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GST

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PRACTICE BATCH

Applicable for May/Sep 2025 Exam

Part 1



Think GST... Think Vishal Sir!

By CA VISHAL BHATTAD

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Chapter 1

INTRODUCTION OF GST

CCP 01.04.14.00

List the taxes which are subsumed in GST? What are the taxes that will continue post GST?

Answer :-

Central levies subsumed	State levies subsumed
1) Central Excise duty & Additional Excise	1) VAT or Sale tax (State)
2) Excise duty levied under medicinal & toilet preparation Act.	2) Entertainment tax [except those levied by local authority]
3) Service Tax	3) Taxes on lottery, betting & gambling.
4) Additional customs duty [ACD]	4) Entry Tax & purchase Tax.
5) Sale tax [CST.]	5) Luxury tax & taxes on advertisement.
6) Central Surcharges & cesses.	6) State Surcharges & cesses.

The taxes that will continue after GST are:-

- 1) Basic customs duty [BCD]
- 2) Export duty
- 3) Stamp duty & property tax
- 4) Electricity duty
- 5) Excise duty, VAT & CST on AI. used for human consumption

CCP 01.04.15.00

Which are the commodities which have been kept outside the purview of GST? Examine the status of taxation of such commodities after introduction of GST. (Study Mat)

Answer :-

- 1) AI. liquor used for human consumption excluded from levy of GST. [Article 366 (2A)]
- 2) Un-denatured Extra neutral AI. [ENA] or rectified spirit used in the manufacture of AI.
- 3) Supply of following goods would be taxable from the date when the recommendation given by GST Council.
 - (a) Petroleum crude
 - (b) High Speed diesel.

- ③ Motor Spirit (Petrol)
- ④ Natural gas
- ⑤ Aviation turbine fuel (ATF)

on above goods Excise, VAT/EST is leviable.

CCP 02.08.22.00

Mr. Ajay, a registered supplier of goods, pays GST under regular scheme and provides the following information for the month of August 20XX:

Particulars	₹
Inter-State taxable supply of goods	10,00,000
Intra-State taxable supply of goods	2,00,000
Intra-State purchase of taxable goods (Inward)	5,00,000

→ IGT
→ CGST/SGST
→ CGST/SGST

He has the following Input tax credit at the beginning of August 20XX:

Nature	ITC Amount in (₹)
CGST	20,000
SGST	30,000
IGST	25,000

} ITC op. bal.

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively. Both Inward and outward supplies are exclusive of taxes wherever applicable.

All the conditions necessary for availing the ITC have been fulfilled. Compute the net GST payable by Mr. Ajay for the month of August 20XX. [CA Inter May 18 Exam]

Answer:-

Computation of total ITC: for the month of August 20XX.

Particulars	IGT @ 18%	CGT @ 9%	SGT @ 9%
opening balance	25000	20,000	30,000
Add: ITC on Intra state purchase on value 5,00,000	-	45,000	45000
Total ITC	25000	65000	75000

Computation of Net GST payable by Mr. Ajay for the month of August, 20XX

S.No.	Particulars	Taxable Value (₹)	IGST @ 18% (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)
1	<u>Intra-State taxable supply of goods</u>	2,00,000	—	18000	18000
2	Inter-State taxable supply of goods	10,00,000	1,80,000		
	Total GST Payable		<u>1,80,000</u>	18000	18000
3	<u>Less : ITC (Note)</u> IGST - 25200		(25200)	—	—
	CGST - 65200		(41000)	(18000)	X
	SGST - 75200		(57000)	X	(18000)
	<u>Net GST payable</u>		51000	Nil	Nil

Notes: 1) ^{credit} ITC is used to pay ITC first, & thereafter balance if any in ITC then it can be used for payment of CGST & SGST on outward supply in any proportion.

2) Credit of CGST can be utilise to pay CGST first & balance if any then it can be used for payment of ITC.

3) Credit of SGST can be used to pay SGST first & balance if any then it can be utilised for payment of ITC.

4) Gross credit of CGST & SGST is not allowed.

DPA 06/08



Chapter 2

Supply

CCP 02.03.06.00

Examine whether the following activities would be treated as supply under GST law?

- a) Glory Ltd. is engaged in manufacturing and selling of cosmetic products. Seva Trust, a charitable organisation, approached Glory Ltd. to provide financial assistance for its charitable activities. Glory Ltd. donated a sum of ₹ 2 lakh to Seva Trust with a condition that Seva Trust will place a hoarding at the entrance of the trust premises displaying picture of products sold by Glory Ltd. [CA Inter May 22 Exam]
- b) Mr. Sonu from Chandigarh purchased a water cooler from Malhotra Bros. of Hoshiarpur for ₹ 25,000 to donate it to a temple situated in Hoshiarpur. Mr. Sonu directed Malhotra Bros. to engrave the words on the water cooler- "Donated by Mr. Sonu from Chandigarh" and dispatch the water cooler directly to the temple. [CA Inter Nov 23 Exam]

Answer:-

As per CBIC classification

- ① If name plate is placed on the premises of religious Institution where donor's name is used just as a expression of gratitude & his act of philanthropy without quid-pro-quo, then there is no supply for consideration & no GST is payable
- ② But, use of name on the premises with a aim to advertise the donor's business or to promote his business then quid-pro-quo exist & it will qualify as supply & GST is payable

Discussion & conclusion: ① Since in given case the product picture is displayed at the entrance premises with an aim to promote his advertisement of product & promotion of business of donor's. Hence it will qualify as a supply & GST is payable.

- ② In given case, the name of donor "Mr. Sonu" is mentioned on water cooler & donated to temple without any consideration. The quid-pro-quo does not exist. Hence it is not treated as supply & No GST is payable.

Sahab Sales, an air-conditioner dealer in Janakpuri, Delhi, needs 4 air conditioners for his newly constructed house in Safdarjung Enclave. Therefore, he transfers 4 air-conditioners [on which ITC has already been availed by it] from its stock, for the said purpose. Examine whether the said activity amounts to supply u/s 7 of the CGST Act, 2017.

Further, a Janakpuri resident, Aakash, approached Sahab Sales. He sold an air conditioner to Sahab Sales for ₹ 5,000. Aakash had bought the said air conditioner six months before, for his residence. Does sale of the air conditioner by Aakash to Sahab Sales amount to supply u/s 7 of the CGST Act, 2017? [RTP 2018]

Answer:- Legal provision:

- 1) If permanent transfer of business asset on which ITC have been taken without consideration, then it will be treated as Supply [Section 13(1)(a) - Sch. 2 - para-1]
- 2) If Supply of goods is made for consideration in the course of business then it would be treated as supply & GST is payable [Section 13(1)(a)]

Discussion & conclusion:-

- 1) In given case permanent transfer of A.C. from stock on which ITC is taken by Sahab Sales for its personal used would be treated as supply.
- 2) Sale of A.C. by Aakash to Sahab Sales is not in the course or furtherance of business. Hence it is not treated as supply.

Daksh Gold Pvt. Ltd. is an Indian subsidiary (in Mumbai) of Moksh Gold Inc. (Japan based company). On occasion of Diwali, Daksh Gold Pvt. Ltd. distributes gift hamper to its employee worth ₹ 3,00,000.

Answer the following questions:-

1. Does it qualify as supply?
2. Would your answer be different, if gifts of ₹ 42,000 have been given to an employee?
3. What would be your answer if Daksh Gold Pvt. Ltd. offers its employees ESPP as part of their compensation package. When an employee decides to purchase these stocks, Moksh Gold Inc. directly transfers the shares to the employee. Daksh Gold Pvt. Ltd. reimburses Moksh Gold Inc. for the cost of these shares on a cost-to-cost basis & there is no separate commission charged by Moksh Gold Inc.

Answer:- Legal provision:-

- 1) Supply of goods or services between related persons without consideration in the course of business is treated as supply. [para-2 of Sch-II of Section 10]
- 2) Employer & employee are related persons.
- 3) But if the gift is given by employer to an employee of upto ₹ 50,000 in a F.Y. then it is not treated as supply.
- 4) As per CBIC clarification ESOP/ESPP given by employer to employee is a part of employment contract [para-1 of Sch-III] & also securities is not treated as goods or services.

Discussion & conclⁿ - 1) Diwali gift given by Datsh gold prt-ld to its employee of ₹ 3,00,000 will qualify a supply as it exceeds ₹ 50,000.

2) gift of ₹ 42,000 will not qualify as a supply as the amt is less than ₹ 50,000.

3) Transfer of share by Datsh gold prt ltd of his holding co. molsh Gold Inc to his employee on cost to cost basis without commission would not be treated as supply.

CCP 02.05.14.00

Gagan Engineering Pvt. Ltd., registered in Haryana, is engaged in providing maintenance and repair services for heavy steel machinery. For carrying out the repair work, Gagan Engineering Pvt. Ltd. sends its container trucks equipped with items like repair equipments, consumables, tools, parts etc. from Haryana workshop to its own repairing centres (registered under GST law) located in other States across India where the clients' machinery are being brought and are being repaired.

Discuss the levability of GST on the inter-State movement of trucks from the workshop of Gagan Engineering Pvt. Ltd. in Haryana to its own repairing centres located in other States across India.

[Study Mat] [CA Inter MTP Oct 23]

Answer:- Legal provision

- 1) If more persons have obtained two or more registrations then for each registration he shall be treated as distinct person. [Sec 25(4)]
- 2) Supply of goods or services between distinct person without consideration would be treated as supply [para-2 of Sch-1]
- 3) As per CBTE clarification inter-state movement of conveyance between distinct person is not treated as supply & no GST is payable.

Discussion & conclusion:-

- 1) In given case the movement of bus from Haryana workshop to its own repairing centers located in other state would not be treated as supply.

Note: Repairs service by its own repairing center will be treated as supply.

CCP 02.05.16.00

M/s M Ltd. being a garment manufacturer, appoints Mr. Ram as an agent, who stores garments manufactured by M Ltd. and sends to dealers whenever M Ltd. asks Mr. Ram to do so. Mr. Ram issues his own invoice. Is it a supply? Justify. [ICAI RTP Jun 2018]

Answer:- Legal provision.

Supply of goods by principal to agent where agent undertake further supply on the behalf of principal under his own invoice shall be treated a supply if made without consideration [para-3 of Sch-1]

Discussion & conclusion.

In given case, Mr. Ram further undertakes the supply under his own invoice, hence transfer of garments by M/s M Ltd. to Mr. Ram is treated as supply & liable to GST.

Charm Limited, registered under GST in the State of Jharkhand, manufactures cosmetic products and appointed Mr. Handsome of Mumbai, who is registered under GST in the State of Maharashtra, as their Del-credere agent (DCA) to sell their products. Being a DCA, he agrees to raise invoices in his own name and also guarantees for the realization of payments from customers to Charm Limited.

In order to realize the payments from customers on time, he extends short term transaction based loans to them and charges interest for the same.

Mr. Handsome provides you the following details of transactions carried out during month of March 20XX:

S.No.	Particulars	Amount (₹)
	Outward Supply	
(i)	Goods sold by Mr. Handsome in his DCA capacity (intra - State transaction)	2,80,000
(ii)	Interest earned from the above customers for short term credit facility provided for timely payment of dues. (intra-State transaction)	20,000
(iii)	Commission bill raised on Charm Limited (inter-State transaction) in respect of DCA services provided	30,000
	Inward Supply	
(iv)	Inter-State supply of goods received from Charm Limited. Being a DCA, no consideration was paid. Value under section 15 - ₹ 2,00,000	Nil
(v)	Received training in marketing and distribution from Charm Limited as per DCA agreement, free of cost. Company charges ₹ 75,000 for such training when it provides the same to others.	Nil

Applicable rate of tax on both inward and outward supplies is 9% each for CGST and SGST and 18% for IGST. Amounts given above are exclusive of taxes wherever applicable. Subject to the information given above, necessary conditions are complied with for availment of input tax credit.

You are required to calculate the gross GST liability and eligible input tax credit for the month of March 20XX of Mr. Handsome.

Brief notes should form part of your answer for treatment of items in Sl. No. (i) to (v).

[CA Inter Nov 22 Exam]

Answer:-

1) Computation of Gross GST liability of Mr. Handsome for the month of March 20XX:-

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
1. Goods sold by Mr. Handsome in his DCA capacity. 2,80,000		27000 (3,00,000 x 9%)	27000 (3,00,000 x 9%)
Add: Interest earned on short term credit facility [Sec 15(2)(d)] 20,000			
3,00,000			
(Interest included in value of supply as delay payment of consideration u/s 15(2)(d))			

2. Commission charged for DCA services Value = 30,000	5400 (30,000 × 18%)	—	—
Gross IST Liability	5400	2700	2700
<u>Note:</u> Since DCA is issuing his own invoice for further supply hence it fall under para-3 of Sch-I			

2) Computation of eligible ITC for the month of March 20XX:-

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Forward supply of goods from Charm Ltd. free of cost. (Supply of goods by principal to agent is a supply under para-3 & ITC payable)	3600 (2,00,000 × 18%)	—	—
Training & marketing service received from Charm Ltd. free of cost. (Since no consideration is involved & also not covered in para-3 of Sch-I, hence not treated as supply & no ITC)	—	—	—
Total ITC available	3600	Nil	Nil

CCP 02.06.18.00

Wesco Ltd, a registered person in Ahmedabad (Gujarat) having head office located in Singapore, received management consultancy services free of cost from its head office. [CA Inter Nov 23 Exam]

Answer:- **Legal provision:** As per the provision of ClAT Act [para-4 of Sch-F]

Import of service by a person from related person or own establishment located outside India, without consideration in the course of business, shall be treated as supply.

Discussion & Conclusion

In given case, free import service received by Wesco Ltd from its head office located in Singapore for the purpose of business is qualify as a supply & liable to ITC.

Examine whether the activity of import of service in the following independent cases would amount to supply under section 7:

- 1) Miss Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from Mr. Racheal of Sydney (Australia). The amount paid for the said service is 5,000 Australian dollar.
- 2) Miss Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from her brother, Mr. Varun residing in Sydney (Australia) [wholly dependent on Miss Shriniti]. Further, Miss Shriniti did not pay any consideration for the said service.
- 3) Will your answer change if in the above case, if Miss Shriniti has taken interior decoration services with regard to her business premises and not her residence? (Study Mat)

Answer :- Legal prn

1. Supply includes import of services for a consideration whether or not in the course or furtherance of business (Sec 7(1)(b))
2. If service is imported by a person from related person located outside India, without consideration in the course of business, then it shall be treated as supply. (para 4 of Sch 7)
3. Related person includes member of same family which includes brother who is wholly or partly dependent on the said person.

Discussion & concl → Try yourself.

Examine whether the following activities would amount to supply under section 7 read with Schedule I:

- Sulekha Manufacturers have a factory in Delhi and a depot in Mumbai. Both these establishments are registered in respective States. Finished goods are sent from factory in Delhi to the Mumbai depot without consideration so that the same can be sold from the depot.
- Raman is an architect in Chennai. His brother who is settled in London is a well-known lawyer. Raman has taken legal advice from him free of cost with regard to his family dispute.
- Would your answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai? [Study Mat]

Answer:-

a) Legal provision

1. If person having more than one registration in one or more State then for each such registration, he shall be treated as distinct person (Sec 25 (4)).

2. Supply of goods or services between distinct person without consideration in the course of business, then it would be treated as supply [para-2 of Sch-I]

Conclusion: Hence in given case, factory & depot of Sulekha manufacturers are distinct person & supply of goods betn them is treated as supply.

b) Legal provision

1. Import of service from related person located outside India in the course of business without consideration will qualify as a supply.

2. Brother is treated as related person (member of same family) only when he is wholly or mainly dependent on said person.

Conclusion: In given case, Raman's brother is well known lawyer in London & not dependent on Raman, hence he is not treated as related person. Raman has taken legal service free of cost for his personal matter & not for the business. As the service is without consideration hence not covered in Sec 7(1)(b).

Also, import of Service not from related person hence not covered in para-4 of 1ch-7.
Hence it is not treated as supply.

✓/2 C) NO., if Raman has taken advice for his business unit, it would not be treated as supply, because consideration is not involved & also Service is not received from related person

CCP 02.07.24.00

Sarvanna & Sons wishes to start supplying alcoholic liquor in the State of Tamil Nadu. Therefore, it applies for licence to the Tamil Nadu Government for selling liquor for which the State Government has charged specified fee from it. Examine whether the grant of alcoholic liquor licence by the Tamil Nadu Government to Sarvanna & Sons qualifies as supply. [Study Mat]

Answer:-

1. Govt has notified that granting of Al. liquor licence by state Govt against license fee or other fees is not treated as supply of goods or services [Section 2(30)]
2. Thus, in given case, the grant of Al. liquor licence by the Tamil Nadu Govt to Sarvanna & Sons is neither a supply of goods nor a supply of services.

CCP 02.08.28.00

Happy Constructions Ltd., a registered builder under GST in Bengaluru, Karnataka has got permission to build five floors from the Municipal Projects for one of its projects at Suraj Nagar. Aditya Constructions, a neighbouring housing project approached Happy Constructions Limited to discuss regarding blockage of sun light issue arising out of construction of five floors and asked it to build only three floors for which ₹ 20 lakh was offered as compensation. Happy Constructions Limited agreed to the offer. It may be noted that Aditya Constructions is not ready to pay any further amount to Happy Constructions Ltd. in addition to the amount already agreed.

Briefly explain with correct legal provision whether the above amount received as compensation is liable to GST or not? And if considered as taxable, then calculate the total GST payable by Happy Constructions Ltd. Assume the applicable rate of CGST and SGST is 9% each. Also state the conditions to be complied with. [CA Inter RTP May 24]

Answer:- Legal prorn

1. Agreeing to an obligation to refrain from an act or to tolerate an act or situation or to do an act is treated as Supply of Services [para-5 of Sch II]
2. Also, as per CBTC clarification, such activities are taxable Subject following condⁿs.
 - 1) there is expressed or implied agreement or contract.
 - 2) consideration must flow in return of this contract.

- Discussion & conclⁿ :
1. In given case, Happy construction Ltd. has agreed to build only 3 floors even though it is permitted to construct 5 floors for a compensation of 20 lakhs. It treated as SOL
 2. Aditya construction is not ready to pay any further amt in addition to ₹ 20 lakhs, hence it is treated as inclusive of GST
 3. Therefore GST payable = $20,00,000 \times 18/118 = ₹ 3,05,085$.

CCP 02.09.31.00

CGST = 1,52,543 SGST = 1,52,542.

Manikaran, a registered supplier of Delhi, has supplied 20,000 packages at ₹ 30 each to Mukhija Gift Shop in Punjab. Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons. Determine the rate(s) of GST applicable in the given case assuming the rates of GST to be as under:-

Goods/services supplied	GST Rate
Chocolates ✓	18% ✓
Fruit juice bottles ✓	12% ✓
Toy balloons ✓	5% ✓

[StudyMat]

Answer:- Legal provision → Mixed supply.

- consists of two or more individual supplies of goods or services
- can be supplied independently,
- Supplied for single price
- not naturally bundle. i.e. it is not a composite supply

Discussion & Conclusion.

1. Supply of package containing chocolates, fruit juice bottle & toy balloon is a mixed supply as each of these item can be supplied separately & not naturally bundle & also supplied at single price.
2. It is classifiable in a supply which attracts the highest rate of tax [Sec 8]
3. Thus in given case, supply of package is treated as supply of chocolate which attract higher rate i.e. 18%.
4. Therefore tax is payable @ 18%.

CCP 02.09.33.00

Explain the composite supply & mixed supply. If a trader launches a package sales for marriage containing double bed, refrigerator, washing machine, wooden wardrobe at a single rate. He is issuing invoice showing value of each goods separately. Whether this is case of mixed supply or composite supply. Explain. [CA Inter Jul 21 Exams]

Answer:- Composite supply.

- consist of two or more taxable supplies of goods/services
- Such supplies are naturally bundled & supplied in conjunction with each other.
- they are supplied in the ordinary course of business
- have one supply as a principal supply.

Mixed Supply → Same as above.

Discussion & conclusion

1. Items such as double bed, refrigerator, washing machine & wooden wardrobe are not naturally bundle.
2. Invoice for the supply shows separate value of each item.
3. Therefore such package will neither constitute a composite supply nor a mixed supply.
4. Thus, various items of the package will be treated as being supplied individually & individual GST rate is applicable.

CCP 02.10.35.00

Discuss taxability of shares held in a subsidiary company by holding company? (CA Inter MTP Mar 24)

Answer:-

1. As per CBIC clarification, Securities which includes Shares are not covered in the defn of goods or services.
2. Also, there should be a supply VST for levy of GST.
3. Thus, securities held by the holding co. in a subsidiary co. is neither treated as supply of goods nor a supply of services.
4. Also, there is no activity of supply involved in the holding of securities by holding co. in a subsidiary co. hence no GST is payable.



REVERSE CHARGE AND ECO

CCP 03.01.03.00 ✓

GTA services provided to an unregistered person (including unregistered casual taxable person) are exempt from GST by virtue of Entry 21 A of GST Laws. Discuss the validity of above statement.

[CA Inter May 23 Exam]

Answer:

1. The statement is invalid.
2. GTA Services provided to un-registered person including un-registered CTP are exempt except when provided to:
(a) factory (b) society (c) co-operative society
(d) Body corporate (e) partnership firm (f) Reg. LTP.
In these case service is taxable.

CCP 03.02.05.00

"Under the GST law, taxes on taxable services supplied by the Central Government or the State Government to a business entity in India are payable by recipient of services".

State the exceptions of the above statement (CA Inter May 22 Exam)

Answer:-

Taxes on services supplied by central authority to a business entity in a taxable territory then GST is payable by recipient under reverse charge except [Sec 9(3)]

- 3/3
- 1) Services of renting of immovable property to an unregistered person.
 - 2) Services by Dept of post & ministry of Railway.
 - 3) Services in relation to an aircraft or vessels, inside or outside the precincts of a port or Airport.
 - 4) Services of transport of goods or passenger.
 - 5) Renting of immovable property by an Indian Railway.

R-D. Other than R-D

CCP 03.02.5.01

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

- Flat 1 is given on rent to Mr. B (Salaried person) for his residence purpose.
- Flat 2 is given on rent to XYZ Ltd. (reg. in GST) company is using as guest house for residence purpose.
- Flat 3 is given on rent to Mr. C, a CA (unregistered person), who is using it for official purpose.
- what would be your answer if Mr. Ram is unregistered & has given 2 Commercial shops on rent to Partnership firm who is registered under GST

Answer:- Legal provision:

- If services supplied by way of renting of residential dwelling by any person to a registered person then under reverse charge recipient (R-P) is liable to pay tax (G13)
- Service by way of renting of residential dwelling to an un-registered person for the purpose of residence is exempt
- Also, if renting of immovable property other than residential dwelling by an un-registered person to registered person other than composition levy then under reverse charge the recipient is liable to pay tax

Discussion & conclⁿ: a) Renting of Flat-1 to Mr. B (Un-registered person for residence is exempt
b) Renting of Flat-2 to XYZ Ltd (Registered person) is taxable under reverse charge & XYZ Ltd is liable to pay tax.
c) Exemption is available only if flat is given for residence purpose & not for official purpose. Hence taxable under forward charge.
d) Renting of 2 commercial shops by Mr. Ram to registered person is taxable under RCM. assumption: recipient is not under c-2

CCP 03.02.06.00

Mr. Priyam, director of Sun Moon Company Private Limited, provided service to the company for remuneration of ₹ 1,25,000. Briefly answer whether GST is applicable in the below mentioned independent cases? If yes, who is liable to pay GST?

- Mr. Priyam is an independent director of Sun Moon Company Private Limited and not an employee of the company.
- Mr. Priyam is an executive director, i.e. an employee of Sun Moon Company Private Limited. Out of total remuneration amounting to ₹ 1,25,000, ₹ 60,000 has been declared as salaries in the books of Sun Moon Company Private Limited and subjected to TDS under section 192 of the Income-Tax Act (IT Act). However, ₹ 65,000 has been declared separately other than salaries in the Sun Moon Company Private Limited's accounts and subjected to TDS under section 194J of the IT Act as professional services. [CA Inter RTP May 21] [CA Inter MTP Mar 24]

Legal provision:

- 1) If services are provided by director to his company located in taxable territory, then under reverse charge company is liable to pay tax [Sec 9(3)]
- 2) Services by an employee to an employer in the course of or in relation to employment then it is not treated as supply [para-1 of Sch III]
- 3) As per CBIC clarification, if:
 - a) TDS on director's remuneration is deducted u/s 192 of I.T. Act then it is treated as salary & not treated as supply & no GST is payable.
 - b) TDS on director's fees or remuneration is deducted u/s 194J of I.T. Act as professional services then it is treated as supply of services & liable to GST under reverse charge.

Discussion & conclusion

(i) Mr. priyam, being an independent director & also not an employee of company, hence it is treated as supply of services to co. & liable to GST under reverse charge where GST is payable by Sun-moon co. prt Ltd

(ii) In this case, salary of ₹ 60,000 is not taxable as it is provided in the course of employment & also T.D.S is deducted u/s 192.

However, ₹ 65,000 has been declared separately other than salary where T.D.S is deducted u/s 194J, hence it a taxable supply of service & under reverse charge Sun-moon prt Ltd. is liable to pay tax.

Decide which person is liable to pay GST in the following independent cases, where the recipient is located in the taxable territory. Ignore the Aggregate Turnover and Exemption available.

- (i) Mr. Raghu provided sponsorship services to WE-WIN Cricket Academy, an LLP. [Study Mat]
 (ii) 'Safe Trans', a Goods Transport Agency, transported goods of Kapil & Co., a partnership firm which is not registered under GST.

[CA Inter Suggested Nov 19] [CA Inter - Nov 18 Exam] [Study Mat]

Answer:-

- i) Legal provision: If Sponsorship services are provided by any person other than body corporate to body corporate or partnership firm (including LLP) then under reverse charge recipient is liable to pay tax.
Discussion & conclusion: In given case sponsorship service is supplied by Mr. Raghu to an LLP, hence under reverse charge WE WIN Cricket Academy is liable to pay GST.
- ii) Legal provision: If services are provided by GTA for transportation of goods by road to any notified person which includes un-registered partnership firm, then under reverse charge recipient is liable to pay tax.
Discussion & conclusion:
 In given case Safe Trans is transporting goods of Kapil & Co. a un-registered partnership firm. hence under reverse charge Kapil & Co. is liable to pay tax. Also Kapil & Co shall apply for compulsory Reg. No. 24.
Note: we assume that GTA has not opted for forward charge.

State, with reason, the person liable to pay GST in each of following independent cases:-

Assume recipient is located in taxable territory.

- (i) Rental income received by Tamil Nadu State Government from renting an immovable property to Mannappa Pvt. Ltd. (Turnover of the company was ₹ 22 lakhs in the preceding F. Y.) [Study Mat- but with Central Govt. instead of State Govt.]
 (ii) Legal Fees received by Mr. Sushrut, a senior advocate, from M/s. Tatva Trading Company having turnover of ₹ 50 lakhs in preceding financial year. [Study Mat- with advocate instead of senior advocate] [CA Inter Old - May 18 Exam]

Answer:-

- i Legal provisions: If renting of immovable property service is provided by C.G. (except Ministry of Railway), S.G. or local authority to any registered person in a taxable territory, then tax is payable under reverse charge by recipient [Sec 9(3)].

Discussion & concl

1. In given case, Agg Tlo of Mamappa prt Ltd is 22 lakhs in p.f.y. which exceeds threshold hence we can say that Mamappa prt Ltd is registered person.
2. Here renting services provided by Govt of Tamil Nadu to Mamappa prt Ltd, hence under reverse charge Mamappa prt Ltd is liable to pay.

- ii Legal prorr: 1) If legal service are supplied by a Senior advocate to any business entity located in taxable territory, then under reverse charge recipient is liable to pay tax.
2) But if Agg Tlo of business entity in p.f.y. below threshold then exemption is available.

Discussion & Conclusion: In given case aggregate Tlo of M/s Tatra trading co, a business entity in p.f.y. is 50 lakhs which exceeds threshold hence exemption is not available. Therefore under reverse charge M/s Tatra trading co. is liable to pay tax.

CCP 03.03.15.00

In the following independent cases, decide, who is liable to pay GST, if any.

You may assume that recipient is located in the taxable territory. Ignore the aggregate turnover and exemption available.

- (ii) Mr. Kamal Jain, an unregistered famous author, received ₹ 20 lakh of consideration from PQR Publications Ltd. for supply of services by way of temporary transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works of his new book. [CA Inter Nov 20 Exam]

Answer:-

Legal prorn :- If copyright services relating to original literary works supplied by author to a publisher then under reverse charge recipient is liable to pay tax [Sec 9(2)]

ii)

2) But author can opt to pay tax under forward charge subject to following conditions.

a) he has taken registration under GST.

b) he filed declaration to commissioner for option to pay tax under forward charge & to comply with all prorn of this act.

c) he shall not withdraw the option for a period of 1 year

d) he also makes declaration in the Invoice.

Discussion & Conclusion: In given case, author is un-registered hence under reverse charge per publication is liable to pay tax.

But if author is ready to take registration & to file declaration then he can opt to pay tax under forward charge.

CCP 03.03.16.01

State the person liable to pay GST in the following independent services provided:-

2) M/s. Purohit Consultants, a partnership firm registered in Delhi as a regular tax payer, paid sponsorship fees of ₹ 70,000 at a seminar organized by a private NGO (a partnership firm) in Delhi. [CA Inter RTP May 23] [CA Inter MTP April 24]

Answer:

Question(Self made) 9(5) ECO

Discuss the GST implication in the following case study.

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

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

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

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

Answer:

- | | |
|----|---|
| a) | If <u>passenger transport service</u> is supplied by motor vehicle or bike through an ECO, then ECO is liable to pay tax. But in case of Omnibus where supplier is a company then supplier is liable to pay tax.
In given case, ECO Fast-cab is liable to pay tax. |
| b) | If accommodation for residential or lodging purposes service is provided by Hotel, Inn etc. where it is not liable to register through ECO, then ECO is liable to pay tax (Sec 95).
In given case, Stay easy is liable to pay tax. |
| c) | If housekeeping etc. services supplied by any person who is not liable to register through ECO, then ECO is liable to pay tax.
In given case Quick-fix is liable to pay tax. |
| d) | Supply of restaurant services through ECO then ECO is liable to pay tax. But if restaurant is located in a specified premises where room rent is more than ₹ 7500/then Supplier i.e. restaurant is liable to pay tax. <u>per day</u>
So in given case, Royal dine is located in a luxury hotel where room rent is more than ₹ 7500 per day, hence Royal dine is liable to pay tax. |



COMPOSITION SCHEME

CCP 04.03 04.00

Aag 110

Zen Pvt. Ltd. is a dealer in goods having registered office at Noida, Uttar Pradesh and shops are located at Noida, Uttar Pradesh and Chennai, Tamil Nadu.

Details of various supplies both inward & outward undertaken by them during June 20XX quarter are given in the table below :-

All the values given in the table are inclusive of GST (CGST/SGST/ UTGST/IGST), wherever applicable. Applicable IGST Rate is 5% and CGST & SGST @ 2.5% each, on inward & RCM supplies as well.

S.No.	Particulars	Amounts (₹)
i	Export of goods to China from Noida	20,00,000
ii	Goods supplied to SEZ located at Delhi from Noida	15,00,000
iii	Supply of goods directly to customer from location of job worker at Lucknow (U.P.) after completion of job work. (Intra state)	2,00,000
iv	Sales from Chennai Shop (Inter State)	11,00,000
v	Local sales at Noida (Intra State)	25,00,000
vi	Services of transport availed from M/s. ABC Transport (Inter State)	3,00,000
vii	Commission paid to Mr. Nagar, Sales Executive which is not part of the terms of employment. (Intra State)	50,000

Calculate the aggregate turnover of Zen Pvt. Ltd. for June 20XX quarter. Brief and suitable notes should form part of your answer. [CA IPC July 21 Exam]

Answer:-

Computation of aggregate turnover of Zen Pvt. Ltd.:-

S.No.	Particulars	Amount (₹) [excluding GST]	Reason / Assumptions
i	Export of goods to China from Noida	20,00,000	It is included in Aag. T/O & it is assumed that export are made without GST. Hence the given value is not inclusive of GST.
ii	Goods supplied to SEZ located at Delhi from Noida	15,00,000	It is included in aggregate T/O & it is assumed that supply to SEZ are made without tax (Zero rate supply) & hence value is not inclusive of GST.
iii	Supply of goods directly to customer from location of job worker	1,90,476 (2,00,000 x 100/105)	Value of supply is treated as inclusive of GST & hence GST is excluded from the same.

iv	Sales from Chennai Shop (Inter State)	10,47,619. [11,00,000 x 100/105]	It is includible in aggregate Tlo & EUST is excluded from the Same.
v	Local sales at Noida (Intra State)	23,80,952 [25,00,000 x 100/105]	It is included in agg Tlo & CUS & SST excluded from the Same
vi	Services of transport availed	Nil	Inward supply subject reverse charge are not included in aggregate Tlo.
vii	Commission paid to Sales Executive	Nil	Any Inward supply are not not included in aggregate Tlo.
Total aggregate turnover		₹ 11,047	

CCP 04.04.05.00

Mr. Zafar of Assam, provides the following information for the preceding financial year 20XX-YY. You are required to find out the aggregate turnover for the purpose of eligibility of composition levy scheme and determine whether he is eligible for composition levy scheme or not for the F.Y. 20YY-22.

Particulars	Amount (₹ in lakhs)
Value of taxable outward supplies (include ₹ 10 lakh of inter-state transactions)	50.00
Value of exempt supplies (include ₹ 30 lakh received as interest on loans & advances)	70.00
Value of inward supplies on which he is liable to pay tax under reverse charge	5.00
Value of exports	5.00
All the amounts are exclusive of GST.	

[CA Inter Nov 19 Exam New]

Answer:-

Legal pron.

2. Aggregate Tlo for composition Scheme includes value of all taxable supplied, exempt supplies, export supplies & inter-state supplies to a person having same PAN, to be computed all India basis, but excludes -
- GST & GST cess
 - Value of inward supplies subject to reverse charge.
 - Interest on loan, advances or deposits.

2. A R.P. can opt for composition scheme if aggregate Tlo in P.F.Y. does not exceeds ₹ 150 lakhs [Section 10(1)]
3. Applicable limit for composition scheme for Assam is ₹ 150 lakhs
4. One of the condition for composition scheme is that person should not engage in inter-state outward supply in C.F.Y.

Computation of Agg Tlo of Mr. Zafar for F.Y. 20xx-yy for eligibility of composition levy.

Particulars	Amt (₹ in lakhs)
1. value of taxable outward supplies.	50
2. value of exempt supplies. (to-30 lakhs)	40
3. Forward Supplies under RCM.	Nil
4. value of export.	5
<u>Agg Tlo</u>	<u>95</u>

In given case Agg. Tlo of Mr. Zafar is ₹ 95 lakhs in P.F.Y. which does not exceeds ₹ 1.5 cr. hence eligible for composition scheme in C.F.Y. Also Mr. Zafar is not engage in inter-state outward supply

CCP 04.04.08.00 In C.F.Y.

Enumerate the persons who are not eligible to opt for Composition Scheme under section 10(2) of the CGST Act, 2017. [CA Inter May 23 Exam] [CA Inter Exam - May 19 New]

Answer:- A registered person is not eligible to opt for composition scheme vis 10(2) if.

- a) he is engage in supply of services other than restaurant catering etc. & marginal supply of services (i.e. 10% of Tlo in state of P.F.Y. or ₹ 5 lakhs which is higher.)
- b) He is engage in supply of goods or services not taxable to tax
- c) He is engage in inter-state outward supplies of goods or services
- d) He is engage in supply of services through ECD, who is required to collect TCS.
- e) He is a manufacturer of notified goods i.e. ice cream or edible ice, pan masala, aerated water, tobacco etc.
- f) He is a CTP or NRTP.

CCP 04.04.12.00

Mr. X is running a ^{Sol} consulting firm and also a ^{Sob} readymade garment showroom in Kolkata registered under same PAN. Turnover of the showroom is ₹70 lakh and receipt of consultancy firm is ₹15 lakh in the preceding financial year.

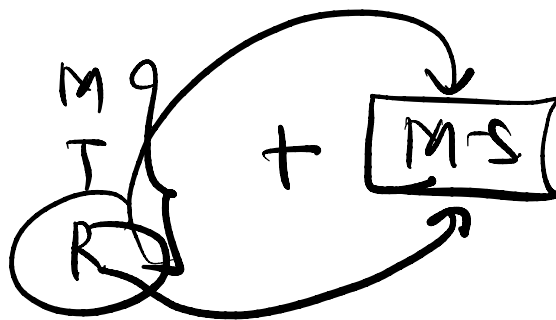
You are required to answer the following:-

- (1) Is Mr. X eligible for composition scheme? ✓
- (2) Is it possible for Mr. X to opt for composition scheme only for showroom?

[CA Inter Suggested Nov 18 Old]

Answer:- legal provision

1. A registered person can opt



CCP 04.05.14.00

Vansh Traders, a registered supplier, is providing restaurant services in Manipur. It has turnover of ₹85 lakh in the preceding financial year 20XX-YY. It has started providing intra- State event management services in the current financial year 20YY-ZZ and discontinued rendering restaurant services.

- (i) With reference to the provisions of the CGST Act, 2017, examine whether Vansh Traders can opt for the composition scheme under section 10 of the CGST Act, 2017 in the current financial year?
- (ii) Is Vansh Traders eligible to avail benefit of concessional payment of tax under Sec 10(2A)? [CA IPC Jan 21 Exam]

Answer:- legal provision

1. A registered person who is exclusively engage in supply of

Services other than restaurant service is not eligible for composition scheme u/s 10(1) & 10(2)

2. Such person is eligible for composition scheme u/s 10(2A) provided that his aggregate T/O in p.f.y. does not exceed ₹ 50 lakh.

Discussion & conclusion.

1) In given case, Ranish Trader is engaged exclusively in supply of event management service in c.f.y. 20YY-22, hence not eligible for composition scheme u/s 10(1) & 10(2) in said f.y.

2) Further, the aggregate T/O of p.f.y. 20XX-YY exceeds ₹ 50 lakhs, therefore it cannot opt for composition scheme u/s 10(2A) in c.f.y. 20YY-22

CCP 04.05.16.00

10(1) & 10(2) → 10(2A)

(a) Chanchal started providing beauty and grooming services and inaugurated "Care & Care Beauty Centre" in Janak Puri, Delhi on 01st April, 20XX. She opted to pay tax under sec 10(2A) scheme. The aggregate turnover of Care & Care Beauty Centre for the quarter ending 30th June, 20XX was ₹ 20 lakh. Further, for the half year ending 30th September, 20XX, the turnover reached ₹ 50 lakh. Care & Care Beauty Centre recorded a rapid growth and the turnover reached ₹ 70 lakh by the end of October, 20XX. Determine the total tax liability of Care & Care Beauty Centre by the end of October, 20XX.

(b) Care & Care Beauty Centre wishes to opt for composition scheme from the next financial year. You are required to advise it whether it can do so?

Note:- Rate of GST applicable on such services is 18%. [CA Inter RTP May 2020] [CA Inter RTP May 21-Similar Question] [CA Inter MTP April 24(Similar)]

Answer:-

✓ Legal pron.:- 1) A R.P. who exclusively engage in supply of services other than restaurant service is not eligible for composition scheme u/s 10(1) & 10(2)

2) As per sec 10(2A), if registered person is not eligible for composition scheme u/s 10(1) & his agg T/O in p.f.y. does not exceed ₹ 50 lakhs then such person can opt to pay tax under composition scheme u/s 10(2A)

3) u/s 10(2A) GST is payable @ 5%. [CST @ 2% + SGST @ 3%] of T/O in state upto 50L & thereafter GST is payable @ normal rate.

4) Turnover in state shall not include supplies made from 1st April of a FY. upto the date when such person become liable for registration

Computation of total tax liability of care & care beauty center upto Oct 20xx.

Period	Description & tax rate.	Turnover (₹)	Tax liability (₹)
Quarter I	Upto Agg tlo 20 lakhs, care & care beauty center is under threshold & not required to register under GST. Hence, no GST is payable.	20 lakhs	Nil
Quarter II	After 20 lakhs till 50 lakhs of aggregate tlo, GST is payable @ 6%.	30 lakhs (50-20)	1,80,000 (30 lakhs x 6%)
Oct 20xx	After 50 lakhs of agg-tlo normal rate of GST is applicable i.e. @ 18%.	20 lakhs (70-50)	3,60,000 (20 lakhs x 18%)
Total tax payable.			5,40,000

(b) NO, care & care beauty center cannot opt for composition scheme upto 10(2A) from the next financial year as the agg tlo of c-fy. exceeds ₹ 50 lakhs.

6/6

CCP 04.06.18.00

Determine whether the supplier in the following cases are eligible for composition levy 10(1)/10(2A), provided their turnover in preceding financial year does not exceed ₹ 1.5 Crore:-

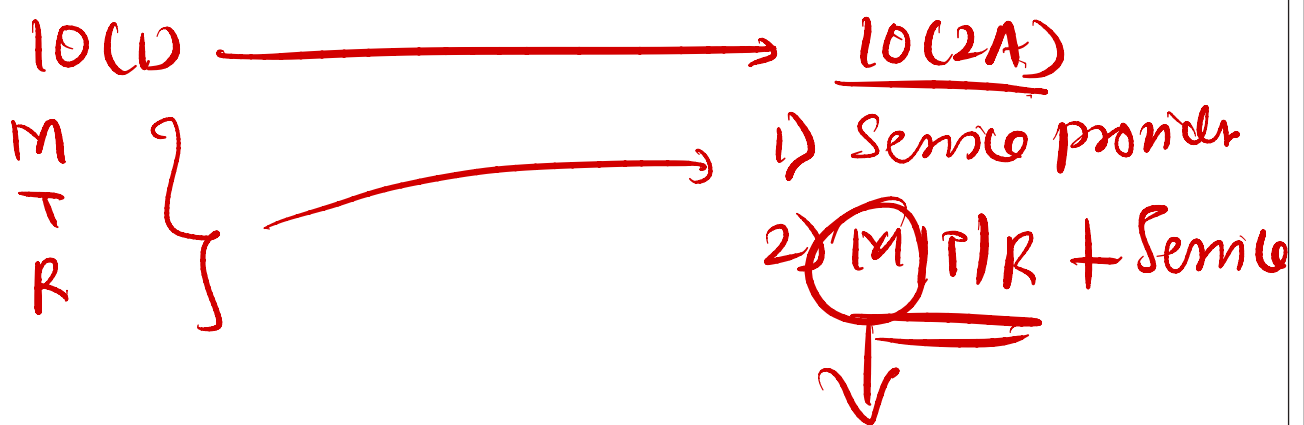
- Sugam Manufacturers has registered offices in Punjab and Haryana and supplies goods in neighbouring States. [Study Mat]
- Can a person paying tax under composition scheme make supplies of goods to SEZ?
- Raju is engaged in the manufacture of 'Fly ash Bricks' in the State of Kerala. He started his activity in the month of April, 20XX and deals only in intra-State. His tax consultant advised him to register under composition levy under GST as Raju's turnover is expected to be below ₹ 1 crore for the said financial year.

Briefly discuss the relevant provision, correct conclusion & validity of given advice (Correct/Incorrect). [CA Inter Nov 22 Exam] [CA Inter MTP Sep 23 (Similar)]

Answer:-

- i) Legal provision : If registered person is engaged in making inter-state outward supply of goods or services then he is not eligible for composition scheme [Sec 10(2)]
- Discussion & conclusion:- In given case Sugam manufacturer supplies goods in neighbouring state, hence not eligible for composition scheme U/s 10(1)

- ii) Supply of goods to SEZ is treated as export & under 1st export is an inter-state supply. Hence, person is not eligible for composition scheme.



- iii) If registered person manufacturing notified goods, one of which is fly ash bricks, is not eligible for composition scheme [10(2)]

In given case, Raju is engaged in manufacture of fly ash bricks, hence he is not eligible for composition scheme U/s 10(1)

Hence advice given by consultant is not correct.

Note: If Raju want to opt for composition then U/s 10(2A) then it is available because not notified U/s 10(2A)

The due date for payment of tax by a person paying tax under section 10 of the CGST Act, 2017, i.e., a composition supplier is aligned with the due date of return to be filed by the said person. Discuss the correctness or otherwise of the statement. [CA Inter RTP Nov 2020]

Answer:-

1. The statement is incorrect.
2. Composition dealer is required to pay tax quarterly & need to file quarterly statement in form CMP-08 by the 18th of next month after the end of quarter.
3. Also, he is required to file return on yearly basis in form GSTR-4 by 30th June of succeeding FY.

MCQ Case Studies

MCQ 19

M/s. Delight Brothers, a partnership firm, is engaged in restaurant business. It is registered under the composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017 for the current financial year. It's turnover in the State for the month of April was ₹12,00,000.

It received new orders in the month of May to run a mess facility for supplying food at:

- Vishwas Public School, a higher secondary school;
- Knowledge Institute of Technology, an engineering college, approved by AICTE and UGC; and
- Frontline Hospital

It also provided catering services to a Coral limited company for their Annual General Meeting. Service was provided on 3rd July. But invoice was not issued by the firm to the company. However, payment was received on 25th July for which bank account was credited on 28th July. The turnover of restaurant business for the current financial year is ₹48,00,000.

From the inception of next financial year, M/s. Delight Brothers will close down the restaurant business and will provide service of repairing of air conditioners.

M/s Delight Brothers undertakes intra-State transactions only.

Based on the information given above, choose the most appropriate answer for the following questions—[CA Inter RTP Nov 22]

19.1. Compute the tax liability of M/s. Delight Brothers for the month of April?

- CGST & SGST of ₹6,000 each
- CGST & SGST of ₹12,000 each
- CGST & SGST of ₹30,000 each
- CGST & SGST of ₹60,000 each

[Hint:- Refer Sec 10(1) read with Rule 7, Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II [i.e. "Restaurant, Catering where rate of tax is 2.5% each of Turnover in state, $12,00,000 \times 2.5\% = 30,000$ Each]

19.2. Out of new orders received by the firm in May, which of the following services are exempt from GST?

(i) Service provided to Vishwas Public School

(ii) Service provided to Knowledge Institute of Technology

(iii) Service provided to Frontline Hospital

- (i) and (iii)
- (ii) and (iii)
- only (i)
- (i) and (ii)

[Hint:- Refer SI no.66 Education & Training & Refer definition of Educational Institute as per para 2(y)]

19.3. Time of supply of catering services provided to a Coral limited company is

- 3rd July
- 25th July
- 28th July
- 2nd August

[Hint:- As per Sec 13(2), TOS of services if invoice is not issued within time prescribed u/s 31, will be earlier of date of provision of service or date of payment,]

19.4. Which of the following statements is most appropriate in respect of next financial year for M/s Delight Brothers?

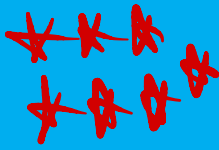
- M/s Delight Brothers can continue to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017.
- M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017.
- M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017, but can avail benefit of composition levy under section 10(2A) of the CGST Act, 2017.
- M/s Delight Brothers can neither avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017 nor under section 10(2A) of the CGST Act, 2017.

[Hint:- As Delight brothers has started providing repairing services so will be ineligible under Sec 10(1) & 10(2) & its turnover is ₹48L so can avail benefit of composition under Sec 10 (2A)]

19.5 . Rate of GST applicable for service of repairing of air conditioners made by M/s Delight Brothers will be _____, assuming that it intends to pay the tax at the minimum rate available?

- 1%
- 5%
- 6%
- 12%

[Hint:- As per Sec 10(2A), tax rate shall not exceed 6% (i.e. CGST 3% and SGST/UTGST 3%) of t/o in State or UT.]



Value of Supply

CCP 05.01.07.00 ✖

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

In light of provisions contained in Para 3 of Schedule I of CGST Act, kindly explain treatment of interest charged by M/s. Kela and M/s. Bela in above mentioned cases. [CA IPC July 21 Exam]

Answer:- Legal provision:

1. DCA is an agent of para-3 of Sch-I, if invoice for the supply of goods is issued in his own name. Therefore short term credit facility provided by DCA to buyer is not treated as independent activity & interest charge for such credit is treated as delay payment of consideration & includible in value.
2. However, if the invoice for supply of goods is issued by the supplier to customer through DCA, then DCA is not an agent of para-3 of Sch-I. Therefore short term credit facility provided by DCA to buyer is an independent activity & interest charged for such credit is treated as interest on loan, advance or deposit which is exempted from tax.

Discussion & conclusion.

1. In given case M/s Kela & M/s Bela are del-credit agent (DCA) of M/s Chand as they guarantee the payment to supplier.
2. M/s Bela is issuing his own invoice & hence agent of para-3 therefore interest charged on credit facility will be included in value of supply
3. M/s Kela is not issuing own invoice, hence not an agent of para-3. Therefore interest charged on credit facility is treated as interest on loan which is exempt from tax.

CCP 05.02.10.00

Describe the conditions to be satisfied for availing deduction of post supply discounts from the value of supply as per the provisions of section 15(3) of the CGST Act 2017. [CA Inter May 24 Exam] [Study Mat (Similar)]

Answer: Conditions to be satisfied for post supply discount are as follows. [Sec 15(3)]

1. Discount was agreed in terms agreement at the time supply.
2. Discount specifically linked to the invoice.
3. Proportionate ITC is reversed by the recipient.

1,00,000 ————— 10,000
 GST 12000
 12000

CCP 05.04.15.00

M/s. Flow Pro, a registered supplier, sold a machine to BP Ltd. It provides the following information in this regard:-

Sr.No.	Particulars	Amount in ₹
(i)	Price of the machine [excluding taxes and other charges mentioned at S. Nos. (ii) and (iii)]	25,000
(ii)	Third party inspection charges [Such charges were payable by M/s Flow Pro but the same have been directly paid by BP Ltd. to the inspection agency. These charges were not recorded in the invoice issued by M/s Flow Pro.]	Add 5,000 15,000
(iii)	Freight charges for delivery of the machine [M/s Flow Pro has agreed to deliver the goods at BP Ltd.'s premises]	2,000
(iv)	Subsidy received from the State Government on sale of machine under Skill Development Programme [Subsidy is directly linked to the price]	5,000
(v)	Discount of 2% is offered to BP Ltd. on the price mentioned at S. No. (i) above and recorded in the invoice	

Note: Price of the machine is net of the subsidy received. ✓

Determine the value of taxable supply made by M/s Flow Pro to BP Ltd.

[CA Inter MTP Oct 21, April 24] [Study Mat]

Answer:

Computation of value of taxable supply made by M/s. Flow Pro to BP Ltd.:-

Particulars	Amount (₹)	Remark
<u>Price of the machine</u>	25,000	Value of Supply shall be transaction value i.e. Price actually paid or payable for supply [Sec 15(1)]
Third party inspection charges	5000	Amount that Supplier is <u>liable to pay</u> for Supply but it is <u>incurred by recipient</u> & not included in price, then it is <u>includible</u> in value of Supply [Sec 15(2)(b)]
Freight charges for delivery of the machine	2000	any incidental expenses charged by the Supplier is includible in value of Supply. The Freight charges is incidental exp & also a part of <u>composite Supply</u> hence it is added in value of supply (Sec 15(2)(c))
Subsidy from State Government	Nil	only subsidy linked to price other than govt. is includible in taxable value. [Sec 15(2)(e)] In given case subsidy received from govt is not includible in the value of supply.
Total	32,000	
Less: discount @ 2% on ₹ 25,000 being charged to BP Ltd.	500	If discount is given before or at the time of supply & duly recorded in the invoice then it is deductible from value of Supply Sec 15(3)
Value of taxable supply	31,500	

CCP 05.04.16.00

Following are the particulars, relating to one of the machine sold by SQM Ltd. to ACD Ltd. in the month of February 20XX at list price of ₹ 9,50,000 (exclusive of taxes and discount). Further, following additional amounts have been charged from ACD Ltd:-

Sr.No.	Particulars	Amount in ₹
(i)	Municipal taxes chargeable on the machine	45,000
(ii)	Outward freight charges (Contract was to deliver machine at ACD Ltd.'s factory i.e. F.O.R. contract)	65,000

Additional information:-

- (i) SQM Ltd. normally gives an interest-free credit period of 30 days for payment, after that it charges interest @ 1% p.m. or part thereof on list price. ACD Ltd. paid for the supply after 45 days, but SQM Ltd. waived the interest payable.
- (ii) SQM Ltd. received ₹ 50,000 as subsidy, from one non-government organization (NGO) on sale of such machine. This subsidy was not linked to the price of machine and also not considered in list price of ₹ 9,50,000.
- (iii) ACD Ltd. deducted discount of ₹ 15,000 at the time of final payment, which was not as per agreement.
- (iv) SQM Ltd. collected ₹ 9,500 as TCS (tax collected at source) under the provisions of the Income Tax Act, 1961.

Compute the value of taxable supply as per the provision of GST laws, considering that the price is the sole consideration for the supply and both parties are unrelated to each other.

Note:- Correct legal provision should form part of your answer. [CA Inter Nov 20 Exam]

Answer:-

Computation of Value of taxable supply:-

Sr.No.	Particulars	Amount (₹)
6/8	List price (exclusive of taxes and discount)	9,50,000
(i)	Municipal taxes [Note-1] ✓	45000
(ii)	Outward freight charges [Note-2] ✓	65,000
	Value of taxable supply	10,60,000

1. Taxes other than GST are includible in the value of Supply, if charged Separately [Sec 15(2)(a)]
2. Freight charges is an incidental exp & also a part of composite Supply, hence includible in value of Supply. [Sec 15(2)(a)]
3. Value of Supply includes interest charged on delay payment of consideration. However, in given case interest is waived off hence not included in value of Supply [Sec 15(2)(d)]
4. Subsidy directly linked to the price by non-Govt bodies is includible in the value of Supply. In given case, Subsidy received from NGO is not directly linked to the price, hence not been added in the value of Supply. [Sec 15(2)(e)]
5. Post-Supply discount is deductible if it was agreed at the time of supply, linked to the invoice & proportionate etc is received by the recipient. In given case discount was not agreed at the time of supply, hence not deductible from value. [Sec 15(3)(b)]

G. TCS is an interim levy of income tax, hence not be added in value of supply.

CCP 05.04.17.00

Shri Krishna Pvt. Ltd., a registered supplier, furnishes the following information relating to goods sold by it to Shri Balram Pvt. Ltd:

Sr. No.	Particulars	Amount (₹)
(i)	Price of the goods [excluding taxes and other charges mentioned at S. Nos. (iii), (v) and (vi)]	✓ 1,00,000
(ii)	Municipal tax ✓ Add.	2,000
(iii)	Inspection charges Add.	15,000
(iv)	Subsidy received from Shri Ram Trust [Subsidy is directly linked to the goods supplied] Add.	50,000
(v)	Late fees for delayed payment inclusive of GST [Shri Balram Pvt. Ltd. paid the late fees. However, these charges were ultimately waived by Shri Krishna Pvt. Ltd. and the amount was refunded to Shri Balram Pvt. Ltd. during the same month]	1,000
(vi)	✓ Weighment charges [Such charges were paid by Shri Balram Pvt. Ltd. to Radhe Pvt. Ltd. on behalf of Shri Krishna Pvt. Ltd.] (15,000)	2,000

Note: Price of the goods is net of the subsidy received.

Determine the value of taxable supply made by Shri Krishna Pvt. Ltd. to Shri Balram Pvt. Ltd. [Study Mat] [CA Inter MTP Oct 20, Nov 21, Sep 23]

Answer:- Computation of value of taxable supply made by Shri Krishna Pvt. Ltd. to Shri Balram Pvt. Ltd.:-

Particulars	Amount(₹)	Remark
Price of the goods	1,00,000	Value of supply is the Transaction value [Sec 15(2)]
Municipal Tax	2,000	Taxes other than GST are includible in the value of supply [Sec 15(2)(a)]
Inspection charges	15,000	Incidental exp charged by Seller is includible in value of supply [Sec 15(2)(a)]
Subsidy received from Shri Ram Trust	50,000	Since Subsidy received from a non-vort body & it is directly linked to the price. Hence includible in value of supply [Sec 15(2)(c)]
Late fees for delayed payment	Nil	If late fee charged by Seller then it is includible in value. In given case it is waived off, hence not added.
Weighment charges paid to Radhe Pvt. Ltd. by Shri Balram Pvt. Ltd. on behalf of Shri Krishna Pvt. Ltd.	2,000	Any Liability of supplier, incurred by the recipient & not included in price then it shall be added in value of supply. (Sec 15(2)(b))
Value of taxable supply	1,69,000	

Namo Shankar Ltd., a registered supplier in Mumbai (Maharashtra), has supplied goods to Narad Traders and Nandi Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respectively. Namoshankar Ltd. has furnished the following details for the current month:-

Sr. No.	Particulars	Narad Traders (₹)	Nandi Motors Ltd. (₹)
(i)	Price of the goods (excluding GST)	10,000	30,000
(ii)	Packing charges	500	
(iii)	Commission	500	
(iv)	Weighment charges		2,000
(v)	Discount for prompt payment (recorded in the invoice)		1,000

Items given in points (ii) to (v) have not been considered while arriving at price of the goods given in point (i) above.

Compute the GST liability [CGST & SGST or IGST, as the case may be] of Namoshankar Ltd. for the given month. Assume the rates of taxes to be as under:-

Particulars	Rate of tax
Central tax (CGST)	9%
State Tax (SGST)	9%
Integrated tax (IGST)	18%

Make suitable assumptions, wherever necessary.

Note:- The supply made to Narad Traders is an inter-State supply. [CA Inter RTP-Nov 21] (CA Inter MTP Mar 24)

Answer:- Computation of GST liability:-

Sr. No.	Particulars	Narad Traders (₹)	Nandi Motors Ltd. (₹)
(i)	Price of goods (Note-1)	10,000	30,000
(ii)	Add: <u>Packing</u> charges (Note-2) ✓	500	
(iii)	Add: <u>Commission</u> (Note-2) ✓	500	
(iv)	Add: <u>Weighment</u> charges (Note-2) ✓	—	2000
(v)	Less: Discount for prompt payment (Note-3)	—	(1000)
	Value of taxable supply	11000	31000
	<u>IGST</u> payable @ 18% (Note-4)	1980	—
	CGST payable @ 9% (Note-5)		2790
	SGST payable @ 9% (Note-5)		2790

Notes:- 1. Value of supply shall be transaction value i.e. price actually paid or payable.

2. Any incidental exp. including commission, packing & also weightment charges charged by seller to the buyer at the time or before supply is includible in value of supply [Sec 15(2)(c)]

3. Any discount given before or at the time of supply & recorded in invoice is deductible from taxable value [Sec 15(2)]

4. Supply made to non-resident traders is an inter-state supply & GST is payable

5. Supply made to resident traders is an intra-state supply, hence CGST & SGST is payable

CCP 05.04.20.00

Kamal Book Depot, a wholesaler of stationery items, registered in Mumbai, has received order for supply of stationery items worth ₹ 2,00,000/- on 12th November, 20XX from another local registered dealer, Mr. Mehta, Mumbai. Kamal Book Depot charged the following additional expenses from Mr. Mehta:- buyer

Sr. No.	Particulars	Amount in ₹
(i)	Packing charges	5,000 ✓
(ii)	Freight & Cartage	2,000 ✓
(iii)	Transit Insurance	1,500 ✓
(iv)	Extra designing charges	6,000 ✓
(v)	Taxes by Municipal Authority	500 ✓

15(2)(c)
15(2)(c)

The goods were delivered to Mr. Mehta on 14th November, 20XX. Since Mr. Mehta was satisfied with the quality of the goods, he made the payment of goods the same day and simultaneously placed another order on Kamal Book Depot of stationery items amounting to ₹ 10,00,000 to be delivered in the month of December, 20XX. On receipt of second order, Kamal Book Depot allowed a discount of ₹ 20,000 on the first order placed by Mr. Mehta.

Compute the GST liability of Kamal Book Depot for the month of November, 20XX assuming the rates of GST on the goods supplied as CGST 9% & SGST 9%.

Would your answer be different if expenses (i) to (v) given in above table are already included in the price of ₹ 2,00,000?

Note:- (i) All the amounts given above are exclusive of GST.

(ii) Kamal Book Depot and Mr. Mehta are not related persons and price is the sole consideration of the supply.

**Payment and invoice for the second order will also be made in the month of December, 20XX only.

[CA Inter RTP May 19 New]

Answer:-

i) Computation of value of taxable supply & GST liability of Kamal Book Depot for November, 20XX:-

Particulars	Amount (₹)	Refer Note
Price of the goods	2,00,000	Note-1
Add:-		
i. Packing Charges	500	} Note-2
ii. Freight & Cartage	2000	
iii. Transit Insurance	1500	
iv. Extra Designing charges	6000	
v. Taxes by Municipal Authority	500	Note-3
Value of taxable supply	2,15,000	
CGST @ 9%	19350	
SGST @ 9%	19350	
Total GST Liability	38700	

Notes:- 1. Value of supply shall be transaction value i.e. price actually paid or payable for supply where buyer & seller are not related & price is sole consideration for sale [Sec 15(1)]

2. Any incidental exp. including commission, packing, freight, transit insurance & designing charges charged by the seller to buyer at the time or before supply is includible in value of supply. [Sec 15(2)(a)]

Also these expenses is a part of composite supply [Sec 8(a)]

3. Taxes other than GST is includible in value of supply [Sec 15(2)(a)]

4. Post supply discount is deductible if it was agreed at the time of supply, specifically linked to the invoice & proportionate part is reversed by recipient. In given case post supply discount of ₹ 20,000 was not known at the time of supply, although it is specifically linked to the invoice issued to M/s Mehata in month of Nov 20xx Hence not deductible from value of supply

(ii) In case where expenses (i) to (v) are included in price 2,10,000 then, no further addition will be required.

The value of supply will be ₹ 2,00,00,000 + cost of GST will 18,00,000 each.

Computation of GST

CCP 15.01.02.00

10

ABC Ltd., a registered supplier in Surat, Gujarat has calculated output net GST liability after adjusting ITC in the books for the month of February, 20XX:-

CGST : ₹ 3,00,000

SGST : ₹ 2,50,000

IGST : ₹ 3,00,000

During the above month, the following additional information is provided by ABC Ltd.:-

Sr. No	Particulars	Amount [₹] [excluding GST]
1	The company had given on hire 5 trucks to one of the transporters of Vadodara (a goods transport agency) for transporting goods for 10 days. The hiring charges for the trucks were ₹ 7,500 per truck per day. NO GST	3,75,000
2	The company sold goods to X & Co. of Delhi on 6th January, 20XX with a condition that interest @ 2% per month will be charged on invoice value if X & Co. failed to make payment within 30 days of the delivery of the goods. Goods were delivered and also the invoice was issued on 6th January, 20XX. X & Co. paid the consideration for the goods on 20th February along with applicable interest. 5,00,000 5,00,000 x 2% x 15/30 = 1,50,000 Interest 10,000	5,00,000
3	The company sought legal consultancy services for its business from A & Advocates, a partnership firm of advocates situated at Bhuj, Gujarat.	1,50,000
4	The company ordered 3,000 packets of tools which are to be delivered by the supplier of Delhi via 3 lots of 1,000 packets monthly. The supplier raised the invoice for full quantity in February, 20XX and the last lot would be delivered in April, 20XX.	5,00,000
5	The company supplied 10,000 packets of tools to one of its customer at ₹ 10/- per packet in Gujarat in January, 20XX. Afterwards, the company re-values it at ₹ 9 per packet in February, 20XX and the company issued credit note to the customer for ₹ 1 per packet. 1 discount - credit note	

The rate of GST is 9% CGST, 9% SGST and 18% IGST.

You are required to compute the actual net liability of GST to be paid in cash along with working notes for the month of February, 20XX. [CA Inter Dec 21 Exam]

Answer:- Computation of net GST liability of ABC Ltd. to be paid in cash for February, 20XX:-

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Net output GST liability (Given)	-	3,00,000	3,00,000	2,50,000
Add: Trucks given on hire to goods transport agency (GTA) [Note 1]	-	-	-	-
Add: Interest on delayed payment of 15 days (6th February, 20XX to 20th February, 20XX) [Note 2] Former value = 5,00,000 + GST (18%) = 5,90,000	5,90,000 (5,00,000 x 21% x 15/30)	9,00,000 (5,90,000 x 18%)	-	-
Total output tax liability		3,00,900	3,00,000	2,50,000

Less: ITC in respect of legal services paid as reverse charge is available	1,50,000	—	(13500)	(13500)
$\text{COST } 13500 (1,50,000 \times 9\%)$ $\Delta \text{VAT } 13500 (1,50,000 \times 9\%)$				
Net output tax liability (A)		3,00,900	2,86,500	2,86,500
Legal consultancy services received (B) [Note 3]	1,50,000 ✓	—	13500 (1,50,000 $\times 9\%$)	13500 (1,50,000 $\times 9\%$)
Total GST payable in cash [(A) + (B)]		3,00,900	3,00,000	2,99,000

Notes:

- Hiring of motor vehicle to GTA for transportation of goods is Exempted
- Interest for delay payment of consideration is includible in value supply. In given case we assume interest is calculate on total value of Invoice including GST i.e. 5,00,000 + 90,000 = 5,90,000.
Also Interest amount is treated as inclusive of GST
- Legal service supplied by partnership firm of advocate to a business entity is chargeable to tax under reverse charge & recipient, ABC Ltd is liable to pay tax. [Sec 9(3)]
Further, tax payable under reverse charge is not an output tax, hence it is only payable in cash & no ITC is available for such payment. But, after payment of such tax ABC Ltd can take ITC.
Note! we assume that aggregate T100 of ABC Ltd in p.fy. exceeds threshold.
- In case of goods received in lots, ITC can be taken only upon receipt of last lot. Hence, ITC of tools received will not be available in Feb 20xx. (See 16(2))
- Since discount is given by ABC Ltd after supply of goods which is not known at the time of supply. Hence, it is not deductible from value of supply



TIME OF SUPPLY

CCP 06.03.06.00

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

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

Answer :-

Legal Provision:-

As per **section 12(3)** of CGST Act, 2017, if **supply of goods is taxable under reverse charge**, then the time of supply of goods shall be the earliest of the following dates:-

- Date of **receipt of goods** or
- Date when payment entered in books of accounts.
- Date on which payment is debited to Bank account.
- 31st day from the date of Suppliers invoice.

Determination of time of supply of goods under reverse charge:-

S.NO.	Date of receipt of goods	Date of payment by recipient of goods	Date of issue of <u>invoice</u> by supplier of goods	31st day from date of Invoice	Time of Supply of Goods u/s 12(3) [Earlier of (1), (2) & (3)]
	(1) ✓	(2) ✓		(3) ✓	
1.	<u>July 1</u>	<u>August 10</u>	June 29	<u>July 30</u>	July 1
2.	July 1	June 25	June 29	July 30	June 25
3.	July 1	Part payment = June 30 balance payment = July 20	June 29	July 30	1) For 1st part payment = June 30 2) balance Amt = July 1

4.	July 5	1) Entry in books = 25th June. 2) debited to bank = 30th June.	June-1	July-2	<u>June-28</u>
5.	July 1	1) Entry in books = June 30 2) debited to bank = June 26	June 29	July 30	June 26
6	August 1	August 10	June 29	July 30	July 30

CCP 06.04.10.00

Mr. XYZ & Co., a firm of Chartered Accountants, issued invoice for services rendered to Mr. A on 7th September, 20XX. Determine the time of supply in the following independent cases:-

- (1) The provision of service was completed on 1st August, 20XX and payment was received on 28th September, 20XX.
- (2) The provision of service was completed on 14th August, 20XX and payment was received on 28th September, 20XX.
- (3) Mr. A made the payment on 3rd August, 20XX where provision of service was remaining to be completed at that time.
- (4) Mr. A made the payment on 15th September, 20XX where provision of service was remaining to be completed at that time. [CA Inter Nov 18 Exam] [Study Mat]

Answer :-

Legal Provision:-

➔ As per section 13(2) of CGST Act, 2017, the time of supply of services shall be as follows:-

Sr . No.	Cases	Time of supply
(a)	If invoice is issued within time	Time of Supply, shall be earlier of → date of issue of Invoice by the supplier or → date of receipt of payment.
(b)	If invoice is not issued within time.	Time of Supply shall be earlier of → date of provision of service or → date of receipt of payment

➔ As per section 31(2), generally, the tax invoice shall be issued within 30 days of supply of service & in case of banking & FI, it should be within 45 days.

Discussion & Conclusion:- In following cases, the time of supply is

- 1) 01-08-20xx, Since invoice is not issued within 30 days of provision of service.
- 2) 07-09-20xx, Since invoice is issued within 30 days of supply of service & payment is received after invoice.
- 3) 03-08-20xx, Which is the earlier date of Invoice (07-09-xx) or date of receipt of payment (03-08-xx)
- 4) 07-09-20xx which is the earlier date of Invoice (07-09-xx) or date of receipt of payment (15-09-xx)

CCP 06.06.16.00 ✓

Determine the time of supply in the following cases assuming that GST is payable under reverse charge:- [Study Mat] [CMA Mock test June 2018]

S. No.	Date of payment by recipient for supply of services	Date of issue of invoice by supplier of services
	(1)	(2)
(i)	August 10	June 29
(ii)	August 10 ✓	June 1 ✓
(iii)	Part payment made on June 30 and balance amount paid on September 1	June 29
(iv)	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1
(v)	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29

Answer: If supply of services ^{is taxable} under reverse charge, then time of supply of services shall be earlier of following

- a) Date of payment by recipient (i.e. earlier of book entry or debit to bank)
- b) 6th day from Supplier's invoice [Sec 13(3)]

Determination of the time of supply of services taxable under reverse charge:-

Sr. No.	Date of payment by recipient of services	Date of issue of invoice by supplier of services	61st day from date of Invoice	Time of Supply of Services u/s 13(3)
	(1)		(2)	[Earlier of (1)&(2)]
i	August 10	June 29	Aug 29	August 10
ii	August 10	June - 1	Aug 01	August 01
iii	Part payment made on June 30 & balance amount paid on September 1	June 29	August 29	1) for 1st part payment = June 30 2) balance payment = August 29
iv	Payment is entered in the recipient's books of account on June 28 & debited in recipient's bank account on June 30	June - 1	August 1	June 28
v	Payment is entered in the recipient's books of account on June 30 and debited in recipient's bank account on June 26	June 29	August 29	June 26

CCP 06.06.17.00

Answer the following questions independently:

a) Kabira Industries Ltd engaged the services of a transporter for road transport of a consignment on 17th June and made advance payment for the transport on the same date, i.e. 17th June. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July. Invoice was received from the transporter on 22nd July.

What is the time of supply of the transporter's service? [Study Mat]

b) A firm of advocates issues invoice for services to ABC Ltd. on 17th Feb. The payment is contested by ABC Ltd. on the ground that on account of negligence of the firm, the company's case was dismissed by the Court for non-appearance, which necessitated further appearance for which the firm is billing the company. The dispute drags on and finally payment is made on 3rd November. Identify the time of supply of the legal services. [Study Mat]

c) M/s Pranav Associates, a partnership firm, provided recovery agent services to Newton Credits Ltd., a non-banking financial company and a registered supplier, on 15th January. Invoice for the same was issued on 7th February and the payment was made on 18th April by Newton Credits Ltd. Bank account of the company was debited on 20th April.

Determine the following:

1) Person liable to pay GST

2) Time of supply of service

[Study Mat]

Answer :-

- a) Legal provision: 1) In case where transportation of goods service by road is supplied by GTA then under reverse charge recipient is liable to pay tax. [Sec 9(3)]
- 2) The TOS under ^{Rev}charge is earlier of the following
- date of payment by recipient or
 - 61th day from the date of supplier invoice. [Sec 13(3)]

Discussion & conclusion -

1. In given case, Kabira Industries is a company, hence under reverse charge it is liable to pay tax.

2. Time of supply shall be earlier of the following

1) Date of payment - 17th June

2) 61th day from supplier's invoice: 21st Sep.

∴ TOS = 17th June.

Note: we assume that GTA has not opted for forward charge.

- b) Legal provisions: 1) If legal service is provided by firm of advocate to any business entity then under reverse charge, business entity is liable to pay tax. [Sec 9(2)]

2) Same.

Discussion & conclusion

1.

c)

CCP 06.07.19.00

A Ltd., registered under GST, is engaged in job work of engineering goods as well as supplying of engineering goods. A Ltd. provides following details regarding orders received for Job work and supply of goods:-

A. Job work of engineering goods:-

Date of confirmation of order	01.03.20XX
Date of receipt of advance of 1,50,000	03.03.20XX
Date of completion of job work	06.03.20XX
Date of issue of invoice for total amount	11.03.20XX
Date of receipt of balance payment of 1,00,000	16.03.20XX

B. Supply of engineering goods:-

Date of confirmation of order	08.01.20XX
Date of receipt of advance of 1,50,000	12.01.20XX
Date of removal of goods	17.01.20XX
Date of issue of invoice for total amount	22.01.20XX
Date of receipt of balance payment of 1,00,000	01.02.20XX

You are required to examine and determine the time and value of supply under forward charge w.r.t. job work and supply of goods under the provisions of CGST Act, 2017. [CA IPC Dec 21 Exam]

Answer :- A) Time & value of supply in case of job work

- 1) Job work is treated as supply of services.
- 2) If invoice is issued within time (30 days) for supply of services the time of supply shall be earlier of following
→ Date of issue of invoice by supplier or
→ Date of receipt of payment.
to the extent of invoice or payment received
- 3) Thus, time of supply for advance of ₹ 1,50,000 is 03-03-20XX & for balance payment of ₹ 1,00,000 is 11-03-20XX
- 4) Value of supply = 2,50,000

B) Time of supply of goods under forward charge shall be earlier of following.

- a) Date of issue of invoice or
- b) last date of issue of invoice i.e. date of removal for supply where it involves movement of goods

Thus time of supply for advance of ₹ 1,50,000 as well as for balance payment of ₹ 1,00,000 is 17-01-XX which is the date of removal.

Value of supply = 2,50,000

Note: As per N/A 66/2017 in case of supply of goods, the time of supply is not on advance received except specified actionable claim.

CCP 06.07.20.00

(i) An order is placed to T & Co., Sholapur on 18th August, 20XX for supply of fabrics to make garments. Company delivered the fabrics on 4th September, 20XX and after completion of the order issued the invoice on 15th September, 20XX. The payment against the same was received on 30th September, 20XX. Determine the time of supply for the purpose of payment under CGST Act, 2017 with your explanations. R & GTA

(ii) HM Industries Ltd. engaged the services of a transporter for road transport of a consignment on 20th May, 20XX. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July, 20XX. Invoice was received from the transporter on 20th June, 20XX and payment was made on 25th August, 20XX.

What is the time of supply of the transporter's service? [CA Inter Dec 21 Exam]

Answer :-

(i)

(ii) Alternative 1: Assuming that transport of goods by road service is provided by GTA is taxable under reverse charge.

The time of supply under reverse charge is earlier of following

— date of payment by recipient or

→ 6th day from the date of invoice by supplier (Sec 13(2))

Discussion & conclusion: Thus in given case, time of supply shall be earlier of date of payment i.e. 25th August xx or 6th day from supplier invoice i.e. 20th August xx

Therefore Time of supply = 20th August xx

OR

Alternative 2: Assuming that GTA has opted to pay tax under forward charge

If invoice is issued within time (30 days) for supply of service then time of supply shall be earlier of following

1) Date of issue of invoice i.e. 20th June

2) Date of receipt of payment = 25th August

Therefore time of supply = 20th june

CCP 06.10.27.00

From the following information provided by M/s Sasta Bazaar. Determine the time of supply for the purpose of payment of GST:

- ✓ (i) It issued coupon on 20.06.20XX, worth ₹ 2,000 redeemable against purchase of specific plastic items. This coupon was redeemed on 31.07.20XX.
- ✓ (ii) It issued coupon on 01.08.20XX worth ₹ 3,000 which is redeemable against purchase of any item. This coupon was redeemed on 18.08.20XX.
- ✓ (iii) It received interest of ₹ 10,000 for late payment from a customer on 11.11.20XX for supply of goods which was originally made on 24.06.20XX. [CA Inter RTP May 24]

Answer :-

- Legal provision : Time of supply of vouchers issued by Supplier is
 - a) If voucher is identifiable = date of issue of voucher
 - b) In other cases = date of redemption of voucher.
- (i) In given case, supply of coupon against purchase of specific plastic items. Hence it is identifiable voucher & time of supply is date of issue of voucher i.e. 20-6-xx
- (ii) In given case, the coupon can be redeemable against any items. Hence, it is not-identifiable voucher.
Therefore time of supply is the date of redemption of voucher i.e. 18-08-xx
- (iii) The TOS for the interest, late fee or penalty for delayed payment of consideration shall be the date of receipt of such interest, late fee or penalty.
Hence time of supply shall be 11.11.20xx

Computation of GST

CCP 15.01.05.00

Miss Nitya, proprietor of M/s. Honest Enterprise, a registered supplier of taxable goods and services in the state of West Bengal, pays GST under regular scheme. It is not eligible for any threshold exemption. It provided the following information for the month of December 20XX:

S.No.	Particulars	Amount (₹)
	OUTWARD SUPPLY	
(i)	Intra-state supply of goods to M/s. Natural & Sons ✓	7,00,000
(ii)	Intra-state transfer of goods to its branch office in the state of West Bengal. Both places are under the same <u>GSTIN.</u> X DPP.	1,00,000
(iii)	Provided inter-state supply of sponsorship services to XYZ Ltd of Chennai	80,000
(iv)	Advance received for future supply of management consultancy service to Mr. Sharad (Intra-state supply) ✓	40,000
	INWARD SUPPLY: (Intra-state) ✓	
(i)	Purchase of taxable goods from registered suppliers. ITC.	8,00,000
(ii)	<u>Availed Works Contract service</u> for repair of office building. Amount of repair was debited in the profit & loss account. ITC allowed.	30,000
(iii)	Availed legal service from an advocate to represent the matter in the Court relating to collection of disputed proceed from customers Tax payment 4 ITC.	50,000

Notes: (i) Rate of CGST, SGST and IGST on all supplies are as below:

Particulars	CGST	SGST	IGST
Goods	2.5%	2.5%	5%
Supply of services	9%	9%	18%

(i) Both inward and outward supplies given above are exclusive of taxes.

(ii) All the conditions necessary for availing the ITC have been fulfilled

(iii) Working note should form part of the answer.

Compute the net minimum GST payable in cash by M/s. Honest Enterprise for the month of December 20XX. [CA Inter Nov 23 Exam]

Answer: Computation of minimum net GST payable in cash by M/s Honest Enterprise for the month of December 20XX:

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
GST payable under forward charge:		54.	254.	254.
<u>Intra-State supply of goods to M/s Natural & Sons</u>	7,00,000	—	17500 (7,00,000 × 2.5%)	17500 (7,00,000 × 2.5%)
Intra-State branch transfer [Note 1] ✓	1,00,000	—	—	—
Inter-State supply of sponsorship service to XYZ Ltd. of Chennai [Note 2]	80,000	—	—	—
Advance received for future intra-State supply of management consultancy service [Note 3]	40,000	—	3600 (40,000 × 9%)	3600 (40,000 × 9%)
Total Output tax		—	21100	21100

Less: ITC utilised (Working Note)	IVAT - Nil CUT - 27200 SUT - 27200			(21100)	(21100)
Net GST Payable [A]		Nil		Nil	Nil
Legal services available [Note 4] [B]	50,000			4500	4500
Minimum net GST payable in cash [A] + [B]				4500	4500

Working Note: Computation of ITC available ✓

Intra-State purchase of taxable goods [Note 5]	8,00,000	—	20,000 (8,00,000 × 2.5%)	20,000 (8,00,000 × 2.5%)
Works contract service for repair of office [Note 6]	30,000	—	2700 (30,000 × 9%)	2700 (30,000 × 9%)
Legal services available [Note 7]	50,000	—	4500 (50,000 × 9%)	4500 (50,000 × 9%)
Total ITC	—	—	27200	27200

Notes:

1)	Intra-State transfer of goods to its branch office in a same state under same GSTIN is treated as supply & it's not a DDP.
2)	In case where Sponsorship Service supplied by any person to body corporate then tax is payable under reverse charge by organization. [Sec 9(32)]
3)	In case of supply of service, tax is payable at the time of receipt of advance.
4)	Tax on legal service supplied by an advocate to Honest Enterprises is taxable under reverse charge & Honest Enterprises is liable to pay tax. For such payment ITC cannot be utilised, it is payable in cash.
5)	ITC on goods purchase in the course of business is available.
6)	ITC of works contract service on immovable property for which cost is not capitalised is available. [exception to sec 17(5)(c)]
7)	ITC of legal service for which tax is paid under reverse charge is available.

MCQ Case Studies

MCQ : 6

Mr Mandeep, a registered dealer, is engaged in the business of supplying construction material in the State of Assam. He availed architect services for his business from his friend in London free of cost. He also availed designing services from his brother in London for ₹ 5 lakh for his personal purposes.

He availed services, from an entity in India, which are liable to tax under reverse charge for which date of invoice was 1st September, payment date as per his books of account and as per his bank account was 15th November and 18th November respectively.

His turnover for the current financial year is as follows-

Taxable supply of goods – ₹ 55 lakh

Exempt supply of goods – ₹ 16 lakh

Inward supply liable to tax under reverse charge – ₹ 8 Lakh

He intends to start providing services, other than restaurant services, also from the next financial year and also to avail composition scheme under section 10(1) of the CGST Act, 2017. He also wishes to make supplies to the Government.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise.

Based on the information given above, choose the most appropriate answer for the following questions- [Study Mat]

6.1 In respect of services imported by Mr. Mandeep, which of the following is a correct statement?

- Architect services for his business from his friend in London free of cost is considered as a supply
- Designing services from his brother in London for ₹ 5 Lakh for his personal purposes is considered as a supply.
- Architect services for his business from his friend

in London free of cost is not considered as a supply

- Designing services from his brother in London for ₹ 5 Lakh for his personal purposes is not considered as a supply.

(a) i & ii

(b) i & iv

(c) ii & iii

(d) iii & iv

[Hint:- for option ii- as per Sec 7(1)(b), importation of service for consideration is supply whether or not in the course or furtherance of business

for option iii- it is not supply u/s 7(1)(b) as there is no consideration and it is not deemed supply also under para 4 of schedule I as the friend is not a related person.]

6.2 Determine the time of supply of services, received by Mr. Mandeep and taxable under reverse charge?

(a) 1st September

(b) 1st November

(c) 15th November

(d) 18th November

[Hint:-As per Sec 13(3), TOS is earlier of date of payment or the date immediately following 60 days from invoice date.]

6.3 Compute the aggregate turnover of Mr. Mandeep for the given financial year?

(a) ₹ 63 lakh

(b) ₹ 79 lakh

(c) ₹ 71 lakh

(d) ₹ 55 lakh

[Hint:- Refer definition of aggregate turnover u/s 2(6) which includes taxable as well as exempt supply-(Rs 55 lakh + Rs 16 lakh) but does not include inward supply taxable under RCM]

6.4 Mr Mandeep will be eligible for composition scheme under section 10(1) of the CGST Act, 2017, in the next financial year, but he can supply services only upto _____

(a) ₹ 5.00 lakh

(b) ₹ 6.3 lakh

(c) ₹ 7.90 lakh

(d) ₹ 7.10 lakh

[Hint:-As per 2nd proviso to Sec 10(1), maximum limit to provide services is 10% turnover in a State or Union territory in the preceding financial year or 5 lakh rupees, whichever is higher.]

Ms. Neha is engaged in supply of services. She is registered under GST and has opted to pay tax under composition scheme for service provider under section 10(2A) of the CGST Act. The turnover for the quarter ending June was ₹ 12,00,000.

During July, she crossed the aggregate turnover of ₹ 50 lakh and opted out of composition scheme. She also started trading of goods in July.

She supplied an order to Breathe Well LLP on ex factory basis, the details of which are as follows-

- i. Basic price of the product— ₹ 53,000
- ii. Outward freight — ₹ 12,000
- iii. Packing Charges — ₹ 5,000
- iv. Discount given on receiving payment — ₹ 2,000 (not included in invoice)

For supplies, provided to Breathe Well LLP, she received half of the amount in advance on 22nd July. The goods were dispatched from her factory on 25th July and delivered on 28th July. She raised the invoice on 30th July and the balance payment was also received on the same date.

Ms. Neha received 25 invoices from various suppliers involving GST of ₹ 1,50,000 for the month of July. While filing GSTR-3B for the said month on 20th August, she found that only 20 invoices involving GST of ₹ 1,00,000 were uploaded by the suppliers.

Ms. Neha supplied goods to the following persons-

Sl.	Recipient	Value of Supply
1	Mr. Pawan - an unregistered person	₹ 150
2	Mr. Umesh, a registered person	₹ 110
3	Rains Trust, an unregistered entity	₹ 250

None of the above persons requires a tax invoice. All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred above is intra-State unless specified otherwise. Conditions applicable for

availment of ITC are fulfilled subject to the information given above.

From the information provided above, choose the most appropriate answer for the following questions- [Study Mat]

10.1 Compute the tax liability for the quarter ending June under CGST and SGST?

- (a) ₹ 30,000 each (b) ₹ 12,000 each
(c) ₹ 6,000 each (d) ₹ 36,000 each

[Hint:- Rs. 1200000 * 3% each CGST & SGST- Refer Sec 10(2A) in composition chapter]

10.2 Compute the value of Supply made by Ms. Neha to Breathe Wall LLP?

- (a) ₹ 56,000 (b) ₹ 58,000
(c) ₹ 68,000 (d) ₹ 75,000

[Hint:- 1. Rs. (53,000+ 5,000)

2. Refer Sec 15(1)-basic price

3. Sec 15(2)(c)-outward freight & packing charges- freight is not added in value as supply of goods is on ex-factory.

4. Sec 15(3)-as discount not included in invoice]

10.3 Determine the amount of ITC that can be claimed by Ms. Neha for the month of July?

- (a) ₹ 1,00,000 (b) ₹ 1,10,000
(c) ₹ 1,05,000 (d) ₹ 1,50,000

[Hint:- Refer Sec 16(2)(aa) with Rule 36(4)-as only 20 invoices were uploaded by the supplier on the portal, thus ITC-₹1,00,000]

10.4 Determine the time of supply made to Breathe Wall LLP?

- (a) 22nd July (b) 25th July
(c) 28th July (d) 30th July

[Hint:- 1. As per Sec 31(1), if supply involves movement of goods, then last date to issue invoice is date of removal of goods.

2. As per Sec 2(96), removal means despatch of the goods for delivery by the supplier or collection of the goods by the recipient.

3. As per Sec 12(2) read with N/no. 66/2017, the TOS shall be earlier of date of invoice or last date to issue invoice u/s 31 which comes to dispatch i.e. removal date 25th July

4. Here, N/no. 66/2017 will apply as in July month, neha opted out of composition scheme]

10.5 Ms. Neha need not issue invoice to which of the following persons?

- (a) Mr. Pawan (b) Mr. Pawan and Umesh
(c) Mr. Pawan and Rains Trust
(d) Need not issue invoice to all the three persons
[Hint:-As per Sec 31(3)(b) read with proviso to rule 46, tax invoice is not required if value is < Rs 200 , recipient is unregistered and does not require invoice.]

MCQ : 11

Poorva Logistics is a Goods Transport Agency registered under GST & not opted to pay tax under forward charge.

It provided GTA services (taxable @ 5%) to the following persons-

(a) Kunal Traders, an unregistered Partnership firm

(b) Mr. Amar, who is not registered under GST

(c) Small Traders co-operative society registered under Societies Registration Act

In a particular consignment, Poorva Logistics transported the following-

(a) Defence Equipments

(b) Railway Equipments

(c) Organic Manure

Poorva Logistics opted to charge GST @ 12% from April, next year. It provided GTA Services to Bama Steels Pvt. Ltd. on 1st April and issued an invoice dated 5th May. Payment was received on 6th May.

It provided both inter-State and intra-State service to various registered as well as unregistered persons.

Based on the information provided above, choose the most appropriate answer for the following questions- [Study Mat] [CA inter MTP Mar 23]

11.1 Which of the following persons are liable to pay GST on reverse charge in respect of the GTA services (taxable@ 5%) provided by

Poorva Logistics

(i) Kunal Traders

(ii) Mr. Amar

(iii) Small Traders Co-operative society

(a) i & ii (b) ii & iii

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

[Hint:- Refer entry no. 1 in RCM chapter along with exemption given there in entry No. 21A]

11.2 Out of items transported by Poorva Logistics, which of the following is/ are exempt from GST?

i. Defence Equipments

ii. Railway Equipments

iii. Organic Manure

(a) i (b) i & ii

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

[Hint:-Refer entry no. 20/21 in transportation of goods sector in exemption chapter where railway equipments transported by only rail / vessel are exempt.]

11.3 What will be the time of supply in respect of the services provided by Poorva Logistics to Bama Steels Pvt. Ltd.?

(a) 6th May

(b) 5th May

(c) 30th May

(d) 1st April

[Hint:- As per Sec 13(2), TOS of services if invoice is not issued within time prescribed u/s 31, will be earlier of date of provision of service or date of payment, whichever is earlier]



PLACE OF SUPPLY

CCP 07.04.06.00

Newton Pvt. Ltd. (New Delhi) has leased its machine (cost ₹ 8,00,000) to Gravity Pvt. Ltd. (Noida, Uttar Pradesh) for production of goods on a monthly rent of ₹ 35,000. After 12 months, Gravity Pvt. Ltd. requested Newton Pvt. Ltd. to sell the machine to it for ₹ 5,00,000, which is agreed to by Newton Pvt. Ltd. Determine the place of supply & the nature of transaction. [Study Mat (Example)]

Answer: Legal provisions: If supply does not involve movement of goods then for sale of machine.

place of supply shall be the location of goods at the time of supply

Discussion & conclusion.

[Sec 10(1)(a) of IGST Act]

In given case, machine is sold by Newton Pvt. Ltd. without movement
Hence place of supply is NOZDA (UP).

Since location of supplier is at New Delhi & place of supply is at UP.
i.e. In two different state, Hence it is an inter-state supply &
IGST is payable

CCP 07.04.06.01

XYZ Pvt. Ltd., a furniture manufacturer based in Rajasthan, receives an order from Mr. Sharma, an individual (unregistered person) residing in Delhi. Mr. Sharma purchases a dining table and requests delivery to his residence in Delhi. XYZ Pvt. Ltd. issues an invoice with Mr. Sharma's Delhi address and arranges for the delivery of the dining table through a third-party logistics provider. Determine Place of Supply and GST implications. Will the place of supply still be same, if Mr. Sharma instructs XYZ Pvt. Ltd. to deliver the dining table to another address located in Punjab which is recorded in invoice as address of delivery whereas the billing is done at Delhi's address?

Answer:- Legal provision:- 1. If the supply of goods is made to Un-registered person, then place of supply shall be location as per address of the said un-registered person recorded in invoice.

2. However, if address of the un-registered person is not recorded in the invoice, the place of supply shall be the location of the supplier. [Section 10(1)(a) of IGST Act]

3. As per CBIC clarification, in case of supply of goods to an un-registered person where billing address differs from the delivery address then the place of supply shall be the delivery address

Discussion & conclusion: 1) In given case, the invoice issued by XYZ Pvt. Ltd. records the Mr. Sharma's address of Delhi. Hence place of supply will be Delhi. 2) Location of Supplier (Rajasthan) & place of supply (Delhi) are in two different state. Therefore it is an inter-state supply & IGST is payable. 3) NO, if billing address differs from delivery

address then place of supply is address of delivery i.e. Punjab

CCP 07.04.07.00 ✓

Determine the place of supply in each of the following cases:

- (ii) Mizu Machine Ltd., registered in the State of Andhra Pradesh, supplied a machinery to Keyan Wind Farms Ltd., registered in the State of Karnataka. However, this machinery was assembled and installed at the wind mill of Keyan Wind Farms Ltd., which was located in the State of Tamil Nadu. [CA Inter RTP May 24]
- (iii) Rimjhim Pvt. Ltd, located at Lucknow, Uttar Pradesh, purchases a manufacturing machine from Manav Steel Industries Ltd., located at Jaipur, Rajasthan, for being installed in its factory located at Haridwar, Uttarakhand. [CA Inter May 24 Exam]

Answer:- Legal provisions: If goods assembled or installed at site, then Place of supply shall be place of such installation or assembly (i.e. Tamil Nadu)

Conclusion: (ii) In given case, the place of supply is the place assembly of machine Tamil Nadu.

(iii) Thus, pos is the place of installation i.e. Haridwar Uttarakhand.

CCP 07.05.11.00

Mr. Timmy Ferreira, a makeup artist at Kolkata, goes to Jaipur, Rajasthan for doing the makeup of Ms. Simran Kapoor, a Bollywood actress based in Mumbai. [Study Mat (Example)]

Answer:- Legal provision: The place of supply of restaurant & catering services & beauty treatment service shall be the location where the service are actually performed.

Discussion & conclusion: In given case Mr. Timmy Ferreira has provided make-up service at Jaipur, Rajasthan. Hence place of supply is Jaipur Rajasthan.

CCP 07.05.15.00

Mr. Joy, an unregistered person of Kolkata, West Bengal sends a courier through Kolkata, West Bengal based Mohan Courier Agency to his sister in Mumbai, Maharashtra. [CA Inter May 24 Exam]

Answer:- Legal provision: In case of supply of services by way of transportation of goods, including mail or courier, the place of supply shall be.

→ If the recipient is registered - location of such registered person

→ If the recipient is not registered - the place where the goods are handed over for their transportation.

Conclusion: In given case, Mr. Joy handed over the goods to courier agency at Kolkata (WB), hence place of supply is at Kolkata (WB)

CCP 07.05.16.00

Mr. Nitin, an unregistered person, resides at Rewa, Madhya Pradesh books a two-way air journey ticket from Prayagraj, Uttar Pradesh to Jaipur, Rajasthan on 6 September and back. He leaves Prayagraj on 11 September in a morning flight and land in Jaipur the same day. He leaves Jaipur on 15 September in a late night flight and lands in Prayagraj the next day. [CA Inter May 24 Exam]

Answer:- Legal provision: In case of passenger transport service, the place of supply shall be.

→ If recipient is registered person - location of such registered person

→ If recipient is un-registered person - place where passenger's embark for continuous journey. Also return journey is treated as separate journey. [Sec 12(9) of GST Act]

Discussion & conclusion: In given case, the place of supply for outward & return journey are the locations where Mr. Nitin embarks on the conveyance for the continuous journey. Therefore place of supply for outward journey is Prayagraj (UP) & for return journey is Jaipur (Rajasthan)

CCP 07.05.19.00

With reference to GST law, Determine the place of supply with reasons in the following independent circumstances:-

(i) A person from Mumbai goes to Kullu-Manali and takes some services from ICICI Bank in Manali. What is the place of supply? (Study Mat)

(ii) Miss Kanika of Kolkata (West Bengal) visited to Jodhpur Law University (Rajasthan) and paid her college fees by purchasing a demand draft from a bank located in the University campus. Miss Kanika did not have any account with the bank. [CA Inter RTP May 24]

Answer:- Legal provision: The place of supply of banking & other financial services (including stock broking) shall be as follows

→ If the location of recipient is available in the records of supplier - the location of recipient of services

→ If the location of recipient is not available in the records of supplier - location of supplier of services [Sec 12(12)]

Discussion & conclusion: 1) place of supply is the location of supplier i.e. Kullu Manali (H.P.) as the location of recipient of service is not available in the records of ICICI Bank

2)

PoS = Rajasthan.

CCP 07.06.22.00 Ans

Determine place of supply along with reasons in the following cases:-

- 1) Mr. A (a Chartered Accountant registered in Kolkata) supplies services to his client in Bhubaneswar (registered in Bhubaneswar, Odisha).
- 2) Mr. X, registered in Guwahati, has availed land-line services from BSNL. The telephone is installed in residential premises in Kolkata and the billing address is office of Mr. X in Guwahati.
- 3) Mr. Z, an unregistered person of Kolkata, sends a courier from New Delhi to his friend in Chennai, Tamil Nadu while he was on trip to New Delhi.

Answer:

Computation of GST ✓

CCP 15.01.10.00

M/s Cute & Co., a partnership firm, registered supplier under GST in Bengaluru (Karnataka State), has provided the following information for the month of October, 20XX ✓

S.No.	Particulars	Amount (₹)
(i)	Intra-State taxable supply of Direct Selling Agent (DSA) service to <u>public sector</u> Bank	2,50,000
(ii)	Services provided to a Governmental authority by way of sanitation conservancy.	99,900
(iii)	Rent paid to a <u>residential dwelling</u> taken for <u>running an office</u> for providing DSA services; Owner of the residential property was not <u>registered under GST</u> ; <u>This is an intra-State supply availed.</u>	25,000
(iv)	<u>Purchased a car</u> for the official use of managing partners of the Firm for business use (Inter-State purchase).	9,00,000
(v)	<u>Availed Information Technology services</u> for their business from <u>Partner's friend Mr Allan Waugh</u> from Melbourne, Australia. Mr. Waugh refused to <u>take any consideration</u> . Open Market value of said service was ₹ 1,25,000. (Inter-State transactions).	Nil
(vi)	Provided training and <u>performance appraisal services</u> in Bengaluru to following persons: a) <u>ABC Private Limited, a registered supplier in the State of Kerala</u> b) <u>Babu Cones, a proprietorship concern of Rajasthan, which was not registered under GST</u>	3,00,000 1,00,000

Note:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- All the amounts given above are exclusive of taxes.
- All the conditions necessary for availing the ITC have been fulfilled.
- There was no opening balance of any input tax credit.
- The turnover of M/s Cute & Co was ₹2 crore in the previous financial year.

Compute the net GST payable in cash, by M/s Cute & Co. for the month of October, 20XX. Correct legal provisions should form part of your answer. [CA Inter RTP May 24]

Answer: Computation of Net GST payable of M/s Cute & Co. for Oct 20XX.

Particular	Value (₹)	IGST (₹) @ 18%	CGST (₹) @ 9%	SGST (₹) @ 9%
<u>Tax on Outward Supply</u>				
1. Intra-state Supply of DSA (Since DSA Service is provided by P.P. & not by an individual. Hence RCM is not applicable & taxable under forward charge)	2,50,000	—	22500	22500
2. Service provided to a governmental authority by way Sanitation conservancy (Service is specifically exempted)	99000	—	—	—
3. Training & performance appraisal to ABC Ltd. (The place of supply of above Service supplied to registered person is the location of registered person i.e. Kerala. Therefore it is inter-state transaction.)	3,00,000	54000	—	—
4. Training & performance appraisal Services to Babu Conns.	1,00,000	—	9000	9000

(The pos of such service if supplied to un-registered person is the place where service is performed i.e. Bangalore (Karn). Hence it is intra-state supply (Sec 12(5) of IGST Act.)

Total outward tax payable

Less: Input tax credit (W.N.1)

IGST - Nil

CGST - 2250

SGST - 2250

NET GST payable

Add: Tax payable under RCM

1) Import of I.T. Services

(Import of service from non-related person without consideration in the course or furtherance of business is treated as supply)

2) Rent paid for residential unit.

(Services of renting of R.D. is taxable under RCM)

W.N.1 Computation of eligible ITC of M/s. ABC & CO. for the month of Oct 20xx.

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
1. Rent paid for residential dwelling for office. (ITC available as service is used in the course of business)	—	2250 (25000 × 9%)	2250 (25000 × 9%)
2. Purchase of car (Blocked credit Sec 17(5))	—	—	—
<u>Total bal.</u>	—	2250	2250

	54000	31500	31500
	—	—	—
	—	2250	X
	—	X	2250
	54000	29,250	29250
	—	—	—
	54000	31500	31500

MCQ : 20

ABC Ltd. has its manufacturing unit in the State of Rajasthan. Further, it has ancillary units in the State of Madhya Pradesh and Gujarat and is registered in each of these States. Moreover, ABC Ltd. owns and operates a hotel in Udaipur, Rajasthan.

In addition to the aforesaid, ABC Ltd. owns a commercial space which is rented out to a registered person at the monthly rent of ₹ 50,000. The maintenance of the premises is the responsibility of ABC Ltd. In pursuance of the same, during the month of April, ABC Ltd. incurred certain expenses on the purchase of maintenance related materials. The said expenses are recoverable from the tenant alongwith the invoice issued for rent. The rate of tax applicable on the material used for maintenance was 5%.

During the year, ABC Ltd. agreed to provide the hotel to Mr. X for a business conference to be held at Udaipur. Mr. X is an unregistered person residing in Maharashtra.

ABC Ltd. made a supply of machinery in the month of June, details of which are as follows-

- Basic price of the machinery before TCS under Income Tax Act, 1961 – ₹ 45,000
- Tax collected at source under Income-tax Act, 1961 – ₹ 2,500
- It received a subsidy of ₹ 3,500 from Green Foundation Pvt. Ltd. for usage of green energy and the subsidy was linked to the units of energy saved and not aforesaid machinery.

In addition to the aforesaid transactions, ABC Ltd. spent an amount of ₹ 5 lakh on the procurement of certain goods which were distributed as part of the corporate social responsibility [CSR] expenditure required under the provisions of the Companies Act, 2013.

During the scrutiny proceedings in the State of Gujarat, jurisdictional GST officer asked ABC Ltd to submit the copy of audited financial statements for Gujarat and was of the view that ABC Ltd. is required to get his accounts audited by a

Chartered Accountant separately under GST Law for filing annual return and reconciliation statement in each State.

All above amounts are exclusive of GST, wherever applicable. The rate of GST on all inward and outward supplies is 18%, unless otherwise mentioned.

Assume that there is no other outward or inward transaction apart from aforesaid transactions.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:- [CA Inter RTP May 24]

1. For the transaction related to renting of commercial space, what should be the rate of tax charged by ABC Ltd.?

- (a) The rate of GST on rent and maintenance material related recovery shall be 18%.
- (b) The rate of GST on rent shall be 18% and, on the material, shall be 5%.
- (c) No GST shall be charged on the recovery related to material used in maintenance. Rate of GST on rent shall be 18%.
- (d) The rate of GST on rent and maintenance material related recovery shall be 5%.

[HINT: Here, Rent and Expense on Material are treated as Mixed supply, so rate will be higher of 18% or 5% ie 18%]

2. Compute the value of supply under section 15 of the CGST Act, 2017 made by ABC Ltd. in the month of June?

- (a) ₹ 45,000 (b) ₹ 47,500
- (c) ₹ 48,500 (d) ₹ 51,000

[HINT: 1) VOS = Basic price of machine ₹ 45,000

2) Refer Circular no. 76/50/2018 in Value chapter, As TCS is an interim levy not having character of tax so it cannot be included in value of supply

3) Subsidy is not related to machinery hence not considered]

3. With respect to the hotel accommodation service provided to Mr. X, GST payable by ABC Ltd. is

- (a) nil, GST on accommodation service is payable by the recipient, Mr. X, under reverse charge

- (b) nil, GST on accommodation services provided to an unregistered person is exempt from GST
- (c) in the nature of CGST and SGST
- (d) in the nature of IGST

[HINT: As per Sec 12(3) of IGST Act, POS = Location of immovable property located, Since LOS & POS are in the same state ie Udaipur (Rajasthan), Thus CGST & SGST will be charged]

4. Which of the following options is correct with regard to the availability of ITC to ABC Ltd. in respect of GST paid on the procurement of goods meant for the purpose of corporate social responsibility activity?

- (a) The amount of ITC related to such procurement of goods is not available to ABC Ltd.
- (b) The amount of ITC related to such procurement of goods is available to ABC Ltd.
- (c) The amount of ITC only to the extent of 50% of amount of such procurement of goods is available to ABC Ltd.
- (d) The amount of ITC shall be available to the registered person to whom such goods are distributed under CSR activity.

[HINT: Refer Sec 17(5)(fa) of the CGST Act]

5. Which of the following options is correct with regard to the advice given by GST officer in respect of auditing of accounts?

- (a) There is no requirement of separate audit of the financial statements from the perspective of GST provisions.
- (b) Only reconciliation statement shall be audited by a Chartered Accountant.
- (c) The annual return as well as the reconciliation statement shall be audited by a Chartered Accountant.
- (d) Separate audit of financial statements at each State level is required by ABC Ltd. under the GST law.

MCQ : 21

XYZ Private Limited is a mid-sized company, registered in Delhi, dealing in the manufacturing and distribution of electronic goods in India. The company has been operating for over a decade and has a robust supply chain network across the

Country. The Company needs to ensure compliance with various GST regulations related to return filing, registration, and payment of tax. The company is exploring to expand its sales channel in India through distributors in each State. In view of the same, the company has undertaken following activities in the month of June.

(a) Organized a distributor conclave in Udaipur, Rajasthan, where the distributors from Rajasthan, Gujarat and Madhya Pradesh participated in the conclave held in Rajasthan. The total cost of hotel accommodation was ₹25 lakh, which was paid by the Delhi office to the Hotel located in Rajasthan.

(b) The company purchased certain gift items for distribution to the participants in the conclave. The gift items were purchased from the vendor located in Ludhiana, Punjab and were delivered to the hotel in Udaipur, Rajasthan for distribution to the participants of the conclave. The cost of such gift items was ₹ 25 lakh. However, the value of individual gift items was restricted to ₹75,000.

(c) The company purchased an insurance policy for its employees travelling for the conclave and the premium for such insurance policy was ₹ 1 lakh which was paid by the company. There is no requirement under any law requiring such insurance policy.

(d) The company took on rent, a new warehouse near its factory in Delhi for storage and dispatch of goods. The goods are being transported between the factory and new warehouse in non-motorized cart. The value of such goods transported in single trip is up to ₹ 5 lakh. Further, the rent of warehouse is ₹ 18 lakh for the initial 11 months and the same shall be revised to ₹21 lakh after expiry of initial 11 months.

The rate of tax applicable is 18% IGST, 9% CGST and SGST each unless otherwise specified.

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.5 below –

[CA Inter RTP Sep 24]

1. Which of the following statements is correct under GST law in relation to the hotel accommodation service received by the Company?

- (a) The hotel shall charge CGST and SGST in the invoice issued to the Company.
- (b) The Hotel shall charge IGST in the invoice issued to the Company
- (c) The Hotel shall issue a bill of supply to the Company.
- (d) The Hotel shall charge CGST and SGST to the extent the charges are related to participants of Rajasthan and IGST to the extent charges are related to the participants of Gujarat and Madhya Pradesh, on the invoice issued to the Company.

[HINT: Refer Sec 12(3) of IGST Act, LOS: Rajasthan, POS: Rajasthan, thus CGST & SGST will be charged]

2. What shall be the place of supply in relation to the gift items purchased by XYZ Private Limited?

- (a) Rajasthan i.e. the location where the goods were received
- (b) Delhi i.e. the principal place of business of the Company
- (c) Punjab i.e. the location from where the goods were dispatched
- (d) Permanent location of participants receiving the gifts

[HINT: Refer Sec 10(1)(b) of IGST Act]

3. Which of the following statements is true in relation to the gift items and the insurance policy purchased by the Company?

- (a) The company is not eligible to avail the input tax credit in relation to both, gift items and the insurance policy.
- (b) The company is eligible to avail the input tax credit related to gifts valuing less than ₹ 50,000.
- (c) The company is eligible to avail the input tax credit only on insurance policy as the same is provided to employees i.e. related person of the Company.
- (d) There is no restriction in availment of input tax

credit related to gifts and insurance policy.

[HINT: Refer Sec 17(5)]

4. Which of the following statements is correct in relation to the issuance of e-way bill for transportation of goods between factory and warehouse in non-motorized cart?

- (a) E-way bill is required to be issued by the company for each instance of transportation of goods irrespective of the consignment value of goods.
- (b) E-way bill is not required to be issued in the given case irrespective of the consignment value of the goods.
- (c) E-way bill is required to be issued for goods of the consignment value above ₹50,000
- (d) E-way bill is required to be issued for goods of the consignment value above ₹1,00,000

[HINT: Refer Rule 138(14)(b)]

5. Which of the following statements is most appropriate in relation to the new warehouse taken on rent by the Company?

- (a) Separate GST registration is not required mandatorily.
- (b) Separate GST registration is required mandatorily.
- (c) GST registration is required as a casual taxable person for the term of rent agreement.
- (d) Separate GST registration is required once the rent is more than ₹ 20 lakh per annum.

[HINT: Refer sec 35]



EXEMPTIONS

CCP 08.02.02.01

Mr. Shyam Das was admitted to Suraksha Hospital in Mumbai for 2 days in relation to diagnosis of removal of stones from his kidney. For the said services, Suraksha hospital charged following from Mr. Das:

Das:

- (i) Room rent ₹7,000 per day for 2 days.
- (ii) Operation theatre charges ₹5,000
- (iii) Doctors Consultation Charges ₹8,000
- (iv) Other services ₹4,000

In each of the above scenario explain whether Suraksha Hospital should levy GST or not in line with the relevant provisions of the GST laws. [CA Inter May 23 Exam]

Answer :- Legal provisions 1) Health care services by clinical establishments are exempt from tax. But room services provided by clinical establishment where charges exceeds ₹5000 per day is taxable.

2) Health care service includes diagnosis, treatment, care of illness, injury, pregnancy, abnormalities, deformity in recognised system of medicine.

Discussion & conclusion: In view of above

1. Only room rent of ₹14000 (₹7000 × 2) is liable to GST.

2. All other services are fall under health care services provided by Suraksha Hospital & exempt from tax

Note: We assume that other services of ₹4000 also fall under health care.

CCP 08.03.05.00

✓ → charitable activities ✓

✓ Anand Trust, Kolkata is registered under section 12AA of the Income Tax Act, 1961. It has provided following particulars relating to the activities carried out by it for the month of March, 20XX:-

Particulars	Amount (₹)
✓ Donation received against display of name of a city-based school in annual religious book published by the Trust	5,00,000
✓ Receipts from sale of food in Anand food court, located in the Trust premises	2,00,000
✓ Refundable deposit of ₹2,00,000 and annual fees of ₹1,00,000 received from restaurants (located in West Bengal) using brand name and logo of Anand Food Court	3,00,000
✓ Donation received for Pooja organized in Trust premises on occasion of 'Shivratri'	1,00,000
✓ Receipts from Skill Development Program for Senior Citizens (aged more than 65 years) residing in Kolkata	4,00,000
Amount received for activities relating to preservation of Tigers in Sunderbans, West Bengal	3,00,000
Letting out of precincts of a religious place owned by Trust in Kolkata (Rent ₹10,000 per day)	2,00,000

From given information, you are required to calculate the value of taxable supply. [CA IPC Nov 20 Exam]

Answer:-

Computation of value of taxable supply of Anand Trust for the month of March, 20XX:-

Particulars	₹	Reason
Donation received for publishing the name of a school in annual religious publication of Trust	5,00,000	Publishing name of school is giving publicity to school, hence it is a taxable supply. Also, it does not fall under charitable activities for exemption. <u>Hence taxable</u>
Receipts from sale of food in food court in the premises of Trust	2,00,000	It does not fall under charitable activities provided by trust. <u>Hence taxable.</u>
Annual fees received from restaurants for use of brand name and logo of food court	1,00,000	Annual fees does not fall under charitable activities, <u>Hence taxable</u> However, deposit is excluded from the definition of consideration & <u>Hence non-taxable.</u>
Donation received for <u>pooja</u> organized in Trust premises on occasion of 'Shivratri'	Nil	<u>Exempt</u> , Since services of conduct of religious ceremony are exempt from GST.
Receipts from skill development program for senior citizens (aged more than 65 years) residing in Kolkata	4,00,000	Skill development program conducted in rural area for a person above the age of 65 yrs is exempted as a charitable activities. In given case it is provided in Urban area (Kolkata). <u>Hence taxable</u>
Preservation of Tigers in Sunderbans, West Bengal	Nil	<u>Exempt</u> , Since preservation of wildlife fall under charitable activities & <u>Hence Exempt.</u>
Letting out of precincts of religious place owned by Trust in Kolkata	2,00,000	<u>Taxable</u> , Since renting of precincts of a religious place for general public where rent of Hall, Kalyanmandapam etc. is 10,00 or more is not <u>Exempt.</u>
Total value of taxable supply	<u>14,00,000</u>	

CCP 08.05.07.00

Green Agro Services, a registered person provides the following information relating to its activities during the month of February, 20XX:-

Gross Receipts from	Amount (₹)
Services relating to rearing of sheeps ✓ E.	6,00,000
Services by way of artificial insemination of horses T.	4,00,000
Processing of sugarcane into jaggery ✓ T	8,00,000
Milling of paddy into rice T.	7,50,000
Service of fumigation in a warehouse of agricultural produce	1,80,000

All the above receipts are exclusive of GST. Compute the value of taxable supplies under GST laws for the month of February, 20XX. [CA Inter Jan 21 Exam]

Answer:- Computation of Taxable value of all Green Agro for the month of Feb

Particulars	₹	Reason
Services relating to rearing of sheeps	Nil	<u>Exempt</u> , Since services relating to rearing of all life forms of animals except horses is exempt.
Services of artificial insemination of horses	4,00,000	<u>Taxable</u> , Since artificial insemination of livestock other than horses is exempt. In given case it is for horses & hence taxable.
Processing of sugarcane into jaggery	8,00,000	<u>Taxable</u> , processing which alter essential character of agriculture produce is taxable. Hence processing of sugarcane in jaggery changes the essential character, hence taxable.
Milling of paddy into rice	7,50,000	As per CBIC clarification, milling of paddy into rice is not an intermediary production process. Hence it is taxable.
Fumigation in a warehouse of agricultural produce	1,80,000	<u>Taxable</u> , Fumigation at an agriculture farm is exempt & not in warehouse. Hence it is taxable.
Value of taxable supplies	21,30,000	

CCP 08.06.09.00

Deccan Shipping Pvt. Ltd., registered under GST in Andaman and Nicobar islands, provided the passenger transportation services to the local residents in the ferries owned by it from Neil Island to Havelock Island. ✓

Determine whether GST is payable or not. [CA Inter RTP May 23]

Answer:-

As per CBSE clarification, private ferry tickets whether owned or operated by private sector or by Govt is exempt.

Conclusion: In given case, Deccan shipping prvt Ltd has supplied passenger transport service to local residents in the ferries owned by it is exempt from tax

CCP 08.08.15.00

XYZ Pvt. Ltd. manufactures beauty soap with the brand name 'Forever beauty'. XYZ Pvt. Ltd. has organized a concert to promote its brand. Ms. Mahima, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert. The proceeds of the concert is ₹ 1,25,000.

- (i) Explain with relevant provisions of GST, whether Ms. Mahima will be required to pay any GST.
(ii) What will be the answer if the proceeds of the concert is donated to a charitable organization?

[CA Inter July 21 Exam] [Study Mat (Similar)]

Answer:- Legal provisions: Services by an artist by performing folk or classical art forms of music, dance or theatre performance are exempt if consideration does not exceeds ₹ 1,50,000. But if service is performed as a brand ambassador then exemption is not available.

Discussion & conclusion: 1) In given case, ms mahima has performed classical dance in the concert as a brand ambassador of "Forever beauty" Soap manufactured by xyz prvt ltd. Hence it is taxable.

2) No, even if, proceeds of concerts is donated to charitable organisation, it does not affects taxability of ms. mahima

AB Ltd., a registered company of Chennai, Tamil Nadu, provided following services for month of Oct, 20XX:-

Particulars	Amount (₹)
Services of transportation of students, faculty and staff from home to college and back to Commerce College (a private School) providing degree courses in BBA, MBA, B.Com., M.Com	2,50,000
Online monthly magazine containing question bank and latest updates in law to students of PQR Law College offering degree courses in LLB and LLM	1,00,000
Housekeeping services to T Coaching Institute	50,000
Security services to N Higher Secondary School	3,25,000
Services of providing breakfast, lunch and dinner to students of ABC Medical College offering degree courses recognized by law in medical field	5,80,000

All the above amounts are exclusive of GST. Compute the taxable supplies of AB Ltd. for the month of October, 20XX with necessary explanations. [CA Inter Dec 21 Exam]

Answer:

Computation of value of taxable supplies of AB Ltd. for the month of October, 20XX:-

Particulars	₹	Explanation
Services of transportation of students, faculty & staff to commerce college	2,50,000	<u>Taxable</u> , Exemption is available only if transportation service is provided to pre & higher & secondary schools providing education.
Online monthly magazine to students of PQR Law College	Nil	<u>Exempt</u> , Service of online educational journals provided to an educational institution providing qualification recognised by law are exempt from GST.
Housekeeping services to T Coaching Institute	50,000	<u>Taxable</u> , Since T. Coaching Institute is not an educational institution.
Security services to N Higher Secondary School	Nil	<u>Exempt</u> , Since security services provided to an pre school or higher & secondary school is exempted from payment of tax.
Services of providing breakfast, lunch & dinner to students of ABC Medical College	5,80,000	<u>Taxable</u> , Since catering services provided to pre-school or higher & secondary is only exempted.
Value of Taxable supplies	8,80,000	

Multi services Private Ltd., registered in Punjab, is engaged in supplying a variety of services. Its turnover was ₹ 35 lakh in the preceding financial year. It has provided following information for April:-

Particulars	Amount (₹)
Fee for the coaching provided to students for competitive exams. The coaching centre is run by Multi services Private Ltd. in Punjab (Intra-State transaction)	6,24,000
Receipts for services provided in relation to conduct of examination in Pureit University, Delhi (providing education recognized by Indian law), being an inter-State transaction	19,200
Amount received for transportation of students and faculty from their residence to Lotus Public School - a higher secondary school - and back (Intra-State transaction)	24,000
Amount received for providing the security and housekeeping services in Dhaani Public School - a pre-school (Intra-State transaction)	36,000

Note: Rates of CGST, SGST & IGST are 9%, 9% and 18% respectively. All the amounts given above are exclusive of taxes. Compute total GST liability of Multi services Private Ltd. for the month of April.

[CA Inter RTP Nov 2020]

Answer:- Computation of net GST liability of Multi services Pvt. Ltd. for the month of April, 20XX:-

Particulars	Value (₹)	IGST @ ✓ 18% (₹)	CGST @ ✓ 9% (₹)	SGST @ ✓ 9% (₹)
Fee for coaching provided to students for competitive exams (Note-1)	6,24,000	—	56160	56160
Services towards conduct of examination in Pureit University, Delhi (Note-2)	19200	—	—	—
Services of transportation of students & faculty from their residence to Lotus Public School & back (Note-3)	24000	—	—	—
Security and housekeeping services in Dhaani Public School (Note-4)	36000	—	—	—
Total GST Liability	X	—	56160	56160

- Notes:-**
- 1) Coaching center run by Multi Services Pvt Ltd is not an educational institution. Hence service provided to student is taxable.
 - 2) Conduct of examination service provided to educational institution i.e. Pureit University, Delhi is exempted from tax
 - 3)
 - 4)

Gita Services Limited, registered under GST, is engaged in providing various services to Government. The company provides the following information in respect of services provided during the month of April:-

S.no.	Description of Service Provided
(i)	Supply of manpower for cleanliness of roads not involving any supply of goods.
(ii)	Service provided by Fair Price Shops owned by Gita Services Limited by way of sale of sugar under Public Distribution System against consideration in the form of commission.
(iii)	Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares along with maintenance. Generally, replacement of defunct lights and other spares constitutes 35% of the supply of service.
(iv)	Service of brochure distribution provided under a training programme for which 70% of the total expenditure is borne by the Government.
(v)	Services provided by Goods & service tax network to the Maharashtra Government.

Comment on the taxability or otherwise of the above transactions under GST law. Also state the correct legal provisions for the same. [CA Inter RTP - May 22] [CA Inter MTP Mar 24]

Answer:- Taxability under GST.

S.No.	Particulars	Taxability	Reason
(i)	Supply of manpower for cleanliness of roads not involving any supply of goods.	Exempt	Pure services provided to govt. body under article 243b or 243w is exempted from tax.
(ii)	Service provided by Fair Price Shops by way of sale of sugar under Public Distribution System	Exempt	Commission charged by fair price shop to govt is exempt from tax.
(iii)	Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares constituting 35% of the supply of service.	Taxable	Composite supply of goods or services to govt, in which value of goods constitutes not more than 25% is exempt. In given case value of goods constitutes 35%. Hence taxable.
(iv)	Service of brochure distribution provided under a training programme	Taxable	Services provided to govt under any training programme for which 75% or more expenditure is borne by govt is exempt. In given case expenditure borne by govt is 70%. Hence taxable.
(v)	Services provided by GSTN to the Maharashtra Government	Taxable	Service provided by GSTN to govt is taxable

Examine whether GST is payable in the following independent supply of services:-

- (i) Indiana Engineering College, a recognised educational institution, has conducted an entrance test examination for various courses run by it and charged entrance fees from the applicants.
- (ii) Ram, an agriculturist, has stored sugarcane in a warehouse. He has taken fumigation services in the said warehouse from Gupta Pest Control Co. for which he paid the consideration of ₹ 6,000.
- (iii) “Smart Kids” is a Play School located in Delhi. Smart Kids has outsourced the catering services for supply of food and drink in the canteen of Play School to BTV Caterers, Delhi for a consideration of ₹ 8,00,000 per annum.
- (iv) Wellness Hospital, a clinical establishment located in Tirupati, is specialised in diabetic treatment. The hospital has its own canteen – Tasty Foods. The canteen serves the food and drink to the in-patients as advised by the doctors/nutritionists of the hospital. Apart from this, other patients (who are not admitted) or attendants or visitors of the in-patients also take food and drink from the canteen. [\[Study Mat \(Similar\)\]](#) [\[CA Inter MTP Mar 23 \(Similar\)\]](#) [\[CA Inter RTP May 19 New\]](#)

Answer:-

(i)	
(ii)	
(iii)	

(iv)

CCP 08.14.24.01

Mr. Jayesh, a registered supplier of Mumbai, received the following amounts in respect of the various activities undertaken by him during the month of October 20XX.

S.No.	Particulars	Amount (₹)
(i)	Commission received as a recovery agent from a Non-Banking Finance Company (NBFC)	80,0000
(ii)	Actionable claim received from normal business debtors	10,50,000
(iii)	Amount received from ABC Ltd. for performance of classical dance in one program.	1,74,500
(iv)	Business assets (old computers) given to a friend free of cost, the market value of all the computers was ₹ 51,000. No input tax credit has been availed on such computers when used for business	No Amount charged
(v)	Consideration received for one month rent from a registered individual person for renting of residential dwelling for use as residence.	15,200

Details of Input Services

(i)	Paid to an unregistered Goods Transport agency for various consignments of transportation of goods by road. (Each individual consignment in a single carriage was of less than ₹ 1,450.)	15,100
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Notes:

(i) All the amount stated above in both the tables are exclusive of GST, wherever applicable.

(ii) Aggregate turnover of Mr. Jayesh in previous year was ₹ 42,00,000.

You are required to compute Gross value of supplies, on which GST to be paid by Mr. Jayesh for the month of October 20XX. [CA Inter May 23 Exam]

Answer :- Computation of gross value of taxable supply on which GST is to be paid by Mr. Jayesh

Particulars	Amount (₹)	Remark
Commission received as a recovery agent from NBFC	Nil	Tax is payable by NBFC under reverse charge. Hence not taken in value of Mr. Jayesh.
Actionable claim received from normal business debtors	Nil	All actionable claims except specified actionable claim are not treated as supply of goods or services.
Amount received from ABC Ltd. for performance of classical dance	1,74,500	Performance of classical dance by an artist upto ₹ 1,50,000 is exempt. Hence in given case it is taxable.
Business assets given free of cost	Nil	Not a supply, as it is made without consideration (free) & also not covered in Sch I as no fee is taken.
Rent from registered individual person	Nil	Under reverse charge GST is payable by registered person. We assume that residential dwelling is used for residential purpose.
Services from unregistered GTA	15100	Tax on services provided by un-registered GTA to Mr. Jayesh (registered person) is payable by
<u>Gross value of taxable supply on which GST is to be paid by Mr. Jayesh</u>	<u>1,89,600</u>	Mr. Jayesh under reverse charge.

CCP 08.14.27.00

Mr. Ravindra, a registered person in Bhopal, Madhya Pradesh has provided the following information regarding outward transactions made during the month of January 20XX:

- 1) He was appointed by recognized sports body as a chief selector of hockey team and received ₹ 5,00,000 as remuneration.
- 2) Services of pure labour contract was provided for construction of independent residential unit for ₹ 1,80,000.
- 3) He rented out his warehouse for warehousing of sugarcane and received rental income of ₹ 75,000.
- 4) Provided services to Municipal Corporation of Bhopal for slum improvement and upgradation for ₹ 6,50,000. 24761W
- 5) He has charged consideration of ₹ 1,25,000 against western music dance performance in an event.

You are required to compute the taxable value of supply on which GST is to be paid by Mr. Ravindra

for the month of January 20XX. All the amount stated above are exclusive of GST, wherever applicable.

Suitable Notes should form part of answer. [CA Inter May 24 Exam]

Answer: Computation of taxable value of supply on which GST is to be paid by Mr. Ravindra:

S.No.	Particulars	(₹)	Remarks
1.	Remuneration received as a chief selector of hockey team.	5,00,000	Taxable, Since service is provided to recognised sport body by an individual player, referee, umpire, coach & team manager is only
2.	Service of pure labour contract for construction of independent residential unit	Nil	Exempt. Service of pure labour contract for construction of original work relating to single residential unit is exempt from tax.
3.	Rental income from warehousing of sugarcane	Nil	Exempt, Warehousing of agriculture produce is exempt. Sugarcane is an agriculture produce, hence exempted.
4.	Services to Municipal Corporation of Bhopal for slum improvement and upgradation	Nil	Exempt. Services provided to a local authority by way of slum improvement or upgradation falling under article 243(1)(iv)
5.	Consideration received against western music dance performance in an event	1,25,000	Taxable, Since exemption is available for performance in folk or classical or form of music, dance or theatre performance where consideration exceeds ₹ 1,50,000. In given case, western music is
	Value of taxable supply	6,25,000	Taxable

CCP 08.14.28.00

M/s P, a registered supplier of Rajasthan, has received the following amounts in respect of the activities undertaken by her during the month of April, 20XX:-

S.No.	Particulars	Amount (₹)
1.	Amount received for warehousing of jaggery	50,000
2.	Commission received as business facilitator for the services provided to the urban branch of a nationalized bank with respect to savings bank accounts	20,000
3.	Amount received for services by way of <u>labour contracts</u> for <u>repairing</u> a single residential unit otherwise than as a part of residential complex	10,000
4.	Amount received for acting as brand ambassador for corporate client	75,000
5.	Amount received for service provided to the Indian Olympic Association as <u>team manager</u> of national team.	80,000

All the transactions stated above are Intra-State transactions and all amounts are exclusive of GST. You are required to compute gross value of taxable supply on which GST is to be paid by M/s P for the month of April, 20XX by giving necessary explanations for treatment of various items. [CA IPC Jan 21 Exam] [CA Inter MTP Apr 23 (Similar)]

Answer:-

Computation of value of taxable supply on which GST is to be paid by M/s P:-

S.No.	Particulars	₹	Explanation
1.	Warehousing of jaggery		
2.	Commission received as business facilitator		
3.	Amount received for services by way of labour contracts		
4.	Acting as brand ambassador for corporate client		
5.	Service provided to Indian Olympic Association as team manager of national team.		
	Total value of taxable supply		

CCP 08.14.30.00

Mr. Dhanwan, an individual registered supplier of Ahmedabad (Gujarat), received the following amount towards rendering of the intra-state supply of various services in the month of January 20XX:

Sr.No.	Particulars	Amount (₹)
1.	Consideration received from security and housekeeping services provided to 'Holy Foundation', an educational institution providing services by way of pre-school education, outside the school premises on its annual day function.	60,000
(ii)	Amount received as an honorarium for participation as guest anchor on 'Apna TV' in relation to a debate.	2,25,000
(iii)	Sum received as hiring charges for provision of non-air-conditioned contract carriage for transportation of employees to and from the work to M/s. Siddhi Pvt. Ltd, a registered person under the GST. Such hiring is for 3 months. Use of the contract carriage is at the disposal of the company.	1,50,000
(iv)	Amount received for provision of training in recreation activities of music.	90,000
(v)	Renting of residential flat to Mr. Sahil, proprietor of M/s. Dayaram & Sons, a registered person under GST for the purpose of his own residence (in personal capacity)	30,000

You are required to compute the value of supply on which GST is to be paid by Mr. Dhanwan for the month of January 20XX. All the amounts stated above are exclusive of GST, wherever applicable. Suitable notes should form part of the answer. [CA Inter Nov 23 Exam]

Answer: Computation of value of supply on which GST is to be paid by Mr. Dhanwan:

S.No.	Particulars	₹	Remarks
(i)	Security and housekeeping services provided to an educational institution	60,000	<u>Taxable</u> , Since Security & house keeping services are performed outside the educational institution.
(ii)	Honorarium for participation as guest anchor	2,25,000	<u>Taxable</u> , not specifically exempted.
(iii)	Hiring charges for non-air-conditioned contract carriage	1,50,000	<u>Taxable</u> , Since passenger transport service in non A.C. contract carriage is exempt other than use for tourism, special charter or hire. In given case, hiring is under special contract, hence taxable.
(iv)	Training in recreational activities of <u>music</u>	Nil	<u>Exempt</u> , Since training in recreational activities, relating to <u>art or culture</u> by an individual are exempt.
(v)	Renting of residential flat to Mr. Sahil	Nil	<u>Exempt</u> , Renting of residential dwelling to proprietor (registered under GST) in his personal capacity for his own residence is <u>Exempt</u> .
	Value of taxable supply on which GST is to be paid by Mr. Dhanwan	4,35,000	

H/W
Determine whether GST is payable on services provided under the following independent cases:-

1. Mr. Rahul is a proprietor of a proprietorship concern- "Rahul Trading". Rahul Trading is registered under GST in Gujarat. Mr. Rahul rents a residential flat in his personal capacity for use as his own residence and such renting is on his own account and not that of the proprietorship concern.
2. National Testing Agency conducted entrance examination for admission to various educational institutions.
3. Road contractors receives annuities in place of toll from the public.
4. GST on payment of honorarium to the Guest Anchors.
5. Service of affiliation provided by Central educational board to a private school. [CA Inter RTP Nov 23]

Answer:-

1.	
2.	
3.	

4

5

Legal provision: 1. Service of affiliation provided by central educational Board to a School established or owned or controlled by the central board is exempt.

2. As per CBTE clarification, the affiliation service if provided to priv. school then it is taxable.

Conclusion: In view of above, affiliation service provided by Central educational board to a private school is taxable.

Computation of GST

CCP 15.01.03.00

Jino Enterprises, a partnership firm is a regular taxable person registered in Guwahati, Assam and is engaged in supply of Air conditioners and its accessories as well as air-conditioned repairing services.

Details of their various activities for the month of October 20YY are as follows:

1) Intra State supply of Air conditioner to customers in Assam. Freight is separately charged in invoices for delivery of goods at customer's doorstep.

Particulars	Amount (₹)
Value of goods	4,00,000 ✓
Value of freight charges charged separately in above invoices	1,00,000 ✓

2) Intra State supply of repairing services wherein apart from charging service charges, cost of parts/ spares provided to customers is also charged and consideration for the same is separately mentioned in the invoices.

Particulars	Amount (₹)
Value of services component of invoices ✓	3,00,000 ✓
Value of parts / spares component in invoices	50,000 ✓

3) In order to enhance their sales and to clear the stock of old models of air - conditioner, Jino Enterprises made combo offers to customers wherein, if a customer purchases an Air-conditioner along with a stabilizer, the same is offered at a combo price of ₹ 20,000 as against the original price of ₹ 30,000 (Air-conditioner ₹ 22,000 & stabilizer ₹ 8,000) if these are purchased separately. During October 20YY, Jino Enterprises had made inter-State supply of 10 numbers of such combo products.

- 4) Purchased business class air tickets for intra State travel from Guwahati Airport, Assam to Dibrugarh Airport, Assam for its executive employees relating to business of the concern. Basic air fare was ₹ 40,000 and airlines charges GST @ 2.5% CGST, SGST each on basic freight, in case the same is applicable.

Additional Information:

- a) All the figures mentioned above are exclusive of taxes. ✓
b) In respect of few of the invoices relating to F.Y. 20XX -20YY, involving ITC of CGST ₹ 20,000, SGST of ₹ 20,000, IGST ₹ 80,000 was not taken earlier. Jino Enterprises now want to avail credit in respect of such invoices in the current month.
c) The rates of GST applicable on various supplies are as follows:

Nature of Supply	CGST	SGST	IGST
Air-Conditioner, Parts and accessories (Except Stabilizers)	6%	6%	12%
Services	9%	9%	18%
Stabilizers	9%	9%	18%
Freight	6%	6%	12%

Calculate the amount of minimum CGST, SGST & IGST tax payable in cash by Jino Enterprises for the month of October, 20YY.

Note: Working Notes (legal provisions) should form part of your answer.

[CA Inter May 23 Exam] [CA IPC July 21 Exam (Similar)]

Answer :-

Computation of minimum CGST, SGST and IGST payable in cash by Jino Enterprises for the month of October, 20YY:

Particulars	Value	IGST (₹)	CGST (₹)	SGST (₹)
Intra-State supply of air-conditioners [Note 1]	5,00,000 (4,00,000 + 1,00,000)	-	30,000 (5,00,000 × 6%)	30,000 (5,00,000 × 6%)
Intra-State supply of repairing services [Note 2]	3,00,000	-	27,000 (3,00,000 × 9%)	27,000 (3,00,000 × 9%)
Intra-State supply of parts / spares [Note 2]	50,000	-	3,000 (50,000 × 6%)	3,000 (50,000 × 6%)
Inter-State supply of 10 combos of air- conditioners and stabilizers [Note 3]	2,00,000 (20,000 × 10)	36,000 (2,00,000 × 18%)	-	-
Total Output Tax		36,000	60,000	60,000
Less: ITC (Working Note) [Note 4]				
IGST: 80,000		(36,000)	(22,000)	(22,000)
CGST: 21,000		-	(21,000)	X
SGST: 21,000		-	X	(21,000)
Minimum net GST payable in cash		Nil	17,000	17,000

O.S.
 Input Tax Credit (ITC)
 net
 Rem
 Total credit

Working Note:- Computation of ITC available:

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Purchase of business class air tickets for travel from Assam [Note 5]		1000 (40,000 x 2.5%)	1000 (40,000 x 2.5%)
Invoices relating to FY 20XX-YY [Note 6]	80,000	20,000	20,000
Total ITC available	80,000	21,000	21,000

Notes:

- 1) Transportation charges charged with sale of A.C. is a part of composite supply as it is naturally bundled. Hence it is classifiable in principal supply i.e. sale of A.C. also u/s 15(2)(c), it is an incidental charges on supply of A.C. & included in value of supply.
- 2) Since sale of parts & repairs services are not naturally bundled hence they are taxable separately @ applicable to it [Sec 8]
- 3) A.C. with stabiliser are independent supply & not naturally bundled, hence it is mixed supply. In such case, it is classifiable in that supply which attract highest rate of tax i.e. 18%.
- 4) a) IGST credit is first utilise for payment of IGST liability & remaining IGST credit can be utilise for payment of CGST & SGST in any proportion.
b) after exhausting IGST credit, CGST & SGST credit can be utilise for payment of CGST & SGST respectively.
c) Cross credit of CGST & SGST is not allowed.
- 5) Air travel ticket in business class where person is embarking from Assam is not exempted & tax paid thereon is eligible for ITC
- 6) I.T.C. in respect of any invoice can be taken upto 30th Nov of succeeding year or date of furnishing annual return whichever is earlier.

CCP 15.01.07.00

Neelkanth Pvt. Ltd., a registered supplier of goods and services at Kolkata has furnished the following information for the month of February:

S.No.	Particulars	Amount (₹)
(i)	Intra-State supply of taxable goods including ₹1,00,000 received as advance in January, the invoice for the entire sale value is issued on 15th February	4,00,000
(ii)	Purchase of goods from a composition dealer, registered in Kolkata	5,50,000
(iii)	Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (It is an intra-State transaction)	1,00,000
(iv)	Membership of a club availed for employees working in the factory (It is an intra-State transaction)	1,75,000
(v)	Goods transport services received from a GTA. GST is payable @12% (It is an inter-State transaction)	2,00,000
(vi)	Inter-State services provided by way of training in recreational activities relating to sports	10,000
(vii)	Inter-State security services provided to ABC higher secondary school for their annual day function organised in Fintex Auditorium outside the School campus	15,000
(viii)	Inputs to be received in 4 lots, out of which 2nd lot was received during the month	40,000

The company has following ITCs with it at the beginning of the tax period:

Particulars	Amount (₹)
CGST	57,000
SGST	Nil
IGST	50,000

Note:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing the ITC have been fulfilled.
- (iv) The turnover of Neelkanth Pvt. Ltd. was ₹2.5 crore in the previous financial year.

Compute the minimum GST, payable in cash, by Neelkanth Pvt. Ltd. for the month of February. Make suitable assumptions as required [CA Inter RTP Nov 22] [CA Inter MTP Mar 24]

Answer:-

1) Computation of GST Payable on outward supplies:

Particulars	Value	IGST @ 18%	CGST @ 9%	SGST @ 9%
Intra-State supply of goods (Note-1)	4,00,000	—	36000	36000
Services rendered by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (Note-2)	1,00,000	—	9000	9000
Services provided by way of training in recreational activities relating to sports (Note-3)	10,000	1800	—	—
Inter-State security services provided to ABC higher secondary school for their annual day function held in Fintex Auditorium (Note-4)	15,000	2700	—	—
Total GST payable		4500	45000	45000

2) Computation of Total ITC :

Particulars	IGST ₹ 18%	CGST ₹ 9%	SGST ₹ 9%
Opening ITC (Given) ✓	50,000	57,000	—
Add: Purchase of goods from a composition dealer (Note-5)	—	—	—
Add: Membership of a club (Note-6)	—	—	—
Add: Goods transport services received from GTA (Note-7)	(24,000)	—	—
Add: Inputs to be received in 4 lots, out of which 2nd lot was received during the month (Note-8)	—	—	—
Total ITC	74,000	57,000	—

3) Computation of minimum GST payable: in cash.

Particulars	IGST ₹ 18%	CGST ₹ 9%	SGST ₹ 9%
Total Output tax liability	4500	4500	4500
Less: Input tax Credit [Note-9]			
IGST: 7400	(4500)	(24500)	(4500)
✓ CGST: 5700	—	(20500)	
✓ SGST: NIL	—		
Minimum GST payable in cash	NIL	NIL	NIL

Notes:-

- 1) In case of supply of goods, the time of supply is not on advance received, instead of that it is on invoice or last date of invoice whichever is earlier [Sec 12 read with M/N 66/2017]
In given case, the advance of ₹ 1,00,000 is received in Jan, but for such the invoice is issued in Feb. Hence GST is payable on entire value in the month of Feb.
- 2)
- 3) Training or coaching in re-creational activities relating to sports is exempt only if it is provided by charitable entities registered under Income Tax Act. [Sec 12AA/12AB]. In given case, Neelkhanth is not a registered charitable entity.
- 4) Security services provided to ABC higher & secondary school for annual day function organised outside the school campus is not exempt as not performed within school campus.
- 5) If goods purchased from composition dealer then ITC is blocked (S 17(1))
- 6) Membership of club availed for employee except under statutory obligation is blocked credit (S 17(5)).
- 7) In case of transport of goods service by GTA, the GST is payable under reverse charge, unless GTA opt for forward charge @ 12%.
In given case GTA has opted for forward charge, hence RCM is not applicable. Also, Neelkhanth Pvt Ltd eligible of ITC.
- 8) In case of goods received in lots, the ITC can be taken on on receipt of last lot.
- 9) ITC credit first utilised towards payment of ITC, remaining amount can be utilised towards payment of CGST & SGST in any order &

'XY' of Kolkata is engaged in supply of various goods and services. It pays GST under regular scheme. The following information is provided by it for the month of July:-

Payments	Amount(₹)	Receipts	Amount(₹)
Inter-State purchases of office stationery	1,40,000	Inter-State supply of <u>office stationery</u>	2,00,000
Repairing of lorry used to transport goods from warehouse to clients' location [Intra-State supply]	1,00,000	Intra-State supply of 500 combo packs containing one calculator and one diary	4,00,000
		Intra-State supply of services of business correspondent to Shubhvidhi Bank with respect to accounts in its urban area branch	1,00,000

The following additional information is provided by 'XY' in relation to the above receipts and payments:-

- 10% of the inter-State supply of office stationery are made to unregistered persons.
- Each combo pack (containing a calculator and a diary) is priced at ₹ 800. The calculator and the diary are individually priced at ₹ 700 and ₹ 200 respectively.
- An invoice of ₹ 40,000 towards purchase of office stationery is missing and no other tax paying document is available in respect of such goods.
- All the figures mentioned above are exclusive of taxes, wherever applicable.
- Rates of CGST, SGST and IGST for all services, office stationery and calculator are 9%, 9% and 18% respectively. Rates of CGST, SGST and IGST for diary are 14%, 14% and 28% respectively.
- Subject to the information given above, all the necessary conditions for availing input tax credit have been fulfilled. Details of opening balances of input tax credit as on 1st July is given here under:

Tax	Amounts(₹)
CGST	5,000
SGST	5,000
IGST	80,000

Compute the minimum net GST [CGST, SGST or IGST, as the case may be] payable in cash by 'XY' for the month of July. [CA Inter RTP Nov 2020]

Answer:- Computation of minimum net GST payable in cash by 'XY' for the month of July:-

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
(I) Calculation of Total tax liability:-				
Inter -State supply of <u>office stationery</u> [Note 1]	2,00,000	36000	—	—
Intra-State supply of 500 combo pack of calculators and diaries [Note 2]	4,00,000	—	36000	36000
Intra-State supply of services of business correspondent to Shubhvidhi Bank with respect to accounts in its urban area branch (Note 3)	1,00,000	—	9000	9000
Total tax liability		36000	65000	65000

(ii) Calculation of total Input Tax Credit (ITC):				
Brought forward ITC [Given]		80,000	5000	5200
Inter-State purchase of office stationery [Note 4]	1,00,000	18000 (1,00,000 x 18%)	—	—
Intra-State repairing of lorry used for transportation of goods [Note 5]	1,00,000		9000 (1,00,000 x 9%)	9000 (1,00,000 x 9%)
Total ITC		98000	14000	14000
(iii) Calculation of Minimum net GST payable in cash:-				
Total tax liability [from (i)]		36000	65000	65000
Less ITC [Note 6]				
IGST - 98000		(36000)	✓	✓
CGST - 14000		—	(14000)	x
SGST - 14000		—	x	(14000)
Minimum net GST payable in cash		Nil	✓	✓

Notes:-

- 1) Taxable Supplies made by registered person are liable tax irrespective of whether they are made to a registered person or not.
- 2) Supply of calculator & diary as a combo pack with single price of ₹ 800 is a mixed supply & it is classifiable in that supply which attract highest rate of tax i.e., 28%.
- 3) Services provided by business facilitator/RCM to a banking company is only exempted, if it is provided in rural area. In given case it is provided in Urban area hence taxable under forward charge. Note-RCM is applicable only for business facilitator.
- 4) One of the condition for availment of ITC is that, invoice or other tax paying document must be in possession of registered person. In given case Invoice of ₹ 40,000 is missing, hence no ITC is available.
- 5) As the ITC on motor vehicle used for transportation of goods is allowed, hence repairs service on such motor vehicle is also eligible for ITC.
- 6) Note of ITC Utilization — — —

MCQ Case Studies

MCQ 07.13.22.00

Manavtaa Trust is a charitable trust registered under section 12AB of the Income-tax Act, 1961. The trust is well known for its educational, charitable and religious activities. The trust became liable to registration under GST in the current financial year since it exceeded the threshold limit for registration and thus, got itself registered in the State of Gujarat in the month of May.

In the month of June, a multinational company, Dhruvtara Ltd., gifted 500 laptops worth ₹ 50 lakh to the trust free of cost for the charitable purposes, without any intention of seeking any business promotion from the same. Manavtaa Trust distributed these laptops for free in the same month to the needy students for facilitating them in their higher studies.

Manavtaa Trust owns a higher secondary school – Manavtaa Higher Secondary School – in Gujarat. In the month of July, the trust availed security personnel services from 'Perfect Security Solutions', Gujarat, a proprietorship concern, for security of the school premises for a consideration of ₹ 2,00,000. It also received legal consultancy services from 'Maya & Co.' a firm of advocates for the issues relating to the said school for ₹ 1,20,000, in the same month.

Manavtaa Trust furnished the following information regarding the expenses incurred by it in the month of August; all transactions being inter-State:

- 1) Services received and used for supplying taxable outward supplies – ₹3,50,000.
- 2) Catering services received for students of Manavtaa Higher Secondary School – ₹ 2,00,000.
- 3) Buses purchased with seating capacity of 25 persons including driver – ₹10,50,000 (Buses were delivered in the first week of September).

Manavtaa Trust provided the following information in respect of the services provided

by it during the month of August:

- 1) It runs an old age home for senior citizens. Nominal monthly charges of ₹ 15,000 for boarding, lodging and maintenance are charged from each member. Total number of members is 20.
- 2) It rents out a community hall situated within the precincts of a temple managed by it on 15th August for a religious function in first half for ₹ 5,000 and for an art exhibition in second half for ₹6,000.
- 3) It rents out the rooms in the precincts of said temple to the devotees for a rent of ₹ 950 per room per day. Total rent collected in August amounts to ₹35,000.

All the figures given above are exclusive of taxes wherever applicable. Aggregate turnover of Manavtaa Trust for the preceding financial year was ₹ 15 lakh. All the conditions necessary for availment of ITC are fulfilled subject to the information given. Manavtaa Trust intends to avail exemption from GST wherever applicable. [CA Inter RTP May 23]

Based on the information given above, choose the most appropriate answer to the following questions–

i) Which of the following activities of Manavtaa Trust does not amount to supply under the GST law?

- a) Free laptops distributed to the needy students
- b) Boarding, lodging and maintenance of the senior citizens by the old age home run by the trust
- c) Renting of community hall situated within the precincts of the temple managed by the trust
- d) Renting of rooms in the precincts of the temple managed by the trust

(Hint:- Read Circular No. 116/35/2019 GST dated 11.10.2019 on donation to trust – which says that GST is not leviable on donation if the purpose is philanthropic (i.e., it leads to no commercial gain) and not advertisement)

ii) Compute the value of inward supplies on

which tax is payable by Manavtaa Trust under reverse charge, for the month of July.

- a) ₹2,00,000 b) ₹3,20,000
c) ₹1,20,000 d) Nil

(Hint:- Security personnel services received by higher secondary school are exempt & legal consultancy services received by business entity with an aggregate turnover \leq threshold for registration in preceding financial year are exempt)

iii) Compute the value of exempt supply made by Manavtaa Trust for the month of August.

- a) ₹3,00,000 b) Nil
c) ₹3,35,000 d) ₹35,000

(Hint:- Receipts of old age home upto ₹25000 per month per member is exempt i.e. $(15,000 \times 20) + 35,000$ rent for room where rent per room < 1000)

iv) Compute the value of taxable supply made by Manavtaa Trust for the month of August.

- a) ₹3,00,000 b) ₹11,000
c) Nil d) ₹35,000

(Hint:- rent for community hall per day is ≥ 10000 , So taxable supply = $5,000 + 6,000 = 11,000$)

v) Determine the amount of ITC that can be credited to the Electronic Credit Ledger of Manavtaa Trust, in the month of August assuming rate of GST to be 18%.

- a) ₹36,000 b) ₹63,000
c) ₹1,89,000 d) ₹2,88,000

(Hint:- Catering service to higher secondary school is exempt & ITC for buses is available in September – not August. So, ITC in August = $3,50,000 \times 18\%$)

Computation chapter MCQ Case Studies

MCQ 7

Ms. Riya is a multi-faceted business personality. She is registered under GST from April, this year.

She supplied a package consisting of stapler, calculator and charger at a single price of ₹300. Rate of GST for stapler, calculator and charger is 5%, 12% and 18% respectively.

She wants to opt for composition levy.

She received following payments during the month of May:

- earned ₹1,60,000 by performing a western music in a cultural event at a Resort
- earned ₹50,000 by providing services by way of renting of residential dwelling for use as a boutique.
- received ₹70,000 by way of rent for letting of agro machinery

Ms. Riya made a supply during June, details of which are as follows-

- Basic price of the product before TCS under Income Tax Act, 1961 – ₹45,000
- Tax collected at source under Income-tax Act, 1961 – ₹2,500
- She received a subsidy of ₹3,500 from Green Foundation Pvt. Ltd for usage of green energy and the subsidy was linked to saving energy

Ms. Riya provides the following information regarding receipt of inward supply during July-

- received invoice for goods having GST component of ₹30,000. Goods were to be delivered in 5 lots, out of which three lots were received in the current month.
- purchased a car having GST component of ₹1,50,000 for the usage in a driving school owned by her for imparting training
- availed health insurance service for her employees on her own voluntarily and paid GST of ₹7,000 thereon

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Conditions necessary for claiming input tax credit (ITC) have been fulfilled subject to the information given above. [Study

Mat][Similar Que MTP Sep 2022][CA Inter MTP Apr 23]

From the information given above, choose the most appropriate answer for the following questions:-

7.1 What would be the nature of supply and the applicable rate of GST for the supply of package made by Ms. Riya (when not registered under composition scheme):-

- (a) composite Supply & applicable rate 12%
- (b) mixed Supply & applicable rate 18%
- (c) composite Supply & applicable rate 18%
- (d) mixed Supply & applicable rate 12%

[Hint:- 1. Refer sec 2(30) and 2(74) for definition of composite and mixed supply- here, supply is not naturally bundled and there is single price for package, so it is mixed supply

2. As per Sec 8(b) of CGST Act, a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.]

7.2 Out of payments received by Ms. Riya in month of May, exempt Supply amounts to _____

- (a) ₹ 50,000 (b) ₹ 70,000
- (c) ₹ 1,20,000 (d) ₹ 1,60,000

[Hint:-Refer entry no. 78, 12 and 54 in exemption chapter]

7.3 Compute the value of supply under section 15 of CGST Act, 2017 made by Ms Riya?

- (a) ₹ 45,000 (b) ₹ 47,500
- (c) ₹ 48,500 (d) ₹ 51,000

[Hint:-1. Refer Circular no. 76/50/2018 in Value chapter, As TCS is an interim levy not having character of tax so it can not be included in value of supply

2. Basic price is before TCS under IT act , so when it is already before TCS, it means that TCS is already not included in this price so value = ₹45000

3. Subsidy ₹ 3500 is not directly linked to price so, not to be added in value u/s 15(2)(e).]

7.4 Compute the amount of input tax credit that can be claimed by Ms. Riya?

- (a) ₹ 30,000 (b) ₹ 37,000
- (c) ₹ 1,50,000 (d) ₹ 1,57,000

[Hint:- 1. As per 1st proviso to sec 16(2), if goods are received in lots then entire ITC shall be taken on receipt of last lot

2. Refer Sec 17(5)(a) for ITC on car i.e .car is used for imparting training on driving & refer proviso to sec 17(b) for services provided to its employees

MCQ 13

M/s. Safe Bank Ltd., a small finance bank, was incorporated in April this year. The bank got registered under GST immediately on its incorporation as a banking company.

M/s. Safe Bank Ltd. received software support service from its Head office (HO) located in United Kingdom. No amount was charged by HO for the said service. Value of the said service was ₹ 4,10,000. M/s. Safe Bank Ltd. provided one high end laptop worth ₹ 50,000 to its new Managing Director as a gift for discharge of his duties.

Initially the bank opened 125 branches across India covering various States. In order to secure business, the bank appointed 'Quick Loan Providers LLP,' a direct selling agent, on PAN India basis. The bank was in need of services of recovery agents for various retail and personal loans granted by its branches. For this purpose, the bank appointed 'Fast Recovery Services Pvt. Ltd.', a recovery agent, on PAN India basis.

M/s. Safe Bank Ltd. provided the following details for the month of May-

Sl.no	Nature of receipt	Amount in ₹
i.	Interest received on Term Loan	10,75,000
ii.	Interest received on credit card transactions	6,20,000
iii.	Interest received on Fixed Deposit held with SBI, Mumbai	25,00,000
iv.	Commission received on letter of credit issued	3,00,000
v.	Documentation charges collected from borrowers	1,25,000
vi.	Sale of foreign exchange to Authorized dealers of Bank of Rajasthan	15,60,000

All the amounts given above are exclusive of taxes wherever applicable. All the supplies referred above are intra-state unless specified otherwise. Based on the information given above, choose the most appropriate answer for the following questions--[Study Mat]

13.1 Which of the following statements is correct under GST law?

- (i) Receipt of software support service by Safe Bank Ltd. from HO is supply.
- (ii) Issue of laptop to new MD as gift is supply.
- (iii) Receipt of software support service by Safe Bank Ltd. from HO is not a supply.
- (iv) Issue of laptop to new MD as gift is not a supply.

- (a) (i) & (ii)
- (b) (i) & (iv)
- (c) (ii) & (iii)
- (d) (iii) & (iv)

[Hint:- Import of software support service is deemed supply as per para 4 of schedule I & Refer proviso to para 2 of schedule I for issue of laptop having value not exceeding ₹ 50000]

13.2 In respect of services availed by Safe Bank Ltd., the bank shall pay tax under reverse charge for which of the following services?

- (a) Service availed from 'Quick Loan Providers LLP'
- (b) Service availed from 'Fast Recovery Services Pvt. Ltd.'
- (c) Both (a) and (b)
- (d) None of the services availed attracts RCM

[Hint:- Refer entry no. 8 & 11 in RCM chapter, here DSA is a LLP and not an individual]

13.3 Compute the value of exempt supply provided by M/s. Safe Bank Ltd. for the month of May?

- (a) ₹ 15,00,000
- (b) ₹ 41,95,000
- (c) ₹ 51,35,000
- (d) ₹ 66,95,000

[Hint:- Refer entry no. 27 in exemption chapter for the services that are exempt here and rest all will be taxable out of the services given in table (i.e. ₹ 10,75,000+₹25,00,000 + ₹15,60,000 = ₹51,35,000)]

13.4 Compute the value of taxable supply made by M/s. Safe Bank Ltd. for the month of May?

- (a) ₹ 10,45,000
- (b) ₹ 21,20,000
- (c) ₹ 36,80,000
- (d) ₹ 61,80,000

[Hint:-Refer entry no. 27 in exemption chapter for the services that are exempt here and rest all will be taxable out of the services given in table (i.e. ₹ 6,20,000 + ₹ 3,00,000 + ₹1,25,000 = ₹10,45,000)]

MCQ 16

MM Charitable Trust is registered under section 12AA/ 12AB of the Income tax Act, 1961.

The trust conducted a three day residential yoga camp among people on the occasion of international yoga day for the advancement of yoga and charged ₹ 7,500 per person inclusive of stay and food.

The trust also conducted programmes for the advancement of education of persons aged above 65 years in metro cities. A nominal fee was charged for the same.

The trust received following donations during the month of September:-

- i. Mr. Sunil Sharma, proprietor of Solid Steels donated a RO water plant to the trust costing ₹ 75,000 and displayed his firm name in the RO system installed at the premises of the trust as "Donated by Mr. Sunil, owner of Solid Steels - trusted by all".
- ii. Mr. Prasanna, a lawyer donated chairs to the trust costing ₹ 25,000 and 'Love all' is printed on all chairs donated by him to the trust.

The following are the details of GST payment made by the firm

- i. GST of ₹ 1,75,000 was paid for the purchase of motor vehicle for transportation of needy persons (Seating capacity including driver is 13).
- ii. GST of ₹ 2,45,000 was paid for works contract services availed from Super Builders for construction of Trust's office building.

MM Charitable Trust also owns and manages a gurudwara. It rented the community hall located

in the precincts of the gurudwara for a rent of ₹ 8,500 per day for a marriage function. It also rented the commercial shop located in the precincts of the gurudwara for a rent of ₹ 10,000 per month per shop.

You can assume that the Trust is registered under GST and all the transactions are intra-State only. Conditions for availing ITC are fulfilled subject to the above-mentioned information.

Based on the information given above, choose the most appropriate answer for the following questions – [CA Inter RTP Nov 21]

16.1. Which of the following activities conducted by trust is exempt from GST?

- (a) Advancement of Yoga
- (b) Advancement of education
- (c) Both (a) and (b)
- (d) Neither of the activities

[Hint:- Refer entry no. 1 in exemption chapter along with Definition as per Para 2(r) for charitable activities – (education to Persons over the age of 65 years residing in a rural area is covered here)]

16.2. Determine the value of taxable supply in respect of donations received by the Trust?

- (a) ₹ 25,000
- (b) ₹ 75,000
- (c) ₹ 1,00,000
- (d) Nil

[Hint:- Refer clarification (Circular No. 116/35/2019 GST) given in supply chapter]

16.3. Compute the amount of input tax credit that can be claimed by the Trust?

- (a) ₹ 1,75,000
- (b) ₹ 2,45,000
- (c) ₹ 4,20,000
- (d) Nil

[Hint:- 1. Refer Sec 17(5)(a) and 17(5)(c) given in ITC chapter

2. Motor vehicle is used for transportation of only needy persons & not passengers and hence ITC is blocked]

16.4. Which of the following statements is/are correct under GST law in respect of gurudwara managed by MM Charitable

Trust?

- (a) Renting of community hall is taxable while renting of commercial shop is exempt.
- (b) Renting of community hall is exempt while renting of commercial shop is taxable.
- (c) Both renting of community hall and renting of commercial shop are taxable.
- (d) Both renting of community hall and renting of commercial shop are exempt.

[Hint:- Refer entry no. 13 in exemption chapter – (if rent for shop < ₹ 10000 per month per shop, then it is exempt & if rent for community hall is < ₹ 10000 per day then it is exempt)]