

## TOP 30 QUESTIONS OF GST

## Value Of Supply

## Question 1

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

List price of the goods (exclusive of taxes and discount)	50,000
Tax levied by the Municipal Authority on the sale of such goods	6,000
Packing charges (not included in the list price above)	2,500
Subsidy received from a NGO, directly linked to price (included in the list price above)	3,000

Paid to one of the vendors by ABC Pvt. in relation to the service provided by the vendor to XYZ Pvt. Ltd. (not included in the list price above) 2,000

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

ABC Pvt. Ltd. delayed the payment and paid ` 5,000 (including GST of 18%) as interest to XYZ Pvt. Ltd. Determine the value of taxable supply made by XYZ Pvt. Ltd. under GST law.

## Solution

Particulars	Amount
List price of the goods (exclusive of taxes and discounts)	50,000
Tax levied by Municipal Authority on the sale of such goods [Taxes other than GST, if charged separately, are includible in the value of supply.]	6,000
Packing charges [Being incidental expenses, same are includible in the value of supply.]	2,500
Subsidy received from NGO [Since subsidy is received from a non-Government body and directly linked to the price, the same is includible in the value of supply.]	-
Payment made by ABC Pvt. Ltd. in relation to service provided by vendor to XYZ Pvt Ltd. [Amount that supplier is liable to pay, but incurred by the recipient, is includible in the value of supply.]	2,000
Turnover discount [Since discount is not known at the time of supply, it is not deductible from the value of supply.]	-
Interest for delayed payment (rounded off) [Includible in the value of supply] [5,000 × 100/118]	4,237
	64,737

## Place of Supply

### Question 1

Zebrex, registered in Delhi, enters into a contract with Shine Ltd., an advertising company, located and registered in Gurugram, Haryana, to arrange the display of an advertisement of Zebrex's newly launched product on a hoarding placed in Marine Drive-Mumbai, Maharashtra for initial 3 months of the launch of the product. Shine Ltd., in turn, enters into a contract with the owner of Seaside Hotel located and registered in Marine Drive-Mumbai, Maharashtra for display of the advertisement on a hoarding placed in the lawn of the hotel. What will be the place of supply of service(s) provided in the given case?

### Solution

In the given case, two supplies are involved:

- (i) Services provided by Shine Ltd. to Zebrex by way of arranging the display of the advertisement of its newly launched product, and
- (ii) Services provided by Seaside Hotel to Shine Ltd. by way of placing a hoarding in the lawn of the hotel.

The place of supply in each of the above supplies is as follows:

- (i) As per section 12(2)(a) of the IGST Act, 2017, the place of supply of services, except the services specified in sub-sections (3) to (14) of section 12 of the IGST Act, 2017, made to a registered person is the location of the person receiving the services. Advertisement services provided by Shine Ltd. to Zebrex is not covered in any of the sub-sections of section 12 of the IGST Act, 2017. Therefore, the place of supply shall be determined by the default provision under section 12(2)(a) of the IGST Act, 2017, viz. the location of the recipient.

Thus, the place of supply, in the given case, is the location of Zebrex, i.e. Delhi.

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

### Question 2

Pathan Vohra of Pune, Maharashtra enters into an agreement to sell goods to Sukumar Enterprises of Bareilly, Uttar Pradesh. While the goods were being packed in Pune godown of Pathan Vohra, Sukumar got an order from Sindhu Pvt. Ltd. of Shimoga, Karnataka for the said goods. Sukumar Enterprises agreed to supply the said goods to Sindhu Pvt. Ltd. and asked Pathan

Vohra to deliver the goods to Sindhu Pvt. Ltd. at Shimoga. You are required to determine the place of supply(ies) in the above situation.

#### Solution

The supply between Pathan Vohra (Pune) and Sukumar Enterprises (Bareilly) is a bill to ship to supply where the goods are delivered by the supplier [Pathan Vohra] to a recipient [Sindhu Pvt. Ltd. (Shimoga)] or any other person on the direction of a third person [Sukumar Enterprises]. The place of supply in case of domestic bill to ship to supply of goods is determined in terms of section 10(1)(b) of the IGST Act, 2017.

As per section 10(1)(b) of the IGST Act, 2017, where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person.

Thus, in the given case, it is deemed that the Sukumar Enterprises has received the goods and the place of supply of such goods is the principal place of business of Sukumar Enterprises. Accordingly, the place of supply between Pathan Vohra (Pune) and Sukumar Enterprises (Bareilly) will be Bareilly, Uttar Pradesh.

This situation involves another supply between Sukumar Enterprises (Bareilly) and Sindhu Pvt. Ltd. (Shimoga). The place of supply in this case will be determined in terms of section 10(1)(a) of the IGST Act, 2017.

Section 10(1)(a) stipulates that where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of such goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient.

Thus, the place of supply in second case is the location of the goods at the time when the movement of goods terminates for delivery to the recipient (Sindhu Pvt. Ltd.), i.e. Shimoga, Karnataka.

#### Question 3

Determine the place of supply in the following independent cases:-

- a) Mr. Sahukaar (New Delhi) boards the New Delhi - Sawai Madhopur train at New Delhi. Mr. Sahukaar sells the goods taken on board the train by him (at New Delhi), in the train, at Bharatpur during the journey.
- b) Mr. Aatmaram (unregistered under GST), a manager in a Bank, is transferred from Bareilly, Uttar Pradesh to Bhopal, Madhya Pradesh. Mr. Aatmaram's family is stationed in Kanpur, Uttar Pradesh. He hires Gokul Carriers of Lucknow, Uttar Pradesh (registered in Uttar Pradesh), to transport his household goods from Kanpur to Bhopal.
- c) Bholunath, a resident of New Delhi, opens his saving account in New Delhi branch of Best Bank after undergoing the KYC process. He goes to Amritsar for some official work and withdraws money from Best Bank's ATM in Amritsar thereby crossing his limit of free ATM withdrawals. Thus, withdrawal charges were levied by the Best bank

**Solution**

- a) Section 10(1)(e) of the IGST Act, 2017 lays down that place of supply of goods supplied on board a conveyance like aircraft, train, vessel, or a motor vehicle, is the location where such goods have been taken on board. Thus, in the given case, the place of supply of the goods sold by Mr. Sahukaar is the location at which the goods are taken on board, i.e. New Delhi and not Bharatpur where they have been sold.
- b) As per section 12(8) of the IGST Act, 2017, the place of supply of services by way of transportation of goods, including by mail or courier provided to an unregistered person, is the location at which such goods are handed over for their transportation. Since in the given case, the recipient – Aatmaram – is an unregistered person, the place of supply is the location where goods are handed over to Gokul Carriers for their transportation, i.e. Kanpur
- c) As per section 12(12) of the IGST Act, 2017, the place of supply of banking and other financial services, including stock broking services to any person is the location of the recipient of services in the records of the supplier of services. Thus, in the given case, the place of supply is the location of the recipient of services in the records of the supplier bank, i.e. New Delhi

**TDS/TCS****Question 1**

State whether the provisions pertaining to tax collected at source under section 52, will be applicable in below mentioned scenarios –

- (a) Fitan sells watch on its own through its own website
- (b) ABC limited who is dealer of Fitan brand sells watches through Slipkart, an electronic commerce operator

**Solution**

As per section 52, every electronic commerce operator not being an agent, shall collect an amount calculated at such rate not exceeding one per cent., as may be notified by the Government on the recommendations of

- (a) the Council, of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator.  
Hence, if the person sells on his own, provisions pertaining to tax collected at source (TCS) won't be applicable.
- (b) If ABC limited who is dealer of Fitan brand sells watches through Slipkart, then the provision of TCS will be applicable to Slipkart.

**Question 2**

Sumitra Nandan books a Hotel – Hillpoint Residency - via Zitcom Technologies Ltd. – an ECO - who in turn is integrated with another ECO-Techsuper Ltd. who has agreement with Hillpoint Residency. You are required to determine who is required to collect TCS in the given case

**Solution**

The given case is a case of multiple e-commerce model wherein a customer orders supplies via ECO-1 who in turn is integrated with ECO-2 who has agreement with the supplier. In this case, ECO-1

will not have any GST information of the supplier. TCS is to be collected by that e-Commerce operator who is making payment to the supplier for the particular supply happening through it, which is in this case will be ECO-2. Thus, in the given case, TCS is to be collected by ECO-Techsuper Ltd. who is making payment to Hillpoint Residency for the supply happening through it.

### Question 3

X booked a Hotel in Udaipur, Rajasthan through an e-commerce portal for an amount of ₹ 25,000. As per the terms and conditions, the amount was payable at the hotel at the time of check in. Whether TCS provisions shall apply in the present case?

### Solution

No, as per the provisions under section 52, the TCS provisions shall trigger only when the ECO is receiving the consideration for supply from the recipient of supply. In the present case, the supplier i.e. the hotel is directly receiving the consideration from the recipient of the services i.e. X. Hence, the present transactions shall not trigger the TCS provisions under section 52

### Question 4

Yash Shoppe, a registered supplier of Jaipur, is engaged in supply of various goods and services exclusively to Government departments, agencies, local authority and persons notified under section 51. You are required to briefly explain the provisions relating to tax deduction at source under section 51 and also determine the amount of tax, if any, to be deducted from each of the receivables given below (independent cases) assuming that the payments as per the contract values are made on 31st October. The rates of CGST, SGST and IGST may be assumed to be 6%, 6% and 12% respectively.

- (1) Supply of computer stationery to Public Sector Undertaking (PSU) located & registered in Mumbai. Total contract value is ₹ 2,72,000 (inclusive of GST)
- (2) Supply of air conditioner to GST department located & registered in Delhi. Total contract value is ₹ 2,55,000 (exclusive of GST)
- (3) Supply of generator renting service to Municipal Corporation of Jaipur (not exempt under GST law). Total contract value is ₹ 3,50,000 (inclusive of GST)

### Solution

S.no	Particulars	Contract Value	TDS
1	Supply of computer stationery to PSU in Mumbai [Since the total value of supply under the contract [excluding IGST (being inter-State supply)] does not exceed ₹ 2,50,000, tax is not required to be deducted.]	2,42,857 [2,72,000 × 100 / 112]	Not applicable
2	Supply of air conditioner to GST	2,55,000	TDS (IGST)

	Department in Delhi [Since the total value of supply under the contract [excluding IGST (being inter-State supply)] exceeds ` 2,50,000, tax is required to be deducted.]		2% of 2,55,00 = 5100
3	Supply of a generator renting service to Municipal Corporation of Jaipur [Since the total value of supply under the contract [excluding CGST and SGST (being intra-State supply)] exceeds ` 2,50,000, tax is required to be deducted.]	3,12,500 [3,50,000 × 100 / 112]	TDS (CGST & SGST 1% each) CGST = 3125 SGST = 3125

### Registration

#### Question 1

Bindusara commences the business of supplying taxable goods locally within the State of Rajasthan in April. He is not yet registered under GST. As his aggregate turnover reaches ` 8 lakh by the end of the month of June, Bindusara starts exploring the option to sell the goods supplied by him within Rajasthan on a popular electronic commerce platform – E-vastustore by listing the goods on the said platform.

He approaches you for advice on following issues in this regard:

- (A) Bindusara wishes to continue his business without registering under GST since it will enhance the compliance burden under GST law. Can he supply the goods through E-vastustore without obtaining GST registration? You are required to advise him.
- (B) Discuss the GST implications in case Bindusara supplies goods through electronic commerce platform - E-vastustore.

#### Solution

- A. Yes, Bindusara can supply goods through E-vastustore without obtaining GST registration. As per section 24(ix), persons who supply goods and/or services, other than services notified under section 9(5), through such electronic commerce operator (hereinafter referred as ECO) who is required to collect TCS under section 52 is required to obtain registration mandatorily.

However, the persons making supplies of goods through an ECO who is required to collect TCS and having an aggregate turnover in the preceding financial year and in the current financial year not exceeding the threshold limit in accordance with the provisions of section 22(1), are exempted from obtaining registration, vide Notification No. 34/2023 CT dated 31.07.2023, subject to the following conditions, namely:

- (i) such persons shall not make any inter-State supply of goods;

- (ii) such persons shall not make supply of goods through ECO in more than one State/Union territory;
- (iii) such persons shall be required to have a PAN issued under the Income-tax Act, 1961;
- (iv) such persons shall, before making any supply of goods through ECO, declare on the common portal:
  - a. their PAN
  - b. address of their place of business and
  - c. State/UT in which such persons seek to make such supply, which shall be subjected to validation on the common portal;
- (v) such persons have been granted an enrolment number on the common portal on successful validation of the PAN declared above;
- (vi) such persons shall not be granted more than one enrolment number in a State/UT;
- (vii) no supply of goods shall be made by such persons through ECO unless such persons have been granted an enrolment number on the common portal; and
- (viii) where such persons are subsequently granted registration under section 25, the enrolment number shall cease to be valid from the effective date of registration.

Thus, Bindusara can supply goods through E-vastustore without obtaining GST registration till the time its aggregate turnover does not exceed the threshold limit in accordance with the provisions of section 22(1) thereby complying with the aforesaid conditions.

- B. As Bindusara is not required to obtain registration under GST, there shall be no GST implications on the supplies made by him through electronic commerce platform - E-vastustore.**

However, the electronic commerce operator - E-vastustore – is required to submit the details of supplies made through it by the unregistered suppliers (including Bindusara) having enrolment number in Form GSTR 8. Further, no tax at source shall be collected by the E-vastustore in respect of such supplies.

### Question 2

Examine whether the supplier of goods is liable to get registered in the following independent cases:

- (i) Rudra Builders of Rohini, Delhi is exclusively engaged in intra-State taxable supply of building bricks. It's aggregate turnover in the current financial year is ` 23 lakh.
- (ii) Heera of Himachal Pradesh is exclusively engaged in intra-State taxable supply of footwear. His turnover in the current financial year (FY) from Himachal Pradesh showroom is ` 32 lakh. He has another showroom in Nagaland with a turnover of ` 11 lakh in the current FY.

### Solution

As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to get registered in the State/Union territory from where he makes a taxable

supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:-

- (a) ` 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ` 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) ` 40 lakh for rest of India except persons engaged in making supplies of fly ash bricks/blocks, building bricks, bricks of fossil meals, earthen/roofing tiles, ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.

In the light of the afore-mentioned provisions, the answer to the independent cases is as under:

- (i) The benefit of enhanced threshold limit of registration of ` 40 lakh is not applicable for Rudra brothers even though it is exclusively engaged in intra-State taxable supply of goods in Delhi as it is engaged in making supplies of building bricks. Thus, the applicable threshold limit for registration for Rudra Builders in the given case is ` 20 lakh. Thus, it is liable to get registered under GST as it's turnover is more than the threshold limit.
- (ii) Heera could have been eligible for enhanced threshold limit of turnover for registration, i.e. ` 40 lakh as he is exclusively engaged in intra-State supply of goods. However, since Heera is engaged in supplying footwear from a Special Category State i.e. Nagaland, the threshold limit gets reduced to ` 10 lakh. Thus, Heera is liable to get registered under GST as his turnover exceeds `10 lakh. Further, he is required to obtain registration in both Himachal Pradesh and Nagaland as he is making taxable supplies from both the States.

### Question 3

Mr. X of Haryana intends to start business of supply of building material to various construction sites in Haryana. He has taken voluntary registration under GST in the month of April. However, he has not commenced the business till December due to lack of working capital. The proper officer suo-motu cancelled the registration of Mr. X. You are required to examine whether the action taken by proper officer is valid in law?

Mr. X has applied for revocation of cancellation of registration after 40 days from the date of service of the order of cancellation of registration. Department contends that application for revocation of cancellation of registration can only be made within 30 days from the date of service of the order of cancellation of registration. You are required to comment upon the validity of contentions raised by Department and Mr. X.

### Solution

As per section 29 of the CGST Act, 2017, the proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where, any person who has taken voluntary registration under sub-section (3) of section 25 has not commenced business within six months from the date of registration.

Thus, in view of the above-mentioned provisions, suo-motu cancellation of registration of Mr. X by proper officer is valid in law since Mr. X, a voluntarily registered person, has not commenced his business within 6 months from the date of registration.

Further, where the registration of a person is cancelled suo-motu by the proper officer, such registered person may apply for revocation of the cancellation to such proper officer, within 90 days from the date of service of the order of cancellation of registration.

As Mr. X has applied for revocation within the time limit, therefore the contention raised by Mr. X is valid in law.

#### Question 4

Rajesh Dynamics, having its head office in Chennai, carries on the following activities with respective turnovers in a financial year

Particulars	Rs
Supply of petrol at Chennai	18,00,000
Value of inward supplies on which tax is payable on reverse charge basis	9,00,000
Supply of transformer oil at Chennai	2,00,000
Value of branch transfer from Chennai to Bengaluru without payment of consideration	1,50,000
Value of taxable supplies at Manipur branch	11,50,000

Decide based on the above facts: The aggregate turnover of Rajesh Dynamics.

Solution:

#### Computation of aggregate turnover of Rajesh Dynamics

Particulars	Rs
Supply of petrol at Chennai [Being a non-taxable supply, it is an exempt supply & thus, includible in aggregate turnover vide section 2(6) of CGST Act, 2017]	18,00,000
Value of inward supplies on which tax is payable on reverse charge basis	Nil
Supply of transformer oil at Chennai	2,00,000
Value of branch transfer from Chennai to Bengaluru without payment of consideration [Being a taxable supply, it is includible in aggregate turnover]	1,50,000
Value of taxable supplies of Manipur Branch	11,50,000
<b>Aggregate turnover</b>	<b>33,00,000</b>

### Input Tax Credit

#### Question 1

With reference to the provisions of section 17 of the CGST Act, 2017, examine the availability of input tax credit under the CGST Act, 2017 in the following independent cases:

- MBF Ltd., an automobile company, has availed works contract service for construction of a foundation on which a machinery (to be used in the production process) is to be mounted permanently.

- ii. Shah & Constructions procured cement, paint, iron rods and services of architects and interior designers for construction of a commercial complex for one of its clients.
- iii. ABC Ltd. availed maintenance & repair services from “Jaggi Motors” for a truck used for transporting its finished goods.
- iv. AMT Co. Ltd. purchased a mini bus having seating capacity of 16 persons for transportation of its employees from their residence to office and back.
- v. Bangur Ceramics Ltd., a manufacturing company purchased two trucks for transportation of its finished goods from the factory to dealers located in various locations within the country.
- vi. “Hans premium” dealing in luxury cars in Chankyapuri, Delhi purchased five Skoda VRS cars for sale to customers.
- vii. Sun & Moon Packers Pvt. Ltd. availed outdoor catering service to run a canteen in its factory. The Factories Act, 1948 requires the company to set up a canteen in its factory.

### Question 2

M/s A Ltd. sold plant and machinery after being used in the manufacture of taxable goods for Rs. 4,00,000 on 1st November 2023. GST is payable on transaction value of plant and machinery 18%. M/s A Ltd. had purchased this machine vide invoice dated 22nd November 2022 for Rs. 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.

**Solution:**

Particulars	Amount
ITC taken on capital goods (5,50,000 x 18%)	99,000
Less: 25% reduction (5 quarters) – 5*5% = 25%	(24,750)
Balance ITC	74,250
Tax on Transaction value (4,00,000 x 18%)	72,000

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 Rs 74,250/-.

### Question 3

Fun Pharma Private Limited, a registered supplier is engaged in the manufacture of taxable goods. The company provides the following information of GST paid on the purchases made/input services availed by it during the month of September 2017:

	Particulars	GST paid (Rs)
(i)	Purchase of cabs used for the transportation of its employees	3,30,000

(ii)	Inputs consisting of three lots, out of which first lot was received during the month	1,25,000
(iii)	Capital Goods (out of three items, invoice for one item was missing and GST paid on that item was Rs 25,000)	2,50,000
(iv)	Outdoor catering service availed on Women's day	72,000

Determine the amount of input tax credit available with M/s Fun Pharma Private Limited for the month of September, 2017 by giving necessary explanations for treatment of various items.

All the conditions necessary for availing the input tax credit have been fulfilled.

**Solution:**

Computation of input tax credit (ITC) available with Fun Pharma Private Limited for the month of September, 2017

Particulars	Rs
Purchase of cabs used for the transportation of its employees [Note-1]	Nil
Inputs consisting of three lots, out of which first lot was received during the month [Note-2]	Nil
Capital goods [Note-3]	2,25,000
Outdoor catering service availed on Women's day [Note-4]	Nil
<b>Total ITC</b>	<b>2,25,000</b>

**Notes:-**

- Section 17 of CGST Act, 2017 provides that ITC on motor vehicles can be availed, inter alia, when they are used for making the taxable supply of transportation of passengers i.e., if the taxable person is in the business of transport of passengers. In the given case, since the supplier is a manufacturer, it cannot avail credit on cabs used for transportation of its employees.
- When inputs are received in instalments, ITC can be availed only on receipt of last instalment in terms of section 16 of CGST Act, 2017.
- ITC cannot be taken on missing invoice. The registered person should have the invoice in its possession to claim ITC vide section 16 of CGST Act, 2017.
- ITC on outdoor catering is specifically disallowed unless the same is used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply in terms of section 17 of CGST Act, 2017.

#### Question 4

XYZ Ltd., is engaged in manufacture of taxable goods. Compute the ITC available with XYZ Ltd. for the month of October, 2023 from the following particulars: -

S.No.	Inward Supplies	GST	Remarks
(i)	Inputs 'A'	100000	One invoice on which GST payable was Rs 10,000, is missing

(ii)	Inputs 'B'	50000	Inputs are to be received in two instalments. First instalment has been received in October, 2023.
(iii)	Capital Goods	120000	XYZ Ltd. has capitalised the capital goods at full invoice value inclusive of GST as it will avail depreciation on the full invoice value.
(iv)	Input Services	225000	One invoice dated 20.01.2023 on which GST payable was Rs 50,000 has been received in October, 2023.

**NOTE:**

- (i) All the conditions necessary for availing the ITC have been fulfilled.  
(ii) ABC Co. Ltd. is not eligible for any threshold exemption.  
(iii) The annual return for the financial year 2017-18 was filed on 15.09.2023

**Solution:**

SN.	Inward Supplies	ITC
(i)	Inputs 'A' [ITC cannot be taken on missing invoice. The registered person should have the invoice in its possession to claim ITC-Section 16(2)(a)]	90000
(ii)	Inputs 'B' [When inputs are received in instalments, ITC can be availed only on receipt of last installment-First proviso to section 16(2)]	NIL
(iii)	Capital goods [Input tax paid on capital goods cannot be availed as ITC, if depreciation has been claimed on such tax component – Section 16(3)]	NIL
(iv)	Input services [As per section 16(4), ITC on an invoice cannot be availed after the due date of furnishing of the return for the month of September following the end of financial year to which such invoice pertains or the date of filing annual return, whichever is earlier. Since the annual return for the FY 2022-23 has been filed on 15th September, 2023 (prior to 30 <sup>th</sup> nov 2023 ), ITC on the invoice pertaining to FY 2022-23 cannot be availed after 15th September, 2023.	175000
	<b>Total</b>	<b>265000</b>

**Question 5**

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

15th April of next year. Comfortable (P) Ltd. made the balance payment on 6th July of next year. Examine the availability of ITC with Comfortable (P) Ltd. in respect of IT engineering services received by it from High-Fi Infotech (P) Ltd.

### Solution

Every registered person is entitled to take credit of input tax charged on any supply of goods and/or services which are used or intended to be used in the course or furtherance of his business if, inter alia, he is in possession of a tax invoice issued by a supplier and he has received the goods and/or services.

The registered person must pay to the supplier, the value of the goods and/or services along with the tax within 180 days from the date of issue of invoice. In the event of failure to do so, the corresponding credits availed by the registered person would be required to be reversed or paid by such person alongwith interest. However, once the recipient makes the payment of value of goods and/or services along with tax, he will be entitled to avail the credit again without any time limit. In case part-payment has been made, proportionate credit would be allowed.

In the given case, High-fi Infotech (P) Ltd. provides the service in the month of October and Comfortable (P) Ltd. receives the invoice in the month of November. Therefore, in view of the above provisions and assuming all other conditions required for availing ITC having been fulfilled, ITC of ₹ 1,98,000 (₹ 11,00,000 x 18%) will be availed by Comfortable (P) Ltd. for the month of November when it receives the invoice issued by High-fi Infotech (P) Ltd.

However, proportionate ITC amounting to ₹ 1,33,932  $\Rightarrow [(\text{₹ } 12,98,000 - \text{₹ } 4,20,000)/118] \times 18$  will be reversed in GSTR-3B of Comfortable (P) Ltd. for May month, along with interest thereon, as full payment has not been made within 180 days of issuance of the invoice, i.e. by 4th May of next year. ITC of ₹ 1,33,932 can, however, be availed again by Comfortable (P) Ltd. for the month of July next year when it makes the balance payment.

### Question 6

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

Particulars	GST
Purchase of iron which is used as a raw material [Goods were received in two lots - first in March and the second in April]	2,50,000
Purchase of accessories which were delivered directly to the dealers of the company on the direction of Dina Ltd. [Only invoice was received by Dina Ltd.]	90,000
Purchase of bus (seating capacity 15) for the transportation of employees from their residence to company and back	1,97,000
General insurance taken on a car (seating capacity 5) used by executives of the company for official purposes	5,200

### Solution

Particulars	GST
-------------	-----

Purchase of iron used as a raw material [When inputs are received in lots, ITC can be availed only on the receipt of last lot. Hence, since last lot is received in April, ITC cannot be availed in March.]	NIL
Purchase of accessories delivered directly to the dealers of the company [Goods delivered to another person on the direction of the registered person by way of transfer of documents of title or otherwise, either before or during the movement, are deemed to have been received by such registered person. Thus, ITC is available to the registered person, on whose order/direction the goods are delivered to a third person.]	90,000
Bus for the transportation of employees [ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed.]	1,97,00
General insurance taken on car (seating capacity 5) used by executives of the company for official purpose [ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked except when the same are used for (i) making further taxable supply of such motor vehicles (ii) making taxable supply of transportation of passengers (iii) making taxable supply of imparting training on driving such motor vehicles. Further, ITC is not allowed on services of general insurance relating to such ineligible motor vehicles. Since, the car is not used for any of the eligible purposes, ITC thereon is blocked and thus, ITC on general insurance taken on such car is also blocked.]	NIL
	2,87,000

### Question 7

Babla Enterprises is exclusively engaged in making exempt supply of goods and is thus, not registered under GST. On 1st October, the exemption available on its goods gets withdrawn. On that day, the turnover of Babla Enterprises was ` 45 lakh. Examine the eligibility of Babla Enterprises for availing ITC, if any

#### Solution

Since the exemption available on goods being supplied by Babla Enterprises, an unregistered person, gets withdrawn, it becomes liable to registration as its turnover had crossed the threshold limit on the day when the exemption is withdrawn.

Assuming that Babla Enterprises applies for registration within 30 days of 1st October and it obtains such registration, it will be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semifinished or finished goods held in stock on the day immediately preceding the date from which it becomes liable to pay tax, i.e. 30th September [Section 18(1)(a)]. Input tax paid on capital goods will not be available as ITC in this case.

## Exemptions

### Question 1

Good Health Medical Centre, a clinical establishment, offers the following services:

- (i) Reiki healing treatments.
- (ii) Plastic surgeries. One such surgery was conducted to repair cleft lip of a new born baby.
- (iii) Air ambulance services to transport critically ill patients from distant locations to the Medical Centre.
- (iv) Palliative care for terminally ill patients. On request, such care is also provided to patients at their homes. (Palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease but the goal of such care is not to cure the disease).
- (v) Alternative medical treatments by way of yoga.
- (vi) The abnormality/disease/ailment of infertility is treated using ART procedure / IVF
- (vii) Rent of the rooms having room charges ` 6000 per day
- (viii) Renting Of ICU having room charge of ` 8000 per day

Good Health Medical Centre also operates a cord blood bank which provides services in relation to preservation of stem cells.

Good Health Medical Centre is of the view that since it is a clinical establishment, all the health care services provided by it as well as all the taxable services provided to it are exempt from GST.

You are required to examine the situation in the light of relevant statutory provisions

#### Solution

- (i) Not Exempt. Since reiki healing is not a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010, it would not be exempt and thus, GST would be payable thereon.
- (ii) Exempt. Health care service does not include, inter alia, cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma. Therefore, plastic surgeries will not be entitled to the said exemption and thus, GST would be payable thereon. However, plastic surgery conducted to repair a cleft lip will be eligible for exemption as it reconstructs anatomy or functions of body affected due to congenital defects (cleft lip).
- (iii) Exempt. Health care service includes services by way of transportation of the patient to and from a clinical establishment. Thus, air ambulance service to transport critically ill patients to Good Health Medical Centre would be eligible for exemption under the said notification.
- (iv) Exempt. Health care service means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicines in India. It is immaterial whether such service is provided at the clinical establishment or at the home of the patient or at any other place. Thus, palliative care for terminally ill patients is exempt.
- (v) Exempt. Since Yoga is a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010, the same would be eligible for exemption under the said notification.

- (vi) Exempt. Since the abnormality/disease/ailment of infertility is treated using ART procedure such as IVF, it is clarified that services by way of IVF are also covered under the definition of health care services
- (vii) Taxable. Rent of the rooms having room charges upto ` 5000 per day to a person receiving health care services in hospitals is exempt.
- (viii) Exempt. Renting of Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU) is always exempt irrespective of room rent.

Further, services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are not exempt from GST. Therefore, services provided in relation to preservation of stem cells by the cord blood bank operated by Good Health Medical Centre will be liable to GST.

It is important to note that Entry 74 of the exemption notification grants exemption to health care services provided BY a clinical establishment and not to services provided TO a clinical establishment. Therefore, Good Health Medical Centre's contention that since it is a clinical establishment, all the services provided to it are also exempt from GST is not correct in law.

### Question 2

Sukhiya Das is engaged in providing following services. With the help of information given below, determine which of the services provided by Sukhiya Das are exempt from GST:

- (1) Packaging of the onions purchased from village farmers into small packets of 1 kg each, in Sukhiya Das warehouse, so that same can be sold in a nearby city mall.
- (2) Warehousing of jaggery and tea.
- (3) Renting of warehouse for storage of agricultural produce.
- (4) Services by way of loading, unloading, packing, storage or warehousing of rice.
- (5) Services by way of warehousing of minor forest produce
- (6) services by way of fumigation in a warehouse of agricultural produce.

### Solution

- (1) Taxable. The processes/operations carried out at an agricultural farm on the agricultural produce which do not alter the essential characteristics of agricultural produce, but make it marketable only for the primary market are exempt. In the given case, though the packaging of onions does not alter their essential characteristic, it makes them marketable for retail market and not for the primary market and further, such packaging is being done at the warehouse of Sukhiya Das and not at an agricultural farm. Hence, said services are not exempt.
- (2) Taxable. Services by way of storage/ warehousing of agricultural produce, cereals, pulses, fruits and vegetables are exempt.

- (3) Taxable. Services by way of storage/ warehousing of agricultural produce, cereals, pulses, fruits and vegetables are exempt but in the given case it is renting of immovable property services. Such service is not exempt.
- (4) Exempt.
- (5) Exempt.
- (6) Taxable.

### Question 3

Discuss Whether Following services are exempt from GST or not:

- a) Mr. A rented his residential accommodation to X Ltd to be used as guest house by the X Ltd.
- b) Mr. A rented his residential accommodation to Mr. Z (registered sole proprietor). Mr. Z provided this accommodation to his EEs.
- c) Mr. A rented his residential accommodation to Mr. Z (registered sole proprietor). Mr. Z used this accommodation for his own residence.
- d) Mr. A rented his residential accommodation to Mr. Y (unregistered person)
- e) Mr. A rented his residential dwelling to Mr. P (registered Person) for commercial purpose.
- f) Mr. A rented his residential dwelling to Mr. Q (unregistered person) for commercial purpose.

**Solution**

Services by way of renting of residential dwelling for use as residence are exempt but where the residential dwelling is rented to a registered person then it shall be taxable. However, services by way of renting of residential dwelling to a registered person shall be exempt if following conditions are satisfied

- (i) the registered person is proprietor of a proprietorship concern and rents the residential dwelling in his personal capacity for use as his own residence; and
- (ii) such renting is on his own account and not that of the proprietorship concern.

Accordingly,

- a) Taxable.
- b) Taxable
- c) Exempt
- d) Exempt
- e) Taxable
- f) Taxable

### Question 4

Examine which of the following independent services are exempt/Not Taxable from GST:

- (a) An RWA in a housing society, registered under GST, collects the maintenance charges of ` 6,500 per month per member.
- (b) Gareeb Chand owns two residential apartments in a residential complex and pays ` 15,000/- per month as maintenance charges towards maintenance of these two apartments to the RWA
- (c) The turnover of RWA of Bulbul Housing Society located in New Delhi in a financial year is ` 15 lakh. It has collected the maintenance charges of ` 8,000 per month per member.

#### Solution

- a) Exempt
- b) Exempt
- c) Not Taxable as RWA is not liable to register

#### Question 5

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

- i. Fees charged from office staff for in-house personality development course conducted by M.V. College - Rs 10,000.
- ii. Bus fees collected from students by M.V. College - Rs 2,500 per month.
- iii. Housekeeping service provided by M/s. Clean well to Himavarsha Montessori school, a play school - Rs 25,000 per month.
- iv. Info link supplied "Tracing Alphabets", an online educational journal, to students of UKG class of Sydney Montessori School - Rs 2,000.
- v. Mr. X provided 5 buses on hire to DPS School for transportation of students, faculties and staff – Rs. 25,000 per month
- vi. Mr. X provided 5 buses on hire to Xaviers college for transportation of students, faculties and staff – Rs. 25,000 per month.
- vii. fee charged for issuance of eligibility certificate for admission or for issuance of migration certificate by Xaviers College.

#### Solution

- i. Exempt. Services provided by an educational institution to its students, faculty and staff are exempt.
- ii. Exempt. Services provided by an educational institution to its students, faculty and staff are exempt.
- iii. Exempt. Services provide to an educational institution, by way of, security or cleaning or house-keeping services performed in such educational institution providing pre-school education and education up to higher secondary school or equivalent;
- iv. Taxable. Services provide to an educational institution, by way of, supply of online educational journals or periodicals in such educational institution providing pre-school education and education up to higher secondary school or equivalent;

- v. Exempt. Services provide to an educational institution, by way of, transportation of students, faculty and staff; providing pre-school education and education up to higher secondary school or equivalent;
- vi. Taxable.
- vii. Exempt. Services supplied by an educational institution by way of issuance of migration certificate to the leaving or ex-students are also covered by the exemption.

### Payment Of Tax

#### Question 1

Chill Ltd., Delhi, a registered supplier, manufacturing machineries has made a taxable supply of machinery during the month of March. It furnished the following details for each such machinery supplied: -

S. No.	Particulars	Amount (₹)
(i)	List price of machinery (exclusive of taxes)	10,00,000
(ii)	Subsidy received from the Central Government for supply of machinery to Government School (exclusively related to supply of machinery included at S. No. 1)	2,10,000
(iii)	Subsidy received from an NGO for supply of machinery to an old age home (exclusively related to supply of goods included at S. No. 1)	2,00,000
(iv)	Tax levied by Municipal Authority	2,50,000
(v)	Packing charges	1,25,000

Additional information:-

The list price of the machinery is after considering the two subsidies received. However, the other charges/taxes/fee are charged to the customers over and above the list price.

Further, the company has provided the following information pertaining to purchases made/services availed by it in respect of supply of said machinery during the month of March:

S. No	Particulars	GST (₹)
(1)	Raw material (to be received in the month of April)	8,50,000
(2)	Membership of a club availed for employees working in the factory (not obligatory to be provided under any law)	4,00,000
(3)	Inputs to be received in 6 lots, out of which 1st lot was received during the month	3,50,000
(4)	Trucks used for transport of raw material	1,50,000

(5)	Capital goods (out of 3 items, invoice for 2 items is missing and GST paid on those items is ₹ 2,82,000)	3,50,000
-----	--	----------

Note:

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

Compute the net GST payable in cash, by Chill Ltd. for the month of March.

Solution

Computation of net GST payable in cash

Particulars	Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Supply of machinery [Refer Working Note]	15,75,000			2,83,500
Less: ITC available				2,18,000
Net GST payable in cash				65,500

Note: IGST is payable on the inter-State transactions.

Computation of total value of taxable supply made by Chill Ltd. during the month of March

Particulars	Amount (₹)
List price of the machinery	10,00,000
Subsidy amounting to ₹ 2,10,000 received from the Central Government [Since the subsidy is received from the Government, the same is not includible in the value in terms of section 15(2)(e) of the CGST Act, 2017]	Nil
Subsidy received from NGO [Since the subsidy is received from a non-Government body and directly linked to the supply, the same is includible in the value in terms of section 15(2)(e) of the CGST Act, 2017]	2,00,000
Tax levied by the Municipal Authority [Includible in the value as per section 15(2)(a) of the CGST Act, 2017]	2,50,000
Packing charges [Being incidental expenses, the same are includible in the value as per section 15(2)(c) of the CGST Act, 2017]	1,25,000
Total value of taxable supplies	15,75,000

Computation of ITC that can be availed by Chill Ltd. for the month of March

Particulars	ITC (₹)
Raw Material [ITC not available as raw material is not received in March]	Nil
Membership of a club availed for employees working in the factory (not obligatory to be provided under any law) [ITC is blocked in terms of section 17(5) of the CGST Act, 2017]	Nil
Inputs to be received in 6 lots, out of which 1st lot was received during the month [In case of goods received in lots, ITC can be taken only upon receipt of the last lot]	Nil
Trucks used for transport of raw material [ITC of GST paid on motor vehicles used for transportation of goods is allowed unconditionally]	1,50,000
Capital goods [ITC can be availed only on the basis of a valid document (invoice). Thus, GST paid on items for which invoice is missing, i.e. ₹ 2,82,000, is not available.]	68,000
<b>Total ITC</b>	<b>2,18,000</b>

### Question 2

X Electronics is a registered manufacturer of electrical appliances.

It made contract with dealers, that purchase of air conditioners of capacity 1.5 ton in the month of October, 2023 of quantity of more than 50 units will entitle them for 10% discount. Inter-State supply made during the month of October 2023 is Rs. 50,00,000 Details of Intra-State supply:

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

Intra-State inward supplies are :

Particulars	Amount (Rs.)
Raw material	20,00,000
Paid Gym membership for employees	50,000
Truck purchased for transportation of goods	30,00,000

X Electronics made supply of Air Conditioners (capacity 1.5 ton) to only one dealer named Mr. L. Gym membership for employees is not obligatory for X Electronics under any law.

Opening Balance of ITC is as under:

CGST:	Rs. 58,000
SGST:	Rs. 70,000
IGST:	Rs. 10,00,000

Note:

- (i) Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supplies except where specifically provided.
- (ii) Both inward and outward supplies are exclusive of taxes.
- (iii) All the conditions for availing the ITC have been fulfilled.

Compute the Net GST payable in cash by X Electronics for the month of October, 2020.

Solution:

Computation of net GST payable in cash by X Electronics for October 2020

S. No.	Particulars	Amount (Rs.)	CGST (Rs.)	SGST (Rs.)	IGST (Rs.)
I	Intra-State supply				
	Supply of microwave oven	15,00,000	1,35,000	1,35,000	
	Supply of refrigerators with stabilizers	40,00,000	5,60,000	5,60,000	
	[Being mixed supply, the supply shall be treated as a supply of that particular supply which attracts the highest rate of tax and taxed accordingly. Thus, it will be taxed @ 14% CGST and 14% SGST.]				
	Supply of 100 (Rs. 50 lakh/ Rs. 50,000) air conditioners	45,00,000	4,05,000	4,05,000	
	[Since 100 air conditioners have been supplied, discount @ 10% will be available.]c	[Rs. 50,00,000 x 90%]			
II	Inter-State supply @ 18%	50,00,000			9,00,000
	Total outward tax liability		11,00,000	11,00,000	9,00,000
	Less: Input Tax Credit (Refer Working Note below)				
	IGST credit first utilized towards payment of IGST. Remaining amount can be utilized towards CGST and		1,00,000 (IGST)		9,00,000 (IGST)

	SGST in any order and in any proportion				
	CGST credit set off against CGST liability and SGST credit set off against SGST liability as CGST credit cannot be utilized towards payment of SGST and vice versa.		5,08,000 (CGST)	5,20,000 (SGST)	
	Net GST liability payable in cash		4,92,000	5,80,000	Nil

## Working Note

## Computation of ITC available with X Electronics

Particulars		CGST (Rs.)	SGST (Rs.)	IGST (Rs.)
Opening balance of ITC		58,000	70,000	10,00,000
Intra-State inward supplies				
Raw material	20,00,000	1,80,000	1,80,000	
Gym membership for employees	50,000	Nil	Nil	
[ITC on membership of a health and fitness centre is blocked if there is no statutory obligation for the employer to provide the same.]				
Truck purchased for transportation of goods	30,00,000	2,70,000	2,70,000	
[ITC on motor vehicles used for transportation of goods is not blocked.]				
Total ITC		5,08,000	5,20,000	10,00,000

## Question 5

KNK Ltd., a registered supplier of Mumbai is a manufacturer of heavy machines. Its outward supplies (exclusive of GST) for the month of January, 2024 are as follows:

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

Applicable rate of CGST, SGST and IGST on outward supply are 9%, 9% and 18% respectively. Details of GST paid on inward supplies during the month of January, 2024 are as follows:

S. No.	Particulars	CGST paid (Rs.)	SGST paid (Rs.)
--------	-------------	--------------------	--------------------

(i)	Raw material A (of which 70% of inputs procured were used and 30% were in stock at the end of the January, 2024)	60,000	60,000
(ii)	Raw material B (of which 90% material received in factory and remaining material completely damaged due to a road accident on the way to factory. There was no negligence on the part of the KNK Ltd.)	50,000	50,000
(iii)	Construction of pipelines laid outside the factory premises	30,000	30,000
(iv)	Insurance charges paid for trucks used for transportation of goods.	55,000	55,000

**Additional Information:**

- (i) There is no opening balance of any input tax credit and all the conditions necessary for availing the input tax credit (ITC) have been fulfilled.
- (ii) Details of GST paid on inward supplies are available in GSTR-2B except for item (i) i.e. Raw Material A, for which supplier has not filed its GSTR-1 for the month of January 2024, hence corresponding input tax credit (ITC) is not reflecting in GSTR-2B of KNK Ltd. in January, 2024.

**Compute the following:**

- (i) Amount of eligible input tax credit (ITC) available for the month of January, 2024.
- (ii) Minimum net GST payable in cash, for the month of January, 2024 after using available input tax credit.

Working notes should form part of your answer.

**Solution:**

- (i) Computation of amount of eligible ITC available for the month of January, 2024

S. No.	Particulars	CGST (Rs.)	SGST (Rs.)
(i)	Raw materials B (90%) [Note-1]	45,000	45,000
(ii)	Construction of pipelines laid outside the factory premises [Note-2]	Nil	Nil
(iii)	Insurance charges paid for trucks used for transportation of goods [Note-3]	55,000	55,000
(iv)	Raw materials A [Note-4]	Nil	Nil
	<b>Total eligible ITC</b>	<b>1,00,000</b>	<b>1,00,000</b>

**Notes:**

- a) ITC on goods destroyed is blocked under section 17 of the CGST Act, 2017.
  - b) ITC on works contract services availed for construction of plant and machinery is allowed but pipelines laid outside the factory premises are excluded from the definition of plant and machinery and hence, ITC thereon is blocked.
  - c) ITC on motor vehicles used for transportation of goods is allowed. Further, ITC is also allowed on insurance services relating to motor vehicles, ITC on which is allowed.
  - d) Where invoice has not been uploaded by the supplier in its GSTR-1, ITC shall Not be available
- ii. Computation of minimum net GST payable in cash for the month of January, 2020

Particulars	Value (Rs.)	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
Inter-State outward supplies	85,00,000			15,30,000
Intra-State outward supplies	15,00,000	1,35,000	1,35,000	
Total output tax payable		1,35,000	1,35,000	15,30,000
Less: Set off of CGST and SGST credit against CGST and SGST liability respectively		(1,00,000)	(1,00,000)	
Minimum net GST payable in cash		35,000	35,000	15,30,000

**Question 6**

M/s. Daksha Enterprises has made a cash deposit of ` 10,000 under minor head 'tax' of major head 'SGST'. It has a liability of ` 2,000 for minor head "Interest" under the major head "SGST". State whether M/s. Daksha Enterprises can utilise the amount available for payment of interest.

**Solution**

The registered person is allowed to transfer the amount available under any minor head of a major head to any of the minor head of the same or other major head as per Section 49(10) of the CGST Act vide Form PMT-09.

Therefore, in the given case, amount of ` 10,000 available under minor head 'tax' of major head 'SGST' can be utilised for payment of liability of ` 2,000 under minor head 'interest' of the same major head, after making a due transfer entry using Form GST PMT-09 from the minor head of 'tax' to 'interest'.

**Question 7**

Vishnu Pvt. Ltd., a registered supplier of goods and services at Kolkata has furnished the following information for the month of February:

S. No.	Particulars	Amount (₹)
(i)	Intra-State supply of taxable goods including ` 1,00,000 received as advance in January, the invoice for the entire sale value is issued on 15th February	4,00,000
(ii)	Purchase of goods from a composition dealer, registered in Kolkata	5,50,000
(iii)	Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (It is an intra-State transaction)	1,00,000
(iv)	Membership of a club availed for employees working in the factory (It is an intra-State transaction)	1,75,000
(v)	Goods transport services received from a GTA. GTA has exercised option to pay tax @12% (It is an inter-State transaction)	2,00,000
(vi)	Inter-State services provided by way of training in sports	10,000

(vii)	Inter-State security services provided to Bharat higher secondary school for their annual day function organised in Kaman Auditorium outside the School campus	15,000
(vii)	Inputs to be received in 4 lots, out of which 2nd lot was received during the month	40,000

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

Particulars	Amount (₹)
CGST	57,000
SGST	Nil
IGST	50,000

Note:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.

**Solution**

1. Computation of GST payable on outward supplies

S. No.	Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
(i)	Intra-State supply of goods for ₹ 4,00,000	36,000	36,000	Nil
(ii)	Services rendered by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex	9,000	9,000	Nil
(iii)	Services provided by way of training in recreational activities relating to sports	Nil	Nil	1,800
(iv)	Inter-State security services provided to Bharat higher secondary school for their annual day function to be held in Kaman Auditorium.	Nil	Nil	2,700
	<b>Total GST payable</b>	<b>45,000</b>	<b>45,000</b>	<b>4,500</b>

**Notes**

1. A registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12 of the CGST Act, 2017, i.e. date of issue of invoice or the last date on which invoice ought to have been issued. Thus, liability to pay tax on the advance received in January will also arise in the month of February, when the invoice for the supply is issued.
2. Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt. Labour contracts for repairing are thus, taxable.
3. Services by way of training in sports is exempt under GST, only if provided by charitable entities registered under section 12AA or section 12AB of the Income-tax Act, 1961. Thus, in the given case, said service is taxable.

4. Security services provided to Bharat higher secondary School for Annual Day function organised outside the school campus will be taxable as only the security services performed within the premises of the higher secondary school are exempt.

**Computation of total ITC**

Particulars	CGST @ 9% ( <sup>^</sup> )	SGST @ 9% ( <sup>^</sup> )	IGST @ 18% ( <sup>^</sup> )
Opening ITC	57,000	Nil	50,000
Add: Purchase of goods from a composition dealer [ITC is not available in case of supply of goods where tax has been paid under composition scheme]	Nil	Nil	Nil
Add: Membership of a club [Blocked credit]	Nil	Nil	Nil
Add: Goods transport services received from GTA [Input tax credit is available for the services received from GTA as the same are used in the course or furtherance of business.]	Nil	Nil	24,000
Add: Inputs to be received in 4 lots, out of which 2nd lot was received during the month [In case of goods received in lots, ITC can be taken only upon receipt of the last lot]	Nil	Nil	Nil
<b>Total ITC</b>	<b>57,000</b>	<b>Nil</b>	<b>74,000</b>

**Computation of minimum GST payable from electronic cash ledger**

Particulars	CGST @ 9% ( <sup>^</sup> )	SGST @ 9% ( <sup>^</sup> )	IGST @ 18% ( <sup>^</sup> )
GST payable	45,000	45,000	4,500
Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow]	(24,500) IGST (3)	(45,000) IGST (2)	(4,500) IGST(1)
Less: ITC of CGST to be used against CGST	(20,500) CGST		
<b>Minimum GST payable in cash</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>