

CA Inter
Test Paper - 5

Time: 1 hr & 30 mins

Total: 50 marks

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

Q1) MM Charitable Trust is registered under section 12AA/ 12AB of the Income tax Act, 1961. The trust conducted a three-day residential yoga camp among people on the occasion of international yoga day for the advancement of yoga and charged ₹ 7,500 per person inclusive of stay and food. The trust also conducted programmes for the advancement of education of persons aged above 65 years in metro cities. A nominal fee was charged for the same.

The trust received following donations during the month of September:-

- (i) Mr. Sunil Sharma, proprietor of Solid Steels donated a RO water plant to the trust costing ₹ 75,000 and displayed his firm name in the RO system installed at the premises of the trust as "Donated by Mr. Sunil, owner of Solid Steels -trusted by all".
- (ii) Mr. Prasanna, a lawyer donated chairs to the trust costing ₹ 25,000 and 'Love all' is printed on all chairs donated by him to the trust.

The following are the details of GST payment made by the firm

- (i) GST of ₹ 1,75,000 was paid for the purchase of motor vehicle for transportation of needy persons (Seating capacity including driver is 13).
- (ii) GST of ₹ 2,45,000 was paid for works contract services availed from Super Builders for construction of Trust's office building.

MM Charitable Trust also owns and manages a gurudwara. It rented the community hall located in the precincts of the gurudwara for a rent of ₹ 8,500 per day for a marriage function. It also rented the commercial shop located in the precincts of the gurudwara for a rent of ₹ 10,000 per month per shop.

You can assume that the Trust is registered under GST and all the transactions are intra-State only.

Conditions for availing ITC are fulfilled subject to the above- mentioned information.

Based on the information given above, choose the most appropriate answer for the following questions:

1.1: Which of the following activities conducted by trust is exempt from GST?

- a) Advancement of Yoga
- b) Advancement of education
- c) Both (a) and (b)
- d) Neither of the activities

1.2: Determine the value of taxable supply in respect of donations received by the Trust?

- a) ₹ 25,000
- b) ₹ 75,000
- c) ₹ 1,00,000
- d) Nil

1.3: Compute the amount of input tax credit that can be claimed by the Trust?

- a) ₹ 1,75,000
- b) ₹ 2,45,000
- c) ₹ 4,20,000
- d) Nil

1.4: Which of the following statements is/are correct under GST law in respect of gurudwara managed by MM Charitable Trust?

- a) Renting of community hall is taxable while renting of commercial shop is exempt.
- b) Renting of community hall is exempt while renting of commercial shop is taxable.
- c) Both renting of community hall and renting of commercial shop are taxable.
- d) Both renting of community hall and renting of commercial shop are exempt.

Q2) Sanu Associates, Delhi dealing in garments has ordered ladies suits from Sahiba Garments in Ludhiana (Punjab) which is 350 km away from its warehouse. E-way bill is generated by Sahiba Garments and the order is coming by a normal cargo. For how many days will the e-way bill be valid from the time it is generated?

- a) 24 hours
- b) 2 days
- c) 5 days
- d) 7 days

Q3) Dua & Co. made an outward inter-State supply of ₹ 80 lakh in the month of March. During the month, it purchased raw material worth ₹ 70 lakh and procured cement of ₹ 5 lakh for making foundation and structural support to a plant and machinery.

Assuming that the opening balance of ITC for IGST for the relevant period is ₹ 2 lakh and all inward and outward supplies undertaken in the month of March are inter-State, compute the amount of net IGST payable in cash, if any, for the month of March. Rate of GST applicable is 18%. Subject to the information given above, all the other conditions necessary for availing ITC have been fulfilled.

- a) ₹ 14,400
- b) Nil
- c) ₹ 14.40 lakh
- d) ₹ 9,000

Q4) Pihu' Ltd. has its registered office, under the Companies Act, 2013, in the State of Maharashtra from where it ordinarily carries on its business of taxable goods. It also has a warehouse in the State of Telangana for storing said goods. What will be the place of business of 'Pihu' Ltd. under the GST law?

- a) Telangana
- b) Maharashtra
- c) Both (a) and (b)
- d) Neither (a) nor (b)

Q5) Which of the following services are exempt from GST?

- a) Admission to a circus where entry ticket costs ₹ 550 per person
- b) Interest charged on outstanding credit card balances
- c) Services by an organiser to any person in respect of a business exhibition held in India
- d) Services by a foreign diplomatic mission located in India

PART A: Descriptive Questions

Question 1

(8 + 4 = 12 Marks)

- a) Mr. Jayesh, a registered supplier of Mumbai, received the following amounts in respect of the various activities undertaken by him during the month of October 20XX.

S.no	Particulars	Amount (₹)
(i)	Commission received as a recovery agent from a Non-Banking Finance Company (NBFC)	80,000
(ii)	Actionable claim received from normal business debtors	10,50,000
(iii)	Amount received from ABC Ltd. for performance of classical dance in one program	1,74,500
(iv)	Business assets (old computers) given to a friend free of cost, the market value of all the computers was ₹ 51,000. No input tax credit has been availed on such computers when used for business	No Amount charged
(v)	Consideration received for one month rent from a registered individual person for renting of residential dwelling for use as residence.	15,200
(vi)	Amount received for service provided to the Indian Olympic Association as team manager of national team.	80,000
Details of Input Services		
(i)	Paid to an unregistered Goods Transport agency for various consignments of transportation of goods by road. (Each individual consignment in a single carriage was of less than ₹ 1,450.)	15,100

Notes:

- (i) All the amount stated above in both the tables are exclusive of GST, wherever applicable.
- (ii) Aggregate turnover of Mr. Jayesh in previous year was ₹ 42,00,000.

You are required to compute Gross value of supplies, on which GST to be paid by Mr. Jayesh for the month of October 20XX.

- b) Mr. Sky is engaged in the business of trading of mobiles. He is eligible for composition scheme and has opted for the same. He seeks your advice for records which are not required to be maintained by him as composition taxable person.

Question 2:

(9 + 4 = 13 Marks)

- a) Answer the following questions independently:

- (i) ABC Motors, an authorized dealer, purchases a demo vehicle for demonstration purposes for ₹10,00,000 with GST @18%. Can ABC Motors avail ITC on such purchase? Would your answer differ, if ABC Motors promotes its sale by helping potential buyers to decide to purchase a similar type of motor vehicle.
- (ii) A registered person must pay to the supplier, the value of the goods and/or services along with the tax within 180 days from the date of issue of invoice. State the exceptions to said rule.
- (iii) Mamta Trade Links trades in exempt goods and provides taxable services. It is registered under GST. On 1st October, the exemption available on its goods gets withdrawn. Analyze the scenario and determine the eligibility of Mamta Trade Links for availing ITC, if any, on inputs and/or capital goods used in the supply of exempt goods.

- (b) Dhananjay Associates registered in Gujarat deals in industrial grade iron and steel products. The proprietor of Dhananjay Associates sold TMT Iron bars (GST applicable @18%) to a retailer in Maharashtra at a value of ₹ 40,000 (excluding GST). As per the agreement of sale, goods are to be delivered at the premises of retailer. The transportation cost of ₹ 7,000 has been charged separately to deliver the same to the retailer in Maharashtra. In the above scenario, determine whether an e-way bill is required to be issued under GST?

Question 3:

(5 + 4 = 9 Marks)

- a) Jamku Ltd., a registered person, is engaged in the business of spices. It provides following details in relation to GST paid on inward supplies procured by it during the month of October.

S.no	Particulars	Amount (₹)
1.	Raw spices purchase	
	- Raw spices sold to customers	50,000
	- Raw spices used for personal use of directors	20,000
2.	Electric machinery purchased for being used in the manufacturing process	25,000
3.	Motor vehicle used for transportation of the employee	55,00
4.	Payment made to contractor for construction of staff quarter	1,25,000

Determine the amount of ITC that can be availed by Jamku Ltd. for the month of October by giving the necessary explanation for treatment of various items. Subject to the information given above, all the other conditions necessary for availing ITC have been fulfilled.

- b) Determine whether GST is payable on services provided under the following independent cases:
- GST on payment of honorarium to the Guest Anchors.
 - Service of affiliation provided by Central educational board to a private school.