

# Case Study Based MCQ - 25



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Starkart Limited owns and operates a web portal in the name of "Starkart" and is registered with the jurisdictional GST authorities in Delhi as an electronic commerce operator and is liable to collect tax at source under section 52 of the CGST Act, 2017.

Starkart provides listing service to various sellers for selling the goods to ultimate customers. Besides this, Starkart also sells its own products through the same web portal.

For the listing services provided to sellers, Starkart charges a listing fee at the rate of 10% of turnover of goods sold by the seller in a particular month. Such listing fee is recovered from the seller irrespective of any return of goods sold through Starkart. The customers can choose from wide range of goods listed on the web portal and place an online order for goods.

The payment is made by the customers through the payment gateway in online mode only. At the time of monthly settlement, Starkart makes the payment to the sellers after adjusting the tax collection at source at the applicable rates.

The invoice for goods sold on Starkart is issued by the seller in the name of customers and tax is charged on the basis of location of seller and customer. The goods are shipped directly by the seller to the customer and there is no responsibility of shipping the goods on Starkart for third party sellers.

In case of return of goods by the customer, the shipping is arranged by Starkart. It charges a fee equivalent to 20% of the value of goods returned as cancellation charges and refunds the balance amount to the customer.

Further, 10% of the value of goods returned is collected from the seller by Starkart as handling charges for return of goods.

In the month of January, Pulkit, a resident of Rajasthan, purchased following goods from Starkart:

- (i) Laptop having a value of Rs. 50,000 and a printer having a value of Rs. 10,000. Both the products are sold by Infocom Limited, a seller listed on Starkart and registered under GST in the State of Uttar Pradesh.
- (ii) Mobile phone having a value of Rs. 30,000 sold by Starkart in its own capacity.
- (iii) CCTV camera system having a value of Rs. 1,00,000 sold by Secure World, listed on Starkart and registered under GST in the State of Gujarat.

All the amounts given above are exclusive of GST, wherever applicable.

The opening balance of input tax credit for the relevant tax period for Starkart, Infocom Limited and Secure World is nil. Further, there is no other inward or outward supply transaction for Starkart, Infocom Limited and Secure World in January apart from the aforementioned transactions. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies at the following rates unless otherwise specified: CGST - 9%, SGST - 9%, IGST - 18%.  
(ICAI RTP Nov. 2020)

- 1) The net tax liability (including amount payable as tax collection at source and after set-off of credits, if any) of Starkart Limited for the month of January is:
- (a) IGST - Rs. 8,280    (b) IGST - Rs. 5,400  
(c) CGST - Rs. 3,500 and SGST - Rs. 3,500        (d) IGST - Rs. 9,880

**Answer : (d)**

- 2) The net tax liability (after set-off of credits, if any) of Infocom Limited and Secure World for the month of January is:
- (a) IGST - Rs. 10,800 and IGST - Rs. 18,000 respectively  
(b) IGST - Rs. 9,720 and IGST - Rs. 16,200 respectively  
(c) IGST - Rs. 9,120 and IGST - Rs. 15,200 respectively  
(d) IGST - Rs. 10,200 and IGST - Rs. 17,000 respectively

**Answer : (c)**

- 3) In case it is assumed that Secure World's turnover does not exceed the threshold limit for obtaining registration under applicable GST Law,
- (a) Secure World shall discharge tax only on the sales made through Starkart.  
(b) Secure World is not required to obtain registration as threshold limit for obtaining registration is not crossed and no tax is payable.  
(c) Starkart shall be liable to discharge tax liability of sales made by Secure World.  
(d) Secure World is required to obtain registration and shall be liable to pay tax on all the taxable supplies made through Starkart or on its own.

**Answer : (d)**

4) Assuming that Pulkit returns the printer purchased from Infocom Limited in the month of January. As per the return policy, Starkart charges 20% of the value of the printer as cancellation charges from Pulkit and 10% of the value of the printer as handling charges from Infocom Limited. The net tax liability (including amount payable as tax collection at source and after set- off of credits, if any) of Starkart in such scenario for the month of January would be:

- (a) Rs. 6,900 payable as IGST.
- (b) Rs. 3,450 payable as CGST and Rs. 3,450 payable as SGST.
- (c) Rs. 10,320 payable as IGST.
- (d) Rs. 7,440 payable as IGST.

**Answer : (c)**