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**V'SMART
ACADEMY**

GST

BOOSTER

PRACTICE BATCH

Applicable for May/Sep 2025 Exam

Part 2



Think GST... Think Vishal Sir!

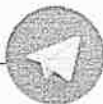
By CA VISHAL BHATTAD

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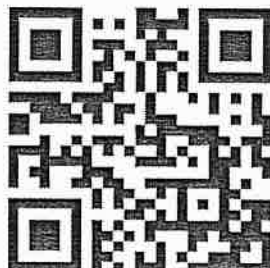
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Chapter 9

Payment of Tax & TDS-TCS

CLP-09-02-04-00

Answer the following questions:

1) How many types of electronic ledger/register are being maintained on GST common portal?

[Study Mat]

2) What are the differences between electronic cash ledger and electronic credit ledger?

Answer:- 1) Types of Electronic ledger or register are as follows

a) E cash ledger b) E credit ledger c) e-liability register.

Differences between electronic cash ledger and E credit ledger.

| E cash ledger | E credit ledger |
|--|---|
| <p>1) It can be use for payment of tax interest fee, penalty & other amount</p> <p>2) credit to the ledger will be through payment challan</p> <p>3) Refund of excess bal can be applied generally</p> | <p>1) It is used only for payment of output tax i.e. IGST/CGST/SGST, UTGST.</p> <p>2) credit to the E-credit ledger will be through self assessed ITC in on the basis of GSTR-2B</p> <p>3) Refund of excess bal, only allowed in the following 2</p> <p>① zero rate supply</p> <p>② Inverted tax.</p> |

CLP-09-04-07-00

Sahil is a supplier of taxable goods in Karnataka. He got registered under GST in the month of September, 20XX and wishes to pay his IGST liability for the month. Since he's making the GST payment for the first time, he is of the view that he needs to mandatorily have the online banking facility to make payment of GST; offline payment is not permitted under GST. You are required to apprise Sahil regarding the various modes of deposit in the electronic cash ledger. Further, advise him with regard to following issues:-

(a) Are manual challans allowed under GST?

(b) What is the validity period of the challan?

(c) Is cross utilization among Major and Minor heads of the electronic cash ledger permitted? [CA Inter RTP May 19 New] [Study Mat]

4/5
Answer: legal provision

① the deposits in electronic cash ledger can be made through any of the following modes.

① internet banking including UPI & IMPS ② credit card & debit card

③ NEFT & RTGS ④ over the counter payment is allowed upto ₹10000 thus offline payment is permitted upto ₹10000 subject to specific condition.

(a) NO, it is Mandatory to generate challan online. on GST Portal

(b) e-challan is valid for a period of 15 days.

(c) yes. A registered person can transfer any amount in minor head (tax, interest, penalty fee or others) of major head (CGST, SGST, IGST, Cess) to any other minor head of major head of e-cash ledger through PMT 09 challan

CCP 09.04.08.00

Answer the following Questions:

(b) Suhasini is a registered software consultant. On account of ²/₃ her ill health, she could not provide any services during the month of October. However, she had to incur all the expenses relating to her office. She paid ₹75,000 to various vendors. Total GST involved on the goods and services procured by her is ₹13,500. Out of the total bills paid by her, one bill for ₹15,000 relates to security services availed for security of her office, tax on which is payable under reverse charge. GST involved in such bill is ₹2,700

Suhasini is of the opinion that for the month of October, no GST is payable from electronic cash ledger as she has sufficient balance of ITC for payment of GST under reverse charge on security services. Do you think Suhasini is right? Explain with reasons assuming provisions of rule 86B are not applicable. [CA Inter RTP Nov 2020] [Study Mat]

Answer: legal provision

① the amount available in e-credit ledger may be used for making any payment towards output tax.

② Output tax does Not include tax payable under reverse charge.

③ Discussion and conclusion.

In view of above bal in the e-credit ledger cannot be used to pay tax under reverse charge it is payable only through

e-cash ledger thus suhasini is wrong & she will need to pay GST of ₹ 2700 on security only through e-cash ledger

SEP 09 05:10:00

Answer the following:-

(iv) Mr. Atul of Chennai is a registered dealer under GST. He has an opening balance of input tax credit of ₹ 1,20,000 (IGST) lying in the electronic credit ledger relating to the month of November 20XX. During the month, a legal proceeding has been initiated under the GST law which resulted in a tax liability of ₹ 80,000 (IGST, other than RCM liability). Mr. Atul agrees with the tax liability and wants to use the balance lying in the electronic credit ledger towards payment of same.

He seeks your opinion with regard to the provisions of GST laws as to whether he is allowed to use the amount lying in the electronic credit ledger for making the payment of tax liability, payable as a consequence of the proceeding? [CA Inter Nov 23 Exam]

Answer: legal provision

- ① The bal of e credit ledger of IGST can be utilised for payment of output tax (IGST, CGST or SGST) other than tax payable under reverse charge.
- ② It is clarified that e-credit ledger can be utilize for any output tax payable as a consequences of proceeding instituted under the provision of this Act
- ③ Conclusion: in view of Above Mr atul is allowed to use credit of IGST in e-credit ledger for making payment of tax liability of ₹ 80000 payable as a consequences of legal proceeding.

CCP 09.07.13.00

Mr. Manik provides the following information regarding his tax & other liabilities under GST law as per Electronic Liability Register:

| S.No. | Particulars | Amount (₹) |
|-------|---|------------|
| 1 | Tax due for the month of May | 25,000 |
| 2 | Interest due for the month of May | 2,000 |
| 3 | Penalty due for the month of May | 3,000 |
| 4 | Tax due for the month of June | 35,000 |
| 5 | Liability arising out of demand notice u/s 73 | 48,000 |

Mr. Manik wants to clear his liability of demand notice u/s 73 first.

Discuss the provision of order of discharge of GST liability u/s 49 (8) of the CGST Act & advice to Mr. Manik. [CA Inter May 23 Exam]

Answer:- legal provision

Every taxable person shall pay his tax liability in following order.

- self assessed tax, interest, penalty, fee or other amount related to return of previous tax period.
 - self assessed tax, interest, penalty, fee or other amount related to return of current tax period.
 - any other amount payable under demand notice by dept
- Discussion and conclusion

- In given case Mr Manik cannot clear his tax liability of demand by dept first
- Thus the order of discharge of liability of Mr. Manik will be
 - tax, interest penalty for the month of May i.e ₹ 30000
 - tax due for the month of June = 35000
 - liability arising out of demand notice 48000

CCP 09.09.16.00

Pranesh has deposited a sum of ₹ 5,000 under the head of 'Fee' column of Cess and ₹ 4,000 was lying unutilized under the head of 'Penalty' column of IGST. Both the deposits were made wrongly instead of depositing under the head of Fee column under SGST.

In the light of the provisions of section 49(10) & 49(11) of the CGST Act, 2017, briefly explain the relevant provisions as how can Pranesh rectify these errors? [CA Inter Nov 22 Exam]

Answer: legal provision

① A registered person can transfer any amount in minor head (tax, interest, penalty fees) of major head (CGST, SGST, IGST less) to any other minor head of major head of cash ledger through PMT 09.

Discussion & conclusion

Therefore in given case. the amount of
→ ₹ 5000 available in minor head fee or major head cess and.
→ ₹ 4000 available under minor head penalty or major head IGST.
can be transferred to minor head fee ~~to transfer~~ of major head
SGST by using PMT 09 challan.

DP 09 10 18 00 [LDR]

GSTR 3B for the month of January 20XX has been filed by M/s Avisha Limited, a registered person, within the due date prescribed by the CGST Act 2017 which is on February 20th 20XX. It came to the notice of the Co. that tax due for the month of January 20XX has been paid short by ₹ 16,000. The short fall of ₹ 16,000 has been paid through cash ledger and credit ledger at the time of filing GSTR 3B for the month of February 20XX on March 20th 20XX in the following manner:

| Particulars | Cash Ledger | Credit Ledger |
|-------------|-------------|---------------|
| Shortfall | ₹ 12,000 | ₹ 4000 |

Assume that electronic cash ledger and credit ledger carry sufficient balance for the above short fall.

1) You are required to calculate the amount of interest payable if any under section 50 of the CGST Act 2017 and rule 88B of the CGST rules 2017.

2) Give the effect if GSTR-3B for the month of January 20XX had been filed belatedly on March 20, 20XX and all other conditions remaining same.

Calculation should be rounded off to nearest rupee. As 2024 is leap year, give effect of same.

[CA Inter May 24 Exam][Study Mat (Example), CA Inter Dec 21 Exam (Similar)]

Answer:- legal provision.

1. Interest is payable on delay payment of tax @ 18%. PA from next day of due date of return till the date of payment of tax. (Sec 50)

2. If delay payment of tax is due to delay filling of return then interest is payable on Net tax Liability paid through e cash ledger

3. If return is filed within due date but short payment of tax is found subsequently for the same tax period then interest is payable on Goods tax Liability.

Discussion & Conclusion

1. Since Anisha Ltd has furnished return in GSTR-3B for the month of January within due date 20th Feb, the interest is payable on the Gross tax liability for delay of 29 days [21-02-xx to 20-3xx]

$$\text{Interest} = 16000 \times 18\% \times \frac{29}{366} = 228$$

2. If Anisha has filed return for the month after due date the interest is payable on the net tax liability paid through cash ledger = Int = $12000 \times 18\% \times \frac{29}{366} = 171$

CGP 09.10.20.00

Oct → Nov 20th → 20th Dec.

Mr. Broker wrongly availed ₹1,25,000 as input tax credit (CGST + SGST) at the time of furnishing return under section 39 of the CGST Act, 2017 for the month of October 20XX. This ITC was not utilized against the output tax liability for the month of October 20XX. Mr. Broker utilised ITC of ₹75,000 from the above wrongly availed ITC of ₹1,25,000 against output tax liability for the month of November 20XX.

Mr. Broker paid the amount of ITC wrongly utilised of ₹75,000 on 10th March, 20YY and reversed the unutilized amount of ₹50,000 on 20th March 20YY. Calculate the total interest payable (CGST + SGST) rounded off to nearest rupee under GST law if Mr. Broker files:

- Form GSTR-3B for the month of October on 18th November 20XX, and
- Form GSTR-3B for the month of November on 25th December 20XX.

Note: Assume there is no extension of due date of filing of Form GSTR-3B, and no other transactions were undertaken during the year 20XX-YY. [CA Final Nov 23 Exam]

Answer:- Legal provision

1) If ITC has been wrongly ~~not~~ availed & utilise then, registered person shall pay 18% ~~per~~ PA on the same for the period ~~start~~ starting from the date of utilisation of such wrongly availed ITC till the date of reversal or payment of such ITC where the date of utilization of ITC will be earlier of due date of furnishing return or actual date of filing return.

Discussion and conclusion

① In given case the wrongly availed ITC of ₹50,000 has been reversed without utilising the same hence no interest is payable

② However interest is payable on wrongly availed & utilised ITC of ₹75,000

③ Date of utilisation of said ITC will be earlier of
- due date of furnishing return on Nov i.e. 20th Dec xx or
- Actual date of filing return for Nov i.e. 25 Dec xx

thus date of utilisation of said ITC will be 20th Dec xx

$$\text{Interest} = 75000 \times 18\% \times \frac{80}{365} = 2959 \text{ (CGST + SGST)}$$

P 09-11-21-01

Ramlala Enterprises, registered in Delhi, is engaged in supply of interior decoration services to Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh). The total contract value inclusive of GST is Rs 15,50,000 and payment for the same is due in October 20XX.

You are required to determine amount of tax, if any, to be deducted in the above case assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

Will your answer be different, if Ramlala Enterprises is registered under composition scheme?

[CA Inter RTP May 24]

Answer:

Legal provision:

- ① Government department, agencies, local authority & other notified person are required to deduct TDS @ 2% (1% CGST & 1% SGST) from payment made by supplier where contract value of taxable supply exceeds ₹ 250000
- ② TDS shall not be deducted if location of supplier & place of supply in a same state & recipient in another state
- ③ Place of supply of services directly in relation to an immovable property including interior decorator service is the location of immovable property (sec 12(3))

Discussion & conclusion

- ① In given case, the place of supply of interior decorator service of Andhra Bhawan shall be delhi
- ② Since location of supplier (Ramlala enterprises) & pos both are in delhi & state of registration of recipient i.e Govt of Andhra Pradesh is Andhra Pradesh, hence No TDS provisions are applicable
- ③ The Ans will be unchanged even if Ramlala enter if Ramlala enterprises is registered under composition scheme TDS is Not applicable.

P 09-12-25-00

Who is liable to collect TCS (collection of tax at source) under Section 52 of the CGST Act, 2017. Briefly explain the provisions relating to registration, filing of return and deposit of TCS to Government as per the provisions of section 52 of the CGST Act, 2017 and rule 12 of the CGST Rules, 2017. [CA Inter May 24 Exam]

Answer :-

- 1) Liability to deduct TCS : Every ECO other than ECO covered under 9(5) is required to collect TCS where he is Not an agent and consideration in respect of supply is collected through ECO
- 2) Registration : ECO is required to take compulsory registration u/s 24, in separate form where registration will be granted in 3 working days.
- 3) Monthly statement It is required to be submitted by 10th of Next month which contain
 - a) details of outward supplies made through ECO
 - b) Supplies returned through it
 - c) Amount collected by it as TCS.
- 4) Deposit of TCS It has to be deposited by 10th of Next month
- 5) Annual statement :- Also required to file annual statement by 31st Dec of subsequent FY.

CCP 09.12.26.00

From the following information of independent cases, your expert advice, with appropriate reasoning, is sought on the applicability of TDS/TCS provisions of the CGST Act, 2017. You shall also quantify the amount of TDS/TCS, as the case be, if the same is applicable.

- 1) Top Fashions, a designer cloth dealer and registered in the State of West Bengal, effected supply through 'QUICK DEAL', an electronic commerce operator. Net value of taxable intra-State supplies effected for the month of October 20XX was ₹1,50,000.
- 2) M/s Super Builders, a registered supplier in Tamil Nadu, was awarded a works contract by Government of Tamil Nadu amounting to ₹4,30,000. Of this, value of exempt supply was ₹1,00,000.
- 3) Tasty Caterers, a registered supplier of Kerala, provided catering services in Kochi, Kerala to Government of Andhra Pradesh for its annual training camp held for its staff. Value of said services was ₹4,50,000.

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Answer :

1) Legal provision

In case where supply is made through ECO where consideration for such supplies is collected by ECO then ECO has to deduct TCS @ 0.5% (0.25% CGST, 0.25% SGST) on Net value of taxable supplies (Gross value - sales return) made through it (Sec 52)

Conclusion

In Given Case quick deal is an ECO Need to deduct TCS as follows -

$$TCS = 150000 \times 0.25\%$$

$$CGST = ₹ 375 \quad SGST = ₹ 375$$

2) If Any supply of Goods or services is made to Govt., where contract value of taxable supply exceeds ₹ 250000 then Govt has to deduct TDS @ 2% (CGST 1% & SGST 1%) on the Payment Made. (Sec 51)

Also taxable value does Not Include value of exempt supply

Conclusion In given case the taxable value is ₹ 330000

(₹ 330000 - 100000) Hence tamil nadu state Govt need to deduct TDS

$$TDS = 330000 \times 1\%$$

$$CGST = 3300 \quad SGST = 3300$$

3) a) In case of catering services the Place of supply is the Place where service is actually performed (Sec 12(4) of IGST Act)

b) If location of supplier & place of supply are in same state & recipient is located in the another state then in such case TDS provision is Not applicable

Conclusion In given case location of supplier & place of supply

is in Kerala & recipient is in other state i.e AP

Hence provision of TDS is Not Applicable



Input Tax Credit

CCP 10.02.02.00

What are the conditions necessary for availing ITC? [CA IPC MTP 2018] [Study Mat]

Answer:-

Following are the conditions to be satisfied for availment of ITC (Sec 16(2))

- a) Tax Invoice, debit Note or other tax paying document are in possession of registered person
- b) Supplier has furnished detail in GSTR 1/A & it is updated in GSTR-2B of recipient
- c) Registered person has received goods or services.
- d) There is no restriction of ITC u/s 38 to such registered person
- e) Supplier has actually paid the tax on which ITC is availed by Registered person
- f) He has furnished Return u/s 39

CCP 10.02.06.00

M/s Diwan & Sons of New Delhi, has placed an order for 250 kg of plastic granules @ ₹50 per kg (exclusive of GST) on M/s Karim & Bros. of Noida, U.P. M/s Karim & Bros. has agreed to deliver the goods at the warehouse of M/s Diwan & Sons at New Delhi. While the order was getting packed at the factory of M/s Karim & Bros., M/s Diwan & Sons got an order from Shubhkamna Sales of Hapur, U.P. for 250 kg of plastic granules @ ₹60 per kg (exclusive of GST). In order to save on transportation cost, M/s Diwan & Sons asks M/s Karim & Bros. to directly deliver the plastic granules to Shubhkamna Sales at its godown located in Hapur. Accordingly, M/s Karim & Bros. has delivered the plastic granules at the godown of Shubhkamna Sales at Hapur. Examine the availability of ITC with M/s Diwan & Sons & M/s Karim & Bros.

Note:- All the parties are registered under GST and rate of GST is 18%.

[Study Mat]

Answer: Legal provision

- ① One of the condition for availment of ITC is that goods or services are received by the registered person
- ② However if goods are delivered by supplier to recipient on the direction of registered person under Bill to ship to model then the goods are delivered deemed to be received when such goods are delivered by the supplier.

Discussion & Conclusion: In given case the goods have been delivered by M/s Karim & Brother (supplier) to Shubh Kamma Sales (recipient) on the direction of M/s Diwan & sons (Registered Person) therefore the ITC of ₹ 2250 ($250 \text{ kg} \times ₹ 50 \times 18\%$) will be available to M/s Diwan & sons (R.P) when Mr Karim & brothers deliver such goods to Shubh Kamma Sales

CCP 10.02.07.00

Answer the following questions:

- 3) A registered person must pay to the supplier, the value of the goods and/or services along with the tax within 180 days from the date of issue of invoice. State the exceptions to said rule. [CA Inter MTP Mar 23]

Answer:- The condition of payment of value of supply & tax thereon within 180 days does Not Apply in the following situations

- supplies on which tax is payable under Reverse charge.
- deemed supply without consideration (sch-1)
- third party payment made by recipient for which supplier is liable to pay tax (Sec 15(2)(b))

CCP 09.02.07.01

Rule 37A

Briefly explain the provisions relating to reversal of input tax credit in case of non-payment of tax by the supplier and re-availment thereof? [CA Inter Nov 23 Exam]

Answer: 1) One of the condition for availment of ITC is that supplier has actually paid the tax on which ITC is availed by registered person (16(2))

2) If Registered person availed ITC on invoice for which GSTR 1/1A is furnished by supplier & reflected in GSTR 2-B but supplier does Not furnish his return in GSTR 3B for a tax period till 30th Sep of following F.Y then the Amount of ITC shall be reversed by the recipient in the return to be furnish on or before 30th Nov of subsequent year

3) However if such ITC is Not reversed by recipient then it is payable along with interest

4) If supplier subsequently furnishes return for the said tax period

then registered person can avail ITC in the return filled in next period.

LDR

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CCP 10.02.09.01

ABC Pvt. Ltd. is engaged in the supply of electronic goods. During the FY 20XX-XY, the company's GST registration was cancelled on 15th August 20XX. Subsequently, the cancellation was revoked on 5th February 20XY by an order from Appellate Authority. ABC Pvt. Ltd. filed return for the period for which registration stood cancelled on 25th February 20XY. ABC Pvt. Ltd. has an invoice dated 20th July 20XX for goods supplied worth ₹1,00,000. Can ABC Pvt. Ltd. claim the ITC for the invoice dated 20th July 20XX? If yes, what is the time limit for the same?

Note: ABC Pvt. Ltd. has furnished annual return on 15th December 20XY.

Answer:-

Legal provision:- 1. If the registration of registered person is cancelled and subsequently it is revoked by an order; the registered person can claim ITC for the invoices or debit Note that was not restricted u/s 16(4) on the date order of cancellation.

2. Its ITC can be claim in the return filed till the later of following dates → a) earlier of 30th Nov of following FY or date of furnishing Annual return or
b) return filled for period from the date of cancellation of registration till the date of the order of revocation if such return is filled within 30 days from the date of revocation

Discussion & conclusion 1) Yes In given case ITC of Invoice dated on 20th July 20XX will be claimed by the later of,

a) 30th Nov 20XY (i.e. earlier of 30th Nov XY or 15th Dec XY or

b) 25th Feb 20XY

Thus ABC Ltd must claim ITC by 30th Nov XY.

CCP 10.03.10.00

Answer the following questions independently:

- a) SRS Cars Pvt. Ltd., a car manufacturer, purchased a tempo Traveller (Seating capacity of 15 persons) for the transport of its employees within the factory premises. Can SRS Cars Pvt. Ltd. avail ITC on such purchase? Will your answer differ, if seating capacity of tempo traveller is 10 persons?
- b) ABC Motors, an authorized dealer, purchases a demo vehicle for demonstration purposes for ₹10,00,000 with GST @18%. Can ABC Motors avail ITC on such purchase? Would your answer differ, if ABC Motors promotes its sale by helping potential buyers to decide to purchase a similar type of motor vehicle.

Answer: Legal provision. ITC is blocked on motor vehicle for transportation of person having approved seating capacity not more than 13 persons (including driver) except when they are used for following taxable supplies

- a) further supply of such motor vehicles or
b) transportation of passenger or
c) imparting training or driving of such motor vehicle

2) yes answer will differ if seating capacity of tempo traveller is 10 persons then SRS cons. Pvt Ltd cannot avail ITC on the same as ITC is blocked.

Discussion and Conclusion if SRS Cons. Pvt Ltd purchased a tempo traveller with seating capacity of 15 person is eligible to take ITC on same.

~~Ans~~ As per CBTC clarified that if demo vehicle solely used for demonstration purposes & Not passenger transport of training then it is said to be used in further supply in the course of business & ITC is available.

CCP 09/03/16/00

A Ltd. procured the following goods in the month of December, 20XX:-

| S.No. | Particulars | GST (₹) |
|-------|---|---------|
| 1 | Goods used in constructing an additional floor of office building ✕ | 18,450 |
| 2 | Goods given as free sample to prospective customers ✕ | 15,000 |
| 3 | Trucks used for transportation of inputs in the factory ✓ | 11,000 |
| 4 | Inputs used in trial runs ✓ | 9,850 |
| 5 | Confectionery items for consumption of employees working in the factory ✕ | 3,250 |
| 6 | Cement used for making foundation and structural support to plant and machinery | 8,050 |

Compute the amount of ITC available with A Ltd. for the month of December, 20XX by giving necessary explanations. Assume that all the other conditions necessary for availing ITC have been fulfilled. [CA Inter July 21 Exam]

Answer:- Computation of amount of ITC available with A Ltd. for the month of December, 20XX:-

| S.No. | Particulars | Eligible ITC (₹) | Remarks |
|-------|---|------------------|---|
| 1 | Goods used in constructing an additional floor of office building | Nil | If any goods is used for construction of immovable property then ITC is Blocked, u/s 17(15) |

| | | | |
|---|---|--------------|---|
| 2 | Goods given as free sample to prospective customers | Nil | ITC is blocked u/s 17(5) on goods distributed as free sample. |
| 3 | Trucks used to transport inputs in factory | 11000 | ITC is blocked only on Motor vehicle used for passenger & where seating capacity ≤ 13 in given case ITC is allowed because truck is used for transportation of goods |
| 4 | Inputs used in trial runs | 9850 | Inputs are used in the course of furtherance of business |
| 5 | Confectionery items for consumption of employees working in the factory | Nil | ITC on food or beverage is blocked u/s 17(5) unless it used for → same category of outward supply or → as a part of composite or mixed supply or → to be supplied under compulsion of law. |
| 6 | Cement used for making foundation & structural support to plant & machinery | 8050 | Any goods used for construction of immovable property the ITC is blocked except P&M making foundation & structural support to P is part of P&M. |
| | Total Eligible ITC | 28900 | |

CCP 10.04.17.00

Babla & Bros. is exclusively engaged in making exempt supply of goods & is thus, not registered under GST. On 1st October, the exemption available on its goods gets withdrawn. On that day, the turnover of Babla & Bros. was ₹45 lakhs. Examine the eligibility of Babla & Bros. for availing ITC, if any.

[CA Inter RTP Nov 20] [Study Mat]

Answer:-

Legal provision: if a person applied for registration within 30 days from the date on which he become liable for registration then he shall be entitled to take ITC of inputs in stock semi finish goods & in finished goods held in stock on immediately preceding date when he become liable for registration (Sec 18(1)(4))

Discussion & conclusion: 1) In given case, exemption is available on goods supplied by Babla & Bros. an unregistered

Person is withdrawn & it become liable to registration as its turnover crossed has crossed threshold. Limit of registration on the day when exemption is withdrawn

- 2) Assuming that Babla & Bros applies for registration within 30 days of 1st Oct it can take ITC of stock of inputs.
- 3) ITC on capital goods will not be available in this case.

.

CCP 10-04-19-00

3/3

Mamta Trade Links trades in exempt goods and provides taxable services. It is registered under GST. On 1st October, the exemption available on its goods gets withdrawn. Analyze the scenario and determine the eligibility of Mamta Trade Links for availing ITC, if any, on inputs and/or capital goods used in the supply of exempt goods. [CA Inter RTP Nov 2020] [Study Mat]

Answer:- legal provision

- ① A registered person whose exempt become taxable supply then he can take ITC on inputs in stock semifinished goods & in finished goods & in finished goods held in stock
- ② Also ITC of capital goods used for such exempt supply on the immediate preceding date from which such supply become taxable is allowed.
ITC of capital goods will be reduced by 5% per quarter or part thereof from the date of invoice (sec 18(1)(d))

Discussion & conclusion

- 1) In given case mamta trade links is a registered person whose exempt supply become taxable.
- 2) It can take ITC of input in stock as well as capital goods used for exempt supply on both sep
- 3) Such input or capital are purchase in last 1 year

As per the CGST Act 2017, Vishnu Limited was not mandatorily required to get registered, however it opted for voluntary registration and applied for registration on 12th February 20YY. Registration certificate has been granted by the Department on 24th February 20YY, Vishnu Limited is not engaged in making inter-State outward taxable supplies. The CGST and SGST liability for the month of February 20YY is ₹31,000 each. Vishnu Limited provides the following information of goods held in stock on 23rd February 20YY:

| S.No. | Particulars | GST (₹) |
|-------|--|----------|
| 1 | Capital goods procured on 5th February 20YY, (Rate of CGST and SGST @ 6% each) being intra State supply. | 2,00,000 |
| 2 | Inputs contained in finished goods stock held were procured on 13th February 20XX (Rate of IGST @18%) being inter-State supply. | 3,00,000 |
| 3 | Value of Inputs received on 10th October 20XX contained in semi-finished goods held in stock (Rate of CGST and SGST @ 6% each) being intra-State supply. | 2,50,000 |
| 4 | Inputs procured on 1st February 20YY lying in stock of semi-finished goods (Rate of CGST and SGST @ 7.5 % each) being intra-State supply | 1,50,000 |
| 5 | Inputs procured on 8th February 20YY lying in stock of finished goods. (Rate of IGST @ 18%) being inter-State supply. | 60,000 |

You are required to determine the eligible ITC available and amount of net minimum GST to be paid in cash by Vishnu Limited for the month of February 20YY. [CA Inter May 24 Exam]

Answer: Legal provision: A person for applying for registration voluntarily can avail ITC on inputs in stock or contained in semi-finished goods or in finished goods held in stock immediately preceding the date of grant of registration & such inputs are purchased in last 1 year. The ITC of capital goods is not available.

Computation of eligible ITC:

| Particulars | IGST(₹) | CGST(₹) | SGST(₹) |
|---------------------------------------|------------------------|--------------------------|--------------------------|
| Capital goods [Note 1] | - | - | - |
| Inputs procured on 13th February 20XX | - | - | - |
| Inputs procured on 10th October 20XX | | 15000 (250000 × 6%) | 15000 (250000 × 6%) |
| Inputs procured on 1st February 20YY | | 11250 (150000 × 7.5%) | 11250 (150000 × 7.5%) |
| Inputs procured on 8th February 20YY | 10800 (60000 × 18%) | | |
| Total ITC | 10800 | 26250 | 26250 |

5.5
6

Computation of minimum net GST to be paid in cash by Vishnu Limited for the month of February 20XX

| Particulars | CGST(₹) | SGST(₹) |
|-------------------------------|---------|---------|
| Output tax liability (Given) | 31000 | 31000 . |
| Less: ITC [Note 2] | (5400) | (5400) |
| IGST: 10800 | (25600) | -X |
| CGST: 3100 26250 . | X | (25600) |
| SGST: 26250 . | | |
| Net GST Payable in Case | Nil | Nil . |

Notes:-

CCP10-05-21-00

"Rule 86A of the CGST Rules, 2017 provides that in certain specified circumstances, Commissioner on the basis of reasonable belief may not allow debit of an amount equivalent to such credit in electronic credit ledger."

State the grounds (as guided by CBIC) on which the reasons for such belief must be based on.

[CA Inter May 23 Exam]

Answer:- The reason for such belief must be based on one or more of the following grounds .

- 1) ITC has been availed on the basis of tax invoices or debit Note
 - a) Issued by unregistered person who is Not in existence or Not conducting any business from the registered place of business .
 - b) without receipt of goods or services
 - c) The tax is Not paid by supplier on which ITC is taken
- 2) Registered person availing ITC has been found in non existence . or Not conducting Any business from registered Place of business .
- 3) Registered person availing ITC is Not in possession of tax invoice or debit Note or other notified tax paying document .

9/10
LDR
CCP 10.07.26.00

Dina Ltd., a registered supplier from Maharashtra, is engaged in the manufacture of passenger autos. The company provides the following details of purchases made/services availed by it during the month of March:

| S.No. | Particulars | GST (₹) |
|-------|--|----------|
| 1 | Purchase of iron which is used as a raw material [Goods were received in two instalments - first in March and the second in April] | 2,50,000 |
| 2 | Purchase of accessories which were delivered directly to the dealers of the company on the direction of Dina Ltd. [Only invoice was received by Dina Ltd.] | 90,000 |
| 3 | Purchase of bus (seating capacity 15) for the transportation of employees from their residence to company and back | 1,97,000 |
| 4 | General insurance taken on a car used by executives of the company for official purposes | 5,200 |
| 5 | Machinery purchased to be used in the manufacturing process of auto parts | 3,00,000 |
| 6 | Inputs purchased, but stolen from the factory | 1,40,000 |
| 7 | Rent-a-cab facility availed for employees to fulfil a statutory obligation | 36,000 |
| 8 | Outdoor catering services taken for a Meeting organised in the factory | 10,000 |
| 9 | Payment made for material and to contractor for construction of staff quarter | 1,25,000 |
| 10 | Input purchased was directly delivered to Mr. Joe, a job worker and a registered supplier | 80,000 |

You are required to determine the ITC available with Dina Ltd. for the month of March, by giving brief explanations for treatment of various items. Subject to the information given above, all the other conditions necessary for availing ITC have been fulfilled. [Study Mat with little additions] [CA

Inter May 19 Exam (Similar)]

Answer:-

Computation of ITC available with Dina Ltd. for the month of March:-

| S.No. | Particulars | ITC (₹) | Remarks |
|-------|---|---------|--|
| 1 | Purchase of raw material | Nil | In case of goods received in lots then ITC is available on last lot received. Hence ITC cannot be taken in given case. |
| 2 | Accessories directly supplied on the direction of Dina Ltd. | 90000 | If goods are supplied by supplier to recipient on the direction of registered person under Bill to ship to model then goods are deemed to be received to registered person when it is delivered by supplier. |
| 3 | Bus for transportation of employees | 197500 | ITC of motor vehicle used for transportation of person is allowed if seating capacity of motor vehicle exceeds 13. |

| | | | |
|---------------------|---|-------------------------|--|
| 4 | General insurance of a car | Nil | ITC is blocked for general insurance service for those motor vehicle which is under block credit 17(B) in given case seating capacity is less than 13 & used for company official purpose hence it is under block credit |
| 5 | Machinery purchased to be used in the manufacturing process of auto parts | 3000000 | Capital goods used in the business are eligible for ITC except block credit |
| 6 | Inputs stolen from factory | 14000 Nil | Input ITC is blocked on goods stolen 17(C) |
| 7 | Rent-a-cab for employees under statutory obligation | 36000 | ITC is blocked on renting of those motor vehicle which are under block credit but if service is taken under statutory obligation then ITC is Allowed 17(C) |
| 8 | Outdoor catering services taken for a Meeting organised in the factory | Nil | ITC is blocked on outdoor catering except they are used for same category of outgoing supply or as a part of composite or mixed supply |
| 9 | Payment for material and to contractor for construction of quarter | Nil | ITC is blocked on Goods services purchased for construction of IP except P & M. are under block credit |
| 10 | Input delivered to Jobworker | 80000 | ITC is available to registered person if goods are sent to job worker |
| Total ITC available | | 703000 | |

CCP 10-08-29-00

S

Satya Sai Residents Welfare Association, a registered person under GST has 30 members each paying ₹8,000 as maintenance charges per month for sourcing of goods and services from third persons for common use of its members.

The Association purchased a water pump for ₹59,000 (inclusive of GST of ₹9,000) and availed input services for ₹23,600 (inclusive of GST of ₹3,600) for common use of its members during February, 20XX.

Compute the total GST payable, if any, by Satya Sai Residents Welfare Association, for February, 20XX. GST rate is 18%. All transactions are intra-State.

There is no opening ITC and all conditions for ITC are fulfilled. [CA Inter Jan 21 Exam]

Answer:-

Computation of total GST payable by Satya Sai Residents Welfare Association for February, 20XX:-

| Particulars | Value (₹) | GST @18% |
|--|-----------|----------|
| Maintenance charges received [₹ 8,000×30 members] [Refer Note](It is logically presumed that maintenance charges are exclusive of GST) | 2 40 000 | 43 200 |
| Total GST payable | | |
| Less:- ITC of GST paid on water pump purchased (₹ 9,000) and input services availed (₹ 3,600) | | (12 600) |
| Net GST payable | | 30 600 |

Monthly Maintenance Charges by RWA to its member for common expenses is exempt upto ₹ 7500 per member / Per month otherwise entire amount is taxable. Hence maintenance charges is taxable in the given cases. Also satya sai RWA is eligible for ITC on water Pump & Input services

CGP 10.08.30.00

KNK Ltd., a registered supplier of Mumbai, is a manufacturer of heavy machines. Its outward supplies (exclusive of GST) for the month of January, 20XX are as follows:-

| S.No. | Particulars | Amount (₹) |
|-------|-------------|------------|
| (i) | Inter-State | 85,00,000 |
| (ii) | Intra-State | 15,00,000 |

Applicable rate of CGST, SGST and IGST on outward supply are 9%, 9% & 18% respectively. Details of GST paid on inward supplies during the month of January, 20XX are as follows:-

| S.No. | Particulars | CGST (₹) | SGST (₹) |
|-------|---|----------|----------|
| 1 | Raw material A (of which, 70% of inputs procured were used and 30% were in stock at the end of the January, 20XX) | 60,000 | 60,000 |
| 2 | Raw material B (of which, 90% material received in factory and remaining material completely damaged due to a road accident on the way to factory. There was no negligence on the part of the KNK Ltd.) | 50,000 | 50,000 |
| 3 | Construction of pipelines laid outside the factory premises | 30,000 | 30,000 |
| 4 | Insurance charges paid for trucks used for transportation of goods | 55,000 | 55,000 |

Additional Information:

- There is no opening balance of any input tax credit and all the conditions necessary for availing the input tax credit (ITC) have been fulfilled.
- Details of GST paid on inward supplies are available in GSTR-2B except for item (i) i.e. Raw Material A, for which supplier has not filed its GSTR-1 for the month of January 20XX, hence corresponding input tax credit (ITC) is not reflecting in GSTR-2B of KNK Ltd. in January, 20XX.

Compute the following:-

- Amount of eligible input tax credit (ITC) available for the month of January, 20XX.
- Minimum net GST payable in cash, for the month of January, 20XX after using available input tax credit.

Working notes should form part of your answer.

[CA Inter Nov 20 Exam]

Answer:-

(A) Computation of eligible ITC available for the month of January, 20XX:-

| S.No. | Particulars | CGST (₹) | SGST (₹) |
|-------|---|---------------|---------------|
| i | Raw materials A [Note-1] | Nil | Nil |
| ii | Raw materials B (90%) [Note-2] | 45000 | 45000 |
| iii | Construction of pipelines laid outside the factory premises [Note-3] | Nil | Nil |
| iv | Insurance charges paid for trucks used for transportation of goods [Note-4] | 55000 | 55000 |
| | Total eligible ITC | 100000 | 100000 |

Notes:

- ① ITC shall Not be availed if the Invoice is Not reported by supplier. In his GSTR-1/IT also Not reflected in GSTR 2-B of recipient.
- ② ITC on goods destroyed (10%) of total goods which is Not received is Not allowed (sec 17(5))
- ③ ITC on construction services availed for construction of Plant & Machinery is allowed but Plant & machinery does Not include pipelines laid outside the factory. Hence ITC is Not available thereon.
- ④ ITC on motor vehicles used for transportation of goods is Not blocked 17(5) therefore ITC on insurance services relating to such motor vehicle is allowed.

(B) Computation of minimum net GST payable in cash for the month of January, 20XX:-

| Particulars | Value (₹) | IGST (₹) | CGST (₹) | SGST (₹) |
|---|-----------|----------------|-----------------|-----------------|
| Inter-State supply of goods | 8500000 | 1530000 | | |
| Intra-State supply of goods | 1500000 | | 135000 | 135000 |
| Total output tax payable | X | 1530000 | 135000 | 135000 |
| Less: Set off of CGST and SGST credit against CGST and SGST liability respectively | | | (100000) | (100000) |
| Minimum net GST payable in cash | | 1530000 | 35000 | 35000 |

CCP 10.08.32.00

M/s. Grey, a registered taxable person under regular scheme provides following information in respect of supplies, during the month of April, 20XX:-

| Particulars | Amount (₹) |
|---|------------|
| Inter-state supply of goods | 1,00,000 |
| Intra-state supply of 500 packets of detergent @ ₹ 400 each along with a plastic bucket worth ₹ 100 each with each packet, being a mixed supply. (Rate of GST on detergent is 18% and on plastic bucket is 28%) | 2,00,000 |
| Supply of online educational journals to M/s. Pinnacle, a private coaching centre providing tuitions to students of Class X-XII, being intra-state supply | 50,000 |
| M/s. Grey has also received the following inward supplies:- | |
| Inter-state supply of goods (out of which, invoice for goods worth ₹ 20,000 is missing and no other tax paying documents are available) | 70,000 |
| Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply | 50,000 |

Details of opening balances of ITC as on 1-4-20XX are as follows:-

| | |
|------|----------|
| CGST | ₹ 5000 |
| SGST | ₹ 5000 |
| IGST | ₹ 40,000 |

Following additional information is provided:-

- Rate of GST in respect of all inward and outward supplies except item (ii) above is 18% i.e. CGST and SGST @ 9% and IGST @ 18%.
- All figures mentioned above are exclusive of taxes.
- All the conditions for availing the ITC have been fulfilled except specifically given and M/s. Grey is not eligible for any threshold exemption.

Compute the minimum net GST payable in cash by M/s. Grey for the month of April, 20XX.

[CA Inter Nov 19 Exam New (Similar), CA Inter July 21 Exam (Similar), CA Inter MTP May 22 (Similar), RTP Nov 21 (Similar)]

Answer:-

(A) Calculation of Total Tax Liability:-

| Particulars | Value (₹) | IGST (₹) | CGST (₹) | SGST (₹) |
|---|-----------|---------------|----------------------------|----------------------------|
| Inter-State supply of goods | 1,00,000 | 18,000 | - | - |
| Intra-state supply of 500 packets of detergent along with plastic basket (Note-1) | 2,00,000 | | 28,000 (2,00,000 × 14%) | 28,000 (2,00,000 × 14%) |
| Supply of online educational journal to private coaching centre (Note-2) | 50,000 | | 4,500 (50,000 × 9%) | 4,500 (50,000 × 9%) |
| Total Tax Liability (A) | | 18,000 | 32,500 | 32,500 |

(B) Calculation of Total Input Tax Credit (ITC):-

| Particulars | Value (₹) | IGST (₹) | CGST (₹) | SGST (₹) |
|--|-----------|----------|--------------------|--------------------|
| Brought forward ITC (Given) | | 40000 | 5000 | 5000 |
| Inter-State purchase of goods (Note-3) | 50000 | 9000 | | |
| Repairing of bus with seating capacity of 20 passengers (Note-4) | 50000 | | 4500 (50000x9%) | 4500 (50000x9%) |
| Total ITC (B) | | 49000 | 9500 | 9500 |

(C) Computation of minimum net GST payable in cash by M/s. Grey for the month of April, 20XX:-

| Particulars | IGST (₹) | CGST (₹) | SGST (₹) |
|---|----------|----------|----------|
| Total Tax Liability (A) above | 180000 | 32500 | 32500 |
| Less:- Set off of ITC | | | |
| IGST = 49000 | (18000) | (23000) | (8000) |
| CGST = 9500 | | (9500) | (9500) |
| SGST = 9500 | | x | (9500) |
| Minimum net GST payable in cash (Note-5) | Nil. | 12000 | 15000 |

Notes:- ① supply of detergent & bucket with a single price of ₹ 400 is a mixed supply classifiable in that supply which attracts highest rate.

② supply of online educational journal to an educational institution which provides a qualification recognised by law in India is exempt. exemption is not available to private coaching.

CCP 10.08.34.00

Zeon Ltd., a GST registered supplier located in Ranchi, Jharkhand, is engaged in the manufacturing of washing machines & mixer grinders. It provides you the details of various activities undertaken during the month of September, 20XX as follows:

| S.No. | Particulars | Amount (₹) |
|-------|---|------------|
| (1) | Outward supplies made during the month | |
| a | Within Jharkhand | 24,00,000 |
| b | Outside Jharkhand | 5,00,000 |
| | | 29,00,000 |
| (2) | Purchase of raw materials from registered dealers within Jharkhand which includes materials worth ₹ 2,00,000 purchased from Mr. Krishna, a registered person who is paying tax under composition scheme | 7,00,000 |
| (3) | Bus purchased from a registered dealer in Tatanagar, Jharkhand. Bus used to ferry its 25 workers to and from factory. | 12,00,000 |

Assume the rates of GST applicable on various supplies as follows:

| Nature of supply | CGST | SGST | IGST |
|-----------------------------------|------|------|------|
| Composition supplies | 0.5% | 0.5% | - |
| Bus | 14% | 14% | 28% |
| Raw materials | 6% | 6% | 12% |
| Washing machines & mixer grinders | 9% | 9% | 18% |

Assume the rates of GST applicable on various supplies as follows:

| | |
|------|--------|
| CGST | 20,000 |
| SGST | 5,000 |
| IGST | 95,000 |

Note:

- (i) All the figures mentioned above are exclusive of taxes.
- (ii) Both inward & outward supplies within the State of Jharkhand are to be considered intra-State supplies and outside the State of Jharkhand are inter-State supplies.
- (iii) Subject to information given above, all the other conditions necessary for availing ITC have been fulfilled.
- Calculate the amount of net minimum GST payable in cash by Zeon Ltd. for the month of Sep, 20XX
- Brief and suitable notes should form part of your answer. (CA Inter May 22 Exam)

Answer: (A) Calculation of Total Tax Liability:-

| Particulars | Value(₹) | IGST @ 18% (₹) | CGST @ 9% (₹) | SGST @ 9% (₹) |
|--------------------------------|-----------|----------------|---------------|---------------|
| Intra-State supply of goods | 24,00,000 | | | |
| Inter-State supply of goods | | | | |
| Total Tax Liability (A) | | 9,00,000 | 2,16,000 | 2,16,000 |

(B) Calculation of Total Input Tax Credit (ITC):-

| Particulars | Value(₹) | IGST @ 18% (₹) | CGST @ 9% (₹) | SGST @ 9% (₹) |
|---|----------|----------------|---------------|---------------|
| Opening Balance (Given) | | | | |
| Purchase of raw materials from registered dealers within Jharkhand (Note-1) | | | | |

| | | | | |
|--|--|-------|--------|----------|
| Bus purchased from dealer in Jharkhand used to ferry 25 workers to and from factory (Note-2) | | | | |
| Total Tax Liability (A) | | 95000 | 218000 | 203000 . |

C) Computation of minimum net GST payable in cash by Zeon Ltd. for the month of Sep, 20XX:-

| Particulars | IGST (₹) | CGST (₹) | SGST (₹) |
|--|----------|----------|----------|
| Total Tax Liability (A) above | | | |
| Less:- Set off of ITC (Note-3) | | | |
| IGST = | | | |
| CGST = | | | |
| SGST = | | | |
| Minimum net GST payable in cash | | | |
| ITC to be carried forward next month | | | |

Notes:

**LDR*
CP10-08-35.00

Mr. Prithviraj, registered under GST, is engaged in supplying services (as discussed in the table below) in Maharashtra. He has furnished the following information with respect to the services provided/ received by him, during the month of February:

| S.No. | Particulars | Amount (₹) |
|-------|---|------------|
| (i) | Carnatic music performance given by Mr. Prithviraj to promote a brand of readymade garments (Intra-State transaction) \square | 1,40,000 |
| (ii) | Outdoor catering services availed for a marketing event organised for his prospective customers (Intra-State transaction) \mathcal{T} | 50,000 |
| (iii) | Services of transportation of students provided to Subhaskar College providing education as part of a curriculum for obtaining a recognised qualification (Intra-State transaction) \emptyset | 1,00,000 |
| (iv) | Legal services availed for official purpose from an advocate located in Gujarat (Inter-State transaction) \mathcal{T} | 1,75,000 |

| | | |
|-------|---|----------|
| (v) | Services provided to Wealth Bank as a business correspondent with respect to accounts in a branch of the bank located in urban area (Intra-State transaction) | 2,00,000 |
| (vi) | Recovery agent's services provided to a car dealer (Intra-State transaction) | 15,000 |
| (vii) | General insurance taken on a car (seating capacity 5) used for official purposes (Intra-State transaction) | 40,000 |

Note:

- 1) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- 2) All inward and outward supplies are exclusive of taxes, wherever applicable.
- 3) All the conditions necessary for availing the ITC have been fulfilled.
- 4) The turnover of Mr. Prithviraj was ₹2.5 crore in the previous financial year.

Compute the net GST payable in cash, by Mr. Prithviraj for the month of February. [CA Inter RTP May 23]

Answer:

1) Computation of GST payable:

| Particulars | Value (₹) | IGST @ 18% (₹) | CGST @ 9% (₹) | SGST @ 9% (₹) |
|--|--------------|-------------------|------------------|------------------|
| GST payable under Forward Charge | | | | |
| Carnatic music performance given to promote a brand of readymade garments (Note 1) | | | 12600 | 12600 |
| Services of transportation of students provided to Subhaskar College (Note 2) | | | 9000 | 9000 |
| Services provided to Wealth Bank as a business correspondent (Note 3) | | | 18000 | 18000 |
| Services provided as a recovery agent (Note 4) | | | 1350 | 1350 |
| Total GST payable under forward charge (A) | | Nil | 40950 | 40950 |
| GST payable under Reverse Charge | | | | |
| Legal services availed from an advocate (Note 5) | | | | |
| Total GST payable under reverse charge (B) | | | | |
| Total GST Payable [A+B] | | | | |

2) Computation of total ITC available:

| Particulars | Value (₹) | IGST @ 18% (₹) | CGST @ 9% (₹) | SGST @ 9% (₹) |
|---|--------------|-------------------|------------------|------------------|
| Outdoor catering services availed (Note 6) | | | | |
| Legal services availed (Note 7) | | | | |
| General insurance taken on a car (seating capacity 5) used for official purposes (Note 8) | | | | |
| Total ITC available | | 31500 | 40950 | 40950 |

3) Computation of net GST payable in cash:

| Particulars | IGST @ 18% (₹) | CGST @ 9% (₹) | SGST @ 9% (₹) |
|---|-------------------|------------------|------------------|
| GST payable under forward charge | | | |
| Less: ITC of IGST (Note 9) | | | |
| Net GST liability | Nil | 25200 | 25200. |
| Add: GST payable under reverse charge in cash (Note 10) | 31500 | | |
| Net GST payable in cash | 31500 | 25200 | 25200. |

Notes: ① Carnatic music performance by Mr Prathviraj is Not exempt because services is provided as brand ambassador.

② Services of transportation of student provided to education institution other than pre- or higher secondary school is Not exempt.

③ Services provided by a business correspondent to a banking company are Not exempt when it is provided in urban area.

④ Reverse charge is Not applicable if services is provided by Recovery Agent to a person other than banking co/ FI / NBFC. hence tax is payable under Forward charge

⑤ In case of legal services provided to business entity by an individual advocate, firm of advocate or senior advocate, then under reverse charge tax is payable by recipient. Also exemption is Not available if aggregate turnover of business entity in PFY exceeds threshold.

⑥ ITC on outdoor catering is blocked u/s 17(5) unless it is used in same category of outward supply or as a part of mixed or composite supply or under statutory obligation.

⑦ ITC of legal services used in the course of business on which tax is paid under RCM is available.

⑧ ITC of general insurance service is Not allowed on those motor vehicle whose credit is blocked u/s 17(5) the motor vehicle used for transportation of person where seating capacity is 13 or less (including driver) is block.

Computation of GST

CCP 15.01.01.00

Chill Ltd., Delhi, a registered supplier, manufacturing machineries has made a taxable supply of machinery during the month of March. It furnished the following details for each such machinery supplied:

| S.No. | Particulars | Amount (₹) |
|-------|---|------------|
| (i) | List price of machinery (exclusive of taxes) | 10,00,000 |
| (ii) | Subsidy received from the Central Government for supply of machinery to Government School (exclusively related to supply of machinery included at S. No. 1) | 2,10,000 |
| (iii) | Subsidy received from an NGO for supply of machinery to an old age home (exclusively related to supply of goods included at S. No. 1) | 2,00,000 |
| (iv) | Tax levied by Municipal Authority | 2,50,000 |
| (iv) | Packing charges | 1,25,000 |

Additional information:-

The list price of the machinery is after considering the two subsidies received. However, the other charges/ taxes/ fee are charged to the customers over and above the list price.

Further, the company has provided the following information pertaining to purchases made/ services availed by it in respect of supply of said machinery during the month of March:

| S.No. | Particulars | GST (₹) |
|-------|---|----------|
| 1) | Raw material (to be received in the month of April) | 8,50,000 |
| 2) | Membership of a club availed for employees working in the factory (not obligatory to be provided under any law) | 4,00,000 |
| 3) | Inputs to be received in 6 lots, out of which 1st lot was received during the month | 3,50,000 |
| 4) | Trucks used for transport of raw material | 1,50,000 |
| 5) | Capital goods (out of 3 items, invoice for 2 items is missing and GST paid on those items is ₹ 2,82,000) | 3,50,000 |

Note:

(i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.

(ii) All inward and outward supplies are exclusive of taxes, wherever applicable.

(iii) All the conditions necessary for availing the ITC have been fulfilled, subject to the information given above.

(iv) All inward and outward supplies are inter-State supplies.

Compute the net GST payable in cash, by Chill Ltd. for the month of March.

[CA Inter RTP Nov 23] [CA Inter Jan 21 Exam (Similar)]

Answer :- 1) Computation of total value of taxable supply made by Chill Ltd. during the month of March:

| Particulars | Amount (₹) | Remark |
|--|------------|---|
| List price of the machinery | 1000000 | 15G) # value of supply is transaction value |
| Subsidy received from the Central Government | Nil | subsidy received from state ^{central} govt is not includible in value of supply In given case it is already deducted (15(2)(e)). |

| | | |
|--|----------------|---|
| Subsidy received from NGO | 200000 | subsidy received from Non Govt bodies & directly linked to the price is includible in value of supply (15(2)(e)) |
| Tax levied by the Municipal Authority | 250000 | taxes other than GST are includible in value if charged separately. (sec 15(2)(a)) |
| Packing charges | 125000 | Any incidental expenses including packing or commission charged by the supplier is includible in value of supply (15(2)(c)) |
| Total value of taxable supplies | 1575000 | |

2) Computation of ITC that can be availed by Chill Ltd. for the month of March:

| Particulars | ITC (₹) | Remark |
|---|---------------|--|
| Raw Material | Nil | Since Raw material is Not received in March hence ITC cannot be taken in March |
| Membership of a club availed for employees working in the factory (not obligatory to be provided under any law) | Nil | Membership of club for employee is under block credit except it is under statutory obligation (17)(5) |
| Inputs to be received in 6 lots, out of which 1st lot was received during the month | Nil | In case where goods received in lots ITC can be taken only upon receipt of last lot (Proviso to sec 16(2)) |
| Trucks used for transport of raw material | 150000 | ITC is available on motor vehicle use for transportation of goods. |
| Capital goods | 68000 | If invoice of tax paying document are missing the ITC is Not available |
| Total ITC | 218000 | |

3) Computation of net GST payable in cash:

| Particulars | Value (₹) | IGST @ 18% |
|--------------------------------|-----------|-----------------|
| Supply of machinery | 1575000 | 283500 |
| Less: ITC available | | (218000) |
| Net GST payable in cash | | 65500 |

Evershine Pvt. Ltd., a GST registered supplier located in Jaipur, Rajasthan is engaged in taxable supply of packaging goods and consultancy services. It provides following details of various activities undertaken during the month of September 20XX:

(A) Details of Outward Supplies:

- 1) Supply of goods of ₹ 18,00,000 to Vaidehi Enterprises, a registered person of Udaipur, Rajasthan. Further, received ₹ 50,000 from Vaidehi Enterprises towards freight charges (as agreed to deliver the goods at Vaidehi Enterprises' premises) which was not included in above value of supply.
- 2) Supply of goods worth ₹ 35,00,000 to Calc. Exim, a registered person of Prayagraj, Uttar Pradesh. Further, the amount of ₹ 60,000 charged separately (not included above) from Calc. Exim on account of municipal taxes levied in relation to such outward supply.
- 3) Supply of services to Sunshine Ltd., a registered person in Jodhpur, Rajasthan before discount worth ₹ 6,00,000. Further, discount of ₹ 30,000 which has been given at the time of supply of service and duly recorded in the invoice.
- 4) It delivered the goods worth ₹ 2,00,000 to Jeevan Solutions, a registered person located at Bikaner, Rajasthan on the direction of Raghu Enterprise, a registered person of Mumbai, Maharashtra and tax invoice was issued by Evershine Pvt. Ltd. to Raghu Enterprise of Mumbai, Maharashtra.

(B) Details of Inward Supplies:

- 1) Purchased raw material goods worth ₹ 20,00,000 from PQR Ltd; a GST registered dealer, located at Kanpur, Uttar Pradesh. Goods worth ₹ 1,00,000 out of total purchases were not received during the month.
- 2) Purchased machinery for manufacturing process worth ₹ 2,00,000 from MPQ Pvt. Ltd., a GST registered dealer, located at Bengaluru, Karnataka. Company has claimed depreciation under Income Tax Act 1961 on full value of the machine, including the GST component.
- 3) Purchased truck worth ₹ 15,00,000 from GST registered dealer, located at Ajmer, Rajasthan for transportation of its goods. GST rate on truck is: CGST 14%, SGST 14%, IGST 28%.
- 4) Purchased car (having seating capacity of 7 persons) costing to ₹ 10,00,000 excluding GST from Mihir Automobiles Pvt. Ltd., a GST registered dealer, located at Ajmer, Rajasthan for use of its director for official purpose. GST rate on car: CGST 14%, SGST 14%, IGST 28%
- 5) Purchased goods worth ₹ 5,00,000 from DEF Buildwell Pvt. Ltd., a registered person of Jaipur, Rajasthan for construction of an additional floor of factory building, of Evershine Pvt. Ltd.

Opening balance of Input tax credit as on the beginning of September 20XX—CGST ₹ 20,000, SGST ₹ 50,000 and IGST ₹ 75,000.

Rate of GST applicable on both inward and outward supply of goods & services: CGST 9%, SGST 9% and IGST @18%, except where otherwise provided.

Notes:

- (i) All the figures mentioned above are exclusive of taxes.
- (ii) Subject to the information given above, conditions necessary for claiming ITC were complied with.
- (iii) All inward supplies are used for taxable goods only.

(iv) Brief and suitable notes should form part of your answer.

Calculate the amount of net minimum GST payable in cash by Evershine Pvt. Ltd. for the month of September 20XX. [CA Inter May 24 Exam]

Answer:- computation of minimum ~~ITC~~ Net GST Payable in cash by ex

WN-1. Computation of ITC Available. in sep 20XX.

| Particular | values | IGST | CGST | SGST |
|------------------------------------|---------|---------------------------|--------|--------|
| Op bal. | | 75000 | 20000 | 50000 |
| Interstate pur of Raw Mat (Note 6) | 1900000 | 342000 (1900000 X 18%) | - | - |
| Pur of Machinery (Note 7) | 200000 | - | - | - |
| Interstate pur of truck (Note 8) | 1500000 | - | 210000 | 210000 |
| Purchase of car (Note 9) | 1000000 | - | - | - |

CA VISHAL BHATTAD 09850850800
Purchase of Goods for
const
Total ITC

Computation chapter MCQ Casestudy

Question : 1

Mr. Pasupathi, registered taxpayer under GST, is engaged in trading of various types of consumer goods. His turnover in preceding financial year was below the threshold limit liable for registration.

During the month of April in the current year, he availed the following services-

- (a) GTA services from XYZ Transports (GST was charged @ 5%) - ₹ 35,000
- (b) Renting of Godown premises from Local Municipality - ₹ 40,000 ~~Exempt~~
- (c) Legal service availed from a Firm of Advocates - ₹ 50,000 Exempt

He sold a car used for his personal purposes for ₹ 1,00,000. He disposed off his old computers for ₹ 60,000 on which no ITC was claimed. He also gave away his stock of old consumer goods amounting to ₹ 75,000 (on which he had claimed ITC) to an Orphanage Home.

He received goods on 1st May that are liable to tax under reverse charge. Invoice was issued on 5th May and payment for the same was made on 6th June entered in the books of accounts on same day and debited in the bank account on 7th June.

He paid repair expenses for truck used for transportation of goods of his business. GST component involved thereon was ₹ 13,000. He arranged for catering for his workers on Labour Day function and paid bill in which GST component was ₹ 15,000. He received first lot of certain goods having GST component of ₹ 25,000.

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 ITC have been fulfilled subject to the information given above.

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

1.1 Determine the value of services taxable under reverse charge mechanism?

- (a) ₹ 35,000
- (b) ₹ 75,000
- (c) ₹ 85,000
- (d) ₹ 1,25,000

[Hint:- 1) GTA Service and renting of godown are taxable under RCM whereas legal services are exempt]

2) Refer entry no 1,5A and 2 [along with exemption] in RCM chapter]

1.2 In respect of sale of personal car and disposal of computer and stock of goods, value of supply will be _____

- (a) ₹ 60,000
- (b) ₹ 75,000
- (c) ₹ 1,35,000
- (d) ₹ 2,35,000

[Hint:- 1. Refer para 1 of schedule I for disposal of computer and stock of goods]

2. Car was not supplied in the course or furtherance of business as it was used for personal purpose. Hence, not treated as supply u/s 7]

1.3 Time of Supply of goods received by Mr. Pasupathi is _____

- (a) 1st May
- (b) 5th May
- (c) 5th June
- (d) 6th June

[Hint:- Refer Sec 12(3):- TOS of goods in case of RCM]

1.4 Compute the amount of input tax credit (except ITC on services taxable under reverse charge mechanism) that can be claimed by Mr. Pasupathi?

- (a) ₹ 28,000
- (b) ₹ 38,000
- (c) ₹ 40,000
- (d) ₹ 13,000

[Hint:- 1. ITC of tax paid for truck used for transport of goods is not blocked u/s 17(5)(a), hence tax on its repair is also not blocked u/s 17(5)(ab)]

2. for goods received in lots, ITC is available on receipt of last lot.

3. refer sec 17(5)(b) for ITC of tax paid on catering]

Question : 2

M/s. Vittal & Co., a registered supplier under GST, is dealing in supply of taxable goods in the State of Karnataka.

The firm had opted for Composition Scheme from April month of last financial year. It's turnover crossed ₹1.50 Crores on 9th May of current financial year and had opted for withdrawal of composition scheme on the said date.

Vittal & Co. removed goods on 10th June for delivery to Suri & Co. on 'Sale or Return Basis'. Suri & Co. accepted the goods vide its confirmation mail dated 15th December.

The firm has paid GST for various items during the month of August. It comprised of the following-

- (a) GST paid on input services intended to be used for personal purposes – ₹12,000
 - (b) GST paid on purchase of Motor Vehicle for business use (being a two-wheeler having engine capacity of 25CC) – ₹9,000
 - (c) GST paid on purchase of computer – ₹19,000 (GST portion was included as part of cost to claim depreciation under Income-tax Act, 1961)
- During May, Vittal and Co. had reversed ITC of ₹10,000 for not making payment to Vendors within the time prescribed under CGST Act, 2017. This pending payment was cleared in the month of August.

Out of purchases made and ITC availed during earlier months, the following information is made available as on September:

| Supplier Name | Payment is due for (No. of days) | Related ITC Component |
|---------------|----------------------------------|-----------------------|
| XYZ | 165 | ₹ 13,000 |
| ABC | 199 | ₹ 15,000 |
| PQR | 99 | ₹ 20,000 |

Vittal & Co received accounting services from Raghu & Co., an associated enterprise, located in Sri Lanka. Raghu & Co. issued invoice for the service on 1st September, which was entered by Vittal & Co. in its book on 10th October. But

payment was made on 30th September.

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.

Based on the information provided above, choose the most appropriate answer for the following questions [Study Mat] [CA Inter MTP may 22] [CA Inter MTP Oct 23]

2.1 Vittal & Co. needs to furnish a statement containing details of stock of inputs/ inputs held in finished goods on the withdrawal of composition scheme by _____

- (a) 9th May
- (b) 23rd May
- (c) 8th June
- (d) 7th July

[Hint:- Such statement have to be filed within 30 days of withdrawal of option- Refer composition chapter]

2.2 In respect of the goods sent on sale or return basis, Vittal & Co. shall issue the invoice by _____

- (a) 10th June
- (b) 10th September
- (c) 10th December
- (d) 15th December

[Hint:- As per Sec 31(7), last date to issue invoice is - before/at time of supply OR 6 months from removal date, whichever is earlier.]

2.3 Determine the amount of eligible input tax credit that can be availed by Vittal & Co for the month of August?

- (a) Nil
- (b) ₹ 19,000
- (c) ₹ 22,000
- (d) ₹ 50,000

[Hint:- 1. Refer Sec 17(5)(a), 17(5)(g), Sec 16(3) and 2nd proviso to Sec 16(2)

2. "eligible ITC":- Rs 10000 + Rs 9000 = Rs 19000

3. Rs. 10000 earlier added to output tax liability as the payment was not made to supplier in 180 days, will now be available for taking ITC without any time limit as the payment is made to the supplier.

4. ITC on motor vehicle will be available as it used for business purpose i.e. transportation of goods as supplier is dealing in supply of taxable goods.]

2.4 Compute the amount of ITC to be reversed for the month of September?

- (a) Nil
- (b) ₹ 28,000
- (c) ₹ 15,000
- (d) ₹ 13,000

[Hint:- As per 2nd proviso to Sec 16(2), if payment is not made within 180 days of invoice date to the supplier, then ITC availed shall be added to output tax liability with interest.]

2.5 Time of supply in respect of service imported by Vittal & Co from its Associated Enterprise is _____

- (a) 1st September (b) 30th September
(c) 1st October (d) 10th October

[Hint:- As per 2nd proviso to Sec 13(3), TOS is date of payment OR entry in books of recipient, whichever is earlier.]

Question 14

KBC Insurance Ltd., is an insurance company providing life and non life products across India. The company is carrying on its business for the past three years with the approval of IRDA.

KBC Insurance Ltd. secure its business through various insurance agents spread across India. Those agents include individuals, firm, LLP and private limited company also. However, all of them are licensed under Insurance Act.

The company availed services of renting of motor vehicles for its employees in PAN India through 'RR Travels Private Limited', where cost of fuel is included in the consideration charged. The service provider charged 5% GST and informed the company that it is claiming ITC only in respect of the same line of business.

KBC Insurance Ltd. provided the following details of insurance business for the month of May-

| Sl.no | Nature of receipt | Amount in ₹ |
|-------|---|-------------|
| i. | Premium received on Pradhan Mantri Jan Dhan Yojana | 5,00,000 |
| ii. | Premium received on Aam Aadmi Bima Yojana | 3,00,000 |
| iii. | Premium received on Life micro-insurance product having a sum assured of ₹ 2.50 lakh | 4,00,000 |
| iv. | Premium received on reinsurance of Group Personal Accident Policy for Self-Employed Women | 1,00,000 |
| v. | Premium received on Fire and Special perils policy of various business units | 7,00,000 |
| vi. | Premium received on Money-back policies issued | 12,00,000 |

KBC Insurance Ltd. received a proposal for Pandemic Insurance for IPL matches from the franchisees. Sum assured for said insurance was ₹250 Crores with a premium of ₹50 lakh. The company issued the said policy on 1st July. Invoice for the same was issued on 5th August. Premium was received on 14th August.

KBC Insurance Ltd. received the following supplies in the month of May and the details of GST paid on such supplies are as follows

- GST paid on purchase of car for use of Managing Director – ₹5,00,000
- GST paid on bus (seating capacity for 14 persons) purchased by the company for transportation of its employees from their residence to office and back – ₹3,00,000
- GST of ₹80,000 was paid on general insurance taken from Amity Insurance Ltd. for motor vehicles for transportation of persons with seating capacity 13 persons (including the driver) which were used in transportation of staff of the company.

All the amounts given above are exclusive of taxes wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Aggregate turnover of the company is not less than ₹10 crores for the past three years. Conditions necessary for availment of ITC are fulfilled subject to the information given.

Based on the information given above, choose the most appropriate answer for the following questions-[Study Mat][CA Inter MTP 1 Jan 25]

14.1 Determine the services on which the company is liable to pay tax under reverse charge?

- Service availed from insurance agents
- Service availed from RR Travels Private Limited
- None of the services availed attracts RCM
- Both (a) & (b)

[Refer entry no. 7 and entry no. 15 in RCM chapter- RR travels is a body corporate and hence RCM is not applicable for services provided by it]

14.2 Compute the value of exempt supply provided by M/s. KBC Insurance Ltd. for the month of May?

- (a) ₹ 9,00,000 (b) ₹ 13,00,000
(c) ₹ 20,00,000 (d) ₹ 32,00,000

[Hint:- ₹5,00,000 + ₹3,00,000 + ₹1,00,000 = ₹9,00,000 (Refer Exemption in Life/ General Insurance Sector in exemption chapter)]

14.3 Compute the value of taxable Supply made by M/s. KBC Insurance Ltd. for the month of May?

- (a) ₹ 4,00,000 (b) ₹ 12,00,000
(c) ₹ 23,00,000 (d) ₹ 32,00,000

[Hint:-services other than those are exempt as seen in Q 14.2 - are taxable here i.e. ₹4,00,000 + ₹7,00,000 + ₹12,00,000 = ₹23,00,000]

14.4 Determine the amount of ITC that can be claimed by M/s. KBC Insurance Ltd?

- (a) ₹ 80,000 (b) ₹ 3,00,000
(c) ₹ 3,80,000 (d) ₹ 8,80,000

[Hint:-1. for i. ITC is blocked u/s 17(5)(a)
2. for ii. ITC is not blocked u/s 17(5)(a) and at any other place also - thus, ITC is available
3. for iii, Refer Sec 17(5)(ab) -this inward supply is falling under exception 2 i.e. services are received by person engaged in the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him.]

14.5 Determine the time of supply of service provided to IPL franchisees?

- (a) 1st July (b) 16th August
(c) 05th August (d) 14th August

[Hint:- 1. As per Sec 13(2), TOS of service if invoice is issued within time limit given u/s 31 is - earlier of date of invoice or date of payment. 2. Refer Sec.31(2)& Rule 47 to know -Time limit for issuance of Invoice for supply of insurance Service- time limit is 45 days from provision of service for insurer]



REGISTRATION

COP 11.03.03.00

Nesamani started his business activities in the month of February 20XX in the State of Orissa. He provided the following details:

| Sr.No. | Particulars | ₹ |
|--------|---|----------|
| 1 | Outward supply of petrol (Intra State) | 4,00,000 |
| 2 | Transfer of exempt goods to his branch in Rajasthan (Inter- State) | 2,00,000 |
| 3 | Outward supply of taxable goods by his branch in Uttar Pradesh (Intra State) | 5,00,000 |
| 4 | Outward supply of services on which tax is payable under RCM by the recipient of services (Intra-State) | 6,00,000 |
| 5 | Inward supply of services on which tax is payable under RCM (Intra- State) | 2,00,000 |

From the information given above, compute the aggregate turnover of Nesamani and also decide whether he is required to get registration under GST. Assume that the amounts given above are exclusive of taxes. [CA Inter Nov 22 Exam]

Answer: legal provision

- 1) if supplier is engage in supply of goods or services from the state of orissa & up then threshold of Aggregate T/O to obtain Registration is ₹ 2000000 (Sec 22)
- 2) if person is required to pay tax under Reverse charge then he is to get compulsory registration irrespective of Aggregate T/O (Sec 24)

Computation of Aggregate T/O of Nesamani of Feb.

| Particulars | Amount in ₹ | Explanation |
|---|----------------|---|
| Outward supply of petrol | 400000 | Aggregate T/O include exempt supply which further include Non taxable supply hence value of petrol including Ag T/O |
| Inter-State stock transfer of exempt goods | 200000 | value of outward supply under same bn is includable in Agg T/O. |
| Outward supply of taxable goods from Uttar Pradesh branch | 500000 | → do → |
| Outward supply of services taxable under reverse charge | 600000 | It is a taxable outward supply includable in aggregate T/O, even if taxable under RCM |
| Inward supply of services taxable under reverse charge | | Agg T/O exclude inward supplies on which tax is payable under reverse charge |
| Aggregate Turnover | 1700000 | |

Conclusion: In given case Mr Nesamani making interstate supply to DP & also liable to tax under reverse charge hence need to take

Happy Trader, a sole proprietorship firm, started a business of dealing in supply of both exempted as well as taxable goods in Assam. Happy Trader has furnished the following details relating to the sales made for the month of April, 20XX. All amounts are exclusive of GST.

| Sr.No. | Particulars | RS |
|--------|--|-----------|
| 1 | Intra-State sale of goods chargeable with GST@ 12% | 15,00,000 |
| 2 | Intra-State sale of non-taxable goods | 5,00,000 |
| 3 | Intra-State sale of alcoholic liquor for human consumption | 2,00,000 |
| 4 | Intra-State sale of Tobacco | 3,00,000 |

With reference to the above and provisions of CGST Act, 2017,

(i) Compute the aggregate turnover.

(ii) Examine whether Happy Trader is liable to be registered under the Act, with reasons for the same.

(iii) What is the threshold limit for taking registration in this case?

[CA IPC Jan 21 Exam]

Answer:

Legal Provision:-

- 1) Aggregate T/O means, aggregate value of all taxable supplies
exempt supply (wholly exempt, nil rated & Non taxable)
export supplies & inter state supplies under same pan to be
computed on all India basis but excludes
→ CGST, SGST, IGST, UTGST & cess
→ value of inward supplies on which tax is payable
under RCM
- 2) Every person required to get registered a place where he
makes taxable supplies & his aggregate T/O exceeds threshold
limit of 20 lakh
- 3) But in case of Tripura, Manipur, Nagaland & Mizoram
the applicable threshold 10 lakhs
- 4) Extended threshold of 40 lakh is available if person is
exclusively engage in supply of goods & Not located in
Notified state & Not supplying Notified goods
i.e tobacco.
- 5) In case of Assam extended threshold of 40 lakh is available

Discussion & Conclusion :- Computation of Aggregate T/o.

| Particulars | Amount in ₹ |
|--|----------------|
| Intra-State sale of goods chargeable with GST @ 12% [Aggregate turnover includes value of all outward taxable supplies.] | 1500000 |
| Intra-State sale of non-taxable goods [Non-taxable supply, being an exempt supply is included in aggregate turnover.] | 500000 |
| Intra-State sale of alcoholic liquor for human consumption [Sale of alcoholic liquor for human consumption, being a non-taxable supply, is an exempt supply and is therefore, included in aggregate turnover.] | 200000 |
| Intra-State sale of tobacco [Aggregate turnover includes value of all outward taxable supplies.] | 300000 |
| Aggregate turnover | 2500000 |

(ii) & (iii) In given case happytrader is supplying tobacco a notified goods hence extended threshold of ₹ 40 lakh is Not available but the Normal threshold of 20 lakh is applicable. This in given case Aggregate T/o of Happy traders is 25 lakhs, which exceeds threshold hence it liable to get registered under GST.

ECPII-03-07-00

Q Ltd. is engaged exclusively in supply of taxable goods from the following states. The particulars of Intra-state supplies for the month of May 20XX are as follows:

| State | Turnover |
|----------------|-----------|
| Madhya Pradesh | 5,00,000 |
| Gujarat | 14,00,000 |
| Tripura | 12,00,000 |

(i) Q Ltd. seeks to know whether it is liable for registration under GST. Give your explanation.

(ii) Will your answer be different if Q Ltd. supplies only petrol & diesel from Tripura instead of any other taxable goods? [CA Inter Dec 21 Exam]

Answer: legal provisions:

- ① every Person required to get registered a place where he makes taxable supplies & his aggregate T/o exceeds threshold limit of 20 lakh
- ② But in case of Tripura, Manipur, Nagaland, Mizoram the applicable threshold 10 lakhs
- ③ extended threshold of 40 lakh is available if person is exclusively engage & Not supplying Notified goods

4. further if a person exclusively supplying Non taxable goods or services in a state then he is Not required to take registration in that state irrespective of his agg T/O (sec 23)

Discussion & conclusion

i) Since G Ltd is making supply of taxable goods from tripura. therefore applicable threshold limit is 10 lakhs.

So in given case G Ltd is liable to get registered under GST as its aggregate T/O is 31 lakhs which exceeds 10 lakhs

ii) In case G Ltd is making supply of non taxable goods i.e. Petrol & diesel from tripura. then it need not to take registration in tripura.

Therefore applicable threshold only to be consider for remaining state from where he makes taxable supplies.

In MP & Gujarat it is exclusively engage in supply of goods hence extend threshold is 40 lakh.

Hence G Ltd need not to get registered under GST in MP & Gujarat as its Ag T/O is 31 lakhs. (5+14+12) which does Not exceed 40 lakh.

CCP 11.03.08.00

Examine whether the supplier of goods is liable to get registered in the following independent cases.

- | | |
|-------|--|
| (i) | Rudra Builders of Rohini, Delhi is exclusively engaged in intra-State taxable supply of building bricks. It's aggregate turnover in the current financial year is ₹ 23 lakh. [CA Inter RTP May 22] [Study Mat (Similar)] [CA Inter July 21 Exam (Similar)] |
| (ii) | Heera of Himachal Pradesh is exclusively engaged in intra-State taxable supply of footwear. His turnover in the current financial year (FY) from Himachal Pradesh showroom is ₹ 32 lakh. He has another showroom in Nagaland with a turnover of ₹ 11 lakh in the current FY. [CA Inter RTP Nov 22] [CA Inter July 21 Exam (Similar)] |
| (iii) | Ankit of Telangana is exclusively engaged in intra-State taxable supply of footwears. His aggregate turnover in the current financial year is ₹ 25 lakh [CA Inter July 21 Exam] [CA Inter RTP- Nov 21] |
| (iv) | Ankit of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is ₹ 25 lakh. [Study Mat] |
| (v) | Aaru Ltd. of Assam is engaged in intra-State supply of both taxable goods and services. It's aggregate turnover in the current financial year is ₹ 30 lakh [CA Inter MTP Oct 2020] [Study mat (Similar)] |

Answer:

CP 11.04.11.00

Dharun provides service as a business facilitator to Zio Bank Limited by facilitating in opening of bank accounts to villagers in its rural branches in Punjab and earned a commission of ₹ 22 lakh in the month of April, 20XX. So far, he is not registered under GST. Dharun's tax consultant advised him that he is liable for registration under GST as his gross receipts exceeded ₹ 20 lakh. Dharun has no other receipt / business activity other than the above. [CA Inter Nov 22 Exam]

Answer: legal provision

- ① if a service is provided by a business facilitator to a banking company with respect to accounts in its rural area branch then it is exempted.
- ② if a person exclusively engage in non taxable supply or exempt supply then he need not take registration under GST irrespective of his threshold limit (sec 23)

Discussion & conclusion

In given case dharun is engaged in providing the exempt services hence not liable to obtain registration even though aggregate T/o exceeds ₹ 20 lakh

Thus advise given by his consultant is
Not correct.

State with brief reason, whether following suppliers of taxable goods are required to register under the GST Law:-

- (i) Mr. Raghav is engaged in wholesale cum retail trading of medicines in the State of Assam. His aggregate turnover during the financial year is ₹ 9,00,000 which consists of ₹ 8,00,000 as Intra-State supply and ₹ 1,00,000 as Inter-State supply.
- (ii) Mr. S.N Gupta of Rajasthan is engaged in trading of taxable goods on his own account and also acting as an agent of Mr. Rishi of Delhi. His turnover in the financial year 20XX-XY is of ₹ 12 lakhs on his own account and ₹ 9 lakhs on behalf of principal. Both turnovers are Intra-State supply.
[CA IPC May 19 - with threshold not exceeding limit] [CA IPC Nov 20 Exam - similar]
- (iii) Mr. A from London is engaged in supplying of Online money gaming to Mr B in Pune & Mr. A's turnover is ₹ 18 Lakh during the month of October, 20XX. Determine Mr. A's liability to get registered under GST.

Answer:

(i) Legal provision: if a person making inter state outward supply of goods (other than handily craft goods) are compulsorily required to get registered under GST irrespective of his aggregate T/O

(Sec 24)

Conclusion Raghav is making inter state taxable supply of goods Hence Required to take compulsory Registration.

(ii) Legal provision

1) if person supplying his own goods as well as acting as an agent of the principal for supply of goods then while determining his aggregate T/O the T/O made on the behalf of principal is also included (Sec 22)

2) But if an agent is issuing his own invoice while supplying the goods on behalf of principal then he has to take Compulsory Registration

Discussion & conclusion

1) If we assume that Mr S.N Gupta acting as an Agent & Not issuing his own invoice while making supply on the behalf of principal Mr Rishi then he need to get registered in GST & his aggregate T/O exceeds threshold.

Mr S.N Gupta is eligible for extended threshold of ₹ 40 lakh as he is exclusively engage in supply of goods as his

ag T/O is ₹ 21 lakh, which is below threshold hence need not required to take registration under GST

2. If we assume that Mr. S. N. Gupta, an agent issuing his own invoice, then he has to take compulsory registration in GST.

11) Legal provision Every person supplying online money gaming from a place outside India to a person in India then he is liable to get registration compulsory (Sec 29).

Conclusion In given case since Mr. A is engaged in supplying of online money gaming from London Mr. B in Pune Mr. A is required to take compulsory registration.

CCP II-05.14.00

Mr. Q, a casual taxable person of Gujarat state is a trader of taxable notified handicraft goods. It makes supplies to the states of Maharashtra, Rajasthan and Andhra Pradesh. Turnover for October, 20XX is ₹ 18 Lakh.

- (i) Explain the provisions of registration for casual taxable person under GST. Examine whether Mr. Q is liable for registration or not?
- (ii) What will be the answer if Mr. Q makes trading in taxable notified products instead of taxable notified handicraft goods which involves 75% making on machine and 25% by hand? [CA Inter Dec 21 Exam]

Answer:- legal provision

1) A casual taxable person (CTP) is required to obtain compulsory registration under GST irrespective of his aggregate T (Sec 24).
2) However, threshold limit for registration is available to CTP if,

- 1) he is making inter-state taxable supplies of notified handicraft goods (mostly made by hands)
- 2) has obtained PAN & generated e-way bill

Discussion & conclusion

1) In given case since Mr. Q is engaged in supplying notified handicraft goods & his aggregate T does not exceeds threshold hence he is not liable to get registered under GST till threshold.

2) If goods are dominantly made by machine then it is not treated as notified handicraft goods & Mr G need to take compulsory registration.

mp LDR

11-06-17-00

BBD Pvt. Ltd. of Gujarat exclusively manufactures and sells product 'Z' which is exempt from GST vide notifications issued under relevant GST legislations. The company sells 'Z' only within Gujarat and is not registered under GST laws. The turnover of the company in the previous year 20XX-YY was ₹ 50 lakh. The company expects the sales to grow by 10% in the current year 20YY-ZZ.

However, effective 01.01.2022, exemption available on 'Z' was withdrawn by the Central Government and GST@ 5% was imposed thereon. The turnover of the company for the nine months ended on 31.12.20YY was ₹ 42 lakh. BBD Pvt. Ltd. is of the opinion that it is not required to get registered under GST for current financial year 20YY-ZZ.

Examine the above scenario and advise BBD Pvt. Ltd. whether it needs to get registered under GST or not. [CA Inter Nov 20 Exam]

Answer:- Legal provision.

① If supplier exclusively engage in intra state supply of Goods then, Applicable threshold limit for registration in state of Gujarat 40 lakhs.

② But if a person exclusively engage in exempt supply then he need not to take registration even if his agg T/o exceeds threshold (Sec 23)

③ Aggregate T/o includes value of exempt supply

Discussion & conclusion

→ In given case since BBD PVT Ltd was exclusively engaged in supplying exempted goods till 31-12-20YY it was Not required to take registration till that date.

→ Its goods become taxable from 01-01-22 till that date.

- Since aggregate T/O includes turnover of exempt supply
- Therefore T/O of product 2 till 31-12-YY is also includible for determining the threshold limit even if same was exempted from GST
- Therefore BBD Ltd need to take registration within 30 days from 01-01-2022

CCP 11.06.19.00

Examine the liability of compulsory registration under section 24 of the CGST Act, 2017, in each independent cases mentioned below:- [Study Mat]

- (1) Meenu, a supplier in Maharashtra, is engaged in supply of potatoes within Maharashtra and also outside Maharashtra, whose turnover exceeds threshold limit under GST Law. [CA Inter RTP-Nov 21][CA Inter Exam May 19 Old]
- (2) Govardhan is an agriculturist engaged in supply of produce out of cultivation of land. He utilizes services of Manu who is a commission agent as per the Agricultural Produce Marketing Committee Act. Turnover of Manu is above the threshold limit prescribed. Manu wants to know whether he is liable to get registered under GST Act or not.
- (3) Anubhav is dealing in supply of taxable goods and services in the state of Gujarat. His turnover from intra-State supply of taxable goods is ₹ 16 lakh and inter-state supply of taxable services is ₹ 22 lakh. He is of the opinion that his aggregate turnover is within the limit so he is not required to get registered. Advise him. [CA IPC July 21 Exam]

Answer:-

- i) Legal provision: i) if a person making interstate outward supply of goods (other than handicraft goods) are compulsorily required to get registered in GST irrespective of its aggregate T/O (sec 24)
- ii) However an agriculturist to the extent of supply of produce out of cultivation of land, is not liable to take registration (Sec 23)
- iii) Sec 23 will prevail over 24.

Discussion & conclusion: Assuming that Meenu is engaged in cultivation & supply of potatoes she is not liable to take registration irrespective of the fact that she is engaged in making interstate supply & her T/O exceeds the threshold limit

- ② Legal provision: Commission Agent service for agriculture produce is exempt from GST
- ③ If person exclusively engaged in exempt supply then he need not to take registration in GST (Sec 23)

Conclusion:- In given case Manu is providing commission Agent services on Agriculture produce which is exempt & also need not take registration in GST

③ legal provision

- ① If a supplier is supplying both goods & services then he is required to get registered in GST if aggregate T/O exceeds ₹ 20 lakh.
- ② The said threshold limit is applicable even if person is making inter-state supply of services.

Conclusion:- In given case the aggregate T/O of goods & services supplied by Anubhai is 38 lakhs which exceeds the threshold limit of 20 lakh & thus he is required to obtain registration under GST

COP II 11 25 00

Determine the effective date of registration in following cases:

- a) The aggregate turnover of Dhampur Footwear Industries of Delhi has exceeded the applicable threshold limit of ₹ 40 lakh on 1st September. It submits the application for registration on 20th September. Registration certificate is granted to it on 25th September.
- b) Mehta Teleservices is an architect in Lucknow. Its aggregate turnover exceeds ₹ 20 lakh on 25th October. It submits the application for registration on 27th November. Registration certificate is granted to it on 5th December. [Study Mat] [CA Inter MTP Mar 23] [CA IPC Nov 20 Exam (Similar)]

Answer:- legal provision

D e

4) where application for registration is made within 30 days from the date when he become liable to registration then effective date of registration is date of when he become liable for registration, otherwise the effective date is date of grant of registration

Discussion & conclusion

4/5 a) In given case the T/O of dharampur Industries exceeds ₹40 lakh on 1st sep as it is liable for registration since it has applied for registration within 30 days from 1st sep hence effective date of registration is 1st sep

b) In given case mehta teleservices is engage in supply of services hence applicable limit of threshold is ₹20 lakh which has crossed on 25th oct & it is liable for registration since mehta teleseries have applied for registration after 30 days of 25th oct hence effective date of registration is 5th dec when reg's cert received
M/s Siya Ram is a trader of decorative items in Hauz Khas, Delhi. His aggregate turnover exceeded ₹20 lakh in the month of October, 20XX. He applied for registration on GST portal, but missed to submit the details of his bank account. His tax consultant advised him that prior submission of bank details is mandatory to obtain registration. Examine whether the advice of Mr. Siya Ram's tax consultant is correct. [CA Inter RTP May 2020]

Answer:-

Legal provision:- Registered person is allowed to furnish bank details after obtaining registration certificate but it is to be furnished earlier of the following dates.

- within 30 days from the grant of registration or
- date of filing GSTR-1 / IFF

Conclusion:- In view of above the advice of Mr. Siya Ram's consultant that prior permission of bank details is to obtain registration is no more valid in law

Answer the following questions with respect to casual taxable person under the CGST Act, 2017:-

- (i) Who is a casual taxable person?
- (ii) Can a casual taxable person opt for the composition scheme?
- (iii) When is the casual taxable person liable to get registered?
- (iv) What is the validity period of the registration certificate issued to a casual taxable person? [Study Mat]
- (v) Can the validity of registration certificate issued to a casual taxable person be extended? If yes, what will be the period of extension? [CA Inter Exam May 19]

Answer:-

- (i) Casual taxable Person (CTP) means a person
- who casually undertake transaction of supply of goods or services in the course of business ~~whether as a~~
 - whether as a person principal, agent or in any other manner
 - in a state/UT where he has no fixed place of business
- (ii) No CTP cannot opt for composition scheme (sec 10(2))
- (iii) CTP is liable to obtain compulsorily (us 24) at least 5 days before the commencement of business
- (iv) Registration certificate granted to CTP will be valid for earlier of
- period specified in the application for registration or
 - period of 90 days from the effective date of registration
- (v) Yes validity of registration certificate issued to CTP can be extended for further period of 90 days on request of CTP.

(H.W)

Explain the circumstances under which proper officer can cancel the registration on his own of a registered person under CGST Act, 2017. [CA Inter Jan 21 Exam]

OR

Explain the statutory provisions for cancellation or suspension of registration under section 29(2) of

the CGST Act, 2017. [CA IPC Jan 21 Exam]

OR

State any five circumstances under which the proper officer can cancel the registration on his own under the CGST Act, 2017 [CA Inter May 22 Exam]

OR

Briefly enumerate the contraventions which make a registered person liable to cancellation of registration, as prescribed under rule 21 of the CGST Rules, 2017. [CA Inter RTP May 23]

[Note:- For this specific Q – start the answer as “Rule 21 of CGST Rules, 2017 prescribes the contraventions which make a registered person liable to cancellation of registration. As per said rule, the registration granted to a person is liable to be cancelled, if:” & then write pts. (a) to (i)]

Answer:-

Mr. X of Haryana intends to start business of supply of building material to various construction sites in Haryana. He has taken voluntary registration under GST in the month of April. However, he has not commenced the business till December due to lack of working capital. The proper officer suo-motu cancelled the registration of Mr. X. You are required to examine whether the action taken by proper officer is valid in law?

Mr. X has applied for revocation of cancellation of registration after 100 days from the date of service of the order of cancellation of registration. Department contends that application for revocation of cancellation of registration can only be made within 90 days from the date of service of the order of cancellation of registration. However, Mr. X contends that the period of submission of application may be extended on sufficient grounds being shown. You are required to comment upon the validity of contentions raised by Department and Mr. X. [CA Inter RTP - May 22]

Answer:- legal provision

- 1) if person who has taken voluntary registration & has not commenced business within 6 months from the date of registration then officer may suo motu cancel the registration of such person (Sec 29)
- 2) On Cancellation of registration as above person can apply for the revocation of cancellation within 90 days from the date of cancellation. (Sec 30)
- 3) The above period can be extended by commissioner for further 180 days on sufficient cause being shown & recorded in writing.

Discussion & conclusion

- 1) Mr X a voluntary registered person has not commenced his business within 6 months from the date of registration is valid in law

However Mr X can apply for revocation of cancellation of such order within 90 days of such cancellation which can further be extended for a period of 180 days.

- 2) In given case Mr X has applied for revocation of cancellation within 100 days which is within extended time. If Mr X can provide sufficient cause then extension is allowed & contention raised by Mr X is valid.

Computation chapter MCQ Casestudy

MCQ : 12

Vedanshi & Co., a partnership firm, is engaged in retail trade since 1st April. The firm became liable for registration on 1st October. However, it applied for registration on 10th October. It had inputs held in stock, semi finished and finished goods. The firm was granted certificate of registration on 5th November.

Vedanshi & Co. needs to transport one consignment to the transporter and then to the consignee. The distance, within the same state, between godown of the firm and the transporter is 20 kms and from the place of transporter to consignee is 99 kms, respectively.

In the month of November, the firm received 80 invoices for various inward supplies on which total GST paid was ₹ 8 lakh. However, only 60 invoices involving GST of ₹7.70 lakh was uploaded in GSTR-1 by the respective suppliers.

Also, while filing return for the month of November, the firm generated E-Challan on 5th December for making payment of GST through RTGS of their bank.

All the supplies referred above are 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]

12.1 Determine the effective date of registration of Vedanshi & Co.?

- (a) 1st April ~~(b) 1st October~~
(c) 10th October (d) 5th November

[Hint:- As per rule 10 given in registration chapter, if applied for registration within 30 days of becoming liable, then effective date of registration is date of becoming liable for registration]

12.2 Vedanshi & Co. is eligible to claim ITC in respect of inputs held in stock as on-

- ~~(a) 30th September~~ (b) 1st October

- (c) 10th October (d) Not eligible to claim ITC

[Hint:- Refer Sec 18(1)(a) given in ITC chapter]

12.3 Which of the following statements is true in respect of furnishing of details of conveyance in Part B of e way bill?

- ~~(a) Part B need not be filed in respect of transport of consignment from Godown of Vedanshi & Co. to transporter location.~~
(b) Part B need not be filed in respect of transport of consignment from transporter location to consignee's location.
(c) Information in Part-B is neither required in transport of consignment from Godown of Vedanshi & Co. to transporter location nor from transporter location to consignee's location.
(d) Information in Part-B is mandatory in transport of consignment from Godown of Vedanshi & Co. to transporter location and from transporter location to consignee's location.

[Hint:- As per proviso given to rule 138(3), if the goods are transported within 50 kms within the State or Union territory from the place of business of the consignor to the place of business of the transporter for further transportation, then furnishing details in part B is not required]

12.4 Compute the amount of ITC that can be claimed by Vedanshi & Co for the month of November?

- (a) ₹ 7,50,000 ~~(b) ₹ 7,70,000~~
(c) ₹ 8,25,000 (d) ₹ 6,75,000

[Hint:- Refer Rule 36(4) given in ITC chapter- ITC can be taken only for the invoices or debit notes whose details are reflected in GSTR-2B i.e. suppliers have filed the details in their GSTR-1/1A]

12.5 Determine the validity of E-Challan generated by Vedanshi & Co. for payment of taxes for the month of November?

- (a) 5th December (b) 15th December
~~(c) 20th December~~ (d) 31st December

[Hint:- As per rule 87, the challan is valid for 15 days from generation]

Question - 17

Mr. Dhev is engaged in supply of tiles and marbles in the State of Telangana. He is not registered under GST. He commenced his business from July month.

He availed godown construction services for business from his brother in-law who was dependent on him. He also availed professional consultancy services for the purpose of business from his son who was a Chartered Accountant and his son was not dependent on him. Mr. Dhev did not pay anything for both the services as both of them were his relative / family member respectively.

On the basis of advice of his son, Mr. Dhev made the supply of tiles within his State only. He reached a turnover of ₹ 7 lakh as on 31st October. However, he planned to expand his business to other States since he received decent orders from other States also.

During the month of December, he received a consignment of tiles from Rajasthan through Prompt Carriers, a goods transport agency based in the State of Rajasthan. Goods were dispatched by the supplier on 'to-pay' basis for freight. Freight charges were ₹ 50,000 and the said GTA pays GST @ 12%. Mr. Dhev paid the invoice amount in the month of December itself. This was an inter-State transaction.

During the month of January, Mr. Dhev made his first inter-State supply to Tamil Nadu on 4th January. His turnover before making such supply was ₹ 15 lakh.

Value of such inter-state supply was ₹ 4,50,000, exclusive of taxes.

Payment for the said inter-State supply was received on 28th February.

Invoice was raised by Mr. Dhev on 25th January. All the figures given above are exclusive of taxes wherever applicable.

Based on the information given above, choose the most appropriate answer for the following questions-

[Study Mat][CA Inter MTP may 22]

17.1 In respect of services availed by Mr. Dhev, which of the following is a correct statement?

- (a) Godown construction service availed from his brother-in-law free of cost is considered as a deemed supply
- (b) Professional service availed from his son free of cost is considered as a deemed supply
- (c) Neither of the services is a deemed supply
- (d) Both services are deemed supply

[Hint:- 1. Refer para 2 of schedule I for deemed supply 2. Members of the same family are related - Refer Definition of family u/s 2(49) - in that son is family whether dependent or not is irrelevant but brother in law is not]

17.2 Upto which limit of aggregate turnover Mr Dhev can continue to supply goods without registration within his state, if he does not procure any goods/services on which tax is payable under reverse charge mechanism?

- (a) ₹ 20 lakh
- (b) ₹ 40 lakh
- (c) ₹ 10 lakh
- (d) ₹ 150 lakh

[Hint:- 1. N/N 10/2019 CT for threshold limit of 40 lakhs is not applicable for intrastate supply in Telangana state. Hence, As per Sec 22 - ₹ 20 lakhs threshold limit applies here]

17.3 What is the tax liability for the freight charges?

- (a) ₹ 6000 of IGST under reverse charge
- (b) ₹ 6000 of IGST under forward charge
- (c) ₹ 3000 each under CGST and SGST under reverse charge
- (d) Nil as it is exempt

[Hint:- 1. The 1st interstate supply made by Dhev is on 4th Jan whereas this GTA service availed is in Dec i.e. before Interstate supply-so, there was no requirement of compulsory registration till then & threshold limit is also not reached till then. 2. Refer entry no. 1 along with exemption Sl no. 21A given in RCM chapter- here, Dhev is unregistered so, GTA service is exempt.]

17.4 Which of the following statement is correct with respect to liability of Mr. Dhev to register under GST?

- (a) Mr. Dhev is liable to register in the month of December for receipt of GTA services.
- (b) Mr. Dhev is liable to register in the month of January for effecting inter-State outward supply of goods.
- (c) Mr. Dhev is liable to register only when his turnover exceeds the threshold limit irrespective of whether he is in receiving any GTA services or is effecting inter-State outward supply.
- (d) Mr. Dhev is not required to register as it is his first year of business.

[Hint:- As per Sec 24, Dhev is compulsorily required to get registered under GST for making taxable interstate supply of goods in Jan]

17.5 What is the time of supply of goods made by Mr Dhev during January?

- (a) 4th January (b) 25th January
- (c) 3rd February (d) 28th February

[Hint:- 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 i.e. 25th Jan or 4th Jan, whichever is earlier.]



CEP 12.03.04.00

→ continuous supply

(a) M/s Indian Oil Corporation entered into a contract with Mr. B for supply of oil throughout the year. M/s Indian Oil Corporation issues monthly statement for the oil supplied to Mr. B. Determine the time of supply of goods in following independent cases:

- i) Mr. B made payment for the month of July on 31st July, 20XX and M/s Indian Oil Corporation issued statement for the month of July on 8th August, 20XX.
- ii) M/s Indian Oil Corporation issued statement for the month of August on 5th September, 20XX, the payment of which not received till 30th September, 20XX.

Answer:

legal provision @ continuous supply of goods means supply of goods on continuous & recurring basis under a contract where supplier issue the tax invoice on periodical basis.

@ In case of continuous supply of goods invoice to be issued on or before

- a) date of issue of successive statement of Account or
- b) date of receipt of successive payment whichever is earlier.

@ TOS for good shall be earlier of following dates.

- a) date of issue of invoice or
- b) last date of issue of invoice.

Discussion & Conclusion

- i) In given case date of issue of statement is 8th August where as last date of issue of invoice is 31st July 20XX (earlier of date of payment received or successive statement)
Therefore time of supply = 31st July 20XX

- ii) In given case date of issue of statement is 5th sep 20XX which itself is the last date to issue invoice. also date of payment received is not known therefore the time of supply = 5th sep 20XX

LDR.

CEP 12.04.06.00

M/s. Xing Trans of Kolkata is engaged in the trading of transmitters. On 20/05/20XX, M/s. Xing Trans has sent 500 units of transmitters for exhibition at Chennai on sale or return basis. Out of the said 500 units, 300 units have been sold on 28/07/20XX at the exhibition. Out of remaining 200 units, 150 units have been brought back to Kolkata on 25/11/20XX and balance 50 units have neither been sold nor brought back.

Explain the provisions under GST law relating to issue of invoices with exact dates on which tax invoices need to be issued by M/s. Xing Trans. [CA Inter May 22 Exam]

Answer: Legal provision:- where the goods being sent for sale on approval or return basis, the tax invoices shall be issued

- a) before or at the time of supply [acceptance given by recipient] or
- b) 6 months from the date of removal
whichever is earlier.

Discussion & Conclusion

- ① In Given case 500 units of transmitter have been sent for exhibition on sale on approval basis out of which 300 units are sold before 6 months from the date of removal thus tax invoice for 300 units need to be issued before or at the time of supply of such goods i.e upto 28/07/20XX
- ② Remaining 200 units (150+50) units have neither been sold nor bought back till the expiry of 6 months from the date of removal of good i.e 20-11-20XX thus tax invoice for 200 units need to be issued upto 20-11-20XX

Note on return of 150 units after 6 months credit note to be issued

CCP 12.06.07.00

Mr. Lakhan provides Continuous Supply of Services (CSS) to M/s. TNB Limited. He furnishes the following further information:-

- a) Date of commencement of providing CSS - 01-10-20XX
- b) Date of completion of providing CSS - 31-01-20XY
- c) Date of receipt of payment by Mr. Lakhan - 30-03-20XY

Determine the time of issue of invoice as per provisions of CGST Act, 2017 in the following circumstances:-

- (i) If no due date for payment is agreed upon by both under the contract of CSS.
- (ii) If payment is linked to the completion of service.
- (iii) If M/s. TNB Limited has to make payment on 25-03-20XY as per the contract between them.

[CA Inter Nov 18 Exam New] [CA IPC MTP Mar 19]

Answer:

Legal provision

In case of CSS invoice shall be issued as follows -

- a) If due date of payment by recipient is ascertainable from the contract
- invoice shall be issued on or before the due date of payment
- b) If due date of payment is Not acceptable from contract
- invoice shall be issued on or before the date of receipt of payment
- c) If payment is linked to the completion of event - invoice shall be

| | | |
|----|--|--|
| a) | | |
| b) | | |
| c) | | |

Discussion & Conclusion:-

In view of above provision, the time of issue of invoice shall be determined as follows.

- i) In given case due date of payment by recipient is not ascertainable therefore invoice shall be issued on or before 30-03-20XY which is the date of receipt of payment
- ii) If payment is linked to completion of service the invoice shall issued on or before 31-01-20XY, i.e date of completion of service.
- iii) If MS. TANB Ltd has to make payment on 25-03-20XY as per contract i.e due date is ascertainable therefore invoice shall be issued on or before 25-03-20XY

Q.12.09.11.00 ★★

- 1) The aggregate turnover of Sangri Services Ltd., Delhi, exceeded ₹ 20 lakh on 12th August. He applied for registration on 3rd September and was granted the registration certificate on 6th September. You are required to advise Sangri Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices. [Study Mat]
- 2) Luv & Kush Pvt. Ltd. of Srinagar, Jammu & Kashmir, engaged in the supply of gifts items provides you the following details:-

| S.No. | Particulars | Relevant dates |
|-------|---|----------------|
| 1 | Commencement of the business of supplying goods | 01.08.20XX |
| 2 | Turnover exceeds ₹ 10,00,000 on | 15.08.20XX |
| 3 | Turnover exceeds ₹ 20,00,000 on | 05.09.20XX |
| 4 | Application for registration made on | 28.09.20XX |
| 5 | Registration certificate granted on | 06.10.20XX |

The company seeks your advice as to how it should raise revised tax invoices for supplies made. Is there any specific provision for issuance of revised tax invoices to unregistered customers? Explain.

(Assumption:- Supplier is not exclusively engaged in supply of goods)

[Study Mat (Example)] [CA IPCC Dec 21 Exam (Similar)]

Answer: legal provision

- ① If Aggregate T/O exceeds ₹ 20 lakh then supplier of service & goods need to take registration under GST (Sec 22)
- ② If a person applied for registration within 30 days from the date when he becomes liable for registration then effective date of registration is the date when he becomes liable (Sec 25)
- ③ A person is required to issue revised invoice for the supplier made during the period from the date when he becomes liable for registration till the date of registration certificate & it shall be issued within 1 month from the date of issue of registration certificate.

Discussion & conclusion

- i) In Given Case Sangri services Ltd has to issue revised tax invoices for the taxable supplies made between effective date of registration (i.e 12th Aug) till the date of issuance of registration certificate (i.e 6th sep) within 1 month from 6th sep i.e on or before 6th Oct
- ii) In given case Luv & Kush Ltd is in JK where applicable limit of threshold is 20 lakhs.
- iii) Since Luv & Kush Pvt Ltd. has made the application for registration within 30 days of becoming liable for registration the effective date of registration is 05-09-20XX
- iv) Normal invoice without tax is to be issued till the date of registration certificate.
- v) It may issue revised tax invoices ~~against~~ against normal invoices already been issued for supplier made between effective date of registration i.e 05-09-20XX & dated issuance of registration certificate i.e 06-10-20XX within 1 month from 06-10-XX i.e on or before 06-11-XX
- vi) It may issue consolidated revised tax invoice for all taxable supplies made to an unregistered recipient during such period

Jain & Sons is a trader dealing in stationery items. It is registered under GST and has undertaken following sales during the day:

| S.No. | Recipient of supply | Amount (₹) |
|-------|--|------------|
| 1 | Raghav Traders - a <u>registered retail dealer</u> | 190 |
| 2 | Dhruv Enterprises - an unregistered trader | 358 |
| 3 | Gaurav - a Painter [unregistered] | 500 |
| 4 | Oberoi Orphanage - an unregistered entity | 188 |
| 5 | Aaradhya - a Student [unregistered] | 158 |

None of the recipients require a tax invoice [Raghav Traders being a composition dealer].

Determine in respect of which of the above supplies, Jain & Sons may issue a Consolidated Tax Invoice instead of Tax Invoice at the end of the day? [Study Mat]

Answer :

Legal Provision:- A registered person is Not required to issue tax invoice or Bill of supply if

- ① The value of supply of goods & of services is less than ₹200
 - ② Recipient is unregistered person &
 - ③ the recipient does Not require tax invoice / Bill of supply
- such person shall issue a consolidated tax invoice at the end of each day for all supplies

Discussion & Conclusion:- Requirement of Tax invoice:

| S.No. | Recipient | Amount (₹) | Requirement of tax invoice | Remarks |
|-------|-------------------|------------|----------------------------|--|
| 1 | Raghav Traders | 190 | yes | Even though Raghav trader is a composition dealer but a registered person hence tax invoice is mandatorily to be Issued Irrespective of value |
| 2 | Dhruv Enterprises | 358 | yes | Since value is more than ₹200 hence tax invoice is mandatorily to be issued |
| 3 | Gaurav | 500 | yes | —————→————— |
| 4 | Oberoi orphanage | 188 | No | In given & case transaction is B2C & value is less than ₹200 Hence tax Invoice may not be issued for each transaction but Jain & sons shall issue consolidated tax invoice at the end of the day |
| | Aaradhya | 158 | No | |

Answer the following questions independently:

- a) Eden Ltd., registered under GST and dealing in educational toys, has an aggregate turnover of ₹18 crore in the preceding financial year. The tax consultant of Eden Ltd. advised it to issue e-invoices mandatorily in the current financial year. However, Eden Ltd. is of the view that since its aggregate turnover is less than the threshold limit applicable for e-invoicing, so it is not required to issue e-invoices. You are required to comment upon the validity of the advice given by Tax consultant.
- b) A Government Department is registered under GST. Its aggregate turnover in the preceding financial year is ₹22 crore. You are required to comment with the help of relevant provisions whether the said Department is required to issue e-invoices in the current financial year.
[CA Inter RTP Nov 23] [CA Inter RTP Nov 21, Nov 22, May 24 (Similar)] [CA Inter Nov 23 Exam (Similar)]

Answer:- legal provision

- ① A registered person with an aggregate T/O in any PFY since from 2017-18 onwards ₹500 are required to issue e-invoice for
- B2B supplies (i.e. supply to R.P) or
 - Export supplies or
 - For supplies to Govt local authorities Govt agencies or PSU which are registered only for TDS.
- ② Further following entities are exempted from generation of e-invoice.
- a) Govt department
 - b) local authority
 - c) SEZ units
 - d) Insurance banking company / FI / NBFC
 - e) GTA
 - f) supplier of passenger transport service.
 - g) Admission in multiplex for cinema.
- ③ Also as per CBFC clarification, exemption from generation of e-invoices is for entity as a whole & is not restricted by the nature of supply made by said entity.

Discussion & conclusion

- a) Aggregate T/O of Eden Ltd exceeds ₹500 hence it is mandatorily required to issue e-invoice in respect of B2B supplies. Hence advice given by tax consultant is valid in law.
- b) Govt department is specifically exempted from generation of e-invoices.

⚡ location Nahi diya toh inter state.

& rate @ 18%

4/5.

GCP 12.15.19.00

Udai Singh, a registered supplier, has received advance payment with respect to services to be supplied to Sujamal. His accountant asked him to issue the receipt voucher with respect to such services to be supplied. However, he is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise Udai Singh regarding the same. [Study Mat] [CA Inter MTP Mar 23] [CA Inter MTP Sep 23]

Answer: legal provision

① on receipt of advance payment for supplies a RP shall issue a receipt voucher

② After issue of receipt voucher for advance payment but later on

- No supply is made &

- No tax invoice is issued for the same.

then registered person may issue refund voucher to the person who has made advance payment

Discussion & conclusion

i) Udai Singh is required to issue receipt voucher at the time of receipt of advance from Sujamal

ii) In given case subsequently no services are supplied & No tax invoice is issued then Udai Singh may issue a refund voucher against such payment to Sujamal

GCP 12.15.20.00

ABC Ltd., is a contractor executing works contract service, situated in Tamil Nadu. It entered into an agreement with XYZ Ltd. (another registered person in Tamil Nadu) to provide works contract services in various States in South India. The precise location details were to be shared later. In this regard, ABC Ltd. received an advance of ₹ 1 Crore (including GST). You are to advise ABC Ltd. whether:

(A) ABC Ltd. is liable to pay GST on such advance amount.

(B) Whether the tax liability is to be paid as CGST + SGST or IGST.

(C) What would be the tax rate at which such tax liability is to be paid? [CA IPC Nov 20 exam]

Answer:-

a) In case of supply of services (works contract) the time of supply is date of issue of invoice or payment received which is earlier so, ABC Ltd is liable to pay GST on Advance Received on 1 Cr

b) For such Advance receipt he has to receipt voucher and if Nature of supply is Not ascertainable the same is treated as

- ③ In case where at the time of receipt of advance, rate of tax is not determinable, then tax is payable @ 18%.

CCP 12.16.21.00

Mohan Enterprise is a registered person having principal place of business in Gandhinagar, Gujarat. They received services of Advocate Sameer, a registered person from Ahmedabad, Gujarat. Shekhar, an unregistered person provided services of labour to Mohan Enterprise. Explain the provisions relating to issue of invoice by recipient Mohan Enterprise if he is liable to pay tax under reverse charge under Section 9(3) or 9(4) of the CGST Act, 2017. [CA Inter May 24 Exam][Study Mat (Similar)]

Answer :

- ① If legal service is provided by an advocate to a business entity then under reverse charge, business entity is liable to pay tax. Hence in given case Mohan Enterprise is liable to pay tax for legal services.
- ② If tax is payable under reverse charge & supplier is registered person, then he has to issue tax invoice with reverse charge declaration in invoice so in given case Sameer a registered person has to issue tax invoice.

CCP 12.18.28.00

Kartik & Co., a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March:-

- (i) Value of supply charged in invoice no. 1 was ₹ 2,50,000 against the actual taxable value of ₹ 2,30,000.
- (ii) Tax charged in invoice no. 4 was ₹ 32,000 against the actual tax liability of ₹ 68,000 due to wrong HSN code being chosen while issuing invoice.
- (iii) Value charged in invoice no. 8 was ₹ 3,20,000 as against the actual value of ₹ 4,20,000 due to wrong quantity considered while billing.

Kartik & Co. asks you to answer the following:-

- 1) Who shall issue a debit/credit note under CGST Act?
- 2) Whether debit note or credit note has to be issued in each of the above circumstances?
- 3) What is the maximum time-limit available for declaring the credit note in the GST Return? [CA Inter MTP Oct 21][Study Mat (Example)]

Answer :

- ① The debit Note and credit note shall be issued by registered person who has supplied the goods &/or services. i.e. Kartik & Company
- ② Yes, debit Note or credit Note Need to be issue in each of the circumstances as under :-
- i) A credit note is required to be issued as taxable value in invoice not exceeds to actual taxable value.
 - ii) A debit note is required to be issued as the tax charged in the invoice no-4 is less than the actual tax payable
 - iii) A debit Note is required to be issued as the value of supply charged in the invoice no-8 is less than actual value.
- ③ Time Limit : The details of the credit note can not be declared later than
- 30th nov of following the end of fy in which such supply was made. or
 - the date of furnishing annual return whichever is earlier.

MCQ : 8

XYZ Electronics Pvt. Ltd. is a leading electronic goods manufacturing company in Delhi. The company produces a wide range of products, including smartphones, laptops, and home appliances.

The sales by the Company are mainly through its distributors on the following credit terms:

For laptops – up to 15 days ✓

For smartphones – up to 90 days ✓

For other home appliances – up to 45 days ✓

During the year, the Company purchased plant and machinery worth ₹ 1 crore exclusive of GST. The GST rate for such plant and machinery is 18%. The input tax credit on such plant and machinery is not blocked under any provision of the CGST Act, 2017.

The Company is planning to demerge its operations in relation to the laptops and other computer accessories from the next financial year. The demerged entity will be a separate legal entity of the Company in form of a wholly owned subsidiary of the Company having common Board of Directors.

The Company also participates in domestic and international level trade fairs to showcase its products and sale through those events. The Electronics Association of Rajasthan is organising a trade fair in Jaipur. The Company is keen to participate in the same. To ensure the GST compliances, the Company wants to obtain the GST registration as casual taxable person in the state of Rajasthan. The Company obtained the GST registration as casual taxable person in the state of Rajasthan with the validity period of 45 days.

The Company transferred the goods from one of its godown in Delhi to another godown in Gujarat wherein the Company has a registered place of business. The value of goods transferred is ₹ 5 crores and the rate of GST applicable on such transfer is 18%. The tax invoice was issued, and GST was deposited by the Company. However, the consideration

was not paid by the Gujarat office of the Company to the Delhi office even after 180 days of the invoice date. Further, there was no reverse movement of such goods from Gujarat godown to Delhi Godown.

Based on the information provided above, choose the most appropriate answer for the following questions- [CA Inter MTP 1 May 24]

8.1. What shall be the time limit to issue invoice for supply of smartphones on credit:

- (a) Invoice shall be issued on 31st day from the date of removal of smartphones to distributors. ✓
- ~~(b) Invoice shall be issued before or at the time of removal of smartphones to distributors.~~
- (c) Invoice shall be issued at the time of receiving payment from distributors.
- (d) Invoice shall be issued upon completion of credit term, i.e. 90 days.

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

8.2. In relation to the plant and machinery purchased by the Company, select the correct alternative from the following:

- (a) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income- Tax Act, 1961 shall be ₹ 1.18 crore. ✓
- ~~(b) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income- Tax Act, 1961 shall be ₹ 1 crore.~~
- (c) ITC cannot be claimed in such transaction and value of asset on which depreciation can be claimed under the provisions of Income- Tax Act, 1961 shall be ₹ 1 crore.
- (d) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income- Tax Act, 1961 shall be ₹ 82 lakh.

[Hint:- Refer 16(3), if depreciation has been claimed on the tax component of Machinery under Income tax Act, 1961, then ITC is not allowed on the said tax component]

8.3. How shall the demerged entity be treated under the provisions of GST Law?

~~(a) The demerged entity shall be treated as related party of the Company.~~

- (b) The demerged entity shall be treated as distinct entity of the Company.
- (c) The demerged entity shall be treated as additional place of business of the Company.
- (d) The demerged entity shall be treated as sole selling agent of the Company.

[Hint: Refer definition of Related party]

8.4. The period of retention of books of accounts related to period prior to demerger under GST Law is:

- (a) 36 months from the end of financial year
- (b) 60 months from the end of financial year
- (c) 72 months from the end of financial year
- ~~(d) 72 months from due date of furnishing annual return for the relevant financial year~~

[Hint: Sec 36]

8.5. The validity of GST registration as a casual taxable person in the state of Rajasthan is:

- ~~(a) 45 days~~
- (b) 90 days
- (c) 180 days
- (d) 135 days

[Hint: Refer Sec 27, Validity of GST registration certificate of CTP is maximum 90 days.]

8.6. Which of the following statements is true in relation to the non-payment of consideration by the Gujarat godown to Delhi godown?

- (a) The Gujarat godown shall reverse the ITC availed on the goods received from Delhi and also required to pay interest computed from the date of invoice till the date of reversal of ITC.
- (b) The Gujarat godown shall reverse the ITC availed on the goods received from Delhi and no interest shall be applicable.
- (c) The restriction of 180 days for payment of consideration is not applicable in the present case.
- (d) The Delhi godown shall issue a credit note to Gujarat godown to reverse the supply.

[Hint: Refer 2nd proviso to Sec 16(2) read with Rule 37 exceptions]

Question : 9

Mr. Kumar started interior designing practice from the month of January. His turnover up to the month of March was ₹ 12,50,000. On 30th June, his turnover exceeded ₹ 20,00,000 & reached to ₹ 20,05,000. Mr. Kumar applied for GST registration (as regular taxpayer) on 15th July and registration was granted to him on 25th July. ~~8c~~ → 1m → 25 Aug.

On 16th July, he entered into a contract for designing the flat of Mr. Shyam. The service was completed on 22nd July and Mr. Kumar issued invoice on the same day for ₹ 6,00,000. On 5th July, Mr. Kumar purchased capital goods amounting to ₹ 4,50,000 and from 25th July to 31st July, he availed services amounting to ₹ 1,75,000 for the purpose of completing the service.

On 1st August, Mr. Kumar got another contract for interior designing from Mr. Ram, which he accepted on 2nd August. The service was completed on 6th August and invoice was issued on 7th August for ₹ 5,00,000. Payment was received on 29th August.

All values are excluding taxes, unless specifically mentioned. Mr. Kumar makes only intra-State outward supplies and all purchases are also intra-State. Rates of tax are CGST - 9% and SGST - 9%.

In relation to the above, answer the following questions: [Study Mat][CA Inter MTP may 22]

9.1 The effective date of registration for Mr. Kumar is-

- ~~(a) 30th June~~
- (b) 15th July
- (c) 25th July
- (d) 16th July

[Hint:-As per rule 10 given in registration chapter, if applied for registration within 30 days of becoming liable, then effective date of registration is date of becoming liable for registration]

9.2 Mr. Kumar can issue a revised tax invoice till-

- (a) 23rd October
- (b) 8th September
- (c) 25th September
- ~~(d) 25th August~~

[Hint:- As per Sec 31(3) & Rule 53, revised invoice shall be issued within 1 month from the date of

issuance of certificates of registration, if effective date of registration is earlier to this date]

9.3 Eligible input tax credit available with Mr. Kumar for the month of July is-

- (a) CGST ₹ 40,500 & SGST ₹ 40,500
- (b) CGST ₹ 15,750 & SGST ₹ 15,750
- (c) CGST ₹ 56,250 & SGST ₹ 56,250
- (d) CGST ₹ 36,000 & SGST ₹ 36,000

[Hint:- 1. (Rs. 450000 + Rs 175000) * 9% each each CGST and SGST

2. As the date of becoming laible to registration is 30th june which is also the effective date of registration, Sec 18(1)(a) is N.A. for ITC on capital goods purchased here i.e. ITC can be availed on it also]

9.4 The time of supply of services provided by Mr. Kumar to Mr. Ramis-

- (a) 7th August
- (b) 1st August
- (c) 29th August
- (d) 6th August

[Hint:- As per Sec 13(2), TOS of service if invoice is issued within time limit given u/s 31 is:- earlier of date of invoice or date of payment.]

9.5 If instead of opting for regular scheme, Mr. Kumar opts to pay tax under section 10(2A) of the CGST Act, 2017, the tax liability for the month of July will be-

- (a) CGST Nil and SGST Nil
- (b) CGST ₹ 54,000 & SGST ₹ 54,000
- (c) CGST ₹ 18,000 & SGST ₹ 18,000
- (d) CGST ₹ 78,150 & SGST ₹ 78,150

[Hint:- Rs. 600000 * 3% each CGST & SGST- Refer Sec 10(2A) in composition chapter]

Question : 15

M/s Aditi & Co, a partnership firm registered under GST, is undertaking various Government projects.

The firm has let out on hire the following vehicles

- i. A motor vehicle to carry more than 15 passengers to a State Government Electricity Department
- ii. An electric operated vehicle to carry more than 12 passengers to Local Municipal Corporation
- iii. An electric operated vehicle to carry upto 12 passengers to State Transport Undertaking The

firm provided the following additional information for the month of October:

i. Works contract services were availed for construction of immovable property being plant and machinery, where value of GST component was ₹ 1,10,000.

ii. GST amounting to ₹ 70,000 was paid on account of demand of the Department due to fraud in payment of tax.

iii. Goods valuing ₹ 10,00,000, (GST on the same - ₹ 1,00,000) were received 180 days ago (invoice also issued on the date of receipt of supply) for which payment has been made till date to an extent of ₹ 4,00,000 towards value, ₹ 40,000 towards tax.

The firm issued invoices pertaining to two independent outward supplies, where in one invoice value of supply was understated by ₹ 75,000 and in another invoice, value was overstated by ₹ 45,000

The firm received certain supply of goods amounting to ₹ 8,40,000 from registered persons on which tax was payable under reverse charge basis.

All the amounts given above are exclusive of taxes, wherever applicable. All transactions referred to above are intra-State. All the conditions for availing ITC have been fulfilled subject to the information given above.

From the information given above, choose the most appropriate answer for the following questions:- [CA Inter RTP May 21][Study Mat]

15.1. In respect of vehicles let out on hire by the firm, services that are exempt from GST are

- (i) Letting on hire a motor vehicle to State Electricity Department
 - (ii) Letting on hire an electric operated vehicle to Local Municipality
 - (iii) Letting on hire an electric operated vehicle to State Transport Undertaking
- (a) (i)
 - (b) (ii)
 - (c) (i) and (iii)
 - (d) (ii) and (iii)

[Hint:- Refer entry no. 22 in exemption chapter- under transportation of goods sector, (I) Exemption is allowed for state transport

undertakings only so taxable

(ii) Exemption is allowed

(iii) Exemption allowed for more than 12 passengers- so taxable]

15.2. Determine the amount of eligible ITC to be claimed by the firm for the month of October.

(a) ₹ 70,000

(b) ₹ 1,10,000

(c) ₹ 1,80,000

(d) Nil

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

15.3 Determine the amount of ITC to be added to the output tax liability. (Ignore interest)

(a) ₹ 40,000

(b) ₹ 60,000

(c) ₹ 1,00,000

(d) Nil

[Hint:- Refer 2nd proviso to sec 16(2)- in that 40000 ITC might be already taken before 180 days whereas ₹ 60000 is to be added to output tax liability and not to be reduced from eligible ITC for that month]

15.4. Which of the following is correct in respect of document to be issued by the firm for understatement and overstatement of invoice value?

(i) Debit note is to be issued for ₹ 75,000.

(ii) Credit note is to be issued for ₹ 75,000.

(iii) Debit note is to be issued for ₹ 45,000.

(iv) Credit note is to be issued for ₹ 45,000.

(a) i & iii

(b) ii & iii

(c) i & iv

(d) ii & iv

[Hint:- Refer Sec 34 in tax invoice chapter]

15.5. Which of the following statements is correct in respect of supply of goods amounting to ₹ 8,40,000 received by the firm which are taxable under reverse charge?

(i) Firm shall issue a payment voucher at the time of making payment to supplier.

(ii) Firm shall issue invoice for supply of goods.

(iii) Firm shall issue receipt voucher at the time of making payment to supplier.

(iv) Firm is not required to issue any document in respect of such supply.

(a) i

(b) i & ii

(c) ii & iii

(d) iv

[Hint:- Refer tax invoice, Sec 31(3)(f) with Rule 46 and Sec 31(3)(g) with Rule 52 -

here, there is no need to issue invoice by recipient as supplier is registered but payment voucher is to be issued by the firm (recipient) for the payment made]



ACCOUNTS, RECORDS & E-WAY BILL

CCP 13.01.02.00

Mr. Sky is engaged in the business of trading of mobiles. He is eligible for composition scheme and has opted for the same. He seeks your advice for records which are not required to be maintained by him as composition taxable person. [Study Mat] [CA Inter MTP Mar 24]

Answer:- The following records is Not required to be maintained by a supplier who has opted for composition scheme

- 1) Accounts of stock for goods received or supplied by him
- 2) Accounts relating to the details of tax payable including tax payable under reverse charge.

CCP 13.2.07.00

- ① → every registered person is required to retain book of A/c & records for period of 12 months from due date of furnishing annual return
- ② But if R.P is a party to an appeal or revision then they shall retain the books of A/c.
 - a) For 1 year after final disposal at appeal or revision or
 - b) For the period as specified above which is later

CCP 13.04.11.00

- 1) Yash & Co., a manufacturer and supplier of plastic goods, is registered under GST in the state of Maharashtra. Yash & Co. sold plastic goods to a retail seller in Punjab, at a value of ₹ 43,000 (excluding GST leviable @ 18%). Now, it wants to send the consignment of such plastic goods to the retail seller in Punjab.

You are required to examine and advise Yash & Co., whether e-way bill is mandatorily required to be generated in respect of such movement of goods under GST laws? [CA IPC Jan 21 Exam] [CA Inter MTP Apr 23]

- 2) M/s Sakura Enterprises made an inter-State supply of taxable goods valued at ₹ 47,500 and exempt goods valued at ₹ 2,000. Rate of IGST for taxable supply was 6%. Determine, with brief reasons, whether e-way bill generation is mandatory for the above supply made by M/s Sakura Enterprises. [CA Inter Nov 22 Exam]
- 3) Dhananjay Associates registered in Gujarat deals in industrial grade iron and steel products. The proprietor of Dhananjay Associates sold TMT Iron bars (GST applicable @ 18%) to a retailer in Maharashtra at a value of ₹ 40,000 (excluding GST). As per the agreement of sale, goods are to be delivered at the premises of retailer. The transportation cost of ₹ 7,000 has been charged separately to deliver the same to the retailer in Maharashtra. In the above scenario, determine whether an e-way bill is required to be issued under GST? [Study Mat]

Answer: legal provision ^{mandatory required}

- ① A registered person is generate e-way bill if he causes the movement of goods where consignment value exceeds ₹ 50000
- ② value of consignment shall be determined as per sec 15 which
→ includes cost, SGST, UTGST, IGST, & GST cess charged if any &
→ excludes the value of exempt supply of goods where the invoice is issued in respect of both exempted & taxable supply

Discussion & conclusion

- ① In given case the consignment value of goods will be ₹ 50740 ($43000 \times 118\%$) which exceeds ₹ 50000 hence yash & co is mandatorily required to generate e-way bill for the movement of goods from maharashtra to punjab
- ② In given case consignment value excluding exempt supply but including GST is ₹ 50350 ($47500 \times 106\%$) which exceeds ₹ 50000 ~~hence~~ hence M/s sakura enterprise is mandatorily required to issue e-way bill
- ③ Since arranging freight is the liability of supplier it is a case of composite supply & includible in value of supply u/s 15(2)(c) Accordingly consignment value of goods will be ₹ 55460 ($(40000 + 10000) \times 118\%$) which exceeds ₹ 50000 hence dhananjay associate is mandatorily required to issue e-way bill

CCP 15.04.12.00

When goods are transferred by principal to job worker, there is no need to issue e-way bill. Comment on the validity of the above statement with reference to GST Laws. [CA Inter May 23 Exam]

Answer:- 1) The statement is Not valid

- 2) when goods are transferred by principal to job worker e-way bill is required to be mandatorily issued.
- 3) - In case of intra state transfer & if consignment value exceeds ₹ 50000 &
- In case of inter state transfer irrespective of value of consignment

CCP 13.04.13.00

"It is mandatory to furnish the details of conveyance in Part-B of E-way Bill."

Comment on the validity of the above statement with reference to provisions of E-Way Bill under CGST Rules, 2017. [CA Inter Nov 20 Exam]

Answer: ~~the~~ the given statement is partially valid

1) Generally e-way bill is valid for movement of Goods by road only when the information is furnished in Part B of e-way bill

2) However the detail in Part B of e-way bill may not be furnished if goods are transported for a distance upto 50 km within the state or UT

a) from a place of business of consignor to place of business of transporter for further transportation or

b) from the place of business of the transporter to the place of business of the consignee.

CCP 13.04.15.00

Mr. Shah, a consignor, is required to move goods from Ahmedabad (Gujarat) to Nadiad (Gujarat). He appoints Mehta Transporter for movement of goods. Mehta Transporter moves the goods from Ahmedabad (Gujarat) to Kheda (Gujarat). For completing the movement of goods from Kheda (Gujarat) to Nadiad (Gujarat), Mehta Transporter now hands over the goods to Parikh Transporter. Explain the procedure regarding e-way bill to be followed by consignor and transporter as per provisions of GST law and rules made thereunder. [CA Inter Nov 19 Exam New]

Answer:-

1) In given case in case of transshipment only one e-way bill required to be issued

2) Part A of e-way bill can be filled by Mr. Shah or recipient or Mehta transporter on appropriate authorisation

3) A person who generated e-way bill or Mehta transporter update the details of conveyance in Part B of e-way bill before movement

4) Further on reaching to Kheda the person who generated e-way bill or Mehta transporter can assign the said e-way bill to Parikh transporter who will update the details of conveyance in Part B of e-way bill

5) Once the details of conveyance updated by Parikh transporter in Part B then such e-way bill cannot be assigned again to any

04.16.00

Answer the following questions-

- 4) Mr. X, a registered person has caused movement of goods of consignment value exceeding ₹ 50,000 in relation to a supply and thus, generated e-way bill. However, after generation of e way bill, he found a mistake in the e-way bill and wants to edit it. You are required to advise Mr. X whether he can do so with the help of relevant provisions? [Study Mat][CA Inter RTP Nov 23][CA Inter MTP Sep 23]

Answer: ① If there is a mistake or wrong entry in the e-way bill then it cannot be edited or corrected.

② Only option is the cancellation of e-way bill within 24 hrs of generation and generate New e-way bill

③ Thus Mr X cannot edit the e-way bill he first have to cancel e-way bill within 24 hrs & thereafter generate New e-way bill.

04.17.00

- 2) Agri Ltd., a registered supplier, wishes to transport cargo by road between two cities situated at a distance of 368 kilometres. Calculate the validity period of e-way bill under rule 138(10) of CGST Rules, 2017 for transport of the said cargo, if it is over dimensional cargo or otherwise. [CA Inter Jan 21 Exam]

- 3) A consignor hands over his goods for transportation on Friday to the transporter. However, assigned transporter starts the movement of goods from consignor's warehouse to its depot located at distance of 600 Km. on Monday. When will the e-way bill be generated and for how many days it will be valid? [CA Inter Dec 21 Exam]

Answer: the validity period of e-way bill is as under

a) If it is over dimensional cargo - 1 day from relevant date upto 20 km & 1 additional day for every 20 km or part thereof

b) It is a cargo other than overdimensional cargo 1 day from relevant date upto 200 km & 1 Additional day for every 200 km or part thereof.

2. Relevant date is the date on which e-way bill has been generated by completing information in part A & Part B.
3. Each day shall be counted as the period expiring at midnight of the day immediately following the date of generation of e-way bill

Discussion and conclusion

- 1) In view of above the validity period of e-way bill for transportation of cargo by road between two cities situated at a distance of 368 km is as under
 - a) If the cargo is overdimensional cargo $=(18+1) = 19$ days
 - b) If other than overdimensional cargo $=(1+1) = 2$ days
- 2) E-way bill shall be generated on Monday & validity period is as follows.
 - a) Overdimensional 30 days
 - b) Other 3 days

CGP 13.04.21.01

Mr. Venaram proprietor of M/s. Lalit Kirana Stores is registered as a composition dealer in the Jodhpur district of Rajasthan. He has not furnished the statement for payment of self - assessment tax in the form GST CMP-08 for two consecutive quarters. He placed an order for purchase of taxable goods worth ₹ 5,50,000 with M/s. Bob & Sons (a partnership firm), a registered dealer in the Bikaner district of Rajasthan. M/s. Bob & Sons has been regularly filing its GST returns. M/s. Bob & Sons wants to generate E-way bill with respect to intra-state supply to be made to M/s. Lalit Kirana Stores. Whether M/s. Bob & Sons is allowed to generate E-way bill as per the provisions of CGST Act, 2017? Answer with proper reasoning. [CA Inter Nov 23 Exam]

Answer:- Legal provision

1. If a person paying tax under composition scheme has not furnished statement in CMP-08 for payment of tax for two consecutive quarters e-way bill shall Not be allowed to be generated in respect of any outward movement of goods by such person
2. However this restriction does Not apply to generation of e-way bill in respect of inward movement of goods by the defaulter

Conclusion. In given case the defaulter is M/s Lalit Kirana stores & Not the M/s Bob & sons therefore M/s Bob & sons can generate e-way bill for its outward supply which inward for M/s Lalit Kirana stores.



RETURNS

CCP 14-02-02.00

M/s Cavenon Enterprises, a registered supplier of designer wedding dresses under regular scheme, has aggregate annual turnover of ₹30 lakh in the preceding financial year. It is of the view that in the current financial year, it is permitted to file its monthly statement of outward supplies – GSTR-1 on a quarterly basis while its accountant advises it to file the same on a monthly basis. You are required to advise M/s Cavenon Enterprises on the same. [CA Inter RTP May 19 New]

Answer:

Legal provision.

① GSTR-1 for a particular month is to be filed on or before the 11th day of Next month i.e. on monthly basis.

② However, in case of QRMP scheme GSTR-1 can be filled on quarterly basis by small tax payer with an agg to upto ₹5cr. in PFY.

③ Also under QRMP scheme, outward supplies upto ₹50 lakhs per month can be filed (optional) via invoice furnishing facility (IFF) on the portal from 1st to 13th of Next month for the first 2 months of a Quarter.

Discussion & Conclusion: In view of above M/s Cavenon Enterprises can opt for QRMP scheme as its aggregate T/O in PFY does not exceeds ₹5cr & can file its GSTR-1 on quarterly basis. Also for first 2 months M/s Cavenon Enterprises have an option to file IFF till 13th of Next month. Hence can say that advice given

CCP 14-02-07.00

by accountant is Not correct

Please answer the following independent cases with reference to section 37 of the CGST Act, 2017 and rule 59 of CGST Rules, 2017:-

(i) Mr. Kohli is registered supplier in the State of Gujarat. He is filing GSTR-1 every month. During the month of February, he was out of India and so did not do any transaction during the month. He believes that as there is no transaction there is no need to file GSTR-1 for the month of February. Is he correct? [Study Mat]

(ii) Mr. Kaji is a registered dealer in Kerala. He was registered as a normal tax payer for FY 20XX-XY. But on 15-01-20XY, he converted from normal tax payer to composition tax payer. Is he liable to file GSTR-1 for the month of February, 20XY?

(iii) Mrs. Zeel, a registered dealer in Rajasthan, did not file GSTR-1 for the month of June, 20XY but she wants to file GSTR-1 for the month of July, 20XY. Is it possible? [CA Inter Exam May 19-Old]

Answer:

i) No, Mr. Koli is not correct. Even though Mr. Koli was out of India & had not done any transaction during Feb, he is still required to file NILGSTR-1 for that month. He can file Nil GSTR-1 through an SMS using registered mobile which is verified on the basis of OTP.

ii) No, a person paying tax under composition scheme is not liable to furnish the details of outward supplies in GSTR-1. Therefore, in the given case, Mr. Kaji is not liable to file GSTR-1 for the month Feb 20XY since he had already shifted to composition scheme on 15-01-20XY.

iii) No, a person shall not be allowed to furnish GSTR-1 if he has not furnished GSTR-1 of the preceding month. Therefore, in the given case, Mr. Zeet cannot file GSTR-1 for July 20XY as she has not filed GSTR-1 for July 20XY as she has not filed GSTR-1 for the preceding month July 20XY.

Rajita

CCP14.02.08.00

List the details of outward supplies which can be furnished using Invoice Furnishing Facility (IFF).
[Study Mat]

Also briefly list the cases where a registered person is debarred from furnishing details of outward supplies in GSTR-1/IFF. [CA Inter Nov 22 Exam] [CA Inter MTP Nov 21]

Answer :-

i) Details of outward supply can be furnished using IFF as follows
→ Invoice wise details of Inter state, Intra state
supplies made to RP (B2B)

debit Note - credit Note if any issued, during the month for such invoices issued previously

2) Cases where R.P is debarred from furnishing details of outward supplies in GSTR-1/1A or IFF

① A R.P (monthly scheme) has not furnished return in GSTR-3-B of preceding month

② A R.P opting for GRMP scheme has not furnished return in GSTR-3B for preceding tax period

③ A R.P to whom an intimation has been given for
- mismatch of details of GSTR-1 & GSTR-3B or.
- mismatch of ITC with GSTR-2B

unless he has deposited the specified amount or furnished reply

④ A R.P has not furnished the bank details within notified time (Rule 10A)

Q. 14 (02/08/01)

Mr. Sameer, a registered person under GST, is unable to file GSTR-1 on the reason being shown that tax payable under GSTR-1 which has been filed in respect of last tax period exceeds the tax payable under GSTR-3B which has been filed for the corresponding tax period. Explain the procedure to be followed by the department and Mr. Sameer for the same as per the provisions of Rule 88C of the CGST Rules 2017.

[CA Inter Nov 23 Exam]

Answer:

① In given case Mr Sameer would be intimated through portal or email about the tax difference which he must
- pay the extra tax with interest or
- file reply explaining difference within 7 days

② On receiving such intimation Mr sameer should either
- deposit the amount with interest & update it on portal or
→ furnish reply within 7 days explaining the reason for tax difference.

③ If he doesn't pay tax & his explanation is Not accepted the unpaid amount will be recovered from him

- (a) Miss Kashi is a registered intra-State supplier of goods in Haryana. During the months of August and September, she was out of station on a religious pilgrimage with her family for 55 days. Thus, no business transaction was made during August. Miss Kashi is of the opinion that as there is no transaction, there is no need to file monthly return [GSTR-3B] for the month of August. However, her tax consultant has advised her to file nil GSTR-3B. Whether the advice given by tax consultant is correct? Explain.
- (b) Will your answer in (a) change, if Miss Kashi has placed an order for some purchases during August over her mobile phone, which has been received in her premises and she intends to take input tax credit on the same?
- (c) Assuming in (a) above, Miss Kashi does not have internet facility in her mobile and there is no facilitation centre notified by the Commissioner, whether no return is required to be filed in the absence of means to file return? Explain. [CA Inter RTP May 21]
- (d) If Miss Kashi is a registered taxpayer under composition scheme & did not make any taxable supply during the quarter ending Sept, 20XX. Is she required to file FORM GST CMP-08 for such tax period?

Answer:-

a) Yes, The advise given by tax consultant is correct in given case even though Miss Kashi was out of station on a religious pilgrimage with her family & does not have any business activities during the month of August she is still required to file NIL GSTR 3B for that month.

b) Yes Answer will change. Nil GSTR 3-B means a return that has Nil or No entry in all table of GSTR 3-B. In present case, Miss Kashi has received purchases hence she cannot file Nil GSTR-3B as purchases need to be disclosed in GSTR 3B for ITC thus Miss Kashi is required to file GSTR-3B for the month of August.

c) Nil GSTR 3B can be filled through an SMS using registered mobile no of the taxpayer which will be verified through OTP. Hence Miss Kashi is required to file Nil GSTR 3B for the month of August through an SMS using her registered mobile NO.

d) Yes Filing of CMP08 is mandatory for composition dealer even if there is No business Activity during the quarter.

05 Questions of QRMP Scheme

CPT 14 05 13.00

Explain the following questions on the basis of QRMP scheme

- 2) Eligibility for QRMP scheme under GST? [CA Inter MTP Oct 21]
- 3) Manner of exercising option of QRMP scheme. [CA Inter May 23 Exam]
- 4) Conditions and restrictions of QRMP scheme. ✱ [CA Inter May 23 Exam] ✱

Answer:-

- 2) A registered person whose aggregate T/O as shown in return is upto 5cr in PFY is eligible for QRMP scheme.
- 3) A registered person want to opt for QRMP scheme for any quarter shall intimate on portal from 1st day of the 2nd month of preceding quarter till last day of 1st month of the quarter for which option is exercised
- 4) Conditions & restrictions of QRMP scheme.
 - i) Aggregate Annual T/O is upto ₹ 5cr in PFY,
 - ii) RP has furnished the return of the preceding tax period
 - iii) RP is Not required to exercise option in every quarter.

CCP 14.06.17.00

Mr. Kalpesh is a registered dealer in Kerala paying tax under composition levy from 1st April. However, he opts to pay tax under regular scheme from 1st December. Is he liable to file GSTR-4 for the said F.Y. during which he opted out of composition scheme? Discuss. [Study Mat]

Answer:- Legal provision.

1) if tax payer opts to withdraw from composition scheme, he has to file GSTR-4 for the period for which he has paid tax under composition ~~scheme~~ scheme.

2) Such return is required to be furnished till 30th June following the end of FY during which such withdrawal fails.

Conclusion In given case Mr Kalpesh is liable to file GSTR-4 for the said FY during which he opted out of composition scheme by 30th June of next FY.

CCP 14.07.19.00

Discuss the provisions of Section 39(9) of the CGST Act, 2017, relating to rectification of errors/omissions in GST returns already filed and also state its exceptions. State the time limit for making such rectification. [CA Inter Nov 19 Exam-New]

If a return has been filed, how can it be revised if some changes are required to be made? [Study Mat]

[CA Inter MTP Mar 19-Series 1, Sep 23, Mar 24 (Similar)] OR

Explain the provisions of section 39(9) of the CGST Act, 2017 with reference to rectification of returns. [CA Final RTP May 19]

Answer-

① Return once filled cannot be revised, therefore any amendment because of error or omission in return required to be amended in any future GSTR-1 in which such incorrect particulars are noticed in the amendment table of GSTR-1.

② error or omission discovered on account of scrutiny audit inspection by tax ~~and~~ authorities cannot be rectified

③ Time limit for making rectification:- it is earlier of following dates

→ 30th nov of following the end of FY to which such details pertain or

→ Actual date of filing annual Return

14-08-20-00

X Ltd. is winding up its business in Rajasthan. The Tax Consultant of X Ltd. has suggested that X Ltd. will have to file either the annual return or the final return at the time of voluntary cancellation of registration in the state of Rajasthan. Do you agree with the stand taken by Tax Consultant of X Ltd.?

Offer your comments. [CA Inter RTP Nov 23] [Study Mat]

Answer:- No, the stand taken by tax consultant is Not correct

- ① Annual return is required to be filled by R. P (subject to exemption if any) paying tax as a normal tax payer.
- ② Final return is filed by registered person who has applied for cancellation or registered within 3 months of the date of cancellation order whichever is earlier later
- ③ So in given case X Ltd is winding up his business & thus applying for cancellation of registration
- ④ therefore he is required to file both annual return & Final return.

CCP 14.10.24.00

Explain who is required to furnish final return, time limit for filing of final return and late fee for delay in filing final return. [CA Inter July 21 Exam]

Answer:-

CCP 14.10.25.00

Late fee .

Answer the following questions:

- 50% P. day (25+25) max 20000 (10000+10000)
- a) Mr. Ayushman, a registered person having intra-State aggregate turnover of ₹ 1.2 crores in the preceding financial year did not file GSTR-3B for the month September, 20XX by 10th November, 20XX. The amount of tax payable for the month September, 20XX is ₹ 8 lakh. All his supplies are intra-State supplies. Is there any late fee payable for the same? If yes, what is the amount of late fee payable? [CA Inter RTP May 22]
- b) Will your answer be different in (a), if Mr. Ayushman has intra-State aggregate turnover of ₹ 5 crores in the preceding financial year? [CA Inter RTP May 22] $50 (25+25) = 50 \times 217 = 10850$
- c) Will your answer be different in (a), if total amount of tax payable in the GSTR-3B for the month of September is Nil? [CA Inter RTP May 22] $40 (20+20)$ or max 500 $20 \times 21 = 420$
- d) Other things remaining same, What would be your answer in (a), if Mr. Ayushman has intra State aggregate turnover is above ₹ 5 crores in the preceding financial year & did not file GSTR-3B till 25th May?
- e) Discuss the penal provisions, if any, for not filing the annual return before the due date. [CA Inter Jan 21 Exam] $50 (25+25)$ max 10000 $= 50 \times 217 = 10850$ max 10000

Answer:-

e) if agg Hto ≤ 5 Cr - $50 (25+25)$ or
max $\times 0.04\%$ $(0.02+0.02\%)$
of Hto in state.

CCP 14.11.26.00

Who can be registered as Goods and Service Tax Practitioners under Section 48 of the CGST Act?

[CA Inter July 21 Exam]

Answer:-

Vintage Cinemas Pvt. Ltd. (VCPL) is a leading chain of multiplexes operating in several States across India. The company has its corporate office in Mumbai, Maharashtra and is registered under GST in multiple States including Maharashtra. The company offers movie tickets, food and beverages and other entertainment-related services.

The turnover of the company in the preceding financial year as per the audited financial statements was ₹175 crore. The company crossed the aggregate turnover of ₹ 35 crore till June in the current year.

In July, VCPL opened a new multiplex in Gujarat wherein the commercial operations will commence from August 1.

Due to operations in multiple States, the finance and accounts operations are handled by a centralized team at the corporate office. The same team is also responsible for filing the GST returns for all the GST registrations of the company.

The company is also engaged in leasing of space to independent vendors in its food court against rental charges for the purpose of increasing the source of revenue.

The company obtained a new office building in Mumbai under a rental agreement and paid an amount of ₹5 crore as refundable security deposit to the owner of the premises. The term of the rental agreement is 5 years.

The company also dispatched advertisement material worth ₹ 35 lakh from Maharashtra to Gujarat Multiplex for the upcoming movies by way of transport through road in September. The company claimed input tax credit on such advertisement material at the time of receipt in Maharashtra.

The rate of tax applicable on all inward and outward supplies is 18% IGST, 9% CGST and 9% SGST unless otherwise specified.

On the basis of the facts given above, choose the

most appropriate answer to Q.1 to Q.5 below –
[Study Mat][CA Inter RTP Jan 25]

5.1 Which of the following statements is correct under GST law in relation to the registration requirements of the company (VCPL) in relation to its operations to be commenced in the State of Gujarat?

(a) VCPL is not required to take GST registration for Gujarat multiplex till turnover of Gujarat multiplex does not cross ₹20 lakh.

~~(b)~~ VCPL is required to take GST registration in Gujarat while commencing business in Gujarat as aggregate turnover of VCPL has already exceeded ₹20 lakh in the current financial year.

(c) VCPL is allowed to add Gujarat multiplex as additional place of business under the existing GST registration in Maharashtra.

(d) VCPL is required to take GST registration only from next financial year subject to the condition that turnover of current financial year for Gujarat multiplex exceeds ₹20 lakh.

[Hint:- Refer Sec 22]

5.2 Which of the following statements is true in relation to filing of return by VCPL??

(a) VCPL is required to file a single consolidated GST return for all States.

~~(b)~~ VCPL is required to file separate GST return for each State where it is registered.

(c) VCPL is required to file returns only for the Maharashtra State where its corporate office is located.

(d) VCPL has an option to file return in the State with the highest turnover.

[Hint:- Refer Sec 39(1)]

5.3 VCPL is required to levy GST on rental charges...

(a) only if the turnover of tenant exceeds ₹20 lakh.

(b) only if the turnover of tenant exceeds ₹1.5 crore.

(c) only if the total rental charge collection in hands of VCPL exceeds ₹20 lakh.

~~(d)~~ irrespective of the turnover of the tenant or the amount of rental charge collection in the hands of VCPL.

[Hint:- Refer Para 5(a) Schedule II, it is Supply of Services & GST will be charged.]

5.4 In respect of the refundable security deposit given by VCPL.....

- (a) GST is payable on the deposit amount by the owner of the premises.
- (b) GST is payable on the deposit amount by VCPL.
- ~~(c)~~ there is no requirement to pay GST by the owner or VCPL.
- (d) GST is payable in equal proportion over the term of rent agreement by the owner of premises.

[Hint: Security deposit which is refundable is not a part of Consideration.]

5.5 VCPL is.....for the advertisement material sent from Maharashtra Office to Gujarat office in relation to the upcoming movies.

- (a) not liable to issue any document as the transaction is between entities having same PAN.
- (b) liable to issue only a delivery challan.
- (c) liable to issue only a bill of supply.
- ~~(d)~~ liable to generate a tax invoice as well as an E-Way Bill.

[Hint:- Refer Sec 25: Deemed distinct person along with Sec 68 with Rule 138]

MCQ : 18

Vidhula Impex Ltd. is engaged in supplying sports goods. The company did not opt for registration under GST. The proper officer under GST, based on enquiry, finds that the concern is liable for registration and he registers the firm on temporary basis on 15th June, 20XX.

After being granted the registration certificate, the company availed the following services for the purpose of its business

- i. Renting of motor vehicles from Blue Taxi Pvt. Ltd. where GST was charged @ 12%.**
- ii. Appointed Mr. Rajesh as Technical Director for advisory role in business and the payment was made based on the contract entered. However, he was not employee of the company.**

During the course of its business, the company issued an invoice to a customer and erroneously charged higher value by ₹ 34,000. Such invoice was issued on 28th February, 20XY. Further, in the month of February 2021, the company also generated an e-way bill for inter-

State transport of goods. However, immediately on generation of the e-way bill, the buyer cancelled the order before it is dispatched from the factory for delivery.

In the month of March 20XY, since the company was incurring heavy losses, it applied for cancellation of GST registration on 15th March, 20XY. The order for cancellation was made on 30th March, 20XY effecting cancelling the registration with effect from 15th March, 20XY.

From the information provided above, choose the most appropriate answer for the following questions (1-5): [Study Mat][CA Inter RTP May 22][CA Inter MTP 1 Jan 25]

18.1. After the grant of temporary registration, Vidhula Impex Ltd. needs to apply for registration within _____ from the date of grant of temporary registration, if no extension of period is to be granted for such temporary registration.

- (a) 30 days
- (b) 90 days
- (c) 7 days
- (d) 15 days

[Hint:- As per Section 25(8) read with rule 16-Suo-motu registration by the proper officer, registration shall be applied within 90 days from the date of grant of temporary registration]

18.2. In case of which of the following services, the company is liable to pay tax under reverse charge?

- (a) Renting of Motor Vehicles
- (b) Directorship services
- (c) Both (a) and (b)
- (d) Neither (a) nor (b)

[Hint:- 1. Refer entry no. 6 in RCM chapter- service provided by director to company is covered in RCM

2. Refer entry no. 15 in RCM chapter- here, GST charged is 12% so, it is not covered under RCM]

3. Which document is required to be issued by the company in respect of the invoice issued on 28th February, 2021?

- (a) Debit note
- (b) Credit note
- (c) Bill of supply
- (d) Revised Tax invoice

[Hint:- As per Sec 34 in tax invoice chapter, credit note is required to be issued for overstated value in invoice]

4. The Company needs to file its Final return by

- (a) 30th April, 20XY (b) 30th August, 20XY
(c) 15th June, 20XY (d) 30th June, 20XY

[Hint:- As per Sec 45 given in returns chapter, Final return is to be filed within 3 months of effective date of cancellation or date of order of cancellation, whichever is later.]

5. Which of the following statements is correct in respect of e-way bill generated for goods in the month of February for which order was cancelled?

- (a) Once generated, e-way bill cannot be cancelled.
(b) E-way bill can be cancelled within 24 hours of generation
(c) E-way bill can be cancelled within 48 hours of generation
(d) E-way bill can be cancelled within 72 hours of generation

[Hint:- E-way bill can be cancelled within 24 hours of its generation.]

