

Case Study Based MCQ – 30

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Diwakar (P) Ltd., registered under GST in Delhi, is engaged in trading of cement as well as providing services by way of renting of commercial properties. On 2nd January, it received a contract for supply of 1,000 kg cement from Pakija (P) Ltd., registered under GST in Punjab. Pakija (P) Ltd. directed Diwakar (P) Ltd. to send the consignment to Gajab & Sons, registered under GST in Gujarat.

Diwakar (P) Ltd. prepared the consignment on 4th January and dispatched the same on the next day from its warehouse in Gurugram, Haryana. The invoice was also issued on 5th January. On 7th January, it received the cheque and accountant entered the payment in books of accounts. However, he presented the cheque in bank on 14th January which was credited in the bank account of the company on 15th January.

In the meanwhile, on 10th January, the rate of tax on cement was reduced from 28% to 18%.

On inspection of said goods, it was found that there is some deficiency in the quality of goods and therefore, the defective goods were returned to Diwakar (P) Ltd. Diwakar (P) Ltd. issued credit note for the same on 20th January.

Diwakar (P) Ltd. let out property and received rent for the month of January from Pakija (P) Ltd. on 10th January. However, as per the contract entered, the payments should have been received by 7th of every month.

(ICAI MTP May 20)

1. What will be the time of supply and rate of tax to be charged in respect of supply of 1,000 kg of cement?

(a) 5th January; 28%

(b) 7th January; 28%

(c) 14th January; 18%

(d) 15th January; 18%

Answer : (a)

2. In the above case, other facts remaining the same, what will be the time of supply and rate of tax to be charged if the payment is credited into bank account on 12th January?

- (a) 5th January; 28% (b) 7th January; 28%
(c) 12th January; 28% (d) 12th January; 18%

Answer : (a)

3. What is the place of supply in respect of transaction between Diwakar (P) Ltd. and Pakija (P) Ltd. and Pakija (P) Ltd. and Gajab & Sons?

- (a) Delhi, Punjab (b) Punjab, Gujarat
(c) Haryana, Punjab (d) Haryana, Gujarat

Answer : (b)

4. Diwakar (P) Ltd. has not issued any invoice in respect of the services provided by way of renting of commercial properties in the month of January. What is the last date for issuance of invoice?

- (a) 10th January (b) 7th January
(c) Either (a) or (b), whichever is earlier. (d) Either (a) or (b), whichever is later.

Answer : (b)