

**Question 6**

RTP Nov '19

Mr. Avishkar is a painter registered under GST in Delhi. He sends his artwork for exhibition in Mumbai. At what point of time, supply is considered to have been made under GST?

- When painting is completed.
- When painting is sent for exhibition in Mumbai.
- When painting is displayed at the exhibition in Mumbai.
- When painting is purchased by one of the visitors in the exhibition.

  
  
  

**Question 7**

RTP Nov '21

Ms. Pearl is a classical singer. She wants to organize a classical singing function, so she booked an auditorium on 10th August for a total amount of ₹ 20,000. She paid ₹ 5,000 as advance on that day. The classical singing function was organized on 10th October. The auditorium owner issued invoice to Ms. Pearl on 25th November amounting to ₹ 20,000. Pearl made balance payment of ₹ 15,000/- on 30th November. Determine the time of supply in this case.

- Time of supply is 25th November for ₹ 20,000.
- Time of supply is 25th November for ₹ 5,000 & 30th November for ₹ 15,000.
- Time of supply is 10th August for ₹ 5,000 & 10th October for ₹ 15,000.
- Time of supply is 10th October for ₹ 20,000.

  
  
  

**Question 8**

CS Execu.

Banke Bihari (Pedewala) owns a famous sweets shop located and registered under GST in Mathura, Uttar Pradesh. He received an order for 200 kg of sweets on 2nd May from Ghoomghoom Travels (P) Ltd., located in same locality of Mathura and registered under GST, for a total consideration of Rs. 1,00,000. Complete order of sweets was delivered to Ghoomghoom Travels (P) Ltd. on 5th May but without invoice, as accountant of Mr. Banke Bihari was on leave on that day. However, the invoice was raised for the same on 6th May, when the accountant joined the office after leave. Payment in full was made on 7th May. Determine the time of supply of goods in this case.

- 2nd May
- 5th May
- 6th May
- 7th May

  
  
  

**Question 9**

CS Execu.

Radhika Travels (P) Ltd. purchased a bus chassis from Jyoti Motors Ltd. for a consideration of Rs. 80.00 lakh on 1st August. Radhika Travels (P) Ltd. sent the bus chassis for body building to M/s Hanumant Fabricators and paid in advance the total consideration of Rs. 25.00 lakh, received by M/s Hanumant Fabricators on 10th August. M/s Hanumant Fabricators, after completing the bus body, informed Radhika Travels (P) Ltd., for inspection of the work done on 1st September. Radhika Travels (P) Ltd. visited the workshop of M/s Hanumant Fabricators on 7th September and confirmed that the bus body was in accordance with the terms of the contract.

M/s Hanumant Fabricators raised an invoice of Rs. 25.00 lakh on 15th September and supplied chassis along with the bus body so constructed, along with the invoice on 16th September. State the time of supply in this case for supply made by M/s Hanumant Fabricators, out of the choices given below.



- (a) 10th August  
 (b) 7th September  
 (c) 15th September  
 (d) 16th September

  
  
  

**Question 10****CS Execu.**

What is the time of supply of service if the invoice is issued within 30 days from the date of provision of service?

- (a) Date of issue of invoice  
 (b) Date on which the supplier receives payment  
 (c) Date of provision of service  
 (d) Earlier of (a) & (b)

  
  
  

**Question 11****CS Execu.**

Where the supplier of taxable services receives an amount up to in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount.

- (a) Rs. 1,000  
 (b) Rs. 5,000  
 (c) Rs. 10,000  
 (d) Rs. 50,000

  
  
  

**Question 12****CS Execu.**

XYZ Ltd. has purchased for its employees 100 vouchers dated 24-12-2021 worth Rs. 1,000 each from ABC Ltd, a footwear manufacturing company. The vouchers were issued by ABC Ltd. on 25-12-2021. The vouchers can be encashed at retail outlets of ABC Ltd. The same were given to employees on 26-12-2021. The employees of XYZ Ltd. encashed the same on 01-01-2022.

Determine time of supply of vouchers.

- (a) 24-12-2021  
 (b) 25-12-2021  
 (b) 26-12-2021  
 (d) 01-01-2022

  
  
  

**Question 13****CS Execu.**

The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which.

- (a) The supplier receives such addition in value  
 (b) The original invoice was issued  
 (b) The supplier issues revised invoice  
 (d) The original payment was received

  
  
  



**Question 14**

CMA Inter

ABC Ltd. of Mumbai supplied goods to XYZ Ltd. of Delhi under a contract for the goods to be delivered at the factory of the buyers. Goods removed from the factory of ABC Ltd. on 09-08-2021 and were delivered in the factory of XYZ Ltd. of Delhi on 16-08-2021. Invoice for the supplies was raised by ABC Ltd. on 18-08-2021. Payment of the bill was received on 20-09-2021. The time of supply in this case under GST be taken as : (June 2019)

- (a) 09-08-2021  
 (b) 16-08-2021  
 (c) 18-08-2021  
 (d) 20-09-2021

  
  
  

**Question 15**

CMA Inter

What is the time of supply of vouchers when the supply with respect to the voucher is identifiable?

- (A) Date of issue of voucher  
 (B) Date of redemption of voucher  
 (C) Date of entry in books of accounts  
 (D) Earlier of (A) or (B) or (C)

  
  
  


1	2	3	4	5	6	7	8	9	10
c	d	a	d	c	d	c	b	a	d
11	12	13	14	15					
a	b	a	a	b					



## Chapter 7: Value of Supply

## Descriptive Questions

Easy

## Question 1

MTP March'18

Quantum Plats Private Limited, Delhi supplies plastic granulation machine to Capcom Ltd., Delhi. It furnishes the following details in respect of such supply:

Particulars	₹
List price of the machine (exclusive of taxes and discounts)	1,00,000
Corrugated Boxes used for packing the machine (not included in price above)	1,000
Subsidy received from Delhi Government on sale of such machine (considered in price above)	5,000
Discount @ 2% is offered on list price of the machine (recorded in the invoice for the machine)	

Determine the value of taxable supply made by Quantum Plats Private Limited. **5 Marks**

Answer:

Computation of value of taxable supply

Particulars	₹
List price of the goods (exclusive of taxes and discounts)	1,00,000
Add: Corrugated Boxes used for packing the machine [Includible in the value as per section 15(2)(c)]	1,000
Add: Subsidy received from Delhi Government on sale of such machine [Subsidy received from State Government is not included the value in terms of section 15(2)(e)]	-
<b>Total</b>	<b>1,01,000</b>
Less: Discount @ 2% on ₹ 1,00,000 [Since discount is known at the time of supply, it is deductible from the value in terms of section 15(3)(a)]	2,000
<b>Value of taxable supply</b>	<b>99,000</b>



## Question 2

MTP April 22, PYQ May '19

(a) M/s. Paisa Saver Bank Limited, a scheduled commercial bank, has furnished the following details for the month of September:

Particulars	Amount [₹ in lakh] excluding GST)
Extended housing loan to its customers	130
Processing fees collected from its customers on sanction of loan	20
Commission collected from its customers on bank guarantee	30
Interest income on credit card issued by the bank	40
Interest received on housing loan extended by the bank	35
Minimum balance charges collected from current account and saving account holder	03

Compute the value of taxable supply.

6 Marks

Answer:

a. Computation of value of taxable supply of M/s. Paisa Saver Bank Limited for the month of September:

Particulars	Amount in lakh (₹)
Housing loan extended to customers [Since money does not constitute goods, extending housing loan is not a supply.]	Nil
Processing fee collected on sanction of loan [Interest does not include processing fee on sanction of the loan. Hence, the same is taxable.]	20
Commission collected on bank guarantee [Any commission collected over and above interest on loan, advance or deposit are not exempt.]	30
Interest income on credit card issued by the bank [Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax. However, interest involved in credit card services is specifically excluded from this exemption entry.]	40
Interest received on housing loan [Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax.]	Nil
Minimum balance charges collected from current account and saving account holder [Any charges collected over and above interest on loan, advance or deposit are not exempt.]	03
<b>Value of taxable supply</b>	<b>93</b>

## Question 3

RTP Nov '21 &amp; May '18

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



S. No.	Particulars	Narad Traders (₹)	Nandi Motors Ltd. (₹)
(i)	Price of the goods (excluding GST)	10,000	30,000
(ii)	Packing charges	500	
(iii)	Commission	500	
(iv)	Weightment charges		2,000
(v)	Discount for prompt payment (recorded in the invoice)		1,000

Items given in points (ii) to (v) have not been considered while arriving at price of the goods given in point (i) above.

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

Particulars	Rate Of Tax
Central Tax (Cgst)	9%
State Tax (Sgst)	9%
Integrated Tax (Igst)	18%

Make suitable assumptions, wherever necessary.

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

Answer:

#### Computation of GST liability

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

Notes:

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

#### Question 4

PYQ Nov'20

Following are the particulars, relating to one of the machines sold by SQM Ltd. to ACD Ltd. in the month of February 2020 at list price of ₹ 9,50,000. (Exclusive of taxes and discount) Further, following additional amounts have been charged from ACD Ltd:

Value of Supply



S.No.	Particulars	Amount (₹)
(i)	Municipal taxes chargeable on the machine	45,000
(ii)	Outward freight charges (Contract was to deliver machine at ACD Ltd.'s factory i.e. F.O.R. contract)	65,000

**Notes:**

- (i) Tax other than GST, if charged separately, are includible in the value in terms of section 15.
- (ii) Since contract is to deliver machine at buyer's factory, it is a composite supply wherein the freight charges will be added to the value of principal supply of machine.
- (iii) Value of supply includes interest charged for delayed payment. However, since the interest on delayed payment has been waived off, the same has not been added to the value.
- (iv) Subsidy provided by non-Government bodies is includible in the value in terms of section 15 provided the same is directly linked to the price. Since subsidy received from NGO is not directly linked to the price of the machine, the same has not been added to the value.
- (v) Since the discount was not known or agreed to at the time of supply of goods to the buyers, such discount cannot be reduced from the price, in terms of section 15.
- (vi) TCS is not includible in the value of supply as it is an interim levy not having the character of tax.

**Question 5**

PYQ May'18

Candy Blue Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it for the month of October.

Particulars	Amount in ₹
1. List price of goods supplied inter-state	12,40,000
2. Items already adjusted in the price given in (I) above:	
Subsidy from Central Government for supply of biscuits to Government School.	1,20,000
3. Subsidy from Trade Association for supply of quality biscuits.	
Items not adjusted in the price given in (I) above:	30,000
(i) Tax levied by Municipal Authority	24,000
(ii) Packing Charges	12,000
(iii) Late fee paid by the recipient of supply for delayed payment of invoice	5,000

Calculate the value of taxable supply made by M/s Candy Blue Ltd. for the month of October, 2017.

**5 Marks****Answer:**

Computation of value of taxable supply made by Candy Blue Ltd. for the month of October

Particulars	₹
List Price of the goods	12,40,000
Add: Subsidy amounting to ₹1,20,000 received from Central Government [Since subsidy is received from Government, the same is not includible in the value in terms of section 15 of the CGST Act, 2017.]	NIL



Subsidy received from Trade Association [Since subsidy is received from a non-Government body, the same is includible in the value in terms of section 15 of the CGST Act, 2017.]	30,000
Tax levied by the Municipal Authority [Includible in the value as per section 15 of the CGST Act, 2017]	24,000
Packing charges [Being incidental expenses, the same are includible in the value as per section 15 of the CGST Act, 2017]	12,000
Late fees paid by recipient of supply for delayed payment [Includible in the value as per section 15 of the CGST Act, 2017]	5,000
Value of taxable supply	13,11,000

**Note:**

In the above solution, list price of the goods and late fee for delayed payment of invoice have been assumed to be exclusive of taxes.

**Question 6**

PYQ May'22

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

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

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

ABC Pvt. Ltd. delayed the payment and paid ₹ 5,000 (including GST of 18%) as interest to XYZ Pvt. Ltd. Determine the value of taxable supply made by XYZ Pvt. Ltd. under GST law. **6 Marks**

Answer:

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

Particulars	Amount (₹)
List price of the goods (exclusive of taxes and discounts)	50,000
Tax levied by Municipal Authority on the sale of such goods [Taxes other than GST, if charged separately, are includible in the value of supply.]	6,000
Packing charges [Being incidental expenses, same are includible in the value of supply.]	2,500
Subsidy received from NGO [Since subsidy is received from a non-Government body and directly linked to the price, the same is includible in the value of supply.]	Nil
Payment made by ABC Pvt. Ltd. in relation to service provided by vendor to XYZ Pvt Ltd <sup>1</sup> .	2,000
[Amount that supplier is liable to pay, but incurred by the recipient, is includible in the value of supply.]	



Turnover discount [Since discount is not known at the time of supply, it is not deductible from the value of supply.]	-
Interest for delayed payment (rounded off) [Includible in the value of supply]	4,237 [5,000 × 100/118]
<b>Value of taxable supply</b>	<b>64,737</b>

<sup>1</sup> It has been most logically assumed that service provided by the vendor to XYZ Pvt. Ltd. is in relation to supply of goods by XYZ Pvt. Ltd. to ABC Pvt. Ltd.

**Question 7**

PYQ May '23

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.

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:**

Particulars	Amount (₹)
Paid to an unregistered Goods Transport agency for various consignments of transportation of goods by road. (Each individual consignment in a single carriage was of less than ₹ 1,450.)	15,100

**Notes:**

- ✓ All the amount stated above in both the tables are exclusive of GST, wherever applicable.
- ✓ 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.

6 Marks

**Answer:**

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 <sup>3</sup> ]	-
Services from unregistered GTA	15,100
[Tax on services provided by unregistered GTA is payable under reverse charge by Mr. Jayesh being a registered person.]	
Gross value of taxable supply on which GST is to be paid by Mr. Jayesh	1,89,600

<sup>3</sup>Based on the position of law as existing on 31.10.2022.

**Moderate**

**Question 1**

MTP Apr'19

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

S. No.	Particulars	Amount (₹)
(i)	Price of the machine [excluding taxes and other charges mentioned at S. Nos. (ii) and (iii)]	25,000
(ii)	Third party inspection charges [Such charges were payable by M/s Flow Pro but the same have been directly paid by BP Ltd. to the inspection agency. [These charges were not recorded in the invoice issued by M/s Flow Pro.]	5,000
(iii)	Freight charges for delivery of the machine [M/s Flow Pro has agreed to deliver the goods at BP Ltd.'s premises]	2,000
(iv)	Subsidy received from the State Government on sale of machine under Skill Development Programme [Subsidy is directly linked to the price]	5,000
(v)	Discount of 2% is offered to BP Ltd. on the price mentioned at S. No. (i) above and recorded in the invoice	

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

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

**6 Marks**

Answer:

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

Particulars	Amount (₹)
Price of the machine [Since the subsidy is received from the State Government, the same is not includible in the value of supply in terms of section 15(2)(e)]	25,000
Third party inspection charges [Any amount that the supplier is liable to pay in relation to the supply but has been incurred by the recipient and not included in the price actually paid or payable for the goods, is includible in the value of supply in terms of section 15(2)(b)]	5,000



Freight charges for delivery of the machine [Since arranging freight is the liability of supplier, it is a case of composite supply and thus, freight charges are added in the value of principal supply.]	2,000
<b>Total</b>	<b>32,000</b>
Less: Discount @ 2% on ₹ 25,000 being price charged to BP Ltd. [Discount given before or at the time of supply if duly recorded in the invoice is deductible from the value of supply in terms of section 15(3)(a)]	500
<b>Value of taxable supply</b>	<b>31,500</b>

**Question 2**

MTP Nov'21, Oct'20 &amp; Sep '23

Shri Krishna Pvt. Ltd., a registered supplier, furnishes the following information relating to goods sold by it to Shri Balram Pvt. Ltd. - **6 Marks**

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

Note: Price of the goods is net of the subsidy received

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

Answer:

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

Particulars	Amount (₹)
Price of the goods	1,00,000
Municipal tax [Includible in the value as per section 15(2)(a)]	2,000
Inspection charges [Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includible in the value as per section 15(2)(c)]	15,000
Subsidy received from Shri Ram Trust [Since the subsidy is received from a non-Government body and directly linked to the supply, the same is includible in the value in terms of section 15(2)(e)]	50,000
Late fees for delayed payment [Not includible since the same is waived off]	Nil

