

## CA Inter (GST)

### Answer Sheet of Test paper 1 held on 8<sup>th</sup> September 2024

#### Part A

S.no	Ans	Hints
1)	(d)	Refer Sec 30 with Rule 23(1)
2)	(b)	Refer Sec 34, (₹ 2,55,000 - ₹ 40,000)*18%
3)	(c)	Refer Sec 24 (i)
4)	(a)	Refer Section 10(1)(b) of the IGST Act
5)	(c)	Section 31(3)(b) is N.A. to tickets of cinematographic films as per proviso to rule 46. so, separate ticket need to be issued irrespective of value as E-ticket is also not issued which is treated as deemed to be tax invoice as per rule 54.
6)	(c)	Refer para 1 of Schedule III & Sec 22(1)
7)	(a)	Refer Section 12(7)- POS: place where event is actually held (if the recipient is not registered) & if event is held outside India, then POS will be location of the recipient.

#### Part B

##### Answer 1:

1)

a) & b)	<p><b>Legal Provision:</b></p> <ul style="list-style-type: none"><li>➤ As per <b>section 22(1) read with proviso to section 22(1)</b> of the CGST Act, 2017, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit.</li><li>➤ The <b>threshold limit</b> for a person making <b>exclusive intra-state supplies of goods</b> is as under:-<ul style="list-style-type: none"><li>• ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.</li><li>• ₹ 20 lakh for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.</li><li>• ₹ 40 lakh for rest of India.</li></ul></li><li>➤ However, the higher threshold limit of ₹ 40 lakh is <b>not available</b> to persons engaged in making supplies of notified goods, one of which is <b>Building bricks</b>.</li><li>➤ The threshold limit for a person making <b>exclusive supply of services</b> or <b>supply of both goods and services</b> is as under:-<ul style="list-style-type: none"><li>• ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.</li><li>• ₹ 20 lakh for the rest of India.</li></ul></li></ul> <p><b>Discussion &amp; Conclusion:</b></p> <table border="1"><tbody><tr><td style="vertical-align: top;">a)</td><td><ul style="list-style-type: none"><li>➤ Since Heera is making taxable supply from Nagaland – a Special Category State, the applicable threshold limit will get reduced to ₹ 10 lakh.</li><li>➤ Thus, it is liable to be registered under GST as its aggregate turnover exceeds the said threshold limit</li></ul></td></tr><tr><td style="vertical-align: top;">b)</td><td><ul style="list-style-type: none"><li>➤ Further, he is <b>required to obtain registration</b> in both Himachal Pradesh and Nagaland as he is making taxable supplies from both the States.</li></ul></td></tr><tr><td style="vertical-align: top;">b)</td><td><ul style="list-style-type: none"><li>➤ Though the enhanced threshold limit for registration of ₹ 40 lakh is available to Delhi, the same will not be applicable if the person is engaged in supply of notified goods, one of which is Building Bricks.</li></ul></td></tr></tbody></table>	a)	<ul style="list-style-type: none"><li>➤ Since Heera is making taxable supply from Nagaland – a Special Category State, the applicable threshold limit will get reduced to ₹ 10 lakh.</li><li>➤ Thus, it is liable to be registered under GST as its aggregate turnover exceeds the said threshold limit</li></ul>	b)	<ul style="list-style-type: none"><li>➤ Further, he is <b>required to obtain registration</b> in both Himachal Pradesh and Nagaland as he is making taxable supplies from both the States.</li></ul>	b)	<ul style="list-style-type: none"><li>➤ Though the enhanced threshold limit for registration of ₹ 40 lakh is available to Delhi, the same will not be applicable if the person is engaged in supply of notified goods, one of which is Building Bricks.</li></ul>
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c)	<p><b>Legal Provision:-</b></p> <ul style="list-style-type: none"> <li>➤ As per <b>section 24</b> of CGST Act, 2017, Persons making taxable supply of goods <b>on behalf of other taxable persons</b> whether as an agent or otherwise are required to <b>obtain registration compulsorily</b> under GST laws irrespective of the quantum of aggregate turnover.</li> <li>➤ As per <b>Explanation to section 22</b> of CGST Act, 2017, aggregate turnover includes all supplies made by the taxable person, <ul style="list-style-type: none"> <li>• whether on his own account or</li> <li>• made on behalf of all his principals.</li> </ul> </li> <li>➤ If agent issues invoice in his own name, then section 24 gets attracted, otherwise he is liable to register u/s 22 if his aggregate turnover crosses the threshold limit for registration.</li> </ul> <p><b>Discussion &amp; Conclusion:-</b></p> <ul style="list-style-type: none"> <li>➤ In the given case, since Mr. S.N Gupta is also acting as an agent of Mr. Rishi of Delhi, <b>he is required to obtain registration compulsorily</b> under GST laws irrespective of the quantum of aggregate turnover.</li> </ul> <p><b>Assumption:-</b> It is assumed that agent is issuing <b>invoice</b> for further supply <b>in his own name.</b></p>

## 2) Legal Provision:

- All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards **greater than ₹ 5 crore** are required to issue e- invoices **for B2B supplies** (supply of goods and/or services to a registered person) or **for exports or for B2G** (Government Departments or establishments/ Government agencies/ local authorities/ PSUs) supplies which are registered solely for the purpose of TDS u/s 51 of the CGST Act
- Further, following entities are exempt from the mandatory requirement of e-invoicing i.e. **not required** to issue e-invoices even if their turnover **exceeds ₹ 5 crore** in the preceding financial year from 2017-18 onwards:-
  - a) A Government Department,
  - b) A Local Authority,
  - c) Special Economic Zone units,
  - d) Insurer or banking company or financial institution including NBFC,
  - e) GTA supplying services in relation to transportation of goods by road in a goods carriage,
  - f) Supplier of passenger transportation service,
  - g) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens.

### Conclusion:

- Government Department is **specifically exempt** from mandatory requirement of e-invoicing even if the turnover exceeds ₹ 5 crore in the preceding financial year & thus, e- invoicing is **not applicable** to Government department.

**Answer 2:**

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**a) Legal Provision:**

- As per **section 12(12)** of IGST Act, the place of supply of banking & other financial services (including stock broking services) provided to any person shall be **the location of the recipient of services in the records of the supplier.**

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However, if the location of recipient of services is not available in the records of supplier, the place of supply shall be the **location of the supplier of services.**

**Conclusion:**

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- The place of supply is the location of supplier of services i.e. **Kullu-Manali, Himachal Pradesh** as the location of recipient of services is not available in the records of supplier.

**b) Legal provision:**

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As per **section 10(1)(d)** of IGST Act, if goods are assembled or installed at site, the place of supply shall be the **place of such installation or assembly.**

**Conclusion:**

In the given case, the place of supply is the site of assembly machine i.e., **Kutch** even though Pure refineries is located in Maharashtra.

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**2) Legal Provision:-**

- 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.

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- However, such period can be **further extended upto 180 days**, if sufficient cause has been shown by registrant.

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Further, he has to furnish **all the returns due** till the date of such cancellation **before the application for revocation can be filed.**

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Further, he should also pay any amount due as tax along with any amount payable towards interest, penalty, and late fee in respect of the said returns.

**Discussion & Conclusion:-**

- Thus, in the given case, before making an application for revocation of cancellation of registration, M/s S. Corporation should file **all returns due for the period from June, 20XX till 1st January, 20XY.**
- It can apply for revocation of cancellation of registration till 1st April, 20XY.

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**3) Legal Provision:-**

- As per **Sec 31(7)**, Where the goods being sent for sale or return are removed before the supply takes place, the tax invoice shall be issued

- before or at the time of supply or

- 6 months from the date of removal, **whichever is earlier.**

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**Discussion & Conclusion:**

- In the given case, 500 units of transmitters have been sent for exhibition on sale or return basis out of which 300 units are sold before 6 months from the date of removal.
- Thus, tax invoice for 300 units needs to be issued before or at the time of supply of such goods, i.e. **upto 28/07/20XX.**
- Remaining 200 (150+ 50) units have neither been sold nor brought back till the expiry of 6 months from the date of removal goods, i.e. 20/11/20XX.
- Thus, tax invoice for 200 units needs to be **issued upto 20/11/20XX.**

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**Answer 3:**

- 1) ➤ **No**, the **location of supplier** of mobile services **cannot** be the place of supply as the mobile companies are providing services in multiple states and many of these services are inter-state. If location of supplier is taken as place of supply, the consumption principle will be broken, and all the revenue may go to a few states where the suppliers are located.
- **Place of supply** for mobile connection depends on whether the connection is **post-paid or prepaid**.

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<b>For Post paid Connections:</b>	The place of supply is the location of billing address of the recipient of services in the record of supplier of service.	
<b>For Pre-paid Connections:</b>	a)	Service is supplied through a selling agent / re - seller / distributor of SIM card or recharge voucher:- Place of supply is the location of address of the selling agent/ re-seller/ distributor as per the records of supplier at the time of supply.
	b)	Service is supplied by any person to the final subscriber:- Place of supply is the location where such prepayment is received, or vouchers are sold.
	c)	Service is supplied in other cases:- Place of supply is the address of recipient as per the records of supplier of services & if address is not available, the place of supply shall be location of the supplier of services.
If recharge for pre-paid service is done through internet/e-payment, the place of supply shall be location of recipient of service in the record of supplier.		

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- 2) **Legal Provision:-**
- As per **section 22(1)** of CGST Act, 2017, a supplier is liable to register under GST Act, if his aggregate turnover in a financial year for **other than special category states of Manipur, Mizoram, Tripura & Nagaland exceeds ₹ 20 lakhs**.
- Where the application is submitted within 30 days from the date of becoming liable to registration, the **effective date of registration** is the date on which the person becomes liable to registration, otherwise it is the date of grant of registration.
- As per **section 31(3)(a)** of CGST Act, 2017 of CGST Rules, 2017, if a registered person is **granted registration with effect from a date earlier than the date of issuance of registration certificate**, then
- he may issue **revised tax invoices** for taxable supplies effected.
  - during the period between effective date of registration and date of issue of registration certificate.
  - **within 1 month** from the date of issue of registration certificate.

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**Discussion & Conclusion:**

- In the given case, Sangri Services Ltd. has to issue the **Revised Tax Invoices** for the taxable supplies made between effective date of registration (12th August) till the date of issuance of certificate of registration (6th September) within 1 month from 6th September, **i.e. on or before 6th October**.

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- 3) ➤ **No**, the advice of Mr. Siya Ram's consultant that prior submission of bank details is mandatory to obtain registration is **no more valid in law**.
- **As per Rule 10A**, registered person is allowed to furnish bank details after obtaining registration certificate or GSTIN, but it is to be furnished **earlier** of the following dates:
- Within 30 days from the grant of registration or
  - Date of filing GSTR 1 or IFF

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