

individual items are Watch ₹ 11,000, Wallet ₹ 1,000 and Pen ₹ 1,500. Determine the nature of supply of the combo pack and the rate of GST to be charged.

3 Marks

Answer:

Nature of Supply:

Each of the goods in the package has individual identity and can be supplied separately, but is deliberately supplied conjointly for a single consolidated price. Hence, the supply of all the three items in the combo pack would constitute mixed supply as per section 2(74) of CGST Act, 2017.

Rate of GST:

As per section 8(b) of CGST Act, 2017, the tax rates applicable in case of mixed supply would be the rate of tax attributable to that one supply (goods, or services) which attracts the highest rate of tax from amongst the supplies forming part of the mixed supply. Therefore, entire package will be chargeable to GST @ 28%.

Question 3

CS Execu. June'19

State which of the following is composite supply or mixed supply under the GST law:

- (i) Sale of car with warranty coverage.
- (ii) Gift pack with chocolates and books.
- (iii) Sale of Refrigerator with power stabilizer.
- (iv) Hotel accommodation with complimentary breakfast.
- (v) Doctor providing consultancy and dispensing medicines.

3 Marks

Answer:

Particulars of Supply	Composite or Mixed Supply
Sale of car with warranty coverage	Composite Supply: Sale of car with warranty coverage is a composite supply as both supplies are naturally bundled and sale of car is a principal supply.
Gift pack with chocolates and books	Mixed Supply: Gift pack with chocolates and books are not bundled due to natural necessities and hence they are mixed supply.
Sale of Refrigerator with power stabilizer	Mixed Supply: Refrigerator and power stabilizer are not inseparable and are not bundled due to natural necessities. They are mixed supply.
Hotel accommodation with complimentary breakfast	Composite Supply: Hotel accommodation with complimentary breakfast is a composite supply as the principal supply is supply of accommodation service
Doctor providing consultancy and dispensing medicines	Composite Supply: Doctor providing consultancy and dispensing medicine is a composite supply as the principal supply is supply of medical service.



Multiple Choice Questions

Question 1

MTP Oct'19

Which of the following is not a supply of services?

- (a) Renting of Commercial Office Complex
- (b) Payment of Non-Compete Fee by an ex-employee to his previous employer
- (c) Repairing of Mobile Phone
- (d) Permanent transfer of business assets on which ITC is availed

Question 2

MTP March '19

Which of the following services received without consideration amount to supply?

- (1) Import of services by a person in India from his son well-settled in USA
 - (2) Import of services by a person in India from his brother well-settled in Germany
 - (3) Import of services by a person in India from his brother (wholly dependent on such person in India) in France
 - (4) Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia
- (a) 1), 3) and 4)
 - (b) 2), 3) and 4)
 - (c) 2) and 3)
 - (d) 1) and 2)

Question 3

MTP March'23

Determine which of the following independent transactions even if made without consideration in terms of Schedule I of the CGST Act, 2017, will be deemed as supply?

- (i) AB & Associates transfers stock of goods from its Mumbai branch to Kolkata depot for sale of such goods at the depot.
 - (ii) Mr. Raghveer, a dealer of air-conditioners permanently transfers the motor vehicle free of cost. ITC on said motor vehicle was blocked and therefore, was not availed.
 - (iii) Mrs. Riddhi, an employee of Sun Ltd., received gift from her employer on the occasion of Diwali worth ₹ 21,000.
- (a) (i)
 - (b) (ii)
 - (c) (iii)
 - (d) Both (i) and (ii)

Question 4

RTP May'19

M.H. Husain, a famous painter, Delhi, sends his latest art work to Indian Classic gallery, Delhi, for exhibition. However, no consideration has flown from Indian Classic gallery to M. H. Husain when the art work is sent to the gallery for exhibition. M. H. Husain is in dilemma whether GST is payable on said transfer of art work. What would be your advice on the same?

- (a) GST is payable as the same amounts to taxable supply of goods.
- (b) GST is payable as the same amounts to taxable supply of services.
- (c) GST is not payable as the same is an exempt supply.
- (d) GST is not payable as the same does not amount to supply at all.



Question 5

RTP Nov'19

ABC Ltd. is a registered pharmaceutical company. The company invented one drug for instant cure of cancer. They supplied free samples of this medicine to various doctors. What will be the tax treatment of these free samples under GST?

- (a) ABC Ltd. is liable to pay tax on supply of free samples and eligible to claim input tax credit.
 (b) ABC Ltd. is not liable to pay tax on supply of free samples but eligible to claim input tax credit.
 (c) ABC Ltd. is neither liable to pay tax on supply of free samples nor eligible to claim input tax credit.
 (d) ABC Ltd. is liable to pay tax on supply of free samples but not eligible to claim input tax credit.

Question 6

RTP May'21

Which of the following is not covered under Schedule III of CGST Act, 2017?

- (a) Director's monthly salary under employment agreement
 (b) Sitting fees to independent directors for attending AGMs
 (c) Payment to employee for providing broking services to the employer for purchase of commercial property. Such services do not form part of the employment contract entered into by the employer with the employee.
 (d) Both (b) and (c).

Question 7

RTP May'20

Mr. Arun, a registered supplier, is engaged in selling sweets. The sweets are sold in boxes and the cost of each sweet box is ₹ 500/-. In order to increase his turnover, he purchased certain juice cans @ ₹ 20/- each and added juice can with every sweet box as a gift. A sweet box along with free juice can is sold at ₹500/- each.

Which of the statements is correct?

- (a) He is liable to pay tax on ₹520/- and eligible to claim input tax credit on purchase of juice cans
 (b) He is liable to pay tax on ₹500/- and not eligible to claim input tax credit on purchase of juice cans
 (c) He is liable to pay tax on ₹500/- and also eligible to claim input tax credit on purchase of juice cans
 (d) Either (a) or (b)

Question 8

RTP May'20

Which is not considered as supply under GST Law?

- i. Date of completion certificate - 31/01/20XX
 ii. Date of agreement with buyer - 01/02/20XX
 iii. Consideration received - 05/02/20XX

- (a) Stock transferred from one establishment in Delhi to another establishment in Gurgaon, Haryana registered under same PAN.
 (b) CA Ram supplies accounting services to CA Radha in lieu of taxation services received from CA Radha.
 (c) A Health club supplies lunch to its members at its annual meeting against a nominal charge.
 (d) Mr. A sells a flat to Mr. B



Question 9

RTP May'20

Which of the following activity shall be treated neither as a supply of goods nor a supply of services?

- (i) Permanent transfer of business assets where input tax credit has been availed on such assets
 - (ii) temporary transfer of intellectual property right
 - (iii) transportation of deceased
 - (iv) services by an employee to the employer in the course of employment
- (a) (i) & (iii)
 (b) (ii) & (iv)
 (c) (i) & (ii)
 (d) (iii) & (iv)

Question 10

RTP May'21

Sahil, a resident of Delhi, is having a residential property in Vasant Vihar, Delhi which has been given on rent to a family for ₹ 50 lakh per annum. Determine whether Sahil is liable to pay GST on such rent.

- (a) Yes, as services by way of renting is taxable supply under GST.
- (b) No, service by way of renting of residential property is exempt.
- (c) No, service by way of renting of residential property does not constitute supply.
- (d) Sahil, being individual, is not liable to pay GST.

Question 11

RTP Nov'21

Determine which of the following independent cases will be deemed as supply even if made without consideration in terms of Schedule I of the CGST Act, 2017?

- (i) AB & Associates transfers stock of goods from its Mumbai branch to Kolkata depot for sale of such goods at the depot.
 - (ii) Mr. Raghuvver, a dealer of air-conditioners permanently transfers the motor vehicle free of cost. ITC on said motor vehicle is blocked.
 - (iii) Mrs. Riddhi, an employee of Sun Ltd., received gift from her employer on the occasion of Diwali worth ₹ 21,000.
- (a) (i)
 (b) (ii)
 (c) (iii)
 (d) Both (i) and (ii)

Question 12

ICAI BoS

Jolly Electronics (P) Ltd., an authorized dealer of GG Micro Ltd., is located and registered under GST in Lucknow, Uttar Pradesh. It has sold following items to Mr. Rakesh (a consumer):

- Product: Refrigerator (500 litres) taxable @ 18% = Rs.40,000
- Product: Stabilizer for refrigerator taxable @ 12%= Rs. 5,000
- Product: LED television (42 inches) taxable @ 12% = Rs.30,000
- Product: Split air conditioner (2 Tons) taxable @ 28% = Rs.35,000
- Product: Stabilizer for air conditioner taxable @12%. =Rs. 5,000
- Total value= Rs.1,15,000



Jolly Electronics (P) Ltd. has given a single invoice indicating price of each item separately to Mr. Rakesh. Mr. Rakesh has given a single cheque of Rs. 1,00,000 for all the items as a composite discounted price. State the type of supply and the tax rate applicable on the same.

- (a) Composite supply; highest tax rate applicable to split air conditioner, i.e. 28%
 (b) Mixed supply; highest tax rate applicable to split air conditioner, i.e. 28%
 (c) Supply other than composite and mixed supply; highest tax rate applicable to split air conditioner, i.e., 28%
 (d) Supply other than composite and mixed supply; respective tax rate applicable to each item

Question 13

ICAI BoS

Which of the following is/are not considered as a supply under the CGST Act, 2017?

- (a) Importation of architectural services for Rs. 1,00,000 for construction of residential property used for personal purposes from unrelated person.
 (b) Importation of architectural services free of cost for construction of office used for business purposes from related person.
 (c) Importation of architectural services free of cost for construction of office used for business purposes from unrelated person.
 (d) Both (a) and (c)

Question 14

ICAI BoS

Palliwal Associates, a firm of Chartered Accountants registered under GST, located in Jaipur, Rajasthan is providing professional consultancy services to its various clients.

It has taken consultancy services for its Jaipur business from another establishment of its firm located in UK. However, no consideration was charged for the same.

Such services would have been taxable @ 18% (CGST @ 9%, SGST @ 9% and IGST @ 18%), had the same been received from a local firm. Further, Palliwal Associates would have paid Rs. 4.00 lakh, had it not received the said services from its UK establishment.

Determine the GST liability of Palliwal Associates.

- (a) IGST - Rs. 72,000
 (b) CGST - Rs. 36,000 & SGST - Rs. 36,000, since place of supply is in India
 (c) Nil, since no foreign exchange was paid.
 (d) Nil, since such services are exempt.

Question 15

ICAI BoS

Which of the following is not a supply under the CGST Act, 2017?

- (a) Goods supplied free of cost by X & Sons to its agent for further supply to customer at Rs. 5,000 for which invoice will be issued by the agent in his own name.
 (b) Importation of accounting services (for business purposes) free of cost from a dependent father residing in US.
 (c) An expensive watch gifted to an employee for Rs. 50,000. No other gifts provided to such employee during the entire financial year.
 (d) A machinery disposed of free of cost on which input tax credit has been availed.



Question 16

CS Exec.

Which of the following cases constitute as Composite Supply?

- (i) A Five-star hotel provides four days and three-night package, with breakfast.
 - (ii) Combo packs of Tie, watch, wallet, pen bundled as a kit and supplied for a single price.
 - (iii) Repair Service of Computer along with requisite parts.
 - (iv) Supply of lectures at coaching centre with an excursion trip.
- (a) (i), (ii) and (iv)
 (b) (i) and (iii)
 (c) (i), (iii) and (iv)
 (d) (ii), (iii) and (iv)

Question 17

CS Exec.

Where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, the usage or making available of such goods is

- (a) Supply of goods
- (b) neither as a supply of goods nor a supply of services.
- (c) Supply of services
- (d) either as a supply of goods or as a supply of services.

Question 18

CMA Inter.

_____ specifies the activities to be treated as supply even if made without consideration.

- (A) Schedule I of CGST Act
- (B) Schedule II of CGST Act
- (C) Schedule III of CGST Act
- (D) All of the above

Question 19

CMA Inter.

Which of the following supplies are naturally bundled?

- (A) Rent deed executed for renting of two different floors of a building one for residential and another for commercial purpose to same person
- (B) Pack of watch, tie and belt
- (C) Package of canned food such as burger, chocolates, sweets, cake etc
- (D) None of the above

Question 20

CMA Inter.

Which of the following activities is a supply of services?

- (A) Transfer of right in goods/undivided share in goods without transfer of title in goods.
- (B) Transfer of title in goods
- (C) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date
- (D) All of the above



Answers

1	2	3	4	5	6	7	8	9	10
d	c	a	d	c	d	b	d	d	b
11	12	13	14	15	16	17	18	19	20
d	b	d	a	c	b	d	a	b	a

CA VIVEK GABA



Chapter 3: Charge of GST

Descriptive Questions

Easy

Question 1

MTP Oct'21

A person availing composition scheme, under sub-sections (1) & (2) of section 10, in Haryana during a financial year crosses the turnover of ₹ 1.5 crore in the month of December. Will he be allowed to pay tax under composition scheme for the remainder of the year, i.e. till 31st March? Please advise.

4 Marks

Answer:

No. The option to pay tax under composition scheme lapses from the day on which the aggregate turnover of the person availing composition scheme for goods during the financial year exceeds the specified limit (₹ 1.5 crore). Once he crosses the threshold, he is required to file an intimation for withdrawal from the scheme in prescribed form within 7 days of the occurrence of such event.

Every person who has furnished such an intimation, may electronically furnish at the common portal, a statement in prescribed form containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date on which the option is withdrawn, within a period of 30 days from the date from which the option is withdrawn.

Question 2

MTP Nov'21

Subramanian Enterprises has two registered places of business in Delhi. Its aggregate turnover for the preceding year for both the places of business was ₹ 120 lakh. It wishes to pay tax under composition levy, under section 10(1) & 10(2), for one of the places of business in the current year while under normal levy for other. You are required to advise Subramanian Enterprises whether he can do so?

4 Marks

Answer

GST is a simplified tax structure. The statement is justified. Simpler tax regime with fewer exemptions along with reduction in multiplicity of taxes under GST has led to simplification and uniformity in tax structure.

The uniformity in laws, procedures and tax rates across the country makes doing business easier. Common system of classification of goods and services across the country ensures certainty in tax administration across India.

Question 3

PYQ July'21

P Ltd, a registered person provided following information for the month of October, 2023:

Particulars	Amount (₹)
	VG Sir

Charge of GST



Intra-State outward supply	8,00,000
Inter-State exempt outward supply	4,00,000
Turnover of exported goods	20,00,000
Payment of IGST	1,20,000
Payment of CGST and SGST	45,000 each
Payment of custom duty on export	40,000
Payment made for availing GTA services	3,00,000

GST is payable on Reverse Charge for GTA services. Explain the meaning of aggregate turnover u/s 2(6) of the CGST Act and compute the aggregate turnover of P Ltd. for the month of October, 2020. All amounts are exclusive of GST. **5 Marks**

Answer

The term aggregate turnover means the aggregate value of:

- all taxable supplies
- exempt supplies,
- exports of goods or services or both and
- inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excluding
 - central tax, State tax, Union territory tax, integrated tax and cases.
 - the value of inward supplies on which tax is payable by a person on reverse charge basis

Computation of aggregate turnover of P Ltd. for the month of October, 2023

Particulars	Amount (₹)
In terms of the definition of the aggregate turnover given above, the aggregate turnover of P Ltd. has been computed as follows:	
Intra-State outward supply	8,00,000
Inter-State exempt outward supply	4,00,000
Turnover of exported goods	20,00,000
Payment of IGST	Nil
Payment of CGST and SGST	Nil
Payment of customs duty on export	40,000
Payment made under reverse charge for availing GTA services	Nil
Aggregate turnover	32,40,000

Question 4

PYQ Jan'21

Mr. Anurag, a famous Author is engaged in supply of services by the way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher. Explain in brief the conditions under which an Author can choose to pay tax under forward charge. **5 Marks**

Answer

Mr. Anurag, an author, can choose to pay tax under forward charge provided he fulfills the following conditions: -

- He has taken registration under the GST law.



2. He has filed a declaration, in the prescribed form, that he exercises the option to pay tax on the said service under forward charge and, to comply with all the provisions of the GST law as they apply to a person liable for paying the tax in relation to the supply of any goods and/or services and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option.
3. He makes a declaration on the invoice issued by him in prescribed form to the publisher.

Question 5

PYQ May'19, MTP Sept' 24

Enumerate the persons who are not eligible to opt for Composition Scheme under section 10(2) of the CGST Act, 2017.

5 Marks

Answer:

A registered person shall not be eligible to opt for composition scheme if: - he is engaged in supply of services other than supplies referred to in clause (b) of paragraph 6 of Schedule II

- (i) he is engaged in supply of goods or services not leviable to tax
- (ii) he is engaged in inter-State outward supplies of goods or services
- (iii) he is engaged in supply of goods or services through an electronic commerce operator
- (iv) he is a manufacturer of notified goods, namely, manufacturer of ice cream, pan masala and tobacco.
- (v) He is a casual taxable person or a non-resident taxable person

Question 6

PYQ May'18

List the inclusions and exclusions for computing the "Aggregate Turnover" under CGST Act, 2017.

5 Marks

Answer:

Aggregate turnover includes the aggregate value of all:

- (i) taxable supplies,
- (ii) exempt supplies,
- (iii) exports of goods and/or services and
- (iv) inter-State supplies of persons having the same PAN., to be computed on all India basis

Aggregate turnover excludes: -

- (i) value of inward supplies on which tax is payable by a person on reverse charge basis,
- (ii) central tax, State tax, Union territory tax, integrated tax and
- (iii) cases

Question 7

PYQ Nov'22

Answer the following, after reading the below given paragraph:

- (i) Briefly discuss the relevant provision
- (ii) decide the correct conclusion and
- (iii) determine the validity of the given advice (Correct/Incorrect)

Raju is engaged in the manufacture of 'Fly ash Bricks' in the State of Kerala. He



started his activity in the month of April 2022 and deals only in intra-State. His tax consultant advised him to register under composition levy under GST as Raju's turnover is expected to be below ₹ 1 crore for the said financial year.

2 Marks

Answer:

A registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore in a State/UT may opt for composition scheme subject to fulfilment of specified conditions. One of these conditions is that he must not be engaged in the manufacture of notified goods including fly ash bricks.

Therefore, in the given case, since Raju is engaged in manufacture of fly ash bricks, he cannot opt for composition levy even though his aggregate turnover in the preceding financial year is nil. Thus, the advice given by his tax consultant is not correct.

Question 8

PYQ Nov'19

Explain in brief the conditions to be fulfilled by a registered person under GST law for availing the option to pay concessional tax @ 3% (effective rate 6%) under GST as per the provisions of notification number 2/2019 CT(R) dated 7-3-2019 as amended, with effect from 1st April, 2019.

5 Marks

Answer:

The registered person desirous of availing the option to pay concessional tax @ 3% (effective rate 6%) under Notification No. 2/2019 CT (R) dated 7-3-2019 should -

- (i) Not be engaged in making any supply which is not leviable to tax.
- (ii) Not be engaged in making any inter-state outward supply of goods and/or services.
- (iii) Neither be a casual taxable person nor a non-resident taxable person.
- (iv) Not be engaged in making any supply through an electronic commerce operator who is required to collect tax at source.
- (v) Not be engaged in making supplies of notified goods.
- (vi) Neither collect any tax from the recipient nor be entitled to any input tax credit.
- (vii) Issue a bill of supply instead of tax invoice.
- (viii) Not have the aggregate turnover in the preceding financial year exceeding ₹50 lakh
- (ix) Not be eligible for composition scheme.

Note: any five conditions may be mentioned out of the above mentioned nine conditions.

Moderate

Question 1

MTP April'19

Mr. Guneet is running a consulting firm and also a readymade garment showroom in Kolkata registered in same PAN. Turnover of the showroom is Rs. 70 lakh and receipt of consultancy firm is Rs. 15 lakhs in the preceding financial year. You are required to answer the following:

1. Is Mr. Guneet eligible for composition scheme?

