

Case Study Based MCQ – 28

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By CA. Yashvant Mangal

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KLM Ltd. is a large publishing and printing house registered under GST under a single GSTIN in Maharashtra. It is engaged in supply of books, letter cards, envelopes, guides and reference materials. KLM Ltd. has front offices in Mumbai & Nagpur for receiving the orders; orders are supplied to front office or supplied to recipient directly, from the workshop located at Nagpur, depending on order. To save the time, workshop has in-house mess for the employees working in the workshop, where lunch is provided free of cost as per the employer-employee agreement.

During April, KLM Ltd. received a proposal for printing of 5,000 copies of taxation book from a renowned author where only content was to be supplied by the author. KLM Ltd. agreed to supply the books. As per the requirement of the author, 2500 copies were supplied from workshop to Nagpur front office and 2500 copies to Mumbai front office from where the author collected books.

Satisfied with the quality of books, the author placed another order of 10,000 pieces of letterhead during May, the design and logo was supplied by the author for printing. Due to these orders, KLM Ltd. earned a handsome amount of profit and decided to gift employees for their performance. Accordingly, KLM Ltd. gifted mobile phone worth Rs. 36,500 each to all its 45 employees.

1. Supply of taxation books by KLM Ltd. is:
 - (a) composite supply, principal supply being “supply of service”.
 - (b) composite supply, principal supply being “supply of goods”.
 - (c) mixed supply.
 - (d) supply of goods or service or mixed supply, at the choice of the KLM Ltd. and it may pay the tax accordingly.

Answer : (a)

2. Supply of letterheads by KLM Ltd. will be treated as:

- (a) composite supply, principal supply being “supply of service”.
- (b) composite supply, principal supply being “supply of goods”.
- (c) mixed supply.
- (d) supply of goods or service or mixed supply, at the choice of the KLM Ltd. and it may pay the tax accordingly.

Answer : (b)

3. Distribution of mobile phones to employees by KLM Ltd. will:

- (a) be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the aggregate value of mobile phones is more than Rs. 50,000.
- (b) not to be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because value of the mobile phone is less than Rs. 50,000 per employee.
- (c) be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the value of mobile phone is more than Rs. 25,000 per employee.
- (d) be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the value of mobile phone is more than Rs. 35,000 per employee.

Answer : (b)

4. In relation to taxability of supplies of copies from workshop to front office:

- (a) transfer from workshop to Nagpur front office will be treated as stock transfer, but is not liable to GST; however, transfer from workshop to the Mumbai front office will be treated as branch transfer between distinct persons and is liable to GST.
- (b) transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as stock transfer between distinct persons and are liable to GST.
- (c) transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as stock transfer, but are not liable to GST.
- (d) transfer from workshop to the Mumbai front office will be treated as stock transfer, but is not liable to GST, however, transfer from workshop to the Nagpur front office will be treated as branch transfer between distinct persons and is liable to GST.

Answer : (c)