



Question 3 [Case Study Based MCQ on Value of Supply, Time of Supply & Place of Supply]

Mangal Ltd. of Mumbai (Maharashtra) is a supplier of machinery. Mangal Ltd. had entered into a contract of supply of the customised machinery with Jain Enterprises of Delhi on 10th September, 20XX. The machinery was dispatched on 1st October, 20XX. As per instructions of Jain Enterprises, Mangal Ltd. delivered & installed the machinery at one of the factory of Jain Enterprises located at Pune (Maharashtra) location on 4th October, 20XX. The invoice for supply has been issued on 4th October, 20XX. Mangal Ltd. and Jain Enterprises are not related and both are registered under GST as per law requirement. Following information is provided:

Basic price of machinery [excluding all taxes but including design and engineering charges of Rs. 5,000 and loading charges of Rs. 10,000] = Rs. 10,00,000

Mangal Ltd. provides 2 years free warranty for the machinery. Mangal Ltd. also provides an extended one year warranty on payment of additional charges of Rs. 50,000. Jain Enterprises opted for one year extended warranty.

Mangal Ltd. has collected consultancy charges in relation to pre-installation planning of Rs. 5,000 and freight and insurance charges from place of removal to buyer's premises of Rs. 10,000.

Mangal Ltd. received subsidy of Rs. 25,000 from Central Government for supplying the machinery to backward region since receiver was located in a backward region. Mangal Ltd. also received Rs. 25,000 from the joint venture partner of Jain Enterprises for making timely supply of machinery to the recipient.

A cash discount of 1% on the basic price of the machinery is offered at the time of supply, if Jain Enterprises agrees to make the payment within 30 days of the receipt of the machinery at his premises. In the event of failure to make the payment within the stipulated time, the company-

- recovers the discount given; and
- charges interest @ 1% per month or part of the month on the total amount due from the customer (towards the machinery supplied) from the date of making the supply till the date of payment. However, no interest is charged on the tax dues.

However, discount @ 1% was given to Jain Enterprises as it agreed to make the payment within 30 days.

The machinery attracts CGST and SGST @ 18% (9%+9%) and IGST @ 18%.

MCQ 1. What is the Value of Supply ?

- (a) 10,55,000

- (b) 10,80,000
- (c) 11,05,000
- (d) 10,90,000

Ans. : (b)

MCQ 2. What is the Time of Supply ?

- (a) 10th September, 20XX
- (b) 1st October, 20XX
- (c) 4th October, 20XX
- (d) None of the Above

Ans. : (b)

MCQ 3. What is the Place of Supply?

- (a) Mumbai (Maharashtra)
- (b) Delhi
- (c) Pune (Maharashtra)
- (d) None of the above

Ans. : (c)

MCQ 4. How much is the amount of Tax payable ?

- (a) 97,200 (CGST) & 97,200 (SGST)
- (b) 1,94,400 (IGST)
- (c) 94,950 (CGST) & 94,950 (SGST)
- (d) 99,450 (CGST) & 99,450 (SGST)

Ans. : (a)

MCQ 5. What would be the additional value of supply, if Jain Enterprises paid the consideration on 31st December, 20XX along with applicable interest, etc.

- (a) 31,950
- (b) 27,076
- (c) 41,950
- (d) 35,551

Ans. : (d)

MCQ 6. What would be the Time of supply in respect of additional value of supply, if Jain Enterprises paid the consideration on 31st December, 20XX along with applicable interest, etc.

- (a) 10th September, 20XX
- (b) 1st October, 20XX
- (c) 4th October, 20XX
- (d) 31st December, 20XX

Ans. : (d)

MCQ 7. What would be the amount of GST payable on additional value of supply, if Jain Enterprises paid the consideration on 31st December, 20XX along with applicable interest, etc.

- (a) 3,776 (CGST) & 3,776 (CGST)
- (b) 7,551 (IGST)
- (c) 3,200 (CGST) & 3,200 (CGST)
- (d) 6,400 (IGST)

Ans. : (c)

