

Super 15 MCQs: Handpicked from ICAI Case Booklet**Question 1**

Data Limited commenced business of trading of goods in the State of Assam on 1st April, 2023. Aggregate turnover of the company crossed ₹ 20 lakh on 31st May, 2023 and ₹ 40 lakh on 15th July, 2023. The company made the application for registration under GST law on 25th July, 2023 and the registration certificate was granted on 30th July, 2023. The company has opted to file return on monthly basis under regular scheme. The company was exclusively engaged in supply of taxable goods only.

The company had following input tax credit lying in the books related to input and input service on different dates:

Particulars	Amount in (₹)			
	30th May, 2023	14th July, 2023	24th July, 2023	29th July, 2023
Input held in stock	10,000	15,000	20,000	40,000
Input services	4,000	6,000	12,000	14,000

During the month of January 2024, the company has installed solar panel at the office premises. Details regarding the installation of solar panel were as follow:

Particulars	Amount
List Price of the solar panel	₹ 5,50,000
Additional information not adjusted or given effect in the list price	
(a) Trade discount recorded in invoice @ 3% on list price.	
(b) Local taxes paid ₹ 15,000.	
(c) Cost of packing, outward freight, loading-unloading and installation charges ₹ 12,000 as a condition of sale.	
(d) State Government subsidy directly linked to the price ₹ 70,000.	

Apart from the above, Data Limited received ₹ 2,00,000 as advance payment on 2nd January, 2024 from Mr. Prem, a customer, with respect to the taxable supply of goods of ₹ 10,00,000. The company removed the goods on 9th January, 2024 and issued the invoice on 10th January, 2024. Goods were received by Mr. Prem on 11th January, 2024 and Mr. Prem had made the balance payment of ₹ 8,00,000 on 20th January, 2024 through NEFT.

In addition to the above, due to oversight, the company failed to disclose a self- assessed outward supply of ₹ 2,00,000 while filing the GSTR-3B for the month of August, 2023. Balance of input tax credit for the month of August, 2023 in the electronic credit ledger was of ₹ 10,000/- each under CGST and SGST which remains till date of deposit of tax. Company filed the return for the month of August, 2023 on the due date

of return on 20th September, 2023. The company disclosed this supply in the return (GSTR 3B) for the month of January, 2024 and paid the net tax (after set off of ITC of ₹ 10,000 each CGST and SGST) with interest in the GSTR 3B filed on 18th February, 2024.

The proper officer issued show cause notice on 25th February, 2024 demanding the penalty for late deposit of tax on escaped supply relating the month of August, 2023.

Note: All amounts given above are exclusive of taxes, wherever applicable. All supplies are intra-State and chargeable to GST @ 9% each under CGST and SGST.

From the information given above, choose the most appropriate answer:

1. Amount of opening input tax credit available for availment and utilization on registration:
 - A. ₹ 15,000
 - B. ₹ 21,000
 - C. ₹ 54,000
 - D. ₹ 40,000

2. In relation to the transaction with Mr. Prem, time of supply of goods for purpose of payment of tax will be:
 - A. For ₹ 2,00,000 - 02.01.2024 and for ₹ 8,00,000-09.01.2024
 - B. 09.01.2024 for both ₹ 2,00,000 and ₹ 8,00,000
 - C. 10.01.2024 for ₹ 2,00,000 and ₹ 8,00,000
 - D. For ₹ 2,00,000 - 02.01.2024 and for ₹ 8,00,000-10.01.2024

3. Amount of total penalty which could be leviable under section 73 of the CGST Act, 2017 with respect to the payment of tax on delayed disclosure of outward supply (total for both CGST and SGST)
 - A. ₹ 20,000
 - B. ₹ 3,600
 - C. ₹ 10,000
 - D. Nil

4. What is the effective date of registration of the company?
 - A. 15th July, 2023
 - B. 25th July, 2023
 - C. 31st May, 2023
 - D. 30th July, 2023

5. What is value of inward supply of Solar Panel under section 15 the CGST Act, 2017?
 - A. ₹ 5,45,500
 - B. ₹ 5,60,500

C. ₹ 4,90,500

D. ₹ 4,75,500

6. Amount of total interest (CGST+SGST) to be paid (nearest to rupees one) under section 50 of the CGST Act, 2017 with respect to delayed disclosure of outward supply :

(Assume 365 days in the year)

A. ₹ 1,192 (₹ 596 each under CGST and SGST)

B. ₹ 1,184 (₹ 592 each under CGST and SGST)

C. ₹ 2,680 (₹ 1,340 each under CGST and SGST)

D. ₹ 2,664 (₹ 1,332 each under CGST and SGST)

Answers

1. A

2. B

3. A

4. A

5. B

6. C

Question 2

Vidhyut Corporation Ltd. is a Public Sector Undertaking (PSU) engaged in the business of generation of electricity from conventional & non-conventional sources. The Government of India holds 75% equity in the said company & balance equity is held by institutional and domestic investors. The company has taken separate registration under GST in each State where it has business operations. The company has its head office (HO) in Delhi & its power plants are located in the States of Bihar, Odisha & Chhattisgarh.

Following transactions were carried out by the company during the month of February:

Particulars	Delhi H.O. (₹)	Bihar plant (₹)	Odisha plant (₹)	Chhattisgarh plant (₹)
Sale of electrical energy to DISCOM	---	2,50,00,000	3,50,00,000	4,50,00,000
Bank interest received on saving bank account & fixed deposit	18,00,000	3,00,000	5,00,000	8,00,000
House rent recovered from the employees for residential accommodation provided to them	55,000	30,000	25,000	40,000
Rent collected from bank, ATM, post office & shops located in office premises	48,000	15,000	12,000	16,000
Sale of metal scrap (covered under Chapter 72) (excluding TCS @ 1% as per the Income-tax Act, 1961) to Birla Scrappers, unregistered under GST	-	85,000	65,000	45,000
Other Income	2,50,000	-	-	45,000

In addition to above information, following transactions were also carried out during the month of February:

1. A supply order for stationery items was awarded by Delhi H.O. to M/s Stationery Mart, New Delhi for ₹ 3,36,000 (including GST @ 12%) in January.

The vendor supplied stationery items worth ₹ 44,800 (including GST @ 12%) & issued the tax invoice in February. Delhi H.O. had made the payment of the said bill in February by crediting the vendor's account for that amount on the same date in its books. The remaining amount was paid in April on supply of

balance items.

2. Odisha plant purchased office furniture for ₹ 2,80,000 during February from an unregistered dealer. Rate of GST on said furniture item is 18%.
3. A Board meeting for raising term loan for project expansion was held in February. The Delhi H.O. paid ₹ 20,000 each as sitting fee to 4 independent directors (all registered under GST) who attended the meeting. Further, it paid ₹ 80,000 to one of these directors, who had rented the office building to Delhi H.O.
4. For safety & security of its H.O. & power plants, the company engaged private security as well as CISF (Central Industrial Security Force). Following payments were made in February, in respect of said services:

Particulars	Delhi H.O. (₹)	Bihar plant (₹)	Odisha plant (₹)	Chhattisgarh plant (₹)
CISF	---	10,00,000 (paid on 7th February)	8,00,000 (paid on 15th February)	14,00,000 (paid on 5th February)
ABS Security Services Pvt. Ltd.	5,00,000 (paid on 11th February)	-	-	-

The Bihar plant purchased a machinery in February from M/s Sahoo Enterprises, Patna (not registered under GST) for ₹ 86,000. Full payment was made in February. Rate of GST on the said machinery is 18%.

All the amounts mentioned above are excluding GST, wherever applicable (unless otherwise specified).

Based on the facts of the case scenario given above, choose the most appropriate answers.

- 1) The value of taxable supply on which GST is payable by Delhi H.O. under forward charge, for the month of February is.
 - A. ₹ 18,00,000
 - B. ₹ 2,98,000
 - C. ₹ 21,53,000
 - D. ₹ 48,000
- 2) The value of taxable inward supply on which GST shall be payable under reverse charge by Bihar power plant is
 - A. ₹ 11,80,000
 - B. ₹ 10,00,000

- C. ₹ 10,86,000
D. ₹ 10,30,000
- 3) The value of supply on which TDS under section 51 shall be deducted by Delhi H.O. while making payment to M/s Stationery Mart in February is
- A. ₹ 40,000
B. ₹ 44,800
C. ₹ 3,00,000
D. TDS is not deductible since payment made in February is less than ₹ 2,50,000.
- 4) The value of taxable inward supply on which GST shall be payable under reverse charge by Delhi H.O. and Odisha plant is and respectively.
- A. ₹ 1,60,000 and ₹ 10,80,000
B. ₹ 80,000 and ₹ 8,00,000
C. ₹ 6,80,000 and ₹ 2,80,000
D. ₹ 5,80,000 and ₹ 2,80,000
- 5) Which of the following statements is most appropriate with respect to sale of metal scrap by Chhattisgarh plant?
- A. GST on value of supply of ₹ 45,000 of metal scrap is payable by Birla Scrapppers under reverse charge.
B. GST on value of supply of ₹ 45,000 of metal scrap is payable by Chhattisgarh plant under forward charge.
C. GST on value of supply of ₹ 45,450 of metal scrap is payable by Chhattisgarh plant under forward charge.
D. Sale of metal scrap, on which TCS is being collected under Income-tax Act, 1961, is an exempt supply under GST.
- 6) Which of the following supplies is/are not taxable under reverse charge mechanism? Choose the most appropriate option.
- (i) House rent recovered from the employees for residential accommodation provided to them.
(ii) Rent collected from bank, ATM, post office & shops located in office premises.
(iii) Sale of metal scrap (covered under Chapter 72) to Birla Scrapppers.
- A. (i) and (ii)
B. (i), (ii) and (iii)
C. (i) and (iii)
D. (ii) and (iii)

Answers

1: B | 2: B | 3: A | 4: B | 5: B | 6: B

Question 3

Doodle Inc. is an entity incorporated in USA and is engaged in provision of various information technology related services directly as well as through its subsidiaries located across the world. In India, Doodle India, a subsidiary of Doodle Inc., is registered under GST in the State of Karnataka under GST and is providing services to various customers in India.

Doodle Inc. provides cloud-based storage services to its customers (business entities and non-business entities) in India. The customers can subscribe to the services by making online payment directly to Doodle Inc.'s bank account through internet banking and other modes. The terms and conditions for such services are entered between Doodle Inc. and the customer directly without involvement of any third party.

In case of any issue, the customers can call and log the issue at the customer help centre which is operated by Doodle India on principal to principal basis. For operation of such customer help centre, Doodle India is paid on cost plus 10% basis by Doodle Inc. on monthly basis.

Further, Doodle India is engaged in promotion and marketing of cloud-based storage services on principal to principal basis in India for Doodle Inc. The payment for such services is made by Doodle Inc. to Doodle India on monthly basis at cost plus 20%. The promotional and marketing activities are carried out in the name of Doodle Inc., without any reference to operations of Doodle India.

Doodle Inc. owns online space for advertisement on internet. Doodle Inc. has agreed to sell such online advertising space to Doodle India for an amount of ₹ 5,00,00,000 per month. Doodle India sells such advertising space to its customers in India on its own account. The contractual arrangement for sale of such advertising space is between the customer and Doodle India.

Doodle Inc. provides technology support to Doodle India and charges royalty from Doodle India for such technology support at a fixed charge of ₹ 25,00,000 per month. The royalty paid is exclusively related to the business of advertising space of Doodle India.

In addition to above information, during the month of January:

- (I) Doodle India has incurred following expenses:
 - 1. Expenses exclusively related to operation of call centre – ₹ 75,00,000
 - 2. Expenses exclusively related to promotion and marketing services for Doodle Inc. – ₹ 50,00,000
- (II) Doodle India earned an income of ₹ 8,00,00,000 from sale of online advertising space in India.
- (III) Doodle Inc. earned an income of ₹ 10,00,00,000 from non-taxable online recipient customers, from cloud-based storage services in India.

The opening balance of input tax credit for the relevant tax period for Doodle India and Doodle Inc. is nil.

Note: In the aforesaid case scenario,

- *GST is applicable on all inward and outward supplies in the aforesaid case scenario @ 18%, unless otherwise specified. Ignore CGST, SGST and IGST bifurcation for the sake of simplicity.*
- *Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.*
- *All the amounts are exclusive of GST, wherever applicable, unless otherwise provided.*
- *Exports made by Doodle India, if any, are through furnishing of LUT without payment of IGST.*
- *Payments for all services received by Doodle Inc. from Doodle India are made in convertible foreign exchange.*

- 1) What shall be the output tax liability, without any adjustment of input tax credit, if any, by Doodle India for the month of January?
 - A. ₹ 1,44,00,000
 - B. ₹ 2,38,50,000
 - C. ₹ 1,69,65,000
 - D. ₹ 1,66,50,000
- 2) Please select the correct statement specifically in relation to sale of online advertisement space service provided by Doodle Inc. to Doodle India:
 - A. Doodle Inc is providing online information and database access or retrieval service and is thus, required to register in India under GST and discharge GST on forward charge basis.
 - B. Doodle Inc is providing online information and database access or retrieval service electronically and place of supply in such case is the location of supplier which is outside taxable territory in present scenario. Therefore, no GST is payable on such services.
 - C. Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India on reverse charge basis.
 - D. Doodle Inc. is providing online information and database access or retrieval service and tax on the same is to be paid by Doodle India in capacity of an agent of Doodle Inc.
- 3) What shall be the amount of GST payable by Doodle Inc. for the month of January?
 - A. Nil
 - B. ₹ 1,80,00,000
 - C. ₹ 1,84,50,000
 - D. ₹ 2,74,50,000

- 4) What shall be the total input tax credit that can be availed by Doodle India from the transactions undertaken in the month of January?
- A. ₹ 90,00,000
 - B. ₹ 1,20,15,000
 - C. ₹ 1,17,00,000
 - D. ₹ 27,00,000

Answers

- 1) A
- 2) C
- 3) B
- 4) C

Question 4

Abhivyakti Pvt Ltd. is engaged in the supply of food products under the brand name "Super Foods". It has a plant at Howrah, West Bengal. It is a registered supplier under GST and is a monthly return filer. It has allotted residential quarters to its employees within the plant premises. The aggregate turnover of the company during the preceding financial year was ₹ 7.50 crore.

Following details are provided by the company for the month of September:

Particulars	Amount (₹)
Sale of 'Super Foods' food products (Note 1)	60,00,000
Purchase of raw material from the market	14,00,000
Rent received from its employees for residential quarters allotted to them for residence	10,000
Electricity charges paid to West Bengal State Electricity Board	1,60,000
Security services provided by M/s Suraksha Security, Kolkata (a partnership firm registered under GST)	1,00,000
Interest on delayed payment collected from customers	3,500
Interest received on fixed deposit in a bank	8,600
Payment to Kolkata Chamber of Commerce (registered under GST) towards sponsorship for Investor Summit at Kolkata	25,000
Licence fee paid to Food & Safety Standard Authority of India (FSSAI)	25,000
Legal fee paid to advocate, Mr. Dhruv Banerjee	30,000
Transportation charges paid to an unregistered goods transport operator for transportation of raw material from mandi to factory	40,000
Transportation charges paid to a local truck owner (not a GTA) for transportation of finished products from factory to distributors	50,000

Following additional information has also been provided by the company:

1. Out of the total sales, food products worth ₹ 3,50,000 (10,000 kg) were supplied to Department of School Education, Govt. of West Bengal for further supply to affected families during flood in the State. A price-linked subsidy of ₹10 per kg was received from Govt. of West Bengal for the said supply which has not been considered in the total sales of ₹ 60,00,000.

2. The company had awarded a maintenance contract to Supreme Power Ltd., Delhi on 10th June, for repair of central air conditioner unit installed in the factory, for ₹ 60,000 with a completion period of 30 days. The maintenance work was completed on 8th July. However, due to some dispute regarding quality of work, invoice was issued by Supreme Power Ltd. only on 5th September and payment was released on 15th September.
3. The proper officer levied on the company a penalty of ₹ 5,000 for wrongful utilization of ITC of ₹ 5,000.
4. The company had deposited the tax liability for the month of August amounting to ₹ 3,30,730 on 28th September.

Note- All the above amounts are exclusive of GST, wherever applicable, unless specified otherwise. Applicable rate of GST is 18%.

Based on the facts given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

- 1) The value of taxable outward supply made by Abhivyakti Pvt Ltd. in the month of September is
 - A. ₹ 61,48,100
 - B. ₹ 59,03,500
 - C. ₹ 61,39,500
 - D. ₹ 59,35,500
- 2) The value of taxable supply received by Abhivyakti Pvt Ltd. in the month of September on which GST is payable under reverse charge is-
 - A. ₹ 1,55,000
 - B. ₹ 1,73,000
 - C. ₹ 1,30,000
 - D. ₹ 2,45,000
- 3) What is the time of supply of services provided by Supreme Power Ltd.?
 - A. 10th June
 - B. 5th September
 - C. 15th September
 - D. 8th July
- 4) The amount of interest payable by Abhivyakti Pvt Ltd. under section 50 of the CGST Act, 2017 for delay in payment of tax for the month of August is (rounded off). Consider the year to be of 365 days.
 - A. ₹ 4,961
 - B. ₹ 1,305
 - C. ₹ 4,567

D. ₹ 1,142

- 5) In the context of the imposition of penalty on Abhivyakti Pvt. Ltd. by the proper officer of ₹ 5,000, which of the following statements is correct?
- A. Penalty is leviable since the offence is not a “minor breach”.
 - B. Penalty is not leviable since the offence is a “minor breach”.
 - C. Penalty is leviable even though the offence is a minor breach.
 - D. No penalty is leviable for such offence; only interest is payable by adding the ITC amount wrongfully utilized to the output liability.

Answers

- 1) B
- 2) A
- 3) D
- 4) B
- 5) A

Question 5

Mr. Ashok, proprietor of M/s Office-Linc Enterprises, is engaged in trading of office stationery items in its stationery store located at Salt Lake City, Kolkata. The said store is taken on lease from Kolkata Municipal Corporation (KMC).

During the previous financial year, the turnover of M/s Office-Linc Enterprises was ₹ 14 lakh. Mr. Ashok supplies goods within the State of West Bengal only, but purchases stationery items mostly from Delhi & Mumbai. He owns a duplex house in New Town, Kolkata. He stays on the ground floor & has let out the first floor to an employee of IDICI Bank, registered in Delhi, for residential purposes. The rent for the same is paid by IDICI Bank to Mr. Ashok.

During the financial year 2024-25, he applied for GST registration on voluntary basis on 2nd April, 2024 and the registration was granted to him w.e.f. 9th April, 2024.

The details of his stock position during current financial year is as under:

Particulars	2nd April, 2024	8th April, 2024
Office stationery items purchased from a registered dealer	₹ 1 lakh	₹ 1 lakh
Books, periodicals, journals, newspaper, maps etc.	₹ 0.20 lakh	₹ 0.30 lakh

The details of transactions carried out by Mr. Ashok during the current financial year is furnished hereunder:

Particulars	1st April, 2024 to 8th April, 2024 (₹ in lakh)	9th April, 2024 to 31st March, 2025 (₹ in lakh)
Sale of office stationery items (Intra-State supply to registered persons)	3	84
Sale of office stationery items (Intra-State supply to unregistered persons)	2	14
Legal fees paid to advocate in Kolkata	-	0.10

Purchase of stationery items (Intra-State supply received from registered person)	3	74
Purchase of furniture for use in own office (from an unregistered dealer of Kolkata)	-	1
Purchase of stationery items from a registered dealer of Delhi	1	18
Lease rent of the stationery store paid to Kolkata Municipal Corporation (KMC)	-	1.20
Transportation charges paid to M/s Gati Transporters, a GTA in Kolkata, who has not exercised the option to pay tax itself (tax is payable @ 5%)	0.10	1.50
Interest paid on borrowings from BBI Bank, Kolkata	0.20	1.80
Accrued interest on Fixed deposit with BBI Bank, Kolkata	-	0.16
Rent received from IDICI Bank for its employee	-	2.40

Mr. Ashok went to Mumbai, Maharashtra for a business meeting in February, 2025 and stayed in Hotel Blue Pines for a week. Hotel charged ₹ 1,00,000 (taxable value) for the stay.

All the amounts given above are exclusive of GST, wherever applicable, unless otherwise provided. Assume that there is no other outward or inward supply transaction apart from aforesaid transactions in the current financial year. GST is applicable on all inward and outward supplies, except on services of transportation of goods, at the following rates:

- I. Intra-State supply – 6% CGST and 6% SGST*
- II. Inter-State supply – 12% IGST*

Based on the facts given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

- 1) The value of outward supply tax on which GST is payable by Mr. Ashok for the financial year 2024-25 is .
 - A. ₹ 98 lakh
 - B. ₹ 100.40 lakh
 - C. ₹ 102.40 lakh
 - D. ₹ 108 lakh
- 2) Which of the following statements is correct in terms of the facts of the case scenario given above?
 - A. Mr. Ashok cannot opt to pay tax in the FY – 2025-26 under composition scheme under section 10(1) and 10(2) of the CGST Act, 2017.
 - B. Mr. Ashok is entitled to take the ITC of inputs held in stock on 1st April, 2024.

- C. Mr. Ashok shall be liable to pay GST under reverse charge under section 9(4) of the CGST Act during the financial year 2024-25 in respect of purchases made from unregistered persons.
- D. Mr. Ashok is entitled to take the ITC of inputs held in stock on 8th April, 2024.
- 3) The value of supply on which Mr. Ashok is liable to pay GST under reverse charge for the financial year 2024-25 is .
- A. ₹ 1,60,000
 - B. ₹ 2,80,000
 - C. ₹ 1,30,000
 - D. ₹ 2,70,000
- 4) Which of the following inward supply is not subject to payment of tax under reverse charge mechanism?
- i. Shop rent paid to KMC
 - ii. Legal fee paid to advocate
 - iii. Purchase of stationery items from unregistered person
 - iv. Transportation charges paid to M/s Gati Enterprises Choose the most appropriate option.
- A. (i) and (ii)
 - B. (iii)
 - C. (ii) and (iii)
 - D. (i) and (iii)
- 5) Whether input tax credit is available on the GST paid by Mr. Ashok on the taxable value of ₹ 1,00,000 charged by Hotel Blue Pines located in Mumbai, Maharashtra, for his stay? If yes, please specify the amount of input tax credit available.
- A. Yes, ₹ 3,000 - CGST and ₹ 3,000 - SGST
 - B. Yes, ₹ 12,000 - IGST
 - C. Yes, ₹ 6,000 - CGST and ₹ 6,000 - SGST
 - D. No input tax credit is available.

Answers

- 1. A
- 2. D
- 3. D
- 4. C
- 5. D

Question 6

XYZ Ltd. is registered with the jurisdictional GST authorities in the State of Rajasthan and operates in multiple businesses. The principal business of XYZ Ltd. is that of fabricating and installing the body for large transportation vehicles. The chassis of the vehicles are provided by the customers to XYZ Ltd. XYZ Ltd. procures the material for fabrication and installs the same on the chassis against a lumpsum agreed amount for material as well as services.

In addition to the above business, XYZ Ltd., registered as GTA, is also engaged in providing services of transportation of goods by road through its own fleet of trucks. It has not exercised the option to pay tax on said services. GST is applicable on such services @ 5%.

During the month of January, XYZ Ltd. undertook the following transactions:

- i. Provided services of transportation of goods to A Ltd., a registered person under GST in the State of Gujarat and received an amount of ₹ 10,00,000 as consideration for the same.
- ii. Purchased tyres for its own fleet of trucks used for providing services of transportation of goods by road and paid an amount of ₹ 1,00,000 for such purchases.
- iii. Purchased a machinery with an advance technology for fabrication of body for luxury buses amounting to ₹ 50,00,000.
- iv. XYZ Ltd. procured certain engineering services for its fabrication business through electronic mode from Lummus Inc., a company located in Italy. The consideration paid to Lummus Inc. was ₹ 15,00,000.
- v. Further, certain goods to be used for fabrication business were sent by XYZ Ltd. for carrying out repair work on the same to Lummus Inc. The consideration paid for such repair work was ₹ 5,00,000.
- vi. Provided services of transportation of goods to ABC Ltd., its related party and received an amount of ₹ 5,00,000. The arm's length amount of such services provided to third party unrelated customers was ₹ 7,00,000.
- vii. XYZ Ltd. sold scrap relating to fabrication business amounting to ₹ 5,00,000.
- viii. Purchased goods relating to fabrication business for ₹ 10,00,000 out of which goods worth ₹ 1,00,000 were stolen from the premises of XYZ Ltd.
- ix. Received an advance of ₹ 10,00,000 for fabrication work on new chassis and ₹ 3,00,000 towards transportation of goods services from W Ltd., a registered person under GST in the State of Madhya Pradesh.

The opening balance of input tax credit for the relevant tax period for XYZ Ltd. is nil. All the above amounts

are exclusive of GST, wherever applicable.

The applicable GST rate on all inward and outward supplies is 18% unless specified otherwise. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the facts given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:

- 1) Determine the GST liability of XYZ Ltd. on services of transportation of goods provided to ABC Ltd.
 - A. Nil
 - B. ₹ 90,000
 - C. ₹ 1,26,000
 - D. ₹ 36,000
- 2) Determine the net GST liability, payable in cash, of XYZ Ltd. for the month of January.
 - A. ₹ 5,40,000
 - B. ₹ 2,70,000
 - C. Nil
 - D. ₹ 7,38,000
- 3) What shall be the total eligible input tax credit available to XYZ Ltd. for the month of January?
 - A. ₹ 10,80,000
 - B. ₹ 10,62,000
 - C. ₹ 13,32,000
 - D. ₹ 9,00,000
- 4) Whether Lummus Inc. is required to obtain registration in India to discharge GST liability? If yes, compute the amount of GST liability to be discharged by it in the month of January?
 - A. Yes, as online information database access and retrieval service provider. GST payable is ₹ 3,60,000
 - B. Yes, as online information database access and retrieval service provider. GST payable is ₹ 2,70,000
 - C. No, Lummus Inc. is not required to obtain GST registration in India for discharging GST liability. GST liability of Lummus Inc. is nil.
 - D. Yes, as normal taxpayer. GST payable is ₹ 3,60,000

Answers

1. A
2. B
3. C
4. C

Question 7

Varun Associates is a supplier registered under GST in Delhi. It is engaged in manufacture of Product A and Product B. Product A is a taxable product whereas Product B is an exempt product. It is also engaged in manufacture of Product C, a taxable product, which is exported by it to other countries without payment of tax under Letter of Undertaking.

It has furnished following information regarding purchase of the machineries for his manufacturing business:

Date of purchase	Machinery	Amount (₹) (exclusive of taxes)	
1st April, 2021	Machinery X	10,00,000	Exclusively used for manufacturing Product A
1st October, 2022	Machinery Y	15,00,000	Exclusively used for manufacturing Product B
1st May, 2023	Machinery Z	20,00,000	Exclusively used for zero-rated supply of Product C

From 1st April, 2024, Varun Associates started using Machinery Y for manufacturing Product A as well.

All the purchases and sales are inter-State and rate of IGST applicable on all purchases and sales is 18%. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled and Varun Associates has not claimed depreciation on the GST paid on the purchase of the machinery.

Based on the facts given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

- Determine the amount of input tax which has been credited to electronic credit ledger during the financial year 2021-22.
 - ₹ 1,80,000
 - ₹ 3,60,000
 - ₹ 8,10,000
 - ₹ 5,40,000
- Determine the amount of GST, paid on purchase of a machinery, which has not been credited to electronic credit ledger during the financial years 2021-22, 2022-23 and 2023-24.
 - ₹ 6,30,000
 - ₹ 3,60,000
 - ₹ 8,00,000
 - ₹ 2,70,000

- 3) Amount of ineligible ITC in respect of Machinery Y, i.e. 'Tie', as per rule 43 of the CGST Rules, 2017, to be added to the output tax liability is.
- A. ₹ 4,81,000
 - B. ₹ 1,89,000
 - C. ₹ 81,000
 - D. ₹ 72,000
- 4) What is the time-period up to which common credit needs to be computed for Machinery Y?
- A. 31st March, 2029
 - B. 30th September, 2027
 - C. 31st March, 2031
 - D. 30th September, 2031
- 5) The amount of common credit in respect of Machinery Y is .
- A. ₹ 2,02,500
 - B. ₹ 2,70,000
 - C. ₹ 6,30,000
 - D. ₹ 4,90,500

Answers

- 1) A
- 2) D
- 3) C
- 4) B
- 5) B

Question 8

Sudershan Transport Agency (P) Ltd. (hereinafter referred to as "STAL"), registered under GST in Jaipur, Rajasthan, is providing services by way of transportation of goods by road for which it issues consignment notes, to all the sectors of industries.

It maintains trucks, trollers, advance carriages for heavy loads, lorries and small tractors, for the purpose of transportation and renting purposes. It also maintains special vehicles which has special storage features and other advance facilities for transporting defence equipments and other complex machineries, chemical and food products.

It has provided the following details for the current financial year:

- i. STAL rendered transportation services to farmers in Rajasthan for transportation of agricultural produce to nearby cities for ₹ 2,00,000.
- ii. STAL gave buses on rent to ABC Travels who provided services of transport of students, staff and faculty to a higher secondary school in Rajasthan affiliated to CBSE. STAL charged ₹ 5,00,000 for the same during the year.
- iii. STAL also had entered into a contract with local authority in Rajasthan to provide services by way of transportation of relief material to flood affected victims for which ₹ 2,50,000 is charged.
- iv. Manimani Bank, (registered in Bhubaneshwar, Orissa) sent its branch manager Mr. Champak on one year deputation on a special project to Bhopal, Madhya Pradesh. Mr. Champak's family is stationed in Kanpur (U.P.). Manimani Bank enters into a contract with STAL for transportation of the household goods of Mr. Champak from Kanpur to Bhopal for ₹ 1,50,000.
- v. STAL transported defence equipments to a military camp based in Rajasthan and amount charged for such services is ₹ 5,50,000.
- vi. STAL provided service of transportation of goods to a co-operative society in Rajasthan which was newly constituted and hence was not registered under GST law and the amount charged was ₹ 3,00,000. While transporting the goods of the said co-operative society, STAL generated e-way bill on Monday at 12:04 am. The goods were to be transported for a distance of 220 km.
- vii. STAL owns and maintains its own petrol pump in Rajasthan wherein the revenue from supply of petrol was ₹ 20,00,000.

Notes:

- Assume that GST is payable on the transportation in the aforesaid case scenario at the following rates

unless otherwise specified:

- *Intra-State supply – 6% CGST and 6% SGST*
- *Inter-State supply – 12% IGST*
- *All the above amounts are exclusive of GST, wherever applicable, unless otherwise specified.*

Based on the facts given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

- 1) Determine the value of outward supplies made by STAL which are exempt from GST as per section 2(47) of the CGST Act, 2017.
 - A. ₹ 35,00,000
 - B. ₹ 15,00,000
 - C. ₹ 16,00,000
 - D. ₹ 5,50,000
- 2) Determine the place of supply of the services of transportation of household goods of Mr. Champak provided by STAL.
 - A. Jaipur, Rajasthan
 - B. Bhubaneshwar, Orissa
 - C. Kanpur, Uttar Pradesh
 - D. Bhopal, Madhya Pradesh
- 3) Calculate the aggregate turnover of STAL for the current financial year.
 - A. ₹ 35,00,000
 - B. ₹ 39,50,000
 - C. ₹ 19,50,000
 - D. ₹ 38,00,000
- 4) Determine the period of validity of e-way bill generated by STAL for transporting the goods of the co-operative society.
 - A. Tuesday-Wednesday at 12.00 midnight
 - B. Wednesday-Thursday at 12.00 midnight
 - C. Wednesday at 12.00 noon
 - D. Wednesday at 2.00 pm
- 5) Whether tax is required to be deducted under section 51 of the CGST Act, 2017 for the service provided by STAL to local authority in Rajasthan?
 - A. No; since the value of contract is not less than ₹ 2,50,000.
 - B. Yes; since the value of contract is more than ₹ 2,50,000.
 - C. Yes; since TDS is mandatorily to be deducted for any supplies made to a local authority irrespective

of the value of supply.

D. No; since it is an exempt supply.

Answers

1) A

2) B

3) B

4) B

5) D

Question 9

M/s Harimukund Hardwares, a partnership firm registered under GST in the State of Uttar Pradesh, is engaged in the supply of door and window fittings across India. In the month of October, it made following outward supplies:

Name of receiver (State)	Taxable value (₹)	Date of invoice	Date of receipt of payment	Date of removal of goods
M/s Nand Kishore Traders (Haryana)	5,75,000	10th October	25th October	10th October
M/s Charanjot Hardwares & Fitters (Punjab)	3,25,000	12th October	10th November	10th October
M/s Rana Singh Ji Hardware Products (Rajasthan)	2,70,000	17th October	12th October	20th October
M/s Annapurai Hardwares (Karnataka)	3,75,000	18th October	29th November	19th October

The applicable tax rates of GST on supply of above goods is 18% IGST, 9% CGST and 9% SGST. Goods are generally received by parties in Punjab, Haryana & Rajasthan on 2nd day from the date of removal whereas it takes 5 days to reach Karnataka.

M/s Harimukund Hardwares gives 2% cash discount to its customers wherever the payment is received in advance or within 15 days of the date of removal of goods and the respective credit note is also issued immediately. The buyer also takes the necessary legal action (required under GST law) with respect to such credit note immediately.

To supply such goods, as aforesaid, it received services from a local GTA, namely, M/s Khatushyam Transporters (unregistered), who raised a consolidated invoice for ₹ 1,00,000 on 22nd October for which payment was made on 27th December along with payment for the month of November.

Applicable tax rate on services of transportation of goods is CGST @ 2.5% and SGST @ 2.5%.

Based on the facts given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

- 1) What is the time of supply of goods in case of goods supplied to M/s Charanjot Hardwares & Fitters?
 - A. 12th October
 - B. 10th October

- C. 10th November
D. 14th October
- 2) What is the time of supply of goods in case of goods supplied to M/s Rana Singh Ji Hardware Products?
A. 17th October
B. 12th October
C. 20th October
D. 22nd October
- 3) What is the time of supply in case of services supplied by M/s Khatushyam Transporters?
A. 22nd October
B. 27th December
C. 10th October, 19th October and 20th October
D. 22nd December
- 4) What is the gross tax liability attributable to outward supplies of M/s Harimukund Hardwares for the month of October?
A. IGST = ₹ 2,75,060, CGST = Nil, SGST= Nil
B. IGST = ₹ 2,78,100, CGST = ₹ 2,500, SGST= ₹ 2,500
C. IGST = ₹ 2,75,058, CGST = Nil, SGST= Nil
D. IGST = ₹ 2,75,058, CGST = ₹ 2,500, SGST= ₹ 2,500
- 5) The total value of all the supplies involved in the above case scenario on which M/s Harimukund Hardwares is liable to pay tax is .
A. ₹ 16,28,100
B. ₹ 16,39,100
C. ₹ 15,45,000
D. ₹ 15,39,600

Answers

1. B
2. A
3. D
4. C
5. A

Question 10

'Galgotia Travels Ltd.' (GTL) is established on 3rd April in the city of Bangalore (Karnataka) and the primary objective of the company is to provide air-conditioned contract-based passenger transportation services at affordable fares. The company obtains voluntary registration under GST from 1st May. On 1st July, the company purchased motor vehicles (omnibus) of various seating capacities as follows:

Seating capacity (including driver)	No. of vehicles	Purchase price (per vehicle- exclusive of taxes)	Rate of GST
8 persons	4	10,00,000	CGST-9%; SGST - 9%
9 persons	3	12,00,000	CGST-9%; SGST - 9%
11 persons	2	14,00,000	CGST-9%; SGST - 9%
13 persons	1	15,00,000	IGST-18%

From the month of July, GTL associated with POKO Ltd. to enhance the business operations. POKO Ltd. owns/operates an electronic platform for supply of passenger transportation services in Bangalore. The company developed an application called 'POKO' through which the customers can access the nearest available motor vehicles (cabs) and avail the services. POKO Ltd. collects the consideration for the services from the customers and remits the same to the service provider (GTL) after retaining the commission charged by it for using its electronic platform.

The details of few bookings of GTL in the month of July are as follows:

(These bookings are obtained by GTL on its own account and not through POKO Ltd.)

Order No.	Date of travel	Starting city	Ending city	Residence of the customer	Date of payment/ booking	Status of customer
CA-234	5th July	Bangalore	Chennai	Bangalore	3rd July	Registered*
CA-435	11th July	Bangalore	Chennai	Chennai	9th July	Unregistered
PH-534	16th July	Chennai	Bangalore	Hyderabad	14th July	Registered*
GK-987	19th July	Hyderabad	Bangalore	Delhi	17th July	Unregistered
UV-777	22nd July	Bangalore	Hyderabad	Mumbai	20th July	Registered*
XE-001	25th July	Chennai	Bangalore	Kolkata	23rd July	Unregistered

*Registered in the State in which they reside

In all the above cases, journey is a single-day journey and invoice is issued electronically on the date of

travel immediately after the completion of journey.

The details of the passenger transportation services supplied by GTL through POKO Ltd. & GST liability on the supply is as follows:-

Particulars	July (₹)	August (₹)	September (₹)
Value of services	1,30,00,000	1,25,00,000	1,40,00,000
CGST	9,00,000	8,00,000	8,50,000
SGST	9,00,000	8,00,000	8,50,000
IGST	4,00,000	3,50,000	4,50,000

Note:

- All amounts are exclusive of CGST/SGST or IGST, as the case may be.
- Booking is confirmed only after paying total fare for the journey.
- There is no other inward or outward supply transaction for GTL in the relevant period apart from the aforementioned transactions.
- Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the case scenario given above, choose the most appropriate answer to Q. nos. 1 to 5 below:

- Amount of blocked credit in respect of motor vehicles purchased by GTL on 1st July is .
 - CGST= ₹ 9,36,000; SGST=₹ 9,36,000 & IGST = ₹ 2,70,000
 - CGST=₹ 3,24,000; SGST=₹ 3,24,000 & IGST=₹ 2,70,000
 - CGST = Nil; SGST = Nil & IGST = ₹ 2,70,000
 - CGST = Nil; SGST = Nil & IGST = Nil
- Amount of GST payable through electronic cash ledger by GTL on the services supplied by it through POKO Ltd. during the month of July, ignoring the provisions of rule 86B of the CGST Rules, 2017, is.
 - CGST=₹ 9,00,000; SGST=₹ 9,00,000 & IGST=₹ 4,00,000
 - CGST = Nil; SGST = Nil & IGST = ₹ 58,000
 - CGST = Nil; SGST = Nil & IGST = ₹ 1,30,000
 - CGST = Nil; SGST = Nil & IGST = Nil
- Amount of tax to be collected at source (ignore bifurcation under the CGST, SGST and IGST) by POKO Ltd. on the taxable supplies made through it during the months of A) July, B) August and C) September is.
 - A) ₹ 65,000; B) ₹ 62,500 and C) ₹ 70,000
 - A) ₹ 1,30,000; B) ₹ 1,25,000 and C) ₹ 1,40,000

C. A) ₹ 1,30,000; B) Nil and C) ₹ 70,000

D. A) Nil; B) Nil and C) Nil

4. Place of supply for order numbers 1) CA-435, 2) PH-534 & 3) GK-987 is.

A. 1) Bangalore, 2) Hyderabad & 3) Hyderabad

B. 1) Chennai, 2) Hyderabad & 3) Hyderabad

C. 1) Chennai, 2) Chennai & 3) Delhi

D. 1) Bangalore, 2) Chennai & 3) Hyderabad

5) Time of supply for order numbers 1) CA-234, 2) UV-777 & 3) XE-001 is .

A. 1) 5th July, 2) 20th July & 3) 23rd July

B. 1) 5th July, 2) 22nd July & 3) 23rd July

C. 1) 3rd July, 2) 20th July & 3) 23rd July

D. 1) 5th July, 2) 20th July & 3) 23rd July

Answers

1. D

2. B

3. A

4. A

A. C

Question 11

Dhairya Ltd., a supplier registered under GST in Gujarat, is exclusively engaged in manufacturing textile products. It has opted to pay tax under composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.

The following information is available in relation to Dhairya Ltd. for the current financial year:

1. Total turnover during the quarter April-June is ₹ 1,50,00,000.
2. The option to pay tax under composition scheme lapses from 1st July and it switches to regular scheme as a monthly return filer.
3. Tax paid on inputs lying in stock as on 30th June (Invoice dated 4th May) - CGST ₹ 10,000 and SGST ₹ 10,000.
4. Tax paid on inputs contained in semi-finished goods held in stock as on 30th June- CGST ₹ 5,000 and SGST ₹ 5,000 (Invoice was dated 31st December of preceding financial year).
5. A machinery was purchased on 15th March of preceding financial year for ₹ 10,00,000 (taxable value). Applicable GST rate was 12%.
6. On 10th August, Dhairya Ltd. sold goods worth ₹ 2,40,000 to Ahmedabad Municipal Corporation (AMC). The contract with AMC was to supply only goods and not any services.
7. On 15th August, Dhairya Ltd. sold goods worth ₹ 10,00,000 to Fishing Department of Gujarat Government.
8. Apart from the information provided above, sales and purchases worth ₹ 15,00,000 and ₹ 12,00,000 respectively were also reported during the period of July to February.
9. During the month of March of the current financial year, Dhairya Ltd. manufactured 2,500 meters of fabric (Sales value of the fabric is ₹ 200 per meter). ITC pertaining to such output was CGST - ₹ 27,500 and SGST - ₹ 27,500. Dhairya Ltd. exported 1,500 meters of fabric under bond and sold the balance 1,000 meters of fabric in Gujarat, India.

Notes:

1. *There is no other outward or inward supply transaction apart from the aforesaid transactions, in the relevant period.*
2. *Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.*
3. *It is also assumed that due date for any return required to be filed by the taxpayer has not been extended by the Government.*

4. Rate of GST applicable on goods manufactured by Dhairya Ltd. under regular scheme is 12%. GST rate applicable on inward supplies is also 12% unless otherwise specified.
5. All the purchases and sales are intra-State except the export sales.
6. All the amounts given above are exclusive of taxes, wherever applicable.

Based on the facts given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:

- 1) The net GST payable in cash (after setting off TDS credit, if any) by Dhairya Ltd. during the period from April to February is .
 - A. ₹ 1,76,800
 - B. ₹ 3,46,800
 - C. ₹ 18,26,800
 - D. ₹ 18,46,800
- 2) Input Tax Credit (ITC) available to Dhairya Ltd. during the period from April to February is.
 - A. ₹ 2,72,000
 - B. ₹ 2,82,000
 - C. ₹ 2,88,000
 - D. ₹ 3,02,000
- 3) The amount of GST refund available to Dhairya Ltd. for the month of March in the current financial year is.
 - A. ₹ 24,000
 - B. ₹ 33,000
 - C. ₹ 31,000
 - D. ₹ 22,000
- 4) Assuming that goods have been sold by Dhairya Ltd. to Fishing Department of Gujarat Government for a value of ₹ 1,00,000 instead of ₹ 10,00,000, net GST payable by Dhairya Ltd. in cash during the period from July to February will be .
 - A. ₹ 15,88,800
 - B. ₹ 83,800
 - C. ₹ 82,800
 - D. nil

Answers

1. A
2. B
3. C
4. D

Question 12

Infotel Ltd. (hereinafter referred to as Infotel) is a telecommunication company operating in India. The company has obtained registration in all the States in India and has its head office in Haryana. The invoice for telecommunication services in India is issued to the customer by head office located in Haryana for all the services.

During the month of January, following transactions were undertaken:

- 1) Receipts from post-paid mobile customers are ₹ 25,00,000 (₹ 5,00,000 is from customers located in Haryana and remaining amount is from customers located in rest of India).

Apart from this, Infotel collected an amount of ₹ 20,00,000 as subscription income (identifiable separately on the post-paid bill) from the customers (this amount is not included in the collection at point No. 1).

The same was collected for payment to Cloudzone Ltd. (hereinafter referred to as Cloudzone), an online content provider located in Maharashtra. Full amount was remitted to Cloudzone by Infotel on behalf of the post-paid customers. Cloudzone issues invoice to the customers in its own name. As per the agreement, Infotel is not involved in any sort of facilitation or arrangement of supply from Cloudzone to the customers. The customers on their own availed the facility to pay for the services provided by Cloudzone by way of payment through Infotel. Subscription income is charged from the customers on actual basis and no fee is charged by Infotel from the customers for such payment facility.

Infotel receives an amount equivalent to 10% of the total amount collected from the customers as collection charges from Cloudzone.

- 2) Direct receipts from prepaid mobile customers are ₹ 50,00,000 (Entire payment is received from customers located outside Haryana)
- 3) Mobile telecommunication revenue received from Paykwik Ltd. (hereinafter referred to as Paykwik), a reseller/ selling agent of Infotel, is ₹ 30,00,000. The location of Paykwik is in Maharashtra. Commission paid to Paykwik is 10% of the revenue received.
- 4) Infotel collected an amount of ₹ 5,00,000 from the customers located in Haryana against the direct to home (DTH) service provided in Haryana. This amount includes a one-time installation charges of ₹ 50,000.
- 5) Infotel purchased certain equipment for installation of its towers in the State of Rajasthan. The goods were delivered and installed by the supplier (based in Rajasthan) at Infotel's site in Rajasthan and invoice was issued to Infotel at Haryana Head Office. Total amount charged was ₹ 75,00,000.
- 6) Infotel collaborated with Amaze Inc., a company based in USA, for technological support in relation to provision of cloud storage services to its customers. The amount paid by Infotel to Amaze Inc. is ₹

5,00,00,000 for technology support. Further, the cloud storage services were provided by Infotel to its unrelated premium customers on free of cost basis for the trial period. The open market value of such services is ₹ 75,00,000.

- 7) As per the agreement with Amaze Inc., in case of any failure in provision of cloud storage services to the customers by Infotel, Amaze Inc. shall provide the backup server access to Infotel's customers for data storage. The customer is not aware of the fact that data is being stored on Amaze Inc.'s server in case of failure at Infotel's end. Amaze Inc. charged an amount of ₹ 50,00,000 from Infotel for such instance in the month of January.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of input tax credit for the relevant tax period of Infotel is Nil for all the registrations.

GST is applicable in the aforesaid case scenario @ 18%, unless otherwise specified. Ignore CGST, SGST and IGST bifurcation for the sake of simplicity.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the month of January.

Based on the facts given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:

- 1) The GST payable in cash for the month of January by the Head Office of Infotel in Haryana (assuming that no ITC is utilised by it) is.
- A. ₹ 20,16,000
 - B. ₹ 1,22,76,000
 - C. ₹ 29,16,000
 - D. ₹ 1,19,16,000
- 2) The input tax credit available to Infotel in the month of January at its Head Office in Haryana is .
- A. ₹ 99,54,000
 - B. ₹ 1,13,04,000
 - C. ₹ 54,000
 - D. ₹ 14,04,000
- 3) Select the correct statement for transaction between Infotel, Cloudzone and the subscribing customer, in terms of the GST Law:
- A. Infotel is an agent of Cloudzone.
 - B. Infotel is a pure agent of Cloudzone.
 - C. Infotel is a pure agent of the subscribing customer.
 - D. Infotel is an intermediary of Cloudzone.

- 4) For the direct to home services, Infotel is exploring the possibility of providing equipment like dish antenna and cables (liable to GST at 28%) to the customers at an additional charge of ₹ 2,000. Currently, the company collects ₹ 1,000 from new customers as installation and one- month charges for services (liable to GST at 18%). In case the dish antenna and cables are also provided, the combined charge would be ₹ 3,000. Please select the most appropriate statement.
- A. GST on amount of ₹ 2,000 shall be charged at the rate of 28% and balance amount of ₹ 1,000 to be charged at 18%.
 - B. GST on amount of ₹ 3,000 shall be charged at the rate of 28%.
 - C. GST on amount of ₹ 3,000 shall be charged at the rate of 18%.
 - D. No GST on ₹ 2,000 and GST at the rate of 18% on ₹ 1,000.

Answers

- 1. D
- 2. A
- 3. C
- 4. C

Question 13

SR Associates is a partnership firm registered under GST in the State of Rajasthan. In the month of July, the following transactions were made by SR Associates:

- a) Purchase of commodity X on 1st July from a registered person for an amount of ₹ 5,00,000 at the rate of ₹ 1000 per tonne from the open market. The said commodity was deposited in the warehouse of NCDEX Ltd. (an agricultural commodity exchange) in Rajasthan as a security against transactions entered by SR Associates on the same day. Commodities of other vendors are also being kept in said warehouse.
- b) In order to hedge the aforesaid transaction, on 1st July, SR Associates undertook a derivative sale transaction in futures contract for the month of August at NCDEX at the rate of ₹ 1,100 per tonne.
- c) SR Associates took subscription for an AI (Artificial Intelligence) based platform from an unrelated party, ABC Inc (a company based in US) to get real time updates on the pricing of commodity X in the international market. ABC Inc charged ₹ 50,000 for such subscription. The invoice was issued to SR Associates on 1st July, but the payment was made to ABC Inc on 20th August.
- d) NCDEX (registered under GST) charges rent from SR Associates at the rate of ₹ 10,000 per month and service charges at the rate of ₹ 20,000 per month.
- e) On the date of expiry of future contract of the month of August, i.e. 31st August for commodity X, the rate of commodity X was ₹ 900 per tonne. SR Associates squared off the contract (without physical delivery) for the month of August at the same rate.
- f) NCDEX charged brokerage on the transactions (both purchase and sale of derivative contract separately) at the rate of ₹ 5,000 per contract from SR Associates in the month when such transaction was entered and when such transaction was squared off.
- g) On the purchase of commodity X, additional levy in form of Mandi Tax was applicable at the rate of ₹ 10 per tonne which is not included in the rate per tonne mentioned at point (a) above.

All the amounts given above are exclusive of GST, wherever applicable, unless otherwise mentioned. The opening balance of input tax credit for the relevant tax period of SR Associates is Nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the months of July and August.

GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

Intra-State supply – 9% CGST and 9% SGST | Inter-State supply – 18% IGST

Based on the facts given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

- 1) Compute the taxable value of inward supply of commodity X for SR Associates in the month of July.
 - A. ₹ 5,00,000
 - B. ₹ 5,50,000
 - C. ₹ 5,55,000
 - D. ₹ 5,05,000

- 2) Compute the value of outward supply made by SR Associates in the month of August.
 - A. Nil
 - B. ₹ 5,55,000
 - C. ₹ 5,60,000
 - D. ₹ 5,00,000

- 3) What is the time of supply for subscription of AI based platform by SR Associates?
 - A. July 1
 - B. August 31
 - C. August 20
 - D. July 31

- 4) Compute the net GST payable in cash by SR Associates for the month of August.
 - A. Nil
 - B. ₹ 2,700
 - C. ₹ 81,000
 - D. ₹ 9,000

Answers

1. D
2. A
3. C
4. D

Question 14

Nisha Enterprise Pvt Ltd. is a financial service company having its offices in Kolkata, West Bengal and Mumbai, Maharashtra. The company is registered under GST in both the States. The company operates through two segments (a) banking services and (b) advisory & consulting services. The aggregate turnover of the company during the previous year was (i) ₹ 80 lakh in West Bengal & (ii) ₹ 60 lakh in Maharashtra.

The bouquet of services provided under each of the two segments are as follows:

Banking services	Advisory & consulting services
Recovery agent services	Company/LLP/Society formation
	Return filing
Direct Selling Agent (DSA) services (sale of banking products)	Detailed Project Report (DPR) preparation
	Business promotion/product marketing/exhibition etc. product

The company has carried out following transactions during the month of September:

(Amount in ₹ excluding GST)

Particulars	Kolkata office	Mumbai office
Sale and purchase of foreign currency in course of business	Refer Note 3	Refer Note 3
Amount received from Devidas Private Limited. It has sponsored the business exhibition organized by Nisha Enterprise Pvt Ltd.	90,000	70,000
Commission received as DSA from ICIDI Bank for opening bank account/credit card & loan products	48,000	50,000
Commission received from private banks for acting as recovery agent	1,20,000	1,50,000
Professional fee received for the formation of a company/ LLP/ society	80,000 [Refer Note 2]	40,000
Professional fee received for GST/ TDS return filing	65,000	75,000
Participation fee received from customers for the business exhibition organised by the company	50,00,000 (held in Russia) [Refer Note 1]	4,00,000 (held at Chennai) [Refer Note 1]
Legal fee paid to Mr. Sundaram - an advocate (Intra-State transaction)	10,000	15,000

Payment made for security services (by way of supply of security personnel) received (Intra-State transaction)	25,000 (Globe Security Pvt Ltd.)	25,000 (M/s X & Co, a partnership firm, registered under GST)
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Notes:

- The participation fee of ₹ 50,00,000 received by the company's Kolkata office is in respect of a business exhibition organized at St. Petersburg, Russia under the theme "Indian Traditional Fair" in which 10 Indian companies (all registered under GST) had participated. A participation fee of ₹ 5 lakh from each Indian company was collected for providing them a stall, furniture & other amenities at St. Petersburg, Russia.

The participation fee of ₹ 4,00,000 is in respect of a business exhibition organized by the company's Mumbai office at Chennai, in which 100 Indian companies had participated.
- Out of the professional fee of ₹ 80,000 received by Kolkata office for the formation of a company/ LLP/ society, ₹ 15,000 was towards reimbursement claimed from client. It was separately mentioned in the invoice indicating that it was deposited with registrar of companies (ROC).
- Following purchase & sale of foreign currency was made by the company during the month of September:
 - Kolkata office had purchased USD 10,000 from M/s Moneywise (a FOREX dealer) @ ₹ 73 per USD on 10th September. The RBI reference rate on that day was ₹ 74 per USD.
 - Mumbai office had sold USD 5,000 to M/s Money Matters (a FOREX dealer) on 15th September @ ₹ 73.20 per USD. RBI reference rate for USD on that day is not available.
- In an order dated 14th September issued to Nisha Enterprise Pvt Ltd., the Joint Commissioner of CGST, Mumbai has raised a demand of IGST of ₹ 600 crore on Mumbai office in respect of an inter-State supply transaction. The company is disputing the entire demand & wants to file an appeal before the Appellate Authority against the order of Joint Commissioner.

All the amounts given above are exclusive of GST wherever applicable (unless otherwise specified). There is no other outward or inward supply transaction apart from the aforesaid transactions in the relevant period. Nisha Enterprise Pvt Ltd. is not an authorised FOREX dealer.

GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

- Intra-State supply – 9% CGST and 9% SGST*
- Inter-State supply – 18% IGST*

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:

1. Determine the value of taxable supply in respect of sale and purchase of foreign currency by Kolkata office and Mumbai office of the company as per rule 32(2)(a) of the CGST Rules, 2017.
 - A. Kolkata office ₹ 7200, Mumbai office ₹ 3,660
 - B. Kolkata office ₹ 10,000, Mumbai office ₹ 3,660
 - C. Kolkata office ₹ 7,20,000, Mumbai office ₹ 3,66,000
 - D. Kolkata office ₹ 7,30,000, Mumbai office ₹ 3,66,000

2. The value of taxable inward supply received by Mumbai office in the month of September on which tax is payable under reverse charge is.
 - A. ₹ 15,000
 - B. ₹ 25,000
 - C. ₹ 40,000
 - D. ₹ 2,70,000

3. Compute the value of taxable outward supply made by Kolkata office in the month of September on which Nisha Enterprise Pvt Ltd. is liable to pay tax under forward charge is .
 - A. ₹ 1,78,000
 - B. ₹ 1,93,000
 - C. ₹ 2,68,000
 - D. ₹ 1,13,000

4. The amount of pre-deposit that Nisha Enterprise Pvt. Ltd. has to deposit under the IGST Act, 2017 for filing of an appeal before the Appellate Authority is .
 - A. ₹ 20 crores
 - B. ₹ 40 crores
 - C. ₹ 25 crores
 - D. ₹ 50 crores

5. Who will be the Appellate Authority in case of appeal against the order of Joint Commissioner's?
 - A. Commissioner (Appeals)
 - B. Joint Commissioner (Appeals)
 - C. Deputy Commissioner
 - D. Deputy Commissioner (Appeals)

6. Determine the value of taxable supply in respect of sale and purchase of foreign currency by Mumbai office as per rule 32(2)(b) of the CGST Rules, 2017.

- A. 1,330
- B. 2,330
- C. 3,660
- D. None of these

Answers

- 1. B
- 2. C
- 3. C
- 4. B
- 5. A
- 6. B

Question 15

Netset Solutions Private Limited (hereinafter referred to as 'Netset Solutions') is engaged in providing multidimensional services to its clients through its office in Haryana, registered under GST. During the month of July, the following transactions were undertaken by Netset Solutions:

- (i) Import of certain cloud services from Easecart.com for an amount of ₹ 51,00,000.
- (ii) Netset Solutions pays sitting fee of ₹ 25,000 each to its 4 directors per month. Further, there are two directors who are in the executive roles and are withdrawing ₹ 2,00,000 each per month as salary from the company and the applicable TDS amount, under section 192 of the Income-tax Act, 1961, is deducted from such salary.
- (iii) Netset Solutions paid for life insurance of its employees in compliance of its internal policy. The total amount of premium paid for 20 employees was ₹ 5,00,000.
- (iv) Netset Solutions provided consultancy services to its client, Zoom Corp. based in Bangalore and issued an invoice of ₹ 30,00,000.
- (v) Empowering India is a Non-Government Organisation located in Haryana. It aims at empowering the eligible companies to grow their business in India. Netset Solutions, being one of the eligible companies, received a subsidy of ₹ 5,00,000 in lumpsum from Empowering India for the month of July.
- (vi) Netset Solutions provided sponsorship services to Mr. X, an individual, for an event organised by it in the State of Haryana. The amount agreed for such sponsorship services is ₹ 5,00,000.

All the amounts given above are exclusive of GST unless otherwise provided. There is no other outward or inward supply transaction apart from aforesaid transactions in the month of July.

The opening balance of input tax credit for the relevant tax period for the company is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies in the aforesaid case scenario @ 18%, unless otherwise specified. Ignore CGST, SGST and IGST bifurcation for the sake of simplicity.

Based on the facts given above, answer Q. Nos 1 to 5 below:

1. The liability to pay GST for cloud services procured by Netset Solutions from Easecart.com shall be:
 - A. on Easecart.com since the services are online information and database access or retrieval services and GST of ₹ 9,00,000 shall be paid by Easecart.com.
 - B. nil. There will not be any GST liability on the transaction since Easecart.com is located outside India and services are provided electronically.
 - C. on Easecart.com under forward charge and GST of ₹ 9,18,000 shall be paid by Easecart.com.
 - D. on Netset Solutions under reverse charge and GST of ₹ 9,18,000 shall be paid by Netset Solutions.

2. Netset Solutions seeks your advice on the taxability of the sitting fee payable to directors and salary payable to the executive directors. The correct advice is:
- A. Sitting fees paid to the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.
 - B. Total amount payable to directors (sitting fees as well as salary) is exempt from GST.
 - C. Total amount payable to directors (sitting fees as well as salary) is liable to GST under reverse charge in hands of Netset Solutions.
 - D. Total amount payable to directors (sitting fees as well as salary) is liable to GST under forward charge in the hands of the directors as professional income.
3. What shall be the amount of input tax credit available with Netset Solutions for the month of July?
- A. 10,26,000
 - B. 11,16,000
 - C. 9,36,000
 - D. 1,96,000
4. Compute the value of outward supplies made by Netset Solutions in the month of July.
- A. 30,00,000
 - B. 25,00,000
 - C. 35,00,000
 - D. 40,00,000
5. Compute the amount of net GST to be deposited in cash by Netset Solutions for the month of July.
- A. Nil
 - B. 7,20,000
 - C. 9,36,000
 - D. 14,76,000

Answers

- 1. D
- 2. A
- 3. C
- 4. C
- 5. C

Pointers to Remember: Mistake Areas from Balance MCQs of the Case Booklet

1. Misc. municipal levy: Part of valuation of goods
2. During unloading of said TV sets, one LED TV costing ₹ 25,000 was damaged, but the dealer refused to replace the same.]: ITC blocked
3. One unit in SEZ (t/o = 2 cr) and one in DTA (t/o = 4.2 cr): E Invoicing?
⇒ E-Invoicing applicable but only DTA unit shall comply
4. The Assistant Commissioner has issued a show cause notice (SCN), due to non-display of registration certificate in a prominent location & GSTIN on name board at the entry of its principal place of business. Our plea is that the display of GSTIN to general public is not mandatory as it is required for the knowledge of the customers only & the same is already mentioned in the tax invoice.
⇒ Penalty- Section 125: 25,000
5. Pay attention: whether asked for calculation of “Exempt Supply” or “Exempt Supply for Rule 42 Reversal”.
6. Mr. Venkat also provided return filing services free of charge in the month of July to Indian residents who were economically weaker. Open market value of such services was ₹ 1,40,000.
⇒ This is not a supply | Sch I NA | We won't go till valuation issue

Further, in July, Mr. Venkat also provided financial services to his real brother Mr. Kamath who is working at an IT company and earning handsomely, for ₹ 75,000 (invoice raised at open market value). However, Mr. Venkat offered him 90% discount on the invoice raised to him. Therefore, Mr. Kamath paid ₹ 7,500 only.
⇒ This is a Supply | Valuation = TV i.e. 7,500
7. Warehouse Operator Registration Implication:
⇒ Check turnover for registration requirement. If not registered under GST- they have to obtain Unique Enrolment Number [GST ENR-01]
⇒ Unique Common Enrolment Number: An option for transporters registered > 1 state
8. Income for acting as an examiner from the ICAI and ICSI (not on their rolls) in the month of June - ₹ 2,50,000- Exempt Supply
9. Interest amount- to be paid in cash
10. Business Transfer by A to B: Liability upto the time of transfer- Both jointly and severally liable. Doesn't matter when is it determined. Period of which it matters.

11. Service by "Education Institute" to its SFS- Exempt regardless of what service it.
12. Collection charges w.r.t some amount collection which in itself is falling in Pure Agent- Apply GST on collection charges, but not on the amount collected
13. Airlines gifted tickets to Employees worth ₹ 60,000 – Deemed supply = take it in value of outward supply and charge GST
14. 100% cancellation charge by Airlines Company. Instead of actually collecting the cancellation fee from the customers, such amount was adjusted against the booking amount and GST discharged at the time of initial bookings- No additional GST liability
15. Sale of online advertisement- OIDAR
16. "as directed" "delivered someplace else"- Apply 10(1)(b)- Bill to Ship to
17. Commercial Credit Note: means no GST implication in it

Hope this helped! All the Best! :)

Do let me know your feedback! Would love to hear it- 9560436910! :)