FINAL COURSE

PAPER – 5

INDIRECT TAX LAWS

[RELEVANT FOR MAY 2026, SEPTEMBER 2026 AND JANUARY, 2027 EXAMINATION]

BOOKLET ON CASE SCENARIOS

BOARD OF STUDIES (ACADEMIC)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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BEFORE WE BEGIN.....

Under the New Scheme of Education and Training which was introduced on 1st July, 2023, 30% of the examination assessment is by the way of Objective Type Questions at Intermediate and Final level. Therefore, to provide
hands-on practice for such type of questions, BOS launched MCQ Paper Practice Portal on 1st July, 2023. This online portal contains independent MCQs as well as case scenario based MCQs both for conceptual clarity and practice of the students.

In continuation to this handholding initiative and to provide quality academic inputs to the students to help them grasp the intricate aspects of the subject, the Board of Studies (Academic) has brought forth subject-wise booklets on Case Scenarios at the Intermediate and Final level. These booklets are meticulously designed to assist Chartered Accountancy (CA) students in their preparation of the CA course.

At Final level, the **'Booklet on Case Scenarios for Paper 5: Indirect Tax Laws'** contains the case scenarios based on the GST law which have been answered on the basis of the provisions of the Central Goods and Services Tax Act, 2017 (CGST Act, 2017) and the Integrated Goods and Services Act, 2017 (IGST Act, 2017) as amended by the Finance No. Act, 2025, including significant circulars and notifications issued and other legislative amendments made, which have become effective up to 31.10.2025. The case scenario-based MCQs are all application oriented MCQs and arise from the facts of the case. At the end of each case scenario followed by MCQs, we have also provided explanations/hints for each MCQ which will enable the students to evaluate their performance and identify areas requiring further attention.

This booklet is relevant for May 2026, September 2026 and January 2027 examinations. Please note that before working out the MCQs of this booklet, students have to be thorough with the provisions and concepts of the Goods and Services Tax law as discussed in the September, 2025 edition of the Study Material, which is based on the provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance Act, 2024 and Finance (No. 2) Act, 2024, including significant circulars and notifications issued and other legislative amendments made, which have become effective up to 30.04.2025, alongwith

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the Statutory Update for May 2026 examinations which are web-hosted at the BoS Knowledge Portal, containing the significant notifications, circulars and other legislative amendments made, from 01.05.2025 to 31.10.2025.

Students appearing for September 2026 and January 2027 examinations also need to go through the Statutory Update for September 2026 and January 2027 examinations respectively which will be web-hosted at the BoS Knowledge Portal, containing the significant notifications, circulars and other legislative amendments made, from 01.05.2025 to 28.02.2026 and from 01.05.2025 to 30.06.2026, respectively.

Unless otherwise specified, the section numbers and rules referred in the booklet pertain to the CGST Act, 2017 and the CGST Rules, 2017 respectively (except where the section numbers and rule numbers pertain to the IGST Act, 2017 and the IGST Rules, 2017). **It is important to note that the GST rates for goods and services mentioned in various questions are hypothetical and may not necessarily be the actual rates leviable on those goods and services.**

After attaining conceptual clarity by reading the Study Material (and Statutory Update, if applicable), you are expected to apply the concepts learnt in answering the MCQs given in this booklet. You have to read the case scenarios and the MCQs, identify the provisions of tax law involved, apply the provisions correctly in addressing the issue raised/making the computation required in the MCQ, and finally, choose the correct answer. This process of learning concepts and provisions of tax laws and solving MCQs based thereon will help you attain conceptual clarity and hone your application and analytical skills so that you are able to approach the examination with confidence and a positive attitude.

We are confident that this booklet will serve as a valuable companion in your preparation journey. We encourage students to make the most of this resource by engaging deeply with the scenarios, reflecting on the MCQs, and embracing the learning process.

Best wishes for your studies and success in the CA Final Examination!

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CONTENTS

CASE SCENARIO 1 1
CASE SCENARIO 2 8
CASE SCENARIO 3 12
CASE SCENARIO 4 20
CASE SCENARIO 5 27
CASE SCENARIO 6 34
CASE SCENARIO 7 40
CASE SCENARIO 8 46
CASE SCENARIO 9 52
CASE SCENARIO 10 57
CASE SCENARIO 11 62
CASE SCENARIO 12 66
CASE SCENARIO 13 71
CASE SCENARIO 14 74
CASE SCENARIO 15 81
CASE SCENARIO 16 84
CASE SCENARIO 17 88
CASE SCENARIO 18 92
CASE SCENARIO 19 96
CASE SCENARIO 20 99
CASE SCENARIO 21 103

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CASE SCENARIO 22..... 109
CASE SCENARIO 23..... 116
CASE SCENARIO 24..... 123
CASE SCENARIO 25..... 129
CASE SCENARIO 26..... 136
CASE SCENARIO 27..... 144
CASE SCENARIO 28..... 148
CASE SCENARIO 29..... 152
CASE SCENARIO 30..... 157
CASE SCENARIO 31..... 161
CASE SCENARIO 32..... 165
CASE SCENARIO 33..... 171
CASE SCENARIO 34..... 176
CASE SCENARIO 35..... 183
CASE SCENARIO 36..... 188
CASE SCENARIO 37..... 195
CASE SCENARIO 38..... 200
CASE SCENARIO 39..... 207
CASE SCENARIO 40..... 213
CASE SCENARIO 41..... 219
CASE SCENARIO 42..... 223
CASE SCENARIO 43..... 227
CASE SCENARIO 44..... 231
CASE SCENARIO 45..... 234

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CASE SCENARIO 46..... 239
CASE SCENARIO 47..... 244
CASE SCENARIO 48..... 252
CASE SCENARIO 49..... 258
CASE SCENARIO 50..... 265
CASE SCENARIO 51..... 269
CASE SCENARIO 52..... 273
CASE SCENARIO 53..... 277
CASE SCENARIO 54..... 284
CASE SCENARIO 55..... 290

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CASE SCENARIO 1

Vidhyut Corporation Ltd. is a Public Sector Undertaking (PSU) engaged in the business of generation of electricity from conventional & non-conventional sources. The Government of India holds 75% equity in the said company & balance equity is held by institutional and domestic investors. The company has taken separate registration under GST in each State where it has business operations. The company has its head office (HO) in Delhi & its power plants are located in the States of Bihar, Odisha & Chhattisgarh.

Following transactions were carried out by the company during the month of February:

Particulars	Delhi H.O. (₹)	Bihar plant (₹)	Odisha plant (₹)	Chhattisgarh plant (₹)
Sale of electrical energy to DISCOM	--	2,50,00,000	3,50,00,000	4,50,00,000
Bank interest received on saving bank account & fixed deposit	18,00,000	3,00,000	5,00,000	8,00,000
House rent recovered from the employees for residential accommodation provided to them	55,000	30,000	25,000	40,000
Rent collected from bank, ATM, post office & shops located in office premises	48,000	15,000	12,000	16,000
Sale of metal scrap (covered under Chapter 72) (excluding TCS @ 1% as per the Income-tax	-	85,000	65,000	45,000

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Act, 1961) to Birla Scrappers, unregistered under GST				
Other Income	2,50,000	-	-	45,000

In addition to above information, following transactions were also carried out during the month of February:

(1) A supply order for stationery items was awarded by Delhi H.O. to M/s Stationery Mart, New Delhi for ₹ 3,36,000 (including GST @ 12%) in January.

The vendor supplied stationery items worth ₹ 44,800 (including GST @ 12%) & issued the tax invoice in February. Delhi H.O. had made the payment of the said bill in February by crediting the vendor's account for that amount on the same date in its books. The remaining amount was paid in April on supply of balance items.

(2) Odisha plant purchased office furniture for ₹ 2,80,000 during February from an unregistered dealer. Rate of GST on said furniture item is 18%.

(3) A Board meeting for raising term loan for project expansion was held in February. The Delhi H.O. paid ₹ 20,000 each as sitting fee to 4 independent directors (all registered under GST) who attended the meeting. Further, it paid ₹ 80,000 to one of these directors, who had rented the office building to Delhi H.O.

(4) For safety & security of its H.O. & power plants, the company engaged private security as well as CISF (Central Industrial Security Force). Following payments were made in February, in respect of said services:

Particulars	Delhi H.O. (₹)	Bihar plant (₹)	Odisha plant (₹)	Chhattisgarh plant (₹)
CISF	---	10,00,000 (paid on 7th February)	8,00,000 (paid on 15th February)	14,00,000 (paid on 5th February)

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ABS Security Services Pvt. Ltd.	5,00,000 (paid on 11th February)	-	-	-

(5) The Bihar plant purchased a machinery in February from M/s Sahoo Enterprises, Patna (not registered under GST) for ₹ 86,000. Full payment was made in February. Rate of GST on the said machinery is 18%.

All the amounts mentioned above are excluding GST, wherever applicable (unless otherwise specified).

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:

MULTIPLE CHOICE QUESTIONS

1. The value of taxable supply on which GST is payable by Delhi H.O. under forward charge, for the month of February is _____.

   (a) ₹ 18,00,000

   (b) ₹ 2,98,000

   (c) ₹ 21,53,000

   (d) ₹ 48,000

2. The value of taxable inward supply on which GST shall be payable under reverse charge by Bihar power plant is _____.

   (a) ₹ 11,80,000

   (b) ₹ 10,00,000

   (c) ₹ 10,86,000

   (d) ₹ 10,30,000

3. The value of supply on which TDS under section 51 shall be deducted by Delhi H.O. while making payment to M/s Stationery Mart in February is _____.

   (a) ₹ 40,000

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(b) ₹ 44,800

(c) ₹ 3,00,000

(d) TDS is not deductible since payment made in February is less than ₹ 2,50,000.

4. The value of taxable inward supply on which GST shall be payable under reverse charge by Delhi H.O. and Odisha plant is _____ and _____ respectively.

(a) ₹ 1,60,000 and ₹ 10,80,000

(b) ₹ 80,000 and ₹ 8,00,000

(c) ₹ 6,80,000 and ₹ 2,80,000

(d) ₹ 5,80,000 and ₹ 2,80,000

5. Which of the following statements is most appropriate with respect to sale of metal scrap by Chhattisgarh plant?

(a) GST on value of supply of ₹ 45,000 of metal scrap is payable by Birla Scrappers under reverse charge.

(b) GST on value of supply of ₹ 45,000 of metal scrap is payable by Chhattisgarh plant under forward charge.

(c) GST on value of supply of ₹ 45,450 of metal scrap is payable by Chhattisgarh plant under forward charge.

(d) Sale of metal scrap, on which TCS is being collected under Income-tax Act, 1961, is an exempt supply under GST.

6. Which of the following supplies is/are not taxable under reverse charge mechanism? Choose the most appropriate option.

(i) House rent recovered from the employees for residential accommodation provided to them.

(ii) Rent collected from bank, ATM, post office & shops located in office premises.

(iii) Sale of metal scrap (covered under Chapter 72) to Birla Scrappers.

(a) (i) and (ii)

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(b) (i), (ii) and (iii)

(c) (i) and (iii)

(d) (ii) and (iii)

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) ₹ 2,98,000

Reason

Computation of value of taxable supply on which GST is payable by Delhi H.O. under forward charge, for the month of February

Particulars	Amount (₹)
Rent collected from bank, ATM, post office & shops located in office premises	48,000
Other income	2,50,000
Value of taxable supply	**2,98,000**

2. Option (b) ₹ 10,00,000

Reason

Computation of value of taxable inward supply on which GST shall be payable under reverse charge by Bihar power plant

Particulars	Amount (₹)
CISF security services [Since security services are being provided by a non-body corporate, tax is payable under reverse charge.]	10,00,000
Value of which tax is payable under reverse charge	**10,00,000**

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3. Option (a) ₹ 40,000

Reason

As per section 51, TDS is deductible, since the value of taxable supply exceeds ₹ 2,50,000 [Value is ₹ 3,00,000 (3,60,000X100/112)].

The value of supply on which TDS under section 51 shall be deducted by Delhi H.O. while making payment to M/s Stationery Mart in February is ₹ 40,000 (44,800 × 100/112).

4. Option (b) ₹ 80,000 and ₹ 8,00,000.

Reason

Computation of value of taxable inward supply on which GST shall be payable under reverse charge by Delhi H.O. and Odisha plant

Particulars	Delhi H.O. (₹)	Odisha plant (₹)
Sitting fees paid to directors [Tax on services supplied by a director of a company in the capacity of director to the said company is payable under reverse charge.]	80,000 [20,000 × 4]	
Rent paid to director [Tax on services by way of renting of any immovable property other than residential dwelling is payable under reverse charge only when said services are provided by an unregistered person to a registered person. Thus, tax on rent paid to director (registered under GST) for office building is payable under forward charge.]	-	
CISF security services [Services are provided by person other than body corporate, so they are taxable under reverse charge]		8,00,000
Value of which tax is payable under reverse charge	**80,000**	**8,00,000**

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5. **Option (b)** GST on value of supply of ₹ 45,000 of metal scrap is payable by Chhattisgarh plant under forward charge.

Reason

Tax on metal scrap supplied to any registered person is payable under reverse charge only when it is supplied by any unregistered person. Further, value of supply is ₹ 45,000 since *Circular No. 76/50/2018 GST dated 31.12.2018* clarifies that tax collected at source (TCS) under the provisions of the Income Tax Act, 1961 would not be includible in the value of supply under GST as it is an interim levy not having the character of tax.

6. **Option (b)** (i), (ii) and (iii)

Reason

Tax on following supplies is not payable under reverse charge:

(i) House rent recovered from the employees for residential accommodation provided to them (since said services are exempt from GST.)

(ii) Rent collected from bank, ATM, post office & shops located in office premises (since said renting services are taxable under reverse charge only when supplier is an unregistered person).

(iii) Sale of metal scrap (covered under Chapter 72) to Birla Scrappers (since said supplies are taxable under reverse charge only when supplier is an unregistered person).

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CASE SCENARIO 2

Vardhmaan Limited [hereinafter referred to as 'company'], registered in Delhi, has operations in multiple States across India. The company has taken separate GST registration in all the States where it operates. During the month of January, the tax team presented following information in its report to the management:

1. The company sold goods valuing ₹ 5 crore from its warehouse located at Kandla Port, Gujarat to a buyer located in Ahmedabad by way of transfer of title in goods. The responsibility of clearance of goods shall be on the buyer. The goods were imported by the company from Vietnam and were not cleared for home consumption since then.

2. The company got a favourable advance ruling order on a particular issue from the Authority for Advance Ruling, Rajasthan. The application was filed by the company through its registered place of business in Rajasthan.

3. The company received an order from the Adjudicating Authority in Maharashtra, wherein a demand of tax amounting to ₹ 1 crore and penalty amounting to ₹ 10 lakh and interest amounting to ₹ 25 lakh was confirmed by the Adjudicating Authority. The dispute in this case was similar to the issue for which a favourable order from Advance Ruling Authority was received by the company in the State of Rajasthan as discussed in para 2 above. The company feels that it has a strong case in the matter before the Appellate Authority.

4. The company has issued tax invoice in relation to certain supplies wherein the total tax collected from the recipients amounted to ₹ 3 crore. Subsequently, it was noticed that the supplies were not liable to GST and the amount has been wrongly collected by the company from the recipients of supply.

5. A special audit was initiated by the Chartered Accountant nominated by the State Tax authorities of Madhya Pradesh against the company in the State of Madhya Pradesh.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

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MULTIPLE CHOICE QUESTIONS

1. In relation to the goods sold from its warehouse in Kandla, Gujarat, the company shall_____:

   (a) be liable to pay customs duty and IGST as applicable.

   (b) be liable to pay customs duty only.

   (c) be liable to pay IGST only.

   (d) not be liable to pay any tax or duty.

2. In relation to the advance ruling order received by the company in Rajasthan,

   (a) the order is binding on the company only in Rajasthan but on jurisdictional officers across all registrations of the company in India.

   (b) the order is binding on the company across all States in India.

   (c) the order is binding on the company and the jurisdictional officer, in Rajasthan.

   (d) the order is binding on the company and the jurisdictional officers across all registrations of the company in India.

3. In case the company prefers an appeal before the Appellate Authority against the order passed by Adjudicating Authority in Maharashtra, the amount of pre-deposit to be made by the company is _____.

   (a) ₹ 11 lakh

   (b) ₹ 13.5 lakh

   (c) ₹ 10 lakh

   (d) nil

4. In case where the tax has been wrongly collected by the company from the recipients,

   (a) the company shall pay such amount to the Government.

   (b) the company shall refund back the amount to the recipients.

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(c) the company shall deposit such amount with the consumer welfare fund.

(d) the company can retain such amount with itself.

5. In case of special audit being conducted in the State of Madhya Pradesh,

(a) the remuneration of Chartered Accountant is payable by company as per agreed terms.

(b) the remuneration of Chartered Accountant is payable by the company as directed by the Commissioner of State Tax.

(c) the remuneration of the Chartered Accountant is payable by the Commissioner, but the expenses of the examination and audit of records shall be reimbursed by the company.

(d) expenses of the examination and audit of records, including the remuneration of Chartered Accountant, shall be paid by the Commissioner.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (d)** not be liable to pay any tax or duty.

Reason

As per para 8(a) of Schedule III, supply of warehoused goods to any person before clearance for home consumption is neither supply of goods nor supply of services.

2. **Option (c)** the order is binding on the company and the jurisdictional officer, in Rajasthan.

Reason

As per section 103, the advance ruling pronounced by the Authority or the Appellate Authority shall be binding only on the applicant who had sought it or the jurisdictional officer in respect of the applicant.

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3. Option (c) ₹ 10 lakh

Reason

As per section 107, any appeal before the Appellate Authority shall be filed only when the appellant has paid:

(a) full amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him; and

(b) a sum equal to 10% of the remaining amount of tax in dispute arising from the impugned order in relation to which the appeal has been filed, subject to a maximum of ₹ 25 crore (₹ 50 crore in case of IGST).

Accordingly, amount of pre-deposit to be made by the company is ₹ 10 lakh (since 10% of disputed tax amount is ₹ 1 crore).

4. Option (a) the company shall pay such amount to the Government.

Reason

As per section 76, every person who has collected from any other person any amount as representing the tax under GST law and has not paid the said amount to the Government, shall forthwith pay the said amount to the Government, irrespective of whether the supplies in respect of which such amount was collected are taxable or not.

5. Option (d) expenses of the examination and audit of records, including the remuneration of Chartered Accountant, shall be paid by the Commissioner.

Reason

As per section 66, expenses of the examination and audit of records, including the remuneration of such chartered accountant or cost accountant, shall be determined and paid by the Commissioner.

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CASE SCENARIO 3

Super Lever Limited is engaged in manufacturing of taxable electronic goods. Its retail showroom located in Mumbai as well as two manufacturing units located in Mumbai and Nagpur are registered under same GSTIN under GST in the State of Maharashtra. The company has a manufacturing unit in Bangalore, registered under GST in the State of Karnataka and another retail showroom located in Ahmedabad, registered under GST in the State of Gujarat.

The company has provided the following details with regard for the month of October:

S. No.	Particulars	Retail Showroom at Mumbai (₹)	Mumbai unit (₹)	Nagpur unit (₹)
(i)	Sale of taxable goods	6,50,000	12,50,000	13,50,000
(ii)	Purchase of taxable raw material		12,70,000	11,80,000
(iii)	Payment made for security	-	1,50,000	1,10,000
(iv)	Interest received on fixed deposits with a nationalised bank			1,08,000
(v)	Sale of securities [Such securities were purchased for ₹ 2,75,000]		4,50,000	
(vi)	Sale of agricultural land in the vicinity of the manufacturing plant [Stamp duty was paid on ₹ 1,85,00,000]			1,85,00,000
(vii)	Sale of old factory building which was not used anymore [Stamp duty was paid on ₹ 75,00,000]		90,00,000	

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Following additional information is provided by the company:

1. In case of Mumbai unit, payment for security services for the month of October has been made to Safe and Secure Solutions Pvt. Limited, a company not registered under GST. For Nagpur unit, the payment for security services for the month of October has been made to Vigilante Solutions, a partnership firm registered under GST.

2. October being Diwali month, the Retail Showroom at Mumbai has sold combo packs of food processors and electric irons at a discounted rate to boost its sales. Each combo pack has been sold at a price of ₹ 6,000. Out of the total sales of Retail Showroom reported in table above, ₹ 1,50,000 is on account of such combo packs. For this purpose, electric irons were specially procured by the Retail Showroom from the market since the company does not manufacture the same. Few electric irons have been sold individually as well. Total sales of such electric irons is ₹ 36,000, which is included in the sales reported in table above.

3. Nagpur unit issued credit notes for ₹ 1,80,000 to its buyers in the month of November towards discount on account of making timely payment. The buyers were aware of such discount at the time of sale in October. All the buyers reversed the proportionate input tax credit on receiving the discount except one buyer who received credit note for ₹ 23,000. Nagpur unit reported sales (taxable goods) of ₹ 16,00,000 in the month of November.

4. Further, in the month of December, Mumbai unit received ₹ 3,15,000 as interest on delayed payment of sale consideration from its buyers (GST is separately recovered on same, if applicable). The interest pertains to the sale made in the month of October. Mumbai unit reported sales (taxable goods) of ₹ 12,00,000 in the month of December.

5. Stock valued at ₹ 7,30,000 was transferred from Mumbai unit to Nagpur unit on October 16. Further, stock valued at ₹ 6,80,000 was also transferred from Bangalore unit to Retail Showroom at Ahmedabad on October 22. The same was billed to Ahmedabad Retail Showroom at ₹ 5,00,000.

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6. On October 23, a truck carrying finished goods of the Mumbai unit was intercepted by the proper officer. The proper officer was of the view that the e-way bill was not prepared in accordance with the provisions of the GST law. The truck along with the goods was seized by the proper officer under section 129. The seizure order was passed on October 23 and the same was communicated to Mumbai unit on October 24.

For this case scenario, the applicable rate of GST on electric irons procured from the market is 18% and all other remaining goods is 12%. All the amounts mentioned in the case scenario are exclusive of taxes, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:

MULTIPLE CHOICE QUESTIONS

1. The value of taxable supply made by Nagpur unit during the month of October and its gross tax liability (without considering input tax credit) for the month of November is -

   (a) Value of taxable supply – ₹ 13,50,000; Gross tax liability - ₹ 1,70,400

   (b) Value of taxable supply – ₹ 11,70,000; Gross tax liability – ₹ 1,92,000

   (c) Value of taxable supply – ₹ 13,50,000; Gross tax liability – ₹ 1,73,160

   (d) Value of taxable supply – ₹ 12,78,000; Gross tax liability – ₹ 1,73,160

2. The value of taxable supply made by Mumbai unit during the month of October and its gross tax liability (without considering input tax credit) for the month of December is –

   (a) Value of taxable supply – ₹ 1,07,00,000; Gross tax liability - ₹ 1,81,800

   (b) Value of taxable supply – ₹ 15,65,000; Gross tax liability – ₹ 1,44,000

   (c) Value of taxable supply – ₹ 17,00,000; Gross tax liability – ₹ 1,81,800

   (d) Value of taxable supply – ₹12,50,000; Gross tax liability – ₹ 1,81,800

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3. Which of the following statements is correct with regard to gross tax liability for outward supply made by Retail Showroom at Mumbai?

   (a) The gross tax liability of Retail Showroom (without considering input tax credit) for the month of October is ₹ 89,160.

   (b) The gross tax liability of Retail Showroom (without considering input tax credit) for the month of October is ₹ 80,160.

   (c) The gross tax liability of Retail Showroom (without considering input tax credit) for the month of October is ₹ 78,000.

   (d) The gross tax liability of Retail Showroom (without considering input tax credit) for the month of October is ₹ 73,680.

4. Value of exempt supply provided by Nagpur unit and Mumbai unit during the month of October is-

   (a) Nagpur unit - ₹ 1,08,000; Mumbai unit – Nil

   (b) Nagpur unit - ₹ 1,86,08,000; Mumbai unit – ₹ 94,50,000

   (c) Nagpur unit - ₹ 1,86,08,000; Mumbai unit - ₹ 4,50,000

   (d) Nagpur unit - ₹ 1,08,000; Mumbai unit - ₹ 4,50,000

5. Value of exempt supply provided by Nagpur unit and Mumbai unit for the purpose of reversing input tax credit under rules 42 and 43 during the month of October is-

   (a) Nagpur unit - ₹ 1,08,000; Mumbai unit – ₹ 4,50,000

   (b) Nagpur unit - ₹ 1,85,00,000; Mumbai unit – ₹ 75,04,500

   (c) Nagpur unit - ₹ 1,86,08,000; Mumbai unit - ₹ 94,50,000

   (d) Nagpur unit - ₹ 1,85,00,000; Mumbai unit – ₹ 79,50,000

6. The Mumbai unit wishes to file an appeal against the order passed by the proper officer authorising the seizure of the truck and the goods transported therein. Which of the following statements is correct in this context?

   (a) There is no appellate remedy against the orders passed by the proper officer under section 129.

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(b) The Mumbai unit can directly file an appeal before the High Court under the CGST Act, 2017 as the GST Appellate Tribunal is yet to be constituted.

(c) The Mumbai unit can file an appeal with the Appellate Authority on or before January 24 of the next calendar year.

(d) The Mumbai unit can file an appeal with the Revisional authority on or before January 23 of the next calendar year.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) Value of taxable supply – ₹ 13,50,000; Gross tax liability – ₹ 1,73,160

Reason

The value of taxable supply made by Nagpur unit during the month of October and its gross tax liability (without considering input tax credit) for the month of November is as follows:

Particulars	Amount (₹)
Sale of taxable goods	13,50,000
Value of taxable supply for October	**13,50,000**

Gross tax liability for the month of November = ₹ (16,00,000 -1,80,000 +23,000) × 12%

= ₹ 1,73,160

2. Option (d) Value of taxable supply – ₹ 12,50,000; Gross tax liability – ₹ 1,81,800

Reason

The value of taxable supply made by Mumbai unit during the month of October and its gross tax liability (without considering input tax credit) for the month of December is as follows:

Particulars	Amount (₹)
Sale of taxable goods	12,50,000
Value of taxable supply for October	**12,50,000**

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Gross tax liability for the month of December = (12,00,000+3,15,000) × 12%

= ₹ 1,81,800

3. **Option (a)** The gross tax liability of Retail Showroom (without considering input tax credit) for the month of October is ₹ 89,160.

Reason

The gross tax liability of Retail Showroom at Mumbai (without considering input tax credit) for the month of October is as follows:

Particulars	Value of supply (₹)	GST (₹)
Combo packs of food processors and electric irons [Since these combo packs are mixed supply, applicable rate of GST will be the highest rate of 18%.]	1,50,000	27,000 [1,50,000 × 18%]
Sale of electric iron	36,000	6,480 [36,000 × 18%]
Sale of remaining taxable goods	4,64,000 [6,50,000-1,50,000 - 36,000]	55,680 [4,64,000 × 12%]
Gross tax liability		**89,160**

4. **Option (a)** Nagpur unit - ₹ 1,08,000; Mumbai unit – Nil

Reason

The value of exempt supply provided by Nagpur unit and Mumbai unit during the month of October is as follows:

Particulars	Mumbai unit (₹)	Nagpur unit (₹)
Interest received on fixed deposits with a nationalised bank [Exempt vide *Notification No. 12/2017 CT(R)*]		1,08,000

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Sale of securities [Securities are neither goods nor services; thus, sale of securities is outside the purview of supply under GST.]		
Sale of agricultural land in the vicinity of the manufacturing plant [Sale of agricultural land is neither supply of goods nor supply of services as they are covered in Schedule III.]		
Sale of old factory building which was not used anymore [Sale of old factory building is neither supply of goods nor supply of services as they are covered in Schedule III.]		
Value of exempt supply as per section 2(47) of the CGST Act, 2017	**Nil**	**1,08,000**

5. Option (b) Nagpur unit - ₹ 1,85,00,000; Mumbai unit – ₹ 75,04,500

Reason

The value of exempt supply provided by Nagpur unit and Mumbai unit for the purpose of reversing input tax credit under rules 42 and 43 during the month of October is as follows:

As per section 17(3), value of exempt supply, *inter alia,* includes transactions in securities, sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building. As per explanation to Chapter V of the CGST Rules, 2017, the value of exempt supply in respect of land and building is the value adopted for paying stamp duty and for security is 1% of the sale value of such security.

Further, as per explanation to rule 42, the aggregate value of exempt supplies, *inter alia,* excludes the value of services by way of accepting deposits, extending loans or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances.

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Accordingly, value of exempt supply provided by Nagpur unit and Mumbai unit for the purpose of reversing input tax credit under rules 42 and 43 during the month of October is computed as follows:

Particulars	Mumbai unit (₹)	Nagpur unit (₹)
Interest received on fixed deposits with a nationalized bank		Nil
Sale of securities [1% of 4,50,000]	4,500	
Sale of agricultural land in the vicinity of the manufacturing plant		1,85,00,000
Sale of old factory building which was not used anymore	75,00,000	
Value of exempt supply for the purpose of reversing input tax credit	**75,04,500**	**1,85,00,000**

6. **Option (c)** The Mumbai unit can file an appeal with the Appellate Authority on or before January 24 of the next year.

Reason

Orders authorising seizure of goods/ conveyance issued by the proper officer under section 129 are appealable under section 107 which stipulates that any person aggrieved by an order passed under the GST law by an adjudicating authority may appeal to the Appellate Authority within 3 months from the date the order is communicated. Since order is communicated on October 24, appeal can be filed till January 24 of the next year.

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CASE SCENARIO 4

BCM Ltd., a public limited company ('Company'), registered in Uttar Pradesh, is engaged in manufacturing of Product A, Product B and Product C. Product A is exempt under GST while Product B and Product C are taxable under GST. Moreover, Company is engaged in making cross border supplies of taxable Product D procured domestically from local manufacturers. Further, it is engaged in supplying consultancy services.

Following information is provided by the Company for the month of January:

The Company manufactured Product A and exported 1,000 units of the same worth ₹ 8,00,000 to Germany.

The Company supplied Product C of value of ₹ 35,00,000 to Dhriti Ltd. Noida, Uttar Pradesh (including Product C worth ₹10,00,000 supplied to SEZ unit of Dhriti Ltd. in Noida).

The Company imported specialised heavy textile machinery from China on 2nd January, with CIF value of ₹ 55,00,000 and FOB value of ₹ 53,00,000. It sold the said machinery for ₹ 62,00,000 in high sea to Swadeshi Textiles, Delhi. While clearing the goods for home consumption, Swadeshi Textiles filed bill of entry for ₹ 63,00,000. After clearing the machinery for home consumption, Swadeshi Corporation sold the machinery to Gargi Industries for ₹ 70,00,000.

The Company purchased Product Z for ₹ 10,00,000 from Prism Corporation, Japan on 5th January and directly routed Product Z for supply to Ginsing Corporation, China for ₹ 12,00,0000 on 15th January.

The Company purchased Product D as a merchant exporter (taxable at the concessional rate of 0.1% (IGST) under *Notification No. 41/2017 IT(R) dated 23.10.2017*) for ₹ 7,00,000 vide a tax invoice dated 1st January from Shravan Ltd., a manufacturer registered in Maharashtra. Product D was removed on 2nd January from the premises of Shravan Ltd. supplied directly to a registered warehouse. Shravan Ltd. has procured inputs X and inputs Y worth ₹ 1,00,000 and ₹ 60,000 taxable @ CGST - 9%, SGST - 9% and IGST - 18% for manufacturing Product D. Product D was exported by the Company to Gates Inc. of USA. FOB value of Product D exported is ₹ 8,40,000.

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The Company supplied consultancy services to its subsidiary company, XYZ Inc., located and registered in Florida, USA and to its branch office located in San Diego, USA for ₹ 12,00,000 and ₹ 24,00,000 (value of supply in both cases is determined as per rule 28 respectively).

Company sold a future derivative contract at NSE (National Stock Exchange) which was due in the month of January, for ₹ 20,00,000. Said contract had no delivery option.

Notes:

A. Rates of CGST, SGST and IGST on all inward and outward supplies unless otherwise specified are 6%, 6% and 12%.

B. All the figures given above are exclusive of GST, wherever applicable. The amounts given in respect of import and export transactions in rupees have been arrived after conversion thereof, though transactions were undertaken in convertible foreign currency.

C. BCM Ltd. makes zero-rated supplies under a bond or letter of undertaking (LUT).

D. BCM Ltd. wishes to avail all the concessions/benefits/exemptions available under the GST law.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. Company can take ITC of _____ on Product D procured by it as a merchant exporter.

   (a) IGST - ₹ 700

   (b) CGST - ₹ 350 and SGST - ₹ 350

   (c) CGST - ₹ 700 and SGST - ₹ 700

   (d) nil

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2. If Company does not export Product D procured by it as a merchant exporter till _____, it cannot avail benefit of concessional rate under *Notification No. 41/2017 IT(R) dated 23.10.2017*.

   (a) 1st April of next financial year

   (b) 31st March of current financial year

   (c) 2nd April of next financial year

   (d) 3rd April of next financial year

3. Compute the value of zero-rated supplies made by the Company in January.

   (a) ₹ 93,40,000

   (b) ₹ 38,40,000

   (c) ₹ 1,05,40,000

   (d) ₹ 26,40,000

4. Assessable value of the machinery cleared for home consumption by Swadeshi Textiles is _____.

   (a) ₹ 55,00,000

   (b) ₹ 63,00,000

   (c) ₹ 62,00,000

   (d) ₹ 70,00,000

5. Compute the value of exempt supply made by the Company in January for the purpose of reversal of input tax credit.

   (a) ₹ 8,00,000

   (b) ₹ 24,20,000

   (c) ₹ 67,00,000

   (d) ₹ 20,00,000

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ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** IGST - ₹ 700

Reason

Circular No. 125/44/2019 GST dated 18.11.2019 has clarified that the merchant exporter receiving goods at concessional rate of tax @ 0.1% (IGST) will be eligible to take credit of the concessional tax so paid by him.

So, ITC is eligible for ₹ 700 i.e. 0.1% of ₹ 7,00,000 (IGST).

2. **Option (a)** 1st April of next financial year

Reason

A registered supplier can supply goods to a merchant exporter at concessional rate of IGST (0.1%) prescribed under *Notification No. 41/2017 IT(R) dated 23.10.2017,* if the registered recipient exports the said goods within a period of 90 days from the date of issue of a tax invoice by the registered supplier.

In given case, 90 days from the date of invoice is 1st April (30 days of January, 28 days of February, 31 days of March and 1 day of April).

3. **Option (b)** ₹ 38,40,000

Reason

Computation of zero-rated supplies:

Particulars	**(₹)**
Exempt Product A exported (Export of exempted goods qualify as zero-rated supplies)	8,00,000
Product C supplied to SEZ (Product C supplied to SEZ qualifies as zero-rated supply in terms of section 16 of the IGST Act, 2017, though supplied in same State.)	10,00,000
High sea sales	-

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(Neither supply of goods nor supply of services as per Schedule III of the CGST Act, 2017.)	
Product Z supplied directly outside India (Neither supply of goods nor supply of services as per Schedule III of the CGST Act, 2017.)	-
Product D supplied as merchant exporter [Qualifies as export and thus, as zero-rated supply.]	8,40,000
Consultancy services to its subsidiary company, XYZ Inc., located and registered in Florida, USA (Since HO and subsidiary are not merely establishment of distinct persons, supply qualifies as export of services.)	12,00,000
Consultancy services to its branch office located in San Diego, USA [Since HO and branch are merely establishment of distinct persons and thus, supply do not qualify as export of services in accordance with Explanation 1 in section 8 of the IGST Act, 2017.]	-
Zero-rated supply	**38,40,000**

4. **Option (b)** ₹ 63,00,000

Reason

As per section 14 of the Customs Act, 1962, the value for the purpose of charging customs duty on imported goods is the value at the time of importation, i.e. at the time of filing of the bill of entry. Further, IGST on imported goods is also levied at the time of filing of bill of entry. Therefore, in case of high sea sales, the assessable value of imported goods for levying customs duty and IGST is determined on the basis of the price paid by the last high sea sales buyer who files the bill of entry for home consumption.

Circular No. 33/2017 Cus dated 01.08.2017 has clarified that the importer (last buyer in the chain) would be required to furnish the entire chain of documents, such as original invoice, high seas sales contract, details of

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service charges/commission paid etc. to establish a link between the first contracted price of the goods and the last transaction.

5. Option (b) ₹ 24,20,000

Reason

Computation of exempt supply for purpose of reversal of ITC:

Particulars	**(₹)**
Exempt Product A exported (Since it qualifies as zero-rated supplies, it is not an exempt supply for the purpose of reversal.)	-
Product C supplied to SEZ (Since it qualifies as zero-rated supplies, it is not an exempt supply for the purpose of reversal.)	-
High sea sales (Neither supply of goods nor supply of services as per Schedule III of the CGST Act, 2017.)	-
Product Z supplied directly outside India (Neither supply of goods nor supply of services as per Schedule III of the CGST Act, 2017.)	-
Product D as merchant exporter (It qualifies as zero-rated supplies, so, it is not an exempt supply for the purpose of reversal.)	-
Consultancy services to its subsidiary company, XYZ Inc., located and registered in Florida, USA (Since HO and subsidiary are not merely establishment of distinct persons, supply qualifies as export of services. Thus, it is not an exempt supply.)	-
Consultancy services to its branch office located in San Diego, USA [Since HO and branch are merely establishment of distinct persons and thus, supply do not qualify as export of services in accordance with Explanation 1 in section 8 of the IGST Act, 2017. Further, services supplied by an establishment of	24,00,000

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a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons are exempt from GST.]	
Sale of future derivative [Value of exempt supply includes 1% of sale of shares, i.e. ₹ 20,00,000 × 1%]	20,000
Exempt supply	**24,20,000**

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CASE SCENARIO 5

Vision Weave Private Limited manufactures taxable textile products. It has two manufacturing units in Kanpur and Agra - both in Uttar Pradesh, a manufacturing unit in Punjab, a retail showroom in Lucknow (Uttar Pradesh) and another retail showroom in Delhi. The company has the policy of obtaining single registration for all places of business located in a State.

The company has provided the following details with regard for the month of January:

(Amount in ₹)

S. No.	Particulars	Retail Showroom at Lucknow	Kanpur unit	Agra unit
(i)	Sale of taxable goods	6,50,000	12,50,000	13,50,000
(ii)	Purchase of taxable raw material	-	12,70,000	11,80,000
(iii)	Payment made for security personnel services	-	1,50,000	1,10,000
(iv)	Freight paid to Fleet Wave Cargo, an unregistered Goods Transport Agency	-	35,000	40,000
(v)	Freight paid to horse cart puller for intra-city transport of goods	5,000	-	-
(vi)	Loading & unloading charges paid to labourer	-	4,000	2,500
(vii)	Payment to Swift Ride Services Pvt. Ltd. towards rentals of four Innova cars (air conditioned) hired for senior officers of the manufacturing units	-	38,000	35,000
(viii)	Rent paid to Lucknow Municipal Corporation for the Retail Showroom	3,20,000	-	-

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(ix)	Interest received on fixed deposits with a nationalized bank	-	-	1,08,000
(x)	Fees paid to the State Government for certification relating to safety of workers. Such certification is a statutory requirement for manufacturers of textile products.	-	15,000	15,000
(xi)	Sale of securities [Such securities were purchased for ₹ 10,50,000.]	-	12,00,000	-
(xii)	Sale of agricultural land in the vicinity of the manufacturing plant [Stamp duty was paid on ₹ 2,20,00,000.]	-	-	2,05,00,000
(xiii)	Sale of old factory building which was not used anymore [Stamp duty was paid on ₹ 81,00,000.]	-	96,00,000	-

Following additional information is provided by the company:

1. In case of Kanpur unit, payment for security services for the month of January has been made to Guardian Shield Security Pvt. Limited, a company not registered under GST. For Agra unit, the payment for security services for the month of January has been made to Peace Keeper Security Solutions, a partnership firm registered under GST.

2. Fleet Wave Cargo has issued the invoice for goods transportation services on January 05, on Kanpur unit and Agra unit. While Kanpur unit made the payment on January 27, Agra unit made the payment on March 28. Tax invoices are issued by Kanpur unit and Agra unit for goods transportation services on February 01 and January 29 respectively.

3. Stock valued at ₹ 7,30,000 was transferred from Kanpur unit to Agra unit on January 16. Further, stock valued at ₹ 6,80,000 was also transferred from Punjab unit to Retail Showroom at Delhi on January 22. The same was billed to Delhi Retail Showroom at ₹ 5,00,000.

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All the amounts mentioned in the case scenario are exclusive of taxes, wherever applicable. Agra manufacturing unit and Retail showroom located in Delhi are eligible for full ITC.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. The aggregate value of inward supplies, which are exempt from GST, received by Kanpur and Agra units and Retails Showroom at Lucknow is-

   (a) ₹ 41,500

   (b) ₹ 1,91,500

   (c) ₹2,99,500

   (d) ₹ 35,000

2. Which of the following transactions undertaken by Kanpur and Agra units fall under Schedule III of the CGST Act, 2017?

   (i) Sale of agricultural land in the vicinity of the manufacturing plant

   (ii) Sale of old factory building which was not used anymore

   (iii) Sale of securities

   (iv) Interest received on fixed deposits with nationalized banks

   (a) (i) and (ii)

   (b) (iv)

   (c) (i), (ii) and (iv)

   (d) (i), (ii) and (iii)

3. The value of inward supplies received by Agra and Kanpur units and Retail Showroom at Lucknow of Vision Weave Private Limited during the month of January, on which GST is payable under reverse charge is -

   (a) Agra unit - ₹ 1,85,000; Kanpur unit - ₹ 2,23,000; Retail Showroom – ₹ 3,20,000

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(b) Agra unit - ₹ 1,87,500; Kanpur unit - ₹ 2,27,000; Retail Showroom – Nil

(c) Agra unit - ₹ 1,50,000; Kanpur unit - ₹ 1,85,000; Retail Showroom – ₹ 3,20,000

(d) Agra unit - ₹ 1,50,000; Kanpur unit - ₹ 35,000; Retail Showroom – ₹ 3,20,000

4. The time of supply of goods transportation services provided by Fleet Wave Cargo is –

(a) Agra unit – January 5; Kanpur unit – January 5

(b) Agra unit – February 28; Kanpur unit – January 27

(c) Agra unit - January 29; Kanpur unit - January 27

(d) Agra unit - January 20 of year following the year; Kanpur unit – February 20

5. The value of supply made from Kanpur unit to Agra unit and from Punjab unit to Retail Showroom at Delhi during January is-

(a) Value of supply from Kanpur unit to Agra unit – ₹ 7,30,000; Value of supply from Punjab unit to Delhi Retail Showroom - ₹ 6,80,000

(b) Value of supply from Kanpur unit to Agra unit – Nil; Value of supply from Punjab unit to Delhi Retail Showroom – Nil

(c) Stock transfer between Kanpur unit and Agra unit is not a supply. Value of supply made vide stock transfer from Punjab unit to Delhi Retail Showroom is ₹ 5,00,000.

(d) Value of supply from Kanpur unit to Agra unit – ₹ 7,30,000; Value of supply from Punjab unit to Delhi Retail Showroom - ₹ 5,00,000

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ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) ₹ 35,000

Reason

Computation of aggregate value of inwards supplies exempt from GST

Particulars	Total (₹)	Retail Showroom at Lucknow (₹)	Kanpur unit (₹)	Agra unit (₹)
Freight paid to horse cart puller for intra-city transport of goods [Services by way of transportation of goods by road are exempt from GST except the services of— (i) a goods transportation agency (GTA); (ii) a courier agency.]		5,000		
Fees paid to the State Government for certification relating to safety of workers. [Services provided by State Government by way of testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, including fire license, required under any law for the time being in force are exempt from GST.]			15,000	15,000
Value of exempt supply in terms of section 2(47)	**35,000**	**5,000**	**15,000**	**15,000**

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2. **Option (a)** (i) and (ii)

Reason

Following transactions undertaken by Kanpur and Agra units fall under Schedule III of the CGST Act, 2017:

(i) Sale of agricultural land in the vicinity of the manufacturing plant

(ii) Sale of old factory building which was not used anymore

Further, securities are neither goods nor services. Interest received on fixed deposits with nationalised banks is exempt from GST.

3. **Option (d)** Agra unit - ₹ 1,50,000; Kanpur unit - ₹ 35,000; Retail Showroom – ₹ 3,20,000

Reason

Computation of value of inward supplies on which tax is payable under reverse charge

Particulars	Retail Showroom at Lucknow (₹)	Kanpur unit (₹)	Agra unit (₹)
Payment made for security personnel services (Only services received by Agra unit are taxable under reverse charge since they are provided by a non-body corporate.)	-		1,10,000
Freight payable to FleetWave Cargo, a goods transport agency (GTA services received by specified recipients are taxable under reverse charge.)		35,000	40,000
Payment to SwiftRide Services Pvt. Ltd. towards rentals of four Innova cars (air conditioned) hired for senior officers of the manufacturing units.			

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(Not taxable under reverse charge since supplier is a body corporate)			
Rent paid to Lucknow Municipal Corporation for the Retail Showroom (Renting of immovable property services provided by Goverment to business entity are taxable under reverse charge.)	3,20,000		-
	3,20,000	**35,000**	**1,50,000**

4. **Option (c)** Agra unit - January 29; Kanpur unit - January 27

Reason

Since services provided by GTA are taxable under reverse charge and supplier is unregistered, invoice will be issued by the recipient under section 31(3)(f) within a period of 30 days from the date of receipt of the said supply of goods and/or services, as the case may be.

Further, time of supply as per section 13(3) will be earlier of:

(i) date of payment

or

(ii) date of issue of invoice,

i.e. Agra unit - January 29 (Date of invoice); Kanpur unit - January 27 (Date of payment).

5. **Option (c)** Stock transfer between Kanpur unit and Agra unit is not a supply. Value of supply made vide stock transfer from Punjab unit to Delhi Retail Showroom is ₹ 5,00,000.

Reason

Stock transfer between Kanpur unit and Agra unit is not a supply since they are located in same State and have same GSTIN. Further, value of stock transfer from Punjab unit to Delhi Retail Showroom will be valued at invoice value in accordance with rule 28 since Delhi Retail Showroom is eligible for full ITC.

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CASE SCENARIO 6

Data Limited commenced business of trading of taxable goods in the State of Assam on 1st April. Aggregate turnover of the company crossed ₹ 20 lakh on 31st May and ₹ 40 lakh on 15th July. The company made the application for registration under GST law on 25th July and the registration certificate was granted on 30th July. The company has opted to file return on monthly basis under regular scheme. The company was exclusively engaged in supply of taxable goods only.

The company had following input tax credit lying in the books related to input and input service on different dates:

Particulars	**Amount in (₹)**			
	30th May	**14th July**	**24th July**	**29th July**
Input held in stock	10,000	15,000	20,000	40,000
Input services	4,000	6,000	12,000	14,000

During the month of October, the company has installed solar panel at the office premises. Details regarding the installation of solar panel were as follow:

Particulars	**Amount**
List price of the solar panel	₹ 5,50,000
Additional information not adjusted or given effect in the list price	
(a) Trade discount recorded in invoice @ 3% on list price. (b) Local taxes paid ₹ 15,000. (c) Cost of packing, outward freight, loading-unloading and installation charges ₹ 12,000 as a condition of sale.	

Apart from the above, Data Limited received ₹ 2,00,000 as advance payment on 2nd October from Mr. Prem, a customer, with respect to the taxable supply of goods of ₹ 10,00,000. The company removed the goods on 9th October and issued the invoice on 10th October. Goods were received by Mr. Prem on 11th October and Mr. Prem had made the balance payment of ₹ 8,00,000 on 20th October through NEFT.

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In addition to the above, due to oversight, the company failed to disclose a self-assessed outward supply of ₹ 2,00,000 while filing the GSTR-3B for the month of August. Balance of input tax credit for the month of August in the electronic credit ledger was of ₹ 10,000 each under CGST and SGST which remains till date of deposit of tax. Company filed the return for the month of August on the due date of return on 20th September. The company disclosed this supply in the return (GSTR 3B) for the month of January of next calendar year and paid the net tax (after set off of ITC of ₹ 10,000 each CGST and SGST) with interest in the Form GSTR 3B filed on 18th February of next calendar year.

The proper officer issued show cause notice on 25th February of next calendar year demanding the penalty for late deposit of tax on escaped supply relating the month of August.

Note: All amounts given above are exclusive of taxes, wherever applicable. All supplies are intra-State and chargeable to GST @ 9% each under CGST and SGST.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:

MULTIPLE CHOICE QUESTIONS

1. Data Limited received the registration certificate on 30th July. Amount of input tax credit available that it would have been entitled to take was:

   (a) ₹ 15,000

   (b) ₹ 21,000

   (c) ₹ 54,000

   (d) ₹ 40,000

2. In relation to the transaction with Mr. Prem, time of supply of goods for purpose of payment of tax will be:

   (a) For ₹ 2,00,000 – 2nd October and for ₹ 8,00,000 - 9th October

   (b) 9th October for both ₹ 2,00,000 and ₹ 8,00,000

   (c) 10th October for ₹ 2,00,000 and ₹ 8,00,000

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(d) For ₹ 2,00,000 – 2nd October and for ₹ 8,00,000 - 10th October

3. Amount of total penalty which could be leviable under section 74A with respect to the payment of tax on delayed disclosure of outward supply (total for both CGST and SGST) is:

(a) ₹ 20,000

(b) ₹ 3,600

(c) ₹ 10,000

(d) Nil

4. What is the effective date of registration of the company?

(a) 15th July

(b) 25th July

(c) 31st May

(d) 30th July

5. What is value of inward supply of solar panel under section 15?

(a) ₹ 5,45,500

(b) ₹ 5,60,500

(c) ₹ 4,90,500

(d) ₹ 4,75,500

6. Amount of total interest (CGST+SGST) to be paid (nearest to rupees one) under section 50 with respect to delayed disclosure of outward supply assuming 365 days in the year:

(a) ₹ 1,192 (₹ 596 each under CGST and SGST)

(b) ₹ 1,184 (₹ 592 each under CGST and SGST)

(c) ₹ 2,680 (₹ 1,340 each under CGST and SGST)

(d) ₹ 2,664 (₹ 1,332 each under CGST and SGST)

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ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) ₹ 15,000

Reason

As per section 18(1)(a), a person who has applied for registration under GST law within 30 days from the date on which he becomes liable to registration and has been granted such registration shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of GST law.

In the given case, aggregate turnover exceeds threshold limit on 15th July, it would be entitled to take ITC of inputs held in stock and inputs contained in semi-finished or finished goods held in stock as on 14th July, i.e. ₹ 15,000.

2. Option (b) 9th October for both ₹ 2,00,000 and ₹ 8,00,000

Reason

In terms of section 12(2), the time of supply of goods is the earlier of, (i) the date of issue of invoice/last date on which the invoice is required to be issued or (ii) date of receipt of payment. However, *Notification No. 66/2017 CT dated 15.11.2017* specifies that a registered person (excluding composition supplier and registered persons making supply of specified actionable claims) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.

As per section 31(1), invoice for supply of goods should be issued before or at the time of removal of goods for supply to the recipient, where supply involves movement of goods. Therefore, in the given case, the last date by which invoice ought to have been issued is 9th October. Thus, the time of supply of advance payment of ₹ 2,00,000 as well as in respect of balance payment received for goods is 9th October only.

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3. Option (a) ₹ 20,000

As per section 74A(11), where any amount of self-assessed tax or any amount collected as tax has not been paid within a period of thirty days from the due date of payment of such tax, following penalty is payable:

10% of tax due from such person = ₹ 1,800 [10% of (₹ 2,00,000 × 9%)]

or

₹ 10,000,

whichever is higher, each under CGST and SGST

Thus, in given case, total penalty payable is ₹ 20,000 (₹ 10,000 under CGST and ₹ 10,000 under SGST)

4. Option (a) 15th July

Reason

As per section 25 read with rule 10, if the applicant files the application for registration within 30 days from the date the person becomes liable to registration, effective date of registration is date on which person becomes liable to registration.

Since, Data Limited becomes liable to registration on 15th July and application is filed within 30 days from 15th July, effective date of registration will be 15th July.

5. Option (b) ₹ 5,60,500

Reason

The value of inward supply of solar panel shall be the value of supply as per section 15, which is computed as below:

Particulars	**₹**
List price of Solar Panel	5,50,000
Add: Local taxes paid [Includible in value of supply as per section 15]	15,000
Add: Cost of packing, outward freight, loading-unloading and installation charges	12,000

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[Includible in value of supply as per section 15]	
Less: Discount offered = 3% of List price = ₹ 5,50,000 × 3%	(16,500)
Value of supply of Solar Panel	5,60,500

6. Option (c) ₹ 2,680 (₹ 1,340 each under CGST and SGST)

Reason

As per section 50, interest shall be paid at the rate of 18% on the amount of tax which remains unpaid, for the period starting from the date on which such tax was due to be paid till the date such tax is paid. Further, where any amount is credited in Electronic Cash Ledger on/ before due date of return, but is debited therefrom for tax payment while filing said return after due date, it is not considered while calculating such interest if said amount is lying from due date till date of debit at the time of filing return.

Interest is computed as below:

Unpaid tax = ₹ 2,00,000 × 18%= ₹ 36,000

Period for which tax is unpaid= 151 days (10+31+30+31+31+18)

Interest= ₹ 36,000 × 18% × 151 days/365 days = ₹ 2,680

i.e. ₹ 1,340 each under CGST and SGST (rounded off)

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CASE SCENARIO 7

Mr. Pukhraj Gupta is a registered supplier of goods and services under GST in the State of Karnataka. He provided the following details of outward transactions belong to the current financial year:

Particulars	Amount (₹)
Taxable supply	1,40,00,000
Exempted supply	3,50,000
Interest received on unsecured loan (not included in above)	2,00,000
Transfer goods to the residence of his brother, a well-known professional.	Free of cost but the open market value is ₹ 40,000

During the month of April, Pukhraj Gupta provided the following outward supplies:

Particulars	Amount (₹)
Taxable supply of goods	4,00,000
Insurance agent service to Suraksha Insurance Company, registered under GST	30,000
Interest received for late payment from various customers	10,000
Recovery agent service to Vipul Limited, a trader of goods	40,000
Security service provided to Bachpan School (upto higher secondary), an unregistered person under GST, at its Annual Day function held at Vallabh Convention centre being outside the school campus.	50,000
Renting of motor vehicle designed to carry passenger provided to M Sea Limited wherein cost of fuel in included (applicable rate of CGST is 2.50% and SGST is 2.50%)	80,000
Received with reference to a contract of ₹ 5,00,000 for supply of taxable goods awarded by a public sector undertaking (PSU) registered under section 51 in the State of Tamil Nadu, goods were delivered in the State of Karnataka as per instruction of the PSU.	1,50,000

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Further, on 20th April, he hired Perfect Planner of Japan to plan and organize his events under a composite contract of all events. First event was organized at Mumbai while second event was held at Paris (France)

In addition to the above, proper officer has issued an order under GST dated 10th April, and raised a demand of ₹ 33 lakh (Tax - ₹ 20 lakh, interest - ₹ 3 lakh and penalty ₹ 10 lakh) in respect of an intra-State transaction. The above amounts are related to the CGST only.

Pukhraj Gupta admitted the tax demand of ₹ 5 lakh and interest demand of ₹ 2 lakh and disputed the remaining tax and interest demand and entire penalty demanded. Pukhraj Gupta wants to file an appeal before the Appellant Authority.

All amounts given above are exclusive of taxes, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. What is the taxable value of supply for the month of April, in the hands of Pukhraj Gupta?

   (a) ₹ 6,50,000

   (b) ₹ 6,10,000

   (c) ₹ 6 00,000

   (d) ₹ 5,60,000

2. Amount of TDS require to be deducted under section 51 by the PSU:

   (a) CGST ₹ 750 and SGST ₹ 750

   (b) IGST ₹ 3,000

   (c) CGST ₹ 1,500 and SGST ₹ 1,500

   (d) No TDS required to be deducted under section 51.

3. What is the maximum amount of pre-deposit (under CGST only) to be made for filing the appeal before the Appellant Authority under the GST law?

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(a) ₹ 8.50 lakh

(b) ₹ 10 lakh

(c) ₹ 9.60 lakh

(d) ₹ 12.20 lakh

4. What is the aggregate turnover of the current financial year under section 2(6)?

(a) ₹ 1,45,90,000

(b) ₹ 1,45,50,000

(c) ₹ 1,43,50,000.

(d) ₹ 1,43,90,000

5. What is the place of supply in respect of transaction with Perfect Planner?

(a) Mumbai for both the events

(b) Karnataka for both the events

(c) For first event- Mumbai and for second event- Paris

(d) Japan for both the events

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) ₹ 6,50,000

Reason

Computation of taxable value of supply in the hands of Mr. Pukhraj for the month of April:

Particulars	**₹**
Taxable supply of goods	4,00,000
Insurance agent service to Suraksha Insurance Company [Tax is payable by Suraksha Insurance Company under reverse charge since tax on services supplied by an insurance agent to	Nil

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any person carrying on insurance business is payable under reverse charge.]	
Interest received for late payment from various customers [Taxable since interest received for late payment is includible in value of supply as per section 15]	10,000
Recovery agent service to Vipul Limited, a trader of goods [Taxable in the hands of Mr. Pukhraj since reverse charge is applicable only if said services are being provided to banking company or a financial institution or a non-banking financial company.]	40,000
Security service provided to Bachpan School [Taxable since services are not being provided within the premises of school. Further, tax is payable under forward charge by Mr. Pukhraj since security services provided by any person other than a body corporate is payable under reverse charge only when said services are provided to a registered person.]	50,000
Renting of motor vehicle designed to carry passenger provided to M Sea Limited [Tax is payable by M Sea Limited under reverse charge since tax on services provided by way of renting of any motor vehicle designed to carry passengers	Nil

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where the cost of fuel is included in the consideration charged from the service recipient, provided to a body corporate are taxable under reverse charge.]	
Received with reference to a contract of ₹ 5,00,000 for supply of taxable goods awarded by a public sector undertaking (PSU) [Taxable under GST.]	1,50,000
Taxable value of supply	**6,50,000**

2. **Option (b)** IGST ₹ 3,000

Reason

TDS shall be deducted from the payment made or credited to the supplier, at the rate of 1% each CGST and SGST or 2% IGST on net value of taxable supplies, if where the total value of such supply, under a contract, exceeds ₹ 2,50,000 (excluding GST) [Section 51].

So, TDS require to be deducted under section 51 by the PSU will be ₹ 3,000 being 2% IGST on 1,50,000. IGST applicable, since it is an inter-State supply.

3. **Option (a)** ₹ 8.50 lakh

Reason

As per section 107, amount of pre-deposit shall be:

(i) Full amount of tax, interest and penalty as admitted i.e. ₹ 7 lakh (tax of ₹ 5 lakh and interest of ₹ 2 lakh)

and

(ii) 10% of the remaining amount of tax in dispute i.e. ₹ 1.5 lakh (10% of ₹ 15 lakh).

4. **Option (b)** ₹ 1,45,50,000

Reason

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As per section 2(6), aggregate turnover includes taxable supplies, exempt supplies, exports and inter-State supplies, which is computed as follows:

₹ 1,40,00,000+₹ 3,50,000+₹ 2,00,000= ₹ 1,45,50,000.

[Explanation to section 15, *inter alia*, provides that persons shall be deemed to be "related persons" if they are members of the same family. Further, as per section 2(49), family means (i) the spouse and children of the person, and (ii) the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person. In view of this, transfer goods to the residence by Mr. Pukhraj to his brother free of cost will not be treated as supply since the brother is not dependent on Mr. Pukhraj, so the transaction shall not be treated as made between the related persons in terms of para 2 of Schedule I.]

5. **Option (a)** Mumbai for both the events

Reason

In accordance with section 13(6) of the IGST Act, 2017, where services supplied by way of organisation of a cultural, artistic, sporting, scientific, educational or entertainment or a celebration, conference, fair, exhibition or similar events, are supplied at more than one location, including a location in the taxable territory, its place of supply shall be the location in the taxable territory.

So, in this case, the place of supply will be Mumbai for both the events, because first event was organized at Mumbai (taxable territory).

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CASE SCENARIO 8

M/s Far Sites (hereinafter referred as FS) is a proprietorship firm registered under GST in Chandigarh and deals in supply of variety of goods including electronic goods and repair & maintenance thereof. FS furnishes following information for the month of December:

Outward supplies during the month of December are as under:

Particulars	**₹**
Supply of goods to unregistered persons in Chandigarh (Out of the aforesaid supply, goods worth ₹ 1,00,000 were not liable to GST. However, FS inadvertently charged GST on such goods and collected the same from the customers).	10,00,000
Supply of goods to registered suppliers located in Punjab	20,00,000
Repair & maintenance services provided to unregistered persons located in Haryana	7,00,000

Inward supplies during the month of December are as under:

Particulars	**₹**
Purchase of TV sets from registered suppliers. During unloading of said TV sets, five LED TVs and two QLED TVs valued to ₹ 2,00,000 got completely damaged, but the supplier refused to replace the same.	20,00,000
Purchase of washing machine from unregistered suppliers (Intra-State supply)	5,00,000
Transportation charges paid to Sri Logistics (unregistered GTA)	1,00,000

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Further, the following information is also provided related to December:

(1) FS received security services from LML Limited, Chandigarh amounting to ₹ 50,000. LML Limited is an unregistered supplier.

(2) Rent of shop paid to Municipal Corporation of Chandigarh - ₹ 50,000

(3) Legal fee of ₹ 10,000 paid to Mr. Prakash, a Senior Advocate of Punjab and Haryana High Court for providing legal advice.

(4) FS procured old and used goods worth ₹ 5,00,000 on which GST is payable on reverse charge basis. The goods were received on 25th December. The supplier issued the invoice on 24th December and payment for the same was debited from the bank account of FS on 31st December. Since the accountant was on leave, the transaction was recorded in the books of accounts on 1st January.

Applicable rate of GST on all supplies was 18% except for transportation charges for which the applicable GST rate is 5%. Ignore bifurcation of CGST, SGST and IGST. Turnover of last financial year is ₹ 30 lakh.

There is no opening ITC available for the relevant tax period in the electronic credit ledger of FS. All the above information pertains to same financial year.

Note: All the above amounts are exclusive of GST, except wherever explicitly stated.

Based on the facts of the case scenario given above, choose the correct answer to Q. Nos. 1 to 4 below:

MULTIPLE CHOICE QUESTIONS

1. The total value of inward supplies on which GST is payable by FS under reverse charge for December is _____.

   (a) ₹ 7,10,000

   (b) ₹ 6,60,000

   (c) ₹ 11,60,000

   (d) ₹ 12,10,000

2. The amount of eligible input tax credit, ignoring reversal under rule 42 or 43, if any, that can be availed by FS for December is _____.

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(a) ₹ 6,18,800

(b) ₹ 4,38,800

(c) ₹ 5,28,800

(d) ₹ 4,29,800

3. Net GST payable in cash (ignore bifurcation of CGST, SGST and IGST) by FS for the month of December is _____.

(a) ₹ 3,73,800

(b) ₹ 3,86,800

(c) ₹ 1,84,800

(d) ₹ 3,42,000

4. What is the time limit for issuance of show cause notice in respect of the GST inadvertently charged and collected on the goods in December assuming that FS does not deposit the same with the Government?

(a) Within 2 years and 9 months from due date of filing annual return for the financial year.

(b) Within 4 years and 6 months from due date of filing annual return for the financial year.

(c) No time limit to issue the show cause notice.

(d) No show cause notice is required to be issued. The tax amount shall be refunded to the customers if the customer demands the same.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) ₹ 6,60,000

Reason

Computation of total value of inward supplies on which GST is payable on reverse charge

Particulars	**₹**
Transportation services from unregistered GTA	1,00,000

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[Services by a Goods Transport Agency (GTA) in respect of transportation of goods by road provided to a registered person is taxable under reverse charge; since Sri Logistics is unregistered, it would not have exercised option to pay tax under forward charge.]	
Security services [Not taxable under reverse charge since services are being provided by a body corporate.]	
Legal services Legal services provided by a senior advocate to any business entity (with an aggregate turnover more than such amount in the preceding FY as makes it eligible for exemption from registration under GST) located in the taxable territory is taxable under reverse charge.]	10,000
Procured old and used goods on which GST is payable on reverse charge basis	5,00,000
Rent of shop paid to Municipal Corporation [Taxable under reverse charge since renting of immovable property services are being provided by local authority to a registered person.]	50,000
Total	**6,60,000**

2. Option (d) ₹ 4,29,800

Reason

Computation of amount of eligible input tax credit

Particulars	**₹**
Purchase of TV sets from registered suppliers [18% of ₹ 18,00,000 (₹ 20,00,000 -₹ 2,00,000)]	3,24,000
Old and used goods on which GST is payable on reverse charge basis [5,00,000 x 18%]	90,000
Rent of shop paid to Municipal Corporation of Chandigarh	9,000

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[50,000 x 18%]	
Transportation charges [1,00,000 x 5%]	5,000
Legal fee [10,000 x 18%]	1,800
Security services [No ITC is available since supplier is unregistered and tax is not payable under reverse charge.]	
Total	**4,29,800**

3. Option (d) ₹3,42,000

Computation of amount of net GST payable in cash

Particulars	**Amount (in ₹)**	**GST @ 18% unless specified (in ₹)**
Details of outward supplies		
Supply of goods to unregistered persons in Chandigarh (including ₹ 1,00,000 on which tax is inadvertently collected in terms of section 76)	10,00,000	1,80,000
Supply of goods to registered suppliers in Punjab	20,00,000	3,60,000
Repairs & maintenance services provided to unregistered persons located in Haryana	7,00,000	1,26,000
Output tax payable		**6,66,000**
Less: ITC available (as computed in Answer 2 above)		(4,29,800)
Net GST payable in cash		**2,36,200**
***Add:* Inward supplies tax on which is payable under reverse charge**		
Transportation charges to unregistered GTA	1,00,000	5,000 [GST @ 5%]
Rent paid to Municipal Corporation	50,000	9,000

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Legal fee paid to Mr. Prakash, Senior Advocate	1,00,000	1,800
Old & used goods on which tax is payable under reverse charge	5,00,000	90,000
Net GST payable in cash		**3,42,000**

4. **Option (c)** No time limit to issue the show cause notice.

Reason

As per section 76, where any amount of tax collected by supplier required to be paid to the Government, which has not been so paid to the Government, the proper officer may serve on the person liable to pay such amount a notice requiring him to show cause as to why the said amount as specified in the notice, should not be paid by him to the Government and why a penalty equivalent to the amount specified in the notice should not be imposed on him under the provisions of this Act. No time limit has been prescribed in this case for issuing the show cause notice.

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CASE SCENARIO 9

LLD & Co., a partnership firm, is engaged exclusively in manufacturing of electric equipment in the State of Gujarat. The firm became liable for registration on 14th April since its turnover exceeded the applicable threshold limit. It applied for registration on 16th May and was granted registration certificate on 20th May.

The firm had opted for composition levy under section 10 at the time of registration.

Its turnover for the quarter ending June (excluding the turnover till the date it becomes liable to register) was ₹ 82 lakh, out of which taxable supply was amounting to ₹ 80 lakh and exempt supply was amounting to ₹ 2 lakh. Its turnover crossed ₹ 150 lakh on 9th July and LLD & Co. had opted for withdrawal of composition scheme on the said date.

The firm provided a supply of equipment to GGY Ltd. (an unrelated limited company) on 20th July having market value of ₹ 21 lakh, wholesale value of ₹ 22 lakh and maximum retail price was ₹ 23 lakh. However, the transaction was made at ₹ 18 lakh.

During the month of June, LLD & Co. has received one taxable service covered under reverse charge under section 9(3) from a registered supplier Mr. Sachin Kumar in the course of intra-State supply. LLD & Co. failed to issue any document to Mr. Sachin Kumar relating to this transaction.

Other details for this particular inward service are as follows:

Particulars	Date
Supply of service	3rd June
Invoice raised by Mr. Sachin Kumar	9th July
Payment recorded in the books of LLD & Co.	7th August
Payment debited in the bank account of LLD & Co	14th August
Payment recorded in the books of Mr. Sachin Kumar	8th August
Payment credited in the bank account of Mr. Sachin Kumar	16th August

LLD & Co. has not opted QRMP Scheme.

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All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State and price is the sole consideration.

All the above information pertains to same financial year.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:

MULTIPLE CHOICE QUESTIONS

1. The effective date of registration of LLD & Co. is:

   (a) 14th May

   (b) 16th May

   (c) 14th April

   (d) 20th May

2. LLD & Co. needs to furnish a statement containing details of stock of inputs/ inputs contained in semi-finished / finished goods on the withdrawal of composition scheme by:

   (a) 23rd July

   (b) 9th July

   (c) 8th August

   (d) 7th August

3. The value of supply of equipment under section 15(1) made by LLD & Co. to GGY Ltd. will be

   (a) ₹ 21 lakh

   (b) ₹ 18 lakh

   (c) ₹ 22 lakh

   (d) ₹ 23 lakh

4. The tax payable by LLD & Co. for the quarter ending June will be:

   (a) ₹ 40,000 each under CGST and SGST

   (b) ₹ 41,000 each under CGST and SGST

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(c) ₹ 80,000 each under CGST and SGST

(d) ₹ 82,000 each under CGST and SGST

5. Time of supply for the purpose of payment of tax, for transaction with Mr. Sachin Kumar as per GST Laws will be:

(a) 07th August

(b) 09th July

(c) 08th September

(d) 08th August

6. Which of the following document is mandatory to be issued by LLD & Co., in relation to transaction with Mr. Sachin Kumar as per the GST law?

(a) Bill of supply

(b) Payment voucher

(c) Receipt Voucher

(d) Tax Invoice

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) 20th May

Reason

As per section 25 read with rule 10, where an applicant submits application for registration after 30 days from the date the person becomes liable to registration, effective date of registration is date of grant of registration.

In this case, since the application is made after 30 days, effective date of registration is 20th May i.e. date of grant of registration.

2. Option (c) 8th August

Reason

Once the aggregate turnover of a registered person opting for composition scheme exceeds ₹ 150 lakh, option to pay tax under

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composition scheme shall be withdrawn. Further, such person needs to furnish a statement in prescribed form containing details of the 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, within a period of 30 days from the date from which the option is withdrawn [Rule 6].

3. Option (b) ₹ 18 lakh

Reason

As per section 15, if the supply is made between unrelated persons and price is the sole consideration for the supply, then value of supply will be transaction value**.**

Hence, in this case, value of supply of equipment under section 15(1) will be ₹ 18 lakh, being the amount on which transaction was made.

4. Option (b) ₹ 41,000 each under CGST and SGST

Reason

As per section 10, the rate of tax in case of composition levy for manufacturer is 0.5% of the turnover, each under CGST and SGST.

Since, turnover for the quarter ending June (excluding the turnover till the date it becomes liable to register) was ₹ 82 lakh, tax payable is ₹ 41,000 each under CGST and SGST (0.5% of ₹ 82 lakh).

5. Option (a) 07th August

Reason

Time of supply for service provided under reverse charge as per section 13(3) will be earlier of:

(i) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier

or

(ii) the date immediately following 60 days from the date of issue of invoice or any other document, by whatever name called, in lieu

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thereof by the supplier, in cases where invoice is required to be issued by the supplier,

Accordingly, the time of supply is 7th August, being the date of payment as entered in the books of LLD & Co.

6. Option (b) Payment voucher

Reason

A registered person who is liable to pay tax under reverse charge under section 9(3)/9(4) shall issue a **Payment Voucher** at the time of making payment to the supplier.

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CASE SCENARIO 10

Mr. Suraj Rao of Bhilwara (Rajasthan) is a registered person under GST and is filing monthly returns. His turnover for the preceding year was ₹ 1.25 crores. He is engaged in the business of various goods and services. He provided the details of following transactions/supplies undertaken by him during the month of February:

(i) He executed a hedging contract for a commodity with NCDEX at a price of ₹ 1,100 per unit for 600 units. Original contract of purchase of the commodity was made @ ₹ 1,000 per unit. On the date of expiry of future contract i.e. 28th February, the rate of commodity was ₹ 900 per unit. He squared off the contract without physical delivery of the commodity. He paid ₹ 2,000 each at the time of entry and exit off the future contract.

(ii) He provided repair and maintenance service related to generator to Mr. Rajendra on 5th February, involving both supply of goods being spare parts and supply of service being labour charges. He disclosed the value of goods at ₹ 10,800 and value of service at ₹ 25,000 separately in the invoice issued in this regard.

Details of inward supplies during the month:

(i) Purchase of goods for ₹ 20,00,000 from a registered person (it includes ₹ 5,00,000 towards purchase of goods which are exempted).

(ii) Purchased a truck for ₹ 8,00,000 for transportation of goods for delivery to customers. No depreciation was claimed on GST portion.

(iii) Incurred ₹ 3,50,000 on renovation of office building and debited the expenses (excluding the GST portion) in the Profit and Loss Account under repair and maintenance head.

(iv) Mr. Suraj Rao went to Surat, Gujarat for a business meeting which was mandatory under a law for the time being in force in February and stayed in a GST registered hotel named "A One Hotel" for few days. Room accommodation charges for ₹ 50,000 (taxable value) was paid for the stay.

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Other information

(i) Due to the accountant on leave, GSTR-3B for the month of February, could not be filed on due date prescribed i.e. 20th March. It was filed on 31st March.

(ii) Suraj Rao collected an advance payment of ₹ 2,00,000 plus applicable GST for provision of service in the month of September. However, no tax was deposited on such advance money to the Government even though 5 months has elapsed.

All amounts given above are exclusive of taxes, wherever applicable.

All supplies are intra-State except otherwise mentioned. All the supplies of goods and services are chargeable to GST @ 9% each under CGST & SGST and @ 18% under IGST except spare parts which are chargeable @ 2.5% each under CGST & SGST and @ 5% under IGST.

All the above information pertains to same financial year.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:

MULTIPLE CHOICE QUESTIONS

1. Value of outward supply of the contract executed with NCDEX will be:
   (a) ₹ 6,00,000
   (b) ₹ 5,40,000
   (c) ₹ 6,60,000
   (d) Nil
2. The amount of input tax credit that can be availed for stay in 'A One Hotel', Surat will be:
   (a) ₹ 9,000-CGST & ₹ 9,000-SGST
   (b) ₹ 9,000-IGST

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(c) No input tax credit available

(d) ₹ 4,500-CGST & ₹ 4,500-SGST

3. The amount of total eligible input tax credit (ITC) for the month of February, will be:

(a) ₹ 4,86,000

(b) ₹ 4,77,000

(c) ₹ 4,23,000

(d) ₹ 4,14,000

4. The nature of supply and rate applicable for service provided to Mr. Rajendra will be:

(a) mixed supply and chargeable at the highest rate.

(b) composite supply and chargeable at the rate of principal supply.

(c) individual supply and chargeable at total of CGST and SGST at 5% for supply of spare parts and at 18% for supply of service.

(d) neither supply of goods nor supply of service.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) Nil

Reason

Where the futures contracts have a delivery option and the settlement of contract takes place by way of actual delivery of underlying commodity/currency, then such futures contracts would be treated as normal supply of goods and liable to GST.

However, in this case, since the future contact is squared off the without actual physical delivery of the commodity, it will not be deemed as a supply.

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2. **Option (c)** No input tax credit available

Reason

Since, the place of supply of services of providing accommodation by a hotel shall be the location at which the immovable is located or intended to be located i.e. Gujarat, in this case, but recipient of supply is registered in Rajasthan. Hence, ITC of the same will not be available since the recipient of said intra-State supply is located in a different State than that of place of supply[1].

3. **Option (b)** ₹ 4,77,000

Reason

Amount of total eligible input tax credit (ITC) for the month of February:

Particulars	**Amount (₹)**
Purchase of goods [(₹ 20 Lakhs - ₹5 Lakhs) x 18%]	2,70,000
Purchased a truck for ₹ 8,00,000 [₹ 8 Lakhs x 18%] (ITC is not blocked for the purchase of truck used for business purpose)	1,44,000
Expenses incurred on renovation of office building [₹3.5 Lakhs x 18%] (ITC is not blocked since it is not capitalized)	63,000
Stayed in a GST registered hotel named "A One Hotel" in Surat [ITC of the same will not be available since the recipient of said intra-State supply is located in a different State than that of place of supply[2].]	Nil
Total eligible input tax credit (ITC) for the month of February	**4,77,000**

[1] Circular No. 170/02/2022 GST dated 06.07.2022
[2] Circular No. 170/02/2022 GST dated 06.07.2022

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4. **Option (c)** individual supply and chargeable at total of CGST and SGST at 5% for supply of spare parts and at 18% for supply of service.

Reason

Circular No. 47/21/2018 GST dated 08.06.2018 clarifies that in case of servicing of machine involving supply of both goods (spare parts) and services (labour) where the value of goods and services are shown separately, the goods and services would be liable to tax at the rates as applicable to such goods and services separately.

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CASE SCENARIO 11

M/s Jose & Co. (hereinafter referred as Firm) is a partnership firm registered under GST regular scheme in the State of Kerala. Firm is an original equipment manufacturer of motor pumps and engaged in supply of related goods and services all over India and supplies goods through the network its agents.

During the month of August, the firm made following outward transactions:

(i) Supplied moulds and dies owned by it to unrelated component manufacturers free of cost; market value of the same was ₹ 65,000.

(ii) Provided free training on e-invoice and e-way bill to all its agents free of cost; value of such training was ₹ 1,00,000.

It provided the following services during the month of September and received payment subject to deduction of TDS under GST law, as applicable:

(a) Water supply services provided to Kerala Water Resources Management Board, a Government Authority in which 85% of control was held by Kerala Government; total consideration was ₹ 2,50,000.

(b) Composite supply of goods and services provided to Kerala Government, in respect of an activity entrusted to a municipality under Article 243W of the Constitution, in which value of service constituted 25% of the value of said composite supply; total consideration was ₹ 3,00,000.

(c) Conducted training program for rain water harvesting for a consideration of ₹ 4,00,000. This service was provided to Central Government and 76% of the total expenditure of this program was borne by the Central Government.

During the month of October, the firm made a supply to its related concern valued under invoice at ₹ 5,00,000; whereas the market value was ₹ 8,00,000 and the recipient was eligible for full ITC. Value of like kind of supply was ₹ 7,00,000. Recipient intended to consume the supply for production purposes.

The firm entered into a contract for service of 100 pump motors on 15th November for an amount of ₹ 5,00,000. Deadline for completing the

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contract was 15th January. However, due to some misunderstanding the contract was terminated on 20th December, when only 50% of the work was completed.

All the amounts given above are exclusive of taxes wherever applicable. All the supply referred above is intra-State unless specified otherwise. All the above information pertains to the same financial year.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. In respect of outward transactions made during the month of August, the taxable value of supply is _____.

   (a) ₹ 65,000

   (b) ₹ 1,00,000

   (c) ₹ 1,65,000

   (d) Nil

2. In respect of services provided during the month of September, the value of exempt supply is _____.

   (a) ₹ 2,50,000

   (b) ₹ 3,00,000

   (c) ₹ 4,00,000

   (d) ₹ 7,00,000

3. The amount of TDS under GST that will be deducted each under CGST and SGST against the supply made during the month of September is _____.

   (a) ₹ 7,000

   (b) ₹ 5,500

   (c) ₹ 3,000

   (d) ₹ 2,500

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4. The value of supply made to a related concern during the month of October is _____.

   (a) ₹ 5,00,000

   (b) ₹ 6,30,000

   (c) ₹ 7,00,000

   (d) ₹ 8,00,000

5. Last date for issue of invoice against pump motors service contract which was terminated on 20th December is _____.

   (a) 15th December

   (b) 20th December

   (c) 20th January

   (d) 15th February

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) Nil

Reason

Circular No. 47/21/2018 GST dated 08.06.2018 clarifies that moulds and dies owned by Original Equipment Manufacturers (OEM) that are sent free of cost (FOC) to a component manufacturer, in course or furtherance of business, do not constitute supply since no consideration is involved and they are not related persons or distinct persons.

Free training to agents does not amount to supply since it is undertaken without consideration. Further, it is only free of cost supply of goods between principal and agent that is deemed as supply as per para 3 of Schedule I.

2. Option (c) ₹ 4,00,000

Reason

Out of three services provided in September, only the training program conducted for rainwater harvesting for a consideration for Central

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Government is exempt because more than 75% of the total expenditure of this program was borne by the Government. Thus, value of exempt supply is ₹ 4,00,000.

3. Option (c) ₹ 3,000

Reason

Since out of two taxable supplies made in September, the value of taxable supply exceeds ₹ 2,50,000 only in case of composite supply of goods and services provided to Kerala Government, TDS @1% will be deducted only on ₹ 3 lakh in terms of section 51.

4. Option (a) ₹ 5,00,000

Reason

Rule 28(1) provides that the value of the supply of goods or services or both between distinct persons or where the supplier and recipient are related, other than where the supply is made through an agent, shall be the open market value of such supply. Further, second proviso to rule 28(1) provides that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of the goods or services. Thus, in given case, value of supply is ₹ 5,00,000.

5. Option (b) 20th December

Reason

As per section 31(6), in a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.

In this case, contract was ceased or terminated on 20th December.

Thus, in the given case, the last date for issue of invoice against pump motors service contract is 20th December.

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CASE SCENARIO 12

EchoWave Technologies Ltd., Coimbatore, Tamil Nadu, (hereinafter referred as EchoWave) exclusively manufactures and sells product 'Z' which is exempt from GST vide notifications issued under relevant GST legislations. The company sells product 'Z' only within Tamil Nadu and is not registered under GST. Further, all the inward supplies of EchoWave are taxable under forward charge.

The turnover of EchoWave in the previous year was ₹ 55 lakh. The company expects the sales to grow by 20% in the current year. Owing to the growing demand for the product, EchoWave decided to increase its production capacity and purchased additional machinery for manufacturing 'Z' on 1st April. The purchase price of such capital goods was ₹ 20 lakh exclusive of GST @ 18%.

However, effective from 1st August, exemption available on 'Z' was withdrawn by the Central Government and GST @ 12% was imposed thereon. The turnover of the company for the first quarter ended on 30th June was ₹ 50 lakh.

In October, it plans to launch a new taxable product 'Y'. It enters into a contract with Shine Ltd., an advertising company, located and registered in Gurugram, Haryana, to arrange the display of an advertisement of EchoWave's newly launched product 'Y' on a hoarding placed at any prominent location in Bengaluru, Karnataka for initial 3 months of the launch of the product. Shine Ltd., in turn, enters into a contract with the owner of Seaside Hotel located and registered in Bengaluru, Karnataka for display of the advertisement on a hoarding placed in the lawn of the hotel.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

MULTIPLE CHOICE QUESTIONS

1. Which of the following statements is correct with regard to liability of EchoWave to obtain registration under GST?

   (a) EchoWave is not liable to register on 1st August since its taxable turnover does not exceed the applicable threshold limit of ₹ 20 lakh till that date.

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(b) EchoWave is not liable to register on 1st August since its taxable turnover does not exceed the applicable threshold limit of ₹ 40 lakh till that date.

(c) EchoWave becomes liable to register on 1st August since its taxable turnover exceeds the applicable threshold limit of ₹ 40 lakh till that date.

(d) EchoWave becomes liable to register on 30th June since its taxable turnover exceeds the applicable threshold limit of ₹ 40 lakh till that date.

2. Assuming that EchoWave is already registered with respect to certain taxable supplies being made by it along with manufacture of exempt product 'Z', other facts remaining the same, can it take ITC on additional machinery purchased exclusively for manufacturing 'Z'? If yes, then how much credit can be availed?

(a) Yes, ₹ 3,24,000

(b) Yes, ₹ 3,60,000

(c) Yes, ₹ 36,000

(d) No, ITC on additional machinery purchased exclusively for manufacturing 'Z' is not available.

3. The place of supply of service(s) provided (i) by Shine Ltd. to EchoWave and (ii) by Seaside Hotel to Shine Ltd.?

(a) (i) Tamil Nadu, (ii) Karnataka

(b) (i) Haryana, (ii) Karnataka

(c) (i) Tamil Nadu, (ii) Haryana

(d) (i) Tamil Nadu, (ii) Tamil Nadu

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) EchoWave becomes liable to register on 1st August since its taxable turnover exceeds the applicable threshold limit of ₹ 40 lakh till that date.

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Reason

The applicable threshold limit of aggregate turnover for registration applicable to EchoWave is ₹ 40,00,000 since it is engaged in making intra-State supplies of only goods, in terms of section 22(1) read with *Notification No. 10/2019 CT dated 07.03.2019*.

In the given case, the turnover of the company for the first quarter is ₹ 50 lakh which is more than the applicable threshold limit of ₹ 40 lakh. However, since EchoWave supplied exempted goods till 31st July, it was not required to be registered till that day; though voluntary registration was allowed under section 25(3).

However, the position will change from 1st August as the supply of goods become taxable from that day and the turnover of company is above ₹ 40 lakh. It is important to note here that in terms of section 2(6), the aggregate turnover limit of ₹ 40 lakh includes exempt turnover also.

Therefore, turnover of 'Z' will be considered for determining the threshold limit even though the same was exempt from GST. Therefore, the company needs to register within 30 days from 1st August (the date on which it becomes liable to registration) in terms of section 25(1).

Further, the company cannot avail exemption of ₹ 40 lakh from 1st August as the GST law does not provide any threshold exemption from payment of tax but threshold exemption from obtaining registration (which in this case had been crossed).

2. Option (a) Yes, ₹ 3,24,000

Reason

Rule 43(1)(a) disallows input tax credit on capital goods used or intended to be used exclusively for effecting exempt supplies.

However, as per section 18(1)(d), where an exempt supply of goods and/or services by a registered person becomes a taxable supply, such person gets entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock relatable to such exempt supply and on capital goods exclusively

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used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable.

Rule 40(1)(a) lays down that the credit on capital goods can be claimed after reducing the tax paid on such capital goods by 5% per quarter of a year or part thereof from the date of the invoice.

Therefore, in the given case, EchoWave could not claim credit on machinery till the time the supply of product 'Z' for which said machinery was being used was exempt. However, it can claim credit in respect of said machinery once the supply of product 'Z' became taxable.

Further, EchoWave can take following amount of ITC on said machinery for its remaining useful life by making an electronic declaration in prescribed form specifying the details of said machinery:

Date of purchase of machinery	1st April
Number of quarters for which credit is to be reduced (including part of quarter)	2
GST paid on machinery [₹ 20,00,000 x 18%]	₹ 3,60,000
Credit to be reduced [₹ 3,60,000 x 5% x 2]	₹ 36,000
Amount of credit that can be taken [₹ 3,60,000 – ₹ 36,000]	**₹ 3,24,000**

3. Option (a) (i) Tamil Nadu, (ii) Karnataka

(i) In case where a company wants to display its advertisement on hoardings/ billboards at a specific location availing the services of a vendor. The responsibility of arranging the hoardings/ billboards lies with the vendor who may himself own such structure or may be taking it on rent or rights to use basis from another person. The vendor is responsible for display of the advertisement of the company at the said location.

In this case, vendor is in fact providing advertisement services by providing visibility to the company's advertisement for a specific period of time on his structure possessed/taken on rent by him at the specified location. Therefore, such services provided by the vendor to advertising company are purely in the nature of

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advertisement services in respect of which place of supply shall be determined in terms of section 12(2) of the IGST Act, 2017[3].

As per section 12(2) of the IGST Act, 2017, the place of supply of such advertisement services made to a registered person is location of such person.

Thus, the place of supply, in the given case, is the location of EchoWave, i.e. Tamil Nadu.

(ii) In case where there is supply (sale) of space or supply (sale) of rights to use the space on the hoarding/ structure (immovable property) belonging to vendor to the client/advertising company for display of their advertisement on the said hoarding/ structure, the hoarding/structure erected on the land should be considered as immovable structure or fixture as it has been embedded in earth. Further, place of supply of any service provided by way of supply (sale) of space on an immovable property or grant of rights to use an immovable property shall be governed by the provisions of section 12(3)(a) of the IGST Act.

Therefore, the place of supply of service provided by way of grant of rights to use the hoarding/ structure for advertising in this case would be the location where such hoarding/ structure is located.

Thus, the place of supply, in the given case, is location of hotel where the hoarding is located, viz. Bengaluru, Karnataka.

[3] *Circular No. 203/15/2023 GST dated 27.10.2023*

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CASE SCENARIO 13

Mrs. Kajal, a registered supplier of Jaipur (Rajasthan), has made the following supplies in the month of January:

(i) Supply of a laptop along with the laptop bag to a customer of Mumbai for ₹ 55,000 (exclusive of GST).

(ii) Supply of 10,000 kits (at ₹ 50 each) amounting to ₹ 5,00,000 (exclusive of GST) to Ram Fancy Store in Kota (Rajasthan). Each kit consists of 1 hair oil, 1 beauty soap and 1 hair comb.

(iii) 100 kits are given as free gift to Jaipur customers (all unrelated) on the occasion of Mrs. Kajal's birthday. Each kit consists of 1 hair oil and 1 beauty soap. Cost of each kit is ₹ 35. Input tax credit has not been taken on the goods contained in the kit.

(iv) Event management services provided free of cost to her brother (wholly dependent on her) for his son's marriage function in Indore (Madhya Pradesh). Cost of providing said services is ₹ 80,000.

(v) 1,400 chairs and 100 coolers hired out to Function Garden, Ajmer (Rajasthan) for ₹ 3,30,000 (exclusive of GST) including cost of transporting the chairs and coolers from Mrs. Kajal's godown at Jaipur to Function Garden, Ajmer.

All the above transactions are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

MULTIPLE CHOICE QUESTIONS

1. Supply of laptop alongwith laptop bag and supply of 10,000 kits to Ram Fancy Store is _____ and _____:

   (a) composite supply; mixed supply

   (b) composite supply; composite supply

   (c) mixed supply; mixed supply

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(d) mixed supply; composite supply

2. 100 kits given as free gift to Jaipur customers are:

(a) composite supply

(b) mixed supply

(c) individual supplies of hair oil and beauty soap

(d) not supply at all

3. Event management service provided to Kajal's brother is _____ and service of transportation of the chairs and coolers from Mrs. Kajal's godown at Jaipur to Function Garden, Ajmer is _____.

(a) not supply at all; taxable supply to be taxed at the rate applicable for transportation of goods service.

(b) taxable supply; exempt supply

(c) taxable supply; taxable supply to be taxed at the rate applicable for service of renting of chairs and coolers.

(d) not supply at all; exempt supply.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) composite supply; mixed supply

Reason

Composite supply means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply. Being naturally bundled, supply of laptop bag along with the laptop is a composite supply.

Further, mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not

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constitute a composite supply. Accordingly, supply of 10,000 kits to Ram Fancy Store is a mixed supply as single price is being charged and it is not naturally bundled.

2. **Option (d)** not supply at all

Reason

An activity/transaction qualifies as supply only when it is made or agreed to be made for a consideration by a person in the course or furtherance of business. Since 100 kits have been gifted free of cost to customers, they do not qualify as supply as consideration is not there. Further, it is also not covered in Schedule I since Mrs. Kajal and the customers are not related persons.

3. **Option (c)** taxable supply; taxable supply to be taxed at the rate applicable for renting of chairs and coolers.

Reason

(i) Event management services are provided free of cost to Kajal's brother [who is a related person] for his son's marriage. Thus, said services shall fall within the purview of Schedule I and shall be treated as supply even if made without consideration. Further, since it is an individual supply, it will be taxed at the rate applicable on said service.

(ii) Transportation services provided by Mrs. Kajal are exempt. However, since chairs and coolers are hired out along with their transportation, it is a case of composite supply wherein the principal supply is hiring out of chairs and coolers. Accordingly, transportation service will also be taxed at the rate applicable for renting of chairs and coolers.

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CASE SCENARIO 14

Mr. Dhinal Patel is registered under regular scheme of GST in Delhi. He is engaged in supply of various goods as well as services across the country on his own as well as through its agents' network also.

During the month of August, Mr. Dhinal Patel made following outward transactions:

(i) He gifted a watch, worth ₹ 50,000 to Mr. Sudipta Banerjee, an employee in recognition of his being awarded 'Employee of the Year'. No other gift was presented to Mr. Sudipta during the current financial year.

(ii) He provided free training on e-invoice and e-way bill to all its agents free of cost; cost incurred for providing such training was ₹ 1,00,000.

He provided the following services during the month of September wherein he received payment of full contract value subject to deduction of TDS under GST law, as applicable:

(a) Supplied printed books and printed post cards to a West Delhi Post Office [Out of total contract value of ₹ 9,72,000, contract value for supply of books (exempt from GST) is ₹ 7,00,000 and for supply of printed post cards (taxable under GST) is ₹ 2,72,000.

(b) Supplied service of maintenance of street-lights in Municipal area of East Delhi*

[The maintenance contract entered into with the Municipal Corporation of Delhi also involves replacement of defunct lights and other spares. However, the value of supply of goods is not more than 25% of the value of composite supply]. Contract value is ₹ 3,50,000.

*an activity in relation to any function entrusted to a Municipality under article 243W of the Constitution

(c) Supplied service of interior decoration of Andhra Bhawan located in Delhi. Service contract of value of ₹ 12,39,000 is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh).

All above values are inclusive of GST @18%, wherever applicable.

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Mr. Dhinal entered into a contract for supply of service with Saurashtra Associates on 1st June. He commenced the provision of service on 5th June and completed the provision of service on 10th October. Invoice is issued on 20th October. He received the payment by cheque on 15th October and entered it in his books the same day. Amount was credited in his bank account on 18th October. In the meantime, rate of GST applicable on said services was changed from 12% to 18% on 16th October.

Mr. Dhinal rents out a commercial building owned by him to Bharat for the month of October, for which he charges a rent of ₹ 19,50,000. Mr. Dhinal pays the maintenance charges of ₹ 1,00,000 (for the October month) as charged by the local society. These charges have been reimbursed to him by Bharat. Also, Mr. Dhinal has paid municipal tax of ₹ 2,85,000 which he has not charged from Bharat.

During the month of December, Mr. Dhinal hired the services of Sun Ltd., an event management company registered in Delhi, for organising two events, one in Bengaluru, Karnataka and another event in Japan.

Note: Assume that all the days covered in the above case are working days.

All the supplies referred above are intra-State unless specified otherwise.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:

MULTIPLE CHOICE QUESTIONS

1. In respect of outward transactions made during the month of August, the value of supply is:

   (a) ₹ 1,00,000

   (b) ₹ 1,50,000

   (c) ₹ 50,000

   (d) Nil

2. The amount of TDS under GST law (without bifurcating into CGST, SGST and IGST) that will be deducted against the supply made during the month of September will be:

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(a) Nil

(b) ₹ 43,406

(c) ₹ 26,932

(d) ₹ 21,000

3. The value of supply made to Bharat for the month of October will be:

(a) ₹ 19,50,000

(b) ₹ 22,35,000

(c) ₹ 23,35,000

(d) ₹ 20,50,000

4. The time of supply and applicable rate of GST applicable on services provided to Saurashtra Associates is:

(a) 10th October and 12%

(b) 15th October and 12%

(c) 18th October and 18%

(d) 16th October and 18%

5. Determine the place of supply of services availed from Sun Ltd. with respect to the event held in (i) Bengaluru, Karnataka and (ii) Japan.

(a) (i) Delhi and (ii) Delhi

(b) (i) Delhi and (ii) Japan

(c) (i) Bengaluru, Karnataka and (ii) Delhi

(d) (i) Bengaluru, Karnataka and (ii) Japan

6. Compute the value of exempt supply for the month of September.

(a) ₹ 3,50,000

(b) ₹ 10,50,000

(c) ₹ 7,00,000

(d) Nil

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ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) Nil

Reason

(i) Supply of goods between related persons when made in the course or furtherance of business is deemed as supply as per para 2 of Schedule I. However, gifts not exceeding ₹ 50,000 in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both. Accordingly, in the given case, watch worth ₹ 50,000 gifted to employee - Mr. Sudipta Banerjee, is not a supply.

(ii) Free training provided by Mr. Dhinal on e-invoice and e-way bill to its agents does not amount to supply since it is undertaken without consideration. Further, it is only free of cost supply of goods between principal and agent that is deemed as supply as per para 3 of Schedule I.

2. Option (a) Nil

Reason

As per section 51, 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 and/ or services where the total value of such supply [excluding tax and compensation cess indicated in the invoice], under a contract, exceeds ₹ 2,50,000. Accordingly, in the given cases, TDS will be computed as follows:

(i) If the contract is made for both taxable supply and exempted supply, tax shall be deducted if the total value of taxable supply in the contract exceeds ₹ 2,50,000. Being an intra-State supply of goods, supply of printed post cards to a West Delhi Post Office is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:

= ₹ 2,72,000× 100 / 118

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= ₹ 2,30,509 (rounded off)

Since the total value of taxable supply under the contract does not exceed ₹ 2,50,000, tax is not required to be deducted.

(ii) Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to, *inter alia*, local authority by way of any activity in relation to any function entrusted to a Municipality under article 243W of the Constitution is exempt from GST.

Thus, maintenance of street lights (an activity in relation to a function entrusted to a Municipality) in Municipal area of East Delhi involving replacement of defunct lights and other spares where the value of supply of goods is not more than 25% of the value of composite supply is a service exempt from GST. Since tax is liable to be deducted from the payment made or credited to the supplier of taxable goods or services or both, no tax is required to be deducted in the given case as the supply is exempt.

(iii) Proviso to section 51(1) stipulates that no tax shall be deducted if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

Section 12(3) of the IGST Act, 2017, *inter alia,* stipulates that the place of supply of services, directly in relation to an immovable property, including services provided by interior decorators, shall be the location at which the immovable property is located or intended to be located. Accordingly, the place of supply of the interior decoration of Andhra Bhawan shall be Delhi.

Since the location of the supplier (Mr. Dhinal) 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.

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3. Option (d) ₹ 20,50,000

Reason

Computation of the value of supply for the month of October:

Particulars	Amount (₹)
Rent of the commercial building	19,50,000
Maintenance charges paid to the local society, reimbursed by Bharat [Note 1]	1,00,000
Municipal tax paid by Mr. Dhinal [Note 2]	Nil
Value of supply	**20,50,000**

Notes:

(1) Since such charges are reimbursed by the tenant (Bharat), such charges ultimately form part of the rent paid by Bharat to Mr. Dhinal and thus, form part of the value as per section 15(2)(c).

(2) Since municipal tax is paid by the supplier (Mr. Dhinal) and not charged to the recipient, the same is not includible in the value.

4. Option (b) 15th October and 12%

Reason

The explanation to section 14 lays down that the date of receipt of payment is 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, whichever is earlier. However, the date of receipt of payment is the date of credit in the bank account if such credit in the bank account is after 4 working days from the date of change in the rate of tax.

In the given case, the payment has been credited in the bank account within 4 working days from the date of change in the rate of tax. Therefore, the date of receipt of payment is 15th October being the date of entry in the books of account of the supplier which is earlier than the date of credit of the payment in the bank account (18th October).

As per section 14(a)(iii), in case of change in rate of tax, if the service is supplied before the change in rate of tax and the invoice is issued after

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the change in rate of tax but the payment is received before such change in rate of tax, the time of supply is the date of receipt of payment.

Therefore, applying the provisions of section 14(a)(iii) to the given case, the time of supply is 15th October.

5. Option (a) (i) Delhi and (ii) Delhi

Reason

As per section 12(7) of the IGST Act, 2017, place of supply of services provided by way of organisation of a cultural, artistic, sporting, scientific, educational or entertainment event to a registered person, shall be the location of such person.

In this case, the place of supply of services availed from Sun Ltd. with respect to the events held in (i) Bengaluru, Karnataka and (ii) Japan are (i) Delhi and (ii) Delhi.

6. Option (b) ₹ 10,50,000

Reason

(i) Out of printed books and printed post cards supplied to a West Delhi Post Office, contract value for supply of books (exempt from GST) is ₹ 7,00,000.

(ii) Maintenance of street lights amounting to ₹ 3,50,000 (an activity in relation to a function entrusted to a Municipality) in Municipal area of East Delhi involving replacement of defunct lights and other spares is a service exempt from GST since the value of supply of goods is not more than 25% of the value of composite supply.

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CASE SCENARIO 15

M/s All-in-One, a partnership concern and a registered supplier under GST, is engaged in providing various services under one roof. It is engaged in paying tax under regular scheme under GST law. The concern provides the following information pertaining to supply made/input services availed by it during the month of March:

S.No.	Particulars	₹
(i)	Provided Direct Selling Agent service to Y Bank Ltd.	4,00,000
(ii)	Provided security services (by way of supply of security personnel) to ABC Pvt. Ltd., a registered person under GST	60,000
(iii)	Provided security services (by way of supply of security personnel) to PSR Trust, an unregistered person under GST	1,00,000
(iv)	Provided renting of motor vehicle for transportation of passengers to Amaze Tours Ltd. and value of supply included cost of fuel	75,000
(v)	Provided renting of motor vehicle for transportation of passengers to Priti & Co., CA firm and value of supply included cost of fuel	40,000
(vi)	Availed representational service from PB and Co., a law firm towards a Consumer Court case	70,000

Rates of GST for both inward and outward supply is CGST/SGST@ 9% each except renting a motor vehicle, for which CGST/SGST @ 2.5% each is applicable. M/s All-in-One commenced its business from February. All the supplies are intra-State only. Ignore the provisions relating to input tax credit.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

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MULTIPLE CHOICE QUESTIONS

1. Tax on Direct Selling Agent service provided to Y Bank Ltd. and on renting of motor vehicle for transportation of passengers to Amaze Tours Ltd. is payable by:

   (a) M/s All-in-One; M/s All-in-One

   (b) M/s All-in-One; Amaze Tours Ltd.

   (c) Y Bank Ltd.; Amaze Tours Ltd.

   (d) Y Bank Ltd.; M/s All-in-One

2. Tax on security services (by way of supply of security personnel), to ABC Pvt. Ltd. and to PSR Trust, is payable by:

   (a) M/s All-in-One; M/s All-in-One

   (b) ABC Pvt. Ltd.; PSR Trust

   (c) ABC Pvt. Ltd.; M/s All-in-One

   (d) M/s All-in-One; PSR Trust

3. Representational service availed from PB and Co. is _____:

   (a) not supply at all

   (b) exempt from GST

   (c) taxable supply eligible for ITC.

   (d) taxable supply ineligible for ITC

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) M/s All-in-One; Amaze Tours Ltd.

Reason

(i) Tax on services supplied by individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership (LLP) firm to bank or non-banking financial company (NBFCs) is payable under reverse charge. Thus, in the given case, tax is payable

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under forward charge since the supplier of such service is a partnership firm and not an individual.

(ii) Tax on services provided by a non-body corporate to a body corporate by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient and rate of GST charged in 5%, is payable under reverse charge. Thus, in the given case, tax is payable under reverse charge by recipient - Amaze Tours Ltd.

2. Option (c) ABC Pvt. Ltd.; M/s All-in-One

Reason

Tax on security services (services provided by way of supply of security personnel) provided by any person other than a body corporate to a **registered person** is payable under reverse charge. Accordingly,

(i) on security services provided to ABC Pvt. Ltd., tax is payable under reverse charge by the recipient since security services are provided by a non-body corporate to a **registered person**.

(ii) on security services provided to PSR Trust, tax is payable under forward charge since security services are provided by a non-body corporate to an **unregistered person**.

3. Option (b) exempt from GST.

Reason

Legal services provided by a partnership firm of advocates/individual advocate other than a senior advocate to a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration, are exempt from GST.

Since M/s All-in-One started its business in February, its turnover in the preceding financial year is nil making it eligible for exemption from registration in the preceding financial year and hence, the legal services provided to it are exempt from GST.

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CASE SCENARIO 16

Welcome Group Pvt. Ltd. (herein referred as WGPL) is engaged in supplying hospitality and advertising services. It has its Head Office in Maharashtra and branches in various States in India. Head Office and all branches are registered under GST.

WGPL Head Office in Maharashtra provided administrative and back-office support services in the month of August to its branch office in Kerala using the services of employees working at the head office. While issuing the tax invoice to the branch office, the head office did not include the salary cost of employees involved in providing such services. The branch office is eligible for full input tax credit.

Further, in the month of October, WGPL entered into a contract with Bright Ads LLP, registered in Rajkot, Gujarat, for displaying its advertisement on hoardings for an award event being organized at a convention center in Bhopal, Madhya Pradesh. The terrace of a hotel located nearby convention center on which the hoardings are to be displayed is taken on rent by Bright Ads LLP from the owner of the hotel - Mr. Kapoor (unregistered person based in Delhi). Bright Ads LLP raised a tax invoice on WGPL for advertisement services.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

MULTIPLE CHOICE QUESTIONS

1. Value of supply of administrative and back-office support services in the month of August by WGPL head office to its branch office in Kerala shall be _____.

   (a) Open market value of said services plus salary cost of employees.

   (b) 90% of price charged for said services supplied by branch office to its customers not being a related person.

   (c) Nil, since said services do not amount to supply.

   (d) Value declared in tax invoice issued by WGPL head office.

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2. The place of supply of services provided by Bright Ads LLP to Welcome Group Pvt. Ltd. is:

   (a) Bhopal, Madhya Pradesh

   (b) Rajkot, Gujarat

   (c) Mumbai, Maharashtra

   (d) Delhi

3. The place of supply of the services provided by Mr. Kapoor to Bright Ads LLP is:

   (a) Delhi

   (b) Rajkot, Gujarat

   (c) Bhopal, Madhya Pradesh

   (d) Mumbai, Maharashtra

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) Value declared in tax invoice issued by WGPL head office.

Reason

The value of supply of services by Head Office (HO) to its Branch Office (BO) [HO and BO being the distinct persons], shall be the open market value (OMV) of such supply [Rule 28].

Further, where the recipient - BO - is eligible for full input tax credit (ITC), the value declared in the invoice by HO shall be deemed to be OMV of such services.

Moreover, it has been clarified that the cost of any particular component of said services including the salary cost of the HO employees involved in providing the said services is not required to be mandatorily included in the value of the services in the invoice[5].

[5] *Circular No. 199/11/2023 GST dated 17.07.2023*

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2. Option (c) Mumbai, Maharashtra

Reason

In case where a company wants to display its advertisement on hoardings/ billboards at a specific location availing the services of a vendor. The responsibility of arranging the hoardings/ billboards lies with the vendor who may himself own such structure or may be taking it on rent or rights to use basis from another person. The vendor is responsible for display of the advertisement of the company at the said location.

In this case, vendor is in fact providing advertisement services by providing visibility to the company's advertisement for a specific period of time on his structure possessed/taken on rent by him at the specified location. Therefore, such services provided by the vendor to advertising company are purely in the nature of advertisement services in respect of which place of supply shall be determined in terms of section 12(2) of the IGST Act, 2017[6].

As per section 12(2) of the IGST Act, 2017, the place of supply of such advertisement services made to a registered person is location of such person.

Thus, place of supply for services provided by Bright Ads LLP to Welcome Group Pvt. Ltd. is location of Welcome Group Pvt. Ltd., i.e. Mumbai, Maharashtra.

3. Option (c) Bhopal, Madhya Pradesh

Reason

In case where there is supply (sale) of space or supply (sale) of rights to use the space on the hoarding/ structure (immovable property) belonging to vendor to the client/advertising company for display of their advertisement on the said hoarding/ structure. The hoarding/structure erected on a land should be considered as immovable structure or fixture as it has been embedded in earth. Further, place of supply of any service provided by way of supply (sale) of space on an immovable

[6] *Circular No. 203/15/2023 GST dated 27.10.2023*

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property or grant of rights to use an immovable property shall be governed by the provisions of section 12(3)(a) of the IGST Act, 2017[7].

In accordance with section 12(3)(a) of the IGST Act, 2017, the place of supply of services supplied directly in relation to an immovable property including rights to use immovable property shall be the place where the immovable property is located or intended to be located i.e. Bhopal, Madhya Pradesh, in the given case.

[7] *Circular No. 203/15/2023 GST dated 27.10.2023*

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CASE SCENARIO 17

Venue Automobiles Pvt. Ltd (hereinafter referred as VAPL)., a company registered under GST in Delhi, is engaged in manufacturing and supply of automobiles and auto-accessories across India. The manufacturing plant is located in Indore, Madhya Pradesh.

In the financial year 2023-24, it had purchased the raw materials viz. metal sheets and sent the same for painting and plating to a registered job worker, Apex Surface Coaters (P) Ltd. These raw materials are sent directly from the place of business of supplier to the premises of job worker.

VAPL availed input tax credit on purchase of such items. The following transactions took place in this regard:

Value of goods sent to job worker	Input tax paid on such goods	Date of purchase of goods by VAPL	Date of receipt of goods by Apex Surface Coaters (P) Ltd.	Date of goods received back from Apex Surface Coaters (P) Ltd.
₹ 1,20,000	₹ 6,000	10-07-2023	15-07-2023	12-07-2024
₹ 4,80,000	₹ 24,000	25-09-2023	27-09-2023	13-10-2024
₹ 19,20,000	₹ 96,000	22-12-2023	25-12-2023	16-08-2025
₹ 24,00,000	₹ 1,20,000	21-01-2024	25-01-2024	23-01-2025
₹ 8,40,000	₹ 42,000	24-02-2024	26-02-2024	28-02-2025

Further, in the month of May 2025, the Department decided to conduct an assessment of the returns filed by VAPL. During the course of assessment proceedings, the proper officer observed certain irregularities in the returns filed by the company. Consequently, an adjudication order was issued raising a demand of IGST amounting to ₹ 1,200 crore. The order was issued on 23rd July 2025 and the same was communicated to VAPL on 28th July 2025.

Aggrieved by the assessment order, VAPL preferred an appeal before the Appellate Authority (AA) on 30th July 2025.

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The Appellate Authority (AA) passed an order against VAPL demanding IGST of ₹ 1,200 crore on 25th August 2025 and the order was communicated to VAPL on 29th August 2025. VAPL wishes to file an appeal against the order of the AA. The company admits the liability of ₹ 100 crore but wishes to litigate the balance demand amount and intends to file an appeal to the GST Appellate Tribunal.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

MULTIPLE CHOICE QUESTIONS

1. Determine the total amount to be added to the output tax liability of VAPL in accordance with section 143. Ignore the different point of times when the amount is added to the output tax liability.

   (a) ₹ 2,88,000/- + interest @ 18%

   (b) ₹ 2,88,000/- + interest @ 24%

   (c) ₹ 1,62,000/- + interest @ 24%

   (d) ₹ 1,62,000/- +interest @ 18%

2. The total amount of pre-deposit required to be paid by VAPL for filing appeal before the GST Appellate Tribunal is _____.

   (a) ₹ 100 crore

   (b) ₹ 120 crore

   (c) ₹ 140 crore

   (d) ₹ 110 crore

3. Last date up to which VAPL can file the appeal to GST Appellate Tribunal against the order of Appellate Authority is _____.

   (a) 25th October 2025

   (b) 29th November 2025

   (c) 25th November 2025

   (d) 29th September 2025

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ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) ₹ 1,62,000/- + interest @ 18%

Reason

As per section 143, inputs sent by a principal to a job worker must be received back within one year from the date of sending out the inputs to the job worker. Where inputs are sent directly from the supplier to the job worker, the period of one year is to be computed from the date of receipt of inputs by the job worker.

In case the inputs are not received back within the above prescribed period, such inputs are deemed to have been supplied by the principal to the job worker on the date when they were originally received by the job worker.

In the given case,

- inputs received back on 12-07-2024 and on 23-01-2025 were returned within 1 year from the date of receipt by the job worker.
- inputs received back on 13-10-2024, 16-08-2025 and 28-02-2025 were returned after expiry of 1 year.

Accordingly, the total amount to be added to the output tax liability of VAPL in accordance with section 143 is as follows:

= ₹ 24,000 +₹ 96,000+ ₹ 42,000

= ₹ 1,62,000

Further, interest @ 18% per annum is payable under section 50.

2. Option (c) ₹ 140 crore

Reason

Section 112(8) lays down that no appeal can be filed before the Appellate Tribunal, unless the appellant deposits:

(a) full amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him, and

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(b) 10% of the remaining amount of tax in dispute, in addition to the amount deposited before the AA, arising from the said order, subject to a maximum of ₹ 20 crore (₹ 40 crore in case of IGST), in relation to which appeal has been filed.

Accordingly, in the given case, the amount of pre-deposit to be made by Venue Automobiles Pvt. Ltd. for filing the appeal to the Appellate Tribunal is computed as under-

(i) Full amount of tax, interest and penalty as admitted by the company, i.e. ₹ 100 crore and

(ii) 10% of the tax in dispute, i.e. ₹ 110 crore (10% of ₹ 1,100 crore) subject to a maximum of ₹ 40 crore

Therefore, total pre-deposit to be made by the company before filing an appeal in the Appellate Tribunal is ₹ 100 crore (total liability admitted by the company) plus ₹ 40 crore, i.e. ₹ 140 crore.

3. Option (b) 29th November

Reason

As per section 112, the appeal can be filed before the Appellate Tribunal within 3 months from the date on which the order sought to be appealed against is communicated to the person preferring the appeal.

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CASE SCENARIO 18

Opulenza Ltd., a registered supplier located in the State of Madhya Pradesh, is engaged in supply of taxable goods. It has been regularly complying with its statutory obligations under the GST law. For the financial year 2024–25, it duly filed all its monthly GST returns within the prescribed timelines.

In the course of the scrutiny of its returns for the said financial year conducted in August 2025, the proper officer noticed an inadvertent short payment of CGST and SGST totalling to ₹ 4,60,000 pertaining to the month of October 2024, on account of a *bonafide* error. Before issuance of the show cause notice by the proper officer, Opulenza Ltd. paid the tax of ₹ 1,00,000 (₹ 50,000 CGST and ₹ 50,000 SGST) on the basis of its own ascertainment along with applicable interest and with penalty, if any, on 15th September 2025 and informed the proper officer in writing of such payment.

In the ordinary course of its business operations, on 10th October 2025, Opulenza Ltd. engages Malhotra & Sons as an agent to sell goods on its behalf. Acting in such capacity, Malhotra & Sons sold goods to Bravion Associates on 25th October 2025, on behalf of Opulenza Ltd.

Subsequently, in January 2026, in connection with a separate enquiry initiated against Opulenza Ltd., Sudarshan Chaturvedi, the Chief Executive Officer (CEO) of the company, was issued a summon by the Central Tax Officer. The summon required him to appear in person and produce the books of accounts of Opulenza Ltd. for the purposes of the enquiry being conducted in respect of the said company.

Note – Assume that the due date for furnishing annual return has not been extended and limitation period for issuance of order under section 74A has not been extended by the Commissioner.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

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MULTIPLE CHOICE QUESTIONS

1. The last date by which show cause notice can be issued by the proper officer for the amount of tax short paid by Opulenza Ltd. is:

   (a) 30th September 2028

   (b) 31st December 2028

   (c) 30th June 2029

   (d) 31st March 2029

2. If the short payment of tax is on account of fraud, other facts remaining the same, the last date by which show cause notice can be issued by the proper officer for the amount of tax short paid by Opulenza Ltd. is:

   (a) 30th September 2028

   (b) 31st December 2028

   (c) 30th June 2029

   (d) 31st March 2029

3. The amount of penalty, if any, payable on the payment of tax of ₹ 1,00,000 by Opulenza Ltd. on the basis of its own ascertainment along with applicable interest on 15th September 2025 is:

   (a) Nil

   (b) ₹ 10,000

   (c) ₹ 15,000

   (d) ₹ 20,000

4. _____ is/are liable to pay the GST on sale of goods by Malhotra & Sons in terms of section 86 in case GST on said supply remains unpaid.

   (a) Only Opulenza Ltd., being the principal

   (b) Only Malhotra & Sons, being the supplier of goods

   (c) Opulenza Ltd. and Malhotra & Sons, jointly and severally

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(d) Bravion Associates, being the recipient of goods

5. Maximum penalty that can be imposed on Sudarshan Chaturvedi is _____ each under CGST and SGST.

(a) ₹ 10,000

(b) ₹ 25,000

(c) ₹ 50,000

(d) Penalty equal to tax involved.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) 30th June 2029

Reason

The proper officer can issue a show cause notice within 42 months from the due date of furnishing the annual return for relevant financial year to which short payment relates to [Section 74A(2)].

For the financial year 2024–25, the due date for furnishing the annual return is 31st December 2025. Therefore, the last date by which show cause notice can be issued by the proper officer for the amount of tax short paid by Opulenza Ltd. is 30th June 2029.

2. Option (c) 30th June 2029

Reason

Section 74A stipulates the same limitation period for issuance of show cause notice whether the short payment is on account of fraud or on account of a bonafide error. Therefore, the last date by which show cause notice can be issued by the proper officer for the amount of tax short paid by Opulenza Ltd. is 30th June 2029 if the short payment of tax is on account of fraud, other facts remaining the same.

3. Option (a) Nil

Reason

The person chargeable with tax where any tax has been short paid, may, before service of show cause notice, pay the amount of tax along with

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interest payable under section 50 of such tax on the basis of his own ascertainment of such tax and inform the proper officer in writing of such payment, and the proper officer, on receipt of such information shall not serve any show cause notice in respect of the tax so paid or any penalty payable under the provisions of the CGST Act or the rules made thereunder [Section 74A(8)(i)].

Thus, no penalty is payable by Opulenza Ltd. in respect of payment of tax of ₹ 1,00,000 before issuance of show cause notice. No show cause notice will be issued by the proper officer in respect of the tax of ₹ 1,00,000 so paid.

4. **Option (c)** Opulenza Ltd. and Malhotra & Sons, jointly and severally

Reason

As per section 86, where an agent supplies or receives any taxable goods on behalf of his principal, such agent and his principal shall, jointly and severally, be liable to pay the tax payable on such goods under the CGST Act.

Thus, in the given case, Opulenza Ltd. Ltd. and Malhotra & Sons shall, jointly and severally, be liable to pay GST payable on such goods.

5. **Option (b)** ₹ 25,000

Reason

Section 122(3)(d) stipulates that any person who fails to appear before the officer of central tax, when issued with a summon for appearance to give evidence or produce a document in an enquiry is liable to a penalty which may extend to ₹ 25,000. Therefore, penalty upto ₹ 25,000 can be imposed on Sudarshan Chaturvedi, each under CGST and SGST, in the given case.

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CASE SCENARIO 19

CoreValue Traders is engaged in supply of taxable goods. It has its head office in Uttar Pradesh and branches in Rajasthan and Bihar. It is registered under GST in Uttar Pradesh, Rajasthan and Bihar. Moreover, it has obtained registration as an ISD (Input Service Distributor) in Uttar Pradesh for distribution of credit pertaining to services billed commonly at the head office but utilized by branches also.

With effect from 1st September of the current financial year, the regular GST registration of CoreValue Traders in Uttar Pradesh is cancelled retrospectively. The cancellation order is passed on 15th September of current financial year. At the time of cancellation, the supplier has not availed ITC on certain eligible invoices issued in February and March of the preceding financial year for inward supplies of taxable goods on which ITC is otherwise available under GST law. Further, ISD (Input Service Distributor) registration is also cancelled with effect from 1st September of the current financial year with an order dated 15th September of said financial year.

Subsequently, on filing an application for revocation, the cancellation of registration is revoked by the Proper Officer on 15th December of the current financial year.

The firm wishes to furnish its GSTR-3B return for the month of September on 21st December of the current financial year and wishes to claim ITC on the said invoices of February and March of preceding financial year in this return.

Note - Annual return for the current financial year is filed on 31st December of the current financial year.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

MULTIPLE CHOICE QUESTIONS

1. In respect of the cancellation of regular registration in Uttar Pradesh, last date for filing the final return is:

   (a) 1st December

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(b) 15th December

(c) 30th November

(d) 14th December

2. Which of the following statements is correct in relation to final return to be filed by CoreValue Traders, upon cancellation of ISD registration?

(a) Final Return must be filed on or before 1st December.

(b) Final Return must be filed on or before 15th December.

(c) Final return must be filed on or before 30th November.

(d) No final return is required to be filed.

3. CoreValue Traders is entitled to claim ITC in respect of invoices issued in February and March of the preceding financial year in the return for the month of September furnished upto _____ of the current financial year.

(a) 30th November

(b) 14th January

(c) 31st December

(d) ITC in respect of invoices issued in February and March of the preceding financial year cannot be claimed in current financial year.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) 15th December

Reason

As per section 45 read with rule 81, every registered person who is required to file a return under section 39(1) and whose registration has been cancelled is required to file a final return electronically in Form GSTR-10 through the common portal. The final return has to be filed within 3 months of the:

(i) date of cancellation

or

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(ii) date of order of cancellation

whichever is later.

Thus, in the given case, final return for regular registration of Uttar Pradesh has to be furnished within 3 months of the date of order of cancellation of registration (15th September). Hence, final return has to be furnished by CoreValue Traders on or before 15th December.

2. Option (d) No final return is required to be filed.

Reason

Since an ISD is not required to furnish return under section 39(1) but under section 39(4), final return is not required to be filed upon cancellation of ISD registration.

3. Option (b) 14th January

Reason

As per section 16(6), CoreValue Traders is entitled to claim input tax credit (ITC) in respect of invoices issued in February and March of the preceding financial year in a return under section 39:

(i) filed up to 30th November of current financial year

or

(ii) return filed for the period from effective date of cancellation of registration till the date of order of revocation of cancellation of registration, within 30 days of revocation of cancellation i.e., up to 14th January,

whichever is later, i.e. upto 14th January.

Thus, CoreValue Traders is entitled to claim input tax credit (ITC) in respect of invoices issued in February and March of the preceding financial year in a return under section 39 filed upto 14th January of the current financial year.

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CASE SCENARIO 20

SwarSadhna Pvt. Ltd., a company registered under GST in Ludhiana, Punjab, is engaged in the business of organising musical events and cultural programmes. The company is owned and promoted by Pt. Hariprasad Tiwari, a renowned classical singer of national repute. With a view to promote classical music amongst youth of the country, SwarSadhna Pvt. Ltd. decided to organise a live music event titled "Hariprasad Tiwari Music Concert" at Gurugram, Haryana.

For the purpose of planning, coordination and execution of the event, SwarSadhna Pvt. Ltd. entered into a contractual arrangement with Supriya (P) Ltd., an event management company registered under GST in Delhi. As per the terms of the agreement, Supriya (P) Ltd. agreed to provide comprehensive event management services, including venue booking, logistics and on-ground arrangements, for a total consideration of ₹ 10,00,000.

In order to host the concert, Supriya (P) Ltd. booked the lawns of Hotel Dumdum, a hotel registered under GST in Gurugram, Haryana, for holding the music concert. The hotel charged a lump-sum consideration of ₹ 4,00,000 for providing the venue and related facilities.

SwarSadhna Pvt. Ltd. fixes the entry fee for the music concert at ₹ 5,000 per person. A total of 400 tickets were sold to the general public for attending the concert, resulting in gross ticket collections of ₹ 20,00,000.

Applicable rate of GST on all supplies is CGST -9%, SGST-9% and IGST-18%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

MULTIPLE CHOICE QUESTIONS

1. Place of supply of services provided by SwarSadhna Pvt. Ltd. to audiences by way of admission to music concert and tax payable on said services is _____ and _____.

   (a) respective location of the audience; tax payable will depend on nature of supply.

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(b) Ludhiana, Punjab; CGST – ₹ 1,80,000 and SGST – ₹ 1,80,000

(c) Gurugram, Haryana; IGST – ₹ 3,60,000

(d) Gurugram, Haryana; CGST – ₹ 1,80,000 and SGST – ₹ 1,80,000

2. Place of supply of services provided by Supriya (P) Ltd. to SwarSadhna Pvt. Ltd. by way of organising the music concert and tax payable on said services is _____ and _____.

(a) Delhi; CGST – ₹ 90,000 and SGST – ₹ 90,000

(b) Ludhiana, Punjab; IGST – ₹ 1,80,000

(c) Gurugram, Haryana; CGST – ₹ 90,000 and SGST – ₹ 90,000

(d) Delhi; IGST – ₹ 1,80,000

3. Place of supply of services provided by Hotel Dumdum to Supriya (P) Ltd. by way of accommodation in the Hotel lawns for organising the music concert and tax payable on said services is _____ and _____.

(a) Delhi; IGST – ₹ 72,000

(b) Ludhiana, Punjab; IGST – ₹ 72,000

(c) Gurugram, Haryana; CGST – ₹ 36,000 and SGST – ₹ 36,000

(d) Gurugram, Haryana; IGST – ₹ 72,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) Gurugram, Haryana; IGST – ₹ 3,60,000

Reason

As per the provisions of section 12(6), the place of supply of services provided by way of admission to, *inter alia,* a cultural event shall be the place where the event is actually held.

Therefore, the place of supply of services supplied by SwarSadhna Pvt. Ltd. (Ludhiana, Punjab) to audiences by way of admission to the music concert is the location of the Hotel Dumdum, i.e. Gurugram, Haryana.

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Since the location of the supplier (Ludhiana, Punjab) and the place of supply (Gurugram, Haryana) are in different States, IGST will be leviable. Therefore, IGST leviable will be computed as follows:

Consideration for supply (400 tickets @ ₹ 5,000 per ticket) = ₹ 20,00,000

IGST @ 18% on value of supply = ₹ 20,00,000 x 18% = ₹ 3,60,000.

2. **Option (b)** Ludhiana, Punjab; IGST – ₹ 1,80,000

Reason

Section 12(7) stipulates that the place of supply of services provided by way of organization of, *inter alia,* a cultural event to a registered person is the location of such person.

Therefore, the place of supply of services supplied by Supriya (P) Ltd. (Delhi) to SwarSadhna Pvt. Ltd. (Ludhiana, Punjab) by way of organising the music concert is the location of the registered person, i.e. Ludhiana (Punjab).

Since the location of the supplier (Delhi) and the place of supply (Ludhiana, Punjab) are in different States, IGST will be leviable. Therefore, IGST leviable will be computed as follows:

Consideration for supply = ₹ 10,00,000

IGST @ 18% on value of supply = ₹ 10,00,000 x 18% = ₹ 1,80,000

3. **Option (c)** Gurugram, Haryana; CGST – ₹ 36,000 and SGST – ₹ 36,000

Reason

As per the provisions of section 12(3)(c) of the IGST Act, 2017, the place of supply of services, by way of accommodation in any immovable property for organizing, *inter alia,* any cultural function shall be the location at which the immovable property is located.

Therefore, the place of supply of services supplied by Hotel Dumdum (Gurugram, Haryana) to Supriya (P) Ltd. (Delhi) by way of accommodation in Hotel lawns for organising the music concert shall be the location of the Hotel Dumdum, i.e. Gurugram, Haryana.

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Since the location of the supplier (Gurugram, Haryana) and the place of supply (Gurugram, Haryana) are in the same State, CGST and SGST will be leviable. Therefore, CGST and SGST leviable will be computed as follows:

Consideration for supply	= ₹ 4,00,000
CGST @ 9% on value of supply	= ₹ 4,00,000 x 9% = ₹ 36,000
SGST @ 9% on value of supply	= ₹ 4,00,000 x 9% = ₹ 36,000

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CASE SCENARIO 21

Supernova India Limited is a 100% subsidiary of Supernova LLC, Japan, registered under GST in the State of Gujarat. Supernova Inc., Singapore, is another subsidiary of Supernova LLC, Japan, and is engaged in supply of industrial goods to customers across the world.

In India, Supernova Inc., Singapore, sells the goods to a sub-contractor registered under GST in the name of Alpha Limited in the State of Maharashtra. Alpha Limited imports the goods sold by Supernova Inc., Singapore and carries out the required technical process on such goods in the factory located in Maharashtra.

After processing of goods by Alpha Limited, the goods are sold by Alpha Limited to Supernova India Limited for further sales to end customers.

As a holding company, Supernova LLC, Japan, recovers an amount equivalent to 20% of the sales made by Supernova India Limited as commission on monthly basis.

During the month of January, Alpha Limited imported the goods worth ₹ 10,00,000 from Supernova Inc., Singapore. The inter-State purchases of Alpha Limited from domestic market amounted to ₹ 2,00,000 during the month of January. The value of processed goods sold by Alpha Limited to Supernova India Limited amounted to ₹ 10,00,000. Further, Supernova India Limited paid an additional amount equivalent to ₹ 2,00,000 for transportation and handling of goods to third party (a Goods Transport Operator), which was contractually agreed to be paid by Alpha Limited. Alpha Limited has also charged an amount equivalent to ₹ 12,000 on such processed goods as miscellaneous municipal levy (other than GST) payable in the State of Maharashtra.

Supernova India Limited sold the goods purchased from Alpha Limited in the month of January as per the details provided below:

1. ₹ 6,00,000 worth goods to X Ltd, a customer located in the State of Rajasthan
2. ₹ 8,00,000 worth goods to Y Ltd, a customer located in the State of Gujarat

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There is no opening stock and closing stock for the month of January with Supernova India Limited.

Further, an employee of Supernova India Limited had visited the manufacturing unit of Alpha Limited in Mumbai, Maharashtra and had stayed in the hotel located in Mumbai, Maharashtra, in the month of February. At the time of checkout from hotel, the invoice was issued for an amount equivalent to ₹ 1,00,000. The hotel had issued invoice in the name of Supernova India Limited and GST was charged at the rate of 9% CGST and 9% SGST on total invoice amount of ₹ 1,00,000. Out of such amount, the amount recoverable from the employee towards non-official stay by Supernova India Limited was ₹ 50,000.

Fun Events Ltd., an event management company, located and registered at New Delhi, had organized a cultural event in the month of February for Supernova India Limited, in Mauritius.

The opening balance of input tax credit of both Alpha Limited as well as Supernova India Limited for the relevant tax periods is nil. Further, there is no other inward or outward supply transaction for Alpha Limited in January and February apart from the aforementioned transactions. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

All the above transactions are exclusive of GST, wherever applicable. GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

I. Intra-State supply – 9% CGST and 9% SGST

II. Inter-State supply – 18% IGST

The rate of basic customs duty on import of goods is nil. However, IGST is applicable on import of goods. No additional duty or cess is applicable on the import of goods or services.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:

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MULTIPLE CHOICE QUESTIONS

1. The total GST liability (net of input tax credit, if any), of Alpha Limited for the month of January payable through GSTN portal is:

   (a) ₹ 2,18,160 payable as IGST.

   (b) nil.

   (c) ₹ 2,160 payable as IGST.

   (d) ₹ 1,09,080 payable as CGST and ₹ 1,09,080 payable as SGST.

2. What shall be the gross IGST liability i.e. without any adjustment of input tax credit, if any, of Supernova India Limited for the month of January?

   (a) ₹ 1,08,000

   (b) Nil

   (c) ₹ 1,58,400

   (d) ₹ 50,400

3. Whether input tax credit is available on the GST paid by Supernova India Limited on the invoice amounting to ₹ 1,00,000 to the hotel located in Mumbai, Maharashtra, for stay of the employee? If yes, please specify the amount of input tax credit available.

   (a) Yes, as ₹ 9,000 CGST and ₹ 9,000 SGST

   (b) Yes, as ₹ 18,000 IGST

   (c) Input tax credit is not available

   (d) Yes, as ₹ 4,500 CGST and ₹ 4,500 as SGST

4. Whether GST is applicable on the event organized by Fun Events Ltd. for Supernova India Limited in Mauritius and what is the place of supply in such case?

   (a) GST is applicable and the place of supply is New Delhi.

   (b) GST is applicable and the place of supply is Gujarat.

   (c) GST is not applicable and the place of supply is Mauritius.

   (d) GST is applicable and the place of supply is Mauritius.

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ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) ₹ 2,160 payable as IGST.

Reason

Computation of total GST liability (net of ITC) of Alpha Limited for the month of January

Particulars	**Amount (₹)**
Price payable for goods sold to Supernova India Limited	10,00,000
Add: Transportation and handling charges [Includible in value in terms of section 15(2)(b)]	2,00,000
Add: Municipal levy [Includible in value in terms of section 15(2)(a)]	12,000
Total taxable value of supply	**12,12,000**
Output IGST liability [₹12,12,000 x 18%] **(A)** [Since place of supply is Gujarat being the location of the goods at the time at which the movement of goods terminates for delivery to the recipient and location of supplier is Maharashtra, it is an inter-State supply and IGST is payable on the same.]	**2,18,160**
Less: ITC available as given below	
IGST paid at the time of import of goods [₹ 10,00,000 x 18%]	1,80,000
IGST paid on inter-State domestic purchases [₹ 2,00,000 x 18%]	36,000
Total IGST credit available with Alpha Limited (B)	**2,16,000**
Total GST liability payable (net of ITC) through GSTN portal [(A)-(B)]	**2,160**

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2. Option (c) ₹ 1,58,400

Reason

Computation of gross IGST liability of Supernova India Limited for the month of January

Particulars	Amount (₹)
GST payable under forward charge IGST on inter-State supply of goods to X Ltd. located in Rajasthan [₹ 6,00,000 x 18%]	1,08,000
GST payable under reverse charge IGST on commission paid to Supernova LLC Japan (₹ 2,80,000 x 18%) Commission is ₹ 2,80,000 [20% of turnover in the month i.e. 20% of ₹ 14,00,000 (₹ 6,00,000 to X Ltd. and ₹ 8,00,000 to Y Ltd.)]	50,400
Gross IGST liability to be discharged by Supernova India Limited during the month of January (without setting off ITC)	**1,58,400**

3. Option (c) Input tax credit is not available

Reason

The place of supply for the hotel accommodation services is Mumbai, Maharashtra being the location of such hotel, in terms of section 12(3) of the IGST Act, 2017.

Thus, it is an intra-State supply since the location of supplier (hotel) is also Mumbai, Maharashtra. ITC of the same will not be available since the

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recipient of said intra-State supply is located in a different State than that of place of supply[8].

4. **Option (b)** GST is applicable and the place of supply is Gujarat.

Reason

In the present case, event management services are being provided by an event management company located in New Delhi to Supernova India Limited of Gujarat, i.e. the location of both supplier and recipient is in India.

As per section 12(7) of the IGST Act, 2017, the place of supply of services provided by way of organisation of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events shall be the location of the recipient if the recipient is a registered person. Since Supernova India Limited is a registered person, the place of supply of event management services shall be the location of recipient i.e. Gujarat even though the event is organized in Mauritius. Resultantly, GST is applicable on such services.

[8] *Circular No. 170/02/2022 GST dated 06.07.2022*

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CASE SCENARIO 22

Doodle Inc. is an entity incorporated in USA and is engaged in provision of various information technology related services directly as well as through its subsidiaries located across the world. In India, Doodle India, a subsidiary of Doodle Inc., is registered under GST in the State of Karnataka under GST and is providing services to various customers in India.

Doodle Inc. provides cloud-based storage services to its customers (business entities and non-business entities) in India. The customers can subscribe to the services by making online payment directly to Doodle Inc.'s bank account through internet banking and other modes. The terms and conditions for such services are entered between Doodle Inc. and the customer directly without involvement of any third party.

In case of any issue, the customers can call and log the issue at the customer help centre which is operated by Doodle India on principal to principal basis. For operation of such customer help centre, Doodle India is paid on cost plus 10% basis by Doodle Inc. on monthly basis.

Further, Doodle India is engaged in promotion and marketing of cloud-based storage services on principal-to-principal basis in India for Doodle Inc. The payment for such services is made by Doodle Inc. to Doodle India on monthly basis at cost plus 20%. The promotional and marketing activities are carried out in the name of Doodle Inc., without any reference to operations of Doodle India.

Doodle Inc. owns online space for advertisement on internet. Doodle Inc. has agreed to sell such online advertising space to Doodle India for an amount of ₹ 5,00,00,000 per month. Doodle India sells such advertising space to its customers in India on its own account. The contractual arrangement for sale of such advertising space is between the customer and Doodle India.

Doodle Inc. provides technology support to Doodle India and charges royalty from Doodle India for such technology support at a fixed charge of ₹ 25,00,000 per month. The royalty paid is exclusively related to the business of advertising space of Doodle India.

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In addition to above information, during the month of January:

(I) Doodle India has incurred following expenses:

1. Expenses exclusively related to operation of call centre – ₹ 75,00,000

2. Expenses exclusively related to promotion and marketing services for Doodle Inc. – ₹ 50,00,000

(II) Doodle India earned an income of ₹ 8,00,00,000 from sale of online advertising space in India.

(III) Doodle Inc. earned an income of ₹ 10,00,00,000 from non-taxable online recipient customers, from cloud-based storage services in India.

The opening balance of input tax credit for the relevant tax period for Doodle India and Doodle Inc. is nil.

Note: In the aforesaid case scenario,

(i) GST is applicable on all inward and outward supplies in the aforesaid case scenario @ 18%, unless otherwise specified. Ignore CGST, SGST and IGST bifurcation for the sake of simplicity.

(ii) Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

(iii) All the amounts are exclusive of GST, wherever applicable, unless otherwise provided.

(iv) Exports made by Doodle India, if any, are through furnishing of LUT without payment of IGST.

(v) Payments for all services received by Doodle Inc. from Doodle India are made in convertible foreign exchange.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:

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MULTIPLE CHOICE QUESTIONS

1. What shall be the output tax liability, without any adjustment of input tax credit, if any, by Doodle India for the month of January?

   (a) ₹ 1,44,00,000

   (b) ₹ 2,38,50,000

   (c) ₹ 1,69,65,000

   (d) ₹ 1,66,50,000

2. Please select the correct statement specifically in relation to sale of online advertisement space service provided by Doodle Inc. to Doodle India:

   (a) Doodle Inc is providing online information and database access or retrieval service and is thus, required to register in India under GST and discharge GST on forward charge basis.

   (b) Doodle Inc is providing online information and database access or retrieval service electronically and place of supply in such case is the location of supplier which is outside taxable territory in present scenario. Therefore, no GST is payable on such services.

   (c) Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India on reverse charge basis.

   (d) Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India in capacity of an agent of Doodle Inc.

3. What shall be the amount of GST payable by Doodle Inc. for the month of January?

   (a) Nil

   (b) ₹ 1,80,00,000

   (c) ₹ 1,84,50,000

   (d) ₹ 2,74,50,000

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4. What shall be the total input tax credit that can be availed by Doodle India from the transactions undertaken in the month of January?

(a) ₹ 90,00,000

(b) ₹ 1,20,15,000

(c) ₹ 1,17,00,000

(d) ₹ 27,00,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) ₹ 1,44,00,000

Reason

Computation of output tax liability, without adjustment of ITC, by Doodle India for the month of January

Particulars	Amount (₹)
Sales of online advertisement space in India	8,00,00,000
Supply of promotion and marketing of cloud-based storage services to Doodle Inc. [Qualifies as export of service by Doodle India to Doodle Inc. since all the conditions of section 2(6) of the IGST Act, 2017 are complied with[9]. Further, all exports made by Doodle India are through furnishing of LUT without payment of IGST.]	Nil
Services of operation of such customer help centre to Doodle Inc. [Qualifies as export of service by Doodle India to Doodle Inc. since conditions of section 2(6) of the IGST Act, 2017 are complied with. Further, all exports made by Doodle India are through furnishing of LUT without payment of IGST.]	Nil
Total value of supply	**8,00,00,000**
GST @ 18%	**1,44,00,000**

[9] *Holding company and Subsidiary company are not considered as "merely establishments of a distinct person" for the purpose of complying with the conditions of Export of Service.*

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2. **Option (c)** Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India on reverse charge basis.

Reason

Online Information Database Access and Retrieval services (OIDAR) is a category of services provided through the medium of internet and received by the recipient online; such services cannot be rendered in the absence of information technology [Section 2(17) of the IGST Act, 2017]. Supply of online advertisement space is covered under the purview of OIDAR services in terms of section 2(17) of the IGST Act, 2017.

Further, in case of supply of OIDAR services by the supplier of OIDAR service located outside India to a registered recipient located in India - the place of supply would be India [Section 13(2) of the IGST Act, 2017] and the transaction would be amenable to tax under reverse charge if the recipient is a business entity under section 5(3) of the IGST Act, 2017 vide *Notification No. 10/2017 IT (R) dated 28.06.2017*. Thus, Doodle India is liable to discharge such GST liability under reverse charge.

3. **Option (b)** ₹ 1,80,00,000

Reason

Computation of amount of GST payable by Doodle Inc. for the month of January

Particulars	Amount (₹)
Supply of cloud-based storage services to non-taxable online recipient Indian customers [Online Information Database Access and Retrieval services (OIDAR) is a category of service provided through the medium of internet and received by the recipient online; such services cannot be rendered in the absence of information technology [Section 2(17) of the IGST Act, 2017]. Accordingly, cloud-based storage services qualify as OIDAR service. Further, IGST on supply of OIDAR services by any person from a location outside India to a non-taxable online recipient is payable by the supplier who is located outside	10,00,00,000

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India in terms of section 14 of the IGST Act, 2017; thus, Doodle Inc. is liable to discharge such GST liability.]	
Supply of online advertising space to Doodle India [Supply of online advertising space qualifies as OIDAR service. In case of supply of OIDAR services by the supplier of OIDAR service located outside India to a registered recipient located in India - the place of supply would be India [Section 13(2) of the IGST Act, 2017] and the transaction would be amenable to tax under reverse charge (if recipient is business entity) under section 5(3) of the IGST Act, 2017 vide *Notification No. 10/2017 IT (R) dated 28.06.2017*; thus, Doodle India is liable to discharge such GST liability under reverse charge.]	Nil
Supply of technology support services to Doodle India [IGST on supply of technology support services provided by the supplier of said service located outside India to a recipient located in India - the place of supply would be India [Section 13(2) of the IGST Act, 2017] and the transaction would be amenable to tax under reverse charge under section 5(3) of the IGST Act, 2017 vide *Notification No. 10/2017 IT (R) dated 28.06.2017*; thus, Doodle India is liable to discharge such GST liability under reverse charge.]	Nil
Total value of supply	**10,00,00,000**
GST @ 18%	**1,80,00,000**

4. Option (c) ₹ 1,17,00,000

Reason

Computation of total input tax credit that can be availed by Doodle India from the transactions undertaken in the month of January

Particulars	GST @ 18% (₹)
Online advertising space received from Doodle Inc. [GST is payable under reverse charge. ITC is available since said services are used in the course or furtherance of business.]	90,00,000

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Technology support services received from Doodle Inc. [GST is payable under reverse charge. ITC is available since said services are used in the course or furtherance of business.]	4,50,000
Expenses exclusively related to operation of call centre [ITC is available since said services are used in the course or furtherance of business.]	13,50,000
Expenses exclusively related to promotion and marketing services for Doodle Inc. [ITC is available since said services are used in the course or furtherance of business.]	9,00,000
Total ITC	**1,17,00,000**

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CASE SCENARIO 23

Abhivyakti Pvt Ltd. is engaged in the supply of food products under the brand name "Super Foods". It has a plant at Howrah, West Bengal. It is a registered supplier under GST and is a monthly return filer. It has allotted residential quarters to its employees within the plant premises. The aggregate turnover of the company during the preceding financial year was ₹ 7.50 crore.

Following details are provided by the company for the month of September:

Particulars	**Amount (₹)**
Sale of 'Super Foods' food products (Note 1)	60,00,000
Purchase of raw material from the market	14,00,000
Rent received from its employees for residential quarters allotted to them for residence	10,000
Electricity charges paid to West Bengal State Electricity Board	1,60,000
Security services provided by M/s Suraksha Security, Kolkata (a partnership firm registered under GST)	1,00,000
Interest on delayed payment collected from customers	3,500
Interest received on fixed deposit in a bank	8,600
Payment to Kolkata Chamber of Commerce (a non-body corporate registered under GST) towards sponsorship for Investor Summit at Kolkata	25,000
Licence fee paid to Food & Safety Standard Authority of India (FSSAI)	25,000
Legal fee paid to advocate, Mr. Dhruv Banerjee	30,000
Transportation charges paid to an unregistered goods transport operator for transportation of raw material from mandi to factory	40,000
Transportation charges paid to a local truck owner (not a GTA) for transportation of finished products from factory to distributors	50,000

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Following additional information has also been provided by the company:

(1) Out of the total sales, food products worth ₹ 3,50,000 (10,000 kg) were supplied to Department of School Education, Govt. of West Bengal for further supply to affected families during flood in the State. A price-linked subsidy of ₹10 per kg was received from Govt. of West Bengal for the said supply which has not been considered in the total sales of ₹ 60,00,000.

(2) The company had awarded a maintenance contract to Supreme Power Ltd., Delhi on 10th June, for repair of central air conditioner unit installed in the factory, for ₹ 60,000 with a completion period of 30 days. The maintenance work was completed on 8th July. However, due to some dispute regarding quality of work, invoice was issued by Supreme Power Ltd. only on 5th September and payment was released on 15th September.

(3) The proper officer levied on the company a penalty of ₹ 5,000 for wrongful utilization of ITC of ₹ 5,000.

(4) The company had deposited the tax liability for the month of August amounting to ₹ 3,30,730 on 28th September.

Note- All the above amounts are exclusive of GST, wherever applicable, unless specified otherwise. Applicable rate of GST is 18%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. The value of taxable outward supply made by Abhivyakti Pvt Ltd. in the month of September is -

   (a) ₹ 61,48,100

   (b) ₹ 59,03,500

   (c) ₹ 61,39,500

   (d) ₹ 59,35,500

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2. The value of taxable supply received by Abhivyakti Pvt Ltd. in the month of September on which GST is payable under reverse charge is-

   (a) ₹ 1,55,000

   (b) ₹ 1,73,000

   (c) ₹ 1,30,000

   (d) ₹ 2,45,000

3. What is the time of supply of services provided by Supreme Power Ltd.?

   (a) 10th June

   (b) 5th September

   (c) 15th September

   (d) 8th July

4. The amount of interest payable by Abhivyakti Pvt Ltd. under section 50 of the CGST Act, 2017 for delay in payment of tax for the month of August is _____ (rounded off). Consider the year to be of 365 days.

   (a) ₹ 4,961

   (b) ₹ 1,305

   (c) ₹ 4,567

   (d) ₹ 1,142

5. In the context of the imposition of penalty on Abhivyakti Pvt. Ltd. by the proper officer of ₹ 5,000, which of the following statements is correct?

   (a) Penalty is leviable since the offence is not a "minor breach".

   (b) Penalty is not leviable since the offence is a "minor breach".

   (c) Penalty is leviable even though the offence is a minor breach.

   (d) No penalty is leviable for such offence; only interest is payable by adding the ITC amount wrongfully utilized to the output liability.

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ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) ₹ 59,03,500

Reason

Computation value of taxable outward supply made by Abhivyakti Pvt Ltd. in the month of September

Particulars	Amount (₹)
Sale of 'Super Foods' food products [₹ 60,00,000] Less: Govt subsidy @ ₹10/kg [₹ 1,00,000 (₹ 10 x 10,000 kg)] [Subsidy received from State Government is excluded from value of supply in terms of section 15(2)(e)]	59,00,000
Rent received from residential quarters allotted to employees [Exempt. Services by way of renting of residential dwelling for use as residence are exempt vide Entry 12 of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017* except where the residential dwelling is rented to a registered person.]	Nil
Interest on delayed payment collected from customers [Interest or late fee or penalty for delayed payment of any consideration for any supply is includible in the value of supply in terms of section 15(2)(d)]	3,500
Interest received on fixed deposit in a bank [Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest are exempt vide Entry 27 of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*.]	Nil
Value of taxable outward supply	**59,03,500**

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2. Option (a) ₹ 1,55,000

Reason

Computation of value of taxable supply received by Abhivyakti Pvt Ltd. in the month of September on which GST is payable under reverse charge

Particulars	Amount (₹)
Purchase of raw material from the market [Tax is payable under forward charge.]	Nil
Transportation charges paid to an unregistered goods transport operator for transportation of raw material from mandi to factory [Services by way of transportation of goods by road are exempt except the services of GTA and courier agency vide Entry 18 of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*. Therefore, tax on transportation of goods services provided by a goods transport operator is not payable under reverse charge since said services are exempt from GST.]	Nil
Transportation charges paid to a local truck owner (not a GTA) for transportation of finished products from factory to distributors [Services by way of transportation of goods by road are exempt except the services of GTA and courier agency vide Entry 18 of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*. Therefore, tax on transportation of goods services provided by a local truck owner is not payable under reverse charge since said services are exempt from GST.]	Nil
Security services provided by M/s Suraksha Security, Kolkata (a partnership firm registered under GST) [Tax on security service provided by a person other than body corporate to a registered person is payable under reverse charge under section 9(3) vide *Notification No. 13/2017 CT (R) dated 28.06.2017*]	1,00,000

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Payment to Kolkata Chamber of Commerce (registered under GST) towards sponsorship for Investor Summit at Kolkata [Tax on sponsorship services provided by any person other than a body corporate to any body-corporate is payable under reverse charge under section 9(3) vide *Notification No. 13/2017 CT (R) dated 28.06.2017*]	25,000
License fee paid to Food & Safety standard Authority (FSSAI) [Taxable, since it is not specifically exempt. Further, tax is payable under the forward charge.]	Nil
Electricity charges paid to West Bengal State Electricity Board [Supply of electricity is exempt from GST.]	Nil
Legal fee paid to advocate, Mr. Dhruv Banerjee [Tax on legal services provided by an individual advocate to any business entity with an aggregate turnover exceeding such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017 is payable under reverse charge vide *Notification No. 13/2017 CT (R) dated 28.06.2017*.]	30,000
Total	**1,55,000**

3. Option (d) 8th July

Reason

The time of supply of services shall be (i) the date of provision of service, if the invoice is not issued within 30 days of provision of service or (ii) the date of receipt of payment, whichever is earlier [Section 13(2)(b)].

Accordingly, in the given case, time of supply of services provided by Supreme Power Ltd. will be earlier of:

- date of provision of service (8th July)

  or

- date of receipt of payment (15th September),

whichever is earlier, i.e. 8th July.

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4. Option (b) ₹ 1,305

Reason

Amount of interest payable by Abhivyakti Pvt Ltd. under section 50 for delay in payment of tax for the month of August is as follows:

The due date of payment of tax for the month of August is 20th September. However, tax is actually paid on 28th September. Thus, there is a delay of 8 days. Interest @ 18% per annum is payable from the date following the due date of payment to the actual date of payment of tax in case of delay in payment of tax.

= ₹ 3,30,730 x 18% x 8/365

=₹ 1,305

5. Option (a) Penalty is leviable since the offence is not a "minor breach".

Reason

In accordance with explanation (a) to section 126(1), a breach shall be considered a 'minor breach' if the amount of tax involved is less than ₹ 5,000.

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CASE SCENARIO 24

Mr. Ashok, proprietor of M/s Office-Linc Enterprises, is engaged in trading of office stationery items in its stationery store located at Salt Lake City, Kolkata. The said store is taken on lease from Kolkata Municipal Corporation (KMC).

During the previous financial year, the turnover of M/s Office-Linc Enterprises was ₹ 14 lakh. Mr. Ashok supplies goods within the State of West Bengal only, but purchases stationery items mostly from Delhi & Mumbai. He owns a duplex house in New Town, Kolkata. He stays on the ground floor & has let out the first floor to an employee of IDICI Bank, registered in Delhi, for residential purposes. The rent for the same is paid by IDICI Bank to Mr. Ashok.

During the financial year 2025-26, he applied for GST registration on voluntary basis on 2nd April, 2025 and the registration was granted to him w.e.f. 9th April, 2025.

The details of his stock position during current financial year is as under:

Particulars	2nd April, 2025	8th April, 2025
Office stationery items purchased from a registered dealer	₹ 1 lakh	₹ 1 lakh
Books, periodicals, journals, newspaper, maps etc.	₹ 0.20 lakh	₹ 0.30 lakh

The details of transactions carried out by Mr. Ashok during the current financial year is furnished hereunder:

Particulars	1st April, 2025 to 8th April, 2025 (₹ in lakh)	9th April, 2025 to 31st March, 2026 (₹ in lakh)
Sale of office stationery items (Intra-State supply to registered persons)	3	84
Sale of office stationery items (Intra-State supply to unregistered persons)	2	14
Legal fees paid to advocate in Kolkata	-	0.10

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Purchase of stationery items (Intra-State supply received from registered person)	3	74
Purchase of furniture for use in own office (from an unregistered dealer of Kolkata)	-	1
Purchase of stationery items from a registered dealer of Delhi	1	18
Lease rent of the stationery store paid to Kolkata Municipal Corporation (KMC)	-	1.20
Transportation charges paid to M/s Gati Transporters, a GTA in Kolkata, who has not exercised the option to pay tax itself (tax is payable @ 5%)	0.10	1.50
Interest paid on borrowings from BBI Bank, Kolkata	0.20	1.80
Accrued interest on Fixed deposit with BBI Bank, Kolkata	-	0.16
Rent received from IDICI Bank for its employee	-	2.40

Mr. Ashok went to Mumbai, Maharashtra for a business meeting in February, 2026 and stayed in Hotel Blue Pines for a week. Hotel charged ₹ 1,00,000 (taxable value) for the stay.

All the amounts given above are exclusive of GST, wherever applicable, unless otherwise provided. Assume that there is no other outward or inward supply transaction apart from aforesaid transactions in the current financial year. GST is applicable on all inward and outward supplies, except on services of transportation of goods, at the following rates:

I. Intra-State supply – 6% CGST and 6% SGST

II. Inter-State supply – 12% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

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MULTIPLE CHOICE QUESTIONS

1. The value of outward supply tax on which GST is payable by Mr. Ashok for the financial year 2025-26 is _____.

   (a) ₹ 98 lakh

   (b) ₹ 100.40 lakh

   (c) ₹ 102.40 lakh

   (d) ₹ 108 lakh

2. Which of the following statements is correct in terms of the facts of the case scenario given above?

   (a) Mr. Ashok cannot opt to pay tax in the FY – 2026-27 under composition scheme under section 10(1) and 10(2) of the CGST Act, 2017.

   (b) Mr. Ashok is entitled to take the ITC of inputs held in stock on 1st April, 2025.

   (c) Mr. Ashok shall be liable to pay GST under reverse charge under section 9(4) of the CGST Act during the financial year 2025-26 in respect of purchases made from unregistered persons.

   (d) Mr. Ashok is entitled to take the ITC of inputs held in stock on 8th April, 2025.

3. The value of supply on which Mr. Ashok is liable to pay GST under reverse charge for the financial year 2025-26 is _____.

   (a) ₹ 1,60,000

   (b) ₹ 2,80,000

   (c) ₹ 1,30,000

   (d) ₹ 2,70,000

4. Which of the following inward supply is not subject to payment of tax under reverse charge mechanism?

   (i) Shop rent paid to KMC

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(ii) Legal fee paid to advocate

(iii) Purchase of stationery items from unregistered person

(iv) Transportation charges paid to M/s Gati Enterprises

Choose the most appropriate option.

(a) (i) and (ii)

(b) (iii)

(c) (ii) and (iii)

(d) (i) and (iii)

5. Whether input tax credit is available on the GST paid by Mr. Ashok on the taxable value of ₹ 1,00,000 charged by Hotel Blue Pines located in Mumbai, Maharashtra, for his stay? If yes, please specify the amount of input tax credit available.

(a) Yes, ₹ 3,000 - CGST and ₹ 3,000 - SGST

(b) Yes, ₹ 12,000 - IGST

(c) Yes, ₹ 6,000 - CGST and ₹ 6,000 - SGST

(d) No input tax credit is available.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) ₹ 98 lakh

Reason

Computation of value of outward supply tax on which GST is payable by Mr. Ashok for the financial year 2025-26:

Particulars	Amount (₹)
Sale of office stationery items to registered persons	84,00,000
Sale of office stationery items unregistered persons	14,00,000
Accrued interest on Fixed deposit with BBI Bank [Services by way of extending deposits in so far as the consideration is represented by way of interest are	Nil

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exempt from GST vide Entry 27 of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*.]	
Rent received from IDICI Bank for its employee [Taxable since services by way of renting of residential dwelling for use as residence are not exempt where the residential dwelling is rented to a registered person (IDICI Bank). However, tax on service by way of renting of residential dwelling to a registered person is payable under reverse charge under section 9(3) vide *Notification No. 13/2017 CT (R) dated 28.06.2017*; thus, IDICI Bank will pay tax on said services.]	Nil
TOTAL	**98,00,000**

Note - Since registration was granted to Mr. Ashok with effect from 9th April, 2024, supplies made before that are not subject to GST.

2. **Option (d)** Mr. Ashok is entitled to take the ITC of inputs held in stock on 8th April, 2025.

Reason

As per section 18(1)(b), a person who takes voluntary registration under sub-section (3) of section 25 shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration.

Accordingly, Mr. Ashok is entitled to take the ITC of inputs held in stock on 8th April, 2025.

3. **Option (d)** ₹ 2,70,000

Reason

Computation of value of inward supply taxable under reverse charge mechanism

Particulars	Amount (₹)
Legal fee paid to advocate	Nil

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(Legal services provided to a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017 are exempt vide Entry 45 of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*. Since the turnover of M/s Office-Linc Enterprises was ₹ 14 lakh in the preceding financial year, legal services provided to it by advocate are exempt.)	
Transportation charges payable to M/s Gati Transporters, a GTA (Since M/s Gati Transporters has not exercised the option to pay tax itself and services are being provided to a registered person - M/s Office-Linc Enterprises, GST is payable under reverse charge by M/s Office-Linc Enterprises under section 9(3) vide *Notification No. 13/2017 CT (R) dated 28.06.2017*)	1,50,000
Lease rent of shop paid to Kolkata Municipal Corporation (KMC) [Tax on services supplied by local authority by way of renting of immovable property to a person registered under the CGST Act, 2017 is payable under reverse charge under section 9(3) vide *Notification No. 13/2017 CT (R) dated 28.06.2017*.]	1,20,000
TOTAL	**2,70,000**

4. **(c)** (ii) and (iii)

Reason

Please refer the reasoning provided in MCQ 3.

5. **Option (d)** No input tax credit is available.

Reason

The place of supply for the hotel accommodation services is Mumbai, Maharashtra being the location of such hotel, in terms of section 12(3) of the IGST Act, 2017. Thus, it is an intra-State supply since the location of supplier (hotel) is also Mumbai, Maharashtra. ITC of the same will not be available since the recipient of said intra-State supply is located in a different State than that of place of supply[10].

[10] *Circular No. 170/02/2022 GST dated 06.07.2022*

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CASE SCENARIO 25

XYZ Ltd. is registered with the jurisdictional GST authorities in the State of Rajasthan and operates in multiple businesses. The principal business of XYZ Ltd. is that of fabricating and installing the body for large transportation vehicles. The chassis of the vehicles are provided by the customers to XYZ Ltd. XYZ Ltd. procures the material for fabrication and installs the same on the chassis against a lumpsum agreed amount for material as well as services.

In addition to the above business, XYZ Ltd., registered as GTA, is also engaged in providing services of transportation of goods by road through its own fleet of trucks. It has not exercised the option to pay tax on said services. GST is applicable on such services @ 5%.

During the month of January, XYZ Ltd. undertook the following transactions:

(i) Provided services of transportation of goods to A Ltd., a registered person under GST in the State of Gujarat and received an amount of ₹ 10,00,000 as consideration for the same.

(ii) Purchased tyres for its own fleet of trucks used for providing services of transportation of goods by road and paid an amount of ₹ 1,00,000 for such purchases.

(iii) Purchased a machinery with an advance technology for fabrication of body for luxury buses amounting to ₹ 50,00,000.

(iv) XYZ Ltd. procured certain engineering services for its fabrication business through electronic mode from Lummus Inc., a company located in Italy. The consideration paid to Lummus Inc. was ₹ 15,00,000.

Further, certain goods to be used for fabrication business were sent by XYZ Ltd. for carrying out repair work on the same to Lummus Inc. The consideration paid for such repair work was ₹ 5,00,000.

(v) Provided services of transportation of goods to ABC Ltd., its related party and received an amount of ₹ 5,00,000. The arm's length amount of such services provided to third party unrelated customers was ₹ 7,00,000.

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(vi) XYZ Ltd. sold scrap relating to fabrication business amounting to ₹ 5,00,000.

(vii) Purchased goods relating to fabrication business for ₹ 10,00,000 out of which goods worth ₹ 1,00,000 were stolen from the premises of XYZ Ltd.

(viii) Received an advance of ₹ 10,00,000 for fabrication work on new chassis and ₹ 3,00,000 towards transportation of goods services from W Ltd., a registered person under GST in the State of Madhya Pradesh.

The opening balance of input tax credit for the relevant tax period for XYZ Ltd. is nil. All the above amounts are exclusive of GST, wherever applicable.

The applicable GST rate on all inward and outward supplies is 18% unless specified otherwise. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:

MULTIPLE CHOICE QUESTIONS

1. Determine the GST liability of XYZ Ltd. on services of transportation of goods provided to ABC Ltd.

   (a) Nil

   (b) ₹ 90,000

   (c) ₹ 1,26,000

   (d) ₹ 36,000

2. Determine the net GST liability, payable in cash, of XYZ Ltd. for the month of January.

   (a) ₹ 5,40,000

   (b) ₹ 2,70,000

   (c) Nil

   (d) ₹ 7,38,000

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3. What shall be the total eligible input tax credit available to XYZ Ltd. for the month of January?

   (a) ₹ 10,80,000

   (b) ₹ 10,62,000

   (c) ₹ 13,32,000

   (d) ₹ 9,00,000

4. Whether Lummus Inc. is required to obtain registration in India to discharge GST liability? If yes, compute the amount of GST liability to be discharged by it in the month of January?

   (a) Yes, as online information database access and retrieval service provider. GST payable is ₹ 3,60,000

   (b) Yes, as online information database access and retrieval service provider. GST payable is ₹ 2,70,000

   (c) No, Lummus Inc. is not required to obtain GST registration in India for discharging GST liability. GST liability of Lummus Inc. is nil.

   (d) Yes, as normal taxpayer. GST payable is ₹ 3,60,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) Nil

Reason

Since GTA - XYZ Ltd. - has not opted to pay GST on transportation of goods services provided by it and such services are being provided to a body corporate – ABC Ltd., tax on such services is payable under reverse charge by ABC Ltd.

Hence, the GST liability shall be on ABC Ltd. and not XYZ Ltd.

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2. Option (b) ₹ 2,70,000

Reason

Particulars	Amount (₹)
GST payable under forward charge	
Services of transportation of goods to A Ltd. [Since GTA - XYZ Ltd. - has not opted to pay GST on transportation of goods services provided by it and such services are being provided to a body corporate – A Ltd., tax on such services is payable under reverse charge by A Ltd.]	Nil
Services of transportation of goods to ABC Ltd., a related party [Since GTA - XYZ Ltd. - has not opted to pay GST on transportation of goods services provided by it and such services are being provided to a body corporate – ABC Ltd., tax on such services is payable under reverse charge by ABC Ltd.]	Nil
Sale of scrap relating to fabrication business [₹ 5,00,000 × 18%]	90,000
Advance received for fabrication work on new chassis [₹ 10,00,000 × 18%]	1,80,000
Advance received towards transportation of goods services from W Ltd. [Since GTA - XYZ Ltd. - has not opted to pay GST on transportation of goods services provided by it to a body corporate – W Ltd., tax on such services is payable under reverse charge by W Ltd.]	Nil
Total GST liability [A]	**2,70,000**
Less: **ITC as computed below**	
Purchase of tyres for XYZ Ltd.'s own fleet of trucks [Since the tyres are being exclusively used in relation to exempt supply [outward supplies taxable under reverse	Nil

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charge are exempt supplies as per section 17(3)], ITC on said services is not available.]	
Purchase of machinery for fabrication of body for luxury buses [Since machinery is being exclusively used for taxable outward supplies, ITC of the same is available.] [₹ 50,00,000 × 18%]	9,00,000
Engineering services procured from Lummus Inc. through electronic mode (₹ 15,00,000 × 18%) [Since said services are being exclusively used for taxable outward supplies, ITC of the same is available.]	2,70,000
Goods sent by XYZ Ltd. for carrying out repair work to Lummus Inc. [Since the place of supply of repair services is outside India being the location where the services are actually performed in terms of section 13(3) of the IGST Act, 2017, said services are not amenable to tax. Thus, no ITC is available.]	Nil
On goods purchased for fabrication business [₹ 9,00,000 x 18%] [Since goods are being exclusively used for taxable outward supplies, ITC of the same is available. However, ITC is not allowed on goods stolen of ₹ 1,00,000, in terms of section 17(5).]	1,62,000
Total ITC [B]	**13,32,000**
Net GST [C]=[A-B]	Nil
Add: GST payable under RCM [D]	
Engineering services procured from Lummus Inc. through electronic mode (₹ 15,00,000 × 18%) [Tax on service supplied by a person located in a non-taxable territory to any person located in taxable territory is payable by the person receiving such service under reverse charge vide *Notification No. 10/2017 IT (R) dated 28.06.2017*.]	2,70,000
Net GST liability, payable in cash, of XYZ Ltd. for the month of January = [C] + [D]	**2,70,000**

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3. Option (c) ₹ 13,32,000

Reason

Computation of total eligible input tax credit available to XYZ Ltd. for the month of January

Particulars	**Amount (₹)**
Purchase of tyres for XYZ Ltd.'s own fleet of trucks [Since the tyres are being exclusively used in relation to exempt supply [outward supplies taxable under reverse charge are exempt supplies as per explanation to section 17(3)], ITC on said services is not available.]	Nil
Purchase of machinery for fabrication of body for luxury buses [Since machinery is being exclusively used for taxable outward supplies, ITC of the same is available.] [₹ 50,00,000 × 18%]	9,00,000
Engineering services procured from Lummus Inc. through electronic mode (₹ 15,00,000 × 18%) [Since said services are being exclusively used for taxable outward supplies, ITC of the same is available.]	2,70,000
Goods sent by XYZ Ltd. for carrying out repair work to Lummus Inc. [Since the place of supply of repair services is outside India being the location where the services are actually performed in terms of section 13(3) of the IGST Act, 2017, said services are not amenable to tax. Thus, no ITC is available.]	Nil
On goods purchased for fabrication business [₹ 9,00,000 x 18%] [Since goods are being exclusively used for taxable outward supplies, ITC of the same is available. However, ITC is not allowed on goods stolen of ₹ 1,00,000, in terms of section 17(5).]	1,62,000
Total eligible input tax credit available to XYZ Ltd. for the month of January	**13,32,000**

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4. **Option (c)** No, Lummus Inc. is not required to obtain GST registration in India for discharging GST liability. GST liability of Lummus Inc. is nil.

Reason

Computation of GST payable by Lummus Inc.

Particulars	**Amount (₹)**
Engineering services procured by XYZ Ltd. from Lummus Inc. through electronic mode (₹ 15,00,000 × 18%) [Tax on service supplied by a person located in a non-taxable territory to any person located in taxable territory is payable by the person receiving such service under reverse charge vide *Notification No. 10/2017 IT (R) dated 28.06.2017*. Thus, XYZ Ltd. is liable to pay tax of ₹ 2,70,000 on said services and Lummus Inc. is not required to pay tax on said services.]	Nil
Goods sent by XYZ Ltd. for carrying out repair work to Lummus Inc. [Since the place of supply of repair services is outside India being the location where the services are actually performed in terms of section 13(3) of the IGST Act, 2017, said services are not amenable to tax. Thus, Lummus Inc. is not required to pay tax.]	Nil

So, Lummus Inc. is not required to obtain GST registration in India for discharging GST liability since its GST liability is nil.

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CASE SCENARIO 26

Bhakti & Sons of Kolkata, a partnership firm registered under GST, deals in supply of electronic goods such as TV, refrigerator, washing machine etc. It also provides services of repair and maintenance of said goods. Its aggregate turnover during the preceding financial year was ₹ 4.2 crore. It furnishes following information for the month of December:

Outward supplies during the month of December are as under:

Particulars	**Amount (₹ in lakh)**
Supply of goods to unregistered persons residing in & around Kolkata	12
Supply of goods to an unregistered dealer of Bihar	6
Supply of goods to registered dealers in West Bengal	28
Repair & maintenance services provided to unregistered persons	4

Inward supplies during the month of December are as under:

Particulars	**Amount (₹ in lakh)**
Purchase of TV sets from registered dealers (Inter-State supply) [During unloading of said TV sets, one LED TV costing ₹ 25,000 was damaged, but the dealer refused to replace the same.]	30
Purchase of refrigerators from registered dealers (Intra-State supply)	4
Purchase of washing machine from unregistered dealers (Intra-State supply)	2
Transportation charges paid to Om Logistics (unregistered GTA)	2

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Payment made to Star Security Services Pvt Ltd. (not registered under GST) for providing security services	0.50
Loading & unloading charges paid to labourer	0.10
Shop rent paid to Kolkata Municipal Corporation	0.30
Fee paid to Mr. Das, a Senior Advocate of Kolkata High Court for legal service	0.10

Following additional information is also provided:

(a) The Assistant Commissioner of Commercial Tax, Kolkata has issued a show cause notice (SCN), to Bhakti & Sons due to non-display of registration certificate in a prominent location & GSTIN on name board at the entry of its principal place of business. Bhakti & Sons' plea is that the display of GSTIN to general public is not mandatory as it is required for the knowledge of the customers only & the same is already mentioned in the tax invoice.

(b) Bhakti & Sons paid the sponsorship fee of ₹ 5,00,000 to Finmin Ltd., registered in Kolkata, for an entertainment event organised by Finmin Ltd. in Assam, in the month of October.

(c) GST is applicable on all inward and outward supplies in the aforesaid case scenario @ 18%, except transportation of goods service which attracts GST @ 5%. Ignore CGST, SGST and IGST bifurcation for the sake of simplicity.

(d) There is no opening ITC available for the relevant tax period in the electronic credit ledger of Bhakti & Sons.

(e) All the goods purchased by Bhakti & Sons is ex-shop and it arranges its own transportation through GTA.

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

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:

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MULTIPLE CHOICE QUESTIONS

1. Which of the following statements is true in respect of the sponsorship fee paid by Bhakti & Sons to Finmin Ltd.?

   (a) Bhakti & Sons is liable to pay IGST of ₹ 90,000.

   (b) Finmin Ltd. is liable to pay IGST of ₹ 90,000.

   (c) Bhakti & Sons is liable to pay CGST and SGST of ₹ 45,000 each.

   (d) Finmin Ltd. is liable to pay CGST and SGST of ₹ 45,000 each.

2. Assuming that Bhakti & Sons has an SEZ unit also located in Uttar Pradesh apart from the regular Domestic Tariff Area (DTA) unit located in Kolkata (both having same PAN). Assume additional turnover of it's SEZ unit is ₹ 2 crore in the preceding financial year in addition to the aggregate turnover of DTA unit of Kolkata of ₹ 4.2 crore of the preceding financial year. Which of the following statements is correct in respect of e-invoicing requirements?

   (a) E-invoicing is not applicable to both SEZ and DTA units.

   (b) E-invoicing is applicable to both SEZ and DTA units.

   (c) E-invoicing is applicable to SEZ unit and DTA unit is exempt from e -invoicing.

   (d) E-invoicing is applicable to DTA unit and SEZ unit is exempt from e -invoicing.

3. The total value of inward supplies on which GST is payable by Bhakti & Sons under reverse charge for December is _____.

   (a) ₹ 2.40 lakh

   (b) ₹ 2.10 lakh

   (c) ₹ 2.90 lakh

   (d) ₹ 3.00 lakh

4. The total input tax credit that can be availed by Bhakti & Sons for December is _____.

   (a) ₹ 6,97,500

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(b) ₹ 6,24,700

(c) ₹ 6,86,700

(d) ₹ 6,95,700

5. Total GST payable in cash by Bhakti & Sons for the month of December, assuming that no ITC is claimed/availed by it is _____.

(a) ₹ 9,17,200

(b) ₹ 9,43,200

(c) ₹ 9,26,200

(d) ₹ 9,20,800

6. The penalty that may be leviable for failure to display registration certificate in a prominent location & GSTIN on name board at the entry of its principal place of business by Bhakti & Sons is _____.

(a) ₹ 5000

(b) ₹ 10,000

(c) ₹ 25,000

(d) Nil

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. (d) Finmin Ltd. is liable to pay CGST and SGST of ₹ 45,000 each.

Reason

Tax on services provided by any person other than a body corporate by way of sponsorship to any body corporate or partnership firm is payable by the recipient under reverse charge under section 9(3) vide *Notification No. 13/2017 CT (R) dated 28.06.2017*. However, in the given case, Bhakti & Sons paid the sponsorship fee to Finmin Ltd. - a body corporate. Thus, Finmin Ltd. has provided sponsorship services to Bhakti & Sons and tax on the same is payable by the supplier - Finmin Ltd.

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Further, it is an intra-State supply of services since place of supply is location of recipient, i.e. Kolkata in terms of section 12(2) of the IGST Act, 2017 and location of supplier - Finmin Ltd. is also Kolkata.

2. **Option (d)** E-invoicing is applicable to DTA unit and SEZ unit is exempt from e -invoicing.

Reason

SEZ units are exempt from issuing e-invoices vide *Notification No. 13/2020 CT dated 21.03.2020*. However, e-invoicing will be applicable to DTA Unit because the aggregate turnover of the legal entity in this case is >₹ 5 crore. The applicability is based on annual aggregate turnover on the common PAN.

3. **Option (a)** ₹ 2.40 lakh

Reason

Computation of total value of inward supplies on which GST is payable by Bhakti & Sons under reverse charge for December:

Particulars	**Amount (₹)**
Transportation charges paid to Om Logistics (unregistered GTA) [Since GTA has not charged GST, GST is payable @ 5% under reverse charge.]	2,00,000
Security service provided by Star Security Services Pvt Ltd. [Tax is not payable under reverse charge since supplier is a body corporate.]	Nil
Shop rent paid to Kolkata Municipal Corporation [Tax is payable under reverse charge since recipient of renting of immovable property services provided by local authority is a registered person.]	30,000
Legal fee paid to Mr. Das, a Senior Advocate of Kolkata High Court for legal service	10,000

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[Tax on legal services provided by a senior advocate to a business entity with an aggregate turnover exceeding such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017 is payable under reverse charge.]	
TOTAL	**2,40,000**

4. **Option (b)** ₹ 6,24,700

Reason

Computation of total input tax credit that can be availed by Bhakti & Sons for December:

Particulars	GST @ 18% (₹ in lakh)
Purchase of TV sets from registered dealers [ITC on TV set damaged during unloading is not available] [(30-0.25) × 18%]	5.355
Purchase of refrigerators from registered dealers [4 × 18%] [ITC is available since purchased from registered dealers.]	0.72
Purchase of washing machine from unregistered dealers [Since no GST would have been charged by unregistered dealers, ITC is not available.]	Nil
Transportation charges paid to Om Logistics (unregistered GTA) under reverse charge [2 × 5%] [ITC is available since said services are being used in course or furtherance of business.]	0.10
Payment made to Star Security Services Pvt Ltd. (not registered under GST) for providing security services [Tax is not payable under reverse charge since supplier is a body corporate. Further, since supplier is unregistered, no GST would have been charged on such inward supplies. Thus, no ITC will be available.]	Nil

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Loading & unloading charges paid to labourer [Labourer would not have charged GST on such inward supplies. Thus, no ITC will be available.]	Nil
Shop rent paid to Kolkata Municipal Corporation under reverse charge [0.30 × 18%] [ITC is available since said services are being used in course or furtherance of business.]	0.054
Fee paid to Mr. Das, a Senior Advocate of Kolkata High Court for legal service payable under reverse charge [0.10 × 18%] [ITC is available since said services are being used in course or furtherance of business.]	0.018
Total ITC available	**6.247**

5. Option (a) ₹ 9,17,200

Reason

Computation of GST payable in cash by Bhakti & Sons for the month of December, assuming that no ITC is claimed/availed by it

Particulars	**Amount (₹)**
GST payable under forward charge	
GST on supply of goods to unregistered persons residing in & around Kolkata [12,00,000 X 18%]	2,16,000
GST on supply of goods to an unregistered dealer of Bihar [6,00,000 X 18%]	1,08,000
GST on supply of goods to registered dealers in West Bengal [28,00,000 X 18%]	5,04,000
GST on repair & maintenance services provided to unregistered person [4,00,000 X 18%]	72,000
Total GST payable under forward charge (A)	**9,00,000**

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GST payable under reverse charge	
Transportation charges paid to Om Logistics (unregistered GTA) [Since GTA has not charged GST, GST is payable @ 5% under reverse charge mechanism.] [₹ 2,00,000 X 5%]	10,000
Shop rent paid to Kolkata Municipal Corporation [Tax is payable under reverse charge since recipient of renting of immovable property services provided by local authority is a registered person.] [30,000 x 18%]	5,400
Legal fee paid to Mr. Das, a Senior Advocate of Kolkata High Court for legal service [Tax on legal services provided by a senior advocate to a business entity with an aggregate turnover exceeding such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017 is payable under reverse charge.] [10,000 X 18%]	1,800
Total GST payable under reverse charge (B)	**17,200**
Total GST payable in cash by Bhakti & Sons for the month of December, assuming that no ITC is claimed/availed by it [A+B]	**9,17,200**

6. Option (c) ₹ 25,000

Reason

As per rule 18, every registered person shall display his certificate of registration in a prominent location at his principal place of business and at every additional place or places of business. Every registered person shall display his Goods and Services Tax Identification Number on the name board exhibited at the entry of his principal place of business and at every additional place or places of business.

In case a registered person fails to do so, such person shall be liable to a penalty which may extend to ₹ 25,000 [Section 125].

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CASE SCENARIO 27

Varun Associates is a supplier registered under GST in Delhi. It is engaged in manufacture of Product A and Product B. Product A is a taxable product whereas Product B is an exempt product. It is also engaged in manufacture of Product C, a taxable product, which is exported by it to other countries without payment of tax under Letter of Undertaking.

It has furnished following information regarding purchase of the machineries for his manufacturing business:

Date of purchase	Machinery	Amount (₹) (exclusive of taxes)	
1st April, 2022	Machinery X	10,00,000	Exclusively used for manufacturing Product A
1st October, 2023	Machinery Y	15,00,000	Exclusively used for manufacturing Product B
1st May, 2024	Machinery Z	20,00,000	Exclusively used for zero-rated supply of Product C

From 1st April, 2025, Varun Associates started using Machinery Y for manufacturing Product A as well.

All the purchases and sales are inter-State and rate of IGST applicable on all purchases and sales is 18%. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled and Varun Associates has not claimed depreciation on the GST paid on the purchase of the machinery.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. Determine the amount of input tax which has been credited to electronic credit ledger during the financial year 2022-23.

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(a) ₹ 1,80,000

(b) ₹ 3,60,000

(c) ₹ 8,10,000

(d) ₹ 5,40,000

2. Determine the amount of GST, paid on purchase of a machinery, which has not been credited to electronic credit ledger during the financial years 2022-23, 2023-24 and 2024-25.

(a) ₹ 6,30,000

(b) ₹ 3,60,000

(c) ₹ 8,00,000

(d) ₹ 2,70,000

3. Amount of ineligible ITC in respect of Machinery Y, i.e. 'T_{ie}', as per rule 43 of the CGST Rules, 2017, to be added to the output tax liability is _____.

(a) ₹ 4,81,000

(b) ₹ 1,89,000

(c) ₹ 81,000

(d) ₹ 72,000

4. What is the time-period up to which common credit needs to be computed for Machinery Y?

(a) 31st March, 2030

(b) 30th September, 2028

(c) 31st March, 2032

(d) 30th September, 2032

5. The amount of common credit in respect of Machinery Y is _____.

(a) ₹ 2,02,500

(b) ₹ 2,70,000

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(c) ₹ 6,30,000

(d) ₹ 4,90,500

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) ₹ 1,80,000

Reason

In financial year 2022-23, Machinery X was purchased for ₹ 10,00,000.

Input tax credit on capital goods to be used exclusively for effecting exempt supply shall not be credited to electronic credit ledger [Rule 43(1)(a)]. However, input tax credit on capital goods to be used exclusively for effecting taxable supply including zero-rated supply, shall be credited to electronic credit ledger [Rule 43(1)(b)].

Accordingly, the amount of input tax which has been credited to electronic credit ledger during the financial year 2022-23 is ₹ 10,00,000 X 18%= ₹ 1,80,000.

2. Option (d) ₹ 2,70,000

Reason

Input tax credit on capital goods to be used exclusively for effecting exempt supply shall not be credited to electronic credit ledger [Rule 43(1)(a)]. However, input tax credit on capital goods to be used exclusively for effecting taxable supply including zero-rated supply, shall be credited to electronic credit ledger [Rule 43(1)(b)].

Accordingly, GST paid on Machinery X and Machinery Z purchased for being used in manufacturing Product A (taxable product) and C (zero-rated supply) will be credited to electronic credit ledger. However, the amount of GST paid on machinery Y (which is used for manufacturing exclusively for exempt Product B) shall not be credited to electronic credit ledger i.e. ₹ 15,00,000 x 18% = ₹ 2,70,000.

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3. Option (c) ₹ 81,000

Reason

Where any capital goods earlier used exclusively for making exempted supply is subsequently used for supply of exempted as well as taxable supply, input tax in respect of such capital goods denoted as 'A' shall be credited to the electronic credit ledger subject to the condition that the ineligible credit attributable to the period during which such capital goods were used for making exempt supply, denoted as 'T_{ie}', shall be calculated at the rate of 5% points for every quarter or part thereof and added to the output tax liability of the tax period in which such credit is claimed [Rule 43].

Accordingly, the amount of ineligible ITC in respect of Machinery Y, i.e. 'T_{ie}', as per rule 43, to be added to the output tax liability will be:

= ₹ 2,70,000 × 5% × 6 quarters

= ₹ 81,000

4. Option (b) 30th September, 2028

Reason

ITC attributable to a month on common capital goods shall be computed during the useful life of the said capital goods. The useful life of any capital goods shall be considered as 5 years from the date of invoice [Rule 43].

Accordingly, the time-period up to which common credit needs to be computed for Machinery Y is 30th September 2028, being 5 years from 1st October 2023, (invoice date).

5. Option (b) ₹ 2,70,000

Reason

Where any capital goods earlier used exclusively for making exempted supply is subsequently used for supply of exempted as well as taxable supply, input tax in respect of such capital goods denoted as 'A' shall be credited to the electronic credit ledger [Rule 43].

Accordingly, the amount of common credit in respect of Machinery Y is ₹ 15,00,000 X 18% = ₹ 2,70,000.

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CASE SCENARIO 28

M/s Gopi Narayan & Company is a partnership firm of advocates, registered under GST in Mumbai, Maharashtra. In the month of April, the firm has supplied services amounting to ₹ 15 lakh. The following information is provided in relation to the some of the services provided:

S. No.	Particulars	Value of service (₹)
1.	Herbal Power (P) Ltd. (Registered in Telangana in the preceding financial year as per the provisions of section 22 of the CGST Act, 2017) Provided consultation for preparation of an affidavit in relation to construction of a hotel building in the State of Maharashtra.	50,000
2.	Veranta India (P) Ltd. (Registered in Gujarat in the preceding financial year as per the provisions of section 22 of the CGST Act, 2017) Filed a suit in the Gujarat High Court on behalf of the company	200,000
3.	Ms. Saloni (Registered under GST as a salon service provider in Maharashtra in the preceding financial year as per the provisions of section 22 of the CGST Act, 2017) Legal service amounting to ₹ 1 lakh was provided in the month of February for which invoice was issued on 15th February. However, payment is made by the client on 5th April. The firm has charged ₹ 10,000 as penalty (exclusive of GST) for delayed payment of consideration. Said penalty is also paid by the client on 5th April. Apart from this, as per the agreement with the client, the firm had paid ₹ 20,000 as attestation charges on behalf of the client, mentioned separately on the invoice, which were reimbursed by the client in the month of February itself.	-

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Note: The turnover of M/s Gopi Narayan & Company in the previous financial year was ₹ 50 lakh. The firm is engaged solely in providing legal services and it does not import/export any services from/to outside India.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

MULTIPLE CHOICE QUESTIONS

1. Whether the service provided to Veranta India (P) Ltd. is exempt under GST? If not, whether tax is payable under reverse charge?

   (a) Yes, all services provided by an advocate firm are exempt from GST.

   (b) No, since service is provided to a business entity that is registered under GST in the preceding financial year as per the provisions of section 22 of the CGST Act, 2017. Further, tax shall be payable by M/s Gopi Narayan & Company under forward charge.

   (c) Yes, any service provided by an advocate firm to a business entity is exempt under GST.

   (d) No, since service is provided to a business entity that is registered under GST in the preceding financial year as per the provisions of section 22 of the CGST Act, 2017. Further, tax shall be payable by Veranta India (P) Ltd. under reverse charge.

2. What shall be the value of supply provided to Ms. Saloni in terms of section 15 of the CGST Act, 2017?

   (a) ₹ 1,10,000

   (b) ₹ 1,00,000

   (c) ₹ 1,30,000

   (d) ₹ 1,20,000

3. What shall be the time of supply for supplies made to Ms. Saloni in respect of original amount ₹ 1 lakh and penalty amount of ₹ 10,000? Given financial year is not a leap year.

   (a) For whole amount of ₹ 1,10,000: 15th February

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(b) For ₹ 1 lakh: 15th February and for ₹ 10,000: 5th April

(c) For whole amount of ₹ 1,10,000: 5th April

(d) For ₹ 1 lakh: 15th April and for ₹ 10,000: 5th April

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (d)** No, since service is provided to a business entity that is registered under GST in the preceding financial year as per the provisions of section 22 of the CGST Act, 2017. Further, tax shall be payable by Veranta India (P) Ltd. under reverse charge.

Reason

Services are not exempt since the services are being provided to a business entity - Veranta India (P) Ltd. – which has been registered in Telangana in the preceding financial year as per the provisions of section 22. Further, tax on legal services received is payable by the recipient Veranta India (P) Ltd. under reverse charge.

2. **Option (a)** ₹ 1,10,000

Reason

As per section 15(2)(d), value of supply shall include interest or late fee or penalty for delayed payment of any consideration for any supply. Further, rule 33 provides that expenditure incurred by a supplier as a 'pure agent' on behalf of client shall be excluded from value of supply.

Accordingly, for services provided to Ms. Saloni, the value of supply shall be calculated as ₹ 1,10,000 [penalty for delayed payment of consideration shall be included in and attestation charges paid on behalf of the client shall be excluded from the value of supply].

3. **Option (c)** For whole amount of ₹ 1,10,000: 5th April

Reason

Legal services provided to Ms. Saloni are not exempt in terms of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017* since said services are being provided to a business entity which has been registered in Maharashtra in the preceding financial year as per the provisions of

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section 22 of the CGST Act, 2017. Further, tax is payable by the recipient - Ms. Saloni – under reverse charge vide *Notification No. 13/2017 CT (R) dated 28.06.2017*.

In accordance with section 13(3), time of supply in case of reverse charge is earlier of:

(i) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier (5th April); or

(ii) the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier (17th April).

Thus, time of supply for ₹1 lakh is 5th April.

As per section 13(6), the time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value (₹ 10,000 in given case) i.e. 5th April.

So, time of supply for whole amount of ₹ 1,10,000 is 5th April.

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CASE SCENARIO 29

Mr. Veera is a trader of readymade garments and is registered under GST in the State of Uttar Pradesh.

His turnover is ₹ 1,80,00,000 during the current financial year. The composition of his turnover is as under-

(a) Intra-State - ₹ 80,00,000

(b) Inter-State - ₹ 1,00,00,000 [including exempt supplies of ₹ 15,00,000]

His inward supplies are as under-

(a) Inter-State - ₹ 1,00,30,000 [including ₹ 20,00,000 exclusively used for exempt supplies]

(b) Intra-State ₹ 46,00,000 [including ₹ 15,00,000 exclusively used for taxable supplies]

Apart from above, Mr. Veera has undertaken following transactions during the current financial year:

1. He purchased a pick-up van for the purpose of delivery of goods to his customers for ₹ 1,70,000.

2. He got his showroom renovated (debited all expenses under repairs and maintenance) and spent money as under-

Labour charges	₹ 3,60,000
Architect fees	₹ 80,000
Wooden flooring	₹ 4,00,000
Miscellaneous expenses	₹ 1,62,000

3. He purchased some T-shirts for ₹ 1,80,000 (taxable under GST). After one week, he gave them away free to its customers to promote his business.

4. He also sold his shares during the year for ₹ 10 crore and bought a house from that money.

5. The rates of tax are 9% (CGST), 9% (SGST) and 18% (IGST) on all inward/ outward supplies.

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

7. The opening balance of input tax credit for the relevant tax period of Mr. Veera is Nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. Compute value of exempt outward supply (for the purpose of reversal of ITC) by Mr. Veera during the current financial year.

   (a) ₹ 10,00,000

   (b) ₹ 15,00,000

   (c) ₹ 25,00,000

   (d) ₹ 20,00,000

2. Which of the following statements is true?

   (a) Mr. Veera cannot claim ITC on van purchased for delivery of goods, expenses incurred on renovation of showroom and T-shirts distributed free of cost.

   (b) Mr. Veera can claim ITC on van purchased for delivery of goods and T-shirts distributed free of cost, but cannot claim ITC on expenses incurred on renovation of showroom.

   (c) Mr. Veera can claim ITC on van purchased for delivery of goods, expenses incurred on renovation of showroom and T-shirts distributed free of cost.

   (d) Mr. Veera can claim ITC on van purchased for delivery of goods and expenses incurred on renovation of showroom, but cannot claim ITC on T-shirts distributed free of cost.

3. Calculate the amount of input tax credit credited to electronic credit ledger of Mr. Veera (ignore individual heads of CGST/SGST/IGST).

   (a) ₹ 24,84,360

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(b) ₹ 22,73,400

(c) ₹ 23,04,000

(d) ₹ 24,53,760

4. Compute the amount of common credit as per rules 42 and 43 of the CGST Rules, 2017.

(a) ₹ 20,03,400

(b) ₹ 22,14,360

(c) ₹ 20,34,000

(d) ₹ 21,83,760

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) ₹ 25,00,000

Reason

Value of exempt outward supply (for the purpose of reversal of ITC) by Mr. Veera during the current financial year is as follows:

= [15,00,000 (Inter-State exempt supplies) + 10,00,000 (1% of ₹ 10 crore)*]

**As per section 17(3) read with explanation 2 to Chapter V – Input Tax Credit, for determining the value of exempt supply for the purpose of reversal of ITC, the value of security shall be taken as 1% of the sale value of such security.*

Therefore, value of exempt outward supply (for the purpose of reversal of ITC) by Mr. Veera during the current financial year is ₹ 25,00,000.

2. Option (d) Mr. Veera can claim ITC on van purchased for delivery of goods and expenses incurred on renovation of showroom, but cannot claim ITC on T-shirts distributed free of cost.

Reason

As per section 17(5):

(a) ITC can be availed on motor vehicle used for transportation of goods.

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(b) ITC is blocked on goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account. Here, construction, *inter alia*, includes renovation or repair to the extent of capitalization to the said immovable property. Since Mr. Veera has debited all renovation expenses under repair and maintenance, ITC on same shall be available.

(c) ITC is blocked on goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples.

Accordingly, Mr. Veera can claim ITC on van purchased for delivery of goods and expenses incurred on renovation of showroom, but cannot claim ITC on T-shirts distributed free of cost.

3. Option (a) ₹ 24,84,360

Reason

Computation of ITC credited to electronic credit ledger of Mr. Veera

Particulars	Amount (₹)
Inward supplies:	
Inter-State	1,00,30,000
Intra-State	46,00,000
Pick up van	1,70,000
Renovation of showroom (3,60,000 + 80,000 + 4,00,000 + 1,62,000)	10,02,000
T-shirts	1,80,000
Total inward supplies	**1,59,82,000**
Total GST paid on inward supplies (₹ 1,59,82,000 x 18%)	28,76,760
Less: ITC on inward supplies exclusively used for exempt supplies (₹ 20,00,000 x 18%)	(3,60,000)

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Less: ITC blocked under section 17(5) (₹ 1,80,000 x 18%) -ITC on T - shirts is blocked as ITC is blocked on free samples.	(32,400)
ITC credited to electronic credit ledger of Mr. Veera	**24,84,360**

So, the amount of input tax credit credited to electronic credit ledger of Mr. Veera is ₹ 24,84,360.

4. Option (b) ₹ 22,14,360

Reason

Computation of the amount of common credit as per rules 42 and 43:

Particulars	Amount (₹)
Amount credited to electronic credit ledger (as per MCQ 3 working above)	24,84,360
Less: Amount exclusively used for taxable supplies (₹ 15,00,000 x 18%)	(2,70,000)
Common credit	**22,14,360**

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CASE SCENARIO 30

Mr. Venkat, a practicing Chartered Accountant, based in Hyderabad, is registered under GST in the State of Telangana.

He undertook following transactions/activities during the current financial year:

(1) He provided consultancy services to Kuick Tours, a UK based entity engaged in the business of e-commerce in the field of tour and travels, having its office at UK. Kuick Tours paid a sum of Euro 95,000 to Mr. Venkat billed @ ₹ 75 per Euro. Mr. Venkat made travel to UK several times during the year and incurred Euro 5,000 @ ₹ 75 as incidental expenses (including VAT paid ₹ 10,000) which was ultimately charged from Kuick Tours. Kuick Tours also paid a sum of EURO 5,000 @ ₹ 75 to Mr. Venkat as interest on account of delay in payment of agreed consideration.

Mr. Venkat also hired the services of a professional firm based in UK to complete the assignment of providing services to Kuick Tours and paid Euro 10,000 @ ₹ 75. This was not recovered from Kuick Tours.

(2) Mr. Venkat's taxable earnings for services provided in India for the financial year are ₹ 85,00,000. In addition to this, Mr. Venkat also provided return filing services free of charge in the month of July to Indian residents who were economically weaker. Open market value of such services was ₹ 1,40,000.

Further, in July, Mr. Venkat also provided financial services to his real brother Mr. Kamath who is working at an IT company and earning handsomely, for ₹ 75,000 (invoice raised at open market value). However, Mr. Venkat offered him 90% discount on the invoice raised to him. Therefore, Mr. Kamath paid ₹ 7,500 only.

(3) Dumdum Electricals Ltd., registered under GST in Guwahati, Assam approached Mr. Venkat to impart GST training to its accounts and finance personnel. Mr. Venkat imparted the said training to 50 employees of Dumdum Electricals Ltd. at a conference room of Swaraj Hotel located in Siliguri, West Bengal on 25th August.

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Notes: The rates of tax are 9% (CGST), 9% (SGST) and 18% (IGST) on all inward/ outward supplies. All the amounts given above are exclusive of taxes, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. Compute the value of supply made by Mr. Venkat to Kuick Tour (in Euros).

   (a) 1,20,000

   (b) 1,05,000

   (c) 1,15,000

   (d) 1,25,000

2. Compute aggregate turnover of Mr. Venkat for the current financial year.

   (a) ₹ 1,78,75,000

   (b) ₹ 1,86,25,000

   (c) ₹ 1,63,82,500

   (d) ₹ 1,80,90,000

3. What is value of supply made by Mr. Venkat to Mr. Kamath if Mr. Kamath is the son of Mr. Venkat and not his brother and supply is made free of cost, other facts remaining the same?

   (a) ₹ 7,500

   (b) ₹ 75,000

   (c) Not a supply since they are related

   (d) Value cannot be determined

4. The place of supply of the GST training imparted by Mr. Venkat to the accounts and finance personnel of Dumdum Electricals Ltd. is _____.

   (a) Hyderabad, Telangana

   (b) Guwahati, Assam

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(c) Siliguri, West Bengal

(d) Either (a) or (b), at the option of Mr. Venkat

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) 1,05,000

Reason

Computation of value of supply made by Mr. Venkat to Kuick Tour (in Euros)

Particulars	Euros
Amount charged for consultancy services	95,000
Add: Incidental expenses [Incidental expenses charged by the supplier to the recipient of a supply are includible in the value of supply in terms of section 15(2)(c)]	5,000
Add: Interest on account of delay in payment of consideration [Interest or late fee or penalty for delayed payment of any consideration for any supply are includible in the value of supply in terms of section 15(2)(d)]	5,000
Value of supply	**1,05,000**

2. Option (c) ₹ 1,63,82,500

Reason

Computation of aggregate turnover:

Particulars	₹
Services to Kuick (Euros 105,000 × ₹ 75)	78,75,000
Taxable services provided in India	85,00,000
Free of charge return filing services (It is not a supply in terms of section 7 since services have been provided to unrelated persons without consideration.)	-
Financial services provided to brother - Mr. Kamath	7,500

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[Since Mr. Kamath - brother of Mr. Venkat - is not wholly or mainly dependent on Mr. Venkat, they cannot be considered as related person not being the members of the same family, in terms of explanation of section 15 and section 2(49). Therefore, the value of supply of financial services to brother will be price actually paid or payable.]	
Aggregate turnover	**1,63,82,500**

3. Option (b) ₹ 75,000

Reason

If Mr. Kamath is the son of Mr. Venkat and not his brother and supply is made free of cost, other facts remaining the same, Mr. Venkat and Mr. Kamath are related in terms of explanation of section 15 read with section 2(49) and value of such supply will be determined in terms of rule 28.

In that case, price actually paid will not the value of supply. Instead, the value of supply made by Mr. Venkat to Mr. Kamath will be the open market value = ₹ 75,000 (in terms of rule 28).

4. Option (b) Guwahati, Assam

Reason

As per section 12(5) of the IGST Act, 2017, the place of supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person.

So, place of supply of the GST training imparted by Mr. Venkat to the accounts and finance personnel of Dumdum Electricals Ltd. registered under GST in Guwahati, Assam, is Guwahati, Assam.

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CASE SCENARIO 31

Jaskaran, a registered supplier of Delhi, is engaged in supplying a bouquet of taxable goods and services. He has made the following supplies in the month of January:

S. No.	Particulars	Amount* (₹)
(i)	Supply of 20,000 packages at ₹ 30 each to Sukhija Gift Shop in Punjab [Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons]	6,00,000
(ii)	500 packages each consisting of 1 chocolate and 1 fruit juice bottle given as free gift to Delhi customers on the occasion of Lohri [Cost of each package is ₹ 12, but the open market value of such package of goods and of goods of like kind and quality is not available. Input tax credit has not been taken on the items contained in the package]	
(iii)	Catering services provided to elder brother free of cost for his business function in Delhi [Cost of providing said services is ₹ 55,000, but the open market value of such services and of services of like kind and quality is not available.]	

*excluding GST

Following additional information has been furnished by Jaskaran:

1. Penalty of ₹ 10,000 was collected in lumpsum in the month of March from Sukhija Gift Shop since the payment was received with a delay of 60 days.

2. One of the old customers of Jaskaran – Mr. Bahubali of Delhi- approached him requesting him to arrange the transportation of the goods purchased by him from a local supplier. Jaskaran arranged the transportation of said goods for Mr. Bahubali through a truck owned by him for local transport of goods. Jaskaran did not issue a consignment note to Mr. Bahubali.

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3. Assume the rates of GST to be as under:

Goods/services supplied	CGST[11]	SGST	IGST
Chocolates	9%	9%	18%
Fruit juice bottles	6%	6%	12%
Toy balloons	2.5%	2.5%	5%
Catering service	9%	9%	18%

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. GST payable on packages supplied to Sukhija Gift Shop in January and in March is (1) _____ and (2) _____ respectively.

   (a) (1) IGST - ₹ 1,09,526; (2) nil

   (b) (1) CGST - ₹ 54,763; SGST - ₹ 54,763; (2) nil

   (c) (1) IGST - ₹ 1,08,000; (2) IGST - ₹ 1,526

   (d) (1) CGST - ₹ 54,000; SGST - ₹ 54,000; (2) CGST - ₹ 763; SGST - ₹ 763

2. GST on services of transportation of goods provided by Jaskaran to Mr. Bahubali:

   (a) is payable by Mr. Bahubali @ 5%.

   (b) is payable by Jaskaran @ 12%.

   (c) is payable by Mr. Bahubali @ 12%.

   (d) is not payable at all.

3. Supply of 500 packages given as free gift to Delhi customers on the occasion of Lohri is _____.

   (a) a mixed supply

   (b) not a supply under the GST law

   (c) a composite supply

[11] Hypothetical rates of GST have been taken

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(d) a separate supply of chocolate and fruit juice bottle

4. For the purposes of GST law, value of supply of catering services provided by Jaskaran to his elder brother free of cost for his business function in Delhi is _____.

(a) ₹ 60,500

(b) ₹ 55,000

(c) ₹ 60,500 or ₹ 55,000, whichever is lower

(d) nil as catering services provided by Jaskaran to his elder brother is not a supply.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) (1) IGST - ₹ 1,08,000; (2) IGST - ₹ 1,526

Reason

It is an inter-State supply since place of supply is the location of the goods at the time at which the movement of goods terminates for delivery to the recipient, i.e. Punjab and location of supplier is Delhi.

Further, as per section 12(6), the time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value. Therefore, GST on penalty collected in March would be payable in March.

GST on original consideration [taxable at the highest rate of tax of 18% being a mixed supply, in terms of section 2(74) read with section 8(b)] would be payable in January.

GST payable in January

= ₹ 6,00,000 × 18% = ₹1,08,000

GST payable in March

= ₹ 10,000 × 18/118 = ₹1,526 [Since the penalty has been received in lumpsum, it is inclusive of GST. Further, it will be taxed at the same rate of tax as the original supply.]

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2. **Option (d)** is not payable at all.

Reason

Services by way of transportation of goods by road except the services of a goods transportation agency and a courier agency are exempt from GST vide Entry 18 of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*. Since Jaskaran did not issue a consignment note to Mr. Bahubali, it is not a Goods Transport Agency and services provided by Jaskaran to Bahubali are exempt from GST.

3. **Option (b)** not a supply under the GST law

Reason

Supply of 500 packages given as free gift to Delhi customers on the occasion of Lohri is not a supply in terms of section 7 since supply of goods has been made to unrelated persons (customers not being related persons) without consideration.

4. **Option (d)** nil as catering services provided by Jaskaran to his elder brother is not a supply.

Reason

Catering services provided to elder brother free of cost for his business function in Delhi is not a supply in terms of section 7 since supply of goods has been made to unrelated person (elder brother not being wholly dependent on Jaskaran is not a related person) without consideration.

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CASE SCENARIO 32

Sudershan Transport Agency (P) Ltd. (hereinafter referred to as "STAL"), registered under GST in Jaipur, Rajasthan, is providing services by way of transportation of goods by road for which it issues consignment notes, to all the sectors of industries.

It maintains trucks, trollers, advance carriages for heavy loads, lorries and small tractors, for the purpose of transportation and renting purposes. It also maintains special vehicles which has special storage features and other advance facilities for transporting defence equipments and other complex machineries, chemical and food products.

It has provided the following details for the current financial year:

(i) STAL rendered transportation services to farmers in Rajasthan for transportation of agricultural produce to nearby cities for ₹ 2,00,000.

(ii) STAL gave buses on rent to ABC Travels who provided services of transport of students, staff and faculty to a higher secondary school in Rajasthan affiliated to CBSE. STAL charged ₹ 5,00,000 for the same during the year.

(iii) STAL also had entered into a contract with local authority in Rajasthan to provide services by way of transportation of relief material to flood affected victims for which ₹ 2,50,000 is charged.

(iv) Manimani Bank, (registered in Bhubaneshwar, Orissa) sent its branch manager Mr. Champak on one year deputation on a special project to Bhopal, Madhya Pradesh. Mr. Champak's family is stationed in Kanpur (U.P.). Manimani Bank enters into a contract with STAL for transportation of the household goods of Mr. Champak from Kanpur to Bhopal for ₹ 1,50,000.

(v) STAL transported defence equipments to a military camp based in Rajasthan and amount charged for such services is ₹ 5,50,000.

(vi) STAL provided service of transportation of goods to a co-operative society in Rajasthan which was newly constituted and hence was not registered under GST law and the amount charged was ₹ 3,00,000. While

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transporting the goods of the said co-operative society, STAL generated e-way bill on Monday at 12:04 am. The goods were to be transported for a distance of 220 km.

(vii) STAL owns and maintains its own petrol pump in Rajasthan wherein the revenue from supply of petrol was ₹ 20,00,000.

Note: All the above amounts are exclusive of GST, wherever applicable, unless otherwise specified.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. Determine the value of outward supplies made by STAL which are exempt from GST as per section 2(47).

   (a) ₹ 35,00,000

   (b) ₹ 15,00,000

   (c) ₹ 16,00,000

   (d) ₹ 5,50,000

2. Determine the place of supply of the services of transportation of household goods of Mr. Champak provided by STAL.

   (a) Jaipur, Rajasthan

   (b) Bhubaneshwar, Orissa

   (c) Kanpur, Uttar Pradesh

   (d) Bhopal, Madhya Pradesh

3. Calculate the aggregate turnover of STAL for the current financial year.

   (a) ₹ 35,00,000

   (b) ₹ 39,50,000

   (c) ₹ 19,50,000

   (d) ₹ 38,00,000

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4. Determine the period of validity of e-way bill generated by STAL for transporting the goods of the co-operative society.

   (a) Tuesday-Wednesday at 12.00 midnight

   (b) Wednesday-Thursday at 12.00 midnight

   (c) Wednesday at 12.00 noon

   (d) Wednesday at 2.00 pm

5. Whether tax is required to be deducted under section 51 of the CGST Act, 2017 for the service provided by STAL to local authority in Rajasthan?

   (a) No; since the value of contract is not less than ₹ 2,50,000.

   (b) Yes; since the value of contract is more than ₹ 2,50,000.

   (c) Yes; since TDS is mandatorily to be deducted for any supplies made to a local authority irrespective of the value of supply.

   (d) No; since it is an exempt supply.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) ₹ 35,00,000

Reason

Computation of the value of outward supplies made by STAL which are exempt from GST

S. No.	Particulars	Amount* (₹)
(i)	Supply of transportation services to farmers in Rajasthan for transportation of agricultural produce [Exempt in terms of Entry 21(a) of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*]	2,00,000
(ii)	Buses given on rent to ABC Travels [Exempt in terms of Entry 22 of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*]	5,00,000

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(iii)	Supply of services by way of transportation of relief material to flood affected victims [Exempt in terms of Entry 21(g) of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*]	2,50,000
(iv)	Supply of transportation of defence equipment to a military camp [Exempt in terms of Entry 21(h) of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*]	5,50,000
(v)	Supply of petrol [It is a not a taxable supply in terms of charging section 9 of the CGST Act, 2017. Exempt supply includes non-taxable supply.]	20,00,000
	Value of exempt outward supplies	**35,00,000**

2. **Option (b)** Bhubaneshwar, Orissa

Reason

As per section 12(8) of the IGST Act, 2017, the place of supply of services by way of transportation of goods, including by mail or courier, etc. provided to a registered person, is the location of such registered person.

However, where such services are provided to an unregistered person, the place of supply is the location at which such goods are handed over for their transportation.

Accordingly, in the given case, the place of supply of the services of transportation of household goods of Mr. Champak provided by STAL to Manimani Bank, registered in Bhubaneshwar, Orissa is Bhubaneshwar, Orissa.

3. **Option (b)** ₹ 39,50,000

Reason

Computation of the aggregate turnover of STAL for the current financial year

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S. No.	Particulars	Amount* (₹)
(i)	Value of exempt outward supplies [Computed in MCQ 1] [Aggregate turnover includes exempt outward supplies.]	35,00,000
(ii)	Transportation of the household goods of Mr. Champak from Kanpur to Bhopal [Includible in aggregate turnover since it is a taxable supply]	1,50,000
(iii)	Service of transportation of goods to a co-operative society [Includible in aggregate turnover since it is a taxable supply]	3,00,000
	Aggregate turnover	**39,50,000**

4. **Option (b)** Wednesday-Thursday at 12.00 midnight

Reason

As per rule 138(10), the validity of e-way bill depends on the distance to be travelled by the goods. For a distance of upto 200 km, the e-way bill will be valid for a day from the relevant date. For every 200 km thereafter, the validity will be additional one day from the relevant date. Since STAL generated e-way bill on Monday at 12:04 am and the goods were to be transported for a distance of 220 km, the e-way bill shall be valid for 2 days and the period of validity shall be till Wednesday-Thursday at 12.00 midnight.

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5. Option (d) No; since it is an exempt supply.

Reason

As per section 51, the local authority shall deduct tax @ 1% (each under CGST and SGST) from the payment made or credited to the supplier of taxable goods or services or both, where the total value of such supply, under a contract, exceeds ₹ 2,50,000. However, transportation of relief materials provided to local authority is an exempt service as per Entry 21(g) of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*. Therefore, no TDS is deductible since it is an exempt supply.

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CASE SCENARIO 33

M/s Harimukund Hardwares, a partnership firm registered under GST in the State of Uttar Pradesh, is engaged in the supply of door and window fittings across India. In the month of October, it made following outward supplies:

Name of receiver (State)	Taxable value (₹)	Date of invoice	Date of receipt of payment	Date of removal of goods
M/s Nand Kishore Traders (Haryana)	5,75,000	10th October	25th October	10th October
M/s Charanjot Hardwares & Fitters (Punjab)	3,25,000	12th October	10th November	10th October
M/s Rana Singh Ji Hardware Products (Rajasthan)	2,70,000	17th October	12th October	20th October
M/s Annapurai Hardwares (Karnataka)	3,75,000	18th October	29th November	19th October

The applicable tax rates of GST on supply of above goods is 18% IGST, 9% CGST and 9% SGST. Goods are generally received by parties in Punjab, Haryana & Rajasthan on 2nd day from the date of removal whereas it takes 5 days to reach Karnataka.

M/s Harimukund Hardwares gives 2% cash discount to its customers wherever the payment is received in advance or within 15 days of the date of removal of goods and the respective credit note is also issued immediately. The buyer also takes the necessary legal action (required under GST law) with respect to such credit note immediately.

To supply such goods, as aforesaid, it received services from a local GTA, namely, M/s Khatushyam Transporters (unregistered), who raised a consolidated invoice for ₹ 1,00,000 on 22nd October for which payment was made on 27th December along with payment for the month of November.

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Applicable tax rate on services of transportation of goods is CGST @ 2.5% and SGST @ 2.5%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

MULTIPLE CHOICE QUESTIONS

1. What is the time of supply of goods in case of goods supplied to M/s Charanjot Hardwares & Fitters?

   (a) 12th October

   (b) 10th October

   (c) 10th November

   (d) 14th October

2. What is the time of supply of goods in case of goods supplied to M/s Rana Singh Ji Hardware Products?

   (a) 17th October

   (b) 12th October

   (c) 20th October

   (d) 22nd October

3. What is the time of supply in case of services supplied by M/s Khatushyam Transporters?

   (a) 22nd October

   (b) 27th December

   (c) 10th October, 19th October and 20th October

   (d) 22nd December

4. What is the gross tax liability attributable to outward supplies of M/s Harimukund Hardwares for the month of October?

   (a) IGST = ₹ 2,75,060, CGST = Nil, SGST= Nil

   (b) IGST = ₹ 2,78,100, CGST = ₹ 2,500, SGST= ₹ 2,500

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(c) IGST = ₹ 2,75,058, CGST = Nil, SGST= Nil

(d) IGST = ₹ 2,75,058, CGST = ₹ 2,500, SGST= ₹ 2,500

5. The total value of all the supplies involved in the above case scenario on which M/s Harimukund Hardwares is liable to pay tax is _____.

(a) ₹ 16,28,100

(b) ₹ 16,39,100

(c) ₹ 15,45,000

(d) ₹ 15,39,600

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) 10th October

Reason

As per section 12(2) read with *Notification No. 66/2017 CT dated 15.11.2017*, time of supply of goods is the date of issue of invoice or the last date when the invoice ought to have been issued under section 31. Further, as per section 31, invoice for supply of goods, where the supply involves movement of goods, shall be issued before or at the time of removal of goods.

In the given case, since the invoice has been issued to M/s Charanjot Hardwares & Fitters on 12th October while the date of removal of goods was 10th October, the last date when the invoice ought to have been issued is 10th October.

Therefore, the time of supply will also be 10th October.

2. Option (a) 17th October

Reason

As per section 12(2) read with *Notification No. 66/2017 CT dated 15.11.2017*, time of supply of goods is the date of issue of invoice or the last date when the invoice ought to have been issued under section 31. Further, as per section 31, invoice for supply of goods, where the supply involves movement of goods, shall be issued before or at the time of removal of goods.

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Thus, no tax is payable at the time of receipt of advance in respect of supply of goods.

In the given case, since the invoice was issued to M/s Rana Singh Ji Hardware Products on 17th October and the date of removal of goods was 20th October, the time of supply will also be 17th October.

3. Option (d) 22nd December

Reason

Tax on services from a local GTA namely, M/s Khatushyam Transporters (unregistered), is payable under reverse charge. As per section 13(3), the time of supply for such service will be the earlier of the following:

- Date of payment (27th December), or
- Date immediately following 60 days from the date of issue of invoice (or any other document in lieu of invoice) by the supplier (22nd December).

Thus, time of supply is 22nd December.

4. Option (c) IGST = ₹ 2,75,058, CGST = Nil, SGST= Nil

Reason:

Computation of gross tax liability attributable to outward supplies of M/s Harimukund Hardwares for the month of October

Particulars	**(₹)**
Taxable value of supply to M/s Nand Kishore Traders (Haryana) [₹ 5,75,000 - (2% of ₹ 5,75,000)] [Discount @ 2% is given since payment is made within 15 days of the date of removal of goods. Further, it is deductible while computing the value of supply in terms of section 15(3)(b).]	5,63,500
Taxable value of supply to M/s Charanjot Hardwares & Fitters (Punjab). [Discount is not given since payment is made after 15 days of the date of removal of goods.]	3,25,000

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Taxable value of supply to M/s Rana Singh Ji Hardware Products (Rajasthan) net of discount @ 2% [₹ 2,70,000 - 2% of ₹ 2,70,000] [Discount @ 2% is given since payment is made before removal of goods. Further, it is deductible while computing the value of supply in terms of section 15(3)(b).]	2,64,600
Taxable value of supply to M/s Annapurai Hardwares (Karnataka) [Discount is not given since payment is made after 15 days of the date of removal of goods.]	3,75,000
Total taxable value of outward supply	**15,28,100**
IGST payable @ 18% [Since place of supply of all the supplies is outside the State of Uttar Pradesh, IGST would be payable on the supplies.]	**2,75,058**

5. Option (a) ₹ 16,28,100

Reason:

Computation of total value of all the supplies (inward as well as outward) on which M/s Harimukund Hardwares is liable to pay tax

Particulars	**(₹)**
Total taxable value of outward supply [As computed in MCQ 4 above]	15,28,100
Value of inward supply from GTA namely, M/s Khatushyam Transporters (unregistered), on which tax is payable under reverse charge.	1,00,000
Total value of all the supplies on which M/s Harimukund Hardwares is liable to pay tax.	**16,28,100**

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CASE SCENARIO 34

ABC Pvt. Ltd., a company registered under GST in the State of Uttar Pradesh, manufactures products which are used in laboratories. The products are manufactured in the company's factory located in Lucknow, Uttar Pradesh and sold in various parts of Uttar Pradesh. The company also provides intra-State repair and maintenance services for its products. The details of turnover of the company for preceding two financial years are as under:

Particulars	F.Y.-1 (₹)	F.Y.-2 (₹)
Turnover from supply of goods	75,00,000	1,02,00,000
Turnover from supply of services	7,10,000	9,25,000
Interest income from extending loans to others (not included in aforesaid turnover of services)	5,25,000	6,26,000

The company procures the service of M/s Ram Enterprises, a Goods Transport Agency, having its place of business in Lucknow, Uttar Pradesh, for transport of goods from its factory to customers' location in April. M/s Ram Enterprises has not exercised the option to itself pay GST on the services supplied by it. M/s Ram Enterprises prepares a regular consignment note containing the details of consignor and consignee and other prescribed details. The services provided by M/s Ram Enterprises are chargeable to tax @ 5%.

Following details are provided by ABC Pvt. Ltd. for April-June quarter of FY-3 (current FY):

S. No.	Particulars	Amount (₹)
(i)	Turnover of supply of goods	10,20,000
(ii)	Turnover of supply of services	92,550
(iii)	Interest income from extending deposit to others	5,000
(iv)	Amount paid for services received from M/s Ram Enterprises	50,000
(v)	Raw material received from other States	5,26,000
(vi)	Input services received	7,80,900

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Following additional information is also provided:

(1) The raw material mentioned in point (v) above received by ABC Pvt. Ltd. in April in its factory located in Lucknow, Uttar Pradesh, includes goods amounting to ₹ 2,26,000 received from M/s Aakash Enterprises on the instructions received from M/s Abhijaat Enterprises. M/s Aakash Enterprises has its principal place of business in Uttar Pradesh whereas M/s Abhijaat Enterprises has its principal place of business in Gujarat.

(2) Vidhata Foundation, a Charitable Trust, registered under section 12AB of the Income Tax Act, 1961 has been set up by the founders of ABC Pvt. Ltd. for conducting charitable activities, in the State of Uttar Pradesh. The Trust organises sessions on yoga and spirituality in the State of Uttar Pradesh and charges participation fees for the same. The total fees collected from participants for the month of April of current FY is ₹ 2,50,000. The input services received by the Trust during the said month amount to ₹ 1,25,260. The Trust is also analysing the proposal of granting rights to ABC Pvt. Ltd. to advertise on its premises.

All the above amounts are exclusive of GST. Following GST rates are applicable on the inward and outward supplies unless otherwise specified:

Particulars	CGST	SGST	IGST
Outward supply	9%	9%	18%
Inward supply	2.5%	2.5%	5%

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below: -

MULTIPLE CHOICE QUESTIONS

1. Whether the service provided by M/s Ram Enterprises to ABC Pvt. Ltd. is chargeable to tax. If yes, who will discharge the tax liability?

   (a) The service is chargeable to tax and M/s Ram Enterprises will discharge the tax liability.

   (b) The service is chargeable to tax and ABC Pvt. Ltd. will discharge the tax liability.

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(c) The service is exempt under the CGST Act, 2017.

(d) The service is chargeable to tax and M/s Ram Enterprises and ABC Pvt. Ltd. will discharge the tax liability in the ratio of 1:1.

2. Whether ABC Pvt. Ltd. could have opted for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017 for current financial year (F.Y.-3)?

(a) Yes. However, it could have provided services up to a value of ₹ 11,12,500 under composition levy during the current financial year.

(b) No, it could not have opted for composition levy.

(c) Yes. However, it could have provided services up to ₹ 5,00,000 under composition levy during the current financial year.

(d) Yes. However, it could have provided services up to ₹ 11,75,100 under composition levy during the current financial year.

3. Assuming ABC Pvt. Ltd. has opted for composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017 at the beginning of the current financial year (F.Y.-3), what shall be the total GST liability of ABC Pvt. Ltd. in the State of Uttar Pradesh for April-June quarter?

(a) No liability, ITC of 1,56,828 will be carried forward.

(b) ₹ 45,931

(c) ₹ 13,626

(d) ₹ 2,02,759

4. Which of the following statements is incorrect in case of Vidhata Foundation?

i. Services provided to charitable or religious trusts are not outside the ambit of GST. Unless specifically exempt, they are chargeable under GST.

ii. All the activities of Vidhata Foundation are exempt from GST since it is a charitable trust registered under section 12AB of the Income-tax Act, 1961.

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iii. Fees charged by any registered person for sessions on yoga and spirituality are exempt since the objective of such programmes is advancement of yoga and spirituality.

(a) i & ii

(b) i

(c) ii

(d) ii & iii

5. What shall be the place of supply (POS) for the supply transaction(s) between ABC Pvt. Ltd., M/s Abhijaat Enterprises and M/s Aakash Enterprises and the nature of tax leviable thereon?

(a) POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of M/s Abhijaat Enterprises, i.e. Gujarat and IGST is leviable on such supply. POS for transaction between M/s Abhijaat Enterprises and ABC Pvt. Ltd. is the location at which the movement of goods terminates i.e. at the factory of ABC Pvt. Ltd. in Lucknow, Uttar Pradesh and IGST is leviable on such supply.

(b) POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of M/s Akash Enterprises, i.e. Uttar Pradesh and IGST is leviable on such supply. POS for transaction between M/s Abhijaat Enterprises and ABC Pvt. Ltd. is the location of principal place of business of M/s Abhijaat Enterprises, i.e Gujarat and CGST and SGST are leviable on such supply.

(c) POS for transaction between M/s Abhijaat Enterprises, ABC Pvt. Ltd. and M/s Akash Enterprises is the location of principal place of business of ABC Pvt. Ltd., i.e. Uttar Pradesh since goods are delivered there and CGST and SGST are leviable on such supply.

(d) POS for transaction between M/s Abhijaat Enterprises, ABC Pvt. Ltd. and M/s Akash Enterprises is the location of principal place of business of ABC Pvt. Ltd., i.e. Uttar Pradesh since goods are delivered there and IGST is leviable on such supply.

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ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** The service is chargeable to tax and ABC Pvt. Ltd. will discharge the tax liability.

Reason

Services by way of transportation of goods by road are exempt except the services of GTA and courier agency vide Entry 18 of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*. Thus, services provided by M/s Ram Enterprises are liable to GST. Further, since M/s ABC Private Limited is a body corporate, it has to pay GST under reverse charge on GTA services received from M/s Ram Enterprises under section 9(3) vide *Notification No. 13/2017 CT (R) dated 28.06.2017*.

2. **Option (a)** Yes. However, it could have provided services up to a value of ₹ 11,12,500 under composition levy during the current financial year.

Reason

A registered person, whose aggregate turnover in the preceding financial year does not exceed ₹ 1.5 crore, may opt to pay tax under composition levy, under section 10(1) and 10(2). The scheme can be availed by an intra-State supplier of goods and supplier of restaurant service. However, the composition scheme permits supply of marginal services (other than restaurant services) for a specified value along with the supply of goods and restaurant service, as the case may be.

Explanation 1 to section 10 provides that for the purposes of computing aggregate turnover of a person for determining his eligibility to pay tax under composition scheme, the expression "aggregate turnover" shall not include the 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.

Accordingly, the aggregate turnover of M/s ABC Private Limited in the preceding financial year (F.Y.-2) is ₹ 1,11,25,000 [₹ 1,02,00,000 + ₹ 9,25,000]. Thus, M/s ABC Private Limited can opt for composition scheme for the current financial year (F.Y.-3) as its aggregate turnover is less than ₹ 1.5 crore in the preceding financial year and it is not engaged in

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inter-State outward supplies.

The registered person opting for composition scheme, under section 10(1) and 10(2), can also supply services (other than restaurant services) for a value up to 10% of the turnover in the preceding year or ₹ 5 lakh, whichever is higher, in the current financial year.

Thus, M/s ABC Private Limited can supply repair and maintenance services up to a value of ₹ 11,12,500 [10% of ₹ 1,11,25,000 or ₹ 5 lakh, whichever is higher] in the current financial year.

3. Option (c) ₹ 13,626

Reason

Assuming ABC Pvt. Ltd. has opted for the composition scheme under sub-sections (1) and (2) of section 10 at the beginning of the current financial year (F.Y.-3), the total GST liability (CGST +SGST) of ABC Pvt. Ltd. in the State of Uttar Pradesh for April-June quarter is as under:

Particulars	Value of supply (₹)	GST (₹)
Amount payable under composition scheme @ 1% of turnover from supply of goods	10,20,000	10,200
Amount payable under composition scheme @ 1% of turnover from supply of services	92,550	926
GST on services received from M/s Ram Enterprises payable under reverse charge @ 5%	50,000	2,500
Total		**13,626**

Note – No ITC is available to a composition supplier.

4. Option (c) ii

Reason

As per Entry No 1 of *Notification No 12/2017 CT(R) dated 28.06.2017*, services by an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 by way of charitable activities are exempt from GST. Further, the term 'charitable activities' has been specifically defined in said

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notification. Thus, only those services provided by an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 which are covered within the definition of the term 'charitable activities' qualify for exemption under said entry and not all services provided by an entity registered under section 12AA or 12AB of the Income-tax Act, 1961.

5. **Option (a)** POS for transaction between M/s Abhijaat Enterprises and M/s Akash Enterprises is the location of principal place of business of M/s Abhijaat Enterprises, i.e. Gujarat and IGST is leviable on such supply. POS for transaction between M/s Abhijaat Enterprises and ABC Pvt. Ltd. is the location at which the movement of goods terminates i.e. at the place of business of ABC Pvt. Ltd., i.e Lucknow, Uttar Pradesh and IGST is leviable on such supply.

Reason

The supply between M/s Abhijaat Enterprises (Gujarat) and M/s Aakash Enterprises (Uttar Pradesh) is a bill to ship to supply where the goods are delivered by the supplier [M/s Aakash Enterprises] to a recipient [ABC Pvt. Ltd. (Lucknow, Uttar Pradesh)] on the direction of a third person [M/s Abhijaat Enterprises].

In case of such supply, it is deemed that the said third person has received the goods and the place of supply of such goods is the principal place of business of such third person [Section 10(1)(b)]. Thus, the place of supply between M/s Abhijaat Enterprises (Gujarat) and M/s Aakash Enterprises (Uttar Pradesh) will be location of third person (M/s Abhijaat Enterprises), i.e. Gujarat. Thus, it is an inter-State supply and IGST is payable on the same.

This situation involves another supply between ABC Pvt. Ltd. (Uttar Pradesh) and M/s Abhijaat Enterprises (Gujarat). In this case, since the supply involves movement of goods, place of supply will be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient - ABC Pvt. Ltd., i.e. Lucknow, Uttar Pradesh [Section 10(1)(a)]. Thus, it is an inter-State supply and IGST is payable on the same.

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CASE SCENARIO 35

GQF Private Limited, registered under GST in the State of Maharashtra, is engaged in manufacturing of goods which are used for further production in automobile industry. The company sends some semi-finished inputs to job workers, M/s Yamuna Enterprises and M/s Jamuna Enterprises, for necessary processing. The processed goods are sent back by the job workers to the company where they are used for manufacturing the finished products.

M/s Yamuna Enterprises has its place of business in Maharashtra. M/s Jamuna Enterprises has its place of business in the State of Madhya Pradesh viz. 35 km away from the place of business of GQF Private Limited.

The company imports some raw material and stores the same for few months in the warehouse operated by M/s Gajanan Enterprises in the State of Tamil Nadu. Later on, it is transported to the company's factory in Maharashtra. M/s Gajanan Enterprises is not registered under GST. The aggregate turnover of M/s Gajanan Enterprises in the current financial year till date is ₹ 18,25,000.

The company maintains all the records, documents and books of accounts at its place of business in Maharashtra.

Following are the relevant details of GQF Private Limited for the month of August.

Particulars	**Amount (₹)**
Total turnover	36,00,000
Total inputs received during the month	21,12,000
Total input services received during the month	8,99,000
Goods sent to M/s Yamuna Enterprises during the month for job work purpose by motor vehicle	75,000
Goods sent to M/s Jamuna Enterprises during the month for job work purpose by motor vehicle	46,800

Note: All aforementioned amounts are exclusive of GST, wherever applicable.

GQF Private Limited procures the service of M/s Speedofast Enterprises, a goods transport agency, having its places of business in Maharashtra, Gujarat and

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Kerela. M/s Speedofast Enterprises is registered in all these States with same PAN. GQF Private Limited transports its finished goods to different customers located within Maharashtra through M/s Speedofast Enterprises. M/s Speedofast Enterprises prepares a consignment note containing the details of consignor and consignee, value of consignment, vehicle number, details of party paying the taxes etc.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. M/s Gajanan Enterprises, owner of warehouse in Tamil Nadu, wishes to know as to whether it is required to obtain registration under GST to conduct its business. Which of the following statements is true in this regard?

   (a) Yes, being a warehouse operator, M/s Gajanan Enterprises has to compulsorily take GST registration to conduct the business irrespective of the quantum of aggregate turnover.

   (b) No, M/s Gajanan Enterprises is not required to take registration under GST as its aggregate turnover is below the threshold limit for registration. However, it is required to obtain a unique enrolment number under GST.

   (c) M/s Gajanan Enterprises is neither required to obtain registration nor unique enrolment number under GST to conduct business.

   (d) Yes, M/s Gajanan Enterprises is required to take registration compulsorily under GST. Further, it is also required to obtain a unique enrolment number under GST as its aggregate turnover is more than ₹ 10 lakh.

2. M/s Speedofast Enterprises wishes to obtain a unique common enrolment number (referred hereafter as CEN) for generating e-way bills. Which of the following statements is true in this regard?

   (a) M/s Speedofast Enterprises is not eligible for obtaining CEN as a transporter registered only in a single State is eligible for the same.

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(b) M/s Speedofast Enterprises is eligible for obtaining CEN as a transporter registered in multiple States with same PAN is eligible for the same. After obtaining CEN, it can use either CEN or its GSTIN for generating e-way bills throughout the country.

(c) M/s Speedofast Enterprises is not eligible obtaining the CEN as only unregistered transporters are eligible for the same.

(d) M/s Speedofast Enterprises is eligible for obtaining the CEN as it is registered in multiple States with same PAN. After obtaining CEN, it can use it for generating e-way bills and updating Part-B throughout the country.

3. Whether GQF Private Limited is required to generate e-way bill in case of transfer of goods to M/s Jamuna Enterprises?

(a) No, as the value of the consignment is within the prescribed limit of ₹ 50,000.

(b) No, as the movement of goods is within the distance limit of 50 kms.

(c) Yes, e-way bill is required to be generated mandatorily in case of inter-State transfer of goods by principal to job worker irrespective of value of consignment.

(d) Yes, a registered person has to generate e-way bill mandatorily for every inter-State movement of goods irrespective of the value of the consignment.

4. M/s Speedofast Enterprises wants to transport multiple consignments of GQF Private Limited in a single conveyance. These consignments are of different consignees and individual e-way bills (EWBs) with different validity periods have been generated for these consignments. Can M/s Speedofast Enterprises generate one consolidated e-way bill for such multiple consignments?

(a) No, M/s Speedofast Enterprises cannot generate a consolidated e-way bill containing the details of different EWBs since all the EWBs have different validity periods.

(b) Yes, M/s Speedofast Enterprises can generate a consolidated e-way bill containing the details of different EWBs even if all the EWBs have

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different validity periods and even if it is transporting consignments of different consignees in a single conveyance.

(c) No, M/s Speedofast Enterprises cannot generate a consolidated e-way bill since it is transporting consignments of different consignees.

(d) There are no provisions to generate a consolidated e-way bill under the GST law.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** No, M/s Gajanan Enterprises is not required to take registration under GST as its aggregate turnover is below the threshold limit for registration. However, it is required to obtain a unique enrolment number under GST.

Reason

Since the aggregate turnover of M/s Gajanan Enterprises in the current financial year till date is ₹ 18,25,000, it is not required to obtain registration under GST as its aggregate turnover is below the threshold limit for registration. However, it is required to obtain a unique enrolment number under GST in terms of rule 58(1). Rule 58(1) provides that every person required to maintain records and accounts in accordance with the provisions of section 35(2), if not already registered under GST law, shall submit the details regarding his business electronically on the common portal in prescribed form, and upon validation of the details furnished, a unique enrolment number shall be generated and communicated to the said person.

2. **Option (d)** M/s Speedofast Enterprises is eligible for obtaining the CEN as it is registered in multiple States with same PAN. After obtaining CEN, it can use it for generating e-way bills and updating Part-B throughout the country.

Reason

Rule 58(1A) provides that for the purposes of generating e-way bills, a transporter who is registered in more than one State or Union Territory having the same Permanent Account Number, he may apply for a unique common enrolment number by submitting the details in prescribed form

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using any one of his GSTINs, and upon validation of the details furnished, a unique common enrolment number (CEN) shall be generated and communicated to the said transporter. However, where the said transporter has obtained a CEN, he shall not be eligible to use any of the GSTINs for the purposes of generating e-way bills.

3. **Option (c)** Yes, e-way bill is required to be generated mandatorily in case of inter-State transfer of goods by principal to job worker irrespective of value of consignment.

Reason

GQF Private Limited is required to generate e-way bill in case of transfer of goods to M/s Jamuna Enterprises since e-way bill is required to be generated mandatorily in case of inter-State transfer of goods by principal to job worker irrespective of value of consignment. Third proviso to rule 138(1) provides that where goods are sent by a principal located in one State or Union Territory to a job worker located in any other State or Union Territory, the e-way bill shall be generated either by the principal or the job worker, if registered, irrespective of the value of the consignment.

4. **Option (b)** Yes, M/s Speedofast Enterprises can generate a consolidated e-way bill containing the details of different EWBs even if all the EWBs have different validity periods and it is transporting consignments of different consignees in a single conveyance.

Reason

Rule 138(6) provides that after e-way bill has been generated in accordance with the provisions of rule 138(1), where multiple consignments are intended to be transported in one conveyance, the transporter may indicate the serial number of e-way bills generated in respect of each such consignment electronically on the common portal and a consolidated e-way bill in Form GST EWB-02 may be generated by him on the said common portal prior to the movement of goods. Accordingly, M/s Speedofast Enterprises can generate a consolidated e-way bill containing the details of different EWBs even if all the EWBs have different validity periods and it is transporting consignments of different consignees in a single conveyance.

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CASE SCENARIO 36

'Galgotia Travels Ltd.' (GTL) is established on 3rd April in the city of Bangalore (Karnataka) and the primary objective of the company is to provide air-conditioned contract-based passenger transportation services at affordable fares. The company obtains voluntary registration under GST from 1st May. On 1st July, the company purchased motor vehicles (omnibus) of various seating capacities as follows:

Seating capacity (including driver)	No. of vehicles	Purchase price (per vehicle- exclusive of taxes)	Rate of GST
8 persons	4	10,00,000	CGST-9%; SGST - 9%
9 persons	3	12,00,000	CGST-9%; SGST - 9%
11 persons	2	14,00,000	CGST-9%; SGST - 9%
13 persons	1	15,00,000	IGST-18%

From the month of July, GTL associated with POKO Ltd. to enhance the business operations. POKO Ltd. owns/operates an electronic platform for supply of passenger transportation services in Bangalore. The company developed an application called 'POKO' through which the customers can access the nearest available motor vehicles (cabs) and avail the services. POKO Ltd. collects the consideration for the services from the customers and remits the same to the service provider (GTL) after retaining the commission charged by it for using its electronic platform.

The details of few bookings of GTL in the month of July are as follows:

(These bookings are obtained by GTL on its own account and not through POKO Ltd.)

Order No.	Date of travel	Starting city	Ending city	Residence of the customer	Date of payment/ booking	Status of customer
CA-234	5th July	Bangalore	Chennai	Bangalore	3rd July	Registered*
CA-435	11th July	Bangalore	Chennai	Chennai	9th July	Unregistered
PH-534	16th July	Chennai	Bangalore	Hyderabad	14th July	Registered*

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GK-987	19th July	Hyderabad	Bangalore	Delhi	17th July	Unregistered
UV-777	22nd July	Bangalore	Hyderabad	Mumbai	20th July	Registered*
XE-001	25th July	Chennai	Bangalore	Kolkata	23rd July	Unregistered

*Registered in the State in which they reside

In all the above cases, journey is a single-day journey and invoice is issued electronically on the date of travel immediately after the completion of journey.

The details of the passenger transportation services supplied by GTL through POKO Ltd. & GST liability on the supply is as follows:-

Particulars	**July (₹)**	**August (₹)**	**September (₹)**
Value of services	1,30,00,000	1,25,00,000	1,40,00,000
CGST	9,00,000	8,00,000	8,50,000
SGST	9,00,000	8,00,000	8,50,000
IGST	4,00,000	3,50,000	4,50,000

Note:

1. All amounts are exclusive of CGST/SGST or IGST, as the case may be.
2. Booking is confirmed only after paying total fare for the journey.
3. There is no other inward or outward supply transaction for GTL in the relevant period apart from the aforementioned transactions.
4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the case scenario given above, choose the most appropriate answer to Q. nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. Amount of blocked credit in respect of motor vehicles purchased by GTL on 1st July is_____.

   (a) CGST= ₹ 9,36,000; SGST=₹ 9,36,000 & IGST = ₹ 2,70,000

   (b) CGST=₹ 3,24,000; SGST=₹ 3,24,000 & IGST=₹ 2,70,000

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(c) CGST = Nil; SGST = Nil & IGST = ₹ 2,70,000

(d) CGST = Nil; SGST = Nil & IGST = Nil

2. Amount of GST payable through electronic cash ledger by GTL on the services supplied by it through POKO Ltd. during the month of July, ignoring the provisions of rule 86B of the CGST Rules, 2017, is_____.

(a) CGST=₹ 9,00,000; SGST=₹ 9,00,000 & IGST=₹ 4,00,000

(b) CGST = Nil; SGST = Nil & IGST = ₹ 58,000

(c) CGST = Nil; SGST = Nil & IGST = ₹ 1,30,000

(d) CGST = Nil; SGST = Nil & IGST = Nil

3. Amount of tax to be collected at source (ignore bifurcation under the CGST, SGST and IGST) by POKO Ltd. on the taxable supplies made through it during the months of A) July, B) August and C) September is _____.

(a) A) ₹ 65,000; B) ₹ 62,500 and C) ₹ 70,000

(b) A) ₹ 1,30,000; B) ₹ 1,25,000 and C) ₹ 1,40,000

(c) A) ₹ 1,30,000; B) Nil and C) ₹ 70,000

(d) A) Nil; B) Nil and C) Nil

4. Place of supply for order numbers 1) CA-435, 2) PH-534 & 3) GK-987 is_____.

(a) 1) Bangalore, 2) Hyderabad & 3) Hyderabad

(b) 1) Chennai, 2) Hyderabad & 3) Hyderabad

(c) 1) Chennai, 2) Chennai & 3) Delhi

(d) 1) Bangalore, 2) Chennai & 3) Hyderabad

5. Time of supply for order numbers 1) CA-234, 2) UV-777 & 3) XE-001 is_____.

(a) 1) 5th July, 2) 20th July & 3) 23rd July

(b) 1) 5th July, 2) 22nd July & 3) 23rd July

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(c) 1) 3rd July, 2) 20th July & 3) 23rd July

(d) 1) 5th July, 2) 20th July & 3) 23rd July

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) CGST = Nil; SGST = Nil & IGST = Nil

Reason

As per section 17(5), ITC in respect of motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked.

However, ITC is available when motor vehicles are used for any of the following eligible purposes -

- making further taxable supply of such motor vehicles
- making taxable supply of transportation of passengers
- making taxable supply of imparting training on driving such motor vehicles

Since GTL is engaged in providing transportation of passenger services, ITC of motor vehicle (omnibus) with seating capacity (including driver) of 8 persons, 9 persons, 11 persons and 13 persons is available. The eligible ITC is as follows:

Seating capacity (including driver)	No. of vehicles	Purchase price (per vehicle) ₹	CGST @ 9% ₹	SGST @ 9% ₹	IGST @ 18% ₹
8 persons	4	10,00,000	3,60,000	3,60,000	-
9 persons	3	12,00,000	3,24,000	3,24,000	-
11 persons	2	14,00,000	2,52,000	2,52,000	-
13 persons	1	15,00,000	-	-	2,70,000
Total eligible credit			9,36,000	9,36,000	2,70,000
Blocked credit			**Nil**	**Nil**	**Nil**

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2. **Option (b)** CGST = Nil; SGST = Nil & IGST = ₹ 58,000

Reason

Amount of GST payable through electronic cash ledger by GTL on the services supplied by it through POKO Ltd. in July is as follows:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output tax	9,00,000	9,00,000	4,00,000
Eligible ITC (as calculated in solution to MCQ 1 above)	(9,00,000)	(9,00,000)	(2,70,000)
[ITC of IGST has been utilized pay IGST liability and ITC of CGST and SGST have been utilized to pay CGST and SGST liability first and then to pay IGST liability.]	-	-	(36,000)
	-	-	(36,000)
GST payable in cash	**-**	**-**	**58,000**

3. **Option (a)** A) ₹ 65,000; B) ₹ 62,500 and C) ₹ 70,000

Reason

As per section 52 read with section 20 of the IGST Act, 2017, the electronic commerce operator (ECO) should collect TCS @ 0.5% (0.25% CGST, 0.25% SGST and 0.5% IGST) on the net value of taxable supplies made through it. However, the said 'net value' excludes services notified under section 9(5) or section 5(5) of the IGST Act, 2017.

Since the services of transportation of passengers through omnibus are being supplied through electronic commerce operator by a company (GTL), said services do not qualify as services notified under section 9(5) or section 5(5) of the IGST Act, 2017. Consequently, TCS @ 0.5% (IGST or CGST +SGST) is required to be collected by GTL on said supplies.

Thus, the amount of TCS to be collected is as follows:

Month	July (₹)	August(₹)	September(₹)
Value of taxable supplies	1,30,00,000	1,25,00,000	1,40,00,000
TCS @ 0.5%	**65,000**	**62,500**	**70,000**

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4. **Option (a)** 1) Bangalore, 2) Hyderabad & 3) Hyderabad

Reason

As per section 12(9) of the IGST Act 2017, the place of supply of passenger transportation service to:

(a) a registered person, shall be the location of such person

(b) a person other than a registered person, shall be the place where the passenger embarks on the conveyance for a continuous journey.

In accordance with the aforesaid provisions, place of supply will be as follows:

Order No	Starting city	Ending city	Residence	Status of customer	Place of supply
CA-435	Bangalore	Chennai	Chennai	Unregistered	Bangalore
PH-534	Chennai	Bangalore	Hyderabad	Registered	Hyderabad
GK-987	Hyderabad	Bangalore	Delhi	Unregistered	Hyderabad

5. **Option (c)** 1) 3rd July, 2) 20th July & 3) 23rd July

Reason

As per section 13(2), in case where the tax is liable to be paid under forward charge mechanism, the time of supply of services shall be the earliest of the following dates, namely:-

(a) the date of issue of invoice by the supplier, if the invoice is issued within 30 days of provision of service or the date of receipt of payment, whichever is earlier; or

(b) the date of provision of service, if the invoice is not issued within 30 days of provision of service or the date of receipt of payment, whichever is earlier; or

(c) the date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause (a) or clause (b) do not apply.

In the given case, invoice is issued on the date of travel immediately after completion of journey (i.e. within 30 days of provision of service) & GTL is also liable to pay tax under forward charge mechanism for the given bookings/orders.

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In accordance with the aforesaid provisions, the time of supply will be as follows.

Order No	Date of travel	Date of payment	Time of supply
CA-234	5th July	3rd July	3rd July
UV-777	22nd July	20th July	20th July
XE-001	25th July	23rd July	23rd July

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CASE SCENARIO 37

Mr. A, registered under GST, is a practicing Chartered Accountant who is supplying the service in the field of auditing and assurance. His earnings during the current financial year are as follows-

1. Income from the auditing and assurance service provided during the year- ₹ 1,86,00,000
2. Income for acting as an examiner from the ICAI and ICSI (not on their rolls) in the month of June - ₹ 2,50,000
3. Rental income from a commercial property, during the year- ₹ 13,90,000

Further, in the month of April, Mr. A purchased 10 computers at a price of ₹ 25,000 each, for his office as new staff has been recruited by his HR team and had availed and utilized ITC on the same.

On 31st October, out of these 10 computers, Mr. A donated 2 computers to a blind school within the State. Open market value of each of these computers, on 31st October, is ₹ 10,000.

Mr. A belatedly filed GSTR-3B for the month of December, by 5 days. Net tax liability for the month of December was ₹ 1,80,000 and gross tax liability for the month was ₹ 2,00,000. Applicable rate of tax on all supplies was 18%.

Note:

1. All the above amounts are exclusive of taxes, wherever applicable.
2. The opening balance of input tax credit of Mr. A for the relevant tax period(s) is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.
3. Mr. A furnishes return on a monthly basis.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

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MULTIPLE CHOICE QUESTIONS

1. Assuming that the current financial year is the financial year 2024-25, Mr. A is required to maintain and retain the books of accounts for said financial year under the GST law up to_____.

   (a) 31st December 2030

   (b) 31st December 2031

   (c) 31st December 2032

   (d) 31st December 2033

2. Aggregate turnover of Mr. A for the current financial year is_____.

   (a) ₹ 2,02,50,000

   (b) ₹ 2,02,90,000

   (c) ₹ 2,02,65,000

   (d) ₹ 2,02,60,000

3. Total taxable turnover of Mr. A for the current financial year is _____.

   (a) ₹ 2,00,10,000

   (b) ₹ 2,00,40,000

   (c) ₹ 2,02,60,000

   (d) ₹ 2,02,50,000

4. Which of the following transactions/activities are considered as supply under GST law?

   (i) Service provided as an examiner to ICAI and ICSI

   (ii) Rental income

   (iii) Donation of computers to blind school without consideration

   (a) (i) and (ii)

   (b) (ii) and (iii)

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(c) (i) and (iii)

(d) (i), (ii) and (iii)

5. Which of the following statement(s) is correct with respect to interest liability of Mr. A, for the month of December? Consider the year to be of 365 days.

(a) Interest liability of Mr. A is ₹ 444 and he can pay the same either from input tax credit available in electronic credit ledger or in cash.

(b) Interest liability of Mr. A is ₹ 444 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.

(c) Interest liability of Mr. A is ₹ 493 and he can pay the same from input tax credit available in electronic credit ledger or in cash.

(d) Interest liability of Mr. A is ₹ 493 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) 31st December 2031

Reason

As per section 36, every registered person required to keep and maintain books of account or other records in accordance with the provisions of sub-section (1) of section 35 shall retain them until the expiry of 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.

If the current financial year is the financial year 2024-25, due date for furnishing of annual return for the F.Y. 2024-25 is 31st December 2025. Accordingly, Mr. A is required to maintain and retain the books of accounts for said financial year under the GST law up to upto 31st December 2031.

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2. Option (d) ₹ 2,02,60,000

Reason

Computation of aggregate turnover for the current financial year

Particulars	₹
Income from the auditing and assurance service [Taxable]	1,86,00,000
Income for acting as an examiner from the ICAI and ICSI [Exempt in terms of Entry 66(b)(iv) of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*]	2,50,000
Rental income from a commercial property [Taxable]	13,90,000
Computers donated to school (₹ 10,000 × 2) [Deemed supply even though made without consideration, in terms of section 7(1)(c) read with para 1 of Schedule I of the CGST Act, 2017. Value of supply will be open market value, in terms of rule 27.]	20,000
Aggregate turnover	**2,02,60,000**

3. Option (a) ₹ 2,00,10,000

Reason

Computation of total taxable turnover of Mr. A, for the current financial year

Particulars	₹
Income from the auditing and assurance service [Taxable]	1,86,00,000
Income for acting as an examiner from the ICAI and ICSI [Exempt in terms of Entry 66(b)(iv) of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*]	Nil

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Rental income from a commercial property [Taxable]	13,90,000
Computers donated to school (₹ 10,000 × 2) [Deemed supply even though made without consideration, in terms of section 7(1)(c) read with para 1 of Schedule I of the CGST Act, 2017. Value of supply will be open market value, in terms of rule 27.]	20,000
Total taxable turnover	**2,00,10,000**

4. **Option (d)** (i), (ii) and (iii)

Reason

All the given three transactions/activities qualify as supply under GST law:

- Service provided as an examiner to the ICAI and the ICSI [Qualify as supply but exempt from GST vide *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*.]
- Rental income [Qualify as supply.]
- Computers donated to school [Deemed supply even though made without consideration, in terms of section 7(1)(c) read with para 1 of Schedule I of the CGST Act, 2017.]

5. **Option (b)** Interest liability of Mr. A is ₹ 444 and he cannot utilize the input tax credit for the payment of interest. He needs to pay the interest in cash.

Reason

Amount of interest payable by Mr. A under section 50 for delay in payment of tax for the month of December is as follows:

There is a delay of 5 days in payment of tax. Interest @ 18% per annum is payable for the said period on the net tax liability since return is furnished after the due date.

= ₹ 1,80,000 × 18% × 5/365 = ₹ 444 (rounded off)

Further, ITC can only be used for payment of output tax viz IGST, CGST, SGST, UTGST, Cess, but not for payment of interest under section 50.

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CASE SCENARIO 38

Dhairya Ltd., a supplier registered under GST in Gujarat, is exclusively engaged in manufacturing textile products. It. has opted to pay tax under composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.

The following information is available in relation to Dhairya Ltd. for the current financial year:

1. Total turnover during the quarter April-June is ₹ 1,50,00,000.
2. The option to pay tax under composition scheme lapses from 1st July and it switches to regular scheme as a monthly return filer.
3. Tax paid on inputs lying in stock as on 30th June (Invoice dated 4th May) - CGST ₹ 10,000 and SGST ₹ 10,000.
4. Tax paid on inputs contained in semi-finished goods held in stock as on 30th June- CGST ₹ 5,000 and SGST ₹ 5,000 (Invoice was dated 31st December of preceding financial year).
5. A machinery was purchased on 15th March of preceding financial year for ₹ 10,00,000 (taxable value). Applicable GST rate was 12%.
6. On 10th August, Dhairya Ltd. sold goods worth ₹ 2,40,000 to Ahmedabad Municipal Corporation (AMC). The contract with AMC was to supply only goods and not any services.
7. On 15th August, Dhairya Ltd. sold goods worth ₹ 10,00,000 to Fishing Department of Gujarat Government.
8. Apart from the information provided above, sales and purchases worth ₹ 15,00,000 and ₹ 12,00,000 respectively were also reported during the period of July to February.
9. During the month of March of the current financial year, Dhairya Ltd. manufactured 2,500 meters of fabric (Sales value of the fabric is ₹ 200 per meter). ITC pertaining to such output was CGST - ₹ 27,500 and SGST - ₹ 27,500. Dhairya Ltd. exported 1,500 meters of fabric under bond and sold the balance 1,000 meters of fabric in Gujarat, India.

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Notes:

1. There is no other outward or inward supply transaction apart from the aforesaid transactions, in the relevant period.
2. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.
2. It is also assumed that due date for any return required to be filed by the taxpayer has not been extended by the Government.
3. Rate of GST applicable on goods manufactured by Dhairya Ltd. under regular scheme is 18%. GST rate applicable on inward supplies is also 18% unless otherwise specified.
4. All the purchases and sales are intra-State except the export sales.
5. All the amounts given above are exclusive of taxes, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:

MULTIPLE CHOICE QUESTIONS

1. The net GST payable in cash (after setting off TDS credit, if any) by Dhairya Ltd. during the period from April to February is _____.

   (a) ₹ 1,99,000

   (b) ₹ 3,46,800

   (c) ₹ 18,26,800

   (d) ₹ 18,46,800

2. Input Tax Credit (ITC) available to Dhairya Ltd. during the period from April to February is _____.

   (a) ₹ 2,72,000

   (b) ₹ 4,24,200

   (c) ₹ 2,02,800

   (d) ₹ 3,02,000

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3. The amount of GST refund available to Dhairya Ltd. for the month of March in the current financial year is _____.

   (a) ₹ 24,000

   (b) ₹ 33,000

   (c) ₹ 19,000

   (d) ₹ 22,000

4. Assuming that goods have been sold by Dhairya Ltd. to Fishing Department of Gujarat Government for a value of ₹ 1,00,000 instead of ₹ 10,00,000, net GST payable by Dhairya Ltd. in cash during the period from July to February will be _____.

   (a) ₹ 15,88,800

   (b) ₹ 83,800

   (c) ₹ 82,800

   (d) nil

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) ₹ 1,99,000

Reason

Computation of net GST payable in cash (after setting off TDS credit if any) by Dhairya Ltd. during the period from April to February

Particulars	**₹**
Tax on goods sold to AMC ₹ 2,40,000 × 18%	43,200
Tax on goods sold to Fishing Department of Gujarat Government ₹ 10,00,000 × 18%	1,80,000
Other sales as mentioned in Point No. 8 ₹ 15,00,000 × 18%	2,70,000
Total GST payable under regular scheme (A)	**4,93,200**

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Less:	
Credit available on input (Note 4)	20,000
Credit available on semi-finished goods (Note 4)	10,000
Credit available on machinery (Note 4) (₹ 10,00,000 × 18% *less* ₹ 10,00,000 × 18% × 5% × 2 quarters)	1,78,200
Credit available on purchase as mentioned in point 8 [₹ 12,00,000 × 18%]	2,16,000
TDS deducted by Fishing Department of Gujarat Government (Note 2 and Note 3)	20,000
Total ITC (B)	**4,44,200**
Tax on sales from April to June-payable in cash only as ITC cannot be utilised against amount payable under the composition scheme ₹ 1,50,00,000 × 1% (Note 1) **(C)**	1,50,000
Net GST payable in cash = (A) – (B) + (C)	**1,99,000**

Note:

1. From April to June, Dhairya Ltd. was registered under section 10, i.e. under the composition scheme. Under the composition scheme, rate of GST applicable for manufacturers is 1%.

2. In respect of goods supplied to the Ahmedabad Municipal Corporation, AMC is not liable to deduct tax under section 51 since the value of taxable supply under the contract does not exceed ₹ 2,50,000.

3. In respect of goods supplied to the Fishing Department of Gujarat Government, Fishing Department is liable to deduct tax under section 51 @ 2% on taxable value of supply.

4. As per section 18(1)(c), where any registered person ceases to pay tax under composition scheme, he shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods on the day immediately preceding the date from which he becomes liable to pay tax under section 9.

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However, the credit on capital goods shall be reduced by 5% points for every quarter or part thereof [Rule 43].

2. Option (b) ₹ 4,24,200

Reason

Calculation of available ITC from April to February

Particulars	**Amount (₹)**
Credit available on input (Note)	20,000
Credit available on semi-finished goods (Note)	10,000
Credit available on machinery (Note) (₹ 10,00,000 × 18% *less* ₹ 10,00,000 × 18% × 5% × 2 quarters)	1,78,200
Credit available on purchase as mentioned in point 8 [₹ 12,00,000 × 18%]	2,16,000
Total ITC available	**4,24,200**

Note: As per section 18(1)(c), where any registered person ceases to pay tax under composition scheme, he shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods on the day immediately preceding the date from which he becomes liable to pay tax under section 9.

However, the credit on capital goods shall be reduced by 5% points for every quarter or part thereof [Rule 43].

3. Option (c) ₹ 19,000

Reason:
Calculation of refund

As per rule 89(4), the refund amount is as follows:

= (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) × Net ITC ÷ Adjusted Total Turnover

$$=₹\ 55,000 \times \frac{(1,500 \text{ meters} \times ₹\ 200)}{(2,500 \text{ meters} \times ₹\ 200)} = ₹\ 33,000$$

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Maximum refund available will be least of:

(a) The maximum refund amount as per the above formula specified in rule 89(4) [formula is applied on the consolidated amount of ITC, i.e. Central tax + State tax/Union Territory tax +Integrated tax]

(b) The balance in the electronic credit ledger of the applicant at the end of the tax period for which the refund claim is being filed after the return in Form GSTR-3B for the said period has been filed.

Particulars	**₹**
Tax on export sales	Nil
Tax on indigenous sales as mentioned in Point No. 9 [₹ 1,000 meters × ₹ 200 × 18%]	36,000
Less: Credit available on purchases	55,000
Balance in electronic credit ledger	**19,000**

(c) The balance in the electronic credit ledger of the applicant at the time of filing the refund application.

Thus, the amount of refund available is ₹ 19,000.

4. Option (d) nil

Reason:

Particulars	**₹**
Tax on goods sold to AMC [₹ 2,40,000 × 18%]	43,200
Tax on goods sold to the Fishing Department [₹ 1,00,000 × 18%]	18,000
Other sales as mentioned in Pont No. 8 [₹15,00,000 × 18%]	2,70,000
Total GST payable from July to February (A)	**3,31,200**

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Less:	
Credit available on input (Note 3)	20,000
Credit available on semi-finished goods (Note 3)	10,000
Credit available on machinery (Note 3) (₹ 10,00,000 × 18% *less* ₹ 10,00,000 × 18% × 5% × 2 quarters)	1,78,200
Credit available on purchase as mentioned in point 8 [₹ 12,00,000 × 12%]	2,16,000
Total ITC (B)	**4,24,200**
Net GST payable in cash = (A) – (B)	**Nil**

Note:

1. In respect of goods supplied to the Ahmedabad Municipal Corporation, AMC is not liable to deduct tax under section 51 since the value of taxable supply under the contract does not exceed ₹ 2,50,000.

2. In respect of goods supplied to the Fishing Department of Gujarat Government, the Fishing Department of Gujarat Government is not liable to deduct tax under section 51 since the value of taxable supply under the contract does not exceed ₹ 2,50,000.

3. As per section 18(1)(c), where any registered person ceases to pay tax under composition scheme, he shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods on the day immediately preceding the date from which he becomes liable to pay tax under section 9.

   However, the credit on capital goods shall be reduced by 5% points for every quarter or part thereof [Rule 43].

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CASE SCENARIO 39

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

- The wholesale price of the machinery (excluding all taxes and other expenses) at which it is supplied in the ordinary course of the business to various customers is ₹ 42,00,000.

  However, the actual price at which the machinery is supplied to an individual customer varies within a range of ± 10% depending upon the terms of contract of supply with the particular customer.

- Apart from the price of the machinery, Aviant Ltd. charges from the customer the following incidental expenses:

  - associated handling and loading charges of ₹ 10,000
  - installation and commissioning charges of ₹ 1,00,000

- The machinery can be dismantled and erected at another site, if required. The above charges are compulsorily levied in case of each supply of machinery.

- Transportation of machinery to the customer's premises is arranged by Aviant Ltd. through a third-party service provider [Goods Transport Agency (GTA)].

  The customer enters into a separate service contract with the GTA and pays the freight directly to it.

- A cash discount of 2% on the price of the machinery charged from customer is offered at the time of supply, if the customer agrees to make the payment within 15 days of the receipt of the machinery at his premises.

  In the event of failure to make the payment within the stipulated time, the company-

  - recovers the discount given at the time of receiving payment from the customer (no separate amount of GST is recovered); and

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- ♦ charges simple interest @ 1% per month or part of the month (no separate amount of GST is recovered) on the total amount due from the customer (towards the machinery supplied) from the date of making the supply till the date of payment. However, no interest is charged on the tax dues.

– For every machinery supplied, Aviant Ltd. receives a price linked subsidy of ₹ 2,00,000 from its holding company Diligent Ltd.

Aviant Ltd. has supplied a machinery to an unrelated party, Daffodil Pvt. Ltd. on 29th August at a price of ₹ 40,00,000 (excluding all taxes). Invoice was issued on 29th August by Aviant Ltd.

The corporate office of Daffodil Ltd., which is at New Delhi, has entered into contract with Aviant Ltd. for supply of machinery. However, the machinery has been installed at Daffodil Pvt. Ltd's registered manufacturing unit located in Gurugram (Haryana). Daffodil Pvt. Ltd. has paid the freight directly to the GTA.

Discount @ 2% on the price of machinery excluding taxes was given to Daffodil Pvt. Ltd. as it agreed to make the payment within 15 days. However, Daffodil Pvt. Ltd. paid the consideration on 30th September.

Note:

1. Assume the rates of taxes to be as under:

Bottle cap making machine		
CGST – 6%	SGST – 6%	IGST – 12%
Service of transportation of goods		
CGST – 2.5%	SGST – 2.5%	IGST – 5%
Other services involved in the above supply		
CGST – 9%	SGST – 9%	IGST – 18%

2. All the above transactions are exclusive of GST, wherever applicable.

3. The opening balance of input tax credit of DEPL for the relevant tax period is Nil. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

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Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:

MULTIPLE CHOICE QUESTIONS

1. The place of supply of the machinery supplied by Aviant Ltd. is _____ and the nature of supply is _____.

   (a) New Delhi, intra-State supply

   (b) Haryana, inter-State supply

   (c) New Delhi, inter-State supply

   (d) Uttar Pradesh, intra-State supply

2. The GST liability of Aviant Ltd. for the month of August is _____ (approx.).

   (a) ₹ 5,17,200

   (b) ₹ 5,07,600

   (c) ₹ 4,83,600

   (d) ₹ 4,95,600

3. Supply of machinery and supply of installation and commissioning services is _____ supply. Time of supply of interest received by Aviant Ltd. and cash discount recovered on account of delayed payment of consideration is _____.

   (a) composite, 30th September

   (b) composite, 29th August

   (c) mixed, 29th August

   (d) mixed, 30th September

4. The GST liability of Aviant Ltd. for the month of September is _____(approx.).

   (a) ₹ 17,379

   (b) ₹ 19,464

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(c) ₹ 8,571

(d) nil

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) Haryana, inter-State supply

Reason

In the given case-

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

Therefore, the given supply is an inter-State supply as the location of the supplier and the place of supply are in two different States. Thus, the supply will be leviable to IGST.

2. Option (b) ₹ 5,07,600

Reason

Computation of GST liability of Aviant Ltd. for August

Particulars	**(₹)**
Price of machine	40,00,000
Add: Handling and loading charges [All incidental expenses charged by the supplier to the recipient of a supply are includible in the value of supply in terms of section 15(2)(c).]	10,000
Add: Installation and commissioning charges [Any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods is includible in the value of supply in terms of section 15(2)(c).]	1,00,000
Add: Transportation cost	Nil

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[Transportation cost has not been included in the value of supply of the machinery as it is a separate service contract between the customer and the third-party service provider. The customer pays the freight directly to the service provider.]	
Add: Price linked subsidy from Diligent Ltd. [Subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments are includible in the value of supply in terms of section 15(2)(e).]	2,00,000
Total price of the machine	43,10,000
Less: 2% cash discount on price of machinery = ₹ 40,00,000 × 2% [Cash discount was deducted by Aviant Ltd. upfront at the time of supply on 1st August, and hence, the same is excluded from the value of supply as it did not form part of the transaction value.]	(80,000)
Taxable value of supply	42,30,000
GST liability for the month of August [Invoice for the supply has been issued on 29th August. Thus, the time of supply of goods is 29th August.]	
IGST @ 12%	**5,07,600**

3. **Option (a)** composite, 30th September

Reason

As per section 2(30), composite supply means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply. The given supply is a composite supply involving supply of goods (machinery) and services (handling and loading and installation and commissioning) where the principal supply is the supply of goods.

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As per section 12(6), the time of supply in case of addition in value by way of interest, late fee, penalty etc. for delayed payment of consideration for goods is the date on which the supplier receives such addition in value.

Thus, the time of supply of interest received and cash discount recovered on account of delayed payment of consideration is 30th September, the date when the full payment was made. The supplier may issue a debit note for such interest and cash discount recovered.

4. Option (a) ₹ 17,379

Reason

Computation of GST liability of Aviant Ltd. for September

Particulars	**(₹)**
Interest collected @ 2% on ₹ 41,10,000 [Interest for the delayed payment (which excludes subsidy related amount of Rs 2,00,000 as the same was not recoverable from the recipient) of any consideration for any supply is includible in the value of supply in terms of section 15(2)(d).]	82,200
Add: Cash discount recovered [Cash discount recovered will be includible in the value of supply as now the transaction value i.e., the price actually paid for the machinery is devoid of any discount.]	80,000
Value of interest and cash discount inclusive of tax	1,62,200
IGST = (₹ 1,62,200/112) x 12 - **[B]** [The cash discount recovered and interest respectively are inclusive of tax. Thus, tax payable thereon has to be computed by making back calculations in terms of rule 35.]	**17,379** (rounded off)

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CASE SCENARIO 40

Starkart Limited owns and operates a web portal in the name of "Starkart" and is registered with the jurisdictional GST authorities in Delhi as an electronic commerce operator and is liable to collect tax at source under section 52. Starkart provides listing service to various sellers for selling the goods to ultimate customers. Besides this, Starkart also sells its own products through the same web portal.

For the listing services provided to sellers, Starkart charges a listing fee at the rate of 10% of turnover of goods sold by the seller in a particular month. Such listing fee is recovered from the seller irrespective of any return of goods sold through Starkart. The customers can choose from wide range of goods listed on the web portal and place an online order for goods.

The payment is made by the customers through the payment gateway in online mode only. At the time of monthly settlement, Starkart makes the payment to the sellers after adjusting the tax collection at source at the applicable rates.

The invoice for goods sold on Starkart is issued by the seller in the name of customers and tax is charged on the basis of location of seller and customer. The goods are shipped directly by the seller to the customer and there is no responsibility of shipping the goods on Starkart for such third-party sellers.

In case of return of goods by the customer, the shipping is arranged by Starkart. It charges a fee equivalent to 20% of the value of goods returned as cancellation charges and refunds the balance amount to the customer.

Further, 10% of the value of goods returned is collected from the seller by Starkart as handling charges for return of goods.

In the month of January, Pulkit, a resident of Rajasthan, purchased following goods from Starkart:

a. Laptop having a value of ₹ 50,000 and a printer having a value of ₹ 10,000. Both the products are sold by Infocom Limited, a seller listed on Starkart and registered under GST in the State of Uttar Pradesh.

b. Mobile phone having a value of ₹ 30,000 sold by Starkart in its own capacity.

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c. CCTV camera system having a value of ₹ 1,00,000 sold by Secure World, listed on Starkart and registered under GST in the State of Gujarat.

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

The opening balance of input tax credit for the relevant tax period for Starkart, Infocom Limited and Secure World is nil. Further, there is no other inward or outward supply transaction for Starkart, Infocom Limited and Secure World in January apart from the aforementioned transactions. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies at the following rates unless otherwise specified:

CGST - 9%, SGST - 9%, IGST - 18%

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

MULTIPLE CHOICE QUESTIONS

1. The net tax liability (including amount collected as TCS) of Starkart Limited for the month of January is:

   (a) IGST - ₹ 9,880

   (b) IGST - ₹ 5,400

   (c) CGST - ₹ 3,500 and SGST - ₹ 3,500

   (d) IGST - ₹ 9,080

2. The net GST payable in cash (after set-off of credits, if any) of Infocom Limited and Secure World for the month of January is:

   (a) IGST - ₹ 10,800 and IGST - ₹ 18,000 respectively

   (b) IGST - ₹ 9,720 and IGST - ₹ 16,200 respectively

   (c) IGST - ₹ 9,420 and IGST - ₹ 15,700 respectively

   (d) IGST - ₹ 9,120 and IGST - ₹ 15,200 respectively

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3. Assuming that Pulkit returns the printer purchased from Infocom Limited in the month of January, as per the return policy, Starkart charges 20% of the value of the printer as cancellation charges from Pulkit and 10% of the value of the printer as handling charges from Infocom Limited.

   The net tax liability (including amount payable as tax collection at source and after set- off of credits, if any) of Starkart in such scenario for the month of January would be:

   (a) ₹ 6,900 payable as IGST.

   (b) ₹ 3,450 payable as CGST and ₹ 3,450 payable as SGST.

   (c) ₹ 9,570 payable as IGST.

   (d) ₹ 10,320 payable as IGST.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) IGST - ₹ 9,080

Reason

Computation of net tax liability (including amount collected as TCS) of Starkart Limited for January:

Particulars	**₹**
TCS to be collected from Infocom Limited on supply of Laptop and a printer to Pulkit [Starkart is an ECO since it owns and operates a web portal through which Infocom Limited supplies goods. Further, IGST is applicable on said inter-State transaction since supplier - Infocom Limited is located in the State of Uttar Pradesh and place of supply is Rajasthan [i.e. where movement of goods terminates in terms of section 10(1)(a) of the IGST Act, 2017]. Thus, Starkart will collect TCS @ 0.5% of [₹ 50,000 + ₹ 10,000]	300
GST to be paid by Starkart on supply of mobile phone made on its own account @ 18% (IGST) of ₹ 30,000. IGST is applicable on said inter-State transaction since supplier - Starkart is located in Delhi and place of supply is Rajasthan	5,400

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[i.e. where movement of goods terminates in terms of section 10(1)(a) of the IGST Act, 2017]. Since supply has been made by Starkart on its own account, no TCS needs to be collected.	
TCS to be collected from Secure World on supply of CCTV camera system to Pulkit [ECO - Starkart is liable to collect TCS on this transaction. Further, IGST is applicable on said inter-State transaction since supplier - Secure World is located in the State of Gujarat and place of supply is Rajasthan [i.e. where movement of goods terminates in terms of section 10(1)(a) of the IGST Act, 2017]. Thus, Starkart will collect TCS @ 0.5% of ₹ 1,00,000]	500
Listing services provided by Starkart to Infocom Limited and Secure Limited @ 10% of turnover for the month of January. Turnover of Infocom Limited and Secure Limited is ₹ 60,000 and ₹ 1,00,000 respectively. IGST @ 18% on (₹ 1,60,000 × 10%) is applicable on said inter-State transaction since supplier – Starkart is located in Delhi and place of supply is Uttar Pradesh and Gujarat respectively [i.e. location of recipient in terms of section 12(2) of the IGST Act, 2017]	2,880
Total GST liability (including TCS) of Starkart for January	**9,080**

2. **Option (c)** IGST - ₹ 9,420 and IGST - ₹ 15,700 respectively

Reason

Computation of net GST payable in cash by Infocom Limited for the month of January

Particulars	**(₹)**
Gross GST liability [18% of turnover for January (₹ 50,000 + ₹ 10,000)]	10,800
Less: ITC of GST payable on listing services received from [(10% of ₹ 60,000) ×18%]	(1,080)
Net GST payable from Electronic Cash Ledger	9,720
Less: TCS credited to Electronic Cash Credit Ledger	(300)
Net GST payable in cash	**9,420**

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Computation of net GST payable in cash by Secure World for the month of January

Gross GST liability [18% of turnover for January (₹ 1,00,000)]	18,000
Less: ITC of GST payable on listing services received from [(10% of ₹ 1,00,000) ×18%]	(1,800)
Net GST payable from Electronic Cash Ledger	16,200
Less: TCS credited to Electronic Cash Credit Ledger	(500)
Net GST payable in cash	**15,700**

3. Option (c) ₹ 9,570 payable as IGST.

Reason

Computation of net tax liability (including amount collected as TCS) of Starkart Limited for January:

Particulars	**₹**
TCS to be collected from Infocom Limited on supply of Laptop and a printer to Pulkit [Starkart is an ECO since it owns and operates a web portal through which Infocom Limited supplies goods. Further, IGST is applicable on said inter-State transaction since supplier - Infocom Limited is located in the State of Uttar Pradesh and place of supply is Rajasthan [i.e. where movement of goods terminates in terms of section 10(1)(a) of the IGST Act, 2017]. Thus, Starkart will collect TCS @ 0.5% on net taxable value [(₹ 50,000 + ₹ 10,000) - ₹ 10,000 (return of printer)]	250
GST to be paid by Starkart on supply of mobile phone made on its own account @ 18% (IGST) of ₹ 30,000. IGST is applicable on said inter-State transaction since supplier - Starkart is located in Delhi and place of supply is Rajasthan [i.e. where movement of goods terminates in terms of section 10(1)(a) of the IGST Act, 2017]. Since supply has been made by Starkart on its own account, no TCS needs to be collected.	5,400

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TCS to be collected from Secure World on supply of CCTV camera system to Pulkit [ECO - Starkart is liable to collect TCS on this transaction. Further, IGST is applicable on said inter-State transaction since supplier - Secure World is located in the State of Gujarat and place of supply is Rajasthan [i.e. where movement of goods terminates in terms of section 10(1)(a) of the IGST Act, 2017]. Thus, Starkart will collect TCS @ 0.5% of ₹ 1,00,000]	500
Listing services provided by Starkart to Infocom Limited and Secure Limited @ 10% of turnover for the month of January. Turnover of Infocom Limited and Secure Limited is ₹ 60,000 and ₹ 1,00,000 respectively. IGST @ 18% on (₹ 1,60,000 × 10%) is applicable on said inter-State transaction since supplier – Starkart is located in Delhi and place of supply is Uttar Pradesh and Gujarat respectively [i.e. location of recipient in terms of section 12(2) of the IGST Act, 2017]	2,880
IGST payable on cancellation charges collected from the customer Total value of goods returned by Pulkit is ₹ 10,000. 20% cancellation charges payable on the value of goods returned amount to ₹ 2,000. Since the same shall be construed as supply under GST for tolerating an act, GST @ 18% is applicable on the amount of ₹ 2,000 recovered from the customer.	360
IGST payable on handling charges collected from Infocom Limited Total amount recovered from Infocom Limited as handling charges for goods returned amounts to 10% of the value of goods returned i.e. ₹ 1,000 (10% of ₹ 10,000). The amount of ₹ 1,000 recovered as handling charges is in the nature of supply of service liable to GST @ 18%.	180
Total GST liability (including TCS) of Starkart for January	**9,570**

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CASE SCENARIO 41

Advance Traders is a partnership firm in Jaipur, Rajasthan. The firm has obtained GST registration at its Head Office (HO) in Jaipur and is a monthly return filer. Further, the firm is having its depot for storage of goods in other districts in Rajasthan. The depots are added as additional place of business in the GST registration obtained at HO. Following details are provided about the firm for the month of July:

a. Advance Traders received goods worth ₹ 5,00,000 for which GST is payable on reverse charge basis. The goods were received on 25th July. The supplier issued an invoice dated 24th July and payment for the same was debited in the bank account of Advance Traders on 30th July. Due to the absence of accountant, the transaction was recorded in the books of accounts on 1st August.

b. Mr. X, a partner in the firm, booked a Hotel in Udaipur, Rajasthan for the wedding of his daughter in the month of October. An advance of ₹ 5,00,000 for booking the hotel was paid by way of online payment from the current account of Advance Traders in July. The hotel charged GST on such booking at the rate of 28% (CGST @ 14% and SGST @ 14% or IGST @ 28%, as the case may be) on the amount received as advance and issued a receipt voucher.

c. Advance Traders made a supply of goods worth ₹ 25,00,000 during the month of July. Out of the aforesaid supply, goods worth ₹ 5,00,000 were not liable to GST. However, Advance Traders inadvertently charged GST on such goods and collected the same from the customers.

The opening balance of input tax credit for all registrations is nil for the relevant tax period. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. All the above transactions are exclusive of GST, wherever applicable.

GST is applicable on all inward and outward supplies @ 18%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

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MULTIPLE CHOICE QUESTIONS

1. Compute the net GST liability to be discharged from electronic cash ledger for the month of July by Advance Traders.

   (a) ₹ 5,76,000

   (b) ₹ 4,36,000

   (c) ₹ 3,96,000

   (d) ₹ 4,86,000

2. Amount of input tax credit available to Advance Traders against the hotel booking expense shall be _____. Would there be any change if the hotel is located outside Rajasthan?

   (a) nil. There will be no change even if hotel is located outside Rajasthan.

   (b) ₹ 70,000 as CGST and ₹ 70,000 as SGST. No credit would be available, had the hotel been located outside Rajasthan.

   (c) ₹ 70,000 as CGST and ₹ 70,000 as SGST. IGST of ₹ 1,40,000 would be available, had the hotel been located outside Rajasthan.

   (d) Nil. IGST of ₹ 1,40,000 would be available, had the hotel been located outside Rajasthan.

3. What is the time limit for issuance of show cause notice in respect of the GST inadvertently charged and collected on the goods in July assuming that Advance Traders does not deposit the same with the Government?

   (a) Within 2 years and 9 months from due date of filing annual return for the financial year

   (b) Within 4 years and 6 months from due date of filing annual return for the financial year

   (c) No time limit to issue the show cause notice

   (d) No show cause notice is required to be issued. The tax amount shall be refunded to the customers if the customer demands the same.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) ₹ 4,86,000

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Reason

Computation of the net GST liability to be discharged from electronic cash ledger for the month of July by Advance Traders:

Particulars	Value (₹)	GST @ 18% (₹)
GST payable under forward charge		
Supply of goods [Every person who has collected from any other person any amount as representing GST must pay the said amount to the Government (Section 76). Thus, Advance Traders will deposit the GST inadvertently charged and collected on supply worth ₹ 5,00,000 to the Government.]	25,00,000	4,50,000
GST payable under forward charge		**4,50,000**
Less: ITC of tax payable on goods received under reverse charge	5,00,000	(90,000)
Net GST payable		3,60,000
Add: GST payable on goods received under reverse charge		90,000
Net GST liability to be discharged from electronic cash ledger for the month of July by Advance Traders		**4,50,000**

2. **Option (a)** Nil. There will be no change even if the hotel is located outside Rajasthan

Reason

Section 16(1) provides that every registered person shall be entitled to take credit of input tax charged on any supply of goods or services or both to him provided such goods or services or both are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person. Accordingly, ITC will not be available to Advance Traders in respect of the hotel booking expense because Mr. X, the partner of the firm, booked the

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hotel for his personal purposes and such expense has not been incurred in course or furtherance of business of Advance Traders.

3. Option (c) No time limit to issue the show cause notice

Reason

Section 76 provides that notwithstanding anything to the contrary contained in any order or direction of any Appellate Authority or Appellate Tribunal or court or in any other provisions of this Act or the rules made thereunder or any other law for the time being in force, every person who has collected from any other person any amount as representing the tax under the CGST Act, and has not paid the said amount to the Government, shall forthwith pay the said amount to the Government, irrespective of whether the supplies in respect of which such amount was collected are taxable or not.

Where any amount is so required to be paid to the Government and which has not been so paid, the proper officer may serve on the person liable to pay such amount a notice requiring him to show cause as to why the said amount as specified in the notice, should not be paid by him to the Government and why a penalty equivalent to the amount specified in the notice should not be imposed on him under the provisions of the CGST Act.

It is important to note that no time limit has been prescribed under the GST law for issuing notice.

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CASE SCENARIO 42

William & Sons (WS) is a partnership firm, registered under GST, engaged in manufacturing activity in the State of Rajasthan under GST and files return on a monthly basis. In the month of July, following transactions were undertaken by WS:

(a) Intra-State sale of goods worth ₹ 10,00,000. Out of such sale, ₹ 5,00,000 worth of goods were liable to GST at 28% and balance were liable to GST at 18%.

(b) Intra-State purchase of goods worth ₹ 10,00,000 which is liable to GST at 28%.

(c) WS intended to transfer the business as going concern to Morgan & Sons (MS) on 31st July. As per the terms of transfer, WS will transfer all the business assets worth ₹ 50,00,000 and all the liabilities valued at ₹ 20,00,000.

(d) WS, on account of such transfer, paid gift worth ₹ 50,000 to its 3 employees as a reward towards their services to the firm.

During the month of September, MS received the notice from the GST Department for the outstanding liability of GST for ₹ 5,00,000 pertaining to the period before transfer of business by WS. Such liability was determined after the transfer of business. For this purpose, assume that all the assets and liabilities were transferred by WS to MS.

The balance of input tax credit at the beginning of the relevant period for WS is nil. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies @ 18% unless otherwise specified. (Ignore CGST, SGST and IGST bifurcation for the sake of simplicity.)

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

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

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MULTIPLE CHOICE QUESTIONS

1. The gross GST liability (without set off of input tax credit) of WS for the month of July is _____.

   (a) ₹ 2,32,000

   (b) ₹ 2,80,000

   (c) ₹ 25,000

   (d) ₹ 2,30,000

2. In case of transfer of business to MS, what is the amount of input tax credit which shall stand transferred to MS?

   (a) ₹ 25,000

   (b) ₹ 50,000

   (c) Nil. In case of partnership firm input tax credit cannot be transferred on account of transfer of business.

   (d) Nil as the value of liabilities is more than the value of assets.

3. Who is liable to discharge the liability of ₹ 5,00,000 on account of notice received by MS in the month of September?

   (a) MS, as the business is transferred by WS in July and notice was received in September

   (b) WS, as the notice pertains to liability before transfer of business

   (c) Liability on MS only up to the amount of input tax credit transferred by WS

   (d) MS and WS shall be jointly and severally liable

4. As WS transfers the business as a going concern, let us suppose that it transfers all the assets and liabilities of such business for a lumpsum amount to MS, the transaction shall be:

   (a) treated as taxable supply liable to GST under forward charge as WS is a registered person under GST.

   (b) liable to GST in the hands of MS under reverse charge basis.

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(c) exempted from GST.

(d) liable to GST only for assets on which input tax credit is availed.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) ₹ 2,30,000

Reason

Particulars	**GST (₹)**
Supplies taxable @ 28% [₹ 5,00,000 × 28%]	1,40,000
Supplies taxable @ 18% [₹ 5,00,000 × 18%]	90,000
Gift worth ₹ 50,000 given to 3 employees [As per Schedule I of the CGST Act, 2017, gift to employees upto ₹ 50,000 shall not be considered as supply.]	Nil
Gross GST liability (without set off of input tax credit) of WS for the month of July	**2,30,000**

2. Option (b) ₹ 50,000

Reason

As per provisions of section 18(3) read with rule 41, where there is a change in the constitution of a registered person on account of transfer of the business with the specific provisions for transfer of liabilities, the said registered person shall be allowed to transfer the ITC which remains unutilised in his electronic credit ledger to such transferred business. Form GST ITC-02 is also required to be filed for transferring the balance of input tax credit.

Thus, in case of transfer of business, all the liabilities of the transferor MUST be transferred to the transferee. In the present case, liabilities worth ₹ 10,00,000 have also been transferred by the transferor i.e. WS.

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Hence, the balance of ITC of ₹ 50,000 [Output tax ₹ 2,30,000 (1,40,000+90,000) *Less* Input tax (₹ 2,80,000)] shall be transferred to MS on account of transfer of business.

3. **Option (d)** MS and WS jointly and severally liable.

Reason

As per section 85, where a taxable person (WS), liable to pay tax, transfers his business, the taxable person and the person to whom the business is so transferred (MS) shall, jointly and severally, be liable wholly or to the extent of such transfer, to pay the tax, interest or any penalty due from the taxable person up to the time of such transfer, whether such tax, interest or penalty has been determined before such transfer, but has remained unpaid or is determined thereafter.

4. **Option (c)** exempted from GST.

Reason

Services by way of transfer of a going concern, as a whole or an independent part thereof are exempt from GST. In the present case also, the business is being transferred as going concern and hence, the same shall be exempt from GST.

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CASE SCENARIO 43

KLM Ltd. is a large publishing and printing house registered under GST under a single GSTIN in Maharashtra. It is engaged in supply of books, letter cards, envelopes, guides and reference materials.

KLM Ltd. has front offices in Mumbai & Nagpur (Mumbai office being declared as principal place of business and Nagpur office and workshop located at Nagpur as additional place of business in Maharashtra) for receiving the orders; orders are supplied to front office or supplied to recipient directly, from the workshop located at Nagpur, depending on order. To save the time, workshop has in-house mess for the employees working in the workshop, where lunch is provided free of cost as per the employer-employee agreement.

During April, KLM Ltd. received a proposal for printing of 5,000 copies of taxation book from a renowned author where only content was to be supplied by the author. KLM Ltd. agreed to supply the books. As per the requirement of the author, 2500 copies were supplied from workshop to Nagpur front office and 2500 copies to Mumbai front office from where the author collected books.

Satisfied with the quality of books, the author placed another order of 10,000 pieces of letterhead during May, the design and logo was supplied by the author for printing. Due to these orders, KLM Ltd. earned a handsome amount of profit and decided to gift employees for their performance. Accordingly, KLM Ltd. gifted mobile phone worth ₹ 36,500 each to all its 45 employees.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. Supply of taxation books by KLM Ltd. is:

   (a) composite supply, principal supply being "supply of service".

   (b) composite supply, principal supply being "supply of goods".

   (c) mixed supply.

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(d) supply of goods or service or mixed supply, at the choice of the KLM Ltd. and it may pay the tax accordingly.

2. Supply of letterheads by KLM Ltd. will be treated as:

(a) composite supply, principal supply being "supply of service".

(b) composite supply, principal supply being "supply of goods".

(c) mixed supply.

(d) supply of goods or service or mixed supply, at the choice of the KLM Ltd. and it may pay the tax accordingly.

3. Distribution of mobile phones to employees free of cost by KLM Ltd. will:

(a) be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the aggregate value of mobile phones is more than ₹ 50,000.

(b) not to be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because value of the mobile phone is less than ₹ 50,000 per employee.

(c) be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the value of mobile phone is more than ₹ 25,000 per employee.

(d) be treated as deemed supply as per para 2 of Schedule I of the CGST Act, 2017 because the value of mobile phone is more than ₹ 35,000 per employee.

4. In relation to taxability of supplies of copies from workshop to front office:

(a) transfer from workshop to Nagpur front office will be treated as inter-branch transfer, but is not liable to GST; however, transfer from workshop to the Mumbai front office will be treated as inter-branch transfer between distinct persons and is liable to GST.

(b) transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as inter-branch transfer between distinct persons and are liable to GST.

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(c) transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as inter-branch transfer, but are not liable to GST.

(d) transfer from workshop to the Mumbai front office will be treated as inter-branch transfer, but is not liable to GST, however, transfer from workshop to the Nagpur front office will be treated as inter-branch transfer between distinct persons and is liable to GST.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** composite supply, principal supply being "supply of service".

Reason

As per *Circular No. 11/11/2017 GST dated 20.10.2017,* supply of books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc. printed with logo, design, name, address or other contents supplied by the recipient of such printed goods are composite supplies. Further, in the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore such supplies would constitute supply of service.

2. **Option (b)** composite supply, principal supply being "supply of goods".

Reason

As per *Circular No. 11/11/2017 GST dated 20.10.2017,* supply of books, pamphlets, brochures, envelopes, annual reports, leaflets, cartons, boxes etc. printed with logo, design, name, address or other contents supplied by the recipient of such printed goods are composite supplies. Further, in case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc. by the printer using its physical inputs including paper to print the design, logo etc. supplied by the recipient of goods, predominant supply is supply of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal

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supply of goods and therefore such supplies would constitute supply of goods.

3. **Option (b)** not to be treated as deemed supply as per para 2 of Schedule I because value of the mobile phone is less than ₹ 50,000 per employee.

Reason

Distribution of mobile phones free of cost to employees by KLM Ltd. will not to be treated as deemed supply as per proviso to para 2 of Schedule I of the CGST Act, 2017 because value of the mobile phone is less than ₹ 50,000 per employee. Proviso to para 2 of Schedule I of the CGST Act, 2017 provides that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

4. **Option (c)** transfer from the workshop to Nagpur front office and Mumbai Front office will be treated as inter-branch transfer, but are not liable to GST.

Reason

KLM Ltd. has a single GSTIN in Maharashtra with Mumbai office being declared as principal place of business and Nagpur office and workshop located at Nagpur as additional place of business in Maharashtra. Thus, any transfer of goods from the workshop located at Nagpur to Nagpur front office and Mumbai Front office will be treated as inter-branch transfer, but do not qualify as supply in terms of section 7(1)(c) read with para 2 of Schedule I of the CGST Act, 2017 and are not liable to GST.

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CASE SCENARIO 44

Diwakar (P) Ltd., registered under GST in Delhi, is engaged in trading of cement as well as providing services by way of renting of commercial properties. On 2nd January, it received a contract for supply of 1,000 kg cement from Pakija (P) Ltd., registered under GST in Punjab. Pakija (P) Ltd. directed Diwakar (P) Ltd. to send the consignment to Gajab & Sons, registered under GST in Gujarat.

Diwakar (P) Ltd. prepared the consignment on 4th January and dispatched the same on the next day from its warehouse in Gurugram, Haryana. The invoice was also issued on 5th January. On 7th January, it received the cheque and accountant entered the payment in books of accounts. However, he presented the cheque in bank on 14th January which was credited in the bank account of the company on 15th January. In the meanwhile, on 10th January, the rate of tax on cement was reduced from 28% to 18%.

On the inspection of said goods, it was found that there is some deficiency in the quality of goods and therefore, the defective goods were returned to Diwakar (P) Ltd. Diwakar (P) Ltd. issued credit note for the same on 20th January.

Diwakar (P) Ltd. let out its property located in Delhi for a year in lieu of monthly rental income and received rent for the month of January from Pakija (P) Ltd. on 10th February. Pakija (P) Ltd. will establish its sales outlet on the same. However, as per the contract entered, the rent for a month should have been received by 7th of the following month.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

MULTIPLE CHOICE QUESTIONS

1. What will be the time of supply and rate of tax to be charged in respect of supply of 1,000 kg of cement?

   (a) 5th January; 28%

   (b) 7th January; 28%

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(c) 14th January; 18%

(d) 15th January; 18%

2. What is the place of supply in respect of transaction between Diwakar (P) Ltd. and Pakija (P) Ltd., and Pakija (P) Ltd. and Gajab & Sons, respectively?

(a) Delhi, Punjab

(b) Punjab, Gujarat

(c) Haryana, Punjab

(d) Haryana, Gujarat

3. Diwakar (P) Ltd. has not issued any invoice in respect of the services provided by way of renting of commercial properties in the month of January. What is the last date for issuance of invoice?

(a) 10th February

(b) 7th February

(c) Either (a) or (b), whichever is earlier.

(d) Either (a) or (b), whichever is later.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) 5th January; 28%

Reason

Section 14(a)(ii) provides that, where there is a change in the rate of tax in respect of goods where the goods have been supplied before the change in rate of tax and the invoice has been issued prior to the change in rate of tax, but payment is received after the change in rate of tax, the time of supply shall be the date of issue of invoice. Accordingly, the time of supply and rate of tax to be charged in respect of supply of 1,000 kg of cement are 5th January and 28%.

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2. Option (b) Punjab, Gujarat

Reason

The supply between Diwakar (P) Ltd. (Delhi) and Pakija (P) Ltd. (Punjab) is a bill to ship to supply where the goods are delivered by the supplier [Diwakar (P) Ltd.] to a recipient [Gajab & Sons (Gujarat)] on the direction of a third person [Pakija (P) Ltd.].

In case of such supply, it is deemed that the said third person has received the goods and the place of supply of such goods is the principal place of business of such person [Section 10(1)(b)]. Thus, the place of supply between Diwakar (P) Ltd. (Delhi) and Pakija (P) Ltd. (Punjab) will be Jalandhar, Punjab.

This situation involves another supply between Pakija (P) Ltd. (Punjab) and Gajab & Sons (Gujarat). In this case, since the supply involves movement of goods, place of supply will be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient, i.e. Gujarat [Section 10(1)(a)].

3. Option (b) 7th February

Reason

As per section 31(5)(a), in case of continuous supply of services, where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment. Accordingly, the last date for issuance of invoice in respect of the services provided by Diwakar (P) Ltd. by way of renting of commercial properties in the month of January is 7th February.

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CASE SCENARIO 45

Jain Bhagwan (P) Ltd. deals in supply of air conditioners (ACs). It also undertakes installation of ACs at the premises of the client. The company has provided the following details for the month of February:

Date	Transaction
2nd February	Suppled and installed 10 ACs at the newly established office of M/s Ram Mohan & Associates, a CA firm, registered under GST in New Delhi under the cover of an invoice. The company charged ₹ 21,000 per AC from the CA firm. Payment for the same was received on 28th February.
15th February	Provided service of installation of 15 ACs at Mr. Varun's Mansion in Chandigarh. Mr. Varun is an individual and is unregistered. The company charged 2,000 per installation. The company forgot to issue the invoice for the service in the February month. However, payment was received in advance on 13th February.
20th February	Received advance of ₹ 2,00,000 from Sunshine Ltd. for service of installation of AC at its factory in Bawana, Delhi. AC is installed on 28th February and the invoice is also issued on the date of provision of service, i.e., on 28th February. The client is registered under GST in New Delhi.

Other relevant information:

1. Standard price charged:

   Air Conditioner: ₹ 20,000 per piece

   Service of installation of air conditioner: ₹ 2,000 per installation

   AC + Installation: ₹ 21,000 per piece

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2. Applicable rate of taxes:

Date of transaction	Applicable rate of GST on supply of air conditioner	Applicable rate of GST on supply of service of installation of air conditioner
Before 22nd February	18%	5%
On or after 22nd February	12%	12%

3. Jain Bhagwan (P) Ltd. is registered under GST in Delhi.

4. One order for supply of 100 ACs in Hongkong has been received by the company. The company is unable to determine the time and value for this supply.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. What rate of tax should the company charge on supply made to M/s Ram Mohan & Associates?

   (a) 18%

   (b) 5%

   (c) 18% on AC value and 5% on installation value

   (d) 12%

2. What is the time of supply of service provided to Mr. Varun?

   (a) 15th February

   (b) 16th February

   (c) 13th February

   (d) 14th February

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3. Sunshine Ltd. contended that GST should be charged @ 12% since supply is made after change in rate of tax. Advise whether the contention of Sunshine Ltd. is valid as per the GST law.

   (a) No. Since payment has been received before the change in rate of tax, old rate shall be applicable.

   (b) Yes. Since provision of service and issue of invoice is after the change in rate of tax, new rate shall be applicable.

   (c) No. Since time of supply shall be earlier of date of receipt of payment and date of issue of invoice, old rate shall be applicable.

   (d) Yes. Since provision of service is after change in rate of tax, new rate shall be applicable. Date of invoice is not relevant.

4. Since Jain Bhagwan (P) Ltd. is unable to determine the time and value of supply of air conditioners to be supplied in Hongkong, it decides to seek the advance ruling in the given case. Which of the following statements are true in this regard?

   (a) Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. After seeking advance ruling, if it is aggrieved with the finding of the Authority for Advance Ruling (AAR), it can also file an appeal with Appellate Authority for Advance Ruling (AAAR).

   (b) Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time of supply of air conditioners, but advance ruling cannot be sought for determining the value of supply of air conditioners. Order of AAR is final and cannot be appealed against.

   (c) Jain Bhagwan (P) Ltd. cannot seek advance ruling to determine the time and value of supply of air conditioners.

   (d) Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. Order of AAR is final and cannot be appealed against.

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ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** 18%

Reason

Supply of AC with installation services is a composite supply, in terms of section 2(30). Further, as per section 8(a), a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply. Here, supply of AC is principal supply and installation service is ancillary to principal supply. Thus, applicable rate of GST will be rate applicable on supply of air conditioner.

2. **Option (c)** 13th February

Reason

Section 14(a)(iii) provides that in case where there is a change in the rate of tax of services and the services have been supplied before the change in rate of tax and the payment has been received before the change in rate of tax, but the invoice for the same is issued after the change in rate of tax, the time of supply shall be the date of receipt of payment. Accordingly, the time of supply of service provided to Mr. Varun is 13th February.

3. **Option (b)** Yes. Since provision of service and issue of invoice is after the change in rate of tax, new rate shall be applicable.

Reason

Section 14(b)(iii) provides that in case where there is a change in the rate of tax of services and the services have been supplied after the change in rate of tax and the invoice has been issued after the change in rate of tax but the payment is received before the change in rate of tax, the time of supply shall be the date of issue of invoice. Accordingly, the time of supply shall be 28th February. Thus, new rate of GST shall be applicable.

4. **Option (a)** Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. After seeking advance ruling, if it is aggrieved with the finding of the Authority for Advance Ruling (AAR), it can also file an appeal with Appellate Authority for Advance Ruling (AAAR).

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Reason

Section 97(2)(c) provides that the advance ruling can be sought in respect of determination of time and value of supply of goods or services or both. Further, section 100 provides that the concerned officer, the jurisdictional officer or an applicant aggrieved by any advance ruling pronounced may appeal to the Appellate Authority.

Accordingly, Jain Bhagwan (P) Ltd. can seek advance ruling to determine the time and value of supply of air conditioners. After seeking advance ruling, if it is aggrieved with the finding of the Authority for Advance Ruling (AAR), it can also file an appeal with Appellate Authority for Advance Ruling (AAAR).

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CASE SCENARIO 46

Bright Public School, New Delhi, under the aegis of Bright Minds Society, has provided/received following services/supplies in the month of March:

1. Provided transportation services to its students, teachers and other staff for commuting to and from school. Such transportation services are provided to Bright Public School by Ambaji Transporters.

   An amount of ₹ 1,500 per month is charged from students whereas such services are provided free of cost to teachers and other staff, being part of their employment contract. Consolidated amount of ₹ 2 lakh per month is paid to Ambaji Transporters.

2. It conducted entrance examination for students of Class XI for upcoming academic year. It charged entrance fee of ₹ 1,000 from external students and nominal entrance fee of ₹ 200 was charged from internal students at school. A total of 2000 students gave entrance exam out of which 1000 were internal students.

3. Bright Public School also provides boarding and lodging facilities to its students belonging to other cities of India. A consolidated amount of ₹ 1,75,000 per annum is charged per student as a consideration for educational services as well as for services of boarding and lodging provided to them.

Note: The above amounts are exclusive of GST, wherever applicable. All the transactions are intra-State.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. Choose the most appropriate option in relation to service of transportation of students, teachers and other staff provided by Bright Public School:

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(a) Services provided for the amount of ₹ 1,500 charged per student is supply in terms of section 7 of the CGST Act, 2017 and GST is payable on the said amount.

(b) The transportation services provided by Bright Public School to students, teachers and other staff are exempt from GST.

(c) The transportation services provided to students is specifically exempted from GST under section 11 of the CGST Act, 2017 whereas transportation services provided to teachers and other staff is not a supply as it is provided in course of employment.

(d) Transportation services provided to teachers and staff are exempt from GST. However, since ₹ 1,500 is being charged from students for their transportation, it is not an exempt supply and GST is payable on the same.

2. Choose the most appropriate option in relation to entrance fee charged by Bright Public School from the students:

(a) No GST is leviable on entrance fee charged from internal students. However, GST is payable by school on entrance fee charged from outside students as it is a service in relation to entrance examination provided to outsiders who are not the students of the school and therefore, supply is not eligible for exemption.

(b) GST is payable on whole of the consideration received from students (internal and external both) as only services provided to educational institution relating to admission or conduct of examination are exempt and not the services provided by educational institution for conduct of entrance examination.

(c) No GST is payable on consideration of ₹ 12,00,000 received from students in the form of entrance exam fee as such amount is exempt from GST. However, it still qualifies to be a supply as per the CGST Act, 2017 and needs to be reported in the return for the month of May as exempt supply.

(d) Since entrance exam fee is received for admission to the upcoming academic session, the amount of consideration needs to be

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amortized over the year and value of such supply would be reported in the respective month as nil rated supply.

3. Choose the most appropriate option in relation to boarding and lodging facilities provided by Bright Public School in addition to educational services and consideration charged thereto:

   (a) It is a composite supply where the principal supply is educational services. Since the principal supply is exempt, the entire consideration of ₹ 1,75,000 is also exempt from tax.

   (b) It is a composite supply where the principal supply is that of boarding and lodging services; educational services are incidental to boarding and lodging services. Therefore, the tax is payable at the rate applicable to principal supply, i.e., boarding and lodging services.

   (c) It is a mixed supply where educational services and boarding and lodging services are independent of each other. Therefore, the tax is payable at the highest rate of tax applicable among these supplies.

   (d) It is a mixed supply where educational services and boarding and lodging services are independent of each other. Therefore, the tax is payable at the lowest rate of tax applicable among these supplies.

4. Choose the most appropriate option in relation to supply of service by Ambaji Transporters to Bright Public School:

   (a) GST is payable by the school on the services provided by Ambaji Transporters as they are covered under section 9(3) of the CGST Act, 2017 which includes services by a transporter.

   (b) GST is not payable on the services provided by Ambaji Transporters as services provided by it do not qualify as supply under the CGST Act, 2017.

   (c) GST is payable on the services provided by Ambaji Transporters as Ambaji Transporters is not an educational institution and said services are exempt only when provided by an educational institution.

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(d) GST is not payable at all on the services provided by Ambaji Transporters as services provided to an educational institution by way of transportation of students, faculty and staff are exempt from GST.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** The transportation services provided to students, teachers, other staff is exempt from GST.

Reason

Entry 66(a) of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017* provides that services provided by an educational institution to its students, faculty and staff are exempt from GST.

2. **Option (c)** No GST is payable on consideration of ₹ 12,00,000 received from students in the form of entrance exam fee as such amount is exempt from GST. However, it still qualifies to be a supply as per the CGST Act, 2017 and needs to be reported in the return for the month of May as exempt supply.

Reason

Entry 66(aa) of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017* provides that services provided by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee are exempt from GST. Further, details of outward supplies are required to be furnished in Form GSTR-3B.

3. **Option (a)** It is a composite supply where the principal supply is educational services. Since the principal supply is exempt, the entire consideration of ₹ 1,75,000 is also exempt from tax.

Reason

Entry 66(a) of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017* provides that services provided by an educational institution to its students, faculty and staff are exempt from GST.

Boarding schools provide service of education coupled with other services like providing dwelling units for residence and food. This is a case of composite supply if the charges for education and lodging and boarding

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are inseparable. Their taxability will be determined in terms of the principles laid down in section 2(30) read with section 8(a).

Such services in the case of boarding schools are naturally bundled and supplied in the ordinary course of business. Therefore, the bundle of services will be treated as consisting entirely of the principal supply, which means the service which forms the predominant element of such a bundle.

In this case since the predominant nature is determined by the service of education, the other service of providing residential dwelling will not be considered for the purpose of determining the tax liability and in this case, the entire consideration for the supply will be exempt.

4. **Option (d)** GST is not payable at all on the services provided by Ambaji Transporters as services provided to an educational institution by way of transportation of students, faculty and staff are exempt from GST.

Reason

Entry 66(b)(i) of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017* provides that services provided to an educational institution, by way of transportation of students, faculty and staff are exempt from GST.

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CASE SCENARIO 47

Zoom Air is an airline company operating domestic as well as international flights. The head office of Zoom Air is in Mumbai and the company has also obtained registration under GST in each of the States from where the flight operations are being conducted.

During the month of January, following transactions were undertaken by it:

(i) Zoom Air sold air tickets worth ₹ 5,00,000 during the month from its head office and the breakup of air fare is as follows:

Basic fare excluding GST – ₹ 4,00,000

Passenger Service Fee (PSF) and User Development Fee[12] (UDF) [inclusive of GST] – ₹ 1,00,000

PSF and UDF are remitted by Zoom Air to the airport authority. Further, the amount of PSF and UDF is separately disclosed in the invoice issued to customers by Zoom Air along with applicable GST. The airport authority pays an amount of 5% of PSF and UDF (inclusive of GST amount) collected as collection charges to Zoom Air on which GST is applicable. There is no levy of PSF and UDF on the tickets booked by Zoom Air for its own crew or other employees.

(ii) Zoom Air (Head Office) has collaborated with Supertrip India, an online travel portal, providing services to the customers by way of booking air tickets through its electronic commerce platform and registered under GST in the State of Maharashtra. During the month, Supertrip India booked tickets for ₹ 2,00,000 (base fare excluding GST, PSF and UDF) for the customers of Zoom Air. The amount was remitted by Supertrip India to Zoom Air after adjusting the amount of tax collected at source under section 52. In addition to the aforesaid amount, Supertrip India charged commission from Zoom Air at the rate of 5% of the base fare of air tickets booked.

(iii) Zoom Air (Head Office) charged 100% cancellation fee from the customers for bookings made in prior months. The amount of

[12] Both PSF and UDF are statutory fees which are required to be collected by the airlines as per Government directions and authorization given to airlines.

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cancellation fee charged was ₹ 1,00,000 inclusive of GST. Instead of actually collecting the cancellation fee from the customers, such amount was adjusted against the booking amount and GST discharged at the time of initial bookings. However, the PSF and UDF amounting to ₹ 10,000 (inclusive of GST) charged from the customers against such bookings were refunded.

(iv) Zoom Air (Head Office) provided gifts in the form of air tickets to 10 of its employees based at its head office for an amount equivalent to ₹ 60,000 each. No amount was recovered from the employees for such air tickets.

(v) Zoom Air has a corporate tie-up with Welcome Hotel, located in Rajasthan, for stay of its crew members. For January, the hotel issued an invoice of ₹ 5,00,000 in the name of Zoom Air, Head office, Mumbai.

Haryana office of Zoom Air has provided services by way of sale of online advertisement space to Amazing Pvt. Ltd. (a company registered in the State of Haryana) for promotion of Amazing Pvt. Ltd.'s products. The amount charged for such service by Haryana office of Zoom Air is ₹ 5,00,000.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of Electronic Credit Ledger of Zoom Air and Supertrip India for the relevant tax period is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the month of January.

GST is applicable on all inward and outward supplies unless otherwise specified @ 18%. (Ignore CGST, SGST and IGST bifurcation for the sake of simplicity.)

In case of cancellation of tickets, the airport authority and Zoom Air had an agreement that PSF and UDF related adjustment shall be finalized at the end of financial year, i.e., during the month of March. Further, separate GST invoice shall be issued to carry out such adjustment in books of accounts.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. The gross GST liability of Mumbai Head Office of Zoom Air for the month of January is:

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(a) ₹ 1,08,000

(b) ₹ 72,000

(c) ₹ 1,80,000

(d) ₹ 2,16,900

2. Determine all kinds of credits available to Mumbai Head Office of Zoom Air for setting off against its GST liability for the month of January is:

(a) ₹ 2,800

(b) ₹ 93,800

(c) ₹ 3,800

(d) ₹ 96,800

3. Assuming that the customers, in point (i) of the case scenario above, are registered customers and all other conditions for availment of input tax credit are complied with, the amount of input tax credit available to such customers would be:

(a) ₹ 90,000

(b) ₹ 72,000

(c) ₹ 87,254

(d) ₹ 76,272

4. Choose the most appropriate answer in relation to the transaction between Haryana office of Zoom Air and Amazing Pvt. Ltd.:

(a) The service is in the nature of online information and database access or retrieval services and Amazing Pvt. Ltd. is liable to pay IGST of ₹ 90,000.

(b) The sale of advertisement space is deemed sale of services as per Schedule II of CGST Act, 2017 and liable to CGST of ₹ 45,000 and SGST of ₹ 45,000.

(c) Zoom Air is required to pay IGST of ₹ 90,000 and Amazing Pvt. Ltd. is required to collect tax at source on consideration paid to Zoom Air.

(d) Zoom Air is required to pay CGST of ₹ 45,000 and SGST of ₹ 45,000 and full credit shall be allowed to Amazing Pvt. Ltd.

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5. Supertrip India purchases 1,000 air tickets in bulk for an amount of ₹ 1,000 per ticket from Zoom Air and made these tickets available for sale at its electronic portal to the customers on its own account. Supertrip India was able to sell only 800 air tickets for which the total amount collected from customers was ₹ 15,00,000. As per the agreement, the remaining 200 air tickets purchased by Supertrip India from Zoom Air lapsed, and amount was forfeited by Zoom Air.

Choose the most appropriate statement.

(a) Supertrip India shall be liable to pay net GST of ₹ 90,000 and collect TCS of ₹ 10,000.

(b) Supertrip India is acting as an agent of Zoom Air and shall be liable to pay net GST of ₹ 1,26,000 and no GST will be payable by Zoom Air separately.

(c) Supertrip India shall be liable to pay net GST of ₹ 90,000 and Zoom Air shall be liable to pay GST of ₹ 1,80,000.

(d) Supertrip India shall be liable to pay net GST of ₹ 1,57,500 and Zoom Air shall be liable to pay GST of ₹ 1,80,000.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) ₹ 2,16,900

Reason

Particulars	Value (₹)	GST @ 18% (₹)
Air tickets sold in January		
Basic fare	4,00,000	72,000
PSF and UDF	Nil	Nil
[PSF and UDF being charges levied by airport operator for services provided to passengers, are collected by the airlines - Zoom Air - as a pure agent and is not a consideration for any service provided by	5,000	900

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Zoom Air. Thus, Zoom Air is not liable to pay GST on the same, in terms of rule 33[13]] Collection charges in relation to PSF and UDF [Collection charges paid by airport authority to Zoom Air are a consideration for the services provided by Zoom Air to the airport authority and Zoom Air shall be liable to pay GST on the same under forward charge[14].]	(₹ 1,00,000 × 5%)	
Basic fare of air tickets sold through Supertrip India	2,00,000	36,000
Air tickets gifted to employees [As per Schedule I of the CGST Act, 2017, gifts provided to employees exceeding the amount of ₹ 50,000 are deemed to be supply. GST is applicable on such gifts on the value determined in terms of rule 28.]	6,00,000 [₹ 60,000 × 10]	1,08,000
100% cancellation fee charged from customers [No additional GST liability is there as no amount is refunded to the customer except statutory levies like PSF and UDF. GST previously charged at the time of booking is adjusted by Zoom Air against the tax payable on cancellation charges. For PSF and UDF, since the airline is acting as pure agent no tax is applicable at the time of refund of such taxes to the customers.]	Nil	Nil
Gross GST liability of Mumbai Head Office of Zoom Air for the month of January		**2,16,900**

[13] *Circular No. 115/34/2019 GST dated 11.10.2019*
[14] *Circular No. 115/34/2019 GST dated 11.10.2019*

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2. Option (a) ₹ 2,800

Reason

Computation of credits available to Mumbai Head Office of Zoom Air for setting off against its GST liability for the month of January:

Particulars	**GST @ 18% (₹)**
TCS collected @ 0.5% on amount received from Supertrip India [₹ 2,00,000 × 0.5%]	1,000
Commission received from Supertrip India - ₹ 10,000 [5% of ₹ 2,00,000] [ITC is available.]	1,800
Hotel accommodation services availed [It is intra-State supply since place of supply in case of immovable property related services is location of the Hotel, viz. Rajasthan. ITC of the same will not be available since the recipient of said intra-State supply is located in a different State than that of place of supply[15].]	Nil
Credits available to Mumbai Head Office for the month of January	**2,800**

3. Option (c) ₹ 87,254

Reason

Assuming that the customers, in point (i) of the case scenario above, are registered customers and all other conditions for availment of input tax credit are complied with, the amount of input tax credit available to such customers would be as follows:

Particulars	**GST (₹)**
PSF and UDF [₹1,00,000× 18/118]	15,254

[15] *Circular No. 170/02/2022 GST dated 06.07.2022*

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[Since Zoom Air has recovered the statutory duties of PSF and UDF as a pure agent of the Airport Authority, it cannot avail ITC of said dues collected as pure agent. However, the registered passengers, who are the ultimate recipient of the airport services, are eligible to take ITC of GST paid on PSF and UDF on the basis of pure agent's invoice issued by Zoom Air to them.]	
Basic fare [ITC is available to registered customers of GST paid on basic fare of the air tickets.]	72,000
ITC available to registered customers	**87,254**

4. **Option (d)** Zoom Air is required to pay CGST of ₹ 45,000 and SGST of ₹ 45,000 and full credit shall be allowed to Amazing Pvt. Ltd.

Reason

Sale of online advertisement space is covered under the definition of online information and database access or retrieval services in terms of section 2(17) of the IGST Act, 2017. However, since both supplier and recipient of OIDAR services are registered in the State of Haryana, Zoom Air shall be liable to pay GST under forward charge.

CGST and SGST @ 9% each will be charged on said supply as it is an intra-State supply since the place of supply is Haryana being location of registered recipient, in terms of section 12(2) of the IGST Act, 2017. Further, input tax credit of the same shall be available to Amazing Ltd. as the same is used in course and furtherance of business.

5. **Option (c)** Supertrip India shall be liable to pay net GST of ₹ 90,000 and Zoom Air shall be liable to pay GST of ₹ 1,80,000.

Reason

Supertrip India purchased air ticket in bulk from Zoom Air for an amount of ₹ 10,00,000 (1,000 tickets of ₹ 1,000 each). The output tax liability of Zoom Air shall be ₹ 1,80,000. The amount forfeited by Zoom Air shall also be treated as supply liable to GST against 200 air tickets which were not booked by the customers of Supertrip India. Since all other compliances

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were met by Supertrip India and the tickets were purchased and sold by Supertrip India in its own capacity, the input tax credit of ₹ 1,80,000 shall be available to Supertrip India.

The amount collected by Supertrip India for 800 tickets was ₹ 15,00,000. GST @ 18% payable on the same shall be ₹ 2,70,000. The net GST payable after adjusting input tax credit of ₹ 1,80,000 shall be ₹ 90,000.

No TCS is required to be collected by Supertrip India as the air tickets are sold by Supertrip India in its independent capacity.

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CASE SCENARIO 48

Infotel Ltd. (hereinafter referred to as Infotel) is a telecommunication company operating in India. The company has obtained registration in all the States in India and has its head office in Haryana. The invoice for telecommunication services in India is issued to the customer by head office located in Haryana for all the services.

During the month of January, following transactions were undertaken:

1. Receipts from post-paid mobile customers are ₹ 25,00,000 (₹ 5,00,000 is from customers located in Haryana and remaining amount is from customers located in rest of India).

   Apart from this, Infotel collected an amount of ₹ 20,00,000 as subscription income (identifiable separately on the post-paid bill) from the customers (this amount is not included in the collection at point No. 1). The same was collected for payment to Cloudzone Ltd. (hereinafter referred to as Cloudzone), an online content provider located in Maharashtra. Full amount was remitted to Cloudzone by Infotel on behalf of the post-paid customers. Cloudzone issues invoice to the customers in its own name. As per the agreement, Infotel is not involved in any sort of facilitation or arrangement of supply from Cloudzone to the customers. The customers on their own availed the facility to pay for the services provided by Cloudzone by way of payment through Infotel. Subscription income is charged from the cutomers on actual basis and no fee is charged by Infotel from the customers for such payment facility.

   Infotel receives an amount equivalent to 10% of the total amount collected from the customers as collection charges from Cloudzone.

2. Direct receipts from prepaid mobile customers are ₹ 50,00,000 (Entire payment is received from customers located outside Haryana)

3. Mobile telecommunication revenue received from Paykwik Ltd. (hereinafter referred to as Paykwik), a reseller/ selling agent of Infotel, is ₹ 30,00,000. The location of Paykwik is in Maharashtra. Commission paid to Paykwik is 10% of the revenue received.

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4. Infotel collected an amount of ₹ 5,00,000 from the customers located in Haryana against the direct to home (DTH) service provided in Haryana. This amount includes a one-time installation charges of ₹ 50,000.

5. Infotel purchased certain equipment for installation of its towers in the State of Rajasthan. The goods were delivered and installed by the supplier (based in Rajasthan) at Infotel's site in Rajasthan and invoice was issued to Infotel at Haryana Head Office. Total amount charged was ₹ 75,00,000.

6. Infotel collaborated with Amaze Inc., a company based in USA, for technological support in relation to provision of cloud storage services to its customers. The amount paid by Infotel to Amaze Inc. is ₹ 5,00,00,000 for technology support. Further, the cloud storage services were provided by Infotel to its unrelated premium customers on free of cost basis for the trial period. The open market value of such services is ₹ 75,00,000.

7. As per the agreement with Amaze Inc., in case of any failure in provision of cloud storage services to the customers by Infotel, Amaze Inc. shall provide the backup server access to Infotel's customers for data storage. The customer is not aware of the fact that data is being stored on Amaze Inc.'s server in case of failure at Infotel's end. Amaze Inc. charged an amount of ₹ 50,00,000 from Infotel for such instance in the month of January.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of input tax credit for the relevant tax period of Infotel is Nil for all the registrations.

GST is applicable in the aforesaid case scenario @ 18%, unless otherwise specified. Ignore CGST, SGST and IGST bifurcation for the sake of simplicity.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the month of January.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:

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MULTIPLE CHOICE QUESTIONS

1. The GST payable in cash for the month of January by the Head Office of Infotel in Haryana (assuming that no ITC is utilised by it) is _____.

   (a) ₹ 20,16,000

   (b) ₹ 1,22,76,000

   (c) ₹ 29,16,000

   (d) ₹ 1,19,16,000

2. The input tax credit available to Infotel in the month of January at its Head Office in Haryana is _____.

   (a) ₹ 99,54,000

   (b) ₹ 1,13,04,000

   (c) ₹ 54,000

   (d) ₹ 14,04,000

3. Select the correct statement for transaction between Infotel, Cloudzone and the subscribing customer, in terms of the GST Law:

   (a) Infotel is an agent of Cloudzone.

   (b) Infotel is a pure agent of Cloudzone.

   (c) Infotel is a pure agent of the subscribing customer.

   (d) Infotel is an intermediary of Cloudzone.

4. For the direct to home services, Infotel is exploring the possibility of providing equipment like dish antenna and cables (liable to GST at 28%) to the customers at an additional charge of ₹ 2,000. Currently, the company collects ₹ 1,000 from new customers as installation and one-month charges for services (liable to GST at 18%). In case the dish antenna and cables are also provided, the combined charge would be ₹ 3,000. Please select the most appropriate statement.

   (a) GST on amount of ₹ 2,000 shall be charged at the rate of 28% and balance amount of ₹ 1,000 to be charged at 18%.

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(b) GST on amount of ₹ 3,000 shall be charged at the rate of 28%.

(c) GST on amount of ₹ 3,000 shall be charged at the rate of 18%.

(d) No GST on ₹ 2,000 and GST at the rate of 18% on ₹ 1,000.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) ₹ 1,19,16,000

Reason

Computation of GST payable in cash for the month of January by the Head Office of Infotel in Haryana

Particulars	**Value (₹)**	**GST@ 18% (₹)**
GST payable under forward charge mechanism		
Collection from postpaid customers	25,00,000	4,50,000
Subscription income collected from customers for Cloudzone Ltd. [Amount collected is not liable to GST in the hands of Infotel Ltd. (in terms of rule 33) as it is acting as pure agent of Cloudzone India.]	20,00,000	Nil
Collection charges received from Cloudzone Ltd. [Taxable outward supplies.]	2,00,000 [₹ 20,00,000 × 10%]	36,000
Collection from prepaid customers	50,00,000	9,00,000
Mobile telecommunication revenue received through Paykwik	30,00,000	5,40,000
Collection for DTH services	5,00,000	90,000

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Cloud storage services provided to unrelated premium customers [Not a supply since cloud storage services are being provided to unrelated customers without consideration.]	Nil	Nil
Total GST on outward supply		**20,16,000**
GST payable under reverse charge mechanism		
GST payable on import of services under reverse charge for services received from Amaze Inc. [₹ 5,00,00,000 + ₹ 50,00,000]	5,50,00,000	99,00,000
GST payable in cash for the month of January by the Head Office of Infotel in Haryana (assuming that no ITC is utilised by it)		**1,19,16,000**

2. Option (a) ₹ 99,54,000

Reason

Computation of ITC available to Infotel in the month of January at its Head Office in Haryana

Particulars	**GST @ 18% (₹)**
Equipment purchased and installed for towers [It is an intra-State supply since supplier is located in Rajasthan and the place of supply is also Rajasthan since in case where the goods are assembled or installed at site place of supply is the place of such installation or assembly. However, ITC of the same will not be available since the recipient of said intra-State supply	Nil

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is located in a different State than that of place of supply[16]]	
Commission paid to Paykwik [₹ 30,00,000 × 10%]	54,000
Technological support in relation to cloud storage services and backup server access received from Amaze Inc. taxable on reverse charge basis [₹ 5,00,00,000 + ₹ 50,00,000]	99,00,000
ITC available to Infotel in the month of January at its Head Office in Haryana	**99,54,000**

3. **Option (c)** Infotel is a pure agent of the subscribing customer.

Reason

Infotel Ltd is acting as a pure agent of the subscribing customer as it fulfils the following conditions mentioned in rule 33:

(i) The subscription charges are paid by Infotel Ltd. to Cloudzone Ltd. on actual basis as received from the customers.

(ii) The services provided by Infotel Ltd. on its own account to the customers are charged separately by Infotel Ltd. from the customers in the invoice.

4. **Option (c)** GST on amount of ₹ 3,000 shall be charged at the rate of 18%.

Reason

Infotel Ltd. provides direct to home services to the customers. The supply of equipment like dish antenna and cable to the customer is a part of principal supply which is the direct to home service in the present case. Hence, the supply shall be treated as composite supply as per section 2(30). Further, here, the principal supply is direct to home service provided by Infotel Ltd. As per section 8(a), the tax shall be charged at the rate of GST applicable on principal supply i.e. 18% (viz. GST rate applicable on direct to home services).

[16] *Circular No. 170/02/2022 GST dated 06.07.2022*

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CASE SCENARIO 49

Dhairya Limited, India, a registered supplier under GST in the State of Kerala, is engaged in supplying goods and services. Dhairya Inc., San Francisco, USA, is a subsidiary of Dhairya Limited, India and is engaged in supply of information technology services to customers in USA. Dhairya Limited, India has undertaken following transactions during the month of April:

Particulars	Amount (₹)
Supplied large paper rolls to Ford Mount School, Bengaluru (Karnataka), for printing of question papers. As directed by the school, Dhairya Limited delivered the paper rolls at a printing press located in Trivandrum, Kerala.	15,00,000
Bond amount recovered from the outgoing Managing Director (residing in Kerala) of Dhairya Limited since he had left the employment before contracted period.	2,50,000
Supplied steel sheets in the territorial waters* to Dhruvank Builders. *Located at a distance of 12 nautical miles from the baseline of Kerala and 15 nautical miles from the baseline of Tamil Nadu.	6,00,000
Received an advance for future supplies of goods from a customer based in Kerala	2,10,000
Received an advance for future supplies of services from a customer based in Kerala	4,90,000
Computer (used for business purpose & on which no ITC has been taken yet) given free of cost to unrelated person based in Kerala [Purchased 2 years' back at a price of ₹ 1,12,100 (including GST). Open market value is ₹ 75,000.]	Nil

Dhairya Limited provided the following additional information for the month of April:

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(i) The company paid the sitting fee of ₹ 6,00,000 to an independent director, based at Cochin, Kerala, for attending meetings.

(ii) The company availed the services of an Arbitral Tribunal in Cochin, Kerala to settle a business dispute and paid ₹ 7,00,000.

Further, Dhoom Events Ltd., an event management company, located and registered at Karnataka, had organized a cultural event in the month of May for Dhairya Limited, in Dubai. Dhariya Limited paid a sum of ₹ 10,00,000 to Dhoom Events Ltd. for the same.

Notes –

(A) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services, wherever applicable.

(B) All the amounts given above are exclusive of taxes, wherever applicable.

(C) The opening balance of input tax credit for the relevant tax periods of Dhairya Limited, India is Nil.

(D) Assume that there is no other outward or inward transaction apart from aforesaid transactions, in the months of April and May.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. Which of the following activities/transactions undertaken by Dhairya Limited do not amount to supply?

   (i) Supply of steel sheets in territorial waters

   (ii) Computer being used for business purpose given free of cost to unrelated person

   (iii) Supply of paper rolls for printing of question papers to Ford Mount Senior Secondary School

   (iv) Recovery of bond amount from the outgoing Managing Director

   Choose the most appropriate option.

   (a) (ii) and (iv)

   (b) (ii), (iii) and (iv)

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(c) (i), (iii) and (iv)

(d) (i), (ii) and (iii)

2. Which of the inward supplies received by Dhairya Limited in the month of April are taxable under reverse charge?

(i) Services received from the independent director

(ii) Accommodation services received from Hillwoods Hotel, Mumbai

(iii) Services of the Arbitral Tribunal

(iv) New machinery purchased from the dealer based in Cochin

(v) Salary paid to employees on payroll

Choose the most appropriate option.

(a) (ii) and (v)

(b) (ii), (iii) and (iv)

(c) (i), (iii) and (v)

(d) (i) and (iii)

3. Compute the total GST payable on outward supplies before setting off of ITC for the month of April by Dhairya Limited.

(a) CGST - ₹ 1,03,050, SGST - ₹ 1,03,050 and IGST - ₹ 2,70,000

(b) CGST - ₹ 98,100, SGST - ₹ 98,100 and IGST - ₹ 2,70,000

(c) CGST - ₹ 1,35,000, SGST - ₹ 1,35,000

(d) CGST - ₹ 98,100, SGST - ₹ 98,100

4. Whether GST is applicable on the event organized by Dhoom Events Ltd., Karnataka for Dhairya Limited, India, in Dubai and what is the place of supply in such case?

(a) GST is applicable and the place of supply is Karnataka.

(b) GST is applicable and the place of supply is Kerala.

(c) GST is not applicable and the place of supply is Dubai.

(d) GST is applicable and the place of supply is Dubai.

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ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) (ii) and (iv)

Reason

Out of the activities/transactions undertaken by Dhairya Limited, the following activities/transactions do not amount to supply:

(i) Computer being used for business purpose given free of cost to unrelated person.

Since ITC has not been taken on the computer, permanent transfer of the same without any consideration to an unrelated customer shall not amount to deemed supply in terms of Schedule I to the CGST Act, 2017.

(ii) Recovery of bond amount from the outgoing Managing Director.

It is not a supply since bond amount recovered is not a consideration for tolerating the act of premature quitting of employment in terms of *Circular No. 178/10/2022 GST dated 03.08.2022*.

2. Option (d) (i) and (iii)

Reason

GST is payable under reverse charge on following services:

(i) Tax on services provided by the arbitral tribunal is payable under reverse charge by the recipient of service under section 9(3) vide *Notification No. 13/2017 CT (R) dated 28.06.2017*.

(ii) Tax on remuneration paid to director is payable under reverse charge by the recipient of the service under section 9(3) vide *Notification No. 13/2017 CT (R) dated 28.06.2017*.

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3. **Option (b)** CGST - ₹ 98,100, SGST - ₹ 98,100 and IGST - ₹ 2,70,000

Reason

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Supplied large paper rolls to Ford Mount School delivered at its premises in Bengaluru (Karnataka) for printing the question papers [Not exempt under Entry 66(a) of Notification No. 12/2017 CT (R) dated 28.06.2017. Further, since goods are delivered at Kerela printing press on the direction of Fort Mount School, Bengaluru (Bill to Ship to transaction), place of supply is Bengaluru, Karnataka and it is inter-State transaction.]			2,70,000 [15,00,000 x 18%]
Bond amount recovered from the erstwhile Managing Director [Not a supply since bond amount recovered is not a consideration for tolerating the act of the premature quitting of employment as per *Circular No. 178/10/2022-GST*.]	Nil	Nil	Nil
Supply of steel sheets in territorial waters [Where the supply is in the territorial waters, the place of supply is deemed to be in the coastal State where the	54,000 [6,00,000 x 9%]	54,000 [6,00,000 x 9%]	

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nearest point of the appropriate baseline is located. Therefore, place of supply will be in Kerala being nearer to base line and hence, supply will be intra-State supply]			
Receipt of advance from customer in Kerala [Tax will be payable only on advance for services. In case of goods, tax is payable at the time of issuance of invoice and not at the time of receipt of advance.]	44,100 [4,90,000 x 9%]	44,100 [4,90,000 x 9%]	
Computer given free of cost to unrelated customer [Since ITC has not been taken on the computer, permanent transfer of the same without any consideration to an unrelated customer shall not amount to deemed supply in terms of Schedule I to the CGST Act, 2017. Further, since no ITC has been taken, question of reversal of ITC attributable to the remaining useful life of the computer does not arise.]			
Total GST payable on outward supplies	**98,100**	**98,100**	**2,70,000**

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4. **Option (b)** GST is applicable and the place of supply is Kerala.

Reason

As per section 12(7) of the IGST Act, 2017, the place of supply services provided by way of organisation of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events shall be the location of the recipient if the recipient is a registered personand if such event is held outside India, the place of supply shall be the location of the recipient.

In the present case, since Dhairya Limited is a registered person and the event is organized outside India, i.e. in Dubai, the place of supply shall be the location of recipient i.e. Kerala. Since place of supply is in India, GST shall be applicable on such services.

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CASE SCENARIO 50

Shreyans Ltd. (hereinafter referred as "company") is a conglomerate having diversified businesses including hotels, FMCG (Fast-Moving Consumer Goods), information technology etc. It has its corporate office in Delhi and operations across multiple States in India. As an internal policy, the company has obtained single GST registration in each State irrespective of the diversified business operations being undertaken in the State. During the month of April, the company undertook the following transactions:

(a) The FMCG division of the company in Jaipur, Rajasthan agreed to use the vacant godown within the premises of Hotel Division in Udaipur, Rajasthan for storage of its goods. The value of such an arrangement was agreed at ₹ 5 lakh per month. Said amount was agreed to be adjusted by way of intra-division book adjustment on a monthly basis.

(b) The Hotel Division of the company in Maharashtra used the IT platform owned and managed by the IT Division of the company in Delhi. The value of such services was determined as ₹ 12 lakh per month. The IT division treated the same as deemed supply liable to GST as per Schedule I of the CGST Act, 2017 and charged GST on such deemed supply in the invoice issued to Hotel Division on 25th April. The Hotel Division availed the input tax credit of such deemed supplies from its Maharashtra Office in April itself. However, no payment was made for such services by the Hotel Division to the IT Division.

(c) The Hotel Division provided accommodation services to a US citizen and resident for a wedding ceremony organized at its hotel in Udaipur, Rajasthan. The total amount of ₹ 2 crores for such services was paid by an Indian individual residing in Delhi on behalf of the US resident in Indian currency. The amount was received by the Mumbai, Maharashtra Office of Hotel Division.

(d) The company received long term lease of an industrial plot from Maharashtra Industrial Development Corporation (MIDC) in auction against payment of an upfront amount as lease premium of ₹ 20 crores

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for a period of 50 years. The company paid location charges of ₹ 5 crores in addition to the said premium.

The rate of GST in case of intra-State supplies, unless otherwise provided shall be 9% CGST and 9% SGST) and for inter-State supplies shall be 18% IGST. All the divisions of the Company are eligible for 100% input tax credit unless otherwise specified.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

MULTIPLE CHOICE QUESTIONS

1. Which of the following statements is correct in respect of the services related to usage of vacant godown?

   (a) The Hotel Division shall charge CGST and SGST amounting to ₹ 45,000 each in the tax invoice issued to FMCG Division.

   (b) No GST is chargeable on usage of vacant godown of Hotel Division.

   (c) The Hotel Division shall charge IGST amounting to ₹ 90,000 in the tax invoice issued to FMCG Division.

   (d) The Hotel Division, Rajasthan shall charge IGST amounting to ₹ 90,000 in the tax invoice issued to Corporate Office in Delhi.

2. Assuming that the payment for utilization of IT platform has not been made by the Hotel Division to the IT Division till the end of October month of the current financial year, the Hotel Division:

   (a) should reverse the input tax credit so availed while filing Form GSTR-3B of the October month.

   (b) need not reverse the input tax credit so availed in Form GSTR-3B of the October month.

   (c) should have availed the input tax credit only after the end of the current financial year and not in April.

   (d) should not have availed the input tax credit in respect of said transaction as the same is deemed supply under Schedule I of the CGST Act, 2017.

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3. For the accommodation services provided to the US resident and citizen, the place of supply shall be:

   (a) Udaipur

   (b) Delhi

   (c) Mumbai

   (d) USA

4. In respect of the long-term lease of the industrial plot received from Maharashtra Industrial Development Corporation (MIDC),

   (a) upfront lease premium of ₹ 20 crores is exempt. However, the location charges of ₹ 5 crore are liable to GST.

   (b) GST is payable on the upfront lease premium of ₹ 20 crores. No GST is payable on the location charges.

   (c) GST is exempt on the entire premium of ₹ 25 crores including location charges.

   (d) GST is payable on the entire upfront premium of ₹ 25 crores including location charges.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** No GST is chargeable on usage of vacant godown of Hotel Division

Reason

The transaction is between two divisions of the company within the same State i.e. Rajasthan. As the company has single registration in Rajasthan, there is no underlying supply and consequently, no GST is not payable.

2. **Option (b)** need not reverse the input tax credit so availed in Form GSTR-3B of the October month.

Reason

The time limit of 180 days is not applicable in case of deemed supply under Schedule I of the CGST Act, 2017 [Second proviso to section 16(2) read with rule 37].

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3. **Option (a)** Udaipur

Reason

The place of supply for accommodation services shall be location of the hotel, viz. Udaipur, in terms of section 13(4) of the IGST Act, 2017 irrespective of the fact that the service recipient is located outside India.

4. **Option (c)** GST is exempt on the entire premium of ₹ 25 crores including location charges.

Reason

As per Entry 41 of *Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017*, upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease of thirty years, or more) of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or Undertakings or by any other entity having 20% or more ownership of Central Government, State Government, Union territory to the industrial units or the developers in any industrial or financial business area]

*Circular No. 177/09/2022 GST dated 03.08.*2022 has clarified that location charges or preferential location charges (PLC) paid upfront in addition to the lease premium for long term lease of land constitute part of upfront amount charged for long term lease of land and are eligible for the same tax treatment, and thus, are eligible for exemption under Entry 41.

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CASE SCENARIO 51

Vlook Smart Ltd. (hereinafter referred as "company") is a leading retail chain of India. It has retail stores in multiple States with its corporate office located in Mumbai, Maharashtra. The company has GST registrations across all States from where it operates its retail stores. The company undertook following transactions during the month of April:

(a) Supplied goods worth ₹ 100 crore through its retail store in Jaipur, Rajasthan and offered a cash discount of ₹ 2 crore to the customers in the State of Rajasthan during the month.

(b) Ghanshyam Das, a retailer in Gujarat, purchased goods worth ₹ 5 lakh in the month of January of the preceding financial year. Subsequently, the company offered an incentive (discount) on such purchases to Ghanshyam Das by issuing a commercial credit note of ₹ 50,000 in the month of April.

(c) The company received an amount of ₹ 2 crore in April as penalty for delayed receipt of consideration from its customers for sale of goods made in the month of January of the preceding financial year in the retail store of Jaipur, Rajasthan.

(d) The company incurred an expense of ₹ 50 lakh in transportation of empty cargo containers to its centralized warehouse in Mumbai from all the States through a Goods Transport Agency.

The rates of GST, unless otherwise specified, shall be 9% CGST, 9% SGST and 18% IGST. All the divisions of the company are eligible for 100% input tax credit unless otherwise specified.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. The value of supply on which GST is payable for the month of April for the Rajasthan State is:

   (a) ₹ 96 crore

   (b) ₹ 100 crore

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(c) ₹ 98 crore

(d) ₹ 102 crore

2. In relation to the incentive paid to Ghanshyam Das in Gujarat,

(a) the company shall reverse proportionate input tax credit.

(b) there is no GST implication on the company and Ghanshyam Das.

(c) Ghanshyam Das shall reverse the input tax credit availed on the purchase.

(d) the company shall reduce the tax liability and Ghanshyam Das shall increase the tax liability for the month of April.

3. The tax on penalty received on account of delayed payment of consideration of ₹ 2 crore is payable at the time of filing return of _____.

(a) April

(b) January

(c) Either April or January at the option of the company

(d) No tax is payable on the penalty received on account of delayed payment of consideration.

4. For the empty cargo containers transported to Mumbai warehouse,:

(a) e-way bill shall be issued by respective dispatch locations of the company.

(b) e-way bill shall be issued by the warehouse location in Mumbai.

(c) no e-way bill is required to be issued.

(d) e-way bill shall be issued by the Goods Transport Agency.

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ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) ₹ 100 crore

Reason

The total sale of goods in April was ₹ 100 crore. The amount of cash discount of ₹ 2 crore shall be deductible as per section 15 and accordingly, the same shall be reduced from the total sales value. Further, the penalty for delayed payment of ₹ 2 crore received in April shall also be includible in value of supply and taxable in the month of April. Thus, value of supply will be:

=₹ 100 crore - ₹ 2 crore (cash discount) + ₹ 2 crore (penalty for delayed payment)

=₹ 100 crore

2. Option (b) there is no GST implication on the company and Ghanshyam Das.

Reason

As per section 15(3):

the value of the supply shall not include any discount which is given—

(a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and

(b) after the supply has been effected, if—

(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and

(ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

Since Ghanshyam Das is offered the discount through a commercial credit note subsequent to the time of supply of goods sold in January, provisions of section 15(3) are not applicable. Resultantly, there is no GST implication on the company and Ghanshyam Das.

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3. Option (a) April

Reason

As per section 12(6), the time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value. Thus, the tax on penalty of ₹ 2 crore received on account of delayed payment of consideration is payable at the time of filing return of April. Thus, time of supply falls in the month of April.

4. Option (b) no e-way bill is required to be issued.

Reason

As per rule 138(14), no e-way bill is required to be generated in case where empty cargo containers are being transported.

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CASE SCENARIO 52

SR Associates is a partnership firm registered under GST in the State of Rajasthan. In the month of July, the following transactions were made by SR Associates:

(a) Purchase of commodity X on 1st July from a registered person for an amount of ₹ 5,00,000 at the rate of ₹ 1000 per tonne from the open market. The said commodity was deposited in the warehouse of NCDEX Ltd. (an agricultural commodity exchange) in Rajasthan as a security against transactions entered by SR Associates on the same day. Commodities of other vendors are also being kept in said warehouse.

(b) In order to hedge the aforesaid transaction, on 1st July, SR Associates undertook a derivative sale transaction in futures contract for the month of August at NCDEX at the rate of ₹ 1,100 per tonne.

(c) SR Associates took subscription for an AI (Artificial Intelligence) based platform from an unrelated party, ABC Inc (a company based in US) to get real time updates on the pricing of commodity X in the international market. ABC Inc charged ₹ 50,000 for such subscription. The invoice was issued to SR Associates on 1st July, but the payment was made to ABC Inc on 20th August.

(d) NCDEX (registered under GST) charges rent from SR Associates at the rate of ₹ 10,000 per month and service charges at the rate of ₹ 20,000 per month.

(e) On the date of expiry of future contract of the month of August, i.e. 31st August for commodity X, the rate of commodity X was ₹ 900 per tonne. SR Associates squared off the contract (without physical delivery) for the month of August at the same rate.

(f) NCDEX charged brokerage on the transactions (both purchase and sale of derivative contract separately) at the rate of ₹ 5,000 per contract from SR Associates in the month when such transaction was entered and when such transaction was squared off.

(g) On the purchase of commodity X, additional levy in form of Mandi Tax was applicable at the rate of ₹ 10 per tonne which is not included in the rate per tonne mentioned at point (a) above.

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All the amounts given above are exclusive of GST, wherever applicable, unless otherwise mentioned. The opening balance of input tax credit for the relevant tax period of SR Associates is Nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the months of July and August.

GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

I. Intra-State supply – 9% CGST and 9% SGST

II. Inter-State supply – 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. Compute the taxable value of inward supply of commodity X for SR Associates in the month of July.

   (a) ₹ 5,00,000

   (b) ₹ 5,50,000

   (c) ₹ 5,55,000

   (d) ₹ 5,05,000

2. Compute the value of outward supply made by SR Associates in the month of August.

   (a) Nil

   (b) ₹ 5,55,000

   (c) ₹ 5,60,000

   (d) ₹ 5,00,000

3. What is the time of supply for subscription of AI based platform by SR Associates?

   (a) July 1

   (b) August 31

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(c) August 20

(d) July 31

4. Compute the net GST payable in cash by SR Associates for the month of August.

(a) Nil

(b) ₹ 2,700

(c) ₹ 81,000

(d) ₹ 9,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) ₹ 5,05,000

Reason

Computation of the taxable value of inward supply of commodity X for SR Associates in the month of July:

As per section 15, the value of supply shall include any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than CGST Act, the SGST Act, the UTGST Act and the GST (Compensation to States) Act, if charged separately by the supplier.

Accordingly, the taxable value of inward supply of commodity X for SR Associates in the month of July would be:

Purchase price (500 tonne × ₹ 1,000/tonne)	= ₹ 5,00,000
Add: Mandi Tax (500 tonne × ₹ 10/tonne)	= ₹ 5,000
Taxable value of inward supply	= ₹ 5,05,000

2. Option (a) Nil

Reason

A derivative security contract is covered with the definition of "securities" as per section 2(101). As 'derivatives' fall in the definition of securities, they are neither goods nor services. Since futures contracts (settled without physical delivery) are in the nature of derivatives, they qualify as 'securities' and thus, are not subject to GST. Since in the given scenario,

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SR Associates squared off the derivative contract position in August (without physical delivery), it is not a supply. Thus, value of outward supply made by SR Associates in the month of August is Nil.

3. Option (c) August 20

Reason

Since, SR Associates is a registered entity, subscription of AI based platform from located outside India shall be treated as import of service and liable to GST under reverse charge under section 5(3) of the IGST Act, 2017 vide *Notification No. 10/2017 IT (R) dated 28.06.2017*.

As per section 13(3), the time of supply in case of services taxable under reverse charge shall be earlier of:

- Date of payment as entered in books (August 20)
- Date of debit in bank account (August 20)
- 61st day from the date of invoice issuance by supplier (August 31)

Thus, the time of supply is August 20.

4. Option (d) ₹ 9,000

Reason

Total GST payable on outward supply	= Nil
(Value of outward supply as computed in MCQ 2 is Nil)	
Add: GST to be paid under reverse charge on AI based platform subscription in cash	
(₹50,000 × 18%)	= ₹ 9,000
Net GST payable in cash for August	= ₹ 9,000

Note: ITC of rent charges, services charges and brokerage charged by NCDEX is available, but same cannot be utilized for payment of GST liability under reverse charge as the same has to be paid in cash only.

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CASE SCENARIOS 53

Disha Enterprise Pvt Ltd. is a financial service company having its offices in Kolkata, West Bengal and Mumbai, Maharashtra. The company is registered under GST in both the States. The company operates through two segments (a) banking services and (b) advisory & consulting services. The aggregate turnover of the company during the previous year was (i) ₹ 80 lakh in West Bengal & (ii) ₹ 60 lakh in Maharashtra.

The bouquet of services provided under each of the two segments are as follows:

Banking services	**Advisory & consulting services**
Recovery agent services	Company/LLP/Society formation
	Return filing
Direct Selling Agent (DSA) services (sale of banking products)	Detailed Project Report (DPR) preparation
	Business promotion/ product marketing/ exhibition etc.

The company has carried out following transactions during the month of September:

(Amount in ₹ excluding GST)

Particulars	**Kolkata office**	**Mumbai office**
Sale and purchase of foreign currency in course of business	Refer Note 3	Refer Note 3
Amount received from Devidas Private Limited. It has sponsored the business exhibition organized by Disha Enterprise Pvt Ltd.	90,000	70,000
Commission received as DSA from ICIDI Bank for opening bank account/credit card & loan products.	48,000	50,000

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Commission received from private banks for acting as recovery agent	1,20,000	1,50,000
Professional fee received for the formation of a company/ LLP/ society	80,000 [Refer Note 2]	40,000
Professional fee received for GST/ TDS return filing	65,000	75,000
Participation fee received from customers for the business exhibition organised by the company	50,00,000 (held in Russia) [Refer Note 1]	4,00,000 (held at Chennai) [Refer Note 1]
Legal fee paid to Mr. Sundaram - an advocate (Intra-State transaction)	10,000	15,000
Payment made for security services (by way of supply of security personnel) received (Intra-State transaction)	25,000 (Globe Security Pvt Ltd.)	25,000 (M/s X & Co, a partnership firm, registered under GST)

Notes:

1. The participation fee of ₹ 50,00,000 received by the company's Kolkata office is in respect of a business exhibition organized at St. Petersburg, Russia under the theme "Indian Traditional Fair" in which 10 Indian companies (all registered under GST) had participated. A participation fee of ₹ 5 lakh from each Indian company was collected for providing them a stall, furniture & other amenities at St. Petersburg, Russia.

   The participation fee of ₹ 4,00,000 is in respect of a business exhibition organized by the company's Mumbai office at Chennai, in which 100 Indian companies had participated.

2. Out of the professional fee of ₹ 80,000 received by Kolkata office for the formation of a company/ LLP/ society, ₹ 15,000 was towards reimbursement claimed from client. It was separately mentioned in the invoice indicating that it was deposited with registrar of companies (ROC).

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3. Following purchase & sale of foreign currency was made by the company during the month of September:

   (a) Kolkata office had purchased USD 10,000 from M/s Moneywise (a FOREX dealer) @ ₹ 73 per USD on 10th September. The RBI reference rate on that day was ₹ 74 per USD.

   (b) Mumbai office had sold USD 5,000 to M/s Money Matters (a FOREX dealer) on 15th September @ ₹ 73.20 per USD. RBI reference rate for USD on that day is not available.

4. In an order dated 14th September issued to Disha Enterprise Pvt Ltd., the Joint Commissioner of CGST, Mumbai has raised a demand of IGST of ₹ 600 crore on Mumbai office in respect of an inter-State supply transaction. The company is disputing the entire demand & wants to file an appeal before the Appellate Authority against the order of Joint Commissioner.

All the amounts given above are exclusive of GST wherever applicable (unless otherwise specified). There is no other outward or inward supply transaction apart from the aforesaid transactions in the relevant period. Disha Enterprise Pvt Ltd. is not an authorised FOREX dealer.

GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

I. Intra-State supply – 9% CGST and 9% SGST

II. Inter-State supply – 18% IGST

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:

MULTIPLE CHOICE QUESTIONS

1. Determine the value of taxable supply in respect of sale and purchase of foreign currency by Kolkata office and Mumbai office of the company as per rule 32(2)(a) of the CGST Rules, 2017.

   (a) Kolkata office ₹ 7200, Mumbai office ₹ 3,660

   (b) Kolkata office ₹ 10,000, Mumbai office ₹ 3,660

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(c) Kolkata office ₹ 7,20,000, Mumbai office ₹ 3,66,000

(d) Kolkata office ₹ 7,30,000, Mumbai office ₹ 3,66,000

2. The value of taxable inward supply received by Mumbai office in the month of September on which tax is payable under reverse charge is _____.

(a) ₹ 15,000

(b) ₹ 25,000

(c) ₹ 40,000

(d) ₹ 2,70,000

3. Compute the value of taxable outward supply made by Kolkata office in the month of September on which Disha Enterprise Pvt Ltd. is liable to pay tax under forward charge is _____.

(a) ₹2,68,000

(b) ₹ 2,78,000

(c) ₹ 2,65,000

(d) ₹ 1,13,000

4. The amount of pre-deposit that Disha Enterprise Pvt. Ltd. has to deposit under the IGST Act, 2017 for filing of an appeal before the Appellate Authority is _____.

(a) ₹ 30 crores

(b) ₹ 60 crores

(c) ₹ 25 crores

(d) ₹ 50 crores

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ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) Kolkata office ₹ 10,000, Mumbai office ₹ 3,660

Reason

As per rule 32(2)(a), the value of supply of services in relation to the purchase or sale of foreign currency, is determined as follows:-

For a currency, when exchanged from, or to, Indian Rupees, the value shall be equal to the difference in the buying rate or the selling rate, as the case may be, and the Reserve Bank of India reference rate for that currency at that time, multiplied by the total units of currency.

However, in case where the Reserve Bank of India reference rate for a currency is not available, the value shall be one percent of the gross amount of Indian Rupees provided or received by the person changing the money.

Accordingly, the value of taxable supply in respect of sale and purchase of foreign currency by Kolkata office and Mumbai office of the company as per rule 32(2)(a) would be computed as given below:

(1) Kolkata office = 10,000 × ₹ (74-73) = ₹ 10,000

(2) Mumbai office = (5,000×₹ 73.20) × 1% = ₹ 3,660

So, value of supply in this case would be as follows:

Kolkata office - ₹ 10,000

Mumbai office - ₹ 3,660.

2. Option (c) ₹ 40,000

Reason

Following is the value of taxable inward supply received by Mumbai office in the month of September on which tax is payable under reverse charge is:

Particulars	₹
Legal fee paid to Mr. Sundaram – an advocate [Tax on legal services provided by an individual advocate to	15,000

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any business entity with an aggregate turnover exceeding such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017 is payable under reverse charge under section 9(3) vide *Notification No. 13/2017 CT (R) dated 28.06.2017*]	
Payment made for security services from M/s X & Co., a partnership firm, registered under GST [Tax on security service provided by a person other than body corporate to a registered person is payable under reverse charge under section 9(3) vide *Notification No. 13/2017 CT (R) dated 28.06.2017*.]	25,000
Total value of inward supply taxable under reverse charge	**40,000**

3. Option (a) ₹ 2,68,000

Reason

Following is the value of taxable outward supply made by Kolkata office in the month of September on which Disha Enterprise Pvt Ltd. is liable to pay tax under forward charge:

Particulars	**₹**
Commission received as DSA from ICIDI Bank for opening bank account/credit card & loan products (Since DSA (Disha Enterprise Pvt Ltd.) is not an individual, tax is payable by it under forward charge.)	48,000
Amount received from Devidas Private Limited. It has sponsored the business exhibition organized by Disha Enterprise Pvt Ltd. [Since sponsorship services have been provided by a body corporate, tax will be payable under forward charge.]	90,000
Professional fee received for the formation of a company/ LLP/ society (₹ 80,000-₹ 15,000) (Fee of ₹15,000 reimbursed by the client will be excluded since the same has been incurred as a pure agent, in terms of rule 33.)	65,000
Professional fee received for GST/TDS/ROC return filing	65,000
TOTAL	**2,68,000**

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4. Option (d) ₹ 50 crores

Reason

Section 107(6) provides that no appeal shall be filed before the Appellate Authority, unless the appellant has paid—

(a) full amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him; and

(b) a sum equal to 10% of the remaining amount of tax in dispute arising from the impugned order in relation to which the appeal has been filed, subject to a maximum of ₹ 25 crore (₹ 50 crore in case of IGST*).

***** *As per section 20 of the IGST Act, 2017*

Accordingly, amount of pre-deposit that Disha Enterprise Pvt. Ltd. has to deposit under the IGST Act, 2017 for filing of an appeal before the Appellate Authority is ₹ 50 crores (since 10% of disputed IGST amount is ₹60 crores).

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CASE SCENARIO 54

Aspire Solutions Private Limited (hereinafter referred to as 'Aspire Solutions') is engaged in providing multidimensional services to its clients through its office in Haryana, registered under GST. During the month of July, the following transactions were undertaken by Aspire Solutions:

(i) Import of certain cloud services from Bizcart.com for an amount of ₹ 51,00,000.

(ii) Aspire Solutions pays sitting fee of ₹ 25,000 each to its 4 directors per month. Further, there are two directors who are in the executive roles and are withdrawing ₹ 2,00,000 each per month as salary from the company and the applicable TDS amount, under section 192 of the Income-tax Act, 1961, is deducted from such salary.

(iii) Aspire Solutions paid for life insurance of its employees in compliance of its internal policy. The total amount of premium paid for 20 employees was ₹ 5,00,000.

(iv) Aspire Solutions provided consultancy services to its client, Zoom Corp. based in Bangalore and issued an invoice of ₹ 30,00,000.

(v) Empowering India is a Non-Government Organisation located in Haryana. It aims at empowering the eligible companies to grow their business in India. Aspire Solutions, being one of the eligible companies, received a subsidy of ₹ 5,00,000 in lumpsum from Empowering India for the month of July.

(vi) Aspire Solutions provided sponsorship services to Mr. X, an individual, for an event organised by it in the State of Haryana. The amount agreed for such sponsorship services is ₹ 5,00,000.

All the amounts given above are exclusive of GST unless otherwise provided. There is no other outward or inward supply transaction apart from aforesaid transactions in the month of July.

The opening balance of input tax credit for the relevant tax period for the company is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

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GST is applicable on all inward and outward supplies in the aforesaid case scenario @ 18%, unless otherwise specified. Ignore CGST, SGST and IGST bifurcation for the sake of simplicity.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. The liability to pay GST for cloud services procured by Aspire Solutions from Bizcart.com shall be:

   (a) on Bizcart.com since the services are online information and database access or retrieval services and GST of ₹ 9,00,000 shall be paid by Bizcart.com.

   (b) nil. There will not be any GST liability on the transaction since Bizcart.com is located outside India and services are provided electronically.

   (c) on Bizcart.com under forward charge and GST of ₹ 9,18,000 shall be paid by Bizcart.com.

   (d) on Aspire Solutions under reverse charge and GST of ₹ 9,18,000 shall be paid by Aspire Solutions.

2. Aspire Solutions seeks your advice on the taxability of the sitting fee payable to directors and salary payable to the executive directors. The correct advice is:

   (a) Sitting fees paid to the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.

   (b) Total amount payable to directors (sitting fees as well as salary) is exempt from GST.

   (c) Total amount payable to directors (sitting fees as well as salary) is liable to GST under reverse charge in hands of Aspire Solutions.

   (d) Total amount payable to directors (sitting fees as well as salary) is liable to GST under forward charge in the hands of the directors as professional income.

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3. What shall be the amount of input tax credit available with Aspire Solutions for the month of July?

   (a) ₹ 10,26,000

   (b) ₹ 11,16,000

   (c) ₹ 9,36,000

   (d) ₹ 1,96,000

4. Compute the value of outward supplies made by Aspire Solutions in the month of July.

   (a) ₹ 30,00,000

   (b) ₹ 25,00,000

   (c) ₹ 35,00,000

   (d) ₹ 40,00,000

5. Compute the amount of net GST to be deposited in cash by Aspire Solutions for the month of July.

   (a) Nil

   (b) ₹ 7,20,000

   (c) ₹ 9,36,000

   (d) ₹ 14,76,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (d)** on Aspire Solutions under reverse charge and GST of ₹ 9,18,000 shall be paid by Aspire Solutions.

Reason

Online Information Database Access and Retrieval services (OIDAR) is a category of services provided through the medium of internet and received by the recipient online; such services cannot be rendered in the absence of information technology [Section 2(17) of the IGST Act, 2017]. Supply of cloud services provided to Aspire Solutions is covered under the purview of OIDAR services in terms of section 2(17) of the IGST Act, 2017.

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Further, in case of supply of OIDAR services by the supplier of OIDAR service located outside India to a registered recipient located in India - the place of supply would be India [Section 13(2) of the IGST Act, 2017] and the transaction would be amenable to tax under reverse charge (if the recipient is a business entity) under section 5(3) of the IGST Act, 2017 vide *Notification No. 10/2017 IT (R) dated 28.06.2017*. Thus, Aspire Solutions is liable to discharge such GST liability under reverse charge and not Bizcart.com.

Further, the amount of GST payable @ 18% of ₹ 51,00,000 under reverse charge by Aspire Solutions is ₹ 9,18,000.

2. **Option (a)** Sitting fees paid to the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.

Reason

Services provided by a director as or in the capacity of director of that company or body corporate shall be taxable under reverse charge mechanism in the hands of the company or body corporate. However, the part of director's remuneration which are declared as Salaries in the books of a company and subjected to TDS under section 192 of the Income-tax Act (IT Act), are not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Para 1 of Schedule III. Sitting fee payable to a director is liable to GST under reverse charge basis in the hands of company [*Circular No. 140/10/2020 GST dated 10.06.2020* read with *Circular No. 201/13/2023 GST dated 01.08.2023]*.

Accordingly, in the given case, sitting fee paid to the directors is liable to GST under reverse charge in the hands of Aspire Solutions and the salary paid to executive directors shall not be liable to GST.

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3. Option (c) ₹ 9,36,000

Reason

Computation of input tax credit available with Aspire Solutions for the month of July

Particulars	**GST @ 18% (₹)**
Services procured from Bizcart.com [ITC is available since said services are used in the course or furtherance of business.]	9,18,000
Director's sitting Fee (₹ 25,000 × 4) [ITC is available since said services are used in the course or furtherance of business. Salary paid to executive directors is not liable to GST.]	18,000
Life insurance premium of employees [Credit is blocked under section 17]	Nil
Total	**9,36,000**

4. Option (c)

Reason

Computation of value of outward supplies made by Aspire Solutions in the month of July

Particulars	**(₹)**
Consultancy services provided to Zoom Corp.	30,00,000
Add: Subsidy received from Empowering India [Blanket subsidy/ donation received are not includible in the value, in terms of section 15.]	Nil
Add: Sponsorship services are being provided to Mr. X [Tax is payable under forward charge, since sponsorship services are not being provided to a partnership firm or body corporate and are being provided by a body corporate.]	5,00,000
Total	**35,00,000**

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5. Option (c) ₹ 9,36,000

Reason

Computation of net GST to be deposited in cash by Aspire Solutions for the month of July

Particulars	**Amount (₹)**
GST payable under forward charge	
Output tax liability on value of supply as determined in MCQ 4 above [35,00,000 x 18%]	6,30,000
Less: ITC of tax payable (including tax payable under reverse charge) [Computed in MCQ 3 above]	9,36,000
Net GST payable	Nil
GST payable under reverse charge	
Add: GST payable under reverse charge	9,36,000
Net amount of GST to be deposited in cash by Aspire Solutions for the month of July	**9,36,000**

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CASE SCENARIO 55

Rishi is a registered supplier of goods and services under GST in the State of Karnataka. During the month of April, Rishi provided the following outward supplies:

Particulars	Amount (₹)
Taxable supply of goods	4,00,000
Insurance agent service to TrustGuard Insurance Company, registered under GST	30,000
Interest received for late payment from various customers	10,000
Recovery agent service to ABC Limited, a trader of goods	40,000
Security and housekeeping service provided to Bachpan School (upto higher secondary), an unregistered person under GST, at its Annual Day function held at Vallabh Convention centre being outside the school campus.	50,000
Renting of motor vehicle designed to carry passengers provided to CoverCrest Limited wherein cost of fuel is included (applicable rate of tax - CGST @ 2.50% and SGST 2.50%)	80,000
Amount received for a contract for taxable supplies of goods awarded by a public sector undertaking (PSU), registered under section 51 in the State of Tamil Nadu. PSU instructed Rishi to make the supply in the State of Karnataka. Value of contract is ₹ 5,00,000	1,50,000

All the amounts mentioned above are excluding GST, wherever applicable (unless otherwise specified).

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

MULTIPLE CHOICE QUESTIONS

1. What is the taxable value of supply for the month of April on which tax is payable by Rishi?

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(a) ₹ 6,50,000

(b) ₹ 6,10,000

(c) ₹ 6 00,000

(d) ₹ 5,60,000

2. Amount of TDS require to be deducted under section 51 by the PSU is _____.

(a) CGST ₹ 750 and SGST ₹ 750

(b) IGST ₹ 3,000

(c) GST ₹ 1,500 and SGST ₹ 1,500

(d) No TDS required to be deducted under section 51.

3. Which of following outward supplies provided by Mr. Rishi are NOT subject to payment of tax under reverse charge?

(i) Insurance agent service

(ii) Recovery agent service

(iii) Renting of motor vehicle service

Choose the most appropriate answer.

(a) Only (ii) and (iii)

(b) Only (ii)

(c) Only (i) and (iii)

(d) Only (iii)

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) ₹ 6,50,000

Reason

Computation of the taxable value of supply for the month of April on which tax is payable by Rishi

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Particulars	Amount (₹)
Taxable supply of goods	4,00,000
Insurance agent service to TrustGuard Insurance Company [Tax is payable by TrustGuard Insurance Company under reverse charge.]	Nil
Interest received for late payment from various customers [Time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.]	10,000
Recovery agent service to ABC Limited, a trader of goods [Tax is payable under forward charge since service is not being provided to a banking company/ financial institution or a non-banking financial company.]	40,000
Security and housekeeping service provided to Bachpan School [Taxable, since security and house-keeping services provided to an educational institution are exempt only when such services are performed in said educational institution. Further, tax is payable under forward charge]	50,000
Renting of motor vehicle designed to carry passenger provided to CoverCrest Limited wherein cost of fuel is included (applicable rate of tax - CGST @ 2.50% and SGST 2.50%) [Tax is payable by CoverCrest Limited under reverse charge.]	Nil
Taxable supplies of goods to PSU	1,50,000
Taxable value of supply for the month of April in on which tax is payable by Rishi	**6,50,000**

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2. Option (b)

Reason

The supply between Rishi (Karnataka) and PSU (Tamil Nadu) is a bill to ship to supply where the goods are delivered by the supplier [Rishi] to the recipient in Karnataka on the direction of a third person [PSU].

In case of such supply, it is deemed that the said third person has received the goods and the place of supply of such goods is the principal place of business of such third person [Section 10(1)(b)]. Thus, the place of supply between Rishi (Karnataka) and PSU (Tamil Nadu) will be location of third person (PSU), i.e. Tamil Nadu. Thus, it is an inter-State supply and IGST is payable on the same.

Further, as per section 51, the PSU shall deduct tax @ 2% (IGST) from the payment made or credited to Rishi of ₹ 1,50,000 since the total value of such supply under the contract exceeds ₹ 2,50,000. Thus, TDS of ₹ 3,000 is to be deducted by PSU.

3. Option (b) Only (ii)

Reason

(i) Insurance agent service to TrustGuard Insurance Company, registered under GST. Tax is payable by TrustGuard Insurance Company under reverse charge since tax on services supplied by an insurance agent to any person carrying on insurance business is payable under reverse charge.

(ii) Renting of motor vehicle designed to carry passengers provided to CoverCrest Limited wherein cost of fuel is included (applicable rate of tax - CGST @ 2.50% and SGST 2.50%). Tax is payable by CoverCrest Limited under reverse charge since tax on services provided by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient, provided to a body corporate are taxable under reverse charge.

(iii) Recovery agent service to ABC Limited, a trader of goods. Tax is payable under forward charge since service is not being provided to a banking company/ financial institution or a non-banking financial company.

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