Chapter 9

Place of Supply

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	Total No. of Illusttrations			18

01. Section 9:- Supply in Territorial water

MCQ 09.01.01.00

Sachi Traders, registered in Maharashtra, purchased machinery two years back worth ₹ 2,00,00,000 and did not avail ITC on said machinery at the time of its purchase. After using the machinery for two years, it gave said machinery free of cost in the month of September (in the current year) to an unrelated person in Punjab. On the date of transfer, open market value of the machinery was ₹ 1,25,00,000 and the written down value was ₹ 1,53,00,530.

In the month of September, it also supplied taxable goods worth ₹ 50,00,000 to Hike Oil Corporation Limited in the territorial waters. The said territorial waters are located at a distance of 5 nautical miles from the baseline of the State of Maharashtra and 7 nautical miles from the baseline of the State of Kerala.

All above amounts are exclusive of GST and rates of applicable CGST, SGST and IGST in above cases are 9%, 9% and 18%.

You are required to determine the amount of net CGST and SGST and/or IGST payable in the month of September. [CA Final MTP Mar 22] [Study Mat]

a. CGST: ₹ 4,50,000; SGST: ₹ 4,50,000; IGST: Nil
b. CGST: Nil; SGST: Nil; IGST: ₹ 9,00,000
c. CGST: Nil; SGST: Nil; IGST: Nil
d. CGST: ₹ 4,50,000; SGST: ₹ 4,50,000; IGST: ₹ 22,50,000

[Hint:-1) Giving machinery free of cost is not supply as per sec 7 of CGST Act as there is no consideration and also as per para 1 of schedule I as no ITC availed on it.
2) Refer sec 9 of IGST Act- POS = Maharashtra as nearest point of appropriate baseline is in Maharashtra
3) Both location of supplier and POS is in Maharashtra, so it is intrastate supply ₹ 50 lakhs on which CGST & SGST payable is 9% each]

02. Section 10:- POS of goods other than supply of goods imported into or exported from India

MCQ 09.02.02.00

M/s. Dhoom Furniture Mart, located and registered under GST in the State of Chhattisgarh, sells furniture from its showroom to M/s. Lucky Dhaba (located and registered under GST in the State of Jharkhand).

M/s. Lucky Dhaba requested to deliver the furniture to Mr. Pyare Lal at Patna, Bihar. M/s. Dhoom Furniture Mart sends the furniture with a proper e-way bill to Patna through a transporter who made the delivery to Mr. Pyare Lal.

Determine the place of supply of furniture sold by M/s. Dhoom Furniture Mart to M/s. Lucky Dhaba in the above case. [Study Mat]

a. Chhattisgarh b. Jharkhand
c. Bihar
d. Either Jharkhand or Bihar, at the option of the recipient

[Hint:- Refer sec 10(1)(b), POS= Principal place of business of third person (M/s. Lucky Dhaba)]

MCQ 09.02.03.00

Mr. A (New Delhi) has leased his machine (cost ₹ 8,00,000) to Mr. B (Registered in Noida, Uttar Pradesh) for production of goods on a monthly rent of ₹ 40,000. After 14 months, Mr. B requested Mr. A to sell the machine to him for ₹ 4,00,000, which is agreed to by Mr. A.

Mr. A also sold goods to Mr. C (unregistered person from Kerala) for ₹ 20,000. State name (Kerala) is mentioned in invoice.

Determine place of supply for Mr. B when the machine is sold after being leased & For Mr. C ?

a. location of Mr. A (New Delhi)for both cases
b. location of Machine (Noida, Uttar Pradesh)for Mr. B & Address in invoice (Kerala) for Mr.C
c. POS can not be determined for both cases
d. None of the above

[Hint:- 1) Refer sec 10(1)(c)for Mr. B- Location of the goods at the time of delivery to the recipient
2) Refer sec 10(1)(ca) for Mr. C - Address of Mr. C recorded in invoice i.e. the state name]

03. Section 11:- Place of Supply of Goods imported into or exported from India

MCQ 09.03.04.00

Determine the place of supply of goods in following cases:-

(i) XYZ Ltd of Jaipur imported certain goods from PQR of Canada. The goods were imported

through vessel and delivery of goods was taken at Mumbai Port.

(ii) M Ltd (located in Mumbai) is exporting its goods on the basis of its order received from N Ltd (located in Singapore). Determine the place of supply of goods.

a. Jaipur, Singapore b. Jaipur, Mumbai
c. Canada, Mumbai d. Canada, Singapore

[Hint:- Refer sec 11(a)- POS= Location of importer & sec 11(b)- POS=location outside India]

04. Section 12:- Determination of POS for transaction within India i.e. where the location of supplier of service & location of recipient of service is in India

Sec 12(2):- POS generally when sec 12(3) to sec 12(14) does not apply (the default rule)

MCQ 09.04.05.00

Lucky Singh, a resident of Noida and an unregistered person, U.P. (working in a private firm), went to Himachal Pradesh for a family vacation via Delhi-Chandigarh-Himachal Pradesh in his own car. After entering Chandigarh, his car broke down due to some technical issue. He called 'ONROARDS' - an emergency roadside car assistance company (registered under GST in Delhi) to repair the car. The car was repaired by the staff of 'ONROARDS'. 'ONROARDS' does not have policy to maintain a record of the addresses of the persons taking the car assistance service. The value of supply amounted to ₹ 50,000 (being labour charges ₹ 40,000 and spares ₹ 10,000). The bill was supposed to be generated online though the server, but due to some technical issue, it was not so generated. Determine the place of supply in the given case. [Study Mat] [CA Final RTP May 20]

a. Delhi b. Chandigarh
c. Noida, U.P d. Himachal Pradesh

[Hint:- Refer Sec 12(2)(b)- POS = Location of supplier as the location of recipient is not in the records of supplier]

Sec 12(3):- POS of services relating to immovable property

MCQ 09.04.06.00

M/s Fair Engineering Consultants, located and registered under GST in Gurugram, Haryana, provided architectural services to Mahal India Ltd., located and registered under GST in Mumbai, Maharashtra, for its hotel to be constructed on land situated in Dubai.

Determine the place of supply of architectural services provided by M/s Fair Engineering Consultants to Mahal India Ltd.:[CA Final MTP Mar 22] [Study Mat][CA Final MTP March 19 similar]

a. Gurugram, Haryana
b. Mumbai, Maharashtra
c. Dubai
d. Either Maharashtra or Dubai, at the option of the recipient

[Hint:- Refer sec 12(3)(a) and proviso thereto- property is outside India, hence POS= Location of recipient]

Sec 12(8):- POS for transportation of goods

MCQ 09.04.07.00

Aflatoon Spares (P) Ltd., located and registered under GST in Haryana, supplied spare parts (FOB basis) to Mr. Laxmi Khurana, an unregistered person, located in Rajasthan. Mr. Laxmi Khurana booked the courier himself with Black Dart Courier (P) Ltd., registered under GST in Delhi for delivery in Rajasthan. Black Dart Courier (P) Ltd. picked up the goods from Haryana and handed over by Aflatoon Spares (P) Ltd. delivered the courier in Rajasthan while passing through the State of Uttar Pradesh.

Determine the place of supply of service provided by Black Dart Courier (P) Ltd. to Mr. Laxmi Khurana: [Study Mat]

a. Haryana b. Delhi
c. Rajasthan d. Uttar Pradesh

[Hint:- Refer sec 12(8)(b)- POS= location at which such goods are handed over for their transportation]

Sec 12(11):- POS of telecommunication & some other specified services

MCQ 09.04.08.00

Mr. Salman Khan, a resident of Mumbai, has booked a Videocon D2H connection at his other home in Delhi. His friend Shah Rukh Khan, is resident of Kerala, paid the charges for Salman's D2H connection in Delhi at the time of actual installation. Mr. Shah Rukh Khan went to

Kolkatta after making the payment. Both Salman Khan and Shah Rukh Khan are not registered in GST.

Determine the place of supply of D2H service provided by Videocon to Mr. Salman Khan: [CA Final MTP April 19]

a. Mumbai b. Kerala
c. Delhi d. Kolkatta

[Hint:- Refer sec 12(11)(a)- POS = location where connection is installed].

Sec 12(12):- POS of banking & financial services including stock broking

MCQ 09.04.09.00

Mr. Javed, an unregistered person residing in Hisar, Haryana, went to Delhi for seeking admission of his child - Mr. Arjun - in CA Intermediate. Mr. Javed got the demand draft generated at ICIDI Bank Ltd., located and registered under GST in Sahibabad, Uttar Pradesh against cash, for depositing the registration fee to the ICAI.

Mr. Javed does not have a bank account in ICIDI Bank Ltd. and the bank doesn't have any policy of KYC requirements (name, address and other identity verification policy) for customers requiring demand draft and not having account with any of its branch in India.

Determine the place of supply of service provided by ICIDI Bank Ltd., Uttar Pradesh to Mr. Javed. [Study Mat]

a. Delhi
b. Uttar Pradesh
c. Either Delhi or Uttar Pradesh, at the option of the recipient
d. Haryana

[Hint:- Refer Sec 12(12)- POS = Location of supplier of service (if location of recipient is not on the records of supplier)]

05. Section 13:-Determination of POS for transaction outside India i.e. where the location of supplier of service OR location of recipient of services outside India

Sec 13(8):- POS of some specified services

MCQ 09.05.10.00

Mr. Oswal, of Delhi, a stock broker, arranges securities for Mr. Alex of Netherland, a foreign investor. The transaction is carried out at BSE Mumbai. The POS shall be:

a. Delhi b. Mumbai
c. Netherland d. none of the above

[Hint:- Refer Sec 13(8)(b), POS=location of supplier-(because as per sec 2(13), person arranging securities is an intermediary)]

MCQ 09.05.11.00

Mr. Ambani of Mumbai hires an aircraft of foreign company for 5 days for business tour. Determine the place of supply of service.

a. location of supplier of service
b. location of recipient of service
c. location where service is performed
d. location where passenger embarks for journey

[Hint:- Sec 13(8)(c) is N.A. for hiring of aircrafts, hence sec 13(2) attracts here-POS= Location of recipient]

Sec 13(12):- POS of OIDAR services, Section 14:- Provisions relating to OIDAR Services, sl no. 10 of IGST exemption, RCM entry and sec 2(16):- Def.of NTOR

MCQ 09.05.12.00

Which of the following services does not qualify as online information database access and retrieval services? [Study Mat]

a. PDF document manually emailed by provider
b. PDF document automatically downloaded from site
c. Online course consisting of pre-recorded videos and downloadable PDFs
d. Stock photographs available for automatic download

[Hint:- Refer Sec 2(17)- Meaning of OIDAR]

MCQ 09.05.13.00

Godaddy Ltd., a US based company, supplied online data storage services/ cloud services to Mr. Ram located in India who is not registered under GST and receives such services for purpose other than business or profession.

Identify the person liable to pay tax in each of the following cases:

i) If service is supplied directly by Godaddy Ltd., then person liable to pay tax is:

a. Mr. Ram b. Godaddy Ltd.
c. Representative of Godaddy Ltd. in India
d. Intermediary appointed by Godaddy Ltd.
[Hint:- 1) Refer sec 14(1), If OIDAR service is directly provided by person located in NTT and received by a NTOR, Supplier in NTT shall be liable to pay tax.
2) here, no exemption is available as this service is covered in exception part of exemption sl. No. 10 (IGST)
3)Refer sec 2(16) of IGST Act for definition of NTOR
4) RCM is also N.A. as OIDAR service is received by NTOR]

ii) If service is supplied by an intermediary (located in NTT) appointed by Godaddy Ltd., then person liable to pay tax is:

a. Mr. Ram b. Godaddy Ltd.
c. Representative of Godaddy Ltd. in India
d. Intermediary appointed by Godaddy Ltd.
[Hint:- Refer proviso to sec 14(1), If OIDAR service is provided by person in Non taxable territory (NTT) and received by NTOR, an intermediary located in NTT shall be liable to pay tax.]

MCQ 09.05.14.00

The registration requirements for the supplier of OIDAR services located in non-taxable territory who supplies services to NTOR are as follows:

a. single registration
b. Multiple registrations
c. Not liable for registration upto threshold limit
d. Exempt from registration
[Hint:- Refer sec 14(2) - supplier needs to take single registration under simplified registration scheme]

06. Section 16:- Zero-Rated Supply

MCQ 09.06.15.00

State the options available to a registered person making zero-rated supply for claiming refund u/s 16 of IGST Act:

a. RP shall supply under bond or LUT, without payment of IGST and claim refund of unutilized ITC, subject to prescribed conditions.
b. Notified person may supply on payment of IGST & claim refund of such tax paid
c. RP may export notified goods or services on payment of IGST & claim refund of such tax paid
d. Either of (a), (b) or (c)
[Hint:- Refer sec 16(3) & 16(4)]

07. Questions on Important Clarifications:-

MCQ 09.07.16.00

Fury Ltd., India, has received an order for supply of services amounting to $ 5,00,000 from a US based client. Fury Ltd., India is unable to supply the entire services from India and asks Neik Inc., Mexico (who is not an establishment of Fury Ltd.) to supply a part of the services, i.e. 40% of the total contract value to the US client. Fury Ltd. raised the invoice for entire value of $ 5,00,000, but the US client paid $ 3,00,000 to Fury Ltd. and $ 2,00,000 directly to Neik Inc., Mexico which is approved by a special order of RBI. Fury Ltd. also paid IGST@ 18% on the services imported from Neik Inc. Mexico. Assuming all the conditions of section 2(6) of the IGST Act, 2017 are fulfilled, determine the value of export of services assuming that the amounts given above are exclusive of GST.

[Study Mat] (CA Final RTP Nov 19)

a. $ 3,00,000 b. $ 5,00,000
c. $ 3,90,000 d. $ 5,90,000
[Hint:-Refer Circular- 78/52/2018 (pt II)- value of export = full value of contract including outsourced portion, here, all condition of export are satisfied]

08. Case Study

MCQ 09.08.17.00

Vijayant Tours and Travels Ltd. (hereinafter referred to VTTL) is a registered taxable person under GST in Surat, Gujarat providing service of tours and travels. Following details of VTTL are available for the current financial year:

Total outward supply during the year: ₹ 1,95,00,000
Total inward supply during the year: ₹ 1,65,00,000
Total interest income earned on fixed deposit: ₹5,00,000 (not included in above figure of ₹1,95,00,000)
Following details relating to additional transactions (over and above the above-mentioned information) are also available:

VTTL provided a holiday package for 3 days in Lakshadweep and Lonawala (Maharashtra) to his customer – Mr. Vijay – resident of Surat, Gujarat. The package included travel from Surat, Gujarat to Lakshadweep and from Lakshadweep to Lonawala, Maharashtra and accommodation and complimentary breakfast in the hotels at both the places. The stay in Lakshadweep was for 2 nights and in Lonawala for 1 night. For the above service, VTTL charged a total of ₹ 10,000.

On return journey, Mr. Vijay arranged his travel on his own. Mr. Vijay bought two tickets of Air India over internet from Mumbai to Surat. He boarded the flight at Mumbai airport.

During the year, VTTL gave a tour package worth ₹ 65,000 to its employee Mr. Sandip free of cost on the occasion of his marriage.

VTTL booked a ticket for air travel for Mr. Ishwar for travelling to Delhi from Surat. The value of the air ticket was ₹ 8,000, out of which ₹ 7,500 was towards basic fare. For valuation of such services, VTTL has opted for the most beneficial option.

VTTL hired a security agency w.e.f. 1st April, M/s Five Star Security, a partnership firm, registered under GST in Surat, Gujarat to deploy security guards at its corporate office in Surat, Gujarat. M/s Five Star Security issues monthly invoice for ₹ 15,000.

During the year, security office located at the entry gate has been renovated for ₹ 1,50,000 and the same has been capitalized in the books of accounts.

Note:

1. All the amounts given above are exclusive of GST, wherever applicable.
2. Rates of tax applicable on all inward and outward supplies are CGST and SGST – 9% each and IGST – 18%.

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] [CA Final MTP Series II – Nov 23]

i. The place of supply in case of service provided by VTTL to Mr. Vijay (assuming that he is unregistered) is _____.

a. both Lakshadweep and Mumbai, Maharashtra as service is received at both the places
b. Lakshadweep as service is started at this place.
c. Lakshadweep as service is ended at this place.
d. Surat, Gujarat

[Hint:- As it is a composite supply i.e. naturally bundled, entire supply will be classified as a package including travel & hence, POS shall be determined u/s 12(2) i.e. location of address of unregistered recipient]

ii. The place of supply in case of return journey of Mr. Vijay assuming that:
(i) he is registered under GST in Gujarat and
(ii) he is not registered under GST.

a. (i) Mumbai, Maharashtra and (ii) Surat, Gujarat
b. (i) Surat, Gujarat and (ii) Mumbai, Maharashtra
c. Mumbai, Maharashtra in both the cases
d. Surat, Gujarat in both the cases

[Hint:- Refer sec 12(9)- For supply to registered recipient, POS shall be location of such registered recipient otherwise, it shall be the place of embarkment]

iii. What will be the GST liability of VTTL in case of air ticket booking for Mr. Ishwar?

a. ₹ 1,350.00 b. ₹ 67.50
c. ₹ 1,440.00 d. ₹ 72.00

[Hint:- Refer rule 32(3), value for domestic booking = 5% x Basic fare ₹7500 = ₹375 & GST = ₹375 * 18% i.e. 67.5]

iv. What will be the gross tax liability of VTTL for the current financial year?

a. ₹ 35,23,657.00 b. ₹ 35,57,340.00
c. ₹ 35,55,967.50 d. ₹ 35,56,057.50

[Hint:

Particulars	GST (₹)
Total outward supply (₹1,95,00,000 * 18%)	35,10,000
Int on FD ₹5,00,000 (it is exempt)	-
Packaged tour of Vijay (₹10,000 * 18%)	1,800
Packaged tour of employee (₹65,000 * 18%)	11,700
Ticket booking for Ishwar (₹375 * 18%)	67.5
Security charges paid taxable under RCM - sl no. 14 - service supplied by other than body corporate to a body corporate (₹15,000 per month *12 months*18%)	32,400
Total	35,55,967.50

v. Which of the following statements is correct?

a. Total aggregate turnover of VTTL is ₹2,00,75,375.

b. Total aggregate turnover of VTTL is ₹2,00,83,000.

c. Total aggregate turnover of VTTL is ₹2,00,10,375.

d. Total aggregate turnover of VTTL is ₹1,95,75,375.

[Hint:- Total outward supply ₹1,95,00,000 + int on FD ₹5,00,000 + packaged tour of Vijay ₹10,000 + packaged tour of employee ₹65,000 + ticket booking for Ishwar ₹375]

Answer:-

09.01.01	a
09.02.02	b
09.02.03	b
09.03.04	a
09.04.05	a
09.04.06	b
09.04.07	a
09.04.08	c
09.04.09	b
09.04.10	a
09.05.11	b
09.05.12	a
09.05.13.01	b
09.05.13.02	d
09.05.14	a
09.05.15	d
09.06.16	b

09.08.17.01	d
09.08.17.02	b
09.08.17.03	b
09.08.17.04	c
09.08.17.05	a