

Service of brochure distribution provided under a training programme. [Services provided to the Government under any training programme for which 75% or more of the total expenditure is borne by the Government is exempt. Since in the given case, 70% of the total expenditure is borne by the Government, it is taxable.]	Taxable
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**Question 6**

RTP Nov'20

Multiservice Private Ltd., registered in Punjab, is engaged in supplying a variety of services. Its turnover was ₹ 35 lakh in the preceding financial year. It has provided the following information for the month of April:

Particulars	Amount (₹)
Fee for the coaching provided to students for competitive exams. The coaching center is run by Multiservice Private Ltd. in Punjab (Intra-State transaction)	6,24,000
Receipts for services provided in relation to conduct of examination in Pure its University, Delhi (providing education recognized by Indian law), being an inter-State transaction	19,200
Amount received for transportation of students and faculty from their residence to Lotus Public School - a higher secondary school - and back (Intra-State transaction)	24,000
Amount received for providing the security and housekeeping services in Dhaani Public School - a pre-school (Intra-State transaction)	36,000

Note: Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively. All the amounts given above are exclusive of taxes. Compute the total GST liability of Multiservice Private Ltd. for the month of April.

Answer

Computation of net GST liability of Multiservice Private Ltd. for the month of April:

Particulars	Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Fee for the coaching provided to students for competitive exams [Note-1]	6,24,000	56,160	56,160	
Services towards conduct of examination in Pure its University, Delhi [Note-2]	19,200			-
Services of transportation of students and faculty from their residence to Lotus Public School and back [Note-3]	24,000			-
Security and housekeeping services in Dhaani Public School [Note-4]	36,000	-	-	
<b>Total GST liability</b>		<b>56,160</b>	<b>56,160</b>	



**Notes: -**

1. Coaching center run by Multiservice Private Ltd. is not an educational institution since competitive exam coaching does not lead to grant of a qualification recognized by law. Therefore, fee received for coaching provided at such coaching center is taxable.
2. Since Pure its university provides qualification recognized by law, it is an educational institution and services provided to an educational institution, in relation to conduct of examination by such institution are exempt from GST.
3. Since Lotus Public School provides education up to higher secondary school, it is an educational institution and services of transportation of students, faculty and staff provided to an educational institution are exempt.
4. Since Dhaani Public School provides pre-school education, it is an educational institution. Security and housekeeping services provided within the premises of an educational institution are exempt.

**Question 7**

RTP May '23

Determine whether GST is payable in each of the following independent transactions:

- i. Dhruv Developers sold a plot of land in Greater Noida after levelling, laying down of drainage lines, water lines and electricity lines.
- ii. Deccan Shipping Pvt. Ltd., registered under GST in Andaman and Nicobar Islands, provided the passenger transportation services to the local residents in the ferries owned by it from Neil Island to Havelock Island.

**Answer**

- i. GST is not payable by Dhruv Developers on sale of plot of land. Circular No. 177/09/2022 GST dated 03.08.2022 clarifies applicability of GST on sale of land after levelling, laying down of drainage lines etc. As per Para 5 of Schedule III of the CGST Act, 2017, 'sale of land' is neither a supply of goods nor a supply of services. Therefore, the sale of land does not attract GST. Land may be sold either as it is or after some development such as levelling, laying down of drainage lines, water lines, electricity lines, etc. It is clarified that sale of such developed land is also sale of land and is covered by Para 5 of Schedule III and accordingly, does not attract GST.
- ii. Transportation of passenger services provided by the private operator - Deccan Shipping Pvt. Ltd. - are exempt from GST. Circular No. 177/09/2022 GST dated 03.08.2022 clarifies the applicability of GST on private ferry tickets. Transportation of passengers by public transport, other than predominantly for tourism purpose, in a vessel between places located in India is exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017. It is clarified that this exemption would apply to tickets purchased for transportation from one point to another irrespective of whether the ferry is owned or operated by a private sector enterprise or by a PSU/Government.

It is further clarified that, the expression 'public transport' used in the said exemption notification only means that the transport should be open to public. It can be privately or publicly



owned. Only exclusion is on transportation which is predominantly for tourism, such as services which may combine with transportation, sightseeing, food and beverages, music, accommodation such as in shikara, cruise etc.

**Question 8**

PYP Nov 23

Miss Nitya, proprietor of M/s. Honest Enterprise, a registered supplier of taxable goods and services in the state of West Bengal, pays GST under regular scheme. It is not eligible for any threshold exemption. It provided the following information for the month of December 2022:

S.No.		
	<b>OUTWARD SUPPLY:</b>	
i.	Intra-state supply of goods to M/s. Natural & Sons	7,00,000
ii.	Intra-state transfer of goods to its branch office in the state of West Bengal. Both places are under the same GSTIN.	1,00,000
iii.	Provided inter-state supply of sponsorship services to XYZ Ltd of Chennai	80,000
iv.	Advance received for future supply of management consultancy service to Mr. Sharad (Intra-state supply)	40,000
	<b>INWARD SUPPLY: (Intra-state)</b>	
i.	Purchase of taxable goods from registered suppliers	8,00,000
ii.	Availed Works Contract service for repair of office building. Amount of repair was debited in the profit & loss account.	30,000
iii.	Availed legal service form an advocate to represent the matter in the Court relating to collection of disputed proceed from customers.	50,000

Notes:

(i) Rate of CGST, SGST and IGST on all supplies are as below:

Particulars	CGST	SGST	IGST
Goods	2.5%	2.5%	5%
Supply of services	9%	9%	18%

(ii) Both inward and outward supplies given above are exclusive of taxes.

(iii) All the conditions necessary for availing the ITC have been fulfilled.

(iv) Working note should form part of the answer.

Compute the net minimum GST payable in cash by M/s. Honest Enterprise for the month of December 2022.

**8 Marks**

Answer

Computation of minimum net GST payable in cash by M/s Honest Enterprise for the month of December 2022

Particular	Value	CGST	SGST	IGST
<b>GST payable under forward charge</b>				



Intra-State supply of goods to M/s Natural & Sons	7,00,000	17,500 [7,00,000 × 2.5%]	17,500 [7,00,000 × 2.5%]	
Intra-State branch transfer [Such transfer is not a supply as the branch has the same GSTIN as that of the head office and thus, is not a distinct person.]	1,00,000	--	--	
Inter-State supply of sponsorship service to XYZ Ltd. of Chennai [Since sponsorship service is provided to a body corporate, tax on the same is payable by recipient - XYZ Ltd. - under reverse charge.]	80,000			-
Advance received for future intra-State supply of management consultancy service (In case of supply of service, tax is payable at the time of receipt of advance amount too)	40,000	3,600 [40,000 × 9%]	3,600 [40,000 × 9%]	
<b>Total output tax</b>		<b>21,100</b>	<b>21,100</b>	
Less: ITC utilized		27,200	27,200	
Net GST payable [A]		Nil	Nil	
Legal services availed <sup>2</sup> [B] [Tax on legal services availed by a business entity from an advocate is payable under reverse charge. Further, tax payable under reverse charge cannot be set off against ITC and thus, reverse charge has to be paid in cash since the tax payable under reverse charge is not an output tax.]	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]	
<b>Minimum net GST payable in cash [A] + [B]</b>		<b>4,500</b>	<b>4,500</b>	

**Working Note:****Computation of ITC available**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State purchase of taxable goods	8,00,000	20,000 [8,00,000 × 2.5%]	20,000 [8,00,000 × 2.5%]	
[ITC of goods used in the course/ Furtherance of business is available.]				



Works contract service for repair of office	30,000	2,700 [30,000 × 9%]	2,700 [30,000 × 9%]	
[ITC is available since the repair amount is debited in the profit & loss account and not capitalized in the books of account.]				
Legal services availed	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]	
[ITC of services used in the course/ furtherance of business is available]				
Total		27,200	27,200	

CA VIVEK GABA



## Multiple Choice Questions

**Question 1** **MTP April'21, Oct'19, Sep'23**

An exempt supply includes-

- i. Supply of goods or services or both which attracts Nil rate of tax
  - ii. Non-taxable supply
  - iii. Supply of goods or services or both which are wholly exempt from tax under section 11 of the CGST Act or under section 6 of IGST Act
- a) (i)  
b) (i) and (ii)  
c) (ii) and (iii)  
d) (i), (ii) and (iii)

  
  
  

**Question 2** **MTP Oct '20**

Which of the following services are exempt under GST?

- (i) testing of agricultural produce
  - (ii) supply of farm labour
  - (iii) warehousing of agricultural produce
- (a) (i)  
(b) (i) and (ii)  
(c) (ii) and (iii)  
(d) (i), (ii) and (iii)

  
  
  

**Question 3** **MTP Oct' 19**

Which of the following services is exempt under health care services provided by clinical establishments?

- a) Chemist shop in the hospital selling medicines to public at large
- b) Food supplied from an outsourced canteen to in-patients as per diet prescribed by the hospital dietitian
- c) Advertisement services provided by the hospital to a pharmaceutical company for their asthma pump by displaying it prominently in the hospital building
- d) All of the above

  
  
  

**Question 4** **MTP April' 19**

Services by way of warehousing of is exempt from GST.

- i. processed tea
  - ii. jaggery
  - iii. processed coffee
  - iv. rice
- a) (i) & (ii)  
b) (iii)  
c) (iv)  
d) all of the above

  
  
  



**Question 5**

MTP April'19

Which of the following services are exempt from GST?

- a) Services by an artist by way of a performance in folk or classical art forms of painting/sculpture making etc. with consideration therefor not exceeding Rs. 1.5 lakh.
- b) Services by an artist by way of a performance in modern art forms of music/ dance/ theatre with consideration therefor not exceeding Rs. 1.5 lakh.
- c) Services by an artist by way of a performance in folk or classical art forms of music/ dance/theatre with consideration therefor exceeding Rs. 1.5 lakh.
- d) Services by an artist by way of a performance in folk or classical art forms of music/ dance / theatre with consideration therefor not exceeding Rs. 1.5 lakh.

  
  
  

**Question 6**

MTP March'19

Services by way of admission to are exempt from GST.

- a) Museum
- b) National Park
- c) Tiger reserve
- d) All of the above

  
  
  

**Question 7**

MTP March'19

Transport of by rail are exempt from GST:

- a) Milk
- b) Salt
- c) Défense equipment's
- d) All of the above

  
  
  

**Question 8**

RTP May'19

Which of the following services is exempt from GST?

- a) Bollywood dance performance by a film actor in a film and consideration charged is ₹ 1,45,000.
- b) Carnatic music performance by a classical singer to promote a brand of readymade garments and consideration charged is ₹ 1,30,000.
- c) Carnatic music performance by a classical singer in a music concert and consideration charged is ₹ 1,55,000.
- d) Kathak dance performance by a classical dancer in a cultural programme and consideration charged is ₹ 1,45,000.

  
  
  

**Question 9**

RTP Nov'19

Kala Niketan School is an educational institution providing pre-school education and education up to higher secondary school. Which of the following services are exempt if provided to Kala Niketan School?

- (i) Transportation of students, faculty and staff
  - (ii) Catering services
  - (iii) Cleaning services performed in such educational institution
- a) (i)
  - b) (i) and (iii)
  - c) (ii) and (iii)
  - d) (i), (ii) and (iii)

  
  
  



**Question 10**

RTP Nov'19

Which of the following service is not exempt under GST?

- a) Loading and unloading of paddy
- b) Loading and unloading of sugarcane
- c) Loading and unloading of tea bags
- d) Loading and unloading of potato.

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

**Question 11**

CS Execu.

Mr. Happy Singh is a resident of Chandigarh. The marriage of his daughter, Khushi Kaur, has been finalized with Mr. Lovely Singh, a NRI settled in Canada. The marriage is scheduled on 14th February in Chandigarh. Mr. Happy Singh wants to send 5,000 marriage invitation cards to all his relatives and friends, in India, to attend the marriage. He has to send the invitation by speed post.

He is not sure about the taxability of speed post services under GST regime. He seeks your help in determining the applicability of GST on speed post. Choose the correct option.

- (a) GST payable
- (b) Non-taxable
- (c) Exempt
- (d) Outside the purview of GST

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

**Question 12**

CS Execu.

Dev Bhoomi Rice (P) Ltd., a registered person under GST, is providing services of processing of milling of paddy into rice, loading, unloading, packing, storage and warehousing of rice in the State of Chhattisgarh. The company has made following supplies during the tax period of April to September:

- (i) Loading and unloading of rice: Rs. 50,00,000.
- (ii) Packing and warehousing of rice: Rs. 30,00,000.
- (iii) Processing services of milling of paddy into rice: Rs. 1,00,00,000.

Determine the amount of GST payable on the above supplies assuming that the applicable rate of tax is 5% and amounts given herein are exclusive of GST.

- (a) Rs. 32,40,000
- (b) Rs. 9,00,000
- (c) Rs. 5,00,000
- (d) Nil

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>



**Question 13**

CS Execu.

Diksha Public School (DPS) situated in Bilaspur in the State of Chhattisgarh has planned to celebrate its sports day in Bilaspur Stadium located at a distance of 20 km from the school precincts on 15<sup>th</sup> April. DPS has invited quotes from various suppliers for arranging tent, security and catering for students and teachers. The price has to be quoted including all applicable taxes. Raman & Co., a supplier providing the services required above, is not sure of the GST impact on the above transactions.

It seeks your help to determine whether GST is applicable on all the above services or not, so that it can quote the competitive price accordingly.

- (a) Tent, security and catering services: All taxable  
 (b) Tent, security and catering services: All exempt  
 (c) Tent and security services: Taxable; Catering services: exempt  
 (d) Tent: Taxable; Security and catering services: exempt


**Answers**

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



## Chapter 6: Time of Supply

### Descriptive Questions

Easy

#### Question 1

PYQ May'18

Mansh & Vansh Trading Company, a registered supplier, is liable to pay GST under forward charge.

It has furnished the following information:

- (i) Goods were supplied on 3<sup>rd</sup> October
- (ii) Invoice was issued on 5<sup>th</sup> October
- (iii) Payment received on 9<sup>th</sup> October

Determine the time of supply of goods for the purpose of payment of tax.

4 Marks

Answer:

As per Notification No. 66/2017 CT dated 15.11.2017, a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.

Further, a registered person is required to issue a tax invoice before or at the time of removal of goods for supply to the recipient. Thus, in the given case, the invoice for supply of goods should have been issued on or before the removal of goods i.e., on 3<sup>rd</sup> October.

However, since the invoice has not been issued within the prescribed time, the time of supply for the purpose of payment of tax will be the last date on which the invoice is required to be issued i.e., 3<sup>rd</sup> October.

#### Question 2

MTP Oct'20

Modern Security Co. provides service of testing of electronic devices. In one case, it tested a batch of devices on 4th and 5th September but could not raise invoice till 19th November because of some dispute about the condition of the devices on return. The payment was made in December.

What is the method to fix the time of supply of the service?

4 Marks

Answer

The time of supply of services, if the invoice is not issued in time, is the date of payment or the date of provision of service, whichever is earlier [Section 13(2)(b)]. In this case, the service is provided on 5th September but not invoiced within the prescribed time limit. Therefore, 5th September, the date of provision of service, being earlier than the date of payment, will be the time of supply.



**Question 3**

Food meal coupons are sold to a company on 9th August for being distributed to the employees of the said company. The coupons are valid for six months and can be used against purchase of food items. The employees use them in various stores for purchases of various edible items on different dates throughout the six months. What is the date of supply of the coupons? **4 Marks**

**Answer:**

Section 12(4) of CGST Act, 2017 provides that in case of supply of vouchers by a supplier, the time of supply shall be the date of issue of invoice, if the supply is identifiable at that point; or the date of redemption of vouchers, in all other cases.

As the coupons can be used for a variety of food items, which are taxed at different rates, the supply cannot be identified at the time of purchase of the coupons. Therefore, the time of supply of the coupons is the date of their redemption in terms of section 12(4) of CGST Act.

**Question 4**

M/s Shubhank Associates, a partnership firm, provided recovery agent services to Neelkanth Credits Ltd., a non-banking financial company and a registered supplier, on 15 th January. Invoice for the same was issued on 7th February and the payment was made on 18th April by Neelkanth Credits Ltd. Bank account of the company was debited on 20th April.

Determine the following:

(i) Person liable to pay GST

(ii) Time of supply of service

**4 Marks**

**Answer:**

(i) Tax on services supplied by a recovery agent to, inter alia, a non-banking financial company (NBFC) is payable under reverse charge by such non-banking financial company. Therefore, in the given case, person liable to pay GST is the NBFC - Neelkanth Credits Ltd.

(ii) As per section 13(3) of the CGST Act, the time of supply of service on which GST is payable under reverse charge is earlier of the following: -

- Date of payment as entered in the books of account of the recipient (18 th April) or the date on which the payment is debited in his bank account (20 th April), whichever is earlier;
- Date immediately following 60 days since issue of invoice by the supplier, i.e. 9 th April. Thus, time of supply of service is 9th April.

**Question 5**

Explain the meaning of the term "date of receipt of payment" as per section 13 of the CGST Act, 2017.

**Answer:**

"Date of receipt of payment" in terms of section 13 of CGST Act, 2017 refers to the

- date on which the payment is recorded in the books of account of the entity (supplier of service) that receives the payment, or
- the date on which the payment is credited to the entity's bank account, whichever is earlier

