Case Study Based Questions

(Most IMP for Exam)

MCQ 26.01.01.00

Disha Enterprise Pvt Ltd. is a financial service company having its offices in Kolkata, West Bengal and Mumbai, Maharashtra. The company is registered under GST in both the States. The company operates through two segments (a) banking & insurance services and (b) advisory & consulting services. The aggregate turnover of the company during the previous year was (i) ₹ 80 lakh in West Bengal & (ii) ₹ 60 lakh in Maharashtra.

The bouquet of services provided under each of the two segments are as follows:

Banking & insurance services	Advisory & consulting services
Recovery agent services	Company/LLP/Society formation
	Return filing
Direct Selling Agent (DSA) Services (sale of banking products)	Detailed Project Report (DPR) Preparation
	Business promotion/ product marketing/ exhibition etc.

The company has carried out following transactions during the month of September:

Particulars	Kolkata Office	Mumbai Office
Sale and purchase of foreign currency	refer Note 3	refer Note 3
Amount received from Devidas Private Limited. It has sponsored the business exhibition organized by Disha Enterprise Pvt Ltd.	90,000	70,000
Commission received as DSA from ICIDI Bank for opening bank account/ credit card & loan products	48,000	50,000
Commission received from private banks for acting as recovery agent	1,20,000	1,50,000
Professional fee received for the formation of a company/LLP/society	80,000 [refer Note 2]	40,000
Professional fee received for GST/ TDS return filing	65,000	75,000
Participation fee received from customers for the business exhibition organised by the company	50,00,000 [Held in Russia] [Refer Note 1]	4,00,000 (Held at chennai) [Refer Note 1]
Legal fee paid to Mr. Sundaram - an advocate	10,000	15,000
Payment made for security services (by way of supply of security personnel) received	25,000 [Globe Security Pvt. Ltd.]	25,000 (M/s X & Co, a partnership firm, registered under GST)

Notes:

1. The participation fee of ₹ 50,00,000 received by the company is in respect of a business exhibition organized at St. Petersburg, Russia under the theme "Indian Traditional Fair" in which 10 Indian companies (all registered under GST) had participated. A participation fee of ₹ 5 lakh from each Indian company was collected for providing them a stall, furniture & other amenities at St. Petersburg, Russia.

The participation fee of ₹ 4,00,000 is in respect of a business exhibition organized by the company at Chennai, in which 100 Indian companies had participated.

2. Out of the professional fee of ₹ 80,000 received by Kolkata office for the formation of a company / LLP/society, ₹ 15,000 was towards reimbursement claimed from client. It was separately mentioned in the invoice indicating that it was deposited with registrar of companies (ROC).

3. Following purchase & sale of foreign currency was made by the company during the month of September:

(a) Kolkata office had purchased USD 10,000 from M/s Moneywise (a FOREX dealer) @ ₹ 74 per USD on 10th September. The RBI reference rate on that day was ₹ 73 per USD.

(b) Mumbai office had sold USD 5,000 to M/s Money Matters (a FOREX dealer) on 15th September @ ₹ 73.20 per USD. RBI reference rate for USD on that day is not available.

4. In an order dated 14th September issued to Disha Enterprise Pvt Ltd., the Joint Commissioner of CGST, Mumbai has raised a demand of ₹ 600 crore on Mumbai office in respect of an inter-State transaction. The company is disputing the entire demand & wants to file an appeal before the Appellate Authority against the order of Joint Commissioner.

5. The Kolkata office of the company had received ₹ 1 lakh on 22nd April as an advance from Ganesh

Flour Mill Pvt Ltd., a client, for preparation of DPR. However, tax collected on the same from the client has not yet been deposited with the Central Government .

All the amounts given above are exclusive of GST wherever applicable (unless otherwise specified). There is no other outward or inward supply transaction apart from the aforesaid transactions in the relevant period.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. (i) to (v) below:-[CA Final RTP May 21] [ICAI Material] [CA Final MTP April 23]

(i) Determine the value of taxable supply in respect of sale and purchase of foreign currency by Kolkata office and Mumbai office of the company as per rule 32(2)(a) of the CGST Rules, 2017.

a. Kolkata office ₹ 7200, Mumbai office ₹ 3,660

b. Kolkata office ₹ 10,000, Mumbai office ₹ 3,660

c. Kolkata office ₹ 7,20,000, Mumbai office ₹3,66,000

d.Kolkata office ₹7,30,000, Mumbai office ₹ 3,66,000

[[Hint:- Refer rule 32(2)(a)- 1) VOS = If RBI reference rate is available, it is byuing/selling rate - RBI reference rate * total units of currency (i.e. ₹74-₹73 * 10000) 2) If RBI reference rate is not available - it is 1% of gross amount of currency exchange in INR (i.e. 5000 *₹73.2 *1%)]]

(ii) The value of taxable supply received by Mumbai office in the month of September on which tax is payable under reverse charge is _____.

a. ₹ 15,000 b. ₹ 25,000

c. ₹ 40,000 d. ₹ 2,70,000

[Hint:- Legal service ₹15000 & Security service from person other than body corporate (i.e. firm) ₹25000 are covered under RCM & tax is to be paid by Disha Enterprise Pvt Ltd.]

(iii) The value of taxable outward supply made by Kolkata office in the month of September on which Disha Enterprise Pvt Ltd. is liable to pay tax under forward charge is _____.

a. ₹2,68,000 b. ₹ 2,78,000

c. ₹ 2,65,000 d. ₹ 1,13,000

[Hint:- Professional fees for formation excluding reimbursement fees (₹65,000), Professional fees of return filing (₹65,000), Commission received from DSA (₹48,000) (not liable under RCM because of provided by body corporate),sponsorship fee (90000) as service is provided by boy corporate (Disha Enterprise Pvt Ltd.)]

(iv) The maximum amount of pre-deposit that Disha Enterprise Pvt. Ltd. can be asked to deposit under the IGST Act, 2017 for filing of an appeal before the Appellate Authority is _____.

a. ₹ 30 crores b. ₹ 60 crores

c. ₹ 25 crores d. ₹ 40 crores

[Hint:- Refer sec 107(6) of CGST Act & 20 of IGST Act- Pre-deposit = 10% of tax in dispute ₹600 Cr IGST i.e.₹60 Cr but max ₹40 Cr under IGST]

(v) The maximum penalty prescribed under section 122 of the CGST Act, 2017 for failure of Kolkata Office to deposit the tax collected on the advance received from Ganesh Flour Mill Pvt Ltd. is _____.

a. ₹ 18,000 b. ₹ 25,000

c. ₹ 10,00

d. ₹ 10,000 or tax evaded, whichever is higher.

[Hint:- Refer sec 122(1)- penalty = higher of ₹10000 or tax evaded]

MCQ 26.01.02.00

Vidhyut Corporation Ltd. is a Public Sector Undertaking (PSU) engaged in the business of generation of electricity from conventional & non-conventional sources. The Government of India holds 75% equity in the said company & balance equity is held by institutional and domestic investors. The company has taken separate registration under GST in each State where it has business operations. The company has its head office (HO) in Delhi & its power plants are located in the States of Bihar, Odisha & Chhattisgarh.

Following transactions were carried out by the company during the month of February:

Particulars	Delhi H.O.	Bihar plant	Odisha Plant	Chhattis-garh Plant
Sale of electrical energy to DISCOM	—	2,50,00,000	3,50,00,000	4,50,00,000
Bank interest received on saving bank account & fixed deposit	18,00,000	3,00,000	5,00,000	8,00,000
House rent recovered from the employees for residential accommoda-tion provided to them	55,000	30,000	25,000	40,000
Rent collected from bank, ATM, post office & shops located in office premises	48,000	15,000	12,000	16,000

Sale of metal scrap (covered under Chapter 72) (excluding TCS @ 1% as per the Income-tax Act, 1961)	-	85,000	45,000	65,000
Other Income	2,50,000	-	-	45,000

In addition to above information, following transactions were also carried out during the month of February:

(1) A supply order for stationery items was awarded by Delhi H.O. to M/s Stationery Mart, New Delhi for ₹ 3,54,000 (including GST @ 18%) in January. The vendor supplied stationery items worth ₹ 47,200 (including GST @ 18%) & issued the tax invoice in February. Delhi H.O. had made the payment of the said bill in February by crediting the vendor's account for that amount on the same date in its books. The remaining amount was paid in April on supply of balance items.

(2) Odisha plant purchased office furniture for ₹2,80,000 during February from an unregistered dealer. Rate of GST on said furniture item is 18%.

(3) A Board meeting for raising term loan for project expansion was held in February. The Delhi H.O. paid ₹20,000 each as sitting fee to 4 independent directors (all registered under GST) who attended the meeting. Further, it paid ₹ 80,000 to one of these directors, who had rented the office building to Delhi H.O.

(4) For safety & security of its H.O. & power plants, the company engaged private security as well as CISF (Central Industrial Security Force). Following payments were made in February, in respect of said services:

Particulars	Delhi H.O.	Bihar plant	Odisha Plant	Chhattisgarh Plant
CISF	-	10,00,000 (paid on 07th February)	8,00,000 (paid on 15th February)	14,00,000 (paid on 05th February)
ABS Security Services Pvt. Ltd.	5,00,000 (paid on 11th February)	-	-	-

(5) The Bihar plant purchased a machinery in February from M/s Sahoo Enterprises, Patna (not registered under GST) for ₹ 86,000. Full payment was made in February. Rate of GST on the said machinery is 18%.

All the amounts mentioned above are excluding GST, wherever applicable (unless otherwise specified).

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. (i). to (iv) below: [CA final RTP May 21][ICAI Material] [CA Final RTP May 25]

(i). The value of taxable supply on which GST is payable by Delhi H.O. under forward charge, for the month of February is _____.

a. ₹ 18,00,000 b. ₹ 2,98,000
c. ₹ 21,53,000 d. ₹ 48,000

[Hint:- Bank interest & rent for residential accomodation are exempt under Sl. No. 27 & 12 respectively & value of taxable supply - ₹48,000 + ₹ 2,50,000 = ₹2, 98,000]

(ii) The value of taxable inward supply on which GST shall be payable under reverse charge by Bihar power plant is _____.

a. ₹ 11,80,000 b. ₹ 10,00,000
c. ₹ 10,86,000 d. ₹ 10,30,000

[Hint:- ABS Security Services Pvt Ltd is a body corporate & hence not covered under RCM whereas CISF (service of ₹10,00,000) is not body corporate & hence covered under RCM entry 14]

(iii) The value of supply on which TDS under section 51 shall be deducted by Delhi H.O. while making payment to M/s Stationery Mart in February is _____.

a. ₹ 40,000 b. ₹ 47,200
c. ₹ 3,00,000
d. TDS is not applicable since payment made in February is less than ₹ 2,50,000.

(Hint: ₹47,200/118%)

(iv) What is the value of supply on which GST is payable by Odisha plant on sale of scrap?

a. ₹ 45,000 b. ₹ 45,450
c. Sale of scrap is an exempt supply under GST. It is subject to TCS under the Income-tax Act, 1961.
d. Sale of scrap is neither a supply of service nor supply of goods as it is covered under Schedule III of the CGST Act, 2017.

[Hint:- Refer circular no. 76/50/2018 - as TCS is an interim levy not having character of tax so it cannot be included in value. Value will be ₹45,000 which is excluding TCS- TCS impact is not done so no need to add back]

(v) The value of taxable inward supply on which GST shall be payable under reverse charge by Delhi

H.O. and Odisha plant is _____ and _____ respectively.

(a) ₹ 1,60,000 and ₹ 10,80,000

(b) ₹ 80,000 and ₹ 8,00,000

(c) ₹ 6,80,000 and ₹ 2,80,000

(d) ₹ 5,80,000 and ₹ 2,80,000

Hint:- Independent director is not an employee and hence sitting fee ₹80,000 (i.e. ₹20,000 * 4) is taxable under RCM as per entry no. 6 by Delhi H.O. as per Circular no. 140/10/2020. CISF is not a body corporate & hence, ₹8,00,000 is taxable under RCM under entry no. 14)

(vi) Which of the following statements is most appropriate with respect to sale of metal scrap by Chhattisgarh plant?

(a) GST on value of supply of ₹ 45,000 of metal scrap is payable by Birla Scrappers under reverse charge.

(b) GST on value of supply of ₹ 45,000 of metal scrap is payable by Chhattisgarh plant under forward charge.

(c) GST on value of supply of ₹ 45,450 of metal scrap is payable by Chhattisgarh plant under forward charge.

(d) Sale of metal scrap, on which TCS is being collected under Income-tax Act, 1961, is an exempt supply under GST.

[Hint:- It is not covered under RCM as supplier is RP & recipient is URP. Also, the TCS `450 is an interim levy not to be added in VOS as per CBIC circular 76/50/2018]

(vii) Which of the following supplies is/are not taxable under reverse charge mechanism? Choose the most appropriate option.

(i) House rent recovered from the employees for residential accommodation provided to them.

(ii) Rent collected from bank, ATM, post office & shops located in office premises.

(iii) Sale of metal scrap (covered under Chapter 72) to Birla Scrappers.

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

(c) (i) and (iii) (d) (ii) and (iii)

[Hint:- (i) is a renting of residential property – not covered under RCM under entry no. 5AA as recipient is URP & anyways is exempt, (ii) is renting of commercial property but the supplier is RP & hence not covered under RCM as per entry no. 5AB, (iii) is not covered under RCM (under entry 8 in case of goods) as supplier is RP & recipient is URP)

MCQ 26.01.03.00

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 basis.

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 20% CGST and 20% 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:

a. ₹ 2,18,160 payable as IGST.

b. nil.

c. ₹ 2,160 payable as IGST.

d. ₹ 1,09,080 payable as CGST and ₹ 1,09,080 payable as SGST.

[Hint:- IGST on outward supply (₹10,00,000 for sale of goods + ₹2,00,000 u/s 15(2)(b) +₹12,000 u/s 15(2)(a)) * 18% - IGST on inward supply (₹10,00,000 imports + ₹2,00,000 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?

a. ₹ 1,08,000 b. Nil

c. ₹ 1,58,400 d. ₹ 33,840

[Hint:- (₹6,00,000 interstate sales * 18%)+ ((₹6,00,000 + ₹8,00,000 sales) * 20% commssion 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?

a. No GST is applicable on the transaction since training was imparted in Singapore, i.e. place outside India.

b. 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.

a. Yes, as ₹ 20,000 CGST and ₹ 20,000 SGST

b. Yes, as ₹ 40,000 IGST

c. No input tax credit is available

d. Yes, as ₹ 10,000 CGST and ₹ 10,000 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?

a. GST is applicable and the place of supply is New Delhi.

b. GST is applicable and the place of supply is Gujarat.

c. GST is not applicable and the place of supply is Mauritius.

d. 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]

MCQ 26.01.04.00

Doodle Inc. is an entity incorporated in USA and is engaged in provision of various information technology related services directly as well as through its subsidiaries located across the world. In India, Doodle India, a subsidiary of Doodle Inc., is registered under GST in the State of Karnataka under GST and is providing services to various customers in India.

Doodle Inc. provides cloud-based storage services to its customers (business entities and non-business entities) in India. The customers can subscribe to the services by making online payment directly to Doodle Inc.'s bank account through internet banking and other modes.

The terms and conditions for such services are entered between Doodle Inc. and the customer directly without involvement of any third party.

In case of any issue, the customers can call and log the issue at the customer help centre which is operated by Doodle India on principal to principal basis. For operation of such customer help centre, Doodle India is paid on cost plus 10% basis by Doodle Inc. on monthly basis.

Further, Doodle India is engaged in promotion and marketing of cloud-based storage services on principal to principal basis in India for Doodle Inc. The payment for such services is made by Doodle Inc. to Doodle India on monthly basis at cost plus 20%. The promotional and marketing activities are carried out in the name of Doodle Inc., without any reference to operations of Doodle India.

Doodle Inc. owns online space for advertisement on internet. Doodle Inc. has agreed to sell such online advertising space to Doodle India for an amount of ₹ 5,00,00,000 per month. Doodle India sells such advertising space to its customers in India on its own account. The contractual arrangement for sale of such advertising space is between the customer and Doodle India.

Doodle Inc. provides technology support to Doodle India and charges royalty from Doodle India for such technology support at a fixed charge of ₹ 25,00,000 per month. The royalty paid is exclusively related to the business of advertising space of Doodle India.

In addition to above information, during the month of January:

(I) Doodle India has incurred following expenses:

1. Expenses exclusively related to operation of call centre – ₹ 75,00,000
2. Expenses exclusively related to promotion and marketing services for Doodle Inc. – ₹ 50,00,000

(II) Doodle India earned an income of ₹ 8,00,00,000 from sale of online advertising space in India.

(III) Doodle Inc. earned an income of ₹ 10,00,00,000 from non-taxable online recipient customers, from cloud-based storage services in India.

The opening balance of input tax credit for the relevant period for Doodle India is nil.

Note: In the aforesaid case scenario,

(i) GST is applicable on all inward and outward

supplies unless otherwise specified:

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

B. Inter-State supply – 18% IGST

(ii) Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

(iii) All the amounts are exclusive of GST, wherever applicable, unless otherwise provided.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. i. to iv. as follows:-[ICAI Material] [CA Final MTP Mar 23, Sep 24] [CA Final MTP I Nov 24]

i. What shall be the output tax payable, without any adjustment of input tax credit, if any, by Doodle India for the month of January?

a. ₹ 1,44,00,000 b. ₹ 2,38,50,000

c. ₹ 1,69,65,000 d. ₹ 1,66,50,000

[Hint:- The only income data given in Q of Doodle India is ₹8,00,00,000 taxable at 18% IGST]

ii. What shall be the net GST liability of Doodle Inc. for the month of January?

a. Nil b. ₹ 1,80,00,000

c. ₹ 1,84,50,000 d. ₹ 2,74,50,000

[Hint:- The only income of Doodle Inc. taxable under forward charge is ₹10,00,00,000 from NTOR in India * 18%. Rest all other income is taxable under RCM as provided to other than NTOR i.e. to registered person]

iii. What shall be the total input tax credit of Doodle India from the transactions undertaken in the month of January?

a. Total input tax of ₹ 90,00,000

b. Total input tax of ₹ 1,12,50,000

c. Total input tax of ₹ 1,17,00,000

d. Total input tax of ₹ 27,00,000

[Hint:- (Purchase of online add space ₹5,00,00,000 + royalty paid ₹25,00,000 + call centre exp. ₹75,00,000 + promotion exp. 50,00,000) * 18%]

iv. Please select the correct statement specifically in relation to sale of online advertisement space service provided by Doodle Inc. to Doodle India:

a. Doodle Inc is providing online information and database access or retrieval service and is thus, required to register in India under GST and discharge GST on forward charge basis.

b. Doodle Inc is providing online information and database access or retrieval service electronically and place of supply in such case is the location of supplier which is outside taxable territory in present scenario. Therefore, no GST is payable on such services.

c. Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India on reverse charge basis.

d. Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India in capacity of an agent of Doodle Inc.

[Hint:- Refer sl. No. 17 under RCM chapter - supply by person from non-taxable territory to other than NTOR, Refer sec 2(16) and 2(17) of IGST Act]

MCQ 26.01.05.00

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

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

Particulars	Amount (₹)
Sale of "Ganesh Bhog" atta, maida & suji (Note 2)	60,00,000
Purchase of wheat from mandi	14,00,000
Transportation charges paid to an unregistered goods transport operator for transportation of wheat from mandi to factory	40,000
Hiring charges paid to a local truck owner (not a GTA)for transportation of finished products from factory to distributors	50,000
Rent received from residential quarters allotted to employees (unregistered)	10,000
Electricity charges paid to West Bengal State Electricity Board	1,60,000

Bill raised by M/s BIS Security, Kolkata (a partnership firm registered under GST) for providing securityservice (Note 1)	1,18,000
Interest on delayed payment collected from customers	3,500
Interest on fixed deposit in a bank	8,600
Payment to Indian Chamber of Commerce (registered under GST) towards sponsorship for Investor Summit at Kolkata	25,000
Legal fee paid to advocate, Mr. Ashok Ganguly	30,000
Licence fee paid to Food & Safety Standard Authority of India (FSSAI)	25,000

Following additional information has also been provided by the company:

(1) The security service bill raised by M/s BIS Security is inclusive of GST @ 18%.

(2) Out of the total sales, "Ganesh Bhog" Atta worth ₹ 3,50,000 (10,000 kg) was supplied to Department of School Education, Govt. of West Bengal for further supply to affected families during Covid-19. A subsidy of ₹10 per kg was received from Govt. of West Bengal for the said supply which has not been considered in the total sales of ₹ 60,0000.

(3) The company had awarded a maintenance contract to Power Electromech Pvt Ltd., Delhi on 10th June, for repair of DG set installed in the factory, for ₹ 60,000 with a completion period of 30 days. The maintenance work was completed on 8th July. However, due to some dispute regarding quality of work, invoice was issued by Power Electromech Pvt Ltd. only on 5th September and payment was released on 15th September.

(5) The company had been levied a penalty of ₹ 5,000 for wrong utilization of ITC by the proper officer.

(6) The company had deposited the tax liability for the month of August amounting to ₹ 3,30,730 on 28th September.

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

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. (i) to (v) below: [CAFinal MTP Mar 23, Oct 24][Study Mat]

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

(a) ₹ 61,48,100 (b) ₹ 59,03,500
(c) ₹ 61,39,500 (d) ₹ 59,35,500

[Hint:- ₹60,00,000 sales + ₹3,500 int on delayed payment - ₹1,00,000 subsidy]

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

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

[Hint:- Refer RCM- sl.no. 4 for sponsorship ₹25,000 as supplier (Indian Chamber of Commerce) is not a body corporate & recipient is body corporate + sl. No. 14 for security service (₹1,18,000/118%) + sl. No. 2 for legal service ₹30,000]

iii) What is the time of supply of services provided by Power Electromech Pvt Ltd?

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

[Hint:- Refer sec 13(2) - If invoice is not issued within 30 days of supply, TOS is earlier of date of completion or date of payment]

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

(a) ₹ 4,961 (b) ₹ 1,305
(c) ₹ 4,567 (d) ₹ 1,142

[Hint:- Refer sec 50 read with rule 88B_ ₹3,30,730 * 18% p.a. *8/365 days]

v) In the context of the imposition of penalty on the company by the proper officer of ₹ 5,000, which of the following statements is correct?

(a) Penalty is leviable since the offence is not a "minor breach".

(b) Penalty is not leviable since the offence is a "minor breach".

(c) Penalty is leviable even if the offence is a minor breach.

(d) No penalty is leviable for such offence; only interest is payable by adding the ITC amount wrongfully utilized to the output liability.

[Hint:- Minor breach involves tax < ₹5,000 & not = ₹5,000]

MCQ 26.01.06.00

XYZ Ltd. is registered with the jurisdictional GST authorities in the State of Rajasthan and operates in multiple businesses. The principal business of XYZ Ltd. is works contract service being provided to the customers by way of fabricating and installing the body for large transportation vehicles. The chassis of the vehicles are provided by the customers to XYZ Ltd. XYZ Ltd. procures the material for fabrication and installs the same on the chassis against a lumpsum agreed amount for material as well as services.

In addition to the above business, XYZ Ltd. is also engaged in providing transportation of goods by road through its own fleet of trucks. GST is chargeable on such services @ 5%.

During the month of January, XYZ Ltd. undertook the following transactions:

(i) Provided transportation of goods services to A Ltd., a registered person under GST in the State of Gujarat and received an amount of ₹ 10,00,000 as consideration for the same.

(ii) Purchased tyres for its own fleet of trucks and paid an amount of ₹ 1,00,000 for such purchases.

(iii) Purchased a machinery with an advance technology for fabrication of body for luxury buses amounting to ₹ 50,00,000.

The machinery is installed at XYZ Ltd.'s premises and the same was purchased from B Ltd., a registered person in the State of Rajasthan. B Ltd. procured such machinery from C Ltd., a registered person under GST in the State of Maharashtra. The delivery was made by C Ltd. directly at the premises of XYZ Ltd. and installation work was carried out by the engineers of C Ltd.

The amount charged by C Ltd. from B Ltd. was ₹ 42,00,000.

(iv) XYZ Ltd. procured certain engineering services for its fabrication business through electronic mode from Lummus Inc., a company located in Italy. The consideration paid to Lummus Inc. was ₹ 15,00,000. Further, certain goods were exported by XYZ Ltd. for carrying out repairs work on the same to Lummus Inc. The consideration paid for such goods was ₹ 5,00,000.

(v) Provided transportation services to ABC Ltd., its related party and received an amount of ₹ 5,00,000. The arm's length amount of such services provided to third party unrelated customers was ₹ 7,00,000.

(vi) XYZ Ltd. sold scrap relating to fabrication business amounting to ₹ 5,00,000.

(vii) Purchased goods relating to fabrication business for ₹ 10,00,000 out of which goods worth ₹ 1,00,000 were stolen from the premises of XYZ Ltd.

(viii) Received an advance of ₹ 10,00,000 for fabrication work on new chassis and ₹ 3,00,000 towards transportation services from W Ltd., a registered person under GST in the State of Madhya Pradesh.

The opening balance of input tax credit for the relevant tax period for XYZ Ltd. is nil. All the above amounts are exclusive of GST, wherever applicable.

The applicable GST rate on all inward and outward supplies is 18% unless specified otherwise. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. **[Study Mat] [CA Final MTP Sep 24](CA Final MTP I Nov 24)**

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

i. Determine the net outward GST liability, payable in cash, of XYZ Ltd. for the month of January.

a. ₹ 5,40,000 b. ₹ 2,70,000
c. Nil d. ₹ 7,38,000

*[Hint:- ₹15 lakhs for engineering service * 18% under RCM is to be discharged in cash. ₹5 lakhs is the purchase value of goods sent for repairs whereas actual repairs charges are not given in question, so ignore the same for your calculations]*

ii. What shall be the total eligible input tax credit available to XYZ Ltd. for the month of January?

a. ₹ 10,80,000 b. ₹ 10,62,000
c. ₹ 13,32,000 d. ₹ 9,00,000

*[Hint:- 1) (Purchases ₹10,00,000 - goods stolen ₹1,00,000 + engineering service under RCM ₹15,00,000 + machine purchased ₹50,00,000)*18%. All these are used for fabrication business.*

2) ITC of tires purchased ₹1,00,000 is not allowed as it used for making an outward exempt supply as per

sec 17(3). Sec 17(3) states that exempt supply includes supplies on which the recipient is liable to pay tax on RCM & here, GTA service provided by XYZ. Ltd. is taxable under RCM]

iii. Whether Lummus Inc. is required to obtain registration in India to discharge GST liability? If yes, compute the amount of GST liability to be discharged by it in the month of January?

a. Yes, as online information database access and retrieval service provider. GST payable is ₹ 3,60,000

b. Yes, as online information database access and retrieval service provider. GST payable is ₹ 2,70,000

c. No, GST liability of Lummus Inc. is nil.

d. Yes, as normal taxpayer. GST payable is ₹ 3,60,000

[Hint:- Refer sl. No. 17 OF RCM- tax is to be paid by XYZ Ltd. under RCM]

iv. Determine the GST liability of XYZ Ltd. on transportation of goods services provided to ABC Ltd.

a. Nil b. ₹ 90,000

c. ₹ 1,26,000 d. ₹ 36,000

[Hint:- Refer sl. No. 1 under RCM - tax is to be paid by ABC Ltd. under RCM]

v. In case of the machinery sold and fabricated by C Ltd., the place of supply and tax charged shall be:

a. Location of C Ltd.; IGST of ₹ 7,56,000

b. Location of XYZ Ltd.; IGST of ₹ 7,56,000

c. Location of B Ltd.; IGST of ₹ 9,00,000

d. Location of C Ltd.; CGST of ₹ 3,78,000 and SGST of ₹ 3,78,000

[Hint:- Question is asking above for the transaction between C Ltd. & B Ltd. as the question has asked the details about machinery sold & fabricated by C ltd. POS shall be the place of installation u/s 10(1)(d) of IGST Act & IGST = ₹42 lakhs * 18% as POS is Rajasthan & LOS is MH]

MCQ 26.01.07.00

ABC Pvt. Ltd., a company registered under GST in the State of Uttar Pradesh, manufactures products which are used in laboratories. The products are manufactured in the company's factory located in Lucknow, Uttar Pradesh and sold in various parts of Uttar Pradesh.

The company also provides repair and maintenance services for its products. The details of turnover of the company are as under:

Particulars	F.Y. - 1 (₹)	F.Y. - 2 (₹)
Turnover from supply of goods	75,00,000	1,02,00,000
Turnover from supply of services	7,10,000	9,25,000
Interest income from extending loans to others	5,25,000	6,26,000

The company procures service of M/s Ram Enterprises, a Goods Transport Agency, having its place of business in Lucknow, Uttar Pradesh, for transport of goods from its factory to customers' location.

M/s Ram Enterprises prepares a regular consignment note containing the details of consignor and consignee and other prescribed details. The services provided by M/s Ram Enterprises are chargeable to tax @ 5%.

Following details are provided by ABC Pvt. Ltd. for the month of July of FY-3 (current FY):

	Particulars	Amount (₹)
(i)	Turnover from supply of goods	10,20,000
(ii)	Turnover from supply of services	92,550
(iii)	Interest income from extending deposit to others	5,000
(iv)	Amount charged for services received from M/s Ram Enterprises	50,000
(v)	Raw material received from other States	5,26,000
(vi)	Input services received	7,80,900

Following additional information is also provided:

(1) The raw material received by ABC Pvt. Ltd. mentioned in point (v) above includes goods amounting to ₹ 2,26,000 received from M/s Aakash Enterprises on the instructions received from M/s Abhijaat Enterprises. M/s Aakash Enterprises has its principal place of business in Uttar Pradesh whereas M/s Abhijaat Enterprises has its principal place of business in Gujarat.

(2) Vidhata Foundation, a Charitable Trust, registered under section 12AA of the Income Tax Act, 1961 has been set up by the founders of ABC Pvt. Ltd. for conducting charitable activities in the State of Uttar Pradesh. The Trust organizes sessions on yoga and spirituality in the State of Uttar Pradesh and

charges participation fees for the same. The total fees collected from participants for the month of July of current FY is ₹ 2,50,000.

The input services received by the Trust during the said month amount to ₹ 1,25,260. The Trust is also analysing the proposal of granting rights to ABC Pvt. Ltd. to advertise on its premises.

Following GST rates are applicable on the inward and outward supplies unless otherwise specified:

Particulars	CGST	SGST	IGST
Outward supply	9%	9%	18%
Inward supply	2.5%	2.5%	5%

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. i.to v. [Study Mat], [CA Final MTP I May 25]

i. Whether the service provided by M/s Ram Enterprises to ABC Pvt. Ltd. is chargeable to tax. If yes, who will discharge the tax liability?

a. The service is chargeable to tax and M/s Ram Enterprises will bear the tax liability.

b. The service is chargeable to tax and ABC Pvt. Ltd. will discharge the tax liability.

c. The service is exempt under the CGST Act, 2017.

d. The service is chargeable to tax and M/s Ram Enterprises and ABC Pvt. Ltd. will discharge the tax liability in the ratio of 1:1.

[Hint:- Refer Sl no. 1 under reverse charge - RCM is applicable]

ii. Whether ABC Pvt. Ltd. could have opted for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017 for current financial year?

a. Yes. However, it could have provided services up to a value of ₹ 11,12,500 under composition levy during the current financial year.

b. No, it could not have opted for composition levy.

c. Yes. However, it could have provided services up to ₹ 5,00,000 under composition levy during the current financial year.

d. Yes. However, it could have provided services up to ₹ 11,75,100 under composition levy during the current financial year.

[Hint:- Aggregate t/o is within the limit of ₹1.5 Cr in F.Y. 2 & hence, eligible for composition levy in C.F.Y. Also, it can provide services upto higher of ₹5 lakhs or (₹1,02,00,000 + ₹9,25,000)]

iii. Assuming ABC Pvt. Ltd. has opted for composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017,

what shall be the total GST liability of ABC Pvt. Ltd. in the State of Uttar Pradesh for the month of July?

a. No liability, ITC of 1,56,828 will be carried forward.

b. ₹ 45,931 c. ₹ 13,626

d. ₹ 2,02,759

[Hint:- Manufacturer is liable to pay composition levy at 1% of t/o in state i.e. (₹10,20,000 + ₹92,550) whereas RCM liabilty shall be discharged at normal tax rate without availing any ITC i.e. ₹50,000 * 5%]. Interest on deposits is not to be considered in t/o in state]

iv. Which of the following statement is incorrect in case of Vidhata Foundation?

i. Services provided to charitable or religious trusts are not outside the ambit of GST. Unless specifically exempt, they are chargeable under GST.

ii. All the activities of Vidhata Foundation are exempt from GST since it is a charitable trust registered under section 12AA of the Income-tax Act, 1961.

iii. Fees charged for sessions on yoga and spirituality are exempt since the objective of such programmes is advancement of yoga and spirituality.

a. i & ii b. i

c. iii d. ii

[Hint:- Refer exemption relating to charitable activities- only charitable activities are exempt and not all incomes]

v. What shall be the place of supply (POS) for the supply transaction(s) between ABC Pvt. Ltd., M/s Abhijaat Enterprises and M/s Aakash Enterprises and the nature of tax leviable thereon?

a. POS for transaction between M/s Abhijaat Enterprises and M/s Aakash Enterprises is the location of principal place of business of M/s Abhijaat Enterprises, i.e. Gujarat and IGST is leviable on such supply. POS for transaction between M/s Abhijaat Enterprises and ABC Pvt. Ltd. is the location of principal place of business of ABC Pvt. Ltd., i.e Lucknow, Uttar Pradesh and IGST is leviable on such supply.

b. POS for transaction between M/s Abhijaat

Enterprises and M/s Aakash Enterprises is the location of principal place of business of M/s Aakash Enterprises, i.e. Uttar Pradesh and IGST is leviable on such supply. POS for transaction between M/s Abhijaat Enterprises and ABC Pvt. Ltd. is the location of principal place of business of M/s Abhijaat Enterprises, i.e Gujarat and CGST and SGST are leviable on such supply.

c. POS for transaction between M/s Abhijaat Enterprises and M/s Aakash Enterprises is the location of principal place of business of ABC Pvt. Ltd., i.e. Uttar Pradesh since goods are delivered there and CGST and SGST are leviable on such supply.

d. POS for transaction between M/s Abhijaat Enterprises and M/s Aakash Enterprises is the location of principal place of business of ABC Pvt. Ltd., i.e. Uttar Pradesh since goods are delivered there and IGST is leviable on such supply.

[Hint:- Refer Sec 10(1)(b) of IGST Act for transaction between Abhijaat Enterprises & Aakash Enterprises & refer sec 10(1)(a) of IGST Act for transaction between Abhijaat Enterprises & ABC Pvt. Ltd.]

MCQ 26.01.08.00

'Suraksha Travels Pvt. Ltd' (STPL) is established on 3rd April in the city of Bangalore (Karnataka) and the primary objective of the company is to provide air-conditioned contract-based passenger transportation services at affordable fares. The company obtains the voluntary registration under GST from 1st May. On 1st July, the company purchased motor vehicles of various seating capacities as follows.

Seating Capacity (Including Driver)	No. of Vehicles	Purchase price (Per vehicle exclusive of taxes)	Rate of GST
7 persons	4	10,00,000	CGST-9%; SGST - 9%
9 persons	3	12,00,000	CGST-9%; SGST - 9%
11 persons	2	14,00,000	CGST-9%; SGST - 9%
13 persons	1	15,00,000	IGST - 18%

From the month of July, STPL is associated with RUBA Ltd. for enhancing the business operations. RUBA Ltd. owns/operates an electronic platform for supply of passenger transportation services in Bangalore.

The company developed an application called 'RUBA' through which the customers can access the nearest available motor vehicles (cabs) and avail the services. RUBA Ltd. collects the consideration for the services from the customers and remits the same to the service provider (STPL) after retaining the commission charged by it for using its electronic platform.

The details of few bookings of STPL in the month of July are as follows:

(These bookings are obtained by STPL on its own account and not through RUBA Ltd.)

Order No	Date of Travel	Starting City	Ending City	Residence of the Customer	Date of Payment /Booking	Status of Customer
CA - 234	5th July	Bangalore	Chennai	Bangalore	3rdJuly	Registered*
CA-435	11th July	Bangalore	Chennai	Chennai	9thJuly	Unregistered
PH - 534	16th July	Chennai	Bangalore	Hydera-bad	14thJuly	Registered*
GK-987	19th July	Hydera-bad	Bangalore	Delhi	17thJuly	Unregistered
UV-777	22nd July	Bangalore	Hydera-bad	Mumbai	20thJuly	Registered*
XE-001	25th July	Chennai	Bangalore	Kolkata	23thJuly	Unregistered

*** Registered in the state in which they reside.**

In all the above cases, journey is a single - day journey & invoice is issued electronically on the date of travel immediately after the completion of the journey.

The details of the passenger transportation services supplied by STPL through RUBA Ltd. & GST payable on the supply is as follows:-

Particulars	July (₹)	August (₹)	September (₹)
Value of services	1,30,00,000	1,25,00,000	1,40,00,000
CGST	9,00,000	8,00,000	8,50,000
SGST	9,00,000	8,00,000	8,50,000
IGST	4,00,000	3,50,000	4,50,000

Note:

1. All amounts are exclusive of CGST/SGST or IGST, as the case may be.

2. Booking will be confirmed only after paying total fare for the journey.

3. There is no other inward or outward supply transaction for STPL in the relevant period apart from the aforementioned transactions.

4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the case scenario given above, choose the most appropriate answer to Q. nos. I. to v. [Study Mat][CA Final MTP May 24][CA Final MTP II Jan 26]

i. Amount of blocked credit in respect of motor vehicles purchased by STPL on Ist July is_____.

a. CGST=₹ 9,36,000; SGST=₹ 9,36,000 & IGST = ₹ 2,70,000

b. CGST=₹ 3,24,000; SGST=₹ 3,24,000 & IGST=₹ 2,70,000

c. CGST = Nil; SGST = Nil & IGST = ₹ 2,70,000

d. CGST = Nil; SGST = Nil & IGST = Nil

[Hint:- Refer exceptions to sec 17(5)(a)- ITC on motor vehicle used for making taxable supply of passenger transport is not blocked]

ii. Amount of GST payable through electronic cash ledger by STPL on the services supplied by it through RUBA Ltd. during the month of July, ignoring the provisions of rule 86B of the CGST rules,2017, is__.

a. CGST=₹ 9,00,000; SGST=₹ 9,00,000 & IGST=₹ 4,00,000

b. CGST = Nil; SGST = Nil & IGST = ₹ 58,000

c. CGST = Nil; SGST = Nil & IGST = ₹ 1,30,000

d. CGST = Nil; SGST = Nil & IGST = Nil

[Hint:- No tax is payable by STPL as the same is payable by ECO (RUBA Ltd.) u/s 9(5)]

[Note:- Answer given by ICAI is (B)which is wrong]

iii. Amount of tax to be collected at source by RUBA Ltd. on the taxable supplies made through it during the months of A) July, B) August and C) September, is_____.

a. A) ₹ 65,000; B) ₹ 62,500 and C) ₹ 70,000

b. A) ₹ 1,30,000; B) ₹ 1,25,000 and C) ₹ 1,40,000

c. A) ₹ 1,30,000; B) Nil and C) ₹ 70,000

d. A) Nil; B) Nil and C) Nil

[Hint:- ECO is not liable to TCS as the said service is covered u/s 9(5) & TCS provisions are not attracted here u/s 52]

iv. Place of supply for order numbers 1) CA-435, 2) PH-534 & 3) GK-987 is_____.

a. 1) Bangalore, 2) Hyderabad & 3) Hyderabad

b. 1) Chennai, 2) Hyderabad & 3) Hyderabad

c. 1) Chennai, 2) Chennai & 3) Delhi

d. 1) Bangalore, 2) Chennai & 3) Hyderabad

[Hint:- Refer sec 12(9)of IGST Act - POS shall be location of registered recipient otherwise it shall the place of embarking]

v. Time of supply for order numbers 1) CA-234, 2) UV-777 & 3) XE-001 is_____.

a. 1) 5th July, 2) 20th July & 3) 23rd July

b. 1) 5th July, 2) 22nd July & 3) 23rd July

c. 1) 3rd July, 2) 20th July & 3) 23rd July

d. 1) 5th July, 2) 20th July & 3) 23rd July

[Hint:- Booking will be confirmed only after paying total fare for the journey & hence, TOS as per sec 13 is on payment basis being earlier of invoice date as invoice is issued only after completion of journey]

MCQ 26.01.09.00

Neha Chemical Pvt. Ltd. (hereinafter referred to as NCPL), a registered taxpayer under in Surat, Gujarat, is engaged in manufacturing of chemical products. Poorva Fertilizers Pvt. Ltd. (hereinafter referred to as PFPL) of Dhule, Maharashtra (registered under GST) approached NCPL for supply of chemical product.

NCPL supplied 20 tons of chemical product @ ₹ 1,00,000 per ton (taxable value) to PFPL on Ist October. The invoice for the supply has also been issued on the same date. Further, following additional amounts (in lump sum) are also charged from PFPL:

Particulars	Amount (₹)
Packing charges	25,000
Extra charges for removal of impurities from chemical product	50,000
Transit insurance for transportation	5,000
Taxes levied by Municipal Authority	4,500
Transportation charges	35,000

As per the terms of the contract of supply, NCPL is required to deliver the chemical at the premises of PFPL. Therefore, NCPL hires a transporter for transportation of chemical. The lorry receipt indicates that freight (ignoring taxes) is payable by the receiver of goods.

On 4th October, NCPL has also received ₹ 2,00,000 as subsidy from the State Government for setting up chemical manufacturing plant in Surat, Gujarat.

As per the contract, PFPL is required to make payment within 20 days of supply. However, PFPL delayed the payment of consideration and made the payment on 25th December alongwith ₹ 28,000 as interest.

On 5th October, NCPL hired a motor car from Mr. Mehul, resident of Surat, Gujarat for its management team at Mumbai, Maharashtra for a business meeting. Mr. Mehul issued bill of ₹ 10,000 (including cost of fuel) for the same. Mr. Mehul has not charged any GST in the invoice raised for the same.

On 9th December, NCPL received technical consultancy service from TikTak Inc., its subsidiary company located in Singapore, without consideration. TikTak Inc. provides similar consultancy service to other clients for ₹ 50,000 (converted into Indian rupees).

On 15th December, security office located at the entry gate of NCPL has been renovated for ₹ 1,50,000 and the same has been capitalized in the books of accounts.

Notes:

1. NCPL and PFPL are not related and price is the sole consideration for the supply.
2. All the amounts given above including interest on delayed payment of consideration received from PFPL are exclusive of GST, wherever applicable.
3. Applicable rates of GST:

Particulars	CGST	SGST	IGST
Supply of chemical Products	9%	9%	18%
Supply of service of hiring of motor car	2.5%	2.5%	5%
Supply of technical consultancy services	9%	9%	18%
Supply of construction services	9%	9%	18%

4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

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

i. What is the gross tax liability (total of CGST + SGST+ IGST) for the month of October?

a. ₹ 3,82,010 b. ₹ 2,50,640
c. ₹ 3,75,710 d. ₹ 2,54,840

Hint:-

Particulars	Value (₹)	GST (₹)
Price for chemical- 20 tons (100000 * ₹20)	20,00,000	
Packing charges	25,000	
Extra charges for removal of impurities from chemical product	50,000	
Transit insurance for transportation	5,000	
Taxes levied by Municipal Authority	4,500	
Transportation charges	35,000	
TOTAL TAXABLE AT 18%	**21,19,500**	**381510**
Hiring of motor car taxable at 5%	**10,000**	**500**
TOTAL	**21,29,500**	**382010**

Note:- 1) TOS for consultancy service ₹50000 & int. on delayed payment ₹28,000 is in Dec so not to be taken in Oct calculation. 2) Subsidy has no effect here as it is given by SG & not included anywhere.

ii. Which of the following statements is/are not correct in the given case?

1. Subsidy received from the State Government will be included in the transaction value of the chemical product.
2. Service received from TikTak Inc. is not supply.
3. Service received from TikTak Inc. is supply.
4. GST is not payable on service received from Mr. Mehul.

a. Only 1,2 and 3 b. Only 2,3 and 4
c. Only 1, 2 and 4 d. Only 4

[Hint:- 1) Refer sec 15(2)(e) - subsidy is not directly linked to price of goods & hence, not to be included in value. 2) & 3) Refer para 4 of sch 1 - import of service withiout consideration from related party in the course or furtherance of business is treated as deemed supply. 4) service recd from Mehul is not covered under RCM entry 15 but it is a supply & liable to GST under forward charge]

iii. What is the time and place of supply for the interest paid on the delayed payment by PFPL?

a. 1st October and Surat, Gujarat
b. 1st October and Dhule Maharashtra
c. 25th December and Surat, Gujarat
d. 25th December and Dhule, Maharashtra

[Hint:- Refer sec 12(6)- TOS arises when interest

on delayed consideration is actually recd. Refer sec 10(1)(a) of IGST Act - POS is loaction of goods when movement terminates for delivery to recipient & here, NCPL is supposed to deliver the goods at PFPL's premises at Dhule, MH]

iv. Assuming that there are no other transactions carried out by NCPL during October to December apart from the ones as mentioned in the case scenario, total ITC available during such period is -

a. ₹ 27,500 b. ₹ 9,500

c. ₹ 9,000 d. Nil

Hint:

Particulars	ITC (₹)
Hiring of motor car (supplier did not charge any GST in invoice & it is not covered under RCM also as per circular 177/09/2022 which states that for applying RCM, hiring should be for a period of time but in this case- it is a one time activity)	0
Import of technical consultancy service (50000 * 18%) (Refer para 4 of sch 1)	9000
Renovation of security office (Full amount `150000 is capitalised & hence ITC is blocked u/s 17(5))	0
Total	9000

v. In the given case scenario, if TikTak Inc. is not subsidiary of NCPL and has supplied the technical consultancy service to NCPL without consideration,

a. it will be an exempt supply.

b. it will be a zero-rated supply.

c. it will not be a supply.

d. it will be a taxable supply.

[Hint:- Refer para 4 of sch 1- Import of Service without consideration shall be treated as supply only when received from related party in the course or furtherance of businees]

MCQ 26.01.10.00

Vispute Textile Pvt. Ltd. (hereinafter referred to as VTPL) is engaged in manufacturing and trading of textile products. Its head office is located in Surat, Gujarat. Besides, it has three other units – Darsh, Kunj and Nitya located in Mumbai (Maharashtra), Surat (Gujarat) and Pune (Maharashtra) respectively.

The head office (hereinafter referred to as VTPL-HO) and Units Kunj and Nitya are registered under GST. Unit Darsh is not registered under GST as it is exclusively engaged in supply of exempt goods. Further, VTPLHO in Surat, Gujarat is also separately registered under GST as Input Service Distributor (ISD).

VTPL-HO purchased goods worth ₹ 5,00,000 from Mr. Jayesh. However, such goods were directly sent to the premises of registered job worker, Mr. Dinesh, without being first received at VTPL's manufacturing unit.

Goods were cleared by supplier – Mr. Jayesh - on 10th April, but were received by the job worker on 16th April. The job worker carried out the job work and supplied the goods to M/s. Mahendra Enterprises on 13th April of next year on payment of tax on the direction of VTPL-HO.

VTPL-HO has not declared Mr. Dinesh's premises as additional place of business in registration details on GSTN portal.

VTPL-HO bought a new motor vehicle worth ₹ 12,00,000 in exchange of old motor vehicle (Exchange value of old motor vehicle is ₹ 4,50,000) on 5th July, having seating capacity of 13 persons excluding the driver for the daily transport of its employees. Old motor vehicle was purchased 2 years before on 1st September for ₹ 8,00,000. Seating capacity of the old motor vehicle was 10 persons including driver. Rate of GST on motor vehicle is 18%.

On 25th July, VTPL-HO engaged Bahubali Ltd., a company (registered under GST in Mumbai, Maharashtra) dealing in textile machineries, to supply machineries worth ₹ 30,00,000 for a spinning unit to be set up at Satara, Maharashtra. Machineries are supplied in completely knocked down condition at the Satara unit and assembled by the engineers of Bahubali Ltd. Satara unit is yet to be registered under GST.

Following information is available in respect of the units for which VTPL is registered under GST as an ISD, for month of July:

Input Service	CGST (₹)	SGST (₹)	IGST (₹)	Remarks
X	50,000	50,000		Used in Unit Darsh
Y	-	-	1,20,000	Used in Unit Nitya and Darsh
Z	4,000	4,000		Used in Unit Kunj [Input Service Z is in respect of servicing of motor bike (with engine capacity of 120 cc) used in Kunj Unit for business purpose]

Total turnover of the units for the last financial year are given under.

Unit	Turnover (₹)
Darsh	15,00,000
Kunj	8,00,000
Nitya	10,00,000

Note:

1. **Applicable rate of CGST and SGST is 9% each and IGST is 18% on all inward and outward supplies, unless otherwise specified.**
2. **All the units are operational during the year unless specifically mentioned otherwise in the question.**
3. **All the amounts given above are exclusive of GST, wherever applicable.**
4. **Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.**

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. i. to v. as follows:- [Study Mat] [CA Final MTP Series II Nov 23]

i. Which of the following statements is/are correct in respect of the goods sent for job work to Mr. Dinesh?

1. **VTPL is not eligible to take input tax credit as it has not declared the premises of the job worker as its additional place of business.**
2. **VTPL is required to reverse the input tax credit as job worker returned the goods after 1 year from 10th April.**
3. **VTPL is not required to reverse the input tax credit as job worker returned the goods before 1 year from 16th April.**
4. **VTPL cannot directly sell the goods to M/s Mahendra Enterprises from job worker's premises as VTPL has not declared the premises of the job worker as its additional place of business.**

a. 1st and 4th b. 2nd and 4th
c. Only 3rd d. Only 4th

[Hint:- Refer Sec 143 read with sec 19 - goods directly sent to job worker for job work have to be returned or supplied within 1 year from date the goods are recd by job worker. If job worker is registered, then principal can directly supply goods from job worker's premises without declaring it as additional POB]

ii. Which of the following statements is true in context of input tax credit to be distributed by ISD VTPL-HO to Unit Kunj?

a. CGST and SGST credit of ₹ 54,000 each and IGST credit of ₹ 1,20,000 will be distributed as IGST credit, to Unit Kunj in proportion to its turnover of preceding financial year to the total turnover of all the three units of the preceding financial year.
b. Ineligible credit of CGST and SGST of ₹ 4,000 each will be distributed as ineligible credit of IGST of ₹ 8,000 to Unit Kunj.
c. Credit of CGST and SGST of ₹ 4,000 each will be distributed as credit of IGST of ₹ 8,000 to Unit Kunj.
d. Ineligible credit of CGST and SGST of ₹ 4,000 each will be distributed as ineligible credit of CGST and SGST of ₹ 4,000 each to Unit Kunj.

[Hint:- Ineligible credit of CGST & SGST ₹4000 each is used only for Kunj & hence, distributed to it only as per sec 20. As per the definition of motor vehicle - it does not include vehicle having less than 4 wheels with engine capacity of upto 25 CC, but here, bike has 120 CC & hence, included in motor vehicle definition & thus, ITC of motor bike is blocked u/s 17(5)(a)]

iii. Amount to be distributed by VTPL-HO to Unit Darsh is-

a. CGST and SGST credit of ₹ 50,000 each; IGST credit of ₹ 72,000.
b. CGST and SGST credit of ₹ 50,000 each; IGST credit of ₹ 54,545.
c. IGST credit of ₹ 1,72,000.
d. nil as Unit Darsh is not registered under GST and is exclusively engaged in supply of exempt goods.

[Hint:- Input service X is completely used for Darsh

whereas input service Y is used for Darsh & Nitya which shall be distributed between them as per their t/o of P.F.Y. The t/o ratio of Darsh & Nitya is 15:10. Hence, IGST distributed to Darsh = ₹50,000 CGST +₹50,000 SGST + (₹1,20,000 / 25*15)]

iv. Place of supply of the machinery supplied by Bahubali Ltd. on 25th July and the tax charged thereon is:

a. Surat, Gujarat; CGST and SGST

b. Satara, Maharashtra; CGST and SGST

c. Mumbai, Maharashtra; IGST

d. Surat, Gujarat; IGST

[Hint:- Refer sec 10(1)(d) of IGST Act- POS shall be place where the machine is assembled i.e. at Satara. As LOS & POS are same state, CGST & SGST shall be levied]

v. Amount of ITC available on purchase of new motor vehicle in exchange of old motor vehicle as on 5th July is _____.

a. nil as ITC is blocked on motor vehicle under section 17(5) of the CGST Act, 2017

b. ₹ 2,16,000 c. ₹ 1,35,000

d. ₹ 2,97,000

[Hint:- New motor vehicle has seating capacity of 14 (including the driver) which exceeds the limit of 13 given u/s 17(5)(a) & ITC is allowed. ITC = ₹12 lakhs * 18%. This exchange involves 2 separate transactions which shall be taxed in the hands of respective supplier with their respective value]

MCQ 26.01.11.00

XYZ Logistics Limited (XLL) is into warehousing and logistics business. It has two Container Freight Stations (CFS): one at Inland Container Depot (ICD) Dadri, Uttar Pradesh and other at ICD Tughlakabad, Delhi. XLL is also engaged in the business of freight forwarding and multimodal transportation. Intermittently, XLL also deals in trading of goods, primarily in export to countries outside India.

XLL started its operations on 30th June by setting up head/ corporate office in Gurgaon, Haryana for trading of goods and two CFS at U.P. and Delhi. Services as well as invoicing to customers was done from Delhi and U.P. unit only. Top management was placed at the head office for the management of the company.

The aggregate turnover of the XLL's Delhi unit crossed ₹ 20 lakh on 31st October. It applied for GST registration for Delhi on 25th November. Registration was granted on 7th December. GST in respect of stock of goods at Delhi as on 30th October was ₹ 50 lakh, on 25th November was ₹ 40 lakh and on 7th December was ₹ 20 lakh.

The primary business of XLL is container handling service of import/export containers. In July next year, a shipper placed a work order on XLL for handling of an export container from ICD Tughlakabad to Dubai UAE, through Nhava Sheva seaport in Mumbai. XLL was responsible for stuffing goods in containers at ICD, assisting in obtaining customs clearance, and transportation of goods from ICD to seaport. XLL requested the customer to issue e-way bill for the movement of customs sealed containers from ICD to seaport as the value of goods in container exceeded ₹ 50,000. However, the customer denied issuing e-way bill stating that the responsibility to issue the same is on the person who arranges the transport of goods. Consequently, the management of XLL issued e-way bill with the assistance of a consultant.

There is a green cess that is applicable on the goods handled through CFS for exports outside India.

XLL as a policy deposits green cess with the Government in the name of the customer and recovers such cess at actual from the customer.

Few customers of XLL are based out of Nepal & Bhutan. It provides container handling services for their containers/ cargo which are in transit to Nepal or Bhutan. It receives consideration from Nepal/ Bhutan customers in INR (₹).

All the above amounts are exclusive of GST, wherever applicable. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. (i) to (v).:- [CA Final MTP Nov 21]][Study Mat]

i) Which of the following statements is correct regarding eligibility of ITC on opening stock at the

time of new registration?

(a) XLL can avail credit of ₹ 50 lakh.

(b) XLL can avail credit of ₹ 40 lakh.

(c) XLL can avail credit of ₹ 20 lakh.

(d) XLL cannot avail credit on opening stock.

[Hint:- Refer sec 18(1)(a)- As XLL applied for registration on 25th Nov i.e. within 30 days of becoming liable on 31st Oct, it can avail ITC of Inputs held in stock and inputs contained in semi-finished or finished goods held in stock on 30th Oct]

ii). Which of the following statements is correct regarding GST registration by XLL?

(a) XLL was liable for registration of only Delhi unit.

(b) XLL was liable for registration of Delhi and UP units.

(c) XLL was liable for registration of Delhi, UP and Haryana units.

(d) XLL was liable for normal registration at Delhi and UP unit, and ISD registration at Haryana unit.

[Hint:- Person has to register in every state/UT from where it makes taxable supply & registration is to be obtained based on PAN all over India except for cases falling under sec 23]

iii) Which of the following statements is correct regarding generation of e-way bill for movement from ICD Tughlakabad to Nhava Sheva seaport in Mumbai?

(a) E-way bill was not required to be generated since goods were being transported from ICD to seaport.

(b) E-way bill was mandatorily required to be generated irrespective of the value of the goods being transported as such goods were being transported from ICD to seaport .

(c) E-way bill was required to be generated since the value of goods being transported exceeded ₹ 50,000.

(d) E-way bill was rightfully issued by XYZ Logistics Limited being the transporter of goods.

[Hint:- Refer rule 138(14) for cases where eway bill is not required to be generated - It includes transportation of goods from ICD to Customs port]

iv) Which of the following statements is correct regarding value of container handling services provided by the company?

(a) Value of the taxable container handling services should exclude transportation cost and green cess.

(b) Value of the taxable container handling services should exclude green cess but include transportation cost.

(c) Value of the taxable container handling services should exclude transportation cost but include green cess.

(d) Value of the taxable container handling services should include transportation cost and green cess.

[Hint:- Green cess is paid by XLL as a pure agent of customer and hence not to be added in value as per rule 33. Transport cost is to be added in value as that is charged to customer.]

v) Which of the following statements is correct regarding invoicing to Nepal/Bhutan customers?

(a) GST is not chargeable on container handling services provided to Nepal/ Bhutan customers as the place of supply of such services is outside India.

(b) GST is not chargeable on container handling services provided to Nepal/ Bhutan customers as the same qualifies as export of service.

(c) GST is not payable on container handling services provided to Nepal/ Bhutan customers as the supply of services associated with transit cargo to Nepal and Bhutan are exempt services.

(d) GST is chargeable on container handling services provided to Nepal/ Bhutan customers.

[Hint:- Refer sl no. 9B of exemption - Supply of services associated with transit cargo to Nepal and Bhutan is exempt]

MCQ 26.01.12.00

Mr. Viyaan, a practicing Chartered Accountant, based in Hyderabad, is registered under GST in the State of Telangana.

He undertook following transactions/activities during the current financial year:

(1) He provided consultancy services to Kahani Tours, a UK based entity engaged in the business of e-commerce in the field of tour and travels, having its office at UK. Kahani Tours paid a sum of Euro 95,000 to Mr. Viyaan billed @ 75 per Euro. Mr. Viyaan made travel to UK several times during the year and incurred Euro 5,000 @ ₹ 75 as incidental expenses (including VAT paid ₹ 10,000) which was ultimately charged from Kahani Tours. Kahani Tours also paid a sum of EURO 5,000 @ ₹ 75 to Mr. Viyaan as interest on account of delay in payment of agreed consideration.

Mr. Viyaan also hired the services of a professional firm based in UK to complete the assignment of providing services to Kahani Tours and paid Euro 10,000 @ ₹ 75. This was not recovered from Kahani Tours.

(2) Mr. Viyaan's taxable earnings for services provided in India for the financial year are ₹ 85,00,000. In addition to this, Mr. Viyaan also provided return filing services free of charge in the month of July to Indian residents who were economically weaker. Open market value of such services was ₹ 1,40,000.

(3) In July, Mr. Viyaan also provided financial services to his real brother Mr. Kish who is working at an IT company and earning handsomely, for ₹ 75,000 (invoice value). However, Mr. Viyaan offered him 90% discount on the invoice raised to him. Therefore, Mr. Kish paid ₹ 7,500 only.

(4) Thakar Electricals Ltd., registered under GST in Guwahati, Assam approached Mr. Viyaan to impart GST training to its accounts and finance personnel. Mr. Viyaan imparted the said training to 50 employees of Thakar Electricals Ltd. at a conference room of Sukh Ram Hotel located in Siliguri, West Bengal on 25th August.

Notes: The rates of tax are 9% (CGST), 9% (SGST) and 18% (IGST) on all inward/ outward supplies. All the amounts given above are exclusive of taxes, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. i) to iv) below:- **[Ca final MTP Mar 22][Study Mat] [CA Final MTP May 24]**

i) Compute the value of supply made by Mr. Viyaan to Kahani Tour (in Euros).

(a) 120,000 (b) 105,000

(c) 115,000 (d) 125,000

[Hint:

Particulars	Euros
Consultancy charges being transaction value u/s 15(1)	95,000
Incidental expenses charged from Kahani tours u/s 15(2)(c)	5,000
Interest on delay in payment of agreed consideration u/s 15(2)(d)	5000
Professional fees paid to firm based in UK (not recovered from Kahani Tours & not added)	-
Total taxable value	**1,05,000**

ii) Compute aggregate turnover of Mr. Viyaan for the current financial year.

(a) ₹ 1,78,75,000 (b) ₹ 1,86,25,000

(c) ₹ 1,63,82,500 (d) ₹ 1,80,90,000

(Hint: Aggregate turnover :-

Particulars	(₹)
Supply made to Kahani Tours (value is calculated in sub-question above) (Euros 105000 * Rs 75)	78,75,000
Taxable supply of services in India	85,00,000
Return filing services provided free of charge (not a supply as there is no consideration)	0
Financial services provided to Mr. Kish (Independent brother is not a related person & hence, actual transaction value is considered u/s 15(1)) (75000 - 90% discount)	7,500
Aggregate Turnover	**1,63,82,500**

iii) What is value of supply made by Mr. Viyaan to Mr. Kish if Mr. Kish is the son of Mr. Viyaan and not his brother, other facts remaining the same?

(a) ₹ 7,500 (b) ₹ 75,000

(c) Not a supply since they are related

(d) Value cannot be determined

[Hint:- Son is always treated as a related person as per sec 2(49) & hence, value shall be the OMV `75000 as per rule 28] **[Note:- The Question asked in MTP May 24 is as follows but the answer will remain same :- What is value of supply made by Mr. Viyaan to Mr. Kish if Mr. Kish is the son of Mr. Viyaan and not his brother & supply is made free of cost, other facts remaining the same?]**

iv) The place of supply of the GST training imparted by Mr. Viyaan to the accounts and finance personnel of Thakar Electricals Ltd. is _____.

(a) Hyderabad, Telangana

(b) Guwahati, Assam

(c) Siliguri, West Bengal

(d) Either (a) or (b), at the option of Mr. Viyaan

[Hint:- Refer sec 12(5) of IGST Act- POS of training service provided to a registered person shall be the location of such person & here, Thakar Electricals Ltd. is registered in Guwahati, Assam]

MCQ 26.01.13.00

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.]	

*excluding GST

Following additional information has been furnished by Jaskaran:

1. Penalty of ₹ 10,000 was collected in lumpsum in the month of March from Sukhija Gift Shop since the payment was received with a delay of 60 days.

2. 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.

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

Goods / Services supplied	CGST	SGST	IGST
Chocolates	9%	9%	18%
Fruit Juice Bottles	NIL	NIL	NIL
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 to Q. Nos. i) to iv) below:- [CA Final MTP Mar 22] [Study Mat]

i) GST payable on packages supplied to Sukhija Gift Shop in January and in March is (1) _____and (2) _____ respectively.

(a) (1) IGST - ₹ 1,09,526; (2) nil

(b) (1) CGST - ₹ 54,763; SGST - ₹ 54,763; (2) nil

(c) (1) IGST - ₹ 1,08,000; (2) IGST - ₹ 1,526

(d) (1) CGST - ₹ 54,000; SGST - ₹ 54,000; (2) CGST -₹ 763; SGST - ₹ 763

[Hint:- Supply to Sukhija gift shop is a mixed supply as not naturally bundled & single price is charged for entire supply & hence, entire supply will be taxable at the highest rate applicable i.e. 18%. ₹10,000 penalty is taxable in march as actually recd in march & shall be treated as inclusive of GST & taxable at same rate of 18%. LOS is Delhi whereas POS is Punjab & hence, IGST is charged. IGST = (₹6,00,000 * 18%) & (₹10,000/118*18) = ₹1,08,000 & ₹1,526]

ii) 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 @ NIL

(c) is payable by Mr. Bahubali @ NIL

(d) is not payable at all.

[Hint:- Goods transport operator is not a GTA as it is not issuing consignment note & hence, the service is exempt under sl. No. 18 of exemption]

iii) 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

[Hint:- The customers are not related & there is no consideration involved & hence, it is not a supply]

iv) 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.

[Hint:- Elder brother is not dependent on Jaskaran & hence, not treated as family as per sec 2(49). There is no consideration involved & hence, it is not a supply]

MCQ 26.01.14.00

Chilly Hot Private Limited (hereinafter referred to as 'Chilly Hot') is engaged in providing multidimensional services to its clients through its office in Haryana, registered under GST. During the month of July, following transactions were undertaken by Chilly Hot:

(i) Import of certain cloud services from Moon.com for an amount of ₹ 50,00,000. There is an additional charge of 2% as equalisation levy on such services in India which is recovered from the offshore service supplier by the Government. Moon.com passes the taxes to its customers by charging them, as its internal policy.

(ii) Chilly Hot pays sitting fee of ₹ 25,000 each to its 4 directors per month. Further, there are two directors who are in the executive roles and are withdrawing ₹ 2,00,000 each per month as salary from the company and the applicable TDS amount, under section 192 of the Income - tax Act, 1961, is deducted from such salary.

(iii) Chilly Hot paid for group life insurance of its employees in compliance of its internal policy. The amount of premium was ₹ 5,00,000.

(iv) Chilly Hot provided consultancy services to its client, Sun Corp. based in Bangalore and issued an invoice of ₹ 30,00,000.

(v) Empowering India is a non-government organisation located in Haryana. It aims at empowering the eligible companies to grow their business in India. Chilly Hot, being one of the eligible companies, received a subsidy of ` 5,00,000 in lumpsum from Empowering India for the month of July.

(vi) Chilly Hot provided sponsorship services to Mr. X, an individual, for an event organised by it in the State of Haryana. The amount agreed for such sponsorship services is ₹ 5,00,000.

All the amounts given above are exclusive of GST unless otherwise provided. There is no other outward or inward supply transaction apart from aforesaid transactions in the month of July.

The opening balance of input tax credit for the relevant tax period for the company is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies at the following rates:

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

II. Inter-State supply – 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos i) to v) below: **[Study mat, CA final MTP Apr 22, CA Final MTP I May 25]**

i) The liability to pay GST for cloud services procured by Chilly Hot from Moon.com shall be:

(a) on Moon.com since the services are online information and database access or retrieval services and GST of ₹ 9,00,000 shall be paid by

Moon.com.

(b) nil. There will not be any GST liability on the transaction since Moon.com is located outside India and services are provided electronically.

(c) on Moon.com under forward charge and GST of ₹ 9,18,000 shall be paid by Moon.com.

(d) on Chilly Hot under reverse charge and GST of ₹ 9,18,000 shall be paid by Chilly Hot.

[Hint:- Refer sl no. 17 under RCM relating to IGST- Chilly Hot (recipient) is a registered person receiving service from non-taxable territory & RCM is applicable. Equalisation levy of 2% on ₹50 lakhs is to be added in ₹50 lakhs value u/s 15(2)(a) as recovered from recipient. Hence, GST payable = (₹50 lakhs + 2% of ₹50 lakhs) * 18% = ₹9,18,000]

ii) Chilly Hot seek your advice on the taxability of the sitting fee payable to directors and salary payable to the executive directors. The correct advice is:

(a) Sitting fees paid to the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.

(b) Total amount payable to directors (sitting fees as well as salary) is exempt from GST.

(c) Total amount payable to directors (sitting fees as well as salary) is liable to GST under reverse charge in hands of Chilly Hot.

(d) Total amount payable to directors (sitting fees as well as salary) is liable to GST under forward charge in the hands of the directors as professional income.

[Hint:-Salary payable to executive director is covered under para 1 of schedule III & hence, not a supply whereas sitting fees to directors is a supply & liable to GST as it is not in course/relation to employment. Sitting fee is covered under RCM under sl. no. 6]

iii) What shall be the amount of input tax credit available with Chilly Hot for the month of July?

(a) ₹ 10,26,000 (b) ₹ 11,16,000

(c) ₹ 9,36,000 (d) ₹ 1,96,000

[Hint:- ITC available for July:-

Particulars	ITC (₹)
Cloud services [(₹50 lakhs + 2% of ₹50 lakhs) * 18%]	9,18,000
Sitting fees to directors (₹25,000 * 4 * 18%)	18,000
Salary to directors (not a supply & hence, no GST paid on it)	-
Group Life insurance of employees (ITC is blocked u/s 17(5)(b) - as it is not paid under statutory obligation)	-
Total ITC	**9,36,000**

iv) Compute the value of outward supplies made by Chilly Hot in the month of July.

(a) ₹ 30,00,000 (b) ₹ 25,00,000

(c) ₹ 35,00,000 (d) ₹ 40,00,000

[Hint:- Consultancy service ₹30 lakhs + sponsorship service ₹5 lakhs taxable under forward charge as provided to individual & also, the supplier (Chilly Hot) is a body corporate = ₹35 lakhs]

v) Compute the amount of GST to be deposited in cash by Chilly Hot for the month of July.

(a) Nil (b) ₹ 7,20,000

(c) ₹ 9,36,000 (d) ₹ 14,76,000

[Hint:- GST to be paid in cash for July:

Particulars	GST (₹)
Tax payable under reverse charge:-	
Cloud services [(₹50 lakhs + 2% of ₹50 lakhs) * 18%] (to be paid under RCM)	9,18,000
Sitting fees to directors (₹25,000 * 4 * 18%) (to be paid under RCM)	18,000
GST payable in cash	**9,36,000**
Sitting fees to directors (₹25,000 * 4 * 18%) (to be paid under RCM)	18,000
GST payable in cash	**9,36,000**

Note:- There is sufficient ITC available ₹9,36,000 to pay tax payable under forward charge as under:-

Consultancy service (₹30 lakhs *18%) = ₹5,40,000

Sponsorship service (₹5 lakhs * 18%) = ₹90,000]

MCQ 26.01.15.00

Mr. Shorya, proprietor of M/s Grand-New Enterprises, is engaged in trading of office stationery items in its stationery store located at Salt Lake City, Kolkata. The said store is taken on lease from Kolkata MuniciRohan Corporation (KMC). During the previous financial year, the turnover of M/s Grand-New Enterprises was ₹ 14 lakh.

Mr. Shorya supplies goods within the State of West Bengal only, but purchases stationery items mostly from Delhi & Mumbai. He owns a duplex house in New Town, Kolkata. He stays on the ground floor & has let out the first floor to an employee of IDICI Bank, Delhi (both unregistered under GST) for residential purposes. The rent for the same is paid by IDICI Bank to Mr. Shorya.

During the current financial year, he applied for GST registration on voluntary basis on 2nd April, 20XX and the registration was granted to him w.e.f. 9th April, 20XX.

The details of his stock position during current financial year is as under:

Particulars	2nd April,20XX	8th April,20XX
Office stationery items purchased from a registered dealer	₹ 1 lakh	₹ 1 lakh
Books, periodicals, journals, newspaper, maps etc.	₹0.20 lakh	₹0.20 lakh

The details of transactions carried out by Mr. Shorya during the current financial year is furnished hereunder:

Particulars	1st April, 20XX to 8th April, 20XX (₹in lakh)	9th April, 20XX to31st March, 20YY (₹in lakh)
Sale of office stationery items (Intra-State supply to RP)	3	84
Sale of office stationery items (Intra-State supply to URP)	2	14
Legal fees paid to advocate	-	0.10
Purchase of stationery items (Intra-State supply received from registered person)	3	74
Purchase of furniture for use in own office (from an unregistered dealer of Kolkata)	-	1
Purchase of stationery items from a registered dealer of Delhi	1	18
Lease rent of the stationery store paid to Kolkata Municipal Corporation (KMC)	-	1.20
Transportation charges paid to M/s Jagat Transporters, a GTA (tax is not payable @ 18%)	0.10	1.50
Interest paid on borrowings from BBI Bank	0.20	1.80
Accrued interest on Fixed deposit with BBI Bank	-	0.16
Rent received from IDICI Bank for its employee	-	2.40

Mr. Shorya went to Mumbai, Maharashtra for a business meeting in February, 20YY and stayed in Hotel Blue Pines for a week. Hotel charged ₹ 1,00,000 (taxable value) for the stay.

All the amounts given above are exclusive of GST, wherever applicable, unless otherwise provided.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions in the current financial year. GST is applicable on all inward and outward supplies, except on services of transportation of goods, at the following rates:

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

II. Inter-State supply – 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. i)to v) below:- **[CA Final MTP Apr 22] [CA Final RTP N21][Study Mat][, CA Final MTP II May 25]**

i) The value of outward supply which shall be subject to GST for the current financial year is---

(a) ₹ 98 lakh (b) ₹ 100 lakh

(c) ₹ 102.40 lakh (d) ₹ 108 lakh

[Hint:- Value of outward supply subject to GST:

Particulars	(₹)
Intra-state sale of stationery to RP	84,00,000
Intra-state sale of stationery to URP	14,00,000
Sales between 2nd April to 8th April is not liable to GST as the voluntary registration is effective from 9th April	-
Accrued int. on FD (exempt under sl. No. 27 of exemption)	-

Rent received from IDICI Bank for its employee (exempt under sl. No. 12 of exemption - renting of residential dwelling for use as residence to URP is exempt)	-
Total taxable value	**98,00,000**

ii) Which of the following statements is correct in terms of the facts of the case scenario given above?

(a) Mr. Shorya cannot opt to pay tax in the FY - 20YY-22 under composition scheme under section 10(1) and 10(2) of the CGST Act, 2017.

(b) Mr. Shorya is entitled to take the ITC of inputs held in stock on 1st April, 20XX.

(c) Mr. Shorya shall be liable to pay GST under reverse charge under section 9(4) of the CGST Act during the current financial year in respect of purchases made from unregistered persons.

(d) Mr. Shorya is entitled to take the ITC of inputs held in stock on 8th April, 20XX.

[Hint:- Refer sec 18(1)(b):- In case of Voluntary registration, effective date of registration is date of certificate of registration and assessee can take ITC on input held as stock on the day preceding the date of grant of registration - i.e. the day preceeding the 9th April]

iii) The value of supply on which Mr. Shorya is liable to pay GST under reverse charge for the current financial year is _____.

(a) ₹ 1,60,000 (b) ₹ 2,80,000

(c) ₹ 1,30,000 (d) ₹ 2,70,000

[Hint:- GTA service taken ₹1,50,000 is covered under sl. No. 1 of RCM + Lease rent ₹1,20,000 of stationery store is covered under sl. No. 5A as property is rented by a local authority to RP]

iv) Which of the following inward supply is not subject to payment of tax under reverse charge mechanism?

(i) Shop rent paid to KMC

(ii) Legal fee paid to advocate

(iii) Purchase of stationery items from unregistered person

(iv) Transportation charges paid to M/s Jagat Enterprises

Choose the most appropriate option.

(a) (i) and (ii) (b) (iii)

(c) (ii) and (iii) (d) (i) and (iii)

[Hint:- Purchase of stationery items from URP is not covered under RCM & Legal service received is exempt as per sl. No. 45 of exemption as the t/o ₹14 lakhs of Shorya in P.F.Y. is not exceeding the threshold for registration u/s 22]

v) Whether input tax credit is available on the GST paid by Mr. Shorya on the taxable value of ` 1,00,000 charged by Hotel Blue Pines located in Mumbai, Maharashtra, for his stay? If yes, please specify the amount of input tax credit available.

(a) Yes, ₹ 3,000 - CGST and ₹ 3,000 - SGST

(b) Yes, ₹ 12,000 - IGST

(c) Yes, ₹ 6,000 - CGST and ₹6,000 - SGST

(d) No input tax credit is available.

[Hint: POS of Hotel service is Maharashtra as per sec 12(3) of IGST Act while the registration of Shorya is in Kolkata. Hence, ITC is not available for the CGST & SGST paid in Mumbai. ITC of one state cannot be utilized against tax payable in another state]

MCQ 26.01.16.00

Zoom Air is an airline company operating domestic as well as international flights. The head office of Zoom Air is in Mumbai and the company has also obtained registration under GST in each of the States from where the flight operations are being conducted.

During the month of January, following transactions were undertaken by it:

(i) Zoom Air sold air tickets worth ₹ 5,00,000 during the month from its head office and the breakup of air fare is as follows:

Basic fare excluding GST – ₹ 4,00,000

Passenger Service Fee (PSF) and User Development Fee (UDF) inclusive of GST – ₹ 1,00,000

Both PSF and UDF are statutory fees which are required to be collected by the airlines as per Government directions and authorization given to airlines. The aforesaid amount of PSF and UDF are inclusive of GST @ 18%. PSF and UDF are remitted by the airlines to the airport authority. Further, the amount of PSF and UDF is separately disclosed

in the invoice issued to customers by Zoom Air along with applicable GST. The airport authority pays an amount of 5% of PSF and UDF (inclusive of GST amount) collected as collection charges to the airlines on which GST is applicable. There is no levy of PSF and UDF on the tickets booked by Zoom Air for its own crew or other employees.

(ii) Zoom Air (Head Office) has collaborated with Supertrip India, an online travel portal, providing services to the customers by way of booking air tickets through its electronic commerce platform and registered under GST in the State of Maharashtra. During the month, Supertrip India booked tickets for ₹ 2,00,000 (base fare excluding GST, PSF and UDF) for the customers of Zoom Air. The amount was remitted by Supertrip India to Zoom Air after required adjustments as per GST law in terms of tax collection at source @ 0.5% as IGST or @ 0.25% of CGST and @ 0.25% of SGST as applicable. In addition to the aforesaid amount, Supertrip India charged commission from Zoom Air at the rate of 5% of the base fare of air tickets booked.

(iii) Zoom Air (Head Office) charged 100% cancellation fee from the customers for bookings made in prior months. The amount of cancellation fee charged was ₹ 1,00,000 inclusive of GST. Instead of actually collecting the cancellation fee from the customers, such amount was adjusted against the booking amount and GST discharged at the time of initial bookings. However, the PSF and UDF amounting to ₹ 10,000 (inclusive of GST) charged from the customers against such bookings were refunded.

(iv) Zoom Air (Head Office) provided gifts in the form of air tickets to 10 of its employees based at its head office for an amount equivalent to ₹ 60,000 each. No amount was recovered from the employees for such air tickets.

(v) Zoom Air has a corporate tie-up with Welcome Hotel located in Rajasthan for stay of its crew members. For January, the hotel issued an invoice of ₹ 5,00,000 in the name of Zoom Air, Head office, Mumbai.

Haryana office of Zoom Air has provided services by way of sale of online advertisement space to Amazing Pvt. Ltd. (a company registered in the State of Haryana) for promotion of Amazing Pvt. Ltd.'s products. The amount charged for such service by Haryana office of Zoom Air is ₹ 5,00,000.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of input tax credit of Zoom Air and Supertrip India for the relevant tax period is nil.

Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the month of January.

GST is applicable in the aforesaid case scenario @ 18% ignoring CGST, SGST and IGST bifurcation for the sake of simplicity.

In case of cancellation of tickets, the airport authority and Zoom Air had an agreement that PSF and UDF related adjustment shall be finalized at the end of financial year, i.e., during the month of March. Further, separate GST invoice shall be issued to carry out such adjustment in books of accounts.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. i) to v) below: **[CA Final RTP May 22] [CA Final MTP Series I Nov 23]**

i) The gross GST liability of Mumbai Head Office of Zoom Air for the month of January is:

(a) ₹ 1,08,000 (b) ₹ 72,000

(c) ₹ 1,80,000 (d) ₹ 2,16,900

[Hint:- Gross GST liability of Mumbai HO for Jan:-

Particulars	(₹)
Tickets sold (only basic fare is to be taken as ₹1 lakh is just collected as pure agent - not to be added in value as per rule 33]	4,00,000
Collection charges received from airlines (100000 PSF & UDF collected * 5%)	5000
Tickets sold through Supertrip India (an ECO)	2,00,000
Tickets gifted to employees (₹10 * ₹60000) (Gift value is exceeding ₹50000 per employee & hence, is deemed supply as per para 2 of schedule II]	6,00,000
Total taxable value	12,05,000
GST @18% on ₹12,05,000	2,16,900

ii) Determine all kinds of credits available to Mumbai Head Office of Zoom Air for setting off against its GST liability for the month of January is:

(a) ₹ 2,800 (b) ₹ 93,800

(c) ₹ 6,800 (d) ₹ 96,800

[Hint:- 1) TCS collected by Supertrip India (on ₹2 lakhs @ 0.5% total) i.e.₹1,000 + GST paid on commission paid to Supertrip India ₹1,800 (i.e. ₹ 2 lakhs * 5% * 18%). 2) ₹1,00,000 PSF & UDF is collected just as pure agent & hence, Zoom Air is not liable to pay GST on the same & hence, no ITC is available. 3) POS of Hotel service is Rajasthan as per sec 12(3) of IGST Act & LOS is also Rajasthan. HO of Zoom Air is in Maharashtra & registered there. Hence, ITC is not available for the CGST & SGST paid in Rajasthan. ITC of one state cannot be utilized against tax payable in another state]

iii) Assuming that the customers, in point (i) of the case scenario above, are registered customers and all other conditions for availment of input tax credit are complied with, the amount of input tax credit available to such customers would be:

(a) ₹ 90,000 (b) ₹ 72,000

(c) ₹ 87,254 (d) ₹ 76,272

[Hint:- 1) Zoom Air will collect GST ₹72,000 on basic fare ₹4,00,000 whereas GST to be collected by airlines is ₹15,254 i.e. ₹1,00,000/118*18.

2) So, total tax to be paid for which ITC shall be available to customers is ₹72,000 + ₹15,254 = ₹87,254]

iv) Choose the correct answer in relation to the transaction between Haryana office of Zoom Air and Amazing Pvt. Ltd.:

(a) The service is in the nature of online information and database access or retrieval services and Amazing Pvt. Ltd. is liable to pay IGST of ₹ 90,000.

(b) The sale of advertisement space is a deemed sale of services as per Schedule II of CGST Act, 2017 and liable to CGST of ₹ 45,000 and SGST of ₹ 45,000.

(c) Zoom Air is required to pay IGST of ₹ 90,000 and Amazing Pvt. Ltd. is required to collect tax at source on consideration paid to Zoom Air.

(d) Zoom Air is required to pay CGST of ₹ 45,000 and SGST of ₹ 45,000 and full credit shall be allowed to Amazing Pvt. Ltd.

[Hint:- POS shall be Haryana as per sec 12(2) of IGST Act. LOS & POS are in Haryana & hence, CGST & SGST shall be levied being an intra-state supply & there is no restriction on ITC availament here.]

v) Supertrip India purchases 1,000 air tickets in bulk for an amount of ₹ 1,000 per ticket from Zoom Air and provides booking of air ticket facility at its electronic portal to the customers on its own account. Supertrip India was able to sell only 800 air tickets for which the total amount collected from customers was ₹ 15,00,000. As per the agreement, the remaining 200 air tickets purchased by Supertrip India from Zoom Air lapsed, and amount was forfeited by Zoom Air. Rate of TCS is 0.5%.

Choose the correct statement.

(a) Supertrip India shall be liable to pay GST of ₹ 90,000 and deduct TCS of ₹ 5,000.

(b) Supertrip India is acting as an agent of Zoom Air and shall be liable to pay GST of ₹ 1,26,000 and no GST will be payable by Zoom Air separately.

(c) Supertrip India shall be liable to pay GST of ₹ 90,000 and Zoom Air shall be liable to pay GST of ₹ 1,80,000.

(d) Supertrip India shall be liable to pay GST of ₹ 1,57,500 and Zoom Air shall be liable to pay GST of ₹ 1,80,000.

[Hint:- 1) Supertrip India purchased entire 1,000 tickets on its own account & Zoom Air will pay tax on entire 1,000 tickets sold i.e. tax to be paid by Zoom Air = (1,000 tickets * ₹1,000) * 18% = ₹1,80,000. 2) Supertrip India sold 800 tickets for ₹15 lakhs on its own account & hence, liable to pay GST on ₹15 lakhs & avail ITC of ₹1,80,000 tax paid on purchases from Zoom Air. Thus, tax payable = (₹15 lakhs * 18% - ₹1,80,000 = ₹90,000)]

MCQ 26.01.17.00

Mr. Mahesh, a registered person under GST, is engaged in textile business in the State of Gujarat. He wants to supply textiles with traditional Indian designs. So, he availed designing services from Mr. Manoj (grandfather of Mr. Mahesh) in South Africa without any consideration. He also availed architect services from Mr. Murali (brother of Mr. Mahesh) in London for ₹ 2 lakh for his personal purposes. Mr. Manoj is a well-established freelance textile designer in South Africa and Mr. Murali is an architect of high repute in London.

For producing the goods as per the traditional Indian designs, he needs to purchase & install an 'Automatic Zig-Zag Electric Sewing Machine'. On 3rd May, Mr. Mahesh raised a purchase order for Sewing Machine on KUSHA Pvt Ltd. (registered supplier in Andhra Pradesh) for an amount of ₹ 2 crores. The rates of GST on various dates of the transaction are as follows:

State	Particulars	Rate of IGST
06th June	Sewing machine is installed & accepted by Mr. Mahesh	18%
15th June	Date of invoice	18%
31st July	Payment is entered in the books of KUSHA Pvt Ltd.	40%
09th August	Payment is credited to the bank account of KUSHA Pvt Ltd.	40%
(Note: The rate has been changed from 18% to 40% with effect from 01st August)		

From the next financial year onwards, Mr. Mahesh intends to provide ancillary services relating to textiles like dyeing and designing & also intends to avail the composition scheme. The details of turnover & GST payable during the current financial year & the budgeted figures for the next financial year are as follows:

Particulars	Current financial year (₹)	Next financial year (₹)
Taxable supplies (excluding GST)	55,00,000	77,00,000
Exempt supplies (exempt by way of a notification)	45,00,000	37,00,000
IGST (paid on outward supplies)	5,000	7,000
CGST	15,000	17,000
SGST	15,000	17,000

***including supply of services of ₹ 4,00,000.**

On the occasion of 'Birth anniversary of Mahatma Gandhi', Mr. Mahesh received a contract for supply of Indian traditional clothes for an amount of ₹ 10,00,000 (exclusive of taxes) from XYZ Ltd., a State owned enterprise. It has its registered office at Delhi and it is registered under GST only in the Union Territory of Delhi. It intends to celebrate the birth anniversary of Mahatma Gandhi by distributing such clothes to the people in the city of Porbandar, Gujarat – birthplace of Mahatma Gandhi. As per the terms of the contract, the delivery of clothes should be made directly at Porbandar to an employee of XYZ Ltd. Mr. Mahesh supplied the goods as per the contract & received the payment.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. i) to v) below:- [Study Mat]

i) In respect of the services imported by Mr. Mahesh, which of the following services are considered as supply under section 7 of the CGST Act, 2017?

(a) Designing services received from Mr. Manoj of South Africa

(b) Architect services received from Mr. Murali of London

(c) Both the designing services and architect services received from Mr. Manoj and Mr. Murali respectively

(d) Neither the designing services nor the architect services received from Mr. Manoj and Mr. Murali respectively

[Hint:- 1) Mr. Manoj is not a related person as he is not family as per sec 2(49) since he is independent & thus, transaction with him without consideration is not a supply under sec 7 or para 4 of schedule I. 2) Mr. Murali is also not a family i.e. not a related person but the transaction with him is supply as per sec 7(1)(b) as there is consideration involved though for personal purpose.]

ii) What is the 'date of payment' for sewing machine supplied by KUSHA Pvt Ltd. to Mr. Mahesh? Determine time of supply in said case.

(a) 31st July; 6th June (b) 9th August; 6th June

(c) 31st July; 15th June (d) 9th August; 15th June

[Hint:- 1) As per proviso to sec 14- The date of receipt

of payment shall be the date of credit in the bank account if such credit in the bank account is after 4 working days from the date of CIRT. Here, amount is credited after 4 working days from 1st Aug, so date of payment is 9th Aug. 2) N/no. 66/2017 applies in case of sec 14 also & hence, TOS will be earlier of - Date of issue of Invoice or last date to issue invoice]

iii) Whether Mr. Mahesh will be eligible to opt for the composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017 in the next financial year? If he is eligible, then what is the permissible limit for him for supply of services in the next financial year?

(a) Eligible; the permissible limit for supply of services is ₹ 11,40,000

(b) Eligible; the permissible limit for supply of services is ₹ 10,00,000

(c) Eligible; the permissible limit for supply of services is ₹ 5,50,000

(d) Mr. Mahesh is not eligible to opt for composition scheme.

[Hint:- 1) POS for transaction with XYZ Ltd. is Delhi as per sec 10(1)(b) & LOS is Gujarat & hence, such transaction is inter-state supply of goods. 2) Mahesh is engaged in inter state outword supply & hence, is not eligible to opt composition scheme u/s 10(2)(c)]

iv) With respect to contract for an amount of ₹ 10,00,000 from XYZ Ltd., specify the applicable rate of tax deducted at source (TDS) under section 51 of the CGST Act, 2017.

(a) 0.5 % (b) 1%

(c) 2% (d) Nil

[Hint:- Refer proviso to sec 51(1)- LOS (Mahesh) is Gujarat & POS is Gujarat as per sec 10(1)(a). Both LOS & POS are in same state whereas LOR (XYZ Ltd.) is in other state Delhi & hence, TDS provisions does not apply]

MCQ 26.01.18.00

Mr. X is engaged in the business of supplying FMCG (Fast-moving consumer goods) to the customers on retail as well as wholesale basis. X has its head office located in Delhi and branches in Rajasthan and Madhya Pradesh. It is registered under GST in all the three States.

During the month of January, following transactions were undertaken:

(i) X supplied goods to its agent A from its factory located in Rajasthan. A sold them to the unrelated wholesalers in the State of Rajasthan by issuing an invoice in his own name. The goods of like kind and quality were sold by A to an unrelated customer for ₹ 1,00,000. A also purchased goods of like kind and quality from another independent supplier for ₹ 80,000 on the same day.

(ii) X appointed a consultancy firm – Rudra Consultancy registered in Rajasthan- to incorporate a new company and to undertake all the legal formalities for incorporation of said company, for an agreed consideration of ₹ 35,000. Rudra Consultancy paid the legal fee of ₹ 15,000 to the relevant Government Department during the process of incorporation of the company. The GST invoice was issued by Rudra Consultancy on X's branch in Rajasthan for an amount of ₹ 35,000 without any breakup of its own service charges and other legal expenses or fees.

(iii) X imported certain digital data warehousing services from Mazon Inc. located in USA. The amount charged by Mazon Inc. was ₹ 5,00,000. The services were for personal consumption of X and were not used in course or furtherance of business of X. The transaction was billed to X on the GST registration number of Rajasthan.

(iv) X imported certain online gaming services from Balibaba Inc. located in China. The services were provided to X on free of cost basis. The open market value of such services was ₹ 1,00,000. These services were also for personal consumption of X and were received on a device whose internet protocol address was registered in India. The transaction was billed to X on the GST registration number of Rajasthan.

(v) Madhya Pradesh branch of X purchased goods worth ₹ 15,00,000 (liable to GST @ 5%) from a Madhya Pradesh dealer and procured certain input services worth ₹ 5,00,000 (liable to GST @ 40%) in Madhya Pradesh. In the later part of the month, X sold these goods for ₹ 18,00,000 (liable to GST @ 5%).

(vi) Rajasthan branch paid the sponsorship fee of ₹ 5,00,000 to Ganga Solutions, registered in Rajasthan, for an entertainment event organised by Ganga Solutions in Haryana.

The opening balance of input tax credit of X in the States of Delhi, Rajasthan and Madhya Pradesh is nil. Further, there is no other inward or outward supply transaction for X in the months of 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

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. i) to v) below: **[CA Final RTP May 23]**

i) In respect of the goods supplied by X to its agent A in Rajasthan, the value of supply shall be_.

a) ₹ 1,10,000

b) ₹ 72,000

c) Nil, since the supply between agent and principal without consideration is not a supply.

d) ₹ 80,000 or at the option of X - ₹ 90,000

[Hint:- Rule 29 applies as agent A is issuing invoice in his own name. Value shall be OMV ₹ 80,000 or 90% of ₹ 1,00,000]

ii) GST payable on the services of incorporation of the company provided by Rudra Consultancy to X is_.

a) ₹ 6,300 and full input tax credit of the same is available to X

b) ₹ 3,600 and full input tax credit of the same is available to X

c) ₹ 6,300 and input tax credit of ₹ 3,600 is available to X

d) ₹ 6,300 and no input tax credit is available to X

[Hint:- GST shall be payable on entire ₹35,000 invoice value as there is no breakup avaialble. So, this expense is not incurred as a pure agent. GST = ₹35,000 * 18% total GST]

iii) Which of the following statements is true in respect of import of digital data warehousing services and online gaming services?

a) IGST of ₹ 1,08,000 is payable by X under reverse charge mechanism and full input tax credit of the same is available to X.

b) Service providers i.e. Mazon Inc. and Balibaba Inc. need to obtain registration as OIDAR (Online Information Database Access and Retrieval) service providers and pay IGST of ₹ 1,08,000 and no input tax credit is available to X.

c) IGST of ₹ 90,000 is payable by X under RCM and no ITC of the same is available to X.

d) No GST is payable since import of services by individuals for personal use is specifically exempt under GST.

[Hint:- 1) As per sec 2(17) of IGST Act - digital data warehousing i.e. digital data storage is an OIDAR service. LOS is outside India, LOR is in India & POS is in India as sec 13(12) of IGST Act & hence, it is import of service as per sec 2(11) of IGST Act. It is inter-state supply as per sec 7 of IGST Act & thus, IGST payable = ₹5 lakhs * 18% = ₹90,000. Refer sl. no. 17 under RCM- supplier is outside India whereas recipient (Mr. X) is registered in India & hence, X will pay IGST under RCM but ITC is not allowed to him as ITC is blocked u/s 17(5) of CGST Act as the supply is used for personal consumption.

2) Online gaming service is obtained without consideration from unrelated person & hence, it is not a supply as per sec 7(1)(b).]

iv) Which of the following statements is true in respect of the sponsorship fee paid by Rajasthan branch of X to Ganga Solutions?

a) X is liable to pay IGST of ₹ 90,000.

b) Ganga Solutions is liable to pay IGST of 90,000.

c) X is liable to pay CGST and SGST of ₹ 45,000 each.

d) Ganga Solutions is liable to pay CGST and SGST of ₹ 45,000 each.

[Hint:-1) Refer sl. No. 4 under RCM- RCM will not apply as recipient X is not body corporate or partnership firm & hence, Ganga solutions will pay tax under

forward charge.

2) POS u/s 12(7) of IGST Act is location of X as X is a registered recipient in Rajasthan & thus, POS is Rajasthan. LOS & POS are in Rajasthan & thus, it is intrastate supply u/s 8 of IGST Act leviable to CGST & SGST of ₹45,000 each i.e. (9% of ₹5 lakhs)

v) Compute the net GST liability of X in Madhya Pradesh and amount of input tax credit refund, if any, available to X.

a) Net GST liability is ₹ 15,000 and eligible refund amount under inverted duty structure is ₹ 1,40,000.

b) Net GST payable is nil and eligible refund amount under inverted duty structure is ₹ 1,25,000.

c) Net GST payable is nil and no refund is available.

d) Net GST payable is nil and eligible refund amount under inverted duty structure is ₹ 75,000

[Hint:- Net GST payable in MP:-

Particulars	GST (₹)
Supply of goods (₹18 lakhs * 18%)	3,24,000
Less:-	
ITC of purchase of goods (₹15 lakhs * 18%)	-2,70,000
ITC of input services availed (₹5 lakhs * 18%)	-90,000
ITC on service obtained from Rudra consultancy (₹35000 * 18%)	-6,300
Net GST payable	-42,300

Note:- When we compute net GST payable- we have excess ITC & hence, net GST payable is Nil. Refund provisions are not attracted as there is no inverted tax structure or zero-rated supply here.]

MCQ 26.01.19.00

IndiaInfotel Ltd. (hereinafter referred to as Infotel) is a telecommunication company operating in India. The company has obtained registration in all the States in India and has its head office in Haryana. The invoice for telecommunication services in India is issued to the customer by head office located in Haryana for all the services.

During the month of January, following transactions were undertaken:

1.Receipts from post-paid mobile customers are ₹ 25,00,000 (₹ 5,00,000 is from customers located in Haryana and remaining amount is from customers located in rest of India).

Apart from this, Infotel collected an amount of ₹ 20,00,000 as subscription income (identifiable separately on the post-paid bill) from the customers (this amount is not included in the collection at point No. 1). The same was collected for payment to Cloudzone Ltd. (hereinafter referred to as Cloudzone), an online content provider [OTT Platform] located in Maharashtra. Full amount was remitted to Cloudzone by Infotel on behalf of the post-paid customers. Cloudzone issues invoice to the customers in its own name. As per the agreement, Infotel is not involved in any sort of facilitation or arrangement of supply from Cloudzone to the customers. The customers on their own availed the facility to pay for the services provided by Cloudzone by way of payment through Infotel. Subscription income is charged from the customers on actual basis and no fee is charged by Infotel from the customers for such payment facility.

Infotel receives an amount equivalent to 10% of the total amount collected from the customers as collection charges from Cloudzone.

2. Direct receipts from prepaid mobile customers are ₹50,00,000 (Entire payment is received from customers located outside Haryana).

3. Mobile telecommunication revenue received from Paykwik Ltd. (hereinafter referred to as Paykwik), a reseller/ selling agent of Infotel, is ₹ 30,00,000. The location of Paykwik is in Maharashtra. Commission paid to Paykwik is 10% of the revenue received.

4. Infotel collected an amount of ₹ 5,00,000 from the customers located in Haryana against the direct to home (DTH) service provided in Haryana. This amount includes a one-time installation charges of ₹ 50,000.

5. Infotel purchased certain equipment for installation of its towers in the State of Rajasthan. The goods were delivered and installed by the supplier (based in Rajasthan) at Infotel's site in Rajasthan and invoice was issued to Infotel at Haryana Head Office. Total amount charged was ₹ 75,00,000.

6.Infotel collaborated with Amaze Inc., a company based in USA, for receiving technological support in

relation to provision of cloud storage services to its customers. The amount paid by Infotel to Amaze Inc. is ₹ 5,00,00,000 for technology support. Further, the cloud storage services were provided by Infotel to its unrelated premium customers on free of cost basis for the trial period. The open market value of such services is ₹ 75,00,000.

7. As per the agreement with Amaze Inc., in case of any failure in provision of cloud storage services to the customers by Infotel, Amaze Inc. shall provide the backup server access to Infotel's customers for data storage. The customer is not aware of the fact that data is being stored on Amaze Inc.'s server in case of failure at Infotel's end. Amaze Inc. charged an amount of ₹ 50,00,000 from Infotel for such instance in the month of January.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of input tax credit for the relevant tax period of Infotel is Nil for all the registrations.

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

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the month of January.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. i) to v) below:- **[CA Final RTP Nov 23]**

i) The GST payable in cash for the month of January by the Head Office of Infotel in Haryana (assuming that no ITC is utilised by it) is_.

(a) ₹ 20,16,000 (b) ₹ 1,22,76,000

(c) ₹29,16,000 (d) ₹ 1,19,16,000

[Hint:

Particulars	GST (₹)
Tax payable on Outward supplies	
Post paid receipts (₹25 lakhs * 18%)	4,50,000
Collection charges from Cloudzone (₹20 lakhs* 10% * 18%)	36,000
Pre paid receipts (₹50 lakhs * 18%)	9,00,000
Mobile telecommunication revenue (₹30 lakhs* 18%)	5,40,000
DTH service (₹5 lakhs * 18%)	90,000
Tax payable on inward supplies under RCM	
Technical support payment to Amaze Inc. (₹500 lakhs*18%) (Refer sl. No. 17 under RCM)	90,00,000
Failure in provision of cloud storage services - amount paid by Amaze Inc. (₹50 lakhs * 18%)	9,00,000
Total	**1,19,16,000**

ii) The input tax credit available to Infotel in the month of January at its Head Office in Haryana is_.

(a) ₹ 99,54,000 (b) ₹ 1,13,04,000

(c) ₹4,000 (d) ₹ 14,04,000

[Hint:- ITC = GST charged by suppliers + GST calculated under RCM = [(Commission paid to paykwik ₹30 lakhs * 10%) + (Supplies under RCM as covered in above Question i.e. ₹500L + ₹50L)] * 18% = ₹99,54,000]

iii) In terms of GST Law, please select the correct statement for transaction between Infotel, Cloudzone and the subscribing customer:

(a) Infotel is an agent of Cloudzone.

(b) Infotel is a pure agent of Cloudzone.

(c) Infotel is a pure agent of the subscribing customer.

(d) Infotel is an intermediary of Cloudzone.

[Hint:- As infotel didn't charge anything from Subscribing customer & remitted all amounts those were collected from customer, so it is pure agent of customers. Invoice is also issued in Cloudzone's name. Refer the definition of Pure Agent to know all conditions]

iv) The jurisdictional tax authorities are contemplating to bring Amaze Inc. under the tax net for the transaction related to cloud storage. Please choose the most appropriate statement:

(a) Amaze Inc. is liable to obtain registration and pay GST in India on the said transaction as it is providing online information and database access or retrieval services to Infotel.

(b) Amaze Inc. is liable to obtain registration in India and pay tax as principal supplier since it is providing cloud storage services to the customers through its agent i.e., Infotel in India.

(c) Infotel is an intermediary of Amaze Inc. and therefore, the tax liability of Amaze Inc. shall be discharged by Infotel on behalf of Amaze Inc.

(d) Amaze Inc. is not liable to, obtain registration and pay tax in India, in respect of the said transaction.

[Hint:- Refer sec 24- Supplier of OIDAR service from outside India is compulsorily required to register if it provides such service to URP. Here, Infotel is already registered and hence, Amaze Inc. is not liable to register in India and pay tax as it is also covered under RCM under Sl. no. 17 of RCM]

v) For the direct to home services, Infotel is exploring the possibility of providing equipment like dish antenna and cables (liable to GST at 40%) to the customers at an additional charge of ₹ 2,000. Currently, the company collects ₹ 1,000 from new customers as installation and one-month charges for services (liable to GST at 18%). In case the dish antenna and cables are also provided, the combined charge would be ₹ 3,000. Please select the most appropriate statement.

(a) GST on amount of ₹ 2,000 shall be charged at the rate of 40% and balance amount of ₹ 1,000 to be charged at 18%.

(b) GST on amount of ₹ 3,000 shall be charged at the rate of 40%.

(c) GST on amount of ₹ 3,000 shall be charged at the rate of 18%.

(d) No GST on ₹ 2,000 and GST at the rate of 18% on ₹ 1,000.

[Hint:- Supply of DTH services & providing equipment like dish antenna & cables are composite supply here the principal supply is installation of DTH & hence, entire ₹3000 is liable to tax at rate of principal supply i.e. 18%]

MCQ 26.01.20.00

SR Associates is a partnership firm registered under GST in the State of Rajasthan. In the month of July, following transactions were made by SR Associates:

(a) Purchase of commodity X on 1st July from registered person for an amount of ₹ 5,00,000 at the rate of ₹ 1000 per tonne from the open market. The said commodity was deposited in the warehouse of NCDEX Ltd. (an agricultural commodity exchange) in Rajasthan as a security against transactions entered by SR Associates on the same day.

(b) In order to hedge the aforesaid transaction, on 1st July, SR Associates undertook a derivative sale transaction in futures contract for the month of August at NCDEX at the rate of ₹ 1,100 per tonne.

(c) SR Associates took subscription for an AI (Artificial Intelligence) based platform from an unrelated party, ABC Inc (a company based in US) to get real time updates on the pricing of commodity X in the international market. ABC Inc charged ₹ 50,000 for such subscription. The invoice was issued by SR Associates on 1st July, but the payment was made to ABC Inc on 20th August.

(d) NCDEX charges rent from SR Associates at the rate of ₹ 10,000 per month and service charges at the rate of ₹ 20,000 per month.

(e) On the date of expiry of future contract of the month of August, i.e. 31st August for commodity X, the rate of commodity X was ₹ 900 per tonne. SR Associates squared off the contract (without physical delivery) for the month of August at the same rate.

(f) NCDEX charged brokerage on the transactions (both purchase and sale of derivative contract separately) at the rate of ₹ 5,000 per contract from SR Associates in the month when such transaction was entered and when such transaction was squared off.

(g) On the purchase of commodity X, additional levy in form of Mandi Tax was applicable at the rate of ₹ 10 per tonne which is not included in the rate per tonne under point (a) above.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of input tax credit for the relevant tax period of SR Associates is Nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the months of July and August.

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

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

II. Inter-State supply – 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. No. (i) to (v) below:- [Study Mat] [CA Final MTP Series I Nov 23]

i) Compute the taxable value of inward supply of commodity X for SR Associates in the month of July.

(a) ₹ 5,00,000 (b) ₹ 5,50,000
(c) ₹ 5,55,000 (d) ₹ 5,05,000

[Hint:- Taxable value = Purchase price ₹5,00,000 + Mandi tax added u/s 15(2)(a) ₹10 per tonne * 500 tonnes = ₹5,05,000]

ii) Compute the value of outward supply made by SR Associates in the month of August.

(a) Nil (b) ₹ 5,55,000
(c) ₹ 5,60,000 (d) ₹ 5,00,000

[Hint:- As per CBIC circular- if settlement of future contract does not take place by way of actual delivery of underlying commodity, then it would not be treated as supply of goods and thus, not liable to GST. Here, trasaction is undertaken without physical delivery & hence, it is not a supply.]

iii) What is the time of supply for subscription of AI based platform by SR Associates?

(a) July 1 (b) August 31
(c) August 20 (d) July 31

[Hint:- Refer sl. No. 17 of RCM under IGST- RCM is applicable in this case for import of service & SR Associates is liable to pay tax. As per sec 13(3)(c)- TOS is 1st July i.e. earlier of payment date 20th Aug or invoice issued by Recipient i.e 1st July]

iv) Compute the net GST payable in cash by SR Associates for the month of August.

(a) Nil (b) ₹ 2,700
(c) ₹ 81,000 (d) ₹ 9,000

[Hint:- As discussed in above sub-question, RCM is applicable & SR Associates is liable to pay tax under RCM which is to be paid in cash. Net GST payable = ₹50,000 * 18% =₹9,000]

v) Compute the input tax credit balance available with SR Associates for the month of July.

(a) ₹ 9,000 (b) ₹ 16,200
(c) ₹ 97,200 (d) Nil

[Hint:- ITC balance available for July:-

Particulars	ITC (₹)
Commodity purchased (taxable value ₹505000 including mandi tax u/s 15(2)(a))	90,900
Subscription paid for AI (As TOS is in Aug- ITC is available in Aug & not in July)	-
Rent paid to NCDEX (₹10000 * 18%)	1800
Service charges paid to NCDEX (₹20000 * 18%)	3600
Future contract purchased & sold (not a supply as discussed earlier)	-
Brokerage paid on purchase of derivative contract in July (₹5000 * 18%)	900
Brokerage paid on sale of derivative contract in July on ₹5000 (ITC is available in Aug when it is sold)	-
ITC balance available	**97,200**

MCQ 26.01.21.00

Dhairya Limited, India, a registered supplier under GST in the State of Kerala, is engaged in supplying goods and services. Dhairya Inc., San Francisco, USA, is a subsidiary of Dhairya Limited, India and is engaged in supply of information technology services to customers in USA. Dhairya Limited, India has undertaken following transactions during the month of April :

Particulars	Amount (₹)
Supplied large paper rolls to Ford Mount School, Bengaluru (Karnataka), for printing of question papers. As directed by the school, Dhairya Limited delivered the paper rolls at a printing press located in Trivandrum, Kerala.	15,00,000
Bond amount recovered from the outgoing Managing Director (residing in Kerala) of Dhairya Limited since he had left the employment before contracted period.	2,50,000
Supplied steel sheets in the territorial waters* to Dhruvank Builders. *Located at a distance of 12 nautical miles from the baseline of Kerala and 15 nautical miles from the baseline of Tamil Nadu.	6,00,000
Received an advance for future supplies of goods from a customer based in Kerala	2,10,000
Received an advance for future supplies of services from a customer based in Kerala	4,90,000
Computer (used for business purpose & on which no ITC has been taken yet) given free of cost to unrelated person based in Kerala [Purchased 2 years' back at a price of ₹ 1,12,100 (including GST). Open market value is ₹ 75,000.]	Nil

Dhairya Limited provided the following additional information for the month of April:

(i) The company paid the sitting fee of ₹ 6,00,000 to an independent director, based at Cochin, Kerala, for attending meetings.

(ii) Room charges of ₹ 2,25,000 were paid to Hillwoods Hotel located in Mumbai, Maharashtra for stay of the CEO of the company on a business trip.

(iii) The company availed the services of an Arbitral Tribunal in Cochin, Kerala to settle a business dispute and paid ₹ 7,00,000.

(iv) Salary of ₹ 15,00,000 was paid to employees on payroll.

(v) The company purchased a new machinery from a dealer based in Cochin, Kerala for ₹ 12,00,000. Depreciation has been claimed under the Income-tax Act, 1961 on the same including on all applicable taxes.

In the month of May, Dhairya Limited sent a team of 25 employees to San Francisco for receiving the training in emerging information technologies. The training was given by Dhairya Inc., USA, at its office located in San Francisco. The expenses related to such training were paid by Dhairya Limited to Dhairya Inc., USA.

Further, Dhoom Events Ltd., an event management company, located and registered at Karnataka, had organized a cultural event in the month of May for Dhairya Limited, in Dubai. Dhariya Limited paid a sum of ₹ 10,00,000 to Dhoom Events Ltd. for the same.

Notes –

(A) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services, wherever applicable.

(B) All the amounts given above are exclusive of taxes, wherever applicable.

(C) The opening balance of input tax credit for the relevant tax periods of Dhairya Limited, India is Nil.

(D) Assume that there is no other outward or inward transaction apart from aforesaid transactions, in the months of April and May.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. (i) to (vi) below:- **[CA Final RTP May 24]**

i) Which of the following activities/transactions undertaken by Dhairya Limited do not amount to supply?

(i) Supply of steel sheets in territorial waters

(ii) Computer being used for business purpose given free of cost to unrelated person

(iii) Supply of paper rolls for printing of question papers to Ford Mount Senior Secondary School

(iv) Recovery of bond amount from the outgoing Managing Director

Choose the most appropriate option.

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

[Hint:- i) Steel sheets given is supply as there is consideration involved & supplied in the course/furtherance of business, ii) Computer without consideration to unrelated person is not a supply under para 1 & para 2 of schedule II as ITC is not availed on it, iii) Paper rolls given is supply as there is consideration involved & supplied in the course/furtherance of business. Exemption is available to only certain services supplied to school whereas there is no exemption available for supply of goods to school & in this case, as there is supply of goods to school, exemption is not available & iv) Refer circular no. 178/10/2022- There must be an expressed or implied agreement or contract & in this case, there is no such expressed or implied agreement or contract & also, amounts recovered for forfeiture of salary or bond in employment contracts are not taxable as they discourage non-serious employees]

ii) Which of the inward supplies received by Dhairya Limited in the month of April are taxable under reverse charge?

(i) Services received from the independent director

(ii) Accommodation services received from Hillwoods Hotel, Mumbai

(iii) Services of the Arbitral Tribunal

(iv) New machinery purchased from the dealer

based in Cochin

(v) Salary paid to employees on payroll

Choose the most appropriate option.

(a) (ii) and (v) (b) (ii), (iii) and (iv)

(c) (i), (iii) and (v) (d) (i) and (iii)

[Hint:- i) One of the condition for being Independent director (ID) is the director should not have been an employee of the company & hence, services provided by ID is a supply & RCM is applicable as per sl. No. 6 of RCM, ii) RCM is N.A. as there is no entry on this, iii) RCM is applicable as per sl. no. 3 of RCM as the service is not exempt under sl. no. 45 of exemption chapter, iv) RCM is N.A. as there is no entry on this, & v) It is not supply as per para 1 of schedule III & thus, there is no question of RCM as tax is only not payable.]

iii) Compute the total GST payable on outward supplies before setting off of ITC for the month of April by Dhairya Limited.

(a) CGST - ₹ 1,03,050, SGST - ₹ 1,03,050 and IGST - ₹ 2,70,000

(b) CGST - ₹ 98,100, SGST - ₹ 98,100 and IGST - ₹ 2,70,000

(c) CGST - ₹ 1,35,000, SGST - ₹ 1,35,000

(d) CGST - ₹ 98,100, SGST - ₹ 98,100

[Hint:- Total GST payable before setting off of ITC:-

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Tax payable under FC			
Supply of paper rolls (taxability is discussed in sub-MCQ 1 above)(As per sec 10(1)(b) of IGST Act- POS shall be Karnataka & LOS is Kerala. Thus, it is inter-state supply) (15 lakhs * 18% IGST)	2,70,000	-	-
Bond amount recovered from MD (it is not supply as discussed in sub-MCQ 1 above)	-	-	-
Supply of steel sheets in territorial waters (As per sec 9 of IGST Act - POS is the coastal State or UT nearest to the baseline i.e. Kerala. It is intra-state supply as LOS & POS are in same state) (₹6 lakhs * 9% CGST & SGST each)	-	54000	54000
Advance for supply of goods (As per n/no. 66/2017, TOS is not on advance received for supply of goods by supplier except for supply by composition dealer & specified	-	-	-
Advance for supply of services (N/N. 66/2017 is not applicable to supply of services) (₹490000 * 9% CGST & SGST each) (LOS & POS is in Kerala & hence, it is intra-state supply)	-	44100	44100
computer supplied free of cost (not a supply as discussed in sub-MCQ 1)	-	-	-
Total GST payable	**270000**	**98100**	**98100**

Note:- Total GST payable on outward supplies is asked in question and hence, tax payable under RCM is not considered here. Also, room charges paid to Hillwoods Hotel is an inward supply & hence, not taken here in calculation of GST payable on outward supply]

iv) Compute the total ITC admissible to Dhairya Limited for the month of April.

(a) CGST - ₹ 63,000, SGST - ₹ 63,000 and IGST - ₹ 40,500

(b) CGST - ₹ 1,17,000, SGST -₹ 1,17,000 and IGST - Nil

(c) IGST -₹ 2,74,500

(d) CGST - ₹ 2,25,000, SGST - ₹ 2,25,000 and IGST - ₹ 40,500

[Hint:- Total ITC admissible to Dhairya limited for April:-

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Tax paid under RCM on sitting fee paid to Independent director under sl. No. 6 (₹6 lakhs * 9% CGST & SGST each)	-	54000	54000
Room charges (POS is in MH as per sec 12(3) whereas LOS is also in MH & Hence, it is intra-state supply. ITC is not allowed for CGST & SGST paid in other state]	-		

Services of arbitral tribunal availed taxable under RCM as discussed in sub-MCQ 2 above (₹7 lakhs * 9% CGST & SGST each)	-	63,000	63,000
Salary paid (it is not a supply as discussed in sub-MCQ 2 above)	-		
Machine purcahsed (ITC is not allowed as per sec 16(2) as depreciation is claimed on GST component also)	-		
Total ITC admissible	-	**1,17,000**	**1,17,000**

v) Whether GST is applicable on the event organized by Dhoom Events Ltd., Karnataka for Dhairya Limited in Dubai and what is the place of supply in such case?

(a) GST is applicable and the place of supply is Karnataka.

(b) GST is applicable and the place of supply is Kerala.

(c) GST is not applicable and the place of supply is Dubai.

(d) GST is applicable and the place of supply is Dubai.

[Hint:- GST is applicable as it is a supply. LOS is in Karnataka & LOR is in (registered in Kerala) India. It is B2B transaction & hence, POS as per sec 12(7)(a) shall be LOR i.e. Kerala]

vi) How shall the amount paid towards the training expenses of employees of Dhairya Limited be treated under the GST law?

(a) No GST is applicable on the transaction since training was imparted in San Francisco, i.e., a place outside India.

(b) GST is applicable on the training expenses and is payable as IGST by Dhairya Limited since the place of supply for training services in case of registered person is location of such registered person.

(c) Dhairya Inc., USA, is required to obtain registration as casual taxable person in India and discharge the GST liability on training expenses in India.

(d) Dhairya Inc., USA, 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:- LOS is outside India & POS is also outside India as per sec 13(3)(b) of IGST Act. Thus, No GST is payable]

MCQ 26.01.22.00

Alpha Cargo Private Limited, a company registered under GST in the State of Rajasthan, is engaged in supplying services of transportation of goods. In addition to its head office registered in Rajasthan, the company has also obtained registration in other States where it is operating as supplier of goods transportation services. During the month of January, following transactions were undertaken:

1. **Revenue from service of transportation of goods provided to registered persons is ₹ 70,00,000.**
2. **Revenue from supply of goods transportation services provided to Dhoop Garments, registered in Rajasthan, for transport of goods to Japan is ₹ 18,10,000.**
3. **The company paid rent to the local municipal authorities of respective States for its offices located in different States as mentioned below:**
   - **Rajasthan – ₹ 50,000**
   - **Maharashtra – ₹ 75,000**
   - **Delhi – ₹ 25,000**
   - **Gujarat – ₹ 40,000**

   The invoice was issued by the local municipal authority in these States to the offices of the company located in respective States.
4. **There are 5 independent directors in the company (all based in Rajasthan) and the sitting fees paid to each such director during the month is ₹ 25,000 from the head office of the company.**

   Out of these directors, Mr. X, a chartered accountant and an independent director of the company, is also a partner in ABC LLP, a chartered accountant firm in Delhi. ABC LLP provided professional services to the company during the month. The LLP has issued an invoice for ₹ 1,50,000 on the head office in the month of January.

   Another independent director, Mr. Z, on account of his long-term relationship with Alpha Cargo

Private Limited, has provided personal guarantee of ₹ 1 crore to Dhandhan Bank for loan taken by the company during the month of January. He has not charged any commission or brokerage for the same.

5. The company obtained services of Mr. Y (based in Rajasthan), who is providing agency services for payment of annual road tax payable to the Government for the vehicles owned and operated by the company.

Mr. Y issued an invoice amounting to ₹ 10,00,000 on the head office.

Such amount includes ₹ 9,50,000 as amount of road tax paid on actual basis and is indicated separately in the invoice and ₹ 50,000 as fee of Mr. Y for said services.

6. The company also paid an amount of ₹ 5,00,000 for an event organised by "On The Go Carriers" (a proprietorship concern) related to goods transport industry in the State of Rajasthan as sponsorship amount.

7. The company, registered as Goods Transport Agency, has opted for payment of GST on goods transportation services on forward charge basis.

In the month of February, Rajasthan office of the company has following balances available in its electronic cash ledger:

Description	IGST (₹)	CGST (₹)	SGST (₹)	Total(₹)
Tax	25,000	20,000	20,000	65,000
Interest	2,000	3,000	3,000	8,000

All the amounts given in the scenario are exclusive of GST, unless otherwise provided. The opening balance of input tax credit of Alpha Cargo Private Limited for the relevant tax periods is nil. GST is payable (wherever applicable) on all inward and outward transactions 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

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. i) to v) below:- **[CA Final RTP May 24]**

i) Total amount of GST payable (before setting off of ITC) by the company including GST payable under reverse charge for the month of January, for all its locations, is:

(a) ₹ 16,20,000 (b) ₹ 12,60,000

(c) ₹ 13,72,000 (d) ₹ 17,32,500

[Hint:- Total GST payable before setting off of ITC:-

Particulars	GST (₹)
Tax payable under forward charge:-	
Transport of goods within India (₹70 lakhs * 18%)	12,60,000
Goods transport to Japan (₹18,10,000 * 18%) [Refer Notes I]	3,25,800
Tax payable under RCM:-	
Rent paid to local municipal authorities (RCM is applicable as per sl. No. 5A under RCM. [(₹50,000 + ₹75,000 + ₹25,000 + ₹40,000)*18%]	34,200
Sitting fee to directors (RCM is applicable as per Sl. No. 6 under RCM - ₹25,000 * 5 * 18%)	22,500
Sponsorship service received (RCM is applicable as per sl. No. 4 under RCM - ₹5 lakhs * 18%)	90,000
Total GST payable before setting off of ITC	**17,32,500**

Note I :- It is a B2B transaction. As LOS & LOR both are in India, POS shall be determined as per sec 12(8)(a) (as amended) which shall be the location of registered recipient i.e. Rajasthan. The proviso to sec 12(8) is omitted which stated that if transportation of goods is to a place outside India, the POS shall be the place of destination of such goods)

ii) In February, after paying all its dues for the month, Rajasthan office wants to transfer certain amounts using Form GST PMT-09 from its electronic cash ledger to the electronic cash ledger of Orissa office. It wants to transfer:

(i) from tax (minor head) under IGST (major head) amounting to:

(a) ₹ 12,000 to tax under CGST head and

(b) ₹ 12,000 to tax under SGST head, of Orissa office, and

(ii) from interest (minor head) under the major head of:

(a) CGST of ₹ 3,000 to interest under IGST head, and

(b) SGST of ₹ 3,000 to interest under IGST head, of Orissa office.

Balance under all the heads in electronic cash ledger of Orissa office is nil at that time. The balance of tax under IGST, CGST and SGST heads of the electronic cash ledger of Orissa office and that of interest under IGST, CGST and SGST heads of the electronic cash ledger of Rajasthan office will be:

(a) Tax: Nil; ₹12,000; Nil and Interest: ₹ 2,000; Nil; ₹ 3,000

(b) Tax: Nil; ₹12,000; ₹12,000 and Interest: ₹2,000; Nil; Nil

(c) Tax: Nil; Nil; ₹12,000 and Interest: ₹2,000; Nil; Nil

(d) Tax: ₹24,000; Nil; Nil and Interest: ₹2,000; Nil; ₹3,000

[Hint: Note - Balance of any minor head of any major head cannot be transferred to another DDP's minor head of SGST/UTGST major head. Balance from minor heads of SGST/UTGST major head cannot be transferred to any minor head of any major head of another DDP. In short, transfer to and from SGST/UTGST e-cash ledger is not allowed in case of transfer of amounts between DDP. Only CGST/IGST balanced can be transferred to and from CGST/IGST in any manner in case of DDP.

Rajasthan Office balances of E- cash ledger:-				
		IGST (₹)	CGST (₹)	SGST (₹)
Tax (₹)	Opening Bal	25000	20000	20000
	Transferred	-12000	-	-
	Closing	**13,000**	**20000**	**20000**
Interest (₹)	Opening Bal	2000	3000	3000
	Transferred	-	-3000	-
	Closing	**2000**	**0**	**3000**

Orissa Office balances of E- cash ledger:-				
		IGST (₹)	CGST (₹)	SGST (₹)
Tax (₹)	Opening Bal	-	-	-
	Transferred	-	12000	-
	Closing	**0**	**12000**	**0**
Interest (₹)	Opening Bal	-	-	-
	Transferred	3000	-	-
	Closing	**3000**	-	-

iii) The total amount payable to Mr. Y including GST as applicable is _____.

(a) ₹ 10,00,000 (b) ₹ 11,80,000

(c) ₹ 11,71,000 (d) ₹ 10,09,000

[Hint:- Road tax paid ₹9,50,000 out of total ₹10,00,000 shall not be included in taxable value as per rule 33 - as that is paid as pure agent by Mr. Y & separately shown in invloice. Thus, taxable value = ₹50,000 fee charged & GST = ₹50,000 * 18% = ₹9,000. Now, question is asking the total amount payable to Mr. A and not the total taxable value which will include road tax. Thus, amount payable = ₹10,00,000 + ₹9,000 = ₹10,09,000]

iv) Total input tax credit available to the company at PAN India level is:

(a) ₹ 1,82,700 as IGST (b) ₹ 3,53,700 as IGST

(c) ₹ 77,850 as CGST, ₹ 77,850 as SGST and ₹ 27,000 as IGST

(d) ₹ 91,350 as CGST and ₹ 91,350 as SGST

[Hint:- Total ITC available at PAN India level:-

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Tax paid under RCM:-			
Rent paid to local municipal authorities (RCM is applicable as per sl. No. 5A under RCM. [(₹50,000 + ₹75,000 + ₹25,000 + ₹40,000) * 18%] (LOS & POS both are in respective same states so it is intra-state supply)	-	17,100	17,100
Sitting fee to directors (RCM is applicable as per sl. No. 6 under RCM - ₹25,000 * 5 * 18%) (LOS & POS both are in same states so it is intra-state supply)	-	11250	11250
Sponsorship service received (RCM is applicable as per sl. No. 4 under RCM - ₹5 lakhs * 18%) (LOS & POS both are in same states so it is intra-state supply)	-	45000	45000
Tax paid under FC			
Agency service from Mr. Y (Valuation & tax is discussed in above question) (LOS & POS both in Rajasthan & hence it is intra-state supply) (₹50000 * 9% CGST & SGST each)	-	4,500	4,500
Professional services received from ABC LLP (LOS is Delhi & POS is Rajasthan as per sec 12(2) of IGST Act & hence, it is inter-state supply liable to IGST) (₹150000 * 18% IGST)	27000	-	-
Total ITC available for Feb at PAN India level	**27,000**	**77,850**	**77,850**

v) The value of supply of the service of providing personal guarantee by Mr. Z to Dhandhan Bank for sanctioning of credit facilities to the company is:

(a) Nil since it is not a supply under GST.

(b) Nil. Services provided by a director to a company is deemed as supply, even without consideration, under Schedule I of the CGST Act, 2017. However, since as per RBI Guidelines, no consideration can be paid to the director by the company for providing guarantee, Open Market Value (OMV) of

said supply will be zero.

(c) 1% of the amount of the guarantee provided, i.e. ` 1 lakh.

(d) 10% of the amount of the guarantee provided, i.e. ₹ 10 lakh.

[Hint:- Refer Circular No. 204/16/2023- there is no consideration involved in this kind of guarantee as per RBI Guideline & hence, there is no taxable value as there is no OMV]

MCQ 26.01.23.00

'M/s Kalpavriksha Iron Traders' (KIT) is located in the city of Visakhapatnam & is registered under GST in the State of Andhra Pradesh. On 1st May, 'KIT' received an order for supply of different variety of iron bars amounting to ₹ 60,00,000 (exclusive of GST) from TMT Pvt. Ltd. located in the city of Hyderabad and registered under GST in the State of Telangana.

The details of advance payment, issue of invoice and the terms & conditions of the contract relating to delivery of iron bars are as follows:-

1. The buyer has to pay ₹ 7,00,000 as advance to the supplier.

2. The balance amount needs to be paid within 25 days from the date of issue of invoice.

3. The supplier will bear the cost of transportation of goods and other related charges.

4. If payment is not received within the stipulated time limit, then buyer needs to pay penal charges (taxes, if any, to be paid separately) as follows:

Delay in days	1 to 10	11 to 20	21 to 30	More than 30
Penal Charges	₹ 5,000 per day	₹ 50,000+ (₹8,000 per day)	₹ 1,30,000 +(₹10,000 per day)	₹2,30,000 +(₹12,000 per day)

5. If the entire (i.e. 100%) payment is received within the period as mentioned in the below table, the recipient will be entitled for discount as follows:

No. of days*	1 to 5	6 to 10	11 to 15	After 15th day
Total Discount	₹ 15,000	₹10,000	₹ 8,000	No Discount

*** within which the payment is received after the date of invoice Discount will be given only when the full payment is made.**

The details of invoice & payment are as follows:

No. of days*	Particulars
2nd May	TMT Pvt. Ltd. paid the stipulated amount of advance to KIT
5th May	Invoice issued to TMT Pvt. Ltd.
10th May	30% of the invoice amount is paid
10th May	Another 20% of the invoice amount is paid
18th May	Balance amount is paid

On 3rd May, TMT Pvt. Ltd. requested KIT to deliver the iron bars to Sakthi Iron & Steels (SIS) located in the city of Bhubaneswar (Odisha).

On 5th May, KIT entered into a contract with 'Express transports' [a Goods Transport Agency (GTA) located & registered under GST in the State of Andhra Pradesh for delivery of iron bars at Bhubaneswar; GST is payable at the rate of 5% on its services]. The freight charges and loading charges for the delivery services provided by GTA are₹ 1,50,000 (exclusive of GST) and ₹ 5000 (exclusive of GST) respectively.

The iron bars are removed from the warehouse of KIT on 6th May and an e-way bill is generated at 00:15 hrs. on 6th May. The distance from the warehouse of KIT to location of SIS is 455 km. KIT paid the freight charges to the transporter immediately after the delivery of the goods.

Note:

1. Credit note is to be issued by KIT for discount to be provided, if any, and for levying penal charges, further invoice to be issued.

2. The iron bars, delivered in the truck, are not Over Dimensional Cargo.

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

i) What shall be the place of supply for the following two independent supplies?

A) Supply between KIT & TMT Pvt Ltd.;

B) Supply between TMT Pvt Ltd. & SIS

(a) A) Bhubaneswar; B) Hyderabad

(b) A) Bhubaneswar; B) Bhubaneswar

(c) A) Hyderabad; B) Bhubaneswar

(d) A) Hyderabad; B) Visakhapatnam

[Hint:- 1) Refer Sec 10(1)(b) of IGST Act for transaction between KIT & TMT Pvt Ltd. - POS shall be location of TMT Pvt Ltd- Hyderabad. between TMT Pvt Ltd. & SIS- POS shall be the place where movement terminates for delivery to SIS- Bhubaneswar]

ii) What shall be the time of supply for the transaction between KIT & TMT Pvt Ltd.?

(a) 5th May (b) 6th May

(c) 2nd May

(d) 2nd May for supply of ₹7,00,000 & 5th May for the balance consideration.

[Hint:- Refer sec 12(2) read with n/no. 66/2017-TOS shall be date of invoice "5th May" which is earlier of last date to issue invoice "goods removed from warehouse on 6th May"]

iii) What shall be the value of taxable supply made by KIT to TMT Pvt Ltd.?

(a) ₹ 61,55,000 (b) ₹ 61,47,000

(c) ₹ 59,92,000 (d) ₹ 61,22,000

[Hint:- Value of taxable supply made by KIT to TMT Pvt Ltd:-

Particulars	(₹)
Transaction value	60,00,000
Freight charges for transportation	1,50,000
Loading charges	5,000
Discount given (100% payment is paid on 18th May i.e. on 13th day from date of invoice 5th may)	-8000
Value of taxable supply	**61,47,000**

Note:- There is no penalty to be paid by recipient as the complete payment is made within 25 days from invoice date]

iv) What will be the validity of the e-way bill generated by KIT on 6th May?

(a) 12:00 midnight of 11th -12th May

(b) 12:00 midnight of 10th -11th May

(c) 12:15 midnight of 10th -11th May

(d) 12:00 midnight of 9th -10th May

[Hint:- 1) Validity period shall be counted from the time at which e-way bill is generated & each day shall be counted as the period expiring at midnight of the day immediately following the date of generation of e-way bill. 2) Here, e-way bill is generated on 6th May & is valid for 3 days as there are 455 kms involved rouded off to 600 kms to calculate validity. 3) 1st day expire at 12.00 midnight of 7th-8th may, 2nd day expires at 12.00 midnight of 8th-9th may & 3rd dat expires at 12.00 midnight of 9th-10th may]

v) In the above case scenario, if the entire (100%) payment is made on the following independent dates namely, A) 03rd June, B) 28th May and C) 20th June, then the total value of taxable supply for KIT w.r.t. transactions with TMT Pvt Ltd. in each independent case will be:

(a) A) 61,75,000; B) 61,55,000; C) 62,95,000.

(b) A) 60,30,000; B) 60,05,000; C) 61,55,000.

(c) A) 61,80,000; B) 61,47,000; C) 63,05,000.

(d) A) 60,30,000; B) 59,97,000; C) 61,55,000.

[Hint:- Total value of taxable supply for KIT in 3 independent cases:-

Particulars	100% payment made on:-		
	3rd June	28th May	20th June
Transaction value	60,00,000	60,00,000	60,00,000
Freight charges for transportation	1,50,000	1,50,000	1,50,000
Loading charges	5,000	5,000	5,000
Penalty imposed on recipient for delay in payment:- A) Payment is made on 29th day from invoice date & so there is delay of 4 days. Penalty = 4 days * ₹5,000 per day. B) Payment is made on/before 30th May & hence, no penalty payable. C) Payment is made after 30th May & hence, there is delay of total 21 days. Penalty = ₹1,30,000 + (₹10,000 per day * 1 day)	20,000	-	20,000

Note:- There will be no discount given in all the 3 cases as the 100% payment is made after the criteria given.]

(vi) Who will be liable to pay GST on freight charged by 'Express Transports'?

(a) TMT Pvt Ltd (b) SIS

(c) Express Transports (d) KIT

[Hint:- KIT is liable to pay freight as it is required to bear the cost of transportation. So, KIT is the recipient & is liable to pay tax under RCM as per sl. No. 1 under RCM as tax is to be paid at 5%]

MCQ 26.01.24.00

Kunj Manufacturers, a supplier registered under GST in Gujarat, has opted to pay tax under composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017. It is exclusively engaged in manufacturing textile products.

The following information is available in relation to Kunj Manufacturers for the current financial year:

1. Total turnover during the quarter April-June is ₹ 1,50,00,000.
2. The option to pay tax under composition scheme lapses from 1st July and it switches to regular scheme as a monthly return filer.
3. Tax paid on inputs lying in stock as on 30th June (Invoice dated 4th May) - CGST ₹ 10,000 and SGST ₹ 10,000.
4. Tax paid on inputs contained in semi-finished goods held in stock as on 30th June- CGST ₹ 5,000 and SGST ₹5,000 (Invoice was dated 31st December of preceding financial year).
5. A machinery was purchased on 15th March of preceding financial year for ₹ 10,00,000 (taxable value). Applicable GST rate was 18%.
6. On 10th August, Kunj Manufacturers sold goods worth ₹ 2,40,000 to Surat Municipal Corporation (SMC). The contract with SMC was to supply only goods and not any services.
7. On 15th August, Kunj Manufacturers sold goods worth ₹ 10,00,000 to Finance Department of Gujarat Government.
8. Apart from the information provided above, sales and purchases worth ₹ 15,00,000 and ₹ 12,00,000 respectively were also reported during the period of July to February.
9. During the month of March of the current financial year, Kunj Manufacturers manufactured 2,500 meters of fabric (Sales value of the fabric is ₹ 200 per meter). ITC pertaining to such output was CGST - ₹ 27,500 and SGST - ₹ 27,500. Mr. Kunj exported 1,500 meters of fabric under bond and sold the balance 1,000 meters of fabric in Gujarat, India.

Notes:

1. There is no other outward or inward supply transaction apart from the aforesaid transactions, in the relevant period.
2. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.
3. It is also assumed that due date for any return required to be filed by the taxpayer has not been extended by the Government.
4. Rate of GST applicable on goods manufactured by Kunj Manufacturers under regular scheme is 18%. GST rate applicable on inward supplies is also 18% unless otherwise specified.
5. All the purchases and sales are made within the State except the export sales.
6. All the amounts given above are exclusive of taxes, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. (i) to (iv) below:- **[Study Mat] [CA Final MTP May 24]**

i) The net GST payable in cash by Kunj Manufacturers during the period from April to February is_____.

(a) ₹ 2,15,200 (b) ₹ 3,46,800
(c) ₹ 18,26,800 (d) ₹ 18,46,800

[Hint:- Net GST payable in cash from Apr to Feb:-

Particulars	GST (₹)
T/o from Apr to June (₹1.5 Cr * 1% tax for trader)	1,50,000
Tax payable in cash under composition scheme (A)	**1,50,000**
Goods sold to SMC (₹2,40,000 * 18% tax)	43,200
Goods sold to Finance Department of Gujarat Govt. (₹10 lakhs * 18% tax)	1,80,000
Other sales from July to Feb (₹15 lakhs * 18%)	2,70,000
Less:- ITC available (calculated in below sub-question 2)	-4,08,000
Less:- TDS available u/s 51 (₹10 lakhs * 2% total TDS)	-20,000
Tax payable in cash under normal scheme (B)	**65,200**
Net Tax payable in cash from Apr to feb [(A) + (B)]	**2,15,200**

ii) Input Tax Credit (ITC) available to Kunj Manufacturers during the period from April to February is_____.

(a) ₹ 2,72,000 (b) ₹ 4,08,000
(c) ₹ 2,88,000 (d) ₹ 3,02,000

[Hint:- ITC available from Apr to Feb:-

Particulars	ITC (₹)
Tax paid on inputs lying in stock as on 30th June (₹10000 each under CGST & SGST)	20,000
Tax paid on inputs contained in semi-finished goods held in stock as on 30th June (₹5000 each under CGST & SGST)	10,000
Tax paid on machinery [₹10 lakhs * 18% tax) - [(₹10 lakhs * 18%) * 5% per Qtr * 2 Qtrs from Jan of PFY to June end of CFY]]	1,62,000
Tax paid on other purcahses from July to Feb (₹12 lakhs * 18% tax)	2,16,000
Total ITC avaialble from Apr to Feb	**4,08,000**

Note:- Refer sec 18(1)(c)- Kunj manufacturers can avail ITC of Inputs held in stock and inputs contained in semi-finished held in stock & capital goods in stock on the day immediately preceding the date from which he becomes to pay tax under regular scheme i.e. on 30th June which is a day before the day when composition scheme lapses]

iii) The amount of GST refund available to Kunj Manufacturers for the month of March in the current financial year is _____.

(a) ₹ 24,000 (b) ₹ 33,000
(c) ₹ 19,000 (d) ₹ 22,000

[Hint:- 1) Tax payable on goods sold in Gujarat, India = ₹1000 meters * 200 per meter *18% GST = ₹36,000. Total ITC available for setoff in March = ₹27,000 CGST + ₹27,000 SGST = ₹55,000. Thus, net ITC avaialble for refund after set off = ₹55,000 ITC - ₹36,000 GST payable = ₹19,000.

2) Refer rule 89(4)- Refund available as per formula on ZRSG= (T/o of ZRSG + T/o of ZRSS) x Net ITC ÷ Adjusted Total T/o i.e. (1500 meters * ₹200 per meter) * (₹27,500 CGST + ₹27,500 SGST) / (2500 meters * ₹200 per meter) = ₹33,000.

3) So, refund calculated as per formula is ₹33,000 but ITC balance is only ₹19,000 in e-credit ledger & thus, max. refund that can be claimed is ₹19,000.

iv) Assuming that goods have been sold by Kunj Manufacturers to Finance Department of Gujarat Government for a value of ₹ 1,00,000 instead of ₹ 10,00,000, net GST payable by Kunj Manufacturers in cash during the period from July to February will be _____.

(a) ₹ 15,88,800 (b) ₹ 83,800
(c) ₹ 82,800 (d) nil

[Hint:- Net GST payable in cash from July to Feb:-

Particulars	GST (₹)
Goods sold to SMC (₹2,40,000 * 18% tax)	43,200
Goods sold to Finance Department of Gujarat Govt. (₹1 lakhs * 18% tax)	18,000
Other sales from July to Feb (₹15 lakhs * 18%)	2,70,000
Less:- ITC available (calculated in sub-question 2)	-4,08,000
Net Tax payable in cash from July to feb	**-76,800**

MCQ 26.01.25.00

Mr. Veera is a trader of readymade garments and is registered under GST in the State of Uttar Pradesh. His turnover is ₹ 1,80,00,000 during the current financial year. The composition of his turnover is as under-

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

His inward supplies are as under-

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

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

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

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

3. He purchased some T-shirts for ₹ 1,80,000 (taxable under GST). After one week, he gave them away free to its customers to promote his business.
4. He also sold his shares during the year for ₹ 10

crore and bought a house from that money.

5. The rates of tax are 9% (CGST), 9% (SGST) and 18% (IGST) on all inward/outward supplies.

6. All the amounts given above are exclusive of taxes, wherever applicable.

7. The opening balance of input tax credit for the relevant tax period of Mr. Veera is Nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

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

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

(a) ₹ 10,00,000 (b) ₹ 15,00,000

(c) ₹ 25,00,000 (d) ₹ 20,00,000

[Hint:- Refer sec 17(3) for definition of exempt supply for rule 42 & 43. Exempt supply =₹15,00,000 (Directly given in Question + (₹1,00,00,000 sale value of shares * 1% (i.e. value of security shall be taken as 1% of the sale value of such security)) = ₹25 lakhs]

ii) Which of the following statements is true?

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

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

(c) Mr. Veera can claim ITC on van purchased for delivery of goods, expenses incurred on renovation of showroom and T-shirts distributed free of cost.

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

[Hint:- Van is used to transport goods & hence, ITC is allowed, expenses incurred on renovation of showroom is charged in P & L account and not capitalised & hence ITC is allowed whereas ITC on t-shirts are blocked u/s 17(5) as they are given for free]

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

(a) ₹ 24,84,360 (b) ₹ 22,73,400

(c) ₹ 23,04,000 (d) ₹ 24,53,760

[Hint:- ITC credited to e-credit ledger:-

Particulars	ITC (₹)
Inward interstate supply other than those exempted [(₹10030000 - ₹2000000) * 18%]	14,45,400
Inward intrastate supply including taxable (₹46 lakhs * 18%)	8,28,000
Van purchased to transport goods - ITC is allowed (₹170000 * 18%)	30,600
Renovation of showroom - ITC is allowed as charged to P&L account [(₹360000 + ₹80000 + ₹400000 + ₹162000) * 18%]	1,80,360
Total	**24,84,360**

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

(a) ₹ 20,03,400 (b) ₹ 22,14,360

(c) ₹ 20,34,000 (d) ₹ 21,83,760

[Hint:- Common credit as per rule 42:-

Particulars	(₹)
Inward interstate supply other than those exempted [(₹1,00,30,000 - ₹20,00,000)*18%]	14,45,400
Inward intrastate supply other than only taxable [(₹46 lakhs - ₹15 lakhs) * 18%]	5,58,000
Van purchased to transport goods (₹1,70,000 * 18%)	30,600
Renovation of showroom - [(₹3,60,000 + ₹80,000 + ₹4,00,000 + ₹1,62,000)* 18%]	1,80,360
Total Common Credit	**22,14,360**

MCQ 26.01.26.00

Shreyans Ltd. (hereinafter referred as "company") is a conglomerate having diversified businesses including hotels, FMCG (Fast-Moving Consumer Goods), information technology etc. It has its corporate office in Delhi and operations across multiple States in India. As an internal policy, the company has obtained single GST registration in each State irrespective of the diversified business operations being undertaken in the State. During the month of April, the company undertook the following transactions:

(a) The FMCG division of the company in Jaipur, Rajasthan agreed to use the vacant godown

within the premises of Hotel Division in Udaipur, Rajasthan for storage of its goods. The value of such an arrangement was agreed at ₹ 5 lakh per month. Said amount was agreed to be adjusted by way of intra-division book adjustment on a monthly basis.

(b) The Hotel Division of the company in Maharashtra used the IT platform owned and managed by the IT Division of the company in Delhi. The value of such services was determined as ₹ 12 lakh per month. The IT division treated the same as deemed supply liable to GST as per Schedule I of the CGST Act, 2017 and charged GST on such deemed supply in the invoice issued to Hotel Division on 25th April. The Hotel Division availed the input tax credit of such deemed supplies from its Maharashtra Office in April itself. However, no payment was made for such services by the Hotel Division to the IT Division.

(c) The Executive Director, as part of his salary and perquisites under the employment agreement, was eligible for a voucher worth ₹5 lakh, redeemable at any hotel property of the company in India. The voucher was used by the Executive Director for the stay of his family in a company owned hotel in Udaipur, Rajasthan. The total amount charged from the Executive Director was ₹ 25 lakh. The voucher value of ₹ 5 lakh was deducted from such amount at the time of payment.

(d) The Hotel Division provided accommodation services to a US citizen and resident for a wedding ceremony organized at its hotel in Udaipur, Rajasthan. The total amount of ₹2 crores for such services was paid by an Indian individual residing in Delhi on behalf of the US resident in Indian currency. The amount was received by the Mumbai, Maharashtra Office of Hotel Division.

(e) The company received long term lease of an industrial plot from Maharashtra Industrial Development Corporation (MIDC) in auction against payment of an upfront amount as lease premium of ₹20 crores for a period of 50 years. The company paid location charges of ₹5 crores in addition to the said premium.

The rate of GST in case of intra-State supplies, unless otherwise provided shall be 9% CGST and 9% SGST) and for inter-State supplies shall be 18% IGST. All the divisions of the Company are eligible for 100% input tax credit unless otherwise specified.

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

(i) Which of the following statements is correct in respect of the services related to usage of vacant godown? **[CA Final RTP Nov 24] [CA Final MTP I SEPT 25]**

(a) The Hotel Division shall charge CGST and SGST amounting to ₹ 45,000 each in the tax invoice issued to FMCG Division.

(b) No GST is chargeable on usage of vacant godown of Hotel Division.

(c) The Hotel Division shall charge IGST amounting to ₹ 90,000 in the tax invoice issued to FMCG Division.

(d) The Hotel Division, Rajasthan shall charge IGST amounting to ₹ 90,000 in the tax invoice issued to Corporate Office in Delhi.

(**Hint :-** Since the Hotel Division and FMCG Division in Rajasthan are operating under a single GST registration for the State)

(ii) Assuming that the payment for utilization of IT platform has not been made by the Hotel Division to the IT Division till the end of October month of the current financial year, the Hotel Division:

(a) should reverse the input tax credit so availed while filing Form GSTR-3B of the October month.

(b) need not reverse the input tax credit so availed in Form GSTR-3B of the October month.

(c) should have availed the input tax credit only after the end of the current financial year and not in April.

(d) should not have availed the input tax credit in respect of said transaction as the same is deemed supply under Schedule I of the CGST Act, 2017.

(**Hint :-** Since the 180-day payment condition does

not apply to deemed supplies)

(iii) In relation to the stay of Executive Director's family in the company owned hotel in Udaipur, Rajasthan, value of supply of accommodation services provided by the Hotel Division is:

(a) ₹ 25 lakh (b) ₹ 20 lakh

(c) Supply of services by employer to employee is not a taxable supply under GST.

(d) ₹ 5 lakh

(Hint:- total transaction value before voucher adjustment is considered for GST purposes as per Section 15(1) of the CGST Act, 2017)

(iv) For the accommodation services provided to the US resident and citizen, the place of supply shall be:

(a) Udaipur (b) Delhi

(c) Mumbai (d) USA

(Hint :- as per Section 12(3) of the IGST Act.)

(v) In respect of the long-term lease of the industrial plot received from Maharashtra Industrial Development Corporation (MIDC),

(a) upfront lease premium of ₹ 20 crores is exempt. However, the location charges of ₹ 5 crore are liable to GST.

(b) GST is payable on the upfront lease premium of ₹ 20 crores. No GST is payable on the location charges.

(c) GST is exempt on the entire premium of ₹ 25 crores including location charges.

(d) GST is payable on the entire upfront premium of ₹ 25 crores including location charges.

(Hint:- As per Notification No. 12/2017 - Central Tax (Rate) dated June 28, 2017, services provided by the State Government, local authority, or statutory body by way of granting long-term lease of industrial plots or plots for development of infrastructure for financial business are exempt from GST.)

MCQ 26.01.27.00

Vlook Smart Ltd. (hereinafter referred as "company") is a leading retail chain of India. It has retail stores in multiple States with its corporate office located in Mumbai, Maharashtra. The company has GST registrations across all States from where it operates its retail stores. The company undertook following transactions during the month of April:

(a) Supplied goods worth ₹100 crores through its retail store in Jaipur, Rajasthan and offered a cash discount of ₹2 crores to the customers in the State of Rajasthan during the month.

(b) Ghanshyam Das, a retailer in Gujarat, purchased goods worth ₹5 lakh in the month of January of the preceding financial year. Subsequently, the company offered an incentive on such purchases to Ghanshyam Das by issuing a commercial credit note of ₹50,000 in the month of April.

(c) The company also charges slotting fee from the manufacturers of goods to keep their products on the shelf for sale. The company received ₹ 5 crores from a manufacturer located in West Bengal for keeping its products on shelf of its store for sale in the State of Haryana. The payment for the same was received at Mumbai Head Office of the company. The invoice for the same was issued by the Haryana registration of the company.

(d) The company received an amount of ₹2 crores in April as penalty for delayed receipt of consideration from its customers for sale of goods made in the month of January of the preceding financial year in the retail store of Jaipur, Rajasthan.

(e) The company entered into a rental agreement with a registered person for an upcoming retail store (a commercial property) in Ahmedabad, Gujarat. The said store location is outside the municipal limits of Ahmedabad. The rental per month payable from April is ₹50 lakh which is paid to the owner registered in Ahmedabad, Gujarat, by the Mumbai Head Office of the company as the company follows a centralized rental agreement policy for all stores. The invoice for the same is issued to the respective registered office in Gujarat.

(f) The company incurred an expense of ₹50 lakh in transportation of empty cargo containers to its centralized warehouse in Mumbai from all the States through a Goods Transport Agency.

The rates of GST, unless otherwise specified, shall be 9% CGST, 9% SGST and 18% IGST. All the divisions of the company are eligible for 100% input

tax credit unless otherwise specified.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. (i) to (vi) below:- [CA Final RTP Nov 24]

(i) The value of supply on which GST is payable for the month of April for the Rajasthan State is:

(a) ₹ 96 crores (b) ₹ 100 crores

(c) ₹ 98 crores (d) ₹ 102 crores

(**Hint:-** cash discount does not meet the conditions to be excluded from the value of supply under Section 15(3))

(ii) In relation to the incentive paid to Ghanshyam Das in Gujarat,

(a) the company shall reverse proportionate input tax credit.

(b) there is no GST implication on the company and Ghanshyam Das.

(c) Ghanshyam Das shall reverse the input tax credit availed on the purchase.

(d) the company shall reduce the tax liability and Ghanshyam Das shall increase the tax liability for the month of April.

(**Hint:-** The issuance of a commercial credit note for a post-supply incentive does not impact the taxable value or GST liability.)

(iii) In relation to the slotting fee charged,

(a) tax is payable by the company in Haryana.

(b) tax is payable by the manufacturer in West Bengal.

(c) tax is payable by the company in Maharashtra.

(d) slotting fee is exempted from GST.

(**Hint:-** the place of supply for slotting fee services is Haryana because the service is tied to the retail store's location in that State as per Section 12(3) of the IGST Act, 2017)

(iv) The tax on penalty received on account of delayed payment of consideration is payable at the time of filing return of _____.

(a) April (b) January

(c) Either April or January at the option of the company

(d) No tax is payable on the penalty received on account of delayed payment of consideration.

(**Hint :-** refer time of supply under Section 13(2))

(v) The GST on rental amount of upcoming store near Ahmedabad shall be:

(a) ₹ 4.5 lakh CGST and ₹ 4.5 lakh SGST, payable by owner in Gujarat.

(b) ₹ 9 lakh IGST, payable by owner in Gujarat.

(c) nil since store is located outside the municipal limits.

(d) ₹ 9 lakh IGST, payable under reverse charge mechanism by Mumbai Head Office, Maharashtra.

(**Hint:-** POS is Gujarat refer section 12(3) of the IGST Act, 2017 and Section 9(1) of the CGST Act, 2017)

(vi) For the empty cargo containers transported to Mumbai warehouse,:

(a) e-way bill shall be issued by respective dispatch locations of the company.

(b) e-way bill shall be issued by the warehouse location in Mumbai.

(c) no e-way bill is required to be issued.

(d) e-way bill shall be issued by the Goods Transport Agency.

(**Hint:-** empty cargo containers does not require an e-way bill, refer Rule 138 of the CGST Rules, 2017).

MCQ 26.01.23.00

Vardhmaan Limited [hereinafter referred to as 'company'], registered in Delhi, has operations in multiple States across India. The company has taken separate GST registration in all the States where it operates. During the month of January, the tax team presented following information in its report to the management:

1. The company sold goods valuing ₹ 5 crore from its warehouse located at Kandla Port, Gujarat to a buyer located in Ahmedabad by way of transfer of title in goods. The responsibility of clearance of goods shall be on the buyer. The goods were imported by the company from Vietnam and were not cleared for home consumption since then.

2. The company got a favourable advance ruling order on a particular issue from the Authority for Advance Ruling, Rajasthan. The application was filed by the company through its registered place of business in Rajasthan.

3. The company received an order from the

Adjudicating Authority in Maharashtra, wherein a demand of tax amounting to ₹ 1 crore and penalty amounting to ₹ 10 lakh and interest amounting to ₹ 25 lakh was confirmed by the Adjudicating Authority. The dispute in this case was similar to the issue for which a favourable order from Advance Ruling Authority was received by the company in the State of Rajasthan as discussed in para 2 above. The company feels that it has a strong case in the matter before the Appellate Authority.

4. The company has issued tax invoice in relation to certain supplies wherein the total tax collected from the recipients amounted to ₹3 crore. Subsequently, it was noticed that the supplies were not liable to GST and the amount has been wrongly collected by the company from the recipients of supply.

5. A special audit was initiated by the Chartered Accountant nominated by the State Tax authorities of Madhya Pradesh against the company in the State of Madhya Pradesh.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below: [CA Final RTP May 25]

1. In relation to the goods sold from its warehouse in Kandla, Gujarat, the company shall_____:

(a) be liable to pay customs duty and IGST as applicable.

(b) be liable to pay customs duty only.

(c) be liable to pay IGST only.

(d) not be liable to pay any tax or duty.

(Hint:- It is not a supply under GST as per para 8(a) of sch III & as per sec 68 of Customs Act, IGST on Import (Sec 5 of IGST Act + Sec 3(7) of Customs Tariff Act, new owner files BOE & pays the tax & not the seller)

2. In relation to the advance ruling order received by the company in Rajasthan,

(a) the order is binding on the company only in Rajasthan but on jurisdictional officers across all registrations of the company in India.

(b) the order is binding on the company across all States in India.

(c) the order is binding on the company and the jurisdictional officer, in Rajasthan.

(d) the order is binding on the company and the jurisdictional officers across all registrations of the company in India.

(Hints :- Section 103(1) of the CGST Act, an advance ruling is: "binding only on the applicant who had sought it and on the jurisdictional officer in respect of the applicant.")

3. In case the company prefers an appeal before the Appellate Authority against the order passed by Adjudicating Authority in Maharashtra, the amount of pre-deposit to be made by the company is _____.

(a) ₹ 11 lakh (b) ₹ 13.5 lakh

(c) ₹ 10 lakh (d) nil

[Hint:- Refer sec 107(6) of CGST Act & 20 of IGST Act- Pre-deposit = 10% of tax in dispute ₹1 Cr IGST= ₹ 10 lakhs, subject to Max 20 Cr each CGST & SGST & 40 Cr IGST].

4. In case where the tax has been wrongly collected by the company from the recipients,

(a) the company shall pay such amount to the Government.

(b) the company shall refund back the amount to the recipients.

(c) the company shall deposit such amount with the consumer welfare fund.

(d) the company can retain such amount with itself.

(Hint:- Refer sec 76(1), the said amount shall be paid to Govt., irrespective of whether the supplies in respect of which such amount was collected are taxable or not)

5. In case of special audit being conducted in the State of Madhya Pradesh,

(a) the remuneration of Chartered Accountant is payable by company as per agreed terms.

(b) the remuneration of Chartered Accountant is payable by the company as directed by the Commissioner of State Tax.

(c) the remuneration of the Chartered Accountant is payable by the Commissioner, but the expenses of the examination and audit of records shall be reimbursed by the company.

(d) expenses of the examination and audit of records, including the remuneration of Chartered Accountant, shall be paid by the Commissioner.

(Hints :- Section 66(5) Special Audit under GST of the CGST Act)

MCQ 26.01.29.00

Mr. Anshul, registered under GST, is a practicing Chartered Accountant who is supplying the service in the field of auditing and assurance. His earnings during the current financial year are as follows-

1. **Income from the auditing and assurance service provided during the year- ₹ 1,86,00,000**
2. **Income for acting as an examiner from the ICAI and ICSI (not on their rolls) in the month of June - ₹ 2,50,000**
3. **Rental income from a commercial property, during the year- ₹ 13,90,000**

Further, in the month of April, Mr. Anshul purchased 10 computers at a price of ₹ 25,000 each, for his office as new staff has been recruited by his HR team and had availed and utilized ITC on the same.

On 31st October, out of these 10 computers, Mr. Anshul donated 2 computers to a blind school within the State. Open market value of each of these computers, on 31st October, is ₹ 10,000.

Mr. Anshul belatedly filed GSTR-3B for the month of December, by 5 days. Net tax liability for the month of December was ₹ 1,80,000 and gross tax liability for the month was ₹ 2,00,000. Applicable rate of tax on all supplies was 18%.

Note:

1. **All the above amounts are exclusive of taxes, wherever applicable.**
2. **The opening balance of input tax credit of Mr. Anshul for the relevant tax period(s) is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.**
3. **Mr. Anshul furnishes return on a monthly basis.**

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. (i) to (v) below, [CA Final MTP II May 25]

(i) Assuming that the current financial year is the financial year 2023-24, Mr. Anshul is required to maintain and retain the books of accounts for said financial year under the GST law up to_____.

(a) 31st December 2029 (b) 31st December 2030
(c) 31st December 2031 (d) 31st December 2032

(Hint:- As per sec 36 of CGST Act, 2017, Every R.P shall retain books of account and other records until the expiry of 72 months (6 years) from the due date of furnishing of annual return, from 31/12/2024 which is the last date to file annual return for F.Y. 23-24)

ii) Aggregate turnover of Mr. Anshul for the current financial year is_____.

(a) ₹ 2,02,50,000 (b) ₹ 2,02,90,000
(c) ₹ 2,02,65,000 (d) ₹ 2,02,60,000

(Hint :- Includes all taxable supplies, including donation of computers treated as a deemed supply under Schedule I, read with Section 2(6) of CGST Act, 2017.1,86,00,000+2,50,000+13,90,000+20,000)

(iii) Total taxable turnover of Mr. Anshul for the current financial year is _____.

(a) ₹ 2,00,10,000 (b) ₹ 2,00,40,000
(c) ₹ 2,02,60,000 (d) ₹ 2,02,50,000

(Hint (I):- Section 2(112) Taxable Turnover, Section 7 + Schedule I: Deemed supplies 1,86,00,000 + 13,90,000 + 20,000).

2) Service provided ICAI & ICSI are educational institutions as they provide qualification recognised by law & hence, ₹2,50,000 earned for acting as examiner for them is exempt]

(iv) Which of the following transactions/activities are considered as supply under GST law?

(i) Service provided as an examiner to ICAI and ICSI
(ii) Rental income
(iii) Donation of computers to blind school without consideration

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

(Hint :- Section 7(1)(a) and (c), Donation with ITC = Supply (per Schedule I), Schedule II, Entry 2 of CGST Act: "Renting of immovable property is a supply of service.")

(v) Which of the following statement(s) is correct with respect to interest liability of Mr. Anshul, for the month of December? Consider the year to be of 365 days.

(a) Interest liability of Mr. Anshul is ₹ 444 and he can pay the same either from input tax credit available in electronic credit ledger or in cash.
(b) Interest liability of Mr. Anshul is ₹ 444 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.
(c) Interest liability of Mr. Anshul is ₹ 493 and he can pay the same from input tax credit availab

in electronic credit ledger or in cash.

(d) Interest liability of Mr. Anshul is ₹ 493 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.

(HINT:- Interest is payable only on net tax liability paid by debiting e-cash ledger as per proviso to sec 50(1), rule 85(4). Thus, 1,80,000*18%*5/365 =444)

MCQ 26.01.30.00

Shivam Traders is a partnership firm in Jaipur, Rajasthan. The firm has obtained GST registration at its Head Office (HO) in Jaipur and is a monthly return filer. Further, the firm is having its depot for storage of goods in other districts in Rajasthan. The depots are added as additional place of business in the GST registration obtained at HO. Following details are provided about the firm for the month of July:

a. Shivam Traders received goods worth ₹ 5,00,000 for which GST is payable on reverse charge basis. The goods were received on 25th July. The supplier issued an invoice dated 24th July and payment for the same was debited in the bank account of Shivam Traders on 30th July. Due to the absence of accountant, the transaction was recorded in the books of accounts on 1st August.

b. In the month of July, Shivam Traders issued vouchers worth ₹ 2,00,000 to its customers, which were eligible to be redeemed against identified goods. Also, certain set of customers were issued vouchers worth ₹ 5,00,000 in the month of August. The said vouchers were eligible to be redeemed against any supply of goods in next 6 months starting from August month.

c. Mr. Ajay, a partner in the firm, booked a Hotel in Udaipur, Rajasthan for the wedding of his daughter in the month of October. An advance of ₹ 5,00,000 for booking the hotel was paid by way of online payment from the current account of Shivam Traders in July. The hotel charged GST on such booking at the rate of 40% (CGST @ 20% and SGST @ 20% or IGST @ 40%, as the case may be) on the amount received as advance and issued a receipt voucher.

d. Shivam Traders made a supply of goods worth ₹ 25,00,000 during the month of July. Out of the aforesaid supply, goods worth ₹ 5,00,000 were not liable to GST. However, Shivam Traders inadvertently charged GST on such goods and collected the same from the customers.

The opening balance of input tax credit for all registrations is nil for the relevant tax period. Further, 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 on all inward and outward supplies @ 18%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 11 to 13 below, [CA Final MTP II May 25]

1) Compute the net GST liability to be discharged from electronic cash ledger for the month of July by Shivam Traders.

(a) ₹ 5,76,000 (b) ₹ 4,36,000

(c) ₹ 3,96,000 (d) ₹ 4,50,000

Hint:-

Particulars	GST (₹)
GST liability under RCM (A) TOS for goods received ₹5,00,000 is 25th July u/s 12(3)	90,000 (5,00,000* 18%)
GST liability under forward charge (B)	
Note:- Sec 12(4) & 13(4) of the CGST Act relating to time of supply of vouchers have been omitted, thereby confirming that GST liability arises only at the time of actual supply of goods or services and not at the time of issuance of voucher	-
Goods supplied in July including that on which tax is inadvertently collected)	4,50,000 (25,00,000* 18%)
Less:- ITC GST paid under RCM (A) GST paid on hotel booking (ITC is blocked u/s 17(5)(g)	 (90,000) -
GST liability under forward charge (B)	3,60,000
Net GST payable from e-cash ledger (A + B)	**4,50,000**

2) Amount of input tax credit available to Shivam Traders against the hotel booking expense shall be _____. Would there be any change if the hotel is located outside Rajasthan?

(a) Nil. There will be no change even if hotel is located outside Rajasthan.

(b) ₹ 1,00,000 as CGST and ₹ 1,00,000 as SGST. No credit would be available, had the hotel been located outside Rajasthan.

(c) ₹ 1,00,000 as CGST and ₹ 1,00,000 as SGST. IGST of ₹ 2,00,000 would be available, had the hotel been located outside Rajasthan.

(d) Nil. IGST of ₹ 2,00,000 would be available, had the hotel been located outside Rajasthan.

(Hint :- ITC is blocked u/s 17(5)(g), service is used for personal consumption.)

3) What is the time limit for issuance of show cause notice in respect of the GST inadvertently charged and collected on the goods in July assuming that Shivam Traders does not deposit the same with the Government?

(a) Within 2 years and 9 months from due date of filing annual return for the financial year

(b) Within 4 years and 6 months from due date of filing annual return for the financial year

(c) No time limit to issue the show cause notice

(d) within 42 months from due date of filing annual return for the financial year

(Hint:-Section 76 applies "notwithstanding" Sections 74A and does not prescribe any limitation period for recovery of tax collected but not paid to the Government, refer section 76(1) and sec 76(2)).

MCQ 26.01.31.00

Bhaskar (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 Ruksana (P) Ltd., registered under GST in Punjab. Ruksana (P) Ltd. directed Bhaskar (P) Ltd. to send the consignment to Prem & Sons, registered under GST in Gujarat.

Bhaskar (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 40% to 18%.

On the 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 Bhaskar (P) Ltd. Bhaskar (P) Ltd. issued credit note for the same on 20th January.

Bhaskar (P) Ltd. let out its property located in Delhi for a year in lieu of monthly rental income and received rent for the month of January from Ruksana (P) Ltd. on 10th February. Ruksana (P) Ltd. will establish its sales outlet on the same. However, as per the contract entered, the rent for a month should have been received by 7th of the following month.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 11 to 13 below : [CA Final MTP 1 May 25]

1) 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; 40% (b) 7th January; 40%

(c) 14th January; 18% (d) 15th January; 18%

(Hints:- refer sec 12(2), time of supply is before the rate change date (10th Jan), the old rate of 40%)

2) What is the place of supply in respect of transaction between Bhaskar (P) Ltd. and Ruksana (P) Ltd., and Ruksana (P) Ltd. and Prem & Sons, respectively?

(a) Delhi, Punjab (b) Punjab, Gujarat

(c) Haryana, Punjab (d) Haryana, Gujarat

(Hints:- refer Section 10(1)(a) location of the goods at the time at which the movement of goods terminates for delivery to the recipient."

3) Bhaskar (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 February (b) 7th February

(c) Either (a) or (b), whichever is earlier.

(d) Either (a) or (b), whichever is later.

(Hints :- Section 31(5)(a) "Where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment."

MCQ 26.01.32.00

Data Limited commenced business of trading of goods in the State of Assam on 1st April, 20XX. Aggregate turnover of the company crossed ₹ 20 lakh on 31st May, 20XX and ₹ 40 lakh on 15th July, 20XX. The company made the application for registration under GST law on 25th July, 20XX and the registration certificate was granted on 30th July, 20XX. The company has opted to file return on monthly basis under regular scheme. The company was exclusively engaged in supply of taxable goods only.

The company had following input tax credit lying in the books related to input and input service on different dates:

Particulars	Amount in (₹)			
	30th May, 20XX	14th July, 20XX	24th July, 20XX	29th July, 20XX
Input held in stock	10,000	15,000	20,000	40,000
Input services	4,000	6,000	12,000	14,000

During the month of January 20YY, the company has installed solar panel at the office premises. Details regarding the installation of solar panel were as follow:

Particulars	Amount
List Price of the solar panel	₹ 5,50,000
Additional information not adjusted or given effect in the list price	
(a) Trade discount recorded in invoice @ 3% on list price.	
(b) Local taxes paid ₹ 15,000.	
(c) Cost of packing, outward freight, loading-unloading and installation charges ₹ 12,000 as a condition of sale.	
(d) State Government subsidy directly linked to the price ₹ 70,000.	

Apart from the above, Data Limited received ₹ 2,00,000 as advance payment on 2nd January, 20YY from Mr. Prem, a customer, with respect to the taxable supply of goods of ₹ 10,00,000. The company removed the goods on 9th January, 20YY and issued the invoice on 10th January, 20YY. Goods were received by Mr. Prem on 11th January, 20YY and Mr. Prem had made the balance payment of ₹ 8,00,000 on 20th January, 20YY through NEFT.

In addition to the above, due to oversight, the company failed to disclose a self-assessed outward supply of ₹ 2,00,000 while filing the GSTR-3B for the month of August, 20XX. Balance of input tax credit for the month of August, 20XX in the electronic credit ledger was of ₹ 10,000/- each under CGST and SGST which remains till date of deposit of tax. Company filed the return for the month of August, 20XX on the due date of return on 20th September, 20XX. The company disclosed this supply in the return (GSTR 3B) for the month of January, 20YY and paid the net tax (after set off of ITC of ₹ 10,000 each CGST and SGST) with interest in the GSTR 3B filed on 18th February, 20YY.

The proper officer issued show cause notice on 25th February, 20YY demanding the penalty for late deposit of tax on escaped supply relating the month of August, 20XX.

Note: All amounts given above are exclusive of taxes, wherever applicable. All supplies are intra-State and chargeable to GST @ 9% each under CGST and SGST.

From the information given above, choose the most appropriate answer for the following Q Nos. 1 to 6 with reference to GST law: [CA Final Nov 24 Exam] [CA Final MTP 1 Jan 26]

1) Amount of opening input tax credit available for availment and utilization on registration:

a) ₹ 15,000 b) ₹ 21,000
c) ₹ 54,000 d) ₹ 40,000

(Hint: Refer Sec 18(1)(a) of the CGST Act, 2017, Since the company crossed the relevant threshold of ₹40 lakh on 15 July 20XX and applied within 30 days (25 July 20XX), ITC is allowed only on inputs in stock on 14 July 20XX = ₹15,000.)

2) In relation to the transaction with Mr. Prem, time of supply of goods for purpose of payment of tax will be:

a) For ₹ 2,00,000 - 02.01.20YY and for ₹ 8,00,000- 09.01.20YY
b) 09.01.20YY for both ₹ 2,00,000 and ₹ 8,00,000
c) 10.01.20YY for ₹ 2,00,000 and ₹ 8,00,000
d) For ₹ 2,00,000 - 02.01.20YY and for ₹ 8,00,000- 10.01.20YY

(Hint: Refer Section 12(2) read with Section 31, For goods, advance is not taxed on receipt, Invoice should have been issued at removal (09.01.20YY).)

3) Amount of total penalty which could be leviable under section 74A of the CGST Act, 2017 with respect to the payment of tax on delayed disclosure of outward supply which is not on account of fraud (total for both CGST and SGST)

a) ₹ 20,000 b) ₹ 3,600

c) ₹ 10,000 d) Nil

(Hint: Section 74A(5)(i) of the CGST Act, 2017, the min penalty for non-fraud cases is ₹10,000 per Act. Since 10% of tax was less than ₹10,000 for each Act, the fixed ₹10,000 CGST& 10,000 SGST i.e. total ₹20,000).

4) What is the effective date of registration of the company?

a) 15th July, 20XX b) 25th July, 20XX

c) 31st May, 20XX d) 30th July, 20XX

(Hint: Refer sec 25(1) of the CGST Act read with rule 10(2) of the CGST Rules, Since Data Limited crossed the ₹40 lakh threshold on 15 July 20XX and applied on 25 July 20XX (within 30 days), the effective date of registration is 15 July 20XX.)

5) What is value of inward supply of Solar Panel under section 15 the CGST Act, 2017?

a) ₹ 5,45,500 b) ₹ 5,60,500

c) ₹ 4,90,500 d) ₹ 4,75,500

(Hint: Refer table)

Particulars	Amount(₹)	Reason (Sec15 reference)
List price of solar panel	5,50,000	Base transaction value (15(1))
Less: Trade discount @ 3%	(16,500)	Deductible discount shown in invoice (15(3)(a))
Subtotal	**5,33,500**	
Add: Local taxes	15,000	Included in value (15(2)(a))
Add: Packing, outward freight, loading-unloading, installation	12,000	Incidental expenses charged by supplier (15(2)(c))
Add: Subsidy from State Govt	Nil	Excluded from value (15(2)(e))
Value of inward supply	**5,60,500**	

6) Amount of total interest (CGST+SGST) to be paid (nearest to rupees one) under section 50 of the CGST Act, 2017 with respect to delayed disclosure of outward supply : (Assume 365 days in the year)

a) ₹ 1,192 (₹ 596 each under CGST and SGST)

b) ₹ 1,184 (₹ 592 each under CGST and SGST)

c) ₹ 2,680 (₹ 1,340 each under CGST and SGST)

d) ₹ 2,664 (₹ 1,332 each under CGST and SGST)

(Hint: Refer sec 50(1) read with CBIC Circular 137/07/2020, 18,000 × 18% × (149 ÷ 365)=Rs 1340+1340)

MCQ 26.01.33.00

Pukhraj Gupta is a registered supplier of goods and services under GST in the State of Karnataka. He provided the following details of outward transactions belong to the financial year 20XX-20YY:

Particulars	Amount(₹)
Taxable supply	1,40,00,000
Exempted Supply	3,50,000
Interest received on Unsecured loan (not included in above)	2,00,000
Transfer goods to the residence of his brother, a well-known professional.	Free of cost but the open market value is ₹ 40,000

During the month of April, 20YY, Pukhraj Gupta provided the following outward supplies:

Particulars	Amount(₹)
Taxable supply of goods	4,00,000
Insurance agent service to Samta Insurance Company registered under GST	30,000
Interest received for late payment from various customers	10,000
Recovery agent service to Vipul Limited, a trader of goods	40,000
Security and housekeeping service provided to Bachpan School (upto higher secondary), an unregistered person under GST, at its Annual Day function held at Vallabh Convention centre being outside the school campus.	50,000

Particulars	Amount(₹)
Renting of motor vehicle designed to carry passenger provided to M Sea Limited wherein cost of fuel in included (applicable rate of tax CGST @ 2.50% and SGST 2.50%)	80,000
Received with reference to a contract of ₹ 5,00,000 for taxable supplies awarded by a public sector undertaking (PSU) registered u/s 51 of the CGST Act, 2017 in the State of Tamil Nadu, taxable supplies was made in the State of Karnataka as per instruction of the PSU.	1,50,000

Further, on 20th April, 20YY, he hired Perfect Wedding Planner of Japan to plan and organize his son's wedding under a composite contract of all events of marriage.

Pre-wedding program was organized at Mumbai while the marriage and reception held at Paris (France)

In addition to the above, proper officer has issued an order under the CGST Act, 2017 dated 10th April, 20YY and raised a demand of ₹ 33 lakh (Tax - ₹ 20 lakh, Interest - ₹ 3 lakh and penalty ₹ 10 lakh) in respect of an intra-State transaction. The above amounts are related to the CGST only.

Pukhraj Gupta admitted the tax demand of ₹ 5 lakh and interest demand of ₹ 2 lakh and disputed the remaining tax and interest demand and entire penalty demanded.

Pukhraj Gupta wants to file an appeal before the Appellant Authority.

All amounts given above are exclusive of taxes, wherever applicable.

From the information given above, choose the most appropriate answer for the following Q. Nos. 1 to 6 with reference to GST law: [CA Final Exam Nov 24] [CA Final MTP II Jan 26]

1) What is the taxable value of supply for the month of April, 20YY in the hands of Pukhraj Gupta?

a) ₹ 6,50,000 b) ₹ 6,10,000
c) ₹ 6 00,000 d) ₹ 5,60,000

(Hint: Refer Sec 15 read with Sec 7 of the CGST Act)

2) Amount of TDS require to be deducted under section 51 by the PSU:

a) CGST ₹ 750 and SGST ₹ 750 b) IGST ₹ 3,000
c) CGST ₹ 1,500 and SGST ₹ 1,500
d) No TDS required to be deducted under section 51 of the CGST Act, 2017.

[Hint:- ➢ The supply between Pukhraj (Karnataka) and PSU (Tamil Nadu) is a bill to ship to supply where the goods are delivered by the supplier [Pukhraj] to the recipient in Karnataka on the direction of a third person [PSU].

➢ In case of such supply, it is deemed that the said third person has received the goods and the place of supply of such goods is the principal place of business of such third person [Section 10(1)(b)]. Thus, the place of supply between Pukhraj (Karnataka) and PSU (Tamil Nadu) will be location of third person (PSU), i.e. Tamil Nadu. Thus, it is an inter-State supply and IGST is payable on the same. Further, as per section 51, the PSU shall deduct tax @ 2% (IGST) from the payment made or credited to Pukhraj of ₹ 1,50,000 since the total value of such supply under the contract exceeds ₹ 2,50,000. Thus, TDS of ₹ 3,000 is to be deducted by PSU.]

3) What is the maximum amount of pre-deposit (of CGST only) to be made for filing the appeal before the Appellant Authority under the GST law?

a) ₹ 8.50 lakh b) ₹ 10 lakh
c) ₹ 9.60 lakh d) ₹ 12.20 lakh

(Hint: Refer Sec 107(6) of CGST Act, 2017, ₹7,00,000 (admitted) + ₹1,50,000 (10% of disputed tax ₹15 lakhs, subject to max ₹20 Crores)

4) What is the aggregate turnover of the financial year 20XX-20YY under section 2(6) of the CGST ACT 2017?

a) ₹ 1,45,90,000 b) ₹ 1,45,50,000
c) ₹ 1,43,50,000. d) ₹ 1,43,90,000

(Hint: As per Section 2(6), aggregate turnover includes taxable supplies + exempt supplies (including interest) + deemed supplies, computed on all-India basis, excluding GST and RCM inward supplies. Here, all components fit the definition, so total is ₹1,45,50,000.)

5) What is the place of supply in respect of transaction with Perfect Wedding organization Planner?

a) Mumbai for both the event
b) Karnataka for both the event

c) For Pre-wedding- Mumbai and for marriage and reception- Paris

d) Japan for both the event

(Hint: Refer Sec 13(5) & Sec 13(6) of IGST Act, POS will be place where event is organising, Also if part of the service is in India and part of the service is outside India, then POS will be India only. Hence, POS = Mumbai for both events.)

6) Which of following outward supplies provided by Mr. Pukhraj Gupta are NOT subject to payment of tax under reverse charge mechanism (RCM)?

(i) Insurance agent service

(ii) Recovery agent service

(iii) Security and housekeeping service

(iv) Renting of motor vehicle

Choose the most appropriate answer.

a) Only (ii), (iii) and (iv) b) Only (ii) and (iii)

c) Only (ii) and (iv) d) Only (iii)

(Hint: Refer 9(3) of the CGST Act, 2017, Schedule III, Only items (ii) and (iii) are outside the RCM net because:

(ii) is outside GST scope (Schedule III).

(iii) is not a notified service for RCM for the given recipient.)

MCQ 26.01.34.00

M/s Malik Rao & Company is a partnership firm of advocates, registered under GST in Mumbai, Maharashtra. In the month of April, the firm has supplied services amounting to ₹15 lakh. The following information is provided in relation to the some of the services provided:

Particulars	Amount(₹)
Incense Power (P) Ltd. (Registered in Telangana in the preceding financial year as per the provisions of section 22 of the CGST Act, 2017) Provided consultation for preparation of an affidavit in relation to construction of a hotel building in the State of Maharashtra.	50,000
Sultan India (P) Ltd. (Registered in Gujarat in the preceding financial year as per the provisions of section 22) Filed a suit in the Gujarat High Court on behalf of the company	2,00,000
Ms. Kavya (Registered under GST as a salon service provider in Maharashtra in the preceding financial year as per the provisions of section 22 of the CGST Act, 2017) Service amounting to ₹ 1 lakh was provided in the month of February for which invoice was issued on 15th February. However, payment is made by the client on 5th April. The firm has charged ₹ 10,000 as penalty (exclusive of GST) for delayed payment of consideration. Said penalty is also paid by the client on 5th April. Apart from this, as per the agreement with the client, the firm had paid ₹ 20,000 as attestation charges on behalf of the client, mentioned separately on the invoice, which were reimbursed by the client in the month of February itself.	

Note: The turnover of M/s Malik Rao& Company in the previous financial year was ₹ 50 lakh. The firm is engaged solely in providing legal services and it does not import/export any services from/to outside India. Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below: [CA Final MTP 1 Nov 24]

1) Whether the service provided to Sultan India (P) Ltd. is exempt under GST? If not, whether tax is payable under reverse charge?

(a) Yes, all services provided by an advocate firm are exempt from GST.

(b) No, since service is provided to a business entity that is registered under GST in the preceding financial year as per the provisions of section 22 of the CGST Act, 2017. Further, tax shall be payable by M/s Malik Rao& Company under forward charge.

(c) Yes, any service provided by an advocate firm to a business entity is exempt under GST.

(d) No, since service is provided to a business entity that is registered under GST in the preceding financial year as per the provisions of section 22 of

the CGST Act, 2017. Further, tax shall be payable by Sultan India (P) Ltd. under reverse charge.

(Hint :- GST is payable by the recipient under reverse charge, as per Section 9(3) of the CGST Act, 2017 read with Notification No. 13/2017)

2) What shall be the time of supply for supplies made to Ms. Kavya in respect of original amount ₹ 1 lakh and penalty amount of ₹ 10,000?

(a) For whole amount of ₹ 1,10,000: 15th February

(b) For ₹ 1 lakh: 15th February and for ₹ 10,000: 5th April

(c) For whole amount of ₹ 1,10,000: 5th April

(d) For ₹ 1 lakh: 15th April and for ₹ 10,000: 5th April

(Hint:- As per Section 13(6) the whole amount of ₹ 1,10,000 is taxable on 5th April.)

3) What shall be the value of supply provided to Ms. Kavya in terms of section 15 of the CGST Act, 2017?

(a) ₹ 110,000 (b) ₹ 100,000

(c) ₹1,30,000 (d) ₹ 1,20,000

(Hint :- 1,00,000+10,000 = 1,10,000, refer sec 15(1), sec 15(2)(d) and rule 33- pure agent so excluded.)

4) Which of the following statements is/are correct in law?

(i) M/s Malik Rao& Company is eligible to opt for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.

(ii) M/s Malik Rao& Company is not eligible to opt for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.

(iii) M/s Malik Rao& Company is eligible to opt for composition levy under sub-section (2A) of section 10 of the CGST Act, 2017.

(iv) M/s Malik Rao& Company is not eligible to opt for composition levy under sub-section (2A) of section 10 of the CGST Act, 2017.

(a) (i) (b) (i) and (iv)

(c) (ii) and (iv) (d) (ii) and (iii)

[Hint :- As per Notification No. 2/2019-Central Tax (Rate) (entry no. 6) and CGST Rule 7 Advocates / firms of advocates are specifically excluded from opting into the composition scheme, even under 10(2A) RCM liability excludes such suppliers from being eligible for composition levy, even under 10(2A)]

MCQ 26.01.35.00

Bhakti & Sons of Kolkata, a partnership firm registered under GST, deals in supply of electronic goods such as TV, refrigerator, washing machine etc. It also provides services of repair and maintenance of said goods. Its aggregate turnover during the preceding financial year was ₹ 4.2 crore. It furnishes following information for the month of December:

Outward supplies during the month of December are as under:

Particulars	Amount (₹ in lakh)
Supply of goods to unregistered persons residing in & around Kolkata	12
Supply of goods to a unregistered dealer of Bihar	6
Supply of goods to registered dealers in West Bengal	28
Repair & maintenance services provided to unregistered persons	4

Inward supplies during the month of December are as under:

Particulars	Amount (₹ in lakh)
Purchase of TV sets from registered dealers (Inter-State supply) [During unloading of said TV sets, one LED TV costing ₹ 25,000 was damaged, but the dealer refused to replace the same.]	30
Purchase of refrigerators from registered dealers (Intra-State supply)	4
Purchase of washing machine from unregistered dealers (Intra-State supply)	2
Transportation charges paid to Om Logistics (unregistered GTA)	2
Payment made to Star Security Services Pvt Ltd. (not registered under GST) for providing security services	0.50
Loading & unloading charges paid to labourer	0.10
Shop rent paid to Kolkata Municipal Corporation	0.30
Fee paid to Mr. Das, a Senior Advocate of Kolkata High Court for legal service	0.10

Following additional information is also provided:

(a) The Assistant Commissioner of Commercial Tax, Kolkata has issued a show cause notice (SCN), to Bhakti & Sons due to non-display of registration certificate in a prominent location & GSTIN on name board at the entry of its principal place of business. Bhakti & Sons' plea is that the display of GSTIN to general public is not mandatory as it is required for the knowledge of the customers only & the same is already mentioned in the tax invoice.

(b) Bhakti & Sons paid the sponsorship fee of ₹5,00,000 to Finmin Ltd., registered in Kolkata, for an entertainment event organised by Finmin Ltd. in Assam, in the month of October.

(c) GST rate on all inward and outward supplies is 18% (CGST @ 9%, SGST @ 9%, IGST @ 18%), except transportation of goods service which attracts GST @ 5% (CGST @ 2.5%, SGST @ 2.5%, IGST @ 5%).

(d) There is no opening ITC available for the relevant tax period in the electronic credit ledger of Bhakti & Sons.

(e) All the goods purchased by Bhakti & Sons is ex-shop and it arranges its own transportation through GTA.

Note: All the above amounts are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below: [CA Final MTP II Nov 24]

1) Which of the following statements is true in respect of the sponsorship fee paid by Bhakti & Sons to Finmin Ltd.?

(a) Bhakti & Sons is liable to pay IGST of ₹ 90,000.

(b) Finmin Ltd. is liable to pay IGST of ₹ 90,000.

(c) Bhakti & Sons is liable to pay CGST and SGST of ₹ 45,000 each.

(d) Finmin Ltd. is liable to pay CGST and SGST of ₹ 45,000 each.

[Hint :- Refer entry 4 under RCM- Here, tax is payable under forward charge as supplier Finmin Ltd. is a body corporate though the recipient is a firm that doesn't matter. POS is Kolkata u/s 12(7) of IGST Act, LOS is Kolkata, both POS & LOS are in one state, hence, it is intra-state supply]

2) Assuming that Bhakti & Sons has an SEZ unit also located in Uttar Pradesh apart from the regular Domestic Tariff Area (DTA) unit located in Kolkata (both having same PAN). Assume additional turnover of it's SEZ unit is ₹ 2 crore in the preceding financial year. Which of the following statements is correct in respect of e-invoicing requirements?

(a) E-invoicing is not applicable to both SEZ and DTA units.

(b) E-invoicing is applicable to both SEZ and DTA units.

(c) E-invoicing is applicable to SEZ unit and DTA unit is exempt from e -invoicing.

(d) E-invoicing is applicable to DTA unit and SEZ unit is exempt from e -invoicing.

[Hint :- refer Rule 48(4), CGST Rules, 2017 .]

3) The total value of inward supplies on which GST is payable by Bhakti & Sons under reverse charge for December is-

(a) ₹ 2.40 lakh (b) ₹ 2.10 lakh

(c) ₹ 2.90 lakh (d) ₹ 3.00 lakh

[Hint:- GTA service+ legal service+ shop rent (2+0.10+0.3). Refer sec 9(3), CGST Act,2017.]

4) The total input tax credit that can be availed by Bhakti & Sons for December is:

(a) ₹ 6,97,500 (b) ₹ 6,24,700

(c) ₹ 6,86,700 (d) ₹ 6,95,700

[Hint:- 5,35,500+72,000+10,000+5,400+1,800]

5) Total GST payable in cash by Bhakti & Sons for the month of December, assuming that no ITC is claimed/availed by it is:

(a) ₹ 9,17,200 (b) ₹ 9,43,200

(c) ₹ 9,26,200 (d) ₹ 9,20,800

[Hint:- 9,00,000+90,000+10,000+1,800=10,01,800]

6) The penalty that may be leviable for failure to display registration certificate in a prominent location & GSTIN on name board at the entry of its principal place of business by Bhakti & Sons is:-

(a) ₹ 5000 (b) ₹ 10,000

(c) ₹ 25,000 (d) Nil

[Hint :- refer sec 125 of CGST Act, 2017 and also rule 18 of CGST Rules, 2017].

MCQ 26.01.36.00

Boult Limited, a supplier of water purifiers, is a company registered with the jurisdictional GST authorities at its principal place of business in Mumbai, Maharashtra. Boult Limited has approached MMT India LLP, a Mumbai based event management company registered under GST in the State of Maharashtra, to undertake following activities in relation to organization of an event to be held on July 21 – 22 in Udaipur, Rajasthan for its employees:

a. Arrangement of accommodation services for its employees in a hotel in Udaipur, Rajasthan

b. Arrangement of souvenirs to be distributed to its employees attending the event

Boult Limited has agreed to pay a fixed sum of ₹ 4,00,00,000 exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%) for the aforesaid services provided by MMT India LLP. An amount of ₹ 50,00,000 is paid to MMT India LLP as advance at the time of agreement on June 25. Balance amount is payable on July 21 upon issuance of invoice by MMT India LLP and invoice is duly issued for the full amount in the month of July.

MMT India LLP has entered into an agreement with Comfort Hotels, a hotel based in Udaipur, for the aforesaid event to be organized for employees of Boult Limited. Comfort Hotels has agreed to provide the services to MMT India LLP which includes accommodation and other ancillary services for the aforesaid event at an agreed amount of ₹ 1,50,00,000 exclusive of GST (Rates of tax are: CGST - 20%, SGST -20% and IGST - 40%). The consideration is payable by MMT India LLP to Comfort Hotels at the time of check in of guests on July 21.

Further, MMT India LLP has also entered into an agreement with Unique Gift Shop, a well-known gift shop based in Udaipur, Rajasthan for purchase of souvenirs for the employees of Boult Limited. It was agreed that souvenirs would be purchased by MMT India LLP from Unique Gift Shop at a consideration of ₹ 20,00,000 exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%) and Unique Gift Shop would deliver them at the event location, i.e. Comfort Hotels, Udaipur. The aforesaid amount includes the cost of packaging the souvenirs (₹ 20,000) and cost of delivering the same (₹ 50,000) at the location. The entire consideration is payable by MMT India LLP to Unique Gift Shop at the time of delivery of souvenirs on July 21.

In the month of August, Boult Limited gifts each of its employees (total – 150 employees) a water purifier in terms of their employment contract. The total open market value of such water purifiers is ₹ 52.50 lakh exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%). All water purifiers bear the same cost.

Boult Limited and MMT India LLP are not registered under GST in the State of Rajasthan. There is no other taxable supply or taxable procurement apart from Comfort Hotels and Unique Gift Shop as mentioned above in the month of July for MMT India LLP. The opening balance of input tax credit of both Boult Limited and MMT India LLP for the relevant tax periods is nil. All the above amounts are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:- **[CA Final MTP 1 Sept 25]**

1. In case of the supply of the souvenirs by Unique Gift Shop to MMT India LLP, the place and value of said supply are _____ and _____.

(a) Maharashtra; ₹ 20,00,000

(b) Maharashtra; ₹ 19,30,000

(c) Rajasthan; ₹ 20,00,000

(d) Rajasthan; ₹ 19,30,000

[Hint:- 1) POS is to be taken as per sec 10(1)(b) of IGST Act, as Unique Gift Shop delivered the souvenirs on instruction of MMT India LLP at event location, hence POS = Maharashtra i.e. Principal place of business of MMT India LLP,

Author's note:- There can be another view of students that POS shall be as per sec 10(1)(a) as sec 10(1)(b) requires 2 supplies & 3 parties whereas in this Q, we have MMT India LLP & Unique Gift Shop. Event location is just a venue & not a party. We will follow what ICAI gave above as there is another party Boult Ltd. also in this case. 2) VOS= ₹20 lakhs where cost of packaging ₹ 20,000 & cost of delivery ₹ 50,000 are already included u/s 15(2)(c)]

2. The place of supply for the hotel accommodation services provided by Comfort Hotels to MMT India LLP is _____ and the nature of supply is _____.

(a) Maharashtra, inter-State supply liable to IGST

(b) Rajasthan, inter-State supply liable to IGST

(c) Maharashtra, intra-State supply liable to CGST and SGST

(d) Rajasthan, intra-State supply liable to CGST and SGST

[Hint:- POS of Hotel accommodation service is Rajasthan (i.e. location of the Hotel) as per sec 12(3) of IGST Act & LOS is also Rajasthan, hence it is intra-state supply u/s 8(2) of IGST Act]

3. The net GST payable in cash by MMT India LLP for the month of July in the State of Maharashtra would be _____. MMT India LLP wishes to keep its CGST liability at a minimum.

(a) CGST-₹27,90,000; SGST -₹31,50,000; IGST - Nil

(b) CGST - Nil; SGST -Nil; IGST - ₹ 54,00,000

(c)CGST-₹27,00,000; SGST -₹27,00,000; IGST - Nil

(d) CGST -₹5,40,000; SGST - ₹13,50,000; IGST - Nil

[Hint:-

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Supply to Boult Limited (₹3.5 Crores * 9% each CGST & SGST) (₹50 lakhs advance is taxable in June so not taken in July)	-	31,50,000	31,50,000
Less ITC			
Supply by Comfort Hotels (ITC of CGST-SGST paid in Rajasthan is not available in Maharashtra)	-	-	-
Supply by Unique Gift Shop (₹20 lakhs * 18% IGST as it is inter-state supply where LOS is Rajasthan & POS is MH) (Thus, IGST ITC = ₹360000 utilised to pay CGST here)	-	(3,60,000)	-
Net GST Payable	**Nil**	**27,90,000**	**31,50,000**

4. The finance team is exploring the feasibility of getting MMT India LLP registered as a casual taxable person in the State of Rajasthan with effect from 20th June.

In such a scenario, the invoice to Boult Limited will be issued by MMT India LLP as a casual taxable person registered in Rajasthan. Moreover, the invoice by Comfort Hotels and Unique Gift Shop will be issued to MMT India LLP at its GST registration number as casual taxable person in Rajasthan.

The estimated tax liability of MMT India LLP to be paid in advance at the time of submission of application for registration in the State of Rajasthan in the month of June would be _____.

(a) CGST -₹27,00,000;SGST-₹27,00,000; IGST - Nil

(b) CGST – Nil; SGST – Nil; IGST - ₹ 8,40,000

(c) CGST - ₹4,20,000; SGST- ₹4,20,000; IGST - Nil

(d) CGST – Nil; SGST - Nil; IGST - Nil

[Hint:-

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Supply to Boult Limited (₹4 Crores * 18% IGST as MMT India LLP is now RP in Rajasthan as CTP) (We have to calculate entire tax liability for CTP be it advance payment or not)	72,00,000	-	-
LESS:- ITC			
Supply by Comfort Hotels (₹150 lakhs * 20% each CGST & SGST = ₹30 lakhs each CGST & SGST)	(₹60,00,000) (CGST + SGST)	-	-
Supply by Unique Gift Shop (₹20 lakhs * 9% each CGST & SGST as it is intra-state supply now where LOS & POS both are Rajasthan = ₹1.8 lakhs each CGST & SGST))	(₹3,60,000) (CGST + SGST)	-	-
Net GST Payable	**8,40,000**	**Nil**	**Nil**

5. Compute the outward GST payable, if any, on the water purifiers gifted by Boult Limited to its employees in the month of August.

(a) CGST – ₹7,35,000; SGST - ₹7,35,000; IGST - Nil

(b) CGST – Nil; SGST - Nil; IGST - ₹ 14,70,000

(c) CGST – Nil; SGST - Nil; IGST - Nil

(d) CGST – Nil; SGST - Nil; IGST - ₹ 7,35,000

[Hint:- Value of water purifier gifted to each employee is ₹35,000 (i.e. ₹52.50 lakhs/150

employees) which is covered under proviso to para 2 of Sch I (i.e. not more than ₹50,000) & hence, it is not a deemed supply.]

MCQ 26.01.37.00

Super Lever Limited is engaged in manufacturing of taxable electronic goods. Its retail showroom located in Mumbai as well as two manufacturing units located in Mumbai and Nagpur are registered under same GSTIN under GST in the State of Maharashtra. The company has a manufacturing unit in Bangalore, registered under GST in the State of Karnataka and another retail showroom located in AhmedabaOn October 23, a truck carrying finished goods of the Mumbai unit was intercepted by the proper officer. The proper officer was of the view that the e-way bill was not prepared in accordance with the provisions of the GST law. The truck along with the goods was seized by the proper officer under section 129. The seizure order was passed on October 23 and the samd, registered under GST in the State of Gujarat.

The company has provided the following details with regard for the month of October:

Particulars	Retail Showroom at Mumbai	Mumbai unit	Nagpur unit
Sale of taxable goods	6,50,000	12,50,000	13,50,000
Purchase of taxable raw material		12,70,000	11,80,000
Payment made for security	-	1,50,000	1,10,000
Interest received on fixed deposits with a nationalised bank			1,08,000
Sale of securities [Such securities were purchased for ₹ 2,75,000]		4,50,000	
Sale of agricultural land in the vicinity of the manufacturing plant [Stamp duty was paid on ₹ 1,85,00,000]			1,85,00,000
Sale of old factory building which was not used anymore [Stamp duty was paid on ₹ 75,00,000]		90,00,000	

Following additional information is provided by the company:

1. **In case of Mumbai unit, payment for security services for the month of October has been made to Safe and Secure Solutions Pvt. Limited, a company not registered under GST. For Nagpur unit, the payment for security services for the month of October has been made to Vigilante Solutions, a partnership firm registered under GST.**
2. **October being Diwali month, the Retail Showroom at Mumbai has sold combo packs of food processors and electric irons at a discounted rate to boost its sales. Each combo pack has been sold at a price of ₹ 6,000. Out of the total sales of Retail Showroom reported in table above, ₹ 1,50,000 is on account of such combo packs. For this purpose, electric irons were specially procured by the Retail Showroom from the market since the company does not manufacture the same. Few electric irons have been sold individually as well. Total sales of such electric irons is ₹ 36,000, which is included in the sales reported in table above.**
3. **Nagpur unit issued credit notes for ₹ 1,80,000 to its buyers in the month of November towards discount on account of making timely payment. The buyers were aware of such discount at the time of sale in October. All the buyers reversed the proportionate input tax credit on receiving the discount except one buyer who received credit note for ₹ 23,000. Nagpur unit reported sales (taxable goods) of ₹ 16,00,000 in the month of November.**
4. **Further, in the month of December, Mumbai unit received ₹ 3,15,000 as interest on delayed payment of sale consideration from its buyers (GST is separately recovered on same, if applicable). The interest pertains to the sale made in the month of October. Mumbai unit reported sales (taxable goods) of ₹ 12,00,000 in the month of December.**
5. **Stock valued at ₹ 7,30,000 was transferred from Mumbai unit to Nagpur unit on October 16. Further, stock valued at ₹ 6,80,000 was also transferred from Bangalore unit to Retail Showroom at Ahmedabad on October 22. The same was billed to Ahmedabad Retail Showroom at ₹ 5,00,000.**
7. **e was communicated to Mumbai unit on October 24.**

For this case scenario, the applicable rate of GST on all goods including electric irons procured from the market is 18%. All the amounts mentioned in the case scenario are exclusive of taxes, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below: [CA Final RTP Sept 25] [CA Final RTP Jan 26]

1. The value of taxable supply made by Nagpur unit during the month of October and its gross tax liability (without considering input tax credit) for the month of November is –

(a) Value of taxable supply – ₹ 13,50,000; Gross tax liability - ₹ 1,70,400

(b) Value of taxable supply – ₹ 11,70,000; Gross tax liability – ₹ 1,92,000

(c) Value of taxable supply – ₹ 13,50,000; Gross tax liability – ₹ 2,59,740

(d) Value of taxable supply – ₹ 12,78,000; Gross tax liability – ₹ 2,59,740

[Hint:- 1) Taxable supply of Nagpur unit in Oct = goods sold ₹13,50,000. Bank Interest ₹1,08,000 is exempt so not taken. Sale of agricultural land ₹1,85,00,000 is not a supply under Sch III so not taken. Credit note details are of Nov, so not taken for Oct calculation.

2) Gross tax liability for Nov = [Taxable sale of Nov ₹1600000 – Credit note allowed u/s 15(3)(b) ₹1,57,000 i.e. (₹1,80,000 - ₹23,000)] * 18% = ₹14,43,000 * 18% = ₹2,59,740]

2. The value of taxable supply made by Mumbai unit during the month of October and its gross tax liability (without considering input tax credit) for the month of December is –

(a) Value of taxable supply – ₹ 1,07,00,000; Gross tax liability - ₹ 2,72,700.

(b) Value of taxable supply – ₹ 15,65,000; Gross tax liability – ₹ 1,44,000

(c) Value of taxable supply – ₹ 17,00,000; Gross tax liability – ₹ 2,72,700.

(d) Value of taxable supply – ₹12,50,000; Gross tax liability – ₹ 2,72,700.

[Hint:- 1) Taxable supply of Mumbai unit in Oct = goods sold ₹12,50,000. Securities is not goods nor services so its sale ₹4,50,000 is not taken. Sale of factory building ₹90,00,000 is not a supply under Sch III so not taken. We don't have to calculate RCM liability so security inward service is not considered. Stock transfer ₹7,30,000 is not supply as units are not distinct person u/s 25(4) as they are not separately registered.

2) Gross tax liability for Nov = (Taxable sale of Dec ₹12,00,000 + Interest on delayed payment u/s 15(2)(d) ₹3,15,000) * 18% = ₹15,15,000 * 18% = ₹2,72,700]

3. Which of the following statements is correct with regard to gross tax liability for outward supply made by Retail Showroom at Mumbai?

(a) The gross tax liability of Retail Showroom (without considering input tax credit) for the month of October is ₹ 1,17,000.

(b) The gross tax liability of Retail Showroom (without considering input tax credit) for the month of October is ₹ 80,160.

(c) The gross tax liability of Retail Showroom (without considering input tax credit) for the month of October is ₹ 78,000.

(d) The gross tax liability of Retail Showroom (without considering input tax credit) for the month of October is ₹ 73,680.

[Hint:- (Goods sold (₹6,50,000 - ₹1,50,000 - ₹36,000) * 18%) + (sale of electric iron ₹36,000 * 18%) + (₹1,50,000 * 18% being highest tax rate on mixed supply) = ₹83,520 + ₹6,480 + ₹27,000 = ₹1,17,000]

4. Value of exempt supply provided by Nagpur unit and Mumbai unit during the month of October is-

(a) Nagpur unit - ₹ 1,08,000; Mumbai unit – Nil

(b) Nagpur unit - ₹ 1,86,08,000; Mumbai unit – ₹ 94,50,000

(c) Nagpur unit - ₹ 1,86,08,000; Mumbai unit - ₹ 4,50,000

(d) Nagpur unit - ₹ 1,08,000; Mumbai unit - ₹ 4,50,000

[Hint:- 1) Nagpur unit exempt supply = Bank Interest ₹1,08,000. Sale of agricultural land ₹1,85,00,000 is not a supply only under Sch III so not taken.

2) Mumbai unit exempt supply = Nil (Securities is not goods nor services so its sale is not a supply. Sale of factory building is not a supply under Sch III so not taken)]

5. Value of exempt supply provided by Nagpur unit and Mumbai unit for the purpose of reversing input tax credit under rules 42 and 43 during the month of October is-

(a) Nagpur unit - ₹ 1,08,000; Mumbai unit - ₹ 4,50,000

(b) Nagpur unit - ₹ 1,85,00,000; Mumbai unit - ₹ 75,04,500

(c) Nagpur unit - ₹ 1,86,08,000; Mumbai unit - ₹ 94,50,000

(d) Nagpur unit - ₹ 1,85,00,000; Mumbai unit - ₹ 79,50,000

[Hint:- 1) For Nagpur unit = Stamp duty value of agricultural land ₹1,85,00,000 + Nil (bank int is not taken as exempt for Rule 42 & 43) = ₹1,85,00,000.

2) For Mumbai unit = (1% of sale value of securities ₹4,50,000) + Stamp duty value of factory ₹75,00,000 = ₹75,04,500]

6. The Mumbai unit wishes to file an appeal against the order passed by the proper officer authorising the seizure of the truck and the goods transported therein. Which of the following statements is correct in this context?

(a) There is no appellate remedy against the orders passed by the proper officer under section 129.

(b) The Mumbai unit can directly file an appeal before the High Court under the CGST Act, 2017 as the GST Appellate Tribunal is yet to be constituted.

(c) The Mumbai unit can file an appeal with the Appellate Authority on or before January 24 of the next year.

(d) The Mumbai unit can file an appeal with the Revisional authority on or before January 23 of the next year.

[Hint:- u/s 107- appeal can be filed within 3 months from communication date Oct 24]

MCQ 26.01.38.00

Bella Petroleum Limited is engaged in the business of refining and marketing of petroleum products. It has one refinery each in the States of Tamil Nadu, West Bengal & Maharashtra and numerous administrative and marketing offices spread across the country.

The company has separate marketing cum administrative offices for every major State and common administrative cum marketing offices for a group of small States e.g., all north-eastern States are covered under one marketing cum administrative office. The company also blends lubricants in its blending plants located in the States of Maharashtra and Tamil Nadu.

As a policy, all the places of business of the company in a State are registered under GST under one registration.

Imported crude is used as input in the refinery and following major products are extracted after refining process:

Products chargeable to GST on forward charge basis (Group A)	Products not chargeable to GST (Group B)
Base oil (An input for blending lubricants)	Petrol
Furnace oil	Diesel
Bitumen (Used for road construction)	Air turbine fuel
LPG (Domestic and Industrial)	

Base oils are further sent to blending plants where they are blended with additives to produce lubricants. The company provides the following particulars for States of Tamil Nadu, Maharashtra and West Bengal for the month of January:

(Amount in thousands)

Particulars	Tamil Nadu (₹)	Mahara-shtra (₹)	West Bengal (₹)
Value of supply inclusive of all taxes/duties (Group B products)	1,650	3,400	1,575
Value of supply (Group A products) before all taxes/ duties	100	200	20
Excise duty leviable on supply of Group B products	500	1,000	110
VAT on supply of Group B products	250	600	65
Tax paid on inputs and input services procured at the blending plant	5	6	0

Tax paid on spares procured at the refinery (Spares are booked in revenue account)	3	8	0
Tax paid on inputs and input services procured at the marketing cum administrative office	2	3	1
Tax paid on capital asset procured at the blending plant	0	5	0
Tax paid on capital asset procured at the refinery	12	0	0

Due to sudden fire in the store-room of the refinery located in Maharashtra on 28th February, the entire quantity of spares procured in the month of February itself, gets destroyed.

Assume that all of the Group A products are chargeable to GST @ 18% (including both CGST and SGST or IGST, as the case may be).

The opening balance of input tax credit of Bella Petroleum Limited for the relevant tax period is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. Further, there is no other inward or outward supply transaction for Bella Petroleum Limited in January and February apart from the aforementioned transactions.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below: [CA Final RTP Sept 25]

1. The value of company's supply in the Union Territory of Puducherry is ₹ 32,34,000 (Group A products) and in the State of Goa is ₹ 18,38,000 (Group A and Group B products) for the current financial year. GST registration is:

(a) not required for both Puducherry and Goa

(b) not required for Goa but required for Puducherry

(c) required for both Puducherry and Goa

(d) not required for Puducherry but required for Goa

[Hint:- u/s 22 read with N/no. 10/2019- ₹40 lakhs threshold is not available if one of the states is Puducherry. So, ₹20 lakhs threshold applies & agg. t/o exceeds it. Registration is required in both states as taxable supply of Group A category is made from both]

2. The eligible ITC attributable to taxable supply, available at marketing cum administrative office located in the State of Maharashtra, for the month of January, is:

(a) ₹ 3,000 (b) ₹ 300

(c) ₹ 166.67 (d) ₹ 1,500

[Hint:- Rule 42 applies. Eligible ITC attributable to taxable supply = Tax paid on input & input services ₹3,000 * [Group A supply ₹2,00,000 / (Group B supply ₹34,00,000 – Excise & VAT ₹16,00,000 + Group A supply ₹2,00,000)] = ₹300]

3. The eligible ITC attributable to taxable supply in respect of the capital asset procured in the State of Tamil Nadu, for the month of January is:

(a) ₹ 12,000. (b) ₹ 200.

(c) ₹ 11,811.11 (d) ₹ 11,820

[Hint:- 1) Rule 43 applies. Eligible ITC attributable to taxable supply = ₹12,000 Tax paid on capital goods - ₹180 ITC attributable to exempt supply = ₹11,820.

2) ITC attributable to exempt supply = (₹12,000/60) * (Group B supply ₹16,50,000 – Excise & VAT ₹7,50,000) / (Group B supply ₹16,50,000 – Excise & VAT ₹7,50,000 + Group A supply ₹1,00,000)] = ₹200

*₹9,00,000 / ₹10,00,000 = ₹180]

4. Lubricant valued at ₹ 10,000 has been stock transferred from the blending plant located in the State of Tamil Nadu to the refinery located in the same State, in the month of January. The GST (CGST and SGST) payable on such transaction is:

(a) nil as the transaction is not a supply.

(b) ₹ 900. (c) ₹ 1,800.

(d) nil as such supply is exempted from GST.

[Hint:- Blending plant & refinery are not distinct persons u/s 25(4) as they are under same registration & hence, stock transfer is not a supply]

5. What action is required from Bella Petroleum Limited in respect to the spares destroyed by fire in February?

(a) No action is required on the part of Bella Petroleum Limited under GST Law.

(b) Bella Petroleum Limited should report to jurisdictional GST Department for verification of the loss of inputs on account of fire.

(c) Bella Petroleum Limited should not avail ITC of tax paid on the spares.

(d) Bella Petroleum Limited should reverse the ITC availed on the same.

[Hint:- Spares got destroyed in the same month of purchase, hence, it shall not avail its ITC in that month as the same is blocked u/s 17(5)]

MCQ 26.01.39.00

M/s Far Sites (FS), a proprietorship firm registered under GST in Chandigarh and deals in supply of variety of goods including electronic goods and repair & maintenance thereof. FS furnishes following information for the month of December 20XX:

Outward supplies during the month of December 20XX are as under:

Supply of goods to unregistered persons in Chandigarh (Out ofthe aforesaid supply, goods worth ₹ 1,00,000 were not liable to GST. However, FS inadvertently charged GST on such goods and collected the same from the customers).	₹10,00,000
Supply of goods to registered suppliers located in Punjab	₹20,00,000
Repair & maintenance services provided to unregistered persons located in Haryana	₹5,00,000

Inward supplies during the month of December 20XX are as under :

Purchase of TV sets from registered suppliers. During unloading of said TV sets, five LED TVs and two Q LED TVs valued to ₹ 2,00,000 got completely damaged, but the supplier refused to replace the same.	₹20,00,000
Purchase of washing machine from unregistered suppliers (Intra-State supply)	₹5,00,000
Transportation charges paid to Sri Logistics (unregistered GTA)	₹1,00,000

Further, the following information is also provided related to December 20XX:

(1) FS received security services from M/s LML Limited Chandigarh amounting to ₹ 50,000. M/s LML Limited is an unregistered supplier.

(2) Rent of Shop paid to Municipal Corporation of Chandigarh – ₹ 50,000

(3) Legal fee of ₹ 10,000 paid to Mr. Prakash, a Senior Advocate of Punjab and Haryana High Court for providing legal advice.

(4) FS issued vouchers worth ₹2,00,000 to its customers, which were eligible to be redeemed against identified goods. Also, certain customers were issued vouchers worth ₹5,00,000 and the same can be redeemed against any supply of goods till March 20YY.

(5) FS procured old and used goods worth ₹ 5,00,000 on which GST is payable on reverse charge basis. The goods were received on 25th December, 20XX.

The supplier issued the invoice on 24th December, 20XX and payment for the same was debited from the bank account of FS on 31st December, 20XX. Due to the leave of accountant, the transaction was recorded in the books of accounts on 1st January, 20YY.

(6) FS received long term lease of an industrial plot from Chandigarh Housing Board (CHB) in auction against payment of an upfront amount as lease premium amounting to ₹ 20 lacs for a period of 50 years. The company paid prime location charges of ₹ 5 lacs in addition to the said premium.

(7) FS belatedly filed its GSTR-3B for the month of November 20XX, by 9 days. Net tax liability for the month of November 20XX was ₹ 3,80,000.

Applicable rate of GST on all supplies was 18% except for transportation charges for which the applicable GST rate is 5%. Ignore bifurcation of CGST, SGST and IGST.

There is no opening ITC available for the relevant tax period in the electronic credit ledger of FS.

Note: All the above amounts are exclusive of GST, except wherever explicitly stated.

Based on the facts of the case scenario given above, choose the correct answer to Question Nos. 1 to 6 below: [CA Final Exam May 25]

1. The total value of inward supplies on which GST is payable by M/s Far Sites under reverse charge for

December 20XX is:

(a) ₹ 7,10,000 (b) ₹ 6,60,000

(c) ₹ 11,60,000 (d) ₹ 12,10,000

[Hint:- 1) Inward supply value under RCM is ₹6,60,000 = Transport service ₹1,00,000 by unregistered GTA under sl. no. 1 + Shop rent ₹50,000 under sl. no. 5A + Legal fee ₹10,000 under sl. no. 2 assuming that P.F.Y. t/o is exceeding threshold for registration + used goods ₹5,00,000 given in Q that it is under RCM (but check its TOS),

2) TOS u/s 12(3) of used goods covered under RCM is 25th Dec which is earlier of – goods received date 25th Dec or 24th Jan i.e. 31st day from invoice date or 31st Dec payment date,

3) Security service is not getting covered under RCM sl. no. 14 as supplier is body corporate,

4) long term lease is exempt]

2. The amount of eligible input tax credit, ignoring reversal under rule 42 or 43 if any, that can be availed by M/s Far Sites for December 20XX is:

(a) ₹ 6,18,800 (b) ₹ 4,38,800

(c) ₹ 5,28,800 (d) ₹ 4,29,800

[Hint:- Eligible ITC = [(TV set from RP ₹18,00,000 + ₹6,60,000 calculated earlier under RCM – GTA service ₹1,00,000 taxable at different rate) * 18%] + [GTA service ₹1,00,000 * 5%] = ₹4,24,800 + ₹5,000 = ₹4,29,800]

3. GST payable in cash by M/s Far Sites for the month of December 20XX is:

(a) ₹ 3,73,800 (b) ₹ 3,86,800

(c) ₹ 1,84,800 (d) ₹ 1,97,800

[Note:- ICAI did not give correct answer in any option- so ignore this question]

4. What is the time limit for issuance of show cause notice in respect of the GST inadvertently charged and collected on the goods in December 20XX assuming that M/s Far Sites does not deposit the same with the Government?

(a) Within 2 years and 9 months from due date of filing annual return for the financial year.

(b) Within 4 years and 6 months from due date of filing annual return for the financial year.

(c) No time limit to issue the show cause notice.

(d) No show cause notice is required to be issued. The tax amount shall be refunded to the customers if the customer demands the same.

[Hint:- Refer sec 76]

5. Which of the following statement(s) is correct with respect to interest liability of M/s Far Sites, for the month of December 20XX? Consider the year to be of 365 days.

(a) Interest liability of M/s Far Sites is ₹ 1,686 and he can pay the same either from input tax credit available in electronic credit ledger or in cash.

(b) Interest liability of M/s Far Sites is ₹ 1,686 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.

(c) Interest liability of M/s Far Sites is ₹ 1,687 and he can pay the same from input tax credit available in electronic credit ledger or in cash.

(d) Interest liability of M/s Far Sites is ₹ 1,687 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.

[Hint:- Interest liability for Dec 20XX = ₹3,80,000 (given) * 18% p.a. * 9 days (given) / 365 days = ₹1,687. Interest is not output tax & hence, to be paid in cash]

6 There has been dispute between M/s Far Sites and GST Department. As per the opinion of M/s Far Sites:

(i) The time of supply of vouchers amounting to ₹ 2,00,000 is December 20XX whereas the time of supply of vouchers amounting to ₹ 5,00,000 is the date of redemption.

(ii) The amount received as long term lease of an industrial plot from Chandigarh Housing Board (CHB) in auction against payment of an upfront amount as lease premium and paid prime location charges are exempt.

The GST Department is of the view that :

(iii) There is no question of finding time of supply for the issuance of voucher as it is not a supply.

(iv) The amount received as long term lease of an industrial plot from Chandigarh Housing Board (CHB) in auction against payment of an upfront amount as lease premium is exempt and amount of prime location taxable under reverse charge.

Charges are Based on the above views, which of the above statements are true:

(a) (i) and (ii) (b) (ii) and (iii)

(c) (i) and (iv) (d) (ii) and (iv)

[Hint:- Long term lease is covered under exemption. Refer Circular No. 243/37/2024 for voucher – issue of voucher is not treated as supply]

MCQ 26.01.40.00

LLD & Co, a Partnership firm, is engaged in manufacturing of electric equipment's in the State of Gujarat. The firm became liable for registration on 14th April, 20XX.

It applied for registration on 16th May, 20XX and was granted registration certificate on 20th May, 20XX.

The firm had opted for composition levy under section 10 of the CGST Act, 2017 at the time of registration.

Its turnover for the quarter ending June 20XX was ₹ 82 lakh, out of which taxable supply was amounting to ₹ 80 lakh and exempt supply was amounting to ₹ 2 lakh. Its turnover crossed ₹ 150 lakh on 9th July, 20XX and LLD & Co had opted for withdrawal of composition scheme on the said date.

The firm provided a supply of equipment to GGY Ltd. (an unrelated limited company) on 20th July, 20XX having market value of ₹ 21 lakh, wholesale value of ₹ 22 lakh and maximum retail price was ₹ 23 lakh. However, the transaction was made at ₹ 18 lakh.

During the month of June, 20XX, LLD & Co has received one taxable service covered under reverse charge u/s 9(3) of CGST Act, 2017 from a registered supplier Mr. Sachin Kumar in the course of intra-state supply. LLD & Co failed to issue any document to Mr. Sachin Kumar relating to this transaction.

Other details for this particular inward service are as follows:

Particulars	Date
Supply of service	03/06/20XX
Invoice raised by Mr. Sachin Kumar	09/07/20XX
Payment recorded in the books of LLD & Co	07/08/20XX
Payment debited in the bank account of LLD & Co	14/08/20XX
Payment recorded in the books of Mr. Sachin Kumar	08/08/20XX
Payment credited in the bank account of Mr. Sachin Kumar	16/08/20XX

LLD & Co. has not opted QRMP Scheme.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State and price is the sole consideration.

Based on the information given above, choose the correct answer for the following Questions Number 1 to 6: **[CA Final Exam May 25]**

1. The effective date of registration of LLD & Co is:

(a) 14th May, 20XX (b) 16th May, 20XX

(c) 14th April, 20XX (d) 20th May, 20XX

[Hint:- Refer rule 10- Application for registration is filed after 30 days from date of becoming liable to registration, so effective date is date of grant of registration i.e. 20th May]

2. LLD & Co needs to furnish a statement containing details of stock of inputs/ inputs contained in semi-finished / finished goods on the withdrawal of composition scheme by:

(a) 23rd July 20XX (b) 9th July 20XX

(c) 8th August 20XX (d) 7th August 20XX

[Hint:- Refer Sec 10(3) read with rule 6- Such statement is to be furnished within 30 days from withdrawal date 9th July XX i.e. by 8th Aug XX]

3. The value of supply of equipment under section 15(1) of CGST Act, 2017 made by LLD & Co to GGY Ltd. will be

(a) ₹ 21 lakh (b) ₹ 18 lakh

(c) ₹ 22 lakh (d) ₹ 23 lakh

[Hint:- Refer sec 15(1)- price is sole consideration (given in Q) & GGY Ltd. is unrelated & hence, transaction price ₹18 lakh is considered]

4. The tax payable by LLD & Co for the quarter ending June, 20XX will be:

(a) ₹ 40,000 each under CGST and SGST

(b) ₹ 41,000 each under CGST and SGST

(c) ₹ 80,000 each under CGST and SGST

(d) ₹ 82,000 each under CGST and SGST

[Hint:- T/o in state (taxable + exempt) ₹82,00,000 * 0.5% each CGST & SGST being manufacturer = ₹41,000 each CGST & SGST]

5. Time of supply for the purpose of payment of tax, for transaction with Mr. Sachin Kumar as per GST Laws will be:

(a) 07/08/20XX (b) 09/07/20XX

(c) 08/09/20XX (d) 08/08/20XX

[Hint:- TOS u/s 13(3) = 7th Aug which is earlier of payment date 7th Aug recorded in books (being earlier than date of debit in bank account -14th Aug) or 8th Sep i.e. 61st day from invoice date 9th Jul]

6. Which of the following document is mandatory to be issued by LLD & Co, in relation to transaction with Mr. Sachin Kumar as per the GST Laws?

(a) Bill of supply (b) Payment voucher
(c) Receipt Voucher (d) Tax Invoice

[Hint:- Refer sec 31(3)(g)]

MCQ 26.01.41.00

Mr. Suraj Rao of Bhilwara (Rajasthan) is a registered person under GST and is filing monthly returns. His turnover for the financial year 2024-25 was ₹ 1.25 crores. He is engaged in the business of various goods and services. He provided the details of following transactions/supplies undertaken by him during the month of February 2026:

(I) He executed a hedging contract for a commodity with NCDEX at a price of ₹ 1,100 per unit for 600 units. Original contract of purchase of the commodity was made @ ₹ 1,000 per unit. On the date of expiry of future contract i.e. 28th February 2026, the rate of commodity was ₹ 900 per unit. He squared off the contract without physical delivery of the commodity. He paid ₹ 2,000 each at the time of entry and exit off the future contract.

(ii) He provided repair and maintenance service related to generator to Mr. Rajendra on 05th February, 2025 involving both supply of goods being spare parts and supply of service being labour charges. He disclosed the value of goods at ₹ 10,800 and value of service at ₹ 25,000 separately in the invoice issued in this regard.

Details of inward supplies during the month:

(i) Purchase of goods for ₹ 20,00,000 from a registered person (it includes ₹ 5,00,000 towards purchase of goods which are exempted).

(ii) Purchased a truck for ₹ 8,00,000 for transportation of goods for delivery to customers. No depreciation was claimed on GST portion.

(iii) Incurred ₹ 3,50,000 on renovation of office building and debited the expenses (excluding the GST portion) in the Profit and Loss account under repair and maintenance head.

(iv) Mr. Suraj Rao went to Surat, Gujarat for a business meeting which was mandatory under a law for the time being in force in February 2026 and stayed in a GST registered hotel named "A One Hotel" for few days. Room accommodation charges for ₹ 50,000 (taxable value) was paid for the stay.

Other information

(i) Due to the accountant on leave, GSTR-3B for the month of February, 2026 could not be filed on due date prescribed i.e. 20th March, 2026. It was filed on 31st March, 2026.

(ii) Suraj Rao collected an advance payment of ₹ 2,00,000 plus applicable GST for provision of service in the month of September, 2025. However, no tax was deposited on such advance money to the Government even though 5 months has elapsed.

All amounts given above are exclusive of taxes, wherever applicable.

All supplies are intra-State except otherwise mentioned. All the supplies of goods and services are chargeable to GST @ 9% each under CGST & SGST and @ 18% under IGST except spare parts which are chargeable @ 2.5% each under CGST & SGST and @ 5% under IGST.

Examine the above case scenario and based on the information given above, choose the correct and most appropriate answer to Questions Nos. 1 to 6 below: **[CA Final Suggested Sep 2025]**

1. Value of outward supply of the contract executed with NCDEX will be:

(a) ₹ 6,00,000 (b) ₹ 5,40,000
(c) ₹ 6,60,000 (d) Nil

[Hint: As per sec 2(52) and 2(102) securities are neither goods nor services as per SCRA,1956. Hence, it is not a supply under section 7 and value of outward supply = Nil]

2. The amount of input tax credit that can be availed for stay in 'A One Hotel', Surat will be:

(a) ₹ 9,000-CGST & ₹ 9,000-SGST

(b) ₹ 9,000-IGST

(c) No input tax credit available

(d) ₹ 4,500-CGST & ₹ 4,500-SGST

[Hint: Refer Section 12(3)(b) of IGST POS of hotel accommodation is the location of hotel (Immovable property) (Surat, Gujarat).Since Mr. Suraj Rao is registered in Rajasthan, ITC of Gujarat SGST cannot be claimed. Hence, No ITC available]

3. The amount of total eligible input tax credit (ITC) for the month of February, 2025, will be:

(a) ₹ 4,86,000 (b) ₹ 4,77,000

(c) ₹ 4,23,000 (d) ₹ 4,14,000

[Hint: Refer Sec 17(2), 17(5)(a), 17(5)(d) of CGST & Sec 12(3) of IGST]

Total Eligible ITC:

Particulars	GST (₹)
Goods purchase (20,00,000-5,00,000 exempted Goods)*18%	2,70,000
Truck purchase (8,00,000*18%)	1,44,000
Renovation (repairs expensed)(3,50,000*18%)	63,000
Hotel stay (No ITC is Available)	NIL
Total ITC	**4,77,000**

4. The nature of supply and rate applicable for service provided to Mr. Rajendra will be:

(a) mixed supply and chargeable at the highest rate.

(b) composite supply and chargeable at the rate of principal supply.

(c) individual supply and chargeable at total of CGST and SGST at 5% for supply of spare parts and at 18% for supply of service.

(d) neither supply of goods nor supply of service.

[Hint: Refer Sec 8 composite supply applies only when supplies are naturally bundled But here, separate value of goods (spare parts= 5% GST and Repair service = 18% GST) is shown in invoice, they are taxed separately]

5. The amount of late fee to be paid while filing GSTR-3B for the month February, 2025 under the GST Law (Total of CGST and SGST) will be:

(a) ₹ 2,000 (b) ₹ 500

(c) ₹ 550 (d) ₹ 1,100

[Hint: Refer Sec 47 Late fee for delayed filing of return, Due date of GSTR-3B = 20 March 2025, Actual filing date = 31 March 2025 ,Delay = 11 days .Late fee = ₹25 +25 per day under CGST & SGST , Total late fee = ₹50 × 11 days = ₹550]

6. The amount of penalty which may be levied under section 122 of the CGST Act, 2017 for failure to deposit the tax on advance payment received (Total of CGST and SGST) will be:

(a) ₹ 50,000 (b) ₹ 36,000

(c) ₹ 20,000 (d) ₹ 25,000

[Hint: Refer Sec 122(1) collected advance and did not deposit the tax ,penalty = higher of ₹10,000 or tax amount(₹2,00,000* @18% = ₹36,000)]

MCQ 26.01.42.00

M/s Jose & Co. (Firm) is a partnership firm registered under GST regular scheme in the State of Kerala. Firm is an original equipment manufacturer of motor pumps and engaged in supply of related goods and services all over India and having its agents network also.

During the month of August 20XX, the firm made following outward transactions:

(i) Supplied moulds and dies owned by it to unrelated component manufacturers free of cost; market value of the same was ₹ 65,000.

(ii) Provided free training on e-invoice and e-way bill to all its agents free of cost; value of such training was ₹ 1,00,000.

Provided the following services during the month of September 20XX, and received payment subject to deduction of GST TDS, as applicable:

(a) Water supply services provided to Kerala Water Resources Management Board, a Government Authority in which 85% of control was held by Kerala Government; total consideration was ₹ 2,50,000

(b) Composite supply of goods and services provided to Kerala Government, in respect of an activity entrusted to a municipality under Article 243W of the Constitution, in which value of service constituted 25% of the value of said composite supply; total consideration was ₹ 3,00,000

(c) Conducted training program for rain water

harvesting for a consideration of ₹ 4,00,000. This service was provided to Central Government and 76% of the total expenditure of this program was borne by the Central Government.

During the month of October 20XX, the firm made a supply to its related concern valued under invoice at ₹ 5,00,000; whereas the market value was ₹ 8,00,000 and the recipient was eligible for full ITC. Value of like kind of supply was ₹7,00,000. Recipient intended to consume the supply for production purposes.

The firm entered into a contract for service of 100 pump motors on 15.11.20XX for an amount of ₹ 5,00,000. Deadline for completing the contract was 15.01.20YY. However, due to some misunderstanding the contract was terminated on 20.12.20XX when only 50% of the work was completed.

The firm received a show-cause notice under section 74A of the CGST Act, 2017 on 31.01.20YY for short payment tax due to clerical error. IGST demanded in the said notice was ₹20,000. Since the owner was hospitalized, the payment for demand was made belatedly on 25.03.20YY for tax and interest, but before any order was passed.

All the amounts given above are exclusive of taxes wherever applicable. All the supply referred above is intra-State unless specified otherwise.

Based on the information given above, choose the correct and most appropriate answer to Questions Nos. 1 to 6 below: **[CA Final Sep 2025 Exam] [CA Final MTP I Jan26]**

1. In respect of outward transactions made during the month of August 20XX, which of the following value will be treated as supply?

(a) ₹ 65,000 (b) ₹ 1,00,000
(c) ₹ 1,65,000 (d) Nil

[Hint: Refer Sec7(1)(a) read with Schedule I , supply without consideration is taxable only if covered under Schedule I; otherwise it is not treated as supply]

2. In respect of services provided during the month of September 20XX, the value of exempt supply will be:

(a) ₹ 2,50,000 (b) ₹ 3,00,000
(c) ₹ 4,00,000 (d) ₹ 7,00,000

[Hint: Refer N/No. 12/2017-Central Tax (Rate) Entry 3, pure services provided to Government relating to municipal functions are exempt from GST,

1) 2,50,000 – Not exempt (Govt. authority control < 90%).

2) ₹3,00,000 – Not exempt (goods > 25% in composite supply).

3) ₹4,00,000 – Exempt (pure service to Govt. for Article 243W function).]

3. The amount of GST TDS that will be deducted each under CGST and SGST against the supply made during the month of September 20XX will be:

(a) ₹ 7,000 (b) ₹ 5,500
(c) ₹ 3,000 (d) ₹ 2,500

[Hint: As per Sec 51, TDS 1% CGST + 1% SGST applies where contract value > ₹2.5 lakh; hence ₹3,00,000 × 1% = ₹3,000 each (CGST & SGST)]

4. The value of supply made to related concern during the month of October 20XX will be:

(a) ₹ 5,00,000 (b) ₹ 6,30,000
(c) ₹ 7,00,000 (d) ₹ 8,00,000

[Hint: Refer Rule 28, when the recipient is eligible for full ITC, the value declared in the invoice is deemed to be the OMV].

5. Due date for issue of invoice against pump motors service contract which was terminated on 20.12.2024 will be:

(a) 15.12.20XX (b) 20.12.20XX
(c) 20.01.20YY (d) 15.02.20YY

[Hint: Refer 31(5), if a service contract ceases before completion, invoice must be issued at the time when the supply ceases (to the extent supplied)].

6. Penalty which could be levied in respect of SCN issued under section 74A will be:

(a) Nil (b) ₹ 2,000
(c) ₹ 10,000 (d) ₹ 20,000

[Hint: Refer Sec 74A, if tax along with interest is paid before passing of order, no penalty is payable].

MCQ 26.01.43.00

BCM Ltd., a public limited company ('Company'), registered in Uttar Pradesh, is engaged in manufacturing of Product A, Product B and Product C. Product A is exempt under GST while Product B and Product C are taxable under GST.

Moreover, Company is engaged in making cross border supplies of taxable Product D procured domestically from local manufacturers. Further, it is engaged in supplying consultancy services. Following information is provided by the Company for the month of January:

1. The Company manufactured Product A and exported 1,000 units of the same worth ₹ 8,00,000 to Germany.
2. The Company supplied Product C of value of ₹ 35,00,000 to Dhriti Ltd. Noida, Uttar Pradesh (including Product C worth ₹10,00,000 supplied to SEZ unit of Dhriti Ltd. in Noida).
3. The Company imported specialised heavy textile machinery from China on 2nd January, with CIF value of ₹ 55,00,000 and FOB value of ₹ 53,00,000. It sold the said machinery for ₹ 62,00,000 in high sea to Swadeshi Textiles, Delhi.

   While clearing the goods for home consumption, Swadeshi Textiles filed bill of entry for ₹ 63,00,000. After clearing the machinery for home consumption, Swadeshi Corporation sold the machinery to Gargi Industries for ₹ 70,00,000.
4. The Company purchased Product Z for ₹ 10,00,000 from Prism Corporation, Japan on 5th January and directly routed Product Z for supply to Ginsing Corporation, China for ₹ 12,00,0000 on 15th January.
5. The Company purchased Product D as a merchant exporter for ₹ 7,00,000 vide a tax invoice dated 1st January from Shravan Ltd., a manufacturer registered in Maharashtra. Product D was removed on 2nd January from the premises of Shravan Ltd. supplied directly to a registered warehouse. Shravan Ltd. has procured inputs X and inputs Y worth ₹ 1,00,000 and ₹ 60,000 taxable @ CGST - 9%, SGST - 9% and IGST - 18% for manufacturing Product D. Product D was exported by the Company to Gates Inc. of USA. FOB value of Product D exported is ₹ 8,40,000.
6. The Company supplied consultancy services to its subsidiary company, XYZ Inc., located and registered in Florida, USA and to its branch office located in San Diego, USA for ₹ 12,00,000 and ₹ 24,00,000 (value of supply in both cases is determined as per rule 28 respectively).
7. Company sold a future derivative contract at NSE (National Stock Exchange) which was due in the month of January, for ₹ 20,00,000. Said contract had no delivery option.

Notes:

A. Rates of CGST, SGST and IGST on all inward and outward supplies unless otherwise specified are 2.5%, 2.5% and 5%.

B. All the figures given above are exclusive of GST, wherever applicable. The amounts given in respect of import and export transactions in rupees have been arrived after conversion thereof, though transactions were undertaken in convertible foreign currency.

C. BCM Ltd. makes zero-rated supplies under a bond or letter of undertaking (LUT).

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos 1 to 6 below: **[CA Final RTP JAN 2026]**

1. Company can take ITC of _____ on Product D procured by it as a merchant exporter.

   (a) IGST - ₹ 700

   (b) CGST - ₹ 350 and SGST - ₹ 350

   (c) CGST - ₹ 700 and SGST - ₹ 700

   (d) nil

   [Hint: As per Notification No. 41/2017-Integrated Tax (Rate), goods supplied to a merchant exporter for export are taxable at 0.1% IGST, hence ITC = ₹7,00,000 × 0.1% = ₹700]

2. If Company does not export Product D procured by it as a merchant exporter till _____, it cannot avail benefit of concessional rate under Notification No. 41/2017 IT(R) dated 23.10.2017.

   (a) 1st April of next financial year

   (b) 31st March of current financial year

   (c) 2nd April of next financial year

   (d) 3rd April of next financial year

[Hint: Refer Notification No. 41/2017–Integrated Tax (Rate), goods supplied to a merchant exporter must be exported within 90 days from the date of invoice, failing which the benefit of concessional rate is not available]

3. Which of the following statements is true with respect to Product D procured by Company as a merchant exporter?

(a) Shravan Ltd. can claim ITC on inputs used for manufacturing Product D. Under GST law, the Company is permitted to export Product D on payment of IGST also.

b) Shravan Ltd. can claim ITC on inputs used for manufacturing Product D. Under GST law, the Company is permitted to export Product D only under LUT/bond and not on payment of IGST.

(c) Shravan Ltd. cannot claim ITC on inputs used for manufacturing Product D. Under GST law, the Company is permitted to export Product D only under LUT/bond and on payment of IGST.

(d) Shravan Ltd. cannot claim ITC on inputs used for manufacturing Product D. Under GST law, the Company is permitted to export Product D on payment of IGST also.

[Hint: Refer Notification No. 41/2017–Integrated Tax (Rate), goods procured by a merchant exporter at concessional rate (0.1%) must be exported only under LUT/Bond without payment of IGST, while the supplier can avail ITC on inputs used]

4. Compute the value of zero-rated supplies made by the Company in January.

(a) ₹ 93,40,000 (b) ₹ 38,40,000
(c) ₹ 1,05,40,000 (d) ₹ 26,40,000

[Hint: Sec 16 of IGST Act, 2017, export of goods and export of services are treated as zero-rated supplies. Consultancy services to branch in USA=24,00,000(Inter-branch supply - Not zero-rated]

5. Assessable value of the machinery cleared for home consumption by Swadeshi Textiles is ----------.

(a) ₹ 55,00,000 (b) ₹ 63,00,000
(c) ₹ 62,00,000 (d) ₹ 70,00,000

[Hint: As per Sec 3(7) of Customs Tariff Act, 1975 read with Sec14 of Customs Act,1962, when goods are sold on high sea, the last transaction value before clearance for home consumption is taken as the A.V.]

6. Compute the value of exempt supply made by the Company in January for the purpose of reversal of input tax credit.

(a) ₹ 8,00,000 (b) ₹ 20,000
(c) ₹ 67,00,000 (d) ₹ 20,00,000

[Hint:Refer Rule 42 of CGST Rules, 2017, 1% of the value of securities is treated as exempt supply for ITC reversal - 1% × ₹20,00,000 = ₹20,000]

MCQ 26.01.44.00

Mr. Dhinal Patel is registered under GST regular scheme in Delhi. He is engaged in supply of various goods as well as services across the country and having its agents network also.

During the month of August, Mr. Dhinal Patel made following outward transactions:

(i) He gifted a watch, worth ₹ 50,000 to Mr. Sudipta Banerjee, an employee. No other gift was presented to Mr. Sudipta during the year.

(ii) He provided free training on e-invoice and e-way bill to all its agents free of cost; value of such training was ₹ 1,00,000.

He provided the following services during the month of September wherein he received payment of full contract value subject to deduction of TDS under GST law, as applicable:

(a) Supplied printed books and printed post cards to a West Delhi Post Office [Out of total contract value of ₹ 9,72,000, contract value for supply of books (exempt from GST) is ₹ 7,00,000 and for supply of printed post cards (taxable under GST) is ₹ 2,72,000].

(b) Supplied service of maintenance of street-lights in Municipal area of East Delhi*

[The maintenance contract entered into with the Municipal Corporation of Delhi also involves replacement of defunct lights and other spares. However, the value of supply of goods is not more than 25% of the value of composite

supply]. Contract value is ₹ 3,50,000.

*an activity in relation to any function entrusted to a Municipality under article 243W of the Constitution

(c) Supplied service of interior decoration of Andhra Bhawan located in Delhi. Service contract of value of ₹ 12,39,000 is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh).

All above values are inclusive of GST, wherever applicable.

Mr. Dhinal rents out a commercial building owned by him to Bharat for the month of October, for which he charges a rent of ₹ 19,50,000. Mr. Dhinal pays the maintenance charges of ₹ 1,00,000 (for the October month) as charged by the local society. These charges have been reimbursed to him by Bharat. Also, Mr. Dhinal has paid municipal tax of ₹ 2,85,000 which he has not charged from Bharat.

Mr. Dhinal entered into a contract for supply of service with Saurashtra Associates on 1st June. He commenced the provision of service on 5th June and completed the provision of service on 10th October. Invoice is issued on 20th October. He received the payment by cheque on 15th October and entered it in his books the same day. Amount was credited in his bank account on 18th October. In the meantime, rate of GST applicable on said services was changed from 5% to 18% on 16th October.

During the month of December, Mr. Dhinal hired the services of Sun Ltd., an event management company registered in Delhi, for organising two events, one in Bengaluru, Karnataka and another event in Japan.

Note: Assume that all the days covered in the above case are working days.

All the supplies referred above are intra-State unless specified otherwise.

Based on the information given above, choose the correct and most appropriate answer to Questions Nos. 1 to 6 below: **[CA Final MTP 1 Jan 26]**

1. In respect of outward transactions made during the month of August, compute the value of supply?

(a) ₹ 1,00,000 (b) ₹ 1,50,000

(c) ₹ 50,000 (d) Nil

[Hint: Refer Schedule I, neither employee gift (not in course of business) nor free training to agents is treated as supply.]

2. The amount of TDS under GST law (without bifurcating into CGST, SGST and IGST) that will be deducted against the supply made during the month of September will be:

(a) Nil (b) ₹ 43,406

(c) ₹ 26,932 (d) ₹ 21,000

[Hint: Refer Sec 51, TDS is deducted only when location of supplier and place of supply are in a State different from that of recipient's registration; since this condition is not satisfied (intra-State supplies), no TDS is deductible].

3. The value of supply made to Bharat for the month of October will be:

(a) ₹ 19,50,000 (b) ₹ 22,35,000

(c) ₹ 23,35,000 (d) ₹ 20,50,000

[Hint: Refer Sec 15, reimbursed expenses are included while taxes not charged are excluded, i.e 19,50,000 + 1,00,000]

4. The time of supply and applicable rate of GST applicable on services provided to Saurashtra Associates is:

(a) 10th October and 5%

(b) 15th October and5%

(c) 18th October and 18%

(d) 16th October and 18%

[Hint: Refer Sec 13, time of supply is earlier of payment or invoice- payment received on 15th October; and as per section 14 (change in rate), since payment is before rate change, old rate 5% applies]

5. Determine the place of supply of services availed from Sun Ltd. with respect to the event held in (i) Bengaluru, Karnataka and (ii) Japan.

(a) (i) Delhi and (ii) Delhi

(b) (i) Delhi and (ii) Japan

(c) (i) Bengaluru, Karnataka and (ii) Delhi

(d) (i) Bengaluru, Karnataka and (ii) Japan

[Hint: Refer sec 12(7), when services are provided to a registered person, place of supply is location of

recipient (Delhi), irrespective of where event is held - hence both (i) & (ii) = Delhi.]

6. Compute the value of exempt supply for the month of September.

(a) ₹ 3,50,000 (b) ₹ 10,50,000

(c) ₹ 7,00,000 (d) Nil

[Hint: Refer sec 2(47) Printed books = ₹7,00,000 (exempt),Municipal services (function under Article 243W) = ₹3,50,000 (exempt) Total ₹10,50,000]

Answer:-

26.01.01.01	b	26.01.05.02	a	26.01.09.04	c	26.01.14.03	c	26.01.19.01	d	26.01.23.02	a
26.01.01.02	c	26.01.05.03	d	26.01.09.05	c	26.01.14.04	c	26.01.19.02	a	26.01.23.03	b
26.01.01.03	a	26.01.05.04	b	26.01.10.01	c	26.01.14.05	c	26.01.19.03	c	26.01.23.04	d
26.01.01.04	d	26.01.05.05	a	26.01.10.02	d	26.01.15.01	a	26.01.19.04	d	26.01.23.05	a
26.01.01.05	d	26.01.06.01	b	26.01.10.03	c	26.01.15.02	d	26.01.19.05	c	26.01.23.06	d
26.01.02.01	b	26.01.06.02	c	26.01.10.04	b	26.01.15.03	d	26.01.20.01	d	26.01.24.01	a
26.01.02.02	b	26.01.06.03	c	26.01.10.05	b	26.01.15.04	c	26.01.20.02	a	26.01.24.02	b
26.01.02.03	a	26.01.06.04	a	26.01.11.01	a	26.01.15.05	d	26.01.20.03	a	26.01.24.03	c
26.01.02.04	a	26.01.06.05	b	26.01.11.02	c	26.01.16.01	d	26.01.20.04	d	26.01.24.04	d
26.01.02.05	b	26.01.07.01	b	26.01.11.03	a	26.01.16.02	a	26.01.20.05	c	26.01.25.01	c
26.01.02.06	b	26.01.07.02	a	26.01.11.04	b	26.01.16.03	c	26.01.21.01	a	26.01.25.02	d
26.01.02.07	b	26.01.07.03	c	26.01.11.05	c	26.01.16.04	d	26.01.21.02	d	26.01.25.03	a
26.01.03.01	c	26.01.07.04	d	26.01.12.01	b	26.01.16.05	c	26.01.21.03	b	26.01.25.04	b
26.01.03.02	c	26.01.07.05	a	26.01.12.02	c	26.01.17.01	a	26.01.21.04	b	26.01.26.01	b
26.01.03.03	a	26.01.08.01	d	26.01.12.03	b	26.01.17.02	b	26.01.21.05	b	26.01.26.02	b
26.01.03.04	c	26.01.08.02	d	26.01.12.04	b	26.01.17.03	c	26.01.21.06	a	26.01.26.03	a
26.01.03.05	b	26.01.08.03	d	26.01.13.01	c	26.01.17.04	d	26.01.22.01	d	26.01.26.04	a
26.01.04.01	a	26.01.08.04	a	26.01.13.02	d	26.01.18.01	d	26.01.22.02	a	26.01.26.05	c
26.01.04.02	b	26.01.08.05	c	26.01.13.03	b	26.01.18.02	a	26.01.22.03	d	26.01.27.01	b
26.01.04.03	c	26.01.09.01	a	26.01.13.04	d	26.01.18.03	c	26.01.22.04	c	26.01.27.02	b
26.01.04.04	c	26.01.09.02	c	26.01.14.01	d	26.01.18.04	d	26.01.22.05	b	26.01.27.03	a
26.01.05.01	b	26.01.09.03	d	26.01.14.02	a	26.01.18.05	c	26.01.23.01	c	26.01.27.04	a

26.01.27.05	a	26.01.32.05	b	26.01.36.05	c	26.01.40.05	a	26.01.44.03	d
26.01.27.06	c	26.01.32.06	c	26.01.37.01	c	26.01.40.06	b	26.01.44.04	b
26.01.28.01	d	26.01.33.01	a	26.01.37.02	d	26.01.41.01	d	26.01.44.05	a
26.01.28.02	c	26.01.33.02	b	26.01.37.03	a	26.01.41.02	c	26.01.44.06	b
26.01.28.03	c	26.01.33.03	a	26.01.37.04	a	26.01.41.03	b		
26.01.28.04	a	26.01.33.04	b	26.01.37.05	b	26.01.41.04	c		
26.01.28.05	d	26.01.33.05	a	26.01.37.06	c	26.01.41.05	c		
26.01.29.01	b	26.01.33.06	b	26.01.38.01	c	26.01.41.06	b		
26.01.29.02	d	26.01.34.01	d	26.01.38.02	b	26.01.42.01	d		
26.01.29.03	a	26.01.34.02	c	26.01.38.03	d	26.01.42.02	c		
26.01.29.04	d	26.01.34.03	a	26.01.38.04	a	26.01.42.03	c		
26.01.29.05	b	26.01.34.04	c	26.01.38.05	c	26.01.42.04	a		
26.01.30.01	d	26.01.35.01	d	26.01.39.01	b	26.01.42.05	b		
26.01.30.02	a	26.01.35.02	d	26.01.39.02	d	26.01.42.06	a		
26.01.30.03	c	26.01.35.03	a	26.01.39.03		26.01.43.01	a		
26.01.31.01	a	26.01.35.04	b	26.01.39.04	c	26.01.43.02	a		
26.01.31.02	b	26.01.35.05	a	26.01.39.05	d	26.01.43.03	b		
26.01.31.03	b	26.01.35.06	c	26.01.39.06	b	26.01.43.04	b		
26.01.32.01	a	26.01.36.01	a	26.01.40.01	d	26.01.43.05	b		
26.01.32.02	b	26.01.36.02	d	26.01.40.02	c	26.01.43.06	b		
26.01.32.03	a	26.01.36.03	a	26.01.40.03	b	26.01.44.01	d		
26.01.32.04	a	26.01.36.04	b	26.01.40.04	b	26.01.44.02	a		