

CA Inter
Answer Sheet - 2

Part A

S.no	Ans	Hints
1.1	(b)	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.
1.2	(a)	Refer Sec 18(1)(a) given in ITC chapter
1.3	(b)	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
1.4	(c)	As per rule 87, the challan is valid for 15 days from generation
2	(b)	Refer sec 12(2) read with N/No. 66/2017 - TOS is earlier of 5th Nov (last date to issue invoice u/s 31(1) or 6th Nov (invoice date)
3	(b)	Refer Sec 25(2)
4	(d)	Refer Sec 17(5)
5	(a)	Refer Sec 52: Value as per TCS (Net value of taxable supplies) i.e ₹ 5,000 * (10-2) = ₹ 40,000

Part B

Answer 1:

a) Computation of net GST payable by ABC & Co. for the month of April, 20XX:-

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Statutory audit services	1,20,000	-	10,800	10,800
ITR filing services	1,60,000	-	14,400	14,400
Internal audit services	1,80,000	32,400	-	-
Total output tax liability		32,400	25,200	25,200
Less: ITC of [Refer Working Note]	4 M	-	(21,000)	(21,000)
CGST = ₹ 21,000 SGST = ₹ 21,000 [CGST credit is set off against CGST liability & SGST credit is set off against SGST liability since CGST credit cannot be utilized towards payment of SGST liability and vice versa.]				
Net GST Payable		32,400	4,200	4,200

Working Note:-

Computation of ITC that can be availed by ABC & Co. for the month of April, 20XX:-

Particulars	Reason	CGST (₹)	SGST (₹)
Car purchased for official use by senior partner	As per section 17(5)(a) of CGST Act, ITC on motor vehicles used for transportation of persons with seating capacity upto 13 persons (including driver) is blocked except when used for making specified outward supplies.	Nil	Nil
Office rent paid to Landlord	ITC is ineligible u/s 16(2)(aa) read with rule 36(4) , since supplier has not uploaded details of this supply in his GSTR-1.	Nil	Nil
Professional fee paid	ITC on services used in the course or furtherance of the business is allowed .	18,000	18,000

Computer for office purpose	ITC on goods used in the course or furtherance of the business is allowed .	3,000	3,000
ITC that can be availed		21,000	21,000

b) Computation of aggregate turnover of Nesamani:-

Particulars	Amount (₹)	Explanation
Outward supply of petrol	4,00,000	Supply of petrol being a non-taxable supply is an exempt supply. Value of exempt supply is includible in aggregate turnover.
Inter-State stock transfer of exempt Goods	2,00,000	Supply of taxable/exempt goods between distinct persons is includible.
Outward supply of taxable goods from UP branch	5,00,000	Value of outward supplies under same PAN are includible.
Outward supply of services taxable under reverse charge	6,00,000	Includible in aggregate turnover.
Inward supply of services taxable under reverse charge	-	Excludible from the aggregate turnover.
Aggregate Turnover	17,00,000	

➤ In the given case, Nesamani is required to pay tax under reverse charge, thus, it is liable to **obtain registration compulsorily** irrespective of his quantum of turnover.

Answer 2:

a)	(i)	Legal Provision:- <ul style="list-style-type: none"> ➤ As per section 12(4) of CGST Act, 2017, time of supply of vouchers issued by supplier of goods shall be:- <ul style="list-style-type: none"> a) the date of issue of voucher, if the supply is identifiable at that point or b) the date of redemption of voucher, in all other cases.
		Discussion & Conclusion:- <ul style="list-style-type: none"> ➤ In the given case, supply can be identified at the time of purchase of the coupons. ➤ Therefore, the time of supply of the coupons is the date of their issue i.e. 20.06.20XX.
	(ii)	Legal Provision:- <ul style="list-style-type: none"> ➤ As per section 12(4) of CGST Act, 2017, time of supply of vouchers issued by supplier of goods shall be:- <ul style="list-style-type: none"> a) the date of issue of voucher, if the supply is identifiable at that point or b) the date of redemption of voucher, in all other cases.
		Discussion & Conclusion:- <ul style="list-style-type: none"> ➤ In the given case, supply cannot be identified at the time of purchase of the coupons. ➤ Therefore, the time of supply of the coupons is the date of their redemption i.e. 18.08.20XX.
	(iii)	Legal Provision:- <ul style="list-style-type: none"> ➤ As per section 12(6) of CGST Act, 2017, the time of supply for the addition in value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date of receipt of such addition in value by supplier.
		Conclusion:- <ul style="list-style-type: none"> ➤ Therefore, time of supply in the given case is 11.11.20XX.
b)		Legal Provision: <ul style="list-style-type: none"> ➤ As per Sec 16(6) of CGST Act, if the registration of a registered person is cancelled u/s 29 and

	<p>subsequently revoked by an order, the registered person can claim ITC for the invoices or debit notes that were not restricted u/s 16(4) on the date of order of cancellation.</p> <p>➤ Its ITC can be claimed in the return filed till the later of following dates:</p> <ul style="list-style-type: none"> - Earlier of 30th Nov of following year or date of furnishing Annual return. - Return filed for period from the date of cancellation of registration or the effective date of cancellation of registration till the date of the order revoking the cancellation, if such return is filed within 30 days from the date of the revocation order. <p>Discussion & Conclusion:</p> <p>➤ Yes, In the given case, ITC for the invoice dated 20th July 20XX will be claimed by the later of:-</p> <ol style="list-style-type: none"> 30th November 20XY i.e. the earlier of 30th November 20XY or 15th December 20XY or 25th February 20XY i.e. the date of filing return for the period from 15th August 20XX (cancellation date) to 5th February 20XY (revocation order date). <p>➤ Thus ABC Pvt. Ltd. must claim the ITC by 30th November 20XY.</p>
c)	<p>Legal provision:</p> <p>➤ As per section 49(8) of CGST Act, 2017, Every taxable person shall discharge his tax and other dues under GST law in following order, namely</p> <ol style="list-style-type: none"> self-assessed tax, interest, penalty, fee or any other amount related to returns of the previous tax periods. self-assessed tax, interest, penalty, fee or any other amount related to returns of the current tax period. any other amount payable including demand determined under section 73 or section 74, <p>Discussion & conclusion:</p> <p>➤ In this case, Mr. Manik cannot clear his liability of demand notice u/s 73 first.</p> <p>➤ Thus, The order of discharge of liability of Mr. Manik will be as under:</p> <ol style="list-style-type: none"> Tax, interest and penalty for the month of May ₹ 30,000 Tax due for the month of June ₹ 35,000 Liability arising out of demand notice u/s 73 ₹ 48,000

Answer 3:

a)	<p>Legal Provision:-</p> <p>➤ As per section 29 of CGST Act, 2017, if any person who has taken voluntary registration u/s 25(3) has not commenced business within 6 months from the date of registration, then the proper officer may cancel the registration of such person from such date, including any retrospective date, as he may deem fit.</p> <p>➤ As per section 30 of CGST Act, 2017 read with Rule 23 of CGST Rules, 2017, where the registration is cancelled suo-motu by the appropriate officer, the registrant seeking revocation of the order, has to apply for the revocation of cancellation within 90 days from the date of service of the order of cancellation of registration.</p> <p>➤ However, such period can be further extended upto 180 days, if sufficient cause has been shown by registrant.</p> <p>Discussion & Conclusion:</p> <p>➤ In view of the above-mentioned provisions, suo-motu cancellation of registration of Mr. X by proper officer is valid in law.</p> <ul style="list-style-type: none"> - since Mr. X, a voluntarily registered person, has not commenced his business within 6 months from the date of registration.
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3 M	<ul style="list-style-type: none"> ➤ In this case, such registered person may apply for revocation of the cancellation to such proper officer within 90 days from the date of service of the order of cancellation of registration. ➤ On sufficient cause being shown and for reasons to be recorded in writing, the said period of 90 days may be extended for a period not exceeding 180 days. ➤ Thus, the contention of Department is not valid in law as extension can be sought in the prescribed time limit for revocation of cancellation of registration. ➤ The contention raised by Mr. X is valid in law as extension in time limit is allowed on sufficient cause being shown and for reasons to be recorded in writing.
2 M	<p>b) Legal Provision:</p> <ul style="list-style-type: none"> ➤ As per section 51 of the CGST Act, Government departments, agencies, local authority and notified persons are required to deduct tax @ 2% (1% CGST + 1% SGST/UTGST) or IGST @ 2% from payment made to the supplier of taxable goods or services where the total value of such supply [excluding GST & Cess in the invoice] under a contract, exceeds ₹ 2,50,000. ➤ Further As per proviso to Sec 51, Tax shall not be deducted if location of supplier & place of supply is in a State/ UT which is different from the State/UT of registration of recipient. ➤ As per section 12(3) of IGST Act, the place of supply of services directly in relation to an immovable property including services provided by interior decorators is the location of immovable property. <p>Discussion & Conclusion:</p> <ul style="list-style-type: none"> ➤ In given case, the place of supply of the interior decoration of Andhra Bhawan shall be Delhi. ➤ Since the location of the supplier (Ramlala Enterprises) and the place of supply is Delhi and the State of registration of the recipient i.e. Government of Andhra Pradesh is Andhra Pradesh, no tax is liable to be deducted in the given case. ➤ The answer will remain unchanged even if Ramlala Enterprises is registered under composition scheme.