Case Study Based MCQ – 6

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

S. No.	Particulars	Value of service (Rs.)
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 Rs. 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 Rs. 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 Rs. 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 Rs. 50 lakh.   The firm is engaged solely in providing legal services and it does not import/export any services from/to outside India.

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

    (a) Yes, all services provided by an advocate firm are exempt from GST.

    (b) No, since service is provided to a business entity that is registered under GST in the preceding financial year under section 22 of the CGST Act, 2017. However, tax shall be payable by M/s Gopi Narayan & Company under forward charge.

    (c) Yes, any service provided by an advocate firm to a business entity is exempt under GST.

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

    Answer : (d)

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

    (a) For whole amount of Rs. 1,10,000: 15th February

    (b) For Rs. 1 lakh: 15th February and for Rs. 10,000: 5th April

    (c) For whole amount of Rs. 1,10,000: 5th April

    (d) For Rs. 1 lakh: 15th April and for Rs. 10,000: 5th April

    Answer : (c)

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

    (a) Rs. 110,000   (b) Rs. 100,000

    (c) Rs.130,000   (d) Rs. 120,000

    Answer : (a)

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

    (i) M/s Gopi Narayan & Company is eligible to opt for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.

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

    (iii) M/s Gopi Narayan & Company is eligible to opt for composition levy under sub-section (2A) of section 10 of the CGST Act, 2017.

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

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

    Answer : (c)