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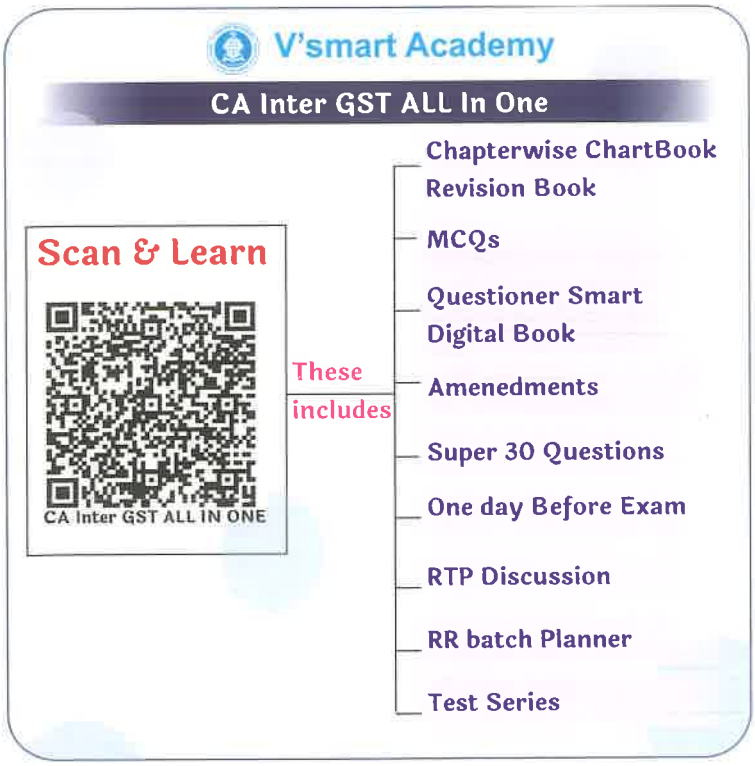

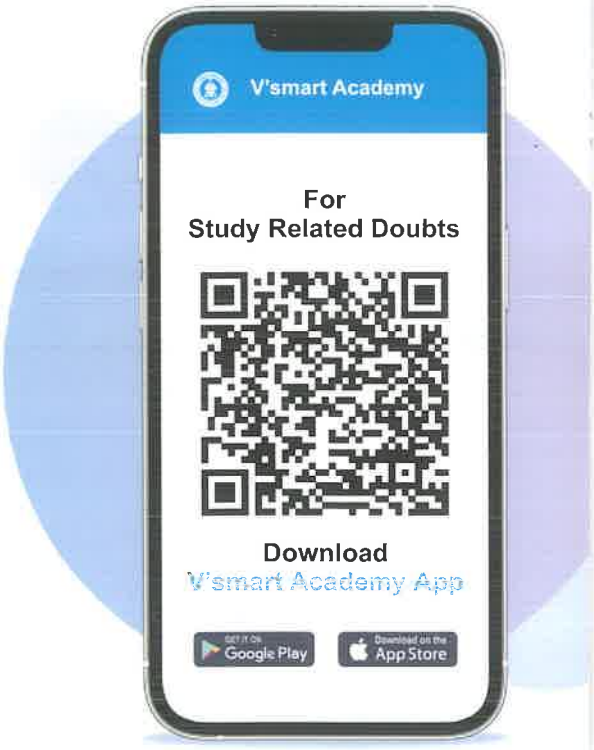

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Chapter 1

INTRODUCTION OF GST

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01. Introduction to Indirect Tax

CCP 01.01.01.00

Differentiate between Direct and Indirect taxes.

Answer :

Particulars	Direct Taxes	Indirect Taxes
Levied on	It is levied on **income earned by activities** conducted.	It is **levied on product or services.**
Incidence of tax	It is borne directly by person paying tax to Government.	It is shifted to other person as the person paying tax to Government collects the same from ultimate consumer.
Nature	It is **progressive in nature** i.e. high rate of taxes for people with higher ability to pay.	It is **regressive in nature** as all the consumers equally bear the burden, irrespective of their ability to pay.
When it is paid?	It is paid after the income reaches in the hands of tax payer.	It is paid before goods/services reaches the tax payer.
Collection	Tax collection is difficult and it is on yearly basis.	Tax collection is relatively easier and collected at the time of sale /purchase of goods or rendering of services.
Examples	**Eg.** Income tax, wealth tax, etc.	**Eg.** Custom Duty, GST, Excise Duty, Service tax, Sales tax, etc.

CCP 01.01.02.00

Explain the salient features of indirect taxes.

Answer :

S.No.	Features	Explanation
1	**An important & major source of revenue**	Indirect tax is major source of revenue for all Govts. in the world. In India, it contributes more than 50% of the total tax revenues of Central & State Governments.
2	**Tax on commodities & services**	It is levied on commodities at the time of supply, manufacture or purchase or sale or import/export thereof. Hence, it is also known as commodity taxation. It is also levied on provision of services.
3	**Shifting of burden**	Indirect tax paid by supplier is recovered from buyer by including the tax in the cost of commodity/service & shifting tax burden in this way.
4	**No perception of direct pinch**	Since, Indirect tax is generally inbuilt in the price of commodity/ service, most of the time tax payer pays the same without actually knowing that he is paying tax to Government.
5	**Inflationary**	Tax imposed causes an all-round price spiral. In short, indirect taxation directly affects the prices of commodities & services & leads to inflationary trend.
6	**Wider tax base**	Majority of products or services are subject to indirect taxes with low thresholds.

7	**Promotes social welfare**	High taxes are imposed on consumption of harmful products/sin goods such as alcoholic products, tobacco products, etc. This not only checks their consumption but also enables the State to collect substantial revenue.
8	**Regressive in nature**	The rich & poor have to pay the same rate of indirect taxes. This further increases the income disparities between the rich and the poor.

CCP 01.01.03.00

Discuss the deficiencies in the existing indirect taxes which led to the need for ushering into GST regime.

Answer : Deficiencies in the erstwhile indirect tax regime:-

	Feature	Explanation
1	**Double taxation**	Earlier some items were treated both as goods & Services that led to double taxation.
2	**No set-off**	CENVAT & State level VAT were value added taxes but cross credit i.e. set-off of those was not possible as CENVAT was central levy & the other one was a State levy.
3	**Cascading of taxes**	CENVAT did not include value addition chain in distributive trade after the stage of production & in state level VAT also, CENVAT load on goods was not removed leading to cascading of taxes.
4	**Several taxes not subsumed in VAT**	For a single transaction, multiple taxes in multiple forms were required to be paid like Luxury Tax, Entertainment Tax, etc. which were not subsumed in VAT.
5	**Non-integration of VAT & Service Tax**	VAT on goods was not integrated with service tax at the state level. So, the cascading effect of service tax was not removed.
6	**Cascading nature of CST**	CST was non-vatable (i.e. no credit was allowed) and an origin-based tax which had cascading effect.
7	**High Compliance Cost**	Large number of taxes created high compliance cost for the taxpayers in form of more returns, payments, etc.

02.Various Articles of The Constitution of India

CCP 01.02.04.00

Write a short note on various Lists provided under Seventh Schedule to the Constitution of India. [CA Inter MTP-Oct 21]

Answer:

Seventh Schedule to Article 246 of the Constitution contains **three lists** which enumerate the matters under which the Union & the State Governments have the authority to make laws as follows:-

List-I (UNION LIST):-	It contains the matters in respect of which the **Parliament (Central Government)** has the exclusive right to make laws.
List-II (STATE LIST):-	It contains the matters in respect of which the **State Government** has the exclusive right to make laws.
List-III (CON-CURRENT LIST):-	It contains the matters in respect of which **both the Central & State Governments** have power to make laws.

CCP 01.02.05.00

Discuss Article 269A pertaining to levy and collection of GST on inter-State supply. (Study Mat)

Answer:

- As per **Article 269A of the Constitution,** GST on supplies in the course of inter-State trade or commerce shall be levied and collected by the Government of India and such tax shall be **apportioned** between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the GST Council.
- Here, supply of goods or services or both in the course of import into the territory of India shall be as inter-State trade or commerce.
- The amount so apportioned to a State shall not form part of the Consolidated Fund of India. Where an amount collected as IGST has been used for payment of SGST or vice versa, such amount shall not form part of the Consolidated Fund of India/State respectively. This is to facilitate transfer of funds between the Centre and the States.
- Parliament is **empowered to formulate the principles** for determining the place of supply, and when a supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.

CCP 01.02.06.00

Why was the need to amend the Constitution of India before introducing the GST? (Study Mat)

Answer:

- Earlier, the fiscal powers between the Centre and the States were clearly **demarcated** in the Constitution with almost no overlap between the respective domains.
- The **Centre had the powers to levy tax on the manufacture of goods** (except alcoholic liquor for human consumption, opium, narcotics etc.) while the States had the powers to levy tax on the sale of goods.
- In the case of inter-State sales, the Centre had the power to levy the Central Sales Tax, but the tax was collected and retained entirely by the States.
- As for services, it was the Centre alone that was empowered to levy service tax.
- **Introduction of the GST** necessitated the amendments in the Constitution so as to simultaneously empower the Centre and the States to levy and collect this tax.
- The Constitution of India was amended by the Constitution (101st Amendment) Act, 2016 for this purpose. **Article 246A of the Constitution** introduced thereby empowered the Centre and the States to simultaneously levy and collect the GST.

CCP 01.02.07.00

Discuss Article 246A which grants the power to make laws with respect to Goods and Services Tax. (Study Mat)

Answer:

- As per **Article 246A** of the constitution, Parliament & the Legislature of every State, have **power to make laws** for GST imposed by the Union or by such State.
- Parliament has exclusive power to make laws with respect to GST where the supply of goods or services or both takes place in the course of inter-State trade or commerce.
- However, in respect to petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel, the aforesaid provisions **shall apply from the date to be notified** by the Government on the recommendations by the GST Council.

CCP 01.02.08.00

Write a short note on Goods and Services Tax (GST) Council. [ICAI RTP]

Answer:

➲ **Article 279A** of the Constitution empowers the President to constitute a **joint forum** of the Centre and States called GST Council.

➲ **Constitution of Council:-**

➢ The Union Finance Minister is the Chairman of this Council,

➢ Ministers in charge of Finance/ Taxation or any other Minister nominated by each of the States & UTs with Legislatures are members of council.

➢ The Union Minister of State in charge of Revenue or Finance is also a member of council.

➲ **Function of Council:-** To **make recommendations** to the Union and the States on important issues like tax rates, exemptions, threshold limits, dispute resolution, etc. The GST Council has decided the threshold exemption, composition threshold, GST rates, GST legislations including rules and notifications.

03. Introduction to Goods & Services Tax

CCP 01.03.09.00

Explain the concept & principle of GST?

Answer: The Concept & Principles of GST are as under:-

1	**Value Added Tax**	GST is a Broad-based value added tax levied on value added to goods &/or services at each stage of supply chain.
2	**Destination based tax on consumption**	GST is the revenue of that state which has jurisdiction over the place of consumption of goods &/or services which is also termed as place of supply.
3	**Tax on business activity**	GST is a tax on the consumption of products/services from business sources, and not on personal/ hobby activities.
4	**Continuous Chain of tax Credits**	It is available from producer's/service provider's point up to the retailer's/ consumer's level thus taxing only the value added at each stage of supply chain.
5	**Burden borne by final consumer**	Only the final consumer bears the GST charged by the last supplier in supply chain as at all the previous stages- set off benefits are available to the suppliers.
6	**No cascading of taxes**	As GST is charged only on value added at each stage, there is no cascading of taxes in this system & it avoids double taxation.

CCP 01.03.10.00

List some of the benefits that GST may accrue to the economy. (Study Mat)

Answer: GST may accrue following benefits to the economy:

a) Creation of unified national market:

GST aims to make India a common market with common tax rates and procedures and remove the economic barriers, thereby paving the way for an integrated economy at the national level.

b) Boost to 'Make in India' initiative:

GST may give a major boost to the 'Make in India' initiative of the Government of India by making goods and services produced in India competitive in the national as well as international market. This would make India a manufacturing hub.

c) Boost to investments, exports and employment:

➲ Under the GST regime, the principle of exporting only the cost of goods or services and not taxes is

being followed.

- This may boost Indian exports thereby improving the balance of payments position. Exporters are being facilitated by grant of provisional refund of 90% of their claims within 7 days of issue of acknowledgement of their application, thereby resulting in the easing of position with respect to cash flows.
- With a boost in exports and manufacturing activity, more employment would be generated and GDP would increase.

CCP 01.03.11.00

GST is a destination-based tax on consumption of goods or services or both. Discuss the validity of the statement. (Study Mat)

Answer :-

- The given statement is valid.
- GST is a destination-based tax on consumption of goods or services or both.
- GST is known as destination- based tax since the GST is the revenue of that state which has jurisdiction over the place of consumption of goods &/or services which is also termed as place of supply.

CCP 01.03.12.00

Under Goods and Services Tax (GST), only value addition is taxed, and burden of tax is to be borne by the final consumer. Examine the validity of the statement. (Study Mat)

Answer :-

- The statement is correct.
- GST is a destination-based tax on consumption of goods and services.
- It is levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff.
- Thus, only value addition is taxed, and burden of tax is to be borne by the final consumer.

CCP 01.03.13.00

Explain with the help of examples how a particular transaction of goods and services is taxed simultaneously under Central GST (CGST) and State GST (SGST)? (Study Mat)

Answer :-

- The CGST and the SGST is levied simultaneously on every intra-State supply of goods/ services or both made by registered persons **except** the exempted goods & services as well as goods & services which are outside the purview of GST.
- Further, both are levied on the same price or transaction value.
- **Example:** Suppose the rate of CGST & SGST is 10%. When a wholesaler of steel in Uttar Pradesh supplies steel bars and rods to a construction company which is also located within the same State for ₹100, the dealer would charge CGST of ₹10 and SGST of ₹10 in addition to the basic price of the goods. The CGST component will go into a Central Government account while the SGST portion into the account of the concerned State Government (ie U.P.).

  He might not actually pay ₹20 (₹10 + ₹10) in cash as he would be entitled to set-off this liability against the CGST or SGST paid on his eligible purchases (inputs, input services and capital goods) assuming that all his purchases are intra-State. However, for paying CGST, he would be allowed to use only the

credit of CGST paid on his purchases while for SGST he can utilize the credit of SGST alone. CGST credit cannot be used for payment of SGST and vice versa.

04. Various Taxes Subsumed/ Not subsumed under GST:

CCP 01.04.14.00

List the taxes which are subsumed in GST? What are the taxes that will continue post GST?

Answer :-

Central levies subsumed	State levies subsumed
Central Excise Duty & Additional Excise Duties	Vat/ Sales Tax
Excise Duty levied under Medicinal & Toilet Preparation Act	Entertainment Tax (**except** those levied by local bodies)
Service Tax	Taxes on lottery, betting & gambling
ACD (Additional custom duty)	Entry Tax (All forms) & Purchase Tax
Central Sales Tax	Luxury Tax & Taxes on advertisements
Central Surcharges & Cesses related to supply of goods & services	State surcharges & Cesses related to supply of goods & services

The taxes that will continue after GST are:-

a. Basic Customs Duty b. Export Duty c. Stamp Duties & Property Tax d. Electricity Duties e. Entertainment tax levied by local bodies f. Excise duty/ VAT/ CST on Alcohol for human consumption & **un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption** & Petroleum products.

Author's note:-Levy of excise duty, VAT & CST on ENA and rectified spirit is under dispute.

CCP 01.04.15.00

Which are the commodities which have been kept outside the purview of GST? Examine the status of taxation of such commodities after introduction of GST. (Study Mat)

Answer :-

- Supplies of all goods &/or services are taxable under GST **except**
  - alcoholic liquor for human consumption and
  - un-denatured **Extra Neutral Alcohol (ENA) or rectified spirit** used for manufacture of alcoholic liquor, for human consumption.
- Supply of following **would be taxable with effect from the date notified by Government** on recommendations of the GST Council:-
  a) petroleum crude,
  b) high speed diesel,
  c) motor spirit (petrol),
  d) natural gas &
  e) aviation turbine fuel.
- The taxation system (CST/VAT & central excise) **still continues** for said commodities.

Author's note:-Levy of excise duty, VAT & CST on ENA and rectified spirit is under dispute.

CCP 01.04.15.01

ABC Liquors Ltd. is a well-known liquor manufacturer in India. It uses Extra Neutral Alcohol (ENA) & rectified spirit as raw materials to manufacture alcoholic liquor for human consumption, primarily whisky and vodka. It also supplies ENA to some industrial manufacturers for use in making perfumes & other industrial chemicals. Discuss the taxability on purchase of ENA & rectified spirit as well as on supply of ENA for other industrial uses by ABC Liquors Ltd.

Answer :-

1. **Taxability of ENA & rectified spirit used in manufacture of alcoholic liquor:-**

- As per **sec 9(1)**, alcoholic liquor for human consumption & un-denatured ENA or rectified spirit used for manufacture of alcoholic liquor, for human consumption, **falls outside the ambit of GST.**
- In given case, ABC Liquors Ltd. sources ENA & rectified spirit from a supplier & uses it to produce alcoholic beverages like whisky & vodka which can be consumed by humans.
- Thus, purchase of ENA & rectified spirit by ABC Liquors Ltd. is **not leviable to GST.**

2. **Taxability of ENA supplied for industrial use:-**

- Industrial use of ENA is treated differently under GST law because it is not intended for human consumption & hence, **it falls under the ambit of sec 9(1).**
- In this case, GST **is applicable** on the sale of ENA by ABC Liquors Ltd. since it is being used for industrial purposes.

CCP 01.04.16.00

Discuss the leviability of GST or otherwise on the following:

1) Alcoholic liquor for human consumption

2) Petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas

3) Tobacco

4) Opium, Indian hemp and other narcotic drugs and narcotics **(Study Mat)**

Answer :-

1) **Alcoholic liquor for human consumption:** It is outside the realm of GST. The manufacture/ production of alcoholic liquor continues to be subjected to State excise duty and inter-State/intra-State sale of the same is subject to CST/VAT respectively.

2) **Petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas:**

- At present, Petroleum crude, diesel, petrol, ATF and natural gas are not leviable to GST.
- GST will be levied on these products from a date to be notified on the recommendations of the GST Council.
- But, there is a levy of:-
  - a) Central excise duty on manufacture/production of petroleum crude, diesel, petrol, ATF and natural gas &
  - b) CST/ VAT on inter-State/intra-State sale of the same respectively.

3) **Tobacco:** Tobacco is subject to GST as well as central excise duty as it is within the purview of GST i.e. GST is leviable on its' supply & Union Government has also retained the power to levy excise duties on tobacco and tobacco products manufactured in India.

4) **Opium, Indian hemp and other narcotic drugs and narcotics:**

- Opium, Indian hemp and other narcotic drugs and narcotics are within the purview of GST, i.e. GST is leviable on them.
- However, State Governments have also retained the power to levy excise duties on such products manufactured in India.

➲ **Resultantly** Opium, Indian hemp and other narcotic drugs and narcotics are subject to GST as well as State excise duties.

05. Dual GST Model in India:

CCP 01.05.17.00

A dual GST has been implemented in India. Elaborate. (Study Mat)

Answer :-

India adopted a Dual GST model in view of the federal structure of the country where GST is imposed concurrently by the Centre & States, i.e. they both simultaneously tax goods & services as under:-

➲ Centre has power to levy IGST on inter-state supplies of goods &/or services.

➲ Central & States/UTs with state legislature simultaneously have power to levy CGST & SGST on Intra State supplies of goods &/or services.

➲ UTs without legislature have power to levy UTGST on Intra state supplies of goods &/or services.

06. Special Category States:

CCP 01.06.18.00

List the special category States as prescribed in Article 279A of the Constitution of India?

Answer: There are 11 Special Category States for which special provisions are made under GST, namely, States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh & Uttarakhand.

07. Common GST Portal / Goods & Service Tax Network (GSTN)

CCP 01.07.19.00

What is GSTN?

Answer:

➲ GSTN stands for Goods and Services Tax Network (GSTN).

➲ It is a Special Purpose Vehicle that provide a shared IT infrastructure and services to Central and State Governments, tax payers and other stakeholders for implementation of GST.

➲ It is a non-Government, private limited company formed u/s 8 of the Companies Act, 2013 (not for profit companies).

CCP 01.07.20.00

Discuss the functions of Common GST portal/ GSTN?

Answer:-

Common GST portal is a robust settlement mechanism amongst the States & the Centre as GST is a destination-based tax. It is a clearing house & it verifies the claims and inform the respective Governments to transfer the funds.

Thus, Common GST Electronic Portal – www.gst.gov.in – is a website managed by Goods & Services Network (GSTN). It establishes a uniform interface for tax payer and a common and shared IT infrastructure between the Centre and States.

The functions of Common GST portal/ GSTN include:-

➲ Facilitating registration.

➲ Forwarding the returns to Central & State authorities.

- Computation & settlement of IGST.
- Matching of tax payment details with banking network.
- Providing various MIS reports to the Central & the State Governments based on the taxpayer return information.
- Providing analysis of taxpayers' profile.
- Running the matching engine for matching, reversal & reclaim of input tax credit.
- For furnishing E-Way Bill.
- For generation of E-Invoice.

08. Credit system under Dual GST Model & Manner of Credit Utilization

CCP 02.08.21.00

Bring out the salient features of cross utilization of Input Tax Credit (ITC) under GST law? [CA final Nov 17]

Answer:-

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

1. First use IGST credit to pay IGST.
   - remaining amount can be used to pay CGST & SGST/UTGST in any order and in any proportion.
2. Entire ITC of IGST is to be fully utilised first before the ITC of CGST or SGST/UTGST can be utilized.
3. CGST Credit shall first be utilized for payment of CGST.
   - Remaining amount will be utilized for payment of IGST.
4. SGST/UTGST credit shall first be utilized for payment of SGST/UTGST.
   - Remaining amount will be utilized for payment of IGST, that too only when credit of CGST is not available for payment of IGST.
5. CGST credit shall not be utilised to pay SGST/ UTGST.
6. SGST/ UTGST credit shall not be utilised to pay CGST.

CCP 02.08.22.00

Mr. Ajay, a registered supplier of goods, pays GST under regular scheme and provides the following information for the month of August 20XX:

Particulars	₹
Inter-State taxable supply of goods	10,00,000
Intra-State taxable supply of goods	2,00,000
Intra-State purchase of taxable goods	5,00,000

He has the following Input tax credit at the beginning of August 20XX:

Nature	ITC Amount ₹ in
CGST	20,000
SGST	30,000
IGST	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 availing the ITC have been fulfilled. Compute the net GST payable by Mr. Ajay for the month of August 20XX. [CA Inter May 18 Exam]

Answer:-

Computation of total ITC:

Particulars	IGST@ 18%	CGST@9%	SGST@9%
Opening ITC	25,000	20,000	30,000
Add: ITC on Intra-State purchases of taxable goods valuing ₹ 5,00,000	-	45,000	45,000
Total ITC	**25,000**	**65,000**	**75,000**

Computation of Net GST payable by Mr. Ajay for the month of August, 20XX

S.No.	Particulars	Taxable Value (₹)	IGST @ 18% (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)
1	Intra-State taxable supply of goods	2,00,000	-	18,000	18,000
2	Inter-State taxable supply of goods	10,00,000	1,80,000	-	-
	Total GST Payable		**1,80,000**	**18,000**	**18,000**
3	**Less :** ITC **(Note)**				
	IGST - 25,000		(25,000)	-	-
	CGST – 65,000		(47,000)	(18,000)	x
	SGST – 75,000		(57,000)	x	(18,000)
	Net GST payable		**51,000**	**Nil**	**Nil**

Note:-

1. IGST credit is used to pay IGST 1st, once IGST credit is fully utilised then CGST/SGST credits are used first to pay tax under same head & balance credit is used to pay IGST.
2. Also, SGST credit can be utilised to pay IGST only when credit of CGST is not available to pay IGST.

Chapter 2

Supply

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10	Important clarification	34	2
	Total no. of Illustrations		36

S.No.	Description	Chap. code	Concept and Problem code	No. Illus.
1	**Study Mat**	02	Q. 03.03/05.08/05.11/05.12/05.14/06.19/06.20/ 07.24/08.25/ 08.26/09.30/ 09.31/09.32/	13
2	**Examination**	02	Q. 03.06/05.10/05.17/06.18/07.21/ 09.33	06
3	**RTP & MTP**	02	Q. 02.02/03.05/05.16/07.23/08.27/ 08.28/10.34/ 10.35	08
4	**Other**	02	Q. 01.01/03.04 /04.07/05.09/05.13/05.15/07.22/ 07.23.01/09.29/	09
	Total No. of Illust.			36

01. Important Definitions:

CCP 2.01.01.00

Define the following terms as per GST Act:

1) Taxable territory & Non-taxable territory

2) Goods

3) Services

4) Recipient of Supply of goods and/or services (CA Inter MTP Oct 2020)

5) Deemed Distinct Person

6) Intra state Supply & Inter State Supply

7) Consideration

Answer :-

1) Taxable territory:

➲ As per Section 2(109), **"Taxable territory"** means the territory to which the provisions of the GS Act apply (i.e. whole of territory of India).

Non-taxable territory:

➲ As per **Section 2(79), "Non-taxable territory"** means the territory which is outside the taxabl territory.

Authors Comment (Just for reference):

Sec 2(56)	**India** means: a) Territory of India as referred to in article 1 of Constitution (The territory of the Union o India viz., state and the union territories). b) Its Territorial Water, seabed and sub-soil underlying such waters, continental shelf exclusive economic zone or any other maritime zone as defined in the Territorial Waters Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976. c) The air space above its territory and territorial waters.
Note:	1NM = 1.85 KM, Territorial waters = upto 12NM from baseline, Contiguous zone = upto 24NM & EEZ = 200NM

2) Goods:

As per **section 2(52)** of CGST Act, 2017, **"Goods"**

- ➲ **means** every kind of movable property
- ➲ **other than** money and securities but
- ➲ **includes** actionable claim, growing crops, grass and things attached to or forming part of the lan which are agreed to be severed before supply or under a contract of supply.

3) Services:

As per **section 2(102)** of CGST Act, 2017, **"Services"**

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

Explanation:-"Services" includes facilitating or arranging transactions in securities.

4) **Recipient:**

➲ As per **section 2(93)** of CGST Act, **"Recipient"** of supply of goods &/or services means:-

a) where a **consideration is payable** for supply of **goods &/or services**,

➢ the person who is liable to pay that consideration,

b) where **no consideration is payable** for the supply of **goods**,

➢ the person to whom the goods are delivered or made available, or

➢ to whom possession or use of the goods is given or made available, and

c) where **no consideration is payable** for the supply of a **service**,

➢ the person to whom the service is rendered, and

➲ **any reference** to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and

➲ **shall include an agent acting** as such on behalf of the recipient in relation to the goods or services or both supplied.

5) **Deemed Distinct Person:**

➲ As per **section 25(4)** of CGST Act, If **more than one registration** is obtained or is required to be obtained by a person in one or more State or Union territory, then for **each of such registration**, he shall be treated as distinct persons.

➲ As per **section 25(5)** of CGST Act, If **registration** is obtained or is required to be obtained by a person for **one establishment** in a State or Union territory & **has an establishment in another** State or Union territory, then such establishments shall be treated as establishments of distinct persons.

6) **Inter State Supply & Intra state supply:**

➲ If the location of supplier and the place of supply are in the same State/ Union territory, it shall be treated as an **'Intra State supply'**.

➲ If the location of supplier and the place of supply are in:-

➢ two different States or

➢ two different Union territories or

➢ a State & a Union Territory

it shall be treated as an **'Inter State supply'.**

Note:- Import or export of goods &/or services are also treated as interstate supply.

7) **Consideration:**

➲ As per the definition of 'consideration' provided under the CGST Act, **"Consideration"** in relation to supply of goods &/or services **includes:-**

a) Any payment in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods &/or services.

b) The monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both,

➲ It **excludes:-**

a) Any subsidy given by the Central Government or a State Government.

b) Deposit given for the supply shall not be considered as payment made unless the supplier applies it as consideration for the said supply.

➲ The consideration can be provided by the recipient or by any other person.

➲ The **term money** under GST law not only **includes cash** (Indian as well as foreign currency) but also cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller's cheque, money

	order, postal/electronic remittance or any such similar instrument recognized by RBI. ➲ Non-monetary consideration **essentially means** consideration in kind.

02. Sec 7: Supply

CCP 02.02.02.00

"Exchange is a form of supply of goods or services or both, made or agreed to be made for consideration by a person in the course or furtherance of business". Explain it with help of examp [ICAI RTP Jun 2018]

Answer:-

➲ When two persons **mutually transfer the ownership of one thing for the ownership of another,** neith thing nor both things being money only, the transaction is **called an exchange.**

➲ Exchange offers on products like televisions, mobile phones, refrigerators, etc. **are leviable to GST.**

➲ **Example:-** Mr. X is a dealer of new cars. He sells new cars for ₹ 8,25,000 & agrees to reduce ₹ 1,25,000 surrendering of old car. Mr. Y who intends to buy new car worth ₹ 8,25,000 agreed to exchange his old c with new car. Under GST law, it will be treated as Mr. Y has made supply of old car to dealer Mr. X and Mr has made supply of new car to Mr. Y. If Mr. Y is registered person, he will be liable to pay GST on ₹ 1,25,0C Whereas, Mr. X will be liable to pay GST on ₹ 8,25,000 irrespective of fact that whether Mr. Y is a register person or not.

03. Sec 7(1)(a): Supply for consideration in the course or furtherance of business

CCP 02.03.03.00

Meghraj & Co. wishes to commence the business of supplying ready-made garments within Punjab a in the neighbouring States of Delhi and Haryana. Kindly state as to what is the taxable event under G and leviability of CGST, SGST/UTGST and IGST on the same? (Study Mat)

Answer :-

➲ Taxable event under GST is the supply of goods or services or both made **for consideration in the cour or furtherance of business.**

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

➲ IGST will be levied on inter-State supplies.

CCP 02.03.04.00

Determine whether there is consideration in following cases & also state whether GST is chargeable:-

i)	Reliance JIO offers free mobile handset on payment of security deposit worth ₹ 1,500/- which is fully refundable.
ii)	Isha, a customer purchases a gold necklace weighing 275 gms from PN Gadgil Jewel showroom. In exchange, she sells her old gold articles weighing 200 gms & pays differential amount in cash.
iii)	RC cricket association Chennai, gifts a motor bike to Rahul as inducement to join their cricket club.
iv)	XYZ ltd. is manufacturing fertilizers used for agriculture purpose. State govt. has given 30% subsidy o sale of such fertilizer.
v)	ABC and Co., a trading concern, has supplied the product X to Mr. Y at subsidized rate of ₹ 30,000 (Open market value of such goods is ₹ 45,000). The supplier of ABC and Co. has given the subsidy to i to compensate for the price difference.

Determine whether there is consideration in following cases & also state whether GST is chargeable:-

nswer:-

i)	**No,** as security deposit given in this case is not applied by the supplier towards the mobile handset provided by it. Hence, GST will not be charged as there is **no supply** in absence of consideration.
ii)	In this case, there are **two supplies** as follows:- a) **Sale of gold necklace by Jeweller to the customer:-** ➲ It **falls under the ambit of 'supply'** as the sale of Jewellery by the Jeweller is in the course of his business. ➲ Consideration paid by customer is partly in kind for 200 gms & partly in money for 75 gms. ➲ GST shall be charged on value determined as per open market value for 275 gms of gold necklace. b) **Sale of old gold articles by customer to Jeweller:-** It is **out of the purview of 'supply'** as the sale by customer is not in the course of business. Hence, GST will not be charged.
ii)	**Yes,** as supply of motor **bike is in response to an offer to join (i.e. inducement to join)** the cricket club & thus, GST shall be charged.
v)	**No,** Section 2(31) of CGST Act clearly states that 'consideration" excludes the value of subsidy given by State Government. Thus, in the given case, **GST will be charged on value excluding subsidy.**
v)	**Yes,** Section 2(31) of CGST Act clearly states that **"consideration"** excludes the value of subsidy given by Central Government or State Government. But, in given case, subsidy is given by the supplier and not by Government. Hence, subsidy is treated as consideration & **GST will be charged on value including such subsidy.**

CCP 02.03.05.00

he temple of ancestral deity of Mr. Aman Goel and his family is located at Beri, Haryana. The temple is un by a charitable organisation registered under section 12AA of the Income Tax Act, 1961. The family as got unshakeable faith in their ancestral deity. Mr. Aman is a big entrepreneur having flourishing usiness of tiles in Gurugram. Upon the birth of their first child, he donated ₹ 10 lakh to the said temple or construction of a sitting hall in the temple. On the main door of the sitting hall, a name plate was laced stating "Donated by Mr. Aman Goel upon birth of his first child".

ou are required to examine the leviability of GST on the donation received from Mr. Aman Goel? [CA ter RTP May 2020].

nswer:-

gal Provision:-

As per CBIC clarification, if a name plate or similar acknowledgement is placed in the premises of religious institution displaying donor's name just as an **expression of gratitude and public recognition of donor's act of philanthropy,** then there is no supply of service for a consideration (in the form of donation) & there is **no GST liability** on such consideration.

But the **condition** is that the displaying of name is not aimed at giving publicity to the donor to advertise or promote his business.

Here, Recipient of donation/ gift **has no obligation** (quid pro quo) to do anything i.e. supply a service.

scussion & Conclusion:- In the given case,

The payment made to a charitable organization has the character of gift or donation.

As there is **no reference or mention of any business activity** of the donor so as to advertise it, the **purpose is also philanthropic** (i.e., it leads to no commercial gain) & thus, **not leviable to GST.**

CCP 02.03.06.00

Examine whether the following activities would be treated as supply under GST law?

a) Glory Ltd. is engaged in manufacturing and selling of cosmetic products. Seva Trust, a charit organisation, approached Glory Ltd. to provide financial assistance for its charitable activit Glory Ltd. donated a sum of ₹ 2 lakh to Seva Trust with a condition that Seva Trust will pla hoarding at the entrance of the trust premises displaying picture of products sold by Glory Ltd. Inter May 22 Exam]

b) Mr. Sonu from Chandigarh purchased a water cooler from Malhotra Bros. of Hoshiarpur f 25,000 to donate it to a temple situated in Hoshiarpur. Mr. Sonu directed Malhotra Bros. to engr the words on the water cooler- "Donated by Mr. Sonu from Chandigarh" and dispatch the w cooler directly to the temple. [CA Inter Nov 23 Exam]

Answer:-

Legal Provision:-

- An activity qualifies as supply under GST only if it is for a consideration and is in course/furtheranc business.
- Donations received by the charitable organizations are treated as consideration only when there's **obligation on part of the recipient** of the donation **to do anything.**

Discussion & Conclusion:-

a)	Since in the given case, the display of products sold by the donor – Glory Ltd. - in charitab organization's premises **aims at advertising/promotion of its business,** it is supply f consideration in course/furtherance of business and thus, **qualifies as supply** under GST law.
b)	➲ In the given case, the name of the donor, Mr. Sonu is displayed in temple as an expression gratitude and public recognition of his act of philanthropy and is not aimed at advertising promotion of his business. ➲ Hence, donation of water cooler by Mr. Sonu to temple is **without quid pro quo** and thus, **not supply under GST law.** ➲ **However,** supply of water cooler by Malhotra Bros. to Mr. Sonu is **supply** as it is made f consideration in course or furtherance of business.

04. Sec 7(1)(aa): Supply by person other than individual to its members

CCP 02.04.07.00

A Resident Welfare Association provides the service of depositing the electricity bills of the residen lieu of some nominal charges. Whether this activity is treated as supply under the GST Act?

Answer:-

Legal Provision:-

- As per **section 2(17)** of CGST Act, 2017, Business includes provision of service by club or associatio society to its members for a subscription or any other consideration.
- As per **Section 7(1)(aa)** of the said act, supply includes activity/ transaction supplied by a person o than an individual for its members for consideration. Explanation to this section states that such per and its members are deemed to be two separate persons & supply between them deemed to take p from one person to another.

Discussion & Conclusion:-

- In this case, Resident Welfare Association is a person other than an individual and it is providing servic

its members by way of depositing the electricity bills of the residents in lieu of some nominal charges. Hence, this **transaction is treated as supply** u/s 7(1)(aa).

05. Sec 7(1)(c) read with Schedule I: Activities to be treated as supply even if made without consideration

CCP 02.05.08.00

rithvi Associates is engaged in supply of taxable goods. It enquires from its tax advisor as to whether ny activity can be treated as supply even if made without consideration in accordance with the rovisions of the GST law. You are required to enumerate such activities, if any (Study Mat)

nswer :-

ection 7(1)(a) of CGST Act stipulates that the supply of goods &/or services should be for a consideration nd should be **in the course or furtherance of business**. But, **Section 7(1)(c)** states the Activities to be eated as supply **even if made without consideration** which are given under **Schedule I** as follows:-

Para	Activity/ Transactions
1	**Permanent** transfer or disposal of business assets where input tax credit has been availed on such assets
2	Supply of **goods &/or services** between:- ➲ related persons or ➲ distinct persons as specified in section 25, when made in the course or furtherance of business. However, **gifts not exceeding Rs. 50000 in value** in a financial year by an employer to an employee **shall not be treated as supply** of goods &/or services
3	**Supply of goods:-** a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal or b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal However, this para 3 is applicable only when agent issues invoice to customer in his own name.
4	**Import of services** by a person:- ➲ from a related person or ➲ from any of his other establishments outside India, in the course or furtherance of business

CCP 02.05.09.00

hether the following transactions are treated as supply?

) A retailer of clothes gives clothes from his business stock (on which ITC is taken) to his friend free of cost permanently.

) A dealer of air conditioners (on which ITC is not taken) permanently transfers an air conditioner from his stock in trade, for personal use at his residence.

nswer:-

gal Provision:-

As per **Section 7(1)(c) read with para 1 of schedule I** of CGST Act, **permanent** transfer or disposal of business assets where ITC has been availed on such assets shall be treated as supply under GST even when there is no consideration is involved.

➲ So, if no ITC is availed on such business asset, then it will not be treated as supply under this para.

Discussion and Conclusion:-

(a) **Business assets also includes stock in trade.** Hence, in this case, permanent transfer of business st free of cost **shall be treated as supply** under para 1 of schedule I as the retailer claimed input tax credit his purchase of that business stock.

(b) The transaction **will not constitute a supply** even though there is permanent transfer of stock in tr (business asset) as in this case, no input tax credit is taken on such stock in trade.

CCP 02.05.10.00

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

Further, a Janakpuri resident, Aakash, approached Sahab Sales. He sold an air conditione Sahab Sales for ₹ 5,000. Aakash had bought the said air conditioner six months before, for residence. Does sale of the air conditioner by Aakash to Sahab Sales amount to supply u/s 7 of CGST Act, 2017? [RTP 2018]

Answer:-

Legal Provision:-

➲ **Section 7(1)(a)** of CGST Act states that the supply of goods and/or services should be for a **considerat** and should be **in the course or furtherance of business.**

➲ As per **Section 7(1)(c)** read with Para 1 of Schedule I of CGST Act, 2017, Permanent transfer or disposa business assets where input tax credit has been availed on such assets shall be treated as supply even w it is made **without consideration.**

Discussion & Conclusion:-

➲ In the given case, **permanent transfer of air conditioners** by Sahab Sales from its stock for personal us its residence **would amount to supply** even though it is made without consideration as per pa discussed above.

➲ But, sale of air conditioner by Aakash to Sahab Sales **will not qualify as supply** under section 7. Althoug is made for a consideration, but it is **not in the course or furtherance of business.**

CCP 02.05.11.00

Damodar Private Ltd., registered in Delhi, is planning to transfer some goods to its branch, regist in West Bengal, without any consideration, so that the goods can be sold from the branch. The comp believes that the transaction that will be undertaken by it would not qualify as supply as consideration is involved. Ascertain whether the transfer of goods by Damodar Private Ltd. t branch office would qualify as supply. (Study Mat)

Answer :-

Legal Provision:

➲ **As per Schedule I read with section 7(1)(c),** supply of goods or services or both between related pers or between distinct persons as specified in section 25, when made in the course or furtherance of busin is **deemed as supply** even if made without consideration.

Discussion & Conclusion:

- In the given case, since the Damodar Private Ltd. and its branch located in another State are distinct persons.
- **Thus**, supply of goods between them would qualify as supply.

CP 02.05.12.00

aghubir transfers 1000 shirts from his factory located in Lucknow to his retail showroom in Delhi so at the same can be sold from there. The factory and retail showroom of Raghubir Fabrics are gistered in the States where they are located. Although no consideration is charged, supply of goods om factory to retail showroom constitutes supply. Justify. [Study Mat (Example)]

nswer:-

egal provision:-

- As per **section 7(1)(c)** read with **para 2 of schedule I** of CGST Act, 2017, Supply of goods &/or services between distinct person u/s 25 in the course or furtherance of business shall be treated as supply even when it is made without consideration.
- **Section 25(4)** of CGST Act, 2017 states that if **more than one registration** is obtained or is required to be obtained by a person in one or more State, then for **each of such registration,** he shall be treated as distinct persons.

iscussion & Conclusion:-

In given case, factory & retail showroom of Raghubir Fabrics are registered in the States where they are located. So, both are treated as establishments of **distinct person u/s 25(4).**

Although, no consideration is charged, supply of goods from factory to retail showroom constitutes supply as per para 2 of schedule I stated above **as it is in course or furtherance of business.**

CP 02.05.13.00

ksh gold Pvt. Ltd. is an Indian subsidiary (in Mumbai) of Moksh Gold Inc. (Japan based company). occasion of Diwali, Daksh gold Pvt. Ltd. distributes gift hamper to its employee worth ₹3,00,000. swer the following questions:-

Does it qualify as supply?

Would your answer be different, if gifts of ₹42,000 have been given to an employee?

What would be your answer if Daksh gold Pvt. Ltd. offers its employees ESPP as part of their compensation package. When an employee decides to purchase these stocks, Moksh Gold Inc. directly transfers the shares to the employee. Daksh gold Pvt. Ltd. reimburses Moksh Gold Inc. for the cost of these shares on a cost-to-cost basis & there is no separate commission charged by Moksh Gold Inc.

nswer:- Legal Provision:-

As per **section 7(1)(c) read with Para 2 of Schedule I** of CGST Act, 2017, Supply of goods &/or services between related persons is treated as supply even if it is without consideration.

Proviso to para 2 of schedule I states that if gifts given by employer to an employee are not exceeding ₹ 50,000 in value in a financial year, then it shall not be treated as supply of goods &/or services.

As per **explanation to section 15**, employer and employee are deemed to be related persons.

As per **CBIC clarification, ESOP/ESPP/RSU** is a part of employee's remuneration as per their contract & thus, it is not a supply as per para 1 of Schedule III.

Securities/shares are neither goods nor services as per the definitions in the GST Act & thus, **its sale or**

purchase is not a supply.

Discussion & Conclusion:-

1) **Diwali gift** to employee worth **₹ 3,00,000 will qualify as supply** and such supply would be leviable GST as the employer & employee are related and value of gift exceeds ₹ 50000 in a financial year.
2) If **gift of ₹ 42,000** is given instead of ₹ 3,00,000, the same **will not qualify as supply**. This is because, t value of gift is not exceeding ₹ 50,000 in a financial year.
3) The reimbursement from Daksh gold Pvt. Ltd. to Moksh Gold Inc. for the shares transferred to employees, when done on a cost-to-cost basis, is **not subject to GST**. Also, the sale or purchase shares is **not a supply** as these are not goods or services.

CCP 02.05.14.00

Gagan Engineering Pvt. Ltd., registered in Haryana, is engaged in providing maintenance and rep services for heavy steel machinery. For carrying out the repair work, Gagan Engineering Pvt. L sends its container trucks equipped with items like repair equipments, consumables, tools, parts (from Haryana workshop to its own repairing centres (registered under GST law) located in ot States across India where the clients' machinery are being brought and are being repaired.

Discuss the leviability of GST on the inter-State movement of trucks from the workshop of Ga Engineering Pvt. Ltd. in Haryana to its own repairing centres located in other States across India.

[Study Mat][CA Inter MTP Oct 23]

Answer:-

Legal Provision:-

- **Section 25(4)** of CGST Act, 2017 states that if **more than one registration** is obtained or is required t obtained by a person in one or more State, then for **each of such registration,** he shall be treated as distinct persons.
- **Section 7(1)(c)** read with **Para 2 of schedule I** of CGST Act, 2017 states that supply of goods and services between 'distinct persons' as specified in section 25, when made in the course or furtherance business shall be **treated as supply even if made without consideration.**
- As per CBIC circular,
  - **The inter-State movement of various modes of conveyance** including trucks, carrying goods & passengers or for repairs and maintenance, between **'distinct persons'** as specified in section 25 not involving further supply of such conveyance, may be treated **'neither as a supply of goods supply of service'** and therefore, **will not be leviable to IGST.**
  - But, the applicable CGST/SGST/IGST shall **be leviable on repairs & maintenance** done for s conveyance.

Discussion & conclusion:-

- In the given case, inter-State movement of trucks from the workshop of Gagan Engineering Pvt. located in Haryana to its repair centres located in other States is **'neither a supply of goods nor suppl services'.**

CCP 02.05.15.00

Mr. Veer is a supplier of goods located in Mumbai has appointed Mr. Rudra to procure goods based specification given by him. As the same kind of goods are not available in the area of Mr. Veer, Mr. Ru buys the specified goods on his behalf from M/s XYZ Ltd. For this activity, invoice is issued in the n of principal.

) Whether it is to be treated as a supply under GST?

) Would your answer differ, if invoice is issued in name of an agent Mr. Rudra?

Answer:-

Legal Provision:-

- **Section 7(1)(c) read with Para 3 of Schedule I** of CGST Act, 2017 states that supply of goods by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal, shall be treated as supply even if made without consideration.
- As per CBIC clarification, if **invoice** for further supply is **being issued by agent in his own name,** then this activity is treated as supply under para 3 Schedule 1, otherwise not.

Discussion:-

- In the given case, Mr. Rudra (Agent) is appointed just to procure the goods on behalf of Mr. Veer (Principal) and **he is issuing invoice also in name of Mr. Veer (Principal).**
- He has not involved himself in the supply or receipt of goods in any way.
- Hence, **Mr. Rudra is not an agent** of Mr. Veer for the purpose of para 3 of schedule I.

Conclusion:-

) **No,** it is **not to be treated as a supply** as per para 3 of Schedule I. This is because Mr. Rudra (Agent) is issuing invoice in name of the Mr. Veer (Principal).

) **Yes,** if invoice is in the name Mr. Rudra (Agent), then this transaction **will be treated as supply** as per para 3 of Schedule I.

CP 02.05.16.00

/s M Ltd. being a garment manufacturer, appoints Mr. Ram as an agent, who stores garments anufactured by M Ltd. and sends to dealers whenever M Ltd. asks Mr. Ram to do so. Mr. Ram issues s own invoice. Is it a supply? Justify. [ICAI RTP Jun 2018]

nswer:-

egal Provision:-

Section 7(1)(c) read with **Para 3 of Schedule I** of CGST Act, 2017 states that supply of **goods** by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal shall be **treated as supply even if made without consideration.**

As per CBIC clarification, if **invoice** for further supply is **being issued by agent in his own name,** then this activity would be treated as supply under para 3 Schedule 1, otherwise not.

iscussion & Conclusion:-

Yes. Transfer of garments from M Ltd. to Mr. Ram **is taxable supply under GST &** GST will be levied.

This is because, Mr. Ram (Agent) is issuing invoice in his own name for further supply of goods on behalf of M/s M ltd.

Thus, this transaction is getting covered under para 3 of schedule I as discussed above.

CP 02.05.17.00

aarm Limited, registered under GST in the State of Jharkhand, manufactures cosmetic products and pointed Mr. Handsome of Mumbai, who is registered under GST in the State of Maharashtra, as their el-credere agent (DCA) to sell their products. Being a DCA, he agrees to raise invoices in his own me and also guarantees for the realization of payments from customers to Charm Limited.

order to realize the payments from customers on time, he extends short term transaction based ans to them and charges interest for the same.

Mr. Handsome provides you the following details of transactions carried out during month of Mar 20XX:

S.No.	Particulars	Amount (₹
	Outward Supply	
(i)	Goods sold by Mr. Handsome in his DCA capacity (intra - State transaction)	2,80,000
(ii)	Interest earned from the above customers for short term credit facility provided for timely payment of dues. (intra-State transaction)	20,000
(iii)	Commission bill raised on Charm Limited (inter-State transaction) in respect of DCA services provided	30,000
	Inward Supply	
(iv)	Inter-State supply of goods received from Charm Limited. Being a DCA, no consideration was paid. Value under section 15 - ₹ 2,00,000	Nil
(v)	Received training in marketing and distribution from Charm Limited as per DCA agreement, free of cost.Company charges ₹ 75,000 for such training when it provides the same to others.	Nil

Applicable rate of tax on both inward and outward supplies is 9% each for CGST and SGST and 18% IGST. Amounts given above are exclusive of taxes wherever applicable. Subject to the informat given above, necessary conditions are complied with for availment of input tax credit.

You are required to calculate the gross GST liability and eligible input tax credit for the month March 20XX of Mr. Handsome.

Brief notes should form part of your answer for treatment of items in Sl. No. (i) to (v).

[CA Inter Nov 22 Exam]

Answer:-

1) Computation of Gross GST liability of Mr. Handsome for the month of March 20XX:-

Particulars		IGST (₹)	CGST(₹)	SGST
Goods sold by Mr. Handsome in his DCA capacity	2,80,000	-	27,000	27,0
Add: Interest earned for short term credit facility provided to above customers	20,000		[3,00,000 *9%]	[3,00, *9%
	3,00,000			
[Interest included in value of supply of goods sold since where DCA is an agent under Schedule - I of CGST Act, short term credit facility provided by DCA to buyer is subsumed in the supply of goods by DCA to buyer.]				
Commission charged for DCA services [Being taxable supply of services.]		5,400 [30,000* 18%]	-	-
Gross GST Liability		**5,400**	**27,000**	**27,0**
Note: Since the invoice for goods sold is issued by the DCA – Mr. Handsome in his own name, he would fall under the ambit of an agent under Schedule- I of the CGST Act.				

2) Computation of eligible ITC for the month of March 20XX:-

Particulars	IGST (₹)	CGST(₹)	SGST
Inward supply of goods from Charm Limited free of cost [Supply of goods by principal– Charm Limited to agent – Mr. Handsome qualifies as supply even though it is made without consideration.]	36,000 [2,00,000 *18%]	-	-

Training in marketing and distribution received from Charm Limited free of cost [Since no consideration is charged for the services provided, said services do not qualify as supply. As no GST is paid on the same, ITC is not available]	-	-	-
Total ITC Available	**36,000**	**Nil**	**Nil**

06. Sec 7(1)(b): Import of service for consideration read with para 4 of Schedule I

CCP 02.06.18.00

Wesco Ltd, a registered person in Ahmedabad (Gujarat) having head office located in Singapore, received management consultancy services free of cost from its head office. [CA Inter Nov 23 Exam]

Answer:-

Legal Provision: As per **Para 4 of schedule I,** in case of **import of services** by a person from a related person or from his establishments located outside India, **without consideration,** in the course or furtherance of business shall be treated as **"supply".**

Conclusion: Hence, services received by Wesco Ltd. **qualify as supply** even though such services have been provided free of cost by the head office.

CCP 02.06.19.00

Examine whether the activity of import of service in the following independent cases would amount to supply under section 7:

1) **Miss Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from Mr. Racheal of Sydney (Australia). The amount paid for the said service is 5,000 Australian dollar.**
2) **Miss Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from her brother, Mr. Varun residing in Sydney (Australia) [wholly dependent on Miss Shriniti]. Further, Miss Shriniti did not pay any consideration for the said service.**
3) **Will your answer change if in the above case, if Miss Shriniti has taken interior decoration services with regard to her business premises and not her residence? (Study Mat)**

Answer :-

Legal Provision:

- As per **section 7(1)(b)** of CGST Act, Supply includes import of services for a consideration whether or not it is in the course or furtherance of business.
- **Section 7(1)(c) read with Para 4 of Schedule I** of CGST Act, states that if services are imported by a person from a related person located outside India without consideration & that too in the course or furtherance of business, then it is **treated as supply.**
- **Explanation to section 15** states that **members of the same family** are deemed to be "related persons".
- Further, **as per section 2(49),** brother is treated member of same family only when he is wholly or mainly dependent on the said person.

Discussion & Conclusion:

1)	In the given case, although the import of service for consideration by Miss. Shriniti Kaushik is **not in course or furtherance of business,** it would **be treated as supply.**
2)	In the given case, **Miss Shriniti Kaushik** has received **interior decoration services from her brother.**

	➲ Miss Shriniti and her brother shall be **considered to be related** as Miss Shriniti's brother is wholl dependent on her. ➲ However, Miss Shrinti has taken interior decoration services for her residence and **not** in course o furtherance of business. Consequently, services provided by Miss Shrinti's brother to her **woul not be treated as supply** under section 7 read with Schedule I.
3)	If Miss Shriniti has taken interior decoration services for her business premises, services provided b Miss Shriniti's brother to her **would be treated as supply** u/s 7 read with Schedule I, as the same ar provided in course or furtherance of business.

CCP 02.06.20.00

Examine whether the following activities would amount to supply under section 7 read with Schedule I

a) Sulekha Manufacturers have a factory in Delhi and a depot in Mumbai. Both these establishment are registered in respective States. Finished goods are sent from factory in Delhi to the Mumba depot without consideration so that the same can be sold from the depot.

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

c) Would your answer be different if in the above case, Raman has taken advice in respect of hi business unit in Chennai? [Study Mat]

Answer :-

a)	**Legal Provision:** ➲ **Section 25(4)** of CGST Act, 2017 states that if **more than one registration** is obtained or is required to be obtained by a person in one or more State, then for **each of such registration**, he shall b treated as distinct persons. ➲ **Section 7(1)(c)** read with **Para 2 of schedule I** of CGST Act, 2017 states that supply of goods and/o services between 'distinct persons' as specified in section 25, when made in the course o furtherance of business shall be **treated as supply even if made without consideration.** **Discussion & Conclusion:** ➲ In the given case, factory and depot of Sulekha Manufacturers are **distinct persons.** ➲ Therefore, supply of goods from Delhi factory of Sulekha Manufacturers to Mumbai Depot without consideration, but in course/furtherance of business, **is treated as supply.**
b) & c)	**Legal Provision:** ➲ **Section 7(1)(c) read with Para 4 of Schedule I** of CGST Act, states that if services are imported by a person from a related person located outside India without consideration & that too in the course or furtherance of business, then it is **treated as supply.** ➲ **Explanation to section 15** states that **members of the same family** are deemed to be **"related persons".** ➲ Further, as per **section 2(49)**, brother is treated **member of same family** only when he is wholly or mainly dependent on the said person. **Discussion & Conclusion:** ➲ In the given case, Raman has received **free of cost legal services** from his brother who is a **well-known lawyer** settled in London and is **not wholly/mainly dependent** on Raman. ➲ So, as per section 2(49) & Explanation to section 15 above, Raman & his brother are not related as they are not treated as family.

	➲ Further, Raman has taken legal advice from him in **personal matter & not in course or furtherance of business.**
	➲ Thus, the services provided by Raman's brother to him **would not be treated as supply** u/s 7 of the CGST Act read with para 4 of Schedule I.
	➲ No, if Raman has taken advice for his business unit, services provided by Raman's brother to him would **still not be treated as supply**. This is because, though services are provided in course or furtherance of business, but it is not received from related person.

07. Section 7(2) read with Schedule III:- Activities treated neither as supply of goods nor supply of services

CCP 02.07.21.00

Enumerate the activities or transactions which shall be treated neither as a supply of goods nor a supply of services. [ICAI MTP] or
List down the activities/transactions specified under schedule III of the GST Act as non- supplies or 'Negative List'. [CA IPC July 21 Exam] [CA Inter May 23 Exam]

Answer:-

➲ As per **section 7(2)(a) of CGST Act, 2017,** activities or transactions specified in Schedule III shall be treated neither as a supply of goods nor a supply of services.

➲ Activities/transactions specified under schedule III of GST Act as non-supplies/ 'Negative List" are as follows:

Para No.	Activities or transactions which shall be treated neither as a supply of goods nor a supply of services:-
1.	Services by an employee to the employer **in the course of or in relation to his employment.**
2.	Services by any court or Tribunal established under any law for the time being in force.
3.	a) Functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities.
	b) Duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity.
	c) Duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.
4.	Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
5.	Sale of land and, subject to paragraph 5(b) of Schedule II, sale of building.
6.	Actionable claims, other than specified actionable claims.
7.	Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements, subject to the condition that the lead insurer pays the CGST, SGST, UGST & IGST on the entire amount of premium paid by the insured.
8.	Services by insurer to the reinsurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, subject to the condition that the CGST, SGST, UGST & IGST is paid by the reinsurer on the gross reinsurance premium payable by the insurer to the reinsurer, inclusive of the said ceding commission or the reinsurance commission.

CCP 02.07.22.00

Determine whether following activities fall under the purview of supply as per section 7 of CGST Act 2017:-

i) Mr. Raj hires an ambulance for transport facility of a deceased person to performing funeral rituals.

ii) Mr. S enters into an agreement for sale of land to Mr. R for a consideration.

iii) M/s ABC developers sold fully furnished building to Mr. Sagar for a valuable consideration.

Answer:-

i) As per **section 7(2) read with para 4 Schedule III** of CGST Act, Services of funeral includir transportation of the deceased shall be treated neither as a supply of goods nor a supply of services. Thu there is no levy of GST on such activity as **it is out of scope of supply.**

ii) As per **section 7(2) read with para 5 Schedule III** of CGST Act, Sale of land shall be treated neither as supply of goods nor a supply of services. Thus, there is no levy of GST on such activity as it is out of scop of supply.

iii) ➲ As per **section 7(2) read with para 5 Schedule III** of CGST Act, subject to paragraph 5(b) of Schedule I Sale of building shall be treated neither as a supply of goods nor a supply of services.

➲ **Paragraph 5(b) of Schedule II** states that where the entire consideration has been received afte issuance of completion certificate or after its first occupation, **whichever is earlier**, then it is not supply at all.

➲ Thus, there shall be no levy of GST on such activity as **it is out of scope of supply**.

CCP 02.07.23.00 **Circular No. 177/09/2022 GST dated 03.08.2022**

Dhruv Developers sold a plot of land in Greater Noida after levelling, laying down of drainage lines, water lines and electricity lines. Determine whether GST is payable or not. [CA Final RTP May 23]

Answer:-

➲ GST is **not payable** by Dhruv Developers on sale of plot of land.

➲ As per **Para 5 of Schedule III** of CGST Act, 2017, **'sale of land'** is neither a supply of goods nor a supply o services. Hence, the sale of land does not attract GST.

➲ Land may be sold either as it is or after some development such as levelling, laying down of drainage lines water lines, electricity lines, etc.

➲ It is **clarified by CBIC** that sale of such developed land is also sale of land and is covered by Para 5 o Schedule III and accordingly **does not attract GST.**

CCP 02.07.23.01

Go-Solar Pvt. Ltd. (Go-Solar) has 2 comprehensive insurance policies with Safal Ltd. for its operations. To manage its risk exposure, Safal Ltd. decides to reinsure part of risk of policy 1 with Weefal Re Ltd., a reinsurance co. For policy 2, Safal Ltd. opts for a co-insurance agreement with Success Ltd.

Details of Reinsurance Agreement between Safal Ltd. & Weefal Re Ltd.:

I. Gross Reinsurance Premium to be paid by Safal Ltd. to Weefal Re Ltd.: ₹78,00,000.

ii. Ceding Commission allowed by Weefal Re Ltd: ₹8,00,000.

iii. Net Reinsurance Premium Paid to Weefal Re Ltd: ₹70,00,000 (after deducting ceding commission).

Details of Co-insurance Agreement between Safal Ltd. & Success Ltd.:

I. Lead Insurer: Safal Ltd. (70% share) who is liable to pay GST on entire premium.

ii. Co-Insurer: Success Ltd. (30% share).

iii. Total Premium: ₹80,00,000 paid by Go-Solar to Safal Ltd. who issued invoice for full premium & GST.
iv. Safal Ltd. retains ₹56,00,000 & Success Ltd. receives ₹24,00,000 from Safal Ltd. as per agreement.
Discuss the tax implications (gross basis) & person liable to pay the tax in all the above cases.

Answer:

1.	**Legal Provision:** As per **Para 10 of Schedule III** to CGST Act 2017, Services by insurer to the reinsurer for which ceding or reinsurance commission is **deducted** from reinsurance premium paid by the insurer to the reinsurer, are **not considered a supply of goods or services** under GST, provided that GST is paid by the reinsurer on the gross reinsurance premium, inclusive of the commission. **Conclusion:-** ➲ Weefal Re Ltd. (reinsurer) have to **pay GST on** gross reinsurance premium **₹78,00,000.** ➲ Ceding commission **₹ 8,00,000** received by Safal Ltd. from Weefal Re Ltd. is **not liable to additional GST** as the service supplied by Safal Ltd. to Weefal Re Ltd is **not a supply** as per **para 10 of Sch III.**
2.	**Legal Provision:** As per **Para 9 of Schedule III** of the CGST Act 2017, the apportionment of co-insurance premium by the lead insurer to the co-insurer is **not considered a supply of goods or services** under GST, provided the lead insurer pays GST on the entire premium paid by the insured. **Conclusion:-** ➲ Safal Ltd., being lead insurer, shall **pay GST on** entire premium of **₹80,00,000** received from Go-Solar. ➲ The apportionment of co-insurance premium **₹ 24,00,000** by Safal Ltd. to Success Ltd. **is not considered a supply under para 9 of Sch III.** ➲ Thus, Success Ltd. does not have any additional GST liability on ₹24,00,000.

CCP 02.07.24.00

Sarvanna & Sons wishes to start supplying alcoholic liquor in the State of Tamil Nadu. Therefore, it applies for licence to the Tamil Nadu Government for selling liquor for which the State Government has charged specified fee from it. Examine whether the grant of alcoholic liquor licence by the Tamil Nadu Government to Sarvanna & Sons qualifies as supply. [Study Mat]

Answer:-

➲ Services of **granting** of **alcoholic liquor license** by the **State Governments** have been **notified u/s 7(2)(b)** of CGST Act which shall be neither treated as a supply of goods nor as a supply of service.

➲ This licence is granted **against consideration** i.e. licence fee or application fee or or any other fee.

➲ This special benefit is given only for granting of licence to sell liquor as notified above and not for any other licences or privileges i.e. other licences or privileges given by government are treated as supply & liable to GST.

➲ Thus, in the given case, the grant of alcoholic liquor license by the Tamil Nadu Government to Sarvanna & Sons is **neither a supply of goods nor a supply of service.**

08. Section 7(1A) & 7(3) read with Schedule II:- Activities to be treated as supply of goods or supply of services (Classification as 'supply of goods' or 'supply of services')

CCP 02.08.25.00

Transfer of title and/or possession is necessary for a transaction to constitute supply of good Examine. [Study Mat]

Answer :-

➲ **Section 7(1)(a)** of CGST Act, 2017 states that **supply include** sale, transfer, barter, exchange, leas license, rental or disposal for a consideration in the course or furtherance of business.

➲ Once, a transaction is treated as supply, it is classified of goods or services u/s 7(1A) read with schedule II.

➲ As per **Para 1 of schedule II**, activities are classified as follows:-

a) If both title and possession are transferred in a transaction, it shall be treated as supply of goods.

b) If title is not transferred but possession is given in a transaction, it shall be treated as supply of service.

c) If possession is transferred immediately but title is transferred at a future date in a transaction like sa on approval basis or hire purchase arrangement, it shall be treated as supply of goods.

➲ Thus, transfer in title irrespective of the transfer of possession is necessary to constitute supply of goods.

CCP 02.08.26.00

State whether the following supplies would be treated as supply of goods or supply of services as p Schedule II:

a) Renting of immovable property.

b) Goods forming part of business assets are transferred or disposed of by/under directions of perso carrying on the business so as no longer to form part of those assets.

c) Transfer of right in goods without the transfer of title in such goods.

d) Transfer of title in goods under an agreement which stipulates that property shall pass at a futu date upon payment of full consideration as agreed.

e) Temporary transfer or permitting use or enjoyment of any intellectual property right.

f) Any treatment or process which is applied to another person's goods.

g) Transfer of title in goods

h) Works contract services

i) Sale of personal car to dealer

j) Goods Supplied on Hire purchase [Study Mat]

Answer :-

a) Supply of services

b) Supply of goods

c) Supply of services

d) Supply of goods

e) Supply of services

f) Supply of services

g) Supply of goods

h) Supply of services

i) It is not a supply as it is not made by the individual in the course or furtherance of business.

j) Supply of goods

CCP 02.08.27.00

M/s. ABC Ltd. provides the following information relating to information technology software. Compute the value of taxable supply of service and GST liability (Rate of CGST 9% and SGST 9%).

1. Development and Design of information technology software: ₹15 lakhs;
2. Sale of pre-packaged software, which is put on media: ₹52 lakhs. [ICAI RTP Jun 2018]

Answer:-

(1)It will be treated as supply & as per **para 5(d) of schedule II** of CGST Act, it will be classified as **supply of service.**

Particulars	**₹ in lakhs**
Value of Taxable supply of service	15
CGST @ 9% of Rs. 15 Lakhs	1.35
SGST @ 9% of Rs. 15 Lakhs	1.35

(2) It will be treated as supply & as per **para 5(d) of schedule II** of CGST Act, it will be classified as **supply of goods**

Value of Taxable supply of goods	52
CGST @ 9% of Rs. 52 Lakhs	4.68
SGST @ 9% of Rs. 52 Lakhs	4.68

CCP 02.08.28.00

Happy Constructions Ltd., a registered builder under GST in Bengaluru, Karnataka has got permission to build five floors from the Municipal Projects for one of its projects at Suraj Nagar. Aditya Constructions, a neighbouring housing project approached Happy Constructions Limited to discuss regarding blockage of sun light issue arising out of construction of five floors and asked it to build only three floors for which ₹20 lakh was offered as compensation. Happy Constructions Limited agreed to the offer. It may be noted that Aditya Constructions is not ready to pay any further amount to Happy Constructions Ltd. in addition to the amount already agreed.

Briefly explain with correct legal provision whether the above amount received as compensation is liable to GST or not? And if considered as taxable, then calculate the total GST payable by Happy Constructions Ltd. Assume the applicable rate of CGST and SGST is 9% each. Also state the conditions to be complied with. [CA Inter RTP May 24]

Answer:-

Legal Provision: As per **para 5(e) of Schedule II** of the CGST Act 2017, Agreeing to obligation to refrain from an act, or to tolerate an act or situation, or to do an act has been specifically declared to be a **supply of service** if the same constitutes a supply as per the said Act.

Discussion & Conclusion:

- In the given case, Happy Constructions Limited has agreed to build only three floors, even though it is permitted to construct five floors by the Municipal Authorities, for a compensation of ₹ 20 lakh. This results in **supply of service.**
- The **conditions** to be complied with for the above supply will be
  a) There must be an expressed or implied agreement or contract must exist.
  b) Consideration must flow in return to this contract/ agreement.
- Since Aditya Constructions is not ready to pay any further amount to Happy Constructions Limited in addition to the amount already agreed, the amount received ₹20 lakh shall be treated as **inclusive** of GST.
- Thus, the GST payable will be ₹20,00,000 x 9/118 = **₹1,52,542** (rounded off) as CGST & SGST each.

09. Section 8: Composite Supply & Mixed Supply

CCP 02.09.29.00

Determine whether the following supplies amount to composite supplies:-

(a) A hotel provides 4 days-3 nights package wherein the facility of breakfast and dinner is provid along with the room accommodation.

(b) A toothpaste company has offered the scheme of free Soap along with the toothpaste.

Answer:-

Legal Provision:- As per **section 2(30)** of CGST Act, **"Composite supply"**-

- Consists of two or more taxable supplies of goods &/or services,
- Such supplies are naturally bundled,
- Such supplies are supplied in conjunction with each other,
- They are supplied in the ordinary course of business &
- Have one supply as principal supply.

Discussion & Conclusion:- In view of the same,

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

(b) Since, supply of soap along with the toothpaste **are not naturally bundled**, said supplies **do not qualif** as 'composite supply'.

CCP 02.09.30.00

Composite supply is treated as supply of that particular goods or services which attracts the highe rate of tax, for the purpose of considering tax liability. Examine the validity of the statement.

[Study Mat]

Answer :-

- The statement is not correct.
- For considering tax liability, composite supply is treated as supply of the principal supply.
- It is the mixed supply that is treated as supply of that particular goods or services which attracts th highest rate of tax.

CCP 02.09.31.00

Manikaran, a registered supplier of Delhi, has supplied 20,000 packages at ₹ 30 each to Mukhija Gi Shop in Punjab. Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloon Determine the rate(s) of GST applicable in the given case assuming the rates of GST to be as under:-

Goods/services supplied	GST Rate
Chocolates	18%
Fruit juice bottles	12%
Toy balloons	5%

[Study Mat]

Answer:-

Legal Provision:-

As per **section 2(74)** of CGST Act, **"Mixed supply"**-

- Consist of two or more individual supplies of goods &/or services,
- They can be supplied independently, still supplied together by the taxable person,

- Supplied for a single price &
- Is not naturally bundled i.e. it is not a composite supply.

Discussion & Conclusion:-

- Supply of a package containing chocolates, fruit juice bottles and a packet of toy balloons **is a mixed supply** as each of these items can be supplied separately and is not dependent on any other (i.e. **not naturally bundled**) & also a single price is charged for the package.
- Further, as per section 8(b), the mixed supply is treated as a supply of that particular supply **which attracts the highest rate of tax.**
- Thus, in the given case, supply of packages is treated as supply of chocolates as it attracts the highest rate of tax & the rate of GST applicable on the package of ₹6,00,000 (20,000 × ₹30) is **18%.**

CCP 02.09.32.00

Dumdum Electronics has sold the following electronic items to Akbar Retail Store.

1) Refrigerator (500 litres) taxable @ 18%
2) Stabilizer for refrigerator taxable @ 12%
3) LED television (42 inches) taxable @ 12%
4) Split air conditioner (2 Tons) taxable @ 28%
5) Stabilizer for air conditioner taxable @12%

Dumdum Electronics has issued a single invoice, indicating price of each of the above items separately in the same. Akbar Retail Store has given a single cheque of ₹1,00,000/- for all the items as a composite discounted price. State the type of supply and the tax rate applicable in this case. [Study Mat]

Answer :-

- In the given case, the items supplied by Dumdum Electronics are not naturally bundled in the ordinary course of business. Therefore, such supply is not a composite supply.
- Further, Akbar Retail Store has paid a composite discounted price for these goods but Dumdum Electronics **has not charged a single price for the said supply**. Therefore, said supply is also not a mixed supply.
- Thus, there is **supply of individual items** which are **taxable at the respective** rates applicable to them.

CCP 02.09.33.00

Explain the composite supply & mixed supply. If a trader launches a package sales for marriage containing double bed, refrigerator, washing machine, wooden wardrobe at a single rate. He is issuing invoice showing value of each goods separately. Whether this is case of mixed supply or composite supply. Explain. [CA Inter Jul 21 Exams]

Answer:-

Legal Provision:-

- As per **section 2(30)** of CGST Act, **"Composite supply"-**
  - Consists of two or more taxable supplies of goods &/or services,
  - Such supplies are naturally bundled,
  - Such supplies are supplied in conjunction with each other,
  - They are supplied in the ordinary course of business **&**
  - Have one supply as principal supply.

➲ As per **section 2(74)** of CGST Act, **"Mixed supply"**-

➢ Consist of two or more individual supplies of goods &/or services,

➢ They can be supplied independently, still supplied together by the taxable person,

➢ Supplied for a single price **&**

➢ Is not naturally bundled i.e. it is not a composite supply.

Discussion & Conclusion:-

➲ Items such as double bed, refrigerator, washing machine & wooden wardrobe are not naturally bundled &

➲ The invoice for the supply shows separate values for each item i.e., the package is not supplied for a sing price.

➲ Thus, supply of such items as a package will **neither constitute a composite supply nor a mixed supply.**

➲ Thus, the various items of the package will be **treated as being supplied individually.**

Note by ICAI:

➲ The question specifies that the various items are supplied at a 'single rate'. The "single rate" expression construed as single rate of tax in the above answer.

Further, the "single rate" may also be construed as single price as given in the below mentioned answe

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

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

10. Important clarification

CCP 02.10.34.00 **Circular No. 201/13/2023 GST dated 01.08.2023**

Examine the implications of GST on supply of food and beverages at cinema halls. [CA Inter RTP M 24]

Answer:-

➲ Eating joint is a wide term which **includes** refreshment or eating stalls/ kiosks/ counters or restaurant a cinema also.

➲ The cinema operator:

a) may run these refreshment/eating stalls/kiosks/counters/ restaurant themselves or

b) they may give it on contract to a third party.

➲ The customer may like to avail the services supplied by these refreshment/snack counters or choose not avail these services. Further, the cinema operator can also install vending machines, or supply any oth recreational service such as through coin- operated machines etc. which a customer may or may not avail.

➲ It is **clarified** by Circular that:

a) supply of food or beverages in a cinema hall is **taxable a 'restaurant service'** if the food or beverages supplied by way of or as part of a service and supplied independent of the cinema exhibition service.

b) where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bund supply satisfies the test of **composite supply**, the entire supply will **attract GST at the rate applica to service of exhibition of cinema**, the principal supply.

Discuss taxability of shares held in a subsidiary company by holding company? (CA Inter MTP Mar 24)

Answer:-

- It has been **clarified** vide a circular that securities are considered neither as goods nor as services as per definition of goods and services.
- Further, **securities include 'shares'** as per definition of securities.
- This implies that the securities held by the holding company in the subsidiary company are neither goods nor services & thus, **purchase or sale of shares or securities, in itself is neither a supply of goods nor a supply of services.**
- For a transaction/activity to be treated as supply of services, there must be a supply as per under section 7 of CGST Act.
- It cannot be said that a service is being provided by the holding company to the subsidiary company, solely on the basis that there is a specific SAC entry in the scheme of classification of services, unless there is a supply of services by the holding company to the subsidiary company in accordance with section 7 of the CGST Act, 2017.
- Therefore, the activity of holding of shares of subsidiary company by the holding company **cannot be treated as a supply of services** by a holding company to the said subsidiary company and **cannot be taxed under GST.**

REVERSE CHARGE AND ECO

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01. General Questions on Reverse Charge

CCP 03.01.01.00

What does reverse charge mean & Who is responsible to pay taxes under the GST Law?

Answer: Meaning of reverse charge:-

➲ As per section 2(98) of CGST Act, 2017, 'Reverse charge" means **the recipient** of supply of goods &/o services **is liable to pay GST** instead of supplier u/s 9(3) or 9(4) of CGST Act.

The person responsible to pay taxes under the GST Law:-

➲ Generally, the **supplier** of Goods &/or Services is liable to pay taxes under the GST Law. However, th **following are certain exceptions:-**

Reverse Charge:- Under reverse charge mechanism, the **recipient is liable to pay GST** in the followin cases:-

- ➲ Supply of goods &/or services notified by the Government on the recommendations of the GS Council **u/s 9(3)** of CGST Act
- ➲ Supply of specified categories of goods &/or services by an unregistered supplier to specified class o registered persons, as notified by the Government on recommendation of GST Council u/s 9(4) o CGST.

CCP 03.01.02.00

In accordance with the reverse charge provisions under GST Act, give answers to following wit reason:-

(i) Is GST on reverse charge basis payable on inter-State supply also?

(ii) Is reverse charge applicable on supply of goods also or is it only on supply of services?

(iii) In case supplier eligible to threshold exemption, is reverse charge applicable?

Answer:

(i) **Yes**, as the provisions relating to reverse charge are also applicable in case of inter-state supply as p **section 5(3) and 5(4)** of the IGST Act.

(ii) **Yes**, as the government have **notified supply of goods as well as services** for payment of tax on rever charge basis.

(iii) **Yes**, Supplier may not have paid the tax due to threshold benefit but this does not excuse recipient fro the liability which is arising under reverse charge mechanism u/s 9(3)/ 9(4) of CGST Act.

CCP 03.01.03.00

GTA services provided to an unregistered person (including unregistered casual taxable person) a exempt from GST by virtue of Entry 21 A of GST Laws. Discuss the validity of above statement. [CA Inter May 23 Exam]

Answer:

➲ The said statement is **invalid.**

➲ Services provided by a GTA to an unregistered person, including an unregistered casual taxable pers are exempt **except** when provided to a:

a) Factory
b) Society
c) Co-operative society
d) Body corporate

e) Partnership firm

f) Registered casual taxable **person**

02. Section 9(3):- RCM for notified supply of goods or services (RCM for notified supply of goods N.A. at inter level)

Legal Services by Advocates

CCP 03.02.04.00

V'Smart Pvt. Ltd., Pune had appointed a senior advocate Ms. Pooja for representation of company's legal matter at Delhi. Determine who is liable to pay the GST? Would your answer differ if V'Smart Pvt. Ltd. appoints local advocate Mr. Sagar who further appoints Ms. Pooja for representation?

Answer:

Legal Provision:-

➲ As per section 9(3) of CGST Act,2017, if **legal services** are provided by an **individual advocate including a senior advocate** to any **business entity** located in the taxable territory, then the GST is payable on reverse charge basis by recipient.

➲ Legal services **include** representation made on legal matters.

Discussion & Conclusion:-

i) In the given case, Pooja is a senior advocate providing representational service to a business entity i.e., V'Smart Pvt. Ltd., Pune. Therefore, **V'Smart Pvt. Ltd. is be liable** to pay GST under **reverse charge** for services provided by Ms. Pooja.

ii) **No** because the liability to pay GST will be on **V'Smart Pvt. Ltd.** only eventhough Ms. Pooja is appointed through another local advocate Mr. Sagar.

Services by Government

CCP 03.02.05.00

"Under the GST law, taxes on taxable services supplied by the Central Government or the State Government to a business entity in India are payable by recipient of services".

State the exceptions of the above statement (CA Inter May 22 Exam)

Answer:- As per section 9(3) of CGST Act, Services supplied by the Central Government or State Government to a business entity in India are payable by the Recipient of services **except:**

1) Services of renting of immovable property to an unregistered business entity.
2) Services by the Department of Posts **and the Ministry of Railways (Indian Railways);**
3) Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport.
4) Services of transport of goods or passengers,
5) Renting of immovable property by an Indian Railway.

Services by Renting on residential Dwelling

CCP 03.02.5.01

Mr. Ram has 4 flats & 2 shops in Pune. He has given all flats & Shops on rent as follows:-

a) Flat 1 is given on rent to Mr. B (Salaried person) for his residence purpose.

b) Flat 2 is given on rent to XYZ Ltd. (reg. in GST) company is using as guest house for residence purpose.

c) Flat 3 is given on rent to Mr. C, a CA (unregistered person), who is using it for official purpose.

d) 2 commercial shops are given on rent to partnership firm for running Garments business. Determine tax payable in each case.

Answer:-

Legal Provision:-

As per **Sec 9(3)**, services supplied by way of renting of residential dwelling by any person to a registered then under reverse charge registered person is liable to pay tax.

Also as per **exemption N/N 12/2017,** services by way of renting of residential except where the residential dwelling is rented to a register person is exempt from tax.

Discussion:-

a) Renting of Flat -1 to Mr. B, a salaried un-registered person is **exempt** from payment of GST.

b) Renting of flat -2 to XYZ Ltd. a registered person for use of guesthouse is liable to GST under reverse charge & XYZ Ltd. is **liable to pay tax.**

c) **Exemption is available** only if flat is given on rent only for residence purpose. In given case, eventhough Mr. C is un-registered person but he is using flat for official purpose hence renting service is taxable under forward charge & Mr. Ram is liable to pay tax.

d) **Exemption is not available** to renting of commercial place & also in this case there is no provision of reverse charge. Hence Mr. Ram is liable to pay tax on renting of 2 commercial shops under forward charge.

Services by Director

CCP 03.02.06.00

Mr. Priyam, director of Sun Moon Company Private Limited, provided service to the company for remuneration of ₹ 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 ₹1,25,000, ₹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 (IT Act). However, ₹65,000 has been declared separately other than salaries in the Sun Moon Company Private Limited's accounts and subjected to TDS under section 194J of the IT Act as professional services. [CA Inter RTP May 21][CA Inter MTP Mar 24]

Answer -

i)	**Legal Provision:-** ➲ As per **Para 1 of Schedule III** of the CGST Act, services by an employee to the employer in the course of or in relation to his employment are non-supplies, i.e. they are neither supply of goods nor supply of services. ➲ As per **section 9(3)** of CGST Act, if services are provided by director to the company located in taxable territory, then the company is liable to pay tax under reverse charge. **Discussion & Conclusion:-** ➲ Mr. Priyam, being an Independent director, is not an employee of the company. ➲ Hence, remuneration paid to them as consideration for providing services are clearly outside the scope of Schedule III of the CGST Act and are therefore taxable. ➲ Thus, **GST is applicable in this case and Sun Moon Company Private Limited is liable to pay GST.**

ii)	**Legal Provision:-**
	➲ As per **section 9(3)** of CGST Act, if services are provided by director to the company located in taxable territory, then the company is liable to pay tax under reverse charge.
	➲ As per CBIC Clarification, if director's **remuneration is declared as salaries** in books of a company and subjected to TDS u/s **192** of the Income-tax Act (IT Act), then **that is not taxable** being consideration for services by an employee to employer in course of or in relation to his employment as per **para 1 of Schedule III.**
	➲ Further, **director's remuneration** which is declared separately other than salaries in company's accounts and subjected to **TDS u/s 194J** of IT Act as fees for professional or technical services are **outside the scope of Schedule III and is therefore, taxable.**
	Discussion & Conclusion:-
	➲ In this case, **salary of Rs. 60000 is not taxable** as it gets covered under **para 1 of Schedule III.**
	➲ Further, **Rs. 65,000 declared separately other than salaries** by Sun Moon Company Private Limited's is a consideration for professional services which **is outside the scope of Schedule III and is therefore, taxable.**
	➲ The **recipient** of services i.e. the Sun Moon Company Private Limited, is liable to discharge the applicable GST on it on **reverse charge basis.**

CCP 03.02.07.00

Arpan Singhania is a director in Narayan Limited.

The company paid him the sitting fee amounting to ₹25,000, for the month of January.

Further, salary was paid to Arpan Singhania amounting to ₹ 1.5 lakh for the month of January on which TDS was also deducted as per applicable provisions under Income-tax law.

Tapasya & Associates, in which Arpan Singhania is a partner, supplied certain professional services to Narayan Limited in the month of January for an amount of ₹2 lakh.

Discuss the person liable to pay tax in each of the supplies involved in the given case.

Answer:-

Legal Provision:-

As per reverse charge notification, if services are supplied by **director** of a company to the said company located in the taxable territory, then GST is payable on reverse charge basis by recipient.

Discussion & Conclusion:-

) Sitting Fee paid to director:-

➲ Here, Narayan Limited (i.e. Company) paid sitting fee ₹25,000 to its director-Arpan Singhania.

➲ Thus, Narayan Limited is liable to pay GST under reverse charge

i) Salary paid to director:-

➲ As per CBIC circular, if director's remuneration is declared as Salaries in books of company & subjected to TDS u/s 192 of Income-tax Act, then that is not taxable under GST because it is the consideration for services by an employee to employer in the course of or **in relation to his employment as per Para 1 of Schedule III.**

➲ Therefore, the salary received by Arpan Singhania of ₹1.5 lakh is **not liable to GST.**

ii) Services provided by Tapasya & Associates:-

➲ In this case, the fact that Arpan Singhania is a partner in Tapasya & Associates and also a director in Narayan Limited **does not have any impact on the taxability** of professional services supplied by

Tapasya & Associates to Narayan Limited.

➲ Therefore, **Tapasya & Associates** (i.e. the supplier) is liable to pay GST on **such services** under **forward charge.**

Services by Recovery Agent

CCP 03.02.08.00

Yes Bank, located in Nagpur, appointed Mr. Mahesh as a recovery agent for collecting outstanding balance amount of loan from one of its customer. Mr. Mahesh provided this service to Yes Bank for which it charged a fee. Determine the tax implications as per CGST Act.

Answer:-

➲ As per **section 9(3) of CGST Act,** if services are supplied by a **recovery agent to a banking company,** then GST is payable on reverse charge basis by recipient.

➲ In the given case, **Yes Bank shall be liable** to pay GST under reverse charge for services provided by Mr. Mahesh as a recovery agent.

Service of transfer/ permitting the use/ enjoyment of a Copyright relating to original literary works

CCP 03.02.09.00

Mr. Vicky Frankyn, an unregistered famous author, received ´3 crore of consideration from Shi Bhawan Publications (SBP) located in Indore for supply of services by way of temporary transfer o a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literar works of his new book. He finished his work & made available the book to the publisher, but has ye not raised the invoice. Mr. Vicky Frankyn is of the view that SBP is liable to pay tax under revers charge on services provided by him. SBP does not concur with his view and is not ready to deposit th tax under any circumstances. Examine whether the view of Mr. Vicky Frankyn is correct. Further, the view of Mr. Vicky Frankyn is correct, what is the recourse available with Mr. Vicky Frankyn t comply with the requirements of GST law as SBP has completely refused to deposit the tax.

[CA Inter RTP May 2020][CA Inter Jan 21 Exam -similar Question]

Answer:- Yes, the view of Mr. Vicky Frankyn **is correct.**

Legal Provision:-

As per **section 9(3) of CGST Act,** if services are supplied by an **author** by way of **transfer** or permitting th use or enjoyment **of a copyright** covered under section 13(1)(a) of the Copyright Act, 1957 relating t original literary works to a publisher located in the taxable territory, then GST is payable on **reverse charg** basis by recipient.

Discussion & Conclusion:-

➲ In the given case, Mr. Vicky temporarily transferred copyright relating to original literary works of hi new book to the publisher – SBP.

➲ Therefore, the publisher – **SBP** is liable to pay tax under **reverse charge.**

➲ However, since **SBP has completely refused to deposit the tax** on the given transaction, Mr. Vick Frankyn **has an option** to pay tax under **forward charge** provided he fulfils the following **conditions:-**

(i) He has **taken registration** under the GST law.

(ii) He has **filed a declaration,** in the prescribed form,

- that he **exercises the option** to pay tax on the said service under **forward charge** and,
- to comply with all the provisions of GST law as they apply to a person liable for paying the tax for supply of any goods &/or services &
- that he shall **not withdraw** the said option **within a period of 1 year** from the date of exercising such option.

(iii) He makes a **declaration on the invoice** issued by him in prescribed form to the publisher.

Services by Individual Direct Selling Agents

CCP 03.02.10.00

Mr. Vishal wants a loan of ₹10,00,000. For this, he has taken the service of an individual, Mr. Rudra, who is a Direct Selling agent of HDFC bank. Bank pay the commission to Mr. Rudra @2% of loan granted to Mr. Vishal for giving a customer to the bank. Who is liable to pay GST in this case? Also calculate the amount of GST payable, if GST rate is 18%.

Answer:-

Legal Provision:-

As per **section 9(3)** of CGST Act, if services are provided **by** an **individual** Direct Selling Agent (DSA) **other than** body corporate, partnership or limited liability partnership firm to

- any banking company or
- non-banking financial company,

located in a taxable territory, then the GST is payable on reverse charge basis by recipient.

Discussion & Conclusion:-

- In the given case, Mr. Rudra is an **individual** who is providing services of direct selling agent to a **banking company** i.e. HDFC Bank.
- Therefore, the **HDFC bank** (i.e. the recipient) is liable to pay GST under **reverse charge.**
- **Calculation of GST payable:-**

Particulars	Amount in ₹
Loan Amount	10,00,000
Commission paid by bank to Rudra (Rs. 10,00,000 * 2%)	20,000
GST Payable @18% (Rs. 20,000 * 18%)	**3,600**

Services of Supplying Security Personnel

CCP 03.02.11.00

The Professionals Security-Pune is a firm of security agency providing services by way of supply of security personnel to following categories of persons:-

i) XYZ Pvt. Ltd. (a company registered under CGST Act, 2017), valuing ₹10 lakhs.

ii) Sindh Co-operative Credit Society, Mumbai, which is unregistered under CGST Act, 2017, ₹8 lakhs.

iii) Mr. Altaf, from Gujarat (registered under section 10 of CGST Act, 2017), value of ₹2 lakhs.

iv) Service provided to Star Industries Ltd., USA, value being ₹7 lakhs.

Determine the taxable value as well as the tax liability of The Professionals Security-Pune, assuming CGST @ 9%, SGST @ 9% and IGST @ 18%.

Answer: Determination of taxable value of the Professionals Security-Pune:-

Sr. No.	Recipient of service	Taxable under	Taxable value in ₹	Refer note
i)	XYZ Pvt. Ltd. (Registered person)	Reverse Charge	-	1
ii)	Sindh Co-operative Credit Society,(Un-registered person)	Forward Charge	8 lakhs	1
iii)	Mr. Altaf, Gujarat (Registered u/s 10 of CGST Act)	Forward Charge	2 Lakhs	2
iv)	Star Industries Ltd., USA	Forward Charge	7 Lakhs	4
	Total taxable value		**17 lakhs**	

Notes:-

1. As per **section 9(3)** of CGST Act, 2017, If security services (services provided by way of supply of security personnel) are provided by **any person other than a body corporate** to a **registered person** located in the taxable territory, then GST is payable on reverse charge basis by recipient.
2. **The following are the exceptions to the service covered under reverse charge in note 1 above:-**
   - ➲ a registered person paying tax under section 10 of the said Act i.e. composition scheme.
3. RCM will apply only if service provided to registered person **located in taxable territory.** As Star Industries is located in USA which falls **outside the taxable territory, The Professionals Security-Pune** will be liable to pay tax under **forward charge.**

Determination of Tax liability of The Professionals Security - Pune is as follows:-

Sr. No.	Particulars	₹ in Lakhs	IGST @ 18%	CGST @ 9%	SGST @ 9%
1	Intra State Supply	8	-	72,000	72,000
2	Inter State Supply	2	36,000	-	-
3	Export	7	-	-	-
	Total Tax Laibility		**36,000**	**72,000**	**72,000**

Note:- If supplier satisfies the conditions , then it can avail benefit of zero-rated supply for export to Star Industries Ltd. USA & no GST would be payable.

03. Section 9(3)-Common Questions for all services

CCP 03.03.12.00

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.

(i) Mr. Raghu provided sponsorship services to WE-WIN Cricket Academy, an LLP. [Study Mat]

(ii) 'Safe Trans', a Goods Transport Agency, transported goods of Kapil & Co., a partnership firm which is not registered under GST.

[CA Inter Suggested Nov 19][CA Inter - Nov 18 Exam][Study Mat]

Answer:-

i) **Legal Provision:-** As per section 9(3) of CGST Act, if sponsorship services are provided by **any person to any body corporate or partnership firm** located in taxable territory, then GST is payable on reverse charge basis by recipient.

Discussion & Conclusion:-

- ➲ In the given case, sponsorship services are provided **to** an **LLP** which is considered as a **partnership firm** under GST law.
- ➲ Therefore, **WE-WIN Cricket Academy** is liable to pay GST under **reverse charge.**

ii)	**Legal Provision:-**
	As per section 9(3) of CGST Act, if services are provided by Goods Transport Agency **(GTA)** for transportation of goods **by road** to **any partnership firm** whether registered or not under any law, then GST is payable on reverse charge basis by recipient.
	Discussion & Conclusion:-
	➲ In given case, Safe Trans is transporting goods of Kapil & Co. which is a partnership firm.
	➲ Thus, Kapil & Co. is liable to pay GST under **reverse charge & it shall apply for compulsory registration u/s 24.**
	Assumption:-
	It is assumed that GTA has not exercised the option to pay tax under forward charge on services of transportation of goods supplied by it.

CCP 03.03.13.00

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

(I) Rental income received by Tamil Nadu State Government from renting an immovable property to Mannappa Pvt. Ltd. (Turnover of the company was ₹ 22 lakhs in the preceding F. Y.) [Study Mat- but with Central Govt. instead of State Govt.]

(ii) Legal Fees received by Mr. Sushrut, a senior advocate, from M/s. Tatva Trading Company having turnover of ₹ 50 lakhs in preceding financial year. [Study Mat- with advocate instead of senior advocate][CA Inter Old - May 18 Exam]

Answer:-

i	**Legal Provision:-**
	As per section 9(3) of CGST Act, if service of renting of immovable property is provided by the Central Government **[excluding the Ministry of Railways (Indian Railways)]**, State Government, Union territory or local Authority to **any registered person** located in the taxable territory, then GST is payable under reverse charge by recipient.
	Discussion & Conclusion:-
	➲ In the given case, Mannappa Pvt. Ltd. is **registered** under GST as the turnover of the company was ₹ 22 lakhs in the preceding financial year which is exceeding threshold limit for registration u/s 22 of CGST Act.
	➲ So, here, the **State Government** of Tamil Nadu provided **service of renting of immovable property** to a registered person located in taxable territory.
	➲ Therefore, **Mannappa Pvt. Ltd.** is liable to pay GST under **reverse charge.**
ii	**Legal Provision:-**
	As per section 9(3) of CGST Act, if legal services are supplied by a senior advocate to any business entity located in the taxable territory, then GST is payable on reverse charge basis by recipient.
	Discussion & Conclusion:-
	➲ In the given case, Mr. Sushrut is a **senior advocate** & he is supplying **legal services** to M/s. Tatva Trading Company i.e. a business entity.
	➲ Thus, **M/s. Tatva Trading Company** is liable to pay GST under reverse charge.

CCP 03.03.14.00

State the person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:-

(a) Services supplied by a recovery agent to a car dealer. [Study Mat]

(b) Security services (services provided by way of supply of security personnel) provided to a registered person. [Study Mat]

(c) Vivek Goyal, an independent director, appointed in accordance with the provisions of the Companies Act, 2013, of A2Z Pvt. Ltd., has received sitting fee amounting to ₹ 1 lakh from A2Z Pvt. Ltd for attending the Board meetings. Who is the person liable to pay tax in this case? [Study Mat]

Answer:-

a)	**Legal Provision:-** As per **section 9(3) of CGST Act,** if services are supplied by a **recovery agent to a banking company or a financial institution or a non- banking financial company (NBFC)** located in the taxable territory, then GST is payable on reverse charge basis by recipient. **Discussion & Conclusion:-** ➲ In the given case, services are being supplied by a recovery agent to a car dealer & not to a banking company or financial institution or NBFC. ➲ Thus, service provider i.e. the **recovery agent** is liable to pay GST under **forward charge.**
b)	**Legal Provision:-** As per **section 9(3) of CGST Act,** if security services (services provided by way of supply of security personnel) are provided by **any person other than a body corporate to a registered person** located in the taxable territory, then GST is payable on reverse charge basis by recipient. **Discussion & Conclusion:-** ➲ Therefore, in the given case, **registered person** receiving the services is liable to pay GST under **reverse charge.**
c)	**Legal provision:** ➲ As per **section 9(3)** of CGST Act, if services are provided by director to the company located in taxable territory, then the company (recipient) is liable to pay tax under reverse charge **Conclusion:** ➲ **Therefore**, in the given case, person liable to pay GST is the recipient of services, i.e., A2Z Pvt. Ltd.

CCP 03.03.15.00

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

You may assume that recipient is located in the taxable territory. 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 ₹ 20 lakh of consideration from PQR Publications Ltd. for supply of services by way of temporary transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works of his new book. [CA Inter Nov 20 Exam]

Answer:-

i)	**Legal Provision:-** ➲ As per **section 9(3)** of CGST Act, if services are provided by Goods Transport Agency (GTA) for transportation of goods by road to a **notified person,** GST is payable on reverse charge basis by recipient. ➲ However, **exemption** is available for services provided by a GTA to **an unregistered person, other than notified recipients.** **Discussion & Conclusion:-** ➲ In the given case, the recipient of service is other than specified recipient, i.e., unregistered sole proprietorship firm. ➲ Therefore, GST is payable by "Veer Transport", a registered GTA under forward charge. **Note:-** GTA service is exempt from GST in this question as recipient is other than specified recipient, i.e., unregistered sole proprietorship firm. But, this exemption is ignored as the question specifically requires the students to ignore the exemptions available, if any.
ii)	**Legal Provision:-** ➲As per **section 9(3)** of CGST Act, if services are supplied by an author by way of transfer of a copyright covered under **section 13(1)(a)** of the Copyright Act, 1957 relating to original literary works to a publisher located in the taxable territory, then GST is payable on reverse charge basis by recipient. ➲ The Author can pay tax under forward charge if the author is a registered person. **Discussion & Conclusion:-** ➲ In the given case, the author is an unregistered person. ➲ So, the option of paying tax under forward charge is not available to him. ➲ Therefore, PQR Publications Ltd. (i.e. the recipient) is liable to pay GST under reverse charge.

CCP 03.03.16.00

State the person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:-

(a) Services provided by an arbitral tribunal to any business entity.

(b) Sponsorship services provided by a company to an individual. [Study Mat]

Answer:-

a)	**Legal Provision:-** As per **section 9(3)** of CGST Act, if services are provided or agreed to be provided by an **arbitral tribunal to any business entity** located in the taxable territory, then GST is payable under reverse charge by recipient. **Discussion & Conclusion:-** Therefore, in the given case, **the business entity** is liable to pay GST under **reverse charge** .
b)	**Legal Provision:-** As per **section 9(3)** of CGST Act, if sponsorship services are provided by **any person to any body corporate or partnership firm** located in the taxable territory, then GST is payable under reverse charge by recipient. **Discussion & Conclusion:-** ➲ In the given case, sponsorship services have been provided to an **individual.** ➲ Thus, the **reverse charge** provisions **will not be attracted** here. ➲ So, company i.e. the **supplier** is liable to pay GST under **forward charge.**

CCP 03.03.16.01

State the person liable to pay GST in the following independent services provided:-

1) Siddhi Builders, registered in Haryana, rented out 20 residential units owned by it in Sanskriti Society to Rudra Technologies, an IT based firm registered in the State of Haryana, for accommodation of its employees.

2) M/s. Purohit Consultants, a partnership firm registered in Delhi as a regular tax payer, paid sponsorship fees of ₹ 70,000 at a seminar organized by a private NGO (a partnership firm) in Delhi. [CA Inter RTP May 23][CA Inter MTP April 24]

Answer:

1)	**Legal Provision:-** ➲ Services provided to an unregistered person by way of renting of residential dwelling for use as residence is **exempt** from GST. ➲ If the residential dwelling is rented **to a registered person, exemption is not available.** ➲ Further, as per section 9(3) of CGST Act, 2017, tax on service provided by way of renting of residential dwelling to a registered person is payable by the recipient under reverse charge. **Discussion & Conclusion:-** ➲ In given case, **Rudra Technologies is liable** to pay GST on the residential dwellings taken on rent by it from Siddhi Builders, under **reverse charge** mechanism.
2)	**Legal Provision:-** ➲ As per **section 9(3)** of CGST Act, if sponsorship services are provided by any person **to a body corporate or a partnership firm** located in taxable territory, GST is payable by recipient under reverse charge. **Discussion & Conclusion:-** ➲ In given case, sponsorship services are provided by the private NGO **to a partnership firm** – M/s. Purohit Consultants. ➲ Therefore, **Purohit Consultants** is liable to pay GST under **reverse charge.**

CCP 03.03.17.00

From the following information, determine the person liable to pay GST given that both Supplier and Recipient are located in India:-

1	Mr. Atul is an agent of Life Insurance Co. The insurance company pays commission (excluding tax) ₹6 Lakh to him. Mr. Atul claims that no GST is leviable on services provided by him as his value of taxable service does not exceed ₹20 lakhs.
2	XYZ Ltd. availed services of Vimal Goods transport agency (GTA) for transportation of goods by road from factory located in New Delhi to its Jaipur depot and paid freight of ₹ 1,00,000. Vimal GTA is registered under GST but it has not opted to pay tax under forward charge.
3	Ranka Jewellers Ltd. paid ₹ 50 lakhs for sponsorship of Miss India beauty pageant.
4	Legal services provided by VHB & Co., a partnership firm of Advocates, New Delhi to Tata Motors Ltd, Mumbai for ₹ 70,00,000.
5	Infrastructural support services provided by Government to a business entity for ₹4 Lakh
6	Renting of immovable property services provided by Government to unregistered business entity for Rs. 18 Lakhs.

Answer:-

1	**Legal Provision:-** As per **section 9(3)** of CGST Act, if services are supplied by an **insurance agent** to **any person carrying on insurance business** located in the taxable territory, then GST is payable on reverse charge basis by recipient. **Discussion & Conclusion:-** ➲ In the given case, **Mr. Atul's claim** that his turnover does not exceeds Rs. 20 Lakhs **has no relevance** here, because under reverse charge threshold limit of registration is not available & there is compulsory registration required u/s 24 of CGST Act. ➲ Therefore, **Life Insurance Company** is liable to pay GST under **reverse charge**
2	**Legal Provision:-** As per **section 9(3)** of CGST Act, if services are provided by Goods Transport Agency **(GTA)** for transportation of goods **by road** to **a body corporate** established by or under any law, GST is payable on reverse charge basis by recipient. **Discussion & Conclusion:-** ➲ In given case, XYZ Ltd. who is the recipient of service is a specified recipient, i.e., a body corporate established by or under any law liable to pay freight. ➲ Therefore, **XYZ Ltd. is liable to pay GST under reverse charge.**
3	**Legal Provision:-** As per **section 9(3)** of CGST Act, if sponsorship services are provided by **any person to any body corporate or partnership firm** located in taxable territory, then GST is payable on reverse charge basis by recipient. **Discussion & Conclusion:-** ➲ In the given case, sponsorship services are provided to Ranka Jewellers Ltd. i.e. a body corporate. ➲ Therefore, **Ranka Jewellers Ltd.** is liable to pay GST under **reverse charge.**
4	**Legal Provision:-** As per **section 9(3)** of CGST Act, if **legal services** are provided by a **firm of advocates** to any **business entity** located in the taxable territory, then the GST is payable on reverse charge basis by recipient. **Discussion & Conclusion:-** ➲ In the given case, VHB & Co. is a **partnership firm of advocates** & provides legal service to a business entity - Tata Motors Ltd. ➲ Therefore, **Tata Motors Ltd.** is liable to pay GST under **reverse charge.**
5	**Legal Provision:-** As per **section 9(3)** of CGST Act, if **any service**, other than those covered under exception, are provided by **the Government to business entity** located in a taxable territory, then GST is payable under **reverse charge** by recipient. **Discussion & Conclusion:-** ➲ In given case, the government provides the Infra structural support services to business entity. ➲ The Infra structural support services **are not covered under exceptions** to services under reverse charge. ➲ Therefore, the **business entity** is liable to pay GST under **reverse charge.**

6	**Legal Provision:-** ➲ As per **section 9(3)** of CGST Act, if service of renting of immovable property is provided by Central Government **[excluding the Ministry of Railways (Indian Railways)]**, State Government, Union territory or local Authority to **any registered person** located in the taxable territory, then GST is payable under **reverse charge** by recipient. ➲ If recipient is **unregistered**, then the supplier of service will pay under **forward charge.** **Discussion & Conclusion:-** ➲ In this case, this service is provided by the **government** to an **unregistered business entity.** ➲ Thus, the supplier i.e. the Government is liable to pay GST under **forward charge.**

04. Section 9(4):- RCM in case of supply of specified categories of goods &/ or services by an unregistered supplier to specified class of registered persons

CCP 03.04.18.00

M/s Goyal Ganga, the promoter and builder registered under GST, started a new project "Royal House". Total cost of project is 300 crores, for which the promoter availed the following input and input services during the financial year 20XX-XY:-

Particulars	Amount (₹ in Lakhs)
Input other than cement purchased from ABC Pvt. Ltd. (registered supplier)	2.52
Input purchased from Mr. Anil (an unregistered supplier)	1.2
Input services received from M/s Subhash & Co. (an unregistered supplier)	0.48
Total Inward Supply	4.2

All the amounts given above are exclusive of GST, wherever applicable.

i) Determine the amount of GST payable and the person liable to pay GST, assuming that all the transactions are intra-state and are taxable at the rate of 18% (CGST 9% & SGST 9%).

ii) If in above case, M/s Goyal Ganga purchases cement from unregistered supplier, then mention the person who is liable to pay GST.

Answer:

Legal Provision:-

➲ As per **section 9(4)** of CGST Act, 2017 read with relevant notification, if promoter makes purchases from unregistered person, where the **value of inputs and input services purchased by promoter from registered supplier is less than 80%** (i.e. purchases exceeding 20% from unregistered supplier), then promoter is liable to pay GST under reverse charge on all such inward supplies (to the extent of shortfall to make it 80% of the inward supplies from registered supplier).

➲ In case of **purchase of Cement** by promoter from an unregistered person, promoter is liable to pay tax under reverse charge. In this case, the condition of 80% (as mentioned above) does not apply and promoter is liable to GST on such entire purchases of cement.

Discussion & Conclusion:-

i)	➲ In the given case, the total inward supplies of input or input services of M/s Goyal Ganga was **₹ 4.2 lakhs**, out of which inward supply of **₹ 2.52 lakhs** is from registered supplier which amounts to **60%** of total purchases of financial year. ➲ Therefore, there is a **shortfall of 20%** (i.e. 80%-60%) which amounts to **₹ 84,000** (i.e. 3,36,000-2,52,000).

	➲ The **promoter i.e. M/s Goyal Ganga is liable to pay GST under reverse charge @18% on ₹ 84,000** as under:- CGST = ₹7560/- (₹84000 *9%) SGST = ₹7560/- (₹84000 *9%)
ii)	➲ **M/s Goyal Ganga (the promoter) is liable to pay GST** on entire cement purchased from an unregistered supplier.

05. Section 9(5):- Liability of Electronic Commerce Operator (ECO)

CCP 03.05.19.00

A hotel owner provided accommodation in Haryana, through an electronic commerce operator Cool Trips. The hotel owner is not liable to get registered as per the provisions of section 22(1) of the CGST Act. Who is the person liable to pay GST in this case? Would your answer be different if the Electronic Commerce Operator Cool Trips does not have a physical presence in India?

Answer:

Legal Provision:-

➲ On recommendation of Council, Government notified specific categories of services the tax on intra state or inter State supplies of which shall be paid by electronic commerce operator (ECO), if such services are supplied through it.

➲ One of such services as per **section 9(5)** of CGST Act, 2017, is as under:-

Services by way of **providing accommodation in hotels** meant for residential or lodging purposes, except where person supplying such services through ECO is liable for registration under section 22(1) of CGST Act.

Discussion & Conclusion:-

➲ In view of above provision, **person liable to pay GST in this case is the ECO - Cool Trips** as the hotel owner is not liable to get registered under section 22(1) of the CGST Act & also supplying its services through ECO.

➲ All the provisions of the GST law shall apply to such ECO as if he is the supplier liable for paying the tax in relation to the supply of such services.

➲ If Cool Trips **does not have a physical presence** in India, person liable to pay tax is the **person representing the ECO -Cool Trips for any purpose in India.**

CCP 03.05.20.00

Mr. X wants to Open Cloud Kitchen and supply restaurant services only through Swiggy. The restaurant owner- Mr. X is not liable to get registered as per the provisions of section 22(1) of the CGST Act. Answer the following questions:-

1. Who is liable to pay tax in this case.

2. Whether ECO (i.e Swiggy) is required to collect TCS on the supply made by Mr. X.

3. Can ECOs use ITC to pay tax on restaurant services supplied through ECO?

Answer:

Legal Provision:-

➲ On recommendation of Council, Government notified specific categories of services the tax on intra state or inter State supplies of which shall be paid by electronic commerce operator (ECO), if such services are supplied through it.

➲ One of such services as per **section 9(5)** of CGST Act, 2017, is as under:-

Supply of restaurant service other than the services supplied by restaurant, eating joints etc. located at specified premises.

Discussion & Conclusion:-

1) The person liable to pay GST in this case is the **ECO- Swiggy**. All the provisions of the GST law shall apply to Swiggy as if it is the supplier liable for paying the tax in relation to the supply of such services. It is assumed that Open Cloud Kitchen does not come under the category of specified premises.
2) **No,** as the ECO - Swiggy is now liable to pay GST on the restaurant services, it will not be required to collect tax at source.
3) **No,** the tax liability shall be paid only in **cash.**

Chapter 4

COMPOSITION SCHEME

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S.No.	Description	Chap. code	Concept and Problem code	No. Illus.
1	Study Mat	04	Q. 04.06/04.10/04.11/05.15	04
2	Examination	04	Q. 03.04/04.05/04.08/04.12/05.13/05.14/05.16/ 06.18/07.20/	09
3	RTP & MTP	04	Q. 08.21/08.22/	02
4	Other	04	Q. 01.01/02.02/03.03/04.07/04.09/05.17/06.19/ 08.23/08.24	09
	Total No. of Illust.			24

01. Introduction to Composition Levy u/s 10

CCP 04.01.01.00

What is composition levy as per section 10 of CGST Act? Also state the threshold limit for opting to p tax under this scheme.

Answer:-

Eligibility of scheme:-

- The composition levy is an alternative method of levy of tax designed for small taxpayers.
- The option to pay tax under this scheme is available u/s 10(1)/ 10(2A) of CGST Act to a registered pers whose aggregate turnover in preceding financial year was not exceeding:-

a) Under section 10(1) of CGST Act:-

- ₹ 1.5 Cr in **other than** special category states but **including** Assam, Himachal Pradesh and Jammu Kashmir &
- ₹ 75 lakhs in special category states **except** Assam, Himachal Pradesh & Jammu & Kashmir.

b) Under section 10(2A) of CGST Act:-

- ₹ 50 lakhs for person who are ineligible to opt u/s 10(1).

- The benefit of composition scheme can be availed up to the turnover of ₹ 1.5 Cr / ₹ 75 / ₹ 50 lakh as the ca may be in the current financial year.

Objective:- To **bring simplicity & reduce compliance cost** for the small taxpayers.

Optional Scheme :- This scheme is optional and the eligible person opting this scheme can pay tax a **prescribed percentage of his turnover** every quarter, instead of paying tax at normal rate.

02. GST Rates Under Composition Levy u/s 10

CCP 04.02.02.00

What are the tax rates applicable to a registered person u/s 10(1) & 10(2A) composition scheme?

Answer:-

The registered persons who are eligible for composition scheme under **section 10(1) & Section 10(2A) re with Rule 7** of CGST Act shall pay tax at the rates specified in below table:-

Sr. No.	Category of registered persons	CGST Rate	SGST/ UTGST Rate	Total Tax Rate	Tax as a %
U/s 10(1) of CGST Act, 2017:-					
1.	Manufacturers, other than manufacturers of notified goods (ice cream, pan masala, tobacco etc.)	0.5%	0.5%	1%	The turnover in the State/ Union territory.
2.	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II [referred to as 'Restaurant service"]	2.5%	2.5%	5%	The turnover in the State/ Union territory.
3.	Other supplier eligible for composition levy u/s 10 (i.e. traders not being manufacturers)	0.5%	0.5%	1%	The turnover of taxable supplies of goods & service the State/Union territory.
U/s 10(2A) of CGST Act, 2017:-					
4.	Registered person eligible to opt for composition levy for services u/s 10(2A)	3%	3%	6%	The turnover in the State/ Union territory.

03. Section 2(6):- Aggregate Turnover for the purpose of Composition Levy

CCP 04.03.03.00

How to compute 'Aggregate Turnover' to determine eligibility for composition scheme?

Answer:-

As per **section 2(6) read with explanation 1 to section 10** of CGST Act, Aggregate Turnover for the purpose of composition scheme shall:-

Include:-

- Value of all outward supplies of goods &/or services in following **4 categories**:-
  - Taxable supplies
  - Exempt supplies (wholly exempt, nil rated & Non-taxable)
  - Exports
  - Inter-State supplies

  (For persons having **same PAN,** aggregate turnover is to **be computed on all India basis.)**
- Value of supplies made by registered person from **1st April of a Financial Year** upto the date when he becomes **liable for registration** under GST Acts.

Exclude:-

- CGST/ SGST/ UTGST/ IGST/ Cess.
- Value of inward supplies on which tax is payable by a person under **reverse charge.**
- Value of exempt supply of services of extending **deposits, loans or advances** where the consideration is by way of **interest or discount.**

This definition includes non-taxable supply, inter-state outward supply & export supply, but if **such supplies are made in current financial year** then, this levy shall be **withdrawn immediately** though Aggregate turnover is below the threshold limit for this scheme.

Author's Note (not part of ans):- The definition of aggregate turnover u/s 2(6) is applicable for the entire GST act and hence, it is used for all chapters. But, for composition levy, definition of agg. turnover needs to be considered as given in ans.

CCP 04.03.04.00

Zen Pvt. Ltd. is a dealer in goods having registered office at Noida, Uttar Pradesh and shops are located at Noida, Uttar Pradesh and Chennai, Tamil Nadu.

Details of various supplies both inward & outward undertaken by them during June 20XX quarter are given in the table below :-

All the values given in the table are inclusive of GST (CGST/SGST/ UTGST/IGST), wherever applicable. Applicable IGST Rate is 5% and CGST & SGST @ 2.5% each, on inward & RCM supplies as well.

S.No.	Particulars	Amounts (₹)
i	Export of goods to China from Noida	20,00,000
ii	Goods supplied to SEZ located at Delhi from Noida	15,00,000
iii	Supply of goods directly to customer from location of job worker at Lucknow (U.P.) after completion of job work. (Intra state)	2,00,000
iv	Sales from Chennai Shop (Inter State)	11,00,000
v	Local sales at Noida (Intra State)	25,00,000
vi	Services of transport availed from M/s. ABC Transport (Inter State)	3,00,000

vii	Commission paid to Mr. Nagar, Sales Executive which is not part of the terms of employment. (Intra State)	50,000

Calculate the aggregate turnover of Zen Pvt. Ltd. for June 20XX quarter. Brief and suitable notes shou form part of your answer. [CA IPC July 21 Exam]

Answer:- Computation of aggregate turnover of Zen Pvt. Ltd.:-

S.No.	Particulars	Amount (₹) [excluding GST]	Reason / Assumptions
i	Export of goods to China from Noida	20,00,000	**Includible** in the aggregate turnover & It is assumed that exports are made without payment of tax.
ii	Goods supplied to SEZ located at Delhi from Noida	15,00,000	**Includible** in the aggregate turnover & it is assumed tha supply of goods to SEZ are made without payment of ta
iii	Supply of goods directly to customer from location of job worker	1,90,476 (₹ 2,00,000 x 100/105)	**Includible** in the aggregate turnover of Zen Pvt. Ltd IGST be excluded from same.
iv	Sales from Chennai Shop (Inter State)	10,47,619 [₹ 11,00,000 x 100/105]	**Includible** in the aggregate turnover. Further, IGST be excluded from the same.
v	Local sales at Noida (Intra State)	23,80,952 [₹ 25,00,000 x 100/105]	**Includible** in the aggregate turnover & CGST and SGST be excluded from the same
vi	Services of transport availed	Nil	Inward supplies are **not included** in aggregate turnover.
vii	Commission paid to Sales Executive	Nil	Inward supplies are **not included** in aggregate turnover.
	Total aggregate turnover	**71,19,047**	

04. Composition levy u.s 10(1) & 10(2)

Eligibility based on Aggregate Turnover:-

CCP 04.04.05.00

Mr. Zafar of Assam, provides the following information for the preceding financial year 20XX-YY. Y are required to find out the aggregate turnover for the purpose of eligibility of composition levy schen and determine whether he is eligible for composition levy scheme or not for the F.Y. 20YY-ZZ.

Particulars	Amount (₹ in lakhs)
Value of taxable outward supplies (include ₹ 10 lakh of inter-state transactions)	50.00
Value of exempt supplies (include ₹ 30 lakh received as 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.	

[CA Inter Nov 19 Exam New]

Answer:- Legal Provision:-

➲ **As per section 10(1) of CGST Act**, a registered person can opt to pay tax under composition scheme, **aggregate turnover in preceding financial year was not exceeding** ₹ 1.5 Crore **other than** speci category states but including Assam, Himachal Pradesh & Jammu & Kashmir.

- As per **section 10(2)(c)**, he should not be engaged in making outward inter-state supply in current financial year
- As per **section 2(6)** read with explanation 1 to section 10 of CGST Act, Aggregate Turnover means aggregate value of all Taxable supplies, Exempt supplies (wholly exempt, nil rated & Non-taxable), Exports, Inter-State supplies of persons having **same PAN, to be computed on all India basis** but It excludes:-
  - CGST/ SGST/ UTGST/ IGST/ Cess &
  - Value of **inward supplies** on which tax is payable by a person under **reverse charge.**
  - Value of exempt supply of services provided by way of extending **deposits, loans or advances** in so far as the consideration is represented by way of **interest or discount.**

Discussion & Conclusion:-

- Computation of aggregate turnover of Mr. Zafar for F.Y. 20XX-YY for eligibility of composition levy:

Particulars	Amount (₹ in lakhs)
Value of taxable outward supplies	50
Value of exempt supplies	40
Value of inward supplies on which Mr. Zafar is liable to pay tax under reverse charge	Nil
Value of exports	5
Aggregate turnover for determining eligibility for composition scheme	**95**

- In the given case, the aggregate turnover of Mr. Zafar is ₹ 95 lakhs in preceding financial year 20XX-YY which is not exceeding ₹ 1.5 Crore.
- Therefore, Mr. Zafar is **eligible to opt for** composition scheme u/s 10(1) financial year 20YY-20ZZ assuming that he is not engaged in making any inter State outward supply of goods or services in financial year 20YY-20ZZ.

Note (just for understanding & not part of the ans):- Condition of **section 10(2) are not applicable for Previous year,** it is applicable only in the current year to check whether person is eligible for composition scheme or not.

Marginal service allowed u/s 10(1) & 10(2):-

CCP 04.04.06.00

M/s United Electronics, a registered dealer, is supplying all types of electronic appliances in the State of Karnataka. Their aggregate turnover in the preceding financial year by way of supply of appliances was ₹ 120 lakh. The firm also expects to provide repair and maintenance service of such appliances from the current financial year.

With reference to the provisions of the CGST Act, 2017, examine:

i) Whether the firm can opt for the composition scheme, under section 10(1) and 10(2), for the current financial year, as the turnover may include supply of both goods and services?

ii) If yes, up to what amount, the services can be supplied? [Study Mat] [CA Inter MTP Mar 23]

Answer:-

Legal Provision:-

- As per **section 10(1)** of CGST Act, a registered person can opt to pay tax under composition scheme, if **aggregate turnover in preceding financial year was not exceeding** ₹ 1.5 Crore in **other than** special category states but **including** Assam, **Himachal Pradesh** & Jammu & Kashmir.
- This scheme can be availed by a supplier making intrastate supply of goods and restaurant service.

➲ As per Second **proviso to section 10(1) of CGST Act,** A person who opts to pay tax u/s 10(1) may supp services (other than those referred to in clause (b) of paragraph 6 of Schedule II i.e. Restaurant service) current financial year, of value not exceeding the **higher of:-**

- ➢ 10% of turnover in a State or UT in the preceding financial year or
- ➢ ₹5 Lakhs.

Discussion & Conclusion:-

i) In the given case, M/s United Electronics **can opt for composition scheme** u/s 10(1) & 10(2) for the curre financial year as its aggregate turnover is Rs. 120 lakhs which is not exceeding ₹ 1.5 crore in the precedi financial year and it is not engaged in inter- State outward supplies.

ii) M/s United Electronics can supply repair and maintenance services up to a value of ₹ 12 lakhs [i.e. 10% o 120 lakh or ₹5 lakh, whichever is higher] in the current financial year.

Computation of tax in C.F.Y. under composition levy u/s 10(1) & 10(2) (involves calculation of marginal service, impact of interest on loan, etc.):-

CCP 04.04.07.00

M/s XYZ Pvt. Ltd., a manufacturer, having the only registered place of business in the state Maharashtra. Determine the eligibility to opt for composition scheme and also compute tax liability M/s XYZ Pvt. Ltd. on the basis of following information assuming that total value of service provided the company in Preceding Financial Year (PFY) is within the allowed limit of section 10(1) exce interest and restaurant service:-

Sr.No.	Particulars	PFY 20XX-YY (₹ in lakhs)	1st Qtr. 20YY-ZZ (₹ in lakhs)
1	Value of taxable supply of goods	90	20
2	Value of exempt supply of goods	20	5
3	Value of taxable supply of service	5	1
4	Value of exempt supply of Service	3	0.5
5	Value of restaurant & catering services	15	1.5
6	Interest on loan/advances /deposits	4	1.2

Calculate GST payable under composition scheme for 1st quarter of Current Financial Year (CF 20YY-ZZ.

Answer:-

Legal Provision:-

➲ As per **section 2(6)** of CGST Act, Aggregate Turnover means aggregate value of all Taxable suppli Exempt supplies (wholly exempt, nil rated & Non-taxable), Exports, Inter-State supplies of perso having **same PAN**, to **be computed on all India basis but It excludes:-**

- ➢ CGST/ SGST/ UTGST/ IGST/ Cess &
- ➢ Value of **inward supplies** on which tax is payable by a person under **reverse charge.**

➲ As per **Second proviso to section 10(1)**, A person who opts to pay tax u/s 10(1) may supply services (oth than Restaurant service) in current financial year, of value **not exceeding** the **higher** of:-

- ➢ 10% of turnover in a State or UT in the preceding financial year or
- ➢ Rs. 5 Lakhs.

➲ The value of exempt services of extending deposits, loans or advances where the consideration is interest discount **shall not be taken into account** to determine:-

- ➢ aggregate turnover,

- value of turnover in a State or Union territory for calculating marginal service allowed, &
- tax payable under composition scheme.

Calculations:-

a) Calculation of aggregate turnover of PFY 20XX-YY under composition scheme M/s XYZ Pvt. Ltd:-

Particulars	₹ in lakhs
Value of taxable supply of goods	90.00
Value of exempt supply of goods	20.00
Value of taxable supply of service	5.00
Value of exempt supply of service	3.00
Value of supply of restaurant & catering service	15.00
Aggregate Turnover	**133.00**

As aggregate turnover of PFY does not exceed ₹ 1.5Cr in Maharashtra, M/s XYZ Pvt. Ltd. **is eligible for composition levy.**

b) Calculation of value of supply of service to be allowed in CFY:-

- Company have registered place of business in Maharashtra only. Thus, aggregate turnover = turnover in state.
- Value of supply of service allowed is ₹13.3 lakhs (i.e., 10% of 133 lakhs or ₹5 lakhs, whichever is higher).
- Actual supply of service in CFY [i.e., taxable supply + exempt supply] other than restaurant services is ₹ 1.5 lakhs (i.e., Rs. 1 lakhs + Rs. 0.5 lakhs), which is within limit allowed.

c) Calculation of GST Payable on supply of goods and services except restaurant service:-

S.No.	Particulars	Amonut on ₹
1	Value of taxable supply of goods	20,00,000
2	Value of exempt supply of goods	5,00,000
3	Value of taxable supply of service	1,00,000
4	Value of exempt supply of service	50,000
Turnover in State		**26,50,000**
CGST @ 0.5%		13,250
SGST @ 0.5%		13,250
Total		**26,76,500**

d) Calculation of GST Payable on restaurant service:-

Particulars	Amount in ₹
Value of supply	1,50,000
CGST @ 2.5%	3,750
SGST @ 2.5%	3,750
Total	**1,57,500**

Note:- Manufacturer shall pay composition tax @ 1% (i.e., CGST & SGST @0.5% each) of turnover in state which also includes nil rate & wholly exempt supply whereas tax rate is 2.5% each CGST & SGST for restaurant & catering service.

Sec 10(1) read with Sec 10(2):- Conditions for Composition Scheme

CCP 04.04.08.00

Enumerate the persons who are not eligible to opt for Composition Scheme under section 10(2) of th CGST Act, 2017. [CA Inter May 23 Exam] [CA Inter Exam- May 19 New]

Answer:-

A registered person shall not be eligible to opt for composition scheme u/s 10(2) of CGST Act, if:-

a)	He is engaged in supply of services (**other than** those referred to in clause (b) of paragraph 6 o Schedule II), **exceeding the higher of:-** ➲ 10% of turnover in state or Union territory in preceding financial year or ➲ Rs. 5 lakhs.
b)	He is engaged in supply of goods or services **not leviable to tax** under GST law.
c)	He is engaged in **inter-State outward supplies** of goods or services.
d)	He is engaged in supply of services **through an electronic commerce operator,** who is required t collect tax at source u/s 52.
e)	He is a manufacturer of **notified goods**, i.e.,

Ice cream and other edible ice, whether or not containing cocoa	Fly ash bricks, Fly ash aggregates, Fly ash blocks
Pan Masala	Bricks of fossil meals or similar siliceous earths
Aerated Water	Building bricks
Tobacco and Manufactured tobacco substitutes	Earthen or roofing tiles

f)	He is a **casual taxable person** or a **non-resident taxable person.**

CCP 04.04.09.00

What are the goods notified by Government on the recommendation of the council whose manufactur in ineligible to opt for composition scheme u/s 10(2)(e) of CGST Act, 2017?
Are all these goods notified u/s 10(2A) also? If no, then mention goods notified u/s 10(2A).

Answer:-

➲ The following are the **goods notified** by Government on the recommendation of the council who **manufacturer** is **ineligible** to opt for composition scheme u/s 10(2)(e):-

Ice cream and other edible ice, whether or not containing cocoa	Fly ash bricks, Fly ash aggregates, Fly ash blocks
Pan Masala	Bricks of fossil meals or similar siliceous earths
Aerated Water	Building bricks
Tobacco and Manufactured tobacco substitutes	Earthen or roofing tiles

➲ **No,** only few goods are notified u/s 10(2A) of CGST Act, 2017 which are:-

➢ Ice cream and other edible ice, whether or not containing cocoa, Pan Masala, Aerated Water & Tobac and Manufactured tobacco substitutes.

CCP 04.04.10.00

Sultan & Sons, a partnership firm, in Nagpur, Maharashtra is a wholesaler of a taxable product 'P' a product 'Q' exempt by way of a notification, in the State of Maharashtra. Its aggregate turnover in t preceding financial year is ₹ 130 lakh. The firm wishes to opt for composition scheme under sectio

10(1) & 10(2). However, its accountant is of the view that a person engaged in making supply of exempt goods is not eligible for the said scheme. Discuss.

Note:- Assume that Sultan & Sons is not engaged in manufacture of goods as notified under section 10(2)(e). [Study Mat]

Answer:-

The **view taken by the accountant** of Sultan & Sons **is not valid in law.**

Legal Provision:-

- As per **section 10(1) of CGST Act,** a registered person can opt to pay tax under composition scheme, if **aggregate turnover in preceding financial year** was **not exceeding** Rs. 1.5 Crore other than special category states but including Assam, Himachal Pradesh & Jammu & Kashmir.
- As per **section 10(2)(b) & 10(2)(c) of CGST Act,** such person must not be engaged in making any supply of goods which are not leviable to tax under this Act and must not be engaged in making any inter-State outward supplies of goods respectively, for being eligible to pay tax under said scheme.

Discussion & Conclusion:-

- In the given case, the aggregate turnover of Sultan & Sons in the preceding financial year is ₹ 130 lakhs which is **not exceeding ₹ 150 lakhs** (i.e., ₹ 1.5 Crore) in Maharashtra.
- It is engaged in making only intra-State outward supply of goods.
- Product P supplied by it is taxable and Product Q supplied by it is leviable to tax but for the time being is exempted by way of notification.
- Therefore, **it is eligible for composition levy under section 10(1) & 10(2)** in the current financial year.

Sec 10(1) read with Proviso to sec 10(2):- Applicability to all Registrations under same PAN

CCP 04.04.11.00

Subramanian Enterprises has two registered places of business in Delhi. Its aggregate turnover for the preceding year for both the places of business was ₹ 120 lakh. It wishes to pay tax under composition levy section 10(1) & 10(2) for one of the places of business in the current year while under normal levy for the other unit. You are required to advice Subramanian Enterprises whether it can do so?

[Study Mat][CA Inter MTP Oct 21]

Answer:-

Legal Provision:-

- As per **section 10(1) of CGST Act,** a registered person can opt to pay tax under composition scheme, if **aggregate turnover in preceding financial year was not exceeding:-**
  - Rs. 1.5 Crore in other than special category states but including Assam, Himachal Pradesh & Jammu & Kashmir.
- As per **proviso to section 10(2),** all registered persons having the same Permanent Account Number (PAN) have to opt for composition scheme u/s 10(1). If any of them opts for normal scheme, then all such other persons also become ineligible for composition scheme.

Discussion & Conclusion:-

- In the given case, the aggregate turnover of Subramanian Enterprises for both the places of business in Delhi is Rs. 120 Lakhs which is not exceeding Rs. 1.5 Cr in the preceding financial year.
- Thus, it is eligible for composition levy in the current financial year **u/s 10(1) & 10(2).**
- Further, Subramanian Enterprises **can go for any one** of the following **two options:-**

➢ either opt for composition levy for both the places of business or

➢ opt for normal levy for both the places of business.

CCP 04.04.12.00

Mr. X is running a consulting firm and also a readymade garment showroom in Kolkata registered unde same PAN. Turnover of the showroom is ₹ 70 lakh and receipt of consultancy firm is ₹ 15 lakh in th 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?

[CA Inter Suggested Nov 18 Old]

Answer:-

Legal Provision:-

➲ As per **section 10(1) of CGST Act,** a registered person can opt to pay tax under composition scheme, **aggregate turnover in preceding financial year was not exceeding** ₹ 1.5 Crore **other than** speci category states but including Assam, Himachal Pradesh & Jammu & Kashmir

➲ As per **Second proviso to section 10(1),** A person who opts to pay tax u/s 10(1) may supply services (oth than Restaurant service), of value **not exceeding the higher of:-**

➢ 10% of turnover in a State or Union territory in the preceding financial year or

➢ Rs. 5 Lakhs.

Discussion & Conclusion for (1):-

➲ In given case, as Mr. X is engaged in supply of consultancy service along with sale of goods with th **Aggregate turnover** of preceding financial year is **Rs. 85 lakhs** which does not exceed ₹ 1.5 Crore.

➲ Thus, Mr. X **is eligible** to opt for composition scheme **u/s 10(1),** if value of supply of service to be provid in current financial year does not exceeds marginal limit allowed of ₹ 8.5 lakhs [i.e. higher of 10% * (₹ lakhs + ₹15 lakhs) or ₹5 lakhs].

Discussion & Conclusion for (2):-

➲ **No,** it is not possible for Mr. X to opt for composition scheme only for showroom as all the registratio under the same PAN have to opt for composition scheme & here, the person is **ineligible** to opt f composition levy as discussed above.

05. Composition levy u/s 10(2A):-

Conditions to opt for Composition Scheme u/s 10(2A):-

CCP 04.05.13.00

Explain in brief the conditions to be fulfilled by a registered person under GST law for availing the opti to pay concessional tax @ 3% (effective rate 6%) under GST as per the provisions of Sec 10(2A). [C Inter Nov 19 Exam New]

Answer:- The registered person desirous of availing the option to pay concessional tax @ 3% (effecti rate 6%) u/s 10(2A) of CGST Act, 2017 shall:-

1)	not be eligible for composition scheme u/s 10(1) & (2).
2)	not have the aggregate turnover in the preceding financial year exceeding ₹ 50 lakhs.
3)	not be engaged in making any supply of goods or services which are not leviable to tax.
4)	not be engaged in making any inter-State outward supply of goods or services.

5)	not be engaged in making any supply of services through an electronic commerce operator who is required to collect tax at source u/s 52.
6)	not be engaged in **manufacturing of goods** (i.e., Ice cream, pan masala, Aerated Water & tobacco & Manufactured tobacco substitutes or **supplying of such services as may be notified** by Government on recommendation of Council.)
7)	neither be a casual taxable person nor a non-resident taxable person.
8)	neither collect any tax from the recipient nor be entitled to any input tax credit.
9)	issue a bill of supply instead of tax invoice.

Note:- Any 5 conditions may be mentioned out of the above mentioned conditions for 5 marks.

CCP 04.05.14.00

Vansh Traders, a registered supplier, is providing restaurant services in Manipur. It has turnover of ₹ 55 lakh in the preceding financial year 20XX-YY. It has started providing intra- State event management services in the current financial year 20YY-ZZ 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 Sec 10(2A)? [CA IPC Jan 21 Exam]

Answer:-

Legal Provision:-

- A registered person who is **exclusively** engaged in providing services **other than restaurant services** is **not eligible** for the composition scheme u/s 10(1) & 10(2) of the CGST Act, 2017.
- Such person **is eligible for composition scheme u/s 10(2A)** of the CGST Act, 2017, provided his aggregate turnover in the preceding financial year does not exceed ₹ 50 lakh.

Discussion & Conclusion:-

- In the given case, Since Vansh Traders is engaged **exclusively in supply of services other than restaurant services** (viz. event management services) in the **current financial year** 20YY-ZZ, it is not eligible for composition scheme **u/s 10(1) & 10(2)** in said FY.
- Further, since its aggregate turnover in the preceding financial year 20XX-YY exceeds ₹ 50 lakh, **it cannot opt for the composition scheme u/s 10(2A)** also in the current financial year 20YY-ZZ.

Calculation of tax in C.F.Y. u/s 10(2A):-

CCP 04.05.15.00

Mr. Ajay has a registered repair centre where electronic goods are repaired/serviced. His repair centre is located in State of Rajasthan and he is not engaged in making any inter-State supply of services. His aggregate turnover in the preceding financial year (FY) is ₹ 45 lakh.

With reference to the provisions of the CGST Act, 2017, examine whether Mr. Ajay can opt for the composition scheme under section 10(1) &10(2) in the current financial year? Or whether he is eligible to avail benefit of composition scheme under section 10(2A)? Considering the option of payment of tax available to Mr. Ajay, compute the amount of tax payable by him assuming that his aggregate turnover in the current financial year is ₹ 35 lakh.

Will your answer be different if Mr. Ajay procures few items required for providing repair services from neighbouring State of Madhya Pradesh? [Study Mat]

Answer:-

Legal Provision:-

- A registered person who is **exclusively** engaged in providing services **other than restaurant services** **not eligible** for the composition scheme **u/s 10(1) & 10(2)** of the CGST Act, 2017.
- As per **section 10(2A)** of CGST Act, if a registered person is not eligible to opt to pay tax u/s 10(1) & (2) has aggregate turnover in preceding financial year not exceeding 50 Lakhs, then such person can opt to pa tax under composition scheme under section 10(2A).
- Then, supplies are liable to **GST @6% (i.e. CGST @3% & SGST @3%)** of the turnover in state till tl aggregate turnover reaches Rs. 50 lakhs.
- As per the conditions given u/s 10(2A), he should not be engaged in outward inter-state supply of goods services.

Discussion & Conclusion:-

- In the given case, since Mr. Ajay is **an exclusive supplier of services** (i.e. repair services) other tha restaurant services, he is not eligible for composition scheme under **section 10(1) & 10(2)**.
- However, Mr. Ajay is **eligible to avail the composition scheme** under section **10(2A)** as his aggrega turnover in the preceding FY was ₹ **45 lakhs** which does not exceed ₹ 50 lakh and he is not eligible to opt f the composition scheme under **section 10(1) & 10(2)**.
- Thus, the amount of **tax payable** by him as per the composition scheme under section 10(2A) is **₹ 2,10,0(** [6% of ₹ 35 lakh].
- There is restriction on making inter-state outward supply and not on inter-State procurement of gooc Hence, **answer will remain the same** even if Mr. Ajay procures few items from neighbouring State, Madhya Pradesh.

CCP 04.05.16.00

(a) Chanchal started providing beauty and grooming services and inaugurated "Care & Care Beau Centre" in Janak Puri, Delhi on 01st April, 20XX. She opted to pay tax under sec 10(2A) scheme. T aggregate turnover of Care & Care Beauty Centre for the quarter ending 30th June, 20XX was ₹ lakh. Further, for the half year ending 30th September, 20XX, the turnover reached ₹ 50 lakh. Ca & Care Beauty Centre recorded a rapid growth and the turnover reached ₹ 70 lakh by the end October, 20XX. Determine the total tax liability of Care & Care Beauty Centre by the end October, 20XX.

(b) Care & Care Beauty Centre wishes to opt for composition scheme from the next financial year. Y are required to advise it whether it can do so?

Note:- Rate of GST applicable on such services is 18%. [CA Inter RTP May 2020][CA Inter RTP May 2 Similar Question][CA Inter MTP April 24(Similar)]

Answer:-

(a) Legal Provision:-

- A registered person who is **exclusively** engaged in providing services **other than restaurant services** **not eligible** for the composition scheme u/s 10(1) & 10(2) of the CGST Act, 2017.
- As per **section 10(2A)** of CGST Act, if a registered person is not eligible to opt to pay tax u/s 10(1) & (2) has aggregate turnover in preceding financial year not exceeding Rs. 50 Lakhs, then such person can opt pay tax under composition scheme under section 10(2A).
- Such supplies will be liable to GST @6% **(i.e. CGST @3% & SGST @3%)** of the turnover in state from April in current financial year **upto the time when the aggregate turnover of current financial ye**

reaches ₹ 50 Lakhs & thereafter at normal tax rates.

- As per **explanation 2 to Sec 10**, to determine tax payable u/s 10, 'turnover in State or Union territory" **shall not include** supplies from 1st April of a financial year upto the date when such person becomes liable for registration under GST Act.

Calculation:-

Computation of the total tax liability of Care & Care Beauty Centre by the end of October, 20XX:-

Period	Tax Rate	Turnover(₹)	Tax Liability (₹)
Quarter I	Since, aggregate turnover did not exceed ₹ 20 lakh, it was not required to obtain registration u/s 22 of CGST Act. Hence, no tax was required to be paid.	20 Lakhs	Nil
Quarter II	Effective rate is 6% (CGST @3% + SGST/ UTGST @3%]	30 Lakhs [50L-20L]	1,80,000
October 20XX	Normal rate of GST of 18% is to be applied.	20 Lakhs [70L-50L]	3,60,000
Total Tax Payable			**5,40,000**

(b) **No,** Care & Care Beauty Centre cannot opt for composition scheme u/s 10(2A) from the next financial year as the aggregate turnover in the current financial year is exceeding ₹ 50 lakhs.

CCP 04.05.17.00

Hyundai Service Centre, registered under GST in the state of Maharashtra, provides car servicing to various customers at intra-state level. The turnover of preceding financial year (PFY) was ₹ 45 lakhs and turnover of 1st quarter of current financial year (CFY) was ₹ 48 lakhs which includes ₹ 30 lakhs from provision of service and ₹ 18 lakhs from sale of goods (spare parts).

i) State whether Hyundai Service Centre can opt for composition scheme in CFY.

ii) Determine the tax liability under Section 10(2A).

(Normal tax rates for goods - 12%, for services - 18%, & tax rate under composition scheme – 6%).

Answer:-

Legal Provision:-

- As per **section 10(1)** of CGST Act, if a registered person is solely/dominantly engaged in providing services other than restaurant services, such person is not eligible for composition levy u/s 10(1).
- As per **section 10(2A)** of CGST Act, if a registered person is not eligible to opt to pay tax u/s 10(1) & (2) & has aggregate turnover in preceding financial year not exceeding ₹ 50 Lakhs, then such person can opt to pay tax under composition scheme under section 10(2A).
- U/s 10(2A) scheme, supplies will be liable to GST @6% (i.e. CGST @3% & SGST @3%) of the turnover in state from 1st April in current financial year upto the time when the aggregate turnover of current financial year reaches ₹ 50 Lakhs & thereafter at normal tax rates.

Discussion & Conclusion (i):-

- In the given case, Hyundai Service Centre is **not eligible** to opt for composition scheme **u/s 10(1)** as it is predominantly supplying car servicing along with goods.
- The aggregate turnover is ₹ 45 lakhs in preceding financial year which does not exceed ₹ 50 lakhs & thus, **it is eligible** to opt for composition scheme in current financial year **u/s 10(2A).**

Discussion & Answer for (ii):-

- As the aggregate turnover of Hyundai Service Centre in 1st quarter of current financial year was ₹ 48 lakhs,

it is eligible for levying GST @6 % on entire turnover of ₹ 48 lakhs as there is no restriction on supply goods as per section 10(2A) along with supply of services.

➲ The Tax Liability of Hyundai Service Centre for the 1st quarter of CFY is as follows:-

Particulars	Turnover of goods (₹)	Turnover of Service (₹)
Value of Supply	18,00,000	30,00,000
CGST@3%	54,000	90,000
SGST@3%	54,000	90,000
Total GST Payable	**1,08,000**	**1,80,000**

Author's Note (not part of ans):-

If transactions are B2C, then it is advisable that person must opt for composition scheme.

06. Combine Questions on Sec 10(1), 10(2) & 10(2A)

CCP 04.06.18.00

Determine whether the supplier in the following cases are eligible for composition levy 10(1)/10(2A) provided their turnover in preceding financial year does not exceed ₹ 1.5 Crore:-

i) Sugam Manufacturers has registered offices in Punjab and Haryana and supplies goods neighbouring States. [Study Mat]

ii) Can a person paying tax under composition scheme make supplies of goods to SEZ?

iii) Raju is engaged in the manufacture of 'Fly ash Bricks' in the State of Kerala. He started his activity the month of April, 20XX and deals only in intra-State. His tax consultant advised him to regist under composition levy under GST as Raju's turnover is expected to be below ₹ 1 crore for the sa financial year.

Briefly discuss the relevant provision, correct conclusion & validity of given advi (Correct/Incorrect). [CA Inter Nov 22 Exam] [CA Inter MTP Sep 23 (Similar)]

Answer:-

i) **Legal Provision:-**

➲ As per **sections 10(2)(c) & 10(2A)** of CGST Act, Supplier who is engaged in making any **inter-Stat outward supplies of goods or services** is not eligible to opt for composition scheme u/s 10(1) 10(2A) respectively.

Discussion & Conclusion:-

➲ In the given case, Sugam Manufacturers supplies goods in neighbouring States.

➲ Thus, It is **not eligible** for composition levy **u/s 10** as it is making outward inter-state supply.

ii) **Legal Provision:-**

➲ As per **sections 10(2)(c) & 10(2A)** of CGST Act, Supplier who is engaged in making any inter-Stat outward supplies of goods or services is not eligible to opt for composition scheme u/s 10(1) 10(2A) respectively.

Discussion & Conclusion:-

➲ In the **given case, supply of goods to SEZ from** domestic tariff area will be treated as inter-Stat supply as per section 7 of IGST Act.

➲ Thus, person making such supplies is **not eligible** to opt for composition levy **u/s 10.**

➲ Further, for making supplies of goods to an SEZ unit, a person needs to **take registration as regular taxpayer.**

iii) **Legal Provision:-**

➲ As per **section 10(2)(e)** of CGST Act, 2017, a registered person manufacturing notified goods, one of which is Fly ash Bricks, is not eligible to opt for composition scheme u/s 10(1), **even if** his aggregate turnover does not exceed ₹1.5 crore.

Discussion & Conclusion:-

➲ In the given case, since Raju is engaged in manufacture of fly ash bricks which is a notified good u/s 10(2)(e), he **cannot opt for composition levy** even though his aggregate turnover in the preceding financial year is nil.

➲ Thus, the **advice** given by his tax consultant is **not correct.**

CCP 04.06.19.00

Mr. Amar is running a consultancy firm and also a readymade garment showroom which are registered under same PAN. Turnover of the showroom is ₹ 35 lakhs and Receipt of the consultancy firm is ₹ 15 Lakhs in the current financial year.

a) Whether Mr. Amar is eligible for Composition Scheme u/s 10 of CGST Act (Assume turnover in state of preceding financial year is ₹10 Lakhs)?

b) If instead of consulting agency, Mr. Amar is running a Restaurant, whether he is eligible for composition?

c) If the turnover of Garment showroom is ₹ 1.5 Cr in the preceding financial year and there is no consultancy firm, whether he is eligible for Composition?

Answer:-

Legal Provision:-

➲ As per **section 10(1) read with second proviso thereto,**

- ➤ a person providing Restaurant service can opt for composition scheme without any limit for supplying such service &
- ➤ person who opts to pay tax u/s 10(1) may supply services (other than Restaurant service) in current financial year, of value **not exceeding higher of**:-
  - ✒ 10% of turnover in a State or UT in the preceding financial year or
  - ✒ ₹ 5 Lakhs.

➲ As per **section 10(2)(a)** of CGST Act, if any person is engaged in supply of services except as allowed above, then such person is ineligible for composition levy u/s 10(1).

➲ As per **section 10(2A)** of CGST Act, if a registered person is not eligible to opt to pay tax u/s 10(1) & (2) & has aggregate turnover in preceding financial year not exceeding ₹ 50 Lakhs, then such person can opt to pay tax under composition scheme under section 10(2A).

Discussion & Conclusion:-

a) **No,** Mr. Amar is **not eligible** for composition scheme **u/s 10(1)** because:-

- ➤ he is supplying consultancy service of ₹ 15 lakhs in current financial year
- ➤ which is more than the limit allowed ₹ 5 Lakhs (i.e., 10% of Rs. 10 lakhs or Rs. 5 lakhs, whichever is higher)

But, Mr. Amar **can opt** for composition scheme **u/s 10(2A)** as his aggregate turnover in preceding financial year ₹ 10 Lakhs which is not exceeding ₹ 50 Lakhs.

b) **Yes,** as Mr. Amar is providing Restaurant services which **are eligible** for **composition scheme u/s 10(1) read with second proviso to section 10(1)** without any limit for providing such service and hence, not becoming ineligible u/s 10(2)(a) also.

c) **Yes,** Mr. Amar, being a trader, **is eligible** for composition scheme **u/s 10(1)** and his aggregate turnov also is not exceeding ₹1.5 Crore in the preceding financial year.

07. Penalty u/s 10(5)

CCP 04.07.20.00

Mr. Zaid, registered in Himachal Pradesh, is engaged in making inter-State outward supplies apparels. The aggregate turnover of Mr. Zaid in the financial year 20XX-YY is 70 lakh. He opted f composition levy in the year 20YY-ZZ and paid tax for the quarter ending June, 20YY under compositi levy. The proper officer has levied penalty on Mr. Zaid in addition to the tax payable by him. You a required to examine the validity of the action taken by proper officer. [CA Final Nov 18 exam]

Answer:-

The action taken by proper officer is valid in law.

Legal Provision:-

- As per **section 10(1)** of CGST Act, a registered person can opt to pay tax under composition scheme, **aggregate turnover in preceding financial year was not exceeding** ₹ 1.5 Crore in other than spec category states but **including** Assam, **Himachal Pradesh** & Jammu & Kashmir.
- Further, as per **section 10(2)(c)**, a registered person is eligible to opt for composition levy if he is n engaged in making any inter-state outward supplies of goods or services.
- As per **Section 10(5)**, if a taxable person has paid tax under the composition scheme though he was n eligible for the scheme, then the person would be liable to penalty in addition to tax payable by him to **determined as per section 73 or 74 or 74A** of CGST Act.

Discussion:-

- In the given case, Mr. Zaid is engaged in **making inter-State outward supplies of goods.**
- So, **he is not eligible** to opt for composition levy u/s 10(2)(c) irrespective of aggregate turnover in t preceding financial year. Still, he paid tax for quarter ending June, 20YY under composition levy.

Conclusion:-

- So, the action taken by proper officer to levy penalty u/s 10(5) on Mr. Zaid in addition to tax payable by hi is **valid in law.**

Author's Note (not part of ans):- in Question, the words '**is engaged** in making inter-State outwar supplies" can be interpreted as the person is engaged in interstate outward supply in current financial ye also.

08 Procedural Questions on composition levy

CCP 04.08.21.00

The due date for payment of tax by a person paying tax under section 10 of the CGST Act, 2017, i.e., composition supplier is aligned with the due date of return to be filed by the said person. Discuss t correctness or otherwise of the statement. [CA Inter RTP Nov 2020]

Answer:-

- The statement is **not correct.**
- Every registered person who is paying tax u/s 10 of CGST Act (i.e., a composition supplier) is required file **a return in Form GSTR-4 annually by 30th June** of the succeeding financial year.
- However, a composition supplier is required to pay tax on a quarterly basis.

➲ A **quarterly statement** for payment of self-assessed tax in GST CMP-08 is required to be furnished by **18th day** of the month succeeding such quarter.

➲ Therefore, though the **return** is to be furnished **annually, payment** of tax needs to be made on a **quarterly basis,** by a composition supplier.

CCP 04.08.22.00

A person availing composition scheme, under sub-sections (1) & (2) of section 10, in Haryana during a financial year crosses the turnover of ₹1.5 crore in the month of December. Will he be allowed to pay tax under composition scheme for the remainder of the year, i.e. till 31st March? Please advise.

[CA Inter MTP Oct 21] [Study Mat]

Answer:-

➲ **No.** As per **section 10(3) of CGST Act,** the option availed of by a registered person u/s 10(1) **lapses with effect from the day** on which his aggregate turnover during a financial year **exceeds the threshold limit** as specified u/s 10(1) of ₹1.5 Crore.

➲ Once he crosses the threshold, he is required to **file an intimation for withdrawal** from the scheme in prescribed form **within 7 days** of the occurrence of such event.

➲ After filing such intimation, he may furnish a statement in prescribed form **within a period of 30 days from the date from which the option is withdrawn** containing details of:-

- stock of inputs and
- inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn.

CCP 04.08.23.00

Explain the following in accordance with provisions of GST Act pertaining to composition scheme u/s 10:-

i) Whether the composition scheme u/s 10 is optional or compulsory?

ii) Can composition tax be collected from customers?

iii) Can a registered person, who purchases goods &/or services from a taxable person paying tax under composition scheme, avail credit of tax paid on purchases made from such person?

iv) Can a person who has opted to pay tax under the composition scheme avail Input Tax Credit on his inward supplies?

v) Can a person paying tax under the composition scheme issue a tax invoice under GST?

Answer:-

i)	Composition scheme u/s 10 is **optional** provided the eligibility criterion & all conditions to opt the scheme are satisfied.
ii)	**No,** as per **section 10(4)** of CGST Act, a person paying tax under composition scheme shall not collect any tax from the recipient on supplies made by him as he cannot issue tax invoice.
iii)	**No,** this is because:- ➲ As per **section 10(4)** of CGST Act, the composition dealer cannot collect tax from recipient on supplies made by him as he cannot issue tax invoice. ➲ Thus, the registered person making purchases from a composition supplier cannot avail credit of tax paid as no tax is charged to him by the said person. ➲ As per **section 17(5)** also, the input tax credit is blocked for inward supply from the person paying tax under composition scheme u/s 10.

iv)	**No**, as per **section 10(4)** of CGST Act, any taxable person opting to pay tax under the compositic scheme u/s cannot avail any input tax credit on his inward supplies.
v)	**No**, the person paying tax under composition scheme of GST shall issue bill of supply instead of t invoice.

CCP 04.08.24.00

In accordance with the provisions of GST Act, Give answers to the following questions pertaining composition scheme:-

i) Can a person making application for fresh registration under GST opt for composition levy at the ti of making application for registration?

ii) Can the option to pay tax under composition levy be exercised at any time of the year by a register person?

iii) Can a person having branches registered separately under same PAN opt to pay tax unc composition scheme for any one of its branches while paying tax for others at normal rates? Or Will a taxable person be eligible to opt for composition scheme only for 1 out of 3 business verticals? Can a person having registration in multiple states opt for payment of tax under composition le only in one state and not in other state?

Answer:-

i)	➲ **Yes,** a Person **can avail the option** to pay tax under the composition scheme at the time of making application for registration. ➲ For this, the details are to be filed in Part B of FORM GST REG-01. ➲ This **form will be considered as intimation** to pay tax under the composition scheme u/s 10 of CG Act.
ii)	➲ **No,** the **person who is already registered** under GST Act can opt to pay tax under composition scheme u/s 10 **prior to the commencement of the relevant financial year** for which said optio is to be exercised. ➲ For this, an **intimation** is to be filed in Form GST CMP-02 on the GST Common Portal electronically ➲ However, the composition scheme shall be availed from beginning of the financial year only for whi the intimation is given. ➲ But, if a **person applied for registration in between the year**, then he can opt for compositi scheme by filling the details in Part B of FORM GST REG-01.
iii)	➲ **No,** a registered person shall not be eligible to opt for the composition scheme u/s 10 unless all such registered persons (i.e., branches having separate registration under a single PAN) opt to pay tax under composition scheme. ➲ This scheme would **be applicable to all registrations separately held by person with same PAN.**

Chapter 5

Value of Supply

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2	Examination	05	Q. 01.07/04.16/04.21	03
3	RTP & MTP	05	Q. 04.15/04.17/04.19/04.20	04
4	Other	05	Q. 01.01/01.02/01.03/03.12/04.13/	05
	Total No. of Illust.			21

01. Sec 15(2):- Additions to Transaction Value

CCP 05.01.01.00

Can any addition be made to the contracted price when 'Transaction Value' is acceptable?

Answer:

Yes, As per **section 15(2)** of CGST Act, 2017, the following **inclusions** shall be made **to the transaction valu** determined as per section 15(1):-

a) any taxes, duties, cesses, fees and charges levied under any law other than the GST law, if charg separately by the supplier.

b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by t recipient & also not included in the price actually paid or payable for the goods &/or services.

c) incidental expenses, including commission and packing, charged by the supplier to the recipient, and a amount charged for anything done by the supplier in respect of the supply until delivery of goods or supp of services.

d) interest or late fee or penalty for delayed payment of any consideration for any supply &

e) subsidies directly linked to the price excluding subsidies provided by the Central Government & Sta Government.

Sec 15(2)(a): Taxes, duties, Cess, Fees and Charges other than GST

CCP 05.01.02.00

Determine whether the following taxes and their value shall be included in the value of supply as p section 15 of CGST Act for levy of GST:-

i) Mr. R recovers rent for premises of ₹15,000 and a house tax of ₹1000 per month.

ii) Contract price of supply of goods is 14,000 inclusive of GST is 18%.

iii) An Indian company is required to pay ₹ 1,00,000 to a German company for technical knowhow. deduced ₹ 10,000 as income tax at source and paid ₹ 90,000 to the German company.

Answer:

Legal Provision:- As per **section 15(2)(a)** of CGST Act, 2017, the value of supply shall **include** any taxe duties, cesses, fees and charges levied under any law **other than the GST law (i.e. other than CGST, SGS UTGST, IGST & GST Compensation Cess)**, if charged separately by the supplier.

Discussion & Conclusion:- Thus, the treatment and valuation in various cases asked shall be as under:-

i)	The **Value of supply** shall be **₹16,000** which is including the house tax (i.e. Rent ₹ 15,000 + House tax ₹ 1,000).
ii)	Contract Value is ₹ 14,000 including GST @18%. **GST charged** shall be worked out **as per Rule 35** CGST Rules i.e. ₹14,000 * 18/118 = ₹2,1366. Thus, the **value of supply** for GST will be **₹11,864.**
	Author's Note:- we can show value of supply excluding GST as ₹ 14,000 * 100/118 = ₹11,864
iii)	The **value of taxable supplies** on which the Indian company will pay GST under **reverse charge** sha be **₹1,00,000** which is including TDS under income tax act.

Sec 15(2)(b): Payment made to third party

CCP 05.01.03.00

XYZ Ltd. sells plant & machinery installed at its factory on 'as is whereas basis at ₹2,00,000. In order t remove machinery from the factory, the buyer incurs dismantling charges of ₹ 3000, which are paid t third party. Determine the value of supply as per GST Act.

Answer:

Legal Provision:-

As per **section 15(2)(b) of CGST Act, 2017,** the value of supply shall include any amount that the supplier is liable to pay in relation to such supply but-

- which has been incurred by the recipient of the supply and
- not included in the price actually paid or payable for the goods &/or services.

Discussion & Conclusion:-

- In given case, XYZ Ltd. sells the plant & machinery on 'as is whereas basis' where the dismantling charges are directly incurred by buyer without the supplier having any liability of the same.
- Thus, dismantling charges shall not be included in transaction value ₹ 2,00,000 of XYZ Ltd.
- Thus, the value of supply shall be ₹ 2,00,000 in this case & the dismantling charges ₹ 3,000 shall be **separately treated** in the invoice of third party and not in the invoice of supplier.

CCP 05.01.04.00

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

Answer:

No. The argument of AKJ Foods Pvt. Ltd. is **not correct.**

Legal Provision:-

- **Section 15(2)(c)** of CGST Act, specifies that amount charged for anything done by supplier in respect of supply at the time of or before delivery of goods or supply of services shall be **included** in value of supply.

Discussion & Conclusion:-

- In the given case, Since AKJ Foods Pvt. Ltd. does the testing on customer's request before the delivery of goods, the charges therefore will be included in the value of the consignment.
- The **testing fee should be added to the price** to arrive at value of the consignment.

CCP 05.01.05.00

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 upto 20 kms. Where the distance is more than 20 kms, the showroom charges a concessional freight of ₹ 10 for every additional km.

Ms. Leena Kapoor purchases a double bed, a dressing table and a centre table for ₹ 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 ₹ 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 km away from showroom?

[Study Mat]

Answer:

Legal Provision:-

As per **section 15(2)(c)** of the CGST Act, the value of supply **includes**:-

- incidental expenses, including commission and packing, charged by supplier to recipient **&**
- any amount charged for anything done by the supplier in respect of the supply **until delivery of goods** **supply of services.**

Discussion & Conclusion:-

- In the given case, the showroom is not charging any amount towards freight from Ms. Leena but incurri the same out of its own pocket.
- Thus, the same shall **not be added to value** & the **value of supply will be ₹2,00,000** in this case.
- However, the answer will change in the second case when the showroom will charge ₹ 300 for freig [(50km – 20 km) x ₹10] from Ms. Leena.
- In this second case, the supply will be a **composite supply where the principal supply being the supply furniture** and **value** thereof will be **₹2,00,300.**

Sec 15(2)(d): Interest, late fee or penalty for delayed payment of consideration

CCP 05.01.06.00

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

Answer:

The **Contention** of Department to add notional interest is **not valid in the eyes of law.**

Legal Provision:-

- As per **section 15(1)** of CGST Act, 2017, value of supply is the transaction value (i.e. price actually paid payable) where price is sole consideration for supply & supply is made to unrelated person.
- As per **section 15(2)(d)** of CGST Act, 2017, the value of supply shall include **Interest or late fee or penal for delayed payment** of any consideration for supply.
- Such interest is added to transaction value on receipt basis & **not on notional basis.**

Discussion & Conclusion:-

- In given case, Mezda Banners waived the interest payable for delay of two days & thus, it did not actua receive that notional interest.
- **Once waived,** the interest is not payable and is therefore, **not to be added to the value.**

CCP 05.01.07.00

M/s. Chand is a manufacturer of Paper products having factory at Pune, Maharashtra. M/s. Kela a M/s. Bela of Mumbai, Maharashtra are appointed as agents to sell the products on behalf of M/ Chand with the conditions that both of them guarantee the realization of payment from buyers. Bo M/s. Kela and M/s. Bela provide short-term borrowing facilities to buyers for timely payment of du against supplies made to them and for this they charge interest from the ultimate buyer. While M/ Kela raises invoices in the name of M/s. Chand and M/s. Bela raises invoices in its own name.

In light of provisions contained in Para 3 of Schedule I of CGST Act, kindly explain treatment interest charged by M/s. Kela and M/s. Bela in above mentioned cases. [CA IPC July 21 Exam]

Answer:-

- M/s. Kela and M/s. Bela are del credere agents (DCA) of M/s. Chand as they guarantee payment to supplier.
- A DCA falls under the ambit of 'agent' under **Para 3 of Schedule I** of the CGST Act, 2017, if the **invoice** for supply of goods **is issued by the DCA in its own name.**
- However, if the invoice for supply of goods is issued by the supplier to the customer, either himself or through DCA, the DCA is not an 'agent' in terms of Para 3 of Schedule I.
- Thus, **M/s. Bela is an agent of** M/s. Chand in terms of Para 3 of Schedule I, **M/s. Kela is not.**
- **Where the DCA is not an agent under Para 3 of Schedule I:-**
  - the temporary short-term loan being provided by DCA to the buyer is a supply of service by the DCA to the recipient on principal-to-principal basis and is an independent supply.
  - Said supply is specifically exempt from tax.
  - Thus, interest charged by M/s. Kela is an independent supply and is exempt from tax.
- **Where the DCA is an agent under Para 3 of Schedule I:-**
  - the temporary short -term credit being provided by DCA to the buyer no longer retains its character of an independent supply and is subsumed in the supply of the goods by the DCA to recipient.
  - Interest charged for such credit is also included in value of supply of goods by DCA to recipient.
  - Thus, interest charged by M/s. Bela will be included in the value of goods supplied by it.

Sec 15(2)(e): Subsidies by private enterprises

CCP 05.01.08.00

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

Answer:

Legal Provision:-

- As per **section 15(2)(e)** of CGST Act, 2017, the value of supply shall **include** Subsidies directly linked to the price **excluding** subsidies provided by the Central Government & State Government.

Discussion & Conclusion:-

- In this case, the subsidy is **not given by Government** but by a philanthropic association to subsidize the education & is **directly linked** to the fee charged.
- Thus, **subsidy is to be added back to the price** to arrive at the taxable value, i.e. ₹5 lakh in a year.

CCP 05.01.09.00

Sharp Minds Institute provides coaching for engineering entrance examinations. Monthly fee charged by the Institute from a student is ₹ 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 ₹ 3,00,000 as coaching fees during a month. Nav Jeevan, an NGO working in the area of education for underprivileged children, has given a subsidy of ₹ 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 Minds Institute during the month. [Study Mat]

Answer:

Legal Provision:-

➢ As per **section 15(2)(e)** of CGST Act, 2017, the value of a supply includes subsidies directly linked to th price, excluding subsidies provided by the State Governments and the Central Government.

Discussion & Conclusion:-

➢ In the given case, though the subsidy is given by a **non-Government body**, the same is **not includible** in th value as it is given **in lumpsum and not directly linked to the price** of the supply being valued.

➢ Therefore, the **value of supply** made by Sharp Minds during the month **is ₹ 3,00,000.**

02. Sec 15(3): Deduction of Discount

CCP 05.02.10.00

Describe the conditions to be satisfied for availing deduction of post supply discounts from the value supply as per the provisions of section 15(3) of the CGST Act 2017. [CA Inter May 24 Exam] [Study M (Similar)

Answer: Conditions to be satisfied for availing deduction of post supply discounts from the value supply as per Section 15(3) of the CGST Act, 2017 are as follows:

(i) Discount is in terms of an agreement entered into

(ii) At or before the time of supply.

(iii) Discount can be specifically linked to relevant invoices.

(iv) Input tax credit as is attributable to the discount on the basis of document issued by supplier is revers by the recipient of the supply.

(v) Supplier should obtain CA/CMA certificates or recipient undertakings/certificate (where total tax is n exceeding ₹5,00,000 in a financial year) certifying the proportionate reversal of ITC by recipient for cre note issued by supplier & this will be considered admissible evidence for compliance with Sec 15(3)(b).

CCP 05.02.11.00

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

Answer:

Legal Provision:- As per **section 15(3)** of CGST Act, 2017, the **discount given after effecting Supply shall deducted from transaction value if:-**

➲ such discount is given as per **agreement** entered into at or before the time of such supply,

➲ it is specifically **linked to relevant invoices &**

➲ the recipient of supply **reverses the Input tax credit** on such discount on the basis of document issued the supplier.

Discussion & Conclusion:-

➲ In the given case, Crunch bakery products Ltd. has given additional discount **after** supply of goods whi was not agreed at the time of supply.

➲ Therefore, such discounts **cannot be reduced** from the price on which tax had been paid.

03 . Explanation to section 15:- Related Persons

CCP 05.03.12.00

When will the recipient and supplier be treated as related person?

Answer: As per **explanation to section 15** of CGST Act, 2017, **persons shall be deemed to be "related persons" if:-**

(i) Such persons are officers or directors of one another's businesses

(ii) Such persons are legally recognised partners in business

(iii) Such persons are employer and employee

(iv) Any person directly or indirectly owns, controls or holds twenty-five percent or more of the outstanding voting stock or shares of both of them

(v) One of them directly or indirectly controls the other

(vi) Both of them are directly or indirectly controlled by a third person

(vii) Together they directly or indirectly control a third person or

(viii) They are members of the same family

(ix) They are associated in the business of one another where one is the sole agent/ sole distributor/ sole concessionaire of the other.

04.Combined Questions on section 15:-

CCP 05.04.13.00

Determine the value of taxable supply from the following information in accordance with the provisions of section 15 of the CGST Act 2017:-

Particulars	Amount in ₹
Contract Value of goods inclusive of GST @ 12%	9,50,000
The above value of goods includes the following charges:-	
-Packing & Handling charges	15,000
-Assembling & Pattern making charges	22,000
-Testing charges	11,000
Transport charges paid by recipient on behalf of supplier, which has not been included in the contract value	7,500

Answer: Computation of Value of Taxable supply:-

Particulars	₹	Remark
Total Contract price of goods	9,50,000	It is inclusive of GST, Packing & Handling charges, Assembling & Pattern making charges & Testing charges as given in Question.
Less:- GST @ 12% [₹ 9,50,000 *12/112]	(1,01,786)	It is not includible in value **u/s 15(2)(a)** of CGST Act, 2017.
Add:- Packing & Handling charges Assembly & pattern making charges Testing charges	Nil	As per **sec 15(2)(e)**, any incidental expenses charged by the seller to the buyer at the time of supply is includible in the value of supply. In given case, it is already included in value of supply, hence not to be added separately.
Add:- Transport charges	7,500	As per **sec 15(2)(b)**, any amount paid by the recipient for which supplier is under contractual obligation to pay & such amount is not included in price, then it shall be added in price.
Value of taxable Supply	**8,55,714**	

CCP 05.04.14.00

Samriddhi Advertisers conceptualized and designed the advertising campaign for a new produc launched by New Moon Pvt. Ltd. for a consideration of ₹ 5,00,000. Samriddhi Advertisers owed 20,000 to one of its vendors in relation to the advertising service provided by it to New Moon Pvt. Ltc Such liability of Samriddhi Advertisers was discharged by New Moon Pvt. Ltd. New Moon Pvt. Ltc delayed the payment of consideration and thus, paid ₹ 15,000 as interest.

Determine the value of taxable supply made by Samriddhi Advertisers [Applicable Rate=18%] [Study Mat (Example)]

Answer:-

Determination of the value of taxable supply made by Samriddhi Advertisers:-

Particulars	**Amount in ₹**
Advertising service charges	5,00,000
Payment made by New Moon Pvt. Ltd. to vendor of Samriddhi Advertisers [**Note 1**]	20,000
Interest for delay in payment of consideration [₹ 15,000 x 100/118] [Round off][**Note 2**]	12,712
Value of taxable supply	**5,32,712**

Notes:-

1. Supplier's liability being incurred by recipient & also not included in price charged is **includible** in value a per **section 15(2)(b)** of CGST Act, 2017.
2. The interest for delay in payment of consideration **will be includible** in the value of supply as per **sectic 15(2)(d)** of CGST Act but, the time of supply of the same will be the date when such interest amount actually received as per section 13(6).
   - ➢ Such interest received shall be inclusive of GST and the value shall be computed by backward calculatic i.e. [Int/(100+tax)*100].

Alternative Ans by ICAI:-

- ➲ It is also possible to assume interest to be exclusive of GST & so, value of supply will be ₹ 5,35,000.
- ➲ If in any Question, interest on delay in payment of consideration is there but tax rate is not given, then tak assumption that interest & other amounts in Question are exclusive of GST.

CCP 05.04.15.00

M/s. Flow Pro, a registered supplier, sold a machine to BP Ltd. It provides the following information this regard:-

Sr.No.	Particulars	Amount in ₹
(i)	Price of the machine [excluding taxes and other charges mentioned at S. Nos. (ii) and (iii)]	25,000
(ii)	Third party inspection charges [Such charges were payable by M/s Flow Pro but the same have been directly paid by BP Ltd. to the inspection agency. These charges were not recorded in the invoice issued by M/s Flow Pro.]	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 the State Government on sale of machine under Skill Development Programme [Subsidy is directly linked to the price]	5,000
(v)	Discount of 2% is offered to BP Ltd. on the price mentioned at S. No. (i) above and recorded in the invoice	

Note: Price of the machine is net of the subsidy received.

Determine the value of taxable supply made by M/s Flow Pro to BP Ltd.

[CA Inter MTP Oct 21, April 24] [Study Mat]

Answer:

Computation of value of taxable supply made by M/s. Flow Pro to BP Ltd.:-

Particulars	Amount (₹)	Remark
Price of the machine	25,000	As per **sec 15(1)** of CGST Act, value of supply shall be Transaction value ie Actual price.
Third party inspection charges	5,000	Amount that supplier is liable to pay for supply but is incurred by recipient & not included in the price for the goods, is **includible** in value of supply as per **section 15(2)(b)** of CGST Act.
Freight charges for delivery of the machine	2,000	Since arranging freight is the liability of supplier, it is a case of composite supply and thus, **freight charges are added in the value of** principal supply as per **section 15(2)(c)** of CGST Act.
Subsidy from State Government	Nil	As per **sec 15(2)(e),** only the subsidy linked to the price other than government is includible in taxable value. In given case, subsidy is received from the govt., hence not to be added in taxable value.
Total	**32,000**	
Less: Discount @ 2% on ₹ 25,000 being price charged to BP Ltd.	500	Discount given before or at the time of supply if duly recorded in invoice **is deductible** from the value of supply as per **section 15(3)(a)** of CGST Act.
Value of taxable supply	**31,500**	

CCP 05.04.16.00

Following are the particulars, relating to one of the machine sold by SQM Ltd. to ACD Ltd. in the month of February 20XX at list price of ₹ 9,50,000 (exclusive of taxes and discount). Further, following additional amounts have been charged from ACD Ltd:-

Sr.No.	Particulars	Amount in ₹
(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) SQM Ltd. normally gives an interest-free credit period of 30 days for payment, after that it charges interest @ 1% p.m. or part thereof on list price. ACD Ltd. paid for the supply after 45 days, but SQM Ltd. waived the interest payable.

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

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

(iv) SQM Ltd. collected ₹ 9,500 as TCS (tax collected at source) under the provisions of the Income Tax Act, 1961.

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

Note:- Correct legal provision should form part of your answer. [CA Inter Nov 20 Exam]

Answer:-

Computation of Value of taxable supply:-

Sr.No.	Particulars	Amount (₹)
	List price (exclusive of taxes and discount)	9,50,000
(i)	Municipal taxes [**Note-1**]	45,000
(ii)	Outward freight charges [**Note-2**]	65,000
	Value of taxable supply	**10,60,000**

Notes:-

1. As per **sec 15(2)(a)** of CGST Act, **Tax other than GST** are **includible** in the value, if charged separately,.
2. Since contract is to deliver machine at buyer's factory, it is a composite supply wherein the **freigh charges** will be added to the value of principal supply of machine & it is **includible** as per **sectio 15(2)(c).**
3. As per **sec 15(2)(d),** Value of supply includes **interest charged for delayed payment.** However, since th interest on delayed payment has been **waived off,** the same has **not been added** to the value.
4. As per **sec 15(2)(e),** Subsidy directly linked to the price provided by **non-Government bodies** **includible** in value. Since subsidy received from NGO is **not directly linked to the price** of the machir the same has **not been added** to the value.
5. As per **sec 15(3)(b),** Post supply discount is deductible, if following conditions are fulfilled:
   - ➢ It was agreed at the time of supply
   - ➢ linked to the invoice &
   - ➢ proportionate ITC is reversed by recipient.

   In given case, discount was not agreed at the time of supply, hence not deductible.
6. As per CBIC Clarification, TCS is an interim levy of income tax act, hence **not to be added** in the taxable valu

CCP 05.04.17.00

Shri Krishna Pvt. Ltd., a registered supplier, furnishes the following information relating to goods so by it to Shri Balram Pvt. Ltd:

Sr. No.	Particulars	Amount (₹)
(i)	Price of the goods [excluding taxes and other charges mentioned at S. Nos. (iii), (v) and (vi)]	1,00,000
(ii)	Municipal tax	2,000
(iii)	Inspection charges	15,000
(iv)	Subsidy received from Shri Ram Trust [Subsidy is directly linked to the goods supplied]	50,000
(v)	Late fees for delayed payment inclusive of GST [Shri Balram Pvt. Ltd. paid the late fees. However, these charges were ultimately waived by Shri Krishna Pvt. Ltd. and the amount was refunded to Shri Balram Pvt. Ltd. during the same month]	1,000
(vi)	Weighment charges[Such charges were paid by Shri Balram Pvt. Ltd. to Radhe Pvt. Ltd. on behalf of Shri Krishna Pvt. Ltd.]	2,000

Note: Price of the goods is net of the subsidy received.

Determine the value of taxable supply made by Shri Krishna Pvt. Ltd. to Shri Balram Pvt. Ltd. [Study Mat][CA Inter MTP Oct 20, Nov 21, Sep 23]

Answer:-

Computation of value of taxable supply made by Shri Krishna Pvt. Ltd. to Shri Balram Pvt. Ltd.:-

Particulars	Amount (₹)	Remark
Price of the goods	1,00,000	
Municipal Tax	2,000	**Taxes other than** those levied under **GST** law are **includible in value** as per **section 15(2)(a)** of CGST Act, 2017.
Inspection charges	15,000	Being **incidental expenses,** the same are includible in the value as per**section 15(2)(c)** of the CGST Act, 2017.
Subsidy received from Shri Ram Trust	50,000	Since subsidy is received from a **non-Government body,** and subsidy is **directly linked** to price the same is **includible** in the value as per **section 15(2)(e)** of the CGST Act, 2017.
Late fees for delayed payment	Nil	**Not includible u/s 15(2)(d)** of CGST Act, 2017 since it is waived off.
Weighment charges paid to Radhe Pvt. Ltd. by Shri Balram Pvt. Ltd. on behalf of Shri Krishna Pvt. Ltd.	2,000	Liability of the supplier being discharged by the recipient & not included in price, is **includible** in the value as per **section 15(2)(b)** of the CGST Act.
Value of taxable supply	**1,69,000**	

CCP 05.04.18.00

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

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

Determine the value of taxable supply made by Koli Ltd. to Ghisa Ltd. [Study Mat]

Answer:-

Computation of taxable value of supply of machinery by Koli Ltd.:-

Particulars	Amount (₹)	Remark
Price of machinery (exclusive of taxes & discounts)	5,50,000	As per **section 15(1)** of CGST Act, Value of supply shall be Transaction value ie price actually paid or payable.

Add: Amount paid by Ghisa Ltd. directly to the supplier for a part fitted in the machinery	20,000	As per **section 15(2)(b)** of CGST Act, it shall be **added in valu** as it is supplier's liability being incurred by recipient and not included in price also.
Add: Installation and testing charges	25,000	As per **section 15(2)(c)** of CGST Act, any amount charged for anything done by supplier for supply of goods at the time of, o before delivery of goods shall be **included** in value.
Less: Discount 2% on machinery price [₹5,50,000 x 2%]	(11,000)	As per **section 15(3)(a)** of CGST Act, since discount is given before or at the time of supply of machinery & recorded in invoice, this discount shall be deducted from value.
Less: Additional 1% discount at year end	Nil	As per **section 15(3)(b)** of CGST Act, though the additional discount is established before or at the time of supply, it is **not deductible** from value as the same is not linked to any specific transaction & is adjusted by parties at end of the financial year.
Value of taxable supply	**5,84,000**	

CCP 05.04.19.00

Namo Shankar Ltd., a registered supplier in Mumbai (Maharashtra), has supplied goods to Nar Traders and Nandi Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respective Namo Shankar Ltd. has furnished the following details for the current month:-

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

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

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

Particulars	Rate of tax
Central tax (CGST)	9%
State Tax (SGST)	9%
Integrated tax (IGST)	18%

Make suitable assumptions, wherever necessary.

Note:- The supply made to Narad Traders is an inter-State supply. [CA Inter RTP-Nov 21] (CA Int MTP Mar 24)

Answer:- Computation of GST liability:-

Sr. No.	Particulars	Narad Traders (₹)	Nandi Motors Ltd. (₹)
(i)	Price of goods **(Note-1)**	10,000	30,000
(ii)	**Add:** Packing charges **(Note-2)**	500	
(iii)	**Add:** Commission **(Note-2)**	500	

(iv)	**Add:** Weighment charges **(Note-2)**		2,000
(v)	**Less:** Discount for prompt payment **(Note-3)**		(1,000)
	Value of taxable supply	**11,000**	**31,000**
	IGST payable @ 18% **(Note-4)**	1,980	
	CGST payable @ 9% **(Note-5)**		2,790
	SGST payable @ 9% **(Note-5)**		2,790

Notes:-

1. As per **section 15(1)**, Value of supply shall be Transaction value ie price actually paid or payable.
2. As per **section 15(2)(c)** of CGST Act, 2017, Incidental expenses, including commission and packing, charged by supplier to recipient of supply until the time of delivery of goods is includible in value of supply. Weighment charges are also incidental expenses, hence **includible** in value of supply.
3. Since discount is **known at the time of supply,** it is **deductible** from the value as per **sec 15(3)** of the CGST Act, 2017.
4. Since supply made to Narad Traders is an **inter-State** supply, **IGST** is payable as per **sec 5 of the IGST Act, 2017.**
5. Since supply made to Nandi Motors Ltd. is an **intra-State** supply, **CGST & SGST** is payable on the same as per **section 9** of CGST/SGST Act.

CCP 05.04.20.00

Kamal Book Depot, a wholesaler of stationery items, registered in Mumbai, has received order for supply of stationery items worth ₹ 2,00,000/- on 12th November, 20XX from another local registered dealer, Mr. Mehta, Mumbai. Kamal Book Depot charged the following additional expenses from Mr. Mehta:-

Sr. No.	Particulars	Amount in ₹
(i)	Packing charges	5,000
(ii)	Freight & Cartage	2,000
(iii)	Transit Insurance	1,500
(iv)	Extra designing charges	6,000
(v)	Taxes by Municipal Authority	500

The goods were delivered to Mr. Mehta on 14th November, 20XX. Since Mr. Mehta was satisfied with the quality of the goods, he made the payment of goods the same day and simultaneously placed another order on Kamal Book Depot of stationery items amounting to ₹ 10,00,000 to be delivered in the month of December, 20XX. On receipt of second order, Kamal Book Depot allowed a discount of ₹20,000 on the first order placed by Mr. Mehta.**

Compute the GST liability of Kamal Book Depot for the month of November, 20XX assuming the rates of GST on the goods supplied as CGST 9% & SGST 9%.

Would your answer be different if expenses (i) to (v) given in above table are already included in the price of ₹ 2,00,000?

Note:- (i) All the amounts given above are exclusive of GST.

(ii) Kamal Book Depot and Mr. Mehta are not related persons and price is the sole consideration of the supply.

****Payment and invoice for the second order will also be made in the month of December, 20XX only.**

[CA Inter RTP May 19 New]

Answer:-

i) Computation of value of taxable supply & GST liability of Kamal Book Depot for November, 20XX:-

Particulars	Amount (₹)	Refer Note
Price of the goods	2,00,000	[Note 1]
Add:-		
i. Packing Charges	5,000	[Note 2]
ii. Freight & Cartage	2,000	[Note 2]
iii. Transit Insurance	1,500	[Note 2]
iv. Extra Designing charges	6,000	[Note 2]
v. Taxes by Municipal Authority	500	[Note 3]
Value of taxable supply	**2,15,000**	[Note 4]
CGST @ 9%	19,350	
SGST @ 9%	19,350	
Total GST Liability	**38,700**	

Notes:-

1. As per **section 15(1)** of CGST Act, 2017, **value of a supply** of **Transaction** value (i.e. price actually paid payable) where price is sole consideration for supply & supply is made to unrelated person.
2. As per **section 15(2)(c)** of the CGST Act,
   - ➲ the value of supply **includes:-**
     - ➢ incidental expenses, including commission and packing, charged by supplier to recipient **&**
     - ➢ any amount charged for anything done by the supplier in respect of the supply until delivery goods or supply of services.
   - ➲ Thus, Packing Charges, Freight & Cartage, Transit Insurance & Extra designing charges are **includible value.**
   - ➲ The given **supply is a composite supply** where the **principal supply is supply of goods** (station items) & the above services are incidental. Thus, entire composite supply is treated as a supply of goo only & charged to tax accordingly **u/s 8(a)** of CGST Act.
3. As per **section 15(2)(a)** of CGST Act, Taxes other than those levied under GST law are Includible in value.
4. As per **section 15(3)** of CGST Act, **discount given after effecting Supply/ Post-Supply Discount** wil allowed as a **deduction** from value if:-
   - ➲ such discount is given as per **agreement** entered into at or before the time of such supply,
   - ➲ it is specifically **linked to relevant invoices &**
   - ➲ the recipient of supply **reverses the Input tax credit** which is attributable to such discount on the ba of document issued by the supplier.

   In given case, **discount of ₹ 20,000** is a **post-supply discount** as goods are already delivered by Kar Book Depot. It will **not be allowed as a deduction** from value since the discount policy was not known or before the time of such supply although the discount can be specifically linked to relevant invo (invoice pertaining to stationery items supplied to Mr. Mehta in November, 20XX).

ii) In case, the expenses (i) to (v) given in above table are already included in price of ₹ 2,00,000:-

- ➲ Since, these **expenses are includible** in value of supply as per the reasons mentioned in explanat notes above, **no further addition will be required.**
- ➲ Resultantly, the **value of taxable supply will be ₹ 2,00,000** and **CGST and SGST will be ₹ 18,0 and ₹ 18,000** respectively.

CCP 05.04.21.00

XYZ Pvt. Ltd. provided the following particulars relating to goods sold by it to ABC Pvt. Ltd.:

Particulars	Amount (₹)
List price of the goods (exclusive of taxes and discount)	50,000
Tax levied by the Municipal Authority on the sale of such goods	6,000
Packing charges (not included in the list price above)	2,500
Subsidy received from a NGO, directly linked to price (included in the list price above)	3,000
Paid to one of the vendors by ABC Pvt.in relation to the service] provided by the vendor to XYZ Pvt. Ltd. (not included in the list price above)	2,000

XYZ Pvt. Ltd. offers 2% turnover discount on the list price after reviewing the performance of ABC Pvt. Ltd. The discount was not known at the time of supply.

ABC Pvt. Ltd. delayed the payment and paid ₹5,000 (including GST of 18%) as interest to XYZ Pvt. Ltd.

Determine the value of taxable supply made by XYZ Pvt. Ltd. under GST law.

[CA Inter May 22 Exam] [Study Mat (Similar)]

Answer:

Computation of value of taxable supply made by XYZ Pvt. Ltd:

Particulars	Amount(₹)	Remark
List price of the goods (exclusive of taxes and discount)	50,000	-
Tax levied by Municipal Authority on the sale of such goods	6,000	**As per section 15(2)(a)** of CGST Act, Tax other than GST are includible in value, if charged separately.
Packing charges	2,500	**As per section 15(2)(c)** of the CGST Act, the value of supply shall include incidental expenses, including commission and packing charges, charged by supplier to recipient.
Subsidy received from NGO	-	**As per section 15(2)(e)** of the CGST Act, subsidy is received from a non-Govt. body and directly linked to the price, the same is includible in the value of supply.
Payment made by ABC Pvt. Ltd. in relation to service provided by vendor to XYZ Pvt Ltd	2,000	**As per section 15(2)(b)** of the CGST Act, Amount that supplier is liable to pay, but incurred by the recipient, is includible in the value of supply.
Turnover discount	-	**As per section 15(3)**, Since discount is not known at the time of supply, it is not deductible from the value of supply.
Interest for delayed payment (rounded off)	4,237 (5,000* 100/118)	**As per section 15(2)(d)** of CGST Act, the value of supply shall include Interest or late fee or penalty for delayed payment of any consideration for supply.
Value of taxable supply	**64,737**	

Chapter 6

TIME OF SUPPLY

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S.No.	Description	Chap. code	Concept and Problem code	No. Illus.
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	Total No. of Illust.			27

01. General Questions on Time of Supply (TOS)

CCP 06.01.01.00

Explain the significance of time of supply under GST law. [Study Mat]

Answer :-

- GST is **payable** on supply of goods &/or services.
- Time of supply indicates the **point in time when the liability to pay tax arises.**
- Though, the liability to pay the tax arises at the time of supply, the payment of the same can be paid t Government by the due date prescribed with reference to the said 'time of supply'.
- There are **separate provisions** for time of supply for **goods and services under section 12 and 13** of th CGST Act respectively.

CCP 06.01.02.00

The time of liability to pay GST is independent of the time of supply of goods/services. Discuss th correctness of the statement?

Answer :-

- The said statement is **not correct.**
- **Liability to pay GST arises at the time of supply** of goods as explained in Section 12 and at the time c supply of services as explained in Section 13 of CGST Act.
- The time of supply is generally the **earliest** of one of the three events, namely receiving payment, issuanc of invoice or completion of supply.
- Different situations are envisaged and different tax points have been explained in the aforesaid sections.

02. Sec 12(2): TOS of goods under Forward Charge with N/n. 66/2017

CCP 06.02.03.00

Mansh & Vansh Trading Company, a registered supplier, is liable to pay GST under forward charge. has furnished the following information:

1) Goods were supplied on 3rd October

2) Invoice was issued on 5th October

3) Payment received on 9th October

Determine the time of supply of goods for the purpose of payment of tax. [Study Mat]

Answer :-

Legal Provision:

- As per **section 12(2)** of the CGST Act, 2017 **read with notification 66/2017**, the time of supply of good shall be **earlier** of the following dates.
  a) Date of issue of invoice or
  b) last date to issue the invoice u/s 31. (i.e. Date of removal or Date of delivery or Date of making good available).
- As per **notification 66/2017**, the time of supply of goods is **not on advance received** & this is applicable t all registered persons **except** composition supplier & Supplier of Specified actionable claim.
- Further, u/s 31(1), if supply **involves movement of goods,** a registered person is required to issue a ta invoice before or at the time of removal of goods for supply to the recipient.

Discussion & Conclusion:

- In the given case, the invoice for supply of goods should have been issued on or before the removal of goods i.e., on 3rd October.

➲ However, since the invoice **has not been issued within the prescribed time**, the time of supply for the purpose of payment of tax will be the last date on which the invoice is required to be issued i.e., **3rd October.**

CCP 06.02.04.00

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

What is the time of supply of the shoes for the purpose of payment of tax? [Study Mat]

Answer :-

Legal Provision:-

➲ As per **section 12(2)** of the CGST Act, 2017 **read with notification 66/2017**, the time of supply of goods shall be **earlier** of the following dates:-

a) Date of issue of invoice or

b) last date to issue the invoice u/s 31.

➲ As per **notification 66/2017**, the time of supply of goods **is not on advance received** & this is applicable **to all registered persons except** composition supplier & Supplier of Specified actionable claim.

➲ Further, u/s 31(1), if supply **involves movement of goods**, a registered person is required to issue a tax invoice before or at the time of removal of goods for supply to the recipient.

Discussion & Conclusion:-

➲ In this case, invoice is issued before the removal of the goods (i.e. collection of goods by customer) & is thus, within the time limit prescribed u/s 31(1).

➲ Therefore, **the time of supply** for payment of tax is date of issue of invoice, which is **2nd December.**

CCP 06.02.05.00

Investigation shows that 150 cartons of ceramic capacitors were dispatched on 2nd August but no invoice was raised and the transaction (dispatch of cartons) were not entered in the accounts. There was no evidence of receipt of payment.

What is the time of supply of 150 cartons for the purpose of payment of tax? [Study Mat]

Answer :-

Legal Provision:-

➲ As per **section 12(2)** of the CGST Act, 2017 read with notification 66/2017, the time of supply of goods shall be **earlier** of the following dates:-

a) Date of issue of invoice or

b) last date to issue the invoice u/s 31.

Discussion & Conclusion:-

➲ In this case, since the invoice has not been issued, the time of supply for the purpose of payment of tax will be the last date on which the invoice is required to be issued.

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

➲ Therefore, the **time of supply of goods will be 2nd August.**

03. Sec 12(3):- TOS of good s under Reverse Charge

CCP 06.03.06.00

Determine the time of supply of goods in the following independent cases assuming that GST is payabl under reverse charge. [Study Mat]

S.NO.	Date of receipt of goods	Date of payment by recipient of goods	Date of issue of invoic by supplier of goods
1	July 1	August 10	June 29
2	July 1	June 25	June 29
3	July 1	Part payment made on June 30 & balance amount paid on July 20	June 29
4	July 5	Payment entered in recipient's books of account on June 28 & debited in recipient's bank account on June 30	June 1
5	July 1	Payment entered in recipient's books of account on June 30 & debited in recipient's bank account on June 26	June 29
6	August 1	August 10	June 29

Answer :-

Legal Provision:-

As per **section 12(3)** of CGST Act, 2017, if **supply of goods is taxable under reverse charge,** then the time supply of goods shall be the earliest of the following dates:-

a) Date of **receipt of goods** or

b) Date when payment entered in books of accounts.

c) Date on which payment is debited to Bank account.

d) 31st day from the date of Suppliers invoice.

Determination of time of supply of goods under reverse charge:-

S.NO.	Date of receipt of goods	Date of payment by recipient of goods	Date of issue of invoice by supplier of goods	31st day from date of Invoice	Time of Supply o Goods u/s 12(3) [Earlier of (1), (2 & (3)]
	(1)	(2)		(3)	
1	July 1	August 10	June 29	July 30	July 1
2	July 1	June 25	June 29	July 30	June 25
3	July 1	Part payment made on June 30 & balance amount paid on Jul 20	June 29	July 30	June 30 for part payment & July 1 f balance amount
4	July 5	Payment entered in recipient's books of account on June 28 & debited in his bank account on June 30	June 1	July 2	June 28

5	July 1	Payment entered in recipient's books of account on June 30 & debited in his bank account on June 26	June 29	July 30	June 26
6	August 1	August 10	June 29	July 30	July 30

CCP 06.03.07.00

(i) Determine the time of supply from the given information

May 4	Supplier invoices goods taxable on reverse charge basis to Bridge & Co.
May 12	Bridge & Co receives the goods
May 30	Bridge & Co makes the payment

(ii) What would be your answer in case, the goods are received on June 12.

Answer:

Legal Provision:-

As per section 12(3) of CGST Act, 2017, if **supply of goods is taxable under reverse charge,** then the time of supply of goods shall be **the earliest** of the following dates:-

a) Date of **receipt of goods** or

b) Date when payment entered in books of accounts.

c) Date on which payment is debited to Bank account.

d) 31st day from the date of Suppliers invoice.

Discussion & Conclusion:-

i) In 1st case, **May 12 will be the time of supply** of goods taxable under reverse charge being **earlier** of:-

- ➲ Date of **receipt of goods** i.e. May 12 or
- ➲ Date of **payment** made i.e. May 30 or
- ➲ June 4 being 31st day from date of invoice which is May 4.

ii) In 2nd case, **May 30 will be the time of supply** being the earliest of dates as per section 12(3).

04. Sec 13(2):- TOS of Services under Forward Charge

CCP 06.04.08.00

How to ascertain the time of supply of services under forward charge & what will be the date of receipt of payment for the purpose of the same?

Answer:- As per section 13(2) of CGST Act, 2017, the time of supply of services shall be as follows:-

	Cases	Time of Supply
a)	If the invoice is issued within the period prescribed u/s 31:-	Time of supply shall be **earlier** of:- ➲ the date of issue of invoice by the supplier or ➲ the date of receipt of Payment.
b)	If the invoice is not issued within the period prescribed u/s 31:-	Time of supply shall be **earlier** of:- ➲ the date of provision of service or ➲ the date of receipt of payment.
c)	In case, where the provisions of clause (a) or (b) do not apply	The time of supply shall be :- ➲ the date on which the recipient shows the receipt of services in his books of account.

➲ As per **explanation to section 13(2)** of CGST Act, the **date of receipt of payment shall be earlier** of:-

➢ the date on which the payment is **entered in the books of account** of the supplier or

➢ the date on which the payment is **credited to his bank account.**

➲ As per **section 31(2)** of CGST Act, normally, a registered person supplying taxable services shall issue a tax invoice **within 30 days** from the date of supply of service & in case of banking & FI, it should be within 45 days.

CCP 06.04.09.00

Determine the time of supply of services and the corresponding due date of e-payment of GST in each o following independent cases for person not paying tax under QRMP Scheme:-

Sr. No.	Date of completion	Date of Invoice	Date on which payment is received
1	10.04.20XX	05.05.20XX	20.05.20XX
2	10.04.20XX	05.05.20XX	25.04.20XX
3	10.04.20XX	05.05.20XX	25.04.20XX(Part)and 20.05.20XX (remaining)
4	10.04.20XX	05.05.20XX	06.04.20XX(Part)and 09.04.20XX (remaining)
5	10.04.20XX	16.05.20XX	05.04.20XX(Part)and 14.05.20XX (remaining)

Answer:

Legal Provision:-

➲ **As per section 13(2) of CGST Act, 2017,** the **time of supply of services** shall be as follows:-

Sr. No.	Cases	Time of supply
a.	If the invoice is issued within time	Time of supply shall be **earlier** of:- ➲ the date of issue of invoice by the supplier or ➲ the date of receipt of Payment.
b.	If the invoice is not issued within time:-	Time of supply shall be **earlier** of:- ➲ the date of provision of service or ➲ the date of receipt of payment.

➲ As per **section 31(2)**, generally, the tax invoice shall be issued within 30 days of supply of service & in case of banking & FI, it should be within 45 days.

Determination of the time of supply of services and the corresponding due date of e-payment of GST:

Sr. No.	Date of Completion of service	last Date of issue Invoice u/s 31	Date of Invoice	Date of receipt of payment	Time of Supply	Due date of monthly GST Payment
1	10.04.20XX	10.05.20XX	05.05.20XX	20.05.20XX	05.05.20XX	20.06.20XX
2	10.04.20XX	10.05.20XX	05.05.20XX	25.04.20XX	25.04.20XX	20.05.20XX
3	10.04.20XX	10.05.20XX	05.05.20XX	25.04.20XX(Part) & 20.05.20XX (remaining)	25.04.20XX(Part) & 05.05.20XX (remaining)	20.05.20XX(Part &20.06.20XX (remaining)
4	10.04.20XX	10.05.20XX	05.05.20XX	06.04.20XX(Part) & 09.04.20XX (remaining)	06.04.20XX (Part) &09.04.20XX (remaining)	20.05.20XX(For part & remaining both)

5	10.04.20XX	10.05.20XX	16.05.20XX	05.04.20XX(Part) & 14.05.20XX (remaining)	05.04.20XX(Part) & 10.04.20XX (remaining)	20.05.20XX (For part & remaining both)

CCP 06.04.10.00

Mr. XYZ & Co., a firm of Chartered Accountants, issued invoice for services rendered to Mr. A on 7th September, 20XX. Determine the time of supply in the following independent cases:-

(1) The provision of service was completed on 1st August, 20XX and payment was received on 28th September, 20XX.

(2) The provision of service was completed on 14th August, 20XX and payment was received on 28th September, 20XX.

(3) Mr. A made the payment on 3rd August, 20XX where provision of service was remaining to be completed at that time.

(4) Mr. A made the payment on 15th September, 20XX where provision of service was remaining to be completed at that time. [CA Inter Nov 18 Exam][Study Mat]

Answer :-

Legal Provision:-

➲ As per section 13(2) of CGST Act, 2017, the time of supply of services shall be as follows:-

Sr . No.	Cases	Time of supply
(a)	If the invoice is issued within time:-	Time of supply shall be **earlier** of:- ➲ the date of issue of invoice by the supplier or ➲ the date of receipt of Payment.
(b)	If the invoice is not issued within time:-	Time of supply shall be **earlier** of:- ➲ the date of provision of service or ➲ the date of receipt of payment.

➲ As per section 31(2), generally, the tax invoice shall be issued within 30 days of supply of service & in case of banking & FI, it should be within 45 days.

Discussion & Conclusion:-

In accordance with aforesaid provisions, time of supply is:-

1) **01.08.20XX** since invoice is not issued within 30 days of supply of service i.e. till 31.08.20XX.

2) **07.09.20XX** since the invoice is issued within 30 days of supply of service i.e. till 13.09.20XX and the payment is received after the issuance of invoice.

3) **03.08.20XX** which is **earlier** of date of issuance of invoice (07.09.20XX) or date of receipt of payment (03.08.20XX).

4) **07.09.20XX** which is **earlier** of issuance of invoice (07.09.20XX) or date of receipt of payment (15.09.20XX).

CCP 06.04.11.00

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

Answer :-

Legal Provision:-

- As per **section 13(2)(b) of CGST Act, 2017**, if invoice is not issued within the time prescribed u/s 31 fo supply of services, then the **time of supply** of such services shall be **earlier** of:-
  - the date of provision of service or
  - the date of receipt of payment.
- As per section 31(2), generally, the tax invoice shall be issued within 30 days of supply of service & in case c banking & FI, it should be within 45 days.

Discussion & Conclusion:-

- In the given case, the advance payment was received on 5th January and the service was provided on 23r April.
- However, **no invoice was issued** even after the expiry of prescribed period for issue of invoice.
- Therefore, the **time of supply of service** is **5th January** which is the **date of receipt of payment.**

CCP 06.04.12.00

Modern Security Co. provides service of testing of electronic devices. In one case, it tested a batch devices on 4th and 5th September but could not raise invoice till 19th November because of som dispute about the condition of the devices on return. The payment was made in December. What is th method to fix the time of supply of the service? [Study Mat][CA Inter MTP Oct 2020]

Answer :-

Legal Provision:-

- As per **section 13(2)(b) of CGST Act, 2017**, if **invoice is not issued within the time** prescribed u/s 31 f supply of services, then the **time of supply** of such services shall be **earlier** of:-
  - the date of provision of service or
  - the date of receipt of payment.
- As per **section 31(2)**, generally, the tax invoice shall be issued within 30 days of supply of service & in case banking & FI, it should be within 45 days.

Discussion & Conclusion:-

- In this case, the service is provided on 5th September but the invoice is not issued within the prescrib time limit of 30 days of supply of service.
- Therefore, **5th September** will be the **time of supply which is the date of provision of service, bei earlier than the date of payment.**

CCP 06.04.13.00

Determine the time of supply from the following particulars: [Study Mat - Example]

6th May	Booking of convention hall, sum agreed ₹ 15,000, advance of ₹ 3,000 received
15th September	Function held in convention hall
27th October	Invoice issued for ₹ 15,000, indicating balance of ₹ 12,000 payable
3rd November	Balance payment of ₹ 12,000 received

Answer:

Legal Provision:-

- As per **section 13(2)(b)** of CGST Act, 2017, if invoice is not issued within the time prescribed u/s 31 f supply of services, then **the time of supply** of such services shall be **earlier** of:-
  - the date of provision of service or

➢ the date of receipt of payment.

➲ As per **section 31(2)**, generally, the tax invoice shall be issued within 30 days of supply of service & in case of banking & FI, it should be within 45 days.

Discussion & Conclusion:-

➲ In given case, invoice is not issued within the prescribed time limit of 30 days of supply of services

➲ Therefore, as per **section 13(2)(b)**, the time of supply of service is:-

➢ **6th May** for **advance received ₹ 3,000** because this date of advance payment of ₹ 3,000 is **earlier** than the date of provision of service i.e. 15th September.

➢ **15th September** for the **balance ₹ 12,000** because this date of provision of service is **earlier** than the date of payment of balance amount i.e. 3rd November.

CCP 06.04.14.00

Investigation shows that ABC & 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 ABC & Co. ABC & Co have not issued invoice or entered the payment in their books of account. [Study Mat (Example)]

Answer:

Legal Provision -

➲ As per **section 13(2)(c)** of CGST Act, 2017 if time of supply of service cannot be determined **u/s 13(2)(a) & 13(2)(b)**, then the time of supply shall be:-

➢ date on which the recipient shows the receipt of services in his books of account.

Discussion & Conclusion:-

➲ In the given case, time of supply **cannot be determined as per section 13(2)(a)/(b)** as neither the invoice has been issued nor the date of provision of service is available & the date of receipt of payment in the books of the supplier is also not available.

➲ Now, the time of supply as per **section 13(2)(c)** shall be the **date on which the recipient of service shows receipt of the service in his books of account.**

➲ Thus, the **time of supply will be 4th April** which is the date on which the Apartment Owners' Association records the receipt of service in its books of account.

05. Proviso to Sec 13(2):- TOS of Services for excess amount received upto Rs 1000

CCP 06.05.15.00

Mr. X took telecommunication service from BSNL. For the month of January, 20XX, the bill amount was ₹ 5,000. He made a payment of ₹ 5,500 with an instruction to adjust the excess payment against next month's bill, and hence the same was adjusted by BSNL in case of his next month bill payable on 05/03/20XX (invoice issued on same date). Determine the time of supply with regard to such excess payment in light of the GST law. What would be your answer, if Mr. X make payment of ₹ 6,500?

Answer:-

Legal Provision:-

➲ As per proviso to **section 13(2)** of CGST Act, if supplier of taxable services receives upto Rs 1,000/- in **excess** of the **amount indicated in the tax invoice**, then the supplier has the option to take the date of issue of invoice for such excess amount as the time of supply for such excess.

Discussion & Conclusion:-

(i) If Mr. X makes the payment of ₹5,500:-

- In the given case, **excess amount paid is ₹500** (which is not exceeding ₹1,000) as the January, 20XX b was for ₹5,000 & payment made ₹5,500.
- Therefore, **time of supply** of such excess amount is **05/03/20XX i.e. date of invoice for such exce as per proviso to section 13(2).**

(ii) If Mr. X makes the payment of ₹6,500:-

- Here, the excess payment is ₹1,500 which exceeds ₹1,000.
- In such case, above **proviso is not applicable.**
- Therefore, as per section 13(2), the **time of supply shall be the date of receipt (ie January 20XX)** such excess advance amount.

06. Sec 13(3):- TOS of Services under Reverse Charge

CCP 06.06.16.00

Determine the time of supply in the following cases assuming that GST is payable under rever charge:- [Study Mat][CMA Mock test June 2018]

S. No.	Date of payment by recipient for supply of services	Date of issue of invoice by supplier of services
	(1)	(2)
(i)	August 10	June 29
(ii)	August 10	June 1
(iii)	Part payment made on June 30 and 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 recipient's bank account on June 26	June 29

Answer:

Legal Provision:- As per **section 13(3)** of CGST Act, 2017, if **supply of services is taxable under reve charge**, then the time of supply of services shall be the earliest of the following dates:-

a) **Date of payment** which shall be **earlier** of following:-

- date entered in the books of account of the recipient or
- date on which the payment is debited in recipient's bank account.

b) Date immediately **following 60 days** from date of issue of invoice by the supplier.

(Here, date of invoice is relevant only for calculating sixty days from that date.)

Determination of the time of supply of services taxable under reverse charge:-

Sr. No.	Date of payment by recipient of services	Date of issue of invoice by supplier of services	61st day from date of Invoice	Time of Supply of Services u/s 13(3)
	(1)		(2)	[Earlier of (1)&(2)]
i	August 10	June 29	August 29	August 10
ii	August 10	June 1	August 1	August 1

iii	Part payment made onJune 30 & balance amount paid on September 1	June 29	August 29	June 30 for Part payment and August 29 for balance amount
iv	Payment is entered in the recipient's books of account on June 28 & debited in recipient's bank account on June 30	June 1	August 1	June 28
v	Payment is entered in the recipient's books of account on June 30 and debited in recipient's bank account on June 26	June 29	August 29	June 26

CCP 06.06.17.00

Answer the following questions independently:

a) Kabira Industries Ltd engaged the services of a transporter for road transport of a consignment on 17th June and made advance payment for the transport on the same date, i.e. 17th June. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July. Invoice was received from the transporter on 22nd July.

What is the time of supply of the transporter's service? [Study Mat]

b) A firm of advocates issues invoice for services to ABC Ltd. on 17th Feb. The payment is contested by ABC Ltd. on the ground that on account of 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. [Study Mat]

c) M/s Pranav Associates, a partnership firm, provided recovery agent services to Newton Credits Ltd., a non-banking financial company and a registered supplier, on 15th January. Invoice for the same was issued on 7th February and the payment was made on 18th April by Newton Credits Ltd. Bank account of the company was debited on 20th April.

Determine the following:

1) Person liable to pay GST 2) Time of supply of service [Study Mat]

Answer :-

a)

Legal Provision:-

- As per **section 9(3)** of CGST Act, if services are provided by Goods Transport Agency **(GTA)** for transportation of goods **by road** to **any Body Corporate (which includes company)** established by or under any law, then GST is payable on reverse charge basis by such Body Corporate.
- As per **section 13(3)** of CGST Act, 2017, the time of supply of service taxable under reverse charge is **earlier** of the following:-

a) **Date of payment** made by the recipient.

b) Date immediately **following 60 days** from date of issue of invoice by the supplier.

(Here, date of invoice is relevant only for calculating sixty days from that date)

Discussion & Conclusion:-

- In the given case, the date of payment (i.e. 17th June) precedes 61st day (i.e. 21st September) from the date of issue of invoice by the supplier of service.
- Hence, the **time of supply of service as per section 13(3) shall be 17th June** which is the date of

	payment in this case. **Assumption:-** It is assumed that GTA has not paid GST @12% i.e. GST is payable @ 5%.
b)	**Legal Provision:** ➲ As per **section 9(3)** of the CGST act 2017, if legal services are provided by firm of advocates to any business entity located in the taxable territory, then the GST is payable on reverse charge basis by recipient. ➲ As per **section 13(3)** of CGST Act 2017, the time of supply of service taxable under reverse charge is **earlier** of the following:- a) Date of payment made by the recipient. b) Date immediately following 60 days from date of issue of invoice by the supplier. **Discussion & Conclusion:** ➲ In the given case, the date of payment (i.e. 3rd November) comes subsequent to 61st day (i.e. 19th April) from the date of issue of invoice by the supplier of service. ➲ Hence, the **time of supply of service as per section 13(3) shall be 19th April.**
c)	**Legal Provision:** ➲ As per **section 9(3)** of CGST Act, if services are supplied by a recovery agent to a Non-banking Financial company (NBFC), then GST is payable on reverse charge basis by recipient. ➲ As per **section 13(3)** of CGST Act, 2017, if supply of services is taxable under reverse charge, then the time of supply of services shall be the **earliest** of the following dates:- a) Date of payment which shall be **earlier** of following:- ➢ date entered in the books of account of the recipient or ➢ date on which the payment is debited in recipient's bank account. b) Date immediately following 60 days from date of issue of invoice by the supplier. **Discussion & Conclusion:** ➲ In the given case, person liable to pay GST is the **NBFC - Newton Credits Ltd.** ➲ Time of supply of service on which GST is payable under reverse charge is **earlier** of the following:- ➢ Date of payment as entered in the books of account of the recipient (18th April) or the date o which the payment is debited in his bank account (20th April), whichever is earlier ➢ Date immediately following 60 days since issue of invoice by the supplier, i.e. 9th April. ➲ **Thus, time of supply of service is 9th April.**

CCP 06.06.18.00

Know & Grow Publishers, a registered dealer in India, paid an advance of ₹ 50,000 to Mr. Ganatra, author, for the copyright covered under Section 13(1)(a) of the Copyright Act, 1957, of his origi literary work on 5-9-20XX. It made the balance payment of ₹ 1,50,000 on 12-12-20XX. You a required to determine the time of supply, if Mr. Ganatra raised the invoice on :

(i) 6-10-20XX, or

(ii) 17-12-20XX [CA Inter GST Nov 19 Exam New]

Answer :-

Legal Provision:-

➲ As per **section 9(3)** of CGST Act, 2017, In case of original literary work, where service is supplied by auth to publisher, then, publisher is liable to pay GST under Reverse charge..

➲ As per **section 13(3)** of CGST Act, 2017, the **time of supply of service taxable under reverse charge**

earlier of the following:-

a) **Date of payment** made by the recipient.

b) Date immediately **following 60 days** from date of issue of invoice by the supplier.

Discussion & Conclusion:-

In given case, GST is payable by publisher Know & Grow Publishers (i.e. the recipient) under **reverse charge** as per section 9(3) & thus, the **time of supply shall be determined as per section 13(3).**

(i) **If the invoice is issued on 06.10.20XX, time of supply is as under:-**

- **05.09.20XX** is the time of supply for payment of ₹ **50,000** as this is earlier than the 61st day (i.e. 06.12.20XX) from date of issue of invoice.
- **06.12.20XX** is the time of supply for payment of ₹ **1,50,000** as this is earlier than the date of payment 12-12-20XX.

(ii) **If the invoice is issued on 17.12.20XX, time of supply is as under:-**

- **05.09.20XX** is the time of supply for payment of ₹ **50,000** as this is earlier than the 61st day (i.e. 16.02.20XX) from date of issue of invoice.
- **12.12.20XX** is the time of supply for payment of ₹ **1,50,000** as this is earlier the 61st day (i.e. 16.02.20XX) from date of issue of invoice.

Assumption:- It is assumed that Author has not taken responsibility to pay tax under Forward Charge by filing declaration to commissioner.

07. Common Questions on Sec 12 & Sec 13

CCP 06.07.19.00

A Ltd., registered under GST, is engaged in job work of engineering goods as well as supplying of engineering goods. A Ltd. provides following details regarding orders received for Job work and supply of goods:-

A. Job work of engineering goods:-

Date of confirmation of order	01.03.20XX
Date of receipt of advance of 1,50,000	03.03.20XX
Date of completion of job work	06.03.20XX
Date of issue of invoice for total amount	11.03.20XX
Date of receipt of balance payment of 1,00,000	16.03.20XX

B. Supply of engineering goods:-

Date of confirmation of order	08.01.20XX
Date of receipt of advance of 1,50,000	12.01.20XX
Date of removal of goods	17.01.20XX
Date of issue of invoice for total amount	22.01.20XX
Date of receipt of balance payment of 1,00,000	01.02.20XX

You are required to examine and determine the time and value of supply under forward charge w.r.t. job work and supply of goods under the provisions of CGST Act, 2017. [CA IPC Dec 21 Exam]

Answer :-

a) Time and value of supply in case of job work:-

- Job work is treated as supply of services.
- As per **section 13(2)(a)** of CGST Act, 2017, if invoice is issued within the time prescribed u/s 31 (i.e. within 30 days) for supply of services, then the **time of supply** of such services shall be earlier of:-

a) the date of issue of invoice by the supplier or

b) the date of receipt of payment

(to the extent the invoice/payment covers the supply of services).

➲ Thus, the time of supply for advance of ₹ 1,50,000 received for the supply of job work services **03.03.20XX** and for balance payment of ₹1,00,000 is **11.03.20XX.**

➲ Value of supply is ₹2,50,000.

b) Time and value of supply in case of supply of goods:-

➲ As per **section 12(2)** of CGST Act, 2017 read with **notification 66/2017**, the time of supply of goods taxab under forward charge shall be **earlier** of the following dates:-

a) Date of issue of invoice or

b) last date to issue the invoice u/s 31 (i.e. before or at the time of removal of goods for supply to th recipient, where supply involves movement of goods).

➲ Thus, the time of supply for advance of ₹ 1,50,000 as well as for balance payment of ₹ 1,00,000 **17.01.20XX** which is the date of removal of goods.

➲ Value of supply is ₹2,50,000.

CCP 06.07.20.00

(i) An order is placed to T & Co., Sholapur on 18th August, 20XX for supply of fabrics to make garment Company delivered the fabrics on 4th September, 20XX and after completion of the order issued th invoice on 15th September, 20XX. The payment against the same was received on 30th September, 20X Determine the time of supply for the purpose of payment under CGST Act, 2017 with your explanations,

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

What is the time of supply of the transporter's service? [CA Inter Dec 21 Exam]

Answer :-

(i)	**Legal Provision:-** ➲ As per **section 12(2)** of CGST Act, 2017 **read with notification 66/2017**, the time of supply of gooc shall be **earlier** of the following dates:- a) Date of issue of invoice or b) last date to issue the invoice u/s 31. (As per **notification 66/2017**, the time of supply of goods is **not on advanced received**). ➲ As per **section 31(1)**, the registered person is required to issue invoice before or at the time of delive of goods or making goods available to the recipient. **Discussion & Conclusion:-** ➲ In given case, last date to issue invoice is the date of delivery of fabrics i.e. 4th September, 20X which precedes the date of invoice i.e. 15th September, 20XX. ➲ Thus, **the time of supply is 4th September, 20XX.**
(ii)	**Alternative 1:-** Assuming that services of transportation of goods by road have been provided by a GT which has not paid GST @ 12%; i.e. GST is payable @ 5%. **Legal Provision:-** ➲ As per **section 9(3)** of CGST Act, 2017, if service of transportation of goods by road is provided b

GTA to a body corporate (which includes company), then GST is payable under reverse charge by body corporate.

➲ As per **section 13(3)** of CGST Act, 2017, the time of supply of service taxable under reverse charge is **earlier** of the following:-

a) **Date of payment** made by the recipient.

b) Date immediately **following 60 days** from date of issue of invoice by the supplier.

Discussion & Conclusion:-

➲ Thus, in the given case, time of supply is earlier of:-

➲ 25th August, 20XX i.e. the date of payment or

➲ 20th August, 20XX (61st day from 20th June which is the date of invoice)

➲ Therefore, the time of supply is 20th August, 20XX.

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

Legal Provision:-

➲ As per **section 9(3)** of CGST Act, 2017, if GTA pays GST @ 12%, then RCM is not applicable, then GTA is liable **forward charge** to pay tax.

➲ As per **section 13(2)(a)** of CGST Act, 2017, if invoice is issued within the time prescribed u/s 31 (i.e. within 30 days) for supply of services, then the **time of supply** of such services shall be **earlier** of:

a) the date of issue of invoice by the supplier or

b) the date of receipt of payment.

Discussion & Conclusion:-

➲ In the given case, the date of invoice is 20th June, 20XX which is before provision of services and the date of receipt of payment is 25th August, 20XX.

➲ Therefore, **the time of supply is 20th June, 20XX.**

CCP 06.07.21.00

GST is payable on advance received for supply of goods and services taxable under forward charge. Do you agree with the statement? Support your answer with legal provisions. [Study Mat] [CA Inter MTP Sep 23]

Answer:

➲ **The statement is not correct.**

➲ While GST is payable on advance received for supply of services taxable under forward charge, the same is not payable in case of advance received for supply of goods taxable under forward charge.

➲ As per **section 13(2)** of CGST Act, 2017, the **time of supply of services** under forward charge is:-

	Cases	Time of Supply
a	If the invoice is issued within the period prescribed u/s 31:-	Time of supply shall be **earlier** of:- ➲ the date of issue of invoice by the supplier or ➲ the date of receipt of Payment.
b	If the invoice is not issued within the period prescribed u/s 31:-	Time of supply shall be **earlier** of:- ➲ the date of provision of service or ➲ the date of receipt of payment.

➲ Thus, if supplier of services receives any payment before the provision of service or before the issue of invoice for the same, time of supply gets fixed at that point in time & liability to pay tax arises on such payment which can be paid by the due date prescribed with reference to such time of supply.

➲ As per **section 12(2)** of CGST Act, 2017 **read with notification 66/2017,** the **time of supply of goo** taxable under forward charge shall be **earlier** of following dates:-

a) Date of issue of invoice or

b) last date to issue the invoice u/s 31.

➲ Therefore, in case of goods, tax is not payable on receipt of advance payment.

CCP 06.09.22.00

Mr. A is registered under regular scheme under GST in Gujarat who trades in biscuits. On the oth hand, he is also a partner in 2 partnership firms (registered under GST) in Gujarat, named Mehma Nawaazi Hotel and Lakhpati Casino. The hotel is running restaurant and serving food which h aggregate turnover of ₹ 120 lakhs in preceding financial year. Lakhpati Casino is a dealer in specifi actionable claim who did not opt for composition scheme. Mr. B has availed service from all three them (i.e. Mr. A, Mehmaan Nawaazi Hotel and Lakhpati Casino) in the month of May, the details which are as under:-

Particulars	Mr. A	Mehmaan Nawazi Hotel	Lakhpati Casino
Date of supply	2nd May	10th May	12th May
Date of issue of invoice for Rs. 10,000 in each case	4th May	11th June	10th May
Date of receipt of payment by supplier	1st May	6th May	₹ 5,000 on 9th May ₹ 5,000 on 18th May

Would notification 66/2017 apply to Mehmaan Nawaazi Hotel, if it was providing goods unc composition scheme instead of restaurant service? Also, Determine the time of supply in each case Mr. A, Mehmaan Nawaazi Hotel and Lakhpati Casino.

Answer :-

Legal Provision:-

➲ As per **section 12(2)** of CGST Act, 2017, the time of supply of goods shall be the **earlier** of the following:-

- ➢ Date of issue of invoice or
- ➢ Last date to issue invoice or
- ➢ Date of receipt of payment.

➲ As per **N/no. 66/2017** under CGST Act, the registered person other than following person:-

- ➢ A composition supplier and
- ➢ **registered person making supply of specified actionable claims as defined in clause (102A) section 2 of the said Act,**

shall pay CGST on the outward supply of goods at the time of supply as specified section 12(2)(a).

➲ As per **section 13(2)(b)** of CGST Act, 2017, if **invoice is not issued within 30 days** of supply of servic then the **time of supply** of such services shall be **earlier** of:-

- ➢ the date of provision of service or
- ➢ the date of receipt of payment.

Discussion & Conclusion:-

1. In given case, notification 66/2017 applies to Mr. A and he shall be liable to pay tax on invoice basis only

not on advance received. Accordingly, the time of supply shall be **2nd May** i.e. the last date to issue invoice as per section 12(2) read with notification 66/2017.

2. In case of Mehmaan Nawaazi Hotel, notification 66/2017 is not applicable as this notification applies only to supply of goods and not services. Even if this firm was dealing in goods, this notification would still not apply as it is covered under the exception to notification 66/2017 (being a composition supplier) & hence, it is liable to pay tax on advance receipt also. The time of supply in this is **6th May** because invoice is issued after 30 days of supply of service & also the consideration is received in advance.
3. Lakhpati Casino is also covered under the exception to notification 66/2017 as it is dealing in specified actionable claim i.e. casino. Hence, it is liable to pay tax on advance receipt also. The time of supply is **9th May for ₹5,000 & 10th May for balance ₹5,000** as per section 12(2) read with notification 66/2017.

08. Sec 12(4)/13(4) : TOS in case of vouchers

CCP 06.08.23.00

Meal coupons are sold to a company on 9th August for being distributed to the employees of the said company. The coupons are valid for six months and can be used against purchase of food items. The employees use them in various stores for purchases of various edible items on different dates throughout the six months. What is the date of time of supply of the coupons? [CA IPC MTP Aug 2018][Study Mat]

Answer :-

Legal Provision:-

As per **section 12(4)** of CGST Act, 2017, time of supply of **vouchers** issued by supplier of **goods** shall be:-

a) the date of issue of voucher, if the supply is identifiable at that point; or

b) the date of redemption of voucher, in all other cases.

Discussion & Conclusion:-

➲ In the given case, **supply is not identifiable** at the time of issue of coupon.

➲ This is because coupons can be used for a variety of food items, which are taxed at different rates & thus, supply cannot be identified at the time of purchase of the coupons.

➲ Therefore, the **time of supply** of coupons shall be **date of redemption of coupons** by employees.

CCP 06.08.24.00

From the following information, determine the time of supply of services where supply is by issue of voucher valid for one year and are issued after supply of first service:-

Date of First Service: 01.01.20XX

Date of Issue of Voucher: 01.01.20XX

Date of Redemption of Voucher: 31.8.20XX

Last date for acceptance of voucher: 31.12.20XX

Answer :-

Legal Provision:-

As per **section 13(4) of CGST Act, 2017**, time of supply of **vouchers** issued by supplier of **services** shall be:-

a) the date of issue of voucher, if the supply is identifiable at that point; or

b) the date of redemption of voucher, in all other cases.

Discussion & Conclusion:-

➲ In the given case, voucher is issued after supply of first service & therefore, it is assumed that supply is

identifiable at that point.

➲ Thus, as the supply is identifiable at the time of issue of voucher, the **time of supply is the date of issue** **voucher i.e. 01.01.20XX.**

09. Sec 12(5)/13(5): TOS in Residual Cases

CCP 06.09.25.00

An income-tax and money laundering case against Mr. XYZ, working in a multinational company reveals a large volume of undisclosed assets, which he claims as service income. On this basis, the GS authorities investigates the GST liability. Dates of provision of service, whether in the first half or th second half of the financial year being scrutinised by income-tax authorities, are not known.
Mr. XYZ voluntarily pays GST during the investigation. What is the time of supply of the services?

Answer :-

Legal Provision:-

➲ As per **section 13(5)** of CGST Act, 2017, where it is **not possible** to determine the time of supply und **section 13(2), 13(3) and 13(4)**, then:-

a) **In a case where a periodical return has to be filed:-** Time of supply shall be the date on which suc return is to be filed (i.e. Due date for filing of periodical return) or

b) **In any other case:-** The time of supply shall be the date on which the tax is paid.

Discussion & Conclusion:-

➲ In the given case, it is **not possible to determine the time of supply using:-**

- date of invoice,
- date of provision of service,
- date of receipt of payment &
- date of receipt of services in the books of account of the recipient.

➲ On the other hand, Mr. XYZ, being an employee in a multi-national company, is **not a registered perso** and hence, the **periodical return is also not to be filed.**

➲ Therefore, the **date of payment of GST** by Mr. XYZ will be the **time of supply u/s 13(5).**

10. Sec 12(6)/13(6): TOS for Enhancement in value on account of interest/ late fee/ penalty on delayed payment of consideration

CCP 06.10.26.00

Mr. X supplied goods for ₹ 50,000 to its customer Miss Diyana on 1st January on the condition th payment for the same will be made within a week. However, Miss Diyana made payment for the sa goods on 2nd February and thus, paid interest amounting to ₹ 2,000. What is the time of supply wi regard to addition in the value by way of interest in lieu of delayed payment of consideration?
[Study Mat]

Answer:

Legal Provision:-

➲ As per **section 12(6)** of CGST Act, 2017, the time of supply for the **addition in value** of supply by way interest, late fee or penalty for delayed payment of any consideration shall be the date of receipt of su addition in value by supplier.

Discussion & Conclusion:-

➲ Thus, in the given case, the **time of supply of interest** would be the date on which the supplier has receiv such additional consideration, i.e. **2nd February.**

CCP 06.10.27.00

From the following information provided by M/s Sasta Bazaar. Determine the time of supply for the purpose of payment of GST:

(i) It issued coupon on 20.06.20XX, worth ₹ 2,000 redeemable against purchase of specific plastic items. This coupon was redeemed on 31.07.20XX.

(ii) It issued coupon on 01.08.20XX worth ₹ 3,000 which is redeemable against purchase of any item. This coupon was redeemed on 18.08.20XX.

(iii) It received interest of ₹ 10,000 for late payment from a customer on 11.11.20XX for supply of goods which was originally made on 24.06.20XX. [CA Inter RTP May 24]

Answer :-

(i)	**Legal Provision:-** ➲ As per **section 12(4)** of CGST Act, 2017, time of supply of vouchers issued by supplier of goods shall be:- a) the date of issue of voucher, if the supply is identifiable at that point or b) the date of redemption of voucher, in all other cases. **Discussion & Conclusion:-** ➲ In the given case, supply **can be identified** at the time of purchase of the coupons. ➲ Therefore, the time of supply of the coupons is the date of their issue **i.e. 20.06.20XX.**
(ii)	**Legal Provision:-** ➲ As per **section 12(4)** of CGST Act, 2017, time of supply of vouchers issued by supplier of goods shall be:- a) the date of issue of voucher, if the supply is identifiable at that point or b) the date of redemption of voucher, in all other cases. **Discussion & Conclusion:-** ➲ In the given case, supply **cannot be identified** at the time of purchase of the coupons. ➲ Therefore, the time of supply of the coupons is the date of their redemption i.e **18.08.20XX.**
(iii)	**Legal Provision:-** ➲ As per **section 12(6)** of CGST Act, 2017, the time of supply for the addition in value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date of receipt of such addition in value by supplier. **Conclusion:-** ➲ Therefore, time of supply in the given case is **11.11.20XX.**

Chapter 7

PLACE OF SUPPLY

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01. General Questions on Place of Supply

CCP 07.01.01.00

Explain the significance of the place of supply of goods and services under GST.

Answer :

- The basic principle of GST is that it is a **destination-based consumption tax,** i.e. the tax is levied on the consumption of supply at the destination thereof or at the point of consumption of such supply.
- In short, place of supply means the place where supply is consumed & thus, determines the **jurisdiction** where the **tax revenue should reach.**
- It helps to determine whether a **transaction is intra-state or inter- state** & accordingly, CGST & SGST/ UTGST is charged on intra-state transaction & IGST is charged on inter-state transaction.

02. Section 7 of IGST Act:- Inter-State Supply

CCP 07.02.02.00

Mention the cases where a supply is treated as inter-state supply as per section 7 of IGST Act?

Answer :-

Following are the cases where a supply is treated as inter-state supply as per section 7 of IGST Act:-

a) The location of supplier and the place of supply are in two different States/Union Territories or in a State and a Union Territory respectively.

b) Supply of goods imported into the territory of India, till they cross the customs frontiers of India.

c) Supply of services imported into the territory of India.

d) Supplier is located in India and the place of supply is outside India.

e) Supply to or by a Special Economic Zone developer or a Special Economic Zone unit.

f) Supply is in taxable territory, but it is not an intra-State supply & also not covered in above cases.

03. Section 9 of IGST Act:- LOS & POS in the Territorial Waters

CCP 07.03.03.00

How to Fix Location of Supplier & Place of supply in the Territorial Waters?

Answer :-

Section 9 of IGST Act overrides the entire Act and states that:-

If the location of the supplier or place of supply is in the territorial waters, then the location of such supplier or the place of supply, as the case may be, shall be deemed to be in the **coastal State or Union territory where the nearest point of the appropriate baseline is located.**

04. Section 10 of IGST Act:- POS of Goods other than those imported Into or exported from India

Section 10(1)(a):- POS of Goods if supply involves movement of Goods

CCP 07.04.04.00

In case of a domestic supply, what is the place of supply where goods are removed? [Study Mat]

Answer :-

As per **section 10(1)(a)** of IGST Act, if **supply involves movement** of goods by supplier or recipient or any other person, then place of supply of such goods shall be the location of goods at the time at which the **movement of goods terminates** for delivery to the recipient.

Section 10(1)(b):- POS of Goods in case of Bill to-Ship To Transaction

CCP 07.04.05.00

What will be the place of supply if the goods are delivered by the supplier to another person on the direction of a third person? [Study Mat]

Answer : As per **section 10(1)(b)** of IGST Act, if goods are delivered by supplier to any person on direction of a third person, before or during movement of goods, then:-

- it shall be deemed that the said third person has received the goods and
- Place of supply of such goods shall be the **principal place of business of such third person.**

Section 10(1)(c):- POS of Goods if supply does not involve movement of Goods

CCP 07.04.06.00

Newton Pvt. Ltd. (New Delhi) has leased its machine (cost ₹ 8,00,000) to Gravity Pvt. Ltd. (Noida, Uttar Pradesh) for production of goods on a monthly rent of ₹ 35,000. After 12 months, Gravity Pvt. Ltd. requested Newton Pvt. Ltd. to sell the machine to it for ₹ 5,00,000, which is agreed to by Newton Pvt. Ltd. Determine the place of supply & the nature of transaction. [Study Mat (Example)]

Answer :

Legal Provision: As per **section 10(1)(c)** of IGST Act, if the supply does not involve movement of goods by supplier or recipient, the place of supply shall be the location of goods at the time of the delivery to recipient.

Discussion & Conclusion:

- In this case, there will be **no movement** of goods and the same will be sold on as is where is basis.
- Thus, location of machine at the time of sale will be the place of supply i.e., Noida, Uttar Pradesh.
- Since the location of Supplier and the place of supply are in different States, it is an **inter-state supply & thus, liable to IGST.**

Sec 10(1)(ca): Supply made to Unregistered Person

CCP 07.04.06.01

XYZ Pvt. Ltd., a furniture manufacturer based in Rajasthan, receives an order from Mr. Sharma, an individual (unregistered person) residing in Delhi. Mr. Sharma purchases a dining table and requests delivery to his residence in Delhi. XYZ Pvt. Ltd. issues an invoice with Mr. Sharma's Delhi address and arranges for the delivery of the dining table through a third-party logistics provider. Determine Place of Supply and GST implications. Will the place of supply still be same, if Mr. Sharma instructs XYZ Pvt. Ltd. to deliver the dining table to another address located in Punjab which is recorded in invoice as address of delivery whereas the billing is done at Delhi's address?

Answer :-Legal Provision :-

- As per **section 10(1)(ca)** of IGST Act, if the supply of goods is made to unregistered person, the place of supply shall be the **location as per the address of the said person recorded in the invoice.**
- However, If the address of the unregistered person is not recorded in the invoice, the place of supply shall be the **location of the supplier.**
- **As per CBIC clarification,** if billing address differs from delivery address in invoice in case of supply of goods to unregistered person, **POS shall be address of delivery of goods recorded on invoice.**

Discussion & Conclusion:

- In the given case, the invoice issued by XYZ Pvt. Ltd. records Mr. Sharma's address in Delhi. Therefore, the place of supply for this transaction will be **Delhi.**
- Since the place of supply (Delhi) is different from the location of the supplier (Rajasthan), this

transaction constitutes an **interstate supply.** Thus, liable to **IGST.**

➲ **Yes,** in second case, if billing address differs from the delivery address in invoice, **POS** shall be the **address of delivery** of dining table recorded on invoice i.e. **Punjab.**

Section 10(1)(d):- POS of Goods that are assembled or installed at site

CCP 07.04.07.00

Determine the place of supply in each of the following cases:

(i) Pure Refineries (Mumbai, Maharashtra) gives a contract to PQ Ltd. (Ranchi, Jharkhand) to supply a machine which is required to be assembled in a power plant in its refinery located in Kutch, Gujarat. [Study Mat (Example)]

(ii) Mizu Machine Ltd., registered in the State of Andhra Pradesh, supplied a machinery to Keyan Wind Farms Ltd., registered in the State of Karnataka. However, this machinery was assembled and installed at the wind mill of Keyan Wind Farms Ltd., which was located in the State of Tamil Nadu. [CA Inter RTP May 24]

(iii) Rimjhim Pvt. Ltd, located at Lucknow, Uttar Pradesh, purchases a manufacturing machine from Manav Steel Industries Ltd., located at Jaipur, Rajasthan, for being installed in its factory located at Haridwar, Uttarakhand. [CA Inter May 24 Exam]

Answer :-Legal Provision :- As per **section 10(1)(d)** of IGST Act, if goods are assembled or installed at site, the place of supply shall be the place of such installation or assembly.

Conclusion:

i)	In the given case, the **place of supply is the site** of assembly machine i.e., **Kutch** even though Pure refineries is located in Maharashtra.
ii)	Thus, the place of supply is the site of assembly of machine, i.e. **Tamilnadu.**
iii)	Thus, the place of supply is **Haridwar, Uttarakhand.**

Section 10(1)(e):- POS of Goods supplied on board a conveyance

CCP 07.04.08.00

What is the place of supply where the goods or services are supplied on board a conveyance, such as a vessel, an aircraft, a train or a motor vehicle? [Study Mat]

Answer :-

➲ As per **section 10(1)(e)** of IGST Act, if goods are supplied on board a conveyance including a vessel, an aircraft, a train or a motor vehicle, the place of supply shall be the **location at which such goods are taken on board.**

➲ However, in respect of services, the place of supply is the location of the first scheduled point of departure of that conveyance for the journey as per **sections 12(10).**

05. Section 12 of IGST Act:- POS of Services if location of Supplier AND location of recipient is in India

Section 12(2):- POS generally (The default rule)

CCP 07.05.09.00

Mr. A, a CA in Gurugram, Haryana, (registered in Haryana) provides Consultancy services to his client Mr. C who is a resident of New Delhi but is not registered under GST. The address of Mr. C is available in the records of Mr. A.

What will be your answer if the address of Mr. C is not available in the records of Mr. A.

Answer :-

Legal Provision:

- As per **section 12(2)** of IGST Act, the place of supply of services **other than** those specified under sections 12(3) to 12(14) shall be as under:-
  a) If supply is made to registered person, place of supply shall be the location of **registered recipient.**
  b) If supply is made to an unregistered person, place of supply shall be:-
  - the **location of recipient** if the address is available in the records of supplier &
  - the **location of supplier** in other cases.

Discussion & Conclusion:

- If the address of Mr. C is available in the records of Mr. A, the place of supply shall be the location of Mr. C i.e. **New Delhi.**
- If the address of Mr. C is not available in the records of Mr. A, the place of supply shall be the location of Mr. A which is **Gurugram.**

Section 12(3):- POS of Services related to Immovable property

CCP 07.05.10.00

The place of supply in relation to immovable property (situated in India) is the location of immovable property. Suppose a road is constructed from Delhi to Mumbai covering multiple states. What will be the place of supply of construction services? [Study Mat]

Answer :-

- As per **explanation to section 12(3)** of IGST Act, if the immovable property is located in more than one State, the supply of service is treated as made in each of the States in proportion to **the value for services separately collected or determined** in contract or agreement entered into.
- In the absence of such contract or agreement, value of supply for each state is determined on **other prescribed reasonable basis.**
- As per **Rule 4** of IGST Rules, in the absence of a contract or agreement between supplier & recipient of services, the **proportionate value** of services supplied in different States where the immovable property is located is computed on the basis of the **area of immovable property lying in each State.**

Section 12(4):- POS of Services based on Performance

CCP 07.05.11.00

Mr. Timmy Ferreira, a makeup artist at Kolkata, goes to Jaipur, Rajasthan for doing the makeup of Ms. Simran Kapoor, a Bollywood actress based in Mumbai. [Study Mat (Example)]

Answer :-

Legal Provision:

- As per **section 12(4)** of IGST Act, the place of supply of restaurant and catering services & beauty treatment service shall be the location where the services are actually performed.

Discussion & Conclusion:

- The place of supply of beauty treatment service provided by Mr. Timmy Ferreira is **Jaipur, Rajasthan** where the service of doing makeup is actually performed.

Section 12(5):- POS of Services related to Training & Performance Appraisal

CCP 07.05.12.00

DEO Consultants (Kolkata) impart GST training to accounts and finance personnel of Sun Cements Ltd., Guwahati, Assam (registered office) at the company's Kolkata office which is also registered under GST.

Answer :-

Legal Provision:

➲ As per **section 12(5)** of IGST Act, the place of supply for services in relation to training & performance appraisal provided to:-

a) a registered person shall be the location of such **registered recipient,**

b) an unregistered person shall be the location where the services are **actually performed.**

Discussion & Conclusion:

➲ In given case, since the contract is entered with Guwahati office, which is a registered recipient, the place of supply is the location of the registered person, **i.e. Guwahati.**

Section 12(6):- POS for Admission to Events

CCP 07.05.13.00

Mr. X of Kolkata purchased online tickets for Aquatica water park in Mumbai.

Answer :-

Legal Provision:

➲ As per **section 12(6)** of IGST Act, for services provided by way of admission to a cultural, artistic, sporting, scientific, educational, entertainment event or amusement park or any other place and services ancillary thereto, the place of supply shall be the place where the **event is actually held or where the park or such other place is located.**

Conclusion:

➲ In given case, the place of supply is **Mumbai** which is the location of the water park.

Section 12(7):- POS for Organisation of Events

CCP 07.05.14.00

What would be the place of supply of services provided by an event management company for organizing a sporting event for a Sports Federation which is held in multiple States?
[Study Mat][CA Inter MTP Mar 24, April 24 (Similar)]

Answer :-

➲ As per **section 12(7)** of IGST Act, if the recipient of service is registered, the **place of supply of services for organizing the event is the location of such person**. However, if the recipient is not registered, the **place of supply is the place where event is held.**

➲ As per **explanation to section 12(7)** of IGST Act, if the event is held in multiple States & consolidated amount is charged for such services, the **place of supply will be deemed to be in each State in proportion** to the value for services determined as per the contract or agreement.

➲ As per **Rule 5** of IGST Rules, in the absence of a contract or agreement between supplier & recipient of services, such **proportionate value** shall be determined by the application of **generally accepted accounting principles.**

Section 12(8):- POS for Transportation of Goods INCLUDING Mail or Courier

CCP 07.05.15.00

Mr. Joy, an unregistered person of Kolkata, West Bengal sends a courier through Kolkata, West Bengal based Mohan Courier Agency to his sister in Mumbai, Maharashtra. [CA Inter May 24 Exam]

Answer :-

Legal Provision :-

As per **section 12(8)** of IGST Act, for supply of services by way of transportation of goods, including mail or courier, the place of supply shall be as under:-

- If the recipient is registered, **place of supply shall be the location of such registered person.**
- If the recipient is not registered, **the place of supply shall be the place where the goods are handed over for their transportation.**

Conclusion: In the given case, the place of supply will be **Kolkata, West Bengal.**

Section 12(9):- POS for Transportation of Passenger

CCP 07.05.16.00

Mr. Nitin, an unregistered person, resides at Rewa, Madhya Pradesh books a two-way air journey ticket from Prayagraj, Uttar Pradesh to Jaipur, Rajasthan on 6 September and back. He leaves Prayagraj on 11 September in a morning flight and land in Jaipur the same day. He leaves Jaipur on 15 September in a late night flight and lands in Prayagraj the next day. [CA Inter May 24 Exam]

Answer :-Legal Provision :- As per section 12(9) of IGST Act, if the passenger transportation service is provided to:-

- a registered person, the place of supply shall be the location of such registered person,
- an unregistered person, the **place of supply shall be the place where the passenger embarks on the conveyance for a continuous journey** wherein the return journey is treated as a separate journey, even if the tickets for onward and return journey is issued at the same time.

Discussion & Conclusion: In the given case, the place of supply for the outward and return journey are the locations where Mr. Nitin embarked on the conveyance for the continuous journey, i.e. **Prayagraj, Uttar Pradesh** for outward journey and **Jaipur, Rajasthan**, for return journey.

Section 12(10):- POS of Services provided on board a Conveyance

CCP 07.05.17.00

Mr. X is travelling from Delhi to Mumbai in an Airjet flight. He desires to watch an English movie during

the journey by making the necessary payment. Determine Place of supply. [Study Mat (Example)]

Answer :-

Legal Provision:-

- As per **section 12(10)** of IGST Act, the place of supply of services supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle shall be the **location of the first scheduled point of departure of that conveyance for the journey.**

Discussion & Conclusion:-

- In given case, the place of supply of service of showing 'movie on demand' is the first scheduled point of departure of the conveyance for the journey i.e., **Delhi.**

Section 12(11):- POS of Telecommunication Services

CCP 07.05.18.00

What is the place of supply for mobile connection? Can it be the location of supplier? [Study Mat]

Answer :-

➲ **No**, the **location of supplier** of mobile services **cannot** be the place of supply as the mobile companies are providing services in multiple states and many of these services are inter-state. If location of supplier is taken as place of supply, the consumption principle will be broken, and all the revenue may go to a few states where the suppliers are located.

➲ **Place of supply** for mobile connection depends on whether the connection is **post-paid or prepaid.**

For Post-Paid connections	The place of supply is the location of billing address of the recipient of services in the record of supplier of service.		
For Pre-Paid connections	1	Service is supplied through a selling agent / re - seller / distributor of SIM card or recharge voucher:-	Place of supply is the location of address of the selling agent/ re-seller/ distributor as per the records of supplier at the time of supply.
	2	Service is supplied by any person to the final subscriber:-	Place of supply is the location where such prepayment is received or vouchers are sold.
	3	Service is supplied in other cases:-	Place of supply is the address of recipient as per the records of supplier of services & if address is not available, the place of supply shall be location of the supplier of services.
If **recharge for pre-paid service** is done through **internet/e-payment**, the place of supply shall be **location of recipient of service in the record of supplier.**			

Section 12(12):- POS of Banking & Financial Services including Stock Broking Services

CCP 07.05.19.00

With reference to GST law, Determine the place of supply with reasons in the following independent circumstances:-

(i) A person from Mumbai goes to Kullu-Manali and takes some services from ICICI Bank in Manali. What is the place of supply? (Study Mat)

(ii) Miss Kanika of Kolkata (West Bengal) visited to Jodhpur Law University (Rajasthan) and paid her college fees by purchasing a demand draft from a bank located in the University campus. Miss Kanika did not have any account with the bank. [CA Inter RTP May 24]

Answer :-

Legal Provision:

➲ As per **section 12(12)** of IGST Act, the place of supply of banking & other financial services (including stock broking services) provided to any person shall be the **location of the recipient of services in the records of the supplier.**

➲ However, if the location of recipient of services is not available in the records of supplier, **the place of supply shall be the location of the supplier of services.**

Conclusion:-

i)	The place of supply is the **location of supplier** of services i.e. **Kullu-Manali, Himachal Pradesh** as the location of recipient of services is not available in the records of supplier.
ii)	Since the location of recipient is not available in the records of the supplier. Thus, the place of supply is the location of the supplier of services, i.e. **Rajasthan (or Jodhpur).**

Section 12(13):- POS of Insurance Services

CCP 07.05.20.00

An unregistered person from Gurugram travels by Air India flight from Mumbai to Delhi and gets his travel insurance done in Mumbai. What is the place of supply of insurance services? [Study Mat]

Answer:

Legal Provision:

- As per **section 12(13)** of IGST Act, the place of supply of insurance services provided to:-
  a) a registered person shall be the location of such **registered recipient &**
  b) an unregistered person shall be the **location of recipient of services** in the records of supplier.

Conclusion:

- The place of supply is the location of recipient of services in the records of supplier i.e. **Gurugram** as the travel insurance is taken by an unregistered person.

Section 12(14):- POS of Advertisement Services provided to Government

CCP 07.05.21.00

How to determine the place of supply, if advertisement service is supplied to the Central Government/ State Government/ Statutory body/ Local authority meant for the State or Union Territory?

Answer:

- As per **section 12(14)** of IGST Act, if advertisement service is provided to the Central Government/ State Government/ Statutory body/ Local authority meant for the State or Union Territory identified in contract or agreement, then the place of supply shall be in **each of such States or Union Territories** where the advertisement is broadcasted or run or played or disseminated.
- The proportionate value for services provided in each state is determined on basis of dissemination in the respective States or Union territories as per the **contract or agreement entered.**
- In the **absence** of a contract or agreement between supplier & recipient, such proportionate the value shall be determined as per **rule 3** of IGST Rules.

06. Combined Questions on Section 12 of IGST Act

CCP 07.06.22.00

Determine place of supply along with reasons in the following cases:-

) Mr. A (a Chartered Accountant registered in Kolkata) supplies services to his client in Bhubaneswar (registered in Bhubaneswar, Odisha).

2) Mr. X, registered in Guwahati, has availed land-line services from BSNL. The telephone is installed in residential premises in Kolkata and the billing address is office of Mr. X in Guwahati.

3) Mr. Z, an unregistered person of Kolkata, sends a courier from New Delhi to his friend in Chennai, Tamil Nadu while he was on trip to New Delhi.

Answer:

1)	➲ As per **section 12(2)** of IGST Act, if services **other than** specified under sections 12(3) to 12(14) are supplied to registered person, the place of supply shall be the **location of registered recipient.** ➲ In given case, the place of supply is Bhubaneshwar, Odisha.
2)	➲ As per **section 12(11)** of IGST Act, the place of supply of services of installation of fixed telecommunication line is the location where the telecommunication line is installed for receipt of services. ➲ Thus, the place of supply of service is **Kolkata** in this case.
3)	➲ As per **section 12(8)** of IGST Act, if services are supplied by way of transportation of goods, including mail or courier to an unregistered recipient, the place of supply shall be the place where the **goods are handed over for their transportation.** ➲ Thus, the place of supply is **New Delhi** in given case.

Chapter 8

EXEMPTION

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01. General Questions on Exemption

CCP 08.01.01.00

State the difference between

i) General & Special Exemption.

ii) Absolute & Conditional Exemption

Answer :

(i) Difference between General & Special Exemption:-

	General Exemption	Special Exemption
1	It is given by Government in public interest by notification in official gazette.	It is given by Government in public interest by special order.
2	It is applicable to all members of a particular section.	It is applicable in each case i.e. applicable to that person to whom the order is given.
3	It is given generally in public interest.	It is given in exceptional nature which is necessary in public interest.
4	It is covered u/s 11(1) of CGST Act, 2017.	It is covered u/s 11(2) of CGST Act, 2017.

(ii) Difference between Absolute & Conditional Exemption:

	Absolute Exemption	Conditional Exemption
1	Registered person has to mandatorily avail exemption given without any conditions.	Registered person has option to avail exemption on fulfilment of certain conditions.
2	Registered person supplying goods &/or services which are exempted absolutely shall not collect tax in excess of effective rate.	Registered person supplying goods &/or services which are exempted conditionally shall collect tax at effective rate, if any condition is not fulfilled.

02. Exemptions relating to Health Care:-

CCP 08.02.02.00

Ayushman Medical centre, a clinical establishment, offers the following services:-

S.No.	Particulars	₹ (Excluding GS
i)	Reiki healing treatment. Such therapy is not recognized system of medicine as per section 2(h) of Clinical Establishments Act, 2010	10,00,000
ii)	Plastic Surgeries [One such surgery was conducted to repair cleft lip of a new born baby, Consideration of ₹ 1,00,000 was charged for the same]	20,00,000
iii)	Air ambulance services to transport critically ill patients from distant location to Ayushman Medical Centre	1,00,000
iv)	Alternative medical treatments by way of Ayurveda. Such therapy is a recognized system of medicine as per section 2(h) of Clinical Establishment Act, 2010	2,50,000
v)	Alternative medical treatments by way of yoga.	5,00,000
vi)	Rehabilitation professional therapy service to Mr. Tushar who needed rehabilitation to learn how to walk again after the car accident.	1,00,000
vii)	Services provided by clinical establishments by way of providing room having charges ₹ 5,500 per day	66,000

Ayushman Medical Centre also operates a cord blood bank which provides services in relatio preservation of stem cells. Ayushman Medical Centre is of the view that since it is a clin

establishment, all the service provided by it as well as all the services provided to it are exempt from payment of GST.

You are required to examine the situation & also compute value of taxable supply and GST liability [CGST & SGST or IGST] of Ayushman Medical Centre, if any, in the light of relevant GST provisions.

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

Answer:-

- The contention of Ayushman Medical Centre that since it is a clinical establishment, all the services provided to it are also exempt from GST is not correct in law.
- Exemption is available to health care services provided by a clinical establishment and not to services provided to a clinical establishment. However, such services must be provided in any recognized system of medicines in India.

Accordingly, Computation of Value of taxable supply and GST liability of Ayushman Medical Centre:-

S. NO	Particulars	₹	Remarks
i)	Reiki healing treatment	10,00,000	**Taxable** as Reiki is not a recognized system of medicines.
ii)	Plastic Surgeries (₹ 20,00,000-₹ 1,00,000)	19,00,000	'Health care services' specifically **excludes** cosmetic or plastic surgery except when undertaken to restore/ reconstruct anatomy/ functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.
iii)	Air ambulance services to transport critically ill patients from distant location to Ayushman Medical Centre	Nil	**Exempt** as 'Health care services' specifically includes transportation of patient to and from a clinical establishment.
iv)	Ayurveda medical treatments	Nil	**Exempt** as Ayurveda is a recognized system of medicines.
v)	Yoga medical treatments	Nil	**Exempt** as Yoga is a recognized system of medicine.
vi)	Therapy service by Rehabilitation professional to Mr. Tushar to learn how to walk again after car accident.	Nil	Therapy provided by a rehabilitation professional recognised under Rehabilitation Council of India Act, 1992 at medical establishments is exempt.
vii)	Services provided by clinical establishments by way of providing room	66,000	**Taxable,** Services provided by clinical establishment by way of providing room other than ICU/CCU/ICCU/NICU having room charges exceeding ₹5,000 per day.
	Value of Taxable supply	**29,66,000**	
	CGST @9%	2,66,940	
	SGST @9%	2,66,940	

Note:

- Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are taxable from GST.

➲ Therefore, services provided in relation to preservation of stem cells by the cord blood bank operated Ayushman Medical Centre will be taxable from GST.

CCP 08.02.02.01

Mr. Shyam Das was admitted to Suraksha Hospital in Mumbai for 2 days in relation to diagnosis of remov of stones from his kidney. For the said services, Suraksha hospital charged following from Mr. Das:

(i) Room rent ₹7,000 per day for 2 days.

(ii) Operation theatre charges ₹5,000

(iii) Doctors Consultation Charges ₹8,000

(iv) Other services ₹4,000

In each of the above scenario explain whether Suraksha Hospital should levy GST or not in line with t relevant provisions of the GST laws. [CA Inter May 23 Exam]

Answer :-

Legal provision:

➲Health care services by a clinical establishment are **exempt** from GST.

➲However, services provided by a clinical establishment by way of providing room having room charg **exceeding ₹5,000 per day** to a person receiving health care services are **not exempt.**

Discussion & conclusion:

➲ In view of the same, only the room rent of ₹14,000 (₹7,000 per day × 2 days) is **liable** to GST.

➲ Other than room rent, all other nature of services provided by Suraksha Hospital are **exempt** from GST.

Assumption: Other services are covered under the Health care services & they are exempt.

03. Exemptions relating to Charitable & Religious Sector:-

CCP 08.03.03.00

Services provided by an entity registered u/s 12AA or 12AB of the Income- tax Act, 1961 are exem from GST, if such services are provided by way of charitable activities. Elaborate the term 'Charital activities'. [Study Mat] [CA Inter MTP Oct 23]

Answer:-

The term 'Charitable activities' means activities relating to:-

(i) Public health by way of-

a) care or counseling of-

- ➤ terminally ill persons or persons with severe physical or mental disability,
- ➤ persons afflicted with HIV or AIDS,
- ➤ persons addicted to a dependence-forming substance such as narcotics drugs or alcohol or

b) public awareness of preventive health, family planning or prevention of HIV infection,

(ii) Advancement of religion, spirituality or yoga,

(iii) Advancement of educational programmes/skill development relating to,-

a) Abandoned, orphaned or homeless children,

b) Physically or mentally abused and traumatized persons,

c) Prisoners or

d) Persons over the age of 65 years residing in a rural area,

(iv) Preservation of environment including watershed, forests & wildlife.

CCP 08.03.04.00

The Shirdi Sai Baba Trust is a religious trust, registered under section 10(23C)(v) of the Income Tax Act 1961. The trust has a number of rooms, community halls and shops which it gives out on rent. Calculate the value of taxable service taking into consideration the relevant notification. For the month of June 20XX, it furnishes the following details:-

S.No.	Particulars	₹
1	Renting of Rooms:	
	(i) 2 Rooms were rented for ₹900 each per day	1,800
	(ii) 5 Rooms were rented for ₹1,100 each per day	5,500
2	Renting of Community Halls:	
	(i) 3 Community Halls for performance of wedding ceremonies for ₹ 25,000 per day	75,000
	(ii) 1 Community Hall for performance of various religious ceremonies for ₹ 8,000 per day	8,000
3	The trust has 5 shops located just across the temple which it has rented to individuals for running their business. These are retails mainly involved in selling goods required for performing various religious ceremonies. Each has been rented for ₹ 15,000 per month.	75,000
4	Meditation Hall provided on rent for ₹ 100 per day	3,000

Answer:-

Calculation of value of taxable service for the month of June 20XX:-

Sr.No.	Particulars	₹
1	Renting of Rooms: **(Note-1)**	
	(i) 2 Rooms were rented for ₹ 900 each per day	-
	(ii) 5 Rooms were rented for ₹ 1,100 each per day	5,500
2	Renting of Community Halls: **(Note-2)**	
	(i) 3 Community Halls for performance of wedding ceremonies for ₹ 25,000 per day	75,000
	(ii) 1 Community Hall for performance of various religious ceremonies for ₹ 8,000 per day	-
3	Rented 5 retails shops of Trust across the temple mainly involved in selling goods required for performing various religious ceremonies for ₹ 15,000 per month per shop **(Note-3)**	75,000
4	Meditation Hall provided on rent for ₹ 100 per day **(Note-4)**	-
	Value of taxable service	**1,55,500**

Notes:- Exemption for Renting of precincts of a religious place meant for general public, owned or managed by a charitable or religious trust registered u/s 10(23C) of Income-tax Act, 1961 is as under:

1) Renting of rooms where the rent charged is less than ₹1,000 per day is exempt.
2) Renting of community halls where the rent charged is less than ₹10,000 per day is exempt.
3) Renting of shops where the rent charged is less than ₹10,000 per month is exempt.
4) Meditation Hall is in the precincts of religious place and renting charges are less than ₹ 10,000 per day. Hence, the exemption is available.

CCP 08.03.05.00

Anand Trust, Kolkata is registered under section 12AA of the Income Tax Act, 1961. It has provide following particulars relating to the activities carried out by it for the month of March, 20XX:-

Particulars	Amount (₹
Donation received against display of name of a city-based school in annual religious book published by the Trust	5,00,000
Receipts from sale of food in Anand food court, located in the Trust premises	2,00,000
Refundable deposit of ₹ 2,00,000 and annual fees of ₹ 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 organized in Trust premises on occasion of 'Shivratri'	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 Trust in Kolkata (Rent ₹ 10,000 per day)	2,00,000

From given information, you are required to calculate the value of taxable supply. [CA IPC Nov 20 Exam]

Answer:-

Computation of value of taxable supply of Anand Trust for the month of March, 20XX:-

Particulars	₹	Reason
Donation received for publishing the name of a school in annual religious publication of Trust	5,00,000	**Taxable**, as it is a non-charitable activity, service provided by Trust is not eligible for exemption & also publishing name of school is giving publicity/ advertisement to it.
Receipts from sale of food in food court in the premises of Trust	2,00,000	**Taxable**, as it is a non-charitable activity, service provided by Trust is not eligible for exemption from GST.
Annual fees received from restaurants for use of brand name and logo of food court	1,00,000	**Taxable**, as it is a non-charitable activity, servic provided by Trust is not eligible for exemptio However, **deposit being refundable in nature canno be construed as consideration.** **Note:** It is assumed that refundable deposit of 2,00,000 has not affected, in any manner, th consideration charged for use of brand name and log of the food court.
Donation received for pooja organized in Trust premises on occasion of 'Shivratri'	Nil	**Exempt** because services of conduct of a religious ceremony are exempt from GST.
Receipts from skill development program for senior citizens (aged more than 65 years) residing in Kolkata	4,00,000	**Taxable**, as Skill development program conducted by Trust for persons over the age of 65 years is not a charitable activity since such persons are **not residing in rural area**, but in an urban area (Kolkata). Thus, not eligible for exemption.

Preservation of Tigers in Sunderbans, West Bengal	Nil	**Exempt**, as it is a charitable activity of preservation of wildlife, service provided by Trust is eligible for exemption.
Letting out of precincts of religious place owned by Trust in Kolkata	2,00,000	**Taxable**, as the rent is ₹ 10,000 per day, it is not eligible for exemption. Renting of precincts of a religious place meant for general public owned by a charitable trust is exempt only when rent is less than ₹ 10,000 per day.
Total value of taxable supply	**14,00,000**	

04. Exemptions relating to Legal Service:-

CCP 08.04.06.00

M/s Patil & Associates is a partnership firm engaged in providing legal services pertaining to corporate affairs, legal consultancy & representational services. During the financial year, it has provided the following services:-

(i) Represented a company appeal matter for M/s Shah & Shah Pvt. Ltd. which is an unregistered person under GST as aggregate turnover in preceding financial year is less than the threshold limit applicable for registration.

(ii) Assisted Advocate Dhiraj for a legal matter relating to a criminal case of his client.

(iii) Legal consultancy services for personal land related matter to its client, Mr. Balal dev.

(iv) Provided legal advice to the State Government for an official matter.

Whether the above services are taxable or exempt? Also give reason for the same.

Answer:-

(i) **Exempt:-**

- Legal service provided by a partnership firm of advocates to a business entity with an aggregate turnover up to such amount in preceding financial year as makes it eligible for exemption from registration under CGST Act is exempted under GST.
- Legal services include representational services.

(ii) **Exempt:-** Legal service provided by a partnership firm of advocates to an advocate is exempt.

(iii) **Exempt:-** Legal service provided by a partnership firm of advocates to a person other than a business entity is exempt.

(iv) **Exempt:-** Legal service provided by a partnership firm of advocates to State Government is exempt.

05. Exemptions relating to Agriculture:-

CCP 08.05.07.00

Green Agro Services, a registered person provides the following information relating to its activities during the month of February, 20XX:-

Gross Receipts from	Amount (₹)
Services relating to rearing of sheeps	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
Service 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 fo the month of February, 20XX. [CA Inter Jan 21 Exam]

Answer:-

Particulars	₹	Reason
Services relating to rearing of sheeps	Nil	**Exempt** since services relating to rearing of all life forms o animals, except horses, for food etc. are exempt.
Services of artificial insemination of horses	4,00,000	**Not exempt**, since artificial insemination of livestock other than horses are exempt.
Processing of sugarcane into jaggery	8,00,000	**Not exempt**, since processes which lter essential characteristics of agricultural produce are not exempt & processing of sugarcane into jaggery changes essential characteristics of sugarcane.
Milling of paddy into rice	7,50,000	**Not exempt**, as this process, being carried out after cultivation is over, is not an intermediate production process for cultivation o plants & it also changes essential characteristics of paddy.
Fumigation in a warehouse of agricultural produce	1,80,000	**Not exempt,** Services by way of fumigation in a warehouse of agricultural produce are taxable.
Value of taxable supplies	**21,30,000**	

CCP 08.05.08.00

'Seed Farmers Association' is engaged in providing services relating to agriculture. It furnishes th following details with respect to activities undertaken by them in month of May, 20XX.

S.No.	Particulars	₹
1	Cultivation of ornamental flowers	42,000
2	Packing of tomato ketchup	54,000
3	Warehousing of potato chips and Biscuit	1,65,000
4	Sale of tea & rice on commission basis (tea 18,000 & rice 50,000)	68,000
5	Packaging of pulses in retail packs	45,000
6	Training of farmers on use of scientific tools, Agro-machinery and use of new pesticides and fertilizers developed through Scientific research	10,000
7	Leasing of vacant land to a stud farm (rearing of horses)	1,63,000
8	Grading of wheat according to its quality	42,000
9	Testing of samples from plants for pest detection	1,21,000
10	Rearing of silk worms	83,500
11	Supply of farm labour	58,000
12	Renting of Agro-machinery	5,00,000
13	Processing of Tomato ketchup and Potato Chips	3,00,000
14	Warehousing of minor forest produce	1,70,000
15	Warehousing of seasonal vegetables, fruits, cereals and pulses	50,000

Compute the value of taxable service of 'Seed Farmer Association' for the month of May, 20XX. Assum that the point of taxation in respect of all activities mentioned above falls in the month of May, 20X itself.

Answer:-

Computation of value of taxable service of 'Seed Farmer Association' for the month of May, 20XX:-

S.No.	Particulars	₹	Remark
1	Cultivation of ornamental flowers	-	It is **exempt** as Floriculture is agricultural activity.
2	Packing of tomato ketchup	54,000	It is **taxable** as tomato ketchup is not agricultural produce.
3	Warehousing of potato chips & Biscuit	1,65,000	It is **taxable** as potato chips & Biscuit are not agricultural produce.
4	Sale of tea & rice on commission basis (tea ₹18,000 & rice ₹50,000)	68,000	Tea & Rice are not agricultural produce & thus, their sale on commission basis is **not exempted.**
5	Packaging of pulses in retailpacks	45,000	This activity is **taxable** as it is not necessary to make pulses marketable in primary market.
6	Training of farmers on use of scientific tools, Agro-machinery and use of new pesticides & fertilizers developed through Scientific research	-	These are Agricultural extension services & are **specifically exempted.**
7	Leasing of vacant land to a stud farm (rearing of horses)	1,63,000	Rearing of all life-forms of animals except horses is **exempt.**
8	Grading of wheat according to its quality	-	It does not alter essential characteristics of Wheat but makes it marketable for primary market & thus, **exempt.**
9	Testing of samples from plants for pest detection	-	Agricultural operations directly related to production of anyagricultural produce including testing is **exempt.**
10	Rearing of silk worms	-	Rearing of all life-forms of animals except horses is **exempt.**
11	Supply of farm labour	-	It is **specifically exempted.**
12	Renting of Agro-machinery	-	It is **specifically exempted.**
13	Processing of Tomato ketchup & Potato Chips	3,00,000	Such processing alters essential characteristics of tomato & Potato. They are not agricultural produce & thus, **taxable.**
14	Warehousing of minor forest produce	-	It is **specifically exempted.**
15	Warehousing of seasonal vegetables, fruits, cereals & pulses	-	It is **specifically exempted.**
	Value of Taxable Services	**7,95,000**	

06. Exemptions relating to Passenger Transportation:-

CCP 08.06.09.00

Deccan Shipping Pvt. Ltd., registered under GST in Andaman and Nicobar islands, provided th passenger transportation services to the local residents in the ferries owned by it from Neil Island t Havelock Island.

Determine whether GST is payable or not. [CA Inter RTP May 23]

Answer:-

- **Transportation of passenger services provided by the private operator- Deccan Shipping Pvt. Ltd are exempt from GST.**
- Transportation of passengers by public transport, other than predominantly for tourism purpose, in vessel between places located in India is also exempt from GST vide exemption notification.
- As per the **CBIC clarification** on applicability of GST on private ferry tickets, it is clarified that **exemptio would apply to tickets purchased for transportation from one point to another** irrespective of whethe the ferry is owned or operated by a private sector enterprise or by a PSU/government.
- The expression 'public transport' means that the transport should be open to public. **It can be privately o publicly owned.**
- Only exclusion is on transportation which is predominantly for tourism, such as services which ma combine with transportation, sightseeing, food and beverages, music, accommodation such as in shikar cruise etc.

CCP 08.06.10.00

1) Mr. A boarded Rajdhani Express (fully AC train) from Kanpur on July 5, 20XX and disembarked New Delhi. He hired a car from a local cab operator for the whole day on a lumpsum considerati and visited Delhi's historical monuments. In the night, he took the Metro to International Airpo and boarded a flight to Mumbai. At Mumbai Airport, he booked a Radio taxi through Speed Ca Operator (ECO) for going to his hotel. Mr. A returned to Kanpur from a different train, Pushpa Express' in sleeper class. With reference to the Notification 12/2017, examine leviability of GST o various modes of travel undertaken by Mr. A.

2) High Alps Cable Car Co. runs a cable car to transport pilgrims uphill to a mountain top where a ho shrine is situated. Examine whether High Alps Cable Car Co. is required to pay any GST.

Answer:-

Legal provision:-

As per the exemption Notification, service of transportation of passengers, with or without accompani belongings, by the following modes of travel is **exempted:-**

a) Railways in a class other than –

i) First class; or

ii) An air-conditioned coach

b) Metro, monorail or tramway

c) Inland waterways

d) Public transport, other than predominantly for tourism purpose, in a vessel between places located in India ar

e) Metered cabs or Auto rickshaws (including e-rickshaws).

Discussion & Conclusion:-

In the given case, GST leviability on various passenger transportation services used by Mr. A is as under:-

1	i)	Rail travel in AC train:-	It is covered under exception part of exemption & thus, liable to GST.
	ii)	Travel in a car rented for whole day for lumpsum consideration:-	Travel by only metered cabs is covered in exemption. Thus, travel in a car rented forwhole day for lumpsum consideration is liable to GST.
	iii)	Metro travel:-	It is covered in exemption and hence, not taxable.
	iv)	Air travel:-	It is not covered under the exemption and thus, liable to GST.
	v)	Radio taxi travel:-	It is not covered under the exemption & thus, liable to GST. As per section 9(5) of CGST Act, GST is to be paid by the ECO in this case.
	vi)	Rail travel in sleeper class:-	It is covered in Exemption and hence, not liable to GST.
2	Use of cable car to transport passengers is **not covered in the exemption** & hence, it is liable to GST.		

CCP 08.06.11.00

M/s. R Ltd. is engaged is providing service of transportation of passengers, furnished following information for the month of Oct, 20XX. Find the GST liability.

1) Service of transportation of passengers by National Waterways: ₹50 lakhs

2) Service of transportation of passengers by Stage carriage (non-air conditioned): ₹5 lakhs

3) Service of transportation of passengers by contract carriage for tourism: ₹120 lakhs

4) Transportation of passenger from Mumbai to Chennai port in a vessel and such service in not for tourism purpose: ₹12 lakhs

5) Transportation of passenger from Bagdogra to Manipur by Air in Business class: ₹5 lakhs

Note: R Ltd. is willing to avail exemption benefits, if any & Taxable supplies of Mr. R in the previous year were ₹22 lakhs. [GST Rate = 5%]

Answer:-

Computation of taxable value and GST liability of M/s. R Ltd.:-

Service supplied [Transportation of passengers]	**₹ in lakhs**	**Remark**
By National Waterways	-	Exempted supply
By Stage Carriage (non-air conditioned)	-	Exempted supply
By contract carriage for tourism	120	Taxable supply
In a vessel from Mumbai to Chennai & not for tourism	-	Exempted supply
By Air in Business class from Bagdogra to Manipur	5	Taxable supply
Taxable value of supply of services	**125**	
GST liability @5% on ₹ 125 lakhs	**6.25**	

07. Exemptions relating to Goods Transportation:-

CCP 08.07.12.00

Discuss whether GST is chargeable in respect of services provided by goods transport agency in each of the following independent cases & also give necessary explanation for the same:-

(i) Transportation of organic manures ₹50,000.

(ii) Transportation of goods by Goods transport Agency

(iii) Transportation of military equipment's ₹25,000

(iv) Transportation of polyester fiber ₹15,000

(v) Transportation of milk products ₹20,000

Answer:-

(I) **Exempt:-** As per the exemption notification, transportation of organic manure by goods transport agenc is exempt & hence, the same is **not** liable to GST.

(ii) **Taxable:-** Service provided by GTA for Transportation of goods is taxable in full

(iii) **Exempt:-** Transportation of military equipments by goods transport agency is specifically exempted hence, the same is **not** liable to GST.

(iv) **Taxable:-** Transportation of polyester fiber is not covered under the exemption & hence, the same is liab to GST.

(v) **Taxable:-** Transportation of milk by goods transport agency is specifically exempted but milk produc are taxable hence, the same is liable to GST.

CCP 08.07.13.00

Examine whether GST is payable in the given independent cases:-

(i) A State Transport Undertaking has hired motor vehicles meant to carry 8 – 10 passengers from Fa Cab Renting, a motor vehicle renting company. Give your comments as to whether any GST payable in this case.

(ii) ST Ltd. has given on hire 5 trucks to Titu Transporters of Delhi (a goods transport agency) f transporting goods in Central and West Delhi. The hiring charges for the trucks are ₹ 7,500 p truck per day [Study Mat]

Answer:-

(i)	**Legal Provision:-** ➲ Services of giving on hire a motor vehicle meant to carry **more than 12 passengers** to a Stat Transport Undertaking, is exempt from GST. **Discussion & Conclusion:-** ➲ In given case, since motor vehicles given on hire by Fast Cab Renting to State Transpo Undertaking are meant to carry **8-10 passengers**, it is not be eligible for exemption & thus, i **liable to GST.**
(ii)	**Legal Provision:-** ➲ Services of giving on hire a means of transportation of goods to a goods transport agency a **exempt** from GST. **Discussion & Conclusion:-** ➲ In the given case, hiring of trucks to Titu Transporters which is goods transport agency is covere under the exemption irrespective of the hiring charges & thus, **GST is not payable.**

Renting of Immovable Property Sector

CCP 08.07.13.01

Mr. Poddar has 3 buildings – A, B & C. Building A is run as hotel which offers accommodation servic with a value of supply at ₹18,000 per person per month. A customer books a room for 95 continuo days in it. Building B is a residential building named as i.e Greenwood Hostel in which, 1st floor flat given on rent to college student for 3 months whose rent is ₹ 25,000 per person per month i.e. 75,000. Building C is also residential which is given on rent as student residences to students & ea

residence in it is given on rent to each student for 60 days where rent is ₹18,000 per person per month i.e. ₹36,000. Under the GST law, determine the taxability or exemption, if any, for each case?

Answer:-

Legal Provision:

- Accommodation services with a value of supply **less than or equal to ₹20,000** per person per month, provided for a minimum continuous period of 90 days, are **exempt** from GST.
- Services by way of renting of residential dwelling for use as residence except where the residential dwelling is rented to a registered person is **exempted.** However, accommodation services for students in student residences & accommodation services provided by Hostels, Camps, Paying Guest accommodations & the like **are not covered** in this exemption.

Discussion & Conclusion:

(i)	➲ Building A hotel offers accommodation at ₹18,000 per person per month, and the customer books the room for 95 continuous days. ➲ Since both conditions are met i.e. value of supply is less than ₹20,000 per person per month and the accommodation is for more than 90 days. **Therefore,** this service is **exempt** from GST.
(ii)	Renting of 1st floor of Hostel B to student is **taxable** under GST as value **exceeds ₹20,000 per person per month & also forms part of exception to other exemption.**
(iii)	Renting of each residence in building C to student is **taxable** under GST as here, the value is **not exceeding ₹20,000 per person per month but it is for a period of 60 days** (i.e. less than 90 days) **& also forms part of exception to other exemption.**

08. Exemptions relating to Entertainment:-

CCP 08.08.14.00

Kesar Maharaj, a renowned classical dancer gave a classical dance performance in an auditorium. The consideration charged for the said performance is ₹98,500. Is Kesar Maharaj liable to pay GST on the consideration received for the said performance, if such performance is not for promotion of any product/services? If yes, determine his GST liability.

Will your answer be different if:-

i) Consideration charged by Kesar Maharaj for the said performance is ₹1,60,000?

ii) Kesar Maharaj is a brand ambassador of a food product and aforesaid performance is for the promotion of such food product?

iii) Kesar Maharaj gives a contemporary Bollywood style dance performance in TV Serial?

iv) Kesar Maharaj gives Coaching in recreational activities relating to arts?

Note:- GST has been charged separately, if any. [CA Inter Exam May 19 New- gets covered in this Q]

Answer:-

Legal Provision:-

) Performance by an artist in folk or classical art forms of music, dance or theatre is exempt from GST, if consideration charged for such performance is not more than ₹1,50,000. However, exemption will **not apply** to service provided by such artist as brand ambassador.

) Training or coaching service in recreational activities relating to arts or culture by an Individual is **exempt** from GST.

Discussion & Conclusion:-

➢ In given case, classical dance performance by Kesar Maharaj **is exempt** from GST as consideration is

₹98,500 which does not exceed ₹1,50,000 & also, he is not promoting anything. Hence, he is not liable pay GST.

➢ **Yes, the answers in different scenarios shall be as under:-**

(i) If consideration charged by Kesar Maharaj is ₹1,60,000, he **will be liable** to pay GST as although t performance is in classical art form of dance, but the consideration is more than 1,50,000.

(ii) If Kesar Maharaj is performing as a brand ambassador of a food product to promote the same, then **will be liable** to pay GST as the exemption is not applicable to a brand ambassador.

(iii) If Kesar Maharaj gives a contemporary Bollywood style dance performance in TV Serials, then su performance will not be eligible for exemption because the performance is not in folk or classical forms of dance. Hence, **GST would be payable** on the same.

(iv) If Kesar Maharaj, being an individual provides coaching in recreational activities relating to arts, th he is **not liable to pay GST** as this service is **specifically exempted**.

CCP 08.08.15.00

XYZ Pvt. Ltd. manufactures beauty soap with the brand name 'Forever beauty'. XYZ Pvt. Ltd. l organized a concert to promote its brand. Ms. Mahima, its brand ambassador, who is a leading f actress, has given a classical dance performance in the said concert. The proceeds of the concert 1,25,000.

(i) Explain with relevant provisions of GST, whether Ms. Mahima will be required to pay any GST.

(ii) What will be the answer if the proceeds of the concert is donated to a charitable organization?

[CA Inter July 21 Exam][Study Mat (Similar)]

Answer:-

(i) **Legal Provision:-**

➢ Services by an artist by performing folk or classical art forms of music, dance or theatre are exer from GST, if the consideration charged for such performance is **not more than ₹1,50,000.**

➢ However, this exemption is **not available** to an artist performing as a brand ambassador.

Discussion & Conclusion:-

➢ In the given case, Ms. Mahima is the **brand ambassador** of 'Forever Beauty' soap manufactured by Pvt. Ltd.

➢ Hence, services rendered by her by way of a classical dance performance in the concert organized by Pvt. Ltd. to promote its brand will **not be eligible** for exemption & thus, be liable to GST.

(ii) Even if the proceeds of concert is donated to a charitable organization, she will be **liable to GST** as this will not have any bearing on eligibility or otherwise to above-mentioned exemption.

09. Exemptions relating to Banking & Financial Sector:-

CCP 08.09.16.00

M/s. Apna Bank Limited, a Scheduled Commercial Bank has furnished the following details for month of August, 20XX:- [CA Inter Exam May 19 New]

Particulars	(₹) in Crore (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 andsaving account holder	01

Answer:

Computation of value of taxable supply of M/s. Apna Bank Limited for the month of August, 20XX:-

Particulars	(₹) in Crore	Reason
Extended Housing Loan to itscustomers	Nil	**Exempt**, since money does not constitute goods or services, extending housing loan is not a supply
Processing fees collected from its customers on sanction of loan	20	**Taxable**, since interest does not include processing fee on sanction of the loan.
Commission collected from its customers on bank guarantee	30	**Taxable,** as any commission collected over & above interest on loan, advance or deposit is not exempt.
Interest income on credit card issued by the bank	40	**Taxable,** as interest income on extending loans is exempt but interest income on credit card services is an exception to this exemption.
Interest received on housing loan extended by the bank	Nil	**Exempt**, as services of extending loans where consideration is represented by way of interest are exempt.
Minimum balance charges collected from current account & saving account holder	01	**Taxable**, as any charges collected over & above interest on loan, advance or deposit is not exempt.
Value of Taxable Supply	**91**	

10. Exemptions relating to Education & Training:-

CCP 08.10.17.00

AB Ltd., a registered company of Chennai, Tamil Nadu, provided following services for month of Oct, 20XX:-

Particulars	Amount (₹)
Services of transportation of students, faculty and staff from home to college and back to Commerce College(a private School) providing degree courses in BBA, MBA, B.Com., M.Com	2,50,000
Online monthly magazine containing question bank and latest updates in law to students of PQR Law College offering degree courses in LLB and LLM	1,00,000
Housekeeping services to T Coaching Institute	50,000
Security services to N Higher Secondary School	3,25,000
Services of providing breakfast, lunch and dinner to students of ABC Medical College offering degree courses recognized by law in medical field	5,80,000

All the above amounts are exclusive of GST. Compute the taxable supplies of AB Ltd. for the month of October, 20XX with necessary explanations. [CA Inter Dec 21 Exam]

Answer:

Computation of value of taxable supplies of AB Ltd. for the month of October, 20XX:-

Particulars	₹	Explanation
Services of transportation of students, faculty & staff to commerce college	2,50,000	**Not exempt**, as transportation services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.

Online monthly magazine to students of PQR Law College	Nil	**Exempt**, since service of supply of online educational journals provided to an educational institution providing qualification recognized by law are exempt from GST.
Housekeeping services to T Coaching Institute	50,000	**Not exempt**, since T Coaching Institute is not an educational institution.
Security services to N Higher Secondary School	Nil	**Exempt**, since security services provided to an educational instituti providing education up to higher secondary school are exempt. **Note:** It has been assumed that security services are performed in Higher Secondary School.
Services of providing breakfast, lunch & dinner to students of ABC Medical College	5,80,000	**Not exempt**, since catering services provided to an educational institution are exempt only if such institution provides pre-school education or educationup to higher secondary school or equivalent.
Value of Taxable supplies	**8,80,000**	

CCP 08.10.18.00

Multi services Private Ltd., registered in Punjab, is engaged in supplying a variety of services. turnover was ₹ 35 lakh in the preceding financial year. It has provided following information for April:

Particulars	Amount (₹
Fee for the coaching provided to students for competitive exams. The coaching centre 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 recognized by Indian law), being an inter-State transaction	19,200
Amount received for 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 the security and housekeeping services in Dhaani Public School – a pre-school (Intra-State transaction)	36,000

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

[CA Inter RTP Nov 2020]

Answer:-

Computation of net GST liability of Multi services Pvt. Ltd. for the month of April, 20XX:-

Particulars	Value (₹)	IGST @ 18% (₹)	CGST @ 9% (₹)	SGST 9% (₹
Fee for coaching provided to students for competitive exams **(Note-1)**	6,24,000	-	56,160	56,16
Services towards conduct of examination in Pureit University, Delhi **(Note-2)**	19,200	-	-	-
Services of transportation of students & faculty from their residence to Lotus Public School & back **(Note-3)**	24,000	-	-	-
Security and housekeeping services in Dhaani Public School **(Note-4)**	36,000	-	-	-
Total GST Liability		-	**56,160**	**56,16**

Notes:-

1) Fee for coaching is **taxable** since Coaching centre run by Muti services Private Ltd. is not an educatio institution as it does not lead to grant of a qualification recognized by law.

2) Since Pureit University provides qualification recognized by law in India, it is an educational institution & services provided to an educational institution in relation to conduct of examination by such institution are **exempt** from GST.

3) Since Lotus Public School provides education up to higher secondary school, it is an educational institution & services of transportation of students, faculty and staff provided to an educational institution are **exempt**.

4) Since Dhaani Public School provides pre-school education, it is an educational institution. Security and housekeeping services provided within the premises of an educational institution are **exempt**.

11. Exemptions relating to Sports:-

CCP 08.11.19.00

State whether the following services are exempt under GST or taxable? Also determine the value of taxable services. Note that the amounts given below are exclusive of GST.

Sr. No.	Particulars	Amount (₹)
1.	Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body	12,40,000
2.	Service by a player to a franchisee which is not a recognized sports body	6,80,000
3.	Services by a recognized sports body to another recognized sports body	1,20,000
4.	Services by individuals such as selectors, commentators, curators, technical experts	6,90,000
5.	Service by Team Manager for Indian Sports League (ISL), a recognised sports body, for a Tennis tournament organised by Multi brand retail company	2,00,000

Answer:-

Legal Provision:- Services provided **to** a recognised sports body are **exempted**, if they are provided by:-

a) An individual as a player, referee, umpire, coach or team manager for participation in a sporting event **organized by a recognized sports body.**

b) Another recognised sports body.

Discussion & Conclusion:-

Determination of value of taxable services:-

S.No.	Particulars	₹	Remarks
1	Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body	-	It is **specifically exempted** as discussed above.
2	Service by a player to a franchisee which is not a recognized sports body	6,80,000	It is taxable as the service by player to an un-recognized sports body is **not covered in exemption.**
3	Services by a recognized sports body to another recognized sports body	-	It is **specifically exempted** as discussed above.
4	Services by individuals such as selectors, commentators, curators, technical experts	6,90,000	It is **taxable** as exemption is given to player, referee, umpire, coach or team manager and not to selectors, commentators, curators or technical experts.

5	Service by Team Manager for Indian Sports League (ISL), a recognised sports body, for a Tennis tournament organised by Multi brand retail company	2,00,000	It is **taxable** as the sporting event is not organised by a recognised sports body.
	Value of Taxable Services	15,70,000	

12. Exemptions relating to Government:-

Services provided by Government:-

CCP 08.12.20.00

Department of Posts provided following services to general public during the month end 30.09.20XX:-

Services rendered	₹ in lakhs
Basic mail services like post card	100
Transfer of Money through money orders	500
Rural postal life insurance services	200
Distribution of mutual funds, bonds and pass port applications	500
Issuance of postal orders	300
Collection of telephone and electricity bills	100
Speed post services	500
Express parcel post services	200
Book post services	50
Ordinary post whose weight is less than 10 grams	100

Compute the value of taxable services of Department of Posts for the month ended 30.09.20XX.

Note:-

1. Time of Supply for all the aforesaid cases fall during the month ended 30.09.20XX.

2. All the amounts stated above are exclusive of GST, wherever applicable.

Answer:

Computation of value of taxable services of department of post for the month ended 30.09.20XX:-

Particulars	₹ in lakhs
Basic mail services like post card	-
Transfer of Money through money orders	500
Rural postal life insurance services	200
Distribution of mutual funds, bonds and pass port applications	500
Issuance of postal orders	300
Collection of telephone and electricity bills	100
Speed post services	500
Express parcel post services	200
Book post services	-
Ordinary post whose weight is less than 10 grams	-
Value of taxable services	**2,300**

Notes:-

All Services provided by Department of Posts are **taxable** under GST except Postal services such as post ca inland letter, book post & ordinary post (envelopes weighing less than 10 grams)

CCP 08.12.21.00

Income is received by Maharashtra Government from renting of immovable property to Ganpati Morya Pvt. Ltd., registered in Maharashtra (Turnover of the company was ₹ 18 lakh in the preceding financial year). Is GST payable in the present case? If yes, who is liable to pay the same?

Answer:-

Legal Provision:-

- Services provided by State Government to a business entity with an aggregate turnover upto such amount in preceding financial year as makes it eligible for exemption from registration under CGST Act, 2017 are **exempt.**
- However, **the same shall not apply to services by way of renting of immovable property.**
- If service of renting of immovable property is supplied by State Government to a person registered under CGST Act, then recipient is liable to pay GST under reverse **charge u/s 9(3) of CGST Act.**

Discussion & Conclusion:-

- In given case, Maharashtra Government rented immovable property to Ganpati Morya Pvt. Ltd., registered in Maharashtra.
- The above **exemption will not apply** in this case even though the company is not liable to register under CGST Act & thus, GST is payable in present case.
- **Ganpati Morya Pvt. Ltd.**, being a registered person, is liable to **pay GST under reverse charge.**

Services provided to Government:-

CCP 08.12.22.00

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

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

Comment on the taxability or otherwise of the above transactions under GST law. Also state the correct legal provisions for the same. [CA Inter RTP -May 22] [CA Inter MTP Mar 24]

Answer:-

S.No.	Particulars	Taxability	Reason
(i)	Supply of manpower for cleanliness of roads not involving any supply of goods.	Exempt	**Pure** services provided to CG or SG or UT are exempt.
(ii)	Service provided by Fair Price Shops by way of sale of sugar under Public Distribution System	Exempt	Service provided by Fair Price Shops to Government by way of sale of sugar under Public Distribution System against **commission** is exempt.

(iii)	Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares constituting 35% of the supply of service.	Taxable	Composite supply of goods & services to Governme in which the value of supply of goods constitutes **no more than 25%** of value of the said composite supp is exempt. Since, in this case value of supply of goo **constitutes 35%** of supply of composite service, sa is taxable.
(iv)	Service of brochure distribution provided under a training programme	Taxable	Services provided to Government under any trainir programme for which **75% or more** of total expenditure is borne by Government is exempt. Sir in given case, **70%** of the total expenditure is borne by Government, it is **taxable.**
(v)	Services provided by GSTN to the Maharashtra Government	Taxable	Services provided by Goods & service tax networl to the CG or SG or UT for implementation of GST are **taxable.**

13. Exemptions relating to Construction Sector:-

CCP 08.13.23.00

Mr. X, being a contractor, undertaken construction work of an individual residential unit otherwi than as part of a residential complex. You are required to answer:-

1. Whether Mr. X is liable to pay GST where he undertaken pure labour contract?

2. Whether Mr. X is liable to pay GST where he undertaken both labour and material contract (GST Ra = 12%)?

3. Mr. X gives contract to a sub-contractor. Can sub-contractor also get exemption if it is pure labo contract? [CA Final RTP 2018]

Answer:-

Legal Provision:-

➲ Services by way of pure labour contracts of construction, erection, commissioning, or installation original works pertaining to a single residential unit otherwise than as a part of a residential complex a **exempt** from GST.

Discussion & Conclusion:-

1. Since, Mr. X has undertaken pure labour contracts of construction of single residential unit otherwise th as part of a residential complex, it is exempt from GST.
2. If Mr. X is providing service with both labour and material i.e. termed as works contract under GST, th **exemption is not available** & he will be charged 12% GST.
3. **Yes**. Services provided by a sub-contractor to a contractor are also **exempt** as he is providing only labo for the construction of residential house.

14. Combined Questions on Different Exemptions:-

CCP 08.14.24.00

Examine whether GST is payable in the following independent supply of services:-

(i) Indiana Engineering College, a recognised educational institution, has conducted an entrance test examination for various courses run by it and charged entrance fees from the applicants.

(ii) Ram, an agriculturist, has stored sugarcane in a warehouse. He has taken fumigation services in the said warehouse from Gupta Pest Control Co. for which he paid the consideration of ₹ 6,000.

(iii) "Smart Kids" is a Play School located in Delhi. Smart Kids has outsourced the catering services for supply of food and drink in the canteen of Play School to BTV Caterers, Delhi for a consideration of ₹ 8,00,000 per annum.

(iv) Wellness Hospital, a clinical establishment located in Tirupati, is specialised in diabetic treatment. The hospital has its own canteen – Tasty Foods. The canteen serves the food and drink to the in-patients as advised by the doctors/nutritionists of the hospital. Apart from this, other patients (who are not admitted) or attendants or visitors of the in-patients also take food and drink from the canteen. [Study Mat (Similar)] [CA Inter MTP Mar 23 (Similar)] [CA Inter RTP May 19 New]

Answer:-

(i)	**Legal Provision:-** ➲ Services provided by an educational institution by way of conduct of entrance examination against consideration in form of entrance fee are **exempt** from GST. **Discussion & Conclusion:-** ➲ In the given case, Indiana Engineering College which is an educational institution conducted entrance examination for which it charged entrance fee. ➲ This service is **exempt** from GST and thus, GST is not payable in this case.
(ii)	**Legal Provision:-** ➲ Services by way of fumigation in a warehouse of agricultural produce are **not exempt** from GST. **Discussion & Conclusion:-** ➲ In the present case, since Gupta Pest Control Co. provides services by way of fumigation in the warehouse of sugarcane [being an agricultural produce], said services are **taxable** and GST is payable on the same.
(iii)	**Legal Provision:-** ➲ Catering services provided to an educational institution which is providing preschool education and education up to higher secondary school or equivalent is **exempt.** **Discussion & Conclusion:-** ➲ In the given case, services are provided by BTV Caterers to Smart Kids which is providing preschool education & hence, the same are exempt from GST thus, **GST is not payable** in this case.
(iv)	**Legal Provision:-** ➲ Health care services provided by a clinical establishment, an authorised medical practitioner or para-medics are **exempt** from GST. ➲ As per **CBIC clarification,** ➢ Food supplied by hospital canteen to inpatients as advised by doctor/ nutritionists is a part of composite supply of healthcare services & is not separately taxable. Thus, it is **exempt.** ➢ Food supplied by hospital to patients (not admitted) or their attendants or visitors are **taxable.**

	Discussion & Conclusion:-
	➲ In view of the same, GST is exempt on the food supplied by Tasty Foods to the inpatients as advised by doctors/nutritionists.
	➲ However, supplies of food by it to patients (not admitted) or attendants/visitors of the in-patients is taxable and GST is payable on the same.

CCP 08.14.24.01

Mr. Jayesh, a registered supplier of Mumbai, received the following amounts in respect of the variou activities undertaken by him during the month of October 20XX.

S.No.	Particulars	Amount (₹)
(i)	Commission received as a recovery agent from a Non-Banking Finance Company (NBFC)	80,0000
(ii)	Actionable claim received from normal business debtors	10,50,000
(iii)	Amount received from ABC Ltd. for performance of classical dance in one program.	1,74,500
(iv)	Business assets (old computers) given to a friend free of cost, the market value of all the computers was ₹ 51,000. No input tax credit has been availed on such computers when used for business	No Amount charged
(v)	Consideration received for one month rent from a registered individual person for renting of residential dwelling for use as residence.	15,200
Details of Input Services		
(i)	Paid to an unregistered Goods Transport agency for various consignments of transportation of goods by road. (Each individual consignment in a single carriage was of less than ₹ 1,450.)	15,100

Notes:

(i) All the amount stated above in both the tables are exclusive of GST, wherever applicable.

(ii) Aggregate turnover of Mr. Jayesh in previous year was ₹ 42,00,000.

You are required to compute Gross value of supplies, on which GST to be paid by Mr. Jayesh for th month of October 20XX. [CA Inter May 23 Exam]

Answer :- Computation of gross value of taxable supply on which GST is to be paid by Mr. Jayesh

Particulars	Amount (₹)	Remark
Commission received as a recovery agent from NBFC	-	Tax is payable by NBFC under **reverse charge**
Actionable claim received from normal business debtors	-	No tax is payable, as actionable claims other than specified actionable claims are covered under Schedule III, i.e. they are neither supply of goods nor supply of services.
Amount received from ABC Ltd. for performance of classical dance	1,74,500	Taxable since consideration for classical dance performance **exceeds** ₹ 1,50,000.
Business assets given free of cost	-	Not a supply as it is made without consideration and not covered in Schedule I because ITC is not availed on the same.
Rent from registered individual person	-	Tax is payable by the registered individual person under reverse charge. **Note:** Assumed that Residential dwelling is used fc Residential purpose.

Services from unregistered GTA	15,100	Tax on services provided by unregistered GTA is payable under reverse charge by Mr. Jayesh being a registered person.
Gross value of taxable supply on which GST is to be paid by Mr. Jayesh	**1,89,600**	

CCP 08 [illegible] 25.00

Decide with reason whether the following independent services are exempt under CGST Act, 20XX:-

(i) Gokul Residents' Welfare Association received ₹ 9,000 per month as contribution from each member for sourcing of goods and services from third persons for common use of its members. [GST Rate 18%]

Will your answer differ, if Gokul Residents' Welfare Association collects maintenance charges of ₹ 6,500 per month per member.

[Study Mat (Similar)][CA Inter Exam May 19 New][CA Inter MTP Mar 23]

(ii) Holiday Guest House, situated at Shimla, provides boarding & lodging services to tourists at economical cost. The charges of a single deluxe room per day are ₹ 999. Mr. X has booked one deluxe room for two days during Christmas holidays. You are required to determine whether GST is payable by Holiday Guest House on the above booking. [CA Inter RTP May 2020]

Answer:-

(i)	**Legal Provision:-** ➲ Supply of service by unincorporated body or a non-profit entity registered under any law to its own members by way of reimbursement of charges or share of contribution **upto ₹ 7,500 per month per member** for sourcing goods or services from a third person for common use of its members in a housing society or residential complex **is exempt.** **Discussion & Conclusion:-** a) In the first case, ₹ 9000 contribution per month per member received by Gokul Residents' Welfare Association **exceeds ₹ 7,500** & hence, **exemption is not available.** Thus, GST @18% shall be **payable on entire contribution** of ₹ 9,000/- per month per member. b) In second case, services provided by such association are **exempt** since maintenance charges ₹ 6500 collected per month per member do not exceed ₹ 7,500.
(ii)	**Legal Provision:-** ➢ Accommodation services with a value of supply **less than or equal to ₹20,000 per person per month,** provided for a minimum continuous period of 90 days, are exempt from GST. **Discussion & Conclusion:-** ➢In given case, the accommodation service is provided for only 2 days i.e. not exceeding 90 days continuous period & hence, it is **taxable.**

CCP 08.14.26.00

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

(i) Service provided by a private transport operator to Scholar Boys Higher Secondary School i relation to transportation of students to and from the school. [Study Mat]

(ii) Services provided by way of vehicle parking to general public in a shopping mall. [Study Mat]

(iii) Babloo Transporters, a Goods Transport Agency, transported relief materials meant for victims Kerala floods, a natural disaster, by road from Delhi to Ernakulam, for a company.

(iv) Keyan Enterprises, an event organizer, provided services to Breathing Wall Ltd. by way organizing business exhibition in New Delhi as part of Make in India initiative. Keyan Enterprise claims that it is not required to pay GST as services provided by way of organizing business exhibitio are exempt from GST. Examine the technical veracity of the claim of Keyan Enterprises, in the give case.

(v) Clean and Green Pvt. Ltd. provided the bio-medical waste treatment facility to veterinary clinic. Is a taxable supply of service? If so, will GST be levied?

Answer:

(i) **Yes.** Services provided **to** an educational institution by way of transportation of students are **exempte** from GST.

(ii) **No.** Services provided by way of vehicle parking to general public are **not exempted** from GST. Therefor GST is payable on the same.

(iii) **Yes.** Services provided by a goods transport agency by way of transport of relief materials meant fc victims of natural or manmade disasters in a goods carriage are exempt from GST & thus, service provided by Babloo Transporters will be exempt from GST.

(iv) **No.** The **claim** made by Keyan Enterprises that it **is not required** to pay GST is not correct.

- Services provided by an organiser to any person in respect of a business exhibition held outside India i exempt from GST.
- Since in given case, exhibition is organized in India, the services of organization of event by Keya Enterprises will **not be exempt** from GST.

(v) **Yes,** it is taxable supply of service because services provided by operators of common Bio-medical Wast Treatment Facility to **any establishments** are taxable.

CCP 08.14.27.00

Mr. Ravindra, a registered person in Bhopal, Madhya Pradesh has provided the following informatio regarding outward transactions made during the month of January 20XX:

1) He was appointed by recognized sports body as a chief selector of hockey team and received 5,00,000 as remuneration.

2) Services of pure labour contract was provided for construction of independent residential unit for 1,80,000.

3) He rented out his warehouse for warehousing of sugarcane and received rental income of ₹75,000.

4) Provided services to Municipal Corporation of Bhopal for slum improvement and upgradation for 6,50,000.

5) He has charged consideration of ₹1,25,000 against western music dance performance in an event.

You are required to compute the taxable value of supply on which GST is to be paid by Mr. Ravindr for the month of January 20XX. All the amount stated above are exclusive of GST, whereve

applicable.

Suitable Notes should form part of answer. [CA Inter May 24 Exam]

Answer: Computation of taxable value of supply on which GST is to be paid by Mr. Ravindra:

S.No.	Particulars	(₹)	Remarks
1.	Remuneration received as a chief selector of hockey team.	5,00,000	**Taxable,** since services provided to a recognised sports body by an individual **only as** a player, referee, umpire, coach or team manager are **exempt.**
2.	Service of pure labour contract for construction of independent residential unit	Nil	Services of pure labour contracts of construction of original works pertaining to a single residential unit otherwise than as a part of a residential complex are **exempt.**
3.	Rental income from warehousing of sugarcane	Nil	Warehousing of sugarcane being an agricultural produce is **exempt.**
4.	Services to Municipal Corporation of Bhopal for slum improvement and upgradation	Nil	Services provided to a Local Authority by way of slum improvement and upgradation are **exempt.**
5.	Consideration received against western music dance performance in an event	1,25,000	**Taxable,** since the amount received for western music dance performance, but the **exemption is available** for performance in folk or classical art forms of music or dance. if the consideration charged for such performance is not more than ₹ 1,50,000.
	Value of taxable supply	6,25,000	

CCP 08.14.28.00

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, 20XX:-

S.No.	Particulars	Amount (₹)
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 nationalized 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, 20XX by giving necessary explanations for treatment of various items. [CA IPC Jan 21 Exam][CA Inter MTP Apr 23 (Similar)]

Answer:-

Computation of value of taxable supply on which GST is to be paid by M/s P:-

S.No.	Particulars	₹	Explanation
1.	Warehousing of jaggery	50,000	Services by way of storage or warehousing of cereals, pulses fruits & vegetables are **exempt**, thus jaggery is **not** comes under this category.
2.	Commission received as business facilitator	Nil	Services provided by a business facilitator to a banking company wit respect to accounts only in it's rural area branch are exempt. In this case, services are provided to **urban branch** of bank & thus, **taxable**. However, tax is to be paid by recipient i.e. **banking compan under reverse charge**. Hence, M/s P will not be liable to pay GST on commission received for said services.
3.	Amount received for services by way of labour contracts	10,000	**Repairing** of a residential unit **is not eligible for exemption** since pure labour contracts of construction, erection, commissioning, or installati of original works of single residential unit otherwise than as a part of a residential complex are exempt which do not cover repairing.
4.	Acting as brand ambassador for corporate client	75,000	It is **liable to tax** as it is not specifically exempt.
5.	Service provided to Indian Olympic Association as team manager of national team.	Nil	**It is exempt**, since services provided by a team manager to India Olympic Association (i.e., a recognized sports body) are exempt
	Total value of taxable supply	**1,35,000**	

CCP 08.14.29.00

Determine taxable value of supply under GST law with respect to each of the following independe services provided by the registered persons:-

Particulars	Gross Am Charged(₹
Amount charged for loading, unloading, packing & warehousing of potato chips	25,000
Fees charged for yoga camp conducted by a charitable trust registered under section 12AA or 12AB of Income Tax Act, 1961	50,000
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	1,00,000
Amount charged by cord blood bank for preservation of stem cells	5,00,000
Amount charged for service provided by commentator to a recognized sports body	6,00,000
Amount charged for service provided by way of right to admission to circus where consideration for the same is ₹ 750 per person.	12,000

[CA Inter MTP Mar 19- Series I]

Answer:- Determination of taxable value of supply:-

Particulars	₹	Explanation
Loading, unloading, packing & warehousing of potato chips	25,000	**Taxable**, potato chips is not an agricultural produce as it manufactured through processes which alter it's essential characteristic & hence, not exempt.

Fees charged for yoga camp conducted by a charitable trust registered u/s 12AA or 12AB of the Income Tax Act, 1961	-	**Exempt**, services provided by an entity registered u/s 12AA or 12AB of Income-tax Act, 1961 by way of charitable activities which includes advancement of yoga are exempt from GST.
Services provided by business correspondent to rural branch of a bank for Savings Bank Accounts	-	**Exempt**, as it is specifically exempted for accounts in rural branch of bank.
Amount charged by cord blood bank for preservation of stem cells	5,00,000	**Taxable,** Services provided by cord blood banks by way of preservation of stem cells are taxable.
Amount charged for service provided by commentator to a recognized sports body	6,00,000	**Taxable**, as services provided to a recognized sports body only by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST.
Amount charged right to admission to circus where consideration is ₹ 750 per person.	12,000	**Taxable,** the consideration charged is more than ₹ 500 per person & thus,the exemption is not available.
Total Value of taxable Supply	**11,37,000**	

CCP 08.14.30.00

Mr. Dhanwan, an individual registered supplier of Ahmedabad (Gujarat), received the following amount towards rendering of the intra-state supply of various services in the month of January 20XX:

Sr.No.	Particulars	Amount (₹)
1.	Consideration received from security and housekeeping services provided to 'Holy Foundation", an educational institution providing services by way of pre-school education, outside the school premises on its annual day function.	60,000
(ii)	Amount received as an honorarium for participation as guest anchor on 'Apna TV" in elation to a debate.	2,25,000
(iii)	Sum received as hiring charges for provision of non-air-conditioned contract carriage for transportation of employees to and from the work to M/s. Siddhi Pvt. Ltd, a registered person under the GST. Such hiring is for 3 months. Use of the contract carriage is at the disposal of the company.	1,50,000
(iv)	Amount received for provision of training in recreation activities of music.	90,000
(v)	Renting of residential flat to Mr. Sahil, proprietor of M/s. Dayaram & Sons, a registered person under GST for the purpose of his own residence (in personal capacity)	30,000

You are required to compute the value of supply on which GST is to be paid by Mr. Dhanwan for the month of January 20XX. All the amounts stated above are exclusive of GST, wherever applicable. Suitable notes should form part of the answer. [CA Inter Nov 23 Exam]

Answer: Computation of value of supply on which GST is to be paid by Mr. Dhanwan:

S.No.	Particulars	₹	Remarks
(i)	Security and housekeeping services provided to an educational institution	60,000	**Not exempted,** since security & housekeeping services are performed outside the educational institution.
(ii)	Honorarium for participation as guest anchor	2,25,000	**Liable to GST** since it is not specifically exempt and it is also not covered in Schedule III of the CGST Act, 2017 (neither supply of good nor supply of service).

(iii)	Hiring charges for non-air-conditioned contract carriage	1,50,000	**Not exempt,** since exemption available only where transportation take place over pre-determined route and pre-determined schedule and contract carriage is hired for a period of time, during which the contract carriage is at the disposal of the recipient.
(iv)	Training in recreational activities of music	-	Services by way of training in recreational activities relating to arts or culture, by an individual are **exempt.**
(v)	Renting of residential flat to Mr. Sahil	-	Renting of residential dwelling to a proprietor (registered under GST) of a proprietorship concern in his personal capacity for use as his own residence and on his own account is exempt
	Value of taxable supply on which GST is to be paid by Mr. Dhanwan	**4,35,000**	

CCP 08.14.31.00

Determine whether GST is payable on services provided under the following independent cases:-

1. **Mr. Rahul is a proprietor of a proprietorship concern- "Rahul Trading". Rahul Trading is registere under GST in Gujarat. Mr. Rahul rents a residential flat in his personal capacity for use as his ow residence and such renting is on his own account and not that of the proprietorship concern.**
2. **National Testing Agency conducted entrance examination for admission to various education institutions.**
3. **Road contractors receives annuities in place of toll from the public.**
4. **GST on payment of honorarium to the Guest Anchors.**
5. **Service of affiliation provided by Central educational board to a private school. [CA Inter RTP No 23]**

Answer:-

1.	**Legal Provision:-** Services by way of renting of residential dwelling to a registered person is exemp from GST, if – ➲ the registered person is proprietor of a proprietorship concern & rents the residential dwelling in his personal capacity for use as his own residence and ➲ such renting is on his own account and not that of the proprietorship concern. **Discussion & Conclusion:-** ➲ In the given case, Rahul is a proprietor of Rahul Trading. ➲ Mr. Rahul is renting his residential flat for use as his own residence and that too on his own account and not that of the proprietorship concern. ➲ Thus, the **said service is covered under exemption** notification & **no GST is payable** on it.
2.	**Legal Provision:-** ➲ As per **explanation to exemption notification**, any authority, board or body set up by Centra Government or State Government including National Testing Agency for conduct of entrance examination for admission to educational institutions shall be treated as educational institution for the limited purpose of providing services of conduct of entrance examination for admission to educational institutions.

	Discussion & Conclusion:- ➲ National Testing Agency is treated as educational institution & thus, services provided by it by way of conducting entrance examination for admission to various educational institutions is **exempted from GST.**
3.	**Legal Provision:-** ➲ Access to a road or a bridge on payment of **toll is exempt** from GST. **Discussion & Conclusion:-** ➲ In given case, road contractors who receive annuities in place of toll from the public will be **subjected to GST on annuity payment.**
4	➲ It is **Clarified** by CBIC that supply of all goods & services are taxable unless exempt or declared as **'neither a supply of goods nor a supply of service'**. Services provided by the guest anchors in lieu of honorarium **attract GST liability.** ➲ However, guest anchors whose aggregate turnover in a financial year does not exceed ₹ 20 lakh (₹ 10 lakh in case of specified Special Category States) shall not be liable to take registration and pay GST. ➲ Sansad TV and other TV channels invite guest anchors to participate in their shows and pay remuneration to them in the form of honorarium.
5	**Legal Provision:** ➲ Services of affiliation provided by a Central to a school established, owned or controlled by the Central Government is **exempt.** ➲ As per **CBIC clarification,** the affiliation service provided to a private school is not related to admission of students or conduct of examinations & thus, services of affiliation, provided to all other schools by them **are taxable.** **Discussion & Conclusion:-** In given case, affiliation service provided by Central educational board to a private school is **taxable.**

Chapter 9
Payment of Tax & TDS-TCS

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General Questions

01. Introduction to Payments made under GST

CCP 09.01.01.00

What are the payments to be made in GST regime?

Answer:

Under GST regime, following payments are to be made:-

- In case of **Intra-state supply-** CGST & SGST/UTGST are to be paid to Central Government and State Government/ Union Territory Account respectively.
- In case of **Inter-state supply**, IGST is to be paid to Central Government Account.
- **In addition** to these above taxes, Cess, TDS, TCS, Interest, penalty, fees and other additional payments are to be made, whenever applicable.

CCP 09.01.02.00

What are the main features of GST payment process? [Study Mat]

Answer:

The main features of GST payment process are as follows:-

a) Electronically generated challan from GSTN common portal in all modes of payment and no use of manually prepared challan,

b) Facilitation for the tax payer by providing hassle free, anytime, anywhere mode of payment of tax,

c) Convenience of making payment online,

d) Real time data for tax collection in electronic format,

e) Faster remittance of tax revenue to the Government Account,

f) Paperless transactions,

g) Speedy Accounting and reporting,

h) Electronic reconciliation of all receipts,

i) Simplified procedure for banks,

j) Warehousing of Digital Challan.

CCP 09.01.03.00

List out the benefits of the new payment system of GST available to the taxpayer and the GST Department. [CA IPC Dec 21 Exam]

Answer:

Benefits of the payment system of GST available to the taxpayer and the GST Department:

Benefits to Taxpayer:

- No more queues and waiting for making payments as payments can be made online 24 X 7.
- Electronically generated challan from GSTN common portal in all modes of payment and no use of manually prepared challan. Paperless transactions.
- Instant online receipts for payments made online.
- Tax consultants can make payments on behalf of the clients.
- Single challan form to be created online, replacing the three or four copy Challan.
- Greater transparency.

➲ Online payments made after 8 pm will be credited to the taxpayer's account on the same day.

Benefits to the GST Department:

➲ Revenue will come more rapidly into the Government Treasury.

➲ Logical tax collection data in electronic format.

➲ Speedy accounting and reporting.

➲ Electronic reconciliation of all receipts.

➲ Warehousing of digital challan.

02. Sec 49:- Payment of Tax, Interest, Penalty & Other amounts under GST

CCP 09.02.04.00

Answer the following questions:

1) How many types of electronic ledger/ register are being maintained on GST common portal? [Study Mat]

2) What are the differences between electronic cash ledger and electronic credit ledger?

Answer :-

1) Types of Electronic ledger/ register are as follows:

a) Electronic cash ledger.

b) Electronic credit ledger.

c) Electronic liability register.

2) The differences between electronic cash ledger and electronic credit ledger are as follows:-

S.No.	Electronic Cash Ledger	Electronic Credit Ledger
1	Can be used for payment of tax, interest, fee, penalty, and other amounts.	Can be used only for payment of output tax i.e. IGST/ CGST/ SGST/ UTGST.
2	Credit to the ledger will be through payment vide Challans.	Credit to the ledger will be through input tax credit claimed.
3	Refund for excess balance can be applied generally.	Refund for excess balance may be refunded only in case of zero rated supply or inverted tax structure.
4	Refund is allowed in all cases i.e. no restrictions on refund.	Refund is available only in 2 cases: 1.Zero Rated Supply 2. Inverted Tax Structure

03. Sec 49 read with Rule 87:- Tax payment challan

CCP 09.03.05.00

What is the procedure for payment of tax for a casual taxable person or non resident taxable person who is required to pay tax in advance for obtaining registration?

Answer:

➲ Casual taxable person or non-resident taxable person are required to pay tax in advance for obtaining registration, **they do not have GSTIN** because GSTIN is allowed only when a person is registered.

➲ Therefore, a casual taxable person or non resident taxable person are **provided with a temporary identification number** using which the person can deposit estimated tax liability.

04. Sec 49(1): Amount credited to Electronic Cash Ledger & Sec 49(3) read with Rule 87:- Utilisation of Electronic Cash Ledger

CCP 09.04.06.00

What are the possible 'debits' and 'credits' to electronic cash ledger?

Answer: The differences are as follows:-

S.No.	Debit	Credit
1	Discharge of any liability of tax, interest, penalty, late fee, etc.	Deposit made through challan towards tax, interest, penalty, late fee, etc.
2	Claim for refund of any amount.	Claim for TDS Deducted.
3	–	Claim for TCS Collected.
4	–	Reversal of amount debited earlier on account of final rejection of refund to the extent of rejection.

CCP 09.04.07.00

Sahil is a supplier of taxable goods in Karnataka. He got registered under GST in the month of September, 20XX and wishes to pay his IGST liability for the month. Since he's 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? [CA Inter RTP May 19 New][Study Mat]

Answer:

➲ As per **Section 49(1) of CGST Act,** 2017, the deposit in electronic cash ledger can be made through any of the following modes, namely:-

(i) Internet Banking through authorised banks;

a) Unified Payment Interface (UPI) from any bank;

b) Immediate Payment Services (IMPS) from any bank;

(ii) Credit card or Debit card through the authorised bank;

(iii) National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) or Immediate Payment Service (IMPS) from any bank; or

(iv) Over the Counter payment through authorised banks for deposits up to Rs. 10,000/- per challan per tax period, by cash, cheque or demand draft.

➲Thus, offline mode is also permitted under GST subject to specified conditions.

a	Manual or physical Challans are **not allowed** under the GST regime & it is mandatory to generate Challans online on the GST Portal.
b	E-challan is valid for a period of **15 days.**
c	➲ Amount entered under any Minor head (Tax, Interest, Penalty, etc.) and Major Head (CGST, IGST, SGST/UTGST) of the Electronic Cash Ledger can be utilized only for that liability. ➲ **A registered person** may, on the common portal, **transfer any amount** of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the CGST Act to the electronic cash ledger for Integrated tax, Central tax, State tax or Union territory tax or cess in **FORM GST**

	PMT-09, if declaration is given.

CCP 09.04.08.00

Answer the following Questions:

(a) Can one use electronic credit ledger for payment of interest, penalty, and payment under reverse charge?

(b) 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 ₹ 75,000 to various vendors. Total GST involved on the goods and services procured by her is ₹ 13,500. Out of the total bills paid by her, one bill for ₹ 15,000 relates to security services availed for security of her office, tax on which is payable under reverse charge. GST involved in such bill is ₹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 assuming provisions of rule 86B are not applicable . [CA Inter RTP Nov 2020][Study Mat]

Answer:

Legal Provision:-

- As per **section 49(4)** of the CGST Act, 2017, the amount available in the electronic credit ledger may be used for making any payment towards 'output tax'.
- As per **section 2(82)** of the CGST Act, 2017, output tax is the tax chargeable on taxable supply of goods and/or services made by a taxable person or by his agent but
  - **excludes** tax payable by him on reverse charge basis.

Discussion and conclusion:-

(a)	➲ Therefore, input tax credit balance available in electronic credit ledger **cannot be used** for payment of interest, penalty, and also for payment of tax under reverse charge. ➲ The same is always required to be paid through electronic cash ledger and not electronic credit ledger.
(b)	➲ In the given case, input tax credit cannot be used to pay the tax liability under reverse charge. ➲ The same is always required to be paid through electronic cash ledger and not electronic credit ledger. ➲ Thus, **Suhasini is wrong** and she will need to pay GST of ₹ 2,700 on security service through electronic cash ledger.

CCP 09.04.09.00

M/s ABC & Co. have defaulted in filing the return under Section 39 of CGST Act, 2017 i.e. GSTR-3B for the month of March within the specified due date. Reason for such delay is attributable to delay in closure of books for March, which have been finalised during May. The GST Common portal prompted for payment of late fees payable under Section 47 of CGST Act, 2017 for a sum of ₹ 2,000 under CGST and SGST each. Accountant, of M/s ABC & Co., sought your confirmation for payment of such late fees through the balance available in Electronic Credit Ledger. Give your guidance in this regard. [Study Mat]

Answer :-

Legal Provision:

- As per **Section 49(3)** of the CGST Act 2017, the amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules made there under in prescribed manner.
- As per **section 49(4)**, the amount available in the electronic credit ledger may be used for making any payment towards **output tax.**

Discussion & Conclusion:

- As per the above-mentioned provisions, late fees shall be **paid only through electronic cash ledger and not through electronic credit ledger.**
- Hence, the sum of ₹ 2,000 shown on the common portal has to be deposited in Electronic Cash Ledger under appropriate minor head, through any of the specified modes.
- Thus, contention of the accountant of M/s ABC & Co. is **not correct.**

05. Sec 49(5)/ 49A/ 49B read with Rule 88A:- Manner of utilization of input tax credit under GST

CCP 09.05.10.00

Answer the following:-

(i) Explain the manner of utilization of input tax credit?

(ii) Can IGST/CGST/SGST/UTGST credit be utilized for payment of outward Compensation Cess?

(iii) Should the payment be made only from the account of the taxable person?

(iv) Mr. Atul of Chennai is a registered dealer under GST. He has an opening balance of input tax credit of ₹ 1,20,000 (IGST) lying in the electronic credit ledger relating to the month of November 20XX. During the month, a legal proceeding has been initiated under the GST law which resulted in a tax liability of ₹ 80,000 (IGST, other than RCM liability). Mr. Atul agrees with the tax liability and wants to use the balance lying in the electronic credit ledger towards payment of same.

He seeks your opinion with regard to the provisions of GST laws as to whether he is allowed to use the amount lying in the electronic credit ledger for making the payment of tax liability, payable as a consequence of the proceeding? [CA Inter Nov 23 Exam]

Answer:

(i)	As per **section 49(5), 49A, 49B of CGST Act read with rule 88A of CGST Rules, 2017,** the manner of utilization of input tax credit under GST is as follows:- ➲ Credit of:- ✒ IGST shall be used for paying IGST first & then CGST or SGST/UTGST in any order and in any proportion. ✒ CGST shall be used for paying CGST first & then to pay IGST ✒ SGST/UTGST shall be used for paying SGST/UTGST first & then to pay IGST ➲ However, **IGST credit is to be fully utilized first** as above & then the CGST/ SGST/ UTGST credit can be utilized & SGST/UTGST can be used to pay IGST only after CGST balance is not available to pay IGST
(ii)	**No.** Input tax credit of IGST/CGST/SGST/UTGST **cannot be utilised** for payment of outward compensation cess.
(iii)	**No.** There is **no such restriction.** ✒ the taxable person himself **or any other person can make payment on behalf** of the taxable person by using the GSTIN of that taxable person.

(iv)	➲ The amount available in the electronic credit ledger of IGST may be used for making any payment towards tax under the CGST Act or the SGST Act or the IGST Act other than tax payable under reverse charge .
	➲ It is **clarified** that any payment towards output tax, payable as a consequence of any proceeding instituted under the provisions of GST laws, can be made by utilization of the amount available in the electronic credit ledger of a registered person.
	➲ **Thus,** Mr. Atul is **allowed to use the credit of IGST** in electronic credit ledger for making payment of tax liability of ₹ 80,000, payable as a consequence of the legal proceeding.

06. Sec 49(7) read with Rule 85:- Electronic Liability Register

CCP 09.06.11.00

What are the E-ledgers? State the entries to be debited to electronic liability register under the CGST Act, 2017 and the CGST Rules, 2017. [CA Inter Exam May 19 Old]

Answer:

➲ Electronic Ledgers or E-Ledgers (i.e., Electronic Cash Ledger and Electronic Credit Ledger) are **statements of cash and input tax credit** in respect of each registered taxpayer.

➲ In addition, each taxpayer shall also have an electronic tax liability register.

➲ The entries to be debited to electronic liability register under the CGST Act, 2017 and the CGST Rules, 2017 are as follows:-

(i) all amounts payable towards tax, interest, late fee and any other amount as per return filed;

(ii) all amounts payable towards tax, interest, penalty and any other amount determined in any proceeding by an Assessing authority or as ascertained by the taxable person;

(iii) the amount of tax and interest payable due to mismatch;

(iv) any amount of interest that may accrue from time to time.

07. Sec 49(8):- Order of discharging tax dues and other dues

CCP 09.07.12.00

Mr. Ram Narayan, a registered supplier under GST, wants to first discharge his self-assessed tax liability for the current period before settling the dues for the previous tax period. Examine briefly whether he can do so? [CA Inter RTP May 2020] OR

Explain the order of discharge of tax and other dues as per the provisions of section 49(8) of the CGST Act, 2017. [CA Inter Nov 20 Exam] OR

State the order in which every taxable person discharges his tax and other dues under GST law, as provided under section 49 of the CGST Act, 2017. [CA Inter RTP May 23]

Answer:

Legal Provision:-

➲ As per **section 49(8)** of CGST Act, 2017, Every taxable person shall **discharge his tax and other dues under GST law in following order, namely:-**

a) self-assessed tax, and other dues related to returns of previous tax periods.

b) self-assessed tax, and other dues related to the return of the current tax period.

c) any other amount payable under GST law including the demand as per 73 or section 74.

➲ The liability if any, arising out of demand notice and adjudication proceedings comes last.

➲ **This sequence has to be mandatorily followed.**

Conclusion:- Thus, in the given case, **Mr. Ram Narayan cannot discharge** his self-assessed tax liability for the current period before settling the dues for the previous tax period.

CCP 09.07.13.00

Mr. Manik provides the following information regarding his tax & other liabilities under GST law as per Electronic Liability Register:

S.No.	Particulars	Amount (₹)
1	Tax due for the month of May	25,000
2	Interest due for the month of May	2,000
3	Penalty due for the month of May	3,000
4	Tax due for the month of June	35,000
5	Liability arising out of demand notice u/s 73	48,000

Mr. Manik wants to clear his liability of demand notice u/s 73 first.

Discuss the provision of order of discharge of GST liability u/s 49 (8) of the CGST Act & advice to Mr. Manik. [CA Inter May 23 Exam]

Answer :-

Legal provision:

➲ As per **section 49(8)** of CGST Act, 2017, Every taxable person shall discharge his tax and other dues under GST law in following order, namely

a) self-assessed tax, interest, penalty, fee or any other amount related to returns of the previous tax periods.

b) self-assessed tax, interest, penalty, fee or any other amount related to returns of the current tax period.

c) any other amount payable including demand determined under section 73 or section 74,

Discussion & conclusion:

➲ In this case, Mr. Manik **cannot clear** his liability of demand notice u/s 73 first.

➲ **Thus**, The order of discharge of liability of Mr. Manik will be as under:

a) Tax, interest and penalty for the month of May ₹30,000

b) Tax due for the month of June ₹35,000

c) Liability arising out of demand notice u/s 73 ₹**48,000**

08. Section 49(9):- Principal of Unjust Enrichment for payment under GST

CCP 09.08.14.00

Are principles of unjust enrichment applicable for payment made under GST? [Study Mat]

Answer:

Yes.

➲ As per **Section 49(9)** of the CGST Act, 2017, every person **who has paid the tax** on goods or services or both under CGST Act shall be **deemed to have passed on the full incidence** of such tax to the recipient of such goods or services or both **unless the contrary is proved by him.**

Author's Note (not part of ans):-

➲ The principle of unjust enrichment means that no one should be unjustly enriched at the expense of another.

➲ It also means that no person should take advantage of the position of another person which causes some loss to one party and gain to another party.

09. Sec 49(10) read with Rule 87(13):- Transfer of any amount of E-cash ledger among minor & major heads

CCP 09.09.15.00

Mr. A has deposited a sum of ₹ 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 ₹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. [CA Inter MTP Nov 21][Study Mat]

Answer:

Legal provision:-

- As per **Section 49(10) of CGST Act, 2017**, a registered person can transfer the amount deposited under any of the minor head i.e. tax, interest, penalty, fees or others to any of the heads under IGST/ CGST/ SGST/ UTGST and make the payment of taxes there upon.

Discussion and Conclusion:-

- Accordingly, **Mr. A need not deposit the tax** amount under head "tax" and claim a refund for the remittance of amount deposited under head interest.
- Rather, **using the Form GST PMT 09**, such **amount can be transferred** suo-moto on the common portal from " interest" to "tax" head and tax liability be paid.

CCP 09.09.16.00

Pranesh has deposited a sum of ₹ 5,000 under the head of 'Fee' column of Cess and ₹ 4,000 was lying unutilized under the head of 'Penalty' column of IGST. Both the deposits were made wrongly instead of depositing under the head of Fee column under SGST.

In the light of the provisions of section 49(10) & 49(11) of the CGST Act, 2017, briefly explain the relevant provisions as how can Pranesh rectify these errors? [CA Inter Nov 22 Exam]

Answer:

Legal provision:-

- As per **section 49(10)** of CGST Act, 2017, registered person is allowed to make intra-head or inter-head transfer of amount, as available in electronic cash ledger, using specified form (i.e. Form GST PMT-09).
- It can **transfer** any amount of tax, interest, penalty, fee or others, under one (major or minor) head to another (major or minor) head, as available in the electronic cash ledger.

Discussion & Conclusion:-

- Therefore, in given case, amount of
  - ₹5,000 available under minor head 'fee' of major head 'cess' and
  - ₹4,000 available under minor head 'penalty' of major head 'IGST'

  can be transferred to minor head 'fee' of major head 'SGST' using specified form (i.e. Form GST PMT-09).

10. Sec 50:- Interest on delayed payment of tax

CCP 09.10.17.00

What are the provisions in relation to interest under GST?

If there is default in payment of tax and filing of returns, interest is payable on gross tax payable or net tax payable?

Answer:

- As per **section 50** of CGST Act, 2017, Interest is payable on delayed payment of tax at the rate **18%** from the day succeeding the due date of payment till the date of payment.
- As per **proviso to section 50,** the interest is payable on net tax payable when the return is not furnished within due date and also payment is not made within due date.
- Such interest is payable on that portion of tax which is paid by debiting the electronic cash ledger.
- Therefore, **Interest is payable on net tax payable,** if there is default in payment of tax and filing of returns.

CCP 09.10.18.00

GSTR 3B for the month of January 20XX has been filed by M/s Avisha Limited, a registered person, within the due date prescribed by the CGST Act 2017 which is on February 20th 20XX. It came to the notice of the Co. that tax due for the month of January 20XX has been paid short by ₹ 16,000. The short fall of ₹16,000 has been paid through cash ledger and credit ledger at the time of filing GSTR 3B for the month of February 20XX on March 20th 20XX in the following manner:

Particulars	Cash Ledger	Credit Ledger
Shortfall	₹ 12,000	₹4000

Assume that electronic cash ledger and credit ledger carry sufficient balance for the above short fall.

1) You are required to calculate the amount of interest payable if any under section 50 of the CGST Act 2017 and rule 88B of the CGST rules 2017.

2) Give the effect if GSTR-3B for the month of January 20XX had been filed belatedly on March 20, 20XX and all other conditions remaining same.

Calculation should be rounded off to nearest rupee. As 2024 is leap year, give effect of same.

[CA Inter May 24 Exam][Study Mat (Example), CA Inter Dec 21 Exam (Similar)]

Answer :-

Legal Provision:

- As per **Section 50**, Interest is payable on delayed payment of tax **@18% p.a** from next day of due date till the date of payment of tax.
- As per **proviso to section 50**, if delay payment of tax is due to delay filing of return, then interest is payable on **Net tax liability paid through Electronic Cash ledger.**
- If return is filed within due date, but short payment of tax is found subsequently for same tax period, then Interest is payable on **Gross tax liability.**

Discussion and Conclusion :-

1) Since Avisha Limited has furnished Form GSTR-3B for the month **within the prescribed due date,** interest is payable on the **Gross tax liability** deposited with a delay of 29 days [21.02.20XX - 20.03.20XX (both inclusive)] as under:

Interest: 16,000 x 18% x 29/366 = ₹228 (rounded off)

2) If Avisha Limited has filed Form GSTR-3B for the month **after the due date, i.e. on 20.03.20XX,** interest is payable on the **Net tax liability** paid through Electronic Cash Ledger only, for a delay of 29 days, as under:

Interest: ₹12,000 x 18% x 29/366 = ₹171 (rounded off)

CCP 09.10.19.00

MNI Ltd. provides following details for the month of March 20XX:

(1) While filling GST return of March 20XX on 20-04-20XX (within the prescribed due date), they came to know that one bill of January 20XX consisting tax amount of ₹ 50,000 was not considered while filling return for the month of January 20XX (Return was filed on 20-02-20XX, within the prescribed due date).

(2) MNI Ltd. has paid the above shortfall of ₹ 50,000 of January 20XX, through GSTR-3B for the month of March 20XX (payment through cash ledger was ₹ 30,000 and payment through credit ledger was ₹ 20,000).

(3) MNI Ltd. got a notice regarding interest payment u/s 50 of the CGST Act, 2017. MNI Ltd. assumed that they paid self-assessed tax and both returns were also filed timely so they were not liable for payment of interest.

They seek your opinion regarding whether,

(i) They are liable to pay interest u/s 50 of the CGST Act.

(ii) If they had filed return of January 20XX on 20-04-20XX (Self assessed tax also paid on 20-04-20XX of ₹ 50,000 (payment through cash ledger was ₹ 30,000 and payment through credit ledger was ₹ 20,000), then also they are liable to pay interest u/s 50 of the CGST Act. [CA IPC July 21 Exam]

Answer: Legal provision:-

- As per **Section 50**, Interest ia payable on delayed payment of tax @18% p.a from next day of due date till the date of payment of tax.
- As per proviso to **section 50**, if delay payment of tax is due to delay filing of return, then interest is payable on **Net tax liability paid through Electronic Cash ledger.**
- If return is filed within due date, but short payment of tax is found subsequently for same tax period, then Interest is payable on **Gross tax liability.**

Discussion and conclusion:-

i)	➲ In the given case, MNI Ltd. has defaulted in making the payment of ₹ 50,000 in the return of January 20XX. ➲ Therefore, **it will be liable to pay interest @ 18% p.a. from 21.02.20XX till the date of payment.** ➲ Further, since the return for the month of January, 20XX has been filed on the due date, MNI Ltd. will be **liable to pay interest on the gross tax liability i.e., ₹ 50,000** and not on net tax liability paid in cash.
ii)	If MNI Ltd. had **filed the return** for the month of January, 20XX on 20.04.20XX, i.e. **after the prescribed due date** and the tax of ₹ 50,000 is also paid on 20.04.20XX, **interest will be payable on net tax liability** paid through electronic cash ledger i.e., **₹ 30,000.**

CCP 09.10.20.00

Mr. Broker wrongly availed ₹ 1,25,000 as input tax credit (CGST + SGST) at the time of furnishing return under section 39 of the CGST Act, 2017 for the month of October 20XX. This ITC was not utilized against the output tax liability for the month of October 20XX. Mr. Broker utilised ITC of ₹ 75,000 from the above wrongly availed ITC of ₹ 1,25,000 against output tax liability for the month of November 20XX.

Mr. Broker paid the amount of ITC wrongly utilised of ₹ 75,000 on 10th March, 20YY and reversed the unutilized amount of ₹ 50,000 on 20th March 20YY. Calculate the total interest payable (CGST

+ SGST) rounded off to nearest rupee under GST law if Mr. Broker files:

(i) Form GSTR-3B for the month of October on 18th November 20XX, and

(ii) Form GSTR-3B for the month of November on 25th December 20XX.

Note: Assume there is no extension of due date of filing of Form GSTR-3B, and no other transactions were undertaken during the year 20XX-YY. [CA Final Nov 23 Exam]

Answer:-

Legal Provision:

- As per **Sec 50 read with Rule 88B,** if ITC has been wrongly availed and utilised, the registered person shall pay **interest** on the same
  - for the period starting from the date of utilisation of such wrongly availed ITC
  - till the date of reversal of ITC or payment of tax in respect of such amount
  - @ 18% per annum.
- Where date of utilisation of ITC will be **Earlier** of Due date of furnishing returns or Actual date of filing return.

Discussion & Conclusion:

- In the given case, Since wrongly availed ITC of ₹ 50,000 has been reversed without utilizing the same, interest is not payable on the same.
- However, Interest is payable on wrongly availed and utilised ITC of ₹75,000.
- Date of utilisation of said ITC will be:
  - Due date of furnishing return for Nov 20XX [20th December, 20XX] or
  - Actual date of filing of the return for Nov 20XX [25th December 20XX] whichever is **earlier.**

  Thus, date of utilisation of said ITC will be **20th December, 20XX.**
- Interest (CGST + SGST) will be payable for **80 days** [21st December 20XX to 10th March, 20YY (both days inclusive)] as follows:

  = ₹75,000 × 80/365 × 18%

  = **₹2,959** [CGST+SGST] (rounded off)

Authors Note:
ICAI has calculated interest from next day of Date of utilisation, but the provision says it should be from the date of utilisation, So Answer may vary in some cases & Student has to follow ICAI Approach.

11. Sec 51: Tax deducted at source

CCP 09.11.21.00

Answer the following questions:

1) Who is liable to deduct tax at source?

2) Whether person liable to deduct tax, even though if the supplier has charged GST in his invoice?

3) What is the threshold limit for tax deduction at source?

4) State the cases where provisions of TDS are not applicable.

Answer :-

1)	The CG or SG may mandate the **following person** to deduct tax at source: a) A department or establishment of the Central or State Government or b) Local authority or c) Governmental agencies or d) Persons **notified** by Government on recommendations of Council as follows: (i) an authority/ board/ any other body, - set up by an Act of Parliament or a State legislature or - established by any Government, with 51% or more participation by way of equity or control, to carry out any function (ii) Society established by CG/SG/ Local Authority under Societies Registration Act, 1860. (iii) Public Sector Undertakings (PSUs). (iv) Any registered person receiving supplies of metal scrap falling under Chapters 72 to 81 in the First Schedule to Customs Tariff Act, 1975, from other registered person
2)	➲ **Yes**, the taxable person shall deduct the tax irrespective of whether GST is charged in the invoice or not. ➲ For the purpose of deduction of tax value of supply shall be taken as the amount **excluding** CGST, SGST, UTGST, IGST and Cess indicated in the invoice.
3)	➲ The threshold limit for tax deduction at source is **₹2.5 Lakh.** ➲ For the purpose of computation of threshold limit, **Contract value needs to be considered** and not the invoice value or payment amount. ➲ However, for the purpose of ascertaining the threshold limit, the value of supply shall be considered as the amount **excluding** taxes.
4)	**Non Applicability of TDS Provision under certain cases as under:-** a. Total Value of Taxable supply <=₹250000 under a contract. b. Contract involves supply of both taxable & exempted goods, but the value of Taxable supply in the contract <=₹250000. c. Location of the supplier and the place of supply are in a State/ Union territory which is different from the State/ Union territory of registration of the recipient. d. Supply of goods &/or services, which takes place between one person to another person specified u/s 51(1), except any registered person receiving supplies of metal scrap from other RPs. e. Supply of goods &/or services between one person to another person specified u/s 51(1). f. Tax is to be paid under RCM by recipient i.e. deductee. g. Payment is made to unregistered supplier. h. Payment relates to the Cess component. i. All activities specified in schedule III, irrespective of value.

CCP 09.11.21.01

Ramlala Enterprises, registered in Delhi, is engaged in supply of interior decoration services to Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh). The total contract value inclusive of GST is Rs 15,50,000 and payment for the same is due in October 20XX.

You are required to determine amount of tax, if any, to be deducted in the above case assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

Will your answer be different, if Ramlala Enterprises is registered under composition scheme? [CA Inter RTP May 24]

Answer :

Legal Provision:

- As per **section 51** of the CGST Act, Government departments, agencies, local authority and notified persons are required to deduct tax @ 2% (1% CGST + 1% SGST/UTGST) or IGST @ 2% from payment made to the supplier of taxable goods or services where the total value of such supply [excluding GST & Cess in the invoice] under a contract, **exceeds ₹2,50,000.**
- Further As per **proviso to Sec 51,** Tax shall not be deducted if location of supplier & place of supply is in a State/ UT which is different from the State/UT of registration of recipient.
- As per **section 12(3)** of IGST Act, the place of supply of services directly in relation to an immovable property including services provided by interior decorators is the **location of immovable property.**

Discussion & Conclusion:

- In given case, the **place of supply** of the interior decoration of Andhra Bhawan shall be **Delhi.**
- Since the location of the supplier (Ramlala Enterprises) and the place of supply is Delhi and the State of registration of the recipient i.e. Government of Andhra Pradesh is Andhra Pradesh, **no tax** is liable to be deducted in the given case.
- The answer will remain **unchanged** even if Ramlala Enterprises is registered under composition scheme.

12. Sec 52: Tax collected at source

CCP 09.12.22.00

Whether the rate of tax of 0.5% notified under section 52 is CGST or SGST or a combination of both CGST and SGST? [Study Mat]

Answer :-

The rate of TCS as notified under CGST Act is payable under CGST and the equal rate of TCS is expected under the SGST Act also, in effect **aggregating to 0.5%.**

CCP 09.12.23.00

Is every e-commerce operator required to collect tax on behalf of actual supplier? [Study Mat]

Answer :-

- **Yes,** every e-commerce operator is required to collect tax where consideration with respect to the supply is being collected by the e-commerce operator.
- However, **no TCS is required to be collected** in the following cases:-
  - on supply of services notified under section 9(5) of the CGST Act, 2017.
  - on exempt supplies
  - on supplies on which the recipient is required to pay tax on reverse charge basis.

CCP 09.12.24.00

State whether the provisions pertaining to tax collected at source under section 52 of CGST Act, will be applicable,

a) If Fitan Ltd. sells watch on its own through its own website?

b) If ABC limited who is dealer of Royul brand sells watches through Slipkart, an electronic commerce operator? [Study Mat]

Answer :-

Legal Provision:

- As per **Section 52** of the CGST Act, Every ECO **not being an agent**, shall collect tax at source
  - at 0.25% (i.e. 0.25 % CGST & SGST/UTGST each or 0.5% IGST)
  - of the **net value of taxable supplies** made through it by other suppliers
  - where the consideration for such supplies is to be collected by ECO.

Discussion & conclusion:

a)	➲ In the given case, Fitan Ltd. sells watch through its own website. ➲ **Thus**, TCS won't be applicable.
b)	➲ In the given case, ABC limited who is dealer of Royul brand sells watches through Slipkart. ➲ **Thus**, TCS will be applicable to Slipkart.

CCP 09.12.25.00

Who is liable to collect TCS (collection of tax at source) under Section 52 of the CGST Act, 2017. Briefly explain the provisions relating to registration, filing of return and deposit of TCS to Government as per the provisions of section 52 of the CGST Act, 2017 and rule 12 of the CGST Rules, 2017. [CA Inter May 24 Exam]

Answer :-

- Every Electronic Commerce Operator (ECO), not being an agent, is liable to collect tax at source (TCS).
- Such ECO is required to submit a registration application in prescribed form through the common portal. The proper officer shall, after due verification, **grant registration within 3 working days** from the date of the application.
- On a request or upon an enquiry or pursuant to any other proceeding under GST law, if the PO is **satisfied** that a person is no longer liable to collect TCS, he may **cancel** his registration.
- Such ECO shall furnish a **monthly statement** in prescribed form containing the details of the outward supplies of goods and/ or services effected through it, including supplies returned through it and the amount collected by it as TCS during the month **within 10 days** after the end of each month in which tax has been collected at source.
- The TCS amount collected by the ECO has to be deposited by 10th of the month succeeding the month in which TCS has been collected.
- They also required to file **annual statement on or before 31st December** following the end of the financial year.
- However, The operator **shall not be allowed to furnish a statement after the expiry of 3 years** from the due date of furnishing the said statement.

13. Combined Questions on TDS & TCS

CCP 09.12.26.00

From the following information of independent cases, your expert advice, with appropriate reasoning, is sought on the applicability of TDS/TCS provisions of the CGST Act, 2017. You shall also quantify the amount of TDS/TCS, as the case be, if the same is applicable.

1) Top Fashions, a designer cloth dealer and registered in the State of West Bengal, effected supply through 'QUICK DEAL', an electronic commerce operator. Net value of taxable intra-State supplies effected for the month of October 20XX was ₹1,50,000.

2) M/s Super Builders, a registered supplier in Tamil Nadu, was awarded a works contract by Government of Tamil Nadu amounting to ₹4,30,000. Of this, value of exempt supply was ₹1,00,000.

3) Tasty Caterers, a registered supplier of Kerala, provided catering services in Kochi, Kerala to Government of Andhra Pradesh for its annual training camp held for its staff. Value of said services was ₹4,50,000.

Answer :

1)	➲ As per **Section 52,** in case where supplies is made through ECO, where the consideration for such supplies is collected by ECO, then ECO has to deduct TCS @0.5% (0.25% CGST & 0.25% SGST) of the Net value of taxable supplies (i.e Gross sales less Sales retuns) made through ECO. ➲ In given case, QUICKDEAL and ECO has to deduct TCS as follows: TCS = ₹1,50,000 * 0.25% = ₹375 (CGST) & ₹375 (SGST)
2)	➲ As per **Section 51,** if any supply of goods or services is made to the government, where Total contract value of Taxable supplies exceeds ₹2,50,000, then Government has to deduct TD S @ 2% (CGST 1% & SGST 1%) on such contract Value. ➲ Taxable value does not includes Value of Exempt supply ➲ In given case, taxable value = ₹4,30,000 - ₹ 1,00,000 Hence, Tamilnadu State Government need to deduct TDS TDS = ₹3,30,000 *1% = ₹3,300 (CGST) & ₹3,300 (SGST)
3)	➲ As per **Sec 12 of IGST Act,** in case of catering services, the place of supply is the place where the services is actually performed. ➲ As per proviso the Sec 51, if location of supplier & Place of supply is in a state & recipient is located in another state, then in such case, TDS is not deductible. ➲ In given case, Location of supplier & place of supply is in Kerala & recipient is in another state, hence provision of TDS is not applicable.

Note:

In above question, it has been assumed that the value given is exclusive of GST, wherever applicable, sinc the rate of tax is not given in the question.

Chapter 10

Input Tax Credit

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01. General Questions on ITC:-

CCP 10.01.01.00

Answer the following independent questions:-

(i) What is input tax ? [Study Mat]

(ii) MN & Co, an unregistered supplier, wants to claim input tax credit and collect tax. Can it do so?

Answer:

(i)	➲ Input tax **means** central tax (CGST), State tax (SGST), integrated tax (IGST) or Union territory ta (UTGST) charged on inward supply of goods or services or both of a registered person. ➲ It **includes** tax paid on reverse charge basis and IGST charged on import of goods. ➲ It **does not include** tax paid under composition levy.
(ii)	➲ **No,** LMN & Co. **cannot** claim input tax credit and collect tax. ➲ Only a registered person can collect tax from his customers & also claim input tax credit u/s 16(1) CGST Act, 2017. ➲ However, if LMN & Co. nevertheless wants to claim input tax credit and collect tax, it can apply fo voluntary registration u/s 25(3) of CGST Act.

02. Section 16(2):- Conditions to avail ITC

CCP 10.02.02.00

What are the conditions necessary for availing ITC? [CA IPC MTP 2018][Study Mat]

Answer:-

As per **section 16(2) of CGST Act, 2017,** all the following conditions are to be satisfied by the register taxable person for obtaining ITC:-

a) He is in possession of tax invoice or debit note or such other prescribed tax paying documents.

b) Supplier has furnished the details of invoice or debit note in his GSTR-1 or as amended in GSTR-1A & al communicated the same to the registered person in GSTR-2B.

c) He has received the goods or services or both,

d) The details of ITC in respect of the said supply communicated to such registered person under section has not been restricted.

e) Subject to section 41, supplier has actually paid the tax charged on the supply to Government and

f) He has furnished the return under section 39.

Sec 16(2)(aa) read with Rule 36(4):- Supplier to furnish details of Invoice/Debit Note & Communicate the same

CCP 10.02.03.00

Laxmi Traders, a supplier of electric goods, is registered under GST in the state of Karnataka. Lax Traders receives 200 invoices for inward supply of goods and services, involving GST of ₹8,00,00 from various suppliers during the month of November, 20XX.

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

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

Situation 2nd: Out of 200 invoices, 140 invoices involving GST of ₹ 5,00,000 have been uploaded by t

suppliers in their respective GSTR-1 filed on the prescribed due date thereof. [CA IPC Jan 21 Exam]

Answer:

- As per Sec 16(2)(a), One of the condition for availing ITC is that, Supplier has uploaded invoice or debit note in his GSTR 1 and that is reflected in GSTR 2B of registered person.
- Situation 1: Out of 200 invoices, only 160 invoices involving GST ₹ 7,00,000 have been uploaded by the Supplier, Hence Laxmi traders is eligible for ITC of ₹7,00,000 in the month of Nov 20XX.
- Situation 2: Out of 200 invoices, only 140 invoices involving GST of ₹ 5,00,000 have been uploaded by the Supplier, Hence Laxmi traders is eligible for ITC of ₹5,00,000 in the month of Nov 20XX.
- Laxmi traders can take ITC of non reported invoices in a month, when they are uploaded by the Supplier.

Sec 16(2)(b):- Goods &/or Services must be received to avail ITC & Bill to-Ship to model

CCP 10.02.04.00

Sigma Consultants, an LLP of finance professionals, provides financial consultancy services. It made an advance payment of ₹ 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 ₹ 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. [Study Mat]

Answer:

Legal Provision:-

- As per **section 16(2)(b)** of CGST Act, tax paid on supply of goods and/or services can be availed as ITC only if such goods and/or services are **received** by the registered person.

Discussion & Conclusion:-

- In the given case, Sigma Consultants has paid IGST of ₹18,000 in the month of October, on advance for IT services intended to be used in the course or furtherance of business.
- However, it **cannot avail ITC** of such tax in **October** as the services in relation to which the advance payment has been made have not been received in that month.

CCP 10.02.05.00

One of the conditions to claim input tax credit is that the receiver must have received the goods. Is there any provision for deemed receipt of goods in case of transfer of document of title before or during the movement of goods? would your answer be different in case supply of services?

Answer:

a) As per Explanation to **Section 16(2)(b) of CGST Act**, goods or services are **deemed to be received by registered person** under 'Bill to Ship to" Model in following cases:-

i) Where goods are delivered by supplier to recipient or any other person on direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise.

ii) Where services are provided by supplier to any person on the direction of and on account of such registered person.

b) **No, answer will be the same** as stated above, because section 16(2)(b) is applicable in case of supply of services also.

CCP 10.02.06.00

M/s Diwan & Sons of New Delhi, has placed an order for 250 kg of plastic granules @ ₹50 per k (exclusive of GST) on M/s Karim & Bros. of Noida, U.P. M/s Karim & Bros. has agreed to deliver th goods at the warehouse of M/s Diwan & Sons at New Delhi. While the order was getting packed at th 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 @ ₹60 per kg (exclusive of GST). In order to save on transportation cos M/s Diwan & Sons asks M/s Karim & Bros. to directly deliver the plastic granules to Shubhkamn Sales at its godown located in Hapur. Accordingly, M/s Karim & Bros. has delivered the plast granules at the godown of Shubhkamna Sales at Hapur. Examine the availability of ITC with M/ Diwan & Sons & M/s Karim & Bros.

Note:- All the parties are registered under GST and rate of GST is 18%. [Study Mat]

Answer: Legal Provision:-

- As per sec 16(2)(b), Registered person can avail ITC only when goods or services **received by him.**
- However, if goods are delivered by supplier to recipient on the direction of registered person (Third perso under Bill to Ship to model by way of transfer of documents, then the goods are **deemed to be receiv** when such goods are delivered by the supplier.

Discussion & Conclusion:-

- In given case, goods have been delivered by M/s Karim & Bros. (supplier) to Shubhkamna Sales (thi person) on the direction of M/s Diwan & Sons (registered person).
- Therefore, **ITC** of ₹ 2,250 (₹ 50 x 250 x 18%) **will be available to M/s Diwan & Sons** (registered person) purchase of 250 kg of plastic granules @50 per kg.
- Further, there is another supply between Diwan & Sons (supplier) & Shubhkamna Sales (recipient).
- Therefore, **Shubhkamna Sales can avail ITC** of ₹ 2,700 (₹ 60 x 250 x 18%) on purchase of 250 kg of plas granules @60 per kg.

2nd Proviso to Sec 16(2) read with Rule 37:- Payment for an invoice to be made within 180 days

CCP 10.02.07.00

Answer the following questions:

1) Can a person take ITC without payment of consideration for the supply along with tax? [Study Mat

2) If part payment of consideration is made by the recipient to the supplier, then whether full amount tax can be adjusted first? If no, then whether it has to be calculated proportionately?

3) A registered person must pay to the supplier, the value of the goods and/or services along with t tax within 180 days from the date of issue of invoice. State the exceptions to said rule. [CA Inter M Mar 23]

Answer :-

1)	➲ Yes, the recipient can take full ITC. ➲ However, **proviso to section 16(2) read with rule 37** states that recipient is required to pay th **full** consideration along with tax within 180 days from the date of issue of invoice. This condition i **not applicable** where tax is payable on reverse charge basis.
2)	➲ If recipient fails to do so, then corresponding credits availed **in respect of such supply, proportionate to the amount not paid to the supplier**, by him will be added to his output tax liability **or it shall be reversed** along with interest. ➲ If part payment is made against an invoice, then **proportionate ITC is available** for the tax involved & thus, **full amount of tax cannot be adjusted** first against the part payment made.

3)	The condition of payment of value of supply plus tax within 180 days **does not apply** in the following situations: a) Supplies on which tax is payable under reverse charge. b) Deemed supplies without consideration. c) Additions made to the value of supplies on account of supplier's liability, in relation to such supplies, being incurred by the recipient of the supply.

CCP 09.02.07.01 **Rule 37A**

Briefly explain the provisions relating to reversal of input tax credit in case of non-payment of tax by the supplier and re-availment thereof? [CA Inter Nov 23 Exam]

Answer:

- As per **Rule 37A of CGST rule 2017 ,** If a registered person (recipient) **avails ITC** in GSTR-3B for a tax period in respect of an invoice/debit note details of which have been furnished by supplier in GSTR-1/**GSTR 1A** /using IFF, **but supplier** does not furnish his return **till 30th September** following the end of FY in which the ITC in respect of invoice/ debit note has been availed, then the amount of ITC **shall be reversed by recipient**, while furnishing a return in Form GSTR-3B **on or before 30th November** following the end of such FY during which such ITC has been availed.
- However, if the said amount of ITC is **not so reversed by recipient,** such amount shall be payable by the said person **along with interest.**
- Further, if the said supplier **subsequently furnishes the return in Form GSTR-3B** for the said tax period, the said registered person may re-avail the amount of such credit in the return in Form GSTR-3B for a tax period thereafter.

Sec 16(3):- If depreciation is claimed on tax component, ITC is not allowed

CCP 10.02.08.00

Whether the registered person can avail the benefits of input tax credit and depreciation on the tax component of capital goods and plant and machinery simultaneously?

Answer:

- **No,** the benefits of input tax credit and depreciation on tax component of capital goods and plant and machinery cannot be availed simultaneously.
- **Section 16(3)** of CGST Act states that input tax credit will not be allowed on tax component of cost of capital goods and plant and machinery, if depreciation is claimed on the same under Income Tax Act, 1961 by registered person.
- It means that either depreciation on tax component can be claimed under Income Tax Act or ITC of such tax paid can be availed under GST laws.

Sec 16(4):- Time limit for availing ITC

CCP 09.02.09.00

What is the time limit for taking ITC and reasons thereor? [Study Mat]

Answer:

- As per **Section 16(4)** of CGST Act, time limit for availing ITC by registered person for any invoice or debit note shall be **earlier** of following dates:-
  - 30th day of November following the end of financial year to which such invoice or debit note pertains or
  - Furnishing of the relevant annual return.

- As per **Section 16(6)** of CGST Act, if the registration of a registered person is cancelled u/s 29 a subsequently revoked by an order, the registered person **can claim ITC** for the invoices or debit notes th were not restricted u/s 16(4) on the date of order of cancellation.
- **Its ITC can be claimed in the return filed till the later of following dates:**
  - Earlier of 30th Nov of following year or date of furnishing Annual return.
  - Return filed for period from the date of cancellation of registration or the effective date of cancellati of registration till the date of the order revoking the cancellation, if such return is filed **within 30 da** from the date of the revocation order.
- However, there is **no time limit for re-availing the credit that had been reversed earlier.**
- As per **section 18(2)**, in special circumstances like new registration, voluntary registration, et registered person can take ITC **within 1 year** from date of issue of tax invoice by supplier.

Sec 16(6):- Claiming ITC for Invoices Post-Revocation of Registration Cancellation

CCP 09.02.09.01

ABC Pvt. Ltd. is engaged in the supply of electronic goods. During the FY 20XX-XY, the company's GS registration was cancelled on 15th August 20XX. Subsequently, the cancellation was revoked on 5 February 20XY by an order from Appellate Authority. ABC Pvt. Ltd. filed return for the period f which registration stood cancelled on 25th February 20XY. ABC Pvt. Ltd. has an invoice dated 20 July 20XX for goods supplied worth ₹1,00,000. Can ABC Pvt. Ltd. claim the ITC for the invoice dat 20th July 20XX ? If yes, what is the time limit for the same?

Note: ABC Pvt. Ltd. has furnished annual return on 15th December 20XY.

Answer:- Legal Provision:

- As per **Sec 16(6)** of CGST Act, if the registration of a registered person is cancelled u/s 29 a subsequently revoked by an order, the registered person **can claim ITC** for the invoices or debit not that were not restricted u/s 16(4) on the date of order of cancellation.
- **Its ITC can be claimed in the return filed till the later of following dates:**
  - Earlier of 30th Nov of following year or date of furnishing Annual return.
  - Return filed for period from the date of cancellation of registration or the effective date of cancellati of registration till the date of the order revoking the cancellation, if such return is filed **within 30 da** from the date of the revocation order.

Discussion & Conclusion:

- **Yes,** In the given case, ITC for the invoice dated 20th July 20XX will be claimed by the later of:-
  a) 30th November 20XY i.e. the earlier of 30th November 20XY or 15th December 20XYor
  b) 25th February 20XY i.e. the date of filing return for the period from 15th August 20XX (cancellati date) to 5th February 20XY (revocation order date).
- **Thus ABC Pvt. Ltd. must claim the ITC by 30th November 20XY.**

03. Section 17(5):- Blocked Credits (Negative List)

Sec 17(5)(a):- Motor Vehicles

CCP 10.03.10.00

Answer the following questions independently:

a) SRS Cars Pvt. Ltd., a car manufacturer, purchased a tempo Traveller (Seating capacity of 15 persons) for the transport of its employees within the factory premises. Can SRS Cars Pvt. Ltd. avail ITC on such purchase? Will your answer differ, if seating capacity of tempo traveller is 10 persons?

b) ABC Motors, an authorized dealer, purchases a demo vehicle for demonstration purposes for ₹10,00,000 with GST @18%. Can ABC Motors avail ITC on such purchase?
Would your answer differ, if ABC Motors promotes its sale by helping potential buyers to decide to purchase a similar type of motor vehicle.

Answer:

Legal Provision:-

➲ As per **section 17(5)(a)** of CGST Act, ITC is **not** available on Motor vehicle for transportation of persons having approved seating capacity of not more than 13 persons (including driver), **except** when they are used for making **following taxable supplies:-**

a) Further supply of such motor vehicles or

b) Transportation of passengers or

c) Imparting training on driving such motor vehicles.

Discussion & Conclusion:-

a)	➲ In first case, SRS Cars Pvt. Ltd. purchased a tempo Traveller with seating capacity of 15 persons which is exceeding capacity of 13 persons & thus, it **will be able to avail ITC** on the same. ➲ **Yes**, answer will differ in second case. If seating capacity of tempo traveller is 10 persons, then SRS Cars Pvt. Ltd. **cannot avail ITC** on the same as **ITC is blocked** u/s 17(5)(a).
b)	➲ In first case, CBIC **clarified** that the vehicle is solely used for demonstration purposes and not for passenger transport or training, thus ITC is **blocked u/s 17(5)(a).** ➲ Yes, answer will differ in second case as it is used for **making 'further supply of such motor vehicles'**. Thus, ITC for demo vehicles is **not blocked u/s 17(5)(a).**

Sec.17(5) (aa)- Vessel and air-craft

CCP 10.03.11.00

Answer the following questions:-

A) A flying school imports an aircraft for use in its training activity and takes ITC of IGST paid on import. Departmental audit raises an objection that aircrafts fall within the definition of "conveyance" u/s section 2(34) of CGST Act and that ITC is not allowed on conveyances. Offer your comments.

B) Mr. A has two branches, one in Mumbai (MH) and another in Goa. Mr. A purchased a vessel for transportation of goods between two branches as a cheapest source for transportation. Whether Mr. A is eligible for Input Tax Credit of tax paid on such vessel?

Answer:

Legal Provision:- As per **section 17(5)(aa)** of CGST Act, **ITC is blocked** on vessel & aircraft **except** whe they are used:-

i) for making following taxable supplies:-
   a) Further supply of such vessels or aircraft or
   b) Transportation of passengers or
   c) Imparting training on navigating such vessel or
   d) Imparting training on flying such aircraft

ii) for transportation of Goods.

Discussion & Conclusion:-

A) In the given case, Aircraft is used for imparting training on flying such aircraft & hence, **ITC will be allowe** on such aircraft. Therefore, the input tax credit is correctly taken by flying school.

B) In the given case, Vessel is used for transportation of Goods by Mr. A & hence, **he is eligible for ITC** of t paid purchase of such vessel.

Sec 17(5)(ab):- Services related to items in 17(5)(a) & 17(5)(aa)

CCP 10.03.12.00

Mr. Veer paid tax on repairs, maintenance and insurance of Motor Vehicles used for transportation of employees for the purpose of business. Is this eligible for ITC?

What will be your answer, if Mr. Veer paid tax on repairs and maintenance of tempos used to transpo finished goods?

Answer:

Legal Provision:-

➲ As per **section 17(5)(ab)** of CGST Act, input tax credit is blocked on general insurance, servicing, repair maintenance of those motor vehicles on which input tax credit is blocked u/s 17(5)(a).

Discussion & Conclusion for 1st Case:-

➲ In given case, motor vehicles are used for transportation of 6 employees i.e. the seating capacity is not mo than 13 persons & hence, ITC on such motor vehicles is **blocked u/s 17(5)(a).**

➲ ITC on repairs, maintenance & insurance of these Motor Vehicles is also **blocked u/s 17(5)(ab).**

➲ Therefore, Mr. Veer is **not eligible** for ITC.

Discussion & Conclusion for 2nd Case:-

➲ ITC on motor vehicles used for transportation of goods is allowed u/s 17(5)(a).

➲ Further, ITC is allowed on repair & maintenance relating to motor vehicles, ITC on which is allowed.

➲ Therefore, repairs and maintenance of tempos used by Mr. Veer for to transport finished goods **is eligible f ITC.**

CCP 10.03.13.00

ABC Ltd is a manufacturing co. is registered in village and is providing food and beverage to i employees. The company avail outdoor catering services of Mr. X for providing such meals to i employee. Examine whether ABC ltd. can avail the ITC on such outdoor catering service. These servic are provided to the employees under factory act requirements.

Answer:

➲ As per **section 17(5)(b)**, ITC on supply of inter alia food and beverages and outdoor catering is **blocked.**

➲ However, ITC in respect of such goods or services or both shall be available where an inward supply of such goods or services or both is used by a registered person for making supply to its employee which is under an obligation of law.

➲ Hence, ABC Ltd. is eligible to avail the ITC.

Combined Questions on Sec 17(5):-

CCP 10.03.14.00

Determine the eligibility of Input tax credit for the following cases u/s 17(5) of CGST Act:-

(i) Aspire Ltd. is a registered person engaged in passenger transport services. It purchased two motor vehicles (seating capacity is 10 persons) for ₹ 25,00,000 plus GST @28% for its business as on 10.10.20XX. Determine whether Aspire Ltd. can avail Input tax credit of the GST paid by it on motor vehicles.

(ii) Nirmitee Pvt. Ltd. is engaged in supply of works contract services. It gives a part of the construction work to a sub-contractor. The sub-contractor charges GST in his invoice to Nirmitee Pvt. Ltd. Determine the eligibility of input tax credit available to Nirmitee Pvt. Ltd.

Answer:

(i) **Yes, Aspire Ltd. can avail ITC.**

Legal Provision:-

➲ As per **section 17(5)(a)** of CGST Act, ITC is **blocked** on Motor vehicle for transportation of persons having approved seating capacity of not more than 13 persons (including driver), **except** when they are used for Transportation of passengers.

Discussion & Conclusion:-

➲ In given case, Aspire Ltd. is engaged in transportation of passengers & thus, it will be eligible to avail ITC of Rs 7,00,000 i.e. (Rs 25,00,000 * 28%).

(ii) **Yes, Nirmitee Pvt. Ltd. can avail ITC.**

Legal Provision:-

➲ As per **section 17(5)(c)** of CGST Act, ITC is **blocked** on works contract services supplied for construction of an immovable property (other than plant and machinery) **except** where it is an input Service for further supply of works contract service.

Discussion & Conclusion:-

➲ The given case falls under the exception criteria of **section 17(5)(c)** as the services are supplied by a sub-contractor & hence, the company can avail ITC of GST charged by the sub-contractor.

CCP 10.03.15.00

PQR Ltd, a registered supplier from Madhya Pradesh, is engaged in the manufacturing of heavy machines. Company provides following details of purchases made/services availed by it during month of Feb, 20XX:-

S.No.	Particulars	GST (₹)
1	Payment for fitness club membership availed by employee as one of the terms of employment	25,000
2	Payment made to outdoor catering service to run a free canteen in factory as it is required under the Factories Act, 1948	55,000

3	Payment made to travel agency for organizing a free vacation for it's best performance awarded employees	35,000
4	Payment made for work contract service availed for the construction of pipe line to be laid outside company's factory	1,05,000

You are required to determine the eligible ITC available to PQR Ltd. for the month of February, 20XX giving brief explanations for treatment of various items. Assume all the conditions necessary for availi ITC have been fulfiled. [CA IPC Dec 21 Exam]

Answer:-

Computation of eligible ITC available to PQR Ltd. for February, 20XX:-

S.No.	Particulars	GST	Explanation
1	Payment for fitness club membership of employee	Nil	As per **section 17(5)(b)**, ITC is **blocked** for such service if used for employee unless there is a statutory obligatic
2	Payment for outdoor catering service for canteen under Factories, Act	55,000	As per **Sec 17(5)(b),** Outdoor catering services is under **blocked credit**, but if it is provided under statutory obligation then, **ITC is available.**
3	Payment to travel agency for free vacation of employees	Nil	As per **sec 17(5)(b)**, ITC is **blocked** for said service exce provided under statutory obligation.
4	Works contract service availed for construction of pipeline laid outside company's factory	Nil	As per **sec 17(5)(c)**, ITC is blocked for Works contract serv used for construction of immovable property **except** Plant Machinery. Pipeline laid outside the factory is **excluded fro Plant & Machinery.**
	Eligible ITC Available	**55,000**	

CCP 09.03.16.00

A Ltd. procured the following goods in the month of December, 20XX:-

S.No.	Particulars	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, 20XX by giving necessa explanations. Assume that all the other conditions necessary for availing ITC have been fulfilled. [Inter July 21 Exam]

Answer:- Computation of amount of ITC available with A Ltd. for the month of December, 20XX:-

S.No.	Particulars	Eligible ITC(₹)	Remarks
1	Goods used in constructing an additional floor of office building	Nil	ITC is **blocked** u/s 17(5) of CGST Act on goods received by a taxable person for construction of an immovable property on h own account even if it is used in the course or furtherance of business & it is assumed that cost of construction of additiona floor is capitalized.

2	Goods given as free sample to prospective customers	Nil	ITC is **blocked** u/s 17(5) of CGST Act on goods disposed of by way of free samples.
3	Trucks used to transport inputs in factory	11,000	ITC is not **blocked** u/s 17(5) of CGST Act on motor vehicles used for transportation of goods & thus, allowed unconditionally.
4	Inputs used in trial runs	9,850	Here, inputs are used in the course or furtherance of business & hence, ITC thereon is **allowed.**
5	Confectionery items for consumption of employees working in the factory	Nil	ITC on food or beverages is **blocked** u/s 17(5) of CGST Act unless it is used in same line of business or as an element of taxable composite or mixed supply or provided by an employer to its employees under a statutory obligation i.e. ITC is blocked when the same consumed & not supplied.
6	Cement used for making foundation & structural support to plant & machinery	8,050	ITC is **not blocked** u/s 17(5) of CGST Act on goods used for construction of plant and machinery.
	Total Eligible ITC	**28,900**	

04. Section 18:- Availability of Credit in Special Circumstances

Sec 18(1):- ITC under Compulsory registration, Voluntary Registration, Switching from Composition to Regular Scheme& Cases where exempt supply becomes taxable supply

CCP 10.04.17.00

Babla & Bros. is exclusively engaged in making exempt supply of goods & 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 ₹ 45 lakhs. Examine the eligibility of Babla & Bros. for availing ITC, if any.

[CA Inter RTP Nov 20][Study Mat]

Answer:-

Legal Provision:-

- As per **section 18(1)(a)** of CGST Act, if a person applied for registration **within 30 days** from the date on which he becomes liable to registration, then he shall be **entitled to take ITC of:-**
  - Inputs held in stock,
  - Inputs contained in semi-finished goods held in stock &
  - Inputs contained in finished goods held in stock

  on the day immediately preceding the date from which he becomes liable to pay tax.

Discussion & Conclusion:-

- In given case, exemption available on goods being supplied by Babla & Bros., an unregistered person, is withdrawn & it becomes liable to registration as its turnover has crossed threshold limit for registration on the day when the exemption is withdrawn.
- **Assuming** that Babla & Bros. applies for registration **within 30 days of 1st October and it obtains such registration**, it can take ITC of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on 30th September.
- **ITC on capital goods will not be available** in this case.

CCP 10.04.18.00

What is the ITC entitlement of a newly registered person? [CA Inter MTP March 22][Study Mat]

Answer:

- As per **section 18(1)(a)** of CGST Act, if a person who is liable to take registration has applied f registration **within 30 days** from the date on which he became liable to registration, he can take
  - ITC of inputs held in stock & inputs contained in semi- finished or in finished goods held in stock on t day immediately preceding the date on which he became liable to pay tax.
- As per **section 18(1)(b)** of CGST Act, a person applying for **registration voluntarily** can take
  - ITC of inputs held in stock and inputs contained in semi- finished or in finished goods held in stock on t day immediately preceding the date of grant of registration.

CCP 10.04.19.00

Mamta Trade Links trades in exempt goods and provides taxable services. It is registered under GST. 1st October, the exemption available on its goods gets withdrawn. Analyze the scenario and determi the eligibility of Mamta Trade Links for availing ITC, if any, on inputs and/or capital goods used in t supply of exempt goods. [CA Inter RTP Nov 2020][Study Mat]

Answer:-

Legal Provision:-

- As per **section 18(1)(d)** of CGST Act, registered person whose exempt supply becomes taxable supply c take ITC of:-
  - Inputs held in stock, Inputs contained in semi-finished or in finished goods held in stock relatable to su exempt supply &
  - on capital goods exclusively used for such exempt supply

  on the day immediately preceding the date from which such supply becomes taxable.
- ITC on capital goods will be **reduced by 5% per quarter or part thereof** from the date of invoice.

Discussion & Conclusion:-

- In given case, **Mamta Trade Links** is a registered person whose exempt supply is becoming taxable supply
- Thus, as per **section 18(1)(d), it can take ITC** of inputs held in stock and inputs contained in semi-finish or finished goods held in stock relatable to such exempt supply and on capital goods exclusively used such exempt supply **on 30th September.**

CCP 10.04.19.01

As per the CGST Act 2017, Vishnu Limited was not mandatorily required to get registered, howeve opted for voluntary registration and applied for registration on 12th February 20YY. Registrat certificate has been granted by the Department on 24th February 20YY, Vishnu Limited is not engag in making inter-State outward taxable supplies. The CGST and SGST liability for the month February 20YY is ₹ 31,000 each. Vishnu Limited provides the following information of goods held stock on 23rd February 20YY:

S.No.	Particulars	GST (₹
1	Capital goods procured on 5th February 20YY, (Rate of CGST and SGST @ 6% each) being intra State supply.	2,00,00
2	Inputs contained in finished goods stock held were procured on 13th February 20XX (Rate of IGST @18%) being inter-State supply.	3,00,00

3	Value of Inputs received on 10th October 20XX contained in semi-finished goods held in stock (Rate of CGST and SGST @ 6% each) being intra-State supply.	2,50,000
4	Inputs procured on 1st February 20YY lying in stock of semi -finished goods(Rate of CGST and SGST @ 7.5 % each) being intra-State supply	1,50,000
5	Inputs procured on 8th February 20YY lying in stock of finished goods.(Rate of IGST @ 18%) being inter-State supply.	60,000

You are required to determine the eligible ITC available and amount of net minimum GST to be paid in cash by Vishnu Limited for the month of February 20YY. [CA Inter May 24 Exam]

Answer:Legal Provision: As per section 18(1)(b) of CGST Act, a person applying for registration **voluntarily** can avail

- ITC on inputs contained in semi-finished or finished goods held in stock on the day **immediately preceding** the date of grant of registration, **within 1 year** from date of issue of tax invoice by supplier.

Discussion & Conclusion: Computation of eligible ITC available:

Particulars	IGST(₹)	CGST(₹)	SGST(₹)
Capital goods [Note 1]	Nil	Nil	Nil
Inputs procured on 13th February 20XX	Nil	Nil	Nil
Inputs procured on 10th October 20XX	Nil	15,000 (2,50,000*6%)	15,000 (2,50,000*6%)
Inputs procured on 1st February 20YY	Nil	11,250 (1,50,000*7.5%)	11,250 (1,50,000*7.5%)
Inputs procured on 8th February 20YY	10,800 (60,000*18%)	Nil	Nil
Total ITC	**10,800**	**26,250**	**26,250**

Computation of minimum net GST to be paid in cash by Vishnu Limited for the month of February 20XX:

Particulars	CGST(₹)	SGST(₹)
Output tax liability (Given)	**31,000**	**31,000**
Less: ITC [Note 2]		
IGST: ₹ 10,800	(5,400)	(5,400)
CGST: ₹ 26,250	(25,600)	X
SGST: ₹ 26,250	X	(25,600)
Net GST Payable in Case	**Nil**	**Nil**

Notes:- 1) Person taking voluntary registration cannot avail ITC on CG held on the day immediately preceding the date of grant of registration.

2) IGST credit is utilized first for payment of CGST and SGST liability in equal proportion. CGST credit is utilized for payment of CGST liability and SGST credit is utilized for payment of SGST liability.

Sec 18(6):- Supply of Capital Goods or Plant & Machinery on which ITC is taken

CCP 10.04.20.00

What is the tax implication of supply of capital goods by a registered person who had taken ITC on such capital goods? [Study Mat][CA Inter MTP April 22]

Answer:-

➲ As per **section 18(6)** of CGST Act, if capital goods or plant & machinery on which ITC has been taken are supplied outward by registered person, then **he must pay an amount which is higher of:-**

- ITC taken on such goods **reduced by 5%** per quarter or part thereof from the date of issue of invoice OR

➤ **Tax on transaction value** of such goods determined u/s 15.

➲ However, if refractory bricks, moulds & dies, jigs & fixtures are supplied as scrap, person may **pay tax** o **transaction value of such goods determined u/s 15.**

05. Rule 86A:- Restrictions on utilisation of ITC available in Electronic Credit Ledger by Officer

CCP 10.05.21.00

"Rule 86A of the CGST Rules, 2017 provides that in certain specified circumstances, Commissioner o the basis of reasonable belief may not allow debit of an amount equivalent to such credit in electron credit ledger."

State the grounds (as guided by CBIC) on which the reasons for such belief must be based on. [CA Inter May 23 Exam]

Answer :-The reasons for such belief must be based on one or more of the following grounds:

i)	ITC has been availed on basis of tax invoices or debit notes or any other valid documents prescribe under rule 36:- ➲ issued by a registered person who has been found non-existent or not to be conducting an business from the registered place of business or ➲ without receipt of goods or services or both or ➲ the tax in relation to which has not been paid to the Government.
ii)	Registered person availing ITC has been found non-existent or not to be conducting any busines from the registered place of business or
iii)	Registered person availing ITC is not in possession of tax invoice or debit note or any other vali document prescribed under rule 36.

06. Rule 86B:- Restrictions on use of amount available in electronic credit ledger

CCP 09.06.22.00

Restrictions have been imposed on the use of amount available in electronic credit ledger vide rule 86B CGST Rules, 2017. Are there any exceptions to rule 86B? If yes, state the exceptions. [CA Inter RTP M 22][CA Inter Nov 22 Exam (Similar)]

Answer:-The registered person shall not use the amount available in electronic credit ledger to discharge l liability towards output tax **in excess of 99%** of such tax liability, in cases where the value of taxable supply oth than exempt supply and zero-rated supply, in a month exceeds **₹50 lakhs:**

Yes, there are some exceptions to rule 86B that imposes restriction on use of amount available in electror credit ledger which are as under:-

a) Payment of Income Tax more than ₹1 lakh:-Rule 86B may not apply, if below persons have deposited **mo than ₹ 1 lakh as income** tax under Income-tax Act, 1961 in each of the last 2 F.Y.for which time limit to f return of income u/s 139(1) of the said Act has expired:-

➤ The registered person or

➤ The Karta/ proprietor/ managing director of the registered person;

➤ Any of the two partners, whole-time directors, members of Managing Committee of Associations or Boa of Trustees of the registered person, as the case may be.

b) Receipt of refund of input tax credit (ITC) of more than ₹1 lakh:-Rule 86B may not apply, if register person has received a **refund of more than ₹ 1 lakh** for unutilized ITC in **preceding financial year** due to:-

➤ zero-rated supplies made without payment of tax or

➤ Inverted duty structure.

c) Payment of total output tax liability through electronic cash ledger in excess of 1% of total output tax liability:-

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

➤ This condition is seen for C.F.Y., & hence, for April of any F.Y., the exception will not apply.

➤ GST liability paid under reverse charge should not be considered while calculating the total output liability paid through electronic cash ledger.

d) Specified registered Person:-

Rule 86B would not apply for **following registered person:-**

➤ Government Department or

➤ A public sector undertaking or

➤ A local authority or

➤ A statutory body.

However, Commissioner or an officer authorised by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit.

07. Combined Questions on ITC:-

CCP 10.07.23.00

Answer the following independent questions:-

(i) 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. [Study Mat]

(ii) A registered person transfers its business to another person. Is such registered person allowed to transfer the unutilized ITC lying in its electronic credit ledger to such transferred business? Discuss. [Study Mat]

(iii) '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? [Study Mat]

Answer:-

(i)	➲ ITC is disallowed only to the extent it pertains to supplies used for non- business purposes or supplies other than taxable and zero-rated supplies. ➲ **Supplies to SEZ units are zero rated supplies** as per **section 16(1) of IGST Act.** ➲ In the given case, **full ITC is allowed** on inward supplies of BMT Ltd. used for making supplies to unit in SEZ.
(ii)	➲ As per **section 18(3)** of CGST Act, in case of sale, merger, demerger, amalgamation, transfer or change in ownership of business etc., the ITC that remains unutilized in electronic credit ledger of registered person can be transferred to new entity, if there is a specific provision for transfer of liabilities in such change of constitution. ➲ The registered person **should furnish details of change in constitution** on common portal & submit a certificate from practicing Chartered Accountant/Cost Accountant certifying that the

	change in constitution has been done with a specific provision for transfer of liabilities. ➲ Upon acceptance of details by transferee on common portal, the unutilized ITC gets credited to hi electronic credit ledger. ➲ Transferee should record the inputs and capital goods so transferred in his books of account.
(iii)	➲ As per **section 18(1)(c)** of CGST Act, 'AB' is eligible for ITC on inputs held in stock and input contained in semi-finished or in finished goods held in stock and capital goods as on 30th July. ➲ ITC on capital goods will be **reduced by 5% per quarter or part thereof** from the date of invoice.

CCP 09.07.24.00

ABC Co. Ltd., registered under GST is engaged in the manufacture of heavy machinery. It procured t following items during the month of July.

S.No.	Items	GST (₹
1	Electrical transformers to be used in the manufacturing process	5,20,00
2	Trucks used for the transport of raw material	1,00,00
3	Raw material to be received in August	2,00,00
4	Confectionery items. These items were supplied free of cost to the customers in a customer meet organized by the company	25,000
5	Capital Goods (Invoice missing for one out of 5 items & GST paid on the same was ₹ 70,000)	5,00,00
6	GST paid on health insurance policies	80,00

Determine the amount of ITC available with ABC Co. Ltd., for the month of July by giving necessa explanations for treatment of various items. Subject to the information given above, assume that the other conditions necessary for availing ITC have been fulfilled.

[Study Mat][CA IPCC Nov 20 Exam (Similar)]

Answer:- Computation of ITC available with ABC Co. Ltd. for the month of July:-

S.No.	Particulars	ITC(₹)	Remarks
1	Electrical transformers to be used in the manufacturing process	5,20,000	**ITC is available** on goods used in the course or furtherance of business u/s 16(1) of CGST Act.
2	Trucks used to transport of raw material	1,00,000	**ITC is not blocked** u/s 17(5)(a) of CGST Act on mot vehicles used for transportation of goods.
3	Raw material	-	Since raw material is not received in July, 20XX, ITC for the same **cannot be availed** in July, 20XX u/s 16(
4	Confectionery items for consumption of customers at customers meet	-	ITC is **blocked** u/s 17(5)(b) of CGST Act on food or beverages unless the same is used for making outwa taxable supply of the same category or as an elemen of the taxable composite or mixed supply or provide by an employer to its employees under a statutory obligation.
5	Capital Goods	4,30,000	ITC can be availed only on basis of a valid document u/s 16(2). Thus, ITC for the item for which invoice is missing **cannot be availed (i.e. for Rs. 70,000).**
6	GST paid on health insurance policies	-	ITC is **blocked u/s 17(5)** of CGST Act on health insurance taken for employees except when there is statutory obligation on employer to provide the sam
	Total ITC Available	10,50,000	

CCP 10.07.25.00

Jamku Ltd., a registered person, is engaged in the business of spices. It provides following details in relation to GST paid on inward supplies procured by it during the month of October.

S.No.	Particulars	GST (₹)
1	Raw spices purchase	
	- Raw spices sold to customers	50,000
	- Raw spices used for personal use of directors	20,000
2	Electric machinery purchased for being used in the manufacturing process	25,000
3	Motor vehicle used for transportation of the employee	55,000
4	Payment made to contractor for construction of staff quarter	1,25,000

Determine the amount of ITC that can be availed by Jamku Ltd. for the month of October by giving the necessary explanation for treatment of various items. Subject to the information given above, all the other conditions necessary for availing ITC have been fulfilled. [Study Mat]

Answer: Computation of ITC that can be availed by Jamku Ltd. for the month of October:

S.No.	Particulars	ITC (₹)	Remarks
1	Purchase of raw spices which are sold to customers	50,000	ITC is **available** on goods used in the course or furtherance of business u/s 16(1) of CGST Act.
2	Purchase of raw spices for personal use of directors	Nil	ITC is **blocked** on goods used for personal consumption (i.e. non business use) u/s 17(5)(g) of CGST Act.
3	Electric machinery purchased for being used in the manufacturing process	25,000	ITC is **available** on goods used in the course or furtherance of business u/s 16(1) of CGST Act.
4	Motor vehicle used for transportation of employee	Nil	Since the supplier is in the business of spices, ITC on motor vehicle used for transportation of the employee is **blocked** u/s 17(5). Note: Assume that Seating capacity of the Motor vehicle is 13 or less.
5	Payment made to contractor for construction of staff quarter	Nil	ITC is **blocked** on works contract services supplied for construction of an immovable property except where it is an input Service for further supply of works contract service u/s 17(5)(c).
Total ITC		**75,000**	

CCP 10.07.26.00

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:

S.No.	Particulars	GST (₹)
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
5	Machinery purchased to be used in the manufacturing process of auto parts	3,00,00
6	Inputs purchased, but stolen from the factory	1,40,00
7	Rent-a-cab facility availed for employees to fulfil a statutory obligation	36,000
8	Outdoor catering services taken for a Meeting organised in the factory	10,000
9	Payment made for material and to contractor for construction of staff quarter	1,25,00
10	Input purchased was directly delivered to Mr. Joe, a job worker and a registered supplier	80,000

You are required to determine the ITC available with Dina Ltd. for the month of March, by giving br explanations for treatment of various items. Subject to the information given above, all the oth conditions necessary for availing ITC have been fulfilled. [Study Mat with little additions][CA Int May 19 Exam (Similar)]

Answer:-

Computation of ITC available with Dina Ltd. for the month of March:-

S.No.	Particulars	ITC(₹)	Remarks
1	Purchase of raw material	Nil	As per **1st proviso to Section 16(2),** In case of goods received in a lots against single invoice, then ITC is available when last l is received. Hence ITC cannot be taken in the month of March.
2	Accessories diectly supplied on the direction of Dina Ltd.	90,000	As per **explanation to section 16(2)(b),** If goods are supplied b supplier to recipient on the direction of registered person under Bill to Ship to model, then goods are said deemed to be receive to registered person when delivered by the supplier.
3	Bus for transportation of employees	1,97,000 Nil	As per **section 17(5)**, ITC is blocked for motor vehicle used for transportation of person where seating capacity including driver 13 or less. In given case, seating capacity of the bus is 15, hence I is allowed.
4	General insurance of a car		As per **section 17(5),** ITC is blocked for general insurance service those motor vehicle which is under blocked credit. In given case, seating capacity of the car is less than 13 and used for company's official purposes, hence it is under blocked credit.
5	Machinery purchased to be used in the manufacturing process of auto parts	3,00,000	Capital goods used in the business are eligible for ITC except blocked credit.
6	Inputs stolen from factory	Nil	As per **Sec 17(5)**, ITC is **blocked** on goods which are stolen.
7	Rent-a-cab for employees under statutory obligation	36,000	As per **Sec 17(5)(b),** ITC is **blocked** on renting of those motor vehicle which are under blocked credit, but if service is taken unc statutory obligation, then ITC is allowed.
8	Outdoor catering services taken for a Meeting organised in the factory	Nil	As per **section 17(5)**, ITC is **blocked** on outdoor catering except they are used for same category of outward supply or as a part c composite or mixed supply

9	Payment for material and to contractor for construction of quarter	Nil	As per **section 17(5)(d),** any goods or services purchased for construction of immovable property except plant and machinery are under blocked credit.
10	Input delivered to Jobworker	80,000	As per **explanation to sec 16(2)(b),** goods delivered to a third person on direction of registered person are **deemed** to have been received by such registered person. So, ITC is **available** to registered person even though he did not receive the goods.
	Total ITC available	**7,03,000**	

CCP 10.07.27.00

Shine Ltd., a registered manufacturer, is engaged in taxable supply of goods. It procured the following goods during October, 20XX. Determine the amount of Input Tax credit available by giving necessary explanation for treatment of various supplies of goods.

S. No.	Particulars	GST (₹)
1	Laptop purchased for factory unit	40,000
2	Goods used for purpose other than business	27,000
3	Capital goods used for making outward supplies to SEZ unit	52,000
4	Capital Goods purchased from a composition dealer	25,000
5	Goods purchased from Lata Ltd., the details of which are not uploaded in GSTR - 1 by Lata Ltd. but tax is deposited to Government within due date.	20,000
6	Battery purchased from Exide Ltd. for which invoice is issued in Oct, 20XX but payment is made in Nov, 20XX	54,000
7	Goods purchased from Asha Ltd & payment is also made but tax has not been deposited by Asha Ltd. to Government & also not reported in GSTR - 1	86,500

Answer:-

Computation of Input Tax credit available to Shine ltd. for October, 20XX:-

S.No.	Particulars	ITC (₹)	Remakrs
1	Laptop purchased for factory unit	40,000	ITC can be **availed u/s 16(1)** of CGST Act for goods (i.e. laptop) used in the course or furtherance of business.
2	Goods used for purpose other than business	Nil	ITC is **blocked** u/s 17(5)(g) of CGST Act on goods used for personal consumption (i.e. non business use).
3	Capital goods used for making outward supplies to SEZ unit	52,000	ITC is **allowed** on capital goods used for making taxable including zero-rated supplies. Supply to SEZ units are zero rated supplies u/s 16(1) of IGST Act & hence, ITC is available in this case.
4	Capital Goods purchased from a composition dealer	Nil	ITC is **blocked** u/s 17(5)(g) of CGST Act on goods on which tax is paid u/s 10.
5	Goods purchased from Lata Ltd.	Nil	As per sec 16(2)(aa) of CGST Act, ITC is **not available**, if supplier has not reported the invoice in his GSTR-1, even though the tax is deposited to Govt. within due date, since all conditions are to be satisfied u/s 16(2) to avail ITC.

6	Battery purchased from Exide Ltd.	54,000	As per sec 16(2)(a) of CGST Act, a registered person ca **avail ITC**, if he is in possession of a tax invoice which is valid document. However, payment for value & tax has to be made within 180 days of invoice date as per provis to sec 16(2).
7	Goods purchased from Asha Ltd.	-	All conditions are to be satisfied u/s 16(2) to avail ITC. So, ITC is **not available** in either of the cases where supplier has not reported invoice in GSTR-1 or has not paid tax to Govt.
	Total ITC Available	**1,46,000**	

08. Questions to compute Eligible ITC Available & GST Liability

CCP 10.08.28.00

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

Particulars	Amount (₹)
Intra state supplies of goods	10,00,000
Inter state supplies 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 (₹)
Intra-State purchase of goods	3,00,000
Inter-State purchase of goods	2,50,000

Paritosh & Co. has following opening balance of ITCs for the tax period:

Particulars	Amount (₹)
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 carr forward to the next month. Make suitable assumptions as required. [Study Mat][CA IPCC May 18 Exa

Answer:

1) Computation of GST payable on outward supplies:

S.no	Particulars	IGST (₹)	CGST (₹)	SGST (₹)
(i)	Intra-State supply of goods	-	90,000	90,000
(ii)	Inter-State supply of goods	1,44,000		
	Total ITC	**1,44,000**	**90,000**	**90,000**

2) Computation of total ITC:

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Opening ITC	1,40,000	57,000	60,000
Add: ITC on Intra-State purchase of goods	-	27,000	27,000

Add: ITC on Inter-State purchase of goods	45,000	-	-
Total ITC	**1,85,000**	**84,000**	**87,000**

3) Computation of minimum GST payable from Electronic cash ledger:

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
GST Payable	1,44,000	90,000	90,000
Less: ITC **(Note)**			
IGST: 1,85,000	(1,44,000)	(22,000)	(19,000)
CGST: 84,000	-	(68,000)	x
SGST: 87,000	-	x	(71,000)
Minimum GST payable in cash	**Nil**	**Nil**	**Nil**
ITC balance to be carried forward next month	Nil	16,000	16,000

Note:

- First ITC of IGST should be utilized in full, first against IGST liability and then against CGST or SGST liabilities in any order to minimize cash outflow.
- ITC of CGST cannot be used for SGST & vice-versa.

CCP 10.08.29.00

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, 20XX.

Compute the total GST payable, if any, by Satya Sai Residents Welfare Association, for February, 20XX. GST rate is 18%. All transactions are intra-State.

There is no opening ITC and all conditions for ITC are fulfilled. [CA Inter Jan 21 Exam]

Answer:-

Computation of total GST payable by Satya Sai Residents Welfare Association for February, 20XX:-

Particulars	Value (₹)	GST @18%
Maintenance charges received [₹ 8,000×30 members] [**Refer Note**](It is logically presumed that maintenance charges are exclusive of GST)	2,40,000	43,200
Total GST payable		**43,200**
Less:- ITC of GST paid on water pump purchased (₹ 9,000) and input services availed (₹ 3,600)		(12,600)
Net GST payable		**30,600**

Note:-

Services by RWA to its members for sourcing of goods or services from a third person for common use of its members in a housing society are exempt, if the share of contribution per month per member is upto ₹ 7,500. Otherwise, entire amount is taxable. Thus, maintenance charges are taxable in this case.

CCP 10.08.30.00

KNK Ltd., a registered supplier of Mumbai, is a manufacturer of heavy machines. Its outward supplie (exclusive of GST) for the month of January, 20XX 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% & 18% respectively. Details GST paid on inward supplies during the month of January, 20XX are as follows:-

S.No.	Particulars	CGST (₹)	SGST (₹
1	Raw material A(of which, 70% of inputs procured were used and 30% were in stock at the end of the January, 20XX)	60,000	60,000
2	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
3	Construction of pipelines laid outside the factory premises	30,000	30,000
4	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 t input tax credit (ITC) have been fulfilled.

(ii) Details of GST paid on inward supplies are available in GSTR-2B except for item (i) i.e. Ra Material A, for which supplier has not filed its GSTR-1 for the month of January 20XX, hen corresponding input tax credit (ITC) is not reflecting in GSTR-2B of KNK Ltd. in January, 20XX.

Compute the following:-

(A) Amount of eligible input tax credit (ITC) available for the month of January, 20XX.

(B) Minimum net GST payable in cash, for the month of January, 20XX after using available input t credit.

Working notes should form part of your answer. [CA Inter Nov 20 Exam]

Answer:-

(A) Computation of eligible ITC available for the month of January, 20XX:-

S.No.	Particulars	CGST (₹)	SGST (₹
i	Raw materials A **[Note-1]**	Nil	Nil
ii	Raw materials B (90%) **[Note-2]**	45,000	45,000
iii	Construction of pipelines laid outside the factory premises **[Note-3]**	Nil	Nil
iv	Insurance charges paid for trucks used for transportation of goods **[Note-4]**	55,000	55,000
	Total eligible ITC	**1,00,000**	**1,00,00**

Notes:

1) ITC shall **not be availed,** if the invoice is not reported by supplier in his GSTR-1 & also not reflected in GST 2B of recipient u/s 16(2)(aa) read with Rule 36(4).

2) ITC on goods destroyed (i.e. 10% of the goods) is **blocked** u/s 17(5)(h) of the CGST Act, 2017.

3) As per section 17(5)(c), ITC on works contract services availed for construction of plant and machinery allowed but pipelines laid outside the factory premises are excluded from the definition of plant a machinery and hence, ITC thereon is **blocked.**

4) ITC on motor vehicles used for transportation of goods is not blocked u/s 17(5) & hence, ITC is also **allow** on insurance services relating to such motor vehicles on which ITC is allowed.

(B) Computation of minimum net GST payable in cash for the month of January, 20XX:-

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Inter-State supply of goods	85,00,000	15,30,000	-	-
Intra-State supply of goods	15,00,000	-	1,35,000	1,35,000
Total output tax payable		**15,30,000**	**1,35,000**	**1,35,000**
Less: Set off of CGST and SGST credit against CGST and SGST liability respectively		-	(1,00,000)	(1,00,000)
Minimum net GST payable in cash		**15,30,000**	**35,000**	**35,000**

CCP 10.08.31.00

M/s ABC & CO., a Chartered Accountancy Firm having office in Bengaluru registered under GST in the state of Karnataka, submitted the following information for the month of April 20XX:-

S.No.	Services provided	Amount excluding GST (₹)
(1)	Statutory audit services provided (intra-state supplies)	1,20,000
(2)	ITR filing services provided within Karnataka (intra-state supplies)	1,60,000
(3)	Internal Audit services provided to Mumbai client (inter-state supplies)	1,80,000

ABC & Co. had incurred the following expenses in the month of April, 20XX for the purpose of providing the taxable services:-

S.No.	Particulars	
(1)	Car purchased by firm for the use of senior partner of the firm for office use	7,84,000 (CGST ₹42,000 & SGST ₹ 42,000)
(2)	Office rent paid to landlord who is registered in State of Karnataka	5,900 (CGST ₹450 & SGST ₹450)
(3)	Professional fee paid to Mr. Rajesh, a practicing Chartered Accountant, for professional services availed	2,36,000 (CGST ₹18,000 & SGST ₹18,000) TDS deducted ₹20,000 u/s 194J of the Income Tax Act, 1961
(4)	Computer purchased for office purpose	56,000 (CGST ₹ 3,000 & SGST ₹ 3,000)

Out of the above 4 suppliers/service providers, landlord of office to whom rent was paid has not uploaded his GSTR-1 within the specified time allowed under GST resulting in GST amount not reflecting in GSTR-2B of ABC & Co.

Compute the net GST payable (CGST, SGST and IGST after adjustment of ITC) by ABC & Co. for the month of April, 20XX. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively assuming that all the remaining conditions of utilisation of ITC are fulfilled. [CA Inter MTP Apr 23][CA IPC Dec 21 Exam]

Answer:-

Computation of net GST payable by ABC & Co. for the month of April, 20XX:-

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Statutory audit services	1,20,000	-	10,800	10,800
ITR filing services	1,60,000	-	14,400	14,400
Internal audit services	1,80,000	32,400	-	-
Total output tax liability		**32,400**	**25,200**	**25,200**

Less: ITC of **[Refer Working Note]** CGST = ₹ 21,000 SGST = ₹ 21,000 [CGST credit is set off against CGST liability & SGST credit is set off against SGST liability since CGST credit cannot be utilized towards payment of SGST liability and vice versa.]		-	(21,000)	(21,000)
Net GST Payable		**32,400**	**4,200**	**4,200**

Working Note:-

Computation of ITC that can be availed by ABC & Co. for the month of April, 20XX:-

Particulars	Reason	CGST (₹)	SGST (₹
Car purchased for official use by senior partner	As per **section 17(5)(a)** of CGST Act, ITC on motor vehicles used for transportation of persons with seating capacity upto 13 persons (including driver) is **blocked** except when used for making specified outward supplies.	Nil	Nil
Office rent paid to landlord	ITC is **ineligible u/s 16(2)(aa) read with rule 36(4)**, since supplier has not uploaded details of this supply in his GSTR-1.	Nil	Nil
Professional fee paid	ITC on services used in the course or furtherance of the business is **allowed.**	18,000	18,000
Computer for office purpose	ITC on goods used in the course or furtherance of the business is **allowed.**	3,000	3,000
ITC that can be availed		**21,000**	**21,000**

CCP 10.08.32.00

M/s. Grey, a registered taxable person under regular scheme provides following information in respe of supplies, during the month of April, 20XX:-

Particulars	Amount (₹)
Inter-state supply of goods	1,00,000
Intra-state supply of 500 packets of detergent @ ₹ 400 each along with a plastic bucket worth ₹ 100 each with each packet, being a mixed supply. (Rate of GST on detergent is 18% and on plastic bucket is 28%)	2,00,000
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:-	
Inter-state supply of goods (out of which, invoice for goods worth ₹ 20,000 is missing and no other tax paying documentis available)	70,000
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 1-4-20XX are as follows:-

CGST	₹ 5000
SGST	₹ 5000
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 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, 20XX.

[CA Inter Nov 19 Exam New(Similar), CA Inter July 21 Exam (Similar), CA Inter MTP May 22 (Similar), RTP Nov 21 (Similar)]

Answer:-

(A) Calculation of Total Tax Liability:-

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Inter-State supply of goods	1,00,000	18,000	-	-
Intra-state supply of 500 packets of detergent along with plastic basket **(Note-1)**	2,00,000 (500*400)	-	28,000 (2,00,000* 14%)	28,000 (2,00,000* 14%)
Supply of online educational journal to private coaching centre **(Note-2)**	50,000	-	4,500 (50,000*9%)	4,500 (50,000*9%)
Total Tax Liability (A)		**18,000**	**32,500**	**32,500**

(B) Calculation of Total Input Tax Credit (ITC):-

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Brought forward ITC **(Given)**		40,000	5,000	5,000
Inter-State purchase of goods **(Note-3)**	50,000	9,000 (50,000*18%)		
Repairing of bus with seating capacity of 20 passengers **(Note-4)**	50,000	-	4,500 (50,000*9%)	4,500 (50,000*9%)
Total ITC (B)		**49,000**	**9,500**	**9,500**

(C) Computation of minimum net GST payable in cash by M/s. Grey for the month of April, 20XX:-

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Total Tax Liability (A) above	18,000	32,500	32,500
Less:- Set off of ITC			
IGST = Rs. 49,000	(18,000)	(23,000)	(8,000)
CGST = Rs. 9,500	-	(9,500)	x
SGST = Rs. 9,500	-	x	(9,500)
Minimum net GST payable in cash (Note-5)	**Nil**	**Nil**	**15,000**

Notes:-

1. Supply of detergent and bucket together with a single price of ₹ 400 is a mixed supply & it shall be treated as **supply of that particular supply** that attracts **highest rate of tax** (28%).
2. Supply of online educational journal to an educational institution which provides a qualification recognised by law in India is exempt. Since, private coaching centre does not provide any recognised qualification, supply of online educational journals to the same **will be taxable.**

3. ITC can be taken only on basis of a valid tax paying document **u/s 16(2)(a)** of CGST Act. Thus, ITC **wi not be available** on goods of Rs. 20000 for which the invoice is missing.
4. **ITC is not blocked** u/s 17(5)(a) of CGST Act on motor vehicles for transportation of persons with seatin capacity more than 13 persons (including driver) & thus, ITC is not blocked on its repair also u/ 17(5)(ab).
5. IGST credit shall be first used fully to pay IGST & then to pay CGST and SGST in any order and in an proportion. Thus, **there cannot be one answer** for minimum net CGST and SGST payable in cash.

CCP 10.08.33.00

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

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

Date	Quarterly (MT)	Taxable Value (Rs)
28-Feb-20XY	200	2,00,000
10-Mar-20XY	250	2,52,000
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. h raised the invoice for full order at the time of dispatch of first lot, i.e. on 28-Feb-20XY. M/ Comfortable (P) Ltd. has made the full payment on 28-Feb-20XY for the order.

(a) Company has received IT engineering service from M/s. Dynamic Infotech (P) Ltd. of Chennai f Rs. 11,00,000/- (excluding GST) on 28-Oct-20XX. Invoice for service rendered was issued on Nov- 20XX. M/s Comfortable (P) Ltd. made part-payment of Rs. 4,13,000/- on 31-Dec-20X Being unhappy with service provided by M/s Dynamic Infotech (P) Ltd., it did not make the balan payment. Deficiency in service rendered was made good by M/s Dynamic Infotech (P) Ltd. by 1 Feb-20XY. M/s. Comfortable (P) Ltd. made payment of Rs. 2,95,000/- on 15-Feb-20XY towar full & final settlement of the dues and did not pay the balance amount. [Study Mat covers (b)]

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

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

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

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

Assume the rate 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 [CA Inter MTP Mar 19]

Answer:-

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

Particulars	Value(₹)	CGST (₹)	SGST (₹)
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:-

1) **1st proviso to section 16(2)** of CGST Act states that if goods against an invoice are received in lots or instalments, the registered person is entitled to take credit upon receipt of last lot or instalment. Although 900 MT of iron are received in financial year 20XX-XY, last lot is received after FY 20XX-XY only, i.e. on 5 April, 20XY & thus ITC is not available in FY 20XX-XY.

2) As per **section 16** of CGST Act, registered person can take credit of input tax charged on his inward supplies which are used in the course of business on receipt of said services. Thus, full ITC ₹1,98,000 (i.e. ₹99,000 CGST +₹99,000 SGST) can be claimed in financial year 20XX-XY.

(ii) Input tax credit to be reversed in Financial Year 20XY-YZ:-

Particulars	Amount (₹)
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 along with 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**

Explanation:-

- Proviso to section 16(2) of CGST Act read with rule 37 of CGST rules states that recipient is required to pay the **Full** consideration along with tax within 180 days from the date of issue of invoice. This condition is not applicable where tax is payable on reverse charge basis. If recipient fails to do so, then corresponding credits availed **in respect of such supply, proportionate to the amount not paid to the supplier**, by him will be added to his output tax liability **or it shall be reversed** along with interest.
- If part payment is made against an invoice, proportionate ITC is available for the tax involved.
- In given case, proportionate ITC availed needs to be reversed on the value along with tax payable thereon which has not been paid by M/s Comfortable (P) Ltd. to M/s Dynamic Infotech (P) Ltd. within 180 days from invoice date.
- This reversal will be done in financial year 20XY-YZ when 180 days from invoice date expires.
- There is no time limit to re-avail the credit when the payment is made later on.

CCP 10.08.34.00

Zeon Ltd., a GST registered supplier located in Ranchi, Jharkhand, is engaged in the manufacturing washing machines & mixer grinders. It provides you the details of various activities undertaken durir the month of September, 20XX as follows:

S.No.	Particulars			Amount (₹)
(1)	Outward supplies made during the month			
	a	Within Jharkhand	24,00,000	
	b	Outside Jharkhand	5,00,000	29,00,000
(2)	Purchase of raw materials from registered dealers within Jharkhand which includes materials worth ₹ 2,00,000 purchased from Mr. Krishna, a registered person who is paying tax under composition scheme			7,00,000
(3)	Bus purchased from a registered dealer in Tatanagar, Jharkhand. Bus used to ferry its 25 workers to and from factory.			12,00,000

Assume the rates of GST applicable on various supplies as follows:

Nature of supply	CGST	SGST	IGST
Composition supplies	0.5%	0.5%	-
Bus	14%	14%	28%
Raw materials	6%	6%	12%
Washing machines & mixer grinders	9%	9%	18%

Assume the rates of GST applicable on various supplies as follows:

CGST	20,000
SGST	5,000
IGST	95,000

Note:

(i) All the figures mentioned above are exclusive of taxes.

(ii) Both inward & outward supplies within the State of Jharkhand are to be considered intra-Sta supplies and outside the State of Jharkhand are inter-State supplies.

(iii) Subject to information given above, all the other conditions necessary for availing ITC have be fulfilled.

Calculate the amount of net minimum GST payable in cash by Zeon Ltd. for the month of Sep, 20XX Brief and suitable notes should form part of your answer. (CA Inter May 22 Exam)

Answer:

(A) Calculation of Total Tax Liability:-

Particulars	Value(₹)	IGST @ 18% (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)
Intra-State supply of goods	24,00,000	-	2,16,000	2,16,000
Inter-State supply of goods	5,00,000	90,000	-	-
Total Tax Liability (A)	-	**90,000**	**2,16,000**	**2,16,000**

(B) Calculation of Total Input Tax Credit (ITC):-

Particulars	Value(₹)	IGST @ 18% (₹)	CGST @ 9% (₹)	SGST @ 9% (₹
Opening Balance **(Given)**		95,000	20,000	5,000

Purchase of raw materials from registered dealers within Jharkhand **(Note-1)**	5,00,000 (7,00,000 -2,00,000)	-	30,000 (5,00,000* 6%)	30,000 (5,00,000* 6%)
Bus purchased from dealer in Jharkhand used to ferry 25 workers to and from factory **(Note-2)**	12,00,000	-	1,68,000 (12,00,000* 14%)	1,68,000 (12,00,000* 14%)
Total Tax Liability (A)	-	**95,000**	**2,18,000**	**2,03,000**

C) Computation of minimum net GST payable in cash by Zeon Ltd. for the month of Sep, 20XX:-

Particulars	**IGST (₹)**	**CGST (₹)**	**SGST (₹)**
Total Tax Liability (A) above	90,000	2,16,000	2,16,000
Less:- Set off of ITC (Note-3)			
IGST = Rs. 95,000	(90,000)	-	(5,000)
CGST = Rs. 2,18,000	-	(2,16,000)	x
SGST = Rs. 2,03,000	-	x	(2,03,000)
Minimum net GST payable in cash	**Nil**	**Nil**	**8,000**
ITC to be carried forward next month	-	2,000	-

Notes:

1) ITC is **blocked** u/s 17(5)(g) of CGST Act on goods on which tax is paid under composition scheme **(Sec 10)**
2) As per section 17(5)(a) of CGST Act, ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is **allowed.**
3) IGST credit be first utilized for payment of IGST liability, After exhausting IGST credit, CGST and SGST credit to be utilized, & ITC of CGST cannot be utilized for payment of SGST and vice versa.

CCP 10.08.35.00

Mr. Prithviraj, registered under GST, is engaged in supplying services (as discussed in the table below) in Maharashtra. He has furnished the following information with respect to the services provided/ received by him, during the month of February:

S.No.	Particulars	Amount (₹)
(i)	Carnatic music performance given by Mr. Prithviraj to promote a brand of readymade garments (Intra-State transaction)	1,40,000
(ii)	Outdoor catering services availed for a marketing event organised for his prospective customers (Intra-State transaction)	50,000
(iii)	Services of transportation of students provided to Subhaskar College providing education as part of a curriculum for obtaining a recognised qualification (Intra-State transaction)	1,00,000
(iv)	Legal services availed for official purpose from an advocate located in Gujarat (Inter-State transaction)	1,75,000
(v)	Services provided to Wealth Bank as a business correspondent with respect to accounts in a branch of the bank located in urban area (Intra-State transaction)	2,00,000
(vi)	Recovery agent's services provided to a car dealer (Intra-State transaction)	15,000
(vii)	General insurance taken on a car (seating capacity 5) used for official purposes (Intra-State transaction)	40,000

Note:

1) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.

2) All inward and outward supplies are exclusive of taxes, wherever applicable.

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

4) The turnover of Mr. Prithviraj was ₹2.5 crore in the previous financial year.

Compute the net GST payable in cash, by Mr. Prithviraj for the month of February. [CA Inter R May 23]

Answer:

1) Computation of GST payable:

Particulars	Value (₹)	IGST @ 18% (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)
GST payable under Forward Charge				
Carnatic music performance given to promote a brand of readymade garments **(Note 1)**	1,40,000	Nil	12,600	12,600
Services of transportation of students provided to Subhaskar College **(Note 2)**	1,00,000	Nil	9,000	9,000
Services provided to Wealth Bank as a business correspondent **(Note 3)**	2,00,000	Nil	18,000	18,000
Services provided as a recovery agent **(Note 4)**	15,000	Nil	1,350	1,350
Total GST payable under forward charge (A)		**Nil**	**40,950**	**40,950**
GST payable under Reverse Charge				
Legal services availed from an advocate **(Note 5)**	1,75,000	31,500	Nil	Nil
Total GST payable under reverse charge (B)		**31,500**	**Nil**	**Nil**
Total GST Payable [A+B]		**31,500**	**40,950**	**40,950**

2) Computation of total ITC available:

Particulars	Value (₹)	IGST @ 18% (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)
Outdoor catering services availed **(Note 6)**	50,000	Nil	Nil	
Legal services availed **(Note 7)**	1,75,000	31,500	Nil	Nil
General insurance taken on a car (seating capacity 5) used for official purposes **(Note 8)**	40,000	Nil	Nil	Nil
Total ITC available		**31,500**	**Nil**	**Nil**

3) Computation of net GST payable in cash:

Particulars	IGST @ 18% (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)
GST payable under forward charge	Nil	40,950	40,950
Less: ITC of IGST **(Note 9)**	-	(15,750)	(15,750)
	Nil	**25,200**	**25,200**
Add: GST payable under reverse charge in cash **(Note 10)**	31,500	Nil	Nil
Net GST payable in cash	**31,500**	**25,200**	**25,200**

Notes:

1)	Carnatic music performance by Mr. Prithviraj is **not exempt** from GST even though consideration charged does not exceed ₹ 1,50,000 since said performance has been made by him as a brand ambassador.
2)	Services of transportation of students provided to an educational institution other than an institution providing pre-school education or education up to higher secondary school, are **not exempt.**
3)	Services provided by a business correspondent to a banking company are **not exempt** when such services are provided with respect to accounts in its urban area branch.
4)	Tax is payable **under forward charge** since recovery agent's services are being provided to a person other than banking company/financial institution/ non-banking financial company.
5)	Legal services received by a business entity with aggregate turnover in preceding financial year exceeding threshold limit for registration (₹ 20 lakh) are **not exempt** and tax on the same is payable under reverse charge.
6)	As per **section 17(5)(b)**, ITC on outdoor catering services is blocked except when such services are a) used by the taxpayer who is in the same line of business or b) provided by the employer to its employees under a statutory obligation.
7)	ITC on the services which are used in course or furtherance of business is **allowed.**
8)	As per **section 17(5)(a)**, ITC is **not available** on Motor vehicle for transportation of persons having approved seating capacity of not more than 13 persons (including driver), **except** when they are used for making following taxable supplies:- a) Further supply of such motor vehicles or b) Transportation of passengers or c) Imparting training on driving such motor vehicles. Further, as per **section 17(5)(ab) ITC is not allowed** on services of general insurance relating to such ineligible motor vehicles.
9)	IGST credit is first utilized towards payment of IGST, remaining amount can be utilized towards CGST and SGST in any order & in any proportion. Thus, net GST payable in cash under the heads CGST & SGST will vary but the total amount of net GST payable in cash will be ₹ 81,900 in each case.
10)	Tax payable under reverse charge, being not an output tax, **cannot be set off** against ITC and thus, will have to be paid in cash.

Chapter 11

REGISTRATION

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3	RTP & MTP	11	Q. 12.26/13.27/15.30/16.34/18.37/	05
4	Other	11	Q. 02.02/05.12/06.16/07.20/11.24/14.28/	06
	Total No. of Illust.			39

01. Introduction to Registration under GST

CCP 11.01.01.00

What is the advantage of taking registration in GST? [Study Mat]

Answer:

Registration under Goods and Service Tax (GST) regime will confer following advantages to the business:-

- The person is **legally recognized as supplier** of goods or services.
- There is **proper accounting of taxes paid** on the input goods or services which can be utilized for payment of GST due on supply of goods or services or both by the business.
- Person is **legally authorized to collect tax** from his purchasers **and pass on the credit** of the taxes paid on the goods or services supplied to purchasers or recipients.
- The person becomes eligible to avail **various other benefits & privileges** under the GST laws.

02. Explanation to Sec 22:- Inclusion/ Exclusion in Aggregate Turnover

CCP 10.02.02.00

What is "Aggregate Turnover" under the GST Law?

Answer: As per **section 2(6)** of CGST Act, 2017, **"Aggregate Turnover":-**

Includes	Excludes
Value of all outward supplies of goods &/or services in following **4 categories:-**	CGST/ SGST/ UTGST/ IGST / Compensation Cess
- Taxable supplies	
- Exempt supplies (wholly exempt, nil rated & Non-taxable)	
- Exports	
- Inter-State supplies	
For persons having **same PAN,** aggregate turnover is to **be computed on all India basis.**	Value of **inward supplies** on which tax is payable by a person under **reverse charge.**

03. Sec 22(1) read with Proviso (i.e. N/No. 10/2019) & Explanation thereto:- Threshold limit for registration

CCP 11.03.03.00

Nesamani started his business activities in the month of February 20XX in the State of Orissa. He provided the following details:

Sr.No.	Particulars	₹
1	Outward supply of petrol (Intra State)	4,00,000
2	Transfer of exempt goods to his branch in Rajasthan (Inter- State)	2,00,000
3	Outward supply of taxable goods by his branch in Uttar Pradesh (Intra State)	5,00,000
4	Outward supply of services on which tax is payable under RCM by the recipient of services (Intra-State)	6,00,000
5	Inward supply of services on which tax is payable under RCM (Intra- State)	2,00,000

From the information given above, compute the aggregate turnover of Nesamani and also decide whether he is required to get registration under GST. Assume that the amounts given above are exclusive of taxes. [CA Inter Nov 22 Exam]

Answer:

Legal Provision:-

➲ As per **section 22** of CGST Act, 2017, for a supplier engaged in **supply of goods & services** from states of Orissa & Uttar Pradesh, threshold limit of aggregate turnover to obtain registration is **₹20 lakh.**

➲ However, as per **section 24** of said Act, person required to pay tax under reverse charge has to obtain registration compulsorily irrespective of the quantum of turnover.

Discussion & Conclusion:-

➲ **Computation of aggregate turnover of Nesamani:-**

Particulars	Amount in ₹	Explanation
Outward supply of petrol	4,00,000	Supply of petrol being a non-taxable supply is an exempt supply. Value of exempt supply is includible in aggregate turnover.
Inter-State stock transfer of exempt goods	2,00,000	Supply of taxable/exempt goods between distinct persons is includible.
Outward supply of taxable goods from Uttar Pradesh branch	5,00,000	Value of outward supplies under same PAN are includible.
Outward supply of services taxable under reverse charge	6,00,000	Includible in aggregate turnover.
Inward supply of services taxable under reverse charge	-	Excludible from the aggregate turnover.
Aggregate Turnover	**17,00,000**	

➲ In the given case, Nesamani is making **inter-state supply** to its DDP and also liable to pay GST under **Reverse charge Mechanism**, thus he is required to take **compulsory registration** under section 24.

CCP 11.03.04.00

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, 20XX. All amounts are exclusive of GST.

Sr. No.	Particulars	Amount (₹)
1	Intra-State sale of goods chargeable with GST@ 12%	15,00,000
2	Intra-State sale of non-taxable goods	5,00,000
3	Intra-State sale of alcoholic liquor for human consumption	2,00,000
4	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? [CA IPC Jan 21 Exam]

Answer:

Legal Provision:-

➲ As per **section 2(6)** of CGST Act, 2017, 'aggregate turnover" **means** the aggregate value of all:-

- ➤ taxable supplies,
- ➤ exempt supplies (wholly exempt, nil rated & Non-taxable)

➤ exports &
➤ inter-State supplies
of persons having the same Permanent Account Number, to be computed on all India basis
but **excludes:-**
➤ central tax, State tax, Union territory tax, integrated tax and cess &
➤ the value of inward supplies on which tax is payable by a person on reverse charge basis

➲ **Proviso to section 22(1)** of the CGST Act, 2017, Every person engaged in making a taxable supply is required to obtain registration if his aggregate turnover exceeds the threshold limit in a financial year.

➲ As per section 22, every supplier is liable to get registered from a place where he makes taxable supply where **aggregate turnover exceeds ₹20 lakhs**

➲ Extended threshold of ₹ 40 lakh is available, if a person exclusively engaged in Supply of goods & not located in Notified states & not supplying notified goods i.e tobacco etc.

Discussion & Conclusion :-

(i) Calculation of Aggregate Turnover:-

Particulars	**Amount in ₹**
Intra-State sale of goods chargeable with GST @ 12% [Aggregate turnover includes value of all outward taxable supplies.]	15,00,000
Intra-State sale of non-taxable goods [Non-taxable supply, being an exempt supply is included in aggregate turnover.]	5,00,000
Intra-State sale of alcoholic liquor for human consumption [Sale of alcoholic liquor for human consumption, being a non-taxable supply, is an exempt supply and is therefore, included in aggregate turnover.]	2,00,000
Intra-State sale of tobacco [Aggregate turnover includes value of all outward taxable supplies.]	3,00,000
Aggregate turnover	**25,00,000**

(ii) & (iii)

➤ In given case, happy trader is supplying tobacco, a notified goods, hence extended threshold of ₹ 40 lakh is not available but the normal threshold of ₹ 20 lakh is applicable.

➤ Thus, in given case aggregate turnover is ₹25,00,000, hence it is **liable to get registered** under GST.

CCP 11.03.05.00

Explain the registration requirements under GST law in the following case:-

Mr. Lepcha of Mizoram is engaged in the supply of papers with an aggregate turnover of ₹ 13 lacs. Wil your answer be different if Mr. Lepcha is located in Meghalaya? [CA Inter Nov 19 Exam New]

Answer:

Legal Provision:-

➲ The **higher threshold limit of ₹ 40 lakh** as applicable to a person engaged exclusively in intra-Stat supply of goods is **not applicable to Mizoram** [a specified Special Category State].

➲ Instead, a lower **threshold limit of ₹ 10 lakh** for registration **is applicable for Mizoram.**

Discussion & Conclusion:-

(i)	In the given case, Mr. Lepcha of **Mizoram, is liable to register** since his aggregate turnover (₹13 lakh) **exceeds the applicable threshold limit** for registration of ₹ 10 lakh.

(ii)	➢ The enhanced threshold limit of ₹ 40 lakh is also specifically not applicable in the State of Meghalaya.
	➢ Instead, the normal threshold limit of ₹ 20 lakh for registration is applicable to it.
	➢ Therefore, if Mr. Lepcha is located in **Meghalaya,** he is **not liable to register** since his aggregate turnover (₹ 13 lakh) **does not exceed the applicable threshold limit** for registration of ₹ 20 lakh.

CCP 11.03.06.00

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 taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is ₹ 33 lakh. He has another showroom in Tripura with a turnover of ₹ 11 lakh in the current FY. [CA Inter MTP Oct 23]

(ii) Pulkit of Panjim, Goa is exclusively engaged in intra-State taxable supply of shoes. His aggregate turnover in the current financial year is ₹ 22 lakh. [CA Inter MTP Nov 21, Oct 23][Study Mat]

Answer:

Legal Provision:-

➢ As per **section 22(1) read with proviso to section 22(1)** of the CGST Act, 2017, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit.

➢ The **threshold limit** for a person making **exclusive intra-state supplies of goods** is as under:-

- ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- ₹ 20 lakh for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- ₹ 40 lakh for rest of India.

Discussion & Conclusion:-

In the light of the afore-mentioned provisions, the answer to the independent cases is as under:-

(i)	➢ Raghav is eligible for higher threshold limit of turnover for registration, i.e. ₹ 40 lakh as he is exclusively engaged in intra-State supply of garments and located in Assam.
	➢ but one of its branch also supplying the goods from Tripura where applicable threshold is ₹ 10L.
	➢ If he is liable to registered in any state, then aggregate turnover limit for all states will be ₹ 10 lakhs.
	➢ Therefore, he is required to obtain registration in both Assam & Tripura.
(ii)	➢ The applicable threshold limit for registration for Pulkit in the given case is ₹ 40 lakh as he is exclusively engaged in intra-State taxable supply of goods in Goa.
	➢ Thus, he is **not liable to get registered** under GST as his turnover is less than the threshold limit.

CCP 11.03.07.00

Q Ltd. is engaged exclusively in supply of taxable goods from the following states. The particulars of intra-state supplies for the month of May 20XX are as follows:

State	Turnover
Madhya Pradesh	5,00,000
Gujarat	14,00,000
Tripura	12,00,000

(i) Q Ltd. seeks to know whether it is liable for registration under GST. Give your explanation.

(ii) Will your answer be different if Q Ltd. supplies only petrol & diesel from Tripura instead of any other taxable goods? [CA Inter Dec 21 Exam]

Answer:

Legal Provision:-

- As per **section 22(1) read with proviso to section 22(1)** of the CGST Act, 2017, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit.
- The **threshold limit for a person making exclusive intra-state supplies of goods** is as under:-
  - ₹10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
  - ₹ 20 lakh for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
  - ₹40 lakh for rest of India.
- Further a person exclusively supplying non-taxable goods or services in a state is not required to take registration, irrespective of his threshold limit

Discussion & Conclusion:-

(i)	➢ Since Q Ltd. is making supply of taxable goods from Tripura, a specified Special Category State, the applicable threshold limit will get reduced to ₹10 lakh. ➢ Thus, **it is liable to be registered** under GST as its aggregate turnover [₹ 31 lakh] exceeds the said threshold limit. **Assumption:-** It has been assumed that Q Ltd. is not engaged in making supplies of notified goods that makes it ineligible for threshold of Rs. 40 Lakhs.
(ii)	➢ In case Q Ltd. is making supply of non-taxable goods [petrol and diesel] from Tripura, the applicable threshold limit will not be reduced to ₹10 lakh. ➢ The enhanced threshold limit of ₹40 lakh will be applicable. ➢ Thus, it is **not liable to be registered** under GST as its aggregate turnover [₹ 31 lakh] does not exceed the said threshold limit.

CCP 11.03.08.00

Examine whether the supplier of goods is liable to get registered in the following independent cases.

(i)	**Rudra Builders of Rohini, Delhi is exclusively engaged in intra-State taxable supply of building bricks. It's aggregate turnover in the current financial year is ₹ 23 lakh. [CA Inter RTP May 22] [Study Mat (Similar)][CA Inter July 21 Exam (Similar)][CA Inter MTP Mar 24]**
(ii)	**Heera of Himachal Pradesh is exclusively engaged in intra-State taxable supply of footwear. His turnover in the current financial year (FY) from Himachal Pradesh showroom is ₹ 32 lakh. He has another showroom in Nagaland with a turnover of ₹ 11 lakh in the current FY. [CA Inter RTP Nov 22][CA Inter July 21 Exam (Similar)][CA Inter MTP Mar 24]**
(iii)	**Ankit of Telangana is exclusively engaged in intra-State taxable supply of footwears. His aggregate turnover in the current financial year is ₹25 lakh [CA Inter July 21 Exam] [CA Inter RTP- Nov 21]**
(iv)	**Ankit of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is ₹25 lakh. [Study Mat]**

(v)	**Aaru Ltd. of Assam is engaged in intra-State supply of both taxable goods and services. It's aggregate turnover in the current financial year is ₹ 30 lakh [CA Inter MTP Oct 2020] [Study mat (Similar)]**

Answer:

Legal Provision:-

- **As per section 22(1) read with proviso to section 22(1)** of the CGST Act, 2017, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit.
- The **threshold limit** for a person making **exclusive intra-state supplies of goods** is as under:-
  - ₹10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
  - ₹ 20 lakh for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
  - ₹40 lakh for rest of India.
- However, the higher threshold limit of ₹40 lakh **is not available** to persons engaged in making supplies of notified goods, one of which is **Building bricks.**
- The **threshold limit** for a person making **exclusive supply of services** or **supply of both goods and services** is as under:-
  - ₹10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
  - ₹20 lakh for the rest of India

Discussion & Conclusion:-

(i)	➲ Though the enhanced threshold limit for registration of ₹40 lakh is available to Delhi, the same will not be applicable if the person is engaged in supply of notified goods, one of which is Building Bricks. ➲ In view of the same, the applicable threshold limit for Rudra builders is ₹20 lakh. ➲Thus, it is liable to be registered under GST as its aggregate turnover exceeds the said threshold limit.
(ii)	➲ Since Heera is making taxable supply from Nagaland – a Special Category State, the applicable threshold limit will get reduced to ₹10 lakh. ➲ Thus, it is liable to be registered under GST as its aggregate turnover exceeds the said threshold limit ➲ Further, he is required to obtain registration in both Himachal Pradesh and Nagaland as he is making taxable supplies from both the States
(iii)	➢ Since Ankit is exclusively engaged in intra-State supply of goods in Telangana, which is not a specified State for enhanced threshold limit, the applicable threshold limit for registration is ₹ 20 lakh. ➢ Thus, Ankit is liable to be registered under GST as its aggregate turnover exceeds the said threshold limit.
(iv)	➢ Ankit is **not entitled for higher threshold limit** for registration as the same is applicable only in case of exclusive supply of goods and not services. ➢Thus, applicable threshold limit for registration for making supply in Assam is ₹20 lakh. ➢Hence, Ankit **is liable to get registered** under GST as it's turnover is more than the threshold limit.
(v)	➢ Aaru Ltd.is **not entitled for higher threshold limit** for registration as the same is applicable only in case of exclusive supply of goods and here, there is supply of both goods as well as services. ➢Since Aaru Ltd. is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in this case is ₹ 20 lakh. ➢Thus, Aaru Ltd. **is liable to get registered** under GST as it's turnover is more than the threshold limit.

CCP 11.03.09.00

Rishabh Enterprises- a sole proprietorship firm- started an air-conditioned restaurant in Virar, Maharashtra in the month of February wherein the customers are served cooked food as well as cold drinks/non-alcoholic beverages. In March, the firm opened a liquor shop in Raipur, Uttarakhand for trading in alcoholic liquor for human consumption.

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

Particulars	February (₹)*	March (₹)*
Serving of cooked food and cold drinks/non- alcoholic beverages in restaurant in Maharashtra	5,50,000	6,50,000
Sale of alcoholic liquor for human consumption in Uttarakhand	-	5,00,000
Supply of packed food items from restaurant in MH	1,50,000	2,00,000

*** excluding GST, You are required to provide reasons for treatment of various items given above.**

[Study Mat (Final)]

Answer:

Legal Provision:-

➲ As per **section 22** of CGST Act, a supplier is liable to be registered in the State/ Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit.

➲ **The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:-**

(i) ₹10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.

(ii) ₹20 lakh for the rest of India.

➲ As per **section 2(6)** of CGST Act, 2017, **"aggregate turnover"** means the aggregate value of all:-

- taxable supplies,
- exempt supplies (wholly exempt, nil rated & Non-taxable)
- exports &
- inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis.

but excludes:-

- central tax, State tax, Union territory tax, integrated tax and cess &
- the value of inward supplies on which tax is payable by a person on reverse charge basis.

Discussion:-

➲ In given case, since Rishabh Enterprises is engaged in making taxable supplies of goods and services from Maharashtra and non-taxable supplies from Uttarakhand, the threshold limit for obtaining registration is ₹20 lakh.

➲ **Computation of aggregate turnover of Rishabh Enterprises is as under:-**

Particulars	Turnover of February (₹)	Cumulative Turnover of February & March (₹)
Serving of cooked food and cold drinks/non-alcoholic beverages in restaurant in Maharashtra	5,50,000	12,00,000 [₹ 5,50,000 + ₹ 6,50,000]
Add: Sale of alcoholic liquor for human consumption in Uttarakhand **[Note]**	-	5,00,000

Add: Supply of packed food items from restaurant in Maharashtra	1,50,000	3,50,000 [₹1,50,000 + ₹2,00,000]
Aggregate Turnover	**7,00,000**	**20,50,000**

Note:- As per **section 2(47), exempt supply includes non-taxable supply.** Thus, supply of alcoholic liquor for human consumption in Uttarakhand, being a non-taxable supply, is an exempt supply and is therefore, **includible** while computing the aggregate turnover.

Conclusion:-

- Rishabh Enterprises **was not liable to be registered in February** since its aggregate turnover did not exceed ₹20 lakh in that month.
- However, since its aggregate turnover exceeds ₹ 20 lakh in March, it **shall apply for registration in Maharashtra within 30 days** from the date on which it becomes liable to registration.
- Further, he is **not liable to be registered in Uttarakhand** since he is not making any taxable supply from Uttarakhand.

04. Sec 23:- Person not liable for registration

CCP 11.04.10.00

An agriculturist who is only engaged in supply of produce out of cultivation of land and its aggregate turnover exceeds the applicable threshold limit during the financial year. [Study Mat]

Answer:

Legal provision:- As per **Sec 23,** an agriculturist is not required to take registration if he exclusively supplying produce out of cultivation of land even if his turnover **exceeded the applicable threshold limit** for registration.

Discussion & Conclusion:-

- In the given case, as the agriculturist is exclusively engaged in making supply of produce out of cultivation of land.
- Thus, he is **not required to obtain registration** under GST.

CCP 11.04.11.00

Dharun provides service as a business facilitator to Zio Bank Limited by facilitating in opening of bank accounts to villagers in its rural branches in Punjab and earned a commission of ₹22 lakh in the month of April, 20XX. So far, he is not registered under GST. Dharun's tax consultant advised him that he is liable for registration under GST as his gross receipts exceeded ₹20 lakh. Dharun has no other receipt / business activity other than the above. [CA Inter Nov 22 Exam]

Answer:

Legal Provision:-

- Services provided by a business facilitator to a banking company with respect to accounts in its rural area branch are **exempt** from GST.

Discussion & Conclusion:-

- In the given case, Dharun is engaged exclusively in providing the exempt services, it is not liable to obtain registration even though his aggregate turnover exceeds ₹20 lakh.
- **Thus,** the advice given by his tax consultant is **not correct.**

05. Sec 24:- Compulsory Registration in certain cases

CCP 11.05.12.00

SP Ltd. of Bangalore, Karnataka has effected intra state supplies of taxable goods (other than handicraft goods) amounting ₹ 14,00,000 till 31.10.20XX. On 01.11.20XX, it has effected inter-state supply of taxable goods amounting to ₹ 2,50,000. SP Ltd. is of the opinion that it is not required to get registered under GST law since its aggregate turnover is not likely to exceed ₹ 20 lakhs during the financial year 20XX-YY. As a consultant of the company, it requires advice relating to registration requirement.

Answer:

- As per **section 24** of CGST Act, 2017, person making interstate taxable supply of goods (other than taxable supply of handicraft goods) are compulsorily required to obtain registration irrespective of quantum of aggregate turnover.
- Section 24 is an overriding section that makes it **mandatory to obtain registration** by certain prescribed persons **even though the conditions** prescribed under **section 22 are not met.**
- As per **section 25** of CGST Act, 2017, A Person who is liable to be registered under section 22 or section 24 needs to obtained registration **within 30 days** from the date on which he becomes liable to registration in every state or union territory from where he makes taxable supply.
- Thus, SP Ltd. is **mandatorily required to obtain registration upto 01.12.20XX.**

CCP 11.05.13.00

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 ₹ 9,00,000 which consists of ₹ 8,00,000 as Intra-State supply and ₹ 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 20XX-XY is of ₹ 12 lakhs on his own account and ₹ 9 lakhs on behalf of principal. Both turnovers are Intra -State supply. [CA IPC May 19 -with threshold not exceeding limit] [CA IPC Nov 20 Exam- similar]

(iii) Mr. A from London is engaged in supplying of Online money gaming to Mr B in Pune & Mr. A's turnover is ₹ 18 Lakh during the month of October, 20XX. Determine Mr. A's liability to get registered under GST.

Answer:

(i)	**Legal Provision:-** ➢ As per **section 24** of CGST Act, 2017, person making **interstate taxable supply of goods (other than taxable supply of handicraft goods)** are compulsorily required to obtain registration irrespective of the quantum of aggregate turnover. **Discussion & Conclusion:-** ➢ Here, Raghav is making **inter-state taxable supply of goods.** ➢ Thus, he is **required to obtain registration compulsorily** under GST laws even though his aggregate turnover does not exceed the threshold limit applicable u/s 22.

(ii) **Legal Provision:-**

➢ As per **explanation to Sec 22,** if a person supplies the goods on his own account as well as on the behalf of principals (as an agent), then while calculating Aggregate turnover of such person, the supplies made on the behalf of Principal is **included** in his Aggregate turnover.

➢ As per **Sec 24,** if agent issuing his own invoice while supplying the goods on the behalf of Principal, then he has to take a **compulsory Registration.**

Discussion & Conclusion:-

➢ If we assume that Mr. S.N Gupta, an agent is not issuing his own invoice while making supply on the behalf of Principal, Mr, Rishi - he is eligible for threshold under **section 22,** if his aggregate turnover **does not exceeds ₹ 40 Lakhs.** In given case, his aggregate turnover (including Principal's Turnover) is 21 lakhs, hence he need not to get registered under GST.

➢ If we assume that Mr. S N Gupta, as an agent issuing own invoice for the supplies made on the behalf of Principal, then he has to take compulsory registration

(iii) **Legal Provision:**

➢As per **Section 24, every person** supplying online money gaming from a place outside India to a person in India is liable to be registered **compulsorily** under GST irrespective of threshold limit for registration.

Discussion & Conclusion:

➢In given case, since Mr. A is engaged in supplying of Online money gaming from London (outside India) to Mr B in Pune (in India), **Mr. A is required to obtain registration compulsorily** though his aggregate turnover does not exceed the threshold of ₹ 20 lakhs.

CCP 11.05.14.00

Mr. Q, a casual taxable person of Gujarat state is a trader of taxable notified handicraft goods. It makes supplies to the states of Maharashtra, Rajasthan and Andhra Pradesh. Turnover for October, 20XX is ₹ 18 Lakh.

(i) Explain the provisions of registration for casual taxable person under GST. Examine whether Mr. Q is liable for registration or not?

(ii) What will be the answer if Mr. Q makes trading in taxable notified products instead of taxable notified handicraft goods which involves 75% making on machine and 25% by hand? [CA Inter Dec 21 Exam]

Answer:-

(i) **Legal Provision:-**

➲ As per **section 24** of CGST Act, 2017, a casual taxable person is required to obtain compulsory registration under GST irrespective of the quantum of its aggregate turnover.

➲ However, a threshold limit of ₹ 20 lakh (₹ 10 lakh in case of specified Special Category States of Manipur, Mizoram, Tripura & Nagaland) is available for registration to a casual taxable person who:-

(i) is making inter-State taxable supplies of notified handicraft goods & notified hand-made goods,

(ii) is availing the benefit of exemption from registration available to inter-State supply of above-mentioned goods upto the aggregate turnover of ₹ 20 lakh (₹ 10 lakh in case of specified Special Category States), and

(iii) has obtained a PAN and

(iv) has generated an e-way bill.

	Discussion & Conclusion:- ➲ In the given case, since Mr. Q is engaged in supplying notified handicraft goods and its aggregate turnover does not exceed ₹ 20 lakh, he will **not be liable to registration** provided he fulfills **other conditions specified herein.** **Assumption:-**It has been assumed that Mr. Q has started supply of goods in October 20XX itself.
(ii)	In case Mr. Q is engaged in trading of notified products which are **predominantly made by machine,** he will **not be eligible for the exemption from registration** under aforesaid provisions and **needs to take compulsory (mandatory) registration.**

06. Combined Questions on Section 22, 23 and 24

CCP 11.06.15.00

State the persons who are not liable for registration as per provisions of Section 23 & 24 of Central Goods and Service Tax Act, 2017. [CA Inter Exam Nov 18 New]

Answer:

As per **Section 23 & 24** of CGST Act, 2017, the persons who are not liable for registration are as under:-

(a) Person engaged exclusively in supplying goods &/or services that are **wholly exempt** from tax.

(b) Person engaged exclusively in supplying goods &/or services that are **not liable to tax.**

(c) Agriculturist to the extent of supply of **produce out of cultivation of land.**

(d) Persons only engaged in making supplies of taxable goods &/or services that are **liable to tax under reverse charge.**

(e) Persons making **inter-State supplies** of taxable services up to an aggregate turnover of ₹ 20 lakh (₹ 10 lakh in case of special category States of Manipur, Mizoram, Tripura & Nagaland).

(f) **Casual Taxable Persons** making taxable supplies of **specified handicraft goods** up to an aggregate turnover of ₹ 20 lakh (₹ 10 lakh in case of special category States of Manipur, Mizoram, Tripura & Nagaland), subject to specified conditions.

(g) Persons making **inter-State taxable supplies of specified handicraft goods** up to an aggregate turnover of ₹ 20 lakh (₹ 10 lakh in case of special category States of Manipur, Mizoram, Tripura & Nagaland), subject to specified conditions.

(h) **Job workers making inter-State supply of services** to a registered person up to an aggregate turnover of ₹ 20 lakh (₹ 10 lakh in case of special category States of Manipur, Mizoram, Tripura & Nagaland), subject to specified conditions.

(i) Persons making **supplies of services through an electronic commerce operator** (other than supplies specified under section 9(5)of the CGST Act) up to an aggregate turnover of ₹ 20 lakh (₹ 10 lakh in case of special category States of Manipur, Mizoram, Tripura & Nagaland).

CCP 11.06.16.00

Mr. Ashwin (from Maharashtra) is a farmer with an annual turnover in relation to agriculture of ₹15,50,000. Since, it is agricultural income, it is exempt from GST. However, Mr. Ashwin also supplies plastic bags worth of ₹ 5,50,000 being a taxable supply along with his crop and charges separately for this. Is Mr. Ashwin required to register under GST? Advise.

Answer:

Legal Provision:-

➲ As per **proviso to section 22(1) of CGST Act,** 2017, any person, who is engaged in exclusive intra-state supply of goods and whose aggregate turnover in the financial year does not exceed 40 lakh rupees are

exempt from registration, subject to some conditions to be fulfilled.

Advise:-

- In the given case, Mr. Ashwin is exclusively engaged in supply of goods & thus, his **threshold limit will be ₹ 40 Lakhs.**
- Aggregate Turnover (inclusive of exempt supply) of Ashwin is ₹21 Lakhs.
- Since, it is **below the threshold limit applicable,** he is **not liable to register** under GST.
- **Section 23 will not be applicable** here, as Mr. Ashwin is not exclusively engaged in exempt supplies, but also engaged in taxable supplies & therefore, **no exemption from registration** is available for Mr. Ashwin.

CCP 11.06.17.00

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 20XX-YY was ₹ 50 lakh. The company expects the sales to grow by 10% in the current year 20YY-ZZ.

However, effective 01.01.20ZZ, 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 31.12.20YY was ₹ 42 lakh. BBD Pvt. Ltd. is of the opinion that it is not required to get registered under GST for current financial year 20YY-ZZ.

Examine the above scenario and advise BBD Pvt. Ltd. whether it needs to get registered under GST or not. [CA Inter Nov 20 Exam]

Answer:-

Legal Provision:-

- As per **section 22(1)** of CGST Act, 2017 **read with proviso thereto,** for a supplier exclusively engaged in intra-State supply of goods, the threshold limit of turnover to obtain registration in the State of Gujarat is ₹ 40 lakh.
- However, as per **section 23,** a person exclusively engaged in the business of supplying goods and/or services that are not liable to tax or are wholly exempt from tax is not liable to registration.
- As per **section 2(6),** aggregate turnover includes exempt supply also along with taxable supply.

Discussion & Conclusion:-

- In the given case, since BBD Pvt. Ltd. was engaged exclusively in supplying exempted goods **till 31.12.20YY,** it was **not required to be registered** till that day, though voluntary registration was allowed.
- This position will change **from 01.01.20ZZ** as the supply of **goods become taxable** from that day and the **turnover** of BBD Pvt. Ltd. is **more than ₹ 40 lakh.**
- Since the aggregate turnover limit of ₹ 40 lakh includes **exempt turnover** also, turnover of 'Z' till 31.12.2019 **will be considered** for determining the threshold limit even though the same was exempt from GST.
- Therefore, BBD Pvt. Ltd. **needs to register within 30 days from 01.01.20ZZ.**

CCP 11.06.18.00

Pure Oils, Delhi has supplied machine oil and high-speed diesel in the month of April as per the details given in table below. Pure Oils is not yet registered.

S.No.	Particulars	₹*
i	Supply of machine oils in Delhi	15,00,000
ii	Supply of high diesel in Delhi	10,00,000
iii	Supply of machine oil made in Panjab by pure oils from its branch located in Panjab	10,00,000

***excluding GST**

1) Determine whether Pure Oils is liable for registration.

2) What will be your answer if Pure Oils supplies the high speed diesel in Delhi in the capacity of an agent of Mixed Oils Ltd., where invoices to customers are issued in name of Pure Oils? [Study Mat]

Answer:- Legal Provision:-

- As per **section 22(1) read with proviso to section 22(1)** of the CGST Act, 2017, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit.
- The **threshold limit** for a person making **exclusive intra-state supplies of goods** is as under:-
  - ₹10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
  - ₹ 20 lakh for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
  - ₹40 lakh for rest of India.
- As per **section 2(6)** of CGST Act, 2017, aggregate turnover means the aggregate value of all **taxable supplies as well as exempt supplies**
  - excluding central tax, State tax, Union territory tax, integrated tax and cess &
  - it shall be computed for persons having same Permanent Account Number on all India basis.
- As per **section 2(47)**, exempt supply includes non-taxable supply.

Discussion & Conclusion :-

(1)

- In the given case, supply of high speed diesel in Delhi, being a non- taxable supply, is an exempt supply and Machine oil is taxable supply
- Therefore, both are includible while computing the aggregate turnover.
- In the backdrop of the above-mentioned discussion, the aggregate turnover of Pure Oils for the month of April is computed as under:-

S.No.	Particulars	₹*
i	Supply of machine oils in Delhi	15,00,000
ii	**Add:** Supply of high speed diesel in Delhi	10,00,000
iii	**Add:** Supply of machine oil made by Pure Oils from its branch located in Punjab	10,00,000
	Aggregate Turnover	**35,00,000**

- Pure Oils is making exclusive supply of goods and hence, the threshold limit for registration would be ₹ 40,00,000. Since the aggregate turnover does not exceed ₹ 40,00,000, Pure Oils is **not liable** to be registered.

(2)

In case Pure Oils makes the supply in **capacity of an agent** of Mixed Oils Ltd.:-

- As per **section 24** of CGST Act, 2017, Persons making taxable supply of goods on behalf of other taxable persons whether as an agent or otherwise are required to obtain registration **compulsorily** under GST laws irrespective of the quantum of aggregate turnover.

➲ However, in the present case, if Pure Oils supply high speed diesel on behalf of Mixed Oil Ltd. in Delhi as its agent, it shall still not be liable to obtain registration in Delhi since section 24 comes into play only when agent is making **taxable supply** of goods on behalf of principal whereas in the given case, Pure Oils is supplying non-taxable goods on behalf of Mixed Oils Ltd.

CCP 11.06.19.00

Examine the liability of compulsory registration under section 24 of the CGST Act, 2017, in each independent cases 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. [CA Inter RTP-Nov 21][CA Inter Exam May 19 Old][Study Mat]

(2) Govardhan is an agriculturist engaged in supply of produce out of cultivation of land. He utilizes services of Manu who is a commission agent as per the Agricultural Produce Marketing Committee Act. Turnover of Manu is above the threshold limit prescribed. Manu wants to know whether he is liable to get registered under GST Act or not.

(3) Anubhav is dealing in supply of taxable goods and services in the state of Gujarat. His turnover from intra-State supply of taxable goods is ₹ 16 lakh and inter-state supply of taxable services is ₹ 22 lakh. He is of the opinion that his aggregate turnover is within the limit so he is not required to get registered. Advise him. [CA IPC July 21 Exam]

Answer:-

(1)

Legal Provision:-

➢ As per **section 24** of CGST Act, 2017, **Persons making interstate taxable supply of goods** (other than taxable supply of handicraft goods) are compulsorily required to obtain registration irrespective of quantum of aggregate turnover.

➢ However, **section 23** states that **an agriculturist,** to the extent of supply of produce out of cultivation of land, is not liable to take registration.

➢ **Section 23 will prevail over section 24.**

Discussion & Conclusion:-

➢ Assuming that Meenu is engaged in cultivation and supply of potatoes, she is not liable to registration irrespective of the fact that she is engaged in making interstate supply and her turnover exceeds the threshold limit.

(ii)

➢ As per **section 24**, a commission agent under APMC Act is **not liable to be compulsorily registered** since it provides **exempt services** of sale/purchase of agricultural produce **on behalf of an agriculturist being a non-taxable** person as he supplies produce out of cultivation of land.

➢ Moreover, such commission agents are otherwise also exempt from registration since any **person engaged exclusively in the business of supplying exempt services** is **not liable to registration** as per **section 23.**

➢ Therefore, Manu is **not liable** to get registered under GST law.

(iii)

➢ As per **section 22**, A supplier who is supplying both goods and services is required to obtain registration in the State from where he is making taxable supply if his aggregate turnover exceeds the threshold limit in a financial year as under:-

- ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- ₹ 20 lakh for the rest of India.

- As per **section 24** of the said act, threshold limit of ₹20/10 Lakhs is allowed to a person making inter-state supply of taxable services.
- In the given case, the aggregate turnover of goods and services supplied by Anubhav (₹ 38 lakh) exceeds the threshold limit and thus, he **is required to obtain registration.**

07. Sec 25(1):- Where & by when to apply for registration

CCP 11.07.20.00

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

(a) Person liable to register u/s 22 or 24 of CGST Act

(b) Casual Taxable Person (CTP) or Non-Resident Taxable Person (NRTP)

Answer:- As per **section 25(1)** of the CGST Act, 2017, the time-period within which registration needs to be obtained under GST in various cases are as follows:-

(a) A Person who is liable to be registered under section 22 or section 24 needs to obtained registration **within 30 days from the date on which he becomes liable to registration** in every state or union territory from where he makes taxable supply.

(b) A CTP or NRTP must obtain registration **at least 5 days prior to the commencement of its business.**

08. Sec 25(3):- Voluntary Registration

CCP 11.08.21.00

Is there a provision for a person to get himself voluntarily registered though he may not be liable to pay GST? [Study Mat][CA Inter Exam Nov 18 Old]

Answer:-

- **Yes,** a person may get himself registered voluntarily though he is not liable to be registered under sections 22 or 24 of CGST Act, 2017.
- Once a person obtains voluntary registration, **he has to pay tax** even though his aggregate turnover does not exceed the applicable threshold limit in a financial year & has to comply with all the provisions of the GST Act.

09. Sec 25(6)/(7):- PAN is must for obtaining registration

CCP 11.09.22.00

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 exceptions to it. [Study Mat]

Answer:-

- **A Permanent Account Number (PAN) is mandatory to be eligible for grant of registration.**
- **One exception** to this is a non-resident taxable person (NRTP):-
  - A NRTP may be granted registration on the basis of other prescribed documents instead of PAN.
  - He has to submit a self-attested copy of his valid passport along with the application signed by his authorized signatory who is an Indian Resident having valid PAN and application will be submitted in a different prescribed form **[Section 25(6) & (7)].**
- **Another exception** is as follows:-
  - A person who is required to deduct tax u/s 51 of CGST Act, 2017 may be granted registration based on a Tax deduction & collection Account Number (TAN) issued under the said act instead of PAN.

10. Sec 25(9) read with Rule 17:- Unique Identification Number (UIN)

CCP 11.10.23.00

nswer the following:-

a) Is it necessary for the UN bodies to get registration under GST?

b) What is the responsibility of the taxable person making supplies to UN bodies? [Study Mat]

nswer:-

a)	➢ As per **section 25(9)** of the CGST Act, 2017, all notified UN bodies, Consulate or Embassy of foreign countries and any other class of persons so notified would be required to obtain a **Unique Identification Number (UIN)** from the GST portal. ➢ The structure of the said ID would be uniform across the States in conformity with GSTIN structure and the same will be common for the Centre and the States. ➢ This UIN will be needed for **claiming refund of taxes** paid on notified supplies of goods and/or services received by them, and for any other purpose as may be notified.
b)	The taxable supplier making supplies to UN bodies is expected to mention the UIN on the invoices and treat such supplies as supplies to another registered person (B2B).

11. Rule 10:- Effective date of registration

CCP 11.11.24.00

hat will be the effective date of registration under GST?

nswer:-

Where an applicant submits application for registration:-	Effective date:-
Within 30 days from date he becomes liable for registration-	the date on which he becomes liable for registration
fter 30 days from date he becomes liable for registration-	the date of grant of registration.
oluntary registration (being within threshold limit)-	the date of order of registration.

CCP 11.11.25.00

etermine the effective date of registration in following cases:

) The aggregate turnover of Dhampur Footwear Industries of Delhi has exceeded the applicable threshold limit of ₹ 40 lakh on 1st September. It submits the application for registration on 20th September. Registration certificate is granted to it on 25th September.

) Mehta Teleservices is an architect in Lucknow. Its aggregate turnover exceeds ₹ 20 lakh on 25th October. It submits the application for registration on 27th November. Registration certificate is granted to it on 5th December. [Study Mat] [CA Inter MTP Mar 23] [CA IPC Nov 20 Exam (Similar)]

nswer :-

egal Provision:

- A supplier, whose aggregate turnover in a financial year exceeds ₹ 20 lakh in a State other than Manipur, Mizoram, Nagaland, Tripura, is liable to apply for registration **within 30 days from the date of becoming liable to registration u/s 22 read with section 25** of CGST Act.
- Where the **application is submitted** within the said period, the effective date of registration is the date on which the person **becomes liable to registration.**
  - **otherwise**, it is the **date of grant of registration.**

Discussion & Conclusion:

a)	➲ In the given case, the turnover of Dhampur Industries exceeded ₹ 40 lakh on 1st September, it becomes liable to registration on said date. ➲ Since it applied for registration within 30 days of becoming liable to registration, the effective date of registration is **1st September.**
b)	➲ In the given case, the turnover of Mehta Teleservices exceeds the applicable threshold limit [₹ 20 lakh] on 25th October, it becomes liable to registration on said date. ➲ Since it applies for registration after the expiry of 30 days from the date of becoming liable to registration, the effective date of registration is **5th December.**

12. Rule 10A:- Furnishing of Bank Account Details

CCP 11.12.26.00

M/s Siya Ram is a trader of decorative items in Hauz Khas, Delhi. His aggregate turnover exceeded 20 lakh in the month of October, 20XX. He applied for registration on GST portal, but missed t submit the details of his bank account. His tax consultant advised him that prior submission of ban details is mandatory to obtain registration. Examine whether the advice of Mr. Siya Ram's ta consultant is correct. [CA Inter RTP May 2020]

Answer :-

➲ **No**, the **advice** of Mr. Siya Ram's consultant that prior submission of bank details is mandatory to obtai registration is **no more valid in law.**

➲ As per **Rule 10A,** registered person is allowed to furnish bank details after obtaining registratio certificate or GSTIN, but it is to be furnished **earlier of** the following dates:

a) Within 30 days from the grant of registration or

b) Date of filing GSTR1 or IFF

13. Aadhaar Authentication

CCP 11.13.27.00

"Aadhaar authentication is not required for persons who are already registered under GST Examine and discuss the correctness of the statement. You are required to elaborate the relevai legal provisions. [CA Inter RTP Nov 22]

Answer:-

➲ The given statement is **incorrect.**

➲ Aadhaar authentication has been made mandatory for the new registrants as well as for the existir registrants.

➲ For existing registrants, section 25(6A) of the CGST Act, 2017 stipulates that every registered perso shall undergo authentication, or furnish proof of possession of Aadhaar number, in the prescribe form, manner and time.

➲ New **rule 10B** of the CGST Rules, 2017 prescribes the manner in which aadhaar authentication needs t be done by a registered person.

➲ A registered person, who has been issued a certificate of registration under GST, shall underg authentication of the Aadhaar number of:-

Entity	Person need to undergo AA
Proprietorship Firm	Proprietor
Partnership Firm	Partner
Hindu undivided family	Karta
A Company	Managing director or any whole-time director
An AOP or BOI or a Society or	Any of the Members of the Managing Committee
Trust	Trustee in the Board of Trustees & Authorised signatory

in order to be **eligible** for the following purposes:

- for filing of application for revocation of cancellation of registration.
- for filing of refund application.
- for refund of the IGST paid on goods exported out of India.

➲ **First proviso to section 25(6A)** provides that If an Aadhaar number is not assigned to an existing registered person, such person shall be offered alternate and viable means of identification in the prescribed manner under Rule 10B

➲ If Aadhaar number has not been assigned to the person required to undergo authentication of the Aadhaar number, such person shall furnish the following identification documents, namely: –

(a) his/ her Aadhaar Enrolment ID slip and

(b) (i) Bank passbook with photograph or

(ii) Voter identity card issued by the Election Commission of India or

(iii) Passport or

(iv) Driving license issued by the Licensing Authority

➲ However, once Aadhaar number is allotted to such person, he shall undergo the authentication of Aadhaar number within a period of 30 days of the allotment of the Aadhaar number.

Note: The above rule 10B shall not be applicable to persons notified under section 25(6D) of the CGST Act 2017, i.e. to persons exempt from aadhaar authentication.

14. Sec 26:- Deemed Registration

CCP 11.14.28.00

Explain the concept of Deemed registration under GST?

Answer:-

Registration under GST is **not tax specific.**

This means that there is **single registration for all the taxes** i.e. CGST, SGST/UTGST, IGST and Compensation Cess.

Grant of registration/UIN under any SGST Act/ UTGST Act is deemed to be registration/UIN granted under CGST Act provided application for registration has not been rejected under CGST Act.

Further, rejection of application for registration/UIN under SGST Act/UTGST Act is **deemed** to be rejection of application for registration under CGST Act.

15. Sec 27:- Registration procedure for CTP & NRTP

CCP 11.15.29.00

Answer the following questions with respect to 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 [Study Mat]

(v) Can the validity of registration certificate issued to a casual taxable person be extended? If yes what will be the period of extension? [CA Inter Exam May 19]

Answer:-

i)	As per **section 2(20)** of CGST Act, 2017, **Casual taxable person means** a person- ➢ who **occasionally** undertakes transactions involving supply of goods and/or services ➢ in the course or furtherance of business, ➢ whether as principal, agent or in any other capacity, ➢ in a State/UT where he has no fixed place of business.
ii)	**No,** as per **section 10(2) and 10(2A)** of CGST Act, 2017, a casual taxable person cannot opt for the composition scheme.
iii)	➢ As per **section 24** of CGST Act, 2017, a casual taxable person (CTP) is liable to obtain registratio compulsorily under GST law. ➢ CTP has to apply for registration **at least 5 days prior to commencement of business** as pe **section 25(1) read with proviso thereto.** ➢ However, if CTP is making taxable supplies of specified handicraft goods, then it is eligible for th threshold limit applicable as per **section 22.**
iv)	➢ As per **section 27(1)** of CGST Act read with proviso thereto Registration Certificate granted to casual taxable person will be valid for **earlier of:** ➢ **period specified in the application** for registration or ➢ period of **90 days** from the effective date of registration. ➢However, at the request of the said taxable person, the proper officer may extend the validity by a further period not exceeding 90 days.
v)	➢ **Yes,** the **validity** of registration certificate issued to a casual taxable person **can be extended.** ➢ It can be extended by a **further period not exceeding 90 days** by making application before the en of period of validity of registration granted to him.

CCP 11.15.30.00

Mr. X of Mumbai often participates in the jewellery exhibition at Trade Fair in Delhi, which organised every year in the month of February. Mr. X applied for registration in January. The prop officer demanded an advance deposit of tax in an amount equivalent to the estimated tax liability Mr. X. You are required to examine whether any advance tax is to be paid by Mr. X at the time obtaining registration? [CA final MTP May 2018]

Answer:-

- **Yes,** advance tax is to be paid by Mr. X **at the time of obtaining registration.**
- Mr. X occasionally undertakes supply of goods in the course or furtherance of business in a State whe he has no fixed place of business.

- Thus, he qualifies **as casual taxable person** as per **section 2(20)** of CGST Act, 2017.
- As per **section 27(2) read with proviso thereto,** at the time of submission of application for registration, a casual taxable person shall make an **advance deposit** of tax for **net estimated tax liability** for the period for which registration is sought.
- On the contrary, normal taxable person does not have to make any advance deposit of tax to obtain registration.

CCP 11.15.31.00

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 advise on the following aspects, relating to CGST Act, 2017:-

(i) When shall he apply for registration?

(ii) Is PAN mandatory for his registration?

(iii) What is the period of validity of Registration Certificate (RC) granted to him? [Study Mat]

(iv) Will he be able to extend the validity of his registration? If yes, what will be the period of extension? [CA Inter Exam Nov 18 New]

Answer:- As per section 27 of CGST Act 2017,

(i)	Mr. Allan, being a non-resident taxable person, should apply for registration **at least 5 days prior to the commencement of business** irrespective of the threshold limit.
(ii)	**No, PAN is not mandatory** for his registration. ➢ He has to submit a **self-attested copy of his valid passport** along with the application signed by his authorized signatory who is an Indian Resident having valid PAN. ➢ However, in case of a business entity incorporated or established outside India, the application for registration shall be submitted along with its tax identification number or unique number on the basis of which the entity is Identified by the Government of that country or its PAN, if available.
(iii)	➢ As per **section 27(1) of CGST Act** read with proviso thereto, Registration Certificate granted to Mr. Allan will be valid for **earlier of:-** - **period specified in the application** for registration or - period of **90 days** from the effective date of registration. ➢ However, at the request of the said taxable person, the proper officer may extend the validity by a further period not exceeding 90 days.
(iv)	**Yes,** Mr. Allan **can get the validity** of his registration **extended.** ➢ Registration can be extended further by a **period not exceeding 90 days** by making application before the end of period of validity of registration granted to him.

16. Sec 29 read with Rule 20, 21, 21A and 22:- Cancellation & Suspension of registration

CCP 11.16.32.00

Answer the following questions:-

(a) Whether the cancellation of registration certificate is permissible? If so, discuss the circumstances where registration is liable to be cancelled by proper officer otherwise than on his own motion also

(b) What happens when the registration is obtained by means of wilful misstatement, fraud or suppression of facts? [Study Mat]

Answer:-

(a)	**Yes.** ➢ Any Registration granted under CGST Act may be cancelled by the Proper Officer in **circumstances** mentioned in **Section 29** of the CGST Act. ➢ As per **section 29(1)** of the CGST Act, 2017, the following are the circumstances where proper officer may cancel the registration either:- - on his own motion or - on an application filed by the registered person or - on an application filed by his legal heirs, in case of death of such person. (a) the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of. (b) there is any change in the constitution of the business. (c) the taxable person is no longer liable to be registered under section 22 or section 24 or intend to optout of the registration voluntarily made under section 25(3). ➢ The proper officer **shall not cancel** the registration without giving the person an **opportunity of being heard**.
(b)	In such cases, the **registration may be cancelled** from such date including any retrospective date by the proper officer as per **Section 29(2)** of CGST Act, 2017.

CCP 11.16.33.00

Explain the circumstances under which proper officer can cancel the registration on his own of a registered person under CGST Act, 2017. [CA Inter Jan 21 Exam]

OR

Explain the statutory provisions for cancellation or suspension of registration under section 29(2) of the CGST Act, 2017. [CA IPC Jan 21 Exam] **OR**

State any five circumstances under which the proper officer can cancel the registration on his own under the CGST Act, 2017 [CA Inter May 22 Exam]

OR

Briefly enumerate the contraventions which make a registered person liable to cancellation of registration, as prescribed under rule 21 of the CGST Rules, 2017. [CA Inter RTP May 23]

[Note:- For this specific Q – start the answer as "Rule 21 of CGST Rules, 2017 prescribes the contraventions which make a registered person liable to cancellation of registration. As per said rule, the registration granted to a person is liable to be cancelled, if:" & then write pts. (a) to (i)]

Answer:-

i) As per **section 29(2)** of CGST Act, 2017 **read with rule 21** of CGST Rules, 2017, the circumstances under which **proper officer can cancel the registration on his own** of a registered person under the CGST Act, 2017 are as under:-

(i) A registered person has contravened any of the following provisions of the GST law:-

a) he does not conduct any business from the declared place of business.

b) he issues invoice/bill without supply of goods or services or both in violation of the provisions of GST law.

c) he violates the provisions of anti-profiteering.

d) he violates the provisions relating to furnishing of bank details.

e) He avails ITC in violation of the provisions of section 16 of CGST Act or the rules made thereunder.

f) details furnished in GSTR 1, as amended in FORM GSTR-1A if any, for the supplies is in excess of outward supply declared in return.

g) Violates the provision of **Rule 86B**

h) **failed to file returns** due between the order of cancellation and revocation of registration **within 30 days** of the revocation order.

i) If the cancellation was retrospective, **failed to file all returns** from the date of order of cancellation date to the revocation order **within 30 days.**

j) he has not furnished returns for a continuous period of 6 months under normal scheme

k) he has not furnished returns for a continuous period of 2 tax periods under QRMP scheme

ii) A person paying tax under composition levy has **not furnished returns within 3 months from due date.**

iii) Voluntarily registered person has **not commenced the business within 6 months** from the date of registration.

iv) Registration was obtained by means **of fraud, wilful misstatement or suppression of facts.**

- Proper officer shall not cancel the registration without giving the person an **opportunity of being heard.**
- During pendency of the proceedings relating to cancellation of registration, the proper officer may suspend the registration for prescribed period and in prescribed manner.

CCP 11.16.34.00

Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled? Discuss. [CA IPC MTP 2018][Study Mat]

Answer:-

Yes, as per **section 29(5)** of the CGST Act, 2017, every **registered person whose registration is cancelled shall pay** by debiting the electronic cash ledger or electronic credit ledger, **an amount** calculated in prescribed manner **which is higher of:-**

- **credit of input tax** in respect of:-
  - inputs held in stock and
  - inputs contained in semi -finished or finished goods held in stock or
  - capital goods or plant and machinery

  on the day immediately preceding the date of such cancellation or
- **output tax payable** on such goods.

CCP 11.16.35.00

Under the provision 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? [CA Inter Jan 21 Exam]

Answer:-

- As per **section 29(1)** of CGST Act, 2017 **read with rule 21A** of CGST Rules, 2017, if a registered person has applied for cancellation of registration & the completion of proceedings for cancellation of registration is pending, then the registration shall be deemed to be suspended from **LATER of:**

  (a) the date of submission of the application or

  (b) the date from which the cancellation is sought.
- Such person **shall not make any taxable supply** during the period of suspension which is subject to tax invoice and **shall not required to furnish the return** during this period.

17. Sec 30 read with Rule 23:- Revocation of cancellation of registration

CCP 11.17.36.00

M/s. S Corporation has made default in furnishing returns. It has not filed returns from the month of June 20XX. The proper officer cancelled its registration with effect from 1st January 20XY by an order dated 1st January 20XY. It applied for revocation of cancellation of registration and the order for revocation of cancellation of registration was passed on 1st March 20XY. What are the provisions regarding filing returns before making such an application of revocation of cancellation of registration for the given case? What is the time limit within which it can apply for revocation of cancellation of registration? [CA IPC July 21 Exam]

Answer :-

Legal Provision:-

- As per **section 30** of CGST Act, 2017 **read with Rule 23** of CGST Rules, 2017, where the **registration is cancelled suo-motu** by the proper officer, the registrant seeking revocation of the order, **has to apply for the revocation** of cancellation **within 90 days** from the date of order of cancellation of registration.
- However, such period can be **further extended upto 180 days**, if sufficient cause has been shown by registrant.
- Further, he has to furnish **all the returns due** till the date of such cancellation **before the application for revocation can be filed.**
- Further, he should also pay any amount due as tax along with interest, penalty, and late fee in respect of the said returns.

Discussion & Conclusion:-

- Thus, in the given case, **before making an application** for revocation of cancellation of registration, M/s. S. Corporation should **file all returns due** for the period **from June, 20XX till 1st January, 20XY.**
- **It can apply for revocation of cancellation of registration till 1st April, 20XY.**

18. Sec 29 & 30:-Combined Questions

CCP 11.18.37.00

Mr. X of Haryana intends to start business of supply of building material to various construction sites in Haryana. He has taken voluntary registration under GST in the month of April. However, he has not commenced the business till December due to lack of working capital. The proper officer suo-motu cancelled the registration of Mr. X. You are required to examine whether the action taken by proper officer is valid in law?

Mr. X has applied for revocation of cancellation of registration after 40 days from the date of service of the order of cancellation of registration. Department contends that application for revocation of cancellation of registration can only be made within 30 days from the date of service of the order of cancellation of registration. However, Mr. X contends that the period of submission of application may be extended on sufficient grounds being shown. You are required to comment upon the validity of contentions raised by Department and Mr. X. [CA Inter RTP -May 22][CA Inter MTP April 24]

Answer:-

Legal Provision:-

- As per **section 29** of CGST Act, 2017, if any person who has taken voluntary registration u/s 25(3) has not commenced business within 6 months from the date of registration, then the proper officer **may cancel** the registration of such person from such date, including any retrospective date, as he may deem fit.

➲ As per **section 30** of CGST Act, 2017 **read with Rule 23** of CGST Rules, 2017, where the **registration is cancelled suo-motu** by the appropriate officer, the registrant seeking revocation of the order, **has to apply for the revocation of cancellation within 90 days** from the date of service of the order of cancellation of registration.

➲ However, such period can be **further extended upto 180 days,** if sufficient cause has been shown by registrant.

Discussion & Conclusion:

➲ In view of the above-mentioned provisions, **suo-motu cancellation of registration** of Mr. X by proper officer is **valid in law.**

- since Mr. X, a voluntarily registered person, has not commenced his business within 6 months from the date of registration.

➲ In this case, such registered person may apply for revocation of the cancellation to such proper officer **within 90 days** from the date of service of the order of cancellation of registration.

➲ On sufficient cause being shown and for reasons to be recorded in writing, the said period of 90 days may be extended for a period not exceeding 180 days.

➲ In the given case, Mr X. has applied for revocation of cancellation within 40 days of an order, thus he has made the application within time & revocation can be obtained.

➲ Hence Department contention is not correct in law.

➲ The **contention raised by Mr. X is valid in law** as extension in time limit is allowed on sufficient cause being shown and for reasons to be recorded in writing.

19. Common Questions relating to Registration

CCP 11.19.38.00

Answer the following questions:-

(i) Can the Department, through the proper officer, suo-motu proceed to register a person under GST? [Study mat]

(ii) What could be the liabilities (in so far as registration is concerned) on transfer of a business? [Study Mat]

Answer:-

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

(ii) As per **section 22(3)** of CGST Act, 2017, the **transferee or the successor shall be liable to be registered** with effect from such transfer or succession and he will have to obtain **a fresh registration** with **effect from the date of such transfer or succession.**

CCP 11.19.39.00

Answer the following independent questions:-

(a) If a person is making taxable supplies from different States, with the same PAN number, can he operate with a single registration? [Study Mat] OR

Is there an option to take centralized registration for services under GST Law? [Study Mat]

(b) Whether the registration granted to any person is permanent? [Study Mat]

(c) Whether the registered taxable person is required to display his certificate of registration?

(d) Can a person having multiple places of business in a State obtain separate registrations for each place of business? [Study Mat]

(e) At the time of registration, will the assessee have to declare all his places of business? [Study Mat]

(f) Can a person without GST registration collect GST and claim ITC? [Study Mat]

Answer:-

(a) **No.** As per **section 25** of CGST Act, 2017, A person will have to get **registered separately in each of the State** from where he makes taxable supply, if he is liable for registration as per section 22 or 24.

(b) **Yes.** The registration once granted to any person is permanent except for non-resident taxable person and casual taxable person unless the same is surrendered, cancelled or suspended.

(c) **Yes.**

- **Every registered person** shall display his **registration certificate in a prominent location** at his principal place of business and at every additional place or places of business.
- Further, he has to display his **GSTIN on the name board** exhibited at the entry of his principal place of business and at every additional place or places of business.

(d) **Yes.** As per **proviso to section 25(2)** of CGST Act, a person having multiple places of business in a State **may obtain a separate registration** for each place of business, subject to such conditions as may be prescribed.

(e) **Yes.**

- The principal place of business and place of business have been separately defined under section 2(89) & 2(85) of the CGST Act respectively.
- The taxpayer will have to declare the principal place of business as well as the details of additional places of business in the registration form.

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

Chapter 12

TAX INVOICE

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01. Section 31:- Time limit to issue invoice under different cases

CCP 12.01.01.00

Mention the time period within which tax invoice shall be issued in the following cases:-

i) Supply of Goods

ii) Supply of Services

iii) Continuous supply of Goods

iv) Continuous supply of Services

v) Supply of service ceases before its completion

vi) Goods being sent or taken on approval for sale

Answer :

i)	➲ As per **section 31(1), a registered person supplying taxable goods** shall issue invoice as follows:- **a)Where supply involves movement of goods:-** -It shall be issued **before or at the time of removal** of goods for supply to the recipient. **b)In any other case (no movement of goods involved):-** -It shall be issued **before or at the time of delivery of goods or making goods available** to the recipient. ➲ As per **proviso to Section 31(1)**, Government may notify goods/ supplies on recommendations of council, for which the tax invoice shall be issued in prescribed time and manner.
ii)	As per **section 31(2)**, a registered person supplying taxable services shall issue a tax invoice **before or after the provision of service**, but **within a prescribed period as following:-** ➲ For an insurer/ banking company/ financial institution, including an NBFC:- ☞ **within 45 days** from the date of supply of service. ➲ For registered person other than those covered in point 1 above:- ☞ **within 30 days** from the date of supply of service.
iii)	As per **section 31(4),** in case of **continuous supply of goods** involving periodic statement of accounts or payments under a contract, the invoice shall be issued **before or at the time of:-** ➲ issue of the statements of account or ➲ receipt of payments.
iv)	As per **section 31(5)**, the **time period within which tax invoice** shall be issued in case of continuous supply of services is as below:- **a) If due date of payment is ascertainable from the contract:-** ☞Invoice shall be issued on or before **due date of payment.** **b) If due date of payment is not ascertainable from the contract:-** ☞ Invoice shall be issued before or at the time of **receipt of payment** by supplier of services. **c) If payment is linked to the completion of an event:-** ☞Invoice shall be issued on or before the date of **completion of that event.**
v)	As per **section 31(6)**, where a **supply of service ceases** under a contract before its completion, the **invoice shall be issued at the time the supply ceases** & such invoice shall be issued **to the extent of supply** made before such cessation.
vi)	As per **section 31(7)**, where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the **time period within which tax invoice** shall be issued is **earlier of:-** ☞ time of supply or ☞ 6 months from the date of removal.

02. Sec 31(1):- Time limit to issue invoice for supply of goods

CCP 12.02.02.00

Examine the following independent cases of supply of goods 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 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. [Study Mat]

(ii) 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. [Study Mat]

Answer :-

Legal Provision:-

➲ As per **section 31(1)** of CGST Act, 2017, a registered person supplying taxable goods shall issue invoice before or at the **time of removal** of goods for supply to the recipient if supply involves movement of goods.

Discussion & Conclusion:-

(i) In the first case, invoice has to be issued **on or before 11th October, 20XX** which is the **time of removal** of goods for supply to recipient.

(ii) In the second case, last date to issue invoice is the date of removal of goods as supply involves movement & thus, the invoice must be issued **on or before 29th September.**

03. Sec 31(4):- Time limit to issue invoice for continuous supply of goods

CCP 12.03.03.00

I am supplying A4-sized bundles of paper to an Advocate's Office. I submit the account of total supplies made during the 2-month period on the 25th of alternate month. Do I have to issue an invoice each time I dispatch the bundles?

Answer :

Legal Provision:-

As per **section 31(4)** of the CGST Act, 2017, in case of **continuous supply of goods** involving periodic statement of accounts or payments under a contract, the invoice shall be issued **before or at the time of:-**

➲ issue of the statements of account or

➲ receipt of payments.

Discussion & Conclusion:-

1. **No,** invoice is not required to be issued each time the bundle is dispatched.
2. Since, the given instance is a case of continuous supply of goods, tax invoice has to be issued **latest by the time of submitting the statement every time** (i.e. 25th of Alternate Month).

CCP 12.03.04.00

(a) M/s Indian Oil Corporation entered into a contract with Mr. B for supply of oil throughout the year. M/s Indian Oil Corporation issues monthly statement for the oil supplied to Mr. B. Determine the time of supply of goods in following independent cases:

i) Mr. B made payment for the month of July on 31st July, 20XX and M/s Indian Oil Corporation issued statement for the month of July on 8th August, 20XX.

ii) M/s Indian Oil Corporation issued statement for the month of August on 5th September, 20XX, the payment of which not received till 30th September, 20XX.

(b) State the time of supply for goods sent for approval.

Answer:

a)	**Legal Provision :-** ➲ Continuous supply of goods means supply of goods on continuous or recurrent basis **under a contract** where supply issues the invoice on periodical basis. ➲ In case of continuous supply of goods, invoice to be issued on or before a) date of issue of successive statement of account or b) date of receipt of successive payment, **whichever is earlier.** ➲ **As per section 12(2) read with N/N 66/2017,** Time of supply for goods shall be earlier of the following dates: a) Date of issue of invoice. b) Last date of issue of invoice. **Discussion & Conclusion:-** (i) In the given case, date of issue of statement is **8th August, 20XX** whereas the last date to issue invoice is **31st July, 20XX** which is earlier of date of payment (31.07.20XX) or date of statement (08.08.20XX). Therefore, **31st July, 20XX will be the time of supply in this case.** ii) In the given case, date of issue of statement is 5th September, 20XX which itself is the last date to issue invoice as the payment date is not known. Therefore, **5th September, 20XX will be the time of supply in this case.**
b)	As per **section 12(2) read with section 31(7)** of CGST Act, 2017, the time of supply for goods sent for approval shall be **earlier of:-** a) Date of issue of invoice or b) Date when acceptance is given by the recipient (i.e date of supply) or c) Expiry of Six months from the date of removal.

04. Sec 31(7): Goods sent or Taken on Approval for sale of return

CCP 12.04.05.00

M/s. Xing Trans of Kolkata is engaged in the trading of transmitters. On 20/05/20XX, M/s. Xing Trans has sent 500 units of transmitters for exhibition at Chennai on sale or return basis. Out of the said 500 units, 300 units have been sold on 28/07/20XX at the exhibition. Out of remaining 200 units, 150 units have been brought back to Kolkata on 25/11/20XX and balance 50 units have neither been sold nor brought back.

Explain the provisions under GST law relating to issue of invoices with exact dates on which tax invoices need to be issued by M/s. Xing Trans. [CA Inter May 22 Exam]

Answer :

Legal Provision:- As per **Sec 31(7)**, Where the goods being sent for sale or return are removed before the supply takes place, the tax invoice shall be issued

- ➤ before or at the time of supply or
- ➤ 6 months from the date of removal, **whichever is earlier.**

Discussion & Conclusion:

- In the given case, 500 units of transmitters have been sent for exhibition on sale or return basis out of which 300 units are sold before 6 months from the date of removal.
- Thus, tax invoice for 300 units needs to be issued before or at the time of supply of such goods, i.e. upto 28/07/20XX.
- Remaining 200 (150+ 50) units have neither been sold nor brought back till the expiry of 6 months from the date of removal goods, i.e. 20/11/20XX.
- Thus, tax invoice for 200 units needs to be issued upto 20/11/20XX.

Note: On return of 150 units after 6 months, credit note to be issued.

05. Sec 31(2):- Time limit to issue invoice for supply of services

CCP 12.05.06.00

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

(i) Trust and Fun Ltd., an event management company, has provided its services for an event at Kapoor Film Agencies, Mumbai on 5th June, 20XX. Payment for the event was made on 19th June, 20XX. [CA Inter May 19 Exam][Study Mat]

(ii) Katyani Security Services Ltd. provides security services to Royal Jewellers for their Jewellery Exhibition to be organized on 5th October. [Study Mat]

Answer :

Legal Provision:-

- As per **section 31(2)**, a registered person [**other than** an insurer/ banking company/ financial institution, including an NBFC] supplying taxable services shall issue a tax invoice **before or after the provision of service,** but **within a period of 30 days** from the date of supply of service.

Discussion & Conclusion:-

(i) In the first case, invoice has to be issued within 30 days from 5th June, 20XX (date of supply of service), i.e. **on or before 5th July 20XX.**

(ii) In the second case, Katyani Security Services Ltd. needs to issue a tax invoice within 30 days of supply of security services, i.e. **on or before 4th November.**

06. Sec 31(5):- Time limit to issue invoice for continuous supply of services

CCP 12.06.07.00

Mr. Lakhan provides Continuous Supply of Services (CSS) to M/s. TNB Limited. He furnishes the following further information:-

) Date of commencement of providing CSS - 01-10-20XX

) Date of completion of providing CSS - 31-01-20XY

) Date of receipt of payment by Mr. Lakhan - 30-03-20XY

etermine the time of issue of invoice as per provisions of CGST Act, 2017 in the following

circumstances:-

(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 payment on 25-03-20XY as per the contract between them [CA Inter Nov 18 Exam New][CA IPC MTP Mar 19]

Answer :

Legal Provision:- As per **section 31(5)**, in case of continuous supply of services, invoice shall be issued a follows:

a)	If **due date of payment is ascertainable** from **the contract:**	Invoice shall be issued on or before due date of payment.
b)	If due date of payment is not ascertainable from the contract:	Invoice shall be issued before or at the time of **receipt of payment** by supplier of services.
c)	If payment is linked to the completion of an event:	Invoice shall be issued on or before the date of **completion of that event.**

Discussion & Conclusion:-

Time of issue of invoice shall be determined as follows:

(i) In given case, due date is not ascertainable, therefore invoice shall be issued **on or before 30.03.20X** which is the date of receipt of payment.

(ii) If payment is linked to completion of service, the invoice shall be issued **on or before 31.01.20XY** whic is the date of completion of service.

(iii) If M/s TNB Ltd. has to make payment on 25.03.20XY as per the contract i.e due date is ascertainabl therefore invoice shall be issued **on or before 25.03.20XY.**

CCP 12.06.08.00

MBM Caretakers, a registered person, provides the services of repair and maintenance of electric appliances. On April 1, it has entered into an annual maintenance contract with P for its A Conditioner and Washing Machine. As per the terms of contract, maintenance services will b provided on the first day of each quarter of the relevant financial year and payment for the same wi also be due on the date on which service is rendered. During the year, it provided the services on Apr 1, July 1, October 1, and January 1 in accordance with the terms of contract. When should MB Caretakers issue the invoice for the services rendered? [Study Mat]

Answer :

Legal Provision:-

- As per the **definition of Continuous supply of service,** supply of service which is provided, or agreed t be provided continuously or on recurrent basis, under a contract, for a period exceeding 3 months wit the periodic payment obligations.
- As per **section 31(5)** of CGST Act, 2017, If **due date of payment is ascertainable** from the contract continuous supply of services, **invoice shall be issued** on or before such **due date of payment.**

Discussion & Conclusion:-

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

- Since in the given case, due date of payment **is ascertainable** from the contract, invoice shall be issued **on or before the due date of payment.**
- Therefore, MBM Caretakers should **issue quarterly invoices on or before April 1, July 1, October 1, and January 1.**

07. Sec 31(6):- Time limit to issue invoice, if supply of services ceases before its completion

CCP 12.07.09.00

Shreya Ltd. had undertaken a contract for supplying manpower for 28 days for ₹28,000/-. However, after 10 days, the service has stopped. Should Shreya Ltd raise an invoice?

Answer :

- **Yes.**
- As per **section 31(6)** of the CGST Act,2017, where a **supply of service ceases** under a contract before its completion, the **invoice shall be issued at the time the supply ceases,** i.e., on the 10th day.
- The invoice shall be issued to **the extent of the service provided** before its cessation.
- **Hence, proportionate value of tax invoice for 10 days is ₹10,000.**

08. Sec 31(3):- Issue of different documents under GST Law

CCP 12.08.10.00

Briefly discuss the following with reference to GST law:- [CA IPC Nov 20 Exam]

i) Revised Tax Invoice

ii) Bill of Supply OR (Under what circumstances, a registered person is required to issue a "Bill of Supply"? [CA IPC July 21 Exam][CA Inter MTP Apr 23]

iii) Receipt Voucher

iv) Payment Voucher

v) Refund Voucher

Answer :

(i)	As per **section 31(3)(a) read with rule 53** of CGST Rules, 2017, if a registered person is granted **registration with effect from a date earlier than the date of issuance of registration certificate,** then ➲ he may issue **revised tax invoices** for **taxable supplies effected** ➲ between effective date of registration & date of issue of registration certificate. ➲ **within 1 month** from the date of issue of registration certificate.
(ii)	As per **section 31(3)(c)**, a registered person is required to issue a **"bill of supply" instead of a tax invoice** in prescribed manner containing prescribed particulars in the following two circumstances:- a) In case of **supplying exempted** goods and/or services or b) In case of **payment of tax under composition levy.**
(iii)	As per **section 31(3)(d), on receipt of advance payment** for any supply of goods and/or services, a registered person shall issue a receipt voucher or any other document evidencing receipt of such payment & containing prescribed particulars.
(iv)	As per **section 31(3)(g)**, a registered person who is liable to pay tax under section 9(3)/9(4) of CGST Act shall issue a payment voucher **at the time of making payment** to the supplier.

(v)	As per **section 31(3)(e)**, if a registered person issues a Receipt Voucher for advance payment received for supply of goods &/or services, but subsequently:- ➲ **No supply** is made & ➲ **No tax invoice** is issued for the same, then he may issue a **Refund Voucher against such advance payment** to the person who had made the payment.

09. Sec 31(3)(a) read with Rule 53:- Revised tax invoice & Consolidated revised tax invoice

CCP 12.09.11.00

1) The aggregate turnover of Sangri Services Ltd., Delhi, exceeded ₹ 20 lakh on 12th August. H applied for registration on 3rd September and was granted the registration certificate on 6t September. You are required to advice Sangri Services Ltd. as to what is the effective date o registration in its case. It has also sought your advice regarding period for issuance of Revised Ta Invoices. [Study Mat]

2) Luv & Kush Pvt. Ltd. of Srinagar, Jammu & Kashmir, engaged in the supply of gifts items provide you the following details:-

S.No.	Particulars	Relevant dates
1	Commencement of the business of supplying goods	01.08.20XX
2	Turnover exceeds ₹ 10,00,000 on	15.08.20XX
3	Turnover exceeds ₹ 20,00,000 on	05.09.20XX
4	Application for registration made on	28.09.20XX
5	Registration certificate granted on	06.10.20XX

The company seeks your advice as to how it should raise revised tax invoices for supplies made. I there any specific provision for issuance of revised tax invoices to unregistered customers? Explain. (Assumption:- Supplier is not exclusively engaged in supply of goods)

[Study Mat (Example)][CA IPCC Dec 21 Exam (Similar)]

Answer :

Legal Provision:-

- As per **section 22(1)** of CGST Act, 2017, if aggregate turnover exceeds ₹ 20 lakhs, then supplier service need to take registration under GST.
- As per **section 25**, if person applied for registration within 30 days from the date when he become liable for registration, then effective date of registration is the date when he becomes liable.
- As per **section 31(3)(a)** A person is required to issue revised invoice for the supplies made during th period from the date when he becomes liable for registration till the date of registration certificate and shall be issued within 1 month from the date of issue of registration certificate.

Discussion & Conclusion:-

1)	In the given case, Sangri Services Ltd. has to issue the **Revised Tax Invoices** for the taxable supplies made between effective date of registration (12th August) till the date of issuance of certificate o registration (6th September) within 1 month from 6th September, i.e. on or before 6th October.
2)	➲ In the given case, the threshold limit applicable for registration is Rs. 20 Lakhs. ➲ Since Luv & Kush Pvt. Ltd. has made the **application for registration within 30 days** o becoming liable for registration, the **effective date of registration** is the date when it becomes liable to registration i.e. **05.09.20XX.**

- Only a registered person can collect tax & hence till the time of granting of registration, no tax invoice could be issued to collect tax.
- **It may issue revised tax invoices against the invoices already issued to collect tax** for supplies made between effective date of registration (05.09.20XX) & the date of issuance of registration certificate (06.10.20XX), within 1 month from 06.10.20XX (i.e. on or before 06.11.20XX).
- It may issue a **consolidated revised tax invoice** for all taxable supplies made to a unregistered recipient during such period.
- But, if the value of a supply does not exceed ₹2,50,000 for inter-state supplies, a consolidated revised tax invoice may be issued separately for all the unregistered recipients located a state.

10. Sec 31(3)(b) & Proviso to Rule 46:- No tax invoice if value < Rs 200 & issue of Consolidated tax invoice

CCP 12.10.12.00

ain & Sons is a trader dealing in stationery items. It is registered under GST and has undertaken ollowing sales during the day:

S.No.	Recipient of supply	Amount (₹)
1	Raghav Traders - a registered retail dealer	190
2	Dhruv Enterprises – an unregistered trader	358
3	Gaurav – a Painter [unregistered]	500
4	Oberoi Orphanage – an unregistered entity	188
5	Aaradhya – a Student [unregistered]	158

lone of the recipients require a tax invoice [Raghav Traders being a composition dealer].
etermine in respect of which of the above supplies, Jain & Sons may issue a Consolidated Tax Invoice nstead of Tax Invoice at the end of the day? [Study Mat]

nswer :

egal Provision:-

- As per **section 31(3)(b)** of CGST Act, 2017 read with **proviso to rule 46** of CGST Rules, 2017, a registered person is not required to issue a tax invoice, **if**
  - the value of supply of goods &/or services is less than ₹200,
  - the recipient is unregistered person **&**
  - the recipient does not require tax invoice.
- Such person shall issue a **consolidated tax invoice at the end of each day for all such supplies.**

iscussion & Conclusion:- Requirement of Tax invoice:

.No.	Recipient	Amount (₹)	Requirement of tax invoice	Remarks
1.	Raghav Traders	190	Yes	Even though Raghav trader is a composition dealer but a registered person, hence tax invoice is mandatorily to be issued.

2.	Dhruv Enterprises	358	Yes	Since Value is more than 200, hence tax invoice is mandatorily to be issued.
3.	Gaurav	500	Yes	Since Value is more than 200, hence tax invoice is mandatorily to be issued.
4.	Oberoi Orphanage	188	No	In given case, transaction is B2C & value is less than 200. Hence tax invoice may not be issued for each transaction, but Jain & Sons shall issue one consolidated tax invoice at the end of the day
5.	Aaradhya	158	No	

CCP 12.10.13.00

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, 20XX, 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. [CA Inter Jan 21 Exam]

Answer:-

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

- The **option to issue consolidated tax invoice is not available** to a supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens.
- Thus, ABC Cinemas **cannot issue consolidated tax invoice** for supplies made by it at the close of each day.
- ABC Cinemas **is required** to issue an **electronic ticket.**
- The said electronic ticket shall be **deemed to be a tax invoice,** even if such ticket does not contain the details of the recipient of service but contains the other information as prescribed to be mentioned.

11. Rule 48(1)/(2):- Manner of issuing tax invoice

CCP 12.11.14.00

How many copies of invoice are required:-

i) In case of supply of Goods?

ii) In case of supply of Services?

Answer :

(i)	➲ In case of supply of goods, the invoice shall be **prepared in triplicate.** ➲ The original copy is for the recipient, the duplicate for the transporter and the triplicate for th supplier. ➲ The copies should be marked as '**ORIGINAL FOR RECIPIENT**', '**DUPLICATE FOI TRANSPORTER**' and '**TRIPLICATE FOR SUPPLIER**', as the case may be.
(ii)	➲ In case of supply of services, the invoice shall be **prepared in duplicate.** ➲ The original copy is for the recipient & the duplicate is for the supplier. ➲ The copies should be marked as '**ORIGINAL FOR RECIPIENT**' & '**DUPLICATE FOR SUPPLIER** as the case may be.

12. Rule 48(4):- Issue of E-Invoice & related provision

CCP 12.12.15.00

Answer the following questions:-

(i) What is 'e-invoicing'?

(ii) What is the threshold limit for mandatory issuance of E-invoice for all registered businesses? [CA Inter Dec 21 Exam]

(iii) To whom mandatory E-invoicing is applicable? & state the entities are exempt from mandatory requirement of E-invoicing

(iv) 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 ₹ 30 crore and ₹ 25 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.

a) Briefly explain whether the view taken by Bali Limited is correct in law?

b) Also explain the advantages of e-invoicing, if any. [CA Inter RTP May 21]

(v) Speedy transport is a goods transport agency providing a service of goods transport by air, having aggregate turnover calculated on all India basis of ₹ 700 Cr in previous year 20XX-XY. It provides the GTA service to other registered GTA only for fast delivery of their courier and does not provide any services to unregistered person. The accountant of GTA agency is of view that there is no need to prepare e-invoices as it falls under exception. You as a chartered accountant are required to advice GTA regarding whether Speedy transport is required to prepare E-invoice or not?

Answer :

(i)	E-invoicing is **reporting of business to business (B2B) invoices** to GST system for certain notified category of taxpayers
(ii)	The **threshold limit** for mandatory issuance of e-invoice for all registered businesses is **₹ 5 Crores.**
(iii)	➢ **Mandatory e-invoicing** is applicable to all notified registered businesses (except specified class of persons) with an **aggregate turnover exceeds ₹ 5 crore** (based on PAN) in any preceding financial year from 2017-18 onwards. ➢ The following entities are **exempt from** mandatory requirement of **e-invoicing:-** a. A Government Department b. A Local Authority c. Special Economic Zone units d. Insurer or banking company or financial institution including NBFC e. GTA supplying services in relation to transportation of goods by road in a goods carriage f. Supplier of passenger transportation service g. Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens As per **CBIC clarification**, the said exemption from generation of e-invoices is for the entity as a whole and is not restricted by the nature of supply being made by the said entity.
	Note: A taxpayer whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds ₹ 5 Crore but is **exempted** from e-invoicing shall give a **declaration** in the tax invoice that-invoice is not required to be issued in the manner specified under rule 48(4).

(iv) The **view taken** by Bali Limited is **not correct in law.**

➢ All notified registered businesses (except specified class of persons) with an aggregate turnover **(based on PAN)** in the preceding financial year **greater than ₹ 5 crores,** are required to issue e-invoices.

➢ Thus, the **aggregate total turnover of Bali Limited is more than ₹ 5 crores** (considering both the GSTINs) and is required to issue e-invoices.

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

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

1. Auto-reporting of invoices into GST return & auto-generation of e-way bill (wherever required):-

Once B2B invoice data is reported in e-invoice form, the same is reported in multiple forms (GSTR-1, e-way bill etc.).

2. Substantial reduction in transcription errors & Reconciliation:-

This is because same data will get reported to tax department & to buyer to prepare his inward supplies register. Buyer can reconcile with his Purchase Order.

3. Matching of ITC & output tax by Dept.:-

A complete trail of B2B invoices is available with Department which enables the system-level matching of ITC & output tax thereby reducing the tax evasion.

4. Eliminates fake invoices:-

Claiming fictitious ITC by raising fake invoices is one of the biggest challenges currently faced by tax-authorities. The e-invoice system will help to curb the actions of unscrupulous taxpayers & reduce the number of fraud cases as the tax authorities will have access to data in real-time.

5. Other Advantages:-

- Facilitate standardisation & inter-operability,
- Reduction of disputes among transacting parties,
- Better relationship,
- Improve payment cycles,
- Eco-friendly as it eliminates paper,
- Internal controls,
- Reduction of processing costs &
- Improving overall business efficiency greatly
- Eco-friendly as it eliminates paper

(v) **Legal Provision:-**

➢ As per **Rule 48(4)** of CGST Rules, 2017, **E-Invoice** is required to be prepared by a registered person having aggregate turnover in any preceding financial year from 2017-18 onwards **exceeding ₹ 5 Crore.**

➢ **Exception to generating E-Invoice:-**

However, Goods Transport Agency (GTA) supplying services of **transportation of goods by road** in a goods carriage is exempted from the requirement of preparing E-Invoice.

Discussion & Conclusion:-

➢ In the present case, GTA is providing **services by air.**

➢ But the **exemption** from preparing E-Invoice is given to GTA only if it provides goods transportation **services by road** and not by air.

➢ Since the aggregate turnover of GTA **also exceeds ₹ 5 Crore** in previous year 20XX-XY and it makes supplies to registered person only, the **GTA is required to prepare E-invoice.**

➢ Therefore, **the view taken by accountant is not correct.**

CCP 12.12.16.00

Answer the following questions independently:

) **Eden Ltd., registered under GST and dealing in educational toys, has an aggregate turnover of ₹ 18 crore in the preceding financial year. The tax consultant of Eden Ltd. advised it to issue e-invoices mandatorily in the current financial year. However, Eden Ltd. is of the view that since it's aggregate turnover is less than the threshold limit applicable for e-invoicing, so it is not required to issue e-invoices. You are required to comment upon the validity of the advice given by Tax consultant.**

) **A Government Department is registered under GST. It's aggregate turnover in the preceding financial year is ₹ 22 crore. You are required to comment with the help of relevant provisions whether the said Department is required to issue e-invoices in the current financial year.**

[CA Inter RTP Nov 23] [CA Inter RTP Nov 21, Nov 22, May 24 (Similar)] [CA Inter Nov 23 Exam (Similar)]

Answer :-

Legal provision:

- All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards **greater than ₹ 5 crore** are required to issue e- invoices **for B2B supplies** (supply of goods and/or services to a registered person) or **for exports** or **for B2G** (Government Departments or establishments/ Government agencies/ local authorities/ PSUs) supplies which are registered solely for the purpose of TDS u/s 51 of the CGST Act
- Further, following entities are exempt from the mandatory requirement of e-invoicing i.e. not required to issue e-invoices even if their turnover **exceeds ₹ 5 crore** in the preceding financial year from 2017-18 onwards:-
  a) A Government Department,
  b) A Local Authority,
  c) Special Economic Zone units,
  d) Insurer or banking company or financial institution including NBFC,
  e) GTA supplying services in relation to transportation of goods by road in a goods carriage,
  f) Supplier of passenger transportation service,
  g) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens.

As per **CBIC clarification**, the said exemption from generation of e-invoices is for the entity as a whole and is not restricted by the nature of supply being made by the said entity.

Discussion & Conclusion:

a)	➲ The advice given by tax consultant of Eden Ltd. for issuance of e-invoices mandatorily in the current financial year is valid in law. ➲ The aggregate turnover of Eden Ltd. exceeds the threshold limit (i.e ₹ 5 crore) of aggregate turnover applicable for e-invoicing & thus, it is **mandatorily required to issue e-invoices** in respect of supplies made to registered persons.
b)	Government Department is **specifically exempt** from mandatory requirement of e-invoicing even if the turnover exceeds ₹ 5 crore in the preceding financial year & thus, e- invoicing is **not applicable** to Government department.

13. Dynamic QR Code on B2C Invoices

CCP 11.13.17.00

Briefly explain the requirement of Dynamic Quick Response (QR) code and list out the non-applicability of requirement of Dynamic QR Code. [CA IPC Dec 21 Exam] or

Is Dynamic Quick Response (QR) Code applicable to suppliers who issue invoice to unregistered persons? If no, list the suppliers to whom Dynamic QR Code is not applicable. [CA Inter Dec 21 Exam]

Answer :

Legal Provision:-

- All invoices **issued to an unregistered person** (B2C invoice) **by a registered person** whose **aggregate turnover** in any preceding financial year from 2017-18 onwards **exceeds ₹ 500 crores** are required to have a Dynamic QR code.
- However, Dynamic QR code is not applicable to an invoice issued to an unregistered person by following suppliers:-
  - (i) Insurer or banking company or financial institution including **NBFC.**
  - (ii) GTA supplying services in relation to transportation of goods by road in a goods carriage.
  - (iii) Supplier of passenger transportation service.
  - (iv) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens.
  - (v) Supplier of online information and database access or retrieval (OIDAR) services.
  - (vi) Registered person whose aggregate turnover in all the preceding financial years from 2017-18 onwards does not exceed ₹ 500 crores.

14. Sec 31(3)(c) & Rule 49:- Bill of Supply & Consolidated bill of supply

CCP 12.14.18.00

Answer the following questions:

1) Shyam Fabrics has opted for composition levy scheme in the current financial year. It has approached you for advice whether it is mandatory for it to issue a tax invoice. You are required to advise him regarding same. [Study Mat]

2) Chidanand Products Pvt. Ltd. is a registered supplier who has opted for composition levy in the current financial year. He wishes to know whether the issue of a bill of supply can be dispensed with under any circumstances. You are required to advise him. [Study Mat] OR

Can a consolidated bill of supply be issued on a periodic basis?

Answer :-

1)	**Legal Provision:** ➲As per **section 31(3)(c)** of CGST Act, 2017, a registered person is required to issue a **"bill of supply"** instead of a tax invoice in prescribed manner containing prescribed particulars. **Conclusion:** ➲ Thus, Shyam Fabrics is required to issue **Bill of Supply** instead of tax **invoice.**
2)	**Yes.** Chidanand Products Pvt. Ltd. (supplier) may not issue a bill of supply **if the value** of the goods or services or both supplied **is less than ₹200** subject to the **condition that:** (a) the recipient is not a registered person and (b) the recipient does not require such bill of supply, **and he shall issue a consolidated bill of supply** for such supplies at the close of each day in respect of all such supplies.

15. Sec 31(3)(d) & Rule 50:- Receipt Voucher & Sec 31(3)(e) & Rule 51:- Refund Voucher

CCP 12.15.19.00

Udai Singh, a registered supplier, has received advance payment with respect to services to be supplied to Sujamal. His accountant asked him to issue the receipt voucher with respect to such services to be supplied. However, he is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise Udai Singh regarding the same. [Study Mat][CA Inter MTP Mar 23][CA Inter MTP Sep 23]

Answer :

Legal Provision:-

- As per **section 31(3)(d)** of CGST Act, 2017, **on receipt of advance payment** for any supply of goods and/or services, a registered person shall issue a receipt voucher or any other document evidencing receipt of such payment & containing prescribed particulars.
- As per **section 31(3)(e)** of CGST Act, 2017, if a registered person issues a Receipt Voucher for advance payment received for supply of goods &/or services, but subsequently:-
  - **No supply** is made &
  - **No tax invoice** is issued for the same,

  then he may issue a **Refund Voucher against such advance payment** to the person who had made the payment.

Discussion & Conclusion:-

- Udai Singh is required to **issue a receipt voucher at the time of receipt of advance** payment with respect to services to be supplied to Sujamal.
- In the given case, subsequently no services are supplied by Udai Singh, and no tax invoice is issued in pursuance thereof, Udai Singh **may issue a refund voucher** against such payment to Sujamal.

CCP 12.15.20.00

ABC Ltd., is a contractor executing works contract service, situated in Tamil Nadu. It entered into an agreement with 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, ABC Ltd. received an advance of ₹ 1 Crore (including GST).You are to advise ABC Ltd. whether :

(A) ABC Ltd. is liable to pay 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? [CA IPC Nov 20 exam]

Answer:-

(a) In case of supply of services, the time of supply is the date of issue of invoice or receipt, **whichever is earlier**. So, ABC Ltd. is liable to pay GST on advance received for works contract service on ₹1 crore at the time of receipt of advance.

(b) For such advance receipt, he has to issue **receipt voucher** & if nature of supply is not determinable, the same is treated as inter-state supply & IGST is charged thereon.

(c) In case, where at the time of receipt of advance, rate of tax is not determinable, then tax is payable **@18%.**

16. Sec 31(3)(f) & (g) & Rule 46 & 52:- Issue of invoice & Payment Voucher under RCM

CCP 12.16.21.00

Mohan Enterprise is a registered person having principal place of business in Gandhinagar, Gujarat. They received services of Advocate Sameer, a registered person from Ahmedabad, Gujarat. Shekhar, an unregistered person provided services of labour to Mohan Enterprise. Explain the provisions relating to issue of invoice by recipient Mohan Enterprise if he is liable to pay tax under reverse charge under Section 9(3) or 9(4) of the CGST Act, 2017. [CA Inter May 24 Exam][Study Mat (Similar)]

Answer : Legal Provision:-

- As per Section 31, A registered person shall issue an **invoice** in respect of goods and/or services received by him provided he is liable to **pay tax under reverse charge** on such supplies.
- As per section 31(3)(f), when a registered person **receives supply** of goods &/or services which are liable to tax on reverse charge basis **from an unregistered person, then Invoice is to be issued by recipient** on the date of receipt of goods &/or services.

Discussion & Conclusion:

- In the given case, tax on services received from advocate Sameer by Mohan Enterprise is payable **under reverse charge.**
- However, Mohan Enterprises is **not required to issue an invoice** with respect to said supply as supplier Sameer is registered.
- Further, tax on labour services received from unregistered person-Shekhar is **not payable** under reverse charge.
- Therefore, Mohan Enterprises is **not required to issue an invoice** with respect to said supply.

17. Rule 54:- Document in lieu of tax invoice in special cases

CCP 12.17.22.00

Are there any relaxations available for Banking Companies or Financial Institutions including NBFC & an Insurer?

Answer :

Yes. The following are the relaxations available for Banking Companies or Financial Institutions including NBFC & an Insurer:-

- As per **section 31** of CGST Act, 2017 **read with rule 54** of CGST Rules, 2017, In case of supply made by these persons, the **tax invoice shall include any document in lieu thereof.**
- Such document shall be **treated as complete** if it contains **other information as per Rule 46** of CGST Rules, even in the following cases:-
  - The invoice is not serially numbered;
  - The invoice does not contain the address of the recipient of taxable service.
- Such document may be issued / made available **physically or electronically.**
- Supplier may issue a **consolidated tax invoice or any other document in lieu thereof** for supply of services made during a month at the month end.
- Also, they may **issue an invoice within 45 days** from the date of supply of service (as against 30 days in any other case as per section 31(2)).

CCP 12.17.23.00

Should suppliers of Passenger Transportation Service issue an invoice in addition to issue of tickets?

Answer :

- As per **Rule 54** of CGST Rules, 2017, in case of suppliers of Passenger Transportation Service, a **tax invoice will include a 'ticket'** in any form and name.
- The **invoice would be treated as complete** if it contains **other information** as per **Rule 46** of the CGST Rules except the following:-
  - Serial number
  - Address of the recipient of taxable service
- However, the signature or digital signature of the supplier or his authorised representative shall not be required in the case of issuance of ticket as per Information technology act, 2000
- Thus, suppliers of Passenger Transportation Service **shall not issue an invoice in addition to issue of tickets.**

18. Sec 34:- Credit note & Debit Note

CCP 12.18.24.00

Answer the following questions:-

i) What are the tax implications on issue of a Credit Note?

ii) Mention the requirements for claiming a reduction in output tax liability by issuing Credit Note.

iii) List any three situations that warrant issue of credit note. Briefly explain the time line to declare such credit note in the GST return. [CA Inter Nov 22 Exam]

Answer :

(i)	As per **section 34** of CGST Act, 2017, on issue of a Credit Note under GST, there is a **reduction in output tax liability** (subject to doctrine of unjust enrichment i.e Recipient needs to reverse ITC).
(ii)	The below requirements must be met for claiming a reduction in output tax liability by issuing Credit Note under **section 34** of CGST Act, 2017:- a) It can be proven that the **incidence of tax and interest** have not been passed on to any person. b) The details of the credit note are **declared within the prescribed timelines.** c) The **recipient** of the supply should **accept credit note in his return of inward supply** and reduce his claim of input tax credit to the extent of reduction in tax liability.
(iii)	**Situations that warrant the issue of credit note are as follows:** ➲ Supplier has **erroneously declared a value which is more than the actual value** of the goods or services provided. ➲ The supplier has **erroneously declared a higher tax rate** than what is applicable for the goods or services or both supplied. ➲ The quantity received by the recipient is less than what has been declared in the tax invoice. ➲ The quality of the goods or services or both **supplied is not to the satisfaction of the recipient** thereby necessitating a partial or total reimbursement on the invoice value. **The time line to declare the credit note in GST return:-** ➲ The details of credit note are declared in the GST return for the month during which such credit note has been issued **but not later than:** ➢ 30th November following the end of the financial year in which such supply was made, or ➢ the date of furnishing of the relevant annual return, **whichever is earlier.**

CCP 12.18.25.00

Kidzee Toys Ltd., a wholesaler of toys registered in Chandigarh, is renowned in the local market for the variety of toys and their reasonable prices. Kidzee Toys Ltd. makes supply of 100 pieces of baby's learning laptops and chat learning phones to Nancy General Store on 25th September by issuing a tax invoice amounting to ₹1,00,000.

However, the said toys were returned by Nancy General Store on 30th September. Discuss which document Kidzee Toys Ltd. is required to issue in such a case? [Study Mat]

Answer :-

Legal Provision:

➲ As per **section 34,** if tax invoice has been issued and thereafter **goods are returned** by the recipient, then in such case, supplier has to issue credit note within prescribed time limit.

Discussion & conclusion:

➲ In the given case, Kidzee Ltd.is required to issue a **credit note** to Nancy General Store for the goods returned.

CCP 12.18.26.00

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 in numbers]	1,200
10th May	197	Chart Paper [4 in number]	600
20th May	230	Crayon colours [2 packets]	500
2nd June	254	Poster colours [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? [Study Mat]

Answer :

Legal Provision:-

➲ As per **section 34(1)** of CGST Act, 2017, where **one or more tax invoices have been issued** for supply of any goods and/or services and

a) the **taxable value or tax charged** in that tax invoice is **found to exceed** the taxable value or tax payable in respect of such supply, or

b) where the goods supplied are **returned** by the recipient, or

c) where goods and/or services supplied are **found to be deficient,** then the **registered person, who has supplied** such goods and/or services,

may issue to the recipient **one or more credit notes** for supplies made in a financial year containing prescribed particulars.

Discussion & Conclusion:-

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

➲ Hence, in view of the above-mentioned provisions, Rana Sanga Ltd. **can issue a consolidated credit note** for the goods returned in respect of all the three invoices.

CCP 12.18.27.00

Answer the following questions:-

(i) What are the circumstances under which "Debit Notes" needs to be issued by a taxable person? [CA IPC July 21 Exam]

(ii) Is it correct to state that, Debit Note can be issued only for increasing tax liability by the supplier?

Answer :

(i)	As per **section 34** of CGST Act 2017, the circumstances under which debit note needs to be issued by a taxable person are:- a) The **taxable value declared** in the invoice **is less** than the actual value of the supply, b) The **tax charged** in the invoice **is less** than the actual tax payable in respect of the supply, c) The **quantity received** by the recipient **is more** than what has been declared in the tax invoice and the customer choses to retain the same.
(ii)	**Yes**, Debit Note can be issued only for increasing tax liability by the supplier. ➲ Debit note' are akin to **'supplementary invoice'.** ➲ They are issued by the supplier for recording **increase in taxable value or tax charged** in the supply under **section 34** of CGST Act 2017.

CCP 12.18.28.00

Kartik & Co., a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March:-

(i) Value of supply charged in invoice no. 1 was ₹ 2,50,000 against the actual taxable value of ₹ 2,30,000.

(ii) Tax charged in invoice no. 4 was ₹ 32,000 against the actual tax liability of ₹ 68,000 due to wrong HSN code being chosen while issuing invoice.

(iii) Value charged in invoice no. 8 was ₹ 3,20,000 as against the actual value of ₹ 4,20,000 due to wrong quantity considered while billing.

Kartik & Co. asks you to answer the following:-

1) Who shall issue a debit/credit note under CGST Act?

2) Whether debit note or credit note has to be issued in each of the above circumstances?

3) What is the maximum time-limit available for declaring the credit note in the GST Return? [CA Inter MTP Oct 21][Study Mat (Example)]

Answer :

1) The debit/credit note shall be issued by the **registered person who has supplied** the goods and/or services, i.e. **Kartik & Co.**

2) **Yes,** debit/credit note need to be issued in each of the circumstances as under:-

i) A **credit note** is required to be issued as the taxable value in invoice no. 1 exceeds the actual taxable value.

ii) A **debit note** is required to be issued as the tax charged in the invoice no. 4 is less than the actual tax payable.

iii) A **debit note** is required to be issued as the value of supply charged in the invoice no. 8 is less than the actual value.

3) The details of the credit note **cannot be declared later than:-**
   - 30th November following the end of the financial year in which such supply was made or
   - the date of furnishing of the relevant annual return,

whichever is earlier.

19. Combined Questions

CCP 12.19.29.00

Explain the provisions relating to the transactions where tax invoice is not required to be issue under the CGST Act, 2017. [CA IPC Jan 21 Exam]

Answer :

➲ As per **section 31(3)(b)** of CGST Act, 2017 read with **proviso to Rule 46** of CGST Rules, 2017, the **tax invoice is not required** to be issued under the CGST Act, 2017 in the case of supply of goods and/o services of:-
   - ☞ value less than ₹ 200
   - ☞ to an unregistered recipient
   - ☞ who does not require such invoice.

➲ Further, as per **Rule 55** of CGST Rules, 2017, the **tax invoice is also not required to be issued** under th CGST Act, 2017 in the case of:-
   a) supply of liquid gas where the quantity at the time of removal from the place of business of th supplier is not known,
   b) transportation of goods for job work,
   c) transportation of goods for reasons other than by way of supply, or
   d) such other supplies as may be notified by the Board.

CCP 12.19.30.00

Examine the validity of following Statements:

1) A registered person has to mandatorily issue separate invoices for taxable and exempted goods when supplying both taxable as well as exempted goods to an unregistered person. [Study Mat]

2) A non-banking financial company can issue a consolidated tax invoice at the end of every month for the supply made during that month. [Study Mat]

Answer :-

1)	➲The statement is **not valid** in law. ➲Where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, **a single "invoice-cum-bill of supply" may be issued** for all such supplies. ➲ The said single 'invoice-cum-bill of supply" shall contain the particulars as specified for invoice.
2)	➲The said statement is **valid** in law. ➲ A non-banking financial company is **allowed** to issue a **consolidated tax invoice** or any other document in lieu thereof for the supply of services made during a month at the end of the month.

CCP 12.19.31.00

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, 20XX. For the occasion, it gets the makeover of its models done by Aura Beauty Services Ltd., Ashok Vihar, for which a consideration is ₹ 5,00,000 (excluding GST) has been charged. Aura Beauty Services Ltd. issued a duly signed tax invoice on 10th February, 20XX showing the lumpsum amount of ₹ 5,90,000 inclusive of CGST and SGST @ 9% each. Royal Fashions made the payment the very next day.

Answer the following questions:-

i) Examine whether the tax invoice has been issued within the time limit prescribed under law? Also, what would be time of supply under this case as per sec 13?

ii) 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? [Study Mat] OR

Question can also be:-

Since some customers may not bear the taxes if shown separately, can a single consolidated price inclusive of all taxes be shown along with such a declaration?

Answer :

(i)	**Legal Provision:-** ➲ As per **section 31(2)** of CGST Act, 2017, a registered person [**other than** an insurer/ banking company/ financial institution, including an NBFC] supplying taxable services shall issue a tax invoice **before or after the provision of service,** but **within a period of 30 days** from the date of supply of service. ➲ As per **section 13(2)(b)** of CGST Act, 2017, if **invoice is not issued within the time** prescribed u/s 31 for supply of services, then **the time of supply** of such services shall be **earlier** of:- ☞ the date of provision of service or ☞ the date of receipt of payment. **Discussion & Conclusion:-** ➲ In the present case, the **tax invoice should have been issued** in the prescribed time limit of 30 days from the date of supply of service i.e. **upto 03.02.20XX.** ➲ However, the invoice has been issued **on 10.02.20XX.** ➲ In such a case, the **time of supply** as per **section 13** of the CGST Act, 2017 would be **04.01.20XX** i.e. **earlier** of the following:- a) Date of provision of service (04.01.20XX) or b) Date of receipt of payment (11.02.20XX)
(ii)	**Legal Provision:-** ➲ As per **section 33** of CGST Act, 2017, every person who is liable to pay tax for supply which is made for a consideration shall prominently indicate the tax amount which shall form part of price for such supply. ➲ Further, the invoice rules i.e. **Rule 46** of CGST Rules, 2017 also have a separate mandatorily field for the amount of tax and the rate of tax applicable for the supply. ☞ for each of the Central Tax, State Tax, Integrated Tax, Union Territory Tax or Cess.

➲ Therefore, mentioning a consolidated amount without showing the tax separately will **not** be **valid.**

Discussion & Conclusion:-

➲ In the present case, the tax amount has **not been shown separately** in the invoice.

➲ Therefore, the **objection raised** by the tax consultant of Royal Fashions 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. **is valid in law.**

ACCOUNTS, RECORDS & E-WAY BILL

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S.No.	Description	Chap. code	Concept and Problem code	No. Illus.
1	Study Mat	13	Q. 01.01/01.02/01.04/01.05/01.06/04.19/04.20	07
2	Examination	13	Q. 04.12/04.13/04.15/04.17/ 04.21.01	05
3	RTP & MTP	13	Q. 04.10/04.11/04.16/04.21	04
4	Other	13	Q. 01.03/02.07/03.08/04.09/04.14/04.18/04.22	07
	Total No. of Illust.			23

ACCOUNTS & RECORDS

01. Section 35 read with Rule 56:- Maintenance of accounts & other records by registered persons

CCP 13.01.01.00

Who is required to maintain books of accounts and at which place in terms of Section 35 read with relevant rules? [Study Mat]

Answer :-

- **Every registered person** shall keep & maintain his books of accounts at his **principal place of business** & additional place of business (if any) as mentioned in certificate of registration.
- If more than one place of business is specified in the certificate of registration, the accounts relating to **each place of business** should be kept at such places of business.

CCP 13.01.02.00

Mr. Sky is engaged in the business of trading of mobiles. He is eligible for composition scheme and has opted for the same. He seeks your advice for records which are not required to be maintained by him as composition taxable person. [Study Mat][CA Inter MTP Mar 24]

Answer :- As per rule 56(2) & (4) of CGST Rules, Following records are **not required** to be maintained by a supplier who has **opted for composition scheme** but are required to be maintained by a normal tax payer:-

1) Stock of goods:-

- Accounts of stock for goods received and supplied by him.
- Such accounts shall contain particulars of the opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof.

2) Details of tax:-

- Account, containing the details of tax payable (including tax payable under reverse charge), tax collected and paid, input tax, input tax credit claimed, together with a register of tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period.

Thus, Mr. Sky is **not required** to maintain above mentioned records

CCP 13.01.03.00

Answer the following questions:-

1) Is there any specific set of records to be maintained by a person manufacturing goods? Mention.

2) Is there any specific set of details to be maintained by a supplier of service? Mention.

Answer :-

1)	**Yes**, as per **Rule 56** of CGST Rules, apart from other records, every registered person manufacturing goods shall maintain **monthly production accounts** showing quantitative details of:- - Raw materials or services used in the manufacture, and - Goods manufactured including the waste and by products thereof.
2)	**Yes**, as per **Rule 56** of CGST Rules, every registered person supplying services shall **additionally maintain the accounts** showing quantitative details of:- - Goods used in the provision of services, - Details of input services utilised and - Services supplied.

CCP 13.01.04.00

Mr. Harsh Manjula is engaged in the business of works contract services and request your guidance as to specific records required to be maintained by him under GST law, if any. [Study Mat]

Answer :-

As per rule 56(14) of CGST Rules, Mr. Harsh Manjula, being a registered person executing works contract, shall keep **separate accounts for works contract showing:-**

a) The names and addresses of the persons on whose behalf the works contract is executed,

b) Description, value and quantity (wherever applicable) of goods or services received for the execution of works contract,

c) Description, value and quantity (wherever applicable) of goods or services utilized in the execution of works contract,

d) The details of payment received in respect of each works contract and

e) The names and addresses of suppliers from whom he received goods or services.

CCP 13.01.05.00

Chill Chain Cold is operating cold storage warehouse and seeks your guidance on the GST accounts and records to be maintained by them in terms of Section 35. [Study Mat]

Answer :-

- Chill Chain Cold shall maintain records of the consigner, consignee and other relevant details of the goods in the prescribed manner.
- Chill Chain Cold shall also maintain books of accounts for the period for which particular goods remain in the warehouse, including the particulars relating to dispatch, movement, receipt, and disposal of such goods.
- Chill Chain Cold shall store the goods in such manner that they can be identified item-wise and owner-wise and shall facilitate any physical verification or inspection by the proper officer on demand.

CCP 13.01.06.00

Mr. X is of the view that records are to be mandatorily maintained manually only. You are required to examine the view taken by Mr. X? [Study Mat]

Answer :-

- The view taken by Mr. X is **not valid** in law.
- Books of account include any electronic form of data stored on any electronic device.
- The registered person may keep and maintain such accounts and other particulars in **electronic form** stored on any electronic device and shall be authenticated with **digital signature.**
- The registered person maintaining electronic records shall produce the details thereof as and when required by the proper officer.
- If the accounts and records are stored **electronically** by any registered person, he shall provide the **details** of such files, passwords and explanation for codes used for access and any other information which is required for such access **along with a sample copy** in print form of the information stored in such files.

02. Section 36:- Period of Retention of Accounts & Other Records

CCP 13.02.07.00

Mala Services Ltd. is a supplier of management consultancy services. It has approached you to ascertain the period for which the books of accounts or other records need to be maintained?

Answer :-

- As per **section 36** of CGST Act, every registered person who is required to keep and maintain books of account or other records as per section 35(1) shall retain them for **72 months from the due date** of furnishing of annual return for the year pertaining to such accounts and records.
- But if registered person is a party to an appeal or revision or any other proceedings before any Appellate Authority or Revisional Authority or Appellate Tribunal or court which is filed by him or by Commissioner, or is under investigation for an offence under Chapter XIX, then he **shall retain** the books of account and other records **pertaining to the subject matter** of such appeal or revision or proceedings or investigation:-
  - for **1 year** after final disposal of such appeal or revision or proceedings or investigation, or
  - **for the period specified above,**

  whichever is **later.**

03. General Questions on E-Way Bill:-

CCP 13.03.08.00

Explain the purpose of E-Way bill in GST?

Answer: E-Way bill is an electronic mechanism to ensure the following:-

) There is **hassle free movement** of goods throughout the country.

) To act as an effective tool to **track movement** of goods.

) To **check tax evasion** in the Country.

) Physical interface to pave way for digital interface resulting in **elimination of state boundary check-posts.**

04. 02. Section 68 read with Rule 138:-

CCP 13.04.09.00

When & who is required to generate an e-way bill?

Answer:

) **Consignment value exceeding ₹ 50,000:-** As per Rule 138(1), Every **registered person who causes movement** of goods of **consignment value exceeding ₹ 50,000:-**

- in relation to a supply or
- for reasons other than supply or
- due to inward supply from an unregistered person

shall furnish the information relating to the said goods in Part A of Form GST EWB-01 before commencement of such movement.

i) **ECO or Courier agency:-** A registered person liable to generate e-way bill can authorize the transporter, ECO or courier agency to furnish details in Part A of e-way bill (Form GSTEWB-01).

ii) **Voluntary generation of e-way bill:-** A registered person or the transporter may voluntarily generate an e-way bill even if consignment value is <= ₹ 50,000.

CCP 13.04.10.00

Explain the meaning of consignment value of goods. [Study Mat][CA Inter MTP Oct 23]

Answer: As per explanation to **rule 138(1)** of CGST Rules, the consignment value of goods shall be:-

- The value as per **section 15** as declared in an invoice or a bill of supply or a delivery challan which issued in respect of the said consignment.
- It **also includes** the Central tax, State or Union territory tax, Integrated tax and cess charged, if any, in the document &
- It **shall exclude** the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.

CCP 13.04.11.00

) Yash & Co., a manufacturer and supplier of plastic goods, is registered under GST in the state of Maharashtra. Yash & Co. sold plastic goods to a retail seller in Punjab, at a value of ₹ 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? [CA IPC Jan 21 Exam][CA Inter MTP Apr 23]

2) M/s Sakura Enterprises made an inter-State supply of taxable goods valued at ₹ 47,500 and exempt goods valued at ₹ 2,000. Rate of IGST for taxable supply was 6%. Determine, with brief reasons, whether e-way bill generation is mandatory for the above supply made by M/s Sakura Enterprises. [CA Inter Nov 22 Exam]

3) Dhananjay Associates registered in Gujarat deals in industrial grade iron and steel products. The proprietor of Dhananjay Associates sold TMT Iron bars (GST applicable @18%) to a retailer in Maharashtra at a value of ₹ 40,000 (excluding GST). As per the agreement of sale, goods are to be delivered at the premises of retailer. The transportation cost of ₹ 7,000 has been charged separately to deliver the same to the retailer in Maharashtra. In the above scenario, determine whether an e-way bill is required to be issued under GST? [Study Mat]

Answer:

Legal Provision:-

➢ As per **Rule 138(1)** of CGST Rules, a registered person is mandatorily required to generate e-way bill if he causes movement of goods of consignment value **exceeding ₹ 50,000** in relation to a supply.

➢ The consignment value shall be the value as per section 15 as declared in an invoice

➲ **including** CGST, SGST, UTGST, IGST and cess charged, if any, in the document but

➲ it **excludes** the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.

Discussion & Conclusion:-

1)	➲ In given case, the consignment value of goods will be **₹ 50,740** [i.e., ₹ 43,000 + (₹ 43,000 ×18%)]. ➲ Since the movement of goods is in relation to supply of goods and the consignment value exceeds ₹ 50,000, the **e-way bill is mandatorily required to be generated** for movement of goods from Maharashtra to Punjab.
2)	➲ In the given case, consignment value of goods (including GST and excluding value of exempt supply) is **₹ 50,350** (47,500 × 106%). ➲ Since there is a movement of goods of consignment value exceeding ₹ 50,000, M/s Sakura Enterprises is **mandatorily required to issue e-way bill.**
3)	➲ Since arranging freight is the liability of supplier, it is a case of composite supply and thus, freight charges are to be **added** in the value of principal supply. ➲ Accordingly, the consignment value of goods will be **₹ 55,460** [(₹ 40,000 + ₹ 7000) * 118%] ➲ Since there is a movement of goods of consignment value exceeding ₹ 50,000, Dhananjay Associates is **mandatorily** required to issue e-way bill.

CCP 13.04.12.00

When goods are transferred by principal to job worker, there is no need to issue e-way bill. Comment on the validity of the above statement with reference to GST Laws. [CA Inter May 23 Exam]

Answer :-

➲ The said statement is **not valid.**

➲ When goods are transferred by principal to job worker, e-way bill is **required to be mandatorily** issued:

- In case of intra-State transfer, if consignment value exceeds ₹ 50,000 &
- In case of inter-State transfer, irrespective of the value of the consignment.

CCP 13.04.13.00

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

Comment on the validity of the above statement with reference to provisions of E-Way Bill under CGST Rules, 2017. [CA Inter Nov 20 Exam]

Answer:

- The given statement is **partially valid.**
- Generally, e-way bill is valid for movement of goods by road only when the information is furnished in Part-B of the same which includes details of conveyance.
- However, the details of conveyance may not be furnished in Part-B of e-way bill, if the goods are transported for a distance upto 50 km within the State or Union territory:-
  a) from the place of business of the consignor to the place of business of transporter for further transportation or
  b) from the place of business of the transporter finally to the place of business of the consignee.

CCP 13.04.14.00

Explain the provisions relating to generation of E-way bill in case of 'Transshipment'.

Answer:-

- Goods may be transferred from original conveyance to another due to unforeseen exigencies like break down of vehicle or sometimes consignments are transported by transporter through transshipment using multiple vehicles.
- **Before such transfer & further movement of goods,** details of conveyance in Part-B of E-way Bill shall be updated by the consignor or recipient who provided information in Part A, or transporter.
- User can update Part-B (Vehicle details) **any number of times** to move goods to destination **within validity period** of E-way Bill.
- If one e-way bill goes through multiple modes of transportation before reaching destination, the EWB can be updated with new mode of transportation by using option of 'Update Vehicle Number'.

CCP 13.04.15.00

Mr. Shah, a consignor, is required to move goods from Ahmedabad (Gujarat) to Nadiad (Gujarat). He appoints Mehta Transporter for movement of goods. Mehta Transporter moves the goods from Ahmedabad (Gujarat) to Kheda (Gujarat). For completing the movement of goods from Kheda (Gujarat) to Nadiad (Gujarat), Mehta Transporter now hands over the goods to Parikh Transporter. Explain the procedure regarding e-way bill to be followed by consignor and transporter as per provisions of GST law and rules made thereunder. [CA Inter Nov 19 Exam New]

Answer:- Legal Provision:-

- **Before such transfer and further movement of goods,** the following persons shall update the details of conveyance in Part-B of E-way Bill:-
  - the consignor or the recipient, who has provided information in Part A, or
  - the transporter.
- Further, the consignor or the recipient, who has furnished the information in Part A, or the transporter, **may assign** the e-way bill number to another registered or enrolled transporter for updating the information in Part B for further movement of the consignment.
- But, Once the transporter updates details of conveyance in Part B, then consignor/recipient shall not be allowed to assign the e way bill number to another transporter.

Discussion & Conclusion:-

- In given case, **only one e-way bill** is required to be issued.
- Part A of e-way bill can be filled by either Mr. Shah or recipient of goods or Mehta Transporter on the appropriate authorisation.
- Thus, on reaching Kheda, Mr. Shah or the recipient of the goods who has filled Part A of e-way bill, or Mehta Transporter can, before the transfer and further movement of goods, **update the details of conveyance in Part B of e-way bill.**
- Further, on reaching Kheda, Mr. Shah or recipient of goods, or Mehta Transporter **can assign the said e-way bill** to Parikh Transporter who will thereafter update details of conveyance in Part B.
- Once the details of conveyance are updated by Parikh transporter in Part B, Mr. Shah or recipient shall not be allowed to assign e-way bill number to another transporter.

CCP 13.04.16.00

Answer the following questions-

1) Examine the correctness of statements:

a) Once generated, an e-way bill cannot be cancelled.

b) E-way bill generated in one State is valid in another State. [CA IPC RTP May 2020]

2) "One consolidated e-way bill can be generated for multiple invoices". Comment on the validity of the above statement with reference to GST law. [CA Inter May 22 Exam]

3) What do you mean by Acceptance/rejection of e-way bill. [CA IPC Jan 21 Exam]

4) Mr. X, a registered person has caused movement of goods of consignment value exceeding ₹ 50,000 in relation to a supply and thus, generated e-way bill. However, after generation of e way bill, he found a mistake in the e-way bill and wants to edit it. You are required to advise Mr. X whether he can do so with the help of relevant provisions? [Study Mat][CA Inter RTP Nov 23][CA Inter MTP Sep 23]

Answer:

1)	a) The said statement is **partially correct.** ➲ As per **Rule 138(9)** of CGST Rules, e-way bill may be cancelled electronically on common portal within **24 hrs** of its generation, if after generation of e-way bill, - goods are not transported at all or - goods are not transported as per the details furnished in E-way bill. ➲ However, e-way bill cannot be cancelled, if it has been verified in transit as per Rule 138B. b) The said statement is **correct.** ➲ E-way bill generated under Goods and Services Tax Rules of any State or Union territory shall be valid in every State and Union territory.
2)	➲The said statement is **invalid.** ➲ Multiple invoices cannot be clubbed to generate one e-way bill. ➲ If multiple invoices are issued by the supplier to recipient, for movement of such goods, multiple e-way bills have to be generated. ➲ Thus, for each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignors or consignees are involved. ➲ However, after generating all these e-way bills, one consolidated e-way bill can be prepared for transportation purpose, if goods are going in one vehicle.

3) **Acceptance/ rejection of e-way bill:-**

- As per **Rule 138(11)** of CGST Rules, the details of e-way bill generated shall be made available on common portal to:-
  - supplier (if registered)- if information in Part A is furnished by recipient/ transporter or
  - recipient (if registered)- if information in Part A is furnished by supplier/ transporter.
- Supplier/recipient shall communicate his acceptance or rejection of consignment covered by E-way bill.
- As per **Rule 138(12)** of CGST Rules, Information in Part A shall be deemed to be accepted, if such supplier/ recipient does not communicate his acceptance or rejection within **Earlier** of:-
  - **72 hours** of details being made available to him on common portal or
  - **Time of delivery** of goods.

4)

- If there is a mistake, incorrect or wrong entry in the e-way bill, then it **cannot be edited or corrected.**
- Only option is cancellation of e-way bill **within 24 hours** of generation and generate a new one with correct details.
- Thus, Mr. X **cannot edit** the e-way bill.
- However, he can **cancel** the e-way bill within 24 hours of generation and generate a new one with correct details.

CCP 13.04.17.00

) Explain the validity of E-way bill in brief.

2) 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. [CA Inter Jan 21 Exam]

3) A consignor hands over his goods for transportation on Friday to the transporter. However, assigned transporter starts the movement of goods from consignor's warehouse to its depot located at distance of 600 Km. on Monday. When will the e-way bill be generated and for how many days it will be valid? [CA Inter Dec 21 Exam]

Answer:

1) ➢ As per **rule 138(10)** of CGST Rules, e-way bill shall be valid for a period as given below from the relevant date, in accordance with the distance covered:-

Type of Cargo	Distance	Validity
Cargo other than Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship	Upto 200 Km	1 day
	For every 200 Km or part thereof thereafter	1 day additional
Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship	Upto 20 km	1 day
	For every 20 km or part thereof thereafter	1 day additional

- **Relevant date:-** It is the date on which e-way bill has been generated.
- **Validity period:-** The period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as the period **expiring at midnight of the day immediately following** the date of generation of e-way bill.

	➲ **Extension of validity of E-way Bill:-** Once the validity of E-way bill expires, the goods are not supposed to be moved. Generally, the validity of e-way bill cannot be extended. **Exception:-** ➲ Commissioner may extend validity for goods notified on recommendations of Council. ➲ Transporter may extend validity **within 8 hours** from the time of its expiry in exceptional circumstances, if consignment is not reached to the destination, after updating the details in Part B (if required).
2) & 3)	**Legal Provision:** As per **rule 138(10)** of CGST Rules, 2017, the validity period of e-way bill is as under:- **a) If it is over dimensional cargo:-** The validity period of e-way bill is 1 day from relevant date upto 20 km and 1 additional day for every 20 km or part thereof thereafter. **b) If it is a cargo other than over dimensional cargo:-** The validity period of e- way bill is 1 day from relevant date upto 200 km and 1 additional day for every 200 km or part thereof thereafter.
	Discussion & Conclusion:
2)	In given case, the validity period of e-way bill for transport of cargo by road between two cities situated at a distance of 368 kilometres is as under:- **a) If it is over dimensional cargo:-** Validity period = 1 day + 18 days i.e., 19 days **b) If it is a cargo other than over dimensional cargo:-** Validity period = 1 day + 1 day i.e., 2 days
3)	➲E-way bill **will be generated before commencement of movement** of goods by transporter on Monday ➲ Thus, the validity period in the given case, is **3 days.** ➲ It is **assumed** that goods transported are not over dimensional cargo.

CCP 13.04.18.00

Mention any eight cases where e-way bill is not required to be generated?

Answer:

As per **Rule 138(14) of CGST Rules**, e-way bill is **not required to be generated, if:-**

1) Goods are being transported by a non-motorised conveyance.
2) Goods transported are Jewellery, goldsmiths and silversmiths wares and other articles **excepting Imitation Jewellery.**
3) Goods transported are alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit (petrol), natural gas or aviation turbine fuel.
4) Supply of goods transported is not treated as supply under Schedule III of CGST Act.
5) Goods transported are transit cargo from or to Nepal or Bhutan.
6) Any movement of goods caused by defence formation under Ministry of defence as a consignor or consignee.
7) Central Government, any State Government or Local Authority is the consignor of goods for transport of goods by rail.
8) Transportation of empty cargo containers.

CCP 13.04.19.00

Talli Lal, a registered person, has transported alcoholic liquor for human consumption of consignment value of ₹ 1,50,000 from Delhi to Haryana. He has not generated e-way bill for the same. You are required to examine the correctness of action taken by Talli Lal. [Study Mat]

Answer :-

- E-way bill is **not required to be generated** where the goods being transported are alcoholic liquor for human consumption.
- Thus, the action of Talli Limited of not generating the e-way bill is **correct in law.**

CCP 13.04.20.00

What are the documents required to be carried by a person-in-charge of a conveyance? [CA IPC July 21 Exam] OR

What are the documents and devices to be carried by person-in-charge of conveyance under rule 138A of CGST Rules, 2017? [Study Mat]

Answer:

- As per **rule 138A of CGST Rules,** the documents required to be carried by a person-in-charge of a conveyance are as under:-
  a) Invoice or bill of supply or delivery challan, as the case may be, &
  b) a copy of the e-way bill in physical form or
  e-way bill number in electronic form or
  e-way bill number mapped to Radio Frequency Identification Device (RFID) embedded on to the conveyance.
- **Clause b) is not applicable** in case of movement of goods by rail or by air or by vessel.

CCP 13.04.21.00

Mr. Shambhu, a trader registered under GST in Delhi, is engaged in wholesale business of toys for kids. Mr. Nandi registered under GST in Patiala, a regular return filer supplies toys in bulk to Mr. Shambhu for selling to end consumers. Mr. Shambhu paying tax in regular scheme in Delhi, has not filed GSTR-3B for last 2 months. Mr. Nandi wants to generate e-way bill for toys amounting to ₹ 5,00,000 to be supplied to Mr. Shambhu. Also, Mr. Narayan from Jammu approached Mr. Shambhu for purchasing toys amounting to ₹ 75,000 for the purpose of return gift on his son's first birthday party. Shambhu wants to generate an e-way bill in respect of an outward supply of goods to Mr. Narayan. Examine with reference to the provisions under GST law, whether Mr. Nandi and Mr. Shambhu can generate e-way bill? [CA Inter RTP-May 22] [CA Inter MTP April 24]

Answer:-

Legal Provision:-

- As per **Rule 138E** of CGST Rules, 2017, a taxpayer (consignor or consignee) shall be disabled from generating the e-way bill, if the GSTIN is not eligible for e-way bill generation.
- Under this rule, **GSTIN is blocked only for the defaulting supplier** for e-way bill generation and not for the defaulting Recipient or Transporter.
- A person paying tax under regular scheme who has **not furnished the returns for a consecutive period of two tax periods** is considered as a defaulting person.
- The suspended GSTIN cannot generate e-way bill as a supplier. However, it can get e-way bill generated

as recipient or as transporter.

- In other words, e-way bill generation facility is blocked only for any outward movement of goods o registered person & not for his inward supplies.

Discussion & Conclusion:-

- In the given case, there will be **no restriction** in generating e-way Bill **by Mr. Nandi as Mr. Nandi** who i making outward movement of goods is a regular return filer.
- But, E-way bill generation **is blocked** for movement of goods by **Mr. Shambhu** to Mr. Narayan as it is a outward movement of goods of Mr. Shambhu who has not filed GSTR-3B for past 2 months.

CCP 13.04.21.01

Mr. Venaram proprietor of M/s. Lalit Kirana Stores is registered as a composition dealer in th Jodhpur district of Rajasthan. He has not furnished the statement for payment of self - assessmen tax in the form GST CMP-08 for two consecutive quarters. He placed an order for purchase of taxabl goods worth ₹ 5,50,000 with M/s. Bob & Sons (a partnership firm), a registered dealer in th Bikaner district of Rajasthan. M/s. Bob & Sons has been regularly filing its GST returns. M/s. Bob & Sons wants to generate E-way bill with respect to intra- state supply to be made to M/s. Lalit Kiran Stores. Whether M/s. Bob & Sons is allowed to generate E-way bill as per the provisions of CGS Act, 2017? Answer with proper reasoning. [CA Inter Nov 23 Exam]

Answer:-

Legal Provision:

- As per **Rule 138E of CGST Rules 2017,** if a person paying tax under composition scheme has no furnished the statement for payment of self-assessed tax for **2 consecutive quarters**, e-way bill sha not be allowed to be generated in respect of **any outward movement** of goods by such person.
- However, this **restriction does not apply** to generation of e-way bill in respect of **inward movement** o goods by the defaulter.

Conclusion:

- Hence, in the given case, M/s. Bob & Sons is **allowed to generate e-way bill** with respect to supply to b made to M/s Lalit Kirana Stores since M/s. Bob & Sons, who is making the outward movement of good is a regular return filer.

CCP 13.04.22.00

Write a short note on Invoice Reference Number (IRN) in lieu of tax invoice.

Answer:-

- The e-invoice issued under rule 48(4) of CGST Rules have an **embedded** Invoice Reference Number (IRN) in the Quick Reference (QR) code.
- It can be produced **electronically** for verification by proper officer in lieu of physical copy of such ta invoice.
- The registered person will not have to upload information in Part A of e-way bill to generate it as the sam shall be **auto-populated** by common portal based on information furnished.
- IRN **eases** the process of documentation to a great level and reduces the burden.

Chapter 14

RETURNS

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1	Study Mat	14	Q. 02.03/02.04/02.08/06.17/07.18/08.20/11.27	07
2	Examination	14	Q. 02.05/02.07/02.0.01/08.21/10.24/10.25/11.26/	07
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	Total No. of Illust.			28

01. General Questions

CCP 14.01.01.00

What are the key features of return under GST mechanism?

Answer:

The **key features** of return under GST mechanism are as under:-

- Electronic filing of returns.
- Uploading of invoice level information and auto-population of information relating to ITC from returns of supplier to that of recipient.
- Invoice-level information matching and auto-reversal of ITC in case of mismatch.

02. Sec 37 read with Rule 59: Furnishing details of Outward Supplies

CCP 14.02.02.00

M/s Cavenon Enterprises, a registered supplier of designer wedding dresses under regular scheme, has aggregate annual turnover of ₹ 30 lakh in the preceding financial year. It is of the view that in the current financial year, it is permitted to file its monthly statement of outward supplies – GSTR-1 on a quarterly basis while its accountant advises it to file the same on a monthly basis. You are required to advise M/s Cavenon Enterprises on the same. [CA Inter RTP May 19 New]

Answer:

Legal Provision:-

- As per **section 37** of CGST Act, GSTR-1 for a particular month is filed **on or before the 11th day** of immediately succeeding month i.e. on monthly basis.
- However, to ease the compliance requirement, GSTR-1 is can be filed quarterly by small taxpayers with aggregate annual turnover upto Rs 5 crore in preceding financial year under QRMP Scheme.
- Under QRMP Scheme, for the first and second months of a quarter, the details of outward supplies can be furnished up to a cumulative value of Rs 50 Lakhs in each of the months using invoice furnishing facility (IFF) electronically on common portal from the 1st day of the month succeeding such month **till the 13th day of the said month.**

Discussion & Conclusion:-

- In view of the same, M/s Cavenon Enterprises **can file its GSTR-1 on quarterly basis** if it has opted to furnish the outward supply related details on quarterly basis and filing IFF on monthly basis as its aggregate turnover does not exceed ₹ 5 crore in the preceding financial year.

CCP 14.02.03.00

"All taxpayers are required to file GSTR-1 only after the end of the current tax period." Comment on the validity of the above statement with reference to GST law. [CA Inter May 22][Study Mat] or Whether a tax payer can file GSTR-1 before the end of the current tax period? [CA Inter Nov 18 Exam]

Answer:-

- The statement is **partially valid.**
- A taxpayer cannot file Form GSTR-1 before the end of the current tax period.
- However, following are the **exceptions** to this rule:
  - Casual taxpayers, after the closure of their business
  - Cancellation of GSTIN of a normal taxpayer.
- A taxpayer who has applied for cancellation of registration will be allowed to file Form GSTR-1 after confirming receipt of the application.

CCP 14.02.04.00

Quicktax, a GST return filing service provider, has asked its clients to provide the scanned copies of the tax invoices issued to B2B customers for uploading on the GST portal and filing the return. State Whether the process followed by Quicktax is correct? [Study Mat]

Answer:-

- **No,** the **process** followed by Quicktax is **not correct.**
- The registered persons supplying goods or services to B2B customers are required to upload the invoice wise **details** of supplies made during the tax period.
- There is **no requirement to upload scanned copies** of invoices on GST portal while filing returns.
- Only information required as per GST returns is to be captured in the return filing utility and the same is to be uploaded on the GST portal and not the scanned copies of the actual invoices.

CCP 14.02.05.00

1) What kind of invoice details of outward supplies are required to be furnished in GSTR-1 for outward supplies? [CA Inter Nov 18 Exam-Old]

2) "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 [CA Inter Nov 20 Exam]

Answer:

1)	➲Some of the details of invoice for outward supplies required to be **furnished in GSTR-1** are:- Name, address & GSTIN of recipient, invoice number, date, total value, taxable value, rate of tax, amount of tax, HSN code, etc. ➲ As per **Rule 59** of CGST Rules, 2017, GSTR-1 shall **include** following:- a) Invoice-wise details of all:- i) inter-State and intra-State supplies made to registered persons and ii) Inter-State supplies made to unregistered persons with invoice value more than ₹1,00,000 b) Consolidated details of all:- i) Intra-State supplies made to unregistered persons for each rate of tax and ii) Inter-State supplies made to unregistered persons with invoice value upto ₹ 1,00,000 for each rate of tax separately for each State c) Debit & credit notes, if any, issued during the month for invoices issued previously. **Authors Note** (Not part of answer): Question can be-invoice details of outward supplies required to be furnished in GSTR-1 or invoice details of outward supplies required to be furnished invoice-wise in GSTR-1.
2)	➲ The said statement is **not valid.** ➲ For the following outward supplies, consolidated details are required to be uploaded in GSTR-1 and not invoice-wise details:- a) Intra-State supplies made to unregistered persons for each rate of tax. b) Inter-State supplies made to unregistered persons with invoice value upto ₹1,00,000 for each rate of tax separately for each State.

CCP 14.02.06.00

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

Supply	Recipient	Nature of supply	Value (₹)
1	Mr. A, a registered person	Inter-State	80,000
2	Mr. B, a registered person	Inter-State	1,05,000
3	Mr. C, an unregistered person	Intra-State	60,000
4	Mr. D, an unregistered person	Intra-State	1,10,000
5	Mr. M, an unregistered person	Inter-State	1,50,000
6	Mr. N, an unregistered person	Inter-State	20,000
7	Mr. O, an unregistered person	Inter-State	1,00,000
8	Mr. P, an unregistered person	Inter-State	1,30,000
9	Mr. Q, a registered person	Intra-State	5,000
10	Mr. R, a registered person	Intra-State	2,10,000

The aggregate annual turnover of Mr. Gauri Shiva in the preceding financial year was ₹ 1.20 crore. With reference to rule 59 of the CGST Rules, 2017, discuss the manner in which the details of above supplies are required to be furnished in GSTR-1. (CA Inter RTP May 2020)

Answer:-

Legal Provision:-

➲ As per **Rule 59** of CGST Rules, 2017, GSTR-1 shall **include** following:-

a) Invoice-wise details of all:-

i) Inter-State and intra-State supplies made to registered persons and

ii) Inter-State supplies made to unregistered persons with invoice value more than ₹1,00,000

b) Consolidated details of all:-

i) Intra-State supplies made to unregistered persons for each rate of tax and

ii) Inter-State supplies made to unregistered persons with invoice value upto ₹1,00,000 for each rat of tax separately for each State

c) Debit & credit notes, if any, issued during the month for invoices issued previously.

Discussion & Conclusion:-

As per above provisions, Mr. Gauri Shiva shall furnish details of outward supplies of goods during quarte ending June, 20XX as follows:-

Supply	Recipient	Nature of supply	Value (₹)	Manner of furnishing details
1	Mr. A, a registered person	Inter-State	80,000	Invoice-wise details
2	Mr. B, a registered person	Inter-State	1,05,000	Invoice-wise details
3	Mr. C, an unregistered person	Intra-state	60,000	Consolidated details of supplies of 3 & 4
4	Mr. D, an unregistered person	Intra-state	1,10,000	
5	Mr. M, an unregistered person	Inter-State	1,50,000	Invoice-wise details
6	Mr. N, an unregistered person	Inter-State	20,000	Consolidated details of supplies 6 and 7
7	Mr. O, an unregistered person	Inter-State	1,00,000	
8	Mr. P, an unregistered person	Inter-State	1,30,000	Invoice-wise details
9	Mr. Q, a registered person	Intra-state	5,000	Invoice-wise details
10	Mr. R, a registered person	Intra-state	2,10,000	Invoice-wise details

CCP 14.02.07.00

Please answer the following independent cases with reference to section 37 of the CGST Act, 2017 and rule 59 of CGST Rules, 2017:-

(i) Mr. Kohli is registered supplier in the State of Gujarat. He is filing GSTR 1 every month. During the month of February, 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. Is he correct? [Study Mat]

(ii) Mr. Kaji is a registered dealer in Kerala. He was registered as a normal tax payer for FY 20XX-XY. But on 15-01-20XY, he converted from normal tax payer to composition tax payer. Is he liable to file GSTR-1 for the month of February, 20XY?

(iii) Mrs. Zeel, a registered dealer in Rajasthan, did not file GSTR 1 for the month of June, 20XY but she wants to file GSTR 1 for the month of July, 20XY. Is it possible? [CA Inter Exam May 19-Old]

Answer:

(i)	**No,** Mr. Kohli is **not correct.**
	Legal Provision:-
	➲ **Nil GSTR-1** needs to be filed, even if there is no business activity in the tax period.
	➲ Further, a NIL GSTR-1 can be filed by a registered person through an SMS using the registered mobile number of the taxpayer & is verified by registered mobile number-based OTP facility.
	Discussion & Conclusion:-
	➲ In given case, even though Mr. Kohli was out of India and thus had not done any transaction during February, he is still required to file GSTR-1 for the that month.
(ii)	**Legal Provision:-**
	➲ A person paying tax under composition scheme is **not** liable to furnish the details of outward supplies in GSTR-1.
	➲ If a taxpayer has been converted from a normal taxpayer to composition taxpayer, GSTR-1 is to be filed only for the period during which taxpayer was registered as normal taxpayer.
	Discussion & Conclusion:-
	➲ Therefore, in given case, Mr. Kaji is **not liable to file GSTR-1** for February, 20XY, since he had already shifted to composition scheme on 15.01.20XY.
(iii)	**Legal Provision:-**
	➲ A registered person shall **not be allowed** to furnish the details of outward supplies of goods or services or both u/s 37 in FORM GSTR-1, if he has not furnished the return in FORM GSTR-3B for **preceding One months.**
	Discussion & Conclusion:-
	➲ Therefore, in the given case, Mrs. Zeel cannot file GSTR-1 for July, 20XY as she has not filed GSTR-1 for the preceding month, i.e., June, 20XY.

CCP 14.02.08.00

List the details of outward supplies which can be furnished using Invoice Furnishing Facility (IFF). [Study Mat]

Also briefly list the cases where a registered person is debarred from furnishing details of outward supplies in GSTR-1/IFF. [CA Inter Nov 22 Exam][CA Inter MTP Nov 21]

Answer :-

Details of outward supplies which can be furnished using IFF are as follows:

a) Invoice wise details of inter-State and intra-State supplies made to the registered persons.

b) Debit and credit notes, if any, issued during the month for such invoices issued previously.

Cases where registered person is debarred from furnishing details of outward supplies in GSTR 1/ using IFF:

a) A registered person (under monthly scheme) has not furnished the return in Form GSTR-3B for th preceding 1 month.

b) A registered person, opting for QRMP (Quarterly Return Monthly Payment) **has not furnished th return in Form GSTR-3B** for preceding tax period.

c) A registered person, to whom an **intimation has been under Rule 88C** (Tax liability shown on GSTR exceeds tax liability paid in GSTR 3B) unless he has deposited the specified amount or furnishing reply.

d) A registered person **has not furnished** the details of the bank account under rule 10A.

CCP 14.02.08.01

Mr. Sameer, a registered person under GST, is unable to file GSTR-1 on the reason being shown tha tax payable under GSTR-1 which has been filed in respect of last tax period exceeds the tax payabl under GSTR-3B which has been filed for the corresponding tax period. Explain the procedure to b followed by the department and Mr. Sameer for the same as per the provisions of Rule 88C of th CGST Rules 2017.

[CA Inter Nov 23 Exam]

Answer:

➲ In the given case, Mr. Sameer would be **intimated** on the portal and his email address of such difference an **be directed** to either

(i) pay the differential tax liability along with interest or

(ii) explain the difference

within period of 7 days.

➲ On receiving such intimation, Mr. Sameer should either

(i) **deposit** the amount specified in the said intimation fully or partially, along with interest and furnish th details on the common portal or

(ii) **furnish** a reply explaining the reasons for any amount of differential tax liability remaining unpaid within period of 7 days.

➲ Where any amount specified in the said intimation **remains unpaid within 7 days' period** and where n **explanation** is furnished by Mr. Sameer or where the explanation furnished by him is not found to b acceptable by the proper officer, the said amount **shall be recoverable** from him.

CCP 14.02.09.00

Ms. Prisha, a registered taxpayer, has discovered some omissions her GSTR 1 of the period o January, 20XX. She wants to rectify the same. what date she can rectify the omission, takin different dates answer the question.

1. 29th March, 20XX

2. 18th October, 20XX
3. 14th December, 20XX

Answer: As per **Sec 37** of the CGST Act, A registered person who is furnishing details under section 37(1) if discovers any error or omission shall rectify the same by paying interest and tax, if any, by 30th November of the year succeeding the year related to which the rectification is concerned.

Sr. no	Date of Rectification	Remark
1	29th March, 20XX	Yes
2	18th October, 20XX	Yes
3	14th December, 20XX	No

03. SEC 38 : Furnishing details of inward supplies & Input Tax Credit

CCP 14.03.10.00

Mr. Avinash Kumar is a registered person from Jharkhand. He took various inward supplies from different suppliers which are as follow;

S.no	Name of Supplier	ITC (₹)	Remark
1	PQR Ltd.	18,000	Goods purchased (ITC available)
2	ABC Ltd.	22,000	A registered person who has taken registration just 1 month before. (Suppose term prescribed in the rule is 1 month)
3	DEF & Co.	2,000	Person making default in payment of taxes
4	XYZ Pvt. Ltd.	6,500	Having difference in payment of output tax more than the prescribed limit.
5	Bluffer Traders	10,000	Availed the ITC more than the amount of ITC which can be availed
6	Scammer Pvt. Ltd.	2,500	Person defaulted in discharging tax liability in accordance with Section 49(12)

Answer:-

ITC not available under **section 38** as per GSTR - 2B if the supplier

- Is having new registration (upto the prescribed time period)
- has defaulted in tax payment and default has continued for the prescribed time period
- has tax paid in GSTR-3B lower than output tax shown in GSTR-1 by the prescribed limit
- has taken more ITC in GSTR -2B than in GSTR - 2B than in GSTR - 3B by the prescribed limit
- has paid higher proportion of taxes from his credit than what is allowed as per law
- other notified persons

ITC available to Mr. Avinash Kumar is:

S.no	Name of Supplier	ITC (₹)	Available Yes/ No	Available Amount	Non-Available Amount
1	PQR Ltd.	18,000	Yes	18,000	–
2	ABC Ltd.	22,000	No	–	22,000
3	DEF & Co.	2,000	No	–	2,000
4	XYZ Pvt Ltd.	6,500	No	–	6,500
5	Bluffer Traders	10,000	No	–	10,000
6	Scammer Pvt. Ltd.	2,500	No	–	2,500
Total				**18,000**	**43,000**

04. Sec 39: Furnishing of Returns

CCP 14.04.11.00

Answer the following questions independently:-

a) Explain the consequences, if the taxable person under GST law files the GST return under Section 39(1) of the CGST Act, 2017, but does not make payment of self-assessment tax. [CA Inter Nov 19 Exam-New]

b) 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. [Study Mat]

c) Briefly elaborate the provisions relating to nil GSTR-3B. [CA Inter MTP Mar 23]

Answer:-

a)	➲ If taxable person under GST law files the GST return **u/s 39(1) of CGST Act, 2017,** but does not pay the self-assessment tax, **the return is not** considered as a **valid return.** ➲ Such person will not be able to claim any input tax credit (ITC), since ITC can be availed only on the basis of a valid return. ➲ He shall pay interest, penalty, fees or any other amount payable under the CGST Act for filing return without payment of tax.
b)	**Legal Provision:-** ➲ As per **section 39(10)** of CGST Act, a registered person is not allowed to furnish a return for a tax period if the return for any of the previous tax periods has not been furnished by him. **Discussion & Conclusion:-** ➲ Therefore, in the given case, Mrs. Zarina cannot file GSTR-3B for July if she has not filed GSTR-3B for the preceding month, i.e., June.
c)	➲ Filing of GSTR-3B is **mandatory** for all normal and casual taxpayers, even if there is no business activity in any particular tax period. ➲ A Nil GSTR-3B does not have any entry in any of its tables. **For example**, a Nil GSTR-3B for a tax period cannot be filed, if the taxpayer has made any outward supply (including nil-rated, exempt or non-GST supplies) or has received any supplies which are taxable under reverse charge, or it intends to take ITC etc. ➲ A Nil GSTR-3B can be filed **through an SMS** using the registered mobile number of the taxpayer. GSTR-3B submitted through SMS is verified by registered mobile number-based OTP facility. ➲ A taxpayer may file Nil GSTR-3B, **anytime on or after the 1st day** of the subsequent month/quarter for which the return is being filed for.

CCP 14.04.12.00

(a) Miss Kashi is a registered intra-State supplier of goods in Haryana. During the months of August and September, she was out of station on a religious pilgrimage with her family for 55 days. Thus, no business transaction was made during August. Miss Kashi is of the opinion that as there is no transaction, there is no need to file monthly return [GSTR-3B] for the month of August. However, her tax consultant has advised her to file nil GSTR-3B. Whether the advice given by tax consultant is correct? Explain.

(b) Will your answer in (a) change, if Miss Kashi has placed an order for some purchases during

August over her mobile phone, which has been received in her premises and she intends to take input tax credit on the same?

(c) Assuming in (a) above, Miss Kashi does not have internet facility in her mobile and there is no facilitation centre notified by the Commissioner, whether no return is required to be filed in the absence of means to file return? Explain. [CA Inter RTP May 21]

(d) If Miss Kashi is a registered taxpayer under composition scheme & did not make any taxable supply during the quarter ending Sept, 20XX. Is she required to file FORM GST CMP-08 for such tax period?

Answer:-

a)	**Yes,** the advice given by tax consultant **is correct.** **Legal Provision:-** ➲ Under GST law, filing of GSTR-3B is mandatory for all normal and casual taxpayers, even if there is no business activity in any particular tax period. ➲ For such tax period(s), a Nil GSTR-3B is required to be filed. **Discussion & Conclusion:-** In the given case, even though Miss Kashi was out of station on a religious pilgrimage with her family for 55 days and thus, could not do any business transaction during the month of August, she is still **required to file Nil GSTR-3B** for that month.
b)	**Yes,** answer will change. **Legal Provision:-** ➲ Nil GSTR-3B means a return that has nil or no entry in all its Tables. **Discussion & Conclusion:-** ➲ In the present case, Miss Kashi has received purchases, she **cannot file nil GSTR-3B**, as the purchases will need to be disclosed in the 'Table for eligible ITC' in GSTR-3B. ➲ Thus, Miss Kashi is required to file monthly return, GSTR-3B for the month of August.
c)	**Legal Provision:-** ➲ GSTR-3B can be submitted electronically on the common portal, either directly or through a Facilitation Centre notified by the Commissioner. ➲ Further, a Nil GSTR-3B can be filed through an SMS using the registered mobile number of the taxpayer& is verified by the registered mobile number-based OTP facility. **Discussion & Conclusion:-** ➲ Miss Kashi is required to file Nil GSTR-3B for the month of August through an SMS using her registered mobile number even though there is no internet facility in her mobile and no Facilitation Centre notified by the Commissioner.
d)	**Legal Provision:-** ➲ Filing of GST CMP-08 **is mandatory** for composition supplier, **even if there is no business activity** in any particular tax period. **Discussion & Conclusion:-** ➲ In this case, Miss Kashi is **required to file CMP-08,** even if she did not render any taxable supply during the quarter ending Sept, 20XX.

05. Questions of QRMP Scheme

CCP 14.05.13.00

Explain the following questions on the basis of QRMP scheme

1) Benefits of QRMP Scheme.

2) Eligibility for QRMP scheme under GST? [CA Inter MTP Oct 21]

3) Manner of exercising option of QRMP scheme. [CA Inter May 23 Exam]

4) Conditions and restrictions of QRMP scheme. [CA Inter May 23 Exam]

Answer:-

1)	➲ The QRMP Scheme is best suitable for both the Small Tax Payers as well as the Big Tax Payers who are losing a lot of credits due to non-reflection of invoice entries. ➲ This is because many suppliers are filling GSTR-1 quarterly which eventually saves both time & money. ➲ Also, as per the Government Perspective, this scheme is expected to reconnect the revenue leakages and frauds as it would be surely decreasing the fake invoicing and fake input tax credit. ➲ Hence, it can be said that after the successful implementation of this scheme, it would be a win-win situation for all.
2)	➲ Registered persons (other than online information & database access or retrieval (OIDAR) service supplier located in non-taxable territory and providing such services to a non-taxable online recipient), whose aggregate turnover is up to ₹ 5 crore in the preceding financial year, and who have opted to furnish quarterly return under QRMP scheme are **eligible for QRMP scheme** as the class of persons who shall furnish a return for every quarter from January, 2021 onwards, and pay the tax due every month. ➲ Thus, the taxpayers whose aggregate turnover is up to ₹ 5 crore in the preceding financial year are eligible for QRMP scheme. ➲ For computing aggregate turnover, details furnished in returns for tax periods in the preceding financial year shall be taken into account.
3)	➲ A registered person intending to opt for QRMP scheme for any quarter shall indicate his preference for furnishing of return on a quarterly basis from 1st day of the 2nd month of the preceding quarter till the last day of the 1st month of the quarter for which the option is being exercised. ➲ **Example:-** A registered person intending to opt for QRMP scheme for the quarter 'July to September' can exercise his option from 1st May to 31st July. ➲ However, where such option has been exercised once, the said registered person shall continue to furnish the return on a quarterly basis for future tax periods, unless he– a) becomes ineligible for this scheme as per the conditions & restrictions notified in this regard or b) opts for furnishing of return on a monthly basis, electronically, on the common portal.
4)	**Conditions and restrictions of QRMP scheme:** ➲ Aggregate annual turnover (PAN based) is up to ₹ 5 crore in the preceding financial year. ➲ Registered person has furnished the return for the preceding month, as due on the date of exercising such option. ➲ Registered person is not required to exercise the option every quarter.

CCP 14.05.14.00

nswer the following questions:

What is the Due date for filing return & due dates of payment in case of a taxpayer opting for QRMP scheme?

) Sangam Ltd., obtains registration for paying taxes under section 9 of CGST Act. He asked his tax manager to pay taxes on quarterly basis. However, Sangam Ltd.'s tax manager advised the Company to pay taxes on monthly basis. You are required to examine the validity of the advice given by tax manager? [CA IPC MTP 2018]

nswer:-

1)	**Due date of Filing return:-** ➲ Under QRMP scheme, a registered person is required to furnish GSTR-3B on quarterly basis on or before 22nd or 24th (depending upon the principal place of business of such registered person) of the month succeeding the quarter for which return is furnished. **Due dates of Payment:-** Every registered person opting for QRMP Scheme shall pay the tax due- i) for each of the first 2 months of the quarter: by **25th day** of the month succeeding such month in Form GST PMT-06 & ii) for 3rd month of quarter:- on or before the due date of filing return in GSTR -3B i.e. before 22nd or 24th of succeeding month, as the case may be, in **Form GST PMT-06.** **Authors note (Not part of answer):** Students need not to remember the states only can write the due dates ie 22nd & 24th of the month succeeding such quarter.
2)	**Legal Provision:-** ➲ If Registered person is **not** availing QRMP Scheme, then tax is payable on monthly basis within 20th of subsequent month. ➲ If Registered person is opting for QRMP Scheme, then tax is payable on monthly basis but Return is to be filed on Quarterly basis (payment to be made by 25th of next month for 1st 2 month and within due date of Return for 3rd month). ➲ In case of composition scheme, the tax is payable on quarterly basis by 18th of next month and Return is to be filed on yearly basis. **Discussion & Conclusion:-** ➲ So, in given case, the advice given by manager is **correct & valid.** ➲ If Mr. Sangam is not opting for Composition Scheme, then the tax is payable on monthly basis.

CCP 14.05.15.00

Vhen does the option of QRMP scheme lapses?

nswer :-

) If the aggregate turnover **crosses ₹ 5 crore** during a quarter in a financial year, then the registered person **shall not be eligible** to furnish return on quarterly basis

➲ from the first month of the succeeding quarter.

) He shall opt for furnishing of return on a monthly basis from the 1st month of the quarter, succeeding the quarter during which his aggregate turnover exceeds ₹ 5 crore.

) The facility for opting out of the scheme for a quarter will be available

➲ from 1st day of 2nd month of preceding quarter

➲ to the last day of the 1st month of the quarter.

CCP 14.05.16.00

Explain the different payment methods under the QRMP Scheme?

Answer :

The different payment methods under the QRMP Scheme are as under:-

1. Fixed Sum Method (FSM):-

Sr.No.	Type of Taxpayer	Tax to be paid in each of 1st 2 months
1.	Who furnished GSTR-3B quarterly for the last quarter:	35% of tax paid in cash in the preceding quarter.
2	Who furnished GSTR-3B monthly during the last quarter:	100% of tax paid in cash in the last month of the immediately preceding quarter.
The balancing amount of tax as per return is to be paid in the 3rd month.		

There are certain situations where no such tax needs to be deposited:-

- **1st Month of Quarter:** The tax liability is Nil. **OR** The balance in the electronic cash ledger is adequat for the tax liability for the same month.
- **2nd Month of Quarter:** The tax liability is Nil or the balance in the electronic cash ledger/ electroni credit ledger is adequate for the cumulative tax liability for the first two months of the quarter.

2. Self-Assessment Method (SAM):-

Under this method, taxpayer can pay the tax by considering the tax liabilities on inward & outwar supplies as per the ITC available for which GSTR-2B can be used for each month.

06. Section 39(2) read with Rule 62:- GSTR-4 i.e. Return for composition supplier & CMP-08

CCP 14.06.17.00

Mr. Kalpesh is a registered dealer in Kerala paying tax under composition levy from 1st Apri However, he opts to pay tax under regular scheme from 1st December. Is he liable to file GSTR-4 fo the said F.Y. during which he opted out of composition scheme? Discuss. [Study Mat]

Answer :-

Legal Provision:

- If the taxpayer opts to withdraw from the composition scheme, he has to file **GSTR-4** for the period fo which he has paid tax under the composition scheme.
- Such return is required to be furnished till **30th June** following the end of the financial year during whic such withdrawal falls.

Discussion & Conclusion:

- In the given case, Mr. Kalpesh is liable to file **GSTR-4** for the said F.Y. during which he opted out o composition scheme by **30th June** of next F.Y.

07. Section 39(9):- Rectifications of Errors/Omissions

CCP 14.07.18.00

Ms. Pragya, a taxpayer registered under regular scheme (Section 9), files GSTR- 3B for the month o October on 20th November. After filing the return, she discovers that the value of a taxable suppl has been under-reported therein. Ms. Pragya now wants to file a revised GSTR-3B. Examine th scenario and give your comments. [Study Mat]

Answer:-

Legal Provision:-

- As per **section 39(9) of CGST Act,** Under GST law, a return once filed cannot be revised but the details of those transactions that are required to be amended can be changed in any of the future GSTR- 1s in tables specifically provided for the same.

Discussion & Conclusion:-

- In given case, Ms. Pragya **cannot revise GSTR-3B** filed by her for the month of October.
- But she can amend the details of taxable supply that was underreported in GSTR-1 for November.
- The tax payable due to such error will be paid along with interest in GSTR-3B for November.

CCP 14.07.19.00

Discuss the provisions of Section 39(9) of the CGST Act, 2017, relating to rectification of errors/omissions in GST returns already filed and also state its exceptions. State the time limit for making such rectification. [CA Inter Nov 19 Exam-New]

If a return has been filed, how can it be revised if some changes are required to be made? [Study Mat] [CA Inter MTP Mar 19-Series 1, Sep 23, Mar 24(Similar)] OR

Explain the provisions of section 39(9) of the CGST Act, 2017 with reference to rectification of returns. [CA Final RTP May 19]

Answer-

Rectifications of Errors/Omissions:-

- In GST, since the returns are built from details of individual transactions, there is no requirement for having a revised return.
- As per **section 39(9)** of CGST Act, Under GST law, a return once filed **cannot be revised** but the details of those transactions that are required to be amended can be changed in any of the future GSTR- 1s in amendment tables specifically provided for the same.
- Omission or incorrect particulars discovered in the returns filed u/s 39 **can be rectified** in the return to be filed for the tax period during which such omission or incorrect particulars are noticed.
- Any tax payable as a result of such error or omission will be paid along with interest.

Exception:-

- Error/omission discovered on account of scrutiny, audit, inspection, or enforcement activities by tax authorities cannot be rectified u/s 39(9) .

Time limit for making rectification:- It is **Earlier** of following dates:-

- **30th days of November** or second quarter (in case of quarterly filers) following the end of the financial year to which such details pertain or
- Actual date of filing of relevant annual return.

Maximum Time limit to furnish GSTR -3B :- However, registered person shall not be allowed to furnish GSTR -3B for a tax period after 3 years from due date of furnishing the said GSTR -3B. Government may allow to file it after 3 years in certain cases.

08. Combined Questions on GSTR-5 i.e. Return for NRTP, First Return, Annual Return, Final Return

CCP 14.08.20.00

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. [CA Inter RTP Nov 23][Study Mat]

Answer:-

No, the **stand taken** by Tax Consultant of X Ltd. **is not correct.**

Legal Provision:-

- Annual return is required to be filed by every registered person paying tax as a normal taxpayer.
- Final return is filed by the registered persons who have applied for cancellation of registration, **within three months** of the date of cancellation or the date of cancellation order, **whichever is later.**

Discussion & Conclusion:-

- In the given case, X Ltd., a registered person, is winding up its business and is thus, applying for cancellation of registration.
- Therefore, it **is required to file both** annual return and final return.

CCP 14.08.21.00

1) Briefly discuss GSTR-5 return

2) Mention persons who are not required to file annual return under GST.

3) Briefly discuss Final Return under GST. [CA IPC Nov 20 exam]

Answer:-

1)	➲ A registered **non-resident taxable person(NRTP)** is required to file a simplified monthly tax return in **Form GSTR-5** for every calendar month or part thereof incorporating the details of its outward supplies and inward supplies. ➲ GSTR-5 should be furnished within 13 days after the end of the calendar month or within 7 days after the last day of validity period of the registration, **whichever is earlier.** ➲ It is to be noted that a NRTP is not required to file an annual return.
2)	**Following persons are not required to file the annual return:** a) Casual taxable persons. b) Non- resident taxable person. c) Input service distributors. d) Persons authorized to deduct/collect tax at source under section 51/52 of the CGST Act and e) Person supplying OIDAR services from outside India to unregistered persons in India.
3)	➲ Every registered person **who is** required to furnish return u/s 39(1) and whose registration has been surrendered or **cancelled** ➲ The Final return has to be filed **within 3 months** of: ➤ Date of cancellation or ➤ Date of order of cancellation, **whichever is later.**

09. Sec 41 :- Claim of ITC and Provisional acceptance thereof

CCP 14.09.22.00

Ms Neha, a registered taxable person from Delhi, has purchased goods from Mr. Umesh (a registered person from Mumbai). Mr. Umesh has not paid the amount of GST to the government. Neha took the ITC while filing the return. Is Neha required to reverse the ITC. Mr. Umesh paid the GST amount to the government after 3yrs. Can Ms. Neha take the ITC now.

Answer :- Legal Provision:

- As per **Sec 41 of CGST Act**, if Input Tax Credit (ITC) is availed by a registered person, as self-assessed in his return on inward supplies of goods or services or both, but the tax payable whereon has **not been paid by supplier,** then the recipient shall reverse such ITC availed by him along with the applicable interest in prescribed manner.
- However, if supplier pays such tax later, the recipient **may re-avail the ITC reversed** by him in prescribed manner without any time limit.

Discussion & Conclusion:

- In this case, the amount of ITC claimed by Ms. Neha is required to be reversed **along with interest**. However, when Mr. Umesh makes the payment of GST to the government, Ms. Neha will be **allowed to re-claim** the same amount in her GSTR 3B.
- In the second case, if Mr. Umesh pays the amount of GST after 3 years, then Ms. Neha **would be eligible to re-claim** it, as there is **no any time limit to re-claim** the ITC.

10. Sec 46 & 47: Default / Delay in Furnishing Return:

CCP 14.10.23.00

Miss Vaishno, a registered tax payer paying tax under regular scheme failed to file the return for the month of January, 20XX. Explain the legal recourse available to the tax officer, if any.

Answer:-

- As per **Sec 46** of CGST Act 2017, The proper officer has to first issue a notice to the Miss Vaishno requiring him to furnish the return **within a period of 15 days**.
- If Miss Vaishno fails to file return within the given time, the proper officer shall proceed to assess the tax liability along with applicable interest and penalty payable by the defaulter to the best of his judgement taking into account all the relevant material available with him.

CCP 14.10.24.00

Explain who is required to furnish final return, time limit for filing of final return and late fee for delay in filing final return. [CA Inter July 21 Exam]

Answer:-

- Every registered person who is required to furnish a return and whose registration has been surrendered or cancelled is required to file a final return.
- The final return has to be filed within 3 months of the:
  - date of cancellation or
  - date of order of cancellation, **whichever is later.**
- Quantum of late fee for not filing the final return is **lower** of the following:-
  - ₹100 for every day during which such failure continues or
  - ₹5,000.
- An equal amount of late fee is payable under the respective SGST/UTGST Act as well.

CCP 14.10.25.00

Answer the following questions:

a) Mr. Ayushman, a registered person having intra-State aggregate turnover of ₹ 1.2 crores in the preceding financial year did not file GSTR-3B for the month September, 20XX by 10th November 20XX. The amount of tax payable for the month September, 20XX is ₹ 8 lakh. All his supplies are intra-State supplies. Is there any late fee payable for the same? If yes, what is the amount of late fee payable? [CA Inter RTP May 22]

b) Will your answer be different in (a), if Mr. Ayushman has intra-State aggregate turnover of ₹ crores in the preceding financial year? [CA Inter RTP May 22]

c) Will your answer be different in (a), if total amount of tax payable in the GSTR-3B for the month o September is Nil? [CA Inter RTP May 22]

d) Other things remaining same, What would be your answer in (a), if Mr. Ayushman has intra Stat aggregate turnover is above ₹ 5 crores in the preceding financial year & did not file GSTR-3B till 25th May'

e) Discuss the penal provisions, if any, for not filing the annual return before the due date. [CA Inte Jan 21 Exam]

Answer :-

a)	**Legal Provision:-** ➲ As per **section 47** of CGST Act read with **relevant notification**, the registered persons whose aggregate turnover is ⩽ **₹ 1.5 crores** in the preceding FY, and who fails to furnish the returns required u/s 39 by the due date shall pay a late fee of ₹ 50 (ie ₹ 25 each for CGST & SGST) but **maximum** is ₹2,000 (₹1,000 each under CGST & SGST). **Discussion & Conclusion:-** ➲ In the given case, late fee is payable by Mr. Ayushman as he has not filed the GSTR-3B by 10th November. ➲ **Thus**, Late fees = ₹50 * 21 days (ie 21st Oct 20XX to 10th Nov 20XX) **= ₹1,050.**
b)	**Legal Provision:-** ➲ As per **section 47** of CGST Act read with **relevant notification**, the registered persons whose aggregate turnover is **more than ₹ 1.5 crores but not exceeding ₹ 5 crore** in the preceding FY, and who fails to furnish the returns required u/s 39 by the due date shall pay a late fee of ₹ 50 (ie ₹ 25 each for CGST & SGST) but **maximum** is ₹5,000 (₹2,500 each under CGST & SGST). **Discussion & Conclusion:-** ➲ In the given case, late fee is payable by Mr. Ayushman as he has not filed the GSTR-3B by 10th November. ➲ **Thus**, Late fees = ₹50 * 21 days (ie 21st Oct 20XX to 10th Nov 20XX) **= ₹1,050.**
c)	**Legal Provision:-** ➲ As per **section 47** of CGST Act read with **relevant notification**, any registered person whose total amount of tax payable in the **GSTR-3B is Nil** and who fails to furnish the returns required u/s 39 by the due date shall pay a late fee of ₹ 20 (ie ₹ 10 each for CGST & SGST) but **maximum** of ₹500 (₹250 each under CGST & SGST). **Discussion & Conclusion:-** ➲ In the given case, late fee is payable by Mr. Ayushman as he has not filed the GSTR-3B by 10th

	November. ➲ **Thus**, Late fees = ₹20 * 21 days (ie 21st Oct 20XX to 10th Nov 20XX) **= ₹420.**
d)	**Legal Provision:-** ➲ As per **Sec 47** of CGST Act read with **relevant notification**, the registered persons whose aggregate turnover is **more than ₹ 5 crore** in the preceding FY, and who fails to furnish the returns required u/s 39 by the due date shall pay a late fee of ₹50 (ie ₹25 each for CGST & SGST) but **maximum** of ₹10,000 (₹5,000 each under CGST & SGST). **Discussion & Conclusion:-** ➲ In the given case, late fee is payable by Mr. Ayushman as he has not filed the GSTR-3B till 25th May. ➲ **Thus**, Late fees = ₹50 * 217 days (ie 21st Oct 20XX to 25th May 20XY) **= ₹10,850.** ➲ But Maximum Late fees is ₹10,000, So Mr. Ayushman has to pay Late fee of **₹10,000** instead of ₹ 10,850.
e)	As per **Sec 47** of CGST Act read with relevant notification, the penal provisions for not filing the annual return (GSTR-9) u/s 44 of CGST Act, 2017 before the due date are **lower** of the following:- ➲ If aggregate turnover of registered person in the relevant financial year is **not exceeding ₹ 5 Crores:-** ➢ ₹50 per day(i.e. ₹25 per day each under CGST & SGST/UTGST) but ➢ maximum = maximum = 0.04% (i.e. 0.02 % under CGST/ SGST each) of turnover in State or Union territory. ➲ If aggregate turnover of registered person in the relevant financial year **exceeding ₹5 Crores**:- ➢ ₹100 per day (i.e. ₹50 per day each under CGST & SGST/UTGST) but ➢ maximum = 0.04% (i.e. 0.02 % under CGST/ SGST each) of turnover in State or Union territory.

11. Sec 48: Goods & Service Tax Practitioners (GSTP)

CCP 14.11.26.00

Who can be registered as Goods and Service Tax Practitioners under Section 48 of the CGST Act?

[CA Inter July 21 Exam]

Answer:-

Following persons can be registered as Goods and Service Tax Practitioners:-

) 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

2) In addition to above, the person has to satisfy any of the following conditions:-

i) He 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 not less than 2 years.

ii) He is enrolled as a Sales Tax Practitioner or Tax Return Preparer under the earlier indirect tax laws for a period of not less than 5 years.

iii) He Has acquired **any** of the prescribed qualifications

- has passed Graduate/postgraduate degree or its equivalent examination having a degree i specified disciplines, from any Indian University or
- a degree examination of any Foreign University recognised by any Indian University as equivalen to degree examination
- has passed any other notified examination
- has passed final examination of ICAI/ ICSI/ Institute of Cost Accountants of India.

Note: Any 3 points may be mentioned.

CCP 14.11.27.00

A is a chartered accountant in practice and is registered under GST. On a query regarding return filin process by a potential client, A has represented him as a GST practitioner. A is of the view that sinc 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. [Study Mat]

Answer:-

- **No, the understanding of A is not correct.**
- A chartered accountant can become a GST practitioner (GSTP). However, holding a certificate c practice as a chartered accountant and having GST registration **does not imply** that such chartere accountant is a GST practitioner as well.
- For becoming a GSTP, even a chartered accountant in practice **has to follow the enrolment process** c GSTP as provided under the GST law and only upon approval of such enrolment, a chartered accountar can represent himself as a GSTP.

COMPUTATION OF GST

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4	Other	15	-	-
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01. Questions

CCP 15.01.01.00

Chill Ltd., Delhi, a registered supplier, manufacturing machineries has made a taxable supply machinery during the month of March. It furnished the following details for each such machin supplied:

S.No.	Particulars	Amount (
(i)	List price of machinery (exclusive of taxes)	10,00,00
(ii)	Subsidy received from the Central Government for supply of machinery to Government School(exclusively related to supply of machinery included at S. No. 1)	2,10,000
(iii)	Subsidy received from an NGO for supply of machinery to an old age home (exclusively related to supply of goods included at S. No. 1)	2,00,000
(iv)	Tax levied by Municipal Authority	2,50,000
(iv)	Packing charges	1,25,000

Additional information:-

The list price of the machinery is after considering the two subsidies received. However, the otl charges/ taxes/fee are charged to the customers over and above the list price.

Further, the company has provided the following information pertaining to purchases made/servi availed by it in respect of supply of said machinery during the month of March:

S.No.	Particulars	GST (₹)
1)	Raw material (to be received in the month of April)	8,50,000
2)	Membership of a club availed for employees working in the factory (not obligatory to be provided under any law)	4,00,000
3)	Inputs to be received in 6 lots, out of which 1st lot was received during the month	3,50,000
4)	Trucks used for transport of raw material	1,50,000
5)	Capital goods (out of 3 items, invoice for 2 items is missing and GST paid on those items is ₹ 2,82,000)	3,50,000

Note:

(i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.

(ii) All inward and outward supplies are exclusive of taxes, wherever applicable.

(iii) All the conditions necessary for availing the ITC have been fulfilled, subject to the informati given above.

(iv) All inward and outward supplies are inter-State supplies.

Compute the net GST payable in cash, by Chill Ltd. for the month of March.

[CA Inter RTP Nov 23][CA Inter Jan 21 Exam (Similar)]

Answer :-

1) Computation of total value of taxable supply made by Chill Ltd. during the month of March:

Particulars	Amount (₹)	Remark
List price of the machinery	10,00,000	
Subsidy received from the Central Government	Nil	**As per section 15(2)(e)** of the CGST Act, **subsidy** is receive from **State Government**, the same is **not includible** in valu of supply.
Subsidy received from NGO	2,00,000	**As per section 15(2)(e)**, subsidy is received from a non Government body and directly linked to the price, the sam is includible in the value of supply.

Tax levied by the Municipal Authority	2,50,000	**As per section 15(2)(a)** , Tax other than GST are includible in value, if charged separately
Packing charges	1,25,000	**As per section 15(2)(c)**, the value of supply shall include incidental expenses, including commission and packing charges, charged by supplier to recipient.
Total value of taxable supplies	**15,75,000**	

) Computation of ITC that can be availed by Chill Ltd. for the month of March:

Particulars	ITC (₹)	Remark
Raw Material	Nil	Since raw material is not received in March, ITC for the same **cannot be availed** in March u/s 16(2).
Membership of a club availed for employees working in the factory (not obligatory to be provided under any law)	Nil	**ITC is blocked u/s 17(5)(b)** of CGST Act as said service is not provided by employer to employee under any statutory obligation.
Inputs to be received in 6 lots, out of which 1st lot was received during the month	Nil	As per **1st proviso to section 16(2)** of CGST Act, In case of goods received in lots, ITC can be taken only upon receipt of the last lot.
Trucks used for transport of raw material	1,50,000	**ITC is not blocked** u/s 17(5)(a) of CGST Act on motor vehicles used for transportation of goods.
Capital goods	68,000	ITC can be **availed** only on basis of a valid document u/s 16(2). Thus, ITC for the item for which invoice is missing **cannot be availed** (i.e. for ₹ 2,82,000).
Total ITC	**2,18,000**	

) Computation of net GST payable in cash:

Particulars	Value (₹)	IGST @ 18%
Supply of machinery	15,75,000	2,83,500
Less: ITC available		2,18,000
Net GST payable in cash		**65,500**

CCP 15.01.02.00

ABC Ltd., a registered supplier in Surat, Gujarat has calculated output net GST liability after adjusting ITC in the books for the month of February, 20XX:-

CGST : ₹3,00,000

SGST : ₹2,50,000

IGST : ₹3,00,000

During the above month, the following additional information is provided by ABC Ltd.:-

Sr. No	Particulars	Amount [₹] [excluding GST]
1	The company had given on hire 5 trucks to one of the transporters of Vadodara (a goods transport agency) for transporting goods for 10 days. The hiring charges for the trucks were ₹ 7,500 per truck per day.	3,75,000

2	The company sold goods to X & Co. of Delhi on 6th January, 20XX with a condition that interest @ 2% per month will be charged on invoice value if X & Co. failed to make payment within 30 days of the delivery of the goods. Goods were delivered and also the invoice was issued on 6th January, 20XX. X & Co. paid the consideration for the goods on 20th February along with applicable interest.	5,00,000
3	The company sought legal consultancy services for it's business from A & Advocates, a partnership firm of advocates situated at Bhuj, Gujarat.	1,50,000
4	The company ordered 3,000 packets of tools which are to be delivered by the supplier of Delhi via 3 lots of 1,000 packets monthly. The supplier raised the invoice for full quantity in February, 20XX and the last lot would be delivered in April, 20XX.	5,00,000
5	The company supplied 10,000 packets of tools to one of it's customer at ₹ 10/- per packet in Gujarat in January, 20XX. Afterwards, the company re-values it at ₹ 9 per packet in February, 20XX and the company issued credit note to the customer for ₹ 1 per packet.	

The rate of GST is 9% CGST, 9% SGST and 18% IGST.

You are required to compute the actual net liability of GST to be paid in cash along with working not for the month of February, 20XX. [CA Inter Dec 21 Exam]

Answer:-

Computation of net GST liability of ABC Ltd. to be paid in cash for February, 20XX:-

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹
Net output GST liability **(Given)**		3,00,000	3,00,000	2,50,00
Add: Trucks given on hire to goods transport agency (GTA) **[Note 1]**	3,75,000	-	-	-
Add: Interest on delayed payment of 15 days (6th February, 20XX to 20th February,20XX) **[Note 2]**	5,900 [5,90,000 × 2% × 15/30]	900	-	-
Total output tax liability		**3,00,900**	**3,00,000**	**2,50,00**
Less: ITC in respect of legal services paid as reverse charge is available	1,50,000		(13,500) [1,50,000 × 9%]	(13,500) [1,50,00 × 9%]
Net output tax liability (A)		**3,00,900**	**2,86,500**	**2,36,50**
Legal consultancy services received **(B) [Note 3]**	1,50,000		(13,500) [1,50,000 × 9%]	(13,500) [1,50,00 × 9%]
Total GST payable in cash [(A) + (B)]		**3,00,900**	**3,00,000**	**2,50,00**

Notes:

1)	Services of giving a means of transportation of goods on hire to a GTA are **exempt.**
2)	Interest on delayed payment collected is assumed to be inclusive of GST.
	➲ Further, the invoice value has been taken as inclusive of GST for computing said penal interest.
	➲ It is includible in value as per **section 15(2)(d)** of the CGST Act 2017.

3)	➲As per **section 9(3)** of CGST Act, Tax on legal services provided by Partnership firm of advocate to a business entity, is payable **under reverse charge** by the business entity. ➲ Further, tax payable under reverse charge, being not an output tax, **cannot be set off** against ITC and thus, will have to be paid in cash.
4)	➲As per **1st proviso to section 16(2)** of CGST Act, In case of goods received in lots, ITC can be taken only upon receipt of the **last lot.** ➲ Hence, ITC on tools received **will not be available** in February, 20XX
5)	Since discount given by ABC Ltd. on the packets of tools was not known at the time of supply, it **shall not be excluded** from its value of supply.

Assumptions taken by ICAI:

➲ It is assumed that the aggregate turnover of ABC Ltd. in the preceding FY was above the threshold limit for registration under GST law.

➲ It is also possible to assume the interest on delayed payment to be exclusive of GST and to compute the same by taking the values as exclusive of GST (i.e. ₹ 5,00,000).

CCP 15.01.03.00

Jino Enterprises, a partnership firm is a regular taxable person registered in Guwahati, Assam and is engaged in supply of Air conditioners and its accessories as well as air-conditioned repairing services. Details of their various activities for the month of October 20YY are as follows:

1) Intra State supply of Air conditioner to customers in Assam. Freight is separately charged in invoices for delivery of goods at customer's doorstep.

Particulars	Amount (₹)
Value of goods	4,00,000
Value of freight charges charged separately in above invoices	1,00,000

2) Intra State supply of repairing services wherein apart from charging service charges, cost of parts/ spares provided to customers is also charged and consideration for the same is separately mentioned in the invoices.

Particulars	Amount (₹)
Value of services component of invoices	3,00,000
Value of parts / spares component in invoices	50,000

3) In order to enhance their sales and to clear the stock of old models of air - conditioner, Jino Enterprises made combo offers to customers wherein, if a customer purchases an Air-conditioner along with a stabilizer, the same is offered at a combo price of ₹ 20,000 as against the original price of ₹ 30,000 (Air-conditioner ₹ 22,000 & stabilizer ₹ 8,000) if these are purchased separately. During October 20YY, Jino Enterprises had made inter-State supply of 10 numbers of such combo products.

4) Purchased business class air tickets for intra State travel from Guwahati Airport, Assam to Dibrugarh Airport, Assam for its executive employees relating to business of the concern. Basic air fare was ₹ 40,000 and airlines charges GST @ 2.5% CGST, SGST each on basic freight, in case the same is applicable.

Additional Information:

a) All the figures mentioned above are exclusive of taxes.

b) In respect of few of the invoices relating to F.Y. 20XX -20YY, involving ITC of CGST ₹ 20,000, SGST of ₹ 20,000, IGST ₹ 80,000 was not taken earlier. Jino Enterprises now want to avail credit

in respect of such invoices in the current month.

c) The rates of GST applicable on various supplies are as follows:

Nature of Supply	CGST	SGST	IGST
Air-Conditioner, Parts and accessories (Except Stabilizers)	6%	6%	12%
Services	9%	9%	18%
Stabilizers	9%	9%	18%
Freight	6%	6%	12%

Calculate the amount of minimum CGST, SGST & IGST tax payable in cash by Jino Enterprises for th month of October, 20YY.

Note: Working Notes (legal provisions) should form part of your answer.

[CA Inter May 23 Exam][CA IPC July 21 Exam (Similar)]

Answer :-

Computation of minimum CGST, SGST and IGST payable in cash by Jino Enterprises for the month October, 20YY:

Particulars	Value	IGST (₹)	CGST (₹)	SGST (₹)
Intra-State supply of air-conditioners [Note 1]	5,00,000 (4,00,000 +1,00,000)	-	30,000 (5,00,000 *6%)	30,000 (5,00,000 *6%)
Intra-State supply of repairing services [Note 2]	3,00,000	-	27,000 (3,00,000 *9%)	27,000 (3,00,000 *9%)
Intra-State supply of parts / spares [Note 2]	50,000	-	3,000 (50,000 *6%)	3,000 (50,000 *6%)
Inter-State supply of 10 combos of air- conditioners and stabilizers [Note 3]	2,00,000 (20,000*10)	36,000 (2,00,000 *18%)	-	-
Total Output Tax		**36,000**	**60,000**	**60,000**
Less: ITC **(Working Note) [Note 4]**				
IGST: 80,000		(36,000)	(22,000)	(22,000)
CGST: 21,000		-	(21,000)	X
SGST: 21,000		-	X	(21,000)
Minimum net GST payable in cash		**Nil**	**17,000**	**17,000**

Working Note:-

Computation of ITC available:

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Purchase of business class air tickets for travel from Assam [Note 5]	-	1,000 (40,000 *2.5%)	1,000 (40,000 *2.5%)
Invoices relating to FY 20XX-YY [Note 6]	80,000	20,000	20,000
Total ITC available	**80,000**	**21,000**	**21,000**

Notes:

1)	➲ Since goods are agreed to be delivered at customer's doorsteps, supply of air- conditioners along with transportation thereof is a composite supply which is treated as the supply of the principal supply. ➲ Accordingly, **rate of principal supply**, i.e. air-conditioners will be charged.
2)	Since parts/ spares and repair services **are not naturally bundled,** they are taxable separately at the applicable rates.
3)	➲ Since supplies are not naturally bundled and a single price is being charged, it is a mixed supply. ➲ It is treated as supply of that particular supply which attracts **highest tax rate**(i.e., stabilizers)
4)	➲ IGST credit is first utilized for payment of IGST liability. Remaining IGST credit has been utilised for payment of CGST and SGST in such proportion to keep the liability at its minimum. ➲ After exhausting IGST credit, CGST and SGST credits have been utilized. CGST credit is utilized for payment of CGST and SGST credit is utilised for the payment of SGST. ➲ ITC of CGST cannot be utilized for payment of SGST and vice versa.
5)	➲ **Not exempt**, since air travel embarking from Assam is not being undertaken in economy class. ➲ Further, ITC is **available** since service is used in the course/furtherance of business.
6)	ITC in respect of any invoice can be taken upto 30th November following the end of FY to which such invoice relates or furnishing of the relevant annual return, **whichever is earlier.**

CCP 15.01.04.00

M/s. Flow Pro, a registered supplier, is engaged in manufacturing heavy steel fabrication machine. The details pertaining to pricing of each such machine is as follows:

S.No.	Particulars	Amount (₹)
(i)	Price of the machine [excluding taxes and other charges mentioned at S. Nos. (ii) and (iii)]	25,00,000
(ii)	Third party inspection charges [Such charges were payable by M/s Flow Pro but the same have been directly paid by BP Ltd. to the inspection agency. These charges were not recorded in the invoice issued by M/s Flow Pro.]	5,00,000
(iii)	Freight charges for delivery of the machine [M/s Flow Pro has agreed to deliver the goods at BP Ltd.'s premises]	2,00,000
(iv)	Subsidy received from the State Government on sale of machine under Skill Development Programme [Subsidy is directly linked to the price]	5,00,000
(v)	Discount of 2% is offered to BP Ltd. on the price mentioned at S. No. (i) above and recorded in the invoice	

Note: Price of the machine is net of the subsidy received.

M/s. Flow Pro has supplied one such machine in the month of October. It also provided the following details pertaining to the purchases made/services availed during said month:

S.No.	Inward supplies	IGST (₹)	Remarks
(i)	Inputs 'A'	1,00,000	One invoice on which IGST payable was ₹ 10,000, is missing.
(ii)	Inputs 'B'	50,000	Inputs are to be received in two lots. First lot has been received in October.
(iii)	Capital goods	1,20,000	M/s. Flow Pro has capitalised the capital goods at full invoice value inclusive of GST as it will avail depreciation on the full invoice value.

(iv)	Input services	2,25,000	One invoice dated 20th January of preceding financial year o which GST payable was ₹ 50,000 was missing and has been found in October.

Compute the net GST payable in cash by M/s. Flow Pro for October assuming that all the inwa supplies are inter-State supplies, and all outward supplies are intra-State supplies. Assume the ra of taxes to be as under:

Particulars	Rate of tax
CGST	9%
SGST	9%
IGST	18%

Make suitable assumptions, wherever necessary. All the conditions necessary for availing the ITC h been fulfilled. Opening balance of the input tax credit for the relevant period is Nil. The annual retu for the previous financial year was filed on 15th September of the current year. [CA Inter MTP Mar 23

Answer :-

Computation of net GST payable by M/s Flow Pro for the month of July:

Particulars	**CGST (₹)**	**SGST (₹**
GST payable on outward supplies **(Refer Working Note 1)**	2,83,500	2,83,500
Less: ITC **(Refer Working Note 2) (Note)**		
IGST: 2,65,000	1,32,500	1,32,500
Net GST payable in cash	**1,51,000**	**1,51,000**

Working Notes:

1) Computation of GST payable on outward supply made by M/s. Flow Pro for the month of July:

Particulars	**ITC (₹)**	**Remark**
Price of the machine	25,00,000	Since the subsidy is received from the State Governmer the same is **not includible** in the value of supply as per **section 15(2)(e).**
Third party inspection charges	5,00,000	Any amount that the supplier is liable to pay in relation the supply but has been incurred by the recipient and nc included in the price actually paid or payable for the goo is includible in the value of supply as per **section 15(2)(**
Freight charges for delivery of the machine	2,00,000	Since arranging freight is the liability of supplier, it is a c of composite supply and thus, freight charges are **added** the value of principal supply.
Total	**32,00,000**	
Less: Discount @ 2% on ₹ 25,00,000 being price charged to BP Ltd.	50,000	Discount given before or at the time of supply if duly recorded in the invoice is **deductible** from the value of supply as per **section 15(3)(a).**
Value of taxable supply	**31,50,000**	
GST payable on outward supplies		Since all the outward supplies are intra-State supplies, CGST and SGST are payable on the same.
CGST @ 9%	**2,83,500**	
SGST @ 9%	**2,83,500**	

) Computation of ITC available with M/s Flow Pro for the month of July:

S.No.	Inward Supplies	ITC (₹)	Remarks
(i)	Inputs 'A'	90,000	ITC **cannot be taken** on missing invoice. The registered person should have the invoice in its possession to claim ITC.
(ii)	Inputs 'B'	Nil	When inputs are received in lots, ITC can be availed only on receipt of **last lot.**
(iii)	Capital Goods	Nil	Input tax paid on capital goods cannot be availed as ITC, if depreciation has been claimed on such tax component.
(iv)	Input services	1,75,000	ITC on an invoice cannot be availed after 30th November following the end of financial year to which such invoice pertains or the date of filing annual return, whichever is earlier. Since the annual return for the previous financial year has been filed on 15th September, ITC on the invoice pertaining to previous financial year cannot be availed after 15th September.
Total ITC (IGST)		**2,65,000**	

lote:

- ITC of IGST can be utilised towards payment of CGST and SGST in any proportion and in any order.
- Therefore, there can be multiple ways of setting off of IGST credit against CGST and SGST liability and accordingly, in the given case, amount of net GST payable in cash under the heads of CGST and SGST will vary.
- However, total amount of net GST payable in cash will be ₹3,02,000 in each case.

CCP 15.01.05.00

liss Nitya, proprietor of M/s. Honest Enterprise, a registered supplier of taxable goods and services in he state of West Bengal, pays GST under regular scheme. It is not eligible for any threshold exemption. provided the following information for the month of December 20XX:

S.No.	Particulars	Amount (₹)
	OUTWARD SUPPLY	
(i)	Intra-state supply of goods to M/s. Natural & Sons	7,00,000
(ii)	Intra-state transfer of goods to its branch office in the state of West Bengal. Both places are under the same GSTIN.	1,00,000
(iii)	Provided inter-state supply of sponsorship services to XYZ Ltd of Chennai	80,000
(iv)	Advance received for future supply of management consultancy service to Mr. Sharad (Intra-state supply)	40,000
	INWARD SUPPLY: (Intra-state)	
(i)	Purchase of taxable goods from registered suppliers.	7,00,000
(ii)	Availed Works Contract service for repair of office building. Amount of repair was debited in the profit & loss account.	30,000
(iii)	Availed legal service form an advocate to represent the matter in the Court relating to collection of disputed proceed from customers	50,000

otes:

) **Rate of CGST, SGST and IGST on all supplies are as below:**

Particulars	CGST	SGST	IGST
Goods	2.5%	2.5%	5%
Supply of services	9%	9%	18%

(i) Both inward and outward supplies given above are exclusive of taxes.

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

(iii) Working note should form part of the answer.

Compute the net minimum GST payable in cash by M/s. Honest Enterprise for the month of Decem 20XX. [CA Inter Nov 23 Exam]

Answer: Computation of minimum net GST payable in cash by M/s Honest Enterprise for the mont December 20XX:

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (
GST payable under forward charge:				
Intra-State supply of goods to M/s Natural & Sons	7,00,000	–	17,500 (7,00,000 *2.5%)	17,500 (7,00,0 *2.5%)
Intra-State branch transfer **[Note 1]**	1,00,000		–	–
Inter-State supply of sponsorship service to XYZ Ltd. of Chennai **[Note 2]**	80,000	–		
Advance received for future intra-State supply of management consultancy service **[Note 3]**	40,000		3,600 (40,000 *9%)	3,600 (40,0(*9%)
Total Output tax		-	**21,100**	**21,10**
Less: ITC utilised **(Working Note)**		-	27,200	27,20
Net GST Payable **[A]**		-	**Nil**	**Nil**
Legal services availed [Note 4] **[B]**	50,000		4,500 (50,000 *9%)	4,500 (50,0(*9%)
Minimum net GST payable in cash **[A] + [B]**			**4,500**	**4,50**

Working Note: Computation of ITC available

Intra-State purchase of taxable goods **[Note 5]**	8,00,000		20,000 (8,00,000 *2.5%)	20,000 (8,00,(*2.5%)
Works contract service for repair of office **[Note 6]**	30,000		2,700 (30,000 *9%)	2,700 (30,0(*9%)
Legal services availed **[Note 7]**	50,000		4,500 (50,000 *9%)	4,500 (50,0(*9%)
Total			**27,200**	**27,20**

Notes:

1)	Such transfer is **not a supply** as the branch has the same GSTIN as that of the head office and thus **not a distinct person.**
2)	Since sponsorship service is provided to a body corporate, tax on the same is payable by recipient XYZ Ltd. – **under reverse charge.**
3)	In case of **supply of service**, tax is payable at the time of **receipt of advance amount** too.

4)	➲ Tax on legal services availed by a business entity from an advocate is payable **under reverse charge.** ➲ Further, tax payable under reverse charge cannot be set off against ITC and thus, reverse charge has to be paid in cash since the tax payable under reverse charge is **not an output tax.**
5)	ITC of goods used in the course/ furtherance of business is **available.**
6)	ITC is available since the repair amount is debited in the profit & loss account and not capitalized in the books of account.
7)	ITC of services used in the course/ furtherance of business is **available.**

CCP 15.01.05.01

Evershine Pvt. Ltd., a GST registered supplier located in Jaipur, Rajasthan is engaged in taxable supply of packaging goods and consultancy services. It provides following details of various activities undertaken during the month of September 20XX:

(A) Details of Outward Supplies:

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

(B) Details of Inward Supplies:

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

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

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

Notes:

(i) All the figures mentioned above are exclusive of taxes.

(ii) Subject to the information given above, conditions necessary for claiming ITC were complied with.

(iii) All inward supplies are used for taxable goods only.

(iv) Brief and suitable notes should form part of your answer.

Calculate the amount of net minimum GST payable in cash by Evershine Pvt. Ltd. for the month September 20XX. [CA Inter May 24 Exam]

Answer:- Computation of minimum net GST payable in cash by Evershine Pvt. Ltd. for the month Sep 20XX:

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Output tax payable				
Intra-State supply of goods to Vaidehi Enterprises **[Note 1]**	18,50,000	–	1,66,500	1,66,500
Inter-State supply to Calc. Exim **[Note 2]**	35,60,000	6,40,800	-	-
Intra-State supply to Sunshine Ltd. **[Note 3]**	5,70,000	–	51,300	51,300
Inter-State supply to Raghu Enterprise **[Note 4]**	2,00,000	36,000	-	-
Total Output tax		**6,76,800**	**2,17,800**	**2,17,80**
Less: ITC available (WN-1) [Note 5]				
IGST: ₹ 4,17,000		4,17,000	-	-
CGST: ₹ 2,30,000		12,200	2,17,800	X
SGST: ₹ 2,60,000		42,200	X	2,17,80
Minimum net GST payable in cash		**2,05,400**	**Nil**	**Nil**

Working Note: Computation of ITC available:

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
Opening Balance **[Given]**		75,000	20,000	50,000
Inter-State purchase of raw material **[Note 6]**	19,00,000	3,42,000 (₹19,00,000 *18%)	-	-
Purchase of machinery **[Note 7]**	2,00,000	-		
Inter-State purchase of Truck **[Note 8]**	15,00,000	-	2,10,000 (₹15,00,000 *14%)	2,10,000 (₹15,00,00 *14%)
Purchase of car **[Note 9]**	10,00,000	-	-	-
Purchase of goods for construction of an additional floor **[Note 10]**	5,00,000	-	-	-
Total		**4,17,000**	**2,30,000**	**2,60,000**

Notes:

1)	Since arranging freight is the liability of supplier, it is a **composite supply** and thus, freight charge are **added** to the value of principal supply.
2)	As per **section 15(2)(a)** of CGST Act, Tax other than GST are includible in value, if charged separately.
3)	As per **section 15(3)(a)**, Discount given before or at the time of supply if duly recorded in the invoic is **deductible** from the value of supply

4)	➢ Place of supply in case of bill to ship model is **principal place of business of a third person** at whose instructions the goods are delivered by supplier to recipient. ➢ Thus, it is considered as Inter State supply.
5)	➢ IGST credit to be utilized first towards payment of IGST. ➢ CGST credit utilized for payment of CGST and IGST in that order. ➢ SGST credit utilized for payment of SGST and IGST in that order.
6)	As per **section 16(2)(b)**, ITC is **not available** on goods worth ₹1,00,000 since not received duringt h e month.
7)	As per **section 16(3)**, ITC is not available since depreciation has been claimed on the GST component.
8)	As per **section 17(5)(a)**, ITC on motor vehicles used for transportation of goods is **available.**
9)	As per **section 17(5)(a)**, ITC on motor vehicles for transportation of persons with seating capacity up to 13 persons (including driver), is **blocked**, except when used for specified purposes.
10)	As per **section 17(5)(d),** ITC on goods used in construction of immovable property (other than plant or machinery) on one's own account is **blocked** if capitalized in the books.

CCP 15.01.06.00

Mr. Uttam Kumar a registered supplier of service in Kolkata, has provided following information for the month of October, 20XX

Sr. No.	Particulars	Amount (₹)
(i)	Intra-State taxable supply of service	6,40,000
(ii)	Amount received from Kapola Pvt. Ltd., for service provided to company. (He is a director in Kapola P. Ltd.), being Intra-State transaction	5,00,000
(iii)	Paid legal fee to senior advocate for one legal matter within State, being Intra-State transaction.	50,000
(iv)	Amount received for service provided by him as a commentator to a local recognized sports body, being Intra-State transaction	1,20,000
(v)	Amount received for acting as a coach in recreational activities relating to sports, from one local 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, 20XX.

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

All the amounts given are exclusive of CGST, SGST and IGST, wherever applicable. [CA Inter Exam May 19 Old]

Answer:-

Computation of net GST liability of Mr. Uttam Kumar for the month of October, 20XX:-

Particulars	Refer Note	Amount (₹)	CGST @9% (₹)	SGST @9% (₹)
Intra-State taxable supply of services		6,40,000	57,600	57,600
Add: Amount received from Kapola Pvt. Ltd. for service provided to company, being intra State transaction	1	5,00,000	-	-
Add: Legal fee paid to senior advocate for one legal matter within the State, being intra State transaction	2	50,000	4,500	4,500

Add: Amount received for services provided as a commentator to a local recognized sports body, being intra-State transaction	3	1,20,000	10,800	10,800
Add: Amount received for acting as acoach in recreational activities relating to sports from one local charitable entity registered under section 12AA of the Income Tax Act, 1961, being intra-State transaction	4	30,000	-	-
Total Tax Payable			**72,900**	**72,900**
Less: Cash paid towards tax payable under reverse charge [A]	5		4,500	4,500
Output tax payable against which ITC can be set off			68,400	68,400
Less: ITC of tax paid on legal fees paid to senior advocate			4,500	4,500
Output tax payable after set off of ITC [B]			63,900	63,900
Net GST Liability [A]+[B]			**68,400**	**68,400**

Notes:-

1)	➲ As per **section 9(3)** of the CGST Act, Services supplied by a director of a company to the said company are taxable under reverse charge. ➲ Thus, the tax leviable thereon will be paid by the company.
2)	➲ As per **section 9(3)** of the CGST Act, Services provided by a senior advocate by way of legal services are taxable under reverse charge. ➲ Thus, the tax leviable thereon will be paid by Mr. Uttam Kumar.
3)	➲ Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body is **exempt** from GST. ➲ However, services provided as a commentator to a local recognized sports body is **taxable.**
4)	Services by way of coaching in recreational activities relating to sports by charitable entities registered under section 12AA or 12AB of the Income-tax Act are **exempt** from GST.
5)	The amount available in the electronic credit ledger may be used for making payment towards output tax. ➲ However, tax payable under reverse charge is not an output tax. ➲ Therefore, tax payable under reverse charge cannot be set off against the input tax credit an ➲ Thus, will have to be paid in cash.

Assumptions taken by ICAI:

➲ It has been assumed that services provided to Kapola Pvt Ltd by Mr.Uttam Kumar are in the capacity being a director in the company.

➲ It has been assumed that the turnover of Mr. Uttam Kumar in the previous year 20XX-YY exceede 20,00,000.

➲ It has been assumed that the matter for which the legal fees is paid to the senior advocate is in the course furtherance of business.

CCP 15.01.07.00

Neelkanth Pvt. Ltd., a registered supplier of goods and services at Kolkata has furnished the following information for the month of February:

S.No.	Particulars	Amount (₹)
(i)	Intra-State supply of taxable goods including ₹ 1,00,000 received as advance in January, the invoice for the entire sale value is issued on 15th February	4,00,000
(ii)	Purchase of goods from a composition dealer, registered in Kolkata	5,50,000
(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)	1,00,000
(iv)	Membership of a club availed for employees working in the factory (It is an intra-State transaction)	1,75,000
(v)	Goods transport services received from a GTA. GST is payable @12% (It is an inter-State transaction)	2,00,000
(vi)	Inter-State services provided by way of training in recreational activities relating to sports	10,000
(vii)	Inter-State security services provided to ABC higher secondary school for their annual day function organised in Fintex Auditorium outside the School campus	15,000
(viii)	Inputs to be received in 4 lots, out of which 2nd lot was received during the month	40,000

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

Particulars	Amount (₹)
CGST	57,000
SGST	Nil
IGST	50,000

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.

(iv) The turnover of Neelkanth Pvt. Ltd. was ₹ 2.5 crore in the previous financial year.

Compute the minimum GST, payable in cash, by Neelkanth Pvt. Ltd. for the month of February. Make suitable assumptions as required [CA Inter RTP Nov 22][CA Inter MTP Mar 24]

Answer:-

) Computation of GST Payable on outward supplies:

Particulars	Value	IGST @ 18%	CGST @ 9%	SGST @ 9%
ntra-State supply of goods **(Note-1)**	4,00,000	-	36,000	36,000
Services rendered by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex **(Note-2)**	18,000	-	9,000	9,000
Services provided by way of training in recreational activities relating to sports **(Note-3)**	10,000	1,800	-	
nter-State security services provided to ABC higher secondary school for their annual day function held in Fintex Auditorium **(Note-4)**	15,000	2,700	-	
Total GST payable		**4,500**	**45,000**	**45,000**

2) Computation of Total ITC :

Particulars	IGST ₹ 18%	CGST ₹ 9%	SGST ₹ 9
Opening ITC **(Given)**	50,000	57,000	-
Add: Purchase of goods from a composition dealer **(Note-5)**	-	-	-
Add: Membership of a club **(Note-6)**	-	-	-
Add: Goods transport services received from GTA **(Note-7)**	24,000	-	-
Add: Inputs to be received in 4 lots, out of which 2nd lot was received during the month **(Note-8)**	-	-	-
Total ITC	**74,000**	**57,000**	-

3) Computation of minimum GST payable:

Particulars	IGST ₹ 18%	CGST ₹ 9%	SGST ₹ 9
Total Output tax liability	4,500	45,000	45,000
Less: Input tax Credit **[Note-9]**	-		-
IGST: 74,000	(4,500)	(24,500)	(45,000)
CGST: 57,000	-	(20,500)	x
SGST: Nil	-	-	-
Minimum GST payable in cash	**Nil**	**Nil**	**Nil**

Notes:-

1)	➲ As per **Sec 12(2), read with notification 66/2017**, the time of supply of goods shall be **earlier** the following dates:- ➢ Date of issue of invoice or ➢ last date to issue the invoice u/s 31. ➲ Further, As per notification 66/2017, the time of supply of goods is not on advance received & th is applicable to all registered persons **except** composition supplier & Supplier of Specifie actionable claim. ➲ **Thus**, liability to pay tax on the advance received in January will also arise in the month of Februar when the invoice for the supply is issued.
2)	Services by way of pure labour contracts of construction, erection, commissioning, or installation original works pertaining to a single residential unit otherwise than as a part of a residential compl are **exempt** but Labour contracts for repairing are thus, taxable.
3)	➲ Services by way of training or coaching in recreational activities relating to sports is exempt und only if provided by charitable entities registered under section 12AA or 12AB of the Income-ta Act. ➲ Thus, in the given case, said service is **taxable.**
4)	Security services provided to ABC higher secondary School for Annual Day function organise outside the school campus will be taxable as only the security services performed within the premise of the higher secondary school are **exempt.**
5)	ITC is **blocked** u/s 17(5)(g) of CGST Act on goods on which tax is paid u/s 10.
6)	ITC is **blocked** u/s 17(5)(b) of CGST Act as said service is not provided by employer to employe under any statutory obligation.

7)	➲ GST is payable by the recipient on reverse charge basis on the receipt of services of transportation of goods by road from a goods transport agency (GTA), provided GST is not payable @ 12%. ➲ Since in the given case, services have been received from a GTA where GST is payable @ 12% and recipient is one of the specified recipients, reverse charge provisions will not be applicable. ➲ In this case, input tax credit is **available** for the services received from GTA.
8)	As per **1st proviso to section 16(2)** of CGST Act, In case of goods received in lots, ITC can be taken only upon receipt of the **last lot.**
9)	IGST credit is first utilized towards payment of IGST, remaining amount can be utilized towards CGST and SGST in any order and in any proportion.

CCP 14.01.08.00

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

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

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

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

(ii) Each combo pack (containing a calculator and a diary) is priced at ₹ 800. The calculator and the diary are individually priced at ₹ 700 and ₹ 200 respectively.

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

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

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

(vi) Subject to the information given above, all the necessary conditions for availing input tax credit have been fulfilled. Details of opening balances of input tax credit as on 1st July is given here under:

Tax	Amounts(₹)
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. [CA Inter RTP Nov 2020]

Answer:-

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

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)
(i) Calculation of Total tax liability:-				
Inter -State supply of office stationery **[Note 1]**	2,00,000	36,000 (2,00,000X18%)	-	-
Intra-State supply of 500 combo pack 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 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		**36,000**	**65,000**	**65,000**
(ii) Calculation of total Input Tax Credit (ITC):				
Brought forward ITC **[Given]**		80,000	5,000	5,000
Inter-State purchase of office stationery **[Note 4]**	1,00,000	18,000 (1,00,000X 18%)		
Intra-State repairing of lorry used for transportation of goods **[Note 5]**	1,00,000		9,000 (1,00,000 X 9%)	9,000 (1,00,000 X 9%)
Total ITC		**98,000**	**14,000**	**14,000**
(iii) Calculation of Minimum net GST payable in cash:-				
Total tax liability [from (i)]		36,000	65,000	65,000
Less ITC [Note 6]				
IGST - 98,000		(36,000)	(11,000)	(51,000)
CGST - 14,000		-	(14,000)	X
SGST - 14,000		-	X	(14,000)
Minimum net GST payable in cash		**Nil**	**40,000**	**Nil**

Notes:-

1)	Taxable supplies made by a registered person are **liable to tax irrespective** of whether they are made to a registered person or to an unregistered person.
2)	➲ Supply of calculator and diary as a combo pack with a single price of ₹ 800 is a mixed supply. ➲ Being a mixed supply comprising of two supplies, it shall be treated as supply of that particular supply which attracts **highest rate** of tax.
3)	Services provided by a business facilitator/ business correspondent to a banking company only with respect to accounts in its rural area branch are **exempt** but 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 on which ITC is allowed.

6)	➲ 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 amount of CGST and SGST liabilities are the same as also the amount of ITC for CGST & SGST is also the same.

CCP 15.01.09.00

Ajay Limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. The company provided the following details for the month of January 20YY:

S.No.	Particulars	Amount (₹)
(i)	Outward supply of goods made during the month to various non- related persons:	As given in particular problem

S.No.	Particulars	Market value	Transaction Value
a.	in the State of Bihar (Intra-State)	3,00,000	4,00,000
b.	to other State (Inter-State)	2,00,000	1,00,000

(ii)	Services provided to the State Government of Karnataka for conducting a computer training programme for its employees. Total expenditure incurred for the said programme was ₹ 90,000, of which ₹ 63,000 was borne by the State Govt. (Inter-State transaction)	5,00,000
(iii)	Stock transfer without consideration to its branch at Gaya (Bihar). Branch has separate GSTIN for convenience of accounting and billing.Value under section 15 - ₹ 20,000 (Intra -State)	Nil
(iv)	Intra - State inward supply of various services for use in the course or furtherance of business (30 invoices)	6,50,000

Additional Information:

a) All the amounts given above are exclusive of taxes.

b) During the course of arranging and filing documents, the accountant of Ajay Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 02.12.20XX was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January 20YY. This invoice was issued by Mr. Mukesh of Patna, from whom Ajay Limited had taken cars on rental basis. Invoice included cost of fuel also. (Intra -State transaction).

c) Rate of GST applicable on various supplies are as follows:

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

d) No opening balance of input tax credit exists in the beginning of the month.

e) Out of the 30 invoices of inward supply received, 6 invoices with taxable value amounting to ₹ 1,50,000 were e-invoices in which Invoice Reference Number (IRN) was not mentioned. However, all the invoices were duly reflected in GSTR 2B for the month of January 20YY, since the suppliers had filed their GSTR-1.

f) Subject to the information given above, conditions necessary for claiming ITC were complied with.

You are required to calculate the amount of net GST liability payable in cash by Ajay Limited for the month of January 20YY. Brief notes for treatment given for each item should form part of your answer. [CA Inter Nov 22 Exam]

Answer:

Computation of net GST payable in cash by Ajay Ltd. for the month of January 20XX:

Particulars	IGST ₹ 18%	CGST ₹ 9%	SGST ₹ 9
Outward intra-State supply of goods made in the State of Bihar **[Note 1]**	-	36,000 (4,00,000 *9%)	36,000 (4,00,00 *9%)
Outward supply of goods made to other States **[Note 1]**	18,000 (1,00,000 *18%)	-	-
Inter-State services provided to State Government of Karnataka for conducting a computer training programme **[Note 2]**	90,000 (5,00,000 *18%)	-	-
Intra-State stock transfer to Gaya Branch with separate registration **[Note 3]**		1,800 (20,000* 9%)	1,800 (20,000 9%)
Total output tax	**1,08,000**	**37,800**	**37,800**
Less: ITC **(Working Note)** **[Note 4]**			
IGST: Nil			
CGST: 45,000	(7,200)	x	(37,800)
SGST: 45,000	(7,200)	(37,800)	x
Net GST payable in cash	**93,600**	**Nil**	**Nil**

Working Note:

Computation of ITC available:

Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Intra-State inward supply of services **[Note 5]** [₹ 6,50,000 – ₹ 1,50,000]	-	45,000 (5,00,000 *9%)	45,000 (5,00,00 *9%)
Cars taken on rental basis from Mr. Mukesh **[Note 6]**	-	-	-
Total output tax	**-**	**45,000**	**45,000**

Notes:-

1)	Value of supply is the **transaction value** of the goods.
2)	**Not exempt** since the State Government has borne less than 75% of total expenditure of the trainin programme.
3)	Supply of goods between distinct persons in course or furtherance of business **qualifies as suppl** even if made without consideration.
4)	➲ CGST credit should be utilized for payment of CGST & IGST in that order. Similarly, SGST credit should be utilized for payment of SGST & IGST in that order. ➲ ITC of CGST cannot be utilized for payment of SGST & vice versa.
5)	ITC cannot be claimed on the e-invoices without IRN since an e-invoice without IRN is **not treated a valid document** for claiming ITC.

6)	➲ Tax on renting of motor car services wherein cost of fuel is included in consideration provided by a non-body corporate to a body corporate and invoice is issued charging CGST/SGST @ 2.5% is payable **under reverse charge.** ➲ Time of supply of such services is 1st February being earlier of date of payment, or date immediately following 60 days since issue of invoice by the supplier. ➲ Since the time of supply of renting of motor car services in the given case does not fall in January, tax liability on the same does not arise in said month. ➲ Further, ITC on renting of motor car services received is **blocked** since the recipient (Ajay Ltd.) is not in the same line of business.

CCP 15.01.10.00

M/s Cute & Co., a partnership firm, registered supplier under GST in Bengaluru (Karnataka State), has provided the following information for the month of October, 20XX

S.No.	Particulars	Amount (₹)
(i)	Intra-State taxable supply of Direct Selling Agent (DSA) service to public sector Bank	2,50,000
(ii)	Services provided to a Governmental authority by way of sanitation conservancy.	99,900
(iii)	Rent paid to a residential dwelling taken for running an office for providing DSA services; Owner of the residential property was not registered under GST; This is an intra-State supply availed.	25,000
(iv)	Purchased a car for the official use of managing partners of the Firm for business use (Inter-State purchase).	9,00,000
(v)	Availed Information Technology services for their business from Partner's friend Mr Allan Waugh from Melbourne, Australia. Mr. Waugh refused to take any consideration. Open Market value of said service was ₹ 1,25,000. (Inter-State transactions).	Nil
(vi)	Provided training and performance appraisal services in Bengaluru to following persons: a)ABC Private Limited, a registered supplier in the State of Kerala b) Babu Cones, a proprietorship concern of Rajasthan, which was not registered under GST	 3,00,000 1,00,000

Note:

i) **Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.**

ii) **All the amounts given above are exclusive of taxes.**

iii) **All the conditions necessary for availing the ITC have been fulfilled.**

iv) **There was no opening balance of any input tax credit.**

v) **The turnover of M/s Cute & Co was ₹2 crore in the previous financial year.**

Compute the net GST payable in cash, by M/s Cute & Co. for the month of October, 20XX. Correct legal provisions should form part of your answer. [CA Inter RTP May 24]

Answer: Computation of net GST payable in cash:

Particulars	IGST @ 18%(₹)	CGST@9% (₹)	SGST@9% (₹)
Output tax liability **[Refer Working Note 1]**	54,000	31,500	31,500
Less: ITC available **[Refer Working Note 2]**	-	2,250	2,250
Net GST payable	**54,000**	**29,250**	**29,250**

Add: Tax Payable under reverse charge to be paid in cash [The amount available in the electronic credit ledger may be used for making any payment towards output tax. Further, output tax means the tax chargeable on taxable supply of goods and/or services but excludes tax payable on reverse charge basis. Thus, tax liability under reverse charge has to be paid in cash]	–	2,250	2,250
Total GST Payable in cash	**54,000**	**31,500**	**31,500**

Working Notes:

1. Computation of total value of taxable supplies made by M/s Cute & Co. for the month of October 20

Particulars	Value (₹)	IGST (₹)	CGST (₹)	SGST (₹)	Remark
Taxable under Forward Charge					
Intra-State taxable supply of DSA service	2,50,000	–	22,500	22,500	Since DSA services are provic by partnership firm, so **taxab** under **forward charge.**
Services provided to a Governmental authority by way of sanitation conservancy	99,900	–	–	–	Specifically **exempt** under GS
Information Technology services	Nil	–	–	–	As per **Para 4 of Schedule I** of CGST Act, Import of services from a non-related person without consideration, in the course or furtherance of busin is **not a supply.**
Training and performance appraisal services to ABC Private Limited	3,00,000	54,000	–	–	**Taxable**, As per **Sec 12(5)** of IG Act the place of supply of servi in relation to training and performance appraisal to a regi red person, shall be the location such person. Thus, place of sup is Kerala and hence an inter-Sta transaction.
Training and performance appraisal services to Babu Cones	1,00,000	–	9,000	9,000	**Taxable,** As per **Sec 12(5)** of IG Act, the place of supply of servi in relation to training and performance appraisal to an unregistered person, shall be th location where the services are actually performed. Thus, place supply is Bengaluru, hence Intra State transaction.
	7,49,900	**54,000**	**31,500**	**31,500**	

Taxable under Reverse Charge					
Rent paid for residential unit	25,000	–	2,250	2,250	Service by way of renting of residential dwelling to a RP is **taxable** under reverse charge mechanism
Total value of taxable supplies	**7,74,900**	**54,000**	**33,750**	**33,750**	

2. Computation of ITC that can be availed by M/s Cute & Co. for the month of October 20XX:

Particulars	IGST (₹)	CGST (₹)	SGST (₹)	Remark
Rent paid to residential dwelling for providing DSA services	–	2,250	2,250	ITC is available as services are used in the course or furtherance of business.
Purchase of car	–	–	–	Blocked credit as per **Sec 17(5)** of the CGST Act 2017.
Total ITC	–	**2,250**	**2,250**	

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