 year after final disposal of such investigation.
 (C) (a) or (b), whichever is later
 (D) None of the above

Ans. (C) (a) or (b), whichever is later

Sec 36: Period for which records under GST shall be preserved

15. The time-limit for issuance of order of best judgment assessment under CGST Act, 2017 is:

- (A) 5 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
 (B) 4 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
 (C) 3 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
 (D) None of the above

Ans. (A) 5 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.

Sec 62 Best judgment in case of non-filers of returns

Sec 63 Best judgment in case of unregistered person

16. Inspection under CGST Act, 2017 can be ordered if the taxable person has:

- (A) suppressed any transaction of supply of goods or services
 (B) suppressed stock of goods in hand
 (C) contravened any provision of the GST law to evade tax
 (D) All of the above

Ans. (D) All of the above

Sec 67: Inspection, Search and Seizure

Such inspection requires authorization from an officer not below rank of J/C.
 J/C or Higher rank officer will issue 'inspection order'.

17. Where any agent supplies goods on behalf of his principal:

- (A) Such agent shall be jointly and severally liable to pay the GST payable on such goods.
 (B) The principal shall be jointly and severally liable to pay the GST payable on such goods.
 (C) Both (a) and (b)
 (D) None of the above.

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

Sec 86: Liability of agent and principle

Supply by agent = Agent as well as principal – jointly and severally liable

18. Under the Customs Act, 1962, the relevant date for determining the rate of exchange in case of imported goods is:
- (A) Date when the vessel arrives in India (C) Date of examination of goods by proper officer
- (B) Date of presentation of bill of entry (D) Date of deposit of duty

Ans. (B) Date of presentation of bill of entry

Sec 14 of Customs Act, 1962: Valuation of goods

19. Which of the following statement(s) is/are correct?
- (i) Cases which are specially designed or fitted to contain a specific article and given with the articles for which they are intended shall follow the classification of items which are packed;
- (ii) Packing materials whether capable of repetitive use or not, cleared along with goods, are classifiable with goods.
- (A) (i) (C) Both (i) and (ii)
- (B) (ii) (D) None

Ans. (A) (i)

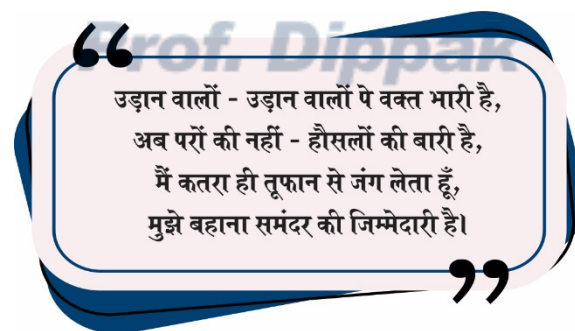
Rule 5 of GRI (as contained in CTA, 1975)

Rule 5(a) – cases fitted to contain a specific article or set of articles suitable for long-term use and presented with the articles for which they are intended shall be classified with MAIN ARTICLE

Rule 5(b) – Packing materials presented with the goods therein shall also be classified with the MAIN ARTICLE except when such packing material are clearly suitable for repetitive use

20. Anti-Dumping duty is calculated as
- (A) Higher of margin of dumping or injury margin (C) Higher of export price or normal value
- (B) Lower of margin of dumping or injury margin (D) Lower of export price or normal value

Ans. (B) Lower of margin of dumping or injury margin

Sec 9-A of CTA, 1975: Anti-Dumping Duty

MTP – Nov 2019 Exams

1. Analyze the transactions mentioned below-

- (a) Mr. Abhinay, provides architect services to Institute for Rural Development, a Government Agency for ₹ 2,80,000/- (inclusive of ₹ 30,000/- GST) under a contract in October, 20x1. Mr. Abhinay, is registered under GST. Being a registered supplier, Institute for Rural Development deducted TDS of supplier.
- (b) M/s. Manmohak Apparels, is registered under GST in Madhya Pradesh. It sells leather handbags across India through e-commerce operator Pingpong. Pingpong, is also registered with Madhya Pradesh GST Authority as TCS collector and collected TCS @ 1% (0.5% CGST + 0.5% SGST) on supplies made through it. M/s. Manmohak Apparels made sales of ₹ 3,45,000/- and received sales returns of ₹ 67,700/- in the month of October, 20x1. Sales are inclusive of tax. Leather handbags are taxable @ 18% GST. Pingpong, collected TCS of ₹ 2,350/- from M/s Manmohak Apparels.

Which of the transactions are in compliance with section 51 or section 52 of CGST Act?

- (A) Only (i) (C) Both (i) and (ii)
(B) Only (ii) (D) Neither (i) nor (ii)

Ans. (B) Only (ii)

Sec 51 TDS obligation on recipient if the recipient is specified or notified entity + receiving supply under a contract with value (GST exclusive) exceeding ₹ 2,50,000

- In given case, tax exclusive value is ₹ 2,50,000 – TDS not applicable

Sec 52 TCS obligation on ECO – @1% on net value of supplies (GST exclusive) effected through it

- Net Value of supplies = [Supplies less sales return] = (₹ 3,45,000 – ₹ 67,700) / 118% = ₹ 2,35,000

- TCS @1% = 1% of ₹ 2,35,000 = ₹ 2,350

2. M/s. Korelal Printon (P) Ltd., a registered person under GST in the State of Jammu & Kashmir, has been engaged in the business of offset printing and has been providing services to various book publishers. A publisher situated in the State of Himachal Pradesh, a registered person under GST, sent content of the books to be printed by M/s. Korelal Printon (P) Ltd., in PDF format. The publisher also sent paper worth ₹ 4.00 Lakh to the printer, free of cost for the purposes of printing its books on 10-Nov-20X1. M/s. Korelal Printon (P) Ltd., raised an invoice of ₹ 1.50 Lakh against printing of books and returned the printed books through Challan to the publisher on 20-Feb-20X2.

The Proper Officer, intercepted the vehicle and claimed that M/s. Korelal Printon (P) Ltd., should have sent the invoice of ₹ 5.50 Lakh, i.e. including the value of free of cost paper supplied by the publisher.

You may suitably advice which one of the following is the correct option -

- (A) The value of supply of paper for job work is to be included in the invoice in terms of section 15 of the CGST Act. (C) M/s. Korelal Printon (P) Ltd., has entered into an agreement of printing books. Therefore, he is liable to pay tax on the gross value of ₹ 5.50 Lakh.
(B) The goods sent for job work, i.e. paper sent for printing is a composite supply (D) M/s. Korelal Printon (P) Ltd., has entered into an agreement of printing books. Therefore, he is liable to pay tax on the net value of ₹ 1.50 Lakh.

Ans. (D) M/s. Korelal Printon (P) Ltd., has entered into an agreement of printing books. Therefore, he is liable to pay tax on the net value of ₹ 1.50 Lakh.

Printing Printer (publishing unit)

- Printing for others on content supplied by other = Service Activity

Sec 15 Value of supply

Supply of service of printing = TV (price actually paid or payable to supplier for his supply) = ₹ 1,50,000

3. Mr. Palliwal Desai, a registered practicing Chartered Accountant, located in Jaipur, in the State of Rajasthan, is providing professional and consultancy services to its various clients from his firm. He has taken some professional consultancy services from another establishment of its firm in UK. He has not paid any consideration for the same.

Such services would have been taxable @ 18% (9% under CGST + 9% under SGST and 18% under IGST), had they been received in India. Also, Mr. Palliwal Desai would have paid ₹ 4.00 Lakh, had he not received the said services from the UK establishment.

State the liability of Mr. Palliwal Desai, under CGST / IGST Act, 2017, out of the following options -

- (A) ₹ 72,000/- as Integrated Tax (C) Nil, since no foreign exchange was paid

(B) CGST ₹ 36,000/- & SGST ₹ 36,000/-, since POS is in India

(D) Nil, since such services are exempt

Ans. (A) ₹ 72,000/- as Integrated Tax

Sec 8 of IGST Act: Foreign establishment of an entity & Indian establishment of same entity = deemed distinct person (DDP)

Sec 2(5) of IGST Act: Import of service

Sec 7 of CGST Act: Scope of Supply

Supply includes activity without consideration

Import of service without consideration is supply - if it is done for business use and such import is made from Related person or DDP

Given case is case of import of service

Sec 15 of CGST Act: Valuation of supply

Sec 15(1) - Not applicable (as this import is without any consideration)

Sec 15(4) - Valuation rules to be applied

- **Rule 28** - Not applicable (as that is applicable when DDP are of Sec 25 and not that of explanation of Sec 8)
 - **Rule 30** - presumed to be not applicable (as recipient who is liable to pay GST under RCM - presumed to be not knowing cost data)
 - **Rule 31** - Best judged value (here, we can take OMV) = ₹ 4,00,000
- Thus, IGST liability = 18% of ₹ 4,00,000 = ₹ 72,000

4. M/s. Radhika Travels (P) Ltd., purchased a bus chassis from M/s. Jyoti Motors Ltd., for a consideration of ₹ 80.00 Lakh on 1-Aug-20x1. M/s. Radhika Travels (P) Ltd., sent the bus chassis for body building to M/s. Hanumant Fabricators, and paid in advance the total consideration of ₹ 25.00 Lakh on 10-Aug-20x1. M/s. Hanumant Fabricators, after completing the bus body, informed M/s. Radhika Travels (P) Ltd., for inspection of the work done on 1-Sep-20x1. M/s. Radhika Travels (P) Ltd., visited the work shop of M/s. Hanumant Fabricators, on 7-Sep-20x1, and confirmed that the bus body was in accordance with the terms of the contract. M/s. Hanumant Fabricators, raised an invoice of ₹ 25 Lakh on 15-Sep-20x1, and supplied chassis along with the bus body so constructed, along with the invoice on 16-Sep-20x1. State the time of supply in this case, out of the choices given below-

(A) 10-Aug-20x1

(C) 15-Sep-20x1

(B) 7-Sep-20x1

(D) 16-Sep-20x1

Ans. (A) 10-Aug-20x1

Sec 13 ToS

Activity of bus body building on chassis supplied by others = job-work = service activity

13(2)

Service invoicing within permissible time limit of 30 day (service provided on 7th Sep, 20x1, Service billed on 15th Sep, 20x1)

ToS shall be earlier of

(a) Date of invoice (15th Sep, 20x1) or

(b) Date of payment (10th Aug, 20x1)

Thus, ToS shall be 10th Aug, 20x1.

5. Mr. Salman Khan, a resident of Mumbai, has booked a Videocon D2H connection at his other home in Delhi. His friend Shah Rukh Khan, is resident of Kerala, paid the charges for Salman's D2H connection in Delhi at the time of actual installation. Mr. Shah Rukh Khan went to Kolkatta after making the payment. Both Salman Khan and Shah Rukh Khan are not registered in GST.

Determine the place of supply of D2H service provided by Videocon to Mr. Salman Khan:

(A) Mumbai

(C) Delhi

(B) Kerala

(D) Kolkatta

Ans. (C) Delhi

Sec 12 of IGST Act: LoS and LoR - both in India

12 (11)

Service = Supply of telecommunication service including cable and direct to home television services

PoS = Place of installation = Delhi

6. State which of the following statement is correct:

- (i) Services by any artist by way of performance in folk or classical art forms of music, dance, or theatre as a brand ambassador if the consideration charged for such performance is not more than ₹ 150,000/- is exempt.
- (ii) Services of life insurance business under Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having minimum amount of cover of ₹ 2,00,000 is exempt.

- (iii) Service by an acquiring bank, to any person in relation to settlement of an amount upto ₹ 2,500 /- in a single transaction transacted through credit card, debit card, charge card or other payment card service is exempt.
- (iv) Services provided by a goods transport agency by way of transport in a goods carriage of, goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage is ₹ 2250/-, is exempt.

Your options are-

- (A) (i) (C) (ii), (iii), (iv)
 (B) (ii), (iii) (D) None of the above

Ans. (D) None of the above

Exemption

- (i) Exemption not available to service provided as brand ambassador [Entry No. 78]
 (ii) Exemption to micro-insurance product with maximum value of cover of ₹ 2,00,000 is exempt. (₹ 2,00,000 amount is not minimum amount but maximum amount) [Entry No. 36]
 (iii) Exemption is available only if settlement amount is of ₹ 2,000 [Entry No. 34]
 (iv) Exemption to GTA service by way of transportation of goods in a single carriage upto ₹ 1500 is exempt. [Entry No. 21]

7. A taxable person has made following supplies in January, 20x1 –

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, 20x1 – 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 (C) CGST – ₹ 8,000, SGST – Nil, IGST – ₹ 5,200
 (B) CGST – ₹ 11,600 SGST – ₹ 1,600 (D) CGST – ₹ 8,000 SGST – Nil, IGST – ₹ 16,000

Ans. (D) CGST – ₹ 8,000 SGST – Nil, IGST – ₹ 16,000

GST liability

- (Exports + Supply to SEZ) = IGST liability (as not supplied under Bond) = 1,00,000 * 18% = 18,000
- Intra-state sale = 2,00,000 - CGST@9% = 18,000 - SGST@9% = 18,000

Statement showing computation of NET GST PAYABLE from cash ledger for tax period of Jan, 20x1

[Sec 49, Sec 49-A & Sec 49-B of CGST Act read with Rule 86 & 88-A of CGST Rules, 2017]

Particulars	IGST (₹)	CGST (₹)	SGST (₹)	Total GST (₹)
GST liability under Forward charge				
GST payable	18,000	18,000	18,000	54,000
Less: ITC (IGST) of ₹ NIL	---	---	---	---
Less: ITC (CGST) of ₹ 10,000 [ITC (CGST) shall be utilized first for payment of CGST and then, for payment of IGST liability, if any.]	---	10,000	N.A.	10,000
Less: ITC (SGST) of ₹ 20,000 [ITC (SGST) shall be utilized first for payment of SGST and then, for payment of IGST liability, if any.]	2,000	N.A.	18,000	20,000
GST payable in cash (from e-cash ledger)	16,000	8,000	NIL	24,000
GST liability under Reverse charge				
RCM liability	---	---	---	---
GST payable in cash (from e-cash ledger)	---	---	---	---
Total liability to be discharged in cash	16,000	8,000	NIL	24,000

8. Sukanya, a registered supplier, failed to pay the GST amounting to ₹ 5,000 for the month of January, 20x1. The proper officer imposed a penalty on Sukanya for failure to pay tax. Sukanya believes that it is a minor breach and in accordance with the provisions of section 126 of the CGST Act, 2017, no penalty is imposable for minor breaches of tax regulations. In this regard, which of the following statements is true?

- (A) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is less than ₹ 5,000
- (B) Penalty is not leviable on Sukanya since the breach is considered as a 'minor breach' if amount of tax involved is upto ₹ 5,000
- (C) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is Nil.
- (D) None of the above.

Ans. (A) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is less than ₹ 5,000

Sec 126

General principles as to imposition of penalty – where penalty amount is discretionary for officer

9. Rupam wishes to file an appeal to Appellate Tribunal. In which of the following cases, the Appellate Tribunal cannot refuse to admit his appeal as per the GST laws?

- Amount of tax/ ITC or difference in tax/ difference in ITC involved exceeds ₹ 50,000
- Amount of fine, fee or penalty determined by the order exceeds ₹ 50,000
- Amount of tax/ ITC or difference in tax/ difference in ITC involved is ₹ 50,000
- Amount of fine, fee or penalty determined by the order is ₹ 50,000
- Amount of tax/ ITC or difference in tax/ difference in ITC involved is less than ₹ 50,000
- Amount of fine, fee or penalty determined by the order is less than ₹ 50,000

- (A) i. and ii. (C) ii. and iv.
(B) i. and iii. (D) v. and vi.

Ans. (A) i. and ii.

Sec 112: Appeal to Appellate Tribunal

- Tribunal has right to refusal admission of appeal in cases where dues are upto ₹ 50,000.

10. Certain goods were imported by air. The free on board value of goods is ₹ 100. The cost of transport, loading, unloading and handling charges up to place of importation is ₹ 25. The cost of insurance is ₹ 10. For the purposes of Rule 10 (2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, which of the following shall be added to the value of imported goods?

- (A) Cost of transport, loading, unloading and handling charges – ₹ 25; and Cost of insurance ₹ 10;
- (B) Cost of transport, loading, unloading and handling charges – ₹ 25; and Cost of insurance ₹ 1.125
- (C) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance ₹ 1.125
- (D) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance ₹ 10

Ans. (D) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance ₹ 10

Sec 14 of CA, 1962: Valuation of import goods

Rule 10 of IVR Transport cost = Air transport cost, ascertainable = Addition to be restricted to 20% of FoB = 20
Transit Insurance Cost = Actual cost being ascertainable = ₹ 10 to be added

11. Mr. Khan, engaged in trading of ice-cream (not containing cocoa) in Jammu & Kashmir within the same State itself. Turnover of his firm in preceding financial year is ₹ 80,00,000. State the composition turnover limit for the State of Jammu and Kashmir and whether he is eligible to opt for Composition Scheme or not, under GST.

- (A) ₹ 75,00,000/-: Yes (C) ₹ 1,50,00,000/-: Yes
(B) ₹ 75,00,000/-: No (D) ₹ 80,00,000/-: Yes

Ans. (C) ₹ 1,50,00,000/-: Yes

Sec 10 Composition Scheme

Eligibility Person = Supplier of goods (excluding manufacturer of 4 notified goods)

10(1) Eligibility limit = ATO (PY) of ₹ 150 Lakh (for J&K supplier)

10(2) Conditions for availment

Manufacturer supplier of ice-cream is not entitled (but traders are entitled)

Inter-state supplier not entitled (but intra-state supplier is entitled)

Thus, he is eligible.

12. Which one of the following persons are not liable to obtain registration compulsorily under GST ?

- (A) Input Service Distributor. (C) Persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise.
- (B) Persons who are required to deduct tax under section 51 of the CGST Act, 2017. (D) Person making inter-State supply of taxable services with aggregate turnover of ₹ 15 lakh in Delhi.

Ans. (D) Person making inter-State supply of taxable services with aggregate turnover of ₹ 15 lakh in Delhi.

Sec. 23(2)

While Sec 24 mandates registration for inter-state supplier.

In exercise of powers of Sec 23(2), Govt has issued notification exempting inter-state supplier of services from registration if their ATO does not exceed ₹ 20 lakh rupees (for SCS as defined in Explanation to Sec 22- Nagaland, Manipur, Tripura and Mizoram- limit is ₹ 10 Lakh).

Inter-state supplier of services in Delhi = Reg exempt if ATO upto ₹ 20 lakh

13. As per section 54 of the CGST Act, 2017, any person claiming refund of any tax, interest, if any, paid on such tax or any other amount paid by him, may make an application before the expiry of _____ from the 'relevant date'.

- (A) 2 years (C) 4 years
(B) 3 years (D) 18 months

Ans. (A) 2 years

Sec 54: Refund of Tax

14. Which of the following statements are true with respect to accounts and records under GST laws?

- (A) All accounts and records are to be retained for 5 years. (C) Stock record is to be maintained by all registered dealers including composition dealers.
- (B) Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme. (D) Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition.

Ans. (B) Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme.

Sec 35 read with rule 56 Accounts and records

15. GST compliance rating shall be assigned to:

- (A) only a person who is liable to deduct TDS/collect TCS (C) only an Input Service Distributor
- (B) only a composition dealer (D) every registered person

Ans. (D) every registered person

Sec 149: GST Compliance rating

[Compliance rating is assigned by evaluating/checking compliance level of person. Impliedly, it is only for registered person. It is applicable for all registered persons.] [Note: This provision is not in operation presently]

16. Where the National Anti-Profitteering Authority determines that a registered person has not passed on the benefit of input tax credit to the recipient by way of commensurate reduction in price, the Authority may order :

- i. reduction in prices
ii. imposition of prescribed penalty
iii. cancellation of registration

Which of the above options are correct?

- (A) i. and ii. (C) i. and iii.
(B) i., ii. and iii. (D) i.

Ans. (B) i., ii. and iii.

Sec 171: Anti-profitteering Authority

- NAPA (national anti-profitteering authority) to examine cases as to anti-profitteering.

- If supplier is found guilty of anti-profiteering, NAPA may order providing for all the above stated matters.

*** Sec 171(3A) empowers NAPA to order for levy of PENALTY = 10% of amount profiteered**

[Saving from penalty: However, if profiteered amount itself is deposited within 30 days, then penalty shall not be leviable]

17. Which of the following statements is correct while issuing a tax invoice under GST Laws?

- (A) Place of supply in case of inter-State supply is not required to be mentioned. (C) Quantity is not required to be mentioned in case of goods when goods are sold on "as is where is basis".
- (B) The power of attorney holder can sign the tax invoice in case the taxpayer or his authorized representative has been travelling abroad. (D) HSN code for goods or services is required to be mentioned.

Ans. (D) HSN code for goods or services is required to be mentioned.

Rule 46: Contents of Tax Invoice

N/N 78/2020-CT w.e.f. 1-4-2021.

	ATO in the preceding FY	No. of Digits of HSN Code (for both Goods and Services)	
(i)	Upto ₹ 5 crores	4 digits *	In respect of supply to URP (i.e., B2C Supply): Mention of HSN code is optional.
(ii)	More than ₹ 5 Crores	6 digits	

However, for CERTAIN GOODS (having particular HSN) 8 digits HSN shall be mentioned on Tax Invoice.

18. In which of the following cases, the refund under section 27 of the Customs Act, 1962 is credited to the consumer welfare fund?

- (A) If the importer proves that there is no unjust enrichment; (C) If the amount of refund relates to drawback under sections 74 and 75 of the Customs Act, 1962
- (B) Where goods are imported for non-personal use of an individual; (D) If the amount relates to export duty paid on goods which have been returned to exporter as specified under section 26 of the Customs Act, 1962.

Ans. (B) Where goods are imported for non-personal use of an individual;

Sec 27 of CA, 1962: Refund of Customs Duty

While refund arising in case of import of goods for personal use is not subject to 'unjust enrichment',

- Refund arising in case of import of goods for non-personal use of individual is subject to doctrine of unjust enrichment.

19. The integrated tax leviable on imported goods is levied -

- (A) as an additional duty of customs under section 3(7) of the Customs Tariff Act, 1975; (C) as a duty of customs under the Customs Tariff Act, 1975 read with Integrated Goods and Services Tax Act, 2017;
- (B) as integrated tax under section 5 of the Integrated Goods and Services Tax Act, 2017; (D) None of the above

Ans. (B) as integrated tax under section 5 of the Integrated Goods and Services Tax Act, 2017;

Sec 5 of IGST Act, 2017

Charging section for IGST

Import of goods = Inter-State Supply (Sec 7(2) of IGST Act) = attract charge of IGST

- Though, its actual levy and collection is materialized through Customs law

Sec 3(7) of CTA, 1975

It provides that it shall be collected as an additional customs duty.

[Customs law will be handling levy and collection treating/deeming it as an 'additional customs duty'.

Conclusion: IGST on import of goods is IGST, but through CTA, 1975 it is collected just like as an additional customs duty.

MTP – May 2020 Exams**1. Which of the following statements is true?**

1. Services provided by Government ITIs to individual trainees are exempt from GST.
 2. Services provided by the State Governments and private service providers by way of transportation of patients in ambulance are exempt from GST.
 3. Services of renting of shops in a hospital are exempt from GST being health care services.
 4. Services provided by Police to PSUs are taxable.
- (A) 1, 2 & 4 (C) 3 & 4
(B) 2, 3 & 4 (D) 1, 2, 3 & 4

(2 Marks)**Ans. (A) 1, 2 & 4****Exemption Notification:**

1. Services provided by Government ITIs to individual trainees are exempt from GST – service by Govt to non-business entity exempt -- **Statement give is TRUE**
2. Services provided by the State Governments and private service providers by way of transportation of patients in ambulance are exempt from GST – Health care services are exempt -- **Statement give is TRUE**
3. Services of renting of shops in a hospital are exempt from GST being health care services – Not exempt (it is not health care service) -- **Statement give is FALSE**
4. Services provided by Police to PSUs are taxable – service by Govt to PSU (business entity) not-exempt – Such service is taxable (GST payable on RCM basis by PSU) -- **Statement give is TRUE**

2. Where the National Anti-Profiteering Authority determines that a registered person has not passed on the benefit of input tax credit to the recipient by way of commensurate reduction in price, the Authority may order:

- i. reduction in prices
- ii. imposition of prescribed penalty
- iii. cancellation of registration

Which of the above options are correct?

- (A) i. and ii. (C) i. and iii.
(B) i., ii. and iii. (D) i.

(2 Marks)**Ans. (B) i., ii. and iii.****Sec 171 of CGST Act**

NAPA can take all of the above actions against supplier found guilty of anti-profiteering.

3. In which of the following cases, compounding of offence is not allowed under section 138 of the CGST Act, 2017?

- (A) a person who has been allowed to compound once in respect of any of the offences specified in clauses (a) to (f) of section 132(1) of the CGST Act, 2017. (C) a person who has been accused of committing an offence under GST law which is also an offence under any other law for the time being in force.
- (B) a person who has been convicted for an offence under GST law by a Court. (D) All the cases covered in (a), (b) and (c) above

(1 Mark)**Ans. (D) All the cases covered in (a), (b) and (c) above****Refer Section 138 of CGST Act****4. Which of the following is correct for destroyed goods under section 23 of the Customs Act, 1962?**

- (A) It is only applicable in case of total loss of goods even if the same can be recovered. (C) The provisions are also applicable even if goods are destroyed after warehousing.
- (B) The importer is not required to pay duty on such goods. (D) The importer need not prove the loss to the proper officer.

(1 Mark)**Ans. (C) The provisions are also applicable even if goods are destroyed after warehousing.****Sec 23 of Customs Act, 1962**

- (a) Sec 23 covers loss as well as destruction of goods.

- (b) Sec 23 entitles importer to request for remission of his duty liability by providing his losses.
- (c) Warehouse losses/destruction also covered
- (d) Importer to prove losses.

5. In which of the following cases, importer can claim pilferage and choose not to pay duty under section 13 of the Customs Act, 1962?

- i. Goods pilfered while on high seas;
- ii. Goods pilfered before unloading;
- iii. Goods pilfered after unloading but before order for home consumption given by proper officer;
- iv. Goods cleared for home consumption.

- (A) (i) and (ii) (C) Only (ii)
- (B) (i) and (iii) (D) Only (iii)

(1 Mark)

Ans. (D) Only (iii)

6. In which of the following cases, can an importer claim abatement of duty under section 22 of the Customs Act, 1962?

- i. Goods pilfered during unloading;
- ii. Goods damaged by accident (due to negligence of the importer) after unloading but before examination for assessment by customs authorities;
- iii. Goods destroyed by accident while in warehouse (due to negligence of the importer);
- iv. Goods deteriorated by accident (not due to negligence of the importer) after unloading but before examination for assessment by customs authorities.

- (A) Only (iv) (C) Both (i) and (iii)
- (B) Only (iii) (D) Only (ii)

(1 Mark)

Ans. (A) Only (iv)

Abatement benefit to importer u/Sec 22 of Customs Act

1. Abatement benefit is not for pilferage (for that Sec 13 benefit shall be claimed);
2. Post-unloading damaged not entitled to abatement benefit if attributable to negligence of importer
3. Post-unloading destruction not entitled to abatement benefit if attributable to negligence of importer
4. Post-unloading deterioration entitled to abatement if not attributable to negligence of importer

7. Electric shaving machine is classifiable under following:

8510: Shavers and hair clippers with self-contained electric motors;

8509: Electro mechanical domestic appliances with self-contained electric motor As per rules of classification, electric shaving machine should be classifiable under

- (A) 8510 (C) More information is needed
- (B) 8509 (D) Can be classified under both

(2 Marks)

Ans. (A) 8510

Classification of Goods

Multiple headings are applicable to situation

Rule 3(a) of GRI- prefer specific heading over general heading

Heading 8510 is more specific (as it directly covering description of goods in question)

MTP - Nov 2020 Exams

1. Byomkesh Mukherjee & Sons, a registered person located in the state of West Bengal, is engaged in the supply of taxable goods. He desires to take part in a trade fair to be held in State of Gujarat for supply of such goods. He does not have fixed place of business in Gujarat. Which of the following statement(s) is correct in the context of obtaining registration in Gujarat?

- (A) He has to obtain registration as regular tax payer under section 22 of the CGST Act
- (C) He has to obtain registration as casual taxable person as defined under section 2(20) of the CGST Act

(B) He has to obtain registration as composition tax payer under section 10 of the CGST Act

(D) He is not required to obtain registration if his aggregate turnover does not exceed ₹ 40 lakh.

(2 Marks)

Ans. (C) He has to obtain registration as casual taxable person as defined under section 2(20) of the CGST Act

Byomkesh will be Casual TP in State of Gujarat.

His registration is compulsory as per Sec 24 (assumed he is supplier of goods other than handicraft/ craftman goods).

* Casual TP is never entitled to composition scheme of sec 10 of CGST Act. [Sec 10(2) of CGST Act]

2. A person purchases new battery in exchange of old battery and balance payment of ₹ 3500 in money. The price of the new battery without exchange is ₹ 15,000. Which one is correct regarding GST liability on the transaction?

(A) GST is payable on ₹ 3500 + open market value of old battery.

(C) GST is payable on open market value of new battery, i.e. ₹ 15,000

(B) GST is payable on ₹ 3500

(D) GST is payable on value of battery of like kind or quality

(2 Marks)

Ans. (C) GST is payable on open market value of new battery, i.e. ₹ 15,000

Supply Exchange = Activity for consideration (non-monetary)

Supply as per Sec 7(1)(a)

Valuation Sec 15(4) read with Rule 27

Value = OMV = ₹ 15,000

3. Countervailing duty under section 9 of the Customs Tariff Act shall not be levied unless it is determined that:

(i) Subsidy relates to export performance;

(ii) Subsidy relates to use of domestic goods over imported goods in export article;

(iii) Subsidy is conferred on all persons engaged in the manufacture of export article.

(A) All of above

(C) (ii) and (iii)

(B) Only (iii)

(D) (i) and (ii)

(2 Marks)

Ans. (D) (i) and (ii)

Sec 9 of CTA, 1975: CVD on subsidized articles

4. Anti-Dumping duty is calculated as

(A) Higher of margin of dumping or injury margin

(C) Higher of export price or normal value

(B) Lower of margin of dumping or injury margin

(D) Lower of export price or normal value

(2 Marks)

Ans. (B) Lower of margin of dumping or injury margin

Sec 9-A of CTA, 1975: Anti-Dumping Duty

5. Which of the following is not considered as a supply under the CGST Act, 2017?

(A) Importation of architectural services for ₹1,00,000/- for construction of residential property used for personal purposes from unrelated person.

(C) Importation of architectural services free of cost for construction of office used for business purposes from unrelated person.

(B) Importation of architectural services free of cost for construction of office used for business purposes from related person.

(D) Both (a) and (c)

(2 Marks)

Ans. (C) Importation of architectural services free of cost for construction of office used for business purposes from unrelated person.

Import of service falls within scope of supply in following 2 cases:

7(1)(a) = Import of Service for consideration is supply (whether for business purpose or personal purpose)

7(1)(c) + Schedule 1 (para 4) = Import of Service without consideration is supply (only when it is for business purpose)

(A) = Supply as per 7(1)(a). (for consideration + non-business purpose)

(B) = Supply as per 7(1)(c) + Schedule 1 (para 4) (without consideration + business purpose)

(C) = **Not supply** (without consideration + non-business purpose)

6. If a taxable person has done the following act, inspection can be ordered:

(i) Suppression of any transaction of supply of goods or services

(ii) Suppression of stock of goods in hand

(iii) Contravention of any provision of the GST law to evade tax

(A) (i) and (ii)

(C) (i) and (iii)

(B) (ii) and (iii)

(D) (i), (ii) and (iii)

(1 Mark)

Ans. (D) (i), (ii) and (iii)

Sec 67(1) : Power of inspection

PO >= JC can authorize inspection of place of business if he has reason to believe that :

a taxable person has suppressed

... any transaction relating to supply of goods or services or both or

... the stock of goods in hand, or

... has claimed ITC in excess of his entitlement under this Act or

... has indulged in contravention of any of the provisions of Act/Rules to evade tax under this Act;

7. The taxable event under the Customs Act, 1962 is:

(A) Import of goods into India/ export of goods from India;

(C) Sale of goods into India/ Sale of goods outside India;

(B) Supply of goods into India/ Supply of goods from India to outside India;

(D) Manufacture of goods into India for supply outside India.

(1 Mark)

Ans. (A) Import of goods into India/ export of goods from India;

Sec 12 of CA, 1962 (charging section for customs duty)

MTP – May 2021 Exams

1. Being aggrieved by the order of proper officer, a tax payer filed an appeal for issue of pending refund amount. The Appellate authority ordered in favor of tax payer and granted refund of ₹ 5,00,000/- and interest of ₹ 80,000 on that refund amount totalling to ₹ 5,80,000 on 06.10.20x1. In its order, Authority instead of adding the interest to the refund, mistakenly subtracted ₹ 80,000 and refund granted in the order totalled to ₹ 4,20,000. The taxpayer vexed up with the next process and accepted ₹ 4,20,000 as refund and did not apply for rectification. The authority, suo moto wants to rectify the mistake after 3 years. What is the time limit for rectification of mistake apparent from record?

(A) 3 months from the date of issue of order i.e., 06.01.20x2

(C) No time limit for rectification of mistake

(B) 6 months from the date of issue of order i.e., 06.04.20x2

(D) Since taxpayer has not applied for rectification, mistake cannot be rectified

[2 Marks]

Ans. (C) No time limit for rectification of mistake

Appellate Authority (AA) = First Appellate Authority, i.e.,

(a) **Joint Commissioner (Appeals)** is AA if appeal against order passed by the AC/DC or Superintendent.

(b) **Commissioner (Appeals)** is AA if appeal against order passed by the Additional or Joint Commissioner.

Provision as to RoM in order of AA = **Sec 161 of CGST Act, 2017**

Rectification of Mistake	Time limit within which mistake shall be brought to notice of Authority	Time limit within which mistake will be rectified by Authority
Suo-Moto (by Authority who passed order)	No time limit	Within 6 months from date of issuance of concerned order etc.

Mistake brought to notice by Officer (CGST Officer or SGST Officer or UTGST Officer)	Time limit of 3 months from date of issuance of concerned order etc.	Within 6 months from date of issuance of concerned order etc.
Mistake brought to notice by affected person	Time limit of 3 months from date of issuance of concerned order etc.	Within 6 months from date of issuance of concerned order etc.
Pure clerical errors / Arithmetical errors - no time limit for rectification		

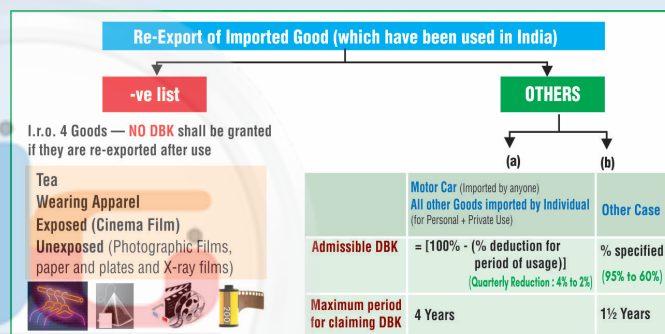
2. Mehta & Co. imported certain goods and cleared them for home consumption on 5th April, 20x1 after paying import duty of ₹ 5,00,000. It used the imported goods and placed them under Customs control for export on 15th October, 20x1. Which of the following statement(s) is correct in respect of duty drawback of imported goods under customs law?

- (A) Drawback amounting to ₹ 4,75,000 is allowed (C) Drawback amounting to ₹ 5,00,000 is allowed
(B) Drawback amounting to ₹ 3,75,000 is allowed (D) No duty drawback is allowed where imported goods are used before re-exportation

[2 Marks]

Ans. (B) Drawback amounting to ₹ 3,75,000 is allowed

Date of Import :- 5th April, 20x1
Amount of Duty :- ₹ 5,00,000
Date of Re export after use :- 15th October, 20x1
No. of months b/w date of clearance for home consumption and date to when goods are placed under customs control for export :- 7 months (part of month shall be considered as full month)
Amount of duty drawback :- ₹ 5,00,000 × 75% = ₹ 3,75,000



3. Which of the following is not the function of GST Council?

- (A) To make recommendations on goods and services that may be exempted from GST (C) To determine tax not paid/short paid for any reason other than fraud
(B) To make recommendations on the rates including floor rates with bands of GST (D) To establish a mechanism to adjudicate any dispute between the Government of India and one or more States

[1 Marks]

Ans. (C) To determine tax not paid/short paid for any reason other than fraud

As per Article 279-A (4) of the Constitution of India, the Council will make recommendations to the Union and the States on important issues related to GST, like

- Taxes, cesses, and surcharges to be subsumed under the GST;
- Goods and services which may be subject to, or exempt from GST;
- The threshold limit of turnover for application of GST;
- Rates of GST;
- Model GST laws, principles of levy, apportionment of IGST and principles related to place of supply;
- Special provisions with respect to the eight north eastern states, Himachal Pradesh, Jammu and Kashmir, and Uttarakhand; and
- Other related matters (like to establish a mechanism to adjudicate any dispute between the Government of India and one or more States).

Determination of tax not paid/short paid for any reason other than fraud (or due to fraud) is a function of GST Officer which is to be done in terms of Sec 73 or 74 of CGST Act.

4. Which of the following statements is correct in case of pilfered goods under Customs?

- (A) Refund of duty can be claimed in case of pilfered goods (C) Duty drawback can be availed in case of pilfered goods
(B) Duty is not required to be paid in case of pilfered goods (D) Duty is payable at the reduced rates in case of pilfered goods

[1 Marks]

Ans. (B) Duty is not required to be paid in case of pilfered goods

As per Sec 13 of Customs Act 1962, if any imported goods are pilfered after the unloading thereof and before the PO has made an order for clearance for home consumption or deposit in a warehouse, the importer shall not be liable to pay the duty leviable on such goods except where such goods are restored to the importer after pilferage.

5. Which of the following statements is most appropriate in case of dutiable goods under customs law?

- (A) Dutiable goods mean any goods which are chargeable to duty
- (B) Dutiable goods mean any goods on which duty has not been paid
- (C) Dutiable goods mean any goods which are chargeable to duty and on which duty has been paid
- (D) Dutiable goods mean any goods which are chargeable to duty and on which duty has not been paid

[1 Marks]

Ans. (D) Dutiable goods means any goods which are chargeable to duty and on which duty has not been paid

As per Sec 2(14) of Customs Act 1962, Dutiable goods means any goods which are chargeable to duty and on which duty has not been paid.

Author: Imported goods may be dutiable or non-dutiable. Customs clearance is required in both the cases.

	Dutiable Goods (Goods actually subject to some duty liability)	Non-dutiable goods (Goods not subject to some duty liability - like exempted goods / Nil rated goods)
Customs Clearance	Clearance for home consumption - upon payment of ID (belated payment will also attracts interest liability @15% p.a.) Deposit into warehouse - without payment of ID (ID is payable when goods are cleared. Such clearance will also interest warehousing interest in terms of Sec 61(2), if goods are not cleared within 90 days of warehousing order)	Clearance for home consumption - without payment of ID (no question of interest) Cannot be warehoused at all
Seizure & Confiscation (improper importation)	Improper importation will make such goods subject to seizure and confiscation.	Improper importation will make such goods subject to seizure and confiscation. (Prohibited goods, even if non-dutiable, will also be subject to seizure and confiscation)

6. Goods other than restricted goods, including edible items, of _____ value in a licensing year, may be exported as a gift.

- (A) ₹ 1,00,000
- (B) ₹ 2,00,000
- (C) ₹ 5,00,000
- (D) ₹ 10,00,000

[1 Mark]

Ans. (C) ₹ 5,00,000

Goods, including edible items, of value not exceeding ₹ 5,00,000/- in a licensing year, may be exported as a gift.

However, items mentioned as restricted for exports in ITC(HS) shall not be exported as a gift, without a licence/certificate/permission

7. Rajkamal Cooperative Housing Society, registered under GST charges ₹ 21,000 as a general maintenance charge for the quarter April, 20x1 to June, 20x1 from Jaimin Sinha holding Flat No. 101. Jaimin Sinha forgot to pay the maintenance charges on time, resulting into levy of interest. The total amount charged from him was ₹ 24,000 (₹ 21,000 + ₹ 3,000 for interest).

Whether Jaimin Sinha is liable to pay GST, if yes on what amount?

- (A) Yes, ₹ 21,000
- (B) Yes, ₹ 24,000
- (C) Yes, ₹ 1,500
- (D) No, not liable to pay GST.

[1 Mark]

Ans. (B) Yes, ₹ 24,000

As per Sec 15(2) of CGST Act, 2017, interest or late fee or penalty for delayed payment of any consideration for any supply- (though, these will form part of value of supply when actually charged/received from recipient).

Therefore, Jaimin Sinha is liable to pay GST on ₹ 24,000.

8. Whether Mr. X, a registered person, can issue single debit note or credit note for one or more invoices?

- (A) No, for every invoice, separate debit note or credit note is required to be issued
- (C) No, however, single invoice can have more than one debit note or credit note

(B) Yes, one debit note or credit note can be issued for one or more invoices

(D) Debit note or credit note can be issued irrespective of issue of invoice

[1 Mark]

Ans. (B) Yes, one debit note or credit note can be issued for one or more invoices

As per **sec 34 of CGST Act 2017**, Mr. X can issue a single debit note or credit note for one or more invoices

MTP – Nov 2021 Exams

(a) Series-I

1. Mr. Lal, a registered person under GST, was the proprietor of M/s. Spiceton Restaurant. He died and left behind his wife and son on 15th August. His son – Mr. Pal - wants to continue the business of the deceased father. The GST consultant of M/s. Spiceton Restaurant gives advice to Mr. Pal as to how he can continue the business of his deceased father.

Which of the following options is correct in accordance with the provisions of GST law?

- (A) Mr. Pal should get himself registered under GST in the name and style M/s. Spiceton Restaurant under his own PAN and file Form GST ITC 02.
- (B) Mr. Pal can get the authorized signatory changed by approaching to the Proper Officer and can continue the same business.
- (C) Mr. Pal should close the old firm and start new business under different name.
- (D) Mr. Pal should do the business with his mother as the new proprietor of the M/s. Spiceton Restaurant, and Mr. Pal should act as a Manager.

[2 Marks]

Ans. (A) Mr. Pal should get himself registered under GST in the name and style M/s. Spiceton Restaurant under his own PAN and file Form GST ITC 02.

Proprietor = GST registered

Death of proprietor: Legal heir (son) wants to continue business

Formalities to be complied by Legal heir (Son)

- **Acting for self**, he shall get business registered in his name (with his PAN)
- **Acting on behalf of deceased father**,
 - ... he shall apply for transfer of credit lying in registered business to his name (for this purpose, he shall file Form GST ITC-02 on behalf of his father) and
 - ... also he shall proceed for cancellation of registration of his deceased father (for this purpose, he shall file registration cancellation application on behalf of his father).

2. For which of the following acts done by a taxable person, inspection can be ordered under GST law?

- (i) Suppression of any transaction of supply of goods or services
- (ii) Suppression of stock of goods in hand
- (iii) Contravention of any of the provisions of the GST law to evade tax
- (A) (i), (ii) (C) (ii), (iii)
- (B) (i), (iii) (D) (i), (ii), (iii)

[2 Marks]

Ans. (D) (i), (ii), (iii)

Sec 67 : Inspection, Search and Seizure

As per **Section 67 of CGST Act**, Inspection can be carried out by **an officer of CGST only upon a written authorization given by an officer of the rank of Joint Commissioner or above.**

A Joint Commissioner or an officer higher in rank can give such authorization only if he has reasons to believe that :

- (a) taxable person has done one of the following :

- suppressed any transaction of supply of goods and/or services;
- suppressed stock of goods in hand;

- iii. claimed excess input tax credit;
- iv. contravened any provision of the CGST Act to evade tax;
- (b) any person engaged in transporting of goods has kept goods which have escaped payment of tax or has kept his accounts or goods in a manner that is likely to cause evasion of tax, whether or not he is a registered taxable person.
- (c) an owner or an operator of a warehouse or a godown or any other place has kept goods which have escaped payment of tax or has kept his accounts or goods in a manner that is likely to cause evasion of tax.

3. **Mr. A, a sole proprietor, has to appear before the Appellate Authority. He decides to appear through an authorized representative. Which of the following persons can be appointed as 'a uthorized representative' of Mr. A under GST law?**

- (i) Sohan, his son, who has been dismissed from a Government service lately.
- (ii) Rohan, a Company Secretary, who has been adjudged insolvent.
- (iii) Mukul, a practicing High Court advocate.

- (A) (i) and (ii) (C) (iii)
- (B) (ii) and (iii) (D) (ii)

[2 Marks]

Ans. (C) (iii)

Sec 116: Appearance by Authorized Representative

(i) Sohan, his son, who has been dismissed from a Government service lately.	Person dismissed from government service cannot be made AR.
(ii) Rohan, a Company Secretary, who has been adjudged insolvent.	Insolvent person cannot be made AR.
(iii) Mukul, a practicing High Court advocate.	HC advocate can be made AR.

4. **What will be the rate of tax and nature of supply of a service if the same is not determinable at the time of receipt of advance?**

- (A) 12%, inter-State supply (C) 18%, inter-State supply
- (B) 12%, intra-State supply (D) 18%, intra-State supply

[1 Mark]

Ans. (C) 18%, inter-State supply

Rule 50: Receipt Voucher

Where at the time of receipt of advance the rate of tax is not determinable, the tax shall be paid at the rate of 18 % & the nature of supply is not determinable, the same shall be treated as inter-State supply.

5. **Which of the following options is/are correct?**

- (i) Indian customs waters extend up to 12 nautical miles.
- (ii) Indian customs waters extend up to 24 nautical miles.
- (iii) Indian customs waters extend up to exclusive economic zone of India.
- (iv) Indian customs waters include territorial waters and extend up to 200 nautical miles.

- (A) Only (ii) (C) (ii) and (iv)
- (B) (iii) and (iv) (D) Only (iv)

[2 Marks]

Ans. (B) (iii) and (iv)

Sec 2: Indian Customs water

ICW = extends to EEZ = 200 NM

6. **Which of the following statements is/are correct?**

- (i) Special exemption under section 25 of the Customs Act, 1962 is granted by issuing a notification.
- (ii) General exemption under section 25 of the Customs Act, 1962 is granted by issuing an order.
- (iii) Special exemption is required to be published in official gazette.
- (iv) General exemption is not required to be published in official gazette.

- (A) (i), (ii), (iii) and (iv) (C) Both (i) and (ii)
- (B) None of above (D) (ii) and (iv)

[2 Marks]

Ans. (B) None of above

Sec 25: Exemption from duty

2 modes – through notification or through order

Sec 25 (1): Exemption in general

Any goods can be exempted

Exemption shall be granted in public interest.

Exemption Notification shall be issued.

[Such Notification = Exemption Notification]

Sec 25 (2): Exemption in special individual case

Any goods can be exempted

Exemption shall be granted in public interest.

Further, exceptional nature circumstance shall be there to justify exemption.

Exemption order shall be issued.

[Such Order = Ad-Hoc Exemption order]

7. Which of the following is correct for destroyed goods under section 23 of the Customs Act, 1962?

- | | |
|--|--|
| (A) It is applicable in case of total loss of goods even if same can be recovered. | (C) The provisions are also applicable even if goods are destroyed at the warehouse. |
| (B) The provisions are not applicable if goods are destroyed at the warehouse. | (D) The importer need not prove the loss to the proper officer. |

[1 Mark]

Ans. (C) The provisions are also applicable even if goods are destroyed at the warehouse.

Sec 23 of Customs Act, 1962

- Sec 23 covers loss as well as destruction of goods.
- Sec 23 entitles importer to request for remission of his duty liability by providing his losses.
- Warehouse losses/destruction also covered
- Importer to prove losses.

(b) Series-II

1. Minimum and maximum limit for amount for compounding of offences under section 138 of the CGST Act, 2017 are:

- | | |
|---|--|
| (A) Minimum: Higher of 50% of tax involved, or ₹ 10,000; Maximum: Higher of 150% of tax involved, or ₹ 30,000 | (C) Minimum: Higher of 50% of tax involved, or ₹ 10,000; Maximum: Lower of 150% of tax involved, or ₹ 30,000 |
| (B) Minimum: Lower of 50% of tax involved, or ₹ 10,000; Maximum: Higher of 150% of tax involved, or ₹ 30,000 | (D) Minimum: Lower of 50% of tax involved, or ₹ 10,000; Maximum: Lower of 150% of tax involved, or ₹ 30,000 |

[2 Marks]

Ans. (A) Minimum: Higher of 50% of tax involved, or ₹ 10,000; Maximum: Higher of 150% of tax involved, or ₹ 30,000

Sec 138: Compounding of Offences

2. Mr. Happy Singh is a resident of Chandigarh. The marriage of his daughter, Khushi Kaur, has been finalized with Mr. Lovely Singh, a NRI settled in Canada. The marriage is scheduled on 14th February in Chandigarh. Mr. Happy Singh wants to send 5,000 marriage invitation cards to all his relatives and friends to attend the marriage. He has to send the invitation by speed post. He is not sure about the taxability of speed post services under GST regime. He seeks your help in determining the applicability of GST on speed post. Choose the correct option.

- | | |
|-----------------|-----------------------|
| (A) GST payable | (C) Exempt |
| (B) Non-taxable | (D) None of the above |

[2 Marks]

Ans. (A) GST payable

Services by Govt. [Postal Department = Department of CG]

Services by Govt

- Activities of Government = Business Activity
- Even if Government is engaged in doing activity as public authority, then such activity is business activity. (Though, municipal functions and panchayat functions have been excluded from scope of supply)

Postal department services = within scope of Supply

Exemption: **Entry No. 6**

- Other than certain specified services, all services of postal department have been exempted. However, speed post service is not exempt. Thus, on speed post, GST is payable.

3. The time-limit for issuance of order of best judgment assessment is:

- | | |
|---|---|
| (A) 5 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates. | (C) 3 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates. |
| (B) 4 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates. | (D) None of the above |

[2 Marks]

Ans. (A) 5 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.

Sec 62 Best judgment in case of non-filers of returns

Sec 63 Best judgment in case of unregistered person

6. GST compliance rating shall be assigned to:

- | | |
|---|--|
| (A) only a person who is liable to deduct TDS/ collect TCS. | (C) only an input service distributor. |
| (B) only a composition dealer. | (D) every registered person. |

[1 Mark]

Ans. (D) every registered person.

Sec 149: GST Compliance rating

[Compliance rating is assigned by evaluating/checking compliance level of person. Impliedly, it is only for registered person. It is applicable for all registered persons.] **[Note: This provision is not in operation presently]**

4. In which of the following cases, can an importer claim abatement of duty under section 22 of the Customs Act, 1962?

- | | |
|---|-----------------------------|
| (i) Goods pilfered during unloading | |
| (ii) Goods damaged by accident (due to negligence of the importer) after unloading but before examination for assessment by customs authorities | |
| (iii) Goods destroyed by accident while being removed from the warehouse after clearance for home consumption | |
| (iv) Goods damaged by accident (not due to negligence of the importer) after unloading but before examination for assessment by customs authorities | |
| (A) Only (iv) | (C) Both (i) and (iii) |
| (B) Only (iii) | (D) (i), (ii), (iii) & (iv) |

[2 Marks]

Ans. (A) Only (iv)

Abatement benefit to importer u/Sec 22 of Customs Act

1. Abatement benefit is not for pilferage (for that Sec 13 benefit shall be claimed);
2. Post-unloading damaged not entitled to abatement benefit if attributable to negligence of importer
3. Post-unloading destruction not entitled to abatement benefit if attributable to negligence of importer
4. Post-unloading deterioration entitled to abatement if not attributable to negligence of importer

5. Which of the following are levied as additional duties of customs under section 3 of the Customs Act, 1962?

- | | |
|--|-------------------------|
| (i) Duty equal to excise duty leviable on like product manufactured in India | |
| (ii) Countervailing duty as special additional duty | |
| (iii) Special additional duty to counterbalance sales tax | |
| (iv) Anti-dumping duty to protect domestic industry | |
| (A) (i), (ii), (iii) and (iv) | (C) (i), (iii) and (iv) |
| (B) (i), (ii) and (iv) | (D) (i), (ii) and (iii) |

[2 Marks]

Ans. (D) (i), (ii) and (iii)

Sec 3: Levy of additional duty equal to excise duty, sales tax, local taxes and other charges

- (i) CVD (counter-balancing ED levied on like goods when produced/manufactured in India – like tobacco products) – **Sec 3(1) of CTA, 1975**
- (ii) CVD as SAD/ special additional duty (counter-balancing VAT/sales tax which is levied on sales of like article in India – e.g., petro products) – **Sec 3(5) of CTA, 1975**
- (iii) ----- same as in point (ii) -----
- (iv) Anti-Dumping duty – levied u/**Sec 9-A of CTA, 1975**

6. Anti-dumping duty is calculated as follows:

- | | |
|--|--|
| (A) Higher of margin of dumping or injury margin | (C) Higher of export price or normal value |
| (B) Lower of margin of dumping or injury margin | (D) Lower of export price or normal value |

[1 Mark]

Ans. (B) Lower of margin of dumping or injury margin

Sec 9A: Anti Dumping Duty**REVISION TEST PAPER (ICAI)****RTP - May 2019 Exams**

1. M/s. Wanderlust Travels (P) Ltd. purchased a bus chassis from M/s. Krishi Motors Ltd. for a consideration of ₹ 90.00 lakh on 01.10.20x1. M/s. Wanderlust Travels (P) Ltd. sent the bus chassis for body building to M/s. Bhagwant Fabricators and paid in advance the total consideration of ₹ 25.00 lakh on 15.10.20x1. M/s. Bhagwant Fabricators, after completing the bus body, informed M/s. Wanderlust Travels (P) Ltd. for carrying out the inspection of the work done on 05.11.20x1. M/s. Wanderlust Travels (P) Ltd. visited the work shop of M/s. Bhagwant Fabricators on 08.11.20x1 and confirmed that the bus body was in accordance with the terms of the contract.

The last date for issuing the invoice by M/s. Bhagwant Fabricators is:-

- | | |
|----------------|----------------|
| (A) 15.10.20x1 | (C) 08.12.20x1 |
| (B) 08.11.20x1 | (D) 05.12.20x1 |

Ans. (C) 08.12.20x1

M/s Bhagwant Fabricator = Job-worker (doing processing on goods of other person)

- His activity = Supply of service

Provisions as to invoicing of services – **Sec 31 read with Rule 47**

Tax invoice to be issued before or after the provision of service (i.e. 08.11.20x1) but within 30 days from the date of supply of service (i.e. 08.12.20x1)

2. Which of the following statements are true with respect to accounts and records?

- (1) All accounts and records are to be retained for 6 years.
 - (2) Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme.
 - (3) Stock record is to be maintained by all registered dealers including composition dealers.
 - (4) Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition.
 - (5) Monthly production records are to be maintained by all dealers including composition dealers.
 - (6) Records are to be maintained at principal place of business.
- | | |
|----------------|----------------|
| (A) 1, 2, 5, 6 | (C) 1, 3, 4 |
| (B) 1, 2, 5* | (D) 1, 2, 4, 6 |

Ans. (B) 1, 2, 5

Sec 35: Accounts and records

Point (6) - In terms of Sec 35, records are to be maintained at principal place of business **and also at additional place of business.**

3. Which among the following cannot be a reason for cancellation of registration?

- (A) There is a change in the constitution of business from partnership firm to proprietorship. (C) A composition taxpayer has not furnished returns for three consecutive tax periods.
- (B) The business has been discontinued. (D) A registered person, other than composition taxpayer, has not furnished returns for three consecutive tax periods.

Ans. (D) A registered person, other than composition taxpayer, has not furnished returns for three consecutive tax periods.

Sec 29(2): Cancellation of registration by PO

- Registration of **composition supplier** can be cancelled if he failed to furnish monthly return for 3 consecutive tax periods (i.e., 3 Annual Returns- GSTR-4)
- Registration of **RP (other than composition supplier)** can be cancelled if he failed to furnish return **for a continuous period of 6 months**

Normal Supplier

Operating under	Return filing frequency	Cancellation proceedings can be invoked as per Sec 29(2) (c)
QRMP Scheme	Quarterly GSTR-3B, - by 22nd / 24th	Continuous 2 Quarterly Returns are not filed
Normally	Monthly GSTR-3B - by 20th	Continuous 6 Monthly Returns are not filed

4. Which of the following persons can opt for the composition scheme?

- (1) Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 75 lakh.
 (2) Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore.
 (3) A person engaged in business of pan masala, tobacco and manufactured tobacco substitutes.
 (4) A person engaged in the business of ice cream, other edible ice, whether or not containing cocoa.
 (5) A person engaged exclusively in providing restaurant service.
 (6) A person engaged exclusively in supply of medicines.
- (A) 1, 2, 3, 5 (C) 2, 3, 4, 5
 (B) 1, 2, 5, 6 (D) 3, 4, 5, 6

Ans. (B) 1, 2, 5, 6

Sec 10: Composition Scheme

10(1) Composition scheme eligibility limit = 150 Lakh / 75 Lakh (ATO in PY)

10(2) **Composition scheme not available to certain manufacturer supplier**

Manufacturer supplier of **Pan Masala, Tobacco and manufactured tobacco substitutes, Ice Cream, other edible ice and aerated water.**

5. Which of the following statements is/are correct for 'similar goods' for valuation purposes under the Customs Act, 1962?

- (i) Similar goods although not alike in all respects, have like characteristics and like component materials which enable them to perform the same functions and to be commercially interchangeable with the goods being valued having regard to the quality, reputation and the existence of trade mark.
 (ii) Similar goods are necessarily produced in the country in which goods being valued were produced.
 (iii) Similar goods are necessarily produced by the same person who produced the goods being valued.
- (A) (i) and (ii) (C) (i) and (iii)
 (B) Only (i) (D) All of above

Ans. (A) (i) and (ii)

Rule 2 of IVR, 2007

Similar goods defined.

- As per definition, **even goods produced by different person can be considered as 'similar goods'** in a situation where goods produced by same person is not available.

6. Which of the following statements is/are correct for safeguard duty under section 8B of the Customs Tariff Act, 1975?

- (i) **Safeguard duty is imposed on articles which are imported in increased quantities.**

- (ii) Such increased importation is causing or threatening to cause serious injury to domestic market.
- (iii) Safeguard duty can be imposed for a period of 4 years and the period of imposition can be extended. However, in no case the safeguard duty shall continue to be imposed beyond a period of 10 years from the date on which it was first imposed.
- (iv) Safeguard duty can be imposed provisionally also pending final determination of duty.
- (A) (i), (ii) and (iii) (C) None of above
- (B) Only (i) and (iv) (D) All of above

Ans. (D) All of above

Sec 8-B: Power of CG to apply SAFEGUARD MEASURES

7. Which of the following statements is not correct for pilfered goods under section 13 of the Customs Act, 1962?
- (A) The importer is not required to pay duty on imported goods which are pilfered after unloading but before being cleared for home consumption.
 - (B) The importer is not required to pay duty on warehoused goods which are pilfered before being cleared for home consumption.
 - (C) The onus to prove the pilferage does not lie on the importer.
 - (D) If pilfered goods are restored to the importer, he becomes liable to pay duty.

Ans. (B) The importer is not required to pay duty on warehoused goods which are pilfered before being cleared for home consumption.

Sec 13: Duty on Pilfered Goods

RTP - Nov 2019 Exams

[All Questions incorporated in Jan 2022 Edition of ICAI Booklet – as given in the beginning]

RTP - May 2020 Exams

[All Questions incorporated in Jan 2022 Edition of ICAI Booklet – as given in the beginning]

- *. Shree Ram Seva Trust is a charitable institution registered under section 12AB of the Income-tax Act, 1961. It has organized a skill development programme relating to persons over the age of 65 years residing in a well-planned city, in the month of April. It has received following amounts under the programme:

Particulars	Amount (₹)
Subscription fees for the programme	50,000
Sponsorship fees	1,00,000
Consideration for supply of goods	3,00,000

Besides, the trust has received the donations of ₹ 2,00,000 in April. Hanuman, accountant of Shree Ram Seva Trust, is not able to determine the taxability of the above amounts received under GST law. He seeks your expertise in determining the same.

Determine the value of taxable supply of Shree Ram Seva Trust, for the month of April:

- (A) Nil (C) ₹ 6,00,000
- (B) ₹ 6,50,000 (D) ₹ 4,50,000

[Modified in alignment with the amendment]

Ans. (D) ₹ 4,50,000

Donations received by the trust is exempt vide Entry No. 1.

Hence value of taxable supply is ₹ 4,50,000 (50,000 + 1,00,000 + 3,00,000)

Entry No. 1

(Charitable Entity (Registered u/Sec 12-AA or Sec 12-AB of Income Tax Act, 1961) – exemption to specified charitable activities)

Services by an entity registered under section 12AA or Sec 12-AB of the Income-tax Act, 1961 by way of charitable activities*.

Crux of Amendment made in Entry No. 1: Presently due to amendment in Income Tax Act, 1961, in order to claim Income Tax exemption u/Sec 10 and 11 of the Income Tax act, 1961, trust/institution has to register under 12AB of the Income Tax Act, 1961. Since, in order to claim income tax exemption u/Sec 10 and 11 of the Income Tax Act, 1961, trust/institution has to register u/Sec 12AB of the Income Tax Act, 1961, the reference to Sec 12AA of the Income Tax Act in GST notification has been replaced with "sec 12AA or sec 12 AB".

RTP – Nov 2020 Exams

[All Questions incorporated in Jan 2022 Edition of ICAI Booklet – as givne in the beginning]

RTP – May 2021 Exams

[All Questions incorporated in Jan 2022 Edition of ICAI Booklet – as givne in the beginning]

RTP – Nov 2021 Exams

[All Questions incorporated in Jan 2022 Edition of ICAI Booklet – as givne in the beginning]

RTP – May 2022 Exams

Zoom Air is an airline company operating domestic as well as international flights. The head office of Zoom Air is in Mumbai and the company has also obtained registration under GST in each of the States from where the flight operations are being conducted.

During the month of January, following transactions were undertaken by it:

- (i) Zoom Air sold air tickets worth ₹ 5,00,000 during the month from its head office and the breakup of air fare is as follows:
 - Basic fare excluding GST – ₹ 4,00,000
 - Passenger Service Fee (PSF) and User Development Fee (UDF) inclusive of GST – ₹ 1,00,000

Both PSF and UDF are statutory fees which are required to be collected by the airlines as per Government directions and authorization given to airlines. The aforesaid amount of PSF and UDF are inclusive of GST @ 18%. PSF and UDF are remitted by the airlines to the airport authority. Further, the amount of PSF and UDF is separately disclosed in the invoice issued to customers by Zoom Air along with applicable GST. The airport authority pays an amount of 5% of PSF and UDF (inclusive of GST amount) collected as collection charges to the airlines on which GST is applicable. There is no levy of PSF and UDF on the tickets booked by Zoom Air for its own crew or other employees.
- (ii) Zoom Air (Head Office) has collaborated with Supertrip India, an online travel portal, providing services to the customers by way of booking air tickets through its electronic commerce platform and registered under GST in the State of Maharashtra. During the month, Supertrip India booked tickets for ₹ 2,00,000 (base fare excluding GST, PSF and UDF) for the customers of Zoom Air. The amount was remitted by Supertrip India to Zoom Air after required adjustments as per GST law in terms of tax collection at source @ 1% as IGST or @ 0.5% of CGST and @ 0.5% of SGST as applicable. In addition to the aforesaid amount, Supertrip India charged commission from Zoom Air at the rate of 5% of the base fare of air tickets booked.
- (iii) Zoom Air (Head Office) charged 100% cancellation fee from the customers for bookings made in prior months. The amount of cancellation fee charged was ₹ 1,00,000 inclusive of GST. Instead of actually collecting the cancellation fee from the customers, such amount was adjusted against the booking amount and GST discharged at the time of initial bookings. However, the PSF and UDF amounting to ₹ 10,000 (inclusive of GST) charged from the customers against such bookings were refunded.
- (iv) Zoom Air provided gifts in the form of air tickets to 10 of its employees based at its head office for an amount equivalent to ₹ 60,000 each. No amount was recovered from the employees for such air tickets.
- (v) Zoom Air has a corporate tie-up with Welcome Hotel located in Rajasthan for stay of its crew members. For January, the hotel issued an invoice of ₹ 5,00,000 in the name of Zoom Air, Head office, Mumbai.

Haryana office of Zoom Air has provided services by way of sale of online advertisement space to Amazing Pvt. Ltd. (a company registered in the State of Haryana) for promotion of Amazing Pvt. Ltd.'s products. The amount charged for such service by Haryana office of Zoom Air is ₹ 5,00,000.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of input tax credit of Zoom Air and Supertrip India 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. Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the month of January.

GST is applicable in the aforesaid case scenario @ 18% ignoring CGST, SGST and IGST bifurcation for the sake of simplicity.

In case of cancellation of tickets, the airport authority and Zoom Air had an agreement that PSF and UDF related adjustment shall be finalized at the end of financial year, i.e., during the month of March. Further, separate GST invoice shall be issued to carry out such adjustment in books of accounts.

Based on the facts of the case scenario given above, choose the most appropriate answer to

Q. Nos. 1 to 5 below:

1. The gross GST liability of Mumbai Head Office of Zoom Air for the month of January is:

- (A) ₹ 1,08,000 (C) ₹ 1,80,000
(B) ₹ 72,000 (D) ₹ 2,16,900

Ans. (D) ₹ 2,16,900

The option (D) [2,16,900] will be the answer if the collection charges received by Zoom Air for collection of PSF and UDF (= 5% of PSF/UDF) is exclusive of GST. But since those charges have been stated in the question as inclusive of GST, the answer given by ICAI seems to be incorrect.

Infact, correct answer is not provided in any option.

There seems to be drafting mistake.

Calculation of gross GST Liability of Zoom Air [Head Office - Mumbai/ Maharashtra] : Jan Month

Nature of transaction		Value	Rate	Tax liability
Supply of 'Air Travel Service'	Direct supply to customers	4,00,000 [PSF and UDF shall not form part of value - CBIC]	18%	72,000
	Supply to customers through ECO	2,00,000 [PSF and UDF shall not form part of value - CBIC]	18%	36,000
Supply of 'collection services' to Govt [Collection of PSF & UDF for Government]	Direct supply to customers	4,238 [Charges = (1,00,000 * 5%) = 5,000 (GST inclusive) Charges (GST exclusive) = 5,000 / 118%]	18%	763
	Supply to customers through ECO	Details not provided Hence, ignored	--	--
Supply by way of gifts to the employees [Covered by Sch I - being value of supply per employee is exceeding Rs 50,000]		6,00,000 [10 @ 60,000 per employee]	18%	1,08,000
Supply of 'Advertisement Service'		5,00,000	18%	90,000
Total Gross GST liability				2,16,763

[Supply of Advertisement Service (of value 5,00,000) is by Haryana Office and NOT by Head Office (Maharashtra)]. Hence, not considered above]

2. Determine all kinds of credits available to Mumbai Head Office of Zoom Air for setting off against its GST liability for the month of January is:

- (A) ₹ 3,800 (C) ₹ 6,800
(B) ₹ 93,800 (D) ₹ 96,800

Ans. (A) ₹ 3,800

Calculation of Admissible ITC:-

Nature of INWARD SUPPLY	Value	Rate	ITC
Supply of 'Air Travel Agent Service' [by way of booking of air tickets for travel by air]	$(2,00,000 \times 5\%) = 10,000$ [Rule 32(3) of CGST Rules, 2017]	18%	1,800
Supply of 'Hotel Accommodation Service' [Since it is inward supply in state other than state of registration, ITC shall not be available.]		--	Inadmissible
ITC available for Set-off			1,800

Calculation of Admissible TCS (which will stand credited to e-cash ledger of Zoom Air)-

Nature of INWARD SUPPLY	Value	Rate	TCS
Supply of 'Air Travel Service' through SuperTrip (ECO)	2,00,000	1% [0.5% CGST + 0.5% SGST]	2,000
CASH BALANCE available for Set-off			2,000

Total set-off available :- $[2,000 + 1,800] = 3,800$

3. Assuming that the customers, in point (i) of the case scenario above, are registered customers and all other conditions for availment of input tax credit are complied with, the amount of input tax credit available to such customers would be:

- (A) ₹ 90,000 (C) ₹ 87,254
(B) ₹ 72,000 (D) ₹ 76,272

Ans. (C) ₹ 87,254

Calculation of Admissible ITC:-

Nature of INWARD SUPPLY	Value	Rate	ITC
Supply of 'Air Travel Services' [Consideration = Basic Fare] [PSF and UDF shall not form part of value - CBIC]	4,00,000	18%	72,000
Supply of 'Service' by Airport Authority to Customer [Consideration = PSF + UDF]	84,746 [Charges = 1,00,000 (GST inclusive) Charges (GST exclusive) = $1,00,000 / 118\%$]	18%	15,254
Total ITC admissible to GST registered consumer			87,254

4. Choose the correct answer in relation to the transaction between Haryana office of Zoom Air and Amazing Pvt. Ltd.:

- (A) The service is in the nature of online information and database access or retrieval services and Amazing Pvt. Ltd. is liable to pay IGST of ₹ 90,000. (C) Zoom Air is required to pay IGST of ₹ 90,000 and Amazing Pvt. Ltd. is required to collect tax at source on consideration paid to Zoom Air.
(B) The sale of advertisement space is a deemed sale of services as per Schedule II of CGST Act, 2017 and liable to CGST of ₹ 45,000 and SGST of ₹ 45,000. (D) Zoom Air is required to pay CGST of ₹ 45,000 and SGST of ₹ 45,000 and full credit shall be allowed to Amazing Pvt. Ltd.

Ans. (D) Zoom Air is required to pay CGST of ₹ 45,000 and SGST of ₹ 45,000 and full credit shall be allowed to Amazing Pvt. Ltd.

Supplier = Zoom Air (Haryana Office)

Location = Haryana

Place of Supply = Location of recipient = GST registration = Haryana

Nature of Supply = Intra-state Supply

GST liability = CGST @9% + Haryana GST @9%

Value of Supply = 5,00,000

GST liability = CGST (45,000) + Haryana GST (45,000)

5. Supertrip India purchases 1000 air tickets in bulk for an amount of ₹ 1,000 per ticket from Zoom Air and provides booking of air ticket facility at its electronic portal to the customers on its own account. Supertrip India was able to sell only 800 air tickets for which the total amount collected from customers was ₹ 15,00,000. As per the agreement, the remaining 200 air tickets purchased by Supertrip India from Zoom Air lapsed, and amount was forfeited by Zoom Air. Rate of TCS is 1%.

Choose the correct statement.

- (A) Supertrip India shall be liable to pay GST of ₹ 90,000 and deduct TCS of ₹ 10,000.
- (B) Supertrip India is acting as an agent of Zoom Air and shall be liable to pay GST of ₹ 1,26,000 and no GST will be payable by Zoom Air separately.
- (C) Supertrip India shall be liable to pay GST of ₹ 90,000 and Zoom Air shall be liable to pay GST of ₹ 1,80,000.
- (D) Supertrip India shall be liable to pay GST of ₹ 1,57,500 and Zoom Air shall be liable to pay GST of ₹ 1,80,000.

Ans. (C) Supertrip India shall be liable to pay GST of ₹ 90,000 and Zoom Air shall be liable to pay GST of ₹ 1,80,000.

	ZOOM AIR	SUPERTRIP [ECO]	TCS is applicable i.r.o. supplies made by other suppliers through some ECO. (not self-supplies)
	<u>Supply to Supertrip</u>	<u>Supply to Customer</u> (as supplying service in his own name and raising invoice in its own name)	
OS liability	[1,000 × 1,000 = 10,00,000] @18% = 1,80,000	[15,00,000] @18% = 2,70,000	
Less ITC	-----	(1,80,000)	
Net liability	1,80,000	90,000	

6. Kwaliti Bells Private Limited, registered under GST in Chennai, Tamil Nadu, provided following outward supplies in the current year:

Particulars	Amount (₹)	
	Taxable	Exempt
Intra-State supplies	40,00,000	15,00,000
Inter-State supplies (zero-rated supplies)	30,00,000	10,00,000
Supply of goods procured from China directly from China to UK without such goods entering into India	20,00,000	-
Supply of goods imported from UK, in high seas, to a local vendor by way of endorsement of documents of title to the goods before clearance for home consumption	5,50,000	6,00,000

Compute the aggregate turnover of Kwaliti Bells Private Limited under GST law for the current year.

- (A) ₹ 95,00,000
- (B) ₹ 1,26,50,000
- (C) ₹ 1,20,50,000
- (D) ₹ 1,15,00,000

Ans. (A) ₹ 95,00,000

Aggregate Turnover [as defined in [Sec 2\(6\) of the CGST Act](#)]

= TO of both intra-state supply and inter-state supply

= 40,00,000 + 15,00,000 + 30,00,000 + 10,00,000 = 95,00,000

Supply of goods procured from China directly from China to UK without such goods entering into India.

Excluded from scope of Supply [Sch. III]

No Supply transaction

Value will not form part of ATO

Supply of goods imported from UK, in high seas, to a local vendor by way of endorsement of documents of title to the goods before clearance for home consumption.

Excluded from scope of Supply [Sch. III]

No Supply transaction

Value will not form part of ATO

7. Which of the following statements is correct in respect of warehousing under customs?

- (A) Special warehouses are not under physical control of the customs authorities (i.e. not under lock of customs): Control is record based.
- (B) The importer of warehoused goods is required to submit bond for an amount equal to twice the duty amount involved.
- (C) In case of imported goods for use in any 100% EOU, the warehousing period for capital goods is till their ex-bonding and for goods other than capital goods, it is till their ex-bonding/consumption.
- (D) In case of imported goods for use in any 100% EOU, the warehousing period for goods other than capital goods is 1 year from the date of order permitting deposit of goods in warehouse.

Ans. (C) In case of imported goods for use in any 100% EOU, the warehousing period for capital goods is till their ex-bonding and for goods other than capital goods, it is till their ex-bonding/consumption.

(a)	Special warehouses are not under physical control of the customs authorities (i.e. not under lock of customs). Control is record based.	Spl/ W/H are under physical control of customs. So, this statement is incorrect.
(b)	The importer of warehoused goods is required to submit bond for an amount equal to twice the duty amount involved.	W/Hing Bond = 300% of duty assessed So, this statement is incorrect.
(c)	In case of imported goods for use in any 100% EOU, the warehousing period for capital goods is till their ex-bonding and for goods other than capital goods, it is till their ex-bonding/consumption.	EoU allowed to keep CG till their ex-bonding. So, this statement is correct.
(d)	In case of imported goods for use in any 100% EOU, the warehousing period for goods other than capital goods is 1 year from the date of order permitting deposit of goods in warehouse.	EoU allowed to keep ALL GOODS till their ex-bonding. So, this statement is incorrect.

8. No drawback of import duty will be allowed in respect of _____, if they have been used after their importation in India:

- (i) Wearing Apparel
- (ii) Tea Chests
- (iii) Silver utensils
- (iv) Exposed cinematograph films passed by Board of Film Censors in India
- (A) (i) and (iii)
- (B) (i), (ii) and (iii)
- (C) (i), (ii) and (iv)
- (D) (i), (ii), (iii) and (iv)

Ans. (C) (i), (ii) and (iv)

Sec 74(2): DBK on re-export of goods after use in India

But it is inadmissible in certain cases.

MISCELLANEOUS MCQs

1. Foreign Trade Policy is formulated, controlled and supervised by the office of
- (A) DGFT attached to Ministry of Commerce and Industry (C) DFIT attached to Ministry of External Affairs
- (B) DFTP attached to Ministry of Finance (D) DGIT attached to Ministry of Foreign Affairs

Ans. (A) DGFT attached to Ministry of Commerce and Industry

- FTP is framed u/Sec 5 of FT (D&R) Act, 1992.
- FTP is framed and amended by CG, by notification in OZ.
- **Ministry of Commerce and Industry, Government of India** announces the Foreign Trade Policy (FTP) in every 5 years. Currently effective FTP is 2015-2020.
- **Director General of Foreign Trade (DG-FT) acts as advisor and executor.**

Foreign Trade Policy 2015-2020 [N/N 33/ 2015-2020 (31st March, 2021)]

Extension of FTP 2015-20:: Validity of Foreign Trade Policy 2015-20 has been extended till March 31, 2022

2. SION stands for
- (A) Service India Original Norms (C) Service India One Nation
- (B) Standard Input Output Norms (D) Standard Input Operating Norms

Ans. (B) Standard Input Output Norms

3. The power to levy duties of Customs including Export duties is given to Central Government by
- (A) Entry 47 of Union List (C) Entry 82 of Concurrent List
- (B) Entry 83 of Union List (D) Entry 56 of State List

Ans. (B) Entry 83 of Union List

- Power to levy customs duty = Article 246 of Constitution of India
- Parliament empowered to levy customs duty - Union List (Entry No. 83)

4. Under Article 279A how many members of the GST Council shall constitute the Quorum at its meetings :
- (A) $\frac{1}{4}$ of total number of members (C) $\frac{3}{4}$ of total number of members
- (B) $\frac{1}{3}$ of total number of members (D) $\frac{1}{2}$ of total number of members

Ans. (C) $\frac{3}{4}$ of total number of members*

- **Article 279-A of Constitution of India** [GST Council]
- Decision shall be taken by majority of **not less than $\frac{3}{4}$ th** of weighted votes of those present and voting.

5. Pre-deposit to be made while filing an appeal before the Appellate Tribunal shall be :
- (A) Admitted liability in full plus 20% of tax in dispute (C) Admitted tax in full plus 20% of the tax in dispute
- (B) Admitted liability in full plus 20% of tax in dispute, in addition to the amount deposited before AA (D) Admitted tax and interest in full plus 20% of tax in dispute in addition to the amount deposited before AA

Ans. (B) Admitted liability in full plus 20% of tax in dispute, in addition to the amount deposited before AA

Sec 117 of CGST Act, 2017 [Appeals to Appellate Tribunal]

Payment requirement for filing appeal before CESTAT:

- **Admitted liability (tax, interest, penalty, etc)** - to be paid in full
- **Disputed liability** - 20% of disputed tax shall be paid in addition to amount paid before AA (this payment has to be restricted to ₹ 50 crores)

6. Under Section 109 of the CGST Act, in which cases after taking approval of the President Appellate Tribunal (State), the appeal shall be heard by bench consisting of a single member ?
- (A) Fine, fee and penalty does not exceed ₹ 2 Lakh and does not involved question of law. (C) Input tax credit involved, fine, fees and penalty does not exceed ₹ 5 Lakh and which does not involve question of law.

(B) Input tax credit involved, fines, fees and penalty does not exceed ₹ 10 Lakh and does not involve question of law.

(D) Input tax credit involved, fine, fees and penalty does not exceed ₹ 5 Lakh or which involves question of law.

Ans. (C) Input tax credit involved, fine, fees and penalty does not exceed ₹ 5 Lakh and which does not involve question of law.

Sec 109 of CGST Act, 2017 [Appeals to Appellate Tribunal]

• **State Bench of Appellate Tribunal**

- **Appeal shall be heard by 3 Members Bench.** [One Judicial member + 1 Technical Member (Centre) + 1 Technical Member (State). Decision shall be by majority. (reference shall be made to third member if Bench is equally divided).

Hearing by 2 members Bench (Divisional Bench- DB): - DB will hear case in case of absence of a member due to vacancy or otherwise) -- [Sec 109 (10)]

Hearing by 1 member Bench: - Single Member Bench can hear appeal only if amount involved is upto ₹ 5,00,000 and question of law is not involved. Further, in such cases approval of President shall be required. -- [Sec 109 (10)]

7. Taxes not subsumed by GST

(A) Luxury Tax

(C) Taxes on Advertisement

(B) Central Sales Tax

(D) Entertainment tax levied by local bodies

Ans. (D) Entertainment tax levied by Local Body

8. Rubex Retreads uses rubber for retreading valued ₹ 25,000 and value of retreading service is ₹ 6,000 Rate of GST for rubber is 5% and for retreading service is 18%. GST applicable for the above composite supply is

(A) ₹ 5,580

(C) ₹ 1,550

(B) ₹ 2,330

(D) ₹ 4,800

Ans. (A) ₹ 5,580

Job-Work Activity (treatment or processing of goods of another person)

- Such job-work when involves supply of goods also = **Composite Supply**
- Such job-work = **Supply of Service** (as principal supply is supply of service and as per Sec 8 of CGST Act, composite supply shall be treated as supply of 'principal supply')
- Value of Supply = Total Charges = (25,000 + 6,000) = **31,000**
- **GST liability = 31,000 * 18% = 5,580/-**

9. Mark Twist, a GST registered supplier in Maharashtra, deals in dish washing machines. He temporarily transfers some such machines valued ₹ 1,20,000, without consideration, for personal use. GST rate being 5%, his tax liability will be

(A) CGST of ₹ 3,000 and SGST of ₹ 3,000

(C) There is no liability to tax

(B) IGST of ₹ 6,000

(D) Tax cannot be determined without knowing the place of supply

Ans. (C) There is no liability to tax

Activity = Temporary transfer of business assets (dish washing machines) without consideration

- Only specified activities without consideration amounts to supply [Sec 7(1)(c) read with Schedule I of CGST Act]
- As per Para 1, permanent transfer of business availed assets amounts to supply. Temporary transfer does not amount to supply.
- Further, presuming that such transfer is not to related person or deemed distinct person, such activity is not covered by Para 2.
- Para 3 (principal to agent) and Para 4 (import of service) are also not applicable to given activity.

Thus, this activity does not fall within scope of 'supply' as defined in Sec 7 of CGST act.

- Therefore, there is no liability to tax.

10. In case of renting of land, inside an industrial estate, by the State Government to a registered manufacturing company. GST is

(A) Exempted

(C) Applicable under forward charge

(B) Applicable under reverse charge

(D) Not applicable

Ans. (B) Applicable under reverse charge

Services by Govt. - Renting service falls under RCM when such renting to a GST registered entity.

11. In relation to a registered person, 'input tax means the Central Tax, State Tax, Integrated Tax or Union Territory Tax charged on any supply of goods for services or both made to him but does not include :

- (A) The integrated goods and service tax charged on import of goods
- (B) The tax payable under Reverse Charge Mechanism as per SGST Act
- (C) The tax payable under Reverse Charge mechanism as per UTGST Act
- (D) The tax payable under the composition levy

Ans. (D) The tax payable under the composition levy

ITC = Credit of input tax as is allowed to a registered person

Input tax has been defined in Sec 2(62) of CGST Act.

Sec 2(62) defines 'input tax' to exclude composition tax.

This is due to reason recipient of supply from composition supplier is not allowed any ITC.

12. No refund claim shall be paid to an applicant, if the amount is less than ₹ 1,000. Which of the following is an incorrect statement?

- (A) The limit of ₹ 1,000 shall apply for each tax head separately.
- (B) The limit of ₹ 1,000 shall not apply cumulatively for all heads
- (C) The limit would not apply in cases of refund of excess balance in the electronic cash ledger
- (D) The limit of ₹ 1,000 shall apply whether or not it is in the electronic credit ledger or cash ledger

Ans. (D) The limit of ₹ 1,000 shall apply whether or not it is in the electronic credit ledger or cash ledger

Sec 54 (14) of CGST Act : Refund less than ₹ 1,000 shall not be paid to the applicant.

Similar provisions under SGST Act also.

Thus, **CBIC has clarified that** limit shall be applied for each head separately and not cumulatively. [CBIC Circular 59/33/2018-GST]

Also, **it has been clarified that time limitation for claiming refund (2 years from relevant date) shall not applicable in cases of refund of excess balance in e-cash ledger.**

13. A Public Sector Undertaking (PSU) makes a supply of service to another PSU, both of them being registered and located in the State of Karnataka. Provisions relating to deduction of tax is as follows.

- (A) TDS has to be deducted @1% CGST and 1% SGST
- (B) TDS has to be deducted @2% IGST
- (C) No TDS is required to be deducted
- (D) TDS has to be deducted @0.5% CGST and 0.5% SGST

Ans. (C) No TDS is required to be deducted

Requirement to deduct tax as per provisions of Sec 51

- Specified and notified category of recipients are liable to deduct tax in respect of taxable supplies received under contract where value of such supply (GST exclusive) exceeds ₹ 2,50,000.
- PSU is required to deduct TDS.
- However, it has been provided that "TDS provisions shall apply to the supply from a PSU to another PSU, *whether or not a distinct person*"

Thus, TDS provisions shall not be applicable in following cases:

- (a) **Supply between 2 real distinct PSUs** (PSU-1 and PSU-2);
- (b) **Supply between 2 deemed distinct PSUs** (PSU-1 - having 2 different business establishments which are regarded as 'deemed distinct persons' as per provisions of GST Law- e.g., separately registered establishments in same or different states)

14. Krishna from Maharashtra has to hold exhibition in Karnataka for a period exceeding 240 days and he has obtained the allotment letter from the Government. He has to register himself as

- (A) Non-Resident Taxable Person
- (B) A casual Taxable Person
- (C) Person who is to be registered normally under section 22 or section 24
- (D) A person who has to take voluntary registration

Ans. (C) Person who is to be registered normally under section 22 or section 24

- Krishna belongs to Maharashtra (India) and thus, he cannot be a 'non-resident taxable person'.
- Further, he cannot be registered as 'casual taxable person' in Karnataka State as casual TP registration can be for a maximum period of 180 days (initial 90 days plus extension of 90 days) - **Sec 27 of CGST Act read with Rules and CBIC Clarification**

Thus, **he has to seek registration as per normal provisions.**

He shall be liable for registration either as per sec 22 (subject to threshold) or Sec 24 (compulsory registration).

15. Renault Housing Society provides service to its members and is registered under the GST Law. It has collected ₹ 24 Lakh from the members, wherein 18 Lakh pertain to member's contribution within the threshold limit of ₹ 7,500 per month per person. The balance is towards other services, which excludes statutory dues if any. Tax payable on such services by Renault Housing Society @18% GST will be
- (A) ₹ 4,32,000 (C) Not taxable at all
(B) ₹ 3,24,000 (D) ₹ 1,08,000

Ans. (D) ₹ 1,08,000

Renault Housing Society = GST Registered person

- **Supply of services of common use to members for charges of ₹ 7,500 per month per member** = Exempt Service (vide Entry No. 77) --- Exempt Supply and hence, no GST payable
- **Supply of other services (not covered by any exemption)** = Non-exempt supply and hence, GST payable (Value of Supply 6,00,000 liable to GST@18% p.a.)

Thus, total GST payable = (Nil + 1,08,000) = 1,08,000

16. Determine the time of supply

Particulars	
Date of provision of service	10-9-20x1
Date of Completion of Service	—
Date of Invoice	30-9-20x1
Date of Receipt of payment	06-09-20x1 (part) 09-09-20x1 (remaining)
Payment entry in supplier's book	—
Credit in bank account	—
Time of Supply	?

- (A) 30-09-20x1 (C) 09-09-20x1
(B) 06-09-20x1 (D) 06-09-20x1 and 09-09-20x1

Ans. (D) 06-09-20x1 and 09-09-20x1

Given supply transaction = Supply of service

Time of supply = Sec 13 of CGST Act

Supply under forward charge = **Sec 13(2) of CGST Act**

Invoice for supply of service being raised within period permissible for invoicing (i.e., within 30 days): - Time of supply shall be earlier of following 2 dates

- (a) Issuance of invoice (i.e., 30th Sep, 20x1)
(b) Receipt of payment (i.e., 6th Sep, 20x1 and 9th Sep, 20x1)

Thus, ToS shall be 6th Sep, 20x1 and 9th Sep, 20x1.

17. RK Ltd. exported 5,000 kgs of goods with an FOB value of ₹ 6,00,000. Rate of duty of drawback on such export is ₹ 40 per Kg. Market price of goods is ₹ 1,80,000. The quantum of duty drawback available will be
- (A) ₹ 2,00,000 (C) NIL
(B) ₹ 1,80,000 (D) ₹ 20,000

Ans. (C) Nil

DBK as per DBK rate = (5,000 Kgs @40 per kg) = ₹ 2,00,000

Market price of export goods = ₹ 1,80,000

Market price of goods being less than DBK due, DBK shall be prohibited in such case [Sec 76 of CGST Act]

18. Mr. Kaluram, an agriculturist located in the State of Madhya Pradesh, sells agricultural produce cultivated from land. His turnover for the period April 20x1 to March 20x2 is ₹ 25 lakh. He has made occasional inter-state taxable supplies also of ₹ 8 lakh of carpets to the State of Uttar Pradesh during the month of March 20x2. Calculate the aggregate turnover of Mr. Kaluram for the financial year 20x1-x2 under the CGST Act, 2017, and also state whether he is liable for registration under the Act or not.
- (A) Nil, not liable for registration (C) ₹ 25 lakh s, liable for registration
(B) ₹ 8 lakh, not liable for registration (D) ₹ 33 lakh, liable for registration

Ans. (D) 33 lakh, liable for registration

Kaluram = Agriculturist, but certain supplies in capacity other than agriculturist also - He is not covered by Sec 23(1)(b)

Computation of Aggregate value of taxable supplies:

(1) Intra-State supply of goods agricultural produce grown out of cultivation of land	25,00,000
(2) Inter-State supply of carpets (presumed not handicraft goods)	8,00,000
Aggregate Turnover	33,00,000
ATO is very well within the limit of ₹ 40 lakh (enhanced limit as supplier is in Madhya Pradesh). However, being inter-state supplier of goods, he is liable to take compulsory registration in terms of Sec 24 of CGST Act.	

Another Illustration from ICAI New Study Material (May/ Nov 2020)**Ram in Haryana making following intra-state supplies**(i) **Agricultural produce (own cultivation) = 10 Lakh**(ii) **Other items (goods) = 50 Lakh (GST rate- 18%)**

Ram = Agriculturist, but certain supplies in capacity other than agriculturist also - He is not covered by Sec 23(1)(b)

ATO = 60 Lakh

Registration liability = as ATO exceeding applicable threshold limit, registration is required

19. M/s ABC Ltd. registered under GST in Delhi, is engaged in printing and selling of books as well as trading of stationery items. It has provided following information of a consignment which is to be supplied to Mumbai:

(i) **Taxable value of supplies indicated on tax invoice ₹ 35,000**(ii) **Value of exempted supplies ₹ 4,000**(iii) **Value of goods to be sent to job worker on delivery challan ₹ 19,000****Calculate the consignment value for the purpose of generating e-way bill for inter-state supply of goods. Assume rate of tax on taxable goods to be 18%.**

(A) ₹ 35,000

(C) ₹ 64,300

(B) ₹ 58,000

(D) ₹ 60,300

(2 Marks)

Ans. (D) 60,300

Value for purposes of EWB provisions = Consignment Value of goods = **GST inclusive value** (however, value of exempt supply shall be excluded) *[further, value of goods other than by way of supply shall also be included and thus, goods sent for job-work shall also be included]*

Accordingly, in given case, Value = $[(35,000 + 18\%) + (19,000)] = 60,300$

20. Mann Ltd. has supplied goods to local authority for ₹ 11,80,000 (inclusive of GST @18%). Determine the interest liability, if the tax (CGST) is deducted at source on 25-06-20x1 but is deposited on 28-09-20x1. (Round off your answer to nearest rupee)

(A) 399/400

(C) 389/390

(B) 394/395

(D) 404/405

(2 Marks)

Ans. (B) 394 / 395

TDS Obligation shall be discharged within 10 days from end of month.

Belated payment of TDS attracts GST@18% p.a.

In given case,

Due date of payment of TDS = 10th July, 20x1**Actual payment of TDS = 28th Sep, 20x1****No. of days for which payment has been delayed = (21 July + 31 Aug + 28 Sep) = 80 days****Supply transaction which is subject to TDS = Total 11,80,000 (Value 10,00,000 plus GST 1,80,000)**

- Value liable to TDS = 10,00,000 (GST exclusive value)
- TDS (CGST) = 1% of 10,00,000 = 10,000**
- Delay in payment of TDS (CGST) = 80 days
- Rate of interest payable @18% p.a.
- Interest amount payable = $(10,000 * 18\% \text{ p.a.} * 80/365) = 394.52 = (394/395)$

21. Global Tech sold HP Printer cum Scanner worth ₹ 35,000 to Mr. Iqbal, Mr. Iqbal makes payment through RU Pay and RU Pay gives cash back both to Global Tech of ₹ 2,000 and to Mr. Iqbal of ₹ 2,500. Calculate the value of supply.

(A) 32,500

(C) 30,500

(B) 33,000

(D) 37,000

(2 Marks)

Ans. (D) 37,000

Supply transaction charged by supplier = 35,000

Cash back by the digital payment platform = 2,000 to supplier (Global Tech) and 2,500 to recipient (Iqbal)

Cash back by the digital payment platform to recipient of supply - ₹ 2,500 to recipient (Iqbal)

- This cash back is not discount offered by supplier.
- Further, customer is required to pay entire price of the product and only subsequent to purchase the cashback amount is credited to bank account of the recipient.
- Further, this cashback will not find any mention on tax invoice issued by supplier (as supplier has nothing to do with this cashback), such cash back will not have any effect of reducing GST liability.
- In simple words, it shall be ignored while determining value of supply in hands of supplier.

Cash back by the digital payment platform to supplier - ₹ 2,000 to supplier (Global Tech)

- This 'cash back' falls within the definition of '**consideration**' as given u/**Sec 2(31)** of **CGST Act**.
[Consideration covers payment received from third person in relation to or in response to supply]

22. Mr. Raju is a Kathak dancer. He is registered under GST. He gave a dance performance in an auditorium. The consideration charged for the said performance is ₹ 1,80,000. Such performance is not for promotion of any product / services. Rate of CGST and SGST on such services is 9% each. Assuming the services supplied by him to be intra-state supplies, which of the following statements are true?

- | | |
|--|--|
| (A) GST liability of Mr. Raju is Nil as services provided by him are exempt | (C) Mr. Raju is liable to pay CGST and SGST of ₹ 2,700 and ₹ 2,700 respectively. |
| (B) Mr. Raju is liable to pay CGST and SGST of ₹ 16,200 and ₹ 16,200 respectively. | (D) Mr. Raju is liable to pay CGST and SGST of ₹ 7,200 and ₹ 7,200 respectively. |

Ans. (B) Mr. Raju is liable to pay CGST and SGST of ₹ 16,200 and ₹ 16,200 respectively.

Exemption N/N 12/2017-CT(Rate)

Mr Raju is not entitled to exemption as consideration for classical dance performance is exceeding ₹ 1,50,000.

CGST (1,80,000 * 9%) = 16,200 SGST (1,80,000 * 9%) = 16,200

23. Mr. P, a money changer, has exchanged US\$ 12,000 to Indian rupees @ ₹ 68 per US\$. Mr. P wants to value the supply in accordance with rule 32(2)(b) of CGST Rules.

Determine the value of supply made by Mr. P.

- | | |
|-------------|-------------|
| (A) ₹ 4,580 | (C) ₹ 7,160 |
| (B) ₹ 3,580 | (D) ₹ 8,160 |

(2 Marks)

Ans. (A) 4,580

Rule 32(2)(b): Value of Supply of 'service of money changing'

- Total Amount involved in transaction = (12,000 * 68) = 8,16,000
- Value of service = [1,000 + 0.5% of currency exchanged in excess of ₹ 1,00,000]
= 1,000 + (.5% of 7,16,000) = (1,000 + 3,580) = **₹ 4,580**

“
स्वीकार करने की हिम्मत और
सुधार करने की नीयत हो तो
इंसान बहुत कुछ कर सकता है...
”

“

MUM's told me a story (My favorite BEDTIME STORY)

Once upon there was a race... the goal was to reach on the top of a tower. Many people gathered to see and support them. The race began. In reality, the people didn't believe that it was possible that the frogs reached the top of the tower, and all the phrases that one could hear were of this kind... "What pain !!! They will never make it.!" The frogs began to resign, except for the few. The people continued: "....." "What pain !!! They will never make it.!" And almost all the frogs admitted the defeat. At the end, all the frogs quit, except for the one who, alone and with the enormous effort, reached at the top of the tower. One of person out of the huge crowd approached him to ask him how he had done it, to finish the race. And discovered that "He was DEAF!

Morals of the story:

- NEVER LISTEN TO PEOPLE WHO HAVE THE BAD HABIT OF BEING NEGATIVE.....
Because they steal the best aspirations from your heart.....
- ALWAYS BE DEAF TO SOMEONE WHO TELLS YOU THAT YOU CAN'T WIN AND WON'T ACHIEVE YOUR GOALS OR MAKE COME TRUE DREAMS YOUR DREAMS.
- A PERSON IS A WINNER NOT BECAUSE HE WAS BRAVEST AMONG ALL, BUT BECAUSE HE WAS BRAVE FOR 10 MORE MINUTES."

”

“

किसी ने मुझसे पूछा :
क्या करते हैं आप ?

मैंने दिया ये जवाब :



सुन्दर सुर सजाने को साज बनाता हूँ
नौसिखिये परिंदों को बाज बनाता हूँ...

चुपचाप सुनता हूँ शिकायतें सबकी,
तब दुनिया बदलने की आवाज बनाता हूँ...

समंदर तो परखता है हौंसले कशितियों के,
और मैं डूबती कशितियों को जहाज बनाता हूँ...

बनाए चाहे चाँद पर कोई बुर्ज-ए-खलीफा,
अरे मैं तो कच्ची ईंटों से ही ताज बनाता हूँ...

नाज है मुझे अपने शिक्षक होने पर !!

प्रो. दीपक
Prof. Dippak

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