

# Case Study Based MCQ - 22

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Vispute Textile Pvt. Ltd. (hereinafter referred to as VTPL) is engaged in manufacturing and trading of textile products. Its head office is located in Surat, Gujarat. Besides, it has three other units - Darsh, Kunj and Nitya located in Mumbai (Maharashtra), Surat (Gujarat) and Pune (Maharashtra) respectively.

The head office (hereinafter referred to as VTPL-HO) and Units Kunj and Nitya are registered under GST. Unit Darsh is not registered under GST as it is exclusively engaged in supply of exempt goods. Further, VTPL- HO in Surat, Gujarat is also separately registered under GST as Input Service Distributor (ISD).

VTPL-HO purchased goods worth Rs. 5,00,000 from Mr. Jayesh. However, such goods were directly sent to the premises of registered job worker, Mr. Dinesh, without being first received at VTPL's manufacturing unit.

Goods were cleared by supplier - Mr. Jayesh - on 10th April, but were received by the job worker on 16th April. The job worker carried out the job work and supplied the goods to M/s. Mahendra Enterprises on 13th April of next year on payment of tax on the direction of VTPL-HO. VTPL-HO has not declared Mr. Dinesh's premises as additional place of business in registration details on GSTN portal.

VTPL-HO bought a new motor vehicle worth Rs. 12,00,000 in exchange of old motor vehicle (Exchange value of old motor vehicle is Rs. 4,50,000) on 5th July, having seating capacity of 13 persons excluding the driver for the daily transport of its employees. Old motor vehicle was purchased 2 years before on 1st September for Rs. 8,00,000. Seating capacity of the old motor vehicle was 10 persons including driver. Rate of GST on motor vehicle is 18%.

On 25th July, VTPL-HO engaged Bahubali Ltd., a company (registered under GST in Mumbai, Maharashtra) dealing in textile machineries, to supply machineries worth Rs. 30,00,000 for a spinning unit to be set up at Satara, Maharashtra. Machineries are supplied in completely knocked down condition at the Satara unit and assembled by the engineers of Bahubali Ltd. Satara unit is yet to be registered under GST.

Following information is available in respect of the units for which VTPL is registered under GST as an ISD, for month of July:

Input Service	CGST (Rs.)	SGST (Rs.)	IGST (Rs.)	Remarks
X	50,000	50,000	-	Used in Unit Darsh
Y	-	-	1,20,000	Used in Unit Nitya and Darsh
Z	4,000	4,000	-	Used in Unit Kunj [Input Service Z is in respect of servicing of motor bike (with engine capacity of 120 cc) used in Kunj Unit for business purpose]

Total turnover of the units for the last financial year are given under.

Unit	Turnover (Rs.)
Darsh	15,00,000
Kunj	8,00,000
Nitya	10,00,000

**Note:**

- (i) Applicable rate of CGST and SGST is 6% each and IGST is 12% on all inward and outward supplies, unless otherwise specified.
- (ii) All the units are operational during the year unless specifically mentioned otherwise in the question.
- (iii) All the amounts given above are exclusive of GST, wherever applicable.
- (iv) Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

1. Which of the following statements is/are correct in respect of the goods sent for job work to Mr. Dinesh?
  1. VTPL is not eligible to take input tax credit as it has not declared the premises of the job worker as its additional place of business.
  2. VTPL is required to reverse the input tax credit as job worker returned the goods after 1 year from 10th April.
  3. VTPL is not required to reverse the input tax credit as job worker returned the goods before 1 year from 16th April.
  4. VTPL cannot directly sell the goods to M/s Mahendra Enterprises from job worker's premises as VTPL has not declared the premises of the job worker as its additional place of business.

(a) 1st and 4<sup>th</sup>                      (b) 2nd and 4<sup>th</sup>                      (c) Only 3<sup>rd</sup>                      (d) Only 4<sup>th</sup>

**Answer : (c)**

2. Which of the following statements is true in context of input tax credit to be distributed by ISD VTPL-HO to Unit Kunj?
  - (a) CGST and SGST credit of Rs. 54,000 each and IGST credit of Rs. 1,20,000 will be distributed as IGST credit, to Unit Kunj in proportion to its turnover of preceding financial year to the total turnover of all the three units of the preceding financial year.

- (b) Ineligible credit of CGST and SGST of Rs. 4,000 each will be distributed as ineligible credit of IGST of Rs. 8,000 to Unit Kunj.
- (c) Credit of CGST and SGST of Rs. 4,000 each will be distributed as credit of IGST of Rs. 8,000 to Unit Kunj.
- (d) Ineligible credit of CGST and SGST of Rs. 4,000 each will be distributed as ineligible credit of CGST and SGST of Rs. 4,000 each to Unit Kunj.

**Answer : (d)**

3. Amount to be distributed by VTPL-HO to Unit Darsh is-

- (a) CGST and SGST credit of Rs. 50,000 each; IGST credit of Rs. 72,000.
- (b) CGST and SGST credit of Rs. 50,000 each; IGST credit of Rs. 54,545.
- (c) IGST credit of Rs. 1,72,000.
- (d) nil as Unit Darsh is not registered under GST and is exclusively engaged in supply of exempt goods.

**Answer : (c)**

4. Place of supply of the machinery supplied by Bahubali Ltd. on 25th July and the tax charged thereon is:

- (a) Surat, Gujarat; CGST and SGST
- (b) Satara, Maharashtra; CGST and SGST
- (c) Mumbai, Maharashtra; IGST
- (d) Surat, Gujarat; IGST

**Answer : (b)**

5. Amount of ITC available on purchase of new motor vehicle in exchange of old motor vehicle as on 5th July is \_.

- (a) nil as ITC is blocked on motor vehicle under section 17(5) of the CGST Act, 2017
- (b) Rs. 2,16,000
- (c) Rs. 1,35,000
- (d) Rs. 2,97,000

**Answer : (b)**