

CA Inter
Test Paper - 2

Time: 1 hr & 30 mins

Total: 50 marks

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

Choose the most appropriate option:

Q1) Rama Ltd. has provided following information for the month of September:

- (i) Intra-State outward supply ₹ 8,00,000/-
- (ii) Inter-State exempt outward supply ₹ 5,00,000/-
- (iii) Turnover of exported goods ₹ 10,00,000/-
- (iv) Payment made for availing GTA services ₹ 80,000/-

Calculate the aggregate turnover of Rama Ltd.

- a) ₹ 8,00,000
- b) ₹ 23,00,000
- c) ₹ 23,80,000
- d) ₹ 18,00,000

Q2) Sapient Ltd., registered under GST, supplies machinery used for making bottle caps to Chandra Ltd. at a price of ₹ 40,00,000 (excluding all taxes and other expenses). A cash discount of 2% on the above price of the machinery is offered at the time of supply since Chandra Ltd. agrees to make the payment within 15 days of the receipt of the machinery at its premises. Sapient Ltd. receives a price linked subsidy of ₹ 2,00,000 from its holding company Diligent Ltd. The value of supply of machinery is

- a) ₹ 39,20,000
- b) ₹ 42,00,000
- c) ₹ 41,60,000
- d) ₹ 41,20,000

Q3) C & Co., a registered supplier in Delhi, opted for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017. It sold goods in the fourth quarter of a financial year for ₹ 15,00,000 (exclusive of GST). The applicable GST rate on these goods is 12%. C & Co. purchased goods from Ramesh & Co., registered in Delhi, for ₹ 9,55,000 on which Ramesh & Co. had charged CGST of ₹ 57,300 and SGST of ₹ 57,300. C & Co. had also purchased goods from E & Co., registered in Haryana, for ₹ 2,46,000 on which E & Co. had charged IGST of ₹ 29,520. GST liability of C & Co. for the fourth quarter of the financial year is-

- a) CGST ₹ 7,500 & SGST ₹ 7,500
- b) CGST ₹ 3,180 & SGST ₹ 32,700
- c) CGST ₹ 32,700 & SGST ₹ 3,180
- d) Nil

Q4) 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)

Q5) Mr. Alok had to transport his personal goods from Mumbai to Goa. He contacts Sigma travel services. Sigma travels is passenger bus traveller and also does transportation of goods i.e., Goods Transport Agency. He transports goods of all persons including non- passengers. Mr. Alok hands over the goods to Sigma travel services. Sigma travels issues consignment note for his goods. Alok is an unregistered person. What will be GST scenario in this case?

- a) Goods transport agency service rendered to unregistered person is exempt from tax
- b) Goods transport agency is required to pay GST under reverse charge for service rendered to un-registered person
- c) Unregistered person is required to pay GST to transport agency which in turn will be deposited by Goods transport agency to government.
- d) None of the above.

Q6) Alladin Electronics is engaged in intra-State supply of air- conditioners and has an aggregate turnover of ₹ 90 lakh in the preceding financial year. In the current financial year, it wishes to opt for composition scheme under section 10(1) and 10(2). It will start providing services of repairing of air conditioners also from 1st April of current financial year. Alladin Electronics can provide services upto the value of to continue availing benefit of composition levy, in the current financial year.

- a) ₹ 5 Lakh
- b) ₹ 4.5 Lakh
- c) ₹ 10 Lakh
- d) ₹ 9 Lakh

Q7) Bhoora Ltd., a registered supplier in Surat, Gujarat sold goods to Kaala Ltd. of Delhi on 6th April for ₹ 5,00,000 (excluding GST) with a condition that if Kaala Ltd. failed to make payment within 30 days of the delivery of the goods, interest @ 2% per month on said price of ₹ 5,00,000 will be charged for the period of delay. Goods were delivered and the invoice was issued, on 5th April. Kaala Ltd. paid the consideration for the goods on 20th May along with applicable interest. Kaala Ltd. refused to pay any tax payable on the interest amount. Applicable rate of GST in this case is 18%. The value of supply, in the given case, is

- a) ₹ 5,00,000
- b) ₹ 5,05,000
- c) ₹ 5,04,237
- d) ₹ 5,95,900

Q8) Mr. Handsome, del-credere agent (DCA) of Charm Limited, agrees to raise invoices in his own name and also guarantees for the realization of payments from customers to Charm Limited. In order to realize the payments from customers on time, he extends short-term transaction-based loans to them and charges interest for the same. For the month of March, sale of goods by Mr. Handsome in his DCA capacity is ₹ 2,80,000 and interest earned from the said customers for short term credit facility provided for timely payment of dues is ₹ 20,000. Further, commission charged from Charm Limited in respect of DCA services provided is ₹ 30,000. The value of supply of goods to customers is and value of supply of agency services to Charm Limited is

- a) ₹ 2,80,000, ₹ 30,000
- b) ₹ 20,000, Nil
- c) ₹ 3,00,000, ₹ 30,000
- d) ₹ 20,000, ₹ 30,000

Q9) Security service provided (by way of supply of security personnel) to any person including government and local authority registered under CGST Act, 2017 is taxable under reverse charge whether or not such entities are making taxable supplies under GST. State the validity of this statement.

- a) Valid
- b) Invalid

Q10) Which of the following activities /transactions qualify as supply of goods?

- a) Dhruvtara Electronics supplies washing machines to its customers.
- b) Bigbang Steels Ltd. supplies a machinery on rent to Jigayasa Manufacturers.
- c) Larsen Technicians retreads the tyre given by Deendayal Automobiles on job work basis.
- d) Vigyaan Technologies develops a customised software for a business school.

PART A: Descriptive Questions

Question 1

(6 + 4 = 10 Marks)

- a) XYZ Pvt. Ltd. provided the following particulars relating to goods sold by it to ABC Pvt. Ltd.:

Particulars	Amount (₹)
List price of the goods (exclusive of taxes and discount)	50,000
Tax levied by the Municipal Authority on the sale of such goods	6,000
Packing charges (not included in the list price above)	2,500
Subsidy received from a NGO, directly linked to price (included in the list price above)	3,000
Paid to one of the vendors by ABC Pvt. in relation to the service provided by the vendor to XYZ Pvt. Ltd. (not included in the list price above)	2,000

XYZ Pvt. Ltd. offers 2% turnover discount on the list price after reviewing the performance of ABC Pvt. Ltd. The discount was not known at the time of supply.

ABC Pvt. Ltd. delayed the payment and paid ₹ 5,000 (including GST of 18%) as interest to XYZ Pvt. Ltd. Determine the value of taxable supply made by XYZ Pvt. Ltd. under GST law.

- b) List down the activities/transactions specified under schedule III of the GST Act as non- supplies.

Question 2:

(5 + 5 = 10 Marks)

- a) Mr. X is running a consulting firm and also a readymade garment showroom in Kolkata registered under same PAN. Turnover of the showroom is ₹ 70 lakh and receipt of consultancy firm is ₹ 15 lakh in the preceding financial year.
You are required to answer the following:-
(i) Is Mr. X eligible for composition scheme?
(ii) Is it possible for Mr. X to opt for composition scheme only for showroom?
- b) Mr. Vicky Frankyn, an unregistered famous author, received ₹ 3 crore of consideration from Shiv Bhawan Publications (SBP) located in Indore 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. He finished his work & made available the book to the publisher, but has yet not raised the invoice. Mr. Vicky Frankyn is of the view that SBP is liable to pay tax under reverse charge on services provided by him. SBP does not concur with his view and is not ready to deposit the tax under any circumstances. Examine whether the view of Mr. Vicky Frankyn is correct. Further, if the view of Mr. Vicky Frankyn is correct, what is the recourse available with Mr. Vicky Frankyn to comply with the requirements of GST law as SBP has completely refused to deposit the tax.

Question 3:

(4 + 3 + 3 = 10 Marks)

- a) Determine whether following activities fall under the purview of supply as per section 7 of CGST Act, 2017:-
- (i) Wesco Ltd, a registered person in Ahmedabad (Gujarat) having head office located in Singapore, received management consultancy services free of cost from its head office.
 - (ii) M/s ABC developers sold fully furnished building to Mr. Sagar for a valuable consideration.
- b) "Under the GST law, taxes on taxable services supplied by the Central Government or the State Government to a business entity in India are payable by recipient of services". State the exceptions of the above statement
- c) Describe the conditions to be satisfied for availing deduction of post supply discounts from the value of supply as per the provisions of section 15(3) of the CGST Act 2017.