INDIRECT TAX

COMPILATION OF QUESTIONS AND PROBLEMS ON INDIRECT TAXES

(Consists of Illustrations solved in e-book, Questions from Past Examination Papers of Professional Courses and Self-Practice Exercises)

by

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For the requirements of CA Intermediate, CMA Intermediate, M.Com, MBA and UG Courses in Commerce & Management

E-book on **INDIRECT TAXES**
by
Dr. V Rajesh Kumar & CA R Mahadev
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CHAPTER 1: INTRODUCTION TO GST

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CMA Intermediate, June 2018**

   GST has replaced the following law(s):
   (A) Customs
   (B) VAT
   (C) Central excise
   (D) Both (B) and (C)

2. **CMA Intermediate, June 2018**

   GST is a ___________ based tax
   (A) Origin
   (B) Destination
   (C) Territory
   (D) None of the above

3. **CMA Intermediate, June 2018**

   In IGST, I Stands for-
   (A) Integrated
   (B) International
   (C) Inter-state
   (D) Indian

4. **CMA Intermediate, June 2018**

   The chairperson of GST Council is-
   (A) Prime Minister of India
   (B) Finance Minister of India
   (C) Minister of State for Finance
   (D) None of the above.

5. **CMA Intermediate, June 2018**

   GST will not abolish all indirect taxes in India – True / False

6. **CMA Intermediate, June 2018**

   Fill in the blanks:
   (a) Indirect Taxes are _______ based taxes.
   (b) Direct Taxes are ___________ in nature
   (c) Indian GST Model is chosen from __________ (country) Model.
   (d) GST Council has been created as per Article ___________ of the amended Constitution.

7. **CMA Intermediate, December 2018**

Following taxes are levied in interstate supply of goods under GST law:
(A) CGST only
(B) SGST and IGST
(C) IGST and CGST
(D) IGST only

SELF- PRACTICE EXERCISES

1. Which of the following taxes have been subsumed in GST?
(A) Central Sales Tax
(B) Central Excise Duty
(C) VAT
(D) All of the above

2. The functions of Goods and Services Network (GSTN) include:
(A) Facilitating registration,
(B) Forwarding the returns to the Central and State Authorities,
(C) Computation and Settlement of IGST,
(D) All of the above.

3. Which article of the Constitution outlines the composition and functions of the GST Council?
(A) 270
(B) 279A
(C) 246A
(D) 269A

4. GST is levied on supply of all goods and services except:
(A) Alcoholic Liquor for human consumption
(B) Tobacco
(C) Health care services
(D) All of the above

5. Alcoholic Liquor for human consumption is subjected to
(a) State Excise Duty
(b) Central Sales Tax / Value added Tax
(c) Both (a) and (b)
(d) GST

6. Various taxes have been subsumed in GST to make one nation one tax one market for consumers. Out of the following, determine which taxes have been subsumed in GST:
(i) Basic Customs Duty levied under Customs Act, 1962
(ii) Tax on Lotteries
(iii) Environment Tax
(A) (ii)
(B) (ii) and (iii)
(C) (iii)
(D) (i), (ii) and (iii)

CHAPTER 2: SUPPLY

SOLVED ILLUSTRATIONS IN e-BOOK

1. Identify whether the following transactions qualify as 'supply' in accordance with ***Section 7(1)(a)*** of CGST Act, 2017:
   (a) Sale of Shares of Reliance Industries Ltd.
   (b) Vachana Securities, a broking firm, charges Rs. 20 per transaction from its clients, for buying and selling securities on their behalf.
   (c) Prakash Ltd., a foreign exchange dealer, exchanges American Dollars to INR, for a customer.
   (d) Seema, a painter, sends her art works to a Gallery for Exhibition.
   (e) Priyanka, an actress by profession, made some paintings. She sold these paintings and donated the amount to the Charitable Trust run by her.
   (f) Rolls Royce sends a car to Indira Gandhi International Airport for demonstration in the Lounge.
   (g) Prabhakar, a hotelier, permits Lakshminarayan to operate his hotel for one year, for a monthly consideration of Rs. 3,00,000.
   (h) Classic Computech sold a HP Laptop to Holla & Associates and issued an invoice for Rs. 1,00,000.
   (i) Lokesh, a Chartered Accountant, helped Suraj in setting up his Computer Hardware Business, getting the necessary registrations, PAN Number, TAN Number etc., and have been maintaining his books of accounts. Suraj gave Lokesh a laptop costing Rs. 1,00,000 in return for the services of Lokesh.
   (j) BHS Ltd., rented a room in its premises to VPG, a coaching academy, for conducting classes.

2. Identify whether the following transactions qualify as 'supply' in accordance with ***Section 7(1)(a)*** of CGST Act, 2017:
   (a) Royal Challengers, Bangalore appointed Anil Kumble as its Coach for a remuneration of Rs. 5 Crores per annum plus free accommodation.
   (b) Vasudev, sold his hotel chain 'Adigas' to a Mumbai based Hotel Chain for Rs. 25 Crores. He further received another Rs. 10 Crores for refraining from doing any Hotel Business for a period of 5 years.
   (c) Maruti Suzuki Ltd., replaced a defective spare part in a car, during warranty period.
   (d) Ramesh has entered into a Joint Development Agreement with Prestige Developers for construction of an apartment complex in his 15-acre land. Prestige Developers gave him possession of 50 flats as per the agreement.
   (e) Sobha Forest View Apartment Owners' Association provides service of remitting electricity bills of its residents, for a nominal charge.
   (f) Wonderla, a theme park, charges Rs. 500 as admission fees.
   (g) Bangalore Turf Club is engaged in facilitating the wagering (betting) transactions on horses placed through totalisator, for which it charges a commission.
   (h) Colgate distributes free samples of its new range of ayurvedic products.
   (i) Big Bazaar offers a 'Buy One-Get One Free' to the customers during Diwali.
   (j) Sreekanth sold his old personal car for Rs. 2,50,000.
   (k) Darshini sold her personal jewellery collection for Rs. 30,00,000.

3. Identify whether the following transactions qualify as 'supply' ***under section 7(1)(b)***:
   (a) Swarna downloads articles from Google Scholar free of cost.
   (b) Neeta downloads songs from a UK Website on a payment of 1€.
   (c) Muniraj buys a course on EDX, an online platform offering pre-recorded lectures on various subjects.
   (d) VITTAM PRAVINA GURUSHALA from Bangalore, India bought space and e-mail services on godaddy.com, a US based internet domain registrar and web hosting company.
   (e) Elango, based at Chennai, India, availed services of an Architect located in New York for construction of his residential property.

4. Identify whether the following transactions qualify as 'supply' ***under section 7(1)(c)***
   (a) Eshan Ltd., has donated furniture which have been used for over 3 years to an NGO. Company has claimed Input-tax credit on the purchase of furniture.
   (b) Vroom, a car rental company has transferred cars, which are 5 years old, to its drivers free of cost. Company has not claimed Input Tax Credit on purchase of these cars.
   (c) A hospital provides free medical treatment to the family members of its employees.
   (d) A garment dealer gives some ready-made garments to his Sister's family members for their personal use.
   (e) TVS Ltd., appoints Angur as its agent for sale of its 2-wheelers and sends 50 vehicles to his office. When the vehicles are sold, Angur issues invoices in his name to the buyer.
   (f) Dell appoints Suraj as its agent for selling laptops. On sale of laptops, invoices are issued by Dell.
   (g) AD Education, USA offers a free online training program on 'Sales and Marketing' to employees of AD Education, India.
   (h) Anitha procured data-entry services from Sunitha, her Sister working as a data-scientist in USA, for her business. Sunitha provided these services free of cost.

5. State whether the following supplies would be treated as 'supply of goods' or 'supply of services' as per Schedule II of CGST Act:
   (a) Saroja sells ready-made garments to customers.
   (b) Manirathnam gives a machinery on rent to Suhasini.
   (c) Dhruva supplied goods on hire purchase basis to Chiranjeevi
   (d) Arjun supplies toys to retailers on 'sale or return' basis.
   (e) A 30-year lease agreement for land.
   (f) Transfer of tenancy rights.
   (g) Rudra lets out first floor of his building for a coaching center.
   (h) Bombay Dyeing dyes the clothes given by Vimal on job-work basis
   (i) Muralidhar, a proprietor, transfers his laptop used in business to his daughter Spoorthy for her personal use.
   (j) Goods in stock with Ganesh, a proprietor, at the time of winding up of his business.
   (k) BHS permits Coffee Day to use its space for installing coffee vending machine on a monthly rent of Rs. 10,000.
   (l) Bipasha Builders has constructed individual residential units for an agreed consideration of Rs. 1.5 crores per unit and has received Rs. 1.2 crores before issuance of completion certificate by the competent authority and the balance after completion.
   (m) GRASH Ltd., develops an accounting software for Hotel Businesses.
   (n) Boots, a footwear retailer has entered into an agreement with Mochi, another footwear brand, as to not have an outlet in the Malls where Mochi has an outlet.

(o) Alliance Ltd., collected Rs. 3,00,000 from its employee Viswanath for leaving the job before the agreed notice period.
(p) Sobha Forest View Flat Owners' Association supplies electrical and plumbing items to its members at concessional rate.

6. State whether the following transactions are 'Supply' or 'Not a Supply' providing clear explanation.
(a) Sale of Garments to a Customer by a Textile Showroom worth Rs. 25,000.
(b) Sale of a 30 X 40 site by a Real Estate Dealer to his customer for Rs. 1.5 Crores.
(c) Accounting work performed by a Chartered Accountant for his client, for a fee of Rs. 10,000.
(d) Anand gives machinery on lease to Bindu for a rent of Rs. 10,000 per month.
(e) Mohan has given land on lease to Kavitha for 15 years on annual rent of Rs. 5,00,000.
(f) Bharat receives 100 meters of cloth from Asha and is instructed to cut them into small pieces, and knit God's pictures on them. Bharat charges Rs. 1,00,000 for the work.
(g) Meera has rented out her shop to Vishnu for a monthly rent of Rs 25,000.
(h) Ramesh, a Doctor provides free medical consultancy to Chandru, a Barber, who gives a free hair-cut to Ramesh.
(i) Jagriti sells 100 Equity Shares of Hindustan Unilever Ltd., @ Rs. 2,300 per share.

7. State whether the following transactions are 'Supply' or 'Not a Supply' providing clear explanation.
(a) A bike worth Rs. 50,000 is exchanged for a new bike, paying cash of Rs. 30,000 for the difference in value.
(b) Donation of old Computers by Infotec Ltd., to Government Schools.
(c) A cloth retailer gives clothes from his business stock to his friend free of cost.
(d) A dealer of air-conditioners permanently transfers an air conditioner from his stock in trade, for personal use at his residence.
(e) Rajendra Textiles transfers 1000 shirts from his factory located in Bangalore to his retail showroom in Trivandrum for selling from there.
(f) An advertising firm in Mumbai made a TV Ad for a Company in Bangalore, free of charge. The Company holds 51% stake in the advertising firm.
(g) Xavier Ltd., gifted Maruti Celerio costing Rs. 6,26,000 to the Director (Marketing) for successfully negotiating a deal and procuring a large foreign order.
(h) Yashas Ltd., gifted its employees jewellery worth Rs. 30,000 to each of its women employees on the occasion of its anniversary.
(i) Vani buys a car for her personal use and after one year sells it to a car dealer.

8. State whether the following transactions are 'Supply' or 'Not a Supply' providing clear explanation.
(a) A Resident Welfare Association provides the service of depositing electricity bills of the residents in lieu of some nominal charges.
(b) Shyla Ltd., hires the services of Peter Architects Inc., a US Company, for designing its new building of its Head Office. Fees charged by the Architects are 10000$.
(c) Sulekha hires the services of Potter Architects Inc., a UK Company, for designing her farmhouse. The UK Company has charged 10000€ for its services.
(d) ABC Associates received legal consultancy services from its head office located in New Zealand. The head office has rendered such services free of cost to its branch office.
(e) Sreekantha, a proprietor registered in Mysore, has sought architect services from his son Nischal located in US, with respect to his newly constructed house in Delhi.
(f) Chandra agrees not to compete with Raja in Mysore Market, for a lump sum consideration of Rs. 3 Crores.
(g) Salary of Rs. 3,00,000 per month received by Savitha, as an employee of RKS Ltd.

(h) Amount charged for funeral expenses by an institution for performing last rites of a deceased person.
(i) Narendra endorses a bearer cheque in his name to Shyla and receives cash in lieu of it.

9. State whether the following are cases of 'composite supply' or 'mixed supply'? In case of 'composite supply', identify the 'principal supply'.
   (a) Chariot Travel Ltd., organizes a US Tour for Rs. 4,00,000 per head. The charges are inclusive of airfare, stay, local sight-seeing and food.
   (b) A bakery packs 3 chocolates, 4 types of dry-fruits (50 grams each) and a Fruit Juice Packet in one box and sells each box at Rs. 500.
   (c) Swarna Manufacturers entered into a contract with Laxmi Ltd., for supply of ready-made shirts at the door-step of Laxmi Ltd., packed in designer boxes. The contract also mandates Swarna Manufactures to insure the goods in transit.
   (d) Landmark has made a discount offer by selling for Rs. 150 – 10 notebooks, 5 pens, 3 refills and an eraser.
   (e) A 5 Star hotel has a weekend package of Rs. 10000 per room per night, which includes accommodation, break-fast, use of health club and swimming pool.

10. State whether the following are cases of 'composite supply' or 'mixed supply'? In case of 'composite supply', identify the 'principal supply'.
   (a) Raj Computers are offering sale of laptop with printer at a discount of 5%.
   (b) Vittam Publishers sells Financial Management book along with online resources and a compilation of questions from past examination papers.
   (c) Godrej is selling Refrigerators at Rs. 80,000 inclusive of Water Storage Bottles.
   (d) A Computer Software is sold to a customer who also gets one-year warranty and free maintenance.
   (e) A property is rented for Rs. 25,000 per month, which entitles tenant to use ground floor for his shop and first floor for his residence.

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CA Intermediate, May 2018**

Mrs. Pragati received legal advice for her personal problems & paid 1,000 pound as legal fees to Miss Unnati of U.K. (London).
Explain whether the above activity of import of service would amount to supply u/s 7 of the CGST Act, 2017?
If in above case both of them are real sisters & no consideration is paid then will it change your answer?
Further, in the above case, if both of them are real sisters & Mrs. Pragati receives legal advice for her business & she doesn't pay any consideration then what will be your answer?

2. **CA Intermediate, November 2018**

State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II of CGST Act:
(a) Renting of immovable property
(b) Transfer of right in goods without transfer of title in goods.
(c) Works contract services

(d) Temporary transfer of permitting use or enjoyment of any intellectual property right
(e) Sale of personal car to dealer.

3. **CMA Intermediate, December 2018**

GST is payable in respect of services rendered to an employer by an employee on
(A) regular basis in the course of employment
(B) contract basis not in the course of employment
(C) neither (A) nor (B)
(D) both (A) and (B)

4. **CMA Intermediate, December 2018**

The scope of supply of goods or services or both includes, inter alia, sale, exchange and lease – True / False.

5. **CMA Intermediate, December 2018**

License to occupy land is treated as ____________ (Supply of services / not supply of services)

6. **CMA Intermediate, June 2019**

'Zero-rated Supply' means-
(A) export of goods or services or both
(B) import of goods or services or both
(C) supply of goods or services or both to a Special Economic Zone Developer or a Special Economic Zone Unit
(D) export of goods or services or both and supply of goods or services or both to a Special Economic Zone Developer or a Special Economic Zone Unit

7. **CMA Intermediate, June 2019**

A registered person under GST law gives a free spoon along with every soap purchased. This is a case of composite supply under GST Law – True / False.

8. **CMA Intermediate, June 2019**

Gifts exceeding ___________ in value in a financial year by an employer to employee shall constitute supply of goods or services or both – True / False

9. **CMA Intermediate, December 2019**

Supply of goods or services or both to a Special Economic Zone unit is a-
(A) Intra-state Supply
(B) Export Supply
(C) Non-GST Supply
(D) None of the above

10. **CMA Intermediate, December 2019**

Raja Raja Chola Sales, an air-conditioner dealer in Thanjavur, Tamil Nadu, needs 4 air-conditioners for his newly constructed house in Gangaikondai Cholapuram 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 Thanjavur resident, Vikrama Pandiya, approached Raja Raja Chola Sales. He sold an air-conditioner to Raja Raja Chola Sales for Rs. 5,000. Vikrama Pandiya had bought the said air-conditioner six months before, for his residence. Does sales of the air-conditioner by Vikrama Pandiya to Raja Raja Chola Sales amount to supply under section 7 of CGST Act, 2017?

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. The term 'Supply' has replaced:
   (A) the term 'manufacture' under Excise Duty
   (B) the term 'Sale' under VAT
   (C) the term 'Provided' under Service Tax.
   (D) All the above.

2. Goods as per Section 2(52) of CGST Act, 2017 includes:
   (i) Actionable Claims
   (ii) Growing crops attached to the land agreed to be severed before supply
   (iii) Money
   (iv) Securities
   (A) (i) and (iii)
   (B) (iii) and (iv)
   (C) (i) and (ii)
   (D) (ii) and (iii)

3. Which of the following is not considered as 'goods' under CGST Act, 2017?
   (i) Ten-paise coin having sale value of Rs. 100
   (ii) Shares of unlisted company
   (iii) Lottery Tickets
   (A) (i)
   (B) (ii)
   (C) (ii) and (iii)
   (D) (i), (ii) and (iii)

4. Which of the following is not a supply as per Section 7 of the CGST Act?
   (A) Management Consultancy Services not in the course or furtherance of business.
   (B) Import of service for consideration not in the course or furtherance of business.
   (C) Both (A) and (B)
   (D) None of the above.

5. Import of services by any person from a related person shall be treated as supply-
   (A) if such import of service is for a consideration
   (B) even if such import of service is without consideration
   (C) even if such import of service is without consideration but it should be in the course or furtherance of business
   (D) even if such import of service is without consideration and it may or may not be in the course or furtherance of business.

6. Which of the following statements is true under GST Law?
   (A) Grand-parents are never considered as related persons to their grand-son/grand-daughter.
   (B) Grand-parents are always considered as related persons to their grand-son/grand-daughter.
   (C) Grand-parents are considered as related persons to their grand-son/grand-daughter only if they are wholly dependent on their grand-son/grand-daughter.
   (D) Grand-parents are considered as related persons to their grand-son/grand-daughter only if they are not dependent on their grand-son/grand-daughter.

7. Which of the following services received, in the course of furtherance of business, without consideration amount to supply?
   (i) Import of services by a person in India from his son well-settled in USA.
   (ii) Import of services by a person in India from his brother well-settled in Germany.
   (iii) Import of services by a person in India from his brother (wholly dependent on such person in India) in France
   (iv) Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia
   (A) (i), (iii) and (iv)
   (B) (ii), (iii) and (iv)
   (C) (ii) and (iii)
   (D) (i) and (ii)

8. Activities which must be treated as 'supply' even if made without consideration are specified under-
   (A) Schedule III of CGST Act
   (B) Schedule II of CGST Act
   (C) Schedule I of CGST Act
   (D) Section 7(1)(c)

9. Which of the following activity is outside the scope of Supply?
   (A) Services by an employee to an employer in the course of or in relation to his employment
   (B) Services of funeral
   (C) Actionable claims other than, lottery, betting and gambling
   (D) All the above

10. Which of the following activities constitute 'supply of service'?
   (A) Transfer of right in goods without transfer of title in goods
   (B) Transfer of title in goods
   (C) Goods forming part of the assets of a business transferred by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration
   (D) Supply of goods by a body of persons to its members for cash.

11. Which of the following activities is a supply of services?
    (i) Transfer of right in goods / undivided share in goods without transfer of title in goods.
    (ii) Transfer of title in goods
    (iii) Transfer of title in goods under an agreement which stipulates the property that property shall pass at a future date upon payment of full consideration.

    (A) (i)
    (B) (iii)
    (C) (i) and (iii)
    (D) (i), (ii) and (iii)

12. Which of the following transactions shall be treated 'neither as supply of goods, nor as supply of service':
    (A) Renting of a building
    (B) Sale of land
    (C) Importation of services for a consideration
    (D) Gift of Rs. 1,00,000 to an employee.
13. Which of the following activity shall be treated neither as supply of goods nor as supply of services?
    (i) Permanent transfer of business assets where input tax credit has been availed on such assets.
    (ii) Temporary transfer of intellectual property right
    (iii) Transportation of the deceased
    (iv) Services by an employee to the employer in the course of employment

    (A) (i) and (iii)
    (B) (ii) and (iv)
    (C) (i) and (ii)
    (D) (iii) and (iv)

14. Assuming that all activities given below are undertaken for a consideration, state which of the following is not a supply of service:
    (A) Renting of commercial office complex
    (B) An employee agreeing not to work for the competitor organisation after leaving the current employment
    (C) Repairing of mobile phone
    (D) Provision of services by an employee to the employer in the course of employment

15. Which of the following is not a type of supply on the basis of taxability?
    (A) Inter-state Supply
    (B) Zero-rated Supply
    (C) Taxable Supply
    (D) Exempted Supply

16. Which of the following supplies is a Composite Supply?
    (A) Pack of watch, tie and belt
    (B) Sale of Mobile along with Charger
    (C) Package of food items consisting of chocolates, cakes and coke
    (D) Renting of two floors through a common agreement – one for commercial purpose and one for residential use.

17. When supply of two or more items at a single price are taxable at the highest rate applicable to the supplies bundled, it is ___________ type of Supply
    (A) Exempted Supply
    (B) Zero Rated Supply
    (C) Mixed Supply
    (D) Composite Supply

Problems

1. Identify whether the following transactions / activities qualifies as 'supply' under section 7 of the CGST Act, 2017:
    (a) Ram, located in Chennai, is a supplier of garments. He has imported consultancy services for development of IT Software from UK for a consideration of 50000€.
    (b) Robert, a supplier of footwear, located in Chandigarh has imported 'architectural services' from a relative based at Germany for his personal residence. The relative does not charge any fees for the service.
    (c) Rahim, a dealer in washing machines, permanently transfers a washing machine for his personal use. On the washing machine transferred, he has claimed input-tax credit.
    (d) Raghupathi, a Chartered Accountant, donates a laptop used in his firm to an NGO. On that laptop, Raghav has not claimed input-tax credit.
    (e) Raghava, a dealer in Bangalore transfers goods to his branch in Hyderabad.
    (f) Rajaram Ltd., a subsidiary of Dasharatha Ltd., has deputed its employees with the holding company for a period of 3 months.

2. Identify whether the following transactions / activities qualifies as 'supply' under section 7 of the CGST Act, 2017:
    (a) Ananda transferred goods to his agent Anila for sale.
    (b) Amar lives in Germany and is working with a software company. His sister Anitha is having a business in India and she imports technical service from Amar in relation to her business, without consideration.
    (c) Akbar leases a piece of land for a period of 1 year, for a lump consideration.
    (d) Anthony, a television dealer, sells a defective television costing Rs. 2,00,000 for Rs. 40,000.
    (e) Ayub Khan gives generator sets on rent. He gave one generator for the use of his brother-in-law for one-month period without consideration. His brother-in-law uses it for his personal purpose.
    (f) Achyutha receives Rs. 1,00,000 for not competing with his business rival in a business exhibition.

3. Examine whether the following activities would amount to supply under section 7 read with Schedule I of the CGST Act:
    (a) Lalitha manufacturers have a factory in Bangalore and a depot in Calicut. Both these establishments are registered in the respective States. Finished goods are sent from Factory in Bangalore to Depot in Calicut without consideration.
    (b) Krishnan is an interior-designer based in Mysore. His brother who is settled in Germany is a well-known lawyer. Krishnan has taken advice from him free of cost with regard to his family dispute.

4. Examine whether the activity of import of service in the following independent cases would amount to supply under section 7 of the CGST Act:
   (i) Ms. Lakshmi Dinesh received interior decoration services for her residence located at Bandra, Mumbai from Mr. Arnold of Sydney, Australia. The amount paid for the said service was 5000 Australian Dollars.
   (ii) Ms. Lakshmi Dinesh received interior decoration services for her residence located at Bandra, Mumbai from her brother, Mr. Arya residing in Sydney, Australia. Arya is wholly dependent on Ms. Lakshmi. Further, Ms. Lakshmi did not pay any consideration for the said service.
   (iii) Will you answer change if in the above case Ms. Lakshmi has taken interior decoration services with regard to her business premises and not her residence?

5. State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II of the CGST Act:
   (a) Renting of immovable property.
   (b) Goods forming part of business assets are transferred or disposed of by or under the directions of person carrying on the business, whether for a consideration or not.
   (c) Transfer of right in goods without transfer of title in goods.
   (d) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date.

6. Determine whether the following supplies would be treated as supply of goods or supply of services as per schedule II of CGST Act:
   (a) Temporary transfer or permitting use or enjoyment of any intellectual property right.
   (b) Supply of goods by an unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.
   (c) Any treatment or process which is applied to another person's goods.
   (d) Transfer of title in goods.

7. Identify whether the following supplies amount to 'composite supply' or 'mixed supply':
   (a) A hotel provides a 4-days 3-night 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 tooth paste.

8. Jumjum Electronics has sold the following electronic items to Tahseen Retail Stores:
   (i) Refrigerator (500 Liters) taxable @ 18%
   (ii) Stabilizer for refrigerator taxable @ 12%
   (iii) LED Television (42 inches) taxable @ 12%
   (iv) Split air conditioner (2 tons) taxable @ 28%
   (v) Stabilizer for air conditioner taxable @ 12%

   Jumjum Electronics has issued a single invoice, indicating price of each of the above items separately. Tahseen Retail Stores has given a single cheque of Rs. 2,00,000 for all the items as a composite discounted price. State the type of supply and the tax rate applicable in this case.

9. Muniraju, a registered supplier of Karnataka, has supplied 20,000 packages at Rs. 30 each to Shylaja Gift Shop in Telangana. Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons. Determine the rate of GST applicable in the given case assuming the rates of GST to be as under:

Chocolates	18%
Fruit Juice Bottles	12%
Toy Balloons	05%

10. Jagan Engineering Pvt. Ltd., registered in Andhra Pradesh, is engaged in providing maintenance and repair services for heavy steel machinery. For carrying out the repair work, Jagan Engineering Pvt. Ltd., sends its container trucks equipped with items like repair equipment, consumables, tools, parts etc., from Andhra Pradesh workshop to its own repairing centers (registered under GST Law) located in other States across India where the client's machinery are brought and being repaired.
    Discuss the leviability of GST on the inter-state movement of trucks from the workshop of Jagan Engineering Pvt. Ltd., in Andhra Pradesh to its own repairing centers located in other States across India.

11. Mohan & Brothers wishes to start supplying liquor in the State of Karnataka. It applies for license for selling liquor to the Karnataka Government, for which a specified fee has to be paid. Examine whether the grant of alcoholic liquor by the Karnataka Government to Mohan & Brothers qualifies as supply.

CHAPTER 3: EXEMPTIONS FROM GST

SOLVED ILLUSTRATIONS IN e-BOOK

1. Sankaran, a registered dealer at Bangalore, carried out the following transactions for the month of August 2021. Ascertain the amount of supply eligible for taxability
   (a) Sale of glass bangles Rs. 15,000
   (b) Sale of fruits Rs. 30,000 and dry fruits Rs. 55,000
   (c) Sale of laptops, printers and speakers Rs. 3,00,000
   (d) Sale of text books, journals and magazines Rs. 20,000
   (e) Sale of bakery products Rs. 25,000
   (f) Sale of organic manure Rs. 30,000
   (g) Sale of Gandhi Topi and Khadi Yarn Rs. 50,000
   (h) Sale of hand-made veena Rs. 25,000
   (i) Sale of imported guitar Rs. 1,00,000
   (j) Sale of mobile phones Rs. 45,000
   (k) Sale of furniture items (chairs and tables, dining table etc.,) Rs. 2,50,000
   (l) Sale of pots and plants Rs. 30,000

2. Following are the activities carried out by Vijayalakshmi Charitable Trust (registered under Section 12AA of Income Tax Act) and incomes from these activities. Ascertain the amount liable for tax under GST:
   (a) Amount received on counselling of persons afflicted with HIV and persons with drug addiction – Rs. 2,50,000.
   (b) Amount received on rehabilitation of alcohol addicted patients Rs. 3,00,000.
   (c) Fees received from Yoga Classes Rs. 1,00,000.
   (d) Fees received from classes for Bharatanatyam and other forms of Indian dances Rs. 2,00,000.
   (e) Fees received for Aerobic Classes Rs. 2,50,000
   (f) Amount received from skill development programs conducted to prisoners at Bangalore Central Jail Rs. 5,00,000.
   (g) Amount received from family planning awareness programs Rs. 25,000.
   (h) Fees from cricket coaching classes Rs. 5,00,000.
   (i) Rent from commercial property owned by the Trust Rs. 3,00,000.
   (j) Amount received from permitting display of hoardings in its premises Rs. 3,00,000.
   (k) Amount received from renting of Kalyanamandapam owned by the Trust @ Rs. 9,000 per day for 15 days.

3. Identify whether the following services are taxable or exempt:
   (a) Fees collected for conducting classes to students of I to IV Standard by Saraswathi Vidya Mandir.
   (b) Transport facility provided by Vijaya College at nominal rates to its faculty and staff.
   (c) Canteen facilities provided by BMS Law College to its students, faculty and staff.
   (d) R V Institute of Technology offers a short-term (1 month) computer awareness course titled 'Computers for Beginners' to senior citizens at a nominal fee.
   (e) Vittam Pravina Gurushala conducts classes for finance courses to students pursuing CA/CMA.
   (f) Nagarjuna Institute of Management Studies conducts a 3-day Faculty Development Program on 'Mergers and Acquisitions' for a fee of Rs. 3000 per head.
   (g) Karnataka State Secondary Education Board conducts qualifying exams for X standard students of the State.

(h) Learnyst, a software company, conducts online exams in ‘Business Analytics’ and issue certificates for qualifying students.
(i) Hostel facilities, inclusive of lodging and boarding, provided by Jai International School for students of Standards VIII, IX and X.
(j) IIIT, a CA coaching institution at Trivandrum, provides hostel facilities for 3 months to students attending classes for Foundation course.

4. Identify whether the following services are taxable or exempt:
(a) M P Birla Institute of Management Studies charges fees to companies which come to the Institution for recruitment of students.
(b) Industrial Training Center, Bangalore provides access to online journals and databases for use by its students and faculty, at a nominal charge.
(c) Deccan Herald provides access to online newspaper to IMT, Nagpur at a discounted rate.
(d) Royal Travels provides buses on contract to Delhi Public School, for pick-up and dropping of students and faculty.
(e) Deluxe Travel Services provides buses on contract to Reva Engineering College for pick-up and drop of its students and faculty.
(f) MTR provides catering services to Orchid International School.
(g) Maiyyas, a hotel chain, provides catering services to Vijaya Law College.
(h) Venkat Security Agency provides security services to Edify School.
(i) Padma Cleaning services provides house-keeping services to Vivekananda College

5. Identify whether the following services are taxable or exempt:
(a) Speed post services of the Postal Department.
(b) Registered post services of the Postal Department.
(c) Money Order services offered by the Department of Posts.
(d) Agency services offered by the Postal Department
(e) Services by a local authority to a business entity whose turnover during preceding financial year was Rs. 18 Lakhs.
(f) Services by a State Government to a business entity whose turnover during preceding financial year exceeded the exemption amount for registration under CGST Act.
(g) Passport services offered by the Government of India.
(h) Penalty collected by a local authority from a contractor, for violation in terms of the contract.

6. Following are the details of Sweet Jet Airlines for the month of August 2021. Ascertain the taxable value.
(a) Amount collected on flight between Itanagar, Arunachal Pradesh and Chennai Rs. 3,00,000
(b) Amount collected on flight from Mumbai to Guwahati, Assam Rs. 3,00,000
(c) Amount collected from flights between Newark and New Delhi Rs. 30,00,000
(d) Amount collected from flights between Bangalore and Jaipur Rs. 4,00,000

7. Rashmin Ltd., is engaged in providing service of transportation of passengers. The company furnishes the following information for the month of August 2021. Ascertain the taxable value of services for the month of August.
(a) Service of transportation of passengers by National Waterways - Rs. 80 Lakhs.
(b) Service of transportation of passengers by Non-AC Stage Carriage – Rs 8 Lakhs.
(c) Service of transportation of passengers by contract carriage for tourism Rs. 192 Lakhs (the fare is inclusive of accommodation, travel, food etc.)

(d) Transportation of passengers from Mangalore to Goa port in a vessel and such service is not for tourism purpose: Rs. 20 Lakhs.

8. Identify whether the following services are taxable or exempt:
   (a) Transport of goods by lorry without issue of consignment note.
   (b) Transportation of machinery and equipment by steamer from Goa to Chennai.
   (c) Courier services provided by Blue Dart.
   (d) Transportation of Motor bikes by Railways.
   (e) Transportation of Milk by Railways.
   (f) Transportation of Agricultural Produce and Newspapers by a Goods Transportation Agency in goods carriage.
   (g) Transportation of furniture to a Factory by a Goods Transport Agency in a single goods carriage, the consideration for which was Rs. 2,500.
   (h) Transportation of household items by a Goods Transport Agency in a goods carriage and the consideration for single consignee was Rs. 600.
   (i) Transportation of goods by Goods Transportation Agency to a Partnership Firm.

9. Nagaranjita Shivaranjan is a dancer proficient in different forms of Indian dance forms like Bharatanatyam, Mohiniyattam, Kuchipudi etc. Following are her details for the month of July 2021:
   (a) Remuneration for performing Bharatanatyam in a school – Rs. 80,000.
   (b) Remuneration for performing dance in a corporate function – Rs. 3,00,000.
   (c) Amount received for performing western dance in a birthday function of a business tycoon Rs. 5,00,000.
   (d) Remuneration for hosting a dance reality show in a television channel Rs. 3,00,000.
   (e) Remuneration for acting in a film Rs. 1,00,000
   (f) Amount received from painting and sculpture making activities Rs. 50,000
   (g) She is a brand ambassador for Lak-mee brand of cosmetics and received Rs. 5,00,000 during the month for promotional activities of the brand.
   (h) Fees from students for dance classes conducted by her during weekends – Rs. 25,000.

   Calculate the taxable value for the month of July 2021.

10. Sobha Forest View, a 13-acre residential apartment in the vicinity of a reserve forest at Bangalore, collects the following from its members during the month of June 2021:
   (a) Share of fees from trainers and coaches Rs. 5,60,000.
   (b) Rent from letting banquet hall at club house Rs. 2,30,000.
   (c) Amount collected from residents for providing services of paying electricity bills & water bills on their behalf, getting car-cleaning and laundry services etc., Rs. 3,00,000.
   (d) Monthly maintenance of Rs. 9,000 from 285 flats and Rs. 6,500 from the remaining 604 flats.

   Calculate taxable value for the services rendered by the apartment association for the month of June 2021.

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CA Intermediate, May 2018**

Examine whether GST is exempted on the following independent supply of services:

(a) Teja & Co., a tour operator, provides services to a foreign tourist for tour conducted in Jammu & Kashmir and receives a sum of Rs. 3,00,000.

(b) Ms. Poorva acts as a team manager for Indian Sports League (ISL), a recognised sports body for a Tennis tournament organised by Multi-brand retail company and received a remuneration of Rs. 2,00,000

2. **CA Intermediate, November 2018**

Worldwide Pvt. Ltd. (a registered taxable person) having a gross receipt of Rs. 50 lakh in the previous financial year provides the following information relating to their services for the month of July, 2020.

Sl. No.	Particulars	Amount (Rs.)
(1)	Running a boarding school	2,40,000
(2)	Fees from prospective employer for campus interview	1,70,000
(3)	Education services for obtaining the qualification recognised by law of foreign country	3,10,000
(4)	Renting of furnished flats for temporary stay to different persons (Rent per day is less than Rs. 1,000 per person)	1,20,000
(5)	Conducting Modular Employable Skill Course, approved by National Council of Vocational Training	1,40,000
(6)	Conducting private tuitions amount	3,00,000

Compute the value of taxable supply.

3. **CA Intermediate, November 2018**

JP Charitable Institution, an entity registered under section 12AA of the Income Tax Act, 1961 and registered in GST, has furnished you the following details in respect to the following activities undertaken by it during the month of January 2020. You are required to compute its taxable value from the information given below:

	Rs.
Membership fees received from members	10,00,000
Amount received for advancement of educational programs relating to abandoned or orphaned or homeless children	4,00,000
Amount received for renting of commercial property owned by the Trust	5,00,000
Amount received for counselling of terminally ill person	3,50,000
Fees charged for the Yoga camp conducted by the Trust	2,00,000
Amount received relating to preservation of forest & wildlife	6,00,000

4. **CA Intermediate, November 2018**

Decide with reason whether the following independent services are exempt under CGST Act, 2017:

(a) M/s Fast Transports, a goods transport agency, transported relief materials meant for victims of Kerala floods being a natural disaster, by road from Delhi to Ernakulum, for a Limited Co.

(b) Keyan Enterprises, an event organizer, provided services to Breathing Wall Ltd. by way of organizing business exhibition at Pragati Maidan in New Delhi as part of Make in India initiative

5. **CA Intermediate, May 2019**

Decide with reason whether the following independent services are exempt under CGST Act, 2017:

(a) Gokul Residents' Welfare Association received INR 9,000 per month as contribution from each member for sourcing of goods and services from third persons for common use of its members.

(b) Mr. Vikalp, a performing artist, has received INR 1,58,000 from performance of classical dance and INR 90,000 from acting in TV Serial during the month of June 2020.

6. **CA Intermediate, November 2020**

Anand Trust, Kolkata is registered under section 12AA of the Income Tax Act, 1961. It has provided following particulars relating to the activities carried out by it for the month of March 2021:

Particulars	Amount (INR)
Donation received against display of name of a city-based school in annual religious book published by the Trust	5,00,000
Receipt from sale of food in Anand Food Court, located in the Trust premises	2,00,000
Refundable deposit of INR 2,00,00 and annual fees of INR 1,00,000 received from restaurants (located in West Bengal) using brand name and logo of Anand Food Court	3,00,000
Donation received for Pooja organised in Trust premises on occasion of 'Shivaratri'	1,00,000
Receipts from Skill Development Program for Senior Citizens (aged more than 65 years) residing in Kolkata	4,00,000
Amount received for activities relating to preservation of Tigers in Sunderbans, West Bengal	3,00,000
Letting out of precincts of a religious place owned by the Trust in Kolkata (Rent INR 10,000 per day)	2,00,000

From the given information, you are required to calculate the value of Taxable Supply.

7. **CA Intermediate, January 2021**

Green Agro Services, a registered person provides the following information relating to its activities during the month of February 2021:

Gross Receipts from-	**Rs.**
Services relating to rearing of sheep	6,00,000
Services by way of artificial insemination of horses	4,00,000
Processing of Sugarcane into Jaggery	8,00,000
Milling of Paddy into rice	7,50,000
Services by way of fumigation in a warehouse of Agricultural produce	1,80,000

All the above receipts are exclusive of GST.
Compute the value of taxable supplies under GST laws for the month of February 2021.

8. **CA Intermediate, January 2021**

M/s P, a registered supplier of Rajasthan, has received the following amounts in respect of the activities undertaken by her during the month of April 2021:

Sl. No	Particulars	Amount (Rs.)
1	Amount received for warehousing of Jaggery	50,000
2	Commission received as business facilitator for the services provided to the urban branch of a nationalised bank with respect to savings bank accounts	20,000
3	Amount received for services by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex	10,000
4	Amount received for acting as brand ambassador for corporate client	75,000
5	Amount received for service provided to the Indian Olympic Association as team manager of national team.	80,000

All the transactions stated above are Intra-State transactions and all amounts are exclusive of GST.
You are required to compute gross value of taxable supply on which GST is to be paid by M/s P for the month of April 2021 by giving necessary explanations for treatment of various items.

9. **CMA Intermediate, June 2018**

Mr. Ijas, a performing artist, provides the following information relating to October 2021:

	Rs.
Receipts from-	
Performing classical dance	1,49,000
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 of services.

10. **CMA Intermediate, June 2018**

State with reasons whether the following transactions attract GST or not-
(a) Services provided by a private school bus operator to a school in relation to transportation of students to and from the school.
(b) Campus interview conducted by M/s. Sona College of Engineering, Mumbai by collecting entry fee from the corporate houses.
(c) Ms. Geethanjali, a classical dancer receives Rs. 1,00,000 from an event management company for performing in a stage programme.
(d) Madras Music Academy charged Rs. 500 per ticket for a music concert of Mr. Srinivas, an Indian Classical Singer. But charged Rs. 1,000 per ticket for a music concert of another Indian classical singer Mr. K.J. Jesudas.

11. **CMA Intermediate, June 2019**

Renting of a marriage hall owned by a Trust registered under section 12AA of the Income Tax Act, 1961 is not exempt from GST when-
(A) Charges are more than Rs. 5,000 per day
(B) Charges are more than Rs. 1,000 per day
(C) Charges are more than Rs. 10,000 per day
(D) None of the above

12. **CMA Intermediate, June 2019**

M/s Pioneer Agro Ltd., has provided the following information and asking to compute the value of exempt and taxable supplies for the month of March 2021:

	Rs. in Lakhs
1. Sale of rice (unbranded) – on own account	18.00
2. Sale of branded rice on own account	5.00
3. Commission received (for dealing in unbranded rice)	2.50
4. Commission received (for dealing in branded rice)	1.00
5. Commission received (for dealing in tobacco leaves)	5.00
6. Sale of Egg	25.00
7. Sale of dried coconut	5.00
8. Sale of desiccated coconut	3.00

13. **CMA Intermediate, December 2019**

Healthcare service is taxable where services are provided in the field of-
(A) Siddha, Ayurveda and Homeopathy
(B) Yoga, Unani and Naturopathy
(C) Acupuncture, Acupressure and Pranic Healing
(D) Allopathy

14. **CMA Intermediate, December 2019**

Transport of Milk is ___________ Supply.

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. An exempt supply includes-
   (i) Supply of goods or services or both, which attracts Nil Rate of tax.
   (ii) Non-taxable supply
   (iii) Supply of goods or services or both, which are fully exempt from tax under section 11 of the CGST Act, 2017 or under section 6 of the IGST Act, 2017.
   (A) (i)
   (B) (i) and (ii)
   (C) (ii) and (iii)
   (D) (i), (ii) and (iii)

2. Services by a person by way of renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA of the Income-tax Act, 1961 shall be exempt provided the room rent is less than
   (A) Rs. 1000 per day
   (B) Rs. 500 per day
   (C) Rs. 250 per day
   (D) Rs. 10000 per day

3. Religious Yatra or pilgrimage organised by any charitable or religious trust are
   (A) Exempt
   (B) Not exempt
   (C) Exempt if the amount spent by the trust does not exceed Rs. 1,000 per person
   (D) Exempt if the amount spent by the trust does not exceed Rs. 500 per person

4. Fee or consideration charged by a Charitable Trust in any form, from the participants shall be exempt for participating in
   (A) a religious programme or camp meant for advancement of religion
   (B) a yoga programme or camp meant for advancement of yoga
   (C) a meditation programme or camp meant for advancement of spirituality
   (D) All the above

5. Which of the following services are exempt under GST?
   (i) Testing of agricultural produce
   (ii) Supply of farm labour
   (iii) Warehousing of agricultural produce
   (A) (i)
   (B) (i) and (ii)
   (C) (ii) and (iii)
   (D) (i), (ii), and (iii)

6. Services by way of loading, unloading, packing, storage or warehousing shall be exempt for
   (A) Pulses
   (B) Wheat and rice
   (C) Rice
   (D) All cereals

7. Services by way of warehousing of _________ is exempt from GST:
   (i) Tea
   (ii) Jaggery
   (iii) Betel leaves
   (iv) Processed cashew nuts

   (A) (i) and (iv)
   (B) (i), (ii), (iii) and (iv)
   (C) (iv)
   (D) (i), (ii) and (iii)

8. Services by way of renting of residential dwelling for use as residence shall be exempt, if the rent of residential dwelling does not exceed
   (A) Rs. 20,000 p.m.
   (B) Rs. 40,000 p.m.
   (C) Rs. 50,000 p.m.
   (D) None of the above

9. Service provided to an educational institution by way of transportation of students, faculty and staff shall be exempt, if such services are provided to an educational institution which is providing services by way of
   (A) pre-school education
   (B) education up to higher secondary school or equivalent
   (C) pre-school education and education up to higher secondary school or equivalent
   (D) any type of education

10. Services by an old age home run by Central Government, State Government or by an entity registered under section 12AA of the Income-tax Act, 1961 to its residents (aged 60 years or more) shall be exempt if the consideration charged inclusive of charges for boarding, lodging and maintenance consideration is not more than
    (A) Rs. 25,000 per month per member
    (B) Rs. 10,000 per month per member
    (C) Rs. 15,000 per month per member
    (D) Rs. 40,000 per month per member
11. Which of the following services provided by Department of Posts is/are exempt from GST?
    (A) Speed post and express parcel service
    (B) Life insurance
    (C) Agency services
    (D) None of the above

12. Services by an artist by way of a performance in folk or classical art forms of music, or dance, or theatre shall be exempt if the consideration charged for such performance is not more than
    (A) Rs. 75,000
    (B) Rs. 1,00,000
    (C) Rs. 1,50,000
    (D) Rs. 2,50,000

13. Which of the following services are exempt from tax?
    (A) Services by an artist by way of a performance in classical art forms of painting / sculpture making etc., with consideration thereof not exceeding Rs. 1.50 Lakhs.
    (B) Services by an artist by way of a performance in modern art form of dance / music / theater with consideration thereof not exceeding Rs. 1.50 Lakhs.
    (C) Services by an artist by way of a performance in folk or classical art forms of music / dance / theater with consideration thereof exceeding Rs. 1.50 Lakhs.
    (D) Services by an artist by way of a performance in folk or classical art forms of music / dance / theater with consideration thereof not exceeding Rs. 1.50 Lakhs.

14. Service of transportation of goods by __________ are exempt from GST.
    (i) Road
    (ii) Inland waterways
    (iii) Goods transportation agency
    (iv) Courier agency
    (A) (i) and (ii)
    (B) (iii) and (iv)
    (C) (i) and (iv)
    (D) (i) [Except (iii) and (iv)] and (ii)

15. Which of the following services provided by a goods transport agency, by way of transport in a goods carriage is not exempt from GST?
    (A) agricultural produce
    (B) goods, where consideration charged for transportation of all such goods for a single consignee exceeds ₹750
    (C) milk, salt and food grain including flour, pulses and rice
    (D) organic manure.

16. Transportation of _________ by rail from Chennai to Gujarat are exempt from GST:
    (i) pulses
    (ii) military equipment
    (iii) electric equipment
    (iv) jaggery
    (A) (i) and (ii)
    (B) (i) and (iii)
    (C) (ii) and (iv)
    (D) (i), (ii), (iii) and (iv)

17. Which of the following services is not exempt from GST?
    (A) service by way of transportation of goods by road other than GTA and courier agency
    (B) service by way of transportation of goods by a goods transportation agency and courier agency
    (C) service by way of transportation of goods by inland waterways
    (D) all of the above

18. Which of the following services provided by a goods transport agency, by way of transport in a goods carriage is not exempt from GST?
    (A) agricultural produce
    (B) milk, salt and food grain including flour, pulses and rice
    (C) goods, where consideration charged for transportation of all such goods for a single consignee exceeds ₹750
    (D) organic manure

19. Which of the services of transportation of passenger by railways is not exempt from tax
    (A) in sleeper class
    (B) in general class
    (C) in an air-condition coach
    (D) any class

20. which of the following is a recognised system of medicine for the purpose of exemption of health care services?
    (i) Allopathy
    (ii) Unani
    (iii) Siddha
    (A) (i)
    (B) (ii)
    (C) (ii) and (iii)
    (D) (i), (ii) and (iii)

21. Services by way of way of health care services shall be exempt if it is provided by
    (A) a clinical establishment
    (B) an authorised medical practitioner
    (C) para-medics
    (D) all the above.

22. which of the following services is exempt under health care services provided by clinical establishments?
    (A) Chemist shop in the hospital selling medicines to public at large
    (B) Food supplied from an outsourced canteen to in-patients as per diet prescribed by the hospital dietician.
    (C) Food supplied from an outsourced canteen in the hospital to the visitors or attendants of the patients.
    (D) Advertisement services provided by the hospital to a pharmaceutical company for their asthma pump by displaying it prominently in the hospital building.

23. Services by way of right to admission to circus, dance, or theatrical performance, award function, concert, pageant, musical performance or any sporting event or planetarium shall be exempt if the consideration for admission is not more than
    (A) Rs. 250 per person
    (B) Rs. 500 per person
    (C) Rs. 750 per person
    (D) Rs. 1000 per person

24. Services by way of admission to _________ is not exempt from GST.
    (A) Museum
    (B) National Park
    (C) Tiger Reserve
    (D) Recognised sporting event where admission ticket costs Rs. 600 per person.

25. Services by way of fumigation shall be exempt in a warehouse of
    (A) Agricultural produce
    (B) Manufactured goods
    (C) Any produce
    (D) Perishable goods

26. Sahil, a resident in Delhi, is having a residential property in Vasant Vihar, Delhi which has been given on rent to a family for Rs. 50 Lakhs per annum. Determine whether Sahil is liable to pay GST on such rent:
    (A) Yes, as services by way of renting is taxable supply under GST.
    (B) No, service by way of renting of residential property is exempt.
    (C) No, service by way of renting of residential property does not constitute supply.
    (D) Sahil, being individual, is not liable to pay GST.

27. Mr. H R Venkatesh has booked a room on rent in Acharya Hotels for the purpose of lodging on 10th June. GST is not payable by Mr. Venkatesh in case value of supply for the same is:
    (A) Rs. 800
    (B) Rs. 6,000
    (C) Rs. 11,000
    (D) Rs. 1,500

28. Which of the following services are not exempt from GST?
    (A) Yoga camp conducted by a charitable trust registered under section 12AA of the Income Tax Act, 1961.
    (B) Services provided by a business correspondent to the rural branch of a bank with respect to Savings Bank Accounts.
    (C) Services provided by cord blood bank for preservation of stem cells.
    (D) Service provided by commentator to a recognised sports body.

29. Which of the following services are exempt from GST?
    (A) Admission to a circus where entry ticket costs Rs. 550 per person
    (B) Interest charged on outstanding credit card balances
    (C) Services by an organiser to any person in respect of a business exhibition held in India.
    (D) Services by a foreign diplomatic mission located in India?

30. Which of the following is treated as exempt supply under the CGST Act, 2017?
    (i) Sale of liquor
    (ii) Supply of health care services
    (iii) Transmission of electricity by an electric transmission utility
    (A) (i)
    (B) (ii)
    (C) (i), (ii) and (iii)
    (D) (ii) and (iii)

Questions and Problems

1. Mukta Charitable Trust, registered u/s 10(23)(c) of the Income Tax Act, 1961, manages a temple in Mangalore. It has given on rent, a community hall located within the temple premises, to the public for celebrating a local festival. Rent charged for the hall is Rs. 9,500. You are required to determine whether the services provided by Mukta Charitable Trust are liable to GST.

2. Krishna, an agriculturist, has stored sugarcane in a warehouse. He has taken fumigation services in the said warehouse from Bharatha Pest Control Company, for which he has paid a consideration of Rs. 12,000. He seeks your advice on the taxability or otherwise of the service so availed by him.

3. SYM Ltd., manufactures a beauty soap with the brand name "Eternally Young". SYM Ltd., has organised a concert to promote the brand. Ms. Samantha Mandanna, 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. 1,20,000 will be donated to a charitable organisation. Examine whether Ms Samantha Mandanna will be required to pay any GST?

4. An individual acts as a referee in a football match organised by the Sports Authority of India. He has also acted as a referee in another charity football match organised by a local sports club, in lieu of a lumpsum payment. Discuss whether any GST is payable on the activities undertaken by him?

5. Dakshin acts as a team manager for Karnataka Sports Authority, a recognised sports body, for a tennis tournament organised by a multinational company and received a remuneration of Rs. 2,00,000. Determine whether GST is payable on the remuneration received by Dakshin.

6. 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) Service provided by way of vehicle parking to general public in a shopping mall.

7. A State transport undertaking has hired motor vehicles meant to carry 8-10 passengers from Fast Cab Renting, a motor vehicle renting company. Give your comments as to whether GST is payable in this case.

8. KM Ltd., has given on hire 5 trucks to Suma Transporters of Chennai (a goods transport agency) for transporting goods in Central and East Tamil Nadu. The hiring charges for the trucks are Rs. 7,500 per day. Examine whether GST is payable in the given case.

9. Ramaprabha Transporters, a Goods Transport Agency, transported relief materials meant for victims of Kerala floods, a natural disaster, by road from Ahmedabad to Trivandrum, for a company. Ramaprabha Transporters are of the view that they are not liable to pay GST on this service. You are required to advise on this matter.

10. Canara Medical College, a recognised educational institution, has conducted an entrance test examination for various courses run by it and charged entrance fees from the applicants. Determine whether Canara Medical College is liable to pay GST on the same.

11. Eshan Enterprises, an event organiser, provided services to Running Floor Ltd., by way of organizing business exhibition in Mysore, Karnataka as a part of Make in India initiative. Eshan Enterprises claims that it is not required to pay GST as the services provided by way of organizing business exhibition are exempt from GST. Examine the technical veracity of the claim of Eshan Enterprises, in the given case.

12. Vijaya Charitable Trust, an entity registered under section 12AA of the Income Tax Act, 1961 has furnished to you the following details in respect of its activities for the month of July 2020. You are required to find the value of taxable supplies for the month:
(a) Renting of rooms for a charge of less than Rs. 500 per day – Rs. 8,00,000.
(b) Renting of rooms for a charge of Rs. 1,500 per day – Rs. 9,00,000.
(c) Renting of Kalyana Mandapam for a rent of Rs. 8,000 per day – Rs. 1,20,000.
(d) Renting of community halls for a rent of Rs. 30,000 per day – Rs. 3,00,000.
(e) Renting of shops for business purposes at a rent of Rs. 6,000 per month – Rs. 3,00,000.
(f) Renting of shops for commercial purposes at a rent of Rs. 15,000 per month – Rs. 4,50,000.

13. Rostow Ltd., a registered person provides details of the services for the month of August 2021:

	Rs.
Receipts from-	
(a) Running a school	30,00,000
(b) Running a college offering an autonomous management program recognised by AICTE	50,00,000
(c) Conducting private tuitions	25,00,000
(d) Education services for obtaining a qualification recognised by UK, as per its laws.	35,00,000
(e) Conducting skill courses for employability, approved by National Council of Vocational Training	10,00,000
(f) Renting of furnished flats for temporary stay	20,00,000
(g) Fees from prospective employers for conducting campus interview	8,00,000

Ascertain the taxable value for the month.

14. Following are the transactions of Thalaghattapura Post office during the month of April 2021. Ascertain the taxable value:

	Rs.
Receipts from-	
(a) Basic mail services	1,00,000
(b) Money order services	25,000
(c) Services of life insurance	30,000
(d) Collection and remittance of telephone bills, water bills, electricity bills etc.,	25,000
(e) Commission towards passport services	30,000
(f) Speed post	45,000
(g) Express parcel post	25,000
(h) Registered post	30,000

15. Pai Ltd., is engaged in providing service of transportation of passengers by various modes of transport. Following are the services and receipts for the month of September 2021.

	Rs.
Receipts from-	
(a) Transportation of passengers in air-conditioned contract carriages	8,00,000
(b) Transportation of passengers in non-airconditioned contract carriages	4,00,000
(c) Transportation of passengers in non-airconditioned contract carriage for tourism	15,00,000
(d) Transportation of passengers by metered cabs	9,00,000
(e) Transportation of passengers by radio taxis	8,00,000
(f) Transportation of passengers by vessels in National waterways	6,00,000
(g) Transportation of passengers from Goa to Mangalore port by vessel and such service is meant for public transport, and not tourism	3,00,000
(h) Transportation of passengers by airconditioned stage carriage	4,00,000
(i) Transportation of passengers by non-airconditioned stage carriage	8,00,000

Ascertain the taxable value of services for the month.

16. Sagar is a popular hockey player who had represents Indian team. Following are his receipts for the month of June 2021:
   (a) Amount received from Indian Hockey Federation, the recognised sports body, for participating in hockey matches, organised by the Federation – Rs. 35,00,000.
   (b) Amount received from a local franchisee to which he is attached to – Rs. 10,00,000.
   (c) Remuneration received as brand ambassador for a popular shoe brand – Rs. 30,00,000.
   (d) Fees received from hockey coaching classes conducted by him – Rs. 10,00,000
   Calculate the taxable value for the month.

17. Determine the taxable value of supply under GST Law with respect to each of the following independent services provided by the registered persons:

Particulars	Gross Amount Charged Rs.
Fees charged for a Yoga camp by a charitable trust registered under section 12AA of the Income Tax Act, 1961	50,000
Amount charged by business correspondent from banking company for the services provided to a rural branch of a bank with respect to Savings Bank Accounts	1,00,000
Amount charged by a cord blood bank for preservation of stem cells	5,00,000
Amount charged for service provided by selectors to a recognised sports body	5,20,000

CHAPTER 4: TAXABLE PERSON

SOLVED ILLUSTRATIONS IN e-BOOK

1. Identify the 'taxable person' in the following transactions:
   (a) Prasad, a farmer in Kolar (Karnataka) cultivated Cashew nuts and without shelling or peeling them, sold to Raj & Co., of Bangalore, a registered dealer.
   (b) Venkatesh, an agent, in Kerala sold peeled cashew nuts to Usha & Co., a registered dealer in Goa.
   (c) Uma, a farmer in a remote village of Telangana State cultivated Tendu (Bidi wrapper leaves) and sold them to Jayaraman, a registered dealer in Tamilnadu.
   (d) Ranga from Mysore (Karnataka) cultivated tobacco leaves and sold them to Billa of Vishakapattanam, Andhra Pradesh, who is an unregistered dealer.
   (e) Sheshachalam rears silkworm cocoons and cultivates silk yarn. He sells the silk yarn to Sudeepa, a registered dealer of Mumbai.
   (f) Lakshmi Ltd., Ahmedabad, manufactures silk yarn and during the month May 2021 supplies 500 kgs of Yarn to Bindu Ltd., Jaipur, who is not a registered dealer
   (g) Government of Uttar Pradesh sold 125 used cars in an auction to Narendra Ltd., a registered used car dealer in Agra.
   (h) Customs Authorities had confiscated gold worth Rs. 15,00,000 from Sampath and his wife on their arrival from Dubai, at New Delhi International Airport in the month of January 2021. In June 2021, the confiscated gold was auctioned and sold to Padma Jewellers for Rs. 18,00,000, who is a registered dealer.
   (i) Maharashtra Government auctioned scrap material in its possession and sold them to Imam of Nagpur, who is not registered under GST.
   (j) Mr. Sathya, an agent selling lottery tickets, sold 1,00,000 tickets of a lottery scheme approved by Assam Government.

2. Madhukar & Co, a goods transportation agency located in Bangalore, transports a consignment of new two-wheelers from Factory of TVS Motors in Hosur to the premises of a dealer in Jammu. The dealer in Jammu will be paying for the freight charges (as agreed between TVS Motors and the dealer). The freight charges of Madhukar Ltd., for this consignment is Rs. 3,60,000. Who is liable to pay GST in the following situations:
   (a) Madhukar has not issued any consignment note for the transaction.
   (b) Madhukar has issued consignment note and avails Input-tax credit on goods and services used in providing GTA services.
   (c) Madhukar has issued consignment note, but does not avail input-tax credit on goods and services used in providing GTA services.

3. Nirmala Transporters, Bangalore, transported goods by road from warehouse of Veenu Ltd., at Mysore to Retail Show Room of Suganthi, at Mangalore. Nirmala Ltd., had issued consignment note for the transaction. The freight charges of Rs. 15,000 is paid by the consignor i.e., Veenu Ltd. Who is liable to pay GST if-
   (a) Veenu Ltd., is not registered for GST purposes?
   (b) Veenu Ltd., is registered under GST
      (i) Nirmala Ltd., does not avail Input Tax Credit for goods and services used in supply of GTA services?
      (ii) Nirmala Ltd., avails Input Tax Credit for goods and services used in supply of GTA services?

4. In the following cases, identify the taxability and the taxable person:
   (a) Ram an advocate represented his client Raavan in his divorce case before High Court.
   (b) Lakshman, a senior advocate represented his client Vibhishan, a defendant in a murder case.
   (c) Bharath & Co, a firm of advocates, represented their client Kumbhkarna Ltd., in relation to its GST liability. The aggregate turnover of Kumbhkarna Ltd., during preceding financial year was Rs. 9 Lakhs.
   (d) Shatrughan & Co., a firm of advocates, provided legal services relating to their client Kubera Ltd., in relation to some real estate issues. The aggregate turnover of Kubera Ltd., during preceding financial year was Rs. 30 Lakhs.
   (e) Hanuman, a senior advocate, offered his legal services to a business entity located in USA, whose turnover during preceding financial year in INR terms was Rs 300 crores.
   (f) Sugreeva, a senior advocate provided legal services to Ahiravana & Co., a firm of advocates.
   (g) Sita, an advocate by profession, rendered legal consultancy services to Mandodari & Co., a firm of advocates.
   (h) Valmiki, a senior advocate provided legal services to Viswamitra Ltd., a software company having a turnover of Rs. 500 Crores in the preceding financial year. The agreement for providing this service was entered into through Menaka & Co., another firm of advocates.
   (i) Dasharatha & Co., a firm of advocates having Kaushalya, Sumitra and Kaikeyi as partners has represented Government of Uttar Pradesh in a dispute with the State of Tamil Nadu.

5. Kandala Jewellers paid Rs. 1 Crore for sponsorship of All India Commerce Conference organised by a VITTAM PRAVINA GURUSHALA, a partnership firm providing educational services. Who is liable for payment of GST?

6. Rudra is a recovery agent based out of Mumbai. During March 2021, Rudra received the following:
   (a) Rs. 10,00,000 as commission for recovery of dues from defaulting borrowers of HDFC Bank at Mumbai, Kolkata and Ahmedabad.
   (b) Rs. 25,00,000 for taking possession of assets secured by defaulting borrowers of Bank of America, at New York, USA.

7. Maharaj has written a book on “Goods and Services Tax” which is published by VITTTAM PUBLICATIONS. Who is liable to pay tax if the book is published by-
   (a) VITTAM India?
   (b) VITTAM USA?

8. Identify whether reverse charge is applicable in the following cases:
   (a) Anitha Travels, a proprietary concern, not registered under GST, has rented a cab to Nirmala.
   (b) Manjunatha Travels, a firm registered under Composition Scheme, has rented a tempo-traveller on monthly rent basis to Ravi Ltd., for transportation of its employees.
   (c) Arjun & Brothers, an HUF engaged in business of renting vehicles, has rented a mini-van to Harsha & Co, a partnership firm for a weekend picnic tour of its employees. Arjun & Brothers do not claim input-tax credit and hence are liable to pay tax @ 5%.
   (d) Ankith Ltd., a travel agency, rents out Renault Duster to Sindhu, an individual for her family’s pilgrimage tour.
   (e) Anutha, proprietor of Manvitha Travels, rents out Innova car to Eshwari Ltd., on a monthly rental basis for pick-up and drop of its CEO Eshan. Anutha is registered under CGST and claims input-tax credit.
   (f) Sagar Ltd., rents out its vans to Niharika Ltd., on a monthly rent basis.

   Note: In all the cases, the rental is inclusive of fuel cost.

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CA Intermediate, May 2018**

   State, with reason, person liable to pay GST in each of the following independent cases. Assume recipient is located in taxable territory.
   (i) Rental Income received by Tamilnadu State Government from renting an immovable property to Mannappa Pvt. Ltd., (Turnover of the company was Rs. 22 Lakhs in the preceding financial year).
   (ii) Legal Fees received by Mr. Sushrut, a senior advocate, from M/s Tatva Trading Company having turnover of Rs 50 Lakhs in preceding financial year.

2. **CA Intermediate, November 2018**

   Decide which person is liable to pay GST in the following independent cases, where the recipient is located in the taxable territory. Ignore the Aggregate Turnover and Exemption available.
   (a) Mr. Raghu provided sponsorship services to WE-WIN Cricket Academy, an LLP.
   (b) 'Safe Trans', a Goods Transport Agency, transported goods of Kapil & Co., a partnership firm which is not registered under GST.

3. **CA Intermediate, November 2020**

   In the following independent cases, decide, which person is liable to pay GST, if any.
   You may assume that recipient is located in taxable territory. Ignore the Aggregate Turnover and Exemption available.
   (i) 'Veer Transport' a registered Goods Transport Agency (GTA) paying IGST @ 12% transported goods by road of Dilip & Company, a sole proprietary firm (other than specified person) which is not registered under GST or any other Law.
   (ii) Mr. Kamal Jain, an unregistered famous author, received Rs. 20 Lakhs of consideration from PQR publications Ltd., for supply of services by way of temporary transfer of a copyright covered under section 13(a) of the Copyright Act, 1957 relating to original literary works of his new book.

4. **CA Intermediate, January 2021**

   Mr. Anurag a famous Author is engaged in supply of services by the way of transfer or permitting the use or enjoyment or a copyright covered under clause (a) of subsection (1) of section 13 of the Copyright Act, 1957 relating to originally literary works to a publisher.

   Explain in brief the conditions under which an Author can choose to pay tax under forward charge.

5. **CMA Intermediate, December 2019**

   If the e-commerce operator is located in taxable territory, then person liable to pay tax is ___________.

6. **CMA Intermediate, December 2019**

   Reverse charge mechanism shall apply
   (A) Only in respect of service
   (B) Only in respect of goods
   (C) Both in respect of goods and services
   (D) Only in respect of inward supplies from unregistered persons.

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. Goods, for the supply of which, reverse charge is applicable include-
   (A) Peeled Cashew nuts
   (B) Tendu Leaves
   (C) Silk Yarn
   (D) All the above

2. When a Goods Transport Agency transports goods to 'specified persons' but does not avail input-tax credit on goods and services used in supplying GTA service, which of the following is applicable?
   (A) Forward Charge
   (B) Reverse Charge
   (C) No Charge
   (D) None of the above.

3. XX, registered in Delhi, purchased books from PC Traders, registered in Uttar Pradesh. Books are exempt from GST. XX arranged for the transportation of these books from a goods transport agency (GTA) which charged a freight of Rs. 9000 for the same. GST is payable @ 5% on such GTA services. Which of the following statement is correct in the given context:
   (A) GST of Rs. 450 is payable by XX on reverse charge basis.
   (B) Supply of goods and supply of service is a composite supply wherein supply of goods is the principal supply and since principal supply is an exempt supply, no tax is payable on the freight.
   (C) Since exempt goods are being transported, service provided by the GTA for transporting the same is also exempt.
   (D) GST of Rs. 450 is payable by the GTA.

4. In case of Goods Transport Agency (GTA) services, tax is to be paid under forward charge if,
   (A) GST is payable @ 12%
   (B) GST is payable @ 5% and a factory registered under the Factories Act, 1948 is the recipient of GTA service
   (C) An unregistered individual end customer is the recipient of GTA service.
   (D) A registered casual taxable person is the recipient of GTA service.

5. GST is payable by the recipient under reverse charge on:
   (A) Sponsorship services
   (B) Transport of goods by rail
   (C) Transport of passengers by air
   (D) All of the above

6. Which of the following is liable for payment of GST under reverse charge?
   (A) Legal service provided by an individual advocate to an individual.
   (B) Legal services provided by a firm of advocates to Central Government
   (C) Legal service provided by a senior advocate to a business entity whose turnover during the preceding financial year was Rs. 50 Lakhs.
   (D) Legal service provided by a firm of advocates to another firm of advocates.

7. Which of the following services provided through e-commerce operator is covered under reverse charge?
   (A) Transportation of passengers by radio-taxi.
   (B) Providing of accommodation in hotel.
   (C) Providing house-keeping services.
   (D) All the above.

8. GST is not payable by the recipient of services in the following cases:
   (i) Services provided by way of sponsorship to ABC Ltd.
   (ii) Services supplied by a director of Galaxy Ltd., to Krishna.
   (iii) Services by Department of Posts by way of speed post to MNO Ltd.
   (iv) Services supplied by a recovering agent to SNSP Bank.

   (A) (i) and (iii)
   (B) (i) and (iv)
   (C) (ii) and (iii)
   (D) (ii) and (iv)

9. Which of the following services does not fall under reverse charge provisions as contained under section 9(3) of the CGST Act?
   (A) Services provided by arbitral tribunal to business entity.
   (B) Sponsorship provided to a partnership firm.
   (C) Sponsorship provided to any body corporate.
   (D) Service of renting of motor vehicles for passengers, provided to a recipient other than body corporate.

Questions

1. State persons liable to pay GST in the following independent cases provided recipient is located in taxable territory:
   (a) Services provided by an arbitral tribunal to any business entity.
   (b) Sponsorship services provided by a company to an individual.
   (c) Renting of immovable property service provided by Central Government to a registered business entity.

2. A senior advocate has supplied legal services worth Rs. 1,50,000 to a business entity during the month of May 2020. The Business entity has its registered office in Bangalore. Who will be liable to pay GST if-
   (a) The turnover of the entity during preceding financial year was Rs. 18,00,000
   (b) The turnover of the entity during preceding financial year was Rs. 21,00,000

3. Arjun, a musician, composes music for a film and transfers it permanently to a recording company. Who is liable to pay GST?

4. Mr. Priyam, director of Sun Moon Company Private Limited, provided service to the company for a remuneration of Rs. 1,25,000. Briefly answer whether GST is applicable in the below mentioned independent cases? If yes, who is liable to pay GST?
   (i) Mr. Priyam is an independent director of Sun Moon Company Private Limited., and not an employee of the company.
   (ii) Mr. Priyam is an executive director, i.e., an employee of Sun Moon Company Private Limited. Out of total remuneration amounting to Rs. 1,25,000, Rs. 60,000 has been declared as salaries in the books of Sun Moon Company Private Limited and subjected to TDS under section 192 of the Income Tax Act. However, Rs. 65,000 has been declared separately as other than salaries in Sun Moon Company Private Limited's accounts and subjected to TDS under section 194J of the Income Tax Act as professional services.

5. Olaber is operating app-based taxi services in India. In the month of June 2020, it rendered the following services:
   (a) Free services provided to new customers who travelled for the first time. However, Olaber paid Rs. 12,00,000 to taxi drivers.
   (b) Hire charges collected from customers Rs. 25,00,000 and payment made to drivers out of this Rs. 21,00,000.

   Olaber is Australian based company and it has Gabbar as its representative in India.
   Who is liable to pay tax?

6. Vijetha Hotels, located in Pune, received the following bookings in the month of June 2020, through hotel-booking facilitator website viz., Trivago:
   (a) 25 deluxe rooms
   (b) 100 special rooms
   (c) 15 luxury rooms, and
   (d) 5 suites.

   Who is liable to pay GST?

CHAPTER 5: TIME OF SUPPLY

SOLVED ILLUSTRATIONS IN e-BOOK

1. State the **due date for issue of invoice** by the supplier of goods, in the following situations:
   (a) Anand of Bangalore supplies goods to Bharath of Hyderabad. Anand has to send the goods for delivery from Bangalore to Hyderabad, and he sends the same on 18th January 2021.
   (b) Meena comes to shop of Srinivas on 25th January 2021 and places order for five kgs of wheat. Srinivas packs the order and hands over the same to Meena.
   (c) Harish was liable for registration under GST with effect from 1st February 2021. He applied for registration on 15th February 2021 and was granted registration on 22nd February 2021, effective from 1st February 2021.
   (d) Chandran gas agencies supplies LPG through pipelines to customers every day for which payments are made on monthly basis. He gives supply statement to his customers on 5th of each month.
   (e) Meera sends 30 skirts for approval to Bindu on 8th February 2021. Bindu approves 23 skirts and sends back the remaining 7 on 15th February 2021.
   (f) Savitha sends 15 sarees for approval to Chandana on 10th March 2021. Chandana approves 10 of them by 22nd March 2021 and has not yet returned the remaining.

2. A machine has to be supplied at site. It is done by sourcing various components from vendors and assembling the machine at site. The details of various events are:

Date	
27th December 2020	Purchase order with advance of Rs. 1,00,000 is received for goods worth Rs. 18,00,000 and entry duly made in the seller's books of account
12th January 2021	The machine is assembled, sent to buyer's site, tested at site and accepted by buyer
15th January 2021	Invoice is raised
5th February 2021	Balance payment of Rs.17,00,000 is received.

   Determine the time of supply in the above case.

3. A computer has to be supplied to a customer. The details of various events are:

Date	
27th February 2021	Computer is supplied to customer
2nd March 2021	Invoice raised
4th April 2021	Payment received

   Determine the time of supply in the above case.

4. Determine the 'time of supply' in the following situations:

Situation	Date of removal of goods for delivery to customer	Date of issue of invoice	Date on which payment is entered in books of accounts of supplier	Date on which payment is credited in the Bank Account of the Supplier
A	2nd January	2nd January	2nd January	2nd January
B	2nd January	31st December	1st January	2nd January
C	2nd January	5th January	5th January	2nd January

5. Sree purchased goods worth Rs. 31,500 from Vidhya Ltd on 21st January 2021. He paid Rs. 32,000 and instructed Vidhya Ltd., to adjust the excess payment against future purchases. His next purchase was on 9th February 2021 for which invoice was issued by Vidhya Ltd., on the same date. What is the time of supply for the excess payment made?

6. Gas is supplied by a pipeline. Monthly payments are made by the recipient as per contract. For Every quarter, invoice is issued by the supplier on the 3rd of the month following the quarter, supported by a statement of the goods dispatched and payments made, and the recipient has to pay the differential amount, if any. The details of the various events are:

February 5th, March 5th and April 5th	Payment of Rs. 2,00,000 made in each month
April 3rd	Statement of accounts issued by supplier, with invoice for the quarter January – March
April 17th	Differential payment of Rs. 56,000 received by supplier for the quarter January – March as per statement of accounts

Determine the time of supply.

7. M/s XY Oil Corporation entered into contract with Mr. Z for supply of oil throughout the year. XY issues monthly statements for the supply made to Z. Determine the time of supply in each of the following independent cases:
   (a) For the month of May 2021, Z made payment on 31st May 2021 and the company issues statement on 8th of June 2021. Invoice was raised by XY Oil Corporation on 9th June 2021 after confirmation of Statement by Z.
   (b) For the month of June 2021, statement of consumption of Z was issued on 5th July 2021. Invoice was not yet raised till 31st July and hence no payment was made by Z till the end of month.

8. Jagadish Reddy sends goods to William Sanjay on approval basis, on 5th December 2020. Find the time of supply in the following independent cases:
   (a) William Sanjay accepts the goods on 25th December 2020.
   (b) William Sanjay accepts the goods on 15th June 2021.
   (c) William Sanjay returns the goods on 25th December 2020.
   (d) William Sanjay returns goods on 15th June 2021.

9. Determine the time of supply from the following information:

Date	
5th March 2021	Resistance Ltd., the supplier invoices goods taxable on reverse charge basis to Support Ltd.,
12th March 2021	Support Ltd., receives the goods
30th March, 2021	Support Ltd., makes payment

10. Kavitha Ltd., a manufacturer of **Silk Yarn** from Raw Silk, supplies the Yarn to Venkatesh, a Registered Dealer. Kavitha Ltd., issues invoice for the supply made on 1st July 2021. Find the time of supply in the following cases, treating each case independently:
    (a) Venkatesh received goods on 15th July 2021 and no payment is made yet.
    (b) Venkatesh received goods on 3rd August for which payment was made on 4th August 2021.
    (c) Venkatesh made payment on 8th July 2021 and received the goods on the same date.
    (d) Venkatesh made payment on 9th July 2021 and received goods on 10th July 2021.

11. Identify the time of supply in the following cases:

	Date of receipt of goods	**Date of issue of invoice by the supplier**	**Date on which payment is entered in the books of accounts of the recipient**	**Date on which payment is debited in the Bank account of the recipient**	**Date immediately following thirty days from the date of issue of invoice by the supplier**
(a)	2nd January 2021	2nd January 2021	4th January 2021	6th January 2021	2nd February 2021
(b)	2nd January 2021	2nd November 2020	27th December 2020	30th December 2020	3rd December 2020
(c)	2nd January 2021	2nd January 2021	27th December 2020	30th December 2020	2nd February 2021
(d)	2nd January 2021	10th January 2021	15th January 2021	10th January 2021	10th February 2021

12. Bangalore Central issues vouchers worth Rs. 1000 to Mr. Venugopal on 25th January 2021, for purchases made by him above Rs. 10,000. The voucher can be used within 30 days for purchase of any article in the store. Mr. Venugopal uses the voucher on 5th February 2021 and purchases a wall clock. Determine the 'time of supply' of voucher.

13. Lalitha gets a voucher for buying a small burger of Rs. 100 on 23rd February 2021, when she visited Burger King for purchasing burgers for her family. The voucher is used by her on 10th March 2021. What is the 'time of supply' for the voucher?

14. Sampath, an unregistered dealer, is found, during an investigation, to be removing goods clandestinely and selling them. On identification of such transactions, Sampath paid the GST due of Rs. 1,00,000 on 10th March 2021. What is the time of supply in this case?

15. State the time limit for issue of invoice by the supplier of services, in the following situations:
   (a) Akbar, a Chartered Accountant, audits books of accounts of Birbal, computes his tax liability and files his income-tax returns on 30th June 2021.
   (b) Renewal of insurance policy by National Insurance Ltd., on 14th March 2021.
   (c) Nagaraj used services of Manjula for data collection. The contract was for collecting data from 1000 companies and the consideration was Rs. 100 per respondent. After Manjula collected data from 180 companies, Nagaraj instructed her to stop the data collection work on 28th May 2021.
   (d) Raj agreed to engage classes at a B-School on GST for the semester commencing from June 2021 and ending in December 2021. The consideration was agreed as Rs. 50,000 per month, payable on the 10th of each month.
   (e) Raj agreed to engage classes at a B-School on GST for the semester commencing from June 2021 and ending in December 2021. The consideration was agreed as Rs. 50,000 per month. The date of payment was not specified in the agreement. For the month of July 2021, Raj was paid on 14th August 2021.
   (f) Raj agreed to engage classes at IMT Nagpur on 'Managerial Accounting' for the trimester commencing from September 2021 and ending in December 2021. The consideration was

agreed as Rs. 50,000 per month, payable after submission of Test and Assignment Marks for each month. For the month of September 2021, Raj submitted the scores and details on 5th October 2021.

(g) Harish was liable for registration under GST with effect from 1st February 2021. He applied for registration on 15th February 2021 and was granted registration on 22nd February 2021, effective from 1st February 2021.

16. Determine the time of supply from the following particulars:

Date	
24th June 2021	Raj of VITTAM PRAVINA GURUSHALA conducted a one-day program on "Finance for Non-Finance Executives" for Titan Industries Ltd.,
28th June 2021	VITTAM PRAVINA GURUSHALA sent invoice to Titan Industries Ltd., of Rs. 40,000
5th July 2021	VITTAM PRAVINA GURUSHALA received cheque from Titan Industries Ltd. The same was recorded in the books and the cheque was deposited into its HDFC Bank Account
7th July 2021	The cheque was realised and the amount was credited in the account of VITTAM PRAVINA GURUSHALA

17. Determine the time of supply from the following particulars:

Date	
6th January 2021	Booking of Convention Hall, Sum agreed Rs. 1,50,000, advance of Rs. 30,000 was paid by the customer.
15th May 2021	Program was conducted
27th June 2021	Invoice issued for Rs. 1,50,000, indicating balance of Rs. 1,20,000 payable.
3rd July 2021	Balance payment of Rs. 1,20,000 was received from the customer.

18. Ascertain the date on which assessee becomes liable for payment of GST (i.e., time of supply) in the following cases-

Sl. No.	Date of provision of Service	Date of Invoice	Date of Payment by Service Recipient
1	22.07.2021	22.07.2021	22.07.2021
2	22.07.2021	28.07.2021	22.07.2021
3	22.07.2021	28.07.2021	Not yet paid
4	22.07.2021	20.07.2021	29.07.2021
5	22.07.2021	25.08.2021	29.07.2021
6	22.07.2021	Not yet issued	29.07.2021
7	22.07.2021	25.08.2021	20.07.2021
8	22.07.2021	25.08.2021	25.07.2021

19. Holla & Mitran, a firm of Chartered Accountants, issued invoice for services rendered to Lokraj on 12th August 2021. Determine the time of supply in the following independent cases:

(a) Provision of service was completed on 5th July 2021.

(b) Provision of service was completed on 19th July 2021.

(c) Lokraj made payment on 19th July 2021, and the provision of services were yet to be completed.

(d) Lokraj made payment on 19th August 2021, and the provision of services were yet to be completed.

20. From the following information determine the time of supply of services. The supply is a continuous supply of service where contract provides for monthly payment up to 10th of the month, following the month of service:

Entry for provision of service in the books of supplier	Date of issue of invoice	Date of receipt of payment
30.06.2021	07.07.2021	20.07.2021
31.07.2021	22.08.2021	20.08.2021
31.08.2021	15.09.2021	11.09.2021

21. On Investigation of the books of a Premier Mall, it was found that the Mall Management had paid Rs. 5,00,000 to Nayana Housekeeping Services on 1st July 2021, for the thorough sanitization and cleaning of the mall. However, no record for providing of service or receipt of payment was found in the books of Nayana Housekeeping Services. What should be considered as 'time of supply' in this case?

22. Mandovi Motors, dealer in Maruti Suzuki Cars, raised an invoice of Rs. 8,600 for the repair and maintenance services of Sreevidhya's Car on 21st January 2021. Sreevidhya paid Rs. 9,000 and instructed Mandovi Motors to adjust it against the next invoice. What should be the time of supply for the excess amount received by Mandovi Motors? Sreevidhya got the next servicing done on 17th July 2021.

23. Determine time of supply from the given information. Assume that the service supplied is taxable under reverse charge.

Date	
5th March 2021	Resistance Ltd., the supplier provides service of Decorating cars for some function of Support Ltd.,
10th March 2021	Resistance Ltd., issues invoice to Support Ltd.
30th March, 2021	Support Ltd., makes payment

24. Determine time of supply from the given information. Assume that the service supplied is taxable under reverse charge.

Date	
5th March 2021	Support Ltd., provides service to Resistance Ltd.,
10th March 2021	Support Ltd., issues invoice to Resistance Ltd.
10th June 2021	Resistance Ltd., makes payment to Support Ltd.

25. Determine time of supply from the given information. Assume that the service supplied is taxable under reverse charge.

Date	
4th May 2021	A German company issues email informing its associated company ABC Ltd., of the cost of technical services provided by it.
2nd July 2021	ABC Ltd., transfers the amount to the account of the German Company

26. A Ltd., and B Ltd., (New York) are associated enterprises. A Ltd., received services from B Ltd. Determine the time of supply in the following cases:
    (a) A Ltd., recorded the liability in the books on 18th August 2021 and payment is scheduled to be made in September.
    (b) A Ltd., paid an advance to Y Ltd., on 10th August 2021 and recorded the liability in the books on 15th September 2021 when the service was received.

27. Club Mahindra Ltd., gives vouchers / coupons for a free three-night stay at its Munnar Lake View Resort to Meera on 19th July 2021, when she visited INOX Movies. Meera used the voucher and stayed at the resort from 22nd August 2021 till 25th August 2021.

28. Club Mahindra Ltd., issued vouchers worth Rs. 10,000 to Meera, who is a member of Club Mahindra, for referring 3 persons towards its membership. Meera can use these vouchers at any of their resorts in exchange for anything within one year. The vouchers were issued on 19th July 2021. Meera used these vouchers for settling the bills of local tour conducted by Club Mahindra Resort at Goa, where she stayed between 22nd August 2021 and 25th August 2021. She settled her bills when she checked out on 25th August 2021.

29. Kumar an unregistered dealer, is found, during an investigation, to be conducting classes for professional courses. He is liable for registration, but had not carried out the formalities. On identification of the transaction by the investigation authorities, Kumar paid the GST due of Rs. 1,00,000 on 10th March 2021. What is the time of supply in this case?

30. Lokesh provided investment consultancy services to Bhavya. Invoice for service was issued on 26th July and a credit period of 15 days was offered. The invoice amount was Rs. 10,000. The contract provided for a penalty of Rs. 1000 in case of delay in payment of the invoice amount. Bhavya made payment of Rs. 11,000 (including penalty) on 1st September. What it the time of supply?

31. Reyansh Enterprises engaged in providing construction services for education institutions. The rate of GST was 18% till 20th September 2021. Later, the rate got decreased to 12%. The construction service completed on 15th September 2021. Reyansh Enterprises seeks your advice on the **time of supply** as there is change in rate of tax in following scenarios:
    (a) Date of invoice 18.09.2021 and date of payment for this on 25.09.2021
    (b) Date of invoice 30.09.2021 and date of payment for this on 01.09.2021
    (c) Date of invoice 30.09.2021 and date of payment for this on 10.10.2021

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CA Intermediate, May 2018**

   On 4th September, 2021, V.R. Mehman a famous music composer, received Rs. 3 crore of consideration from Zilmil Music Co. Ltd. for sale of copyright of his original music album. He finished his work & made available the CD to the music company on 20th July, 2021 & raised the invoice on 24th July, 2021. What will be the time of supply as per CGST Act, 2017?
   Note: Above service is taxable under reverse charge basis.

2. **CA Intermediate, May 2018**

M/s Mansh & Vansh Trading Company, a registered supplier, is liable to pay GST under forward charge. Determine the time of supply from the following information furnished by it:
(i) Goods were supplied on 03-10-2021
(ii) Invoice was issued on 05-10-2021
(iii) Payment received on 09-10 2021

3. **CA Intermediate, November 2018**

Mr. XYZ & Co., a firm of Chartered Accountants, issued invoice for services rendered to Mr. A on 7th September, 2021. Determine the time of supply in the following independent cases:
(a) The provision of service was completed on 1st August, 2021.
(b) The provision of service was completed on 14th August, 2021.
(c) Mr. A made the payment on 3rd August, 2021 where provision of service was remaining to be completed.
(d) Mr. A made the payment on 15th September, 2021 where provision of service was remaining to be completed.

4. **CA Intermediate, November 2018**

Mr. Lakhan provides continuous supply of services (CSS) to M/S TNB Limited. He furnishes the following further information:

(i) Date of commencement of providing CSS	01-10-2020
(ii) Date of completion of providing CSS	31-01-2021
(iii) Date of receipt of payment by Mr. Lakhan	30-03-2021

Determine the time of issue of invoice as per the following circumstances in terms of the provisions of the CGST Act, 2017:
(i) If no due date for payment is agreed upon by both, under the contract of CSS
(ii) If payment is linked to the completion of service
(iii) If M/S TNB Limited has to make the payment on 25-03-2021 as per the contract between them.

5. **CA Intermediate, May 2019**

Jolla provides continuous supply of services regarding Annual Maintenance Contract (AMC) of Air conditioner and all electronic items of Khotu Ltd. He provides following details regarding same. They made contract for the AMC. As mentioned in contract, AMC will start from 01-10-2020 and will be valid for a year. AMC ends on 30-09-2020. Jolla receives payment for the AMC on 31-10-2021.
Explain the time of issue of invoice in case of Continuous supply of Service (CSS) as per provisions of CGST Act, 2017 and accordingly determine time of issue of invoice in following different circumstances:
a) As mentioned in contract Khotu Ltd. have to make payment on 05-11-2021.
b) If terms of payment is not mentioned in AMC and also not agreed by both the parties.

6. **CA Intermediate, May 2019**

Examine the following independent cases of supply of goods and services and determine the time of issue of invoice under each of the cases as per provisions of the CGST Act, 2017:

(i) Sakthi Enterprises, Kolkata, entered into a contract with Suraj Enterprises, Surat for supply of goods on 31st October 2021. The goods were removed from the factory at Kolkata on 11th October 2021. As per the agreement, the goods were to be delivered on 31st October 2021. Suraj Enterprises has received the goods on 14th October 2021.

(ii) Trust and Fun Ltd., an event management company has provided its services for an event at Kapoor Film Agencies, Mumbai on 5th June 2021. Payment for the event was made on 19th June 2021.

7. **CA Intermediate, November 2019**

M/s Pranav Associates, a partnership firm, provided recovery agent service to Newtron Credits Ltd., an NBFC and a registered supplier, on 15th January 2021. Invoice for the same was issued on 7th February 2021 and the payment was made on 18th April 2021 by Newtron Credits Ltd. Bank account of the company was debited on 20th April 2021.

Determine the following;

(i) Person liable to pay GST

(ii) Time of supply of service

8. **CA Intermediate, November 2019**

Know & Grow publishers, a registered dealer in India, paid an advance ₹50,000 to Mr. Ganatra, an author, for the copyright covered under Section 13(1) (a) of the Copyright Act, 1957 of his original literacy work on 05-09-2021. It made the balance payment ₹ 1,50,000 on 12-12-2021. You are required to determine the time of supply, if Mr. Ganatra raised the invoice on: (i) 6-10-2021, or (ii) 17-12-2021

9. **CMA Intermediate, June 2018**

R, a manufacturer of machines (having a turnover of more than *Rs.* 1.5 crores) received an advance of Rs. 20,000 along with the purchase order on 15.10.2021 for supply of machine X for Rs. 20,00,000 to be manufactured according to the specifications. Advance payment was entered in the books of account on 16.10.2021 and credited in his bank account on 18.10.2021. The machine is manufactured and after approval has been delivered to the buyer on 25.10.2021, and the invoice was raised at the time of removal. The balance payment of Rs. 18,80,000 was received on 15.11.2021 which was recorded in the books of accounts of R on the same date and was credited in his bank on 17.11.2021.

Determine the time of Supply.

10. **CMA Intermediate, June 2018**

R issues an invoice of Rs. 64,100 for supply of goods on 10.10.2021 and received Rs. 65,000 in his bank account through RTGS on the same date which was credited in his books of accounts on 11.10.2021 on receipt of intimation from the bank.

Determine the time of supply of goods and time of supply of excess payment.

11. **CMA Intermediate, December 2018**

Ms. Antira, a registered person, supplied certain goods to Mr. G, also a registered person. The tax in respect of the said goods is liable to be paid on Reverse Charge basis. Other details of the transaction are as under:

(a)	Date of Receipt of Goods by Mr. G	26.11.2021
(b)	Date on which payment is made and entered in the books of accounts of Mr. G	22.12.2021
(c)	Date on which the payment is debited in the bank account of Mr. G	24.12.2021
(d)	Date of issue of invoice by Ms. Anitra, the supplier	20.11.2021
(e)	Date immediately following 30 days from the date of issue of invoice by the supplier	21.12.2021

You are required to determine the time of supply of goods under reverse charge basis.

12. **CMA Intermediate, June 2019**

Determine the time of supply of goods in the following independent situations, as per the GST Law:

Sl. No.	Date of removal of goods	Date of receipt of goods by buyer	Date of issue of tax invoice	Date of credit of payment in Supplier's books of accounts	Date of credit of payment in Supplier's bank account
1	04.01.2021	05.01.2021	04.01.2021	05.01.2021	06.01.2021
2	04.01.2021	03.01.2021	05.01.2021	03.01.2021	02.01.2021
3	04.01.2021	05.01.2021	04.01.2021	07.01.2021	08.01.2021

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. Section 12 of CGST Act, 2017 covers provisions for determining time of supply of goods for the following:
(A) Supply of goods liable for tax under forward charge
(B) Supply of goods liable for tax under reverse charge
(C) Supply of goods involving exchange of vouchers
(D) All the above

2. For determining the time of supply in case of supply of goods liable for tax under forward charge, the following are relevant"
(A) Date of issue of invoice
(B) Due date for issue of invoice
(C) Both (A) and (B)
(D) Date of receiving the payment

3. The time limit for issue of invoice in case of supply of goods involving movement of goods is-
(A) Before or at the time of removal of goods for supply to the recipient
(B) Within one month from the date of removal of goods
(C) Before or at the time of receiving payment
(D) Before or at the time of issuing consumption statements.

4. Where the goods being sent or taken on approval for sale or return, are removed before the supply takes place, the invoice shall be issued:
(A) Before / at the time of supply
(B) 6 months from the date of removal
(C) Earlier of (a) or (b)
(D) Later of (a) or (b)

5. In case of supply of goods for Rs. 5,00,000, following information is provided-
Advance received on 1st April
Invoice issued on 15th April
Goods removed on 25th April
What is the time of supply of goods, where tax is payable under forward charge?
(A) 1st April
(B) 15th April
(C) 25th April
(D) 30th April

6. For determining the time of supply in case of supply of goods (or services) taxable under reverse charge, which of the following is not the right provision to be considered.
(A) Date of receiving the goods.
(B) 61st Day from the date of issue of invoice by the supplier
(C) Date of recording the payment in books of accounts of the recipient of service.
(D) Date on which the bank account of recipient of service is debited.

7. For supply of goods (or services) involving exchange of voucher, which of the following is the time of supply, if the good (or service) which can be exchanged for the voucher is identified at the time of issue of voucher:
(A) Date of issue of Voucher
(B) Date of redemption of Voucher
(C) Date of receipt of payment
(D) Date of entry in books of accounts

8. What is the time of supply of service if the invoice is issued within 30 days from the date of providing of service?
(A) Date of issue of invoice
(B) Date of receiving the payment
(C) Either of (A) and (B)
(D) Earlier of (A) and (B)

9. The time of supply of service in case of reverse charge mechanism is:
   (A) Date on which payment is made to the supplier
   (B) Date immediately following 60 days from the date of issue of invoice
   (C) Date of invoice
   (D) Earlier of (a) and (b)

10. Sham Ltd., is receiving legal services from a lawyer Mr. Gyan. The aggregate turnover of Sham Lt., in the preceding financial year is Rs. 40 Lakhs. The information regarding date of payment, invoice etc., is as follows:
    Invoice issued by Mr. Gyan on 15th April
    Payment received by Mr. Gyan on 5th May
    Date of payment entered in the books of Sham Ltd., 1st May
    What is the time of supply of service?
    (A) 1st May
    (B) 5th May
    (C) 14th June
    (D) 15th April

11. What is the time of supply of service where services are received from an associated enterprise located outside India?
    (A) Date of entry of service in the books of accounts of recipient of service
    (B) Date of payment
    (C) Earlier of (A) and (B)
    (D) Date on entry in the books of accounts of the supplier.

12. For services rendered by a Banking Company or Non-banking Financial companies, the time limit for issue of invoice is-
    (A) Within 30 days from the date of supply of service
    (B) Within 45 days from the date of supply of service
    (C) Within 15 days from the date of supply of service
    (D) None of the above.

13. In case of continuous supply of services, if the due date for making payment is not agreed upon by the parties, the time limit for issue of invoice is-
    (A) Before or at the time of receiving payment by supplier
    (B) Before or at the time of recipient becoming liable to make payment
    (C) Before or at the time of completing the provision of service
    (D) Any of the above.

14. Following section gives provision for determining time of supply for change in rate of tax:
    (A) Section 12
    (B) Section 13
    (C) Section 14
    (D) Section 15

Questions and Problems

1. Determine the time of supply in each of the following independent cases in accordance with provisions of Section 12 of the CGST act, 2017 where supply involves movement of goods.

Sl. No.	Date of removal of goods	Date of invoice	Date when goods made available to recipient	Date of receipt of payment
1	01.07.2021	02.07.2021	03.07.2021	15.08.2021
2	03.07.2021	01.10.2021	04.07.2021	25.08.2021
3	04.07.2021	04.07.2021	06.07.2021	01.07.2021

2. Identify the time of supply in the following cases:

	Date of removal of goods	Date of issue of invoice	Date on which payment is recorded in supplier's books of accounts	Date on which payment is credited into supplier's bank account
(a)	2nd January 2021	2nd January 2021	2nd January 2021	2nd January 2021
(b)	2nd January 2021	31st December 2020	2nd January 2021	2nd January 2021
(c)	2nd January 2021	5th January 2021	3rd January 2021	8th January 2021
(d)	2nd January 2021	10th January 2021	12th January 2021	1st January 2021

3. Rama sold goods to Krishna worth Rs. 10,00,000 for which the invoice was issued on 15th June 2021. The goods were supplied on 20th June and the payment was received on 30th June. Find the time of supply of goods? What would have been the difference if the payment was received on 31st May 2021 in advance?

4. M/s Mansh and Vansh Trading Company, a registered supplier, is liable to pay GST under forward charge. It has furnished the following information:
   (i) Goods were supplied on 3rd October.
   (ii) Invoice was issued on 5th October.
   (iii) Payment received on 9th October.
   Determine the time of supply of goods for the purpose of payment of tax.

5. An order is placed on Dharmaraj & Co., on 18th August for supply of a consignment of customized shoes. Dharmaraj & Co., gets the consignment ready and informs the customer on 2nd December and issues invoice on the same date. The customer collects the consignment from the premises of Dharmaraj & Co., on the 7th of December and electronically transfers the payment on the same date, which is recorded in the books of Dharmaraj & Co., on the 8th of December. What is the time of supply for the purpose of payment of tax?

6. From the following information determine the time of supply of goods where supply involves movement of goods.

Sl. No.	Invoice Date	Date of removal of goods	Date of delivery of goods	Date of receipt of payment
1	16.09.2021	10.09.2021	16.09.2021	16.09.2021
2	01.09.2021	10.09.2021	16.09.2021	--
3	01.10.2021	01.10.2021	04.10.2021	20.09.2021 (75%) 10.10.2021 (25%)

7. A Ltd., a manufacturer of computer spare parts, sold goods to B Ltd., and issued invoice for sale on 1st of December. Find the time of supply in each of the following independent cases:
   (a) A Ltd., removes goods for delivery to B Ltd., on 16th December.
   (b) B Ltd., collects goods from the premises of A Ltd., on 10th December.
   (c) B Ltd., made full payment on 26th November.
   (d) B Ltd., deposited 75% of the purchase value on 28th November which was recorded in the books of A Ltd., on 3rd December. On 5th December, goods were dispatched from A Ltd.'s warehouse.

8. Investigation shows that 150 cartons of ceramic capacitors were dispatched on 2nd August but no invoice was raised and the transaction was not entered in the books of account. There was no evidence for the receipt of payment. What is the time of supply of 150 cartons for the purpose of payment of tax?

9. Determine the time of supply from the given information:

Date	
5th March 2021	Support Ltd., invoices goods taxable on reverse charge basis to Resistance Ltd.,
12th April 2021	Resistance Ltd., receives the goods, which were held up in transit
3rd May 2021	Resistance Ltd., makes payment for the goods

10. Determine the time of supply in the following independent cases, if the transactions involved supply of goods liable for tax under reverse charge

Sl. No.	Invoice Date	Date of receipt of goods	Date of recording payment in books	Date of debit in Bank Account
1	01.10.2021	05.10.2021	10.10.2021	12.10.2021
2	01.10.2021	15.10.2021	10.10.2021	12.10.2021
3	01.10.2021	15.11.2021	18.11.2021	20.11.2021
4	01.10.2021	15.10.2021	12.10.2021	10.10.2021

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

Sl. No	Date of Receipt of goods	Date of Payment by the recipient of goods	Date of issue of invoice by the supplier of goods
(i)	July 1	August 10	June 29
(ii)	July 1	June 25	June 29

(iii)	July 1	Part payment made on June 30 and the balance amount paid on July 20	June 29
(iv)	July 5	Payment is entered in the books of accounts of June 28 and debited in recipient's bank account on June 30	June 1
(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
(vi)	August 1	August 10	June 29

12. From the following information, determine the time of supply if goods are supplied on approval basis:

Sl. No.	Removal of Goods	Issue of Invoice	Accepted by Recipient	Receipt of Payment
1	01.12.2020	15.12.2020	05.12.2020	25.12.2020
2	01.12.2020	25.07.2021	25.07.2021	20.07.2021

13. 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 purchase of various edible items on different dates throughout the six months. What is the date of supply of the coupons?

14. Shilpa Retailers, a ready-made women garments' shop, issued a voucher on 23rd February 2021 to a potential customer which enabled purchase of skirts worth Rs. 1000. The customer used the voucher and purchased skirts on 9th March 2021. What is the time of supply in this case?

15. Big Bazaar issued a voucher worth Rs. 500 to all visitors on 1st January 2021 which enabled purchase of any item in any outlet of Big Bazaar with 3 months. Prakash, one of the visitors who had received the voucher used the voucher to buy a wall clock on 21st February 2021. What is the time of supply of the voucher?

16. Kandala Jewellers purchased 100 Gift Vouchers from Bata Ltd., worth Rs. 5000 each, on 10th November 2021 to be distributed among its employees on the occasion of Diwali. The voucher can be used for purchase of any footwear item. What is the time of supply?

17. M/s X Ltd., supplies goods worth Rs. 50,000 to its customer Ms. Diyana on 1st January on the condition that payment for the same will be made within a week. However, Ms. Diyana made payment for the said goods on 2nd February and thus, paid interest amounting to Rs. 2,000. What is the time of supply with regard to addition in the value by way of interest in lieu of delayed payment of consideration?

18. Determine the time of supply of services in each of the following independent cases in accordance with provisions of CGST Act, 2017.

Sl. No.	Date of Provision of Service	Date of Invoice	Date on which payment is received
1	10-11-2021	30-11-2021	15-12-2021
2	10-11-2021	30-11-2021	15-11-2021

3	10-11-2021	30-11-2021	15-11-2021 (60%) 10-12-2021 (40%)
4	10-11-2021	30-11-2021	06-11-2021 (50%) 09-11-2021 (50%)
5	10-11-2021	30-11-2021	06-11-2021 (25%) 16-11-2021 (75%)
6	10-11-2021	12-12-2021	30-04-2022
7	10-11-2021	12-12-2021	05-11-2021 (40%) 25-12-2021 (60%)
8	10-11-2021	22-12-2021	12-12-2021

19. Giri Pvt. Ltd., receives order and advance payment on 5th March for carrying out an architectural design job. It delivers the design on 23rd June. By oversight, no invoice is issued at that time, but issued later after the time-limit for issue of invoice. What is the time of supply for service rendered in this case?

20. Modern Security Co., provides service of testing of electronic devices. In one case, it tested a batch of devices on 4th and 5th of September but could not raise the invoice till 19th November because of some dispute about the condition of the device on return. The payment was made in December. What is the time of supply of the service?

21. Investigation shows that XYZ & Co., carried out service of cleaning and repairs of tanks in an apartment complex, for which the Apartment Owners' Association showed a payment in cash on 4th April to them against work of this description. The dates of the work are not clear from the records of XYZ & Co. XYZ & Co., have not issued any invoice not have entered the payment in the books of accounts. What should be the time of supply?

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

Sl. No	Date of payment by the recipient of supply of services	Date of issue of invoice by the supplier of services
(i)	August 10	June 29
(ii)	August 10	June 1
(iii)	Part payment made on June 30 and the balance amount paid on September 1	June 29
(iv)	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1
(v)	Payment is entered in the books of account on June 30 and debited in the recipient's bank account on June 26	June 29

23. Chandana Ltd., received legal services from Ramachandra & Co., a firm of advocates. The firm issued invoice to Chandana Ltd., on 1st June 2021. Determine the time of supply of services in the following independent cases:
(a) Chandana Ltd., made payment on 15th July 2021.
(b) Chandana Ltd., made payment on 11th August 2021.

24. Baba Industries Ltd., engaged the services of a transporter for road transport of a consignment on 17th August and made advance payment on the same date. On account of strike in the factory, the consignment was not sent on the same date. Instead, it was sent on 20th of August. The transporter sent invoice on 22nd of August for the services. Determine the time of supply.

25. Raja & Rani Ltd., located in Agra is holding 51% of Shares in King & Queen Ltd., of London. King & Queen Ltd., provided services to Raja & Rani Ltd. From the following details, determine the time of supply:

Agreed Consideration	GBP 1,00,000
Date on which services are provided by King & Queen Ltd.,	16-07- 2021
Date on which invoice is sent by King & Queen Ltd.,	19-07-2021
Date on which the liability is recorded in the books of Raja & Rani Ltd.,	30-07-2021
Date of payment by Raja & Rani Ltd.,	23-08-2021

26. A firm of advocates issue invoice for services to ABC Ltd., on 17th February. The payment is contested by ABC Ltd., on the ground that due to negligence of the firm, the company's case was dismissed by the Court for non-appearance, which necessitated further appearance for which the firm is billing the company. The dispute drags on and finally payment is made on 3rd November. Identify the time of supply of the legal services.

CHAPTER 6: PLACE OF SUPPLY

SOLVED ILLUSTRATIONS IN e-BOOK

1. Identify whether the following are ‘intra-state supplies’ or ‘inter-state supplies’:
   (a) Raghav from Mumbai, places order with Kiran of Hyderabad for some goods. Kiran transports the same by truck to Mumbai.
   (b) Bharathi of Mysore, a registered dealer, places order with Punitha of Dehradun 10000 meters of cloth material to be delivered at her factory located in Lucknow. Punitha supplies the material from her go down in Gorakhpur by lorry.
   (c) Swaroopa, a dealer at Bhopal places order with Revathy of Indore for delivery of some goods to Srilakshmi at Agra. Revathy supplies the goods by truck.
   (d) Govind from Madurai, is a procurement agent for Sreedevi, a dealer in Goa. He places order with Trishala & Co., Chennai, on behalf of Sreedevi for supply of goods. Trishala supplies the goods from her warehouse in Coimbatore.
   (e) Bindu purchases a washing machine from Bosch Show Room at Kolar, Karnataka.
   (f) Anil, on his flight from Pune to Bangalore, purchased food on board. The food was loaded into the flight at Pune. The airlines company has offices in all the major cities of India.

2. Identify the ‘type of supply’ and ‘type of GST applicable’ in each of the following cases:
   (a) A Management consultant from Mumbai, provided a consulting service to his client at Srinagar, Jammu. The client at Jammu is a travel agent, who is registered under GST.
   (b) Balaji, a tax consultant at Chennai gave his consultation to Sheshachalam, a walk-in-client on matters pertaining to capital gains. Balaji does not have address of the client on his records.
   (c) Jeevanand, an Architect is based out of Bangalore and registered for GST purposes in Karnataka. He also has an office at Shimla. Lakshmi Iyer availed his services in drawing designs for her residential property which is under construction in Chennai.
   (d) IFMR, a B-School hosted a lunch party to its staff on the occasion of its anniversary, at Lake View Restaurant, Udaipur.
   (e) Lakshmidar & Co., Mumbai is a training institute offering program on accounting packages. SSMRV College, Bangalore availed services of the institute for a one-week training program to its faculty and students. SSMRV College is not registered for GST purposes. Lakshmidar & Co., coordinated the program from Mumbai, flew its trainers from different parts of India and conducted the program at the college.
   (f) Harold & Co., is a HR Consulting firm located at Pondicherry. ISBR, a B-School at Bangalore availed services of Harold & Co., for performance appraisal of its faculty and staff. ISBR is registered for GST purposes. Executives of Harold & Co., stayed at Bangalore for one-week and appraised the performance of the employees of ISBR.

3. For the service transactions given below, identify the location of supplier, the place of supply and the type of supply:
   (a) Christ University organises a Mega Dance Show at its auditorium in Bangalore. For a two-day program, the entry fee is Rs. 2000 per head.
   (b) Chaitra’s Events Factory, Bangalore organises ‘Little Champs’ for Zee Ltd., across India. Zee Ltd., is based out of Mumbai and registered for GST purposes
   (c) Prachi from Lucknow, a dealer who is not registered under GST, requests Maruthi Trucks, Lucknow for delivery of goods to Mahesh Chandra of Noida. The goods are to be picked up from the ware house of Prachi at Chandigarh.

(d) ICAI reserves flight tickets for examiners across India, for their flight to New Delhi. ICAI is registered for GST purposes.
(e) Girish, a resident of Bangalore, recharged his mobile for Rs. 499 while touring North India, at Amritsar. He had a prepaid number from Airtel.
(f) Ankith buys a Car insurance policy from Tata-AIG, Bangalore Branch and pays a premium of Rs. 15,000.

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CMA Intermediate, December 2018**

With reference to the position of Goods and Services Tax law as applicable on or after 01.07.2017, what would be the place of supply of service in the following independent cases?
(i) MN Trade Links of New Delhi are appointed as commission agent by a foreign company for sale of its goods to Indian customers. In lieu of their services, MN Trade Links receive a fixed percentage of commission from the concerned foreign company
(ii) OP Fabricators of Mumbai has temporarily imported certain goods from its customer located in Hongkong for repairs. The said goods have been re-exported to Hongkong after carrying out the necessary repairs without being put to any use in Mumbai.
(iii) UV Airlines, an airlines located in New Delhi, has hired aircrafts from a foreign Airlines for a period of 15 days.

2. **CMA Intermediate, December 2018**

Virat Raina imported on 12.09.2018, certain goods from Colombo, on which he paid ocean freight of Rs.2,34,000. He has received a notice from the Department, asking him to pay the GST on the ocean freight. It is stated in the notice that he is liable to pay GST on Ocean Freight. Since, place of supply of service is destination of goods as per Sec. 13(9) of IGST Act, 2017, You are required to help the importer in rebutting the Department's view.

3. **CMA Intermediate, December 2018**

The ADINA GROUP being an event organizer located at New Delhi organized MISS INDIA 2017 beauty pageant in India in the following cities for M/s PCC MISS INDIA, who is a registered person located in Kolkata after 1st July, 2017:

City	No. of days	Fee in Rs.
New Delhi	15	15 Crores
Chennai	20	20 Crores
Kolkata	25	25 Crores
Total	60	60 Crores

Required:
(A) Find the place of supply of service if contract specifies clear details.
(B) Find the place of supply of service if contract specifies lumpsum amount of Rs. 50 Crores

4. **CMA Intermediate, December 2019**

Find out the place of supply and the tax to be levied (i.e., IGST or CGST & SGST) in the following cases:

(i) Mr. Sathyanarayan, an Architect situated at Kochi is engaged by M/s ABC Builders, Kochi to draw building plan for a proposed building to be situated at Dubai to be owned by the overseas client of M/s ABC Builders.

(ii) M/s Adithya Spinners Ltd., having its registered office at Bangalore (Karnataka) has engaged M/s Texmac (P) Ltd., Coimbatore (Tamilnadu), a company dealing in textile machineries, to supply blow-room machineries for the former's spinning unit to be set-up at Hosur (Tamilnadu). Machineries are supplied in completely knocked down condition at the Hosur Unit and assembled by the technicians of M/s Texmac (P) Ltd. The Hosur unit is not yet registered under GST.

(iii) M/s Kirlo India Ltd., Mumbai (registered under GST) appointed M/s Cunix Infotech (P) Ltd., Delhi for conducting training to its employees in the marketing department and to appraise their performance on periodic basis. During the month of March 2019, Cunix conducted a training program at the campus of Cunix at New Delhi.

(iv) Mr. Arnab, Calcutta (not registered under GST) booked air ticket in Jet Airways Ltd., Calcutta for travel to Mumbai. He embarks on the flight at New Delhi airport.

5. **CMA Intermediate, December 2019**

The Sterling Group of Hotels introduces a holiday package for 5 days in Pondicherry and Mahabalipuram (Tamil Nadu). The stay includes both staying and complimentary breakfast. Where the stay in Pondicherry is for 3 nights and the stay in Mahabalipuram for 2 nights. For the above services, the Sterling charges total of Rs. 15,000. Explain the place of supply in the above scenario.

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. P Ltd., has its registered office, under the Companies Act, 2013, in the State of Maharashtra from where it ordinarily carries on its business of taxable goods. It also has a warehouse in the State of Telangana for storing said goods. What will be the place of business of P Ltd., under the GST Law?
(A) Telangana
(B) Maharashtra
(C) Both (A) and (B)
(D) Neither (A) nor (B)

2. Which of the following sections of the IGST Act, 2017 gives provisions for supply of services, when both the supplier and recipient are located in India:
(A) 10
(B) 11
(C) 13
(D) 12

3. Where a supply of service is made from a place of business for which the registration has been obtained, the location of supplier of service shall be-
   (A) the location of place of such business,
   (B) the location of the residence of the supplier,
   (C) location of recipient of service
   (D) none of the above

4. Where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, the place of supply of goods shall be
   (A) the principal place of business of the recipient of goods
   (B) the principal place of business of such third person
   (C) the principal place of business of supplier of goods
   (D) none of the above

5. Where the goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, the place of supply of goods shall be
   (A) the location of the supplier
   (B) the location of the recipient
   (C) the location at which such goods are taken on board
   (D) any of the above

6. Where the service is supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, the place of supply of goods shall be
   (A) the location of the supplier
   (B) the location of the recipient
   (C) the first scheduled point of departure of that conveyance for the journey
   (D) any of the above

7. Where the services in relation to training and performance appraisal are provided to a registered person, the place of supply of such service shall be
   (A) the location of the supplier of services
   (B) the location of such registered person
   (C) either the location of such registered person or the location of the supplier of services
   (D) any of the above

8. Where the services are provided to a person other than a registered person by way of organisation of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events, the place of supply of such service shall be\
   (A) the location of the supplier of services
   (B) the place where the event is actually held
   (C) the place where the event is actually held and if the event is held outside India, the place of supply shall be the location of the recipient
   (D) any of the above

9. Where the services by way of transportation of goods, including by mail or courier are provided to a person other than a registered person, the place of supply of such service shall be
   (A) the location of the supplier of services
   (B) the location at which such goods are handed over for transportation
   (C) the location of recipient of such services
   (D) none of the above

10. Where passenger transportation services are provided to a registered person, the place of supply of such service shall be
    (A) the location of such registered person
    (B) the place where the passenger embarks on the conveyance for a continuous journey
    (C) the place where the passenger disembarks from the conveyance
    (D) any of the above

11. Where passenger transportation services are provided to a person other than a registered person, the place of supply of such service shall be
    (A) the place where the passenger embarks on the conveyance for a continuous journey
    (B) the place where the passenger disembarks from the conveyance
    (C) the place of supplier of service

Problems

1. Rajan of Hosur (Tamil Nadu) comes to Bangalore and wishes to buy a washing machine for his residence at Hosur. He visited a showroom of washing machine of Geetha in Bangalore. Geetha agreed to transport and deliver the washing machine to Rajan at his residence in Hosur for a sum of Rs. 20,000 including transportation charges.
   (a) What shall be the place of supply and kind of GST chargeable in this case?
   (b) Will the situation be different if Rajan agrees to take the washing machine himself to Hosur?

2. Gagandeep, of Haryana, books an order to supply toys to Jaideep of Jaipur (Rajasthan). Gagandeep places the order on Govind toys Ltd. Mumbai, the manufacturer of such toys and instructs Govind Toys Ltd. to deliver the toys directly to Jaideep of Jaipur to save the transportation cost. What shall be the place of supply and kind of GST chargeable in this case?

3. Revathy, a flight caterer, of Gurgaon (Haryana) has loaded food and drinks on Air India aircraft at Delhi on its flight from Mumbai to Amritsar via Delhi for passengers on board. What shall be the place of supply and kind of GST chargeable in this case?

4. Rajni of Cochin (Kerala) enters into an agreement with Jucunda of Chennai (Tamil Nadu) for installation of a machine in her factory at Pondicherry.
   (a) What shall be the place of supply and kind of GST chargeable in this case?
   (b) What shall be your answer if the machine has to be installed in Jucunda's factory at Calicut (Kerala)?

5. Rekha of Bangalore, imported goods from London. What is the place of supply and what kind of GST is payable?

CHAPTER 7: VALUE OF SUPPLY

SOLVED ILLUSTRATIONS IN e-BOOK

1. In the following cases, state whether the 'value of supply' must be ascertained as per provisions under section 15(1) or Not:
   (a) **U**ma Ltd., is a dealer of Electrical and Electronic items. It sold a washing machine to a walk-in customer at the listed price of Rs. 45,000.
   (b) **M**ahadev & Co, is a dealer in Electronic items. It has introduced an exchange offer where customers can exchange old refrigerators for a new one, on payment of 75% of listed price. The firm sold a refrigerator to a walk-in customer for Rs. 30,000 and received an old refrigerator in exchange.
   (c) **A**nand Hospitals provided medical treatment for employees of Mahindra Pharmaceuticals, who were suffering from food infection. Mahindra Pharmaceuticals is a wholly-owned subsidiary of Anand Hospitals. The treatment charges of Rs. 5,60,000 was completely paid by Mahindra Ltd.
   (d) **S**riram & Co, an audit firm, provided accounting, taxation and audit services to Ramya Restaurant for a monthly consideration of Rs. 10,000 and free supply of food and beverage to all employees of Sriram & Co.
   (e) **H**arish & Co., dealers in Mobile Phones, sold a mobile phone to its employee at Rs. 24,000 which was 20% lower than the listed price.
   (f) **R**oymound Ltd., has two franchises in Bangalore. The company deals with clothing material and accessories. Rs. 1,00,000 worth of accessory items was sold from one franchise to another during the month of May.
   (g) **E**shwari Stores supplies groceries and vegetables to Eshan & Co., for cooking food and serving to the employees of Eshwari Stores. Eshan & Co., are paid Rs. 1,00,000 per month for the services, along with free uniforms to the caterers.
   (h) **E**lizabeth Ltd., and Edwin Ltd., jointly own Ebenezer Group of Educational Institutions. Edwin Ltd., supplies goods worth Rs. 5,00,000 to Elizabeth Ltd., during the month of November 2021.

2. The wholesale price of 1MT of Cement sold by X Ltd., in the ordinary course of business is Rs. 70,000. X Ltd., sold 1MT of Cement to an unrelated customer Y Ltd., for Rs. 67,000. What should be consideration as 'transaction value'?

3. With reference to the provisions relating to transaction value under section 15 of the CGST Act, 2017, state whether the following statements are True or False:
   (a) Central Excise Duty will not be included in the transaction value for supply of tobacco.
   (b) Municipal taxes paid by tenant will be included in transaction value for supply of renting service.
   (c) Entertainment tax included in movie ticket will form part of transaction value.
   (d) Customer makes payment of freight which is payable by the supplier, directly to the service provider. However, supplier does not include this amount in the invoice. Such amount will be included in the transaction value of the supplier.

4. Arjun sold goods to Ankith for Rs. 5,00,000. As per contract, Arjun should deliver the goods to Ankith. Arjun sends the goods to Ankith in a cargo van for which Ankith has paid Rs. 50,000. What is the transaction value?

5. Lokesh & Co., an audit firm based at Bangalore has undertaken an audit assignment for a client based at Mumbai. The charges agreed was Rs. 1,00,000 + travel and accommodation. The travel and accommodation expenses of Rs. 25,000 was incurred by Lokesh & Co., and reimbursed by the client. What is the transaction value?

6. Sanjana Ltd., sells 10 air-conditioners to Spoorthy Ltd., for Rs. 10,00,000. The order of Spoorthy Ltd., was procured by Suresh, an agent who is entitled for a commission of 5% from Sanjana. Sanjana requests Spoorthy to pay the commission to Suresh and remit the balance through Net-banking.
Sanjana Ltd., charges Rs. 6,000 for installation of each air-conditioner at Spoorthy's Plant. Further, it agrees to remove the worn-out and defective equipment at Spoorthy's plant for a consideration of Rs. 40,000.
Ascertain the transaction value.

7. Narendra Ltd., manufactures and sells Fertilizers. Government has been providing a cash subsidy of Rs. 250 per quintal of fertilizer. Narendra Ltd., sells 1000 quintals of Fertilizers in the quarter ended 31st March at the rate of Rs. 750 per quintal. What is the transaction value?
What is the difference if the subsidy is given by Tara Foundation for Agricultural Development?

8. Shyla Ltd., dealers in TVS Mopeds, is offering an off-season discount on all the products @ 2%. It sold 25 mopeds to Nayana Ltd., for use by its sales-team. The list-price was Rs. 65,000 per moped. Shyla Ltd., agreed to deliver the mopeds to Nayana Ltd.'s premises for a charge of Rs. 10,000. Further, it has charged Rs. 2,000 towards packing of each moped.
Ascertain the transaction value.

9. In the above illustration, suppose Shyla Ltd., offers a credit period of 3 months and offers a discount of 1% of the 'invoice value' for a remittance within 1 month. What is the transaction value?

10. Meera Ltd., sells goods worth Rs. 10,00,000 to Bindu Ltd with 2 months credit. 15 days after the sale transaction, Meera Ltd., requests Bindu Ltd., for payment to take care of its cash shortage and offers a discount of 3%. Is the Discount deductible in calculating 'transaction value'?

11. Determine the value of supply from the following information:

	Rs.
Sale price of goods (including GST @ 18%)	6,49,000
Cost of primary packing, charged separately	15,000
Cost of transport packing, charged separately	5,000
Design and engineering charges, charged separately	43,000
<u>Further information:</u>	
Commission paid to agent by recipient on the instruction of supplier	3,000
Freight and insurance charges paid by recipient on behalf of supplier	33,000

12. Black & White Pvt. Ltd., has provided the following particulars relating to goods sold by it to Colorful Pvt. Ltd.

	Rs.
List price of the goods (exclusive of taxes)	50,000
Tax levied by Municipal Authority on the sale of such goods	5,000
Packing charges (not included in price above)	1,000

Black & White Pvt. Ltd., received Rs. 2,000 as a subsidy from an NGO on sale of such goods. The price of R. 50,000 is after considering such subsidy. Black & White Ltd., offers a discount of 2% on list price of the goods which is recorded in the invoice for the goods.
Determine the value of taxable supply made by Black & White Pvt. Ltd.

13. Samriddhi Advertisers conceptualised and designed an advertising campaign for a new product launched by New Moon Pvt. Ltd., for a consideration of Rs. 5,00,000. Samriddhi Advertisers owed Rs. 20,000 to one of its vendors in relation to the advertising service provided by it to New Moon Pvt. Ltd. Such liability of Samriddhi Advertisers was discharged by New Moon Pvt. Ltd. The client was offered a discount of 2% if payment was made within 2 months from the date of invoice. Calculate the taxable value.

14. Suppose, in Illustration Thirteen the client makes payment after 3 months along with interest @ 12% for delayed payment. What should be the treatment?

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

	Rs.
Sale price of the machine (including GST @ 12%)	15,00,000
The invoice value includes the following:	
- Taxes (other than GST) charged separately by the supplier	15,000
- Weighment and loading charges	25,000
- Consultancy charges in relation to pre-installation planning	10,000
- Testing charges	2,000
- Inspection charges	4,500

Other information:
a) Subsidy received from Central Government for setting up factory in backward region Rs. 51,000.
b) Subsidy received from third party for timely supply of machine to recipient Rs. 50,000.
c) Trade discount actually allowed shown separately in the invoice Rs. 24,000.

16. In Illustration Fifteen, suppose, Rs. 15,00,000 is the invoice value and that all additional expenses are not separately charged but included in the sale price. What will be the transaction value?

17. M/s Flow Pro sold a machine to BP Ltd. It provides the following particulars in this regard:

Sl. No	Particulars	Rs.
(i)	Price of the machine (excluding taxes and incidental charges)	30,000
(ii)	Machine was subject to third party inspection. The inspection charges have been directly paid by BP Ltd., to the inspection agency	5,000
(iii)	Freight charges for delivery of the machine (M/s Flow Pro has agreed to deliver the goods at BP Ltd.'s Premises.	2,000
(iv)	Subsidy received from State Government on sale of machine under Skill Development Program (The Subsidy is directly linked to the price)	5,000
(v)	Discount of 2% is offered to BP Ltd., on the price and recorded in the invoice	

Note: Items given in Sl. No (ii) to (v) have not been considered in the price given in Sl. No. (i).
Determine the value of taxable supply made by M/s Flow Pro to BP Ltd.

18. Red Pepper, Delhi, a registered supplier, is manufacturing taxable goods. It provides the following details of taxable inter-state Supply made by it for the month of March 2021.

Particulars	Rs.
List price of goods supplied inter-state (exclusive of taxes)	15,00,000
Subsidy received from Central Government for supply of taxable goods to Government School	2,10,000
Subsidy received from an NGO for supply of taxable goods to an old age home	50,000
Tax levied by Municipal Authority	20,000
Packing charges	15,000
Late fee paid by the recipient for delayed payment of invoice	6,000

The list price of the goods takes into account the two subsidies received. However, the other charges / tax / fees are charged to the customers over and above the list price. Calculate the value of taxable supply made by M/s Red Pepper Ltd., for the month of March 2021. Rate of IGST is 18%.

19. Kamal Book Depot, a wholesaler of stationery items, registered in Mumbai, has received order for supply of stationery items worth Rs. 2,00,000 on 12th November 2021 from another local registered dealer, Mr. Mehta, Mumbai.

Kamal Book Depot charged the following additional expenses from Mehta:

Packing charges	Rs. 5,000
Freight and Cartage	2,000
Transit Insurance	1,500
Extra Designing Charges	6,000
Taxes by Municipal Authority	500

The goods were delivered to Mr. Mehta on 14th November 2021. Since, Mr. Mehta was satisfied with the quality of the goods, he made payment on the same day and simultaneously placed another order amounting to Rs. 10,00,000 to be delivered in the month of December 2021.

On receipt of the second order, Kamal Book Depot allowed a discount of Rs. 20,000 on the first order placed by Mr. Mehta.

What is the transaction value? Would there be any difference in the transaction value if all the above-mentioned expenses are included in the price of Rs. 2,00,000?

20. Luxury Footwear, a registered supplier from Mysore, has a non-moving stock worth Rs. 15,00,0000 of a particular variety of shoes that are out of fashion. It has not been able to find market in spite of offering huge discounts. Subsequently, it was able to sell this stock at a very low price of Rs. 8,00,000 to a retailer in Kerala with a condition that the retailer would display hoardings of Luxury Footwear in all their retail outlets in the State. Determine the value of supply.

21. VPG Ltd., is a manufacturer of various electrical products. One of its products is 'water kettles.'

The company sells each kettle at Rs. 3,500 per unit to its Distributors and the MRP of the product is Rs. 3,850 per unit. In the month of August 2021, the auditors of VPG Ltd., placed order for 100 water kettles for gifting to its employees and article clerks at the end of audit season. The auditors will give free audit and tax service along with the agreed price for water kettles as consideration. What should be the taxable value in the following situations:

(a) The price per kettle was fixed at Rs. 3,250 per unit. However, the auditors carried out the audit and tax work for no fees, which usually would have been charged at Rs. 20,000.
(b) The open market price is not ascertainable.
(c) The open market price is not ascertainable. However, SA Ltd., sells kettles of similar quality and capacity @ Rs. 3,600 per unit to its Distributors.
(d) The open market price is not known, and there is no similar product available in the market. However, VPG Ltd., provides the following cost details **per unit** for manufacture of the kettles:

Direct material (inclusive of GST @ 18%)	Rs. 1,770
Direct wages	500
Other direct expenses	180
Quality control	150
Indirect materials	100
Factory overheads	180
Administrative overheads (30% pertains to this product)	1,000
Selling and Distribution Expenses	90

22. X Ltd., which manufactures steel utensils is headquartered at Mysore, has a factory in Mandya and depots all across India. Each depot is required to obtain separate registration as they are considered as distinct person.
On 11th November 2021, 1000 units were transferred from factory to Mumbai Depot @ Rs. 200 per unit. On that date, the selling price at Mumbai Depot was Rs. 220 per unit.
What is the taxable value of supply when:
(a) Mumbai Depot is not availing Input Tax Credit;
(b) Mumbai Depot is eligible for full Input Tax Credit and is availed by it.

23. A Principal supplies groundnut to his agent and the agent is supplying groundnuts of like kind and quality in subsequent supplies at a price of Rs. 5,000 per quintal on the day of the supply. Another independent supplier is supplying groundnuts of like kind and quality to the said agent at the price of Rs. 4,550 per quintal.
What is the 'value of supply'?

24. Ramesh Ltd., supplies laptops to its agent Vani Ltd., which sells them @ Rs. 50,000 per laptop to its customers. Vani Ltd., procures laptop of similar kind and quality from other suppliers @ Rs. 44,000. During the month of June 2020, Ramesh Ltd., supplied 500 laptops to Vani Ltd. Ascertain the value of supply.

25. Rhea Regency Ltd., sells lottery tickets run and authorized by various State Governments. During the month of November 2021, the firm sold the following:
(a) **Lakshmi Lottery** – Run by Assam Government – 20000 tickets (Face Value Rs. 100 per ticket)
(b) **Rajalakshmi Lottery** – Authorised by Assam Government – 40000 tickets (Face Value Rs. 50 per ticket)
(c) **Dhanalakshmi Lottery** – Authorised by Manipur Government – 50000 tickets (Face Value Rs. 10 per ticket).

26. Shylaja Forex Ltd., is a Foreign Currency Dealer located in Agra. On 13th August 2021, the company was offering Rs. 76.40 – 76.75 per USD. A customer exchanged 15000 USD on that day. State the value of supply in this transaction for Shylaja Forex Ltd., if
    (a) RBI reference rate on 13th August 2020 was Rs. 76.46
    (b) RBI reference rate was not available for that day.

27. Muralidhar, a dealer in foreign currency, gave a customer 11400 Euros in exchange of 10000 Sterling Pounds, on 9th of August 2021. The RBI Reference Rate on that day was as follows:
    (INR/Pound) = Rs. 94.54
    (INR/Euro) = Rs. 82.92
    What should be considered as 'value of supply'?

28. Find the taxable value for the month of August 2021 of Sulekha Travels, air-ticket booking agents, from the following details:

Commission received from airlines	Rs. 3,80,000
Incentives and Bonus being star agent	Rs. 1,20,000
Basic Fare of Domestic booking during the month	Rs. 40,00,000
Basic Fare of International booking during the month	Rs. 25,00,000

29. Lalitharoopa Insurance Company Ltd., has been offering Life Insurance services from year 2000. It has different insurance schemes and variants.
    Details of premium collected during August 2021 is given below:
    (a) Jeevan Suraksha (policy which covers only risk) – Rs. 25,00,000.
    (b) Nivrutthi Raksha (Policy which covers both risk and savings) – Rs. 80,00,000. 80% of the premium collected is allocated to savings and the break-up is intimated to policyholders at the time of collection of premium.
    (c) Vilasa Jeevana (Policy which covers both risk and savings) – Rs. 1,00,00,000. The amount of allocation towards investment is not intimated to policyholders. The above premium consists of Rs. 40,00,000 on new policies subscribed during the year and the balance represents subsequent premium.
    Calculate the taxable value of supply.

30. Vijayakumar & Co., is in the business of buying and selling used cars. During August 2021, the firm bought a car from Girish Kumar for Rs. 4,00,000 and sold it to Anitha Rani. What will be the taxable value of supply for GST purposes, if the sale consideration is-
    (a) Rs. 4,80,000;
    (b) Rs. 3,60,000.
    Also explain the difference in 'value of supply' when Vijaykuamr & Co., is
    (i) not availing input tax credit,
    (ii) availing input tax credit

31. Srivishnu Ltd., took a loan of Rs. 1,50,00,000 from Bindu Bank for purchase of a machine on 1st July 2020 and bought the machinery on the same day. However, Srivishnu Ltd., failed to pay any instalment and the loan was classified as NPA. The Machinery was repossessed by Bindu Bank on 5th November 2020, and sold to Sanjay Ltd., on 9th March 2021. What is the taxable value of supply for GST purposes, if Bindu Bank sold the Machinery for
    (a) Rs. 1,30,00,000
    (b) Rs. 1,25,00,000

32. Landmark, a bookstore in Bangalore, sells gift vouchers having face value of Rs. 5,000. The holder of the voucher can purchase any item from Landmark within 6 months from the date of purchase of the gift voucher.
Lakshman purchased 10 Gift Vouchers on 1st July 2021 and gifted it to his employees. His employees used the vouchers and purchased accessories, gift articles, stationery, dress items etc. on 15th August 2021. What is the 'time of supply' and 'taxable value' of the vouchers?

33. Natural Spa & Parlor, a well-known parlor offers facial service at Rs. 2000 per sitting. It has floated vouchers worth Rs. 2,000 and offers a facial package for 1+1 customer (i.e., one voucher can be used for facial of 2 persons). Bharathi purchased 5 vouchers from Natural Spa & Parlor on 7th December 2020. She used the vouchers towards facial treatment of herself and her daughter over 6 months following the date of purchase. What is the 'time of supply' and 'value of supply'?

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CA Intermediate, May 2018**

Shri Krishna Pvt. Ltd., a registered dealer, furnishes the following information relating to goods sold by it to Shri Balram Pvt. Ltd. in the course of Intra State.

	Particulars	Amount (Rs.)
(i)	Price of the goods	1,00,000
(ii)	Municipal Tax	2,000
(iii)	Inspection charges	15,000
(iv)	Subsidies received from Shri Ram Trust (As the products is going to be used by blind association)	50,000
(v)	Late fees for delayed payment. (Though Shri Balram Pvt. Ltd. made late payment but these charges are waived by Shri Krishna Pvt. Ltd.)	1,000
(vi)	Shri Balram Pvt. Ltd. paid to Radhe Pvt. Ltd. (on behalf of Shri Krishna Pvt. Ltd.) weighment charges.	2,000

According to GST Law, determine the value of taxable supply made by Shri Krishna Pvt. Ltd. Items given in Point (ii) to (vi) are not considered while arriving at the price of the goods given in point no.(i).

2. **CA Intermediate, May 2018**

Candy Blue Ltd., Mumbai, a registered supplier is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it in the month of October 2021:

	Rs.
(i) List price of goods supplied inter-state	12,40,000
<u>Items already adjusted in the price given in (i) above:</u>	
1. Subsidy from Central Government for supply of Biscuits to Government School	1,20,000

2. Subsidy from Trade Association for supply of quality Biscuits	30,000
Items not adjusted in the price given in (i) above:	
3. Tax levied by Municipal Authority	24,000
4. Packing charges	12,000
5. Late fee paid by the recipient of supply for delayed payment of invoice.	5,000

Calculate the value of taxable supply made by M/s Candy Blue Ltd., for the month of October 2021.

3. **CA Intermediate, May 2019**

Koli Ltd. supplies machinery to Ghisa Ltd. (Dealer in same State), provides following particulars regarding the same. Determine the value of taxable supply of machinery.

S.No.	Particulars	Amount (Rs.)
(i)	Price of Machinery (exclusive of taxes and discounts)	5,50,000
(ii)	One part is directly fitted in machinery at place of Ghisa Ltd. (amount paid by Ghisa Ltd. directly to supplier, as per contract. This amount should be paid by Koli Ltd. and not included in price)	20,000
(iii)	Installation and testing charges for machinery, not included in price	25,000
(iv)	Discount 2% on machinery price (recorded in the invoice)	
(v)	Koli Ltd. provides additional 1% discount at year end, based on additional purchase of other machinery	

4. **CA Intermediate, May 2019**

M/s. Apna Bank Limited, a Scheduled Commercial Bank has furnished the following details for the month of August, 2021:

Particulars	Amount (in Rs. Crores) (Excluding GST)
Extended Housing Loan to its customers	100
Processing fees collected from its customers on sanction of loan	20
Commission collected from its customers on bank guarantee	30
Interest income on credit card issued by the bank	40
Interest received on housing loan extended by the bank	25
Minimum balance charges collected from current account and saving account holder	01

Compute the value of taxable supply. Give reasons with suitable assumptions.

5. **CA Intermediate, November 2020**

Following are the particulars, relating to one of the machines sold by M/s SQM Ltd. To M/s ACD Ltd., in the month of February 2021 at list price of Rs. 9,50,000 (exclusive of taxes and discount), Further, following additional amounts have been charged from M/s ACD Ltd:

Sl. No.	Particulars	Amount (Rs.)
(i)	Municipal taxes chargeable on the machine	45,000
(ii)	Outward freight charges (contract was to deliver machine at ACD Ltd.'s factory i.e., F.O.R contract)	65,000

Additional information:

(i) M/s SQM Ltd., normally gives an interest-free credit period of 30 days for payment, after which it charges interest @ 1% per month or part thereof on list price. ACD Ltd., paid for the supply after 45 days but M/s SQM Ltd., waived the interest payable.

(ii) M/s SQM Ltd., received Rs. 50,000 as subsidy, from one non-government organisation (NGO) on sale of such machine. This subsidy was not linked to the price of the machine and also not considered in list price of Rs. 9,50,000.

(iii) M/s ACD Ltd., deducted discount of Rs. 15,000 at the time of final payment, which was not as per agreement.

(iv) M/s SQM Ltd., collected Rs. 9,500 as TCS (Tax Collected at Source) under the provisions of the Income Tax Act, 1961.

Compute the Taxable value of supply as per provision of GST Laws, considering that the price is sole consideration for the supply and both parties are unrelated to each other.

6. **CMA Intermediate, June 2018**

RG Pvt. Ltd. provides the following particulars relating to goods sold by it to GK Pvt. Ltd.:

Particulars	Amount in (Rs.)
List price of the goods (exclusive of taxes and discounts)	10,00,000
Tax levied by Municipal Authority in the sale of such goods	1,00,000
CGST and SGST chargeable on the goods	2,00,880
Packing charges (not included in price above)	20,000

RG Pvt. Ltd. received Rs. 40,000 as a subsidy from a NGO on sale of such goods. The price of *Rs.* 10,00,000 of the goods is after considering such subsidy.

RG Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods. Determine the value of the taxable supply made by RG Pvt. Ltd.

7. **CMA Intermediate, December 2018**

Which of the following shall not be included in value of supply?

(A) Commission
(B) Late fee or penalty for delay
(C) GST
(D) Interest

8. **CMA Intermediate, December 2019**

Where a desk-top printer is sold for Rs. 10,000 along with the exchange of an old printer and if the price of the new desk-top printer without exchange is Rs. 12,500, the taxable value for GST purpose would be-

A. Rs. 10,000
B. Rs. 12,500
C. Either (A) or (B)
D. Rs. 10,000 for the supplier and Rs. 2,500 for the customer.

9. **Question 9 (CMA Intermediate, December 2019)**

Determine the value of supply in the following cases:

(i) M/s Prithvi Starch Products, Mumbai supplied 100 tonnes of Maize Starch to its agent M/s Ramco Agency, Ahmedabad on 10th October, 2020. In the delivery challan, the taxable value of the product was mentioned as Rs. 2,300 per tonne. On the same day M/s Ramco Agency supplied 60 kgs of Maize Starch of same kind and quality of M/s Prithvi Starch Products at a price of Rs. 2,900 per tonne. Further, on the same day, M/s Ramco Agency has purchased on his own account 125 tonnes of Maize Starch from another independent supplier which is of the same kind and quality of M/s Prithvi Starch Products and the value was shown as Rs. 2,700 in the Tax Invoice issued by the said independent supplier. What is the value of taxable supply in the hands of M/s Prithvi Starch Products as per Rule 29(a) of CGST Rules, 2017?

(ii) R, a trader dealing in Solar Cooker charged Rs. 40,000 for supply of cooker to G. He has received the following subsidies:

A. Subsidy directly linked to the supply and received from a Charitable Trust engaged in promotion of solar cookers	Rs. 16,000
B. Subsidy from the Central Government as it also wants to promote solar products in the company.	Rs. 24,000

Determine the value of supply of solar cooker.

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. Value of Supply u/s 15(1) is-
(A) Wholesale price
(B) Market Value
(C) Maximum Retail Price
(D) Transaction value

2. Which of the following statements is/are correct?
(A) Section 15 of CGST Act prescribes different provisions for valuation of goods and services.
(B) CGST Act and IGST Act have different provisions for valuation of supply.
(C) Section 15 of CGST Act prescribes same set of provisions for valuation of goods and services.

3. When can the 'transaction value' be rejected for computation of 'value of supply'?
   (A) When the buyer and seller are related and price is not the sole consideration.
   (B) When the buyer and seller are related or price is not the sole consideration.
   (C) It can never be rejected.
   (D) When the goods are sold at very low margins.

4. The value of supply should include-
   (A) Any non-GST taxes, duties, cesses, fees charged separately by the buyer;
   (B) Interest, late fee or penalty for delayed payment of any consideration for any supply
   (C) Subsidies directly linked to the price except subsidies provided by the Central and State Governments.
   (D) All of the above.

5. Discount given after the supply is deducted from the value of supply, if-
   (A) Such discount is given as per agreement entered into at or before the supply.
   (B) Such discount is linked to the relevant invoices.
   (C) Proportionate input tax credit is reversed by the recipient of supply.
   (D) All of the above.

Problems

1. An association engaged in philanthropy 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 to Rs. 8 Lakhs a year instead of Rs. 15,00,000 per year for other students. What would be the value of the service of coaching and instruction provided by the institution to the low-income group students?

2. Maiyya Banners, an advertising firm, gives an interest-free credit of 30 days for payment by the customer. Its customer Adigas paid for the supply 32 days after the supply of service. Maiyya 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 value?

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

4. New Modern Bakery Ltd., sells biscuits and cakes through its dealers, to whom it charges the list price minus the standard discount and pays GST accordingly. When goods remain unsold with the dealers, it offered additional discounts on the stock as an incentive to push the sales. Can this additional discount be reduced from the price at which goods were sold for arriving at 'value of supply'?

5. Sharp Minds Institute provides coaching for engineering entrance examinations. Monthly fees charged by the Institute from a student is Rs. 10,000. The Institute is known for its commitment to provide education to underprivileged children. It trains 10 students every year for entrance examinations free of cost.

The Institute has received Rs. 3,00,000 as coaching fees during the month. Nav Jeevan, an NGO working in the area of education for underprivileged children, has given a subsidy of Rs. 10,000 (in lumpsum) during the month to the Institute as it is serving the cause of underprivileged children.

Determine the value of supply of education services made by Sharp Mind Institute during the month.

6. Furniture Wala is a chain of retail showrooms selling both modern and classic furniture. In order to build strong customer association, the showroom provides free delivery of the furniture at the premises of the customers if the distance between the showroom and the customer's premises is up to 20 kms. Where the distance is more than 20 kms, the showroom charges a concessional freight of Rs. 10 for every additional km.

   Ms. Leena Kapoor purchased a double bed, a dressing table and a center table for Rs. 2,00,000 from Furniture Wala. Ms. Leena gets free delivery of the furniture as her residence is located at a distance of 18 km from the showroom. The showroom incurs an expenditure of Rs. 1000 for delivering the furniture at Ms. Leena's residence.

   Determine the value of taxable supply made by Furniture Wala. Will your answer change if residence of Ms. Leena is 50 kms away from the showroom?

CHAPTER 8: RATES OF GST

SOLVED ILLUSTRATIONS IN e-BOOK

1. Reyansh Enterprises engaged in providing construction services for education institutions. The rate of GST was 18% till 20th September 2021. Later, the rate got decreased to 12%. The construction service completed on 15th September 2021. Reyansh Enterprises seeks your advice on the **time of supply** as there is change in rate of tax in following scenarios:
   (a) Date of invoice 18.09.2021 and date of payment for this on 25.09.2021
   (b) Date of invoice 30.09.2021 and date of payment for this on 01.09.2021
   (c) Date of invoice 30.09.2021 and date of payment for this on 10.10.2021

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CA Intermediate, November 2020**

   M/s ABC Ltd., is a contractor executing works contract service, situated in Tamil Nadu. It entered into an agreement with M/s XYZ Ltd. (another registered person in Tamil Nadu) to provide works contract services in various states in South India. The precise location details were to be shared later. In this regard, M/s ABC Ltd., received an advance of INR 1 Crores (including GST).
   You are to advise M/s ABC Ltd., whether:
   (A) They are liable to pay tax under GST on such advance amount.
   (B) Whether the tax liability is to be paid as CGST + SGST or IGST.
   (C) What would be the tax rate at which such tax liability is to be paid?

2. **CMA Intermediate, June 2018**

   Goods are classified in the GST regime in India using SAC Code. True / False

3. **CMA Intermediate, June 2018**

   The highest rate of tax levied under IGST is 28%. – True / False

4. **CMA Intermediate, June 2018**

   In HSN, N Stands for _____________

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. GST Liability is calculated as-
   (A) Taxable Value of Supply X GST Rate
   (B) Taxable Value + GST Rate
   (C) Taxable Value – GST Rate
   (D) Taxable Value / GST Rate

2. Which of the following is not a notified tax rate for Goods?
   (A) 3%
   (B) 0.75%
   (C) 18%
   (D) 28%

3. Which of the following is not a notified tax rate for Services?
   (A) Nil
   (B) 12%
   (C) 3%
   (D) 28%

4. HSN refers to-
   (A) Homogeneous System of Nation
   (B) Heterogeneous Sign of Nomenclature
   (C) Harmonious System of Names
   (D) Harmonized System of Nomenclature

5. HSN has __________ Sections
   (A) 21
   (B) 19
   (C) 99
   (D) 22

6. HSN has _________ Chapters
   (A) 100
   (B) 99
   (C) 1244
   (D) 10

CHAPTER 9: INPUT TAX CREDIT

SOLVED ILLUSTRATIONS IN e-BOOK

1. Dhruv Ltd received two debit notes in Financial Year 2021-22. One is pertaining to tax invoice dated 11.11.2020 wherein debit note dated 31.10.2021 received. Another one was pertaining to tax invoice dated 31.03.2021 wherein debit note noted 31.08.2021 was received. Comment on ITC eligibility on debit notes. Annual return is filed on 31.12.2021 for the FY 2020-21.

2. Planet Computers a manufacturer has the following detail of inputs received in the factory on which credits were not availed earlier. Determine the time limit for claim of ITC. Assume the due date of filing the annual return is 31st December for previous financial year and returns are filed or intended to be filed on due date.

Sl. No.	Particular	IGST paid (Rs)	Date of invoice
1	Raw material A	10,000	01.01.2021
2	Raw material B	12,000	28.02.2021
3	Raw material C	15,000	05.04.2021

3. Rashmi Enterprises procured computers worth Rs.1,00,000 paying IGST of Rs.18,000/- through invoice dated 01.04.2021. Payment to the vendor was made on 31.03.2021 is Rs.50,000 + GST of Rs.9,000. Comment on ITC eligibility on balance GST of Rs.9,000.

4. Sudarshan Fabricators purchased CNC machinery worth Rs.9,00,000 paying GST of Rs.1,62,000/-. Total amount of Rs.10,62,000/- was capitalized for income tax depreciation purpose. Sudarshan Fabricators also took ITC of Rs.1,62,000/- for paying GST liability. Comment on ITC eligibility.

5. A service provider placed order on vendor M/s.Sigma Chairs to supply 50 chairs to the office. First lot of 25 chairs was supplied on 31st July and balance was delivered on 1st August. CGST & SGST of Rs.40,000 was payable on 50 chairs. The service provider utilized this entire credit for payment of output liability for July month. Examine whether it is proper in accordance with the provision of GST.

6. M/s. Clean Soap Enterprises engaged in manufacture of soap provides following information for March 2021:

Sl. NO	Particulars	Amount (Rs.)
1	Total ITC input and input services	6,00,000
2	ITC attributable to non-business purposes	50,000
3	ITC attributable export supplies	20,000
4	ITC on inputs used in exempt supplies	15,000
5	ITC on inputs used in supplies made to consumers paying applicable GST	3,50,000
6	ITC on gifts issue to employees	18,000
7	Total turnover	34,00,000
8	Total value of exempt supplies	6,50,000

Mr.Clean Soap Enterprises wishes to understand the eligible credit amount with above information. Total ITC amount includes the other credit details provided.

7. Krishna Retail Private Limited procured four different capital goods paying GST as follows in April 2021:

Sl. No.	Description	GST paid	Remarks
1	Computer	2,00,000	Used in taxable and exempt supplies
2	Packing machine	3,50,000	Used in zero rated supplies
3	Furniture	4,20,000	Used in non-business use
4	Cutting machine	1,70,000	Used in taxable supplies for 4 years. From April 2021, its being used for exempt and taxable supplies

Total aggregate turnover is Rs.25,00,000 out of which exempt supplies is Rs.4,00,000 for the month of April 2021. Compute the amount of credit to be added to output liability on account of common use.

8. Mr. Venkat is a GST registered trader in Karnataka. He has procured 20 motor cars and expecting comment on eligibility of ITC paid on goods procured which are procured from Tamil Nadu paying IGST.
   (a) 10 cars for further sale on payment of GST
   (b) 2 cars were exported to Germany
   (c) 1 car was used for driving school unit where motor driving skills are taught to clients
   (d) 12 cars are for transportation of his sales executives to home and office

9. Vinay Springs Ltd manufactured 100 units of springs using raw material 'A'. Raw material (A) of 10 kgs were procured paying IGST of Rs. 60,000 in production of springs. Due to fire occurred, around 2 kgs of raw material 'A' destroyed in the factory. Whether the company would be required to reverse the ITC on 2 kgs.

10. Acer Manufacturers Private Ltd engaged in manufacture of mouse. The aggregate turnover in the financial year 2020-21 is Rs.1.4 crore. In the FY 2021-22, as on 30.05.2021, it exceeded Rs.1.5 crore limit wherein it became a regular registered person in GST.
    Following are the details of inputs lying in stock as on 29.05.2021.
    (a) Inputs worth of Rs.6,00,000 with GST of Rs.72,000
    (b) Input contained in semi-finished stock worth of Rs.2,00,000 with GST of Rs.36,000
    (c) Input contained in finished goods is of Rs. 1,50,000 with GST of Rs.7,500.
    Determine the eligibility of taking credit on input held in stock.

11. Babla & Bros. is exclusively engaged in making exempt supply of goods and is thus, not registered under GST. On 1st October, the exemption available on its goods gets withdrawn. On that day, the turnover of Babla & Bros. was Rs.50 lakh. Examine the eligibility of Babla & Bros. for availing ITC, if any.

12. M/s. Behex Private Limited engaged in sale of product A which was taxable and became exempt from GST from 07.03.2020. The ITC balance in was Rs.17,000. There was also stock of materials worth Rs.3,25,000 on which GST paid was Rs.16,250. There was also a capital goods on which

ITC was availed to the extent of Rs.24,000 which was purchased on 04.04.2019. Comment on implication in GST.

13. Mamta Sales trades in exempt goods and provides taxable services. It is registered under GST. On 1st October, the exemption available on its goods gets withdrawn. Analyze the scenario and determine the eligibility of Mamta Sales for availing ITC, if any, on inputs and/or capital goods used in the supply of exempt goods.

14. Ramani Seating Private Limited a regular registered person in GST sends 100-meter leather sheets for chemical processing on 01.02.2020. As on 31.03.2021, only 50-meter leather sheets are processed and received back from job worker. He wants us to guide on GST implication.

15. Akshay Enterprises registered as an ISD in Karnataka as totally there are three locations in which sale activities are happening. The ITC on input service is Rs.2.5 lakh used by more than one location. This needs to be distributed to Kerala, Andra Pradesh and Karnataka.
The turnover of Kerala, Andra Pradesh and Karnataka in preceding financial year is Rs.16 lakh, Rs.8 lakh and Rs.15 lakh respectively. Out of Rs.2.5 lakh credit, Rs.35,000 is exclusively related to Kerala location. Prepare the statement showing distribution of Input tax credit.

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. CA Intermediate, May 2018

Bharat Associates Pvt. Ltd. purchased machinery worth Rs.9,00,000 (excluding GST) on 20-07-2019 on which it paid GST @ 18% and availed the ITC. On 05-03-2020, it sold the machinery for Rs.7,00,000 (excluding GST) to Hindustan Associates Pvt. Ltd. The GST rate on sale is 18%. What will be the course of action for Bharat Associates Pvt. Ltd. to follow under CGST Act,2017?

2. CA Intermediate, May 2018

Fun Pharma Private Limited, a registered supplier is engaged in the manufacture of taxable goods. The company provides the following information of GST paid on the purchases made/ input services availed by it during the month of September 2021:

	Particulars	GST paid (Rs)
(i)	Purchase of cabs used for the transportation of its employees	3,30,000
(ii)	Inputs consisting of three lots, out of which first lot was received during the month	1,25,000
(iii)	Capital Goods (out of three items, invoice for one item was missing and GST paid on that item was Rs. 25,000)	2,50,000
(iv)	Outdoor catering service availed on Women's Day	72,000

Determine the amount of input tax credit available with M/s Fun Pharma Private Limited for the month of September, 2021 by giving necessary explanations for treatment of various items. All the conditions necessary for availing the input tax credit have been fulfilled.

3. CA Intermediate, November 2018

M/s.J & Co. Chartered Accountants, a partnership firm, having its registered and head office in Mumbai and registered under the GST Act in the State of Maharashtra only. It does not have any branches in other State. The gross receipts of the firm in the Financial Year 2020-21 was Rs.60 lakh. Firm has submitted following information for the month of August,2021:

Particulars	Amount (Rs.) (Excluding GST)
1. Professional services provided and bills raised during the month for providing services of ITR filing and income tax consultancy	1,00,000
2. Internal Audit of X Pvt. Ltd. at their office in Mumbai (registered in the State of Maharashtra)	50,000
3. Statutory audit services provided to M/s Tirupati Trading Pvt. Ltd. at Ahmadabad (registered in the State of Gujarat)	70,000

The Firm has also furnished following information in respect of input services availed from registered dealers for providing output services during the month August, 2021:

Particulars	Amount	CGST	SGST	IGST
Services availed from courier agency	5,000	450	450	Nil
Railway travelling expenses from Mumbai to Ahmedabad and Return Ticket for conducting of audit of M/s Tirupati Trading Pvt. Ltd. for 3 Tier AC.	12,000	Nil	Nil	600
Service availed from another professional firm at Mumbai (amount is paid without TDS u/s 194J of Income TaxAct)	20,000	3,600	Nil	Nil

Notes:

(i) Rate of CGST, SGST and IGST to be 9%, 9% & 18% respectively on outward supplies.

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

(iii) Opening balance of available input tax credit is Nil for CGST, SGST and IGST.

Compute the net GST payable by M/s J & Co. for the month August, 2021 after adjusting the GST credit. Brief reasoning should form part of your answer.

4. CA Intermediate, November 2018

CANWIN Ltd., a registered supplier, is engaged in the manufacture of Tanks. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of January 2021:

S. No	Particulars	GST Paid (Rs.)
(i)	Purchase of Machinery where debit note is issued	1,15,000
(ii)	Input purchased was directly delivered to Mr. Joe, a job worker and a registered supplier	80,000
(iii)	Computers purchased (Depreciation was claimed on the said GST portion under the Income-Tax Act, 1961)	50,000
(iv)	Works Contract services availed for construction of Staff quarters within the company premises	4,25,000

Determine the amount of ITC available to M/s. CANWIN Ltd. for the month of January 2021 by giving brief explanations for treatment of various items. Subject to the information given above, all the conditions necessary for availing the ITC have been fulfilled.

5. CA Intermediate, November 2018

Harshgeet Pvt. Ltd., a registered supplier, is engaged in the manufacture of taxable goods. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of July, 2021:

Sl. No	Particulars	GST paid
1.	Raw Material (to be received in September, 2021)	2,50,000
2.	Membership of a club availed for employees working in factory	1,45,000
3.	Inputs to be received in 5 lots, out of which 3rd lot was received during the month	80,000
4.	Trucks used for transport of raw material	40,000
5.	Capital goods (out of 3 items, invoice for 2 items is missing and GST paid on that item is Rs. 80,000)	1,50,000

Determine the amount of tax credit available with Harshgeet Pvt. Ltd. for the month of July,2020 by giving the necessary explanation for treatment of various items. All the conditions necessary for availing the ITC have been fulfilled.

6. CA Intermediate, May 2019

Jamku Ltd. a registered person is engaged in the business of spices. It provides following details for GST paid during October, 2021.

Sl. No.	Particulars	GST Paid (Rs.)
1.	Raw spices purchase Raw spices used for furtherance of business Raw spices used for personal use of Directors	 50,000 20,000
2.	Electric machinery purchased to be used in the manufacturing process.	25,000

3.	Motor vehicle used for transportation of the employee	55,000
4.	Payment made for material and to contractor for construction of staff quarter.	1,25,000

Determine the amount of ITC available to Jamku Ltd. for the month of October, 2021 with all related workings and explanations. All the conditions necessary for availing the ITC have been fulfilled.

7. CA Intermediate, November 2020

M/s Seven Wonders Pvt. Ltd., a registered supplier, is involved in manufacturing of taxable goods. Following information has been provided by the company pertaining to GST paid on purchase made / input services availed by it during the month of January 2021:

Particulars	Amount (Rs.)
Raw Material (to be received in February 2021)	2,00,000
Capital goods (invoice missing for one out of 5 items and GST paid on the same was Rs. 70,000)	5,00,000
GST paid on free samples distributed	6,000
Trucks used for transportation of raw materials	1,50,000
GST paid on health insurance policies [Not notified u/s 17(5)(b)(iii)(A) of the CGST Act]	80,000

It may be assumed that all the other necessary conditions for availing Input Tax Credit have been complied.
Determine the amount of Input Tax Credit that can be availed by Seven Wonders Pvt. Ltd., in the month of January 2021.

8. CA Intermediate, November 2020

Examine eligibility of Input Tax Credit in the following cases in accordance with GST Laws:

(i) Repairs and maintenance of Tempos used by XYZ Ltd., for transportation of Finished Goods.
(ii) Company procuring health insurance services for the benefit of its employees (Procurement of health insurance is mandatory under Factories Act, 1948)
(iii) Supply of Outdoor Catering Services at the Annual General Meeting of ABC Ltd.
(iv) Luxury Motor Vehicle (seating capacity of 5 persons) bought by XYZ Ltd. (engaged in soap manufacturing business) for its directors.
(v) Motor Vehicle used by Courier Agency for transportation of courier consignments.

9. CA Intermediate, January 2021

Laxmi Traders a supplier of electric goods, registered under GST in the state of Karnataka. Laxmi Traders receives 200 invoices for inward supply of goods and services, involving GST of Rs. 8,00,000 from various suppliers during the month of November 2019.

Compute the input tax credit (ITC) that can be claimed by Laxmi Traders in his GSTR-3B for the month of November 2019 to be filed by 20th December 2019 in the following independent situations assuming that GST of Rs. 8,00,000 is otherwise eligible for input tax credit:

Situation 1:
Out of 200 invoices, 160 invoices involving GST of Rs. 7,00,000 have been uploaded by the suppliers in their respective GSTR-1 filed on the prescribed due date thereof.

Situation 2:
Out of 200 invoices, 140 invoices involving GST of Rs. 5,00,000 have been uploaded b the suppliers in their respective GST-1 Filed on the prescribed due date thereof.

10. CMA Intermediate, June 2018

M/s XYZ Ltd., having its Head Office at Mumbai, is registered as ISD. It has three units in different states namely 'Mumbai', 'Chennai' and 'Delhi' which are operational in the current year. M/s. XYZ Ltd. furnishes the following information for the month of December 2019.
You are required to distribute the below input tax credit
(i) CGST and SGST paid on services used only for Mumbai Unit: 3,00,000
(ii) IGST, CGST and SGST paid on services used for all units: 12,00,000.

Total Turnover of the units for the Financial Year 2018-19 are as follows:

Unit	Turnover in Rs.
Turnover of Mumbai unit	5,00,00,000
Turnover of Chennai	3,00,00,000
Turnover Delhi	2,00,00,000
Total turnover	**10,00,00,000**

11. CMA Intermediate, June 2018

State whether input tax credit is available in the following cases:
(i) Motor car purchased by driving school for imparting training to the customers. Whether your answer would be different if the motor car is purchased by a manufacturing company to be used by its Managing Director for official purposes.
(ii) Amount spent for construction of factory building.
(iii) Gift articles purchased on the occasion of Diwali to be distributed among the employees.

12. CMA Intermediate, December 2018

State Yes or No, Input tax credit can be claimed for machinery purchased and sent directly to a job worker registered under the tax payer

13. CMA Intermediate, December 2018

In GST, details of inward supplies of taxable goods or services for claiming input tax credit are to be furnished in form No. ________________

14. Question 14 (CMA Intermediate, December 2018)

Mr. C a registered taxable person, was paying tax at composition scheme upto 30th July. However, from 31st July, Mr. C becomes liable to pay tax under regular scheme. Other information:

(i) Unutilized inputs at day end on 30th July for 3,54,000 (inclusive of GST paid @ 18%)
(ii) Capital goods purchased for Rs.5,00,000 (invoice date 22nd April,2017 GST charged separately @ 18%)

Find the eligible ITC to Mr. C
Note: Mr. C has not availed depreciation on the GST paid on capital goods.

15. CMA Intermediate, June 2019

From the following information provided to you, determine, how would you utilize ITC on account of SGST available in the Electronic Credit Ledger:

Particulars	Amount (Rs.)
Amount of ITC on account of SGST available in the Electronic Credit Ledger for the month of June, 2020	2,00,000
CGST payable for the month of June, 2020	73,000
IGST payable for the month of June, 2020	96,000
SGST payable for the month of June, 2020	30,000

16. CMA Intermediate, June 2019

Discuss the correctness of the statement. State with reasons whether Input Tax Credit is available in respect of the following inward supplies:

(i) Life Insurance Premium paid for the benefit of the employees working in granite mines, which is obligatory on the part of the company to provide this benefit under the State Law.
(ii) Membership fee paid to a fitness center by a film stunt artist.
(iii) Outdoor catering services paid towards supply of some special foods to a Restaurant, which has taken a contract for supply of food in a birthday party.
(iv) Motor truck purchased by a timber dealer for transportation of timber.

17. CMA Intermediate, December 2019

Input tax credit is allowed if the goods are destroyed by fire – True / False

18. CMA Intermediate, December 2019

A registered supplier has claimed depreciation as per Income Tax Act, 1961 on the total cost of a machinery including IGST component of Rs. 36,000. He can avail ITC to the tune of Rs. ________.

19. CMA Intermediate, December 2019

M/s Abishek Industries Ltd., has given the following information pertaining to the month of October 2021:

Sl. NO	Particulars	Amount (Rs.)
1	Total Input Tax Credit (ITC) on inputs and input services	18,00,000
2	ITC attributable exclusively for non-business purposes (included in Sl. No. 1 above)	1,50,000
3	ITC attributable exclusively for effecting exempt supplies (included in Sl. No.1 above)	6,50,000
4	ITC in respect of inputs on which credit is not available u/s 17(5) [included in Sl. No. 1 above]	50,000
5	ITC attributable exclusively for effecting taxable supplies (included in Sl. No. 1 above)	5,50,000
6	Total turnover	1,12,65,000
7	Total value of exempt supplies	54,16,000

You are required to calculate the amount of common input tax credit to be reversed in respect of exempt supplies as per rule 42 of CGST Rules, 2017.

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. ITC can be claimed on the basis of
   (A) Tax invoice
   (B) Delivery challan
   (C) Bill of supply
   (D) All the above

2. Credit of IGST can be utilised for payment of
   (A) IGST
   (B) CGST
   (C) SGST
   (D) All the above

3. The time limit to pay for tax invoice to the vendors to claim ITC is
   (A) 60 days
   (B) 90 days
   (C) 180 days
   (D) 240 days

4. The time limit to pay to the foreign vendor to claim ITC is
   (A) 60 days
   (B) 90 days
   (C) 180 days
   (D) No time limit

5. ISD can be used to distribute the ITC on
   (A) Inputs
   (B) Capital goods
   (C) Input services
   (D) All the above

6. ITC is not eligible to be claimed in case of
   (E) Motor vehicles with 13 or less seating capacity
   (F) Food and beverages
   (G) Construction materials
   (H) All the above

7. Registered person not entitled to claim credit on capital goods if depreciation claimed under
   (A) Income tax law
   (B) Companies Act
   (C) GST Act
   (D) Any of the above

8. On sale of moulds, dies, jigs, GST to be paid is
   (A) Amount equal to ITC reduced by 5% per quarter
   (B) Tax on transaction value
   (C) Nil
   (D) None of the above

9. Time limit for claiming the ITC on goods imported
   (A) 1 year from bill of entry date
   (B) 2 years from bill of entry date
   (C) No time limit
   (D) 1 year from date of customs duty payment

10. Non-resident taxable person can claim credit on
   (A) Goods imported by him
   (B) Inputs procured from registered persons
   (C) Capital goods procured from registered persons
   (D) None of the above

11. Time limit to claim ITC in case of tax invoice is
   (A) Due date of filing annual return
   (B) Due date of filing audit report
   (C) Due date of filing the monthly return
   (D) Due date of filing annual return or due date of filing return for September month of subsequent year

12. Input tax credit is not available in respect of_____________.
   (i) services on which tax has been paid under composition levy.
   (ii) free samples
   (iii) goods used for personal consumption

(A) (i)
(B) (i) and (ii)
(C) (i) and (iii)
(D) (i), (ii) and (iii)

13. If the goods are received in lots/instalment, _______________
    (A) 50% ITC can be taken on receipt of 1st instalment and balance 50% on receipt of last instalment.
    (B) ITC can be availed upon receipt of last instalment.
    (C) 100% ITC can be taken on receipt of 1^{st} instalment.
    (D) Proportionate ITC can be availed on receipt of each lot/instalment.

14. For banking companies using inputs and input services partly for taxable supplies and partly for exempt supplies, which of the statement is true?
    (A) ITC shall be compulsorily restricted to credit attributable to taxable supplies including zero rated supplies
    (B) 50% of eligible ITC on inputs, capital goods, and input service shall be mandatorily taken in a month and the rest shall lapse.
    (C) Banking company can choose to exercise either option (a) or option (b)
    (D) ITC shall be compulsorily restricted to credit attributable to taxable supplies excluding zero rated supplies.

15. A supplier takes deduction of depreciation on the GST component of the cost of capital goods as per Income- tax Act, 1961. The supplier can-
    (A) avail only 50% of the said tax component as ITC
    (B) not avail ITC on the said tax component
    (C) avail 100% ITC of the said tax component
    (D) avail only 25% of the said tax component as ITC

16. ITC of motor vehicles used for making_______________is allowed.
    (i) Transportation of goods
    (ii) Taxable supplies of transportation of passengers
    (iii) Taxable supplies of imparting training on driving
    (A) (i)
    (B) (ii)
    (C) (ii) and (iii)
    (D) (i), (ii) and (iii)

17. Mr. A has a tax invoice [dated 20-1-2020] of services received by him. Its input tax credit is lost, if ITC is not availed on or before–
    (A) 20-1-2021
    (B) 31-12-2020
    (C) 20-1-2022
    (D) Date of filing return of September, 2020 or date of filing of annual return for 2019-20, whichever is earlier

18. Input tax credit shall not be available in respect of:
    (i) Goods used for personal consumption
    (ii) Membership of a club provided by the employer to its employees as per company's internal policy.
    (iii) Travel benefits extended to employees on vacation such as leave or home travel concession as per company's internal policy.

    (A) (i)
    (B) (i) and (ii)
    (C) (ii) and (iii)
    (D) (i), (i) and (iii)

19. Mr. Raghu avails services of Mr. Raja, a Chartered Accountant, as under-

    (i) Audit of financial accounts Rs.55,000
    (ii) Tax audit and annual filing Rs.10,000
    (iii) Income-tax return filing of Mr. Raghu 's wife Rs.5,000

    All the above amounts are exclusive of taxes and the applicable rate of GST on these services is 18%.
    The accountant of Mr. Raghu has booked the entire expenses of Rs.70,000 plus GST in the books of account. Mr. Raghu is eligible to take input tax credit of –

    (A) Rs.13,500
    (B) Rs.11,700
    (C) Rs. 9,900
    (D) Rs.1,800

20. In which of the following situations, recipient needs to add the input tax credit availed by him to his output tax liability?
    (A) If payment for supplies under forward charge is not made to the supplier within 45 days from the date of invoice.
    (B) If payment for supplies under forward charge is not made to the supplier within 90 days from the date of invoice.
    (C) If payment for supplies under forward charge is not made to the supplier within 180 days from the date of invoice.
    (D) If payment for supplies under forward charge is not made to the supplier within 1 year from the date of invoice.

Problems

1. Raksha Paper Mills provides you with following information on inputs received in the factory on which ITC was missed out. As a consultant, suggest them with the due date for availing the credit. Assume that annual return filed on due date

Sl. No.	Particular	IGST paid (Rs)	Date of invoice	Annual return filing date
1	Raw material A	70,000	28.10.2020	31.12.2021
2	Raw material B	95,000	18.02.2020	31.12.2020
3	Raw material C	1,25,000	05.05.2020	31.12.2021

2. Kriya Motors Ltd have order for 1600 kgs of raw material A which is being delivered with lot size of 400 kgs by the vendor with single tax invoice for entire 1600 kgs. Total GST in tax invoice is Rs.7,00,000. Kriya Motors Ltd has approached you to guide on amount of ITC to be claimed in February 2021 assuming that the last lot of 400 kgs is expected to be delivered by end of March 2021.

3. Mr.Siva Krishna is a manufacturer of children toys. He provides following information for June 2020 to compute the eligible amount of ITC in terms of Rule 42:

Sl. NO	Particulars	Amount (Rs.)
1	Total ITC input and input services	4,00,000
2	ITC attributable to non-business purposes	45,000
3	ITC attributable supplies made to SEZ units in India	38,000
4	ITC on inputs used in exempt supplies	8,000
5	ITC on inputs used in supplies made to customers paying GST at 18%	60,000
6	ITC on goods used for personal use of director	18,000
7	Total turnover	16,00,000
8	Total value of exempt supplies	3,50,000

4. M/s. Printo Stationaries has procured goods paying total CGST and SGST of Rs.72,000/- on 01.08.2019. Due to financial difficulties, M/s.Printo is unable to make the payment to vendor to the extent of 40% of bill amount and applicable GST by 02.06.2020. What is the consequence of this on ITC eligibility?

5. What would be the GST impact on sale of old air conditioner on 25.08.2020 on which the firm has availed IGST credit of Rs.72,000 when goods were purchased on 30.08.2018. Other information is provided below:
Assessable value of air conditioner – Rs.4,00,000
The rate of GST on air conditioner is 18%.
Proposed sales price of air conditioner is Rs.1,00,000

6. Saravana Garments Ltd., a registered supplier is engaged in manufacture of readymade shirts. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of November 2020:

Sl. No	Particulars	GST Paid (Rs.)
1	Purchase of stitching machineries	2,78,000
2	Gold chain bought paying 3% GST worth 20,00,000 for all employees who completed 10 years in company	60,000
3	Rent -a-cab services received for customers vising factory	15,000
4	Life insurance taken for factory workers	23,000
5	Cloth purchased for use in manufacture of shirts	72,000

Determine the eligible ITC amount for the month of November 2019 by giving brief explanations for treatment of various items. All conditions for claiming ITC are fulfilled.

7. Swastik Pvt. Ltd. is a manufacturer of taxable goods. It purchased a machinery for Rs. 8,00,000 on which IGST of Rs.14,400 is paid. The company has claimed depreciation under the Income-tax Act, 1961 on the full value of the machine, i.e. including the IGST component as also availed ITC of Rs.14,400 paid by it as IGST.
   Examine if the stand taken by the company is correct in law.

8. Sigma Consultants, an LLP of finance professionals, provides financial consultancy services. It made an advance payment of Rs.1,18,000 (inclusive of IGST @ 18%) in the month of October to Azuro Computer Services for developing a software. The software would be used by the LLP to enhance the precision of the financial advice given by it to various clients. The balance payment is to be made after the successful test run of the software in the month of December. Sigma Consultants has availed ITC of IGST of Rs.18,000 in the month of October.
   Do you think Sigma Consultants can avail such ITC? Examine the scenario with reference to the relevant legal provisions.

9. A taxable person is in the business of information technology. He buys a car (maximum seating capacity – 5 persons) for use of his Executive Directors.
   Can he avail the ITC in respect of GST paid on purchase of such car?

10. A technical testing agency tests and certifies each batch of machine tools before dispatch by BMT Ltd. Some of these tools are dispatched to a unit in a SEZ without payment of GST as these supplies are not taxable.
    The finance personnel of BMT Ltd. want to know whether they need to carry out reversal of ITC on the testing agency's services to the extent attributable to the SEZ supplies. Give your comments.

11. 'AB', a registered person, was paying tax under composition scheme up to 30th July. However, w.e.f. 31st July, 'AB' becomes liable to pay tax under regular scheme.
    Is 'AB' eligible for any ITC?

12. Dina Ltd., a registered supplier from Maharashtra, is engaged in the manufacture of passenger autos. The company provides the following details of purchases made/services availed by it during the month of March:

Sl.No.	Particulars	GST (Rs.)
1	Purchase of iron which is used as a raw material [Goods were received in two instalments - first in March and the second in April]	2,50,000
2	Purchase of accessories which were delivered directly to the dealers of the company on the direction of Dina Ltd. [Only invoice was received by Dina Ltd.]	90,000

3	Purchase of bus (seating capacity 15) for the transportation of employees from their residence to company and back	1,97,000
4	General insurance taken on a car used by executives of the company for official purposes	5,200

You are required to determine the ITC available with Dina Ltd. for the month of March, by giving brief explanations for treatment of various items. Subject to the information given above, all the other conditions necessary for availing ITC have been fulfilled.

13. Comfortable (P) Ltd. is registered under GST in the State of Odisha. It is engaged in the business of manufacturing of iron and steel products. It has received IT engineering services from High-Fi Infotech (P) Ltd. for Rs.11,00,000/- (excluding GST @ 18%) on 28th October. Invoice for service rendered was issued on 5th November.
Comfortable (P) Ltd. made part payment of Rs.4,20,000/- on 30th November. Being unhappy with service provided by High-fi Infotech (P) Ltd., it did not make the balance payment. Deficiency in service rendered was made good by High- Fi Infotech (P) Ltd. by 15th April of next year. Comfortable (P) Ltd. made the balance payment on 6th July of next year.
Examine the availability of ITC with Comfortable (P) Ltd. in respect of IT engineering services received by it from High-Fi Infotech (P) Ltd.

14. M/s.Diwan & Sons of New Delhi has placed an order for 250 kg of plastic granules @ Rs. 50 per kg (exclusive of GST) on M/s. Karim & Bros. of Noida, U.P. M/s. Karim & Bros. has agreed to deliver the goods at the warehouse of M/s. Diwan & Sons at New Delhi.
While the order was getting packed at the factory of M/s. Karim & Bros., M/s. Diwan & Sons got an order from Shubhkamna Sales of Hapur, U.P. for 250 kg of plastic granules @ Rs. 60 per kg (exclusive of GST). In order to save on transportation cost, M/s. Diwan & Sons asks M/s. Karim & Bros. to directly deliver the plastic granules to Shubhkamna Sales at its godown located in Hapur. Accordingly, M/s. Karim & Bros. has delivered the plastic granules at the godown of Shubhkamna Sales at Hapur.

    Examine the availability of ITC with M/s. Diwan & Sons & M/s. Karim & Bros. Note: All the parties are registered under GST and rate of GST is 18%.

CHAPTER 10: COMPUTATION OF GST LIABILITY

SOLVED ILLUSTRATIONS IN e-BOOK

1. Brown Sugar Ltd., Ahmedabad, a registered supplier, is manufacturing taxable goods. It provides the following details of taxable inter-state supply made by it in the month of May 2021.

Particulars	Rs.
List price of goods supplied inter-state (exclusive of taxes)	30,00,000
Subsidy received from Central Government for supply of taxable goods to Government School	4,20,000
Subsidy received from a NGO for supply of taxable goods to an old age home.	1,00,000
Tax levied by Municipal Authority	40,000
Packing charges	30,000
Late fee paid by the recipient of supply for delayed payment of invoice	12,000

The list price of the goods takes into account the two subsidies received. However, the other charges / taxes / fee are charged to the customer over and above the list price. Calculate the value of taxable supply and tax payable made by Brown Sugar Ltd., for the month of May 2021. Applicable rate of IGST is 18%.

2. M/s Glasswell sold a machine to Agile Ltd. It provides the following particulars in this regard:

Sl. No	Particulars	Rs.
(i)	Price of the machine (excluding taxes and incidental charges)	4,50,000
(ii)	Machine was subject to third party inspection. The inspection charges have been directly paid by Agile Ltd., to the inspection agency	75,000
(iii)	Freight charges for delivery of the machine (M/s Glasswell has agreed to deliver the goods at Agile Ltd.'s Premises.	30,000
(iv)	Subsidy received from State Government on sale of machine under Skill Development Program (The Subsidy is directly linked to the price)	75,000
(v)	Discount of 2% is offered to Agile Ltd., on the price and recorded in the invoice	

Note: Items given in Sl. No (ii) to (v) have not been considered in the price given in Sl. No. (i). Determine the value of taxable supply made by M/s Glasswell to Agile Ltd. If the supply was intra-state, what is the GST Liability, assuming CGST & SGST @ 9% each?

3. Krishnan Ltd., a registered supplier in Bangalore (Karnataka), has supplied goods to Bheeshma Traders and Duryodhan Traders located in Hyderabad (Telangana) and Mysore (Karnataka) respectively. Krishnan Ltd., has furnished the following details for the current month:

Sl. No.	**Particulars**	**Bheeshma Traders Rs.**	**Duryodhan Traders Rs.**
(i)	Price of the goods (excluding GST)	20000	15000
(ii)	Packing charges	600	
(iii)	Commission	400	
(iv)	Weighment charges		1000
(v)	Discount for prompt payment (recorded in the invoice)		500

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

Compute the GST Liability of Krishnan Ltd., for the given month. Assume the rates of taxes to be as under:

CGST	9%
SGST	9%
IGST	18%

4. Multi-services Private Ltd., registered in Punjab, is engaged in supplying a variety of services. Its turnover was Rs. 35 Lakhs in the preceding financial year. It has provided the following information for the month of April:

Particulars	Amount (Rs.)
Fee for the coaching provided for competitive exams. The coaching center is run by Multi-services Private Ltd., in Punjab (Intra-state transaction)	6,24,000
Receipts for services provided in relation to conduct of examination in Pureit University, Delhi (providing education recognised by Indian Law), being an inter-state transaction	19,200
Amount received from transportation of students and faculty from their residence to Lotus Public School – a higher secondary school – and back (intra-state transaction)	24,000
Amount received for providing security and house-keeping services in Dhaani Public School - a preschool (intra-state transaction)	36,000

Rates of CGST, SGST and IGST @ 9%, 9% and 18% respectively. All the amounts given above are exclusive of taxes.
Compute the total GST liability of Multi-services Private Ltd., for the month of April.

5. Manjunatha Traders, a registered supplier of goods, pays GST under the regular scheme. It has furnished the following particulars for a tax period:

Value of Intra-state supply of goods (excluding GST)	Rs. 2,40,000
Value of Intra-state purchase of goods (excluding GST)	Rs. 2,00,000

Rates of Tax applicable to the category of goods dealt by Manjunatha Traders is CGST 9%, SGST 9% and IGST 18%. All conditions necessary for availing Input-tax Credit have been fulfilled.
Compute the Net GST payable for the period, if there is no balance of ITC credit at the beginning of the period.

6. Purushottama, a registered supplier, is engaged in providing services in the neighboring States from his registered office located in Chennai. He furnishes the following details in respect of inward and outward supplies made during July 2021.

Inter-state supply of Service (exclusive of GST)	Rs. 3,50,000
Receipt of goods and services within State (exclusive of GST)	Rs. 1,95,000

Assume the following rates of tax for his business:
CGST 9%
SGST 9%
IGST 18%
Assuming all conditions for availing input tax credit are fulfilled, compute the net GST payable of Purushottama.

7. Umashree Traders is a registered supplier of goods in Meghalaya. It purchased goods valued at Rs. 1,00,000 from Balraj Suppliers located with the same State. Balraj Suppliers charged CGST & SGST separately in its invoice. Subsequently, Umashree Traders sold goods valuing Rs. 95,000 to Sumashree Manufacturers located in Meghalaya. 20% of inputs purchased are still lying-in stock and there are no opening stock of goods. CGST & SGST rates applicable to the concerned category of goods is 9% each. Calculate Net GST payable by Umashree Traders.

8. Deluxe Spices Ltd., Mumbai, a registered supplier has furnished details of the following transactions that happened during April 2021.

Sl. No.	Date	Particulars	Date of Invoice	Amount (Rs.)
1.	11.04.2021	Payment made to an advocate in Delhi	07.12.2020	2,50,000
2.	20.04.2021	Paid sitting fees to Director from Bhopal for meeting held in Mumbai on 15.03.2021	15.03.2021	1,50,000

Assume the rates of taxes to be as under:
CGST – 9%, SGST – 9% and IGST – 18%.
Ascertain the net GST payable for the month of April 2021 and also identify the 'time of supply' of services:

9. A Ltd., is a registered dealer. Following is the summary of his transactions for the month of April 2021.

	Rs.
Intra-state Supply of goods	22,50,000
Inter-state Supply of goods	16,25,000
Intra-state Purchase of goods	16,25,000
Inter-state Purchase of goods	1,87,500
Balance of Input Tax Credit available at the beginning of the month	
CGST	1,62,500
SGST	1,62,500
IGST	2,12,500

For the category of goods dealt with by the dealer, the GST rates applicable are CGST – 9%, SGST – 9% and IGST – 18%. All supplies given in the above table (both inward and outward) are exclusive of GST. All conditions required for claiming input-tax credit have been fulfilled.
Compute the Net GST payable for the month of April 2021.

10. Mr. Srihari, a supplier of goods, pays GST under regular scheme. The amount of input-tax credit available and output tax liability under different tax heads is as under:

Head	**Output Tax Liability**	**Input-tax Credit**
IGST	20,000	40,000
CGST	8,000	20,000
SGST	25,000	5,000

Compute the minimum GST payable by Mr. Srihari.

11. Shalini, a supplier of goods, pays GST under regular scheme. She has made the following outward taxable supplies in a tax period.

Intra-state supply of goods	Rs. 20,00,000
Inter-state supply of goods	Rs. 7,50,000

She has also furnished the following information in respect of purchases made by her during that period.

Intra-state purchase of goods	Rs. 5,00,000
Inter-state purchase of goods	Rs. 1,25,000

Shalini has the following Input-tax credit with her at the beginning of the tax period:

CGST	Rs. 1,42,500
SGST	Nil
IGST	Rs. 1,75,000

Note:
(i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
(ii) Both inward and outward supplies are exclusive of taxes.
(iii) All conditions necessary for claiming input tax credit have been fulfilled.
Compute the Minimum GST payable by Shalini during the tax period.

12. Mr. Angelo, a registered supplier of goods at Nagpur (Maharashtra) who pays GST under regular scheme, has made the following transactions (exclusive of tax) during April 2021:

Source	Purchases Rs.	Sales Rs.	Tax Rate
Madhya Pradesh	10,00,000	20,00,000	18%
Maharashtra	5,00,000	16,00,000	9% each of CGST & SGST

He has complied with all the conditions for availing Input-tax Credit and has the following Input-tax credit on 01.04.2021:
CGST: Rs.1,00,000
SGST: Rs. 60,000
IGST: Rs. 2,00,000
Compute the minimum GST payable by Michael during April 2021 in cash.

13. M/s X Ltd., being a registered person supplying taxable goods in the following manner:

Particulars	Rs.
Intra-state supply of goods	18,00,000
Inter-state supply of goods	13,00,000
Intra-state purchases	13,00,000
Inter-state purchases	1,50,000
ITC at the beginning of the relevant tax period:	
CGST	1,30,000
SGST	1,30,000
IGST	1,70,000

(i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
(ii) Inward and outward supplies are exclusive of taxes.
(iii) All the conditions necessary for availing input tax credit have been fulfilled.
Compute the net GST payable by M/s X Ltd., during the tax period. Make suitable assumptions.

14. Shylaja Limited is operating in two States Karnataka and Maharashtra. The details for the month of May 2021 are as follows:

Sl. No.	Particulars	Karnataka	Maharashtra
1.	Output CGST payable	50,000	20,000
2.	Output SGST payable	20,000	10.000
3.	Output IGST payable	6,000	5,000
4.	Input CGST	16,000	26,000
5.	Input SGST	30,000	3,000
6.	Input IGST	24,000	32,000

Calculate the Net GST payable or Balance of Input Tax Credit by the end of May 2021.

15. Suhasini is a registered software consultant. On account of her ill-health, she could not provide any services during the month of October. However, she had to incur all the expenses relating to her office. She paid Rs. 75,000 to various vendors. Total GST involved on the goods and services procured by her is Rs. 13,500. Out of the total bills paid by her, one bill for Rs. 15,000 relates to security services availed for the security of her office, tax on which is payable under reverse charge. GST involved in such bill is Rs. 2,700.
Suhasini is of the opinion that for the month of October, no GST is payable from electronic cash ledger as she has sufficient balance of ITC for payment of GST under reverse charge for security services.
Do you think Suhasini is right? Explain with reasons.

16. Mr. Diganth, a supplier registered in Mumbai, is engaged in the business of purchase and sale of plastic raincoats. He furnishes the following information pertaining to inward / outward supply made by him in the month of July 2021:

	Rs.
Value of inter-state outward supply to registered persons	45,00,000
Value of intra-state outward supply to registered persons	75,00,000
Value of intra-state outward supply to unregistered persons	22,50,000
Value of intra-state inward supply from registered persons	15,00,000
Value of inter-state inward supply from registered persons	7,50,000
Value of intra-state inward supply from unregistered persons	3,00,000

Following additional information is also provided by Mr. Diganth.

	Rs.
IGST credit on capital goods purchased in the month of July 2021	2,25,000
CGST credit on other inward supplies (including credit of Rs. 7,500 on account of membership of a club)	75,000
SGST credit on other inward supplies (including credit of Rs. 7,500 on account of membership of a club)	75,000
Availed consultancy services from Ms. Supriya, an advocate located in Pune (Maharashtra)	1,50,000

The amount of ITC Credit at the beginning of July 2020 is as under:
CGST: Rs. 3,00,000
SGST: Rs. 3,00,000
IGST: Rs. 7,50,000

Calculate the net GST liability for the month of July 2021 assuming the following GST Rates: CGST – 9%, SGST – 9% and IGST – 18%.

Notes:

1. All the amounts given above are exclusive of taxes.
2. All the conditions necessary for availing input tax credit have been fulfilled.

17. Sri. Chamundeswari Corporate Pvt Ltd., is a supplier of goods and services at Hyderabad. It furnished the following information for the month of July 2021.

	Particulars	Rs.
(i)	Intra-state sale of taxable goods including Rs. 1,50,000 received in advance in June 2021, the invoice for the entire sale value is issued on 15th July 2021.	6,00,000
(ii)	Goods purchased from unregistered dealer on 20th July 2021 (inter-state purchases are worth Rs. 60,000 and the balance purchases are intra-state)	1,50,000
(iii)	Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex. (it is an intra-state transaction)	1,50,000
(iv)	Goods transport services received from Goods Transport Agency. The Goods Transport Agency is paying tax @ 12%. (It is an inter-state transaction)	3,00,000

Compute the net GST liability of Sri. Chamundeswari Corporate Pvt. Ltd., for the month of July 2021. The applicable GST rates are: CGST – 9%, SGST – 9% and IGST – 18%.

Note:

(a) The turnover of Sri. Chamundeswari Corporate Pvt. Ltd., during the preceding financial year was Rs. 3 Crores.
(b) All the amounts given above are exclusive of taxes.

18. Marble Garments Ltd., purchased a needle detecting machine on 8th July 2020 from Raheja Engineering Works Ltd., for Rs. 25,00,000 (excluding GST) paying GST @ 18% on the same. It availed ITC of the GST paid on the machine and started using it for manufacture of goods. The machine was sold on 22nd October 2021 for Rs. 18,75,000 (excluding GST), as second hand machine to MU Pvt. Ltd. The GST on supply of machine is 18%.
State the action which Marble Garments Ltd., is required to take, if any, in accordance with the statutory GST provisions on the sale of second-hand machine.

19. The total value of inter-state supply of Raman & Sons for the month of February 2021 is of Rs. 100 Lakhs. Said supply is taxable @ 18% IGST. Amount available in the electronic credit ledger (i.e., input tax credit available) is Rs. 20 Lakhs of IGST.
What is the amount of GST payable in cash?

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

Payment	Amount Rs.	Receipts	Amount Rs.
Inter-state purchase of office stationery	1,40,000	Inter-state supply of office stationery	2,00,000
Repairing of lorry used to transport goods from warehouse to clients' location (Intra-state supply)	1,00,000	Intra-state supply of 500 combi packs containing one calculator and one diary	4,00,000
		Intra-state supply of services of business correspondent to Shubhvidhi Bank with respect to its accounts in its urban area branch	1,00,000

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

(i) 10% of the inter-state supply of office stationery are made to unregistered persons.

(ii) Each combi-pack (containing a calculator and a diary) is priced at Rs. 800. The calculator and the dairy are individually priced at Rs. 700 and Rs. 200 respectively.

(iii) An invoice of Rs. 40,000 towards purchase of office stationery is missing and no other tax paying document is available in respect of such goods.

(iv) All the figures mentioned above are exclusive of taxes, wherever applicable.

(v) Rates of CGST, SGST and IGST for all services, office stationery and calculator are 9%, 9% and 18% respectively. Rates of CGST, SGST and IGST for diary are 14%, 14% and 28% respectively.

(vi) Subject to the information given above, all the necessary conditions for availing input tax credit have been fulfilled.

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

Tax	Amount (Rs.)
CGST	5,000
SGST	5,000
IGST	80,000

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

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CA Intermediate, May 2018**

Mr. Nimit, a supplier of goods, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward taxable supplies in the month of August 2021.

Intra-state supply of goods	Rs. 6,00,000
Inter-state supply of goods	Rs. 2,00,000

He has also furnished the following information in respect of purchases made by him from registered dealers during August 2021.

Intra-state purchase of goods	Rs. 4,00,000
Inter-state purchase of goods	Rs. 50,000

Balance of ITC available at the beginning of August 2021:

CGST	Rs. 15,000
SGST	Rs. 35,000
IGST	Rs. 20,000

Note:

(i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively, on both inward and outward supplies.
(ii) Both inward and outward supplies given above are exclusive of taxes, wherever applicable.
(iii) All the conditions necessary for availing input tax credit have been fulfilled.

Compute the net GST payable Mr. Nimit for the month of August 2021.

2. **CA Intermediate, May 2018**

M/s. Pradyumn Corporation Pvt. Ltd., a registered dealer of Mumbai furnishes you following information for the month of October, 2021.

Sl. No.	Particulars	Amount (Rs.)
(i)	Intra state sale of taxable goods (out of above Rs. 50,000 was received as advance in September, 2021)	2,00,000
(ii)	Goods purchased from unregistered dealer (purchase on 20th October, 2021) (Rs. 10,000 in case of Inter-State & Balance Intra-State)	50,000
(iii)	Received for services by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (It is Intra-State transaction)	50,000
(iv)	Professional fees paid to Ms. Udadhi located in a non-taxable territory (It amounts to Inter- State transaction)	50,000

Compute GST liability (CGST, SGST or IGST, as the case may be) of M/s Pradyumn Corporation Pvt. Ltd. for the month of October, 2021.

Assume the rates of GST are as under:

CGST	9%
SGST	9%
IGST	18%

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

3. **CA Intermediate, May 2018**

Bharat Associates Pvt. Ltd., purchased machinery worth Rs. 9,00,000 (excluding GST) on 20-07-2020 on which it paid GST @ 18% and availed the ITC. On 05.03.2021, it sold the machinery for Rs. 7,00,000 (excluding GST) to Hindustan Associates Pvt. Ltd. The GST rate of sale is 18%. What will be the course of action for Bharat Associates Pvt. Ltd., to follow under the CGST Act, 2017?

4. **CA Intermediate, May 2018**

Mr. Ajay, a registered supplier of goods, pays GST under regular scheme and provides the following information for the month of August 2021:

Inter-state taxable supply of goods	Rs. 10,00,000
Intra-state taxable supply of goods	Rs. 2,00,000
Intra-state purchase of taxable goods	Rs. 5,00,000

He has the following input tax credit at the beginning of August 2021:

CGST	Rs. 20,000
SGST	Rs. 30,000
IGST	Rs. 25,000

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.
Both inward and outward supplies are exclusive of taxes wherever applicable.
All the conditions necessary for claiming input tax credit has been availed.
Compute the net GST payable by Mr. Ajay for the month of August 2021.

5. **CA Intermediate, November 2018**

M/s J & Co., Chartered Accountants, a partnership firm, having its registered head office in Mumbai and registered under the GST Act in the State of Maharashtra only. It does not have any branches in other States. The gross receipts of the firm in financial year 2020-21 was Rs. 60 Lakhs. The Firm has submitted the following information for the month of August 2021:

Particulars	Amount (Rs.)
Professional services provided and bills raised during the month for providing services of ITR Filing and Income-tax Consultancy	1,00,000
Internal Audit of X Pvt. Ltd., at their office in Mumbai (registered in the State of Maharashtra)	50,000
Statutory audit services provided to M/s Tirupati Trading Pvt. Ltd., at Ahmedabad (registered in the State of Gujarat)	70,000

Firm has also furnished following information in respect of input services availed from registered dealers for providing output services during the month of August 2021:

Particulars	Amount (excluding GST) (Rs.)	CGST	SGST	IGST
Services availed from courier agency	5,000	450	450	Nil
Railway travelling expenses from Mumbai to Ahmedabad and return ticket for conducting				

of audit of M/s Tirupati Trading Pvt. Ltd., for 3-tier AC.	12,000	Nil	Nil	600
Service availed from another professional firm at Mumbai – amount is paid without TDS u/s194J of the Income Tax Act,	20,000	3,600	Nil	Nil

Notes:
(i) Rate of CGST. SGST and IGST to be 9%, 9% and 18% respectively, on outward supplies.
(ii) All the conditions for availing the ITC have been fulfilled.
(iii) Opening balance of available Input Tax Credit is Nil for CGST, SGST and IGST.

Compute the Net GST payable by M/s J & Co., for the month of August 2021 after adjusting the GST credit. Brief reasoning should form part of your answer.

6. **CA Intermediate, November 2018**

M/s Maheshwari Corporation Pvt. Ltd., is a supplier of goods and services at Bangalore, registered in the State of Karnataka, having turnover of Rs. 200 Lakhs in the last financial year. It has furnished the following information for the month of June 2021:

Particulars	Amount (excluding GST) Rs.
1. Services provided by way of labour contract for repairing a single residential unit otherwise than as a part of a residential complex (it is an intra-state transaction)	1,30,000
2. Intra-state sale of taxable goods including Rs. 50,000 received as advance in April 2021. The invoice for the entire sale value is issued on 15th June 2021.	2,50,000
3. Goods Transport services received from GTA. GTA is paying tax @ 12% (It is an inter-state transaction)	1,80,000
4. Goods purchased from an unregistered dealer on 20th June 2021 (inter-state purchases are worth Rs. 45,000 and the balance were intra-state)	80,000

Compute the net GST Liability (CGST, SGST, IGST as the case may be) of M/s Maheshwari Corporation Pvt. Ltd., for the month of June 2021, assuming the rates of GST, unless otherwise specified, as under:

CGST – 9%, SGST – 9% and IGST – 18%.

7. **CA Intermediate, November 2018**

Insight Ltd., is operating in West Bengal. The tax liability for the month of August 2021 is as follows:

Sl. No.	Particulars	Rs.
1.	Output CGST payable	24,000
2.	Output SGST payable	9,000
3.	Output IGST payable	3,000
4.	Input CGST	7,000
5.	Input SGST	14,000
6.	Input IGST	12,000

Compute tax payable and carry forward for the month of August 2021.

8. **CA Intermediate, November 2018**

Mr. Thiraj, a registered supplier of service in Bangalore (Karnataka) has provided the following information for the month of February 2021:

Particulars	Rs.
1. Intra-state taxable supply of service	5,20,000
2. Legal fee paid to a lawyer located within the State	20,000
3. Rent paid to State Government for his office building	30,000
4. Received for services towards conduct of exams in Loveall University, Pune (recognised by Law), being an inter-state transaction	16,000

Compute the net GST Liability of Mr. Thiraj for the month of February 2021.
Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.
All the amounts given above are exclusive of taxes.

9. **CA Intermediate, November 2018**

Ms. Achintya, a registered supplier in Kochi (Kerala) has provided the following details in respect of her supplies made intra-state for the month of March 2021:

	Rs.
(i) List price of the goods supplied intra-state (exclusive of items given below from (ii) to (iv)	3,30,000
(ii) Swachh Bharat Cess levied on sale of the goods	12,500
(iii) Packing expenses charged separately in the invoice	10,800
(iv) Discount of 1% of list price of the goods was provided (recorded in the invoice of goods)	
(v) Subsidy received from State Government for encouraging women entrepreneurs	5,000

Compute the value of taxable supply and gross GST liability of Ms. Achintya for the month of March 2021 assuming rate of CGST to be 9% and SGST to be 9%. All the amounts given above are exclusive of GST.

10. **CA Intermediate, November 2018**

From the following information, compute the Net GST payable for the month of March 2021:

	Output GST Rs.	ITC as per credit ledger Rs.
CGST	2,000	Nil
SGST	15,000	1,000
IGST	24,000	37,000

11. **CA Intermediate, May 2019**

Mr. Uttam Kumar, a registered supplier of services in Kolkata, has provided the following information for the month of October 2021:

	Rs.
1. Intra-state taxable supply of service	6,40,000
2. Amount received from Kapola Pvt. Ltd., for service provided to Company. (He is a director in Kapola Pvt. Ltd.) being intra-state transaction.	5,00,000
3. Paid legal fee to senior advocate for one legal matter within State, being intra-state transaction.	50,000
4. Amount received for service provided by him as a commentator to a local recognised sports body, being intra-state transaction.	1,20,000
5. Amount received for acting as a coach in recreational activities relating to sports, from one charitable entity registered under section 12AA of the Income-Tax Act, 1961, being intra-state transaction.	30,000

Compute the net GST liability (CGST, SGST or IGST) of Mr. Uttam Kumar for the month of October 2021.

12. **CA Intermediate, May 2019**

Mr. Himanshu, a registered supplier of chemicals, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward taxable supplies for the month of September 2021:

Intra-state supply of goods	Rs. 25,00,000
Inter-state supply of goods	Rs. 5,00,000

He has made the following inward supply:

Intra-state purchase of goods from registered dealer	Rs. 14,00,000
Intra-state purchase of goods from unregistered dealer	Rs. 2,00,000
Inter-state purchase of goods from registered dealer	Rs. 4,00,000

Balance of ITC at the beginning of September 2021:

CGST	Rs.	95,000
SGST	Rs.	60,000
IGST	Rs.	50,000

Additional Information

- He purchased a car (intra-state supply) used for business purpose at a price of Rs. 6,72,000 (including CGST of Rs. 36,000 and SGST of Rs. 36,000) on September 15, 2020. He capitalized the full value including GST in the books on the same date to claim depreciation.
- Out of inter-state purchase from registered dealer, goods worth Rs. 1,00,000 were received on October 3, 2021 due to road traffic jams.

Note:

(i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
(ii) Both inward and outward supplies given above are exclusive of taxes, wherever applicable.
(iii) All the conditions necessary for availing the ITC have been fulfilled except mentioned above.

Compute the net CGST, SGST and IGST payable in cash by Mr. Himanshu for the month of September 2021.

13. **CA Intermediate, November 2019**

Alfa Institute of Management (AIM), a private college, is registered under GST in the State of Punjab. AIM provides the following particulars for the month of April 2021:

Sl. No:	Particulars	Amount
i	Tuition fees received from students pursuing management courses recognized by Punjab University, established by an Act of State Legislature.	18,00,000
ii	Tuition fees received from students pursuing undergraduate courses recognized by Stan university, London under dual degree programs	8,50,000
iii	Fee received from students of competitive exam training academy run by a department of AIM.	5,40,000
iv	Mess fees received from students (Mess is run by AIM on its own)	3,20,000
v	Amount paid to local municipal corporations for premises taken on rent for conducting coaching classes for competitive exams.	50,000
vi	Legal services availed from Top care & co. a partnership firm of advocates, for the competitive exam training academy (Intra state transaction)	20,000

Note:

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

There is no opening balance of ITC under any head of tax.

From the information given above, you are required to calculate the value of taxable supply and net GST liability (CGST, SGST or IGST as the case may be) to be paid in cash, if any, by AIM for the month of April 2021.

14. **CA Intermediate, November 2019**

M/s Grey, a registered taxable person under regular scheme provides following information in respect of supplies made by it during the month of April 2021:

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

Details of opening balances of ITC on 1st April 2021

	Rs.
CGST	5,000
SGST	5,000
IGST	40,000

Following additional information is provided:
(a) Rate of GST in respect of all inward and outward supplies except item (ii) above is 18% i.e., CGST & SGST @ 9% and IGST @ 18%.
(b) All figures mentioned above are exclusive of taxes.
(c) All the conditions for availing the ITC have been fulfilled except specifically given and M/s Grey is not eligible for any threshold exemption.
Compute the Minimum net GST payable by M/s Grey for the month of April 2021.

15. **CA Intermediate, November 2020**

KNK Limited, a registered supplier of Mumbai is a manufacturer of heavy machines. Its outward supplies (exclusive of GST) for the month of January 2021 are as follows:

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

Applicable rate of CGST, SGST and IGST on outward supply are 9%, 9% and 18% respectively. Details of GST paid on inward supplies during the month of January 2021 are as follows:

Sl. No.	Particulars	CGST paid (Rs.)	SGST Paid (Rs.)
(i)	Raw Materials A (of which 70% of inputs procured were used and 30% were in stock at the end of January 2021)	60,000	60,000
(ii)	Raw Materials B (of which 90% material received in factory and remaining material completely damaged due to a road accident on the way to factory. There was no negligence on the part of KNK Ltd.)	50,000	50,000
(iii)	Construction of pipelines laid outside the factory premises	30,000	30,000
(iv)	Insurance charges paid for trucks used for transportation of goods	55,000	55,000

Additional Information:

(i) There is no opening balance of any Input Tax Credit and all the conditions necessary for availing the Input Tax Credit (ITC) have been fulfilled.

(ii) Details of GST paid on inward supplies are available in GSTR-2A except for item (i) i.e., Raw Material A, for which supplier has not filed its GSTR-1 for the month of January 2021. Hence corresponding Input Tax Credit is not reflecting in GSTR-2A of KNK Ltd., in January 2021.

Compute the following:

(i) Amount of eligible Input Tax Credit (ITC) available for the month of January 2021.

(ii) Net minimum GST payable in cash, for the month of January 2021 after using available Input Tax Credit.

Working notes should be part of your answer.

16. **CA Intermediate, November 2020**

M/s Guru Enterprises (Delhi), a registered taxpayer, made a taxable supply to M/s Y Ltd., (Delhi). The value related details of the said supply are as follows:

Particulars	Amount (Rs.)
Price of goods (does not include any tax or discounts)	10,00,000
Tax levied by the Municipal Authority	10,000
Subsidy received from M/s Jiva Enterprises Pvt. Ltd. (the Price above is after consideration of such subsidy amounts)	1,00,000
Amount incurred by M/s Y Ltd., for post-delivery inspection (charges incurred post receipt of goods by M/s Y Ltd.)	5,000

In respect of the above supply, M/s Guru enterprises had procured some raw material from M/s X Ltd., for which it owed Rs. 25,000. The said amount was directly paid by M/s Y Ltd., to M/s X Ltd., and is not included in the price of the goods mentioned above.

The payment of consideration for the said supply was delayed by M/s Y Ltd., and hence an interest amount of Rs. 20,000 was also charged by M/s Guru Enterprises.

The applicable tax rate on such supply is as follows:

CGST @ 6%
SGST @ 6%
IGST @ 12%

You are required to determine the taxable value as well as the applicable tax liability amounts for the said transaction.

17. **CA Intermediate, January 2021**

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

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

Star Ltd., received Rs. 5,000 as subsidy from an NGO on sale of each such machine. The price of Rs. 80,000 of the machine is after considering such subsidy.
During the month of February 2021, Star Ltd., supplied three machines to Intra-state Customers and one machine to Inter-state Customer.
Star Ltd., purchased inputs (intra-state) for Rs. 1,20,000, exclusive of GST, for supplying the above four machines during the month.

The Balance of ITC at the beginning of February 2021 was:

CGST	SGST	IGST
Rs. 18,000	Rs. 4,000	Rs. 26,000

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

Compute the minimum Net GST payable in cash by Star Ltd., for the month of February 2021.

18. **CA Intermediate, January 2021**

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

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

Compute the total GST payable, if any, by Satya Sai Residents Welfare Association, for February 2020. GST Rate is 18%. All transactions are inter-state. There is no opening ITC and all conditions for ITC are fulfilled.

19. **CA Intermediate, January 2021**

Girish Trading Private Limited, a body corporate registered in the State of West Bengal, pays GST under the regular scheme. It is not eligible for any threshold exemption. The company has provided the following information regarding its outward taxable supplies for the month of May 2021:
Intra-State Supply of Goods: Rs. 50,00,000
Inter-State Supply of Goods: Rs. 22,00,000

Following are the details of inward taxable supplies received during the month of May 2021:
Intra-State purchase of goods from Registered Supplier: Rs. 6,10,000
Inter-State purchase of goods from Registered Supplier: Rs. 16,00,000

Additional Information:

(i) The company has no brought forward ITC credit for the month of May 2021.
(ii) Girish Trading Private Limited had additionally collected Rs. 1,000 as penalty for delay in payment by one of its customers (not included in value of outward supplies mentioned above)
(iii) The company has paid Rs. 12,000 (Intra-State supply) as rent for hiring a motor vehicle for the business use by one of its directors for the month of March 2021 (not included in value of inward supplies mentioned above). Invoice for the same dated 7th April 2021 was received in the month of April 2021.
(iv) The company had placed an order for received goods (Intra-State supply) worth Rs. 1,10,000 latest by 30th May 2021. However, due to vehicle breakdown, the goods were delivered only on 1st June 2021. Invoice was received on 31st May 2021 (included in value of inward supplies mentioned above).

Note:
(1) Applicable rate of CGST, SGST and IGST is 9%, 9% and 18% respectively.
(2) Amount of Inward and Outward supplies stated above are exclusive of taxes.

Compute the net GST Liability (CGST, SGST and IGST) of Girish Trading Private Limited for the month of May 2021.

20. **CMA Intermediate, December 2018**

CMA Anushtup Chandra of Kerala (resident in India), rendered taxable professional services to M/s Mythili & Co., of Mumbai. He raised a proper tax invoice on 01.02.2021, charging applicable GST and showing the same separately in the invoice.
After deduction of tax under section 194-J of the Income Tax Act, 1961, a net amount of Rs. 3,24,000 was paid by Mythili & Co., on 12.02.2021.
You are required to ascertain the tax invoice amount raised by CMA Anushtup Chandra, the registered supplier, showing clearly the value of supply and GST charged by him and the amount of TDS deducted by Mythili & Co., u/s 194-J of the Income Tax Act, 1961.

21. **CMA Intermediate, December 2018**

Alisha Hotel Ltd., is a hotel provider of rooms. Rent charged per day per room is as follows:

	Rs.
Room rent	750
Furniture rent	400
Air-conditioner rent	100
Refrigerator rent	50
	1300
Less: Discount	250
Net amount charged	1050

During the month of October 2021, 20 rooms are let out throughout the month and balance 35 rooms are let out only for 15 days.
Input-tax credit available is Rs. 7,500.
The following GST rates are applicable for the hotel industry: 12%, 18% and 28%.
Find the GST Liability if any for the month of October 2021.

22. **CMA Intermediate, December 2018**

Mr. M of Maharashtra supplied goods / services for Rs. 35,000 to Mr. P of Pune. M purchased goods / services for Rs. 23,600 (inclusive of IGST @ 18%) from Mr. C of Tamil Nadu. SGST and CGST rate of supply of such goods/services is 9% each. Find the following:

a) Total price charged by M for supply of goods / services.
b) Who is liable to pay GST?
c) Net liability of GST

23. **CMA Intermediate, June 2019**

R Ltd., provides the following information:

Date of invoice in respect of purchase of plant & machinery	01.11.2019
Life of plant & machinery	5 years
Value of plant & machinery (excluding GST)	Rs. 20,00,000
GST charged in respect of plant & machinery @ 18%	Rs. 3,60,000
Date of supply of plant & machinery owing to obsolescence	10.01.2021
Value of outward supply of plant & machinery	Rs. 12,00,000

Determine how much amount of GST to be paid on the supply of such machine.

24. **CMA Intermediate, June 2019**

M/s A.R.K. Express Services (P) Ltd., Chennai is a Good Transport Agency. You have been given with the following information of the company for the financial year 2020-21.

Expenses	Rs.	Incomes	Rs.
Diesel Expenses	11,00,000	Receipts from GTA Services	35,00,000
Repairs and Maintenance (includes CGST Rs. 27,000 and SGST Rs. 27,000)	3,54,000	Toll Charges Received	2,50,000
Salary paid	5,00,000		

Whole-time Director's Remuneration	5,00,000		
Non-whole-time Director's Remuneration	5,00,000		
Vehicle Hire Charges	1,20,000		
Rent (includes CGST Rs. 5,400 and SGST Rs. 5,400)	70,800		
Legal Fees paid to advocates	1,50,000		
Toll charges paid	2,50,000		
Other Administrative Expenses (includes CGST Rs. 15,000 and SGST Rs. 15,000)	2,00,000		

During the financial year 2020-21, the company was raising tax invoices on RCM basis i.e., tax amount was mentioned on the invoices @ 5% of the taxable value, but the said tax amounts were not collected by the company, instead paid by the customers on reverse charge basis. The company did not avail ITC on the inputs as stipulated in the relevant notification. However, for the financial year 2021-22, the company is planning to change the existing system and would like to opt for the alternate system of taxing as permitted by the law i.e., to charge GST @ 12% on the services and to avail ITC. Now, by presuming that the financial information given above for the financial year 2020-21 would be the same for financial year 2021-22 also, the company seeks your help to arrive at the estimated net GST liability due to the change in system.

Notes:

(1) Entire receipts from GTA services are from the customers who are registered under GST and there are no exempted outward services.

(2) Toll charges are received from the customers as reimbursements on actuals basis by producing the vouchers.

Now, you are required to calculate the estimates of the following:

(a) GST on outward supply.
(b) GST on inward supply eligible for ITC.
(c) GST payable by cash on reverse charge basis; and
(d) Net GST Liability

25. **CMA Intermediate, December 2019**

Kirti Coolers, a wholesaler of refrigerators items, registered in Pune, Maharashtra, received order for supply of refrigerators worth Rs. 3,00,000 on 12th December 2021 from a registered dealer in Surat, Gujarat. The tax invoice was issued on 14/12/2021.

Kirti Coolers charged the following additional expenses from the buyer:

	Particulars	**Amount (Rs.)**
(i)	Packing charges	15,000
(ii)	Freight and cartage	12,000
(iii)	Transit insurance for transportation	11,500
(iv)	Extra designing charges	16,000
(v)	Taxes by Municipal Authority	1,500

The goods were delivered to the buyer on 15th December 2021. The buyer paid the amount on 21/12/2021 and simultaneously placed another order with Kirti Coolers for refrigerator items amounting to Rs. 8,00,000 to be delivered in the next month.

On receipt of second order, Kirti Coolers allowed a discount of Rs. 30,000 on the first order placed by the buyer.

Compute the GST liability of Kirti Coolers for the month of December 2020 assuming the rates of GST on the goods supplied to be as under:

CGST	9%
SGST	9%
IGST	18%

Brief note on treatment of each item is required.

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. GST Liability of a registered dealer depends upon-
(A) Time of Supply
(B) Place of Supply
(C) Value of Supply
(D) All the above

2. The tax period in which a supply is liable for GST depends upon-
(A) Time of Supply
(B) Place of Supply
(C) Value of Supply
(D) None of the above

3. The type of tax applicable for a supply transaction [i.e., whether IGST or CGST and SGST (or UTGST)] depends upon-
(A) Time of Supply
(B) Place of Supply
(C) Value of Supply
(D) None of the above

4. Based on the person liable to pay GST, supplies are classified into:
(A) Exempted and Taxable Supplies
(B) Composite and Mixed Supplies
(C) Forward Charge transactions and Reverse Charge transactions
(D) None of the above

5. 'GST payable in cash' means-
(A) Gross GST liability
(B) Input tax
(C) Amount of GST payable after adjusting for input-tax credit
(D) None of the above

6. TT Pvt. Ltd., registered in Rajasthan, furnished following information for the month of June:
   (i) Inter-state sale of goods for Rs. 1,25,000 to JJ Enterprises registered in Haryana.
   (ii) Inter-state purchase of goods from XYZ company, registered in Punjab, for Rs. 40,000.
   (iii) Intra-state purchase of goods from RR Traders, registered in Rajasthan, for Rs. 65,000.

   The applicable GST rate is 18%. All the above amounts are exclusive of taxes. GST liability payable in cash is-
   (A) CGST Rs. 1,800 and SGST Rs. 1,800
   (B) SGST Rs. 1,600
   (C) IGST Rs. 3,600
   (D) CGST Rs. 3,600

7. Pradeep Traders, registered in Haryana, sold goods inter-state for Rs. 2,05,000 to Balram Pvt. Ltd., registered in Uttar Pradesh (GST is leviable @ 5% on said goods). As per the terms of the sales contract, Pradeep Traders have to deliver the goods at the factory of Balram Pvt. Ltd. For this purpose, Pradeep Traders have charged freight Rs. 2,400 from Balram Pvt. Ltd. GST is leviable @ 12% on freight. What would be the net GST Liability to be paid in cash in this case assuming that the amounts given herein are exclusive of GST?
   (A) IGST Rs. 37,332
   (B) IGST Rs. 10,370
   (C) CGST Rs. 18,666 and SGST Rs. 18,666
   (D) CGST Rs. 5,185 and SGST Rs. 5,185

8. During the month of May, Z Ltd., sold goods to Y Ltd., for Rs. 2,55,000 and charged GST @ 18% . however, owing to some defect in the goods, Y Ltd., returned the goods by issuing debit note of Rs. 40,000 in the same month. Z Ltd., records the return of goods by issuing a credit note of Rs. 40,000 plus GST in the same month. In this situation, GST Liability of Z Ltd., for the month of May will be-
   (A) Rs. 45,900
   (B) Rs. 38,700
   (C) Rs. 53,100
   (D) RS. 40,000

Problems

1. Madhuri, a supplier of goods, pays GST under regular scheme. She has made the following outward taxable supplies in the month of December, 2020:
   Intra-State supply of goods Rs.22,40,000
   Inter-State supply of goods 16,00,000
   She has also furnished the following information in respect of purchases made by her in that tax period:
   Intra-State purchases of goods Rs. 9,60,000
   Inter-State purchases of goods Rs. 3,20,000
   Madhuri has following ITCs with her as on 1.12.2020:
   CGST 1,12,000
   SGST 96,000
   IGST 72,000

Assume:
(i) Rate of CGST, SGST and IGST to be 6%, 6% and 12% respectively.
(ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.
(iii) All the conditions necessary for availing the ITC have been fulfilled.
Compute the GST payable by R for the month of December, 2020.

2. XT Pvt. Ltd., a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period:

Intra-state supply of goods	Rs. 8,00,000
Inter-state supply of goods	Rs. 3,00,000

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

Intra-state purchase of goods	Rs. 2,00,000
Inter-state purchase of goods	Rs. 50,000

The company has the following Input Tax Credits with it at the beginning of the tax period:

CGST	Rs. 57,000
SGST	Nil
IGST	Rs. 70,000

Note:
(i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
(ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.
(iii) All the conditions necessary for availing the ITC have been fulfilled.
Compute the minimum GST payable in cash, by XT Private Ltd., for the tax period. Make suitable assumptions as required.

3. Rupasi has a sum of Rs. 5,10,000 on account of input tax credit of IGST in the electronic credit ledger. She has to pay the following tax liability:

1. IGST payable for the month of December, 2020	Rs. 3,72,300
2. CGST payable for the month of December, 2020	Rs. 91,800
3. SGST payable for the month of December, 2020	Rs. 1,78,500

Calculate the net GST payable in cash for December 2020.

4. R submits the following information:
(1) Amount of ITC available on account of IGST Rs. 5,12,000
(2) Amount of ITC available on account of CGST Rs. 2,24,000
(3) Amount of ITC available on account of SGST Rs. 2,24,000
(4) IGST payable Rs. 3,20,000
(5) CGST payable Rs. 1,44,000
(6) SGST payable Rs. 1,44,000
Calculate the net GST payable.

5. Ms. Sindhu, a registered supplier in Tirupati (Andhra Pradesh) has provided the following details in respect of her supplies made intra-state for the month of September 2021:

	Rs.
(i) List price of the goods supplied intra-state (exclusive of items given below from (ii) to (iv)	6,60,000
(ii) Swachh Bharat Cess levied on sale of the goods	25,000
(iii) Packing expenses charged separately in the invoice	21,600

(iv) Discount of 1% of list price of the goods was provided (recorded in the invoice of goods) (v) Subsidy received from State Government for encouraging women entrepreneurs	10,000

Compute the value of taxable supply and gross GST liability of Ms. Sindhu for the month of September 2021 assuming rate of CGST to be 9% and SGST to be 9%. All the amounts given above are exclusive of GST.

6. Revathi Ltd., provides the following information:

Date of invoice in respect of purchase of plant & machinery	01.01.2020
Life of plant & machinery	3 years
Value of plant & machinery (excluding GST)	Rs. 10,00,000
GST charged in respect of plant & machinery @ 18%	Rs. 1,80,000
Date of supply of plant & machinery owing to obsolescence	10.03.2021
Value of outward supply of plant & machinery	Rs. 6,00,000

Determine how much amount of GST to be paid on the supply of such machine.

CHAPTER 11: REGISTRATION UNDER GST

SOLVED ILLUSTRATIONS IN e-BOOK

1. ABC Limited provides following information for the FY 2020-21.

Sl. No.	Particulars	Amount (Rs. In lakhs)
1	Taxable supplies of goods	15
2	Stock transfer to branch within same State	11
3	Supply of goods to job workers	5
4	Supply on behalf of principal	3
5	Supply of exempted goods	8
6	Supply of services	10

Compute the aggregate turnover and determine the registration requirement

2. Prithviraj is based out of Assam and is engaged in business which was commenced in the current financial year. His turnover for the current financial year is Rs. 22 Lakhs. Indicate whether Prithviraj is liable for registration under GST in the following independent cases:
   (a) Prithviraj is engaged in intra-State supply of Shoes
   (b) Prithviraj is engaged in intra-State supply of Pan Masala
   (c) Prithivraj is engaged in intra-State supply of services
   (d) Prithivraj is engaged in intra-State supply of goods and services

3. Assume in Illustration Two, Prithviraj is operating from Telangana. Determine the liability for registration in all the cases mentioned.

4. Assume in Illustration Two, Prithviraj is operating from Manipur. Determine the liability for registration in all the cases mentioned.

5. Raghu is exclusively engaged in intra-State supply of ready-made garments from his showrooms located in Assam and Tripura. The aggregate turnover in the current financial year are as follows:
   Assam: Rs. 28 Lakhs
   Tripura: Rs. 11 Lakhs
   Suggest Raghu regarding the liability for registration.

6. Usha Enterprises is engaged in supply of goods in the State of Maharashtra. It also supplies alcoholic liquor for human consumption in Nagaland. Its turnover in the current financial year is Rs. 24 Lakhs in Maharashtra and Rs. 8 Lakhs in Nagaland.
   Suggest the firm regarding the liability for registration.

   Would it make any difference if the turnover in Maharashtra is Rs. 34 Lakhs in the current financial year?

7. 'Raita Raju' is an agriculturist engaged in cultivation of wheat in his field in the State of Karnataka. He was exclusively engaged in supply of wheat cultivated in his field during the previous year. His turnover from supply of wheat was Rs. 32,00,000. Is he liable for registration under GST?

Will your answer be different if he also starts trading with rice and turnover from rice trading is Rs. 9,00,000?

8. Suma & Co., is a business entity in Mysore, engaged in inter-State supply. The turnover of the entity in the current financial year is Rs. 10,00,000. Indicate its liability for registration in the following independent cases:
   (a) Suma & Co., is exclusively engaged in inter-State supply of goods
   (b) Suma & Co., is exclusively engaged in inter-State supply of services
   (c) Suma & Co., is engaged in inter-state supply of goods and services.

9. Ansu Pvt Ltd., Madhya Pradesh, is engaged in supply of taxable and notified handicraft goods. It supplies these goods in the States of Uttar Pradesh and Orissa. Its aggregate turnover in the month of April is Rs. 15,00,000. Is it liable for compulsory registration?

10. Examine whether the liability to register compulsorily under section 24 arises in each of the independent cases mentioned below:
   (a) Meenu, a supplier in Maharashtra, is exclusively engaged in supply of potatoes produced out of cultivation of her own land, within and outside the State of Maharashtra.
   (b) Jinu Oils, Gujarat, is engaged in supplying machine oil as well as petrol. Further, it provides service of refining of oil to its customers. Total turnover of supply of machine oil is Rs. 10 Lakhs, supply of petrol is Rs. 5 Lakhs and supply of services is Rs. 6 Lakhs.
   (c) Tilu is working as an agent. He is supplying taxable goods as an agent of Tiku (who is registered taxable person) and his aggregate turnover during the financial year does not exceed Rs. 20 Lakhs.

11. Arun Ltd., is engaged in taxable supply of services in Karnataka. The turnover of the company exceeded Rs. 20,00,000 on 1st July 2021. By when should Arun Ltd., apply for registration?

12. Venaktesh and Sons – a supplier in Karnataka – has three branches in Mysore, Mangalore and Coorg. Mysore and Mangalore branches are engaged in supply of ready-made garments, while Coorg branch is engaged in supply of shoes. What are the options for registration for Venkatesh and Sons?

13. Determine the effective date of registration under CGST Act in respect of the following cases with proper explanation:
   (a) The aggregate turnover of Charan Industries of Mumbai has exceeded Rs. 40 Lakhs on 1st August 2021. Varun Industries manufactured LED TVs in Mumbai and sells them in Pune. It submits the application for registration on 20th August 2021. Registration certificate was granted on 25th August 2021.
   (b) Upasana Infotech Services is the provider of internet services in Pune. Its aggregate turnover exceeds Rs. 20 Lakhs on 25th September 2021. It submits the application for registration on 27th October 2021. Registration certificate is granted on 5th November 2021.

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CA Intermediate, May 2018**

   Determine the effective date of registration under CGST Act, 2017 in respect of the following cases with explanation:
   (a) The aggregate turnover of Varun Industries of Mumbai has exceeded Rs.20 lakhs on 1st August, 2021. It submits the application for registration on 20th August, 2021. Registration certificate granted on 25th August, 2021.
   (b) Swetha InfoTech Services are the provider of internet services in Pune. The aggregate turnover of them exceeds Rs.20 lakhs on 25th September, 2021. It submits the application for registration on 27th October, 2021. Registration certificate is granted on 5th November, 2021.

2. **CA Intermediate, May 2018**

   State with reason whether following statement is true or false:

   "When the change in constitution of business results in change in PAN, the business entity can apply for amendment of registration in prescribed manner within 15 days."

3. **CA Intermediate, May 2018**

   Determine the effective date of registration in the following cases:

   The aggregate turnover of Madhu Ltd. engaged in the taxable supply of services in the state of Punjab exceeded Rs.20 lakh on 25th August 2021. It applies for registration on 19th September 2021 and is granted registration certificate on 29th September 2021.

   What will be your answer, if in the above scenario; Madhu Ltd. submits the application for registration on 27th September 2021 and is granted registration on 5th October 2021?

4. **CA Intermediate, November 2018**

   There is a dairy farm selling milk and milk products in Delhi. The turnover of his dairy farm is as below:

Milk (Exempted):	Rs.19,90,000
Butter (Taxable):	Rs. 50,000

   (i) What is the registration liability under GST for the above mentioned person assuming he has same PAN?
   (ii) Amit, a taxable person, is operating in Tamil Nadu, Punjab and West Bengal, with the same PAN. Can he operate with a single registration in West Bengal?

5. **CA Intermediate, November 2018**

   The aggregate turnover of Vikas Enterprise of Mumbai (Maharashtra) has exceeded Rs. 20 Lakhs on 25th January, 2021. It submits the application for registration on 15th February, 2021. Registration certificate is granted on 20th February, 2021. Determine the effective date of registration under CGST Act, 2017

6. **CA Intermediate, November 2018**

Determine with brief reasons, whether the following statements are True or False:

"Registration under the CGST Act, 2017 can be cancelled by the proper officer, if the voluntarily registered person has not commenced the business within three months from the date of registration."

7. **CA Intermediate, November 2018**

Mr. Allan, a non-resident person, wishes to provide taxable supply of goods. He has no fixed place of business or residence in India. He seeks your advice on the following aspects, relating to CGST Act, 2017:

(a) When shall he apply for registration?
(b) Is PAN mandatory for his registration?
(c) What is the period of validity of RC granted to him?
(d) Will he be able to extend the validity of his registration? If yes, what will be the period of extension?

8. **CA Intermediate, May 2019**

Examine the liability of compulsory registration under section 24 of the CGST Act, 2017, in each independent case mentioned below:

1. Meenu, a supplier in Maharashtra, is engaged in supply of potatoes within Maharashtra and also outside Maharashtra, whose turnover exceeds threshold limit under GST Law.
2. Jinu Oils, Gujarat, is engaged in supplying machine oil as well as petrol. Total turnover of machine oil is Rs. 20 lakh and of petrol is Rs.15 lakh.
3. Tilu is working as an agent, he is supplying goods as an agent of Tiku (who is registered taxable person) and its aggregate turnover does not exceed Rs.20 lakh during the financial year.

9. **CA Intermediate, May 2019**

State with brief reason, whether following suppliers of taxable goods are required to register under the GST Law.

(i) Mr. Raghav is engaged in wholesale cum retail trading of medicines in the State of Assam. His aggregate turnover during the financial year is Rs.9,00,000 which consists of Rs. 8,00,000 as Intra-State supply and Rs. 1,00,000 as Inter-State supply.
(ii) Mr. S.N Gupta of Rajasthan is engaged in trading of taxable goods on his own account and also acting as an agent of Mr. Rishi of Delhi. His turnover in the financial year 2017-18 is of 12 lakhs on his own account and Rs. 9 lakhs on behalf of principal. Both turnovers are Intra-State supply.

10. **CA Intermediate, May 2019**

Answer the following questions with respect to a casual taxable person under the CGST Act, 2017:

(i) Who is a casual taxable person?
(ii) Can a casual taxable person opt for the composition scheme?

(iii) When is the casual taxable person liable to get registered?
(iv) What is the validity period of the registration certificate issued to a casual taxable person?
(v) Can the validity period of registration certificate issued to a casual taxable person extended? If yes, what will be the period of extension?

11. **CA Intermediate, November 2019**

Examine, with reason, whether registration is required under CGST Act, 2017 in the following independent cases:

(i) Aadhav Computers of Gujarat is providing Computer Maintenance Service. Aggregate Turnover of Aadhav Computers is Rs. 15 Lakhs which comprises both intra-state and inter-state supply.
(ii) Soft wings of West Bengal, exclusively trading in garments, supplies its taxable goods to Various States in India. Aggregate Turnover of Soft wings is Rs. 35 Lakhs.

12. **CA Intermediate, November 2019**

Explain the registration requirements under GST law in the following independent cases:

(i) Mr. Ahmad of Jammu engaged in the business of supplying tobacco-based pan Masala with an aggregate turnover of Rs. 24 lacs
(ii) Mr. Lepcha of Mizoram is engaged in the supply of papers with an aggregate turnover of Rs. 13 Lacs.

13. **CA Intermediate, November 2020**

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

However, effective from 01.01.2020 exemption available on ‘Z’ was withdrawn by the Central Government and GST @ 5% was imposed thereon. The turnover of the company for the nine months ended on 31.12.2019 was Rs. 42 Lakhs.

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

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

14. **CA Intermediate, November 2020**

(i) The aggregate turnover of M/s X Ltd., in Delhi exceeds the applicable threshold limit for registration on 1st December. The application for registration is submitted on 20th December. Registration certificate is granted on January 1. Determine the effective date of registration along with reasoning.
(ii) M/s Sonu is an agent undertaking supply of goods on behalf of another taxable person i.e., Mr. Ghanshyam. The turnover of M/s Sonu does not exceed the applicable threshold limit. Is M/s Sonu required to obtain registration under GST. Explain in brief.

15. **CA Intermediate, January 2021**

Under the provisions of section 29(1) of CGST Act, 2017 read with rule 21A of CGST Rules, 2017 related to suspension of registration if the registered person has applied for cancellation of registration, what is the period and manner of suspension of registration?

16. **CA Intermediate, January 2021**

Happy Trader, a sole proprietorship firm, started a business of dealing in supply of both exempted as well as taxable goods in Assam. Happy Trader has furnished the following details relating to the sales made for the month of April 2021. All amounts are exclusive of GST.

Particulars	Amount (Rs.)
Intra-State sale of goods chargeable with GST @ 12%	15,00,000
Intra-State sale of non-taxable goods	5,00,000
Intra-State sale of alcoholic liquor for human consumption	2,00,000
Intra-State sale of Tobacco	3,00,000

With reference to the above and provisions of CGST Act, 2017,

(i) Compute the aggregate turnover.

(ii) Examine whether Happy Trader is liable to be registered under the Act, with reasons for the same.

(iii) What is the threshold limit for taking registration in this case?

17. **CMA Intermediate, June 2018**

Mrs. Lakshmi, intending to start a new business in January, 2021 furnishes the following information pertaining to the period up to 31.03.2021:

Estimated supplies	Amount
Intra-State supplies of taxable goods	14,00,000
Intra-State supplies of exempt services	4,00,000
Export sales	3,20,000
Supplies made as agent of a principal	2,40,000

Ascertain the aggregate turnover. She wants to know whether she should get herself registered for GST purposes. You are required to help her. Further, what will be the GST payable by her, if the GST rate for taxable goods supplied is 18%?

18. **CMA Intermediate, December 2018**

Where a person becomes liable to get registered under GST Law, he should furnish application for registration within __________ days.

(A) 15
(B) 30
(C) 60
(D) 90

19. **CMA Intermediate, December 2018**

Every person who is liable to be registered under GST shall apply for registration in form ______________.

20. **CMA Intermediate, December 2018**

Mr. Vishnu, who has started a business for supply of goods and services in Tamil Nadu, furnishes the following information pertaining to the period commencing on 01-07-2017 and ended on 31-03-2018:

Sl. No.	Particulars	Amount (Rs.)
(i)	Sale of diesel on which Sale Tax (VAT) is levied by Tamil Nadu Government.	7,00,000
(ii)	Supply of goods, after completion of job work, from the place of Mr. Vishnu, directly by his principal under whom he is registered as job worker.	4,20,000
(iii)	Export supply to Dubai	6,00,000
(iv)	Supply to its own additional place of business in Tamil Nadu, under same registration	5,00,000
(v)	Supply of goods exempt from GST.	8,20,000

You are required to help him in deciding whether he has to go for registration under CGST law.

21. **CMA Intermediate, June 2019**

GST is payable once registered even if the turnover is less than the prescribed limit – True / False.

22. **CMA Intermediate, June 2019**

In case of death of tax payer __________ can request for cancellation of registration.

23. **CMA Intermediate, June 2019**

R has started the business of supplying toys in J&K. He is required to obtain registration if his aggregate turnover during a financial year exceeds _____________.

24. **CMA Intermediate, June 2019**

Pure Oils, Delhi has started the supply of machine oils and high-speed diesel in the month of April, 2020. The following details have been furnished by it for the said month:

Sl. No	Particulars	Rs. (excluding GST)
1.	Supply of machine oils in Delhi	2,00,000

2.	Supply of high-speed diesel in Delhi	4,00,000
3.	Supply made through Fortis Lubricants – an agent of Pure Oils in Delhi	3,75,000
4.	Supply made by Pure Oils from its branch located in Punjab	1,80,000

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

25. **CMA Intermediate, June 2019**

In order to be eligible for grant of registration, a person must have a Permanent Account Number issued under the Income-Tax Act, 1961. State one exception to it.

26. **CMA Intermediate, December 2019**

Registration Certificate granted to casual taxable person or non-resident taxable person will be valid for __________ days from the effective date of registration.

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. Aggregate turnover for determining threshold limit of registration is-
   (A) Aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis and inter-state supplies), exempt supplies, export of goods/services and inter-state supplies of a person having same PAN computed on all India basis.
   (B) Aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and inter-state supplies of a person computed for each State separately.
   (C) Aggregate value of all taxable intra-State supplies, export of goods / services and exempt supplies of a person having same PAN computed for each State separately.
   (D) Aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and inter-state supplies of a person having same PAN computed on all India basis, but excluding taxes if any charged under CGST Act, SGST Act and IGST Act.

2. Rama Ltd., has provided following information for the month of September:

Intra-state Outward supply:	Rs. 8,00,000
Inter-state Exempt Outward supply:	Rs. 5,00,000
Turnover of exported goods	Rs. 10,00,000
Payment made for availing GTA services:	Rs. 80,000

   What is the aggregate turnover of Rama Ltd?

   (A) Rs. 8,00,000
   (B) Rs. 23,80,000
   (C) Rs. 23,00,000
   (D) Rs. 18,00,000

3. Mr. Z of Himachal Pradesh starts a new business and makes following supplies in the first month-
   (i) Intra-State supply of taxable goods amounting to Rs. 17 Lakhs
   (ii) Supply of exempted goods amounting to Rs. 1 Lakh
   (iii) Inter-State supply of taxable goods amounting to Rs. 1 Lakh
   Is Mr. Z required to obtain registration?

   (A) Mr. Z is required to obtain registration as the threshold limit of Rs. 10 Lakh is crossed
   (B) Mr. Z is not liable to obtain registration as he makes exempted supplies
   (C) Mr. Z is liable to obtain registration as he makes inter-state supply of goods
   (D) Mr. Z is not liable for registration since the threshold limit of Rs. 20 Lakh is not crossed.

4. The aggregate turnover limit for GST registration for seller of computers in State of Karnataka is
   (A) 20 lakhs
   (B) 40 lakhs
   (C) 50 lakhs
   (D) 1.5 crores

5. Registration is mandatory irrespective of turnover in case of
   (A) Inter-State supplies to branches
   (B) Export of goods
   (C) Liable for GST payment under reverse charge mechanism
   (D) All the above

6. The persons making inter-state supply from Madhya Pradesh is compulsorily required to get registered under GST __________________
   (A) If his all India based aggregate turnover exceeds Rs. 20 Lakhs in a financial year
   (B) If his all India based aggregate turnover exceeds Rs. 10 Lakhs in a financial year
   (C) Irrespective of the amount of aggregate turnover in a financial year
   (D) In case of inter-state supply of goods irrespective of the amount of aggregate turnover in a financial year.

7. The aggregate turnover limit for GST registration for chartered accountant in Kerala is
   (A) 20 lakhs
   (B) 40 lakhs
   (C) 50 lakhs
   (D) 1.5 crores

8. The aggregate turnover limit for GST registration in Manipur, Mizoram, Nagaland, Tripura is
   (A) 20 lakhs
   (B) 40 lakhs
   (C) 150 lakhs
   (D) 10 lakhs

9. Person not liable for mandatory registration is
   (A) Inter-State supplier of goods
   (B) Exporter of goods
   (C) Agriculturist
   (D) Importer of services

10. Mr. X, a casual taxable person, is not involved in making taxable supplies of notified handicraft goods. Which of the following statements is true for Mr. x?
    (A) Mr. X is not required to take registration under GST under any circumstances
    (B) Mr. X is required to get registration under GST if the aggregate turnover in a financial year exceeds Rs. 20 lakhs
    (C) Mr. X is required to get registration under GST if the aggregate turnover in a financial year exceeds Rs. 40 lakhs
    (D) Mr. X has to compulsorily get registered under GST irrespective of the threshold limit.

11. The time limit to apply for registration by a person is-
    (A) Within 60 days from the date the person becomes liable for registration
    (B) Within 30 days from the date the person becomes liable for registration
    (C) No time limit
    (D) Within 90 days from the date the person becomes liable for registration

12. A non-resident taxable person is required to apply for registration-
    (A) Within 30 days from the date on which he becomes liable for registration
    (B) Within 60 days from the date on which he becomes liable for registration
    (C) At least 5 days prior to commencement of business
    (D) Within 180 days from the date on which he becomes liable to registration

13. Xylo & Co., has three branches in Jalandhar, Amritsar and Ludhiana, in the State of Punjab. Amritsar and Ludhiana branches are engaged in supply of garments and Jalandhar branch engaged in supply of shoes. Which of the following options is/are legally available for registration to Xylo & Co.?
    (i) Xylo & Co., can obtain single registration for Punjab declaring any one of the branches as Principal Place of Business and other two branches as Additional Place of Business.
    (ii) Xylo & Co, can obtain separate registration for each of the three branches.
    (iii) Xylo & Co., can obtain one GST registration for shoe business (Jalandhar branch) and another registration which is common for garment business (Amritsar and Ludhiana)

    (A) (ii)
    (B) Either (i), or (ii) or (iii)
    (C) Either (i) or (ii)
    (D) Either (ii) or (iii)

14. Which of the following persons is required to obtain compulsory registration?
    (A) Persons exclusively engaged in making intra-state supplies, tax on which is to be paid by the recipient on reverse charge basis under section 9(3) of the CGST Act, 2017
    (B) Persons making inter-State supplies of taxable services up to Rs. 20,00,000
    (C) Persons making supply of services through Electronic Commerce Operator (other than supplies specified under section 9(5) of the CGST Act) with aggregate turnover of up to Rs. 20,00,000
    (D) Persons who make taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise.

15. Mandatory document required for registration is
    (A) PAN
    (B) Voter ID
    (C) Driving license
    (D) None of the above

16. The validity of registration certificate is-
    (A) One year
    (B) Till cancellation
    (C) Two years
    (D) Five years

17. The validity period of casual taxable person can be extended by
    (A) 30 days
    (B) 60 days
    (C) 90 days
    (D) 120 days

18. The registration certificate granted to non-resident taxable person is valid for ______ days from the effective date of registration or period specified in registration application, whichever is earlier
    (A) 30
    (B) 60
    (C) 90
    (D) 120

19. Non-resident person shall make advance deposit of tax equal to
    (A) Rs.10 lakh
    (B) Rs.15 lakh
    (C) Rs.20 lakh
    (D) Estimated tax liability for registration validity period

20. New registration to be obtained if
    (A) Change in name of director
    (B) New products supplied
    (C) Change in telephone number
    (D) None of the above

21. The application for registration is deemed to be approved within
    (A) 3 days from application date
    (B) 6 days from application date
    (C) 9 days from application date
    (D) 12 days from application date

22. The application for registration can be made by filing application
    (A) manually with tax office
    (B) electronically on common portal
    (C) manually or electronically
    (D) None of the above

23. Kalim & Associates made an application for cancellation of registration in the month of March due to closure of its business. Its application for cancellation of registration was approved on 14th September. In the given case, Kalim & Associates is-
    (A) required to file Final return on or before 14th December
    (B) not required to file Final return

(C) required to file Final return on or before 30th September
(D) required to file Final return on or before 13th December

24. Within how many days can an application for revocation of cancellation of registration be made?
    (A) Within 7 days from the date of service of cancellation order
    (B) Within 15 days from the date of issue of cancellation order
    (C) Within 45 days from the date of issue of cancellation order
    (D) Within 30 days from the date of service of cancellation order

25. Prem & Sons had taken GST registration on 1st January, but failed to furnish returns for the next 6 months. Owing to this, the proper officer cancelled its registration on 25th July and served the order for cancellation of registration on 31st July. Now, Prem & Sons can file an application for revocation of cancellation of registration on or before
    (A) 30th August
    (B) 29th August
    (C) 29th September
    (D) 29th October

26. Which of the following statements are correct?
    (i) Revocation of cancellation of registration under CGST / SGST Act shall be deemed to be a revocation of cancellation of registration under SGST / CGST Act.
    (ii) Cancellation of registration under CGST / SGST Act shall be deemed to be cancellation of registration under SGST / CGST Act.
    (iii) Revocation of cancellation of registration under CGST / SGST Act shall not be deemed to be a revocation of cancellation of registration under SGST / CGST Act.
    (iv) Cancellation of registration under CGST / SGST Act shall not be deemed to be cancellation of registration under SGST / CGST Act.

    (A) (i) and (ii)
    (B) (i) and (iv)
    (C) (ii) and (iii)
    (D) (iii) and (v)

27. Time limit to apply for registration in case of temporary registration granted by tax officer is
    (A) 15 days
    (B) 25 days
    (C) 45 days
    (D) 90 days

Questions and Problems

1. M/s.JJ Industries has four manufacturing units in Bangalore, Chennai, Delhi and Mumbai. Supplies made from these four units are as follows:
   Intra-State taxable supply is Rs.75 lakh
   Export of goods Rs. 90 lakh.
   However, the value of individual supply from each said unit was:
   Bangalore unit - Rs.40 lakh, Chennai unit - Rs.15 lakh, Delhi unit Rs.20 lakh and Mumbai unit – Rs.90 lakh exports

(a) Discuss whether all units of M/s.JJ Enterprises requires GST registration.
(b) Will your answer differ if Mumbai supplies exempted goods within Maharashtra?

2. SLV Trading Corporation is engaged in supply of automobile parts within the State of Orissa. It supplies goods worth Rs.35 lakh to customers in Orissa and also achieves turnover of Rs.14 lakh as agent on behalf of principal. Turnover from supply of own goods not exceeding the threshold limit of Rs.40 lakh. The turnover details are for FY 2020-21.
   a. Compute the aggregate turnover to decide on registration requirement in GST.
   b. SLV wishes to obtain registration from FY 2020-21. Advise them.

3. The aggregate turnover of the Shambhavi Enterprises exceeded Rs.40 lakhs on 15th March. He applied for registration on 25th April. However, Shambhavi Enterprises sold goods worth Rs.5 lakh issuing invoice. The registration certificate was issued on 1st May.
   Determine:
   a. What shall be the effective date of registration
   b. What would be your answer if application is filed on 20th March

4. Determine the effective date of registration in the following cases:
   (a) The aggregate turnover of Dhampur Footwear Industries of Delhi has exceeded the applicable threshold limit of Rs. 40 Lakhs on 1st September. It submits the application for registration on 20th September. Registration is granted on 25th September.
   (b) Mehta Teleservices is based in Lucknow. Its aggregate turnover exceeds Rs 20 Lakhs on 25th October. It submits the application for registration on 27th November. Registration certificate is granted to it on 5th December.

5. Examine whether the supplier of goods is liable to get registered in the following independent cases:
   (i) Raghav of Assam is exclusively engaged in intra-State supply of ready-made garments. His turnover in the current financial year from Assam showroom is Rs. 33 Lakhs. He has another showroom in Tripura with a turnover of Rs. 11 Lakhs in the current financial year.
   (ii) Pulkit of Panjim, Goa, is exclusively engaged in intra-State taxable supply of shoes. His aggregate turnover in the current financial year is Rs. 22 Lakhs.
   (iii) Harshit of Himachal Pradesh is exclusively engaged in intra-state supply of Pan Masala. His aggregate turnover in the current financial year is Rs. 24 Lakhs.

6. Examine whether the supplier is liable to get registered in the following independent cases:
   (i) Ankit of assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is Rs. 25 Lakhs.
   (ii) Sanchit of Assam is engaged in intra-State supply of both taxable goods and services. His aggregate turnover in the current financial year is Rs. 30 Lakhs.

CHAPTER 12: DOCUMENTS FOR GST

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CA Intermediate, May 2018**

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

2. **CA Intermediate, May 2018**

   Determine with reason whether the following statements are true or false:
   (a) A registered person shall issue separate invoices for taxable and exempted goods when supplying both taxable as well as exempted goods to an unregistered person.
   (b) A Non-Banking Financial Company can issue a consolidated tax invoice at the end of every month for the supplies made during that month.

3. **CA Intermediate, May 2019**

   Examine the following independent cases of supply of goods and services and determine the time of issue of invoice under each of the cases as per the provisions of CGST Act, 2017:

   (i) Sakthi Enterprises, Kolkata entered into a contract with Suraj Enterprises, Surat for supply of goods on 31st October, 2018. The goods were removed from the factory at Kolkata on 11th October, 2018. As per the agreement, the goods were to be delivered by 31st October, 2018. Suraj Enterprises has received the goods on 14th October, 2018.
   (ii) Trust and Fun Ltd, an event management company, has provided its services for an event at Kapoor Film Agencies, Mumbai on 5th June, 2018. Payment for the event was made on 19th June, 2018.

4. **CA Intermediate, November 2020**

   "It is mandatory to furnish the details of conveyance in Part-B of E-way Bill". Comment on the validity of the above statement with reference to GST laws.

5. **CA Intermediate, January 2021**

   Yash & Co., a manufacturer and supplier of Plastic goods, registered under GST in the State of Maharashtra. Yash & Co. sold plastic goods to a retail seller in Punjab, at a value of Rs. 43,000 (excluding GST leviable @ 18%). Now, it wants to send the consignment of such plastic goods to the retail seller in Punjab.
   You are required to examine and advise Yash & Co., whether e-way bill is mandatorily required to be generated in respect of such movement of goods under GST laws?

6. **CA Intermediate, January 2021**

ABC Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens was issuing consolidated tax invoice for supplies at the close of each day in terms of section 31(3)(b) of CGST Act, 2017 read with fourth proviso to rule 46 of CGST Rules, 2017.
During the month of October 2019, the Department raised objection for this practice and asked to issue separate tax invoices for each ticket.
Advise ABC Cinemas for the procedure to be followed in the light of recent notification.

7. **CA Intermediate, January 2021**

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

8. **CA Intermediate, January 2021**

Explain the provisions relating to the transactions where tax invoice is not required to be issued under the CGST Act, 2017

9. **CMA Intermediate, December 2018**

Following is the GST tax invoice issued by a registered supplier:

<table>
<tr><td>M/s. ABC Private Ltd, Chennai
Date: 12.01.2018</td><td colspan="2">GST No.33AXCCA1234MZU</td></tr>
<tr><td>Purchaser: John Britto, Kochi</td><td colspan="2">GST No. of purchaser: 31AAVPR6745J1ZU</td></tr>
<tr><td></td><td>Quantity (Nos.)</td><td>Value (Rs.)</td></tr>
<tr><td>Ready-made Shirts</td><td>10,000</td><td>12,00,000</td></tr>
<tr><td>IGST</td><td></td><td>2,16,000</td></tr>
<tr><td>Total amount</td><td></td><td>14,1,6,000</td></tr>
<tr><td colspan="3">Being computer printout, no signature is required.</td></tr>
</table>

Identify any five mistakes or errors found in the above GST tax invoice.

10. **CMA Intermediate, December 2018**

A person can issue normal tax invoice in respect of supplies which were suppressed by him and detected by the GST officers subsequently – True / False.

11. **CMA Intermediate, June 2019**

The period prescribed for issuance of tax invoice in case of provision of service is -
(A) Generally, 45 days from the date of supply or service (in case of Banking companies – 30 days from the date of supply).
(B) Generally ,30 days from the date of supply or service (in case of Banking companies – 60 days from the date of supply).

(C) Generally ,30 days from the date of supply or service (in case of Banking companies – 45 days from the date of supply).
(D) 30 days from the date of supply in all cases.

12. **CMA Intermediate, December 2019**

The sale document to be generated by a supplier in case of exempted supply is called
(A) Tax Invoice
(B) Delivery Challan
(C) Bill of Supply
(D) Commercial Invoice.

SELF- PRACTICE EXERCISES

Multiple choice questions

1. Tax invoice in case of supply of goods to be issued –
   (A) Before or at the time of supply
   (B) Within 30 days from date of supply
   (C) Within 45 days from date of supply
   (D) On date of receipt of payment

2. Tax invoice in case of supply of services by banking company to be issued –
   (A) After provision of service but within 10 days from date of supply
   (B) After provision of service but within 30 days from date of supply
   (C) After provision of service but within 45 days from date of supply
   (D) After provision of service but within 60 days from date of supply

3. In case of annual turnover exceeding Rs.5 crore, minimum HSN digits required in tax invoice
   (A) 2 digits
   (B) 3 digits
   (C) 4 digits
   (D) 6 digits

4. Bill of supply can be issued when the supplied is engaged in supply of goods
   (A) Under composition scheme
   (B) For export at zero rate
   (C) Supply at 12% GST rate
   (D) Supply to SEZ units

5. When goods are sent for job work, the document to be issued
   (A) Tax invoice
   (B) Bill of supply
   (C) Delivery challan
   (D) All the above

6. Due date to issue credit note in GST
   (A) Not later than June following end of financial year or the date of furnishing of the relevant annual return
   (B) Not later than September following end of financial year or the date of furnishing of the relevant annual return
   (C) No time limit
   (D) Not later than September following end of financial year

7. Due date to issue debit note in GST
   (A) On or before Sept 30, following the end of financial year
   (B) Date of filing of the relevant annual return
   (C) Earlier of the two dates mentioned in (a) and (b) above
   (D) None of the above

8. Specified consignment value for issue of E-way bill for inter-State supply is
   (A) Rs.50,000
   (B) Rs.25,000
   (C) Rs.1,000
   (D) None of the above

9. E-way bill can be issued by
   (A) Transporter
   (B) Registered supplier
   (C) Registered buyer
   (D) All the above

10. The time limit for acceptance of E-way bill by the registered supplier or recipient is
   (A) 24 hours
   (B) 48 hours
   (C) 56 hours
   (D) 72 hours

11. Invoice shall be prepared in ___________ in case of taxable supply of goods and in _____________ in case of taxable supply of services.
   (A) Triplicate, Duplicate
   (B) Duplicate, Triplicate
   (C) Duplicate, Duplicate
   (D) Triplicate, Triplicate

12. Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued:
   (A) Before/at the time of supply
   (B) 6 months from the date of removal
   (C) Earlier of (a) or (b)
   (D) Later of (a) or (b)

13. Subhas & Co., a registered person, supplies taxable goods to unregistered persons. It need not issue tax invoice for the goods supplied on 16th April, if the value of the goods is _____ and the recipient does not require such invoice
    (A) Rs.1,200
    (B) Rs.600
    (C) Rs.150
    (D) Rs.200

14. Which of the following is correct in respect of document to be issued by the firm for understatement and overstatement of invoice value
    (i) Debit note is to be issued for Rs.75,000
    (ii) Credit note is to be issued for Rs.75,000
    (iii) Debit note is to be issued for Rs.45,000
    (iv) Credit note is to be issued for Rs.45,000

    (A) (i) and (iii)
    (B) (ii) and (iii)
    (C) (i) and (iv)
    (D) (ii) and (iv)

15. Which of the following statements is correct in respect of supply of goods received by the firm which are taxable under reverse charge
    (i) Firm shall issue a payment voucher at the time of making payment to supplier
    (ii) Firm shall issue invoice for supply of goods
    (iii) Firm shall issue receipt voucher at the time of making payment to supplier
    (iv) Firm is not required to issue any document in respect of such supply

    (A) (i)
    (B) (i) and (ii)
    (C) (ii) and (iii)
    (D) (iv)

Problems

1. Maheshwari Enterprises exceeded the turnover of Rs.40,00,000 on 30th September 2019. Realizing the need for obtaining the registration, it applied for registration on 5th October 2019. GST department granted the registration certificate on 11th October, 2019. Maheshwari Enterprises wishes to understand if revised invoices can be issued to customers. Please guide.

2. In the following scenarios, determine the time of issue of invoices in terms of CGST Act 2017.
    (a) Narmada Private Limited, Gujarat agreed to sell goods to its customer on 12th February 2020 to supply on 15th February. However, the goods were removed from factory and supplied only on 2nd March 2020.
    (b) Cauvery Private Limited, Karnataka provided real estate consultancy service to its customer Joseph Private Limited on 15th April 2020. However, Joseph Private Limited agreed to make the payment only on 20th May 2020.

3. Bali Limited, a registered taxpayer, provides security services to registered persons from Mumbai office and Delhi office. The aggregate turnover of Mumbai office and Delhi office in the preceding financial year is Rs.300 crore and Rs. 250 crore respectively. For the month of November in the current financial year, Bali Limited prepares duplicate invoices and does not issue e-invoice as it is of the view that it's aggregate turnover does not cross the threshold limit to make it liable for issuing e- invoices.
Briefly explain whether the view taken by Bali Limited is correct in law? Also explain the advantages of e-invoicing, if any.

4. Sultan Industries Ltd., Delhi, entered into a contract with Prakash Entrepreneurs, Delhi, for supply of spare parts of a machine on 7th September. The spare parts were to be delivered on 30th September. Sultan Industries Ltd. removed the finished spare parts from its factory on 29th September. Determine the date by which invoice must be issued by Sultan Industries Ltd. under GST law.

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

6. Royal Fashions, a registered supplier of designer outfits in Delhi, decides to exhibit its products in a Fashion Show being organised at Hotel Park Royal, Delhi on 4th January. For the occasion, it gets the service by way of makeover of its models from Aura Beauty Services Ltd., Ashok Vihar, for which a consideration is Rs.5,00,000 (excluding GST) has been charged. Aura Beauty Services Ltd. issued a duly signed tax invoice on 10th February showing the lumpsum amount of Rs.5,90,000 inclusive of CGST and SGST @ 9% each for the services provided. Answer the following questions:
   (a) Examine whether the tax invoice has been issued within the time limit prescribed under law.
   (b) Tax consultant of Royal Fashions objected to the invoice raised suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd. However, Aura Beauty Services Ltd. contended that there is no mandatory requirement of showing tax component separately in the invoice. You are required to examine the validity of the objection raised by tax consultant of Royal Fashions.

7. Rana Sanga Ltd., a registered supplier has made following taxable supplies to its customer Babur in the quarter ending 30th June.

Date	Bill No.	Particulars	Invoice value (including GST)
5th April	102	Notebooks [10 nos.]	1,200
10th May	197	Chart paper [4 nos.]	600
20th May	230	Crayon colours [2 nos.]	500
2nd June	254	Poster colour [5 packets]	900
22nd June	304	Pencil box[4 sets]	700

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

8. Sakthi Enterprises, Kolkata entered into a contract with Suraj Enterprises, Surat for supply of goods and the delivery shall be made on or before 31st October. The goods were removed from the factory at Kolkata on 11th October. As per the agreement, the goods were to be delivered on or before 31st October. Suraj Enterprises has received the goods on 14th October. Determine the time of issue of invoice as per the provisions of CGST Act.

9. Trust and Fun Ltd., an event management company, has provided its services for an event at Kapoor Film Agencies, Mumbai on 5th June. Payment for the event was made on 19th June. Determine the time of issue of invoice as per the provisions of CGST Act.

CHAPTER 13: PAYMENTS AND PROCEDURES UNDER GST

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CA Intermediate, November 2018**

   M/s Software Limited reduced the amount of 2,00,000 from the output tax liability in contravention of provisions of section 42(10) of the CGST Act, 2017 in the month of December 2017, which is ineligible credit. A show-cause notice was issued by the Tax Department to pay tax along with interest. M/s Software Limited paid the tax and interest on 31st March, 2018. Calculate interest liability (Ignore penalty).

2. **CA Intermediate, November 2018**

   Electronic cash ledger balance of 5,000 under the major head of IGST can be utilized for discharging the liability of major head of CGST. State whether true or false?

3. **CA Intermediate, November 2018)**

   Ms. Jimmy wants to adjust input tax credit for payment of interest, penalty and payment of tax under reverse charge. Explain whether she can do so.

4. **CA Intermediate, November 2019**

   Mr. Alok a registered supplier of taxable goods, filed GSTR 3B for the month of January 2019 on 15th April, 2019. The prescribed due date to file the said GSTR 3B was 20th February, 2019. The Amount of net GST Payable on supplies made by him for the said month worked out to Rs.36,500 which was paid on the same date of filing the return. Briefly explain the related provisions and compute the amount of interest payable under the CGST Act, 2017 by Mr. Alok.

5. **CMA Intermediate, December 2018**

   For delayed payment of GST, interest is payable @ ___________ % p.a.

6. **CMA Intermediate, June 2019**

   In the common portal, every claim of Input Tax Credit of a registered person shall be credited to -
   (A) Electronic Cash Ledger
   (B) Electronic Credit Ledger
   (C) Electronic Liabilities Ledger
   (D) Electronic Credit Ledger

7. **CMA Intermediate, June 2019**

   Ms. Poorvisha got registered under the GST law on 12-02-2019, since she is new to the GST Regime, she seeks your advice on the following:
   (i) Whether IGST payments can be made online only or can be made offline also;
   (ii) Whether manual challans are permitted under GST;

(iii) Validity period of e-challans, and
(iv) Whether cross utilization among Major and Minor heads of the electronic cash ledger permitted.

8. **CMA Intermediate, December 2019**

Interest is payable even if duty is paid before the show-cause notice – True / False.

9. **CMA Intermediate, December 2019**

Registered person may transfer any amount of tax, interest, penalty or any other amount available in Electronic Cash Ledger to Electronic Cash Ledger for IGST, CGST or UTGST or Cess. – True / False.

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. Interest on delayed payment of GST can be paid by debiting
(A) Electronic cash register
(B) Electronic credit register
(C) Bank register
(D) Petty cash book

2. Self-assessed ITC is credit to
(A) Electronic cash ledger
(B) Electronic liability register
(C) Electronic credit ledger
(D) All the above

3. Interest applicable on delayed payment of tax is
(A) 10%
(B) 20%
(C) 15%
(D) 18%

4. IGST ITC can be utilised for
(A) CGST
(B) SGST/UTGST
(C) IGST
(D) All the above

5. Interest is calculated: -
(A) For entire months fully
(B) For entire year fully
(C) For the number of delayed days
(D) None of the above

6. Over the counter payment limit in GST
   (A) Rs.10,000
   (B) Rs.1,00,000
   (C) Rs.10,00,000
   (D) No limit

7. Electronic credit register can be utilised for payment of
   (A) IGST
   (B) CGST
   (C) SGST/ UT GST
   (D) All the above

8. Time limit for claiming the refund in GST
   (A) 1 year from relevant date
   (B) 2 years from relevant date
   (C) 3 years from relevant date
   (D) 4 years from relevant date

9. Electronic cash register is maintained
   (A) Manually by registered person
   (B) Automatically created on GST common portal
   (C) By authorised bank
   (D) None of the above

10. CGST ITC can be utilised for
    (A) IGST only
    (B) CGST only
    (C) SGST/ UT GST only
    (D) CGST or IGST

11. Balance in electronic credit ledger can be utilized against payment of –
    (A) Output tax payable
    (B) Interest
    (C) Penalty
    (D) Late fee

12. Which of the following shall be discharged first, while discharging liability of a taxable person?
    (A) All dues related to previous tax period
    (B) All dues related to current tax period
    (C) Demand raised under section 73 and 74
    (D) No such condition is mandatory

Problems

1. Mr. Ashok a registered supplier of renting services delayed filing of GSTR-3B for the month of March 2019. He wants to file the return on 15th May. The total GST liability to be discharged is Rs.75,000. He wants you to assist him in computing the interest payable for delayed period assuming he files his returns on 15th May.

2. Mr. A has deposited a sum of Rs.30,000 under minor head of "Interest" column for the major head "IGST". At the time of filing GSTR-3B for a particular tax period, he noticed that there is no sufficient amount under the minor head 'Tax' towards payment of Rs. 30,000. When approached with the Jurisdictional Tax officer, Mr. A was guided to deposit the tax amount under proper head of account and claim a refund for the remittance of amount deposited under head "interest".
Examine the relevant provisions of CGST Act, 2017 towards payment of tax and compliance with the law.

3. Sahil is a supplier of taxable goods in Karnataka. He got registered under GST in the month of September, 2020 and wishes to pay his IGST liability for the month. Since he is making the GST payment for the first time, he is of the view that he needs to mandatorily have the online banking facility to make payment of GST; offline payment is not permitted under GST. You are required to apprise Sahil regarding the various modes of deposit in the electronic cash ledger. Further, advise him with regard to following issues:
   a) Are manual challans allowed under GST?
   b) What is the validity period of the challan?
   c) Is cross utilization among Major and Minor heads of the electronic cash ledger permitted?

4. Suhasini is a registered software consultant. On account of her ill health, she could not provide any services during the month of October. However, she had to incur all the expenses relating to her office. She paid Rs.75,000 to various vendors. The total input tax involved on the goods and services procured by her is Rs.13,500. Out of the total bills paid by her, one bill for Rs.15,000 relates to security services availed for security of her office, tax on which is payable under reverse charge. Input tax involved in such bill is Rs.2,700.

   Suhasini is of the opinion that for the month of October, no GST is payable from electronic cash ledger as she has sufficient balance of ITC for payment of GST under reverse charge on security services. Do you think Suhasini is right? Explain with reasons.

CHAPTER 14: COMPOSITION SCHEME

SOLVED ILLUSTRATIONS IN e-BOOK

1. Joyce Private Limited wishes to understand eligibility of composition scheme providing following turnover details for previous financial year.

Particulars	Amounts in lakh (Rs.)
Inter-State supply of goods	15
Branch transfer of goods to Kerala	60
Export of goods	70
Interest on fixed deposits with bank	20

2. Gururaj Aromatics provides following information and seek your guidance regarding eligibility for composition scheme under GST

Particulars	Amounts in lakh (Rs.)
Intra-State supply of taxable goods	115
Export of goods	25
Interest on fixed deposits with bank	45

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CA Intermediate May 2018**

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

a. With reference to the provisions of the CGST Act, 2017, examine whether the firm can opt for the composition scheme?
b. Will your answer change, if the turnover of the showroom was 70 lakh and receipts of the interior decorators service was Rs.22 Lakh in the preceding financial year?
c. Also discuss whether it is possible for M/s. Ginny and John Company to opt for composition scheme only for showroom?

2. **CA Intermediate May 2018**

M/s. Sai Trading Company, an eligible registered dealer in goods making intra-state supplies within the state of Andhra Pradesh, has reported an aggregate turnover of Rs.78 Lakh in the preceding financial year.

a) Determine whether Sai Trading Company will be eligible for composition levy, as on 31-10-2021.
b) Will your answer be different, if in the above scenario, M/s Sai Trading Company is making intra state supply within the state of Jammu and Kashmir?

3. **CA Intermediate November 2018**

Mr. X is running a consulting firm and also a readymade garment showroom in Kolkata registered in same PAN. Turnover of the showroom is Rs.70 lakh and receipt of consultancy firm is Rs.15 lakh in the preceding financial year. You are required to answer the following:

1) Is Mr. X eligible for composition scheme?
2) Is it possible for Mr. X to opt for composition scheme only for showroom?

4. **CA Intermediate May 2019**

Examine in relation to composition levy scheme under the CGST Act, 2017 and the rules made thereunder in the following individual cases:

(1) Ketu is a manufacturer of ice-cream and pan masala in State of Maharashtra. His turnover for the year does not exceed 1 Crore. He wants to register for composition levy scheme. Is he eligible for it?
(2) Jadhu of Gujarat opts for composition scheme during a financial year 2017-18. But on 10-02-2018 his turnover crosses 1.5 Crore, can he continue under composition levy scheme.

5. **CA Intermediate May 2019**

X Ltd. has 2 branches K & L in Delhi, having same PAN. Branch K opts for normal scheme. X Ltd. want to continue composition levy in case of its branch L. Can X Ltd. continue composition levy only for branch L?

6. **CA Intermediate November 2019**

M/s. United Electronic, a registered dealer, supplying all types of goods in the State of Karnataka. Their aggregate turnover in the FY 2018-19 by way of supply of appliances was ₹ 120 Lakhs. The firm also expects to provide repairs and maintenance services of such appliances from the FY 2019-20.

With reference to the latest amendments made in the CGST Act, 2017, examine:

(i) Whether the firm can opt for the composition scheme for the FY 2019-20, as the turnover may include supply of both goods and services?
(ii) If yes, up to what amount, the supply of service can be provided?

7. **CA Intermediate November 2019**

Mr. Zafar of Assam, provides the following for the preceding FY 2018-19. You are required to find out the aggregate turnover for the purpose of eligibility of composition levy scheme and determine whether he is eligible for composition levy or not, for the FY 2019-20.

Particulars	Amount (₹)
Value of taxable outward supplies (out of above ₹ 10 lakhs was in course of inter-state transactions).	50.00
Value of exempt supplies (which include ₹ 30 lakhs was received as an interest on loans & advances).	70.00

Value of inward supplies on which he is liable to pay tax under reverse charge	5.00
Value of exports	5.00

All the amounts are exclusive of GST.

8. **CA Intermediate November 2020**

Conditions for availing the concessional rate of tax under Notification No. 2/2019 CT(R) are primarily same as the conditions for availing composition scheme under Central Goods and Services Tax Act 2017, with few exceptions. Briefly discuss the said exceptions.

9. **CA Intermediate January 2021**

Vansh Traders, a registered supplier, is providing restaurant services in Manipur. It has turnover of Rs. 55 Lakhs in the preceding financial year 2019-20. It has started providing intra-state event management services in the current financial year 2020-21 and discontinued rendering restaurant services.

(i) With reference to the provisions of the CGST Act, 2017, examine whether Vansh Traders can opt for the composition scheme under section 10 of the CGST Act, 2017 in the current financial year?

(ii) Is Vansh Traders eligible to avail benefit of concessional payment of tax under Notification No. 2/2019 CT (R) dated 07-03-2019?

10. **CMA Intermediate December 2018**

Which of the following manufacturer cannot opt for composition levy?

(A) Manufacturer of pan masala
(B) Manufacturer of ice-cream
(C) Manufacturer of tobacco substitutes
(D) All of the above

11. **CMA Intermediate December 2018**

A person of Tripura is eligible to opt for composition levy provided his previous year turnover (aggregate) exceeds Rs. 75 Lakhs. – True / False.

12. **CMA Intermediate June 2019**

In case of supply of goods by a composite dealer, the registered person shall issue ____________________.

13. **CMA Intermediate December 2019**

From the following cases, you are required to suggest if the registered person can opt for composition scheme as per Section 10 of CGST Act for the financial year 2019-20. You are required to narrate relevant provision of the law with applicable composition tax rate, in each case, if the registered person can opt for the Composition Scheme.

i. M/s Rajesh Khanna Enterprises, Nagpur (Maharashtra), engaged in the business of manufacture of Tobacco products has shown an aggregate turnover of Rs. 90 Lakhs during the financial year 2018-19.

ii. M/s Pramod & Co., Imphal (Manipur) engaged in the business of manufacture of textile carpets has shown an aggregate turnover of Rs. 85 Lakhs during the financial year 2018-19.

iii. M/s Kwality Ice Cream Parlour, Bangalore (Karnataka), engaged in the business of trading of ice cream has shown an aggregate turnover of Rs. 60 Lakhs during the financial year 2018-19.

iv. M/s British Bakeries, Coimbatore (Tamilnadu) is engaged in the business of supply of bakery products, both in take away packs and served in ready to eat containers in order to cater the needs of the customers who consume the products on the spot, has shown an aggregate turnover of Rs. 1.26 Crores during the financial year 2018-19.

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. Aggregate turnover limit for opting composition scheme is
   (A) 1.5 crores
   (B) 1 crore
   (C) 2 crores
   (D) 3 crores

2. Registered person not eligible for composition scheme if he is engaged in
   (A) Inter-State supplies to branches
   (B) Export of goods
   (C) manufacturing tobacco products
   (D) All the above

3. Rate of GST under composition scheme for manufacturers is
   (A) 1%
   (B) 2%
   (C) 5%
   (D) 6%

4. Rate of GST under composition scheme for traders is
   (A) 0.5%
   (B) 2.5%
   (C) 1%
   (D) 3%

5. Rate of GST under composition scheme for restaurant service is
   (A) 5%
   (B) 18%
   (C) 12%
   (D) 1%

6. A registered person under composition scheme shall issue
   (A) Tax invoice
   (B) Commercial invoice
   (C) Bill of supply
   (D) None of the above

7. The turnover limit for service providers for opting composition scheme is
   (A) Rs.1.50 crore
   (B) Rs.50 lakh
   (C) Rs.1 crore
   (D) None of the above

8. Quarterly statement to be filed by composition scheme dealer is
   (A) CMP-02
   (B) CMP-04
   (C) CMP-06
   (D) CMP-08

9. Intimation for composition scheme is to be made in form
   (A) CMP-01
   (B) CMP-02
   (C) CMP-03
   (D) All the above

10. In composition scheme, registered person allowed to make
    (A) Intra-State procurements
    (B) Inter-State procurements
    (C) Import of goods
    (D) All the above

11. The limit for opting composition scheme for restaurant and catering service is
    (A) Higher of 10% of preceding year turnover or Rs.5 lakh
    (B) Rs.50 lakh
    (C) Rs.1.5 crore
    (D) None of the above

12. X & Co., a registered supplier of Meghalaya, wants to opt for composition scheme levy. The turnover limit for composition levy is -
    (A) Rs.50 lakh
    (B) Rs.75 lakh
    (C) Rs.1.5 crore
    (D) None of the above

13. Can a registered person opting for composition scheme collect GST on his outward supplies?
    (A) Yes, in all cases
    (B) Yes, only on such goods as may be notified by the Central Government
    (C) Yes, only on such services as may be notified by the Central Government
    (D) No

14. Which of the following persons is not eligible for composition levy under sub-sections (1) and (2) of Section 10 the CGST Act, 2017 even though their aggregate turnover does not exceed Rs.1.5 crore in preceding FY, in Uttar Pradesh?
(A) A person supplying restaurant services
(B) A person supplying restaurant services and earning bank interest
(C) A person trading in ice cream
(D) A person supplying service of repairing of electronic items

15. Which of the following is not eligible for opting composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017?
(A) M/s ABC, a firm selling garments in Ahmedabad having annual turnover of Rs.78 lakh.
(B) A startup company operating restaurant in Delhi having annual turnover of Rs.98 lakh.
(C) A courier service company operating solely in Mumbai having annual turnover of Rs.90 lakh.
(D) A trader selling grocery items in Orissa having an annual turnover of Rs.95 lakh

16. C & Co. a registered supplier in Delhi, opted for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017. It sold goods in the fourth quarter of a financial year for Rs.15,00,000 (exclusive of GST). The applicable GST rate on these goods is 12%. C & Co. purchased goods from Ramesh & Co., registered in Delhi, for Rs.9,55,000 on which Ramesh & Co. had charged CGST of Rs.57,300 and SGST of Rs.57,300. C & Co. had also purchased goods from E & Co., registered in Haryana, for Rs. 2,46,000 on which E & Co. had charged IGST of Rs. 29,520. GST liability of C & Co. for the fourth quarter of the financial year is-
(A) CGST Rs.7,500 & SGST Rs.7,500
(B) CGST Rs.3,180 & SGST Rs.32,700
(C) CGST Rs.32,700 & SGST Rs.3,180
(D) CGST Nil and SGST Nil

Problems

1. From the following cases, suggest if the registered persons are eligible for composition scheme for next financial year with relevant legal provisions.
   (i) M/s. Ganesh Stationaries in Karnataka is engaged trading of stationary goods with turnover of Rs.160 lakh. The turnover includes Rs.15 lakh from interest on fixed deposits held.
   (ii) M/s. Pinto Enterprises of Tripura is engaged in manufacture of plastic chairs for sale to charitable institutions. Turnover is Rs.149 lakh.
   (iii) M/s. SLV Traders is engaged in trading of cigarettes. Turnover is Rs.135 lakh.
   (iv) M/s. Petro Chemicals Limited is engaged in sale of diesel with turnover of Rs.125 lakh.

2. Mr.Abhay is engaged in sale of mobile phones and its accessories from the showroom in Mysore city, Karnataka. He has trading business in Bangalore where he sells furniture. The turnover in both these places are less than Rs.75 lakh at each place. Regular registration has been obtained in GST for furniture business as customers are registered and eligible for ITC of GST charged by Mr.Abhay.
   Abhay wishes to know if he can opt for composition scheme only for mobile phone sales unit in Mysore city. Please guide him.

3. Determine if following persons are eligible for composition scheme. State the provisions.
   (a) Person engaged in inter-State procurement of goods
   (b) Person engaged in inter-State supply of goods on regular basis
   (c) Person engaged in providing computer repair service with turnover of Rs.85 lakh
   (d) Person engaged in supply of goods through E-commerce operator with turnover of Rs.49 lakh

4. M/s.Mint Leaves Restaurant is engaged in supply of food and non-alcoholic drinks in the restaurant. The aggregate turnover in last FY 2019-20 is around Rs.110 lakh.
   Determine whether M/s.Mint Leaves Restaurant is eligible for composition scheme with legal provisions.

5. The due date for payment of tax by a person paying tax under section 10 of the CGST Act, 2017, i.e. a composition supplier is aligned with the due date of return to be filed by the said person. Discuss the correctness or otherwise of the statement.

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

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

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

CHAPTER 15: RETURNS

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CA Intermediate, May 2019**

Please answer following individual independent cases with reference to section 37 of the CGST Act, 2017 and rule 59 of CGST Rules, 2017:

(1) Mr. Kolly is registered supplier in the State of Gujarat. He is filing GSTR 1 every month. During the month of February,2018 he was out of India and so did not do any transaction during the month. He believes that as there is no transaction there is no need to file GSTR 1 for the month of February, 2018. Is he correct?

(2) Mr. Kaji is a registered dealer in Kerala. He was registered as a normal tax payer for FY 2017-18. But on 15-01-2018, he converted from normal tax payer to composition tax payer. Is he liable to file GSTR-1 for the month of February, 2018?

(3) Mrs. Zeel a registered dealer in Rajasthan did not file GSTR 1 for the month of June, 2018 but she wants to file GSTR 1 for the month of July, 2018. Is it possible?

2. **CA Intermediate, November 2020**

"In Form GSTR-1, submission of Invoice-wise details of outward supplies is mandatory for all kind of invoices issued during the tax period."
Comment on the validity of the above statement with reference to GST laws.

3. **CA Intermediate, November 2020**

(i) Briefly discuss GSTR-5 return
(ii) Mention persons who are not required to file annual return under GST

4. **CA Intermediate, January 2021**

Answer the following individual independent cases with reference to the provisions of filing of various returns under the CGST Act, 2017 and the rules made thereunder:

i. While preparing the annual return for the FY 2019-20 in the month of September 2020, Mr. Rahul realised that while filing his GSTR-3B for the month of March 2020, he has erroneously mentioned taxable turnover of Rs. 10,51,000 instead of Rs. 15,10,000. He now wants to know whether the error can be rectified. State your views on the same, with reasons.

ii. Mr. Vivek, whose aggregate turnover for the FY 2018-19 is Rs. 1.5 Crore has forgotten to file his annual return under section 44(1) of the CGST Act, 2017 before the due date for the said year. He wants to know whether he would be subject to any penal consequences under the provisions of the CGST Act, 2017. State your views on the same with reasons.

5. **CA Intermediate, January 2021**

The aggregate Turnover of Mr. Prithvi, a registered person for the FY 2017-18 and 2018-19 were 140 Lakhs and 170 Lakhs respectively. He has not filed the annual return (GSTR-9) under section 44(1) of CGST Act, 2017 before the due date.
Discuss the penal provisions, if any, for not filing the returns before the due date.

6. **CMA Intermediate, December 2018**

As per the GST Law, every registered taxable person must maintain account books and records for at least _______________ from the due date of furnishing of annual return for the year pertaining to such return.

7. **CMA Intermediate, June 2019**

Annal Returns shall be filed by-
(A) every Registered person
(B) registered person having annual turnover of Rs. 2 Crores and above.
(C) Registered person having annual turnover of Rs. 1.5 Crores and above.
(D) None of the above

8. **CMA Intermediate, June 2019**

Chanakya Agencies is a registered supplier of household products under regular scheme. Its aggregate annual turnover was Rs. 30 Lakh in the financial year 2019-20.

It is of the view that the current financial year, it is allowed to file its monthly statement of outward supplies – GSTR-1 – on a quarterly basis. However, a fellow trader advises that it can file the same only on a monthly basis.

You are required to advise Chanakya Agencies on the same.

During a given tax period in the current financial year, owing to an off-season, Chanakya Agencies has not made any taxable supply. Therefore, Chanakya Agencies is of the view that no return under GST is required to be filed for the said period.

You are required to examine the correctness of the opinion of Chanakya Agencies.

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. Which is the form in which monthly return to be filed by registered person?
   (A) GSTR-1B
   (B) GSTR-2B
   (C) GSTR-4B
   (D) GSTR-3B

2. What is the due date for filing the monthly return by regular registered person?
   (A) 20th of succeeding month
   (B) 12th of succeeding month
   (C) 15th of succeeding month
   (D) 18th of succeeding month

3. What is the form in which return to be filed by ISD?
   (A) GSTR-1
   (B) GSTR-2
   (C) GSTR-3
   (D) GSTR-6

4. What is the format for filing annual return in GST?
   (A) GSTR-1
   (B) GSTR-2A
   (C) GSTR-9
   (D) GSTR-3B

5. What is the due date for filing GSTR-4 by composition dealer?
   (A) 30th April of succeeding year
   (B) 31st March of succeeding year
   (C) 20th of subsequent month
   (D) 15th May of succeeding year

6. Who is not required to file annual return?
   (A) ISD
   (B) Casual taxable person
   (C) NRTP
   (D) All the above

7. Who has to file GSTR-7?
   (A) Persons collecting tax at source
   (B) Persons deducting tax at source
   (C) Composition dealers
   (D) All the above

8. Late fee for delayed filing of annual return
   (A) Rs.500 per day
   (B) Rs.50 per day
   (C) Rs.25 per day
   (D) None of the above

9. Maximum late fee payable for delayed filing of GSTR-3B return
   (A) Rs.10,000
   (B) Rs.25,000
   (C) Rs.5,000
   (D) Rs.1,000

10. The due date for filing Final return is _____
    (A) 20th of the next month
    (B) 18th of the month succeeding the quarter
    (C) Within 3 months of date of cancellation or date of order of cancellation, whichever is later
    (D) 31st December of next financial year

11. Kalim & Associates made an application for cancellation of GST registration in the month of March due to closure of its business. Its application for cancellation of GST registration was approved on 14th September. In the given case, Kalim & Associates is:
    (A) Required to file Final Return on or before 13th December
    (B) Not required to file Final Return
    (C) Required to file Final Return on or before 30th September
    (D) Required to file Final Return on or before 14th December

12. Maximum time permissible for rectification of error committed in monthly return of June is ________
    (A) 20th July
    (B) 20th October of the next year
    (C) 31st October of the next year
    (D) 31st December of the next year

Problems

1. Miss Kashi is a registered intra-State supplier of goods in Haryana. During the months of August and September, she was out of station on a religious pilgrimage with her family for 55 days. Thus, no business transaction was made during August. Miss Kashi is of the opinion that as there is no transaction, there is no need to file monthly return [GSTR-3B] for the month of August. However, her tax consultant has advised her to file nil GSTR-3B.
   a) Whether the advice given by tax consultant is correct? Explain.

   b) Will your answer in (a) change, if Miss Kashi has placed an order for some purchases during August over her mobile phone, which has been received in her premises and she intends to take input tax credit on the same?

   c) Assuming in (a) above, Miss Kashi does not have internet facility in her mobile and there is no facilitation centre notified by the Commissioner, whether no return is required to be filed in the absence of means to file return? Explain.

2. Ms. Pragya, a taxpayer registered under regular scheme (Section 9), files GSTR-3B for the month of October on 20th November. After filing the return, she discovers that the value of a taxable supply has been under-reported therein.
   Ms. Pragya now wants to file a revised GSTR-3B. Examine the scenario and give your comments.

3. Mr. X, a regular taxpayer, did not make any taxable supply during the month of July.
   Is he required to file a GSTR-3B?

4. M/s Cavenon Enterprises, a registered supplier of designer wedding dresses under regular scheme, has aggregate annual turnover of Rs.30 lakh in the preceding financial year. It is of the view that in the current financial year, it is permitted to file its statement of outward supplies (GSTR-1) on a quarterly basis while its accountant advises it to file the same monthly.
   You are required to advise M/s Cavenon Enterprises on the same.

5. Mrs. Zarina, a registered dealer in Rajasthan, did not file GSTR-3B for the month of June but she wants to file GSTR-3B for the month of July. Is it possible? Answer with reference to section 39 of the CGST Act.

6. A is a chartered accountant in practice and is registered under GST. On a query regarding return filing process by a potential client, A has represented him as a GST practitioner. A is of the view that since he is a qualified chartered accountant with a GST registration in the name of his proprietorship firm, he also qualifies as GST practitioner.
   Is the understanding of A, correct? Discuss.

7. X Ltd. is winding up its business in Rajasthan. The Tax Consultant of X Ltd. has suggested that X Ltd. will have to file either the annual return or the final return at the time of voluntary cancellation of registration in the state of Rajasthan. Do you agree with the stand taken by Tax Consultant of X Ltd.? Offer your comments.

CHAPTER 16: ACCOUNTS AND AUDIT UNDER GST

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. The books and other records u/s 35 are to be maintained at
   (A) Place where the books of account are maintained.
   (B) Principal place of business mentioned in the Registration Certificate.
   (C) Residence of the owner
   (D) Chartered Accountant's office

2. Audit under Section 35 (5) can be conducted by
   (A) Chartered Accountant
   (B) Cost accountant
   (C) Departmental officer
   (D) Chartered Accountant or Cost Accountant

3. The aggregate turnover limit for compulsory audit under Section 35 (5)
   (A) Rs.5 crore
   (B) Rs.2 crore
   (C) Rs.3 crore
   (D) No limit

4. In case, more than one place of business situated within a State are specified in the Registration Certificate, books and other records shall be maintained at
   (A) Each place of business
   (B) At the principal place of business
   (C) Any place in the State
   (D) All the above

5. The time limit for up keep and maintenance of the books of account or other records u/s 36 is
   (A) For one year after end of financial year
   (B) 72 months from due date of filing of annual return
   (C) 60 months from due date of filing the annual return
   (D) None of the above.

CHAPTER 17: INTRODUCTION TO CUSTOMS DUTY

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CMA Intermediate, June 2018**

   The limit of exclusive economic zone of India, is ___________ from the nearest point of the baseline.
   (A) 200 nautical miles
   (B) 12 nautical miles
   (C) 24 nautical miles
   (D) 100 nautical miles

2. **CMA Intermediate, June 2018**

   The Safeguard duty imposed shall be in force for a period of _______ from the date of its imposition and can be extended with the total period of levy not exceeding _____.
   (A) 4 years, 10 years
   (B) 3 years, 5 years
   (C) 1 year, 5 years
   (D) 5 years, 10 years

3. **CMA Intermediate, December 2018**

   As per Section 2(24) of the Customs Act, 1962, the person-in-charge of a vehicle carrying imported goods; deliver to the proper officer an import report within ---------- after its arrival in the customs station, in the prescribed form
   (A) 12 hours
   (B) 18 hours
   (C) 24 hours
   (D) None of the above

4. **CMA Intermediate, December 2018**

   Explain the validity of the following statements with reference to Chapter IX of the Customs Act, 1962 containing the provisions relating to the warehousing:
   (A) The proper officer is not authorized to lock any warehouse with the lock of the Customs Department.
   (B) The Commissioner of Customs (Appeals) may appoint public warehouses wherein dutiable goods may be deposited.
   (C) The Commissioner of Customs or Principal Commissioner of Customs is not required to give a notice to the licensee while cancelling the license

5. **CMA Intermediate, June 2019**

When the goods are sent from customs station for warehousing, proper officer shall affix _____________ on the container.
(A) Permanent Lock
(B) One Time Lock
(C) Special Mark
(D) One Time Mark

6. **CMA Intermediate, June 2019**

Under section 46(1) of Customs Act, 1962, an importer shall present the bill of entry before the end of ____________ following the day on which the aircraft/vessel/vehicle carrying the goods arrives at the customs station.
(A) 1 day
(B) 2 days
(C) 3 days
(D) 4 days

7. **CMA Intermediate, June 2019**

As per Section 2(31) person in charge means
(A) Vessel - Master
(B) Train - Conductor (or) Guard
(C) Vehicle – Driver
(D) All of the above

8. **CMA Intermediate, December 2019**

Exclusive Economic Zone extends to ___________ nautical miles from the base line.
(A) 12
(B) 24
(C) 100
(D) 200

9. **CMA Intermediate, December 2019**

______________will be charged on luxury products like high-end cars and demerit commodities like Pan Masala, tobacco and aerated drinks.
(A) Anti-Dumping duty
(B) Safeguard duty
(C) GST Compensation cess
(D) IGST

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. Customs Duty refers to duty on
   (A) Import into India
   (B) Export from India
   (C) Both the above
   (D) None of the above

2. The Customs Act, 1962 consists of ________ Chapters
   (A) 11
   (B) 17
   (C) 18
   (D) 15

3. The territorial water extended into the sea from base line
   (A) 10 nautical miles
   (B) 12 nautical miles
   (C) 15 nautical miles
   (D) 24 nautical miles

4. An area beyond 200 Nautical Miles from base line is called-
   (A) High Seas
   (B) Exclusive Economic Zone of India
   (C) Continental Shelf of India
   (D) Indian Customs Waters

5. The person-in-charge of a vessel / aircraft shall deliver to the proper officer an ____________by presenting the same electronically before the arrival of the vessel / aircraft at the customs port / customs airport.
   (A) Import Report
   (B) Bill of Entry
   (C) Export Bill
   (D) Arrival Manifest (or Import Manifest)

6. __________ is the date on which the customs department is ready to supervise the unloading of cargo.
   (A) Date of Bill of Entry
   (B) Date of Import Manifest
   (C) Date of Entry Inwards
   (D) Date of Loading

7. The person-in-charge of a conveyance carrying export goods shall, before departure of the conveyance from a customs station, deliver to the proper officer a '__________ in the case of a vessel or aircraft.
   (A) Export Report
   (B) Departure Manifest
   (C) Bill of Entry
   (D) Bill of Exit

8. Which of the following is not a duty levied on import of goods into India?
   (A) Income Tax
   (B) Social Welfare Surcharge
   (C) GST Compensation Cess
   (D) Safeguard Duty

9. Integrated Tax is calculated on-
   (A) Only Basic Customs Duty
   (B) Only Social welfare Surcharge
   (C) Only Assessable Value
   (D) Sum of all the above

10. Anti-dumping Duty imposed, if any, by Central Government should not exceed-
    (A) The assessable value of the goods
    (B) The margin of dumping in relation to that article.
    (C) The selling price of the goods
    (D) None of the above

11. Owner's right to deal with warehoused goods is given under section ________ of the Customs Act, 1962
    (A) 67
    (B) 68
    (C) 64
    (D) 71

CHAPTER 18: LEVY OF AND EXEMPTION FROM CUSTOMS DUTY

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CMA Intermediate, June 2018**

   Which of the following is a taxable event for imported goods?
   (A) Unloading of imported goods at the customs port
   (B) Date of entry into Indian territorial waters
   (C) Date of presentation of bill of entry
   (D) Date on which the goods cross the customs barrier

2. **CMA Intermediate, December 2018**

   ------------- means where goods are cast into sea to reduce weight of ship to prevent it from sinking and the thrown goods sink
   (A) Jettison
   (B) Overload
   (C) Underload
   (D) None of the above

3. **CMA Intermediate, December 2018**

   A ship carries some goods K, L, M and N from Singapore to Dubai, via Chennai. L and M are moved at Chennai in another vessel. L being meant for Kochi and M to Dubai. As per customs law, the transhipped good(s) is/are:
   (A) All four
   (B) L only
   (C) L and M
   (D) None of the goods

4. **CMA Intermediate, June 2019**

   All goods, derelict, jetsam, flotsam and wreck brought or coming into India, shall be dealt with as if they were ___________ into India.
   (A) Exported
   (B) Imported
   (C) No duty
   (D) Exempted from tax

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. Duty of Customs shall be levied on goods
   (A) Imported into India
   (B) Exported from India
   (C) Both (A) and (B)
   (D) None of the above

2. As defined under section 2(22) of the Customs Act, 1962, 'goods' include-
   (A) Baggage
   (B) Currency
   (C) Negotiable instruments
   (D) All the above

3. In case of imported goods cleared for home consumption, the taxable event is-
   (A) the date on which the goods cross custom barriers,
   (B) the date on which custom duty is paid,
   (C) the date on which imported goods are sold
   (D) the date on which bill of entry is submitted

4. in case of imported goods clearing for warehousing, the taxable event is-
   (A) date on which the vessel reaches India
   (B) date on which Bill of Entry for warehousing is submitted
   (C) date on which customs duty is paid
   (D) none of the above

5. where any goods have been lost (other than as a result of pilferage) or destroyed at any time before clearance for home consumption, there shall be-
   (A) No duty on such goods
   (B) Abatement of duty
   (C) Remission of duty
   (D) None of the above

6. No duty shall be collected if the amount of duty leviable is less than or equal to
   (A) Rs. 50
   (B) Rs. 100
   (C) Rs. 150
   (D) Rs. 200

7. When goods coming into country are further transported by shifting them into another conveyance, it is called-
   (A) Transhipment
   (B) Transit
   (C) Export
   (D) None of the above

8. For claiming concession from levy of customs duty on goods re-imported, the re-importation must be within ________ years from the date of exportation
   (A) 1 year
   (B) 6 months
   (C) 2 years
   (D) 3 years

9. Goods manufactured in India and re-imported for reprocessing or refining or re-making, is eligible for exemption from duty if the re-importation is within ________ years from the date of exportation
   (A) 1 year
   (B) 2 years
   (C) 3 years
   (D) 7 years

10. When goods are jettisoned from a vessel, and if such jettisoned goods continue to float, it is called-
    (A) Dereliction
    (B) Flotsam
    (C) Jetsam
    (D) Wreck

11. When a vessel or cargo is abandoned in the sea with no hope to recovery, it is called-
    (A) Jetsam
    (B) Flotsam
    (C) Derelict
    (D) Wreck

12. Payment of IGST for authorised operations in connection with SEZ is-
    (A) Taxable @ 12%
    (B) Refunded
    (C) Exempted
    (D) Added to social welfare charges

CHAPTER 19: VALUATION AND CUSTOMS DUTY LIABILITY

SOLVED ILLUSTRATIONS IN e-BOOK

1. Robo Enterprises imported some goods from USA for being used in manufacture of its final product. Determine the exchange rate for computation of import duty from the following information-

Date	Particulars	Rate of Exchange notified by CBIC
21.10.21	Import general manifest was submitted by master of vessel	1 US $ = Rs. 74.20
25.10.21	Entry inwards was granted by the customs officer	1 US $ = Rs. 74.30
27.10.21	Robo Enterprises filed the Bill of Entry	1 US $ = Rs. 74.50
31.10.21	Goods were allowed to be cleared from the customs port	1 US $ = Rs. 74.60

2. A consignment is imported by air. CIF Price 5,000 US Dollars. Freight is 900 US $. Insurance Cost was 50 $. Exchange rate is Rs. 70/$. Find value for customs Purpose.

3. Compute the assessable value from the following information:
   a) FOB value of machine UK Pounds £ 20,000
   b) Freight paid (Air) UK Pounds £ 5,000
   c) Design and Development charges paid in UK £ 8,000
   d) Cost of Primary Packing £ 3,000
   e) Commission payable to local agent @ 1% of FOB in Indian Rupees.
   f) Insurance – Not known
   g) The Exchange rate notified by the CBIC is Rs. 95 per UK pound.

4. A consignment of 400 containers of ready-made garments was imported from Singapore by an NGO for free distribution among slum dwellers. Each container consisted of 10000 pieces of garments. The exporter had charged a nominal rate of 1 S$ per item of garment to cover freight and insurance charges. The Customs House found out that at or about the time of import of this consignment, there were following imports of garments from Singapore.

Sl. No.	No. of Containers imported [Each container consisting of 10000 pieces]	Rate per item of garment (S$)
1	170	5
2	1000	8
3	390	6
4	410	5
5	500	7
6	800	3

The exchange rate notified by CBIC is 1 S$ = Rs. 54.
Calculate the assessable value for this transaction.

5. X Ltd., imported 1000 units of a product from Slovenia and sold them at the following prices (exclusive of taxes and duties), during June 2020:

Number of Units sold	Selling price per unit (Rs.)
100	150
250	180
200	130
100	150
150	150
150	180
50	120

Freight charges from the port to the go down in India was Rs. 25,000 and Insurance was Rs. 2,000.
Calculate assessable value of the imports.

6. Genuine Industries exported some goods to UK in a vessel. You are required to determine the rate of exchange for the purposes of computation of export duty from the following additional information:

Particulars	Date	Exchange rate notified by CBIC	Exchange rate notified by RBI
Date of presentation of shipping bill	18.05.2021	Rs. 89 per UK Pound	Rs. 90 per UK Pound
Date of entry outwards	20.06.2021	Rs. 85 per UK Pound	Rs. 87 per UK Pound

7. Rajeshwari Industries imported a machinery from Germany in an aircraft. The bill of entry was presented on 12.07.2021 and the aircraft arrived in India on 25.07.2021. The rate of import duty on the respective dates was as follows:

Particulars	Date	Rate of Customs duty
Date of bill of entry	12.07.2021	10%
Date of arrival of aircraft	25.07.2021	12%

Determine the rate of import duty applicable in the given case.

8. An importer imported some goods from Brazil for subsequent sale in India at $3,500 on CIF basis. Determine rate of exchange and rate of duty payable for the purpose of computation of custom duty payable.

Particulars	Date	Exchange rate as notified by CBIC	Exchange rate as notified by RBI	Rate of Basic custom duty
Date of bill of entry	25/06/2021	Rs.72	Rs. 73	15%
Date of entry inward	18/06/2021	Rs.70	Rs. 72	10%

9. Calculate the customs duty payable from the following information available-

Assessable value	Rs.1,00,000
Rate of basic customs duty	10%
Rate of IGST	12%

Social Welfare Surcharge at applicable rate.

10. Kala Enterprises imported some goods from UK. The assessable value of the imported goods is Rs. 20,00,000. Compute the customs duty payable from the following additional information:
    Date of Bill of Entry 24.10.2021 (Rate of Basic Customs Duty is 10%)
    Date of entry inward 20.10.2021 (Rate of Basic Customs Duty is 8%)
    IGST is payable @ 12%. Social Welfare Surcharge is payable at applicable rate.\

11. An importer has imported a machinery to be used for providing the service of construction of commercial buildings. The assessable value of imported machinery as approved by customs is Rs. 5,00,000. Customs duty payable is 10%. Social Welfare Surcharge is as applicable. You are required to-
    Calculate the customs duty payable.
    Examine whether the importer can avail any Input-tax credit? If yes, how much?

12. Kumar Export House exported some goods to Slovenia. Compute the export duty payable by it from the following information available:
    (i) Assessable value – Rs. 55,00,000.
    (ii) Shipping bill presented electronically on 26.06.2021.
    (iii) Proper officer passed order permitting clearance and loading of goods for export on 04.07.2021.
    (iv) Rate of export duty are as under:

On 26.06.2021	12%
On 04.07.2021	10%

13. An importer imports some Goods @ 85,000 $ on CIF Basis. Following Dollar rates are available on the date of presentation of bill entry: Calculate assessable value and customs duty payable if the rate of Basic Customs Duty is 12% and IGST is 18%.

a) RBI Floor rate	Rs. 72.58
b) Interbank closing rate	Rs. 72.57
c) Rate notified by CBIC	Rs. 72.59
d) Rate at which bank has realized the payment from the importer	Rs. 72.56

14. Compute the duty payable under the Customs Act, 1962 for imported equipment based on the following information:
    (a) Assessable value of the imported equipment US $10,100.
    (b) Date of Bill of Entry 25.6.2021. Basic customs duty on this date 10% and exchange rate notified by the Central Board of Indirect Taxes and Customs US $ 1 = Rs. 75.
    (c) Date of Entry inwards 21.6.2021. Basic customs duty on this date 12% and exchange rate notified by the Central Board of Indirect Taxes and Customs US $ 1 =Rs. 50.
    (d) Rate of IGST: 12%.
    (e) Social welfare Surcharge is 10%.
    Make suitable assumptions where required and show the relevant workings and round off your answer to the nearest Rupee.

15. A consignment is imported by air. CIF price is 2,000 Euro. Air freight is 550 Euro and insurance cost is Euro 50. Exchange rate announced by CBIC as per customs notification is 1 Euro = Rs. 85. Basic customs duty payable is 10%. IGST Rate for these goods is 12%. Find value for customs purpose and total customs duty payable.

16. FOB Price of imported goods is $ 50,000. Freight and Insurance charges are not ascertainable. Exchange rate announced by CBIC is 1$ = Rs.74, RBI is 1$ = Rs.72 and Interbank offer rate is 1$ = Rs.72.50. Basic Customs duty payable is 10%, IGST on these goods is 'Nil' rated, and Social welfare Surcharge is 10%.
Find the Assessable value and Customs duty payable.

17. Compute the Assessable value for customs duty purposes from the following data.
(a) Machinery Imported from U.S.A by air FOB Price US $ 8,000
(b) Packing charges charged separately US $ 1,000
(c) Air Freight US $ 1,200
(d) Insurance charges – Actual not Available
(e) Local Agents Commission to be paid in Indian Currency Rs. 10,000
(f) Transportation from Indian Airport to factory Rs. 4,000
Exchange Rate US $ 1 = Rs. 70.
If the Basic Customs Duty Rate is 20% and IGST Rate on these goods is 18%, what is the Customs Duty payable. Social Welfare Charge is to be calculated at applicable rate.

18. Compute the assessable value from the following information and the customs duty payable:
(a) FOB value of machine UK Pounds £ 20,000
(b) Freight paid (AIR) UK Pounds £ 5,000
(c) Design and Development charges paid in UK £ 8,000
(d) Cost of Primary Packing charged separately £ 3,000
(e) Commission payable to local agent @ 1% of FOB in Indian Rupees.
(f) Insurance – Not known
(g) The Exchange rate notified by the CBIC is Rs. 95 per UK pound.
Basic Customs Duty Rate is 10%, Social Welfare Surcharge at applicable rate and IGST Rate is 12%.

19. Manasi Ltd., an actual user imports certain goods from USA, at Chennai port, at cost of $ 1,00,000 FOB. The other details are as follows:
a) Packing charges: $22,000.
b) Sea freight to Indian port: $28,000.
c) Transit insurance: $10,000.
d) Design and development charges paid to a consultant in USA by importer: $9,000.
e) Selling commission to be paid by the Indian importer: Rs. 5,000.
f) Rate of exchange announced by RBI: Rs.70.60/$.
g) Rate of exchange notified by the Central Board of Indirect Taxes and Customs: Rs.72.70/$.
Rate of basic custom duty: 10%, IGST: 12% & Social welfare surcharge: 10%. Compute the assessable value of imported goods and the customs duty payable.

20. The following information is furnished by Ms. Bharathi on 7th December 2021, in respects of articles imported from USA in the month of December 2021.

FOB value	$40,000
Exchange rate	$1 =Rs.72
Air freight	$7000
Insurance charges	Not known
Commission & Brokerage paid to Indian Agent	$ 400
Returnable Container Charges included in FOB	$ 150

Landing charges	Rs.10,000
Basic customs duty	10%
IGST Rate	12%
Social Welfare Surcharge	As applicable.
Calculate the total customs duty payable by Ms. Bharathi.	

21. M/s. Aryan Industries Ltd., has imported a machine from Japan at an F.O.B. cost of 1,00,000 yen (Japanese). The other expenses incurred were as follows:
    (a) Freight from Japan to Indian port 10,000 yen;
    (b) Insurance charges. 5,000 Yen;
    (c) Designing charges paid to consultancy firm in Japan 15,000 yen;
    (d) M/s Aryan Industries Ltd. spent Rs. 50,000 in India for development work connected with the machine;
    (e) Transportation cost from Indian port to factory Rs. 15,000;
    (f) CBIC has announced exchange rate as 1 yen = Rs. 0.50. However, the exchange rate prevailing in the market was 1 yen = Rs. 0.5104
    (g) M/s Aryan Industries Ltd. made payment to the bank based on exchange rate of 1 yen = Rs. 0.5007.
    (h) The commission payable to the agent in India was @ 5% of F.O.B. price in Indian rupees.
    (i) The rate is Basic Customs Duty is 12%. IGST rate applicable for this machinery is 18%. Find the customs duty and other duties payable.

22. Compute the Customs duty from the following data:
    (a) Machinery imported from USA by Air (FOB) 8,000 US $,
    (b) Accessories were compulsorily supplied with Machine (Electric Motor & others) (FOB) 2,000 US $,
    (c) Air freight 3,000 US$
    (d) Insurance 100 US $,
    (e) Local agents commission to be paid in Indian Rupees is Rs. 4,500
    (f) The exchange rate is 1 US Dollars = Indian Rupees is Rs. 75
    (g) Customs duty on Machinery –10% ad valorem,
    (h) Social Welfare Surcharge is applicable.
    (i) IGST is exempt as per the notification.

23. Prakash. Ltd., an actual user imports certain goods from USA, at Mangalore port, at cost of $1,00,000 FOB which **includes**:
    (a) Packing charges: $22,000.
    (b) Local Taxes in India $2000
    (c) Transit insurance after Import: $10,000.
    (d) Cost of durable & reusable container $3000.

    Rate of exchange notified by the Central Board of Indirect Taxes and Customs: Rs.72.50/$.
    Sea freight to Indian port: $28,000 not included in FOB.
    Rate of basic custom duty: 10%,
    IGST is @ 12% and Social Welfare Surcharge is 10%
    Compute the assessable value of the imported goods and the customs duty payable.

24. VRK Ltd., an actual user imports certain goods from Mexico, at Mumbai port, at cost of $2,00,000 FOB which includes:
    (a) Demurrages Charges for late clearance of goods: $5,000.
    (b) Local Taxes in India $2000
    (c) Transit insurance after Import: $10,000.
    (d) Charges of purchasing agent abroad: $4,000.
    (e) Cost of durable & reusable container $3000.

    Rate of exchange notified by the Central Board of Excise and Customs: Rs.70.56/$.
    Sea freight to Indian port: $30,000 and Insurance of $2000 is not included in FOB.
    Rate of basic custom duty: 10%, Social Welfare Charge: 10% and IGST: 12%.
    Compute the assessable value of the imported goods and the customs duty payable.

25. Compute the Customs Duty Liability as per the provisions of the customs Act 1962 from the following information. Make suitable assumption
    a) The total FOB value of the goods US $ 70,000
    b) Quantity Imported 200 metric tons
    c) Ocean Freight US $ 10,000 and Insurance US $ 740
    d) Actual landing charges @ 1% of CIF Value.
    e) Exchange Rate US $ 1 = Rs 73
    f) Date of presentation of Bill of Entry 25th June 2021.
    g) Date of Entry inwards of the vessels is 2nd July 2021.
    h) Customs Duty Rates are as follows.

Particulars	**As on 25/06/2021**	**As on 02/07/2021**
Basic Customs Duty IGST Rate	15% 12%	10% 12%

26. Dakshayini Ltd., sells in India from a price list which grants favourable unit prices for purchases made in larger quantities:

Sale Quantity	Unit Price in Rs. (Exclusive of duties and taxes)	Number of Sales
1 to 10 units	100	10 sales of 5 units 5 sales of 3 units
11 to 25 units	95	5 sales of 11 units
Over 25 units	90	1 sale of 30 units 1 sale of 50 units

    The selling price includes the following post-shipment charges:
    Freight from port to factory in India Rs. 24,000
    Insurance to cover transit damage from port to factory in India Rs. 6,000.
    Number of units imported from high seas 5000 units. Find the assessable value and total customs duty.
    Assume:
    Basic Customs Duty: 12%
    Social welfare Surcharge: 10%
    Ignore IGST and GST Compensation Cess.

27. Calculate Total customs duty payable in the following case:

Assessable Value	Rs. 1,00,000.
Basic Customs Duty	10%
Social Welfare Surcharge	10%
Integrated Goods and Services Tax	18%
GST Compensation Cess	12%

28. A commodity is imported into India from a country covered by a notification issued by the Central Government under section 9A of the Customs Tariff Act, 1975. Following particulars are made available:
    (a) CIF value of the consignment: US$30,000
    (b) Quantity imported: 1000 Kgs.
    (c) Exchange rate applicable: Rs. 75= US$1
    (d) Basic customs duty: 12%
    (e) Education and secondary and higher Education Cess as applicable.
    (f) As per the notification, the anti-dumping duty will be equal to the difference between the costs of commodity calculated @US$ 60 per kg and the landed value of the commodity as imported.

    Calculate the liability on account of normal duties, Cess and the anti-dumping duty. Assume that Social Welfare Charge is applicable and IGST on these goods are @ 12%.

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CMA Intermediate, June 2018**

   Where the insurance amount is not available, for ascertaining the assessable value for customs duty, the percentage of FOB value to be taken is:
   (A) 1
   (B) 1.125
   (C) 1.5
   (D) 2

2. **CMA Intermediate, June 2018**

   Goods which are similar in all respects, including physical quantity is known as-
   (A) Similar goods
   (B) Identical goods
   (C) Alike goods
   (D) Indistinguishable goods

3. **CMA Intermediate, June 2018**

   From the undermentioned relating to import made on 12.07.2021 of product 'Minic' from New York, USA, to the Kochi Airport, by Mr. Prahalad, the importer:

FOB value of the product	$ 10,000
Cost of transport, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation	$3,500
Insurance	$ 1,000

Unloading charges at Kochi Airport	Rs. 24,800
Basic customs duty	10%
Exchange rate notified by RBI	1$ = Rs. 64.50
Exchange rate notified by CBIC	1$ = Rs. 64

Ascertain the assessable value and total tax & duty payable by Mr. Prahalad.

4. **CMA Intermediate, December 2018**

Basic Customs Duty on imported goods is levied at the rates specified in the
(A) First Schedule of the Customs Tariff Act, 1975.
(B) Second Schedule of the Customs Tariff Act, 1975.
(C) Customs Act, 1962
(D) Customs Manual, 2001

5. **CMA Intermediate, December 2018**

RPG Ltd., imported 125 units of minerals from High Seas for sale in India. Selling price is exclusive of duties and taxes. Freight from port to Depot in India is Rs. 2,530 and insurance Rs. 310.

Sales Quantity	Unit Price (Rs.)
80	105
60	90
30	105
100	100
50	95
70	90
10	105

Basic Customs Duty – 12%. Assume there is no IGST applicable for this product.
You are required to calculate total customs duty as per Rule 7 of the Customs Valuation (Determination of value of imported goods) Rules, 2007.

6. **CMA Intermediate, June 2019**

In case actual insurance charges are not known, insurance charges to be added with FOB value to arrive at the assessable value is
(A) 1.525%
(B) 1.215%
(C) 1.125%
(D) 1.025%

7. **CMA Intermediate, June 2019**

BSA and Company Ltd. have imported a machine from U.K. from the following particulars furnished by them, arrive at the assessable value for the purpose of customs duty payable:

(i)	F.O.B. cost of the machine	10,000 U.K. Pounds
(ii)	Freight (air)	3,000 U.K. Pounds
(iii)	Engineering and design charges paid to a firm in U.K.	500 U.K. Pounds
(iv)	License fee relating to imported goods payable by the buyer as a condition of sale	20% of F.O.B. Cost

(v)	Materials and components supplied by the buyer free of cost valued	Rs. 20,000
(vi)	Insurance paid to the insurer in India	Rs. 6,000
(vii)	Buying commission paid by the buyer to his agent in U.K.	100 U.K. Pounds

Other Particulars:

(i) Inter-bank exchange rate as arrived at by the authorized dealer: Rs. 72.50 per U.K. Pound.

(ii) CBIC had notified for purpose of Section 14 of the Customs Act, 1944, exchange rate of Rs. 70.25 per U.K. Pound.

(iii) Importer paid Rs. 5,000 towards demurrage charges for delay in clearing the machine from the Airport. (Make suitable assumptions wherever required and show workings with explanations.)

8. **CMA Intermediate, June 2019**

Malya Internationals Ltd., has imported a machinery by air from Germany. Bill of Entry is presented on 20.01.2021. However, entry inwards is granted on 25.01.2021.
Relevant information of the transaction are provided hereunder:

(i)	CIF Value of Machine	5,000 USD
(ii)	Air Freight Paid	750 USD
(iii)	Insurance Charges Paid	100 USD
(iv)	Rate of Exchange on 20.01.2021	As per RBI 1 USD = Rs. 65.50 As per CBIC 1 USD = Rs. 66
(v)	Rate of Exchange on 25.01.2021	As per RBI 1 USD = Rs. 66.50 As per CBIC 1 USD = Rs. 67
(vi)	Basic Customs Duty Rate	10%
(vii)	IGST Rate	18%

Calculate the assessable value in INR for the purposes of levy of customs duty as well as total customs duty. You can make suitable assumptions wherever necessary.

9. **CMA Intermediate, December 2019**

The following details of import of a product made by Sikandi Machine Works Ltd., on 19/11/2021 are furnished to you:

Situation-1

Particulars	USD
FOB Value	3000
Freight, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation	Not known
Insurance charges paid for the shipment	40

Situation-2

Particulars	USD
FOB value	3,000
Sea freight, loading, unloading and handling charges associated with the	480

delivery of the imported goods to the place of importation	
Insurance charges paid for the shipment	Not known
Purchase commission	50

Compute the assessable value of an imported product in each situation, which are independent of each other.

10. **CMA Intermediate, December 2019**

M/s. X Ltd. (a unit of 100% EOU located in Chennai) sold goods to M/s. A Ltd. (located in Mumbai) for Rs. 20 lakhs. If M/s. X Ltd. being EOU imported these goods which are eligible for BCD @ 10% and IGST 12%, find the total duty liable to be paid by X Ltd.
How much input tax credit M/s. A Ltd. can avail?

11. **CMA Intermediate, December 2019**

Ms. Pavitra, an importer has furnished the following information relating to goods imported by her in March, 2021:
(i) Goods cleared from the Chennai port on 22/03/2021.
(ii) Goods sent for warehousing by submitting bill of entry and other documents
(iii) FOB value of goods € (Euro) 20,000
(iv) Rate of exchange was 1 € = Rs. 70
(v) Rate of Customs Duty on this date was 12%
(vi) Goods were cleared from the warehouse for home consumption on 20/04/2020.
(vii) Rate of exchange on this date was 1 € = Rs. 71 and BCD was 10%.
(viii) IGST at 12% is applicable
(ix) Social Welfare surcharge may be taken at 10%

You are required to determine:
(i) The transaction value on which IGST is payable,
(ii) The value of import, and
(iii) The total Customs Duties payable by the importer.

SELF- PRACTICE EXERCISES

Multiple Choice Questions

1. Section No. ___________ of the Customs Act, 1962, covers the provisions regarding valuation of imported / export goods
(A) 11
(B) 12
(C) 13
(D) 14

2. The adjustments for cost and services in transaction value is given under Rule _________ of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007
   (A) 10
   (B) 5
   (C) 7
   (D) 3

3. Rule 7 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, explains provisions of-
   (A) Transaction value of Similar goods
   (B) Deductive Value
   (C) Residual Method
   (D) Transaction value of Identical goods

4. The rules for valuation of export goods are given under:
   (A) The Customs Act, 1962
   (B) The Customs Tariff Act, 1975
   (C) Customs Valuation (Determination of Value of Export Goods) Rules, 2007
   (D) None of the above

5. As per Indian Foreign Trade Policy (2015-2020) all imports into India must be measured in terms of-
   (A) CIF Price
   (B) FOB Price
   (C) BCD
   (D) Rate of Foreign Exchange

6. Transaction value means the value of export goods within the meaning of Section 14(1) of-
   (A) Indian Contract Act
   (B) Goods and Services Tax Act
   (C) Customs Act
   (D) Negotiable Instruments Act

7. In calculation of transaction value, when the freight charges up to the place of importation is not ascertainable, the amount to be included in 'assessable value' towards freight charges are-
   (A) 20% of FOB Price
   (B) 15% of FOB Price
   (C) 25% of FOB Price
   (D) Nil

8. For determining the INR value of the imported goods, **rate of exchange**, notified by **CBIC**, prevalent on the ___________________must be considered.
   (A) Date of granting entry inwards
   (B) Date of filing bill of entry
   (C) Date of actual landing of goods
   (D) None of the above

9. For determining the INR value of the export goods, **rate of exchange**, notified by CBIC, prevalent to the _________________ must be considered.
   (A) Date of departure of ship / aircraft
   (B) Date on which goods reach the port
   (C) Date of filing shipping bill
   (D) None of the above

10. In case of goods imported by vessel or aircraft, the Basic Customs Duty rate to be considered for calculating duty, must be as on-
    (A) Date on which Bill of Entry is presented
    (B) Date on which Entry Inwards is granted
    (C) Date on which goods are cleared for home consumption
    (D) (A) or (B) whichever is later
11. If applicable, Social Welfare Charge must be calculated on Basic Customs Duty @
    (A) 8%
    (B) 12%
    (C) 10%
    (D) Nil Rate

12. If applicable, Integrated Tax must be calculated at prescribed rate, on-
    (A) Assessable Value
    (B) Basic Customs Duty
    (C) Social Welfare Surcharge
    (D) Sum of (A), (B) and (C)

Problems

1. An importer imports some material @ $20,000 USD on CIF basis. Following dollar rate are available on the date of presentation of bill of entry:

(a)	RBI Floor Rate:	Rs. 54.26
(b)	Inter-bank closing rate:	Rs. 54.30
(c)	Rate notified by CBIC u/s 14(3)(a)(i) of Customs Act:	Rs. 54.41
(d)	Rate at which bankers realised the payment from importer	Rs. 54.48

   Find the assessable value for customs purpose.

2. The following data relating to an importer for a given period is available:
   (i) Customs Value (Assessable Value of imported goods) is Rs. 4,00,000.
   (ii) Basic Customs Duty payable 10%.
   (iii) IGST Rate on these goods are 12%.
   Social welfare Surcharge is as applicable. Find the Customs Duty payable. How much Input-tax Credit can be availed by imported if the importer is a manufacturer?

3. CIF value of imported goods is $ 1, 00,000. Air freight $30,000, Insurance cost $1,000 and exchange rate announced by CBIC is 1 $ = Rs.73. Basic Customs duty payable is 10% and IGST on these goods is 12%. Social Welfare Surcharge is payable at applicable rate. Find the Customs duty payable.

4. Lucky an importer, imported some goods for subsequent sale in India at $12,000 on assessable value basis. Relevant exchange rate and rate of duty are as follows:

Particulars	Date	Exchange Rate declared by CBIC	Rate of Basic Customs Duty
Date of Submission of Bill of Entry	18th June 2021	Rs. 60 per USD	10%
Date of Entry Inwards granted to the Vessel	4th August 2021	Rs. 60.25 per USD	12%

Calculate assessable value and customs duty in Indian rupee.
Assume IGST – 18%

5. Mickey Ltd., have imported a machinery from USA. From the following particulars furnished by Mickey Ltd., determine the assessable value for the purpose of ascertaining customs duty payable:

FOB Cost of the Machine	15000 USD
Freight (Air)	4000 USD
Engineering and designing charges paid to a firm in USA	600 USD
Licensing fee relating to imported goods payable by the buyer as a condition of sale	20% of FOB Value
Materials and components supplied by buyer free of cost valued	Rs. 25,000
Insurance paid to Insurer of India	Rs. 7,000
Buying commission paid by the buyer to his agent in USA	200 USD
<u>Other Particulars:</u> Inter-bank exchange rate as arrived by the authorised dealer Exchange rate notified by CBIC	 Rs. 56.50/USD Rs. 56.25/USD
Importer paid demurrage charges for delay in clearing the machine from the airport	Rs. 6,000

6. Surya Engineering Co., Chennai imported some offset printing machines from Germany, by sea, has furnished the following details:

	Rs.
CIF Value of the Machine	6,49,890.00
Freight incurred from port of entry to the Inland Container Depot	35,000.00
Unloading and handling charges paid at Germany	56,000.00
Designing charges paid to consultancy firm at Bengaluru	12,000.00

From the above, calculate:
(a) Assessable value
(b) Customs duty payable
Consider the following:
(i) Basic Customs Duty leviable 10% ad valorem
(ii) Integrated tax leviable under section 3(7) of the Custom Tariff Act, 1975 is 18%
(iii) Ignore GST Compensation Cess.

7. M/s Prakash Equipment Ltd., imported certain machineries from Denmark, for which payment has been made in Euro. The following details are furnished in this regard:
   (a) FOB value of the machines: 12,000 Euro
   (b) Freight paid (Air): 4000 Euro
   (c) Design and development charges paid in Denmark: 700 Euro
   (d) Commission payable to local agent @ 2% on FOB in Indian Rupee.
   (e) Date of Bill of Entry is 18.09. 2021 (Basic Customs Duty is 10% and Exchange rate as notified by CBIC is Rs. 75 per Euro)
   (f) Date of Entry Inward is 14.09.2021 (Basic Customs Duty is 18% and Exchange rate as notified by CBIC is Rs. 75 per Euro)
   (g) IGST @ 18%
   (h) Social Welfare Surcharge at applicable rate
   (i) Insurance charges – details not available.

   Calculate the assessable value and customs duty payable by M/s Prakash Equipment Ltd., for the month of September 2021.

8. M/s Lion King Agency imported a machine from China and furnishes the following information for the month of July 2021:

	Chinese Yuan
Cost of machine at China (factory of exporter)	80000
Transport charges from the factory of exporter to the port of shipment	3200
Handling charges paid for loading the machine in the ship	200
Buying commission paid by M/s Lion King Agency	400
Lighterage charges paid by importer	800
Freight incurred from port of entry to Inland Container Depot	4000
Ship demurrage charges	1600
Freight charges from China to India	20000
Date of Bill of Entry is 28.07.2021 (Rate of Basic Customs Duty is 20% and Exchange rate as notified by CBIC is Rs. 10.10 per Chinese Yuan)	
Date of Entry Inward is 22.07.2021 (Rate of Basic Customs Duty is 12% and Exchange rate as notified by CBIC is Rs. 10.50 per Chinese Yuan)	
IGST payable @ 12%	
Social welfare charges at applicable rate	

   From the above, compute the following:
   (a) Assessable Value
   (b) Total Customs Duty
   (c) Eligible Input Tax Credit to M/s Lion King Agency

9. Mr. Sriman Chowdary imported goods from South Africa on 6th May 2021 and were cleared from Kolkata Port for warehousing at Siliguri on 8th May 2021 after assessment.
   (a) Assessable value was Rs. 2,60,000 calculated on the basis of rate of exchange Rs. 56.40 per USD.
   (b) The rate of duty on that date was 25%. (Assume no additional duty is payable)
   (c) The goods were warehoused at Siliguri and were cleared from Siliguri Warehouse on 4th June 2021 when the rate of duty was 15% and exchange rate was Rs. 56.70 per USD.

   What is the duty payable while removing the goods from Siliguri on 4th June 2021?

10. XYZ Industries Ltd., has imported certain equipment from Japan at an FOB cost of 2,00,000 Yen (Japanese). The other expenses incurred by M/s. XYZ Industries in this connection are as follows:
    (i) Freight from Japan to India Port 20,000 Yen
    (ii) Insurance paid to Insurer in India Rs. 10,000
    (iii) Designing charges paid to Consultancy firm in Japan 30,000 Yen
    (iv) M/s. XYZ Industries had expended Rs. 1,00,000 in India for certain development activities with respect to the imported equipment
    (v) XYZ Industries had incurred road transport cost from Mumbai port to their factory in Karnataka Rs. 30,000
    (vi) The Central Board of Indirect Taxes and Customs had notified for purpose of section 14(3) of the Customs Act, 1962 exchange rate of 1 Yen = Rs. 0.3948. The inter-bank rate was 1 Yen = Rs. 0.40
    (vii) M/s XYZ Industries had effected payment to the Bank based on exchange rate 1 Yen = Rs. 0.4150
    (viii) The commission payable to the agent in India was 5% of FOB cost of the equipment in Indian Rupees.

    Arrive at the assessable value for purposes of customs duty under the Customs Act, 1962 providing brief notes wherever required with appropriate assumptions.

11. From the particulars given below, find out the assessable value of the imported goods under the Customs Act, 1962.

Sl. No.	Particulars	US$
(i)	Cost of the machine at the factory of the exporting country	10,000
(ii)	Transport charges incurred by the exporter from his factory to the port for shipment.	500
(iii)	Handling charges paid for loading the machine in the ship	50
(iv)	Buying commission paid by the importer	50
(v)	Freight charges from exporting country to India	1,000
(vi)	Exchange Rate to be considered 1$ = Rs. 65	

12. Compute the assessable value and Customs duty payable from the following information:		
(i)	F.O.B value of machine	8,000 UK Pounds
(ii)	Freight paid (air)	2,500 UK Pounds
(iii)	Design and development charges paid in UK	500 UK Pounds
(iv)	Commission payable to local agents @ 2% of F.O.B in Indian Rupees	
(v)	Date of bill of entry (Rate BCD 12%; Exchange rate as notified by CBIC Rs. 68 per UK Pound)	24.10.2021
(vi)	Date of entry inward (Rate of BCD 18%; Exchange rate as notified by CBIC Rs. 70 per UK Pound)	20.10.2021
(vii)	IGST payable 18%	
(viii)	Insurance charges actually paid but details not available	

CHAPTER 20: MISCELLANEOUS TOPICS UNDER CUSTOMS

SOLVED ILLUSTRATIONS IN e-BOOK

1. BSV Enterprises imported calculators in the month of March 2021. The bill of entry was submitted on 14.03.2021 for home clearances. The proper officer returned the bill of entry on 18.03.2021 for paying the customs duty. The duty amount payable was Rs.65,000/-. However, the duty was paid only on 25.03.2021. There was only one holiday in between. Compute the interest under Section 47 of the Customs Act, 1962.

2. Mr.Joshi a trader in imported goods presented the bill of entry 05.04.2021 which was assessed by the customs authorities on same day. However, Mr.Joshi paid the customs duty on 15.04.2021 which is Rs.1,20,000. Compute the interest amount payable.

3. Mr.Rishi imported motor car for personal which he re-exported after 3 years. What would be the eligible duty drawback amount if total duty paid Rs.3,00,000?

4. Surya Exporters provide the following information to understand the eligible drawback amount.
   a) Laptops imported and exported after 1 year, 2 months, 5 days. Import duty paid Rs.6,00,000
   b) Television sets imported and exported after 2 years, 3 months. Import duty paid Rs.50,000
   c) Unexposed X-ray films imported and exported in 5 days. Import duty paid Rs.80,000

5. Rishab Furnitures Ltd exported 1000 pillows at Rs.750 per pillow. The AIR drawback rate is 2.8% FOB value or Rs.32 per unit cap whichever is less. Compute the eligible drawback amount.

6. Compute the duty drawback eligible under the customs provisions in following scenarios:
   (i) SVL Seafoods Ltd exported 500 kgs of fish extracts for FOB value of Rs.3,50,000. The rate of duty drawback on the product is 2.9% of FOB value, drawback cap is Rs.24 per kg
   (ii) Manjunath Bags Private Limited exported 5000 bags. Price of bag is Rs.80. The drawback rate is 18% of FOB value. Market price of the bag is Rs.40.

7. Mr.Shyam, an Indian resident returning from Italy with personal computer worth Rs.1,25,000, flat panel television worth Rs.55,000, laptop worth Rs.75,000 and personal effects worth Rs.65,000. What would be the customs duty payable on return to India.

8. Mr.Sujith, an Indian resident got promoted from his company and was shifted to USA. After 1.5 years, his daughter also joined Mr.Sujith. However, both returned within 2 months after daughter met Mr.Sujit.
   They got a wrist watch worth Rs.75,000, jewellery worth Rs,45,000 (18 grams) and Rs.1,15,000 (25 grams) respectively by Mr.Sujith and his daughter, personal goods worth Rs.35,000. What would be the customs duty payable on return to India.

QUESTIONS FROM PAST EXAMINATION PAPERS OF PROFESSIONAL COURSES

1. **CMA Intermediate, June 2018**

(a) Answer the following:
- (i) The duty drawback granted under customs law will be recovered where sale proceeds are not realized by an exporter within the period allowed under FEMA". Explain the exception(s), if any, to this rule.
- (ii) When a vessel caught up in the rough waters and sank in the territorial waters, can the duty drawback be claimed?

(b) Calculate amount of duty drawback allowable under section 74 of Customs Act 1962:
- (i) Infopro Ltd., imported 50 computers paying customs duty of Rs.30,000 per computer. Due to some technical problems, of the 50 computers imported, 25 computers were re-exported to the foreign supplier after 1 month without using them at all.
- (ii) M/s. RKM Films P. Ltd., imported wearing apparels from USA paying duty of Rs.5,00,000 and were used in their upcoming movie. The apparels were re-exported to USA after use after 3 months.

2. **CMA Intermediate, December 2018**

A bill of entry was presented by Zeelsin Ltd., an importer on 16th September, 2017. The vessel carrying goods arrived on 23rd September, 2017. Entry inwards was granted on 25th September, 2017 and the bill of entry was assessed on that date and was also returned to the importer for payment of duty on that date. The duty amounting to Rs.4,00,000 was paid by the importer on 4th October, 2017. There were four holidays during the period from 26th September to 4th October, 2017.
Calculate the amount of interest payable under section 47(2) of the Customs Act, 1962.

3. **CMA Intermediate, December 2018**

Ms. Vani Ganapathy, shifted her residence to India, after stay in Dubai for 18 months. She brought the following assets to India, landing at Salem (Tamil Nadu) airport on 21.07.2021.

Sl. No.	Particulars	Amount (Rs.)
1	Gold jewellery 50 grams valued at	1,50,000
2	Alcoholic liquor 3 litres valued at	9,000
3	10 boxes of cigarettes, each box containing 20 nos., valued at	3,000
4	Two notebook computers (one for personal use and one for her business use: 1,10,000+90,000)	2,00,000
5	Used household articles	2,23,500

Ascertain the customs duty payable by her if duty payable is 36.05%.

4. **CMA Intermediate, June 2019**

Who are the persons not eligible for compounding of offences as per Section 137(3) of the Customs Act, 1962?

5. **CMA Intermediate, December 2019**

   As per Sec 2(1) of the Customs Act, 1962, adjudicating authority means any authority competent to pass any order or decision under this Act, but does not include:
   (A) CBIC
   (B) Commissioner of (Appeals)
   (C) CESTAT
   (D) All of the above

6. **CMA Intermediate, December 2019**

   Assessment means process of determining the tax liability in accordance with the provisions of the Act, which includes
   (A) Provisional Assessment
   (B) Self-assessment
   (C) Reassessment
   (D) All of the above

7. **CMA Intermediate, December 2019**

   Where an eligible exporter finds that he is entitled to an amount of refund of drawback which is higher than the one granted to him, in terms of the rates of drawback announced by the Central Government, can he make a supplementary claim? If yes, within what time and state the procedure to be followed in this regard by the exporter.

SELF- PRACTICE EXERCISES

Multiple Choice Questions

17. Rate of interest for delayed payment of customs duty is
    (A) 15%
    (B) 18%
    (C) 24%
    (D) None of the above

18. Exporter of goods can claim refund of
    (A) CGST paid on exports
    (B) SGST paid on exports
    (C) IGST paid on exports
    (D) All the above

19. Registered person in GST eligible for claiming ITC on import of
    (A) IGST charged
    (B) Social welfare cess
    (C) BCD
    (D) All the above

20. LUT is valid for
    (A) Month
    (B) Financial year
    (C) Week
    (D) Till registration valid

21. Drawback rate allowed on re-export of goods without use is
    (A) 50%
    (B) 75%
    (C) 95%
    (D) 98%

22. Duty drawback will be in Negative list if the amount is less than
    (A) Rs 50
    (B) Rs. 100
    (C) Rs. 150
    (D) Rs. 200

23. Drawback on motor cars used for personal purpose now allowed if used for more than
    (A) 2 years
    (B) 3 years
    (C) 4 years
    (D) None of the above

24. The time limit to claim refund of customs duty paid under protest is
    (A) 6 months
    (B) 9 months
    (C) 1 year
    (D) None of the above

25. For the purpose of customs, baggage does not include
    (A) Pen
    (B) Laptop
    (C) Jewellery
    (D) Motor vehicle

26. The limit of baggage in case of goods of personal effect is
    (A) Rs.50,000
    (B) Rs.1,00,000
    (C) No limit
    (D) None of the above

27. A male passenger residing abroad for more than 1 year, on return to India would be allowed clearance free of duty in his baggage of jewellery upto
    (A) 5 grams
    (B) 10 grams
    (C) 15 grams
    (D) 20 grams

28. Any registered person availing the option to supply goods or services for export without payment of integrated tax shall furnish prior to export a bond or a letter of undertaking in form-
    (A) GST – RFD 8
    (B) GST – RFD 9
    (C) GST – RFD 10
    (D) GST – RFD 11

Problems

1. Dattatreya Marketing Agency imported air conditioners by presenting the bill of entry on 15.05.2020. This was assessed on same day. However, the importer opted to pay the customs duty only on 25.05.2020. 2 holidays were there in between. Compute the interest amount payable if the total duty paid is Rs.1,50,000.

2. Rakesh Giri has imported goods from England and finally re-assessed under section 18(2) of the Customs Act, 1962 for such consignment. Details are as follows:

(a)	Date of provisional assessment	19.06.2021
(b)	Date of final assessment	06.08.2021
(c)	Duty demand for consignment	Rs. 2,90,000
(d)	Date of payment of duty demanded	11.08.2021

   Determine whether any interest is payable or receivable by Rakesh Giri on the final assessment of the two-consignment.

3. Compute the eligible drawback amounts in following cases
   a. A manufacturer of PVC pipes exported exported 2000 pipes at Rs.175 each. The AIR drawback rate is 2.4% FOB value with a cap of Rs.18 per unit.
   b. A leather jacket manufacturer exported 200 leather jackets in March 2020. The AIR drawback rate is 9% FOB value with a cap of Rs.285 per unit. Each jacket costs Rs.3,250.

4. Mr.Krishan Nambiyar shifted his residence to India after stay in Oman for 3 years working as accountant in reputed oil company. He decided move to Kerala in the month of February 2020. He wishes to understand the customs duty payable on following goods to be brought to Kerala. The customs duty rate is 30%.
   a) Refrigerator of 300 liters capacity worth Rs.1,90,000
   b) Plasma television worth Rs.1,40,000
   c) Jewellery of 18 grams worth Rs.1,10,000
   He wishes to pool the baggage limit with his friend who is also visiting Kerala.