Chapter 11

Tax Invoice

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01. Sec 31(4):- Time limit to issue invoice for continuous supply of goods

MCQ 11.01.01.00 **A continuous supply of goods requires one of the following as a must: [Study Mat]**

a) The goods must be notified by the Commissioner in this behalf

b) The contract for supply lasts for a minimum period of 3 months

c) The supply is made by means of a wire, cable, pipeline or other conduit

d) Supplier invoices the recipient on a regular or periodic basis

[Hint: Refer Sec 31(4)]

02.Sec 31(7):-Time limit to issue invoice when goods sent on sale or return basis

MCQ 11.02.02.00 **M.H. Husain, a famous painter, Delhi, sends his latest art work to Indian Classic gallery, Delhi, for exhibition. However, no consideration has flown from Indian Classic gallery to M. H. Husain when the art work is sent to the gallery for exhibition. M. H. Husain is in dilemma whether GST is payable on said transfer of art work. What would be your advice on the same?**

a) GST is payable as the same amounts to taxable supply of goods.

b) GST is payable as the same amounts to taxable supply of services.

c) GST is not payable as the same is an exempt supply.

d) GST is not payable as the same does not amount to supply at all.

[Hint:- Refer Sec 31(7) & Circular No. 22/22/2017 GST dt 21/12/2017]

03. Sec 31(2):- Time limit to issue invoice for supply of services

MCQ 11.03.03.00 **M/s. Wanderlust Travels (P) Ltd. purchased a bus chassis from M/s. Krishi Motors Ltd. for a consideration of ₹ 90.00 lakh on 01.10.20XX. M/s. Wanderlust Travels (P) Ltd. sent the bus chassis for body building to M/s. Bhagwant Fabricators and paid in advance the total consideration of ₹25.00 lakh on 15.10.20XX. M/s. Bhagwant Fabricators, after completing the bus body, informed M/s. Wanderlust Travels (P) Ltd. for carrying out the inspection of the work done on 05.11.20XX. M/s. Wanderlust Travels (P) Ltd. visited the work shop of M/s. Bhagwant Fabricators on 08.11.20XX and confirmed that the bus body was in accordance with the terms of the contract.**

The last date for issuing the invoice by M/s. Bhagwant Fabricators is:-(CA final RTP May 19)

a) 15.10.20XX b) 08.11.20XX

c) 08.12.20XX d) 05.12.20XX

[Hint: Refer sec 31(2) read with rule 47 - as bus body building is a supply of service. Here, supply of service is completed when M/s wonderlust travels (p) ltd confirmed the work on 8.11.20XX. So, Last date of issuing tax invoice= 08.12.20XX i.e. within 30 days from date of supply of service (08.11.20XX)]

04. Sec 31(3)(b) & Proviso to Rule 46:- No tax invoice if value < ₹ 200

MCQ 11.04.04.00 **Subhas & Co., a registered person, supplies taxable goods to unregistered persons. It need not issue tax invoice, if the value of supply of goods to such persons is.....and the recipient does not require such invoice. [Study Mat]**

a) ₹1,200 b) ₹600

c) ₹150 d) ₹200

[Hint: Refer Sec 31(3)(b)]

MCQ 11.04.05.00 **PVR (Multiplex) is running Movie shows in Mumbai. PVR is not issuing the E-tickets for movies, value of ticket is ₹190 per person. Whether PVR is required to issue separate Tax Invoice ? [Study Mat]**

a) Yes, as ticket value is more than ₹100

b) No, as ticket value is not more than ₹200

c) Yes, as PVR is not issuing E-Ticket

d) No, as ticket value is not more than ₹500

[Hint: section 31(3)(b) is N.A. to tickets of cinematographic films as per proviso to rule 46. so, separate ticket need to be issued irrespective of value as E-ticket is also not issued which is treated as deemed to be tax invoice as per rule 54]

05. Rule 46:- Particulars to be stated in tax invoice

MCQ 11.05.06.00

Which of the following statements is incorrect while issuing a tax invoice?

(i) Place of supply in case of inter-State supply is not required to be mentioned.

(ii) A registered person whose annual turnover is greater than ₹5 crores in the preceding financial year is not required to mention HSN code for goods or services, supplied by it to an unregistered person.

(iii) Quantity is not required to be mentioned in case of goods when goods are sold on "as is where is basis".

(iv) Description of goods is not required to be given in case of mixed supply of goods.

Choose the most appropriate option. [CA Final; MTP Apr 22] [Study Mat]

a) (ii), (iii) b) (i), (ii), (iii)

c) (i), (ii), (iii), (iv) d) (i), (iii), (iv)

[Hint:- Refer Rule 46:- Particulars of Tax invoice & N/No. 78/2020 (N/N 12/2017 as amended)]

MCQ 11.05.07.00 **Which of the following statements is correct while issuing a tax invoice under GST Laws? (CA Final MTP Apr 19)**

a) Place of supply in case of inter-State supply is not required to be mentioned.

b) The power of attorney holder can sign the tax invoice in case the taxpayer or his authorised representative has been travelling abroad.

c) Quantity is not required to be mentioned in case of goods when goods are sold on "as is where is basis".

d) HSN code for goods or services is required to be mentioned.

[Hint: Refer Rule 46]

06. Rule 55- Delivery Challan/Invoice for Transportation of Goods read with Rule 55A

MCQ 11.06.08.00 **Goods may be transported without issue of invoice under rule 55 challan in case of**

a) Supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known,

b) Transportation of goods for job work

c) Transportation of goods for reasons other than by way of supply

d) All of the above

[Hint: Refer Rule 55]

07. Sec.34- Credit Note and Debit note

MCQ 11.07.09.00 **The last date for declaring the details of a Credit Note issued on 25-Jun-20XY for a supply made on 19-Sep-20XX is ------ Here, annual return in filed on 20-Jul-20XY for F.Y. 20XX-XY :**

a) 31-Dec-20XY – Last date for filing annual return

b)20-Jul-20XY– Actual date for filing annual return

c)20-Jun-20XY – Due Date of Filing of June Return

d) 20-Oct-20XY – Due Date of Filing of September Return

[Hint:- Refer Sec 34(2)- Last date for giving details of Cr. note= 30th nov of next FY following the year in which supply is made, or actual Date of furnishing relevant annual return, Whichever is earlier]

MCQ 11.07.10.00 **During the month of May, Z Ltd. sold goods to Y Ltd. for ₹ 2,55,000 and charged GST @ 18%. However, owing to some defect in the goods, Y Ltd. Returned some of the goods by issuing debit note of ₹ 40,000 in the same month. Z Ltd. records the return of goods by issuing a credit note of ₹ 40,000 plus GST in the same month. In this situation, GST liability of Z Ltd. for the month of May will be- (Study Mat)**

a) ₹ 45,900 b) ₹ 38,700

c) ₹ 53,100 d) ₹ 40,000

[Hint: Refer Sec 34, (₹2,55,000-₹40,000)*18%]

MCQ 11.07.11.00 **Which of the following statements is/are incorrect under GST law:-**

(i) If the supplier has erroneously declared a value which is more than the actual value of goods or services provided, then he can issue credit note for the same.

(ii) If the supplier declared some special discount which is offered after the supply is over, then he cannot issue credit note under GST law for the discount offer.

(iii) If quantity received by the recipient is more than what has been declared in the tax invoice, then supplier can issue debit note for the same.

(iv) There is no time limit to declare the details of debit note in the return. [Study Mat]

a) (i),(ii) and (iv) b) (i) and (iv)
c) (iv) d) (i) and (iii)

[Hint: Refer Sec 34]

MCQ 11.07.12.00

ASC, a registered person under GST, supplied goods amounting to ₹ 1,18,000 (inclusive of GST, taxable @ 18%) to BSC, a registered person under GST on, 30th September. BSC further sold such goods to Rakesh, a consumer who came to his shop on 30th October in cash, for ₹ 2,36,000 (inclusive of GST, taxable @ 18%). ASC issued a credit note of ₹11,800 (₹10,000 + ₹ 1800 – GST) for rate difference on 2nd November to BSC. Thereafter, BSC entered a credit note in its books for the same amount in the name of Rakesh, without intimating him and providing any refund of the sum paid, on 2nd November and reduced its output tax liability accordingly.

As per the provisions of GST law, which of the above-mentioned suppliers are allowed to reduce their output tax liability? [Study Mat] [CA Final MTP Mar 24]

a) ASC b) BSC
c) Both ASC and BSC
d) Neither ASC nor BSC, since incidence of tax has been passed on to another person.

[Hint:- Refer sec 34(1) & (2):-
1) Here, Rakesh is a consumer to whom incidence of tax is already passed on and BSC did not inform him about the rate difference, hence, BSC cannot reduce the output tax.
2) ASC issued credit note to BSC and BSC also recorded the same in its accounts, so ASC can reduce the output tax liability.]

Answer:-

11.01.01	d
11.02.02	d
11.03.03	c
11.04.04	c
11.04.05	c
11.05.06	c
11.05.07	d
11.06.08	d
11.07.09	b
11.07.10	b
11.07.11	c
11.07.12	a