

SECTION B: GOODS AND SERVICES TAX

The provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance Act, 2023 including significant notifications and circulars issued and other legislative amendments made, which have become effective up to 29.02.2024, are applicable for September 2024 examination.

The subject matter of June, 2023 edition of the Study Material of Goods and Services Tax is based on the provisions of the CGST Act and the IGST Act as amended by the notifications and circulars issued up to 30.04.2023. The amendments made vide relevant Finance Acts, which have become effective till 30.04.2023, and significant notifications and circulars issued upto 30.04.2023 have been incorporated in the Study Material. Further, students are advised to read all the amendments made by the Finance Act, 2023 given at the end of relevant chapters for September 2024 examinations as all such amendments have become effective.

The Statutory Update containing significant notifications and circulars issued between 01.05.2023 and 29.02.2024 in GST laws as well as the amendments made by the CGST Amendment Act, 2023 and IGST Amendment Act, 2023, which are relevant for September, 2024 examination is webhosted at <https://resource.cdn.icai.org/77999bos62625.pdf>

- (1) **All questions should be answered on the basis of the position of GST law as amended up to 29.02.2024.**
- (2) **The GST rates for goods and services mentioned in various questions are hypothetical and may not necessarily be the actual rates leviable on those goods and services. Further, GST compensation cess should be ignored in all the questions, wherever applicable.**



QUESTIONS

Case Scenario

XYZ Private Limited is a mid-sized company, registered in Delhi, dealing in the manufacturing and distribution of electronic goods in India. The company has been operating for over a decade and has a robust supply chain network

across the Country. The Company needs to ensure compliance with various GST regulations related to return filing, registration, and payment of tax.

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

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

The rate of tax applicable is 18% IGST, 9% CGST and SGST each unless otherwise specified.

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

1. Which of the following statements is correct under GST law in relation to the hotel accommodation service received by the Company?

- (a) The hotel shall charge CGST and SGST in the invoice issued to the Company.
 - (b) The Hotel shall charge IGST in the invoice issued to the Company
 - (c) The Hotel shall issue a bill of supply to the Company.
 - (d) The Hotel shall charge CGST and SGST to the extent the charges are related to participants of Rajasthan and IGST to the extent charges are related to the participants of Gujarat and Madhya Pradesh, on the invoice issued to the Company.
2. What shall be the place of supply in relation to the gift items purchased by XYZ Private Limited?
- (a) Rajasthan i.e. the location where the goods were received
 - (b) Delhi i.e. the principal place of business of the Company
 - (c) Punjab i.e. the location from where the goods were dispatched
 - (d) Permanent location of participants receiving the gifts
3. Which of the following statements is true in relation to the gift items and the insurance policy purchased by the Company?
- (a) The company is not eligible to avail the input tax credit in relation to both, gift items and the insurance policy.
 - (b) The company is eligible to avail the input tax credit related to gifts valuing less than ₹ 50,000.
 - (c) The company is eligible to avail the input tax credit only on insurance policy as the same is provided to employees i.e. related person of the Company.
 - (d) There is no restriction in availment of input tax credit related to gifts and insurance policy.
4. Which of the following statements is correct in relation to the issuance of e-way bill for transportation of goods between factory and warehouse in non-motorized cart?
- (a) E-way bill is required to be issued by the company for each instance of transportation of goods irrespective of the consignment value of goods.

- (b) E-way bill is not required to be issued in the given case irrespective of the consignment value of the goods.
 - (c) E-way bill is required to be issued for goods of the consignment value above ₹ 50,000
 - (d) E-way bill is required to be issued for goods of the consignment value above ₹ 1,00,000
5. Which of the following statements is most appropriate in relation to the new warehouse taken on rent by the Company?
- (a) Separate GST registration is not required mandatorily.
 - (b) Separate GST registration is required mandatorily.
 - (c) GST registration is required as a casual taxable person for the term of rent agreement.
 - (d) Separate GST registration is required once the rent is more than ₹ 20 lakh per annum.

✓/6. Craftmodel Limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. It is not engaged in renting of cars business. The company provided the following details for the month of January, 2024.

Sl. No.	Particulars			Amount in ₹	
(i)	Outward supply of goods made during the month to various non-related persons:			As given in particulars column	
		Particulars	Market value (₹)		Transaction Value (₹)
	a.	in the State of Bihar (Intra-State)	3,00,000		4,00,000
	b.	to other States (Inter-State)	7,50,000	6,00,000	
(ii)	The company pledged its 5% equity shares to the merchant banker for the purpose of proposed initial public offer.				

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

Additional Information:

- (a) All the amounts given above are exclusive of taxes, wherever applicable.
- (b) During the course of arranging and filing documents, the Accountant of Craftmodel Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 2nd December, 2023 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January, 2024. This invoice was issued by Mr. Rahuketu of Patna, from whom Craftmodel Limited had taken cars on rental basis. Invoice included cost of fuel also.

- (c) Regarding pledging of shares, the face value of shares is ₹ 5,00,000. The market value of shares is ₹ 8,00,000.
- (d) Rate of GST applicable on various supplies are as follows:

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

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

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

7. Briefly examine the taxable value of supply in the following independent cases:
- (i) Jivan Limited, registered under GST, provided services amounting to ₹ 10,00,000 to a Governmental Authority by way of sanitation conservancy.
- (ii) Raju Transporters, a registered Goods Transport Agency (GTA) provided service of transportation of goods to Kukreja & Kukreja Co.-a unregistered partnership firm. Kukreja & Kukreja Co. paid ₹ 8,000 to Raju Transporters as consideration.
- (iii) Amardeep Hospital provided services in Neo natal Intensive Care for 2 days for which ₹ 15,000 are charged per day from Mr. Chopra for his new born son, Viraat.
8. Ranmo Limited, a registered entity under GST has demerged its operations with effect from 31st October, 2023. The registration of Ranmo Limited has been cancelled suo-motu by the Proper Officer. The order of cancellation of registration was passed on 4th November, 2023 and was served on 7th November, 2023.



SECTION B – GOODS AND SERVICES TAX (50 MARKS)

QUESTIONS

- (i) Working Notes should form part of the answers. However, in answers to Questions in Division A, working notes are not required.
- (ii) Wherever necessary, suitable assumptions may be made by the candidates, and disclosed by way of notes.
- (iii) All questions should be answered on the basis of position of the GST law as amended by provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance Act, 2023, including significant notifications and circulars issued, up to 29th February, 2024.

Division A - Multiple Choice Questions (MCQs)

Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given. All questions are compulsory.

Total Marks: 15 Marks

M/s. Maahi & Co., a LLP registered dealer under GST, is engaged in various types of business activities.

It provided GTA services to Government Department, registered under GST for providing various services. Maahi & Co. did not exercise the option to pay GST.

The firm provided services of Direct Selling Agency (DSA Services) to a Banking Company located in Mumbai.

The firm provided free gift to each of its employees valuing ` 50,000 once in a financial year.

M/s Maahi & Co let out its warehouse to Mr. Shankar, who in turn let out to an agriculturist for warehousing of agricultural produce. The firm also undertakes catering service to “Vishwas” Anganwadi. The said Anganwadi has received fundings from Government.

The firm purchased following goods during the month of July:-

- (a) Capital goods amounting to ` 45,000 purchased on which depreciation has been taken on full value including GST paid thereon.
- (b) Raw materials purchased amounting to ` 55,000 for which invoice is missing but delivery challan is available.

Further, for the month of July, the GST liability of the firm was ` 20,000 IGST; ` 10,000 CGST; ` 10,000 SGST. The following credits were available in the said month-

IGST: ` 8,000

CGST: ` 12,000

SGST: ` 5,000

All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred above is intra-State unless specified otherwise. Conditions for availing ITC are fulfilled subject to the information given above.

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

1. Choose the correct statement(s).
 - (i) For GTA services, Government is liable to pay GST under reverse charge
 - (ii) For DSA services, Banking Company is liable to pay GST under reverse charge
 - (iii) For GTA services, Maahi & Co is liable to pay GST under forward charge
 - (iv) For DSA services, Maahi & Co is liable to pay GST under forward charge
 - (a) i & ii
 - (b) iii & iv
 - (c) i & iv
 - (d) ii & iii
2. Which of the following options is correct in respect of GTA services provided to Government Department?
 - (a) GTA service is taxable @ 12% without restriction of availing input tax credit.
 - (b) GTA service is taxable @ 12%, but input tax credit cannot be availed for the same.
 - (c) GTA service is taxable @ 5% without restriction of availing input tax credit.
 - (d) GTA service is taxable @ 5%, but input tax credit cannot be availed for the same.
3. Gift of ₹ 50,000 in value provided by Maahi & Co to each of its employee will be:
 - (a) Supply of goods
 - (b) Supply of services
 - (c) Exempt supply
 - (d) Not a supply
4. Which of the following statements is correct:-
 - (i) Letting out of warehouse to Shankar is exempt
 - (ii) Catering service to "Vishesh" Anganwadi is exempt
 - (iii) Letting out of warehouse to Shankar is not exempt
 - (iv) Catering service to "Vishesh" Anganwadi is not exempt

- (a) i & ii
 (b) iii & iv
 (c) i & iv
 (d) ii & iii
5. M/s Maahi & Co is eligible to claim input tax credit of _____
 (a) ₹ 45,000
 (b) ₹ 55,000
 (c) ₹ 1,00,000
 (d) Nil
6. Compute the GST liability of the firm for the month of July to be paid in cash, if rule 86B of the CGST Rules, 2017 is not applicable?
 (a) IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000
 (b) IGST: ₹ 12,000; CGST: Nil; SGST: ₹ 5000
 (c) IGST: Nil; CGST: ₹ 10,000, SGST: ₹ 5000
 (d) IGST: 5,000; CGST: Nil, SGST: 10,000 **(6 x 2 Marks = 12 Marks)**
7. Kids Bazaar Pvt. Ltd., registered in Maharashtra sells kids clothing via an E-commerce operator Champ.com. Mr. Dhruv placed an order of 10 sets of Ethnic wear in different colours each costing ₹ 5,000 (GST @18% not included) on 20th January 2023. However, he returned 2 sets back after 2 days in accordance with the exchange policy of Champ.com. Determine the value of supply on which Champ.com should collect TCS from Kids Bazaar Pvt. Ltd.
 (a) ₹ 40,000
 (b) ₹ 59,000
 (c) ₹ 50,000
 (d) ₹ 47,200 **(2 Marks)**
8. Miss Gyati, a jeweller registered under GST in Mumbai, wants to sell her jewellery in a Trade Expo held in Delhi. Which of the following statements is false in his case?
 (a) She needs to get registration in Delhi as casual taxable person.
 (b) She needs to pay advance tax on estimated tax liability.
 (c) She needs to mandatorily have a place of business in Delhi.
 (d) She needs to file GSTR-1/ IFF and GSTR-3B for Delhi GSTIN for the month or quarter, as the case may be, when she gets registered in Delhi. **(1 Mark)**

Division B - Descriptive Questions

Question No. 1 is compulsory.

Attempt any two questions out of remaining three questions.

Total Marks:35 Marks

1. (a) Vishwanath 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

Vishwanath Ltd. received ₹ 5,000 as price linked 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, Vishwanath Ltd. supplied three machines to Intra-State customers and one machine to Inter-State customer.

Vishwanath 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 was:

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

Note:

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

Compute the minimum net GST payable in cash by Vishwanath Ltd. for the month of February. **(10 Marks)**

- (b) Veda Ltd. procured the following goods in the month of January, 2024.

Inward Supplies	GST (₹)
(1) Goods used in constructing an additional floor of office building. The cost of construction of additional floor has been capitalized.	96,200

(2) Trucks used for transportation of inputs in the factory	11,000
(3) Inputs used in trial runs	8,350
(4) Confectionery items for consumption of employees working in the factory	4,325
(5) Cement used for making foundation and structural support to plant and machinery	9,550

Note: Depreciation has not been claimed on tax component in case of trucks.

Compute the amount of ITC available with Veda Ltd. for the month of January, 2024 by giving necessary explanations. Assume that all the other conditions necessary for availing ITC have been fulfilled. **(5 Marks)**

2. (a) Determine the place of supply in the following independent cases:-
- Harpreet (New Delhi) boards the New Delhi-Kota train at New Delhi. He sells the goods taken on board by him (at New Delhi), in the train, at Jaipur during the journey.
 - LP Refineries (Mumbai, Maharashtra) gives a contract to Bhansali Ltd. (Ranchi, Jharkhand) to supply a machine which is required to be assembled in a power plant in its refinery located in Kutch, Gujarat. **(5 Marks)**
- (b) Green Agro Services, a registered person provides the following information relating to its activities during the month of February, 2024:

Gross Receipts from	(₹)
Services relating to rearing of goats	3,75,000
Services by way of artificial insemination of horses	5,00,000
Processing of sugarcane into jaggery	7,00,000
Milling of paddy into rice	8,00,000
Services by way of warehousing of agricultural produce	2,25,000

All the above receipts are exclusive of GST.

Compute the value of taxable supplies under GST laws for the month of February, 2024. **(5 Marks)**

3. (a) Sheen Ltd. a registered supplier wishes to transport cargo by road between two cities situated at a distance of 372 kilometres. Calculate the validity period of e-way bill under rule 138(10) of the CGST Rules, 2017 for transport of the said cargo, if it is over dimensional cargo or otherwise. **(5 Marks)**
- (b) Apex 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 the CGST Act, 2017 read with fourth proviso to rule 46 of the CGST Rules, 2017.

(9)

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Section – B

5. (a) Evershine Pvt. Ltd., a GST registered supplier located in Jaipur, Rajasthan is engaged in supply of taxable packaging goods and consultancy services. It provides following details of various activities undertaken during the month of September 2023: 10

(A) Details of Outward Supplies :-

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

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P.T.O.

(10)

DKM2

(B) Details of Inward Supplies :

- (1) Purchased raw material goods worth ₹ 20,00,000 from PQR Ltd., a GST registered dealer, located at Kanpur, Uttar Pradesh. Goods worth ₹ 1,00,000 out of total purchases were not received during the month.
- (2) Purchased machinery for manufacturing process worth ₹ 2,00,000 from MPQ Pvt. Ltd., a GST registered dealer, located at Bengaluru, Karnataka. Company has claimed depreciation under Income Tax Act 1961 on full value of the machine, including the GST component.
- (3) Purchased truck worth ₹ 15,00,000 from GST registered dealer, located at Ajmer, Rajasthan for transportation of its goods. GST rate on truck is: CGST 14%, SGST 14%, IGST 28%.
- (4) Purchased car (having seating capacity of 7 persons) costing to ₹ 10,00,000 excluding GST from Mihir Automobiles Pvt. Ltd., a GST registered dealer, located at Ajmer, Rajasthan for use of its director for official purpose. GST rate on car: CGST 14%, SGST 14%, IGST 28%.
- (5) Purchased goods worth ₹ 5,00,000 from DEF Buildwell Pvt. Ltd., a registered person of Jaipur, Rajasthan for construction of an additional floor of factory building, of Evershine Pvt. Ltd.

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

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

DKM2

(11)

DKM2

Notes :

- (i) All the figures mentioned above are exclusive of taxes.
- (ii) Subject to the information given above, conditions necessary for claiming ITC were complied with.
- (iii) All inward supplies are used for taxable goods only.
- (iv) Brief and suitable notes should form part of your answer.

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

- (b) Mr. Ravindra, a registered person in Bhopal, Madhya Pradesh has provided the following information regarding outward transactions made during the month of January 2024 : 5

- (1) He was appointed by recognized sports body as a chief selector of hockey team and received ₹ 5,00,000 as remuneration.
- (2) Services of pure labour contract was provided for construction of independent residential unit for ₹ 1,80,000.
- (3) He rented out his warehouse for warehousing of sugarcane and received rental income of ₹ 75,000.
- (4) Provided services to Municipal Corporation of Bhopal for slum improvement and upgradation for ₹ 6,50,000.
- (5) He has charged consideration of ₹ 1,25,000 against western music dance performance in an event.

You are required to compute the taxable value of supply on which GST is to be paid by Mr. Ravindra for the month of January 2024. All the amount stated above are exclusive of GST, wherever applicable. Suitable Notes should form part of answer.

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P.T.O.

Ranmo Limited wishes to apply for revocation of cancellation of registration on 4th February, 2024. The tax consultant of Ranmo Limited advised that application for revocation of cancellation or registration is time barred and hence not valid in law.

You are required to examine the technical veracity of the advice given by Tax Consultant of Ranmo Limited.

9. Mr. X, a registered person under GST has aggregate turnover in the preceding financial year amounting to ₹ 8 crore. He is desirous to know whether e-invoicing is applicable for supplies made by registered person to Government Departments or establishments/Government agencies/local authorities/PSUs which are registered solely for the purpose of deduction of tax at source as per provisions of section 51 of the CGST Act, 2017. You are required to advise Mr. X.
10. Briefly explain the manner of dealing with difference in ITC available in auto-generated statement containing the details of ITC and that availed in return prescribed in terms of rule 88D of the CGST Rules, 2017.

**SUGGESTED ANSWERS/HINTS**

MCQ No.	Most Appropriate Answer
1.	(a)
2.	(b)
3.	(a)
4.	(b)
5.	(a)

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

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward intra-State supply of goods made in the State of Bihar. [Value of supply is the transaction value of the goods.]	36,000 [4,00,000 × 9%]	36,000 [4,00,000 × 9%]	
Outward supply of goods made to other States. [Value of supply is the transaction value of the goods.]			1,08,000 [6,00,000 × 18%]
Pledging of 5% equity shares to the merchant banker [Supply includes supply of goods and services. Shares being securities are neither goods nor services. Thus, transfer of shares which is neither goods nor services is not a supply.]			Nil
Intra-State stock transfer to Gaya Branch with no separate registration. [Stock transfer between 2 units of a legal entity under single registration is not a deemed supply under GST and hence, the same is not liable to tax under GST since branch with same GSTIN is not a distinct person.]	-	-	
Services of milling of paddy into rice. [Milling of paddy into rice cannot be considered as an	18,000 (2,00,000 × 9%)	18,000 (2,00,000 × 9%)	

intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce. Thus, it is not eligible for exemption.]			
Services of giving trucks on hire to a Governmental authority [Services by way of giving motor vehicles on hire to a Governmental authority are taxable.]	13,500 (1,50,000 x 9%)	13,500 (1,50,000 x 9%)	
Total output tax	67,500	67,500	1,08,000
Less: Input Tax Credit [Refer Working Note below] IGST credit should first be utilized towards payment of IGST.			(90,000)
ITC of CGST should be utilized for payment of CGST and IGST in that order. ITC of CGST cannot be utilized for payment of SGST	(67,500) (CGST)		(18,000) (CGST)
ITC of SGST should be utilized for payment of SGST and IGST in that order. However, ITC of SGST should be utilized for payment of IGST, only after ITC of CGST has been utilized fully. ITC of SGST cannot be utilized for payment of CGST.		(67,500) (SGST)	-
Minimum Net GST payable in cash	Nil	Nil	Nil
ITC balance to be carried forward next month	-	18,000	-

Working Note:**Computation of ITC available**

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State inward supply of services used in the course of business. [ITC cannot be availed by a registered person in respect of invoices, the details of which have not been furnished by the supplier in GSTR-1.]	85,500 (9,50,000 x 9%)	85,500 (9,50,000 x 9%)	-
Training course organized by IIM, Gujarat. [Not exempt. Short duration programmes offered by IIMs for which participation certificate is awarded are not 'qualification recognized by law'. ITC is available in respect of supply of services which are used in the course or furtherance of his business. Further, the place of supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person. Thus, place of supply is Patna (Bihar). Further, where the location of the supplier and the place of supply are in two different States, it shall be treated as inter-State supply of services.]	-	-	90,000 (5,00,000 x 18%)
Air tickets from Patna to Guwahati.			

[Transport of passengers by air terminating in an airport located in Assam is exempt from GST as said transportation is in economy class.]			
Cars taken on rental basis from Mr. Rahuketu. [Tax on renting of motor car services wherein cost of fuel is included in consideration provided by a non-body corporate to a body corporate and CGST/SGST is charged @ 2.5% each, is payable under reverse charge. Time of supply of such services is 1 st February being earlier of date of payment, or date immediately following 60 days since issue of invoice by the supplier. Since the time of supply of renting of motor car services in the given case does not fall in January, 2024, tax liability on the same does not arise in said month. Further, ITC on renting of motor car services received is blocked since the recipient - Craftmodel Ltd. is not in the same line of business]	--	--	--
Total ITC available	85,500	85,500	90,000

7. (i) Services provided to a Governmental Authority by way of *inter alia* sanitation conservancy is exempt under GST. Thus, services provided by Jivan Limited, registered under GST amounting to ₹ 10,00,000 to a Governmental Authority by way of sanitation conservancy is exempt under GST.



SECTION B – GOODS AND SERVICES TAX (50 MARKS)

Division A - Multiple Choice Questions

Question No.	Answer
1	(c) i & iv
2	(d) GTA service is taxable @ 5%, but input tax credit cannot be availed for the same.
3	(d) Not a supply
4	(d) ii & iii
5	(d) Nil
6	(a) IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000
7	(a) ₹ 40,000
8	(c) She needs to mandatorily have a place of business in Delhi.

Division B - Descriptive Questions

1. (a) 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: Price-linked 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 [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.]	<u>1,600</u>
Value of taxable supply	93,400



**Computation of minimum net GST payable in cash by
Vishwanath 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
Add: Inputs purchased during the month	10,800 [₹ 1,20,000 × 9%]	10,800 [₹ 1,20,000 × 9%]	
Total ITC available	28,800	14,800	26,000

**(b) Computation of amount of ITC available for the month of
January, 2024**

S. No.	Particulars	GST (₹)
(1)	Goods used in construction of additional floor of office building [ITC on goods received by a taxable person for construction of an immovable property on his own account is blocked even if the same is used in the course or furtherance of business.]	Nil
(2)	Trucks used for transportation of inputs in the factory	11,000

Calculate the amount of net minimum GST payable in cash by Evershine Pvt. Ltd. for the month of September, 2023. **(10 Marks)**

(b) Mr. Ravindra, a registered person in Bhopal, Madhya Pradesh has provided the following information regarding outward transactions made during the month of January, 2024:

- (1) He was appointed by recognized sports body as a chief selector of hockey team and received ₹ 5,00,000 as remuneration.
- (2) Services of pure labour contract was provided for construction of independent residential unit for ₹ 1,80,000.
- (3) He rented out his warehouse for warehousing of sugarcane and received rental income of ₹ 75,000.
- (4) Provided services to Municipal Corporation of Bhopal for slum improvement and upgradation for ₹ 6,50,000.
- (5) He has charged consideration of ₹ 1,25,000 against western music dance performance in an event.

You are required to compute the taxable value of supply on which GST is to be paid by Mr. Ravindra for the month of January, 2024. All the amount stated above are exclusive of GST, wherever applicable.

Suitable Notes should form part of answer.

(5 Marks)

Answer

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

Particulars		Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Output tax payable					
Intra-State supply of goods to Vaidehi Enterprises [Since arranging freight is the liability of	Place of supply is Vaidehi location where movement of goods terminates	18,50,000	1,66,500	1,66,500	Nil

supplier, it is a composite supply and thus, freight charges are added to the value of principal supply.]					
Inter-State supply to Calc. Exim [Municipal tax is includible in value since it is a tax levied under a law other than GST law and is charged separately.]		35,60,000	Nil	Nil	6,40,800
Intra-State supply to Sunshine Ltd. [Place of supply is location of recipient. Discount given at the time of supply is deductible from the value since duly recorded in the invoice.]		5,70,000	51,300	51,300	Nil
Inter-State supply to Raghu Enterprise [Place of supply in case of bill to ship model is principal place of business of a third person at whose instructions the goods are delivered by supplier to recipient. Thus, it		2,00,000	Nil	Nil	36,000

is considered as Inter State supply.]				
Total output tax		2,17,800	2,17,800	6,76,800
Less: ITC available [Refer note below] [IGST credit to be utilized first towards payment of IGST.]		Nil	Nil	(4,17,000)
CGST credit utilized for payment of CGST and IGST in that order		(2,17,800)	Nil	(12,200)
SGST credit utilized for payment of SGST and IGST in that order		Nil	(2,17,800)	(42,200)
Minimum net GST payable in cash		Nil	Nil	2,05,400

Working Note:**Computation of ITC available**

Particulars		Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance			20,000	50,000	75,000
Inter-State purchase of raw material [ITC is not available on goods worth ₹ 1,00,000 since not received during the month.]	Place of supply is location where movement of goods terminates.	19,00,000	Nil	Nil	3,42,000 [19,00,000 × 18%]
Purchase of machinery		2,00,000	Nil	Nil	Nil

[ITC is not available since depreciation has been claimed on the GST component.]					
Intra-State purchase of truck ¹ [ITC on motor vehicles used for transportation of goods is available.]	15,00,000	2,10,000 [15,00,000 × 14%]	2,10,000 [15,00,000 × 14%]		Nil
Purchase of car [ITC on motor vehicles for transportation of persons with seating capacity up to 13 persons (including driver), is blocked, except when used for specified purposes.]	10,00,000	Nil	Nil		Nil
Purchase of goods for construction of an additional floor ²	5,00,000	Nil	Nil		Nil

¹ It is logically assumed that depreciation is not claimed on trucks.

² It is logically assumed that amount spent on purchase of goods is capitalized in the books.

**SUGGESTED ANSWER****TAXATION**

[ITC on goods used in construction of immovable property (other than plant or machinery) on one's own account is blocked if capitalized in the books.]					
Total			2,30,000	2,60,000	4,17,000

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

(b) Computation of taxable value of supply on which GST is to be paid by Mr. Ravindra

Particulars	Amount (₹)
Remuneration received as a chief selector of hockey team. [Taxable since services provided to a recognised sports body by an individual only as a player, referee, umpire, coach or team manager are exempt.]	5,00,000
Service of pure labour contract for construction of independent residential unit [Services of pure labour contracts of construction of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt.]	NIL
Rental income from warehousing of sugarcane [Warehousing of sugarcane being an agricultural produce is exempt.]	NIL