

# Case Study Based MCQ – 33

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Mr. Veera is a trader of readymade garments and is registered under GST in the State of Uttar Pradesh.

His turnover is Rs. 1,80,00,000 during the current financial year. The composition of his turnover is as under-

- (a) Intra-State – Rs.80,00,000
- (b) Inter-State – Rs.1,00,00,000 [including exempt supplies of Rs.15,00,000]

His inward supplies are as under-

- (a) Inter-State – Rs. 1,00,30,000 [including Rs. 20,00,000 exclusively used for exempt supplies]
- (b) Intra-State Rs. 46,00,000 [including Rs. 15,00,000 exclusively used for taxable supplies]

Apart from above, Mr. Veera has undertaken following transactions during the current financial year:

1. He purchased a pick-up van for the purpose of delivery of goods to his customers for Rs. 1,70,000.
2. He got his showroom renovated (debited all expenses under repairs and maintenance) and spent money as under-

Labour charges	Rs. 3,60,000
Architect fees	Rs. 80,000
Wooden flooring	Rs. 4,00,000
Miscellaneous expenses	Rs. 1,62,000

3. He purchased some T-shirts for Rs. 1,80,000 (taxable under GST). After one week, he gave them away free to its customers to promote his business.
4. He also sold his shares during the year for Rs. 10 crore and bought a house from that money.
5. The rates of tax are 9% (CGST), 9% (SGST) and 18% (IGST) on all inward/ outward supplies.
6. All the amounts given above are exclusive of taxes, wherever applicable.
7. The opening balance of input tax credit for the relevant tax period of Mr. Veera is Nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

1. Compute value of exempt outward supply (for the purpose of reversal of ITC) by Mr. Veera during the current financial year.

- (a) Rs. 10,00,000            (b) Rs. 15,00,000  
(c) Rs. 25,00,000            (d) Rs. 20,00,000

**Answer : (c)**

2 Which of the following statements is true?

- (a) Mr. Veera cannot claim ITC on van purchased for delivery of goods, expenses incurred on renovation of showroom and T-shirts distributed free of cost.
- (b) Mr. Veera can claim ITC on van purchased for delivery of goods and T-shirts distributed free of cost, but cannot claim ITC on expenses incurred on renovation of showroom.
- (c) Mr. Veera can claim ITC on van purchased for delivery of goods, expenses incurred on renovation of showroom and T-shirts distributed free of cost.
- (d) Mr. Veera can claim ITC on van purchased for delivery of goods and expenses incurred on renovation of showroom, but cannot claim ITC on T-shirts distributed free of cost.

**Answer : (d)**

3 Calculate the amount of input tax credit credited to electronic credit ledger of Mr. Veera (ignore individual heads of CGST/SGST/IGST).

- (a) Rs. 24,84,360            (b) Rs. 22,73,400  
(c) Rs. 23,04,000            (d) Rs. 24,53,760

**Answer : (a)**

4. Compute the amount of common credit as per rule 42 of the CGST Rules, 2017.

- (a) Rs. 20,03,400            (b) Rs. 22,14,360  
(c) Rs. 20,34,000            (d) Rs. 21,83,760

**Answer : (b)**