

Case Study Based MCQ - 14

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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 Rs. 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 Rs. 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%
03rd August	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 (Rs.)	Next financial year(Rs.)
Taxable supplies (excluding GST)	Rs. 55,00,000	Rs. 77,00,000*

Exempt supplies (exempt by way of a notification)	Rs. 45,00,000	Rs. 37,00,000
IGST (paid on outward supplies)	Rs. 5,000	Rs. 7,000
CGST	Rs. 15,000	Rs. 17,000
SGST	Rs. 15,000	Rs. 17,000

*including supply of services of Rs. 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 Rs. 10,00,000 (exclusive of taxes) from XYZ Ltd., a State - owned enterprise. It has its registered office at Delhi and it is registered under GST only in the Union Territory of Delhi. It 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.

- 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?
 - Designing services received from Mr. Manoj in South Africa without any consideration
 - Architect services received from Mr. Murali in London for Rs. 2 lakh for personal purposes
 - Both the designing services and architect services received from Mr. Manoj and Mr. Murali respectively
 - Neither the designing services nor the architect services received from Mr. Manoj and Mr. Murali respectively

Answer : (b)

- What is the 'date of payment' for sewing machine supplied by KUSHA Pvt Ltd. to Mr. Mahesh?
 - Date on which payment is entered in the books of accounts of supplier or date on which the payment is credited in his bank account, whichever is earlier, i.e., 3rd August
 - Date on which payment is entered in the books of accounts of supplier or date on which the payment is credited in his bank account, whichever is later, i.e. 9th August
 - Date on which the payment is credited in his bank account, i.e. 9th August
 - Date on which payment is entered in the books of accounts of supplier, i.e. 3rd August

Answer : (a)

- 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?
 - Eligible; the permissible limit for supply of services is Rs. 11,40,000
 - Eligible; the permissible limit for supply of services is Rs. 10,00,000
 - Eligible; the permissible limit for supply of services is Rs. 5,50,000
 - Mr. Mahesh is not eligible to opt for composition scheme.

Answer : (d)

4. With respect to contract for an amount of Rs. 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 % (b) 1% (c) 2% (d) Nil

Answer : (d)