

CHAPTER 6

Input Tax Credit

QUESTION BANK

Q1.

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

Particulars	Amount (Rs.)
Intra-State supply of goods	8,00,000
Inter-State supply of goods	3,00,000

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

Particulars	Amount (Rs.)
Intra-State purchases of goods	2,00,000
Inter-State purchases of goods	50,000

The company has following ITCs with it at the beginning of the tax period

Particulars	Amount (Rs.)
CGST	57,000
SGST	Nil
IGST	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 Anant Pvt. Ltd. for the tax period. Make suitable assumptions as required

(MTP Oct 2021-1 Nov 2019) , 8 Marks

Ans

Computation of GST payable on outward supplies

S. No.	Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)	Total (Rs.)
(i)	Intra-State supply of goods for Rs. 8,00,000	72,000	72,000		1,44,000
(ii)	Inter-State supply of goods for Rs. 3,00,000			54,000	54,000
	Total GST payable				1,98,000

Computation of total ITC

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
Opening ITC	57,000	Nil	70,000
Add: ITC on Intra-State purchases of goods valuing Rs. 2,00,000	18,000	18,000	Nil
Add: ITC on Inter-State purchases of goods valuing Rs. 50,000	Nil	Nil	9,000
Total ITC	75,000	18,000	79,000

Computation of minimum GST payable from electronic cash ledger

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)	Total (Rs.)
GST payable	72,000	72,000	54,000	1,98,000
Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow]	(Nil) IGST	(25,000) IGST	(54,000) IGST	79,000
	(72,000) CGST	(18,000) SGST		90,000
Minimum GST payable in cash	Nil	29,000	Nil	29,000

Note: Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, ITC of IGST has been used to pay SGST (after paying IGST liability) to minimize cash outflow

Q2. Paritosh & Co., a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period:

Particulars	Amount(Rs.)
Intra-State supply of goods	10,00,000
Inter-State supply of goods	8,00,000

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

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

Paritosh & Co. has following ITCs with it at the beginning of the tax period:

Particulars	Amount (Rs.)
CGST	57,000
SGST	60,000
IGST	1,40,000

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 ITC have been fulfilled.

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

(MTP Nov 2021) , 8 Marks

Ans

Computation of GST payable on outward supplies

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

Computation of Total ITC

	<table><tr><th>Particulars</th><th>CGST @ 9% (Rs.)</th><th>SGST @ 9% (Rs.)</th><th>IGST @ 18% (Rs.)</th></tr><tr><td>Opening ITC</td><td>57,000</td><td>60,000</td><td>1,40,000</td></tr><tr><td>Add: ITC on Intra-State purchases of goods valuing Rs. 3,00,000</td><td>27,000</td><td>27,000</td><td>Nil</td></tr><tr><td>Add: ITC on Inter-State purchases of goods valuing Rs. 2,50,000</td><td>Nil</td><td>Nil</td><td>45,000</td></tr><tr><td>Total ITC</td><td>84,000</td><td>87,000</td><td>1,85,000</td></tr></table> <p>Computation of minimum GST payable from electronic cash ledger</p> <table><tr><th>Particulars</th><th>CGST @ 9% (Rs.)</th><th>SGST @ 9% (Rs.)</th><th>IGST @ 18% (Rs.)</th><th>Total (Rs.)</th></tr><tr><td>GST payable</td><td>90,000</td><td>90,000</td><td>1,44,000</td><td>3,24,000</td></tr><tr><td>Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow]</td><td>(38,000) IGST</td><td>(3,000)IGST</td><td>(1,44,000) IGST</td><td>1,85,000</td></tr><tr><td></td><td>(52,000)CGST</td><td>(87,000)SGST</td><td></td><td>1,39,000</td></tr><tr><td>Minimum GST payable in cash</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td></tr><tr><td>ITC balance to be carried forward next month</td><td>32,000</td><td>Nil</td><td>Nil</td><td>32,000</td></tr></table>	Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)	Opening ITC	57,000	60,000	1,40,000	Add: ITC on Intra-State purchases of goods valuing Rs. 3,00,000	27,000	27,000	Nil	Add: ITC on Inter-State purchases of goods valuing Rs. 2,50,000	Nil	Nil	45,000	Total ITC	84,000	87,000	1,85,000	Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)	Total (Rs.)	GST payable	90,000	90,000	1,44,000	3,24,000	Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow]	(38,000) IGST	(3,000)IGST	(1,44,000) IGST	1,85,000		(52,000)CGST	(87,000)SGST		1,39,000	Minimum GST payable in cash	Nil	Nil	Nil	Nil	ITC balance to be carried forward next month	32,000	Nil	Nil	32,000	
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Minimum GST payable in cash	Nil	Nil	Nil	Nil																																																
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Q3.	<p>Mr. Charlie, a registered supplier of goods at Bhatinda who pays GST under regular scheme, has made the following transactions (exclusive of tax) during April 20XX:</p> <table><tr><th>Source</th><th>Purchases (Rs.)</th><th>Sales (Rs.)</th><th>Tax Rate</th></tr><tr><td>Rajasthan</td><td>5,00,000</td><td>10,00,000</td><td>18%</td></tr><tr><td>Punjab</td><td>2,50,000</td><td>8,00,000</td><td>9%each for SGST& CGST</td></tr><tr><td>Total</td><td>7,50,000</td><td>18,00,000</td><td></td></tr></table> <p>He has complied with all the conditions for availing the input tax credit (ITC) and has the following ITC credit on 01-04-20XX:</p> <table><tr><th>Source</th><th>CGST (Rs.)</th><th>SGST (Rs.)</th><th>IGST (Rs.)</th></tr><tr><td>Taxes</td><td>50,000</td><td>30,000</td><td>1,00,000</td></tr></table> <p>Compute the minimum net CGST, SGST and IGST payable by Mr. Charlie during April 20XX in cash?</p> <p style="text-align: right;">(MTP May 2020) , 8 Marks</p>	Source	Purchases (Rs.)	Sales (Rs.)	Tax Rate	Rajasthan	5,00,000	10,00,000	18%	Punjab	2,50,000	8,00,000	9%each for SGST& CGST	Total	7,50,000	18,00,000		Source	CGST (Rs.)	SGST (Rs.)	IGST (Rs.)	Taxes	50,000	30,000	1,00,000																											
Source	Purchases (Rs.)	Sales (Rs.)	Tax Rate																																																	
Rajasthan	5,00,000	10,00,000	18%																																																	
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Taxes	50,000	30,000	1,00,000																																																	
Ans	<p>Computation of net CGST, SGST and IGST payable in cash by Mr. Charlie during April, 20XX</p> <table><tr><th>Particulars</th><th>Amount (Rs.)</th><th>CGST @ 9% (Rs.)</th><th>SGST @ 9% (Rs.)</th><th>IGST @ 18% (Rs.)</th></tr><tr><td>Sales made outside Bhatinda (Rajasthan) – [Being inter-State sale, the same is liable to IGST.]</td><td>10,00,000</td><td></td><td></td><td>1,80,000</td></tr><tr><td>Sales made in Punjab</td><td>8,00,000</td><td>72,000</td><td>72,000</td><td></td></tr><tr><td>Total GST payable</td><td></td><td>72,000</td><td>72,000</td><td>1,80,000</td></tr></table>	Particulars	Amount (Rs.)	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)	Sales made outside Bhatinda (Rajasthan) – [Being inter-State sale, the same is liable to IGST.]	10,00,000			1,80,000	Sales made in Punjab	8,00,000	72,000	72,000		Total GST payable		72,000	72,000	1,80,000																															
Particulars	Amount (Rs.)	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)																																																
Sales made outside Bhatinda (Rajasthan) – [Being inter-State sale, the same is liable to IGST.]	10,00,000			1,80,000																																																
Sales made in Punjab	8,00,000	72,000	72,000																																																	
Total GST payable		72,000	72,000	1,80,000																																																

ITC available during April 20XX for set off [Refer Working Note Below]		72,500	52,500	1,90,000
Less: Set off of IGST ITC against IGST and SGST tax liability respectively			(10,000) IGST	(1,80,000) IGST
Less: Set off of CGST ITC against CGST tax liability		(72,000) CGST		
Less: Set off of SGST ITC against SGST tax liability			(52,500) SGST	
Net tax liability payable in cash		Nil	9,500	Nil
Net ITC available		500	Nil	Nil

Working Note

ITC available during April, 20XX is computed as under:-

Particulars	Amount (Rs.)	CGST@9% (Rs.)	SGST@9% (Rs.)	IGST@18% (Rs.)
Opening balance of ITC		50,000	30,000	1,00,000
Purchases from Rajasthan [Being inter-State purchase, IGST would have been paid on it.]	5,00,000			90,000
Purchases from Punjab	2,50,000	22,500	22,500	
Total input tax credit		72,500	52,500	1,90,000

Note: Since sufficient balance of ITC of CGST is available for paying CGST liability and cross-utilization of ITC of CGST and SGST is not allowed, ITC of IGST has been used to pay SGST (after paying IGST liability) to minimize cash outflow.

Q4. Bunty Pvt. Ltd., a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period

Particulars	Amount (Rs.)
Intra-State supply of goods	11,20,000
Inter-State supply of goods	4,20,000

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

Particulars	Amount (Rs.)
Intra-State purchases of goods	2,80,000
Inter-State purchases of goods	70,000

The company has following ITCs with it at the beginning of the tax period:

Particulars	Amount (Rs.)
CGST	79,800
SGST	Nil
IGST	98,000

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 Bunty Pvt. Ltd. for the tax period. Make

suitable assumptions as required.

(MTP March 2021) , 8 Marks

Ans

Computation of GST payable on outward supplies

S. No.	Particulars	CGST@9%(Rs.)	SGST @9%(Rs.)	IGST@18%(Rs.)	Total(Rs.)
(i)	Intra-State supply of goods for Rs. 11,20,000	1,00,800	1,00,800		2,01,600
(ii)	Inter-State supply of goods for Rs. 4,20,000			75,600	75,600
	Total GST payable				2,77,200

Computation of total ITC

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
Opening ITC	79,800	Nil	98,000
Add: ITC on Intra-State purchases of goods valuing Rs. 2,80,000	25,200	25,200	Nil
Add: ITC on Inter-State purchases of goods valuing Rs. 70,000	Nil	Nil	12,600
Total ITC	1,05,000	25,200	1,10,600

Computation of minimum GST payable from electronic cash ledger

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)	Total (Rs.)
GST payable	1,00,800	1,00,800	75,600	2,77,200
Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow]	(Nil) IGST	(35,000) IGST	(75,600) IGST	1,10,600

	(1,00,800) CGST	(25,200) SGST		1,26,000
Minimum GST payable in cash	Nil	40,600	Nil	40,600

Note : Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, ITC of IGST has been used to pay SGST (after paying IGST liability) to minimize cash outflow.

Q5.
M/s. Comfortable (P) Ltd. is registered under GST in Chennai, Tamil Nadu. It is engaged in the manufacture of iron and steel products. It has carried out following transactions in

the financial year 20XX-XY:-

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

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

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

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

- (iii) Company has made the following intra State supplies (excluding GST) for the financial year 20XX- XY:-

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

- (i) Compute the GST liability (CGST, SGST or IGST, as the case may be) of M/s. Comfortable (P) Ltd. for the financial year 20XX-XY:-

- (ii) Compute the amount of input tax credit to be reversed in the FY 20XX-XY and/or in the next FY 20XY- YZ, if any.

- (iii) Assume the rates of GST as under:

CGST 9%

SGST 9%

IGST 18%

Note

- (i) All the conditions necessary for availing input tax credit have been fulfilled.

- (ii) Ignore interest, if any

(MTP May 19) , 8 Marks

Ans

Computation of net GST payable for the financial year 20XX-XY

Particulars	Value (Rs.)	CGST (Rs.)	SGST (Rs.)
Tax liability			
Intra-State supplies made to registered persons	10,00,000	90,000	90,000

Intra State supplies made to unregistered persons	2,00,000	18,000	18,000
Total (A)		1,08,000	1,08,000
Input Tax credit			
Supply of iron in lots by M/s Hard Limited [Note-1]	10,00,000	-	-
Supply of IT engineering service [Note-2]	11,00,000	99,000	99,000
Total (B)		99,000	99,000
Net GST payable (A)-(B)		9,000	9,000

Notes:-

- Section 16 of CGST Act, 2017 provides that where the goods against an invoice are received in lots or installments, the registered person shall be entitled to take credit upon receipt of the last lot or installment. Although 900 tonnes of iron are received in financial year 20XX-XY, the last lot of iron has been received after FY 20XX-XY only, i.e. on 5, April 20XY, thus no input tax credit is available in FY 20XX- XY.

In view of above provisions, full input tax credit in respect of transaction (a) will be claimed in financial year 20XY-20YZ i.e. on receipt of last installment.

- Section 16 of CGST Act, 2017 inter alia provides that every registered person is entitled to take credit of input tax charged on supply of services to him which are used in the course of business on receipt of the said services.

Thus, in view of the above mentioned provisions full input tax credit of Rs. 1,98,000/- can be claimed in financial year 20XX-XY.

(ii) Section 16 of CGST Act, 2017 provides that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of 180 days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon, in the prescribed manner.

However, the recipient shall be entitled to avail of the credit of input tax on payment made by him of the amount towards the value of supply of goods or services or both along with tax payable thereon. Since the full amount of value alongwith tax payable thereon has not been paid by M/s Comfortable (P) Ltd. to M/s Dynamic Infotech (P) Ltd within a period of 180 days from the date of issue of invoice, the proportionate amount of input tax credit availed needs to be reversed. However, the reversal will be done in the financial year 20XY-YZ during when the time period of 180 days expire

Input tax credit to be reversed in financial year 20XY-YZ

Particulars	Amount (Rs.)
Total value of procurement of IT engineering service	11,00,000
Add: Total GST on the above value @ 18%[CGST + SGST]	1,98,000
Value including GST	12,98,000
Amount paid for the said service including GST[Rs. 4,13,000 + Rs. 2,95,000]	7,08,000
Amount [value alongwith tax payable thereon] not paid for the said service	5,90,000
ITC to be reversed [Rs. 5,90,000 x 18/118]	90,000

Q6. Laxmi 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, 2018:

Sr.No	Particulars	GST Paid
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	(1)	Raw Material (to be received in September, 2018)	2,50,000
	(2)	Membership of a club availed for employees working in the 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
	(6)	Confectionery items for consumption of employees working in the factory.	75,000
		These items were supplied free of cost to the employees in lieu of services rendered by them to the manufacturer in the course of employment.	
Determine the amount of tax credit available with Laxmi Pvt. Ltd. for the month of July, 2018 by giving the necessary explanation for treatment of various items. All the conditions necessary for availing the ITC have been fulfilled.			
(MTP May19-2) , 6 Marks			
Ans	Computation of ITC available with Laxmi Pvt. Ltd. for the month of July, 2018		
	Particulars		Rs.
	Raw Material [ITC not available as raw material is not received in July, 2018]		Nil
	Membership of a club availed for employees working in the factory [Blocked credit in terms of section 17(5) of the CGST Act, 2017]		Nil
	Inputs to be received in 5 lots, out of which 3rd lot was received during the month [In case of goods received in lots, ITC can be taken only upon receipt of the last lot]		Nil
	Trucks used for transport of raw material [ITC of GST paid on motor vehicles is allowed only when used, inter alia, for transportation of goods in terms of section 17(5) of the CGST Act, 2017]		40,000
	Capital goods [ITC of GST paid on items for which invoice is missing is not available. So, ITC of Rs. 80,000 is not available]		70,000
	Confectionery items for consumption of employees working in the factory [ITC on food or beverages is specifically disallowed unless the same is used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply-Section 17(5)(b)(i)]		Nil
	Total ITC available		1,10,000
Q7.	Le Marc Ltd. of Nashik, Maharashtra, a registered supplier, is engaged in manufacturing taxable goods. It provides the following details of items purchased and services availed by it from Gujarat, for the month of March, 20XX:		
	S. No.	Particulars	IGST (Rs.)
	1	Motor vehicle purchased for employees to be used for personal as well as business purposes	1,50,000
	2	Motor vehicle purchased for transportation of goods within the factory	2,00,000

	<table><tr><td>3</td><td>Food items for consumption of employees. These items were supplied free of cost to the employees in lieu of services rendered by them to the manufacturer in the course of employment.</td><td>2,000</td></tr><tr><td>4</td><td>Rent-a-cab facility availed for employees to fulfill a statutory obligation in this regard. The Government has notified such service under section 17(5)(b)(iii)(A) of the CGST Act, 2017.</td><td>36,000</td></tr></table>	3	Food items for consumption of employees. These items were supplied free of cost to the employees in lieu of services rendered by them to the manufacturer in the course of employment.	2,000	4	Rent-a-cab facility availed for employees to fulfill a statutory obligation in this regard. The Government has notified such service under section 17(5)(b)(iii)(A) of the CGST Act, 2017.	36,000							
3	Food items for consumption of employees. These items were supplied free of cost to the employees in lieu of services rendered by them to the manufacturer in the course of employment.	2,000												
4	Rent-a-cab facility availed for employees to fulfill a statutory obligation in this regard. The Government has notified such service under section 17(5)(b)(iii)(A) of the CGST Act, 2017.	36,000												
Calculate the amount of eligible input tax credit for the month of March, 20XX. (RTP May 2019)														
Ans	Computation of eligible input tax credit <table><tr><th>Particulars</th><th>Eligible ITC (Rs.)</th></tr><tr><td>Motor vehicle purchased for employees to be used for personal as well as business- purposes [Note-1]</td><td>-</td></tr><tr><td>Motor vehicle purchased for transportation of goods within the factory [Note-1]</td><td>2,00,000</td></tr><tr><td>Food items for consumption of employees [Note-2]</td><td>-</td></tr><tr><td>Rent-a-cab facility given to employees [Note-3]</td><td>36,000</td></tr><tr><td>Total eligible input tax credit</td><td>2,36,000</td></tr></table>		Particulars	Eligible ITC (Rs.)	Motor vehicle purchased for employees to be used for personal as well as business- purposes [Note-1]	-	Motor vehicle purchased for transportation of goods within the factory [Note-1]	2,00,000	Food items for consumption of employees [Note-2]	-	Rent-a-cab facility given to employees [Note-3]	36,000	Total eligible input tax credit	2,36,000
Particulars	Eligible ITC (Rs.)													
Motor vehicle purchased for employees to be used for personal as well as business- purposes [Note-1]	-													
Motor vehicle purchased for transportation of goods within the factory [Note-1]	2,00,000													
Food items for consumption of employees [Note-2]	-													
Rent-a-cab facility given to employees [Note-3]	36,000													
Total eligible input tax credit	2,36,000													
Notes:- As per section 17(5) of the CGST Act, 2017: 1. ITC on motor vehicles and other conveyances is blocked except when they are used— (i)(a) (i)for making the following taxable supplies, namely :— further supply of such vehicles or conveyances; or (B)transportation of passengers; or (C)imparting training on driving, flying, navigating such vehicles or conveyances; (ii)for transportation of goods. 2. ITC in respect of food and beverages is blocked unless the same is used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply. Thus, in the given case, ITC of taxes paid on food for employees is not allowed. 3. ITC on supply of rent-a cab services is not blocked where the Government notifies the services which are obligatory for an employer to provide such service to its employees. Thus, ITC is available on said service.														
Q8.	<p>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.</p> <p>(b) 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</p> <p style="text-align: right;">(RTP NOV 2020)</p>													
Ans	<p>Since the exemption available on goods being supplied by Babla & Bros. is withdrawn, it becomes liable to registration as its turnover has crossed the threshold limit (for registration) on the day when the exemption is withdrawn.</p> <p>Assuming that Babla & Bros. applies for registration within 30 days of 1st October and it obtains such registration, it will be entitled to take credit of input tax in respect of inputs held in stock and</p>													

inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which it becomes liable to pay tax, i.e. 30th September [Section 18(1)(a) of the CGST Act, 2017]. Input tax paid on capital goods will not be available as input tax credit in this case

(b) If the exempt supply made by a registered person becomes a taxable supply, provisions of section 18(1)(d) of the CGST Act, 2017 become applicable. In the given case, since Mamta Sales is a registered person, section 18(1)(d) will be applicable.

As per section 18(1)(d), Mamta Sales will be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock relating to such exempt supply and on capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable, i.e. 30th September. Input tax credit on capital goods will be reduced by 5% per quarter or part thereof from the date of invoice

Q9. 'XY' of Kolkata is engaged in supply of various goods and services. It pays GST under regular scheme. The following information is provided by it for the month of July:

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

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

- 10% of the inter-State supply of office stationery are made to unregistered persons.
- Each combi pack (containing a calculator and a diary) is priced at Rs. 800. The calculator and the diary are individually priced at Rs. 700 and Rs. 200 respectively.
- 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.
- All the figures mentioned above are exclusive of taxes, wherever applicable.
- 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.
- 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 or IGST, as the case may be] payable in cash

by 'XY' for the month of July.

(RTP NOV 2020)

Ans

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

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

1. Taxable supplies made by a registered person are liable to tax irrespective of whether they are made to a registered person or to an unregistered person.
 2. Supply of calculator and diary as a combi pack with a single price of Rs. 800 is a mixed supply. Being a mixed supply comprising of two supplies, it shall be treated as supply of that particular supply which attracts highest rate of tax.
 3. Services provided by a business facilitator/ business correspondent to a banking company only with respect to accounts in its rural area branch are exempt and not with respect to accounts in its urban area branch .
 4. ITC can be taken only on the basis of a valid tax paying document. Thus, ITC will not be available on goods for which the invoice is missing.
 5. ITC on motor vehicles used for transportation of goods is allowed. Further, ITC is allowed on repair and maintenance services relating to motor vehicles, ITC on which is allowed.
- Note: IGST credit, after being set off against IGST liability, can be utilised against CGST and SGST liability in any order and in any proportion. Thus, there cannot be one answer for the minimum net CGST and SGST payable in cash as the amount of CGST and SGST liabilities are the same as

also the amount of ITC for CGST and SGST is also the same

Q10. Mr. Nikunj, 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 :-

Intra State supplies of goods	6,00,000
Inter State supplies of goods	2,00,000
He has also furnished following information in respect of purchases made by him from registered dealers during August :-	
Intra State purchase of goods	4,00,000
Inter State purchase of goods	50,000

Balance of ITC available at the beginning of the August:-

	Rs.
CGST	15,000
SGST	35,000
IGST	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 the ITC have been fulfilled.

Compute the minimum GST payable by Mr. Nikunj in cash for the month of August.

(RTP Nov 2021)

Ans Computation of GST liability of Mr. Nikunj for the month of August

S.No.	Particulars	(Rs.)	GST (Rs.)
(I)	Intra-State supply of goods		
	CGST @ 9% on Rs. 6,00,000	54,000	
	SGST @ 9% on Rs. 6,00,000	54,000	1,08,000
(II)	Inter-State supply of goods		
	IGST @ 18% on Rs. 2,00,000		36,000

Computation of total ITC

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
Opening ITC	15,000	35,000	20,000
Add: ITC on Intra-State purchases of goods valuing Rs. 4,00,000	36,000	36,000	
Add: ITC on Inter-State purchases of goods valuing Rs. 50,000			9,000
Total ITC	51,000	71,000	29,000

Computation of minimum GST payable in cash

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
GST payable	54,000	54,000	36,000
Less: ITC credit of IGST to be first utilised towards payment of IGST			(29,000)
ITC of CGST to be utilised for payment of CGST and IGST in that order.	(51,000)		
ITC of SGST to be utilised for payment of SGST and IGST in that order.		(54,000)	
ITC of SGST to be utilised for payment of IGST, only after ITC of CGST has been utilised fully.			(7,000)- SGST
Minimum GST payable in cash	3,000	Nil	Nil

Q11. Mr. Harihar, a supplier of goods, pays GST under regular scheme. He has made the following outward taxable supplies in a tax period:

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

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

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

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

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

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 Mr. Harihar for the tax period and the ITC to be carried forward to the next month. Make suitable assumptions as required.

(MTP Nov 2020) , 8 Marks

Ans Computation of GST payable on outward supplies

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

Computation of total ITC

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
Opening ITC	57,000	60,000	1,40,000
Add: ITC on Intra-State purchases of goods valuing Rs.3,00,000	27,000	27,000	Nil
Add: ITC on Inter-State purchases of goods valuing Rs. 2,50,000	Nil	Nil	45,000
Total ITC	84,000	87,000	1,85,000

Computation of minimum GST payable from cash ledger

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

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

Q12. M/s. Grey, a registered taxable person under regular scheme provides following information in respect of supplies made by it during the month of April, 2019:

	(All amount in rupees)
(i) Inter-state supply of goods	1,00,000
(ii) Intra-state supply of 500 packets of detergent @ Rs. 400 each alongwith 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 journals to M/s. Pinnacle, a private coaching centre 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
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	(v) Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply.	50,000																																																																																				
	Details of opening balances of ITC as on 1-4-2019 are as follows:																																																																																					
	CGST	5,000																																																																																				
	SGST	5,000																																																																																				
	IGST	40,000																																																																																				
Following additional information is provided :																																																																																						
(a) (a) Rate of GST in respect of all inward and outward supplies except item (ii) above is 18%. i.e. CGST and SGST @ 9% and IGST @ 18%.																																																																																						
(b) All figures mentioned above are exclusive of taxes.																																																																																						
(c) All the conditions for availing the ITC have been fulfilled except specifically given and M/s. Grey is not eligible for any threshold exemption.																																																																																						
Compute the minimum net GST payable in cash by M/s. Grey for the month of April, 2019.																																																																																						
(Suggested Nov 19) , 8 Marks																																																																																						
Ans	Computation of minimum net GST payable in cash by M/s. Grey for the month of April, 2019																																																																																					
	<table><tr><th>Particulars</th><th>Value (Rs.)</th><th>CGST (Rs.)</th><th>SGST (Rs.)</th><th>IGST (Rs.)</th></tr><tr><td>Total tax liability</td><td></td><td></td><td></td><td></td></tr><tr><td>Inter-State supply of goods</td><td>1,00,000</td><td></td><td></td><td>18,000</td></tr><tr><td>Intra-State supply of 500 packets of detergents along with a plastic bucket [Note-1]</td><td>2,00,000 (500 x 400)</td><td>28,000 (2,00,000 x 14%)</td><td>28,000 (2,00,000 x 14%)</td><td></td></tr><tr><td>Supply of online educational journal to private coaching centre [Note-2]</td><td>50,000</td><td>4,500 (50,000 x 9%)</td><td>4,500 (50,000 x 9%)</td><td></td></tr><tr><td>Total tax liability (A)</td><td></td><td>32,500</td><td>32,500</td><td>18,000</td></tr><tr><td>Input tax credit (ITC)</td><td></td><td></td><td></td><td></td></tr><tr><td>Brought forward ITC</td><td></td><td>5,000</td><td>5,000</td><td>40,000</td></tr><tr><td>Inter-State purchase of goods [Note-3]</td><td>50,000</td><td></td><td></td><td>9,000</td></tr><tr><td>Repairing of bus with seating capacity of 20 passengers [Note-4]</td><td>50,000</td><td>4,500</td><td>4,500</td><td></td></tr><tr><td>Total ITC (B)</td><td></td><td>9,500</td><td>9,500</td><td>49,000</td></tr><tr><td>Minimum net GST payable in cash</td><td></td><td></td><td></td><td></td></tr><tr><td>Total tax liability</td><td></td><td>32,500</td><td>32,500</td><td>18,000</td></tr><tr><td>Less: Set off of IGST liability from IGST credit</td><td></td><td></td><td></td><td>(18,000)</td></tr><tr><td>Set off IGST credit against CGST and SGST liability in any order and in any proportion</td><td></td><td>(23,000)</td><td>(8,000)</td><td></td></tr><tr><td>Set off of CGST and SGST credit against CGST and SGST liability respectively</td><td></td><td>(9,500) CGST</td><td>(9,500) SGST</td><td></td></tr><tr><td>Minimum net GST payable in cash</td><td></td><td>Nil</td><td>15,000</td><td>Nil</td></tr></table>	Particulars	Value (Rs.)	CGST (Rs.)	SGST (Rs.)	IGST (Rs.)	Total tax liability					Inter-State supply of goods	1,00,000			18,000	Intra-State supply of 500 packets of detergents along with a plastic bucket [Note-1]	2,00,000 (500 x 400)	28,000 (2,00,000 x 14%)	28,000 (2,00,000 x 14%)		Supply of online educational journal to private coaching centre [Note-2]	50,000	4,500 (50,000 x 9%)	4,500 (50,000 x 9%)		Total tax liability (A)		32,500	32,500	18,000	Input tax credit (ITC)					Brought forward ITC		5,000	5,000	40,000	Inter-State purchase of goods [Note-3]	50,000			9,000	Repairing of bus with seating capacity of 20 passengers [Note-4]	50,000	4,500	4,500		Total ITC (B)		9,500	9,500	49,000	Minimum net GST payable in cash					Total tax liability		32,500	32,500	18,000	Less: Set off of IGST liability from IGST credit				(18,000)	Set off IGST credit against CGST and SGST liability in any order and in any proportion		(23,000)	(8,000)		Set off of CGST and SGST credit against CGST and SGST liability respectively		(9,500) CGST	(9,500) SGST		Minimum net GST payable in cash		Nil	15,000	Nil
Particulars	Value (Rs.)	CGST (Rs.)	SGST (Rs.)	IGST (Rs.)																																																																																		
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- a mixed supply comprising of two supplies, it shall be treated as supply of that particular supply that attracts highest rate of tax (28%).
- Supply of online educational journal is exempt only when the same is provided to an educational institution which provides a qualification recognised by law. Since, the private coaching centre does not provide any recognised qualification, the supply of online educational journals to the same will be taxable.
 - ITC can be taken only on the basis of a valid tax paying document. Thus, ITC will not be available on goods for which the invoice is missing.
 - ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed. Further, ITC is allowed on repair and maintenance services relating to motor vehicles, ITC on which is allowed.
- Note: Under the amended position of law, the IGST credit, after being set off against IGST liability, can be utilised against CGST and SGST liability in any order and in any proportion. Thus, there cannot be one answer for the minimum net CGST and SGST payable in cash [i.e. GST liability] as the amount of CGST and SGST liabilities are the same as also the amount of ITC for CGST and SGST is also the same

Q13. KNK Ltd., a registered supplier of Mumbai is a manufacturer of heavy machines. Its outward supplies (exclusive of GST) for the month of January, 2020 are as follows:

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

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

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

Additional Information:

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

	GSTR-2A of KNK Ltd. in January, 2020. Compute the following: (i) Amount of eligible input tax credit (ITC) available for the month of January, 2020. (ii) Minimum net GST payable in cash, for the month of January, 2020 after using available input tax credit. Working notes should form part of your answer. (NOV 2020 Suggested) , 8 Marks																																			
Ans	(i) Computation of amount of eligible ITC available for the month of January, 2020																																			
	<table><tr><th>S. No.</th><th>Particulars</th><th>CGST (₹)</th><th>SGST (₹)</th></tr><tr><td>(i)</td><td>Raw materials B (90%) [Note-1]</td><td>45,000</td><td>45,000</td></tr><tr><td>(ii)</td><td>Construction of pipelines laid outside the factory premises [Note-2]</td><td>Nil</td><td>Nil</td></tr><tr><td>(iii)</td><td>Insurance charges paid for trucks used for transportation of goods [Note-3]</td><td>55,000</td><td>55,000</td></tr><tr><td>(iv)</td><td>Raw materials A [Note-4]</td><td>Nil</td><td>Nil</td></tr><tr><td>(v)</td><td>Eligible ITC on invoices the details of which are available in GSTR-2A</td><td>1,00,000 (45,000 + 55,000)</td><td>1,00,000 (45,000 + 55,000)</td></tr><tr><td>(vi)</td><td>ITC on invoices the details of which are not available in GSTR-2A, i.e. the invoices which have not been uploaded by the suppliers in their GSTR-1 [Note-4]</td><td>5,000</td><td>5,000</td></tr><tr><td></td><td>Total eligible ITC</td><td>1,05,000</td><td>1,05,000</td></tr></table>				S. No.	Particulars	CGST (₹)	SGST (₹)	(i)	Raw materials B (90%) [Note-1]	45,000	45,000	(ii)	Construction of pipelines laid outside the factory premises [Note-2]	Nil	Nil	(iii)	Insurance charges paid for trucks used for transportation of goods [Note-3]	55,000	55,000	(iv)	Raw materials A [Note-4]	Nil	Nil	(v)	Eligible ITC on invoices the details of which are available in GSTR-2A	1,00,000 (45,000 + 55,000)	1,00,000 (45,000 + 55,000)	(vi)	ITC on invoices the details of which are not available in GSTR-2A, i.e. the invoices which have not been uploaded by the suppliers in their GSTR-1 [Note-4]	5,000	5,000		Total eligible ITC	1,05,000	1,05,000
S. No.	Particulars	CGST (₹)	SGST (₹)																																	
(i)	Raw materials B (90%) [Note-1]	45,000	45,000																																	
(ii)	Construction of pipelines laid outside the factory premises [Note-2]	Nil	Nil																																	
(iii)	Insurance charges paid for trucks used for transportation of goods [Note-3]	55,000	55,000																																	
(iv)	Raw materials A [Note-4]	Nil	Nil																																	
(v)	Eligible ITC on invoices the details of which are available in GSTR-2A	1,00,000 (45,000 + 55,000)	1,00,000 (45,000 + 55,000)																																	
(vi)	ITC on invoices the details of which are not available in GSTR-2A, i.e. the invoices which have not been uploaded by the suppliers in their GSTR-1 [Note-4]	5,000	5,000																																	
	Total eligible ITC	1,05,000	1,05,000																																	
	Notes: 1. ITC on goods destroyed is blocked under section 17 of the CGST Act, 2017. 2. ITC on works contract services availed for construction of plant and machinery is allowed but pipelines laid outside the factory premises are excluded from the definition of plant and machinery and hence, ITC thereon is blocked. 3. ITC on motor vehicles used for transportation of goods is allowed. Further, ITC is also allowed on insurance services relating to motor vehicles, ITC on which is allowed. 4. Where invoice has not been uploaded by the supplier in its GSTR-1, 5% of the eligible ITC available in respect of the uploaded invoices can be claimed by the recipient, i.e. 5% of ₹ 1,00,000																																			
	(ii) Computation of minimum net GST payable in cash for the month of January, 2020																																			
	<table><tr><th>Particulars</th><th>Value (₹)</th><th>CGST @ 9% (₹)</th><th>SGST @ 9% (₹)</th><th>IGST @ 18% (₹)</th></tr><tr><td>Inter-State outward supplies</td><td>85,00,000</td><td></td><td></td><td>15,30,000</td></tr><tr><td>Intra-State outward supplies</td><td>15,00,000</td><td>1,35,000</td><td>1,35,000</td><td></td></tr><tr><td>Total output tax payable</td><td></td><td>1,35,000</td><td>1,35,000</td><td>15,30,000</td></tr><tr><td>Less: Set off of CGST and SGST credit against CGST and SGST liability respectively</td><td>(iii)</td><td>(1,05,000)</td><td>(1,05,000)</td><td></td></tr><tr><td>Minimum net GST payable in cash</td><td></td><td>30,000</td><td>30,000</td><td>15,30,000</td></tr></table>				Particulars	Value (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Inter-State outward supplies	85,00,000			15,30,000	Intra-State outward supplies	15,00,000	1,35,000	1,35,000		Total output tax payable		1,35,000	1,35,000	15,30,000	Less: Set off of CGST and SGST credit against CGST and SGST liability respectively	(iii)	(1,05,000)	(1,05,000)		Minimum net GST payable in cash		30,000	30,000	15,30,000		
Particulars	Value (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)																																
Inter-State outward supplies	85,00,000			15,30,000																																
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Less: Set off of CGST and SGST credit against CGST and SGST liability respectively	(iii)	(1,05,000)	(1,05,000)																																	
Minimum net GST payable in cash		30,000	30,000	15,30,000																																

Q14.	Who can impose restrictions on utilization of input tax credit (ITC) available in the electronic credit ledger and under what circumstances can restrictions be imposed under the CGST Rules 2017? (NOV 2020 Suggested) , 5 Marks																						
Ans	<p>The Commissioner or an officer (not below the rank of an Assistant Commissioner) authorised by him has been empowered to impose restrictions on utilization of ITC available in the electronic credit ledger.</p> <p>The restrictions can be imposed under the CGST Rules, 2017 in the following circumstances</p> <p>(a) ITC has been availed on the basis of tax invoices/valid documents –</p> <p>(i) issued by a non-existent supplier or by a person not conducting any business from the registered place of business; or</p> <p>(ii) without receipt of goods and/or services; or</p> <p>(iii) the tax in relation to which has not been paid to the Government.</p> <p>(b) Registered person availing ITC has been found non-existent or not to be conducting any business from the registered place of business; or</p> <p>(c) Registered person availing ITC is not in possession of tax invoice/valid document</p>																						
Q15.	Star Ltd., a registered supplier in Karnataka has provided the following details for supply of one machine•: <table border="1" data-bbox="258 787 1484 1163"> <thead> <tr> <th></th><th>Particulars</th><th>Amount in (₹)</th></tr> </thead> <tbody> <tr> <td>(1)</td><td>List price of machine supplied [exclusive of items given below from (2) to (4)]</td><td>80,000</td></tr> <tr> <td>(2)</td><td>Tax levied by Local Authority on sale of such machine</td><td>6,000</td></tr> <tr> <td>(3)</td><td>Discount of 2% on the list price of machine was provided (recorded in the invoice of machine)</td><td></td></tr> <tr> <td>(4)</td><td>Packing expenses for safe transportation charged separately in the invoice</td><td>4,000</td></tr> </tbody> </table> <p>Star Ltd. received ₹ 5,000 as subsidy from a NGO on sale of each such machine, The Price of ₹ 80,000 of the machine is after considering such subsidy.</p> <p>During the month of February, 2020, Star Ltd. supplied three machines to Intra-State customers and one machine to Inter-State customer.</p> <p>Star Ltd. purchased inputs (intra-State) for ₹ 1,20,000 exclusive of GST for supplying the above four machines during the month. The Balance of ITC at the beginning of February, 2020 was:</p> <table border="1" data-bbox="258 1451 883 1537"> <thead> <tr> <th>CGST</th><th>SGST</th><th>IGST</th></tr> </thead> <tbody> <tr> <td>₹ 18,000</td><td>₹ 4,000</td><td>₹ 26,000</td></tr> </tbody> </table> <p>Note:</p> <p>(i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively for both inward and outward supplies.</p> <p>(ii) All the amounts given above are exclusive of GST.</p> <p>All the conditions necessary for availing the ITC have been fulfilled.</p> <p>Compute the minimum net GST payable in cash by Star Ltd. for the month of February, 2020.</p> <p>(JAN 2021 Suggested) , 8 Marks</p>			Particulars	Amount in (₹)	(1)	List price of machine supplied [exclusive of items given below from (2) to (4)]	80,000	(2)	Tax levied by Local Authority on sale of such machine	6,000	(3)	Discount of 2% on the list price of machine was provided (recorded in the invoice of machine)		(4)	Packing expenses for safe transportation charged separately in the invoice	4,000	CGST	SGST	IGST	₹ 18,000	₹ 4,000	₹ 26,000
	Particulars	Amount in (₹)																					
(1)	List price of machine supplied [exclusive of items given below from (2) to (4)]	80,000																					
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(4)	Packing expenses for safe transportation charged separately in the invoice	4,000																					
CGST	SGST	IGST																					
₹ 18,000	₹ 4,000	₹ 26,000																					
Ans	Computation of value of taxable supply																						

Particulars	Amount (₹)
List price of the machine	80,000
Add: Tax levied by Local Authority on the sale of machine [Tax other than GST, if charged separately, are includible in the value in terms of section 15 of the CGST Act, 2017.]	6,000
Add: Packing expenses for safe transportation [Includible in the value as per section 15 of the CGST Act, 2017.]	4,000
Add: Subsidy received from a NGO on sale of each machine [Subsidy received from a non-Government body and which is directly linked to the price, the same is included in the value in terms of section 15 of the CGST Act, 2017.]	5,000
Total	95,000
Less: Discount @ 2% on ` 80,000 [Since discount is known at the time of supply and recorded in invoice, it is deductible from the value in terms of section 15 of the CGST Act, 2017.]	1,600
Value of taxable supply	93,400

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

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

Working Note:

Computation of total ITC available

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

Q16.

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

The Association purchased a water pump for ` 59,000 (inclusive of GST of ` 9,000) and

availed input services for ₹ 23,600 (inclusive of GST of ₹ 3,600) for common use of its members during February 2020.

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

GST rate is 18%. All transactions are intra-State. There is no opening ITC and all conditions for ITC are fulfilled.

(NOV 2020 SUGGESTED) , 4 Marks

Ans

Computation of total GST payable by Satya Sai Residents Welfare Association

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

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

Q17.

X Electronics is a registered manufacturer of electrical appliances.

It made contract with dealers, that purchase of air conditioners of capacity 1.5 ton in the month of October, 2020 of quantity of more than 50 units will entitle them for 10% discount.

Inter-State supply made during the month of October 2020 is ₹ 50,00,000 Details of Intra-State supply:

Particulars	Amount (₹)
Supply of Microwave Oven	15,00,000
Supply of Refrigerators with Stabilizers being a mixed supply, rate of GST on Refrigerator is 28% (14% CGST & 14% SGST), rate of GST on Stabilizer is 18% (9% CGST & 9% SGST)	40,00,000
Supply of Air Conditioners of capacity 1.5 Ton @ ₹ 50,000 per Air Conditioner	50,00,000

Intra-State inward supplies are :

Particulars	Amount (₹)
-------------	------------

Raw material	20,00,000
Paid Gym membership for employees	50,000
Truck purchased for transportation of goods	30,00,000
<p>X Electronics made supply of Air Conditioners (capacity 1.5 ton) to only one dealer named Mr. L.</p> <p>Gym membership for employees is not obligatory for X Electronics under any law.</p> <p>Opening Balance of ITC is as under:</p> <p>CGST: ₹ 58,000</p> <p>SGST: ₹ 70,000</p> <p>IGST: ₹ 10,00,000</p> <p>Note:</p> <p>(i) Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supplies except where specifically provided.</p> <p>(ii) Both inward and outward supplies are exclusive of taxes.</p> <p>(iii) All the conditions for availing the ITC have been fulfilled.</p> <p>Compute the Net GST payable in cash by X Electronics for the month of October,</p> <p style="text-align: right;">(JULY 2021 SUGGESTED) , 8 Marks</p>	

Ans	Computation of net GST payable in cash by X Electronics for October 2020				
Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)	
i. Intra-State supply					
Supply of microwave oven	15,00,000	1,35,000	1,35,000		
Supply of refrigerators with stabilizers [Being mixed supply, the supply shall be treated as a supply of that particular supply which attracts the highest rate of tax and taxed accordingly. Thus, it will be taxed @ 14% CGST and 14% SGST.]	40,00,000	5,60,000	5,60,000		
Supply of 100 (₹ 50 lakh/ ₹ 50,000) air conditioners [Since 100 air conditioners have been supplied, discount	45,00,000 50,00,000	4,05,000 [₹ 4,05,000	4,05,000		

	@ 10% will be available.]1				
II.	Inter-State supply @ 18%	50,00,000			9,00,000
Total outward tax liability			11,00,000	11,00,000	9,00,000
Less: Input Tax Credit (Refer Working Note below)					
IGST credit first utilized towards payment of IGST. Remaining amount can be utilized towards CGST and SGST in any order and in any proportion			1,00,000 (IGST)		9,00,000 (IGST)
CGST credit set off against CGST liability and SGST credit set off against SGST liability as CGST credit cannot be utilized towards payment of SGST and vice versa.			5,08,000 (CGST)	5,20,000 (SGST)	
Net GST liability payable in cash			4,92,000	5,80,000	Nil
Working Note					
Computation of ITC available with X Electronics					
Particulars		CGST (₹)	SGST (₹)	IGST (₹)	
Opening balance of ITC		58,000	70,000	10,00,000	
Intra-State inward supplies					
Raw material		20,00,000	1,80,000	1,80,000	
Gym membership for employees [ITC on membership of a health and fitness centre is blocked if there is no statutory obligation for the employer to provide the same.]		50,000	Nil	Nil	
Truck purchased for transportation of goods [ITC on motor vehicles used for transportation of goods is not blocked2.]		30,00,000	2,70,000	2,70,000	
Total ITC			5,08,000	5,20,000	10,00,000
Note: In the above answer, tax payable in cash has been computed by setting off the IGST credit against CGST liability. However, since IGST credit can be set off against CGST and SGST liability in any order and in any proportion, the same can be set off against CGST and/or SGST liabilities in different other ways as well. In all such cases, net CGST and net SGST payable in cash will differ though the total amount of net GST payable (₹ 10,72,000) in cash will remain the same.					
Q18.	A Ltd. procured the following goods in the month of December, 2020				
	Inward Supplies				GST (₹)
	(1) Goods used in constructing an additional floor of office building				18,450
	(2) Goods given as free sample to prospective customers				15,000
	(3) Trucks used for transportation of inputs in the factory				11,000
	(4) Inputs used in trial runs				9,850

	(5) Confectionery items for consumption of employees working in the factory	3,250																								
	(6) Cement used for making foundation and structural support to plant and machinery	8,050																								
	Compute the amount of ITC available with A Ltd. for the month of December 2020 by giving necessary explanations. Assume that all the other conditions necessary for availing ITC have been fulfilled. (JULY 2021 SUGGESTED) , 6 Marks																									
Ans	Computation of amount of ITC available for the month of December 2020																									
	<table> <tr> <th>S. No.</th><th>Particulars</th><th>GST (%)</th></tr> <tr> <td>(1)</td><td>Goods used in construction of additional floor of office building [ITC on goods received by a taxable person for construction of an immovable property on his own account is blocked even if the same is used in the course or furtherance of business. It has been assumed that cost of construction of additional floor has been capitalized.]</td><td>Nil</td></tr> <tr> <td>(2)</td><td>Goods given as free samples to prospective customers [ITC on goods disposed of by way of free samples is blocked.]</td><td>Nil</td></tr> <tr> <td>(3)</td><td>Trucks used for transportation of inputs in the factory [ITC on motor vehicles used for transportation of goods is not blocked.]</td><td>11,000</td></tr> <tr> <td>(4)</td><td>Inputs used in trial runs [Being used in trial runs, inputs are used in the course or furtherance of business and hence ITC thereon is allowed.]</td><td>9,850</td></tr> <tr> <td>(5)</td><td>Confectionery items for consumption of employees working in the factory [ITC on food or beverages is blocked unless the same is used in same line of business or as an element of the taxable composite or mixed supply. Further, ITC on goods and/or service used for personal consumption is blocked.]</td><td>Nil</td></tr> <tr> <td>(6)</td><td>Cement used for making foundation and structural support to plant and machinery [ITC on goods used for construction of plant and machinery is not blocked. Plant and machinery includes foundation and structural supports through which the same is fixed to earth.]</td><td>8,050</td></tr> <tr> <td></td><td>Total eligible ITC</td><td>28,900</td></tr> </table>	S. No.	Particulars	GST (%)	(1)	Goods used in construction of additional floor of office building [ITC on goods received by a taxable person for construction of an immovable property on his own account is blocked even if the same is used in the course or furtherance of business. It has been assumed that cost of construction of additional floor has been capitalized.]	Nil	(2)	Goods given as free samples to prospective customers [ITC on goods disposed of by way of free samples is blocked.]	Nil	(3)	Trucks used for transportation of inputs in the factory [ITC on motor vehicles used for transportation of goods is not blocked.]	11,000	(4)	Inputs used in trial runs [Being used in trial runs, inputs are used in the course or furtherance of business and hence ITC thereon is allowed.]	9,850	(5)	Confectionery items for consumption of employees working in the factory [ITC on food or beverages is blocked unless the same is used in same line of business or as an element of the taxable composite or mixed supply. Further, ITC on goods and/or service used for personal consumption is blocked.]	Nil	(6)	Cement used for making foundation and structural support to plant and machinery [ITC on goods used for construction of plant and machinery is not blocked. Plant and machinery includes foundation and structural supports through which the same is fixed to earth.]	8,050		Total eligible ITC	28,900	
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Q19.	Who can be registered as Goods and Service Tax Practitioners under Section 48 of the CGST Act? (JULY 2021 SUGGESTED) , 5 Marks
Ans	<p>Following persons can be registered as Goods and Service Tax Practitioners:</p> <p>Any person who, (i) is a citizen of India; (ii) is a person of sound mind; (iii) is not adjudicated as insolvent; (iv) has not been convicted by a competent court; and satisfies any of the following conditions, namely that he:</p> <ol style="list-style-type: none"> 1. is a retired officer of Commercial Tax Department of any State Govt./CBIC who, during service under Government had worked in a post not lower than the rank of a Group-B gazetted officer for a period ≥ 2 years, or 2. is enrolled as a Sales Tax Practitioner or Tax Return Preparer under the erstwhile indirect tax laws for a period of not less than 5 years, or 3. acquired any of the prescribed qualifications 4. has passed Graduate/postgraduate degree or its equivalent examination having a degree in specified disciplines, from any Indian University or a degree examination of any Foreign University recognised by any Indian University as equivalent to degree examination 5. has passed any other notified examination 6. has passed final examination of ICAI/ ICSI/ Institute of Cost Accountants of India <p>Note: Any 3 points may be mentioned.</p>