



CHAPTER - 15

Computation of GST

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.]

Answers Key

Question No	Answer	
2.1	(c)	8 th June
2.2	(c)	10 th December
2.3	(b)	₹ 19,000
2.4	(c)	₹ 15,000
2.5	(b)	30 th September

Question : 3

M/s. Triambak & Co., a LLP registered dealer under GST is engaged in various types of business activities. It provided GTA services to Government Department, registered under GST for providing various services. M/s Triambak & Co. did not exercise the option to pay GST. The firm provided services of Direct Selling Agency (DSA Services) to NBFC located in Mumbai.

The firm also provided gift to each of its employees valuing ₹ 50,000 once in a financial year.

M/s Triambak & Co let out its warehouse to Mr. Grushnesh, who in turn let out to an Agriculturist for warehousing of agricultural produce.

The firm also undertakes milling of paddy into rice for various agriculturists (not under the Public Distribution Scheme).

The firm paid GST with respect to an order served by the GST authority demanding to pay GST on two counts-

(a) Demand to pay GST of ₹ 45,000 for suppression of sales figures in monthly returns

(b) Demand to pay GST ₹ 55,000 for fraudulently obtaining refund of GST.

Further, in a particular month, the GST liability of the firm was ₹ 20,000 IGST; ₹ 10,000 CGST; ₹ 10,000 SGST. The following credits were available in the said month-

IGST: ₹ 8,000

CGST: ₹ 12,000

SGST: ₹ 5,000

All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred above is intra-State unless specified otherwise. Conditions for availing 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 2 Sep 24]

3.1 Choose the correct statement(s).

(i) For GTA services, Government is liable to pay GST under reverse charge

(ii) For DSA services, NBFC is liable to pay GST under reverse charge

(iii) For GTA services, Triambak & Co is liable to pay GST under forward charge

(iv) For DSA services, Triambak & Co is liable to pay GST under forward charge

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

(c) i & iv (d) ii & iv

[Hint:- Refer proviso of entry no. I & entry no. II in RCM chapter.]

3.2 Gift of ₹ 50,000 in value provided by Triambak & Co to each of its employee will be

(a) Supply of goods (b) Supply of services

(c) Both supply of goods and services

(d) Neither supply of goods nor supply of services

[Hint:- Refer Proviso to para 2 of schedule 1 in Supply chapter]

3.3 Which of the following statement is correct:-

(i) Letting out of warehouse to Grushnesh is exempt

(ii) Milling of paddy into rice is exempt

(iii) Letting out of warehouse to Grushnesh is not exempt

(iv) Milling of paddy into rice is not exempt

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

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

[Hint:- 1. Refer entry 54 -only renting of vacant land is allowed for exemption and not for renting of warehouse.

2. Refer entry 57 -milling of paddy is not eligible for

exemption]

3.4 M/s Triambak & Co is eligible to claim input tax credit of _____

(a) ₹ 45,000 (b) ₹ 55,000
(c) ₹ 1,00,000 (d) Nil

[Hint :- Refer Sec 17(5)(i) in ITC chapter]

3.5 Compute the GST liability of the firm to be paid in cash, if rule 86B is not applicable?

(a) IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000
(b) IGST: ₹ 12,000; CGST: Nil; SGST: ₹ 5000
(c) IGST: Nil; CGST: ₹ 10,000, SGST: ₹ 5000
(d) IGST: 5,000; CGST: Nil, SGST: 10,000

[Hint:-Refer Sec 49(S)/49A/49B/Rule 88- Manner of utilisation of ITC

1. ITC of IGST can be set off with tax payable under IGST 1st.

2. ITC of CGST can be set off with tax payable under CGST/IGST -so here balance of itc of CGST (Rs. 2,000) adjusted with tax liability under IGST after adjusting with cgst.

3. ITC of SGST is used to pay SGST only.]

Answers Key

Question No	Answer	
3.1	(c)	i & iv
3.2	(d)	Neither Supply of goods nor supply of Services
3.3	(b)	iii & iv
3.4	(d)	Nil
3.5	(a)	IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000

Question : 4

Ms. Chanchala, a Doctor having in-patient facility in her hospital is a registered person under GST.

She availed interior decoration services from her spouse without any consideration being paid. She also availed IT related services from her sister-in-law without any consideration. Both services were for the purpose of her profession.

Ms. Chanchala provided treatment of various diseases in her hospital and apart from that she also provided the following services in her hospital-

(a) Plastic surgery to enhance the beauty of the face
(b) Ambulance service for transportation of patients
(c) Renting of space to run medical store in hospital premises

She is also a consultant in other hospitals and received ₹ 40,00,000 as consultancy fee from the other hospitals.

Further, she also provides canteen facility and received ₹ 55,000 from in-patients, ₹ 35,000 from patients who are not admitted and ₹ 25,000 from visitors for the same facility.

She filed GSTR-3B for the month of June with some errors. She filed the Annual return for the said financial year on 31st October of the next year, whereas due date for the said Annual return is 31st December of the next year.

Proper Officer of the department cancelled

the registration certificate of Ms. Chanchala suo-moto on 31st July. Order of cancellation was served on 5th August. However, she applied for revocation of the same and got her registration certificate revoked.

All the amounts given above are exclusive of taxes, wherever applicable.

All the supply referred above is intra-State unless specified otherwise.

From the information given above, choose the most appropriate answer for the following questions- [Study Mat] [CA Inter MTP may 22] [CA Inter MTP Sep 23]

4.1 Which of the following is a correct statement as per the provisions of CGST Act, 2017?

(i) Service availed from her Spouse is a deemed supply
(ii) Service availed from her Sister-in-Law is a deemed supply
(iii) Service availed from her Spouse is not a deemed supply
(iv) Service availed from her Sister-in-Law is not a deemed supply

(a) (i) and (iv) (b) (iii) and (iv)
(c) (ii) and (iii) (d) (i) and (ii)

[Hint:- 1. Members of the same family are related - Refer Definition of family u/s 2(49) - in that spouse is family but sister in law is not

2. Refer para 2 of schedule I]

4.2 Compute the taxable value of supply of

canteen service provided by Ms. Chanchala?

(a) ₹ 25,000 (b) ₹ 35,000
(c) ₹ 60,000 (d) ₹ 80,000

[Hint:- Refer clarification given in exemption chapter - relating to health care sector-Circular no 32/06/2018 dt 12/02/2018]

4.3 By which date Ms. Chanchala should have applied for revocation of cancellation of registration certificate, in case no extension is granted?

(a) 5th August (b) 20th August
(c) 30th August (d) 3rd November

[Hint:- As per Sec 30, application for revocation shall be within 90 days from the date of service of the cancellation order]

4.4 Maximum time permissible for rectification of error committed in monthly return of June is

(a) 30th Nov of the next year
(b) 20th October of the next year
(c) 31st October of the next year
(d) 31st December of the next year

[Hint:-Refer sec 39(9)- Time limit for making rectification is earlier of the following-

1. 30th November following the F.Y. to which the rectification relates or
2. Actual date of filing of relevant annual return]

Authors Note: Maximum time permissible is 31st Oct or 30th Nov whichever is earlier, but ICAI has given 30th November.

4.5 Determine which of the following services provided by Ms. Chanchala and her hospital is exempt from GST?

(i) Plastic surgery to enhance the beauty of the face
(ii) Ambulance service for transportation of patients
(iii) Renting of space to run medical store in hospital premises
(iv) Consultancy service by Ms. Chanchala in other hospitals
(a) (i), (ii) & (iv) (b) (i), (ii)
(c) (ii) & (iv) (d) (i) & (iii)

[Hint: Refer exemption for health care services-

1. Plastic surgery-refer meaning of health care services
3. Ambulance services-Refer exemption
2. Renting of space-not covered under health care services.
3. Consultancy services- refer cir.no 32/06/2018]

Answers Key

Question No	Answer	
4.1	(a)	(i) and (iv)
4.2	(c)	₹ 60,000
4.3	(d)	3rd November
4.4	(a)	30th Nov of the next year
4.5	(c)	(ii) & (iv)

Question : 5

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

Answers Key

Question No	Answer
5.1	(b) VCPL is required to take GST reg. in Gujarat while commencing business in Gujarat as Agg.T/O of VCPL has already exceeded ₹ 20L in the C.F.Y.
5.2	(b) VCPL is required to file separate GST return for each State where it is registered.
5.3	(d) irrespective of the turnover of the tenant or the amt.of rental charge collection in the hands of VCPL.
5.4	(c) there is no requirement to pay GST by the owner or VCPL.
5.5	(d) liable to generate a tax invoice as well as an E-Way Bill.

Question : 7

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

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

She wants to opt for composition levy.

She received following payments during the month of May:

- earned ₹ 160,000 by performing a western music in a cultural event at a Resort
- earned ₹ 50,000 by providing services by way of renting of residential dwelling for use as a boutique.
- received ₹ 70,000 by way of rent for letting of agro machinery

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

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

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

- received invoice for goods having GST component of ₹ 30,000. Goods were to be delivered in 5 lots, out of which three lots were received in the current month.

- purchased a car having GST component of ₹ 1,50,000 for the usage in a driving school owned by her for imparting training

- availed health insurance service for her employees on her own voluntarily and paid GST of ₹ 7,000 thereon

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Conditions necessary for claiming input tax credit (ITC) have been fulfilled subject to the information given above. [Study Mat][Similar Que MTP Sep 2022][CA Inter MTP Apr 23]

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

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

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

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

2. As per Sec 8(b) of CGST Act, a mixed supply

comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.]

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

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

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

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

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

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

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

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

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

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

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

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

17(b) for services provided to its employees

Answers Key

Ques. No	Answer
7.1	(b) mixed Supply & applicable rate 18%
7.2	(b) ₹ 70,000
7.3	(a) ₹ 45,000
7.4	(c) ₹ 1,50,000

Question : 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 I 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]

8.3	(a) The demerged entity shall be treated as related party of the Company.
8.4	(d) 72 months from due date of furnishing annual return for the relevant financial year
8.5	(a) 45 days
8.6	(c) The restriction of 180 days for payment of consideration is not applicable in the present case.

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.

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

Answers Key

Question No	Answer
8.1	(b) Invoice shall be issued before or at the time of removal of smart phones to distributors.
8.2	(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.

₹ 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:- $(Rs. 450000 + Rs 175000) * 9\% \text{ each}$ CGST and SGST

2. As the date of becoming liable 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. Ram is-

- (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]

Answers Key

Question No	Answer
9.1	(a) 30th June
9.2	(d) 25th August
9.3	(c) CGST ₹ 56,250 & SGST ₹ 56,250
9.4	(a) 7th August
9.5	(c) CGST ₹ 18,000 & SGST ₹ 18,000

Question : 10

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

During July, she crossed the aggregate turnover of ₹ 50 lakh and opted out of composition scheme. She also started trading of goods in July. She supplied an order to Breathe Well LLP on ex factory basis, the details of which are as follows-

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

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

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

Ms. Neha supplied goods to the following persons-

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

None of the above persons requires a tax invoice.

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

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

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

[Study Mat]

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

(a) ₹ 30,000 each (b) ₹ 12,000 each

(c) ₹ 6,000 each (d) ₹ 36,000 each

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

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

(a) ₹ 56,000 (b) ₹ 58,000

(c) ₹ 68,000 (d) ₹ 75,000

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

2. Refer Sec 15(1)-basic price

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

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

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

(a) ₹ 1,00,000 (b) ₹ 1,10,000

(c) ₹ 1,05,000 (d) ₹ 1,50,000

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

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

(a) 22nd July (b) 25th July

(c) 28th July (d) 30th July

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

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

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

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

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

(a) Mr. Pawan (b) Mr. Pawan and Umesh

(c) Mr. Pawan and Rains Trust

(d) Need not issue invoice to all the three persons

[Hint:- As per Sec 31(3)(b) read with proviso to

rule 46, tax invoice is not required if value is < Rs 200, recipient is unregistered and does not require invoice.]

Answers Key

Question No	Answer
10.1	(d) ₹ 36,000 each
10.2	(b) ₹ 58,000
10.3	(a) ₹ 1,00,000
10.4	(b) 25th July
10.5	(a) Mr Pawan

Question : II

Poorva Logistics is a Goods Transport Agency registered under GST & not opted to pay tax under forward charge. It provided GTA services (taxable @ 5%) to the following persons-

- (a) Kunal Traders, an unregistered Partnership firm
- (b) Mr. Amar, who is not registered under GST
- (c) Small Traders co-operative society registered under Societies Registration Act

In a particular consignment, Poorva Logistics transported the following-

- (a) Defence Equipments
- (b) Railway Equipments
- (c) Organic Manure

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

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

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

[Study Mat] [CA Inter MTP Mar 23]

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

(i) Kunal Traders (ii) Mr. Amar
(iii) Small Traders Co-operative society

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

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

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

i. Defence Equipments
ii. Railway Equipments
iii. Organic Manure
(a) i (b) i & ii
(c) i & iii (d) i, ii & iii

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

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

(a) 6th May (b) 5th May

(c) 30th May (d) 1st April

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

Answers Key

Question No	Answer
11.1	(c) i & iii
11.2	(c) i & iii
11.3	(d) 1 st April

Question : 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] [CA Inter MTP II May 25]

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]

Answers Key

Question No	Answer
12.1	(b) 1 st October
12.2	(a) 30 th September
12.3	(a) Part B need not be filed in respect of transport of consignment from Godown to transporter location.
12.4	(b) ₹ 7,70,000
12.5	(c) 20 th December

Question : 13

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

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

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

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

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

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

[Study Mat]

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

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

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

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

[Hint:- Import of software support service is deemed supply as per para 4 of schedule 1 & Refer proviso to para 2 of schedule 1 for issue of laptop having value not exceeding Rs.50000]

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

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

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

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

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

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

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

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

[Hint:-Refer entry no. 27 in exemption chapter for the services that are exempt here and rest all will be

taxable out of the services given in table (i.e. Rs 6,20,000 + Rs 3,00,000 + Rs 1,25,000 = Rs 10,45,000)]

Answers Key

Question No	Answer
13.1	(b) (i) & (iv)
13.2	(b) Service availed from 'Fast recovery services Pvt.Ltd.'
13.3	(c) ₹ 51,35,000
13.4	(a) ₹ 10,45,000

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 DhanYojana	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

- i GST paid on purchase of car for use of Managing Director - ₹ 5,00,000
- ii 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

iii 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 I Jan 25]

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

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

Answers Key

Question No	Answer
14.1	(a) Service availed from Insurance Agents
14.2	(a) ₹ 9,00,000
14.3	(c) ₹ 23,00,000
14.4	(c) ₹ 3,80,000
14.5	(c) 5th August

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] [CA Inter MTP I May 25]

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, (1) 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 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 Rs 60000 is to be added to output tax liability and not to be reduced from eligible ITC for that month]

15.3. 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]

15.4. 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/bill of supply 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]

Answers Key

Question No	Answer
15.1	(b) (ii)
15.2	(b) ₹ 60,000
15.3	(c) (i) and (iv)
15.4	(a) (i)

Question : 16

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

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

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

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

i. Mr. Sunil Sharma, proprietor of Solid Steels donated a RO water plant to the trust costing ₹ 75,000 and displayed his firm name in the RO system installed at the premises of the trust as "Donated by Mr. Sunil, owner of Solid Steels -trusted by all".

ii. Mr. Prasanna, a lawyer donated chairs to the trust costing ₹ 25,000 and 'Love all' is printed on all chairs donated by him to the trust.

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

i. GST of ₹1,75,000 was paid for the purchase of motor vehicle for transportation of needy persons (Seating capacity including driver is 13).

ii. GST of ₹ 2,45,000 was paid for works contract services availed from Super Builders for construction of Trust's office building.

MM Charitable Trust also owns and manages a

gurudwara. It rented the community hall located in the precincts of the gurudwara for a rent of ₹ 8,500 per day for a marriage function. It also rented the commercial shop located in the precincts of the gurudwara for a rent of ₹ 10,000 per month per shop. You can assume that the Trust is registered under GST and all the transactions are intra-State only. Conditions for availing ITC are fulfilled subject to the above-mentioned information.

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

[CA Inter RTP Nov 21]

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

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

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

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

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

[Hint:-Refer clarification (Circular No. 116/35/2019

GST) given in supply chapter]

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

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

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

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

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

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

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

Answers Key

Question No	Answer
16.1	(a) Advancement of Yoga
16.2	(b) ₹ 75,000
16.3	(d) Nil
16.4	(b) Renting of community hall is exempt while renting of commercial shop is taxable

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 1 for deemed supply2. 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/o. 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.]

Answers Key

Ques.No.	Answer
17.1	(b) Professional service availed from his son free of cost is considered as a deemed supply
17.2	(a) Rs 20 Lacs
17.3	(d) Nil as it is exempt
17.4	(b) Mr. Dhev is liable to register in the month of January for effecting inter-state outward supply of goods
17.5	(a) 4th January

Question : 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 I 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-Suomotu 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.]

Answers Key

Question No	Answer
18.1	(b) 90 days
18.2	(b) Directorship services
18.3	(b) Credit note
18.4	(d) 30th June 2021
18.5	(b) E-way bill can be cancelled within 24 hours of generation

Question : 19

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

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

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

iii. Frontline Hospital

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

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

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

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

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

- (a) CGST & SGST of ₹6,000 each
- (b) CGST & SGST of ₹12,000 each
- (c) CGST & SGST of ₹30,000 each
- (d) CGST & SGST of ₹60,000 each

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

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

- It received a subsidy of ₹ 3,500 from Green Foundation Pvt. Ltd. for usage of green energy and the subsidy was linked to the units of energy saved and not aforesaid machinery.

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

During the scrutiny proceedings in the State of Gujarat, jurisdictional GST officer asked ABC Ltd to submit the copy of audited financial statements for Gujarat and was of the view that ABC Ltd. is required to get his accounts audited by a Chartered Accountant separately under GST Law for filing annual return and reconciliation statement in each State.

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

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

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:- [CA Inter RTP May 24][CA Inter MTP II May 25]

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

(a) The rate of GST on rent and maintenance

material related recovery shall be 18%.

(b) The rate of GST on rent shall be 18% and, on the material, shall be 5%.

(c) No GST shall be charged on the recovery related to material used in maintenance. Rate of GST on rent shall be 18%.

(d) The rate of GST on rent and maintenance material related recovery shall be 5%.

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

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

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

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

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

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

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

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

(b) nil, GST on accommodation services provided to an unregistered person is exempt from GST

(c) in the nature of CGST and SGST

(d) in the nature of IGST

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

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

(a) The amount of ITC related to such procurement of goods is not available to ABC Ltd.

(b) The amount of ITC related to such procurement of goods is available to ABC Ltd.

(c) The amount of ITC only to the extent of 50% of amount of such procurement of goods is available to ABC Ltd.

(d) The amount of ITC shall be available to the registered person to whom such goods are distributed under CSR activity.

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

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

(a) There is no requirement of separate audit of the financial statements from the perspective of GST provisions.

(b) Only reconciliation statement shall be audited by a Chartered Accountant.

(c) The annual return as well as the reconciliation

statement shall be audited by a Chartered Accountant.

(d) Separate audit of financial statements at each State level is required by ABC Ltd. under the GST law.

Answers Key

Ques.No.	Answer
20.1	(a) The rate of GST on rent and maintenance material related recovery shall be 18%.
20.2	(a) ₹ 45,000
20.3	(c) in the nature of CGST and SGST
20.4	(a) The amount of ITC related to such procurement of goods is not available to ABC Ltd.
20.5	(a) There is no requirement of separate audit of the financial statements from the perspective of GST provisions.

Question : 21

XYZ Private Limited is a mid-sized company, registered in Delhi, dealing in the manufacturing and distribution of electronic goods in India. The company has been operating for over a decade and has a robust supply chain network across the Country. The Company needs to ensure compliance with various GST regulations related to return filing, registration, and payment of tax.

The company is exploring to expand its sales channel in India through distributors in each State. In view of the same, the company has undertaken following activities in the month of June.

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

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

(c) The company purchased an insurance policy for its employees travelling for the conclave and the premium for such insurance policy was ₹ 1 lakh which

was paid by the company. There is no requirement under any law requiring such insurance policy.

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

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

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

[CA Inter RTP Sep 24]

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

(a) The hotel shall charge CGST and SGST in the invoice issued to the Company.

(b) The Hotel shall charge IGST in the invoice issued to the Company

(c) The Hotel shall issue a bill of supply to the Company.

(d) The Hotel shall charge CGST and SGST to the extent the charges are related to participants of Rajasthan and IGST to the extent charges are related to the participants of Gujarat and Madhya Pradesh, on the invoice issued to the Company.

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

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

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

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

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

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

[Hint: Refer Sec 17(5)]

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

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

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

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

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

[Hint: Refer sec 35]

Que.No.	Answer
21.1	(a) The hotel shall charge CGST and SGST in the invoice issued to the Company.
21.2	(b) Delhi i.e. the principal POB of the Company
21.3	(a) The company is not eligible to avail the input tax credit in relation to both, gift items and the insurance policy.
21.4	(b) E-way bill is not required to be issued in the given case irrespective of the consignment value of the goods.
21.5	(a) Separate GST registration is not required mandatorily.

Question : 22

Anushka, registered under GST in the State of Madhya Pradesh, is engaged in supplying multiple taxable goods and services. She has undertaken the following activities/transactions in the month of October in the current financial year:

- (i) Donated some money to Netrajyoti Charitable Trust, Madhya Pradesh, in the memory of her late mother. The Netrajyoti Charitable Trust constructed a room in the school run by it from such donation and wrote "Donated by Miss. Anushka in the memory of her mother" on the door of the room so constructed.
- (ii) Organized a seminar in Indore which was sponsored by WE-WIN Cricket Academy, an LLP. Anushka received a sponsorship fee of ₹ 1,50,000.

(iii) Ashoka Public School intended to distribute gift packages consisting of fountain pen, calculator and tape dispenser to its students on the occasion of Children's Day. Therefore, it entered into a contract with Anushka on 28th October for supply of 2,000 packages at a single price of ` 250. Rates of GST for fountain pen, calculator and tape dispenser are 5%, 12% and 18% respectively.

(iv) Received the following payments during the month of October:

- ⇒ earned ₹ 160,000 by performing at a western Indian cinematic concert in Indore
- ⇒ earned ₹ 50,000 for renting of space for use as a Textile Emporium
- ⇒ received ₹ 70,000 for supply of farm labour

(v) Supplied machinery with a basic price of ₹ 45,000 (before TCS under Income Tax Act, 1961). Tax collected at source under Income-tax Act, 1961 on said machinery is ₹ 2,500. Further, a subsidy of ₹ 50,000 is received from Prakarti Foundation Pvt. Ltd for usage of green energy and the subsidy was linked to energy saved during the month.

Anushka needs to transport one consignment to the transporter and then to the consignee. The distance, within the same State, between her godown and the transporter is 20 kms and from the place of transporter to consignee is 99 kms, respectively.

All the amounts given above are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:- [CA Inter MTP II Jan 25]

1. **Donation made by Anushka to Netrajyoti Charitable Trust is**

- (a) exempted from GST by way of a notification
- (b) not a supply at all
- (c) liable to GST under forward charge
- (d) liable to GST under reverse charge

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

2. **Which of the following statements is correct with respect to the sponsorship fee received by Anushka?**

- (a) Tax on sponsorship services is payable by Anushka under forward charge.
- (b) Tax on sponsorship services is payable by W-E-WIN Cricket Academy under reverse charge.
- (c) Sponsorship services are exempt from GST since services provided to a sports academy are exempt.
- (d) Tax on sponsorship services is payable by Anushka under reverse charge.

[Hint:- Refer entry 4 under RCM- here, supplier (Anushka) is other than body corporate and recipient is a LLP (firm)- so, RCM applies]

3. **Determine the nature of supply and the applicable rate of GST for the packages supplied by Anushka to Ashoka Public School.**

- (a) composite supply & applicable rate of GST is

12%

- (b) mixed supply & applicable rate of GST is 18%
- (c) composite supply & applicable rate of GST is 18%
- (d) mixed supply & applicable rate of GST is 12%

[Hint:- The package is not naturally bundled & have a single price & hence it is mixed supply - highest rate 18% applies]

4. **Out of all the payments received by Anushka in the month of October, value of exempt supply amounts to**

- (a) ₹4,30,000
- (b) ₹ 70,000
- (c) ₹ 1,20,000
- (d) ₹ 2,20,000

[Hint:- ₹160000 is taxable as it is not for folk/classical art form, ₹50000 is taxable as space is rented for commercial purpose]

5. **The value of supply of machinery supplied by Anushka is**

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

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

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

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

6. **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 Anushka to

Question : 24

Pawan was engaged in providing various services within the State of Rajasthan since May 2023. His aggregate turnover crossed the threshold limit on 04.07.2023. He applied for registration under GST on 02.08.2023. He got his GST registration on 10.08.2023.

After taking registration, Pawan started a business across India including supply of goods also. He dispatched goods pan India based on orders he got for the goods dealt by him.

He received an order from Delhi for which he supplied taxable goods valuing ₹ 45,000. Applicable rate of IGST was 12%. He also supplied certain exempted goods valuing ₹ 4,000. He made one invoice for both taxable as well as exempted supply made to Delhi.

He asked his tax consultant for the requirement of generation of e-way bill for this order. Tax consultant informed him that the requirement of e-way bill is based on consignment value of goods supplied.

Even being a micro enterprise, Pawan did not receive timely payment from his customers as a result of which he ran into severe cash crunch and eventually could not make on-time payment to his suppliers. As a result, he decided to shut down his business and got placed in a software company as a senior programmer executive.

While shutting down his business, he informed his tax consultant to cancel the GST registration. Tax consultant surrendered his registration online in GST Portal on 25.10.2023 and his application for cancellation was approved by the Proper Officer on

31.10.2023.

All the amounts given above are exclusive of taxes wherever applicable.

From the information given above, choose the most appropriate answer for the (i)to(iii) questions: [CA Inter Exam Sept 24]

i) Effective date of registration of Pawan is

-----.

(a) 04.07.2023 (b) 02.08.2023
(c) 03.08.2023 (d) 10.08.2023

[Hint- Pawan applied for registration on 02/08/23 i.e. within 30 days from 04/07/23 – thus, effective date is date when he becomes liable for registration i.e. 04/07/23]

ii) Consignment value of goods supplied to Delhi by Pawan is ₹-----.

(a) 45,000 (b) 49,000
(c) 50,400 (d) 54,400

[Hint:-Explanation to Rule 138(1) -Consignment Value = taxable value here as this excludes exempt supply value but includes GST. Thus, consignment value = ₹45000 + (₹45000 * 12%) = ₹50400]

iii) Due date by which Pawan is supposed to file Final return under GST is -----.

(a) 25.11.2023 (b) 30.11.2023
(c) 25.01.2024 (d) 31.01.2024

[Hint:- As per sec 45 read with rule 81- final return has to be filed within 3 months of date of cancellation or date of order of cancellation, whichever is later i.e. in this case, it is 3 months from 31/10/23]

Answers:-

Que No	Answer
24.1	(a) 04.07.2023
24.2	(c) 50,400
24.3	(d) 31.01.2024

Question : 25

Himadri started providing a bouquet of goods and services in the month of April of the current financial year under the regular scheme in the State of Telangana and obtained voluntary registration under GST before starting the business.

In the month of April, she availed the services of construction of a godown for the business from her brother-in-law who was financially dependent on him.

She also availed professional consultancy services in April for her business from her son who is a well settled Chartered Accountant in Telangana. Himadri did not pay any consideration for both these services as both of them were her relative/ family member respectively.

In April, she supplied 1,000 packages to Natraj Traders each consisting of a pen holder, a pen and a pencil box at a single price of ₹ 150. Rates of GST for pen holder, pen and pencil box are 5%, 12% and 18% respectively.

She received following payments during the month of May:

earned ₹ 1,60,000 by providing services as business facilitator to YYZ Bank with respect to accounts in its urban area branch

earned ₹ 50,000 by providing services by way of renting of residential dwelling for use as a boutique

to Supriya, an unregistered person.

- ⇒ received ₹ 70,000 for supply of manpower for cleanliness of roads, public places, architect services, etc., not involving any supply of goods, to Municipality.

Himadri made supply of taxable Product A during June, details of which are as follows-

- ⇒ Basic price of Product A before TCS under Income-tax Act, 1961 - ₹ 45,000
- ⇒ Tax collected at source under Income-tax Act, 1961 - ₹ 2,500

She received a subsidy of ₹ 55,000 from Habitat Foundation Pvt. Ltd. for usage of green energy and the subsidy was linked to the units of green energy and not the aforesaid product.

Himadri provides the following information regarding receipt of inward supplies during July-

- ⇒ purchased buses (seating capacity of 24 persons) for transportation of her employees from their residence to office and back. Depreciation is claimed on the GST component under the Income tax Act, 1961.
- ⇒ purchased a truck having GST component of ₹ 1,50,000 for transportation of finished goods. No depreciation claimed on the GST component under the Income tax Act, 1961.
- ⇒ availed outdoor catering services for a marketing event organised for her prospective customers.

All the amounts given above are exclusive of taxes, wherever applicable. Further, all the supplies referred

above are intra-State supplies unless specified otherwise. Conditions necessary for claiming input tax credit (ITC) have been fulfilled subject to the information given above. The opening balance of input tax credit for the relevant tax period of Himadri is Nil. Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:- [CA Inter MTP I Sept 24]

1. Supply of package made by Himadri to Natraj Traders is a _____ and is taxable under GST @ _____.

- (a) composite supply; 12%
- (b) mixed supply; 18%
- (c) composite supply; 18%
- (d) mixed supply; 12%

[Hint:- The package is not naturally bundled & have a single price & hence it is mixed supply - highest rate 18% applies]

2. Out of payments received by Himadri in month of May, value of exempt supply is _____.

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

[Hint:- ₹ 1,60,000 is taxable as accounts are not in rural area, ₹ 50,000 is taxable as rented property is used for commercial purpose & ₹ 70,000 is exempt specifically]

3. Compute the value of supply under section 15 of the CGST Act, 2017 made by Himadri in the month of June.

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

[Hint: 1) VOS = Basic price of product ₹ 45,000

- 2) Refer Circular no. 76/50/2018 in Value chapter, as TCS is an interim levy not having character of tax so it cannot be included in value of supply
- 3) Subsidy is not related to product hence not considered]

4. Compute the amount of input tax credit that can be claimed by Himadri in July.

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

[Hint:- ITC on buses purchased is not allowed u/s 16(3) as depreciation is claimed on GST part also. ITC on outdoor catering is blocked u/s 17(5)(b). Thus, only ₹ 1,50,000 is allowed as ITC as it is not blocked u/s 17(5)(a) & also not covered u/s 16(3)]

5. In respect of services availed by Himadri in April, which of the following is a correct statement?

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

[Hint:- 1) Construction service is availed free of cost where brother-in-law is not a family & hence, not related person - so not a supply.

2) Son is mainly dependent on Himadri & hence related to her. Consultancy is availed free of cost

from related person & hence it is deemed supply under para 2 of sch. I]

6. Out of payments received by Himadri in month of May, the value of supply on which tax payable by the recipient under reverse charge is -----.

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

[Hint:- 1) ₹160000 is covered under RCM - refer entry 12 under RCM,

2) Residential dwelling is rented to Supriya (URP) & thus, ₹50000 is taxable under forward charge & not covered under entry SAA of RCM

3) supply of ₹70000 is specifically exempt, thus no FC and no RCM applies]

Answers:-

Que No	Answer
25.1	(b) mixed supply; 18%
25.2	(b) ₹ 70,000
25.3	(a) ₹ 45,000
25.4	(c) ₹ 1,50,000
25.5	(b) Professional service availed from her son free of cost is considered as a deemed supply.
25.6	(d) ₹ 1,60,000

Question : 26

Sambhav Ltd., a company registered under GST and engaged in manufacturing and e-commerce operations, operates in multiple States across India. The company procures raw materials from various suppliers and supplies finished goods both domestically and internationally. It also acts as an e-commerce operator (ECO), facilitating third-party transactions as well supplying goods and services on its own account, through its portal round the clock. During its financial review, the management of Sambhav Ltd. observed the following:

The company discontinued its operations in the State of Assam from 15th December. The online application for cancellation of registration was furnished on 5th January. The registration was suspended from the same day. Further, the order for cancellation of registration was passed on 2nd February wherein the registration was cancelled with effect from 31st January.

The company paid an amount of ₹ 5,00,000 alongwith the tax payable thereon to its supplier - Rudraksh Enterprises - pursuant to the settlement of dispute in December month of current financial year. The company had earlier reversed the ITC related to supply received from Rudraksh Enterprises due to non-payment of consideration and tax amount. The invoice was issued by Rudraksh Enterprises in the month of September of the previous financial year.

The company provided accommodation services to

Governmental Agency of Gujarat (registered under GST only in the State of Gujarat) in its own hotel located in the State of Rajasthan. The accommodation services were provided for the stay of employees of the Governmental Agency of Gujarat who had to attend a training programme organized by the Central Government. The total amount charged by the company for such service was ₹ 25,00,000.

During the month of January, Dum dum Ltd. supplied goods worth ₹ 75,00,000 through the company's e-commerce platform. Out of this supply, the goods amounting to ₹ 15,00,000 were returned in January. Further, the company also supplied its own products amounting to ₹ 20,00,000 through the e-commerce platform in said month. The amount of hotel accommodation services supplied through its e-commerce portal by hotel owners not required to obtain registration under GST [in terms of section 22(1)] amounted to ₹ 20,00,000 for the month of January.

The company also completed a project for the construction of road (taxable under GST) for a Government agency on 31st December. The total time taken for completion of project was more than 13 months. As per the contract signed with such agency, the last tranche of payment of 25% of the total contract value was linked to the date of issuance of completion certificate by the Government engineer. The completion certificate was issued by the Government engineer on 15th January. However, the invoice for such supply was issued on 5th February and payment was

received on 20th February by the company.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below: [CA Inter RTP May 25]

1. What is the due date for filing the final return in the State of Assam?

- (a) within 3 months from 5th January
- (b) within 3 months from 31st January
- (c) within 3 months from 2nd February
- (d) within 3 months from 15th December

[Hint:- As per sec 45 read with rule 81- final return has to be filed within 3 months of date of cancellation or date of order of cancellation, whichever is later i.e. in this case, it is 3 months from 02nd Feb - order date as it is later than 31st Jan]

2. Which of the following statements is correct in relation to the re-availment of the input tax credit that had been reversed earlier, upon payment of disputed amount by the company to Rudraksh Enterprises?

- (a) The company could have re-availed the ITC only up to 30th November of the previous financial year.
- (b) The company could have re-availed the ITC only up to 30th November of the current financial year.
- (c) The company could have re-availed the ITC only up to the end of the previous financial year.
- (d) ITC can be re-availed without any time limit

after making the payment of disputed amount alongwith tax payable thereon to Rudraksh Enterprises.

[Hint:- Refer proviso 3 to sec 16(2)]

3. The amount of tax to be deducted at source under GST law by Governmental Agency of Gujarat is _____.

- (a) IGST - ₹ 25,000
- (b) CGST - ₹ 12,500 and SGST - ₹ 12,500
- (c) nil
- (d) IGST - ₹ 50,000

[Hint:- POS u/s 12(3) = Rajasthan, LOS = Rajasthan, LOR = Gujarat----no TDS shall be made as per proviso to sec 51(1) as LOS & POS is in Rajasthan whereas LOR is Gujarat]

4. The amount of tax to be collected at source by the company under the GST law during January is _____ (ignore bifurcation of CGST, SGST and IGST).

- (a) ₹ 50,000
- (b) ₹ 40,000
- (c) ₹ 37,500
- (d) ₹ 30,000

[Hint:- TCS @ 0.5% total (i.e. 0.25% each under CGST & SGST) is to be collected on ₹ 6000000 (i.e. ₹ 7500000 - ₹ 1500000). Here, ₹ 2000000 value is not considered being supplies u/s 9(5) & also ₹ 2000000 value of supply made on its own account is not considered for TCS calculation]

5. What is the last date for issuance of invoice in relation to construction of road by the company for the last tranche of payment

received?

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

[Hint:- Refer sec 31(5)(c)- payment is linked to issuance of completion certificate, the invoice shall be issued on or before the date of issue of completion certificate i.e. 15th Jan]

Answers:-

Que No	Answer
26.1	(c) within 3 months from 2nd February
26.2	(d) ITC can be re-availed without any time limit after making the payment of disputed amount alongwith tax payable thereon to Rudraksh Enterprises.
26.3	(c) nil
26.4	(d) ₹ 30,000
26.5	(b) 15th January

Question : 27

Mouriya & Co, registered under GST, is engaged in textile manufacturing business in the State of Tamilnadu. For the Financial year 2017-18, the due date of furnishing annual return in GSTR-9 was 07.02.2020. But their accountant submitted the same on 07.03.2020. No appeal or revision or investigation was faced for the said financial year by the firm.

They supplied Dhoties and Sarees to various State Government during the month of March 2024, details of which are as follows:

- (i) Supplied Sarees worth ₹ 2,80,000 including GST @ 12% to Government of Tamil Nadu for Tamil New

year distribution.

(ii) Supplied Dhoties worth ₹ 3,00,000 excluding GST @ 12% to Government of Tamilnadu for Scheme distribution.

(iii) Supplied both Sarees and Dhoties to Government of Andhra Pradesh for Telugu New Year, valued at ₹ 3,50,000 including GST @ 12%. The said supply was made to its Govt undertaking in Chennai, Tamilnadu. Invoice was issued to the Andhra Govt in Tirupati.

During the month of April 2024, the firm made wrong availment of excess ITC under IGST head for an amount of ₹ 1,00,000. During the time period starting from excess availment upto such reversal, the balance in credit ledgers of CGST, SGST and IGST were, ₹70,000, ₹20,000 and ₹20,000 respectively. The Firm identified the wrong availment and reversed the excess ITC availed.

Ignore break-up of tax rate between CGST/ SGST/ IGST for GST TDS purposes.

Based on the above information, choose the most appropriate answer for the questions (i) to (iii). [CA Inter Exam Jan 25]

i) Mouriya & Co will be required to retain books of accounts and other records maintained under the provisions of the CGST Act, 2017 until

(a) 31.03.2024 (b) 07.03.2025
(c) 07.02.2026 (d) 07.03.2026

[Hint:- As per sec 36, Accounts shall be retained for

6 years from due date of furnishing of annual return for the year pertaining to such accounts & records i.e. 6 years from 07/02/20]

ii) Determine the Gross amount of TDS (Ignoring Break-up between CGST/ SGST/ IGST) which will be deducted by the recipients in respect of supplies made to various Govts.

(a) ₹ 6,000 (b) ₹ 11,000
(c) ₹ 12,250 (d) ₹ 17,250

[Hint:- 1) For saree supply to Tamilnadu Govt., no TDS as contract value = ₹250000 excluding GST 12% i.e. not more than ₹250000,

2) TDS @2% on Dhoties supplied to Tamilnadu Govt. ₹300000 = ₹6000

3) TDS @2% on Sarees and Dhoties to Govt. of AP ₹312500 excluding GST 12% = ₹6250]

iii) In respect of excess claim of ITC under IGST, the firm would be liable to pay interest on the excess availed IGST ITC amount of

(a) Nil (b) ₹10,000
(c) ₹80,000 (d) ₹1,00,000

[Hint:- Refer Sec 50: As we have ITC balance of ₹1,10,000 (i.e ₹70,000 + ₹20,000 + ₹20,000) & firm availed an amount of ₹ 1,00,000. Thus, there is no question of interest here]

Answers:-

Que No	Answer
27.1	(c) 07.02.2026
27.2	(c) ₹ 12,250
27.3	(a) Nil

Question : 28

Reddy & Reddy Associates, a partnership firm registered under GST, is engaged in various types of business activities. It has provided the details of the following activities undertaken by it in the current financial year:

(i) It supplied taxable goods to Suryan Enterprises valuing ₹ 8,00,000 in the month of April, with a credit period of 1 month for payment. Thereafter, interest @ 12% p.a. is chargeable on the consideration. The payment is received from Suryan Enterprises after the lapse of two months from the date of supply.

(ii) It enters into a contract for supply of 100 office chairs @ ₹ 15,000 with Veer Mart on 21st August. Chairs are removed from the warehouse of Reddy & Reddy Associates on 5th September along with the invoice of said date. Veer Mart has paid 30% of the total contract value on 21st August; 70% is paid after delivery of chairs on 10th September.

(iii) In the month of October, it provided services by way of transportation of goods in a goods carriage by road to Fisheries Department of Government of India, which is registered under GST only for the purpose of deducting tax at source. Reddy & Reddy Associates is a registered goods transport agency and charges ₹ 1,20,000 for the said services.

(iv) It also provided services of Direct Selling Agent to an NBFC located in Mumbai in the month of December for ₹ 50,000.

(v) It organized a business exhibition in the month of December for which it received a sponsorship fee of ₹ 3,00,000 from Kiran Ltd.

(vi) It has a policy to provide free gifts to each of its employees valuing ₹ 50,000 at the end of each financial year.

(vii) It availed services of Pratham Travel Agency for organizing a free vacation for its top performing employees in the month of December. GST of ₹ 50,000 was paid for the same. In the same month, it also paid GST of ₹ 20,000 on membership of Tejas Fitness Centre taken for its CEO.

All the amounts given above are exclusive of GST, wherever applicable. All conditions for availing ITC are fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below: [CA Inter MTP-2 Sep 25]

1. Value of supply made to Suryan Enterprises, assuming the interest on delayed payment to be exclusive of GST, is _____.

(a) ₹ 8,00,000 (b) ₹ 8,08,000
(c) ₹ 7,92,000 (d) ₹ 8,16,000

[Hint:- Value = Transaction value ₹ 800000 + int u/s 15(2)(d) ₹ 8000 (i.e. ₹ 8,00,000 * 12% * 1/12)]

2. The time of supply of advance money of ₹ 4,50,000 received for supply of office chairs to Veer Mart is _____. For balance payment

of ₹ 10,50,000 received, the time of supply is _____.

(a) 21st August; 5th September
(b) 5th September; 10th September
(c) 21st August; 10th September
(d) 5th September; 5th September

[Hint:- TOS will not be on advance as per N/o. 66/2017 for TOS of goods. Hence, TOS for the entire contract will be invoice date which is also the last date in this case i.e. 5th Sep]

3. Determine the value of outward supplies made by Reddy & Reddy Associates on which tax is payable under reverse charge.

(a) ₹ 1,20,000 (b) ₹ 50,000
(c) ₹ 1,70,000 (d) ₹ 3,00,000

[Hint:- Only sponsorship service of ₹ 300000 given is covered under entry 4 of RCM. Reddy & Reddy Associates is a firm i.e. supplier is other than body corporate whereas recipient is a body corporate (i.e. Kiran Ltd.)]

4. Free gifts of value of ₹ 50,000 provided by Reddy & Reddy Associates to each of its employee is:

(a) a supply as gifts of only less than ₹ 50,000 in value are not treated as supply in terms of Schedule 1 of the CGST Act, 2017.

(b) a supply as gifts provided by employer to employee of any value are treated as supply in terms of Schedule 1 of the CGST Act, 2017.

(c) a supply as gifts of only more than ₹ 50,000 in

value are not treated as supply in terms of Schedule 1 of the CGST Act, 2017.

(d) not a supply as gifts not exceeding ₹ 50,000 in value in a financial year by an employer to an employee shall not be treated as supply in terms of Schedule 1 of the CGST Act, 2017.

[Hint:- Refer proviso to para 2 of Sch 1]

5. Reddy & Reddy Associates is eligible to claim input tax credit of _____ in the month of December.

(a) ₹ 50,000 (b) ₹ 20,000
(c) ₹ 3,70,000 (d) Nil

[Hint:- ITC of both ₹ 50000 & ₹ 20000 are blocked u/s 17(5)(b) as they are not provided under any statutory obligation]

Answer:-

Que. No	Answer
28.1	(b) ₹ 8,08,000
28.2	(d) 5th September; 5th September
28.3	(d) ₹ 3,00,000
28.4	(d) not a supply as gifts not exceeding ₹ 50,000 in value in a financial year by an employer to an employee shall not be treated as supply in terms of Schedule 1 of the CGST Act, 2017.
28.5	(d) Nil