

Mock Test Paper - Series I: March, 2026

Date of Paper: 25th March, 2026

Time of Paper: 2 P.M. to 5 P.M.

SOLUTIONS

Division A – Multiple Choice Questions

Question No.	Answer
1.	(d) Nil
2.	(c) No input tax credit available
3.	(b) ₹ 4,77,000
4.	(b) qualifies as supply since brother is a related person and being an individual supply, it will be taxed at the rate applicable on said service.
5.	(c) 30 th June 2029
6.	(c) 30 th June 2029
7.	(a) Nil
8.	(c) Spectrum Ltd. and Chhabra & Sons, jointly and severally
9.	(b) ₹ 25,000
10.	(c) Nirvana becomes liable to register on 1st August since its taxable turnover exceeds the applicable threshold limit of ₹ 40 lakh till that date.
11.	(a) Yes, ₹ 3,24,000
12.	(a) (i) Tamil Nadu, (ii) Karnataka
13.	(a) Sitting fees paid to the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.
14.	(a) (i) and (ii)
15.	(d) The view taken by Mr. Chunni Lal is incorrect. Further, Mr. Babu Ram can inspect the goods and ensure that goods do not deteriorate during storage in the warehouse and also thereafter, he can show them for sale to Mr. Bhim Sen.

Division B – Descriptive Questions

1. **Computation of minimum net GST liability of UrbanLedger Ltd. to be paid in cash for the month of October**

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Output tax payable under forward charge				
Supply of consignment in territorial waters [Where supply is in territorial waters, place of supply is deemed to be in coastal State where nearest point of the appropriate baseline is located. Therefore, place of supply will be in Tamil Nadu and hence, supply will be intra-State supply]	5,00,000	45,000 [5,00,000 x 9%]	45,000 [5,00,000 x 9%]	
Pure labour services [Since pure labour services provided for construction of only residential unit are exempt, such services provided for construction of commercial unit are taxable. Further, it is an inter-State supply since place of supply is location of immovable property, viz. Delhi.]	26,00,000			4,68,000 [26,00,000 x 18%]
Supplied large paper rolls to Ford Mount School delivered at its premises in Bengaluru (Karnataka) for printing the question papers [Not exempt under Entry 66(a) of Notification No. 12/2017 CT (R) dated 28.06.2017. Further, since goods are delivered at Kerela printing press on the direction of Fort	2,50,000			45,000 [2,50,000 x 18%]

Mount School, Bengaluru (Bill to Ship to transaction), place of supply is Bengaluru, Karnataka and it is inter-State transaction.]				
Goods purchased from Taiwan sold in Turkey without bringing into India [Neither treated as supply for goods nor as supply of services.]	Nil	--	--	--
Total output tax		45,000	45,000	5,13,000
Less: ITC available for set off [Refer note below.] [IGST credit is utilized for payment of IGST. CGST and SGST credit is first utilized for payment of CGST and SGST liability respectively and thereafter, for payment of IGST liability.]		(45,000) -CGST	(45,000)- SGST	(1,44,000)- IGST (36000) -CGST (36000) -SGST
Net output tax payable in cash		Nil	Nil	2,97,000
Add: GST payable under reverse charge				
Office received on rent from State Government to UrbanLedger Ltd. (a registered person) [Liable to tax under reverse charge mechanism.]		81,000	81,000	
Tax on silk yarn supplied by a person who manufactures it from raw silk to a registered person is payable under reverse charge.				1,44,000
Minimum net GST payable for set off		81,000	81,000	4,41,000

Working note - Computation of eligible ITC available for set off

S. No.	Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
(i)	Goods to be used for CSR [ITC is blocked.]	-	-	-	
(ii)	Silk yarn purchased. [Inter-State supply since place of supply is location where movement of goods terminates, viz. Tamil Nadu. Further, ITC on goods to be used in course or furtherance of business is available.]	8,00,000			1,44,000 [8,00,000 × 18%]
(iii)	Office received on rent from Tamil Nadu Government Such services are intra-State supply since place of supply is Tamil Nadu (location of immovable property). Further, ITC on services used in course or furtherance of business is available.]	9,00,000	81,000 [9,00,000 × 9%]	81,000 [9,00,000 × 9%]	
(vi)	Condition of payment of value of supply plus tax within 180 days does not apply to supplies on which tax is payable under reverse charge mechanism.				
	Goods purchased from Taiwan [No ITC since tax is not payable as goods do not become part of the landmass of the country.]	Nil	--	--	--
	Total ITC available		81,000	81,000	1,44,000

2. (a) **Computation of GST liability of Sterling Professionals for the month of March**

S. No.	Particulars	CGST (₹)	SGST (₹)
1.	Loading, unloading, packing and warehousing of potato chips [Loading, unloading, packing and warehousing of agricultural produce is exempt. However, potato chips is not an agricultural produce.]	1,350 [15,000 × 9%]	1,350 [15,000 × 9%]
2.	Fees paid for yoga camp [Services provided by a charitable trust registered under section 12AB of the Income-tax Act by way of advancement of yoga are exempt.]	--	--
3.	Interest received on fixed deposits [Services of extending fixed deposits in so far as the consideration is represented by way of interest are exempt.]	--	--
4.	Professional services provided to foreign diplomatic mission located in India [Not exempt.]	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]
5.	Recovery agent services provided to Truevalue Finance Ltd., an NBFC [Since such services are being provided to an NBFC, tax on the same is payable by recipient - Truevalue Finance Ltd. - under reverse charge [RCM].]	--	--
6.	Security services provided to Zenith Ltd., a registered person [Since such services are being provided by a non-body corporate to a registered person, tax on the same is payable by recipient - Zenith Ltd. - under reverse charge [RCM].]	--	--
7.	Receipts from Nirvana Ltd. for organizing a business exhibition held outside India [Services by an organiser to any person in respect of a business exhibition held outside India.]	--	--

8.	Renting of motor vehicle service [Since services of renting of motor vehicle including cost of fuel with tax payable @ 2.5% CGST/SGST is being provided by a non-body corporate to a body corporate, tax on the same is payable by recipient – NPS Ltd. - under reverse charge [RCM].]	--	--
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(b) **Computation of assessable value, basic customs duty, social welfare surcharge and IGST**

Particulars	Amount (\$)
FOB value computed by Customs Officer (including design and development charges)	17,500
<i>Add:</i> Commission paid to local agent in India [Includible since it is not a buying commission]	<u>2,100</u>
FOB value as per customs	19,600
<i>Add:</i> Air freight (\$ 19,600 × 20%) [Restricted to 20% of FOB value since goods are imported by air.]	3,920
<i>Add:</i> Actual insurance charges	1,500
Assessable value in \$	25,020
Assessable value in rupees [\$ 25,020 × ₹ 75] [Rate of exchange notified by CBIC on the date of filing of bill of entry is considered.]	₹ 18,76,500

Particulars	₹
<i>Add:</i> Basic custom duty @ 15% on ₹ 18,76,500 [Rate of BCD is the rate in force on the date of presentation of bill of entry or on the date of arrival of the aircraft, whichever is later]	2,81,475
<i>Add:</i> Social Welfare surcharge @ 10% on ₹ 2,81,475 (rounded off)	<u>28,148</u>
Total	21,86,123
Integrated tax @ 18% on ₹ 21,86,123 [rounded off]	3,93,502

3. (a) The value of exempt supply by Nagpur unit and Mumbai unit for the purpose of apportionment of ITC under section 17(3) of the CGST Act, 2017 is determined as follows:

As per section 17(3) of the CGST Act, 2017, value of exempt supply includes supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building. As per explanation to section 17(3), the expression "value of exempt supply" shall not include the value of activities or transactions specified in Schedule III, except sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.

Further, as per explanation to Chapter V (Input Tax Credit) of the CGST Rules, 2017, for determining the value of an exempt supply as referred in section 17(3), the value of exempt supply in respect of land and building is the value adopted for paying stamp duty and for security is 1% of the sale value of such security.

Further, as per explanation to rule 43 of the CGST Act, 2017, the aggregate value of exempt supplies for the purpose of rules 42 and 43, *inter alia*, excludes the value of services by way of accepting deposits, extending loans or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances.

In view of the aforesaid provisions, value of exempt supply by Nagpur unit and Mumbai unit for the purpose of apportionment under section 17(3) is as follows:

Particulars	Mumbai unit (₹)	Nagpur unit (₹)
Sale of taxable goods	--	--
Interest received on fixed deposits [Excluded from value of exempt supply by virtue of explanation to rule 43]	--	--
Sale of securities [1% of ₹ 4,50,000]	4,500	--

[Includible as per section 17(3). Value of exempt supply in respect for security is 1% of the sale value of such security.]		
Sale of agricultural land [Includible as per section 17(3). Value of exempt supply in respect of land is the value adopted for paying stamp duty.]	--	1,85,00,000
Sale of old factory building [Includible as per section 17(3). Value of exempt supply in respect of building is the value adopted for paying stamp duty.]	75,00,000	--
Total value of exempt supply	75,04,500	1,85,00,000

- (b) (i) Lending of securities under the Securities Lending Scheme is not a transaction in securities as it does not involve disposal of securities. It is not excluded from the definition of services and amounts to supply.
- Consequently, lending of securities for consideration to Kala Enterprise amounts to supply.
- (ii) Since the invoice for further supply of goods is being issued by the agent–Tanishk. in his own name, the provision of goods from the principal – Kunda Limited. - to the agent - Tanishk - would fall within the purview of Schedule I of the CGST Act, 2017 and would amount to supply even though made without consideration.
- Further, supply of goods by Tanishk to the customer for consideration amounts to supply.
- (iii) Since any amount paid by employer to employee for not joining a competing business is paid for providing the service of forbearance to act to refrain cannot be considered for providing services in the course of employment, amount received by Miss Unnati from Sambhavna Limited amounts to supply under the GST law.
- (c) As per rule 3 of the Baggage Rules, 2016, tourist of foreign origin, excluding infant, is allowed duty free clearance of:
- (i) used personal effects and travel souvenirs; and
- (ii) Articles up to the value of ₹ 15,000 (excluding, *inter alia*, fire-arms, cartridges of fire arms exceeding 50, wine in excess of 2 litres, tobacco

exceeding 125 gms and cigars exceeding 25), if carried on in person or in the accompanied baggage of the passenger.

In view of the said provisions, customs duty shall be computed as follows

Particulars	₹
Used personal effects	Nil
Travel souvenirs	Nil
Laptop [One laptop computer is exempt when imported into India by a passenger \geq 18 years of age]	Nil
Tobacco [₹ 5 \times 125 gm] [125 gms tobacco can be accommodated in General Free Allowance (GFA)]	625
Cigars [₹ 100 \times 25] [25 cigars can be accommodated in GFA]	2,500
Fire-arms' cartridges [₹ 500 \times 50] [50 fire-arms' cartridges can be accommodated in GFA]	25,000
1.5 litres wine [Wine upto 2 litres can be accommodated in GFA]	5,000
Mobile phone [Can be accommodated in GFA]	<u>80,000</u>
Total value	1,13,125
Less: GFA	<u>15,000</u>
Baggage on which duty is payable	<u>98,125</u>
Duty payable on baggage @ 35% (Social welfare surcharge on baggage is exempt.) [rounded off]	<u>34,344</u>

Note: Firearms and cartridges of firearms exceeding 50, cigars exceeding 25 and tobacco exceeding 125 gms are not chargeable to rate applicable to baggage [Notification No. 26/2016 Cus. dated 31.03.2016].

Firearms and cartridges of firearms exceeding 50 are chargeable @ 70% applicable to baggage under Heading 9803 of the Customs Tariff.

Cigars exceeding 25 and tobacco exceeding 125 gms are chargeable at the respective tariff rates.

4. (a)

S. No.	Particulars ¹	Tax to be deducted		
		CGST @ 1% (₹)	SGST @ 1% (₹)	IGST @ 2% (₹)
(i)	Taxable supply to Government of NCT of Delhi [Since the total value of taxable supply [₹ 2,20,339 (₹ 2,60,000 x 100/118)] under the contract for both taxable and exempted supply does not exceed ₹ 2,50,000, tax is NOT required to be deducted]	-	-	-
(ii)	Supply of taxable goods to Mumbai Office of National Housing Bank [Since total contract value exceeds ₹ 2,50,000, tax is required to be deducted on intra-State supply.]	20,000	20,000	
(iii)	Taxable services to Government Department of Himachal Pradesh. [No TDS will be deducted since the location of supplier and place of supply (being location of immovable property) is in Maharashtra which is different from State of registration of recipient (Himachal Pradesh).]	-	-	-
(iv)	Supply of taxable goods to Chhattisgarh Government [Since total contract value does not exceed ₹ 2,50,000, no TDS will be deducted.]	-	-	-

¹ Tax will be deducted at source at the time of making payment to M/s GPT.

(v)	Supply of taxable iron scrap [Any registered person receiving supplies of iron scrap from other registered person is notified person to deduct TDS where total contract value exceeds ₹ 2,50,000.]	3,000	3,000	
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(b) **Computation of aggregate turnover of M/s Jayant Enterprises for the FY**

Particulars	₹
Supply of diesel on which Sales Tax (VAT) is levied by Rajasthan Government [Note-1]	1,00,000
Supply of goods, after the completion of job work, from the place of Jayant Enterprises, directly by the principal [Note-2]	Nil
Export supply to England [Note-3]	5,00,000
Supply to its own additional place of business in Rajasthan [Note-4]	Nil
Outward supply of services on which GST is to be paid by recipient under reverse charge [Note-5]	1,00,000
Aggregate turnover	7,00,000

Notes:-

- As per section 2(47), exempt supply includes non-taxable supply. Thus, supply of diesel, being a non-taxable supply, is an exempt supply and exempt supply is specifically includible in aggregate turnover in terms of section 2(6).
- Supply of goods after completion of job work by a principal by declaring the place of business of job worker its additional place of business shall be treated as the supply of goods by the principal in terms of explanation (ii) to section 22.
- Export supplies are specifically includible in the aggregate turnover in terms of section 2(6).
- Supply made without consideration to units within the same State is a not a supply and hence not includible in aggregate turnover.

5. Outward supplies taxable under reverse charge would be part of the “aggregate turnover” of the supplier of such supplies. Such turnover is not included as turnover in the hands of recipient.

The applicable turnover limit for registration, in the given case, will be ₹ 20 lakh as Rajasthan is not a Special Category State and M/s. Jayant Enterprises is engaged in supply of goods and services. Although, the aggregate turnover of M/s Jayant Enterprises does not exceed ₹ 20 lakh, it is compulsorily required to register in terms of section 24(i) irrespective of the turnover limit as it is engaged in making inter-State supply of goods in the form of exports to England.

- (c) As per section 14 of the Customs Act, 1962, the value of the imported goods is the transaction value, which means the price actually paid or payable for the goods at the time and place of importation.

Further, the Supreme Court in case of *Garden Silk Mills v. UOI 1999 (113) E.L.T. 358* has held that importation gets complete only when the goods become part of mass of goods within the country.

Since in the instant case, the price of the goods was reduced after the goods arrived in India, the price would be considered to be revised after the importation took place.

Hence, the goods should be valued as per the original price of US \$ 70,000, which was the price payable at the time of importation.

The action taken by the proper officer is valid.

5. (a) (i) No, Mr. Rohit and his tax consultant are not correct.
- An advance ruling is binding only on the applicant who had sought it and on the concerned officer. An advance ruling is not applicable to similarly placed other taxable persons in the State.
- Thus, Mr. Rohit cannot classify the goods to be supplied by him on the basis of his friend Mr. Shivam’s advance ruling order.
- (ii) No, Mr. Rohit need not register to apply for advance ruling since advance ruling can be sought by a registered person or person desirous of obtaining registration. It is not mandatory for a person seeking advance ruling to be registered.

- (b) An appeal against orders passed by the State Benches of the Tribunal would lie to the High Court if the High Court is satisfied that such an appeal involves a substantial question of law.

However, appeal against orders passed by the Principal Bench of the Tribunal would lie to the Supreme Court and not High Court. Only the Principal Bench of the Tribunal can decide appeals where one of the issues involved relates to the place of supply.

Since the issue involved in Mr. Rishabh's case relates to place of supply, the appeal in his case would have been decided by the Principal Bench of the Tribunal. Thus, Mr. Rishabh will have to file an appeal with the Supreme Court and not with the High Court.

- (c) Section 72 of the Customs Act, 1962 provides that in any of the following circumstances the goods shall be considered to have been removed improperly from a warehouse—

- (a) where any warehoused goods are removed from a warehouse in contravention of section 71 of the Customs Act;
- (b) where any warehoused goods have not been removed from a warehouse at the expiration of the period during which such goods are permitted under section 61 to remain in a warehouse;
- (c) where any goods in respect of which a bond has been executed under section 59 and which have not been cleared for home consumption or export are not duly accounted for to the satisfaction of the proper officer.

6. (a) Section 169(1) provides that any decision, order, summons, notice or other communication under the CGST Act and the rules made thereunder can be served by any one of the following methods:

- (a) Giving/tendering directly including by a courier to the addressee or authorised representative or to any adult member of family residing with the taxable person; or
- (b) By Registered post/speed post/courier with acknowledgement due at the last known place of business or residence; or
- (c) By Email to the e-mail address provided at the time of registration or as amended from time to time; or
- (d) By making the same available at common portal; or

- (e) Publication in newspaper circulating in the locality in which the addressee is last known to have resided, carried on business or personally worked for gain; or
 - (f) If none of the above modes is practicable then by Affixing at last known place of business or residence and if such mode is not practicable for any reason, then by affixing a copy thereof on the notice board of the office of the concerned officer or authority concerned.
- (b)** Where the estate of a taxable person owning a business in respect of which any tax, interest or penalty is payable is under the control of the Court of Wards/Administrator General/Official Trustee/Receiver or Manager appointed under any order of a Court, the tax, interest or penalty shall be levied and recoverable from such Court of Wards/Administrator General/ Official Trustee/Receiver or Manager to the same extent as it would be determined and recoverable from a taxable person.

OR

Alternative Answer

- (b)** As per section 67, an inspection can be carried out by an officer of CGST/SGST only upon a written authorization given by an officer of the rank of Joint Commissioner or above. A Joint Commissioner or an officer higher in rank can give such authorization only if he has reasons to believe that the person concerned has done one of the following to evade tax:
- i. suppressed any transaction of supply;
 - ii. suppressed stock of goods in hand;
 - iii. claimed excess input tax credit;
 - iv. contravened any provision of the CGST Act to evade tax;
 - v. a transporter or an owner/operator of a warehouse/godown/any other place has kept goods which have escaped payment of tax or has kept his accounts or goods in a manner that is likely to cause evasion of tax.
- (c)** Status holders are eligible for privileges as under:
- (a) Authorisation and custom clearances for both imports and exports on self-declaration basis.

- (b) Fixation of Input Output Norms on priority i.e. within 60 days by Norms Committee.
- (c) Exemption from compulsory negotiation of documents through banks. Exception are remittance/ receipts.
- (d) Exemption from furnishing of Bank Guarantee in Schemes under FTP unless otherwise specified.
- (e) Two Star Export Houses and above are permitted to establish export warehouses.
- (f) Manufacturers who are also status holders (Three Star/Four Star/Five Star) will be enabled to self-certify their manufactured goods (as per their Industrial Entrepreneurs Memorandum (IEM) / Industrial License (IL) /Letter of Intent (LOI)) as originating from India with a view to qualify for preferential treatment under specified agreements.
- (g) Status holders shall be entitled to export freely exportable items on free of cost basis for export promotion subject to a specified annual limit.
- (h) The status holders would be entitled to preferential treatment and priority in handling of their consignments by the concerned agencies.