

CA Inter
Answer Sheet - 1

Part A

S.no	Ans	Hints
1)	(a)	Refer Sec 7(1) (b) & Para 4 of Schedule I
2)	(c)	Refer Entry 4, 6, 5 & 8 of RCM
3)	(a)	The GST has replaced some taxes, which was levied earlier
4)	(a)	Refer Schedule I
5)	(c)	IGST on outward supply: ₹ 22,500, IGST on inward supply: ₹ 7,200, CGST & SGST on inward supply: ₹ 11,700, Hence IGST: ₹ 3,600
6)	(d)	Refer Schedule III
7)	(a)	Refer Entry 1 of RCM
8)	(b)	Refer Sec 2(30) & Sec 2 (74)
9)	(c)	Refer Sec 2(49)
10)	(d)	Refer Entry 3, 4 & 15 of RCM

Part B

Answer 1:

a) Legal Provision:-

- Services provided to an unregistered person by way of renting of residential dwelling for use as residence is exempt from GST.
- If the residential dwelling is rented to a **registered person, exemption is not available.**
- Further, as per section 9(3) of CGST Act, 2017, tax on service provided by way of renting of residential dwelling to a registered person is payable by the recipient under reverse charge.

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Discussion & Conclusion:-

- In given case, **Rudra Technologies is liable to pay** GST on the residential dwellings taken on rent by it from Siddhi Builders, under **reverse charge** mechanism.

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b) Legal Provision:-

- As per section 9(3) of CGST Act, if sponsorship services are provided by any person **to a body corporate or a partnership firm** located in taxable territory, GST is payable by recipient under reverse charge.

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Discussion & Conclusion:-

- In given case, sponsorship services are provided by the **private NGO to a partnership firm** – M/s. Purohit Consultants.

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Therefore, **Purohit Consultants** is liable to pay GST under reverse charge

c) Legal Provision:-

- **As per section 9(3) of CGST Act**, if services are supplied by an author by way of transfer of a copyright covered /s **13(1)(a)** of the Copyright Act 1957 relating to original literary works to a publisher located in the taxable territory, then GST is payable on reverse charge basis by recipient.
- The Author can pay tax under forward charge if the author is a registered person.

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Discussion & Conclusion:-

- In the given case, the author is an unregistered person.
- So, the option of paying tax under forward charge is not available to him.
- Therefore, **PQR Publications Ltd. (i.e. the recipient)** is liable to pay GST under reverse charge.

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d) Legal Provision:-

1.5 M	<p>➤ As per section 9(3) of CGST Act, if service of renting of immovable property is provided by the Central Government, State Government, Union Territory, or local authority to any registered person located in the taxable territory, then GST is payable under reverse charge by recipient.</p> <p>Discussion & Conclusion:-</p> <p>➤ In the given case, Mannappa Pvt. Ltd. is registered under GST as the turnover of the company was ₹ 22 lakhs in the preceding financial year which is exceeding threshold limit for registration u/s 22 of CGST Act.</p> <p>➤ So, here, the State Government of Tamil Nadu provided service of renting of immovable property to a registered person located in taxable territory.</p> <p>➤ Therefore, Mannappa Pvt. Ltd. is liable to pay GST under reverse charge.</p>
e)	<p>Legal Provision:-</p> <p>➤ As per section 9(3) of CGST Act, if service of renting of immovable property other than residential dwelling is provided by the any unregistered person to any registered person located in the taxable territory, then GST is payable by recipient under reverse charge.</p> <p>Discussion & Conclusion:-</p> <p>➤ In the given case, XYZ Ltd. is unregistered and provides services of renting of immovable commercial property to ABC Pvt. Ltd who is registered under GST.</p> <p>➤ Thus ABC Pvt. Ltd. is liable to pay GST under Reverse charge mechanism.</p>

Answer 2:

1)	<p>Legal Provision:-</p> <p>➤ As per section 7(1)(c) read with Para 2 of Schedule I of CGST Act, 2017, Supply of goods &/or services between related persons is treated as supply even if it is without consideration.</p> <p>➤ Proviso to para 2 of schedule I states that if gifts given by employer to an employee are not exceeding ₹ 50,000 in value in a financial year, then it shall not be treated as supply of goods &/or services.</p> <p>➤ As per explanation to section 15, employer and employee are deemed to be related persons.</p> <p>➤ As per CBIC clarification, ESOP/ESPP/RSU is a part of employee's remuneration as per their contract & thus, it is not a supply as per para 1 of Schedule III.</p> <p>➤ Securities/shares are neither goods nor services as per the definitions in the GST Act & thus, its sale or purchase is not a supply.</p> <p>Discussion & Conclusion:</p> <p>a) Diwali gift to employee worth ₹ 3,00,000 will qualify as supply and such supply would be leviable to GST as the employer & employee are related and value of gift exceeds ₹ 50000 in a financial year.</p> <p>b) If gift of ₹ 42,000 is given instead of ₹ 3,00,000, the same will not qualify as supply. This is because, the value of gift is not exceeding ₹ 50,000 in a financial year.</p> <p>c) The reimbursement from Daksh gold Pvt. Ltd. to Moksh Gold Inc. for the shares transferred to its employees, when done on a cost-to-cost basis, is not subject to GST. Also, the sale or purchase of shares is not a supply as these are not goods or services.</p>
2)	<p>a) Alcoholic liquor for human consumption: It is outside the realm of GST. The manufacture/production of alcoholic liquor continues to be subjected to State excise duty and inter-State/intra-State sale of the same is subject to CST/VAT respectively.</p> <p>b) Petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas:</p> <p>➤ At present, Petroleum crude, diesel, petrol, ATF and natural gas are not leviable to GST.</p> <p>➤ GST will be levied on these products from a date to be notified on the recommendations of the GST Council.</p> <p>➤ But, there is a levy of:-</p>

		<ul style="list-style-type: none"> - Central excise duty on manufacture/production of petroleum crude, diesel, petrol, ATF and natural gas & - CST/ VAT on inter-State/intra-State sale of the same respectively.
1 M	c)	Tobacco: Tobacco is subject to GST as well as central excise duty as it is within the purview of GST i.e. GST is leviable on its' supply & Union Government has also retained the power to levy excise duties on tobacco and tobacco products manufactured in India.
1 M	d)	Opium, Indian hemp and other narcotic drugs and narcotics: <ul style="list-style-type: none"> ➤ Opium, Indian hemp and other narcotic drugs and narcotics are within the purview of GST, i.e. GST is leviable on them. ➤ However, State Governments have also retained the power to levy excise duties on such products manufactured in India.
3)	Legal Provision: As per section 2(74) of CGST Act, " Mixed supply "- <ul style="list-style-type: none"> ➤ Consist of two or more individual supplies of goods &/or services, ➤ They can be supplied independently, still supplied together by the taxable person, ➤ Supplied for a single price & ➤ Is not naturally bundled i.e. it is not a composite supply. Discussion & Conclusion: <ul style="list-style-type: none"> ➤ Supply of a package containing chocolates, fruit juice bottles and a packet of toy balloons is a mixed supply as each of these items can be supplied separately and is not dependent on any other (i.e. not naturally bundled) & also a single price is charged for the package. ➤ Further, as per section 8(b), the mixed supply is treated as a supply of that particular supply which attracts the highest rate of tax. ➤ Thus, in the given case, supply of packages is treated as supply of chocolates as it attracts the highest rate of tax & the rate of GST applicable on the package of ₹ 6,00,000 (20,000 × ₹ 30) is 18%. 	
4)		<ul style="list-style-type: none"> ➤ GST is not payable by Dhruv Developers on sale of plot of land. 1 M ➤ As per Para 5 of Schedule III of CGST Act, 2017, 'sale of land' is neither a supply of goods nor a supply of services. Hence, the sale of land does not attract GST.
1 M		Land may be sold either as it is or after some development such as levelling, laying down of drainage lines, water lines, electricity lines, etc.
1 M		It is clarified by CBIC that sale of such developed land is also sale of land and is covered by Para 5 of Schedule III and accordingly does not attract GST .