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Think GST... Think Vishal Sir!

By CA VISHAL BHATTAD

Index

Sr.No.	Chapter Name	Page no.
01.	Charge of Tax & Concept o Supply	1.01
02.	Reverse Charge Mechanism and ECO	2.01
03.	Composition Scheme	3.01
04.	Time of Supply	4.01
05	Value of Supply	5.01



Charge of Tax & Concept of Supply

Q.2: Mrs. Pragati received legal advice for her personal problems & paid 1,000 pound as legal fees to Miss Unnati of U.K. (London).

Explain whether the above activity of import of service would amount to supply u/s 7 of the CGST Act, 2017?

If in above case, both of them are real sisters & no consideration is paid then will it change your answer?

Further in the above case, if both of them are real sisters & Mrs. Pragati receives legal advice for her business & she doesn't pay any consideration then what will be your answer?

[Note:- It has been most logically assumed that miss Unnati is wholly/mainly dependant on Miss Pragati] [old Questionnaire No. CCP01.02.03.00]

Answer:

Q.5: M/s. Chand is a manufacturer of Paper products having factory at Pune, Maharashtra. M/s. Kela and M/s. Bela of Mumbai, Maharashtra are appointed as agents to sell the products on behalf of M/s. Chand with the conditions that both of them guarantee the realization of payment from buyers. Both M/s. Kela and M/s. Bela provide short-term borrowing facilities to buyers for timely payment of dues against supplies made to them and for this they charge interest from the ultimate buyer. While M/s. Kela raises invoices in the name of M/s. Chand and M/s. Bela raises invoices in its own name.

In light of provisions contained in Para 3 of Schedule I of CGST Act, kindly explain treatment of interest charged by M/s. Kela and M/s. Bela in above mentioned cases. [CA Final July 21 Exam] [old Questionnaire No. CCP01.03.08.00]

Answer:

Q.7: Krishnadev is a trader based in India. Ramakrishna, brother of Krishnadev, is located in China and is also engaged in business of trading of goods. Krishnadev places an order with Ramakrishna for procurement of certain goods from local market in China. Before the shipment of goods from China to India, Krishnadev sold such goods to Christiano, a trader located in Brazil. The goods were subsequently shipped from China to Brazil. Comment on the taxability of transaction between Krishnadev and Christiano under GST in India. If taxable, determine the place of supply of the same. [CA Final RTP Nov 19-Similar] [Study Mat] [old Questionnaire No.CCP 01.04.10.00]

Answer:

Q.8.1: ABC Insurance Ltd., a registered insurer in Maharashtra, is engaged in providing insurance services. During the current financial year, the company entered into following transactions:

1. ABC Insurance Ltd. enters into a co-insurance agreement with XYZ Insurance Ltd. where ABC Insurance Ltd. is the lead insurer. The insured – Gyaati Industries- pays a total premium of ₹ 50,00,000 which is apportioned by the lead insurer - ABC Insurance Ltd. between itself and XYZ Insurance Ltd. in the ratio of 60:40 for the insurance services jointly supplied by them to Gyaati Industries. ABC Insurance Ltd. agrees to discharge the entire GST liability on the full amount of premium received from Gyaati Industries.
2. A large industrial plant needs an insurance worth ₹ 500 crore. It approaches ABC Insurance Ltd. for the same. However, since ABC Insurance Ltd. is unable to underwrite the entire risk alone, it enters into a reinsurance agreement with a reinsurer - PQR Insurance Ltd. The total premium charged is ₹ 50 lakh. The insurer - ABC Insurance Ltd. pays a reinsurance premium of ₹ 20 lakh to PQR Insurance Ltd. This allows ABC Insurance Ltd. to manage its risk and financial exposure. While paying this amount to PQR Insurance Ltd., ABC Insurance Ltd. deducts a ceding commission of ₹ 1,00,000 which it has charged for the services it provides to PQR Insurance Ltd. PQR Insurance Ltd. pays GST on the gross reinsurance premium including the ceding commission.

Based on the provisions of Schedule III of the CGST Act, 2017, discuss whether the following activities amount to supply:

- (a) Apportionment of co-insurance premium by ABC Insurance Ltd. to XYZ Insurance Ltd. for the insurance services jointly supplied by them to Gyaati Industries.
- (b) Services by ABC Insurance Ltd. to PQR Insurance Ltd. for which ceding commission is deducted from reinsurance premium paid by ABC Insurance Ltd. to PQR Insurance Ltd. [CA Final RTP Sep 25]

Answer:

1.	
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2.

Q.11: Shivaji Pvt. Ltd., a registered supplier, supplies the following goods and services for construction of buildings and complexes -

- excavators for required period at a per hour rate
- manpower for operation of the excavators at a per day rate
- soil-testing and seismic evaluation at a per sample rate.

The excavators are invariably hired out along with operators. Similarly, excavator operators are supplied only when the excavator is hired out.

For a given month, the receipts (exclusive of GST) of Shivaji Pvt. Ltd. are as follows:

- Hire charges for excavators - ₹ 18,00,000
- Service charges for supply of manpower for operation of the excavator - ₹ 20,000
- Service charges for soil testing and seismic evaluation at three sites - ₹ 2,50,000

Compute the GST payable by Shivaji Pvt. Ltd. for the given month.

Assume the rates of GST to be as under:

- Hiring out of excavators – 12%
 - Supply of manpower services and soil-testing and seismic evaluation services – 18%. [Study Mat]
- [old Questionnaire No. CCP01.06.18.00]

Answer:-

Particulars	Value of supply (₹)	Rate of GST (₹)	GST Payable (₹)

Q.18: Power Engineering Pvt. Ltd., a registered supplier, is engaged in providing expert maintenance and repair services for large power plants that are in the nature of immovable property, situated all over India. The company has its Head Office at Bangalore, Karnataka and branch offices in other States. The work is done in the following manner.

The company has self-contained mobile workshops, which are container trucks fitted out for carrying out the repairs. The trucks are equipped with items like repair equipments, consumables, tools, parts etc. to handle a wide variety of repair work.

The truck is sent to the client location for carrying out the repair work. Depending upon the repairs to be done, the equipment, consumables, tools, parts etc. are used from the stock of such items carried in the truck.

In some cases, a stand-alone machine is also sent to the client's premises in such truck for carrying out the repair work.

The customer is billed after the completion of the repair work depending upon the nature of the work and the actual quantity of consumables, parts etc. used in the repair work.

Sometimes the truck is sent to the company's own location in other State(s) from where it is further sent to client locations for repairs.

Work out the GST liability [CGST & SGST or IGST, as the case may be] of Power Engineering Pvt. Ltd., Bangalore on the basis of the facts as prescribed, read with the following data for the month of November 20XX.

Sr.No	Particulars	₹
A	Truck sent to own location in Tamil Nadu ➤ value of items contained in the truck - ₹3,00,000 ➤ value of truck - ₹25,00,000	
B	Truck sent to a client location in tamil Nadu for carrying out repairs. Standalone machine is also sent in the truck to client location for repairs value of items contained in the truck - ₹2,85,000 Value of stand-alone machine - ₹4,00,000 Value of truck - ₹20,00,000 (Billing for repairs to be done afterwards depending upon the actual items used)	
C	Truck sent to a client in Karnataka for carrying out repairs Value of items contained in the truck - ₹1,06,000 Value of truck - ₹20,00,000 (Billing for repairs to be done afterwards depending upon the actual items used)	
D	Invoices raised for repair work carried out in Tamil nadu (Including the invoice for repair work done in 'B')	70,00,000
E	Invoices raised for repair work carried out in karnataka (Including the invoice for repair work done in 'C')	12,00,000

All the given amount are exclusive of GST wherever applicable. Assume the rates of taxes to be as under:

Items used for repairs		
CGST - 6%	SGST - 6%	IGST - 12%
Container truck, stand - alone machines		
CGST - 2.5%	SGST - 2.5%	IGST - 5%
Works contract for repairs and maintenance of immovable property		
CGST - 9%	SGST - 9%	IGST - 18%

You are required to make suitable assumptions, wherever necessary. (CA Final RTP May 2018)
[old Questionnaire No. CCP 01.08.24.00]

Answer: Computation of GST Liability of power Engineering Pvt. Ltd., Bangalore for the month of November 20XX

Sr.No	Particulars	
A		
B		
C		
D		
E		

Notes:

Q.20: Decide with reason whether following independent transactions amount to supply or not as per the provision, rules, circulars and notification issued under the GST law:

- (i) Satyam has lent securities to Kala Enterprises for a consideration of ₹ 10,000 towards lending of securities under the Securities Lending Scheme, 1997 through an approved intermediary. Ignore the transaction between Satyam and intermediary.
- (ii) Patta Limited made supply of goods to its agent, Romi, without consideration. Romi issued invoice for the further supply of goods to the customers in his own name. Romi also disclosed the name of principal in the invoice issued.
- (iii) Dilasa Limited recruited Miss Chhaya as senior relationship manager. At the time of joining as senior relationship manager, the company paid ₹ 3,00,000 towards "Not joining" Milan Limited, a stiff competitor of Dilasa Limited. [CA Final Nov 24 Exam]

Answer:-

Q.1: XYZ Ltd., New Delhi, manufactures biscuits under the brand name 'Tastypicks'. Biscuits are supplied to wholesalers and distributors located across India on FOR basis from the warehouse of the company located at New Delhi.

The company uses multiple modes of transport for supplying the biscuits to its customers spread across the country. The transportation cost is shown as a line item in the invoice and is billed to the customers with a mark-up of 2% on total amount of freight paid (inclusive of taxes).

Flour used for the production process is procured from vendors located in Madhya Pradesh on ex-factory basis. The company engages goods transport agencies (GTA) to transport the flour from the factories of the vendors to its factory located in New Delhi.

The company has provided the following data relating to transportation of biscuits and flour in the month of April 20XX:

S.No.	Particular	Amount
1	For sales within the NCR region (₹ 20,00,000) The company arranged a local mini-van belonging to an individual and paid him	₹ 54,000.
2	For sales to locations in distant States (₹ 1,78,00,000), the company booked the goods by Indian Railways and paid rail freight	₹ 3,17,000.
3	For sales to locations in neighbouring States (₹ 55,00,000), the company booked the goods by road carriers (GTAs) and paid road freight [Out of the total sales to neighboring States, goods worth ₹ 10,00,000 were booked through a GTA which paid tax @ 12%. Freight of ₹ 73,000 was paid to such GTA.]	₹ 3,73,000
4	For purchase of flour from Madhya Pradesh (₹ 25,00,000), the company booked the goods by a GTA and paid road freight	₹ 55,000.
5	For purchase of butter from Punjab (₹ 15,00,000), the company booked the goods by a GTA and paid road freight	₹ 35,000.
6	For local purchase of baking powder, the company booked the goods by a GTA in a single carriage and paid road freight	₹ 1,500
7	For transferring the biscuits (open market value - ₹ 4,00,000) to one of its sister concern in Rajasthan, the company booked the goods by a GTA and paid road freight	₹ 40,000.

(i) Based on the particulars given above, compute the GST payable on the amount paid for transportation by XYZ Ltd. when it avails the services of different transporters.

(ii) Compute the GST charged on transportation cost billed by the company to its customers.

Note: - Assume the rate of GST on transportation of goods and biscuits to be 5% and 12% respectively [except where any other rate is specified in the question]. [RTP Nov 18] [old Questionnaire No. CCP 03.02.02.00]

Answer:-

Particulars	Freight (₹)	GST Payable	Reason
Transportation of biscuits in a local mini van belonging to an individual			
Transportation of biscuits by Indian Railways			

Transportation of biscuits by GTA			
Transportation of biscuits by GTA @ 12%			
Transportation of flour by GTA			
Transportation of butter by GTA			
Transportation of baking powder by GTA			
Transportation of biscuits by GTA to sister concern			
Total tax payable by XYZ Ltd. on availing services of different transporters			

Particulars	Freight paid (₹) [A]	GST Paid on freight (₹) [B]	Freight billed (With mark-up@ 2% on [A] +[B]) (₹)	GST Charged @ 12 % (₹)
Transportation of biscuits in a local minivan belonging to an individual				
Transportation of biscuits by Indian Railways				
Transportation of biscuits by GTA				
Transportation of biscuits by GTA @12 %				
Total tax charged by XYZ Ltd. On transportation cost billed to the customers*				

*Note:

Q. 4: Mr. Ram who is registered under GST has 4 flats & 2 shops in Pune. He has given all flats & Shops on rent as follows & Determine tax payable in each case.

- a) Flat 1 is given on rent to Mr. B (Salaried person) for his residence purpose.
- b) Flat 2 is given on rent to XYZ Ltd. (reg. in GST) company is using as guest house for residence purpose.
- c) Flat 3 is given on rent to Mr. C, a CA (unregistered person), who is using it for official purpose.
- d) What would be your answer if Mr. ram is unregistered & has given 2 Commercial shops on rent to Partnership firm who is registered under GST. Would your answer change if partnership firm will opt for composition levy u/s 10?

Answer:-

Q.7: The Professionals Security-Pune is a firm of security agency providing services by way of supply of security personnel to following categories of persons:-

- i) XYZ Pvt. Ltd. (a company registered under CGST Act, 2017 in Pune), valuing ₹ 10 lakhs.
- ii) Sindh Co-operative Credit Society, Mumbai, which is unregistered under CGST Act, 2017, ₹ 8 lakhs.
- iii) Department of Central Government located at Bangalore which has taken registration under CGST Act, 2017 only for the purpose of deducting tax u/s 51 and not for making any taxable supply of goods or services, valuing ₹ 12 lakhs.
- iv) Pune Municipal Corporation registered under CGST Act, 2017 for the purpose of making taxable supply of goods or services. The value of service provided was ₹ 4 lakhs.
- v) Mr. Altaf, from Gujarat (registered under section 10 of CGST Act, 2017), value of ₹ 2 lakhs.
- vi) Service provided to Star Industries Ltd., USA, value being ₹ 7 lakhs.

Determine the taxable value as well as the tax liability of The Professionals Security-Pune, assuming CGST @ 9%, SGST @ 9% and IGST @ 18%. [old Questionnaire No. CCP03.02.10.00]

Answer:-

S. No.	Recipient of services	Taxable under	Taxable Value (₹)	Refer Note

Notes:-**Determination of Tax liability of The Professionals Security - Pune is as follows:-**

	Particulars	₹ in Lakhs	IGST @ 18%	CGST @ 9%	SGST @ 9%

Note:- If supplier satisfies conditions of section 16 of IGST Act, then it can avail benefit of zero-rated supply for export to Star Industries Ltd. USA & no GST would be payable.

Q.9: M/s All-in-One, a partnership concern and a registered supplier under GST, is engaged in providing various services under one roof. It is engaged in paying tax under regular scheme under GST law. The concern provides the following information pertaining to supply made/input services availed by it during the month of March:

S.No	Particulars	₹
i)	Provided Direct Selling Agent service to Y Bank Ltd.	4,00,000
ii)	Provided security services (by way of supply of security personnel) to ABC P. Ltd., a registered person under GST	60,000
iii)	Provided security services (by way of supply of security personnel) to PSR Trust, an unregistered person under GST	1,00,000
iv)	Provided renting of motor vehicle for transportation of passengers to Amaze Tours Ltd. and value of supply included cost of fuel	75,000
v)	Provided renting of motor vehicle for transportation of passengers to Priti & Co., CA firm and value of supply included cost of fuel	40,000
vi)	Availed representational service from PB and Co., a law firm towards a Consumer Court case	70,000

Determine the GST liability of M/s All-in-One for the month of March by giving necessary explanations for treatment of various items. Rates of GST for both inward and outward supply is CGST/SGST@ 9% each except renting a vehicle, for which CGST/SGST @ 2.5% each is applicable. M/s All-in-One commenced its business from February. All the supplies are intra-State only. Ignore the provisions relating to input tax credit. [Study Mat] [old Questionnaire No. CCP03.03.12.00]

[Answer:

S. No.	Particulars	Value (₹)	CGST payable (₹)	SGST payable (₹)
A.	GST liability on outward supply			
i)	Direct selling agent service to Y Bank Ltd.			
ii)	Security services to ABC P. Ltd., a registered person			
iii)	Security services to PSR Trust, an unregistered person			
iv)	Renting of motor vehicle to Amaze Tours Ltd. where value included cost of fuel			
v)	Renting of motor vehicle to Priti & Co., CA firm, where supply value included cost of fuel			
Total GST liability on outward supplies				

B.	GST liability on inward supplies under reverse charge			
vi)	Availed representational service from PB and Co, a law firm			
GST liability on inward supplies under reverse charge				

Q.12: Discuss the GST implication in the following case study.

It was a busy Monday morning in Mumbai, and Ravi, a software developer, needed a quick ride to the office. He opened an app FastCabs (an ECO) to book a motorcab. The app connected him to Mohan, an independent driver operating his own motorcab.

After a long workday, Ravi needed a place to stay overnight. He found BudgetStay, an unregistered hotel located near his office. BudgetStay had no GST registration but listed its rooms on an online travel platform operated by an ECO called StayEasy. Ravi booked a room through StayEasy and was charged for his stay.

The next morning, Ravi discovered a leaking pipe in his bathroom. In panic, he used the app QuickFix, which connected him to Suresh, an unregistered plumber. QuickFix was an online platform (ECO) that specialized in providing various home services such as plumbing and carpentry.

After the long day, Ravi decided to have dinner & ordered food through Zomato from The Royal Dine, located inside a luxury hotel. The hotel had a accommodation value of ₹10,000 per unit per day for its rooms, which qualified it as a specified premises under GST law.

Answer:

a)	
b)	

c)

d)



Computation of GST MCQs

MCQ 1

M/s Stellar Devices Pvt. Ltd., a registered taxpayer under GST in Karnataka, is engaged in manufacturing and trading of specialized solar inverter systems. During September 2025, the company entered into a variety of transactions, are as follows:

Stellar Devices transferred stock of solar inverters worth ₹4,50,000 to its branch office in Tamil Nadu (separately registered under GST). No consideration was involved, and the movement was supported by an e-way bill and a tax invoice.

The company also disposed of damaged inverters (on which ITC was claimed earlier) by donating them to an NGO engaged in rural electrification. The goods were valued at ₹ 1,20,000, and no amount was recovered from the NGO. These were not part of a CSR obligation but were claimed as obsolete inventory.

In another transaction, the company purchased iron scrap worth ₹ 5,00,000 from a unregistered dealer located in Goa, who deals exclusively in scrap.

Further, Stellar Devices availed freight services from Speed Haul Logistics, a GTA registered in Karnataka, who charged 5% GST without ITC. The freight charges amounted to ₹ 1,80,000. The consignment was used for inward transportation of raw materials.

The company also hired a law firm based in Delhi (registered), for representing them in a tax dispute. The bill raised was ₹ 2,50,000, and GST was not charged, stating that the recipient is liable to pay tax under RCM.

In a unique promotional deal, Stellar Devices supplied demo inverter units worth ₹2,00,000 to one of its unrelated resellers located in Kerala free of cost, under a written contract that the units will not be resold. The company had claimed ITC on these units earlier.

Lastly, the company sponsored a renewable energy conference hosted by Event Works Ltd., a GST-registered event management company based in Karnataka. The sponsorship amount paid was ₹ 90,000.

Based on above, Answer the questions from (1) to (5) given below:

1. What is the tax implication of the stock transfer to

Tamil Nadu branch?

- a) Not taxable since it's an internal transfer
- b) Taxable under CGST + SGST
- c) Taxable under IGST as it is between distinct persons
- d) Exempt supply under Schedule III

2. Donation of damaged inverters (ITC claimed earlier) to the NGO will be:

- a) Not taxable since it's a donation
- b) Exempt under charitable activity provisions
- c) Taxable as deemed supply under Schedule I
- d) Taxable only if part of CSR

3. Purchase of scrap from the Goa dealer is liable to:

- a) IGST under reverse charge
- b) CGST + SGST under forward charge
- c) No tax, as scrap is exempt
- d) IGST under forward charge (supplier must collect)

4. Legal services availed from the law firm in Delhi are:

- a) Exempt from GST
- b) Taxable under forward charge
- c) Liable to CGST + SGST under RCM
- d) Liable to IGST under RCM

5. Supply of demo units to the reseller free of cost will be:

- a) Not taxable as there's no consideration
- b) Deemed supply under Schedule I if ITC was claimed
- c) Exempt supply if not resold
- d) Taxable only if value exceeds ₹ 2,50,000

MCQ 2

Jaskaran, a registered supplier of Delhi, is engaged in supplying a bouquet of taxable goods and services. He has made the following supplies in the month of January:

S.no	Particulars	Value of Service (₹)
1.	Supply of 20,000 packages at ₹ 30 each to Sukhija Gift Shop registered under GST in Punjab [Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons]	6,00,000



2.	500 packages each consisting of 1 chocolate and 1 fruit juice bottle given as free gift to Delhi customers on the occasion of Diwali [Cost of each package is ₹ 12, but the open market value of such package of goods and of goods of like kind and quality is not available. Input tax credit has not been taken on the items contained in the package]	
3.	Catering services provided to elder brother free of cost for his business function in Delhi [Cost of providing said services is ₹ 55,000, but the open market value of such services and of services of like kind and quality is not available.	

3. For the purposes of GST law, value of supply of catering services provided by Jaskaran to his elder brother free of cost for his business function in Delhi is _____.

- a) ₹ 60,500
- b) ₹ 55,000
- c) ₹ 60,500 or ₹ 55,000, whichever is lower
- d) ₹ nil as catering services provided by Jaskaran to his elder brother is not a supply

***excluding GST**

Following additional information has been furnished by Jaskaran:

1. One of the old customers of Jaskaran – Mr. Bahubali - approached him requesting him to arrange the transportation of the goods purchased by him from a local supplier. Jaskaran arranged the transportation of said goods for Mr. Bahubali through a goods transport operator. Jaskaran did not issue a consignment note to Mr. Bahubali.

2. Assume the rates of GST to be as under:

Goods / Services supplied	CGST	SGST	IGST
Chocolates	9%	9%	18%
Fruit Juice Bottles	6%	6%	12%
Toy Balloons	2.5%	2.5%	5%
Catering Service	9%	9%	18%

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

1. GST on services of transportation of goods provided by Jaskaran to Mr. Bahubali:

- a) is payable by Mr. Bahubali @ 5%.
- b) is payable by Jaskaran @ 12%.
- c) is payable by Mr. Bahubali @ 12%.
- d) is not payable at all

2. Supply of 500 packages given as free gift to Delhi customers on the occasion of Diwali is _____

- a) a mixed supply
- b) not a supply
- c) a composite supply
- d) a separate supply of chocolate and fruit juice bottle



Composition Levy

Q.2: Mr. Rajbeer, a registered person at Delhi, is in the business of selling goods relating to interior decoration under the firm name M/s. Rajbeer & Sons. He has opted for composition scheme for the financial year 20XX-YY. His turnover for current FY ₹ 80 lakh and is expected to achieve ₹ 130 lakh in financial year 20YY-ZZ. Discuss whether M/s Rajbeer & Sons can still enjoy the benefits of composition scheme in financial year 20YY-ZZ.

His son Karan wants to start business of providing services relating to interior decoration, after completing post-graduation course in interior decoration under same firm name M/s Rajbeer & Sons with effect from 1st April of financial year 20YY-ZZ and wants to enjoy the benefits of composition scheme under GST.

Advise Mr. Rajbeer and his son Karan. [Study Mat] [CA Final Nov 19 Exam] [old Questionnaire No. CCP 03.01.02.00]

Answer:

i)	
ii)	

Q.3: Shubhlaxmi Foods is engaged in supplying restaurant service in Maharashtra. In the financial year 20XX-YY, it had a turnover of ₹ 140 lakh from the restaurant service. Further, it had earned the bank interest of ₹ 20 lakh from the fixed deposits in said financial year. You are required to advise Shubhlaxmi Foods whether it is eligible for the composition scheme under sub-sections (1) and (2) of section 10 in the financial year 20YY-ZZ.

Further, assuming that in the financial year 20YY-ZZ, its turnover is ₹ 130 lakh from the supply of restaurant services and ₹ 10 lakh from the supply of farm labour in Maharashtra. It has also earned the bank interest of ₹ 30 lakh from the fixed deposits. Compute the tax payable by Shubhlaxmi Foods in the financial year 20YY-ZZ. [Study Mat] [old Questionnaire No. CCP03.01.04.00]

Answer:

Q.5: Bansal and Chandiok started a partnership firm of Chartered Accountants in Jaipur (Rajasthan) on 1st April in the current financial year. The firm specializes in providing audit services to banks in Rajasthan. It provided the following details of its turnover:

Quarter	Amount in (₹)
Apr-Jun	10 Lakh
Jul-Sep	20 Lakh

It crossed the threshold limit of ₹ 20 lakh on 1st August. Bansal and Chandiok wishes to opt to pay tax at concessional rate under section 10(2A). Examine whether the firm is eligible for this scheme in the current financial year? If yes, then determine the tax payable by it in quarters (i) Apr-Jun & (ii) Jul-Sep? [Study Mat] [old Questionnaire No. CCP03.02.06.00]

Answer:

Q.7: Answer the following questions independently:-

1. Miss Minal is a trader who is engaged in supply of ice cream. During the financial year 20XX-YY, her total value of supplies was ₹1,52,40,000 of which value of inward supplies of goods chargeable under RCM was ₹5,40,000. For 1st quarter of financial year 20YY-ZZ, the turnover from taxable supplies of goods was ₹1,08,50,000. Determine whether Miss Minal is eligible to apply for composition scheme.
2. M/s XYZ Ltd. (Maharashtra) started its business on 01.04.20XX & is engaged in trading business of stationery products. The details of its turnover for financial year 20XX-YY are as follows:-
 - Intra state supply of product P = ₹ 75,00,000
 - Intra state supply of product P through ECO = ₹ 5,00,000
 - Inter state supply of product P = ₹ 2,00,000XYZ Ltd. decided to continue the supply of product P through ECO in financial year 20YY-ZZ and also decided to supply product P only within Maharashtra. Explain whether, XYZ Ltd. can opt for composition scheme in financial year 20YY-ZZ.
3. Can a registered person, who purchases goods or obtains services from a taxable person paying tax under the composition scheme, avail credit of tax paid on purchases made or services availed from composition dealer?
4. Can the option to pay tax under composition levy be exercised at any time of the year?
5. Can a person paying tax under composition scheme make supplies of goods to SEZ? [old Questionnaire No. CCP03.04.09.00]

Answer:

1.	
2.	
3.	

4.

5.

MCQs

MCQ 1

Kwality Bells Private Limited, registered under GST in Chennai, Tamil Nadu, provided following outward supplies in the current year:

Particulars	Amount (₹)	
	Taxable	Exempt
Intra-State supplies	40,00,000	15,00,000
Inter-State supplies (ZRS)	30,00,000	10,00,000
Supply of goods procured from China directly from China to UK without such goods entering into India	20,00,000	-
Supply of goods imported from UK, in high seas, to a local vendor by way of endorsement of documents of title to the goods before clearance for home consumption	5,50,000	6,00,000

Compute the aggregate turnover of Kwality Bells Private Limited under GST law for the current year. [CA Final RTP May 22][CA Final MTP Series I Nov 23]

- a. ₹ 95,00,000 b. ₹ 1,26,50,000
c. ₹ 1,20,50,000 d. ₹ 1,15,00,000

[Hint:- 1) Refer sec 2(6) & note that all outward supplies are added & inward supply taxable under RCM are not added.

2) High sea sale & supply from China to UK are not treated as supply.]

MCQ.2 C & Co., a registered supplier in Delhi, opted for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017. It sold goods in the fourth quarter of a financial year for ₹ 15,00,000 (exclusive of GST). The applicable GST rate on these goods is 12%. C & Co. purchased goods from Ramesh & Co., registered in Delhi, for ₹ 9,55,000 on which Ramesh & Co. had charged CGST of ₹ 57,300 and SGST of ₹ 57,300. C & Co. had also purchased goods from E & Co., registered in Haryana, for ₹ 2,46,000 on which E & Co. had charged IGST of ₹ 29,520. GST liability of C & Co. for the fourth quarter of the financial year is- (CA Inter RTP Nov 2020, Study Mat)

- a. CGST ₹ 7,500 & SGST ₹ 7,500
b. CGST ₹ 3,180 & SGST ₹ 32,700
c. CGST ₹ 32,700 & SGST ₹ 3,180
d. Nil

[Hint: Refer point no.3 of Rule 7 (₹15,00,000*0.5% each=₹7,500)]





Time of Supply

Q.2 Trust Industries Ltd. has entered into a contract with VST Ltd. to supply gas by a pipeline to VST Ltd. for a period of one year. As per the terms of the contract-

- i) VST Ltd. shall make monthly payments [Payment for a month shall be made by 7th day of the next month]
- ii) Every quarter, Trust Industries Ltd. shall issue a statement of account showing the quantity and value of goods dispatched, payments received and payment due.
- iii) The differential amount, if any, as mentioned in the statement of account shall be paid by VST Ltd.

The details of various events are:

August 5, September 5, October 6	Payments of ₹ 2 lakh made in each month for the quarter July - September
October 3	Statement of accounts for the quarter July - September issued by the supplier showing amount of ₹ 2,56,000 as unpaid
October 17	Balance payment of ₹ 56,000 received by supplier for the quarter July - September

Determine the time of supply of goods for the purpose of payment of tax. [Study mat] [old Questionnaire No. CCP05.01.03.00]

Answer:

Q.5 Determine the time of supply of goods in the following independent cases assuming that GST is payable under reverse charge:-

Sr. No.	Date of receipt of goods	Date of payment by recipient of goods	Date of issue of invoice by supplier of goods
1.	July 1	August 10	June 29
2.	July 1	June 25	June 29
3.	July 1	Part payment made on June 30 & balance amount paid on July 20	June 29
4.	July 5	Payment entered in recipient's books of account on June 28 & debited in recipient's bank account on June 30	June 1
5.	July 1	Payment entered in recipient's books of account on June 30 & debited in recipient's bank account on June 26	June 29
6.	August 1	August 10	June 29

[old Questionnaire No. CCP05.03.06.00]

Answer:

S. No	Date of receipt of goods	Date of payment by recipient of goods	Date of issue of invoice by supplier of goods	31st day from date of Invoice	Time of Supply of Goods u/s 12(3) [Earlier of (1), (2) & (3)]

Q.9 Renudhoot Ltd. enters into a contract with XYZ Ltd. on 2nd July 2022 for a period of 2 years for construction of a new building - to be used for commercial purposes - for a total consideration of ₹ 150 lakh. As per the terms of contract, Renduhoot Ltd. is required to make payment at different stages of completion of the building namely, 50%, 75% and 100%.

Determine the time of supply using relevant details given as under:

Stage	Date of Various stages	Date of issuance of invoice	Date of payment	Amount paid (₹)
Initial booking	02.07.20XX	02.07.20XX	02.07.20XX	15 Lakh
50% completion of building	15.03.20YY	22.03.20YY	29.03.20YY	60 Lakh
75% completion of building	20.06.20YY	24.07.20YY	23.07.20YY	35 Lakh
100% completion of building	30.09.20YY	30.09.20YY	20.09.20YY	40 Lakh

[Study Mat] [old Questionnaire No. CCP 05.04.11.00]

Answer:-

	Cases	Time of supply
a)		
b)		

Stages of Completion	Time of Supply

Q.11 Determine the time of supply in the following cases assuming that GST is payable under reverse charge: [Study Mat]

S. No.	Date of payment by recipient for supply of services	Date of issue of invoice by supplier of services	Date of issue of invoice by Recipient of services, if supplier is unregistered
(i)	August 10	June 29	-
(ii)	August 10	June 1	-
(iii)	Part payment made on June 30 & balance amount paid on September 1	June 29	-
(iv)	Payment is entered in the recipient's books of account on June 28 & debited in recipient's bank account on June 30	June 1	-
(v)	Payment is entered in the recipient's books of account on June 30 and debited in recipient's bank account on June 26	June 29	-
(vi)	August 10	-	August 5

[old Questionnaire No. CCP05.05.13.00]

Answer:

S. NO.	Date of payment by recipient of services	Date of issue of invoice by supplier of services	61st day from date of Invoice	Date of issue of invoice by recipient of services	Time of Supply of Services u/s 13(3)

Q.15 KLM Ltd., a publishing and printing house registered in Maharashtra, is engaged in supply of books, letter cards, envelopes, guides and reference materials. The following information is provided by the company:

Event	Printing of Books	Printing of envelopes
Date of entering into printing contract	16th March	20th March
Date of receipt of advance	20th March	25th March
Date of completion of printing	10th April	5th April
Date of issue of invoice	15th May	10th April
Date of removal of books and letter heads to Buyer	13th May	7th April
Date of receipt of balance payment	31st May	30th April

In respect of printing of books, content was supplied by the author. For printing of envelopes, the design and logo were supplied by the buyer.

Determine the time of suppl(ies) for the purpose of payment of tax

[Study Mat] [CA Final July 21 Exam (Similar)] [CA Final MTP April 24] [old Questionnaire No. CCP 05.06.16.00]

Answer:-

1)

2)

Q.19 Anuja checked-in at the 'Welcome Tourist Lodge' in Madurai on 15th July, 20XX. The room rent for the same was ₹ 900 per day for a single room. She checked-out on 17th of July 20XX and payment in respect to the same was received by the lodge via cheque at the time of checking-out and entered in the books on the same date. The lodge decided to issue her the invoice on the same date when the amount would get credited in its bank account.

The lodging of hotel rooms which was exempted upto ₹ 1,000 earlier became chargeable to tax from 18th July, 20XX.

Under the GST law, determine the time of supply and taxability of the service of lodging in the hands of 'Welcome Tourist Lodge' if the cheque gets credited into the bank account of 'Welcome Tourist Lodge' on 20th of July 20XX.

Note: Assume that all the days covered in the above case are working days. [CA Final Nov 23 Exam] [CA Final MTP Sep 24] [old Questionnaire No. CCP 05.10.24.00]

Answer:

MCQs

MCQ 1

Lalla (Pedewala) owns a famous sweets shop located and registered under GST in Vrindavan, Uttar Pradesh. He received an order for 100 kg of sweets on 2nd May from Parindey Travels (P) Ltd., located in same locality of Vrindavan and registered under GST, for a total consideration of ₹ 50,000. Complete order of sweets was delivered to Parindey Travels (P) Ltd. on 5th May but without invoice, as accountant of Mr. Lalla was on leave on that day. However, the invoice was raised for the same on 6th May, when the accountant joined the office after leave. Payment in full was made on 7th May.

Determine the time of supply of goods in this case.

[Similat to study Mat] [CA Final RTP Nov 23] [CA Final MTP Series 2 Nov 23]

- a) 2nd May b) 5th May
c) 6th May d) 7th May

[Hint :- Refer Sec 12(2) read with N/No. 66/2017 – TOS is earlier of 5th May (last date to issue invoice u/s 31(1) or 6th May (invoice date)]

MCQ 2

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.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. I to iv. as follows:- [Study Mat]

i. 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%

[Hint:- Refer sec 14(a)(ii) read with N/no. 66/2017-TOS shall be the Invoice date]

ii. 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%

[Hint:- Refer sec 14(a)(ii) read with N/no. 66/2017-TOS shall be the Invoice date]

iii. 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

[Hint:- Refer sec 10(1)(b) of IGST Act for transaction between Diwakar (P) Ltd. and Pakija (P) Ltd. - POS shall be the place where the principal place of business of Pakija (P) Ltd. is located. Refer sec 10(1)(a) for transaction between Pakija (P) Ltd. and Gajab & Sons - POS shall be the place where movement of goods terminates for delivery to Gajab & Sons]

iv. 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.

[Hint:- Refer sec 31(5)- last date to issue invoice for continuous supply of service where due date of payment is ascertainable is the due date of such payment]



Value of Supply

Q.8 Binaca Electronics Ltd. (hereinafter referred to as BEL) is engaged in manufacturing televisions. It is registered in the State of Haryana. It has appointed distributors across the country who sell the televisions manufactured by it. The maximum retail price (MRP) printed on the package of a television is ₹ 12,000. The applicable rate of GST on televisions is 18%. BEL dispatches the stock of televisions to its distributors ordered by them on a quarterly basis.

In order to promote its sales, the Sales Head of BEL has formulated a sales promotion scheme on 1st April. Under this scheme, BEL offers a discount of 10% (per television) on televisions supplied to the distributors if the distributors sell 500 televisions in a quarter. The discount is offered on the price at which the televisions are sold to the distributors (excluding all charges and taxes).

It appoints Shah Electronics (an unrelated party as per GST Law) as its distributor in Haryana on 1st April and dispatches 750 televisions on 8th April as stock for the quarter April-June. BEL has sold the televisions to distributor - Shah Electronics at ₹ 8,400 per television (exclusive of applicable taxes). Shah Electronics has requested BEL for a special packing of the televisions delivered to it for which BEL has charged ₹ 1,200 per television.

Shah Electronics places a purchase order of 1,000 televisions with BEL for the quarter July-September. The distributor reports sales of 700 televisions for the quarter April-June and 850 televisions for the quarter July-September. The discount policy offered by BEL as explained above is also available to Shah Electronics as per the distributorship agreement

While Shah Electronics reverses the input tax credit availed for the quarter July- September, it has failed to reverse the input tax credit availed for the quarter April-June

Examine the scenario with reference to section 15 and compute the taxable value of televisions supplied by BEL to Shah Electronics during the quarters April-June and July-September assuming the rate of tax applicable on the televisions as 18%. [Study Mat] [CA Final MTP April 23] [CA Final RTP Nov 2020] [old Questionnaire No. CCP06.03.13.00]

Answer:-



Particulars	Amount (₹)

➤ **Computation of value of supply for the quarter – July to September**

Particulars	Amount (₹)

Notes:-

Q.9 Aviant Ltd., registered in Noida (Uttar Pradesh), is a supplier of machinery used for making bottle caps. The supply of machinery is effected as under:

- 1) The wholesale price of the machinery (excluding all taxes and other expenses) at which it is supplied in the ordinary course of the business to various customers is ₹ 42,00,000. However, the actual price at which the machinery is supplied to an individual customer varies within a range of $\pm 10\%$ depending upon the terms of contract of supply with the particular customer.
- 2) Apart from the price of the machinery, Aviant Ltd. charges from the customer the following incidental expenses:
 - associated handling and loading charges of ₹ 10,000
 - installation and commissioning charges of ₹ 1,00,000
- 3) The machinery can be dismantled and erected at another site, if required. The above charges are compulsorily levied in case of each supply of machinery.
- 4) Transportation of machinery to the customer's premises is arranged by Aviant Ltd. through a third-party service provider [Goods Transport Agency (GTA)]. The customer enters into a separate service contract with the GTA and pays the freight directly to it.
- 5) A cash discount of 2% on the price of the machinery is offered at the time of supply, if the customer agrees to make the payment within 15 days of the receipt of the machinery at his premises. In the event of failure to make the payment within the stipulated time, the company
 - recovers the discount given at the time of receiving payment from the customer (no separate amount of GST is recovered) and
 - charges simple interest @ 1% per month or part of the month (no separate amount of GST is recovered) on the total amount due from the customer (towards the machinery supplied) from the date of making the supply till the date of payment. However, no interest is charged on the tax dues.
- 6) For every machinery supplied, Aviant Ltd. receives a price linked subsidy of ₹ 2,00,000 from its holding company Diligent Ltd.

Aviant Ltd. has supplied a machinery to an unrelated party, Daffodil Pvt. Ltd. on 29th August at a price of ₹ 40,00,000 (excluding all taxes). Invoice was issued on 29th August by Aviant Ltd.

The corporate office of Daffodil Ltd., which is at New Delhi, has entered into contract with Aviant Ltd. for supply of machinery. However, the machinery has been installed at Daffodil Pvt. Ltd's registered

Discount @ 2% on the price of machinery excluding taxes was given to Daffodil Pvt. Ltd. as it agreed to make the payment within 15 days. However, Daffodil Pvt. Ltd. paid the consideration on 30th September. Assume the rates of taxes to be as under:

Bottle cap making machine		
CGST: 6%	SGST: 6%	IGST: 12%
Service of transportation of goods		
CGST: 2.5%	SGST: 2.5%	IGST: 5%
Other services involved in the above supply		
CGST: 9%	SGST: 9%	IGST: 18%

Make suitable assumptions, wherever needed. [Study Mat] [old Questionnaire No. CCP06.03.14.00]

Answer :-

[illegible]

Notes:-



Q.11 Rustagi & Co. manufactures customized products at its unit situated and registered in Madhya Pradesh. Cost of production of 1,000 products for Rustagi & Co. is ₹ 20,00,000.

These products require further processing before sale, and for this purpose products are transferred from its Madhya Pradesh unit to its another unit situated and registered in Himachal Pradesh. The value declared on the invoice for such transfer is the cost of production of such products.

The Himachal Pradesh unit, apart from processing its own products, engages in processing of similar products of other persons who supply the products of the same kind and quality. Thereafter, the Himachal Pradesh unit sells these processed products to wholesalers. There are no other factories in the neighbouring area which are engaged in the same business as that of Himachal Pradesh unit.

1,000 units of the products of same kind and quality are supplied to Himachal Pradesh unit, at the time when goods are sent by Madhya Pradesh unit, by another manufacturer located in Himachal Pradesh.

The ex-factory price of such goods is ₹ 19,00,000. The Himachal Pradesh unit of Rustagi & Co. is eligible for full ITC. Determine the value of 1000 products supplied by Rustagi & Co. to its Himachal Pradesh unit.

[Study Mat] [old Questionnaire No. CCP06.05.19.00]

Answer:-

Q.18 VOS Fortune 365 is an online money gaming platform operating from UAE. It provides its users a platform to play and win money in different games that are available on its portal.

In the month of December, Player A, an unregistered person located in India, deposited an amount of ₹ 10,000 (inclusive of GST) in the master wallet available on the portal of Fortune 365. Subsequently, following transactions were undertaken by Player A in said month:

- (i) Player A utilized the amount of ₹ 2,000 from the master wallet towards playing a virtual racing game on the portal. As a winning amount, ₹ 10,000 was credited to the master wallet of Player A.
- (ii) On another portal operated by Fortune 365 in the name of Bet 180, Player A placed a bet of face value of ₹ 11,000 on an international wrestling match. The amount of such bet was paid by the master wallet of Player A. However, he lost the bet and hence the bet amount of ₹ 11,000 with applicable taxes was transferred from the master wallet to the bank account of Bet 180.
- (iii) Player A transferred the balance amount from the master wallet to his bank account after the aforesaid transactions. Assume all the above transactions to be exclusive of GST unless otherwise specified.
- (iv) Rate of GST applicable is 28% (Please ignore the bifurcation of GST amount into CGST, SGST and IGST.)

Based on the information provided above, answer the following questions, providing brief reasons :

- 1) Compute the total GST payable on the aforesaid given transactions.
- 2) Determine the net amount transferred by Player A to his bank account after the aforesaid transactions.

[CA Final RTP May 24] [old Questionnaire No. CCP06.08.24.01]



Answer:-

1)																	
2)	<div>➡ Thus, Total amount transferred by Player A to his bank account from the master wallet is as follows:</div> <table><tr><th>Particulars</th><th>Amount (₹)</th></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr></table>	Particulars	Amount (₹)														
Particulars	Amount (₹)																



Q.22 Minaz purchased a Mini cooper Car on 12.10.20XX for ₹ 35, 00,000. The purchase of car was financed by 70% by Smart Finance Ltd. The loan was payable in 40 instalments beginning with 01.11.20XX. Mr. Minaz defaulted in repayment of loan and Smart Finance Ltd repossessed the car on 15.06.20YY. The car was disposed on 12.12.20YY for ₹ 29,50,000. Determine the value of taxable supply as per Rule 32(5) of CGST Rules, 2017. [old Questionnaire No. CCP01.06.13.29.00]

Answer:

Q.26 Kaushal Manufacturers Ltd., registered in Delhi, is a manufacturer and supplier of electronic home appliances. It is paying tax under regular scheme. It supplies the electronic home appliances in the domestic as well as overseas market. For supplies in other States of India, the company has appointed consignment agents in each such State , except Gurgaon, Haryana and Noida, Uttar Pradesh, where the goods are supplied directly from its Delhi warehouse.

In the month of January, consignments of electronic home appliances were sent to Cardinal Electricals Pvt. Ltd. and Rochester Technos – agents of Kaushal Manufacturers Ltd. in Punjab and Madhya Pradesh respectively. Cardinal Electricals Pvt. Ltd. and Rochester Technos supplied these electronic home appliances under their invoices to the stores located in their respective States for ₹40,00,000 and ₹70,00,000 respectively. Open market value of such appliances is not available.

Further, in January, electronic home appliances have been supplied to Ronn Technomart - a wholesale dealer of electronic home appliances in Noida, Uttar Pradesh for consideration of ₹23,00,000, from its Delhi warehouse. Kaushal Manufacturers Ltd. owns 75% shares of Ronn Technomart. Open market value of the electronic home appliances supplied to Ronn Technomart is ₹30,00,000. Further, Ronn Technomart is not eligible for full input tax credit.

Kaushal Manufacturers Ltd. also provides repair and maintenance services to electronic appliance manufacturers located in India.

The company has also furnished the following information for the month of January:

Particulars	₹
Supply of electronic home appliances to wholesale dealers of such appliances in Delhi	84,00,000
Electronic home appliances supplied to Anchor Electricals Inc., USA under LUT [Consideration received in convertible foreign exchange]	1,26,00,000
Repair and maintenance services provided to Unitech Ltd., an electronic appliance manufacturer, located in Delhi	8,40,000
Advance received towards repair and maintenance services to be provided to Orelec Ltd., an electronic appliance manufacturer, located in Delhi [Repair and maintenance services have been provided in February and invoice is issued on 28th February]	7,00,000
Advance received for electronic home appliances to be supplied to Novick Electricals, a wholesale dealer of such appliances in Gurgaon, Haryana [Invoice for the goods is issued at the time of delivery of the electronic appliances in March]	8,40,000

You are required to determine the gross GST liability [CGST & SGST and/or IGST] of Kaushal Manufacturers Ltd. for the month of January.

Note:

- All the given amounts are exclusive of GST, wherever applicable.
- Assume the rates of GST to be as under:

Goods/services supplied	CGST	SGST	IGST
Electronic home appliances	2.5%	2.5%	5%
Repair and maintenance services	9%	9%	18%

You are required to make suitable assumptions, wherever necessary. [CA Final RTP Nov 21]
[old Questionnaire No. CCP 01.06.17.33.00]

Answer:-



MCQs

MCQ 1

Maahi Ltd. of Bhopal (Madhya Pradesh) is a supplier of machinery. Maahi Ltd. has supplied machinery to ABC Enterprises in Indore (Madhya Pradesh) on 1st October, 20XX. The invoice for supply has been issued on 1st October, 20XX. Maahi Ltd. and ABC Enterprise are not related and price is the sole consideration for the supply. Following information is provided:

Basic price of machinery excluding all taxes is ₹ 20,00,000. In addition to the basic price, Maahi Ltd. has collected the design and engineering charges of ₹ 10,000 and loading charges of ₹ 20,000 for the machinery.

Maahi Ltd. provides 1 year mandatory warranty for the machinery on payment of additional charges of ₹ 1,00,000.

Maahi Ltd. has collected consultancy charges in relation to pre-installation planning of ₹ 10,000 and freight and insurance charges from place of removal to buyer's premises of ₹ 20,000.

Maahi Ltd. received subsidy of ₹ 50,000 from Central Government for supplying the machinery to backward region since receiver was located in a backward region. Maahi Ltd. also received ₹ 50,000 from the joint venture partner of ABC Enterprises for making timely supply of machinery to the recipient.

A cash discount of 1% on the basic price of the machinery is offered at the time of supply, if ABC Enterprises agrees to make the payment within 30 days of the receipt of the machinery at his premises. Discount @ 1% was given to ABC Enterprises as it agreed to make the payment within 30 days.

Determine the value of Supply [CA Final MTP Aug 2018]

- a. ₹ 22,40,000 b. ₹ 21,40,000
c. ₹ 21,90,000 d. ₹ 22,10,000

[Hint:- 1) Refer sec 15(1), 15(2) & 15(3) & here, value = ₹ 20,00,000 + ₹ 10,000 + ₹ 20,000 + ₹ 1,00,000 + ₹ 10,000 + ₹ 20,000 + ₹ 50,000 - (1% of ₹ 20,00,000)

2) subsidy by central govt. ₹ 50,000 is not added

3) Discount is given instant and hence not recorded in invoice & thus no deduction allowed]

MCQ 2

Dhoomketu, registered under GST in Virar, Maharashtra, is appointed as a del-credre agent by Bigbang Ltd. He sells shoes to his customers locally within the same State. Bigbang Ltd. is also registered under GST in Maharashtra.

During the current financial year, Bigbang Ltd. supplied taxable goods worth ₹ 9.50 crore whose open market value is ₹ 9.82 crore, from its Navi Mumbai unit to Dhoomketu. Dhoomketu has further sold these goods for ₹ 10.10 crore by raising invoices using his own GSTIN.

Dhoomketu has received a commission of ₹ 65 lakh from Bigbang Ltd. during the year and has guaranteed the payment of the value of such goods from the customers to

Bigbang Ltd. Dhoomketu has also provided financial assistance in the form of larger credit period to his customers, on which he has also earned interest of ₹ 25 lakh.

Compute the value of supply of Bigbang Ltd. and Dhoomketu for the current financial year assuming that both of them wish to adopt minimum value of supply to the extent possible. [CA Final RTP May 23]

- a. Bigbang Ltd.: ₹ 9.09 crore and Dhoomketu: ₹ 11.00 crore
b. Bigbang Ltd.: ₹ 10.05 crore and Dhoomketu: ₹ 10.85 crore
c. Bigbang Ltd.: ₹ 10.15 crore and Dhoomketu: ₹ 10.85 crore
d. Bigbang Ltd.: ₹ 10.15 crore and Dhoomketu: ₹ 75.00 lakh

[Hint: Rule 29 for goods supplied between Bigbang Ltd. & Dhoomketu i.e. value for Bigbang Ltd. = ₹ 9.82 or 90% of ₹ 10.10 Cr, whichever is beneficial and value for Dhoomketu = ₹ 10.10Cr + ₹ 0.65L + ₹ 0.25L]

MCQ 3

M/s. Kala & Associates, dealing in sale/ purchase of used or secondhand cars, is registered under GST. During the current financial year, it effected following intra-State transactions:

Particulars	Purchase Price	Sale Price
Car 1	₹ 5,00,000	₹ 7,50,000
Car 2	₹ 3,00,000	₹ 2,75,000
Car 3	₹ 6,00,000	₹ 6,50,000
Car 4	₹ 8,00,000	₹ 9,50,000

M/s. Kala & Associates purchased Car 1, Car 2 and Car 3 from unregistered persons and Car 4 from registered person who charged GST of ₹ 1,30,000 and accordingly M/s. Kala & Associates had availed the input credit of the same.

M/s. Kala & Associates is not conversant with GST provisions. Hence, it has approached you for determining his GST liability. Assume that the applicable rate of tax is 18% and the amounts given above are exclusive of GST. (Study Mat) [CA Final GST RTP May 2020]

- a. ₹ 95,000 b. ₹ 1,08,000
c. ₹ 1,30,500 d. Exempt Supply, No GST

[Hint:- Refer rule 32(5) - here, GST liability is as follows:-

- 1) car 1:- (₹ 7,50,000 - ₹ 5,00,000) * 18%
2) car 2:- (₹ 2,75,000 - ₹ 3,00,000) = negative value - shall be ignored
3) car 3:- (₹ 6,50,000 - ₹ 6,00,000) * 18%
4) car 4:- ₹ 9,50,000 * 18% [If ITC availed, full value will be taken
so, GST liability = Total Output tax as calculated - ITC
i.e [₹ 45,000 + ₹ 9,000 + ₹ 1,71,000] - ₹ 1,30,000 = ₹ 95,000



MCQ 5

Dumdum Engineering Private Limited (DEPL), Surat (Gujarat), a supplier of heavy machinery, supplied a machine to Gulati Manufacturers from its godown located in Mumbai, Maharashtra, on 1st January at a price of ₹ 64,00,000 (excluding all taxes).

Gulati Manufacturers has its corporate office in New Delhi. However, the machinery was installed at its manufacturing unit located in Gurugram (Haryana) for which installation and commissioning charges of ₹ 4,80,000 and handling and loading charges of ₹ 1,60,000, were charged by DEPL. For every machinery supplied, DEPL receives a grant of ₹ 3,20,000 from its holding company Dharam Ltd.

Transportation of machinery to the customer's premises is arranged by DEPL through a third-party service provider [Goods Transport Agency (GTA)]. Gulati Manufacturers entered into a separate service contract with the GTA and paid the freight of ₹ 50,000 directly to it.

DEPL offered a cash discount of 2% on the price of the machinery at the time of supply since Gulati Manufacturers agreed to make the payment within 15 days of the receipt of the machinery at its premises. However, it was agreed that in case Gulati Manufacturers failed to make the payment within the stipulated time, DEPL would-

- recover the discount given; and

- charge interest @ 1% per month or part of the month on the total amount due (including discount recovered) from Gulati Manufacturers (towards the machinery supplied) from the date of making the supply till the date of payment. However, no interest is to be charged on the tax dues.

Gulati Manufacturers paid the consideration for the machine on 31st March. Since, the payment was made after the stipulated period of 15 days of the receipt of the machinery, discount given was recovered from it and interest was accordingly charged. However, Gulati Manufacturers refused to pay tax on interest and discount recovered.

Assume the rates of taxes to be as under:

Supply	CGST Rate	SGST Rate	IGST Rate
Machinery Supplied	6%	6%	12%
Service - transportation of goods	2.5%	2.5%	5%
Other services involved in the above supply	9%	9%	18%

In view of the above information, you are required to answer the following questions: [CA final RTP May 2020] [Study Mat]

(i) The place of supply of the machinery supplied by DEPL is _____ and the nature of supply is _____

- Gujarat, intra-State supply
- Haryana, inter-State supply
- New Delhi, inter-State supply
- Maharashtra, inter-State supply

[Hint:- Refer sec 10(1)(d)- POS shall be place where the machine is installed i.e. at Gurugram (Haryana). As LOS & POS are in different states, it is inter-state supply]

(ii) The GST liability of DEPL for the month of January is _____ (approx.).

- ₹ 9,46,660
- ₹ 8,67,840
- ₹ 9,06,153
- ₹ 8,98,560

(Hint: GST liability for Jan :-

Particulars	(₹)
Price of machine (Transaction value u/s 15(1))	64,00,000
Installation & Commissioning charges (u/s 15(2)(c))	4,80,000
Handling & Loading charges (u/s 15(2)(c))	1,60,000
Grant from Dharam Ltd. (u/s 15(2)(e) grant is directly linked to price of machine)	3,20,000
Cash discount @2% of ₹ 64,00,000 (u/s 15(3) agreed at the TOS)	-1,28,000
Freight (It is the liability of Gulati manufacturers & paid by them only so not to be added)	-
Total taxable value	72,32,000
GST @12%	8,67,840

(iii) The GST liability of DEPL for the month of March is _____ (approx.).

- ₹ 36,343
- ₹ 36,504
- ₹ 35,314
- Nil

[Hint:- Cash discount given earlier & int. on delayed payment of consideration is received in March & thus, taxable in March. Amount on which int is to be charged is before giving cash discount but excluding the grant as already recd from Dharam Ltd. = ₹64,00,000 + ₹4,80,000 + ₹1,60,000 = ₹ 70,40,000. Interest = ₹70,40,000 * 1% * 3 months = ₹ 21,1200. Interest & cash discount are inclusive of GST. GST to be paid for March = (₹2,11,200 interest + ₹1,28,000 cash discount)/112% * 12% = ₹36,343]

(iv) Supply of machinery and supply of installation and commissioning services is _____ supply. Time of supply of interest received by DEPL and cash discount recovered on account of delayed payment of consideration is _____.

- composite, 31st March
- composite, 1st January
- mixed, 1st January
- mixed, 31st March

[Hint:- Supply of machine & its installation & commissioning



(v) If the grant of ` 3,20,000 received by DEPL had been received from Central Government instead of its holding company Dharam Ltd., with other facts remaining the same, the GST liability of DEPL for the month of January would have been _____ (approx.).

- a. ₹ 9,46,660
b. ₹ 8,67,840
c. ₹ 9,06,153
d. ₹ 829440

(Hint: GST liability for Jan :-

Particulars	(₹)
Price of machine (Trasaction value u/s 15(1))	64,00,000
Installation & Commissioning charges (u/s 15(2)(c))	4,80,000
Handling & Loading charges (u/s 15(2)(c))	1,60,000
Grant from Dharam Ltd. (u/s 15(2)(e) -grant given by CG is not to be added	-
Cash discount @2% of `64,00,000 (u/s 15(3) - agreed at the TOS)	-1,28,000
Freight (It is the liability of Gulati manufacturers & paid by them only so not to be added)	-
Total taxable value	69,12,000
GST @12%	8,29,440

Note:- All expenses in addition to price of machine are taxable at the rate applicable to machine being composite supply.]

Computation of GST MCQs

MCQ 6

Supernova India Limited is a 100% subsidiary of Supernova LLC, Japan, registered under GST in the State of Gujarat. Supernova Inc., Singapore, is another subsidiary of Supernova LLC, Japan, and is engaged in supply of industrial goods to customers across the world. In India, Supernova Inc., Singapore, sells the goods to a sub-contractor registered under GST in the name of Alpha Limited in the State of Maharashtra. Alpha Limited imports the goods sold by Supernova Inc., Singapore and carries out the required technical process on such goods in the factory located in Maharashtra. After the processing of goods by Alpha Limited, the goods are sold by Alpha Limited to Supernova India Limited for further sales to end customers.

As a holding company, Supernova LLC, Japan, recovers an amount equivalent to 20% of the sales made by Supernova India Limited as commission on monthly

During the month of January, Alpha Limited imported the goods worth ₹ 10,00,000 from Supernova Inc., Singapore. The inter-State purchases of Alpha Limited from domestic market amounted to ₹ 2,00,000 during the month of January. The value of processed goods sold by Alpha Limited to Supernova India Limited amounted to ₹ 10,00,000. Further, Supernova India Limited paid an additional amount equivalent to ₹ 2,00,000 for transportation and handling of goods to third party, which was contractually agreed to be paid by Alpha Limited. No GST was payable on such transportation and handling to the third party. Alpha Limited has also charged an amount equivalent to ₹ 12,000 on such processed goods as miscellaneous municipal levy (other than GST) payable in the State of Maharashtra.

Supernova India Limited sold the goods purchased from Alpha Limited in the month of January as per the details provided below:

1. ₹ 6,00,000 worth goods to X Ltd, a customer located in the State of Rajasthan
2. ₹ 8,00,000 worth goods to Y Ltd, a customer located in the State of Gujarat

There is no opening stock and closing stock for the month of January with Supernova India Limited.

In January, Supernova India Limited sent 5 of its employees of finance team to Singapore for training purpose. The training was given by Supernova Inc., Singapore, at its office located in Singapore. The expenses related to such training were paid by Supernova India Limited to Supernova Inc., Singapore.

Further, an employee of Supernova India Limited had visited the manufacturing unit of Alpha Limited in Mumbai, Maharashtra and had stayed in the hotel located in Mumbai, Maharashtra, in the month of January. At the time of checkout from hotel, the invoice was issued for an amount equivalent to ₹ 1,00,000. The hotel had issued invoice in the name of Supernova India Limited and GST was charged at the rate of 14% CGST and 14% SGST on total invoice amount of ₹ 1,00,000. Out of such amount, the amount recoverable from the employee towards non-official stay by Supernova India Limited was ₹ 50,000.

Fun Events Ltd., an event management company at New Delhi, had organized an event in the month of January for Supernova India Limited, in Mauritius.

The opening balance of input tax credit of both Alpha



Limited as well as Supernova India Limited for the relevant tax period is nil. Further, there is no other inward or outward supply transaction for Alpha Limited 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.

All the above transactions are exclusive of GST, wherever applicable.

GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

I. Intra-State supply – 9% CGST and 9% SGST

II. Inter-State supply – 18% IGST

The rate of basic customs duty on import of goods is nil. However, IGST is applicable on import of goods. No additional duty or cess is applicable on the import of goods or services.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. i to v as follows:-

[Study Mat]

I. The total GST liability net of input tax credit, if any, of Alpha Limited for the month of January is:

- ₹ 2,18,160 payable as IGST.
- nil.
- ₹ 2,160 payable as IGST.
- ₹ 1,09,080 payable as CGST and ₹ 1,09,080 payable as SGST.

[Hint:- IGST on outward supply (₹ 1000000 for sale of goods + ₹ 200000 u/s 15(2)(b) + ₹ 12000 u/s 15(2)(a)) * 18% - IGST on inward supply (₹ 1000000 imports + ₹ 200000 interstate domestic purchases) * 18%]

ii. What shall be the gross IGST liability i.e. without any adjustment of input tax credit, if any, of Supernova India Limited for the month of January?

- ₹ 1,08,000
- Nil
- ₹ 1,58,400
- ₹ 33,840

[Hint:- (₹ 6,00,000 interstate sales * 18%) + ((₹ 6,00,000 + ₹ 8,00,000 sales) * 20% commission paid to Supernova LLC, Japan taxable under RCM under sl. No. 17 * 18%)]

iii. How shall the amount paid towards the training expenses of employees of finance team of Supernova India Limited be treated under the GST law?

- No GST is applicable on the transaction since training was imparted in Singapore, i.e. place outside India.
- GST is applicable on the training expenses and is payable as IGST by Supernova India Limited since the place of supply for training services in

case of registered person is location of such registered person.

c. Supernova Inc., Singapore, is required to obtain registration as casual taxable person in India and discharge the GST liability in India.

d. Supernova Inc., Singapore, is required to obtain registration as online information and database access or retrieval service provider in India and discharge the tax liability on training service.

[Hint:- POS as per sec 13(3)(b) of IGST Act is outside India & hence, GST is not chargeable]

iv. Whether input tax credit is available on the GST paid by Supernova India Limited on the invoice amounting to ₹ 1,00,000 to the hotel located in Mumbai, Maharashtra, for stay of the employee? If yes, please specify the amount of input tax credit available.

- Yes, as ₹ 14,000 CGST and ₹ 14,000 SGST
- Yes, as ₹ 28,000 IGST

c. No input tax credit is available

d. Yes, as ₹ 7,000 CGST and ₹ 7,000 as SGST

[Hint:- LOR is Gujarat whereas LOS is MH. POS shall be MH as per sec 12(3) of IGST Act. Now, as LOS & POS are in same state MH, it is intra-state supply. CGST & SGST is levied in MH but recipient is registered in Gujarat & hence, ITC of CGST & SGST paid in one state is not allowed in other state)

v. Whether GST is applicable on the event organized by Fun Events Ltd. for Supernova India Limited in Mauritius and what is the place of supply in such case?

- GST is applicable and the place of supply is New Delhi.
- GST is applicable and the place of supply is Gujarat.
- GST is not applicable and the place of supply is Mauritius.
- GST is applicable and the place of supply is Mauritius

[Hint:- POS as per sec 12(7) of IGST Act is Gujarat as this service is provided to a person (Supernova India Limited) registered in Gujarat]

