



*G S T*

**Exemption Scoring**

**60 Questions**

**CA. Raj Kumar**

AUTHOR

**ALL RIGHTS ARE RESERVED. NO PART OF THIS BOOK SHALL BE REPRODUCED, STORED IN A RETRIEVAL SYSTEM, OR TRANSMITTED BY ANY MEANS WITHOUT WRITTEN PERMISSION OF AUTHOR.**

*“Every effort has been made to avoid errors or omissions in this publication. In spite of this, error may creep in. Any mistake, error or discrepancy noted might be brought to our notice, which shall be taken care of in the next edition.”*

# CONTENTS

## PART- I

### Descriptive – Questions and Answers

<b>Chapter 1</b>	Introduction and Constitution	6
<b>Chapter 3</b>	Supply	7
<b>Chapter 4</b>	Taxable Person	10
<b>Chapter 5</b>	Exemption	15
<b>Chapter 6</b>	Computation of GST	20
<b>Chapter 6A</b>	Composition Scheme	30
<b>Chapter 7</b>	Reverse Charge Mechanism	34
<b>Chapter 8</b>	Invoice	36
<b>Chapter 9</b>	Time of Supply	39
<b>Chapter 10</b>	Registration	41
<b>Chapter 11</b>	Input Tax Credit	43
<b>Chapter 12</b>	Manner of Payment	54
<b>Chapter 13</b>	Return	58
<b>Chapter 14</b>	E-Way Bill	61
<b>Case Scenario</b>		62

## About CA RAJ KUMAR

CA Raj Kumar is a dynamic & qualified Chartered Accountant. As a brilliant student and a position holder at Graduation & Post Graduation level, during his **15 years of glorious teaching experience** in the field of Indirect Taxation he has taught **over 1,55,000 students**.

He is a favorite amongst CA Students for the astute & insightful academic inputs provided by him and for his pleasing & endearing personality and **lucid art of teaching**.

He firmly believes in **blending studies with fun** and this is quite evident in his classes wherein he goes beyond theoretical reading of the subject, makes students **solve practical problems**, gives them practical **real life examples** and pushes them to achieve their goals with full precision.

In the subject Indirect Tax Laws, his students have continued to score **All India Highest Marks for 11 times and 10 Times AIR #1** till now. He has also been entrusted by Government agencies to **show the ropes to IRS Officers** in training, which is a **testament to his caliber** as a subject matter expert.

He is famous for **concepts linkage** from the very beginning till the end which helps in understanding the topic, acing the exams and in post CA life as well. **His unique use of GST portal during the class** to link theory with Practical makes him stand apart from the crowd. His **classes are practical, conceptual and concise**. He is also the author of bestselling titles 'GST Compact Book'.

## CA Inter -Taxation Paper : [Income Tax + GST]

<b>Part I</b>	MCQs	Income Tax = 18 marks GST = 12 marks	All Compulsory	OMR SHEET
<b>Part II</b>	Descriptive	<p><b>[Section A]</b> Income Tax = 42 marks</p> <p>.....</p> <p><b>[Section B]</b> GST = 28 marks</p>	<p>Q 1: compulsory Q. 2,3,4 (Attempt any 2 )</p> <p>.....</p> <p><b>Q. 5</b> Compulsory: Mix Chapters: Numerical [8 marks ] <b>Q. 6</b> {a} 6 Marks : Numerical {b} 4 Marks : Case study ie concept application <b>Q. 7</b> (a ): 5 Marks : Case study (b) : [5 marks] : Case study <b>Q. 8</b> (a ) [5 Marks] Case study (b) [5 marks] Case study OR (b) [5 marks] : Theory (Attempt any 2 from Q. 6,7,8)</p>	Formal Answer Sheet

**CA INTER****A B C ANALYSIS**

FOR CA INTER MAY/NOV 2023 EXAMS

BASED ON ANALYSIS OF 7 PAST EXAM PAPERS

**GOODS AND SERVICES TAX**

Chapter name	Nov 2019 Exam	Nov 2020 Exam	Jan 2021 Exam	July 2021 Exam	Dec 2021 Exam	May 2022 Exam	Nov 2022 Exam	ABC CATEGORY BASED ON 5 EXAMS
Introduction and Constitution	-	-	-	-	-	-	-	C
Definitions	-	-	-	-	-	-	-	C
Goods and services	-	-	-	-	-	-	-	C
Supply	-	Theoretical 5 Marks Import of Services	-	Theory cum Case study 4 Marks Composite and Mixed Supply	-	Case Study 2+2 Marks Supply	-	(B) Supply [Sec. 7] (A) Composite and Mixed Supply [Sec. 8]
Taxable person [Sec 22,23,24]	Case study 4 Marks Liable to Registration or Not	Case study 4 Marks Liable to Registration or Not	-	Case study 5 Marks Liable to Registration or Not	Case study 4 Marks Liable to Registration or Not	-	Case study 2 Marks Liable to Registration or Not	A
				Numerical 5 Marks Calculation of Aggregate Turnover	Case study 5 Marks		Numerical 5 Marks Calculation of Aggregate Turnover	

Chapter name	Nov 2019 Exam	Nov 2020 Exam	Jan 2021 Exam	July 2021 Exam	Dec 2021 Exam	May 2022 Exam	Nov 2022 Exam	ABC CATEGORY BASED ON 5 EXAMS
<b>Exemptions</b>	-	-	Numerical 6 Marks	Case study 4 Marks	Numerical 6 Marks	-	Numerical 6 Marks Del Credare Agent	A
			Numerical 4 Marks Along with Exemption and ITC					
<b>Computation</b>	Numerical 8 Marks In support with- Composite and mixed supply ITC Booking (Sec 16,17), ITC Utilisation (Section 49), Exemption	Numerical 8 Marks In support with- ITC Booking (Sec 16,17), ITC Utilisation (Section 49),	Numerical 8 Marks In support with- ITC Booking (Sec 16,17), ITC Utilisation (Section 49),	Numerical 8 Marks In support with- Composite and mixed supply ITC Booking (Sec 16,17), ITC Utilisation (Section 49),	Numerical 8 Marks In support with- ITC Booking (Sec 16,17), ITC Utilisation (Section 49), RCM Exemption	Numerical 8 Marks In support with- ITC Booking (Sec 16,17), ITC Utilisation (Section 49), RCM Exemption	Numerical 8 Marks In support with- Composite and mixed supply ITC Booking (Sec 16,17), ITC Utilisation (Section 49), Exemption	A
	Numerical 6 Marks Composition scheme	Numerical 6 Marks Regular scheme	-	-	-	Numerical 6 Marks Regular scheme	Numerical 2 Marks Composition scheme	
	Theoretical 5 Marks Composition Scheme							
<b>RCM</b>	-	Case study 4 Marks	Case study 4 Marks Copyright	-	-	Theoretical 5 Marks	-	A

Chapter name	Nov 2019 Exam	Nov 2020 Exam	Jan 2021 Exam	July 2021 Exam	Dec 2021 Exam	May 2022 Exam	Nov 2022 Exam	ABC CATEGORY BASED ON 5 EXAMS
Invoice	-	-	Case Study 4 Marks Ticket of Cinema hall	-	Theoretical 5 Marks Dynamic QR CodeE- Invoice	Case Study 4 Marks Sale on approval Basis	Theoretical 5 Marks Credit Note OR Invoice Furnishing Facility [IFF]	A
Time of supply	Numerical 4 Marks	-	-	-	Case Study 4 Marks	-	-	B
Registration [Sec 25 to 30]	-	-	Theoretical 5 Marks Suspension of Registration OR Theoretical 5 Marks Cancellation of Registration	-	-	Theoretical 5 Marks Cancellation of Registration	-	C
Input tax credit	-	-	-	Numerical 6 Marks	-	Theoretical 5 Marks Manner of Utilisation ITC	-	A
Manner of payment	Theoretical 2 Marks Section 50 interest  Theoretical 3 Marks Items in E-liability Register	Theoretical 5 Marks Restriction on Use of E Credit Ledger  Theoretical 5 Marks Sec 49 order of discharging liability	-	-	Case study 5 Marks Interest calculation sec 50	-	Case study 3 Marks Sec 49  Theoretical 3 Marks Rule 86B	A



Chapter name	Nov 2019 Exam	Nov 2020 Exam	Jan 2021 Exam	July 2021 Exam	Dec 2021 Exam	May 2022 Exam	Nov 2022 Exam	ABC CATEGORY BASED ON 5 EXAMS
<b>Filing of Return</b>	Theoretical 5 Marks Rectification in Return	Theoretical 3 Marks Invoice wise or consolidated details in GSTR1	Case study 3 Marks Penalty on Non filing of Return	Theoretical 5 Marks Final Return Theoretical 5 Marks GST Practitioners	-	Theoretical 3 Marks GSTR 1	-	A
<b>E-way bill</b>	Case study 5 Marks	Theoretical 3 Marks Based on Details in Part B	Case study 3 Marks Validity Period	-	Case study 2 Marks Validity Period	Case study 3 Marks Consolidated E-way bill	Case study 2 Marks Limit of E-way bill	A

<b>A [DIL SE PADHO]</b>	<b>B [DIMAAG SE PADHO]</b>	<b>C [AANKHO SE PADHO YA BAS NIHAAR LO]</b>
<b>Composite and Mixed supply [section 8]</b>	<b>Supply [Section 7 and schedule I, II, III]</b>	<b>Introduction and Constitution</b>
<b>Taxable person [Sec 22, 23, 24]</b>	<b>Time of Supply</b>	<b>Definitions</b>
<b>Exemptions</b>	<b>Registration [Sec 25 to 30]</b>	<b>Goods and services</b>
<b>Computation/Valuation</b>		
<b>Reverse charge Mechanism</b>		
<b>Invoice</b>		
<b>Input tax credit</b>		
<b>Manner of payment</b>		
<b>Filing of Return</b>		
<b>E-way bill</b>		



## Introduction and Constitution

**Question 1: Write a short note on Goods and Services Tax Council.**

**Answer:** Article 279A of the Constitution empowers the President to constitute a joint forum of the Centre and States namely, Goods & Services Tax Council (**GST Council**).

- The provisions relating to GST Council came into force on 12th September, 2016.
- The Union Finance Minister is the Chairman of this Council and Ministers in charge of Finance/Taxation or any other Minister nominated by each of the States &UTs with Legislatures are its members. Besides, the Union Minister of State in charge of Revenue or Finance is also its member.
- The function of the Council is to make recommendations to the Union and the States on important issues like tax rates, exemptions, threshold limits, dispute resolution etc. The GST Council has recommended the threshold exemption, composition threshold, GST rates, GST legislations including rules and notifications.

**Question 2:** Examine whether the following activities would amount to supply under section 7 of the CGST Act:

- (a) Selecta Manufacturers have a factory in Delhi and a depot in Mumbai. Both these establishments are registered in respective States. Finished goods are sent from factory, in Delhi to the Mumbai depot without consideration so that the same can be sold.
- (b) Raman is an Electronic Commerce Operator in Chennai. His brother who is settled in London is a well-known lawyer. Raman has taken legal advice from him free of cost with regard to his family dispute.
- (c) Management consultancy services by Mr. Ramlal but not in course or furtherance of business

**Answer:**

- (a) Schedule II of CGST Act, stipulates that supply of goods or services or both between **related persons or between distinct persons as specified in section 25 of the CGST Act**, is supply even without consideration, provided it is made in the course or furtherance of business.

Further, where a person who has obtain registration in two different States in respect of his two establishment then such establishments shall be treated as establishments of distinct persons [Section 25 of the CGST Act].

In view of the same, factory and depot of Selecta Manufacturers are deemed as establishments of two distinct persons. Therefore, supply of goods from Delhi factory of Sulekha Manufacturers to Mumbai Depot without consideration, but in course/furtherance of business, is supply under section 7 of the CGST Act.

- (b) Schedule I of CGST Act, stipulates that import of services by a 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.

In the given case, Raman has received legal services from his brother **free of cost** in a personal matter and **not in course or furtherance of business** Hence, services provided by Raman's brother to him would not be treated as supply under section 7 of the CGST Act.

- (c) Section 7 of the CGST Act, 2017 stipulates that in order to qualify as supply.
  - (i) Supply should be of goods and/or services.
  - (ii) Supply should be made for a consideration
  - (iii) Supply should be made in the course or furtherance of business.

As in the given case, Services provided are **not in course or furtherance of business**

Hence, services provided by Mr. Ramlal would not be treated as supply under section 7 of the CGST Act.

**Question 3:** Examine whether the activity of import of service in the following independent cases would amount to supply under section 7 of the CGST Act, 2017?

- (i) Miss Shriniti Kaushik received vastu consultancy 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.
- (ii) Miss Shriniti Kaushik received vastu consultancy services for her residence located at Bandra, Mumbai from her son, Mr. Varun residing in Sydney (Australia). Further, Miss Shriniti did not pay any consideration for the said service.

- (iii) Miss Shriniti Kaushik received vastu consultancy services for her business premises located at Bandra, Mumbai from her son, Mr. Varun residing in Sydney (Australia). Further, Miss Shriniti did not pay any consideration for the said service.

### Answer

- (i) Supply, under section 7 of the CGST Act, 2017,
- 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 vastu consultancy service has been availed in respect of residence, **it would amount to supply.**

- (ii) Section 7 of the CGST Act, 2017 read with Schedule I provides that import of services by a 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.

In the given case, import of service without consideration by Miss Shriniti from her son – Mr. Varun [son, being member of the same family, is a related person] **will not be treated as supply** as it is not in course or furtherance of business.

- (iii) Section 7 of the CGST Act, 2017 read with Schedule I provides 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.

Thus, import of service without consideration by Miss Shriniti from her son – Mr. Varun (son, being member of the same family, is a related person) **will be treated as supply** as she receives vastu consultancy service for her business

**Question 4: The temple of ancestral tutelary deity of Mr. Aman goel and his family is located at Beri, Haryana. The temple is run by a charitable organisation registered under section 12AA of the Income Tax Act, 1961. The family has got unshakeable faith in their ancestral tutelary deity. Mr. Aman is a big entrepreneur having flourishing business of tiles in Gurugram. Upon the birth of their first child, he donated ₹ 10 lakh to the said temple for construction of a sitting hall in the temple. On the main door of the sitting hall, a name plate was placed stating “Donated by Mr. Aman Goel upon birth of his first child”.**

**You are required to examine the levability of GST on the donation received from Mr. Aman Goel?**

**Answer:** It has been clarified vide *Circular No. 116/35/2019 GST dated 11.10.2019* that when the name of the donor is displayed in the religious institution premises, by placing a name plate or similar such acknowledgement, which can be said to be an expression of gratitude and public recognition of donor’s act of philanthropy and is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, then it can be said that there is no supply of service for a consideration (in the form of donation). There is no obligation (*quid pro quo*) on part of recipient of the donation or gift to do anything (supply a service). Therefore, there is no GST liability on such consideration.

In the given case, there is no reference or mention of any business activity of the donor which otherwise would have got advertised. Thus, since the gift or donation is made to a charitable organization, the payment has the character of gift or donation and the purpose is philanthropic (i.e., it leads to no commercial gain) and not advertisement, hence GST is not leviable.

**Question 5. Explain the composite supply and mixed supply. If a trader launches a package sales for marriage containing double bed, refrigerator, was hing machine, wooden wardrobe at a single rate. He is issuing invoice showing value of each goods separately. Whether this is case of mixed supply or composite supply. Explain.**

*July 2021 Marks 4*

**Answer:** Composite supply comprises of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

Mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

Items such as double bed, refrigerator, washing machine and wooden wardrobe are not naturally bundled and also the invoice for the supply shows separate values for each item i.e., the package is not supplied for a single price .

Therefore, supply of such items as a package will neither constitute a composite supply nor a mixed supply. Thus, the various items of the package will be treated as being supplied individually.

Note: The question specifies that the various items are supplied at a 'single rate'. The "single rate" expression is construed as single rate of tax in the above answer. Further, the "single rate" may also be construed as single price as given in the below mentioned answer.

Items such as double bed, refrigerator, washing machine and wooden wardrobe are not naturally bundled. Therefore, supply of such items as a package will not constitute composite supply. Further, a single price has been charged for the package.

Consequently, supply of such items as a package will be treated as mixed supply.



## Taxable Person

**Question 6: Rajesh Dynamics, having its head office in Chennai, Tamil Nadu carries on the following activities with respective turnovers in a financial year:**

	₹
Supply of petrol at Chennai, Tamil Nadu	18,00,000
Value of inward supplies on which tax is payable on reverse charge basis	9,00,000
Supply of transformer oil at Chennai, Tamil Nadu	2,00,000
Value of branch transfer from Chennai, Tamil Nadu to Bengaluru, Karnataka without payment of consideration	1,50,000
Value of taxable supplies at Manipur branch	11,50,000

It argues that it does not have taxable turnover crossing threshold limit of ₹40,00,000 either at Chennai, Tamil Nadu or Bengaluru, Karnataka and including turnover at Manipur branch. It believes that the determination of aggregate turnover is not required for the purpose of obtaining registration, but is required for determining composition levy.

Decide based on the above facts:

- (i) The aggregate turnover of Rajesh Dynamics.
- (ii) All conditions that fulfil the requirements for registration under CGST Act, 2017 in the given circumstances.

**Answer:**

**Computation of aggregate turnover of Rajesh Dynamics:**

Particulars	₹
Supply of petrol at Chennai, Tamil Nadu [Being a non-taxable supply, it is an exempt supply and thus, includible in aggregate turnover vide section 2(6) of CGST Act, 2017]	
Value of inward supplies on which tax is payable on reverse charge basis	Nil
Supply of transformer oil at Chennai, Tamil Nadu	2,00,000
Value of branch transfer from Chennai, Tamil Nadu to Bengaluru, Karnataka without payment of consideration [Being a taxable supply, it is includible in aggregate turnover]	1,50,000
Value of taxable supplies of Manipur Branch	11,50,000
<b>Aggregate turnover</b>	<b>33,00,000</b>

Rajesh Dynamics is not liable to be registered in Chennai, Tamil Nadu, if his aggregate turnover in a financial year does not exceeds ₹ 40 lakh. However, since Rajesh Dynamics also makes supplies from Manipur, a specified Special Category State, the threshold exemption gets reduced to ₹ 10 lakh in terms of section 22(1) of CGST Act, 2017 [Notification No.10/2019-CT dated. 07.03.2019].

Rajesh Dynamics' argument that it is not liable to registration since the threshold exemption of ₹ 40 lakh is not being crossed either at Chennai, Tamil Nadu, Bengaluru, Karnataka or Manipur is not correct as firstly, the aggregate turnover to be considered in its case is ₹ 10 lakh and not ₹ 40 lakh and secondly, the same is computed on all India basis and not State - wise.

Further, Rajesh Dynamics is also wrong in believing that aggregate turnover is computed only for the purpose of determining the eligibility limit for composition levy since the aggregate turnover is required for determining the eligibility for both registration and composition levy.

Further, Rajesh Dynamics is compulsorily required to register under section 24 of the CGST Act, 2017 irrespective of the turnover limit as it is liable to pay tax on inward supplies under reverse charge and it also makes inter-State taxable supply.

**Question 7: Pure Oils, UK has started the supply of machine oils and high speed diesel in the month of April, 20XX. The following details have been furnished by it for the said month:**

Sl. No.	Particulars	₹*
(i)	Supply of machine oils in UK	2,00,000
(ii)	Supply of high speed diesel in UK	4,00,000
(iii)	Supply made through Fortis Lubricants - an agent of Pure Oils in UK	1,75,000
(iv)	Supply made by Pure Oils from its branch located in Punjab	1,80,000

\*excluding GST

Determine whether Pure Oils is liable for registration. Will your answer change, if Pure Oils supplies machine oils amounting to ₹ 2,50,000 from its branch located in Nagaland in addition to the above-mentioned supplies?

**Answer:** As per section 22 of the CGST Act, 2017, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds ₹ 20 lakh.

However, if such taxable supplies are made from any of the 4 specified special category States, he shall be liable to be registered if his aggregate turnover in a financial year exceeds ₹ 10 lakh.

As per section 2(6) of the CGST Act, 2017, aggregate turnover includes the aggregate value of all taxable supplies:

- (i) all exempt supplies,
- (ii) exports of goods and/or services and
- (iii) all inter-State supplies of persons having the same PAN.

The above is computed on all India basis. Further, the aggregate turnover excludes central tax, State tax, Union territory tax, integrated tax and cess. Moreover, the value of inward supplies on which tax is payable under reverse charge is not taken into account for calculation of 'aggregate turnover'.

Section 9 of the CGST Act, 2017 provides that CGST is not leviable on five petroleum products i.e. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. As per section 2(47) of the CGST Act, 2017, exempt supply includes non-taxable supply. Thus, supply of high speed diesel in UK, being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.

In the backdrop of the above-mentioned discussion, the aggregate turnover for the month of April, 20XX is computed as under:

S. No.	Particulars	Amount (in ₹)
(i)	Supply of machine oils in UK	2,00,000
(ii)	Add: Supply of high speed diesel in UK	4,00,000
(iii)	Add: Supply made through Fortis Lubricants - an agent of Pure Oils in UK	NIL
(iv)	Add: Supply made by Pure Oils from its branch located in Punjab	<u>1,80,000</u>
	Aggregate Turnover	7,80,000

Since the aggregate turnover does not exceed ₹ 20 lakh, Pure Oils is not liable to be registered.

If Pure Oils made supply of machine oils amounting to ₹ 2,50,000 from its branch in Nagaland in addition to the above supply, then threshold limit of registration will be reduced to ₹ 10 lakh as Nagaland is one of the specified Special Category States.

Aggregate Turnover in that case would be ₹ 7,80,000 + ₹ 2,50,000 = ₹ 10,30,000. So, if Pure Oils supplies machine oils amounting to ₹ 2,50,000 from its branch in Nagaland, then it is liable to be registered in UK and NAGALAND.

**Question 8: 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 lakh. He has another showroom in Tripura with a turnover of ₹ 11 lakh 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 lakh.
- (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 lakh.
- (iv) Ankit of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is ₹ 25 lakh.
- (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 lakh.

**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:-

- (a) ₹ 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) ₹ 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/blocks and earthen/ 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 Pulkit 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 9:

- (a) Examine whether the supplier is liable to get registered in the following independent cases:—
- (i) Aadi of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is ₹ 25 lakh.
  - (ii) Atri of Assam is engaged in intra-State supply of both taxable goods and services. His aggregate turnover in the current financial year is ₹ 30 lakh.
- (b) SBS Ltd., has availed input tax credit for ₹ 54,000/- IGST during February, 2020 on a particular purchase. Accounting records for the above purchase, indicate that IGST paid to the supplier is ₹ 45,000/- as per the bill received. GSTR-1 uploaded by the supplier for the above supply indicates ₹ 45,000/- as tax paid. Examine as per GST provisions, what value shall be updated in the ledgers maintained on behalf of SBS Ltd., on the common portal

### Answer:

- (a) 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 taxable supply of services or supply of both goods and services is as under: -
- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
  - (b) ₹ 20 lakh for the rest of India.
    - (i) Though Aadi is dealing in Assam, he is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusively supply of goods and he is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is ₹ 20 lakh and hence, Aadi is liable to get registered under GST.
    - (ii) Since Atri is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in his case is ₹ 20 lakh. Thus, Atri is liable to get registered under GST as his turnover is more than the threshold limit.
- (b) SBS Ltd., have accounted and paid ₹ 45,000/- as IGST to the supplier concerned. However, availment of input tax credit has been made for ₹ 54,000/-.

As per Section 49(2) of CGST Act, 2017 "The input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger, in accordance with section 41, to be maintained in such manner as may be prescribed."

Accordingly, electronic credit ledger of SBS Ltd., shall be updated with a value of ₹ 54,000/- as per self-assessed return to be filed for February 2020, though the input tax credit shown by the supplier is only ₹ 45,000/-.

**Question 10: BBD Pvt. Ltd. of Gujarat exclusively manufactures and sells product 'Z' which is exempt from GST vide notifications issued under relevant GST legislations. The company sells 'Z' only within Gujarat and is not registered under GST laws. The turnover of the company in the previous year 2018-19 was ₹ 50 lakh. The company expects the sales to grow by 10% in the current year 2019-20.**

**However, effective 01.01.2020, exemption available on 'Z' was withdrawn by the Central Government and GST@ 5% was imposed thereon. The turnover of the company for the nine months ended on 31.12.2019 was ₹ 42 lakh.**

**BBD Pvt. Ltd. is of the opinion that it is not required to get registered under GST for current financial year 2019-20.**

**Examine the above scenario and advise BBD Pvt. Ltd. whether it needs to get registered under GST or not.**

*Nov 2020 Marks 4*

**Answer:** For a supplier exclusively engaged in intra-State supply of goods, the threshold limit of turnover to obtain registration in the State of Gujarat is ₹ 40 lakh. However, a person exclusively engaged in the business of supplying goods and/or services that are not liable to tax or are wholly exempt from tax is not liable to registration.

Therefore, since BBD Pvt. Ltd. was engaged exclusively in supplying exempted goods till 31.12.2019, it was not required to be registered till that day; though voluntary registration was allowed.

The position, however, will change from 01.01.2020 as the supply of goods become taxable from that day and the turnover of BBD Pvt. Ltd. is more than ₹ 40 lakh. Since the aggregate turnover limit of ₹ 40 lakh includes exempt turnover also, turnover of 'Z' till 31.12.2019 will be considered for determining the threshold limit even though the same was exempt from GST. Therefore, BBD Pvt. Ltd. needs to register within 30 days from 01.01.2020.



## Exemptions

**Question 11: Determine whether GST is payable in case of each of the following independent services provided by the registered persons:**

- (1) Fees charged from office staff for in-house personality development course conducted by Markanday College - ₹ 80,000. Markanday College provides education as a part of a curriculum for obtaining an engineering degree recognised by law.
- (2) Bus fees collected from students by Starward College - ₹ 3,500 per month. Starward College provides education as a part of a curriculum for obtaining an engineering degree recognised by law.
- (3) Housekeeping service provided in the Smart Kids school, a play school by M/s. Spick & Span - ₹ 25,000 per month.
- (4) Global link supplied "T racing Alphabets", an online educational journal, to Kidzee School - ₹ 4,000. The Kidzee School used the same for its students of UKG class.

**Answer:** (1) As per *Notification No. 12/2017 CT (R) dated 28.06.2017*, services provided by an educational institution to its students, faculty and staff are exempt from GST. Educational Institution has been defined to mean, *inter alia*, an institution providing services by way of education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force.

Since Markanday College provides education as a part of a curriculum for obtaining an engineering degree recognised by law, the services provided by it to its staff by way of conducting personality development course would be exempt from GST.

(2) As Starward College is an educational institution, the transport services provided by it to its students would be exempt from GST.

(3) As per *Notification No. 12/2017 CT (R) dated 28.06.2017*, services provided to an educational institution, by way of, *inter alia*, house-keeping services performed in such educational institution are exempt from GST. However, such an exemption is available only when the said services are provided to a pre-school education and a higher secondary school or equivalent.

Therefore, house-keeping services provided to Smart Kids Play School would be exempt from GST.

(4) As per *Notification No. 12/2017 CT (R) dated 28.06.2017*, services provided to an educational institution by way of supply of online educational journals or periodicals is exempt from GST. However, such an exemption is available only when the said services are provided to an educational institution providing education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force.

Therefore, GST is payable in case of supply of online journal to students of UKG class of Kidzee School.

**Question 12: Parikshit Ltd., engaged in providing a bouquet of services, is registered under GST law. It furnishes the following information for the month of March in relation to various services provided by it:**

Particulars	₹
Fees from prospective employers for campus interview in its college	5,20,000
Five buses each with seating capacity of 40 passengers given on hire to State Transport Undertaking	6,50,000
Receipts of 'Shiny', a commercial coaching institute providing coaching in the field of commerce (a certificate was awarded to each trainee after completion of the training)	1,82,000

<b>Interest received on fixed deposits of the company with Dhanvarsha Bank</b>	<b>6,50,000</b>
<b>Receipts from running a Boarding School (including receipts for providing residential dwelling service of ₹ 18,20,000)</b>	<b>39,00,000</b>
<b>Receipts of 'Sikshit Samudai' - an Industrial Training Institute (ITI) affiliated to the National Council for Vocational Training (NCVT). Courses run by said ITI are in designated trades</b>	<b>2,60,000</b>
<b>Receipts of 'Pratibha Institute', an institute registered with Directorate General of Employment and Training (DGET), Union Ministry of Labour and Employment, running a Modular Employable Skill Course (MESOC) approved by the National Council for Vocational Training (NCVT)</b>	<b>1,30,000</b>
<b>Professional services provided to foreign diplomatic mission located in India</b>	<b>1,04,000</b>

Compute the GST payable by Parikshit Ltd. assuming that all the above receipts are exclusive of GST wherever applicable and the rate of GST applicable on all the supplies is 18%.

**Answer:**

**Computation of GST payable by Parikshit Ltd. for the month of March**

<b>Particulars</b>	<b>Value (₹)</b>	<b>GST @ 18% (₹)</b>
Fees from prospective employers for campus interview in its college [Taxable since such services are not specifically exempt]	5,20,000	93,600
Five buses each with seating capacity of 40 passengers given on hire to State Transport Undertaking [Services by way of giving on hire to a State transport undertaking (STU), a motor vehicle meant to carry more than 12 passengers, are exempt vide <i>Notification No. 12/2017 CT(R) dated 28.06.2017</i> (hereinafter referred to as exemption notification).]	Nil	Nil
Receipts of Shiny– a coaching institute [Services provided by an educational institution to its students, faculty and staff are exempt vide exemption notification. However, coaching institute is not an educational institution.]	1,82,000	32,760
Interest received on fixed deposits of the company with Dhanvarsha Bank [Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services) are exempt vide exemption notification.]	Nil	Nil
Receipts from Boarding School including receipts for residential dwelling service [Services provided by an educational institution to its students, faculty and staff are exempt vide exemption notification. Boarding School providing education up to higher secondary school or equivalent is an educational institution since it provides composite supply of education service coupled with other services like providing dwelling units for residence and food wherein the principal supply is supply of education service.]	Nil	Nil
Receipts of Sikshit Samudai [Services provided by an educational institution to its students, faculty and staff are exempt vide exemption notification. Sikshit Samudai is an educational institution running approved vocational education course.]	Nil	Nil

Particulars	Value (₹)	GST @ 18% (₹)
Receipts of 'Pratibha Institute' running Modular Employable Skill Course [Services provided by an educational institution to its students, faculty and staff are exempt vide exemption notification. Pratibha Institute is an educational institution running approved vocational education course.]	Nil	Nil
Professional services provided to foreign diplomatic mission located in India [While services provided by a foreign diplomatic mission located in India are exempt from GST vide exemption notification, no such exemption is available to the services provided to such mission.]	1,04,000	18,720
<b>GST payable</b>	<b>8,06,000</b>	<b>1,45,080</b>

- (i) Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST vide *Notification No. 12/2017*. Thus, **GST is payable** in case of services provided to a recognized sports body as curator of national team.
- (ii) Service of transportation of passengers, with or without accompanied belongings, *inter alia*, by metered cabs are specifically exempt from GST vide *Notification No. 12/2017*. Thus, **GST is not payable in this case.**
- (iii) Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets **are not liable to GST** as it is specifically exempt as per *Notification No. 12/2017*. Thus, **GST is not payable in this case.**
- (iv) Services provided by a player to a franchisee which is not a recognized sports body is taxable as **it is not exempt** under *Notification No. 12/2017*. Thus, GST is payable in this case.

**Question 13:** Gita Services Limited, registered under GST, is engaged in providing various services to Government. The company provides the following information in respect of services provided during the month of April:

S. No.	Description of Services provided
(i)	Supply of manpower for cleanliness of roads not involving any supply of goods.
(ii)	Service provided by Fair Price Shops owned by Gita Services Limited by way of sale of sugar under Public Distribution System against consideration in the form of commission
(iii)	Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares alongwith maintenance. Generally replacement of defunct lights and other spares constitutes 35% of the supply of service.
(iv)	Service of brochure distribution provided under a training programme for which 70% of the total expenditure is borne by the Government.

RTP May 2022

### Answer

S. No.	Particulars	Taxability
(i)	Supply of manpower for cleanliness of roads not involving any supply of goods. [Pure services provided to Government are exempt.]	Exempt
(ii)	Service provided by Fair Price Shops by way of sale of sugar under Public Distribution System [Service provided by Fair Price Shops to Government by way of sale of sugar under Public Distribution System against consideration in the form of commission is exempt.]	Exempt

S. No.	Particulars	Taxability
(iii)	Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares constituting 35% of the supply of service. [Composite supply of goods and services to Government in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply is exempt. Since, in this case value of supply of goods constitutes 35% of the supply of composite service, same is taxable.]	Taxable
(iv)	Service of brochure distribution provided under a training programme. [Services provided to the Government under any training programme for which 75% or more of the total expenditure is borne by the Government is exempt. Since in the given case, 70% of the total expenditure is borne by the Government, it is taxable.]	Taxable

**Question 14: 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.

*Dec 2021 6 Marks*

**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
Security services 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

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

**Question 15: Satya Sai Residents Welfare Association, a registered person under GST has 30 members each paying ₹ 8,000 as maintenance charges per month for sourcing of goods and services from third persons for common use of its members.**

**The Association purchased a water pump for ₹ 59,000 (inclusive of GST of ₹ 9,000) and availed input services for ₹ 23,600 (inclusive of GST of ₹ 3,600) for common use of its members during February 2020.**

**Compute the total GST payable, if any, by Satya Sai Residents Welfare Association, for February 2020.**

**GST rate is 18%. All transactions are intra-State.**

**There is no opening ITC and all conditions for ITC are fulfilled.**

*Jan 2021 4 Marks*

**Answer:**

**Computation of total GST payable by Satya Sai Residents Welfare Association**

Particulars	Value (₹)	GST @ 18% (₹)
Maintenance charges received [₹ 8,000 × 30 members] [Services by RWA to its members for sourcing of goods or services from a third person for the common use of its members in a housing society are exempt provided the share of contribution per month per member is upto ₹ 7,500. Otherwise, entire amount is taxable.]	2,40,000	
Total GST payable [It has been logically presumed that maintenance charges are exclusive of GST.]		43,200

**Note:** Residents Welfare Association is entitled to take ITC of GST paid by them on capital goods, goods and input services, used by it for making supplies to its members and use such ITC for discharge of GST liability on such supplies where the amount charged for such supplies is more than ₹ 7,500 per month per member. Thus, Satya Sai Residents Welfare Association can avail ITC of GST paid on water pump purchased (₹ 9,000) and input services availed (₹ 3,600). Net GST payable in that case will come out ₹ 30,600.



## Computation of GST

**Question 16:** Ayushman Medical Centre, a clinical establishment, offers the following services:

S.No.	Particulars	₹*
(i)	Reiki healing treatments. Such therapy is not a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010.	10,00,000
(ii)	Plastic surgeries. [One such surgery was conducted to repair cleft lip of a new born baby. Consideration of ₹ 1,00,000 was charged for the same]	20,00,000
(iii)	Air ambulance services to transport critically ill patients from distant locations to Ayushman Medical Centre.	1,00,000
(iv)	Alternative medical treatments by way of Ayurveda. Such therapy is a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010.	2,50,000

\*Given values are excluding GST

Ayushman Medical Centre also operates a cord blood bank which provides services in relation to preservation of stem cells. You are required to compute the value of supply and GST liability [CGST & SGST or IGST] of Ayushman Medical Centre, if any, in the light of relevant GST provisions.

Note — All the services provided by Ayushman Medical Centre are intra-State supplies. Assume the rates of CGST, SGST and IGST to be 9%, 9% and 18% respectively.

**Answer:** Health care services provided by, inter alia, a clinical establishment in India are exempt from GST vide Notification No. 12/2017. The definition of 'health care services' stipulates that such services must be provided in any recognized system of medicines.

As per section 2(h) of Clinical Establishments Act, 2010 recognised system of medicine means allopathy, yoga, Naturopathy, ayurveda, homeopathy, siddha and unani system of medicines or any other system of medicines as may be recognised by the Central Government. Accordingly, value of supply and GST liability of Ayushman Medical Centre will be computed as follows:

S. No.	Particulars	₹
(i)	Reiki healing treatments [Not a recognized system of medicines]	10,00,000
(ii)	Plastic surgeries [₹ 20,00,000 – ₹ 1,00,000] ['Health care services' specifically excludes, inter alia, cosmetic or plastic surgery except when undertaken to restore/reconstruct anatomy/ functions of body affected due to congenital defects, developmental abnormalities. injury or trauma]	19,00,000
(iii)	Air ambulance services to transport critically ill patients from distant locations to the Medical Centre ['Health care services' specifically includes services by way of transportation of the patient to and from a clinical establishment]	NIL
(iv)	Alternative medical treatments by way of Ayurveda [Being a recognized system of medicines]	NIL
	<b>Value of Supply</b>	<b>29,00,000</b>
	<b>CGST @ 9%</b>	<b>2,61,000</b>
	<b>SGST @ 9%</b>	<b>2,61,000</b>



**Note:** Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are exempt from GST. Therefore, services provided in relation to preservation of stem cells by the cord blood bank operated by Ayushman Medical Centre will be exempt from GST.

**Question 17:** Shiv Shankar Ltd., a registered supplier in Mumbai (Maharashtra), has supplied goods to Narad Traders and Nandi Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respectively. Shiv Shankar Ltd. has furnished the following details for the current month:

S. No.	Particulars	Narad Traders (₹)	Nandi Motors (₹)
(i)	Price of the goods (excluding GST)	10,000	30,000
(ii)	Packing charges	500	
(iii)	Commission	500	
(iv)	Weighment charges		2,000
(v)	Discount for prompt payment (recorded in the invoice)		1,000

Items given in points (ii) to (v) have not been considered while arriving at price of the goods given in point (i) above.

Compute the GST liability [CGST & SGST or IGST, as the case may be] of Shiv Shankar Ltd. for the given month. Assume the rates of taxes to be as under:

Central tax (CGST)	9%
State Tax	9%
Integrated tax (IGST)	18%

Make suitable assumptions, wherever necessary.

**Note:** The supply made to Narad Traders is an inter-State supply.

**Answer:**

#### Computation of GST liability

S. No.	Particulars	Narad Traders (₹)	Nandi Motors (₹)
(i)	Price of the goods	10,000	30,000
(ii)	Add: Packing charges (Note 1)	500	
(iii)	Add: Commission (Note 1)	500	
(iv)	Add: Weighment charges (Note 1)	-	2,000
(v)	Less: Discount for prompt payment (Note 2)	_____ -	<u>1,000</u>
	Value of taxable supply	11,000	31,000
	<b>IGST payable @ 18% (Note-3)</b>	<b>1,980</b>	
	<b>CGST payable @ 9% (Note-4)</b>		<b>2,790</b>
	<b>SGST payable @ 9% (Note 4)</b>		<b>2,790</b>

**Notes:**

- Incidental expenses, including commission and packing, charged by supplier to recipient of supply is includible in the value of supply. Weighment charges are also incidental expenses, hence includible in the value of supply [Section 15 of the CGST Act, 2017].
- Since discount is known at the time of supply, it is deductible from the value in terms of section 15 of the CGST Act, 2017.

3. Since supply made to Narad Traders is an inter-State supply, IGST is payable in terms of section 5 of the IGST Act, 2017.
4. Since supply made to Nandi Motors Ltd. is an intra-State supply, CGST & SGST is payable on the same.

**Question 18: Singhal Brothers, registered in Uttarakhand has supplied 30 tons of a chemical @ ₹ 50,000 per ton (excluding taxes) to P of Uttarakhand on September, 20XX. Invoice for the supply has also been issued on the same date. Further, following additional amounts were also charged from P:-**

Particulars	₹
Freight	1,80,000
Packing charges	1,10,000
Weighing charges	20,000
Cost of instrument specially purchased by Singhal Brothers to manufacture the chemical.	3,10,000

As per the terms of the contract of supply, Singhal Brothers is required to get the chemical inspected by an independent testing agency before the delivery of the same to P. P has paid such inspection charges amounting to ₹ 12,000 directly to the testing agency Singhal Brothers has also received ₹ 50,00,000 as a subsidy from State Government for setting up chemical manufacturing plant in Uttarakhand

P is required to make payment within 15 days of supply in terms of the contract. However, P delayed the payment of consideration and made payment in November, 20XX thus paid ₹ 15,000 as interest. You are required to calculate the GST liability in this case and due date of deposit. Assume the rate of GST to be 18%.

**Note:- Singhal Brothers and P are not related and price is the sole consideration for the supply.**

**Answer:** Computation of GST liability of Singhal Brothers

Particulars	₹
Price of chemicals (₹ 50,000 x 30 tons) [Note-1]	15,00,000
Freight [Note-2]	1,80,000
Packing charges [Note-3]	1,10,000
Weighing charges [Note-3]	20,000
Cost of special instrument [Note-4]	3,10,000
Inspection charges [Note-5]	12,000
Government subsidy [Note-6]	--
Interest for late payment [Note 7] (₹ 15,000 x 100/118)	12,712
Value of taxable supply	21,44,712
<b>Tax liability for the month of September 20XX</b>	
Value of taxable supply (₹ 21,44,712- ₹ 12,712) [Note-8]	21,32,000
CGST @ 9%	1,91,880
SGST @ 9%	1,91,880
<b>Tax liability for the month of November 20XX</b>	
Interest for late consideration [Note-9]	12,712
CGST payable @ 9%	1,144
SGST payable @ 9%	1,144

**Due date of deposit of GST**

Particulars	Time of Supply	Due date of deposit [Note-11]
GST liability of ₹3,83,760 for the taxable supply made by Singhal Brothers [Note-101]	September 8, 20XX	October 20, 20XX
Interest amounting to ₹ 2,288 [Note-9]	November, 20XX	December 20, 20XX

**Notes:**

- As per section 15(1) of the CGST Act, 2017, the value of a supply is the transaction value i.e., the price actually paid or payable for the said supply when the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.
- The given supply is a composite supply involving supply of goods (chemical) and services (freight) where the principal supply is the supply of goods.  
As per section 8(a) of the CGST Act, 2017, a composite supply is treated as a supply of the principal supply involved therein and charged to tax accordingly thus, tax rate applicable to the goods (chemical) has been considered.
- All incidental expenses including packing charged by the supplier to the recipient of a supply are includible in the value of supply in terms of section 15(2)(c) of CGST Act, 2017.
- Any amount charged for anything done by the supplier in respect of the supply of goods at the time of or before delivery of goods is includible in the value of supply in terms of section 15(2)(c) of CGST Act, 2017.
- Any amount that the supplier is liable to pay in relation to supply but incurred by the recipient of supply and not included in the price actually paid for the goods is includible in the value of supply in terms of section 15(2)(b) of CGST Act, 2017.
- Subsidies not directly linked to the price and provided by the Central Government and State Governments are not includible in the value of supply in terms of section 15(2)(e) of the CGST Act, 2017.
- Interest for the delayed payment of any consideration for any supply is includible in the value of supply in terms of section 15(2)(d) of the CGST Act, 2017. The interest has to be considered as cum tax value and tax payable thereon has to be computed by making back calculations in terms of rule 35 of CGST Rules, 2017.
- The tax liability for the month of September, 20XX will not include the tax payable on the amount of interest as the tax liability for the delayed payment of interest arises on the date of receipt of interest in terms of section 12(6) of CGST Act, 2017.
- As per section 12(6) of the CGST Act, 2017, the time of supply in case of addition in value by way of interest for delayed payment of consideration for goods is the date on which the supplier receives such addition in value. Thus, the time of supply of interest received on account of delayed payment of consideration is the date of receipt of interest.
- The time of supply will be the time of issue of invoice. Thus in the present case, the time of supply would be date of issue of invoice i.e. September 8, 20XX.
- As per section 39(1) of CGST Act, 2017 every person registered under regular scheme of payment of tax has to furnish the prescribed return on or before 20th of the succeeding month. Further, section 39(7) provides that every regular registered person is liable to pay tax due to the Government by the last date on which he is required to furnish such return. Thus, GST is liable to be paid on or before 20th of the succeeding month.

**Question 19:** Candy Blue Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it for the month of October, 2017.

Particulars	Amount in (₹)
List price of goods supplied inter-state	12,40,000
<b>Items already adjusted in the price given in (i) above:</b>	
(1) Subsidy from Central Government for supply of biscuits to Government School.	1,20,000
(2) Subsidy from Trade Association for supply of quality biscuits.	30,000
<b>Items not adjusted in the price given in (i) above:</b>	
(3) Tax levied by Municipal Authority	24,000
(4) Packing Charges	12,000
(5) Late fee paid by the recipient of supply for delayed payment of invoice	5,000

Calculate the value of taxable supply made by M/s Candy Blue Ltd. for the month of October, 2017.

**Answer:** Computation of value of taxable supply made by Candy Blue Ltd. for the month of October, 2017

Particulars	₹
List Price of the goods	12,40,000
<i>Add:</i> Subsidy amounting to ₹ 1,20,000 received from Central Government [Since subsidy is received from Government, the same is not includible in the value in terms of section 15 of the CGST Act, 2017.]	NIL
Subsidy received from Trade Association [Since subsidy is received from a non-Government body, the same is includible in the value in terms of section 15 of the CGST Act, 2017.]	30,000
Tax levied by the Municipal Authority [Includible in the value as per section 15 of the CGST Act, 2017]	24,000
Packing charges [Being incidental expenses, the same are includible in the value as per section 15 of the CGST Act, 2017]	12,000
Late fees paid by recipient of supply for delayed payment [Includible in the value as per section 15 of the CGST Act, 2017] [5000 * 100/118]	4,237
<b>Value of taxable supply</b>	<b>13,10,237</b>

*Note:* In the above solution, list price of the goods and late fee for delayed payment of invoice have been assumed to be exclusive of taxes.

**Question 20:**

- (a) Hangover Ltd., Delhi, a registered supplier, is manufacturing taxable goods. It provides the following details of taxable inter-State supply made by it during the month of March :-

S. No.	Particulars	Amount (₹)
(i)	List price of taxable goods supplied inter -State (exclusive of taxes)	24,00,000
(ii)	Subsidy received from the Central Government for supply of taxable goods to Government School (exclusively related to supply of goods included at S. No. 1)	3,36,000
(iii)	Subsidy received from an NGO for supply of taxable goods to an old age home (exclusively related to supply of goods included at S. No. 1)	80,000

S. No.	Particulars	Amount (₹)
(iv)	Tax levied by Municipal Authority	32,000
(v)	Packing charges	24,000
(vi)	Late fee paid by the recipient of supply for delayed payment of consideration (Recipient has agreed to pay ₹ 9,600 in lump sum and no additional amount is payable by him)	9,600

The list price of the goods is net of the two subsidies received. However, the other charges/taxes/fee are charged to the customers over and above the list price.

Calculate the total value of taxable supplies made by Hangover Ltd. during the month of March. Rate of IGST is 18%.

- (b) M/s Shubhank Associates, a partnership firm, provided recovery agent services to Neelkanth Credits Ltd., a non-banking financial company and a registered supplier, on 15th January. Invoice for the same was issued on 15th February and the payment was made on 18th April by Neelkanth Credits Ltd. Bank account of the company was debited on 20th April.

Determine the following:

- Person liable to pay GST
- Time of supply of service

### Answer:

- (a) **Computation of total value of taxable supplies made by Hangover Ltd. during the month of March**

Particulars	Amount (₹)
List price of the goods	24,00,000
Subsidy amounting to ₹3,36,000 received from the Central Government [Since the subsidy is received from the Government, the same is not includible in the value in terms of section 15 ]	NIL
Subsidy received from NGO [Since the subsidy is received from a non-Government body and directly linked to the supply, the same is includible in the value in terms of section 15]	80,000
Tax levied by the Municipal Authority [Includible in the value as per section 15 ]	32,000
Packing charges [Being incidental expenses, the same are includible in the value as per section 15]	24,000
Late fees paid by recipient of supply for delayed payment [Includible in the value as per section 15 - As the amount of interest received is a lump sum amount, the same has to be taken as inclusive of GST] [₹9,600 x 100/118] rounded off	8,136
<b>Total value of taxable supplies</b>	<b>25,44,136</b>

- (b) (i) Tax on services supplied by a recovery agent to, *inter alia*, a non-banking financial company (NBFC) is payable under reverse charge by such non-banking financial company.  
Therefore, in the given case, person liable to pay GST is the NBFC - Neelkanth Credits Ltd.
- (ii) As per section 13(3) of the CGST Act, the time of supply of service on which GST is payable under reverse charge is earlier of the following: -
- Date of payment as entered in the books of account of the recipient (18th April) or the date on which the payment is debited in his bank account (20th April), whichever is earlier;
  - Date immediately following 60 days since issue of invoice by the supplier, i.e. 9th April.

Thus, time of supply of service is 9th April.

**Question 21:**

- (a) Kavya Ltd., a registered supplier, has supplied machinery to Ayesha Ltd. (a supplier registered in the same State). It provides following particulars regarding the same:

S. No.	Particulars	Amount (₹)
(i)	Price of machinery (exclusive of taxes and discounts)	5,50,000
(ii)	Part fitted in the machinery at the premises of Ayesha Ltd. [Amount has been paid by Ayesha Ltd. directly to the supplier. However, it was Kavya Ltd.'s liability to pay the said amount. The said amount has not been recorded in the invoice issued by Kavya Ltd.]	20,000
(iii)	Installation and testing charges for machinery, not included in price	25,000
(iv)	Discount @ 2% on price of the machinery mentioned at S. No. (i) above (recorded in the invoice)	
(v)	Kavya Ltd. provides additional discount @ 1% at year end, based on additional purchase of other machinery for which adjustment is made at the end of the financial year without any change in individual transactions.	

Determine the value of taxable supply made by Kavya Ltd. to Ayesha Ltd. (6 Marks)

- (b) Kashi Enterprises, an event organizer, provided services to Briskn Frisk Ltd. by way of organizing business exhibition in New Delhi as part of Make in India initiative. Kashi Enterprises claims that it is not required to pay GST as the services provided by way of organizing business exhibition are exempt from GST. Examine the technical veracity of the claim of Kashi Enterprises, in the given case. (4 Marks)

**Answer:**

- (a) Computation of value of taxable supply made by Kavya Ltd. to Ayesha Ltd.

Particulars	Amount (₹)
Price of machinery (exclusive of taxes and discounts)	5,50,000
Amount paid by Ayesha Ltd. directly to the supplier for the part fitted in the machinery [Any amount that the supplier is liable to pay in relation to a supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods is includible in the value of supply in terms of section 15(2)(b) of the CGST Act, 2017.]	20,000
Installation and testing charges [Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includible in the value of supply in terms of section 15(2)(c) of the CGST Act, 2017.]	25,000
Less: Discount @ 2% on the price of machinery [₹5,50,000 x 2%] [Since discount is given at the time of supply of machinery and recorded in the invoice, the same is deductible from the value of the supply in terms of section 15(3)(a) of the CGST Act, 2017.]	11,000
Less: Additional 1% discount at year end [Though the additional discount is established before/at the time of supply, it is not deductible from the value of supply in terms of section 15(3)(b) of the CGST Act, 2017 as the same is not linked to any specific transaction and is adjusted by the parties at the end of the financial year.]	Nil
<b>Value of taxable supply</b>	<b>5,84,000</b>

- (b) No, the claim made by Kashi Enterprises that it is not required to pay GST is not correct. Services provided by an organiser to any person in respect of a business exhibition are exempt from GST only when such business exhibition is held outside India. However, since in the given case, the exhibition is being organized in India, the services of organization of event by Kashi Enterprises will not be exempt from GST.

**Question 22: Star Ltd., a registered supplier in Karnataka has provided the following details for supply of one machine:**

	Particulars	Amount in (₹)
(1)	List price of machine supplied [exclusive of items given below from (2) to (4)]	80,000
(2)	Tax levied by Local Authority on sale of such machine	6,000
(3)	Discount of 2% on the list price of machine was provided (recorded in the invoice of machine)	
(4)	Packing expenses for safe transportation charged separately in the invoice	4,000

Star Ltd. received ₹ 5,000 as subsidy from a NGO on sale of each such machine, The Price of ₹ 80,000 of the machine is after considering such subsidy.

During the month of February, 2020, Star Ltd. supplied three machines to Intra-State customers and one machine to Inter-State customer.

Star Ltd. purchased inputs (intra-State) for ₹ 1,20,000 exclusive of GST for supplying the above four machines during the month.

The Balance of ITC at the beginning of February, 2020 was:

CGST	SGST	IGST
₹ 18,000	₹ 4,000	₹ 26,000

**Note:**

- (i) Rate of CGST, SGST and IGST to be 9%,9% and 18% respectively for both inward and outward supplies.
- (ii) All the amounts given above are exclusive of GST.
- (iii) All the conditions necessary for availing the ITC have been fulfilled.

Compute the minimum net GST payable in cash by Star Ltd. for the month of February, 2020

*Jan 2021 8 Marks*

**Answer:**

**Computation of value of taxable supply**

Particulars	Amount
List price of the machine	80,000
Add: Tax levied by Local Authority on the sale of machine [Tax other than GST, if charged separately, are includible in the value in terms of section 15 of the CGST Act, 2017.]	6,000
Add: Packing expenses for safe transportation [Includible in the value as per section 15 of the CGST Act, 2017.]	4,000
Add: Subsidy received from a NGO on sale of each machine [Subsidy received from a non-Government body and which is directly linked to the price, the same is included in the value in terms of section 15 of the CGST Act, 2017.]	<u>5,000</u>
Total	95,000
Less: Discount @ 2% on ₹ 80,000	<u>1,600</u>

[Since discount is known at the time of supply and recorded in invoice, it is deductible from the value in terms of section 15 of the CGST Act, 2017.]	
<b>Value of taxable supply</b>	<b>93,400</b>

**Computation of minimum net GST payable in cash by Star Ltd.**

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Sale of machine [Intra-State sales = ₹ 93,400 × 3 machines = ₹ 2,80,200 Inter-State sales = ₹ 93,400 × 1 machine = ₹ 93,400]	25,218 2,80,200 ×9%]	25,218 2,80,200 ×9%]	16,812 93,400×18%]
Total output tax	25,218	25,218	16,812
Less: Set off of IGST against IGST and SGST [IGST credit first be utilized towards payment of IGST, remaining amount can be utilized towards CGST and SGST in any order and in any proportion]		(9,188)	(16,812)
Less: Set off of CGST against CGST and SGST against SGST [CGST credit cannot be utilized towards payment of SGST and vice versa.]	(25,218)	(14,800)	
Minimum net GST payable in cash	Nil	1,230	

**Working Note:**

**Computation of total ITC available**

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance of ITC	18,000	4,000	26,000
<b>Add: Inputs purchased during the month</b>	<b>10,800</b> [₹ 1,20,000 ×9%]	<b>10,800</b> [₹ 1,20,000 ×9%]	
Total ITC available	28,800	14,800	26,000

**Question 23:** 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 :

S. No.	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:**

- 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.  
ACD Ltd. paid for the supply after 45 days, but SQM Ltd. waived the interest payable.
- 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.
- ACD Ltd. deducted discount of ₹ 15,000 at the time of final payment, which was not as per agreement.
- SQM Ltd. collected ₹ 9,500 as TCS (tax collected at source) under the provisions of the Income Tax Act, 1961.

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.**

*Nov 2020 Marks 6*

## 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
	<b>Value of taxable supply</b>	<b>10,60,000</b>

#### 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 24:** M/s. Handsome and Likemi Company, a partnership firm at Mumbai is running a mobile phone showroom. Along with mobile phone showroom, it is also engaged in providing health and fitness services.

Turnover of the mobile phone showroom was ₹ 78 lakh and receipts of the health and fitness service was ₹ 26 lakh in the preceding financial year.

- (i) With reference to the provisions of the CGST Act, 2017, examine whether the firm can opt for the composition scheme,
- (ii) Will your answer change, if the turnover of the mobile phone showroom was ₹ 74 lakh and receipts of the health and fitness service was ₹ 18 lakh in the preceding financial year?
- (iii) If M/s. Handsome and Likemi Company obtain separate registration for their mobile phone showroom & for health fitness centre, can it opt for composition scheme only for mobile phone showroom?

**Answer:** A registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore [₹ 75 lakh in case of 8 special category States], may opt for composition scheme vide section 10 of CGST Act, 2017.

However, he shall not be eligible to opt for composition scheme if, *inter alia*, he is engaged in the supply of services other than restaurant services.

But as per latest amendment other services can also be provided within the limit which is as follows – 10% of aggregate turnover or ₹ 5,00,000 whichever is higher.

In the present case aggregate turnover is ₹ 104 lakh.

10 % of ₹ 104 lakh will be ₹ 10.4 lakh

Now limit for other services will be ₹ 10.4 lakh or ₹ 5 lakh whichever is higher ie ₹ 10.4 lakh

In actual other services provided by M/s. Handsome and Likemi Company is ₹26 lakh which exceeds ₹ 10.4 lakh

- (i) In the given case, since M/s Handsome and Likemi Company is engaged in supply of health and fitness service, it is not eligible to opt for composition scheme irrespective of its turnover in the preceding financial year.
- (ii) The answer will remain the same i.e., M/s. Handsome & Likemi Company will not be eligible to opt for composition scheme even with the change in the turnovers.
- (iii) Where more than one registered persons are having the same Permanent Account Number, the registered person shall not be eligible to opt for composition scheme unless all such registered persons opt to pay tax under composition scheme.

Therefore, M/s. Handsome and Likemi Company will not be able to opt for composition scheme only for mobile phone showroom as all the registrations under the same PAN have to opt for composition scheme and since the supply of health and fitness service is ineligible for composition scheme, supply of mobile phones too becomes ineligible for composition scheme.

**Question 25:** M/s. Ginny and John Company is a partnership firm of interior decorators and also running a readymade garment showroom. Turnover of the showroom was ₹ 80 lakh and receipts of the interior decorators service was ₹ 22 Lakh in the preceding financial year.

With reference to the provisions of the CGST Act, 2017, examine whether the firm can opt for the composition scheme?

**Will your answer change, if the turnover of the showroom was ₹ 70 lakh and receipts of the interior decorators service was ₹ 22 Lakh in the preceding financial year?**

**Also discuss whether it is possible for M/s. Ginny and John Company to opt for composition scheme only for showroom?**

**Answer:** A registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore [₹ 75 lakh in case of 8 special category States], may opt for composition scheme vide section 10 of CGST Act, 2017.

However, he shall not be eligible to opt for composition scheme if, he is engaged in the supply of services other than restaurant services.

But as per latest amendment other services can also be provided within the limit which is as follows – 10% of aggregate turnover or ₹ 5,00,000 whichever is higher.

In the present case aggregate turnover is ₹ 102 lakh.

10 % of ₹ 102 lakh will be ₹ 10.2 lakh

Now limit for other services will be ₹ 10.2 lakh or ₹ 5 lakh whichever is higher ie ₹ 10.2 lakh

In actual other services provided by *M/s. Ginny and John Company* is ₹22 lakh which exceeds ₹ 10.2 lakh

In the given case, since *M/s Ginny and John Company* is engaged in supply of other service which is in excess, it is not eligible to opt for composition scheme irrespective of its turnover in the preceding financial year.

Therefore, the answer will remain the same i.e., the company will not be eligible to opt for composition scheme even with the change in the turnovers as given in the second case.

Further, where more than one registered persons are having the same Permanent Account Number, the registered person shall not be eligible to opt for composition scheme unless all such registered persons opt to pay tax under composition scheme.

Therefore, the answer will not change in the third case also as all the registrations under the same PAN are required to opt for composition scheme and since the supply of interior decorator service is ineligible for composition scheme, supply of readymade garments too becomes ineligible for composition scheme.

**Question 26: “Wedding Bells”, a wedding photographer, has commenced providing pre-wedding shoot services in Jaipur from the beginning of current financial year 2020-2021. It has provided the following details of turnover for the various quarters till December, 2020 :-**

S. No.	Quarter	Amount (₹ in lakh)
1	April,2020-June,2020	20
2	July,2020-September,2020	30
3	October,2020-December,2020	40

**You may assume the applicable tax rate as 18%. Wedding Bells wishes to pay tax at a lower rate and opts for the composition scheme. You are required to advise whether it can do so and calculate the amount of tax payable for each quarter?**

**Answer:** Section 10(2A) of the CGST Act, 2017 provides the turnover limit of ₹ 50 lakh in the preceding financial year for becoming eligible for composition levy for services. Wedding Bells has started the supply of services in the current financial year (FY), thus, it's aggregate turnover in the preceding FY is Nil. Consequently, in the current FY, Wedding Bells is eligible for composition scheme for services. A registered person opting for composition levy for services shall pay tax @ 3% [Effective rate 6% (CGST+SGST/UTGST)] of the turnover of supplies of goods and services in the State.

Further, Wedding Bells becomes eligible for the registration when the aggregate turnover exceeds ₹ 20 lakh (the threshold limit of obtaining registration). While registering under GST, Wedding Bells can opt for composition scheme for services.

The option of a registered person to avail composition scheme for services shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the threshold limit of ₹ 50 lakh.

However, for the purposes of determining the tax payable under composition scheme, the expression “turnover in State” shall not include the value of supplies from the first day of April of a FY up to the date when such person becomes liable for registration under this Act.

Thus, for determining the turnover of the State for payment of tax under composition scheme for services, turnover of April, 2020 – June, 2020 quarter [₹ 20 lakh] shall be excluded. On next ₹ 30 lakh [turnover of July, 2020 – September, 2020 quarter], it shall pay tax @ 6% [3% CGST and 3% SGST].

For the purposes of computing aggregate turnover of a registered person for determining his eligibility to pay tax under this section, aggregate turnover includes value of supplies from the 1<sup>st</sup> April of a FY up to the date of his becoming liable for registration.

Thus, while computing aggregate turnover for determining Wedding Bells’s eligibility to pay tax under composition scheme, value of supplies from the first day of April of a financial year up to the date when it becomes liable for registration under this Act (i.e. turnover of April, 2020 – June, 2020 quarter), are included.

By the end of July, 2020 – September, 2020 quarter, the aggregate turnover reaches ₹ 50 lakh. Consequently, the option to avail composition scheme for services shall lapse by the end of July, 2020 – September, 2020 quarter and thereafter, it is required to pay tax at the normal rate of 18%.

Considering the above provisions, the tax payable for each quarter is as under:-

S. No.	Quarter	GST rate [CGST + SGST]	Turnover (₹ in lakh)	GST payable (₹ in lakh)
1	April, 2020 – June, 2020	-	20	-
2	July, 2020 – September, 2020	6%	30	1.8
3	October, 2020 – December, 2020	18%	40	7.2

**Question 27:** Examine whether the suppliers are eligible for composition scheme in the following independent cases. Is there any other option available for concessional tax payment with any of these suppliers, wherever composition scheme cannot be availed?

- M/s Devlok, a registered dealer, is dealing in intra-State trading of electronic appliances in Jaipur (Rajasthan). It has turnover of ₹ 130 lakh in the preceding financial year. In the current financial year, it has also started providing repairing services of electronic appliances.
- M/s Narayan & Sons, a registered dealer, is running a “Khana Khazana” Restaurant near City Palace in Jaipur. It has turnover of ₹ 140 lakh in the preceding financial year. In the current financial year, it has also started dealing in intra-State trading of beverages in Jaipur (Rajasthan).
- M/s Indra & bro, a registered dealer, is providing restaurant services in Uttarakhand. It has turnover of ₹ 70 lakh in the preceding financial year. It has started providing intra-State interior designing services in the current financial year and discontinued rendering restaurant services.
- M/s Him Naresh, a registered dealer, is exclusively providing intra-state architect services in Uttarakhand. It has turnover of ₹ 40 lakh in the preceding financial year.

**Answer:** As per section 10 of the CGST Act, 2017, the following registered persons, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore, may opt to pay tax under composition levy.

- Manufacturer,
- Persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II (restaurant services), and
- Any other supplier eligible for composition levy.

Thus, essentially, the composition scheme can be availed in respect of goods and only one service namely, restaurant service. However, the scheme permits supply of other marginal services for a specified value along with the supply of goods and restaurant service, as the case may be. Such marginal services can be supplied for a value up to 10% of the turnover in the preceding year or ₹ 5 lakh, whichever is higher.

Further, the registered person should not be engaged in making any inter-State outward supplies of goods.

Furthermore, an option of availing benefit of concessional payment of tax has been provided to a registered person whose aggregate turnover in the preceding financial year is upto ₹ 50 lakh and who is not eligible to pay tax under composition scheme. Said person can pay tax @ 3% [*Effective rate 6% (CGST+SGST/UTGST)*] on first supplies of goods and/or services up to an aggregate turnover of ₹ 50 lakh made on/after 1st April in any financial year (FY), subject to specified conditions vide *Notification No. 2/2019 CT (R) dated 07.03.2019 as amended*. One of such condition is that the registered person should not be engaged in making any inter-state outward taxable supplies.

In view of the above-mentioned provisions, the answer to the given independent cases is as under:-

- (a) The turnover limit for composition scheme in case of Jaipur (Rajasthan) is ₹1.5 crore. Thus, M/s Devlok can opt for composition scheme as its aggregate turnover is less than ₹1.5 crore. Further, since the registered person opting for composition scheme can also supply services (other than restaurant services) for a value up to 10% of the turnover in the preceding year or ₹ 5 lakh, whichever is higher, in the current financial year, M/s Devlok can supply repair services up to a value of ₹13 lakh [10% of ₹130 lakh or ₹5 lakh, whichever is higher] in the current financial year.
- (b) In the given case:—
- (i) the turnover in the preceding year is less than the eligible turnover limit, i.e. ₹ 1.5 crore.
  - (ii) the supplier is engaged in providing restaurant service which is an eligible supply under composition scheme.
  - (iii) the supplier wants to engage in trading of goods which is also an eligible supply under composition scheme.

Thus, M/s Narayan & Sons is eligible for composition scheme.

- (c) The turnover limit for composition scheme in case of Uttarakhand is ₹ 75 lakh. Further, a registered person who is exclusively engaged in supplying services other than restaurant services are not eligible for composition scheme. Thus, M/s Indra & bro cannot opt for composition scheme.
- Further, the benefit of concessional tax payment under *section 10(2A)* is available in case of a registered person whose aggregate turnover in the preceding financial year does not exceed ₹ 50 lakh.
- Thus, in view of the above- mentioned provisions, M/s Indra & bro cannot avail the benefit of concessional tax payment as its aggregate turnover in the preceding financial year is more than ₹ 50 lakh.
- (d) An exclusive service provider can opt for the composition scheme only if he is engaged in supply of restaurant services. The composition scheme permits supply of marginal services for a specified value, but only when the same are supplied along with goods and/or restaurant service.

Since M/s Him Naresh is exclusively engaged in supply of services other than restaurant services, it is not eligible for composition scheme even though its turnover in the preceding year is less than ₹ 75 lakh, the eligible turnover limit for Uttarakhand.

However, since M/s Him Naresh is not eligible to opt for composition scheme, its aggregate turnover in the preceding financial year does not exceed ₹ 50 lakh and it is exclusively engaged in supply of services other than restaurant services, M/s Him Naresh is entitled to avail benefit of concessional payment of tax under *Notification No. 2/2019 CT (R) dated 07.03.2019*.

**Question 28: State, with reason, person liable to pay GST in each of following independent cases. Assume recipient is located in taxable territory.**

- (i) Rental income received by Tamil Nadu State Government from renting an immovable property to Mannappa Pvt. Ltd. (Turnover of the company was ₹ 22 lakhs in the preceding F. Y.)
- (ii) Legal Fees received by Mr. Sushrut, a senior advocate, from M/s. Tatva Trading Company having turnover of ₹ 50 lakhs in preceding F. Y.

**Answer**

- (i) GST is payable on reverse charge basis on services supplied by the State Government to a business entity located in taxable territory. However, reverse charge on supply of renting of immovable property service applicable when Recipient is registered. In the given case since turnover of *Mannappa Pvt. Ltd.* Exceeds ₹ 22 lakh means Recipient is registered person hence reverse charge will be applicable.  
Therefore, in the given case, person liable to pay **GST is recipient ie Mannappa Pvt. Ltd.**
- (ii) GST on legal services supplied by a senior advocate [Mr. Sushrut] to any business entity [M/s. Tatva Trading Company] located in the taxable territory is payable on reverse charge basis.

Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., **M/s. Tatva Trading Company.**

**Question 29: Mr. Vicky Frankyn, an unregistered famous author, received ₹ 3 crore of consideration from Shiv Bhawan Publications (SBP) located in Indore for supply of services by way of temporary transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works of his new book. He finished his work & made available the book to the publisher, but has yet not raised the invoice.**

**Mr. Vicky Frankyn is of the view that SBP is liable to pay tax under reverse charge on services provided by him. SBP does not concur with his view and is not ready to deposit the tax under any circumstances.**

**Examine whether the view of Mr. Vicky Frankyn is correct. Further, if the view of Mr. Vicky Frankyn is correct, what is the recourse available with Mr. Vicky Frankyn to comply with the requirements of GST law as SBP has completely refused to deposit the tax.**

**Answer:** Yes, the view of Mr. Vicky Frankyn is correct. GST is payable under reverse charge in case of supply of services by an author by way of transfer/permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary work to a publisher located in the taxable territory in terms of reverse charge *Notification No. 13/2017 CT(R) dated 28.06.2017*. Therefore, in the given case, person liable to pay tax is the publisher – SBP.

However, since SBP has completely refused to deposit the tax on the given transaction, Mr. Vicky Frankyn has an option to pay tax under forward charge on the same. For the purpose, he needs to fulfill the following conditions:

- (i) since he is unregistered, he has to first take registration under the CGST Act, 2017
- (ii) he needs to file a declaration, in the prescribed form, that he exercises the option to pay CGST on the said service under forward charge in accordance with section 9(1) of the CGST Act and to comply with all the provisions as they apply to a person liable for paying the tax in relation to the supply of any goods and/or services and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option;
- (iii) he has to make a declaration on the invoice, which he would issue to SBP, in prescribed form.

**Question 30:** In the following independent cases, decide, who is liable to pay GST, if any.

You may assume that recipient is located in the taxable territory.

- (i) 'Veer Transport', a registered Goods Transport Agency (GTA) paying IGST @ 12%, transported goods by road of Dilip & Company, a sole proprietary firm (other than specified person) which is not registered under GST or any other Law.
- (ii) Mr. Kamal Jain, an unregistered famous author, received ₹ 20 lakh of consideration from PQR Publications Ltd. for supply of services by way of temporary transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works of his new book . ignore exemption if any.

*Nov 2020 Marks 4*

**Answer:**

- (i) In the given case, since the recipient of service is other than specified recipient, i.e., unregistered sole proprietorship firm, GTA service is exempt from GST. However, in the above answer, the said exemption has been ignored since the question specifically requires the students to ignore the exemptions, if any, available.
- (ii) Supply of services by an author by way of transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works to a publisher located in the taxable territory is taxable under reverse charge mechanism.

Thus, in the given case, the recipient of service, i .e. PQR Publications Ltd. is liable to pay GST. The tax can be paid by the author under forward charge if the author is a registered person. Since in the given case, the author is an unregistered person, the said option is not available to him.



**Question 31:** MBM Caretakers, a registered person, provides the services of repair and maintenance of electrical appliances. On April 7, it has entered into an annual maintenance contract with P for its Air Conditioner and Washing Machine. As per the terms of contract, maintenance services will be provided on the first day of each quarter of the relevant financial year and payment for the same will also be due on the date on which service is rendered. During the year, it provided the services on April 1, July 1, October 1, and January 1 in accordance with the terms of contract. When should MBM Caretakers issue the invoice for the services rendered?

**Answer:** Continuous supply of service means, inter alia, supply of any service which is provided, or agreed to be provided continuously or on recurrent basis, under a contract, for a period exceeding 3 months with the periodic payment obligations.

Therefore, the given situation is a case of continuous supply of service as repair and maintenance services have been provided by MBM Caretakers on a quarterly basis, under a contract, for a period of one year with the obligation for quarterly payment.

In terms of section 31, in case of continuous supply of service, where due date of payment is ascertainable from the contract (as in the given case), invoice shall be issued on or before the due date of payment.

Therefore, in the given case, MBM Caretakers should issue quarterly invoices on or before April 1, July 1, October 1, and January 1.

**Question 32:** Chidanand Products Pvt. Ltd. started its business of supply of goods on 1st August, 2017. Its turnover exceeds ₹ 20,00,000 on 5th September, 2017. It applied for registration on 28th September, 2017 & granted registration certificate on 6th October, 2017. Guide the company regarding invoices to be issued between 5th September, 2017 to 6th October, 2017 to registered dealers. Further it had also made supplies to unregistered dealers in that period. How it can raise invoices?

**Answer:** A supplier whose aggregate turnover in a financial year exceeds ₹ 20 lakh in a State/UT 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) vide section 22 of CGST Act, 2017.

Where the application is submitted within the 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 in respect of taxable supplies effected during this period within 1 month from the date of issuance of registration certificate.

In view of the aforesaid provisions, Chidanand Products Pvt. Ltd may issue revised tax invoices against the invoices already issued during the period between effective date of registration (5th September, 2017) and the date of issuance of registration certificate (6th October, 2017), within 1 month from 6th October, 2017.

Further, Chidanand Products Pvt. Ltd may issue a consolidated revised tax invoice in respect of all taxable supplies made to unregistered dealers during such period.

**Question 33:** ABC Ltd., a registered supplier has made following taxable supplies to its customer Mr. P in the quarter ending 30th June, 20XX.

Date	Bill No.	Particulars	Invoice value (including GST) [₹]
5th April, 20XX	102	Notebooks [10 in numbers]	1,200



10th May, 20XX	197	Chart Paper [4 in number]	600
20th May, 20XX	230	Crayon colors [2 packets]	500
2nd June, 20XX	254	Poster colors [5 packets]	900
22nd June, 20XX	304	Pencil box [4 sets]	700

Goods in respect of bill no. 102, 230 and 254 have been returned by Mr. P. You are required to advise ABC Ltd. whether it can issue consolidated credit note against all the three invoices?

**Answer:** Where **one or more** tax invoices have been issued for supply of any goods and/or services and

- the taxable value/tax charged in that tax invoice is found to exceed the taxable value/tax payable in respect of such supply, or
- where the goods supplied are returned by the recipient, or
- where goods and/or services supplied are found to be deficient,

the registered person, who has supplied such goods and/or services, may issue to the recipient **one or more** credit notes for supplies made in a financial year containing prescribed particulars.

**Thus, one (consolidated) or more credit notes can be issued in respect of multiple invoices issued in a financial year without linking the same to individual invoices.**

**Hence, in view of the above-mentioned provisions, M/s ABC Ltd. can issue a consolidated credit note for the goods returned in respect of all the three invoices.**

**Question 34:** Bali Limited, a registered taxpayer, provides security services to registered persons from Mumbai office and Delhi office. The aggregate turnover of Mumbai office and Delhi office in the preceding financial year is ₹ 300 crore and ₹ 250 crore respectively. For the month of November in the current financial year, Bali Limited prepares duplicate invoices and does not issue e-invoice as it is of the view that its aggregate turnover does not cross the threshold limit to make it liable for issuing e-invoices.

Briefly explain whether the view taken by Bali Limited is correct in law? Also explain the advantages of e-invoicing, if any.

**Answer:** The view taken by Bali Limited is not correct in law.

All notified registered businesses (except specified class of persons) with an aggregate turnover (based on PAN) in the preceding financial year greater than ₹ 10 crore are required to issue e-invoices.

The eligibility is based on aggregate annual turnover on the common PAN. Thus, the aggregate total turnover of Bali Limited is more than ₹ 10 crores (considering both the GSTINs) and is required to issue e-invoices.

Further, where e-invoicing is applicable, there is no need of issuing invoice copies in triplicate/duplicate.

E-invoice has many advantages for businesses, which have been given as under:-

- Auto-reporting of invoices into GST return and auto-generation of e-way bill (wherever required).** Under e-invoicing, business has to report the B2B invoice data only once in the e-invoice form and the same is reported in multiple forms (GSTR-1, e-way bill etc.). E-way bill can be auto-generated using e-invoice data. GSTR-1 can also be auto-populated with the e-invoice data. It will become part of the business process of the taxpayer.
- Accuracy/Reconciliation.** Since same data is reported to tax department as well as to the buyer to prepare his inward supplies (purchase) register, transcription errors are reduced. On receipt of information through GST System, buyer can do reconciliation with his Purchase Order.
- Early payment.** E-invoicing facilitates standardisation and inter-operability leading to reduction of disputes among transacting parties and thus, improving payment cycles.
- Cost reduction.** E-invoicing helps in reducing processing costs and thus, leads to improvement of overall business efficiency.
- Reduction of tax evasion.** Since a complete trail of B2B invoices is available with the Department, it will enable the system-level matching of input tax credit and output tax thereby reducing the tax evasion.

- (vi) **Elimination of fake invoices.** E-invoicing eliminates the fake invoices. Claiming fictitious input tax credit (ITC) by raising fake invoices is also one of the biggest challenges currently faced by tax-authorities. The e-invoice system helps to curb the actions of unscrupulous taxpayers and reduce the number of fraud cases as the tax authorities have access to data in real-time.
- (vii) **Paper Elimination.** E-invoicing helps in paper elimination and thereby it is eco-friendly.

**Question 35:** ABC Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens was issuing consolidated tax invoice for supplies at the close of each day in terms of section 31(3)(b) of CGST Act, 2017 read with fourth proviso to rule 46 of C GST Rules, 2017.

During the month of October, 2019, the Department raised objection for this practice and asked to issue separate tax invoices for each ticket.

Advise ABC Cinemas for the procedure to be followed in the light of recent notification

*Jan 2021 Marks*

**Answer:** The procedure to be followed by ABC Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens, is as under:—

The option to issue consolidated tax invoice is not available to a supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens. Thus, ABC Cinemas cannot issue consolidated tax invoice for supplies made by it at the close of each day.

ABC Cinemas is required to issue an electronic ticket.

The said electronic ticket shall be deemed to be a tax invoice, even if such ticket does not contain the details of the recipient of service but contains the other information as prescribed to be mentioned.



## Time of Supply

**Question 36:** Chiku Traders is a registered supplier of plastic goods. On 10th April, 20XX, Chiku Traders received an order from Neelu Traders for supply of a consignment of plastic goods. Chiku Traders gets the consignment ready by 15th April, 20XX. The invoice for the consignment was issued the next day, 16th April, 20XX. Neelu Traders collects the consignment from the godown of Chiku Traders on 25th April, 20XX and hands over the cheque towards payment on the same date. The said payment is entered in the books of accounts of Chiku Traders on 26th April, 20XX and amount is credited in their bank account on 27<sup>th</sup> April, 20XX.

**Determine the time of supply of the plastic goods supplied by Chiku Traders to Neelu Traders as per the provisions of CGST Act, 2017.**

**Answer:** In terms of section 12(2) of the CGST Act, the time of supply of goods is the earlier of the date of issue of invoice/last date on which the invoice is required to be issued or date of receipt of payment. However, *Notification No. 66/2017 CT dated 15.11.2017* specifies that a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a) of the CGST Act, 2017, i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.

As per section 31(1), the invoice in case of supply of goods needs to be issued either before or at the time of removal/delivery of goods.

In this case, the invoice is issued before the removal of the goods and is thus, within the time limit prescribed under section 31(1). Therefore, time of supply is the date of issue of invoice, which is 16th April, 20XX.

**Question 37:** Hodu Ltd., Mumbai, holds 51% of shares of Wanky Inc., a USA based company. Wanky Inc. provides business auxiliary services to Hodu Ltd. From the following details, determine the time of supply of service provided by Wanky Inc:

<b>Agreed consideration</b>	<b>US \$1,00,000</b>
<b>Date on which services are provided by Wanky Inc.</b>	<b>16th June</b>
<b>Date on which invoice is issued by Wanky Inc.</b>	<b>19th August</b>
<b>Date of debit in the books of account of Hodu Ltd.</b>	<b>30th September</b>
<b>Date on which payment is made by Hodu Ltd.</b>	<b>23rd December</b>

**Answer:** Since Hodu Ltd. holds 51% shares of Wanky Inc., Hodu Ltd. and Wanky Inc. are 'associated enterprises' as per section 92A of the Income-tax Act, 1961. As per second proviso to section 13(3) of the CGST Act, 2017, in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply is the earlier of the following two dates:

Date of entry in the books of account of the recipient of supply [which is Hodu Ltd. in the present case]	30th September
OR	
Date of payment [by Hodu Ltd. in the present case]	23rd December

Thus, time of supply is 30th September.

**Question 38:**

- (i) An order is placed to T & Co., Sholapur on 18th August, 2021 for supply of fabrics to make garments. Company delivered the fabrics on 4th September, 2021 and after completion of the order issued the invoice on 15th September, 2021. The payment against the same was received on 30th September, 2021.

Determine the time of supply for the purpose of payment under CGST Act, 2017 with your explanations.

- (ii) HM Industries Ltd. engaged the services of a transporter for road transport of a consignment on 20th May, 2021. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July 2021. Invoice was received from the transporter on 20th June 2021 and payment was made on 25th August 2021.

What is the time of supply of the transporter's service?

Dec 2021 Marks 5

**Answer**

- (i) The time of supply of goods (where movement of goods involve) (fabric) for the purpose of payment of tax is the date of issue of invoice or the last date when the invoice ought to have been issued.

Further, a registered person is required to issue a tax invoice before or at the time of delivery of goods or making available thereof to the recipient.

Thus, in the given case, time of supply is 4th September, 2021.

- (ii) **Alternative 1: Assuming that services of transportation of goods by road have been provided by a GTA which has not paid GST @ 12%; i.e. GST is payable @ 5%.**

Tax on supply of transportation of goods by road services provided by a Goods Transport Agency (GTA) to a body corporate is payable under reverse charge by such body corporate.

Time of supply of services taxable under reverse charge is earliest of:-

- (a) date of making payment, or  
(b) 61st day from the date of issue of invoice by supplier

Thus, in the given case, time of supply is earlier of

- (a) 25th August

or

- (b) 20th August 2021 (61st day from 20th June)

Thus, in the given case, time of supply 20th August 2021

**Alternative 2: Assuming that services of transportation of goods by road have been provided by a GTA which has paid GST @ 12%. Thus, GST is payable under forward charge.**

The time of supply of services in case where the invoice is issued within 30 days of provision of service is the earlier of date of invoice or date of receipt of payment.

Thus, in the given case, time of supply is 20th June, 2021.

**Question 39:** The aggregate turnover of Sangri Services Ltd., Delhi exceeded ₹ 20 lakh on 12th August. He applied for registration on 3rd September and was granted the registration certificate on 6th September. You are required to advise Sangri Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices.

**Answer:** As per section 25 read with CGST Rules, 2017, where an applicant submits application for registration within 30 days from the date he becomes liable to registration, effective date of registration is the date on which he becomes liable to registration. Since, Sangri Services Ltd.'s turnover exceeded ₹ 20 lakh on 12th August, it became liable to registration on same day. Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is the date on which he becomes liable to registration, i.e. 12th August.

As per section 31 read with CGST Rules, 2017, every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue Revised Tax Invoices. Revised Tax Invoices shall be issued within 1 month from the date of issuance of certificate of registration. Revised Tax Invoices shall be issued within 1 month from the date of issuance of registration in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration.

Therefore, in the given case, Sangri Services Ltd. has to issue the Revised Tax Invoices in respect of taxable supplies effected during the period starting from the effective date of registration (12th August) till the date of issuance of certificate of registration (6th September) within 1 month from the date of issuance of certificate of registration, i.e. on or before 6th October.

**Question 40:** Examine whether the supplier is liable to get registered in the following independent cases:-

- (i) Happy Ltd. of Himachal Pradesh is exclusively engaged in intra-State supply of pan masala. It's aggregate turnover in the current financial year is ₹ 24 lakh.
- (ii) Akki Ltd. of Assam is exclusively engaged in intra-State supply of taxable services. It's aggregate turnover in the current financial year is ₹ 25 lakh.
- (iii) Aaru Ltd. of Assam is engaged in intra-State supply of both taxable goods and services. It's aggregate turnover in the current financial year is ₹ 30 lakh.

**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:-

- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) ₹ 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 masalas and Tobacco and manufactured tobacco substitutes, Bricks and earthen/ 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 Special Category 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) Happy Ltd. 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, Happy Ltd. is liable to get registered under GST.
- (ii) Though Akki Ltd. is dealing in Assam, it is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusive supply of goods while it is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is ₹ 20 lakh and hence, Akki Ltd. is liable to get registered under GST.
- (iii) Since Aaru Ltd. is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in this case is ₹ 20 lakh. Thus, Aaru Ltd. is liable to get registered under GST as its turnover is more than the threshold limit.

**Question 41: Under the provision of section 29(1) of CGST Act, 2017 related to suspension of registration if the registered person has applied for cancellation of registration, what is the period and manner of suspension of registration?**

*Jan 2021 Marks 5*

**Answer:** Where a registered person has applied for cancellation of registration, the registration shall be deemed to be suspended from:

- (a) the date of submission of the application or
- (b) the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration.

Such person shall not make any taxable supply during the period of suspension and shall not be required to furnish any return.

The expression “shall not make any taxable supply” mean that the registered person shall not issue a tax invoice and, accordingly, not charge tax on supplies made by him during the suspension period.

**Question 42:** Siddhi Ltd. is a registered manufacturer engaged in taxable supply of goods. Siddhi Ltd. purchased the following goods during the month of January, 2019. The following particulars are provided:

S. No.	Particulars	Input tax (₹)
1.	Capital goods purchased on which depreciation has been taken on full value including input tax thereon	15,000
2.	Goods purchased from Ravi Traders (Invoice of Ravi Traders is received in month of January, 2019, but goods were received in month of March, 2019)	20,000
3.	Car purchased for making further supply of such car. Such car is destroyed in accident while being used for test drive by potential customers	30,000
4.	Goods used for setting up telecommunication towers being immovable property	50,000
5.	Goods purchased from Pooja Ltd. (Full payment is made by Siddhi Ltd. to Pooja Ltd. against such supply, but tax has not been deposited by Pooja Ltd.)	10,000
6.	Truck purchased for delivery of output goods	80,000

Determine the amount of input tax credit (ITC) available by giving necessary explanations for treatment of various items as per the provisions of the CGST Act, 2017. You may assume that all the necessary conditions for availing the ITC have been complied with by Siddhi Ltd.

**Answer:**

**Computation of ITC available with Siddhi Ltd.**

S. No.	Particulars	Input tax (₹)
1.	Capital goods [Since depreciation has been claimed on the tax component of the value of the capital goods, ITC of such tax cannot be availed in terms of section 16 of the CGST Act, 2017.]	Nil
2.	Goods purchased from Ravi Traders [ITC in respect of goods not received cannot be availed (Section 16 of the CGST Act, 2017). Since the goods have been received in the month of March 2019, ITC thereon can be availed in March 2019 and not January 2019 even though the invoice for the same has been received in January 2019]	Nil
3.	Cars purchased for making further supply [Though ITC on motor vehicles used for further supply of such vehicles is not blocked, ITC on goods destroyed for whichever reason is blocked (Section 17(5) of the CGST Act, 2017).]	Nil
4.	Goods used for setting telecommunication towers [ITC on goods used by a taxable person for construction of immovable property on his own account is blocked even when such goods are used in the course or furtherance of business (Section 17 of the CGST Act, 2017).]	Nil

S. No.	Particulars	Input tax (₹)
5.	Goods purchased from Pooja Ltd. [ITC can be claimed provisionally in January 2019 since all the conditions necessary for availing the same have been complied with (Section 16 of the CGST Act, 2017). However, the claim will get confirmed only when the tax charged in respect of such supply has been actually paid to the Government.]	10,000
6.	Trucks purchased for delivery of output goods [ITC on motor vehicles used for transportation of goods is not blocked (Section 17(5) of the CGST Act, 2017).]	80,000
	<b>Total ITC available with Siddhi Ltd.</b>	<b>90,000</b>

**Note:** The above answer is based on the assumption that the ITC available is to be computed for the month of January, 2019. However, since the question does not specify the period for which ITC available is to be computed, the question may also be answered without referring to any particular period.

**Question 43:** Quanto Ltd. is not required to register under CGST Act, 2017, but it wishes to obtain voluntary registration, so it applied for voluntary registration on 17th September, 20XX and registration certificate has been granted to it on 25th September, 20XX. The CGST and SGST liability for the month of September, 20XX is ₹ 24,000 each.

Quanto Ltd. provides the following information of inputs and capital goods held in stock on 24<sup>th</sup> September, 20XX. It is not engaged in making inter-State outward taxable supplies.

Particulars	Amount (₹)
<b>Input procured on 02-09-20XX lying in stock</b>	
- CGST @ 6%	4,500
- SGST @ 6%	4,500
<b>Input received- on 21-07-20XX contained in semi- finished goods held in stock:</b>	
- CGST @ 6%	7,500
- SGST @ 6%	7,500
<b>Value of inputs contained in finished goods held in stock ₹ 2,00,000 were procured on 19-09-20XX (Last Year)</b>	
- IGST @ 18%	36,000
<b>Inputs valued at ₹ 50,000 procured on 13-09-20XX lying in stock:</b>	
- IGST @ 18%	9,000
<b>Capital goods procured on 12-09-20XX</b>	
-CGST @ 6%	12,000
-SGST @ 6%	12,000

You are required to compute the amount of tax to be paid in cash by Quanto Ltd. for the month of September, 20XX.

You are also required to mention reasons for treatment of all above items.



**Answer:**

**Computation of net GST liability (to be paid in cash)  
by Quanto Ltd. for the month of September, 20XX:**

Particulars	CGST (₹)	SGST (₹)
Output tax liability for the month	24,000	24,000
Less: Input tax credit (ITC) [Refer note-2 below]	<u>9,000 (IGST)</u>	<u>12,000 (SGST)</u>
	12,000 (CGST)	
<b>Net GST payable (in cash)</b>	<b>3,000</b>	<b>12,000</b>

**Notes:**

- Credit of IGST shall be utilized towards payment of IGST, CGST and SGST in that order. Since Quanto Ltd. does not make any inter-State supply, credit of IGST has been utilized towards payment of CGST [Section 49(5) of the CGST Act, 2017].
- As per section 18(1)(b) of the CGST Act, 2017-

*A person who takes voluntary registration is entitled to take credit of input tax in respect of:*

- ◆ inputs held in stock and
- ◆ inputs contained in semi-finished/ finished goods held in stock

*on the day immediately preceding the date of grant of registration.*

*However, he cannot take ITC in respect of capital goods held on the day immediately preceding the date of grant of registration.*

*ITC on inputs needs to be availed within 1 year from the date of issue of the invoice by the supplier [Section 18(2) of the CGST Act, 2017].*

*In this case, since Quanto Ltd. has been granted voluntary registration on 25.09.20XX, it will be entitled to ITC on inputs held in stock and inputs contained in semi-finished/ finished goods held in stock, on 24.09.20XX. In view of the said provisions, eligible ITC for Quanto Ltd. is computed as follows:*

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Inputs held in stock since 02.09.20XX	4,500	4,500	
Inputs received on 21.07.20XX contained in semi-finished goods held in stock	7,500	7,500	
Inputs contained in finished goods held in stock which were procured on 19.09.20XX (Last Year) <sup>1</sup> [Procured prior to one year, hence ITC cannot be availed]			Nil
Inputs held in stock since 13.09.20XX			9,000
Capital goods procured on 12.09.20XX	<u>Nil</u>	<u>Nil</u>	
<b>Total ITC</b>	<b>12,000</b>	<b>12,000</b>	<b>9,000</b>

**Question 44: M/s. Comfortable (P) Ltd. is registered under GST in Chennai, Tamil Nadu. It is engaged in the manufacture of iron and steel products. It has carried out following transactions in the financial year 20XX-XY:—**

- Purchased 1,000 Metric Ton (MT) iron @ 1,000 per MT (excluding GST) from M/s. Hard Ltd. of Chennai. M/s. Hard Ltd. has fulfilled the order as follows:

<sup>1</sup> It has been assumed that invoice for the said goods is also dated 19.09.20XX (Last Year).

Date	Quantity (MT)	Taxable Value
28-Feb-20XY	200	2,00,000/-
10-Mar-20XY	250	2,50,000/-
25-Mar-20XY	250	2,50,000/-
28-Mar-20XY	200	2,00,000/-

Balance order requirement has been fulfilled by Hard Ltd. on 5-Apr-20X. However, Hard Ltd. has raised the invoice for full order at the time of dispatch of first lot, i.e. on 28-Feb-20XY. M/s. Comfortable (P) Ltd. has made the full payment on 28-Feb-20XY for the order.

- (b) Company has received IT engineering service from M/s. Dynamic Infotech (P) Ltd. of Chennai for ₹ 11,00,000/- (excluding GST) on 28-Oct-20XX. Invoice for service rendered was issued on 5-Nov-20XX. M/s Comfortable (P) Ltd. made part-payment of ₹ 4,13,000/- on 31-Dec-20XX. Being unhappy with service provided by M/s Dynamic Infotech (P) Ltd., it did not make the balance payment. Deficiency in service rendered was made good by M/s Dynamic Infotech (P) Ltd. by 15-Feb-20XY. M/s. Comfortable (P) Ltd. made payment of ₹ 2,95,000/- on 15-Feb-20XY towards full and final settlement of the dues and did not pay the balance amount.
- (c) Company has made the following intra State supplies (excluding GST) for the financial year 20XX-XY:—

S.No.	Particulars	Amount (₹)
1.	Value of intra-State supplies made to registered persons	10,00,000
2.	Value of intra- State supplies made to unregistered persons	2,00,000

- (i) Compute the GST liability (CGST, SGST or IGST, as the case may be) of M/s. Comfortable (P) Ltd. for the financial year 20XX-XY:-
- (ii) Compute the amount of input tax credit to be reversed in the FY 20XX-XY and/or in the next FY 20XY-YZ, if any.

Assume the rates of GST as under:

CGST	9%
SGST	9%
IGST	18%

Note

- (i) All the conditions necessary for availing input tax credit have been fulfilled.
- (ii) Ignore interest, if any

**Answer:**

- (i) **Computation of net GST payable for the financial year 20XX-XY**

Particulars	Value (₹)	CGST (₹)	SGST (₹)
<b>Tax liability</b>			
Intra-State supplies made to registered persons	10,00,000	90,000	90,000
Intra State supplies made to unregistered persons	2,00,000	<u>18,000</u>	<u>18,000</u>
<b>Total (A)</b>		<b>1,08,000</b>	<b>1,08,000</b>
<b>Input Tax credit</b>			
Supply of iron in lots by M/s Hard Limited [Note-1]	10,00,000	-	-
Supply of IT engineering service [Note-2]	11,00,000	<u>99,000</u>	<u>99,000</u>
<b>Total (B)</b>		<b>99,000</b>	<b>99,000</b>
<b>Net GST payable (A)-(B)</b>		<b>9,000</b>	<b>9,000</b>



SGST	9%
IGST	18%

Note: Turnover of M/s. Pradyumn Corporation Pvt. Ltd. was ₹ 2 crore in the previous financial year.

### Answer:

#### Computation of GST liability of M/s. Pradyumn Corporation Pvt. Ltd. for the month of October, 2017

Particulars	Value of Supply	CGST (₹)	SGST (₹)	IGST (₹)
Intra State sale of taxable goods [Note-1]	2,00,000	18,000	18,000	
Goods purchased from unregistered dealer on 20th October, 2017 [Note-2]	Nil	Nil	Nil	
Receipt for services rendered by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex [Note-3]	50,000	4,500	4,500	
Professional fees paid to Ms. Udadhi located in a non-taxable territory [Note-4]	50,000			9,000
Total GST liability for the month of October, 2017		18,000	18,000	9,000

#### Notes:

- No GST liability would have arisen on advance of ₹ 50,000 received in September, 2017 as in case of goods time of supply is based on invoice and not on advance payment.
- All intra-State and inter-State procurements made by a registered person from unregistered person have been exempted from reverse charge liability subject to some exception.
- Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt. Labour contracts **for repairing** are thus, taxable.
- In case of service supplied by a person located in a non-taxable territory to a person other than non-taxable online recipient, GST is payable under reverse charge by such recipient.

**Question 46:** Mr. Ekaant, a supplier registered in Delhi, is engaged in the business of sale and purchase of plastic raincoats. He furnishes the following information pertaining to inward/outward supply made by him for the month of July, 20XX:

Particulars	Amount (₹ in lakh)
Value of inter-State outward supply to registered persons	30
Value of intra-State outward supply to registered persons	50
Value of intra-State outward supply to unregistered persons	15
Value of intra-State inward supply from registered persons	10
Value of inter-State inward supply from registered persons	5
Value of intra-State inward supply from unregistered persons	2

Following additional information is also provided by Mr. Ekaant:-

Particulars	Amount (₹ in lakh)
IGST credit on capital goods purchased in the month of July	1.5
CGST/SGST credit on other inward supplies [including credit of ₹ 5,000 (CGST and SGST each) on account of membership of a club]	0.5 (CGST and SGST each)
Availed consultancy services from Mr. Sujit, lawyer located in Delhi [Intra-State services]	1

The amount of ITC brought forward in the month of July, 20XX is as under:- CGST: ₹ 2 lakh  
SGST: ₹ 2 lakh IGST: ₹ 5 lakh

Calculate the net GST liability (CGST and SGST or IGST, as the case may be) to be paid in cash for the month of July, 20XX by assuming the rates of GST as under:

CGST	9%
SGST	9%
IGST	18%

Note:

- All the amounts given above are exclusive of taxes.
- All the conditions necessary for availing the ITC have been fulfilled.

**Answer:**

**Computation of net GST liability of Mr. Ekaant**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
<b>Total tax liability</b>				
Value of intra-State legal consultancy services i.e. inward supplies liable to reverse charge mechanism (to be paid in cash) (A) [Note-1]	1,00,000	9,000	9,000	-
Value of inter-State outward supplies (B1)	30,00,000	-	-	5,40,000
Value of intra-State outward supplies to registered as well as unregistered persons (B2) (₹ 50,00,000 + ₹ 15,00,000)	65,00,000	5,85,000	5,85,000	-
<b>Total (B) = (B1) +(B2)</b>		<b>5,85,000</b>	<b>5,85,000</b>	<b>5,40,000</b>
<b>Input tax Credit</b>				
Brought forward ITC		2,00,000	2,00,000	5,00,000
Value of intra-State inward supplies from registered person [Note-2]	10,00,000	90,000	90,000	
Value of inter-State inward supplies from registered person [Note-2]	5,00,000	-	-	90,000
Value of intra-State inward supplies from unregistered person [Note-3]	2,00,000	-	-	-
IGST credit of capital goods [Note- 2]				1,50,000
Credit on other inward supplies purchased in the month of July less credit on membership of a club [Note-2 & 4]		45,000	45,000	-
Credit of legal consultancy services [Note-2]		9,000	9,000	-
<b>Total (C)</b>		<b>3,44,000</b>	<b>3,44,000</b>	<b>7,40,000</b>
<b>Net liability (B)-(C)</b>		2,41,000	2,41,000	(2,00,000)
Less: Set off from IGST credit		2,00,000	-	-
Liability after set off (D)		<b>41,000</b>	<b>2,41,000</b>	<b>Nil</b>
<b>Net GST liability to be paid in cash (A) + (D)</b>		<b>50,000</b>	<b>2,50,000</b>	<b>Nil</b>

Notes:—

- Services supplied by an individual advocate to any business entity located in the taxable territory by way of legal services, directly or indirectly are taxable under reverse charge mechanism. Thus, tax is payable by the recipient (Mr. Ekaant) on said services to the Government.

Further, as per section 49(4) of the CGST Act, 2017, amount available in the electronic credit ledger [ITC amount] may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax in terms of section 2(82) of the CGST Act, 2017. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.

2. Every registered person is entitled to take credit of input tax charged on any inward supply of goods and/or services which are used or intended to be used in the course or furtherance of his business in terms of section 16 of CGST Act, 2017. Further “input tax” in relation to a registered person includes the tax payable under reverse charge mechanism in terms of section 2(62) of the CGST Act, 2017.
3. Intra-State supplies received by a registered person from any unregistered supplier, are exempt from the whole of the central tax leviable thereon under section 9(4) till 30.09.2019 [Notification No.8/2017 CT (R) dated 28.06.2017]. Since no tax has been paid, so no credit is available.
4. Input tax credit is not allowed in respect of membership of a club in terms of section 17(5) of CGST Act, 2017.

**Question 47:** ‘XY’ of Kolkata is engaged in supply of various goods and services. It pays GST under regular scheme. The following information is provided by it for the month of July:

Payments	Amount (₹)	Receipts	Amount (₹)
Inter-State purchases of office stationery	1,40,000	Inter-State supply of office stationery	2,00,000
Repairing of lorry used to transport goods from warehouse to clients’ location [Intra-State supply]	1,00,000	Intra-State supply of 500 combi packs containing one calculator and one diary	4,00,000
		Intra-State supply of services of business correspondent to Shubhvidhi Bank with respect to accounts in its urban area branch	1,00,000

The following additional information is provided by ‘XY’ in relation to the above receipts and payments:

- (i) 10% of the inter-State supply of office stationery are made to unregistered persons.
- (ii) Each combi pack (containing a calculator and a diary) is priced at ₹ 800. The calculator and the diary are individually priced at ₹ 700 and ₹ 200 respectively.
- (iii) An invoice of ₹ 40,000 towards purchase of office stationery is missing and no other tax paying document is available in respect of such goods.
- (iv) All the figures mentioned above are exclusive of taxes, wherever applicable.
- (v) Rates of CGST, SGST and IGST for all services, office stationery and calculator are 9%, 9% and 18% respectively. Rates of CGST, SGST and IGST for diary are 14%, 14% and 28% respectively.
- (vi) Subject to the information given above, all the necessary conditions for availing input tax credit have been fulfilled.

Details of opening balances of input tax credit as on 1<sup>st</sup> July is given hereunder:

Tax	Amount (₹)
CGST	5,000
SGST	5,000
IGST	80,000

Compute the minimum net GST [CGST, SGST or IGST, as the case may be] payable in cash by ‘XY’ for the month of July.

**Answer:****Computation of minimum net GST payable in cash by 'XY' for the month of July**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
<b>Total tax liability</b>				
Inter-State supply of stationery [Note 1]	2,00,000			36,000 (2,00,000 x 18%)
Intra-State supply of 500 combi packs of calculators and diaries [Note-2]	4,00,000 (500 x 800)	56,000 (4,00,000 x 14%)	56,000 (4,00,000 x 14%)	
Intra-State supply of services of business correspondent to a Shubhvidhi Bank with respect to accounts in its urban area branch [Note-3]	1,00,000	9,000 (1,00,000 x 9%)	9,000 (1,00,000 x 9%)	
<i>Total tax liability</i>		<i>65,000</i>	<i>65,000</i>	<i>36,000</i>
<b>Input tax credit (ITC)</b>				
Brought forward ITC		5,000	5,000	80,000
Inter-State purchase of office stationery [Note-4]	1,00,000			18,000
Intra-State repairing of lorry used for transportation of goods [Note-5]	1,00,000	9,000	9,000	
<i>Total ITC</i>		<i>14,000</i>	<i>14,000</i>	<i>98,000</i>
<b>Minimum net GST payable in cash</b>				
Total tax liability		65,000	65,000	36,000
IGST credit being set off against IGST liability				(36,000)
IGST credit being used to pay CGST and SGST liability in any order and in any proportion		(11,000)	(51,000)	
CGST and SGST credit being used to pay CGST and SGST liability respectively		(14,000) CGST	(14,000) SGST	
<b>Minimum net GST payable in cash</b>		<b>40,000</b>	<b>Nil</b>	<b>Nil</b>

**Notes:-**

1. Taxable supplies made by a registered person are liable to tax irrespective of whether they are made to a registered person or to an unregistered person.
2. Supply of calculator and diary as a combi pack with a single price of ₹ 800 is a mixed supply. Being a mixed supply comprising of two supplies, it shall be treated as supply of that particular supply which attracts highest rate of tax.
3. Services provided by a business facilitator/business correspondent to a banking company only with respect to accounts in its rural area branch are exempt and not with respect to accounts in its urban area branch .
4. ITC can be taken only on the basis of a valid tax paying document. Thus, ITC will not be available on goods for which the invoice is missing.
5. ITC on motor vehicles used for transportation of goods is allowed. Further, ITC is allowed on repair and maintenance services relating to motor vehicles, ITC on which is allowed.

*Note: IGST credit, after being set off against IGST liability, can be utilised against CGST and SGST liability in any order and in any proportion. Thus, there cannot be one answer for the minimum net CGST and SGST payable in cash as the amount of CGST and SGST liabilities are the same as also the amount of ITC for CGST and SGST is also the same.*

**Question 48:** KNK Ltd., a registered supplier of Mumbai is a manufacturer of heavy machines. Its outward supplies (exclusive of GST) for the month of January, 2020 are as follows:

S. No.	Particulars	Amount (₹)
(i)	Inter-State	85,00,000
(ii)	Intra-State	15,00,000

Applicable rate of CGST, SGST and IGST on outward supply are 9%, 9% and 18% respectively. Details of GST paid on inward supplies during the month of January, 2020 are as follows:

S. No.	Particulars	CGST paid (₹)	SGST paid (₹)
(i)	Raw material A (of which 70% of inputs procured were used and 30% were in stock at the end of the January, 2020)	60,000	60,000
(ii)	Raw material B (of which 90% material received in factory and remaining material completely damaged due to a road accident on the way to factory. There was no negligence on the part of the KNK Ltd.)	50,000	50,000
(iii)	Construction of pipelines laid outside the factory premises	30,000	30,000
(iv)	Insurance charges paid for trucks used for transportation of goods.	55,000	55,000

Additional Information:

- There is no opening balance of any input tax credit and all the conditions necessary for availing the input tax credit (ITC) have been fulfilled.
- Details of GST paid on inward supplies are available in GSTR-2A except for item (i) i.e. Raw Material A, for which supplier has not filed its GSTR-1 for the month of January 2020, hence corresponding input tax credit (ITC) is not reflecting in GSTR-2A of KNK Ltd. in January, 2020.

Compute the following:

- Amount of eligible input tax credit (ITC) available for the month of January, 2020.
- Minimum net GST payable in cash, for the month of January, 2020 after using available input tax credit.

Working notes should form part of your answer.

Nov 2020 Marks 8

**Answer:**

(i) Computation of amount of eligible ITC available for the month of January, 2020

S. No.	Particulars	CGST (₹)	SGST (₹)
(i)	Raw materials B (90%) [Note-1]	45,000	45,000
(ii)	Construction of pipelines laid outside the factory premises [Note-2]	Nil	Nil
(iii)	Insurance charges paid for trucks used for transportation of goods [Note-3]	55,000	55,000
(iv)	Raw materials A [Note-4]	Nil	Nil
(v)	Eligible ITC on invoices the details of which are available in GSTR-2A	1,00,000 (45,000 + 55,000)	1,00,000 (45,000 + 55,000)
(vi)	ITC on invoices the details of which are not available in GSTR-2A, i.e. the invoices which have not been uploaded by the suppliers in their GSTR-1 [Note-4]	NIL	NIL
	<b>Total eligible ITC</b>	<b>1,00,000</b>	<b>1,00,000</b>



**Notes:**

1. ITC on goods destroyed is blocked under section 17 of the CGST Act, 2017.
2. ITC on works contract services availed for construction of plant and machinery is allowed but pipelines laid outside the factory premises are excluded from the definition of plant and machinery and hence, ITC thereon is blocked.
3. ITC on motor vehicles used for transportation of goods is allowed. Further, ITC is also allowed on insurance services relating to motor vehicles, ITC on which is allowed.
4. Where invoice has not been uploaded by the supplier in its GSTR-1, then NO ITC SHALL BE ALLOOWED.

**(ii) Computation of minimum net GST payable in cash for the month of January, 2020**

Particulars	Value (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Inter-State outward supplies	85,00,000			15,30,000
Intra-State outward supplies	15,00,000	1,35,000	1,35,000	
Total output tax payable		1,35,000	1,35,000	
Less: Set off of CGST and SGST credit against CGST and SGST liability respectively		<u>(1,00,00)</u>	<u>(1,00,00)</u>	15,30,000
<b>Minimum net GST payable in cash</b>		<b>35,000</b>	<b>35,000</b>	<b>15,30,000</b>

**Question 49:** Mr. Harihar, a supplier of goods, pays GST under regular scheme. He has made the following outward taxable supplies in a tax period:

Particulars	(₹)
Intra-State supply of goods	10,00,000
Inter-State supply of goods	8,00,000

He has also furnished the following information in respect of purchases made by him in that tax period:

Particulars	(₹)
Intra-State purchases of goods	3,00,000
Inter-State purchases of goods	2,50,000

Mr. Harihar has following ITCs with him at the beginning of the tax period:

Particulars	(₹)
CGST	57,000
SGST	60,000
IGST	1,40,000

**Note:**

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- Both inward and outward supplies are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing the ITC have been fulfilled.

Compute the minimum GST payable in cash, by Mr. Harihar for the tax period and the ITC to be carried forward to the next month. Make suitable assumptions as required.

**Answer:**

**Computation of GST payable on outward supplies**

S. No.	Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total (₹)
(i)	Intra-State supply of goods for ₹ 10,00,000	90,000	90,000		1,80,000
(ii)	Inter-State supply of goods for ₹ 8,00,000			1,44,000	1,44,000
	<b>Total GST payable</b>				<b>3,24,000</b>

**Computation of total ITC**

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening ITC	57,000	60,000	1,40,000
Add: ITC on Intra-State purchases of goods valuing ₹3,00,000	27,000	27,000	Nil

Add: ITC on Inter-State purchases of goods valuing ₹ 2,50,000	Nil	Nil	45,000
<b>Total ITC</b>	<b>84,000</b>	<b>87,000</b>	<b>1,85,000</b>

**Computation of minimum GST payable from cash ledger**

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total GST (₹)
GST payable	90,000	90,000	1,44,000	3,24,000
Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow]	(38,000) IGST	(3,000) IGST	(1,44,000) IGST	1,85,000 IGST
	(52,000) CGST	(87,000) SGST		1,39,000
<b>Minimum GST payable in cash</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>ITC balance to be carried forward next month</b>	<b>32,000</b>	<b>Nil</b>	<b>Nil</b>	<b>32,000</b>

*Note:* The above computation is one of the many ways to set off the ITC of IGST (₹ 41,000-after set off against IGST liability) against CGST and SGST liability to compute minimum GST payable in cash. To illustrate, IGST of ₹ 10,000 can be set off against SGST payable and IGST of ₹ 31,000 can be set off against CGST payable. In this situation also, the net GST payable will be nil but the ITC of CGST and SGST to be carried forward will be ₹ 25,000 and ₹ 7,000 (totaling to ₹ 32,000) respectively. However, if the entire ITC of ₹ 41,000 is set off against CGST payable, then SGST of ₹ 3,000 will be payable in cash thus, increasing the cash outflow. Therefore, such a set off would not be advisable for computing the minimum GST payable.

**Question 50:** M/s. Grey, a registered taxable person under regular scheme provides following information in respect of supplies made by it during the month of April, 2019:

	(All amount in rupees)
(i) Inter-state supply of goods	1,00,000
(ii) Intra-state supply of 500 packets of detergent @ ₹ 400 each alongwith a plastic bucket worth ₹ 100 each with each packet, being a mixed supply. (Rate of GST on detergent is 18% and on plastic bucket is 28%)	
(iii) Supply of online educational journals to M/s. Pinnacle, a private coaching centre providing tuitions to students of Class X-XII, being intra-state supply.	50,000
<b>M/s. Grey has also received the following inward supplies:</b>	
(iv) Inter-state supply of goods (out of which invoice for goods worth ₹ 20,000 is missing and no other tax paying document is available)	70,000
(v) Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply.	50,000

**Details of opening balances of ITC as on 1-4-2019 are as follows:**

<b>CGST</b>	<b>5,000</b>
<b>SGST</b>	<b>5,000</b>
<b>IGST</b>	<b>40,000</b>

**Following additional information is provided :**

- (a) Rate of GST in respect of all inward and outward supplies except item (ii) above is 18%. i.e. CGST and SGST @ 9% and IGST @ 18%.

(b) All figures mentioned above are exclusive of taxes.

(c) All the conditions for availing the ITC have been fulfilled except specifically given and M/s. Grey is not eligible for any threshold exemption.

Compute the minimum net GST payable in cash by M/s. Grey for the month of April, 2019.

**A**nswer:

**Computation of minimum net GST payable in cash by M/s. Grey  
for the month of April, 2019**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
<b><u>Total tax liability</u></b>				
Inter-State supply of goods	1,00,000			18,000
Intra-State supply of 500 packets of detergents along with a plastic bucket [Note-1]	2,00,000 (500 x 400)	28,000 (2,00,000 x 14%)	28,000 (2,00,000 x 14%)	
Supply of online educational journal to private coaching centre [Note-2]	50,000	4,500 (50,000 x 9%)	4,500 (50,000 x 9%)	
<b>Total tax liability (A)</b>		<b>32,500</b>	<b>32,500</b>	<b>18,000</b>
<b><u>Input tax credit (ITC)</u></b>				
Brought forward ITC		5,000	5,000	40,000
Inter-State purchase of goods [Note-3]	50,000			9,000
Repairing of bus with seating capacity of 20 passengers [Note-4]	50,000	4,500	4,500	
<b>Total ITC (B)</b>		<b>9,500</b>	<b>9,500</b>	<b>49,000</b>
<b><u>Minimum net GST payable in cash</u></b>				
Total tax liability		32,500	32,500	18,000
Less: Set off of IGST liability from IGST credit				(18,000)
Set off IGST credit against CGST and SGST liability in any order and in any proportion		(23,000)	(8,000)	
Set off of CGST and SGST credit against CGST and SGST liability respectively		(9,500) CGST	(9,500) SGST	
<b>Minimum net GST payable in cash</b>		<b>Nil</b>	<b>15,000</b>	<b>Nil</b>

**Notes:-**

- Supply of detergent and bucket together with a single price of ₹ 400 is a mixed supply. Being a mixed supply comprising of two supplies, it shall be treated as supply of that particular supply that attracts highest rate of tax (28%).
- Supply of online educational journal is exempt only when the same is provided to an educational institution which provides a qualification recognised by law. Since, the private coaching centre does not provide any recognised qualification, the supply of online educational journals to the same will be taxable.
- ITC can be taken only on the basis of a valid tax paying document. Thus, ITC will not be available on goods for which the invoice is missing.
- ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed. Further, ITC is allowed on repair and maintenance services relating to motor vehicles, ITC on which is allowed.

Note: Under the amended position of law, the IGST credit, after being set off against IGST liability, can be utilised against CGST and SGST liability in any order and in any proportion. Thus, there cannot be one answer for the minimum net CGST and SGST payable in cash [i.e. GST liability] as the amount of CGST and SGST liabilities are the same as also the amount of ITC for CGST and SGST is also the same.

**Question 51: Restrictions have been imposed on the use of amount available in the electronic credit ledger vide rule 86B of the CGST Rules, 2017. Is there any exceptions to rule 86B? If yes, state the exceptions.**

*RTP May 2022*

**Answer:** Restrictions have been imposed on the use of amount available in electronic credit ledger vide rule 86B of the CGST Rules, 2017. Yes, there are exceptions to rule 86B. The exceptions to rule 86B are as under:—

**(i) Payment of Income Tax more than ₹ 1 lakh**

Rule 86B may not apply in cases whereby person mentioned below have deposited sum of more than ₹ 1 lakh as income tax under the Income-tax Act, 1961 in each of the last 2 financial years for which the time limit to file return of income under section 139(1) of the said Act has expired

- ❖ The registered person or
- ❖ The karta/proprietor/the managing director of the registered person;
- ❖ Any of the two partners, whole-time directors, members of Managing Committee of Associations or Board of Trustees of the registered person, as the case may be.

**(ii) Receipt of refund of input tax credit of more than ₹ 1 lakh**

Rule 86B may not apply whereby registered person has received a refund amount of more than ₹ 1 lakh on account of unutilized input tax credit under the following:

- ❖ zero-rated supplies made without payment of tax
- ❖ Inverted duty structure

It is pertinent to note that refund should have been received in the preceding financial year.

**(iii) Payment of total output tax liability through electronic cash ledger in excess of 1% of total output tax liability**

If the registered person has paid more than 1% of total output tax liability using electronic cash ledger upto the said month in the current financial year, the restrictions as specified in Rule 86B shall not apply.

It is pertinent to note that GST liability paid under reverse charge mechanism should not be taken into account while calculating the total output liability paid through electronic cash ledger

**(iv) Specified registered person:**

Rule 86B would not be applicable in case of below-mentioned registered person:

- ❖ Government Department; or
- ❖ a public sector undertaking; or
- ❖ a local authority; or
- ❖ a statutory body.

**Question 52:** Mr. Gauri Shiva, a registered person in Punjab, supplies goods taxable @ 12% [CGST @ 6%, SGST @ 6% & IGST @ 12%] in the States of Punjab and Haryana. He has furnished the following details in relation to independent supplies made by him in the quarter ending June, 20XX: -

Supply	Recipient	Nature of supply	Value (₹)
1	Mr. A, a registered person	Inter-State	2,20,000
2	Mr. B, a registered person	Inter-State	2,55,000
3	Mr. C, an unregistered person	Intra -State	1,80,000
4	Mr. D, an unregistered person	Intra-State	2,60,000
5	Mr. M, an unregistered person	Inter-State	3,00,000
6	Mr. N, an unregistered person	Inter-State	50,000
7	Mr. O, an unregistered person	Inter-State	2,50,000
8	Mr. P, an unregistered person	Inter-State	2,80,000
9	Mr. Q, a registered person	Intra-State	1,50,000
10	Mr. R, a registered person	Intra-State	4,10,000

The aggregate annual turnover of Mr. Gauri Shiva in the preceding financial year was ₹ 1.20 crore. With reference to rule 59 of the CGST Rules, 2017, discuss the manner in which the details of above supplies are required to be furnished in GSTR-1.

**Answer:** Rule 59 of the CGST Rules, 2017, *inter alia*, stipulates that the details of outward supplies of goods and/or services furnished in form GSTR-1 shall include the—

- (a) invoice wise details of all –
  - (i) inter-State and intra-State supplies made to the registered persons; and
  - (ii) inter-State supplies with invoice value more than two and a half lakh rupees made to the unregistered persons;
- (b) consolidated details of all –
  - (i) intra-State supplies made to unregistered persons for each rate of tax; and
  - (ii) State wise inter-State supplies with invoice value upto two and a half lakh rupees made to unregistered persons for each rate of tax;

Thus, in view of the above-mentioned provisions, Mr. Gauri Shiva should furnish the details of outward supplies of goods made by him during the quarter ending June 20XX in the following manner: -

Supply	Recipient	Nature of supply	Value (₹)	Manner of furnishing details
1	Mr. A, a registered person	Inter-State	2,20,000	Invoice-wise details
2	Mr. B, a registered person	Inter-State	2,55,000	Invoice-wise details
3	Mr. C, an unregistered person	Intra-State	1,80,000	Consolidated details of supplies 3 and 4
4	Mr. D, an unregistered person	Intra-State	2,60,000	
5	Mr. M, an unregistered person	Inter-State	3,00,000	Invoice-wise details
6	Mr. N, an unregistered person	Inter-State	50,000	Consolidated details of

Supply	Recipient	Nature of supply	Value (₹)	Manner of furnishing details
7	Mr. O, an unregistered person	Inter-State	2,50,000	supplies 6 and 7
8	Mr. P, an unregistered person	Inter-State	2,80,000	Invoice-wise details
9	Mr. Q, a registered person	Intra-State	1,50,000	Invoice-wise details
10	Mr. R, a registered person	Intra-State	4,10,000	Invoice-wise details

### Question 53:

- (a) Miss Kashi is a registered intra-State supplier of goods in Haryana. During the months of August and September, she was out of station on a religious pilgrimage with her family for 55 days. Thus, no business transaction was made during August. Miss Kashi is of the opinion that as there is no transaction, there is no need to file monthly return [GSTR-3B] for the month of August. However, her tax consultant has advised her to file nil GSTR-3B. Whether the advice given by tax consultant is correct? Explain.
- (b) Will your answer in (a) change, if Miss Kashi has placed an order for some purchases during August over her mobile phone, which has been received in her premises and she intends to take input tax credit on the same?
- (c) Assuming in (a) above, Miss Kashi does not have internet facility in her mobile and there is no facilitation centre notified by the Commissioner, whether no return is required to be filed in the absence of means to file return? Explain.

### Answer:

- (a) The advice given by tax consultant is correct.

Under GST law, filing of GSTR-3B is mandatory for all normal and casual taxpayers, even if there is no business activity in any particular tax period. For such tax period(s), a Nil GSTR-3B is required to be filed.

Therefore, in the given case, even though Miss Kashi was out of station on a religious pilgrimage with her family for 55 days and thus, could not do any business transaction during the month of August, she is still required to file Nil GSTR-3B for that month.

- (b) Nil GSTR-3B means that the return has nil or no entry in all its Tables. Since in the present case, Miss Kashi has received certain purchases, she cannot file Nil GSTR-3B, as the said purchases will need to be disclosed in the “Table for Eligible ITC” in GSTR-3B.

Thus, Miss Kashi is required to file monthly return, GSTR-3B for the month of August.

- (c) GSTR-3B can be submitted electronically on the common portal, either directly or through a Facilitation Centre notified by the Commissioner. Further, a Nil GSTR-3B can be filed through an SMS using the registered mobile number of the taxpayer.

Thus, Miss Kashi is required to file Nil GSTR-3B for the month of August through an SMS using her registered mobile number even though there is no internet facility in her mobile and no Facilitation Centre notified by the Commissioner.

**Question 54:** PQR Ltd., have filed their GSTR-3B return for the month of August, 2020 within the due date i.e. 20.09.2020. It was noticed in October, 2020 that tax dues for the month of August, 2020 have been short paid by ₹ 10,000. The shortfall of ₹ 10,000 was paid through cash ledger and credit ledger amounting to ₹ 7,500 and ₹ 2,500 respectively while filing GSTR-3B of October, 2020 which was filed on 20.11.2020.

- (i) Examine and compute the interest payable if any under the CGST Act, 2017.
- (ii) What would be your answer if, GSTR-3B for the month of August 2020 had been filed belatedly on 20.11.2020 as above.

**Note:** Ignore the effect of the leap year. Electronic cash ledger and credit ledger carried sufficient balance for the above shortfall.

*Dec 2021 5 Marks*

**Answer:** In case of delayed payment of tax, interest is payable @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

However, interest is payable only on the short-paid tax which is paid through electronic cash ledger if return under section 39 is furnished after the due date.

- (i) In the given case, PQR Ltd. has furnished the return for August 2020 by the due date. Hence, interest is payable on the entire amount of short payment of ₹ 10,000, as under:  
 $= ₹ 10,000 \times 18\% \times 61/365 = ₹ 300.82$  or 301 (rounded off)
- (ii) If PQR Ltd. has furnished the return for August 2020 after the due date, interest is payable only on the short payment which is paid through electronic cash ledger, i.e.  
₹ 7,500, as under:  
 $= ₹ 7,500 \times 18\% \times 61/365 = ₹ 225.62$  or 226 (rounded off)



**Question 55:** Happy Company is a registered supplier of electric goods. It has three stores for electric goods in Jodhpur (Rajasthan) namely Ram Store, Shyam Store, Mohan Store. It receives an order for supply of electric goods worth ₹ 1,40,000 (exclusive of GST @ 18%) from Kishan Sons of Bhopal (Madhya Pradesh). Happy Company found that order worth ₹ 43,000 can be fulfilled from the company's Ram Store, order worth ₹ 45,000 can be fulfilled from its Shyam Store and remaining goods worth ₹ 52,000 can be sent from its Mohan Store. All three stores are instructed to issue separate invoices for the goods sent to Kishan Sons. The goods are transported to Kishan Sons in Bhopal in a single conveyance owned by Shiv Transporters.

You are required to advise Happy Company with regard to issuance of e-way bills as per the provisions of the CGST Act, 2017.

**Answer:** Rule 138 of the CGST Rules, 2018 stipulates that e-way Bill is mandatorily required to be generated if the goods are moved, inter alia, in relation to a supply and the consignment value [including CGST, SGST/UTGST, IGST and cess charged] exceeds ₹ 50,000.

Further, the FAQs on E-way Bill issued by CBIC clarify that if multiple invoices are issued by the supplier to one recipient, multiple e-way bills have to be generated - one e-way bill for each invoice. Each invoice is considered as separate consignment for the purpose of generating e-way bills.

In the given case, consignment value of goods supplied against separate invoices from Ram Store, Shyam Store and Mohan Store is ₹ 50,740 [₹ 43,000 × 118%], ₹ 53,100 [₹ 45,000 × 118%] and ₹ 61,360 [₹ 52,000 × 118%] respectively.

Thus, Happy Company is required to prepare 3 separate e-way bills since value of each invoice exceeds ₹ 50,000.

**Question 56:** "It is mandatory to furnish the details of conveyance in Part-B of E-way Bill."

**Comment on the validity of the above statement with reference to provisions of E-Way Bill under CGST Rules, 2017.**

*Nov 2020 Marks 3*

**Answer:** The given statement is partially valid.

An e-way bill is valid for movement of goods by road only when the information in Part-B – which includes details of conveyance - is furnished.

However, the details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of upto 50 km within the State/Union territory:

- (a) from the place of business of the consignor to the place of business of the transporter for further transportation or
- (b) from the place of business of the transporter finally to the place of business of the consignee.

## CASE SCENARIO

57. **Ms. Riya** is a multi-faceted business personality. She is registered under GST from April, this year. She supplied a package consisting of stapler, calculator and charger at a single price of ₹ 300/-. Rate of GST for stapler, calculator and charger is 5 %, 12 % and 18 % respectively.

She wants to opt for composition levy.

She received following payments during the month of May:

- earned ₹ 160,000 by performing a western music in a cultural event at a Resort
- earned ₹ 50,000 by providing services by way of renting of residential dwelling for use as boutique.
- received ₹ 70,000 by way of rent for letting of agro machinery

Ms. Riya made a supply during June, details of which are as follows-

- Basic price of the product before TCS under Income Tax Act, 1961– ₹ 45,000
- Tax collected at source under Income-tax Act, 1961 – ₹ 2,500
- She received a subsidy of ₹ 3,500 from Green Foundation Pvt. Ltd for usage of green energy and the subsidy was linked to saving energy

Ms. Riya provides the following information regarding receipt of inward supply during July-

- received invoice for goods having GST component of ₹ 30,000. Goods were to be delivered in 5 lots, out of which three lots were received in the current month.
- purchased a car having GST component of ₹ 1,50,000 for the usage in a driving school owned by her
- availed health insurance service for her employees on her own and paid GST of ₹ 7,000 thereon

All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred above is intra-State unless specified otherwise. Conditions necessary for claiming input tax credit (ITC) have been fulfilled subject to the information given above.

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

57.1 What would be the nature of supply and the applicable rate of GST for the supply of package made by Ms. Riya (when not registered under composition scheme):—

- (a) composite Supply & applicable rate 12 %
- (b) mixed Supply & applicable rate 18 %
- (c) composite Supply & applicable rate 18 %
- (d) mixed Supply & applicable rate 12 %

57.2 Ms. Riya can opt for composition scheme if she does not undertake the supply of

- (i) Aerated water
  - (ii) Tobacco
  - (iii) Pan masala
  - (iv) Milk
- (a) (i) & (ii)
  - (b) (iii) & (iv)
  - (c) (i), (ii) & (iii)
  - (d) (ii), (iii) & (iv)

57.3 Out of payments received by Ms. Riya in month of May, exempt Supply amounts to \_\_\_\_\_

- (a) ₹ 50,000
- (b) ₹ 70,000

(c) ₹ 1,20,000

(d) ₹ 1,60,000

57.4 Compute the value of supply under section 15 of CGST Act, 2017 made by Ms Riya?

(a) ₹ 45,000

(b) ₹ 47,500

(c) ₹ 48,500

(d) ₹ 51,000

57.5 Compute the amount of input tax credit that can be claimed by Ms. Riya?

(a) ₹ 30,000

(b) ₹ 37,000

(c) ₹ 1,50,000

(d) ₹ 1,57,000

#### Answer Key

Question No.	Answer
57.1	(b) mixed Supply & applicable rate 18 %
57.2	(c) i, ii & iii
57.3	(b) ₹ 70,000
57.4	(a) ₹ 45,000
57.5	(c) ₹ 1,50,000

58. **Mr. Kumar** started interior designing practice from the month of January. His turnover up to the month of March was ₹ 12,50,000. On 30th June, his turnover exceeded ₹ 20,00,000 & reached to ₹ 20,05,000. Mr. Kumar applied for GST registration (as regular taxpayer) on 15th July and registration was granted to him on 25th July.

On 16th July, he entered into a contract for designing the flat of Mr. Shyam. The service was completed on 22nd July and Mr. Kumar issued invoice on the same day for ₹ 6,00,000. On 5th July, Mr. Kumar purchased capital goods amounting to ₹ 4,50,000 and from 25th July to 31st July, he availed services amounting to ₹ 1,75,000 for the purpose of completing the service.

On 1st August, Mr. Kumar got another contract for interior designing from Mr. Ram, which he accepted on 2nd August. The service was completed on 6th August and invoice was issued on 7th August for ₹ 5,00,000. Payment was received on 29th August.

All values are excluding taxes, unless specifically mentioned. Mr. Kumar makes only intra-State outward supplies and all purchases are also intra-State. Rates of tax are CGST - 9 % and SGST - 9 %.

In relation to the above, answer the following questions:

58.1 The effective date of registration for Mr. Kumar is-

a. 30th June

b. 15th July

c. 25th July

d. 16th July

58.2 Mr. Kumar can issue a revised tax invoice till-

(a) 23rd October

(b) 8th September

(c) 25th September

(d) 25th August

## Case Scenarios

**58.3 Eligible input tax credit available with Mr. Kumar for the month of July is-**

- (a) CGST ₹ 40,500 & SGST ₹ 40,500
- (b) CGST ₹ 15,750 & SGST ₹ 15,750
- (c) CGST ₹ 56,250 & SGST ₹ 56,250
- (d) CGST ₹ 36,000 & SGST ₹ 36,000

**58.4 The time of supply of services provided by Mr. Kumar to Mr. Ram is-**

- (a) 7th August
- (b) 1st August
- (c) 29th August
- (d) 6th August

**58.5 If instead of opting for regular scheme, Mr. Kumar opts to pay tax under section 10(2A) of the CGST Act, 2017, the tax liability for the month of July will be-**

- (a) CGST Nil and SGST Nil
- (b) CGST ₹ 54,000 & SGST ₹ 54,000
- (c) CGST ₹ 18,000 & SGST ₹ 18,000
- (d) CGST ₹ 78,150 & SGST ₹ 78,150

### Answer Key

Question No.	Answer
58.1	(a) 30th June
58.2	(d) 25th August
58.3	(c) CGST ₹ 56,250 & SGST ₹ 56,250
58.4	(a) 7th August
58.5	(c) CGST ₹ 18,000 & SGST ₹ 18,000