

## CA Inter- Test Paper 2

Time: 1 hr & 30 mins

Total: 50 marks

### PART A: Multiple Choice Questions (Each carries 2 marks)

**Choose the most appropriate option:**

**Q1)** Mr. Raghu avails services of Mr. Raja, a Chartered Accountant, as under-

- (i) Audit of financial accounts ₹ 55,000
- (ii) Tax audit and annual filing ₹ 10,000
- (iii) Income-tax return filing of Mr. Raghu 's wife ₹ 5,000

All the above amounts are exclusive of taxes and the applicable rate of GST on these services is 18%.

The accountant of Mr. Raghu has booked the entire expenses of ₹ 70,000 plus GST in the books of account. Mr. Raghu is eligible to take input tax credit of –

- a) ₹ 13,500
- b) ₹ 11,700
- c) ₹ 9,900
- d) ₹ 1,800

**Q2)** TT Pvt. Ltd., registered in Rajasthan, furnished following information for the month of June:

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

The applicable rate of GST is 18%. All the above amounts are exclusive of taxes. GST liability payable in cash is:

- a) CGST ₹ 1,800 & SGST ₹ 1,800
- b) SGST ₹ 3,600
- c) IGST ₹ 3,600
- d) CGST ₹ 3,600

**Q3)** Determine which of the following independent cases will be deemed as supply even if made without consideration in terms of Schedule I of the CGST Act, 2017?

- (i) AB & Associates (Registered under GST) transfers stock of goods from its Mumbai branch to Kolkata depot for sale of such goods at the depot.
- (ii) Mr. Raghuveer, a dealer of air-conditioners permanently transfers the motor vehicle free of cost. ITC on said motor vehicle is blocked.
- (iii) Mrs. Riddhi, an employee of Sun Ltd., received gift from her employer on the occasion of Diwali worth ₹ 21,000

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

**Q4)** Ms. Pearl is a classical singer. She wants to organize a classical singing function, so she booked an auditorium on 10<sup>th</sup> August for a total amount of ₹ 20,000. She paid ₹ 5,000 as advance on that day. The classical singing function was organized on 10<sup>th</sup> October. The auditorium owner issued invoice to Ms. Pearl

on 25<sup>th</sup> November amounting to ₹ 20,000. Pearl made balance payment of ₹ 15,000 on 30<sup>th</sup> November. Determine the time of supply in this case.

- Time of supply is 25<sup>th</sup> November for ₹ 20,000.
- Time of supply is 25<sup>th</sup> November for ₹ 5,000 & 30<sup>th</sup> November for ₹ 15,000
- Time of supply is 10<sup>th</sup> August for ₹ 5,000 & 10<sup>th</sup> October for ₹ 15,000
- Time of supply is 10<sup>th</sup> October for ₹ 20,000

**Q5)** Determine the value of taxable supply as per provisions of Section 15 of the CGST Act, 2017?

Contracted value of supply of goods (including GST @ 18%) ₹ 11,80,000. The contracted value of supply includes the following:

- Cost of Primary Packing ₹ 25,000
  - Cost of protective packing at recipients request for safe transportation ₹ 15,000
- ₹ 10,00,000
  - ₹ 11,80,000
  - ₹ 11,55,000
  - ₹ 11,40,000

**Q6)** PZY Ltd. is engaged in manufacturing of motor car. The company paid following amount of GST to its suppliers against the invoices raised to it. Compute the amount of ineligible input tax credit under GST law:-

S.no	Particulars	GST Paid (₹)
(i)	General insurance taken on cars manufactured by PZY Ltd.	1,00,00,000
(ii)	Buses purchased for transportation of employees (Seating capacity 23)	25,00,000
(iii)	Life and health insurance for employees under statutory obligation	6,00,000
(iv)	Outdoor catering in Diwali Mela organized for employees	3,50,000

- ₹ 9,50,000
- ₹ 3,50,000
- ₹ 1,31,00,000
- ₹ 28,50,000

**Q7)** Assuming that all the activities given below are undertaken for a consideration, state which of the following is not a supply of service.

- Renting of commercial office complex
- An employee agreeing to not work for the competitor organization after leaving the current employment
- Repairing of mobile phone
- Permanent transfer of business assets on which ITC is availed OR Provision of services by an employee to the employer in the course of employment

### **PART B: Descriptive Questions**

**Question 1:**

**(8 + 4 = 12 Marks)**

**1)** 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
<b>M/s. Grey has also received the following inward supplies:-</b>	
Inter-state supply of goods (out of which, invoice for goods worth ₹ 20,000 is missing and no other tax paying document is 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	₹ 5,000
SGST	₹ 5,000
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.

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

**Question 2:**

**(6 + 5 + 5 = 16 Marks)**

**1)** Answer the following questions independently:

- A firm of advocates issues invoice for services to ABC Ltd. on 17th Feb. The payment is contested by ABC Ltd. on the ground that on account of negligence of the firm, the company's case was dismissed by the Court for non-appearance, which necessitated further appearance for which the firm is billing the company. The dispute drags on and finally payment is made on 3rd November. Identify the time of supply of the legal services.
- An order is placed on Ram & Co. on 18th August for supply of a consignment of customized shoes. Ram & Co. gets the consignment ready and informs the customer and issues the invoice on 2nd December. The customer collects the consignment from the premises of Ram & Co. on 7th December and electronically transfers the payment on the same date, which is entered in the accounts on the next day, 8<sup>th</sup> December. What is the time of supply of the shoes for the purpose of payment of tax?

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

S.no	Particulars	Amount (₹)
(i)	Price of the machine [excluding taxes and other charges mentioned at S. Nos. (ii) and (iii)]	25,000
(ii)	Third party inspection charges [Such charges were payable by M/s Flow Pro but the same have been directly paid by BP Ltd. to the inspection agency. These charges were not recorded in the invoice issued by M/s Flow Pro.]	5,000

(iii)	Freight charges for delivery of the machine [M/s Flow Pro has agreed to deliver the goods at BP Ltd.'s premises]	2,000
(iv)	Subsidy received from the State Government on sale of machine under Skill Development Programme [Subsidy is directly linked to the price]	5,000
(v)	Discount of 2% is offered to BP Ltd. on the price mentioned at S. No. (i) above and recorded in the invoice	

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

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

- 3)** Examine whether the activity of import of service in the following independent cases would amount to supply under section 7:
- Miss Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from Mr. Racheal of Sydney (Australia). The amount paid for the said service is 5,000 Australian dollar.
  - Miss Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from her brother, Mr. Varun residing in Sydney (Australia) [wholly dependent on Miss Shriniti]. Further, Miss Shriniti did not pay any consideration for the said service.

**Question 3:**

**(4 + 4 = 8 Marks)**

**1)** Discuss the levability of GST or otherwise on the following:

- Alcoholic liquor for human consumption
- Petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas
- Tobacco
- Opium, Indian hemp and other narcotic drugs and narcotics

**2)** What is the ITC entitlement of a newly registered person?