



## INDIRECT TAX MOCK TEST

Duration: 2 Hours

Marks: 70

The figures in the margin on the right side indicate full marks.  
Wherever required, the candidate may make suitable assumptions  
and state them clearly in the answers

Working notes should form part of the answer

## PART – I

(Answer all the questions)

1. (a) Choose the correct option from amongst the four alternatives given: 7x2=14
- (i) Under GST the period prescribed for the issuance of tax invoice in the case of provision of services is
- (a) **Generally, 30 days from the supply of service (in case of Banking companies – 45 days from the date of supply).**
  - (b) Generally, 45 days from the date of supply of service (in case of Banking companies – 30 days from the date of supply).
  - (c) Generally, 30 days from the date of supply of service (in case of Banking companies – 60 days from the date of supply).
  - (d) 30 days from the date of supply of service in all cases.
- (ii) What is the time of supply of goods liable to tax under reverse charge mechanism under GST?
- (a) Date on which the payment is made
  - (b) Date of receipt of goods
  - (c) Date immediately following 30 days from the date of issue of invoice by the supplier
  - (d) Earlier of (A) or (B) or (C)**
- (iii) Which of the following services provided by the Department of Posts are exempt from GST?
- (a) Speed post
  - (b) Ordinary post (envelops weighing less than 10 grams)**
  - (c) Life Insurance
  - (d) Express parcel post
- (iv) Value of supply under Section 15 of the CGST Act, 2017, is
- (a) Transaction Value**
  - (b) Market Value
  - (c) Maximum Retail Price
  - (d) Wholesale Price
- (v) Which of the following supply of services are exempt under GST?
- (i) testing of agricultural produce
  - (ii) supply of farm labour
  - (iii) warehousing of agricultural produce



## INDIRECT TAX MOCK TEST

- (a) (i)  
(b) (i) & (ii)  
(c) (ii) & (iii)  
**(d) (i), (ii) & (iii)**
- (vi) The registration certificate granted to non-resident taxable person is valid for \_\_\_\_\_ days from the effective date of registration or period specified in registration application, whichever is earlier.  
(a) 30  
(b) 60  
**(c) 90**  
(d) 120
- (vii) Within how many days a person should apply for registration under GST, apart from provisions of voluntary registration?  
(a) Within 60 days from the date he becomes liable for registration.  
**(b) Within 30 days from the date he becomes liable for registration.**  
(c) No time limit  
(d) Within 90 days from the date he becomes liable for registration.

### PART – II

**(Answer all the questions)**

2. (a) 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 (₹)
(i)	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



## INDIRECT TAX MOCK TEST

Notes:

- (i) All the amount stated above in both the tables are exclusive of GST, wherever applicable
- (ii) Aggregate turnover of Mr. Jayesh in previous year was ₹ 42,00,000

You are required to compute Gross value of supplies, on which GST to be paid by Mr. Jayesh for the month of October, 2022. [8 Marks]

**(b)** 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, Surkasha hospital charged following from Mr. Das:

- (i) Room rent ₹ 7,000 per day for 2 days
- (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 [6 Marks]

**Answer**

**(a)** Computation of gross value of taxable supply on which GST is to be paid by Mr. Jayesh

Particulars	Amount (₹)
Commission received as a recovery agent from Non-Banking Financial Company [Tax is payable by NBFC under reverse charge.]	-
Actionable claim received from normal business debtors [No tax is payable as actionable claims other than lottery, betting and gambling are covered under Schedule III, i.e. they are neither supply of goods nor supply of services.]	-
Amount received from 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
<b>Gross value of taxable supply on which GST is to be paid by Mr. Jayesh</b>	<b>1,89,600</b>



## INDIRECT TAX MOCK TEST

(b) 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.

3. (a) 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 is not required.

[5 Marks]

(b) State with brief reason, whether following supplies of taxable goods are required to register under the GST law:-

- (i) Ramesh is engaged in wholesale cum retail trading of footwear in the State of Tripura. His aggregate turnover during the financial year is ₹ 8 lakh which consists of ₹ 5 lakh Intra-State supply and ₹ 3 lakh Inter-State Supply.
- (ii) Kajal of Goa is exclusively engaged in Intra-State taxable supply of readymade garments. Her aggregate turnover in the current financial year is ₹ 22 lakh.

[4 Marks]

(c) Kamesh Services Ltd. registered under GST, is engaged in providing various services to the Government of Tamil Nadu. The company provides the following information in respect of services provided during the month of November, 2022:

Sl No.	Description of Services provided
(i)	Supply of Manpower for cleanliness of roads not involving any supply of goods.
(ii)	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.
(iii)	Service of brochure distribution provided under a training program for which 70% of the total expenditure is borne by the Government
(iv)	Services rendered to water and sewage connection.

Comment on the taxability or otherwise of the above transactions under GST law. Also state the correct legal provisions for the same.

[5 Marks]



## INDIRECT TAX MOCK TEST

### Answer

(a) Activities or transactions which shall be treated neither as a supply of goods nor a supply of services are as under:-

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 lottery, betting and gambling.
9. Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India (OR) Merchant Trading / High-sea Sales
10. Supply of warehoused goods to any person before clearance for home consumption
11. Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.

(b) (i) The applicable threshold limit for registration for Ramesh in the given case is D 10 lakh since Tripura is a Special Category State. (With effect from April 2019 – limit increased to D 20 Lakh). Person making any Inter-State taxable supply of goods is required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.

Thus, in the given Ramesh is required to obtain registration compulsorily under GST laws even though his aggregate turnover does not exceed the threshold limit of Rs.10 lakh in the financial year.

(ii) The applicable threshold limit for registration for Kajal in the given case is Rs.40 lakh as she is exclusively engaged in intra-State taxable supply of goods in Goa.

Thus, she is not liable to get registered under GST as her turnover is less than the applicable limit.

### (c)

S. No.	Particulars	Amount (₹)
(i)	Supply of manpower for cleanliness of roads not involving any supply of goods. [Pure services provided to Government are exempt.]	Exempt
(ii)	Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares constituting 35% of the supply of service.	Taxable



## INDIRECT TAX MOCK TEST

	[Composite supply of goods and services to Government in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply is exempt. Since, in this case value of supply of goods constitutes 35% of the supply of composite service, same is taxable.]	
(iii)	Service of brochure distribution provided under a training programme [Services provided to the Government under any training programme for which 75% or more of the total expenditure is borne by the Government is exempt. Since in the given case, 70% of the total expenditure is borne by the Government, it is taxable.]	Taxable
(iv)	Service related to water and Sewage connection Any services related to basic amenities to municipalities are exempted from tax	Exempt

4. (a) Determine the time of supply for the purpose of payment of tax in the following independent cases as per the provisions of the CGST Act, 2017:-

- (i) Palak Ltd. sells goods to Sita Ltd. on 15<sup>th</sup> October, 2022. The Invoice for the same is issued on 17<sup>th</sup> October, 2022. Payment for the goods is received on 5<sup>th</sup> October, 2022.
- (ii) Mahadev Ltd. provides services to Raj Ltd. on 10<sup>th</sup> November, 2022. Mahadev Ltd. issues the invoice for the services on 14<sup>th</sup> November, 2022. Payment is received in the bank account of Mahadev Ltd. on 20<sup>th</sup> November, 2022 and is recorded in the books of account of Mahadev Ltd. on 30<sup>th</sup> November, 2022.

[7 Marks]

(b) Examine whether the following activities would amount to supply under section 7 of the CGST Act, 2017:-

- (i) Vishnu Ltd. has a factory in Kolkata and a depot in Delhi. Both these establishments are registered in respective States. Finished goods are sent from the Kolkata factory to the Delhi depot without consideration so that the same can be sold.
- (ii) Mahesh is a lawyer, (registered under GST) in Mumbai. His sister who is settled in France is a well-known architect. Mahesh has sought architect services from her free of cost with respect to his newly constructed residential house in Mumbai.

[7 Marks]

### Answer

(a) (i)

(a) Date of issue of invoice

OR

(b) The last date on which invoice ought to have been issued in terms of section 31(1) and whichever is earlier



## INDIRECT TAX MOCK TEST

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As per section 31(1), the invoice in case of supply of goods needs to be issued either before or at the time of removal/delivery of goods.

In this case, the invoice is issued after the time of removal of the goods

Therefore, time of supply of goods is the due date of issue of invoice, which is 15th October, 2022

**(ii)** (a) Invoice is issued within 30 days from the date of supply of service:-

Earliest of the following:-

Date of issue of invoice by the supplier (14th November, 2022)

OR

Date of receipt of payment (20th November, 2022)

Therefore, time of supply is the date of issue of invoice, which is 14th November, 2022

Date of receipt of payment means

(i) Date of entering the payment in books of account (30th November, 2022)

OR

(ii) Date of crediting of payment in bank account (20th November, 2022)

Whichever is earlier i.e., 20th November, 2022

**(b) (i)** Schedule I of the CGST Act, 2017 inter alia, stipulates that supply of goods between distinct persons as specified in section 25, is supply even without consideration provided it is made in the course or furtherance of business.

Persons registered in two States is treated as distinct persons in respect of each such registration. In view of the same, factory and depot of Vishnu Ltd are establishments of two distinct persons. Therefore, supply of goods from Kolkata factory of Vishnu Ltd to Delhi depot without consideration, but in course/furtherance of business, is supply under section 7 of the CGST Act, 2017.

**(ii)** Schedule I of the CGST Act, 2017 inter alia, stipulates that import of services by a person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business.

In the given case, Mahesh has received architect services from his sister free of cost in a personal purpose and not in course or furtherance of business. Hence, services provided by Mahesh' sister to him would not be treated as supply under section 7 of the CGST Act, 2017.

5. **(a)** Examine with brief reasons, which person is liable to pay GST in the following independent cases, where the supplier and the recipient both are located in the taxable territory.  
Ignore the aggregate turnover and exemption available:



## INDIRECT TAX MOCK TEST

- (i) Ram is an insurance agent (registered under GST), received commission of ₹ 12,00,000 from Insurance Company (registered under GST).
- (ii) Shyam is a business facilitator (registered under GST), received commission of ₹ 1,95,000 for the services provided to the urban branch of a Nationalised Bank with respect to savings bank accounts.
- (iii) Mohan (registered under GST) is an independent director of XYZ Company Ltd, has received sitting fees amounting to ₹ 1,00,000 from XYZ Company Ltd for attending the board meetings.

[7 Marks]

**(b)** Determine the GST payable @ 18% with respect to each of the following independent services provided by the registered persons:

Particulars	Gross amount charged (₹)
Fees charged for 'Swasthya Yoga Camp' conducted by Chandra Prakash Charitable Trust, registered under section 12AB of the Income-tax Act, 1961	98,000
Amount charged by business correspondent from Wealthy Banking Company for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	1,00,000
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

[7 Marks]

### Answer

**(a) (i)** The Insurance Company is liable to pay GST u/s 9(3) as it is getting services from an insurance agent.

**(ii)** 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.

**(iii)** XYZ Company Ltd is liable to pay GST u/s 9(3) as Services supplied by a director of a company to the said company is a notified service on which tax is payable on reverse charge basis by the recipient of services.



## INDIRECT TAX MOCK TEST

(b)

### Computation of GST payable

Particulars	Amount (₹)	GST Payable @ 18% (₹)
Fees charged for 'Swasthya Yoga Camp' conducted by Chandra Prakash Charitable Trust, registered under section 12AB of the Income-tax Act, 1961 [Note-1]	Nil	Nil
Amount charged by business correspondent from Wealthy 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	90,000
Service provided by selectors to a recognized sports body [Note-4]	5,20,000	93,600

### Notes:

1. Services by an entity registered under section 12AB 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.
2. 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.
3. Services provided by cord blood banks by way of preservation of stem cells/any other service in relation to such preservation are liable to GST.
4. 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.