CA INTER

INDIRECT TAXES

GST

Question Bank

CONTENT

Chapter - 1

Basic Concepts and Introduction

Q- Discuss the concept and scope of GST.

Answer-GST is consumption based Value Added Tax which is imposed on Supply of Goods or Services or Goods and services.

It is levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as set off. Only value addition will be taxed and burden of tax is to be borne by the final consumer.

It is applicable to whole of India including the States of Jammu & Kashmir. It came into force on 1st July, 2017.

In the GST Regime, Major indirect taxes have been subsumed in the one ambit and it is a comprehensive tax structure covering both goods and services.

Q- What exactly is the concept of destination based tax on consumption ?

Answer:The tax would accrue to the taxing authority which has jurisdiction over the place of consumption which is also termed as place of supply.

Q- How a particular transaction of goods and services would be taxed simultaneously under CGST and SGST ?

Answer:The CGST and SGST would be levied simultaneously on every transaction of supply of goods and services except the exempted goods and services, goods which are outside the purview of GST and the transactions which are below the prescribed threshold limits .

Further, both would be levied on the same price or value unlike State VAT which is levied on the value of the goods inclusive of CENVAT.while the location of the supplier and the recipient within the country is immaterial for the purpose of GST, SGST would be chargeable only when the supplier and the recipient are both located within the State.

Q- What is the taxable event under GST?

Answer-Taxable event under GST is Supply of goods or services or both.

CGST and SGST/ UTGST will be levied on intra-State supplies.

IGST will be levied on inter-State supplies.

The taxable events under the old indirect tax laws such as manufacture, sale or provision of services shall stand subsumed in the taxable event known as " supply ".

Q-Describe the Need for GST in India.

Or

Discuss the deficiencies in the existing indirect tax regime.

Answer-Multiple taxes : Despite the introduction of the principle of taxation of value added in India – at the Central level in the form of CENVAT and at the State level in the form of State VAT – its application has remained limited because of the following reasons:

- several local levies in State VAT such as luxury tax, entertainment tax, etc
- Cascading of taxes on account of levy of Non- VATable CST, inclusion of CENVAT in the value for imposing VAT
- No CENVAT after manufacturing stage.
- Non- integration of VAT & service tax.

Cascading effect: In the present regime, a manufacturer of excisable goods charges excise duty and value added tax (VAT) on intra- State sale of goods. However, the VAT dealer on his subsequent intra-State sale of goods charges VAT (as per prevalent VAT rate as applicable in the respective state) on value comprising of (basic value + excise duty charged by manufacturer + profit by dealer).

Double taxation: Double taxation of a transaction as both goods and services. For eg- Services by a Restaurant.

No Uniformity: Multiple taxes- Multiple Procedure.

Q- Write a short note on the Benefits of GST.

Answer- GST brings benefits to all the stakeholders of industry, Government and the consumer. It will lower the cost of goods and services give a boost to the economy and make the products and services globally competitive. GST is a win- win situation for the entire country.

The significant benefits of GST are discussed hereunder:

No multiple taxes: GST has subsumed majority of indirect tax levied both at Central and State level into one tax i.e., GST which is levied uniformly at goods and services.

No cascading effect: By subsuming most of the Central and State taxes into a single tax and by allowing a set-off of prior- stage taxes for the transactions across the entire value chain, it has mitigated the ill effects of cascading, improved competitiveness and improved liquidity of the business.

No double taxation: GST has made doing business easier and also tackled the highly disputed issues relating to double taxation of a transaction as both goods and services.

Uniformly in provision: GST aims to make India a common market with common tax rates and procedures and remove the economic barriers thus paving the way for an integrated economy at the national level.

Buoyancy to the Government Revenue: GST brings buoyancy to the Government Revenue by widening the tax base and improving the taxpayer compliance.

Boost to 'Make in India' initiative: GST has given a major boost to the 'Make in India' initiative of the Government of India by making goods and services produced in India competitive in the national as well as international market.

Q- Which commodities are kept outside the purview ofGST?

Or

Q- Supply of all goods and/or services is taxable under GST. Discuss the validity of the statement.

Answer- Goods and Services tax (GST) is a tax on supply of goods or services or both, except supply of alcoholic liquor for human consumption. So, alcohol for human consumption is kept out of GST by way of definition of GST on constitution.

Five petroleum products namelypetroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel have temporarily been kept out and GST Council shall decide the date from which they shall be included inGST.

Q - Where is the power to levy GST derived from?

Answer- Article 246A of the Constitution, which was introduced by the Constitution (101st Amendment) Act, 2016 confers concurrent powers to both, Parliament and State Legislatures to make laws with respect to GST i.e. central tax (CGST) and state tax (SGST) or union territory tax (UTGST).

However, Article 246A(2) read with Article 269A provides exclusive power to the Parliament to legislate with respect to inter-State trade or commerce i.e. integrated tax (IGST).

Q- Write a short note on Goods and Services TaxCouncil.

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

- The provisions relating to GST Council came into force on 12th September, 2016. President constituted the GST Council on 15th 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 decided the threshold exemption, composition threshold, GST rates, GST legislations including rules and notifications.

Q- State Government has exclusive power to notify a transaction to be supply of goods or services." Discuss the correctness of the statement.

Answer- This Statement is Incorrect.

So far as the matter concerned with the exclusivity in GST, As per Article 269A of Constitution of India, Exclusive Right is with Central Government with respect to determine the nature of transaction i.e. whether it is Inter-State or Intra-State but however there is no exclusive power to central government or State Government to notify any transaction to be supply of goods or service.

It is a shared power because whether any transaction qualifies as Supply of goods or services is determined under section 7 of CGST Act and there is similar provision in SGST Act also. Under IGST same Section is brought by Section 20.

Hence in this scenario we have shared power between Central Government and State government to notify a transaction to be supply of goods or services.

Q- List the taxes to be subsumed in GST?

Answer-

Central levies to be subsumed	State levies to subsumed
- Central Excise Duty & Additional Excise Duties - Service Tax - Excise Duty under Medicinal & Toilet	- State surcharges and cesses in so far as they relate to supply of goods & services - Entertainment Tax (except those levied by local bodies)

Preparation Act - CVD & Special CVD - Central Sales Tax - Surcharges and Cesses in so supply of goods & services	- Tax on lottery, betting and gambling - Entry Tax (All Forms) & Purchase Tax - VAT/Sales Tax - Luxury Tax - Taxes on advertisement

Q- What are the taxes that will continue post GST?

Answer :

The taxes that will continue after GST are

a. Basic Customs Duty
b. Export Duties
c. Stamp Duties
d. Electricity Duties
e. Taxes on professions, trades, callings and employments

Q- What is GSTN and its functions?

Answer:

GSTN stands for Goods and Service Tax Network (GSTN). A Special Purpose Vehicle called the GSTN has been set up to cater to the needs of GST. The GSTN shall provide a shared IT infrastructure and services to Central and State Governments, tax payers and other stakeholders for implementation of GST.

- Facilitating registration
- Forwarding the returns to Central & State authorities
- Computation & settlement of IGST
- Matching of tax payment details with banking network
- Providing various MIS reports to the Central & the State Governments based on the taxpayer return information
- Providing analysis of taxpayers profile
- Running the matching engine for matching, reversal & reclaim of input tax credit.

Q- Which states have been categorized as special category states under GST?

Answer:

Special provision in GST have been made with respect to states of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand.

Q- Bring out the salient features of cross utilization of Input Tax Credit (ITC) under the GST law?

Answer:

Input Tax Credit (ITC) of CGST and SGST/UTGST is available throughout the supply chain,

- but cross utilization of credit of CGST and SGST/UTGST is not possible, i.e. CGST credit cannot be utilized for payment of SGST/UTGST and SGST/UTGST credit cannot be utilized for payment of CGST.
- However, cross utilization is allowed between CGST/SGST/UTGST and IGST, i.e. credit of IGST can be utilized for the payment of CGST/SGST/UTGST and vice versa.

Chapter - 2

Definitions

Q. Define the following terms

i) Person ii) Supplier iii) Recipient

Answer:

(i) As per section 2(84) of CGST Act, 2017 , "person" includes—

(a)an individual (b) a Hindu Undivided Family (c) a company

(d) a firm (e) a Limited Liability Partnership

(f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India;

(g) any corporation established by or under any Central Act, State Act or Provincial Act or a Government company as defined in clause (45) of section 2 of the Companies Act, 2013;

(h) any body corporate incorporated by or under the laws of a country outside India

(i) a co-operative society registered under any law relating to co-operative societies

(j) a local authority; (k) Central Government or a State Government;

(l) society as defined under the Societies Registration Act, 1860

(m) trust; and (n) every artificial juridical person, not falling within any of the above

(ii) As per section As per section 2(105) of CGST Act, the term 'Supplier' in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied.

iii) As per section 2(93) of CGST Act, "recipient" of supply of goods or services or both, means—

a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;

b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and (c) where no consideration is payable for the supply of a service, the person to whom the service is rendered

And any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied.

Q- Explain the term of 'Deemed Distinct Person'

Answer:

As per clause (4) & clause (5) of section 25 of CGST Act, certain person shall be treated as distinct persons which states that:-

a) A person who has obtained or is required to obtain more than one registration,
    - whether in one State or Union territory or
    - more than one State or Union territory shall
    - in respect of each such registration,

be treated as distinct persons for the purposes of this Act.

b) Where a person who has obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act.

Q- Define the term 'Business' under CGST Act.

Answer:

As per section 2(17) of CGST Act, 'business' includes-

(a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit

(b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a)

(c) any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction

(d) supply or acquisition of goods including capital goods and services in connection with commencement or closure of business

(e) provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members

(f) admission, for a consideration, of persons to any premises

(g) services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation

(h) services provided by a race club by way of totalizator or a licence to book maker in such club ; and

(i) any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities

Q- Define the following term as in accordance with GST

I) Goods ii) Services

Answer-As per section 2(52) of CGST Act, 2017 as under:-

i) Goods:- "Goods" means every kind of movable property –

- Other than money &securities
- but includes –actionable claim,

and growing crops, grass and things attached to or forming part of the land which are agreed to be served before supply or under a contract of supply.

ii) As per section 2(102) of CGST Act, 2017 "services" means

- anything other than goods, money and securities
- but includes activities relating to the use of money or its conversion by cash or by any other mode, fromone form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.

Q- Define the term 'Works Contract'

Answer:

As per section 2(119) of CGST Act, "works contract" means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning

- of any immovable property
- wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract.

Chapter - 3

Supply of Goods or Services

Q- Define “Supply” in the context of GST Act.

Answer- Supply is the taxable event in GST. As per section 7 of the CGST Act,2017, Supply includes

(a) All forms of supply of goods or services or both Such as Sale, Transfer, Barter, Exchange, License, Rental, Lease or Disposal made or agreed to be made for a consideration by a person in the course or furtherance of business.
(b) Import of Services for a consideration whether or not in the course or furtherance of business.

(c) The activities specified in Schedule I, made or agreed to be made without a consideration, and
(d) The activities to be treated as supply of goods or supply of services as referred to in Schedule II.

Q- What are the necessary elements that constitute supply under CGST/ SGST Act?

Answer:

In order to constitute a supply , the following elements are required to be satisfied:

1. The activity involves supply of goods or services or both
2. The supply is for a consideration unless otherwise specifically provided for
3. The supply is made in the course or furtherance of business
4. The supply is made in the taxable territory
5. The supply is a taxable supply
6. The supply is made by a taxable person

Q- State the types of supplies under the GST law?

Answer

The different types of supplies under GST law are as follows:-

i) Taxable & exempt supplies
ii) Inter-state & Intra-state supplies
iii) Composite & mixed supplies
iv) Zero rated supplies

Q- Can a transaction in which any one or more of the given criteria is not fulfilled be still considered as supply under GST ?

Answer: Yes.

- Under certain circumstances such as import of services for a consideration whether or not in the course of business or supplies made without consideration , specified under schedule 1 of CGST/ SGST Act ,
- where one or more ingredients as specified are not satisfied , it shall be treated as supply for the levy of GST.

Q- List the activities to be treated as Supply even if made without consideration.

Answer- Schedule I of CGST Act, 2017 provides the following activities to be treated as supply even if made without consideration:

1. Permanent transfer/disposal of business assets where input tax credit has been availed on such assets.
2. Supply of goods or services or both between related persons, or between distinct persons as specified in section 25, when made in the course or furtherance of business.

Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

3. Supply of goods—

(a) By a principal to his agent where the agent undertakes to supply such goods on behalf of the principal, or

(b) By an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.

4. Importation of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

Q- Discuss the taxability of import of services under GST.

Answer- As per section 7(1) (b) of CGST Act, 2017 supply includes the importation of servicesfor aconsideration whether or not in the course or furtherance of business.

Thus, import of serviceswithconsiderationistaxableinbothofthefollowingsituations:

(a) in course or furtherance ofbusiness

(b) not in course or furtherance ofbusiness

Further, Schedule I of CGST Act, stipulates that import of services by a taxable person from a related person or from his establishments located outside India is treated as "supply" even if made without consideration if it is provided in the course or furtherance of business.

Q- What are the activities which shall not be considered as supply ?

Answer:

Notwithstanding anything contained in sec. 7(1), the following shall neither be treated as supply of goods nor supply of services-

a) Activities or transactions specified in schedule 3

b) Activities or transactions undertaken by the CG, SG or any local authority in which they are engaged as public authorities, which may be notified by the govt. on the recommendations of the Council.

Q-Enumerate the activities or transactions which shall be treated neither as a supply of goods nor a supply of services.

Answer-Schedule III in the CGST Act is into the negative list under the service tax regime. This schedule specifies transactions/ activities which shall be neither treated as supply of goods nor a supply of services.

1. Services by an employee to the employer in the course of or in relation to his employment.
2. Services by any court or Tribunal established under any law for the time being in force.
3. (a) Functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;

   (b) Duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or

   (c) Duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of thisclause.
4. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
5. Sale of land and building.
6. Actionable claims, other than lottery, betting and gambling.

Q- Will import of services without consideration be taxable under GST ?

Answer:

- As a general principle, import of services without consideration will not be considered as supply under GST in terms of sec.3.

  However, import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business, even without consideration will be treated as supply under GST.

Q- What do you mean by composite supply &mixed supply? Briefly discuss the manner in whichthetaxliabilityoncompositesuppliesandmixedsuppliesisdetermined?

Answer-Composite supply means a supply made by a taxable person to a recipient and:

- Comprises two or more taxable supplies of goods or services or both, or any combination there of.
- Are naturally bundled and supplied in conjunction with each other, in the ordinary course of business.

This means that in a composite supply, goods or services or both are bundled owing to natural necessities. The elements in a composite supply are dependent on the 'principal supply'.

Determination of tax liability on composite supplies:

A composite supply comprising of two or more supplies, one of which is a principal supply, shall be treated as a supply of such 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 taxableperson
- For a single price where such supply does not constitute a composite supply.

The individual supplies are independent of each other and are not naturally bundled

Determination of tax liability on mixed supplies:

A mixed supply comprising of two or more supplies shall be treated as supply of that particular supply that attracts highest rate of tax.

Q- Aspire Ltd enters into contract with Beta Ltd for execution of works contract for ` 50,00,000 excluding taxes for following activities pertaining to construction of a complex. Determine whether the following activities fall under the ambit of 'works contract'

(i) Erection & installation of structural designs to the complex which involved material.

(ii) Fabrication works relating to the structure of complex no material is involved.

(iii) Assembling of units pertaining to movable property which involved material and goods.

(iv) Tiling & painting work of the entire building which involved material.

Answer-As per section 2(119) of CGST Act, defining the term works contract. Only if the activities fall under thedefinition it shall be considered as a works contract.

i) Yes, the given activity is in relation to an immovable property thus qualifies as a works contract

ii) No, eventhough the given activity of fabrication is in relation to immovable property thus it does notqualifies as works contract because material is not involved.

iii) No, the activity of assembling units will not qualify as works contract as it is relation to a movableproperty.

iv) Yes, the given activity is in relation to building which is immovable property & thus qualifies as workscontract.

Q- Employer provides bus service, meal coupon, telephone at residence, gives vehicle for official and personal use, uniform and shoes, to employee. Explain implication of GST?

Answer :

As per Sec 7(2) of CGST Act read with Sch III any service provided by an employee to employer in thecourse of or in relation to employment then it is not called as supply.

Also as per Schedule I para 2 any gift given by the employer to an employee upto` 50,000 in a financial year does not qualify as a supply.

In given case bus, service, meal coupon etc are provided by the employer in course or in relation to employment then no GST is payable, But if it is provided as a gift & not as a part of employment then GST is payable for any value in excess of ` 50,000 in a financial year.

Q- Sahab Sales, an air-conditioner dealer in Janakpuri. Delhi. needs 4 air-conditioners for his newly constructed house in Safdarjung Enclave. Therefore, he transfers 4 air-conditioners [on which ITC has already been availed by it] from its stock, for the said purpose. Examine whether the said activity amounts to supply under section 7 of the CGST Act. 2017.

Further, a Janakpuri resident, Aakash, approached Sahab Sales. He sold an air-conditioner to Sahab Sales for Rs. 5,000. Aakash had bought the said air-conditioner six months before, for his residence. Does sale of the air conditioner by Aakash to Sahab Sales amount to supply under section 7 of the CGST Act, 2017?

Answer- Section 7 of the CGST Act, 2017 stipulates that in order to qualify as supply.

(a) Supply should be of goods and/or services.
(b) Supply should be made for a consideration
(c) Supply should be made in the course or furtherance of business.

Further. Schedule I of the CGST Act, 2017 illustrates the activities to be treated as supply even if made without consideration.

One such activity is permanent transfer or disposal of business assets where input tax credit has been availed on such assets. i.e. said activity is to be treated as supply even if made without consideration.

In view of said provisions, permanent transfer of air conditioners by Sahab Sales from its stock for personal use at its residence without consideration, would amount to supply.

Sale of air-conditioner by Aakash to Sahab Sales will not qualify as supply under section 7 of the COST Act, 2017 as although it is made for a consideration, but it is not in the course or furtherance of business.

Q- What are the different types of supplies under the GST law ?

Answer:

a) Taxable and exempt supplies
b) Interstate and intra state supplies
c) Composite and mixed supplies
d) Zero rated supplies

Q- Whether provision of service or goods by a club or association , society to its members will be treated as supply or not ?

Answer: Yes.

- Provision of facilities by a club, association, society or any such body to its members shall be treated as supply.
- This is included in the definition of 'business' in sec. 2 (17) of CGST/ SGST Act .

Q- Modest Ltd., registered in Delhi dealing in supply of electronic items transferred some of its stock to its unit located in Haryana (inter-state transfer). Whether such self-supplies are taxable under GST?

Answer- Supply of goods or services or both betweenrelated persons or between distinct persons as specified in section 25 of the CGST Act, is taxable under GST.

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, two different units of Modest Ltd. are deemed as establishments of two distinct persons. It is further assumed that goods supplied are not exempted goods.

Therefore, supply of goods/stock transfer from Delhi Unit of Modest Ltd. to Haryana Unit in course/furtherance of business, is deemed supply as per section 7 of the CGST Act and hence taxable under GST.

Q- Whether actionable claims are liable to GST ?

Answer: As per sec. 2(52) of the CGST/ SGST Act, actionable claims are to be treated as goods.

Schedule 3 read with sec.7 of the CGST/ SGST Actlists the activities or transactions which shall be treated neither as supply of goods nor supply of services.

The schedule lists actionable claims other than lottery, betting and gambling as one of such transactions.

Thus only lottery, betting and gambling shall be treated as supplies under the GST regime.

All other actionable claims shall not be liable to GST.

Q- A car dealer sells a Mercedes Car for ₹ 50,00,000 to earn a profit. Does it qualify as a supply.

Answer: Yes.

As per section 7(1)(a) of CGST Act, 2017, supply includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental , lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business. Hence, in the above case it will be treated as supply and liable to GST.

Q-Mr. Santosh (an unregistered person) plans to pursue his higher education in Canada. He receives career consultancy services from Mr. Prakash a Canada based consultant for ₹ 10,00,000. Does it qualify as a supply?

Answer:Yes.

As per section 7(1)(b) of CGST Act, 2017, supply includes import of services for a consideration whether or not in the course or furtherance of business. Hence, in the above case it will be treated as supply.

Q- PQR and Co. a manufacturer of technical equipment donated such equipment to charitable schools on account of renovation of office. The company has taken input tax credit on the computers so donated.Does it qualify as a supply?

Answer: As per section 7(1)(c) read with schedule I of CGST Act, 2017, Permanent transfer or disposal of business assets where input tax credit has been availed shall be treated as supply even made without consideration. Hence, donation equipment to charitable schools shall qualify as supply since input tax credit has been availed by XYZ and Co.

Q- Krishna Ltd. provides Patency services without charge to Rama Ltd. in which Krishna Ltd. has controlling rights. The said consultancy has been provided for benefit of entire group. Does it qualify as a supply ?

Answer: As per section 7(1)(c) read with schedule I of CGST Act, 2017, supply of goods or services between related persons is treated as supply even if it is without consideration. As per Explanation to Section 15 of CGST Act, 2017, persons shall be deemed to be "Related Persons" if "one of them directly or indirectly controls the other".

Since, Krishna Ltd. has controlling rights of Rama Ltd., they will be treated as related person and the said transaction will qualify as supply.

Q- "Coop", a cooperative gives Diwali Gifts to employee worth ₹ 5,00,000. Does it qualify as a supply? Would your answer be different if gifts of Rs.40,000 has been given to employee?

Answer: As per section 7(1)(c) read with schedule I of CGST Act, 2017, supply of goods or services between related persons is treated as supply even if it is without consideration. As per Explanation to Section 15 of CGST Act, 2017, persons shall be deemed to be " relating persons" if such persons are employer and employee. Thus, Diwali gifts to employee worth ₹ 5,00,000 will qualify as supply and such supply would be leviable to GST.

If gifts of Rs.40,000 is given instead of ₹ 5,00,000, the answer will not qualify as supply since it has been specifically provided that gifts not exceeding ₹ 50,000 in value in a financial year by an employer shall not be treated as supply of goods and services or both.

Q-Rakshas Ltd. owns a truck which is used to transport its workers to customers' premises. During one weekend, one truck was used by its managing director for his friends for an occasion. Is it a supply?

Answer: Supply of goods or services by employer to employee when made in the course or furtherance of business shall be treated as supply even if made without consideration. Thus, the said transaction will qualify as supply and will be liable to GST.

Q- ABC shoeshines Ltd. engages "Easy-Beezee Ltd" as an agent to sell Shoes on its behalf. For this purpose, ABC shoeshines Ltd. has supplied 500 shoes to the showroom of "easy-Beezee ltd." located in Jaipur. Does it qualify as supply.

Answer: as per section 7(1)(c) read with schedule I of CGST Act, 2017, supply of goods by a principal to his agent where the agent under takes to supply such goods on behalf of the principal shall be treated as supply even if made without consideration. In view of the same supply of shoes by ABC shoeshines ltd. to Easy-Beezee ltd. will qualify as supply.

Q-ABC Associates received management consultancy services from its head office located in Malaysia. The head office has rendered such services free of cost to its branch office. Does it qualify as supply.

Answer: As per section 7(1)(c) read with schedule I of CGST Act, 2017, Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business will be treated as supply even if made without consideration. Thus, management consultancy services received by ABC Associates will qualify as supply even though the head office has not charged anything from it and will be liable to GST.

Q- Jacky Shroff Constructions Ltd. (a registered taxable person) receives architectural design supplied by a foreign architect to design a residential house to be built in Kashmir for a consideration of Rs.50,00,000. Does it qualify as supply.

Answer: As per section 7 of CGST Act, 2017, Importation of services for a consideration whether or not in the course or furtherance of business is covered under supply. In the above case it will be treated as supply and will be liable to GST.

Q-Myntra was amalgamated with Flipkart on account of amalgamation Mr. puneet a shareholder received 10,000 shares of Flipkart in exchange of 5000 shares of Myntra. Does it qualify as supply.

Answer: Transaction in securities is neither supply of goods nor services. Securities are excluded from the definition of both goods as well as services. Hence, such transaction will not qualify as supply.

Q- DLFP Ltd., an NBFC transfers bad loans (unsecured) to Kanjoos Capital Advisors Ltd. Does it qualify assupply.

Answer: Actionable claims are covered in definition of goods. However, schedule III excludes actionable claims other than lottery, gambling and betting from the scope of supply. Transfer of unsecured loans, therefore, would not amount to supply.

Q-B ajrangbaliLtd. having head office in Mumbai(Maharashtra) supplied goods worth ` 20,00,000 to its branch office in Jaipur(Rajasthan). Does it qualify as supply.

Answer: As per Section 7(1)(c) read with schedule I of CGST Act, 2017, supply of goods or services or both between distinct persons as specified in section 25, when made in the course or furtherance of business will be treated as supply even if made without consideration.

As per section 25(5) of CGST Act, 2017, where a person who has obtained or is required to obtain registration in a state or Union territory in respect of an establishment, has an establishment in another state or Union territory, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act.

Hence, branch transfer of goods worth ₹ 20,00,000 from Maharashtra to Rajasthan will qualify as supply.

Q- Examine whether the following activities would amount to supply under section 7 of the CGST Act:

(a) Deodar Charitable Trust, a trust who gets the eye treatment of needy people done free of cost, donates clothes and toys to children living in slum area.

(b) 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, pin Delhi to the Mumbai depot without consideration so that the same can be sold.

(c) Raman is an Electronic Commerce Operator in Chennai. His brother who is settled in ban London is a well-known lawyer. Raman has taken legal advice from him free of cost with regard to his family dispute.

(d) Would your answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai?

(e) Management consultancy services by Mr. Ramlal but not in course or furtherance of business

Answer-

(a) Section 7 of the CGST Act provides that supply must be made for a consideration except the activities specified in Schedule I and in course or furtherance of business.

Since, both these elements are missing, donation of clothes and toys to children living in slum area would not amount to supply under section 7 of the CGST Act.

(b) 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.

(c) Schedule I of CGST Act, stipulates that import of services by a taxable person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business.

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.

(d) In the above case, if Raman has taken advice with regard to his business unit, services provided by Raman s rather to him would be treated as supply under section 7 of the CGST Act as the same are provided in course or furtherance of business though received from a related person.

(e) 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.

Q- Whether transfer of title and/or possession is necessary for a transaction to constitute supply of goods?

Answer- Yes.

Title as well as possession both has to be transferred for a transaction to be considered as a supply of goods.

In case title is not transferred, the transaction would be treated as supply of service in terms of Schedule II (1) (b) of the CGST Act.

In some cases, possession may be transferred immediately but title may be transferred at a future date like in case of sale on approval basis or hire purchase arrangement. Such transactions will also be termed as supply of goods.

Q- Whether goods supplied on hire purchase basis will be goods or supply of services? Give reason.

Answer- Supply of goods on hire purchase shall be treated as supply of goods as there is transfer of title, at a future date. To qualify as supply of goods, Title as well as possession both has transferred for a transaction.

In hire purchase transaction, there is an agreement where possession is transferred immediately but title is transferred at a future date upon payment of full consideration, then it is termed as supply of goods.

Question 8. Whether the following will be treated as supply of goods or services?
a) Works contracts and Catering services
b) Supply of software
c) Goods supplied on hire purchase basis

Answer:

a) Works contracts and Catering services shall be treated as supply of services.

b) Development, design, programming, customisation, adaption, upgradation, enhancement, implementation of information technology software shall be treated as supply of services.

c) Supply of goods on hire purchase shall be treated as supply of goods as there is transfer of title at a future date.

Q- State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II of the CGST Act:

Supply	Nature of Supply
Renting of immovable property	Supply of services
Goods forming part of business assets are transferred or disposed of by/under directions of person carrying on the business, whether or not for consideration.	Supply of goods
Transfer of right in goods without transfer of title in goods.	Supply of services
Transfer of title in goods under an agreement which stipulates that property shall pass at a future date.	Supply of goods
Leasing or License to occupy immovable property	Supply of services
Sale of Under Construction Property	Supply of services
Transfer of right in goods as well as title in goods.	Supply of goods
Any Treatment or Process applied on another person's goods	Supply of services
Temporary Transfer of use of any Intellectual Property Right	Supply of services
Agreeing to the obligation to refrain from an act or to do an act	Supply of services
Supply of goods by any unincorporated association to a member thereof	Supply of goods
Works contracts	Supply of services

Q- An individual buys a car for personal use and after a year sells it to a car dealer. Will the transaction be a supply in terms of CGST/SGST Act? Give reasons for the answer.

Answer: No.

Because supply is not made by the individual in the course or furtherance of business. Further, no input tax credit was admissible on such car at the time of its acquisition as it was meant for non-business use.

Q-. A dealer of air-conditioners permanently transfers an air conditioner from his stock in trade, for personal use at his residence. Will the transaction constitute a supply?

Answer:Yes.

Permanent transfer or disposal of business assets where input as credit has been availed on such assets shall constitute a supply under GST even where no consideration is involved.

Q- Determine whether the following supplies amount to composite supplies:

a) A hotel provides 4 days-3 night's package wherein the facility of breakfast and dinner is provided along with the room accommodation.
b) A toothpaste company has offered the scheme of free toothbrush along with the toothpaste
c) A package consisting of canned foods, sweets, chocolates, dry fruits supplied for a single price.

Answer- Under composite supply, two or more taxable supplies of goods or services or both, or any combination thereof, are naturally bundled and supplied in conjunction with each other, in the ordinary course of business, one of which is a principal supply [Section 2(30) of the CGST Act]. In view of the same,

a) Since, supply of breakfast and dinner with the accommodation in the hotel are naturally bundled, said supplies qualify as 'composite supply'.

b) Since supply of toothbrush along with the toothpaste are not naturally bundled, said supplies doing not qualify as 'composite supply'.

c) Since these items can be supplied separately and are not naturally bundled said supplies do not qualify as 'composite supply'.

Q- Mahajan Ltd. is a manufacturer of gift items and other related products , supplied a "FAMILY PACKAGE" consisting of toys (GST rate- 18%), beauty cream (GST rate- 28%), baby- care products (GST rate-28%) and cosco balls (GST rate- 12%). The price per package is ₹ 1,000 (exclusive of taxes). 25000 packages are supplied by the company to its dealers. Determine the nature of supply and its tax liability.

Answer: This supply would be regarded as mixed supply, since in this case each of the goods in the package have individual identity and can be supplied separately, but are deliberately supplied conjointly for a single consolidated price. The tax rates applicable in case of mixed supply would be the rate of tax attributable to that one supply (goods or services) which suffers the highest rate of tax from amongst the supplies forming part of the mixed supply. Therefore, the package will be chargeable to 28% GST.

The tax liability will be arrived as under:

Value of taxable supply per package	1000
No. of packages	25,000
Total taxable value of supply	25,000,000
Applicable GST rate	28%
Total tax liability	7,000,000

Chapter – 4
Intra/Inter State Supplies

Q- Mr. Sandeep Singh of Punjab sells goods worth ₹ 1,00,000 to Mr. Harvinder Singh of the same state, who in turn sells it to Mr. Suraj Sindhu of Punjab for ₹ 1,40,000. All of them are registered under GST. Determine which type of GST should be levied.

Answer: The transaction referred to in the question is Intra State i.e., in the same state, hence, both CGST and SGST would be levied at the applicable rates.

Supplier - Sandeep Singh (Punjab)		Supplier - Harvinder Singh (Punjab)	
Sale Value	₹ 1,00,000	Sale Value	₹ 1,40,000
CGST @ 9%	₹ 9,000	CGST @ 9%	₹ 12,600
SGST @ 9%	₹ 9,000	SGST @ 9%	₹ 12,600

Adjustment and payment of CGST and SGST in the hands of Mr. Harvinder

Particulars	CGST	SGST
Output liability	12,600	12,600
ITC	(9,000)	(9,000)
Payment	3,600	3,600

Statement of Revenue earned by Central Government and State Government

Transaction	Revenue to Central Government	State Government
Supply of goods / services by Sandeep to Harvinder	9,000	9,000
Supply of goods / services by Harvinder to Suraj	3,600	3,600
Total	12,600	12,600

Q- Mr. Jamun of Delhi sells goods worth ₹ 1,00,000 to Mr. Aam of the same place, who in turn sells it to Mr. Anar of Delhi for ₹ 1,40,000. All of them are registered under GST. Determine which type of GST should be levied.

Answer: The transaction referred to in the question is Intra State i.e., in the same state (refer note), hence, both CGST and SGST would be levied at the applicable rates.

Supplier - Jamun (Delhi)		Supplier - Aam (Delhi)	
Sale Value	₹ 1,00,000	Sale Value	₹ 1,40,000
CGST @ 9%	₹ 9,000	CGST @ 9%	₹ 12,600
SGST @ 9%	₹ 9,000	SGST @ 9%	₹ 12,600
* Not UTGST		* Not UTGST	

Adjustment and payment of CGST and SGST

Particulars	CGST	SGST
Output liability	12,600	12,600
ITC	(9,000)	(9,000)
Payment	3,600	3,600

Statement of Revenue earned by Central Government and State Government

Transaction	Revenue to Central Government	State Government
Supply of goods / services by Jamun to Aam	9,000	9,000
Supply of goods / services by Aam to Anar	3,600	3,600
Total	12,600	12,600

Note - *Delhi and Puducherry although being Union Territories, are considered as States for the purpose of GST because they have their own separate legislature.

Q- Mr. A of Daman & Diu sells goods worth ₹ 1,00,000 to Mr. B of the same place, who in turn sells it to Mr. C of Daman & Diu for ₹ 1,40,000. All of them are registered under GST. Determine which type of GST should be levied.

Answer: The transaction referred to in the question is Intra State i.e., in the same state (refer note), hence, both CGST and SGST would be levied at the applicable rates.

Supplier - A (Daman & Diu)		Supplier - B (Daman & Diu)	
Sale Value	₹ 1,00,000	Sale Value	₹ 1,40,000
CGST @ 9%	₹ 9,000	CGST @ 9%	₹ 12,600
UTGST @ 9%	₹ 9,000	UTGST @ 9%	₹ 12,600

Adjustment and payment of CGST and UTGST

Particulars	CGST	UTGST
Output liability	12,600	12,600
ITC	(9,000)	(9,000)
Payment	3,600	3,600

Statement of Revenue earned by Central Government

Transaction	Revenue to Central Government
Supply of goods / services by A to B	18,000 (9,000 + 9,000)
Supply of goods / services by B to C	7,200 (3,600 + 3,600)
Total	25,200

Note: The amount of CGST and UTGST are collected by the Central Government, however, the amount of UTGST is kept aside for the administration of Union Territories.

Q- Mr. Amitabh of Mumbai sells goods worth ₹ 10,000 to Mr. Akshay of the same place, who in turn sells it to Mr. Shyamlal of Delhi for ₹ 12,000 (Value addition - 20%). Mr. Shyamlal in turn sells the same goods to Mr. Kejriwal of Delhi for ₹ 14,400 (value addition - 20%). All of them are registered under GST. Determine which type of GST should be levied.

Solution:

In case of inter - state supply of goods / services, the supplier would charge IGST at specified rates on the supply.

I. Supply of goods / services by Amitabh of Mumbai to Akshay of Mumbai

	(Amount in `.)
Value charged for supply of goods / services	10,000
Add: CGST @ 9%	900
Add: SGST @ 9%	900
Total price charged by Amitabh from Akshay for intra - state supply of goods / service	11,800

Amitabh is the first stage supplier of goods / services and hence, does not have credit of CGST, SGST or IGST.

II. Supply of goods / services by Akshay of Mumbai to Shyamlal of Delhi - Value addition @ 20%

	(Amount in `)
Value charged for supply of goods / services (10,000 x 120%)	12,000
Add: IGST @ 18%	2,160
Total price charged by Akshay from Shyamlal for inter - state	14,160

supply of goods / service	

Computation of IGST payable to Government

	(Amount in `)
IGST payable	2,160
Less: Credit of CGST	900
Less: Credit of SGST	900
IGST payable to Central Government	360

The IGST charged on Shyamlal of Delhi for supply of goods / services will be remitted by Akshay of Mumbai to the appropriate account of the Central Government. Mumbai (exporting state) will transfer SGST credit of Rs. 900 utilized in the payment of IGST to the Central Government.

III. Supply of goods / services by Shyamlal of Delhi to Kejriwal of Delhi - Value addition @ 20%

Shyamlal will avail credit of IGST paid by him on the purchase of goods / services and will utilize such credit for being set off against the CGST and SGST payable on the local supply of goods / services made by him to Kejriwal.

	(Amount in `)
Value charged for supply of goods / services (12,000 x 120%)	14,400
Add: CGST @ 9%	1,296
Add: SGST @ 9%	1,296
Total price charged by Shyamlal from Kejriwal for intra - state supply of goods / service	16,992

Computation of CGST and SGST payable to Government

	(Amount in `)
CGST payable	1,296
Less: Credit of IGST	1,296
CGST payable to Central Government	Nil
SGST payable	1,296
Less: Credit of IGST (2,160 - 1,296)	864
SGST payable to State Government	432

Central Government will transfer IGST credit of Rs. 864 utilized in the payment of SGST to Delhi (importing state).

Note: Rates of CGST, SGST and IGST have been assumed to be 9%, 9% and 18% respectively for the sake of simplicity.

Statement of revenue earned by Central and State Government

Transaction	Revenue to Central Government (`)	Revenue to Mumbai Government (`)	Revenue to Delhi Government (`)
Supply of goods / service by X to A	900	900	
Supply of goods / service by A to B	360		
Transfer by State 1 to Centre	900	(900)	
Supply of goods / service by B to C			432
Transfer by Centre to State 2	(864)		864
Total	1,296	Nil	1,296

<u>Q- Mr. Roshan kapoor of Delhi sells Goods worth Rs.50,000 to Mr. Amit Kumar of the same state. Mr. Amit processes the goods further and sells it to Mr. Amir khan of Punjab for Rs. 1,00,000. Mr. Amir decorates the goods and finally sells it to Mr. Sher shah of Punjab for Rs.1,50,000. Show the treatment of GST at various levels.</u>

<u>Solution:</u>

Delhi —— Delhi ——→ —— Punjab ——→ —— Punjab ——→

Value	50,000
CGST @ 9%	4,500
SGST @ 9%	4500
Total	59,000
OUTPUT TAX LIABILITY	
CG	4,500
Delhi Govt.	4,500

Value	1,00,000
IGST @ 18%	18,000
Total	1,18,000
IGST output tax	18,000
Less: ITC	
CGST	4,500
SGST	4,500
Net IGST	9,000
IGST	
CG	4,500

Value	1,50,000
CGST @ 9%	13,500
SGST @ 9%	13,500
Total	1,87,000
Output tax liability:	
CGST	13,500
-IGST	(13,500)
SGST	13,500
-Remaining IGST	(4,500)
Net tax.	9,000

				Liability	
		Punjab Govt.	4,500		
				Punjab govt.	9,000

Q- Mr. Roshan kapoor of Delhi sells Goods worth Rs.50,000 to Mr.Amit kumar of Jammu and Kashmir. Mr.Amit processes the goods further and sells it to Mr. Amir khan of Jammu and Kashmir for Rs. 1,00,000. Mr. Amir decorates the goods and finally sells it to Mr.Sher shah of Allahabad(UP) for Rs.1,50,000. Show the treatment of GST at various levels.

Solution:

Delhi → J and K → J and K → UP →

Value	50,000		Value	1,00,000		Value	1,50,000
IGST @ 18%	9,000		CGST @ 9%	9,000		IGST @ 18%	27,000
Total	59,000		SGST @ 9%	9,000		Total	1,77,000
			Total	1,18,000			
OUTPUT TAX LIABILITY			CGST output tax	9,000		Output Tax Liability - Rs.27,000	
CG	4,500		Less: ITC of IGST	(9,000)		-CGST	(9,000)
J and K Govt.	4,500			-		-SGST	(9,000)
			SGST output tax	9,000		Net IGST	9,000
			Less: ITC of IGST	-		CG	4,500
			Net SGST	9,000		UP Govt.	4,500

J and K =13,500
Centre= 9,000
UP= 4,500

Q- Mr. Bahubali of Karnataka sells Goods worth Rs.1,00,000 to Mr. Katappa of same state and charged 18% GST in the month of July 2017. Mr. Katappa added value to goods by painting and decorating them and sold-

30% goods to Kalki in Orissa for Rs.60,000 (July 2017)

40% goods to Shivgami Devi in Karnataka for Rs.90,000 (August 2017)

30% of goods to Kumar sena in Andaman and Nicobar for Rs.60,000 (September 2017). All amounts are exclusive of taxes.

Show GST treatment at various levels.

Solution:

Karnataka → KarnatakaKarnataka

Orissa

Andaman and Nicobar

VALUE	1,00,000
CGST @ 9%	9,000
SGST @ 9%	9,000
	1,18,000
OUTPUT TAX:	
CG	9,000
Karnataka Govt.	9,000

TRANSFERRED TO

ORISSA	₹		KARNATAKA	₹		ANDAMAN AND NICOBAR	₹
VALUE	60,000		VALUE	90,000		VALUE	60,000
IGST@18%	10,800		CGST@9%	8,100		IGST@18%	10,800
	70,800		SGST@9%	8,100			70,800
				1,06,200			
OUTPUT IGST	10,800					OUTPUT IGST	10,800
-CGST	9,000		CGST payable	8,100		-	-
-SGST (to the remaining extent)	1,800					NET IGST	10,800
NET IGST	Nil						
			SGST	8,100		CG	5,400
			-ITC (remaining balance i.e., 9,000 - 1,800) Karnataka Govt CG	(7,200) 900 8,100		AMT. WITH CG TO BE UTILISED FOR ADMINISTRATION OF ANDAMAN AND NICOBAR	5,400

Centre= 22,500

Karnataka= 9,900

For Andaman and Nicobar= 5,400

Chapter - 5

Taxable Person/ Registration

Q- Who is the Taxable Person under GST law?

Answer- As per section 2(107) of the CGST Act, Taxable person means a person who is registered or liable to be registered under section 22 or section 24.

Q- Determine the effective date of registration in following cases:

(a) The aggregate turnover of Dhampur Industries of Delhi has exceeded Rs. 20 lakh on 1st September. It submits the application for registration on 20th September. Registration certificate is granted to it on 25th September.

(b) Mehta Teleservices is an internet service provider in Lucknow. Its aggregate turnover exceeds 20 lakh on 25' October. It submits the application for registration on 27'h November. Registration certificate is granted to it on 5th December.

Answer-

(a) Every supplier becomes liable to registration if his turnover exceeds Rs. 20 lakh [in a State/UT other than Special Category States] in a Financial year [Section 22]. Since in given case, the turnover of Dhampur Industries exceeded Rs. 20 lakh on 1" September, it becomes liable to registration on said date.

Further, since the application for registration has been submitted within 30 days from such date, the registration shall be effective from the date on which the person becomes liable to registration. Therefore, the effective date of registration is 1" September.

(b) Since in the given case, the turnover of Mehta Teleservices exceeds Rs. 20 lakh on 25th October, it becomes liable to registration on said date. Further, since the application for registration has been submitted after 30 days from the date such person becomes liable to registration, the registration shall be effective from the date of grant of registration. Therefore, the effective date of registration is 5th December.

Q. State the time-period within which registration needs to be obtained in each of the following independent cases:

(a) Casual taxable person

(b) Person making inter-State taxable supply

Answer- Section 25(1) of the CGST Act stipulates the time-period within which registration needs to be obtained in various cases. It provides the following time-limits:

In case of	Registration needs to be obtained
a person who is liable to be registered under Section 22 or section 24	within 30 days from the date on which he becomes liable to registration
a casual taxable person or a non-resident taxable person	at least 5 days prior to the commencement of business

In view of the aforesaid provisions:

(a) A casual taxable person must obtain registration at least 5 days prior to the commencement of its business.

(b) As per section 24 of the CGST Act, person making inter-State taxable supply is liable to get compulsorily registered. Therefore, such person must obtain registration within 30 days from the date on which he becomes liable to registration.

Q. In order to be eligible for grant of registration, a person must have a Permanent Account Number issued under the Income- tax Act, 1961.

Answer- A Permanent Account Number is mandatory to be eligible for grant of registration.

One exception to this is a non-resident taxable person. A non-resident taxable person may be granted registration on the basis of other prescribed documents instead of PAN. He has to submit a self-attested copy of his valid passport along with the application signed by his authorized signatory who is an Indian Resident having valid PAN and application will be submitted in a different prescribed form [Section 25(6) & (7)].

Q. State one exception to it. State which of the following suppliers are liable to be registered:

(a) Agent supplying goods on behalf of some other taxable person and its aggregate turnover does not exceed Rs.20 lakh during the financial year.

(b) An agriculturist who is only engaged in supply of produce out of cultivation of land.

Answer-

(a) Section 22 stipulates that every supplier becomes liable to registration if his turnover exceeds Rs. 20 lakh in a State/UT [Rs. 10 lakh in Special Category States] in a Financial year. However, as per section 24, a person supplying goods/services or both on behalf of other taxable persons whether as an agent or not is liable to be compulsorily registered even if its aggregate turnover does not exceed Rs. 20 lakh during the financial year.

(b) As per section 23, an agriculturist who is only engaged in supply of produce out of cultivation of land is not required to obtain registration.

Q. What are the advantage of taking registration in GST?

Answer- Registration will confer following advantages to the business:

- Legally recognized as supplier of goods or services.
- Proper accounting of taxes paid on the input goods or services which can be utilized for payment of GST due on supply of goods or services or both by the business.
- Legally authorized to collect tax from his purchasers and pass on the credit of the taxes paid on the goods or services supplied to purchasers or recipients.
- Become eligible to avail various other benefits and privileges rendered under the GST laws.

Q- Comment on the validity on the following statements with reasons.

a) A person without GST registration collect GST and claim ITC?
b) If a person is operating in different States, with the same PAN number, he can operate with a single registration?
c) Can a person having multiple business verticals in a State obtain separate registrations for each business vertical?
d) Is there a provision for a person to get himself voluntarily registered though he may not be liable to pay GST?
e) Can the Department, through the proper officer, suo-moto proceed to register of a person?
f) Registration granted to any person is always permanent.
g) It is necessary for the UN bodies to get registration under GST.
h) There is an option to take centralized registration for services under GST Law.

Answer-

a) No, a person without GST registration can neither collect GST from his customers nor can claim any input tax credit of GST paid by him.

b) No. Every person who is liable to take a registration will have to get registered separately for each of the States where he has a business operation (and is liable to pay GST).

c) Yes. In terms of the proviso to sub-section (2) of section 25, a person having multiple business verticals in a State may obtain a separate registration for each business vertical, subject to such conditions as may be prescribed.

d) Yes. In terms of sub-section (3) of section 25, a person, though not liable to be registered under sections 22 or 24 may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered taxable person, shall apply to such person.

e) Yes. In terms of sub-section (8) of section 25, where a person who is liable to be registered under GST law fails to obtain registration, the proper officer may, without prejudice to any action which may be taken under CGST Act, or under any other law for the time being in force, proceed to register such person in the manner as is prescribed in the CGST Rules, 2017.

f) Yes, the registration certificate once granted is permanent unless surrendered, cancelled, suspended or revoked.

g) Yes. In terms of section 25(9) of the CGST Act, all notified UN bodies, Consulate or Embassy of foreign countries and any other class of persons so notified would be required to obtain a unique identification number (UIN) from the GST portal. The structure of the said ID would be uniform across the States in conformity with GSTIN structure and the same will be common for the Centre and the States. This UIN will be needed for claiming refund of taxes paid on notified supplies of goods and services received by them, and for any other purpose as may be notified.

h) No, the tax paper has to take separate registration in every State from where he makes taxable supplies.

Q. What is the responsibility of the taxable person making supplies to UN bodies?

Answer- The taxable supplier making supplies to UN bodies is expected to mention the UIN on the invoices and treat such supplies as supplies to another registered person (B2B) and the invoices of the same will be uploaded by the supplier.

Q. What is the validity period of the registration certificate issued to a casual taxable person and non- resident taxable person?

Answer- In terms of section 27(1) read with proviso thereto, the certificate of registration issued to a "casual taxable person" or a "non-resident taxable person" shall be valid for a period specified in the application for registration or 90 days from the effective date of registration, whichever is earlier.

However, the proper officer, at the request of the said taxable person, may extend the validity of the aforesaid period of 90 days by a further period not exceeding 90 days.

Q. What happens when the registration is obtained by means of willful mis-statement, fraud or suppression of facts?

Answer- As per Section 29(2)(e) of CGST Act, when the registration is obtained by means of willful mis-statement, fraud or suppression of facts,then the registration may be cancelled with retrospective effect by the proper officer.

Q. What could be the liabilities (in so far as registration is concerned) on transfer of a business?

Answer- As per Section 22(3) of the CGST Act, The transferee or the successor shall be liable to be registered with effect from such transfer or succession and he will have to obtain a fresh registration with effect from the date of such transfer or succession.

Q. At the time of registration, will the assessee has to declare all his places of business?

Answer- Yes, assessee has to declare all his places of business as the principal place of business and place of business have been separately defined under section 2(89) & 2(85) of the CGST Act respectively.

The taxpayer will have to declare the principal place of business as well as the details of additional places of business in the registration form.

Q. What will be the time limit for the decision on the on-line registration application?

Answer- If the information and the uploaded documents are found in order, the proper officer has to respond to the application within 3 common working days.

If he communicates any deficiency or discrepancy in the application within such time, then the applicant will have to remove the discrepancy / deficiency within 7 days of such communication. Thereafter, for either approving the application or rejecting it, the proper officer has 7 days' time from the date when the taxable person communicates removal of deficiencies.

In case no response is given by the proper officer within the said time line, the portal shall automatically generate the registration.

Q. What will be the time of response by the applicant if any query is raised in the online application?

Answer-If during the process of verification, one of the tax authorities raises some query or notices some error, the same shall be communicated to the applicant and to the other tax authority through the GST Common Portal within 3 common working days. The applicant will reply to the query/rectify the error/ answer the query within a period of 7 days from the date of receipt of deficiency intimation.

On receipt of additional document or clarification, the relevant tax authority will respond within 7 common working days from the date of receipt of clarification.

Q. Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled?

Answer- Yes, as per section 29(5) of the CGST Act, every registered taxable person whose registration is cancelled shall pay an amount, by way of debit in the electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher.

Q- Rishabh Enterprises – a sole proprietorship firm – started an air-conditioned restaurant in Virar, Maharashtra in the month of February wherein the customers are served cooked food as well as cold drinks/non-alcoholic beverages. In March, the firm opened a liquor shopinRaipur,Uttarakhandfortradingofalcoholicliquorforhumanconsumption.

Determine whether Rishabh Enterprises is liable to be registered under GST law with the help of the following information:

Particulars	February (INR)*	March (INR)*
Serving of cooked food and cold drinks/non-alcoholic beverages in restaurant in Maharashtra	5,50,000	6,50,000
Sale of alcoholic liquor for human consumption in Uttrakhand		5,00,000
Interest received from banks on the fixeddeposits	1,00,000	1,00,000
Export of packed food items from restaurant in Maharashtra	1,50,000	2,00,000

* excluding GST

You are required to provide reasons for treatment of various items given above.

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 INR 20 lakh.

However, if such taxable supplies are made from any of the specified special category States, namely, States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand, he shall be liable to be registered if his aggregate turnover in a financial year exceeds INR 10lakh.

In the given question, since Rishabh Enterprises is engaged in making taxable supplies from Maharashtra which is not a specified Special Category State, the threshold limit for obtaining registration is INR 20 lakh.

The threshold limit is not reduced to INR 10 lakh in this case, as sale of alcoholic liquor for human consumption from Uttarakhand (one of the specified Special Category States) are non-taxable supplies in terms of section 9(1) of CGST Act, 2017.

As per section 2(6) of the CGST Act, 2017, aggregate turnover includes the aggregate valueof:

(i) all taxablesupplies,

(ii) all exemptsupplies,

(iii) exports of goods and/or servicesand

(iv) allinter-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 forcalculationofaggregateturnover'.

In the light of the afore-mentioned provisions, the aggregate turnover of Rishabh Enterprises is computed as under:

Computation of aggregate turnover of Rishabh Enterprises

Particulars	Turnover of February (`)	Cumulative turnover of February &March(`)
Serving of cooked food and cold drinks/non-alcoholic beverages in restaurant in Maharashtra	5,50,000	12,00,000 [5,50,000 + 5,50,000]
Add: Sale of alcoholic liquor for human consumption in Uttarakhand [Note-1]		5,00,000
Add: Interest received from banks on the Fixed Deposits [Note-2]	1,00,000	2,00,000[1,00,000 +1,00,000]
Add: Export of packed food items from restaurant in Maharashtra	1,50,000	3,50,000[1,50,000 +2,00,000]
Aggregate Turnover	8,00,000	22,50,000

1. Notes: As per section 2(47) of the CGST Act, 2017, exempt supply includes non-taxable supply. Thus, supply of alcoholic liquor for human consumption in Uttarakhand, being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregateturnover.

2. 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) is exempt vide Notification No. 12/2017 CT (R) dated 28.06.2017. Thus, interest received from banks on the fixed deposits is an exempt supply and is, therefore, includible while computing the aggregate turnover.

Rishabh Enterprises was not liable to be registered in the month of February since its aggregate turnover did not exceed INR 20 lakh in that month. However, since its aggregate turnover exceeds INR 20 lakh in the month of March, it should apply for registration within 30 days from the date on which it becomes liable to registration.

Q-Mr X of Delhi has effected following supplies within the state of Delhi. Determine whether he is required to obtain registration under GST or not :

(1)Intra state supply of goods wholly exempt from GST u/s 11 ofCGSTAct,2017	5,00,000
(2)Intra state supply of goods chargeable with GST @ 5%	7,00,000
(3) Intra state transfer of goods to job worker	16,00,000
Total value of supplies	28,00,000

Solution : Computation of Aggregate value of taxable supplies :

(1) Intra state supply of goods wholly exempt from GST u/s 11 of CGST Act , 2017		5,00,000
(2) Intra state supply of goods chargeable with GST @ 5%	7,00,000	
(3) Intra state transfer of goods to job worker	NIL	
Total value of taxable supplies		12,00,000

Since value of taxable supplies is less than 20,00,000 , so Mr X is not required to obtain registration under GST .

Working Notes :

(1) Intra state transfer of goods to job worker is not a supply.

(2) Intra state supply of goods which are wholly exempt from GST u/s 11 and those which are chargeable to GST , both are included for determination of aggregate turnover .

Q- From the following information you are required to determine whether ABC ltd incorporated in Rajasthan is liable to be registered under GST law if the company has effected following supplies within the state of Rajasthan.

Particulars	Rs.
(1) Intra state supply of goods chargeable to GST @ 12% (2) Intra state supply of goods chargeable with NIL rate (3) Intra state supply of goods which are wholly exempt from GST u/s 11 of CGST Act, 2017	5,25,000 8,00,000 6,25,000
Total value of supplies	19,50,000

Solution. Computation of aggregate turnover

Particulars	Rs.
(1) Intra state supply of goods chargeable to GST @ 12% (2) Intra state supply of goods chargeable with NIL rate (3) Intra state supply of goods which are wholly exempt from GST u/s 11 of CGST Act,2017	6,25,000 8,00,000 7,25,000
Total value of taxable supplies	19,50,000

Since aggregate turnover of ABC ltd is less than 20,00,000 , so, registration is not required .

(b) Presume in the above case, ABC ltd was incorporated in ASSAM . Will the registration now be required ?

Solution. Since Assam is a special category state , so registration is required since value of taxable supplies exceeds 10,00,000.

Q- ABC ltd has 2 manufacturing units located in Delhi. One unit located in Greater Kailash is engaged in manufacture of yarn and another unit located in Sarojini Nagar is engaged in manufacture of fabric. Whether separate registrations are required for its 2 units located in same state?

Solution. As per Sec 25 of CGST Act,2017 , a person having multiple business verticals in a state or UT may be granted a separate registration for each business vertical , subject to such conditions as may be prescribed . In this case both the units are supplying different goods, thus falls under separate business verticals, hence separate registration may be allowed as per business vertical wise.

Q-P QR ltd of Kalkaji , Delhi has effected intra state supplies of taxable goods amounting Rs. 14,00,000 till 31-12-2017 . On 1-1-2018 it has effected inter state supply of taxable goods amounting to Rs. 2,00,000 . PQR ltd is of the view that it is not required to get registered under GST law since its aggregate turnover is not likely to exceed 20,00,000 during financial year 2017-18 . As a consultant of the company you are required to advise the company relating to registration requirements.

Solution.The opinion of PQR ltd is not correct .

As per Sec 24, persons making inter- state taxable supply are compulsorily required to obtain registration. Thus, Section 24 is an overriding section that makes it mandatory to obtain registration by certain prescribed persons even though the conditions prescribed u/s 22 are not met. Hence, PQR ltd is mandatorily required to obtain registration .

As per Sec 25 of CGST Act,2017, every person who is liable to be registered u/s 22 or 24 shall apply for registration in every state or UT in which he is so liable within 30 days from the date on which he becomes liable for registration , in such manner & subject to such conditions as may be prescribed . Thus, PQR ltd. is required to obtain registration upto 31-1-2018 .

Chapter - 6

EXEMPTIONS

Q- Discuss whether GST is payable in respect of each of the following independent cases:

Particulars	Reason
Fees charged for yoga camp conducted by a charitable trust	Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities are exempt from GST. The activities relating to advancement of yoga are included in the definition of charitable activities. So such activities are exempt from GST.
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	Services by business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch have been exempted from GST
Amount charged by cord blood bank for preservation of stem cells	Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are exempted from GST.
Amount charged for service provided by commentator to a recognized sports body	Service provided to a recognized sports body only 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. Thus, services provided by commentators are liable to GST.

Q- Discuss whether GST is payable in respect of transportation services provided by Raghav Goods Transport Agency in each of the following independent cases:

Customer	Nature of services provided	Taxability
A	Transportation of milk	Exempt. Transportation of milk by goods transport agency is exempt.
B	Transportation of books on a consignment transported in a single goods carriage	GST is payable. Exemption is available for transportation of goods only where the consideration for transportation of goods on a consignment transported in a single goods carriage does not exceed Rs. 1,500.

C.	Transportation of chairs for a single consignee in the goods carriage	Exempt. Transportation of goods where consideration for transportation of all goods for a single consignee does not exceed Rs. 750 is exempt.

Q- An individual acts as a referee in a football match organized by Sports Authority of India. He has also acted as a referee in another charity football match organized by a local sports club, in lieu of a lump sum payment. Discuss whether he is required to pay any GST?

Answer- Services provided to a recognized sports body by an individual as a referee in a sporting event organized by a recognized sports body is exempt from GST.

Since in the first case, the football match is organized by Sports Authority of India, which is a recognized sports body, services provided by the individual as a referee in such football match will be exempt.

but, when he acts as a referee in a charity football match organized by a local sports club, he would not be entitled to same exemption as a local sports club is not a recognized sports body and thus, GST will be payable in this case.

Q- RXL Pvt. Ltd. manufactures beauty soap with the brand name 'Forever Young' RXL Pvt. Ltd. has organized a concert to promote its brand. Ms. Ahana Kapoor, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert. The proceeds of the concert worth Rs. 7,20,000 will be donated to a charitable organization.

Whether Ms. Ahana Kapoor will be required to pay any GST?

Answer- Services by an artist by way of a performance in folk or classical art forms of music, or dance, or theatre are exempt from GST, if the consideration charged for such performance is not more than Rs. 1,50,000. However, such exemption is not available in respect of service provided by such artist as a brand ambassador.

Since Ms. Ahana Kapoor is the brand ambassador of 'Forever Young' soap manufactured by RXL Pvt. Ltd., the services rendered by her by way of a classical dance performance in the concert organized by RXL Pvt. Ltd. to promote its brand will not be eligible for the above-mentioned exemption and thus, be liable to GST.

The fact that the proceeds of the concert will be donated to a charitable organization will not have any bearing on the eligibility to the exemption.

Q- Examine whether GST is exempted on the following independent supplies of services:

i. Service provided by a private transport operator to Scholar Boys Higher Secondary School in relation to transportation of students to and from the school.
ii. Services provided by way of mall. Way of vehicle parking to general public in a shopping mall.
iii. Services by way of transfer of an independent part of Going Concern.

Answer-

i. Yes.Services provided TO an educational institution by way of transportation of students are exempted from GST
ii. No. Services provided by way of vehicle parking to general public are not exempted from GST. Therefore, GST ispayable on the same.
iii. No. Services by way of transfer of Going Concern, as a whole or an independent part thereof are exempted from GST.

Q- List the services provided by Department of Posts which are not exempt from GST?

Answer (a) Speed posts
(b) Life Insurance
(c) Express parcel posts
(d) Agency services

Q- Comment on the applicability of GST in the following independent cases.

Services provided by way of Repairs or Maintenance of an Aircraft owned by State Government.	Taxable
Transportation of Agricultural produce, Organic manure, Milk by a GTA in a goods carriage.	Exempt
Transportation of passengers by Metro.	Exempt
Transportation of passengers by air, terminating in Nagaland airport.	Exempt
Transport facility provided by an unregistered school to its students through buses and cabs owned by the school	Exempt
Services of giving the vehicle on hire a motor vehicle meant to carry 8 passengers to state transport undertaking.	Taxable

Chapter - 7

Computation of GST

Q- ABC Ltd., Noida (Uttar Pradesh) is a supplier of machinery used for making bottle caps. The supply of machinery is effected as under:-

- The wholesale price of the machinery (excluding all taxes and other expenses) at which it is supplied in the ordinary course of the business to various customers is Rs. 42,00,000. However, the actual price at which the machinery is supplied to an individual customer varies within a range + 10% depending upon the terms of contract of supply with the particular customer.

- Apart from the price of the machinery, ABC Ltd. charges from the customer the following incidental expenses:
    - Associated handling and loading charges of Rs. 10,000
    - Installation and commissioning charges of Rs. 1,00,000

  The machinery can be dismantle and erected and another site, if required. The above charges are compulsorily levied in every case of supply of machinery.

- Transportation of machinery to the customer's premises is arranged by ABC Ltd. through a third- party service provider (Goods Transport Agency (GTA). The customers enters into a separate service contract with the GTA and pays the freight directly to it.

- The company provides one year free warranty for the machinery. However, the company also provides an extended two-year warranty on payment of additional charge of Rs. 3,00,000.

- A cash discount of 2% on the price of the machinery is offered at the time of supply, if the customer agrees to make the payment within 15 days of the receipt of the machinery at his premises. In the event of failure to make the payment within the stipulated time, the company-
    - Recovers the discount given, and
    - Charges interest @ 1% per month or part of the month on the total amount due from the customer (towards the machinery supplied) from the date of making the supply till the date of payment. However, no interest is charged on the tax dues.

- For every machinery supplied, ABC Ltd. receives a grant of Rs. 2,00,000 from its holding company DEF Ltd.

ABC Ltd. has supplied a machinery to D Pvt. Ltd. on August 1, 20XX at a price of Rs. 40,00,000 (excluding all taxes). D Pvt. Ltd. has its corporate office in New Delhi. However, the machinery has been installed at its manufacturing unit located in Gurugram (Haryana). D Pvt. Ltd. has paid the freight directly to the GTA and opted for two year warranty. Discount @ 2% was given to D. Pvt. Ltd. as it agreed to make the payment within 15 days. However, D. Pvt. Ltd. paid the consideration on 31st October, 20XX.

Assume the rates of taxes to be as under:

CGST – 6%	SGST – 6%	IGST – 12%

Service of transportation of goods

CGST – 2.5%	SGST – 2.5%	IGST – 5%

Other services involved in the above supply

CGST – 9 %	SGST – 9 %	CGST – 9 %

Calculate the GST payable (CGST & SGST or IGST, as the case may be) on the machinery and support your conclusions with legal provisions in the form of explanatory notes.

Make suitable assumptions, wherever needed.

Answer- Computation of GST liability of ABC Ltd.

Particulars	Rs.
Price of machine (Note 1)	40,00,000
Handling and loading charges (Note 2)	10,000
Installation and commissioning charges (Note 3)	1,00,000
Transportation cost (Note 4)	Nil
Additional warranty cost (Note 5)	3,00,000
Grant from DEF Ltd. (Note 6)	2,00,000
Total price of the machine	46,10,000
Less: 2% cash discount on price of machinery= Rs. 40,00,000 x 2% (Note 7)	80,000
Taxable value of supply	45,30,000
Tax liability for the month of August 20XX (Note 11)	
IGST @ 12% (Note 8 and Note 9)	5,43,600
Tax liability for the month of October 20XX (Note 11)	
Interest collected @ 3% on Rs. 44,10,000 (Note 10)	1,32,300
Cash discount recovered (Note 10)	80,000
Cum- tax value of interest and cash discount	2,12,300
IGST= (Rs. 2,12,300/112) x 12%	22,746
Total IGST payable on the machinery	5,66,346

Notes:

1. 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. It is assumed that ABC Ltd. and D Pvt. Ltd. are not related and the price is the sole consideration for the supply.

2. All incidental expenses 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.

3. 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.

4. Transportation cost has not been included in the value of supply of the machinery as it is a separate service contract between the customer and the third-party service provider. The customer pays the freight directly to the service provider.

The supplier (ABC Ltd.), in this case, merely arranges for the transport and does not provide the transport service on its own account. Tax will be separately levied on the supply of service of transportation of goods under reverse charge.

5. Warranty cost is includible in the value of the supply since transaction value includes all elements of the price excluding those that can be specifically excluded as per section 15 of the CGST Act.

6. Subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments are includible in the value of supply in terms of section 15 (2) (e) of the CGST Act, 2017.

7. Cash discount was deducted by ABC Ltd. upfront at the time of supply on August 1, 20XX and hence, the same is excluded from the value of supply as it did not form part of the transaction value.

8. In the given case-
   - The location of the supplier is in Noida (UP), and
   - The place of supply of machinery is the place of installation of the machinery i.e. Gurugram (Haryana) in terms of section 10 (1) (d) of the IGST Act, 2017.

Therefore, the given supply is an inter-State supply as the location of the supplier and the place of supply are in two different States (Section 7 (1) (a) of IGST Act, 2017). Thus, the supply will be leviable to IGST in terms of section 5 (1) of the IGST Act, 2017.

9. The given supply is a composite supply involving supply of goods (machinery) and services (handling and loading and installation and commissioning) 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 (machinery) has been considered.

10. 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. Further, cash discount recovered will also be includible in the value of supply as now the transaction value i. e, the price actually paid for the machinery is devoid of any discount.

The cash discount not allowed and interest have 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.

11. It has been assumed that the invoice for the supply has been issued on August 1, 20XX, the date on which the supply is made. Thus, the time of supply of goods is August 1, 20XX in terms of section 12 (1)(a) of the 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, late fee, penalty etc. 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 and cash discount recovered on account of delayed payment of consideration is 31St October, 20XX, the date when the full payment was made. The supplier may issue a debit note for such interest and cash discount recovered.

Q- M/s. XYZ, a registered supplier, supplies the following goods and services for construction of buildings and complexes-

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

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

M/s. XYZ receives the following services:

- Annual maintenance services for excavators.
- health insurance for operators for the excavator.
- Scientific and technical consultancy for soil testing and seismic evaluation.

For a given month, the receipts (exclusive of GST) of M/s XYZ are as follows:

- Hire charges for excavators Rs. 18,00,000

- Service charges for supply of manpower of operation of the excavator Rs. 20,000
- Service charges for soil testing and seismic evaluation at three sites Rs. 2,50,000.

The GST paid during the said month on services received by M/s XYZ is as follows:

- Annual maintenance for excavators Rs. 1,00,000
- Health insurance for excavator operators Rs. 11,000
- Scientific and technical consultancy for soil testing and seismic evaluation- Rs. 1,00,000

Compute the net GST payable by M/s. XYZ for the given month. Assume the rates of GST to be as under.

Hiring out of excavators-12%

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

Note: Opening balance of input tax credit of GST is nil.

Answer: Computation of net GST payable by M/s. XYZ

Particulars	GST payable
Gross GST liability (Refer working note 1 below)	2,63,400
Less: Input tax credit (Refer working Note 2 below)	2,00,000
Net GST liability	63,000

Working Notes:

1) Computation of gross GST liability

Particulars	Value Received	Rate of GST	GST Payable (Rs.)
Hiring charges for excavators	18,00,000	12%	2,16,000
Service charges for supply of manpower for operation of excavators (Refer Note 1)	20,000	12%	2,400
Service charges for soil testing and seismic evaluation (Refer Note 2)	2,50,000	18%	45,000
Gross GST Liability			2,63,400

Notes

(i) Since the excavators are invariably hired out along with operators and excavators operated are supplied only when the excavator is hired out, it is a case of composite supply under section 2 (30) of the CGST Act, 2017 wherein the principal supply is the hiring out of the excavator.

As per section 8 (a) of the CGST Act, 2017, the composite supply is treated as the supply of the principal supply. Therefore, the supply of manpower for operation of the excavators will also be taxed at the rate applicable for hiring out of the excavator (principal supply), which is 12%.

(ii) Soil testing and seismic evaluation services being independent of the hiring out of excavator will be taxed at the rate applicable to them, which is 18%.

2) Computation of input tax credit available for set off

Particulars	GST Paid (Rs.)	ITC Available (Rs.)
Annual maintenance services for excavators (Refer Note 1)	1,00,000	1,00,000
Health insurance for excavators operators (Refer Note 2)	1,10,000	-
Scientific and technical Consultancy (Refer Note 1)	1,00,000	1,00,000
Total input tax credit available		2,00,000

Notes:

(i) Section 17 (5) (d) of the CGST Act, 2017 blocks credit on goods and/or services received by a taxable person for construction of an immovable property on his own account. Here, though the excavators are used for building projects, the same are not used by M/s. XYZ on its own account for construction of immovable property, instead they are used for outward taxable supply of hiring out of machinery.

Therefore, the annual maintenance service for the excavators does not get covered by the bar under section 17 of the CGST Act, 2017 and the credit thereon will be available. The same applies for scientific&technical consultancy for construction projects because in this case also, the service is used for providing the outward taxable supply of soil testing and seismic evaluation service and not for construction of immovable property.

(ii) Section 17 (5) (b) (iii) of the CGST Act, 2017 allows input tax credit on health insurance only when:

(a) The Government notifies the services as obligatory for an employer to provide to its employees under any law for the time being in force, or

(b) The said service is used for making an outward taxable supply of the same category of service or as part of a taxable composite or mixed supply.

Since, in the given case, the health insurance service does not fall under any of the above two categories, the credit thereon will not be allowed.

Q- AKJ Foods Pvt. Ltd. gets an order for supply of processed food from a customer. The customer wants the consignment tested for gluten or specified chemical residues. AKJ Foods Pvt. Ltd. does the testing and charges a testing fee for the same from the customer. AKJ Foods Pvt. Ltd. argues that such testing fess should not form part of the consideration for the sale as it is a separate activity. Is his argument correct in the light of section 15?

Answer:Section 15(2) mandates the addition of certain elements to transaction value to arrive at taxable value. Clause(c) of section 15(2) specifies that amount charged for anything done by the supplier in respect of the supply at the time of or before delivery of goods or supply of services shall be included in taxable value.

Since AKJ Foods Pvt. Ltd. does the testing before the delivery of goods, the charges therefor will be included in the taxable value. Therefore, AKJ Foods Pvt. Ltd.ís argument is not correct. The testing fee should be added to the price to arrive at taxable value of the consignment.

Q- A philanthropic association makes a substantial donation each year to a reputed private management institution to subsidise the education of low income group students who have gained admission there. The fee for these individuals is reduced thereby, coming to Rs. 3 lakh a year compared to Rs. 5 lakh a year for other students. What would be the taxable value of the service of coaching and instruction provided by the institution?

Answer:As per section 15(2)(e), the value of a supply includes subsidies directly linked to the price, excluding State Government and Central Government subsidies. In this case, the subsidy is not from the Government but is from a philanthropic association. Therefore, the subsidy is to be added back to the price to arrive at the taxable value, which comes to Rs. 5 lakh a year.

Q- Mezda Banners, an advertising firm, gives an interest-free credit period of 30 days for payment by the customer. Its customer ABC paid for the supply 32 days after the supply of service. Mezda Banners waived the interest payable for delay of two days. The Department wants to add interest for two days as per contract. Should notional interest be added to the taxable value?

Answer:This is a supply that is valued as per transaction value under section 15(1) as the price is the sole consideration for the supply and the supply is made to unrelated person. The concept of transaction value has been expanded to include certain elements like interest which are actually payable. Once waived, the interest is not payable and is therefore, not to be added to transaction value.

Q- Crunch Bakery Products Ltd sells biscuits and cakes through its dealers, to whom it charges the list price minus standard discount and pays GST accordingly. When goods remain unsold with the dealers, it offers additional discounts on the stock as an incentive to push the sales. Can this additional discount be reduced from the price at which the goods were sold and concomitant tax adjustments made?

Answer:The discounts were not known or agreed at the time of supply of goods to the dealers. Therefore, such discounts cannot be reduced from the price on which tax had been paid in terms of section 15(3).

Q- Ms. Radhika a perfuming artist, provides the following information relating to December, 2017.

Receipts from:

Particulars	Rs.
Performing classical dance	98,000

Performing in television serial	2,80,000
Services as brand ambassador	12,00,000
Coaching in recreational activities relating to arts	2,10,000
Activities in sculpture making	3,10,000
Performing western dance	90,000

Determine the value of taxable supply and GST payable by Ms. Radhika for December, 2017. GST @ 18% has been charged separately, wherever applicable.

Solution:Computation of Value of taxable supply and GST liability–

Particulars	Rs
Classical dance performance	Nil
Performance in television serial [Taxable since not covered in folk or classical art forms]	2,80,000
Service as brand ambassador	12,00,000
Coaching in recreational activities relating to arts	Nil
Sculpture making activities [Taxable as it is an activity in still art form]	3,10,000
Western dance performance [Taxable since not covered in folk or classical art forms]	90,000
Value of taxable supply	18,80,000
GST payable @ 18%	3,38,400

Q- Subsidy received to be added in value of taxable supply Vikas charitable institution makes a substantial donation each year to a reputed private management institution to subsidies the education of low income group students who have gained admission there. The fee for these individual is reduced thereby, coming to Rs. 1 lakh a year compared to Rs. 4 lakh year for other students. What would be the taxable value of the service of coaching and instruction provided by the institution?

Answer:as per Section 15(2)(e), the value of supply includes subsidies directly linked to the price, excludingstate Government and Central Government subsidies. In this case, the subsidy is not from the Government but is from a charitable institution. Therefore, the subsidy is to be added back to the price to arrive at the taxable value, which comes to Rs. 5 lakh a year.

Q-T asty Foods Pvt. Ltd. Gets an order for supply of processed food from Resto Ltd. Wants the consignment tested for gluten for specified chemical residues Foods Pvt. Ltd. Does the testing and charges a testing fee of Rs. 15,000 from the Resto Ltd. Tasty Foods Pvt. Ltd. Argues that such testing fee should not from part of the consideration for the as it is a separate activity. Is its argument correct in the light of section 15?

Answer:Section 15(2) mandates the addition of certain elements of transaction value to arrive at taxable value.Section 15(2) specifies that amount charged for anything done by the supplier in respected of the supply at the time of or before delivery of goods or supply of service shall be included in taxable value.

Since Tasty Foods Pvt. Ltd. does the testing before the delivery of goods, the charges therefore will be included in the taxable value. Therefore Tasty Foods Pvt. Ltd.'s argument is not correct. The testing fee of Rs. 15,000 should be added to the price to arrive at taxable value of the consignment.

Q- Dr. LAL Nursing Home at received the following amounts in the month of November in lieu of various service rendered by it in the same month. You are repaired to determine in GST liability for November from the details furnished below:

S.No	Particulars	Rs. In lacs
1	Palliative care for terminally ill patient's home (palliative care is given to improve the quality of life of patients who have a serious or life-threading disease but the goal of such care not to cure the disease)	30
2	Service provide by cord blood bank unit of the nursing by way of preservation of stem Cells	24
3	Hair transplant service	100
4	Ambulance service to transport critically ill patients from various locations to nursing home	12
5	Naturopathy treatments. Such treatment is a recognized system of medicine in terms of Section 2(h) of the Clinical Establishment Act, 2010	80
6	Plastic surgery to restore anatomy of a child affected due to an accident	30
7	Pranic healing treatments. Such treatment is not a recognized system of medicine in terms of section 2 (h) of the clinical Establishments Act,2010	120
8	Mortuary service	10

<u>Solution:</u>All the amounts given above are exclusive of GST. Rate of GST–18%

S.No	Particulars	Rs. In lacs
1	Palliative care for terminally ill patient's home	-
2	Service provide by cord blood bank unit of the nursing by way of preservation of stem Cells	-
3	Hair transplant service	100
4	Ambulance service to transport critically ill patients from various locations to nursing home	-
5	Naturopathy treatments.	-
6	Plastic surgery to restore anatomy of a child affected due to an accident	-
7	Pranic healing treatments. Such treatment is not a recognized system of medicine in terms of section 2 (h) of the clinical Establishments Act,2010	120

8	Mortuary service	-
	Total Taxable value of supply	220
	GST payable @ 18%	39.60

Q- Jan Seva, an entity registered under section 12AA of the income-tax Act, 1961 has furnished you the following details with respect to the activities undertaken by it. You are required to compute its GST liability from the information given below:

Particulars	Rs
Fees charged for yoga camp conducted by the trust	8,00,000
Amount received for advancement of educational programmes relating to abandoned, orphaned or homeless children	7,50,000
Amount received for activities relating to preservation of forests and wildlife.	10,20,000
Amount received for renting of commercial property owned by the trust	35,00,000
Payment made for the service received from a service provider located in England, for the purposes of providing 'charitable activities.	8,00,000

Note: GST have been charged separately wherever applicable. Rate of GST is 18%

Solution: Computation of GST liability of Jan Seva-

Particulars	Rs
Fees charged for yoga camp conducted by the trust	Nil
Amount received for advancement of educational programmes relating to abandoned, orphaned or homeless children	Nil
Amount received for activities relating to preservation of forests and wildlife.	Nil
Amount received for renting of commercial property owned by the trust	35,00,000
Value of Taxable supply	35,00,000
GST payable @ 18% (A)	6,30,000
Service to be taxed on reverse charge basics :	
Payment made for the service received from a service provider located in England, for the purposes of providing 'charitable activities. (B)	Nil
GST Liability (A+B)	6,30,000

Q- M/s. TRANS Ltd. Is engaged in providing service of transportation of passengers by following modes in the month of November, 2018:

1. Service of transportation of passengers by vessels in National Waterways: Rs. 4,00,000;

2. Service of transportation of passengers by Air conditioned Stage carriage: Rs. 25,00,000;
3. Service of transportation of passengers by non air conditioned Stage carriage: Rs. 6,00,000;
4. Service of transportation of passengers by contract carriage for tourism : Rs. 20,00,000;
5. Service of transportation of passengers for Mumbai to Chennai port in a vessel and such service is not for tourism purpose : Rs. 8,50,000;
6. Service of transportation of passengers in Metered Cab: Rs. 5,00,000;
7. Service of transportation of passengers in Radio Taxis: Rs. 10,00,000;
8. Service of transportation of passengers in non-Air conditioned contract carriages Rs. 6,00,000;
9. Service of transportation of passengers in Air conditioned contract carriages Rs. 15,00,000.

Compute the value of taxable supply if all charges are exclusive of GST.

Solution:Computation of Value of taxable supply:

S.N0	Particulars	Rs
1	Transportation of passengers by national Waterways [since national waterways are covered in definition of inland Waterways – Exempt from GST vide Entry 17 of Notification No. 12/2017-] CT (Rate)]	Nil
2	Transportation of passengers by Air conditioned Stage carriages (Liable to GST)	25,00,000
3	Transportation of passengers by non Air conditioned Stage carriages [Exempt from GST vide Entry 15 of Notification No. 12/2017-] CT (Rate)]	Nil
4	Transportation of passengers contract carriages for tourism (Liable to GST)	20,00,000
5	Transportation of passengers Mumbai to Chennai port in a vessel [Being a public transport in a vessel sailing in India and not for tourism – Exempt from GST vide Entry 17 of Notification No. 12/2017-] CT (Rate)]	Nil
6	Transportation of passenger in Metered Cab [Exempt from GST vide Entry 17 of Notification No. 12/2017-] CT (Rate)]	Nil
7	Service of Transportation of passengers in Radio Taxis (Liable to GST)	10,00,000
8	Service of Transportation of passengers in non Air conditioned carriages [Exempt from GST vide Entry 15 of Notification No. 12/2017-] CT (Rate)]	Nil
9	Service of Transportation of passengers in Air conditioned contract carriages (Liable to GST)	15,00,000
	Value of Taxable Supply	70,00,000

Chapter - 8

Time of Supply

Q- What is the time of supply of Goods if the invoice is issued within 30 days from the supply of the goods?

<u>Answer-</u> The time of supply of goods shall be the earliest of

(a) Date of issue of invoice by the supplier.

(b) Date on which the supplier receives payment i.e. the date on which the payment is entered in his books of account or the date on which the payment is credited to his bank account, whichever is earlier with respect to the supply.

Q- Determine the time of supply in the following cases assuming that GST is payable under reverse charge:

<u>Answer-</u>

S.No.	Date of payment by recipient for supply of services	Date of issue of invoice by supplier of services	Date immediately following 60 days from invoice	Time of supply of goods [Earlier of (1) & (3)]
i.	August 10	June 29	August 29	August 10
ii.	August 10	June 1	August 1	August 1
iii.	Part payment made on June 30 and balance amount paid on September 1	June 29	August 29	June 29 August 29 June 30 for part payment and August 29 for balance amount
iv.	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1	August 29	June 28 (i.e. when payment is entered in the books of account of the recipient)
v.	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26 June	June 29	August 29	June 26 (i.e. when payment is debited in the recipient's bank account)

Q- Kabira Industries Ltd engaged the services of a transporter for road transport of a consignment on 7th June and made advance payment for the transport on the same date, i.e., 7th June. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July. Invoice was received from the transporter on 22nd July. What is the time of supply of the transporter's service?
Note: Transporter's service is taxed on reverse charge basis.

Answer- As per Section 13(3) Time of supply of service taxable under reverse charge is the earlier of the following two dates:

- Date of receipt of goods
- Date of payment

In this case, the date of payment precedes the date of receipt of goods by the supplier of service. Hence, the date of payment, that is 7th June, will be treated as the time of supply of service.

Q- Raju Pvt Ltd. receives the order and advance payment on 5th January for carrying out an architectural design job. It delivers the designs on 23rd April. By oversight, no invoice is issued at that time, and it is issued much later, after the expiry of prescribed period for issue of invoice.
When is the time of supply of service?

Answer- When the invoice has not been issued within the prescribed time period, time of supply of service will be the earlier of the following two dates in terms of section 13(2):

- Date of provision of service
- Date of receipt of payment

The payment was received on 5th January and the service was provided on 23rd April. Therefore, the date of payment, i.e., 5th January is the time of supply of the service in this case.

Q- Mr. P supplied goods for the value of Rs. 10,000 to its customer Miss Prem on 01.01.20XY on the condition that payment for the same will be made within a week. However, Miss Prem made payment for the said goods on 02.02.20XX and thus paid interest amounting to Rs. 500. What is the time of supply with regard to addition in the value by way of interest in lieu of delayed payment of consideration?

Answer- As per section 15, GST shall be payable on Interest received from Miss Prem and time of supply for such interest is the date on which the supplier receives such addition in value. (Section 12)

Q- Investigation shows that 150 cartons of ceramic capacitors were dispatched on 2nd August but no invoice was made and the cartons were not entered in the accounts. There was no evidence of receipt of payment.

What is the time of supply of the 750 cartons?

Answer- Time of supply of goods is the earlier of the following two dates in terms of section 12(2):

- Date of issue of invoice/last date on which the invoice is required to be issued
- Date of receipt of payment

In this case since the invoice has not been issued, the time of supply will be the last date on which the invoice is required to be issued or date of receipt of payment, whichever is earlier.

The invoice for supply of goods must be issued on or before the dispatch of goods i.e., on 2nd August.

Since there is no evidence of receipt of payment, time of supply of the goods will be 2nd August, the date when the invoice should have been issued.

Q- Determine the time of supply in the following cases assuming that GST is payable under reverse charge:

Answer-

S.No.	Date of receipt of goods	Date of payment by recipient of goods	Date of issue of invoice by supplier of goods	Date immediately following 30 days from date of invoice	Time of supply of goods [Earlier of (1) (2) & (4)]
i.	July 1	August 10	June 29	July 30	July 1
ii.	July 1	June 25	June 29	July 30	June 25
iii.	July 1	Part payment made June 30 and balance amount paid on July20	June 29	July 30	June 30 for part payment made and July 1 for balance amount
iv.	July 5	Payment is entered: the books of account on June 28 and debited in recipient's bank account on June 30	June 1	July 2	June 28 (i.e., when payment is entered in the books of account of the recipient)
v.	July 1	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29	July 30	June 26 (i.e., when payment is debited in the recipient's bank account)
vi.	August 1	August 10	June 29	July 30	July 30 (i.e. 31st day from issuance of invoice)

Q- An order is placed on Ram & Co. on 18th August for supply of a consignment of customised shoes. Ram & Co. gets the consignment ready and informs the customer and issues the invoice on 2'1 December. The customer collects the consignment from the premises of Ram & Co. on 7th December and hands over the payment on the same date, which is entered in the accounts on the next day, 8th December.

What is the time of supply of the shoes?

Answer-Time of supply of goods is the earlier of the following two dates in terms of section 12(2):

- Date of issue of invoice/last date on which the invoice is required to be issued
- Date of receipt of payment

In this case,

Date of invoice: 2nd December
Date of actual receipt of payment: 7th December.
Date of recording payment in books of account : 8th December.

Therefore, the date of receipt of payment will be 7th December i.e. earlier of date of recording the payment in books of account and date of crediting of payment in bank account.

However, as the invoice date is earlier than date of payment, the time of supply will be 2nd December.

Q- Sodexo meal coupons are sold to a company on 9th August for being distributed to the employees of the said company. The coupons are valid for six months and can be used against purchase of food items. The employees use them in various stores for purchases of various edible items on different dates throughout the six months.

What is the date of supply of the coupons?

Answer-

The time of supply of vouchers when the supply with respect to the voucher is not identifiable shall be the earliest of the following dates-

(a) Date of issue of voucher
(b) Date of redemption of voucher

As the coupons can be used for a variety of food items, which are taxed at different rates, the supply cannot be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their redemption in terms of section 12(4).

Q- An income-tax and money laundering case against Mr. XYZ, working in a multi-national company, reveals a large volume of undisclosed assets, which he claims as service income. On this basis, the GST authorities investigate the GST liability. Dates of provision of service, whether in the first half or the second half of the financial year being scrutinized by income-tax authorities, are not known, Mr. XYZ voluntarily pays GST during the investigation.

What is the time of supply of the services?

Answer-It is case where it is not possible to determine the time of supply in terms of date of invoice or date of provision of service or date of receipt of payment or date of receipt of services in the books of account of the recipient,

And where periodical returns are not filed because Mr. XYZ, being an employee in a multi-national company, is not a registered person, then the date of payment of tax is taken as the time of supply.

Therefore, the date when Mr. XYZ pays the GST will be the time of supply.

Q- What is the time of supply of service where services are received from an associated enterprise located outside India?

Answer- Time of Supply of Service in such case shall be the earliest of the following-

a) Date of entry of services in the books of account of recipient of service,
b) Date of payment.

Q- Flex advertising, an advertising firm gives an interest-free credit period of 30 days for payment by the customer. One of its customers paid for the supply 40 days after the supply of service. Flex advertising waived the interest payable for delay of ten days. The department wants to add interest for ten days as per contract. Should national interest be added to the taxable value?

Answer-This is a supply that is valued as per transaction value under section 15(1) as the price is the sole consideration for the supply and the supply is made to unrelated person. The concept to transaction value has been expanded to include certain elements like interest which are actually payable. Once waived, the interest is not payable and is therefore, not to be added to transaction value.

Q- An online portal raises invoice for database access on 20th March 2017 on ABC Ltd. The payment is made by ABC Ltd. By a demand draft sent on 24th March 2017, which is received and entered in the accounts of online Info on 28th March 2017. Online info encashes the demand draft and thereafter, gives access to the database to ABC Ltd. From 4th April. In the meanwhile, the rate of tax is changed from 1st April 2017. What is the time supply of the service of database access by Online Info?

Answer- As issuance of invoice and receipt of payment (entry of the payment in online Info's accounts)occurred before the change in rate of tax, the time of supply of service by the online portal is earlier of the date of issuance of invoice (20th March 2017) or date of receipt of payment (24 th March) i.e 20th March 2017. This would be so even thought the service commences after the change in rate of tax [Section 14(b) (ii)].

Q- Mr. A buys a motor car from a card dealer. Mr. A has made payment for the same and car dealer has issued an invoice in respect of the same on 25th October, 2017. The car was to be delivered on 1st November 2017 on occasion of his birthday. On 26th October 2017, the rate of tax applicable to motor car was revised upward, and the car dealer is demanding differential amount of tax. Is this correct on dealer's part?

Answer-No the car dealer is not correct in demanding differential amount of tax. The revised rate of tax is not applicable to the transaction, as the time of supply is earlier of the two events namely, issuance of invoice or receipt of payment, both of which are before the change in rate of tax, and thus, the old rate tax remains applicable.

Q From the following information determine the time of supply if there is continuous supply of goods:

S. No	Invoice date	Removal of goods	Statement of account	Receipt of payment
1	01-12-2017	15-11-2017 25-11-2017	05-12-2017	02-12-2017
2	21-01-2018	18-01-2018 31-01-2018	05-01-2018	10-02-2018
3	08-02-2018	14-01-2018 23-01-2018	05-02-2018	01-02-2018

SOLUTION: Time of supply of goods in each the above cases has been given in follow table-

S. No	Invoice date	Removal of goods	Statement of account	Receipt of payment	Time of supply	Reason
1	01-12-2017	15-11-2017 25-11-2017	05-12-2017	02-12-2017	01-12-2017	TOS is date of invoice since invoice is issued before statement of account.
2	21-01-2018	18-01-2018 31-01-2018	05-01-2018	10-02-2018	05-01-2018	TOS is date of statement of account since invoice is issued after the date of statement of account and payment is also received after that date.
3	08-02-2018	14-01-2018 23-01-2018	05-02-2018	01-02-2018	01-02-2018	TOS is date of payment as statement of account and invoice is issued after date.