

**TEST PAPER 2**  
**GOODS AND SERVICES TAX (50 MARKS)**  
**QUESTIONS**

1. Working Notes should form part of the answers. However, in answers to Questions in Division A, working notes are not required.
2. Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of notes.
3. All questions should be answered on the basis of the provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance (No. 2) Act, 2024 including significant notifications and circulars issued and other legislative amendments made, which have become effective up to 31.10.2024.

<b>Topics Covered: Exemption, Payment of tax, TDS-TCS, ITC, Registration, Invoice, Accounts, Records &amp; EWB &amp; Returns</b>
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**Division A - Multiple Choice Questions (MCQs)**

**Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given. All questions are compulsory.**

**Total Marks: 15 Marks**

**Case Scenario 1:**

Ashok was engaged in providing various services within the State of Rajasthan since May 2024. His aggregate turnover crossed the threshold limit on 04.07.2024. He applied for registration under GST on 02.08.2024. He got his GST registration on 10.08.2024.

After taking registration, Ashok 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, Ashok 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 on 25.10.2024 and his application for cancellation was approved by the Proper Officer on 31.10.2024.

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

From the information given above, choose the most appropriate answer for the Q. Nos. 1 to 3 below:

1. Effective date of registration of Ashok is \_\_\_\_\_.
  - a) 04.07.2024
  - b) 02.08.2024
  - c) 03.08.2024
  - d) 10.08.2024
2. Consignment value of goods supplied to Delhi by Ashok is \_\_\_\_\_.
  - a) 45,000
  - b) 49,000
  - c) 50,400
  - d) 54,400
3. Due date by which Ashok is supposed to file Final return under GST is \_\_\_\_\_.
  - a) 25.11.2024
  - b) 30.11.2024
  - c) 25.01.2025
  - d) 31.01.2025

(3 x 2 = 6 Marks)

### Case Scenario 2:

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:

1. Supplied Sarees worth ₹ 2,80,000 including GST @ 12% to Government of Tamilnadu for Tamil New year distribution.
2. Supplied Dhoties worth ₹ 3,00,000 excluding GST @ 12% to Government of Tamilnadu for Scheme distribution.
3. 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 to Q. Nos. 4 to 6 below:-

4. 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

5. 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

6. 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

**(3 X 2 = 6 Marks)**

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

S.no	Particulars	Amount (₹)
1.	General insurance taken on cars manufactured by PZY Ltd.	1,00,00,000
2.	Buses purchased for transportation of employees (Seating capacity 23)	25,00,000
3.	Life and health insurance for employees under statutory obligation	6,00,000

4.	Outdoor catering in Diwali Mela organized for employees	3,50,000
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- a) ₹ 9,50,000
- b) ₹ 3,50,000
- c) ₹ 1,31,00,000
- d) ₹ 28,50,000

(2 Marks)

8. Alpha Way Industries, a registered person dealing in supply of taxable goods all over India, having an aggregate turnover of ₹ 6.75 Crore in the preceding Financial Year, is required to issue Tax Invoice with HSN Code of:

- a) 4 digits for goods supplied to registered persons only (B2B)
- b) 4 digits for goods supplied to registered as well as unregistered persons (B2B and B2C)
- c) 6 digits for goods supplied to registered persons only (B2B)
- d) 6 digits for goods supplied to registered as well as unregistered persons (B2B and B2C)

(1 mark)

### Division B - Descriptive Questions

**Question No. 1 is compulsory.**

**Attempt any two questions out of remaining three questions.**

**Total Marks: 35 Marks**

Q1. (a) Surya is engaged in providing a bouquet of goods and services. It is registered in Jaipur, Rajasthan. It provides the following information for the month of January:

S.no	Particulars	Amount (₹)
(i)	Organised a business exhibition in Gujarat for Jignesh Industries, registered in Surat, Gujarat	20,00,000
(ii)	Provided accommodation services to 10 CA students (originally from outside Rajasthan) in a hostel – Surya Homes, owned by it. Surya Homes is located in Jaipur, Rajasthan. [Hostel accommodation charges are ₹ 22,000 per student per month. As per agreement, minimum period of stay of the students in hostel is 4 months.]	2,20,000
(iii)	Performed the carnatic music to promote a brand of readymade garments – Rigley Garments, registered in Udaipur, Rajasthan.	1,45,000
(iv)	Intra-State services provided as a business correspondent of Manimani Bank, registered in Rajasthan, with respect to accounts in its Jaipur city branch.	1,20,000

(v)	Rented a commercial property in Jaipur, Rajasthan to Ganga Ltd., a supplier of goods and services registered in Jodhpur, Rajasthan. Surya is a director in Ganga Ltd.	3,00,000
(vi)	Sponsored a Business Summit organized in Bikaner, Rajasthan, by Associated Chamber of Commerce and paid a sponsorship fee of ₹ 5,00,000 to Associated Chamber of Commerce, registered in Jaipur, Rajasthan.	
(vii)	Received the services of transportation of goods by road from Sindhu Transporters, an unregistered Goods Transport Agency of Jodhpur, Rajasthan.	2,00,000
(viii)	Taken cars on rental basis from Ajay Limited, registered in Jodhpur, Rajasthan.	1,50,000

**Notes:**

1. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services except the car rental service and service of transportation of goods by GTA, on which the rates of CGST, SGST and IGST are 2.5%, 2.5% and 5% respectively.
2. All the amounts given above are exclusive of taxes, wherever applicable.
3. There was no opening balance of the ITC for the relevant period.

From the information given above, you are required to compute the minimum net GST liability payable in cash (CGST, SGST or IGST, as the case may be) for the month of January for Surya.

**(10 Marks)**

**(b)** Blue Panda Pvt. Ltd. is a manufacturing company that supplies goods to various registered dealers across India. The company had an aggregate turnover of ₹ 6 crore in the financial year 2023-24. The finance team of the company is not sure whether e-invoicing provisions are applicable to the company and is of the view that under e-invoicing system, invoices need to be generated directly on the e-invoicing portal instead of its ERP system. You are required to advise the finance team on the following questions:-

- a) What is e-invoicing, and whether it would apply to Blue Panda Pvt. Ltd.?
- b) Does Blue Panda Pvt. Ltd. need to create its invoices directly on the e-invoicing portal?

**(5 Marks)**

**Q2. (a)** Mr. Hridya has obtained a voluntary registration under the GST law in the State of Madhya Pradesh in January but has not commenced the business till the month of September. In October, the proper officer issues a show cause notice to him for cancellation of his registration.

You are required to examine whether the action taken by the proper officer is justified in law. Also, list the other circumstances when the proper officer can cancel registration under section 29(2).

**(6 Marks)**

**(b)** Rule 138E of CGST Rules, 2017 prohibits certain persons to furnish the information in Part A of Form GST EWB-01 in respect of any outward movement of goods of a registered person. List the said persons. **(4 Marks)**

**Q3. (a)** Mehul Enterprises, registered under GST in Uttar Pradesh and a monthly return filer, is engaged in making taxable supplies of goods and services. It furnished the details of its outward supplies in Form GSTR-1 for the month of January on 11th February. However, on 14th February, the accountant of Mehul Enterprises noticed that one invoice issued to Vaishali Traders (registered in Gujarat) for supply of goods of value of ₹1,00,000 (taxable @ 18%) pertaining to January has been inadvertently missed to be declared in Form GSTR-1 furnished for January. He has approached you for the advice before furnishing Form GSTR-3B for the said month.

You are required to briefly discuss whether Mehul Enterprises can amend the details of outward supply furnished in Form GSTR-1 of January. If such amendment is permitted and details of Form GSTR-1 are amended, whether the details of said invoice will be available in Form GSTR-2B of Vaishali Traders for the month of January. **(5 Marks)**

**(b)** Every registered person executing works contract shall keep separate accounts for works contract under CGST Rules, 2017. List the details to be maintained. **(5 Marks)**

**Q4. (a)** Briefly examine the taxable value of supply in the following independent cases:

1. Jivan Limited, registered under GST, provided services amounting to ₹ 10,00,000 to a Governmental Authority by way of sanitation conservancy.
2. Amardeep Hospital provided services in Neo natal Intensive Care for 2 days for which ₹ 15,000 are charged per day from Mr. Chopra for his new born son, Viraat.

**(5 Marks)**

**(b) (i)** Mamta Trade Links trades in exempt goods and provides taxable services. It is registered under GST. On 1st October, the exemption available on its goods gets withdrawn. Analyze the scenario and determine the eligibility of Mamta Trade Links for availing ITC, if any, on inputs and/or capital goods used in the supply of exempt goods. **(3 Marks)**

**(ii)** State any four cases where provisions of TDS are not applicable. **(2 Marks)**

**OR**

**(b)** Discuss whether the amount available in the electronic credit ledger can be used for making payment of any tax under the GST Laws? **(5 Marks)**