

**CA Final**  
**INDIRECT TAXES**  
**Test Paper-MCQ**

Time Allowed: 2 hrs

Total: 70 marks

**Multiple Choice Questions**

Choose the most appropriate option:

- 1) Kwality Bells Private Limited, registered under GST in Chennai, Tamil Nadu, provided following outward supplies in the current year: **(3 Marks)**

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

Compute the aggregate turnover of Kwality Bells Private Limited under GST law for the current year.

- a. ₹ 95,00,000  
b. ₹ 1,26,50,000  
c. ₹ 1,20,50,000  
d. ₹ 1,15,00,000
- 2) M/s. Aircool Ltd., a supplier of air conditioners, is registered in the State of Maharashtra. It has a policy to gift an air conditioner to its employees [residing in Gujarat] at the end of financial year in terms of the employment contract. The company installs such air conditioners at the residence of the employees. During the month of March, 20XX, the company installed 150 air conditioners at the residence of these employees. The total open market value of such air conditioners is ₹ 52.50 lakh (excluding GST). The tax rate on such air conditioners is 28% (14% CGST, 14% SGST and 28% IGST). Compute the GST liability of M/s. Aircool Ltd., if any. **(3 Marks)**
- a. ₹ 7,35,000 - CGST, ₹ 7,35,000- SGST  
b. ₹ 14,70,000 – IGST  
c. Nil  
d. None of the above.
- 3) GST is not payable by recipient of services in the following cases: **(3 Marks)**
- Services provided by way of sponsorship to ABC Ltd. located in India.
  - Services supplied by a director (registered under GST) of Galaxy Ltd. to Mr. Krishna
  - Services by Department of Posts by way of speed post to MNO Ltd. located in India.
  - Services supplied by a recovering agent to SNSP Bank located in India
- a. (i) & (iii)  
b. (i) & (iv)  
c. (ii) & (iii)  
d. (ii) & (iv)
- 4) Mr. James Bond is a registered person under GST in the State of Maharashtra who sells footwear to his customers locally within the same State. He has been appointed as an agent by M/s. Toto Shoes Ltd., a company registered under GST in the State of Karnataka. During a financial year, M/s. Toto Shoes Ltd., sends taxable goods worth ₹ 5.00 crore from its Bengaluru store to Mr. James Bond who sells such goods for ₹ 5.00 crore by raising invoices using the GSTIN of M/s. Toto Shoes Ltd. Mr. James Bond receives a commission of ₹ 60.00 lakh from M/s. Toto Shoes (P) Ltd., during the said

financial year. Compute the value of supply of Toto Shoes (P) Ltd. and Mr. James Bond for the financial year. **(3 Marks)**

- M/s. Toto Shoes (P) Ltd.: Nil and James Bond: ₹ 5.6 crore
- M/s. Toto Shoes (P) Ltd.: ₹ 5 crore and James Bond: ₹ 5.6 crore
- M/s. Toto Shoes (P) Ltd.: ₹ 5 crore and James Bond: ₹ 60 lakh
- None of the above.

5) M/s. Jolly Electronics (P) Ltd., is an authorized dealer of M/s. GG Micro Ltd., located and registered in Lucknow, Uttar Pradesh. It has sold following items to Mr. Alla Rakha (a consumer): **(3 marks)**

Product	Amount (₹)
Refrigerator (500 litres) taxable@18%	40,000
Stabilizer for refrigerator taxable @12%	5,000
LED television (42 inches) taxable @12%	30,000
Split air conditioner (2 tons) taxable @28%	35,000
Stabilizer for air conditioner taxable @12%	5,000
<b>Total</b>	<b>1,15,000</b>

M/s. Jolly Electronics (P) Ltd. has given a single invoice, indicating price of each item separately to Mr. Alla Rakha. Mr. Alla Rakha has given a single cheque of Rs. 1,00,000/- for all the items as a composite discounted price. State the type of supply and the tax rate applicable on the same.

- Composite supply, Highest tax rate applicable to split air conditioner, i.e. 28%
- Mixed supply, Highest tax rate applicable to split air conditioner, i.e. 28%
- Supply other than composite and mixed supply, Highest tax rate applicable to split air conditioner i.e. 28%
- Supply other than composite and mixed supply, respective tax rate applicable to each item.

6) C & Co., a registered supplier in Delhi, opted for composition levy under subsections (1) and (2) of section 10 of the CGST Act, 2017. It sold goods in the fourth quarter of a financial year for ₹ 15,00,000 (exclusive of GST). The applicable GST rate on these goods is 12%. C & Co. purchased goods from Ramesh & Co., registered in Delhi, for ₹ 9,55,000 on which Ramesh & Co. had charged CGST of ₹ 57,300 and SGST of ₹ 57,300. C & Co. had also purchased goods from E & Co., registered in Haryana, for ₹ 2,46,000 on which E & Co. had charged IGST of ₹ 29,520. GST liability of C & Co. for the fourth quarter of the financial year is- **(3 Marks)**

- CGST ₹ 7,500 & SGST ₹ 7,500
- CGST ₹ 3,180 & SGST ₹ 32,700
- CGST ₹ 32,700 & SGST ₹ 3,180
- Nil

7) TT Pvt. Ltd., registered in Rajasthan, furnished following information for the month of June:

- Inter-State sale of goods for ₹ 1,25,000 to JJ Enterprises registered in Haryana
- Inter-State purchases of goods from XYZ company, registered in Punjab, for ₹ 40,000
- Intra-State purchases of goods from RR Traders, registered in Rajasthan, for ₹ 65,000

The applicable rate of GST is 18%. All the above amounts are exclusive of taxes. GST liability payable in cash is- **(3 Marks)**

- CGST ₹ 1,800 & SGST ₹ 1,800
- SGST ₹ 3,600
- IGST ₹ 3,600
- CGST ₹ 3,600

8) Happy Singh is the lawful owner of a residential house situated in Chandigarh. The property has four floors constructed on it. Out of the four floors in his house, first and second floor are self-occupied and third and fourth floor have been let out for residential purposes. Ratanjot Singh, who

is a tenant on third floor, has surrendered his tenancy rights to Parminder Singh for a tenancy premium of ₹ 5,00,000 on 1st June. Parminder Singh has paid the applicable stamp duty and registration charges on transfer of tenancy rights. Moreover, Parminder Singh will pay a monthly rent of ₹ 50,000 to Happy Singh from June.

Determine the value of taxable supply, in the given case, for the month of June assuming that the amounts given above are exclusive of GST, wherever applicable. **(3 Marks)**

- a. Happy Singh: ₹ 5,50,000; Ratanjot Singh: Nil
- b. Happy Singh: Nil; Ratanjot Singh: ₹ 5,00,000
- c. Happy Singh: ₹ 50,000; Ratanjot Singh: Nil
- d. Happy Singh: ₹ 50,000; Ratanjot Singh: ₹ 5,00,000

9) Mr. P, a taxable person under GST, is carrying on business from different states such as Punjab, Maharashtra, Haryana & Assam. All the business premises are separately registered. The turnover in different states in P.F.Y. was as follows:

Punjab - 5 lakhs, Maharashtra- 8 lakhs, Haryana – 10 lakhs, Assam – 76 lakhs.

Which of the following statement is incorrect? **(3 marks)**

- a. Mr. P can opt for Composition Scheme as the aggregate turnover on all India basis is below ₹ 1.5 Cr.
- b. Mr. P cannot opt for composition scheme as turnover in Assam being special category state exceeds ₹ 75 lakhs.
- c. Both a & b above.
- d. None of the above.

10) Which of the following services received without consideration (used in the course /furtherance of business) amounts to supply? **(3 Marks)**

- 1) Import of services by a person in India from his son well-settled in USA.
- 2) Import of services by a person in India from his brother well-settled in Germany.
- 3) Import of services by a person in India from his brother (wholly dependent on such person in India) in France.
- 4) Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia.

a. 1), 3) and 4)

c. 2)

b. 2), 3) and 4)

d. 1) and 2)

11) Which of the following services does not fall under reverse charge provisions as contained under section 9(3) of the CGST Act? **(3 Marks)**

- a. Services supplied by arbitral tribunal to business entity located in Ladakh.
- b. Sponsorship services provided to a partnership firm located in Jammu & Kashmir.
- c. Sponsorship services provided to a body corporate located in Kerala.
- d. Service of renting of motor vehicle for passengers provided to a recipient other than body corporate.

12) Mrs. Reena is a consultant. She has provided the following details relating to services provided and received by her: **(3 Marks)**

- 1) Supply of management consultancy services for ₹ 5,00,000 p.a.
- 2) Supply of accounting services for ₹ 2,00,000 p.a.
- 3) Renting of immovable property for residential purposes for ₹ 10,000 p.m.

- 4) Management consultancy services provided to a hospital for ₹ 50,000 one time
- 5) Services provided to a client outside India for ₹ 50,000 p.m.
- 6) Services received from a lawyer for ₹ 1,00,000

**Note:** Assume that amounts given above are exclusive of GST, wherever applicable.

What shall be her aggregate turnover for the financial year under GST provided her aggregate turnover during previous financial year was ₹ 24 lakh?

- |                |                |
|----------------|----------------|
| a. ₹ 9,10,000  | c. ₹ 14,70,000 |
| b. ₹ 15,70,000 | d. ₹ 8,20,000  |

13) Korelal Printon (P) Ltd., a registered person under GST in the State of Jammu & Kashmir, is engaged in the business of offset printing and is providing services to various book publishers. A publisher situated in the State of Himachal Pradesh, a registered person under GST, sent content of the books to be printed by Korelal Printon (P) Ltd. in PDF format. The publisher also sent paper worth ₹ 4.0 lakh (excluding GST) to the printer, free of cost for the purposes of printing its books on 10th February. Korelal Printon (P) Ltd. raised an invoice of ₹ 1.50 lakh (excluding GST) against printing of books and returned the printed books through challan to the publisher on 20th August. The Proper Officer intercepted the vehicle and claimed that Korelal Printon (P) Ltd. should have sent the invoice of ₹ 5.50 lakh, i.e. including the value of free of cost paper supplied by the publisher.

You may suitably advice which one of the following is the correct option-

**(3 Marks)**

- a. The value of supply of paper for job work is to be included in the invoice in terms of section 15 of the CGST Act, 2017.
- b. The goods sent for job work i.e. paper sent for printing is a composite supply
- c. Korelal Printon (P) Ltd. has entered into an agreement of printing books. Therefore, he is liable to pay tax on the gross value of ₹ 5.50 lakh.
- d. Korelal Printon (P) Ltd. has entered into an agreement of printing books. Therefore, he is liable to pay tax on the net value of ₹ 1.50 lakh.

14) Which of the following is not a supply under the CGST Act, 2017?

**(3 Marks)**

- a. Goods supplied free of cost by X & Sons to its agent for further supply to customer at ₹ 5,000 for which invoice will be issued by the agent in his own name.
- b. Importation of accounting services (for business purposes) free of cost from a dependent father residing in US.
- c. An expensive watch gifted to an employee for ₹ 50,000. No other gifts provided to such employee during the entire financial year.
- d. A machinery disposed off free of cost on which input tax credit has been availed.

15) M/s. Vishu Megamart, a store located and registered under GST in Rajasthan, has come out with big discount offers at the time of Diwali on various gift items. In order to attract more customers, it has decided to supply a gift pack containing 5 packets of Jeeraram's Namkeen (200 gram each) taxable @ 12%, 1 packet of Roasted Smoked Almonds (100 gram) taxable @ 18%, 1 packet of Cournville Chocolate (50 mg) taxable @ 28% and 1 bottle of Teal Fresh Juice (1 litre) taxable @ 18% in a single basket for a single price of ₹ 1,000. State the type of supply and the tax rate applicable on the same.

**(3 Marks)**

- a. Composite supply; tax rate of the principal item, i.e. Namkeen @18%
- b. Composite supply; highest tax rate out of all items, i.e. 28% applicable to chocolates
- c. Mixed supply; tax rate of principal item, i.e. Namkeen @18%
- d. Mixed supply; highest tax rate out of all items, i.e. 28% applicable to chocolates

16) Mr. Manubhai and Mr. Anubhai are two brothers running a business of supplying lubricants located in the State of Gujarat in their company, M/s. Ambani Lubricants (P) Ltd. On death of their respected father, the two brothers have divided their business. However, they have signed an agreement that Mr. Anubhai will not enter into business of supplying lubricants similar to business done by M/s. Ambani Lubricants (P) Ltd. run by Mr. Manubhai, for which Mr. Manubhai will pay him ₹ 2.5 crores as a lump sum payment. State whether transaction entered through the above agreement constitutes supply under CGST Act, 2017 or not. (3 Marks)

- a. Yes, supply of goods by Mr. Manubhai.      c. Yes, supply of services by Mr. Manubhai.  
b. Yes, supply of goods by Mr. Anubhai.      d. Yes, supply of services by Mr. Anubhai.

17) Which of the following persons can opt for the composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017, in the State of Delhi? (3 Marks)

- 1) Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 75 lakh.
- 2) Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore.
- 3) A person engaged in manufacture of pan masala, tobacco and manufactured tobacco substitutes.
- 4) A person engaged in the manufacture of ice cream, other edible ice, whether or not containing cocoa.
- 5) A person engaged exclusively in providing restaurant service.
- 6) A person engaged exclusively in supply of medicines.

- a. 1, 2, 3, 5      c. 2, 3, 4, 5  
b. 1, 2, 5, 6      d. 3, 4, 5, 6

18) Which of the following is not covered under Schedule III of CGST Act: - (3 Marks)

- (i) Service provided by an employer to his employee on the occasion of his marriage
- (ii) The functions performed by the members of municipalities and local authorities
- (iii) The duties performed by a director in a body established by the Central Government
- (iv) Actionable claims, other than lottery, betting and gambling

- a. (i) & (iii)      c. (iii)  
b. (i)      d. None of the above

19) XX, registered in Delhi, purchased books from PC Traders, registered in Uttar Pradesh. Books are exempt from GST. XX arranged the transport of these books from a goods transport agency (GTA) which charged a freight of ₹ 9,000 for the same. GST is payable @ 5% on such GTA services as GTA is not opting to pay GST under forward charge. Which of the following statement is correct in the given context: (3 Marks)

- a. GST of ₹ 450 is payable by XX on reverse charge basis.
- b. Supply of goods and supply of GTA service is a composite supply wherein supply of goods is the principal supply and since, principal supply is an exempt supply, no tax is payable on freight.
- c. Since, exempt goods are being transported, service provided by GTA for transporting the same is also exempt.
- d. GST of ₹ 450 is payable by the GTA.

20) Which of the following statements is not correct for a tax payer who has opted for composition scheme? **(3 Marks)**

- a. A registered person supplying goods under the composition scheme shall issue a bill of supply.
- b. Last date for payment of liability towards tax, interest, penalty, fee or any other sum is 20th day of each month.
- c. A composition dealer shall mention the words "Composition taxable person, not eligible to collect tax on supplies" at the top of the bill of supply issued by him.
- d. Last date for payment of liability towards tax, interest, penalty, fee or any other sum is 18th day of the month following each quarter.

21) Alcoholic liquor for human consumption is: **(2 Marks)**

- a. exempt from GST.
- b. subject to both GST and central excise duty.
- c. outside the realm of GST.
- d. subject to GST only.

22) KLM Ltd. is a large publishing and printing house registered under GST under a single GSTIN in Maharashtra. It is engaged in supply of books, letter cards, envelopes, guides and reference materials. KLM Ltd. has front offices in Mumbai & Nagpur for receiving the orders; orders are supplied to front office or supplied to recipient directly, from the workshop located at Nagpur, depending on order. To save the time, workshop has in-house mess for the employees working in the workshop, where lunch is provided free of cost as per the employer-employee agreement. During April, KLM Ltd. received a proposal for printing of 5,000 copies of taxation book from a renowned author where only content was to be supplied by the author. KLM Ltd. agreed to supply the books. As per the requirement of the author, 2500 copies were supplied from workshop to Nagpur front office and 2500 copies to Mumbai front office from where the author collected books. Satisfied with the quality of books, the author placed another order of 10,000 pieces of letterhead during May, the design and logo was supplied by the author for printing. Due to these orders, KLM Ltd. earned a handsome amount of profit and decided to gift employees for their performance. Accordingly, KLM Ltd. gifted mobile phone worth ₹ 36,500 each to all its 45 employees. Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1) to 4) . as follows:- **(8 Marks)**

1) **Supply of taxation books by KLM Ltd. is:**

- a. composite supply, principal supply being "supply of service".
- b. composite supply, principal supply being "supply of goods".
- c. mixed supply.
- d. supply of goods or service or mixed supply, at the choice of the KLM Ltd. and it may pay the tax accordingly.

2) **Supply of letterheads by KLM Ltd. will be treated as:**

- a. composite supply, principal supply being "supply of service".
- b. composite supply, principal supply being "supply of goods".
- c. mixed supply.
- d. supply of goods or service or mixed supply, at the choice of the KLM Ltd. and it may pay

the tax accordingly.

**3) Distribution of mobile phones to employees by KLM Ltd. will:**

- a. be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the aggregate value of mobile phones is more than ₹ 50,000.
- b. not to be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because value of the mobile phone is less than ₹ 50,000 per employee.
- c. be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the value of mobile phone is more than ₹ 25,000 per employee.
- d. be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the value of mobile phone is more than ₹ 35,000 per employee.

**4) In relation to taxability of supplies of copies from workshop to front office:**

- a. transfer from workshop to Nagpur front office will be treated as inter-branch, but is not liable to GST; however, transfer from workshop to the Mumbai front office will be treated as branch transfer between distinct persons and is liable to GST.
- b. transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as inter-branch between distinct persons and are liable to GST.
- c. transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as inter-branch but are not liable to GST.
- d. transfer from workshop to the Mumbai front office will be treated as inter-branch, but is not liable to GST, however, transfer from workshop to the Nagpur front office will be treated as branch transfer between distinct persons and is liable to GST.

VSMART ACADEMY