

2025



# CMA INTER

## INDIRECT TAX SAVIOUR

(COVERAGE OF  
STUDY MATERIAL  
QUESTIONS,  
PTPS & MTPS OF  
ICMAI)

**CA NIKUNJ GOENKA**

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# HALL OF FAME



**AIR  
1**



**IDT  
81**

**AIR  
10**



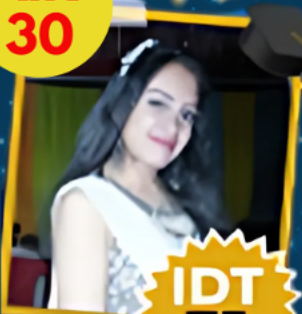
**DT  
64**

**AIR  
15**



**IDT  
74**

**AIR  
30**



**IDT  
75**

**DT  
66**



**CMA SAURABH BHATI**

**DT  
66**



**CMA A JAHNAVI**

**IDT  
61**



**CMA CHHAVI GUPTA**

**IDT  
62**



**CMA ALAKMAR BAHIWALA**

**IDT  
62**



**CMA TANMAYA KUMAR ROUT**

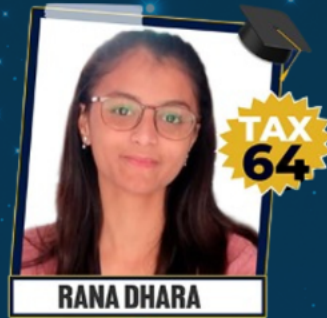
# HALL OF FAME



**RANA DHARA**



**AGRATA PHAGIWALA**



**RANA DHARA**

**IDT 87**



**KHUSHBU BANSAL**

**CMA INTER  
JUNE 2023**

**IDT 81**



**JATINDER KUMAR**

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**IDT 80**



**SAHIL SHRIKRISHNA**

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**SANDEEP SINGH**

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**AYUSH PARJESH**

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**IDT 79**



**TANISHQ AGARWAL**

**CMA INTER  
JUNE 2023**

# Author's Note:

## Dear Students,

It is my utmost pleasure to release this Indirect Tax Saviour Book for Intermediate Course. It is recommended for all students appearing for CMA Inter Exams to refer this book as it gives an exhaustive coverage of questions asked by the Institute in the past terms.

We may have taken various assumptions in the answers in order to make the solutions workable as per your exams.

We have tried our best to keep the book error free. However, if any student comes across any errors, please do not hesitate to email [@nikunjgoenkaclasses@gmail.com](mailto:@nikunjgoenkaclasses@gmail.com) or Whatsapp us at 9007922093

### **How is this book different from the regular scanner available in the market?**

-  Chapter-wise exam questions along with suggested answers
-  Questions not being part of the existing syllabus asked in past papers have been removed
-  Necessary changes in questions and answers are made to make them workable because of amendments in Tax Laws.

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# What is this book?

Its your confidence booster- the **Indirect Tax Saviour**. A way to assess yourself whether you are ready for the exam or not.

Usually, due to non-availability of a compiled one stop book, the effort for the practice planned by the students does not take up any shape. This book will help you to make your practice productive without being dependent on any other source.

It is a compilation of the questions with answers of Income Tax of CMA Intermediate Syllabus from all of the following sources -

1. ICMAI Study Mat
2. MTPs & PTPs as on date
3. Exam Papers as on date

To make the best use of this book, stick to the steps given below:

**Step 1** - Ensure that you are thorough with the concepts of a chapter.

**Step 2** - Go through your Quick Revision notes of the chapter (full theory and practical)

**Step 3** - Attempt the questions given here and make your own solution.

**Step 4** - Tally your solution with the one what is given here and assess yourself.

## **Disclaimer**

Nothing in this book, claims that the ICMAI will be rewarding marks to the candidates, exactly based on these presentations.

You may always solve the questions based on your own understanding and that is the only expectation of ICMAI from their candidates.

Some parts of questions & answers have been modified to make it relevant for exam term to the extent amendment has been made in subsequent Finance Acts. Accordingly, the answers have been modified by the author.

The questions and solutions of this book has been compiled from several reference materials issued by ICMAI. Few of the solutions and presentations have been improvised by the author in his own capacity to simplify the understanding.

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Chapter 1

# Overview of GST

**Q1**

**PTP Dec 22**

Briefly discuss the functions of

- (i) Goods and Services Tax Network (GSTN)
- (ii) GST Council

## Answer

### Functions of the GSTN (i.e. Role assigned to GSTN):

Creation of common and shared IT infrastructure for functions facing taxpayers has been assigned to GSTN and these are:

- (i) filing of registration application,
- (ii) filing of return,
- (iii) creation of challan for tax payment,
- (iv) settlement of IGST payment (like a clearing house),
- (v) generation of business intelligence and analytics etc.

All statutory functions to be performed by tax officials under GST like approval of registration, assessment, audit, appeal, enforcement etc. will remain with the respective tax departments.

### Functions of the GST Council:

GST Council is to make recommendations to the Central Government and the State Governments on

- (i) tax rates,
- (ii) exemptions,
- (iii) threshold limits,
- (iv) dispute resolution,
- (v) GST legislations including rules and notifications etc.

**Q2****PTP June 23 (New)**

Identify any four issues in the pre-GST regime, which were addressed by the GST Law.

**Answer**

- (i) In pre-GST regime, Indian indirect tax was highly fragmented. Centre and States were separately taxing Goods and services. There were many taxes like excise duty, service tax, VAT, CST, purchase tax, entertainment tax, octroi.
- (ii) In addition, there was multiplicity of rates. Law and procedures. This caused heavy compliance burden.
- (iii) Imposition of tax on tax was another serious problem. For example, VAT was levied on a value that included excise duty.
- (iv) Input tax credit chain broke as goods moved from one estate to another, resulting in hidden cost for the business.
- (v) Further, pre-GST, there were tax nakasat every inter-state border, creating bottlenecks in inter-state transport of goods.
- (vi) As a result, logistics sector remained inefficient and it adversely impacted the businesses.
- (vii) Every state was effectively a distinct market for the industry as well as consumer.
- (viii) Industry's choice of locating factories or warehouses was heavily influenced by the prevailing tax regime rather than pure business consideration.
- (ix) This made our industry uncompetitive.

**Q3****PTP Dec 23 (Old)**

Write short note on Constitution of GST Council and also state any four issues on which GST Council may give its recommendations.

**Answer**

The GST Council shall consist of Union Finance Minister as a Chairperson, Union Minister of State in charge of Finance as a member, the State Finance Minister or State Revenue Minister or any other Minister nominated by each State as a member of the Council. The GST Council shall select one of them as Vice Chairperson of Council

GST Council is to make recommendations to the Central Government and the State Governments on

- (i) tax rates,
- (ii) exemptions,
- (iii) threshold limits,
- (iv) dispute resolution
- (v) GST legislations including rules and notifications etc.



## Q4

PTP Dec 23 (New)

Discuss the concept and features of Indirect Taxes.

### Answer

#### Concept and Features of Indirect Taxes

##### (i) Tax on goods and services :

Indirect tax is levied at the time of supply or manufacture or purchase or sale or import or export of goods. Further, it is also levied on supply.

##### (ii) Burden :

Tax, being indirect tax paid by the seller, shall be recovered by the seller from the buyer. Thus, one can say that burden of indirect tax is shifted from seller to buyer and ultimately borne by consumers of such goods or services.

##### (iii) Inflationary in nature :

Cost of goods and services increases due to levy of indirect tax thus indirect taxes promote inflation.

##### (iv) Social welfare :

It is useful tool to promote social welfare by checking the consumption of harmful goods or sin goods through higher rate of tax.

##### (v) Wider Tax Base :

Majority of goods and services are liable to indirect tax with very low threshold limits, so tax base is much wider in case of indirect tax in compare to direct tax.

##### (vi) Regressive in Nature:

All persons (rich or poor) will bear equal wrath of tax on goods or service consumed by them irrespective of their ability. In other words, indirect tax does not create any difference between rich and poor. Poor people are also required to pay equal percentage of tax on certain goods and service of mass consumption. Thus, it may increase the disparities between rich and poor.

##### (vii) No pinch:

Seller (the person on which indirect tax is levied) does not perceive a direct pinch of tax as it is recovered by him from the buyer and then he is paying to the Government. On the other hand, since it is inbuilt in the price of the goods, the ultimate payer (i.e. buyer) pay it without knowing that he is paying any tax to the Government.

**Q5****PTP Dec 23 (New)**

Explain the benefits of GST to (i) Business and Industry; and (ii) for Central and State Governments.

**Answer****(i) Benefits of GST to Business and industry**

- **Easy Compliance:** A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax-payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make compliance easy and transparent.
- **Uniformity of tax rates and structures:** GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business. In other words, GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.
- **Removal of cascading:** A system of seamless tax-credits throughout the value-chain, and across boundaries of States, would ensure that there is minimal cascading of taxes. This would reduce hidden costs of doing business.
- **Improved competitiveness:** Reduction in transaction costs of doing business would eventually lead to an improved competitiveness of the trade and industry.
- **Gain to manufacturers and exporters:** The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input goods and services and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

**(ii) Central and State Governments**

- **Simple and easy to administer:** Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far.
- **Better controls and leakage:** GST will result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an inbuilt mechanism in the design of GST that would be incentive tax compliance by traders.
- **Higher revenue efficiency:** GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore lead to higher revenue efficiency.
- **Boost to 'Make in India' initiative:** GST will give major boost to the 'Make in India' initiative of government of India by making goods and services produced in India competitive in the national as well as international market.



## Q6

MTP Dec 24

Discuss the benefits of GST in respect to business and industry, Central and State Governments and the Consumers.

### Answer

The benefits of GST can be summarized as under :

#### A. For business and industry —

- **Easy compliance:** A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax-payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make compliance easy and transparent.
- **Uniformity of tax rates and structures:** GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business. In other words, GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.
- **Removal of cascading effect:** A system of seamless tax-credits throughout the value-chain, and across boundaries of States, would ensure that there is minimal cascading of taxes. This would reduce hidden costs of doing business.
- **Improved competitiveness:** Reduction in transaction costs of doing business would eventually lead to an improved competitiveness for the trade and industry.
- **Gain to manufacturers and exporters:** The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input goods and services and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

#### B. For Central and State Governments —

- **Simple and easy to administer:** Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far.
- **Better controls on leakage:** GST will result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an inbuilt mechanism in the design of GST that would incentivize tax compliance by traders.
- **Higher revenue efficiency:** GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.
- **Boost to 'Make in India' initiative:** GST will give major boost to the 'Make in India' initiative of government of India by making goods and services produced in India competitive in the national as well as international market.

**C. For the consumer —**

- Single and transparent tax proportionate to the value of goods and services: Due to multiple indirect taxes being levied by the Centre and State, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.
- Relief in overall tax burden: Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.

**Q13****PTP June 24**

State the difficulties / limitations in pre-GST regime in the context of indirect taxes, which were removed with the introduction of CST.

**Answer**

Difficulties and limitations in pre-GST regime

- In pre-GST regime, Indian indirect tax was highly fragmented. Centre and States were separately taxing the goods and services. There were many taxes like excise duty, service tax, VAT, CST, purchase tax, entertainment tax, octroi.
- In addition, there was multiplicity of rates, laws and procedures. This caused heavy compliance burden.
- Imposition of tax on tax was another serious problem. For example, VAT was levied on value that included excise duty.
- Input tax credit chain broke as goods moved from one State to another, resulting in hidden cost for their business.
- Further, pre-GST, there were tax nakas at every inter-state border, creating bottlenecks in inter-state transport of goods.
- As a result, logistics sector remained inefficient and it adversely affected the businesses.
- Every State was effectively a distinct market for the industry as well as consumer.
- Industry's choice of locating factories or warehouses was heavily influenced by the prevailing tax regime than pure business consideration.

To curb all these, Goods and Services Tax (GST) was introduced in the system with the idea of One Nation One Tax.



## Q14

PTP June 24

Write a short note (meaning, functions and salient features ) of UST Network (GSTN).

### Answer

GST Network (GSTN)

A common platform is needed which could act as a clearing house and verify the claims and inform the respective government to transfer the funds. This is possible with the help of a strong IT infrastructure. Accordingly, government has established common GST electronic portal, a website managed by goods and services Network GSTN for the tax payer and common IT infrastructure for central and states.

GSTN (a non-profit government owned organisation) is a special purpose Vehicle. The functions of the GSTN. Would Inter Alia include:

1. Facilitating registration
2. Forwarding the returns to central and state authorities
3. Competition and settlement of IGST
4. Matching of tax payment details with banking network
5. Providing various MIS reports to the central and the state governments based on the tax sphere written information
6. Providing analysis of tax payers' profile
7. Running the matching engine for matching reversal and reclaim of input tax credit.

### Salient features of GST

1. Incorporated in March 2013 as section 25- 100 percent government owned company with paid up capital of ₹10,00,00,000
2. Two function as a common pass through portal for tax payers
  - Submit registration application
  - File returns
  - Make tax payments
3. To develop back end modules for states
4. Infosys Ltd appointed as managed service provider
5. Appointed more than 70 GST Suvidha providers.

**Q7****PTP Dec 24**

Explain the concept and features of indirect taxation.

**Answer**

Concept and features of indirect taxation

- i. **Tax on goods and services** – Indirect tax is levied at the time of supply or manufacture or purchase or sale or import or export of goods. Further, it is also levied on supply.
- ii. **Burden** – Tax, being indirect tax paid by the seller, shall be recovered by the seller from the buyer. Thus, one can say that burden of indirect tax is shifted from seller to buyer and ultimately borne by the consumers of such goods and services.
- iii. **Inflationary in nature** – Cost of goods and services increases due to levy of indirect taxes thus, indirect taxes promote inflation.
- iv. **Social welfare** – It is a useful tool to promote social welfare by checking the consumption of harmful goods or sin goods through higher rate of tax.
- v. **Wider tax base** – Majority of goods and services are liable to indirect tax with very low threshold limits, so tax base is much wider in case of indirect tax in comparison to direct tax.
- vi. **Regressive in nature** – All persons (rich or poor) will bear equal wrath of tax on goods or services consumed by them irrespective of their ability. In other words, indirect tax does not create any difference between rich and poor. Poor people are also required to pay equal percentage of tax on certain goods and service of mass consumption. Thus, it may increase the disparities between rich and poor.
- vii. **No pinch** – Seller (the person on which indirect tax is levied) does not perceive a direct pinch of tax as it is recovered by him from the buyer and then he is paying to the Government. On the other hand, since it is inbuilt in the price of goods, the ultimate payer (i.e, the buyer) pay without knowing that he is paying any tax to the Government.

**Q8****PTP Dec 24**

Who are the members of the GST Council? State any five recommendations that can be made by the GST Council.

**Answer**

Members of the GST Council

The GST Council shall consist of the following members, namely: -

- a. The Union Finance Minister is the Chairperson;
- b. The Union Minister of State, in-charge of Revenue of finance is the member;
- c. The Minister In-charge of finance or taxation or any other Minister nominated by each State Government are the members.



The recommendations that can be made by GST Council are as under: -

1. the taxes, cesses and surcharges levied by the Union, the States and the local bodies which may be subsumed in the goods and services tax;
2. the goods and services that may be subjected to, or exempted from the goods and services tax;
3. model Goods and Services Tax Laws, principles of levy, apportionment of Goods and Services Tax levied on supplies in the course of inter-State trade or commerce under article 269A and the principles that govern the place of supply;
4. the threshold limit of turnover below which goods and services may be exempted from goods and services tax;
5. the rates including floor rates with bands of goods and services tax;
6. any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster;
7. special provision with respect to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand; and any other matter relating to the goods and services tax, as the Council may decide.



**MTP June 25**

Discuss the difficulties in pre-GST regime in the context of indirect taxes, which were removed with the introduction of GST.

### Answer

Difficulties and limitations in pre-GST regime

- i. In pre-GST regime, Indian indirect tax was highly fragmented. Centre and States were separately taxing the goods and services. There were many taxes like excise duty, service tax, VAT, CST, purchase tax, entertainment tax, octroi.
- ii. In addition, there was multiplicity of rates, laws and procedures. This caused heavy compliance burden.
- iii. Imposition of tax on tax was another serious problem. For example, VAT was levied on value that included excise duty.
- iv. Input tax credit chain broke as goods moved from one State to another, resulting in hidden cost for their business.
- v. Further, pre-GST, there were tax nakas at every inter-state border, creating bottlenecks in inter-state transport of goods.
- vi. As a result, logistics sector remained inefficient and it adversely affected the businesses.
- vii. Every State was effectively a distinct market for the industry as well as consumer.
- viii. Industry's choice of locating factories or warehouses was heavily influenced by the prevailing tax regime than pure business consideration.



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To curb all these, Goods and Services Tax (GST) was introduced in the system with the idea of One Nation One Tax.

## Q10

## MTP June 25

Discuss about the members of the GST Council? Also discuss any five recommendations that can be made by the GST Council.

### Answer

Members of the GST Council

The GST Council shall consist of the following members, namely: -

- The Union Finance Minister is the Chairperson;
- The Union Minister of State, in-charge of Revenue of finance is the member;
- The Minister In-charge of finance or taxation or any other Minister nominated by each State Government are the members.

The recommendations that can be made by GST Council are as under: -

- the taxes, cesses and surcharges levied by the Union, the States and the local bodies which may be subsumed in the goods and services tax;
- the goods and services that may be subjected to, or exempted from the goods and services tax;
- model Goods and Services Tax Laws, principles of levy, apportionment of Goods and Services Tax levied on supplies in the course of inter-State trade or commerce under article 269A and the principles that govern the place of supply;
- the threshold limit of turnover below which goods and services may be exempted from goods and services tax;
- the rates including floor rates with bands of goods and services tax;
- any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster;
- special provision with respect to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand; and any other matter relating to the goods and services tax, as the Council may decide.



## Q11

PTP June 25

“Direct taxes & indirect taxes are different from each other”. In the context of the above statement, discuss any seven differences between direct taxes & indirect taxes.

### Answer

Differences between Direct and Indirect Taxes:

| Basis                          | Direct Taxes                                                                                                       | Indirect Taxes                                                                                                                                                                                                                                               |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) Meaning                    | Direct tax is referred to as the tax, levied on person's income and wealth and is paid directly to the government. | Indirect Tax is referred to as the tax, levied on a person who consumes the goods and services and is paid indirectly to the government.                                                                                                                     |
| (ii) Nature                    | Progressive in nature i.e., higher tax is levied on a person earning higher income and vice versa.                 | Regressive in nature i.e., all persons will bear equal wrath of tax on goods or service consumed by them irrespective of their ability.                                                                                                                      |
| (iii) Incidence and Impact     | Falls on the same person. Assessee bears such taxes. Thus, it pinches the taxpayer.                                | Falls on different person. Tax is recovered from the assessee, who passes such burden to another person. Thus, it does not pinch the taxpayer.                                                                                                               |
|                                | Example: Income Tax.                                                                                               | Example: GST, Custom Duty.                                                                                                                                                                                                                                   |
| (iv) Evasion                   | Tax evasion is possible.                                                                                           | Tax evasion is hardly possible because it is included in the price of the goods and services.                                                                                                                                                                |
| (v) Inflation                  | Direct tax helps in reducing the inflation.                                                                        | Cost of goods and services increases due to levy of indirect tax thus indirect taxes promote inflation. However, sometimes it is useful tool to promote social welfare by checking the consumption of harmful goods or sin goods through higher rate of tax. |
| (vi) Imposition and collection | Imposed on and collected from the same person.                                                                     | Imposed on and collected from consumers of goods and services but paid and deposited by the collector of such taxes.                                                                                                                                         |
| (vii) Burden                   | Cannot be shifted.                                                                                                 | Can be shifted.                                                                                                                                                                                                                                              |
| (viii) Event                   | Taxable income of the assessee.                                                                                    | Supply of goods and services.                                                                                                                                                                                                                                |

**Q12****PTP June 25**

List out any seven points on which the Goods & Service Tax Council (GST Council) can make recommendation to the Union and the States, as per the Constitution (101st) Amendment Act, 2017.

**Answer**

The Goods and Service Tax Council (GST Council) shall make recommendation to the Union and the States on the following points:

|       |                                                                                                                                                                                                                                                                                 |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i)   | The taxes, cesses and surcharges levied by the Union, the States and the local bodies which may be subsumed in the goods and services tax;                                                                                                                                      |
| (ii)  | The goods and services that may be subjected to, or exempted from the goods and services tax;                                                                                                                                                                                   |
| (iii) | Model Goods and Services Tax Laws, principles of levy, apportionment of Goods and Services Tax levied on supplies in the course of inter-state trade or commerce under Article 269A and the principles that govern the place of supply;                                         |
| (iv)  | The threshold limit of turnover below which goods and services may be exempt from goods and services tax;                                                                                                                                                                       |
| (v)   | The rates including floor rates with bands of goods and services tax;                                                                                                                                                                                                           |
| (vi)  | Any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster;                                                                                                                                                        |
| (vii) | Special provisions with respect to the states of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand; and Any other matter relating to the goods and services tax, as the Council may decide. |



## Chapter 2 Supply

**Q1**

**PTP June 23 (Old)**

Examine whether the following activities would amount to supply under section 7 of the CGST Act, 2017:-

- (i) Vishnu Ltd. have a factory in Kolkata and a depot in Delhi on 30th these establishments are registered in respective States. Finished goods are sent from the Kolkata factory to the Delhi depot without consideration so that the same can be sold.
- (ii) Mahesh is a lawyer, (registered under OST) in Mumbai. His sister who is settled in France is a well-known architect. Mahesh has sought architect services from her free of cost with respect to his newly constructed residential house in Mumbai.

### Answer

- (i) Schedule I of the CGST Act, 2017 inter alia, stipulates that supply of goods between distinct persons as specified in section 25, is supply even without consideration provided it is made in the course or furtherance of business.

Persons registered in two States is treated as distinct persons in respect of each such registration. In view of the same, factory and depot of Vishnu Ltd are establishments of two distinct persons.

Therefore, supply of goods from Kolkata factory of Vishnu Ltd to Delhi depot without consideration, but in course/furtherance of business, is supply under section 7 of the CGST Act, 2017.

- (ii) Schedule I of the CGST Act, 2017 inter alia, stipulates that import of services by a person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business.

In the given case, Mahesh has received architect services from his sister free of cost in a personal purpose and not in course or furtherance of business. Hence, services provided by Mahesh's sister to him would not be treated as supply under section 7 of the CGST Act, 2017.

**Q2****PTP Dec 23 (Old)**

State in which schedule (II or III) of CGST Act, 2017, the following supplies have been covered & also state the nature of supply (Goods/Service/No supply) in which they have been classified:

- (i) Sale of land.
- (ii) Lease, tenancy, easement, licence to occupy land.
- (iii) Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
- (iv) Temporary transfer of intellectual property right.
- (v) Services by any Court or Tribunal established under any law for the time being in force.
- (vi) Services by an employee to the employer in the course of or in relation to his employment
- (vii) Transfer of the title in goods.

**Answer**

| S. No. | Supplies                                                                                       | Schedule | Nature of supply                               |
|--------|------------------------------------------------------------------------------------------------|----------|------------------------------------------------|
| (i)    | Sale of land.                                                                                  | III      | Neither supply of goods nor supply of services |
| (ii)   | Lease, tenancy, easement, licence to occupy land.                                              | II       | Supply of service                              |
| (iii)  | Services of funeral, burial, crematorium or mortuary including transportation of the deceased. | III      | Neither supply of goods nor supply of services |
| (iv)   | Temporary transfer of intellectual property right.                                             | II       | Supply of service                              |
| (v)    | Services by any Court or Tribunal established under any law for the time being in force.       | III      | Neither supply of goods nor supply of services |
| (vi)   | Services by an employee to the employer in the course of or in relation to his employment      | III      | Neither supply of goods nor supply of services |
| (vii)  | Transfer of the title in goods.                                                                | II       | Supply of goods                                |



Chapter 3

# Reverse Charge

## Q1

## PTP June 23 (New)

Assess which person is liable to pay GST in the following independent cases, where the supplier and recipient both are located in the taxable territory. Ignore the aggregate turnover and exemption available-

- (i) Fast Transport Company (unregistered under GST), a Goods Transport Agency, transported goods to Joint Enterprises, a partnership firm which is not registered under GST.
- (ii) Pooja Jewellers Ltd is registered under GST, paid ₹ 5 lakh for sponsorship of Beauty pageant in Mumbai to Sweet & Co., a partnership firm which is registered under GST.

### Answer

- (i) In case of services provided by Goods Transport Agency (GTA) in respect of transportation of goods by road to inter alia, any partnership firm whether registered or not under any law; GST is liable to be paid by such partnership firm.

Therefore, in the given case Joint Enterprises is liable to pay GST under reverse charge.

- (ii) In case of services provided by any person by way of sponsorship to anybody corporate or partnership firm, GST is liable to be paid under reverse charge by such body corporate or partnership firm located in the taxable territory.

Therefore, in the given case, Pooja Jewellers Ltd is liable to pay GST under reverse charge.

## Q2

## PTP Dec 23 (Old)

Discuss the taxability or otherwise of the following independent supplies, and also mention the person liable to pay tax, if any:

- (i) M/s. ABC and company, a registered dealer, in the State of Karnataka, has taken an immovable property on rent from State government of Karnataka has set up its office and is paying monthly rent of ₹ 75,000 (turnover of M/s ABC and company in the previous year was ₹ 38,00,000).
- (ii) Aradhana Corporation is a sole proprietorship firm in the State of Gujarat. Its turnover in previous year was ₹ 12,00,000. It has paid ₹ 1,00,000 to Mr. Anubhav

Mahapatra, an advocate, for legal services.

- (iii) M/s. PQR Ltd. sponsored ₹ 20,00,000 in respect of a cricket tournament organised by Dhanadhan Sports Academy (an unrecognised sports body).

**Answer**

- (i) This is a taxable supply.

As renting of immovable property for commercial purpose to any business entity by central government, state government and local authority is covered under RCM, is chargeable under RCM. M/s ABC and Co is liable to pay GST under RCM

- (ii) This is not a taxable supply.

When any legal services provided by any individual advocate or firm of advocates to any business entity with turnover up to ₹ 20,00,000 (₹ 10,00,00 in special category status) in previous year then such services are exempt.. In this case, no one is liable.

- (iii) This is a taxable supply

As it is taxable under RCM.. The person liable is M/s PQR Ltd.

**Q3****PTP Dec 23 (New)**

Examine with brief reasons, which person is liable to pay GST in the following independent cases, where the supplier and recipient both are located in the taxable territory. Ignore the aggregate turnover and exemption available:

- (i) Ram is an insurance agent (registered under GST), received commission of ₹ 12,00,000 from Insurance Company (registered under GST).
- (ii) Shyam is a business facilitator (registered under GST), received commission of ₹ 1,95,000 for the services provided to the urban branch of a Nationalised Bank with respect to savings bank accounts.
- (iii) Mohan (registered under GST) is an independent director of XYZ Company Ltd, has received sitting fees amounting to ₹ 1,00,000 from XYZ Company Ltd for attending the Board meetings

**Answer**

- (i) In case of services supplied by an insurance agent to any person carrying on insurance business, GST is liable to be paid under reverse charge by such person carrying on insurance business, located in the taxable territory. Therefore, in the given case, GST is payable under reverse charge by the recipient of service i.e., Insurance Company.
- (ii) In case of services provided by a business facilitator to a banking company, GST is liable to be paid under reverse charge by such banking company, located in taxable territory. Services provided by a business facilitator to a banking company with respect to accounts in its rural area branch are exempt from GST. Thus, services provided by him in respect of urban area branch of the bank will be taxable. Therefore, in the given case, GST is payable under reverse charge by the recipient of service i.e., Banking Company.
- (iii) In case of services supplied by a director of a company/body corporate to the said company/body corporate, GST is liable to be paid under reverse charge by such company/body corporate, located in taxable territory. Therefore, in the given case, GST is payable under reverse charge by the recipient of service i.e., XYZ Company Ltd.



## Q4

**MTP Dec 24**

Discuss with reason, the person liable to pay GST in the following cases, assuming the recipient is located at taxable territory:

1. Rental income received by West Bengal State Government from renting of an immovable property to ABC Pvt. Ltd. The turnover of ABC Pvt. Ltd. was ₹39 lakhs in the preceding financial year).
2. Legal fees received by Mr. A, an advocate, from M/s. XYZ Trading Company having turnover of ₹49 lakhs in the preceding financial year.
3. Mr. X receives advance payment for providing specific service in future.
4. P & Co., a partnership firm provides security services to RT Ltd. registered under GST.

### Answer

1. According to Entry 5A of the Notification No. 13/2017-CT (Rate), in case of services supplied by the Central Government, State Government, Union Territory or local authority by way of renting of an immovable property to a person registered under the CGST Act, 2017, the recipient registered under the CGST Act, 2017 will be liable to pay GST. In this case, ABC Pvt. Ltd. will be liable to pay GST under reverse charge mechanism.
2. Services provided by an advocate by way of legal services, directly or indirectly to any business entity located in the taxable territory, reverse charge mechanism is applicable and the business entity is liable to pay GST. Hence, M/s. XYZ Trading Company will be liable to pay GST.
3. Mr. X is required to pay GST at the time of receipt of advance money as here he agrees to provide services in future.
4. 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 liable to be taxed under reverse charge mechanism. Here, RT Ltd. registered under GST shall be liable to pay GST on the same.

## Q5

**PTP Dec 24**

State, with reason, the person liable to pay GST in each of following independent cases, where the supplier and recipient both are located in the taxable territory. Ignore the aggregate turnover and exemption available, if any:

1. Money Save Bank Ltd. located in Kolkata, appointed Ms. Sakshi as a recovery agent for collecting outstanding balance amount of loan from its customers. Ms. Sakshi provided service to Money Save Bank Ltd. for which bank paid commission of 15,000. Whether your answer will change in case of (i), if Ms. Sakshi provided recovery agent services to a car dealer company instead of Money Save Bank Ltd.
2. Mr. Mohit has taken a loan from Dhanwan Bank Ltd. and for this he has taken a service of an individual Mr. Prakash who is a Direct Selling Agent of Dhanwan Bank Ltd. and bank paid the commission to Mr Prakash for giving a customer to the bank @ 1% of loan granted to Mr. Mohit.

**Answer**

Reverse charge and forward charge

**1. General statement:**

As per section 9(3) of the CGST Act, 2017, if services are supplied by a recovery agent to a banking company or financial institution or a non-banking financial company (NBFC) located in a taxable territory, then GST is payable on reverse charge basis by recipient.

**Factual answer:**

In the first case, the recipient i.e., Money Save Bank shall be liable to pay GST under reverse charge for services provided by Ms Sakshi as a recovery agent. In the second case, services are being supplied by a recovery agent to a car dealer and not to a banking company or financial institution or a non-banking financial company (NBFC). Thus, service provider i.e. recovery agent Sakshi is liable to pay GST under forward charge.

2. As per section 9(3) of the CGST Act, 2017, if services are provided by an individual Direct Selling Agent (DSA) other than body corporate, partnership or limited liability partnership firm to any banking company or non-banking financial company (NBFC) located in a taxable territory, then the GST is payable on reverse charge basis by recipient. In the given case, Prakash is an individual providing services as direct selling agent to a banking company i.e., Dhanwan Bank. Therefore, the recipient i.e., Dhanwan Bank is liable to pay GST under reverse charge.

**Q6****MTP June 25**

Examine with brief reasons, which person is liable to pay GST in the following independent cases, where the supplier and recipient both are located in the taxable territory. Ignore the aggregate turnover & exemption available:

- Vikash is an insurance agent (registered under GST), received commission of ₹12,00,000 from Insurance Company (registered under GST).
- Mukesh is a business facilitator (registered under GST), received commission ₹1,95,000 for the services provided to the urban branch of a Nationalised Bank with respect to savings bank accounts.
- Gukesh (registered under GST) is an independent director of XYZ Company Ltd., has received sitting fees amounting to ₹1,00,000 from XYZ Company Ltd. for attending the Board meetings.

**Answer**

- In case of services supplied by an insurance agent to any person carrying on insurance business, GST is liable to be paid under reverse charge by such person carrying on insurance business, located in the taxable territory. Therefore, in the given case, GST is payable under reverse charge by the recipient of service i.e. Insurance Company.
- In case of services provided by a business facilitator to a banking company, GST is liable to be paid under reverse charge by such banking company, located in taxable territory. Services provided by a business facilitator to a banking company with respect to accounts in its rural area branch are



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exempt from GST. Thus, services provided by him in respect of urban area branch of the bank will be taxable. Therefore, in the given case, GST is payable under reverse charge by the recipient of service i.e. Banking Company.

- iii. In case of services supplied by a director of a company/body corporate to the said company/body corporate, GST is liable to be paid under reverse charge by such company/body corporate, located in taxable territory. Therefore, in the given case, GST is payable under reverse charge by the recipient of service i.e. XYZ Company Ltd.



PTP June 25

Examine, with brief reason, which person is liable to pay GST in the following independent cases related to the month of November, 2024, where the supplier and recipient both are located in the taxable territory. Ignore the aggregate turnover and exemption available:

- Raman, a casual taxable person, received services in respect of transportation of taxable goods by road from Dhara Transport, an unregistered Goods Transport Agency (GTA), for which he paid ₹55,000.
- Ministry of Railways, registered under GST has given shop on rent to Mr. Sanjay, registered under GST for a monthly rent of ₹25,000.
- Abhay Traders, a proprietorship firm registered under GST, hired a security guard from ABC Private Limited for ₹ 20,000 per month.

Note : All the amounts given are exclusive of any tax.

### Answer

| Reverse charge or forward charge? |                                                                                                                                                                                                  |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i)                               | Where a casual taxable person receives services of transportation of goods by road from a Goods Transport Agency (GTA), RCM will apply.                                                          |
|                                   | Raman shall pay tax under RCM                                                                                                                                                                    |
| (ii)                              | Entry 5A, Services supplied by the Central or State Government or local authority by way of renting of immovable property to a person registered under the CGST Act, 2017 are covered under RCM. |
|                                   | However, Ministry of Railways is excluded.                                                                                                                                                       |
|                                   | So, Indian Railways is liable to pay tax on forward charge basis.                                                                                                                                |
| (iii)                             | Security services provided by any person other than a body corporate to a registered person is liable to tax under RCM.                                                                          |
|                                   | Security services provided by any person other than a body corporate to a registered person is liable to tax under RCM.                                                                          |



Chapter 4

# Composition Scheme

Q1

PTP Dec 22

Examine, whether the suppliers are eligible for composition scheme under sub-section 1 and/ or 2A of section 10 of CGST Act, 2017 in the following independent cases:

- (i) Mr. A, a registered dealer of Rajasthan is exclusively providing intra-state architect services. It has turnover of 47 lakh in the preceding financial year.
- (ii) M/s. B & Sons, a registered dealer, is dealing in intra-state trading of electronic appliances in Jaipur (Rajasthan). It has turnover of 130 lakh in the preceding financial year. In the current financial year, it has also started providing repairing services of electronic appliances.
- (iii) Mis. C & Bro, a registered dealer, is providing restaurant services in Maharashtra. It has turnover of 74 lakh in the preceding financial year. It has started providing intra-state interior designing services in the current financial year and discontinued rendering restaurant services.

## Answer

- (i) An exclusive service provider can opt for the composition scheme only if he is engaged in supply of restaurant services. The composition scheme permits supply of marginal services for a specified value, but only when the same are supplied along with goods and/or restaurant service. Since Mr A is exclusively engaged in supply of services other than restaurant services, it is not eligible for composition scheme u/s 10 (1) However, since A is not eligible to opt for composition scheme, its aggregate turnover in the preceding financial year does not exceed ₹ 50 lakh and it is exclusively engaged in supply of services other than restaurant services, Mr A is entitled to avail benefit of concessional payment of tax under section 10 (2A) Effective rate 6% (3 % CGST+ 3% SGST)] on first supplies of goods and/or services up to an aggregate turnover of ₹ 50 lakh made on/after 1st April in financial year
- (ii) The turnover limit for composition scheme in case of Rajasthan is ₹ 150 lakh. Thus, M/s B and Sons can opt for composition scheme as its aggregate turnover is less than ₹ 150 Lakh. Further, since the registered person opting for composition scheme 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, So it can supply repair services up to a value of ₹ 13 lakh [10% of ₹130 lakh or ₹ 5 lakh, whichever is higher] in the current financial year.
- (iii) The turnover limit for composition scheme in case of Maharashtra is ₹ 150 lakh. Further, a registered person who is exclusively engaged in supplying services other than restaurant services are not eligible for composition scheme. Thus, M/s C & Bro cannot opt for composition scheme. Further, the benefit of concessional tax payment u/s 10 (2A) is available in case of a registered person whose aggregate turnover in the preceding financial year does not exceed ₹ 50 lakh. Thus, in view of the above- mentioned provisions, M/s C & Bro cannot avail the benefit of concessional tax payment as its aggregate turnover in the preceding financial year is more than ₹ 50 lakh.

**Q2****PTP June 23 (Old)**

Examine in relation to composition levy scheme under the CGST Act, 2017 and the rules made thereunder in the following individual cases:

- (i) Laxman is a manufacturer of aerated water and ice-cream in State of Rajasthan. His turnover for the year does not exceed ₹ 150 lakh. He wants to register for composition levy scheme. Is he eligible for composition scheme?
- (ii) Urmila Ltd. has 2 branches Karol Bagh & Chandni Chowk in Delhi, having same Permanent Account Number (PAN). Karol Bagh branch opts for normal scheme. Urmila Ltd. wants to continue composition levy in case of its Chandni Chowk branch. Can Urmila Ltd continue composition levy only for Chandni Chowk branch?
- (iii) Bharat of Maharashtra opts for composition scheme during a financial year 2021-2022. But on 15th February, 2022 his turnover crosses ₹ 150 lakh, how long can he continue to be under composition levy scheme?

**Answer**

- (i) A registered person who is engaged in manufacture of, inter alia, aerated water and ice-cream, is not eligible to opt for composition levy even if his aggregate turnover does not exceed ₹ 150 lakh. Therefore, in the given case, Laxman is not eligible to opt for composition levy.
- (ii) Where a person having the same Permanent Account Number (PAN), has more than one registration, the registered person shall not be eligible to opt for composition scheme unless all such registered persons opt to pay tax under composition scheme. In other words, all the registrations under the same PAN have to opt for composition scheme. In view of the same, in the given case, Urmila Ltd cannot continue with composition scheme only for Chandni Chowk branch.
- (iii) The option to pay tax under composition levy availed of by a registered person lapses with effect from the day on which his aggregate turnover during a financial year exceeds the threshold limit of ₹ 150 lakh. He needs to pay tax under normal scheme from that day. Since in the given case, the turnover of Bharat crosses ₹ 150 lakh on 15th February, 2022, he cannot continue under composition scheme from that day.

**Q3****MTP June 23 (New)**

Mr. Ritesh of Assam, provides the following information for the preceding financial year 2021-22. You are required to find out the aggregate turnover for the purpose of eligibility of composition levy scheme and advise whether he is eligible for composition levy scheme or not, for the F.Y. 2022-23.

| Particulars                                                                                           | ₹ in lakh   |
|-------------------------------------------------------------------------------------------------------|-------------|
| Value of taxable outward supplies (out of above, ₹ 10 lakh was in course of inter-state transactions) | 75.00       |
| Value of exempt supplies (which include ₹ 30 lakh received as interest on loans & advances)           | 70.00       |
| Value of inward supplies on which he is liable to pay tax under reverse charge                        | 15.00       |
| <b>Value of exports</b>                                                                               | <b>7.00</b> |



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All the amounts are exclusive of GST. Further, he assured that in F.Y. 2022-23, no inter-State supply will be executed by him.

### Answer

#### Computation of aggregate turnover of Mr. Ritesh for F.Y. 2021-22 for the purpose of eligibility of composition levy scheme

| Particulars                                                                                                                                                                                   | ₹ in lakh |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Value of taxable outward supplies [All taxable supplies including inter-State supplies]                                                                                                       | 75        |
| Value of exempt supplies [excluding value of supply of services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount] | 40        |
| Value of inward supplies on which Mr. Ritesh is liable to pay tax under reverse charge                                                                                                        | Nil       |
| <b>Value of exports</b>                                                                                                                                                                       | 7         |
| <b>Aggregate turnover for determining eligibility for composition scheme</b>                                                                                                                  | 122       |

A registered person of Assam is eligible to opt for composition levy if his aggregate turnover does not exceed ₹ 1.5 crore in the preceding financial year. Therefore, in the given case, Mr. Ritesh is eligible to opt for composition levy for F.Y. 2022-23.

### Q4

### PTP June 23 (New)

State the rates of CGST and SGST under composition scheme in respect of the following:

- (i) Trader of Goods
- (ii) Manufacturer of machine

### Answer

Rate of GST in the case of composition dealers

- (i) Trading activity the rate of GST is 0.5% of CGST and 0.5% of SGST of the taxable supply of goods.
- (ii) Manufacturer of machine is liable for GST @ 0.5% of CGST and 0.5% of SGST of the turnover in the state.

**Q5****PTP Dec 23 (Old)**

Mr. Ramasubbu registered under GST, has a repair centre of electronic products where electronic goods are repaired/serviced. His repair centre is located in the State of Tamil Nadu and he is not engaged in making any inter-State supply of services. His aggregate turnover in the preceding Financial Year (FY) 2022-23 was ₹ 47.25 lakh. With reference of the provisions of the CGST Act, 2017, examine

- (i) Whether Mr. Ramasubbu can opt for the composition scheme under Section 10(1) & 10(2) for the current financial year 2023-24 ?
- (ii) Whether he is eligible to avail benefit of composition scheme under Section 10(2A)?

Considering the option of payment of tax available to Mr. Ramasubbu, compute the amount of total tax payable by him in the current F.Y. 2023-24 assuming that his aggregate turnover in the current financial year is ₹ 31.27 lakh. Will your answer be different if Mr. Ramasubbu procures few items required for providing repair services from neighbouring State of Kerala?

**Answer**

- (i) Section 10(1) provides that a registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore (₹ 75 lakh in Special Category States except Assam, Himachal Pradesh and Jammu and Kashmir), may opt to pay, in lieu of the tax payable by him, an amount calculated at the specified rates. However, as per proviso to section 10(1), person who opts to pay tax under composition scheme may supply services other than restaurant services, of value not exceeding 10% of the turnover in a State or Union territory in the preceding financial year or ₹ 5 lakh, whichever is higher. In the given case, since Mr. Ramasubbu is an exclusive supplier of services other than restaurant services [viz. Electrical repair services], he is not eligible for composition scheme under section 10(1) & 10(2).
- (ii) However, section 10(2A) provides an option to a registered person (subject to certain conditions) whose aggregate turnover in the preceding financial year is upto ₹ 50 lakh and who is not eligible to pay tax under composition scheme under section 10(1) & 10(2), to pay tax @ 3% [Effective rate 6% (CGST+ SGST/UTGST)] of the turnover of supplies of goods and services in the State or Union territory. Thus, in view of the above-mentioned provisions, Mr. Ramasubbu is eligible to avail the composition scheme under section 10(2A) as his aggregate turnover in the preceding FY does not exceed ₹ 50 lakh and he is not eligible to opt for the composition scheme under section 10(1) & 10(2). Thus, the amount of tax payable by him as per the composition scheme under section 10(2A) is ₹ 1,87,620 [6% of ₹ 31.27 lakh] or ₹ 93,810 Each of CGST and SGST A registered person cannot opt for composition scheme under section 10(2A), if, inter alia, he is engaged in making any inter-State outward supplies. However, there is no restriction on inter-State procurement of goods. Hence, answer will remain the same even if Mr. Ramasubbu procures few items from neighbouring State of Kerala.



## Q6

## MTP Dec 23 (New)

Mr. Rao of Telangana, provides the following information for the financial year 2021-22. You are required to find out the aggregate turnover for the purpose of eligibility of composition levy scheme and determine whether he is eligible for composition levy scheme or not for the financial year 2022-23.

- (i) Value of taxable outward inter-state supplies: ₹ 30 lakhs
- (ii) Value of taxable outward intra-state supplies: ₹ 70 lakhs
- (iii) Value of exempt supplies: ₹ 25 lakhs
- (iv) Value of exempt supply of services by way of interest on loans and advances: ₹ 5 lakhs
- (v) Value of exports: ₹ 20 lakhs
- (vi) Value of inward supplies covered under reverse charge: ₹ 8 lakhs.

### Answer

**Computation of aggregate turnover of Mr. Rao for eligibility of composition levy scheme:**

| Particulars                                                                                                                                                   | ₹           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Inter- State Supply                                                                                                                                           | 30,00,000   |
| Intra – State Supply                                                                                                                                          | 70,00,000   |
| Exempted Supply                                                                                                                                               | 25,00,000   |
| Interest                                                                                                                                                      | -           |
| Exports                                                                                                                                                       | 20,00,000   |
| Reverse charge Basis                                                                                                                                          | -           |
| Turnover for earlier year                                                                                                                                     | 1.45,00,000 |
| Since aggregate turnover does not exceed ₹150 lakhs Mr. Rao is eligible for composition levy provided he does not provide interstate supply during this year. |             |

## Q7

## MTP Dec 23 (New)

Ram & Co. being a trader of cell phones registered under GST in the State of Tamil Nadu and furnished the following information relating to preceding financial year:

| Particulars                                | Value (₹ in lakhs) |
|--------------------------------------------|--------------------|
| Intra-State supply of taxable goods        | 120                |
| Intra-State supply of exempted goods       | 10                 |
| Intra-State Supply of taxable services     | 5                  |
| Intra-State supply of exempted services    | 3                  |
| Interest earned on deposits/loans/advances | 15.50              |

Examine whether Ram & Co. is eligible for composition scheme in the current financial year?

**Answer****Aggregate turnover of Ram & Co. of Ram & Co. in the preceding financial year:**

| Particulars                                  | Value (₹ in lakhs) | Remark                                  |
|----------------------------------------------|--------------------|-----------------------------------------|
| Intra-State supply of taxable goods          | 120                | Addable into the aggregate turnover     |
| Intra-State supply of exempted goods         | 10                 | -do-                                    |
| Intra-State Supply of taxable services       | 5                  | -do-                                    |
| Intra-State supply of exempted services      | 3                  |                                         |
| Interest earned on deposits/ loans/ advances | Nil                | Not addable into the aggregate turnover |
| Aggregate turnover                           | 138                | Not exceeded ₹150 lakh                  |

|                                                                                           |                                                             |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| Value of services not exceeded 10% of turnover or ₹5,00,000 whichever is higher: Value of |                                                             |
| taxable output supply of service                                                          | ₹5 lakh                                                     |
| <b>Add:</b> value of exempted output supply of service                                    | ₹3 lakh                                                     |
| Total value of services                                                                   | ₹8 lakh                                                     |
| Supply of service as % on turnover                                                        | $(₹8 \text{ lakh} / ₹138 \text{ lakh}) \times 100 = 5.80\%$ |
| <b>Permissible limit:</b>                                                                 |                                                             |
| 10% of turnover                                                                           | ₹13.80 lakh (i.e. ₹138 lakh x 10%)                          |

w.e.f 1-8-2019, Interest earned on deposits/loans/advances shall not be taken into account for determining the value of turnover in a State or UT.

**Or,**

₹5 lakh

Whichever is higher

Therefore, the value of service up to ₹ 13.80 lakh can be supplied by Ram & Co. In the given case supply of services (excluding interest earned on deposits/loans/advances) did not exceed the permissible limit and hence, Ram & Co. is eligible for composition scheme in the current financial year.

**Q8****MTP June 24**

Mr. Lama of Manipur, provides the following information for the preceding financial year 2022-23. You are required to calculate the aggregate turnover for the purpose of eligibility of composition levy scheme and determine whether he is eligible for composition levy scheme or not, for the F.Y. 2023-24.

| Particulars                                                                                           | ₹ in lakh |
|-------------------------------------------------------------------------------------------------------|-----------|
| Value of taxable outward supplies (out of above, ₹ 10 lakh was in course of inter-state transactions) | 75.00     |
| Value of exempt supplies (which include ₹ 30 lakh received as interest on loans & advances)           | 70.00     |
| Value of inward supplies on which he is liable to pay tax under reverse charge                        | 15.00     |
| Value of exports                                                                                      | 7.00      |



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All the amounts are exclusive of GST. Further, he assured that in F.Y. 2023-24, no inter-State supply will be executed by him.

### Answer

Computation of aggregate turnover of Mr. Lama for F.Y. 2022-23 for the purpose of eligibility of composition levy scheme:

| Particulars                                                                                                                                                                                   | ₹ in lakh |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Value of taxable outward supplies [All taxable supplies including inter-State supplies]                                                                                                       | 75        |
| Value of exempt supplies [excluding value of supply of services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount] | 40        |
| Value of inward supplies on which Mr. Lama is liable to pay tax under reverse charge                                                                                                          | Nil       |
| Value of exports                                                                                                                                                                              | 70        |
| Aggregate turnover for determining eligibility for composition scheme                                                                                                                         | 122       |

A registered person of Manipur is eligible to opt for composition levy if his aggregate turnover does not exceed ₹ 75 lakhs in the preceding financial year. Therefore, in the given case, Mr. Lama is not eligible to opt for composition levy for F.Y. 2023-24.

## Q9

## PTP June 24

Mrs Pooja, running a fancy store and also a footwear showroom, is registered under GST in same PAN in the State of Uttarakhand. Mrs Pooja is not engaged in making any inter-State supply. Her aggregate turnover in the preceding financial year 2022-23 was 50 lakh from fancy store and 45 lakh from footwear showroom. As per the provisions of GST law, examine the issue and provide the answers with supporting explanatory note to the followings:

Is Mrs Pooja eligible to opt composition scheme in the financial year 2023-24?

- Whether it is possible for Mrs Pooja to opt composition scheme only for fancy store and normal scheme for footwear showroom?
- Rework, if Mrs Pooja is running a restaurant as well as fancy store, whether she is eligible for composition scheme, if aggregate turnover in the preceding financial year 2022-23 was 30 lakh from fancy store and ₹ 35 lakh from the restaurant service.

### Answer

A registered person, whose aggregate turnover in the preceding financial year does not exceed ₹ 150 lakh, will be eligible to opt for payment of tax under the composition scheme. However, a registered person of Uttarakhand whose aggregate turnover in the preceding financial year does not exceed ₹ 75 lakh, will be eligible to opt for payment of tax under the composition scheme. Mrs Pooja is not eligible to opt for composition levy for current financial year since her aggregate turnover exceed ₹ 75 lakh i.e. ₹ 95 lakh (₹ 50 lakh + ₹ 45 lakh) in preceding financial year.

- If a business is ineligible to opt for composition scheme, then all other business registered under



the same PAN shall automatically ineligible for the composition scheme. Therefore, Mrs Pooja is not eligible for composition scheme only for fancy store and normal scheme for foot wear show room.

(ii) Restaurant services and fancy store are eligible for the composition scheme.

Hence, Mrs Pooja is eligible for composition scheme, since, her aggregate turnover does not exceed ₹ 75 lakh i.e. ₹ 65 lakh (₹ 30 lakh + ₹ 35 lakh) in preceding financial year.

**Q10****MTP Dec 24**

Mr. Ritesh of Assam, provides the following information for the preceding financial year 2023-24. You are required to find out the aggregate turnover for the purpose of eligibility of composition levy scheme and determine, whether he is eligible for composition levy scheme or not, for the F.Y. 2024-25.

| Particulars                                                                                 | ₹ in lakh |
|---------------------------------------------------------------------------------------------|-----------|
| Value of taxable outward supplies (out of above, ₹ 10 lakh was in course of inter-state)    | 75        |
| Value of exempt supplies (which include ₹ 30 lakh received as interest on loans & advances) | 70        |
| Value of inward supplies on which he is liable to pay tax under reverse charge              | 15        |
| Value of exports                                                                            | 7         |

All the amounts are exclusive of GST. Further, he assured that in F.Y. 2023-24, no inter-State supply will be executed by him.

**Answer**

Computation of aggregate turnover of Mr. Ritesh for F.Y. 2023-24 for the purpose of eligibility of composition levy scheme:

| Particulars                                                                                                                                                                                   | ₹ in lakh |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Value of taxable outward supplies [All taxable supplies including inter-State supplies]                                                                                                       | 75        |
| Value of exempt supplies [excluding value of supply of services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount] | 40        |
| Value of inward supplies on which Mr. Ritesh is liable to pay tax under reverse charge                                                                                                        | Nil       |
| Value of exports                                                                                                                                                                              | 7         |
| Aggregate turnover for determining eligibility for composition scheme                                                                                                                         | 122       |

A registered person of Assam is eligible to opt for composition levy if his aggregate turnover does not exceed ₹ 1.5 crore in the preceding financial year. Therefore, in the given case, Mr. Ritesh is eligible to opt for composition levy for F.Y. 2024-25.



## Q11

## MTP June 25

Mr. Ritesh of Assam, provides the following information for the preceding financial year 2023-24. You are required to calculate the aggregate turnover for the purpose of eligibility of composition levy scheme and determine whether he is eligible for composition levy scheme or not, for the F.Y. 2024-25.

| Particulars                                                                                          | ₹ in lakh |
|------------------------------------------------------------------------------------------------------|-----------|
| Value of taxable outward supplies (out of above, ₹ 10 lakh was in course of interstate transactions) | 75.00     |
| Value of exempt supplies (which include ₹ 30 lakh received as interest on loans & advances)          | 70.00     |
| Value of inward supplies on which he is liable to pay tax under reverse charge                       | 15.00     |
| Value of exports                                                                                     | 7.00      |

All the amounts are exclusive of GST. Further, he assured that in F.Y. 2023-24, no inter-State supply will be executed by him.

### Answer

Computation of aggregate turnover of Mr. Ritesh for F.Y. 2023-24 for the purpose of eligibility of composition levy scheme:

| Particulars                                                                                                                                                                                   | ₹ in lakh |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Value of taxable outward supplies [All taxable supplies including inter-State supplies]                                                                                                       | 75        |
| Value of exempt supplies [excluding value of supply of services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount] | 40        |
| Value of inward supplies on which Mr. Ritesh is liable to pay tax under reverse charge                                                                                                        | Nil       |
| Value of exports                                                                                                                                                                              | 7         |
| Aggregate turnover for determining eligibility for composition scheme                                                                                                                         | 122       |

A registered person of Assam is eligible to opt for composition levy if his aggregate turnover does not exceed ₹ 1.5 crore in the preceding financial year. Therefore, in the given case, Mr. Ritesh is eligible to opt for composition levy for F.Y. 2024-25.



Chapter 5

# Exemptions

Q1

## ICMAI Study Material

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

| Particulars                                                                                                                             | (₹)      |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------|
| Fees charged for yoga camp conducted by a charitable trust.                                                                             | 50,000   |
| Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts. | 1,00,000 |
| Amount charged by cord blood bank for preservation of stem cells.                                                                       | 5,00,000 |
| Amount charged for service provided by commentator to a recognized sports body                                                          | 5,20,000 |

### Answer

Computation of value of taxable supply :

| Particulars                                                                                                                             | Entry | (₹)      |
|-----------------------------------------------------------------------------------------------------------------------------------------|-------|----------|
| Fees charged for yoga camp conducted by a charitable trust.                                                                             | 1     | 50,000   |
| Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts. | 39    | 1,00,000 |
| Amount charged by cord blood bank for preservation of stem cells.                                                                       | 73    | 5,00,000 |
| Amount charged for service provided by commentator to a recognized sports body                                                          |       | 5,20,000 |

Q2

## ICMAI Study Material

Mr. Ijas, a performing artist, provides the following information relating to October, 2024 :

| Particulars                                          | (₹)       |
|------------------------------------------------------|-----------|
| Performing classical dance                           | 1,40,000  |
| Performing in television serial                      | 2,80,000  |
| Services as brand ambassador                         | 12,00,000 |
| Coaching in recreational activities relating to arts | 2,10,000  |
| Activities in sculpture making                       | 3,10,000  |
| Performing western dance                             | 90,000    |

What will be value of taxable supply?

**Answer**

| Particulars                                                                   | (₹)       |
|-------------------------------------------------------------------------------|-----------|
| Performing classical dance [Exempt as per entry 78]                           | Exempt    |
| Performing in television serial                                               | 2,80,000  |
| Services as brand ambassador                                                  | 12,00,000 |
| Coaching in recreational activities relating to arts [Exempt as per entry 80] | Exempt    |
| Activities in sculpture making                                                | 3,10,000  |
| Performing western dance                                                      | 90,000    |
| Value of taxable supply                                                       | 18,80,000 |

**Q3****ICMAI Study Material**

On the basis of following information, you are requested to compute value of taxable supply and GST :

| S. No.                                        | Particulars                                                                      | Amount(₹) |
|-----------------------------------------------|----------------------------------------------------------------------------------|-----------|
| (i)                                           | Advertisement through hoardings                                                  | 1,00,000  |
| (ii)                                          | Performances as folk-dance artist                                                | 80,000    |
| (iii)                                         | Hotel room @ ₹ 2,500/- per room                                                  | 1,50,000  |
| (iv)                                          | Rent received for residential dwelling use as residence per month                | 20,000    |
| (v)                                           | Received from outdoor catering service                                           | 1,50,000  |
| (vi)                                          | Received by a professional training centre                                       | 1,80,000  |
| (vii)                                         | Received from service by way of transportation of passengers by inland waterways | 50,000    |
| Assuming GST @ 18% i.e. CGST - 9% & SGST - 9% |                                                                                  |           |

**Answer**

| S. No. | Particulars                                                                                               | Amount(₹) |
|--------|-----------------------------------------------------------------------------------------------------------|-----------|
| (i)    | Advertisement through hoardings                                                                           | 1,00,000  |
| (ii)   | Performances as folk-dance artist [Exempt as per entry 78]                                                | Exempt    |
| (iii)  | Hotel room @ ₹ 2,500/- per room                                                                           | 1,50,000  |
| (iv)   | Rent received for residential dwelling use as residence per month                                         | Exempt    |
| (v)    | Received from outdoor catering service [Exempt as per entry 12]                                           | 1,50,000  |
| (vi)   | Received by a professional training centre                                                                | 1,80,000  |
| (vii)  | Received from service by way of transportation of passengers by inland waterways [Exempt as per entry 17] | Exempt    |
|        | Value of taxable supply                                                                                   | 5,80,000  |
|        | Tax on above                                                                                              |           |



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|                          |        |
|--------------------------|--------|
| - CGST [₹ 5,80,000 x 9%] | 52,200 |
| - SGST [₹ 5,80,000 x 9%] | 52,200 |

## Q4

## ICMAI Study Material

Compute the taxable value of supply of service of A Ltd. for the month of June 2024 from the following information:

| S. No. | Particulars                                                                                                                   | (₹)       |
|--------|-------------------------------------------------------------------------------------------------------------------------------|-----------|
| (i)    | Entry fees received for cultural programme organised in open theatre where the ticket price is ₹ 200                          | 5,00,000  |
| (ii)   | Receipts on account of stand alone ride in a mall                                                                             | 2,00,000  |
| (iii)  | Receipts of video parlours for exhibiting movies                                                                              | 2,00,000  |
| (iv)   | Auxiliary services provided in capacity of an event manager for organising an event                                           | 15,00,000 |
| (v)    | Receipts from running Natraj Circus                                                                                           | 8,00,000  |
| (vi)   | Receipts on account of admission to award function where the consideration for admission is ₹ 400 per person                  | 5,00,000  |
| (vii)  | Receipts on account of admission to musical performance where the consideration for admission is ₹ 1,000 per person           | 10,00,000 |
| (viii) | Receipts on account of admission to recognised sporting event where the consideration for admission is ₹ 1,000 per person     | 10,00,000 |
| (ix)   | Receipts on account of admission to non recognised sporting event where the consideration for admission is ₹ 1,000 per person | 10,00,000 |
| (x)    | Receipts of amusement park                                                                                                    | 15,00,000 |

### Answer

Computation of value of taxable supply

| S. No. | Particulars                                                                                                         | (₹)       |
|--------|---------------------------------------------------------------------------------------------------------------------|-----------|
| (i)    | Entry fees received for cultural programme organised in open theatre [Entry 81]                                     | Exempt    |
| (ii)   | Receipts on account of stand alone ride in a mall                                                                   | 2,00,000  |
| (iii)  | Receipts of video parlours for exhibiting movies                                                                    | 2,00,000  |
| (iv)   | Auxiliary services provided in capacity of an event manager for organising an event                                 | 15,00,000 |
| (v)    | Receipts from running Natraj Circus                                                                                 | Exempt    |
| (vi)   | Receipts on account of admission to award function where the consideration for admission is ₹ 400 per person        | Exempt    |
| (vii)  | Receipts on account of admission to musical performance where the consideration for admission is ₹ 1,000 per person | 10,00,000 |

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|        |                                                                                                                               |           |
|--------|-------------------------------------------------------------------------------------------------------------------------------|-----------|
| (viii) | Receipts on account of admission to recognised sporting event where the consideration for admission is ₹ 1,000 per person     | 10,00,000 |
| (ix)   | Receipts on account of admission to non recognised sporting event where the consideration for admission is ₹ 1,000 per person | 10,00,000 |
| (x)    | Receipts of amusement park                                                                                                    | 15,00,000 |
|        | Value of taxable supply                                                                                                       | 64,00,000 |

**Q5****ICMAI Study Material**

Agro Farm Limited registered under GST furnishes the following details with respect to the activities undertaken by them in the month of May, 2024

| S. No. | Particulars                                                                                                    | (₹)      |
|--------|----------------------------------------------------------------------------------------------------------------|----------|
| (i)    | Receipts from Supply of farm labour                                                                            | 85,000   |
| (ii)   | Charges for seed testing                                                                                       | 65,000   |
| (iii)  | Charges for soil testing of farm land                                                                          | 35,000   |
| (iv)   | Charges for warehousing of potato chips                                                                        | 85,000   |
| (v)    | Commission received on sale of wheat                                                                           | 75,000   |
| (vi)   | Charges for training of farmers on use of new pesticides and fertilizers developed through scientific research | 10,000   |
| (vii)  | Renting of vacant land to a stud farm                                                                          | 1,85,000 |
| (viii) | Leasing of vacant land to a cattle farm                                                                        | 83,500   |
| (ix)   | Charges for warehousing of rice                                                                                | 1,50,000 |
| (x)    | Charges for warehousing of cotton fabrics                                                                      | 2,00,000 |
| (xi)   | Retail packing and labelling of fruits and vegetables                                                          | 5,00,000 |

Compute the value of taxable supply of Agro Farm Limited for the month of May, 2024 if all the above amounts are exclusive of GST.

**Answer**

Computation of value of taxable supply :

| S. No. | Particulars                                                                                                               | (₹)    |
|--------|---------------------------------------------------------------------------------------------------------------------------|--------|
| (i)    | Receipts from Supply of farm labour [Entry 54]                                                                            | Exempt |
| (ii)   | Charges for seed testing [Entry 54]                                                                                       | Exempt |
| (iii)  | Charges for soil testing of farm land [Entry 54]                                                                          | Exempt |
| (iv)   | Charges for warehousing of potato chips                                                                                   | 85,000 |
| (v)    | Commission received on sale of wheat [Entry 54]                                                                           | Exempt |
| (vi)   | Charges for training of farmers on use of new pesticides and fertilizers developed through scientific research [Entry 54] | Exempt |



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|        |                                                                  |          |
|--------|------------------------------------------------------------------|----------|
| (vii)  | Renting of vacant land to a stud farm                            | 1,85,000 |
| (viii) | Leasing of vacant land to a cattle farm [Entry 54]               | Exempt   |
| (ix)   | Charges for warehousing of rice [Entry 24]                       | Exempt   |
| (x)    | Charges for warehousing of cotton fabrics                        | 2,00,000 |
| (xi)   | Retail packing and labelling of fruits and vegetables [Entry 57] | Exempt   |
|        | Value of taxable Supply                                          | 4,70,000 |

## Q6

## ICMAI Study Material

Mr. Dev a famous cricketer furnishes you with the following information of the various receipts for the month ended 30-09-2024. You are required to compute value of taxable supply :

| S. No. | Particulars                                                                      | (₹)     |
|--------|----------------------------------------------------------------------------------|---------|
| (i)    | Receipts from Sports Authority of India for participation in recognised sport    | 50 lakh |
| (ii)   | Receipts from franchisee of Indian Premier league (not a recognised sports body) | 75 lakh |
| (iii)  | Receipts from acting as brand ambassador for corporate client                    | 22 lakh |
| (iv)   | Receipts of sports training academy to coach young players                       | 15 lakh |

### Answer

Computation of value of taxable supply :

| S. No. | Particulars                                                                              | (₹)     |
|--------|------------------------------------------------------------------------------------------|---------|
| (i)    | Receipts from Sports Authority of India for participation in recognised sport [Entry 68] | Exempt  |
| (ii)   | Receipts from franchisee of Indian Premier league (not a recognised sports body)         | 75 lakh |
| (iii)  | Receipts from acting as brand ambassador for corporate client                            | 22 lakh |
| (iv)   | Receipts of sports training academy to coach young players [Entry 80]                    | Exempt  |
|        | Value of taxable supply                                                                  | 97 lakh |

**Q7****ICMAI Study Material**

M/s. D Bank Limited, a Scheduled Commercial Bank has furnished the following details for the month of August, 2024 :

| Particulars                                                                    | ₹ in crores<br>(Excluding GST) |
|--------------------------------------------------------------------------------|--------------------------------|
| Extended Housing Loan to its customers                                         | 200                            |
| Processing fees collected from its customers on sanction of loan               | 40                             |
| Commission collected from its customers on bank guarantee                      | 60                             |
| Interest income on credit card issued by the bank                              | 80                             |
| Interest received on housing loan extended by the bank                         | 50                             |
| Minimum balance charges collected from current account & saving account holder | 02                             |

Compute the value of taxable supply.

**Answer**

| Particulars                                                                                                     | ₹ in crores |
|-----------------------------------------------------------------------------------------------------------------|-------------|
| Extended Housing Loan to its customers [Money is not considered as goods hence, extending loan is not a supply] | -           |
| Processing fees collected from its customers on sanction of loan                                                | 40          |
| Commission collected from its customers on bank guarantee                                                       | 60          |
| Interest income on credit card issued by the bank                                                               | 80          |
| Interest received on housing loan extended by the bank [Interest on loan is exempt]                             | -           |
| Minimum balance charges collected from current account & saving account holder                                  | 02          |
| Value of taxable supply                                                                                         | 182         |

**Q 8****PTP Dec 22**

Mr. Varun a registered supplier of Gujarat, received the following amounts in respect of the various activities undertaken by him during the month of April, 2022:

| S. No. | Particulars                                                                                                                                                                                         | Amount(₹)         |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| (i)    | Consideration for renting of residential dwelling for use as office                                                                                                                                 | 1,48,000          |
| (ii)   | Business assets (old computers) given to friend free of cost, the market value of all the computers was ₹ 1,50,000<br>No Input tax credit has been availed on such computers when used for business | No amount charged |
| (iii)  | Commission received as a recovery agent from a non-banking finance company (NBFC)                                                                                                                   | 95,000            |
| (iv)   | Actionable claim received from normal business debtors                                                                                                                                              | 11 00 000         |
| (v)    | Amount received from ADG Ltd. for performance of classical dance in one program                                                                                                                     | 1,99,500          |

**Notes:**

- All the amount stated above in both the tables are exclusive of GST, wherever applicable.
- Aggregate turnover of Mr. Jayesh in previous year was ₹ 42,00,000

You are required to Compute Gross value of supplies, on which GST to be paid by Mr. Varun for the month of April, 2022. Correct legal provision should form part of your answer.

**Answer**

Total supply on which GST to be paid by Mr. Varun ₹ 3,47,500

**Q 9****PTP Dec 22**

Discuss whether GST would be payable in following independent cases:

- A Cost Accountant makes payment of LLP Registration fee of 4,000 on behalf of their clients and charges the client his professional fee of 12,000 along with expenses of 4,000 incurred in form of payment to Registrar of Companies.
- A pharmaceutical company supplies free samples to doctors.
- Vijyan Temple Charitable Trust, registered under section 10(23C)(v) of the Income-tax Act gives on rent a community hall, located within temple premises, to public for organizing a Diwali Mela. Rent charged is ₹ 9,500.
- Bluefine Trucking Ltd. has given on hire 12 trucks to GM Transporters of Mumbai (a goods transport agency) for transporting goods in various parts of the country. The hiring charges for the trucks are ₹ 10,100 per truck per day.
- An individual buys a car for personal use and after a year sells it to a car dealer.
- Provision of service or goods by a club or association or society to its members.

**Answer**

- i. Rule 33 of the CGST Rules 2017 provides that the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply.

In view of the same, GST is payable only on Rs. 12,000 and not on Rs. 4,000 which were paid by him while acting as a Pure Agent.

- ii. The answer to the question of taxability of free samples can be given after referring to Section 7 and Schedule I of the CGST Act, 2017.

According to section 7 Supply includes "All forms of supply of goods or services or both made or agreed to be made for a consideration by a person in the course or furtherance of business; Schedule I specifies activities made or agreed to be made without a consideration and as per that supply made without consideration to unrelated person will not be treated as supply.

Therefore, GST will not be levied on free samples distributed, because it is not considered as a supply.

- iii. Renting of community hall by Vijyan Temple Charitable Trust is exempt from GST, as rent is less than Rs.10,000 per day. The Exemption Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017 and Notification No. 9/2017 Integrated Tax (Rate) dated 28.06.2017 has exempted the said service wholly from GST. The said notification provides exemption to services by a person inter alia by way of renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a trust or an institution under section 10(23C)(v) of the Income Tax Act, 1961. However, this exemption does not apply where renting charges of premises, community halls, kalyanmandapam or open area are Rs. 10,000 or more per day.
- iv. The Exemption Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017/ Notification No. 9/2017 Integrated Tax (Rate) dated 28.06.2017 provides exemption to services by way of giving on hire inter alia to a goods transport agency, a means of transportation of goods.

In view of the above, GST is not payable in case of hiring of trucks to GGH Transporters

- v. The sale of old and used car by an individual is not in the course or furtherance of business and hence does not constitute supply. [Section 7 CGST Act] So No GST payable
- vi. Provision of facilities by a club, association, society or any such body to its members shall be treated as supply. This is included in the definition of „business“ in section 2(17) of CGST/SGST Act. So GST is payable

**Q10****PTP June 23 (Old)**

Kame sh Services Ltd. registered under GST, is engaged in providing various services to Government of Tamil Nadu. The company provides the following information in respect of services provided during the month of November, 2022:

| S. No. | Description of Services provided                                                                                                                                                                                                                 |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i      | Supply of manpower for cleanliness of roads not involving any supply of goods.                                                                                                                                                                   |
| ii     | Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares along with maintenance. Generally, replacement of defunct lights and other spares constitutes 35% of the supply of service. |
| iii    | Service of brochure distribution provided under a training program for which 70% of the total expenditure is borne by the Government.                                                                                                            |
| iv     | Service rendered to water and sewage connection.                                                                                                                                                                                                 |

Comment on the taxability or otherwise of the above transactions under GST law. Also state the correct legal provisions for the same.

**Answer**

| S. No. | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Taxability |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| i      | Supply of manpower for cleanliness of roads not involving any supply of goods.<br>[Pure services provided to Government are exempt.]                                                                                                                                                                                                                                                                                                                                 | Exempt     |
| ii     | Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares constituting 35% of the supply of service.<br>[Composite supply of goods and services to Government in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply is exempt. Since, in this case value of supply of goods constitutes 35% of the supply of composite service, same is taxable.] | Taxable    |
| iii    | Service of brochure distribution provided under a training programme<br>[Services provided to the Government under any training programme for which 75% or more of the total expenditure is borne by the Government is exempt.<br>Since in the given case, 70% of the total expenditure is borne by the Government, it is taxable.]                                                                                                                                  | Taxable    |
| iv     | Service related to water and Sewage connection<br>Any services related to basic amenities to municipalities are exempted from tax.                                                                                                                                                                                                                                                                                                                                   | Exempt     |

**Q11****PTP June 23 (New)**

Siddhi, a registered supplier of Rajasthan. He has received the following amounts in respect of the activities undertaken by him during the month of October, 2022:

| S. No. | Particulars                                                                                                                                     | ₹      |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| i      | Amount received for service provided to the Indian Olympic Association as team manager of national team.                                        | 30,000 |
| ii     | Amount received for warehousing of rice                                                                                                         | 20,000 |
| iii    | Amount received for services by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex | 10,000 |

You are required to calculate gross value of taxable supply on which GST is to be paid by Siddhi for the month of October, 2022 by giving necessary explanations for treatment of various items.

Assume all the transactions stated above are intra-State transactions and all the above amounts are exclusive of GST.

(No need for bifurcation between CGST and SGST).

**Answer**

Gross value of taxable supply on which GST is to be paid by Siddhi = ₹ 10,000



Chapter 6

# Time of Supply

Q1

## ICMAI Study Material

Ramesh issues an invoice of ₹ 54,200 for supply of goods as on 10/04/2024 and received ₹ 55,000 in his bank account through NEFT on the same date which was credited into his books of account on 11/04/2023. Determine the time of supply of goods and the time of supply of excess receipt. How shall your answer differ, if he received ₹ 75,000 instead of ₹ 55,000?

### Answer

- Time of supply in case of supply of goods shall be 10/04/2024. Date of receipt of payment is not relevant for determining time of supply in view of the Notification No. 66/2017-CT dated 15/11/2017.
- Ramesh has received ₹ 800 in excess. He will adjust the excess amount against the next supply. The time of supply of such excess amount shall be the date of issuance of next invoice.
- In alternate situation, he has received ₹ 20,800 in excess. Even in this situation, the time of supply of such excess amount shall be the date of issuance of next invoice assuming that this excess will be adjusted in the said invoice.

Q2

## ICMAI Study Material

Certain goods are sent by Mr. X on sale on approval or return basis to Mr. Y on 22nd April 2024. The supply gets confirmed and invoice is issued on :

Case 1: 20th August 2024

Case 2: 22nd November 2024

Payment in each of the cases is made on 23rd November 2024.

Determine the time of supply.

### Answer

Date of receipt of payment is immaterial for the purpose of calculating time of supply u/s 12 of the CGST Act 2017. Therefore, 23rd November 2024 should be ignored altogether. The time of supply should be earlier of the date of issuance of invoice or the last date of issuance of invoice. The last date of issuance of invoice will be the earlier of the confirmation of supply or 6 months from the date of removal.

In case 1, the confirmation of supply occurred before 6 months from the date of removal. Thus, the last date of issuance of invoice was 20th August 2024. On this date, the invoice was issued. Hence, the time of supply will be 20th August 2024.

In case 2, the confirmation of supply happened after 6 months from the date of removal. The period of 6 months expired on 21st October 2024. Hence, the invoice was required to be issued by this date. Since the invoice was issued on 22nd November 2024, the actual date of issue of invoice will be considered as falling after the last date of issuance of invoice. The time of supply will be the last date of issuance of invoice i.e., 21st October 2024.

**Q3****ICMAI Study Material**

Mr. Amar supplies goods (liable under reverse charge) to Mr. Nath. You are required to determine time of supply considering following details :

|            |                                                                                        |
|------------|----------------------------------------------------------------------------------------|
| 01.04.2024 | Mr. Nath approaches Mr. Amar and places an order                                       |
| 10.04.2024 | Mr. Nath receives the goods                                                            |
| 15.04.2024 | Mr. Amar issues an invoice                                                             |
| 20.04.2024 | Mr. Nath makes a payment by cheque and accordingly records it in his books of accounts |
| 25.04.2024 | The payment gets debited from Mr. Nath's bank account                                  |

How shall your answer differ if the goods were received by Mr. Nath on 30.04.2024 instead of 10.04.2024

**Answer**

The time of supply shall be the earlier of the following dates:

- the date of receipt of goods i.e. 10.04.2024
- the date of payment as recorded in the books of Mr. Nath i.e. 20.04.2024
- the date when the payment gets debited from the bank of Mr. Nath i.e. 25.04.2024
- the date immediately following 30 days from the date of issue of invoice by Mr. Amar, i.e. 15.04.2024  
+ 30 days + 1 day = 16.05.2024

Therefore, the time of supply will be 10.04.2024.

**Q4****ICMAI Study Material**

Mr. Viswa enters into a contract for supply of goods worth ₹ 10, 00,000 with Mr. Nath on 10th April 2024. Such goods are removed with an invoice dated 12th April 2024 on 13th April 2024 for delivery to Mr. Nath. The terms of the contract demanded the payment against such supply to be made within 60 days beyond which a late payment charge of ₹ 20,000 will have to be paid by Mr. Nath. Mr. Nath makes the payment of ₹ 10,00,000 along with the late payment charges on 15th July 2024. What will be the time of supply in respect of the entire amount?

**Answer**

In sec. 12(2), the time of supply in respect of ₹ 10, 00,000 will be the date of issuance of invoice or last date of issuance of invoice. Last date of issuance of invoice will be the date of removal where supply involves movement of goods.

- Date of issuance of invoice: 12th April 2024
- Last date of issuance of invoice: 13th April 2024 (date of removal)



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- The date of payment is immaterial as per Notification no. 66/2017-CT dated 15th November 2017.

So, the time of supply will be 12th April, 2024 in respect of ₹ 10, 00,000.

However, in respect of the time of supply for the amount of ₹ 20,000 paid as late payment charges, time of supply as per sec. 12(6) has been stated to be the date on which the supplier receives the addition in value. Here, the additional amount of ₹ 10,000 is received on 15th July 2024. Hence, the time of supply for this amount will also arise on 15th July 2024.

## Q5

## ICMAI Study Material

Determine the time of supply in following cases :

| Case | Invoice Issued on | Removal of goods for supply on | Goods made available on | Payment received on |
|------|-------------------|--------------------------------|-------------------------|---------------------|
| 1    | 15/04/2024        | 20/04/2024                     | 20/04/2024              | 19/04/2024          |
| 2    | 15/05/2024        | 20/04/2024                     | 20/04/2024              | 19/04/2024          |
| 3    | 15/04/2024        | NA                             | 20/04/2024              | 27/04/2024          |
| 4    | 15/05/2024        | NA                             | 20/04/2024              | 30/05/2024          |
| 5    | 15/04/2024        | 20/04/2024                     | 20/04/2024              | 19/03/2024          |

### Answer

| Case | Invoice Issued on | Removal of goods for supply on | Goods made available on | Payment received on | Time of supply |
|------|-------------------|--------------------------------|-------------------------|---------------------|----------------|
| 1    | 15/04/2024        | 20/04/2024                     | 20/04/2024              | 19/04/2024          | 15/04/2024     |
| 2    | 15/05/2024        | 20/04/2024                     | 20/04/2024              | 19/04/2024          | 20/04/2024     |
| 3    | 15/04/2024        | NA                             | 20/04/2024              | 27/04/2024          | 15/04/2024     |
| 4    | 15/05/2024        | NA                             | 20/04/2024              | 30/05/2024          | 20/04/2024     |
| 5    | 15/04/2024        | 20/04/2024                     | 20/04/2024              | 19/03/2024          | 15/04/2024     |

## Q6

## ICMAI Study Material

Determine the time of supply in following cases :

| Case | Date of Supply of service | Date of issue of invoice | Date of entering payment in books | Date of credit of payment in bank |
|------|---------------------------|--------------------------|-----------------------------------|-----------------------------------|
| 1    | 15/04/2024                | 20/04/2024               | 22/04/2024                        | 24/04/2024                        |
| 2    | 15/04/2024                | 20/05/2024               | 20/04/2024                        | 20/04/2024                        |
| 3    | 15/04/2024                | 20/04/2024               | 18/04/2024                        | 17/04/2024                        |
| 4    | 15/04/2024                | 20/04/2024               | 02/04/2024                        | 03/04/2024                        |
| 5    | 15/04/2024                | 20/05/2024               | 02/04/2024                        | 01/04/2024                        |



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### Answer

| Case | Date of Supply of service | Date of issue of invoice | Date of entering payment in books | Date of credit of payment in bank | Time of supply |
|------|---------------------------|--------------------------|-----------------------------------|-----------------------------------|----------------|
| 1    | 15/04/2024                | 20/04/2024               | 22/04/2024                        | 24/04/2024                        | 20/04/2024     |
| 2    | 15/04/2024                | 20/05/2024               | 20/04/2024                        | 20/04/2024                        | 15/04/2024     |
| 3    | 15/04/2024                | 20/04/2024               | 18/04/2024                        | 17/04/2024                        | 17/04/2024     |
| 4    | 15/04/2024                | 20/04/2024               | 02/04/2024                        | 03/04/2024                        | 02/04/2024     |
| 5    | 15/04/2024                | 20/05/2024               | 02/04/2024                        | 01/04/2024                        | 01/04/2024     |



## ICMAI Study Material

Rate of GST shall be 12% (instead of existing rate of 18%) w.e.f. 01-04-2024. In that case, time of supply and applicable rate of tax shall be determined as under :

| Situations | Service Provided | Invoice Raised | Paymen Received |
|------------|------------------|----------------|-----------------|
| 1          | 25-03-2024       | 03-04-2024     | 10-04-2024      |
| 2          | 25-03-2024       | 29-03-2024     | 12-04-2024      |
| 3          | 25-03-2024       | 03-04-2024     | 31-03-2024      |
| 4          | 05-04-2024       | 29-03-2024     | 07-04-2024      |
| 5          | 05-04-2024       | 29-03-2024     | 31-03-2024      |
| 6          | 05-04-2024       | 07-04-2024     | 31-03-2024      |

### Answer

| Situations | Service Provided | Invoice Raised | Paymen Received | Time of Supply | Rate |
|------------|------------------|----------------|-----------------|----------------|------|
| 1          | 25-03-2024       | 03-04-2024     | 10-04-2024      | 03-04-2024     | 12%  |
| 2          | 25-03-2024       | 29-03-2024     | 12-04-2024      | 29-03-2024     | 18%  |
| 3          | 25-03-2024       | 03-04-2024     | 31-03-2024      | 31-03-2024     | 18%  |
| 4          | 05-04-2024       | 29-03-2024     | 07-04-2024      | 07-04-2024     | 12%  |
| 5          | 05-04-2024       | 29-03-2024     | 31-03-2024      | 29-03-2024     | 18%  |
| 6          | 05-04-2024       | 07-04-2024     | 31-03-2024      | 07-04-2024     | 12%  |



## Q8

## ICMAI Study Material

Mr. Kedar provides consultancy services to Mr. Nath worth ₹ 50,000.

|            |                                                                             |
|------------|-----------------------------------------------------------------------------|
| 08.04.2024 | An advance of ₹ 10,000 is received from Mr. Nath                            |
| 10.04.2024 | The consultancy services are provided                                       |
| 16.05.2024 | Mr. Kedar receives balance payment of ₹ 40,000 and records it in his books. |

What will be the time of supply assuming Mr. Kedar issues the invoice on:

Situation 1 - 15.04.2024

Situation 2 – 15.05.2024

### Answer

Situation 1

In the given case,

|                                                                             |            |
|-----------------------------------------------------------------------------|------------|
| Date of issue of invoice (which is within 30 days of the supply of service) | 15.04.2024 |
| Date of payment                                                             |            |
| – ₹ 10,000                                                                  | 08.04.2024 |
| – ₹ 40,000                                                                  | 16.05.2024 |

If the invoice is issued within the prescribed time period, the time of supply will be the date of receipt of payment or date of issue of invoice whichever is earlier. Hence, for ₹ 10,000, the time of supply will be 08.04.2024 which is the date of receipt of advance payment. For the balance amount, the time of supply will be 15.04.2024 which is earlier of 15.04.2024 (date of invoice) and 16.05.2024 (date of receipt of payment).

Situation 2

If invoice is not issued within the prescribed time period, the time of supply will be the earlier of the date of completion of service and the date of receipt of payment. Here, invoice is issued on 15.05.2024 which is after the prescribed time period. So, for ₹ 10,000, the time of supply will be 08.04.2024 which is the date of receipt of advance payment. For the balance amount, the time of supply will be 10.04.2024 which is earlier of 10.04.2024 (date of completion of service) and 16.05.2024 (date of receipt of payment).

## Q9

## ICMAI Study Material

During investigation, it was found that Mr. X had provided catering services of ₹ 1,00,000 to Mr. Y during his business convention. The payment for these services was made in cash. Mr. X had neither issued any invoice nor recognised the payment in his books of accounts. Mr. Y recorded the payment of ₹ 1,00,000 in cash in his books on 28th April 2024. What will be the time of supply in this case?

**Answer**

Since, the date of receipt of payment or the date of invoice is not available in case of Mr. X, the date when the payment is recorded in the books of the recipient becomes relevant. Since, Mr. Y recorded this on 28th April, the time of supply for such supply will also be considered as 28th April 2024.

**Q10****ICMAI Study Material**

A contract for supply of professional services was entered for ₹ 10,00,000 for the period of 3 months on 20th July 2024. However, on 16th August 2024, the recipient informed the supplier that he is not willing to receive any more services under the contract. Both of them mutually agree that the services provided till date can be valued at ₹ 3,50,000. The invoice for this was issued on 20th August 2024 and the payment was made by the recipient on 25th August 2024.

**Answer**

In the instant case, the cessation of supply of services occurs on 16th August 2024. The date by which the invoice should have been raised was also 16th August 2024. However, the invoice was issued on 20th August 2024 which is after the prescribed time period. Therefore, the time of supply will be the earlier of the date of completion of service (16th August 2024) and the date of payment (25th August 2024) which will be 16th August 2024.

**Q11****ICMAI Study Material**

Mr. Ram provides certain services to Mr. Nath which fall under reverse charge basis :

|            |                                                                                        |
|------------|----------------------------------------------------------------------------------------|
| 10.04.2024 | The services are provided to Mr. Nath                                                  |
| 12.04.2024 | Mr. Ram issues an invoice to Mr. Nath                                                  |
| 10.07.2024 | The payment is made by Mr. Nath through a cheque and recorded in his books of accounts |
| 15.07.2024 | The payment gets debited from Mr. Nath's bank account                                  |

What will be the time of supply?

**Answer**

The time of supply shall be earlier of the following dates :

|                                                                                                         |            |
|---------------------------------------------------------------------------------------------------------|------------|
| The date of payment                                                                                     | 10.07.2024 |
| The date on which payment is debited from bank account                                                  | 15.07.2024 |
| The date immediately following 60 days from the date of issue of invoice (12.04.2024 + 60 days + 1 day) | 12.06.2024 |

Therefore, the time of supply shall be 12.06.2024.



## Q12

## ICMAI Study Material

Mr. Rajendra provides certain services to Mr. Nath which fall under reverse charge basis.

|            |                                                                                        |
|------------|----------------------------------------------------------------------------------------|
| 10.10.2024 | The services are provided to Mr. Nath                                                  |
| 12.10.2024 | Mr. Rajendra issues an invoice to Mr. Nath                                             |
| 10.03.2025 | The payment is made by Mr. Nath through a cheque and recorded in his books of accounts |
| 15.03.2025 | The payment gets debited from Mr. Nath's bank account                                  |

What will be the time of supply?

### Answer

The time of supply shall be earlier of the following dates :

|                                                                                                         |            |
|---------------------------------------------------------------------------------------------------------|------------|
| The date of payment                                                                                     | 10.03.2025 |
| The date on which payment is debited from bank account                                                  | 15.03.2025 |
| The date immediately following 60 days from the date of issue of invoice (12.04.2024 + 60 days + 1 day) | 12.12.2024 |

Therefore, the time of supply shall be 12.12.2024

## Q13

## ICMAI Study Material

T-Series, Music Company & a registered dealer in India, paid an advance of ₹ 5,00,000 to Mr. Vikash, a music composer, for the copyright covered u/s 13(1)(a) of the Copyright Act, 1957, of his original musical work o 5-9-2024 (through RTGS). It made the balance payment of ₹ 2,50,000 on 12-12-2024 (through RTGS). You are required to determine the time of supply, if Mr. Vikash raised the invoice on:

(i) 6-10-2024; or

(ii) 17-12-2024

### Answer

Supply of services by a music composer by way of transfer or permitting the use or enjoyment of a copyright covered u/s 13(1)(a) of the Copyright Act, 1957 relating to musical works to a music company is liable for tax under reverse charge i.e. T-Series is required to pay.

The time of supply of service, on which GST is payable under reverse charge, is earlier of the following :

- Date of payment as entered in the books of account of the recipient or date on which payment is debited from the bank account, whichever is earlier Or
- 61st day from the date of issue of invoice by the supplier.

The time of supply shall be earlier of the following dates :



| Particulars                                                                                                                            | Case I   | Case II  |
|----------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| First Payment of ₹ 5,00,000                                                                                                            |          |          |
| The date of payment                                                                                                                    | 05-09-24 | 05-09-24 |
| The date on which payment is debited from bank account                                                                                 | 05-09-24 | 05-09-24 |
| The date immediately following 60 days from the date of issue of invoice (06-10-2024 + 60 days + 1 day) (17-12-2024 + 60 days + 1 day) | 06-12-24 | 16-02-25 |
| Time of supply shall be                                                                                                                | 05-09-24 | 05-09-24 |
| For Payment of ₹ 2,50,000                                                                                                              |          |          |
| The date of payment                                                                                                                    | 12-12-24 | 12-12-24 |
| The date on which payment is debited from bank account                                                                                 | 12-12-24 | 12-12-24 |
| The date immediately following 60 days from the date of issue of invoice (06-10-2024 + 60 days + 1 day) (17-12-2024 + 60 days + 1 day) | 06-12-24 | 16-02-25 |
| Time of supply shall be                                                                                                                | 06-12-24 | 12-12-24 |

**Q14****PTP Dec 22**

M/s. CDF (P) Ltd. registered under GST laws at Maharashtra, has received some taxable services covered under reverse charge u/s 9 (3) of CGST Act, 2017 from Mr. Harish Chandra of Gujarat. **Other details are as follows:**

| Particulars                                                | Date       |
|------------------------------------------------------------|------------|
| Supply of Services                                         | 03/06/2021 |
| Invoice raised by Mr. Harish Chandra                       | 09/07/2021 |
| Payment recorded in the books of M/s. CDF (P) Ltd.         | 07/08/2021 |
| Payment debited in the bank account of M/s. CDF (P) Ltd.   | 14/08/2021 |
| Payment recorded in the books of Mr. Harish Chandra        | 08/08/2021 |
| Payment credited in the bank account of Mr. Harish Chandra | 16/08/2021 |

**Determine**

- Time of supply for the purpose of payment of tax.
- Would your answer be different in (i) above, if services supplied on 11/06/2021, instead of 03/06/2021?

**Answer**

- As per section 13 (3) of CGST Act, 2017, the time of supply of service on which GST is payable on reverse charge basis is Date of payment **or** Date immediately following 60 days since issue of invoice by the supplier, **Whichever is earlier**

**Meaning of "Date of payment"**

"Date of payment" in the above situation refers to the date on which the payment is recorded in the books of account of the entity that receives the service (recipient of service), or the date on which the payment is debited from the entity's bank account, whichever is earlier.



Thus, time of supply of services is :-

07/08/2021 (date of payment i.e when recorded because it is earlier than 14/08/2021) **Or**

08/09/2021 (61st day from date of invoice)

Hence time of supply will be 07/08/2021

- (ii) No change: Answer will be remains same because important date is issue of invoice by supplier not date of supply of service.

## Q15

## MTP June 23 (Old)

Mr. A supplied goods to Mr. D on 28th January 2023. The GST rate on goods is changed from 12% to 5% w.e.f. 1st January 2023. Mr. A issued invoice on 28th August 2022 and payment is credited in his bank account on 30th December 2022.

- (i) What is the time of supply in this case?  
(ii) What is the Effective rate of GST?

### Answer

- (i) Time of supply = 28th August 2022  
(ii) Effective rate of GST = 12%

## Q16

## MTP June 23 (New)

Mr. Kedar provides consultancy services to Mr. Nath worth ₹ 50,000.

|            |                                                                             |
|------------|-----------------------------------------------------------------------------|
| 08.04.2022 | An advance of ₹ 10,000 is received from Mr. Nath                            |
| 10.04.2022 | The consultancy services are provided                                       |
| 16.05.2022 | Mr. Kedar receives balance payment of ₹ 40,000 and records it in his books. |

Calculate the time of supply assuming Mr. Kedar issues the invoice on:

Situation 1 - 15.04.2022

Situation 2 - 15.05.2022

### Answer

**Situation 1-** In the given case,

|                                                                             |            |
|-----------------------------------------------------------------------------|------------|
| Date of issue of invoice (which is within 30 days of the supply of service) | 15.04.2022 |
| Date of payment                                                             |            |
| - ₹ 10,000                                                                  | 08.04.2022 |
| - ₹ 40,000                                                                  | 16.05.2022 |

If the invoice is issued within the prescribed time period, the time of supply will be the date of receipt of payment or date of issue of invoice whichever is earlier. Hence, for ₹ 10,000, the time of supply will be 08.04.2022 which is the date of receipt of advance payment. For the balance amount, the time of supply will be 15.04.2022 which is earlier of 15.04.2022 (date of invoice) and 16.05.2022 (date of receipt of payment).

**Q17****PTP June 23 (Old)**

Determine the time of supply for the purpose of payment of tax in the following independent cases as per the provisions of the CGST Act, 2017:-

- (i) Palak Ltd. sells goods to Sita Ltd. on 15th October, 2022. The invoice for the same is issued on 17th October, 2022. Payment for the goods is received on 5th October, 2022.
- (ii) Mahadev Ltd. provides services to Raj Ltd. on 10th November, 2022. Mahadev Ltd. issues the invoice for the services on 14th November, 2022. Payment is received in the bank account of Mahadev Ltd. on 20th November, 2022 and is recorded in the books of account of Mahadev Ltd. on 30th November, 2022.

**Answer**

- (i) (a) Date of issue of invoice or  
(b) The last date on which invoice ought to have been issued in terms of section 31(1) and whichever is earlier. As per section 31(1), the invoice in case of supply of goods needs to be issued either before or at the time of removal/delivery of goods. In this case, the invoice is issued after the time of removal of the goods

Therefore, time of supply of goods is the due date of issue of invoice, which is 15th October, 2022.

- (ii) Invoice is issued within 30 days from the date of supply of service:-

**Earliest of the following:-**

Date of issue of invoice by the supplier (14th November, 2022) **Or**

Date of receipt of payment (20th November, 2022)

Therefore, time of supply is the date of issue of invoice, which is 14th November, 2022.

Date of receipt of payment means

- Date of entering the payment in books of account (30th November, 2022) **Or**
- Date of crediting of payment in bank account (20th November, 2022), Whichever is earlier i.e., 20th November, 2022

**Q18****PTP Dec 23 (Old)**

With reference to GST law, determine the time of supply for the purpose of payment of tax in each of the following independent cases where supply involves movement of goods.

| Case | Date of removal             | Date of issue of invoice    | Date when goods made available to recipient | Date of receipt of payment  |
|------|-----------------------------|-----------------------------|---------------------------------------------|-----------------------------|
| (1)  | 2 <sup>nd</sup> April, 2023 | 1 <sup>st</sup> April, 2023 | 4 <sup>th</sup> April, 2023                 | 20 <sup>th</sup> May, 2023  |
| (2)  | 1 <sup>st</sup> April, 2023 | 2 <sup>nd</sup> April, 2023 | 3 <sup>rd</sup> April, 2023                 | 10 <sup>th</sup> May, 2023  |
| (3)  | 2 <sup>nd</sup> May, 2023   | 3 <sup>rd</sup> May, 2023   | 4 <sup>th</sup> May, 2023                   | 1 <sup>st</sup> April, 2023 |

Brief legal provision should form part of your answer.



## Answer

As per section 12(2) of the CGST Act, 2017, the time of supply of goods (Where movement of goods involve) for the purpose of payment of tax is the: - Date of issue of invoice by the supplier **Or** Last date on when the invoice ought to have been issued under section 31(1). As per section 31(1), the invoice needs to be issued either before or at the time of removal of goods.

| SN  | Date of removal             | Date of issue of invoice    | Date when goods made available to recipient | Date of receipt of payment  | Time of supply              |
|-----|-----------------------------|-----------------------------|---------------------------------------------|-----------------------------|-----------------------------|
| (1) | 2 <sup>nd</sup> April, 2023 | 1 <sup>st</sup> April, 2023 | 4 <sup>th</sup> April, 2023                 | 20 <sup>th</sup> May, 2023  | 1 <sup>st</sup> April, 2023 |
| (2) | 1 <sup>st</sup> April, 2023 | 2 <sup>nd</sup> April, 2023 | 3 <sup>rd</sup> April, 2023                 | 10 <sup>th</sup> May, 2023  | 1 <sup>st</sup> April, 2023 |
| (3) | 2 <sup>nd</sup> May, 2023   | 3 <sup>rd</sup> May, 2023   | 4 <sup>th</sup> May, 2023                   | 1 <sup>st</sup> April, 2023 | 2 <sup>nd</sup> May, 2023   |

## Q19

## PTP June 24

Mr Jay received an advance of 25,000 on 7th May, 2023 for supply of goods. He delivered the goods on 16th May, 2023. He raised an invoice of 75,000 on 20th June, 2023 and received the balance payment on the same day by NEFT in his bank account. What will be the time of supply for above transaction under GST law for the purpose of payment of tax? What will be your answer if the above information related to service instead of goods and Mr Jay would have provided services on 16th May, 2023?

## Answer

Time of supply for goods will be earlier of-

- Date of issue of invoice by the supplier or
- The last date on which he is required to issue the invoice

In present case: For advance. For balance.

Date of issue of invoice. 20th June. 20th June.

The last date on which he is

Required to issue the invoice. 16th May. 16th May.

Advance on goods is not taxable at the time of receipt. So accordingly for the whole invoice amount of ₹ 75,000 the time of supply will be 16 May. Time of supply of services: If in above case if it would have been supply of service, the time of supply will be In present case, advance for Service will be taxable on receipt of advance as advance of ₹ 25,000 received on 7th May time of supply for ₹ 25,000 will be 7th May. As the invoice is not issued within the period prescribed under section 31 that is within 30 days the time of supply for balance ₹ 50,000 will be earlier of:

Date of provision of service 16th May

Date of receipt of payment. 20th June.

Show time of supply for ₹ 50,000 will be 16th May.

**Q20****MTP Dec 24**

Certain goods are sent by Mr. X on sale on approval or return basis to Mr. Y on 22nd April 2023. The supply gets confirmed and invoice is issued on:

Case 1: 20th August 2023

Case 2: 22nd November 2023

Payment in each of the cases is made on 23rd November 2023.

Determine the time of supply.

**Answer**

Date of receipt of payment is immaterial for the purpose of calculating time of supply u/s 12 of the CGST Act 2017. Therefore, 23rd November 2023 should be ignored altogether. The time of supply should be earlier of the date of issuance of invoice or the last date of issuance of invoice. The last date of issuance of invoice will be the earlier of the confirmation of supply or 6 months from the date of removal.

In case 1, the confirmation of supply occurred before 6 months from the date of removal. Thus, the last date of issuance of invoice was 20th August 2023. On this date, the invoice was issued. Hence, the time of supply will be 20th August 2023.

In case 2, the confirmation of supply happened after 6 months from the date of removal. The period of 6 months expired on 21st October 2023. Hence, the invoice was required to be issued by this date. Since the invoice was issued on 22nd November 2023, the actual date of issue of invoice will be considered as falling after the last date of issuance of invoice. The time of supply will be the last date of issuance of invoice i.e., 21st October 2023.

**Q21****MTP June 25**

T-Series, Music Company & a registered dealer in India, paid an advance of ₹ 5,00,000 to Mr. Vikash, a music composer, for the copyright covered u/s 13(1)(a) of the Copyright Act, 1957, of his original musical work on 5-9-2024 (through RTGS). It made the balance payment of ₹ 2,50,000 on 12-12-2024 (through RTGS). You are required to determine the time of supply, if Mr. Vikash raised the invoice on: (i) 6-10-2024; or (ii) 17-12-2024.

**Answer**

Supply of services by a music composer by way of transfer or permitting the use or enjoyment of a copyright covered u/s 13(1)(a) of the Copyright Act, 1957 relating to musical works to a music company is liable for tax under reverse charge i.e. T-Series is required to pay. The time of supply of service, on which GST is payable under reverse charge, is earlier of the following:

- Date of payment as entered in the books of account of the recipient or date on which payment is debited from the bank account, whichever is earlier; or
- 61st day from the date of issue of invoice by the supplier.



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The time of supply shall be earlier of the following dates:

| Particulars                                                                                                                            | Case (i) | Case (ii) |
|----------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|
| First Payment of ₹ 5,00,000                                                                                                            |          |           |
| The date of payment                                                                                                                    | 05-09-24 | 05-09-24  |
| The date on which payment is debited from bank account                                                                                 | 05-09-24 | 05-09-24  |
| The date immediately following 60 days from the date of issue of invoice (06-10-2024 + 60 days + 1 day) (17-12-2024 + 60 days + 1 day) | 06-12-24 | 16-02-25  |
| Time of supply shall be                                                                                                                | 05-09-24 | 05-09-24  |
| For Payment of ₹ 2,50,000                                                                                                              |          |           |
| The date of payment                                                                                                                    | 12-12-24 | 12-12-24  |
| The date on which payment is debited from bank account                                                                                 | 12-12-24 | 12-12-24  |
| The date immediately following 60 days from the date of issue of invoice (06-10-2024 + 60 days + 1 day) (17-12-2024 + 60 days + 1 day) | 06-12-24 | 16-02-25  |
| Time of supply shall be                                                                                                                | 06-12-24 | 12-12-24  |

## Q22

## PTP June 25

Sambhav Shoppy, registered under GST in the State of Punjab, enters into a contract for supply of televisions worth ₹ 5,00,000 with Prayas Trader on 10th October, 2024. On 15th October, 2024, such goods are removed from the godown of Sambhav Shoppy for delivery to Prayas Trader. Invoice issued on dated 16th October, 2024. As per the terms of the contract the payment against such supply to be made within one month from the date of invoice, beyond which a late fee of ₹ 5,000 will have to be paid by Prayas Trader. Prayas Trader makes the payment of ₹ 5,00,000 along with the late fee on 30th November, 2024. Determine the time of supply for the purpose of payment of tax in respect of the entire amount, as per the provisions of GST law. Brief notes for treatment given for each item should form part of your answer.

### Answer

|                |                                                                                                                                                                             |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Time of supply |                                                                                                                                                                             |
| (i)            | The time of supply in respect of ₹ 5,00,000:                                                                                                                                |
|                | (a) Date of issue of invoice (16th October, 2024), Or                                                                                                                       |
|                | (b) The last date on which invoice ought to have been issued in terms of section 31 (i.e. 15th October, 2024)                                                               |
|                | Last date of issuance of invoice will be the date of removal where supply involves movement of goods.                                                                       |
|                | Therefore, time of supply of goods is the date on which invoice ought to have been issued, which is 15th October, 2024.                                                     |
| (ii)           | The time of supply in respect of ₹ 5,000:                                                                                                                                   |
|                | 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.                                                                                                             |
|                | Here, the additional amount of ₹ 5,000 is received on 30th November, 2024. Hence, the time of supply for this amount will arise on 30th November, 2024.                     |



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**Situation 2**

If invoice is not issued within the prescribed time period, the time of supply will be the earlier of the date of completion of service and the date of receipt of payment. Here, invoice is issued on 15.05.2022 which is after the prescribed time period. So, for ₹ 10,000, the time of supply will be 08.04.2022 which is the date of receipt of advance payment. For the balance amount, the time of supply will be 10.04.2022 which is earlier of 10.04.2022 (date of completion of service) and 16.05.2022 (date of receipt of payment).



Chapter 7

# Value of Supply

Q1

## ICMAI Study Material

Following are the particulars, relating to one of the machine sold by S Ltd. to A Ltd. in the month of February 2025 at list price of ₹ 8,50,000. (exclusive of taxes and discount) Further, following additional amounts have been charged from ACD Ltd :

| S. No. | Particulars                                                                                        | (₹)    |
|--------|----------------------------------------------------------------------------------------------------|--------|
| (i)    | Municipal taxes chargeable on the machine                                                          | 55,000 |
| (ii)   | Outward freight charges (Contract was to deliver machine at A Ltd.'s factory i.e. F.O.R. contract) | 75,000 |

Additional information :

- S Ltd. normally gives an interest-free credit period of 30 days for payment, after that it charges interest @ 1% p.m. or part thereof on list price. A Ltd. paid for the supply after 45 days, but S Ltd. waived the interest payable.
- S Ltd. received ₹ 50,000 as subsidy, from one non-government organization (NGO) on sale of such machine. This subsidy was not linked to the price of machine and also not considered in list price of ₹ 8,50,000.
- A Ltd. deducted discount of ₹ 15,000 at the time of final payment, which was not as per agreement.
- S Ltd. collected ₹ 8,500 as TCS (tax collected at source) under the provisions of the Income Tax Act, 1961.

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

### Answer

Computation of taxable value of supply :

| Particulars                                                                                        | Amount (₹) |
|----------------------------------------------------------------------------------------------------|------------|
| List Price (exclusive of tax and discount)                                                         | 8,50,000   |
| Municipal taxes chargeable on the machine [Only GST is required to be excluded]                    | 55,000     |
| Outward freight charges (Contract was to deliver machine at A Ltd.'s factory i.e. F.O.R. contract) | 75,000     |
| Interest on delayed payment [as the same is waived by S Ltd.]                                      | -          |
| Receipt of subsidy from NGO [as it is not directly linked with the machine]                        | -          |



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|                                                                      |          |
|----------------------------------------------------------------------|----------|
| Discount [as it is post supply discount]                             | -        |
| TCS [as it is an interim levy not having the characteristics of tax] | -        |
| Taxable value of supply                                              | 9,80,000 |

**Q2****ICMAI Study Material**

Ms. Sonam, a registered supplier in Mumbai has provided the following details in respect of her supplies made Intra-State for the month of March 2025 :

| Particulars                                                                           | (₹)      |
|---------------------------------------------------------------------------------------|----------|
| List price of goods supplied intra-state (without considering following items)        | 3,30,000 |
| Packing expenses charged separately in the invoice                                    | 10,800   |
| Discount of 1% on list price of goods was provided (recorded in the invoice of goods) |          |

Compute the value of taxable supply.

**Answer**

Computation of value of taxable supply :

| Particulars                                                                           | (₹)      |
|---------------------------------------------------------------------------------------|----------|
| List price of goods supplied intra-state                                              | 3,30,000 |
| Packing expenses charged separately in the invoice                                    | 10,800   |
| Discount of 1% on list price of goods was provided (recorded in the invoice of goods) | (3,300)  |
| Value of taxable supply                                                               | 3,37,500 |

**Q3****ICMAI Study Material**

Y Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it for the month of October, 2024.

| Particulars                                                                 | (₹)       |
|-----------------------------------------------------------------------------|-----------|
| List price of goods supplied inter-state                                    | 12,40,000 |
| Items already adjusted in the list price                                    |           |
| Subsidy from Central Government for supply of biscuits to Government School | 1,50,000  |
| Subsidy from Trade Association for supply of quality biscuits               | 50,000    |
| Items not adjusted in the list price                                        |           |
| Tax levied by Municipal Authority                                           | 25,000    |
| Packing Charges                                                             | 20,000    |
| Late fee paid by the recipient of supply for delayed payment of invoice     | 5,000     |

Calculate the value of taxable supply made by Y Ltd. for the month of October, 2024.



Answer

Computation of value of taxable supply ;

| Particulars                                                                 | (₹)       |
|-----------------------------------------------------------------------------|-----------|
| List price of goods supplied inter-state                                    | 12,40,000 |
| Subsidy from Central Government for supply of biscuits to Government School | -         |
| Subsidy from Trade Association for supply of quality biscuits               | 50,000    |
| Tax levied by Municipal Authority                                           | 25,000    |
| Packing Charges                                                             | 20,000    |
| Late fee paid by the recipient of supply for delayed payment of invoice     | 5,000     |
| Value of taxable supply                                                     | 13,40,000 |

Q4

PTP Dec 22

AMAN Ltd. of Delhi, a registered supplier, is manufacturing taxable goods. It provides the following details of taxable supply made by it for the month of March, 2022.

| Particulars                                                                                                         | Amount<br>(₹) |
|---------------------------------------------------------------------------------------------------------------------|---------------|
| List price of the goods (excluding taxes and discount and other charges)                                            | 15,00,000     |
| Subsidy received from Central Government for supply of taxable goods to Government School. Directly linked to price | 1,90,000      |
| CGST and SGST chargeable on the goods                                                                               | 75,000        |
| Tax levied by the Municipal Authority                                                                               | 32,000        |
| Secondary Packing charged                                                                                           | 10,000        |

Notes:

1. AM/6N Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods.
2. The list price of the goods after considering the subsidy, however, the other charges/taxes/fee are charged to the customers over and above the list price.

Calculate the value of taxable supply made by AMAN Ltd. for the month of March, 2022

Answer

Value of taxable supply ₹ 15,12,000

**Q5****PTP June 23 (Old)**

Shri Ram Trader, a registered dealer, furnishes the following information relating to goods sold by it to Mohan Trader in the course of Intra State:

| S. No. | Particulars                                                                                                                    | Amount (₹) |
|--------|--------------------------------------------------------------------------------------------------------------------------------|------------|
| (i)    | List price of goods                                                                                                            | 5,00,000   |
| (ii)   | Municipal taxes levied by local authority on the sale of such goods                                                            | 10,000     |
| (iii)  | Inspection charges                                                                                                             | 5,000      |
| (iv)   | Subsidies received from Jai Hanuman Trust, directly linked to price (As the products is going to be used by blind association) | 50,000     |
| (v)    | Late fees for delayed payment (Though Mohan Trader made late payment but these charges are waived by Shri Ram Trader)          | 2,000      |
| (vi)   | Weightiest charges paid to Shiv Ltd. by Mohan Trader on behalf of Shri Ram Trader                                              | 2,500      |

According to GST law, you are required to determine the value of taxable supply made by Shri Ram Trader. Items given in point no.ii to vi are not considered while arriving at the list price of the goods given in point no.i.

**Answer**

Value of taxable supply = ₹ 5,67,500

**Q6****MTP June 23 (Old)**

M/s Martin Pvt. Ltd. is a distributor or selling agent of lottery tickets, authorized by the State of Kerala. Who is liable to pay GST and also find GST liability from the following:

| Particulars                           | Maha Lakshmi (Printed)<br>(Lottery run by State Govt.) | Bhaghya Lakshmi<br>(Online) (Lottery authorized by State Govt.) |
|---------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------|
| No. of tickets proposed               | 2,50,000                                               | 3,00,000                                                        |
| Face value of ticket                  | ₹ 10 each                                              | ₹ 500 each                                                      |
| Guaranteed prize payout               | @60%                                                   | @90%                                                            |
| No. of tickets sold                   | 2,00,000                                               | 2,35,000                                                        |
| Price notified by the State of Kerala | ₹ 8 per ticket (exclusive of tax)                      | ₹ 380 per ticket (exclusive of tax)                             |

**Answer**

M/s Martin Pvt. Ltd. is liable to pay GST.



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w.e.f. 1-3-2020 Value of supply in case of lottery run by the State or authorised by the State as per Rule 31A of the CGST Rules, 2017 is as follows:

$100 \div 128 \times (\text{face value of lottery tickets})$

or

price notified in the office gazatte by the organising state

**which ever is higher**

**In case of Maha Lakshmi Printed:**

face value =  $2,50,000 \times 10 \times 100/128$   
= ₹19,53,125

price notified by the state =  $2,50,000 \times 8$  = ₹20,00,000

**whichever is higher** i.e. ₹ 20,00,000

CGST @ 14% = ₹ 20,00,000 x 14% = ₹2,80,000

SGST @ 14% = ₹20,00,000 x 14% = ₹ 2,80,000

GST is liable to be paid by M/s Martin Pvt. Ltd. under reverse charge.

**In case of Bhagya Lakshmi online:**

face value =  $2,35,000 \times 500 \times 100/128$   
= ₹ 9,17,96,875

price notified by the state  
=  $2,35,000 \times 380$  = ₹ 8,93,00,000

**whichever is higher** i.e. ₹ 9,17,96,875

CGST @ 14% = ₹ 9,17,96,875 x 14% = ₹1,28,51,563

SGST @ 14% = ₹ 9,17,96,875 x 14% = ₹1,28,51,563

GST is liable to be paid by M/s Martin Pvt. Ltd. under reverse charge

**Note:** In case of Maha Lakshmi (printed) State Govt. sold to agent 2,50,000 tickets. In case of Bhaghya Lakshmi (online) tickets will be printed at the time of payment by buyer.



## MTP June 23 (Old)

Motor vehicle worth ₹20 lakh is sold by M/s Sundar Pvt. Ltd. to a customer in retail market and for which ₹ 5 lakh has been paid in cash and balance amount by way of cheque.

Find the following:

1. Whether TCS under section 206C of the Income Tax Act, 1961 is applicable in the given case?
2. Who is required to collect TCS?
3. Value of TCS, if any.
4. Value of taxable supply under section 15 of CGST Act, 2017.
5. Invoice Price of M/s Sundar Pvt. Ltd.

**Note:** Assume applicable TCS is @1% and GST 28%.

**Answer**

1. Yes, TCS is applicable in the given case.
2. Under section 206C the seller has to collect Tax at Source (TCS) at the rate of 1% from purchaser while selling the specified items or services beyond specified limits. In the given case M/s Sundar Pvt. Ltd. must collect the TCS.
3. TCS = ₹20,000 (i.e. @1% on ₹20 lakh)
4. Value of taxable supply under Section 15 of CGST Act, 2017 is ₹20 lakh only.
5. **Invoice price**

| Particulars                                    | Value in(₹) |
|------------------------------------------------|-------------|
| Cost of Motor Vehicle                          | 20,00,000   |
| <b>Add:</b> TCS under Sec 206C of IT Act, 1961 | 20,000      |
| Sub-total                                      | 20,20,000   |
| <b>Add:</b> GST (28% on ₹20 lakh)              | 5,60,000    |
| <b>Invoice price</b>                           | 25,80,000   |

**Q8****MTP June 23 (New)**

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

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

RG Pvt. Ltd. received ₹ 40,000 as a subsidy from a NGO on sale of such goods. The price of ₹ 10,00,000 of the goods is after considering such subsidy. RG Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods. Analyze with the provisions of law the value of the taxable supply made by RG Pvt. Ltd and inspect whether the subsidy received from NGO on sale of goods can be taken in value of taxable supply or not.

**Answer****Computation of value of taxable supply**

| Particulars                                                                                                      | ₹        | ₹         |
|------------------------------------------------------------------------------------------------------------------|----------|-----------|
| List price of the goods (exclusive of taxes and discounts)                                                       |          | 10,00,000 |
| <b>Add:</b>                                                                                                      |          |           |
| i. Tax levied by Municipal Authority on the sale of such goods [Includible in the value as per section 15(2)(a)] | 1,00,000 |           |



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|                                                                                                                                                                         |        |           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------|
| i. CGST and SGST chargeable on the goods [Not includible in the value as per section 15(2)(a)]                                                                          | -      |           |
| ii. Packing charges [Includible in the value as per section 15(2)(c)]                                                                                                   | 20,000 |           |
| iii. Subsidy received from a non-Government body [Since subsidy is received from a non-Government body, the same is included in the value in terms of section 15(2)(e)] | 40,000 | 1,60,000  |
| <b>Total</b>                                                                                                                                                            |        | 11,60,000 |
| <b>Less:</b> Discount @ 2% on ₹ 10,00,000                                                                                                                               |        | 20,000    |
| <b>Value of taxable supply</b>                                                                                                                                          |        | 11,40,000 |

**Q9**

**MTP June 23 (New)**

Define who is a "Pure agent" as per GST Law.

**Answer**

"Pure agent" means a person who-

- enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;
- neither intends to hold nor holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply;
- does not use for his own interest such goods or services so procured; and
- receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account.

**Q10**

**MTP June 23 (New)**

Y Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it for the month of October, 2022.

| Particulars                                                                 | Amount (₹) |
|-----------------------------------------------------------------------------|------------|
| List price of goods supplied inter-state                                    | 12,40,000  |
| <b>Items already adjusted in the list price</b>                             |            |
| Subsidy from Central Government for supply of biscuits to Government School | 1,50,000   |
| Subsidy from Trade Association for supply of quality biscuits               | 50,000     |
| <b>Items not adjusted in the list price</b>                                 |            |
| Tax levied by Municipal Authority                                           | 25,000     |
| Packing Charges                                                             | 20,000     |
| Late fee paid by the recipient of supply for delayed payment of invoice     | 5,000      |

Calculate the value of taxable supply made by Y Ltd. for the month of October, 2022.

Click this to follow us → [Join our Telegram](#) [Follow us on Instagram](#) [9007922093](#) [Subscribe on YouTube](#)**Answer****Computation of value of taxable supply**

| Particulars                                                                 | Amount (₹)       |
|-----------------------------------------------------------------------------|------------------|
| List price of goods supplied inter-state                                    | 12,40,000        |
| Subsidy from Central Government for supply of biscuits to Government School | -                |
| Subsidy from Trade Association for supply of quality biscuits               | 50,000           |
| Tax levied by Municipal Authority                                           | 25,000           |
| Packing Charges                                                             | 20,000           |
| Late fee paid by the recipient of supply for delayed payment of invoice     | 5,000            |
| <b>Value of taxable supply</b>                                              | <b>13,40,000</b> |

**Q11****PTP Dec 23 (Old)**

Jai Laxmi Enterprises, a registered dealer, furnishes the following information relating to goods sold by it to Vishnu Ltd. in the course of intra-State:

| S. No. | Particulars                                                                                                                                                                                                                                         | Amount (₹) |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| (i)    | List price of the goods (exclusive of GST and discounts)                                                                                                                                                                                            | 7,50,000   |
| (ii)   | Cost or protective packing at recipient's request for safe transportation                                                                                                                                                                           | 7,000      |
| (iii)  | Subsidies received from Central Government, directly linked to price                                                                                                                                                                                | 25,000     |
| (iv)   | Subsidies received from a NGO (non-profit making organisation), directly linked to price                                                                                                                                                            | 30,000     |
| (v)    | Taxes (other than CGST/SGST/IGST) charged separately by the supplier                                                                                                                                                                                | 12,000     |
| (vi)   | Third party inspection charges<br>(Such charges were payable by Jai Laxmi Enterprises but the same have been directly paid by Vishnu Ltd. to the inspection agency. These charges were not recorded in the invoice issued by Jai Laxmi Enterprises) | 10,000     |
| (vii)  | Amount incurred by Vishnu Ltd. for post-delivery inspection (charges incurred post receipt by Vishnu Ltd.)                                                                                                                                          | 3,000      |

Jai Laxmi Enterprises offers 1 % turnover discount on the list price of the goods after reviewing the performance of Vishnu Ltd. The discount was not known at the time of supply. According to GST law, you are required to determine the value of taxable supply made by Jai Laxmi Enterprises. Items given in S. No. (ii) to (vii) are not considered while arriving at the list price or the goods given in S. No. (i).

Brief notes for treatment given for each item should form part of your answer.

**Answer**

Value of taxable supply ₹ 8,09,000



## Q12

## MTP Dec 23 (New)

Kanna Ltd., Hyderabad, a registered supplier provides the following details of taxable inter-state supply for the month of December, 2022:

- A. List price of supplies ₹ 10,00,000
- B. Items adjusted in the list price:
  - (i) Subsidy from Government: ₹ 1,50,000
  - (ii) Subsidy from Non-Government trade organization: ₹ 50,000
  - (iii) Discount: ₹ 10,000
- C. Items not adjusted in the list price:
  - (i) Local taxes: ₹ 30,000
  - (ii) Packing charges: ₹ 25,000
  - (iii) Interest on delayed payment: ₹ 15,000

Calculate the value of taxable supply for the month of Dec 2022.

### Answer

**Calculation of Value of Taxable Supply of Kanna Ltd. for the month of Dec 2022:**

| Particulars                    | Amount<br>(₹)    |
|--------------------------------|------------------|
| List Price                     | 10,00,000        |
| (+) Subsidy                    | 50,000           |
| (+) Taxes                      | 30,000           |
| (+) Packing                    | 25,000           |
| (+) Interest                   | 15,000           |
| <b>Value of Taxable Supply</b> | <b>11,20,000</b> |

**Q13****MTP Dec 23 (New)**

Following are the particulars, relating to one of the machine sold by S Ltd. to A Ltd. in the month of February 2023 at list price of ₹ 8,50,000. (exclusive of taxes and discount) Further, following additional amounts have been charged from ACD Ltd:

| Sl.NO | Particulars                                                                                        | Amount (₹) |
|-------|----------------------------------------------------------------------------------------------------|------------|
| (i)   | Municipal taxes chargeable on the machine                                                          | 55,000     |
| (ii)  | Outward freight charges (Contract was to deliver machine at A Ltd.'s factory i.e. F.O.R. contract) | 75,000     |

**Additional information:**

1. S Ltd. normally gives an interest-free credit period of 30 days for payment, after that it charges interest @ 1% p.m. or part thereof on list price. A Ltd. paid for the supply after 45 days, but S Ltd. waived the interest payable.
2. S Ltd. received ₹ 50,000 as subsidy, from one non-government organization (NGO) on sale of such machine. This subsidy was not linked to the price of machine and also not considered in list price of ₹ 8,50,000.
3. A Ltd. deducted discount of ₹ 15,000 at the time of final payment, which was not as per agreement.
4. S Ltd. collected ₹ 8,500 as TCS (tax collected at source) under the provisions of the Income Tax Act, 1961.

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

**Answer**

| Particulars                                                                                        | Amount (₹)      |
|----------------------------------------------------------------------------------------------------|-----------------|
| List Price (exclusive of tax and discount)                                                         | 8,50,000        |
| Municipal taxes chargeable on the machine [Only GST is required to be excluded]                    | 55,000          |
| Outward freight charges (Contract was to deliver machine at A Ltd.'s factory i.e. F.O.R. contract) | 75,000          |
| Interest on delayed payment [as the same is waived by S Ltd.]                                      | -               |
| Receipt of subsidy from NGO [as it is not directly linked with the machine]                        | -               |
| Discount [as it is post supply discount]                                                           | -               |
| TCS [as it is an interim levy not having the characteristics of tax]                               | -               |
| <b>Taxable value of supply</b>                                                                     | <b>9,80,000</b> |



## Q14

## PTP Dec 23 (New)

Happy Enterprises, a registered dealer, furnishes the following information relating to machinery sold by it to Khushi Trader in the course of intra-State in the month of May, 2023:

| S. No. | Particulars                                                                                                                                                                    | Amount (₹) |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| (i)    | List price of the machinery (exclusive of GST and discounts)                                                                                                                   | 12,00,000  |
| (ii)   | Municipal taxes levied on sale of machinery                                                                                                                                    | 12,500     |
| (iii)  | Installation and testing charges for machinery                                                                                                                                 | 25,000     |
| (iv)   | Freight and insurance charges from place of removal to buyer's premises (supplier agrees to deliver the goods at the buyer's premises)                                         | 10,000     |
| (v)    | Subsidy received from one non-government organization (NGO) on sale of such machine. This subsidy was not linked to the price of machine and also not considered in list price | 20,000     |

Khushi Trader deducted discount of ₹ 3,000 at the time of final payment, which was not as per agreement. Happy Enterprises normally gives an interest-free credit period of 45 days for payment, after that it charges interest @ 1% p.m. or part thereof on the list price of machinery. Khushi Trader paid for the supply after 60 days but Happy Enterprises waived off the interest payable. According to GST law, you are required to determine the value of taxable supply made by Happy Enterprises, considering that the price is the sole consideration for the supply and both parties are unrelated to each other. Items given in S. No. (ii) to (v) are not considered while arriving at the list price of the machinery given in S. No. (i). Brief notes for treatment given for each item should form part of your answer.

### Answer

Value of taxable supply made by Happy Enterprises ₹ 12,47,500

## Q15

## MTP June 24

Ras Ltd. provides the following particulars relating to goods sold by it to Khan Ltd.:

| Particulars                                                 | Amount (₹) |
|-------------------------------------------------------------|------------|
| List price of the goods (exclusive of taxes and discounts)  | 20,00,000  |
| Tax levied by Municipal Authority in the sale of such goods | 2,00,000   |
| CGST and SGST chargeable on the goods                       | 4,01,760   |
| Packing charges (not included in price above)               | 20,000     |

Ras Ltd. received ₹ 80,000 as a subsidy from a NGO on sale of such goods. The price of ₹20,00,000 of the goods is after considering such subsidy. Ras Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods. Determine the value of the taxable supply made by Ras Ltd.

**Answer**

Computation of value of taxable supply:

| Particulars                                                                                                                                                            | ₹        | ₹         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|
| List price of the goods (exclusive of taxes and discounts)                                                                                                             |          | 20,00,000 |
| <b>Add:</b>                                                                                                                                                            |          |           |
| i. Tax levied by Municipal Authority on the sale of such goods [Includible in the value as per section 15(2)(a)]                                                       | 2,00,000 |           |
| ii. CGST and SGST chargeable on the goods [Not includible in the value as per section 15(2)(a)]                                                                        | -        |           |
| iii. Packing charges [Includible in the value as per section 15(2)(c)]                                                                                                 | 20,000   |           |
| iv. Subsidy received from a non-Government body [Since subsidy is received from a non-Government body, the same is included in the value in terms of section 15(2)(e)] | 80,000   | 3,00,000  |
| <b>Total</b>                                                                                                                                                           |          | 23,00,000 |
| <b>Less:</b> Discount @ 2% on ₹ 10,00,000                                                                                                                              |          | 40,000    |
| <b>Value of taxable supply</b>                                                                                                                                         |          | 22,60,000 |

**Q16****MTP Dec 24**

Y Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it for the month of October, 2023.

| Particulars                                                                 | Amount (₹) |
|-----------------------------------------------------------------------------|------------|
| List price of goods supplied inter-state                                    | 12,40,000  |
| Items already adjusted in the list price                                    |            |
| Subsidy from Central Government for supply of biscuits to Government School | 1,50,000   |
| Subsidy from Trade Association for supply of quality biscuits               | 50,000     |
| Items not adjusted in the list price                                        |            |
| Tax levied by Municipal Authority                                           | 25,000     |
| Packing Charges                                                             | 20,000     |
| Late fee paid by the recipient of supply for delayed payment of invoice     | 5,000      |

Calculate the value of taxable supply made by Y Ltd. for the month of October, 2023.



## Answer

Computation of value of taxable supply:

| Particulars                                                                 | Amount (₹) |
|-----------------------------------------------------------------------------|------------|
| List price of goods supplied inter-state                                    | 12,40,000  |
| Subsidy from Central Government for supply of biscuits to Government School | -          |
| Subsidy from Trade Association for supply of quality biscuits               | 50,000     |
| Tax levied by Municipal Authority                                           | 25,000     |
| Packing Charges                                                             | 20,000     |
| Late fee paid by the recipient of supply for delayed payment of Invoice     | 5,000      |
| Value of taxable supply                                                     | 13,40,000  |

## Q17

PTP Dec 24

Self & Family Life Insurance Company has collected premium from policy subscribers. It does not intimate the amount allocated for investment to subscribers of the policy at the time of supply of insurance services. The company has provided the following details in relation to its receipts for the month of May, 2024:

1. New policy subscribers: Premiums collected ₹ 50,00,000
2. Renewal premium: Premiums collected ₹ 75,00,000
3. Only Risk Cover policies: Premiums collected 30,00,000
4. Single premium annuity policies: Premiums collected 95,00,000
5. Life micro-insurance policies as approved by the Insurance Regulatory and Development Authority, where insured amount does not exceed 2,00,000: Premiums collected ₹ 10,00,000.

All amounts are exclusive of tax. You are required to compute the value of taxable supply of service by Self & Family Life Insurance Company in terms of rule 32(4) of the CGST Rules, 2017 by giving necessary explanations for treatment of various items.

## Answer

### Computation of Value of Taxable Supply of services for Self & Family Life Insurance Company

| Particulars                                                                                  | ₹         |
|----------------------------------------------------------------------------------------------|-----------|
| Premium from new policy subscribers                                                          | 12,50,000 |
| Renewal premium                                                                              | 9,37,500  |
| Premium for Only Risk Cover policies                                                         | 30,00,000 |
| Single premium on annuity policies                                                           | 9,50,000  |
| Life micro-insurance policies<br>[Exempt vide Entry 36 of Notification no.12/2017-CT (Rule)] | Nil       |

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|                                                                                                                                                                                                                                                                                |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Total value of taxable supply of service                                                                                                                                                                                                                                       | 61,37,500 |
| Explanation for treatment of various items:                                                                                                                                                                                                                                    |           |
| As per rule 32(4) of the CGST Rules, 2017, the value of supply of services in relation to life insurance business, when the amount allocated for investment/savings on behalf of the policy holder is not intimated to the policy holder at the time of supply of service, is- |           |
| (i) in case of single premium annuity policies, 10% of single premium charged from the policy holder;                                                                                                                                                                          |           |
| (ii) in all other cases, 25% of the premium charged from the policy holder in the first year and                                                                                                                                                                               |           |
| (iii) 12.5% of the premium charged from the policy holder in subsequent years;                                                                                                                                                                                                 |           |
| (iv) in case the entire premium paid by the policy holder is only towards the risk cover in life insurance, the premium so paid (i.e. 100%).                                                                                                                                   |           |

**Q18****MTP June 25**

Y Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it for the month of October, 2024.

| Particulars                                                                 | Amount (₹) |
|-----------------------------------------------------------------------------|------------|
| List price of goods supplied inter-state                                    | 12,40,000  |
| Items already adjusted in the list price:                                   |            |
| Subsidy from Central Government for supply of biscuits to Government School | 1,50,000   |
| Subsidy from Trade Association for supply of quality biscuits               | 50,000     |
| Items not adjusted in the list price:                                       |            |
| Tax levied by Municipal Authority                                           | 25,000     |
| Packing Charges                                                             | 20,000     |
| Late fee paid by the recipient of supply for delayed payment of invoice     | 5,000      |

Calculate the value of taxable supply made by Y Ltd. for the month of October, 2024.

**Answer**

Computation of value of taxable supply:

| Particulars                                                                 | Amount (₹) |
|-----------------------------------------------------------------------------|------------|
| List price of goods supplied inter-state                                    | 12,40,000  |
| Subsidy from Central Government for supply of biscuits to Government School | -          |
| Subsidy from Trade Association for supply of quality biscuits               | 50,000     |
| Tax levied by Municipal Authority                                           | 25,000     |
| Packing Charges                                                             | 20,000     |
| Late fee paid by the recipient of supply for delayed payment of invoice     | 5,000      |
| Value of taxable supply                                                     | 13,40,000  |



Chapter 8

# Place Of Supply

Q1

PTP Dec 22

OTT Pvt. Ltd. owned by Mr. Vanin, a famous Pop singer, wishes to organise a 'Music Concert' in Agra (LT.P.). OTT Pvt. Ltd. (registered in Amritsar, Punjab) enters into a contract with an event management company, Arran (P) Ltd. (registered in Delhi) for organising the said music concert at an agreed consideration of 8,00,000. Arran (P) Ltd. books the lawns of Hotel Bluewell, Agra (registered in U.P.) for holding the music concert, for a lump sum consideration of 3,00,000. GTT Pvt. Ltd. fixes the entry fee to the music concert at 1,550 per ticket.

You are required to determine place of supply respect of the supply(ies) involved in the given scenario and decide which whether CGST and SGST is payable or IGST needs to be paid. No need to calculate tax amount.

Will your answer be different if the price per ticket is fixed at 950 instead of 1,550?

## Answer

In the given situation, three supplies are involved:

- (i) Services provided by GTT Pvt. Ltd. to audiences by way of admission to music concert.
- (ii) Services provided by Aman (P) Ltd. to GTT Pvt. Ltd. by way of organising the music concert.
- (iii) Services provided by Hotel Bluewell to Aman (P) Ltd. by way of accommodation in the Hotel lawns for organising the music concert.

The CGST and SGST or IGST liability in respect of each of the above supplies is determined as under:

- (i) 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 GTT Pvt. Ltd. (Amritsar, Punjab) to audiences by way of admission to the music concert is the location of the Hotel Bluewell, i.e. Agra, (U.P.) Since the location of the supplier (Punjab) and the place of supply (AGRA) are in different States, IGST will be leviable. Therefore, IGST will be leviable.
- (ii) Section 12(7)(a)(i) 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 registered person. Therefore, the place of supply of services supplied by Aman (P) Ltd. (Delhi) to GTT Pvt. Ltd. (Punjab) by way of organising the music concert is the location of the registered person, i.e. Amritsar (Punjab). Since the location of the supplier (Delhi) and the place of supply (Punjab) are in different States, IGST will be leviable. Therefore IGST will be leviable.
- (iii) 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 Bluewell (Agra U P) to Aman (P) Ltd. (Delhi) by way of accommodation in Hotel lawns for organising the music concert shall be the location of the Hotel Bluewell, i.e.



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Agra ( U.P.). Since the location of the supplier (Agra U.P.) and the place of supply (Agra U.P.) are in the same State, CGST and SGST will be leviable.

If the price for the entry ticket is fixed at ₹ 950, Answer will not change For service (i) the inter-State services by way of right to admission to, inter alia, musical performance are exempt from IGST vide Notification No. 9/2017 IT (R) dated 28.06.2017, if the consideration for right to admission to the event is not more than ₹ 500 per person. Here consideration is ₹ 950 which is more than 500. Also there will be no change in the answer in respect of supplies mentioned in point (ii) and (iii) above. Because there is no such exemption

## Q2

## PTP June 23 (Old)

Determine Place of Supply along with reasons in the following ,independent cases under GST law.

- (i) Miss Rakhi (Mumbai) boards the Mumbai-Jaipur train at Mumbai. She sells biscuit packets taken on board by her at Mumbai, in the train at Pune during the Journey.
- (ii) Mr Mohan, an interior decorator (New Delhi), provides interior decoration services to Mr Joy of Australia in relation to his immovable property located in Chennai.
- (iii) Mrs Jyoti(Jaipur), buys a ticket for a circus organized at Kolkata.
- (iv) X Ltd. an event management company (New Delhi) is hired by Mr Jai ( unregistered person based in Bangalore) to plan and organise his marriage in Canada.

### Answer

- (i) **Mumbai**

Place of supply of goods supplied on a board a conveyance like train is the location where such goods have been taken on board.

- (ii) **Chennai**

In a case where location of supplier or location of recipient of service is outside India, the place of supply of services supplied directly in relation to an immovable property including that of interior decorators is the place where the immovable property is located.

- (iii) **Kolkata**

The place of supply is the location where the event is actually held i.e., circus is held.

- (iv) **Bangalore**

The recipient being an unregistered person and the event held outside India, the place of supply is the location of the recipient.



### Q3

### MTP June 23 (Old)

Determine the place of supply of service as well as their taxability in each of the following cases with brief reasons:

- (i) Q Ltd. of Delhi, agrees to provide 'technical inspection and certification service' in respect of a newly developed product of an overseas firm (for a newly launched motorbike which has to meet emission standards in different states or countries). The overseas firm has provided its newly developed product Q Ltd. for the purpose of testing. The testing is carried out in Delhi (15%), Assam (35%) and Sweden (50%).
- (ii) A movie on demand is provided as on board entertainment during the Kolkata-Delhi leg of a Bangkok- Kolkata-Delhi Flight.
- (iii) Mrs. Rita Kumar, an Interior Designer based in Delhi provides her service to an Indian Hotel Chain (which has business establishment in Mumbai) for its newly acquired property in London.

#### Answer

- (i) As per Section 13(6) of IGST Act, 2017, Place of supply of service will be the place in the taxable territory (i.e. Delhi and Assam). Q Ltd. is liable to pay CGST and SGST for the part of Delhi, Q Ltd. is liable to pay IGST for the part of Assam. Q Ltd. is also liable to pay CGST and SGST as well as IGST for the services rendered in Sweden in ratio 3:7. It means tax will be payable on the entire value.
- (ii) As per section 13(11) of the IGST Act, 2017, PoS is Bangkok which is non- taxable territory, not subject to GST.
- (iii) As per section 12(3)(a) of IGST Act, 2017, Location of service recipient is the place of supply of service. PoS = Mumbai. Taxable territory. Hence, attract IGST in the hands of Mrs. Rita Kumar.

### Q4

### MTP Dec 23 (Old)

M/s. X Ltd. of Chennai, engaged in various businesses has provided the following services, whose values are listed below:

- (i) Service of interior decoration in respect of immovable property located in Jammu: ₹ 5 lakh;
- (ii) Service of renting of commercial buildings in Delhi: ₹ 15 lakh;
- (iii) Architectural services to an Indian Hotel Chain which has business establishment in Mumbai for its newly acquired property in Sydney: ₹ 25 lakhs;
- (iv) Services provided as an Indian agent undertaking marketing in India of goods of a foreign seller: ₹ 51 lakhs;
- (v) Services provided as travel agent undertaking marketing in India of services of a foreign seller: ₹ 1 lakhs.

Find the place of supply and compute its GST liability. Applicable rate of GST 18%.

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| Particulars                     |      | Value ₹<br>(in lakhs) | Working note                                                                    |
|---------------------------------|------|-----------------------|---------------------------------------------------------------------------------|
| Interior decoration services    |      | 5                     | PoS = J & K (Sec 12(3)(a) of IGST) taxable territory. IGST will be levied       |
| Renting of commercial buildings |      | 15                    | PoS = Delhi (Sec 12(3)(b) of IGST) Taxable territory IGST will be levied        |
| Architectural services          |      | 25                    | PoS = Mumbai (Sec 12(3)(a) of IGST). Taxable territory IGST will be levied      |
| Marketing of Goods              |      | 51                    | PoS = Chennai (sec 13(8) of IGST) Taxable territory CGST & SGST will be levied. |
| Travel agent                    |      | 1                     | PoS = Chennai (sec 13(8) of IGST) Taxable territory CGST & SGST will be levied  |
| Taxable supply of services      |      | 97                    |                                                                                 |
| Particulars                     | CGST | SGST                  | IGST                                                                            |
| GST liability                   | 4.68 | 4.68                  | 8.10                                                                            |

**Q5****PTP Dec 23 (Old)**

Determine the place of supply with reason in the following independent cases:

- Miss Clunnko a registered person of Mumbai, went for a wedding in Udaipur and received beauty treatment in Udaipur from Miss Navya, who is registered at Delhi.
- A movie on demand is provided as on-board entertainment during Kolkata leg of a Bangkok-Kolkata-Delhi flight.
- Mr. Arunoday, an unregistered resident of Kolkata has a savings bank account with XYZ bank. Chennai branch. Mr. Arunoday availed certain banking services from this XYZ bank at Chennai.

**Answer**

- For Services of beauty treatment the Place of supply will be location where the services are actually performed. Therefore in current case, place of supply will be Udaipur.
- For services provided on board conveyances the place of supply will be the first schedule point of departure of that conveyance for the journey. Therefore here place of supply will be Bangkok.
- For banking Services place of supply will be location of recipient of service on the records of the supplier of service. Therefore place of supply will be Kolkata.



Chapter 9

# Registration

Q1

PTP Dec 22

“Under GST Aadhaar authentication is mandatory for persons who are already registered.” Examine the correctness of the statement. You are also required to elaborate the relevant legal provisions.

## Answer

The given statement is correct. Aadhaar authentication has been made mandatory for the new registrants as well as for the existing registrants. With regard to existing registrants, section 25(6A) of the CGST Act, 2017 stipulates that every registered person shall undergo authentication, or furnish proof of possession of Aadhaar number, in the prescribed form, manner and time. New rule 10B of the CGST Rules, 2017 prescribes the manner in which aadhaar authentication needs to be done by a registered person. A registered person, who has been issued a certificate of registration under GST, shall undergo authentication of the Aadhaar number of:-

- Proprietor, in the case of proprietorship firm,
- Any partner, in the case of a partnership firm,
- Karta, in the case of a Hindu undivided family,
- Managing director or any whole-time director, in the case of a company,
- Any of the Members of the Managing Committee of an Association of persons or body of individuals or a Society, or
- Trustee in the Board of Trustees, in the case of a Trust;
- and of the Authorized Signatory,

in order to be eligible for the following purposes:

- for filing of application for revocation of cancellation of registration [Rule 23]
- for filing of refund application in Form RFD-01 [Rule 89]
- for refund of the IGST paid on goods exported out of India [Rule 96]

If Aadhaar number has not been assigned to the person required to undergo authentication of the Aadhaar number, such person shall furnish the following identification documents, namely: –

- (a) his/ her Aadhaar Enrolment ID slip; and
- (b) (i) Bank passbook with photograph; or
- (ii) Voter identity card issued by the Election Commission of India; or
- (iii) Passport; or
- (iv) Driving license issued by the Licensing Authority



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However, once Aadhaar number is allotted to such person, he shall undergo the authentication of Aadhaar number within a period of 30 days of the allotment of the Aadhaar number. The afore-said rule 10B shall not be applicable to persons notified under section 25(6D) of the CGST Act, 2017, i.e. to persons exempt from aadhaar authentication.

**Q2****PTP June 23 (Old)**

Mrs Mahima, a registered person provided following information for the month of October, 2022:-

| Sr. No. | Particulars                                                                                             | Amount in (₹) |
|---------|---------------------------------------------------------------------------------------------------------|---------------|
| 1.      | Value of taxable outward supplies ( which include ₹ 2,00,000 was in course of Inter-State transactions) | 8,00,000      |
| 2.      | Value of exempt supplies                                                                                | 4,00,000      |
| 3.      | Value of inward supplies on which she is liable to pay tax under reverse charge                         | 3,00,000      |
| 4.      | Value of exports                                                                                        | 20,00,000     |
| 5.      | Payment of CGST and SGST                                                                                | 1,00,000      |
| 6.      | Payment of IGST                                                                                         | 50,000        |
| 7.      | Payment of custom duty on export                                                                        | 20,000        |

You are required to briefly discuss the provision related to aggregate turnover under the COST Act, 2017 and compute the aggregate turnover of Mrs Mahima for the month of October, 2022 on the basis of above information. All amounts are exclusive of GST.

**Answer**

The term aggregate turnover means the aggregate value of:

- All taxable supplies,
  - exempt supplies,
  - exports of goods or services or both and
  - inter-state supplies of person having the same PAN, to be computed on all India basis but excluding
    - Central Tax, State Tax, Union Territory Tax, integrated tax and Cess.
    - the value of inward supplies on which tax is payable by a person on reverse charge basis
- Aggregate turnover = ₹ 32,20,000



### Q3

### PTP June 23 (Old)

State with brief reason, whether following supplies of taxable goods are required to register under the GST law:-

- (i) Raniesh is engaged in wholesale cum retail trading of footwear in the State of Tripura. His aggregate turnover during the financial year is ₹ 8 lakh which consists of ₹ 5 lakh as Intra-State supply and ₹ 3 lakh as Inter-State supply.
- (ii) Kajal of Goa is exclusively engaged in Intra-State taxable supply of readymade garments. Her aggregate turnover in the current financial year is ₹ 22 lakh.

#### Answer

- (i) The applicable threshold limit for registration for Ramesh in the given case is ₹ 10 lakh since Tripura is a Special Category State. (With effect from April 2019 – limit increased to ₹ 20 Lakh).

Person making any Inter-State taxable supply of goods is required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.

Thus, in the given Ramesh is required to obtain registration compulsorily under GST laws even though his aggregate turnover does not exceed the threshold limit of Rs.10 lakh in the financial year.

- (ii) The applicable threshold limit for registration for Kajal in the given case is Rs.40 lakh as she is exclusively engaged in intra-State taxable supply of goods in Goa.

Thus, she is not liable to get registered under GST as her turnover is less than the applicable limit.

### Q4

### MTP June 23 (New)

Examine the registration requirements under GST law in the following independent cases:

- (i) Mr. Khan of West Bengal engaged in the business of supplying tobacco based Pan Masala with an aggregate turnover of ₹ 24 lacs.
- (ii) Mr. Tipati of Mizoram is engaged in the supply of papers with an aggregate turnover of ₹ 13 lacs. Will your answer be different if Mr. Tipati is located in Meghalaya?

#### Answer

- (i) In case of supply of pan masala, tobacco and manufactured tobacco substitutes, etc., the threshold limit for registration is ₹ 20 lakhs (i.e., the enhanced limit of ₹ 40 lakhs is not applicable). Hence, he is liable for registration mandatorily.
- (ii) In case of Mizoram, the threshold limit for registration is ₹ 10 lakhs, hence he is liable for registration. However, if he is located in the State of Meghalaya where the threshold limit for registration is ₹ 20 lakhs, hence he is not liable for registration.

**Q5****MTP June 23 (New)**

Ratul Pvt. Ltd. of West Bengal exclusively manufactures and sells product 'R' which is exempt from GST vide notifications issued under relevant GST legislations. The company sells 'R' only within West Bengal and is not registered under GST laws. The turnover of the company in the previous year 2021-22 was ₹ 50 lakh. The company expects the sales to grow by 10% in the current year 2022-23. However, effective 01.01.2023, exemption available on 'R' was withdrawn by the Central Government and GST @ 5% was imposed thereon. The turnover of the company for the nine months ended on 31.12.2022 was ₹ 42 lakh. Ratul Pvt. Ltd. is of the opinion that it is not required to get registered under GST for current financial year 2022-23. Discuss the case with the comply as per GST Law.

**Answer**

When a supplier exclusively engaged in intra-State supply of goods, the threshold limit of turnover to obtain registration in the State of West Bengal is ₹40 lakh. However, a person exclusively engaged in the business of supplying goods and/or services that are not liable to tax or are wholly exempt from tax is not liable to registration [however, voluntary registration is allowed]. However, w.e.f. 01.01.2023, the supply of goods become taxable and the turnover of the company is more than ₹40 lakh. It is to be noted that for the purpose of computing threshold limit, exempt supply shall also be considered. Since the aggregate turnover limit of ₹40 lakh includes exempt turnover also, turnover of 'R' till 31.12.2022 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 01.01.2023.

**Q6****PTP June 23 (New)**

Examine with brief reasons, whether following suppliers of taxable goods /services are required to register under the GST law and what is the threshold limit for registration-

- (i) Simran Trader of Assam is exclusively engaged in intra-State supply of furniture as well as building bricks. Aggregate turnover of Simran Trader during the financial year is ₹35 lakh which consists of ₹ 20 lakh as furniture supply and ₹ 15 lakh as building bricks supply .
- (ii) Sayali Enterprises of Himachal Pradesh is engaged in intra-State supply of computer as well as electrical goods repairing service. Aggregate turnover of Sayali Enterprises during the financial year is ₹38 lakh which consists of ₹30 lakh as computer supply and ₹8 lakh as repairing service.

**Answer**

- (i) The threshold limit of turnover to obtain registration in the State of Assam for the person engaged exclusively in supply of goods, is Rs.40 lakh. But in this case Simran Trader will not be eligible for enhanced threshold limit of Rs.40 lakh under Notification No. 03/2022-CT dated 31-03-2022, since it is engaged in supply of building bricks, the applicable threshold limit for registration will be Rs.20 lakh. the aggregate turnover of Simran Trader is Rs.35 lakh. Therefore, Simran Trader is liable to get registered under GST as its turnover is more than the threshold limit.
- (ii) The threshold limit of turnover to obtain registration in the State of Himachal Pradesh for the person engaged exclusively in supply of goods, is Rs.40 lakh. Further, if the supplier is engaged in supply of both taxable goods and services, the applicable threshold limit for registration will be Rs.20 lakh. Since Sayali Enterprises is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in its case is Rs.20 lakh. Thus, the aggregate turnover of Sayali Enterprises is Rs.38 lakh. Therefore, Sayali Enterprises is liable to get registered under GST as its turnover is more than the threshold limit.



## Q7

## PTP Dec 23 (Old)

State the circumstances under which the proper GST Officer can cancel GST registration on his own.

### Answer

GST registration of a person or business can be cancelled by a proper GST officer in one of the following cases:

- If the registered person has violated any of GST provisions or laws.
- A composition registered person has not furnished the return for a financial year beyond 3 months from the due date of furnishing of the said return.
- A normal registered person (other than composition scheme) who is required to file return:
  - (a) not furnished for a continuous period of 6 months in case of regular taxpayers
  - (b) not furnished for a continuous period of 2 tax periods in case of QRMP scheme
- A voluntarily registered person who has not commenced any business in the six months from the registration date.
- If the registration is obtained by fraud methods, the proper officer has the right to cancel the registration with retrospective effect.
- If a registered person avails input tax credit in violation of the provisions of section 16 of the Act or rules made thereunder.
- If a registered person furnishes details of outward supplies in FORM GSTR-1 for one or more tax periods in excess of outward supplies declared in GSTR-3B.
- If a registered person violates provisions of restriction on the use of ITC while discharging output liability.

## Q8

## PTP June 24

As per the provisions of GST law, determine the effective date of registration in the following independent cases:

- (i) The aggregate turnover of M/s Parwati and Company, Utensil Trader of Delhi has exceeded the applicable threshold limit of 40 lakh on 1st October, 2023. It submits the application for registration on 20th October, 2023. Registration certificate granted to it on 25th October, 2023.
- (ii) Mr Hardik is an architect in Jaipur (Rajasthan). His aggregate turnover exceeds 20 lakh on 25th September, 2023. He submitted the application for registration on 27th October, 2023. Registration certificate granted to him on 10th November, 2023.

Legal provision should form part of your answer.

**Answer**

- (i) Every supplier becomes liable to registration if his turnover exceeds the applicable threshold limit i.e. ₹ 40 lakh in a financial year. Since in the given case, the turnover of Parwati Utensil Trader exceeded ₹ 40 lakh on 1st October, 2023, it becomes liable to registration on said date. Further, since the application for registration has been submitted within 30 days from such date, the registration shall be effective from the date on which the person becomes liable to registration. Therefore, the effective date of registration is 1st October, 2023.
- (ii) Since in the given case, the turnover of Hardik Service exceeds the applicable threshold limit i.e. ₹20 lakh on 25th September, 2023, it becomes liable to registration on said date. Further, since the application for registration has been submitted after 30 days from the date such person becomes liable to registration, the registration shall be effective from the date of grant of registration. Therefore, the effective date of registration is 10th November, 2023.



## Chapter 10

## Input Tax Credit

Q1

## ICMAI Study Material

P Ltd. a registered manufacturer of Jaipur entered in a contract with a supplier for supply of Input 'Z' in October, 2024. As per contract it was agreed that 10,000 kgs of Input 'Z' will be supplied for ₹ 7,28,000 (inclusive of CGST and SGST @ 6% each) in 4 lots. Invoice of ₹ 7,28,000 has been issued with supply of first lot of Input 'Z'. Following further information has been provided regarding supply of Input received in subsequent lots. Briefly explain whether P Ltd. eligible to take credit on proportionate basis.

| Input 'X' (in lots) | Quantity in Kgs | Date of Receipt of Supply |
|---------------------|-----------------|---------------------------|
| First Lot           | 2,500           | 19-10-2024                |
| Second lot          | 3,000           | 21-10-2024                |
| Third Lot           | 1,500           | 12-11-2024                |
| Fourth Lot          | 3,000           | 01-12-2024                |

## Answer

No, P Ltd. is not eligible to take credit on proportionate basis. As per first proviso to sec. 16(2), where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment. Therefore, in the given case Input 'Z' has been received in lots hence, the credit of tax of ₹ 78,000 i.e. ( $₹ 7,28,000 \times 12 \div 112$ ) paid on such input shall be taken by P Ltd. only after receipt of fourth lot i.e., 01-12-2024.

Q2

## ICMAI Study Material

Compute the Input tax credit available with MS Motors Ltd., manufacturer of cars, in respect of the following services availed by it in the month of October, 2024 :

| S. No. | Particulars                                                                                     | Amount |
|--------|-------------------------------------------------------------------------------------------------|--------|
| (i)    | Accounting and Auditing Services                                                                | 17,200 |
| (ii)   | Health insurance services for employees (Services are not provided under Government obligation) | 6,200  |
| (iii)  | Routine maintenance of the cars manufactured by MS Motors Ltd.                                  | 28,000 |
| (iv)   | Repair services for office building (Cost of repairs is charged to Profit & loss Account)       | 28,400 |
| (v)    | Hotel accommodation and conveyance facility to employees on vacation                            | 13,360 |
| (vi)   | Testing services availed for car engines                                                        | 19,000 |

**Answer**

Computation of Input tax credit available with MS Motors Ltd

| S. No. | Particulars                                                                                     | Amount |
|--------|-------------------------------------------------------------------------------------------------|--------|
| (i)    | Accounting and Auditing Services                                                                | 17,200 |
| (ii)   | Health insurance services for employees (Services are not provided under Government obligation) | Nil    |
| (iii)  | Routine maintenance of the cars manufactured by MS Motors Ltd.                                  | 28,000 |
| (iv)   | Repair services for office building (Cost of repairs is charged to Profit & loss Account)       | 28,400 |
| (v)    | Hotel accommodation and conveyance facility to employees on vacation                            | Nil    |
| (vi)   | Testing services availed for car engines                                                        | 19,000 |
|        | Total credit available                                                                          | 92,600 |

Note: Item 2 and 5 are covered under sec. 17(5) i.e., block credit hence credit is not available.

**ICMAI Study Material**

Compute the amount of Input tax credit admissible to Sonam Ltd. in respect of various inputs purchased during the month of September, 2024.

| Particulars                                                                                                                                         | (₹)      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Goods purchased without invoice                                                                                                                     | 75,000   |
| Goods purchased from Akhil Ltd. (Full Payment is made by Sonam Ltd. to Akhil Ltd. against such supply but tax has not been deposited by Akhil Ltd.) | 2,20,000 |
| Purchases of goods not to be used for business purposes                                                                                             | 38,000   |
| Purchases of goods from Komal Ltd. (Invoice of Komal Ltd. is received in month of September 2024, but goods were received in month of October 2024) | 44,000   |
| Goods purchased against valid invoice from Vikram Ltd. Sonam Ltd. has made payment to Vikram Ltd. for such purchases in the month of October 2024   | 38,000   |

**Answer**

| Particulars                                                                                                                                         | Note                                | ₹   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----|
| Goods purchased without invoice                                                                                                                     | As document are not available       | Nil |
| Goods purchased from Akhil Ltd. (Full Payment is made by Sonam Ltd. to Akhil Ltd. against such supply but tax has not been deposited by Akhil Ltd.) | As tax is not paid by the Akhil Ltd | Nil |
| Purchases of goods not to be used for business purposes                                                                                             |                                     | Nil |



|                                                                                                                                                     |  |        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--|--------|
| Purchases of goods from Komal Ltd. (Invoice of Komal Ltd. is received in month of September 2024, but goods were received in month of October 2024) |  | Nil    |
| Goods purchased against valid invoice from Vikram Ltd. Sonam Ltd. has made payment to Vikram Ltd. for such purchases in the month of October 2024   |  | 38,000 |
| Total credit available for the month of Sept 2024                                                                                                   |  | 38,000 |

## Q4

## ICMAI Study Material

W Ltd., a registered supplier, is engaged in the manufacture of Tanks. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of January 2025:

| Particulars                                                                                           | GST Paid(₹) |
|-------------------------------------------------------------------------------------------------------|-------------|
| Purchase of Machinery where debit note is issued                                                      | 2,15,000    |
| Input purchased was directly delivered to Mr. X, a job worker and a registered supplier               | 1,00,000    |
| Computers purchased (Depreciation was claimed on the said GST portion under the Income-Tax Act, 1961) | 5,000       |
| Works Contract services availed for construction of Staff quarters within the company premises        | 2,25,000    |

Determine the amount of ITC available to the company for the month of January 2025. Subject to the information given above, all the conditions necessary for availing the ITC have been fulfilled.

## Answer

Computation of ITC available to the company for the month of Jan 2025 :

| Particulars                                                                                           | (₹)      |
|-------------------------------------------------------------------------------------------------------|----------|
| Purchase of Machinery where debit note is issued                                                      | 2,15,000 |
| Input purchased was directly delivered to Mr. X, a job worker and a registered supplier               | 1,00,000 |
| Computers purchased (Depreciation was claimed on the said GST portion under the Income-Tax Act, 1961) | -        |
| Works Contract services availed for construction of Staff quarters within the company premises        | -        |
| Available ITC for the month of Jan 2025                                                               | 3,15,000 |

**Q5****ICMAI Study Material**

X Private Limited, a registered supplier is engaged in the manufacture of taxable goods. The company provides the following information of GST paid on the purchases made/input services availed by it during the month of September 2024:

| Particulars                                                                                                 | GST Paid(₹) |
|-------------------------------------------------------------------------------------------------------------|-------------|
| Purchase of cabs used for the transportation of its employees                                               | 1,00,000    |
| Inputs consisting of four lots, out of which second lot was received during the month                       | 2,25,000    |
| Capital Goods (out of three items, invoice for one item was missing and GST paid on that item was ₹ 50,000) | 2,50,000    |
| Outdoor catering service availed on Women's day                                                             | 72,000      |

Determine the amount of input tax credit available with M/s X Private Limited for the month of September, 2024. All the conditions necessary for availing the input tax credit have been fulfilled.

**Answer**

Computation of ITC available to the company for the month of Sept 2024 :

| Particulars                                                                                                                                            | (₹)      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Purchase of cabs used for the transportation of its employees [Block credit u/s 17(5)]                                                                 | -        |
| Inputs consisting of four lots, out of which second lot was received during the month [available on receipt of last lot]                               | -        |
| Capital Goods (out of three items, invoice for one item was missing and GST paid on that item was ₹ 50,000) [Documents are not available for ₹ 50,000] | 2,00,000 |
| Outdoor catering service availed on Women's day                                                                                                        | -        |
| ITC available                                                                                                                                          | 2,00,000 |

**Q6****ICMAI Study Material**

BA Pvt. Ltd. purchased machinery worth ₹ 10,00,000 (excluding GST) on 20-07-2024 on which it paid GST @ 18% and availed the ITC. On 05-03-2025, it sold the machinery for ₹ 8,00,000 (excluding GST) to HA Pvt. Ltd. The GST rate on sale is 18%. What will be the course of action for BA Pvt. Ltd. to follow under CGST Act, 2017?

**Answer**

Where capital goods or plant and machinery on which input tax credit (ITC) has been taken are supplied outward by a registered person, he must pay an amount that is higher of the following:

- ITC taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods; or
- tax on transaction value.



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Accordingly, the amount payable on supply of machinery by BA Pvt. Ltd. shall be computed as follows:

| Particulars                                                                      | (₹)        |
|----------------------------------------------------------------------------------|------------|
| ITC taken on acquisition of such machine [ $₹ 10,00,000 \times 18\%$ ]           | 1,80,000   |
| Time gap in quarters between date of purchase and outward supply of such machine | 3 quarters |
| Total reduction in tax paid [5% for each quarter $\times$ 3 quarter]             | 15%        |
| Amount of reduction in tax paid [ $₹ 1,80,000 \times 15\%$ ]                     | 27,000     |
| Amount of GST to be Paid [being higher of the following]                         |            |
| a. $₹ 1,80,000 - ₹ 27,000$                                                       | 1,53,000   |
| b. GST on transaction value [ $₹ 8,00,000 \times 18\%$ ]                         | 1,44,000   |
| Hence, liability of GST is                                                       | 1,53,000   |



## ICMAI Study Material

M/s. VMA, a registered taxable person under regular scheme provides following information in respect of supplies made by it during the month of April, 2024 :

| Particulars                                                                                                                                                                                                     | (₹)      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Inter-state supply of goods                                                                                                                                                                                     | 2,00,000 |
| Intra-state supply of 1000 packets of detergent @ ₹ 400 each alongwith a plastic bucket worth ₹ 100 each with each packet, being a mixed supply. (Rate of GST on detergent is 18% and on plastic bucket is 28%) |          |
| Supply of online educational journals to M/s XYZ, a private coaching centre providing tuitions to students of Class X-XII, being intra-state supply                                                             | 1,00,000 |
| M/s. VMA has also received the following inward supplies:                                                                                                                                                       |          |
| Inter-state supply of goods (out of which invoice for goods worth ₹ 40,000 is missing and no other tax paying document is available)                                                                            | 1,40,000 |
| Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply                                                                          | 1,00,000 |
| Details of opening balances of ITC as on 1-4-2024 are as follows:                                                                                                                                               |          |
| CGST                                                                                                                                                                                                            | 10,000   |
| SGST                                                                                                                                                                                                            | 10,000   |
| IGST                                                                                                                                                                                                            | 80,000   |

Following additional information is provided :

- Rate of GST in respect of all inward and outward supplies except item (ii) above is 18%. i.e. CGST and SGST @ 9% and IGST @ 18%.
- All figures mentioned above are exclusive of taxes.
- All the conditions for availing the ITC have been fulfilled except specifically given and M/s. VMA is not eligible for any threshold exemption.

Compute the minimum net GST payable in cash by M/s. VMA for the month of April, 2024.

**Answer**

Computation of available ITC :

| Particulars                                                                         | IGST (₹) | CGST (₹) | SGST (₹) |
|-------------------------------------------------------------------------------------|----------|----------|----------|
| Opening balance                                                                     | 80,000   | 10,000   | 10,000   |
| ITC on Inter-state purchase of goods (excluding missing invoice) [₹ 1,00,000 × 18%] | 18,000   | -        | -        |
| ITC on Repairing of bus [₹ 1,00,000 × 9%]                                           | -        | 9,000    | 9,000    |
| Available ITC                                                                       | 98,000   | 19,000   | 19,000   |

Computation of tax payable on outward supplies :

| Particulars                    | Taxable Value | CGST @9% | SGST @9% | IGST @ 18% |
|--------------------------------|---------------|----------|----------|------------|
| Inter-State supply of goods    | 2,00,000      | -        | -        | -          |
| Intra-state mixed supply       | 4,00,000      | 56,000   | 56,000   | -          |
| Intra-State supply of services | 1,00,000      | 9,000    | 9,000    | -          |
| Total                          |               | 65,000   | 65,000   | 36,000     |

Note: Balance credit of IGST may be first utilized in the discharging CGST of ₹ 46,000. In that case, SGST of ₹ 30,000 would be payable.

**Q8****PTP Dec 22**

KKJ Ltd. is registered with the jurisdictional GST authorities in the State of Tamil Nadu provided the following details:

Receipts on outward supply (exclusive of GST) for the month of May, 2022 are as follows:

| Items       | (₹)       |
|-------------|-----------|
| Intra-State | 14,00,000 |
| Inter-State | 3,35,000  |

Assume applicable rate on outward supply as CGST@9% and SGST@9% and IGST@18%.

Details of GST paid on inward supply are as follows during the month.:

| Items                                                                                                                    | CGST Paid (₹) | SGST Paid (₹) |
|--------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Life Insurance premium paid by company on the life of factory employees as per policy of company                         | 12,000        | 12,000        |
| Work contractor's service used for repair and renovation of factory building which is debited in profit and loss account | 80,000        | 80,000        |
| Outdoor catering service availed for business meetings                                                                   | 35,000        | 35,000        |
| Purchase of manufacturing machine directly sent to Job worker's premises under challan                                   | 90,000        | 90,000        |



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Details of other Input Services:

| S. No. | Particulars                                                                                                                                                        |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i)    | Rent of one office building paid to unregistered owner of same state ₹ 1,50,000 taxable @ 9% CGST, 9% SGST and 18% IGST                                            |
| (ii)   | Paid ₹ 1,50,000 for transportation of goods by road, to out of state unregistered Goods Transport Agency applicable rate CGST @ 2.5% and SGST @ 2.5 % or IGST @ 5% |

#### Notes:

- (1) All the amount stated above in both the tables are exclusive of GST, wherever applicable,
- (2) Aggregate turnover of company in previous year was 5 Crore.
- (3) Opening balance of Input tax credit was NIL and all the conditions for credit of Input tax have been fulfilled.

Company wants to know from you, the below details regarding GST liability for the month of May, 2022:

- Input Tax credit available for payment of tax
- Gross tax to be paid under forward charges
- Tax to be paid under reverse charges
- Net tax liability to be paid minimum in cash

### Answer

#### (a) Input Tax credit Available for payment of Tax

|      |          |
|------|----------|
| CGST | 1,83,500 |
| SGST | 1,83,500 |
| IGST | 7,500    |

#### (b) Gross tax to be paid under forward charges

|      |          |
|------|----------|
| CGST | 1,26,000 |
| SGST | 1,26,000 |
| IGST | 60,300   |

#### (c) Tax to be paid under reverse charges

|      |        |
|------|--------|
| CGST | 13,500 |
| SGST | 13,500 |
| IGST | 7,500  |

#### (d) Net tax liability to be paid in cash

|      |        |
|------|--------|
| CGST | 13,500 |
| SGST | 13,500 |
| IGST | 7,500  |

**Q9****MTP June 23 (Old)**

M/s A Ltd. sold plant and machinery after being used in the manufacture of taxable goods for ₹ 4,00,000 on 1st November 2022. GST is payable on transaction value of plant and machinery 18%. M/s A Ltd. was purchased this machine vide invoice dated 22nd November 2021 for ₹ 5,50,000/- plus GST 18%.

M/s A Ltd. availed the credit on said plant and machinery. Find the amount payable by M/s A Ltd. under section 18(6) of the CGST Act, 2017.

**Answer**

| Particulars                     | Amount in (₹) | Working note        |
|---------------------------------|---------------|---------------------|
| ITC taken on capital goods      | 99,000        | ₹5,50,000 x 18%     |
| <b>Less:</b> 25% reduction      | (24,750)      | No. of quarters = 5 |
| 5% x 5 = 25% reduction          |               |                     |
| <b>Balance ITC</b>              | 74,250        |                     |
| <b>Tax on Transaction value</b> | 72,000        | ₹4,00,000 x 18%     |

**Note:** M/s A Ltd. shall pay amount equal to the input tax credit taken on the said capital goods reduced by 5% per quarter or part thereof from the date of the issue of the invoice for such goods or the tax on the transaction value of such capital goods u/s 15 of the CGST Act, 2017 whichever is higher.

Therefore, M/s A Ltd. is liable to pay an amount of ₹ 74,250/-.

**Q10****MTP June 23 (Old)**

M/s X Ltd. purchased input for ₹2,00,000 vide Tax Invoice No. 12 dated 1st December 2021. M/s X Ltd. has submitted annual return for the financial year 2021-22 on 15th September 2022. Find the time limit within which input tax credit can be availed on input by X Ltd. M/s X Ltd. wants to take input tax credit on such input on 30th November 2022, advise.

**Answer**

Time limit to avail the credit is earlier of the following:

(1) 30th November 2022

**OR**

(2) 15th September 2022

Therefore, M/s X Ltd. has to avail the input tax credit on or before 15th September 2022.

**Advise:** After 15th September 2022, the registered taxable person cannot take credit based on invoice pertaining to supply of goods or services for the period 1st April 2021 to 31 March 2022. Hence, in the given case M/s X Ltd. is not eligible to avail the input tax credit on 30th November 2022.



Q11

MTP June 23 (New)

BA Pvt. Ltd. purchased machinery worth ₹ 10,00,000 (excluding GST) on 20-07-2022 on which it paid GST @ 18% and availed the ITC. On 05-03-2023, it sold the machinery for ₹ 8,00,000 (excluding GST) to HA Pvt. Ltd. The GST rate on sale is 18%. Compute available ITC in respect of such purchase.

**Answer**

Where capital goods or plant and machinery on which input tax credit (ITC) has been taken are supplied outward by a registered person, he must pay an amount that is higher of the following:

- ITC taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods; or
- tax on transaction value.

**Accordingly, the amount payable on supply of machinery by BA Pvt. Ltd. shall be computed as follows:**

| Particulars                                                                      | Amount (₹)      |
|----------------------------------------------------------------------------------|-----------------|
| ITC taken on acquisition of such machine [₹ 10,00,000 x 18%]                     | 1,80,000        |
| Time gap in quarters between date of purchase and outward supply of such machine | 3 quarters      |
| Total reduction in tax paid [5% for each quarter x 3 quarter]                    | 15%             |
| Amount of reduction in tax paid [₹ 1,80,000 x 15%]                               | 27,000          |
| Amount of GST to be Paid <b>[being higher of the following]</b>                  |                 |
| a. ₹ 1,80,000 – ₹ 27,000                                                         | 1,53,000        |
| b. GST on transaction value [₹ 8,00,000 x 18%]                                   | 1,44,000        |
| <b>Hence, liability of GST is</b>                                                | <b>1,53,000</b> |

Q12

MTP June 23 (New)

W Ltd., a registered supplier, is engaged in the manufacture of Tanks. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of January 2023:

| Particulars                                                                                           | GST Paid(₹) |
|-------------------------------------------------------------------------------------------------------|-------------|
| Purchase of Machinery where debit note is issued                                                      | 2,15,000    |
| Input purchased was directly delivered to Mr. X, a job worker and a registered supplier               | 1,00,000    |
| Computers purchased (Depreciation was claimed on the said GST portion under the Income-Tax Act, 1961) | 5,000       |
| Works Contract services availed for construction of Staff quarters within the company premises        | 2,25,000    |

Examine with the provisions of law with respect to ITC available to the company considering that all the conditions necessary for availing the ITC has been fulfilled.

**Answer****Computation of ITC available to W Ltd. for the month of Jan 2023**

| Particulars                                                                                           | (₹)             |
|-------------------------------------------------------------------------------------------------------|-----------------|
| Purchase of Machinery where debit note is issued                                                      | 2,15,000        |
| Input purchased was directly delivered to Mr. X, a job worker and a registered supplier               | 1,00,000        |
| Computers purchased (Depreciation was claimed on the said GST portion under the Income-Tax Act, 1961) | -               |
| Works Contract services availed for construction of Staff quarters within the company premises        | -               |
| <b>Available ITC for the month of Jan 2023</b>                                                        | <b>3,15,000</b> |

**Q13****MTP June 23 (New)**

Explain the provision of Transfer of credit on sale, merger, amalgamation, lease or transfer of a business [Rule 41]

**Answer**

Transfer of credit on sale, merger, amalgamation, lease or transfer of a business [Rule 41]

- (1) A registered person shall, in the event of sale, merger, demerger, amalgamation, lease or transfer or change in the ownership of business for any reason, furnish the details of sale, merger, demerger, amalgamation, lease or transfer of business, in Form GST ITC-02, electronically on the common portal along with a request for transfer of unutilized input tax credit lying in his electronic credit ledger to the transferee. In the case of demerger, the input tax credit shall be apportioned in the ratio of the value of assets of the new units as specified in the demerger scheme. "Value of assets" means the value of the entire assets of the business, whether or not input tax credit has been availed thereon.
- (2) The transferor shall also submit a copy of a certificate issued by a practicing chartered accountant or cost accountant certifying that the sale, merger, demerger, amalgamation, lease or transfer of business has been done with a specific provision for the transfer of liabilities
- (3) The transferee shall, on the common portal, accept the details so furnished by the transfer or and, upon such acceptance, the un-utilized credit specified in Form GST ITC-02 shall be credited to his electronic credit ledger
- (4) The inputs and capital goods so transferred shall be duly accounted for by the transferee in his books of account.

**Q14****PTP June 23 (Old)**

Raj Ltd. a manufacturer procured the following goods in the month of October, 2022.

| Sr. No. | Particulars                                                                 | GST Paid (₹) |
|---------|-----------------------------------------------------------------------------|--------------|
| 1.      | Inputs used for the manufacture of the final product                        | 20,000       |
| 2.      | Goods destroyed due to natural calamities                                   | 2,000        |
| 3.      | Food and beverages used in dealer's meet                                    | 10,000       |
| 4.      | Food and beverages purchased for the employees during office hours          | 5,000        |
| 5.      | Goods used for setting up Telecommunication Towers being immovable property | 1,50,000     |
| 6.      | Account paper for photocopying machine used in administrative office        | 4,000        |
| 7.      | Goods purchased without invoice                                             | 50,000       |
| 8.      | Goods used for providing services during warranty period                    | 15,000       |

Compute the amount of Input Tax Credit (ITC) available with Raj Ltd. for the month of October, 2022 by giving necessary explanations. Assume, that all the other conditions necessary for availing ITC have been fulfilled.

**Answer**

Total Input Tax Credit (ITC) available = ₹ 39,000

**Q15****PTP June 23 (New)**

Jagmag Ltd. is a manufacturer and supplier of goods, registered under GST in the State of Rajasthan. Jagmag Ltd. provides the following information pertaining to GST paid on input supplies during the month of October, 2022.

| Sl. No. | Particulars                                                                                                                                                                           | GST Paid(₹) |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| i.      | Goods that have obsolete and whose value has been written off in books.                                                                                                               | 5,000       |
| ii.     | Raw materials for which invoice has been received and GST has also been paid for full amount but only 90% of material has been received, remaining 10% will be received in next month | 50,000      |
| iii.    | Car purchased for making further supply of such car. Such car destroyed in accident while being used for test drive by potential customers.                                           | 25,000      |
| iv.     | Works contractor's service used for repairs and renovation of own office building which is debited in the profit and loss account of Jagmag Ltd.                                      | 70,000      |
| v.      | Bus purchased for transport of its employees to and from Home to office having approved seating capacity of 13 persons (including driver).                                            | 50,000      |
| vi.     | Raw materials purchased for which invoice is missing but delivery challan is available.                                                                                               | 15,000      |

You may assume that all the necessary conditions for availing the ITC have been fulfilled by Jagmag Ltd. Calculate the amount of input tax credit (ITC) available for the month of October, 2022 by giving necessary explanations for treatment of various items as per the provisions of the GST law.

**Answer**

**Total Input tax credit available** = ₹ 70,000

**Q16****MTP Dec 23 (Old)**

Y Ltd. manufactures taxable and exempted goods. Y Ltd. also simultaneously provides taxable as well as exempted output services. Raw material 10,000 units were purchased @ ₹100 per unit used commonly during the month of January 2023 to produce all final products. GST paid on inputs 12%. Input services commonly used for all goods and services in the month of January 2023. Total ITC on inputs and input services taken into books of account in the relevant tax period is 1,74,000.

Turnover for the month of January 2023 (excluding all taxes)

| Particulars                              | Value of finished goods(₹) |
|------------------------------------------|----------------------------|
| Taxable supply of goods                  | 2,00,000                   |
| Exempted supply of goods (₹ 80 per unit) | 1,00,000                   |
| Taxable supply of services               | 1,00,000                   |
| Exempted supply of services              | 50,000                     |
| Total                                    | 4,50,000                   |

You are required to compute the amount of reversal of input tax credit as per rule 42(1)(i) of the CGST Rules, 2017 of the month of January 2023.

**Note:** Each unit of exempted final product needs 2 units of raw materials.

Assumed that there is no process loss.

**Answer****Statement showing aggregate turnover of M/s C Ltd. in the preceding financial year**

Step 1: Calculate common input tax credit on inputs and input services which are used to supply taxable as well as exempted output supplies:

| Particulars                                                                                                                | Value (₹ in lakh) | Working note                                       |
|----------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------------------------------------|
| Total ITC on inputs and input services                                                                                     | 1,74,000          | rule 42(1)(a)                                      |
| <b>Less:</b> ITC on supplies exclusively used for the purpose other than business                                          | Nil               | rule 42(1)(b)                                      |
| <b>Less:</b> ITC on supplies exclusively used for providing exempted supplies                                              | (30,000)          | 2,500u x ₹ 100 x 12%<br>[rule 42(1)(c)]            |
| <b>Less:</b> ITC not available u/s 17(5) of the CGST Act, 2017                                                             | Nil               | rule 42(1)(d)                                      |
| Input tax credit which are used to supply taxable as well as exempted output supplies                                      | 1,44,000          | rule 42(1)(e).                                     |
| <b>Less:</b> ITC on supplies used exclusively for taxable supply including Zero rated supply (i.e. ITC on normal supplies) | (90,000)          | (10,000u – 2,500u)<br>x12%<br>As per rule 42(1)(f) |
| Common ITC, which are used to supply taxable as well as exempted output supplies (denoted as "C2")                         | 54,000            | As per rule 42(1)(h)                               |

**Step 2: Amount of reversal of input tax credit attributable towards exempted supplies rule 42(1) (i) of the CGST Rules, 2017 is as follows: (₹1,50,000/4,50,000) x ₹ 54,000 = ₹18,000/-**

**Working Note:**

- (1) Number of units of exempted final products 1,250 units (i.e. ₹1,00,000/₹80 per unit = 1,250 units)
- (2) Since, each unit of exempted final product needs 2 units of raw materials. Raw material used exclusively for exempted final product 2,500 units (i.e. 1,250 unit's x 2 units = 2,500 units).

**Q17****MTP Dec 23 (New)**

Compute the input tax credit available with MS Motors Ltd., manufacturer of cars, in respect of the following services availed by it in the month of October, 2022:

| Sl. No. | Particulars                                                                                     | GST Paid(₹) |
|---------|-------------------------------------------------------------------------------------------------|-------------|
| i.      | Accounting and Auditing Services                                                                | 17,200      |
| ii.     | Health insurance services for employees (Services are not provided under Government obligation) | 6,200       |
| iii.    | Routine maintenance of the cars manufactured by MS Motors Ltd.                                  | 28,000      |
| iv.     | Repair services for office building (Cost of repairs is charged to Profit & loss Account)       | 28,400      |
| v.      | Hotel accommodation and conveyance facility to employees on vacation                            | 13,360      |
| vi.     | Testing services availed for car engines                                                        | 19,000      |

**Answer****Computation of Input tax credit available with MS Motors Ltd.:**

| Sl. No.                       | Particulars                                                                                     | GST Paid(₹)   |
|-------------------------------|-------------------------------------------------------------------------------------------------|---------------|
| i.                            | Accounting and Auditing Services                                                                | 17,200        |
| ii.                           | Health insurance services for employees (Services are not provided under Government obligation) | Nil           |
| iii.                          | Routine maintenance of the cars manufactured by MS Motors Ltd.                                  | 28,000        |
| iv.                           | Repair services for office building (Cost of repairs is charged to Profit & loss Account)       | 28,400        |
| v.                            | Hotel accommodation and conveyance facility to employees on vacation                            | Nil           |
| vi.                           | Testing services availed for car engines                                                        | 19,000        |
| <b>Total credit available</b> |                                                                                                 | <b>92,600</b> |

**Q18****PTP Dec 23 (Old)**

Mr. Kalyan is a registered dealer in the State of Uttar Pradesh. He provides the following details for the month of January, 2023:

| Sl. No. | Particulars                                                                                                                                     | GST Paid(₹) |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| i.      | Mr. Mangal supplied goods to Miss Mahi on direction of Mr. Kalyani and Mr. Kalyan received only invoice                                         | 1,50,000    |
| ii.     | Raw material "A" purchased during the month<br>(Out of above one invoice of some goods on which GST of ₹ 40,000 was paid is missing.)           | 1,00,000    |
| iii.    | Machinery.<br>(Machinery worth ₹ 5,00,000 was purchased during the month and company has claimed depredation on ₹ 5,90,000).                    | 90,000      |
| iv.     | Life insurance premium on life of employees.<br>(It is company's policy to provide life insurance coverage to all the employees of the company) | 1,30,000    |
| v.      | Raw material "B"<br>(This material was received in three instalments and the last instalment is received in the month of January, 2022)         | 1,74,000    |
| vi.     | Three Laptops purchased<br>(One of above, one laptop is withdrawn for personal use of Mr. Kalyan)                                               | 54,000      |
| vii.    | Material purchased to be used for construction of foundation of pillars to support above purchased machinery at point (iii)                     | 20,000      |

From the information given above, you are required to calculate the eligible Input Tax Credit (ITC) available to Mr. Kalyan in the month of January, 2023. Assume all the other conditions except mentioned above are fulfilled to avail ITC. Support your answer with brief legal provision.

**Answer**

Total eligible ITC (Input Tax Credit) ₹ 4,40,000

**Q19****PTP Dec 23 (New)**

ABC Ltd, a registered person, is engaged in the business of spices at Cochin. It provides following details in relation to GST paid on inward supplies procured by it during the month of May, 2023:

| Sl. No. | Particulars                                                                       | GST Paid(₹) |
|---------|-----------------------------------------------------------------------------------|-------------|
|         | <b>Raw spices purchased</b>                                                       |             |
| i.      | (a) Sold to customers                                                             | 4,50,000    |
|         | (b) Used for personal use of directors                                            | 35,000      |
| ii.     | Electric machinery purchased for being used in the manufacturing process          | 1,23,000    |
| iii.    | Motor Car used for transportation of the managing director for official use only. | 4,50,000    |
| iv.     | Payment made to contractor for construction of staff quarter.                     | 7,25,000    |



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Determine the amount of Input Tax Credit (ITC) available with ABC Ltd. for the month May, 2023 by giving the necessary explanation for treatment of various items. Subject to the information given above, all the other conditions necessary for availing ITC have been fulfilled.

### Answer

Total ITC (Input Tax Credit) ₹ 5,73,000

## Q20

MTP June 24

M/s VM & Associates (VMA), a registered taxable person under regular scheme provides following information in respect of supplies made by it during the month of April, 2023:

| Particulars                                                                                                                                                                               | Amount<br>(₹) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Inter-state supply of goods                                                                                                                                                               | 2,00,000      |
| Intra-state supply of 1000 packets of detergent @ ₹ 400 each along with a plastic bucket worth ₹ 100 each with each packet (Rate of GST on detergent is 18% and on plastic bucket is 28%) |               |
| Supply of online educational journals to M/s XYZ, a private coaching center providing tuitions to students of Class X-XII, being intra-state supply                                       | 1,00,000      |
| M/s VMA has also received the following inward supplies:                                                                                                                                  |               |
| - Inter-state supply of goods (out of which invoice for goods worth ₹ 40,000 is missing and no other tax paying document is available)                                                    | 1,40,000      |
| - Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply                                                  | 1,00,000      |
| Details of opening balances of ITC as on 1-4-2023 are as follows:                                                                                                                         |               |
| - CGST                                                                                                                                                                                    | 10,000        |
| - SGST                                                                                                                                                                                    | 10,000        |
| - IGST                                                                                                                                                                                    | 80,000        |

Following additional information is provided:

1. Rate of GST in respect of all inward and outward supplies except item (ii) above is 18%. i.e. CGST and SGST @ 9% and IGST @ 18%.
2. All figures mentioned above are exclusive of taxes.
3. All the conditions for availing the ITC have been fulfilled except specifically given and M/s. VMA is not eligible for any threshold exemption.

Compute the minimum net GST payable in cash by M/s. VMA for the month of April, 2023.

**Answer**

Computation of available ITC

| Particulars                                                                         | IGST<br>(₹) | CGST<br>(₹) | SGST<br>(₹) |
|-------------------------------------------------------------------------------------|-------------|-------------|-------------|
| Opening balance                                                                     | 80,000      | 10,000      | 10,000      |
| ITC on Inter-state purchase of goods (excluding missing invoice) [₹ 1,00,000 x 18%] | 18,000      | -           | -           |
| ITC on Repairing of bus [₹ 1,00,000 x 9%]                                           | -           | 9,000       | 9,000       |
| Available ITC                                                                       | 98,000      | 19,000      | 19,000      |

Computation of tax payable on outward supplies

| Sl. No. | Particulars                    | Taxable Value (₹) | CGST<br>(₹) | SGST<br>(₹) | IGST<br>(₹) |
|---------|--------------------------------|-------------------|-------------|-------------|-------------|
| i.      | Inter-State supply of goods    | 2,00,000          | -           | -           | 36,000      |
| ii.     | Intra-state mixed supply       | 4,00,000          | 56,000      | 56,000      | -           |
| iii.    | Intra-State supply of services | 1,00,000          | 9,000       | 9,000       | -           |
| Total   |                                |                   | 65,000      | 65,000      | 36,000      |

Computation of GST payable in cash

| Particulars           | CGST @9%<br>(₹) | SGST @9%<br>(₹) | IGST @18%<br>(₹) |
|-----------------------|-----------------|-----------------|------------------|
| Total GST payable     | 65,000          | 65,000          | 36,000           |
| Less: ITC-IGST        | (31,000)        | (31,000)        | (36,000)         |
| Less: ITC-CGST / SGST | (19,000)        | (19,000)        | -                |
| GST payable in cash   | 15,000          | 15,000          | -                |

Note: Balance credit of IGST may be first utilized in the discharging CGST of ₹ 46,000. In that case, SGST of ₹ 30,000 would be payable.

**Q21****PTP Dec 24**

Shyam Ltd, is a registered manufacturer of cars. Shyam Ltd. provides the following information of GST paid on the purchases made/input services availed by it during the month of May, 2024:

| Sl. No. | Particulars                                                                                                                           | GST Paid(₹) |
|---------|---------------------------------------------------------------------------------------------------------------------------------------|-------------|
| i.      | Routine maintenance charges of cars manufactured by Shyam Ltd.                                                                        | 40,500      |
| ii.     | Capital goods (out of five items, invoice for one item was missing and GST paid on that item was ₹2,500)                              | 45,000      |
| iii.    | Inputs consisting of four equal lots, out of which three lots were received during the month of May, 2024.                            | 65,000      |
| iv.     | Travel benefits extended to employees on vacation under statutory obligation                                                          | 7,500       |
| v.      | Purchased machinery for manufacturing process worth ₹ 2,00,000 and claimed depreciation under the Income Tax Act, 1961 on ₹ 2,36,000. | 36,000      |
| vi.     | Repairs services for office building, cost of repairs is charged to Profit and Loss Account                                           | 48,000      |



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Determine the amount of Input tax credit (ITC) available with Shyam Ltd. for the month of May, 2024 by giving necessary explanations for treatment of various items. All the conditions necessary for availing the input tax credit except mentioned above have been fulfilled.

### Answer

Computation of Input tax credit available with Shyam Ltd for the month of May, 2024

| Sl. No.                                 | Particulars                                                                                                                                                                                                                                                                     | ₹               |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| i.                                      | Routine maintenance of cars manufactured by Shyam Ltd.<br>(ITC is eligible since such services are used in course or furtherance of business)                                                                                                                                   | 40,500          |
| ii.                                     | Capital goods (out of five items, invoice for one item was missing and GST paid on that item was ₹ 2,500 (₹ 45,000 - ₹ 2,500)<br>(ITC cannot be taken on missing invoice. The registered person should have the invoice in its possession to claim ITC)                         | 42,500          |
| iii.                                    | Inputs consisting of four lots, out of which three lots were received during the month (When inputs are received in lots/instalment, ITC can be availed only on receipt of last lot/instalment)                                                                                 | Nil             |
| iv.                                     | Travel benefits extended to employees on vacation under statutory obligation (ITC shall be allowed on travel benefits extended to employees on vacation since it is obligatory for an employer to provide the same to its employees under any law for the time being in force). | 7,500           |
| v.                                      | Machinery purchased in respect of which depreciation is claimed under Income-tax Act 1961 on the tax component (ITC is not available since depreciation has been claimed on the GST/tax component)                                                                              | Nil             |
| vi.                                     | Repair services for office building, cost of repairs is charged to Profit and Loss Account (Repairs are revenue in nature, hence, input tax credit shall be available)                                                                                                          | 48,000          |
| <b>Input tax credit (ITC) available</b> |                                                                                                                                                                                                                                                                                 | <b>1,38,500</b> |

## Q22

## MTP June 25

BA Pvt. Ltd. purchased machinery worth ₹ 10,00,000 (excluding GST) on 20-07-2024 on which it paid GST @ 18% and availed the ITC. On 05-03-2025, it sold the machinery for ₹8,00,000 (excluding GST) to HA Pvt. Ltd. The GST rate on sale is 18%. What will be the course of action for BA Pvt. Ltd. to follow under CGST Act, 2017?

### Answer

Where capital goods or plant and machinery on which input tax credit (ITC) has been taken are supplied outward by a registered person, he must pay an amount that is higher of the following:

- ITC taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods; or
- tax on transaction value.



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Accordingly, the amount payable on supply of machinery by BA Pvt. Ltd. shall be computed as follows:

| Particulars                                                                      | (₹)        |
|----------------------------------------------------------------------------------|------------|
| ITC taken on acquisition of such machine [ $₹ 10,00,000 \times 18\%$ ]           | 1,80,000   |
| Time gap in quarters between date of purchase and outward supply of such machine | 3 quarters |
| Total reduction in tax paid [5% for each quarter $\times$ 3 quarter]             | 15%        |
| Amount of reduction in tax paid [ $₹ 1,80,000 \times 15\%$ ]                     | 27,000     |
| Amount of GST to be Paid [being higher of the following]                         |            |
| a. $₹ 1,80,000 - ₹ 27,000$                                                       | 1,53,000   |
| b. GST on transaction value [ $₹ 8,00,000 \times 18\%$ ]                         | 1,44,000   |
| Hence, liability of GST is                                                       | 1,53,000   |



## Chapter 11

## Invoices

Q1

PTP Dec 22

Explain the provision of time limit of issue of invoice in the following cases under GST Law:

- (i) In case of continuous supply of goods
- (ii) In case of continuous supply of services

**Answer**

**In case of continuous supply of goods :-** Where successive statements of accounts/ successive payments are involved, the invoice shall be issued before/at the time each such statement is issued or each such payment is received.

**In case of continuous supply of services:-**

| Where                                                          | The invoice shall be issued                                             |
|----------------------------------------------------------------|-------------------------------------------------------------------------|
| (a) due date of payment is ascertainable from the contract     | on or before the due date of payment                                    |
| (b) due date of payment is not ascertainable from the contract | before or at the time when the supplier of service receives the payment |
| (c) payment is linked to the completion of an event            | on or before the date of completion of that event.                      |

Q2

PTP Dec 22

Write short note on "Acceptance of E- Way bill"

**Answer**

After generation of e-way bill, the details of the e-way bill generated shall be made available to the -

- (i) Supplier, if registered, where the information in Part A has been furnished by the recipient/ transporter; **OR**
- (ii) Recipient, if registered, where the information in Part A has been furnished by the supplier/ transporter, on the common portal, and the supplier/recipient, as the case may be, shall communicate his acceptance or rejection of the consignment covered by the e-way bill [Rule 138(11)].

In case, the person to whom the information in Part-A is made available, does not communicate his acceptance or rejection within the specified time, it shall be deemed that he has accepted the said details. The time-limit specified for this purpose is:

- (i) 72 hours of the details being made available to him on the common portal **OR**
- (ii) The time of delivery of goods, **Whichever is earlier**

**Q3****PTP Dec 22**

State exception on which e-invoice provisions not applicable under GST.

**Answer****Exemption from e-invoicing**

Below mentioned entities are not required to issue e-invoices even if their turnover exceeds ₹ 5 crore in the preceding financial year from 2017-18 onwards.

- (i) Special Economic Zone units
- (ii) Insurer or banking company or financial institution including NBFC
- (iii) GTA supplying services in relation to transportation of goods by road in a goods carriage
- (iv) Supplier of passenger transportation service
- (v) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens

**Q4****PTP June 23 (Old)**

Briefly explain the followings with reference to CGST Act, 2017:-

- (i) Revised Tax Invoice
- (ii) Receipt Voucher

**Answer****(i) Revised Invoice [Section 31(3) (a) of the CGST Act, 2017]:**

A registered person may, within one month from the date of issuance of certificate of registration and in such manner as prescribed in the Invoice Rules, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him. This provision is necessary, as a person who becomes liable for registration has to apply for registration within 30 days of becoming liable for registration. When such an application is made within the time period and registration is granted, the effective date of registration is the date on which the person became liable for registration. Thus there would be a time lag between the date of grant of certificate of registration and the effective date of registration.

**(ii) Receipt Voucher [section 31(3)(d) of the CGST Act, 2017]:**

Whenever a registered person receives an advance payment with respect to any supply of goods or services or both, he has to issue a receipt voucher evidencing the receipt of such payment.

Proviso to Rule 50 of the CGST Rules, 2017, if at the time of receipt of advance,

- (i) The rate of tax is not determinable, the tax may be paid @ 18%;
- (ii) The nature of supply is not determinable the same shall be treated as inter-State supply.



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**Q5****PTP June 23 (Old)**

When is e-Way bill required to be generated under rule 138(1) of the CGST Rules, 2017?

**Answer**

E-way bill will be generated when there is a movement of goods in a vehicle/ conveyance of value more than Rs 50,000 (either each Invoice or in (aggregate of all Invoices in a vehicle/ Conveyance) –

- in relation to a 'supply'
- for reasons other than a 'supply' (say a return)
- due to inward 'supply' from an unregistered person

Therefore, E-way Bills must be generated on the common portal for all these types of movements. For certain specified Goods, the e-way bill needs to be generated mandatorily even if the Value of the consignment of Goods is less than Rs. 50,000:

- Inter-State movement of Goods by the Principal to the Job-worker by Principal / registered Jobworker,
- Inter-State Transport of Handicraft goods by a dealer exempted from GST registration.

**Q6****MTP June 23 (New)**

Mr. X started his business on 10.04.22 and in the month of August 2022, his turnover exceeds the threshold limit for obtaining registration. In the month of August 2022, he registered himself with GST. After registration, he is selling goods to Mr. Y. He seeks your advice regarding preparation of tax invoice in respect of his transaction with Mr. Y after registration.

**Answer**

A registered person supplying taxable goods shall issue a tax invoice, before or at the time of:

|                                                     |                                                                |
|-----------------------------------------------------|----------------------------------------------------------------|
| Where the supply involves movement of goods         | Removal of goods for supply to the recipient                   |
| Where the supply does not involve movement of goods | Delivery of goods or making available thereof to the recipient |

Though there is no specific format prescribed for the tax invoice, but a tax invoice issued by the registered person should contain the following particulars:

- name, address and Goods and Services Tax Identification Number of the supplier;
- a consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters- hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, unique for a financial year.
- date of its issue;
- name, address and Goods and Services Tax Identification Number (GSTIN) or Unique Identity Number (UIN), if registered, of the recipient;



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- (e) name and address of the recipient and the address of delivery, along with the name of the State and its code, if such recipient is un-registered and where the value of the taxable supply is ₹ 50,000 or more;
- (f) name and address of the recipient and the address of delivery, along with the name of the State and its code, if such recipient is un-registered and where the value of the taxable supply is less than ₹ 50,000 and the recipient requests that such details be recorded in the tax invoice; In supply of online money gaming / services supplied through eco / supply of OIDAR services to an unregistered person (Irrespective of the value of supply) name of the state of the recipient shall be deemed to be his address.
- (g) Harmonised System of Nomenclature code for goods or services;
- (h) description of goods or services;
- (i) quantity in case of goods and unit or Unique Quantity Code thereof;
- (j) total value of supply of goods or services or both;
- (k) taxable value of the supply of goods or services or both taking into account discount or abatement, if any;
- (l) rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- (m) amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- (n) place of supply along with the name of the State, in the case of a supply in the course of inter-State trade or commerce;
- (o) address of delivery where the same is different from the place of supply;
- (p) whether the tax is payable on reverse charge basis; and
- (q) signature or digital signature of the supplier or his authorised representative; and
- (r) Quick Response (QR) code, having embedded Invoice Reference Number (IRN) in it, in case e-invoice has been issued.



## PTP June 23 (New)

Shiv Gouri Trader, a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of October:

- (i) Value of supply charged in invoice number. I was ₹ 1,50,000 as against the actual taxable value of ₹3,50,000 due to wrong quantity considered while billing.
- (ii) Value of supply charged in invoice number 2 was ₹ 2,00,000 as against the actual taxable value of ₹1,50,000
- (iii) Tax charged in invoice number 6 was ₹ 45,000 as against the actual tax liability of ₹12,500 due to wrong tax rate charged while issuing invoice.
- (iv) Tax charged in invoice number 10 was ₹ 25,000 as against the actual tax liability of ₹ 50,000 due to wrong HSN code being chosen while issuing invoice.

You are required to suggest whether debit note or credit note has to be issued by Shiv Gouri Trader in each of the above circumstances.



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**Answer**

- (i) A debit note is required to be issued as the value of supply charged in the invoice no.1 is less than the actual taxable value.
- (ii) A credit note is required to be issued as the value of supply charged in the invoice no.2 is exceeds the actual taxable value.
- (iii) A credit note is required to be issued as the tax charged in the invoice no.6 is exceeds the actual tax payable.
- (iv) A debit note is required to be issued as the tax charged in the invoice no.10 is less than the actual tax payable.

**Q8****PTP Dec 23 (Old)**

List out the situations in which a credit note may be issued under the CGST act, 2017. Also state what is the maximum time-limit available for declaring the credit note in the GST return.

**Answer****Credit note is required to be issued by supplier**

- (i) If taxable value charged in the tax invoice is found to exceed the taxable value in respect of supply of goods and/or services, or
- (ii) If tax charged in the tax invoice is found to exceed the tax payable in respect of supply of goods and/or services, or
- (iii) If goods supplied are returned by the recipient, or
- (iv) If goods and/or services supplied are found to be deficient. Maximum time-limit available for declaring the credit note in the GST return A registered person who issues such a credit note has to declare details of such credit note in the return for the month during which such credit note has been issued but not later than
  - 30th November of the following financial year or
  - The date of furnishing of the relevant annual return, whichever is earlier.



## PTP Dec 23 (Old)

Write short notes on "Validity period of e-way bill."

### Answer

| Distance within country                     | Validity period from relevant date                                                                                                         |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Up to 200 km                                | One day in cases other than over dimensional cargo or multimodal shipment in which at least one leg involves transport by ship             |
| For every 200 km or part thereof thereafter | One additional day in cases other than over dimensional cargo or multi model shipment in which at least one leg involves transport by ship |
| Up to 20 km                                 | One day in case of over dimensional cargo or multi motors shipment in which at least one leg involves transport by ship                    |
| For every 20 km or part thereof thereafter  | One additional day in case of over dimensional cargo or multimodal shipment in which at least one leg involves transport by ship.          |

Validity of e-way bill can be extended also. The generator of such e-way bill has to either four hour before expiry or within four hours after its expiry can extend e-way bill validity.

The validity of e-way bill can be extended within eight hours from the time of its expiry.



## Chapter 12

## Payment of Tax

Q1

PTP June 23 (Old)

Manner of utilisation of ITC under GST law.

## Answer

The manner of utilisation of ITC under GST law is as under:

- (1) IGST credit should first be utilized towards payment of IGST
- (2) Remaining IGST credit, if any, can be utilized towards payment of CGST and SGST/UTGST in any order and in any proportion
- (3) Entire ITC of IGST should be fully utilized before utilizing the ITC of CGST or SGST/UTGST.
- (4) Subsequently, ITC of CGST should be utilized for payment of CGST and IGST in that order.
- (5) ITC of SGST/UTGST should be utilized for payment of SGST/UTGST and IGST in that order.
- (6) TC of SGST/UTGST should be utilized for payment of IGST, only after ITC of CGST has been utilized fully.
- (7) ITC of SGST/UTGST cannot be utilized for payment of CGST and vice versa.

Q2

MTP Dec 23 (New)

Compute net GST payable for the month of March 2023:

|      | Output GST (₹) | Opening ITC (₹) |
|------|----------------|-----------------|
| CGST | 2,000          | Nil             |
| SGST | 15,000         | 1,000           |
| IGST | 24,000         | 37,000          |

## Answer

Computation of Net GST Payable for the month of March 2023:

|                | IGST (₹) | CGST (₹) | SGST (₹) |
|----------------|----------|----------|----------|
| Opening        | 37,000   | -        | 1,000    |
| (-) output tax | 24,000   | 2,000    | 15,000   |
| Balance        | 13,000   | (2,000)  | (14,000) |
| (-) ITC (IGST) | 13,000   | 2,000    | 11,000   |
| GST Payable    | Nil      | Nil      | 3,000    |



# Chapter 13 Returns

**Q1**

**PTP June 23 (Old)**

Under GST who is required to furnish final return, time limit for filing of final return and late fees for delay in filing final return?

**Answer**

Every registered person who is required to furnish a return and whose registration has been surrendered or cancelled is required to file a final return.

The final return has to be filed within 3 months of the:

- (a) date of cancellation

**Or**

- (b) date of order of cancellation

**Whichever is later.**

Quantum of late fee for not filing the final return is as follows:

- (a) ₹100 for every day during which such failure continues

**Or**

- (b) ₹5000

**Whichever is lower**

An equal amount of late fee is payable under the respective SGST/UTGST/CGST Act as well.

**Q2**

**PTP Dec 23 (Old)**

Salient features of Quarterly Return filing & Monthly Payment of Taxes (QRMP) Scheme with respect to:

- (i) Who can opt?
- (ii) When can he opted?
- (iii) Payment under QRMP scheme

**Answer****(i) Who can opt for the QRMP scheme:**

A Registered Person (RP) with aggregate annual turnover of up to ₹ 5,00,00,000 in the previous financial year is eligible

**(ii) When can a person opt for the scheme:**

- Facility can be availed throughout the year in any quarter
- Option for QRMP scheme, once exercised will continue till RP revises the option or his AATO exceeds ₹ 5,00,00,000.

**(iii) Payment of tax under the scheme:**

- RPs Need to pay tax due in each of first two months (by 25th of next month), in the quarter.
- RPs can either use fixed sum method, (prefilled challan) or self-assessment method (actual tax due) for monthly payment of tax for first two months after adjusting ITC.
- No deposit of tax is required for the month if there is nil tax liability
- Tax deposited for first two months can be used for adjusting liability for the quarter in form GSTR 3B and can't be used for any other purpose till the filing of return for the quarter.

**Q3****MTP Dec 24**

Discuss briefly the due dates and applicability of GSTR-1, GSTR-3B and GSTR-4.

**Answer****(i) GSTR-1: Statement for furnishing details of outward supplies.**

- Due date: To be filed by either of the following persons on or before the below given dates:
  - Registered person, who are not under QRMP Scheme - 11th of the next month
  - Registered persons, who have opted for QRMP Scheme - 13th of the subsequent quarter.

However, such persons can furnish details of outward supplies using IFF for the first 2 months of the quarter as under:

- » - 1st month of the quarter – on or before 13th of the subsequent month (max value = ₹ 50 Lakhs)
- » - 2nd month of the quarter - on or before 13th of the subsequent month (max value = ₹ 50 Lakhs)

Invoices furnished using the said facility in the first two months are not required to be furnished again in Form GSTR-1.

- Applicability: Applicable to Normal / regular taxpayer.



(ii) GSTR-3B: Monthly/ Quarterly summary return.

- Due date: To be filed as under:
  - » Registered persons, who are not under QRMP Scheme – 20th of the next month.
  - » Registered persons, who have opted for QRMP Scheme -
    - A. Aggregate turnover up to ₹ 5 Cr. in the previous financial year and registered in category 1 States (States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union Territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep) – 22nd of the next month following the quarter.
    - B. Aggregate turnover up to ₹ 5 Cr. in the previous financial year and registered in category 2 States (States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi) – 24th of the next month following the quarter.
  - » pay the tax due in each of the first two months of the quarter by depositing the due amount in Form GST PMT-06, by 25th day of the month succeeding such month under the head “Monthly payment for quarterly taxpayer”.
- Applicability: Applicable to All registered persons other than:
  - 1. Input service distributor (ISD),
  - 2. Non-resident taxable person,
  - 3. Person paying tax u/s:
    - A. 10 – Composition levy
    - B. 51 – Tax deduction at source
    - C. 52 - Collection of tax at source

(iii) GSTR-4: Return by composition tax payers.

- Due date: To be filed as under:
  - » CMP-08 by 18th of the month succeeding the quarter.
  - » GSTR-4 Annually by 30th April following the end of a financial year.
- Applicability: Applicable to Composition taxpayer.

**Q4****PTP June 25**

List out the details required to be given in GSTR -1/1A [under Rule 59(4)/4(A) of the CGST Rules, 2017] and details to be given in Invoice Furnishing Facility (IFF).

**Answer**

The details of outward supplies of goods or services or both furnished in Form GSTR 1 shall include the:

- a. Invoice-wise details of all:
  - i. Inter-state and intra-state supplies made to the registered persons; and
  - ii. Inter-state supplies with invoice value more than ₹100,000 made to the unregistered persons;
- b. Consolidated details of all
  - i. Intra-state supplies made to unregistered persons for each rate of tax;
  - ii. State-wise inter-state supplies with invoice value up to ₹1,00,000 made to unregistered persons for each rate of tax;
- c. Debit and credit notes, if any, issued during the month for invoices issued previously.

Details to be given in IFF [Invoice Furnishing Facility]

The details of outward supplies of goods or services or both furnished using the IFF shall include -

- a. Invoice wise details of inter-state and intra-state supplies made to the registered persons;
- b. Debit and credit notes, if any, issued during the month for such invoices issued previously.



Chapter 14

# Computation of GST

Q1

## ICMAI Study Material

From the following information, compute the Net GST payable for the month of March, 2024 :

|      | Output GST | Opening ITC as per credit ledger |
|------|------------|----------------------------------|
| CGST | 2,000      | Nil                              |
| SGST | 15,000     | 1,000                            |
| IGST | 24,000     | 37,000                           |

### Answer

Computation of net GST liability :

| Particulars               | IGST (₹) | CGST (₹) | SGST (₹) |
|---------------------------|----------|----------|----------|
| Opening balance of ITC    | 37,000   | -        | 1,000    |
| Less : Output GST Payable | 24,000   | 2,000    | 15,000   |
| Balance ITC / (Payable)   | 13,000   | 2,000    | (14,000) |
| Adjustment of ITC of IGST | 13,000   | 2,000    | 11,000   |
| Balance Payable           | -        | -        | 3,000    |

It is to be noted that before adjusting ITC on account of CGST/SGST, ITC of IGST should be exhausted.

Q2

## ICMAI Study Material

Kunal Ltd., a registered supplier of Kanpur is a manufacturer of heavy machines. Its outward supplies (exclusive of GST) for the month of January, 2025 are as follows :

| S.N. | Particulars | ₹         |
|------|-------------|-----------|
| (i)  | Inter-State | 85,00,000 |
| (ii) | Intra-State | 15,00,000 |

Applicable rate of CGST, SGST and IGST on outward supply are 9%, 9% and 18% respectively. Details of GST paid on inward supplies during the month of January, 2025 are as follows :



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| Particulars                                                                                                                                                                                              | CGST paid ₹ | SGST paid ₹ |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Raw material A (of which 70% of inputs procured were used and 30% were in stock at the end of the January, 2025)                                                                                         | 80,000      | 80,000      |
| Raw material B (of which 90% material received in factory and remaining material completely damaged due to a road accident on the way to factory. There was no negligence on the part of the Kunal Ltd.) | 50,000      | 50,000      |
| Construction of pipelines laid outside the factory premises                                                                                                                                              | 40,000      | 40,000      |
| Insurance charges paid for trucks used for transportation of goods                                                                                                                                       | 55,000      | 55,000      |

Additional Information :

- There is no opening balance of any input tax credit and all the conditions necessary for availing the input tax credit (ITC) have been fulfilled.
- Details of GST paid on inward supplies are available in GSTR-2B except for item (i) i.e. Raw Material A, for which supplier has not filed its GSTR-1 for the month of January 2025, hence corresponding input tax credit (ITC) is not reflecting in GSTR-2B of Kunal Ltd. in January, 2025.

Compute the following :

- Amount of eligible input tax credit (ITC) available for the month of January, 2025.
- Minimum net GST payable in cash, for the month of January, 2025 after using available input tax credit.

## Answer

Computation of eligible ITC :

| Particulars                                                                | CGST ₹   | SGST ₹   |
|----------------------------------------------------------------------------|----------|----------|
| Raw material A (as not reflected in GSTR-2B)                               | -        | -        |
| Raw material B (as 90% material is received)                               | 45,000   | 45,000   |
| Construction of pipelines laid outside the factory premises (Block Credit) | -        | -        |
| Insurance charges paid for trucks used for transportation of goods         | 55,000   | 55,000   |
| Eligible ITC                                                               | 1,00,000 | 1,00,000 |

Computation of tax payable on outward supplies

| S.N. | Particulars  | Taxable Value | IGST @ 18% | CGST@ 9% | SGST@ 9% |
|------|--------------|---------------|------------|----------|----------|
| (i)  | Inter-State  | 85,00,000     | 15,30,000  | -        | -        |
| (ii) | Intra-state  | 15,00,000     | -          | 1,35,000 | 1,35,000 |
|      | <b>Total</b> |               | 15,30,000  | 1,35,000 | 1,35,000 |



### Computation of GST payable in cash

| Particulars         | CGST @ 9% | SGST @ 9% | IGST @ 18% |
|---------------------|-----------|-----------|------------|
| Total GST payable   | 1,35,000  | 1,35,000  | 15,30,000  |
| Less : ITC          | 1,00,000  | 1,00,000  | -          |
| GST payable in cash | 35,000    | 35,000    | 15,30,000  |

### Q3

### MTP June 23 (New)

M/s. VMA, a registered taxable person under regular scheme provides following information in respect of supplies made by it during the month of April, 2022

| Particulars                                                                                                                                                                                                     | Amount (₹) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Inter-state supply of goods                                                                                                                                                                                     | 2,00,000   |
| Intra-state supply of 1000 packets of detergent @ ₹ 400 each alongwith a plastic bucket worth ₹ 100 each with each packet, being a mixed supply. (Rate of GST on detergent is 18% and on plastic bucket is 28%) |            |
| Supply of online educational journals to M/s XYZ, a private coaching centre providing tuitions to students of Class X-XII, being intra-state supply                                                             | 1,00,000   |
| M/s. VMA has also received the following inward supplies                                                                                                                                                        |            |
| Inter-state supply of goods (out of which invoice for goods worth ₹40,000 is missing and no other tax paying document is available)                                                                             | 1,40,000   |
| Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply                                                                          | 1,00,000   |
| Details of opening balances of ITC as on 1-4-2022 are as follows                                                                                                                                                |            |
| - CGST                                                                                                                                                                                                          | 10,000     |
| - SGST                                                                                                                                                                                                          | 10,000     |
| - IGST                                                                                                                                                                                                          | 80,000     |

Following additional information is provided:

- Rate of GST in respect of all inward and outward supplies except item (ii) above is 18%. i.e. CGST and SGST @ 9% and IGST @ 18%.
- All inward and outward supplies are exclusive of taxes, wherever applicable.
- All the conditions for availing the ITC have been fulfilled except specifically given and M/s. VMA is not eligible for any threshold exemption.

Analyze the transactions & advice minimum net GST payable in cash by M/s. VMA for the month of April, 2022.

**Note-** ITC of IGST can be utilised towards payment of CGST and SGST in any proportion and in any order. Therefore, there can be multiple ways of setting off of IGST credit against CGST and SGST liability and accordingly, in the given case, amount of net GST payable in cash under the heads of CGST and SGST will vary. However, total amount of net GST payable in cash will be ₹ 81,900 in each case.



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**Answer****Computation of available ITC**

| Particulars                                                                         | IGST<br>(₹)   | CGST<br>(₹)   | SGST<br>(₹)   |
|-------------------------------------------------------------------------------------|---------------|---------------|---------------|
| Opening balance                                                                     | 80,000        | 10,000        | 10,000        |
| ITC on Inter-state purchase of goods (excluding missing invoice) [₹ 1,00,000 x 18%] | 18,000        | -             | -             |
| ITC on Repairing of bus [₹ 1,00,000 x 9%]                                           | -             | 9,000         | 9,000         |
| <b>Available ITC</b>                                                                | <b>98,000</b> | <b>98,000</b> | <b>98,000</b> |

**Computation of tax payable on outward supplies**

| S.N.  | Particulars                    | Taxable Value | IGST<br>(₹)   | CGST<br>(₹)   | SGST<br>(₹)   |
|-------|--------------------------------|---------------|---------------|---------------|---------------|
| (i)   | Inter-State supply of goods    | 2,00,000      | -             | -             | 36,000        |
| (ii)  | Intra-state mixed supply       | 4,00,000      | 56,000        | 56,000        | -             |
| (iii) | Intra-State supply of services | 1,00,000      | 9,000         | 9,000         | -             |
|       | <b>Total</b>                   |               | <b>65,000</b> | <b>65,000</b> | <b>36,000</b> |

**Computation of GST payable in cash**

| Particulars                  | CGST @ 9%     | SGST @ 9%     | IGST @ 18% |
|------------------------------|---------------|---------------|------------|
| Total GST payable            | 65,000        | 65,000        | 36,000     |
| <b>Less: ITC-IGST</b>        | (31,000)      | (31,000)      | (36,000)   |
| <b>Less: ITC-CGST / SGST</b> | (19,000)      | (19,000)      | -          |
| <b>GST payable in cash</b>   | <b>15,000</b> | <b>15,000</b> | <b>-</b>   |

**Note:** Balance credit of IGST may be first utilized in the discharging CGST of ₹ 46,000. In that case, SGST of ₹ 30,000 would be payable.

**Q4****PTP June 23 (New)**

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

| Particulars                 | Amount (₹) |
|-----------------------------|------------|
| Inter-state supply of goods | 5,00,000   |
| Intra-State supply of goods | 24,00,000  |



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

| Particulars                 | Amount (₹) |
|-----------------------------|------------|
| Inter-state supply of goods | 1,00,000   |
| Intra-State supply of goods | 22,00,000  |

Laxmi Ltd. has following input tax credit (ITC) with it at the beginning of the tax period:

| Particulars | Amount (₹) |
|-------------|------------|
| IGST        | 77,000     |
| CGST        | 20,000     |
| SGST        | 5,000      |

**Notes:-**

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing ITC have been fulfilled.

Calculate the minimum GST payable in cash in such a way that cash payable should be minimum for the tax period and also calculate the ITC to be carried forward to the next month.

**Answer**

**Minimum net GST payable in cash:**

|      |         |
|------|---------|
| CGST | ₹ Nil   |
| SGST | ₹ 8,000 |
| IGST | ₹ Nil   |

**ITC to be carried forward next month:**

|      |         |
|------|---------|
| CGST | ₹ 2,000 |
|------|---------|

**Q5****MTP June 25**

M/s. VMA, a registered taxable person under regular scheme provides following information in respect of supplies made by it during the month of April, 2024 :

| Particulars                                                                                                                                                                                                    | Amount (₹) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Inter-state supply of goods                                                                                                                                                                                    | 2,00,000   |
| Intra-state supply of 1000 packets of detergent @ ₹400 each along with a plastic bucket worth ₹100 each with each packet, being a mixed supply. (Rate of GST on detergent is 18% and on plastic bucket is 28%) |            |
| Supply of online educational journals to M/s XYZ, a private coaching centre providing tuitions to students of Class X-XII, being intra-state supply                                                            | 1,00,000   |
| Inter-state supply of goods (out of which invoice for goods worth ₹ 40,000 is missing and no other tax paying document is available)                                                                           | 1,40,000   |
| Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply                                                                         | 1,00,000   |
| Details of opening balances of ITC as on 1-4-2024 are as follows:                                                                                                                                              |            |
| CGST                                                                                                                                                                                                           | 10,000     |
| SGST                                                                                                                                                                                                           | 10,000     |
| IGST                                                                                                                                                                                                           | 80,000     |

Following additional information is provided:

- Rate of GST in respect of all inward and outward supplies except item (ii) above is 18%. i.e. CGST and SGST @ 9% and IGST @ 18%.
- All figures mentioned above are exclusive of taxes.
- All the conditions for availing the ITC have been fulfilled except specifically given and M/s. VMA is not eligible for any threshold exemption.

Compute the minimum net GST payable in cash by M/s. VMA for the month of April, 2024.

**Answer**

Computation of available ITC:

| Particulars                                                                         | IGST (₹) | CGST (₹) | SGST (₹) |
|-------------------------------------------------------------------------------------|----------|----------|----------|
| Opening balance                                                                     | 80,000   | 10,000   | 10,000   |
| ITC on Inter-state purchase of goods (excluding missing invoice) [₹ 1,00,000 × 18%] | 18,000   | -        | -        |
| ITC on Repairing of bus [₹ 1,00,000 × 9%]                                           | -        | 9,000    | 9,000    |
| Available ITC                                                                       | 98,000   | 19,000   | 19,000   |



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Computation of tax payable on outward supplies:

| Particulars                    | Taxable Value ₹ | CGST @ 9% | SGST @ 9% | IGST @ 18% |
|--------------------------------|-----------------|-----------|-----------|------------|
| Inter-State supply of goods    | 2,00,000        |           | -         | -          |
| Intra-state mixed supply       | 4,00,000        | 56,000    | 56,000    | -          |
| Intra-State supply of services | 1,00,000        | 9,000     | 9,000     | -          |
| Total                          |                 | 65,000    | 65,000    | 36,000     |

Computation of GST payable in cash:

| Particulars            | CGST @ 9% | SGST @ 9% | IGST @ 18% |
|------------------------|-----------|-----------|------------|
| Total GST payable      | 65,000    | 65,000    | 36,000     |
| Less : ITC-IGST        | (31,000)  | (31,000)  | (36,000)   |
| Less : ITC-CGST / SGST | (19,000)  | (19,000)  | -          |
| GST payable in cash    | 15,000    | 15,000    | -          |

Note: Balance credit of IGST may be first utilized in the discharging CGST of ₹46,000. In that case, SGST of ₹30,000 would be payable

Chapter 15  
Customs

Q1

## ICMAI Study Material

A commodity is imported into India from a country covered by a notification issue by the Central Government u/s 9A of the Customs Tariff Act, 1975. The following particulars are made available:

- Assessable Value for levying Basic Customs Duty: ₹ 12,62,500
- Quantity imported: 500 kgs.
- Basic customs duty: 10%
- IGST: 18%

As per the notification, the anti-dumping duty will be equal to the difference between the cost of commodity calculated @ US\$ 50 per kg (Exchange Rate is 1 USD = INR 70) and the landed value of the commodity as imported. Appraise the liability on account of normal duties and the anti-dumping duty.

## Answer

Computation of Customs Duty, SWS, anti-dumping duty and IGST

| Particulars                                                | Details     | Amount (₹) |
|------------------------------------------------------------|-------------|------------|
| Assessable Value                                           |             | 12,62,500  |
| Basic Customs Duty @ 10% on ₹ 12,62,500 [A]                |             | 1,26,250   |
| Add: SWS @ 10% [B]                                         |             | 12,625     |
| Landed value of imported goods [C]                         |             | 14,01,375  |
| Rate of commodity as per Anti Dumping Notification per kg. | US\$ 50     |            |
| Quantity Imported                                          | 500 Kg      |            |
| Value as per notification (500 x 50)                       | US\$ 25,000 |            |
| Exchange rate 1US\$                                        | ₹ 70        |            |
| Market Value in ₹ [D]                                      | 17,50,000   |            |
| Add: Anti-dumping Duty [E = D - C]                         |             | 3,48,625   |
| Value for levying IGST [F]                                 |             | 17,50,000  |
| Add: IGST @ 18% of [F]                                     |             | 3,15,000   |
| Total Customs Duty Payable [A + B + E + F]                 |             | 8,02,500   |

Refund of anti-dumping duty in certain cases [Sec. 9AA]

1. Where upon determination by an officer authorised in this behalf by the Central Government, an importer proves to the satisfaction of the Central Government that he has paid anti-dumping duty imposed u/s 9A on any article, in excess of the actual margin of dumping in relation to such article,



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1. the Central Government shall, as soon as may be, reduce such anti-dumping duty as is in excess of actual margin of dumping so determined, in relation to such article or such importer, and such importer shall be entitled to refund of such excess duty Such importer shall not be entitled to refund of so much of such excess duty which is refundable u/s 9A(2).
2. The Central Government may make rules to-  
provide for the manner in which and the time within which the importer may make application for this purposes;

**Q2****ICMAI Study Material**

Compute the value of the imported goods for customs purpose with the following information –

| Particulars                                                | Case 1        | Case 2        | Case 3 |
|------------------------------------------------------------|---------------|---------------|--------|
| Price actually payable to the seller                       | 10,000        | 20,000        | 30,000 |
| Cost of packing materials                                  | 1,000         | Nil           | 500    |
| Labour charges for packing                                 | 200           | Nil           | 300    |
| Price of material supplied to seller by buyer free of cost | 1,000         | 500           | 2,000  |
| Cost of transport                                          | 1,000         | Unascertained | 12,000 |
| Insurance                                                  | Unascertained | Unascertained | 500    |
| Local transport in India                                   | 500           | 400           | 600    |
| Mode of transport                                          | Sea           | Sea           | Air    |

**Answer**

Computation of assessable value of goods for customs purpose

| Particulars                                       | Case 1 | Case 2             | Case 3             |
|---------------------------------------------------|--------|--------------------|--------------------|
| Price actually payable to the seller              | 10,000 | 20,000             | 30,000             |
| Cost of packing materials                         | 1,000  | Nil                | 500                |
| Labour charges for packing                        | 200    | Nil                | 300                |
| Material supplied to seller by buyer free of cost | 1,000  | 500                | 2,000              |
| Free on Board Value [A]                           | 12,200 | 20,500             | 32,800             |
| Add:                                              |        |                    |                    |
| Cost of transport [B]                             | 1,000  | 4,100 <sup>1</sup> | 6,560 <sup>2</sup> |
| Insurance (1.125% of A) [C]                       | 137    | 231                | 500                |
| Assessable value                                  | 13,337 | 24,831             | 39,860             |

1. When cost of transportation is not certain then 20% of FOB value shall be considered as cost of transport.
2. When goods are transported through airways then, cost of transportation shall be restricted to 20% of FOB value.



### Q3

## ICMAI Study Material

From the particulars given below, find out the assessable value of the imported goods under the Customs Act, 1962:

| S. No. | Particulars                                                                          | US \$  |
|--------|--------------------------------------------------------------------------------------|--------|
| i.     | Cost of the machine at the factory of the exporting country                          | 20,000 |
| ii.    | Transport charges incurred by the exporter from his factory to the port for shipment | 1,000  |
| iii.   | Handling charges paid for loading the machine in the ship                            | 100    |
| iv.    | Buying commission paid by the importer                                               | 100    |
| v.     | Freight charges from the exporting country to India                                  | 2,000  |
| vi.    | Exchange Rate to be considered 1\$ = ₹ 85                                            |        |

### Answer

Computation of assessable value of goods for customs purpose

| S. No. | Particulars                                                                          | US \$     |
|--------|--------------------------------------------------------------------------------------|-----------|
| i.     | Cost of the machine at the factory of the exporting country                          | 20,000.00 |
| ii.    | Transport charges incurred by the exporter from his factory to the port for shipment | 1,000.00  |
| iii.   | Handling charges paid for loading the machine in the ship                            | 100.00    |
|        | FOB Value of Exporter                                                                | 21,100.00 |
| iv.    | Buying commission paid by the importer [Not includible]                              | -         |
| v.     | Cost of insurance [@ 1.125% of FOB]                                                  | 237.38    |
| vi.    | Freight charges from the exporting country to India                                  | 2,000     |
| vii.   | CIF Value/ Assessable value                                                          | 23,337.38 |
|        | Assessable value (in INR) [\$ 23,337.38 x ₹ 85]                                      | 19,83,677 |

### Q4

## ICMAI Study Material

XYZ Industries Ltd., has imported certain equipment from Japan at an FOB cost of 4,00,000 Yen (Japanese). The other expenses incurred by M/s. XYZ Industries in this connection are as follows:

- Freight from Japan to Indian Port 40,000 Yen
- Insurance paid to Insurer in India ₹ 20,000
- Designing charges paid to Consultancy firm in Japan 60,000 Yen
- M/s. XYZ Industries had expended ₹ 2,00,000 in India for certain development activities with respect to the imported equipment
- XYZ Industries had incurred road transport cost from Mumbai port to their factory in MP ₹ 1,30,000



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- The CBIC had notified exchange rate of 1 Yen = ₹ 0.69. The inter bank rate was 1 Yen = ₹ 0.70
- M/s XYZ Industries had effected payment to the Bank based on exchange rate 1 Yen = ₹ 0.71
- The commission payable to the agent in India was 5% of FOB cost of the equipment in Indian Rupees.

Compute assessable value

### Answer

Computation of assessable value of goods for customs purpose

| Particulars                                              | Amount in Yen |
|----------------------------------------------------------|---------------|
| Free on Board (FOB)                                      | 4,00,000      |
| Designing charges                                        | 60,000        |
| Development charges [as it is post shipment expenses]    | -             |
| Road transport charges [as it is post shipment expenses] | -             |
| Commission [4,00,000 x 5%]                               | 20,000        |
| FOB value of the Customs                                 | 4,80,000      |

| Particulars                                                                     | Amount in ₹ |
|---------------------------------------------------------------------------------|-------------|
| FOB value of the Customs [by using exchange rate of the CBIC] [4,80,000 x 0.69] | 3,31,200    |
| Insurance                                                                       | 10,000      |
| Freight [40,000 x 0.69]                                                         | 27,600      |
| Total CIF value/ Assessable Value                                               | 3,68,800    |

**Q5**

## ICMAI Study Material

How shall your answer differ, if the information regarding freight and insurance are not available.

### Answer

Computation of assessable value of goods for customs purpose

| Particulars                                              | Amount in Yen |
|----------------------------------------------------------|---------------|
| Free on Board (FOB)                                      | 4,00,000      |
| Designing charges                                        | 60,000        |
| Development charges [as it is post shipment expenses]    | -             |
| Road transport charges [as it is post shipment expenses] | -             |
| Commission [4,00,000 x 5%]                               | 20,000        |
| FOB value of the Customs                                 | 4,80,000      |



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| Particulars                                                                            | Amount in ₹ |
|----------------------------------------------------------------------------------------|-------------|
| FOB value of the Customs [by using exchange rate of the CBIC] $[4,80,000 \times 0.69]$ | 3,31,200    |
| Insurance $[\text{₹ } 3,31,200 \times 1.125\%]$                                        | 3,726       |
| Freight $[\text{₹ } 3,31,200 \times 20\%]$                                             | 66,240      |
| Total CIF value/ Assessable Value                                                      | 4,01,166    |

Q6

## ICMAI Study Material

BSA and Company Ltd. have imported a machine from U.K. from the following particulars furnished by them, arrive at the assessable value for the purpose of customs duty payable:

|      |                                                                                    |                    |
|------|------------------------------------------------------------------------------------|--------------------|
| i.   | F.O.B. cost of the machine                                                         | 10,000 U.K. Pounds |
| ii.  | Freight (air)                                                                      | 3,000 U.K. Pounds  |
| iii. | Engineering and design charges paid to a firm in U.K.                              | 500 U.K. Pounds    |
| iv.  | License fee relating to imported goods payable by the buyer as a condition of sale | 20% of F.O.B. Cost |
| v.   | Materials and components supplied by the buyer free of cost valued                 | ₹ 20,000           |
| vi.  | Insurance paid to the insurer in India                                             | ₹ 6,000            |
| vii. | Buying commission paid by the buyer to his agent in U.K.                           | 100 U.K. Pounds    |

- Inter-bank exchange rate as arrived at by the authorized dealer: ₹ 102.50 per U.K. Pound.
- CBIC had notified for purpose of Section 14 of the Customs Act, 1944, exchange rate of ₹ 100.25 per U.K. Pound.
- Importer paid ₹ 5,000 towards demurrage charges for delay in clearing the machine from the Airport.

### Answer

Computation of assessable value of goods for customs purpose

| Particulars                                      | UK Pounds |
|--------------------------------------------------|-----------|
| Free on Board (FOB)                              | 10,000    |
| Add: Engineering and Design charges (Paid in UK) | 500       |
| Add: License fee (20% on 10,000 UKP)             | 2,000     |
|                                                  | 12,500    |



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| Particulars                                | Amount in ₹ |
|--------------------------------------------|-------------|
| Sub-total (12,500 UKP x ₹ 100.25)          | 12,53,125   |
| Add: Material supplied by the buyer freely | 20,000      |
| FOB Value as per customs                   | 12,73,125   |
| Add: Air freight (₹ 12,73,125 × 20%)       | 2,54,625    |
| Add: Insurance                             | 6,000       |
| CIF Value / Assessable value               | 15,33,750   |

**Q7****ICMAI Study Material**

X Ltd. imported goods from Switzerland 400 units @ \$ 110. Following further information is also needs to be considered:

1. Freight (Vessel) – \$ 5000
2. Demurrage charges paid to port authority – \$ 1000
3. Insurance – \$ 50
4. Royalty for use of Patent – \$ 1,000
5. Royalty as a condition of Sale – \$ 20,000

Assuming exchange rate is ₹ 82.00. Compute assessable value

**Answer**

Computation of Assessable Value

| Particulars                                |             |
|--------------------------------------------|-------------|
| Purchase Value                             | \$ 44,000   |
| Royalty for use of Patent                  | \$ 1,000    |
| Royalty as a condition of Sale             | \$ 20,000   |
| FOB Value                                  | \$ 65,000   |
| Add: Freight                               | \$ 5,000    |
| Add: Insurance Charges                     | \$ 50       |
| Assessable Value                           | \$ 70,050   |
| Assessable Value in INR [\$ 70,050 x ₹ 82] | ₹ 57,44,100 |

1. Demurrage charges payable to port trust authorities for delay in clearing goods are not to be added
2. Royalties and license fees relating to imported goods that buyer is required to pay, directly or indirectly, as a condition of sale of goods being valued are required to be added



## Q8

## ICMAI Study Material

C Ltd, an importer, has imported a machine from USA at FOB Cost of \$ 10000.

1. Freight from port in USA to Indian port was \$ 700.
2. Insurance was paid to insurer in India ₹ 6,000.
3. Design and development charges of \$ 2000 were paid to a consultancy firm in USA.
4. The importer also spent an amount of ₹ 50,000 in India for development work connected with the machinery.
5. ₹ 10,000 were spent in transporting the machinery from India port to the factory of Importer
6. Rate of exchange as announced by RBI was : ₹ 84.70 = 1 US \$
7. Rate of exchange as announced by CBIC: ₹ 85.60 = 1 US \$.
8. Rate which bank recovered the amount from importer: ₹ 85.30 = 1 US \$
9. Foreign exporters have an agent in India. Commission is payable to the agent in Indian Rupees @ 5% of FOB price.

Find the assessable value

### Answer

Computation of Assessable Value

| Particulars                           |             |
|---------------------------------------|-------------|
| FOB Value                             | \$ 10,000   |
| Add: Design and Development Charges   | \$ 2,000    |
| Add: Ocean Freight                    | \$ 700      |
| Total                                 | \$ 12,700   |
| In INR [US \$ 12,700 × ₹ 85.60]       | ₹ 10,87,120 |
| Add: Insurance                        | ₹ 6,000     |
| Add: Commission [500 US \$ × ₹ 85.60] | ₹ 42,800    |
| Assessable Value (Rounded off)        | ₹ 11,35,920 |

Note: Design and development work in India and transport cost incurred in India shall not be considered for ascertaining assessable value.

Transaction value of identical goods [Rule 4]

The value of imported goods shall be the transaction value of identical goods sold for export to India and imported at or about the same time as the goods being valued.

**Taxpoint**

1. Identical goods means imported goods –
  - a. which are same in all respects, including physical characteristics, quality and reputation as the goods being valued except for minor differences in appearance that do not affect the value of goods;
  - b. produced in the country in which the goods being valued were produced; and
  - c. produced by the same person who produced the goods or where no such goods are available, then goods produced by a different manufacturer. However, identical goods do not include goods where engineering, development, art work, design work, plan or sketch was done by the buyer in India free of charge or at a reduced cost.
2. Such identical goods shall be sold at the same commercial and quantity level. Where no such sale is found, the transaction value of identical goods sold at a different commercial level or in different quantity or both shall be used with certain adjustment.
3. Where more than one transaction value of identical goods is found, then the lowest of such value shall be used for determining the value of imported goods.

**Q9****ICMAI Study Material**

X & Co. imported some goods from USA for being used in manufacture of its final product. Determine the exchange rate to be considered for computation of import duty from the following information:

| Date     | Particulars                                               | Rate of exchange for 1 US\$ notified |         |
|----------|-----------------------------------------------------------|--------------------------------------|---------|
|          |                                                           | By CBIC                              | By RBI  |
| 10.10.24 | Import general manifest was submitted by master of vessel | ₹ 84.20                              | ₹ 83.20 |
| 15.10.24 | Entry Inwards was granted by the customs officer          | ₹ 84.30                              | ₹ 85.30 |
| 22.10.24 | X & Co. presented the Bill of Entry                       | ₹ 84.50                              | ₹ 82.50 |
| 31.10.24 | Goods were allowed to be cleared from the customs port    | ₹ 84.60                              | ₹ 83.60 |

**Answer**

The relevant rate of exchange for the purpose of valuation of imported goods is the rate of exchange (being notified by CBIC) as in force on the date on which a bill of entry in relation to imported goods is presented, i.e. 1 US \$ = ₹ 84.50. Further, rate of exchange notified by CBIC is relevant. Rate notified by RBI is not relevant.

Date for determination of rate of duty and tariff valuation of export goods [Sec. 16]



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The rate of duty and tariff valuation (if any) applicable to any export goods shall be rate and valuation in force –

| Case                                 | Rate and Tariff Value, if any, in force on                                                                           |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| When goods entered for export u/s 50 | Date on which the proper officer makes an order permitting clearance and loading of the goods for exportation u/s 51 |
| In any other case                    | Date on which duty is paid                                                                                           |

Note: The provision of this section shall not apply to baggage and goods imported by post.

## Q10

## ICMAI Study Material

Compute the total duty and integrated tax payable under the Customs Law on an imported equipment based on the following information:

- Assessable value of the imported equipment US \$ 10,100
- Date of bill of entry is 25th April. Basic customs duty on this date is 10% and exchange rate notified by the Central Board of Indirect taxes and Customs is US \$ 1 = ₹ 85.
- Date of entry inwards is 21st April. Basic customs duty on this date is 20% and exchange rate notified by the Central Board of Indirect taxes and Customs is US \$ 1 = ₹ 90.
- Integrated tax: 18%
- Social Welfare surcharge 10%

### Answer

Computation of customs duty

| Particulars                                               | Amount in ₹ |
|-----------------------------------------------------------|-------------|
| Assessable value (\$ 10,100 x 85)                         | 8,58,500    |
| Add: Basic custom duty @ 10% [A]                          | 85,850      |
| Add: Social Welfare Surcharge @ 10% on ₹ 85,850 [B]       | 8,585       |
| Value for computing IGST                                  | 9,52,935    |
| Add: Integrated tax @ 18% [C]                             | 1,71,528    |
| Total Customs duty and integrated tax payable [A + B + C] | 2,65,963    |

**Q11****ICMAI Study Material**

RPG Ltd. imported 125 units of minerals from High Seas for sale in India. Selling price is exclusive of duties and taxes. Freight from port to depot in India is ₹ 2,530 and insurance ₹ 310.

| Sale Quantity | Unit Prize ₹ |
|---------------|--------------|
| 80            | 105          |
| 60            | 90           |
| 30            | 105          |
| 100           | 100          |
| 50            | 95           |
| 70            | 90           |
| 10            | 105          |

Basic Customs Duty - 12%. Assume there is no IGST applicable for the product. You are required to calculate total customs duty as per Rule 7 of customs valuation (Determination of value of imported goods) Rules 20017.

**Answer**

First of all, we are required to determine the price at which greatest quantity of the product is sold

| Total quantity (unit) | Unit Prize ₹ |
|-----------------------|--------------|
| 130                   | 90           |
| 50                    | 95           |
| 100                   | 100          |
| 120                   | 105          |

The greatest number of units sold at a particular price is 130 units. Therefore, the unit price in the greatest aggregate quantity is ₹ 90.

| Particulars                                   | ₹       |
|-----------------------------------------------|---------|
| Selling price (125 x ₹ 90)                    | 1,1250  |
| Less: Freight (post shipment)                 | (2,530) |
| Less: Insurance (Post shipment)               | (310)   |
| Assessable value                              | 8,410   |
| Custom duty [(12% + 10% SWS of BCD) = 13.20%] | 1,110   |

**Q12****ICMAI Study Material**

From the undermentioned relating to import made on 12.10.2024 of product 'Minic' from New York, USA, to the Kochi Airport, by Mr. Prahald, the importer: Ascertain the assessable value and total tax and duty payable by Mr. Prahald.

|                                    |               |
|------------------------------------|---------------|
| FOB value of the product           | \$ 10,000     |
| Cost of transport                  | \$3,500       |
| Insurance                          | \$ 1,000      |
| Unloading charges at Kochi Airport | ₹ 24,800      |
| Basic customs duty                 | 10%           |
| IGST                               | 18%           |
| Exchange rate notified by RBI      | 1\$ = ₹ 84.50 |
| Exchange rate notified by CBIC     | 1\$ = ₹ 84    |

**Answer**

Computation of assessable value and customs duty

| Particulars                                                                          | \$     |
|--------------------------------------------------------------------------------------|--------|
| FOB value of the product                                                             | 10,000 |
| Cost of transport [restricted to 20% of FOB]                                         | 2,000  |
| Insurance (Actual) [if actual amount of insurance is known, the same is to be taken] | 1,000  |
| CIF Value                                                                            | 13,000 |

| Particulars                                            | ₹         |
|--------------------------------------------------------|-----------|
| Assessable value (13,000 × 84)                         | 10,92,000 |
| Basic customs duty at 10% [A]                          | 1,09,200  |
| Add: Social Welfare Surcharge @ 10% of custom duty [B] | 10,920    |
| Value for the purpose of levying integrated tax        | 12,12,120 |
| Add: Integrated tax @ 18% [C]                          | 2,18,182  |
| Total duty & tax payable [A + B + C]                   | 3,38,302  |

ITC of ₹ 2,18,182/- is available against payment of IGST.

**Q13****ICMAI Study Material**

Compute the Assessable Value of a machine imported from Germany by RLI Ltd., under Customs Act, 1962. Also determine the duty liability of RLI Ltd.

| Particulars                                     | \$           |
|-------------------------------------------------|--------------|
| FOB Value                                       | 30,000       |
| Air Freight Paid                                | 7,250        |
| Insurance Cost                                  | Not Known    |
| Designing Charges incurred in India             | ₹ 15,000     |
| Indian Agent's Commission                       | ₹ 20,000     |
| Transport Charges from port to factory in India | ₹ 15,000     |
| Rate of duty                                    | 10%          |
| IGST                                            | 18%          |
| Rate of exchange notified by CBEC               | ₹ 85 per USD |

**Answer**

Computation of assessable value and customs duty

| Particulars                                            | Amount       |
|--------------------------------------------------------|--------------|
| FOB Value                                              | \$ 30,000.00 |
| Add: Insurance @ 1.125% of FOB Value                   | \$ 337.50    |
| Add: Air Freight (restricted to 20% of FOB)            | \$ 6,000.00  |
|                                                        | \$ 36,337.50 |
| Value in INR @ ₹ 85                                    | ₹ 30,88,688  |
| Add: Local Agent's Commission                          | ₹ 20,000     |
| Assessable Value for Customs                           | ₹ 31,08,688  |
| Basic customs duty at 10% [A]                          | 3,10,869     |
| Add: Social Welfare Surcharge @ 10% of custom duty [B] | 31,087       |
| Value for the purpose of levying integrated tax        | 34,50,644    |
| Add: Integrated tax @ 18% [C]                          | 6,21,116     |
| Total duty & tax payable [A + B + C]                   | 9,63,072     |

**Q14****ICMAI Study Material**

Informatics Ltd., imported a photography printer by air from Best Inc., of USA, as per following details.

| Particulars                       | \$              |
|-----------------------------------|-----------------|
| CIF Value                         | 4,500           |
| Air Freight Paid                  | 1,000           |
| Insurance Cost                    | 250             |
| Rate of exchange notified by CBIC | ₹ 84.50 per USD |
| Inter Bank Selling Rate           | ₹ 85 per USD.   |
| Basic Customs Duty                | 10% ad valorem. |
| IGST                              | 18%             |

You are required to compute the Assessable Value and Import Duty payable by Informatics Ltd.

**Answer**

Computation of assessable value and customs duty

| Particulars                                                                                                             | \$       |
|-------------------------------------------------------------------------------------------------------------------------|----------|
| CIF Value                                                                                                               | 4,500    |
| Less: Air Freight                                                                                                       | 1,000    |
| Less: Insurance                                                                                                         | 250      |
| FOB Value                                                                                                               | 3,250    |
| Add: Air Freight [Since actual air freight is more than 20% of FOB, 20% of FOB shall be considered (3,250 x 20% = 650)] | 650      |
| Add: Insurance                                                                                                          | 250      |
| Assessable Value (in US \$)                                                                                             | 4,150    |
| Assessable Value in ₹ [US \$ 4,150 x ₹ 84.50]                                                                           | 3,50,675 |

Computation of customs duty

| Particulars                                | Details  | Amount   |
|--------------------------------------------|----------|----------|
| Assessable Value                           | 3,50,675 |          |
| Add: Basic Customs Duty @ 10%              | 35,068   | 35,068   |
| Add: Social Welfare Surcharge @ 10% on BCD | 3,507    | 3,507    |
| Total [A]                                  | 3,89,250 |          |
| Add: IGST @ 18% [A x 18%]                  | 70,065   | 70,065   |
| Total duty payable                         |          | 1,08,640 |

**Q15****ICMAI Study Material**

R Ltd. has imported one machine from England. It has given the following particulars:

- Price of machine 8,000 UK Pounds
- Freight paid (air) 2,500 UK Pounds
- Design and development charges paid in UK 500 UK Pounds
- Commission payable to local agent of exporter @ 2% of price of machine, in Indian Rupees
- Date of bill of entry: 24th October (Rate BCD 10%; Exchange rate as notified by CBIC ₹ 100 per UK Pound)
- Date of arrival of aircraft: 20th October (Rate of BCD 15%; Exchange rate as notified by CBIC ₹ 97 per UK Pound)
- Integrated tax is 18%
- Insurance charges have been actually paid but details are not available.

Compute the total customs duty and integrated tax payable.

**Answer**

Computation of assessable value and customs duty

| Particulars                         | UK Pounds |
|-------------------------------------|-----------|
| Price of machine                    | 8,000     |
| Add: Design and development charges | 500       |
| Total                               | 8,500     |

| Particulars                                                    | ₹         |
|----------------------------------------------------------------|-----------|
| Total in rupees @ ₹ 100 per pound                              | 8,50,000  |
| Add: Local agency commission [(2% of 8,000 UK pounds) × ₹ 100] | 16,000    |
| FOB value as per Customs                                       | 8,66,000  |
| Add: Air freight (₹ 8,66,000 × 20%)                            | 1,73,200  |
| Add: Insurance @ 1.125% of customs FOB                         | 9,743     |
| CIF Value / Assessable value                                   | 10,48,943 |
| Add: Basic custom duty @ 10% [A]                               | 1,04,894  |
| Add: Social Welfare Surcharge @ 10% on ₹ 1,04,894 [B]          | 10,489    |
| Value for computing IGST                                       | 11,64,326 |
| Add: Integrated tax @ 18% [C]                                  | 2,09,579  |
| Total duty & integrated tax payable [A + B + C]                | 3,24,962  |



## Q16

## ICMAI Study Material

ABC Industries Ltd. of Mumbai imported one machine through vessel from Japan, in the month of November. The following particulars are made available for computation of customs duty:

| S. No.                                                    | Particulars                                                                     | Amount in JPY (¥) |
|-----------------------------------------------------------|---------------------------------------------------------------------------------|-------------------|
| i.                                                        | Cost upto port of exportation incurred by exporter                              | 6,00,000          |
| ii.                                                       | Loading charges at port of exportation                                          | 25,000            |
| iii.                                                      | Freight charges from port of export to port of import in India.                 | 1,00,000          |
| Following additional amounts paid by ABC Industries Ltd:- |                                                                                 |                   |
| i.                                                        | Designing charges, necessary for the machine, paid to consultancy firm in Delhi | 8,00,000          |
| ii.                                                       | Commission paid (not buying commission) to the local agent of exporter          | 1,25,000          |
| iii.                                                      | Actual landing charges paid at the place of importation.                        | 15,000            |
| iv.                                                       | Actual insurance charges paid to the place of importation is not ascertainable  |                   |
| v.                                                        | Lighterage charges paid at the port of importation                              | 20,000            |

| S. No. | Particulars                                       | Amount in JPY (¥) |
|--------|---------------------------------------------------|-------------------|
|        | Other information                                 |                   |
| i.     | Rate of basic customs duty                        | 10%               |
| ii.    | Rate of social welfare surcharge                  | 10%               |
| iii.   | Integrated tax                                    | 18%               |
| iv.    | Ignore GST compensation cess.                     |                   |
| v.     | Rate of exchange to be taken 1 Japanese Yen (¥) = | ₹ 0.71            |

## Answer

Computation of assessable value and customs duty

| Particulars                                                                                          | Amount in JPY (¥) |
|------------------------------------------------------------------------------------------------------|-------------------|
| Cost upto port of exportation                                                                        | 6,00,000          |
| Add: Loading charges at the port of exportation                                                      | 25,000            |
| Total in Japanese Yen                                                                                | 6,25,000          |
|                                                                                                      | In ₹              |
| Total in Indian rupees @ ₹ 0.71 per Japanese Yen                                                     | 4,43,750          |
| Add: Commission paid to local agent of exporter                                                      | 1,25,000          |
| FOB value as per customs                                                                             | 5,68,750          |
| Add: Freight charges from port of export to port of import in India [1,00,000 JPY × 0.71 = ₹ 71,000] | 71,000            |
| Add: Lighterage charges paid by the importer at port of importation                                  | 20,000            |
| Add: Insurance charges @ 1.125% of FOB [₹ 5,68,750 × 1.125%]                                         | 6,398             |
| CIF value / Assessable Value                                                                         | 6,66,148          |



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|                                                                |          |
|----------------------------------------------------------------|----------|
| Add: Basic customs duty @ 10% of ₹ 6,66,148                    | 66,615   |
| Add: Social welfare surcharge @ 10% of ₹ 66,615                | 6,662    |
| Value for computing IGST                                       | 7,39,425 |
| Add: Integrated tax @ 18% of ₹ 7,39,425                        | 1,33,097 |
| Total custom duty and integrated tax payable [(A) + (B) + (C)] | 2,06,374 |

**Q17****PTP Dec 22**

DDY Industries Ltd, is an Indian company which registered under the Indian Companies Act, 2013. Company bought one machine through sea route for which details given below:

| S. No. | Particulars                                                                                                               |               |
|--------|---------------------------------------------------------------------------------------------------------------------------|---------------|
| i.     | Cost of machine at the Port of exportation                                                                                | 12,000 U.K. £ |
| ii.    | Freight from Port of Export to Port of Import                                                                             | 3,000 U.K. £  |
| iii.   | Ship demurrage charges paid by the buyer at port importation                                                              | ₹ 14,000      |
| iv.    | Engineering charges paid by buyer to Consultancy firm in Mumbai as a condition of sale                                    | ₹ 1,18,000    |
| v.     | Buyer had paid to seller cost for packing (included in Cost of 12000 at point (1) above, it was not as condition of sale) | 400 U.K. £    |
| vi.    | Actual selling commission paid to local agent of exporter                                                                 | ₹ 75,000      |
| vii.   | Actual Landing charges at Port of importation is not ascertainable                                                        |               |
| viii.  | Actual insurance charges paid are also not ascertainable                                                                  |               |

**Other informations:**

1. Bill of entry : Dated 12.02.2022

**On that day;**

- (a) Basic Custom Duty (BCD) rate was 15%
- (b) Exchange rate as notified by CBIC 1 U.K.E = ₹ 98
- (c) The inter-bank rate was 1 U.K. E = ₹ 99

2. Entry inward : Dated 15.02.2022

**On that day;**

- (a) Basic Custom Duty (BCD) rate was 20 %
- (b) Exchange rate as notified by CBIC 1 U.K. E - ₹ 95
- (c) The inter-bank rate was 1 U.K. E = ₹ 96

3. Rate of social welfare surcharge is 10%.

4. Integrated tax leviable under section 3(7) of Customs Tariff Act, 1975 @ 12%.

5. Ignore GST compensation cess and Agriculture infrastructure and development cess

From the above particulars, Determine:

- (i) Determine the CIF/Assessable Value in Indian Rupee
- (ii) The Total amount of all customs duties to be paid



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Correct legal provision should form part of your answer.

### Answer

- (i) Total CIF (Assessable value) ₹ 1533432.75
- (ii) Total Custom duty payable (rounded off to nearest rupee) ₹ 5,61,850

## Q18

PTP Dec 22

Vinay imported certain goods in May, 2021. An 'into Bond' bill of entry was presented on 14th May, 2021 and goods were cleared from the port for warehousing.

The order permitting the deposit of goods in warehouse for 4 months was issued on 21st May, 2021. Vinay deposited the goods in warehouse on the same day but did not clear the imported goods even after the warehousing period got over on 20th September 2021.

A notice was issued under section 72 of the Customs Act, 1962, demanding duty, interest and other charges. Vinay cleared the goods on 14th October, 2021. Customs duty paid on removal of the goods is 7,17,000.

You are required to compute the amount of interest payable on such removal explaining the provisions of the Customs Act, 1962.

### Answer

As per section 61 of the Customs Act, 1962, if goods (not meant for being used in an 100% EOU, STP unit, EHTP unit) remain in a warehouse beyond a period of 90 days from the date on which the order permitting deposit of goods in warehouse under section 60 is made, interest is payable @ 15% p.a., on the amount of duty payable at the time of clearance of the goods, for the period from the expiry of the said 90 days till the date of payment of duty on the warehoused goods.

#### No. of days delay:

| Month                                          | No. of days delay |
|------------------------------------------------|-------------------|
| From 21st May to 14th October                  | 147               |
| <b>Less:</b> No. of days for which no interest | 90                |
| <b>No. of delay for interest</b>               | 57                |

Interest payable = ₹ 16795.48 Or 16,795 (rounded off)

OR

Period of 90 days commencing from the date of order made under 60 expires on 19th August

No. of days for which interest shall be payable [12 days of August + 30 days of September + 14 days of October] 56 days

**Interest payable** = ₹ 16500.82 or 16,501 (rounded off)

**Q19****PTP Dec 22**

EER Ltd., an Indian company located at Chennai imported a commodity in January, 2022 from USA which is covered by a Notification issued under section 9A of the Customs Tariff Act, 1975. The relevant particulars relating to import are as follows:

- (i) CIF value of the consignment — \$ 57,000
- (ii) Quantity imported — 910 kgs.
- (iii) Exchange rate applicable -- US \$ 1 = 73
- (iv) Basic Customs Duty (BCD) — 15%
- (v) Integrated tax leviable under section 3(7) of Customs Tariff Act, 1975 is 12%.
- (vi) Rate of social welfare surcharge is 10%
- (vii) As per the Notification, the anti-dumping duty leviable will be 70% of the difference between the cost of the commodity calculated @ US \$ 87 per kg. and the landed value of the commodity as imported.

You are required to calculate the amount of anti-dumping duty and Integrated tax leviable under section 3(7) of Customs Tariff Act, 1975 payable by EER Ltd.

**Note:** Ignore GST compensation cess and Agriculture infrastructure and development cess.

**Answer**

| Particulars                                      | Amount (₹)  |
|--------------------------------------------------|-------------|
| Anti-dumping duty                                | 6,52,291.50 |
| Integrated tax leviable under section 3(7) @ 12% | 6,59,982.78 |

**Q20****PTP Dec 22**

Discuss in brief, provisions of abatement available under section 22 of Customs Act, 1962 and calculate the amount of abatement if any, in the following independent cases:

| S. No. | Condition                                                                                                                          | Value (before) (₹) | Duty payable (before) (₹) | Value (after) (₹) |
|--------|------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------------|-------------------|
| (i)    | Imported goods (other than warehoused) damaged after examination under section 17 but before actual clearance for home consumption | 6,00,000           | 60,000                    | 2,00,000          |
| (ii)   | Imported warehoused goods damaged before clearance for home consumption                                                            | 3,00,000           | 30,000                    | 1,20,000          |
| (iii)  | Imported warehoused goods deteriorated before clearance for home consumption                                                       | 4,00,000           | 40,000                    | 3,00,000          |



## Answer

Where it is shown to the satisfaction of the Assistant Commissioner of Customs or Deputy Commissioner of Customs -

- (a) that any imported goods had been damaged or had deteriorated at any time before or during the unloading of the goods in India; or
- (b) that any imported goods, other than warehoused goods, had been damaged at any time after the unloading thereof in India but before their examination under section 17, on account of any accident not due to any wilful act, negligence or default of the importer, his employee or agent; or
- (c) that any warehoused goods had been damaged at any time before clearance for home consumption on account of any accident not due to any wilful act, negligence or default of the owner, his employee or agent.

The duty to be charged on the goods referred to in sub-section (1) shall bear the same proportion to the duty chargeable on the goods before the damage or deterioration which the value of the damaged or deteriorated goods bears to the value of the goods before the damage or deterioration

Hence as per above provision:-

- (i) No abatement because goods damaged after examination
- (ii) Rate of duty =  $30,000/3,00,000 = 10\%$   
Hence new duty amount is 12000 (10 % of 120000)  
Abatement amount is 18000. (30000-12000)
- (iii) As discussed above, in case of warehoused goods, only damages are covered and not deterioration, hence abatement will not be available in this case

## Q21

## MTP June 23 (Old)

An importer imported some goods for subsequent sale in India at \$ 10,000 on assessable value basis. Relevant exchange rate and rate of duty are as follows:

| Particulars                                 | Date               | Exchange rate | Rate of Basic Customs Duty |
|---------------------------------------------|--------------------|---------------|----------------------------|
| Date of submission of bill of entry         | 25th February 2023 | ₹ 58 / USD    | 10%                        |
| Date of entry inwards granted to the vessel | 5th March 2023     | ₹ 58.75 / USD | 12%                        |

Calculate Assessable value and Customs Duty in Indian rupees.

## Answer

Relevant rate of duty for the imported goods is 12% (i.e. Date of submission of bill of entry or Date of



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entry inwards granted to the vessel whichever is later). Exchange Rate is ₹ 58 per USD (i.e. the rate of CBIC as on the date of submission of Bill of Entry by the importer)

Assessable value = ₹ 5,80,000 (i.e. USD 10,000 x ₹ 58)

Basic Customs Duty = ₹ 69,600 (i.e. ₹ 5,80,000 x 12%)

10% Social Welfare Surcharge = ₹ 6,960 (i.e. ₹ 69,600 x 10%)

IGST (Assume 18%) ₹1,18,181 (i.e., 18% on (580000 + 69600 + 6960))

Total Customs Duty including IGST = ₹ 1,94,741 / -

## Q22

## MTP June 23 (Old)

What is pilferage under sec. 13 of the Customs Act, 1962?

### Answer

As per sec. 13 of the Customs Act, 1962, no duty is payable if the pilferage found before goods cleared from customs under

- Importer does not have to prove pilferage
- If the duty is paid before finding the pilferage, refund can be claimed

Section 13 does not apply for the warehoused goods. Conditions to be satisfied for exemption from duty in case of pilferage goods are:

- (i) The imported goods should have been pilfered.
- (ii) The pilferage should have occurred after the goods are unloaded, but before the proper officer makes the order of clearance for home consumption or for deposit into warehouse.
- (iii) The pilfered goods should not have been restored back to the importer.

## Q23

## MTP June 23 (Old)

Ramesh imported certain goods in December, 2021. An 'into Bond' bill of entry was presented on 14th December, 2021 and goods were cleared from the port for warehousing. Assessable value on that date was US \$1,00,000. The order permitting the deposit of goods in warehouse for four months was issued on 21st December, 2021. Ramesh deposited the goods in warehouse on the same day but did not clear the imported goods even after the warehousing period got over on 20th April, 2022.

A notice was issued under section 72 of the Customs Act, 1962, demanding duty, interest and other charges. Ramesh cleared the goods on 14th May 2022. Compute the amount of duty and interest payable by Ramesh while removing the goods on the basis of following information:



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| Particulars                                                                           | 14-12-2021 | 20-04-2022 | 14-5-2022 |
|---------------------------------------------------------------------------------------|------------|------------|-----------|
| Rate of exchange per US \$ (as notified by Central Board of Indirect Taxes & Customs) | ₹ 65.20    | ₹ 65.40    | ₹65.50    |
| Basic Customs Duty                                                                    | 15%        | 10%        | 12%       |

No other customs duty is payable except basic customs duty.

### Answer

Assessable value ₹ 65,20,000 / -

Customs duty is ₹ 7,17,200 (USD 1,00,000 x ₹65.20) x 11% (including SWS) = ₹ 7,17,200

Interest payable is ₹ 16,211 /-  $(7,17,200 \times 15 / 100) \times 55 \text{ days} / 365 = ₹ 16,211 /-$

| Month                                          | No. of days delay |
|------------------------------------------------|-------------------|
| From 21st Dec 2021 to 31st Dec 2021            | 11                |
| Jan 2022                                       | 31                |
| Feb 2022                                       | 28                |
| Mar 2022                                       | 31                |
| April 2022                                     | 30                |
| May 2022                                       | 14                |
| <b>Total</b>                                   | 145               |
| <b>Less:</b> No. of days for which no interest | -90               |
| No. of delay for interest                      | 55                |

### Q24

### MTP June 23 (Old)

A machine was originally imported from Japan at ₹ 250 lakh in August 2021 on payment of all duties of customs. The said machine was exported (sent-back) to supplier for repairs in January 2022 and re-imported without any re-manufacturing or re-processing in October, 2022 after repairs. Since the machine was under warranty period, the repairs were carried out free of cost.

However, the fair cost of repairs carried out (including cost of material ₹ 6 lakh) would have been ₹ 9 lakh. Actual insurance and freight charges (to and fro) were ₹ 3 lakh. The rate of basic customs duty is 10% and rate of IGST in India on like article is 12%.

Compute the amount of customs duty payable (if any) on re-import of the machine after repairs. The ownership of the machine has not been changed during the period.

**Answer**

| Particulars                                                                                 | ₹               |
|---------------------------------------------------------------------------------------------|-----------------|
| Value of goods re-imported after exports [₹ 9 lakh (including cost of materials) + ₹3 lakh] | 12,00,000       |
| Basic customs duty @ 10%                                                                    | 1,20,000        |
| Social Welfare Surcharge @ 10% on BCD                                                       | 12,000          |
| Balance (i.e. Transaction value)                                                            | 13,32,000       |
| <b>Add:</b> IGST @12% on ₹ 13,32,000                                                        | 1,59,840        |
| Landed Value                                                                                | 14,91,840       |
| <b>Total Customs Duty (including IGST)</b>                                                  | <b>2,91,840</b> |

**Q25****MTP June 23 (Old)**

Determine the safeguard duty payable by X Ltd., under section 8B of the Customs Tariff Act, 1975 from the following:

X Ltd imported Sodium Nitrite from a developing country from 26th February, 2022 to 25th February, 2023 (both days inclusive) ₹ 50 crores. Total imports of Sodium Nitrite (including developing country) is ₹2,500 crores.

**Note:** Safeguard duty is @ 30%.

Whether your answer is different in case of import of Sodium Nitrite from a developing country ₹ 80 crores?

**Answer**

In the first case, since, import from a developing country does not exceeds 3% (i.e. 2% only) of total import of that article in to India, Safeguard duty is Nil. In the given second case, safeguard duty will be payable by X Ltd.

Safeguard duty = ₹ 24 crores (i.e. ₹ 80 crores x 30%)

Since, import from a developing country exceeds 3% (i.e. 3.2%)

**Q26****MTP June 23 (New)**

Informatics Ltd., imported a photography printer by air from Best Inc., of USA, as per following details.

| Particulars                       | US \$           |
|-----------------------------------|-----------------|
| CIF Value                         | 4,500           |
| Air Freight Paid                  | 1,000           |
| Insurance Cost                    | 250             |
| Rate of exchange notified by CBIC | ₹ 64.50 per USD |
| Inter Bank Selling Rate           | ₹ 65 per USD.   |
| Basic Customs Duty                | 10% ad valorem  |
| IGST                              | 18%             |

You are required to compute the Assessable Value and Import Duty payable by Informatics Ltd.

**Answer****Computation of assessable value and customs duty**

| Particulars                                                                                                                              | US \$    |
|------------------------------------------------------------------------------------------------------------------------------------------|----------|
| CIF Value                                                                                                                                | 4,500    |
| <b>Less:</b> Air Freight                                                                                                                 | 1,000    |
| <b>Less:</b> Insurance                                                                                                                   | 250      |
| <b>FOB Value</b>                                                                                                                         | 3,250    |
| <b>Add:</b> Air Freight [Since actual air freight is more than 20% of FOB, 20% of FOB shall be considered ( $3,250 \times 20\% = 650$ )] | 650      |
| <b>Add:</b> Insurance                                                                                                                    | 250      |
| <b>Assessable Value (in US \$)</b>                                                                                                       | 4,150    |
| <b>Assessable Value in ₹ [US \$ 4,150 x ₹ 64.50]</b>                                                                                     | 2,67,675 |

**Computation of customs duty**

| Particulars                                       | Details  | Amount |
|---------------------------------------------------|----------|--------|
| Assessable Value                                  | 2,67,675 |        |
| <b>Add:</b> Basic Customs Duty @ 10%              | 26,768   | 26,768 |
| <b>Add:</b> Social Welfare Surcharge @ 10% on BCD | 2,677    | 2,677  |
| <b>Total [A]</b>                                  | 2,97,120 |        |
| <b>Add:</b> IGST @ 18% [A x 18%]                  | 53,482   | 53,482 |
| <b>Total duty payable</b>                         |          | 82,927 |

**Q27****MTP June 23 (New)**

A commodity is imported into India from a country covered by a notification issue by the Central Government u/s 9A of the Customs Tariff Act, 1975. Following particulars are made available:

- Assessable Value for levying Basic Customs Duty: ₹ 12,62,500
- Quantity imported: 500 kgs.
- Basic customs duty: 10%
- IGST: 18%

As per the notification, the anti-dumping duty will be equal to the difference between the cost of commodity calculated @ US\$ 50 per kg (Exchange Rate is 1 USD = INR 70) and the landed value of the commodity as imported

Appraise the liability on account of normal duties and the anti-dumping duty.

**Answer****Computation of Customs Duty, SWS, anti-dumping duty and IGST**

| Particulars                                                | Details     | Amount    |
|------------------------------------------------------------|-------------|-----------|
| Assessable Value                                           |             | 12,62,500 |
| Basic Customs Duty @ 10% on ₹ 12,62,500 [A]                |             | 1,26,250  |
| <b>Add: SWS @ 10% [B]</b>                                  |             | 12,625    |
| <b>Landed value of imported goods [C]</b>                  |             | 14,01,375 |
| Rate of commodity as per Anti Dumping Notification per kg. | US\$ 50     |           |
| Quantity Imported                                          | 500 Kg      |           |
| Value as per notification (500 x 50)                       | US\$ 25,000 |           |
| Exchange rate 1US\$                                        | ₹ 70        |           |
| <b>Market Value in ₹ [D]</b>                               | 17,50,000   |           |
| <b>Add: Anti-dumping Duty [E = D - C]</b>                  |             | 3,48,625  |
| <b>Value for levying IGST [F]</b>                          |             | 17,50,000 |
| <b>Add: IGST @ 18% of [F]</b>                              |             | 3,15,000  |
| <b>Total Customs Duty Payable [A + B + E + F]</b>          |             | 8,02,500  |

**Q28****MTP June 23 (New)**

X & Co. imported some goods from USA for being used in manufacture of its final product. Determine the exchange rate to be considered for computation of import duty from the following information:

| Date     | Particulars                                               | Rate of exchange for 1 US\$ notified |         |
|----------|-----------------------------------------------------------|--------------------------------------|---------|
|          |                                                           | By CBIC                              | By RBI  |
| 10.10.22 | Import general manifest was submitted by master of vessel | ₹ 64.20                              | ₹ 63.20 |
| 15.10.22 | Entry Inwards was granted by the customs officer          | ₹ 64.30                              | ₹ 65.30 |
| 22.10.22 | X & Co. presented the Bill of Entry                       | ₹ 64.50                              | ₹ 62.50 |
| 31.10.22 | Goods were allowed to be cleared from the customs port    | ₹ 64.60                              | ₹ 63.60 |

**Answer**

The relevant rate of exchange for the purpose of valuation of imported goods is the rate of exchange (being notified by CBIC) as in force on the date on which a bill of entry in relation to imported goods is presented, i.e. 1 US \$ = ₹ 64.50. Further, rate of exchange notified by CBIC is relevant. Rate notified by RBI is not relevant.

**Q29****PTP June 23 (Old)**

Distinguish between Pilfered goods and Lost/destroyed goods as per the provisions of the Customs Act, 1962.

**Answer**

| Pilfered goods                                                                                       | Lost/Destroyed goods                                                |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Covered by Section 13                                                                                | Covered by Section 23(1)                                            |
| No duty payable on such goods                                                                        | Duty paid on such goods to be remitted                              |
| Department gets compensation from the custodian (Section 45(3))                                      | No such compensation                                                |
| Petty theft by human being                                                                           | Loss/Destruction by fire, flood etc. (Act of God)                   |
| Restoration possible                                                                                 | Restoration is not possible                                         |
| Occurrence is after unloading and before Customs clearance order for home consumption or warehousing | Occurrence may be at the time before clearance for home consumption |
| Occurrence in warehouse not recognized                                                               | Occurrence in warehouse is recognized                               |
| Duty need to be calculated                                                                           | Duty should be calculated for determining the remission amount      |
| No need to prove pilferage. It is quite obvious                                                      | Should be proved and remission sought for                           |

**Q30****PTP June 23 (Old)**

Vansh International of Delhi imported a machine from USA. You are required to determine the CIF/ Assessable value and total amount of all customs duties payable under Customs Act, 1962, from the following particulars:-

| S. No.                                                                           | Particulars                                                                                                                       |                                                                              |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| i.                                                                               | FOB value of the Machine                                                                                                          | USD 10000                                                                    |
| ii.                                                                              | Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation | USD 2500                                                                     |
| iii.                                                                             | Design and development charges paid in USA                                                                                        | USD 500                                                                      |
| iv.                                                                              | Unloading and handling charges paid at the place of importation                                                                   | ₹ 2,000                                                                      |
| v.                                                                               | Commission payable to an agent in India                                                                                           | ₹ 10,000                                                                     |
| vi.                                                                              | Insurance charges have been actually paid but details are not available                                                           |                                                                              |
| Bill of entry                                                                    |                                                                                                                                   | 30-09-2022 (Rate of BCD 10%· Exchange rate as notified by CBIC ₹78 per USD)  |
| Entry inward                                                                     |                                                                                                                                   | 20-09-2022 (Rate of BCD 20%· Exchange rate as notified by CBIC ₹ 76 per USD) |
| Social Welfare Surcharge (SWS)                                                   |                                                                                                                                   | 10%                                                                          |
| Integrated tax payable u/s 3(7) of the Customs Tariff Act, 1975                  |                                                                                                                                   | 12%                                                                          |
| Ignore GST compensation cess and Agriculture infrastructure and development cess |                                                                                                                                   |                                                                              |

**Answer****Computation of CIF/Assessable value and total Customs duty payable**

| Particulars                               | ₹          |
|-------------------------------------------|------------|
| CIF Value/Assessable value                | 1004126.25 |
| Total Customs Duty Payable (rounded off ) | 244204     |

**Q31****PTP June 23 (New)**

Ram an importer from Kandla imports machine from an exporter of London (UK). The vessel carrying the goods reaches Mumbai port first and from there goods are transhipped to Kandla port. You are required to calculate the assessable value of imported goods under the Customs Act, 1962, from the following particulars:-

| Sl. No. | Particulars                                                                     |            |
|---------|---------------------------------------------------------------------------------|------------|
| i       | Cost of the machine at the factory of the exporter                              | UK£ 60,000 |
| ii      | Freight charges from exporting country to India                                 | UK£ 10,000 |
| iii     | Actual insurance charges paid to the place of importation are not ascertainable | ---        |
| iv      | Design and development charges paid for work undertaken for the machine in USA  | UK£ 12,000 |
| v       | Handling charges paid for loading the machine in the ship                       | UK£ 3,000  |
| vi      | Transport charges from the factory of exporter to the port for shipment         | UK£ 5,000  |
| vii     | Transport charges from Mumbai to Kandla port                                    | ₹ 12,500   |
| viii    | Lighterage charges paid at the port of importation                              | ₹ 20,000   |
| ix      | Exchange rate to be considered                                                  | 1 UK£=₹100 |

**Answer**

Assessable value of imported goods = ₹ 91,10,000

**Q32****MTP Dec 23 (Old)**

A commodity is imported into India from a country covered by a notification issued by the Central Government under section 9A of the Customs Tariff Act, 1975.

**Following particulars are made available:**

CIF value of the consignment: US \$25,000

Quantity imported: 500 kgs.

Exchange rate applicable: ₹60=US\$1

Basic customs duty: 12%

Social Welfare Surcharge applicable as per the Finance Act, 2018.

As per the notification, the anti-dumping duty will be equal to the difference between the cost of commodity calculated @ US\$70 per kg. and the landed value of the commodity as imported. Appraise the liability on account of normal duties and the anti-dumping duty. Assume that only basic customs duty (BCD) and Social Welfare Surcharge are payable. IGST @12% is also applicable.



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## Answer

### Statement showing land value of imported goods and customs duties:

| Particulars                                                                    | US \$             |
|--------------------------------------------------------------------------------|-------------------|
| CIF Value                                                                      | 25,000            |
|                                                                                | <b>Value in ₹</b> |
| Assessable value (i.e. 25,000 x ₹60)                                           | 15,00,000         |
| <b>Add:</b> Customs duty (including SWS) 13.2% on Assessable value             | 1,98,000          |
| Landed value (or value of imported goods)                                      | 16,98,000         |
| Anti-dumping duty (21,00,000 – 16,98,000)                                      |                   |
| Market value of imported goods (500 kgs x ₹60 x US \$70) = 21,00,000           | 4,02,000          |
| Open Market Value                                                              | 21,00,000         |
| <b>Add:</b> IGST @12% on ₹ 21,00,000                                           | 2,52,000          |
| <b>Total</b>                                                                   | 23,52,000         |
| Total customs duty payable is ₹ 8,52,000 (i.e. 1,98,000 + 4,02,000 + 2,52,000) |                   |

**Note:** In cases where imported goods are liable to Anti - Dumping Duty or Safeguard Duty, calculation of Anti - Dumping Duty or Safeguard duty would be as per the respective notification issued for levy of such duty. It is also clarified that value for calculation of IGST as well as Compensation Cess shall also include Anti - Dumping Duty amount and Safeguard duty amount

**Q33**

**MTP Dec 23 (Old)**

BSA & Company Ltd. has imported a machine from U.K. From the following particulars furnished by them, arrive at the assessable value for the purpose of customs duty payable:

| Sl. No. | Particulars                                                                        |                    |
|---------|------------------------------------------------------------------------------------|--------------------|
| i       | F.O.B. cost of the machine                                                         | 10,000 U.K. Pounds |
| ii      | Freight (air)                                                                      | 3,000 U.K. Pounds  |
| iii     | Engineering and design charges paid to a firm in U.K                               | 500 U.K. Pounds    |
| iv      | License fee relating to imported goods payable by the buyer as a condition of sale | 20% of F.O.B. Cost |
| v       | Materials and components supplied by the buyer free of cost valued                 | ₹ 20,000           |
| vi      | Insurance paid to the insurer in India                                             | ₹ 6,000            |
| vii     | Buying commission paid by the buyer to his agent in U.K.                           | 100 U.K. Pounds    |



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### Other Particulars:

- (i) Inter-bank exchange rate as arrived by the authorized dealer: ₹88.50 per U.K. Pound.
- (ii) CBIC had notified for purpose of Section 14 of the Customs Act, 1944, exchange rate of ₹86.25 per U.K. Pound.
- (iii) Importer paid ₹5,000 towards demurrage charges for delay in clearing the machine from the Airport.

(Make suitable assumptions wherever required and show workings with explanations)

### Answer

| Particulars                                              | UK Pounds         |
|----------------------------------------------------------|-------------------|
| FOB Value                                                | 10,000            |
| <b>Add:</b> Engineering and Design charges (Paid in (UK) | 500               |
| <b>Add:</b> License fee (20% on 10,000 UKP)              | 2,000             |
| <b>Sub-total</b>                                         | 12,500            |
|                                                          | <b>Value in ₹</b> |
| <b>Sub-total</b> (12,500 UKP × ₹70.25)                   | 8,78,125          |
| <b>Add:</b> Material supplied by the buyer freely        | 20,000            |
| FOB Value as per customs                                 | 8,98,125          |
| <b>Add:</b> Air freight (8,98,125 × 20%)                 | 1,79,625          |
| <b>CIF Value/ Assessable value</b>                       | 10,83,750         |

### Q34

### MTP Dec 23 (Old)

A exported a consignment under drawback claim consisting of the following items—

| Particulars                                                    | Chapter Heading | FOB value<br>₹ | Drawback rate                                     |
|----------------------------------------------------------------|-----------------|----------------|---------------------------------------------------|
| 200 pieces of pressure stores mainly made of beans @ ₹80/piece | 74.04           | 16,000         | 4% of FOB                                         |
| 200 Kgs. Brass utensils @ ₹ 200 per Kg.                        | 74.13           | 40,000         | ₹24/Kg.                                           |
| 200 Kg. Artware of brass @ ₹300 per Kg.                        | 74.22           | 60,000         | 17.50% of FOB subject to a maximum of ₹38 per Kg. |

On examination in docks, weight of brass Art ware was found to be 190 Kgs. and was recorded on shipping bill. Compute the drawback on each item and total drawback admissible to the party.

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| Particulars                                                                                                   | FOB value<br>₹ | Particulars                                                                               | Drawback<br>Amount ₹ |
|---------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------|----------------------|
| 200 pcs, pressure stoves made of brass                                                                        | 16,000         | 4% of FOB                                                                                 | 640                  |
| 200 Kgs. Brass utensils                                                                                       | 40,000         | ₹ 24 per Kg.                                                                              | 4,800                |
| 200 kgs. Art ware of brass, whose actual weight was 190 Kgs. only.<br>(₹60,000 x 190 / 200) x 17.5%<br>= 9975 |                | 17.50% of FOB subject to maximum of ₹ 38 per Kg.<br>(₹ 9,975 or ₹7,220 whichever is less) | 7,220                |
| 190 kgs x ₹ 38 = ₹7,220                                                                                       |                |                                                                                           |                      |
| <b>Total Drawback admissible (in ₹)</b>                                                                       |                |                                                                                           | <b>12,660</b>        |

**Q35****MTP Dec 23 (New)**

From the particulars given below, find out the assessable value and also calculate total customs duty:

- (i) Cost of imported machine: US \$ 20,000
- (ii) Expenses up to the place of exportation: US \$ 2,000
- (iii) Buying commission: US\$ 200
- (iv) Designing charges in India: ₹ 1,50,000
- (v) Materials supplied by the buyer free of cost: ₹ 2,00,000
- (vi) CBIC had notified exchange rate of one US \$ is equal to ₹78 (Inter-bank rate is ₹ 79)
- (vii) Basic customs Duty @10%, social welfare surcharge @10% and IGST @ 18%.

**Answer**

| Particulars                  | US\$         |
|------------------------------|--------------|
| Cost Price                   | 20,000.00    |
| Expenses                     | 2,000.00     |
| Foreign Currency             | 22,000.00    |
| Indian Currency (22000 × 78) | 17,16,000.00 |
| (+) Materials                | 2,00,000.00  |
|                              | 19,16,000.00 |
| (+) Freight @ 20%            | 3,83,200.00  |
| (+) Insurance@1.125%         | 21,555.00    |
| Assessable Value (CIF)       | 23,20,755.00 |
| BCD @10%                     | 2,32,075.50  |



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|                                 |                    |
|---------------------------------|--------------------|
| SWS @10%                        | 23,207.55          |
| IGST@18%                        | 4,63,686.85        |
| <b>Total Duty (Rounded off)</b> | <b>7,18,970.00</b> |

## Q36

## MTP Dec 23 (New)

XYZ Industries Ltd., has imported certain equipment from Japan at an FOB cost of 4,00,000 Yen (Japanese). The other expenses incurred by M/s. XYZ Industries in this connection are as follows:

- Freight from Japan to Indian Port 40,000 Yen
- Insurance paid to Insurer in India ₹ 20,000
- Designing charges paid to Consultancy firm in Japan 60,000 Yen
- M/s. XYZ Industries had expended ₹ 2,00,000 in India for certain development activities with respect to the imported equipment
- XYZ Industries had incurred road transport cost from Mumbai port to their factory in MP ₹ 1,30,000
- The CBIC had notified exchange rate of 1 Yen = ₹ 0.69. The interbank rate was 1 Yen = ₹ 0.70
- M/s XYZ Industries had effected payment to the Bank based on exchange rate 1 Yen = ₹ 0.71
- The commission payable to the agent in India was 5% of FOB cost of the equipment in Indian Rupees.

Compute the assessable value.

### Answer

| Particulars                                                                     | Amount in Yen      |
|---------------------------------------------------------------------------------|--------------------|
| Free on Board (FOB)                                                             | 4,00,000           |
| Designing charges                                                               | 60,000             |
| Development charges [as it is post shipment expenses]                           | -                  |
| Road transport charges [as it is post shipment expenses]                        | -                  |
| Commission [4,00,000 x 5%]                                                      | 20,000             |
| FOB value of the Customs                                                        | 4,80,000           |
|                                                                                 | <b>Amount in ₹</b> |
| FOB value of the Customs [by using exchange rate of the CBIC] [4,80,000 x 0.69] | 3,31,200           |
| Insurance                                                                       | 10,000             |
| Freight [40,000 x 0.69]                                                         | 27,600             |
| <b>Total CIF value/ Assessable Value</b>                                        | <b>3,68,800</b>    |

**Q37****PTP Dec 23 (Old)**

Fredy Shah Ltd. imported a machine from UK in May, 2023. The details in this regard are as under:

- (i) FOB value of the machine: 10,000 UK Pound
- (ii) Freight (Air): 3,000 UK Pound
- (iii) Licence fee, the buyer was required to pay in UK: 400 UK Pound
- (iv) Buying commission paid in India ₹20,000.
- (v) Date of bill of entry was 20th May, 2023 and the rate of exchange notified by CBIC on this date was ₹99.00 per one pound. Rate of BCD was 7.50%.
- (vi) Date of arrival of aircraft was 25th May, 2023 and the rate of exchange notified by CBIC on this date was ₹98.50 per pound and rate of BCD was 10%.
- (vii) Integrated tax rate was 12%.
- (vii) Insurance premium details were not available.

You are required to compute the total custom duties and integrated tax payable (rounded off to one ₹) on the importation of machine.

**Answer****Total customs duty and integrated tax payable by Fredy Shah Ltd**

| Particulars                                   | Amount<br>(₹) |
|-----------------------------------------------|---------------|
| Basic custom duty (rounded off)               | 1,24,710      |
| Social Welfare Surcharge (rounded off)        | 12,471        |
| Integrated tax                                | 1,66,114      |
| Total customs duty and integrated tax payable | 3,03,295      |

- (i) Licence fee relating to imported goods payable else where than in India by the buyer includible in the assessable value
- (ii) Rate of exchange notified by CBIC on the date of filing of bill of entry has to be considered
- (iii) In case of goods imported by air, freight cannot exceed 20% of FOB value
- (iv) Insurance charges, when not ascertainable, have to be included @ 1.125% of FOB value of goods
- (v) Buying commission is not included in the assessable value.



## Q38

## PTP Dec 23 (Old)

Write down the negative list of duty drawback as per Section 76 of the Customs Act, 1962.

### Answer

Negative list of Duty Drawback (Section 76):

- (i) DDB amount is less than ₹ 50.
- (ii) In case of negative sales
- (iii) If CENVAT CREDIT availed (except BCD)
- (iv) DDB amount is more than 1/3 rd the market value of exports
- (v) Export to Nepal and Bhutan and export proceeds are not received in hard (It means USD, GBP or pounds)
- (vi) DDB as % on F.O.B. less than 1% unless amount of DDB is more than or equal to ₹ 500.
- (vii) Duty drawback is not allowed if the exporter has already availed the duty (DEPB) or other export incentives.
- (vii) Insurance premium details were not available.
- (vii) If the sale proceeds not received within the time period allowed by Reserve Bank of India.
- (vii) Duty drawback amount exceeds the market value of exported goods.

## Q39

## PTP Dec 23 (Old)

LMN Ltd. imported certain goods on 12th December, 2022 and goods were cleared for warehousing on 17th December, 2022 by submitting bill of entry when the exchange rate (by CBIC) was ₹ 65 per USD & rate of duty was 20%. The warehoused goods were cleared on 7th April, 2023, when the exchange rate (by CBIC) and rate of duty were ₹ 68 per USD and 12% respectively. The F.O.B. value of the goods imported was 12,000 USD. IGST@ 12% & SWS@ 10% is applicable.

You are required to calculate:

- (i) The total customs duty payable.
- (ii) The interest payable, if any.

**Note:** Correct legal provision should form part of your answer

### Answer

- (i) Total Customs duty payable = ₹ 2,53,048/-
- (ii) The interest payable = ₹ 2,288/-

**Q40****PTP Dec 23 (New)**

Describe the conditions to impose Countervailing Duty on Subsidized articles under section 9 of the Customs Tariff Act, 1975 and also state the quantum of duty and duration of imposition of such duty.

**Answer****Conditions to impose Countervailing Duty on Subsidized articles**

- Any country or territory pays, or bestows, directly or indirectly, any subsidy upon the manufacture or production therein or the exportation therefrom of any article including any subsidy on transportation of such article;
- Such article is imported into India;
- C exported 1000 kgs of a metal of FOB value of ₹1,00,000. Rate of duty drawback on such export is ₹ 60 per kg. Market price of goods is ₹40,000 (in wholesale market).
- The article is imported in the same conditions when exported from the country of manufacture or production or has been changed in condition by manufacture, production or otherwise

**Quantum of duty:-**

The Central Government may impose a countervailing duty not exceeding the amount of such subsidy.

**Duration of imposition:-**

Such duty shall be in force for 5 years (unless revoked earlier) from the date of its imposition. However, it can be further extended for another 5 years.

**Q41****MTP June 24**

MS Pvt Ltd., imported a photography printer by air from Best Inc., of USA, as per following details:

| Particulars                       | US\$            |
|-----------------------------------|-----------------|
| CIF Value                         | 4,500           |
| Air Freight Paid                  | 1,000           |
| Insurance Cost                    | 250             |
| Rate of exchange notified by CBIC | ₹ 64.50 per USD |
| Inter Bank Selling Rate           | ₹ 65 per USD    |
| Basic Customs Duty                | 10% ad valorem  |
| IGST                              | 18%             |

You are required to compute the Assessable Value and Import Duty payable by MS Pvt. Ltd.



## Answer

Computation of assessable value and customs duty

| Particulars                                                                                                             | US\$       |
|-------------------------------------------------------------------------------------------------------------------------|------------|
| CIF Value                                                                                                               | 4,500      |
| Less: Air Freight                                                                                                       | 1,000      |
| Less: Insurance                                                                                                         | 250        |
| FOB Value                                                                                                               | 3,250      |
| Add: Air Freight [Since actual air freight is more than 20% of FOB, 20% of FOB shall be considered (3,250 x 20% = 650)] | 650        |
| Add: Insurance                                                                                                          | 250        |
| Assessable Value (in US \$)                                                                                             | 4,150      |
| Assessable Value in ₹ [US \$ 4,150 x ₹ 64.50]                                                                           | ₹ 2,67,675 |

Computation of customs duty

| Particulars                                       | Details (₹) | Amount (₹) |
|---------------------------------------------------|-------------|------------|
| Assessable Value                                  | 2,67,675    |            |
| Add: Basic Customs Duty @ 10%                     | 26,768      | 26,768     |
| <b>Add:</b> Social Welfare Surcharge @ 10% on BCD | 2,677       | 2,677      |
| Total [A]                                         | 2,97,120    |            |
| Add: IGST @ 18% [A x 18%]                         | 53,482      | 53,482     |
| Total duty payable                                |             | 82,927     |

## Q42

PTP June 24

Shyam Trade Company of Kolkata has imported one machine by Air from USA. Shyam Trade Company has given the following particulars related to this transaction:

| Sl. No. | Particulars                                                                                                                       | Amount       |
|---------|-----------------------------------------------------------------------------------------------------------------------------------|--------------|
| i       | FOB value of the machine                                                                                                          | US \$ 25,000 |
| ii      | Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation | US \$ 3,000  |
| iii     | Licence fee relating to imported goods, the buyer was required to pay in USA as a condition of sale.                              | US \$ 500    |
| iv      | Design and engineering charges paid to consultancy firm in Mumbai                                                                 | \$ 10,000    |
| v       | Buying commission paid in India                                                                                                   | \$ 15,000    |
| vi      | Insurance charges paid to the insurer in India                                                                                    | \$ 8,000     |



|                             |                                                                                   |                                                                                                          |
|-----------------------------|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| vii                         | Demurrage charges for delay in clearing the machine from Airport paid by importer | \$ 12,000                                                                                                |
| Date of Bill of entry       |                                                                                   | 30-07-2023<br>exchange rate as notified by CBIC = \$ 75 per US \$, Rate notified by RBI = \$ 76 perUS\$) |
| Date of arrival of aircraft |                                                                                   | 10-08-2023<br>exchange rate as notified by CBIC = \$ 77 per US \$, Rate notified by RBI = \$ 78 perUS\$) |

You are required to determine the assessable value of machine imported by Shyam Trade Company under the Customs Act, 1962.

Show workings with explanations.

### Answer

Assessable value of machine imported by Shyam Trade Company

|                                                                                                                                          |              |
|------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| FOB value of the Machine                                                                                                                 | US \$ 25,000 |
| Add: - Licence fee relating to imported goods, the buyer was required to pay in USA                                                      | US \$ 500    |
| Customs FOB value                                                                                                                        | US \$ 25,500 |
| Value in rupees                                                                                                                          | ₹ 19,12,500  |
| Add: - Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation | ₹ 2,25,000   |
| Add: - Insurance charges paid to the insurer in India (Actual insurance charges paid are includible in the assessable value)             | ₹ 8,000      |
| Assessable value                                                                                                                         | ₹ 21,45,500  |

### (Q)43

**MTP Dec 24**

From the particulars given below, Calculate the assessable value and total customs duty:

- (i) Cost of imported machine: US \$ 20,000
- (ii) Expenses up to the place of exportation: US \$ 2,000
- (iii) Buying commission: US\$ 200
- (iv) Designing charges in India: ₹ 1, 50,000
- (v) Materials supplied by the buyer free of cost: ₹ 2, 00,000



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(vi) CBIC had notified exchange rate of one US \$ is equal to ₹78 (Inter-bank rate is ₹ 79)

(vii) Basic customs Duty @10%, social welfare surcharge @10% and IGST @ 18%.

### Answer

Computation of assessable value and customs duty

| Particulars                  | US\$           |
|------------------------------|----------------|
| Cost Price                   | 20,000.00      |
| Expenses                     | 2,000.00       |
| Foreign Currency             | 22,000.00      |
|                              |                |
| Indian Currency (22000 × 78) | ₹ 17,16,000.00 |
| (+) Materials                | ₹2,00,000.00   |
|                              | ₹19,16,000.00  |
| (+) Freight @ 20%            | ₹3,83,200.00   |
| (+) Insurance@1.125%         | ₹21,555.00     |
| Assessable Value (CIF)       | ₹23,20,755.00  |
| BCD @10%                     | ₹2,32,075.50   |
| SWS @10%                     | ₹23,207.55     |
| IGST@18%                     | ₹4,63,686.85   |
| Total Duty (Rounded off)     | ₹7,18,970.00   |

Q44

PTP Dec 24

| Sl. No. | Particulars                                                                                                                       | Amount          |
|---------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------|
| i       | Price of the Machine                                                                                                              | UK Pound 10,000 |
| ii      | Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation | UK Pound 2,000  |
| iii     | Royalties relating to imported machine payable by buyer as a condition of sale                                                    | UK Pound 500    |
| iv      | Design and engineering charges paid to Consultancy firm in UK                                                                     | UK Pound 300    |
| v       | Insurance charges paid to the place of importation                                                                                |                 |
| vi      | Insurance charges paid to the place of importation                                                                                | Not known       |



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Other Information:

|                                                                                  |                                                                                       |
|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Date of bill of entry                                                            | 30-04-2024<br>(Rate of BCD 10%; Exchange rate as notified by CBIC ₹ 104 per UK Pound) |
| Date of arrival of aircraft                                                      | 21-05-2024<br>(Rate of BCD 20%; Exchange rate as notified by CBIC ₹ 103 per UK Pound) |
| Social Welfare Surcharge (SWS)                                                   | 10%                                                                                   |
| Integrated tax payable u/s 3(7) of the Customs Tariff Act, 1975                  | 12%                                                                                   |
| Ignore GST compensation cess and Agriculture infrastructure and development cess |                                                                                       |

You are required to compute the total customs duties and integrated tax payable by Palak Trade Ltd, under the Customs Act, 1962 with appropriate working notes from the above information.

Relevant legal reasoning should form part of your answer.

### Answer

Computation of the total customs duties and integrated tax payable by Palak Trade Ltd

|                                                                                                                                          |                 |
|------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Price of the Machine                                                                                                                     | UK Pound 10,000 |
| Royalties relating to imported goods payable by buyer as a condition of sale                                                             | UK Pound 500    |
| Design and engineering charges paid to Consultancy firm in UK                                                                            | UK Pound 300    |
| FOB value                                                                                                                                | UK Pound 10,800 |
| Cost of machine @ ₹ 104 per UK Pound                                                                                                     | ₹ 11,23,200     |
| Rate of exchange notified by CBIC on the date of presentation of bill of entry is considered.                                            |                 |
| Add: - Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation | ₹ 2,08,000      |
| Add: - Insurance charges<br>(If insurance charges are not ascertainable, the same shall be added @ 1.125% of FOB value of the goods)     | ₹ 12,636        |
| CIF Value/Assessable value                                                                                                               | ₹ 13,43,836     |
| Basic custom duty @ 20%                                                                                                                  | ₹ 2,68,767.20   |
| Add: - Social Welfare Surcharge (SWS)                                                                                                    | ₹ 26,876.72     |
| Total for Integrated Tax leviable under section 3 (7)                                                                                    | ₹ 16,39,479.92  |
| Add: - Integrated tax                                                                                                                    | ₹ 1,96,737.59   |
| Total Customs Duty Payable                                                                                                               | ₹ 2,95,643.92   |



## Q45

## MTP June 25

Compute the Assessable Value of a machine imported from Germany by RLI Ltd., under Customs Act, 1962. Also determine the duty liability of RLI Ltd.

| Particulars                                     | US\$         |
|-------------------------------------------------|--------------|
| FOB Value                                       | 30,000       |
| Air Freight Paid                                | 7,250        |
| Insurance Cost                                  | Not Known    |
| Designing Charges incurred in India             | ₹ 15,000     |
| Indian Agent's Commission                       | ₹ 20,000     |
| Transport Charges from port to factory in India | ₹ 15,000     |
| Rate of duty                                    | 10%          |
| IGST                                            | 18%          |
| Rate of exchange notified by CBEC               | ₹ 85 per USD |

### Answer

Computation of assessable value and customs duty

| Particulars                                            | Amount ₹     |
|--------------------------------------------------------|--------------|
| FOB Value                                              | \$ 30,000    |
| Add: Insurance @ 1.125% of FOB Value                   | \$ 337.50    |
| Add: Air Freight (restricted to 20% of FOB)            | \$ 6,000.00  |
|                                                        | \$ 36,337.50 |
| Value in INR @ ₹ 85                                    | ₹ 30,88,688  |
| Add: Local Agent's Commission                          | ₹ 20,000     |
| Assessable Value for Customs                           | ₹ 31,08,688  |
| Basic customs duty at 10% [A]                          | 3,10,869     |
| Add: Social Welfare Surcharge @ 10% of custom duty [B] | 31,087       |
| Value for the purpose of levying integrated tax        | 34,50,644    |
| Add: Integrated tax @ 18% [C]                          | 6,21,116     |
| Total duty & tax payable [A + B + C]                   | 9,63,072     |

**Q46****MTP June 25**

Malya Internationals Ltd., has imported a machinery by air from Germany. Bill of Entry is presented on 20.01.2025. However, entry inwards is granted on 25.01.2025. Relevant information of the transaction are provided hereunder:

|                                |                                                       |
|--------------------------------|-------------------------------------------------------|
| CIF Value of Machine           | 5,500 USD                                             |
| Air Freight Paid               | 1250 USD                                              |
| Insurance Charges Paid         | 100 USD                                               |
| Rate of Exchange on 20.01.2025 | As per RBI 1 USD = ₹85.50<br>As per CBIC 1 USD = ₹ 86 |
| Rate of Exchange on 25.01.2025 | As per RBI 1 USD = ₹86.50<br>As per CBIC 1 USD = ₹ 87 |
| Basic Customs Duty Rate        | 10%                                                   |
| IGST Rate                      | 18%                                                   |

Calculate the assessable value in INR for the purposes of levy of customs duty as well as total customs duty.

**Answer**

Computation of assessable value and customs duty:

| Particulars                                                                                                                      | Amount \$ |
|----------------------------------------------------------------------------------------------------------------------------------|-----------|
| CIF Value                                                                                                                        | 5,500     |
| Less: Air Freight                                                                                                                | 1,250     |
| Less: Insurance Cost                                                                                                             | 100       |
| FOB Value                                                                                                                        | 4,150     |
| Add: Air Freight [Since actual air freight is more than 20% of FOB, 20% of FOB shall be considered ( $4150 \times 20\% = 830$ )] | 830       |
| Add: Insurance                                                                                                                   | 100       |
| Assessable Value (in US \$)                                                                                                      | 5,080     |
| Assessable Value in ₹                                                                                                            | 4,36,880  |

Computation of customs duty:

| Particulars                                | Details  | Amount \$ |
|--------------------------------------------|----------|-----------|
| Assessable Value                           | 4,36,880 |           |
| Add: Basic Customs Duty @ 10%              | 43,688   | 43,688    |
| Add: Social Welfare Surcharge @ 10% on BCD | 4,369    | 4,369     |
| Total [A]                                  | 4,84,937 |           |
| Add: IGST @ 18% [ $A \times 18\%$ ]        | 87,289   | 87,289    |
| Total duty payable                         |          | 1,35,346  |



## Q47

PTP June 25

Binni Ltd., an importer, has imported a car by ship from Germany at FOB cost of EURO 14,000.

Other details are as follows:

- Freight from port in Germany to Indian port : EURO 800
- Insurance was paid to insurer in India ₹ 7,000
- Design and development charges paid to a consultancy firm in Germany : EURO 1,500
- Demurrage charges to port authority : EURO 900
- Development work done on the car in India : ₹ 45,000
- Cost of transporting the car from the port to the office of Binni Ltd. : ₹12,000
- Commission ( Not buying commission) paid to the agent of German exporter in India : 5% of FOB value
- Rate of exchange by RBI : 1 EURO = ₹ 100
- Rate of exchange by CBIC : 1 EURO = ₹ 120
- Exchange Rate on which importer made the payment : 1 EURO = ₹ 125

Determine the assessable value ( in ₹) under The Customs Act, 1962 by explaining the relevant legal provision.

### Answer

Determination of Assessable value

| Particulars                                                                                    | EURO      |
|------------------------------------------------------------------------------------------------|-----------|
| FOB Value                                                                                      | 14,000    |
| Add: design and development charges (other than in India will be added)                        | 1,500     |
| Freight                                                                                        | 800       |
| Demurrage charges to port authority – not included                                             | Nil       |
| Total                                                                                          | 16,300    |
| Rate of exchange (as per CBIC will be taken)                                                   | 120       |
|                                                                                                | ₹         |
| In INR                                                                                         | 19,56,000 |
| Add: Insurance                                                                                 | 7,000     |
| Add: Commission (14,000 x 5% x 120)                                                            | 84,000    |
| Add: Developmental work in India – Not added (only other than India will be added)             | Nil       |
| Add: Cost of transporting from Indian port – Not added (Expenses after Import not to be added) | Nil       |
| Assessable value                                                                               | 20,47,000 |

**PART II :**  
**OBJECTIVE TYPE**  
**QUESTIONS**



# Chapter 16

## Objective Questions

### Study Mat

1. Mr. X, a registered supplier of Meghalaya, wants to opt for composition levy. The turnover limit for composition levy is-
  - (a) ₹ 50 lakh
  - (b) ₹ 75 lakh
  - (c) ₹ 1 crore
  - (d) none of the above
2. The persons making inter-State supplies from Madhya Pradesh is compulsorily required to get registered under GST, \_\_\_\_
  - (a) if his all India based aggregate turnover exceeds ₹ 20 lakh in a financial year
  - (b) if his all India based aggregate turnover exceeds ₹ 10 lakh in a financial year
  - (c) irrespective of the amount of aggregate turnover in a financial year
  - (d) in case of making inter-State supply of taxable goods, irrespective of the amount of aggregate turnover in a financial year
3. Which of the following services are exempt under GST?
  - (a) testing of agricultural produce
  - (b) supply of farm labour
  - (c) warehousing of agricultural produce
  - (d) all of the above
4. Mr. Narayan Goel has booked a room on rent in Sunshine Hotel for the purpose of lodging on 10.08.20XX. GST is not payable by Mr. Narayan Goel in case value of supply for the same is \_\_\_\_
  - (a) ₹ 800
  - (b) ₹ 6000
  - (c) ₹ 11000
  - (d) none of the above
5. Input tax credit is not available in respect of \_\_\_\_\_.
  - (a) services on which tax has been paid under composition levy
  - (b) free samples
  - (c) goods used for personal consumption
  - (d) all of the above



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6. Mr. X, a registered person, deals in supply of taxable goods. He need not issue tax invoice for the goods supplied on 16.04.20XX as the value of the goods is \_\_\_\_.
- (a) ₹ 1,200
  - (b) ₹ 600
  - (c) ₹ 150
  - (d) ₹ 200
7. Transportation of goods by \_\_\_\_ are exempt from GST.
- (i) road
  - (ii) inland waterways
  - (iii) goods transportation agency
  - (iv) courier agency
- (a) (i) & (ii)
  - (b) (iii) & (iv)
  - (c) (i) and (iv)
  - (d) (i)[except (iii) & (iv)] & (ii)
8. Transportation of \_\_\_\_ by rail from Chennai to Gujarat are exempt from GST.
- (i) pulses
  - (ii) military equipments
  - (iii) electric equipments
  - (iv) biscuits
- (a) (i) & (ii)
  - (b) (i) & (iii)
  - (c) (ii) & (iv)
  - (d) all of the above
9. Services by way of warehousing of \_\_\_\_ is exempt from GST.
- (i) processed tea
  - (ii) jaggery
  - (iii) processed coffee
  - (iv) rice
- (a) (i) & (ii)
  - (b) (iii)
  - (c) (iv)
  - (d) all of the above



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10. GST is payable by recipient of services in the following cases:-
- (i) Services provided by way of sponsorship to ABC Ltd.
  - (ii) Services supplied by a director of Galaxy Ltd. to Mr. Krishna.
  - (iii) Services by Department of Posts to MNO Ltd.
  - (iv) Services supplied by a recovering agent to SNSP Bank
- (a) (i) & (iii)  
(b) (i) & (iv)  
(c) (ii) & (iii)  
(d) (ii) & (iv)
11. Which of the following statement is true for Mr. X, a casual taxable person?
- (a) Mr. X is not required to take registration under GST.  
(b) Mr. X is required to get registration under GST, if the aggregate turnover in a financial year exceeds ₹ 20 lakh.  
(c) Mr. X can opt for voluntary registration under GST.  
(d) Mr. X has to compulsorily get registered under GST irrespective of the threshold limit.
12. The registration certificate granted to Non resident taxable person is valid for \_\_\_\_ days from the effective date of registration or period specified in registration application, whichever is ealier.
- (a) 30  
(b) 60  
(c) 90  
(d) 120
13. Which of the following activity shall be treated neither as a supply of goods nor a supply of services?
- (i) Permanent transfer of business assets where input tax credit has been availed on such assets  
(ii) temporary transfer of intellectual property right  
(iii) transportation of deceased  
(iv) services by an employee to the employer in the course of employment
- (a) (i) & (iii)  
(b) (ii) & (iv)  
(c) (i) & (ii)  
(d) (iii) & (iv)



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14. Balance in electronic credit ledger can be utilized against which liability?
- (a) Output tax payable
  - (b) Interest
  - (c) Penalty
  - (d) All of the above
15. What is the due date for payment of tax for a normal taxpayer?
- (a) Last day of the month to which payment relates
  - (b) Within 10 days of the subsequent month
  - (c) Within 20 days of the subsequent month
  - (d) Within 15 days of the subsequent month
16. How the aggregate turnover is calculated for computing threshold limit of registration?
- (i) Aggregate value of all taxable supplies(excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and interstate supplies of a person having same PAN computed on all India basis.
  - (ii) Aggregate value of all taxable supplies(excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and interstate supplies of a person computed for each state separately.
  - (iii) Aggregate value of all taxable intrastate supplies, export of goods/services and exempt supplies of a person having same PAN computed for each state separately.
  - (iv) Aggregate value of all taxable supplies(excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/ services and interstate supplies of a person having same PAN computed on all India basis and excluding taxes if any charged under CGST Act, SGST Act and IGST Act.
- (a) (i)
  - (b) (ii)
  - (c) (iii)
  - (d) (iv)
17. Within how many days a person should apply for registration?
- (a) Within 60 days from the date he becomes liable for registration.
  - (b) Within 30 days from the date he becomes liable for registration.
  - (c) No Time Limit
  - (d) Within 90 days from the date he becomes liable for registration.



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18. A person having \_\_\_\_ places of business in a State \_\_\_\_ obtain a separate registration for each place of business.
- (a) Single, shall
  - (b) Multiple, shall
  - (c) Multiple, may
  - (d) Single, May
19. What is the validity of the registration certificate?
- (a) One year
  - (b) No validity
  - (c) Valid till it is cancelled.
  - (d) Five years.
20. Within how many days an application for revocation of cancellation of registration can be made?
- (a) Within 7 days from the date of service of the cancellation order.
  - (b) Within 15 days from the date of issue of the cancellation order.
  - (c) Within 45 days from the date of issue of the cancellation order.
  - (d) Within 90 days from the date of service of the cancellation order.
21. Can a registered person opting for composition scheme collect GST on his outward supplies?
- (a) Yes, in all cases
  - (b) Yes, only on such goods as may be notified by the Central Government
  - (c) Yes, only on such services as may be notified by the Central Government
  - (d) No
22. In case of Goods Transport Agency (GTA) services, tax is to be paid under forward charge if:
- (a) GST is payable @ 12%
  - (b) GST is payable @ 5% and a factory registered under the Factories Act, 1948 is the recipient of GTA service.
  - (c) GST is payable @ 5% and an unregistered individual end customer is the recipient of GTA service.
  - (d) None of the above
23. Which of the following services are not exempt from GST?
- (a) Yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961.
  - (b) Services provided by business correspondent to the rural branch of a bank with respect to Savings Bank Accounts
  - (c) Services provided by cord blood bank for preservation of stem cells.
  - (d) Service provided by commentator to a recognized sports body



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24. The term 'goods', as defined under section 2(52) of the CGST Act, 2017, does not include-
- (a) Grass
  - (b) Money and securities
  - (c) Actionable claims
  - (d) Growing crops
25. Rama Ltd. has provided following information for the month of September:
- (i) Intra-State outward supply ₹ 8,00,000/-
  - (ii) Inter-State exempt outward supply ₹ 5,00,000/-
  - (iii) Turnover of exported goods ₹ 10,00,000/-
  - (iv) Payment made for availing GTA services ₹ 80,000/-
- Calculate the aggregate turnover of Rama Ltd.
- (a) ₹ 8,00,000/-
  - (b) ₹ 23,80,000/-
  - (c) ₹ 23,00,000/-
  - (d) ₹ 18,00,000/-
26. 'P' Ltd. has its registered office, under the Companies Act, 2013, in the State of Maharashtra from where it ordinarily carries on its business of taxable goods. It also has a warehouse in the State of Telangana for storing said goods. What will be the place of business of 'P' Ltd. under the GST law?
- (a) Telangana
  - (b) Maharashtra
  - (c) Both (a) and (b)
  - (d) None of the above
27. An exempt supply includes-
- (a) Supply of goods or services or both which attracts Nil rate of tax
  - (b) Non-taxable supply
  - (c) Supply of goods or services or both which are wholly exempt from tax under section 11 of the CGST Act or under section 6 of IGST Act
  - (d) All of the above



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28. Which of the following are services exempt from GST?
- (a) Services by an artist by way of a performance in folk or classical art forms of painting/ sculpture making etc. with consideration therefor not exceeding ₹ 1.5 lakh.
  - (b) Services by an artist by way of a performance in modern art forms of music/ dance/ theatre with consideration therefor not exceeding ₹ 1.5 lakh.
  - (c) Services by an artist by way of a performance in folk or classical art forms of music/ dance/ theatre with consideration therefor exceeding ₹ 1.5 lakh.
  - (d) Services by an artist by way of a performance in folk or classical art forms of music/ dance / theatre with consideration therefor not exceeding ₹ 1.5 lakh.
29. Services by way of admission to \_\_\_\_\_ are exempt from GST.
- (a) Museum
  - (b) National park
  - (c) Tiger reserve
  - (d) All of the above
30. Discount given after the supply is deducted from the value of taxable supply, if –
- (a) such discount is given as per the agreement entered into at/or before the supply
  - (b) such discount is linked to the relevant invoices
  - (c) proportionate input tax credit is reversed by the recipient of supply
  - (d) all of the above
31. In which of the following situations, taxpayer needs to reverse the credit already taken?
- (a) If payment is not made to the supplier within 45 days from the date of invoice
  - (b) If payment is not made to the supplier within 90 days from the date of invoice
  - (c) If payment is not made to the supplier within 180 days from the date of invoice
  - (d) None of the above
32. Which of the following statements are correct?
- (i) Revocation of cancellation of registration under CGST/SGST Act shall be deemed to be a revocation of cancellation of registration under SGST/CGST Act.
  - (ii) Cancellation of registration under CGST/SGST Act shall be deemed to be a cancellation of registration under SGST/CGST Act.
  - (iii) Revocation of cancellation of registration under CGST/SGST Act shall not be deemed to be a revocation of cancellation of registration under SGST/CGST Act.
  - (iv) Cancellation of registration under CGST/SGST Act shall not be deemed to be a cancellation of registration under SGST/CGST Act.
- (a) (i) and (ii)
  - (b) (i) and (iv)
  - (c) (ii) and (iii)
  - (d) (iii) and (iv)



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33. If the goods are received in lots/installment, -----
- (a) 50% ITC can be taken on receipt of 1st installment and balance 50% on receipt of last installment.
  - (b) ITC can be availed upon receipt of last installment.
  - (c) 100% ITC can be taken on receipt of 1st installment.
  - (d) Proportionate ITC can be availed on receipt of each lot/installment.
34. For banking companies using inputs and input services partly for taxable supplies and partly for exempt supplies, which of the statement is true?
- (a) ITC shall be compulsorily restricted to credit attributable to taxable supplies including zero rated supplies
  - (b) 50% of eligible ITC on inputs, capital goods, and input service shall be mandatorily taken in a month and the rest shall lapse.
  - (c) Banking company can choose to exercise either option (a) or option (b)
  - (d) None of the above
35. A supplier takes deduction of depreciation on the GST component of the cost of capital goods as per Income- tax Act, 1961. The supplier can
- (a) avail only 50% of the said tax component as ITC
  - (b) not avail ITC on the said tax component
  - (c) avail 100% ITC of the said tax component
  - (d) avail only 25% of the said tax component as ITC
36. Warehousing of \_\_\_\_\_ is exempt from GST.
- 1) Rice.
  - 2) Minor forest produce
  - 3) Jaggery
  - 4) Whole gram
- a) 1), 2) and 4)
  - b) 1) and 3)
  - c) 2), 3) and 4)
  - d) 3)
37. Which of the following services received without consideration amount to supply?
- 1) Import of services by a person in India from his son well-settled in USA
  - 2) Import of services by a person in India from his brother well-settled in Germany
  - 3) Import of services by a person in India from his brother (wholly dependent on such person in India) in France
  - 4) Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia



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- a) 1), 3) and 4)
- b) 2), 3) and 4)
- c) 2) and 3)
- d) 1) and 2)

38. The time of supply of service in case of reverse charge mechanism is

- (a) Date on which payment is made to the supplier
- (b) Date immediately following 60 days from the date of issue of invoice
- (c) Date of invoice
- (d) Earlier of (a) and (b)

39. Which of the following services does not fall under reverse charge provisions as contained under section 9(3) of the CGST Act?

- (a) Services supplied by arbitral tribunal to business entity
- (b) Sponsorship provided to any partnership firm
- (c) Sponsorship provided to any body corporate
- (d) None of the above

40. Transport of \_\_\_\_\_ by rail are exempt from GST:

- (a) Milk
- (b) Salt
- (c) Defence equipments
- (d) All of the above

41. ITC of motor vehicles used for \_\_\_\_\_ is allowed.

- (a) Transportation of goods
- (b) Transportation of passengers
- (c) Imparting training on driving
- (d) All of the above

42. Which of the following persons is required to obtain compulsory registration?

- (a) Persons exclusively engaged in making supplies tax on which is to be paid by the recipient on reverse charge basis under section 9(3) of the CGST Act, 2017.
- (b) Persons making inter-State supplies of taxable services up to ₹ 20,00,000
- (c) Persons making supplies of services through an ECO (other than supplies specified under section 9(5) of the CGST Act) with aggregate turnover up to ₹ 20,00,000
- (d) None of the above.



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43. A non-resident taxable person is required to apply for registration:
- (a) within 30 days from the date on which he becomes liable to registration
  - (b) within 60 days from the date on which he becomes liable to registration
  - (c) at least 5 days prior to the commencement of business
  - (d) None of the above
44. Registration certificate granted to casual taxable person or non-resident taxable person will be valid for:
- (a) Period specified in the registration application
  - (b) 90 days from the effective date of registration
  - (c) Earlier of (a) or (b)
  - (d) Later of (a) or (b)
45. In case of taxable supply of services by a non-banking financial company (NBFC), invoice shall be issued within a period of \_\_\_\_\_ from the date of supply of service.
- (a) 30 days
  - (b) 45 days
  - (c) 60 days
  - (d) 90 days
46. Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued:
- (a) before/at the time of supply.
  - (b) 6 months from the date of removal.
  - (c) Earlier of (a) or (b).
  - (d) Later of (a) or (b).
47. Invoice shall be prepared in
- (i) \_\_\_\_\_ in case of taxable supply of goods and in
  - (ii) \_\_\_\_\_ in case of taxable supply of services.
- a) (i) Triplicate, (ii) Duplicate
  - b) (i) Duplicate, (ii) Triplicate
  - c) (i) Duplicate, (ii) Duplicate
  - d) None of the above



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48. Which of the following shall be discharged first, while discharging liability of a taxable person?
- (a) All dues related to previous tax period
  - (b) All dues related to current tax period
  - (c) Demand raised under section 73 and 74
  - (d) No such condition is mandatory.
49. The due date of filing Final Return is \_\_\_\_.
- (a) 20th of the next month
  - (b) 18th of the month succeeding the quarter
  - (c) Within 3 months of the date of cancellation or date of order of cancellation, whichever is later
  - (d) 31st December of next financial year
50. Which of the following statements is true under GST?
- a) Grand-parents are never considered as related persons to their grandson/granddaughter
  - b) Grand-parents are always considered as related persons to their grandson/granddaughter
  - c) Grand-parents are considered as related persons to their grandson/granddaughter only if they are wholly dependent on their grandson/granddaughter
  - d) None of the above
51. Alcoholic liquor for human consumption is subjected to
- a) State excise duty
  - b) Central Sales Tax/Value Added Tax
  - c) Both (a) and (b)
  - d) GST
52. Mr. A has a tax invoice [dated 20-1-2024] of services received by him. Its input tax credit is lost if ITC is not availed on or before–
- a) 20-1-2025.
  - b) 31-12-2024.
  - c) 20-1-2026.
  - d) date of filing return of 30<sup>th</sup> November, 2024 or date of filing of annual return for 2023-24, whichever is earlier.
53. Input tax credit shall not be available in respect of:
- a) Goods used for personal consumption
  - b) Membership of a club
  - c) Travel benefits extended to employees on vacation such as leave or home travel concession
  - d) All of the Above



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54. Which of the following is not considered as 'goods' under the CGST Act, 2017?
- a) Sale of a ten-paisa coin having sale value of ₹100/-
  - b) Sale of shares of unlisted company
  - c) Sale of lottery tickets
  - d) All of the above
55. Mr Ram, a jeweller registered under GST in Mumbai, wants to sell his jewellery in a Trade Expo held in Delhi. Which of the following statements is false in his case?
- a) He needs to get registration in Delhi as casual taxable person.
  - b) He needs to pay advance tax on estimated tax liability.
  - c) He needs to mandatorily have a place of business in Delhi.
  - d) He needs to file GSTR-1 and GSTR-3B for Delhi GSTIN for the month when he is registered in Delhi.
56. Which of the following is treated as exempt supply under the CGST Act, 2017?
- a) Sale of liquor
  - b) Supply of health care services
  - c) Supply of electricity
  - d) All of the above
57. Which of the following is a recognised system of medicine for the purpose of exemption for health care services?
- a) Allopathy
  - b) Unani
  - c) Siddha
  - d) All of the above
58. Which of the following services is exempt under health care services provided by clinical establishments?
- a) Chemist shop in the hospital selling medicines to public at large
  - b) Food supplied from an outsourced canteen to in-patients as per diet prescribed by the hospital dietitian
  - c) Advertisement services provided by the hospital to a pharmaceutical company for their asthma pump by displaying it prominently in the hospital building
  - d) All of the above



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59. In case of supply of goods for ₹ 5,00,000, following information is provided-

1. Advance received on 1-Apr-20XX
2. Invoice issued on 15-Apr-20XX
3. Goods removed on 25-Apr-20XX

What is the time of supply of goods?

- a) 1-Apr-20XX
- b) 15-Apr-20XX
- c) 25-Apr-20XX
- d) 30-Apr-20XX

60. Mr. Sham is receiving legal services from a lawyer Mr. Gyan. The information regarding date of payment, invoice etc. is as follows-

1. Invoice issued by Mr. Gyan on 15-Apr-20XX
2. Payment received by Mr. Gyan on 5-May-20XX
3. Date of payment entered in books of accounts of Sham: 1-May-20XX

What is time of supply of services?

- a) 1-May-20XX
- b) 5-May-20XX
- c) 14-Jun-20XX
- d) 15-Apr-20XX

61. Which of the following is not eligible for opting composition scheme under GST?

- a) M/s ABC, a firm selling garments having annual turnover of ₹ 78 lakh.
- b) A startup company operating restaurant in Delhi having a annual turnover of ₹ 98 lakh.
- c) A courier service company operating solely in Mumbai having annual turnover of ₹ 90 lakh.
- d) A trader selling grocery items having an annual turnover of ₹ 95 lakh.

62. Which of the following is not a supply of services?

- a) Renting of Commercial Office Complex
- b) Payment of Non-Compete Fee by an ex-employee to his previous employer
- c) Repairing of Mobile Phone
- d) Permanent transfer of business assets on which ITC is availed

63. What is the maximum rate of tax under CGST?

- (a) 12%
- (b) 28%
- (c) 20%
- (d) 18%



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64. The rate of tax shall be notified under CGST by
- (a) Central Government suo moto
  - (b) State Government suo moto
  - (c) GST Council suo moto
  - (d) Central Government as per the recommendation of the GST Council
65. Name the tax that will be levied on imports-
- (a) CGST
  - (b) SGST
  - (c) IGST
  - (d) CGST and SGST
66. Siting Fees received by the director of XYZ Ltd. Who is liable to pay GST-
- (a) Director
  - (b) XYZ Ltd
  - (c) Both of above
  - (d) None of the above
67. Services by an Insurance Agent to Ms. ABC Insurance Co.Ltd. Who is liable to pay GST-
- (a) Insurance Agent.
  - (b) ABC Insurance Co. Ltd.
  - (c) Both
  - (d) None of the above
68. Sponsorship services provided by Mr. X to M/s XY Ltd. in this case, who is liable to pay GST-
- (a) Mr.X
  - (b) M/s XY Ltd.
  - (c) Both
  - (d) None of the above
69. Identify correct statement –
- (a) Entire income of any trust is exempted from GST
  - (b) Entire income of a registered trust is exempted from GST
  - (c) Income from specified/defined charitable activities of a trust are exempted from GST
  - (d) Income from specified/defined charitable activities of a registered trust are exempted from GST



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70. Services by a way of \_\_\_\_\_ to a single residential unit is exempted
- (a) Pure labour Contract
  - (b) works contract
  - (c) Both (a) & (b)
  - (d) Either (a) or (b)
71. Services by a hotel, inn, guest house, club or campsite for residential/ lodging purposes having declared tariff of a unit of accommodation below
- (a) ₹10,000
  - (b) ₹1,000
  - (c) ₹2,000
  - (d) ₹ 3,000
72. Transportation of passengers with or without accompanied belongings by \_\_\_\_\_ are exempted.
- (a) air conditioned stage carriage
  - (b) air conditioned contract carriage
  - (c) non-air conditioned stage carriage
  - (d) All of the above
73. Services by way of admission to \_ is not exempt from GST,
- (a) Museum
  - (b) National part
  - (c) Tiger reserve
  - (d) Recognised sporting event where the admission ticket cost ₹ 600 per person
74. Transportation by \_\_\_\_\_ of agricultural produces, milk, salt and food grain including flour, pulses and rice, relief materials meant of victims of natural or man-made disasters are exempted
- (a) goods transport agency
  - (b) a rail-within India
  - (c) a vessel – within India
  - (d) all of the above
75. Which of the following is exempted-?
- (a) Services by way of loading, unloading, packing, storage of warehousing of rice
  - (b) Services by way of loading and unloading of jute
  - (c) Services by way of packing and storage or warehousing of rubber
  - (d) None of the above



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76. Which of the following services is not eligible for exemption?
- (a) Health care service to human beings by authorized medical practitioners/paramedics
  - (b) Health care services to Animals/Birds
  - (c) Slaughtering of animals
  - (d) Rearing horses
77. Warehousing services of is exempt from GST.
- (i) Rice
  - (ii) Minor forest produce
  - (iii) Jaggery
  - (iv) Coffee
- (a) i, ii, iii and iv
  - (b) i and iii
  - (c) ii,iii and iv
  - (d) iii
78. Which of the following supply of services are exempt under GST?
- (i) Services by way of artificial insemination of livestock (other than horses)
  - (ii) Services by way of supply of farm labour
  - (iii) Services by way of warehousing of agricultural produce
- (a) (i)
  - (b) (i) and (ii)
  - (c) (ii) and (iii)
  - (d) (i) , (ii) and (iii)
79. Services by way of transportation of \_\_\_\_\_by rail from Chennai to Gujarat is exempt from GST.
- (i) Pulses
  - (ii) military equipment's
  - (iii) electric equipment's
  - (iv) jaggery
- (a) (i)
  - (b) (i) & (ii)
  - (c) (ii) & (iv)
  - (d) (i), (ii), (iii) & (iv)



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80. Time of supply of goods under the CGST Act, 2017-
- (a) Date of issue of invoice
  - (b) Due Date of issuance of invoice
  - (c) Date of dispatch of goods
  - (d) Earlier of (a) or (b)
81. Date of receipt of payment means-
- (a) Date of entry in the books
  - (b) Date of payment credited into bank account
  - (c) Earlier of (a) or (b)
  - (d) Date of filing of return
82. The date of receipt of consideration by the supplier determined based on –
- (a) Date on which the receipt of payment is entered in the books of account
  - (b) Date on which the receipt of payment is credited in the bank account
  - (c) Earlier of (a) or (b)
  - (d) (a) & (b) whichever is later
83. The time of supply of service in case of reverse charge mechanism-
- (a) Date of payment as entered in the books of account of the recipient
  - (b) Date immediately following 60 days from the date of issue of invoice
  - (c) Date of invoice
  - (d) Earlier of (a) or (b)
84. The value of supply of goods and services shall be-
- (a) Transaction value
  - (b) MRP
  - (c) Market Value
  - (d) None of the above
85. Place of supply in case of installation of elevator is
- (a) Where the movement of elevator commences from supplier's place
  - (b) Where the delivery of elevator is taken
  - (c) Where the installation of elevator is made
  - (d) Where address of the recipient is mentioned in the delivery challan



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86. Real estate agent in Delhi charges brokerage fee to Company A located in Chandigarh for assistance in getting a commercial property in Kolkata. Which is the place of supply in this case?
- (a) Delhi
  - (b) Chandigarh
  - (c) Kolkata
  - (d) none of the above
87. Which of the following transaction in inter-state supply of goods involving movement of goods?
- (a) Location of supplier is in Bangalore and location of recipient in Mumbai
  - (b) Location of supplier is in Bangalore and place of supply is Mumbai
  - (c) Location of supplier and place of supply is Bangalore
  - (d) None of the above.
88. Supply of goods in the course of import into the territory of India is
- (a) Intrastate supply
  - (b) Inter-State Supply
  - (c) Export
  - (d) Neither Export nor Import
89. Zero rated supply includes:
- (a) Export of goods and services
  - (b) Supply of goods and services to a SEZ developer or SEZ Unit
  - (c) Supply of goods and services by a SEZ developer or SEZ Unit
  - (d) Both (a) and (b)
90. Definition of Inputs includes capital goods.
- (a) Yes
  - (b) No
  - (c) Certain capital goods only
  - (d) None of the above
91. To claim ITC on capital Good is it mandatory to capitalize the capital goods in book of Accounts-
- (a) Yes
  - (b) No
  - (c) Optional
  - (d) None of the above



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92. Under section 16(2) of CGST ACT how many conditions are to be fulfilled for the entitlement of credit?
- (a) All the conditions
  - (b) Any two conditions
  - (c) Conditions not specified
  - (d) None of the above
93. Input tax credit on capital goods and inputs can be availed in one installment or in multiple installments?
- (a) In thirty six installments
  - (b) In twelve installments
  - (c) In one installment
  - (d) In six installments
94. Whether depreciation on tax component of capital goods is Permissible?
- (a) Yes
  - (b) No
  - (c) Input tax credit is eligible only if depreciation on tax component is not availed
  - (d) None of the above
95. The time limit beyond which if goods are not returned, the capital goods sent for job work shall be treated as supply. The said time limit is
- (a) 1 year
  - (b) 5 years
  - (c) 3 years
  - (d) 3 Months
96. Input Tax credit as credited in Electronic Credit ledger can be utilized or
- (a) Payment of Interest
  - (b) Payment of penalty
  - (c) Payment of Fine
  - (d) Payment of Taxes
97. If the goods are received in lots/instalment\_\_\_\_\_
- (a) 50% ITC can be taken on receipts of 1st lot and balance 50% on receipt of last lot.
  - (b) ITC can be availed upon receipt of last lot.
  - (c) 100% ITC can be taken on receipt of 1st lot.
  - (d) Proportionate ITC can be availed on receipt of each lot/instalment.



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98. Form to be applied for registration is:
- (a) Form GSTR-1
  - (b) Form GSTR -2
  - (c) Form GST REG-01
  - (d) Form GST REG
99. What is the validity of the registration certificates?
- (a) One year
  - (b) Non validity
  - (c) Valid till it is cancelled
  - (d) Five years.
100. When can a voluntarily registration be cancelled?
- (a) If the person does not start business within six months from date of registration.
  - (b) Business has been discontinued.
  - (c) Non-filing of returns for a continuous period of six months
  - (d) All of the above
101. The registration certificate granted to non-resident taxable person is valid for \_\_\_\_ days from the effective date of registration or period specified in registration application, whichever is earlier.
- (a) 30
  - (b) 60
  - (c) 90
  - (d) 120
102. Within how many days a person should apply for registration under GST, apart from provisions of voluntary registration?
- (a) Within 60 days from the date he becomes liable for registration
  - (b) Within 30 days from the date he becomes liable for registration
  - (c) No time limit
  - (d) Within 90 days from the date he becomes liable for registration
103. A non-resident taxable person is required to apply for registration:
- (a) within 30 days from the date on which becomes liable to registration.
  - (b) within 60 days from the date on which becomes liable to registration.
  - (c) at least 5 days prior to the commencement business
  - (d) within 180 days from the date on which becomes liable to registration.



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104. Tax invoice must be issued by\_\_\_\_\_
- (a) Every supplier
  - (b) Every taxable person
  - (c) Registered persons not paying tax under composition scheme
  - (d) All the above
105. A bill of supply can be issued in case of inter-State and intra-State:
- (a) Exempted supplies
  - (b) Supplies to unregistered persons
  - (c) Both of above
  - (d) None of the above
106. An invoice must be issued:
- (a) At the time of removal of goods
  - (b) On transfer of risks and rewards of the goods of the recipient
  - (c) On receipts of payment for the supply
  - (d) Earliest of the above dates.
107. A continuous supply of goods requires one of the following as must:
- (a) The goods must be notified by the Commissioner in this behalf
  - (b) The contract for supply last for a minimum period of 3 months
  - (c) The supply is made by means of a wire, cable, pipeline or other conduit
  - (d) Supplier invoices the recipient on a regular or periodic basis
108. The time limit for issue of tax invoice in case of continuous supply of goods:
- (a) At the time of issue of statement of account where successive account are involved
  - (b) At the time of receipt of payment, if payments are received prior to issue of accounts
  - (c) On a monthly basis
  - (d) As and when demanded by the recipient.
109. The tax invoice should be issue\_\_\_\_\_ the date of supply of service:
- (a) Within 30 days from
  - (b) Within 1 month from
  - (c) Within 15 days from
  - (d) On
110. For an increase in the tax/ taxable value, a debit note for GST purposes:
- (a) Should be issued by the supplier
  - (b) Should be issued by the recipient
  - (c) May be issued by the supplier
  - (d) May be issued by the recipient



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111. The receipt voucher must contain:
- (a) Details of goods or services
  - (b) Invoice reference
  - (c) Full value of supply
  - (d) None of the above
112. Subhas & Co., a registered person, supplies taxable goods to unregistered persons. It need not issue tax invoice, if the value of supply of goods to such persons is and the recipient does not require such invoice.
- (a) ₹ 1,200
  - (b) ₹ 600
  - (c) ₹150
  - (d) ₹200
113. Invoice shall be prepared in\_\_in case of taxable supply of goods and in \_\_\_\_in case of taxable supply of services.
- (a) Triplicate, Duplicate
  - (b) Duplicate, Triplicate
  - (c) Duplicate, Duplicate
  - (d) Triplicate, Triplicate
114. Payment of taxes by the normal tax payer is to be done on monthly basis by the \_\_\_\_ of the succeeding month.
- (a) 20th
  - (b) 10th
  - (c) 7th
  - (d) 15th
115. SGST/UTGST Credit shall be utilized towards payment of IGST, only when the balance of the ITC in CGST account is \_\_\_\_\_ for payment of integrated tax
- (a) Not available
  - (b) Available
  - (c) Partly available
  - (d) None of the above
116. All liabilities of a taxable person under this Act shall be recorded and maintained in an\_\_\_\_\_
- (a) Electronic Cash Register
  - (b) Electronic Credit Register
  - (c) Electronic Liability Register
  - (d) Electronic Register



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117. The Taxable Persons who makes an undue or excess claim of Input Tax Credit u/s 42(10) or undue or excess reduction in output tax liability u/s 43(10), shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at the rate of
- (a) 21%
  - (b) 24%
  - (c) 18%
  - (d) 12%
118. The details of outward supplies of goods or services
- (a) 11th of the succeeding month
  - (b) 18th of the succeeding month
  - (c) 15th of the succeeding month
  - (d) 20th of the succeeding month
119. Details of Outward supplies shall include
- (a) Invoice
  - (b) Credit and Debit notes
  - (c) Revised invoice issued in relation to outward supplies
  - (d) All the above
120. The First return shall be filed by every registered taxable person for the period form
- (a) The date on which he became liable for registration till the date of grant of registration
  - (b) The date of registration to the last day of that month
  - (c) The date on which he became liable for registration till the last day of that month
  - (d) All of the above
121. Balance in electronic credit ledger can be utilized against payment of \_\_\_\_\_
- (a) Output tax
  - (b) interest
  - (c) penalty
  - (d) late fees
122. Under which article of the Constitution of India, GST council has been constituted?
- (a) 246
  - (b) 246A
  - (c) 279A
  - (d) 265



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123. GSTN is:

- (a) 51% government owned company with paid up capital of ₹ 10 crore
- (b) 50% government owned company with paid up capital of ₹ 10 crore
- (c) 100% government owned company with paid up capital of ₹ 10 crore
- (d) None of the above

124. The term supply includes:

- (a) Sale
- (b) Transfer
- (c) Barter
- (d) All of the above

125. Which of the following activities or transactions shall be treated neither as supply of goods nor a supply of services?

- (a) Sale of land and building
- (b) Lease of land
- (c) Rent of building
- (d) All of the above

126. Gifts not exceeding ..... in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

- (a) ₹ 50,000
- (b) ₹ 25,000
- (c) ₹ 30,000
- (d) None of the above

127. A hotel provides a 4-D/3-N package with the facility of breakfast. This is a .....

- (a) Mixed supply
- (b) Composite supply
- (c) Both mixed and composite supply
- (d) None of the above

128. Which of the following is / are the essential elements of a mixed supply?

- (a) Supply is made by taxable person to a recipient
- (b) Supply consists of two or more individual supplies of goods or services or both or any combination thereof but it is not naturally bundled
- (c) Supply is made for a single price
- (d) All of the above



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129. In case of import of goods, which type(s) of GST is applicable?
- (a) CGST
  - (b) SGST
  - (c) Both CGST and SGST
  - (d) IGST
130. Reverse charge means the liability to pay tax by the ..... of supply of goods or services or both.
- (a) recipient
  - (b) supplier
  - (c) partly by the recipient and partly by the supplier
  - (d) None of the above
131. Which of the following can be issued by Government to exempt goods and/or services on which tax is leviable in exceptional cases?
- (a) Exemption Notification
  - (b) Special order
  - (c) Other notifications
  - (d) None of the above
132. Renting of precincts of a religious place meant for general public owned or managed by a charitable or religious trust u/s 12AA of the Income Tax Act 1961 shall be exempt if:
- (a) Renting of rooms where per day charges are less than ₹ 1,000
  - (b) Renting of shops or other spaces for business or commerce where charges per month are less than ₹10,000
  - (c) Renting of premises, community halls or open area, where charges per day are less than ₹ 10,000
  - (d) All of the above
133. For which of the following goods, the manufacturer is not allowed to opt for composition scheme:
- (a) Pan masala
  - (b) Ice cream
  - (c) Topical and manufactured tobacco substitutes
  - (d) All of the above
134. The time of supply of goods, where supplier is liable to pay tax under forward charge shall be:
- (a) The date of actual issue of invoice by the supplier
  - (b) The last date on which he is required u/s 31(1) to issue the invoice with respect to the supply
  - (c) The date on which the supplier receives the payment with respect to the supply
  - (d) (a) or (b), whichever is earlier



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135. The transaction value for computation of value of supply can be rejected if -
- (a) The buyer and seller are related or price is not the sole consideration
  - (b) Products are sold at very low margins
  - (c) Maximum retail price is greater than the transaction value
  - (d) All of the above
136. In case goods disposed off by way of free sample:
- (a) recipient can claim ITC
  - (b) supplier can claim ITC
  - (c) supplier can not claim ITC
  - (d) ITC can be claimed if value is more than ₹ 1,000/-
137. If the goods are received in installment then ITC can be availed:
- (a) Proportionately on receipt of each installment
  - (b) 100% ITC can be taken on receipt of first installment
  - (c) ITC can be taken on receipt of last installment
  - (d) 50% ITC can be taken on receipt of first installment and balance 50% on receipt of last installment
138. Person who is liable to be registered u/s 22 or 24 shall apply for registration in every such State or Union Territory in which he is so liable within:
- (a) 30 days from the date on which he becomes liable to registration
  - (b) 15 days from the date on which he becomes liable to registration
  - (c) 7 days from the date on which he becomes liable to registration
  - (d) None of the above
139. Tax invoice shall be prepared in \_\_\_\_\_ in case of supply of goods and in \_\_\_\_\_ in case of supply of services.
- (a) Duplicate, Duplicate
  - (b) Duplicate, Triplicate
  - (c) Triplicate, Duplicate
  - (d) Triplicate, Triplicate
140. Annual return is summary of:
- (a) GSTR 1
  - (b) GSTR 3B
  - (c) GSTR 4
  - (d) All of the above



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141. Payment of tax is required \_\_\_\_\_ filing return.

- (a) Before
- (b) After
- (c) Before or after
- (d) Before or at the time of

### Answers

|     |     |     |     |     |           |     |     |     |     |
|-----|-----|-----|-----|-----|-----------|-----|-----|-----|-----|
| 1   | (b) | 2   | (d) | 3   | (d)       | 4   | (d) | 5   | (d) |
| 6   | (c) | 7   | (d) | 8   | (a)       | 9   | (c) | 10  | (b) |
| 11  | (d) | 12  | (c) | 13  | (d)       | 14  | (a) | 15  | (c) |
| 16  | (d) | 17  | (b) | 18  | (c)       | 19  | (c) | 20  | (d) |
| 21  | (d) | 22  | (a) | 23  | (c) & (d) | 24  | (b) | 25  | (c) |
| 26  | (c) | 27  | (d) | 28  | (d)       | 29  | (d) | 30  | (d) |
| 31  | (c) | 32  | (a) | 33  | (b)       | 34  | (c) | 35  | (b) |
| 36  | (a) | 37  | (a) | 38  | (d)       | 39  | (d) | 40  | (d) |
| 41  | (d) | 42  | (d) | 43  | (c)       | 44  | (c) | 45  | (b) |
| 46  | (c) | 47  | (a) | 48  | (a)       | 49  | (c) | 50  | (c) |
| 51  | (c) | 52  | (d) | 53  | (d)       | 54  | (b) | 55  | (c) |
| 56  | (d) | 57  | (d) | 58  | (b)       | 59  | (b) | 60  | (a) |
| 61  | (c) | 62  | (d) | 63  | (c)       | 64  | (d) | 65  | (c) |
| 66  | (l) | 67  | (b) | 68  | (b)       | 69  | (d) | 70  | (a) |
| 71  | (b) | 72  | (c) | 73  | (d)       | 74  | (d) | 75  | (a) |
| 76  | (d) | 77  | (a) | 78  | (d)       | 79  | (b) | 80  | (d) |
| 81  | (c) | 82  | (c) | 83  | (d)       | 84  | (a) | 85  | (c) |
| 86  | (c) | 87  | (b) | 88  | (b)       | 89  | (d) | 90  | (b) |
| 91  | (a) | 92  | (a) | 93  | (c)       | 94  | (c) | 95  | (c) |
| 96  | (d) | 97  | (d) | 98  | (c)       | 99  | (c) | 100 | (d) |
| 101 | (c) | 102 | (b) | 103 | (c)       | 104 | (c) | 105 | (a) |
| 106 | (a) | 107 | (d) | 108 | (a)       | 109 | (a) | 110 | (a) |
| 111 | (a) | 112 | (d) | 113 | (a)       | 114 | (a) | 115 | (a) |
| 116 | (c) | 117 | (b) | 118 | (a)       | 119 | (d) | 120 | (a) |
| 121 | (a) | 122 | (c) | 123 | (c)       | 124 | (d) | 125 | (a) |
| 126 | (a) | 127 | (b) | 128 | (d)       | 129 | (d) | 130 | (a) |
| 131 | (b) | 132 | (d) | 132 | (d)       | 133 | (d) | 134 | (a) |
| 135 | (c) | 136 | (c) | 137 | (a)       | 138 | (c) | 140 | (d) |
| 141 | (d) |     |     |     |           |     |     |     |     |



## PTP Dec 22

1. Which of the following constitutional amendment governs GST Act?
  - (a) 101st Amendment
  - (b) 122nd Amendment
  - (c) 152nd Amendment
  - (d) 140th Amendment
2. Every decision of the Goods and Service Tax Council (GST Council) shall be taken at a meeting, by majority of not less than \_\_\_\_ of the weighted votes of the members present and voting. Fill in the blank space from the below options:
  - (a)  $1/2$  (i.e. 50%)
  - (b)  $1/3$  (i.e. 33.33%)
  - (c)  $3/4$  (i.e. 75%)
  - (d)  $2/3$  (i.e. 66.67%)
3. In which of the following situation, taxpayer needs to reverse the credit (ITC) already taken?
  - (a) If payment is not made to the supplier within 1 year from the date of invoice
  - (b) If payment is not made to the supplier within 90 days from the date of invoice
  - (c) If payment is not made to the supplier within 180 days from the date of invoice
  - (d) If payment is not made to the supplier within 45 days from the date of invoice.
4. If the rate of tax and nature of supply of a service is not determinable at the time of receipt of advance, then what will be rate of tax and nature to be written in receipt Voucher?
  - (a) 12%, Inter-State supply
  - (b) 18%, Inter-State supply
  - (c) 12%, Intra-State supply
  - (d) 18%, intra-State supply
5. Within how much time (including all possible extension) inputs sent directly by the supplier of inputs, to premises of job worker, without sending them first to premises of principal, should either be returned to the principal or must be supplied from the job worker's premises? Answer according to Section 143 of CGST Act, 2017.
  - (a) 2 years from the sending of inputs to the job worker by the supplier
  - (b) 1 year from the sending of inputs to the job worker by the supplier
  - (c) 1 year from the date of receipt of inputs by the job worker
  - (d) 2 years from the date of receipt of inputs by the job worker

### Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (a) | 2 | (c) | 3 | (c) | 4 | (b) | 5 | (a) |
|---|-----|---|-----|---|-----|---|-----|---|-----|



## PTP Dec 22

- What is duty drawback rate under section 74 of Customs Act, 1962, in case of re-export of imported goods after using for 14 months (imported for business use)
  - 65%
  - 98%
  - 81%
  - 70%
- What is maximum permissible amount of freight under Customs Law in case of import by vessel?
  - 20 % of FOB
  - 20% of FOB or actual amount, whichever is less
  - Actual amount
  - 20% of FOB or actual amount, whichever is more
- \_\_\_\_\_ bill of entry is used for clearance of goods from warehouse for home consumption.
  - White
  - Yellow
  - Green
  - Orange
- Under Customs Act, 1962 which of this is not mandatory documents required for export of goods from India:
  - Bill of Lading/Airway Bill/Lorry Receipt/Railway Receipt/Postal Receipt
  - Commercial Invoice cum Packing List
  - Shipping Bill / Bill of Export
  - Bill of Entry
- According to Customs Act, 1962, up to how many nautical miles from base line Indian territorial waters extend?
  - Up to 200 nautical miles
  - Up to 12 nautical miles
  - Up to 188 nautical miles
  - Up to 212 nautical miles

## Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (a) | 2 | (c) | 3 | (c) | 4 | (d) | 5 | (b) |
|---|-----|---|-----|---|-----|---|-----|---|-----|



## PTP June 23 (Old)

1. Powers to declare certain activities/transactions as neither supply of goods nor supply of services under GST law
  - (a) Schedule I
  - (b) Schedule II
  - (c) Schedule III
  - (d) Schedule IV
2. Under GST the period prescribed for issuance of tax invoice in the case of provision of services is
  - (a) generally, 30 days from the supply of service (in case of Banking companies - 45 days from the date of supply).
  - (b) generally, 45 days from the date of the supply of service (in case of Banking , companies -30 days from the date of supply).
  - (c) generally, 30 days from the date of the supply of service (in case of Banking companies -60 days from the date of supply).
  - (d) 30 days from the date of supply of service in all cases.
3. What is time of supply of goods liable to tax under reverse charge mechanism under GST?
  - (a) Date on which the payment is made
  - (b) Date of receipt of goods
  - (c) Date immediately following 30 days from the date of issue of invoice by the supplier
  - (d) Earlier of (A) or (B) or (C)
4. Which of the following services provided by Department of Posts are exempt From GST?
  - (a) Speed post
  - (b) Ordinary post (envelopes weighing less than 10 grams)
  - (c) Life Insurance
  - (d) Express parcel post
5. Value of supply under Section 15 of the CGST Act, 2017, is:
  - (a) Transaction value
  - (b) Market value
  - (c) Maximum Retail price
  - (d) Wholesale price

### Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (c) | 2 | (a) | 3 | (d) | 4 | (b) | 5 | (a) |
|---|-----|---|-----|---|-----|---|-----|---|-----|



## PTP June 23 (Old)

1. \_\_\_\_ means vessel or cargo which is abandoned in sea without any hope of recovering it under Customs Act, 1962.
  - (a) Derelict
  - (b) Jetsam
  - (c) Flotsam
  - (d) Wreck
2. Under Customs Rules, the loading, unloading and handling charges associated with the delivery of the imported goods at the place of importation shall be added \_\_\_\_ to the CIF value of the goods.
  - (a) 20% of FOB value of the goods
  - (b) 1.125% of FOB value of the goods
  - (c) actual amount
  - (d) no amount
3. In applying \_rule 4 of the Customs Valuation Rules, if more than one transaction value of identical goods is found \_\_\_\_\_ shall be used to determine the value of imported goods.
  - (a) highest of such value
  - (b) lowest of such value
  - (c) average of such value
  - (d) value of greatest aggregate quantity
4. The provisional safeguard duty shall be in force for a maximum period of \_\_\_\_\_ days from the date of its imposition under Customs Tariff Act.
  - (a) 100
  - (b) 200
  - (c) 300
  - (d) 500
5. Under Customs Tariff Act the protective duty imposed on imported goods for the protection of the interests of any industry established in India on the recommendation of \_\_\_\_\_.
  - (a) Central Government
  - (b) State Government
  - (c) Tariff Commission
  - (d) Supreme Court

## Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (a) | 2 | (d) | 3 | (b) | 4 | (b) | 5 | (c) |
|---|-----|---|-----|---|-----|---|-----|---|-----|



## MTP June 23 (Old)

1. Power to make laws with respect to goods and services tax has been given by the Constitution vide Article:
  - (a) 279A;
  - (b) 246A;
  - (c) 246;
  - (d) 365;
2. Levy and collection of Central Goods and Services Taxes are dealt by:
  - (a) Central government;
  - (b) State Government;
  - (c) NIC;
  - (d) UGS;
3. GST is a:
  - (a) Destination based tax;
  - (b) Source based tax;
  - (c) Production based tax;
  - (d) None of the above;
4. License to occupy land is treated as:
  - (a) Supply of goods;
  - (b) Supply of service;
  - (c) Neither supply of goods nor supply of services;
  - (d) Partly supply of goods and partly supply of services;
5. A hotel provides a 4-D/3-N package with the facility of breakfast. This is a .....
  - (a) Mixed supply;
  - (b) Composite supply;
  - (c) Both mixed and composite supply;
  - (d) None of the above;

### Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (b) | 2 | (a) | 3 | (a) | 4 | (b) | 5 | (b) |
|---|-----|---|-----|---|-----|---|-----|---|-----|



## MTP June 23 (Old)

1. The limit of exclusive economic zone of India is from the nearest point of the baseline
  - (a) 200 nautical miles
  - (b) 12 nautical miles
  - (c) 24 nautical miles
  - (d) None of the above
2. All goods, derelict, Jetsam, flotsam and wreck brought (or) coming into India, shall be dealt with as if they were into India.
  - (a) Exported
  - (b) Imported
  - (c) No duty
  - (d) Exempted from tax
3. The Anti-dumping duty imposed shall be in force for a period of from the date of its imposition and can be extended by further period of .
  - (a) 4 years, 10 years
  - (b) 3 years, 5 years
  - (c) 5 years, 5 years
  - (d) None of the above;
4. In Customs, buying commission shall be included in the assessable value. Is this statement correct?
  - (a) No
  - (b) Yes
  - (c) Yes, if buying commission is paid in foreign currency
  - (d) None of the above
5. As per Sec. 2(31) of the Customs Act, 1962 person-in-charge means:
  - (a) Vessel – Master
  - (b) Train – Conductor (or) Guard
  - (c) Vehicle – Driver
  - (d) All of the above.

### Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (a) | 2 | (b) | 3 | (c) | 4 | (a) | 5 | (d) |
|---|-----|---|-----|---|-----|---|-----|---|-----|



## MTP June 23 (New)

1. Who is empowered to make law for matters containing in List I of Schedule VII of the Constitution of India
  - (a) State Government
  - (b) Central Government
  - (c) Both Central and State Government
  - (d) None of the above
2. Power to make laws with respect to goods and services tax has been given by the Constitution wide Article
  - (a) 279A
  - (b) 246A
  - (c) 246
  - (d) 365
3. If the goods are received in installment then ITC can be availed.
  - (a) Proportionately on receipt of each installment
  - (b) 100% ITC can be taken on receipt of first installment
  - (c) ITC can be taken on receipt of last installment
  - (d) 50% ITC can be taken on receipt of first installment and balance 50% on receipt of last
4. The time of supply of goods, where supplier is liable to pay tax under forward charge shall be:
  - (a) The date of actual issue of invoice by the supplier
  - (b) The last date on which he is required u/s 31(1) to issue the invoice with respect to the supply
  - (c) The date on which the supplier receives the payment with respect to the supply
  - (d) (a) or (b), whichever is earlier
5. Which of the following activities or transactions shall be treated neither as supply of goods nor a supply of services?
  - (a) Sale of land and building
  - (b) Lease of land
  - (c) Rent of building
  - (d) All of the above
6. Goods, as per sec. 2(22) of the Customs Act, includes
  - (a) stores
  - (b) baggage
  - (c) aircraft
  - (d) All of the above

**Answers**

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (b) | 2 | (b) | 3 | (c) | 4 | (d) | 5 | (a) |
| 6 | (d) |   |     |   |     |   |     |   |     |

**MTP June 23 (New)**

- Indirect tax is
  - Regressive in nature
  - Progressive in nature
  - Suppressive in nature
  - None of the above
- Cascading effect of tax means
  - Tax on goods
  - Tax on services
  - Tax on Tax
  - None of these
- Renting of precincts of a religious place meant for general public owned or managed by a charitable or religious trust u/s 12AA of the Income Tax Act 1961 shall be exempt if:
  - Renting of rooms where per day charges are less than ₹ 1,000
  - Renting of shops or other spaces for business or commerce where charges per month are less than ₹10,000
  - Renting of premises, community halls or open area, where charges per day are less than ₹ 10,000
  - All of the above
- Annual return is summary of:
  - GSTR 1
  - GSTR 3B
  - GSTR 4
  - All of the above
- As per Section 2(31) of the Customs Act, person in charge means
  - Vessel - Master
  - Train - Conductor (or) Guard
  - Vehicle – Driver
  - All of the above



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6. While computing assessable value for the customs, buying commission shall be included in the assessable value. Is this statement correct?
- No
  - Yes
  - Yes, if buying commission is paid in foreign currency
  - None of the above

**Answers**

|          |            |          |            |          |            |          |            |          |            |
|----------|------------|----------|------------|----------|------------|----------|------------|----------|------------|
| <b>1</b> | <b>(a)</b> | <b>2</b> | <b>(c)</b> | <b>3</b> | <b>(d)</b> | <b>4</b> | <b>(d)</b> | <b>5</b> | <b>(d)</b> |
| <b>6</b> | <b>(a)</b> |          |            |          |            |          |            |          |            |

**PTP June 23 (New)**

- Which article of the Constitution has been given power to make laws with respect to goods and services tax?
  - 246A
  - 269A
  - 270
  - 279A
- Under GST law which of the following supplies are naturally bundled?
  - Pack of school bag, water bottle and lunch box
  - Rent deed executed for renting of two different floors of a building one for residential and another for commercial purpose to same person
  - Package of canned food such as pizza, ice-cream, pastry and cake
  - Laptop along with laptop bag
- Under CGST law 'which of the following shall be discharged first, while discharging liability of a taxable person?
  - All dues related to previous tax period
  - All dues related to current tax period
  - Demand raised under Sec. 73 and 74
  - No such condition is mandatory
- Under GST law the due date of filing Final Return is
  - 20th of the next month.
  - 18th of the month succeeding the quarter.
  - Within three months of the date of cancellation or date of order of cancellation, whichever is later.
  - 31st December of next financial year.



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5. Which of the following value shall be excluded for determining the transaction value of consignment fore-way bill under GST?
  - (a) Packing charges
  - (b) Delivery charges
  - (c) Value of exempt supply if the invoice has both taxable and exempt goods
  - (d) Central tax, State tax or Union territory tax, Integrated tax and cess
6. Under Customs Act, 1962 all goods, derelict, Jetsam, flotsam and wreck brought (or) coming into India, shall be dealt with as if they were into India-
  - (a) Exported
  - (b) Imported
  - (c) No duty
  - (d) Exempted from tax

### Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (a) | 2 | (d) | 3 | (a) | 4 | (c) | 5 | (c) |
| 6 | (b) |   |     |   |     |   |     |   |     |

### MTP Dec 23 (Old)

1. Which of the following taxes will be levied on Imports of goods and services?
  - (a) CGST
  - (b) SGST
  - (c) IGST
  - (d) Exempt
2. In GST, SAC stands for:
  - (a) Services Accounting Code
  - (b) Software Accounting Code
  - (c) System Accounting Code
  - (d) Service application code.
3. What is the validity of Registration Certificate?
  - (a) Five years
  - (b) Ten years
  - (c) No validity
  - (d) Valid till it is cancelled.



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4. When does liability to pay GST arise in case of supply of goods?
- (a) On raising of invoice
  - (b) At the time of supply of goods.
  - (c) On receipt of payment.
  - (d) Earliest of any of above.
5. Input tax credit on capital goods and inputs can be availed in:
- (a) thirty-six instalment
  - (b) twelve instalment
  - (c) one instalment
  - (d) six instalment

### Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (d) | 2 | (a) | 3 | (d) | 4 | (d) | 5 | (c) |
|---|-----|---|-----|---|-----|---|-----|---|-----|

## MTP Dec 23 (Old)

1. Entry 83 of the Union List of the \_\_\_\_\_ to the Constitution of India is empowered to levy the customs duty by the Central Government of India
- (a) Sixth Schedule
  - (b) Seventh Schedule
  - (c) Eighth Schedule
  - (d) Ninth Schedule
2. An area beyond \_\_\_\_\_ from the base line is called High Seas.
- (a) 100 nautical miles
  - (b) 150 nautical miles
  - (c) 200 nautical miles
  - (d) None of the above
3. Which of the following is a taxable event for imported goods?
- (a) Unloading of imported goods at the customs port
  - (b) Date of entry into Indian territorial waters
  - (c) Date of presentation of bill of entry
  - (d) Date on which the goods cross the customs barrier.



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4. Which section of the Customs Act, 1962 provides for levy of Customs duty on import and export of goods?
  - (a) Section 3
  - (b) Section 12
  - (c) Section 14
  - (d) Section 28
5. Derelict are goods that:
  - (a) are abandoned by the owner in an emergency with a hope of recovering it later.
  - (b) owner has no intention to abandon but get sunk and drift to the shore.
  - (c) owner has no intention to abandon but float and drift to the shore.
  - (d) are abandoned by owner of goods without any hope of recovery.

### Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (b) | 2 | (c) | 3 | (d) | 4 | (b) | 5 | (d) |
|---|-----|---|-----|---|-----|---|-----|---|-----|

## PTP Dec 23 (Old)

1. GST on Petroleum Crude, High Speed Diesel, Motor Spirit (commonly known as Petrol), Gas and Aviation Turbine Fuel:
  - (a) Is not levied at all
  - (b) Is levied, but exempt
  - (c) Will be levied from a date to be notified on the recommendations of the GST Council
  - (d) Will be levied from 01.01.2024
2. Every registered taxable person must maintain the accounting books and records for at least \_\_\_\_\_ from the due date of furnishing of annual returns for the year pertaining to such accounts and records.
  - (a) 10 years
  - (b) 84 Months
  - (c) 72 Months
  - (d) 36 Months
3. Where the supply of goods does not involve movement of goods, place of supply as per Section 10 of the IGST Act, 2017 will be:
  - (a) Location of such goods at the time at which the movement of goods terminates for delivery to the recipient
  - (b) Deemed that the third person has received such goods and principal place of business of such person shall be the place of supply
  - (c) Location of such goods at the time of the delivery to the recipient
  - (d) All of the above



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4. The time limit beyond which if goods are not returned, the capital goods sent for job work shall be treated as supply.
- (a) One year
  - (b) Three years
  - (c) Seven years
  - (d) Five years
5. Under GST, service would be called as “continuous supply of service” if the service under a contract is provided continuously or on a recurrent basis exceeding \_\_\_\_\_
- (a) 1 year
  - (b) 6 months
  - (c) 3 months
  - (d) 1 month

### Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (c) | 2 | (c) | 3 | (c) | 4 | (b) | 5 | (c) |
|---|-----|---|-----|---|-----|---|-----|---|-----|

## PTP Dec 23 (Old)

1. When goods are cast into sea to reduce weight of ship to prevent it from sinking is known as
- (a) Jetsam.
  - (b) Derelict
  - (c) Flotsam.
  - (d) Wreck.
2. Person in charge with respect to aircraft is
- (a) Master
  - (b) Commander
  - (c) Guard
  - (d) Driver
3. Counter duty under Section 9 of the Customs Tariff Act, 1975 shall be in force for a period of
- (a) 2 years from the date of its importation and can be extended for a further period of 5 years.
  - (b) 3 years from the date of its importation and can be extended for a further period of 2 years.
  - (c) 5 years from the date of its importation and can be extended for a further period of 5 years.
  - (d) 5 years from the date of its importation and can be extended for a further period of 2 years.



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4. Which of the following goods shall not be deposited in a special warehouse?
  - (a) Gold
  - (b) Defense and military equipment
  - (c) Semi-precious metals
  - (d) All of the above
5. Territorial waters in India extent to \_\_\_\_ nautical miles into the sea from the base line.
  - (a) 12
  - (b) 24
  - (c) 200
  - (d) 36

### Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (a) | 2 | (b) | 3 | (c) | 4 | (b) | 5 | (a) |
|---|-----|---|-----|---|-----|---|-----|---|-----|

### MTP Dec 23 (New)

1. Which of the following services are totally exempted under GST?
  - (a) Services by Registered charitable institution
  - (b) Services by Government/Local authority
  - (c) Services by Goods Transport Agents
  - (d) Services by Insurance companies
2. Indirect tax is considered as:
  - (a) Regressive tax
  - (b) Progressive tax
  - (c) Proportional tax
  - (d) None of the above
3. Goods Transport Agency Services who has not paid central tax@ 6% is covered under:
  - (a) Forward charge mechanism
  - (b) Reverse charge
  - (c) Negative list
  - (d) None of the above
4. In case of disposal off of goods by way of free sample:
  - (a) supplier can claim ITC
  - (b) Supplier cannot claim ITC
  - (c) Recipient can claim ITC
  - (d) None of the above



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5. What is the threshold limit in case the persons of special category states to take fresh registration in composition levy?
  - (a) ₹ 75 Lakhs
  - (b) ₹ 100 Lakhs
  - (c) ₹ 150 lakhs
  - (d) None of the above
6. Vishal, a practicing CMA, purchased three laptops and ₹25,000 is paid as GST for each laptop in his firm name. Two laptops utilized in his office and another laptop is gifted to his sister. What is the amount of eligible ITC?
  - (a) ₹ 25,000
  - (b) ₹ 50,000
  - (c) ₹ 75,000
  - (d) None of the above
7. For determining the assessable value for customs duty, air freight to be taken is:
  - (a) 20% of FOB vale
  - (b) Actual freight or 20% of FOB value, whichever is lower
  - (c) Actual freight or 20% of FOB value, whichever is higher
  - (d) None of the above
8. Anti-dumping duty can be imposed to the extent of:
  - (a) Margin of dumping
  - (b) Margin of injury
  - (c) Margin of dumping or Margin of injury, whichever is lower
  - (d) None of the above

**Answers**

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (a) | 2 | (a) | 3 | (b) | 4 | (b) | 5 | (a) |
| 6 | (b) | 7 | (b) | 8 | (c) |   |     |   |     |

**MTP Dec 23 (New)**

1. \_\_\_\_\_ is combination of more than one individual supplies of goods or services or any combination thereof made in conjunction with each other for a single price, which can ordinarily be supplied separately.
  - (a) Composite supply
  - (b) Principal supply
  - (c) Mixed supply
  - (d) None of the above



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2. Zero-rated supply is meant for export or supply of goods or services or both for authorized operations to Special Economic Zone developer or a \_\_\_\_\_.
  - (a) Special Economic Zone unit
  - (b) EOU
  - (c) STP
  - (d) All of the above
3. Indirect taxes are \_\_\_\_\_ in nature.
  - (a) Progressive
  - (b) Regressive
  - (c) Partly progressive and partly regressive
  - (d) None of the above
4. The first 2 digits of the GSTIN is the \_\_\_\_\_.
  - (a) checksum number
  - (b) PAN of the legal entity
  - (c) entity code
  - (d) State code.
5. Which of the following activities or transactions shall be treated neither as supply of goods nor a supply of services?
  - (a) Sale of land and building
  - (b) Lease of land
  - (c) Rent of building
  - (d) All of the above
6. \_\_\_\_\_ means property abandoned at sea without hope of recovering.
  - (a) Wreck
  - (b) Jetsam
  - (c) Flotsam
  - (d) Derelict
7. The purpose of \_\_\_\_\_ is to rectify the trade distortive effect of dumping and re-establish fair trade.
  - (a) anti-dumping duty
  - (b) safeguard duty
  - (c) social welfare surcharge
  - (d) protective duty

**Answers**

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (c) | 2 | (a) | 3 | (b) | 4 | (d) | 5 | (a) |
| 6 | (d) | 7 | (a) |   |     |   |     |   |     |

**PTP Dec 23 (New)**

- Under GST law, when the goods are dispatched (other than over dimensional cargo) to a destination which is 290 km from the place of dispatch, the e-way bill generated is valid for \_\_\_\_
  - 1 day
  - 2 days
  - 14 days
  - 15 days
- The decision in GST Council would be taken by a majority of not less than \_\_\_\_ of weightage votes cast.
  - One-third
  - One-half
  - Two-third
  - Three-fourth
- A & Co. (firm) was dissolved and its GST registration was cancelled on 31.08.2022. What is the time limit within which A & Co. must file a final return in form GSTR-10?
  - On or before 31.03.2023
  - On or before 31.12.2022
  - On or before 30.11.2022
  - On or before 30.09.2022
- Jagat & Co is a manufacturer of footwears and registered under GST law. It wants to avail QRMP Scheme. What is the monetary limit of aggregate turnover in the preceding financial year for availing the same?
  - ₹ 1.50 crore
  - ₹ 2 crore.
  - ₹ 10 crore.
  - ₹ 5 crore
- Under the GST law, In case of taxable supply of services by a banking company, invoice is to be issued within a period of \_\_\_\_
  - 30 days from the date of supply of service
  - 45 days from the date of supply of service
  - 60 days from the date of supply of service
  - 90 days from the date of supply of service.



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6. Input tax credit on account of IGST available in the electronic credit ledger shall be utilized for tax payment \_\_\_\_
  - (a) for IGST only
  - (b) first for IGST and then for CGST and then for SGST
  - (c) first for IGST, then for CGST or SGST as per the choice of the dealer
  - (d) first for IGST and then for SGST and then for CGST
7. Laxman & Co., Hyderabad is engaged in supply of both goods and services which are liable for GST. What is threshold limit up to which it is not liable for registration under
  - (a) ₹ 10 lakh
  - (b) ₹ 20lakh
  - (c) ₹ 40 lakh
  - (d) ₹ 1.50 crore
8. Under Customs, the limit of exclusive economic zone of India is \_\_\_\_ from the nearest point of the baseline.
  - (a) 12 nautical miles
  - (b) 24 nautical miles
  - (c) 100 nautical miles
  - (d) 200 nautical miles

### Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (b) | 2 | (d) | 3 | (c) | 4 | (d) | 5 | (b) |
| 6 | (c) | 7 | (b) | 8 | (d) |   |     |   |     |

## MTP June 24

1. As per provision of sec. 2(107) of the Central Goods and Services Tax Act, taxable person means:
  - (a) a person who is registered
  - (b) a person who is liable to be registered u/s 22 or u/s 24
  - (c) Both (a) and (b)
  - (d) None of the above
2. Which of the following services are exempted under GST?
  - (a) Services by an artist by way of a performance in folk or classical art form of music where consideration charged for such performance is not more than ₹ 2,00,000
  - (b) Services by way of collection of contribution under the Atal Pension Yojana
  - (c) Services to the Reserve Bank of India
  - (d) None of the above



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3. Levy of indirect tax on goods and services may leads to:
  - (a) Inflation
  - (b) Deflation
  - (c) Reflection
  - (d) None of the above
4. Supply of service by a music composer to the music company is covered under:
  - (a) Forward charge mechanism
  - (b) Reverse charge.
  - (c) Negative list
  - (d) None of the above
5. A registered person paid ₹ 11,800 (inclusive of GST @ 18%) as motor car insurance charges:
  - (a) Supplier can claim ITC
  - (b) Supplier cannot claim ITC
  - (c) Recipient can claim ITC
  - (d) None of the above
6. Aggregate turnover of Shri Krishnan, a trader from Tamilnadu, in the financial year 2022-23 was ₹ 90 lakhs. Hence, he has opted to pay GST u/s 10 for financial year 2023-24. During the financial year 2023-24, his taxable turnover is ₹ 1,10,0000 comprising of supply of goods ₹ 1 crore [Regular rate of GST is 5%] and balance of supply of services [Regular rate of GST is 18%]. What would be his gross GST liability for the financial year 2023-24?
  - (a) ₹ 1,10,000
  - (b) ₹ 1,60,000
  - (c) ₹ 1,00,000
  - (d) None of the above
7. Input tax credit shall not be availed by a registered person in respect of invoice unless the details thereof have been communicated to the registered person in:
  - (a) Form GSTR 1
  - (b) Form GSTR 9
  - (c) Form GSTR 2B
  - (d) None of the above
8. For determining the assessable value for customs duty, insurance charges, where the same is not ascertainable, to be taken is:
  - (a) 1.125% of FOB Value
  - (b) 1.125% of (FOB value + Transportation Charges)
  - (c) 1.25% of FOB Value
  - (d) 1.25% of (FOB value + Transportation Charges)



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9. Social Welfare Surcharge shall be payable @:

- (a) 10% of assessable value
- (b) 10% of FOB Value
- (c) 10% of basic customs duty
- (d) None of the above

### Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (c) | 2 | (b) | 3 | (a) | 4 | (b) | 5 | (d) |
| 6 | (d) | 7 | (c) | 8 | (a) | 9 | (c) |   |     |

## PTP June 24

- What is the monetary limit for gifts given by the employer to employee in a financial year so that it is not treated as supply under GST law ?
  - (a) 1,00,000
  - (b) 50,000
  - (c) 25,000
  - (d) None of the above
- Who will levy and administer IGST ?
  - (a) CBIC
  - (b) State Government
  - (c) State Government
  - (d) Central Government
- What is the monetary limit for generating E-way bill under the GST law?
  - (a) 50,000 or more
  - (b) 1,00,000 or more
  - (c) More than 50,000
  - (d) More than 25,000
- Which of the following statements is incorrect?
  - (a) Power to levy GST on alcohol for human consumption remains with the state government.
  - (b) Along with GST, additional excise duty is levied by the state government on tobacco.
  - (c) For petrol and diesel, the GST council has to decide the date from which GST will be applicable.
  - (d) Crude oil and natural gas are not taxable under GST law.



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5. Under GST, due date of filing of GSTR-7 (Return for authorities deducting tax at source) is (Assume there is no extension).
- (a) 10th day of the following month
  - (b) 13th day of the following month
  - (c) 18th day of the following month
  - (d) 20th day of the following month
6. Mr Raja supplied a machinery to Mr Ranka on 28th July, 2023. The applicable rate of GST on that day was 12%. With effect from 1st August, 2023, the GST rate for such machinery was revised to 18%. Mr Raja issued an invoice for the sale of that machinery to Mr Ranka on 4th August, 2023. He received the payment for the same on 10th August, 2023. What will be the time of supply and applicable rate of GST in such a case?
- (a) 28th July, 2023 and at 12%
  - (b) 4th August, 2023 and at 18%
  - (c) 4th August, 2023 and at 12%
  - (d) 10th August, 2023 and at 18%
7. A credit note is issued by and it is a document accepted for GST purposes.
- (a) supplier, for increasing the tax/ taxable value
  - (b) supplier, for reducing the tax/ taxable value
  - (c) recipient, for increasing the tax/ taxable value
  - (d) recipient, for reducing the tax/ taxable value
8. On which of the following values IGST cannot be levied under the Customs Tariff Act, 1975?
- (a) Assessable value of imported article plus Basic Customs Duty plus Social Welfare Surcharge.
  - (b) Basic Customs Duty plus Anti-dumping Duty.
  - (c) Basic Customs Duty plus Compensation Cess.
  - (d) Assessable value plus Basic Customs Duty plus Anti-dumping Duty plus Safeguard Duty.
9. Under the Customs Tariff Act, 1975, Safeguard Duty shall be ceased to have effect on the expiry of (unless revoked earlier) from the date of its imposition. However, the Central Government may extend the period of levy to
- (a) 5 years; 10 years
  - (b) 4 years; 10 years
  - (c) 3 years; 5 years
  - (d) 1 year; 5 years

### Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (b) | 2 | (d) | 3 | (c) | 4 | (b) | 5 | (a) |
| 6 | (b) | 7 | (b) | 8 | (c) | 9 | (b) |   |     |



## MTP Dec 24

1. As per Union List (List I), Central Government has power of legislation on Duties of customs including export duties i.e., Customs Act under Entry \_\_\_\_\_
  - (a) 82
  - (b) 83
  - (c) 84
  - (d) 86
2. X & Co., a supplier registered under GST in Meghalaya, wants to opt for composition levy. The aggregate turnover limit for composition levy is-
  - (a) ₹ 50 lakh
  - (b) ₹ 75 lakh
  - (c) ₹ 1.5 crore
  - (d) None of the above
3. Which of the following activities is neither a supply of goods nor a supply of services?
  - (a) works contract
  - (b) Construction of a complex
  - (c) Services of funeral, burial, crematorium or mortuary.
  - (d) Renting of immovable property
4. Under GST, fees charged for yoga camp conducted by a charitable trust, will be:
  - (a) Taxable
  - (b) Exempted
  - (c) Exempted up to ₹5,000
  - (d) None of the above.
5. Which of the following categories of persons shall be required to be registered, irrespective of size of their turnover?
  - (a) Persons who are required to pay tax under reverse charge
  - (b) Non-resident taxable persons making taxable supply
  - (c) Input service distributors
  - (d) All of the above.
6. Invoice shall be prepared in \_\_\_\_\_ in case of taxable supply of goods and in \_\_\_\_\_ in case of taxable supply of services.
  - (a) Triplicate, Duplicate
  - (b) Duplicate, Triplicate
  - (c) Duplicate, Duplicate
  - (d) Triplicate, Triplicate



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7. \_\_\_\_\_ mean goods, other than imported goods, transported in a vessel from one port India to another.
- Prohibited goods
  - Coastal goods
  - Transit of goods
  - Transshipment of goods
8. C Ltd., an importer, has imported a machine from USA at FOB value as per customs of \$ 10,000. Rate of exchange as announced by RBI was: ₹ 74.70 = 1 US \$ and rate of exchange as announced by CBIC: ₹ 75.60 = 1 US \$. The FOB value in Indian Rupee will be:
- ₹7,56,000
  - ₹7,47,000
  - 7,51,500
  - None of the above
9. If the goods are received in lots/instalment\_\_\_\_\_.
- 50% ITC can be taken on receipts of 1st lot and balance 50% on receipt of last lot.
  - ITC can be availed upon receipt of last lot.
  - 100% ITC can be taken on receipt of 1st lot.
  - Proportionate ITC can be availed on receipt of each lot/instalment.

**Answers**

|          |            |          |            |          |            |          |            |          |            |
|----------|------------|----------|------------|----------|------------|----------|------------|----------|------------|
| <b>1</b> | <b>(b)</b> | <b>2</b> | <b>(b)</b> | <b>3</b> | <b>(c)</b> | <b>4</b> | <b>(b)</b> | <b>5</b> | <b>(d)</b> |
| <b>6</b> | <b>(a)</b> | <b>7</b> | <b>(b)</b> | <b>8</b> | <b>(a)</b> | <b>9</b> | <b>(b)</b> |          |            |

**MTP Dec 24**

1. Alcoholic liquor for human consumption is subjected to:
- State excise duty
  - Central Sales Tax/Value Added Tax
  - Both (a) and (b)
  - GST
2. Identify from following services which are covered under Reverse Charge Mechanism u/s 9(3) of CGST Act, 2017.
- Legal Consultancy
  - Goods Transport Agency
  - Manpower Supply
  - Rent-a-Cab



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- (a) i & ii
  - (b) i & iv
  - (c) i & iii
  - (d) All the above
3. Services by way of admission to \_\_\_\_\_ is not exempt from GST
- (a) Museum
  - (b) National Park
  - (c) Tiger Reserve
  - (d) Recognised sporting event where the admission ticket cost ₹ 600 per person
4. The time limit to pay the value of supply with taxes to the supplier to avail the input tax credit is:
- (a) 30 Days
  - (b) 180 Days
  - (c) 90 Days
  - (d) 120 Days
5. Ms. S, an unregistered person, (New Delhi) is travelling from New Delhi to Kanpur, Pradesh in a train. The train starts at New Delhi and stops at three stations before reaching Kanpur. The food items were loaded into the train at Aligarh (Uttar Pradesh) 2nd station. Ms. S buys dinner on board the train. Determine POS:
- (a) New Delhi
  - (b) Kanpur
  - (c) Aligarh
  - (d) None of the above
6. Subhas & Co., a registered person, supplies taxable goods to unregistered persons. It need not issue tax invoice, if the value of supply of goods to such persons is and the recipient does not require such invoice.
- (a) 150
  - (b) 600
  - (c) 1200
  - (d) 2000
7. The time limit for filing refund claim is \_\_\_\_\_ from the relevant date
- (a) One year
  - (b) Two years
  - (c) One and half year
  - (d) Half year



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8. Basic custom duty on imported goods is levied at the rates specified in the
  - (a) First Schedule of the Customs Tariff Act, 1975
  - (b) Second Schedule of the Customs Tariff Act, 1975
  - (c) Customs Act
  - (d) Customs Manual
9. Which of the following is a taxable event for imported goods?
  - (a) Date of presentation of bill of entry
  - (b) Date of entry into Indian territorial waters
  - (c) Unloading of imported goods at the customs port
  - (d) Date on which the goods cross the customs barrier

**Answers**

|          |            |          |            |          |            |          |            |          |            |
|----------|------------|----------|------------|----------|------------|----------|------------|----------|------------|
| <b>1</b> | <b>(c)</b> | <b>2</b> | <b>(a)</b> | <b>3</b> | <b>(d)</b> | <b>4</b> | <b>(b)</b> | <b>5</b> | <b>(c)</b> |
| <b>6</b> | <b>(a)</b> | <b>7</b> | <b>(b)</b> | <b>8</b> | <b>(a)</b> | <b>9</b> | <b>(d)</b> |          |            |

**PTP Dec 24**

1. As per the GST law, renting of precincts of a religious place meant for general public owned or managed by a charitable or religious trust u/s 12AA of the Income Tax Act, 1961, shall be exempt if
  - (a) Renting of rooms where per day charges are less than ₹ 1,000.
  - (b) Renting of shops or other spaces for business or commerce where charges per month are less than ₹ 10,000.
  - (c) Renting of premises, community halls or open area, where charges per day are less than ₹10,000.
  - (d) All of the above
2. A hotel owner provided accommodation in Haryana, through an Electronic Commerce Operator (ECO). The hotel owner is not liable to get registered as per the provisions of section 22(1) of the CGST Act, 2017. Who is the person liable to pay GST in this case?
  - (a) Hotel Owner
  - (b) Electronic Commerce Operator (ECU)
  - (c) Customer
  - (d) Both by Hotel owner and Electronic Commerce Operator (ECO)



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3. The items which will be taxable both under current central excise law and new GST even after the implementation of the GST law:
  - (a) Motor Spirit
  - (b) Alcoholic Liquor for Human Consumption
  - (c) Tobacco and Tobacco products
  - (d) Natural Gas
4. As per the GST law, tax invoice shall be prepared in in case of supply of goods and in \_\_\_\_\_ in case of supply of services.
  - (a) duplicate, duplicate
  - (b) duplicate, triplicate
  - (c) triplicate, duplicate
  - (d) triplicate, triplicate
5. As per the Customs Act, 1962, Goods which are same in all respects, including physical quantity is known as:
  - (a) Identical Goods
  - (b) Similar Goods
  - (c) Alike Goods
  - (d) None of the above.
6. The maximum threshold limit for eligibility under composition scheme for supplier of services under section 10(2A) of the CGST Act, 2017 is
  - (a) ₹40 lakh
  - (b) ₹50 lakh
  - (c) ₹1 crore
  - (d) ₹1.50 crore
7. Mr. Prashant works with ABC Ltd. as a Senior Manager since 1.4.2019. On 11.05.2023, the company gave him a cash gift of ₹ 55,000 for his contribution in acquiring a new client. Which of the following statements is correct with reference to GST law?
  - (a) The gift received from employer is fully exempt from GST.
  - (b) The gift received from employer is fully taxable under GST as the amount exceeds ₹ 50,000.
  - (c) The gift received from employer is exempt under GST as the amount does not exceed ₹ 1,00,000.
  - (d) The gift received from employer is fully taxable under GST as the amount exceeds ₹ 25,000.



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8. As per section 2(28) of the Customs Act, 1962, "Indian customs waters" means the waters extending into the sea up to
- (a) the limit of Exclusive Economic Zone.
  - (b) 24 NM from baseline.
  - (c) 12 NM from baseline.
  - (d) 100 NM from baseline.
9. Mr. Nitesh, a composition dealer under GST exceeded the specified turnover to be eligible for composition scheme on 1st December 2023. Which of the following statements is correct in this respect?
- (a) He has to intimate the tax authorities and start paying tax under the regular scheme from the first day of the next financial year, i.e., 1st April 2024.
  - (b) The permission granted to him is deemed to be withdrawn from the day his turnover crosses the specified limit and he shall be liable to pay tax under the regular scheme from that day itself, i.e., 1st December, 2023.
  - (c) He has to intimate the tax authorities and start paying tax under the regular scheme from the first day of the next month, i.e., 1st January, 2024.
  - (d) The permission granted to him is deemed to be withdrawn from the day his turnover crosses the specified limit and he shall be liable to pay tax under the regular scheme from the first day of the next financial year, i.e., 1st April, 2024.

### Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (d) | 2 | (b) | 3 | (c) | 4 | (c) | 5 | (a) |
| 6 | (b) | 7 | (b) | 8 | (a) | 9 | (b) |   |     |

## MTP June 25

1. When did GST come into effect in India?
- (a) 1st July 2016
  - (b) 1st April 2016
  - (c) 1st June 2017
  - (d) 1st July 2017
2. Who is empowered to make law for matters contained in List I of Schedule VII of the Constitution of India?
- (a) State Government
  - (b) Central Government
  - (c) Both Central and State Government
  - (d) None of the above



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3. Person who is liable to be registered u/s 22 or 24 shall apply for registration in every such State or Union Territory in which he is so liable within:
  - (a) 30 days from the date on which he becomes liable to registration
  - (b) 15 days from the date on which he becomes liable to registration
  - (c) 7 days from the date on which he becomes liable to registration
  - (d) None of the above
4. Which of the following activities or transactions shall be treated neither as supply of goods nor a supply of services?
  - (a) Sale of land and building
  - (b) Lease of land
  - (c) Rent of building
  - (d) All of the above
5. For which of the following goods, the manufacturer is not allowed to opt for composition scheme:
  - (a) Pan masala
  - (b) Ice cream
  - (c) Topical and manufactured tobacco substitutes
  - (d) All of the above
6. Under which article of the Constitution of India, GST council has been constituted?
  - (a) 246
  - (b) 246A
  - (c) 279A
  - (d) 265
7. Which of the following is a taxable event for imported goods?
  - (a) Date on which the goods cross the customs barrier
  - (b) Date of presentation of bill of entry
  - (c) Date of entry into Indian territorial waters
  - (d) Unloading of imported goods at the customs port
8. For the purpose of computing IGST on imported goods, one of the following shall not be included in the value for computation:
  - (a) GST Compensation Cess
  - (b) Social Welfare Surcharge
  - (c) Anti-dumping duty
  - (d) None of the above



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9. Where the transport charges are not available, for ascertaining the assessable value for customs duty, the percentage of FOB value to be taken is:
- 10%
  - 20%
  - 25%
  - None of the above

**Answers**

|          |            |          |            |          |            |          |            |          |            |
|----------|------------|----------|------------|----------|------------|----------|------------|----------|------------|
| <b>1</b> | <b>(d)</b> | <b>2</b> | <b>(b)</b> | <b>3</b> | <b>(a)</b> | <b>4</b> | <b>(a)</b> | <b>5</b> | <b>(d)</b> |
| <b>6</b> | <b>(c)</b> | <b>7</b> | <b>(a)</b> | <b>8</b> | <b>(a)</b> | <b>9</b> | <b>(b)</b> |          |            |

**MTP June 25**

- In pre-GST regime, excise duty has been levied by ..... Government whereas VAT has been levied by ..... Government on goods.
  - State, Central
  - Central, Central
  - Central, State
  - State, State
- M/s Smart Bazar, a store located and registered under GST in Gujarat, has come out with big discount offers at the time of Durga Puja on various gift items. In order to attract more customers, it has decided to supply a gift pack containing 5 packets of sugar free biscuits (500 gram each) taxable @12%, 1 packet of roasted almonds (250 gram) taxable @18%, 1 packet of chocolate (50 gram) taxable @28% and 1 bottle of mango juice (1 litre) taxable @18% in a single basket for a single price of ₹1,500. State the type of supply and the tax rate applicable on the same.
  - Composite supply; Tax rate of the principal item, i.e. sugar free biscuits @18%
  - Composite supply; highest tax rate out of all items, i.e. 28% applicable to chocolate
  - Mixed supply; tax rate of principal item, i.e. sugar free biscuits @18%
  - Mixed supply; highest tax rate out of all items, i.e. 28% applicable to chocolate
- Which of the following can be issued by Government to exempt goods and/or services on which tax is leviable in exceptional cases?
  - Exemption Notification
  - Special order
  - Other notifications
  - None of the above



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4. The time of supply of goods, where supplier is liable to pay tax under forward charge shall be:
  - (a) The date of actual issue of invoice by the supplier
  - (b) The last date on which he is required u/s 31(1) to issue the invoice with respect to the supply
  - (c) The date on which the supplier receives the payment with respect to the supply
  - (d) (a) or (b), whichever is earlier
5. Levy of indirect tax on goods and services may leads to
  - (a) Inflation
  - (b) Deflation
  - (c) Reflection
  - (d) None of the above
6. A ship carries some goods K, L, M and N from Singapore to Dubai, via Chennai. L and M are moved at Chennai in another vessel. L being meant for Kochi and M to Dubai. As per customs law, the transhipped good(s) is/are:
  - (a) All four
  - (b) L Only
  - (c) L and M
  - (d) None of the above
7. Basic custom duty on imported goods is levied at the rates specified in the
  - (a) First Schedule of the Customs Tariff Act, 1975
  - (b) Second Schedule of the Customs Tariff Act, 1975
  - (c) Customs Act
  - (d) Customs Manual
8. Where the insurance amount is not available, for ascertaining the assessable value for customs duty, the percentage of FOB value to be taken is:
  - (a) 1
  - (b) 1.125
  - (c) 1.5
  - (d) None of the above
9. The Safeguard duty imposed shall be in force for a period of \_\_\_\_\_ from the date of its imposition and can be extended with the total period of levy not exceeding \_\_\_\_\_.
  - (a) 4 years, 10 years
  - (b) 3 years, 5 years
  - (c) 5 years, 5 years
  - (d) None of the above

**Answers**

|          |            |          |            |          |            |          |            |          |            |
|----------|------------|----------|------------|----------|------------|----------|------------|----------|------------|
| <b>1</b> | <b>(c)</b> | <b>2</b> | <b>(d)</b> | <b>3</b> | <b>(b)</b> | <b>4</b> | <b>(d)</b> | <b>5</b> | <b>(a)</b> |
| <b>6</b> | <b>(c)</b> | <b>7</b> | <b>(a)</b> | <b>8</b> | <b>(b)</b> | <b>9</b> | <b>(a)</b> |          |            |

**PTP June 25**

- Which of the following is not a supply under the CGST Act, 2017?
  - Importation of accounting services (for business purposes) free of cost from a dependent father residing in USA.
  - A machinery disposed-off free of cost on which input tax credit has been availed. )
  - Goods supplied free of cost by X & Sons to its agent for further supply to customer at ₹ 5,000 for which invoice will be issued by the agent in his own name.
  - An expensive watch of ₹ 50,000 gifted to an employee. No other gifts provided to such employee during the entire financial year.
- As per the GST law, if the goods are received in instalments, then Input Tax Credit\_\_\_\_\_
  - can be taken proportionately on receipt of each instalment.
  - can be taken 100% on receipt of first instalment.
  - can be taken only on receipt of last instalment.
  - can be taken 50% on receipt of first instalment and balance 50% on receipt of last instalment.
- As per the provisions of GST law, what will be the place of supply when food (supplier is registered in Pune) is taken on board at Mumbai for an aircraft departing from Pune to Chennai via Mumbai and Kolkata?
  - Pune
  - Mumbai
  - Chennai
  - Kolkata
- M/s X Ltd., an Indian importer, imported certain goods from China in a set of multiple articles, viz. product G, product H and product I. Product G is liable for 5% customs duty, product H is liable for 8% customs duty whereas product I is liable for 20% customs duty. How will the set of the products be taxable upon import under the Customs Act, 1962 when no separate valuation is available?
  - At the rates specified for individual products
  - At the rate of 20% being the highest rate
  - At the rate of 5% being the lowest rate
  - At the rate of 11% being the average rate



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5. Every registered person who is required to furnish a return u/s 39(1) of the CGST Act, 2017 and whose registration has been cancelled shall furnish a Final return within
  - (a) 3 months of the date of cancellation.
  - (b) 3 months of the date of order of cancellation.
  - (c) 3 months of the date of cancellation or the date of order of cancellation whichever is earlier.
  - (d) 3 months of the date of cancellation or the date of order of cancellation whichever is later.
6. If a composition dealer wants to withdraw voluntarily from composition scheme then he shall file Form:
  - (a) CMP-01
  - (b) CMP-02
  - (c) CMP-03
  - (d) CMP-04
7. Mr. Tushar, an air travel agent, who wants to discharge his tax liability at special rates as per rule 32(3) of CGST Rules, 2017. How his value of service of booking of tickets for air travel be determined?
  - (a) 5% of basic fare on both domestic and international air travel
  - (b) 10% of basic fare on both domestic and international air travel
  - (c) 5% of basic fare on domestic air travel and 10% of basic fare on international air travel
  - (d) 10% of basic fare on domestic air travel and 5% of basic fare on international air travel
8. The last date for declaring the details of credit note issued on 27.03.2025 for a supply made on 12.12.2024 is
  - (a) 31.12.2025 being actual date of filing annual return for F.Y. 2024-25.
  - (b) 30.04.2025 being actual date of the filing return of the month in which such credit note has been issued.
  - (c) 11.04.2025 being due date of the filing return of the month in which such credit note has been issued.
  - (d) 30.11.2025.
9. As per the Customs Valuation (Determination of price of imported goods) Rules, 1988, the term "similar goods™" means imported goods
  - (a) which although not alike in all respects, have like characteristics and like component materials which enable them to perform the same functions.
  - (b) which were produced by the same person who produced the goods being valued.
  - (c) which were produced in the country in which the goods being valued were produced.
  - (d) All of the above

### Answers

|   |     |   |     |   |     |   |     |   |     |
|---|-----|---|-----|---|-----|---|-----|---|-----|
| 1 | (d) | 2 | (c) | 3 | (b) | 4 | (b) | 5 | (d) |
| 6 | (d) | 7 | (c) | 8 | (d) | 9 | (d) |   |     |

# HALL OF FAME



**IDT  
65**

**CMA HARSHAL TANK**



**IDT  
80**

**SAGAR GIROTI**



**IDT  
78**

**SNEHAL KUMARI**



**IDT  
66**

**CMA DEEKSHITH SHETTY**



**IDT  
65**

**CMA GAURAV KUMAR**



**IDT  
65**

**CMA ROHAN MISHRA**



**IDT  
61**

**KUSHAL JAIN**



**IDT  
60**

**CMA SONIA N THAKWANI**



**IDT  
60**

**NAMRATA MANDAL**

# HALL OF FAME



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**IDT  
73**



**SAKSHI KAUSHIK**

**IDT  
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**DIPIKA SHAH**

**IDT  
69**



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**IDT  
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**IDT  
63**



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61**



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