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**Question 7 :- [Case Based MCQ on Input Tax Credit and Section 8]**

M/s Agrawal Industries Ltd. of Mumbai is a manufacturer and registered supplier of machine. It has provided the following details for the month of July, 20XX.

Details of GST paid on inward supplies during the month:

Items	GST Paid
Health Insurance of factory employees (Statutorily required as per governing Laws)	20,000
Raw materials for which invoice has been received and GST has also been paid for full amount but goods will be delivered in 2 installments. As of now only 50% of material has been received, remaining 50% will be received in next month	18,000
Work Contractor’s service used for installation of plant and machinery	12,000
Purchase of manufacturing machine directly sent to job worker’s premises under challan	50,000
Purchase of car used by director for business meeting only	25,000
Outdoor catering service availed for business meetings	8,000

M/s Agrawal Industries Ltd. also provides service of hiring of machines along with man power for operation. As per trade practice machines are always hired out along with operators and also operators are supplied only when machines are hired out.

Receipts on outward supply (exclusive of GST) for the month of July, 20XX are as follows:

Items	Amount Received
Hiring receipts for machine	5,25,000
Service charges for supply of man power operators	2,35,000

Assume all the transactions are interstate and the rates of IGST to be as under:

- (i) Sale of machine 5%
- (ii) Service of hiring of machine 12%
- (iii) Supply of man power operator service 18%

**Note :** Opening balance of input tax credit is NIL.

**MCQ 1:** What is the amount of eligible Input Tax Credit available

- (a) 90,000

- (b) 82,000
- (c) 91,000
- (d) 62,000

**Ans. - (b)**

**MCQ 2:** Hiring out of excavators and Supply of manpower services are.....

- (a) Mixed Supply and are chargeable to GST @ 18%
- (b) Composite Supply and are chargeable to GST @ 18% because Supply of manpower services is the principal supply
- (c) Composite Supply and are chargeable to GST @ 12% because Hiring out of machine services is the principal supply
- (d) are neither Mixed Supply nor Composite Supply, because consideration for both are charged separately. Therefore, respective rate of tax given will be applicable.

**Ans. - (c)**

**MCQ 3:** What is the Gross amount of IGST liability (before utilization of ITC)

- (a) 1,36,800
- (b) 1,05,300
- (c) 38,000
- (d) 91,200

**Ans. - (d)**

**MCQ 4 :** What is the Net amount of GST payable in Cash, if any (after utilization of ITC, if any)

- (a) 200
- (b) 54,800
- (c) 9,200
- (d) 23,300

**Ans. - (c)**