

CA Inter
Test Paper - 3

Time: 1 hr & 30 mins

Total: 50 marks

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

Q1) Vedanshi & Co., a partnership firm, is engaged in retail trade since 1st April. The firm became liable for registration on 1st October. However, it applied for registration on 10th October. It had inputs held in stock, semi-finished and finished goods. The firm was granted certificate of registration on 5th November. Vedanshi & Co. needs to transport one consignment to the transporter and then to the consignee. The distance, within the same state, between godown of the firm and the transporter is 20 kms and from the place of transporter to consignee is 99 kms, respectively.

In the month of November, the firm received 80 invoices for various inward supplies on which total GST paid was ₹ 8 lakh. However, only 60 invoices involving GST of ₹ 7.70 lakh was uploaded in GSTR-1 by the respective suppliers.

Also, while filing return for the month of November, the firm generated E-Challan on 5th December for making payment of GST through RTGS of their bank.

All the supplies referred above are intra-State unless specified otherwise. Conditions applicable for availment of ITC are fulfilled subject to the information given above.

From the information provided above, choose the most appropriate answer for the following questions:

1.1: Determine the effective date of registration of Vedanshi & Co.?

- | | |
|------------------|------------------|
| (a) 1st April | (b) 1st October |
| (c) 10th October | (d) 5th November |

1.2: Vedanshi & Co. is eligible to claim ITC in respect of inputs held in stock as on

- | | |
|--------------------|-------------------------------|
| (a) 30th September | (b) 1st October |
| (c) 10th October | (d) Not eligible to claim ITC |

1.3: Compute the amount of ITC that can be claimed by Vedanshi & Co for the month of November?

- | | |
|----------------|----------------|
| (a) ₹ 7,50,000 | (b) ₹ 7,70,000 |
| (c) ₹ 8,25,000 | (d) ₹ 6,75,000 |

1.4: Determine the validity of E-Challan generated by Vedanshi & Co. for payment of taxes for the month of November?

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

Q2) Banke Bihari (Pedewala), is a famous sweets manufacturer, located and registered in Mathura, Uttar Pradesh. He received an order for 200 Kg. of sweets on 2nd November, 20XX from M/s. Ghoomghoom Travels (P) Ltd., located and registered in same locality of Mathura for a total consideration of ₹ 1,00,000 on occasion of Diwali festival. All 200 Kg. sweets were delivered to M/s. Ghoomghoom Travels (P) Ltd. on 5th November 20XX, but without invoice, as accountant of Mr. Banke Bihari was on leave on that day. However, the invoice was raised for the same on 6th November 20XX, when the accountant joined the office after leave. Payment in full was made on 7th November, 20XX. Determine the time of supply of goods in this case.

- | | |
|------------------------|------------------------|
| (a) 2nd November, 20XX | (b) 5th November, 20XX |
| (c) 6th November, 20XX | (d) 7th November, 20XX |

Q3) Xylo & Co. has three branches, in Jalandhar, Amritsar and Ludhiana, in the State of Punjab. Amritsar and Ludhiana branches are engaged in supply of garments and Jalandhar branch engaged in supply of shoes. Which of the following options is/are legally available for registration to Xylo & Co.?

- (i) Xylo & Co. can obtain single registration for Punjab declaring any one of the branches as principal place of business and other two branches as additional place of business.
 - (ii) Xylo & Co. can obtain separate GST registration for each of the three branches - Amritsar, Jalandhar and Ludhiana.
 - (iii) Xylo & Co. can obtain one GST registration for shoe business (Jalandhar branch) and another GST registration which is common for garments business (Amritsar and Ludhiana).
- (a) (ii) (b) Either (i), (ii) or (iii)
(c) Either (i) or (ii) (d) Either (ii) or (iii)

Q4) Input tax credit shall not be available in respect of

- (i) services on which tax has been paid under composition levy
 - (ii) goods given as free samples
 - (iii) goods used for personal consumption
 - (iv) Membership of a club provided by the employer to its employees as per company's internal policy.
 - (v) Travel benefits extended to employees on vacation such as leave or home travel concession as per company's internal policy.
- (a) (i) (b) (i),(ii) & (iv)
(c) (ii), (iii)&(v) (d) (i), (ii),(iii),(iv)&(v)

Q5) Kids Bazaar Pvt. Ltd., registered in Maharashtra sells kids clothing via an E-commerce operator Champ.com. Mr. Dhruv placed an order of 10 sets of Ethnic wear in different colours each costing ₹ 5,000 (GST @18% not included) on 20th January 20XX. However, he returned 2 sets back after 2 days in accordance with the exchange policy of Champ.com. Determine the value of supply on which Champ.com should collect TCS from Kids Bazaar Pvt. Ltd.

- (a) ₹ 40,000 (b) ₹ 59,000
(c) ₹ 50,000 (d) ₹ 47,200

PART A: Descriptive Questions

Question 1

(8 + 4 = 12 Marks)

- a) M/s ABC & CO., a Chartered Accountancy Firm having office in Bengaluru registered under GST in the state of Karnataka, submitted the following information for the month of April 20XX:-

S.no	Services Provided	Amount excluding GST (₹)
(1)	Statutory audit services provided (intra-state supplies)	1,20,000
(2)	ITR filing services provided within Karnataka (intra-state supplies)	1,60,000
(3)	Internal Audit services provided to Mumbai client (inter-state supplies)	1,80,000

ABC & Co. had incurred the following expenses in the month of April, 20XX for the purpose of providing the taxable services:-

S.no	Particulars	Amount (₹)
(1)	Car purchased by firm for the use of senior partner of the firm for office use	7,84,000 (CGST ₹42,000 & SGST ₹ 42,000)
(2)	Office rent paid to landlord who is registered in State of Karnataka	5,900 (CGST ₹450 & SGST ₹450)

(3)	Professional fee paid to Mr. Rajesh, a practicing Chartered Accountant, for professional services availed	2,36,000 (CGST ₹18,000 & SGST ₹18,000) TDS deducted ₹ 20,000 u/s 194J of the Income Tax Act, 1961
(4)	Computer purchased for office purpose	56,000 (CGST ₹ 3,000 & SGST ₹ 3,000)

Out of the above 4 suppliers/service providers, landlord of office to whom rent was paid has not uploaded his GSTR-1 within the specified time allowed under GST resulting in GST amount not reflecting in GSTR-2B of ABC & Co.

Compute the net GST payable (CGST, SGST and IGST after adjustment of ITC) by ABC & Co. for the month of April, 20XX. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively assuming that all the remaining conditions of utilisation of ITC are fulfilled.

- b) Nesamani started his business activities in the month of February 20XX in the State of Orissa. He provided the following details:

S.no	Particulars	Amount (₹)
1.	Outward supply of petrol (Intra State)	4,00,000
2.	Transfer of exempt goods to his branch in Rajasthan (Inter- State)	2,00,000
3.	Outward supply of taxable goods by his branch in Uttar Pradesh (Intra State)	5,00,000
4.	Outward supply of services on which tax is payable under RCM by the recipient of services (Intra-State)	6,00,000
5.	Inward supply of services on which tax is payable under RCM (Intra- State)	2,00,000

From the information given above, compute the aggregate turnover of Nesamani and also decide whether he is required to get registration under GST. Assume that the amounts given above are exclusive of taxes.

Question 2:

(6 + 4 + 3 = 13 Marks)

- a) From the following information provided by M/s Sasta Bazaar. Determine the time of supply for the purpose of payment of GST:
- It issued coupon on 20.06.20XX, worth ₹ 2,000 redeemable against purchase of specific plastic items. This coupon was redeemed on 31.07.20XX.
 - It issued coupon on 01.08.20XX worth ₹ 3,000 which is redeemable against purchase of any item. This coupon was redeemed on 18.08.20XX.
 - It received interest of ₹ 10,000 for late payment from a customer on 11.11.20XX for supply of goods which was originally made on 24.06.20XX.
- b) ABC Pvt. Ltd. is engaged in the supply of electronic goods. During the FY 20XX-XY, the company's GST registration was cancelled on 15th August 20XX. Subsequently, the cancellation was revoked on 5th February 20XY by an order from Appellate Authority. ABC Pvt. Ltd. filed return for the period for which registration stood cancelled on 25th February 20XY. ABC Pvt. Ltd. has an invoice dated 20th July 20XX for goods supplied worth ₹1,00,000. Can ABC Pvt. Ltd. claim the ITC for the invoice dated 20th July 20XX ? If yes, what is the time limit for the same?

Note: ABC Pvt. Ltd. has furnished annual return on 15th December 20XY.

- c) Mr. Manik provides the following information regarding his tax & other liabilities under GST law as per Electronic Liability Register:

S.no	Particulars	Amount (₹)
1	Tax due for the month of May	25,000
2	Interest due for the month of May	2,000
3	Penalty due for the month of May	3,000
4	Tax due for the month of June	35,000
5	Liability arising out of demand notice u/s 73	48,000

Mr. Manik wants to clear his liability of demand notice u/s 73 first.

Discuss the provision of order of discharge of GST liability u/s 49 (8) of the CGST Act & advice to Mr. Manik.

Question 3:

(5 + 4 = 9 Marks)

- a) Mr. X of Haryana intends to start business of supply of building material to various construction sites in Haryana. He has taken voluntary registration under GST in the month of April. However, he has not commenced the business till December due to lack of working capital. The proper officer suo-motu cancelled the registration of Mr. X. You are required to examine whether the action taken by proper officer is valid in law?

Mr. X has applied for revocation of cancellation of registration after 100 days from the date of service of the order of cancellation of registration. Department contends that application for revocation of cancellation of registration can only be made within 90 days from the date of service of the order of cancellation of registration. However, Mr. X contends that the period of submission of application may be extended on sufficient grounds being shown. You are required to comment upon the validity of contentions raised by Department and Mr. X.

- b) Ramlala Enterprises, registered in Delhi, is engaged in supply of interior decoration services to Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh). The total contract value inclusive of GST is ₹ 15,50,000 and payment for the same is due in October 20XX.

You are required to determine amount of tax, if any, to be deducted in the above case assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

Will your answer be different, if Ramlala Enterprises is registered under composition scheme?