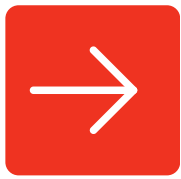


TOP 42 QUESTIONS



**GST
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CA VARDHAMAN DAGA

TOP 42 QUESTIONS

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2 SUPPLY UNDER GST 1-3	3 CHARGE OF GST 4-6	4 PLACE OF GST 7-10	5 EXEMPTIONS FROM GST 11-14	6 TIME OF SUPPLY 15-16
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ARHAM INSTITUTE TAGORE NAGAR SBI COLONY PACHPEDI NAAKA RAIPUR (C.G)



CHAPTER – 2

SUPPLY UNDER GST

Illustration 4

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

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

Solution

Thus, in the given case, inter-State movement of trucks from the workshop of Gagan Engineering Pvt. Ltd. located in Haryana to its repair centres located in other States is 'neither a supply of goods nor supply of service' **(Discussed in class)**

Illustration 8

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

- (a) Sulekha Manufacturers have a factory in Delhi and a depot in Mumbai. Both these establishments are registered in respective States. Finished goods are sent from factory in Delhi to the Mumbai depot without consideration so that the same can be sold from the depot.*
- (b) Raman is an architect in Chennai. His brother who is settled in London is a well-known lawyer. Raman has taken legal advice from him free of cost with regard to his family dispute.*
- (c) Would your answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai?*

Solution

- (a) Schedule I read with section 7(1)(c), inter alia, stipulates that supply of goods or services or both between related persons or between distinct persons as specified in section 25, is supply even without consideration provided it is made in the course or furtherance of business. Further, a person who has obtained more than one registration, whether in one State/Union territory or more than one State/Union territory shall, in respect of each such registration, be treated as distinct persons [Section 25(4)].*

In view of the same, factory and depot of Sulekha Manufacturers are distinct persons. Therefore, supply of goods from Delhi factory of Sulekha Manufacturers to Mumbai Depot



without consideration, but in course/furtherance of business, is supply under section 7 read with Schedule I.

Schedule I read with section 7(1)(c), inter alia, stipulates that import of services by a taxable 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. Explanation to section 15, inter alia, provides that persons shall be deemed to be "related persons" if they are members of the same family. Further, as per section 2(49), family means, —

- (i) the spouse and children of the person, and
 - (ii) the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.
- (b) In the given case, Raman has received free of cost legal services from his brother. However, in view of section 2(49)(ii) above, Raman and his brother cannot be considered to be related as Raman's brother is a well known lawyer and so, not wholly/mainly dependent on Raman. Further, Raman has taken legal advice from him in personal matter and not in course or furtherance of business. Consequently, services provided by Raman's brother to him would not be treated as supply under section 7 read with Schedule I.
- (c) In the above case, if Raman has taken advice with regard to his business unit, services provided by Raman's brother to him would still not be treated as supply under section 7 read with Schedule I as although the same are provided in course or furtherance of business, but are provided without consideration and such services have not been received from a related person.

Illustration 12

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

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

Solution

- (i) Supply, under section 7, inter alia, includes import of services for a consideration even if it is not in the course or furtherance of business.
Thus, although the import of service for consideration by Miss. Shriniti Kaushik is not in course or furtherance of business [as the interior decoration services have been availed in respect of residence], it would amount to supply.
- (ii) Schedule I, inter alia, stipulates that import of services by a taxable person from a related person located outside India, without consideration is treated as supply only if it is provided in the course or furtherance of business. Explanation to section 15, inter alia,



provides that persons shall be deemed to be "related persons" if they are members of the same family. Further, as per section 2(49), family means, —

- (i) the spouse and children of the person, and
- (ii) the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person

In the given case, Miss Shriniti Kaushik has received interior decoration services from her brother. In view of section 2(49)(ii) above, Miss Shriniti and her brother shall be considered to be related as Miss Shriniti's brother is wholly dependent on her.

However, Miss Shriniti has taken interior decoration services for her residence and not in course or furtherance of business. Consequently, services provided by Miss Shriniti's brother to her would not be treated as supply under section 7 read with Schedule I.

- (iii) In the above case, if Miss Shriniti has taken interior decoration services with regard to her business premises, services provided by Miss Shriniti's brother to her would be treated as supply under section 7 read with Schedule I, as the same are provided in course or furtherance of business.

Illustration 15

Scope of Supply: Sahab Sales, an air-conditioner dealer in Janakpuri, Delhi, needs 4 air-conditioners for his newly constructed house in Safdarjung Enclave. Therefore, he transfers 4 air conditioners [on which ITC has already been availed by it] from its stock, for the said purpose. Examine whether the said activity amounts to supply under section 7 of the CGST Act, 2017. Further, a Janakpuri resident, Aakash, approached Sahab Sales. He sold an air-conditioner to Sahab Sales for ₹ 5,000. Aakash had bought the said air-conditioner 6 months before, for his residence. Does sale of the air conditioner by Aakash to Sahab Sales amount to supply under section 7 of the CGST Act, 2017?

(RTP May 2018)

Solution

Section 7 of the CGST Act, 2017 stipulates that in order to qualify as supply:

- (a) Supply should be of goods and/or services
- (b) Supply should be made for a consideration
- (c) Supply should be made in the course or furtherance of business.

Further, Schedule I of the CGST Act, 2017 illustrates the activities to be treated as supply even if made without consideration. One such activity is permanent transfer or disposal of business assets where input tax credit has been availed on such assets, i.e. said activity is to be treated as supply even if made without consideration. In view of said provisions, permanent transfer of air conditioners by Sahab Sales from its stock for personal use at its residence, though without consideration, would amount to supply. However, sale of air-conditioner by Aakash to Sahab Sales will not qualify as supply under section 7 of the CGST Act, 2017 as although it is made for a consideration, but its not in the course or furtherance of business.



CHAPTER – 3

CHARGE OF GST

Illustration 5

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

Solution

GST on supply of services by director of a company to the said company located in the taxable territory is payable on reverse charge basis. Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., A2Z Pvt. Ltd.

Illustration 14

Tax liability under Composition Scheme of trader: Mr. X opened a retail shop - 'Aapki Dukan' in Janta Market, Jaipur, Rajasthan on 01 April, 2025. He opted to pay tax under Section 10(1) of the CGST Act, 2017 in the said financial year. The aggregate turnover of the retail shop for the quarter ending 30th June, 2025 was 40 lakh. Further, for the half year ending 30th September, 2025, the turnover reached ₹ 85 lakh. Aapki Dukan recorded a rapid growth and the turnover reached 150 lakh by the end of December, 2025 and 165 lakh by the end of January 2026. Determine the total tax liability of Aapki Dukan. Mr. X has duly complied with the provisions of GST laws. Normal rate of tax in respect of goods sold in shop is 12%.

Solution

Section 10(1) of the CGST Act, 2017 provides that a registered person, whose aggregate turnover in the preceding financial year did not exceed 1.5 crore in the State of Rajasthan, will be eligible to opt for payment of tax under the composition scheme. According to Section 10(3), the benefit of composition scheme can be availed up to the aggregate turnover of 1.5 crore in current financial year. The option availed of by a registered person under Section 10(1) shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the limit of 1.5 crore. According to Explanation 2, for the purposes of determining the tax payable by a person under this section, the expression "turnover in State or turnover in Union territory" shall not include the value of following supplies, namely:

- (a) supplies from the first day of April of a financial year upto the date when such person becomes liable for registration under this Act; and
- (b) exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount. Thus, Aapki Dukan is eligible to pay tax under this section up to the turnover of 150 lakh. The total tax payable by it is as under:

Period	Tax rate	Turnover ₹	Tax liability (₹)
1st Quarter	Since turnover did not exceed ₹ 40 lakh, it was not required to obtain	₹ 40 lakh	Nil



	registration. Hence, no tax was required to be paid		
2nd Quarter	Effective rate is 1% (CGST+SGST/UTGST) under Section 10(1)	₹ 45 lakh [(85-40) lakh]	45,000
For 3rd Quarter	Effective rate is 1% (CGST+SGST/UTGST under Section 10(1) up to ₹ 150 lakh	₹ 65 lakh [(150-85) lakhs]	65,000
For the month January 2025	Normal rate of tax i.e. 12% will be applicable	₹ 15 lakh (165-150) lakh	1,80,000
Total tax liability			2,90,000

Illustration 19

Computation of composition tax liability: A Ltd. a manufacturing concern of Rajasthan having aggregate turnover of 120 lakhs in financial year 2024-25 has opted for composition scheme furnishes you with the following information for Financial Year 2025-26. It requires you to determine its composition tax liability and total tax liability. The break-up of supplies are as follows

Particulars	₹
Intra State Supplies of Goods X chargeable @ 5% GST	30,00,000
Intra State Supplies of goods which are chargeable to GST at Nil rate	18,00,000
Intra state supply of services chargeable with 5% GST	6,00,000
Interest earned on fixed deposits with banks	8,00,000
Intra state supplies which are wholly exempt under Section 11 of CGST Act, 2017	2,40,000
Value of inward supplies on which tax payable under RCM (GST Rate 5%)	5,00,000
Intra State Supplies of Goods Y chargeable @ 18% GST	30,00,000

Also determine composition tax liability if A Ltd. is a trader instead of manufacturer

Solution

The composition tax liability of A Ltd. shall be as under) Computation of Aggregate Turnover and composite tax (amount in ₹)



Particulars	Manufacturer	Trader
Intra State Supplies of Goods X chargeable @ 5% GST	30,00,000	30,00,000
Intra State Supplies of goods which are chargeable to GST at Nil rate	18,00,000	-
Intra state supply of services chargeable with 5% GST	6,00,000	6,00,000
Interest earned on fixed deposits with banks	-	-
Intra state supplies which are wholly exempt under Section 11 of CGST Act, 2017	2,40,000	-
Value of inward supplies on which tax payable under RCM (GST Rate 5%)	-	-
Intra State Supplies of Goods Y chargeable @ 18% GST	30,00,000	30,00,000
Aggregate turnover	86,40,000	66,00,000
Rate of composite tax	1%	1%
Total Composite tax (A)	86,400	66,000

ii) Tax payable under reverse charge basis (amount in ₹)

Value of inward supplies on which tax payable under RCM	5,00,000	5,00,000
Rate of GST	5%	5%
Tax payable under RCM [B]	25,000	25,000
Total Tax liability [A + B]	1,14,400	91,000

Working Note:

- (a) As per Second proviso to Section 10(1) to provide that a composition supplier may supply services of value not exceeding 10% of the turnover in the preceding financial year in a State or Union Territory or ₹ 5 lakh whichever is higher. Thus, A Ltd. can supply services to the extent of 10% of 120 lakhs i.e. ₹ 12 lakhs. According to Explanation to Section 10(1), for the purposes of second proviso, the value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount shall not be taken into account for determining the value of turnover in a State or Union territory. Since the value of services provided excluding interest earned on deposits is 6,00,000 which is within the limit of ₹ 12 lakhs, hence A Ltd. is eligible for composition scheme.
- (b) According to Explanation 2 to Section 10, for the purposes of determining the tax payable by a person under this section, the expression "turnover in State or turnover in Union territory" shall not include the value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount



CHAPTER – 4

PLACE OF GST

Illustration 13

Place of supply - Bill to Ship model: Kailash Traders, a dealer in furniture, located in Maharashtra, receives an order from Ghanshyam Traders, also located in Maharashtra. The order is for the supply of 250 Chairs, with an instruction to ship the Chairs to Prime Hard wares, located in Tamil Nadu. Prime Hard ware is a customer of Ghanshyam Traders. What will be the place of supply of goods?

Solution

Where three parties are involved i.e. to say a supplier, a buyer who is not the recipient of goods (referred as third person) and the recipient who actually receives the goods on the directions of the buyer, a fiction is introduced by Section 10(1)(b) of IGST Act, 2017, whereby the third person on whose direction the goods are delivered will be considered the recipient of the goods and the place of supply is deemed to be the principal place of business of the said third person (being the first buyer). There are two parts to this transaction:

(1) First part of the transaction - between Kailash Traders and Ghanshyam Traders:

Kailash Traders is the supplier of Chairs, and Ghanshyam Traders is the buyer. Accordingly, Kailash Traders bills the transaction to Ghanshyam Traders, and as per the instruction, ships the goods to Prime Hard wares in Tamil Nadu.

Over here, on the instruction from Ghanshyam Traders, Kailash Traders ships the chairs to Prime Hard wares located in Tamil Nadu. Here, Ghanshyam Traders is deemed as the third person. Therefore, the place of supply will be the principal place of business of the third person, i.e., Maharashtra. Accordingly, Kailash Traders charges CGST and SGST on billing to Ghanshyam Traders

(2) The second part of the transaction - between Ghanshyam Traders and Prime Hard wares:

Ghanshyam Traders is the supplier, and Prime Hard ware is the buyer. Ghanshyam Traders bills the transaction to Prime Hard wares, and endorses the lorry receipt (goods shipped in a lorry by Kailash Traders) in favour of Prime Hard wares. This lorry receipt (LR) will enable Prime Hard wares to take the delivery of the goods. The second part of the transaction between Ghanshyam Traders and Prime Hard wares will also be interstate, and IGST will be charged

Illustration 19

POS of services directly in relation to immovable property: Determine place of supply in independent cases as under



- (1) A company in Pune contracts with a Pune based architect to design a structure for their new office to be located in Bangalore
- (2) Mr. A of Jaipur entered into a lease agreement with Mr. B of Jaipur whereby he leased out his farm in Nagpur to Mr. B
- (3) Mr. A an employee of ABC Ltd. Kolkata, goes on an official tour to Hyderabad and stays in a hotel there, booked in the name of his company.
- (4) Mr. X of Mumbai arranged for destination wedding of his son at Pushkar (Rajasthan) he booked a resort at Pushkar for the accommodation of his guests and also for performing the marriage ceremony. Apart from providing the resort for the marriage purpose, decoration was also provided.
- (5) The contractor M/s. ABC of Pune sub-contracted the work of construction of the building at Delhi to M/s. XYZ of Mumbai, to complete the work as per the drawing and design of the Architect.
- (6) ABC Ltd. of Mumbai, hires a professional firm of Delhi to design its office in Canada.

Ans

The place of supply of services shall be determined as under-

	case	Place of supply	reasons
1	A company in Pune contracts with a Pune based architect to design a structure for their new office in Bangalore.	Bangalore	Though the supplier of service and the recipient are both located in Pune, place of supply would be the place where the immovable property is located i.e. Bangalore.
2	Mr. A of Jaipur entered into a lease agreement with Mr. B of Jaipur whereby he leased out his farm in Nagpur to Mr. B.	Nagpur	Though the supplier and the recipient are both in Jaipur, Rajasthan but any service provided by way of grant of rights to use immovable property is covered u/s 12(3) of the IGST Act, 2017, therefore, the place of supply shall be the location of the immovable property, here being Nagpur
3	Mr. A an employee of ABC Ltd. Kolkata, goes on an official tour to Hyderabad and stays in a hotel there, booked in the name of his company.	Hyderabad	This being the accommodation service, is covered under Section 12(3) of the IGST Act, 2017, accordingly, the place of supply shall be the location of the immovable property (here Hotel). The location of the supplier and the receiver is irrelevant.
4	Mr. X of Mumbai arranged for destination wedding of his son at Pushkar (Rajasthan). He booked a resort at Pushkar for the accommodation of his guests and also performing the marriage ceremony. Apart from providing the resort for	Pushkar (Rajasthan)	<p>✓ The place of supply of service for accommodation provided for organizing the marriage is governed by Section 12(3)(c) of the IGST Act, 2017, hence, the place of supply shall be the place of location of the resort</p> <p>✓ The provision of service of decorator, being ancillary to the services of organizing the</p>



	the marriage purpose, decoration was also provided		marriage is covered by Section 12(3)(d) of the IGST Act, 2017, hence, the place of supply shall be the place of location of the immovable property
5	The contractor M/s. ABC of Pune sub-contracted the work of construction of the building at Delhi to M/s. XYZ of Mumbai, to complete the work as per the drawing and design of the Architect	Delhi	Here, the main contractor, M/s. ABC merely co-ordinates with the subcontractor M/s. XYZ to ensure completion of construction work. Hence, both these services of construction activity undertaken by M/s. XYZ and the co-ordination of construction work undertaken by M/s. ABC are covered under Section 12(3)(a) of the IGST Act, 2017, hence, the place of supply shall be the place where the immovable property is located
6	ABC Ltd. of Mumbai, hires a professional firm of interior decorators of Delhi to design its office in Canada	Mumbai	Since the immovable property is intended to be located outside India, therefore, as per proviso to Section 12(3) of the IGST Act, 2017, the place of supply shall be the location of the recipient of service, here - Mumbai, being the location of ABC Ltd.

Illustration 25

Organisation of event, Assigning of sponsorship and admission to event: The All India Scientists Association (AISA) registered in Bengaluru, contracted with event managers M/s. BB Ltd. of New Delhi for organising the National seminar of scientists at Gurgaon and the highly esteemed real estate company XYZ Ltd. of Rajasthan offered sponsorship for the seminar. Mr. A, a scientist from Chennai paid for the fees to attend the seminar at the Bengaluru office of the AISA. Determine the place of supply of the various services supplied herein.

Ans

The place of supply shall be determined as follows:

Service supplied	Supplier	Recipient	Place of supply	Reason
Organisation of the event	BB Ltd. of Delhi	XYZ Limited	Bengaluru	As per Section 12(7), where the services by way of organisation of an event is supplied to a registered person, the place of supply shall be the location of such person.
Assigning sponsorship	AISA of Bengaluru	XYZ Ltd. Rajasthan	Rajasthan	As per Section 12(7), where the services ancillary to organisation of any of the



				events or assigning of sponsorship to such events IS supplied to a registered person, the place of supply shall be the location of such person.
Admission to the event	AISA of Bengaluru	Mr. A of Chennai	Gurgaon	As per Section 12(6), in case of services provided by way of admission to an event, the place of supply shall be the place where the event is actually held.



CHAPTER – 5

EXEMPTIONS FROM GST

Illustration 3

Determine the GST payable, if any, in each of the following independent cases, assuming that the rate of GST is 18% and that the service providers are registered:

- (a) Bollywood dance performance by a film actor in a film and consideration charged is ₹1,45,000.
- (b) Carnatic music performance by a classical singer to promote a brand of readymade garments and consideration charged is ₹1,30,000.
- (c) Carnatic music performance by a classical singer in a music concert and consideration charged is ₹1,55,000.
- (d) Kathak dance performance by a classical dancer in a cultural programme and consideration charged is ₹1,45,000.

Solution

- (a) Bollywood Dance performance by a film actor in a film is not exempt from GST even though the consideration charged is less than threshold limit of ₹1,50,000. The reason for the same is that the dance performance by an artist is exempt only if it is a performance in folk or classical art forms of dance.
- (b) Carnatic music performance by a classical singer to promote a brand of readymade garments is not exempt from GST even though, the consideration charged is less than threshold limit of ₹1,50,000 and it is a performance in classical art forms of music. The reason for the same is that the said exemption is not applicable to service provided by such artist as a brand ambassador.
- (c) Carnatic music performance by a classical singer in a music concert is not exempt from GST even though it is a performance in classical art forms of music. The reason for the same is the consideration charged for the service exceeds ₹1,50,000. Consequently, entire consideration charged is subject to GST as follows: = ₹1,55,000 × 18% = ₹27,900
- (d) Kathak dance performance by a classical dancer in a cultural programme is exempt from GST as it is a performance in classical art forms of dance and consideration charged does not exceed ₹1,50,000 [i.e. ₹1,45,000]

Illustration 8

RXL Pvt. Ltd. manufactures a beauty soap with the brand name 'Forever Young'. RXL Pvt. Ltd. has organized a concert to promote its brand. Ms. Ahana Kapoor, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert as a part of her services as a brand ambassador of the company. The proceeds of the concert worth ₹1,20,000



will be donated to a charitable organization by Ms. Ahana. Examine whether Ms. Ahana Kapoor will be required to pay any GST for classical dance performance given in the said concert

Solution

Services by an artist by way of a performance in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre, are exempt from GST, if the consideration charged for such performance is not more than ₹1,50,000. However, such exemption is not available in respect of service provided by such artist as a brand ambassador. Since Ms. Ahana Kapoor is the brand ambassador of 'Forever Young' soap manufactured by RXL Pvt. Ltd., the services rendered by her by way of a classical dance performance in the concert organized by RXL Pvt. Ltd. to promote its brand will not be eligible for the above-mentioned exemption and thus, be liable to GST. The fact that the proceeds of the concert will be donated to a charitable organization by Ms. Ahana will not have any bearing on the eligibility or otherwise to the above-mentioned exemption

Illustration 14

Exemptions: Services provided by Government: With reference to the provisions of CGST Act, 2017, examine whether GST is leviable in the following situations:

- Government of Rajasthan has provided services to ABC Ltd. of Rajasthan in the month of November for a consideration of 50,000. The turnover of ABC Ltd. in Financial Year was 18,00,000
- Government of Rajasthan has provided services to XYZ Ltd. in the month of November for a consideration of 5,000. The turnover of XYZ Ltd. Financial Year was 28,00,000.
- Jaipur Municipal corporation has awarded a contract for construction of road to PQR Ltd. failed to perform the contract and paid liquidated damages amounting 50,00,000 in accordance with the terms of contract.
- XYZ Ltd. has applied for registration under Companies Act, 2013 to Registrar of companies Rajasthan and has paid registration fees of 13,85,510.
- Delhi Government has charged 50,00,000 from Agro Care Ltd. for allocation of natural resources for agricultural purposes in the month of November, 2024.
- XYZ Ltd. has paid to Customs department 50,000 on account Merchant Overtime charges for deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo.
- XYZ Ltd. has made an upfront payment of ₹ 80,00,000 to Bihar Government on account of assignment of right to use minerals in the State of Bihar.

Solution

- Services provided by the Central Government, State Government, Union territory or local authority to a business entity with an aggregate turnover of up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017 are exempt vide Entry 7 of Notification No. 12/2017-CT(Rate). Since the aggregate turnover of ABC Ltd. in preceding financial year does not exceed ₹ 20 lakhs, it is exempt from obtaining registration. Hence, no GST shall be levied on services provided by Government of Rajasthan to ABC Ltd.
- Services provided by Central Government, State Government, Union territory or a local authority where the consideration for such services does not exceed 5,000 are exempt.



- vide Entry 9 of Notification No. 12/2017-CT (Rate). Hence, on said services no GST shall be levied.
- Services provided by the Central Government, State Government, Union territory or local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Central Government, State Government, Union territory or local authority under such contract are exempt vide Entry 62 of Notification No. 12/2017-CT (Rate). Hence, no GST shall be payable on liquidated damages of 50,00,000 paid by PQR Ltd. to Jaipur municipal corporation.
 - Services provided by the Central Government, State Government, Union territory or local authority by way of registration required under any law for the time being in force vide Entry 47 of Notification No. 12/2017-CT (Rate). Hence, no GST shall be levied on fees paid for incorporation by XYZ Ltd.
 - Services by way of allocation of natural resources to an individual farmer for the purposes of agriculture have been exempted vide Entry 63 of Notification No. 12/2017-CT (Rate). Such allocations/ auctions to categories of persons other than individual farmers would be leviable to GST. Hence, Agro Care Ltd. will be liable to pay GST on ₹ 50,00,000 under reverse charge basis
 - Services provided by the Central Government, State Government, Union territory by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime charges are exempt from GST vide Entry 65 of Notification No. 12/2017-CT (Rate). Hence, on such charges no GST shall be levied.
 - XYZ Ltd. will be liable to pay GST on assignment of rights to use minerals in the State of Bihar.

Illustration 25

Mr. Jayesh, a registered supplier of Mumbai, received the following amounts in respect of the various activities undertaken by him during the month of October, 2024.

	Particulars	Amount (₹)
(I)	Commission received as a recovery agent from a Non-Banking Finance Company (NBFC)	80,000
(ii)	Actionable claim received from normal business debtors	10,50,000
(iii)	Amount received from ABC Ltd. For performance of classical dance in one program	1,74,500
(iv)	Business assets (old computers) given to a friend free of cost, the market value of all the computers was ₹ 51,000.	No amount Charged
(v)	Consideration received for one month rent from a registered individual person for renting of residential dwelling for use as residence	15,200

Details of Input services:

Paid to an unregistered Goods Transport agency for various consignments of transportation of goods by road. (Each individual consignment in a single carriage was of less than ₹1,450.)	15,100
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Notes:

- All the amount stated above in both the tables are exclusive of GST, wherever applicable



- (ii) Aggregate turnover of Mr. Jayesh in previous year was ` 42,00,000. You are required to compute Gross value of supplies, on which GST to be paid by Mr. Jayesh for the month of October, 2023. (6 Marks, May 2023)

Ans

Computation of gross value of taxable supply on which GST is to be paid by Mr. Jayesh :

Particulars	Amount (₹)
Commission received as a recovery agent from Non-Banking Financial Company [Tax is payable by NBFC under reverse charge.]	-
Actionable claim received from normal business debtors [No tax is payable as actionable claims other than lottery, betting and gambling are covered under Schedule III, i.e. they are Neither supply of goods nor supply of services.]	-
Amount received from ABCL td. For performance of classical dance [Taxable since Consideration for classical dance performance exceeds ₹1,50,000.]	1,74,500
Business assets given free of cost [Not a supply as it is made without consideration and Not covered in Schedule I because ITC is not availed on the same.]	-
Rent from registered individual person [Tax is payable by the registered individual person Under reverse charge]	-
Services from unregistered GTA [Tax on services provided by unregistered GTA is payable Under reverse charge by Mr. Jayesh being a registered person.]	15,100
Gross value of taxable supply on which GST is to be paid by Mr. Jayesh	1,89,600



CHAPTER – 6

TIME OF SUPPLY

Illustration 19

XYZ & Co., a firm of Chartered Accountants, issued invoice for services rendered to Mr. A on 7th September. Determine the time of supply in the following independent cases:

- (1) The provision of service was completed on 1st August and payment was received on 28th September.
- (2) The provision of service was completed on 14th August and payment was received on 28th September.
- (3) Mr. A made the payment on 3rd August. However, provision of service was remaining to be completed at that time.
- (4) Mr. A made the payment on 15th September. However, provision of service was remaining to be completed at that time

Solution

The time of supply of services is the date of issue of invoice if the same is issued within 30 days from the date of supply of service OR the date of receipt of payment, whichever is earlier [Section 13(2)(a)]. In case the invoice is not issued within 30 days from the date of supply of service, time of supply is the date of provision of service OR the date of receipt of payment, whichever is earlier [Section 13(2)(b)]. In accordance with the aforesaid provisions, the time of supply in the four independent cases will be:

- (1) 1st August since the invoice is not issued within 30 days of supply of service.
- (2) 7th September since the invoice is issued within 30 days of supply of service and the payment is received after the issuance of invoice.
- (3) 3rd August viz., earlier of date of issuance of invoice (7th September) or date of receipt of payment (3rd August)
- (4) 7th September viz., earlier of date of issuance of invoice (7th September) or date of receipt of payment (15th September)

Illustration 33

On 4th September, 2024, V.R. Mehman a famous music composer, received 3 crore of consideration from Zilmil Music Co. Ltd. for sale of copyright of his original music album. He finished his work & made available the CD to the music company on 20 July, & 2026 raised the invoice on 24th July, 2026. What will be the time of supply as per CGST Act, 2017?

Note: Above Service is taxable under reverse charge basis.

(3 Marks, May 2018-Old)

Solution



Supply of services by music composer by way of transfer or permitting the use or enjoyment of a copyright covered under Section 13(1)(a) of the Copyright Act, 1957 relating to original musical works to music company is liable to be taxed on reverse charge basis. As per Section 13(3) of CGST Act, 2017, in case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely:-

- (a) (i) the date of payment as entered in the books of account of the recipient; or
(ii) the date on which the payment is debited in his bank account, whichever is earlier; or
- (b) the date immediately following 60 days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier Since the payment is made within 60 days from the date of invoice, the time of supply shall be 04-09- 2026

Illustration 34

Apte & Apte Ltd. is located in India and holding 51% of shares of Wilson Ltd., a USA based company. Wilson Ltd. provides Business Auxiliary Services to Apte & Apte Ltd. From the following details, determine the time of supply of Apte & Apte Ltd.:

Agreed consideration	US \$ 1,00,000
Date on which services are provided by Wilson Ltd.	16-12-2026
Date on which invoice is sent by Wilson Ltd.	19-12-2026
Date of debit in the books of account of Apte & Apte Ltd.	30-12-2026
Date on which payment is made by Apte & Apte Ltd	23-03-2026

Solution

Apte & Apte Ltd. of India and Wilson Ltd. of US are "associated enterprises" as per Section 92A of Income Tax Act, 1961, since Indian Company holds 51% shareholding of US based company. As per Section 13(3) of CGST, Act, 2017, in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be-

- (a) the date of entry in the books of account of the recipient of supply; or
- (b) the date of payment whichever is earlier. Therefore, the time of supply shall be 30-12-2026.



CHAPTER – 7

VALUE OF SUPPLY

Illustration 11

Red Pepper Ltd., Delhi, a registered supplier, manufactures taxable goods. It provides the following details of taxable inter-State supply made by it during the month of March.

	Particulars	Amount
(i)	List price of taxable goods supplied inter-State (exclusive of taxes)	15,00,000
(ii)	Subsidy received from the Central Government for supply of taxable goods to Government School (exclusively related to supply of goods included at S. No. 1)	2,10,000
(iii)	Subsidy received from an NGO for supply of taxable goods to an old age home (exclusively related to supply of goods included at S. No. 1)	50,000
(iv)	Tax levied by Municipal Authority	20,000
(v)	Packing charges	15,000
(vi)	Late fee paid by the recipient of supply for delayed payment of consideration (Recipient has agreed to pay ₹ 6,000 in lump sum and no additional amount is payable by him over and above such amount)	6,000

The list price of the goods is net of the two subsidies received. However, the other charges/taxes/fee are charged to the customers over and above the list price. Calculate the total value of taxable supplies made by Red Pepper Ltd. during the month of March. Rate of IGST is 18%.

Solution

Computation of total value of taxable supplies made by Red Pepper Ltd. during the month of March

Particulars	(₹)
Total value of taxable supplies	15,90,058

Illustration 21

Candy Blue 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

Particulars	Amount ₹
(i) List price of goods supplied inter-state	12,40,000
Items already adjusted in the price given in (i) above:	



(1) Subsidy from Central Government for supply of Biscuits to Government School	1,20,000
(2) Subsidy from Trade Association for supply of quality Biscuits	30,000
Items not adjusted in the price given in (i)	
(1) Tax levied by Municipal Authority	24,000
(2) Packing Charges	12,000
(3) Late fee paid by the recipient of supply for delayed Payment of invoice	5,000

Calculate the Value of taxable supply made by M/s. Candy Blue Ltd. for the month of October

Solution

Computation of value of taxable supply (amount in ₹)

Particulars	Amount ₹
List price of goods supplied inter-state	12,40,000
Subsidy from Central Government for supply of Biscuits to Government School	Nil
Add: Subsidy from Trade Association for supply of quality Biscuits	30,000
Add:	
(1) Tax levied by Municipal Authority	24,000
(2) Packing Charges	12,000
(3) Late fee paid by the recipient of supply for delayed Payment of invoice	5,000
Value of taxable supply	13,11,000

Working Notes:

- (1) The value of supply shall include subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments. Hence, subsidy received from Central Government will not be included while subsidy from trade association for supply of quality Biscuits will be included in the value of taxable supply. [Section 15(2)(e) of CGST Act, 2017]
- (2) The value of supply shall include any taxes, duties, cess, fees and charges levied under any law for the time being in force other than the CGST Act, the SGST Act, the UTGST Act and the GST (Compensation to States) Act, if charged separately by the supplier. Thus, tax levied by Municipal Authority shall be included in the value of taxable supply. [Section 15(2)(a) of CGST Act, 2017]
- (3) Any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Hence, cost of packing shall form a part of the transaction value of the supply. [Section 15(2)(c) of CGST Act, 2017]
- (4) Interest or late fee or penalty for delayed payment of any consideration for any supply as per Section 15(2)(d) of the Act. Hence, late fee paid by the recipient of supply for delayed payment of invoice shall form part of value of taxable supply.

Illustration 28

M/s. ILP Ltd. is a manufacturer of sharbat. It sells sharbat in bottles to various retail shopkeepers and gives 25 bottles free along with purchase of every 100 bottles. The MRP indicated



on each bottle is ₹200 per bottle. The transaction value is ₹160 per bottle. During a month, M/s. ILP Ltd. sold 1,00,000 bottles and gave away 25,000 bottles free to the retail shop- keepers. Compute the amount of GST payable by M/s. ILP Ltd. GST rate is 18%

Solution

Offering of extra quantity of the same product is to be treated in the nature of discount. This discount or value of free article/extra quantity of the same product which is known at the time of recognition of supply shall not be included in the transaction value of supply so as to compute GST liability. Thus, no GST is required to be paid on the notional value of the extra units/quantity of the product being offered as promotional tool as is in the nature of discount.

It has been clarified vide Circular No. 92/11/2019-GST, dated 07-03-2019 that as per Section 7(1)(a) of the said Act, the goods or services which are supplied free of cost (without any consideration) shall not be treated as 'supply' under GST (except in case of activities mentioned in Schedule I of the said Act). It may appear at first glance that in case of offers like 'Buy One, Get One Free', one item is being 'supplied free of cost' without any consideration. In fact, it is not an individual supply of free goods but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one. Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply and the rate of tax shall be determined as per the provisions of section 8 of the said Act.

In the present case, the sale is for the gross quantity (1,25,000) at the net price (₹160 per bottle on 1. Accordingly, the computation of GST payable is as shown below:

Particulars	₹
No. of bottles on which GST payable (A)	100,000
Transaction value per bottle (B)	160
Total transaction value on which GST is payable (C) = (A) ×(B) 1,00,000 160	1,60,00,000
GST liability @ 18% (D = C × 18%)	28,80,000



CHAPTER – 8

INPUT TAX CREDIT

Illustration 21

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

S no.	Particulars	GST (₹)
(1)	Purchase of iron which is used as a raw material [Goods were received in two lots - first in March and the second in April]	2,50,000
(2)	Purchase of accessories which were delivered directly to the dealers of the company on the direction of Dina Ltd. [Only invoice was received by Dina Ltd.]	90,000
(3)	Purchase of bus (seating capacity 15) for the transportation of employees from their residence to company and back	1,97,000
(4)	General insurance taken on a car (seating capacity 5) used by executives of the company for official purposes	5,200

You are required to determine the ITC that can be availed by Dina Ltd. for the month of March, by giving brief explanations for treatment of various items. Subject to the information given above, all the other conditions necessary for availing ITC have been fulfilled.

Solution

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

Particulars	ITC (₹)
Total ITC	2,87,000

Illustration 22

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 Info-tech (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 Info-tech (P) Ltd., it did not make the balance payment. Deficiency in service rendered was made good by High-Fi Info-tech (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 Info-tech (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 along with 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 Info-tech (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 × 18%) will be availed by Comfortable (P) Ltd. for the month of November when it receives the invoice issued by High-fi Info-tech (P) Ltd.

However, proportionate ITC amounting to 1,33,932 ⇒ [(12,98,000 - 4,20,000)/118] × 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.

Illustration 33

XYZ Ltd. engaged in supplying taxable goods has availed following services in month of September, 2023. Compute the input tax credit admissible on such input services.

- (1) Sales promotion services = ₹ 16,200
- (2) Health and fitness services availed from Physique Club for upkeep of health of their employees. The said services are not availed under Government obligation = ₹ 10,800
- (3) Hiring of motor bus for transportation of employees. Seating capacity of motor bus is 40 Passengers = ₹ 4,500
- (4) Market research services = ₹ 10,080
- (5) Quality control services = ₹ 18,000
- (6) Work contract services for construction of office building = ₹ 45,000

Note:

- (i) All the conditions necessary for availing the ITC have been fulfilled.
- (ii) Registered Person is not eligible for any threshold exemption.

Solution

Computation of Input tax credit available with XYZ Ltd. (amount in ₹):

Particulars	GST ₹
Sales promotion services [WN-1]	16,200
Health and fitness services availed from Physique Club for upkeep of health of their employees, not under Government obligation [WN-2]	Nil
Hiring of motor bus on rent for transportation of employees. Seating capacity of motor bus is 40 passengers. [WN-3]	4,500
Market research services [WN-1]	10,080
Quality control services [WN-1]	18,000



Work contract services for construction of office building (Not considered as eligible input service)	Nil
Total Input tax credit available	48,780

Working Notes:

- As per the Section 2(60), "Input service" means any service used or intended to be used by a supplier in the course or furtherance of business. So, services like (a) Sales promotion services; (b) Market research services; (c) Quality control services, are used by supplier in course or furtherance of business. Hence, the credit of the tax paid on the aforesaid supply of services is available.
- As per Section 17(5)(b), No input tax credit is available in respect of health and fitness center services where it is obligatory for an employer to provide the same to its employees under any law for the time being in force. Thus, no input tax credit shall be admissible on health and fitness services provided to employees.
- As per Section 17(5)(b)(i), Input tax credit is not allowed in respect of leasing, renting or hiring of motor vehicles referred to in clause (a) except when used for the purposes specified therein. Since bus having seating capacity of 40 passengers do not fall under the ambit of motor vehicles specified in Section 17(5)(a), hence input tax credit shall be admissible

Illustration 42

M/s. Pradyuman Corporation Pvt. Ltd., a registered dealer of Mumbai furnishes you following information for the month of October, 2024.

S no.	Particulars	Amount ₹
i)	Intra-State sale of Taxable goods (Out of above 50,000 was received as advance in September, 2024)	2,00,000
ii)	Goods purchased from unregistered dealer (Purchase on 20 October, 2024) (10,000 in case of Inter State & Balance Intra-State)	50,000
iii)	Received for services by way of labor contracts for repairing a single residential unit otherwise than as a part of residential complex (It is Intra State transaction)	50,000
iv)	Professional fees paid to Ms. Udadhi located in a non-taxable territory (It amounts to Inter-State transaction)	50,000

Compute GST liability (CGST, SGST or IGST, as the case may be) of M/s. Pradyuman Corporation Pvt. Ltd. for the month of October, 2024. Assume the rates of GST as under: CGST @ 9%, SGST @9% and IGST @ 18%.

Note: Turnover of M/s. Pradyuman Corporation Pvt. Ltd. was 2 crore in the Previous F.Y.

(5 Marks, May 2018)

Solution

Computation of GST liability for the month of October 2024:

S no.	Particulars	Value	CGST	SGST	IGST	Total
i)	Intra-State sale of Taxable goods (Out of above 50,000 was received as advance in	2,00,000	18,000	18,000	-	36,000



September, 2024) [WN-1]						
ii)	Goods purchased from unregistered dealer [WN-2]	50,000	Exempt	Exempt	Exempt	-
iii)	Received for services by way of labor contracts for repairing a single residential unit otherwise than as a part of residential complex (It is Intra State transaction)	50,000	4,500	4,500	-	9,000
iv)	Professional fees paid to Ms. Udadhi located in a non-taxable territory (It amounts to Inter-State transaction)	50,000	-	-	9,000	9,000
Total GST liability			22,500	22,500	9,000	54,000

Working Note:

- (1) As per Notification No. 66/2017-CT dated 15-11-2017, all taxpayers (except composition suppliers) are exempted from paying GST at the time of receipt of advance in relation to supply of goods. The entire GST shall be payable only when the invoice for the supply of such goods is issued or ought to have been issued. Thus, no GST is payable in respect of advance of ₹ 50,000 in the month of September, 2024 but the same will be payable in the month of October, 2024 when the supply of goods takes place.
- (2) Goods purchased from unregistered supplier is liable to GST on reverse charge basis. However, reverse charge is not applicable only on intra-State/inter-State supplies for specified goods and services received by notified registered supplier from unregistered person.
- (3) 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 complexes are exempt vide Entry 11 of Notification No. 12/2017-CT (Rate). This exemption is not applicable for repair service. The same shall be liable to GST.
- (4) In case of service supplied by a person located in a non-taxable territory to a person other than non-taxable online recipient, GST is payable under reverse charge by such recipient

Illustration 45

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

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

Mr. Handsome provides you the following details of transactions carried out during the month of March 2025

S no.	Particulars	₹
	Outward supply :	
i)	Goods sold by Mr. Handsome in his DCA capacity (intra-State	2,80,000



	transaction)	
ii)	Interest earned from the above customers for short term credit facility provided for timely payment of dues. (intra-State transaction)	20,000
iii)	Commission bill raised on charm LTD. In respect of DCA services provided (Interstate transaction)	30,000
	Inward supply :	
iv)	Inter-State supply of goods received from Charm Limited. Being a DCA, no consideration was paid. Value under section 15 - ₹ 2,00,000	Nil
v)	Received training in marketing and distribution from Charm Limited as per DCA agreement, free of cost. Company charges ₹ 75,000 for such training when it provides the same to others	Nil

Applicable rate of tax on both inward and outward supplies is 9% each for CGST and SGST and 18% for IGST Amounts given above are exclusive of taxes wherever applicable. Subject to the information given above, necessary conditions are complied with for availment of input tax credit You are required to calculate the gross GST liability and eligible input tax credit for the month of March 2025 of Mr. Handsome. Brief notes should form part of your answer for treatment of items in Sl. No. (i) to (v).
(6 Marks, Nov. 2022)

Solution

Computation of gross GST liability of Mr. Handsome for the month of March 2024:

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



Note: Since the invoice for goods sold is issued by the DCA - Mr. Handsome in his own name, he would fall under the ambit of an agent under Schedule-I of the CGST Act. Computation of eligible ITC for the month of March 2025:

Particulars	Value (₹)	CGST (₹)	SGST (₹)
Inward supply of goods from Charm Limited free of cost [Supply of goods by principal - Charm Limited to the agent - Mr. Handsome qualifies as supply even though it is made without consideration.] [₹ 2,00,000 × 18%] Training in marketing and distribution received from Charm Limited free of cost [Since no consideration is charged for the services provided, said services do not qualify as supply. As no GST is paid on the same, ITC is not available]			36,000
Total ITC available	Nil	Nil	36,000



CHAPTER – 9

REGISTRATION

Illustration 4

Determine the effective date of registration in following cases:

- (a) The aggregate turnover of Dhampur Footwear Industries of Delhi has exceeded the applicable threshold limit of ₹ 40 lakh on 1st September. It submits the application for registration on 20th September. Registration certificate is granted to it on 25th September.
- (b) Mehta Teleservices is an architect in Lucknow. Its aggregate turnover exceeds ₹ 20 lakh on 25th October. It submits the application for registration on 27th November. Registration certificate is granted to it on 5th December.

Solution

- (a) Every supplier becomes liable to registration if his turnover exceeds the applicable threshold limit [₹ 40 lakh in this case] in a financial year [Section 22 read with Notification No. 10/2019 CT dated 07.03.2019]. Since in the given case, the turnover of Dhampur Industries exceeded ₹ 40 lakh on 1st September, 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 [Section 25 read with rule 10]. Therefore, the effective date of registration is 1st September.

- (b) Since in the given case, the turnover of Mehta Teleservices exceeds the applicable threshold limit [₹ 20 lakh] on 25th October, it becomes liable to registration on said date. 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 5th December

Illustration 26

P Ltd. a registered person provided following information for the month of October, 2024

Particulars	Amount ₹
Intrastate outward supply	8,00,000
Interstate exempt outward supply	4,00,000
Turnover of exported goods	20,00,000
Payment of IGST	1,20,000
Payment of CGST and SGST	45,000 each
Payment of customs duty on export	40,000
Payment made for availing GTA services	3,00,000



GST is payable on Reverse Charge for GTA services. Explain the meaning of aggregate turnover u/s 2(6) of CGST Act and compute the aggregate turnover of P Ltd. for the month of October, 2024. All amounts are exclusive of GST. (5 Marks, July 2021)

Solution

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 persons 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

In terms of the definition of the aggregate turnover given above, the aggregate turnover of P Ltd. has been computed as follows:

Computation of aggregate turnover of P Ltd. for the month of October, 2024:

Particulars	Amount ₹
Intrastate outward supply	8,00,000
Interstate exempt outward supply	4,00,000
Turnover of exported goods	20,00,000
Payment of IGST	Nil
Payment of CGST and SGST	Nil
Payment of customs duty on export	40,000
Payment made for availing GTA services	Nil
Aggregate turnover	32,40,000

Illustration 29

Rishabh Enterprises - a sole proprietorship firm - started an air-conditioned restaurant in Virar, Maharashtra in the month of February wherein the customers are served cooked food as well as cold drinks/non-alcoholic beverages. In March, the firm opened a liquor shop in Kohima, Nagaland for trading of alcoholic liquor for human consumption.

Determine whether Rishabh Enterprises is liable to be registered under GST law with the help of the Following information:

Particulars	February (₹)	March (₹)
Serving of cooked food and cold drinks/non-alcoholic beverages in restaurant in Maharashtra	5,50,000	6,50,000
Sale of alcoholic liquor for human consumption in Nagaland		5,00,000
Supply of wholly exempt services	1,00,000	1,00,000
Export of packed food items from restaurant in Maharashtra	1,50,000	2,00,000

* excluding GST

You are required to provide reasons for treatment of various items given above. (RTP May, 2018)



Solution

Registration provisions: As per Section 22 of the CGST Act, 2017, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds ₹ 20 lakh. However, if such taxable supplies are made from any of the specified special category States, namely, State of Manipur, Mizoram, Nagaland, and Tripura, he shall be liable to be registered if his aggregate turnover in a financial year exceeds 10 lakh. In the given question, since Rishabh Enterprises is engaged in making taxable supplies of goods and services from Maharashtra which is not a specified Special Category State, the threshold limit for obtaining registration is 20 lakh. It will not get the benefit of higher threshold limit of 40 lakhs since it is not engaged in exclusive supply of goods as it is also providing exempt services. The threshold limit is not reduced to ₹ 10 lakh in this case, as sale of alcoholic liquor for human consumption from Nagaland (one of the specified Special Category States) are non-taxable supplies in terms of Section 9(1) of CGST Act, 2017. As per Section 2(6) of the CGST Act, 2017, aggregate turnover includes the aggregate value of

- i) All taxable supplies,
- ii) All exempt supplies,
- iii) Exports of goods and/or services and
- iv) All inter-State supplies of persons having the same PAN.

The above is computed on all India basis. Further, the aggregate turnover excludes central tax, State tax, Union territory tax, integrated tax and cess. Moreover, the value of inward supplies on which tax is payable under reverse charge is not taken into account for calculation of 'aggregate turnover'

In the light of the aforementioned provisions, the aggregate turnover of Rishabh Enterprises is computed as under:

Computation of aggregate turnover of Rishabh Enterprises (amount in ₹)

Particulars	Turnover of February	Cumulative Turnover of February & March
Serving of cooked food and cold drinks/non-alcoholic beverages in restaurant in Maharashtra	5,50,000	12,00,000 [₹5,50,000 + ₹6,50,000]
Add: Sale of alcoholic liquor for human consumption in Nagaland[WN-1]		5,00,000
Add: Supply of wholly exempt services[WN-2]	1,00,000	2,00,000 [₹1,00,000+ ₹1,00,000]
Add: Export of packed food items from restaurant in Maharashtra[WN-3]	1,50,000	3,50,000 ₹1,50,000+ ₹2,00,000
Aggregate Turnover	8,00,000	22,50,000

Working Notes:

- (1) As per Section 2(47) of the CGST Act, 2017, exempt supply includes non-taxable supply. Thus, supply of alcoholic liquor for human consumption in Nagaland, being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.
- (2) Supply of wholly exempt services is includible while computing the aggregate turnover.

Conclusion: Rishabh Enterprises was not liable to be registered in the month of February since its aggregate turnover did not exceed 20 lakh in that month. However, since its aggregate



turnover exceeds ₹20 lakh in the month of March, it should apply for registration within 30 days from the date on which it becomes liable to registration



CHAPTER – 10

TAX INVOICE : CREDIT & DEBIT NOTES

ILLUSTRATION 2

Jain & Sons is a trader dealing in stationery items. It is registered under GST and has undertaken following sales during the day:

S. No.	Recipient of supply	Amount (₹)
1.	Raghav Traders - a registered retail dealer	190
2.	Dhruv Enterprises - an unregistered trader	358
3.	Gaurav - a painter (unregistered entity)	500
4.	Oberoi Orphanage -an unregistered entity	188
5.	Aaradhya - a student [unregistered]	158

None of the recipients require a tax invoice [Raghav Traders being a composition dealer].

Determine in respect of which of the above supplies, Jain & Sons may issue a Consolidated Tax Invoice instead of Tax Invoice, at the end of the day.

SOLUTION

In the given illustration, Jain & Sons can issue a Consolidated Tax Invoice only with respect to supplies made to Oberoi Orphanage [worth ₹188] and Aaradhya [worth ₹158] as the value of goods supplied to these recipients is less than ₹200 as also these recipients are unregistered and don't require a tax invoice. As regards the supply made to Raghav Traders, although the value of goods supplied to it is less than ₹200, Raghav Traders is registered under GST. So, Consolidated Tax Invoice cannot be issued. Consolidated Tax Invoice can also not be issued for supplies of goods made to Dhruv Enterprises and Gaurav although both of them are unregistered. The reason for the same is that the value of goods supplied is not less than ₹200.

ILLUSTRATION 8

Royal Fashions, a registered supplier of designer outfits in Delhi, decides to exhibit its products in a Fashion Show being organized at Hotel Park Royal, Delhi on 4th January. For the occasion, it gets the service by way of makeover of its models from Aura Beauty Services Ltd., Ashok Vihar, on 4th January, for which a consideration of ₹ 5,00,000 (excluding GST) has been charged. Aura Beauty Services Ltd. issued a duly signed tax invoice on 10th February 2026 showing the lump sum amount of ₹ 5,90,000 inclusive of CGST and SGST @ 9% each for the services provided. Answer the following questions:

- (i) Examine whether the tax invoice has been issued within the time limit prescribed under law.
- (ii) Tax consultant of Royal Fashions objected to the invoice raised suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd. However, Aura Beauty Services Ltd. contended that there is no mandatory requirement of showing tax component separately



in the invoice. You are required to examine the validity of the objection raised by tax consultant of Royal Fashions.

SOLUTION

- (i) As per section 31 of the CGST Act, 2017 read with the CGST Rules, 2017, in case of taxable supply of services, invoices should be issued before or after the provision of service, but within a period of 30 days [45 days in case of insurer/banking company or financial institutions including NBFCs] from the date of supply of service.

In view of said provisions, in the present case, the tax invoice should have been issued in the prescribed time limit of 30 days from the date of supply of service i.e. upto 03-02-2026. However, the invoice has been issued on 10-02-2026.

In such a case, the time of supply as per section 13 of the CGST Act, 2017 would be 04-01-2026 i.e. earliest of the following:

- (a) Date of provision of service (04-01-2026)
 - (b) Date of receipt of payment (11-02-2026)
- (ii) Section 31 of the CGST Act, 2017 read with the CGST Rules, 2017, inter alia, provides that tax invoice shall contain the following particulars-
- (a) Total value of supply of goods or services or both;
 - (b) Rate of tax (Central tax, State tax, Integrated tax, Union territory tax or cess);
 - (c) Amount of tax charged in respect of taxable goods or services (Central tax, State tax, Integrated tax,

Union territory tax or cess);

The objection raised by the tax consultant of Royal Fashions suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd., is valid in law. In the present case, the tax amount has not been shown separately in the invoice.

ILLUSTRATION 27

Goods transported in single conveyance under multiple invoices - Separate E-way Bill to be generated : Beauty Cosmetics Ltd. has multiple wholesale outlets of cosmetic products in Mumbai, Maharashtra. It receives an order for cosmetics worth 1,20,000 (inclusive of GST leviable @ 18%) from Prasanna a, owner of a retail cosmetic store in Delhi. While checking the stock, it is found that order worth 55,000 can be fulfilled from the company's Dadar (Mumbai) store and remaining goods worth 65,000 can be sent from its Malad (Mumbai) store. Both the stores are instructed to issue separate invoices for the goods sent to Prasanna. The goods are transported to Prasanna in Delhi, in a single conveyance owned by Radhey Transporters. You are required to advise Beauty Cosmetics Ltd. with regard to issuance of e-way bill(s).

SOLUTION

Separate E-way bill for separate invoices - subsequently consolidated e-way bill can be prepared if goods transported in one conveyance: Beauty Cosmetics Ltd. would be required to prepare two separate e-way bills since each invoice value exceeds 50,000 and each invoice is considered as one consignment for the purpose of generating e-way bills. CBIC has clarified that if multiple invoices are issued by the supplier to one recipient, that is, for movement of goods of more than one invoice of same consignor and consignee, multiple e-way bills have to be generated. In other words, for each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignors or consignees are involved. Multiple invoices cannot be clubbed to



generate one e-way bill. However, after generating all these e-way bills, one consolidated e-way bill can be prepared for transportation purpose, if goods are going in one vehicle.



CHAPTER – 11

ACCOUNTS AND RECORDS

ILLUSTRATION 1

Who is required to maintain books of accounts and at which place in terms of Section 35 read with relevant rules?

SOLUTION

Every registered person shall keep and maintain, his books of accounts at his principal place of business and books of account relating to additional place of business as mentioned in the certificate of registration. Where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business.

ILLUSTRATION 2

Mr. Sky is engaged in the business of trading of mobiles. He is eligible for composition scheme and has opted for the same. He seeks your advice for records which are not required to be maintained by him as composition taxable person.



CHAPTER – 12

PAYMENT OF TAX

ILLUSTRATION 3

ABC Ltd., have filed their GSTR3B for the month of July, 2024 within the due date prescribed under Section 39 i.e. 20.08.2024. Post filing of the return, the registered person has noticed during September 2024 that tax dues of ₹ 40,000 for the month of July, 2024 have not been paid. ABC Ltd., has paid the above amount of ₹ 40,000, through GSTR-3B of September 2024, filed on 20.10.2024 [payment through Cash ledger - ₹ 30,000 and Credit ledger ₹ 10,000]. Examine the Interest payable under the CGST Act, 2017.

What would be your answer if, GSTR-3B for the month of July 2024 has been filed belatedly on 20.10.2024 and the self-assessed tax of ₹ 40,000/- has been paid on 20.10.2024 [payment through electronic cash ledger - ₹ 30,000 and electronic credit ledger ₹ 10,000]

Notes:

- ★ No other supply has been made nor tax payable for the month of July, 2022 other than ₹ 40,000/- missed out to be paid on forward charge basis
- ★ Ignore the effect of leap year, if applicable in this case.

SOLUTION

Interest is payable under Section 50 of the CGST Act, 2017 in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax. As per proviso to sub-section (1) of Section 50, interest is payable on the net tax liability paid in cash, only if the return to be filed for a tax period under Section 39, has been filed after the due date to furnish such return.

In the above scenario, ABC Ltd. has defaulted in making the payment for ₹ 40,000 on self-assessment basis in the return for the month of July, 2024. Accordingly, interest is payable on the gross liability and proviso of sub-section 50(1) shall not be applicable. Thus, the amount of interest payable by ABC Ltd., is as under:- Period of delay = 21st August, 2024 to 20th October, 2024 = 61 days Hence, amount of interest = ₹ 40,000 × 18% × 61/365 = ₹ 1,203

Alternatively, if ABC Ltd., have filed the return for the month of July, 2024 on 20.10.2024, beyond the stipulated due date of 20.08.2024 and if the self-assessed tax for July, 2024 has been paid on 20.10.2024, Interest under proviso to Section 50(1) shall be payable on the tax paid through Electronic Cash Ledger only. Hence Interest is payable from 21st August 2024 till 20th October 2024 = 61 days Amount of Interest = ₹ 30,000 × 18% × 61/365 = ₹ 902.

ILLUSTRATION 17

Royal Sweet Co., Delhi, a registered supplier, has furnished the details of the following few transactions which took place in November, 2024

S. No.	Date	Particulars	Date of invoice	Amount ₹
1.	11-11-2024	Payment made to an advocate in Delhi	07-07-2024	1,25,000



2.	20-11-2024	Paid sitting fee to Director from Haryana for meeting held in Delhi on 15-10-2023 [Inter-State supply]	15-10-2024	75,000
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Particulars	CGST	SGST	IGST
Rate	9%	9%	18%

You are required to compute GST [CGST & SGST/IGST, as the case may be] payable for the month of November, 2024 along with time of supply of the aforementioned activities. (RTP May 2018)

SOLUTION

Computation of GST payable for the month of November, 2024 (amount in ₹)

S. No.	Particulars	Time of supply of services	CGST	SGST	IGST	Interest
1.	Services from an advocate in Delhi	06-09-2024 [WN-1 & 3]	11,250	11,250	-	244 [WN-4]
2.	Director's Sitting fee	20-11-2024 [WN-2 & 3]	-	-	13,500	

Working Notes:

- (1) Services supplied by an individual advocate to any business entity located in the taxable territory is a notified service on which tax is payable on reverse charge basis by the recipient of services.
- (2) Services supplied by a director of a company to the said company is a notified service on which tax is payable on reverse charge basis by the recipient of services.
- (3) As per section 13 of the CGST Act, 2017, the time of supply of services in case of reverse charge is earliest of the following:-
 - a) Date of payment as entered in the books of account of the recipient or the date on which the payment is debited to his bank account, whichever is earlier, or
 - b) Date immediately following 60 days since the date of issue of invoice. Provisions of time of supply as provided under section 13 of the CGST Act are also applicable for inter-State supply vide section 20 of the IGST Act. In view of the aforesaid provisions, the time of supply and due date for payment of tax in the given cases would be determined as under:
 - i) Time of supply of the services is the date immediately following 60 days since the date of issue of invoice, i.e. 06-09-2024. The due date for payment of tax is 20-10-2024 with return of September, 2024.
 - ii) Time of supply of service is 20-11-2024 and due date for payment of tax is 20-12-2024 with return of December, 2024.
- (4) The due date for payment of tax in case (i) is 20-10-2024 with return of September, 2024. However, the payment of tax is actually made on 11-11-2024. Thus, payment of tax is delayed by 22 days. In case of delayed payment of tax, interest @ 18% per annum is payable for the period for which the tax remains unpaid starting from the day succeeding the day on which such tax was due to be paid [Section 50 of the CGST Act, 2017 read with Notification No. 13/2017-CT dated 28-06-2017]. In view of the same, in the given case, interest payable would be as follows: Amount of interest payable = ₹22,500 x 18% x 22/365 = ₹244.11 (rounded off)



ILLUSTRATION 22

M/s Grey, a registered taxable person under regular scheme provides following information in respect of supplies made by it during the month of April, 2025:

S. No.	Particulars	Amount ₹
1.	Inter-State supply of goods	1,00,000
2.	Intra-State supply of 500 packets of detergent @ 400 each along with a plastic bucket worth 100 each with each packet, being a mixed supply. (Rate of GST on detergent is 18% and on plastic bucket is 28%)	
3.	Supply of online educational journals to M/s. Pinnacle, a private coaching center providing tuition's to students of Class X-XII, being intra-state supply	50,000
	M/s. Grey has also received the following inward supplies:	
4.	Inter-state supply of goods (out of which invoice for goods worth 20,000 is missing and no other tax paying document is available)	70,000
5.	Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply	50,000

Details of opening balances of ITC as on 01-04-2025 are as follows:

CGST = ₹ 5,000

SGST = ₹ 5,000

IGST = ₹ 40,000

Following additional information is provided:

- Rate of GST in respect of all inward and outward supplies except item 2.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. Grey is not eligible for any threshold exemption. Compute the minimum net GST payable in cash by M/s. Grey for the month of April 2024. (8 Marks, Nov. 2019)

SOLUTION

Computation of GST payable in cash M/s. Grey (amount ₹):

Particulars	Taxable turnover	CGST ₹	SGST ₹	IGST ₹
Tax on outward supply				
Inter-State supply of goods	1,00,000	-	-	18,000
Intra-State supply of 500 packets of detergent @ 400 each along with a plastic bucket. [It is not an individual supply of free goods, but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one. Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply and the rate of tax shall be determined accordingly - Circular	2,00,000	28,000	28,000	-



92/11/2019- GST dated 7-3-2019 As per section 8, a mixed supply comprising of two or more supplies shall be treated as supply of that particular supply that attracts highest rate of tax. Hence, GST rate of 28% will be applicable.]				
Supply of online educational journals to M/s. Pinnacle, a private coaching center providing tuitions to students of Class X-XII, being intra-state supply. [Liable to GST	50,000	4,500	4,500	-
Total output tax liability [A]		32,500	32,500	18,000
Input tax credit:				
Opening Balance		5,000	5,000	40,000
Add: Purchases Inter-state purchase of goods [Credit is not available if invoice for goods is missing and no other tax paying document is available.] ₹ 70,000- ₹20,000]	50,000			9,000
Repairing of bus used to transport its employees from their residence, being intra-state supply. [Since, seating capacity of Bus exceeds 14 passengers it is eligible motor vehicle hence, input service of repair and maintenance will also be eligible for ITC.]	50,000	4,500	4,500	
Total ITC tax credit [B]		9,500	9,500	49,000
Balance tax payable [A] - [B]		23,000	23,000	Nil
Less: Extra credit of IGST can be used for payment of CGST & SGST (in any order)		23,000	8,000	-31,000
Net GST payable through electronic cash ledger		Nil	15,000	Nil

ILLUSTRATION 27

ABC Ltd. a registered supplier in Surat, Gujarat has calculated output net GST liability after adjusting ITC in the books for the month of February 2025:

CGST: 3,00,000

SGST: 2,50,000

IGST: 3,00,000

During the above month, the following additional information is provided by ABC Ltd.:

S. No.	Particulars	Amt (Excl. GST)
i.	The company had given on hire 5 trucks to one of the transporters of Vadodara (a goods transport agency) for transporting goods for 10 days. The hiring charges for the trucks were 7,500 per truck per day	3,75,000
ii.	The company sold goods to X & Co. of Delhi on 6th January 2025 with a condition that interest @ 2% per month will be charged on invoice value if X & Co. failed to make payment within 30 days of the delivery of the goods. Goods were delivered and also the invoice was issued on 6th	5,00,000



	January 2025. X & Co. paid the consideration for the goods on 20th February along with applicable interest.	
iii.	The company sought legal consultancy services for its business from A & Advocates, a partnership firm of advocates situated at Bhuj, Gujarat	1,50,000
iv.	The company ordered 3,000 packets of tools which are to be delivered by the supplier of Delhi via 3 lots of 1,000 packets monthly. The supplier raised the invoice for full quantity in February 2024 and the last lot would be delivered in April 2025.	5,00,000
v.	The company supplied 10,000 packets of tools to one of its customer at ₹ 10/- per packet in Gujarat in January 2025. Afterwards, the company re-values it at ₹ 9 per packet in February 2025 and the company issued credit note to the customer for ₹ 1 per packet	

The rate of GST is 9% CGST, 9% SGST and 18% IGST.

You are required to compute the actual net liability of GST to be paid in cash along with working notes for the month of February 2025. (8 Marks, Dec. 2021)

SOLUTION

Computation of net GST liability of ABC Ltd. to be paid in cash for February 2024:

Particulars	Value	CGST ₹	SGST ₹	IGST ₹
Net output GST liability as given		3,00,000	2,50,000	3,00,000
Add: Trucks given on hire to GTA [Services by way of giving a means of transportation of goods on hire to a goods transport agency are exempt.]	3,75,000	-	-	-
Add: Interest on delayed payment of 15 days (6th February, 2024 to 20th February, 2024) [Includible in value in terms of section 15 of the CGST Act, 2017.] [Interest on delayed payment collected is assumed to be inclusive of GST. Further, the invoice value has been taken as inclusive of GST for computing said penal interest. However, it is also possible to assume the interest to be exclusive of GST and to compute the same by taking the values as exclusive of GST (i.e. ₹5,00,000)]	5,900 [5,90,000 × 2% × 15/30]			900
Total output tax liability		3,00,000	2,50,000	3,00,900
Less: ITC in respect of legal services paid as reverse charge is available	1,50,000	13,500	13,500	-
Net output tax liability (A)		2,86,500	2,36,500	3,00,900
Legal consultancy services received (B) [Tax is payable under reverse charge on legal services received by a business]	1,50,000	13,500	13,500	-



entity from a partnership firm of advocates. Further, tax payable under reverse charge, being not an output tax, cannot be set off against ITC and thus, will have to be paid in cash.] [It has been assumed that the aggregate turnover of ABC Ltd. in the preceding FY was above the threshold limit for registration under GST law.]				
Total GST payable in cash [(A) + (B)]		3,00,000	2,50,000	3,00,900

Notes

- (i) ITC on goods received in lots is available on receipt of last lot. Hence, ITC on tools received will not be available in February 2025.
- (ii) Since discount given by ABC Ltd. on the packets of tools was not known at the time of supply, it shall not be excluded from its value of supply

ILLUSTRATION 31

Ajay Limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. The company provided the following details for the month of January 2025

S.No.	Particulars			Amount ₹
1.	Outward supply of goods made during the month to various non-related persons:			As given In particulars column
	Particulars	Market value (₹)	Transaction Value (₹)	
	(a) in the State of Bihar (Intra-State)	3,00,000	4,00,000	
	(b) to other States (Inter-State)	2,00,000	1,00,000	
2.	Services provided to the State Government of Karnataka for conducting a computer training program for its employees. Total expenditure incurred for the said program was ₹ 90,000, of which ₹ 63,000 was borne by the State Government (Inter- State transaction)			5,00,000
3.	Stock transfer without consideration to its branch at Gaya (Bihar). Branch has separate GSTN for convenience of accounting and billing. Value under section 15 - ₹ 20,000 (Intra -State)			Nil
4.	Intra - State inward supply of various services for use in the course or furtherance of business (30 invoices)			6,50,000

Additional Information:

- a) All the amounts given above are exclusive of taxes.
- b) During the course of arranging and filing documents, the accountant of Ajay Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 02-12-2024 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January 2025. This invoice was issued by Mr. Mukesh of Patna, from whom Ajay Limited had taken cars on rental basis. Invoice includes cost of fuel also (Intra-state transaction).
- c) Rate of GST applicable on various supplies is as follows



Nature of supply	CGST	SGST	IGST
Car rental service All other inward and outward supplies	2.5%	2.5%	5%
All other inward and outward supplies	9%	9%	18%

- d) No opening balance of input tax credit exists in the beginning of the month.
- e) Out of the 30 invoices of inward supply received, 6 invoices with taxable value amounting to ₹ 1,50,000 were e-invoices in which Invoice Reference Number (IRN) was not mentioned. However, all the invoices were duly reflected in GSTR 2B for the month of January 2025, since the suppliers had filed their GSTR-1.
- f) Subject to the information given above, conditions necessary for claiming ITC were complied with.
- You are required to calculate the amount of net GST liability payable in cash by Ajay Limited for the month of January 2025. Brief notes for treatment given for each item should form part of your answer. (8 Marks, Nov. 2022)

SOLUTION

Computation of net GST payable in cash by Ajay Ltd. for the month of January 2025:

Particulars	CGST ₹	SGST ₹	IGST ₹
Outward intra-State supply of goods made in the State of Bihar [Value of supply is the transaction value of the goods.] [CGST ₹ 4,00,000 × 9%] [SGST : ₹ 4,00,000 × 9%]	36,000	36,000	
Outward supply of goods made to other States [Value of supply is the transaction value of the goods.] [₹ 1,00,000 × 18%]			18,000
Inter-State services provided to State Government of Karnataka for conducting a computer training program [Not exempt since the State Government has borne less than 75% of total expenditure of the training program.] [₹ 5,00,000 × 18%]			90,000
Intra-State stock transfer to Gaya Branch with separate registration [Supply of goods between distinct persons in course or furtherance of business qualifies as supply even if made without consideration.]	1,800	1,800	
[CGST : 20,000 × 9%] [SGST : 20,000 × 9%]			
Total output tax	37,800	37,800	1,08,000
Less: Input tax credit [Refer Working Note below]	37,800	37,800	-7,200
[CGST credit should be utilized for payment of CGST and IGST in that order. Similarly, SGST credit should be utilized for payment of SGST and IGST in that order. ITC of CGST cannot be utilized for payment of SGST and vice versa.]	(CGST)	(SGST)	(CGST) -7,200 (SGST)
Net GST payable in cash	Nil	Nil	93,600

Working Note: Computation of ITC available -



Particulars	CGST ₹	SGST ₹	IGST ₹
Intra-State inward supply of services [₹ 6,50,000 - ₹ 1,50,000]	45,000	45,000	-
[ITC cannot be claimed on the e-invoices without IRN since an e-invoice without IRN is not treated as valid document for claiming ITC.] [CGST : ₹ 5,00,000 × 9%] [SGST : ₹ 5,00,000 × 9%]			
Cars taken on rental basis from Mr. Mukesh [Tax on renting of motor car services wherein cost of fuel is included in consideration provided by a non-body corporate to a body corporate and invoice is issued charging CGST/SGST @ 2.5% is payable under reverse charge]	-	-	-
Time of supply of such services is 1st February being earlier of date of payment, or date immediately following 60 days since issue of invoice by the supplier. Since the time of supply of renting of motor car services in the given case does not fall in January, tax liability on the same does not arise in said month.			
Further, ITC on renting of motor car services received is blocked since the recipient - Ajay Ltd. is not in the same line of business.]			
Total output tax	45,000	45,000	-

ILLUSTRATION 32

A Jino Enterprises, a partnership firm is a regular taxable person registered in Guwahati, Assam and is engaged in supply of Air conditioners and its accessories as well as air conditioned repairing services. Details of their various activities for the month of October 2025 are as follows:

- (i) Intra-State supply of Air conditioner to customers from Assam. Freight is separately charged in invoices for delivery of goods at customer's doorstep.

Particulars	₹
Value of goods	4,00,000
Value of freight charges charged separately in above invoices.	1,00,000

- (ii) Intra State supply of repairing services wherein apart from charging service charges, cost of parts/ spares provided to customers is also charged and consideration for the same is separately mentioned in the invoices

Particulars	₹
Value of services component of invoices	3,00,000
Value of parts/spares component in invoices	50,000

- (iii) In order to enhance their sales and to clear the stock of old models of air-conditioner, Jino Enterprises made combo offers to customers wherein, if a customer purchases an Air-conditioner along with a stabilizer, the same is offered at a combo price of ₹ 20,000 as against the original price of ₹30,000 (Air-conditioner ₹ 22,000 & stabilizer ₹ 8,000) if



these are purchased separately. During October, 2025, Jino Enterprises had made inter-State supply of 10 numbers of such combo products.

- (iv) Purchased business class air tickets for intra State travel from Guwahati Airport, Assam to Dibrugarh Airport, Assam for its executive employees relating to business of the concern. Basic air fare was ₹ 40,000 and airlines charges GST @ 2.5% CGST, SGST each on basic freight, in case the same is applicable

Additional Information:

- All the figures mentioned above are exclusive of taxes.
- In respect of few of the invoices relating to F.Y. 2024-25, involving ITC of CGST ₹ 20,000, SGST of ₹ 20,000, IGST ₹ 80,000 was not taken earlier. Jino Enterprises now want to avail credit in respect of such invoices in the current month.
- The rates of GST applicable on various supplies are as follows:

Nature of supply	CGST	SGST	IGST
Air-Conditioner, Parts and accessories (Except Stabilizers)	6%	6%	12%
Services	9%	9%	18%
Stabilizers	9%	9%	18%
Freight	6%	6%	12%

Calculate the amount of minimum CGST, SGST & IGST tax payable in cash by Jino Enterprises for the month of October, 2024.

Note: Working Notes (legal provisions) should form part of your answer. (8 Marks, May 2023)

SOLUTION

Computation of minimum CGST, SGST and IGST payable in cash by Jino Enterprises for the month of October, 2025

Particulars	Value	CGST ₹	SGST ₹	IGST ₹
Intra-State supply of air-conditioners [Since goods are agreed to be delivered at customer's doorsteps, supply of air conditioners along with transportation thereof is a composite supply which is treated as the supply of the principal supply (viz. air conditioners). Accordingly, rate of principal supply, i.e. air-conditioners will be charged.]	5,00,000 [4,00,000 + 1,00,000]	30,000 [5,00,000 × 6%]	30,000 [5,00,000 × 6%]	-
Intra-State supply of repairing services	3,00,000	27,000 [3,00,000 × 9%]	27,000 [3,00,000 × 9%]	
Intra-State supply of parts / spare [Since parts/ spares and repair services are not naturally bundled, they are taxable separately at the applicable rates.]	50,000	3,000 [50,000 × 6%]	3,000 [50,000 × 6%]	
Inter-State supply of 10 combos of air-conditioners and stabilizers [Since supplies are not naturally bundled and a single price is being charged, it is a mixed supply. It is treated as supply of that	2,00,000 [20,000 × 10]			36,000 [2,00,000 × 18%]



particular supply which attracts highest tax rate (i.e., stabilizers).				
Total output tax		60,000	60,000	36,000
Less: Input Tax Credit [Refer Working Note below] [IGST credit is first utilized for payment of IGST liability. Remaining IGST credit has been utilized for payment of CGST and SGST in such proportion to keep the liability at its minimum. After exhausting IGST credit, CGST and SGST credits have been utilized. CGST credit is utilized for payment of CGST and SGST credit is utilized for the payment of SGST. ITC of CGST cannot be utilized for payment of SGST and vice versa.]		(22,000) (IGST) (21,000) (CGST)	(22,000) (IGST) (21,000) (CGST)	(36,000)
Minimum net GST payable in cash		17,000	17,000	Nil

Working Note: Computation of ITC available:

Particulars	CGST ₹	SGST ₹	IGST ₹
Purchase of business class air tickets for travel from Assam	1,000	1,000	
[Not exempt, since air travel embarking from Assam is not being undertaken in economy class. Further, ITC is available since service is used in the course/furtherance of business.]	[40,000 × 2.5%]	[40,000 × 2.5%]	
Invoices relating to FY 2023-24	20,000	20,000	80,000
[ITC in respect of any invoice can be taken up to 30th November following the end of FY to which such invoice relates or furnishing of the relevant annual return, whichever is earlier.]			
Total ITC available	21,000	21,000	80,000

ILLUSTRATION 33

Computation of Net GST liability: Evershine Pvt. Ltd., a GST registered supplier located in Jaipur, Rajasthan is engaged in supply of taxable packaging goods and consultancy services. It provides following details of various activities undertaken during the month of September 2024:

(A) Details of Outward Supplies:

(1) Supply of goods of ₹ 18,00,000 to Vaidehi Enterprises, a registered person of Udaipur, Rajasthan. Further, received ₹ 50,000 from Vaidehi Enterprises towards freight charges (as agreed to deliver the goods at Vaidehi Enterprises' premises) which was not included in above value of supply.

(2) Supply of goods worth ₹ 35,00,000 to Calc, Exim, a registered person of Prayagraj, Uttar Pradesh. Further, the amount of ₹ 60,000 charged separately (not included above) from Calc. Exim on account of municipal taxes levied in relation to such outward supply.



(3) Supply of services to Sunshine Ltd., a registered person in Jodhpur, Rajasthan before discount worth ₹ 6,00,000. Further, discount of ₹ 30,000 which has been given at the time of supply of service and duly recorded in the invoice.

(4) It delivered the goods worth ₹ 2,00,000 to Jeevan Solutions, a registered person located at Bikaner, Rajasthan on the direction of Raghu Enterprise, a registered person of Mumbai, Maharashtra and tax invoice was issued by Evershine Pvt. Ltd. to Raghu Enterprise of Mumbai, Maharashtra.

(B) Details of Inward Supplies:

(1) Purchased raw material goods worth ₹ 20,00,000 from PQR Ltd., a GST registered dealer, located at Kanpur, Uttar Pradesh. Goods worth ₹ 1,00,000 out of total purchases were not received during the month.

(2) Purchased machinery for manufacturing process worth ₹ 2,00,000 from MPQ Pvt. Ltd., a GST registered dealer, located at Bengaluru, Karnataka. Company has claimed depreciation under Income-tax Act, 1961 on full value of the machine, including the GST component.

(3) Purchased truck worth ₹ 15,00,000 from GST registered dealer, located at Ajmer, Rajasthan for transportation of its goods. GST rate on truck is : CGST 14%, SGST 14%, IGST 28%.

(4) Purchased car (having seating capacity of 7 persons) costing to ₹ 10,00,000 excluding GST from Mihir Automobiles Pvt. Ltd., a GST registered dealer, located at Ajmer, Rajasthan for use of its director for official purpose. GST rate on car: CGST 14%, SGST 14%, IGST 28%.

(5) Purchased goods worth ₹ 5,00,000 from DEF Buildwell Pvt. Ltd., a registered person of Jaipur, Rajasthan for construction of an additional floor of factory building, of Evershine Pvt. Ltd. Opening balance of Input tax credit as on the beginning of September 2024 - CGST ₹ 20,000, SGST ₹ 50,000 and IGST ₹ 75,000.

Rate of GST applicable on both inward and outward supply of goods and services : CGST @ 9%, SGST @ 9% and IGST @ 18%, except where otherwise provided.

Note:

(i) All the figures mentioned above are exclusive of taxes.

(ii) Subject to the information given above, conditions necessary for claiming ITC were complied with.

(iii) All inward supplies are used for taxable goods only.

(iv) Brief and suitable notes should form part of your answer.

Calculate the amount of net minimum GST payable in cash by Evershine Pvt. Ltd. for the month of September 2024.

(10 Marks, May 2024)

SOLUTION

Computation of minimum net GST payable in cash by Evershine Pvt. Ltd. for the month of September 2024

Particulars		Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Output tax payable					
Intra-State supply of goods to Vaidehi		18,50,000	1,66,500	1,66,500	Nil



<p>Enterprises [Since arranging freight is the liability of supplier, it is a composite supply and thus, freight charges are added to the value of principal supply.]</p>	Place of supply is location where				
<p>Inter-State supply to Calc. Exim [Municipal tax is includible in value since it is a tax levied under a law other than GST law and is charged separately.]</p>	movement of goods terminates	35,60,000	Nil	Nil	6,40,800
<p>Intra-State supply to Sunshine Ltd. [Place of supply is location of recipient. Discount given at the time of supply is deductible from the value since duly recorded in the invoice.]</p>		5,70,000	51,300	51,300	Nil
<p>Inter-State supply to Raghu Enterprise [Place of supply in case of bill to ship model is principal place of business of a third person at whose instructions the goods are delivered by supplier to recipient. Thus, it is considered as Inter State supply.]</p>		2,00,000	Nil	Nil	36,000
Total output tax			2,17,800	2,17,800	6,76,800



Less: ITC available [Refer note below] [IGST credit to be utilized first towards payment of IGST.]		Nil	Nil	-4,17,000
CGST credit utilized for payment of CGST and IGST in that order		-2,17,800	Nil	-12,200
SGST credit utilized for payment of SGST and IGST in that order		Nil	-2,17,800	-42,200
Minimum net GST payable in cash		Nil	Nil	2,05,400

Working Note:

Computation of ITC available –

Particulars		Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening balance			20,000	50,000	75,000
Inter-State purchase of raw material [ITC is not available on goods worth ₹ 1,00,000 since not received during the month.]	Place of supply is location where movement of goods terminates.	19,00,000	Nil	Nil	3,42,000 (19,00,000 × 18)
Purchase of machinery [ITC is not available since depreciation has been claimed on the GST component.]		2,00,000	Nil	Nil	Nil
Intra-State purchase of truck [ITC on motor vehicles used for transportation of goods is available.]		15,00,000	2,10,000 (15,00,000 × 14)	2,10,000 (15,00,000 × 14)	Nil
Purchase of car		10,00,000	Nil	Nil	Nil



[ITC on motor vehicles for transportation of persons with seating capacity up to 13 persons (including driver), is blocked, except when used for specified purposes.]				
Purchase of goods for construction of an additional floor [ITC on goods used in construction of immovable property (other than plant or machinery) on one's own account is blocked if capitalized in the books.]	5,00,000	Nil	Nil	Nil
Total		2,30,000	2,60,000	4,17,000
Note - In above answer, where location of supplier and place of supply are in two different States, it is an inter-State supply and where location of supplier and place of supply are in same State, it is an intra-State supply.				



CHAPTER – 13

TAX DEDUCTION AT SOURCE AND COLLECTION OF TAX AT SOURCE

ILLUSTRATION 8

TDS Applicability: Manihar Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017. It has provided the information relating to the supplies made, their contract values and the payment due against each of them in the month of October, 2024 as under:

S. No.	Particulars	Total contract value (inclusive of GST) (₹)	Payment due in October, 2024 (₹)
(i)	Supply of stationery to Fisheries Department, Kolkata	2,60,000	15,000
(ii)	Supply of car rental services to Municipal Corporation of Delhi	2,95,000	20,000
(iii)	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand	5,90,000	25,000
(iv)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860	6,49,000	50,000
(v)	Interior decoration of Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh.	12,39,000	12,39,000
(vi)	Supply of printed books and printed post cards to a West Delhi Post Office [Out of total contract value of ₹ 9,72,000, contract value for supply of books (exempt from GST) is ₹ 7,00,000 and for supply of printed post cards (taxable under GST) is ₹ 2,72,000]	9,72,000	50,000 for books & 20,000 for printed post cards
(vii)	Maintenance of street lights in Municipal area of East Delhi* [The maintenance contract entered into with the Municipal Corporation of Delhi also involves replacement of defunct lights and other spares. However, the value of supply of goods is not more than 25% of the value of composite supply] *an	3,50,000	3,50,000



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

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

Will your answer be different, if Manihar Enterprises is registered under composition scheme?

SOLUTION

As per section 51 of the CGST Act, 2017 read with section 20 of the IGST Act, 2017 and Notification No. 50/2018-CT 13-09-2018, with effect from 01-10-2018, following persons are required to deduct CGST @ 1% [Effective tax 2% (1% CGST + 1% SGST/UTGST)] or IGST @ 2% from the payment made/credited to the supplier (deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds ₹ 2,50,000:

- a department or establishment of the Central Government or State Government; or
- local authority; or
- Governmental agencies; or
- an authority or a board or any other body,
 - set up by an Act of Parliament or a State Legislature, or
 - established by any Government, with 51% or more participation by way of equity or control, to carry out any function; or
- Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860, or
- Further, for the purpose of deduction of tax, the value of supply shall be taken as the amount excluding CGST, SGST/UTGST, IGST and GST Compensation Cess indicated in the invoice. Since in the given case, Manihaar Enterprises is supplying goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017, applicability of TDS provisions on its various receivables is examined in accordance with the above-mentioned provisions as under:

S.No	Particulars	Total contract value (₹)	Payment due (₹)	Tax to be deducted		
				CGST (₹)	SGST (₹)	IGST (₹)
(i)	Supply of stationery to Fisheries Department, Kolkata [WN-1]	2,60,000	15,000	-		
(ii)	Supply of car rental services to Municipal Corporation of Delhi [WN-2]	2,95,000	20,000	-		
(iii)	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand [WN-3]	5,90,000	25,000			500
(iv)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the	6,49,000	50,000	500	500	



	Societies Registration Act, 1860 [WN-4]					
(v)	Interior decoration of Andhra Bhawan located in Delhi [WN-5]	12,39,000	12,39,000	-		
(vi)	Supply of printed books and printed post cards to a West Delhi Post Office [WN-6]	9,72,000		-		
(vii)	Maintenance of street lights in Municipal area of East Delhi [WN-7]	3,50,000	3,50,000	-		

Working Notes:

(1) No TDS where total value of supply under the contract does not exceed ₹ 2,50,000:

Being an inter-State supply of goods, supply of stationery to Fisheries Department, Kolkata is subject to IGST @ 18%. Therefore, total value of taxable supply (excluding IGST) under the contract is as follows:

$$= ₹ 2,60,000 \times 100/118$$

$$= ₹ 2,20,339 \text{ (rounded off)}$$

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

(2) Being an intra-State supply of services, supply of car rental services to Municipal Corporation of Delhi is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply (excluding CGST and SGST) under the contract is as follows:

$$= ₹ 2,95,000 \times 100/118$$

$$= ₹ 2,50,000$$

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

(3) Being an inter-State supply of goods, supply of heavy machinery to PSU in Uttarakhand is subject to IGST 18%. Therefore, total value of taxable supply (excluding IGST) under the contract is as follows:

$$= ₹ 5,90,000 \times 100/118$$

$$= ₹ 5,00,000$$

Since the total value of supply under the contract exceeds ₹ 2,50,000, PSU in Uttarakhand is required to deduct tax @ 2% of ₹ 5,00,000, Less ₹ 500.

(4) Being an intra-State supply of goods, supply of taxable goods to National Housing Bank, Delhi is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:

$$= ₹ 6,49,000 \times 100/118$$

$$= ₹ 5,50,000 \text{ (rounded off)}$$

Since the total value of supply under the contract exceeds ₹ 2,50,000, National Housing Bank, Delhi is required to deduct tax @ 2% (1% CGST + 1% SGST) of ₹ 5,50,000, i.e. ₹ 1,10,000.

(5) No TDS if the location of the supplier and the POS is in a State/UT which is different from the State/UT of registration of the recipient: Proviso to section 51(1) of the CGST Act, 2017 stipulates that no tax shall be deducted if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient.

Section 12(3) of the IGST Act, 2017, inter alia, stipulates that the place of supply of services, directly in relation to an immovable property, including services provided by



interior decorators, shall be the location at which the immovable property is located or intended to be located. Accordingly, the place of supply of the interior decoration of Andhra Bhawan shall be Delhi.

Since the location of the supplier (Manihar Enterprises) and the place of supply is Delhi and the State of registration of the recipient Government of Andhra Pradesh is Andhra Pradesh, no tax is liable to be deducted in the given case.

- (6) **TDS only if total value of taxable supply in the contract exceeds ₹ 2,50,000, exempt supply not to be considered:** if the contract is made for both taxable supply and exempted supply, tax shall be deducted if the total value of taxable supply in the contract exceeds ₹ ₹ 2,50,000. Being an intra State supply of goods, supply of printed post cards to a West Delhi Post Office is subject to CGST and SGST @9% each. Therefore, total value of taxable supply (excluding CGST and SGST) under the contract is as follows:

= ₹ 2,30,509 (rounded off)

= ₹ 2,72,000 × 100/118

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

- (7) **No TDS in case of exempt supply:** Composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to, inter alia, local authority by way of any activity in relation to any function entrusted to a Municipality under article 243W of the Constitution is exempt from GST. Thus, maintenance of street lights (an activity in relation to a function entrusted to a Municipality) in Municipal area of East Delhi involving replacement of defunct lights and other spares where the value of supply of goods is not more than 25% of the value of composite supply is a service exempt from GST. Since tax is liable to be deducted from the payment made or credited to the supplier of taxable goods or services or both, no tax is required to be deducted in the given case as the supply is exempt.

The answer will remain unchanged even if Manihar Enterprises is registered under composition scheme. Tax will be deducted in all cases where it is required to be deducted under section 51 of the CGST Act, 2017 including the scenarios when the supplier is registered under composition scheme

ILLUSTRATION 10

TDS & TCS applicability: From the following information of independent cases, your expert advice, with appropriate reasoning, is sought on the applicability of TDS/TCS provisions of CGST Act, 2017. You shall also quantify the amount of TDS/TCS, as the case be, if the same is applicable.

- (i) Top Fashions, a designer cloth dealer and registered in the state of West Bengal, effected supply through 'QUICK DEAL', an Electronic Commerce Operator, Net Value of taxable intra-State supplies effected for the month of October was ₹1,50,000
- (ii) M/s. Super Builders, a registered supplier in Tamil Nadu, was awarded a works contract by Government of Tamil Nadu amounting to ₹ 4,30,000 of this, value of exempt supply was ₹ 1,00,000.
- (iii) Tasty Caterers, a registered supplier of Kerala, provided Catering services in Kochi, Kerala to Government of Andhra Pradesh for its annual training camp held for its Staff. Value of said services was ₹ 4,50,000.

SOLUTION



- (i) An electronic commerce operator (ECO) is required to collect TCS - an amount @ 1% (CGST 0.5% and SGST @ 0.5%) of the net value of taxable supplies made through it by other suppliers. Hence, the amount of tax to be collected at source = ₹ 1,50,000 × 0.5% = ₹ 750 (CGST) and ₹ 750 (SGST).
- (ii) As per section 51 of the CGST Act, 2017 read with section 20 of the IGST Act, 2017, State Government department is required to deduct CGST @ 1% [Effective tax 2% (1% CGST + 1% SGST/UTGST)] or IGST @ 2% from the payment made/credited to the supplier (deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds ₹ 2,50,000. If the contract is made for both taxable supply and exempted supply, tax shall be deducted if the total value of taxable supply in the contract exceeds ₹ 2,50,000. Since the location of the supplier and place of supply is in the same state, hence the supply being intra-State supply, tax is to be deducted as follows = ₹ (4,30,000 - 1,00,000) × 1% = ₹ 3,300 (CGST) and ₹ 3,300 (SGST).
- (iii) Proviso to section 51(1) of the CGST Act, 2017 stipulates that no tax shall be deducted if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient. Since, in the given case, the location of supplier and place of supply are in the same State, i.e., Kerala and location of recipient is in Andhra Pradesh, Andhra Pradesh Government is not required to deduct TDS although the total value of supply under the contract is more than ₹2,50,000.