

MODEL TEST PAPER 5
SECTION B – GOODS AND SERVICES TAX (50 MARKS)
QUESTIONS

- (i) Working Notes should form part of the answers. However, in answers to Questions in Division A, working notes are not required.
- (ii) Wherever necessary, suitable assumptions may be made by the candidates, and disclosed by way of notes.
- (iii) All questions should be answered on the basis of the provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance (No. 2) Act, 2024 including significant notifications and circulars issued and other legislative amendments made, which have become effective up to 31.10.2024.

Division A - Multiple Choice Questions (MCQs)

Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given. All questions are compulsory.

Total Marks: 15 Marks

Case Scenario 1

FUTURE Insurance Ltd. is an insurance company providing life and general insurance services across India. The company has been carrying on its business for the past three years with the approval of IRDA.

FUTURE Insurance Ltd. secure its business through various insurance agents spread across India. Those agents include individuals, firm, LLP and private limited company also. However, all of them are licensed under the Insurance Act.

The company availed services of renting of motor vehicles for its employees in PAN India through 'RR Travels Private Limited', where cost of fuel is included in the consideration charged. The service provider charged 5% GST and informed the company that it is claiming ITC only in respect of the same line of business.

FUTURE Insurance Ltd. provided the following details of insurance business for the month of May-

Sl. No.	Nature of receipt	Amount in ₹
i.	Premium received on Pradhan Mantri Jan Dhan Yojana	5,00,000
ii.	Premium received on Aam Aadmi Bima Yojana	3,00,000
iii.	Premium received on Life micro-insurance product having a sum assured of ₹ 2.50 lakh	4,00,000
iv.	Premium received on reinsurance of Group Personal Accident Policy for Self-Employed Women	1,00,000
v.	Premium received on Fire and Special perils policy of various business units	7,00,000
vi.	Premium received on Money-back policies issued	12,00,000

FUTURE Insurance Ltd. received the following supplies in the month of May and the details of GST paid on such supplies are as follows-

- i GST paid on purchase of car for use of Managing Director – ₹ 5,00,000
- ii GST paid on bus (seating capacity for 14 persons) purchased by the company for transportation of its employees from their residence to office and back – ₹ 3,00,000
- iii GST of ₹ 80,000 was paid on general insurance taken from Amity Insurance Ltd. for motor vehicles for transportation of persons with seating capacity \leq 13 persons (including the driver) which were used in transportation of staff of the company.

All the amounts given above are exclusive of taxes wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Aggregate turnover of the company is not less than ₹ 10 crores for the past three years. Conditions necessary for availment of ITC are fulfilled subject to the information given.

Values given in the question, wherever required, are in accordance with the relevant CGST Rules, 2017.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

1. Determine the services on which the company is liable to pay tax under reverse charge?
 - (a) Service availed from insurance agents
 - (b) Service availed from RR Travels Private Limited
 - (c) None of the services availed attracts RCM
 - (d) Both (a) & (b)
2. Compute the total value of taxable supply made by FUTURE Insurance Ltd. for the month of May?
 - (a) ₹ 4,00,000
 - (b) ₹ 12,00,000
 - (c) ₹ 23,00,000
 - (d) ₹ 32,00,000
3. Determine the amount of ITC that can be claimed by FUTURE Insurance Ltd?
 - (a) ₹ 80,000
 - (b) ₹ 3,00,000
 - (c) ₹ 3,80,000
 - (d) ₹ 8,80,000

(3 x 2 Marks = 6 Marks)

Case Scenario 2

Madurai Impex Ltd. ('company') is engaged in supplying sports goods. The company did not opt for registration under GST. The proper officer under GST, based on enquiry, finds that the company is liable for registration and he registers the firm on temporary basis on 15th June, 2024.

Further, in the month of February 2025, the company also generated an e-way bill for inter-State transport of goods. However, immediately on generation of the e-way bill, the buyer cancelled the order before it was dispatched from the factory for delivery.

In the month of March 2025, since the company was incurring heavy losses, it applied for cancellation of GST registration on 15th March 2025. The order for cancellation was made on 30th March 2025, effecting cancelling the registration with effect from 15th March 2025.

On the basis of the facts given above, choose the most appropriate answer to Q.4 to Q.6 below:

4. After the grant of temporary registration, Madurai Impex Ltd. needs to apply for registration within _____ from the date of grant of temporary registration, if no extension of period is to be granted for such temporary registration.
 - (a) 30 days
 - (b) 90 days
 - (c) 7 days
 - (d) 15 days
5. The Company needs to file its Final return by _____.
 - (a) 30th April, 2025
 - (b) 30th August, 2025
 - (c) 15th June, 2025
 - (d) 30th June, 2025
6. Which of the following statements is correct in respect of e-way bill generated for goods in the month of February for which order was cancelled?
 - (a) Once generated, E-way bill cannot be cancelled.
 - (b) E-way bill can be cancelled within 24 hours of generation
 - (c) E-way bill can be cancelled within 48 hours of generation
 - (d) E-way bill can be cancelled within 72 hours of generation

(3 x 2 Marks= 6 Marks)

7. ABC Insurance Ltd. received a proposal for pandemic insurance for cricket tournament organised by Lion's Club. Sum assured for said insurance was ₹ 20 Crores with a premium of ₹ 5 lakh. The company issued the said policy on 1st July. The invoice for the same was issued on 5th August. Premium was received on 14th August.

Determine the time of supply of service provided to Lion's Club?

- (a) 1st July
- (b) 16th August
- (c) 05th August
- (d) 14th August

(2 Marks)

8. Mr. Naresh, a supplier of readymade garments issued an invoice to a customer and erroneously charged a higher value by ₹ 42,000. Such an invoice was issued on 28th October. Which document is required to be issued by the company in respect of the invoice issued on 28th October?

- (a) Debit note
- (b) Credit note
- (c) Bill of supply
- (d) Revised Tax invoice

(1 Mark)

Division B - Descriptive Questions

Question No. 1 is compulsory.

Attempt any two questions out of remaining three questions.

Total Marks:35 Marks

1. (a) 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:

S. No.	Particulars	Amount (₹)
	<u>OUTWARD SUPPLY:</u>	
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 the 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
	<u>INWARD SUPPLY: (Intra-state)</u>	
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 from 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. **(10 Marks)**

(b) 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. 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.

Compute the ITC that can be claimed by Renuka Sales in its GSTR-3B for the month of January to be filed by 20th February assuming that GST of ₹ 10 lakh is otherwise eligible for ITC.

Make suitable assumptions, wherever necessary. **(5 Marks)**

2. (a) Comment on the taxability or otherwise of the following transactions under GST law. Also state the correct legal provisions for the same.

S. No.	Description of Services provided
(i)	Service provided by a private transport operator to Vintage Girls Higher Secondary School by way of transportation of students to and from the school.
(ii)	Services provided by way of vehicle parking to general public in a shopping complex.
(iii)	Food supplied by the canteen run by a hospital to the in-patients as advised by the doctors.

(iv)	An RWA in a housing society, registered under GST, collects the maintenance charges of ₹ 6,500 per month per member.
------	----------------------------------------------------------------------------------------------------------------------

(4 Marks)

- (b) State the person liable to pay GST in the following independent case:
- (i) Legal Fees is received by Abhishek, an advocate, from M/s. Navya Trading Company, engaged in making taxable supplies and located in Maharashtra, having turnover of ₹ 50 lakh in preceding financial year.
- (ii) Padam Srivastav, an independent director, appointed in accordance with the provisions of the Companies Act, 2013, of One Fourth Pvt. Ltd., has received sitting fee amounting to ₹ 1 lakh from One Fourth Pvt. Ltd. for attending the Board meetings. **(6 Marks)**

3. (a) 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? **(5 Marks)**
- (b) Determine whether the suppliers in the following cases are eligible for composition levy, under section 10(1) & 10(2) of the CGST Act, 2017, provided their turnover in preceding year does not exceed ₹ 1.5 crore:
- (i) Shyam Enterprises is engaged only in trading of pan masala in Rajasthan and is registered in the same State.
- (ii) Sahaj Manufacturers has registered offices in Punjab and Haryana and sells goods manufactured by it in the neighbouring States. **(5 Marks)**
4. (a) An unregistered person Mr. Pappan from Faridabad travels by Air India flight from Pune to Delhi and gets his travel insurance done in Pune. What is the place of supply of insurance services? **(5 Marks)**

Or

- (a) 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. **(5 Marks)**
- (b) "All taxpayers are required to file GSTR-1 only after the end of the tax period." Examine the validity of the statement. **(5 Marks)**