

Case Study Based MCQ - 7

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By CA. Yashvant Mangal

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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 Rs. 21,000 per AC from the CA firm.
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 Rs. 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 Rs. 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:

(i) Standard price charged:

Air Conditioner: Rs. 20,000 per piece

Service of installation of air conditioner: Rs. 2,000 per installation

AC + Installation: Rs. 21,000 per piece

(ii) Applicable rate of taxes:

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

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

(iv) 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.

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

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

Answer : (a)

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

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

Answer : (c)

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

- (a) No. Since payment has been received before the change in rate of tax, old rate shall be applicable.
 (b) Yes. Since provision of service and issue of invoice is after the change in rate of tax, new rate shall be applicable.
 (c) No. Since time of supply shall be earlier of date of receipt of payment and date of issue of invoice, old rate shall be applicable.
 (d) Yes. Since provision of service is after change in rate of tax, new rate shall be applicable. Date of invoice is not relevant.

Answer : (b)

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

- (a) Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. After seeking advance ruling, if it is aggrieved with the finding of the Authority for Advance Ruling (AAR), it can also file an appeal with Appellate Authority for Advance Ruling (AAAR).
 (b) Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time of supply of air conditioners, but advance ruling cannot be sought for determining the value of supply of air conditioners. Order of AAR is final and cannot be appealed against.
 (c) Jain Bhagwan (P) Ltd. cannot seek advance ruling to determine the time and value of supply of air conditioners.
 (d) Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. Order of AAR is final and cannot be appealed against.

Answer : (a)