

CA Inter
Test Paper - 1

Time: 1 hr & 30 mins

Total: 50 marks

PART A: Multiple Choice Questions (Each carries 2 marks)

Choose the most appropriate option:

Q1) Which of the following services received, in the course or furtherance of business, without consideration amount to supply?

- i. Import of services by a person in India from his son well-settled in USA.
 - ii. Import of services by a person in India from his brother well settled in Germany.
 - iii. Import of services by a person in India from his brother (wholly dependent on such person in India) in France.
 - iv. Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia.
- a) i, iii and iv
 - b) ii, iii and iv
 - c) ii and iii
 - d) i and ii

Q2) GST is not payable by recipient of services in the following cases:

- i. Services provided by way of sponsorship to ABC Ltd. located in India.
 - ii. Services supplied by a director (registered under GST) of Galaxy Ltd. to Mr. Krishna
 - iii. Services by Department of Posts by way of speed post to MNO Ltd. located in India.
 - iv. Services supplied by a recovering agent to SNSP Bank located in India.
- a) (i) & (iii)
 - b) (i) & (iv)
 - c) (ii) & (iii)
 - d) (ii) & (iv)

Q3) Various taxes have been subsumed in GST to make one nation one tax one market for consumers. Out of the following, determine which taxes have been subsumed in GST.

- i. Basic customs duty levied under Customs Act, 1962
 - ii. Taxes on lotteries
 - iii. Environment tax
- a) (ii)
 - b) (ii) and (iii)
 - c) (iii)
 - d) (i), (ii) and (iii)

Q4) Determine which of the following independent cases will be deemed as supply even if made without consideration in terms of Schedule I of the CGST Act 2017?

- i. AB & Associates (Registered under GST) transfers stock of goods from its Mumbai branch to Kolkata depot for sale of such goods at the depot.
- ii. Mr. Raghuveer, a dealer of air-conditioners permanently transfers the motor vehicle free of cost. ITC on said motor vehicle is blocked.

- iii. Mrs. Riddhi, an employee of Sun Ltd., received gift from her employer on the occasion of Diwali worth ₹ 21,000.
- a) (i)
 - b) (ii)
 - c) (iii)
 - d) Both (i) and (ii)

Q5) TT Pvt. Ltd., registered in Rajasthan, furnished following information for the month of June:

- (i) Inter-State sale of goods for ₹ 1,25,000 to JJ Enterprises registered in Haryana
- (ii) Inter-State purchases of goods from XYZ company, registered in Punjab, for ₹ 40,000
- (iii) Intra-State purchases of goods from RR Traders, registered in Rajasthan, for ₹ 65,000

The applicable rate of GST is 18%. All the above amounts are exclusive of taxes. GST liability payable in cash is:

- a) CGST ₹ 1,800 & SGST ₹ 1,800
- b) SGST ₹ 3,600
- c) IGST ₹ 3,600
- d) CGST ₹ 3,600

Q6) Which of the following is not covered under Schedule III of CGST Act, 2017?

- a) Director's monthly salary under employment agreement.
- b) Sitting fees to independent directors for attending AGMs.
- c) Payment to employee for providing broking services to the employer for purchase of commercial property. Such services do not form part of the employment contract entered into by the employer with the employee.
- d) Both (b) and (c)

Q7) XX, registered in Delhi, purchased books from PC Traders, registered in Uttar Pradesh. Books are exempt from GST. XX arranged the transport of these books from a goods transport agency (GTA) which charged a freight of ₹ 9,000 for the same. GST is payable @ 5% on such GTA services as GTA is not opting to pay GST under forward charge. Which of the following statement is correct in the given context:

- a) GST of ₹ 450 is payable by XX on reverse charge basis.
- b) Supply of goods and supply of GTA service is a composite supply wherein supply of goods is the principal supply and since, principal supply is an exempt supply, no tax is payable on freight.
- c) Since, exempt goods are being transported service provided by GTA for transporting the same is also exempt.
- d) GST of ₹ 450 is payable by the GTA

Q8) There is a difference in taxability of goods forming part of composite supply and mixed supply. Here are few examples from which you need to identify which is correct example of composite supply and mixed supply.

- i. Mr. A buys a car and purchases warranty and maintenance of the car by paying nominal amount. Car, warranty and maintenance here are a mixed supply.
- ii. Mr. A buys a car and purchases warranty and maintenance of the car by paying nominal amount. Car, warranty and maintenance here are a composite supply.
- iii. Mrs. A buys a microwave oven and some utensils for use in microwave oven. Both microwave oven and utensils are sold at a single price. Microwave oven and its utensils here are a mixed supply.
- iv. Mrs. A buys chocolates, juices and biscuits from a shop. All items have different prices. Chocolates,

juices and biscuits are a mixed supply.

The correct examples of composite and mixed supply are: -

- a) i, iv
- b) ii, iii
- c) ii, iii, iv
- d) None of the above

Q9) Which of the following statements is true under GST law?

- a) Grand-parents are never considered as related persons to their grand-son/grand-daughter.
- b) Grand-parents are always considered as related persons to their grand-son/grand-daughter.
- c) Grand-parents are considered as related persons to their grandson/grand-daughter only if they are wholly dependent on their grand-son/granddaughter.
- d) Grand-parents are considered as related persons to their grandson/grand-daughter only if they are not dependent on their grandson/granddaughter.

Q10) Which of the following services does not fall under reverse charge provisions as contained u/s 9(3) of the CGST Act?

- a) Services supplied by arbitral tribunal to business entity located in Ladakh.
- b) Sponsorship services provided to a partnership firm located in Jammu & Kashmir.
- c) Sponsorship services provided to a body corporate located in Kerala.
- d) Service of renting of motor vehicle for passengers provided to a recipient other than body corporate.

PART B: Descriptive Questions

Question 1:

(3 Marks * 5 =15 Marks)

State the person liable to pay GST in the following independent services provided:-

- a) Siddhi Builders, registered in Haryana, rented out 20 residential units owned by it in Sanskriti Society to Rudra Technologies, an IT based firm registered in the State of Haryana, for accommodation of its employees.
- b) M/s. Purohit Consultants, a partnership firm registered in Delhi as a regular tax payer, paid sponsorship fees of ₹ 70,000 at a seminar organized by a private NGO (a partnership firm) in Delhi.
- c) Mr. Kamal Jain, an unregistered famous author, received ₹ 20 lakh of consideration from PQR Publications Ltd. for supply of services by way of temporary transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works of his new book.
- d) Rental income received by Tamil Nadu State Government from renting an immovable property to Mannappa Pvt. Ltd. (Turnover of the company was ₹ 22 lakhs in the preceding F. Y.)
- e) If XYZ Pvt. Ltd. cancelled its GST registration and then rents out its commercial property (non-residential) to ABC Pvt. Ltd. who is registered under GST for the purpose of setting up their office.

Question 2:

(5 + 4 + 3 + 3 Marks = 15 Marks)

- 1) Daksh gold Pvt. Ltd. is an Indian subsidiary (in Mumbai) of Moksh Gold Inc. (Japan based company). On occasion of Diwali, Daksh gold Pvt. Ltd. distributes gift hamper to its employee worth ₹ 3,00,000.

Answer the following questions:-

- a) Does it qualify as supply?
- b) Would your answer be different, if gifts of ₹ 42,000 have been given to an employee?
- c) What would be your answer if Daksh gold Pvt. Ltd. offers its employees ESPP as part of their

compensation package. When an employee decides to purchase these stocks, Moksh Gold Inc. directly transfers the shares to the employee. Daksh gold Pvt. Ltd. reimburses Moksh Gold Inc. for the cost of these shares on a cost-to-cost basis & there is no separate commission charged by Moksh Gold Inc.

- 2) Discuss the levability of GST or otherwise on the following:
- a) Alcoholic liquor for human consumption
 - b) Petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas
 - c) Tobacco
 - d) Opium, Indian hemp and other narcotic drugs and narcotics
- 3) Manikaran, a registered supplier of Delhi, has supplied 20,000 packages at ₹ 30 each to Mukhija Gift Shop in Punjab. Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons. Determine the rate(s) of GST applicable in the given case assuming the rates of GST to be as under:-
- | Goods/Services Supplied | GST rate |
|-------------------------|----------|
| Chocolates | 18% |
| Fruit juice bottles | 12% |
| Toy balloons | 5% |
- 4) Dhruv Developers sold a plot of land in Greater Noida after levelling, laying down of drainage lines, water lines and electricity lines. Determine whether GST is payable or not.