

TEST PAPER 3
GOODS AND SERVICES TAX (100 MARKS)

Time: 3 Hrs

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.

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: 30 Marks

Case Scenario 1:

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 along with 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, Dumdum 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:

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

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 along with tax payable thereon to Rudraksh Enterprises.

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

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

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

(5 x 2 = 10 Marks)

Case Scenario 2:

Bali Bells Ltd. (hereinafter referred as Bali Bells), a private limited company registered in Chennai, Tamil Nadu, provides the following outward supplies in the month of September:

Particulars	Amount (₹)	
	Taxable	Exempt
Intra-State outward supplies	40,00,000	15,00,000
Inter-State outward supplies	30,00,000	10,00,000

Bali Bells Ltd. sold land for ₹ 2,00,00,000 (excluding GST) in the month of September. Bali Bells purchased one heavy steel machinery in the month of September for ₹ 1,00,000 (excluding GST @ 18%). Bali Bells capitalized the value of machinery along with GST paid on the same in its books of accounts and claimed depreciation on the full value of machinery as well as on GST amount.

Apart from this, Bali Bells has a tax invoice dated 25th July of last financial year with respect to an inward supply of ₹ 50,000 (excluding GST@18%). The company has not availed ITC on said invoice yet.

Bali Bells distributed some free samples of goods in the month of October to its customers to promote its sales.

Bali Bells made a supply during November, 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
- It received a subsidy of ₹ 3,500 from Bharat Foundation Pvt. Ltd. for usage of green energy and the subsidy was linked to the units of energy saved and not aforesaid product.

Bali Bells has not furnished its annual return for the preceding financial year till the end of November and will furnish it in the month of December of the current financial year.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the months of September, October and November. All the amounts given above are exclusive of taxes, unless otherwise specified.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 6 to 10 below:-

6. Determine the aggregate turnover of Bali Bells for the month of September.

- a) ₹ 2,70,00,000
- b) ₹ 95,00,000
- c) ₹ 2,95,00,000
- d) ₹ 70,00,000

7. Bali Bells wants to avail ITC on GST paid on the heavy steel machinery purchased in September. Which of the following statements is true in this regard?

- a) ITC on the machinery cannot be availed since depreciation has been claimed on the GST paid on the machinery under Income-tax Act, 1961.
- b) ITC on the machinery shall be allowed to the extent of 50% in the current financial year and balance 50% in the subsequent financial year.
- c) ITC on the machinery shall be allowed in the current financial year only to the extent of the depreciation claimed on GST paid on machinery.
- d) Full ITC of GST paid on the machinery can be availed in the current year.

8. Whether Bali Bells can avail ITC on the free samples of goods distributed in the month of October?

- a) Yes, ITC is available on outward supplies even if made without consideration in the course or furtherance of business.
- b) No, ITC is not available since supply of samples is without consideration.
- c) No, ITC on free samples is blocked under section 17(5) of the CGST Act, 2017.
- d) No, ITC is not available since supply of free samples is not in course or furtherance of business.

9. Bali Bells can claim ITC on inputs received in July of preceding financial year upto of the current financial year.

- a) 30th November
- b) 25th July
- c) 31st December
- d) 30th September

10. Compute the value of supply under section 15 of the CGST Act, 2017 made by Bali Bells in the month of November?

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

(5 X 2 = 10 Marks)

11. Mrs. Padmini, a renowned Kathak artist and a registered person under GST, provides the following information regarding the activities carried out by her during the month of June 2024.

S.no	Particulars	Amount (₹)
1.	Fees received for teaching Kathak	12,50,000
2.	Received from a TV channel for appearing in one of its Shows as Guest Anchor	2,75,000
3.	Received from the performance of Kathak	2,50,000
4.	Received from the performance of Fusion dance which includes both western and classical dance	1,45,000

Value of taxable supply of Mrs. Padmini for the month of June 2024 will be ₹ _____ (2 M)

- a) 2,75,000
- b) 4,20,000
- c) 6,70,000
- d) 19,20,000

12. Vikas Nigam Limited (a Public Sector Undertaking) has placed an order to Bharti Steels registered in Bokaro, Orissa for supply of 70 Iron shields each costing ₹ 12,000 (exclusive of GST). However, the supply will take place in 3 lots containing 10 shields, 20 shields, 40 shields on different days. Determine whether tax is required to be deducted under GST law by Vikas Nigam Limited on the above order? (2 M)

- a) No TDS will be deducted
- b) TDS to be deducted on the third lot of 40 shields only as value exceeds ₹ 2,50,000
- c) TDS to be deducted on entire order of 70 shields
- d) TDS to be deducted on supply of 2nd order of 20 shields.

13. ABC Insurance Ltd. received a proposal for pandemic insurance for cricket tournament organised by Lion's Club. Sum assured for said insurance was ₹ 20 Crores with a premium of ₹ 5 lakh. The company issued the said policy on 1st July.

The invoice for the same was issued on 5th August. Premium was received on 14th August.

Determine the time of supply of service provided to Lion's Club?

(2 M)

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

14. Sanu Associates, Delhi dealing in garments has ordered ladies suits from Sahiba Garments in Ludhiana (Punjab) which is 350 km away from its warehouse. E-way bill is generated by Sahiba Garments and the order is coming by a normal cargo. For how many days will the e-way bill be valid from the time it is generated?

(2 M)

- a) 24 hours
- b) 2 days
- c) 5 days
- d) 7 days

15. While filing return for the month of November, a firm - Vedika & Co. - registered under GST generated E-Challan on 5th December for making payment of GST through RTGS of their bank. Determine the validity of E-Challan generated by Vedika & Co. for payment of taxes for the month of November?

(1 M)

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

16. 'Truth is God', a religious trust u/s 12AA of the Income-tax Act, 1961, provides service by way of renting of premises within the precincts of a religious place which is exempt upto ₹ _____

(1 M)

- a) ₹ 999 per day
- b) ₹ 1,000 per day
- c) ₹ 9,999 per day
- d) ₹ 10,000 per day

Division B - Descriptive Questions

Question No. 1 is compulsory.

Attempt any Four questions out of remaining Five questions.

Total Marks: 70 Marks

Q1. M/s Consultease Services Private Limited, a company registered under GST in Mumbai, Maharashtra, offers business consultancy, digital marketing and project management services across India. The company recorded the following transactions in October:

1. **Consultancy services for market analysis:** Provided consultancy services for market analysis to XYZ Ltd., a registered client in Chennai, Tamil Nadu (Inter-State), for ₹ 4,50,000. Additionally, the company paid an amount of ₹ 4,500 as professional tax applicable in the State of Maharashtra as per requirement of local state legislation. The amount of professional tax was recovered separately from XYZ Ltd.
2. **Digital Marketing Services for Launch Event:** Conducted digital marketing for an upcoming product launch for Mr. A based in Rajasthan, who is an unregistered person under GST. The agreed fee for the said services is ₹ 3,00,000. Out of the agreed fee, an amount of ₹ 25,000 is incurred by Mr. A. The company was liable to pay the same in relation to the supply and the net payment received by the company was ₹ 2,75,000 (exclusive of any tax).
3. **Travelling payment for the team:** The employees incurred an amount of ₹ 50,000 on travel to Kolkata for client project and claimed a reimbursement of the same from the company. As a policy, company charged such expenses from the clients on actual basis.
4. **Discount passed on to customer:** Post supply discount was offered to a customer amounting to ₹ 50,000 against a supply for which invoice was issued in September. The customer has not reversed the input tax credit relating to such discount.
5. **Recovery of late payment charges:** The company received an amount of ₹ 1,00,000 as late payment charges for delay in payment for consideration from a client whose service contract was completed in June.
6. **Purchase of car:** A car was purchased in the name of company for use by the director. The total cost of car was ₹ 10,50,000 (inclusive of IGST amounting to ₹ 1,50,000).
7. **Insurance services:** The company paid for insurance of the above new car amounting to ₹ 25,000 which includes IGST amounting to ₹ 2,300.

8. **Procurement of services:** The company received inter-State supply of services used for business purpose on which GST paid was Rs. 45,000. Said credit was not restricted under any provision of GST laws.

9. **Sponsorship:** The company sponsored a sports event wherein it paid an amount of ₹ 2,00,000 to the event organizers.

You are required to compute the following for the month of October:

- (a) Total value of supply
- (b) Output tax payable by the Company.
- (c) Net GST payable in cash.

Notes:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) All the amounts given above are exclusive of taxes.
- (iii) There was no opening balance of input tax credit.
- (iv) The turnover of the company was ₹10 crores in the previous financial year.
- (v) All the transactions are inter-State, unless otherwise specified. **(14 Marks)**

Q2)

a) Determine the taxability or otherwise of the following services provided by Indian Railways:

(7 Marks)

S.no	Particulars	Amount (₹)
1.	Cloak room services provided to passengers	20,00,000
2.	Service of transportation of passengers in second class	20,00,000
3.	Platform tickets sold to passengers	50,00,000
4.	Renting of warehouse located in Bengaluru railway station to Paras Traders, registered in Chennai	1,50,000
5.	Service of transportation of passengers in airconditioned Coaches	10,00,000
6.	Service of transportation of relief materials meant for victims of flood affected area	3,00,000
7.	Service of transportation of organic manure	2,00,000

b) CBIC has issued a recent clarification on Time of Supply in respect of supply of services of construction of road and maintenance thereof of National Highway Projects of National Highway Authority of India (NHAI) in Hybrid Annuity Mode (HAM) model. Briefly discuss the said clarification. **(5 Marks)**

c) List any six State taxes that were subsumed in the GST regime. **(2 Marks)**

Q3)

a) Guru Enterprises (Delhi), a registered taxpayer, made a taxable supply to Y Ltd. (Delhi) for a price of ₹ 10,00,000 (excluding any tax or discounts). It received a price linked subsidy of ₹ 1,10,000 from Jiva Enterprises Pvt Ltd. The price of ₹ 10,00,000 is after consideration of such subsidy amount. Further, after delivery of the goods to Y Ltd., Guru Enterprises arranged post-delivery inspection of goods and charged ₹ 10,000 for the same.

In respect of above supply, Guru Enterprises had procured some raw material from X Ltd., for which it owed ₹ 25,000. The said amount was directly paid by Y Ltd. to X Ltd. and was not included in the price of goods of ₹10,00,000 mentioned above.

The payment of consideration for above supply was delayed by Y Ltd. Hence, an interest amount of ₹ 20,000 (in lumpsum) was also charged by Guru Enterprises.

The applicable tax rates are - CGST - 6%, SGST - 6% and IGST - 12%.

You are required to determine value of taxable supply as well as the applicable tax liability for the above supply transaction. **(5 Marks)**

b) Mr. Bindusaar is an employee in Galgotia and Sons, working at its Mumbai (Maharashtra) office. Mr. Bindusaar is unregistered under GST law. His family is located in Bareilly, Uttar Pradesh. His son requires a laptop for his school project on urgent basis. Therefore, Mr. Bindusaar places an order on Amazing.in - an e-commerce platform - for supply of a laptop of latest configuration for his son, which is to be delivered at his residential address located in Bareilly, Uttar Pradesh.

Mr. Bindusaar, while placing the order on the e-commerce platform - Amazing.in, provides the billing address of his apartment located in Mumbai Maharashtra. You are required to determine the place of supply of the supply of laptop in the given case. **(5 Marks)**

c) Nootan Ltd., a registered person in Indore, Madhya Pradesh, provides details of the following transactions carried out during the month of June 2024:

S.no	Particulars	Amount (₹)
1.	Paid remuneration to Mr. Madan, for the services rendered by him in the capacity of Director. Company deducted TDS under section 192 (Salary) and 194J (Professional or Technical services) of Income-Tax Act, 1961. Gross payments made were ` 8,50,000 and ` 11,50,000 respectively for Salary and Professional services. (Intra-State supply)	20,00,000
2.	Paid rent to Indian Railways, registered in Madhya Pradesh, for its property located in the same State, which was taken on lease by the company	1,25,000
3.	Paid to XYZ Security Private Limited, for providing security services to its warehouses across the State. Security agency is not registered under GST	5,35,000
4.	Paid fee to Local Municipal corporation for renewal of the company's factory License for the financial year 2024-2025.	4,800

Additional Information:

a) All above figures are exclusive of taxes, wherever applicable.

b) Assume the rate of GST as 18%, 9% and 9% for IGST, CGST/SGST respectively.

c) Turnover of Nootan Limited for the preceding financial year was ₹ 67 lakh.

You are required to compute the GST payable by Nootan Limited under Reverse Charge basis for the month of June 2024. Reason for the treatment of each item should form part of the answers. **(4 Marks)**

Q4)

a) Write a short notes on:

1. Rectification of errors / omissions in respect of returns filed u/s 39 of the CGST Act, 2017.

2. Exception to the rectification.

3. Time-limit for making such rectification.

(6 Marks)

b) Ranmo Limited, a registered entity under GST has demerged its operations with effect from 31st October 2024. The registration of Ranmo Limited has been cancelled suo-motu by the Proper Officer. The order of cancellation of registration was passed on 4th November 2024 and was served on 7th November 2024.

Ranmo Limited wishes to apply for revocation of cancellation of registration on 4th February 2025. The tax consultant of Ranmo Limited advised that application for revocation of cancellation or registration is time barred and hence not valid in law.

You are required to examine the technical veracity of the advice given by Tax Consultant of Ranmo Limited. **(5 Marks)**

c) Explain briefly about the exemption available under the CGST Act, 2017 in respect of services provided by an Old Age Home. **(3 Marks)**

Q5)

a) As per the CGST Act 2017, Vishnu Limited was not mandatorily required to get registered, however it opted for voluntary registration and applied for registration on 12th February 2025. Registration certificate has been granted by the Department on 24th February 2025, Vishnu Limited is not engaged in making inter-State outward taxable supplies. The CGST and SGST liability for the month of February 2025 is ₹ 31,000 each. Vishnu Limited provides the following information of goods held in stock on 23rd February 2025:

S.no	Particulars	Amount (₹)
1.	Capital goods procured on 5th February 2025, (Rate of CGST and SGST @ 6% each) being intra State supply.	2,00,000
2.	Inputs contained in finished goods stock held were procured on 13th February 2024 (Rate of IGST @18%) being inter-State supply.	3,00,000
3.	Value of Inputs received on 10th October 2024 contained in semi-finished goods held in stock (Rate of CGST and SGST @ 6% each) being intra-State supply.	2,50,000

4.	Inputs procured on 1st February 2025 lying in stock of semi -finished goods (Rate of CGST and SGST @ 7.5 % each) being intra-State supply	1,50,000
5.	Inputs procured on 8th February 2025 lying in stock of finished goods. (Rate of IGST @ 18%) being inter-State supply.	60,000

You are required to determine the eligible ITC available and amount of net minimum GST to be paid in cash by Vishnu Limited for the month of February 2025. **(8 Marks)**

b) Batra Ltd., a normal taxpayer, is winding up its business in Rajkot. The Tax Consultant of Batra Ltd. has suggested that Batra Ltd. will have to file either the annual return or the final return at the time of voluntary cancellation of registration in the State of Rajkot. Do you agree with the stand taken by Tax Consultant of Batra Ltd.? Offer your comments. Ignore the aggregate turnover of Batra Ltd. **(3 Marks)**

c) Who are not eligible to opt for composition scheme for goods under GST Laws? **(3 Marks)**

Q6)

a) Mr. Bholuram, a supplier located in Meerut, U.P. supplied the bedsheets, pillow covers and blankets to a Governmental agency, registered in U.P. under a contract. The total contract value is ₹ 4,61,000 excluding GST. The value of supply is bifurcated as below:

400 Blankets for ₹ 600 each: ₹ 2,40,000

850 Bed Sheets for ₹ 180 each: ₹ 1,53,000

1700 Pillow Covers for ₹ 40 each: ₹ 68,000

Is Governmental agency required to deduct tax at source (while making the payment to Mr. Bholuram) under section 51 of the CGST Act, 2017 and if yes, determine the amount of tax to be deducted source? **(5 Marks)**

OR

a) Apex Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens was issuing consolidated tax invoice for supplies at the close of each day in terms of section 31(3)(b) of the CGST Act, 2017 read with fourth proviso to rule 46 of the CGST Rules, 2017.

During the month of September 2024, the Department raised objection for this practice and asked to issue separate tax invoices for each ticket.

Advise Apex Cinemas for the procedure to be followed in this regard. **(5 Marks)**

b) Examine whether the following activities would be treated as supply under GST law?

1. Glory Ltd. is engaged in manufacturing and selling of cosmetic products. Seva Trust, a charitable organisation, approached Glory Ltd. to provide financial assistance for its charitable activities. Glory Ltd. donated a sum of ₹ 2 lakh to Seva Trust with a

condition that Seva Trust will place a hoarding at the entrance of the trust premises displaying picture of products sold by Glory Ltd.

2. Mr. Sonu from Chandigarh purchased a water cooler from Malhotra Bros. of Hoshiarpur for ₹ 25,000 to donate it to a temple situated in Hoshiarpur. Mr. Sonu directed Malhotra Bros. to engrave the words on the water cooler- "Donated by Mr. Sonu from Chandigarh" and dispatch the water cooler directly to the temple.

(6 Marks)

- c) Mala Services Ltd. is a supplier of management consultancy services. It has approached you to ascertain the period for which the books of accounts or other records need to be maintained?

(3 Marks)