

Case Study Based MCQ – 31

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Ganesh Flour Mill Pvt Ltd., a registered supplier under GST having plant at Howrah, West Bengal, is engaged in the business of food processing. Within the plant premises, there is a stock yard, an office and a few residential quarters for employees of the company. After purchasing wheat from local market/mandi, the company processes it and packs and sells the finished products such as atta, maida and suji in 1 Kg, 5 Kg & 10 Kg bags under the brand name “Ganesh Bhog”. The aggregate turnover of the company during the preceding financial year was Rs. 7.50 crores.

Following details are provided by the company for the month of September:

Particulars	Amount (Rs.)
Sale of “Ganesh Bhog” atta, maida & suji	60,00,000
Purchase of wheat from mandi	14,00,000
Transportation charges paid to an unregistered goods transport operator for transportation of wheat from mandi to factory	40,000
Hiring charges paid to a local truck owner (not a GTA) for transportation of finished products from factory to distributors	50,000
Rent received from quarters allotted to employees	10,000
Electricity charges paid to West Bengal State Electricity Board	1,60,000
Bill raised by M/s BIS Security, Kolkata (a partnership firm registered under GST) for providing security service	1,18,000*
Interest on delayed payment collected from customers	3,500
Interest on fixed deposit in a bank	8,600

Payment to Indian Chamber of Commerce (registered under GST) towards sponsorship for Investor Summit at Kolkata	25,000
Legal fee paid to advocate, Mr. Ashok Ganguly	30,000
Licence fee paid to Food & Safety Standard Authority of India (FSSAI)	25,000

Following additional information has also been provided by the company:

- (1) The security service bill raised by M/s BIS Security* is inclusive of GST @ 18%.
- (2) Out of the total sales, "Ganesh Bhog" Atta worth Rs. 3,50,000 (10,000 Kg) was supplied to Department of School Education, Govt. of West Bengal for further supply to affected families during Covid-19. A subsidy of Rs. 10/kg was received from Govt. of West Bengal for the said supply.
- (3) The company had given a contract to Starcon infra Pvt Ltd. for construction of a drying yard within the factory premises for Rs. 40 lakh in the month of April, with a completion schedule of 3 months. However, the contractor could not complete the work within the scheduled time. Therefore, a penalty @ 1% of contract value was recovered from the contractor during September.
- (4) The company had awarded a maintenance contract to Power Electromech Pvt. Ltd., Delhi on 10th June, for repair of DG set installed in the factory, for Rs. 60,000 with a completion period of 30 days. The maintenance work was completed on 08th July. However, due to some dispute regarding quality of work, invoice was issued by Power Electromech Pvt Ltd. only on 5th September and payment was released on 15th September.
- (5) The company had delayed in making payment of GST amounting to Rs. 5,000 pertaining to the month of April by 4 months. The proper officer has imposed a penalty for failure to pay GST within the prescribed time limit.
- (6) The company had deposited the tax liability for the month of August amounting to Rs. 3,30,730 on 28th September.

Note. All the above amounts are exclusive of GST, wherever applicable, unless specified otherwise.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

- (1) The value of taxable outward supply made by the company in the month of September is-

(a) Rs. 61,48,100 (b) Rs. 59,43,500 (c) Rs. 61,39,500 (d) Rs. 59,35,500

Answer : (b)

- (2) The value of taxable supply received by the company in the month of September on which GST is payable under reverse charge is-

(a) Rs. 1,55,000 (b) Rs. 1,73,000 (c) Rs. 1,30,000 (d) Rs. 2,45,000

Answer : (a)

- (3) What is the time of supply of services provided by Power Electromech Pvt. Ltd.?

(a) 10th June (b) 5th September (c) 15th September (d) 8th July

Answer : (d)

- (4) The amount of interest payable by the company under section 50 of the CGST Act, 2017 for delay in payment of tax for the month of August?

- (a) Rs. 4961 (b) Rs. 1305 (c) Rs. 4567 (d) Rs. 1142

Answer : (b)

(5) In the context of the imposition of penalty on the company by the proper officer for failure to pay GST of Rs. 5,000, which of the following statements is correct?

- (a) Penalty is leviable since the offence is not a "minor breach".
(b) Penalty is not leviable since the offence is a "minor breach".
(c) Penalty is leviable on failure to pay tax even if the offence is a minor breach.
(d) No penalty is leviable for delay in payment of tax; only interest is payable for delay in payment of tax.

Answer : (a)