

Tharun's
BRAINERY

For passionate learners...



50
MIGHTY

CA Intermediate

JAN'25 EXAM

Visit Us

www.tharunraj.com

CA INTERMEDIATE MIGHTY 50

Question 1.

Discuss the levability of GST or otherwise on the following:

- Alcoholic liquor for human consumption
- Petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas
- Tobacco
- Opium, Indian hemp and other narcotic drugs and narcotics

Answer

- Alcoholic liquor for human consumption:** is outside the realm of GST. The manufacture/production of alcoholic liquor continues to be subjected to State excise duty and inter-State/intra-State sale of the same is subject to CST/VAT respectively.
- Petroleum crude, diesel, petrol, ATF and natural gas:** As regards petroleum crude, diesel, petrol, ATF and natural gas are concerned, they are not presently leviable to GST. GST will be levied on these products from a date to be notified on the recommendations of the GST Council. Till such date, central excise duty continues to be levied on manufacture/production of petroleum crude, diesel, petrol, ATF and natural gas and inter-State/intra-State sale of the same is subject to CST/ VAT respectively.
- Tobacco:** Tobacco is within the purview of GST, i.e. GST is leviable on tobacco. However, Union Government has also retained the power to levy excise duties on tobacco and tobacco products manufactured in India. Resultantly, tobacco is subject to GST as well as central excise duty.
- Opium, Indian hemp and other narcotic drugs and narcotics:** Opium, Indian hemp and other narcotic drugs and narcotics are within the purview of GST, i.e. GST is leviable on them. However, State Governments have also retained the power to levy excise duties on such products manufactured in India. Resultantly, Opium, Indian hemp and other narcotic drugs and narcotics are subject to GST as well as State excise duties.

Question 2.

Examine whether the activity of import of service in the following independent cases would amount to supply under section 7:

- Miss Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from Mr. Racheal of Sydney (Australia). The amount paid for the said service is 5,000 Australian dollar.
- Miss Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from her brother, Mr. Varun residing in Sydney (Australia) [wholly dependent on Miss Shriniti. Further, Miss Shriniti did not pay any consideration for the said service.
- Will your answer change if in the above case, if Miss Shriniti has taken interior decoration services with regard to her business premises and not her residence?

Answer

- Supply, under section 7, inter alia, includes import of services for a consideration even if it is not in the course or furtherance of business.
Thus, although the import of service for consideration by Miss. Shriniti Kaushik is not in course or furtherance of business [as the interior decoration services have been availed in respect of residence], it would amount to supply.
- Schedule I, inter alia, stipulates that import of services by a taxable person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business. Explanation to section 15, inter alia, provides that persons shall be deemed to be "related persons" if they are members of the same family. Further, as per section 2(49), family means, —
(I) the spouse and children of the person, and

(II) the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.

In the given case, Miss Shriniti Kaushik has received interior decoration services from her brother. In view of section 2(49)(ii) above, Miss Shriniti and her brother shall be considered to be related as Miss Shriniti's brother is wholly dependent on her.

However, Miss Shrinti has taken interior decoration services for her residence and not in course or furtherance of business. Consequently, services provided by Miss Shrinti's brother to her would not be treated as supply under section 7 read with Schedule I.

(iii) In the above case, if Miss Shriniti has taken interior decoration services with regard to her business premises, services provided by Miss Shriniti's brother to her would be treated as supply under section 7 read with Schedule I.

Question 3.

Mr. Priyam, director of Sun Moon Company Private Limited, provided service to the company for remuneration of ₹ 1,25,000. Briefly answer whether GST is applicable in the below mentioned independent cases? If yes, who is liable to pay GST?

- (i) Mr. Priyam is an independent director of Sun Moon Company Private Limited and not an employee of the company.
- (ii) Mr. Priyam is an executive director, i.e., an employee of Sun Moon Company Private Limited. Out of total remuneration amounting to ₹ 1,25,000, ₹ 60,000 has been declared as salaries in the books of Sun Moon Company Private Limited and subjected to TDS under section 192 of the Income-Tax Act (IT Act). However, ₹ 65,000 has been declared separately other than salaries in the Sun Moon Company Private Limited's accounts and subjected to TDS under section 194J of the IT Act as professional services.

Answer

- I. As per Para I of Schedule III of the CGST Act, services by an employee to the employer in the course of or in relation to his employment are non-supplies, i.e. they are neither supply of goods nor supply of services. Services provided by the independent directors who are not employees of the said company to such company, in lieu of remuneration as the consideration for the said services, are clearly outside the scope of Schedule III of the CGST Act and are therefore taxable.
Further, such remuneration paid to the directors is taxable in hands of the company, on reverse charge basis. Thus, GST is applicable in this case and Sun Moon Company Private Limited is liable to pay GST.
- II. The part of director's remuneration which is declared as salaries in the books of a company and subjected to TDS under section 192 of the Income-tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III. In lieu of the above, ₹ 60,000 declared as salaries in the books of Sun Moon Company Private Limited and subjected to TDS under section 192 of the Income-Tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III. Further, ₹ 65,000 declared separately other than salaries in the Sun Moon Company Private Limited's accounts and subjected to TDS under section 194J of the IT Act as professional services is treated as consideration for providing services which is outside the scope of Schedule III and is therefore, taxable. The recipient of the said services i.e. the Sun Moon Company Private Limited, is liable to discharge the applicable GST on it on reverse charge basis

Question 4.

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, 2022.

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
(v)	Consideration received for one month rent from a registered individual person for renting of residential dwelling for use as residence.	15,200

Details of Input Services: -

S.No.	Particulars	Amount (₹)
	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:

- All the amount stated above in both the tables are exclusive of GST, wherever applicable.
 - 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, 2022,

Answer

Computation of Gross value of supplies on which GST is payable by Mr. Jayesh for the Month of October 2022.

Particulars	Amount (₹)
Commission received as a recovery agent from NBFC (Note-1)	NIL
Actionable claim (Note-2)	NIL
Classical dance performance (Note-3)	1,74,500
Sale of Business assets (Note-4)	NIL
Residential dwelling to registered person (Note-5)	NIL
Total Gross value on which GST payable under FCM	1,74,500
GTA services availed (Note-6)	15,100
Total Gross value on which GST payable (incl. RCM)	1,89,600

Notes to above:

Note -1: Agent services - Recovery Agent services provided to Banking company/FI/NBFC covered under RCM u/s 9(3), so NBFC need to pay GST under RCM.

Note -2: Actionable claim other than Specified Actionable Claims neither supply of Goods nor services u/s 7(2) read with Schedule III.

Note-3: Services by a performance artist in Folk or classical art forms of music or dance or theatre, where amount charged is upto ₹1,50,000 for a performance excluding services provided by such artist as a brand ambassador; covered under exemption so in the above case per performance exceeds 1,50,000 so taxable.

Note-4: U/s 7(1)(c) Disposal of business assets on which ITC has been availed even though not for consideration & Related party transactions are taxable, but in the above case sale of computer on which ITC not availed given to a friend free of cost not covered under 7(2)(c) so not taxable.

Note-5: Renting of residential property for residential purpose to a registered person is covered under RCM u/s 9(3), so in the above case registered individual has to pay GST under RCM u/s 9(3). If such registered individual uses for family stay, then the said service is exempted.

Note-6: GTA Services to a person other than Unregistered Individual, HUF or AJP. (Such individual, HUF, AJP should not have factory), So Mr. Jayesh has to pay tax under RCM 9(3).

Question 5.

Following are the particulars, relating to one of the machine sold by SQM Ltd. to ACD Ltd. in the month of February 2020 at list price of ₹ 9,50,000. (Exclusive of taxes and discount) Further, following additional amounts have been charged from ACD Ltd:

	Particulars	Amount
(i)	Municipal taxes chargeable on the machine	₹45,000
(ii)	Outward freight charges (Contract was to deliver machine at ACD Ltd.'s factory i.e., F.O.R. contract)	₹65,000

Additional information:

- (i) SQM Ltd. normally gives an interest-free credit period of 30 days for payment, after that it charges interest @ 1% p.m. or part thereof on list price.
- (ii) ACD Ltd. paid for the supply after 45 days, but SQM Ltd. waived the interest payable.
- (iii) SQM Ltd. received ₹ 50,000 as subsidy, from one non-government organization (NGO) on sale of such machine. This subsidy was not linked to the price of machine and also not considered in list price of ₹ 9,50,000.
- (iv) ACD Ltd. deducted discount of ₹ 15,000 at the time of final payment, which was not as per agreement.
- (v) SQM Ltd. collected ₹ 9,500 as TCS (tax collected at source) under the provisions of the Income Tax Act, 1961.
- (vi) Compute the value of taxable supply as per the provision of GST laws, considering that the price is the sole consideration for the supply and both parties are unrelated to each other.

Note: Correct legal provision should form part of your answer.

Answer

Computation of value of taxable supply

S.No.	Particulars	Amount (₹)
	List price (exclusive of taxes and discount)	9,50,000
(i)	Municipal taxes [Note-1]	45,000
(ii)	Outward freight charges [Note-2]	65,000
	Value of taxable supply	10,60,000

Notes:

1. Tax other than GST, if charged separately, are includible in the value in terms of section 15.
2. Since contract is to deliver machine at buyer's factory, it is a composite supply wherein the freight charges will be added to the value of principal supply of machine.
3. Value of supply includes interest charged for delayed payment. However, since the interest on delayed payment has been waived off, the same has not been added to the value.
4. Subsidy provided by non-Government bodies is includible in the value in terms of section 15 provided the same is directly linked to the price. Since subsidy received from NGO is not directly linked to the price of the machine, the same has not been added to the value.
5. Since the discount was not known or agreed to at the time of supply of goods to the buyers, such discount cannot be reduced from the price, in terms of section 15.
6. TCS is not includible in the value of supply as it is an interim levy not having the character of tax.

Question 6.

[ICAI RTP MAY 24]

Happy Constructions Ltd., a registered builder under GST in Bengaluru, Karnataka has got permission to build five floors from the Municipal Projects for one of its projects at Suraj Nagar. Aditya Constructions, a neighbouring housing project approached Happy Constructions Limited to discuss regarding blockage of sun light issue arising out of construction of five floors and asked it to build only three floors for which ₹ 20 lakh was offered as compensation.

Happy Constructions Limited agreed to the offer. It may be noted that Aditya Constructions is not ready to pay any further amount to Happy Constructions Ltd. in addition to the amount already agreed.

Briefly explain with correct legal provision whether the above amount received as compensation is liable to GST or not? And if considered as taxable, then calculate the total GST payable by Happy Constructions Ltd. Assume the applicable rate of CGST and SGST is 9% each.

Also state the conditions to be complied with.

Answer

Agreeing to obligation to refrain from an act, or to tolerate an act or situation, or to do an act has been specifically declared to be a supply of service vide para 5(e) of Schedule II of the CGST Act, 2017 if the same constitutes a supply as per the CGST Act, 2017. In the given case, Happy Constructions Limited has agreed to build only three floors, even though it is permitted to construct five floors by the Municipal Authorities, for a compensation of ₹ 20 lakh. This results in supply of service. The conditions to be complied with for the above supply will be

(a) There must be an expressed or implied agreement or contract must exist.

(b) Consideration must flow in return to this contract/ agreement.

Since Aditya Constructions is not ready to pay any further amount to Happy Constructions Limited in addition to the amount already agreed, the amount received ₹ 20 lakh shall be treated as inclusive of GST and the GST payable will be ₹ 20,00,000 × 9/118 = ₹ 1,52,542.37 or ₹ 1,52,542 (rounded off) as CGST and SGST each.

Question 7.

Charm Limited registered under GST in the state of Jharkhand, manufactures cosmetic products and appointed Mr. Handsome of Mumbai, who is registered under GST in the state of Maharashtra, as their Del-credere agency agent (DCA) to the sell their products. Being a DCA, he agrees to raise invoices in his own name and also guarantees for the realisation of payment from customers to Charm Limited.

In order to realise the payments from customers on time, he extends short term transaction-based loans to them and charges interest for the same.

Mr. handsome provides you the following details of transactions carried out during the month of March 2022.

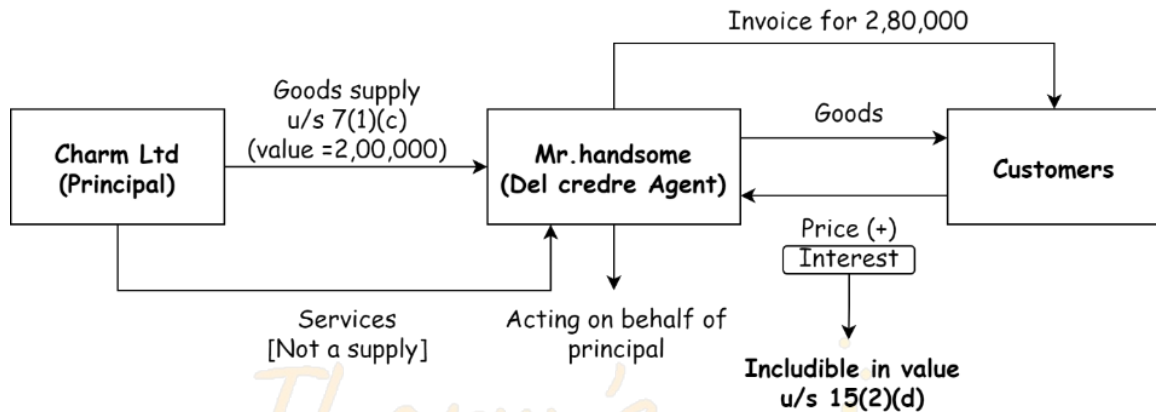
Sl.No	Particulars	Amount in ₹
	Outward Supply:	
i.	Goods sold by MR. Handsome in the DCA capacity (Intra-State transaction)	2,80,000
ii.	Interest earned from the above customers for short term credit facility provided for timely payment of dues. (Intra-State transaction)	20,000
iii.	Commission bill raised on Charm Limited (Inter-State transaction) in respect of DCA services provided.	30,000
	Inward Supply:	
iv.	Inter-State supply of goods received from Charm Limited. Since being a DCA, no consideration was paid. Value under section 15 - ₹ 2,00,000	Nil
v.	Received training in marketing and distribution from Charm Limited as per DCA agreement, free of cost.	Nil

	Company charges ₹ 75,000 for such training when they provide the same to others	
--	---	--

Applicable rate of tax on both inward and outward supplies is 9% each for CGST and SGST and 18% for IGST. Amount given above are exclusive of taxes wherever applicable. Subject to the information given above, necessary conditions are complied with for availment of Input Tax Credit.

You are required to calculate the gross GST liability and eligible Input Tax Credit for the month of March 2022 of Mr. Handsome. Brief notes should form part of your answer for treatment of items in Sl. No (i) to (v).

Answer



I. Computation of Gross GST payable by Mr. Handsome

Particulars	CGST	SGST	IGST
Sale of Goods (Note-1)	2,80,000 × 9% =25,200	2,80,000 × 9% =25,200	
Interest earned from customers (Note-2)	20,000 × 9% =1,800	20,000 × 9% =1,800	
Commission earned from principal (Note-3)			30,000 × 18% =5,400
Gross GST payable	27,000	27,000	5,400

II. Computation of ITC available to Mr. Handsome

Particulars	CGST	SGST	IGST
Inward supply of goods from principal (Note-4)	-	-	2,00,000 × 18% = 36,000
Inward supply of services from principal (Note-5)	-	-	-
Total ITC	-	-	36,000

III. Computation of Net GST payable by Mr. Handsome

Particulars	CGST	SGST	IGST
Gross GST payable	27,000	27,000	5,400
(-) IGST credit utilized	(15,300)	(15,300)	(5,400)
Net GST Payable	11,700	11,700	-

Notes to above:

- An agent is said to be acting on behalf of principal, if such agent is raising invoice to the buyer in the name of agent. In the present case Mr. Handsome being an agent is raising invoice in his name and it is supply u/s 7(1)(a) and chargeable to GST.
- As per CBIC circular interest received by DCA from customers treated as interest on account of delay in receipt of consideration and consequently included in the value u/s 15(2)(d), if such DCA is acting on behalf of principal. In the present case, as Mr. Handsome is acting as

- agent on behalf of charm Ltd by raising invoice in the name of Mr. Handsome, interest earned shall be treated as inclusion in value and chargeable to GST accordingly.
- Commission earned by Mr. Handsome from charm Ltd. is towards Supply of services as an agent and the same constitutes as supply u/s 7(1)(a) and chargeable to GST. Charm Ltd. can avail ITC on the same.
 - As per Sec. 7(1)(c) read with schedule I of CGST Act, supply of goods by a principal to their agent acting on behalf of principal, constitutes supply and chargeable to GST, even though it is without consideration. In the present case, as Mr. Handsome is acting as agent on behalf of charm Ltd, supply of goods by charm Ltd. to Mr. Handsome, even though without consideration is chargeable to GST and the same can be availed as ITC by Mr. Handsome.
 - Principal - Agent transaction referred to in Sec. 7(1)(c) is only w.r.to goods but not w.r.to services. Therefore, services provided by charm Ltd. to Mr. Handsome, without consideration is not a supply and consequently not chargeable to GST.

Question 8.

Royal Sweet Co., Delhi, a registered supplier, has furnished the details of the following few transactions which took place in November, 20XX:

	Date	Particulars	Date of invoice	Amount
(i)	11.11.20XX	Payment made to an advocate in Delhi	07.07.20XX	1,25,000
(ii)	20.11.20XX	Paid sitting fee to Director from Haryana for meeting held in Delhi on 15.10.20XX [Inter-State supply]	15.10.20XX	75,000

Assume the rates of taxes to be as under: -

Particulars	Rate
CGST	9%
SGST	9%
IGST	18%

You are required to compute GST [CGST & SGST/IGST, as the case may be] payable for the month of November, 20XX along with time of supply of the aforementioned activities.

Answer

Computation of GST payable for the month of November, 20XX.

S. No.	Particulars	Time of supply of services	CGST (₹)	SGST (₹)	IGST (₹)	Interest (₹)
(i)	Services from an advocate in Delhi	06.09.20XX [Note-1 & 3]	11,250	11,250	-	244 [Note-4]
(ii)	Director's Sitting fee	20.11.20XX [Note-2 & 3]	-	-	13,500	

Notes:-

- Services supplied by an individual advocate to any business entity located in the taxable territory is a notified service on which tax is payable on reverse charge basis by the recipient of services.
- Services supplied by a director of a company to the said company is a notified service on which tax is payable on reverse charge basis by the recipient of services.
- As per section 13 of the CGST Act, 2017, the time of supply of services in case of reverse charge is earliest of the following: -
 - Date of payment as entered in the books of account of the recipient or the date on which the payment is debited to his bank account, whichever is earlier, or
 - Date immediately following 60 days since the date of issue of invoice.

Provisions of time of supply as provided under section 13 of the CGST Act are also applicable for inter-State supply vide section 20 of the IGST Act.

In view of the aforesaid provisions, the time of supply and due date for payment of tax in the given cases would be determined as under:

- (i) Time of supply of the services is the date immediately following 60 days since the date of issue of invoice, i.e., 06.09.20XX. The due date for payment of tax is 20.10.20XX with return of September, 20XX.
- (ii) Time of supply of service is 20.11.20XX and due date for payment of tax is 20.12.20XX with return of December, 20XX.
4. The due date for payment of tax in case (i) is 20.10.20XX with return of September, 20XX. However, the payment of tax is actually made on 11.11.20XX. Thus, payment of tax is delayed by 22 days.

In case of delayed payment of tax, interest @ 18% per annum is payable for the period for which the tax remains unpaid starting from the day succeeding the day on which such tax was due to be paid [Section 50 of the CGST Act, 2017 read with Notification No. 13/2017 CT dated 28.06.2017]. In view of the same, in the given case, interest payable would be as follows:

Amount of interest payable = ₹ 22,500 × 18% × 22/365 = ₹ 244 (rounded off).

Question 9.

Utsav Pvt. Ltd. of Meghalaya engaged in the supply of gifts items and repair services, provides you the following details: -

S. No.	Particulars	Date
1.	Commencement of the business of supplying goods and services	1 st August
2.	Turnover exceeds ₹10,00,000 on	15 th August
3.	Turnover exceeds ₹ 20,00,000 on	5 th September
4.	Application for registration made on	28 th September
5.	Registration certificate granted on	6 th October

The company seeks your advice as to how it should raise revised tax invoices for supplies made. Is there any specific provision for issuance of revised tax invoices to unregistered customers? Explain.

Answer

A supplier of both goods and services whose aggregate turnover in a financial year exceeds ₹ 20 lakh in a State/UT [₹ 10 lakh in specified Special Category States] is liable to apply for registration within 30 days from the date of becoming liable to registration (i.e., the date of crossing the threshold limit of ₹ 20 lakh/ ₹10 lakh) in terms of section 22 of the CGST Act, 2017. Since Meghalaya is not a specified Special Category State, applicable threshold limit is ₹ 20 lakh. Further, where the application is submitted within said period, 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.

Every registered person who has been granted registration with effect from a date earlier than the date of issuance of registration certificate to him, may issue revised tax invoices within 1 month from the date of issuance of registration certificate in respect of taxable supplies effected during this period i.e., from the effective date of registration till the date of issuance of registration. Since Utsav Pvt. Ltd. has made the application for registration within 30 days of becoming liable for registration, the effective date of registration becomes the date on which the company becomes liable to registration i.e. 5th September.

Thus, Utsav Pvt. Ltd. may issue revised tax invoices against the invoices already issued during the period between effective date of registration (5th September) and the date of issuance of registration certificate (6th October), within 1 month from 6th October.

Further, Utsav Pvt. Ltd may issue a consolidated revised tax invoice in respect of all taxable supplies made to unregistered dealers during such period. However, in case of inter-State supplies made to unregistered dealers, a consolidated revised tax invoice cannot be issued in respect of all the recipients located in a State, if the value of a supply exceeds ₹ 2,50,000.

Question 10.

[ICAI RTP MAY 24]

From the following information provided by M/s Sasta Bazaar. Determine the time of supply for the purpose of payment of GST:

- (i) It issued coupon on 20.06.2023, worth ₹ 2,000 redeemable against purchase of specific plastic items. This coupon was redeemed on 31.07.2023.
- (ii) It issued coupon on 01.08.2023 worth ₹ 3,000 which is redeemable against purchase of any item. This coupon was redeemed on 18.08.2023.
- (iii) It received interest of ₹ 10,000 for late payment from a customer on 11.11.2023 for supply of goods which was originally made on 24.06.2023.

Answer

As per section 12(4) of the CGST Act, 2017, the time of supply of vouchers exchangeable for goods is-

- Date of issue of the voucher, if the supply that it covers is identifiable at that point, or
- Date of redemption of the voucher in other cases.
 - (i) In the given case, supply can be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their issue i.e. 20.06.2023.
 - (ii) In the given case, supply cannot be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their redemption i.e. 18.08.2023.
 - (iii) Section 12(6) of the CGST Act, 2017 prescribes that time of supply in case of addition in value on account of interest/ late fee/penalty for delayed payment of consideration for goods is the date on which the supplier receives such addition in value. Therefore, time of supply in the given case is 11.11.2023.

Question 11.

Shivaji Pvt. Ltd., a registered supplier, supplies the following goods and services for construction of buildings and complexes -

- excavators for required period at a per hour rate
- manpower for operation of the excavators at a per day rate
- soil-testing and seismic evaluation at a per sample rate.

The excavators are invariably hired out along with operators. Similarly, excavator operators are supplied only when the excavator is hired out.

For a given month, the receipts (exclusive of GST) of Shivaji Pvt. Ltd. are as follows:

- Hire charges for excavators - ₹ 18,00,000
- Service charges for supply of manpower for operation of the excavator - ₹ 20,000
- Service charges for soil testing and seismic evaluation at three sites - ₹ 2,50,000

Compute the GST payable by Shivaji Pvt. Ltd. for the given month. Assume the rates of GST to be as under:

Hiring out of excavators – 12%

Supply of manpower services and soil-testing and seismic evaluation services – 18%.

Answer

Particulars	Value received (₹)	Rate of GST	GST payable (₹)
Hiring charges for excavators	18,00,000	12%	2,16,000
Service charges for supply of manpower for operation of excavators [Refer Note 1]	20,000	12%	2,400

Service charges for soil testing and seismic evaluation [Refer Note 2]	2,50,000	18%	45,000
GST liability			<u>2,63,400</u>

Notes:

- 1) Since the excavators are invariably hired out along with operators and excavator operators are supplied only when the excavator is hired out, it is a case of **composite supply** under section 2(30) wherein **the principal supply is the hiring out of the excavator**. As per section 8(a), the composite supply is treated as the supply of the principal supply. Therefore, the supply of manpower for operation of the excavators will also be taxed at the rate applicable for hiring out of the excavator (principal supply), which is **12%**.
- 2) Soil testing and seismic evaluation services being independent of the hiring out of excavator will be taxed at the rate applicable to them, which is **18%**.

Question 12.

Answer the following Questions:

(1)

- a) A Hotel owner provided accommodation service in Haryana, through an electronic commerce operator Cool Trips. The hotel owner is not liable to get registered as per the provisions of section 22(1) of the CGST Act. Who is the person liable to pay GST in this case?
- b) Would your answer be different if the Electronic Commerce Operator Cool Trips does not have a physical presence in India?

(2)

- a) Mr. X, a Delhi resident, submits a cab request to Speed Cabs for travelling from Delhi to Gurgaon. Speed Cabs is a mobile application owned and managed by Speed Technologies Ltd. located in India. The application facilitates a potential customer to connect with persons providing cab service under the brand name of Speed Cabs. After Mr. X pays the cab charges using his debit card, he gets details of the driver, Mr. Y and the cab's registration number. With reference to the Goods & service tax act, discuss who is liable to pay GST in this case.
- b) Will your answer be different, if Speed Technologies Ltd. is located in New York and does not have a representative in India?

(3)

- a) Mr. Y Chennai resident books omni bus (Motor vehicle > 6 passengers) operated by XYZ Ltd. through REDBUS, an e commerce operator, for transportation of their employees from one location to another.
- b) Will your answer be different of XYZ & Co. a partnership firm is operating omni bus through E Commerce operator.

Answer

(1) Provision/Explanation:

Government may notify [on recommendations of the GST Council] specific categories of services that tax on intra state or Inter State supplies of which shall be paid through the electronic commerce operator if such services are supplied through it. services by way of providing accommodation in hotels through electronic commerce operator are specified service for the said purpose under **Sec. 9(5) of CGST Act, 2017**, if the supplier of accommodation service is not registered.

Conclusion:

(a) Thus, person liable to pay GST in this case is the Electronic Commerce Operator Cool Trips. All the provisions of the GST law shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services.

(b) If Cool Trips does not have a physical presence in India, person liable to pay tax is the person representing the Electronic Commerce Operator-Cool Trips for any purpose in India.

(2) Provision/Explanation:

As per **section 9(5) of CGST Act**, the Government vide **notification 17/2017 CT** has notified services the tax on such supplies shall be paid by electronic commerce operator if such services are supplied through it. **Services by way of transportation of passengers by any motor vehicle is one such service among the notified category.**

Conclusion:

(a) In the given case, the **liability to pay GST shall be upon Speed technologies Ltd located in India, irrespective of whether supplier registered or not.**

(b) In 2nd case if Speed technologies Ltd located in New York i.e., a non-taxable territory and also does not have a representative in India then he shall appoint a person in the taxable territory i.e., India for the purpose of paying tax and such person shall be liable to pay tax.

(3) Provision/Explanation:

As per **section 9(5) of CGST Act**, the Government vide **notification 17/2017 CT** has notified services the tax on such supplies shall be paid by electronic commerce operator if such services are supplied through it. **Services by way of transportation of passengers by any motor vehicle is one such service among the notified category.** However, if a company is providing transportation of passengers in Omni bus through ECO, it is not notified for Sec. 9(5).

Conclusion:

(a) In the given case, the **liability to pay GST shall be upon XYZ Ltd. (Supplier) but not on REDBUS (ECO).**

(b) In 2nd case if supplier XYZ & Co. is a partnership firm, then the liability to pay GST is on REDBUS (ECO), **irrespective of whether XYZ & co. is registered or not.**

Question 13.

X Ltd. is located in Ludhiana. It is GST registered with ATO of ₹20 crores. It is in the business of manufacture of cast glass. It has received the following services from different persons during December 2021 –

1. Service by Department of Posts by way of express parcel post (value of service: ₹40,000).
2. For transportation of goods, X Ltd. pays ₹1,00,000 to Indian Railways.
3. X Ltd. (GST Registered) has taken a commercial property on rent from the Punjab Government for which company pays rent of ₹2,00,000.
4. X Ltd. has taken security services for factory complex from the Mumbai Government for which payment of ₹50,000 is made.
5. X Ltd. has taken security services for office from Task Force Security Ltd. (a private sector company) for which payment of ₹95,000 is made.

Discuss the applicability of reverse charge to the above transactions.

Answer

Supplier of services	Nature of service	Value of taxable services (₹)	Applicability of reverse charge (RCM)
Department of Post, Government of India	Express parcel post	40,000	RCM not applicable to these services- supplier will charge GST in its invoice.
Indian Railways, Government of India	Transportation of goods	1,00,000	Services provided by Indian Railways is always covered under FCM as per Notification No. 14/2023. Therefore, RCM not applicable in this case.

Punjab Government (State Government)	Renting of immovable property	2,00,000	RCM applicable to these services- - Recipient shall be liable to pay GST.
Mumbai Government (State Government)	Security services	50,000	RCM is applicable to these services- Recipient shall be liable to pay GST.
Task Force Security Ltd.	Security services	95,000	RCM not applicable to these services- supplier will charge GST in its invoice. (Supplier of security service is body corporate)

Question 14.

Discuss whether the following supplies are 'intra-state supplies'/ inter-state supply:

- HDFC Bank (incorporated outside India) has opened up a branch in Delhi (India) and providing services to Customers in Delhi (customers are account-holders);
- HDFC Bank (incorporated outside India) has formed a subsidiary company in Mumbai and is providing services to Customers in Delhi (customers are account holder);

Answer

- As per **Explanation I to Sec 8 of IGST Act**, establishment outside India and establishment in India of same entity shall be treated as deemed distinct persons. Thus, **Delhi Branch of Foreign Bank shall be treated as distinct person with location in Delhi (India)**.
Now, since the supplying entity (Delhi Branch) is located in India (Delhi) and recipient is also in India (Delhi), the place of supply of banking service determined as per **Sec 12 of IGST** shall be **Delhi/India** (PoS as per Sec 12(12) = Location of recipient of services in records of bank). **Further**, since location of supplier (**Delhi Branch = Deemed Distinct person**) and place of supply of services is also within same State / Delhi, then such supply shall be treated as **intra-state supply** within the meaning of **Sec 8(2) of IGST Act, 2017**.
- Subsidiary company is a real distinct person as a company is an artificial independent person**. Thus, Subsidiary company is an independent person with location in Mumbai (India).
Now, since the supplying entity (Subsidiary company) is located in India (Mumbai) and recipient is in India (Delhi), the place of supply of banking service determined as per Sec 12 of IGST shall be **Delhi/India** (PoS as per Sec 12(12) = Location of recipient of services in records of bank).
Further, since location of supplier (**Subsidiary company in Mumbai = Real Distinct person**) and place of supply of services is in different State, then such supply shall be treated as **inter-state supply** within the meaning of Sec7(3) of IGST Act,2017.

Question 15.

Granites Textiles Ltd. purchased a needle detecting machine on 8th July, 2017 from Makhija Engineering Works Ltd. for ₹ 10,00,000 (excluding GST) paying GST @ 18% on the same. It availed the ITC of the GST paid on the machine and started using it for manufacture of goods. The machine was sold on 22nd October, 2018 for ₹ 7,50,000 (excluding GST), as second-hand machine to LT. Pvt. Ltd. The GST rate on supply of machine is 18%. State the action which Granites Textiles Ltd. is required to take, if any, in accordance with the statutory GST provisions on the sale of the second-hand machine.

Answer

Section 18 of the CGST Act, 2017 read with the CGST Rules, 2017 provides that if capital goods or plant and machinery on which input tax credit has been taken are supplied outward by the registered person, he must pay an amount that is the higher of the following:

- Input tax credit taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods (i.e., input tax credit pertaining to remaining useful life of the capital goods), or
- Tax on transaction value.

Accordingly, the amount payable on supply of needle detecting machine shall be computed as follows:

Particulars	₹	₹
Input tax credit taken on the machine (₹ 10,00,000 × 18%)		1,80,000
Less: Input tax credit to be reversed @ 5% per quarter for the period of use of machine	27,000	
	<u>27,000</u>	
(i) For the year 2017-18 = (₹ 1,80,000 × 5%) × 3quarters		
(ii) For the year 2018-19 = (₹ 1,80,000 × 5%) × 3quarters		54,000
Amount required to be paid (A)		1,26,000
Duty leviable on transaction value (₹ 7,50,000 × 18%) (B)		1,35,000
Amount payable towards disposal of machine is higher of (A) and (B)		1,35,000

Question 16.

Cloud Seven Private Limited, a registered supplier, is engaged in the manufacture of taxable goods. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of February, 20XX:

	Particulars	GST paid (₹)
(i)	Trucks used for the transport of raw material	1,20,000
(ii)	Foods and beverages for consumption of employees working in the factory	40,000
(iii)	Inputs are to be received in five lots, out of which third lot was received during the month	80,000
(iv)	Membership of a club availed for employees working in the factory	1,50,000
(v)	Capital goods (out of five items, invoice for one item was missing and GST paid on that item was ₹ 50,000)	4,00,000
(vi)	Raw material (to be received in March, 20XX)	1,50,000

Determine the amount of input tax credit available with Cloud Seven Private Limited for the month of February, 20XX by giving necessary explanations for treatment of various items. All the conditions necessary for availing the input tax credit have been fulfilled.

Answer

- Computation of input tax credit (ITC) available with Cloud Seven Private Limited for the month of February, 20XX

Particulars	₹
Trucks used for the transport of raw material [Note-1]	1,20,000
Foods and beverages for consumption of employees working in the factory [Note-2]	Nil
Inputs are to be received in five lots, out of which third lot was received during the month [Note-3]	Nil
Membership of a club availed for employees working in the factory [Note-4]	Nil
Capital goods (out of five items, invoice for one item was missing and GST paid on that item was ₹ 50,000) [Note-5]	3,50,000
Raw material to be received in March, 20XX [Note-6]	Nil
Total ITC	4,70,000

Notes: -

- ITC on motor vehicles is disallowed in terms of section 17(5) of the CGST Act, 2017, except when they are used inter alia, for transportation of goods.
- ITC on food or beverages is specifically disallowed unless the same is used for making outward taxable supply of the same category or as an element of the taxable composite or mixed

- supply- [Section17(5)].
- When inputs are received in instalments, ITC can be availed only on receipt of last instalment- [Section16 (2)].
 - Membership of a club is specifically disallowed under section 17(5) of the CGST Act, 2017.
 - ITC cannot be taken on missing invoice. The registered person should have the invoice in its possession to claim ITC [Section 16 (2) of CGST Act, 2017].
 - Input tax credit is available only upon the receipt of goods in terms of section 16(2) of CGST Act, 2017.

Question 17.

As per the CGST Act 2017, Vishnu Limited was not mandatorily required to get registered, however it opted for voluntary registration and applied for registration on 12th February 2024. Registration certificate has been granted by the Department on 24th February 2024, Vishnu Limited is not engaged in making inter-State outward taxable supplies. The CGST and SGST liability for the month of February, 2024 is ₹ 31,000 each. Vishnu Limited provides the following information of goods held in stock on 23rd February 2024:

Sr. No.	Particulars	Amount (₹)
1.	Capital goods procured on 5th February 2024, (Rate of CGST and SGST @ 6% each) being intra State supply	2,00,000
2.	Inputs contained in finished goods stock held were procured on 13th February 2023 (Rate of IGST @18%) being inter-State supply.	3,00,000
3.	Value of Inputs received on 10 th October, 2023 contained in semi-finished goods held in stock (Rate of CGST and SGST @ 6% each) being intra-State supply.	2,50,000
4.	Inputs procured on 1st February 2024 lying in stock of semi - finished goods (Rate of CGST and SGST @ 7.5 % each) being intra-State supply.	1,50,000
5.	Inputs procured on 8th February 2024 lying in stock of finished goods. (Rate of IGST @ 18%) being inter-State supply.	60,000

You are required to determine the eligible ITC available and amount of net minimum GST to be paid in cash by Vishnu Limited for the month of February 2024.

Answer

Computation of minimum net GST to be paid in cash by Vishnu Limited for the month of February 2024

Particulars	CGST (₹)	SGST (₹)
Output tax liability for the month	31,000	31,000
Less: Input tax credit (ITC) [Refer note below]	5,400	5,400
IGST credit is utilized first for payment of CGST and SGST liability in equal proportion. CGST credit is utilized for payment of CGST liability and SGST credit is utilized for payment of SGST liability.	(IGST) 25,600	(IGST) 25,600
Net GST payable (in cash)	Nil	Nil

Note: Person taking voluntary registration can avail ITC on inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration, i.e. on 23.02.2024, only within 1 year from date of issue of tax invoice by supplier.

Computation of eligible ITC available¹

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Capital goods [Person taking voluntary registration cannot avail ITC on capital goods held on the day immediately preceding the date of grant of registration.]	Nil	Nil	Nil
Inputs procured on 13th February 2023	Nil	Nil	Nil
Inputs procured on 10th October 2023	15,000	15,000	Nil
Inputs procured on 1st February 2024	11,250	11,250	Nil
Inputs procured on 8th February 2024	Nil	Nil	10,800
Total ITC	26,250	26,250	10,800

Note: In the above answer, minimum net GST to be paid in cash has been computed by setting off the IGST liability in equal proportion so as to minimize the amount of CGST and SGST payable in cash. Resultantly, Net GST payable (in cash) is Nil each under CGST and SGST.

However, since IGST credit can be set off against CGST and SGST liability in any order and in any proportion, the same can be set off against CGST and/or SGST liabilities in other possible ways as well.

Question 18.

AB Ltd., a registered company of Chennai, Tamil Nadu has provided following services for the month of October, 2021

Particulars	Amount (₹)
Services of transportation of students, faculty and staff from home to college and back to Commerce College, (a private college) providing degree courses in BBA, MBA, B.Com., M.Com.	2,50,000
Online monthly magazine containing question bank and latest updates in law to students of PQR Law College offering degree courses in LLB and LLM	1,00,000
Housekeeping services to T Coaching Institute	50,000
Security services to N Higher Secondary School	3,25,000
Services of providing breakfast, lunch and dinner to students of ABC Medical College offering degree courses recognized by law in medical field	5,80,000

All the above amounts are exclusive of GST.

Compute the taxable supplies of AB Ltd. for the month of October 2021 with necessary explanations.

Answer

Computation of value of taxable supplies of AB Ltd.

Particulars	Amount (₹)
Services of transportation of students, faculty and staff to Commerce College [Not exempt, since transportation services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.]	2,50,000
Online monthly magazine to students of PQR Law College [Services of supply of online educational journals provided to an educational institution providing qualification recognized by law are exempt.]	Nil
Housekeeping services to T Coaching Institute [Not exempt]	50,000

¹ It is assumed that amounts mentioned in the question are exclusive of GST. However, it is also possible to solve the question by assuming the amounts given in the question to be inclusive of tax.

Security services ² to N Higher Secondary School [Security services provided to an educational institution providing education up to higher secondary school are exempt.]	Nil
Services of providing breakfast, lunch and dinner to students of ABC Medical College [Not exempt, since catering services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.]	5,80,000
Value of taxable supplies	8,80,000

Question 19.

Mr. Dhanwan, an individual registered supplier of Ahmedabad (Gujarat), received the following amount towards rendering of the intra-state supply of various services in the month of January 2023 :

S.No	Particulars	Amount
1	Consideration received from security and housekeeping services provided to "Holy Foundation", an educational institution providing services by way of pre-school education, outside the school premises on its annual day function.	60,000
2	Amount received as an honorarium for participation as guest anchor on "Apna TV" in relation to a debate.	2,25,000
3	Sum received as hiring charges for provision of non-air conditioned contract carriage for transportation of employees to and from the work to M/s. Siddhi Pvt. Ltd, a registered person under the GST. Such hiring is for 3 months. Use of the contract carriage is at the disposal of the company.	1,50,000
4	Amount received from provision of training in recreation activities of music.	90,000
5	Renting of residential flat to Mr. Sahil proprietor of M/s. Dayaram & Sons, a registered person under GST for the purpose of his own residence (in personal capacity)	30,000

You are required to compute the value of supply on which GST is to be paid by Mr. Dhanwan for the month of January 2023. All the amount stated above are exclusive of GST, wherever applicable. Suitable notes should form part of the answer.

Answer

Computation of Value of Supply for the month of January 2023 of Mr. Dhanwan

S. No	Particulars	FCM/RCM	Amount
1	Consideration received from security and housekeeping services provided to "Holy Foundation", an educational institution providing services by way of pre-school education, outside the school premises on its annual day function. [Services provided to educational institution by way of house keeping within the premises is exempted. However, in this case it is provided outside the premises, therefore taxable]	FCM	60,000
2	Amount received as an honorarium for participation as guest anchor on "Apna TV" in relation to a debate. [As per CBIC Circular, consideration received as guest Anchor is taxable.]	FCM	2,25,000

² It has been assumed that security services are performed in N Higher Secondary School.

3	Sum received as hiring charges for provision of non-air conditioned contract carriage for transportation of employees to and from the work to M/s. Siddhi Pvt. Ltd, a registered person under the GST. Such hiring is for 3 months. Use of the contract carriage is at the disposal of the company. [Non- Ac Contract Carriage for HIRE/TOURISM is TAXABLE]	FCM	1,50,000
4	Amount received from provision of training in recreation activities of music. [Services by way of training in recreational activities relating to Art/Culture by an Individual is exempted]	-	-
5	Renting of residential flat to Mr. Sahil proprietor of M/s. Dayaram & Sons, a registered person under GST for the purpose of his own residence (in personal capacity) [Renting of residential property to registered person for their family stay is exempted]	-	-
	Value of taxable supply		4,35,000

Question 20.

Examine whether the supplier is liable to get registered in the following independent cases: -

- (i) Raghav of Assam is exclusively engaged in intra-State taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is ₹ 28 lakhs. He has another showroom in Tripura with a turnover of ₹ 11 lakhs in the current FY.
- (ii) Pulkit of Panjim, Goa is exclusively engaged in intra-State taxable supply of shoes. His aggregate turnover in the current financial year is ₹ 22 lakhs
- (iii) Harshit of Himachal Pradesh is exclusively engaged in intra-State supply of pan masala. His aggregate turnover in the current financial year is ₹ 24 lakhs
- (iv) Ankit of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is ₹ 25 lakhs.
- (v) Sanchit of Assam is engaged in intra-State supply of both taxable goods and services. His aggregate turnover in the current financial year is ₹ 30 lakhs.

Answer

As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, 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. The threshold limit for a person making exclusive intra - State taxable supplies of goods is as under: -

- ▶ ₹ 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- ▶ ₹ 20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- ▶ ₹ 40 lakh for rest of India. However, the higher threshold limit of ₹ 40 lakh is not available to persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes, bricks and roofing tiles.

The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under: -

- (a) ₹ 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the rest of India.

In the light of the afore-mentioned provisions, the answer to the independent cases is as under:

-
- (i) Raghav is eligible for higher threshold limit of turnover for registration, i.e. ₹ 40 lakh as he

- is exclusively engaged in intra-State supply of goods. However, since Raghav is engaged in supplying readymade garments from a Special Category State i.e. Tripura, the threshold limit gets reduced to ₹ 10 lakh. Thus, Raghav is liable to get registered under GST as his turnover exceeds ₹10 lakh. Further, he is required to obtain registration in both Assam and Tripura as he is making taxable supplies from both the States.
- (ii) The applicable threshold limit for registration for Pulkrit in the given case is ₹ 40 lakh as he is exclusively engaged in intra-State taxable supply of goods. Thus, he is not liable to get registered under GST as his turnover is less than the threshold limit.
 - (iii) Harshit being exclusively engaged in supply of pan masala is not eligible for higher threshold limit of ₹40 lakh. The applicable threshold limit for registration in this case is ₹20 lakh. Thus, Harshit is liable to get registered under GST.
 - (iv) Though Ankit is dealing in Assam, he is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusive supply of goods while he is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is ₹ 20 lakh and hence, Ankit is liable to get registered under GST.
 - (v) Since Sanchit is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in his case is ₹ 20 lakh. Thus, Sanchit is liable to get registered under GST as his turnover is more than the threshold limit.

Question 21.

Nesamani stated his business activities in the month of February 2022 in the state of Orissa. He provided the following details.

Particulars	Amount in ₹
I. Outward supply of Petrol (Intra-state)	4,00,000
II. Transfer of exempt goods to his branch in Rajasthan (Inter-state)	2,00,000
III. Outward supply of taxable goods by his branch in Uttar Pradesh (Intra-state)	5,00,000
IV. Outward supply of services on which tax is payable under RCM by the recipient of services (Intra-state)	6,00,000
V. 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.

Answer

As per Sec. 2(6) of CGST Act, 2017 "aggregate turnover means the aggregate value of taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods (or) services (or) both and interstate supplies of persons having same PAN, to be computed on All India basis but excludes CGST/SGST/UTGST/IGST and cess.

Computation of aggregate turnover of Mr. Nesamani

Particulars	Amount (₹)
Outward supplies of petrol – It is a non taxable supply and covered under exempted supplies and it is included in the meaning of ATO as above	4,00,000
Interstate transfer of exempted goods to branch – It is exempted supply and included in the meaning of ATO as above	2,00,000
Outward taxable supplies made by branch – All supplies made by a person having same PAN on all India basis to be included in ATO	5,00,000
Outward supplies covered under RCM – to be included in ATO, as only inward supplies under RCM is to be excluded.	6,00,000
Inward supplies on which GST payable under RCM – Specifically excluded from the meaning of Aggregate turnover above	-
Aggregate Turnover	17,00,000

As per Sec. 22(1) of CGST Act, a person whose aggregate turnover exceeds threshold limit is liable to get registered. The applicable threshold limit for a person engaged in supply of goods (or) services in Orissa, U.P and Rajasthan is ₹20 lakhs. In the present case as ATO of Mr. Nesamani has not exceeded ₹20 lakhs, he is not required to get registered in terms of Sec. 22(1).

However, as per Sec. 24 of CGST Act, a person having inward supplies on which they are liable to pay GST under RCM, is compulsorily required to get registered irrespective of threshold limit. In the present case, as Mr. Nesamani is having inward supplies on which he is required to pay GST under RCM, he is required to get registered as per Sec. 24.

Question 22.

- (i) Mr. Ayushman, a registered person having intra-State aggregate turnover of ₹ 1.2 crores in the preceding financial year did not file GSTR-3B for the month of September, 2021 by 10th November, 2021. The amount of tax payable for the month of September, 2021 is ₹ 8 lakh. All his supplies are intra-State supplies. Is there any late fee payable for the same? If yes, what is the amount of late fee payable?
- (ii) Will your answer be different in (a), if Mr. Ayushman has intra-State aggregate turnover of ₹ 5 crores in the preceding financial year?
- (iii) Will your answer be different in (a), if total amount of tax payable in the GSTR-3B for the month of September is Nil?

Answer

- a) As per section 47 of the CGST Act, 2017 read with Notification No 19/2021 CT dated 01.06.2021, the registered persons whose aggregate turnover is \leq ₹ 1.5 crores in the preceding FY, and who fails to furnish the returns required under section 39 by the due date shall pay a late fee of ₹ 1050 ($21 \times 25 = 525$ each under CGST and SGST). Subject to maximum ₹ 2,000 (1000 each under CGST and SGST).
- b) As per section 47 of the CGST Act, 2017 read with Notification No 19/2021 CT dated 01.06.2021, the registered persons whose aggregate turnover is more than ₹ 1.5 crores but less than equal to ₹ 5 crores in the preceding FY, and who fails to furnish the returns required under section 39 by the due date shall pay a late fee of ₹ 1050 ($21 \times 25 = 525$ each under CGST and SGST). Subject to maximum ₹ 5,000 (2500 each under CGST and SGST).
- c) As per section 47 of the CGST Act, 2017 read with Notification No 19/2021 CT dated 01.06.2021, any registered person whose total amount of tax payable in the GSTR-3B is Nil and who fails to furnish the returns required under section 39 by the due date shall pay a late fee of ₹ 420 ($21 \times 10 = 210$ each under CGST and SGST). Subject to maximum ₹ 500 (250 each under CGST and SGST).

Question 23.

Raghav Ltd., have filed their GSTR-3B for the month of July, 2021 within the due date prescribed under Section 39 i.e., 20.08.2021. Post filing of the return, the registered person has noticed during September 2021 that tax dues for the month of July, 2021 have been short paid for ₹ 40,000. Raghav Ltd., has paid the above shortfall of ₹ 40,000, through GSTR-3B of September 2021, filed on 20.10.2021 [payment through Cash ledger - ₹ 30,000 and Credit ledger ₹ 10,000]. Examine the Interest payable under the CGST Act, 2017. What would be your answer if, GSTR-3B for the month of July 2021 has been filed belatedly on 20.10.2021 and the self-assessed tax of ₹ 40,000/- has been paid on 20.10.2021 [payment through electronic cash ledger - ₹ 30,000 and electronic credit ledger ₹ 10,000]

Notes:

- There exists adequate balance in Electronic Cash & Credit ledger as on 31.07.2021 for the above short fall
- No other supply has been made nor tax payable for the month of July, 2021 other than ₹ 40,000/- missed out to be paid on forward charge basis
- Ignore the effect of leap year, if applicable in this case.

Answer

Interest is payable under Section 50 of the CGST Act, 2017 in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

As per proviso to sub-section (1) of Section 50, interest is payable on the net tax liability paid in cash, only if the return to be filed for a tax period under Section 39, has been filed after the due date to furnish such return.

In the above scenario, Raghav Ltd., has defaulted in making the payment for ₹ 40,000 on self-assessment basis in the return for the month of July, 2021. Accordingly, interest is payable on the gross liability and proviso of sub-section 50(1) shall not be applicable.

Thus, the amount of interest payable by Raghav Ltd., is as under: -

Period of delay = 21st August, 2021 to 20th October, 2021 = 61 days

Hence, amount of interest = ₹ 40,000 × 18% × 61/365 = ₹1,203.

Alternatively, if Raghav Ltd., have filed the return for the month of July, 2021 on 20.10.2021, beyond the stipulated due date of 20.08.2021 and if the self-assessed tax for July, 2021 has been paid on 20.10.2021, Interest under proviso to Section 50(1) shall be payable on the tax paid through Electronic Cash Ledger only.

Hence Interest is payable from 21st August 2021 till 20th October 2021 = 61 days

Amount of Interest = ₹ 30,000 × 18% × 60/365 = ₹ 902.

Question 24.

GSTR 3B for the month of January 2024 has been filed by M/s Avisha Limited, a registered person, within the due date prescribed by the CGST Act 2017 which is on February 20th, 2024. It came to the notice of the Co. that tax due for the month of January, 2024 has been paid short by ₹ 16,000. The short fall of ₹ 16,000 has been paid through cash ledger and credit ledger at the time of filing GSTR 3B for the month of February 2024 on March 20th, 2024 in the following manner:

Particulars	Cash Ledger	Credit Ledger
Shortfall	₹ 12,000	₹ 4,000

Assume that electronic cash ledger and credit ledger carry sufficient balance for the above short fall.

- (i) You are required to calculate the amount of interest payable if any under section 50 of the CGST Act 2017 and rule 88B of the CGST rules 2017.
- (ii) Give the effect if GSTR3B for the month of January 2024 had been filed belatedly on March 20, 2024 and all other conditions remaining same.

Calculation should be rounded off to nearest rupee. As 2024 is leap year, give effect of same.

Answer

Interest is payable in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax. Above interest is payable on the net tax liability paid in cash only if return in Form GSTR-3B for a tax period has been filed after the due date to furnish such return. Otherwise, interest is payable on gross tax liability.

- (i) Since Avisha Limited has furnished Form GSTR-3B for the month within the prescribed due date, interest is payable on the gross tax liability deposited with a delay of 29 days [21.02.2024 - 20.03.2024 (both inclusive)] as under:

$$= ₹ 16,000 \times 18\% \times 29/366 = ₹ 228 \text{ (rounded off)}$$

- (ii) If Avisha Limited has filed Form GSTR-3B for the month after the due date, i.e. on 20.03.2024, interest is payable on the net tax liability paid through Electronic Cash Ledger only, for a delay of 29 days, as under:

$$= ₹ 12,000 \times 18\% \times 29/366 = ₹ 171 \text{ (rounded off)}$$

Question 25.

Agni Ltd. a registered supplier wishes to transport cargo by road between two cities situated at a distance of 368 kilometres. Calculate the validity period of e-way bill under rule 138(10) of CGST Rules, 2017 for transport of the said cargo, if it is over dimensional cargo or otherwise.

Answer

The validity period of e-way bill under rule 138(10) of the CGST Rules, 2017 for transport of cargo by road between two cities situated at a distance of 368 km is as under:

(i) If it is over dimensional cargo: the validity period of the e-way bill is one day from relevant date upto 20 km and one additional day for every 20 km or part thereof thereafter.

Thus, validity period in given case:

$$= 368 \text{ kms}/20 = 18.4$$

$$= 19 \text{ days}$$

(ii) If it is a cargo other than over dimensional cargo: the validity period of the e-way bill is one day from relevant date upto 200 km and one additional day for every 200 km or part thereof thereafter.

Thus, validity period in given case:

$$= 368/200 = 1.84$$

$$= 2 \text{ days}$$

Question 26.

Sapna Education Pvt. Ltd is receiving supplies through E-Commerce, Ltd (an Electronic Commerce operator) has provided the following supplies during December, 2020 through E-Comm. Ltd. —

	Supply	Returns, if any
1. Supplies of goods taxable at 12% by registered supplier	5,00,000	50,000
2. Supply of goods taxable at NIL-rate by registered supplier	2,00,000	20,000
3. Supply of housekeeping services by unregistered supplier	50,000	—
4. Supply of other services by registered supplier	1,50,000	—

Required:

- Determine the amount of tax to be collected at source by E-comm. Ltd.
- Determine consequences if said amount is paid and return is filed on 15-1-2021. Assume no extensions.

Answer

The amount of tax to be collected at source by E-Comm. Ltd. is as under (₹) —

1. Supplies of goods taxable at 12% (net of returns)	4,50,000
2. Supply of goods taxable at NIL-rate (not liable to TCS, as it is exempted)	—
3. Housekeeping services (not liable to TCS, as it falls u/s 9(5) & GST is payable by E-Commerce operator)	—
4. Other services (liable to TCS)	1,50,000
Amount on which tax is to be collected at source	6,00,000
Rate of TCS [0.5% + 0.5%]	1%
Amount of TCS	6,000
Due date of payment and due date of filing return in GSTR-8	10-01-2021
Actual date of filing return	15-01-2021
Interest and late fee for	5 days
Interest @18% for 5 days [₹ 6,000 × 18% × 5 / 365]	₹ 15
Late fee for belated filing of GSTR-8 @100 per day under CGST + 100 under SGST = ₹ 200 per day, subject to maximum ₹ 5,000 under CGST + ₹ 5,000 under SGST.	₹ 1,000

Question 27.

Dobriyal Technocrats Ltd., registered in Gurgaon, Haryana, is engaged in manufacturing heavy steel machinery. It enters into an agreement with Mindsharp Associates, registered in Delhi, for imparting motivational training to the top management of Dobriyal Technocrats Ltd. in a 5-day residential motivational training programme at an agreed consideration of ₹ 20,00,000

Mindsharp Associates books the conference hall along with the rooms of Hotel Chumchum, Neemrana (registered in Rajasthan) for the training programme, for a lump sum consideration of ₹ 12,00,000.

You are required to determine the place of supply in respect of the supply(ies) involved in the given scenario.

Answer

In the given situation, two supplies are involved:

- (i) Services provided by Mindsharp Associates to Dobriyal Technocrats Ltd. by way of providing motivational training to its top management.
- (ii) Services provided by Hotel Chumchum to Mindsharp Associates by way of accommodation in said hotel for organizing the training programme.

The place of supply in respect of each of the above supplies is determined as under:

- (i) As per the provisions of **section 12(5)(a) of the IGST Act, 2017**, the place of supply of services provided in relation to training and performance appraisal to a registered person, shall be the location of such person.

Therefore, the place of supply of services supplied by Mindsharp Associates to the registered recipient - Dobriyal Technocrats Ltd. by way of providing motivational training to its top management is the location of Dobriyal Technocrats Ltd., i.e. **Gurgaon, Haryana**.

- (ii) As per the provisions of **section 12(3)(c) of the IGST Act, 2017**, the place of supply of services, by way of accommodation in any immovable property for organizing, inter alia, any official/business function including services provided in relation to such function at such property, shall be the location at which the immovable property is located.

Therefore, the place of supply of services supplied by Hotel Chumchum to Mindsharp Associates by way of accommodation of conference hall along with the rooms of Hotel Chumchum for the training programme shall be the location of the Hotel Chumchum, i.e. **Neemrana, Rajasthan**.

Question 28.

[ICAI RTP MAY 24]

With reference to GST law, Determine the place of supply with reasons in the following independent circumstances: -

- (i) Miss Kanika of Kolkata (West Bengal) visited to Jodhpur Law University (Rajasthan) and paid her college fees by purchasing a demand draft from a bank located in the University campus. Miss Kanika did not have any account with the bank.
- (ii) Mizu Machine Ltd., registered in the State of Andhra Pradesh, supplied a machinery to Keyan Wind Farms Ltd., registered in the State of Karnataka. However, this machinery was assembled and installed at the wind mill of Keyan Wind Farms Ltd., which was located in the State of Tamil Nadu.

Answer

- (i) Section 12(12) of the IGST Act, 2017 provides that the place of supply of banking and other financial services, including stock broking services to any person is the location of the recipient of services in the records of the supplier of services. However, if the location of recipient of services is not available in the records of the supplier, the place of supply is the location of the supplier of services. Therefore, since the location of recipient is not available in the records of the supplier, the place of supply is the location of the supplier of services, i.e. Rajasthan (or Jodhpur).

- (ii) Section 10(1)(d) of the IGST Act, 2017 provides that if the supply involves goods which are to be installed or assembled at site, the place of supply is the place of such installation or assembly. Thus, the place of supply is the site of assembly of machine, i.e., Tamil Nadu.

Question 29.

[ICAI RTP SEP 24]

Briefly examine the taxable value of supply in the following independent cases:

- (i) Jivan Limited, registered under GST, provided services amounting to ₹ 10,00,000 to a Governmental Authority by way of sanitation conservancy.
- (ii) Raju Transporters, a registered Goods Transport Agency (GTA) provided service of transportation of goods to Kukreja & Kukreja Co.-a unregistered partnership firm. Kukreja & Kukreja Co. paid ₹ 8,000 to Raju Transporters as consideration.
- (iii) Amardeep Hospital provided services in Neo natal Intensive Care for 2 days for which ₹ 15,000 are charged per day from Mr. Chopra for his new born son, Viraat.

Answer

- (i) Services provided to a Governmental Authority by way of inter alia sanitation conservancy is exempt under GST. Thus, services provided by Jivan Limited, registered under GST amounting to ₹ 10,00,000 to a Governmental Authority by way of sanitation conservancy is exempt under GST.
- (ii) Services provided by a GTA to an unregistered person, including an unregistered casual taxable person other than, inter alia, any partnership firm whether registered or not under any law including association of persons is exempt under GST. Thus, GTA services provided to partnership firm including AOP – whether or not registered under GST law, are liable to tax. Hence, consideration of ₹ 8,000 paid by Kukreja & Kukreja Co. is taxable under GST.
- (iii) The services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5000 per day to a person receiving health care services is taxable under GST. Since, in the given case Amardeep Hospital provided services in Neo natal Intensive Care, so the entire amount of ₹ 30,000 charged from Mr. Chopra is exempt under GST law.

Question 30.

[ICAI RTP JAN 25]

Briefly examine the place of supply in the following independent cases.

- a) Ms. Shanti (unregistered resident of Gujarat) went to meet her parents at the native place Patna, Bihar and buys a medical insurance policy for her parents from an insurance company – MNT Insurers- of Patna (registered in Bihar). The location of the recipient of services in the records of the MNT Insurers is Patna.
- b) Lakan Singh Transports Pvt. Ltd., a Goods Transportation Agency registered in Noida, Uttar Pradesh, is hired by Ram Trade Links (registered supplier in New Delhi) to transport its consignment of goods from its warehouse in Delhi to the house of a buyer located in Roorkee, Uttar Pradesh.
- c) Mr. Karan (Mumbai) takes a post-paid mobile connection in Mumbai from the service provider - Freesia Ltd. and gives his residence address at Mumbai as the address for billing with the said company.

Answer

- a) The place of supply of insurance services provided to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services. Thus, in the given case, the place of supply is the location of the recipient of services in the records of the supplier, i.e. Patna.
- b) The place of supply of services by way of transportation of goods, including by mail or courier to a registered person, is the location of such person. Thus, in the given case, the recipient being registered, the place of supply is the location of recipient, i.e. New Delhi.

- c) The place of supply of telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person in case of mobile connection for telecommunication and internet services provided on post-paid basis, be the location of billing address of the recipient of services on the record of the supplier of services. Thus, in the given case, the place of supply is the location of billing address of the recipient, i.e. Mumbai.

Question 31.

[ICAI RTP JAN 25]

Blue Panda Pvt. Ltd. is a manufacturing company that supplies goods to various registered dealers across India. The company had an aggregate turnover of ₹ 6 crore in the financial year 2023-24. The finance team of the company is not sure whether e-invoicing provisions are applicable to the company and is of the view that under e-invoicing system, invoices need to be generated directly on the e-invoicing portal instead of its ERP system. You are required to advise the finance team on the following questions:-

- (a) What is e-invoicing, and whether it would apply to Blue Panda Pvt. Ltd.?
(b) Does Blue Panda Pvt. Ltd. need to create its invoices directly on the e-invoicing portal?

Answer

- a) E-invoicing is a system for electronically reporting Business-to-Business (B2B) invoices to the GST system for certain notified taxpayers whose turnover exceeds ₹ 5 crore in any financial year from 2017-18 onwards. Since Blue Panda Pvt. Ltd. had an aggregate turnover of ₹ 6 crore in FY 2023-2024, it is required to issue e-invoices for its B2B transactions.
- b) No, Blue Panda Pvt. Ltd. does not need to create invoices directly on the e-invoicing portal. The company will continue generating its GST invoices using its own Accounting/Billing/ERP system. The only requirement is that these invoices must be reported to the Invoice Registration Portal (IRP) for validation and issuance of a unique Invoice Reference Number (IRN).

Question 32.

[ICAI RTP SEP 24]

Ranmo Limited, a registered entity under GST has demerged its operations with effect from 31st October, 2023. The registration of Ranmo Limited has been cancelled Suo-motu by the Proper Officer. The order of cancellation of registration was passed on 4th November, 2023 and was served on 7th November, 2023.

Ranmo Limited wishes to apply for revocation of cancellation of registration on 4th February, 2024. The tax consultant of Ranmo Limited advised that application for revocation of cancellation or registration is time barred and hence not valid in law. You are required to examine the technical veracity of the advice given by Tax Consultant of Ranmo Limited.

Answer

A registered person, whose registration is cancelled by the proper officer on his own motion, may, subject to the provisions of rule 10B of the CGST Rules, 2017, submit an application for revocation of cancellation of registration, in prescribed form, to such proper officer, within a period of 90 days from the date of the service of the order of cancellation of registration.

However, such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended by the Commissioner or an officer authorised by him in this behalf, not below the rank of Additional Commissioner or Joint Commissioner, as the case may be, for a further period not exceeding 180 days.

Thus, in the given case, Ranmo Limited can apply for revocation of cancellation of registration within a period of 90 days from the date of the service of the order of cancellation of registration, i.e. within 90 days from 7th November, 2023.

The application submitted for revocation of cancellation of registration is valid in law as the same has been submitted within the prescribed time limits.

Thus, the advice given by Tax Consultant of Ranmo Limited is not valid in law.

Question 33.

[ICAI RTP SEP 24]

Mr. X, a registered person under GST has aggregate turnover in the preceding financial year amounting to ₹ 8 crore. He is desirous to know whether e-invoicing is applicable for supplies made by registered person to Government Departments or establishments/Government agencies/local authorities/PSUs which are registered solely for the purpose of deduction of tax at source as per provisions of section 51 of the CGST Act, 2017. You are required to advise Mr. X.

Answer

Government Departments or establishments/ Government agencies/ local authorities/ PSUs, which are required to deduct TDS under section 51 of the CGST Act, 2017, are liable for compulsory registration in accordance with section 24(vi) of the CGST Act, 2017.

Therefore, Government Departments or establishments/ Government agencies/ local authorities/ PSUs, registered solely for the purpose of deduction of TDS, are to be treated as registered persons under the GST law as per provisions of section 2(94) of the CGST Act, 2017.

Accordingly, the registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, is required to issue e-invoices for the supplies made to such Government Departments or establishments/ Government agencies/ local authorities/ PSUs, etc. under rule 48(4) of the CGST Rules, 2017 [Circular No. 198/10/2023 GST dated 17.07.2023]

Question 34.

[ICAI RTP MAY 24]

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 Rs 15,50,000 and payment for the same is due in October, 2023. 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?

Answer

As per section 51 of the CGST Act, 2017 read with section 20 of the IGST Act, 2017 and Notification No. 50/2018 CT 13.09.2018, following persons are required to deduct CGST @ 1% [Effective tax 2% (1% CGST + 1% SGST/UTGST)] or IGST @ 2% from the payment made/credited to the supplier (deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds ₹ 2,50,000:

(a) a department or establishment of the Central Government or State Government; or

(b) local authority; or

(c) Governmental agencies; or

(d) an authority or a board or any other body, -

(i) set up by an Act of Parliament or a State Legislature; or

(ii) established by any Government,

with 51% or more participation by way of equity or control, to carry out any function; or (e)

Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860, or

(f) Public sector undertakings.

Further, for the purpose of deduction of tax, the value of supply shall be taken as the amount excluding CGST, SGST/UTGST, IGST and GST Compensation Cess indicated in the invoice.

Proviso to section 51(1) of the CGST Act, 2017 stipulates that no tax shall be deducted if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

Section 12(3) of the IGST Act, 2017, inter alia, stipulates that the place of supply of services, directly in relation to an immovable property, including services provided by interior decorators,

shall be the location at which the immovable property is located or intended to be located. Accordingly, the place of supply of the interior decoration of Andhra Bhawan shall be Delhi. Since the location of the supplier (Ramlala Enterprises) and the place of supply is Delhi and the State of registration of the recipient i.e. Government of Andhra Pradesh is Andhra Pradesh, no tax is liable to be deducted in the given case. The answer will remain unchanged even if Ramlala Enterprises is registered under composition scheme.

Question 35.

[ICAI RTP JAN 25]

Mr. Bholuram, a supplier located in Meerut, U.P. supplied the bedsheets, pillow covers and blankets to a Governmental agency, registered in U.P. under a contract. The total contract value is ₹ 4,61,000 excluding GST. The value of supply is bifurcated as below:

400 Blankets for ₹ 600 each	₹ 2,40,000
850 Bed Sheets for ₹ 180 each	₹ 1,53,000
1700 Pillow Covers for ₹ 40 each	₹ 68,000

Is Governmental agency required to deduct tax at source (while making the payment to Mr. Bholuram) under section 51 of the CGST Act, 2017 and if yes, determine the amount of tax to be deducted source?

Answer

As per section 51 of the CGST Act, 2017, it is mandatory for the following persons to deduct tax at source from payments made to the suppliers of taxable goods and/or services:-

- (a) Central/State Government department or establishment;
- (b) local authority; or
- (c) Governmental agencies; or
- (d) such notified persons

The tax would be deducted @ 1% (each under CGST and SGST) of the payment made to the supplier of taxable goods and/or services, where the total value of such supply, under a contract, exceeds ₹ 2,50,000 (excluding the amount of Central tax, State tax, Union Territory tax, Integrated tax and cess indicated in the invoice). Thus, individual supplies may be less than ₹ 2,50,000/-, but if total value of supplies under a contract is more than ₹ 2,50,000/-, TDS has to be deducted. In the given case, Mr. Bholuram has made supplies to a Governmental agency and total value of supply under a contract exceeds ₹ 2,50,000, it is mandatory for Governmental agency to deduct TDS @1% each under CGST and SGST on the net value of taxable supplies.

The amount of TDS required to be deducted each under CGST & SGST each is ₹ 4,610.

Question 36.

The Resident Welfare Association (RWA) of Blue Heaven Housing Society in Delhi provides the following information with respect to the various amounts received by it in the month of January 2021.

Sr. No.	Particulars	₹
1.	Monthly subscription collected from member families (₹8,500 each from 100 families)	8,50,000
2.	Electricity charges levied by State Electricity Board on the members of RWA [The same was collected from members and remitted to the Board on behalf of members.]	3,50,000
3.	Electricity charges levied by State Electricity Board on the RWA in respect of electricity consumed for common use of lifts and lights in common area. [Bill was raised in the name of RWA. RWA collected the said charges by apportioning them equally on actual basis as charged by state electricity board, among 100 families and then, remitted the same to the Board.]	4,00,000

4.	Proceeds from sale of entry tickets to a cultural programme conducted by the RWA in the park of Blue Heaven Housing Society	40,000
5.	Proceeds from sale of space for advertisement in Members directory [from members ₹ 1,00,000 and from non-members ₹ 2,00,000]	3,00,000

Compute the value of taxable service of RWA of Blue Heaven Housing Society for the month of January, 2021.

Answer

Sr. No.	Particulars	₹
1.	Monthly subscription collected from member families (₹8,500 each from 100 families) [Note 1]	8,50,000
2.	Electricity charges levied by State Electricity Board on the members of RWA [The same was collected from members and remitted to the Board on behalf of members.] [Note 2]	Nil
3.	Electricity charges levied by State Electricity Board on the RWA in respect of electricity consumed for common use of lifts and lights in common area on actual basis as charged by State Electricity board. [Note 3]	Nil
4.	Proceeds from sale of entry tickets to a cultural programme conducted by the RWA in the park of Blue Heaven Housing Society [Note 4]	40,000
5.	Proceeds from sale of space for advertisement in Members directory [from members ₹ 1,00,000 and from non-members ₹ 2,00,000] [Note 4]	3,00,000
	Value of taxable service	11,90,000

Notes:

- As per Exemption Notification 12/2017 Central Tax (Rate) there is an **exemption upto ₹ 7,500 per month** per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex. In the above case the **amount exceeds the prescribed limit.**
Hence, the same is liable to GST
- This has been collected as a **'pure agent'** basis as per the explanation provided in Rule 33 of CGST Rules.
Hence, the same is not liable to GST
- As per CBIC circular No. 206/18/2023, where RWA charge for electricity on actual basis i.e., they charge the same amount for electricity from their lessees or occupants as charged by state electricity board from them, they will be deemed to be acting as pure agent for this supply.**
- The same is not covered under exemption.
Hence, liable to GST

Question 37.

A Ltd. is engaged in fertilizer manufacturing in Karnataka. It has GST registration from Karnataka (A Ltd. does not have registration in any other State / Union Territory). X is head of finance department of the company. On January 10, 20XX, X goes to Mumbai to attend a 3-day conference on international finance organised by Harvard Business School at Nariman Point. For this purpose, he incurs the following expenditure –

- Bengaluru-Mumbai air ticket (paid to Air Vistara, Karnataka): Rs. 26,000 + GST.
- 3-day conference participation fee (paid to Harvard Business School, at the time of registration in Mumbai): Rs. 1,50,000 + GST.
- Hotel expenditure (paid to Taj Hotels, Mumbai): Rs. 60,000 + GST.

- Mumbai-Bengaluru air ticket (paid to Air India, Mumbai): Rs. 32,000 + GST.
- These expenses are paid by cheque by A Ltd. Recipient of supply is A Ltd. (GSTIN of A Ltd. is given on tax invoices).

What is the place of supply in these cases?

Answer

Place of supply will be determined as follows –

- **Bengaluru-Mumbai air ticket** - This service is pertaining to transportation of passengers. It is covered by section 12(9) of IGST Act. If the recipient is a registered person, place of supply of service is the location of recipient of service. A Ltd. is registered in Karnataka. Place of supply of service is in Karnataka. Location of supplier is in Karnataka. Consequently, it is intra-State supply.
- **Conference participation** – In case of admission to an event, POS is location of such event in the present case it is Mumbai. As location of supplier is Mumbai & POS is Mumbai it is Intra-state supply.
- **Lodging accommodation by Taj Hotels** - It is covered by section 12(3)(b) of IGST Act. Place of supply of service is the location of hotel building (i.e., Mumbai). Location of supplier is in Mumbai. It is, therefore, intra-State supply.
- **Mumbai-Bengaluru air ticket** - As discussed in 1 above, place of supply of service is in Karnataka. Location of supplier is in Mumbai. Consequently, it is inter-State supply.

Question 38.

From the following information determine the value of taxable supply as per provisions of section 15 of the CGST Act, 2017

Particulars	₹
Value of machine (including GST @ 12%)	15,00,000
The invoice includes the following	
(1) Taxes (other than CGST/SGST/IGST) charged separately by the supplier	15,000
(2) Weighment and loading charges	25,000
(3) Consultancy Charges in relation to pre-installation planning	10,000
(4) Testing Charges	2,000
(5) Inspection Charges	4,500
Other information:	
(i) Subsidy received from central government for setting up factory in backward region	51,000
(ii) Subsidy received from third party for timely supply of machine to recipient	50,000
(iii) Trade discount actually allowed shown separately where necessary	24,000

Give reasons with suitable assumption show separately where necessary.

Answer

Computation of Value of taxable supply of Goods:

Note: In the absence of information, the given price is assumed to be after considering subsidy

Particulars	₹
Value of machine (including GST @ 12%)	15,00,000
(1) Taxes other than CGST/SGST/IGST charged separately by the supplier [As per section 15(2)(a) of CGST Act. 2017, any duty, cesses, fees and other charges, charged separately by supplier are to be included in value of taxable supply. Since they are already includible. Since they are already included, no adjustment called for]	-
(2), (3), (4) and (5) Weighment and loading charges, Consultancy Charges in relation to pre-installation planning. Testing Charges and Inspection Charges charged before supply [As per section 15(2). any amount charged for anything done by supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included]	-

in the value of taxable supply. Since they are already included, <u>no adjustment called for.</u>]	
i. Subsidy received from Central government for setting up factory in backward region [As per section 15(2) (e), the value of supply shall include subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments. <u>It is not directly linked to price and to be ignored.</u>	-
ii. Subsidy received from third party for timely supply of machine to recipient [As per Section 15(2) (e), the value of supply shall include subsidies directly linked to the price; <u>hence, Includable</u>] <u>In the given price its already excluded.</u>	50,000
iii. Trade discount actually allowed shown separately in invoice [As per Section 15(3)(a), the value of the supply shall not include any discount which is given before or at the time of the supply, if such discount has been duly recorded in the invoice issued in respect of such supply. Hence, same is deductible in computing value. It is given as 'other information, <u>hence, it is not already adjusted.</u>]	(24,000)
Cum tax value (i.e., value including GST)	15,26,000
Less: GST@12% [15,26,000 × 12 ÷ 112] [As per Section 15(2)(a) of the CGST Act, 2017, value of supply shall not include GST and GST Cess. Even as per Rule 35, if price is inclusive of GST, GST shall be computed using back-computations.]	(1,63,500)
Value of taxable supply	13,62,500

Question 39.

UCO Bank has a branch in Aurangabad engaged in supply of services by way of accepting deposits and extending loans opted for the option to avail credit of 50% of input tax of the month of which input tax relates under section 17(4). It has a head office at Pune. Input tax credit (CGST & SGST) available for the month of October 2021 is ₹ 1,20,000 which includes: Total Input tax credit includes credit pertaining to:-

SI. No	Particulars	Input tax (₹) CGST & SGST
1	Services availed from its distinct establishment i.e., from Pune head office	27,000
2	Outdoor catering services received for its employees	32,000
3	Goods obsolete and value of which to be written off in books	11,000
4	Auditing Services	25,000
5	Goods for personal use of employees	7,500

Determine the amount of Input tax credit of October, 2021 that can be availed by UCO Bank.

Answer

As per section 17(4) of CGST Act, every banking company or financial institution, including NBFC, engaged in supply of services by way of accepting deposits or extending loans or advances which is not opting for section 17(2), has the option to avail of every month an amount equal to 50% of the eligible input tax credit on inputs, capital goods and input services in that month and rest shall lapse.

Since, UCO Bank has availed an option to avail every month equal to 50% of the eligible input tax credit on inputs, capital goods input services. Thus in given case-

SI.No	Particulars	Eligible ITC (₹)
-------	-------------	------------------

	Input tax credit available [excluding input tax credit from its Pune head office] i.e. 1,20,000-27,000	93,000
	Credit relating to -	
Less:	Outdoor catering services received for its employees	(32,000)
	Goods obsolete and value of which to be written off in books	(11,000)
	Auditing Services	Nil
	Goods for personal use of employees	(7,500)
	Total eligible Input tax credit available	42,500
(a)	50% of eligible Input tax credit shall be availed by UCO bank	21,250
(b)	Input tax on supply of services availed from its distinct establishment i.e., From Pune {50% restriction not applicable hence full input tax credit can be availed}	27,000
	Total eligible Input tax credit available in respect of CGST & SGST (a) + (b)	48,250
	Amount of Input tax credit lapsed	21,250

Question 40.

M/s ABC Ltd. have belatedly filed GST return (under section 39) for the month of January after 60 days from the due date for filing such return. Total tax paid in such return is as below:

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Output tax payable	4,50,000	2,85,000	2,85,000
Tax payable under reverse charge	18,000	32,000	32,000
Input tax available for utilisation	2,50,000	55,000	55,000
Tax paid through Electronic Cash Ledger	2,18,000	2,62,000	2,62,000

Examine the interest payable as per the provisions of GST law.

What would be your answer, if entire tax for the month of January has to be paid through Electronic Credit Ledger except taxes to be paid on reverse charge basis?

Answer

Proviso to section 50 lays down that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period **furnished after the due date in accordance with the provisions of section 39**, except where such return is furnished after commencement of any proceedings **under section 73 or section 74** in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger.

In the given scenario, M/s ABC Ltd. have filed their return belatedly and as per the above provisions, interest is payable on the tax component paid through Electronic Cash Ledger only. A point relevant to note here is that tax payable on reverse charge basis also carries interest for the period of delay in remittance of tax and input tax credit cannot be used to pay the same (i.e. tax payable under reverse charge has to be paid in cash).

Accordingly, interest under section 50 payable for the tax paid through Electronic Cash Ledger is computed as below:

$$\text{IGST: } ₹218,000 * 18\% * 60/365 = ₹ 6,450$$

$$\text{CGST: } ₹262,000 * 18\% * 60/365 = ₹7,752$$

$$\text{SGST: } ₹262,000 * 18\% * 60/365 = ₹ 7,752$$

Further, if entire tax payable for January is paid through Electronic Credit ledger, except for the taxes to be paid under reverse charge basis, then interest under section 50 is applicable only on the remittance of tax under reverse charge basis and not for tax payable on forward charge basis.

Accordingly, Interest payable is given as below:

$$\text{IGST: } ₹18,000 * 18\% * 60/365 = ₹532$$

$$\text{CGST: } ₹32,000 * 18\% * 60/365 = ₹946$$

$$\text{SGST: } ₹32,000 * 18\% * 60/365 = ₹946$$

Question 41.

[ICAI RTP JAN 25]

Vintage Cinemas Pvt. Ltd. (VCPL) is a leading chain of multiplexes operating in several States across India. The company has its corporate office in Mumbai, Maharashtra and is registered under GST in multiple States including Maharashtra. The company offers movie tickets, food and beverages and other entertainment-related services.

The turnover of the company in the preceding financial year as per the audited financial statements was ₹ 175 crore. The company crossed the aggregate turnover of ₹ 35 crore till June in the current year.

In July, VCPL opened a new multiplex in Gujarat wherein the commercial operations will commence from August 1.

Due to operations in multiple States, the finance and accounts operations are handled by a centralized team at the corporate office. The same team is also responsible for filing the GST returns for all the GST registrations of the company.

The company is also engaged in leasing of space to independent vendors in its food court against rental charges for the purpose of increasing the source of revenue.

The company obtained a new office building in Mumbai under a rental agreement and paid an amount of ₹ 5 crore as refundable security deposit to the owner of the premises.

The term of the rental agreement is 5 years.

The company also dispatched advertisement material worth ₹ 35 lakh from Maharashtra to Gujarat Multiplex for the upcoming movies by way of transport through road in September.

The company claimed input tax credit on such advertisement material at the time of receipt in Maharashtra. The rate of tax applicable on all inward and outward supplies is 18% IGST, 9% CGST and 9% SGST unless otherwise specified.

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.5 below –

1. Which of the following statements is correct under GST law in relation to the registration requirements of the company (VCPL) in relation to its operations to be commenced in the State of Gujarat?
 - a) VCPL is not required to take GST registration for Gujarat multiplex till turnover of Gujarat multiplex does not cross ₹ 20 lakh.
 - b) VCPL is required to take GST registration in Gujarat while commencing business in Gujarat as aggregate turnover of VCPL has already exceeded ₹ 20 lakh in the current financial year.
 - c) VCPL is allowed to add Gujarat multiplex as additional place of business under the existing GST registration in Maharashtra.
 - d) VCPL is required to take GST registration only from next financial year subject to the condition that turnover of current financial year for Gujarat multiplex exceeds ₹ 20 lakh.

2. Which of the following statements is true in relation to filing of return by VCPL?
 - a) VCPL is required to file a single consolidated GST return for all States.
 - b) VCPL is required to file separate GST return for each State where it is registered.
 - c) VCPL is required to file returns only for the Maharashtra State where its corporate office is located.
 - d) VCPL has an option to file return in the State with the highest turnover.

3. VCPL is required to levy GST on rental charges _____.
 - a) only if the turnover of tenant exceeds ₹ 20 lakh.
 - b) only if the turnover of tenant exceeds ₹ 1.5 crore.
 - c) only if the total rental charge collection in hands of VCPL exceeds ₹ 20 lakh.
 - d) irrespective of the turnover of the tenant or the amount of rental charge collection in the hands of VCPL.

4. In respect of the refundable security deposit given by VCPL, _____.
 a) GST is payable on the deposit amount by the owner of the premises.
 b) GST is payable on the deposit amount by VCPL.
 c) there is no requirement to pay GST by the owner or VCPL.
 d) GST is payable in equal proportion over the term of rent agreement by the owner of premises.

5. VCPL is _____ for the advertisement material sent from Maharashtra Office to Gujarat office in relation to the upcoming movies.
 a) not liable to issue any document as the transaction is between entities having same PAN.
 b) liable to issue only a delivery challan.
 c) liable to issue only a bill of supply.
 d) liable to generate a tax invoice as well as an E-Way Bill.

Answer

MCQ No.	Most Appropriate Answer
1)	B
2)	B
3)	D
4)	C
5)	D

Question 42.

[ICAI RTP SEP 24]

XYZ Private Limited is a mid-sized company, registered in Delhi, dealing in the manufacturing and distribution of electronic goods in India. The company has been operating for over a decade and has a robust supply chain network across the Country. The Company needs to ensure compliance with various GST regulations related to return filing, registration, and payment of tax.

The company is exploring to expand its sales channel in India through distributors in each State. In view of the same, the company has undertaken following activities in the month of June.

- (a) Organized a distributor conclave in Udaipur, Rajasthan, where the distributors from Rajasthan, Gujarat and Madhya Pradesh participated in the conclave held in Rajasthan. The total cost of hotel accommodation was ₹ 25 lakh, which was paid by the Delhi office to the Hotel located in Rajasthan.
- (b) The company purchased certain gift items for distribution to the participants in the conclave. The gift items were purchased from the vendor located in Ludhiana, Punjab and were delivered to the hotel in Udaipur, Rajasthan for distribution to the participants of the conclave. The cost of such gift items was ₹ 25 lakh. However, the value of individual gift items was restricted to ₹ 75,000.
- (c) The company purchased an insurance policy for its employees travelling for the conclave and the premium for such insurance policy was ₹ 1 lakh which was paid by the company. There is no requirement under any law requiring such insurance policy.
- (d) The company took on rent, a new warehouse near its factory in Delhi for storage and dispatch of goods. The goods are being transported between the factory and new warehouse in non-motorized cart. The value of such goods transported in single trip is up to ₹ 5 lakh. Further, the rent of warehouse is ₹ 18 lakh for the initial 11 months and the same shall be revised to ₹ 21 lakh after expiry of initial 11 months.

The rate of tax applicable is 18% IGST, 9% CGST and SGST each unless otherwise specified. On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.5 below –

1. Which of the following statements is correct under GST law in relation to the hotel accommodation service received by the Company?
 - (a) The hotel shall charge CGST and SGST in the invoice issued to the Company.
 - (b) The Hotel shall charge IGST in the invoice issued to the Company
 - (c) The Hotel shall issue a bill of supply to the Company.
 - (d) The Hotel shall charge CGST and SGST to the extent the charges are related to participants of Rajasthan and IGST to the extent charges are related to the participants of Gujarat and Madhya Pradesh, on the invoice issued to the Company.

2. What shall be the place of supply in relation to the gift items purchased by XYZ Private Limited?
 - (a) Rajasthan i.e. the location where the goods were received
 - (b) Delhi i.e. the principal place of business of the Company
 - (c) Punjab i.e. the location from where the goods were dispatched
 - (d) Permanent location of participants receiving the gifts

3. Which of the following statements is true in relation to the gift items and the insurance policy purchased by the Company?
 - (a) The company is not eligible to avail the input tax credit in relation to both, gift items and the insurance policy.
 - (b) The company is eligible to avail the input tax credit related to gifts valuing less than ₹ 50,000.
 - (c) The company is eligible to avail the input tax credit only on insurance policy as the same is provided to employees i.e. related person of the Company.
 - (d) There is no restriction in availment of input tax credit related to gifts and insurance policy.

4. Which of the following statements is correct in relation to the issuance of e-way bill for transportation of goods between factory and warehouse in non-motorized cart?
 - (a) E-way bill is required to be issued by the company for each instance of transportation of goods irrespective of the consignment value of goods.
 - (b) E-way bill is not required to be issued in the given case irrespective of the consignment value of the goods.
 - (c) E-way bill is required to be issued for goods of the consignment value above ₹ 50,000
 - (d) E-way bill is required to be issued for goods of the consignment value above ₹ 1,00,000

5. Which of the following statements is most appropriate in relation to the new warehouse taken on rent by the Company?
 - (a) Separate GST registration is not required mandatorily.
 - (b) Separate GST registration is required mandatorily.
 - (c) GST registration is required as a casual taxable person for the term of rent agreement.
 - (d) Separate GST registration is required once the rent is more than ₹ 20 lakh per annum.

Answer

MCQ No.	Most Appropriate Answer
1)	A
2)	B
3)	A
4)	B
5)	A

Question 43.

[ICAI RTP MAY 24]

ABC Ltd. has its manufacturing unit in the State of Rajasthan. Further, it has ancillary units in the State of Madhya Pradesh and Gujarat and is registered in each of these States. Moreover, ABC Ltd. owns and operates a hotel in Udaipur, Rajasthan.

In addition to the aforesaid, ABC Ltd. owns a commercial space which is rented out to a registered person at the monthly rent of ₹ 50,000. The maintenance of the premises is the responsibility of ABC Ltd. In pursuance of the same, during the month of April, ABC Ltd. incurred certain expenses on the purchase of maintenance related materials. The said expenses are recoverable from the tenant along with the invoice issued for rent. The rate of tax applicable on the material used for maintenance was 5%. During the year, ABC Ltd. agreed to provide the hotel to Mr. X for a business conference to be held at Udaipur. Mr. X is an unregistered person residing in Maharashtra.

ABC Ltd. made a supply of machinery in the month of June, details of which are as follows-

- Basic price of the machinery before TCS under Income Tax Act, 1961- ₹ 45,000
- Tax collected at source under Income-tax Act, 1961 - ₹ 2,500.
- It received a subsidy of ₹ 3,500 from Green Foundation Pvt. Ltd. for usage of green energy and the subsidy was linked to the units of energy saved and not aforesaid machinery.

In addition to the aforesaid transactions, ABC Ltd. spent an amount of ₹ 5 lakh on the procurement of certain goods which were distributed as part of the corporate social responsibility [CSR] expenditure required under the provisions of the Companies Act, 2013. During the scrutiny proceedings in the State of Gujarat, jurisdictional GST officer asked ABC Ltd to submit the copy of audited financial statements for Gujarat and was of the view that ABC Ltd. is required to get his accounts audited by a Chartered Accountant separately under GST Law for filing annual return and reconciliation statement in each State. All above amounts are exclusive of GST, wherever applicable. The rate of GST on all inward and outward supplies is 18%, unless otherwise mentioned. Assume that there is no other outward or inward transaction apart from aforesaid transactions. Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

1. For the transaction related to renting of commercial space, what should be the rate of tax charged by ABC Ltd.?
 - (a) The rate of GST on rent and maintenance material related recovery shall be 18%.
 - (b) The rate of GST on rent shall be 18% and, on the material, shall be 5%.
 - (c) No GST shall be charged on the recovery related to material used in maintenance. Rate of GST on rent shall be 18%.
 - (d) The rate of GST on rent and maintenance material related recovery shall be 5%.
2. Compute the value of supply under section 15 of the CGST Act, 2017 made by ABC Ltd. in the month of June?
 - (a) ₹ 45,000
 - (b) ₹ 47,500
 - (c) ₹ 48,500
 - (d) ₹ 51,000
3. With respect to the hotel accommodation service provided to Mr. X, GST payable by ABC Ltd. is _____.
 - (a) nil, GST on accommodation service is payable by the recipient, Mr. X, under reverse charge
 - (b) nil, GST on accommodation services provided to an unregistered person is exempt from GST
 - (c) in the nature of CGST and SGST
 - (d) in the nature of IGST

4. Which of the following options is correct with regard to the availability of ITC to ABC Ltd. in respect of GST paid on the procurement of goods meant for the purpose of corporate social responsibility activity?
- The amount of ITC related to such procurement of goods is not available to ABC Ltd.
 - The amount of ITC related to such procurement of goods is available to ABC Ltd.
 - The amount of ITC only to the extent of 50% of amount of such procurement of goods is available to ABC Ltd.
 - The amount of ITC shall be available to the registered person to whom such goods are distributed under CSR activity.
5. Which of the following options is correct with regard to the advice given by GST officer in respect of auditing of accounts?
- There is no requirement of separate audit of the financial statements from the perspective of GST provisions.
 - Only reconciliation statement shall be audited by a Chartered Accountant.
 - The annual return as well as the reconciliation statement shall be audited by a Chartered Accountant.
 - Separate audit of financial statements at each State level is required by ABC Ltd. under the GST law.

Answer

MCQ No.	Most Appropriate Answer	
1)	A	The rate of GST on rent and maintenance material related recovery shall be 18%.
2)	A	₹ 45,000
3)	C	in the nature of CGST and SGST
4)	A	The amount of ITC related to such procurement of goods is not available to ABC Ltd.
5)	A	There is no requirement of separate audit of financial statements from the perspective of GST provisions.

Question 44.

M/s. KBC Insurance Ltd., is an insurance company providing life and non-life products across India. The company is carrying on its business for the past three years with the approval of IRDA.

M/s. KBC Insurance Ltd. secure its business through various insurance agents spread across India. Those agents include individuals, firm, LLP and private limited company also. However, all of them are licensed under Insurance Act.

The company availed services of renting of motor vehicles for its employees in PAN India through 'RR Travels Private Limited', where cost of fuel is included in the consideration charged. The service provider charged 5% GST and informed the company that it is claiming ITC only in respect of the same line of business.

M/s. KBC Insurance Ltd. provided the following details of insurance business for the month of May

Sl. no	Nature of receipt	Amount in ₹
i.	Premium received on Pradhan Mantri Jan Dhan Yojana	5,00,000
ii.	Premium received on Aam Aadmi Bima Yojana	3,00,000
iii.	Premium received on Life micro-insurance product having a sum assured of ₹ 2.50 lakh	4,00,000
iv.	Premium received on reinsurance of Group Personal Accident Policy for Self-Employed Women	1,00,000
v.	Premium received on Fire and Special perils policy of various business units	7,00,000
vi.	Premium received on Money-back policies issued	12,00,000

M/s. KBC Insurance Ltd. received a proposal for Pandemic Insurance for IPL matches from the franchisees. Sum assured for said insurance was ₹ 250 Crores with a premium of ₹ 50 lakh. The company issued the said policy on 1st July. Invoice for the same was issued on 5th August. Premium was received on 14th August.

Invoice dated 5th August issued by the company contained the following information,

- i. Serial Number
- ii. Name of the Recipient
- iii. Address of the recipient
- iv. Taxable value
- v. Date of its issue
- vi. Amount of tax charged

M/s. KBC Insurance Ltd. received the following supplies in the month of May and the details of GST paid on such supplies are as follows-

- i. GST paid on purchase of car for use of Managing Director – ₹ 5,00,000
- ii. GST paid on bus (seating capacity for 14 persons) purchased by the company for transportation of its employees from their residence to office and back – ₹ 3,00,000
- iii. GST of ₹ 80,000 was paid on general insurance taken from Amity Insurance Ltd. for motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) which were used in transportation of staff of the company.

All the amounts given above are exclusive of taxes wherever applicable. All the supply referred above is intra-State unless specified otherwise. Aggregate turnover of the company is not less than ₹ 10 crores for the past three years. Conditions necessary for availment of ITC are fulfilled subject to the information given.

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

1. Determine the services on which the company is liable to pay tax under reverse charge?
 - a) Service availed from insurance agents
 - b) Service availed from RR Travels Private Limited
 - c) None of the services availed attracts RCM
 - d) Both (a) & (b)

2. Compute the value of exempt supply provided by M/s. KBC Insurance Ltd. for the month of May?
 - a) ₹ 9,00,000
 - b) ₹ 13,00,000
 - c) ₹ 20,00,000
 - d) ₹ 32,00,000

3. Compute the value of taxable Supply made by M/s. KBC Insurance Ltd. for the month of May?
 - a) ₹ 4,00,000
 - b) ₹ 12,00,000
 - c) ₹ 23,00,000
 - d) ₹ 32,00,000

4. Determine the amount of ITC that can be claimed by M/s. KBC Insurance Ltd?
 - a) ₹ 80,000
 - b) ₹ 3,00,000
 - c) ₹ 3,80,000
 - d) ₹ 8,80,000

5. Determine the time of supply of service provided to IPL franchisees?
 - a) 1st July
 - b) 16th August

- c) 05th August
d) 14th August
6. Which of the following details are not mandatorily required to be mentioned in the invoice issued by the company?
- a) i and ii
b) i and iii
c) i, ii and iii
d) iv, v and vi

Answer

MCQ No.	Most Appropriate Answer
1)	A
2)	A
3)	C
4)	B
5)	C
6)	B

Question 45.

M/s. Vittal & Co., a registered supplier under GST, is dealing in supply of taxable goods in the State of Karnataka.

The firm opted for Composition Scheme since April. It's turnover crossed ₹ 1.50 Crores on 9th May and has opted for withdrawal of composition scheme on the said date.

Vittal & Co. sent goods on 10th June to Suri & Co. on 'Sale or Return Basis'. Suri & Co. accepted the goods vide its confirmation mail dated 15th December.

The firm has paid GST for various items during the month of August. It comprised of the following-

- a) GST paid on input services intended to be used for personal purposes – ₹ 12,000
b) GST paid on purchase of Motor Vehicle for business use (being a two-wheeler having engine capacity of 25CC) – ₹ 9,000
c) GST paid on purchase of computer – ₹ 19,000

(GST portion was included as part of cost to claim depreciation under Income-tax Act, 1961) During May, Vittal and Co. had reversed ITC of ₹ 10,000 for not making payment to Vendors within the time prescribed under CGST Act, 2017. This pending payment was cleared in the month of August.

Out of purchases made and ITC availed during earlier months, the following information is made available as on September:

Supplier Name	Payment is due for (Number of days)	Related ITC Component
XYZ	165	₹ 13,000
ABC	199	₹ 15,000
PQR	99	₹ 20,000

Vittal & Co received accounting services from Raghu & Co., an associated enterprise, located in Sri Lanka. Raghu & Co. issued invoice for the service on 1st September, which was entered by Vittal & Co. in its book on 10th October. But payment was made on 30th September.

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

Based on the information provided above, choose the most appropriate answer for the following questions-

1. Vittal & Co. needs to furnish a statement containing details of stock of inputs / inputs held in finished goods on the withdrawal of composition scheme by _____
a) 9th May

- b) 23rd May
c) 8th June
d) 7th July
2. In respect of the goods sent on sale or return basis, Vittal & Co. shall issue the invoice by _____
a) 10th June
b) 10th September
c) 10th December
d) 15th December
3. Determine the amount of eligible input tax credit that can be availed by Vittal & Co for the month of August?
a) Nil
b) ₹ 19,000
c) ₹ 22,000
d) ₹ 50,000
4. Compute the amount of ITC to be reversed for the month of September?
a) Nil
b) ₹ 28,000
c) ₹ 15,000
d) ₹ 13,000
5. Time of supply in respect of service imported by Vittal & Co from its Associated Enterprise is _____
a) 1st September
b) 30th September
c) 1st October
d) 10th October

Answer

MCQ No.	Most Appropriate Answer
1)	C
2)	C
3)	B
4)	C
5)	B

Question 46.

[ICAI RTP JAN 25]

M/s Consultease Services Private Limited, a company registered under GST in Mumbai, Maharashtra, offers business consultancy, digital marketing and project management services across India. The company recorded the following transactions in October:

1. Consultancy services for market analysis: Provided consultancy services for market analysis to XYZ Ltd., a registered client in Chennai, Tamil Nadu (Inter-State), for ₹ 4,50,000. Additionally, the company paid an amount of ₹ 4,500 as professional tax applicable in the State of Maharashtra as per requirement of local state legislation. The amount of professional tax was recovered separately from XYZ Ltd.
2. Digital Marketing Services for Launch Event: Conducted digital marketing for an upcoming product launch for Mr. A based in Rajasthan, who is an unregistered person under GST. The agreed fee for the said services is ₹ 3,00,000. Out of the agreed fee, an amount of ₹ 25,000 is incurred by Mr. A. The company was liable to pay the same in relation to the supply and the net payment received by the company was ₹ 2,75,000 (exclusive of any tax).

3. Travelling payment for the team: The employees incurred an amount of ₹ 50,000 on travel to Kolkata for client project and claimed a reimbursement of the same from the company. As a policy, company charged such expenses from the clients on actual basis.
4. Discount passed on to customer: Post supply discount was offered to a customer amounting to ₹ 50,000 against a supply for which invoice was issued in September. The customer has not reversed the input tax credit relating to such discount.
5. Recovery of late payment charges: The company received an amount of ₹ 1,00,000 as late payment charges for delay in payment for consideration from a client whose service contract was completed in June.
6. Purchase of car: A car was purchased in the name of company for use by the director. The total cost of car was ₹ 10,50,000 (inclusive of IGST amounting to ₹ 1,50,000).
7. Insurance services: The company paid for insurance of the above new car amounting to ₹ 25,000 which includes IGST amounting to ₹ 2,300.
8. Procurement of services: The company received inter-State supply of services used for business purpose on which GST paid was Rs. 45,000. Said credit was not restricted under any provision of GST laws.
9. Sponsorship: The company sponsored a sports event wherein it paid an amount of ₹ 2,00,000 to the event organizers.

You are required to compute the following for the month of October:

- (a) Total value of supply
- (b) output tax payable by the Company.
- (c) net GST payable in cash.

Note:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) All the amounts given above are exclusive of taxes.
- (iii) There was no opening balance of input tax credit.
- (iv) The turnover of the company was ₹ 10 crores in the previous financial year.
- (v) All the transactions are inter-State, unless otherwise specified

Answer

(a) Computation of total value of supply

Particulars	Amount (₹)
Consultancy services provided to XYZ Ltd. (As per section 15 of the CGST Act, 2017, the value of supply includes the amount of any tax paid under any law other than GST. Accordingly, the amount of professional tax is includible in the value of services.)	4,54,500
Digital marketing services provided to Mr. A (The amount incurred by the recipient on behalf of the supplier is includible in the value of supply.)	3,00,000
Travelling expenses recovered from the client (Incidental expenses like travelling expenses incurred in course of supply is includible in value of supply.)	50,000
Post supply discount (No adjustment of post supply discount is allowed as the customer has not reversed the input tax credit.)	-
Late payment charges (The late payment charges recovered are includible in GST and liable to tax at the time of receipt of amount.)	1,00,000
Total value of supply for October	9,04,500

(b) Computation of output tax payable

Particulars	IGST (₹)
Total value of outward supply	9,04,500
Total output tax payable @ 18% (Company is liable to pay GST on sponsorship services under reverse charge, but the tax payable under reverse charge is not included in the value of output tax.)	1,62,810

(c) Computation of net GST payable in cash

Particulars	IGST (₹)
Total output tax	1,62,810
Less: Input Tax Credit [Refer Working Note below]	-81,000
Net GST payable (A)	81,810
Add: GST payable under reverse charge for receipt of sponsorship services (B) [Tax on sponsorship services availed by a body corporate from any person is payable under reverse charge. Since the tax payable under reverse charge is not an output tax, ITC cannot be utilized to pay GST payable under reverse charge. Thus, it has to be paid in cash.]	36,000
Total GST payable in cash (A) +(B)	1,17,810

Working Note:

Computation of ITC available

Particulars	IGST (₹)
Purchase of car for use by director (ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked except when the same are used for (i) making further taxable supply of such motor vehicles (ii) making taxable supply of transportation of passengers (iii) making taxable supply of imparting training on driving such motor vehicles. Purchase of car for use by director is not a specified purpose.)	
Insurance of car (ITC is not allowed on services of insurance relating to the motor vehicles on which ITC is blocked. Since, the car is not used for any of the eligible purposes, ITC thereon is blocked and thus, ITC on insurance taken on such car is also blocked)	
ITC on receipt of services (ITC is available on services used in the course or furtherance of business.)	45,000
ITC on sponsorship services (ITC is available on services used in the course or furtherance of business.)	36,000
Total ITC available	81,000

Question 47.

[ICAI RTP SEP 24]

Craftmodel Limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. It is not engaged in renting of cars business. The company provided the following details for the month of January, 2024.

Sl. No.	Particulars			Amount in ₹
(i)	Outward supply of goods made during the month to various non-related persons:			As given in particulars column
		Particulars	Market value (₹)	

	a.	in the State of Bihar (Intra-State)	3,00,000	4,00,000	
	b.	to other States (Inter-State)	7,50,000	6,00,000	
(ii)	The company pledged its 5% equity shares to the merchant banker for the purpose of proposed initial public offer.				
(iii)	Stock transfer of goods worth ₹ 58,000 without consideration to its branch at Gaya (Bihar). Branch has been declared as an additional place of business in the registration certificate.				
(iv)	Intra-State inward supply of various services for use in the course or furtherance of business (30 invoices). Out of 30 invoices, details of 10 invoices amounting to ₹ 2,50,000 were not furnished by the suppliers in their GSTR-1s and resultantly, were not reflected in Craftmodel Limited's GSTR-2B.				12,00,000
(v)	Outward supply of services of milling of paddy into rice (Intra-State)				2,00,000
(vi)	Outward supply of services of giving trucks on hire to a Governmental authority (Intra-State)				1,50,000
(vii)	Amount paid to IIM Ahmedabad, Gujarat for providing 15 days' management training to 10 managers from 10th January. The IIM provided Participation Certificates at the end of the training program.				5,00,000
(viii)	Purchased air tickets for its employees from Patna to Guwahati, Assam airport in economy class. Total fare was ₹ 1,00,000, out of which basic fare was ₹ 80,000.				

Additional Information:

- (a) All the amounts given above are exclusive of taxes, wherever applicable.
- (b) During the course of arranging and filing documents, the Accountant of Craftmodel Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 2nd December, 2023 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January, 2024. This invoice was issued by Mr. Rahuketu of Patna, from whom Craftmodel Limited had taken cars on rental basis. Invoice included cost of fuel also.
- (c) Regarding pledging of shares, the face value of shares is ₹ 5,00,000. The market value of shares is ₹ 8,00,000.
- (d) Rate of GST applicable on various supplies are as follows:

Nature of supply	CGST	SGST	IGST
Car rental service	2.5%	2.5%	5%
Transportation of passengers by air	2.5%	2.5%	5%
All other inward and outward supplies	9%	9%	18%

- (e) No opening balance of input tax credit exists in the beginning of the relevant tax period.
- (f) Subject to the information given above, conditions necessary for claiming ITC were complied with.

You are required to calculate the amount of net GST liability payable in cash by Craftmodel Limited for the month of January, 2024.

Answer

Computation of net GST payable in cash by Craftmodel Ltd. for the month of January, 2024

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward intra-State supply of goods made in the State of Bihar. [Value of supply is the transaction value of the goods.]	36,000 [4,00,000 × 9%]	36,000 [4,00,000 × 9%]	

Outward supply of goods made to other States. [Value of supply is the transaction value of the goods.]			1,08,000 [6,00,000 × 18%]
Pledging of 5% equity shares to the merchant banker [Supply includes supply of goods and services. Shares being securities are neither goods nor services. Thus, transfer of shares which is neither goods nor services is not a supply.]			Nil
Intra-State stock transfer to Gaya Branch with no separate registration. [Stock transfer between 2 units of a legal entity under single registration is not a deemed supply under GST and hence, the same is not liable to tax under GST since branch with same GSTIN is not a distinct person.]	-	-	
Services of milling of paddy into rice. [Milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce. Thus, it is not eligible for exemption.]	18,000 (2,00,000 × 9%)	18,000 (2,00,000 × 9%)	
Services of giving trucks on hire to a Governmental authority [Services by way of giving motor vehicles on hire to a Governmental authority are taxable.]	13,500 (1,50,000 × 9%)	13,500 (1,50,000 × 9%)	
Total output tax	67,500	67,500	1,08,000
Less: Input Tax Credit [Refer Working Note below] IGST credit should first be utilized towards payment of IGST.			
ITC of CGST should be utilized for payment of CGST and IGST in that order. ITC of CGST cannot be utilized for payment of SGST	(67,500) (CGST)		(18,000) (CGST)
ITC of SGST should be utilized for payment of SGST and IGST in that order. However, ITC of SGST should be utilized for payment of IGST, only after ITC of CGST has been utilized fully. ITC of SGST cannot be utilized for payment of CGST.			
Minimum Net GST payable in cash	Nil	Nil	Nil
ITC balance to be carried forward next month	-	18,000	-

Working Note:

Computation of ITC available

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State inward supply of services used in the course of business. [ITC cannot be availed by a registered person in respect of invoices, the details of which have not been furnished by the supplier in GSTR-1.]	85,500 (9,50,000 × 9%)	85,500 (9,50,000 × 9%)	-
Training course organized by IIM, Gujarat. [Not exempt. Short duration programmes offered by IIMs for which participation certificate is awarded are not 'qualification recognized by law'. ITC is available in respect of supply of services which are used in the course or	-	-	90,000 (5,00,000 × 18%)

furtherance of his business. Further, the place of supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person. Thus, place of supply is Patna (Bihar). Further, where the location of the supplier and the place of supply are in two different States, it shall be treated as inter-State supply of services.			
Air tickets from Patna to Guwahati. [Transport of passengers by air terminating in an airport located in Assam is exempt from GST as said transportation is in economy class.]			
Cars taken on rental basis from Mr. Rahuketu. [Tax on renting of motor car services wherein cost of fuel is included in consideration provided by a non-body corporate to a body corporate and CGST/SGST is charged @ 2.5% each, is payable under reverse charge. Time of supply of such services is 1st February being earlier of date of payment, or date immediately following 60 days since issue of invoice by the supplier. Since the time of supply of renting of motor car services in the given case does not fall in January, 2024, tax liability on the same does not arise in said month. Further, ITC on renting of motor car services received is blocked since the recipient - Craftmodel Ltd. is not in the same line of business]	-	-	-
Total ITC available	85,500	85,500	90,000

Question 48. **[ICAI RTP MAY 24]**

M/s Cute & Co., a partnership firm, registered supplier under GST in Bengaluru (Karnataka State), has provided the following information for the month of October, 2023:

S. No.	Details of transactions	Amount (₹)
(i)	Intra-State taxable supply of Direct Selling Agent (DSA) service to public sector Bank.	2,50,000
(ii)	Services provided to a Governmental authority by way of sanitation conservancy.	99,900
(iii)	Rent paid to a residential dwelling taken for running an office for providing DSA services; Owner of the residential property was not registered under GST; This is an intra-State supply availed.	25,000
(iv)	Purchased a car for the official use of managing partners of the Firm for business use (Inter-State purchase).	9,00,000
(v)	Availed Information Technology services for their business from Partner's friend Mr Allan Waugh from Melbourne, Australia.	Nil

	Mr. Waugh refused to take any consideration. Open Market value of said service was ₹ 1,25,000. (Inter-State transactions).	
(vi)	Provided training and performance appraisal services in Bengaluru to following persons:	
	(a) ABC Private Limited, a registered supplier in the State of Kerala	3,00,000
	(b) Babu Cones, a proprietorship concern of Rajasthan, which was not registered under GST	1,00,000

Note:

(iii) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.

(iv) All the amounts given above are exclusive of taxes.

(v) All the conditions necessary for availing the ITC have been fulfilled.

(vi) There was no opening balance of any input tax credit.

(vii) The turnover of M/s Cute & Co was ₹ 2 crore in the previous financial year.

Compute the net GST payable in cash, by M/s Cute & Co. for the month of October, 2023. Correct legal provisions should form part of your answer.

Answer

Computation of net GST payable in cash

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Output tax liability [Refer Working Note 1]	31,500	31,500	54,000
Less: ITC available [Refer Working Note 2]	2,250	2,250	-
Net GST payable	29,250	29,250	54,000
Add: Tax Payable under reverse charge to be paid in cash [The amount available in the electronic credit ledger may be used for making any payment towards output tax. Further, output tax means the tax chargeable on taxable supply of goods and/or services but excludes tax payable on reverse charge basis. Thus, tax liability under reverse charge has to be paid in cash]	2,250	2,250	
Total GST Payable in cash	31,500	31,500	54,000

Working Notes

1. Computation of total value of taxable supplies made by M/s Cute & Co. for the month of October, 2023

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Taxable under Forward Charge				
Intra-State taxable supply of DSA service [Since DSA services are provided by partnership firm, so taxable under forward charge]	2,50,000	22,500	22,500	
Services provided to a Governmental authority by way of sanitation conservancy [Specifically exempt under GST]	99,900			
Information Technology services [Import of services from a non-related person without consideration, in the course or furtherance of business is not a supply.]	Nil			
Training and performance appraisal services to ABC Private Limited [Taxable; the place of supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person. Thus, place of supply is Kerala and hence an inter-State transaction.]	3,00,000			54,000
Training and performance appraisal services to Babu Cones. [Taxable, the place of supply of services in relation to training	1,00,000	9,000	9,000	

and performance appraisal to an unregistered person, shall be the location where the services are actually performed. Thus, place of supply is Bengaluru, hence Intra-State transaction]				
	7,49,900	31,500	31,500	54,000
Taxable under Reverse Charge				
Rent paid for residential unit [Service by way of renting of residential dwelling to a registered person is taxable under reverse charge mechanism]	25,000	2,250	2,250	
	7,74,900	33,750	33,750	54,000

2. Computation of ITC that can be availed by M/s Cute & Co. for the month of October, 2023

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Rent paid to residential dwelling for providing DSA services [ITC is available as services are used in the course or furtherance of business.]	2,250	2,250	
Purchase of car [Blocked credit in terms of section 17(5) of the CGST Act, 2017]			Nil
Total ITC	2,250	2,250	-

Question 49.

Evershine Pvt. Ltd., a GST registered supplier located in Jaipur, Rajasthan is engaged in taxable supply of packaging goods and consultancy services. It provides following details of various activities undertaken during the month of September, 2023:

(A) Details of Outward Supplies:

- Supply of goods of ₹ 18,00,000 to Vaidehi Enterprises, a registered person of Udaipur, Rajasthan. Further, received ₹ 50,000 from Vaidehi Enterprises towards freight charges (as agreed to deliver the goods at Vaidehi Enterprises' premises) which was not included in above value of supply.
- Supply of goods worth ₹ 35,00,000 to Calc. Exim, a registered person of Prayagraj, Uttar Pradesh. Further, the amount of ₹ 60,000 charged separately (not included above) from Calc. Exim on account of municipal taxes levied in relation to such outward supply.
- Supply of services to Sunshine Ltd., a registered person in Jodhpur, Rajasthan before discount worth ₹ 6,00,000. Further, discount of ₹ 30,000 which has been given at the time of supply of service and duly recorded in the invoice.
- It delivered the goods worth ₹ 2,00,000 to Jeevan Solutions, a registered person located at Bikaner, Rajasthan on the direction of Raghu Enterprise, a registered person of Mumbai, Maharashtra and tax invoice was issued by Evershine Pvt. Ltd. to Raghu Enterprise of Mumbai, Maharashtra.

(B) Details of Inward Supplies:

- Purchased raw material goods worth ₹ 20,00,000 from PQR Ltd; a GST registered dealer, located at Kanpur, Uttar Pradesh. Goods worth ₹ 1,00,000 out of total purchases were not received during the month.
- Purchased machinery for manufacturing process worth ₹ 2,00,000 from MPQ Pvt. Ltd., a GST registered dealer, located at Bengaluru, Karnataka. Company has claimed depreciation under Income Tax Act 1961 on full value of the machine, including the GST component.
- Purchased truck worth ₹ 15,00,000 from GST registered dealer, located at Ajmer, Rajasthan for transportation of its goods. GST rate on truck is: CGST 14%, SGST 14%, IGST 28%.
- Purchased car (having seating capacity of 7 persons) costing to ₹ 10,00,000 excluding GST from Mihir Automobiles Pvt. Ltd., a GST registered dealer, located at Ajmer, Rajasthan

for use of its director for official purpose. GST rate on car: CGST 14%, SGST 14%, IGST 28%

- (5) Purchased goods worth ₹ 5,00,000 from DEF Buildwell Pvt. Ltd., a registered person of Jaipur, Rajasthan for construction of an additional floor of factory building, of Evershine Pvt. Ltd.

Opening balance of Input tax credit as on the beginning of September 2023-CGST ₹ 20,000, SGST ₹ 50,000 and IGST ₹ 75,000.

Rate of GST applicable on both inward and outward supply of goods & services: CGST 9%, SGST 9% and IGST @18%, except where otherwise provided.

Calculate the amount of net minimum GST payable in cash by Evershine Pvt. Ltd. for the month of September, 2023.

Answer

Computation of minimum net GST payable in cash by Evershine Pvt. Ltd. for the month of September 2023

Particulars		Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Output tax payable					
Intra-State supply of goods to Vaidehi Enterprises [Since arranging freight is the liability of supplier, it is a composite supply and thus, freight charges are added to the value of principal supply.]	Place of supply is location where movement of goods terminates	18,50,000	1,66,500	1,66,500	Nil
Inter-State supply to Calc. Exim [Municipal tax is includible in value since it is a tax levied under a law other than GST law and is charged separately.]		35,60,000	Nil	Nil	6,40,800
Intra-State supply to Sunshine Ltd. [Place of supply is location of recipient. Discount given at the time of supply is deductible from the value since duly recorded in the invoice.]		5,70,000	51,300	51,300	Nil
Inter-State supply to Raghu Enterprise [Place of supply in case of bill to ship model is principal place of business of a third person at whose instructions the goods are delivered by supplier to recipient. Thus, it is considered as Inter State supply.]		2,00,000	Nil	Nil	36,000
Total output tax			2,17,800	2,17,800	6,76,800
Less: ITC available [Refer note below] [IGST credit to be utilized first towards payment of IGST.]			Nil	Nil	(4,17,000)
CGST credit utilized for payment of CGST and IGST in that order			(2,17,800)	Nil	(12,200)
SGST credit utilized for payment of SGST and IGST in that order			Nil	(2,17,800)	(42,200)
Minimum net GST payable in cash			Nil	Nil	2,05,400

Working Note:

Computation of ITC available

Particulars		Value of supply (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance			20,000	50,000	75,000
Place of supply is where movement of goods terminates	Inter-State purchase of raw material [ITC is not available on goods worth ₹ 1,00,000 since not received during the month.]	19,00,000	Nil	Nil	3,42,000 [19,00,000 × 18%]
	Purchase of machinery [ITC is not available since depreciation has been claimed on the GST component.]	2,00,000	Nil	Nil	Nil
	Intra-State purchase of truck ³ [ITC on motor vehicles used for transportation of goods is available.]	15,00,000	2,10,000 [15,00,000 × 14%]	2,10,000 [15,00,000 × 14%]	Nil
	Purchase of car [ITC on motor vehicles for transportation of persons with seating capacity up to 13 persons (including driver), is blocked, except when used for specified purposes.]	10,00,000	Nil	Nil	Nil
	Purchase of goods for construction of an additional floor ⁴ [ITC on goods used in construction of immovable property (other than plant or machinery) on one's own account is blocked if capitalized in the books.]	5,00,000	Nil	Nil	Nil
Total			2,30,000	2,60,000	4,17,000

Note – In above answer, where location of supplier and place of supply are in two different States, it is an inter-State supply and where location of supplier and place of supply are in same State, it is an intra-State supply.

Question 50.

Mr. Prithviraj, registered under GST, is engaged in supplying services (as discussed in the table below) in Maharashtra. He has furnished the following information with respect to the services provided/ received by him, during the month of February:

S.No	Particulars	Amount (₹)
------	-------------	------------

³ It is logically assumed that depreciation is not claimed on trucks.

⁴ It is logically assumed that amount spent on purchase of goods is capitalized in the books

(i)	Carnatic music performance given by Mr. Prithviraj to promote a brand of readymade garments (Intra-State transaction)	1,40,000
(ii)	Outdoor catering services availed for a marketing event organised for his prospective customers (Intra-State transaction)	50,000
(iii)	Services of transportation of students provided to Subhaskar College providing education as part of a curriculum for obtaining a recognised qualification (Intra-State transaction)	1,00,000
(iv)	Legal services availed for official purpose from an advocate located in Gujarat (Inter-State transaction)	1,75,000
(v)	Services provided to Wealth Bank as a business correspondent with respect to accounts in a branch of the bank located in urban area (Intra-State transaction)	2,00,000
(vi)	Recovery agent's services provided to a car dealer (Intra-State transaction)	15,000
(vii)	General insurance taken on a car (seating capacity 5) used for official purposes (Intra-State transaction)	40,000

Note:

- I. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
 - II. All inward and outward supplies are exclusive of taxes, wherever applicable.
 - III. All the conditions necessary for availing the ITC have been fulfilled.
 - IV. The turnover of Mr. Prithviraj was ₹ 2.5 crore in the previous financial year.
- Compute the net GST payable in cash, by Mr. Prithviraj for the month of February.

Answer

Computation of GST payable

Particulars	Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
GST payable under forward charge				
Carnatic music performance given to promote a brand of readymade garments [Carnatic music performance by Mr. Prithviraj is not exempt from GST even though the consideration charged does not exceed ₹ 1,50,000 since said performance has been made by him as a brand ambassador.]	1,40,000	12,600	12,600	Nil
Services of transportation of students provided to Subhaskar College [Services of transportation of students provided to an educational institution other than an institution providing pre-school education or education up to higher secondary school, are not exempt.]	1,00,000	9,000	9,000	Nil
Services provided to Wealth Bank as a business correspondent [Services provided by a business correspondent to a banking company are not exempt when such services are provided with respect to accounts in its urban area branch.]	2,00,000	18,000	18,000	Nil
Services provided as a recovery agent [Tax is payable under forward charge since recovery agent's services are being provided to a person other than banking company/financial institution/ non-banking financial company.]	15,000	1,350	1,350	Nil
Total GST payable under forward charge (A)		40,950	40,950	Nil
GST payable under reverse charge				
Legal services availed from an advocate [Legal services received by a business entity with aggregate turnover in the preceding financial year exceeding threshold	1,75,000	Nil	Nil	31,500

limit for registration (₹ 20 lakh) are not exempt and tax on the same is payable under reverse charge.]				
Total GST payable under reverse charge (B)		Nil	Nil	31,500
Total GST payable [(A)+(B)]		40,950	40,950	31,500

Computation of total ITC available

Particulars	Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Outdoor catering services availed [ITC on outdoor catering services is blocked except when such services are (i) used by the taxpayer who is in the same line of business or (ii) provided by the employer to its employees under a statutory obligation.]	50,000	Nil	Nil	Nil
Legal services availed [ITC is available as said services are used in course or furtherance of business.]	1,75,000	Nil	Nil	31,500
General insurance taken on a car (seating capacity 5) used for official purposes [ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked except when the same are used for (i) making further taxable supply of such motor vehicles (ii) making taxable supply of transportation of passengers (iii) making taxable supply of imparting training on driving such motor vehicles. Further, ITC is not allowed on services of general insurance relating to such ineligible motor vehicles.]	40,000	Nil	Nil	Nil
Total ITC available		Nil	Nil	31,500

Computation of Net GST payable in cash

Particulars	CGST @9% (₹)	SGST @9% (₹)	IGST @18% (₹)
GST payable under forward charge	40,950	40,950	Nil
Less: ITC of IGST1	(15,750)	(15,750)	-
	25,200	25,200	Nil
Add: GST payable under reverse charge in cash [Tax payable under reverse charge, being not an output tax, cannot be set off against ITC and thus, will have to be paid in cash.]	Nil	Nil	31,500
Net GST payable in cash	25,200	25,200	31,500

Note: CGST and SGST is payable on the intra-State transaction and IGST is payable on the inter-State transactions.

IMPORTANT THEORY CONCEPTS

1. Need to amend constitution for implementation of GST
2. Blocking of E-Way Bill
3. Situations where registration of a person is cancelled
4. Non applicability of E-Invoice & Dynamic QR Code
5. Various Accounts and Records to be maintained
6. Rule 88C & Rule 88D
7. Situations where GSTR-1/IFF is blocked
8. Non applicability of TDS/TCS
9. When a person cannot opt for Composition Scheme
10. Who are not required to comply with Aadhaar Authentication.

PAPER – 3B – GST

15 MARKS – MCQ

35 MARKS – DESCRIPTIVE QUESTIONS

QUESTION NO: 5(a) – 10 MARKS COMPULSORY – CONSOLIDATED QUESTION

AREAS TO FOCUS:

EXEMPTIONS, PLACE OF SUPPLY, RCM, VALUE OF SUPPLY, SUPPLY AND TIME OF SUPPLY

QUESTION NO: 5(b) – 5 MARKS COMPULSORY – EXEMPTIONS

QUESTION NO: 6 TO 8 - (10 MARKS EACH – ANY 2 OUT OF 3)