

RCM + Exemptions Master Question | CA Final IDT

S. No	Transaction	Analysis
RCM + Exemptions <i>Analyse whether GST applicable and who shall pay it?</i>		
1.	Mentha arvensis sold by Veda Oils Pvt. Ltd. (unregistered) to Sunil Mehta (Registered).	<i>Sunil Mehta. RCM applicable as sold by unregistered to registered person.</i>
2.	Confiscated goods sold by Indian Railways to Karani Suppliers LLP (Registered in Delhi).	<i>Indian Railways - FCM applicable</i>
3.	Priority Sector Lending Certificate sold by ICICI Bank (Registered) to HDFC Bank (Registered).	<i>HDFC Bank. RCM applicable.</i>
4.	Transport of goods service by Nandan GTA to a factory in Pune (registered under Factories Act, 1948; but unregistered in GST).	<i>Factory shall pay tax under RCM. It shall have to take mandatory registration [sec. 24] for payment of tax.</i>
5.	GTA services provided to an establishment of Delhi Gov., which has taken registration under GST only for TDS purpose, and not for making any taxable supply.	<i>Exempt. Entry 21B.</i>
6.	SV (unregistered individual) supplied goods to AK (registered individual). SV is supposed to pay the freight of GTA which has been arranged for delivery of goods. GST on GTA service?	<i>GTA service is exempt, since recipient i.e. SV is an unregistered individual i.e. not covered in "specified recipient"</i>
7.	Services w.r.t business development provided by Mr. Ganu Singhvi (Senior Advocate) to Adept Solutions Ltd (whose last year turnover was ₹ 68 Lacs)	<i>GST applicable. FCM applicable. As this is not a "legal service" case.</i>
8.	Cloak room services by Indian Railways under various corporate bookings. Companies were liable to pay the consideration.	<i>Taxable. Entry 9E is applicable when such service is provided to Individuals.</i>
9.	MH Gov. gave a commercial complex on rent to SV Traders Ltd- which has been incorporated in the current year only and is currently unregistered under GST. Rental value is ₹ 4,000 per month.	<i>Taxable. Exemption benefit due to "recipient being a small business entity" is NA to service of "renting of immovable property". And since the Recipient is unregistered: FCM applicable</i>

10.	What if in the above case, the rent was ₹ 4,000 for the entire year?	<i>Exempt. We shall be using the “value” based exemption i.e. ₹ 5,000 for entire year since it’s a case of continuous supply of services.</i>
11.	A residential flat given on rent to Bombay Stationers Ltd. (registered under composition scheme) for stay of its MD Mr. Kishore Singa.	<i>Taxable. Recipient being registered under composition scheme is irrelevant here. That’s relevant in commercial dwelling RCM analysis. Supplier status irrelevant.</i>
12.	Recovery of debt service by Mr. Munna Bhai to Asthana Traders Ltd.	<i>FCM; since Recipient is not a Bank/FI/NBFC/</i>
13.	DSA (Direct Selling Agent) service by Mr. Jeevesh Gadh to Dhir Financiers (a financial company, but not a bank or NBFC)	<i>FCM; since Recipient is not a Bank or a NBFC</i>
14.	Service by Business Facilitator to CARE Insurance Company w.r.t it’s urban area branches. Service by Intermediary to Business Correspondent w.r.t Insurance- Rural Area	<i>Tax. FCM. [RCM entry is: BF to Banking Company]</i> <i>Taxable. RCM.</i>
15.	Shop given on rent by Mr. Kanwar Lal (Registered) to LG Electronics.	<i>Tax. FCM. Since Supplier is registered.</i>
16.	Internet Advertising services by Blue Focus (Amsterdam) to Mr. Hari Prasad (businessman, but unregistered) w.r.t his online consulting business.	<i>FCM since recipient is a NTOR [this is an OIDAR service]. Sec. 14 of IGST shall apply!</i>

Exemptions

1.	Vikas Foundation is a registered charitable trust (12AA Income Tax Act). It owns a precinct adjoining a mandir which is meant for religious purposes of the family who donated for constructing the mandir. A shop in that precinct was rented out to Mr. Kamal, at monthly rent of ₹ 8,500 per month.	<i>Taxable. Precinct is not meant for use for general public.</i>
2.	Loading, unloading, packing of non timber products. Packing and storage of dehusked pulses.	<i>Taxable. Only warehousing is exempt. Taxable. Dehusked and Split pulses are not agri produce.</i>
3.	Bus Fees charged by SP College (curriculum	<i>Exempt. Any output supply to SFS is exempt.</i>

	recognized by Indian law) from its Students	
4.	Kannu was assigned the right to collect royalty on behalf of MH Gov., as ERCC. He has noticed that the mining lease holders have short paid 2,00,000 as IGST from what had been exempted to him under the assignment	<i>He will pay IGST ₹ 2,00,000 under RCM and take it's ITC.</i>
5.	Statutory collections by RERA	<i>Exempt. RERA = Governmental Authority!</i>
6.	Interchange fees on card settlement fees shared by banks (all transactions are below ₹ 1,000)	<i>Taxable. ₹ 2,000 settlement limit is applicable when service by acquiring bank.</i>
7.	District Mineral Foundation Trust – Raigad is established by MH Gov. Kishan Foundation is providing water supply and public health related services to it.	<i>Exempt. Entry 3B. DMFTs by SG = Governmental Authorities.</i>
8.	Electronically Operated Vehicle (meant to carry 13 passengers) given on rent to Maharashtra State Road Transport Corporation (MSRTC)	<i>Exempt</i>
9.	I gave a van on rent to Mr. Shukla. Shukla provides transport of students services to FC College, whose curriculum is recognized by Indian law. Analyse GST on hiring charge by me as well as consideration charged by Mr. Shukla to FC College.	<i>Both are taxable. Shukla's amount is taxable as it's not provided to a school. And due that, my hiring charge is also taxable.</i>
10.	Admission to planetarium. Entry ticket is ₹ 600. Admission to Rajiv Gandhi Zoo in Pune. Entry ticket is ₹ 600	<i>Taxable. Upto ₹ 500 – Exempt Exempt. No condition of consideration.</i>