



Chapter 6

Value of Supply

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01. Sec 15(1):- Value of taxable supply- Transaction Value

Students, let's try to solve it



MCQ 06.01.01.00 Value of supply under section 15 is: [Study Mat]

- (a) Wholesale price
- (b) Market value
- (c) Maximum retail price
- (d) Transaction value

[Hint: Refer Sec 15(1)]

MCQ 06.01.02.00 Value of supply shall be the transaction value, if _____ [Study Mat]

- (a) Transaction is between unrelated parties
- (b) Price is the sole consideration
- (c) Both (a) and (b)
- (d) None of the above

[Hint: Refer Sec 15(1)]

MCQ 06.01.03.00 When can the transaction value be rejected for computation of value of supply?

[Study Mat]

- (a) when buyer and seller are related or price is not sole consideration
- (b) when buyer and seller are not related and price is sole consideration
- (c) It can never be rejected
- (d) When the goods are sold at very low margins

[Hint: Refer Sec 15(1)]

MCQ 06.01.04.00 Ram of Jaipur provides online gaming services. He earns ₹ 2,00,000 from Jammu & Kashmir,

₹ 10,00,000 from foreign users and ₹ 20,00,000 from other users in India. The taxable value of service will be: [Study Mat]

- (a) ₹ 32,00,000
- (b) ₹ 20,00,000
- (c) ₹ 22,00,000
- (d) Nil.

[Hint:- ₹10 lakhs from foreign users is received for export of service and hence is a zero rated supply. Thus, it is not considered for GST]

02. Sec 15(2):- Additions to Transaction Value

Sec 15(2)(a): Taxes, duties, Cess, Fees and Charges other than GST

MCQ 06.02.05.00 Which of the following shall not be included in value of supply? [Study Mat]

- (a) GST
- (b) Interest
- (c) Late fee
- (d) Commission

[Hint: Refer Sec 15(2)(a)]

Sec 15(2)(b): Payment made to third party

MCQ 06.02.06.00 Yogrishi rents out a commercial building owned by him in Sanskriti Society, Noida, U.P. to Bhaarat for a monthly rent of ₹ 1,00,000. He pays municipal tax of ₹ 20,000 which he has not recovered from Bhaarat. Yogrishi also pays the maintenance charges of ₹ 5,000 (reimbursed to him by Bhaarat) for the month as charged by the

Society. The value of supply for the month of January is..... All the amounts given hereunder are exclusive of GST. [Study Mat]

- (a) ₹ 1,00,000
- (b) ₹ 1,20,000
- (c) ₹ 1,25,000
- (d) ₹ 1,05,000

[Hint: Refer Sec 15(2)(b) i.e. Value = ₹ 1,00,000 + ₹ 5,000. ₹20,000 is not added as it is not recovered from Bhaarat]

Sec 15(2)(c): Incidental Expenses & Amount charged for anything done

MCQ 06.02.07.00 Pradeep Traders, registered in Haryana, sold goods for ₹ 2,05,000 to Balram Pvt. Ltd. registered in Uttar Pradesh (GST is leviable @ 5% on said goods). As per the terms of sales contract, Pradeep Traders has to deliver the goods at the factory of Balram Pvt. Ltd. For this purpose, Pradeep Traders has charged freight of ₹ 2,400 from Balram Pvt. Ltd. GST is leviable @ 12% on freight. What would be the net GST liability to be paid in cash in this case assuming that the amounts given herein are exclusive of GST? (CA Inter RTP Nov 2020) [Study Mat]

- (a) 1GST-₹ 37,332
- (b) 1GST-₹ 10,370
- (c) CGST-₹ 18,666 and SGST-₹ 18,666
- (d) CGST-₹ 5,185 and SGST-₹ 5,185

[Hint:- Refer Sec 15(2)(c) & thus value = ₹2,05,000 + ₹2,400 & tax on it @5% on this composite supply = ₹10,370]

MCQ 06.02.07.01 Sapiant Ltd., registered under GST, supplies machinery used for making bottle caps to Chandra Ltd. at a price of ₹ 42,00,000 (excluding all taxes and other expenses). Apart from the price of the machinery, Sapiant Ltd. charges from the customer the associated handling and loading charges of ₹ 10,000 and installation and commissioning charges of ₹ 1,00,000. The value of supply of machinery is[Study Mat]

- (a) ₹ 42,00,000 (b) ₹ 43,10,000
(c) ₹ 43,00,000 (d) ₹ 42,10,000

[Hint: Refer Sec 15(2)(c) i.e Value = ₹ 42,00,000 + ₹ 10,000 + ₹ 1,00,000]

Sec 15(2)(d): Interest, late fee or penalty for delayed payment

MCQ 06.02.07.02 Bhoora Ltd., a registered supplier in Surat, Gujarat sold goods to Kaala Ltd. of Delhi on 6th April for ₹ 5,00,000 (excluding GST) with a condition that if Kaala Ltd. failed to make payment within 30 days of the delivery of the goods, interest @ 2% per month on said price of ₹ 5,00,000 will be charged for the period of delay. Goods were delivered and the invoice was issued, on 5th April. Kaala Ltd. paid the consideration for the goods on 20th May along with applicable interest. Kaala Ltd. refused to pay any tax payable on the interest amount. Applicable rate of GST in this case is 18%. The value of supply, in the given case, is [Study Mat]

- (a) ₹ 5,00,000 (b) ₹ 5,05,000
(c) ₹ 5,04,237 (d) ₹ 5,95,900

[Hint: Refer Sec 15(2)(d) i.e Value = ₹ 5,00,000 + (₹ 5,00,000 * 2% * 15/30 * 100/118)
= ₹ 5,00,000 + ₹ 4,237
= ₹ 5,04,237]

Sec 15(2)(e): Subsidies by private enterprises

MCQ 06.02.08.00 Dhara Private Ltd. is engaged in supply of taxable goods. In the current month, it supplied 1,000 units of such goods to Jal & Co. at a unit price of ₹ 250 & 5,000 units to Vayu & Co. at a unit price of ₹ 230. It has received a subsidy of ₹ 1,00,000 from a NGO, Urja, for the current month for the energy conserved by during the month. The value of supply of goods to Jal & Co. and Vayu & Co. is..... andrespectively. [Study Mat]

- (a) ₹ 2,50,000, ₹ 11,50,000
(b) ₹ 2,50,000, ₹ 12,50,000
(c) ₹ 3,50,000, ₹ 11,50,000
(d) ₹ 3,00,000, ₹ 12,00,000

[Hint: Refer section 15(2)(e), i.e (1,000 * ₹ 250) + (5,000 * ₹ 230)]

MCQ 06.02.09.00 Vsmart Ltd. owns coaching institute in Pune, the institute charges student for giving training in GST. However this training programme is subsidized by different institutes as follows-State Government of Maharashtra: ₹300 per student, Veer charitable trust: ₹100 per student and Government of US: ₹100 per student. Consequently,

Vsmart Ltd. charges ₹11,000 per student. Determine the value of taxable supply + GST payable@ 18 %

- (a) Value of taxable supply ₹11,200, GST ₹2,016
(b) Value of taxable supply ₹11,100, GST ₹1,998
(c) Value of taxable supply ₹11,000, GST ₹1,980
(d) Value of taxable supply ₹12,000, GST ₹2,160

[Hint: Refer Sec 15(2)(e), i.e ₹11,000+ ₹100 for trust+ ₹100 for US Govt.]

03. Sec 15(3) - Deduction of Discount

MCQ 06.03.10.00 Discount given after the supply has been effected is deducted from the value of taxable supply, if -

- (i) such discount is given as per the agreement entered into at/or before the time of such supply
(ii) such discount is linked to the relevant invoices
(iii) proportionate input tax credit is reversed by the recipient of supply [MTP Oct 21][Study Mat]
(a) (i) (b) (i) and (ii)
(c) (ii) and (iii) (d) (i), (ii) and (iii)

[Hint: Refer Sec 15(3)(b)]

MCQ 06.03.10.01 Sapiant Ltd., registered under GST, supplies machinery used for making bottle caps to Chandra Ltd. at a price of ₹ 40,00,000 (excluding all taxes and other expenses). A cash discount of 2% on the above price of the machinery is offered at the time of supply since Chandra Ltd. agrees to make the payment within 15 days of the receipt of the machinery at its premises. Sapiant Ltd. receives a

price linked subsidy of ₹ 2,00,000 from its holding company Diligent Ltd. The value of supply of machinery is[Study Mat]

- (a) ₹ 39,20,000 (b) ₹ 42,00,000
(c) ₹ 41,60,000 (d) ₹ 41,20,000

[Hint: Refer Sec 15(2)(e) & Sec 15(3)(b) i.e. $[\text{₹}40,00,000 - [\text{₹}40,00,000 \times 2\%] + \text{₹}2,00,000]$

04. Numerical Questions:

MCQ 06.04.11.00 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:

- 1) Cost of Primary Packing ₹ 25,000
- 2) Cost of protective packing at recipients request for safe transportation ₹ 15,000 [Study Mat]

- (a) ₹ 10,00,000 (b) ₹ 11,80,000
(c) ₹ 11,55,000 (d) ₹ 11,40,000

[Hint: Refer Sec 15(2)(a)&(c) i.e. in this qstn, GST is included so it should be excluded and other incidental charges are already included here so we need to do anything now]

MCQ 06.04.12.00 Black and White Pvt. Ltd. has provided the following particulars relating to goods sold by it to Colorful Pvt. Ltd. [Study Mat]

Particulars	(₹)
List price of the goods (exclusive of taxes and discounts)	50,000

Tax levied by Municipal Authority on the sale of such goods	5,000
CGST and SGST chargeable on the goods	10,440
Packing charges (not included in price above)	1,000

Black and White Pvt. Ltd. received ₹ 2000 as a subsidy from a NGO on sale of such goods. The price of ₹ 50,000 of the goods is after considering such subsidy. Black and White Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods. Determine the value of taxable supply made by Black and White Pvt. Ltd.

- (a) 57,000 (b) 58,000
(c) 55,000 (d) 59,000

[Hint: Refer Sec 15(1),(2)&(3) i.e. value = $\text{₹}50,000 - (2\% \times \text{₹}50,000) + \text{₹}5,000 + \text{₹}1,000 + \text{₹}2,000]$

Answer

06.01.01	d	06.04.11	a
06.01.02	c	06.04.12	a
06.01.03	a		
06.01.04	c		
06.02.05	a		
06.02.06	d		
06.02.07	b		
06.02.07.01	b		
06.02.07.02	c		
06.02.08	a		
06.02.09	a		
06.03.10	d		
06.03.10.01	d		