

CA Inter INDIRECT TAXES

Notebook Style **Multicoloured**
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Question Bank 8.0
Relevant for May/Sept26

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Q.1	List some of the benefits that GST may accrue to the economy.	<i>[ICAI SM]</i>
Ans:	<p>GST may accrue following benefits to the economy:</p> <p>a) Creation of unified national market: GST aims to make India a common market with common tax rates and procedures and remove the economic barriers, thereby paving the way for an integrated economy at the national level.</p> <p>b) Boost to "Make in India" initiative: GST may give a major boost to the Make in India' initiative of the Government of India by making goods and services produced in India competitive in the national as well as international market. This would make India a manufacturing hub.</p> <p>c) Boost to investments, exports and employment: Under the GST regime, the principle of exporting only the cost of goods or services and not taxes is being followed. This may boost Indian exports thereby improving the balance of payments position. Exporters are being facilitated by grant of provisional refund of 90% of their claims within 7 days of issue of acknowledgement of their application, thereby resulting in the easing of position with respect to cash flows.</p> <p>Further, the subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input tax on goods and services and phasing out of Central Sales Tax (CST) may reduce the cost of locally manufactured goods and services. Resultantly, the competitiveness of Indian goods and services in the international market may increase to give boost to investments and Indian exports. With a boost in exports and manufacturing activity, more employment would be generated and GDP would increase.</p>	
Q.2	Explain with the help of examples how a particular transaction of goods and services is taxed simultaneously under Central GST (CGST) and State GST (SGST)?	<i>[ICAI SM]</i>
Ans:	<p>The Central GST and the State GST is levied simultaneously on every intra-State supply of goods or services or both made by registered persons except the exempted goods and services as well as goods and services which are outside the purview of GST. Further, both are levied on the same price or transaction value. The same can be better understood with the help of following examples:</p> <p>Example I: Suppose that the rate of CGST is 10% and that of SGST is 10%.</p> <p>When a wholesale dealer of steel in Uttar Pradesh supplies steel bars and rods to a construction company which is also located within the same State for, say ₹100, the dealer would charge CGST of ₹10 and SGST of ₹10 in addition to the basic price of the goods. The CGST component will go into a Central Government account while the SGST portion into the account of the concerned State Government (viz. U.P.).</p> <p>It is important to note that he might not actually pay ₹20 (₹10 + ₹10) in cash as he would be entitled to set-off this liability against the CGST or SGST paid on his eligible purchases (inputs, input services and capital goods) assuming that all his purchases are intra-State.</p> <p>However, for paying CGST, he would be allowed to use only the credit of CGST paid on his purchases while for SGST he can utilize the credit of SGST alone. CGST credit cannot be used for payment of SGST and vice versa.</p> <p>Example II: Suppose, again the rate of CGST is 10% and that of SGST is 10%. When an advertising company located in Mumbai supplies advertising services to a company manufacturing soap also located within the State of Maharashtra for, let us say ₹100, the ad company would charge CGST of ₹10 as well as SGST of ₹10 at the basic value of the service. The CGST component will go into a Central Government account while the SGST portion into the account of the Maharashtra Government.</p> <p>He might not actually pay ₹20 (₹10 + ₹10) in cash as it would be entitled to set-off this liability against the CGST or SGST paid on his eligible purchases (say, of inputs such as stationery, office equipment, services of an artist etc.) assuming that all his purchases are intra-State. However, for paying CGST, he would be allowed to use only the credit of CGST paid on its purchase while for SGST, he can utilize the credit of SGST alone: CGST credit cannot be used for payment of SGST and vice versa.</p>	

<p>Q.3</p> <p>Ans:</p>	<p>Why was the need to amend the Constitution of India before introducing the GST? [ICAI SM]</p> <p>Earlier, the fiscal powers between the Centre and the States were clearly demarcated in the Constitution with almost no overlap between the respective domains. The Centre had the powers to levy tax on the manufacture of goods (except alcoholic liquor for human consumption, opium, narcotics etc.) while the States had the powers to levy tax on the sale of goods. In the case of inter-State sales, the Centre had the power to levy the Central Sales Tax but the tax was collected and retained entirely by the States. As for services, it was the Centre alone that was empowered to levy service tax.</p> <p>Introduction of the GST necessitated the amendments in the Constitution so as to simultaneously empower the Centre and the States to levy and collect this tax. The Constitution of India was amended by the Constitution (1015* Amendment) Act, 2016 for this purpose. Article 246A of the Constitution introduced thereby empowered the Centre and the States to simultaneously levy and collect the GST.</p>
<p>Q.4</p> <p>Ans:</p>	<p>GST is a destination-based tax on consumption of goods or services or both. Discuss the validity of the statement. [ICAI SM]</p> <p>The given statement is valid. GST is a destination-based tax on consumption of goods or services or both.</p> <p>GST is known as destination-based tax since the tax would accrue to the taxing authority which has jurisdiction over the place of consumption which is also termed as place of supply.</p> <p>For example, if A in Delhi produces the goods and sells the goods to B in Haryana. In this case, the tax would accrue to the State of Haryana and not to the State of Delhi. On the other hand, under pre-GST regime, origin- based taxation was prevailing in such cases.</p> <p>Under origin-based taxation, the tax used to accrue to the State from where the transaction originated. In the given case, under origin-based taxation, the central sales tax would have been levied by Centre and collected by the State of Delhi and not by the State of Haryana.</p>
<p>Q.5</p> <p>Ans.</p>	<p>Discuss the livability of GST or otherwise on the following:</p> <p>(a) Alcoholic liquor for human consumption (b) Petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas (c) Tobacco (d) Opium, Indian hemp and other narcotic drugs and narcotics [ICAI SM]</p> <p>a) Alcoholic liquor for human consumption: is outside the realm of GST. The manufacture/ production of alcoholic liquor continues to be subjected to State excise duty and inter State /intra-State sale of the same is subject to CST/VAT respectively.</p> <p>b) Petroleum crude, diesel, petrol, ATF and natural gas: As regards petroleum crude, diesel, petrol, ATF and natural gas are concerned, they are not presently leviable to GST. GST will be levied on these products from a date to be notified on the recommendations of the GST Council. Till such date, central excise duty continues to be levied on manufacture/production of petroleum crude, diesel, petrol, ATF and natural gas and inter-State/intra-State sale of the same is subject to CST/ VAT respectively.</p> <p>c) Tobacco: Tobacco is within the purview of GST, i.e., GST is leviable on tobacco. However, Union Government has also retained the power to levy excise duties on tobacco and tobacco products manufactured in India. Resultantly, tobacco is subject to GST as well as central excise duty.</p> <p>d) Opium, Indian hemp and other narcotic drugs and narcotics: Opium, Indian hemp and other narcotic drugs and narcotics are within the purview of GST, i.e., GST is leviable on them. However, State Governments have also retained the power to levy excise duties on such products manufactured in India.</p> <p>Resultantly, Opium, Indian hemp and other narcotic drugs and narcotics are subject to GST as well as State excise duties.</p>

Q.6	Under Goods and Services Tax (GST), only value addition is taxed and burden of tax is to be borne by the final consumer. Examine the validity of the statement. [ICAI SM]
Ans.	The statement is correct. Goods and Services Tax is a destination-based tax on consumption of goods and services. It is levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff. Resultantly, only value addition is taxed and burden of tax is to be borne by the final consumer.
Q.7	Which are the commodities which have been kept outside the purview of GST Examine the status of taxation of such commodities after introduction of GST. [ICAI SM, MTP-July 24]
Ans.	Article 366(12A) of the Constitution as amended by 101st Constitutional Amendment Act, 2016 defines the Goods and Services tax (GST) as a tax on supply of goods or services or both, except supply of alcoholic liquor for human consumption. Therefore, alcohol for human consumption is kept out of GST by way of definition of GST in the Constitution. Five petroleum products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel have temporarily been kept out of the purview of GST; GST Council shall decide the date from which they shall be included in GST. The erstwhile taxation system (CST/VAT & central excise) still continues in respect of the said commodities.
Q.8	A dual GST has been implemented in India. Elaborate. [ICAI SM]
Ans.	A dual GST has been implemented in India with the Centre and States simultaneously levying it on a common tax base. The GST levied by the Centre on intra-State supply of goods and I or services is called the Central GST (CGST) and that levied by the States/ Union territory is called the State GST (SGST)/ Union GST (UTGST). Similarly, Integrated GST (IGST) is levied and administered by Centre on every inter-State supply of goods and/or services. India is a federal country where both the Centre and the States have been assigned the powers to levy and collect taxes through appropriate legislation. Both the levels of Government have distinct responsibilities to perform according to the division of powers prescribed in the Constitution for which they need to raise resources. A dual GST, therefore, keeps with the Constitutional requirement of fiscal federalism.
Q.9	Discuss Article 269A pertaining to levy and collection of GST on inter-state supply. [ICAI SM]
Ans.	Article 269A of the Constitution stipulates that Goods and Services Tax on supplies in the course of inter-State trade or commerce shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council. Here, supply of goods, or of services, or both in the course of import into the territory of India shall be deemed to be supply of goods, or of services, or both in the course of inter-State trade or commerce. The amount so apportioned to a State shall not form part of the Consolidated Fund of 'India. Where an amount collected as IGST has been used for payment of SGST or vice versa, such amount shall not form part of the Consolidated Fund of India/State respectively. This is to facilitate transfer of funds between the Centre and the States. Parliament is empowered to formulate the principles for determining the place of supply, and when a supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.
Q.10	Discuss Article 246A which grants the power to make laws with respect to Goods and Services Tax. [ICAI SM]
Ans.	Article 246A stipulates that Parliament, and, the Legislature of every State, have power to make laws with respect to goods and services tax imposed by the Union or by such State. Parliament has exclusive power to make laws with respect to goods and services tax where the supply of goods, or of services, or both takes place in the course of inter-State trade or commerce. However, in respect to petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel, the aforesaid provisions shall apply from the date to be notified by the Government on the recommendations by the GST Council.

Q.11	List the deficiencies in the erstwhile value-added taxation which led to evolution of Goods and Services Tax. [PP-May 25]
Ans.	List of deficiencies in the erstwhile value-added taxation which led to evolution of GST: a. Certain transactions were being double taxed as both goods and services due to unclear distinction between goods and services. b. There was cascading of taxes because CENVAT excluded value addition in distribution stage and in the State-level VAT, CENVAT load on the goods was not removed. c. Credit of CENVAT and State-Level VAT could not be set-off against each other. d. For a single transaction, multiple taxes in multiple forms were required to be paid. Several State taxes like Luxury Tax, Entertainment Tax, etc. were not subsumed in the VAT. e. State-level VAT and service tax were not integrated, thereby causing tax cascading. f. CST, being non-VATable, caused tax cascading. Being origin- based, it violated the consumption tax principles.
Q.12	No act or proceedings of the Goods and Services Tax Council shall be invalid merely by certain reasons. What are they? [PP-Sept 24]
Ans.	No act or proceedings of the Goods and Services Tax Council shall be invalid merely by reason of— (a) any vacancy in, or any defect in, the constitution of the Council; or (b) any defect in the appointment of a person as a Member of the Council; or (c) any procedural irregularity of the Council not affecting the merits of the case.
Q.13	List any six State taxes that were subsumed in the GST regime. [PP-Jan 25]
Ans.	Following are the State taxes that were subsumed in the GST regime: (a) State surcharges and cesses in so far as they relate to supply of goods & services. (b) Entertainment Tax (except those levied by local bodies) (c) Tax on lottery, betting and gambling (d) Entry Tax (All Forms) (e) Purchase Tax (f) VAT/ Sales tax (g) Luxury Tax (h) Taxes on advertisements

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STUDENT NOTES

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Q.1	Meghraj & Co. wishes to commence the business of supplying ready-made garments within Punjab and in the neighboring states of Delhi and Haryana. Kindly state as to what is the taxable event under GST and leviability of CGST, SGST/UTGST and IGST on the same? <i>[ICAI SM]</i>
Ans:	Taxable event under GST is the supply of goods or services or both made for consideration in the course or furtherance of business. CGST and SGST will be levied on intra-State supplies. IGST will be levied on inter-State supplies.
Q.2	Damodar Private Ltd., registered in Delhi, has transferred some goods to its branch, registered in West Bengal, so that the goods can be sold from the branch. The goods have been transferred without any consideration. The company believes that the transaction undertaken by it does not qualify as supply as no consideration is involved. Ascertain whether the transfer of goods by Damodar Private Ltd. to its branch office qualifies as supply. <i>[ICAI SM]</i>
Ans:	As per Schedule I, supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business, is deemed as supply <u>even if made without consideration</u> . In the given case, since the Damodar Private Ltd. and its branch located in another State are distinct persons, supply of goods between them qualifies as supply.
Q.3	Prithvi Associates is engaged in supply of taxable goods. It enquires from its tax advisor as to whether any activity can be treated as supply even if made without consideration in accordance with the provisions. You are required to enumerate such activities, if any. <i>[ICAI SM, PP-May 25]</i>
Ans:	Section 7(1)(a) stipulates that the supply should be for a consideration and should be in the course or furtherance of business. However, section 7(1)(c) read with Schedule I enumerates the cases where an activity is treated as supply, even if the same is without consideration. These are as follows: (i) Permanent transfer or disposal of business assets where input tax credit has been availed on such assets. (ii) Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business. However, gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both. (iii) Supply of goods - a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal. (iv) Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business.
Q.4	Composite supply is treated as supply of that particular goods or services which attracts the highest rate of tax. Examine the validity of the statement. <i>[ICAI SM]</i>
Ans:	The statement is not correct . For considering tax liability, composite supply is treated as supply of the principal supply. It is the mixed supply that is treated as supply of that particular goods or services which attracts the highest rate of tax.
Q.5	Transfer of title and/or possession is necessary for a transaction to constitute supply of goods. Examine. <i>[ICAI SM]</i>
Ans:	Title as well as possession both need to be transferred for a transaction to be considered as a supply of goods. In case title is not transferred, the transaction would be treated as supply of service in terms of Schedule II(1)(b). In some cases, possession may be transferred immediately, but title may be transferred at a future

	<p>date like in case of sale on approval basis or hire purchase arrangement. Such transactions will also be termed as supply of goods in terms of Schedule II.</p>
<p>Q.6</p>	<p>Examine whether the following activities would amount to supply under section 7 read with Schedule I:</p> <p>(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.</p> <p>(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.</p> <p>(c) Would your answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai? [ICAI SM]</p>
<p>Ans:</p>	<p>(a) Schedule I read with section 7(1)(c), <i>inter alia</i>, 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)].</p> <p>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.</p> <p>(b) Schedule I read with section 7(1)(c), <i>inter alia</i>, stipulates that import of services by a taxable person from a related person located outside India, without consideration is treated as supply <u>if it is provided in the course or furtherance of business</u>. Explanation to section 15, <i>inter alia</i>, 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, —</p> <p>(i) The spouse and children of the person, and</p> <p>(ii) The parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.</p> <p>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.</p> <p>(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.</p>
<p>Q.7</p>	<p>State whether the following supplies would be treated as supply of goods or supply of services as per Schedule-II:</p> <p>(a) Renting of immovable property.</p> <p>(b) Goods forming part of business assets are transferred or disposed of by/under directions of person carrying on the business.</p> <p>(c) Transfer of right in goods without transfer of title in goods.</p> <p>(d) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date. [ICAI SM]</p>
<p>Ans:</p>	<p>Supply of services</p> <p>(a) Supply of goods</p>

	(b) Supply of services (c) Supply of goods
Q.8	Determine whether the following supplies would be treated as supply of goods or supply of services as per Schedule II: (a) Temporary transfer or permitting use or enjoyment of any intellectual property right. (b) Any treatment or process which is applied to another person's goods. (c) Transfer of title in goods. [ICAI SM]
Ans:	(a) Supply of services (b) Supply of services (c) Supply of goods
Q.9	The goods supplied on hire purchase basis will be treated as supply of services. Examine the validity of the statement. [ICAI SM, MTP-May23]
Ans:	The statement is not correct . Supply of goods on hire purchase shall be treated as supply of goods as there is transfer of title, albeit at a future date.
Q.10	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? [ICAI SM]
Ans:	(i) Supply, under section 7, <i>inter alia</i> , <ul style="list-style-type: none"> ➤ 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, <i>inter alia</i> , stipulates that import of services by a taxable person from a related person located outside India, without consideration is treated as supply <u>only if it is provided in the course or furtherance of business</u> . Explanation to section 15, <i>inter alia</i> , 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, — <ul style="list-style-type: none"> (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 Shrinti has taken interior decoration services for her residence and not in course or furtherance of business. Consequently, services provided by Miss Shrinti's brother to her would not be treated as supply under section 7 read with Schedule I. 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.

Q.11 Dumdum Electronics has sold the following electronic items to Akbar Retail Store.
 (i) Refrigerator (500 liters) taxable @ 18%
 (ii) Stabilizer for refrigerator taxable @ 12%
 (iii) LED television (42 inches) taxable @ 12%
 (iv) Split air conditioner (2 Tons) taxable @ 28%
 (v) Stabilizer for air conditioner taxable @12%
 Dumdum Electronics has issued a single invoice, indicating price of each of the above items separately in the same. Akbar Retail Store has given a single cheque of ₹1,00,000/- for all the items as a composite discounted price. State the type of supply and the tax rate applicable in this case.

[ICAI SM]

Ans: In the given case, the **items supplied by Dumdum Electronics are not naturally bundled in the ordinary course of business. Therefore, such supply is not a composite supply.** Further, although Akbar Retail Store has paid a composite discounted price for these goods, Dumdum Electronics has not charged a single price for the said supply. Therefore, said supply is also not a mixed supply.
Supply of these goods is, therefore, supply of individual items which are taxable at the respective rates applicable to them.

Q.12 Manikaran, a registered supplier of Delhi, has supplied 20,000 packages at ₹30 each to Mukhija Gift Shop in Punjab. Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons. Determine the rate(s) of GST applicable in the given case assuming the rates of GST to be as under:

Goods/services supplied	GST rate
Chocolates	18%
Fruit juice bottles	12%
Toy balloons	5%

[ICAI SM]

Ans: As per section 2(74), mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.
 Supply of a **package containing chocolates, fruit juice bottles and a packet of toy balloons is a mixed supply as each of these items can be supplied separately and is not dependent on any other.** Further, as per section 8(b), the mixed supply is treated as a supply of that particular supply which attracts the highest rate of tax. Thus, in the given case, supply of packages is treated as supply of chocolates [since it attracts the highest rate of tax] and the rate of GST applicable on the package of ₹6,00,000 (20,000 × ₹30) is 18%.

Q.13 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 equipment, consumables, tools, parts etc. from Haryana workshop to its own repairing centers (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 centers located in other States across India.

[ICAI SM, MTP-Oct 23]

Ans: As per section 25(4), a person who has obtained more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as 'distinct persons.'
 Schedule I to the CGST Act specifies situations where activities are to be treated as supply even if made without consideration. **Supply of goods and/or services between 'distinct persons' as specified in section 25, when made in the course or furtherance of business is one such activity included in Schedule I under para 2.**

	<p>However, as per CBIC circular, the inter-State movement of various modes of conveyance including, inter alia, trucks, carrying goods or passengers or both or for repairs and maintenance, between 'distinct persons' as specified in section 25(4), not involving further supply of such conveyance, may be treated 'neither as a supply of goods nor supply of service' and therefore, will not be leviable to IGST.</p> <p>Applicable CGST/SGST/IGST, however, shall be leviable on repairs and maintenance done for such conveyance [Circular No. 1/1/2017 IGST dated 07.07.2017].</p> <p>Thus, in the given case, inter-State movement of trucks from the workshop of Gagan Engineering Pvt. Ltd. located in Haryana to its repair centers located in other States is 'neither a supply of goods nor supply of service'.</p>									
Q.14	<p>Sarvanna & Sons wishes to start supplying alcoholic liquor in the State of Tamil Nadu. Therefore, it applies for license to the Tamil Nadu Government for selling liquor for which the State Government has charged specified fee from it. Examine whether the grant of alcoholic liquor license by the Tamil Nadu Government to Sarvanna & Sons qualifies as supply. [ICAI SM]</p>									
Ans:	<p>Services by way of grant of alcoholic liquor license by the State Governments have been notified to be treated neither as a supply of goods nor as a supply of service. Such license is granted against consideration in the form of license fee or application fee or by whatever name it is called. Thus, in the given case, the grant of alcoholic liquor license by the Tamil Nadu Government to Sarvanna & Sons is neither a supply of goods nor a supply of service.</p>									
Q.15	<p>Examine whether the following activities would amount to "supply" under GST law?</p> <p>(i) Glory Ltd. is engaged in manufacturing and selling of cosmetic products. Seva Trust, a charitable organization, approached Glory Ltd. to provide financial assistance for its charitable activities. Glory Ltd. donated a sum of ₹2 lakh to Seva Trust with a condition that Seva Trust will place a hoarding at the entrance of the trust premises displaying picture of products sold by Glory Ltd.</p> <p>(ii) Mr. Swamy of Chennai is working as a manager with ABC Bank. He consulted M/s. Jacobs and Company of London and took its advice for buying a residential house in Mumbai and paid them consultancy fee of 200 UK Pound for this import of service. [PP – May 22]</p>									
Ans:	<p>(i) An activity qualifies as supply under GST only if it is for a consideration and is in course/furtherance of business. <u>Donations received by the charitable organizations are treated as consideration only when there's an obligation on part of the recipient of the donation to do anything.</u></p> <p>Since in the given case, the display of products sold by the donor – Glory Ltd. - in charitable organization's premises aims at advertising/promotion of its business, it is supply for consideration in course/furtherance of business and thus, qualifies as supply under GST law.</p> <p>(ii) Supply includes importation of services, for a consideration whether or not in the course/furtherance of business. Thus, in the given case, the import of services by Mr. Swamy amounts to supply although it is not in course/furtherance of business.</p>									
Q.16	<p>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.</p> <p>Mr. Handsome provides you the following details of transactions carried out during the month of March 2024:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Sl. No.</th> <th style="width: 70%;">Particulars</th> <th style="width: 20%;">Amount in (₹)</th> </tr> </thead> <tbody> <tr> <td></td> <td>Outward Supply:</td> <td></td> </tr> <tr> <td style="text-align: center;">1</td> <td>Goods sold by Mr. Handsome in his DCA capacity (intra - State transaction)</td> <td style="text-align: right;">2,80,000</td> </tr> </tbody> </table>	Sl. No.	Particulars	Amount in (₹)		Outward Supply:		1	Goods sold by Mr. Handsome in his DCA capacity (intra - State transaction)	2,80,000
Sl. No.	Particulars	Amount in (₹)								
	Outward Supply:									
1	Goods sold by Mr. Handsome in his DCA capacity (intra - State transaction)	2,80,000								

2	Interest earned from the above customers for short term credit facility provided for timely payment of dues. (intra- State transaction)	20,000
3	Commission bill raised on Charm Limited (inter-State transaction) in respect of DCA services provided.	30,000
Inward supply:		
4	Inter-State supply of goods received from Charm Limited. Being a DCA, no consideration was paid. Value under section 15 - ₹2,00,000	Nil
5	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 2024 of Mr. Handsome. Brief notes should form part of your answer for treatment of items in Sl. No. (i) to (v). [PP – Nov 22]

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

Particulars		CGST	SGST	IGST
Goods sold by Mr. Handsome in his DCA capacity	2,80,000	27,000 [3,00,000*9%]	27,000 [3,00,000*9%]	
Add: Interest earned for short term credit facility provided to above customers [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.]	20,000			
Commission charged for DCA services [Being taxable supply of services.]				5,400 [30,000*18%]
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 2024:

Particulars	CGST	SGST	IGST
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.]			36,000 [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]	-	-	-
Total ITC Available	Nil	Nil	36,000

<p>Q.17</p>	<p>Determine whether GST is payable in the following transaction: Dhruv Developers sold a plot of land in Greater Noida after levelling, laying down of drainage lines, water lines and electricity lines. [RTP-May 23]</p>
<p>Ans:</p>	<p>GST is not payable by Dhruv Developers on sale of plot of land. Circular No. 177/09/2022 GST dated 03.08.2022 clarifies applicability of GST on sale of land after levelling, laying down of drainage lines etc. As per Para 5 of Schedule III of the CGST Act, 2017, 'sale of land' is neither a supply of goods nor a supply of services. Therefore, the sale of land does not attract GST. Land may be sold either as it is or after some development such as levelling, laying down of drainage lines, water lines, electricity lines, etc. It is clarified that sale of such developed land is also sale of land and is covered by Para 5 of Schedule III and accordingly, does not attract GST.</p>
<p>Q.18</p>	<p>List any 5 (five) activities/transactions specified under Schedule III of the CGST Act, 2017 which shall be neither treated as supply of goods nor as supply of services. Detailed explanations are not required. [RTP-Nov 18, PP-May 23]</p>
<p>Ans:</p>	<p>Activities or transactions which shall be treated neither as a supply of goods nor a supply of services are as under:</p> <ol style="list-style-type: none"> 1) Services by an employee to the employer in the course of or in relation to his employment. 2) Services by any court or Tribunal established under any law for the time being in force. 3) Functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities. 4) Duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity. 5) Duties performed by any person as a chairperson or a member or a director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause. 6) Services of funeral, burial, crematorium or mortuary including transportation of the deceased. 7) Sale of land and, subject to paragraph 5(b) of Schedule II, sale of building. (i.e., in case, where entire consideration for sale of building received after issuance of completion certificate or after its first occupation, whichever is earlier). 8) Actionable claims, other than specified actionable claims. 9) Apportionment of co-insurance premium by the lead insurer to the co-insurer for jointly supplied insurance services in co-insurance agreements, subject to condition that lead insurer pays C/S/U/IGST on entire premium paid by insured. 10) Services by insurer to re-insurer, for which ceding commission or re-insurance commission is deducted from re-insurance premium paid by insurer to reinsurer, subject to condition that C/S/U/IGST paid by re-insurer on gross reinsurance premium payable by insurer to reinsurer, inclusive of said ceding commission or re-insurance commission.
<p>Q.19</p>	<p>Happy Constructions Ltd., a registered builder under GST in Bengaluru, Karnataka has got permission to build five floors from the Municipal Projects for one of its projects at Suraj Nagar. Aditya Constructions, a neighbouring housing project approached Happy Constructions Limited to discuss regarding blockage of sun light issue arising out of construction of five floors and asked it to build only three floors for which ₹ 20 lakh was offered as compensation. Happy Constructions Limited agreed to the offer. It may be noted that Aditya Constructions is not ready to pay any further amount to Happy Constructions Ltd. in addition to the amount already agreed. Briefly explain with correct legal provision whether the above amount received as compensation is liable to GST or not? And if considered as taxable, then calculate the total GST payable by Happy Constructions Ltd. Assume the applicable rate of CGST and SGST is 9% each. Also state the conditions to be complied with. [RTP-May 24]</p>
<p>Ans:</p>	<p>Agreeing to obligation to refrain from an act, or to tolerate an act or situation, or to do an act has been specifically declared to be a supply of service vide para 5(e) of Schedule II of the CGST Act, 2017 if the same constitutes a supply as per the CGST Act, 2017.</p>

	<p>In the given case, Happy Constructions Limited has agreed to build only three floors, even though it is permitted to construct five floors by the Municipal Authorities, for a compensation of ₹ 20 lakh. This results in supply of service.</p> <p>The conditions to be complied with for the above supply will be</p> <p>(a) There must be an expressed or implied agreement or contract must exist.</p> <p>(b) Consideration must flow in return to this contract/ agreement.</p> <p>Since Aditya Constructions is not ready to pay any further amount to Happy Constructions Limited in addition to the amount already agreed, the amount received ₹ 20 lakh shall be treated as inclusive of GST and the GST payable will be ₹ 20,00,000 x 9/118 = ₹ 1,52,542.37 or ₹ 1,52,542 (rounded off) as CGST and SGST each.</p>
Q.20	Examine the implications of GST on supply of food and beverages at cinema halls. [RTP-May 24]
Ans:	<p>Eating joint is a wide term which includes refreshment or eating stalls/ kiosks/ counters or restaurant at a cinema also.</p> <p>The cinema operator:</p> <p>(i) may run these refreshment/eating stalls/kiosks/counters/restaurant themselves or</p> <p>(ii) they may give it on contract to a third party.</p> <p>The customer may like to avail the services supplied by these refreshment/snack counters or choose not to avail these services. Further, the cinema operator can also install vending machines, or supply any other recreational service such as through coin-operated machines etc. which a customer may or may not avail.</p> <p>It is hereby clarified vide Circular No. 201/13/2023 GST dated 01.08.2023 that:</p> <p>(i) supply of food or beverages in a cinema hall is taxable as 'restaurant service' as long as:</p> <p>(a) the food or beverages are supplied by way of or as part of a service, and</p> <p>(b) supplied independent of the cinema exhibition service.</p> <p>(ii) where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema, the principal supply.</p>
Q.21	Examine whether the following activities would be treated as supply under GST law?
	<p>(i) Mr. Sonu from Chandigarh purchased a water cooler from Malhotra Bros. of Hoshiarpur. Mr. Sonu directed Malhotra Bros. to engrave the words on the water cooler-“Donated by Mr. Sonu from Chandigarh” and dispatch the water cooler directly to the temple.</p> <p>(ii) Wesco Ltd. a registered person in Ahmedabad (Gujarat) having head office located in Singapore, received management consultancy services free of cost from its head office. [PP-Nov 23]</p>
Ans:	<p>(i) Donations received by the charitable organisations are treated as consideration only if there exists, quid pro quo, i.e., there is an obligation on part of recipient of the donation or gift to do anything (supply a service).</p> <p>Since the name of the donor, Mr. Sonu is displayed in temple as an expression of gratitude and public recognition of his act of philanthropy and is not aimed at advertising or promotion of his business, hence, donation of water cooler by Mr. Sonu to temple is without quid pro quo and is, thus, not a supply under GST law.</p> <p>However, supply of water cooler by Malhotra Bros. to Mr. Sonu is supply as it is made for consideration in course or furtherance of business.</p> <p>(ii) As per schedule I, in case of import of services by a person from a related person or from his establishments located outside India, without consideration, in the course or furtherance of business shall be treated as "supply".</p> <p>Hence, services received by Wesco Ltd. qualify as supply even though such services have been provided free of cost by the head office.</p>
Q.22	Examine the existence of "consideration" for donation received by charitable institutions from individual donors, without quid pro quo an important feature as defined in section 2(31) of the CGST Act, 2017. [PP-May 24]

Ans: Donations received by the charitable institutions from individual donors are treated as consideration only if there exists, quid pro quo, i.e., there is an obligation on part of recipient of the donation or gift to do anything.

If the name of the donor is displayed in charitable institution's premises as an expression of gratitude and public recognition of his act of philanthropy and is not aimed at advertising or promotion of his business, there is no supply for the payment in the form of donation.

Q.23 Gamma Multiplex registered in the State of Punjab, gives the following offers for booking movie tickets:

Sr. No.	Particulars	Price Charged (excluding GST)
1	Tickets only	₹ 200 per person
2	Combo offer	₹ 350 per person (which includes ₹ 200 for ticket and ₹ 150 for snacks)
3	Snacks only	₹ 250 per token (snacks quantity will be more when compared to combo offer)

For the month of April 2024, Gamma Multiplex situated in Punjab made the following supplies :

- 10,000 tickets under combo offer
- 2,500 tickets only
- 1,000 tokens of snacks only GST rates applicable are:

Rate of GST	CGST	SGST	IGST
Supply of Snacks	2.5%	2.5%	5%
Supply of service of exhibition of cinema	9%	9%	18%

You are required to determine the following, by explaining the relevant provisions :

- Rate of GST to be applied when combo supply is made
- Rate of GST to be applied when snacks are sold in Multiplex
- Gross GST payable by Gamma Multiplex for the month of April, 2024. [PP-Jan 25]

Ans. (i) The combo supply of cinema tickets and snacks is a composite supply wherein the entire supply will attract GST at the rate applicable to service of exhibition of cinema being the principal supply.

Further, it is an intra-State supply since the place of supply is Punjab#.

Thus, in the given case, rates of GST to be applied are 9% CGST and 9% SGST.

(ii) Supply of snacks is an individual supply.

Further, it is an intra-State supply since the place of supply is Punjab##.

Thus, the applicable rates of GST are 2.5% CGST and 2.5% SGST.

(iii) **Computation of Gross GST payable by Gamma Multiplex for April, 2024**

S. No.	Particulars	GST Rate (%)	Value (₹)	CGST (₹)	SGST (₹)
1.	Supply of combo offer [10,000 X ₹ 350]	9	35,00,000	3,15,000	3,15,000
2.	Supply of tickets only [2,500 X ₹ 200]	9	5,00,000	45,000	45,000
3.	Supply of snacks only [1,000 X ₹ 250]	2.5	2,50,000	6,250	6,250
	Total GST payable by Gamma Multiplex			3,66,250	3,66,250

#as the place of supply of services supplied to unregistered persons with no address on records is location of the supplier.

as the place of supply of goods supplied to unregistered persons over the counter with no address on records is location of the supplier.

<p>Q.1</p>	<p>Taxpayer 'Tolaram' is a manufacturer who has opted for composition levy for goods, having one unit – A1 in UP and another unit – A2 in MP. Total turnover of two units in last FY was ₹115 lakh (₹85 lakh + ₹30 lakh). Turnover of units A1 and A2 in the first quarter of current financial year is ₹5 lakh and ₹10 lakh respectively. Compute the amount payable under composition levy under section 10(1) & 10(2) of the CGST Act, 2017 by 'Tolaram'. [ICAI SM]</p>																				
<p>Ans:</p>	<table border="1"> <thead> <tr> <th>Unit</th> <th>Location</th> <th>Turnover in previous FY</th> <th>Turnover in 1st Quarter of this FY</th> <th>Total Tax (@1%)</th> </tr> </thead> <tbody> <tr> <td>A1</td> <td>UP</td> <td>₹ 85 lakhs</td> <td>₹ 5 lakhs</td> <td>₹ 5,000</td> </tr> <tr> <td>A2</td> <td>MP</td> <td>₹ 30 lakhs</td> <td>₹ 10 lakhs</td> <td>₹ 10,000</td> </tr> <tr> <td colspan="2">Total</td> <td>₹115 lakhs</td> <td>₹15 lakhs</td> <td>₹15,000</td> </tr> </tbody> </table>	Unit	Location	Turnover in previous FY	Turnover in 1st Quarter of this FY	Total Tax (@1%)	A1	UP	₹ 85 lakhs	₹ 5 lakhs	₹ 5,000	A2	MP	₹ 30 lakhs	₹ 10 lakhs	₹ 10,000	Total		₹115 lakhs	₹15 lakhs	₹15,000
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Total		₹115 lakhs	₹15 lakhs	₹15,000																	
<p>Q.2</p>	<p>Taxpayer 'Bholaram' is a trader (who has opted for composition levy for goods) of both taxable and exempted goods (goods exempted by way of a notification). It has one retail showroom – A1 in Punjab and another retail showroom – A2 in Rajasthan, both selling taxable as well as exempted goods. Total turnover (including taxable and exempted goods) of the two showrooms in last FY was ₹115 lakh (₹85 lakh + ₹30 lakh). Turnover of showrooms A1 and A2 in the first quarter of current financial year is ₹35 lakh [A1 - ₹15 lakh (₹5 lakh from sale of taxable goods and ₹10 lakh from sale of exempted goods) and A2 - ₹20 lakh (₹10 lakh from sale of taxable goods and ₹10 lakh from sale of exempted goods)]. Compute the amount payable under composition levy under section 10(1) & 10(2) of the CGST Act, 2017 by 'Bholaram'. [ICAI SM]</p>																				
<p>Ans:</p>	<table border="1"> <thead> <tr> <th>Unit</th> <th>Location</th> <th>Turnover in previous FY</th> <th>Taxable Turnover* in 1st Quarter of this FY</th> <th>Total Tax (@1%)</th> </tr> </thead> <tbody> <tr> <td>A1</td> <td>Punjab</td> <td>₹85 lakhs</td> <td>₹5 lakhs</td> <td>₹5,000</td> </tr> <tr> <td>A2</td> <td>Rajasthan</td> <td>₹30 lakhs</td> <td>₹10 lakhs</td> <td>₹10,000</td> </tr> <tr> <td colspan="2">Total</td> <td>₹115 lakhs</td> <td>₹15 lakhs</td> <td>₹15,000</td> </tr> </tbody> </table> <p>Note: A supplier, other than manufacturer and restaurant service provider, eligible for composition levy under section 10(1) & 10(2) has to pay tax @ 1% (CGST+ SGST) of the turnover of only taxable supplies of goods and services in the State</p>	Unit	Location	Turnover in previous FY	Taxable Turnover* in 1st Quarter of this FY	Total Tax (@1%)	A1	Punjab	₹85 lakhs	₹5 lakhs	₹5,000	A2	Rajasthan	₹30 lakhs	₹10 lakhs	₹10,000	Total		₹115 lakhs	₹15 lakhs	₹15,000
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<p>Q.3</p>	<p>Taxpayer 'Padmavati' is a salon stylist, who has opted for composition levy for services, having one branch – B1 in Vasant Kunj, Delhi and another branch – B2 in Gurgaon, Haryana. Total turnover of two branches in last FY was ₹45 lakh (₹25 lakh + ₹20 lakh). Turnover of branches B1 and B2 in the first quarter of current financial year is ₹5 lakh and ₹10 lakh respectively. Compute the amount payable under composition levy under section 10(2A) of the CGST Act, 2017 by 'Padmavati'. [ICAI SM]</p>																				
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Total		₹45 lakhs	₹15 lakhs	₹90,000																	
<p>Q.4</p>	<p>State the person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:</p> <p>(a) Services provided by an arbitral tribunal to any business entity. (b) Sponsorship services provided by a company to an individual. (c) Renting of immovable property service provided by the Central Government to a registered business entity. [ICAI SM]</p>																				

<p>Ans:</p>	<p>(a) Since GST on services provided or agreed to be provided by an arbitral tribunal to any business entity located in the taxable territory is payable under reverse charge, in the given case, GST is payable by the recipient - business entity.</p> <p>(b) GST on sponsorship services provided by any person other than body corporate to any body corporate or partnership firm located in the taxable territory is payable under reverse charge. Since in the given case, services have been provided to an individual, reverse charge provisions will not be attracted. GST is payable under forward charge by the supplier - company.</p> <p>(c) GST on services supplied by Central Government, State Government, Union territory or local authority by way of renting of immovable property to a person registered under CGST Act, 2017 is payable under reverse charge. Therefore, in the given case, GST is payable under reverse charge by the recipient - registered business entity.</p>
<p>Q.5</p>	<p>Vivek Goyal, an independent director 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? [MTP-Jan 25, ICAI SM]</p>
<p>Ans:</p>	<p>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.</p>
<p>Q.6</p>	<p>Raghu Associates provided sponsorship services to WE-WIN Cricket Academy, an LLP. Determine the person liable to pay tax in this case. [ICAI SM]</p>
<p>Ans:</p>	<p>In case of services provided by any person other than body corporate by way of sponsorship to any body corporate or partnership firm, GST is liable to be paid under reverse charge by such body corporate or partnership firm located in the taxable territory. Further, for the reverse charge purposes, Limited Liability Partnership formed and registered under the provisions of the Limited Liability Partnership Act, 2008 is also be considered as a partnership firm. Therefore, in the given case, WE-WIN Cricket Academy is liable to pay GST under reverse charge.</p>
<p>Q.7</p>	<p>Legal Fees is received by Sushrut, an advocate, from M/s. Tatva Trading Company having turnover of ₹50 lakh in preceding financial year. Who is the person liable to pay tax in this case? [ICAI SM, MTP-Jan 25]</p>
<p>Ans:</p>	<p>GST on legal services supplied by an advocate [Mr. Sushrut] to any business entity [M/s. Tatva Trading 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., M/s. Tatva Trading Company.</p>
<p>Q.8</p>	<p>State the person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:</p> <p>(a) Services supplied by an insurance agent to an insurance company.</p> <p>(b) Services supplied by a recovery agent to a car dealer.</p> <p>(c) Security services (services provided by way of supply of security personnel) provided to a registered person. [ICAI SM]</p>
<p>Ans:</p>	<p>(a) GST on services supplied by an insurance agent to any person carrying on insurance business located in the taxable territory is payable under reverse charge. Therefore, in the given case, GST is payable under reverse charge by the recipient - Insurance Company.</p> <p>(b) GST on services supplied by a recovery agent to a banking company or a financial institution or a non- banking financial company located in the taxable territory is payable under reverse charge. However, since, in the given case, services are being supplied by a recovery agent to a car dealer, GST is payable under forward charge by the service provider - recovery agent.</p> <p>(c) GST on security services (services provided by way of supply of security personnel) provided to a registered person, located in the taxable territory is payable under reverse charge. Therefore, in the given case, GST is payable under reverse charge by the recipient - registered person receiving the services.</p>

<p>Q.9</p>	<p>Sultan & Sons, a partnership firm, in Nagpur, Maharashtra is a wholesaler of a taxable product 'P' and product 'Q' exempt by way of a notification, in the State of Maharashtra. Its aggregate turnover in the preceding financial year is ₹130 lakh. The firm wishes to opt for composition scheme under sub-sections (1) & (2) of section 10. However, its accountant is of the view that a person engaged in making supply of exempt goods is not eligible for the said scheme. Discuss. Note: Assume that Sultan & Sons is not engaged in manufacture of goods as notified under section 10(2)(e). [ICAI SM]</p> <p>Ans: The view taken by the accountant of Sultan & Sons is not valid in law. A registered person with an aggregate turnover in a preceding financial year up to ₹1.5 crore is eligible for composition levy, under section 10(1) & 10(2), in Delhi. Further, such person must not be engaged in making any supply of goods or services which are not leviable to tax under this Act and must not be engaged in making any inter-State outward supplies of goods or services, for being eligible to pay tax under said scheme. In the given case, the aggregate turnover of Sultan & Sons does not exceed ₹1.5 crore. Further, it is engaged in making only intra-State supply of goods and Product P supplied by it is taxable and Product Q supplied by it is leviable to tax, though exempted by way of notification. Therefore, it is eligible for composition levy under section 10(1) & 10(2) in the current year.</p>
<p>Q.10</p>	<p>A person availing composition scheme, under sub-sections (1) & (2) of section 10, in Haryana during a financial year crosses the turnover of ₹1.5 crore in the month of December. Will he be allowed to pay tax under composition scheme for the remainder of the year, i.e., till 31st March? Please advise. [ICAI SM]</p> <p>Ans: No. The option to pay tax under composition scheme lapses from the day on which the aggregate turnover of the person availing composition scheme for goods during the financial year exceeds the specified limit (₹1.5 crore). Once he crosses the threshold, he is required to file an intimation for withdrawal from the scheme in prescribed form within 7 days of the occurrence of such event. Every person who has furnished such an intimation, may electronically furnish at the common portal, a statement in prescribed form containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn, within a period of 30 days from the date from which the option is withdrawn.</p>
<p>Q.11</p>	<p>Determine whether the suppliers in the following cases are eligible for composition levy, under section 10(1) & 10(2), provided their turnover in preceding year does not exceed ₹1.5 crore: (i) Mohan Enterprises is engaged in trading of pan masala in Rajasthan and is registered in the same State. (ii) Sugam Manufacturers has registered offices in Punjab and Haryana and supplies goods in neighboring States. [ICAI SM, MTP-Sept 23, MTP-Jan 25]</p> <p>Ans: (i) A supplier engaged in the manufacture of goods as notified under section 10(2)(e), during the preceding FY is not eligible for composition scheme under section 10(1) and 10(2). Ice cream and other edible ice, whether or not containing cocoa, Pan masala, Tobacco and manufactured tobacco substitutes and aerated waters are, inter-alia, notified under this category. However, in the given case, since Mohan Enterprises is engaged in trading of pan masala and not manufacture and his turnover does not exceed ₹1.5 crore, he is eligible for composition scheme subject to fulfilment of specified conditions. (ii) Since supplier of inter-State outward supplies of goods or services is not eligible for composition levy, Sugam Manufacturers is not eligible for composition levy.</p>
<p>Q.12</p>	<p>Subramanian Enterprises has two registered places of business in Delhi. Its aggregate turnover for the preceding year for both the places of business was ₹120 lakh. It wishes to pay tax under composition levy, under section 10(1) & 10(2), for one of the places of business in the current year while under normal levy for other. You are required to advice Subramanian Enterprises whether he can do so? [ICAI SM]</p>

Ans: A registered person with an aggregate turnover in a preceding financial year up to ₹1.5 crore is eligible for composition levy, under section 10(1) & 10(2), in Delhi. Since the aggregate turnover of Subramanian Enterprises does not exceed ₹1.5 crore, it is eligible for composition levy in the current year. However, **all registered persons having the same Permanent Account Number (PAN) have to opt for composition scheme.** If one such registered person opts for normal scheme, others become ineligible for composition scheme. Thus, **Subramanian Enterprises** either have to **opt for composition levy for both the places of business or under normal levy for both the places of business.**

Q.13 Mr. Ajay has a registered repair center where electronic goods are repaired/serviced. His repair center is located in State of Rajasthan and he is not engaged in making any inter-State supply of services. His aggregate turnover in the preceding financial year (FY) is ₹45 lakh. With reference to the provisions of the CGST Act, 2017, examine whether Mr. Ajay can opt for the composition scheme under section 10(1) & 10(2) in the current financial year? Or whether he is eligible to avail benefit of composition scheme under section 10(2A)? Considering the option of payment of tax available to Mr. Ajay, compute the amount of tax payable by him assuming that his aggregate turnover in the current financial year is ₹35 lakh. Will your answer be different if Mr. Ajay procures few items required for providing repair services from neighboring State of Madhya Pradesh? **[ICAI SM]**

Ans: Section 10(1) provides that a **registered person, whose aggregate turnover in the preceding financial year did not exceed ₹1.5 crore** (₹75 lakh in Special Category States except Assam, Himachal Pradesh and Jammu and Kashmir), **may opt to pay**, in lieu of the tax payable by him, an **amount calculated at the specified rates.** However, as per proviso to section 10(1), person who opts to pay tax under composition scheme may **supply services other than restaurant services, of value not exceeding 10% of the turnover** in a State or Union territory in the preceding financial year **or ₹5 lakh, whichever is higher.**

In the given case, since **Mr. Ajay is an exclusive supplier of services other than restaurant services** [viz. repair services], he is not eligible for composition scheme under section 10(1) & 10(2). **However**, section 10(2A) provides an option to a registered person (subject to certain conditions) whose **aggregate turnover in the preceding financial year is up to ₹50 lakh** and who is not eligible to pay tax under composition scheme under section 10(1) & 10(2), to **pay tax @ 3%** [Effective rate 6% (CGST + SGST/UTGST)] of the turnover of supplies of goods and services in the State or Union territory.

Thus, in view of the above-mentioned provisions, **Mr. Ajay is eligible to avail the composition scheme** under section 10(2A) as his aggregate turnover in the preceding FY does not exceed ₹50 lakh and he is not eligible to opt for the composition scheme under section 10(1) & 10(2).

Thus, the **amount of tax payable by him** as per the composition scheme under section 10(2A) is **₹2,10,000 [6% of ₹35 lakh].**

A registered person cannot opt for composition scheme under section 10(2A), if, inter alia, he is engaged in making any inter-State outward supplies. However, there is no restriction on inter-State procurement of goods. Hence, **answer will remain the same even if Mr. Ajay procures few items from neighboring State of Madhya Pradesh.**

Q.14 M/s United Electronics, a registered dealer, is supplying all types of electronic appliances in the State of Karnataka. Their aggregate turnover in the preceding financial year by way of supply of appliances was ₹120 lakh.

The firm also expects to provide repair and maintenance service of such appliances from the current financial year.

With reference to the provisions of the CGST Act, 2017, examine:

(i) Whether the firm can opt for the composition scheme, under section 10(1) and 10(2), for the current financial year, as the turnover may include supply of both goods and services?

(ii) If yes, up to what amount, the services can be supplied?

[ICAI SM, MTP-March 23]

<p>Ans:</p>	<p>(i) The registered persons, whose aggregate turnover in the preceding financial year did not exceed ₹1.5 crore, may opt to pay tax under composition levy, under section 10(1) and 10(2). The scheme can be availed by an intra-State supplier of goods and supplier of restaurant service. However, the composition scheme permits supply of marginal services (other than restaurant services) for a specified value along with the supply of goods and restaurant service, as the case may be. Thus, M/s United Electronics can opt for composition scheme for the current financial year as its aggregate turnover is less than ₹1.5 crore in the preceding financial year and it is not engaged in inter- State outward supplies.</p> <p>(ii) The registered person opting for composition scheme, under section 10(1) and 10(2), can also supply services (other than restaurant services) for a value up to 10% of the turnover in the preceding year or ₹5 lakh, whichever is higher, in the current financial year. Thus, M/s United Electronics can supply repair and maintenance services up to a value of ₹12 lakh [10% of ₹120 lakh or ₹5 lakh, whichever is higher] in the current financial year.</p>
<p>Q.15</p>	<p>"Under the GST law, taxes on taxable services supplied by the Central Government or the State Government to a business entity in India are payable by recipient of services". State the exceptions of the above statement. <i>[PP-May 22, MTP-Sept 24]</i></p> <p>Ans: Tax on following services supplied by the Central Government or State Government to a business entity in India is payable by the supplier of services:</p> <ol style="list-style-type: none"> 1) Services of renting of immovable property provided to an unregistered business entity. 2) Services by the Department of Posts and Ministry of Railways. 3) Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport. 4) Services of transport of goods or passengers.
<p>Q.16</p>	<p>Answer the following, after reading the below given paragraph:</p> <ol style="list-style-type: none"> (i) Briefly discuss the relevant provision, (ii) decide the correct conclusion and (iii) determine the validity of the given advice (Correct/Incorrect) <p>Raju is engaged in the manufacture of 'Fly ash Bricks' in the State of Kerala. He started his activity in the month of April 2023 and deals only in intra-State. His tax consultant advised him to register under composition levy under GST as Raju's turnover is expected to be below ₹1 crore for the said financial year. <i>[PP-Nov 22]</i></p> <p>Ans: A registered person whose aggregate turnover in the preceding financial year did not exceed ₹1.5 crore in a State/UT may opt for composition scheme subject to fulfilment of specified conditions. One of these conditions is that he must not be engaged in the manufacture of notified goods including fly ash bricks. Therefore, in the given case, since Raju is engaged in manufacture of fly ash bricks, he cannot opt for composition levy even though his aggregate turnover in the preceding financial year is nil. Thus, the advice given by his tax consultant is not correct.</p>
<p>Q.17</p>	<p>State the person liable to pay GST in the following independent services provided:</p> <ol style="list-style-type: none"> (i) Siddhi Builders, registered in Haryana, rented out 20 residential units owned by it in Sanskriti Society to Rudra Technologies, an IT based firm registered in the State of Haryana, for accommodation of its employees. (ii) M/s. Purohit Consultants, a partnership firm registered in Delhi as a regular tax payer, paid sponsorship fees of ₹70,000 at a seminar organized by a private NGO (a partnership firm) in Delhi. <i>[RTP-May 23, MTP-April 24]</i> <p>Ans: (i) Services provided by way of renting of residential dwelling for use as residence is exempt from GST. However, where the residential dwelling is rented to a registered person, said exemption is not available. Further, tax on service provided by way of renting of residential</p>

dwelling to a registered person is **payable by the recipient under reverse charge**.

Therefore, in the given case, **Rudra Technologies is liable to pay GST** on the residential dwellings taken on rent by it from Siddhi Builders, **under reverse charge** mechanism.

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

Since in the given case, sponsorship services are being provided by the private NGO to a partnership firm – M/s. Purohit Consultants, **GST is payable by Purohit Consultants** on said services **under reverse charge**.

Q.18 Swaminathan started the business of supplying shoes in the State of Kerala from 1st April. He makes only intra- State supplies. His turnover for April - June quarter was ₹20 lakh and for July - September quarter was ₹100 lakh. Further, one-fourth of his total turnover in each of the quarters was exempt from GST. Being eligible for composition scheme, Swaminathan got himself registered under the composition scheme with effect from 1st July.

You are required to compute the tax payable by Swaminathan under composition scheme assuming that he is a manufacturer. Will your answer be different if Swaminathan is trader. **[MTP-Dec 22]**

Ans: A registered person opting for composition levy for goods pays tax at the rates mentioned below during the current FY, in lieu of the tax payable by him under regular scheme:

Manufacturers , other than manufacturers of notified goods	1% (½% CGST+ ½% SGST/UTGST) of the turnover in the State/ Union territory
Trader	1% (½% CGST+ ½% SGST/UTGST) of turnover of taxable supplies of goods & services in the State/ Union territory

Turnover prior to obtaining registration will not be considered for determining the turnover in a State/Union Territory.

Tax payable by Swaminathan under composition scheme is as follows:

$$\text{CGST} = ₹100 \text{ lakh} \times 0.5\% =$$

$$\text{₹50,000 SGST} = ₹100 \text{ lakh} \times$$

$$0.5\% = \text{₹50,000}$$

In case where Swaminathan is a trader, tax payable by him under composition scheme will be as follows:

$$\text{CGST} = ₹75 \text{ lakh (as 25\% of turnover is exempt)} \times 0.5\% =$$

$$\text{₹37,500 SGST} = ₹75 \text{ lakh (as 25\% of turnover is exempt)} \times 0.5\%$$

$$= \text{₹37,500}$$

Q.19 Who are not eligible to opt for composition scheme for goods under GST Laws?

[PP-May 23, MTP-Sept 24]

Ans: The registered person who is **not eligible for composition scheme** for goods under GST law is as under:

- Supplier engaged in making any supply of goods or services which are **not leviable to tax**.
- Supplier engaged in making any **inter-State outward supplies** of goods or services.
- Person supplying any services through an **electronic commerce operator** who is **required to collect tax at source** (under section 52).
- Manufacturer of ice cream, pan masala, tobacco, aerated waters, fly ash bricks; fly ash aggregate, fly ash blocks, bricks of fossil meals or similar siliceous earths, building bricks, earthen or roofing tiles.
- Supplier who is either a **casual taxable person** or a **non-resident taxable person**
- Supplier of services exceeding** an amount which is **higher of 10%** of the turnover in a State/U.T. in the preceding financial year **or ₹5 lakh**.

Q.20 "Little Smiles", a photography firm, has commenced providing photoshoot services in Delhi from the beginning of current financial year 2023-2024. It has provided the following details of turnover for the various quarters till December, 2023 :-

S. No.	Quarter	Amount (₹ in lakh)
1	April, 2023-June, 2023	20
2	July, 2023-September, 2023	30
3	October, 2023-December, 2023	40

You may assume the applicable tax rate as 18%. Little Smiles wishes to pay tax at a lower rate and opts for the composition scheme. You are required to advise whether it can do so and calculate the amount of tax payable for each quarter?
[MTP-April 24, RTP-May 21]

Ans: Section 10(2A) of the CGST Act, 2017 provides the turnover limit of ₹ 50 lakh in the preceding financial year for becoming eligible for composition levy for services. Little Smiles has started the supply of services in the current financial year (FY), thus, it's aggregate turnover in the preceding FY is Nil. Consequently, in the current FY, Little Smiles is eligible for composition scheme for services. A registered person opting for composition levy for services shall pay tax @ 3% [Effective rate 6% (CGST+ SGST/UTGST)] of the turnover of supplies of goods and services in the State.

Further, Little Smiles becomes eligible for the registration when the aggregate turnover exceeds ₹ 20 lakh (the threshold limit of obtaining registration). While registering under GST, Little Smiles can opt for composition scheme for services.

The option of a registered person to avail composition scheme for services shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the threshold limit of ₹ 50 lakh.

However, for the purposes of determining the tax payable under composition scheme, the expression "turnover in State" shall not include the value of supplies from the first day of April of a FY up to the date when such person becomes liable for registration under the CGST Act.

Thus, for determining the turnover of the State for payment of tax under composition scheme for services, turnover of April, 2023 – June, 2023 quarter [₹ 20 lakh] shall be excluded. On next ₹ 30 lakh [turnover of July, 2023 – September, 2023 quarter], it shall pay tax @ 6% [3% CGST and 3% SGST].

For the purposes of computing aggregate turnover of a registered person for determining his eligibility to pay tax under this section, aggregate turnover includes value of supplies from the 1st April of a FY up to the date of his becoming liable for registration.

Thus, while computing aggregate turnover for determining Little Smiles's eligibility to pay tax under composition scheme, value of supplies from the first day of April of a financial year up to the date when it becomes liable for registration under this Act (i.e. turnover of April, 2023 – June, 2023 quarter), are included.

By the end of July, 2023 – September, 2023 quarter, the aggregate turnover reaches ₹ 50 lakh. Consequently, the option to avail composition scheme for services shall lapse by the end of July, 2023 – September, 2023 quarter and thereafter, it is required to pay tax at the normal rate of 18%.

Considering the above provisions, the tax payable for each quarter is as under:-

S. No.	Quarter	GST rate [CGST + SGST]	Turnover (₹ in lakh)	GST payable (₹ in lakh)
1	April, 2023 – June, 2023	-	20	-
2	July, 2023 – September, 2023	6%	30	1.8
3	October, 2023 – December, 2023	18%	40	7.2

Q.21 Regal Foundation of Commerce organized a business summit in Surat, Gujarat, in which all the startups were invited to pitch their business ideas. Pandit Jewels Pvt Ltd., registered in the State of Maharashtra, sponsored the summit and paid a sponsorship fee of ₹ 1,50,000 to Regal Foundation of Commerce.

You are required to determine, who is the person liable to pay tax if:

- (I) Regal Foundation of Commerce is a body corporate.
- (II) Regal Foundation of Commerce is not a body corporate.

[RTP-Sept 25]

- Ans:** (i) In case of services provided by way of sponsorship service to any body corporate or partnership firm by any person other than a body corporate, the recipient is liable to pay tax under reverse charge mechanism.
 Since Regal Foundation of Commerce, the supplier, is a body corporate in this case, so reverse charge provisions are not applicable in this case.
 Thus, Regal Foundation of Commerce is required to pay tax under forward charge on the supply of the sponsorship services.
- (ii) In case of services provided by way of sponsorship to any body corporate or partnership firm by any person other than a body corporate, the recipient is liable to pay tax under reverse charge mechanism.
 Since Regal Foundation of Commerce, the supplier, is not a body corporate in this case, so reverse charge provisions are applicable in this case.
 Accordingly, Pandit Jewels Pvt Ltd is required to pay tax under the reverse charge on sponsorship fees paid to Regal Foundation of Commerce.

Q.22 M/s. T is a registered dealer of Andhra Pradesh trading in different types of machinery and its related different types of services. Their aggregate turnover for the preceding financial year 2022-23 for sale of machinery was ₹ 1.32 crores, it was first year so they had not started for providing service related to machinery. From FY 2023-24 they are planning to provide repair and maintenance service of ₹ 6.25 lakh for which they have to purchase some raw material of ₹ 5 lakh from the other State (till date they are purchasing within State only).

From the information given above, examine whether M/s. T can opt for composition scheme under Section 10(1), 10(2A) or 10(2) of the CGST Act, 2017 for FY 2023-24? **[PP-Sept 24]**

Ans. A registered person is eligible to opt for composition scheme for goods in the current financial year (FY) provided his aggregate turnover does not exceed ₹ 1.50 crore [other than in specified Special Category States] in the preceding FY.

Since aggregate turnover of M/s. T in the preceding FY does not exceed ₹ 1.5 crore, he is eligible for composition scheme for goods under section 10(1) and 10(2) of the CGST Act, 2017 in the current FY.

As per section 10(2A) of the CGST Act, 2017, a registered person who is eligible to pay tax under section 10(1) and (2) is not eligible for opting for composition under section 10(2A) of the CGST Act, 2017.

As per section 10(2A) of the CGST Act, 2017, person engaged in the supply of service is eligible for composition scheme for payment of tax @ 3% CGST and 3% SGST provided his aggregate turnover does not exceed ₹ 50 lakh in the preceding FY.

Since turnover of previous year is ₹ 1.32 crore and firm is not dealing in the service only, M/s T cannot opt for composition scheme under section 10(2A) of the CGST Act, 2017 for FY 2023-24.

A person who opts to pay tax under composition scheme under section 10(1) and 10(2) of the CGST Act, 2017 is also permitted to supply services [other than restaurant services] upto a value not exceeding:

- (a) 10% of the turnover in a State/U.T. in the preceding financial year, or
 (b) ₹ 5 lakh, whichever is higher.

Thus, M/s T is permitted to supply services upto a value of ₹ 13,20,000 i.e. 10% of ₹ 1.32 crores, in current FY.

Further, there is no restriction on composition supplier to receive inter- State inward supplies of goods or services.

Thus, it can be concluded that M/s T can opt for composition scheme of goods under section 10(1) of the CGST Act, 2017 for FY 2023-24.

Q.23 Nootan Ltd., a registered person in Indore, Madhya Pradesh, provides details of the following transactions carried out during the month of June 2024:

Sr. No.	Particulars	Amount in ₹
1.	Paid remuneration to Mr. Madan, for the services rendered by him in the capacity of Director. Company deducted TDS under section 192 (Salary) and 194J (Professional or Technical services) of Income-Tax Act, 1961. Gross payments made were ₹ 8,50,000 and ₹ 11,50,000 respectively for Salary and Professional services. (Intra-State supply)	20,00,000
2.	Paid rent to Indian Railways, registered in Madhya Pradesh, for its property located in the same State, which was taken on lease by the company.	1,25,000
3.	Paid to XYZ Security Private Limited, for providing security services to its warehouses across the State. Security agency is not registered under GST.	5,35,000
4.	Paid fee to Local Municipal corporation for renewal of the company's factory License for the financial year 2024-2025.	4,800

Additional Information:

- (i) All above figures are exclusive of taxes, wherever applicable.
(ii) Assume the rate of GST as 18%, 9% and 9% for IGST, CGST/SGST respectively.
(iii) Turnover of Nootan Limited for the preceding financial year was ₹ 67 lakh.

You are required to compute the GST payable by Nootan Limited under Reverse Charge basis for the month of June 2024. Reason for the treatment of each item should form part of the answers.

[PP-Jan 25]

Ans. Computation of GST Payable by Nootan Limited under reverse charge

S. No.	Particulars	CGST (₹)	SGST (₹)
1.	Remuneration paid to Mr. Madan [₹ 11,50,000 × 9%] [(i) Remuneration paid to director for professional services subjected to TDS under section 194J of the Income-tax Act is outside the scope of Schedule III of the CGST Act, 2017 and tax is payable under reverse charge by the recipient company – Nootan Ltd. (ii) However, salary of ₹ 8,50,000 paid to director subjected to TDS under section 192 of the Income-tax Act is not taxable since services provided by an employee to employer in course of or in relation to his employment are outside the scope of supply in terms of Schedule III of the CGST Act, 2017. Thus, the same is neither supply of goods nor supply of services]	1,03,500	1,03,500
2.	Paid rent to Indian Railways [Tax on renting of immovable property services provided by Indian Railways is not payable under reverse charge.]	Nil	Nil
3.	Security services received [Tax on security services is not payable under reverse charge since supplier is a body corporate.]	Nil	Nil
4.	Paid fee to Local Municipal Corporation [Not taxable/Exempt since the consideration for the services provided by local authority does not exceed ₹ 5,000.]	Nil	Nil
	Total GST payable by Nootan Ltd. under reverse charge	1,03,500	1,03,500

Q.1	In case of a domestic supply, what is the place of supply where goods are removed? <i>[ICAI SM]</i>
Ans:	As per section 10(1)(a), the place of supply of goods is the location of the goods at the time at which the movement of goods terminates for delivery to the recipient.
Q.2	What will be the place of supply if the goods are delivered by the supplier to another person on the direction of a third person? <i>[ICAI SM]</i>
Ans:	As per section 10(1)(b), it would be deemed that the third person has received the goods and the place of supply of such goods will be the principal place of business of such person.
Q.3	What is the place of supply where the goods or services are supplied on board a conveyance, such as a vessel, an aircraft, a train or a motor vehicle? <i>[ICAI SM]</i>
Ans:	As per section 10(1)(e), in respect of goods , the place of supply is the location at which such goods are taken on board . However, in respect of services , the place of supply is the location of the first scheduled point of departure of that conveyance for the journey in terms of sections 12(10).
Q.4	The place of supply in relation to immovable property (situated in India) is the location of immovable property. Suppose a road is constructed from Delhi to Mumbai covering multiple states. What will be the place of supply of construction services? <i>[ICAI SM]</i>
Ans:	Where the immovable property is located in more than one State , the supply of service is treated as made in each of the States in proportion to the value for services separately collected or determined, in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement , on such other reasonable basis as may be prescribed in this behalf [Explanation to section 12(3)]. In the absence of a contract or agreement between the supplier and recipient of services in this regard, the proportionate value of services supplied in different States/Union territories (where the immovable property is located) is computed on the basis of the area of the immovable property lying in each State/ Union territories [Rule 4 of the IGST Rules].
Q.5	What would be the place of supply of services provided by an event management company for organizing a sporting event for a Sports Federation which is held in multiple States? <i>[ICAI SM, MTP April 24]</i>
Ans:	In case of an event, if the recipient of service is registered , the place of supply of services for organizing the event is the location of such person . However, if the recipient is not registered, the place of supply is the place where event is held . Since the event is being held in multiple states and a consolidated amount is charged for such services, the place of supply will be deemed to be in each state in proportion to the value for services determined in terms of the contract or agreement entered into in this regard [Explanation to section 12(7)]. In the absence of a contract or agreement between the supplier and recipient of services, the proportionate value of services made in each State (where the event is held) will be computed in accordance with rule 5 of the IGST Rules by the application of generally accepted accounting principles.
Q.6	What is the place of supply of services by way of transportation of goods, including by mail or courier when both the supplier and the recipient of the services are located in India? <i>[ICAI SM]</i>
Ans:	The recipient is registered, the location of such person is the place of supply. However, if the recipient is not registered , the place of supply is the place where the goods are handed over for transportation . [Section 12(8)].
Q.7	What will be the place of supply of passenger transportation service, if a person travels from Mumbai to Delhi and back to Mumbai? <i>[ICAI SM]</i>

Ans:	If the <u>person is registered</u> , the <u>place of supply of passenger transportation service will be the location of recipient</u> . If the person is not registered , the place of supply for the forward journey from Mumbai to Delhi will be Mumbai, the place where he embarks [Section 12(9)]. However, for the return journey, the place of supply will be Delhi as the <u>return journey has to be treated as separate journey</u> [Explanation to section 12(9)].
Q.8	What is the place of supply for mobile connection? Can it be the location of supplier? [ICAI SM]
Ans:	The location of supplier of mobile services cannot be the place of supply as the mobile companies are providing services in multiple states and many of these services are inter-state. The consumption principle will be broken if the location of supplier is taken as place of supply and all the revenue may go to a few states where the suppliers are located. The place of supply for mobile connection would depend on whether the connection is on postpaid or prepaid basis. In case of postpaid connections, the place of supply is the location of billing address of the recipient of services on the record of supplier of services. In case of pre-paid connections, if the service is supplied: - (i) through a selling agent or a re-seller or a distributor of SIM card or re-charge voucher, the place of supply is the place address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply; or (ii) by any person to the final subscriber, the place of supply is the location where such prepayment is received or such vouchers are sold; (iii) in other cases, the place of supply is the address of the recipient as per the records of the supplier of services and where such address is not available, the place of supply shall be location of the supplier of services. However, if the recharge is done through internet/e-payment, the location of recipient of service on record of the supplier will be taken as the place of supply [Section 12(11)].
Q.9	A person from Mumbai goes to Kullu-Manali and takes some services from ICICI Bank in Manali. What is the place of supply? [ICAI SM]
Ans:	The place of supply in case of banking services to any person shall be the location of the recipient of services on the records of the supplier of services. However, if the location of recipient of services is not on the records of the supplier, the place of supply shall be the location of the supplier of services i.e., Kullu-Manali, Himachal Pradesh [Section 12(12)].
Q.10	An unregistered person from Gurugram travels by Air India flight from Mumbai to Delhi and gets his travel insurance done in Mumbai. What is the place of supply of insurance services? [ICAI SM, MTP-Jan 25]
Ans:	When insurance service is provided to an unregistered person, the location of the recipient of services on the records of the supplier of insurance services is the place of supply. So Gurugram is the place of supply [Section 12(13)]
Q.11	With reference to GST law, Determine the place of supply with reasons in the following independent circumstances:- (i) Miss Kanika of Kolkata (West Bengal) visited to Jodhpur Law University (Rajasthan) and paid her college fees by purchasing a demand draft from a bank located in the University campus. Miss Kanika did not have any account with the bank. (ii) Mizu Machine Ltd., registered in the State of Andhra Pradesh, supplied a machinery to Keyan Wind Farms Ltd., registered in the State of Karnataka. However, this machinery was assembled and installed at the wind mill of Keyan Wind Farms Ltd., which was located in the State of Tamilnadu. [RTP May 24]
Ans:	(i) Section 12(12) of the IGST Act, 2017 provides that the place of supply of banking and other

	<p>financial services, including stock broking services to any person is the location of the recipient of services in the records of the supplier of services. However, if the location of recipient of services is not available in the records of the supplier, the place of supply is the location of the supplier of services.</p> <p>Therefore, since the location of recipient is not available in the records of the supplier, the place of supply is the location of the supplier of services, i.e. Rajasthan (or Jodhpur).</p> <p>(ii) Section 10(1)(d) of the IGST Act, 2017 provides that if the supply involves goods which are to be installed or assembled at site, the place of supply is the place of such installation or assembly. Thus, the place of supply is the site of assembly of machine, i.e. Tamilnadu.</p>
<p>Q.12</p>	<p>Priyank Sales of Pune, Maharashtra enters into an agreement to sell goods to Bisht Enterprises of Bareilly, Uttar Pradesh. While the goods were being packed in Pune godown of Priyank Sales, Bisht got an order From Sahil Pvt. Ltd. of Shimoga, Karnataka for the said goods. Bisht Enterprises agreed to supply the said goods to Sahil Pvt. Ltd. and asked Priyank Sales to deliver the goods to Sahil Pvt. Ltd. at Shimoga.</p> <p>You are required to determine the places of supplies in the above situation.</p> <p style="text-align: right;"><i>[PP-Jan 25 – Similar, ICAI SM]</i></p>
<p>Ans:</p>	<p>The supply between Priyank Sales (Pune) and Bisht Enterprises (Bareilly) is a bill to ship to supply where the goods are delivered by the supplier [Priyank Sales] to a recipient [Sahil Pvt. Ltd. (Shimoga)] or any other person on the direction of a third person [Bisht Enterprises]. The place of supply in case of domestic bill to ship to supply of goods is determined in terms of section 10(1)(b). As per section 10(1)(b), <u>where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person.</u></p> <p>Thus, in the given case, it is deemed that the Bisht Enterprises has received the goods and the place of supply of such goods is the <u>principal place of business of Bisht Enterprises</u>. Accordingly, the place of supply between Priyank Sales (Pune) and Bisht Enterprises (Bareilly) will be Bareilly, Uttar Pradesh.</p> <p>This situation involves another supply between Bisht Enterprises (Bareilly) and Sahil Pvt. Ltd. (Shimoga). The place of supply in this case will be determined in terms of section 10(1)(a). Section 10(1)(a) stipulates that where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of such goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient.</p> <p>Thus, the place of supply in second case is the location of the goods at the time when the movement of goods terminates for delivery to the recipient (Sahil Pvt. Ltd.), i.e., Shimoga, Karnataka.</p>
<p>Q.13</p>	<p>Mr. Murthy, an unregistered person and a resident of Pune, Maharashtra hires the services of Sun Ltd. an event management company registered in Delhi, for organizing of the new product launch in Bengaluru, Karnataka.</p> <p>(i) Determine the place of supply of services provided by Sun Ltd. (ii) What would be your Answer if the product launch takes place in Bangkok' (iii) What would be your answer if Mr. Murthy is a registered person and product launch takes place in- (a) Bengaluru (b) Bangkok?</p> <p style="text-align: right;"><i>[PP-Jan 25 - Similar, ICAI SM]</i></p>
<p>Ans:</p>	<p>(i) As per section 12(7)(a)(ii), when service by way of organization of an event is provided to an unregistered person, the place of supply is the location where the event is actually held and if</p>

	<p>the event is held outside India, the place of supply is the location of recipient.</p> <p>Since, in the given case, the service recipient [Mr. Murthy] is unregistered and event is held in India, place of supply is the location where the event is actually held, i.e., <u>Bengaluru, Karnataka</u>. The location of the supplier and the location of the recipient is irrelevant in this case.</p> <p>(ii) However, if product launch takes place outside India [Bangkok], the place of supply will be the location of recipient, i.e., <u>Pune, Maharashtra</u>.</p> <p>(iii) When service by way of organization of an event is provided to a registered person, place of supply is the location of such person in terms of section 12(7)(a)(i).</p> <p>Therefore, if Mr. Murthy is a registered person, then in both the cases, i.e., either when product launch takes place in Bengaluru or Bangkok, the place of supply will be the location of recipient. i.e., <u>Pune, Maharashtra</u>.</p>
<p>Q.14</p>	<p>Asha Enterprises, supplier of sewing machines, is located in Kota (Rajasthan) and registered for purpose of GST in the said State. It receives an order from Deep Traders, located in Jalandhar (Punjab) and registered for the purpose of GST in the said State. The order is for the supply of 100 sewing machines with an instruction to ship the sewing machines to Jyoti Sons, located in Patiala (Punjab) and registered in the said State for purpose of GST. Jyoti Sons is a customer of Deep Traders. Sewing machines are being shipped in a lorry by Asha Enterprises.</p> <p>Briefly explain the following:</p> <p>(a) the place of supply;</p> <p>(b) the nature of supply: - whether inter-State or intra-State and</p> <p>(c) whether CGST/SGST or IGST would be applicable in this case. [ICAI SM]</p> <p>Ans. The supply between Asha Enterprises (Kota, Rajasthan) and Deep Traders (Jalandhar, Punjab) is a bill to ship to supply where the goods are delivered by the supplier [Asha Enterprises] to a recipient [Jyoti Sons (Patiala, Punjab)] on the direction of a third person [Deep Traders].</p> <p>In case of such supply, it is deemed that the said third person has received the goods and the place of supply of such goods is the principal place of business of such person [Section 10(1)(b)]. Thus, the place of supply between Asha Enterprises (Rajasthan) and Deep Traders (Punjab) will be <u>Jalandhar, Punjab</u>.</p> <p>Since the location of supplier and the place of supply are in two different States, the supply is an inter State supply in terms of section 7, liable to IGST.</p> <p>This situation involves another supply between Deep Traders (Jalandhar, Punjab) and Jyoti Sons (Patiala, Punjab). In this case, since the supply involves movement of goods, place of supply will be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient, i.e., <u>Patiala, Punjab</u> [Section 10(1)(a)].</p> <p>Since the location of supplier and the place of supply are in the same State, the supply is an intra-State supply in terms of section 8, liable to CGST and SGST.</p>
<p>Q.15</p>	<p>Determine the place of supply for the following independent cases:</p> <p>I. Festival Event, an event management company at Mumbai, organizes two business promotion events for Prabhu Enterprises (registered in Ahmedabad, Gujarat) at New Delhi and in Malaysia.</p> <p>II. Global Planners (Jodhpur, Rajasthan) is hired by Mr. John (unregistered person based in Kochi, Kerala) to plan and organize his son's wedding at Mumbai, Maharashtra. Will your answer be different if the wedding is to take place in Singapore? [PP-Nov 22]</p> <p>Ans: (I) when service of organization of event is provided to a registered person, the place of supply is location of recipient, whether event is held in India or outside India.</p> <p>Thus, in the given case, place of supply of:</p> <ul style="list-style-type: none"> • Event held at New Delhi is Ahmedabad, Gujarat, and

	<ul style="list-style-type: none"> • Event held at Malaysia is Ahmedabad, Gujarat. <p>(II) When service of organization of event is provided to an unregistered person, the place of supply is location where the event is held when event is held in India and place of supply is location of recipient where event is held outside India.</p> <p>Thus, in the given case, place of supply:</p> <ul style="list-style-type: none"> • if wedding takes place at Maharashtra is Mumbai, Maharashtra, and • if wedding takes place at Singapore is Kochi, Kerala.
Q.16	<p>Examine the following independent cases and determine the place of supply:</p> <p>(1) Mr. Joy, an unregistered person of Kolkata, West Bengal sends a courier through Kolkata, West Bengal based Mohan Courier Agency to his sister in Mumbai, Maharashtra.</p> <p>(2) Mr. Nitin, an unregistered person, resides at Rewa, Madhya Pradesh books a two way air journey ticket from Prayagraj, Uttar Pradesh to Jaipur, Rajasthan on 6 September and back. He leaves Prayagraj on 11 September in a morning flight and land in Jaipur the same day. He leaves Jaipur on 15 September in a late night flight and lands in Prayagraj the next day.</p> <p>(3) Rimjhim Pvt. Ltd, located at Lucknow, Uttar Pradesh, purchases a manufacturing machine from Manav Steel Industries Ltd., located at Jaipur, Rajasthan, for being installed in its factory located at Haridwar, Uttarakhand. [PP-May 24]</p>
Ans.	<p>(1) The place of supply of services by way of transportation of goods by courier provided to an unregistered person is the location at which such goods are handed over for their transportation.</p> <p>Therefore, the place of supply, in the given case is Kolkata, West Bengal.</p> <p>(2) The place of supply of passenger transportation service to an unregistered person is place where the passenger embarks on the conveyance for a continuous journey wherein the return journey is treated as a separate journey, even if the tickets for onward and return journey is issued at the same time.</p> <p>Therefore, the place of supply for the outward and return journey are the locations where Mr. Nitin embarked on the conveyance for the continuous journey, i.e. Prayagraj, Uttar Pradesh for outward journey and Jaipur, Rajasthan, for return journey.</p> <p>(3) If the supply involves goods which are to be installed at site, the place of supply is the place of such installation.</p> <p>Therefore, the place of supply, in the given case is Haridwar, Uttarakhand.</p>
Q.17	<p>Determine the place of supply in the following independent cases:-</p> <p>(i) Harpreet (New Delhi) boards the New Delhi-Kota train at New Delhi. He sells the goods taken on board by him (at New Delhi), in the train, at Jaipur during the journey.</p> <p>(ii) LP Refineries (Mumbai, Maharashtra) gives a contract to Bhansali Ltd. (Ranchi, Jharkhand) to supply a machine which is required to be assembled in a power plant in its refinery located in Kutch, Gujarat. [MTP-Sept 24]</p>
Ans.	<p>(i) The place of supply of goods supplied on a board a conveyance like aircraft, train, vessel, motor vehicle is the location where such goods have been taken on board.</p> <p>Place of supply of goods supplied on board a conveyance is determined under this provision even if the supply has been made by any of the passenger on board the conveyance and not by the carrier of the conveyance.</p> <p>Thus, in the given case, the place of supply of goods is the location at which the goods are taken on board, i.e. New Delhi and not Jaipur where they have been sold.</p> <p>(ii) If the supply involves goods which are to be installed or assembled at site, the place of supply is the place of such installation or assembly.</p> <p>This is a case of composite supply of goods wherein two supplies are involved, supply of goods</p>

	<p>and ancillary supply of installation/assembling service. The principal supply is supply of goods which are being installed.</p> <p>Thus, the place of supply is the site of assembly of machine, i.e. Kutch even though LP refineries is located in Maharashtra.</p>
<p>Q.18</p>	<p>Mr. Bindusaar is an employee in Galgotia and Sons, working at its Mumbai (Maharashtra) office. Mr. Bindusaar is unregistered under GST law. His family is located in Bareilly, Uttar Pradesh. His son requires a laptop for his school project on urgent basis. Therefore, Mr. Bindusaar places an order on Amazing.in - an e-commerce platform - for supply of a laptop of latest configuration for his son, which is to be delivered at his residential address located in Bareilly, Uttar Pradesh.</p> <p>Mr. Bindusaar, while placing the order on the e-commerce platform - Amazing.in, provides the billing address of his apartment located in Mumbai Maharashtra. You are required to determine the place of supply of the supply of laptop in the given case. [RTP-May 25]</p>
<p>Ans.</p>	<p>As per the provisions of section 10(1)(ca) of the IGST Act, 2017, where the supply of goods is made to an unregistered person, the place of supply would be the location as per the address of said person recorded in the invoice and the location of the supplier where the address of the said person is not recorded in the invoice. Further, as per Explanation to the said clause, recording the name of the State of the said unregistered person on the invoice shall be deemed to be the recording of the address of the said person.</p> <p>Accordingly, it is clarified vide Circular No. 209/3/2024 GST dated 26.06.2024 that in the cases involving supply of goods to an unregistered person, where the address of delivery of goods recorded on the invoice is different from the billing address of the said unregistered person on the invoice, the place of supply of goods in accordance with the provisions of section 10(1)(ca) of the IGST Act, 2017, shall be the address of delivery of goods recorded on the invoice.</p> <p>Also, in such cases involving supply of goods to an unregistered person, where the billing address and delivery address are different, the supplier may record the delivery address as the address of the recipient on the invoice for the purpose of determination of place of supply of the said supply of goods.</p> <p>Thus, the place of supply of laptop in the given case is Bareilly, Uttar Pradesh.</p>
<p>Q.19</p>	<p>Examine the following independent cases and determine the Place of supply under the GST law along with the relevant legal provisions:</p> <p>(i) Mr. Mukul, a bank manager is transferred from Kolkata, West Bengal to Jodhpur, Rajasthan. His family resides at Ranchi, Jharkhand. He hires Fastman Couriers Private Limited, a registered company in Kolkata, to transport his household goods from Ranchi to Jodhpur.</p> <p>(ii) M/s Ravi Builders of Pune, Maharashtra hired M/s Builder and Co. an architectural firm registered under the GST law at Ahmedabad, Gujarat for designing an architectural plan for a 21 floor building to be constructed by them in Canada. [PP-Sept 25]</p>
<p>Ans.</p>	<p>(i) The place of supply (PoS) of services by way of transportation of goods provided to an unregistered person is the location at which such goods are handed over for their transportation. In the given case the place of supply is Ranchi, Jharkhand.</p> <p>(ii) The place of supply of architect services provided directly in relation to an immovable property, intended to be located outside India, shall be the location of the recipient of the services. In the given case the place of supply is Pune, Maharashtra.</p>
<p>Q.20</p>	<p>Determine the place of supply in respect of following independent cases. Brief reason should form part of your answer.</p> <p>(i) Mr. U from Mount Abu, Rajasthan (an unregistered person) ordered one laptop, as a gift for his father, from e-commerce site 'Zilu' (registered in Mumbai, Maharashtra) to be delivered at his parent house located at Ahmedabad, Gujarat. Mount Abu, Rajasthan was mentioned as permanent address of Mr. U at e-commerce site 'Zilu'.</p>

<p>Ans.</p>	<p>(ii) Mr. Oman, a tourist from Australia visited India in the month of September. He got repaired his camera during his visit to Udaipur, Rajasthan by Mr. R who also visited Udaipur at the same time. Mr. R is registered at New Delhi. Mr. Oman provided address of his friend who resides at Mumbai Maharashtra to be mentioned in the bill issued by Mr. R for repairing of camera. [RTP-Jan 26]</p> <p>(i) The place of supply in case of goods (particularly being supplied through e-commerce platform) to unregistered persons where billing address is different from the address of delivery of goods shall be address of delivery of goods recorded on the invoice. In the given case, billing address of Mr. U in the online platform of Zilu is at Mount Abu, Rajasthan but for delivery of laptop he had given different delivery address as Ahmedabad, Gujarat. So, place of supply will be address of delivery of goods recorded on the invoice i.e. Ahmedabad, Gujarat.</p> <p>(ii) The place of supply of services, except the specified services, made to any person other than a registered person shall be the location of the recipient where the address on record exists. Thus, the place of supply of repair services made to Mr. Oman is Mumbai, Maharashtra.</p>
<p>Q.21</p> <p>Ans.</p>	<p>(i) Garima having its permanent residence in Bhavnagar, Gujarat purchased car from Kiara Motors of Jaipur, Rajasthan to take the advantage of lower registration charges and road tax. Garima took the delivery of the car from Jaipur and returned with car to her residence in Bhavnagar, Gujarat. Address of Garima recorded in the invoice issued by Kiara Motors mentions only the name of the State i.e. Gujarat. Garima is an unregistered person whereas Kiara Motors is a registered person under GST. Determine the place of supply for supply made by Kiara Motors to Garima.</p> <p>(ii) Aakar Advertisement Agency, a registered person in Nagpur, Maharashtra, wants to display the products of its client's at most prominent places in different States. It took on rights to use the space on hoardings mounted on fixed surface attached to earth, situated in Udaipur, Rajasthan and in Gwalior, Madhya Pradesh from G.N. Enterprise registered in State of Chhattisgarh. Aakar Advertisement Agency has an exclusive right to use the space and also to manage the advertisements on the hoardings. What will be the place of supply of services provided by the G.N. Enterprise to the Aakar Advertisement Agency? [PP-Sept 24]</p> <p>(i) Where the supply of goods is made to an unregistered person, the place of supply is the location as per the address of the unregistered person recorded in the invoice. Further, recording of the name of the State of the unregistered person in the invoice is deemed to be the recording of the address of the unregistered person. Thus, place of supply is Bhavnagar, Gujarat.</p> <p>(ii) The hoarding/structure erected on the land should be considered as immovable structure/ fixture as it has been embedded in earth. Therefore, the place of supply of service provided by way of supply of sale of space on hoarding/ structure for advertising or for grant of rights to use the hoarding/ structure for advertising is the location where such hoarding/ structure is located. The place of supply of any service provided by way of supply/sale of space on an immovable property or grant of rights to use an immovable property is the location at which the immovable property is located, i.e. the location where such hoarding/ structure is located. Thus, for hoarding located in Udaipur, place of supply is Udaipur, Rajasthan and for hoarding located in Gwalior, place of supply is Gwalior, Madhya Pradesh.</p>
<p>Q.22</p>	<p>Briefly examine the place of supply in the following independent cases.</p> <p>(a) Ms. Shanti (unregistered resident of Gujarat) went to meet her parents at the native place Patna, Bihar and buys a medical insurance policy for her parents from an insurance company – MNT Insurers- of Patna (registered in Bihar). The location of the recipient of services in the records of the MNT Insurers is Patna.</p> <p>(b) Lakhan Singh Transports Pvt. Ltd., a Goods Transportation Agency registered in Noida, Uttar</p>

	<p>Pradesh, is hired by Ram Trade Links (registered supplier in New Delhi) to transport its consignment of goods from its warehouse in Delhi to the house of a buyer located in Roorkee, Uttar Pradesh.</p> <p>(c) Mr. Karan (Mumbai) takes a post-paid mobile connection in Mumbai from the service provider - Freesia Ltd. and gives his residence address at Mumbai as the address for billing with the said company. [RTP-Jan 25]</p>
Ans.	<p>(a) The place of supply of insurance services provided to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services. Thus, in the given case, the place of supply is the location of the recipient of services in the records of the supplier, i.e. Patna.</p> <p>(b) The place of supply of services by way of transportation of goods, including by mail or courier to a registered person, is the location of such person. Thus, in the given case, the recipient being registered, the place of supply is the location of recipient, i.e. New Delhi.</p> <p>(c) The place of supply of telecommunication services including data transfer, broadcasting, cable and direct to home television services to any person in case of mobile connection for telecommunication and internet services provided on post-paid basis, be the location of billing address of the recipient of services on the record of the supplier of services. Thus, in the given case, the place of supply is the location of billing address of the recipient, i.e. Mumbai.</p>

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STUDENT NOTES



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Q.1	<p>Sukhiya Das is engaged in providing following services. With the help of information given below, determine which of the services provided by Sukhiya Das are exempt from GST:</p> <ul style="list-style-type: none"> (i) Packaging of the cereals purchased from village farmers into small packets of 1 kg each, in Sukhiya Das warehouse, so that same can be sold in a nearby city mall. (ii) Warehousing of jaggery and tea. (iii) Renting of warehouse for storage of agricultural produce.
Ans:	<ul style="list-style-type: none"> (i) Entry 54, inter alia, exempts the processes/operations carried out at an agricultural farm on the agricultural produce which do not alter the essential characteristics of agricultural produce, but make it marketable only for the primary market. In the given case, though the packaging of cereals does not alter their essential characteristic, it makes them marketable for retail market and not for the primary market and further, such packaging is being done at the warehouse of Sukhiya Das and not at an agricultural farm. Hence, said services are not exempt. (ii) Entry 54, inter alia, exempts the warehousing of agricultural produce. However, entry 24B also exempts storage/ warehousing of cereals, pulses, fruits and vegetables. Hence, warehousing of jaggery and tea is not exempt. (iii) Entry 54, inter alia, exempts the services of loading, unloading, packing, storage or warehousing of agricultural produce. Thus, warehousing of agricultural produce, per se, is exempt. However, in the given case, services being provided are not warehousing services but renting of immovable property services. Such services are not exempt.
Q.2	<p>Good Health Medical Centre, a clinical establishment, offers the following services:</p> <ul style="list-style-type: none"> (i) Reiki healing treatments. (ii) Plastic surgeries. One such surgery was conducted to repair cleft lip of a new born baby. (iii) Air ambulance services to transport critically ill patients from distant locations to the Medical Centre. (iv) Palliative care for terminally ill patients. On request, such care is also provided to patients at their homes. (Palliative care is given to improve the quality of life of patients who have a serious or life- threatening disease but the goal of such care is not to cure the disease). (v) Alternative medical treatments by way of yoga. <p>Good Health Medical Centre also operates a cord blood bank which provides services in relation to preservation of stem cells.</p> <p>Good Health Medical Centre is of the view that since it is a clinical establishment, all the service provided by it as well as all the services provided to it are exempt from GST.</p> <p>You are required to examine the situation in the light of relevant statutory provisions.</p> <p style="text-align: right;">[ICAI SM]</p>
Ans:	<p>Health care services provided by a clinical establishment, an authorized medical practitioner or para-medics are exempt from GST under Entry 74. In light of the same, the eligibility to exemption in respect of each service offered by Good Health Medical Centre is examined below:</p> <ul style="list-style-type: none"> (i) Not Exempt. Since reiki healing is not a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010, it would not be exempt and thus, GST would be payable thereon. (ii) Exempt. Health care service does not include, inter alia, cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma. Therefore, plastic surgeries will not be entitled to the said exemption and thus, GST would be payable thereon. However, plastic surgery conducted to repair a cleft lip will be eligible for exemption as it reconstructs anatomy or functions of body affected due to congenital defects (cleft lip). (iii) Exempt. Health care service includes services by way of transportation of the patient to and from a clinical establishment. Thus, air ambulance service to transport critically ill patients to Good

Health Medical Centre would be eligible for exemption under the said notification.

(iv) **Exempt.** Health care service means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicines in India. It is immaterial whether such service is provided at the clinical establishment or at the home of the patient or at any other place. Thus, palliative care for terminally ill patients is exempt.

(v) **Exempt.** Since Yoga is a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010, the same would be eligible for exemption under the said notification. Further, services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation **were** exempt from GST under Entry 73. **However, w.e.f. 18.07.2022, such entry has been omitted.** Therefore, services provided in relation to preservation of stem cells by the cord blood bank operated by Good Health Medical Centre will **not** be exempt from GST.

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

Q.3 M/s. Apna Bank Limited, a scheduled commercial bank, has furnished the following details for the month of August:

Nature of services provided	Amount (₹ in crores) [excl. GST]
Extended housing loan to its customers	100
Processing fees collected from its customers on sanction of loan	20
Commission collected from its customers on bank guarantee	30
Interest income on credit card issued by the bank	40
Interest received on housing loan extended by the bank	25
Minimum balance charges collected from current account and saving account holder	01

Compute the value of taxable supply.

[ICAI SM]

Ans: **Computation of value of taxable supply of M/s. Apna Bank Limited for the month of August:**

Nature of services provided	Amount (₹ in crores)
Housing loan extended to customers [Since money does not constitute goods, extending housing loan is not a supply.]	Nil
Processing fee collected on sanction of loan [Interest does not include processing fee on sanction of the loan. Hence, the same is taxable.]	20
Commission collected on bank guarantee [Any commission collected over and above interest on loan, advance or deposit are not exempt.]	30
Interest income on credit card issued by the bank [Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax. However, interest involved in credit card services is specifically excluded from this exemption entry.]	40
Interest received on housing loan [Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax.]	Nil
Minimum balance charges collected from current account and saving account holder [Any charges collected over and above interest on loan, advance or deposit are	01

	not exempt.]	
	Value of Taxable Supply	91
Q.4	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:	
	<p>a) Bollywood dance performance by a film actor in a film and consideration charged is ₹1,45,000.</p> <p>b) Carnatic music performance by a classical singer to promote a brand of readymade garments and consideration charged is ₹1,30,000.</p> <p>c) Carnatic music performance by a classical singer in a music concert and consideration charged is ₹1,55,000.</p> <p>d) Kathak dance performance by a classical dancer in a cultural programme and consideration charged is ₹1,45,000.</p>	
Ans:	<p>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.</p> <p>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.</p> <p>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: $= ₹1,55,000 \times 18\% = ₹27,900$</p> <p>d) Kathak dance performance by a classical dancer in a cultural programme is exempt from GST as it is a performance <u>in classical art forms of dance</u> and consideration charged <u>does not exceed ₹1,50,000</u> [i.e., ₹1,45,000].</p>	
Q.5	Exempt supply includes supply of any goods or services or both which attracts nil rate of tax and which may be wholly exempt from tax, but excludes non-taxable supply. Discuss the validity of the statement.	
Ans:	<p>The statement is not fully valid in law. Exempt supply has been defined as supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax and includes non-taxable supply.</p>	
Q.6	Services provided by an entity registered under section 12AA of the Income-tax Act, 1961 are exempt from GST if such services are provided by way of charitable activities. Elaborate the term 'charitable activities.'	
Ans:	<p>The term 'charitable activities' mean activities relating to-</p> <p>(i) public health by way of-</p> <p>(A) care or counseling of</p> <p>(i) terminally ill persons or persons with severe physical or mental disability;</p> <p>(ii) persons afflicted with HIV or AIDS;</p> <p>(iii) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or</p> <p>(B) public awareness of preventive health, family planning or prevention of HIV infection;</p> <p>(ii) advancement of religion, spirituality or yoga;</p> <p>(iii) advancement of educational programmes/skill development relating to,</p> <p>(A) abandoned, orphaned or homeless children;</p> <p>(B) physically or mentally abused and traumatized persons;</p>	

	<p>(C) prisoners; or (D) persons over the age of 65 years residing in a rural area; (iv) preservation of environment including watershed, forests & wildlife.</p>						
Q.7	<p>Examine which of the following independent services are exempt from GST: a) Food supplied by the canteen run by a hospital to the in-patients as advised by the doctors. b) An RWA, registered under GST, collects the maintenance charges of ₹6,500 per month per member. <i>[ICAI SM, MTP-March 23, MTP-Jan 25]</i></p>						
Ans:	<p>a) Services by way of health care services by a clinical establishment, an authorized medical practitioner or para-medics are exempt from GST. Food supplied to the in-patients by a canteen run by the hospital, as advised by the doctor/nutritionists, is a part of composite supply of healthcare and not separately taxable. Thus, said services are exempt from GST. b) Supply of service by a RWA (unincorporated body or a non-profit entity registered under any law) to its own members by way of reimbursement of charges or share of contribution up to an amount of ₹7500 per month per member for providing services and goods for the common use of its members in a housing society/a residential complex are exempt from GST. Hence, in the given case, services provided by the RWA are exempt from GST since the maintenance charges collected per month per member do not exceed ₹7500.</p>						
Q.8	<p>An individual acts as a referee in a football match organized by Sports Authority of India. He has also acted as a referee in another charity football match organized by a local sports club, in lieu of a lump sum payment. Discuss whether any GST is payable on the activities undertaken by him. <i>[ICAI SM]</i></p>						
Ans:	<p>Services provided to a recognized sports body by an individual, inter alia, as a referee in a sporting event organized by a recognized sports body is exempt from GST. Since in the first case, the football match is organized by Sports Authority of India, which is a recognized sports body, services provided by the individual as a referee in such football match will be exempt. However, when he acts as a referee in a charity football match organized by a local sports club, he would not be entitled to afore-mentioned exemption as a local sports club is not a recognized sports body and thus, GST will be payable in this case. <i>tutorials</i></p>						
Q.9	<p>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. The proceeds of the concert worth ₹1,20,000 will be donated to a charitable organization. Examine whether Ms. Ahana Kapoor will be required to pay any GST. <i>[ICAI SM]</i></p>						
Ans:	<p>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 will not have any bearing on the eligibility or otherwise to the above-mentioned exemption.</p>						
Q.10	<p>Determine the GST payable @ 18% with respect to each of the following independent services provided by the registered persons:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Particulars</th> <th style="width: 30%;">Gross Amount Charged (₹)</th> </tr> </thead> <tbody> <tr> <td>Fees charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961</td> <td style="text-align: center;">50,000</td> </tr> <tr> <td>Amount charged by business correspondent from banking company for the</td> <td style="text-align: center;">1,00,000</td> </tr> </tbody> </table>	Particulars	Gross Amount Charged (₹)	Fees charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961	50,000	Amount charged by business correspondent from banking company for the	1,00,000
Particulars	Gross Amount Charged (₹)						
Fees charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961	50,000						
Amount charged by business correspondent from banking company for the	1,00,000						

	services provided to the rural branch of a bank with respect to Savings Bank Accounts																
	Amount charged by cord blood bank for preservation of stem Cells	5,00,000															
	Amount charged for service provided by selectors to a recognized sports body	5,20,000															
		[MTP-Oct 22]															
Ans:	Computation of value of taxable supply																
	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (₹)</th> <th>GST Payable @18% (₹)</th> </tr> </thead> <tbody> <tr> <td>Fees charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961 [Note-1]</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Amount charged by business correspondent from banking company for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [Note-2]</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Amount charged by cord blood bank for preservation of stem Cells [Note-3]</td> <td>5,00,000 <i>Nil</i></td> <td>5,00,000 <i>Nil</i></td> </tr> <tr> <td>Amount charged for service provided by selectors to a recognized sports body [Note-4]</td> <td>5,20,000</td> <td>5,20,000</td> </tr> </tbody> </table>	Particulars	Amount (₹)	GST Payable @18% (₹)	Fees charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961 [Note-1]	Nil	Nil	Amount charged by business correspondent from banking company for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [Note-2]	Nil	Nil	Amount charged by cord blood bank for preservation of stem Cells [Note-3]	5,00,000 <i>Nil</i>	5,00,000 <i>Nil</i>	Amount charged for service provided by selectors to a recognized sports body [Note-4]	5,20,000	5,20,000	
Particulars	Amount (₹)	GST Payable @18% (₹)															
Fees charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961 [Note-1]	Nil	Nil															
Amount charged by business correspondent from banking company for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [Note-2]	Nil	Nil															
Amount charged by cord blood bank for preservation of stem Cells [Note-3]	5,00,000 <i>Nil</i>	5,00,000 <i>Nil</i>															
Amount charged for service provided by selectors to a recognized sports body [Note-4]	5,20,000	5,20,000															
	Notes:																
	<ol style="list-style-type: none"> Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities are exempt from GST. The activities relating to advancement of yoga are included in the definition of charitable activities. So, such activities are exempt from GST. Services by business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch have been exempted from GST. Services provided by cord blood banks by way of preservation of stem cells/any other service in relation to such preservation are not exempt from GST. <i>orials</i> Services provided to a recognized sports body only by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST. Thus, services provided by selectors are liable to GST. 																
Q.11	Examine whether GST is exempted on the following independent supplies of services:																
	(i) Service provided by a private transport operator to Scholar Boys Higher Secondary School in relation to transportation of students to and from the school.																
	(ii) Services provided by way of vehicle parking to general public in a shopping mall.																
	[ICAI SM, MTP-Jan 25]																
Ans:	(i) Yes. Services provided TO an educational institution by way of transportation of students are exempted from GST.																
	(ii) No. Services provided by way of vehicle parking to general public are not exempted from GST. Therefore, GST is payable on the same.																
Q.12	A State Transport Undertaking has hired motor vehicles meant to carry 8 - 10 passengers from Fast Cab Renting, a motor vehicle renting company. Give your comments as to whether any GST is payable in this case.																
	[ICAI SM]																
Ans:	Services by way of giving on hire , inter alia, to a State Transport Undertaking , a motor vehicle meant to carry more than 12 passengers is exempt from GST.																
	Since the motor vehicles given on hire by Fast Cab Renting to the State Transport Undertaking are meant to carry 8-10 passengers , the same would not be eligible for exemption and would thus, be liable to GST .																
Q.13	Indiana Engineering College, a recognized educational institution, has conducted an entrance test examination for various courses run by it and charged entrance fees from the applicants. Determine																

	whether Indiana Engineering College is liable to pay GST on the same. [ICAI SM]												
Ans:	Services provided by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee are exempt from GST . Since in the given case, services provided by Indiana Engineering College -an educational institution - are by way of conduct of entrance examination against entrance fee, the same is exempt and thus, GST is not payable in this case.												
Q.14	Poorva acts as a team manager for Indian Sports Authority (ISA), a recognized sports body, for a tennis tournament organized by a multinational company and received a remuneration of ₹2,00,000. Determine whether GST is payable on the remuneration received by Poorva.												
Ans:	Services provided by a team manager to a recognized sports body for participation in a sporting event are exempt from GST provided said sporting event is organized by a recognized sports body. In the given case, the services are being provided by a team manager to a recognized sports body, but the sporting event is not organized by a recognized sports body . Therefore, the services provided by Poorva are not exempt from GST.												
Q.15	Babloo Transporters, a Goods Transport Agency, transported relief materials meant for victims of Kerala floods, a natural disaster, by road from Delhi to Ernakulam, for a company. Babloo Transporters is of the view that it is not liable to pay GST on the said services provided as said services are exempt. You are required to advise it on the said issue. [ICAI SM]												
Ans:	Services provided by a goods transport agency, by way of transport in a goods carriage of relief materials meant for victims of, inter alia, natural or man-made disasters, calamities, are exempt from GST . Therefore, services provided by Babloo Transporters will be exempt from GST.												
Q.16	Keyan Enterprises, an event organizer, provided services to Breathing Wall Ltd. by way of organizing business exhibition in New Delhi as part of Make in India initiative. Keyan Enterprises claims that it is not required to pay GST as the services provided by way of organizing business exhibition are exempt from GST. Examine the technical veracity of the claim of Keyan Enterprises, in the given case. [ICAI SM]												
Ans:	No, the claim made by Keyan Enterprises that it is not required to pay GST is not correct . Services provided by an organizer to any person in respect of a business exhibition are exempt from GST only when such business exhibition is held outside India . However, since in the given case, the exhibition is being organized in India, the services of organization of event by Keyan Enterprises will not be exempt from GST.												
Q.17	ST Ltd. has given on hire 5 trucks to Titu Transporters of Delhi (a goods transport agency) for transporting goods in Central and West Delhi. The hiring charges for the trucks are ₹7,500 per truck per day. Examine whether GST is payable in the given case. [ICAI SM]												
Ans:	GST is not payable in case of hiring of trucks to Titu Transporters since services by way of giving on hire, inter alia, to a goods transport agency, a means of transportation of goods are exempt.												
Q.18	AB Ltd., a registered company of Chennai, Tamil Nadu has provided following services for the month of October, 2023:												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Gross Amount Charged (₹)</th> </tr> </thead> <tbody> <tr> <td>Services of transportation of students, faculty and staff from home to college and back to Commerce College, (a private college) providing degree courses in BBA, MBA, B.Com., M.Com.</td> <td style="text-align: right;">2,50,000</td> </tr> <tr> <td>Online monthly magazine containing question bank and latest updates in law to students of PQR Law College offering degree courses in LLB and LLM</td> <td style="text-align: right;">1,00,000</td> </tr> <tr> <td>Housekeeping services to T Coaching Institute</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>Security services to N Higher Secondary School</td> <td style="text-align: right;">3,25,000</td> </tr> <tr> <td>Services of providing breakfast, lunch and dinner to students of ABC Medical</td> <td style="text-align: right;">5,80,000</td> </tr> </tbody> </table>	Particulars	Gross Amount Charged (₹)	Services of transportation of students, faculty and staff from home to college and back to Commerce College, (a private college) providing degree courses in BBA, MBA, B.Com., M.Com.	2,50,000	Online monthly magazine containing question bank and latest updates in law to students of PQR Law College offering degree courses in LLB and LLM	1,00,000	Housekeeping services to T Coaching Institute	50,000	Security services to N Higher Secondary School	3,25,000	Services of providing breakfast, lunch and dinner to students of ABC Medical	5,80,000
Particulars	Gross Amount Charged (₹)												
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Online monthly magazine containing question bank and latest updates in law to students of PQR Law College offering degree courses in LLB and LLM	1,00,000												
Housekeeping services to T Coaching Institute	50,000												
Security services to N Higher Secondary School	3,25,000												
Services of providing breakfast, lunch and dinner to students of ABC Medical	5,80,000												

	College offering degree courses recognized by law in medical field.		
	All the above amounts are exclusive of GST.		
	Compute the taxable supplies of AB Ltd. for the month of October 2023 with necessary explanations [PP-Dec 21]		
Ans:	Computation of Value of Taxable Supplies of AB Ltd.		
	Particulars	Gross Amount Charged (₹)	
	Services of transportation of students, faculty and staff to Commerce College [Not exempt, since transportation services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.]	2,50,000	
	Online monthly magazine to students of PQR Law College [Services of supply of online educational journals provided to an educational institution providing qualification recognized by law are exempt.]	Nil	
	Housekeeping services to T Coaching Institute [Not exempt]	50,000	
	Security services* to N Higher Secondary School [Security services provided to an educational institution providing education up to higher secondary school are exempt.] *It has been assumed that security services are performed in N Higher Secondary School.	Nil	
	Services of transportation of students, faculty and staff to Commerce College [Not exempt, since transportation services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.]	5,80,000	
	Value of Taxable Supplies	8,80,000	
Q.19	Gita Services Limited, registered under GST, is engaged in providing various services to Government. The company provides the following information in respect of services provided during the month of April:		
	S. No.	Description of Services provided	
	1	Supply of manpower for cleanliness of roads not involving any supply of goods.	
	2	Service provided by Fair Price Shops owned by Gita Services Limited by way of sale of sugar under Public Distribution System against consideration in the form of commission.	
	3	Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares along with maintenance. Generally, replacement of defunct lights and other spares constitutes 35% of the supply of service.	
	4	Service of brochure distribution provided under a training programme for which 70% of the total expenditure is borne by the Government.	
	Comment on the taxability or otherwise of the above transactions under GST law. Also state the correct legal provisions for the same. [RTP-May 22, MTP-March 24]		
Ans:	S. No.	Description of Services provided	Taxability
	1	Supply of manpower for cleanliness of roads not involving any supply of goods.	Exempt
	2	Service provided by Fair Price Shops owned by Gita Services Limited by way of sale of sugar under Public Distribution System against consideration in the form of commission.	Exempt
	3	Service of maintenance of street lights in a Municipal are involving replacement of defunct lights and other spares along with maintenance.	Taxable

	Generally, replacement of defunct lights and other spares constitutes 35% of the supply of service.	
4	Service of brochure distribution provided under a training programme for which 70% of the total expenditure is borne by the Government.	Taxable
Q.20	<p>Determine whether GST is payable in the following transaction: Deccan Shipping Pvt. Ltd., registered under GST in Andaman and Nicobar Islands, provided the passenger transportation services to the local residents in the ferries owned by it from Neil Island to Havelock Island. [RTP - May 23]</p>	
Ans:	<p>Transportation of passenger services provided by the private operator - Deccan Shipping Pvt. Ltd. - are exempt from GST. Circular No. 177/09/2022 GST dated 03.08.2022 clarifies the applicability of GST on private ferry tickets. Transportation of passengers by public transport, other than predominantly for tourism purpose, in a vessel between places located in India is exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017. It is clarified that this exemption would apply to tickets purchased for transportation from one point to another irrespective of whether the ferry is owned or operated by a private sector enterprise or by a PSU/Government. It is further clarified that, the expression 'public transport' used in the said exemption notification only means that the transport should be open to public. It can be privately or publicly owned. Only exclusion is on transportation which is predominantly for tourism, such as services which may combine with transportation, sightseeing, food and beverages, music, accommodation such as in shikara, cruise etc.</p>	
Q.21	<p>State with reasons, whether GST is payable in the following independent cases: (i) Services provided to recognized sports body as selector of national team. (ii) Services provided by way of transportation of passengers in metered cab, through an electronic commerce operator. [MTP-Sept 22]</p>	
Ans:	<p>(i) Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST vide Notification No. 12/2017 CT(R) dated 28.06.2017. Thus, GST is payable in case of services provided to a recognized sports body as selector of national team. (ii) Service of transportation of passengers, with or without accompanied belongings, inter alia, by metered cabs are specifically exempt from GST vide Notification No. 12/2017 CT(R) dated 28.06.2017. However, where such services are supplied through an electronic commerce operator, said services are not exempt. Thus, GST is payable in the given case.</p>	
Q.22	<p>GTA Services provided to an unregistered person (including unregistered casual taxable person) are exempt from GST by virtue of Entry 21 A of GST Laws. Discuss the validity of above statement. [PP-May 23]</p>	
Ans:	<p>The said statement is invalid. Services provided by a GTA to an unregistered person, including an unregistered casual taxable person are exempt except when provided to a:</p> <ol style="list-style-type: none"> factory society co-operative society body corporate partnership firm registered casual taxable person 	
Q.23	<p>Mr. Shyam Das was admitted to Suraksha Hospital in Mumbai for 2 days in relation to diagnosis of removal of stones from his kidney. For the said services, Suraksha hospital charged following from Mr. Das:</p> <ol style="list-style-type: none"> Room rent ₹7,000 per day for 2 days. 	

	<p>(ii) Operation theatre charges ₹5,000 (iii) Doctors Consultation Charges ₹8,000 (iv) Other services ₹4,000 In each of the above scenario explain whether Suraksha Hospital should levy GST or not in line with the relevant provisions of the GST laws. [PP - May 23]</p> <p>Ans: Health care services by a clinical establishment are exempt from GST. However, services provided by a clinical establishment by way of providing room having room charges exceeding ₹5,000 per day to a person receiving health care services are not exempt. In view of the same, only the room rent of ₹14,000 (₹7,000 per day × 2 days) is liable to GST. Other than room rent, all other nature of services provided by Suraksha Hospital are exempt from GST.</p>												
<p>Q.24</p>	<p>Miss. P, a registered supplier of Rajasthan, has received the following amounts in respect of the activities undertaken by her during the month of April:</p> <table border="1" data-bbox="297 617 1448 863"> <thead> <tr> <th>S. No.</th> <th>Particulars</th> <th>Amount (in ₹)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Amount received for warehousing of sugarcane</td> <td>50,000</td> </tr> <tr> <td>2</td> <td>Commission received as business facilitator for the services provided to the urban branch of a nationalized bank with respect to savings bank accounts</td> <td>20,000</td> </tr> <tr> <td>3</td> <td>Amount received for services by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex</td> <td>10,000</td> </tr> </tbody> </table> <p>All the transactions stated above are inter-State transactions and all amounts are exclusive of GST. You are required to compute total GST payable by Miss. P for the month of April assuming the rate of GST to be 18%. [MTP-April 23]</p>	S. No.	Particulars	Amount (in ₹)	1	Amount received for warehousing of sugarcane	50,000	2	Commission received as business facilitator for the services provided to the urban branch of a nationalized bank with respect to savings bank accounts	20,000	3	Amount received for services by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex	10,000
S. No.	Particulars	Amount (in ₹)											
1	Amount received for warehousing of sugarcane	50,000											
2	Commission received as business facilitator for the services provided to the urban branch of a nationalized bank with respect to savings bank accounts	20,000											
3	Amount received for services by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex	10,000											
<p>Ans.</p>	<p>Computation of value of taxable supply on which GST is to be paid by Miss. P</p> <table border="1" data-bbox="297 1020 1448 1583"> <thead> <tr> <th>Particulars</th> <th>IGST* (₹)</th> </tr> </thead> <tbody> <tr> <td>Amount received for warehousing of sugarcane [Warehousing of agricultural produce is exempt from GST.]</td> <td>Nil</td> </tr> <tr> <td>Commission received as business facilitator [Services provided by a business facilitator to a banking company with respect to accounts only in its rural area branch are exempt from GST. In the given case since services are being provided to urban branch of the bank, they are taxable. However, the tax payable thereon is to be paid by the recipient of services i.e. banking company, under reverse charge. Hence, Miss P will not be liable to pay GST on commission received for said services.]</td> <td>Nil</td> </tr> <tr> <td>Amount received for services by way of labour contracts [Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt from GST. Since such services are being provided for repairing the residential unit, they are not eligible for exemption.]</td> <td>1,800 [10,000 X 18%]</td> </tr> <tr> <td>Total IGST payable</td> <td>1,800</td> </tr> </tbody> </table> <p>*Note: IGST is payable on inter-State supply.</p>	Particulars	IGST* (₹)	Amount received for warehousing of sugarcane [Warehousing of agricultural produce is exempt from GST.]	Nil	Commission received as business facilitator [Services provided by a business facilitator to a banking company with respect to accounts only in its rural area branch are exempt from GST. In the given case since services are being provided to urban branch of the bank, they are taxable. However, the tax payable thereon is to be paid by the recipient of services i.e. banking company, under reverse charge. Hence, Miss P will not be liable to pay GST on commission received for said services.]	Nil	Amount received for services by way of labour contracts [Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt from GST. Since such services are being provided for repairing the residential unit, they are not eligible for exemption.]	1,800 [10,000 X 18%]	Total IGST payable	1,800		
Particulars	IGST* (₹)												
Amount received for warehousing of sugarcane [Warehousing of agricultural produce is exempt from GST.]	Nil												
Commission received as business facilitator [Services provided by a business facilitator to a banking company with respect to accounts only in its rural area branch are exempt from GST. In the given case since services are being provided to urban branch of the bank, they are taxable. However, the tax payable thereon is to be paid by the recipient of services i.e. banking company, under reverse charge. Hence, Miss P will not be liable to pay GST on commission received for said services.]	Nil												
Amount received for services by way of labour contracts [Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt from GST. Since such services are being provided for repairing the residential unit, they are not eligible for exemption.]	1,800 [10,000 X 18%]												
Total IGST payable	1,800												
<p>Q.25</p>	<p>Examine the implications of GST on payment of honorarium to the Guest Anchors. [RTP-Nov 23]</p> <p>Ans: Circular No. 177/09/2022 GST dated 03.08.2022 clarifies the applicability of GST on honorarium paid to Guest Anchors. Sansad TV and other TV channels invite guest anchors to participate in their shows and pay remuneration to them in the form of honorarium. It is clarified that supply of all goods & services are taxable unless exempt or declared as 'neither a supply of goods nor a supply of service'. Services provided by the guest anchors in lieu of honorarium attract GST liability. However, guest anchors whose aggregate turnover in a financial year does not exceed ₹20 lakh (₹10 lakh in case of specified Special Category States) shall not be liable to take registration and pay GST.</p>												

Q.26 Mr. Dhanwan, an individual registered supplier of Ahmedabad (Gujarat), received the following amount towards rendering of the intra-state supply of various services in the month of January 2023:

S. No.	Particulars	Amount (₹)
I.	Consideration received from security and housekeeping services provided to "Holy Foundation", an educational institution providing services by way of pre-school education, outside the school premises on its annual day function.	60,000
II.	Amount received as an honorarium for participation as guest anchor on "Apna TV" in relation to a debate.	2,25,000
III.	Sum received as hiring charges for provision of non-air conditioned contract carriage for transportation of employees to and from the work to M/s. Siddhi Pvt. Ltd, a registered person under the GST. Such hiring is for 3 months. Use of the contract carriage is at the disposal of the company.	1,50,000
IV.	Amount received for provision of training in recreation activities of music.	90,000
V.	Renting of residential flat to Mr. Sahil, proprietor of M/s. Dayaram & Sons, a registered person under GST for the purpose of his own residence (in personal capacity)	30,000

You are required to compute the value of supply on which GST is to be paid by Mr. Dhanwan for the month of January, 2023. All the amounts stated above are exclusive of GST, wherever applicable. Suitable notes should form part of the answer. **[PP-Nov 23]**

Ans: Computation of value of supply on which GST is to be paid by Mr. Dhanwan

S. No	Particulars	Amount (₹)
I.	Security and housekeeping services provided to an educational institution [Not exempted, since security and housekeeping services are performed outside the educational institution.]	60,000
II.	Honorarium for participation as guest anchor [Liable to GST since it is not specifically exempt and it is also not covered in Schedule III of the CGST Act, 2017 (neither supply of good nor supply of service).]	2,25,000
III.	Hiring charges for non-air conditioned contract carriage [Not exempt, since exemption available only where transportation take place over pre-determined route and pre-determined schedule and contract carriage is hired for a period of time, during which the contract carriage is at the disposal of the recipient]	1,50,000
IV.	Training in recreational activities of music [Services by way of training in recreational activities relating to arts or culture, by an individual are exempt.]	-
V.	Renting of residential flat to Mr. Sahil [Renting of residential dwelling to a proprietor (registered under GST) of a proprietorship concern in his personal capacity for use as his own residence and on his own account is exempt.]	-
	Value of taxable supply on which GST is to be paid by Mr. Dhanwan	4,35,000

Q.27 Keshav Ltd., a registered company of Chennai, Tamil Nadu has provided following education related services for the month of October:

Particulars	Amount (₹)
Services of transportation of students, faculty and staff from home to college and back to Galgotian College, (a private college) providing degree courses in BBA,	2,50,000

MBA, B.Com., M.Com.	
Online monthly magazine containing articles and updates in law to students of Pariksha Law College offering degree courses in LLB and LLM	1,00,000
Housekeeping services to Career Coaching Institute	50,000
Security services to Happy Higher Secondary School for security in school premises	3,25,000
Services of providing breakfast, lunch and dinner to students of Ayushmann Medical College offering degree courses recognized by law in medical field	5,80,000

All the above amounts are exclusive of GST.

Compute the value of taxable supplies of Keshav Ltd. for the month of October with necessary explanations. **[MTP-July 24]**

Ans: Computation of value of taxable supplies of Keshav Ltd.

Particulars	Amount (₹)
Services of transportation of students, faculty and staff to Galgotian College [Not exempt, since transportation services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.]	2,50,000
Online monthly magazine to students of Pariksha Law College [Services of supply of online educational journals provided to an educational institution providing qualification recognized by law are exempt.]	Nil
Housekeeping services to Career Coaching Institute [Not exempt since such services are provided to a non- educational institute.]	50,000
Security services to Happy Higher Secondary School [Security services provided to an educational institution providing education up to higher secondary school are exempt since such services are performed in the premises of educational institution.]	Nil
Services of providing breakfast, lunch and dinner to students of Ayushmann Medical College [Not exempt, since catering services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.]	5,80,000
Value of taxable supplies	8,80,000

Q.28 Green Agro Services, a registered person provides the following information relating to its activities during the month of February, 2024:

Gross Receipts from	(₹)
Services relating to rearing of goats	3,75,000
Services by way of artificial insemination of horses	5,00,000
Processing of sugarcane into jaggery	7,00,000
Milling of paddy into rice	8,00,000
Services by way of warehousing of agricultural produce	2,25,000

All the above receipts are exclusive of GST.

Compute the value of taxable supplies under GST laws for the month of February, 2024.

[MTP-Sept 24]

Ans: Computation of value of taxable supplies

Particulars	Amount (₹)
Services relating to rearing of goats [Exempt since services relating to rearing of all life forms of animals, except	Nil

horses, for food etc. are exempt.]	
Services by way of artificial insemination of horses [Not exempt since services of artificial insemination are exempt only of livestock other than horses.]	5,00,000
Processing of sugarcane into jaggery [Not exempt, since processes which alter the essential characteristics of agricultural produce are not exempt and processing of sugarcane into jaggery changes the essential characteristics of sugarcane.]	7,00,000
Milling of paddy into rice [Not exempt, since this process, being carried out after cultivation is over, is not an intermediate production process in relation to cultivation of plants and it also changes the essential characteristics of paddy.]	8,00,000
Services by way of warehousing of agricultural produce [Specifically exempt from GST.]	Nil
Value of taxable supplies	20,00,000

Q.29 Determine the taxability or otherwise of the following services provided by Indian Railways:

S.No.	Particulars	Amount (₹)
(i)	Cloak room services provided to passengers	20,00,000
(ii)	Service of transportation of passengers in second class	20,00,000
(iii)	Platform tickets sold to passengers	50,00,000
(iv)	Renting of warehouse located in Bengaluru railway station to Paras Traders, registered in Chennai	1,50,000
(v)	Service of transportation of passengers in air- conditioned coaches	10,00,000
(vi)	Service of transportation of relief materials meant for victims of flood affected area	3,00,000
(vii)	Service of transportation of organic manure	2,00,000

[RTP-May 25]

Ans:

S.No.	Particulars
(i)	Cloak room services provided to passengers [Exempt since services provided by Ministry of Railways (Indian Railways) to individuals by way of cloak room services are exempt.]
(ii)	Service of transportation of passengers in second class [Exempt since service of transportation of passengers by railways in a class other than first class or an air-conditioned coach is exempt.]
(iii)	Platform tickets sold to passengers [Exempt since services provided by Ministry of Railways (Indian Railways) to individuals by way of sale of platform tickets are exempt.]
(iv)	Renting of warehouse located in Bengaluru railway station to Paras Traders, registered in Chennai [Taxable since services supplied by the Ministry of Railways (Indian Railways) by way of renting of immovable property to a person registered under GST law are not exempt. Further, tax on said services is payable by the Railways under forward charge.]
(v)	Service of transportation of passengers in air-conditioned coaches [Service of transportation of passengers by railways in a class other than first class or an air-conditioned coach is exempt. Thus, service of transportation of passengers in air-conditioned coaches is taxable.]
(vi)	Service of transportation of relief materials meant for victims of flood affected area

	[Exempt since service of transportation of relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap by rail is exempt.]
(vii)	Service of transportation of organic manure [Exempt since service of transportation of organic manure by rail is exempt.]

Q.30 Examine the following independent cases and determine whether the services are taxable under GST Law:

- Dhruv Printing Press, a registered entity under GST, received an order of ₹ 1,50,000 from Vishwakarma Technical Institute, a private ITI providing courses notified under Apprentices Act, 1961 for printing of pre- examination items like question papers, OMR sheets, Answer booklets required for conducting of examination by the institute.
- State Board of Education, a registered entity, charged ₹ 50,000 per year as affiliation charges from a school run by Dharampal Trust, registered under section 12AA of Income Tax Act, 1961 which gives education from class 1 to class 10.
- Wecare Hospital, a registered entity, charged ₹ 19,500 for 3 days from Mr. Sahil who was admitted in Intensive Cardiac Care Unit (ICCU) due to heart attack.
- Citcare Hospital, a registered entity, entered into an arrangement with Swadisht Caterers, a registered entity, to supply food to in-patients as per advice of doctor/nutritionist. Swadisht Caterers sends monthly bill to hospital for the food supplied by them to the admitted patients of hospital. Determine the taxability of Citcare Hospital. **[PP-May 25]**

Ans.

	Particulars	Taxability
(i)	Vishwakarma Technical Institute qualifies as an educational institution#. Thus, services provided by Dhruv Printing Press to Vishwakarma Technical Institute are exempt since services are being provided to an educational institution by way of services relating to conduct of examination by such institution.	Exempt
(ii)	Affiliation services by State educational boards are exempt only when they are provided to Government Schools. Thus, affiliation charges of ₹ 50,000 charged by State Board of Education from a school run by Dharampal Trust is taxable.	Taxable
(iii)	Renting of room by a clinical establishment to a person receiving health care services are exempt provided room charges are upto ₹ 5,000 per day. However, this limit does not apply to renting of Intensive Cardiac Care Unit (ICCU). Thus, amount of ₹ 19,500## charged by Wecare Hospital from Mr. Sahil admitted in ICCU is exempt.	Exempt
(iv)	Food supplied to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare by Citcare Hospital and is not separately taxable. Thus, said supply is exempt.	Exempt

#Vishwakarma Technical Institute qualifies as an educational institution since it is an ITI which provides courses notified under Apprentices Act, 1961, i.e. approved vocational education courses.

##It has been most logically assumed that ₹ 19,500 is room rent charges for ICCU.

Q.31 Examine whether GST is exempted in the following independent cases of supply of services:

- Apex Facilities provided civil maintenance services for the upkeep of the Municipal Corporation of Delhi (MCD) head office building. Value of supply of goods constitute 20% while providing such maintenance services.
- M/s Talreja & Talreja, a firm of advocates, provides legal services to the State Government for representation in the High Court.
- BLF Mall, Noida provides services by way of vehicle parking to general public in the basement

- of mall.
- (iv) Service provided by a private transport operator to Scholar Boys Higher Secondary School by way of transportation of students to and from the school. **[RTP-Sept 25]**
- Ans:** (i) If the composite supply of goods and services provided to local authority, in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply, by way of any activity in relation to any function entrusted to a Municipality under article 243W of the Constitution, then it would be exempt under GST.
Further, it has been clarified vide a Circular that civil maintenance services received for the upkeep of the MCD office are not in relation to any function entrusted under Article 243W of the Constitution and thus not covered under the exemption. Therefore, such civil maintenance services are not exempt and hence taxable.
- (ii) Services provided by a partnership firm of advocates to the Central Government, State Government, Union territory, local authority, Governmental Authority or Government Entity are exempted from GST. Thus, legal services provided by Talreja & Talreja, a firm of advocates, to the State Government for representation before the High Court are exempted from GST.
- (iii) Services provided by way of vehicle parking to general public are not specifically exempted from GST. Therefore, GST is payable on the same.
- (iv) Services by way of transportation of students provided to an educational institution which is engaged in providing services by way of pre-school education and education up to higher secondary school or equivalent are exempted from GST. Therefore, in the given case the services provided by private transport operator are exempt.

Q.32 Mr. Sagar Chaturvedi, registered under GST, is engaged in supplying multiple services (as discussed in the table below) in Mumbai, Maharashtra. He has furnished the following information with respect to the services supplied and received by him, during the month of April:

S. No.	Particulars	Amount (₹)
(i)	Services of transportation of students provided to Sanskar College offering the degree courses recognized by law.	90,000
(ii)	Outward supply of services of milling of paddy into rice	1,80,000
(iii)	Received the services by way of transportation of goods by road from Sindhu Transporters, an unregistered Goods Transport Agency of Nagpur, Maharashtra.	2,00,000
(iv)	Organized a business exhibition in Gujarat for Ramesh Industries, registered in Delhi.	20,00,000
(v)	Provided training at his Mumbai Office to employees of Aashiyana Interiors, a proprietorship concern of Rajasthan, which was not registered under GST.	1,00,000
(vi)	Recovery agent's services provided to a car dealer	30,000
(vii)	Legal services availed for official purpose from an individual advocate located in Gujarat	1,60,000
(ix)	Sponsored his business in a Cricket Match, organized by Mumbai Cricket Association, Maharashtra wherein he paid an amount of ₹ 1,50,000 to the association.	

Note:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of services except the service of transportation of goods by GTA, on which the rates of CGST, SGST and IGST are 2.5%, 2.5% and 5% respectively.
- (ii) All inward and outward supplies are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing the ITC have been fulfilled.
- (iv) The turnover of Sagar was ₹ 1.8 crore in the previous financial year.

- (v) All the above mentioned supplies are intra-state, wherever the information for determining the place of supply is not provided.

Compute the net GST payable in cash, by Sagar for the month of April.

[RTP-Sept 25]

Ans: **Computation of GST payable**

Particulars	Value of supply (₹)	CGST (₹)	SGST (₹)	IGST (₹)
GST payable under forward charge				
Services of transportation of students provided to Sanskar College [Services of transportation of students provided to an educational institution other than an institution providing pre-school education or education up to higher secondary school or equivalent, are not exempt.]	90,000	8,100 [90,000 x 9%]	8,100 [90,000 x 9%]	Nil
Services of milling of paddy into rice. [Milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce. Thus, it is not eligible for exemption.]	1,80,000	16,200 [1,80,000 x 9%]	16,200 [1,80,000 x 9%]	Nil
Business exhibition organized for Ramesh Industries [Taxable since services by an organizer to any person in respect of a business exhibition are exempt only when such exhibition is held outside India. Further, it is an inter-State supply since the place of supply of services by way of organization of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to an exhibition in case of a registered recipient is location of such recipient, i.e. Delhi.]	20,00,000	Nil	Nil	3,60,000 [20,00,000 x 18%]
Training to employees of Aashiyana Interiors. [Taxable. Further, the place of supply of services in relation to training and performance appraisal provided to an unregistered person, shall be the location where the services are actually performed. Thus, place of supply is Mumbai. Hence, it is an Intra-State supply.]	1,00,000	9,000 [1,00,000 x 9%]	9,000 [1,00,000 x 9%]	Nil
Services provided as a recovery agent [Tax is payable under forward charge since recovery agent's services are being provided to a person other than banking company/ financial institution/ non-banking financial company.]	30,000	2,700 [30,000 x 9%]	2,700 [30,000 x 9%]	Nil
Total GST payable under forward charge (A)		36,000	36,000	3,60,000
GST payable under reverse charge				
Services of transportation of goods received from unregistered GTA [It is intra-State supply since the place of supply	2,00,000	5,000 [2,00,000 x 2.5%]	5,000 [2,00,000 x 2.5%]	Nil

of services by way of transportation of goods provided to a registered recipient is location of such recipient, i.e., Maharashtra.]				
Legal services availed from an advocate [Legal services received by a business entity with aggregate turnover in the preceding financial year exceeding threshold limit for registration (₹ 20 lakh) are not exempt and tax on the same is payable under reverse charge. Further, place of supply of services provided to a registered person is the location of such person. Thus, place of supply is Mumbai. Resultantly, same is an inter-State supply as supplier is located in Gujarat.]	1,60,000	Nil	Nil	28,800 [1,60,000 x 18%]
Total GST payable under reverse charge (B)		5,000	5,000	28,800

Computation of total ITC available

Particulars	Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Services of transportation of goods received from unregistered GTA [ITC is available on said service since it is used in course or furtherance of business.]	2,00,000	5,000 [2,00,000 x 2.5%]	5,000 [2,00,000 x 2.5%]	Nil
ITC on sponsorship services (It is an intra-State supply, since place of supply is Mumbai, Maharashtra, being the location of recipient. ITC is available on services used in the course or furtherance of business.)	1,50,000	13,500 [1,50,000 x 9%]	13,500 [1,50,000 x 9%]	Nil
Legal services availed from an advocate [ITC is available on services used in the course or furtherance of business.]	1,60,000	Nil	Nil	28,800 [1,60,000 x 18%]
Total ITC available		18,500	18,500	28,800

Computation of net GST payable in cash

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
GST payable under forward charge	36,000	36,000	3,60,000
Less: ITC	<u>18,500</u>	<u>18,500</u>	<u>28,800</u>
	17,500	17,500	3,31,200
Add: GST payable under reverse charge in cash [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.]	<u>5,000</u>	<u>5,000</u>	<u>28,800</u>
Net GST payable in cash	22,500	22,500	3,60,000

- Q.33** Examine the taxability of supplies in the following independent cases in terms of the relevant provisions of the CGST Act, 2017. Brief reason should form part of your answer:
(i) Mr. Satya, a physiotherapist (registered with recognised paramedics authority), provided

services to Mr. Dayal for restoring mobility after his spine surgery and charged ₹ 10,000 per month. Service comprises of regular home visit for physiotherapy session of 1 hour.

(ii) M/s Paushtik Aahaar provided services to Shishu Raksha, an anganwadi by way of serving of food (including mid-day meals) for ₹ 6,000 per month. Shishu Raksha served food to students in anganwadi under Mid-Day Meals scheme sponsored through donations from corporates.

(iii) Fees charged by Passport Seva Kendra to Dada Exports Limited for the issuance of passport to its employees to visit foreign countries for export business. **[RTP-Jan 26]**

Ans. (i) Health care services by a clinical establishment, an authorised medical practitioner or paramedics are exempt from GST. Further, Paramedics are trained health care professionals, for example, nursing staff, physiotherapists, technicians, lab assistants etc. Services by them in a clinical establishment would be in the capacity of employee and not provided in independent capacity and will thus be considered as services by such clinical establishment. Similar services in independent capacity are also exempted. Thus, services provided by Mr. Satya to Mr. Dayal is exempt from GST.

(ii) An anganwadi, inter alia, provides pre-school non-formal education. Hence, anganwadi is covered by the definition of educational institution (as pre-school). Any catering service provided to an educational institution (pre-school and schools) is exempt from GST and it includes mid- day meal service also. It is further clarified that services provided to an educational institution by way of serving of food (catering including mid- day meals) is exempt from levy of GST irrespective of its funding from government grants or corporate donations. Hence, serving of food to Shishu Raksha, an anganwadi shall be exempt from GST even though sponsored through donation from corporates.

(iii) Services provided by the Central Government by way of issuance of passport are exempt from GST. Thus, fees charged by Passport Seva Kendra to Dada Exports Limited for the issuance of passport to its employees to visit foreign countries for export business is exempt from GST.

Q.34 ABC Infra, is a partnership firm registered under GST. It furnishes the following details about services provided during the month of February 2024:

	Particulars	Amount
(i)	Consideration received from neighbouring Housing Cooperative Society as ABC Infra agrees to install effluent plant for treatment of wastewater even though is no legal requirement to do so.	5,50,000
(ii)	Consideration received from distribution of passes for cricket match organized as firm's annual event. Total 500 passes have been distributed.	2,42,500
(iii)	Services given of booking air tickets in economy class for flight between Mumbai to Manipur.	1,20,000
(iv)	Services given for construction of buildings to State Government in relation to function entrusted to Municipality under article 243W of the Constitution. Construction material used of ₹ 2,79,375 is included in the given figure.	8,20,000

All supplies mentioned above are intra-State supplies. GST rates for CGST, SGST, IGST are 9%, 9%, 18% respectively. Compute the GST payable by the ABC Infra for the month of February, 2024.

[PP-Sept 24]

Ans. **Computation of GST payable by the ABC Infra for February, 2024**

	Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)
(i)	Consideration for agreeing to install effluent plant [Taxable since it is a supply of service of agreeing to the obligation]	49,500	49,500

	to do an act.]		
(ii)	Distribution of 500 passes of cricket match [Exempt since consideration for services by way of right to admission to unrecognised sporting event is not more than ₹ 500 per person#]	-	-
(iii)	Booking air tickets in economy class##	10,800	10,800
	[Taxable since service of booking of air tickets is being provided here. Only the service of transportation of passengers in economy class terminating in Manipur is exempt.]		
(iv)	Service of construction of buildings provided to State Government [Taxable since value of supply of goods constitutes more than 25% of the value of the composite supply of goods and services.]	73,800	73,800
	Total GST payable by ABC Infra	1,34,100	1,34,100

Note: In the given question, it has been assumed that the amounts given in the question are exclusive of GST. It is also possible to assume the given amounts as inclusive of GST and answer shall change accordingly.

Consideration charged is ₹ 485 per person (₹ 2,42,500/500).

It has been assumed that entire ₹ 1,20,000 represents the service fee/convenience fee charged by ABC Infra.

Q.35 M/s. ABC Corporation Pvt. Ltd., a registered dealer of Mumbai furnishes you following information for the month of February 2025:

S. No.	Particulars	Amount (₹)
(i)	Intra-State sale of taxable goods (₹ 50,000 was received as advance in January, 2025 out of the total amount of ₹ 2,00,000)	₹ 2,00,000
(ii)	Provided accommodation Services in Mumbai with charges per person per month of ₹ 18,000. (The accommodation is supplied for a minimum continuous period of 99 days) (It is Intra-State transaction)	₹ 2,34,000
(iii)	Received for services by way of pure labour 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 for taxable service to Ms. Udan Mehta located in a non-taxable territory (It amounts to Inter-State transaction)	₹ 70,000

Other Information:

(i) Turnover of M/s. ABC Corporation Pvt. Ltd. was ₹ 2 Crore in the previous financial year.

(ii) All the amounts given above are exclusive of GST.

Compute the GST liability of M/s. ABC Corporation Pvt. Ltd. for the month of February 2025. Assume the rates of CGST @ 9%, SGST 9% and IGST @ 18%.

Note: Correct legal provision and individual tax amount (if any) for each item should form part of your answer. **[PP-Sept 25]**

Ans. **Computation of the GST liability of M/s. ABC Corporation Pvt. Ltd. for the month of February 2025**

Particulars	Value (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
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GST liability under forward charge				
Intra-State supply of taxable goods [In case of supply of goods, GST is not payable at the time of receipt of advance, but at the earlier of the date of issue of invoice or last date of issue of invoice (when the goods are removed).]	2,00,000	18,000 [2,00,000 x 9%]	18,000 [2,00,000 x 9%]	Nil
Accommodation services provided in Mumbai [Exempt since supply of accommodation services having value of supply less than or equal to ₹ 20,000 per person per month is exempt provided it is supplied for a minimum continuous period of 90 days.]	2,34,000	Nil	Nil	-
Intra-State supply of services by way of pure labour contracts for repairing a single residential unit [Taxable, since pure labour contracts of only construction/ erection/ commissioning/ installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt.]	50,000	4,500 [50,000 x 9%]	4,500 [50,000 x 9%]	-
Thus, pure labour contracts of repairing of a single residential unit otherwise than as a part of a residential complex are not exempt.]				
GST liability under forward charge [A]		22,500	22,500	Nil
GST liability under reverse charge				
Professional fees paid to Ms. Udan Mehta located in a non-taxable territory [B] [Tax on a service supplied by a person located in non-taxable territory to a person located in taxable territory is payable under reverse charge. Thus, in case of import of service, tax is payable by the person importing such service under reverse charge.]	70,000	-	-	12,600 [70,000 x 18%]
Total GST liability = [A] + [B]		22,500	22,500	12,600

- Q.36** Briefly examine the taxable value of supply in the following independent cases:
- (i) Jivan Limited, registered under GST, provided services amounting to ₹ 10,00,000 to a Governmental Authority by way of sanitation conservancy.
 - (ii) Raju Transporters, a registered Goods Transport Agency (GTA) provided service of transportation of goods to Kukreja & Kukreja Co.-a unregistered partnership firm. Kukreja & Kukreja Co. paid ₹ 8,000 to Raju Transporters as consideration.
 - (iii) Amardeep Hospital provided services in Neo natal Intensive Care for 2 days for which ₹ 15,000 are charged per day from Mr. Chopra for his new born son, Viraat. **[RTP-Sept 24]**

- Ans.** (i) Services provided to a Governmental Authority by way of inter alia sanitation conservancy is exempt under GST. Thus, services provided by Jivan Limited, registered under GST amounting to ₹ 10,00,000 to a Governmental Authority by way of sanitation conservancy is exempt under GST.
- (ii) Services provided by a GTA to an unregistered person, including an unregistered casual taxable person other than, inter alia, any partnership firm whether registered or not under any law including association of persons is exempt under GST. Thus, GTA services provided to partnership firm including AOP – whether or not registered under GST law, are liable to tax. Hence, consideration of ₹ 8,000 paid by Kukreja & Kukreja Co. is taxable under GST.
- (iii) The services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5000 per day to a person receiving health care services is taxable under GST. Since, in the given case Amardeep Hospital provided services in Neo natal Intensive Care, so the entire amount of ₹ 30,000 charged from Mr. Chopra is exempt under GST law.

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STUDENT NOTES



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Q.1	<p>A machine has to be supplied at site. It is done by sourcing various components from vendors and assembling the machine at site. The details of the various events are:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 5px;"> <tr> <td style="width: 20%;">17th September</td> <td>Purchase order with advance of ₹50,000 is received for machine worth ₹12 Lakh and entry duly made in the seller's books of account</td> </tr> <tr> <td>20th October</td> <td>The machine is assembled, tested at site, and accepted by buyer</td> </tr> <tr> <td>23th October</td> <td>Invoice raised</td> </tr> <tr> <td>4th November</td> <td>Balance payment of ₹11,50,000 received</td> </tr> </table> <p>Determine the time of supply(ies) in the above scenario for the purpose of payment of tax.</p>	17 th September	Purchase order with advance of ₹50,000 is received for machine worth ₹12 Lakh and entry duly made in the seller's books of account	20 th October	The machine is assembled, tested at site, and accepted by buyer	23 th October	Invoice raised	4 th November	Balance payment of ₹11,50,000 received
17 th September	Purchase order with advance of ₹50,000 is received for machine worth ₹12 Lakh and entry duly made in the seller's books of account								
20 th October	The machine is assembled, tested at site, and accepted by buyer								
23 th October	Invoice raised								
4 th November	Balance payment of ₹11,50,000 received								
Ans:	<p style="text-align: right;"><i>[ICAI SM]</i></p> <p>As per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier), other than registered person making supply of specified actionable claims, has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a) i.e., date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. Therefore, the time of supply for the purpose of payment of tax for the entire amount of ₹12,00,000 is 20th October which is the date on which the goods were made available to the recipient as per section 31(1)(b), and the invoice should have been issued on this date [Section 12(2)(a)].</p>								
Q.2	<p>Gas is supplied by a pipeline to the recipient. The supply is to be made for a period of one year. Monthly payments are to be made by the recipient as per the contract. The details of the payment made are:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 5px;"> <tr> <td style="width: 40%;">July 5, August 5, September 5</td> <td>Payment of ₹2 Lakh made each month</td> </tr> </table> <p>Determine the time of supply for the purpose of payment of tax.</p>	July 5, August 5, September 5	Payment of ₹2 Lakh made each month						
July 5, August 5, September 5	Payment of ₹2 Lakh made each month								
Ans:	<p style="text-align: right;"><i>[ICAI SM]</i></p> <p>As per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier), other than registered person making supply of specified actionable claims, has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e., date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. As per section 31(4), in case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice is issued before or at the time of each such statement is issued or, as the case may be, each such payment is received. Therefore, invoices should be issued for ₹2 lakh each on or before July 5, August 5 and September 5, when monthly payments of ₹2 lakh are received.</p> <p>Thus, assuming that the invoice is issued on July 5, August 5 and September 5, the time of supply for the purpose of payment of tax will be July 5, August 5 and September 5 respectively for goods valued at ₹2 lakh each.</p>								
Q.3	<p>Determine the time of supply from the given information:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 5px;"> <tr> <td style="width: 15%;">May 4</td> <td>Supplier invoices goods taxable on reverse charge basis to Bridge & Co. (30 days from the date of issuance of invoice elapse on June 3)</td> </tr> <tr> <td>May 12</td> <td>Bridge & Co receives the goods</td> </tr> <tr> <td>May 30</td> <td>Bridge & Co makes the payment</td> </tr> </table>	May 4	Supplier invoices goods taxable on reverse charge basis to Bridge & Co. (30 days from the date of issuance of invoice elapse on June 3)	May 12	Bridge & Co receives the goods	May 30	Bridge & Co makes the payment		
May 4	Supplier invoices goods taxable on reverse charge basis to Bridge & Co. (30 days from the date of issuance of invoice elapse on June 3)								
May 12	Bridge & Co receives the goods								
May 30	Bridge & Co makes the payment								
Ans:	<p style="text-align: right;"><i>[ICAI SM]</i></p> <p>Here, May 12 will be the time of supply, being the earliest of the three stipulated dates namely, receipt of goods, date of payment and date immediately following 30 days of issuance of invoice [Section 12(3)]. (Here, date of invoice is relevant only for calculating thirty days from that date.)</p>								
Q.4	<p>Determine the time of supply from the given information:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 5px;"> <tr> <td style="width: 15%;">May 4</td> <td>Supplier invoices goods taxable on reverse charge basis to Pillar & Co. (30 days from the date of issuance of invoice elapse on June 3)</td> </tr> <tr> <td>June 12</td> <td>Pillar & Co receives the goods, which were held up in transit</td> </tr> <tr> <td>July 3</td> <td>Payment made for the goods</td> </tr> </table>	May 4	Supplier invoices goods taxable on reverse charge basis to Pillar & Co. (30 days from the date of issuance of invoice elapse on June 3)	June 12	Pillar & Co receives the goods, which were held up in transit	July 3	Payment made for the goods		
May 4	Supplier invoices goods taxable on reverse charge basis to Pillar & Co. (30 days from the date of issuance of invoice elapse on June 3)								
June 12	Pillar & Co receives the goods, which were held up in transit								
July 3	Payment made for the goods								

Ans:	Here, June 4 , 31st day from the date of supplier's invoice, will be the time of supply, being the earliest of the three stipulated dates namely, receipt of goods, date of payment and date immediately following 30 days of issuance of invoice [Section 12(3)].	[ICAI SM]								
Q.5	Determine the time of supply from the following particulars:									
	<table border="1"> <tr> <td>6th May</td> <td>Booking of convention hall, sum agreed ₹15,000, advance of ₹3,000 received</td> </tr> <tr> <td>15th September</td> <td>Function held in convention hall</td> </tr> <tr> <td>27th October</td> <td>Invoice issued for ₹15000, indicating balance of ₹12,000 payable</td> </tr> <tr> <td>3rd November</td> <td>Balance payment of ₹12,000 received</td> </tr> </table>	6th May	Booking of convention hall, sum agreed ₹15,000, advance of ₹3,000 received	15th September	Function held in convention hall	27th October	Invoice issued for ₹15000, indicating balance of ₹12,000 payable	3rd November	Balance payment of ₹12,000 received	
6th May	Booking of convention hall, sum agreed ₹15,000, advance of ₹3,000 received									
15th September	Function held in convention hall									
27th October	Invoice issued for ₹15000, indicating balance of ₹12,000 payable									
3rd November	Balance payment of ₹12,000 received									
Ans:	As per section 31(2) read with rule 47 of CGST Rules, the tax invoice is to be issued within 30 days of supply of service. In the given case, the invoice is not issued within the prescribed time limit. As per section 13(2)(b), in a case where the invoice is not issued within the prescribed time, the time of supply of service is the date of provision of service or receipt of payment, whichever is earlier. Therefore, the time of supply of service to the extent of ₹3,000 is 6th May as the date of payment of ₹3,000 is earlier than the date of provision of service. The time of supply of service to the extent of the balance ₹12,000 is 15th September which is the date of provision of service.	[ICAI SM]								
Q.6	Investigation shows that ABC & Co carried out service of cleaning and repairs of tanks in an apartment complex, for which the Apartment Owners' Association showed a payment in cash on 4th April to them against work of this description. The dates of the work are not clear from the records of ABC & Co. ABC & Co have not issued invoice or entered the payment in their books of account.	[ICAI SM]								
Ans:	The time of supply cannot be determined vide the provisions of clauses (a) and (b) of section 13(2) as neither the invoice has been issued nor the date of provision of service is available as also the date of receipt of payment in the books of the supplier is also not available. Therefore, the time of supply will be determined vide clause (c) of section 13(2) i.e., the date on which the recipient of service shows receipt of the service in his books of account. Thus, time of supply will be 4th April, the date on which the Apartment Owners' Association records the receipt of service in its books of account.									
Q.7	Determine the time of supply from the given information. (Assume that service being supplied is taxable under reverse charge)									
	<table border="1"> <tr> <td>May 4</td> <td>The supplier of service issues invoice for service provided. There is a dispute about amount payable, and payment is delayed.</td> </tr> <tr> <td>August 21</td> <td>Payment made to the supplier of service.</td> </tr> </table>	May 4	The supplier of service issues invoice for service provided. There is a dispute about amount payable, and payment is delayed.	August 21	Payment made to the supplier of service.					
May 4	The supplier of service issues invoice for service provided. There is a dispute about amount payable, and payment is delayed.									
August 21	Payment made to the supplier of service.									
Ans:	Here, July 4 will be the time of supply, being the earliest of the two stipulated dates namely, date of payment and date immediately following 60 days since issue of invoice.	[ICAI SM]								
Q.8	Determine the time of supply from the given information.									
	<table border="1"> <tr> <td>May 4</td> <td>A German company issues email informing its associated company ABC Ltd. of the cost of technical services provided to it.</td> </tr> <tr> <td>July 2</td> <td>ABC Ltd transfers the amount to the account of the German company.</td> </tr> </table>	May 4	A German company issues email informing its associated company ABC Ltd. of the cost of technical services provided to it.	July 2	ABC Ltd transfers the amount to the account of the German company.					
May 4	A German company issues email informing its associated company ABC Ltd. of the cost of technical services provided to it.									
July 2	ABC Ltd transfers the amount to the account of the German company.									
Ans:	As there is no prior entry of the amount in the books of account of ABC Ltd., July 2 will be the time of supply, being the date of payment in terms of second proviso to section 13(3).	[ICAI SM]								
Q.9	Explain the significance of time of supply under GST law.	[ICAI SM]								
Ans:	GST is payable on supply of goods or services. Time of supply indicates the point in time when the liability to pay tax arises. However, it is important to note that though the liability to pay tax arises at the time of supply, the same can be paid to the Government by the due date prescribed with reference to the said 'time of supply'. The CGST Act provides separate provisions for time of supply for goods and services vide sections 12 and 13.									

Q.10 GST is payable on advance received for supply of goods and services taxable under forward charge. Do you agree with the statement? Support your answer with legal provisions.

[ICAI SM, MTP-Sept 23, MTP-Jan 25]

Ans: The statement is not correct. While GST is payable on advance received for supply of services taxable under forward charge, the same is **not payable in case of advance received for supply of goods taxable under forward charge.**

As per section 13, the time of supply of services taxable under forward charge is -

- Date of issue of invoice or date of receipt of payment, whichever is earlier, if the same is issued within 30 days from the date of supply of service; **or**
- Date of provision of service or date of receipt of payment, whichever is earlier, if the invoice is not issued within 30 days from the date of supply of service.

Thus, in case of services, if the supplier receives any payment before the provision of service or before the issuance of invoice for such service, the time of supply gets fixed at that point in time and the liability to pay tax on such payment arises. However, the tax can be paid by the due date prescribed with reference to such time of supply.

As regards time of supply of goods taxable under forward charge is concerned, Notification No. 66/2017 CT dated 15.11.2017 provides that a registered person (excluding composition supplier), other than registered person making supply of specified actionable claims, should pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e., date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. **Therefore, in case of goods, tax is not payable on receipt of advance payment.**

Q.11 Determine the time of supply in the following cases assuming that GST is payable under reverse charge:

S. No.	Date of Receipt of Goods	Date of Payment by the recipient of goods	Date of issue of invoice by the supplier of goods
(i)	July 1	August 10	June 29
(ii)	July 1	June 25	June 29
(iii)	July 1	Part payment made on June 30 and balance amount paid on July 20	June 29
(iv)	July 5	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1
(v)	July 1	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29
(vi)	August 1	August 10	June 29

[ICAI SM]

Ans:

S. No.	Date of Receipt of Goods	Date of Payment by the recipient of goods	Date of issue of invoice by the supplier of goods	Date immediately following 30 days from the date of invoice	Time of supply of goods [Earlier of (1), (2) & (4)]
	(1)	(2)	(3)	(4)	(5)
(i)	July 1	August 10	June 29	July 30	July 1
(ii)	July 1	June 25	June 29	July 30	June 25
(iii)	July 1	Part payment made on June 30 and balance amount paid on July 20	June 29	July 30	June 30 for part payment made and July 1 for balance amount

(iv)	July 5	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1	July 2	June 28 (i.e., when payment is entered in the books of account of the recipient)
(v)	July 1	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29	July 30	June 26 (i.e., when payment is debited in the recipient's bank account)
(vi)	August 1	August 10	June 29	July 30	July 30 (i.e., 31st day from issuance of invoice)

Q.12 Determine the time of supply in the following cases assuming that GST is payable under reverse charge:

S. No.	Date of Payment by the recipient for supply of services	Date of issue of invoice by the supplier for services
	August 10	June 29
	August 10	June 1
	Part payment made on June 30 and balance amount paid on September 1	June 29
	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1
	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29

[TYK - Question 4]

Ans:

S. No.	Date of Payment by the recipient of goods	Date of issue of invoice by the supplier of goods	Date immediately following 60 days from the date of invoice	Time of supply of goods [Earlier of (1) & (3)]
	(1)	(2)	(3)	
(i)	August 10	June 29	August 29	August 10
(ii)	August 10	June 1	August 1	August 1
(iii)	Part payment made on June 30 and balance amount paid on September 1	June 29	August 29	June 30 for part payment and August 29 for balance amount.
(iv)	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1	August 1	June 28 (i.e., when payment is entered in the books of account of the recipient)
(v)	Payment is entered in	June 29	August 29	June 26 (i.e., when

	the books of account on June 30 and debited in recipient's bank account on June 26		payment is debited in the recipient's bank account)
Q.13	<p>Kabira Industries Ltd engaged the services of a transporter for road transport of a consignment on 17th June and made advance payment for the transport on the same date, i.e., 17th June. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July. Invoice was received from the transporter on 22nd July.</p> <p>What is the time of supply of the transporter's service? [ICAI SM]</p>		
Ans:	<p>Time of supply of service taxable under reverse charge is the earlier of the following two dates in terms of section 13(3):</p> <ul style="list-style-type: none"> • Date of payment • 61st day from the date of issue of invoice, in cases where invoice is required to be issued by the supplier • Date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient. <p>In this case, the date of payment precedes 61st day from the date of issue of invoice by the supplier of service. Hence, the date of payment, i.e. 17th June, will be treated as the time of supply of service [Section 13(3)(a)].</p>		
Q.14	<p>Raju Pvt Ltd. receives the order and advance payment on 5th January for carrying out an architectural design job. It delivers the designs on 23rd April. By oversight, no invoice is issued at that time, and it is issued much later, after the expiry of prescribed period for issue of invoice.</p> <p>When is the time of supply of service? [ICAI SM]</p>		
Ans:	<p>Since the invoice has not been issued within the prescribed time period, time of supply of service will be the earlier of the following two dates in terms of section 13(2)(b):</p> <ul style="list-style-type: none"> • Date of provision of service • Date of receipt of payment <p>The payment was received on 5th January and the service was provided on 23rd April. Therefore, the date of payment, i.e., 5th January is the time of supply of the service in this case.</p>		
Q.15	<p>Investigation shows that 150 cartons of ceramic capacitors were dispatched on 2nd August but no invoice was raised and the transaction (dispatch of cartons) were not entered in the accounts. There was no evidence of receipt of payment.</p> <p>What is the time of supply of 150 cartons for the purpose of payment of tax? [ICAI SM]</p>		
Ans:	<p>As per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier), other than registered person making supply of specified actionable claims, has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e., date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. In this case since the invoice has not been issued, the time of supply for the purpose of payment of tax will be the last date on which the invoice is required to be issued.</p> <p>The invoice for supply of goods must be issued on or before the dispatch of goods, i.e., on 2nd August. Therefore, the time of supply for the purpose of payment of tax for the goods will be 2nd August, the date when the invoice should have been issued.</p>		
Q.16	<p>An order is placed on Ram & Co. on 18th August for supply of a consignment of customized shoes. Ram & Co. gets the consignment ready and informs the customer and issues the invoice on 2nd December. The customer collects the consignment from the premises of Ram & Co. on 7th December and electronically transfers the payment on the same date, which is entered in the accounts on the next day, 8th December. What is the time of supply of the shoes for the purpose of payment of tax? [ICAI SM]</p>		

<p>Ans:</p>	<p>As per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier), other than registered person making supply of specified actionable claims, has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e., date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. In this case, the invoice is issued before the removal of the goods and is thus, within the time limit prescribed under section 31(1). Therefore, the time of supply for the purpose of payment of tax is the date of issue of invoice, which is 2nd December.</p>
<p>Q.17</p>	<p>Meal coupons are sold to a company on 9th August for being distributed to the employees of the said company. The coupons are valid for six months and can be used against purchase of food items. The employees use them in various stores for purchases of various edible items on different dates throughout the six months. What is the date of supply of the coupons? <i>[ICAI SM]</i></p>
<p>Ans:</p>	<p>As the coupons can be used for a variety of food items, which are taxed at different rates, the supply cannot be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their redemption in terms of section 12(4).</p>
<p>Q.18</p>	<p>A firm of advocates issues invoice for services to ABC Ltd. on 17th Feb. The payment is contested by ABC Ltd. on the ground that on account of negligence of the firm, the company's case was dismissed by the Court for non-appearance, which necessitated further appearance for which the firm is billing the company. The dispute drags on and finally payment is made on 3rd November. Identify the time of supply of the legal services. <i>[ICAI SM, MTP-July 24]</i></p>
<p>Ans:</p>	<p>Tax on services supply by a firm of advocates by way of legal services to any business entity is payable under reverse charge by such firm of advocates. Time of supply of services that are taxable under reverse charge is earliest of the following two dates in terms of section 13(3):</p> <ul style="list-style-type: none"> • Date of payment • 61st day from the date of issue of invoice, in cases where invoice is required to be issued by the supplier • Date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient. <p>The date of payment comes subsequent to the 61st day from the issue of invoice by the supplier of service. Therefore, the 61st day from the date of supplier's invoice has to be taken as the time of supply. This fixes 19th April as the time of supply.</p>
<p>Q.19</p>	<p>Modern Security Co. provides service of testing of electronic devices. In one case, it tested a batch of devices on 4th and 5th September but could not raise invoice till 19th November because of some dispute about the condition of the devices on return. The payment was made in December. What is the method to fix the time of supply of the service? <i>[ICAI SM]</i></p>
<p>Ans:</p>	<p>The time of supply of services, if the invoice is not issued in time, is the date of payment or the date of provision of service, whichever is earlier [Section 13(2)(b)]. In this case, the service is provided on 5th September but not invoiced within the prescribed time limit. Therefore, 5th September, the date of provision of service, being earlier than the date of payment, will be the time of supply.</p>
<p>Q.20</p>	<p>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:</p> <ol style="list-style-type: none"> 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. <i>[ICAI SM]</i>

Ans:	<p>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)].</p> <p>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)].</p> <p>In accordance with the aforesaid provisions, the time of supply in the four independent cases will be:</p> <ol style="list-style-type: none"> 1) 1st August since the <u>invoice is not issued within 30 days</u> of supply of service. 2) 7th September since the <u>invoice is issued within 30 days</u> of supply of service and the payment is received after the issuance of invoice. 3) 3rd August viz., <u>earlier</u> of date of issuance of <u>invoice</u> (7th September) or date of receipt of <u>payment</u> (3rd August) 4) 7th September viz., <u>earlier</u> of date of issuance of <u>invoice</u> (7th September) or date of receipt of <u>payment</u> (15th September)
Q.21	<p>M/s Pranav Associates, a partnership firm, provided recovery agent services to Newtron Credits Ltd., a non- banking financial company and a registered supplier, on 15th January. Invoice for the same was issued on 7th February and the payment was made on 18th April by Newtron Credits Ltd. Bank account of the company was debited on 20th April.</p> <p>Determine the following:</p> <ol style="list-style-type: none"> (i) Person liable to pay GST (ii) Time of supply of service <p style="text-align: right;">[ICAI SM]</p>
Ans:	<ol style="list-style-type: none"> (i) Tax on services supplied by a recovery agent to, inter alia, a non- banking financial company (NBFC) is payable under reverse charge by such non-banking financial company. Therefore, in the given case, person liable to pay GST is the NBFC - Newton Credits Ltd. (ii) As per section 13(3), the time of supply of service on which GST is payable under reverse charge is earlier of the following: <ul style="list-style-type: none"> • Date of payment as entered in the books of account of the recipient (18th April) or the date on which the payment is debited in his bank account (20th April), whichever is earlier; • Date immediately following 60 days since issue of invoice by the supplier, i.e., 9th April. Thus, time of supply of service is 9th April.
Q.22	<p>Mr. X supplied goods for ₹50,000 to its customer Miss Diyana on 1st January on the condition that payment for the same will be made within a week. However, Miss Diyana made payment for the said goods on 2nd February and thus, paid interest amounting to ₹2,000.</p> <p>What is the time of supply with regard to addition in the value by way of interest in lieu of delayed payment of consideration?</p> <p style="text-align: right;">[ICAI SM]</p>
Ans:	<p>As per section 12(6), the time of supply with regard to an addition in value on account of interest, late fee or penalty for delayed payment of consideration is the date on which the supplier received such additional consideration.</p> <p>Thus, time of supply in respect of interest would be the date on which the supplier has received such additional consideration, i.e., 2nd February.</p>
Q.23	<p>Mansh & Vansh Trading Company, a registered supplier, is liable to pay GST under forward charge. It has furnished the following information:</p> <ol style="list-style-type: none"> (i) Goods were supplied on 3rd October (ii) Invoice was issued on 5th October (iii) Payment received on 9th October <p>Determine the time of supply of goods for the purpose of payment of tax.</p> <p style="text-align: right;">[ICAI SM]</p>
Ans:	<p>As per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier), other than registered person making supply of specified actionable claims, has to pay GST</p>

	<p>on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e., date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. Further, a registered person is required to issue a tax invoice before or at the time of removal of goods for supply to the recipient. Thus, in the given case, the invoice for supply of goods should have been issued on or before the removal of goods i.e., on 3rd October.</p> <p>However, since the invoice has not been issued within the prescribed time, the time of supply for the purpose of payment of tax will be the last date on which the invoice is required to be issued i.e., 3rd October.</p>
Q.24	<p>An order is placed to T & Co., Sholapur on 18th August, 2023 for supply of fabrics to make garments. Company delivered the fabrics on 4th September, 2023 and after completion of the order issued the invoice on 15th September, 2023. The payment against the same was received on 30th September, 2023. Determine the time of supply for the purpose of payment under CGST Act, 2017 with your explanations. [PP - Dec 21]</p>
Ans:	<p>The time of supply of goods (where movement of goods involve) (fabric) for the purpose of payment of tax is the date of issue of invoice or the last date when the invoice ought to have been issued. Further, a registered person is required to issue a tax invoice before or at the time of delivery of goods or making available thereof to the recipient.</p> <p>Thus, in the given case, time of supply is 4th September, 2023.</p>
Q.25	<p>HM Industries Ltd. engaged the services of a transporter for road transport of a consignment on 20th May, 2023. However, the consignment could not be sent immediately on account of a strike in the factory, and instead was sent on 20th July 2023. Invoice was received from the transporter on 20th June 2023 and payment was made on 25th August 2023. What is the time of supply of the transporter's service? [PP - Dec 21]</p>
Ans:	<p>Alternative 1: Assuming that services of transportation of goods by road have been provided by a GTA which has not paid GST @ 12%; i.e., GST is payable @ 5%.</p> <p>Tax on supply of transportation of goods by road services provided by a Goods Transport Agency (GTA) to a body corporate is payable under reverse charge by such body corporate. Time of supply of services taxable under reverse charge is earliest of:</p> <p>(a) date of making payment, or (b) 61st day from the date of issue of invoice by supplier.</p> <p>Thus, in the given case, time of supply is earlier of</p> <p>(a) 25th August or (b) 20th August 2023 (61st day from 20th June)</p> <p>Thus, in the given case, time of supply 20th August 2023.</p> <p>Alternative 2: Assuming that services of transportation of goods by road have been provided by a GTA which has paid GST @ 12%. Thus, GST is payable under forward charge.</p> <p>The time of supply of services in case where the invoice is issued within 30 days of provision of service is the earlier of date of invoice or date of receipt of payment.</p> <p>Thus, in the given case, time of supply is 20th June, 2023</p>
Q.26	<p>From the following information provided by M/s Sasta Bazaar. Determine the time of supply for the purpose of payment of GST:</p> <p>(i) It issued coupon on 20.06.2023, worth ₹ 2,000 redeemable against purchase of specific plastic items. This coupon was redeemed on 31.07.2023.</p> <p>(ii) It issued coupon on 01.08.2023 worth ₹ 3,000 which is redeemable against purchase of any item. This coupon was redeemed on 18.08.2023.</p> <p>(iii) It received interest of ₹ 10,000 for late payment from a customer on 11.11.2023 for supply of goods which was originally made on 24.06.2023. [RTP-May 24]</p>
Ans:	<p>As per section 12(4) of the CGST Act, 2017, the time of supply of vouchers exchangeable for goods is-</p>

- Q.1** Black and White Pvt. Ltd. has provided the following particulars relating to goods sold by it to Colourful Pvt. Ltd.

Particulars	Amount (₹)
List price of the goods (exclusive of taxes and discounts)	50,000
Tax levied by Municipal Authority on the sale of such goods	5,000
Packing charges (not included in price above)	1,000

Black and White Pvt. Ltd. received ₹2,000 as a subsidy from an NGO on sale of such goods. The price of ₹50,000 of the goods is after considering such subsidy. Black and White Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods. Determine the value of taxable supply made by Black and White Pvt. Ltd.

- Ans:** **Computation of value of taxable supply**

Particulars	Amount (₹)
List price of the goods (exclusive of taxes and discounts)	50,000
Tax levied by Municipal Authority on the sale of such goods [Includible in the value as per section 15(2)(a)]	5,000
Packing charges [Includible in the value as per section 15(2)(c)]	1,000
Subsidy received from a non-Government body [Since subsidy is received from a non-Government body, the same is included in the value in terms of section 15(2)(e)]	2,000
Total	58,000
Less: Discount @ 2% on ₹50,000 [Since discount is known at the time of supply and recorded in invoice, it is deductible from the value in terms of section 15(3)(a)]	1,000
Value of Taxable Supply	57,000

- Q.2** Samriddhi Advertisers conceptualized and designed the advertising campaign for a new product launched by New Moon Pvt Ltd. for a consideration of ₹5,00,000. Samriddhi Advertisers owed ₹20,000 to one of its vendors in relation to the advertising service provided by it to New Moon Pvt Ltd. Such liability of Samriddhi Advertisers was discharged by New Moon Pvt Ltd. New Moon Pvt Ltd. delayed the payment of consideration and thus, paid ₹15,000 as interest. Assume the rate of GST to be 18%. Determine the value of taxable supply made by Samriddhi Advertisers.

- Ans:** **Computation of value of taxable supply**

Particulars	Amount (₹)
Service charges	5,00,000
Payment made by New Moon Pvt. Ltd to vendor of Samriddhi Advertisers [Liability of the supplier being discharged by the recipient, is includible in the value in terms of section 15(2)(b)]	20,000
Interest for delay in payment of consideration [Includible in the value in terms of section 15(2)(d) – Refer note below] (rounded off)	12,712
Total	5,32,712

Note: The interest for delay in payment of consideration will be includible in the value of supply but the time of supply of such interest will be the date when such interest is received in terms of section 13(6).

Such interest has been assumed to be inclusive of GST and thus, the value has been computed by making back calculations $[\text{Interest}/100 + \text{Tax Rate}] * 100$. It is also possible to assume the interest to be exclusive of GST. In that case, the value of supply will work out to be ₹5,35,000.

Q.3	Are post-supply discounts eligible for deduction from the value of supplies in all situations? Explain.
Ans:	<p style="text-align: right;"><i>[ICAI SM]</i></p> <p>No, the post-supply discounts are not eligible for deduction from the value of supplies in all situations. Such discounts are allowed as a deduction from the value of supply only in the situations where the following two conditions are satisfied:</p> <p>(i) The discount is in terms of an agreement that existed at the time of supply and can be worked out invoice-wise; and</p> <p>(ii) Proportionate input tax credit (ITC) is reversed by the recipient - The buyer would have availed ITC of GST payable on the gross value specified in the invoice. Thus, when a credit note is issued to him by the supplier for the discount, the buyer will reverse the proportionate credit; consequent to which, the supplier's output tax liability will be reduced by the same amount.</p> <p>If any of the above conditions are not satisfied, post-supply discount is not allowed as a deduction from the value of supply and consequently, GST liability of the supplier does not get reduced.</p>
Q.4	<p>'Consideration under GST law includes both monetary and non-monetary considerations.' Discuss the correctness or otherwise of the statement with reference to the definition of term 'consideration' provided under the CGST Act.</p>
Ans:	<p style="text-align: right;"><i>[ICAI SM]</i></p> <p>The statement is correct. As per the definition of the term 'consideration' provided under the CGST Act, consideration under the GST law includes both payment in money or otherwise made by the recipient or any other person and also takes within its sweep the monetary value of any act or forbearance for the supply by the recipient or any other person. Further, it includes within its ambit any deposit which is applied as a consideration for the supply but excludes the subsidies provided by the State or Central Government.</p> <p>The term money has also been defined under the CGST Act and it not only includes cash (Indian as well as foreign currency) but also cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveler's cheque, money order, postal/electronic remittance or any such similar <u>instrument recognized by RBI</u>. Non-monetary consideration essentially means consideration in kind.</p>
Q.5	<p>Sharp Minds Institute provides coaching for engineering entrance examinations. Monthly fee charged by the Institute from a student is ₹10,000. The Institute is known for its commitment to provide education to underprivileged children. It trains 10 students every year for entrance examinations free of cost.</p> <p>The Institute has received ₹3,00,000 as coaching fees during a month. Nav Jeevan, an NGO working in the area of education for underprivileged children, has given a subsidy of ₹10,000 (in lumpsum) during the month to the Institute as it is serving the cause of underprivileged children.</p> <p>Determine the value of supply of education services made by Sharp Minds Institute during the month.</p>
Ans:	<p style="text-align: right;"><i>[ICAI SM]</i></p> <p>As per section 15(2)(e), the value of a supply includes subsidies directly linked to the price, excluding subsidies provided by the State Governments and the Central Government.</p> <p>In the given case, though the subsidy is given by a non-Government body, the same is not includible in the value as it is given in lumpsum and not directly linked to the price of the supply being valued. Therefore, the value of supply made by Sharp Minds during the month is ₹3,00,000.</p>
Q.6	<p>Furniture Wala is a chain of retail showrooms selling both modern and classic furniture. In order to build strong customer association, the showroom provides free delivery of the furniture at the premises of the customers if the distance between the showroom and the customer's premises is up to 20 kms. Where the distance is more than 20 kms, the showroom charges a concessional freight of ₹10 for every additional km.</p> <p>Ms. Leena Kapoor purchases a double bed, a dressing table and a center table for ₹2,00,000 from Furniture Wala. Ms. Leena gets free delivery of the furniture as her residence is located at a distance of 18 km from the showroom. The showroom incurs an expenditure of ₹1000 for delivering the</p>

<p>Ans:</p>	<p>furniture at Ms. Leena's residence. Determine the value of taxable supply made by Furniture Wala. Will your answer change if residence of Ms. Leena is 50 km away from the showroom? [ICAI SM]</p> <p>In the given case, the showroom is not charging any amount towards freight from Ms. Leena but incurring the same out of its own pocket. Therefore, the same should not be added to the value. Hence, the value of supply will be ₹2,00,000. However, the answer will change in the second case when the showroom will charge ₹300 for freight [(50km – 20 km) x ₹10] from Ms. Leena. In this case, the supply will be a composite supply (principal supply being the supply of furniture) and value thereof will be ₹2,00,300.</p>
<p>Q.7</p> <p>Ans:</p>	<p>AKJ Foods Pvt. Ltd. gets an order for supply of processed food from a customer. The customer wants the consignment tested for gluten and specified chemical residues. AKJ Foods Pvt. Ltd. does the testing before the supply and charges a testing fee for the same from the customer. AKJ Foods Pvt. Ltd. argues that such testing fess should not form part of the consideration for the sale as it is a separate activity. Is the company's argument correct in the light of section 15? [ICAI SM]</p> <p>Section 15(2) mandates addition of certain elements in the value of supply. Clause (c) of section 15(2) specifies that amount charged for anything done by the supplier in respect of the supply at the time of or before delivery of goods or supply of services shall be included in the value of supply. Since AKJ Foods Pvt. Ltd. does the testing before the delivery of goods, the charges therefore will be included in the value of the consignment. Therefore, AKJ Foods Pvt. Ltd.'s argument is not correct. The testing fee should be added to the price to arrive at value of the consignment.</p>
<p>Q.8</p> <p>Ans:</p>	<p>A philanthropic association makes a substantial donation each year to a reputed private management institution to subsidize the education of low-income group students who have gained admission there. The fee for these individuals is reduced thereby coming to ₹3 lakh a year compared to ₹5 lakh a year for other students. What would be the value of the service of coaching and instruction provided by the institution to the low- income group students? [ICAI SM]</p> <p>As per section 15(2)(e), the value of a supply includes subsidies directly linked to the price, excluding State Government and Central Government subsidies. In this case, the subsidy is not received from the Government but from a philanthropic association. Therefore, the subsidy is to be added back to the price to arrive at the value, which comes to ₹5 lakh a year.</p>
<p>Q.9</p> <p>Ans:</p>	<p>Mezda Banners, an advertising firm, gives its customers an interest-free credit period of 30 days for payment. Its customer ABC paid for the supply 32 days after the supply of service. Mezda Banners waived the interest payable for delay of two days. The Department wants to add interest for two days to the value of supply. Should notional interest be added to the value? [ICAI SM]</p> <p>This is a supply that is valued as per transaction value under section 15(1) as the price is the sole consideration for the supply and the supply is made to unrelated person. The value of a supply includes certain elements like interest which are actually payable. Once waived, the interest is not payable and is therefore, not to be added to the value.</p>
<p>Q.10</p> <p>Ans:</p>	<p>Crunch Bakery Products Ltd sells biscuits and cakes through its dealers, to whom it charges the list price minus standard discount and pays GST accordingly. When goods remain unsold with the dealers, it offered additional discounts on the stock as an incentive to push the sales. Can this additional discount be reduced from the price at which the goods were sold, and concomitant tax adjustments made? [ICAI SM]</p> <p>The discounts were not known or agreed for at the time of supply of goods to the dealers. Therefore, in terms of section 15(3), such discounts cannot be reduced from the price on which tax had been paid.</p>

Q.11 Red Pepper Ltd., Delhi, a registered supplier, is manufacturing taxable goods. It provides the following details of taxable inter-State supply made by it during the month of March.

S. No.	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. (i)]	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. (i)]	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)	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%.
[ICAI SM, MTP-Oct 23]

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

Particulars	Amount (₹)
List price of the goods	15,00,000
Subsidy amounting to ₹2,10,000 received from the Central Government [Since the subsidy is received from the Government, the same is not includible in the value in terms of section 15(2)(e)]	Nil
Subsidy received from NGO [Since the subsidy is received from a non-Government body and directly linked to the supply, the same is includible in the value in terms of section 15(2)(e)]	50,000
Tax levied by the Municipal Authority [Includible in the value as per section 15(2)(a)]	20,000
Packing Charges [Being incidental expenses, the same are includible in the value as per section 15(2)(c)]	15,000
Late fees paid by recipient of supply for delayed payment [Includible in the value as per section 15(2)(d)] (6000x100/118)	5,085
Total Value of Taxable Supplies	15,90,085

Q.12 M/s. Flow Pro, a registered supplier, sold a machine to BP Ltd. It provides the following information in this regard:

S. No.	Particulars	Amount (₹)
(i)	Price of the machine [excluding taxes and other charges mentioned at S. Nos. (ii) and (iii)]	25,000
(ii)	Third party inspection charges [Such charges were payable by M/s Flow Pro but the same have been directly paid by BP Ltd. to the inspection agency. These charges were not recorded in the invoice issued by M/s Flo Pro.]	5,000
(iii)	Freight charges for delivery of the machine [M/s Flow Pro has agreed to deliver the goods at BP Ltd.'s premises]	2,000

(iv)	Subsidy received from the State Government on sale of machine under Skill Development Programme [Subsidy is directly linked to the price]	5,000
(v)	Discount of 2% is offered to BP Ltd. on the price mentioned at S. No. (i) above and recorded in the invoice	

Note: Price of the machine is net of the subsidy received.

Determine the value of taxable supply made by M/s Flow Pro to BP Ltd.

[MTP-April 24, MTP-Oct 21, ICAI SM]

Ans: Computation of value of taxable supply made by M/s. Flo Pro to BP Ltd.

Particulars	Amount (₹)
Price of the machine [Since the subsidy is received from the State Government, the same is not includible in the value of supply in terms of section 15(2)(e)]	25,000
Third party inspection charges [Any amount that the supplier is liable to pay in relation to the supply but has been incurred by the recipient and not included in the price actually paid or payable for the goods, is includible in the value of supply in terms of section 15(2)(b)]	5,000
Freight charges for delivery of the machine [Since arranging freight is the liability of supplier, it is a case of composite supply and thus, freight charges are added in the value of principal supply.]	2,000
Total	32,000
Less: Discount @ 2% on ₹25,000 being price charged to BP Ltd. [Discount given before or at the time of supply if duly recorded in the invoice is deductible from the value of supply in terms of section 15(3)(a)]	500
Total Value of Taxable Supplies	31,500

Q.13 Shri Krishna Pvt. Ltd., a registered supplier, furnishes the following information relating to goods sold by it to Shri Balram Pvt. Ltd.

S. No.	Particulars	Amount (₹)
(i)	Price of the goods [excluding taxes and other charges mentioned at S. Nos. (iii), (v) and (vi)]	1,00,000
(ii)	Municipal tax	2,000
(iii)	Inspection charges	15,000
(iv)	Subsidy received from Shri Ram Trust [Subsidy is directly linked to the goods supplied]	50,000
(v)	Late fees for delayed payment inclusive of GST [Shri Balram Pvt. Ltd. paid the late fees. However, these charges were ultimately waived by Shri Krishna Pvt. Ltd. and the amount was refunded to Shri Balram Pvt. Ltd. during the same month]	1,000
	Weighment charges [Such charges were paid by Shri Balram Pvt. Ltd. to Radhe Pvt. Ltd. on behalf of Shri Krishna Pvt. Ltd.]	2,000

Note: Price of the machine is net of the subsidy received.

Determine the value of taxable supply made by Shri Krishna Pvt. Ltd. to Shri Balram Pvt. Ltd.

[MTP-Nov 21, MTP-Sep 23, ICAI SM]

Ans: Computation of value of taxable supply made by Shri Krishna Pvt. Ltd. to Shri Balram Pvt. Ltd.

Particulars	Amount (₹)
Price of the goods	1,00,000
Municipal tax [Includible in the value as per section 15(2)(a)]	2,000

Inspection charges [Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includible in the value as per section 15(2)(c)]	15,000
Subsidy received from Shri Ram Trust [Since the subsidy is received from a non-Government body and directly linked to the supply, the same is includible in the value in terms of section 15(2)(e)]	50,000
Late fees for delayed payment [Not includible since the same is waived off]	Nil
Weighment charges paid to Radhe Pvt. Ltd. on behalf of Shri Krishna Pvt. Ltd. [Any amount that the supplier is liable to pay in relation to the supply but has been incurred by the recipient and not included in the price actually paid or payable for the goods, is includible in the value of supply in terms of section 15(2)(b)]	2,000
Value of Taxable Supply	1,69,000

Q.14 Koli Ltd., a registered supplier, has supplied machinery to Ghisa Ltd. (a supplier registered in the same State). It provides following particulars regarding the same:

S. No.	Particulars	Amount (₹)
(i)	Price of machinery (exclusive of taxes and discounts)	5,50,000
(ii)	Part fitted in the machinery at the premises of Ghisa Ltd. [Amount has been paid by Ghisa Ltd. directly to the supplier. However, it was Koli Ltd.'s liability to pay the said amount. The said amount has not been recorded in the invoice issued by Koli Ltd.]	20,000
(iii)	Installation and testing charges for machinery, not included in price	25,000
(iv)	Discount @ 2% on price of the machinery mentioned at S. No. (i) above (recorded in the invoice)	
(v)	Koli Ltd. provides additional discount @ 1% at year end, based on additional purchase of other machinery for which adjustment is made at the end of the financial year without any change in individual transactions.	

Determine the value of taxable supply made by Koli Ltd. to Ghisa Ltd.

[ICAI SM]

Ans: **Computation of value of taxable supply made by Shri Krishna Pvt. Ltd. to Shri Balram Pvt. Ltd.**

Particulars	Amount (₹)
Price of machinery (exclusive of taxes and discounts)	5,50,000
Amount paid by Ghisa Ltd. directly to the supplier for the part fitted in the machinery [Any amount that the supplier is liable to pay in relation to a supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods is includible in the value of supply in terms of section 15(2)(b).]	20,000
Installation and testing charges [Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includible in the value of supply in terms of section 15(2)(c)]	25,000
Less: Discount @ 2% on the price of machinery [₹5,50,000 x 2%] [Since discount is given at the time of supply of machinery and recorded in the invoice, the same is deductible from the value of the supply in terms of section 15(3)(a).]	11,000
Less: Additional 1% discount at year end [Though the additional discount is established before/at the time of supply, it is	Nil

not deductible from the value of supply in terms of section 15(3)(b) as the same is not linked to any specific transaction and is adjusted by the parties at the end of the financial year.]	
Value of taxable supply	5,84,000

Q.15 XYZ Pvt. Ltd. provided the following particulars relating to goods sold by it to ABC Pvt. Ltd.:

Particulars	Amount (₹)
List price of the goods (exclusive of taxes and discount)	50,000
Tax levied by the Municipal Authority on the sale of such goods	6,000
Packing charges (not included in the list price above)	2,500
Subsidy received from an NGO, directly linked to price (included in the list price above)	3,000
Paid to one of the vendors by ABC Pvt. in relation to the service provided by the vendor to XYZ Pvt. Ltd. (not included in the list price above)	2,000

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

ABC Pvt. Ltd. delayed the payment and paid ₹ 5,000 (including GST of 18%) as interest to XYZ Pvt. Ltd. Determine the value of taxable supply made by XYZ Pvt. Ltd. under GST law. **[PP-May 22]**

Ans: **Computation of value of taxable supply made by XYZ Pvt. Ltd.**

Particulars	Amount (₹)
List price of the goods (exclusive of taxes and discounts)	50,000
Tax levied by Municipal Authority on the sale of such goods [Taxes other than GST, if charged separately, are includible in the value of supply.]	6,000
Packing charges [Being incidental expenses, same are includible in the value of supply]	2,500
Subsidy received from NGO [Since subsidy is received from a non-Government body and directly linked to the price, the same is includible in the value of supply]	Nil
Payment made by ABC Pvt. Ltd. in relation to service provided by vendor to XYZ Pvt. Ltd.	2,000
[Amount that supplier is liable to pay, but incurred by the recipient, is includible in the value of supply] (It has been most logically assumed that service provided by the vendor to XYZ Pvt. Ltd. is in relation to supply of goods by XYZ Pvt. Ltd. to ABC Pvt. Ltd.)	
Turnover discount [Since discount is not known at the time of supply, it is not deductible from the value of supply]	-
Interest for delayed payment (rounded off) [Includible in the value of supply]	4,237 [5,000 ×00/118]
Value of taxable supply	64,737

Q.16 Namu Shankar Ltd., a registered supplier in Mumbai (Maharashtra), has supplied goods to Narad Traders and Nandi Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respectively. Namu Shankar Ltd. has furnished the following details for the current month:

S. No.	Particulars	Narad Traders (₹)	Nandi Motors Ltd. (₹)
(i)	Price of the goods (excluding GST)	10,000	30,000
(ii)	Packing charges	500	
(iii)	Commission	500	

(iv)	Weighment charges		2,000
(v)	Discount for prompt payment (recorded in the invoice)		1,000

Compute the GST liability [CGST & SGST or IGST, as the case may be] of Namo Shankar Ltd. for the given month. Assume the rates of taxes to be as under:

Particulars	Rate of tax
Central tax (CGST)	9%
State Tax (SGST)	9%
Integrated tax (IGST)	18%

Make suitable assumptions, wherever necessary.

Note: The supply made to Narad Traders is an inter-State supply.

[MTP-March 24, RTP-Nov 21, RTP-May 18]

Ans: **Computation of GST liability**

S. No.	Particulars	Narad Traders (₹)	Nandi Motors Ltd. (₹)
(i)	Price of goods	10,000	30,000
(ii)	Add: Packing charges (Note-1)	500	-
(iii)	Add: Commission (Note-1)	500	-
(iv)	Add: Weighment charges (Note-1)	-	2,000
(v)	Less: Discount for prompt payment (Note-2)	-	1,000
	Value of taxable supply	11,000	31,000
	IGST payable @ 18% (Note-3)	1,980	-
	CGST payable @ 9% (Note-4)	-	2,790
	SGST payable @ 9% (Note-4)	-	2,790

Notes:

- Incidental expenses, including commission and packing, charged by supplier to recipient of supply is includible in the value of supply. Weighment charges are also incidental expenses, hence includible in the value of supply [Section 15 of the CGST Act, 2017].
- Since discount is known at the time of supply, it is deductible from the value in terms of section 15 of the CGST Act, 2017.
- Since supply made to Narad Traders is an inter-State supply, IGST is payable in terms of section 5 of the IGST Act, 2017.
- Since supply made to Nandi Motors Ltd. is an intra-State supply, CGST & SGST is payable on the same.

Q.17 LSP Ltd., a registered supplier, sold a machine to Balwant Ltd. It provides the following information in this regard: -

S. No.	Particulars	Amount (₹)
(i)	Price of the machine [excluding taxes and othercharges mentioned at S. Nos. (ii) and (iii)]	20,000
(ii)	Third party inspection charges	6,000
	[Such charges were payable by LSP Ltd. but the same have been directly paid by Balwant Ltd. to the inspection agency. These charges were not recorded in the invoice issued by LSP Ltd.]	
(iii)	Freight charges for delivery of the machine [LSP Ltd. has agreed to deliver the goods at Balwant Ltd.'s premises]	1,000
(iv)	Subsidy received from the State Government on sale of machine under Skill Development Programme [Subsidy is directly linked to the price]	5,000
(v)	Discount of 2% is offered to Balwant Ltd. on the price mentioned at S. No. (i) above and recorded in the invoice	

Note: Price of the machine is net of the subsidy received.

Determine the value of taxable supply made by LSP Ltd. to Balwant Ltd.

[MTP-April 24]

Ans: Computation of value of taxable supply made by M/s. LSP to Balwant Ltd.

Particulars	Amount (₹)
Price of the machine [Since the price linked subsidy is received from the State Government, the same is not includible in the value of supply]	20,000
Third party inspection charges [Any amount that the supplier is liable to pay in relation to the supply but has been incurred by the recipient and not included in the price actually paid or payable for the goods, is includible in the value of supply]	6,000
Freight charges for delivery of the machine [Since arranging freight is the liability of supplier, it is a case of composite supply and thus, freight charges are added in the value of principal supply.]	1,000
Total	27,000
<i>Less:</i> Discount @ 2% on ₹ 20,000 being price charged to Balwant Ltd. [Discount given before or at the time of supply if duly recorded in the invoice is deductible from the value of supply]	<u>400</u>
Value of taxable supply	26,600

Q.18 Guru Enterprises (Delhi), a registered taxpayer, made a taxable supply to Y Ltd. (Delhi) for a price of ₹ 10,00,000 (excluding any tax or discounts). It received a price linked subsidy of ₹ 1,10,000 from Jiva Enterprises Pvt Ltd. The price of ₹ 10,00,000 is after consideration of such subsidy amount. Further, after delivery of the goods to Y Ltd., Guru Enterprises arranged post-delivery inspection of goods and charged ₹ 10,000 for the same.

In respect of above supply, Guru Enterprises had procured some raw material from X Ltd., for which it owed ₹ 25,000. The said amount was directly paid by Y Ltd. to X Ltd. and was not included in the price of goods of ₹ 10,00,000 mentioned above.

The payment of consideration for above supply was delayed by Y Ltd. Hence, an interest amount of ₹ 20,000 (in lumpsum) was also charged by Guru Enterprises.

The applicable tax rates are - CGST - 6%, SGST - 6% and IGST - 12%. You are required to determine value of taxable supply as well as the applicable tax liability for the above supply transaction.

[MTP-July 24, MTP-April 23]

Ans: Computation of value of taxable supply and tax liability

Particulars	Amount (₹)
Price of goods (exclusive of tax and discounts)	10,00,000
<i>Add:</i> Subsidy received from Jiva Enterprises Pvt. Ltd. [Subsidy provided by non-Government bodies and which is directly linked to the price, is includible.]	1,10,000
<i>Add:</i> Post-delivery inspection charges [Anything done by the supplier in respect of the supply of goods after the delivery of goods is not includible in value.]	-
<i>Add:</i> Amount directly paid by Y Ltd. to X Ltd. [Liability of the supplier, in relation to the supply being valued, if discharged by the recipient of supply and not included in the price, is includible in the value.]	25,000
<i>Add:</i> Interest [Interest for delayed payment of consideration is includible in the value. Since interest is received in lumpsum, amount is inclusive of GST [₹20,000 x 100/112] (rounded off).]	<u>17,857</u>
Value of taxable supply	11,52,857
CGST @ 6% (rounded off)	69,171
SGST @ 6% (rounded off)	69,171

Q.19 Mr. Ravindra, a registered person in Bhopal, Madhya Pradesh has provided the following information regarding outward transactions made during the month of January, 2024:

- (1) He was appointed by recognized sports body as a chief selector of hockey team and received ₹ 5,00,000 as remuneration.
- (2) Services of pure labour contract was provided for construction of independent residential unit for ₹ 1,80,000.
- (3) He rented out his warehouse for warehousing of sugarcane and received rental income of ₹ 75,000.
- (4) Provided services to Municipal Corporation of Bhopal for slum improvement and upgradation for ₹ 6,50,000.
- (5) He has charged consideration of ₹ 1,25,000 against western music dance performance in an event.

You are required to compute the taxable value of supply on which GST is to be paid by Mr. Ravindra for the month of January, 2024. All the amount stated above are exclusive of GST, wherever applicable. Suitable Notes should form part of answer. **[PP-May 24]**

Ans: **Computation of taxable value of supply on which GST is to be paid by Mr. Ravindra**

Particulars	Amount (₹)
Remuneration received as a chief selector of hockey team. [Taxable since services provided to a recognised sports body by an individual only as a player, referee, umpire, coach or team manager are exempt.]	5,00,000
Service of pure labour contract for construction of independent residential unit [Services of pure labour contracts of construction of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt.]	NIL
Rental income from warehousing of sugarcane [Warehousing of sugarcane being an agricultural produce is exempt.]	NIL
Services to Municipal Corporation of Bhopal for slum improvement and upgradation* [Services provided to a Local Authority by way of slum improvement and upgradation are exempt.]	NIL
Consideration received against western music dance performance in an event [Taxable, since the amount received for western music dance performance but the exemption is available for performance in folk or classical art forms of music or dance. if the consideration charged for such performance is not more than ₹ 1,50,000.]	1,25,000
Value of taxable supply on which GST is to be paid by Mr. Ravindra	6,25,000

*Note: It has been assumed that either the services provided are pure services or composite supply where value of supply of goods is upto 25% of value of such supply and consequently, said supply has been considered as exempt from GST.

However, it is also possible to assume that it is a composite supply with value of supply of goods more than 25% of value of such supply. In that case, said supply will be liable to GST.

Q.20 Describe the conditions to be satisfied for availing deduction of post supply discounts from the value of supply as per the provisions of section 15(3) of the CGST Act 2017. **[PP-May 24]**

Ans: Conditions to be satisfied for availing deduction of post supply discounts from the value of supply as per the provisions of section 15(3) of the CGST Act, 2017 are as follows:

- (i) Discount is in terms of an agreement entered into at or before the time of supply.
- (ii) Discount can be specifically linked to relevant invoices.
- (iii) Input tax credit as is attributable to the discount on the basis of document issued by supplier is reversed by the recipient of the supply.

Q.21 Ajay, a registered person, provided the following details about transactions entered into by him in the month of July, 2024:

- He sold 3,000 units of goods to Wellness Pharma @ ₹ 400 each. Under section 206C(1H) of Income Tax Act, 1961, he is required to collect tax (TCS) of ₹ 2,000 from Wellness Pharma. He included ₹ 2,000 as TCS in tax invoice issued to the party.
- Under a contract with State Government, he sold 1,000 units of goods (unit price is ₹ 400 per unit) @ ₹ 200 per unit to families of Economic Weaker Section (identified by State Government). Balance ₹ 200 per unit will be paid to him by State Government as subsidy.
- Issued credit notes worth ₹ 1,50,000 net of GST as discount to its registered dealers who purchased more than 5,000 units between October, 2023 to December, 2023 under Festival Bonanza Scheme declared on 01.10.2023. The above discount was provided invoice wise with a condition of reversal of ITC by registered dealer.
- Sold goods to Old Age Home for consideration of ₹ 1,00,000 (Normal Sale Value is ₹ 2,00,000). SAMVEDNA, an NGO registered under Section 12AA of Income Tax Act, 1961 gave them a subsidy of ₹ 30,000 to acknowledge his services to elderly people living in old age home.
- After analysis of sale report of first quarter, he decided to give discount of 1% to shopkeepers whose total purchases exceeds ₹ 25,00,000 during the quarter ending June, 2024. Total discount given to such shopkeepers is ₹ 1,30,000.

Compute the taxable value of supply for the month of July, 2024 on which Mr. Ajay shall pay GST. Suitable notes and assumptions should form part of your answer. All the amounts stated above are exclusive of GST.

[PP-May 25]

Ans: **Computation of taxable value of supply on which GST shall be paid by Mr. Ajay for July 2024:**

Particulars	Amount (₹)
Goods sold to Wellness Pharma [3,000 units × ₹ 400] [TCS collected under the Income Tax Act, 1961 is not includible as it is an interim levy / not having the character of tax.]	12,00,000
Goods sold to Economic Weaker Section families [1,000 units × ₹ 200] [Subsidy given by the State Government is not includible in the value of supply.]	2,00,000
Credit note issued [Post supply discount is allowed as deduction from the value of supply if (i) it is agreed at the time of supply, (ii) proportionate ITC is reversed by the recipient, and (iii) it is specifically linked to relevant invoices.]	(1,50,000)
Sold goods to old age home [Transaction value is the value of supply. Subsidy received from a non-Governmental organisation is includible in the value only if it is directly linked to the price of the goods.]	1,00,000
Thus, subsidy received from the NGO-SAMVEDNA is not includible in the value since it is blanket subsidy and not directly linked to the price of the goods]	
Discount given to shopkeepers [Post supply discount is not allowed as deduction from the value of supply since in the given case, the same is not agreed at the time of supply.]	-
Value of taxable supply on which GST is to be paid by Mr. Ajay	13,50,000

Q.22 Mr. Bose took a health insurance policy for the coverage amount of ₹ 5,00,000 upon making payment of premium of ₹ 10,000 annually (exclusive of GST) from Swasthya Bima Insurance Co. on 01.10.2024. Mr Bose had no claim during 2024-25. On 01.10.2025 Swasthya Bima Insurance Co. offered a discount of 5% on the renewal premium amount to Mr Bose for having claim free year 2024-25 because the company has a policy of offering a discount of 5% on the renewal premium amount for

every claim free year in form of no claim bonus. The Swasthya Bima Insurance Co. make the disclosure of the fact of availability of discount in form of NCB, subject to certain conditions, to Mr. Bose in the insurance policy document itself. Also, there is specific mention of the discount in form of no claim bonus in the invoice issued by Swasthya Bima Insurance Co. to Mr. Bose.

As per Mr Bose's accountant, he has to pay GST on whole renewal premium amount without any deduction as no claim bonus is for agreeing to the obligation to refrain from the act of lodging insurance claim during 2024-25. Is the contention of the Accountant, correct? Reason for the same should form part of your answer. **[RTP-Jan 26]**

Ans. The value of supply does not include any discount which is given before or at the time of supply if such discount has been duly recorded in the invoice issued in respect of such supply.

It is, therefore, clarified that no claim bonus (NCB) is a permissible deduction for the purpose of calculation of value of supply of the insurance services provided by the insurance company to the insured subject to the pre-disclosure of NCB amount in the policy documents and specific mention of the discount in form of NCB in the invoice.

No, the contention of the Accountant is not correct in view of the above-mentioned provisions.

Since the deduction on account of NCB is provided in the invoice issued by the insurer to the insured, GST shall be leviable on actual insurance premium amount, payable by Mr. Bose to the Swasthya Bima Insurance Co., after deduction of NCB mentioned on the invoice.

“

STUDENT NOTES

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Q.1	<p>Vijay Sales, a registered supplier, receives 100 invoices (for inward supply of goods/ services) involving GST of ₹10 lakh, from various suppliers during the month of October. Out of 100 invoices, details of 80 invoices involving GST of ₹6 lakh have been furnished by the suppliers in their respective GSTR-1s filed on the prescribed due date therefor.</p> <p>Compute the ITC that can be claimed by Vijay Sales in its GSTR-3B for the month of October to be filed by 20th November assuming that GST of ₹10 lakh is otherwise eligible for ITC. [ICAI SM]</p>												
Ans:	<p>ITC to be claimed by Vijay Sales in its GSTR-3B for the month of October to be filed by 20th November will be computed as under:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Invoices</th> <th style="text-align: center;">Amount of ITC involved in the invoices (₹)</th> <th style="text-align: center;">Amount of ITC that can be availed (₹)</th> </tr> </thead> <tbody> <tr> <td>80 invoices furnished in GSTR-1</td> <td style="text-align: center;">6 lakhs</td> <td style="text-align: center;">6 lakhs [Refer Note 1]</td> </tr> <tr> <td>20 invoices not furnished in GSTR-1</td> <td style="text-align: center;">4 lakhs</td> <td style="text-align: center;">Nil [Refer Note 2]</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">10 lakhs</td> <td style="text-align: center;">6 lakhs</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> 100% ITC can be availed on invoices furnished by the suppliers in their GSTR-1 and reflected in GSTR-2B of Vijay Sales. As per rule 36(4), the ITC in respect of invoices not furnished by the suppliers in their GSTR-1s and thus, not being reflected in GSTR-2B of recipient, cannot be claimed. Thus, in respect of 20 invoices which are not furnished in GSTR-1s of suppliers and are not reflected in GSTR-2B of Vijay Sales, no ITC can be availed. 	Invoices	Amount of ITC involved in the invoices (₹)	Amount of ITC that can be availed (₹)	80 invoices furnished in GSTR-1	6 lakhs	6 lakhs [Refer Note 1]	20 invoices not furnished in GSTR-1	4 lakhs	Nil [Refer Note 2]	Total	10 lakhs	6 lakhs
Invoices	Amount of ITC involved in the invoices (₹)	Amount of ITC that can be availed (₹)											
80 invoices furnished in GSTR-1	6 lakhs	6 lakhs [Refer Note 1]											
20 invoices not furnished in GSTR-1	4 lakhs	Nil [Refer Note 2]											
Total	10 lakhs	6 lakhs											
Q.2	<p>Ajay Sales, a registered supplier, receives 100 invoices (for inward supply of goods/ services) involving GST of ₹10 lakh, from various suppliers during the month of October. Out of 100 invoices, details of 85 invoices involving GST of ₹9.70 lakh have been furnished by the suppliers in their respective GSTR-1s filed on the prescribed due date therefor.</p> <p>Compute the ITC that can be claimed by Ajay Sales in its GSTR-3B for the month of October to be filed by 20th November assuming that GST of ₹10 lakh is otherwise eligible for ITC.</p>												
Ans:	<p>ITC to be claimed by Vijay Sales in its GSTR-3B for the month of October to be filed by 20th November will be computed as under:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Invoices</th> <th style="text-align: center;">Amount of ITC involved in the invoices (₹)</th> <th style="text-align: center;">Amount of ITC that can be availed (₹)</th> </tr> </thead> <tbody> <tr> <td>85 invoices furnished in GSTR-1</td> <td style="text-align: center;">9.70 lakhs</td> <td style="text-align: center;">9.70 lakhs [Refer Note 1]</td> </tr> <tr> <td>15 invoices not furnished in GSTR-1</td> <td style="text-align: center;">0.30 lakhs</td> <td style="text-align: center;">Nil [Refer Note 2]</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">10.00 lakhs</td> <td style="text-align: center;">9.70 lakhs</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> 100% ITC can be availed on invoices furnished by the suppliers in their GSTR-1. Input tax credit in respect of any supply of goods or services or both is available to a registered person only, inter alia, if the details of the invoice/debit note in respect of said supply has been furnished by the supplier in the statement of outward supplies (GSTR-1) and such details have been communicated to the recipient of such invoice/debit note in the manner specified under section 37. Thus, in respect of 15 invoices not furnished in GSTR-1s, no ITC is available. 	Invoices	Amount of ITC involved in the invoices (₹)	Amount of ITC that can be availed (₹)	85 invoices furnished in GSTR-1	9.70 lakhs	9.70 lakhs [Refer Note 1]	15 invoices not furnished in GSTR-1	0.30 lakhs	Nil [Refer Note 2]	Total	10.00 lakhs	9.70 lakhs
Invoices	Amount of ITC involved in the invoices (₹)	Amount of ITC that can be availed (₹)											
85 invoices furnished in GSTR-1	9.70 lakhs	9.70 lakhs [Refer Note 1]											
15 invoices not furnished in GSTR-1	0.30 lakhs	Nil [Refer Note 2]											
Total	10.00 lakhs	9.70 lakhs											
Q.3	<p>ABC Co. Ltd., registered under GST, is engaged in the manufacture of heavy machinery. It procured the following items during the month of July.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S. No.</th> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">GST (₹)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">(i)</td> <td>Electrical transformers to be used in the manufacturing process</td> <td style="text-align: center;">5.20,000</td> </tr> </tbody> </table>	S. No.	Particulars	GST (₹)	(i)	Electrical transformers to be used in the manufacturing process	5.20,000						
S. No.	Particulars	GST (₹)											
(i)	Electrical transformers to be used in the manufacturing process	5.20,000											

(ii)	Trucks used for the transport of raw material	1,00,000
(iii)	Raw material	2,00,000
(iv)	Confectionery items. These items were supplied free of cost to the customers in a customer meet organized by the company	25,000

Determine the amount of ITC available with ABC Co. Ltd., for the month of July by giving necessary explanations for treatment of various items. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. **[ICAI SM]**

Ans: Computation of ITC available with ABC Co. Ltd. for the month of July

S. No.	Particulars	GST (₹)
(i)	Electrical transformers [Being goods used in the course or furtherance of business, ITC thereon is available in terms of section 16(1)]	5,20,000
(ii)	Trucks used for the transport of raw material [ITC on motor vehicles used for transportation of goods is not blocked under section 17(5)(a)]	1,00,000
(iii)	Raw material [Being goods used in the course or furtherance of business, ITC thereon is available in terms of section 16(1)]	2,00,000
(iv)	Confectionery items for consumption of customers at customers meet [ITC on food or beverages is specifically disallowed unless the same is used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply-Section 17(5)(b)(i)]	Nil
Total ITC		8,20,000

Q.4 XYZ Ltd., registered under GST, is engaged in manufacture of taxable goods. Compute the ITC available with XYZ Ltd. for the month of October from the following particulars:

S. No.	Inward Supplies	GST (₹)	Remarks
(i)	Inputs 'A'	1,00,000	One invoice on which GST payable was ₹10,000, is missing
(ii)	Inputs 'B'	50,000	Inputs are to be received in two instalments. First instalment has been received in October
(iii)	Capital Goods	1,20,000	XYZ Ltd. has capitalized the capital goods at full invoice value inclusive of GST as it will avail depreciation on the full invoice value.
(iv)	Input Services	2,25,000	One invoice dated 20th January on which GST payable was ₹50,000 has been received in October

Note:

- Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.
- The annual return for the previous financial year was filed on 15th September.

[ICAI SM, MTP-May 23]

Ans: Computation of ITC available with XYZ Ltd. for the month of October

S. No.	Inward Supplies	ITC (₹)
(i)	Inputs 'A' [ITC cannot be taken on missing invoice. The registered person should have the invoice in its possession to claim ITC-Section 16(2)(a)]	90,000
(ii)	Inputs 'B' [When inputs are received in instalments, ITC can be availed only on receipt of last instalment-First proviso to section 16(2)]	Nil

(iii)	Capital goods [Input tax paid on capital goods cannot be availed as ITC, if depreciation has been claimed on such tax component – Section 16(3)]	Nil
(iv)	Input services [As per section 16(4), ITC on an invoice cannot be availed after 30th November following the end of financial year to which such invoice pertains or the date of filing annual return, whichever is earlier. Since the annual return for the previous financial year has been filed on 15th September (prior to 30th November, ITC on the invoice pertaining to previous financial year cannot be availed after 15th September.	1,75,000
	Total ITC	2,65,000

Q.5 XT Pvt. Ltd., a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period:

Particulars	Amount (₹)
Intra State supplies of goods	8,00,000
Inter State supplies of goods	3,00,000

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

Particulars	Amount (₹)
Intra State supplies of goods	2,00,000
Inter State supplies of goods	50,000

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

Particulars	Amount (₹)
CGST	57,000
SGST	Nil
IGST	70,000

Note:

- Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
- Both inward and outward supplies given above are exclusive of taxes, wherever applicable.
- All the conditions necessary for availing the ITC have been fulfilled.

Compute the minimum GST, payable in cash, by XT Pvt. Ltd. for the tax period. Make suitable assumptions as required.

[ICAI SM, MTP–Nov 23]

Ans: **Computation of GST payable on outward supplies:**

S. No.	Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total (₹)
(i)	Intra-State supply of goods for ₹8,00,000	72,000	72,000	-	1,44,000
(ii)	Inter-State supply of goods for ₹3,00,000	-	-	54,000	54,000
	Total GST Payable				1,98,000

Computation of total ITC

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening ITC	57,000	Nil	70,000
Add: ITC on Intra-State purchases of goods valuing ₹2,00,000	18,000	18,000	Nil
Add: ITC on Inter-State purchases of goods valuing ₹50,000	Nil	Nil	9,000
Total ITC	75,000	18,000	79,000

Computation of minimum GST payable from electronic cash ledger

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total (₹)
GST payable	72,000	72,000	54,000	1,98,000
Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow]	(Nil) IGST	(25,000) IGST	(54,000) IGST	79,000
	(72,000) CGST	(18,000) SGST		90,000
Minimum GST payable in cash	Nil	29,000	Nil	29,000

Note: Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, ITC of IGST has been used to pay SGST (after paying IGST liability) to minimize cash outflow.

Q.6	What is input tax?	[ICAI SM]
Ans:	Input tax means the central tax (CGST), State tax (SGST), integrated tax (IGST) or Union territory tax (UTGST) charged on supply of goods or services or both made to a registered person. It also includes tax paid on reverse charge basis and integrated goods and services tax charged on import of goods. It does not include tax paid under composition levy.	
Q.7	What are the conditions necessary for availing ITC?	[ICAI SM]
Ans:	Following conditions are to be satisfied by the registered taxable person for obtaining ITC: (a) he is in possession of tax invoice or debit note or such other tax paying documents as may be prescribed; (b) the details of the invoice/debit note in respect of said supply has been furnished by the supplier in the statement of outward supplies (GSTR-1) and such details have been communicated to the recipient of such invoice/debit note in the manner specified under section 37; (c) he has received the goods or services or both ; (d) the details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted . (e) subject to section 41, the supplier has actually paid the tax charged in respect of the supply to the Government; (f) he has furnished the return under section 39;	
Q.8	Can a person take ITC without payment of consideration for the supply along with tax?	[ICAI SM]
Ans:	Yes, the recipient can take ITC. However, he is required to pay the consideration along with tax within 180 days from the date of issue of invoice . This condition is not applicable where tax is payable on reverse charge basis.	
Q.9	What is the time limit for taking ITC and reasons therefor?	[ICAI SM]
Ans:	ITC on invoices pertaining to a financial year or debit notes issued in a financial year can be availed any time till 30th November of the succeeding financial year or the date of filing of the relevant annual return , whichever is earlier.	
Q.10	What is the ITC entitlement of a newly registered person?	[ICAI SM, MTP-Nov 22]
Ans:	A person who has applied for registration within 30 days from the date on which he became liable to registration, can take ITC of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the <u>day immediately preceding the date on which he became liable to pay tax</u> can be taken. In case of voluntary registration , ITC of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the <u>day immediately preceding the date of registration</u> can be taken.	

<p>Q.11</p>	<p>What is the tax implication of supply of capital goods by a registered person who had taken ITC on such capital goods? [ICAI SM]</p>
<p>Ans:</p>	<p>In case of supply of capital goods or plant and machinery on which ITC has been taken, the registered person shall <u>pay an amount equal to the ITC taken</u> on the said capital goods or plant and machinery reduced by 5% per quarter or part thereof from the <u>date of invoice or the tax on the transaction value</u> of such capital goods, whichever is higher. However, in case of refractory bricks, molds and dies, jigs and fixtures when these are supplied as scrap, the person can pay tax on the transaction value.</p>
<p>Q.12</p>	<p>A registered person transfers its business to another person. Is such registered person allowed to transfer the unutilized ITC lying in its electronic credit ledger to such transferred business? Discuss. [ICAI SM]</p>
<p>Ans:</p>	<p>As per section 18(3), in case of <u>sale, merger, demerger, amalgamation, transfer or change in ownership of business</u> etc., the ITC that remains unutilized in the electronic credit ledger of the registered person can be transferred to the new entity, provided there is a specific provision for transfer of liabilities in such change of constitution. The registered person should furnish the details of change in constitution on the common portal and submit a certificate from practicing Chartered Accountant/Cost Accountant certifying that the change in constitution has been done with a specific provision for transfer of liabilities. Upon acceptance of such details by the transferee on the common portal, the unutilized ITC gets credited to his electronic credit ledger. The transferee should record the inputs and capital goods so transferred in his books of account.</p>
<p>Q.13</p>	<p>Swastik Pvt. Ltd. is a manufacturer of taxable goods. It purchased a machinery for ₹8,00,000 on which IGST of ₹14,400 is paid. The company has claimed depreciation under the Income-tax Act, 1961 on the full value of the machine, i.e., including the IGST component as also availed ITC of ₹14,400 paid by it as IGST. Examine if the stand taken by the company is correct in law. [ICAI SM]</p>
<p>Ans:</p>	<p>As per section 16(3), if the person taking the ITC on capital goods and plant and machinery has claimed depreciation on the <u>tax component of the cost of the said items</u> under the Income-tax Act 1961, the ITC on the said tax component shall not be allowed. Since in the given case, Swastik Pvt. Ltd. has claimed depreciation on the tax component of the cost of the machine, it cannot claim ITC of IGST of ₹14,400 paid by it on the machine. It can either claim depreciation on the tax component or avail ITC of such tax but cannot avail both the benefits simultaneously.</p>
<p>Q.14</p>	<p>Sigma Consultants, an LLP of finance professionals, provides financial consultancy services. It made an advance payment of ₹1,18,000 (inclusive of IGST @ 18%) in the month of October to Azuro Computer Services for developing a software. The software would be used by the LLP to enhance the precision of the financial advice given by it to various clients. The balance payment is to be made after the successful test run of the software in the month of December. Sigma Consultants has availed ITC of IGST of ₹18,000 in the month of October. Do you think Sigma Consultants can avail such ITC? Examine the scenario with reference to the relevant legal provisions. [ICAI SM]</p>
<p>Ans:</p>	<p>As per section 16(2)(b), tax paid on supply of goods and/or services can be availed as ITC only if such goods and/or services are received by the registered person. In the given case, Sigma Consultants has paid IGST of ₹18,000, in the month of October, on advance for IT services intended to be used in the course or furtherance of business. However, it cannot avail ITC of such tax in the month of October as the services in relation to which the advance payment has been made have not been received in that month.</p>
<p>Q.15</p>	<p>A taxable person is in the business of information technology. He buys a car (maximum seating capacity – 5 persons) for use of his Executive Directors. Can he avail the ITC in respect of GST paid on purchase of such car? [ICAI SM]</p>

Ans:	No. ITC on motor vehicles for transportation of persons with seating capacity of up to 13 persons (including driver), can be availed only if the taxable person is in the business of transport of passengers or is providing the services of imparting training on driving such motor vehicles or is in the business of supply of such motor vehicles.							
Q.16	A technical testing agency tests and certifies each batch of machine tools before dispatch by BMT Ltd. Some of these tools are dispatched to a unit in a SEZ without payment of GST as these supplies are not taxable. The finance personnel of BMT Ltd. want to know whether they need to carry out reversal of ITC on the testing agency's services to the extent attributable to the SEZ supplies. Give your comments. [ICAI SM]							
Ans:	<u>ITC is disallowed</u> only to the extent it pertains to supplies used for <u>non-business purposes</u> or <u>supplies other than taxable and zero-rated supplies</u> . Supplies to SEZ units are zero rated supplies in terms of section 16(1) of the IGST Act. Thus, full ITC is allowed on inward supplies of BMT Ltd. used for effecting supplies to the unit in the SEZ.							
Q.17	'AB', a registered person, was paying tax under composition scheme up to 30th July. However, w.e.f. 31 st July, 'AB' becomes liable to pay tax under regular scheme. Is 'AB' eligible for any ITC? [ICAI SM]							
Ans:	'AB' is eligible for ITC on inputs held in stock and inputs contained in semi-finished or finished goods held in stock and capital goods as on 30th July. ITC on capital goods will be reduced by 5% per quarter or part thereof from the date of invoice.							
Q.18	Babla Enterprises is exclusively engaged in making exempt supply of goods and is thus, not registered under GST. On 1st October, the exemption available on its goods gets withdrawn. On that day, the turnover of Babla Enterprises was ₹50 lakh. Examine the eligibility of Babla Enterprises for availing ITC, if any. [ICAI SM]							
Ans:	Since the exemption available on goods being supplied by Babla Enterprises gets withdrawn, it becomes liable to registration as its turnover has crossed the threshold limit on the day when the exemption is withdrawn. Assuming that Babla Enterprises applies for registration within 30 days of 1st October and it obtains such registration, it will be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in <u>semi-finished or finished goods held in stock on the day immediately preceding the date from which it becomes liable to pay tax</u> , i.e., 30th September [Section 18(1)(a)]. Input tax paid on capital goods will not be available as ITC in this case.							
Q.19	Mamta Trade Links trades in exempt goods and provides taxable services. It is registered under GST. On 1st October, the exemption available on its goods gets withdrawn. Analyze the scenario and determine the eligibility of Mamta Trade Links for availing ITC, if any, on inputs and/or capital goods used in the supply of exempt goods. [ICAI SM]							
Ans:	If the exempt supply made by a registered person becomes a taxable supply, provisions of section 18(1)(d) become applicable . In the given case, since Mamta Trade Links is a registered person, section 18(1)(d) will be applicable. As per section 18(1)(d), Mamta Trade Links will be <u>entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock</u> relatable to such exempt supply and on capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable, i.e., 30th September. ITC on capital goods will be reduced by 5% per quarter or part thereof from the date of invoice.							
Q.20	Harshgeet Pvt. Ltd., a registered supplier, is engaged in the manufacture of taxable goods. The company provides the following information pertaining to purchases made/services availed by it during the month of July:							
	<table border="1"> <thead> <tr> <th>S. No.</th> <th>Particulars</th> <th>GST (₹)</th> </tr> </thead> <tbody> <tr> <td>(1)</td> <td>Raw material (to be received in the month of September)</td> <td>2,50,000</td> </tr> </tbody> </table>		S. No.	Particulars	GST (₹)	(1)	Raw material (to be received in the month of September)	2,50,000
S. No.	Particulars	GST (₹)						
(1)	Raw material (to be received in the month of September)	2,50,000						

(2)	Membership of a club availed for employees working in the factory	1,45,000
(3)	Inputs to be received in 5 lots, out of which 3rd lot was received during the month	80,000
(4)	Trucks used for transport of raw material	40,000
(5)	Capital goods (out of 3 items, invoice for 2 items is missing and GST paid on those items is ₹80,000)	1,50,000
	Total Eligible ITC	28,900

Determine the amount of ITC available with Harshgeet Pvt. Ltd. for the month of July by giving the necessary explanation for treatment of various items. Subject to the information given above, all the other conditions necessary for availing ITC have been fulfilled. [ICAI SM]

Ans: **Computation of ITC available with Harshgeet Pvt. Ltd. for the month of July**

Particulars	ITC (₹)
Raw Material [ITC not available as raw material is not received in July]	Nil
Membership of a club availed for employees working in the factory [Blocked credit in terms of section 17 (5)]	Nil
Inputs to be received in 5 lots, out of which 3rd lot was received during the month [In case of goods received in lots, ITC can be taken only upon receipt of the last lot]	Nil
Trucks used for transport of raw material [ITC of GST paid on motor vehicles used for transportation of goods is allowed unconditionally]	40,000
Capital goods [ITC can be availed only on the basis of a valid document (invoice). Thus, GST paid on items for which invoice is missing, i.e., * 80,000, is not available.]	70,000
Total ITC	1,10,000

Q.21 Jamku Ltd., a registered person, is engaged in the business of spices. It provides following details in relation to GST paid on inward supplies procured by it during the month of October.

S. No.	Particulars	GST (₹)
(1)	Raw spices purchase - Raw spices sold to customers - Raw spices used for personal use of directors	50,000 20,000
(2)	Electric machinery purchased for being used in the manufacturing process	25,000
(3)	Motor vehicle used for transportation of the employee	55,000
(4)	Payment made to contractor for construction of staff quarter	1,25,000

Determine the amount of ITC available with Jamku Ltd. for the month October by giving the necessary explanation for treatment of various items. Subject to the information given above, all the other conditions necessary for availing ITC have been fulfilled. [ICAI SM]

Ans: **Computation of ITC available with Jamku Ltd. for the month of October**

Particulars	ITC (₹)
Purchase of raw spices which are sold to customers [Every registered person is entitled to take credit of input tax charged on any supply of goods to him which are used or intended to be used in the course or furtherance of his business.]	50,000
Purchase of raw spices for personal use of directors [ITC is not available on goods used for personal consumption.]	Nil
Electric machinery purchased for being used in the manufacturing process [Every registered person is entitled to take credit of input tax charged on any supply of goods to him which are used or intended to be used in the course or furtherance of	25,000

his business.]	
Motor vehicle used for transportation of employee [ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked except when the same are used for (i) making further taxable supply of such motor vehicles (ii) making taxable supply of transportation of passengers (iii) making taxable supply of imparting training on driving such motor vehicles. In the given case, since the supplier is in the business of spices, ITC on motor vehicle used for transportation of the employee is blocked credit.]	Nil
Payment made to contractor for construction of staff quarter [ITC is not available on goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.]	Nil
Total ITC	75,000

Q.22 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 instalments - 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 used by executives of the company for official purposes	5,200

You are required to determine the ITC available with 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. **[ICAI SM]**

Ans: **Computation of ITC available with Dina Ltd. for the month of March**

Particulars	ITC (₹)
Purchase of iron used as a raw material [When inputs are received in instalments, ITC can be availed only on the receipt of last instalment. Hence, since last instalment is received in April, ITC cannot be availed in March.]	Nil
Purchase of accessories delivered directly to the dealers of the company [Goods delivered to another person on the direction of the registered person by way of transfer of documents of title or otherwise, either before or during the movement, are deemed to have been received by such registered person. Thus, ITC is available to the registered person, on whose order/direction the goods are delivered to a third person.]	90,000
Bus for the transportation of employees [ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed.]	1,97,000
General insurance taken on car used by executives of the company for official purpose	Nil

	<p>[ITC on motor vehicles for transportation of persons with seating capacity \leq 13 persons (including the driver) is blocked except when the same are used for (i) making further taxable supply of such motor vehicles (ii) making taxable supply of transportation of passengers (iii) making taxable supply of imparting training on driving such motor vehicles. Further, ITC is not allowed on services of general insurance relating to such ineligible motor vehicles. Since, the car is not used for any of the eligible purposes, ITC thereon is blocked and thus, ITC on general insurance taken on such car is also blocked.]</p>	
	Total ITC	2,87,000
Q.23	<p>Comfortable (P) Ltd. is registered under GST in the State of Odisha. It is engaged in the business of manufacturing of iron and steel products. It has received IT engineering services from High-Fi Infotech (P) Ltd. for ₹11,00,000 (excluding GST @18%) on 28th October. Invoice for service rendered was issued on 5th November.</p> <p>Comfortable (P) Ltd. made part payment of ₹4,20,000/- on 30th November. Being unhappy with service provided by High-fi Infotech (P) Ltd., it did not make the balance payment. Deficiency in service rendered was made good by High-Fi Infotech (P) Ltd. by 15th April of next year. Comfortable (P) Ltd. made the balance payment on 6th July of next year.</p> <p>Examine the availability of ITC with Comfortable (P) Ltd. in respect of IT engineering services received by it from High-Fi Infotech (P) Ltd. <i>[ICAI SM]</i></p>	
Ans:	<p>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.</p> <p>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 <u>failure to do so</u>, the corresponding <u>proportionate credits availed by the registered person shall be paid or reversed with interest payable thereon u/s 50</u> (on ITC wrongly availed & utilized), while furnishing the return in Form GSTR 3B for the tax period immediately following 180 days from the date of issue of the invoice. 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.</p> <p>In the given case, High-fi Infotech (P) Ltd. provides the service in the month of October and Comfortable (P) Ltd. receives the invoice in the month of November. Therefore, in view of the above provisions and assuming all other conditions required for availing ITC having been fulfilled, ITC of ₹1,98,000 (₹11,00,000 x 18%) will be availed by Comfortable (P) Ltd. in the month of November when it receives the invoice issued by High-fi Infotech (P) Ltd.</p> <p>However, proportionate ITC amounting to ₹1,33,932 \Rightarrow [(₹12,98,000 - ₹4,20,000)/118] x 18] shall be paid or reversed by Comfortable (P) Ltd. as full payment has not been made within 180 days of issuance of the invoice, i.e., by 4th May of next year. It has been assumed that it has only availed and not utilized such ITC, hence, Interest on the same will not be levied. ITC of ₹1,33,932 can, however, be availed again by Comfortable (P) Ltd. in the month of July next year when it makes the balance payment.</p>	
Q.24	<p>M/s. Diwan & Sons of New Delhi, has placed an order for 250 kg of plastic granules @ ₹50 per kg (exclusive of GST) on M/s. Karim & Bros. of Noida, U.P. M/s. Karim & Bros. has agreed to deliver the goods at the warehouse of M/s. Diwan & Sons at New Delhi.</p> <p>While the order was getting packed at the factory of M/s. Karim & Bros., M/s. Diwan & Sons got an order from Shubhkamna Sales of Hapur, U.P. for 250 kg of plastic granules @ ₹60 per kg (exclusive of GST). In order to save on transportation cost, M/s. Diwan & Sons asks M/s. Karim & Bros. to directly deliver the plastic granules to Shubhkamna Sales at its godown located in Hapur. Accordingly, M/s.</p>	

Karim & Bros. has delivered the plastic granules at the godown of Shubhkamna Sales at Hapur. Examine the availability of ITC for all parties.
Note: All the parties are registered under GST and rate of GST is 18%. [ICAI SM]

Ans: One of the conditions for availing ITC is that the registered person taking the ITC must have received the goods and/or services. However, goods delivered to a third person on the direction of the registered person by way of transfer of documents of title or otherwise, either before or during the movement, are deemed to have been received by such registered person. So, **ITC is available to the registered person, on whose order the goods are delivered to a third person even though the registered person does not receive the goods.**

In the given case, goods have been delivered by M/s. Karim & Bros. (supplier) to Shubhkamna Sales (third person) on the direction of M/s. Diwan & Sons (registered person). Therefore, in view of the above provisions, ITC of ₹2,250 (₹50 x 250 x 18%) will be available to M/s. Diwan & Sons (registered person) on the purchase of 250 kg of plastic granules @ 50 per kg.

Further, in this case there is another supply between Diwan & Sons (supplier) and Shubhkamna Sales (recipient). Therefore, Shubhkamna Sales can avail ITC of ₹2,700 (₹60 x 250 x 18%) on the purchase of 250 kg of plastic granules @ 60 per kg.

Q.26 A Ltd. procured the following goods in the month of December 2023.

Particulars	GST (₹)
(1) Goods used in constructing an additional floor of office building	18,450
(2) Goods given as free sample to prospective customers	15,000
(3) Trucks used for transportation of inputs in the factory	11,000
(4) Inputs used in trial runs	9,850
(5) Confectionery items for consumption of employees working in the factory	3,250
(6) Cement used for making foundation and structural support to plant and machinery	8,050

Compute the amount of ITC available with A Ltd. for the month of December 2023 by giving necessary explanations. Assume that all the other conditions necessary for availing ITC have been fulfilled. [PP-July 21, MTP-Sept 24]

Ans: Computation of amount of ITC available for the month of December 2023:

S. No.	Particulars	GST (₹)
(1)	Goods used in construction of additional floor of office building [ITC on goods received by a taxable person for construction of an immovable property on his own account is blocked even if the same is used in the course or furtherance of business. It has been assumed that cost of construction of additional floor has been capitalized]	Nil
(2)	Goods given as free samples to prospective customers [ITC on goods disposed of by way of free samples is blocked.]	Nil
(3)	Trucks used for transportation of inputs in the factory [ITC on motor vehicles used for transportation of goods is not blocked*.] *It has been assumed that depreciation has not been claimed on tax component.	11,000
(4)	Inputs used in trial runs [Being used in trial runs, inputs are used in the course or furtherance of business and hence ITC thereon is allowed.]	9,850
(5)	Confectionary items for consumption of employees working in the factory [ITC on food or beverages is blocked unless the same is used in same line of business or as an element of the taxable composite or mixed supply. Further, ITC on goods and/or service used for personal consumption is blocked.]	Nil
(6)	Cement used for making foundation and structural support to plant and machinery [ITC on goods used for construction of plant and machinery is not blocked. Plant	8,050

	and machinery include foundation and structural supports through which the same is fixed to earth.]																															
	Total Eligible ITC	28,900																														
Q.27	Rule 86B restricts the use of Input Tax Credit (ITC) available in the Electronic Credit Ledger for discharging output tax liability. List down the exceptions to the rule 86B. [PP-Nov 22]																															
Ans:	<p>Rule 86B of the CGST Rules, 2017 restricts the use of ITC available in the Electronic Credit Ledger for discharging output tax liability by a registered person. Exceptions to rule 86B are as follows:</p> <ol style="list-style-type: none"> 1) Where the said person/proprietor/karta/managing director/any of its two partners, whole-time directors, members of Managing Committee of Associations or Board of Trustees, as the case may be, have paid more than ₹1 lakh as income tax in each of the last 2 financial years. 2) Where the registered person has received a refund of more than ₹1 lakh in the preceding FY on account of <u>unutilized ITC</u> in case of <ol style="list-style-type: none"> a. zero rated supplies made without payment of tax or b. inverted duty structure. 3) Where the registered person has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, up to the said month in the current FY. 4) Where the registered person is Government Department, Public Sector Undertaking, Local authority or Statutory body. Said restriction may be removed by Commissioner/ authorized officer after required verifications and safeguards. 																															
Q.28	<p>Mr. Nikunj, a supplier of goods, pays GST under regular scheme. He is not eligible for any threshold exemption.</p> <p>He has made the following outward taxable supplies in the month of August:</p> <p>Intra State supplies of goods 6,00,000</p> <p>Inter State supplies of goods 2,00,000</p> <p>He has also furnished following information in respect of purchases made by him from registered dealers during August:</p> <p>Intra State supplies of goods 6,00,000</p> <p>Inter State supplies of goods 2,00,000</p> <p>Balance of ITC available at the beginning of August:</p> <p>Note:</p> <ol style="list-style-type: none"> (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively, on both inward and outward supplies. (ii) Both inward and outward supplies given above are exclusive of taxes, wherever applicable. (iii) All the conditions necessary for availing the ITC have been fulfilled. <p>Compute the minimum GST payable by Mr. Nikunj in cash for the month of August.</p>																															
Ans:	<p>Computation of GST Liability of Mr. Nikunj for the month of August: Computation of Total ITC:</p> <table border="1"> <thead> <tr> <th>S. No.</th> <th>Particulars</th> <th>Amount (₹)</th> <th>GST (₹)</th> </tr> </thead> <tbody> <tr> <td rowspan="3">(i)</td> <td>Intra-State supply of goods</td> <td></td> <td></td> </tr> <tr> <td>CGST @ 9% on ₹6,00,00</td> <td>54,000</td> <td></td> </tr> <tr> <td>SGST @ 9% on ₹6,00,00</td> <td>54,000</td> <td>1,08,000</td> </tr> <tr> <td>(ii)</td> <td>Inter -State supply of goods</td> <td></td> <td></td> </tr> <tr> <td></td> <td>IGST @ 18% on ₹2,00,000</td> <td></td> <td>36,000</td> </tr> </tbody> </table> <p>Computation of Total ITC:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>CGST @ 9% (₹)</th> <th>SGST @ 9% (₹)</th> <th>IGST @ 18% (₹)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	S. No.	Particulars	Amount (₹)	GST (₹)	(i)	Intra-State supply of goods			CGST @ 9% on ₹6,00,00	54,000		SGST @ 9% on ₹6,00,00	54,000	1,08,000	(ii)	Inter -State supply of goods				IGST @ 18% on ₹2,00,000		36,000	Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)					
S. No.	Particulars	Amount (₹)	GST (₹)																													
(i)	Intra-State supply of goods																															
	CGST @ 9% on ₹6,00,00	54,000																														
	SGST @ 9% on ₹6,00,00	54,000	1,08,000																													
(ii)	Inter -State supply of goods																															
	IGST @ 18% on ₹2,00,000		36,000																													
Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)																													

Opening ITC	15,000	35,000	20,000
Add: ITC on intra-state purchases of goods valuing ₹4,00,000	36,000	36,000	-
Add: ITC on inter-state purchases of goods valuing ₹50,000	-	-	9,000
Total ITC	51,000	71,000	29,000

Computation of minimum GST Payable in cash:

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
GST Payable	54,000	54,000	36,000
Less: ITC credit of IGST to be first utilized towards payment of IGST	-	-	(29,000)
ITC of CGST to be utilized for payment of	(51,000)	-	-
ITC of SGST to be utilized for payment of SGST and IGST in that order.	-	(54,000)	-
ITC of SGST to be utilized for payment of IGST, only after ITC of CGST has been utilized fully.	-	-	(7,000) SGST
Minimum GST payable in cash	3,000	Nil	Nil

Q.29 Restrictions have been imposed on the use of amount available in the electronic credit ledger vide rule 86B of the CGST Rules, 2017. Are there any exceptions to rule 86B? If yes, state the exceptions.
[RTP-May 22]

Ans: Restrictions have been imposed on the use of amount available in electronic credit ledger vide rule 86B of the CGST Rules, 2017.

Yes, there are exceptions to rule 86B. The exceptions to rule 86B are as under:

(i) Payment of Income Tax more than ₹1 lakh

Rule 86B may not apply in cases whereby person mentioned below have deposited sum of more than ₹1 lakh as income tax under the Income-tax Act, 1961 in each of the last 2 financial years for which the time limit to file return of income under section 139(1) of the said Act has expired

- ❖ The registered person
- ❖ The karta/proprietor/the managing director of the registered person;
- ❖ Any of the two partners, whole-time directors, members of Managing Committee of Associations or Board of Trustees of the registered person, as the case may be.

(ii) Receipt of refund of input tax credit of more than ₹ 1 lakh

Rule 86B may not apply whereby registered person has received a refund amount of more than ₹1 lakh on account of unutilized input tax credit under the following:

- ❖ Zero-rated supplies made without payment of tax
- ❖ Inverted duty structure

It is pertinent to note that refund should have been received in the preceding financial year.

(iii) Payment of total output tax liability through electronic cash ledger in excess of 1% of total output tax liability

If the registered person has paid more than 1% of total output tax liability using electronic cash ledger up to the said month in the current financial year, the restrictions as specified in Rule 86B shall not apply.

It is pertinent to note that GST liability paid under reverse charge mechanism should not be taken into account while calculating the total output liability paid through electronic cash ledger.

(iv) Specified registered person:

Rule 86B would not be applicable in case of below-mentioned registered person:

- ❖ government Department; or

	<ul style="list-style-type: none"> ❖ a public sector undertaking; or ❖ a local authority; or ❖ a statutory body. <p>However, Commissioner or an officer authorized by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit.</p>												
Q.30	<p>Renuka Sales, a registered supplier, receives 100 invoices (for inward supply of goods/ services) involving GST of ₹10 lakh, from various suppliers during the month of January, 2024. Out of 100 invoices, details of 80 invoices involving GST of ₹6 lakh have been furnished by the suppliers in their respective GSTR-1s filed on the prescribed due date therefor and such details have also been duly communicated to the recipients of such invoices in Form GSTR-2B.</p> <p>Compute the ITC that can be claimed by Renuka Sales in its GSTR-3B for the month of January, 2024 to be filed by 20th February assuming that GST of ₹10 lakh is otherwise eligible for ITC.</p> <p style="text-align: right;">[RTP–Nov 22, MTP–Sept 24]</p>												
Ans:	<p>ITC to be claimed by Renuka Sales in its GSTR-3B for the month of January to be filed by 20th February will be computed as under:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Invoices</th> <th style="text-align: center;">Amount of ITC involved in invoices (₹)</th> <th style="text-align: center;">Amount of ITC that can be the availed (₹)</th> </tr> </thead> <tbody> <tr> <td>80 invoices furnished in GSTR-1</td> <td style="text-align: center;">6 lakhs</td> <td style="text-align: center;">6 lakhs [Refer Note 1]</td> </tr> <tr> <td>20 invoices not furnished in GSTR-1</td> <td style="text-align: center;">4 lakhs</td> <td style="text-align: center;">Nil [Refer Note 2]</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">10 lakhs</td> <td style="text-align: center;">6 lakhs</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> 1. 100% ITC can be availed on invoices furnished by the suppliers in their GSTR-1. 2. Input tax credit in respect of any supply of goods or services or both is available to a registered person only, inter alia, if the details of the invoice/debit note in respect of said supply has been furnished by the supplier in the statement of outward supplies (GSTR-1) and such details have been communicated to the recipient of such invoice/debit note in the manner specified under section 37. Thus, in respect of 20 invoices 	Invoices	Amount of ITC involved in invoices (₹)	Amount of ITC that can be the availed (₹)	80 invoices furnished in GSTR-1	6 lakhs	6 lakhs [Refer Note 1]	20 invoices not furnished in GSTR-1	4 lakhs	Nil [Refer Note 2]	Total	10 lakhs	6 lakhs
Invoices	Amount of ITC involved in invoices (₹)	Amount of ITC that can be the availed (₹)											
80 invoices furnished in GSTR-1	6 lakhs	6 lakhs [Refer Note 1]											
20 invoices not furnished in GSTR-1	4 lakhs	Nil [Refer Note 2]											
Total	10 lakhs	6 lakhs											
Q.31	<p>"Rule 86A-of the CGST Rules, 2017 provides that in certain specified circumstances, Commissioner on the basis of reasonable belief may not allow debit of an amount equivalent to such credit in electronic credit ledger." State the grounds (as guided by CBIC) on which the reasons for such belief must be based on.</p> <p style="text-align: right;">[PP – May 23]</p>												
Ans:	<p>The reasons for such belief must be based on one or more of the following grounds:</p> <ol style="list-style-type: none"> 1) The credit is availed by the registered person on the invoices/debit notes issued by a supplier, who is found to be non-existent or is found not to be conducting any business from the place declared in registration. 2) The credit is availed by the registered person on invoices/debit notes, without actually receiving any goods and/or services. 3) The credit is availed by the registered person on invoices/debit notes, the tax in respect of which has not been paid to the Government. 4) The registered person claiming the credit is found to be non-existent or is found not to be conducting any business from the place declared in registration. 5) The credit is availed by the registered person without having any invoice/debit note or any other valid document for it. 												
Q.32	<p>A 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. State the exceptions to said rule.</p> <p style="text-align: right;">[MTP – May 23]</p>												
Ans.	<p>The condition of payment of value of supply plus tax within 180 days does not apply in the following situations:</p>												

- (a) Supplies on which tax is payable **under reverse charge**;
 (b) **Deemed supplies** without consideration;
 (c) **Additions made to the value of supplies** on account of supplier's liability, in relation to such supplies, being incurred by the recipient of the supply.

Q.33 As per the CGST Act 2017, Vishnu Limited was not mandatorily required to get registered, however it opted for voluntary registration and applied for registration on 12th February 2024. Registration certificate has been granted by the Department on 24th February 2024, Vishnu Limited is not engaged in making inter-State outward taxable supplies. The CGST and SGST liability for the month of February, 2024 is ₹ 31,000 each. Vishnu Limited provides the following information of goods held in stock on 23rd February 2024:

Sr. No.	Particulars	Amount (₹)
1.	Capital goods procured on 5 th February 2024, (Rate of CGST and SGST @ 6% each) being intra State supply.	2,00,000
2.	Inputs contained in finished goods stock held were procured on 13 th February 2023 (Rate of IGST @18%) being inter-State supply.	3,00,000
3.	Value of Inputs received on 10 th October, 2023 contained in semi-finished goods held in stock (Rate of CGST and SGST @ 6% each) being intra-State supply.	2,50,000
4.	Inputs procured on 1 st February 2024 lying in stock of semi-finished goods (Rate of CGST and SGST @ 7.5 % each) being intra-State supply.	1,50,000
5.	Inputs procured on 8 th February 2024 lying in stock of finished goods. (Rate of IGST @ 18%) being inter-State supply.	60,000

You are required to determine the eligible ITC available and amount of net minimum GST to be paid in cash by Vishnu Limited for the month of February 2024. **[PP-May 24]**

Ans. **Computation of minimum net GST to be paid in cash by Vishnu Limited for the month of February 2024**

Particulars	CGST (₹)	SGST (₹)
Output tax liability for the month	31,000	31,000
Less: Input tax credit (ITC) [Refer note below]	5,400 (IGST)	5,400 (IGST)
IGST credit is utilized first for payment of CGST and SGST liability in equal proportion. CGST credit is utilized for payment of CGST liability and SGST credit is utilized for payment of SGST liability.	<u>25,600 (CGST)</u>	<u>25,600 (SGST)</u>
Net GST payable (in cash)	Nil	Nil

Note: Person taking voluntary registration can avail ITC on inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration, i.e. on 23.02.2024, only within 1 year from date of issue of tax invoice by supplier.

Computation of eligible ITC available

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Capital goods [Person taking voluntary registration cannot avail ITC on capital goods held on the day immediately preceding the date of grant of registration.]	Nil	Nil	Nil
Inputs procured on 13 th February 2023	Nil	Nil	Nil

Inputs procured on 10 th October 2023	15,000	15,000	Nil
Inputs procured on 1 st February 2024	11,250	11,250	Nil
Inputs procured on 8 th February 2024	Nil	Nil	10,800
Total ITC	26,250	26,250	10,800

Note: In the above answer, minimum net GST to be paid in cash has been computed by setting off the IGST liability in equal proportion so as to minimize the amount of CGST and SGST payable in cash. Resultantly, Net GST payable (in cash) is Nil each under CGST and SGST.

However, since IGST credit can be set off against CGST and SGST liability in any order and in any proportion, the same can be set off against CGST and/or SGST liabilities in other possible ways as well.

It is assumed that amounts mentioned in the question are exclusive of GST. However, it is also possible to solve the question by assuming the amounts given in the question to be inclusive of tax.

Q.34 Surya is engaged in providing a bouquet of goods and services including services of renting of cars. It is registered in Jaipur, Rajasthan. It provides the following information for the month of January:

S. No.	Particulars	Amount (₹)
(i)	Organised a business exhibition in Gujarat for Jignesh Industries, registered in Surat, Gujarat	20,00,000
(ii)	Provided accommodation services to 10 CA students (originally from outside Rajasthan) in a hostel – Surya Homes, owned by it. Surya Homes is located in Jaipur, Rajasthan. [Hostel accommodation charges are ₹ 22,000 per student per month. As per agreement, minimum period of stay of the students in hostel is 4 months.]	2,20,000
(iii)	Performed the carnatic music to promote a brand of readymade garments – Rigley Garments, registered in Udaipur, Rajasthan.	1,45,000
(iv)	Intra-State services provided as a business correspondent of Manimani Bank, registered in Rajasthan, with respect to accounts in its Jaipur city branch.	1,20,000
(v)	Rented a commercial property in Jaipur, Rajasthan to Ganga Ltd., a supplier of goods and services registered in Jodhpur, Rajasthan. Surya is a director in Ganga Ltd.	3,00,000
(vi)	Sponsored a Business Summit organized in Bikaner, Rajasthan, by Associated Chamber of Commerce and paid a sponsorship fee of ₹ 5,00,000 to Associated Chamber of Commerce, registered in Jaipur, Rajasthan.	
(vii)	Received the services of transportation of goods by road from Sindhu Transporters, an unregistered Goods Transport Agency of Jodhpur, Rajasthan.	2,00,000
(viii)	Taken cars on rental basis from Ajay Limited, registered in Jodhpur, Rajasthan.	1,50,000

Notes:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services except the car rental service and service of transportation of goods by GTA, on which the rates of CGST, SGST and IGST are 2.5%, 2.5% and 5% respectively.
- All the amounts given above are exclusive of taxes, wherever applicable.
- There was no opening balance of the ITC for the relevant period.

From the information given above, you are required to compute the minimum net GST liability payable in cash (CGST, SGST or IGST, as the case may be) for the month of January for Surya.

[RTP-May 25]

Ans. Computation of minimum net GST payable in cash for the month of January by Surya

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
<u>GST payable under forward charge</u>				
Business exhibition organized for Jignesh Industries [Taxable since services by an organiser to any person in respect of a business exhibition are exempt only when such exhibition is held outside India. Further, it is an inter- State supply since place of supply of organisation of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to an exhibition is location of recipient, i.e. Gujarat.]	20,00,000	-	-	3,60,000 [20,00,000 x 18%]
Provided accommodation services to CA students in hostel [Supply of accommodation services having value of supply upto ₹ 20,000 per person per month are exempt provided that the accommodation service is supplied for a minimum continuous period of 90 days. Since in the given case, hostel accommodation charges per student per month exceed ₹ 20,000, said services are taxable. Further, it is an intra- State supply since the place of supply of services in relation to immovable property is the location of immovable property, i.e. Rajasthan.]	2,20,000	19,800 [2,20,000 x 9%]	19,800 [2,20,000 x 9%]	-
Carnatic music performance [Classical musical performance by the artist -Surya is not exempt even though consideration charged for such performance does not exceed ₹ 1,50,000 since he has performed as a brand ambassador. Further, it is an intra- State supply since the place of supply is location of recipient, i.e. Rajasthan.]	1,45,000	13,050 [1,45,000 x 9%]	13,050 [1,45,000 x 9%]	-
Business correspondent services provided [Taxable since services provided in the capacity of a business correspondent to a banking company are exempt only when said services are provided with respect to accounts in its rural area branch.]	1,20,000	10,800 [1,20,000 x 9%]	10,800 [1,20,000 x 9%]	-
Renting of commercial property to Ganga Ltd. [Taxable since renting of only residential dwelling for use as residence is exempt. Further, since services are being provided by director of the company in his personal capacity and supplier of services of renting of commercial property is a registered person, tax is payable under forward charge. Moreover, it is an intra- State supply since the place of supply of services in relation to immovable property is the location of immovable	3,00,000	27,000 [3,00,000 x 9%]	27,000 [3,00,000 x 9%]	-

property, i.e. Rajasthan.]				
Total output tax liability (A)		70,650	70,650	3,60,000
Less: ITC available				
Business Summit sponsored [Since recipient of sponsorship services is an individual (Surya), tax is not payable under reverse charge. It is an intra-State supply since place of supply of sponsorship services is location of recipient, i.e. Rajasthan. Further, ITC is available on said service since it is used in course or furtherance of business.]	5,00,000	45,000 [5,00,000 x 9%]	45,000 [5,00,000 x 9%]	
Services of transportation of goods received from unregistered GTA [It is intra-State supply since the place of supply of services by way of transportation of goods provided to a registered recipient is location of such recipient, i.e., Rajasthan. Moreover, ITC is available on said service since it is used in course or furtherance of business.]	2,00,000	5,000 [2,00,000 x 2.5%]	5,000 [2,00,000 x 2.5%]	-
Taken cars on rental basis from Ajay Limited. [Tax is not payable under reverse charge since the recipient, Surya is not a body corporate and supplier - Ajay Limited is a body corporate. It is an intra-State supply since place of supply of car rental services is location of recipient, i.e. Rajasthan. Further, ITC is available on said service since it is used in course or furtherance of business.]	1,50,000	3,750 [1,50,000 x 2.5%]	3,750 [1,50,000 x 2.5%]	-
Total ITC available (B)		53,750	53,750	Nil
Net GST (A)-(B) [ITC of CGST and SGST has been utilized for payment of CGST and SGST liability respectively.]		16,900	16,900	3,60,000
GST payable under reverse charge				
Services of transportation of goods received from unregistered GTA [Since GTA is unregistered, it has not exercised the option to pay tax itself; thus, tax on services of transportation of goods being provided to a registered person is payable under reverse charge by Surya @ 2.5% each under CGST and SGST.]	2,00,000	5,000 [2,00,000 x 2.5%]	5,000 [2,00,000 x 2.5%]	
Total net GST payable in cash		21,900	21,900	3,60,000

Q.35 M/s Poorvi Ltd, a registered supplier of various goods and services, provided the following information pertaining to GST paid on inward supplies for the month of August, 2024.

Sr No.	Particulars	GST Paid (₹)
1.	Purchased goods which are used for activities related to his obligation under corporate social responsibility referred to in section 135 of The Companies	3,00,000

	Act, 2013.	
2.	Purchased raw material worth ₹ 5,90,000 including GST in 5 lots. 3. lots of raw material worth ₹ 3,00,000 excluding GST received in the current month and remaining lots will be received in the month of September, 2024.	90,000
3.	Company paid for outdoor catering expenses for the lunch of its factory employees during the lunch hours as per the policy of the company. There is no legal obligation to provide such lunch facility to the employees.	50,000
4.	Purchased goods from M/s Om Traders -all goods and invoices were received by the company in August 2024, but one invoice out of these invoices has not been furnished by the supplier in the statement of outward supplies (using IFF). The GST paid on the invoice not furnished is ₹ 50,000.	2,00,000
5.	Purchased raw material to manufacture finished goods. Such finished goods to be sold to potential customers under Scheme 'Buy one get one free'.	1,50,000

Compute the amount of net ITC available to M/s Poorvi Ltd. for the month of August 2024 with necessary explanations for the treatment of all the items in the table as per the provision of the CGST Act, 2017 or CGST Rules, 2017 wherever applicable. Subject to information given above, all other conditions necessary for availing the ITC have been fulfilled. [PP-May 25]

Ans. Computation of net ITC available to M/s Poorva Ltd. for August 2024

	Particulars	₹
1.	Goods used for activities related to corporate social responsibility [ITC in respect of goods used for activities relating to obligations under corporate social responsibility (CSR) is not available under section 17 of the CGST Act, 2017 as the same is blocked.]	-
2.	Raw material purchased in lots [When goods are received in lots, ITC can be taken only upon receipt of the last lot].	-
3.	Outdoor catering expenses [ITC on outdoor catering services is blocked as ITC is not available under section 17 since such services are being provided by employer to employee without any statutory obligation.]	-
4.	Goods purchased from M/s Om Traders [2,00,000 – 50,000] [ITC can be availed only if the details of the invoice have been furnished by the supplier in Statement of outward supplies or GSTR-1 OR using Invoice Furnishing Facility (IFF). Thus, ITC of GST amounting to ₹ 50,000 paid on supply in respect of which the details of invoice have not been furnished, is not available.]	1,50,000
5.	Raw material ["Buy one get one free" offer is not an individual supply of two goods, it is supply of two goods for the price of one. Thus, ITC is available on the inputs used in relation to supply of goods as part of said offer.]	1,50,000
	Total ITC	3,00,000

Q.36 Mascot Motors Private Limited (hereinafter referred as MMPL), a dealer of motor vehicles, registered in Udaipur, Rajasthan, has given an ex- works contract to M/s Ganesh Traders, registered in Ahmedabad, Gujarat for manufacturing 10 units of Pick-Up vans. M/s Ganesh Traders manufactured the vans and handed them over to transporter on behalf of MMPL on 29th April and delivery on its part is complete at it's factory gate in Ahmedabad. Further, it raised the invoice for all ten Pick-Up vans on same day. MMPL has recorded the invoice in

it's books on the same day.

Price of the vans (ex-factory) was ₹ 10 lakh each (excluding GST @ 28%).

However, the vans were physically received by MMPL at its showroom in Udaipur, Rajasthan on 2nd May and payment was also made on the same day. After the payment, two Vans got damaged completely in a fire in the showroom in first week of May and therefore, they were written off in the books in the month of receipt by MMPL.

Discuss the availability of ITC on pick-up vans to MMPL with reference to the provisions under GST law. In which month, MMPL is eligible to avail ITC on the purchase of vans and how much ITC is available in respect of the vans? **[RTP-Sept 25]**

Ans. Section 16(2)(b) of the CGST Act, 2017 provides that no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless he has received the goods or services or both.

Explanation to section 16(2)(b) of the CGST Act, 2017 provides that it shall be deemed that the registered person has received the goods or, as the case may be, services, where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise.

Further, it has been clarified vide a circular that in case of Ex-works contract, the property in the goods can be considered to have been passed on to the dealer by the Original Equipment Manufacturer (OEM) upon handing over of the said goods to the transporter at his factory gate, meaning thereby that the goods can be considered to have been delivered to the registered person (the dealer), through the transporter, by the supplier (the OEM) at his factory gate and the supply of the said goods can be considered to have fructified at the factory gate of the OEM, even though the goods may be physically received by the registered person (the dealer) after the transit period.

In the given case, since the contract between M/s Ganesh Traders (OEM) and MMPL (dealer) is ex-works, pick up vans are considered to be received by MMPL on 29th April i.e. the date on which the vans are handed over to the transporter, even though they were physically received in the month of May.

So, initially on 29th April, full ITC of ₹28 lakh [₹10 lakh X 10 vans X 28%] can be availed while filing the return of the month of April.

Subsequently, after the receipt of vans in the showroom, 2 vans were destroyed due to fire and written off in the books.

So, ITC in respect of such vans, which was already availed has to be reversed while filing the return of the next month-May, since ITC on the goods, which are destroyed is not available in accordance with section 17(5) of the CGST Act, 2017.

The Amount of ITC which has to be reversed in the return of next month is = ₹5.6 lakh [₹10 lakh X 2 vans X 28%].

Q.37 Veer Trading Private Limited (VTPL) is a registered entity under GST in Jaipur, Rajasthan. It is engaged in wholesale trading of various sports items. VTPL furnishes the following information regarding its inward supplies during the month of February 2025:

S. No.	Particulars	Amount (Excluding any tax) (₹)
(i)	As per the policy of the company, the Managing Director (MD) of the company has taken membership of local sports club on behalf of company. The company paid fees monthly. Applicable rate of GST is 6% each of CGST and SGST.	20,000
(ii)	Purchased equipment from Original Equipment Manufacturer (OEM) as an Ex-Works (EXW) contract basis on 26th February 2025. As per terms of the	10,00,000

	contract, the goods are to be delivered by the OEM to transporter on behalf of the recipient, at supplier's (OEM) place of business. The OEM handed over the equipment to transporter on 28 th February, 2025 but equipment physically received by VTPL on 2 nd March, 2025. Applicable rate of GST is 6% each of CGST and SGST.	
(iii)	On 5th year of its incorporation, VTPL arranged an event from M/s Daksh Event company for customer's meet. M/s Daksh Event company charges single price of Event charge as ₹ 2,50,000 which is inclusive of food charges of ₹ 40,000 as per the general trend followed by the industry. Applicable rate of CGST and SGST @ 9% each for event and @ 14% each for food supply.	2,50,000
(iv)	Purchased Truck for transport of Goods (Rate of CGST and SGST @ 14% each) Claimed ₹ 2,10,000 (₹ 14,00,000 @ 15%) as depreciation under the Income Tax Act, 1961	14,00,000

Assume all the above transactions are in the course of Intra-State.

Subject to information given above, assume that all the other conditions necessary for availing ITC (unless specified otherwise) have been fulfilled and all the suppliers are registered under regular scheme.

Determine the amount of Input Tax Credit (ITC) that can be availed by Veer Trading Private Limited (VTPL) for each individual item as well as total eligible ITC for the month of February 2025 by giving necessary explanations for treatment of each item. **[PP-Sept 25]**

Ans. Computation of ITC that can be availed by Veer Trading Private Limited (VTPL) for February, 2025

	Particulars	Amount (₹)	ITC of CGST (₹)	ITC of SGST (₹)
(i)	Membership of local sports club [Since membership of club is not obligatory for employer to provide the same under any law, ITC on the same is blocked]	20,000	-	-
(ii)	Purchase of equipment from Original Equipment Manufacturer (OEM) on Ex-Works (EXW) contract basis [In order to take ITC, goods must have been actually received. In case of ex-works contract, equipment will be considered to have been "received" by the recipient at the time of handing over of said equipment by OEM to the transporter, at OEM's place of business.]	10,00,000	60,000 [10,00,000 x 6%]	60,000 [10,00,000 x 6%]
(iii)	Event arrangement inclusive of food supply [Being naturally bundled, supply of event arrangement and food is a composite supply; taxable at the rate applicable to event, being the principal supply. ITC on event arrangement services being used in course or furtherance of business is available. Further, ITC on food used an element of a taxable composite supply is	2,50,000	22,500 [2,50,000 x 9%]	22,500 [2,50,000 x 9%]

Q.1	<p>Examine, with reason, whether registration is required, under CGST Act, in the following independent cases:</p> <p>(i) Aadhav Computers of Gujarat is providing computer maintenance service. Aggregate turnover of Aadhav Computers is ₹15 lakhs which comprises both inter-state and intra-state supply.</p> <p>(ii) Soft Wings of West Bengal, exclusively trading in garments, supplies its taxable goods in various states of India from its outlet in West Bengal. Aggregate turnover of Soft Wings is ₹35 lakhs.</p> <p style="text-align: right;"><i>[ICAI SM]</i></p>
Ans:	<p>(i) Registration is compulsory for suppliers engaged in inter-state supply. However, as per Notification No.10/2017 IT dated 13.10.2017, threshold exemption of ₹20 lakhs [₹10 lakhs in case of Special Category States of Mizoram, Tripura, Manipur and Nagaland] is available in case of inter-state supply of taxable services.</p> <p>Therefore, Aadhav Computers (aggregate turnover ₹15 lakhs) is not required to obtain registration even though it is engaged in inter-state supply of taxable services.</p> <p>(ii) The threshold limit for registration in the State of West Bengal for the persons engaged exclusively in supply of goods, is ₹40 lakhs. However, registration is compulsory if the supplier is engaged inter- state supply of goods irrespective of the quantum of aggregate turnover. The threshold exemption is not available in case of inter-State supply of taxable goods. Thus, Soft Wings is required to obtain registration.</p>
Q.2	<p>Examine whether the liability to register compulsorily under section 24 arises in each of the independent cases mentioned below:</p> <p>1) Meenu, a supplier in Maharashtra, is exclusively engaged in supply of potatoes produced out of cultivation of her own land, within Maharashtra and also outside Maharashtra.</p> <p>2) Jinu Oils, Gujarat, is engaged in supplying machine oil as well as petrol. Further, it provides services of refining of oil to customers. Total turnover of supply of machine oil is ₹10 lakh, supply of petrol is ₹5 lakh and supply of services is ₹6 lakh.</p> <p>3) Tilu is working as an agent; he is supplying taxable goods as an agent of Tiku (who is registered taxable person) and its aggregate turnover does not exceed ₹20 lakh during the financial year.</p> <p style="text-align: right;"><i>[ICAI SM]</i></p>
Ans:	<p>1) Section 24 provides that persons making any inter-State taxable supply of goods are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover. However, as per section 23, an agriculturist, to the extent of supply of produce out of cultivation of land, is not liable to registration.</p> <p>Meenu is exclusively engaged in cultivation and supply of potatoes. Thus, she is not liable to registration irrespective of the fact that she is engaged in making inter-State supply of goods. Further, Meenu will not be liable to registration, in the given case, even if her turnover exceeds the threshold limit.</p> <p>2) Section 24 specifies the categories of persons who are required to be mandatorily registered under GST irrespective of the quantum of their aggregate turnover.</p> <p>In the given case, Jinu Oils does not fall in any of the specified categories. Therefore, it is not required to obtain registration compulsorily under GST.</p> <p>However, as per section 22 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making supply of both goods and services is ₹10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland and ₹20 lakh for the rest of India. Thus, the applicable threshold limit for the State of Gujarat is ₹20 lakh for supply of both goods and services. Further, aggregate turnover includes exempted turnover of goods or services.</p>

	<p>Accordingly, Jinu Oils is liable obtain registration since its aggregate turnover [₹21 lakh (including turnover of exempt supply of petrol)] exceeds the threshold limit of ₹20 lakh.</p> <p>3) Section 24 provides that persons who make taxable supply of goods and/or services on behalf of other taxable persons whether as an agent or otherwise are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.</p> <p>Therefore, <u>Tilu will be mandatorily required to obtain registration.</u></p>
<p>Q.3</p>	<p>Determine the effective date of registration under CGST Act in respect of the following cases with proper explanation:</p> <p>(i) The aggregate turnover of Varun Industries of Mumbai has exceeded ₹40 lakh on 1st August. Varun Industries manufactures LED TVs in Mumbai and sells them in Pune. It submits the application for registration on 20th August. Registration certificate granted on 25th August.</p> <p>(ii) Sweta InfoTech Services is the provider of internet services in Pune. Its aggregate turnover exceeds ₹20 lakh on 25th September. It submits the application for registration on 27th October. Registration certificate is granted on 5th November. [ICAI SM]</p> <p>Ans: As per section 22 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra- State taxable supplies of goods is as under:</p> <p>(a) ₹10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.</p> <p>(b) ₹20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.</p> <p>(c) ₹40 lakh for rest of India. However, the higher threshold limit of ₹40 lakh is not available to persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa; Pan masala; Tobacco and manufactured tobacco substitutes; Fly ash bricks; Fly ash aggregates; Fly ash blocks; Bricks of fossil meals or similar siliceous earths; Building bricks; and Earthen or roofing tiles.</p> <p style="text-align: center;"><i>first attempt success tutorials</i></p> <p>The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:</p> <p>(a) ₹10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.</p> <p>(b) ₹20 lakh for the rest of India.</p> <p>As per rule 10, where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person becomes liable to registration; otherwise, it is the date of grant of registration.</p> <p>In the light of the above provisions, in the given cases, the applicable turnover limit for registration will be ₹40 lakh and ₹20 lakh respectively in case (i) and (ii).</p> <p>(i) Since Varun Industries applied for registration within 30 days of becoming liable to registration, the effective date of registration is 1st August.</p> <p>(ii) Since Sweta InfoTech Services applied for registration after the expiry of 30 days from the date of becoming liable to registration, the effective date of registration is 5th November.</p>
<p>Q.4</p>	<p>Determine the effective date of registration in following cases:</p> <p>(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.</p> <p>(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. [ICAI SM, MTP-May 23]</p> <p>Ans: (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</p>

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.

Q.5 In order to be eligible for grant of registration, a person must have a Permanent Account Number issued under the Income- tax Act, 1961. State one exception to it. **[ICAI SM]**

Ans: **A Permanent Account Number is mandatory to be eligible for grant of registration. One exception to this is a non-resident taxable person.** A non-resident taxable person may be granted registration on the basis of other prescribed documents instead of PAN. He has to submit a self-attested copy of his valid passport along with the application signed by his authorized signatory who is an Indian Resident having valid PAN and application will be submitted in a different prescribed form [Section 25(6) & (7)].

Q.6 State which of the following suppliers are liable to be registered:

(a) Agent supplying taxable goods on behalf of some other taxable person and its aggregate turnover does not exceed the applicable threshold limit during the financial year.

(b) An agriculturist who is only engaged in supply of produce out of cultivation of land and its aggregate turnover exceeds the applicable threshold limit during the financial year. **[ICAI SM]**

Ans: (a) Section 22 stipulates that every supplier becomes liable to registration if his turnover exceeds the applicable threshold limit in a financial year. However, as per section 24, **a person making taxable supply of goods/services or both on behalf of other taxable persons whether as an agent or not is liable to be compulsorily registered even if its aggregate turnover does not exceed the applicable threshold limit during the financial year.**

(b) As per section 23, an **agriculturist who is only engaged in supply of produce out of cultivation of land is not required to obtain registration** even if his turnover exceeded the applicable threshold limit for registration.

Q.7 Pure Oils, Delhi has supplied machine oil and high-speed diesel in the month of April as per the details given in table below. Pure Oils is not yet registered.

S. No.	Particulars	Amount* (₹)
(i)	Supply of machine oil in Delhi	15,00,000
(ii)	Supply of high-speed diesel in Delhi	10,00,000
(iii)	Supply of machine oil made in Punjab by Pure Oils from its branch located in Punjab	10,00,000

*Excluding GST

Determine whether Pure Oils is liable for Registration. **[ICAI SM]**

Ans: As per section 22 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit.
The threshold limit for a person making exclusive intra-state taxable supplies of goods is as under:

(a) ₹10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.

(b) ₹20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.

(c) ₹40 lakh for rest of India except persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa; Pan masala; Tobacco and manufactured tobacco substitutes; Fly ash bricks; Fly ash aggregates; Fly ash blocks; Bricks of fossil meals or similar siliceous earths;

Building bricks; and Earthen or roofing tiles.

The **threshold limit for a person making exclusive intra-state taxable supplies of services or supply of the both goods and services is as under:**

- (a) ₹10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹20 lakh for the rest of India.

As per section 2(6), 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'.

Section 9(2) provides that CGST is not leviable on five petroleum products i.e., petroleum crude, motor spirit (petrol), high-speed diesel, natural gas and aviation turbine fuel. As per section 2(47), exempt supply includes non-taxable supply. Thus, supply of high-speed diesel in Delhi, being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.

In the backdrop of the above-mentioned discussion, the aggregate turnover of Pure Oils for the month of April is computed as under:

S. No.	Particulars	Amount* (₹)
(i)	Supply of machine oil in Delhi	15,00,000
(ii)	Add: Supply of high-speed diesel in Delhi	10,00,000
(iii)	Add: Supply of machine oil made in Punjab by Madhav Oils from its branch located in Punjab	10,00,000
	Aggregate Turnover	35,00,000

Pure Oils is making exclusive supply of goods and hence the threshold limit for registration would be ₹40,00,000. Since the aggregate turnover does not exceed ₹40,00,000, Pure Oils is not liable to be registered.

Q.8 What will be your answer if in question 7 above, in S. No. (ii), Pure Oils supplies the high-speed diesel in Delhi in the capacity of an agent of Mixed Oils Ltd.? *[ICAI SM]*

Ans: In case Pure Oils makes the supply in capacity of an agent of Mixed Oils Ltd.:
Section 24 provides that an agent who is engaged in making taxable supplying of goods on behalf of other taxable persons, shall be liable to obtain registration irrespective of the threshold turnover limit. However, **in the present case, if Pure Oils supply high speed diesel on behalf of Mixed Oil Ltd. in Delhi as its agent, it shall still not be liable to obtain registration in Delhi since section 24 comes into play only when agent is making taxable supply of goods on behalf of principal whereas in the given case, Pure Oils is supplying non-taxable goods on behalf of Mixed Oils Ltd.**

Q.9 Examine whether the supplier of goods is liable to get registered in the following independent cases:

- (i) Raghav of Assam is exclusively engaged in intra-State taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is ₹33 lakh. He has another showroom in Tripura with a turnover of ₹11 lakh in the current FY.
- (ii) Pulkit of Panjim, Goa is exclusively engaged in intra-State taxable supply of shoes. His aggregate turnover in the current financial year is ₹22 lakh.
- (iii) Harshit of Himachal Pradesh is exclusively engaged in intra-State supply of pan masala. His aggregate turnover in the current financial year is ₹24 lakh. *[ICAI SM, MTP-May 23]*

<p>Ans:</p>	<p>As per section 22 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra- State taxable supplies of goods is as under:</p> <p>(a) ₹10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.</p> <p>(b) ₹20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.</p> <p>(c) ₹40 lakh for rest of India except persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa; Pan masala; and Tobacco and manufactured tobacco substitutes; Fly ash bricks; Fly ash aggregates; Fly ash blocks; Bricks of fossil meals or similar siliceous earths; Building bricks; and Earthen or roofing tiles.</p> <p>In the light of the afore-mentioned provisions, the answer to the independent cases is as under:</p> <p>(i) Raghav is eligible for higher threshold limit of turnover for registration, i.e., ₹40 lakh as he is exclusively engaged in intra-State supply of goods. However, since Raghav is engaged in supplying readymade garments from a Special Category State i.e., Tripura, the threshold limit gets reduced to ₹10 lakh. Thus, Raghav is liable to get registered under GST as his turnover exceeds ₹10 lakh. Further, he is required to obtain registration in both Assam and Tripura as he is making taxable supplies from both the States.</p> <p>(ii) The applicable threshold limit for registration for Pulkit in the given case is ₹40 lakh as he is exclusively engaged in intra-State taxable supply of goods in Goa. Thus, he is not liable to get registered under GST as his turnover is less than the threshold limit.</p> <p>(iii) Harshit being exclusively engaged in supply of pan masala is not eligible for higher threshold limit of ₹40 lakh. The applicable threshold limit for registration in this case is ₹20 lakh. Thus, Harshit is liable to get registered under GST.</p>
<p>Q.10</p>	<p>Examine whether the supplier is liable to get registered in the following independent cases:</p> <p>(i) Ankit of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is ₹25 lakh.</p> <p>(ii) Sanchit of Assam is engaged in intra-State supply of both taxable goods and services. His aggregate turnover in the current financial year is ₹30 lakh. [ICAI SM]</p>
<p>Ans:</p>	<p>As per section 22 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:</p> <p>(a) ₹10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.</p> <p>(b) ₹20 lakh for the rest of India.</p> <p>(i) Though Ankit is dealing in Assam, he is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusively supply of goods and he is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is ₹20 lakh and hence, Ankit is liable to get registered under GST.</p> <p>(ii) Since Sanchit is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in his case is ₹20 lakh. Thus, Sanchit is liable to get registered under GST as his turnover is more than the threshold limit.</p>
<p>Q.11</p>	<p>What are the advantages of taking registration in GST? [ICAI SM]</p>
<p>Ans:</p>	<p>Registration will confer following advantages to the business:</p> <ul style="list-style-type: none"> ➤ Legally recognized as supplier of goods or services. ➤ Proper accounting of taxes paid on the input goods or services which can be utilized for payment of GST due on supply of goods or services or both by the business. ➤ Legally authorized to collect tax from his purchasers and pass on the credit of the taxes paid on the goods or services supplied to purchasers or recipients. ➤ Become eligible to avail various other benefits and privileges rendered under the GST laws.

Q.12	Can a person without GST registration collect GST and claim ITC?	[ICAI SM]
Ans:	No, a person without GST registration can neither collect GST from his customers nor can claim any input tax credit of GST paid by him.	
Q.13	If a person is making taxable supplies from different States, with the same PAN number, can he operate with a single registration?	[ICAI SM]
Ans:	No. Every person who is liable to take a registration will have to get registered separately for each of the States where he has a business operation (and making taxable supplies) provided his aggregate turnover exceeds applicable threshold limit in a financial year.	
Q.14	Can a person having multiple places of business in a State obtain separate registrations for each place of business?	[ICAI SM]
Ans:	Yes. In terms of the proviso to sub-section (2) of section 25, a person having multiple places of business in a State may obtain a separate registration for each place of business, subject to such conditions as may be prescribed.	
Q.15	Is there a provision for a person to get himself voluntarily registered though he may not be liable to pay GST?	[ICAI SM]
Ans:	Yes. In terms of sub-section (3) of section 25, a person, though not liable to be registered under sections 22 or 24 may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered taxable person, shall apply to such person.	
Q.16	Can the Department, through the proper officer, suo-moto proceed to register a person under GST?	[ICAI SM]
Ans:	Yes. In terms of sub-section (8) of section 25, where a person who is liable to be registered under GST law fails to obtain registration, the proper officer may, without prejudice to any action which may be taken under CGST Act, or under any other law for the time being in force, proceed to register such person in the manner as is prescribed in the CGST Rules.	
Q.17	Whether the registration granted to any person is permanent?	[ICAI SM]
Ans:	Yes, the registration certificate once granted is permanent unless surrendered, cancelled, or suspended.	
Q.18	Is it necessary for the UN bodies to get registration under GST?	[ICAI SM]
Ans:	In terms of section 25(9), all notified UN bodies, Consulate or Embassy of foreign countries and any other class of persons so notified would be required to obtain a unique identification number (UIN) from the GST portal.	
Q.19	What is the responsibility of the taxable person making supplies to UN bodies?	[ICAI SM]
Ans:	The taxable supplier making supplies to UN bodies is expected to mention the UIN on the invoices and treat such supplies as supplies to another registered person (B2B).	
Q.20	What is the validity period of the registration certificate issued to a casual taxable person and non-resident taxable person?	[ICAI SM]
Ans:	In terms of section 27(1) read with proviso thereto, the certificate of registration issued to a "casual taxable person" or a "non-resident taxable person" shall be valid for a period specified in the application for registration or 90 days from the effective date of registration , whichever is earlier. However, the proper officer, at the request of the said taxable person, may extend the validity of the aforesaid period of 90 days by a further period not exceeding 90 days.	
Q.21	What happens when the registration is obtained by means of willful misstatement, fraud or suppression of facts?	[ICAI SM]
Ans:	In such cases, the registration may be cancelled with retrospective effect by the proper officer [Section 29(2)(e)].	

Q.22	Is there an option to take centralized registration for services under GST Law? [ICAI SM]																
Ans:	No, the tax payer has to take separate registration in every State from where he makes taxable supply of services.																
Q.23	What could be the liabilities (in so far as registration is concerned) on transfer of a business? [ICAI SM]																
Ans:	The transferee or the successor shall be liable to be registered with effect from such transfer or succession and he will have to obtain a fresh registration with effect from the date of such transfer or succession [Section 22(3)].																
Q.24	At the time of registration, will the assessee have to declare all his places of business? [ICAI SM]																
Ans:	Yes. The principal place of business and place of business have been separately defined under section 2(89) & 2(85) respectively. The taxpayer will have to declare the principal place of business as well as the details of additional places of business in the registration form.																
Q.25	Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled? [ICAI SM]																
Ans:	Yes, as per section 29(5), every registered person whose registration is cancelled shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher.																
Q.26	P Ltd, a registered person provided following information for the month of October, 2023:																
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>Intra-State outward supply</td> <td style="text-align: right;">8,00,000</td> </tr> <tr> <td>Inter-State exempt outward supply</td> <td style="text-align: right;">4,00,000</td> </tr> <tr> <td>Turnover of exported goods</td> <td style="text-align: right;">20,00,000</td> </tr> <tr> <td>Payment of IGST</td> <td style="text-align: right;">1,20,000</td> </tr> <tr> <td>Payment of CGST and SGST (each)</td> <td style="text-align: right;">45,000</td> </tr> <tr> <td>Payment of custom duty on export</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td>Payment made for availing GTA services</td> <td style="text-align: right;">3,00,000</td> </tr> </tbody> </table>	Particulars	Amount (₹)	Intra-State outward supply	8,00,000	Inter-State exempt outward supply	4,00,000	Turnover of exported goods	20,00,000	Payment of IGST	1,20,000	Payment of CGST and SGST (each)	45,000	Payment of custom duty on export	40,000	Payment made for availing GTA services	3,00,000
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	<p>GST is payable on reverse charge for GTA services.</p> <p>Explain the meaning of aggregate turnover u/s 2(6) of the CGST Act and compute the aggregate turnover of P Ltd. for the month of October, 2023. All amounts are exclusive of GST. [PP-July 21]</p>																
Ans:	<p>The term 'aggregate turnover' includes the aggregate value of:</p> <ul style="list-style-type: none"> (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, to be computed on all India basis but excluding: <ul style="list-style-type: none"> (a) Central tax, State tax, Union Territory tax, Integrated tax and Cess. (b) The value of inward supplies on which tax is payable by a person on reverse charge basis. <p>Computation of aggregate turnover of P Ltd. for the month of October 2023:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>In terms of the definition of the aggregate turnover given above, the aggregate turnover of P Ltd. has been computed as follows:</td> <td></td> </tr> <tr> <td>Intra-State outward supply</td> <td style="text-align: right;">8,00,000</td> </tr> <tr> <td>Inter-State exempt outward supply</td> <td style="text-align: right;">4,00,000</td> </tr> <tr> <td>Turnover of exported goods</td> <td style="text-align: right;">20,00,000</td> </tr> </tbody> </table>	Particulars	Amount (₹)	In terms of the definition of the aggregate turnover given above, the aggregate turnover of P Ltd. has been computed as follows:		Intra-State outward supply	8,00,000	Inter-State exempt outward supply	4,00,000	Turnover of exported goods	20,00,000						
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In terms of the definition of the aggregate turnover given above, the aggregate turnover of P Ltd. has been computed as follows:																	
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Inter-State 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 under reverse charge for availing GTA services	Nil
	Aggregate turnover	32,40,000

Q.27 Examine the following cases and explain with reasons whether the supplier of goods is liable to get registered in GST:

(i) Krishna of Himachal Pradesh is exclusively engaged in intra-State taxable supply of readymade suits. His turnover in the current financial year from Himachal Pradesh showroom is ₹25 lakh. He has two more showrooms one in Manipur & another in Sikkim with a turnover of ₹15 lakh and ₹18 lakh respectively in the current financial year.

(ii) Ankit of Telangana is exclusively engaged in intra-State taxable supply of footwear. His aggregate turnover in the current financial year is ₹25 lakh

(iii) Aakash of Uttar Pradesh is exclusively engaged in intra-State supply of pan masala. His aggregate turnover in the current financial year is ₹30 lakh. **[PP - July 21]**

Ans: Every person engaged in making a taxable supply is required to obtain registration if his aggregate turnover exceeds ₹20 lakh in a financial year. An enhanced threshold limit for registration of ₹40 lakh is available to persons engaged exclusively in intra-State supply of goods in specified States.

(i) The applicable threshold limit for registration gets reduced to ₹10 lakh in case a person is engaged in making taxable supply from a Special Category State. Since Krishna is making taxable supply from Manipur – a Special Category State, the applicable threshold limit will get reduced to ₹10 lakh. Thus, it is **liable to be registered under GST as its aggregate turnover exceeds the said threshold limit.**

(ii) Since Ankit is exclusively engaged in intra-State supply of goods in Telangana, which is not a specified State for enhanced threshold limit, the applicable threshold limit for registration is ₹20 lakh. Thus, **Ankit is liable to be registered under GST as its aggregate turnover exceeds the said threshold limit.**

(iii) Though the enhanced threshold limit for registration of ₹40 lakh is available to Uttar Pradesh, the same will not be applicable if the person is engaged in supply of pan masala. In view of the same, the applicable threshold limit for Aakash is ₹20 lakh. Thus, it is **liable to be registered under GST as its aggregate turnover exceeds the said threshold limit.**

Q.28 Q Ltd. is engaged exclusively in supply of taxable goods from the following states. The particulars of intra- state supplies for the month of May 2023 are as follows:

State	Amount (₹)
Madhya Pradesh	5,00,000
Gujarat	14,00,000
Tripura	12,00,000

(i) Q Ltd. seeks to know whether it is liable for registration under GST. Give your explanation.

(ii) Will your answer be different if Q Ltd. supplies only petrol & diesel from Tripura instead of any other taxable goods? **[PP - Dec 21]**

Ans: Every person engaged in making a taxable supply is required to obtain registration if his aggregate turnover exceeds ₹20 lakh in a financial year. An enhanced threshold limit for registration of ₹40 lakh is available to persons engaged exclusively in intra-State supply of goods in specified States. However, the applicable threshold limit for registration gets reduced to ₹10 lakh in case a person is engaged in making supply from a specified Special Category State provided such supply is a taxable supply.

(i) Since Q Ltd. is making supply of taxable goods* from Tripura – a specified Special Category State,

	<p>the applicable <u>threshold limit will get reduced to ₹10 lakh.</u> Thus, it is liable to be registered under GST as its aggregate turnover [₹31 lakh] exceeds the said threshold limit.</p> <p>*It has been assumed that Q Ltd. is not engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa; Pan masala; all goods of Chapter 24, i.e., Tobacco and manufactured tobacco substitutes; Fly ash bricks; Fly ash aggregates; Fly ash blocks; Bricks of fossil meals or similar siliceous earths; Building bricks; and Earthen or roofing tiles.</p> <p>(ii) In case Q Ltd. is making supply of non-taxable goods [petrol and diesel] from Tripura, the applicable threshold limit will not be reduced to ₹10 lakh; <u>enhanced threshold limit of ₹40 lakh will be applicable.</u> Thus, it is not liable to be registered under GST as its aggregate turnover [₹31 lakh] does not exceed the said threshold limit.</p>
<p>Q.29 Mr. Q, a casual taxable person of Gujarat state is a trader of taxable notified handicraft goods. It makes supplies to the states of Maharashtra, Rajasthan and Andhra Pradesh. Turnover for October, 2023 is ₹18 Lakh.</p> <p>(i) Explain the provisions of registration for casual taxable person under GST. Examine whether Mr. Q is liable for registration or not?</p> <p>(ii) What will be the answer if Mr. Q makes trading in taxable notified products instead of taxable notified handicraft goods which involves 75% making on machine and 25% by hand.</p> <p style="text-align: right;">[PP - Dec 21]</p>	<p>Ans: (i) A casual taxable person is required to obtain compulsory registration under GST irrespective of the quantum of its aggregate turnover.</p> <p>However, a threshold limit of ₹20 lakh (₹10 lakh in case of specified Special Category States) is available for registration to a casual taxable person who:</p> <ul style="list-style-type: none"> • is making inter-State taxable supplies of notified handicraft goods and notified hand-made goods, • is availing the benefit of exemption from registration available to inter-State supply of above-mentioned goods up to the aggregate turnover of ₹20 lakh (₹10 lakh in case of specified Special Category States), and • has obtained a PAN and • has generated an e-way bill. <p>In the given case, since Mr. Q is engaged in supplying notified handicraft goods and its aggregate turnover* does not exceed ₹20 lakh, he will not be liable to registration provided he fulfills other conditions specified herein.</p> <p>*It has been assumed that Mr. Q has started supply of goods in October 2023 itself.</p> <p>(ii) In case Mr. Q is engaged in trading of notified products which are predominantly made by machine, he will not be eligible for the exemption from registration under aforesaid provisions and needs to take compulsory (mandatory) registration.</p>
<p>Q.30 State any five circumstances under which the proper officer can cancel the registration on his own under the CGST Act, 2017.</p> <p style="text-align: right;">[PP-May 22]</p>	<p>Ans: Circumstances under which the proper officer can cancel the registration on his own under the CGST Act, 2017:</p> <p>(i) A registered person has bany of the following prescribed provisions of the GST law:</p> <ol style="list-style-type: none"> (a) he does not conduct any business from the declared place of business. (b) he issues invoice/bill without supply of goods/services in violation of the provisions of GST law (c) he violates the provisions of anti-profiteering. (d) he violates the provisions relating to furnishing of bank details. (e) he avails ITC in violation of the provisions of the GST law. (f) furnishes the details of outward supplies in GSTR-1 for one or more tax periods which is in excess of the outward supplies declared by him in his valid return for the said tax periods.

- (g) he violates the provision relating to restrictions on use of amount available in electronic credit ledger
- (ii) A person paying tax under composition levy has **not furnished the return** for a financial year beyond 3 months from the due date of furnishing the said return.
- (iii) A registered person paying tax under regular scheme has **not furnished returns** for such continuous tax period as may be prescribed.
- (iv) Voluntarily registered person has **not commenced the business** within 6 months from the date of registration.
- (v) Registration was obtained by means of fraud, willful misstatement or suppression of facts.

Q.31 Nesamani started his business activities in the month of February 2024 in the State of Orissa. He provided the following details:

Particulars	Amount (₹)
Outward supply of petrol (Intra State)	4,00,000
Transfer of exempt goods to his branch in Rajasthan (Inter- State)	2,00,000
Outward supply of taxable goods by his branch in Uttar Pradesh (Intra State)	5,00,000
Outward supply of services on which tax is payable under RCM by the recipient of services (Intra-State)	6,00,000
Inward supply of services on which tax is payable under RCM (Intra- State)	2,00,000

From the information given above, compute the aggregate turnover of Nesamani and also decide whether he is required to get registration under GST. Assume that the amounts given above are exclusive of taxes.

[PP - Nov 22]

Ans:

Computation of aggregate turnover of Nesamani:

Particulars	Amount (₹)
Outward supply of petrol [Supply of petrol being a non-taxable supply is an exempt supply. Value of exempt supply is includible in aggregate turnover.]	4,00,000
Inter-State stock transfer of exempt goods [Supply of taxable/exempt goods between distinct persons is includible.]	2,00,000
Outward supply of taxable goods from Uttar Pradesh branch [Value of outward supplies under same PAN are includible.]	5,00,000
Outward supply of services taxable under reverse charge [Includible in aggregate turnover.]	6,00,000
Inward supply of services taxable under reverse charge [Excludible from the aggregate turnover.]	Nil
Aggregate Turnover	17,00,000

For a supplier engaged in supply of goods and services from the States of Orissa and Uttar Pradesh, the threshold limit of aggregate turnover to obtain registration is ₹20 lakh. However, a person required to pay tax under reverse charge has to obtain registration compulsorily irrespective of the quantum of turnover.

Since in the given case, Nesamani is required to pay tax under reverse charge, it is liable to obtain registration compulsorily irrespective of his quantum of turnover.

Q.32 Answer the following, after reading the below given paragraph:

- (i) Briefly discuss the relevant provision
- (ii) decide the correct conclusion and
- (iii) determine the validity of the given advice (Correct/Incorrect)

Dharun provides service as a business facilitator to Zio Bank Limited by facilitating in opening of

	<p>bank accounts to villagers in its rural branches in Punjab and earned a commission of ₹22 lakh in the month of April, 2024. So far, he is not registered under GST. Dharun's tax consultant advised him that he is liable for registration under GST as his gross receipts exceeded ₹20 lakh. Dharun has no other receipt / business activity other than the above. [PP-Nov 22]</p> <p>Ans: Services by a business facilitator to a banking company with respect to accounts in its rural area branch is exempt from GST. Since in the given case, Dharun is <u>engaged exclusively in providing the exempt services</u>, it is not liable to obtain registration even though his aggregate turnover exceeds ₹20 lakh. Thus, the advice given by his tax consultant is not correct.</p>
<p>Q.33</p> <p>Ans:</p>	<p>Examine whether the liability to register compulsorily under section 24 of the CGST Act, 2017 arises in each of the independent cases mentioned below:</p> <ol style="list-style-type: none"> 1) Heera, a supplier in Haryana, is exclusively engaged in supply of potatoes produced out of cultivation of his own land, within Haryana and also outside Haryana. 2) Aanya of Telangana is exclusively engaged in intra-State supply of toys. Its aggregate turnover in the current financial year is ₹22 lakh. <p>1) Section 24 of the CGST Act, 2017 provides that persons making any inter -State taxable supply of goods are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover. However, as per section 23 of the CGST Act, 2017, an agriculturist, to the extent of supply of produce out of cultivation of land, is not liable to registration. Heera is exclusively engaged in cultivation and supply of potatoes. Thus, he is not liable to registration irrespective of the fact that he is engaged in making inter -State supply of goods. Further, Heera will not be liable to registration, in the given case, even if his turnover exceeds the threshold limit.</p> <p>2) As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:</p> <ol style="list-style-type: none"> a) ₹10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland. b) ₹20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand. c) ₹40 lakh for rest of India except persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes; Fly ash bricks; Fly ash aggregates; Fly ash blocks; Bricks of fossil meals or similar siliceous earths; Building bricks; and Earthen or roofing tiles. <p>Since Aanya is making taxable supplies from Telangana, she will <u>not be eligible for higher threshold limit</u> available in case of exclusive supply of goods. The <u>applicable threshold limit for registration for Aanya in the given case is ₹20 lakh</u>. Thus, she is liable to get registered under GST.</p>
<p>Q.34</p>	<p>Mr. X of Haryana intends to start business of supply of building material to various construction sites in Haryana. He has taken voluntary registration under GST in the month of April. However, he has not commenced the business till December due to lack of working capital. The proper officer suo-motu cancelled the registration of Mr. X. You are required to examine whether the action taken by proper officer is valid in law? Mr. X has applied for revocation of cancellation of registration after 40 days from the date of service of the order of cancellation of registration. Department contends that application for revocation of cancellation of registration can only be made within 90 days from the date of service of the order of cancellation of registration. However, Mr. X contends that the period of submission of application may be extended on sufficient grounds being shown. You are required to comment upon the validity of contentions raised by Department and Mr. X. [RTP – May 22, RTP – May 25]</p>

- Ans:** As per section 29 of the CGST Act, 2017, the proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where;
- a registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed; or
 - a person paying tax under composition scheme has not furnished the return for a financial year beyond 3 months from the due date of furnishing the said return; or
 - any registered person, other than a person specified in clause (b), has not furnished returns for such continuous tax period as may be prescribed; or
 - any person who has taken voluntary registration under sub-section (3) of section 25 has not commenced business within six months from the date of registration; or
 - registration has been obtained by means of fraud, willful misstatement, or suppression of facts.

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

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

However, the said period of 90 days may, on sufficient cause being shown and for reasons to be recorded in writing, be **extended for a period not exceeding 180 days** by Commissioner or on authorization of Commissioner by Additional/Joint Commissioner.

Thus, considering the above provisions, **the contention of Department is not valid in law as extension can be sought in the prescribed time limit for revocation of cancellation of registration.** The **contention raised by Mr. X is valid in law** as extension in time limit is allowed on sufficient cause being shown and for reasons to be recorded in writing.

- Q.35** Examine whether the supplier of goods is liable to get registered in the following independent cases:
- Rudra Builders of Rohini, Delhi is exclusively engaged in intra-State taxable supply of building bricks. It's aggregate turnover in the current financial year is ₹23 lakh.
 - Heera of Himachal Pradesh is exclusively engaged in intra-State taxable supply of footwear. His turnover in the current financial year (FY) from Himachal Pradesh showroom is ₹32 lakh. He has another showroom in Nagaland with a turnover of ₹11 lakh in the current FY. **[RTP - Nov 22]**

Ans: As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to get registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:

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

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

- The benefit of enhanced threshold limit of registration of ₹40 lakh is not applicable for Rudra brothers even though it is exclusively engaged in intra-State taxable supply of goods in Delhi as it is engaged in making supplies of building bricks. Thus, **the applicable threshold limit for registration for Rudra Builders in the given case is ₹20 lakh. Thus, it is liable to get registered under GST as its turnover is more than the threshold limit.**
- Heera could have been eligible for enhanced threshold limit of turnover for registration, i.e., ₹40 lakh as he is exclusively engaged in intra-State supply of goods. However, since Heera is engaged

	<p>in supplying footwear from a Special Category State i.e., Nagaland, the threshold limit gets reduced to ₹10 lakh. Thus, Heera is liable to get registered under GST as his turnover exceeds ₹10 lakh. Further, he is required to obtain registration in both Himachal Pradesh and Nagaland as he is making taxable supplies from both the States.</p>
<p>Q.36</p>	<p>“Aadhaar authentication is not required for persons who are already registered under GST.” Examine and discuss the correctness of the statement. You are required to elaborate the relevant legal provisions. <i>[RTP – Nov 22]</i></p>
<p>Ans:</p>	<p>The given statement is incorrect. Aadhaar authentication has been made mandatory for the new registrants as well as for the existing registrants. With regard to existing registrants, section 25(6A) of the CGST Act, 2017 stipulates that every registered person shall undergo authentication, or furnish proof of possession of Aadhaar number, in the prescribed form, manner and time. New rule 10B of the CGST Rules, 2017 prescribes the manner in which Aadhaar authentication needs to be done by a registered person.</p> <p>A registered person, who has been issued a certificate of registration under GST, shall undergo authentication of the Aadhaar number of:</p> <ul style="list-style-type: none"> ○ Proprietor, in the case of proprietorship firm, ○ Any partner, in the case of a partnership firm, ○ Karta, in the case of a Hindu undivided family, ○ Managing director or any whole-time director, in the case of a company, ○ Any of the Members of the Managing Committee of an Association of persons or body of individuals or a Society, or ○ Trustee in the Board of Trustees, in the case of a Trust; <u>and</u> of the Authorized Signatory in order to be eligible for the following purposes: <ul style="list-style-type: none"> ✓ for filing of application for revocation of cancellation of registration [Rule 23] ✓ for filing of refund application in Form RFD-01 [Rule 89] ✓ for refund of the IGST paid on goods exported out of India [Rule 96] <p>First proviso to section 25(6A) of the CGST Act, 2017 provides that if an Aadhaar number is not assigned to an existing registered person, such person shall be offered alternate and viable means of identification in the prescribed manner. Such manner has been prescribed by rule 10B of the CGST Rules, 2017 as follows:</p> <p>If Aadhaar number has not been assigned to the person required to undergo authentication of the Aadhaar number, such person shall furnish the following identification documents, namely:</p> <ul style="list-style-type: none"> (a) his/ her Aadhaar Enrolment ID slip; and (b) - Bank passbook with photograph; or <ul style="list-style-type: none"> - Voter identity card issued by the Election Commission of India; or - Passport; or - Driving license issued by the Licensing Authority <p>However, once Aadhaar number is allotted to such person, he shall undergo the authentication of Aadhaar number within a period of 30 days of the allotment of the Aadhaar number. The afore-said rule 10B shall not be applicable to persons notified under section 25(6D) of the CGST Act, 2017, i.e., to persons exempt from Aadhaar authentication.</p>
<p>Q.37</p>	<p>Briefly enumerate the contraventions which make a registered person liable to cancellation of registration, as prescribed under rule 21 of the CGST Rules, 2017. <i>[RTP – May 23]</i></p>
<p>Ans:</p>	<p>Rule 21 of the CGST Rules, 2017 prescribes the contraventions which make a registered person liable to cancellation of registration. As per said rule, the registration granted to a person is liable to be cancelled, if the said person –</p> <ul style="list-style-type: none"> (a) does not conduct any business from the declared place of business. (b) issues invoice/bill without supply of goods/services in violation of the provisions of this Act, or the rules made thereunder.

- (c) violates the provisions of section 171 of the CGST Act. Section 171 contains provisions relating to anti- profiteering measure.
- (d) violates the provision of rule 10A of the CGST Rules relating to furnishing of bank account details.
- (e) avails input tax credit in violation of the provisions of section 16 of the CGST Act or the rules made thereunder.
- (f) furnishes the details of outward supplies in Form GSTR-1 under section 37 of the CGST Act for one or more tax periods which is in excess of the outward supplies declared by him in his valid return under section 39 for the said tax periods.
- (g) being a registered person required to file return under section 39(1) of the CGST Act for each month or part thereof (i.e., monthly return filer), has not furnished returns for a continuous period of 6 months.
- (h) being a registered person required to file return under proviso to section 39(1) of the CGST Act for each quarter or part thereof (i.e., quarterly return filer), has not furnished returns for a continuous period of 2 tax periods.

Q.38 Examine whether the supplier of goods is liable to get registered in the following independent cases:

- (i) Aryabhata of Assam is exclusively engaged in intra-State taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is ₹12 lakh. He has another showroom in Manipur with a turnover of ₹11 lakh in the current FY.
- (ii) Bharat of Panjim, Goa is exclusively engaged in intra-State taxable supply of shoes. His aggregate turnover in the current financial year is ₹22 lakh.
- (iii) Vikramaditya of Himachal Pradesh is exclusively engaged in intra-State supply of bricks of fossil meals. His aggregate turnover in the current financial year is ₹24 lakh. **[MTP – Nov 22]**

Ans: A supplier is liable to get registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:

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

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

- (i) Aryabhata is eligible for enhanced threshold limit of turnover for registration, i.e., ₹40 lakh as he is exclusively engaged in intra-State supply of goods. However, since Aryabhata is engaged in supplying readymade garments from a specified Special Category State i.e., Manipur also, the threshold limit gets reduced to ₹10 lakh.
Thus, Aryabhata is liable to get registered under GST as his turnover exceeds ₹10 lakh. Further, he is required to obtain registration in both Assam and Manipur as he is making taxable supplies from both the States.
- (ii) The applicable threshold limit for registration for Bharat in the given case is ₹40 lakh as he is exclusively engaged in intra-State taxable supply of goods in Goa. Thus, **he is not liable to get registered under GST as his turnover is less than the applicable threshold limit.**
- (iii) Vikramaditya being exclusively engaged in supply of bricks of fossil meals is not eligible for enhanced threshold limit of ₹40 lakh. The applicable threshold limit for registration in this case is ₹20 lakh. Thus, **Vikramaditya is liable to get registered under GST** as his aggregate turnover exceeds the threshold limit for registration.

Q.39 B Enterprises started its business activities in the month of January, in the State of Karnataka. It provides the following information:

Sr. No.	Particulars	Amount (₹)
1.	Value of intra-State outward taxable supply of goods	7,00,000

	2.	Value of inter-State outward taxable supply of services	6,00,000												
	3.	Value of intra-State outward supply on which tax is payable under reverse charge mechanism.	1,00,000												
	4.	Value of intra-State outward supply of exempted good from its other place of business in the State of Manipur (under same PAN)	5,00,000												
	<p>From the information given above, you are required to calculate the aggregate turnover of B Enterprises with necessary explanations and also, specify with reason whether it is liable to get registered under CGST Act or not. [MTP-April 23]</p>														
Ans.	<p>Computation of aggregate turnover of B Enterprises, Karnataka, for January</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>(₹)</th> </tr> </thead> <tbody> <tr> <td>Intra-State outward taxable supply of goods [Aggregate turnover includes value of all taxable supplies.]</td> <td>7,00,000</td> </tr> <tr> <td>Inter-State outward taxable supply of services [Aggregate turnover includes value of inter-State supplies.]</td> <td>6,00,000</td> </tr> <tr> <td>Intra-State outward supply on which tax is payable under reverse charge mechanism [Aggregate turnover includes value of all taxable supplies whether taxable under reverse charge or forward charge.]</td> <td>1,00,000</td> </tr> <tr> <td>Intra-State outward supply of exempted goods from Manipur [Aggregate turnover includes value of exempt supplies made in all the States under the same PAN]</td> <td>5,00,000</td> </tr> <tr> <td>Aggregate turnover</td> <td>19,00,000</td> </tr> </tbody> </table> <p>Persons making any inter-State taxable supply of goods are required to obtain compulsory registration, but in case of inter-State supply of taxable services, threshold limit of ₹ 20 lakh is available. Such threshold limit gets reduced to ₹ 10 lakh in case of specified Special Category State provided taxable supply is being made therefrom. Since B Enterprises is making exempt supplies from Manipur - a specified Special Category State, the applicable threshold limit of registration for B Enterprises is ₹ 20 lakh. Thus, it is not liable to be registered as its aggregate turnover does not exceed the threshold limit.</p>			Particulars	(₹)	Intra-State outward taxable supply of goods [Aggregate turnover includes value of all taxable supplies.]	7,00,000	Inter-State outward taxable supply of services [Aggregate turnover includes value of inter-State supplies.]	6,00,000	Intra-State outward supply on which tax is payable under reverse charge mechanism [Aggregate turnover includes value of all taxable supplies whether taxable under reverse charge or forward charge.]	1,00,000	Intra-State outward supply of exempted goods from Manipur [Aggregate turnover includes value of exempt supplies made in all the States under the same PAN]	5,00,000	Aggregate turnover	19,00,000
Particulars	(₹)														
Intra-State outward taxable supply of goods [Aggregate turnover includes value of all taxable supplies.]	7,00,000														
Inter-State outward taxable supply of services [Aggregate turnover includes value of inter-State supplies.]	6,00,000														
Intra-State outward supply on which tax is payable under reverse charge mechanism [Aggregate turnover includes value of all taxable supplies whether taxable under reverse charge or forward charge.]	1,00,000														
Intra-State outward supply of exempted goods from Manipur [Aggregate turnover includes value of exempt supplies made in all the States under the same PAN]	5,00,000														
Aggregate turnover	19,00,000														
Q.40	<p>Ranmo Limited, a registered entity under GST has demerged its operations with effect from 31st October, 2023. The registration of Ranmo Limited has been cancelled suo-motu by the Proper Officer. The order of cancellation of registration was passed on 4th November, 2023 and was served on 7th November, 2023. Ranmo Limited wishes to apply for revocation of cancellation of registration on 4th February, 2024. The tax consultant of Ranmo Limited advised that application for revocation of cancellation or registration is time barred and hence not valid in law. You are required to examine the technical veracity of the advice given by Tax Consultant of Ranmo Limited. [RTP-Sept 24]</p>														
Ans:	<p>A registered person, whose registration is cancelled by the proper officer on his own motion, may, subject to the provisions of rule 10B of the CGST Rules, 2017, submit an application for revocation of cancellation of registration, in prescribed form, to such proper officer, within a period of 90 days from the date of the service of the order of cancellation of registration. However, such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended by the Commissioner or an officer authorised by him in this behalf, not below the rank of Additional Commissioner or Joint Commissioner, as the case may be, for a further period not exceeding 180 days. Thus, in the given case, Ranmo Limited can apply for revocation of cancellation of registration within a period of 90 days from the date of the service of the order of cancellation of registration, i.e. within 90 days from 7th November, 2023.</p>														

The application submitted for revocation of cancellation of registration is valid in law as the same has been submitted within the prescribed time limits.

Thus, the advice given by Tax Consultant of Ranmo Limited is not valid in law.

Q.41 Right Oils, an unregistered entity located in U.P. is engaged in supply of machine oil and high-speed diesel. During the month of April, it supplied machine oil in U.P. amounting to ₹ 15,00,000. Also, it supplied high speed diesel in U.P. amounting to ₹ 10,00,000. Further, it supplied machine oil in Punjab from its branch located in Punjab amounting to ₹ 10,00,000.

Note: All the amounts mentioned above are excluding GST.

- (i) Determine whether Right Oils is liable for registration.
- (ii) What will be your answer if, Right Oils supplies the high speed diesel in U.P. in the capacity of an agent of Center Oils Ltd., (non- registered), where invoices to customers are issued in name of Right oils? Would your answer be different in case if Center Oils Ltd. is registered entity?

[MTP-Jan 25]

Ans: (i) A supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:-

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

The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:-

- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the rest of India.

Aggregate turnover includes the aggregate value of:

1. all taxable supplies,
2. all exempt supplies,
3. exports of goods and/or services and
4. all inter-State supplies of persons having the same PAN.

The above aggregate turnover 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'.

CGST is not leviable on five petroleum products i.e. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. Exempt supply includes non-taxable supply. Thus, supply of high speed diesel in U.P., being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.

In the backdrop of the above-mentioned discussion, the aggregate turnover of Right Oils for the month of April is computed as under:

S. No.	Particulars	Amount (in ₹)
(i)	Supply of machine oils in U.P.	15,00,000
(ii)	Add: Supply of high speed diesel in U.P.	10,00,000
(iii)	Add: Supply of machine oil made by Right Oils from its branch located in Punjab	<u>10,00,000</u>

	Aggregate Turnover	35,00,000
<p>Right Oils is making exclusive supply of goods and hence the threshold limit for registration would be ₹ 40,00,000. Since the aggregate turnover does not exceed ₹ 40,00,000, Right Oils is not liable to be registered till April. However, if in remaining months of the financial year, its turnover exceeds the said limit, then it would be liable to be registered.</p>		
<p>(ii) In case Right Oils makes the supply in capacity of an agent of Center Oils Ltd.: Section 24 of the CGST Act, 2017 provides that an agent who is engaged in making taxable supplying of goods on behalf of other taxable persons, shall be liable to obtain registration irrespective of the threshold turnover limit. However, in the present case, if Right Oils supply high speed diesel on behalf of Center Oil Ltd. in U.P. as its agent where invoices to customers are issued in name of Right Oils, it shall still not be liable to obtain registration in U.P. since section 24 comes into play only when agent or in other capacity is making taxable supply of goods on behalf of taxable persons (principal) whereas in the given case, Right Oils is supplying non-taxable goods on behalf of Center Oils Ltd., who is non-registered. In case if Center Oils Ltd. is registered entity, then also the answer would remain unchanged as attraction of section 24 of the CGST Act, 2017, inter-alia, requires that there should be taxable supply by agent and here, Right Oils is supplying non-taxable goods on behalf of Center Oils Ltd.</p>		
Q.42	<p>Explain the provisions relating to the validity period of the registration certificate issued to Casual Taxable Person and Non-Resident Taxable Person. [PP-May 25]</p>	
Ans.	<p>Registration Certificate granted to Non-Resident Taxable Person and Casual Taxable Person will be valid for: (i) Period specified in the registration application, or (ii) 90 days from the effective date of registration** whichever is earlier. **The 90 days period can be extended by a further period not exceeding 90 days on sufficient cause being shown by the said taxable person.</p>	
Q.43	<p>Determine whether liability to obtain registration arises or not under GST law in the following independent cases:- [RTP-Jan 26]</p>	
Ans.	<p>(i) Mr. G from Delhi is dealing in the purchase and sale of securities in his own account from secondary market. He disclosed the transactions of purchase and sale of securities in Trading Account and treated the same as business income. Turnover from April to September is ₹ 75 lakh. Is he liable for registration?</p> <p>(ii) KLJ Foundation from Jaipur, Rajasthan, a charitable trust registered under Section 12AB of the Income Tax Act, 1961 is engaged in the supply of various services by charitable trust. KLJ Foundation receipts for the preceding financial year was ₹ 30 lakh. Whether KLJ Foundation is required to take registration?</p> <p>(i) Any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under CGST Act/IGST Act shall not be liable to registration. Shares is excluded from the definition of goods as well as services under the GST law. Supply of anything other than goods or services like money, securities etc. does not attract GST. Thus, in the given case, Mr. G is not liable to obtain registration for sales of shares since shares are neither goods nor services under GST law.</p> <p>(ii) A charitable trust registered under section 12AB of the Income Tax Act, 1961 and exclusively engaged in supply of services by way of charitable activities are exempt from GST, so here KLJ Foundation from Jaipur, Rajasthan is not liable for registration as it is exclusively engaged in supplying services exempt from tax.</p>	
Q.44	<p>In the month of February 2025, Mr. Venkatesh started supply of both goods and services from the states of Rajasthan and Tripura. His statistics for the month of February 2025 are as under:</p>	

S. No.	Particulars	Rajasthan (₹)	Tripura (₹)
(i)	Intra-State taxable supplies	11,00,000	5,00,000
(ii)	Intra-State sale by Mr. Venkatesh as an agent of Ganesh enterprises, a non- taxable person of Rajasthan	1,00,000	-
(iii)	Intra-State supply of non-taxable goods	2,00,000	-

Additional Information:

- (i) In the State of Rajasthan, Intra-State taxable supply includes commission received as an insurance agent from an insurance company worth ₹ 50,000.
- (ii) In the State of Tripura, Intra-State taxable supplies includes inward supply of service on which tax is payable under reverse charge worth ₹ 1,00,000.
- (iii) For sale by Mr. Venkatesh in the capacity of agent for Ganesh Enterprises, the invoice was issued in the name of Mr. Venkatesh only.

Assume all the above figures are excluding GST and given amount to be considered as value determined as per the GST law.

Based on the above-mentioned information, you are required to determine the following along with the relevant provision in brief:

- (1) Compute the aggregate turnover of Mr. Venkatesh for the purpose of registration under GST law.
- (2) Decide whether Mr. Venkatesh is liable to be registered under GST or not.

Also discuss whether your answer to the (2) above will change or not if in the state of Tripura Mr. Venkatesh is engaged only in intra-State supply of exempt goods and other information will remain same.

[PP-Sept 25]

Ans.

	Particulars	Rajasthan Amount (₹)	Tripura Amount (₹)
(1)	Computation of aggregate turnover of Mr. Venkatesh		
	Intra-State taxable supplies [Includible in aggregate turnover. Further, value of inward supplies on which tax is payable on reverse charge basis are excludible from the aggregate turnover, but outward supplies on which tax is payable under reverse charge are includible (insurance commission)]	11,00,000	4,00,000 [5,00,000 – 1,00,000]
	Intra-State supply by Mr. Venkatesh as an agent of Ganesh Enterprises in Rajasthan [Since Mr. Venkatesh issues invoice in his own name, the given principal-agent relationship falls within the ambit of the Para 3 of Schedule I of the CGST Act, 2017. All supplies made by an agent on behalf of all his principals are includible in aggregate turnover.]	1,00,000	
	Intra-State supply of non- taxable goods [Includible, since exempt supplies are includible in aggregate turnover and exempt supply includes non-taxable supply.]	2,00,000	
	Aggregate Turnover	14,00,000	4,00,000
	Aggregate turnover on all India basis	18,00,000	
(2)	The applicable threshold limit of turnover for registration in the given case will be reduced to ₹ 10 lakh since Mr. Venkatesh is engaged in making taxable supplies from Tripura – a Special Category State. Since the turnover of Mr. Venkatesh exceeds ₹ 10		

Q.1 Luv & Kush Pvt. Ltd. of Meghalaya engaged in the supply of gifts items and repair services, provides you the following details:

S. No.	Particulars	Date
1	Commencement of the business of supplying goods and services	01st August
2	Turnover exceeds ₹10,00,000 on	15th August
3	Turnover exceeds ₹20,00,000 on	05th September
4	Application for registration made on	28th September
5	Registration certificate granted on	06th October

The company seeks your advice as to how it should raise revised tax invoices for supplies made. Is there any specific provision for issuance of revised tax invoices to unregistered customers? Explain.

[ICAI SM, PP-Jan 25]

Ans: A supplier of both goods and services whose aggregate turnover in a financial year exceeds ₹20 lakh in a State/UT [₹10 lakh in specified Special Category States] is liable to apply for registration within 30 days from the date of becoming liable to registration (i.e., the date of crossing the threshold limit of ₹20 lakh/₹10 lakh) in terms of section 22. Since Meghalaya is not a specified Special Category State, applicable threshold limit is ₹20 lakh.

Further, where the application is submitted within said period, the effective date of registration is the date on which the person becomes liable to registration; otherwise, it is the date of grant of registration.

Every registered person who has been granted registration with effect from a date earlier than the date of issuance of registration certificate to him, may **issue revised tax invoices within 1 month from the date of issuance of registration certificate** in respect of taxable supplies effected during this period i.e., from the effective date of registration till the date of issuance of registration.

Since Luv & Kush Pvt. Ltd. has made the application for registration within 30 days of becoming liable for registration, the effective date of registration becomes the date on which the company becomes liable to registration i.e., 5th September.

Thus, Luv & Kush Pvt. Ltd. **may issue revised tax invoices against the invoices already issued** during the period between effective date of registration (5th September) and the date of issuance of registration certificate (6th October), **within 1 month from 6th October**.

Further, Luv & Kush Pvt. Ltd **may issue a consolidated revised tax invoice in respect of all taxable supplies made to unregistered dealers during such period**.

However, in case of **inter-State supplies made** to unregistered dealers, a **consolidated revised tax invoice cannot be issued** in respect of all the recipients located in a State, if the **value of a supply exceeds ₹2,50,000**.

Q.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.	Particulars	Amount (₹)
1	Raghav Traders - a registered retail dealer	190
2	Dhruv Enterprises – an unregistered trader	358
3	Gaurav – a painter [unregistered]	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.

[ICAI SM]

Ans: In the given question, 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.**

Q.3	<p>Kartik & Co., a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March:</p> <p>(i) Value of supply charged in invoice no. 1 was ₹2,50,000 against the actual taxable value of ₹2,30,000.</p> <p>(ii) Tax charged in invoice no. 4 was ₹32,000 against the actual tax liability of ₹68,000 due to wrong HSN code being chosen while issuing invoice.</p> <p>(iii) Value charged in invoice no. 8 was ₹3,20,000 as against the actual value of ₹4,20,000 due to wrong quantity considered while billing.</p> <p>Kartik & Co. asks you to answer the following:</p> <ol style="list-style-type: none"> 1) Who shall issue a debit/credit note under CGST Act? 2) Whether debit note or credit note has to be issued in each of the above circumstances? 3) What is the maximum time-limit available for declaring the credit note in the GST Return? <p style="text-align: right;">[ICAI SM]</p>
Ans:	<ol style="list-style-type: none"> 1) The debit/credit note shall be issued by the registered person who has supplied the goods and/or services, i.e., Kartik & Co. 2) Yes, debit/credit note need to be issued in each of the circumstances as under: <ol style="list-style-type: none"> (i) A credit note is required to be issued as the taxable value in invoice no. 1 exceeds the actual taxable value. (ii) A debit note is required to be issued as the tax charged in the invoice no. 4 is less than the actual tax payable. <i>first attempt success tutorials</i> (iii) A debit note is required to be issued as the value of supply charged in the invoice no. 8 is less than the actual value. 3) The details of the credit note cannot be declared later than 30th November following the end of the financial year in which such supply was made or the date of furnishing of the relevant annual return, whichever is earlier.
Q.4	<p>Sultan Industries Ltd., Delhi, entered into a contract with Prakash Entrepreneurs, Delhi, for supply of spare parts of a machine on 7th September. The spare parts were to be delivered on 30th September. Sultan Industries Ltd. removed the finished spare parts from its factory on 29th September. Determine the date by which invoice must be issued by Sultan Industries Ltd. under GST law.</p> <p style="text-align: right;">[ICAI SM]</p>
Ans:	<p>As per the provisions of section 31, invoice shall be issued before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods. Accordingly, in the given case, the invoice must be issued on or before 29th September.</p>
Q.5	<p>MBM Caretakers, a registered person, provides the services of repair and maintenance of electrical appliances. On April 1, it has entered into an annual maintenance contract with P for its Air Conditioner and Washing Machine. As per the terms of contract, maintenance services will be provided on the first day of each quarter of the relevant financial year and payment for the same will also be due on the date on which service is rendered. During the year, it provided the services on April 1, July 1, October 1, and January 1 in accordance with the terms of contract. When should MBM Caretakers issue the invoice for the services rendered?</p> <p style="text-align: right;">[ICAI SM]</p>

<p>Ans:</p>	<p>Continuous supply of service means, inter alia, supply of any service which is provided, or agreed to be provided continuously or on recurrent basis, under a contract, for a period exceeding 3 months with the periodic payment obligations.</p> <p>Therefore, the given situation is a case of continuous supply of service as repair and maintenance services have been provided by MBM Caretakers on a quarterly basis, under a contract, for a period of one year with the obligation for quarterly payment.</p> <p>In terms of section 31, in case of continuous supply of service, where due date of payment is ascertainable from the contract (as in the given case), invoice shall be issued on or before the due date of payment.</p> <p>Therefore, in the given case, MBM Caretakers should issue quarterly invoices on or before April 1, July 1, October 1, and January 1.</p>
<p>Q.6</p>	<p>The aggregate turnover of Sangri Services Ltd., Delhi, exceeded ₹20 lakh on 12th August. He applied for registration on 3rd September and was granted the registration certificate on 6th September. You are required to advise Sangri Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices. [ICAI SM]</p>
<p>Ans:</p>	<p>As per section 25 read with CGST Rules, where an applicant submits application for registration within 30 days from the date, he becomes liable to registration, effective date of registration is the date on which he becomes liable to registration. Since, Sangri Services Ltd.'s turnover exceeded ₹20 lakh on 12th August, it became liable to registration on same day. Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is the date on which he becomes liable to registration, i.e., 12th August.</p> <p>As per section 31 read with CGST Rules, every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue Revised Tax Invoices. Revised Tax Invoices shall be issued within 1 month from the date of issuance of certificate of registration. Revised Tax Invoices shall be issued within 1 month from the date of issuance of registration in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration.</p> <p>Therefore, in the given case, Sangri Services Ltd. has to issue the Revised Tax Invoices in respect of taxable supplies effected during the period starting from the effective date of registration (12th August) till the date of issuance of certificate of registration (6th September) within 1 month from the date of issuance of certificate of registration, i.e., on or before 6th October.</p>
<p>Q.7</p>	<p>Shyam Fabrics has opted for composition levy scheme in the current financial year. It has approached you for advice whether it is mandatory for it to issue a tax invoice. You are required to advise him regarding same. [ICAI SM]</p>
<p>Ans:</p>	<p>A registered person paying tax under the provisions of section 10 [composition levy] shall issue, instead of a tax invoice, a bill of supply containing such particulars and, in such manner, as may be prescribed [Section 31(3)(c) read with CGST Rules, 2017].</p> <p>Therefore, in the given case, Shyam Fabrics cannot issue tax invoice. Instead, it shall issue a Bill of Supply.</p>
<p>Q.8</p>	<p>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, for which a consideration is ₹5,00,000 (excluding GST) has been charged. Aura Beauty Services Ltd. issued a duly signed tax invoice on 10th February showing the lumpsum amount of ₹5,90,000 inclusive of CGST and SGST @ 9% each for the services provided. Answer the following questions:</p> <p>(i) Examine whether the tax invoice has been issued within the time limit prescribed under law.</p> <p>(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. [ICAI SM]</p>

Ans: (i) As per section 31 read with the CGST Rules, 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., up to 3rd February. However, the invoice has been issued on 10th February.

(ii) Section 31 read with the CGST Rules, inter alia, provides that tax invoice in addition to other mandatory details shall also contain the amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess). Further, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.

The objection raised by the tax consultant of Royal Fashions suggesting that the amount of tax charged in respect of the taxable supply of makeover services should be shown separately in the invoice raised by Aura Beauty Services Ltd., is valid in law.

Q.9 Kidzee Toys Ltd., a wholesaler of toys registered in Chandigarh, is renowned in the local market for the variety of toys and their reasonable prices. Kidzee Toys Ltd. makes supply of 100 pieces of baby's learning laptops and chat learning phones to Nancy General Store on 25th September by issuing a tax invoice amounting to ₹1,00,000.

However, the said toys were returned by Nancy General Store on 30th September. Discuss which document Kidzee Toys Ltd. is required to issue in such a case? **[ICAI SM, MTP – Nov 23]**

Ans: Kidzee Ltd. is required to issue a credit note in such a case.

As per section 34, **where one or more tax invoices have been issued** for supply of any goods or services or both and the **goods supplied are returned by the recipient**; the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed. Therefore, Kidzee Ltd. is required to issue a credit note to Nancy General Store for the good returned.

Q.10 Rana Sanga Ltd., a registered supplier, has made following taxable supplies to its customer Babur in the quarter ending 30th June:

Date	Bill No.	Particulars	Invoice Value (incl. GST ₹)
5th April	102	Notebooks (10 in numbers)	1,200
10th May	197	Chart Paper (4 in numbers)	600
20th May	230	Crayon colors (2 packets)	500
2nd June	254	Poster colors (5 packets)	900
22nd June	304	Pencil box (4 sets)	700

Goods in respect of bill no. 102, 230 and 254 have been returned by Babur. You are required to advise Rana Sanga Ltd. whether it can issue a consolidated credit note against all the three invoices?

[ICAI SM]

Ans: Where one or more tax invoices have been issued for supply of any goods and/or services and

- the taxable value/tax charged in that tax invoice is found to exceed the taxable value/tax payable in respect of such supply, or
- where the goods supplied are returned by the recipient, or
- where goods and/or services supplied are found to be deficient, the registered person, who has supplied such goods and/or services, may issue to the recipient one or more credit notes for supplies made in a financial year containing prescribed particulars.

Thus, one (consolidated) or more credit notes can be issued in respect of multiple invoices issued in a financial year without linking the same to individual invoices.

Hence, in view of the above-mentioned provisions, Rana Sanga Ltd. can issue a consolidated credit note for the goods returned in respect of all the three invoices.

<p>Q.11</p>	<p>Chidanand Products Pvt. Ltd. is a registered supplier who has opted for composition levy in the current financial year. He wishes to know whether the issue of a bill of supply can be dispensed with under any circumstances. You are required to advise him. [ICAI SM]</p>
<p>Ans:</p>	<p>Yes. Chidanand Products Pvt. Ltd. may not issue a bill of supply if the value of the goods or services or both supplied is less than ₹200 subject to the condition that:</p> <p>a) the recipient is not a registered person; and</p> <p>b) the recipient does not require such bill of supply, and he shall issue a consolidated bill of supply for such supplies at the close of each day in respect of all such supplies.</p>
<p>Q.12</p>	<p>A registered person has to mandatorily issue separate invoices for taxable and exempted goods when supplying both taxable as well as exempted goods to an unregistered person. Examine the validity of the statement. [ICAI SM]</p>
<p>Ans:</p>	<p>The statement is not valid in law. As per the CGST Rules, where a registered person is <u>supplying taxable as well as exempted goods or services or both to an unregistered person</u>, a single “invoice-cum-bill of supply” may be issued for all such supplies.</p>
<p>Q.13</p>	<p>Sakthi Enterprises, Kolkata entered into a contract with Suraj Enterprises, Surat for supply of goods and the delivery shall be made on or before 31st October. The goods were removed from the factory at Kolkata on 11th October. As per the agreement, the goods were to be delivered on or before 31st October. Suraj Enterprises has received the goods on 14th October. Determine the time of issue of invoice as per the provisions of CGST Act. [ICAI SM]</p>
<p>Ans:</p>	<p>A registered person supplying taxable goods shall issue a tax invoice, before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods. Therefore, in the given case, invoice has to be issued on or before, 11th October (the time of removal of goods).</p>
<p>Q.14</p>	<p>Trust and Fun Ltd., an event management company, has provided its services for an event at Kapoor Film Agencies, Mumbai on 5th June. Payment for the event was made on 19th June. Determine the time of issue of invoice as per the provisions of CGST Act. [ICAI SM]</p>
<p>Ans:</p>	<p>A registered person [other than an insurer/banking company/financial institution, including an NBFC] supplying taxable services shall issue a tax invoice before or after the provision of service, but within a period of 30 days from the date of supply of service. Thus, in the given case, invoice has to be issued within 30 days of 5th June (date of supply of service), i.e., on or before, 5th July.</p>
<p>Q.15</p>	<p>Udai Singh, a registered supplier, has received advance payment with respect to services to be supplied to Sujamal. His accountant asked him to issue the receipt voucher with respect to such services to be supplied. However, he is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise Udai Singh regarding the same. [ICAI SM, MTP-May 23, PP-Nov 23]</p>
<p>Ans:</p>	<p>Udai Singh is required to issue a receipt voucher at the time of receipt of advance payment with respect to services to be supplied to Sujamal. A receipt voucher is a document evidencing receipt of advance money towards a supply of goods and/or services or both. A registered person, on receipt of advance payment with respect to any supply of goods or services or both, shall issue a receipt voucher or any other document, evidencing receipt of such payment. Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment. Therefore, in case subsequently no services are supplied by Udai Singh, and no tax invoice is issued in pursuance thereof, Udai Singh may issue a refund voucher against such payment to Sujamal.</p>
<p>Q.16</p>	<p>Bhoj Raj, a registered person, has availed GTA services on which he is liable to pay tax under reverse charge. He wishes to know whether he is required to issue an invoice. Please advise him discussing the relevant provisions under CGST Act and rules thereunder. [ICAI SM]</p>

Ans:	<p>Bhoj Raj is required to issue an invoice with regard to the GTA services availed by him. A registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 (i.e. where the recipient is liable to discharge GST on reverse charge basis) shall within the prescribed period issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both.</p> <p>Further, the time limit for issuing tax invoice in case of reverse charge mechanism supplies has been prescribed in rule 47A.</p> <p>Rule 47A provides that where an invoice referred to in rule 46 is required to be issued under clause (f) of section 3(3) by a registered person, who is liable to pay tax under section 9(3)/9(4), he shall issue the said invoice within a period of 30 days from the date of receipt of the said supply of goods and/or services, as the case may be.</p> <p>Thus, invoice is to be issued by Bhoj Raj within a period of 30 days from the date of receipt of GTA services.</p>
<p>Q.17</p> <p>Ans:</p>	<p>Sitaram Textiles has to send cloth for dyeing to its job-worker. It wishes to know whether it needs to issue a tax invoice at the time of sending the goods to job-worker. Please advise him with reference to the provisions of the CGST Act.</p> <p>Sitaram Textiles has to issue a delivery challan and not the tax invoice at the time of sending the goods to job-worker. Rule 55, inter alia, stipulates that for the purposes of transportation of goods for job work, the consignor may issue a delivery challan, serially numbered, in one or multiple series, in lieu of invoice at the time of removal of goods for transportation, containing the following details, namely:</p> <ul style="list-style-type: none"> • date and number of the delivery challan; • name, address and Goods and Services Tax Identification Number of the consigner, if registered; • name, address and Goods and Services Tax Identification Number or Unique Identity Number of the consignee, if registered; • Harmonized System of Nomenclature code and description of goods; • quantity (provisional, where the exact quantity being supplied is not known); • taxable value; • tax rate and tax amount – central tax, State tax, integrated tax, Union territory tax or cess, where the transportation is for supply to the consignee; • place of supply, in case of inter-State movement; and • signature. <p>The delivery challan shall be prepared in triplicate, in case of supply of goods, in the following manner, namely:-</p> <ol style="list-style-type: none"> a) the original copy being marked as ORIGINAL FOR CONSIGNEE; b) the duplicate copy being marked as DUPLICATE FOR TRANSPORTER; and c) the triplicate copy being marked as TRIPLICATE FOR CONSIGNER.
Q.18	<p>Is Dynamic Quick Response (QR) Code applicable to suppliers who issue invoice to unregistered persons? If no, list the suppliers to whom Dynamic QR Code is not applicable. [PP-Dec 21]</p> <p>Ans: Dynamic QR code is applicable to invoices issued in respect of supplies made to unregistered persons by a registered supplier provided its aggregate turnover in any preceding financial year from 2017-18 onwards exceeds ₹500 crores.</p> <p>However, it is not applicable to following suppliers issuing invoices to unregistered persons:</p> <ol style="list-style-type: none"> (i) Insurer or banking company or financial institution including NBFC (ii) GTA supplying services in relation to transportation of goods by road in a goods carriage (iii) Supplier of passenger transportation service (iv) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens (v) Supplier of online information and database access or retrieval (OIDAR) services

<p>Q.19</p>	<p>(i) What is 'e-invoicing'?</p> <p>(ii) What is the threshold limit for mandatory issuance of E-invoice for all registered businesses?</p> <p>(iii) A consignor hands over his goods for transportation on Friday to the transporter. However, assigned transporter starts the movement of goods from consigner's warehouse to its depot located at distance of 600 Km. on Monday. When will the e-way bill be generated and for how many days it will be valid? [PP – Dec 21]</p> <p>Ans:</p> <p>(i) E-invoicing is reporting of business to business (B2B) invoices to GST system for certain notified category of taxpayers.</p> <p>(ii) The threshold limit for mandatory issuance of e-invoice for all registered businesses is ₹5 crores.</p> <p>(iii) E-way bill will be generated before commencement of movement of goods by transporter on Monday. The validity period of the e-way bill is one day from relevant date up to 200 km and one additional day for every 200 km or part thereof thereafter. Thus, validity period in the given case*, is 3 days. (* It has been assumed that goods transported are not over Dimensional cargo.)</p>
<p>Q.20</p>	<p>M/s. Xing Trans of Kolkata is engaged in the trading of transmitters. On 20/05/2023, M/s. Xing Trans has sent 500 units of transmitters for exhibition at Chennai on sale or return basis. Out of the said 500 units, 300 units have been sold on 28/07/2023 at the exhibition. Out of remaining 200 units, 150 units have been brought back to Kolkata on 25/11/2023 and balance 50 units have neither been sold nor brought back. Explain the provisions under GST law relating to issue of invoices with exact dates on which tax invoices need to be issued by M/s. Xing Trans. [PP – May 22]</p> <p>Ans: Where the goods being sent for sale or return are removed before the supply takes place, the tax invoice shall be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier. In the given case, 500 units of transmitters have been sent for exhibition on sale or return basis out of which 300 units are sold before 6 months from the date of removal. Thus, tax invoice for said 300 units needs to be issued before or at the time of supply of such goods, i.e., up to 28/07/2023. Remaining 200 (150+ 50) units have neither been sold nor brought back till the expiry of 6 months from the date of removal goods, i.e., 20/11/2023. Thus, tax invoice for said 200 units needs to be issued up to 20/11/2023.</p>
<p>Q.21</p>	<p>List any three situations that warrant issue of credit note. Briefly explain the time line to declare such credit note in the GST return. [PP – Nov 22]</p> <p>Ans: Situations that warrant the issue of credit note are as follows:</p> <ul style="list-style-type: none"> • The supplier has erroneously declared a value which is more than the actual value of the goods or services provided. • The supplier has erroneously declared a higher tax rate than what is applicable for the kind of the goods or services or both supplied. • The quantity received by the recipient is less than what has been declared in the tax invoice. • The quality of the goods or services or both supplied is not to the satisfaction of the recipient thereby necessitating a partial or total reimbursement on the invoice value. <p>The details of credit note are declared in the GST return for the month during which such credit note has been issued but not later than:</p> <p>(i) 30th November following the end of the financial year in which such supply was made, or</p> <p>(ii) the date of furnishing of the relevant annual return, whichever is earlier.</p>
<p>Q.22</p>	<p>Determine in which of the following independent cases, e-invoicing is applicable?</p> <p>(i) Harnam & Co., dealing in interior decoration products made supplies to various registered and unregistered persons in the preceding financial year. The aggregate turnover of Harnam & Co. in the preceding financial year is ₹60 crore.</p> <p>(ii) Rich & Poor Bank, registered under GST has an aggregate turnover of ₹75 crore in the preceding financial year.</p>

Ans:	<p>All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards greater than ₹5 crore are required to issue e- invoices in respect of B2B supplies (supply of goods and/or services to a registered person).</p> <p>Further, following entities are exempt from the mandatory requirement of e-invoicing:</p> <ol style="list-style-type: none"> Special Economic Zone units Insurer or banking company or financial institution including NBFC GTA supplying services in relation to transportation of goods by road in a goods carriage Supplier of passenger transportation service Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens <p>Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds ₹5 crore in the preceding financial year from 2017-18 onwards.</p> <p>In view of the above-mentioned provisions, the answer to the independent cases is as under:</p> <ol style="list-style-type: none"> The aggregate turnover of Harnam & Co. exceeds the threshold limit of aggregate turnover applicable for e-invoicing. Thus, Harnam & Co. is mandatorily required to issue e-invoices in respect of supplies made to registered persons. Banking company is specifically exempt from mandatory requirement of e-invoicing even if the turnover exceeds ₹5 crore in the preceding financial year. Thus, e- invoicing is not applicable to Rich & Poor Bank.
Q.23	<p>Briefly discuss the following with reference to GST law:</p> <ol style="list-style-type: none"> Revised Tax Invoice Bill of Supply <p style="text-align: right;">[MTP – May 23]</p>
Ans.	<ol style="list-style-type: none"> A registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him may, issue a revised tax invoice against the invoices already issued during said period, within 1 month from the date of issuance of certificate of registration in prescribed manner. A registered person supplying exempted goods and/or services or paying tax under composition levy, shall issue in prescribed manner, a bill of supply instead of a tax invoice, containing prescribed particulars.
Q.24	<ol style="list-style-type: none"> Eden Ltd., registered under GST and dealing in educational toys, has an aggregate turnover of ₹18 crore in the preceding financial year. The tax consultant of Eden Ltd. advised it to issue e-invoices mandatorily in the current financial year. However, Eden Ltd. is of the view that since its aggregate turnover is less than the threshold limits applicable for e-invoicing, so it is not required to issue e-invoices. You are required to comment upon the validity of the advice given by Tax consultant. A Government Department is registered under GST. It's aggregate turnover in the preceding financial year is ₹22 crores. You are required to comment with the help of relevant provisions whether the said Department is required to issue e-invoices in the current financial year. <p style="text-align: right;">[RTP – Nov 23]</p>
Ans:	<ol style="list-style-type: none"> E-invoicing has been made mandatory for all registered businesses (except specified class of persons) with an <u>aggregate turnover</u> in any <u>preceding financial year from 2017-18</u> onwards greater than ₹5 crores in respect of B2B supplies (supply of goods or services or both to a registered person) or for exports. Thus, the advice given by tax consultant of Eden Ltd. for issuance of e-invoices mandatorily in the current financial year is valid in law as the aggregate turnover of Eden Ltd. has exceeded the threshold limit i.e., ₹5 crores in the preceding financial year. Following entities are exempt from the mandatory requirement of e-invoicing: <ul style="list-style-type: none"> ➤ Special Economic Zone units ➤ Insurer or banking company or financial institution including NBFC

	<ul style="list-style-type: none"> ➤ GTA supplying services in relation to transportation of goods by road in a goods carriage ➤ Supplier of passenger transportation service ➤ Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens ➤ Government Department and a local authority <p>Further, the above taxpayers exempted from the mandatory requirement of e-invoicing are required to provide a declaration on the tax invoice stating that though their aggregate turnover exceeds the notified aggregate turnover for e-invoicing, they are not required to prepare an e-invoice.</p> <p>Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds ₹5 Crore in the preceding financial year from 2017-18 onwards but are required to provide a declaration as discussed above.</p> <p>Thus, in the given case, the Government Department is not required to issue e-invoices in the current financial year even if its aggregate turnover has exceeded ₹5 crore.</p>
Q.25	<p>Mohan Enterprise is a registered person having principal place of business in Gandhinagar, Gujarat. They received services of Advocate Sameer, a registered person from Ahmedabad, Gujarat. Shekhar, an unregistered person provided services of labour to Mohan Enterprise. Explain the provisions relating to issue of invoice by recipient Mohan Enterprise if he is liable to pay tax under reverse charge under Section 9(3) or 9(4) of the CGST Act, 2017. [PP-May 24]</p>
Ans.	<p>A registered person shall issue an invoice in respect of goods and/or services received by him provided:</p> <ol style="list-style-type: none"> (i) He is liable to pay tax under reverse charge [under section 9(3) or 9(4) of the CGST Act, 2017] on such supplies, and (ii) Supplies are received from the supplier who is not registered on the date of receipt of goods and/or services. <p>In the given case, tax on services received from advocate Sameer by Mohan Enterprise is payable under reverse charge.</p> <p>However, Mohan Enterprises is not required to issue an invoice with respect to said supply as supplier Sameer is registered.</p> <p>Further, tax on labour services received from unregistered person-Shekhar is not payable under reverse charge.</p> <p>Therefore, Mohan Enterprises is not required to issue an invoice with respect to said supply. It has been assumed that service provided by Mr Sameer is legal service.</p>
Q.26	<p>Apex Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens was issuing consolidated tax invoice for supplies at the close of each day in terms of section 31(3)(b) of the CGST Act, 2017 read with fourth proviso to rule 46 of the CGST Rules, 2017.</p> <p>During the month of February, 2024, the Department raised objection for this practice and asked to issue separate tax invoices for each ticket.</p> <p>Advise Apex Cinemas for the procedure to be followed in this regard. [MTP-Sept 24]</p>
Ans:	<p>The procedure to be followed by Apex Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens, is as under:-</p> <p>The option to issue consolidated tax invoice is not available to a supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens. Thus, Apex Cinemas cannot issue consolidated tax invoice for supplies made by it at the close of each day.</p> <p>Apex Cinemas is required to issue an electronic ticket.</p> <p>The said electronic ticket shall be deemed to be a tax invoice, even if such ticket does not contain the details of the recipient of service but contains the other information as prescribed to be mentioned.</p>
Q.27	<p>Mr. Muttswami, an electronics dealer registered in Bangalore, Karnataka hired M/s Parivahan Logistics, an unregistered Good Transport Agency (GTA), to deliver his goods at the place of business</p>

	<p>of customer in Jaipur, Rajasthan. M/s Parivahan Logistics charged ₹ 60,000 for the transportation of goods, which was paid by Muttswami on 4th January through account payee cheque. The delivery was also made on the same day.</p> <p>M/s Parivahan Logistics did not raise the tax invoice for these services, since it was unregistered. In this case, you are required to determine:</p> <p>(i) Person liable to issue the tax invoice (ii) Time limit for issuance of the tax invoice (iii) Time of supply of transportation services provided by GTA, assuming that tax invoice is issued on the last day on which it should have been issued. [RTP - Sept 25]</p> <p>Ans: Supply of services by a Goods Transport Agency (GTA) in respect of transportation of goods by road to any person registered under the GST is taxable under reverse charge mechanism in terms of section 9(3) of the CGST Act, 2017. Thus, Mr. Muttswami, being the registered recipient is liable to pay tax under reverse charge mechanism in respect of services received from unregistered GTA.</p> <p>(i) Person liable to issue the tax invoice As per section 31(3)(f) of the CGST Act, 2017, a registered person who is liable to pay tax under reverse charge mechanism under section 9(3)/ 9(4), shall within the period as may be prescribed issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both. Since, M/s Parivahan Logistics is an unregistered GTA, Mr. Muttswami, being liable to pay the tax under reverse charge mechanism under section 9(3) is required to issue the tax invoice.</p> <p>(ii) Time limit for issuance of the tax invoice Rule 47A of the CGST Rules, 2017 provides that where an invoice referred to in rule 46 is required to be issued under section 31(3)(f) by a registered person, who is liable to pay tax under section 9(3)/ 9(4), he shall issue the said invoice within a period of 30 days from the date of receipt of the said supply of goods and/or services, as the case may be. Thus, Mr. Muttswami is required to issue a tax invoice till 3rd February (i.e. within 30 days of receipt of services).</p> <p>(iii) Time of supply of transportation services supplied by GTA. As per section 13(3) of the 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:—</p> <p>(a) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or (b) the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier, in cases where invoice is required to be issued by the supplier, or (c) the date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient.</p> <p>Since, in this case the reverse charge mechanism is applicable on receipt of services provided by GTA and invoice is issued by recipient, time of supply would be earliest of the following date:</p> <p>(a) Date of payment i.e. 4th January (b) The date of issue of invoice by the recipient i.e. 3rd February. So, the time of supply in this case will be 4th January.</p>
Q.28	<p>Section 31 of the CGST Act, 2017 requires that a tax invoice shall be issued before or at the time of delivery/ removal of goods. Specify the situations where a tax invoice can be issued after delivery of goods. Discuss the provisions related to issue of tax invoice and delivery challan in case of transportation of goods in a semi knocked down or completely knocked down condition or in batches or lots. [PP-May 25]</p>

Ans. Situations where a tax invoice can be issued after delivery of goods are as follows:

- (1) Supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known
- (2) Transportation of goods for reasons other than by way of supply
- (3) Such other supplies as may be notified by the Board

Where the goods are being transported in a semi knocked down or completely knocked down condition or in batches or lots:

- (a) Supplier shall issue the complete invoice before dispatch of the first consignment
- (b) Supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice.
- (c) Copies of the corresponding delivery challan shall accompany each consignment along with a duly certified copy of the invoice.
- (d) Original copy of the invoice shall be sent along with the last consignment.

Q.29 Blue Panda Pvt. Ltd. is a manufacturing company that supplies goods to various registered dealers across India. The company had an aggregate turnover of ₹ 6 crore in the financial year 2023-24. The finance team of the company is not sure whether e-invoicing provisions are applicable to the company and is of the view that under e-invoicing system, invoices need to be generated directly on the e-invoicing portal instead of its ERP system.

You are required to advise the finance team on the following questions:-

- (a) What is e-invoicing, and whether it would apply to Blue Panda Pvt. Ltd.?
- (b) Does Blue Panda Pvt. Ltd. need to create its invoices directly on the e-invoicing portal?

[RTP-Jan 25]

Ans.

- (a) E-invoicing is a system for electronically reporting Business-to-Business (B2B) invoices to the GST system for certain notified taxpayers whose turnover exceeds ₹ 5 crore in any financial year from 2017-18 onwards. Since Blue Panda Pvt. Ltd. had an aggregate turnover of ₹ 6 crore in FY 2023-2024, it is required to issue e-invoices for its B2B transactions.
- (b) No, Blue Panda Pvt. Ltd. does not need to create invoices directly on the e-invoicing portal. The company will continue generating its GST invoices using its own Accounting/Billing/ERP system. The only requirement is that these invoices must be reported to the Invoice Registration Portal (IRP) for validation and issuance of a unique Invoice Reference Number (IRN).

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STUDENT NOTES

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Q.1	Who is required to maintain books of accounts and at which place in terms of Section 35 read with relevant rules? <i>[ICAI SM]</i>
Ans:	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.
Q.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. <i>[ICAI SM, MTP-March 24, RTP-Jan 25]</i>
Ans:	A supplier who has opted for composition scheme is not required to maintain records relating to: Stock of Goods: Accounts of stock in respect of goods received and supplied by him, and such accounts shall contain particulars of the opening balance, receipt, supply, goods lost stolen, destroyed, written off or disposed of by the way of gift of free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof. Details of Tax: Account, containing the details of tax payable (including tax payable under reverse charge), tax collected and paid, input tax, input tax credit claimed, together with the register of tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period. Thus, Mr. Sky is not required to maintain above mention records.
Q.3	Mr. Harsh Manjula is engaged in the business of works contract services and request your guidance as to specific records required to be maintained by him under GST law, if any. <i>[ICAI SM, PP-Sept 24]</i>
Ans:	Mr. Harsh Manjula, executing works contract shall keep separate accounts for works contract showing: <ul style="list-style-type: none"> • the names and addresses of the person on whose behalf the works contract are executed; • description value and quantity (wherever applicable) of good/services received for the execution of works contract; • description value and quantity (wherever applicable) of goods/services utilized in the execution of works contract; • the detail of payment received in respect of each works contract; • and the names and addresses of suppliers from whom he received goods or services.
Q.4	Chill Chain Cold is operating cold storage warehouse and seeks your guidance on the GST accounts and records to be maintained by them in terms of Section 35. <i>[ICAI SM]</i>
Ans:	Chill Chain Cold shall maintain records of the consignor, consignee and other relevant details of the goods in the prescribed manner. Chill Chain Cold shall also maintain books of accounts with respect to the period for which particular goods remain in the warehouse, including the particulars relating to dispatch, movement, receipt, and disposal of such goods. Chill Chain Cold shall store the goods in such manner that they can be identified item-wise and owner-wise and shall facilitate any physical verification or inspection by the proper officer on demand.
Q.5	Mr. X is of the view that records are to be mandatorily maintained manually only. You are required to examine the view taken by Mr. X? <i>[ICAI SM]</i>
Ans:	The view taken by Mr. X is not valid in law. Books of account include any electronic form of data stored on any electronic device. The registered person may keep and maintain such accounts and other particulars in electronic form stored on any electronic device and record so maintained shall be authenticated by means of a digital signature . The registered person maintaining electronic records shall produce, on demand, the relevant records or documents, duly authenticated by him in hard copy or in any electronically readable format .

	Where the accounts and records are stored electronically by any registered person, he shall, on demand, provide the details of such files, passwords of such files, and explanation for codes used, where necessary, for access and any other information which is required for such access along with sample copy in print form of the information stored in such files.
Q.6	Commissioner has notified some specified persons to maintain additional accounts or documents as mentioned in rule 56 of the CGST Rules 2017, Agent as defined under Section 2(5) of the CGST Act, 2017 is one of them. List the additional accounts or documents to be kept by agent. [PP-Sept 24]
Ans.	Additional accounts/documents to be kept by agent are as follows: (a) particulars of authorisation received by him from each principal to receive/supply goods/services on behalf of such principal separately; (b) particulars including description, value and quantity (wherever applicable) of goods/services received on behalf of every principal; (c) particulars including description, value and quantity (wherever applicable) of goods/services supplied on behalf of every principal; (d) details of accounts furnished to every principal; and (e) tax paid on receipts/ supply of goods/services effected on behalf of every principal.

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STUDENT NOTES

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Q.1	<p>“One consolidated e-way bill can be generated for multiple invoices”. Comment on the validity of the above statement with reference to GST law. [PP – May 22]</p>
Ans:	<p>The statement is invalid.</p> <p>Multiple invoices cannot be clubbed to generate one e-way bill. If multiple invoices are issued by the supplier to recipient, for movement of such goods, multiple e-way bills have to be generated. Thus, for each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignors or consignees are involved.</p> <p>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.</p>
Q.2	<p>M/s Sakura Enterprises made an inter-State supply of taxable goods valued at ₹47,500 and exempt goods valued at ₹2,000. Rate of IGST for taxable supply was 6%. Determine, with brief reasons, whether e-way bill generation is mandatory for the above supply made by M/s Sakura Enterprises. [PP – Nov 22]</p>
Ans:	<p>In the given case, consignment value of goods (including GST and excluding value of exempt supply) is ₹50,350 (47,500 × 106%).</p> <p>Since there is a movement of goods of consignment value exceeding ₹50,000, M/s Sakura Enterprises is mandatorily required to issue e-way bill.</p>
Q.3	<p>Mr. Shambhu, a trader registered under GST in Delhi is engaged in wholesale business of toys for kids. Mr. Nandi registered under GST in Patiala; a regular return filer supplies toys in bulk to Mr. Shambhu for selling to end consumers.</p> <p>Mr. Shambhu paying tax in regular scheme in Delhi, has not filed GSTR-3B for last 2 months. Mr. Nandi wants to generate e-way bill for toys amounting to ₹5,00,000 to be supplied to Mr. Shambhu. Also Mr. Narayan from Jammu approached Mr. Shambhu for purchasing toys amounting to ₹75,000 for the purpose of return gift on his son’s first birthday party. Shambhu wants to generate an e-way bill in respect of an outward supply of goods to Mr. Narayan.</p> <p>Examine with reference to the provisions under GST law, whether Mr. Nandi and Mr. Shambhu can generate e- way bill? [RTP – May 22]</p>
Ans:	<ul style="list-style-type: none"> • Rule 138E of the CGST Rules, 2017 contains provisions pertaining to blocking of e-way bill generation facility, i.e., disabling the generation of e-way bill. A user will not be able to generate e-way bill for a GSTIN if the said GSTIN is not eligible for e-way bill generation as per rule 138E. • Rule 138E as amended vide Notification No. 15/2021 CT dated 18.05.2021 provides that blocking of GSTIN for e-way bill generation would only be for the defaulting supplier GSTIN and not for the defaulting Recipient or Transporter GSTIN. • In terms of rule 138E, a person paying tax under regular scheme who has not furnished the returns for a consecutive period of 2 tax periods is considered as a defaulting person. Suspended GSTIN cannot generate e-way bill as supplier. However, the suspended GSTIN can get the e- way bill generated as recipient or as transporter. • In other words, e-way bill generation facility is blocked only in respect of any outward movement of goods of the registered person who is not eligible for e-way bill generation as per rule 138E. E-way bills can be generated in respect of inward supplies of said registered person. • Thus, applying the above provisions, there will be no restriction in generating e-way Bill by Mr. Nandi as Mr. Nandi who is making outward movement of goods is a regular return filer. • E-way bill generation is blocked in case of movement of goods made by Mr. Shambhu to Mr. Narayan as it’s an outward movement of goods of Mr. Shambhu who has not filed GSTR-3B for past 2 months.
Q.4	<p>What are the documents and devices to be carried by person-in-charge of conveyance under Rule 138A of CGST Rules, 2017? [ICAI SM]</p>

Ans:	The person-in-charge of a conveyance has to carry: (a) the invoice or bill of supply or delivery challan as the case maybe; and (b) a copy of the e-way bill in physical form or the e-way bill number in electronic form or mapped to a Radio Frequency Identification Device embedded on to the conveyance [except in case of movement of goods by rail or by air or vessel] in such manner as may be notified by the Commissioner.
Q.5	Explain the meaning of consignment value of goods. [ICAI SM, MTP – Nov 23]
Ans:	Consignment value of goods shall be the value: <ul style="list-style-type: none"> • determined in accordance with the provisions of section 15 • declared in an invoice a bill of supply or delivery challan as the case may be issued in respect of the said consignment and • also includes the Central tax, State or Union Territory tax, integrity tax, and cess charged, if any, in the document and • shall exclude the value of supply of quotes with the invoices issued in respect of both exempt and taxable supply of quotes
Q.6	Mr. X, a registered person has caused movement of goods of consignment value exceeding ₹50,000 in relation to a supply and thus, generated e-way bill. However, after generation of e-way bill, he found a mistake in the e- way bill and wants to edit it. You are required to advise Mr. X whether he can do so with the help of relevant provisions? [ICAI SM, MTP-Nov 23, RTP-Nov 23]
Ans:	If there is a mistake incorrect or wrong entry in the e-way bill then it cannot be edited or corrected . Only option is cancellation of e-way bill within 24 hours of generation and generate a new one with correct details. Thus, in view of the above-mentioned provisions, Mr. X cannot edit the e-way bill. However, he can cancel the e-way bill within 24 hours and generate a new one with correct details.
Q.7	Talli Lal, a registered person, has transported alcoholic liquor for human consumption of consignment value of ₹1,50,000 from Delhi to Haryana. He has not generated e-way bill for the same. You are required to examine the correctness of action taken by Talli Lal. [ICAI SM]
Ans:	E-way bill is not required to be generated where the goods being transported are alcoholic liquor for human consumption . Thus, the action of Talli Lal of not generating the e-way bill is correct in law .
Q.8	Dhananjay Associates registered in Gujarat deals in industrial grade iron and steel products. The proprietor of Dhananjay Associates sold TMT iron bars (GST applicable @18%) to a retailer in Maharashtra at a value of ₹40,000 (excluding GST). As per the agreement of sale, goods are to be delivered at the premises of the retailer. The transportation cost of ₹7,000 has been charged separately to deliver the same to the retailer in Maharashtra. In the above scenario, determine whether an e-way bill is required to be issued under GST? [ICAI SM]
Ans:	Consignment value of quotes is the value determined in accordance with the provisions of section 15, and also includes the central tax, state or union territory tax, integrated tax and cess charged, if any, in the document. Further, since arranging freight is the liability of the supplier, it is a case of composite supply and thus, freight charges are to be added in the value of principle supply. Accordingly, as per section 15 in the given case would include the transportation cost in the invoice value i.e., ₹47,000 (₹40,000 + ₹7,000). Consignment Value = ₹47,000*118% = ₹55,460. Since the movement of goods is in relation to supply of goods and the consignment value exceeds ₹50,000, e- way bill is mandatorily required to be issued under GST in the given case.
Q.9	When goods are transferred by principal to job worker, there is no need to issue e-way bill. Comment on the validity of the above statement with reference to GST Laws. [PP - May 23]

Ans:	<p>The said statement is <u>not valid</u>.</p> <p>When goods are transferred by principal to job worker, e-way bill is required to be mandatorily issued;</p> <ul style="list-style-type: none"> • in case of intra-state transfer, if consignment value exceeds ₹50,000 and • in case of inter-state transfer irrespective of the value of the consignment.
Q.10	<p>Yash & Co., a manufacturer and supplier of plastic goods, is registered under GST in the State of Maharashtra. Yash & Co. sold plastic goods to a retail seller in Punjab, at a value of ₹43,000 (excluding GST leviable @ 18%). Now, it wants to send the consignment of such plastic goods to the retail seller in Punjab.</p> <p>You are required to examine whether e-way bill is mandatorily required to be generated in respect of such movement of goods as per the provisions of the GST law. [MTP - May 23]</p>
Ans.	<p>E-way bill is mandatorily required to be generated whenever there is a movement of goods of consignment value exceeding ₹50,000, inter alia, in relation to a supply. Consignment value of goods, inter alia, includes the central tax, State/Union territory tax, integrated tax and cess charged, if any. The consignment value of goods, in the given case, will be ₹50,740 [₹43,000 + (₹43,000 × 18%)]. Thus, in the given case, since the movement of goods is in relation to supply of goods and the consignment value exceeds ₹50,000, e-way bill is mandatorily required to be generated in respect of movement of goods from Maharashtra to Punjab.</p>
Q.11	<p>Explain the following terms regarding e-way bill under the relevant CGST Rules:</p> <p>(i) Consolidated e-way bill in case of road transport.</p> <p>(ii) Acceptance/rejection of e-way bill [MTP - May 23]</p>
Ans.	<p>(i) Consolidated e-way bill in case of road transport Consolidated e-way bill (EWB) is a single document containing the details of multiple e-way bills (even with different validity periods) in respect of multiple consignments of various consignors and consignees being transported in a single vehicle/ conveyance generated by the transporter to carry a single document instead of carrying separate documents for each consignment in the conveyance.</p> <p>(ii) Acceptance/rejection of e-way bill. The details of the e-way bill generated shall be made available to supplier (if registered), where the information in Part A of e-way bill is furnished by recipient/transporter, or recipient (if registered), where the information in Part A of e-way bill is furnished by supplier/transporter, who shall communicate his acceptance or rejection of the consignment covered by the e -way bill. If such person does not communicate the acceptance/rejection within 72 hours from the time of the details being made available to him on the common portal or the time of delivery of goods, whichever is earlier, it will be deemed that he has accepted the details.</p>
Q.12	<p>Sheen Ltd. a registered supplier wishes to transport cargo by road between two cities situated at a distance of 372 kilometres. Calculate the validity period of e-way bill under rule 138(10) of the CGST Rules, 2017 for transport of the said cargo, if it is over dimensional cargo or otherwise. [MTP-Sept 24]</p>
Ans:	<p>The validity period of e-way bill under rule 138(10) of the CGST Rules, 2017 for transport of cargo by road between two cities situated at a distance of 372 km is as under:</p> <p>(i) If it is over dimensional cargo: the validity period of the e-way bill is one day from relevant date upto 20 km and one additional day for every 20 km or part thereof thereafter.</p> <p>Thus, validity period in given case:</p> <p>= 1 day + 18 days = 19 days</p> <p>(ii) If it is a cargo other than over dimensional cargo: the validity period of the e-way bill is one day from relevant date upto 200 km and one additional day for every 200 km or part thereof thereafter.</p>

	<p>Thus, validity period in given case: = 1 day + 1 day = 2 days</p>
Q.13	<p>Briefly discuss the provisions related to inspection and verification of goods in transit as laid in Rule 138C of CGST Rules, 2017. [PP-May 25]</p>
Ans.	<p>A summary report of every inspection of goods in transit shall be recorded online by the proper officer in Part A of a prescribed form within 24 hours of inspection and the final report in Part B of said form shall be recorded within 3 days of such inspection.</p> <p>However, where the circumstances so warrant, the Commissioner, or any other officer authorised by him, may, on sufficient cause being shown, extend the time for recording of the final report in Part B of said form, for a further period not exceeding 3 days.</p> <p>The period of 24 hours or, as the case may be, 3 days shall be counted from the midnight of the date on which the vehicle was intercepted.</p> <p>Where the physical verification of goods being transported on any conveyance has been done during transit at one place within the State/Union territory or in any other State/Union territory, no further physical verification of the said conveyance shall be carried out again in the State/Union territory, unless a specific information relating to evasion of tax is made available subsequently.</p>
Q.14	<p>State in brief the requirement of generation of an E-way Bill with reference to Rule 138(1) of the CGST Rules, 2017.</p> <p>Also discuss in brief the provision of generation of E-way Bill in case of supply of goods on behalf of the third person (i.e. "Bill to Ship to" Model). [PP-Sept 25]</p>
Ans.	<p>Whenever there is a movement of goods of consignment value exceeding ₹ 50,000:</p> <ul style="list-style-type: none">(i) in relation to a supply; or(ii) for reasons other than supply; or(i) due to inward supply from an unregistered person, the registered person causing such movement of goods is required to generate an e-way bill before commencement of such movement. <p>In case of supply of goods on behalf of the "Third person" ("Bill to Ship to" model), by "Supplier" to "Recipient", either "Third person" or "Supplier" can generate the e-way bill.</p> <p>For instance, if A ordered B to send goods to C – Either A or B can generate the e-way bill.</p> <p>In any case, only one e-way bill is required to be generated even though there are two supplies and two invoices being issued.</p>

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STUDENT NOTES

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Q.1	<p>M/s. Daksha Enterprises has made a cash deposit of ₹10,000 under minor head 'tax' of major head 'SGST'. It has a liability of ₹2,000 for minor head 'interest' under the major head 'SGST'. State whether M/s. Daksha Enterprises can utilize the amount available for payment of interest.</p> <p style="text-align: right;"><i>[ICAI SM]</i></p>
Ans:	<p>The Registered person is allowed to transfer the amount available under any minor head of a major head to any of the minor head of the same or other major head as per Section 49(10) of the CGST Act, 2017 vide Form PMT-09. Therefore, in the given case, amount of ₹10,000 available under minor head 'tax' of major head 'SGST' can be utilized for payment of liability of ₹2,000 under minor head 'interest' of the same major head, after making a due transfer entry using Form GST PMT-09 from the minor head of 'tax' to 'interest'.</p>
Q.2	<p>Mr. Alok, a registered supplier of taxable goods, filed GSTR 3B for the month of January, 2024 on 15th April, 2024. The prescribed due date to file the said GSTR 3B was 20th February, 2024. The amount of net GST payable, in Cash i.e. Electronic Cash Ledger on supplies made by him for the said month worked out to be ₹ 36,500 which was paid on 15th April, 2024. Briefly explain the related provisions and compute the amount of interest payable under the CGST Act, 2017 by Mr. Alok. Ignore the effect of leap year, if applicable in this case.</p> <p style="text-align: right;"><i>[ICAI SM]</i></p>
Ans:	<p>Interest is payable in case of delayed payment of tax @ 18% p.a. from the date following the due date of payment to the actual date of payment of tax.</p> <p>Thus, the amount of interest payable by Mr. Alok is as under:- Period of delay = 21st February, 2024 to 15th April, 2024 = 54 Days Hence, amount of interest = ₹ 36,500 x 18% x 54/365 = ₹ 972</p>
Q.3	<p>ABC Ltd., have filed their GSTR-3B for the month of July 2023 within the due date prescribed under Section 39 i.e., 20.08.2023. Post filing of the return, the registered person has noticed during September 2023 that tax dues for the month of July 2023 have been short paid for ₹40,000. ABC Ltd., has paid the above shortfall of ₹40,000 through GSTR-3B of September 2023, filed on 20.10.2023 [payment through Cash ledger - ₹30,000 and Credit ledger ₹10,000]. Examine the Interest payable under the CGST Act, 2017.</p> <p>What would be your answer if, GSTR-3B for the month of July 2023 has been filed belatedly on 20.10.2023 and the self-assessed tax of ₹40,000 has been paid on 20.10.2023 [payment through electronic cash ledger - ₹30,000 and electronic credit ledger ₹10,000]. Notes:</p> <ul style="list-style-type: none"> • No other supply has been made nor tax payable for the month of July, 2023 other than ₹40,000 missed out to be paid on forward charge basis. • Ignore the effect of leap year, if applicable in this case. <p style="text-align: right;"><i>[ICAI SM]</i></p>
Ans:	<p>Interest is payable under Section 50 of the CGST Act, 2017 in case of delayed payment of tax @ 18% p.a. 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.</p> <p>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 2023. Accordingly, interest is payable on the gross liability and proviso of sub-section 50(1) shall not be applicable.</p> <p>Thus, the amount of interest payable by ABC Ltd., is as under: Period of delay = 21st August, 2023 to 20th October, 2023 = 61 days. Hence, amount of interest = ₹40,000 x 18% x 61/365 = <u>₹1,203</u></p> <p>Alternatively, if ABC Ltd., have filed the return for the month of July 2023 on 20.10.2023, beyond the stipulated due date of 20.08.2023 and if the self-assessed tax for July 2023 has been paid on</p>

	<p>20.10.2023, 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 2023 till 20th October 2023 = 61 days. Amount of Interest = ₹30,000 x 18% x 61/365 = ₹902</p>
<p>Q.4</p>	<p>Mr. A has deposited a sum of ₹30,000 under minor head of “interest” column for the major head “IGST”. At the time of filing GSTR-3B for a particular tax period, he noticed that there is no sufficient amount under the minor head ‘Tax’ towards payment of ₹30,000. When approached with the Jurisdictional Tax officer, Mr. A was guided to deposit the tax amount under proper head of account and claim a refund for the remittance of amount deposited under head ‘interest. Examine the relevant provisions of CGST Act, 2017 towards payment of tax and compliance with the law. [ICAI SM]</p>
<p>Ans:</p>	<p>Provisions of Section 49(10) of CGST Act, 2017 permit a registered person for transferring the amount deposited under any of the minor head i.e., tax, interest, penalty, fees or others to any of the heads under IGST/CGST/SGST/UTGST and make the payment of taxes there upon. Accordingly, Mr. A need not deposit the tax amount under head ‘tax’ and claim a refund for the remittance of amount deposited under head ‘interest’. Rather, using the Form GST PMT-09, such amount can be transferred suo-moto on the common portal from ‘interest’ to ‘tax’ head and tax liability be paid.</p>
<p>Q.5</p>	<p>M/s ABC & Co., have defaulted in filing the return under Section 39 of CGST Act, 2017 i.e., GSTR-3B for the month of March, 2024 within the specified due date. Reason for such delay is attributable to delay in closure of Books for March 2024, which have been finalized during May. The GST Common portal prompted for payment of late fees payable under Section 47 of CGST Act, 2017 for a sum of ₹2,000 under CGST and SGST each. Accountant, of M/s ABC & Co., sought your confirmation for payment of such late fees through the balance available in Electronic Credit Ledger for the late fees. Give your guidance in this regard. [ICAI SM]</p>
<p>Ans:</p>	<p>Section 49(3) of the CGST Act, 2017 provides that the amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules made there under in prescribed manner. Further, section 49(4) provides that the amount available in the electronic credit ledger may be used for making any payment towards output tax under this Act or under the Integrated Goods and Services Tax Act in prescribed manner. Accordingly, as per the combined reading of the above provisions, late fees shall be paid only through electronic cash ledger and not possible through electronic credit ledger. Thus, contention of the accountant of M/s ABC & Co., is not correct and the above amount shown on the common portal has to be deposited in Electronic Cash Ledger under appropriate minor head, through any of the specified modes.</p>
<p>Q.6</p>	<p>How many types of electronic ledger/register are being maintained on GST common portal? [ICAI SM]</p>
<p>Ans:</p>	<p>(a) Electronic cash ledger (b) Electronic credit ledger (c) Electronic liability register</p>
<p>Q.7</p>	<p>What are the main features of GST payment process? [ICAI SM]</p>
<p>Ans:</p>	<p>The main features of GST payment process are as follows: (a) Electronically generated challan from GSTN common portal in all modes of payment and no use of manually prepared challan; (b) Facilitation for the tax payer by providing hassle free, anytime, anywhere mode of payment of tax; (c) Convenience of making payment online; (d) Realtime data for tax collection in electronic format; (e) Faster remittance of tax revenue to the Government Account;</p>

	<p>(f) Paperless transactions;</p> <p>(g) Speedy Accounting and reporting;</p> <p>(h) Electronic reconciliation of all receipts;</p> <p>(i) Simplified procedure for banks;</p> <p>(j) Warehousing of Digital Challan.</p>	
Q.8	Are principles of unjust enrichment applicable for payment made under GST?	[ICAI SM]
Ans:	Yes, as per Section 49(9) of the CGST Act, 2017 every person who has paid the tax on goods or services or both under this Act shall, unless the contrary is proved by him, be deemed to have passed on the full incidence of such tax to the recipient of such goods or services or both.	
Q.9	State the name of output tax under GST, where any of the input tax credit under GST can be availed?	[ICAI SM]
Ans:	IGST, CGST, SGST, UTGST i.e., all input tax credit can be availed against output tax liability known as IGST. However, it has to be utilized in prescribed manner.	
Q.10	<p>Sahil is a supplier of taxable goods in Karnataka. He got registered under GST in the month of September, 2023 and wishes to pay his IGST liability for the month. Since he is making the GST payment for the first time, he is of the view that he needs to mandatorily have the online banking facility to make payment of GST; offline payment is not permitted under GST. You are required to apprise Sahil regarding the various modes of deposit in the electronic cash ledger.</p> <p>Further, advise him with regard to following issues:</p> <p>(a) Are manual challans allowed under GST?</p> <p>(b) What is the validity period of the challan?</p> <p>(c) Is cross utilization among Major and Minor heads of the electronic cash ledger permitted?</p>	
Ans:	<p>As per the provisions of CGST Act, 2017 read with relevant rules, the deposit in electronic cash ledger can be made through any of the following modes, namely:</p> <p>a) Internet Banking through authorized banks;</p> <p>b) Unified Payment Interface (UPI) from any bank;</p> <p>c) Immediate Payment Services (IMPS) from any bank;</p> <p>d) Credit card or Debit card through the authorized bank;</p> <p>e) National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or</p> <p>f) Over the Counter payment through authorized banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft.</p> <p>Thus, offline mode is also permitted under GST subject to specified conditions.</p> <p>a) Manual or physical Challans are not allowed under the GST regime. It is mandatory to generate Challans online on the GST Portal.</p> <p>b) Challan is valid for a period of 15 days.</p> <p>c) A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the CGST Act, 2017 to the electronic cash ledger for integrated tax, central tax, state tax or union territory tax or cess.</p>	
Q.11	<p>Suhasini is a registered software consultant. On account of her ill health, she could not provide any services during the month of October. However, she had to incur all the expenses relating to her office. She paid ₹75,000 to various vendors. The total input tax involved on the goods and services procured by her is ₹13,500. Out of the total bills paid by her, one bill for ₹15,000 relates to security services availed for security of her office, tax on which is payable under reverse charge. Input tax involved in such bill is ₹2,700. Suhasini is of the opinion that for the month of October, no GST is payable from electronic cash ledger as she has sufficient balance of ITC for payment of GST under reverse charge on security services.</p> <p>Do you think Suhasini is right? Explain with reasons.</p>	
		[ICAI SM]

Ans:	<p>The amount available in the electronic credit ledger, i.e., ITC may be used for making any payment towards output tax [Section 49(4)]. Output tax in relation to a taxable person, means the tax chargeable on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis [Section 2(82)].</p> <p>Therefore, ITC cannot be used to pay the tax liability under reverse charge. The same is always required to be paid through electronic cash ledger and not electronic credit ledger. Thus, Suhasini is wrong and she will need to pay the GST of ₹2,700 on security service through electronic cash ledger.</p>																		
Q.12	<p>Mr. B, a registered supplier of Uttar Pradesh, is doing the trading of taxable goods. He approaches you to understand the manner of utilization of available Input Tax Credit (ITC). With reference to provisions of payment of tax, state the manner of utilization of ITC under GST law. [PP – May 22]</p>																		
Ans:	<p>The manner of utilization of ITC under GST law is as under:</p> <ol style="list-style-type: none"> 1. IGST credit should first be utilized towards payment of IGST. 2. Remaining IGST credit, if any, can be utilized towards payment of CGST and SGST/UTGST in any order and in any proportion. 3. Entire ITC of IGST should be fully utilized before utilizing the ITC of CGST or SGST/UTGST. 4. Subsequently, ITC of CGST should be utilized for payment of CGST and IGST in that order. 5. ITC of SGST /UTGST should be utilized for payment of SGST/UTGST and IGST in that order. 6. ITC of SGST/UTGST should be utilized for payment of IGST, only after ITC of CGST has been utilized fully. 7. ITC of SGST/UTGST cannot be utilized for payment of CGST and vice versa. 																		
Q.13	<p>Pranesh has deposited a sum of ₹5,000 under the head of 'Fee' column of Cess and ₹4,000 was lying unutilized under the head of 'Penalty' column of IGST. Both the deposits were made wrongly instead of depositing under the head of Fee column under SGST.</p> <p>In the light of the provisions of section 49(10) & 49(11) of the CGST Act, 2017, briefly explain the relevant provisions as how can Pranesh rectify these errors? [PP – Nov 22]</p>																		
Ans:	<p>A registered person is allowed to make intra-head or inter-head transfer of amount, as available in electronic cash ledger, using specified form.</p> <p>It can transfer any amount of tax, interest, penalty, fee or others, under one (major or minor) head to another (major or minor) head, as available in the electronic cash ledger.</p> <p>Therefore, in the given case, amount of ₹5,000 available under minor head 'fee' of major head 'cess' and ₹4,000 available under minor head 'penalty' of major head 'IGST' can be transferred to minor head 'fee' of major head 'SGST' using specified form.</p>																		
Q.14	<p>State the order in which every taxable person discharges his tax and other dues under GST law, as provided under section 49 of the CGST Act, 2017. [RTP – May 23]</p>																		
Ans:	<p>Section 49 of the CGST Act, 2017 stipulates that every taxable person shall discharge his tax and other dues under the GST law in the following order, namely:</p> <ol style="list-style-type: none"> (a) self-assessed tax, and other dues related to returns of previous tax periods; (b) self-assessed tax, and other dues related to the return of the current tax period; (c) any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74. 																		
Q.15	<p>Mr. Manik provides the following information regarding his tax & other liabilities under GST Law as per Electronic Liability Register:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S. No.</th> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Tax due for the month of May</td> <td style="text-align: right;">25,000</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Interest due for the month of May</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td style="text-align: center;">3.</td> <td>Penalty due for the month of May</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td style="text-align: center;">4.</td> <td>Tax due for the month of June</td> <td style="text-align: right;">35,000</td> </tr> <tr> <td style="text-align: center;">5.</td> <td>Liability arising out of demand notice u/s 73</td> <td style="text-align: right;">48,000</td> </tr> </tbody> </table>	S. No.	Particulars	Amount (₹)	1.	Tax due for the month of May	25,000	2.	Interest due for the month of May	2,000	3.	Penalty due for the month of May	3,000	4.	Tax due for the month of June	35,000	5.	Liability arising out of demand notice u/s 73	48,000
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4.	Tax due for the month of June	35,000																	
5.	Liability arising out of demand notice u/s 73	48,000																	

Mr. Manik wants to clear his liability of demand notice u/s 73 first.

Discuss the provision of order of discharge of GST liability u/s 49(8) of the CGST Act & advice Mr. Manik. [PP - May 23]

The order of discharge of GST liability under section 49(8) of the CGST Act is as under:

- Ans:**
- (i) self-assessed tax, interest, penalty, fee or any other amount related to returns of previous tax periods;
 - (ii) self-assessed tax, interest, penalty, fee or any other amount related to returns of the current tax period;
 - (iii) any other amount payable including the demand determined under section 73 or section 74.
- In the view of above provisions, Mr. Manik cannot clear his liability of demand notice u/s 73 first. The order of discharge of liability of Mr. Manik will be as under:
1. Tax, interest, penalty for the month of May, ₹30,000
 2. Tax due for the month of June, ₹35,000
 3. Liability arising out of demand notice u/s 73, ₹48,000

Q.16 Rajul is a registered software consultant. On account of her ill health, she could not provide any services during the month of October. However, she had to incur all the expenses relating to her office. She paid ₹75,000 to various vendors. The total input tax involved on the goods and services procured by her is ₹13,500. Out of the total bills paid by her, one bill for ₹15,000 relates to security services availed for security of her office, tax on which is payable under reverse charge. Input tax involved in such bill is ₹2,700.

Rajul is of the opinion that for the month of October, no GST is payable from electronic cash ledger as she has sufficient balance of ITC for payment of GST under reverse charge on security services.

Do you think Rajul is right? Explain with reasons. [MTP - Nov 22]

Ans: The amount available in the electronic credit ledger, i.e., ITC may be used for making any payment towards output tax. Output tax in relation to a taxable person, means the tax chargeable on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis.

Therefore, ITC cannot be used to pay the tax liability under reverse charge. The same is always required to be paid through electronic cash ledger and not electronic credit ledger. Thus, Rajul is wrong and she will need to pay the GST of ₹2,700 on security service through electronic cash ledger.

Q.17 GSTR 3B for the month of January 2024 has been filed by M/s Avisha Limited, a registered person, within the due date prescribed by the CGST Act 2017 which is on February 20th, 2024. It came to the notice of the Co. that tax due for the month of January, 2024 has been paid short by ₹ 16,000. The short fall of ₹ 16,000 has been paid through cash ledger and credit ledger at the time of filing GSTR 3B for the month of February 2024 on March 20th, 2024 in the following manner:

Particulars	Cash Ledger	Credit Ledger
Shortfall	₹ 12,000	₹ 4,000

Assume that electronic cash ledger and credit ledger carry sufficient balance for the above short fall.

- (i) You are required to calculate the amount of interest payable if any under section 50 of the CGST Act 2017 and rule 88B of the CGST rules 2017.
- (ii) Give the effect if GSTR3B for the month of January 2024 had been filed belatedly on March 20, 2024 and all other conditions remaining same.

Calculation should be rounded off to nearest rupee. As 2024 is leap year, give effect of same. [PP-May 24]

Ans. Interest is payable 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. Above interest is payable on the net tax liability paid in cash only if return in Form GSTR-3B for a tax period has been filed after the due date to furnish such return. Otherwise, interest is payable on gross tax liability.

	<p>(i) Since Avisha Limited has furnished Form GSTR-3B for the month within the prescribed due date, interest is payable on the gross tax liability deposited with a delay of 29 days [21.02.2024 - 20.03.2024 (both inclusive)] as under: $= ₹ 16,000 \times 18\% \times 29/366 = ₹ 228$ (rounded off)</p> <p>(ii) If Avisha Limited has filed Form GSTR-3B for the month after the due date, i.e. on 20.03.2024, interest is payable on the net tax liability paid through Electronic Cash Ledger only, for a delay of 29 days, as under: $= ₹ 12,000 \times 18\% \times 29/366 = ₹ 171$ (rounded off)</p>
<p>Q.18</p>	<p>Mr. Ranjan availed ITC of ₹ 1,00,000 in GSTR-3B for the month of June, 2024. The Output tax liability for June 2024 was Nil. His intra-State output supply for the month of July 2024 was ₹ 5,00,000 (excluding GST). He utilized the available ITC against the output tax liability for the month of July 2024 while filing GSTR-3B. Mr. Ranjan found on 22nd September, 2024 that he wrongly availed ITC of ₹ 1,00,000 in the month of June 2024. He reversed the unutilized amount of wrongly availed ITC standing in credit ledger on 30th September, 2024 and paid the utilized amount of ITC by cash. The GST rate is 18%. Calculate the interest payable under the applicable GST law, if Mr. Ranjan filed:</p> <p>(i) Form GSTR-3B for the month of June 2024 on 19 July, 2024. (ii) Form GSTR-3B for the month of July 2024 was filed on 25 August, 2024. (Note: The due date of filing of GSTR-3B is 20th day of the following month. But the due date of filing of GSTR-3B was extended to 22nd August, 2024 for the month of July 2024) [PP-May 25]</p>
<p>Ans.</p>	<p>Output tax liability for the month of July, 2024 $= ₹ 5,00,000 \times 18\%$ $= ₹ 90,000.$</p> <p>Mr. Ranjan has utilized wrongly availed ITC amounting to ₹ 90,000 for discharging this tax liability while filing GSTR-3B for the month of July 2024.</p> <p>In case of wrongful availment and utilization of ITC, the interest shall be calculated on the amount of ITC wrongly availed and utilised, for the period starting from the date of utilisation of such wrongly availed ITC till the date of reversal of such credit or payment of tax in respect of such amount at the specified rate.</p> <p>No interest is payable for ₹ 10,000 since it was not utilized even though wrongly availed.</p> <p>The date of utilisation of such ITC shall be taken to be earlier of the following:-</p> <p>(a) Due date of filing of return [22nd August, 2024] or (b) Actual date of filing of return [25th August, 2024]. i.e. 22nd August, 2024</p> <p>Amount of ITC wrongly availed and utilized = ₹ 90,000 Date of utilization of wrongly availed ITC = 22nd August, 2024 Date of payment of tax = 30th September, 2024# Period of delay = 23rd August, 2024 to 30th September, 2024 (Both days inclusive) = 39 days Rate of interest - 18% Interest will be as follows: $= ₹ 90,000 \times 18\% \times 39/365$ $= ₹ 1,731$ (rounded off) [₹ 865 each under CGST and SGST] # It has been logically assumed that date of payment is same as date of reversal i.e 30.09.2024.</p>

Q.1	Mr. X is a supplier selling his own products through a web site hosted by him. Does he fall under the definition of an “electronic commerce operator”? Whether he is required to collect TCS on such supplies? [ICAI SM]
Ans:	As per the definitions in Section 2(44) and 2(45) of the CGST Act, 2017, Mr. X will come under the definition of an “electronic commerce operator”. However, according to Section 52 of the Act <i>ibid</i> , TCS is required to be collected on the net value of taxable supplies made through it by other suppliers where the consideration is to be collected by ECO. In cases, where someone is selling their own products through a website, there is no requirement to collect tax at source as per the provisions of this Section. These transactions will be liable to GST at the prevailing rates.
Q.2	If Mr. A purchase goods from different vendors and in turn Mr. A, is selling them on his own website under his own billing, is TCS required to be collected on such supplies? [ICAI SM]
Ans:	No. According to Section 52 of the CGST Act, 2017, TCS is required to be collected on the net value of taxable supplies made through E-Commerce operator by other suppliers where the consideration is to be collected by the ECO. In this case, there are two transactions – Mr. A purchase the goods from the vendors , and those goods are sold through his own website . For the first transaction, GST is leviable , and will need to be paid to vendor, on which credit is available to Mr. A. The second transaction is a supply on own account of Mr. A, and not by other suppliers and there is no requirement to collect tax at source . The transaction will attract GST at the prevailing rates.
Q.3	Whether the rate of tax of 0.5% notified under section 52 is CGST or SGST or a combination of both CGST and SGST? [ICAI SM]
Ans:	The rate of TCS as notified under CGST Act is payable under CGST and the equal rate of TCS is expected under the SGST Act also, in effect aggregating to 0.5%.
Q.4	Is every e-commerce operator required to collect tax on behalf of actual supplier? [ICAI SM]
Ans:	Yes, every e-commerce operator is required to collect tax where consideration with respect to the supply is being collected by e-commerce operator . However, no TCS is required to be collected in the following cases: (i) on supply of services notified under section 9(5) of the CGST Act, 2017. (ii) on exempt supplies (iii) on supplies on which the recipient is required to pay tax on reverse charge basis .
Q.5	State whether the provisions pertaining to tax collected at source under section 52 of CGST Act, will be applicable, if Fitam Ltd. sells watch on its own through its own website? [ICAI SM]
Ans:	As per Section 52, every electronic commerce operator not being an agent , shall collect an amount calculated at such rate not exceeding 0.5% , as may be notified by the Government on the recommendations of the Council, of the net value of taxable supplies made through it <i>by other suppliers</i> where the consideration with respect to such supplies is to be collected by the operator. Hence, if the person sells on his own, provisions pertaining to tax collected at source (TCS), won't be applicable.
Q.6	There is no onus of filing any monthly & annual statements by ECO. Examine the technical veracity of the statement by explaining relevant provisions. [ICAI SM]
Ans:	The given statement is invalid . An electronic statement has to be filed by the ECO containing details of outward supplies of goods and/ or services effected through it, including the supplies returned through it and the amount collected by it as TCS during the month within 10 days after the end of each month in which supplies are made. Additionally, the ECO is also mandated to file an Annual Statement on or before 31st day of December following the end of the financial year.

	The Commissioner has been empowered to extend the due date for furnishing of monthly and annual statement by the person collecting tax at source.
Q.7	State whether the provisions pertaining to tax collected at source under section 52 of CGST Act, will be applicable, if ABC limited who is dealer of Royul brand sells watches through Slipkart, an electronic commerce operator? <i>[ICAI SM]</i>
Ans:	As per Section 52, every electronic commerce operator not being an agent, shall collect an amount calculated at such rate not exceeding 0.5% as may be notified by the Government on recommendations of the Council, of the net value of taxable supplies made through it <i>by other suppliers</i> where the consideration with respect to such supplies is to be collected by the operator . If ABC limited, who is dealer of Royul brand sells watches through Slipkart, then the provisions of TCS will be applicable to Slipkart .
Q.8	Ramlala Enterprises, registered in Delhi, is engaged in supply of interior decoration services to Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh). The total contract value inclusive of GST is Rs 15,50,000 and payment for the same is due in October, 2023. You are required to determine amount of tax, if any, to be deducted in the above case assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively. Will your answer be different, if Ramlala Enterprises is registered under composition scheme? <i>[RTP May-24]</i>
Ans:	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, 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) a department or establishment of the Central Government or State Government; or (b) local authority; or (c) Governmental agencies; or (d) an authority or a board or any other body, - (i) set up by an Act of Parliament or a State Legislature; or (ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function; or (e) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860, or (f) Public sector undertakings. (g) Registered person supplying metal scrap to another registered person. 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. 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 (Ramlala Enterprises) and the place of supply is Delhi and the State of registration of the recipient i.e. Government of Andhra Pradesh is Andhra Pradesh, no tax is liable to be deducted in the given case. The answer will remain unchanged even if Ramlala Enterprises is registered under composition scheme.

<p>Q.9</p>	<p>Who is liable to collect TCS (collection of tax at source) under Section 52 of the CGST Act, 2017. Briefly explain the provisions relating to registration, filing of return and deposit of TCS to Government as per the provisions of section 52 of the CGST Act, 2017 and rule 12 of the CGST Rules, 2017.</p> <p style="text-align: right;">[PP-May 24]</p>						
<p>Ans:</p>	<p>Every Electronic Commerce Operator (ECO), not being an agent, is liable to collect tax at source (TCS). Such ECO is required to submit a registration application in prescribed form through the common portal. The proper officer shall, after due verification, grant registration within 3 working days from the date of the application. On a request or upon an enquiry or pursuant to any other proceeding under GST law, if the proper officer is satisfied that a person is no longer liable to collect the tax at source, he may cancel his registration.</p> <p>Such ECO shall furnish a monthly statement in prescribed form containing the details of the outward supplies of goods and/ or services effected through it, including supplies returned through it and the amount collected by it as TCS during the month within 10 days after the end of each month in which tax has been collected at source.</p> <p>They also required to file annual statement⁴ on or before 31st December following the end of the financial year.</p> <p>The TCS amount collected by the ECO has to be deposited by 10th of the month succeeding the month in which TCS has been collected.</p>						
<p>Q.10</p>	<p>Mohan, a registered person in Salem, Tamil Nadu, makes intra-State supply of taxable goods amounting to ₹ 13,57,000 (inclusive of GST) to a Public Sector Undertaking (PSU). Consideration for same is received in 5 equal instalments from the PSU.</p> <p>Tax rates applicable: CGST 9%, SGST 9%, IGST 18%</p> <p>What will be your view with respect to applicability of TDS provisions as per section 51 of the CGST Act, 2017 regarding above transaction?</p> <p>What is the period by which TDS is required to be deposited to the Government account?</p> <p style="text-align: right;">[PP-Sept 24]</p>						
<p>Ans:</p>	<p>In case of intra-State supply of goods by a supplier to a PSU, TDS @ 1% each under CGST and SGST is liable to be deducted by PSU only when the total value of supply under a contract exceeds ₹ 2,50,000 (exclusive of tax & cess), from the payment made or credited to the supplier.</p> <p>Accordingly, in the given case, since the value of supply under the contract excluding taxes and cesses is ₹ 11,50,000 (₹ 13,57,000 × 100/118), TDS @ 1% on payment of each of the instalment of ₹ 2,30,000 (₹ 11,50,000/5), i.e. ₹ 2,300 each under CGST and SGST is to be deducted even though the individual payment is less than ₹ 2,50,000.</p> <p>The amount of TDS deducted shall be paid to the Government by the deductor within 10 days after the end of the month in which such deduction is made or by 10th of the succeeding month.</p>						
<p>Q.11</p>	<p>Mr. Bholuram, a supplier located in Meerut, U.P. supplied the bedsheets, pillow covers and blankets to a Governmental agency, registered in U.P. under a contract. The total contract value is ₹ 4,61,000 excluding GST. The value of supply is bifurcated as below:</p> <table border="0" data-bbox="289 1604 844 1717"> <tr> <td>400 Blankets for ₹ 600 each</td> <td>₹ 2,40,000</td> </tr> <tr> <td>850 Bed Sheets for ₹ 180 each</td> <td>₹ 1,53,000</td> </tr> <tr> <td>1700 Pillow Covers for ₹ 40 each</td> <td>₹ 68,000</td> </tr> </table> <p>Is Governmental agency required to deduct tax at source (while making the payment to Mr. Bholuram) under section 51 of the CGST Act, 2017 and if yes, determine the amount of tax to be deducted source?</p> <p style="text-align: right;">[RTP-Jan 25]</p>	400 Blankets for ₹ 600 each	₹ 2,40,000	850 Bed Sheets for ₹ 180 each	₹ 1,53,000	1700 Pillow Covers for ₹ 40 each	₹ 68,000
400 Blankets for ₹ 600 each	₹ 2,40,000						
850 Bed Sheets for ₹ 180 each	₹ 1,53,000						
1700 Pillow Covers for ₹ 40 each	₹ 68,000						
<p>Ans:</p>	<p>As per section 51 of the CGST Act, 2017, it is mandatory for the following persons to deduct tax at source from payments made to the suppliers of taxable goods and/or services:-</p>						

- (a) Central/State Government department or establishment;
- (b) local authority; or
- (c) Governmental agencies; or
- (d) such notified persons

The tax would be deducted @ 1% (each under CGST and SGST) of the payment made to the supplier of taxable goods and/or services, where the total value of such supply, under a contract, exceeds ₹ 2,50,000 (excluding the amount of Central tax, State tax, Union Territory tax, Integrated tax and cess indicated in the invoice). Thus, individual supplies may be less than ₹ 2,50,000/-, but if total value of supplies under a contract is more than ₹ 2,50,000/-, TDS has to be deducted.

In the given case, Mr. Bholuram has made supplies to a Governmental agency and total value of supply under a contract exceeds ₹ 2,50,000, it is mandatory for Governmental agency to deduct TDS @1% each under CGST and SGST on the net value of taxable supplies.

The amount of TDS required to be deducted each under CGST & SGST each is ₹ 4,610.

“

STUDENT NOTES



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Q.1	Mr. X, a registered taxpayer under regular scheme, did not make any taxable supply during the month of July. Is he required to file a GSTR-3B? <i>[ICAI SM]</i>
Ans:	A registered taxpayer is required to furnish a return u/s 39 for every month even if no supplies have been affected during such period. In other words, filing of Nil GSTR-3B is also mandatory . Therefore, Mr. X is required to file GSTR-3B even if he did not make any taxable supply during the month of July.
Q.2	If a return has been filed, how can it be revised if some changes are required to be made? <i>[ICAI SM, MTP – Nov 22, Nov 23]</i>
Ans:	In GST since the returns are built from details of individual transactions , there is no requirement for having a revised return . Any need to revise a return may arise due to the need to change a set of invoices or debit/ credit notes . Instead of revising the return already submitted, the system allows amendment in the details of those individual details of those transactions (invoices or debit/credit notes) that are required to be amended. They can be amended in any of the future GSTR- 1 in the tables specifically provided for the purposes of amending previously declared details. As per section 39(9), omission or incorrect particulars discovered in the returns filed u/s 39 can be rectified in the return to be filed for the month during which such omission or incorrect particulars are noticed . Any <u>tax payable</u> as a result of such error or omission will be required to be <u>paid along with interest</u> . The rectification of errors/omissions is carried out by entering appropriate particulars in “Amendment Tables” contained in GSTR-1. However, no such rectification of any omission or incorrect particulars is allowed after the due date for furnishing of return for the month of September or second quarter (in case of quarterly filers) 30th November following the end of the financial year to which such details pertain, or the actual date of furnishing of relevant annual return, whichever is earlier .
Q.3	M/s Cavenon Enterprises, a registered supplier of designer wedding dresses under regular scheme, has aggregate annual turnover of ₹30 lakh in the preceding financial year. It is of the view that in the current financial year, it is permitted to file its statement of outward supplies (GSTR-1) on a quarterly basis while its accountant advises it to file the same on a monthly basis. You are required to advise M/s Cavenon Enterprises on the same.
Ans:	Section 37 stipulates that GSTR-1 for a particular month is required to be filed on or before the 10th day of the immediately succeeding month, i.e., on a monthly basis. However, the time limit for furnishing the details of outward supplies in Form GSTR-1 is extended to 13th day of the month succeeding such quarter for Registered persons opting for QRMP scheme and 11th day of the month succeeding such month for other taxpayers respectively However, presently, as a measure of easing the compliance requirement for small taxpayers, the details of outward supplies of goods or services or both to a registered person can be furnished, for the first and second months of a quarter, up to a cumulative value of fifty lakh rupees in each of the months, using invoice furnishing facility (IFF) electronically on the common portal, from the 1st day of the month succeeding such month till the 13th day of the said month . The taxpayers opting for furnishing details of outward supply on quarterly basis can file GSTR 1 on quarterly basis. The option to file return on quarterly basis is available for taxpayers having aggregate turnover up to ₹5 crores in preceding financial year.
Q.4	In view of the same, M/s Cavenon Enterprises can file its GSTR-1 on quarterly basis if it has opted to furnish the outward supply related details on quarterly basis and filing IFF on monthly basis as its aggregate turnover does not exceed ₹5 crore in the preceding financial year. Mr. Kohli is a registered supplier in the State of Gujarat. He is filing GSTR-1 every month. During the

<p>Ans:</p>	<p>month of February, he went out of India and thus, could not do any business transaction during that month. He believes that as there is no transaction, there is no need to file GSTR-1 for the month of February. Is he correct? Explain. [ICAI SM]</p> <p>No, Mr. Kohli is not correct. GSTR-1 needs to be filed even if there is no business activity in the tax period. Therefore, in the given case, even though Mr. Kohli was out of India and thus, could not do any business transaction during the month of February, he is still required to file GSTR-1 for that month.</p>
<p>Q.5</p>	<p>Mr. Kalpesh is a registered dealer in Kerala paying tax under composition levy from 1st April. However, he opts to pay tax under regular scheme from 1st December. Is he liable to file GSTR-4 till the month of November? Discuss. [ICAI SM]</p>
<p>Ans:</p>	<p>Where a taxpayer opts to withdraw from the composition scheme, he has to file GSTR-4 for the period prior to his opting for payment of tax under regular scheme. Therefore, in the given case, Mr. Kalpesh is liable to file GSTR-4 till the month of November since he was paying tax under composition scheme till the month of November.</p>
<p>Q.6</p>	<p>Mrs. Zarina, a registered dealer in Rajasthan, did not file GSTR-3B for the month of June but she wants to file GSTR-3B for the month of July. Is it possible? Answer with reference to section 39 of the CGST Act. [ICAI SM]</p>
<p>Ans:</p>	<p>As per section 39(10), a registered person is not allowed to furnish a return for a tax period if the return for any of the previous tax periods has not been furnished by her. Therefore, in the given case, Mrs. Zarina cannot file GSTR-3B for July if she has not filed GSTR-3B for the preceding month, i.e., June.</p>
<p>Q.7</p>	<p>X has not made any outward supply during the month of September. However, X has procured certain input services during the month. X is of the opinion that he can file Nil GSTR-3B for the month of September through SMS. Whether the understanding of X is correct? Explain.</p>
<p>Ans:</p>	<p>Nil GSTR-3B means that the return has nil or no entry in all its Tables. Since in the present case X has received certain input services, he cannot file Nil GSTR-3B through SMS as the said input services will need to be disclosed in the Table for Eligible ITC in GSTR-3B.</p>
<p>Q.8</p>	<p>A is a chartered accountant in practice and is registered under GST. On a query regarding return filing process by a potential client, A has represented him as a GST practitioner. A is of the view that since he is a qualified chartered accountant with a GST registration in the name of his proprietorship firm, he also qualifies as GST practitioner. Is the understanding of A, correct? Discuss. [ICAI SM]</p>
<p>Ans:</p>	<p>The understanding of A is not correct. A chartered accountant can become a GST practitioner (GSTP). However, holding a certificate of practice as a chartered accountant and having GST registration does not imply that such chartered accountant is a GST practitioner as well. For becoming a GSTP, even a chartered accountant in practice has to follow the enrolment process of GSTP as provided under the GST law and only upon approval of such enrolment can a chartered accountant represent himself as a GSTP.</p>
<p>Q.9</p>	<p>Quick tax, a GST return filing service provider, has asked its clients to provide the scanned copies of the tax invoices issued to B2B customers for uploading on the GST portal and filing the return. Whether the process followed by Quick tax is correct? [ICAI SM]</p>
<p>Ans:</p>	<p>No, the process followed by Quick tax is not correct. The registered persons supplying goods or services to B2B customers are required to upload the invoice wise details of supplies made during the tax period. However, there is no requirement to upload the scanned copies of the invoices issued to the customers on the GST portal at the time of filing returns. Only information required as per GST returns is to be captured in the return filing utility and the same is to be uploaded on the GST portal and not the scanned copies of the actual invoices.</p>

<p>Q.10</p>	<p>X Ltd., a normal taxpayer, is winding up its business in Rajasthan. The Tax Consultant of X Ltd. has suggested that X Ltd. will have to file either the annual return or the final return at the time of voluntary cancellation of registration in the state of Rajasthan. Do you agree with the stand taken by Tax Consultant of X Ltd.? Offer your comments. [ICAI SM]</p>
<p>Ans:</p>	<p>No, the stand taken by Tax Consultant of X Ltd. is not correct. Annual return is required to be filed by every registered person paying tax as a normal taxpayer. Final return is filed by the registered persons who have applied for cancellation of registration within three months of the date of cancellation or the date of cancellation order. In the given case, X Ltd., a registered person, is winding up its business and has thus, applied for cancellation of registration. Therefore, it is required to file both annual return and final return.</p>
<p>Q.11</p>	<p>Explain who is required to furnish final return, time limit for filing of final return and late fee for delay in filing final return. [PP - July 21]</p>
<p>Ans:</p>	<p>Every registered person who is required to furnish a return and whose registration has been surrendered or cancelled is required to file a final return. The final return has to be filed within 3 months of the:</p> <ul style="list-style-type: none"> • date of cancellation; or • date of order of cancellation, whichever is later. <p>Quantum of late fee for not filing the final return is as follows:</p> <ul style="list-style-type: none"> • ₹100 for every day during which such failure continues; or • ₹5,000 whichever is lower. <p>An equal amount of late fee is payable under the respective SGST/UTGST Act as well.</p>
<p>Q.12</p>	<p>Who can be registered as Goods and Service Tax Practitioners under Section 48 of the CGST Act, 2017? [PP - July 21, MTP-Sept 24]</p>
<p>Ans:</p>	<p>Following persons can be registered as Goods and Service Tax Practitioners: Any person who,</p> <ol style="list-style-type: none"> (i) is a citizen of India; (ii) is a person of sound mind; (iii) is not adjudicated as insolvent; (iv) has not been convicted by a competent court; <p>and satisfies any of the following conditions, namely that he:</p> <ol style="list-style-type: none"> 1. is a retired officer of Commercial Tax Department of any State Govt./CBIC who, during service under Government had worked in a post not lower than the rank of a Group-B gazetted officer for a period ≥ 2 years, or 2. is enrolled as a Sales Tax Practitioner or Tax Return Preparer under the erstwhile indirect tax laws for a period of not less than 5 years, or 3. acquired any of the prescribed qualifications 4. has passed Graduate/postgraduate degree or its equivalent examination having a degree in specified disciplines, from any Indian University or a degree examination of any Foreign University recognized by any Indian University as equivalent to degree examination 5. has passed any other notified examination 6. has passed final examination of ICAI/ ICSI/ Institute of Cost Accountants of India
<p>Q.13</p>	<p>"All taxpayers are required to file GSTR-1 only after the end of the current tax period." Comment on the validity of the above statement with reference to GST law. [PP-May 22, ICAI SM, MTP-Jan 25]</p>
<p>Ans:</p>	<p>The statement is partially valid. A taxpayer cannot file Form GSTR-1 before the end of the current tax period. However, following are the exceptions to this rule:</p> <ol style="list-style-type: none"> a. Casual taxpayers, after the closure of their business b. Cancellation of GSTIN of a normal taxpayer. <p>A taxpayer who has applied for cancellation of registration will be allowed to file Form GSTR-1 after confirming receipt of the application.</p>

<p>Q.14</p>	<p>(a) Mr. Ayushman, a registered person having intra-State aggregate turnover of ₹1.2 crores in the preceding financial year did not file GSTR-3B for the month of September, 2023 by 10th November, 2023. The amount of tax payable for the month of September, 2023 is ₹8 lakh. All his supplies are intra- State supplies. Is there any late fee payable for the same? If yes, what is the amount of late fee payable?</p> <p>(b) Will your answer be different in (a), if Mr. Ayushman has intra-State aggregate turnover of ₹5 crores in the preceding financial year?</p> <p>(c) Will your answer be different in (a), if total amount of tax payable in the GSTR-3B for the month of September is Nil?</p> <p style="text-align: right;">[RTP – May 22]</p>
<p>Ans:</p>	<p>(a) As per section 47 of the CGST Act, 2017 read with Notification No 19/2021 CT dated 01.06.2021, the registered persons whose aggregate turnover is \leq ₹1.5 crores in the preceding FY, and who fails to furnish the returns required under section 39 by the due date shall pay a late fee of ₹2,000 (₹1,000 each under CGST & SGST). Thus, late fee is payable in the given case and the amount of late fee payable is ₹2,000 (₹1,000 each under CGST & SGST).</p> <p>(b) As per section 47 of the CGST Act, 2017 read with Notification No 19/2021 CT dated 01.06.2021, the registered persons whose aggregate turnover is more than ₹1.5 crores but less than equal to ₹5 crores in the preceding FY, and who fails to furnish the returns required under section 39 by the due date shall pay a late fee of ₹5,000 (₹2,500 each under CGST & SGST). Thus, late fee is payable in the given case and the amount of late fee payable is ₹5,000 (₹2,500 each under CGST & SGST).</p> <p>(c) As per section 47 of the CGST Act, 2017 read with Notification No 19/2021 CT dated 01.06.2021, any registered person whose total amount of tax payable in the GSTR-3B is Nil and who fails to furnish the returns required under section 39 by the due date shall pay a late fee of ₹500 (₹250 each under CGST & SGST). Thus, late fee is leviable even if total amount of tax payable in the GSTR-3B for the month of September is Nil. The amount of late fee would be ₹500 (₹250 each under CGST & SGST).</p>
<p>Q.15</p>	<p>Elaborate the provisions relating to annual return contained under section 44 of the CGST Act, 2017.</p> <p style="text-align: right;">[MTP – Nov 22]</p>
<p>Ans:</p>	<p>Every registered person, <u>other than</u> an input service distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person shall furnish an annual return which may include a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement for every financial year electronically, within prescribed time, form and manner.</p> <p>However, the Commissioner may exempt any class of registered persons from filing annual return. Further, any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor-General of India, or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force, is not required to furnish annual return.</p>
<p>Q.16</p>	<p>Mr. Sumit is a registered dealer in the state of Punjab. In the month of May, he decides to apply for QRMP scheme. As he wants to switch to QRMP scheme, he had not filed his returns for the month of May and June.</p> <p>Please guide to Mr. Sumit regarding the following</p> <p>(A) Conditions and restrictions of QRMP scheme</p> <p>(B) Manner of exercising option of QRMP scheme</p> <p style="text-align: right;">[PP – May 23]</p>
<p>Ans:</p>	<p>(A) Conditions and restrictions of QRMP scheme: Mr. Sumit has to fulfil the following conditions and restrictions for opting for QRMP scheme:</p> <ul style="list-style-type: none"> • His aggregate annual turnover (PAN based) is up to ₹5 crores in the preceding financial

	<p>year;</p> <ul style="list-style-type: none"> • He has furnished the written for the preceding month as due on the date of exercising such option; • He is not required to exercise the option every quarter. <p>(B) Manner of exercising option of QRMP scheme: Registered person – Mr. Sumit – intending to opt for QRMP scheme for any quarter should indicate his preference for furnishing of return on a quarterly basis from <u>first day of the second month of the preceding quarter</u> to the <u>last day of the first month</u> of the quarter for which the option is being exercised.</p>
Q.17	Briefly elaborate the provisions relating to nil GSTR-3B. [MTP – May 23]
Ans:	<ul style="list-style-type: none"> • Filing of GSTR-3B is mandatory for all normal and casual taxpayers, <u>even if there is no business activity</u> in any particular tax period. For such tax period(s), a Nil GSTR-3B is required to be filed. • A Nil GSTR-3B <u>does not have any entry in any of its tables</u>. For example, a Nil GSTR-3B for a tax period cannot be filed, if the taxpayer has made any outward supply (including nil-rated, exempt or non-GST supplies) or has received any supplies which are taxable under reverse charge or it intends to take ITC etc. • A Nil GSTR-3B <u>can be filed through an SMS</u> using the registered mobile number of the taxpayer. GSTR-3B submitted through SMS is verified by registered mobile number-based OTP facility. • A taxpayer may file Nil GSTR-3B, <u>anytime on or after the 1st day of the subsequent month/quarter</u> for which the return is being filed for.
Q.18	Briefly explain the manner of dealing with difference in ITC available in auto-generated statement containing the details of ITC and that availed in return prescribed in terms of rule 88D of the CGST Rules, 2017. [RTP-Sept 24]
Ans:	<p>Rule 88D of the CGST Rules, 2017 provides as follows: Where the amount of ITC availed by a registered person in the return for a tax period(s) furnished by him in Form GSTR-3B exceeds the ITC available to such person in accordance with the auto-generated statement containing the <u>details of ITC in Form GSTR-2B</u> in respect of the said tax period(s), by specified amount and percentage, the said registered person shall be given an intimation in prescribed form electronically on the common portal, and a copy of such intimation shall also be sent to his e-mail address provided at the time of registration or as amended from time to time. Said intimation shall highlight the said difference and will direct him to—</p> <p>(a) Pay an amount equal to the excess ITC availed in the said Form GSTR-3B, along with interest payable under section 50 of the CGST Act, 2017, through prescribed form, or</p> <p>(b) Explain the reasons for the aforesaid difference in ITC on the common portal, within a period of 7 days.</p> <p>Such registered person shall, upon receipt of said intimation, either,</p> <p>(a) pay an amount equal to the excess ITC, as specified in intimation, fully or partially, along with interest payable, through prescribed form and furnish the details thereof, electronically on the common portal, or</p> <p>(b) furnish a reply, electronically on the common portal, incorporating reasons in respect of the amount of excess ITC that has still remained to be paid, within 7 days' period.</p> <p>Where any amount specified in the intimation remains to be paid within 7 days' period and where no explanation/reason is furnished by the registered person in default or where the explanation/reason furnished by such person is not found to be acceptable by the proper officer, the said amount shall be liable to be demanded in accordance with the provisions of section 73/section 74 of the CGST Act, 2017.</p>
Q.19	Mehul Enterprises, registered under GST in Uttar Pradesh and a monthly return filer, is engaged in making taxable supplies of goods and services. It furnished the details of its outward supplies in Form

	<p>GSTR-1 for the month of January on 11th February. However, on 14th February, the accountant of Mehul Enterprises noticed that one invoice issued to Vaishali Traders (registered in Gujarat) for supply of goods of value of ₹ 1,00,000 (taxable @ 18%) pertaining to January has been inadvertently missed to be declared in Form GSTR-1 furnished for January. He has approached you for the advice before furnishing Form GSTR-3B for the said month. You are required to briefly discuss whether Mehul Enterprises can amend the details of outward supply furnished in Form GSTR-1 of January. If such amendment is permitted and details of Form GSTR-1 are amended, whether the details of said invoice will be available in Form GSTR-2B of Vaishali Traders for the month of January. [RTP-May 25]</p> <p>Ans: As per proviso to rule 59(1), a registered person may, after furnishing the details of outward supplies of goods or services or both in Form GSTR-1 for a tax period but before filing of return in Form GSTR-3B for the said tax period, at his own option, amend or furnish additional details of outward supplies of goods or services or both in Form GSTR-1A for the said tax period. Thus, Mehul Enterprises has the option to furnish the details of the invoice issued to Vaishali Traders in Form GSTR-1A on or after 14th February but before filing Form GSTR-3B for January. The corresponding effect of the changes made through Form GSTR-1A on the liability of Mehul Enterprises shall be reflected in Form GSTR-3B for January.</p> <p>Further, rule 60(7)(iia) provides that the additional details or amendments in details of outward supplies furnished by the supplier in Form GSTR-1A filed after the due date of furnishing of Form GSTR-1 for the previous tax period shall be reflected in Form GSTR-2B for the current tax period. This implies that the ITC for the supplies declared or amended by the suppliers through Form GSTR-1A will be available to the recipient in Form GSTR-2B generated for the next tax period.</p> <p>Thus, the details of missing invoice of Vaishali Traders will be available in its Form GSTR-2B for the month of February.</p>
<p>Q.20</p>	<p>"A taxpayer cannot file GSTR-1 before the end of the tax period." State the exceptions to the statement. Further, discuss in brief any four circumstances where a registered person is debarred from furnishing details of outward supplies in GSTR-1/IFF. [PP-Sept 25]</p> <p>Ans. A taxpayer cannot file GSTR-1 before the end of the current tax period. However, the following are the exceptions to this rule:</p> <ol style="list-style-type: none"> a. Casual taxpayers, after the closure of their business. b. Cancellation of GSTIN of a normal taxpayer. <p>A registered person is debarred from furnishing details of outward supplies in GSTR-1/IFF if:</p> <ol style="list-style-type: none"> (1) he has not furnished the return in Form GSTR-3B for the preceding month. (2) such registered person, opting for Quarterly Return Monthly Payment (QRMP) scheme, has not furnished the return in Form GSTR-3B for preceding tax period. (3) an intimation has been issued to such person under rule 88C of the CGST Rules, 2017 for an earlier tax period, unless he deposits the amount mentioned in intimation or furnishes a reply explaining reasons for unpaid amount (4) an intimation has been issued to such person under rule 88D of the CGST Rules, 2017 for an earlier tax period, unless he pays the amount of excess ITC mentioned in intimation or furnishes a reply in respect of excess ITC (5) he has not furnished the details of the bank account as per the provisions of rule 10A of the CGST Rules, 2017.
<p>Q.21</p>	<p>Write a short notes on:</p> <ol style="list-style-type: none"> (i) Rectification of errors / omissions in respect of returns filed u/s 39 of the CGST Act, 2017. (ii) Exception to the rectification (iii) Time-limit for making such rectification. [PP-Jan 25]

- Q.1** X Electronics is a registered manufacturer of electrical appliances. It made contract with dealers, that purchase of air conditioners of capacity 1.5 ton in the month of October, 2023 of quantity of more than 50 units will entitle them for 10% discount. Inter-State supply made during the month of October 2023 is ₹50,00,000
 Details of Intra-State supply:

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

Intra-State inward supplies are:

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

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

Opening Balance of ITC is as under:

CGST:	₹58,000
SGST:	₹70,000
IGST:	₹10,00,000

Note:

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

Compute the Net GST payable in cash by X Electronics for the month of October, 2023

[PP - July 21]

Ans: Computation of net GST payable in cash by X Electronics for October 2023:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
I. Intra-State supply				
Supply of microwave oven	15,00,000	1,35,000	1,35,000	
Supply of refrigerators with stabilizers [Being mixed supply, the supply shall be treated as a supply of that particular supply which attracts the highest rate of tax and taxed accordingly. Thus, it will be taxed @ 14% CGST and 14% SGST.]	40,00,000	5,60,000	5,60,000	
Supply of 100 air conditioners (₹50 lakh/₹50,000) [Since 100 air conditioners have been supplied, discount @ 10% will be available.]# # It has been presumed that there is one supply transaction for 100 ACs and thus, the discount has been given in the invoice itself. Alternatively, even if there have been multiple supply transactions for the ACs	45,00,000 [₹50,00,000 x 90%]	4,05,000	4,05,000	

	during the month and the discount has been given vide credit note, it has been presumed that the credit note has been issued in October 2023 and all other conditions prescribed in section 15(3)(b) of the CGST Act, 2017 have been complied with. Thus, the effect of the discount has been adjusted in the month of October 2023 itself.			
II.	Inter-State supply @ 18%	50,00,000		9,00,000
	Total outward tax liability		11,00,000	11,00,000
	Less: Input Tax Credit (Refer Working Note below)			
	IGST credit first utilized towards payment of IGST. Remaining amount can be utilized towards CGST and SGST in any order and in any proportion		1,00,000 (IGST)	9,00,000 (IGST)
	CGST credit set off against CGST liability and SGST credit set off against SGST liability as CGST credit cannot be utilized towards payment of SGST and vice versa.		5,08,000 (CGST)	5,20,000 (SGST)
	Net GST liability payable in cash		4,92,000	5,80,000
				Nil

Computation of ITC available with X Electronics

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

Note: In the above answer, tax payable in cash has been computed by setting off the IGST credit against CGST liability. However, since IGST credit can be set off against CGST and SGST liability in any order and in any proportion, the same can be set off against CGST and/or SGST liabilities in different other ways as well. In all such cases, net CGST and net SGST payable in cash will differ though the total amount of net GST payable (₹10,72,000) in cash will remain the same.

Q.2 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 2021:
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	Amount (₹) (excluding GST)
1	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

2	The company sold goods to X & Co. of Delhi on 6th January 2021 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 January 2021. X & Co. paid the consideration for the goods on 20 th February along with applicable interest.	5,00,000
3	The company sought legal consultancy services for its business from A & Advocates, a partnership firm of advocates situated at Bhuj, Gujarat.	1,50,000
4	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 2021 and the last lot would be delivered in April 2021.	5,00,000
5	The company supplied 10,000 packets of tools to one of its customers at ₹10/- per packet in Gujarat in January 2021. Afterwards, the company re-values it at ₹9 per packet in February 2021 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 2021.

[PP - Dec 21]

Ans: Computation of net GST liability of ABC Ltd. to be paid in cash for February 2021

Particulars	Amount (₹)	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, 2021 to 20th February, 2021) [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 x 2% x 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* *The reversal provisions under rule 42 of the CGST Rules, 2017 are not applicable for CA Inter examinations, hence, no reversal has been done.	1,50,000	13,500 [1,50,000 x 9%]	13,500 [1,50,000 x 9%]	-
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	1,50,000	13,500 [1,50,000	13,500 [1,50,000	

services received by a business 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 most logically assumed that the aggregate turnover of ABC Ltd. in the preceding FY was above the threshold limit for registration under GST law.	x 9%]	x 9%]	
Total GST payable in cash [(A) + (B)]	3,00,000	2,50,000	3,00,900

Notes:

1. ITC on goods received in lots is available on receipt of last lot. Hence, ITC on tools received will not be available in February 2021.
2. 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

Q.3 Zeon Ltd., a GST registered supplier located in Ranchi, Jharkhand, is engaged in the manufacturing of washing machines & mixer grinders. It provides you the details of various activities undertaken during the month of September, 2021 as follows:

S. No.	Particulars	Amount (₹)
(i)	Outward supplies made during the month	29,00,000
	a. Within Jharkhand	24,00,000
	b. Outside Jharkhand	5,00,000
(ii)	Purchase of raw materials from registered dealers within Jharkhand which includes materials worth ₹2,00,000 purchased from Mr. Krishna, a registered person who is paying tax under composition scheme.	7,00,000
(iii)	Bus purchased from a registered dealer in Tatanagar, Jharkhand. Bus used to ferry its 25 workers to and from factory.	12,00,000

Assume the rates of GST applicable on various supplies as follows:

Particulars	CGST (%)	SGST (%)	IGST (%)
Composition Supplies	0.5	0.5	-
Bus	14	14	28
Raw Materials	6	6	12
Washing machines and mixer grinders	9	9	18

Opening balances of input tax credit as on 01/09/2021 were as follows:

CGST : ₹20,000

SGST : ₹5,000

IGST : ₹95,000

Note:

- (i) All the figures mentioned above are exclusive of taxes.
- (ii) Both inward & outward supplies within the State of Jharkhand are to be considered intra-State supplies and outside the State of Jharkhand are inter-State supplies.
- (iii) Subject to information given above, all the other conditions necessary for availing ITC have been fulfilled. Calculate the amount of net minimum GST payable in cash by Zeon Ltd. for the month of September, 2021. Brief and suitable notes should form part of your answer. **[PP - May 22]**

Ans: **Computation of minimum net GST payable in cash by Zeon Ltd. for the month of September 2021**

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward supplies made within Jharkhand	2,16,000 [24,00,000 x	2,16,000 [24,00,000 x	-

	9%]	9%]	
Outward supplies made outside Jharkhand			90,000 [5,00,000 x 18%]
Total Output Tax	2,16,000	2,16,000	90,000
Less: Input Tax Credit [Refer Working Note below] [IGST credit be first utilized for payment of IGST liability. Remaining IGST credit has been utilized for payment of SGST liability since the SGST liability is to be kept at minimum. After exhausting IGST credit, CGST and SGST credit to be utilized. CGST credit to be utilized for payment of CGST and SGST credit to be utilized for the payment of SGST. ITC of CGST cannot be utilized for payment of SGST and vice versa.]	2,16,000 (CGST)	5,000 (IGST) 2,03,000 (SGST)	(90,000) (IGST)
Minimum net GST payable in cash	Nil	8,000	Nil
ITC to be carried forward next month	2,000	-	-

Working Note
Computation of ITC Available

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Opening Balance	20,000	5,000	95,000
Purchase of raw materials from registered dealers within Jharkhand [7,00,000 - 2,00,000] [ITC on purchases of goods worth ₹2,00,000 on which tax has been paid under composition scheme is blocked. ITC on remaining purchases worth ₹5,00,000 is available, being supply of goods used/intended to be used in the course/furtherance of business.]	30,000 [5,00,000 x 6%]	30,000 [5,00,000 x 6%]	-
Bus purchased from dealer in Jharkhand used to ferry 25 workers to and from factory [ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed.]	1,68,000 [12,00,000 x 14%]	1,68,000 [12,00,000 x 14%]	-
Total ITC Available	2,18,000	2,03,000	95,000

- Q.4** 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 2022:

S. No.	Particulars	Amount (₹)	
(i)	Outward supplies made during the month		
		Particulars	Market Value
	a.	In the state of Bihar	3,00,000
	b.	To other states	2,00,000
(ii)	Services provided to the State Government of Karnataka for conducting a computer training programme for its employees. Total expenditure incurred for the said programme was ₹90,000, of which ₹63,000 was		5,00,000

	borne by the State Govt. (Inter-State transaction)	
(iii)	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
(iv)	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 02.12.2021 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January 2022. This invoice was issued by Mr. Mukesh of Patna, from whom Ajay Limited had taken cars on rental basis. Invoice included cost of fuel also. (Intra -State transaction).
- c) Rate of GST applicable on various supplies are as follows:
- | Particulars | CGST (%) | SGST (%) | IGST (%) |
|-------------------------------------|----------|----------|----------|
| Car Rental Services | 2.5 | 2.5 | 5 |
| Washing machines and mixer grinders | 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 2022, 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 2022. Brief notes for treatment given for each item should form part of your answer.

[PP - Nov 22]

Ans: Computation of net GST payable in cash by Ajay Ltd. for the month of January 2022

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.]	36,000 [4,00,000 x 9%]	36,000 [4,00,000 x 9%]	-
Outward supply of goods made to other States [Value of supply is the transaction value of the goods.]	-	-	18,000 [1,00,000 x 18%]
Inter-State services provided to State Government of Karnataka for conducting a computer training programme [Not exempt since the State Government has borne less than 75% of total expenditure of the training programme.]	-	-	90,000 [5,00,000 x 18%]
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 [20,000 x 9%]	1,800 [20,000 x 9%]	-
Total Output Tax	37,800	37,800	1,08,000
Less: Input Tax Credit [Refer Working Note below] [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	(37,800) (CGST)	(37,800) (SGST)	(7,200) (7,200) (SGST)

vice versa.]			
Minimum 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] [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.]	45,000 [5,00,000 x 9%]	45,000 [5,00,000 x 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*. *It has been most logically assumed that Ajay Ltd. is not engaged renting of cars business.			
Total ITC Available	45,000	45,000	-

Q.5 Neelkanth Pvt. Ltd., a registered supplier of goods and services at Kolkata has furnished the following information for the month of February:

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

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

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

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

Notes:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing the ITC have been fulfilled.
- (iv) The turnover of Neelkanth Pvt. Ltd. was ₹2.5 crore in the previous financial year.

Compute the minimum GST, payable in cash, by Neelkanth Pvt. Ltd. for the month of February. Make suitable assumptions as required. [RTP-Nov 22, MTP-Nov 22 - Similar Question - Sresht Pvt. Ltd.]

Ans: **Computation of GST payable on outward supplies**

S. No.	Particulars	CGST	SGST	IGST	Total
		@ 9% (₹)	@ 9% (₹)	@ 18% (₹)	(₹)
(i)	Intra-State supply of goods for ₹4,00,000 [Note-1]	36,000	36,000	Nil	72,000
(ii)	Services rendered by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex [Note-2]	9,000	9,000	Nil	18,000
(iii)	Services provided by way of training in recreational activities relating to sports [Note-3]	Nil	Nil	1,800	1,800
(iv)	Inter-State security services provided to ABC higher secondary school for their annual day function to be held in Fintex Auditorium. [Note-4]	Nil	Nil	2,700	2,700
Total GST Payable		45,000	45,000	4,500	94,500

Notes:

1. As per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier), other than registered person making supply of specified actionable claims, has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a) of the CGST Act, 2017, i.e., date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. Thus, liability to pay tax on the advance received in January will also arise in the month of February, when the invoice for the supply is issued.
2. Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017. Labour contracts for repairing are thus, taxable.
3. Services by way of training or coaching in recreational activities relating to sports is exempt under GST vide Notification No. 12/2017 CT(R) dated 28.06.2021, only if provided by charitable entities registered under section 12AA/12AB of the Income-tax Act. Thus, in the given case, said service is taxable.
4. Security services provided to ABC higher secondary School for Annual Day function organized

outside the school campus will be taxable as only the security services performed within the premises of the higher secondary school are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017.

Computation of total ITC

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening ITC	57,000	Nil	50,000
Add: Purchase of goods from a composition dealer [No tax is payable on the goods purchased under composition scheme]	Nil	Nil	Nil
Add: Membership of a club [Blocked credit]	Nil	Nil	Nil
Add: Goods transport services received from GTA [As per Notification No. 13/2017 CT(R) dated 28.06.2017 as amended from time to time, GST is payable by the recipient on reverse charge basis on the receipt of services of transportation of goods by road from a goods transport agency (GTA), provided GTA has not opted to pay GST under forward charge mechanism (FCM). Since in the given case, services have been received from a GTA who has opted to pay GST under FCM @ 12% and recipient is one of the specified recipients, reverse charge provisions will not be applicable. In this case, input tax credit is available for the services received from GTA.]	Nil	Nil	24,000
Add: Inputs to be received in 4 lots, out of which 2nd lot was received during the month [In case of goods received in lots, ITC can be taken only upon receipt of the last lot]	Nil	Nil	Nil
Total ITC Available	57,000	Nil	74,000

Computation of minimum GST payable from electronic cash ledger

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total
GST payable	45,000	45,000	4,500	94,500
Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash]	24,500 IGST (2)	45,000 IGST (2)	4,500 IGST (1)	74,000
	20,500 CGST			20,500
Minimum GST Payable in cash	Nil	Nil	Nil	Nil

Note: Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, ITC of IGST has first been used to pay SGST (after paying IGST liability) and then CGST to minimize cash outflow.

Q.6 Mr. Prithviraj, registered under GST, is engaged in supplying services (as discussed in the table below) in Maharashtra. He has furnished the following information with respect to the services provided/ received by him, during the month of February:

S. No.	Particulars	Amount (₹)
(i)	Carnatic music performance given by Mr. Prithviraj to promote a brand of readymade garments (Intra-State transaction)	1,40,000
(ii)	Outdoor catering services availed for a marketing event organized for his prospective customers (Intra-State transaction)	50,000
(iii)	Services of transportation of students provided to Subhaskar College providing education as part of a curriculum for obtaining a recognized qualification (Intra-State transaction)	1,00,000
(iv)	Legal services availed for official purpose from an advocate located in Gujarat (Inter-State transaction)	1,75,000
(v)	Services provided to Wealth Bank as a business correspondent with respect to accounts in a branch of the bank located in urban area (Intra-State transaction)	2,00,000
(vi)	Recovery agent's services provided to a car dealer (Intra-State transaction)	15,000
(vii)	General insurance taken on a car (seating capacity 5) used for official purposes (Intra-State transaction)	40,000

Note:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
 - (ii) All inward and outward supplies are exclusive of taxes, wherever applicable.
 - (iii) All the conditions necessary for availing the ITC have been fulfilled.
 - (iv) The turnover of Mr. Prithviraj was ₹2.5 crore in the previous financial year.
- Compute the net GST payable in cash, by Mr. Prithviraj for the month of February

[RTP-May 23, RTP-Jan 26]

Ans: Computation of GST payable

Particulars	Value	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
GST Payable under forward charge				
Carnatic music performance given to promote a brand of readymade garments [Carnatic music performance by Mr. Prithviraj is not exempt from GST even though the consideration charged does not exceed ₹1,50,000 since said performance has been made by him as a brand ambassador.]	1,40,000	12,600	12,600	Nil
Services of transportation of students provided to Subhaskar College [Services of transportation of students provided to an educational institution other than an institution providing pre-school education or education up to higher secondary school, are not exempt.]	1,00,000	9,000	9,000	Nil
Services provided to Wealth Bank as a business correspondent [Services provided by a business	2,00,000	18,000	18,000	Nil

correspondent to a banking company are not exempt when such services are provided with respect to accounts in its urban area branch.]				
Services provided as a recovery agent [Tax is payable under forward charge since recovery agent's services are being provided to a person other than banking company/ financial institution/ non-banking financial company.]	15,000	1,350	1,350	Nil
GST payable under forward charge (A)		40,950	40,950	Nil
GST Payable under reverse charge				
Legal services availed from an advocate [Legal services received by a business entity with aggregate turnover in the preceding financial year exceeding threshold limit for registration (₹20 lakh) are not exempt and tax on the same is payable under reverse	1,75,000	Nil	Nil	31,500
GST Payable under reverse charge (B)		Nil	Nil	31,500
Total GST Payable (A+B)		40,950	40,950	31,500

Computation of total ITC Available

Particulars	Value	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Outdoor catering services availed [ITC on outdoor catering services is blocked except when such services are (i) used by the taxpayer who is in the same line of business or (ii) provided by the employer to its employees under a statutory obligation.]	50,000	Nil	Nil	Nil
Legal services availed [ITC is available as said services are used in course or furtherance of business.]	1,75,000	Nil	Nil	31,500
General insurance taken on a car (seating capacity 5) used for official purposes [ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked except when the same are used for (i) making further taxable supply of such motor vehicles (ii) making taxable supply of transportation of passengers (iii) making taxable supply of imparting training on driving such motor vehicles. Further, ITC is not allowed on services of general insurance relating to such ineligible motor vehicles.]	40,000	Nil	Nil	Nil
Total ITC available		Nil	Nil	31,500

Computation of net GST payable in cash

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
GST payable under forward charge	40,950	40,950	Nil
Less: ITC of IGST*	15,750	15,750	-
*ITC of IGST can be utilized towards payment of CGST and SGST in any proportion and in any order. Therefore, there can be multiple ways of setting off of IGST credit against CGST and SGST liability and accordingly, in the given case, amount of net GST payable in cash under the heads of CGST and SGST will vary. However, total amount of net GST payable in cash will be ₹81,900 in each case.	IGST	IGST	
	25,200	25,200	Nil
Add: GST payable under reverse charge in cash [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.]	Nil	Nil	31,500
Minimum net GST payable in cash	25,200	25,200	31,500

Note: CGST and SGST is payable on the intra-State transaction and IGST is payable on the inter-State transactions.

Q.7 Prithviraj Pvt. Ltd., a registered supplier, is engaged in manufacturing heavy steel fabrication machine. The details pertaining to pricing of each such machine is as follows:

S. No.	Particulars	Amount (₹)
(i)	Price of the machine (exclusive of taxes and discounts)	5,50,000
(ii)	Part fitted in the machine at the premises of the recipient [Amount has been paid by recipient directly to the supplier. However, it was Prithviraj Pvt. Ltd.'s liability to pay the said amount.]	20,000
(iii)	Installation and testing charges at the premises of the recipient	25,000
(iv)	Subsidy received from Shri Ram Trust [Subsidy is directly linked to the price of the machine]	50,000

Items given in points (ii) to (iv) have been excluded while arriving at price of the machine given in point (i) above. The contract includes installation and testing of machine at the recipient's premises. Prithviraj Pvt. Ltd. has made supply of 10 such machines in the month of July. It also provided the following details pertaining to the purchases made/services availed during said month:

S. No.	Particulars	Amount (₹)
(i)	Raw material (to be received in September)	10,00,000
(ii)	Membership of a club availed for employees working in the factory	6,00,000
(iii)	Trucks used for transport of raw material	3,50,000
(iv)	Capital goods (out of 3 items, invoice for 2 items is missing and GST paid on those two items is ₹18,000)	7,00,000

Compute the net GST payable in cash by Prithviraj Pvt. Ltd. for the given month assuming that all the inward and outward supplies are intra-State supplies. Assume the rates of taxes to be as under:

Particulars	Rates of Tax
CGST	9%
SGST	9%
IGST	18%

Make suitable assumptions, wherever necessary. All the conditions necessary for availing the ITC

have been fulfilled. Opening balance of the input tax credit for the relevant period is nil.

Ans: Computation of net GST payable by Prithviraj Pvt. Ltd. for the month of July

Particulars	CGST (₹)	SGST (₹)
GST payable on outward supplies (Refer Working note - 1)	5,80,500	5,80,500
Less: ITC (Refer Working note - 2) [ITC of CGST is utilized for payment of CGST and ITC of SGST is utilized for payment of SGST.]	76,500	76,500
Net GST payable in cash	5,04,000	5,04,000

Working Note 1

Computation of GST payable on outward supply made by Prithviraj Pvt. Ltd. for the month of July

Particulars	Amount (₹)
Price of machine (exclusive of taxes and discounts)	5,50,000
Amount paid by the recipient directly to the supplier (Prithviraj Pvt. Ltd.) for the part fitted in the machine [Any amount that the supplier is liable to pay in relation to a supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods is includible in the value of supply.]	20,000
Installation and testing charges [Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includible in the value of supply.]	25,000
Subsidy received from Shri Ram Trust [Since the subsidy is received from a non-Government body and directly linked to the price, the same is includible in the value of supply.]	50,000
Value of taxable supply of 1 machine	6,45,000
Value of taxable supply of 10 machines [₹6,45,000 × 10]	64,50,000
GST payable on outward supplies	
CGST @ 9%	5,80,500
SGST @ 9%	5,80,500
[Since all the outward supplies are intra-State supplies, CGST and SGST are payable on the same.]	

Working Note 2

Computation of ITC available with Prithviraj Pvt. Ltd. for the month of July

Particulars	CGST (₹)	SGST (₹)
Raw Material [ITC not available as raw material is not received in July]	Nil	Nil
Membership of a club availed for employees working in the factory [Blocked credit]	Nil	Nil
Trucks used for transport of raw material [ITC of GST paid on motor vehicles used for transportation of goods is allowed]	31,500	31,500

Capital goods [ITC of GST paid on items for which invoice is missing is not available. So, ITC of ₹18,000 is not available] [₹63,000 - ₹18,000]	45,000	45,000
Total ITC Available	76,500	76,500

Note - Since all the inward supplies are intra-State supplies, CGST @ 9% and SGST @ 9% are payable on the same.

Q.8 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 2022 are as follows:

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

	Amount (₹)
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.

	Amount (₹)
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, 2022, 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. 2021-2022, 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:

Particulars	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, 2022.

Note: Working Notes (legal provisions) should form part of your answer.

[PP-May 23]

Ans: Computation of minimum CGST, SGST and IGST payable in cash by Jino Enterprises for the month of October, 2022

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 there of 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 x 6%]	30,000 [5,00,000 x 6%]	-
Intra-State supply of repairing services	[Since parts/ spares and repair services are not naturally bundled, they are taxable separately at the applicable rates.]	3,00,000	27,000 [3,00,000 x 9%]	27,000 [3,00,000 x 9%]	-
Intra-State supply of parts / spares		50,000	3,000 [50,000 x 6%]	3,000 [50,000 x 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 particular supply which attracts highest tax rate (i.e., stabilizers).]		2,00,000 [20,000 x 10]			36,000 [2,00,000 x 18%]
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 utilised 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 utilised for the payment of SGST. ITC of CGST cannot be utilized for payment of SGST and vice versa.]					36,000 (IGST)
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 [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.]	1,000 [40,000 x 2.5%]	1,000 [40,000 x 2.5%]	-
Invoices relating to FY 2021-22 [ITC in respect of any invoice can be taken upto 30th November	20,000	20,000	80,000

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

Q.9 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, 2022.

S. No.	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 input tax credit has been availed on such computers when used for business.	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:

S. No.	Particulars	Amount (₹)
	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

Notes:

- a) All the amount stated above in both the tables are exclusive of GST, wherever applicable.
 b) 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, 2022. *first attempt success tutorials* **[PP – May 23]**

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 specified actionable claims are covered under Schedule III, i.e., they are neither supply of goods nor supply of services.]	-
Amount received from ABC Ltd. 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

Q.10 M/s Cute & Co., a partnership firm, registered supplier under GST in Bengaluru (Karnataka State), has provided the following information for the month of October, 2023:

S. No.	Details of transactions	Amount (₹)
(i)	Intra-State taxable supply of Direct Selling Agent (DSA) service to public sector Bank.	2,50,000
(ii)	Services provided to a Governmental authority by way of sanitation conservancy.	99,900
(iii)	Rent paid to a residential dwelling taken for running an office for providing DSA services; Owner of the residential property was not registered under GST; This is an intra-State supply availed.	25,000
(iv)	Purchased a car for the official use of managing partners of the Firm for business use (Inter-State purchase).	9,00,000
(v)	Availed Information Technology services for their business from Partner's friend Mr Allan Waugh from Melbourne, Australia. Mr. Waugh refused to take any consideration. Open Market value of said service was ₹ 1,25,000. (Inter-State transactions).	Nil
(vi)	Provided training and performance appraisal services in Bengaluru to following persons: (a) ABC Private Limited, a registered supplier in the State of Kerala (b) Babu Cones, a proprietorship concern of Rajasthan, which was not registered under GST	3,00,000 1,00,000

Note:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- All the amounts given above are exclusive of taxes.
- All the conditions necessary for availing the ITC have been fulfilled.
- There was no opening balance of any input tax credit.
- The turnover of M/s Cute & Co was ₹ 2 crore in the previous financial year.

Compute the net GST payable in cash, by M/s Cute & Co. for the month of October, 2023. Correct legal provisions should form part of your answer. **[RTP-May 24]**

Ans:

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Output tax liability [Refer Working Note 1]	33,750	33,750	54,000
Less: ITC available [Refer Working Note 2]	<u>2,250</u>	<u>2,250</u>	-
Net GST payable	31,500	31,500	54,000
Add: Tax Payable under reverse charge to be paid in cash [The amount available in the electronic credit ledger may be used for making any payment towards output tax. Further, output tax means the tax chargeable on taxable supply of goods and/or services but excludes tax payable on reverse charge basis. Thus, tax liability under reverse charge has to be paid in cash]	<u>2,250</u>	<u>2,250</u>	
Total GST Payable in cash	33,750	33,750	54,000

Working Notes

1. Computation of total value of taxable supplies made by M/s Cute & Co. for the month of October, 2023

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
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Taxable under Forward Charge				
Intra-State taxable supply of DSA service [Since DSA services are provided by partnership firm, so taxable under forward charge]	2,50,000	22,500	22,500	
Services provided to a Governmental authority by way of sanitation conservancy [Specifically exempt under GST]	99,900	-	-	
Information Technology services [Import of services from a non-related person without consideration, in the course or furtherance of business is not a supply.]	Nil			
Training and performance appraisal services to ABC Private Limited [Taxable; the place of supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person. Thus, place of supply is Kerala and hence an inter-State transaction.]	3,00,000			54,000
Training and performance appraisal services to Babu Cones. [Taxable, the place of supply of services in relation to training and performance appraisal to an unregistered person, shall be the location where the services are actually performed. Thus, place of supply is Bengaluru, hence Intra-State transaction]	1,00,000	9,000	9,000	
	7,49,900	31,500	31,500	54,000
Taxable under Reverse Charge				
Rent paid for residential unit [Service by way of renting of residential dwelling to a registered person is taxable under reverse charge mechanism]	25,000	2,250	2,250	
Total value of taxable supplies	7,74,900	33,750	33,750	54,000

2. Computation of ITC that can be availed by M/s Cute & Co. for the month of October, 2023

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Rent paid to residential dwelling for providing DSA services [ITC is available as services are used in the course or furtherance of business.]	2,250	2,250	-
Purchase of car [Blocked credit in terms of section 17(5) of the CGST Act, 2017]			Nil
Total ITC	2,250	2,250	-

Q.11 Miss Nitya, proprietor of M/s. Honest Enterprise, a registered supplier of taxable goods and services in the state of West Bengal, pays GST under regular scheme. It is not eligible for any threshold exemption. It provided the following information for the month of December 2022:

S. No.	Particulars	Amount (₹)
OUTWARD SUPPLY:		
i.	Intra-state supply of goods to M/s. Natural & Sons	7,00,000
ii.	Intra-state transfer of goods to its branch office in the state of West	1,00,000

	Bengal. Both places are under the same GSTIN.	
iii.	Provided inter-state supply of sponsorship services to XYZ Ltd of Chennai	80,000
iv.	Advance received for future supply of management consultancy service to Mr. Sharad (Intra-state supply)	40,000
	INWARD SUPPLY: (Intra-state)	
i.	Purchase of taxable goods from registered suppliers.	8,00,000
ii.	Availed Works Contract service for repair of office building. Amount of repair was debited in the profit & loss account.	30,000
iii.	Availed legal service form an advocate to represent the matter in the Court relating to collection of disputed proceed from customers.	50,000

Notes:

(i) Rate of CGST, SGST and IGST on all supplies are as below:

Particulars	CGST	SGST	IGST
Goods	2.5%	2.5%	5%
Supply of services	9%	9%	18%

(ii) Both inward and outward supplies given above are exclusive of taxes.

(iii) All the conditions necessary for availing the ITC have been fulfilled.

(iv) Working note should form part of the answer.

Compute the net minimum GST payable in cash by M/s. Honest Enterprise for the month of December 2022

Ans: Computation of minimum net GST payable in cash by M/s Honest Enterprise for the month of December 2022

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
GST payable under forward charge				
Intra-State supply of goods to M/s Natural & Sons	7,00,000	17,500 [7,00,000 × 2.5%]	17,500 [7,00,000 × 2.5%]	
Intra-State branch transfer [Such transfer is not a supply as the branch has the same GSTIN as that of the head office and thus, is not a distinct person.]	1,00,000	--	--	
Inter-State supply of sponsorship service to XYZ Ltd. of Chennai [Since sponsorship service is provided to a body corporate, tax on the same is payable by recipient - XYZ Ltd. - under reverse charge.]	80,000			--
Advance received for future intra-State supply of management consultancy service	40,000	3,600 [40,000 × 9%]	3,600 [40,000 × 9%]	
(In case of supply of service, tax is payable at the time of receipt of advance amount too)				
Total output tax		21,100	21,100	
Less: ITC utilized		27,200	27,200	
Net GST payable [A]		Nil	Nil	
Legal services availed [B] [Tax on legal services availed by a business entity from an advocate is payable under reverse charge. Further, tax payable under reverse charge cannot be set off against ITC and thus, reverse charge has to be	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]	

paid in cash since the tax payable under reverse charge is not an output tax.]				
Minimum net GST payable in cash [A] + [B]		4,500	4,500	

The reversal provisions under rule 42 of the CGST Rules, 2017 have not been given effect to in the above answer on account of specific exclusion of the same via Study guidelines applicable for November, 2023 examination.

Working Note:

Computation of ITC available

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State purchase of taxable goods [ITC of goods used in the course/Furtherance of business is available.]	8,00,000	20,000 [8,00,000 × 2.5%]	20,000 [8,00,000 × 2.5%]	
Works contract service for repair of office [ITC is available since the repair amount is debited in the profit & loss account and not capitalized in the books of account.]	30,000	2,700 [30,000 × 9%]	2,700 [30,000 × 9%]	
Legal services availed [ITC of services used in the course/furtherance of business is available]	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]	
Total		27,200	27,200	

Q.12 Evershine Pvt. Ltd., a GST registered supplier located in Jaipur, Rajasthan is engaged in taxable supply of packaging goods and consultancy services. It provides following details of various activities undertaken during the month of September, 2023:

(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 2023-CGST ₹ 20,000, SGST ₹ 50,000 and IGST ₹ 75,000.

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

Notes:

- (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, 2023.

[PP-May 24]

Ans: Computation of minimum net GST payable in cash by Evershine Pvt. Ltd. for the month of September 2023

Particulars		Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Output tax payable					
Intra-State supply of goods to Vaidehi 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.]	Place of Supply is where movement of goods terminates	18,50,000	1,66,500	1,66,500	Nil
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.]		35,60,000	Nil	Nil	6,40,800
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.]		5,70,000	51,300	51,300	Nil
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.]		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			Nil	Nil	(4,17,000)

of IGST.]				
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 (₹)	CGST (₹)	SGST (₹)	IGST (₹)
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 [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.]		10,00,000	Nil	Nil	Nil
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.

It is logically assumed that depreciation is not claimed on trucks.

It is logically assumed that amount spent on purchase of goods is capitalized in the books.

- Q.13** Craftmodel Limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. It is not engaged in renting of cars business. The company provided the following details for the month of January, 2024.

Sl. No.	Particulars			Amount in ₹	
(i)	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)	7,50,000	6,00,000		
(ii)	The company pledged its 5% equity shares to the merchant banker for the purpose of proposed initial public offer.				
(iii)	Stock transfer of goods worth ₹ 58,000 without consideration to its branch at Gaya (Bihar). Branch has been declared as an additional place of business in the registration certificate.				
(iv)	Intra-State inward supply of various services for use in the course or furtherance of business (30 invoices). Out of 30 invoices, details of 10 invoices amounting to ₹ 2,50,000 were not furnished by the suppliers in their GSTR-1s and resultantly, were not reflected in Craftmodel Limited's GSTR-2B.			12,00,000	
(v)	Outward supply of services of milling of paddy into rice (Intra-State)			2,00,000	
(vi)	Outward supply of services of giving trucks on hire to a Governmental authority (Intra-State)			1,50,000	
(vii)	Amount paid to IIM Ahmedabad, Gujarat for providing 15 days' management training to 10 managers from 10 th January. The IIM provided Participation Certificates at the end of the training program.			5,00,000	
(viii)	Purchased air tickets for its employees from Patna to Guwahati, Assam airport in economy class. Total fare was ₹ 1,00,000, out of which basic fare was ₹ 80,000.				

Additional Information:

- (a) All the amounts given above are exclusive of taxes, wherever applicable.
- (b) During the course of arranging and filing documents, the Accountant of Craftmodel Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 2nd December, 2023 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January, 2024. This invoice was issued by Mr. Rahuketu of Patna, from whom Craftmodel Limited had taken cars on rental basis. Invoice included cost of fuel also.
- (c) Regarding pledging of shares, the face value of shares is ₹ 5,00,000. The market value of shares is ₹ 8,00,000.
- (d) Rate of GST applicable on various supplies are as follows:

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

- (e) No opening balance of input tax credit exists in the beginning of the relevant tax period.
- (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 Craftmodel Limited for the month of January, 2024.

[RTP-Sept 24]

Ans: Computation of net GST payable in cash by Craftmodel Ltd. for the month of January, 2024

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.]	36,000 [4,00,000 × 9%]	36,000 [4,00,000 × 9%]	
Outward supply of goods made to other States. [Value of supply is the transaction value of the goods.]			1,08,000 [6,00,000 × 18%]
Pledging of 5% equity shares to the merchant banker [Supply includes supply of goods and services. Shares being securities are neither goods nor services. Thus, transfer of shares which is neither goods nor services is not a supply.]			Nil
Intra-State stock transfer to Gaya Branch with no separate registration. [Stock transfer between 2 units of a legal entity under single registration is not a deemed supply under GST and hence, the same is not liable to tax under GST since branch with same GSTIN is not a distinct person.]	-	-	
Services of milling of paddy into rice. [Milling of paddy into rice cannot be considered as an Intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce. Thus, it is not eligible for exemption.]	18,000 (2,00,000 × 9%)	18,000 (2,00,000 × 9%)	
Services of giving trucks on hire to a Governmental authority [Services by way of giving motor vehicles on hire to a Governmental authority are taxable.]	13,500 (1,50,000 × 9%)	13,500 (1,50,000 × 9%)	
Total output tax	67,500	67,500	1,08,000
Less: Input Tax Credit [Refer Working Note below] IGST credit should first be utilized towards payment of IGST.			(90,000)
ITC of CGST should be utilized for payment of CGST and IGST in that order. ITC of CGST cannot be utilized for payment of SGST	(67,500) (CGST)		(18,000) (CGST)
ITC of SGST should be utilized for payment of SGST and IGST in that order. However, ITC of SGST should be utilized for payment of IGST, only after ITC of CGST has been utilized fully. ITC of SGST cannot be utilized for payment of CGST.		(67,500) (SGST)	-
Minimum Net GST payable in cash	Nil	Nil	Nil
ITC balance to be carried forward next month	-	18,000	-

Working Note:

Computation of ITC available

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State inward supply of services used in the course of business. [ITC cannot be availed by a registered person in respect of invoices, the details of which have not been furnished by the supplier in GSTR-1.]	85,500 (9,50,000 × 9%)	85,500 (9,50,000 × 9%)	-

<p>Training course organized by IIM, Gujarat. [Not exempt. Short duration programmes offered by IIMs for which participation certificate is awarded are not 'qualification recognized by law'. ITC is available in respect of supply of services which are used in the course or furtherance of his business. Further, the place of supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person. Thus, place of supply is Patna (Bihar). Further, where the location of the supplier and the place of supply are in two different States, it shall be treated as inter-State supply of services.]</p>	-	-	90,000 (5,00,000 x 18%)
<p>Air tickets from Patna to Guwahati. [Transport of passengers by air terminating in an airport located in Assam is exempt from GST as said transportation is in economy class.]</p>			
<p>Cars taken on rental basis from Mr. Rahuketu. [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 CGST/SGST is charged @2.5% each, 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, 2024, 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 - Craftmodel Ltd. is not in the same line of business]</p>	--	--	--
Total ITC available	85,500	85,500	90,000

Q.14 Vishwanath Ltd., a registered supplier in Karnataka has provided the following details for supply of one machine:

	Particulars	Amount in (₹)
(1)	List price of machine supplied [exclusive of items given below from (2) to (4)]	80,000
(2)	Tax levied by Local Authority on sale of such machine	6,000
(3)	Discount of 2% on the list price of machine was provided (recorded in the invoice of machine)	
(4)	Packing expenses for safe transportation charged separately in the invoice	4,000

Vishwanath Ltd. received ₹ 5,000 as price linked subsidy from a NGO on sale of each such machine, The Price of ₹ 80,000 of the machine is after considering such subsidy.

During the month of February, Vishwanath Ltd. supplied three machines to Intra-State customers and one machine to Inter-State customer.

Vishwanath Ltd. purchased inputs (intra-State) for ₹ 1,20,000 exclusive of GST for supplying the above four machines during the month.

The Balance of ITC at the beginning of February was:

CGST	SGST	IGST
₹ 18,000	₹ 4,000	₹ 26,000

Note:

- (i) Rate of CGST, SGST and IGST to be 9%,9% and 18% respectively for both inward and outward supplies.
- (ii) All the amounts given above are exclusive of GST.
- (iii) All the conditions necessary for availing the ITC have been fulfilled.

Compute the minimum net GST payable in cash by Vishwanath Ltd. for the month of February.

[MTP-Sept 24]

Ans:

Computation of value of taxable supply

Particulars	Amount (₹)
List price of the machine	80,000
Add: Tax levied by Local Authority on the sale of machine [Tax other than GST, if charged separately, are includible in the value in terms of section 15 of the CGST Act, 2017.]	6,000
Add: Packing expenses for safe transportation [Includible in the value as per section 15 of the CGST Act, 2017.]	4,000
Add: Price-linked subsidy received from a NGO on sale of each machine [Subsidy received from a non-Government body and which is directly linked to the price, the same is included in the value in terms of section 15 of the CGST Act, 2017.]	5,000
Total	95,000
Less: Discount @ 2% on ₹80,000 [Since discount is known at the time of supply and recorded in invoice, it is deductible from the value in terms of section 15 of the CGST Act, 2017.]	1,600
Value of taxable supply	93,400

Computation of minimum net GST payable in cash by Vishwanath Ltd.

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Sale of machine [Intra-State sales = ₹ 93,400 × 3 machines = ₹ 2,80,200 Inter-State sales = ₹ 93,400 × 1 machine = ₹ 93,400]	25,218 [2,80,200 × 9%]	25,218 [2,80,200 × 9%]	16,812 [93,400 × 18%]
Total output tax	25,218	25,218	16,812
Less: Set off of IGST against IGST and SGST [IGST credit first be utilized towards payment of IGST, remaining amount can be utilized towards CGST and SGST in any order and in any proportion]		(9,188)	(16,812)
Less: Set off of CGST against CGST and SGST against SGST [CGST credit cannot be utilized towards payment of SGST and vice versa.]	(25,218)	(14,800)	
Minimum net GST payable in cash	Nil	1,230	

Working Note:

Computation of total ITC available

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance of ITC	18,000	4,000	26,000
Add: Inputs purchased during the month	10,800 [₹ 1,20,000 × 9%]	10,800 [₹ 1,20,000 × 9%]	
Total ITC available	28,800	14,800	26,000

- Q.15** Miss Shreya, proprietor of M/s. Happy Enterprise, a registered supplier of taxable goods and services in the state of West Bengal, pays GST under regular scheme. It is not eligible for any threshold exemption. It provided the following information for the month of December 2024:

S. No.	Particulars	Amount (₹)
OUTWARD SUPPLY:		
i.	Intra-state supply of goods to M/s. Reliable & Sons	7,00,000
ii.	Intra-state transfer of goods to its branch office in state of West Bengal. Both places are under the same GSTIN.	1,00,000
iii.	Permanent transfer of old computers to orphanage home without consideration. Input tax credit was not availed on the same.	80,000
iv.	Advance received for Future supply of management consultancy service to Mr. Shubam (Intra-state supply)	40,000
INWARD SUPPLY: (Intra-state)		
i.	Purchase of taxable goods from registered suppliers.	8,00,000
ii.	Availed Works Contract service for repair of office building. Amount of repair was debited in the profit & loss account.	30,000
iii.	Availed legal service form an advocate to represent the matter in the Court relating to collection of disputed proceed from customers.	50,000

Notes:

- (i) Rate of CGST, SGST and IGST on all supplies are as below:

Particulars	CGST	SGST	IGST
Goods	2.5%	2.5%	5%
Supply of services	9%	9%	18%

- (ii) Both inward and outward supplies given above are exclusive of taxes.
 (iii) All the conditions necessary for availing the ITC have been fulfilled.
 (iv) The aggregate turnover of M/s Happy Enterprise in the preceding financial year exceeds the threshold limit for registration.
 (v) Working note should form part of the answer.

Compute the net minimum GST payable in cash by M/s. Happy Enterprise for the month of December 2024. [MTP-Jan 24]

- Ans:** **Computation of minimum net GST payable in cash by M/s Happy Enterprise for the month of December 2024**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
GST payable under forward charge				
Intra-State supply of goods to M/s Natural & Sons	7,00,000	17,500 [7,00,000 × 2.5%]	17,500 [7,00,000 × 2.5%]	
Intra-State branch transfer [Such transfer is not a supply as the branch has the same GSTIN as that of the head office and thus, is not a distinct person.]	1,00,000	--	--	
Permanent transfer of old computers to orphanage home without consideration. [Permanent transfer or disposal of business assets was not treated as supply even if made without consideration in terms of Schedule-I of the CGST Act, 2017, as ITC was not availed on the same.]	80,000			--
Advance received for future intra-State supply	40,000	3,600	3,600	

of management consultancy service (In case of supply of service, tax is payable at the time of receipt of advance amount too)		[40,000 × 9%]	[40,000 × 9%]	
Total output tax		21,100	21,100	
Less: ITC utilized		27,200	27,200	
Net GST payable [A]		Nil	Nil	
Legal services availed [B] [Tax on legal services availed by a business entity from an advocate is payable under reverse charge. Further, tax payable under reverse charge cannot be set off against ITC and thus, reverse charge has to be paid in cash since the tax payable under reverse charge is not an output tax.]	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]	
Minimum net GST payable in cash [A] + [B]		4,500	4,500	

Working Note:

Computation of ITC available

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State purchase of taxable goods [ITC of goods used in the course/ furtherance of business is available.]	8,00,000	20,000 [8,00,000 × 2.5%]	20,000 [8,00,000 × 2.5%]	
Works contract service for repair of office [ITC is available since the repair amount is debited in the profit & loss account and not capitalized in the books of account.]	30,000	2,700 [30,000 × 9%]	2,700 [30,000 × 9%]	
Legal services availed [ITC of services used in the course/ furtherance of business is available]	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]	
Total		27,200	27,200	

- Q.16** DEF Pvt. Ltd., a registered supplier of goods and services in Pune, Maharashtra, has furnished the following details for the month of January, 2024. The turnover of DEF Pvt. Ltd. was ₹ 3.2 crores in last financial year.

Sr. No.	Particulars	Amount (₹)
1.	Intra State supply of taxable goods	5,00,000
2.	F Ltd. of Mumbai (unregistered) had promised to DEF Pvt. Ltd. in Oct 23 to complete contract within 3 months, but they were not able to complete committed contract, so DEF Pvt. Ltd. received consideration for non-performance of contract on time as decided by pre written agreement.	2,00,000
3.	DEF Pvt. Ltd. had provided service of booking of flight tickets for employee of H Enterprise (registered in Delhi) in the economy class from Bagdogra (West Bengal) to Pune Maharashtra.	20,000
4.	DEF Pvt. had purchased goods worth ₹ 5,00,000 from R Ltd. (registered in Gujarat) on 15.03.2023. Now R Ltd. issued debit note on 15.01.2024 for post delivery service to DEF Pvt. Ltd. as per part of terms of sales.	25,000
5.	DEF Pvt. Ltd. had sold one of its unit in Pune as a going concern (with all	10,00,000

	goods and unexecuted orders) to H Ltd. (registered in New Delhi)	
6.	DEL Pvt. Ltd. had provided service to Mr. Y (registered in Punjab) to organise business exhibition in Dubai.	5,00,000
7.	Inter-State supply of service	10,00,000
8.	Amount towards receipt of intra State services	6,00,000
9.	Purchase of confectionery items which are to be used to supply free of cost to customers in a customer meet organised by DEF Pvt. Ltd.	1,00,000

Opening balance of Input Tax credit at the beginning of Jan 2024.

CGST ₹ 25,000

SGST ₹ 25,000

IGST ₹ 30,000

Additional Information:

- (1) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively unless otherwise mentioned.
- (2) Both inward and outward supplies are exclusive of taxes, wherever applicable.
- (3) All the conditions necessary for availing the ITC have been fulfilled.

From the information given above, compute the output tax liability and input tax credit available to DEF Pvt. Ltd., for the month of January, 2024. Make suitable assumptions wherever required.

[PP-Sept 24]

Ans. (i) **Computation of output tax liability of DEF Pvt. Ltd. for January, 2024**

Particulars	Value (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Output tax payable				
Intra-State supply of taxable goods ¹	5,00,000	45,000	45,000	
Consideration for non- performance of contract [Being 'liquidated damages', they are not The consideration for tolerating the non-performance of the contract. Hence, not a supply]	2,00,000	-	-	
Service of booking of flight tickets ² [Taxable since service of booking of air tickets is being provided here. Only the service of transportation of passengers in economy class embarking from Bagdogra is exempt. Further, the place of supply of services made to a registered person is the location of such person, viz. Delhi in given case. Thus, same is inter- State supply.]	20,000			3,600
Selling of Pune unit as going concern to H Ltd. [Services by way of transfer of a going concern is exempt.]	10,00,000	-	-	-
Service in relation to business exhibition in Dubai [Services by an organiser to any person in respect of a business exhibition held outside India is exempt.]	5,00,000	-	-	--
Inter-State supply of service ³	10,00,000	-	-	1,80,000
Total output tax liability		45,000	45,000	1,83,600

- 1 Intra-State supply of taxable goods has been logically considered as outward supply in the above solution.

- 2 It has been assumed that entire ₹ 20,000 represents the service fee/convenience fee charged by DEF Pvt. Ltd.
- 3 Inter-State supply of service has been logically considered as outward supply in the above solution.

(ii) Computation of input tax credit available to DEF Pvt. Ltd. for January, 2024

Particulars	Value (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening balance		25,000	25,000	30,000
Issue of debit note for post delivery service [ITC on debit notes issued in a financial year can be availed any time till 30 th November of the succeeding financial year or the date of filing of the relevant annual return, whichever is earlier, irrespective of the date of original invoice/ supply. Further, place of supply being Pune in given case, same is inter-State supply.]	25,000			4,500
Receipt of intra-State services [ITC on services used in the course or furtherance of business is allowed.]	6,00,000	54,000	54,000	
Purchase of confectionery items [ITC on food or beverages is specifically disallowed unless the same is used for making outward taxable supply of the same category or as an element of the taxable composite or mixed supply.]	1,00,000	-	-	--
Total		79,000	79,000	34,500

Note:

In the above solution, the words, "DEL Pvt. Ltd." be read as "DEF Pvt. Ltd." in Sr. no. 6 of the Question.

- Q.17** MLM Private Limited, a registered person in Udaipur, Rajasthan engaged in various lines of business, provided the following details regarding the transactions undertook in the month of March, 2024:

Outward Transactions			Amount (₹)
Advance received from Mr. Gokul for Business support services to be supplied in the month of April, 2024.			2,00,000
Provided commissioning services under Pure labour contract to M/s Raj Builders of Jaipur, Rajasthan for Multi-storey residential complex.			5,00,000
Stock transferred without consideration to its branch in Jodhpur, Rajasthan. Branch has same GSTIN.			1,25,000
Outward sale of goods to various unrelated persons:			As provided in the column
Particulars	Market Value (₹)	Transaction Value (₹)	
Intra-State	5,00,000	5,75,000	
Provided warehousing services for Kidney beans (Rajma), Red lentils and other pulses.			50,000
Inward Transactions			Amount (₹)
Received Car rental services from Carman Private Limited, an unregistered company in Udaipur engaged in car renting services. MLM Private Limited paid rent on monthly basis (Cost of fuel also included in the monthly rent). [Rate of CGST and SGST is 6% each]			1,20,000

Intra-State inward supply of various goods and services for use in the course or furtherance of business.	7,50,000 [Goods] 2,50,000[Services]
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Additional Information

- (i) The Company paid ₹ 50,000 to Mr. Ajay, an independent director, as sitting fees.
- (ii) The Company made donation of ₹ 4,50,000 to a local old age home (a trust not registered under GST) for setting a Water Cooler at old age home with the name of company embedded on the water cooler to express their support for the good cause.
- (iii) All the figures are exclusive of GST.
- (iv) All inward and outward supplies are intra-State except where otherwise stated.
- (v) Subject to information given above, all the conditions necessary for availing the ITC have been fulfilled.
- (vi) Rates of GST are given below except where otherwise stated:

Particulars	CGST	SGST	IGST
Supply of Goods	6%	6%	12%
Supply of Services	9%	9%	18%

Calculate the net GST Payable in cash by MLM Private Limited for the month of March, 2024. Support your calculations with relevant reasons. [PP-May 25]

Ans. Computation of net GST payable in cash by MLM Private Limited for the month of March 2024

Particulars	Value (₹)	CGST (₹)	SGST (₹)
GST payable under forward charge			
Advance received from Mr. Gokul for business support services [Tax is payable at the time of receipt of advance for supply of services.]	2,00,000	18,000 [2,00,000 × 9%]	18,000 [2,00,000 × 9%]
Commissioning services under pure labour contract for multi-storied residential complex [Taxable, since pure labour contract services pertain to a residential complex.]	5,00,000	45,000 [5,00,000 × 9%]	45,000 [5,00,000 × 9%]
Intra-State branch transfer [Such transfer is not a supply as the branch has the same GSTIN as that of the head office and thus, is not a distinct person.]	--	--	--
Intra-State supply of goods to unrelated persons [Transaction value is the value of supply]	5,75,000	34,500 [5,75,000 × 6%]	34,500 [5,75,000 × 6%]
Warehousing services for pulses ¹ [Exempt, since warehousing of pulses is exempt from GST]	--	---	---
Total output tax		97,500	97,500
Less: ITC available		72,000	72,000
Net GST payable [A]		25,500	25,500
GST payable under reverse charge			
Services of an independent director availed [B] [Tax on services provided by a director to a company is payable under reverse charge. Further, tax payable under	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]

reverse charge cannot be set off against ITC and thus, has to be paid in cash since the tax payable under reverse charge is not an output tax.]			
Net GST payable in cash [A] + [B]		30,000	30,000

- 1 The reversal provisions under rule 42 of the CGST Rules, 2017 have not been given effect to in the above answer on account of specific exclusion of the same via Study guidelines applicable for May, 2025 examination.

Working Note:

Computation of ITC available

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Car rental services [Tax is not payable under reverse charge mechanism since supplier is a body corporate. Further, no tax is payable under forward charge also since supplier is unregistered and thus, no ITC is available.]	--			
Intra-State inward supply of goods [ITC of goods used in the course/furtherance of business is available.]	7,50,000	45,000 [7,50,000 × 6%]	45,000 [7,50,000 × 6%]	
Intra-State inward supply of services [ITC of services used in the course/ furtherance of business is available.]	2,50,000	22,500 [2,50,000 × 9%]	22,500 [2,50,000 × 9%]	
Services of an independent director availed [ITC of services used in the course/ furtherance of business is available.]	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]	
Donation made to local old age home there's no <i>quid pro quo</i> and thus, it is not a supply [Since the name of donor - the company - is displayed in such a manner:				
<ul style="list-style-type: none"> • which can be said to be an expression of gratitude and public recognition of donor's act of philanthropy • which is not aimed at giving publicity/ advertisement/ promotion to the donor's business Hence, no ITC is available.]				
Total		72,000	72,000	

- Q.18** Galaxy Cube Private Ltd., a registered person in Bharuch, Gujarat, engaged in various lines of business, provided the following details regarding its transactions made during the month of May 2024:

Outward / Inward Transactions:	Amount ₹
Supplied a latest technology laptop with touch screen option to Managing Director's friend (Open market value as well as sale to unknown customers was at ₹90,000)	60,000
Supplied printed letter cards to M K Industries, a registered person in Gandhinagar, Gujarat. Logo design was supplied by M K Industries. Out of ₹ 5,00,000, Materials cost was ₹ 4,00,000 and balance was Printing cost.	5,00,000

Provided services of transportation of passengers by an Omnibus through an Electronic Commerce Operator (ECO).	12,58,000
Provided catering services to Excel University of Patna, Bihar, which is recognized by UGC for granting recognised qualification	2,12,000
Made supply of goods in the territorial waters to Blue Waters Inc., registered in the State of Maharashtra. Such place of territorial water was at a distance of 5 nautical miles to the baseline of coastal State of Gujarat and 7 nautical miles to the baseline of coastal State of Maharashtra.	4,50,000
Purchased goods from DK & Co., a registered composition dealer.	3,35,000

Additional Information:

- (i) During the course of filing invoices, accountant identified an invoice dated 31.03.2024, issued by Mr. Mahajan, whose residential house was taken on rent for MD of the company for his residential use. Invoice was for ₹ 50,000 (excluding tax). No payment has been made for this invoice.
- (ii) All the figures given above are exclusive of GST.
- (iii) All inward and outward supplies are intra-state except where details of place of recipient are given.
- (iv) Subject to the information given above, all the conditions necessary for availing the ITC have been fulfilled.
- (v) GST Rates are as follows:

Particulars	CGST	SGST	IGST
Supply of Goods	6%	6%	12%
Supply of Services	9%	9%	18%

Compute the net minimum GST payable in cash by Galaxy Cube Private Ltd. for the month of May 2024. [PP-Jan 25]

Ans. (i) **Computation of output tax liability of Galaxy Cube Pvt. Ltd. for May, 2024**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
GST payable under forward charge				
Supply of laptop to Managing Director's Friend [Since supply is made to an unrelated person (Managing Director's friend not being a related person) and price is the sole consideration, value of supply is the 0 transaction value i.e. the price actually paid or payable for the said supply.]	60,000	3,600 [60,000 × 6%]	3,600 [60,000 × 6%]	
Supplied printed letter cards to M K Industries [Since letter cards are supplied by the printer using its own physical inputs to print the logo supplied by the recipient, it is a composite supply wherein the predominant/ principal supply is supply of goods. It is an intra- State supply since the place of supply is Gujarat being the location where movement of goods terminates.]	5,00,000	30,000 [5,00,000 X 6%]	30,000 [5,00,000 X 6%]	

Transportation of passenger services by an omnibus provided through electronic commerce operator (ECO) [Tax on transportation of passengers services by an omnibus provided through ECO by a company is not a notified service under section 9(5) of the CGST Act, 2017 and hence tax is payable by Galaxy Cube Private Ltd. and not by the ECO since the person supplying such service through ECO is a company.]	12,58,000	1,13,220 [12,58,000 X 9%]	1,13,220 [12,58,000 X 9%]	
Catering services to Excel University [Taxable/Not exempt since catering services are exempt only when such services are provided to an educational institution providing services by way of pre-school education & education up to higher secondary school or equivalent. In this case, catering services are provided to an educational institution providing education as a part of a curriculum for obtaining a qualification recognized by any law. Thus, same are taxable. Further, it is an inter-State supply since place of supply is Patna being the place of performance of services.]	2,12,000	-	-	38,160 [2,12,000 X 18%]
Supply of goods in territorial waters [Where supply is in the territorial waters, the place of supply is deemed to be in the coastal State where the nearest point of the appropriate baseline is located, viz.	4,50,000	27,000 [4,50,000 X 6%]	27,000 [4,50,000 X 6%]	
Gujarat in the given case. Hence, supply will be intra-State supply of goods.]				
Total GST payable under forward charge		1,73,820	1,73,820	38,160
Less: Eligible ITC				
Goods purchased from composition dealer [ITC is not available since input tax does not include the tax paid under the composition levy and a composition supplier does not collect tax from the recipients. Also, ITC on inward supplies received from a composition supplier is blocked.]		-	-	-
Residential house taken on rent for MD [ITC is available as said services are used in course or furtherance of business.]		(4,500) [50,000 X 9%]	(4,500) [50,000 X 9%]	
Net GST		1,69,320	1,69,320	38,160
Add: GST payable under reverse charge [Tax on renting of residential dwelling to a		4,500	4,500	

registered person is payable by such registered person under reverse charge, IN CASH since ITC can only be utilized for paying the output tax. Further, GST liability on said services arises in the month of May since time of supply is 31.05.2024, being earliest of (i) date of payment or (ii) 61 st day from the date of issue of invoice by supplier.]		[50,000 X 9%]	[50,000 X 9%]	
Minimum net GST payable in cash		1,73,820	1,73,820	38,160

Q.19 Mr. Karan, a registered supplier in Kochi (Kerala State) has provided the following information of supply received/made during the month of February, 2025:

S. No.	Particulars	Amount (₹)
(i)	On 5 th February 2025 Supplied goods to Jaara Enterprises, an unregistered partnership firm in Bikaner, Rajasthan. Discount of 10% offered to Jaara Enterprises on this invoice price of ₹ 2,00,000 as per pre agreement but not recorded in the invoice. Discount given for this invoice by way of credit note on 28 th February 2025.	2,00,000
(ii)	Made a supply of machinery to Cool & Co. registered in the State of Kerala. The machinery was installed at Factory site of Cool & Co. in the State of Tamil Nadu as per agreement.	6,00,000
(iii)	Provided supply of online educational journals on monthly basis to St. Peters High School, situated in the State of Kerala.	25,000
(iv)	Provided renting of his own commercial property situated at Thrissur (Kerala) to Safe Volt Limited of Kerala, in which he is an independent director.	70,000
(v)	Supplied a consignment of Office uniform to Rasool Tea Estate situated at Munnar (Kerala).	2,00,000
(vi)	Payment made to Mr. Manish, a contractor of Bengaluru for construction of staff quarters within the factory premises at Kochi. Staff quarters capitalised in the books and no depreciation charged.	1,25,000

Mr. Karan provided the following additional information:

- (i) During the month, supply for ₹ 13,000 was made against redemption of foods coupons issued during December 2024 for use against specific Pizza available in a food court run by Mr. Karan in Kochi, coupons were valid till 28.02.2025.
- (ii) In respect of supply made to Munnar, being a hill station, local levy of Green tax of ₹ 10,000 was charged by Mr. Karan in the invoice made to Rasool Tea Estate.
- (iii) Mr. Karan was advised by his accountant that since he is a director in the company to whom he let out his property, GST is to be paid by the company under Reverse Charge Mechanism [RCM].
- (iv) Assume rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supplies of goods and services, except where otherwise provided.
- (v) All the amount given above in the table are exclusive of GST and Green Tax or any other tax wherever applicable.
- (vi) Subject to the information given above, conditions for availing ITC have been complied with.
- (vii) All the inward and outward supplies to be considered in the course of Intra-State except where information provided to determine the Place of supply.
- (viii) Assume all the inward supplies used for the taxable outward supplies only.

(ix) There was opening balance of Input Tax Credit (ITC) of ₹ 1,50,000 of IGST and ₹ 30,000 of CGST and Nil of SGST.

From the information given above, you are required to compute the net minimum GST liability payable in cash after deduction of ITC by Mr. Karan for the month of February 2025.

Note: Correct relevant legal provision and individual tax amount (if any) for each item should form part of your answer. **[PP-Sept 25]**

Ans.

Computation of minimum net GST liability payable in cash by Mr. Karan for the month of February 2025:

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Supplied goods to Jaara Enterprises [Inter State supply as the place of supply is Rajasthan being the location of the goods at the time when the movement of goods terminates. Further, post supply discount of ₹ 20,000 (₹2,00,000 × 10%) is deductible from value of supply since such discount is as per pre-agreement.]	1,80,000 [2,00,000-20,000]	-	-	32,400 [1,80,000 x 18%]
Supply of machinery to Cool & Co. [Inter-State supply as place of supply is Tamil Nadu being the place of installation of machinery.]	6,00,000	-	-	1,08,000 [6,00,000 x 18%]
Supply of online educational journals to St. Peters High School [Supply of online educational journals to an institution providing services by way of education up to higher secondary school is taxable and not exempt. Further, it's an intra-State supply as place of supply is Kerala being Location of recipient.]	25,000	2,250 [25,000 x 9%]	2,250 [25,000 x 9%]	-
Renting of commercial property to Safe Volt Limited [Intra-State supply as place of supply is Kerala being location of immovable property. Further, it is taxable under forward charge and not payable under reverse charge since Mr. Karan rented his commercial property in his personal capacity and not in the capacity of a director. Further, it is taxable under forward charge since Mr. Karan - supplier of services of renting of commercial property - is a registered person.]	70,000	6,300 [70,000 x 9%]	6,300 [70,000 x 9%]	-
Supply of consignment of office uniform to Rasool Tea Estate [Green tax of ₹10,000 is includible in the value of supply, since any taxes levied under any law for the time being in force except:	2,10,000 [2,00,000 + 10,000]	18,900 [2,10,000 x 9%]	18,900 [2,10,000 x 9%]	-

(ii) under the CGST/ SGST/ UTGST Act and GST Compensation Cess Act OR (iii) under GST law, if charged separately by the supplier, is includible in the value of supply. Further, it's an intra- State supply as place of supply is Kerala being location of recipient.]				
Supply against redemption of foods coupons issued during December 2024 [No tax is payable in February. Since supply was identifiable at the time of issue of voucher. Hence, the time of supply was the date of issue of voucher, i.e. December 2024.]	13,000	-	-	
Total output tax liability		27,450	27,450	1,40,400
Less: ITC available [Refer Working Note below] IGST credit is first utilized for payment of IGST and then for payment of SGST CGST credit is utilized for payment of CGST liability. Remaining CGST credit cannot be utilized for payment of SGST as cross utilization of CGST and SGST is not permissible.]		(27,450)	(9,600)	(1,40,400)
Minimum net GST liability payable in cash		Nil	17,850	Nil

Working Note:

Computation of ITC available for set off

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening ITC	--	30,000	Nil	1,50,000
Payment made for construction of staff quarters within the factory premises [ITC in respect of works contract services used for construction of an immovable property (other than plant and machinery) is blocked]	1,25,000	Nil	Nil	-
Total		30,000	Nil	1,50,000

Q.20 M/s Consultease Services Private Limited, a company registered under GST in Mumbai, Maharashtra, offers business consultancy, digital marketing and project management services across India. The company recorded the following transactions in October:

- 1. Consultancy services for market analysis:** Provided consultancy services for market analysis to XYZ Ltd., a registered client in Chennai, Tamil Nadu (Inter-State), for ₹ 4,50,000. Additionally, the company paid an amount of ₹ 4,500 as professional tax applicable in the State of Maharashtra as per requirement of local state legislation. The amount of professional tax was recovered separately from XYZ Ltd.
- 2. Digital Marketing Services for Launch Event:** Conducted digital marketing for an upcoming product launch for Mr. A based in Rajasthan, who is an unregistered person under GST. The agreed fee for the said services is ₹ 3,00,000. Out of the agreed fee, an amount of ₹ 25,000 is incurred by Mr. A. The company was liable to pay the same in relation to the supply and the net payment received by the company was ₹ 2,75,000 (exclusive of any tax).

3. **Travelling payment for the team:** The employees incurred an amount of ₹ 50,000 on travel to Kolkata for client project and claimed a reimbursement of the same from the company. As a policy, company charged such expenses from the clients on actual basis.
4. **Discount passed on to customer:** Post supply discount was offered to a customer amounting to ₹ 50,000 against a supply for which invoice was issued in September. The customer has not reversed the input tax credit relating to such discount.
5. **Recovery of late payment charges:** The company received an amount of ₹ 1,00,000 as late payment charges for delay in payment for consideration from a client whose service contract was completed in June.
6. **Purchase of car:** A car was purchased in the name of company for use by the director. The total cost of car was ₹ 10,50,000 (inclusive of IGST amounting to ₹ 1,50,000).
7. **Insurance services:** The company paid for insurance of the above new car amounting to ₹ 25,000 which includes IGST amounting to ₹ 2,300.
8. **Procurement of services:** The company received inter-State supply of services used for business purpose on which GST paid was Rs. 45,000. Said credit was not restricted under any provision of GST laws.
9. **Sponsorship:** The company sponsored a sports event wherein it paid an amount of ₹ 2,00,000 to the event organizers.

You are required to compute the following for the month of October:

- (a) Total value of supply
- (b) output tax payable by the Company.
- (c) net GST payable in cash.

Note

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) All the amounts given above are exclusive of taxes.
- (iii) There was no opening balance of input tax credit.
- (iv) The turnover of the company was ₹ 10 crores in the previous financial year.
- (v) All the transactions are inter-State, unless otherwise specified.

[RTP-Jan 25]

Ans. (a) Computation of total value of supply

Particulars	IGST (₹)
Consultancy services provided to XYZ Ltd. (As per section 15 of the CGST Act, 2017, the value of supply includes the amount of any tax paid under any law other than GST. Accordingly, the amount of professional tax is includible in the value of services.)	4,54,500
Digital marketing services provided to Mr. A (The amount incurred by the recipient on behalf of the supplier is includible in the value of supply.)	3,00,000
Travelling expenses recovered from the client (Incidental expenses like travelling expenses incurred in course of supply is includible in value of supply.)	50,000
Post supply discount (No adjustment of post supply discount is allowed as the customer has not reversed the input tax credit.)	-
Late payment charges (The late payment charges recovered are includible in GST and liable to tax at the time of receipt of amount.)	1,00,000
Total value of supply for October	9,04,500

(b) Computation of output tax payable

Particulars	IGST (₹)
Total value of outward supply	9,04,500
Total output tax payable @ 18% (Company is liable to pay GST on sponsorship services under reverse charge, but the tax payable under reverse charge is not included in the value of output tax.)	1,62,810

(c) Computation of net GST payable in cash

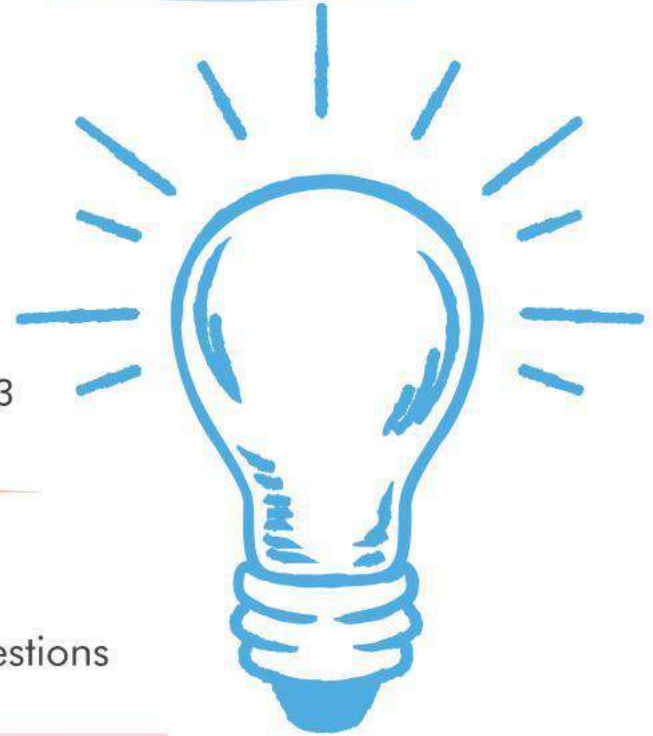
Particulars	IGST (₹)
Total output tax	1,62,810
Less: Input Tax Credit [Refer Working Note below]	(81,000)
Net GST payable (A)	81,810
Add: GST payable under reverse charge for receipt of sponsorship services (B) [Tax on sponsorship services availed by a body corporate from any person is payable under reverse charge. Since the tax payable under reverse charge is not an output tax, ITC cannot be utilized to pay GST payable under reverse charge. Thus, it has to be paid in cash.]	36,000
Total GST payable in cash (A) +(B)	1,17,810

Working Note:
Computation of ITC available

Particulars	IGST (₹)
Purchase of car for use by director (ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked except when the same are used for (i) making further taxable supply of such motor vehicles (ii) making taxable supply of transportation of passengers (iii) making taxable supply of imparting training on driving such motor vehicles. Purchase of car for use by director is not a specified purpose.)	-
Insurance of car (ITC is not allowed on services of insurance relating to the motor vehicles on which ITC is blocked. Since, the car is not used for any of the eligible purposes, ITC thereon is blocked and thus, ITC on insurance taken on such car is also blocked)	-
ITC on receipt of services (ITC is available on services used in the course or furtherance of business.)	45,000
ITC on sponsorship services (ITC is available on services used in the course or furtherance of business.)	36,000
Total ITC available	81,000

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