

4. Being a dealer of cars, "Hans Premium" has purchased the cars for further supply. Therefore, ITC on such cars is allowed even though seating capacity is less than 13.
5. Section 17(5) of the CGST Act, 2017 inter alia, blocks input tax credit in respect of outdoor catering services. However, ITC is available on such services, when the same are provided by an employer to its employees under a statutory obligation.
6. Thus, in view of the above- mentioned provisions, Sun & Moon packers Pvt. Ltd. can avail ITC in respect of outdoor catering services availed by it as the same is being provided under a statutory obligation.

Question 8

RTP Nov '20

- a) Babli & Bros. is exclusively engaged in making exempt supply of goods and is thus, not registered under GST. On 1st October, the exemption available on its goods gets withdrawn. On that day, the turnover of Babla & Bros. was ₹ 50 lakh. Examine the eligibility of Babla & Bros. for availing ITC, if any.
- b) Mamta Sales trades in exempt goods and provides taxable services. It is registered under GST. On 1st October, the exemption available on its goods gets withdrawn. Analyze the scenario and determine the eligibility of Mamta Sales for availing ITC, if any, on inputs and/or capital goods used in the supply of exempt goods.

Answer:

(a) Since the exemption available on goods being supplied by Babla & Bros. is withdrawn, it becomes liable to registration as its turnover has crossed the threshold limit (for registration) on the day when the exemption is withdrawn.

Assuming that Babla & Bros. applies for registration within 30 days of 1st October and it obtains such registration, it will be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which it becomes liable to pay tax, i.e. 30th September [Section 18(1)(a) of the CGST Act, 2017]. Input tax paid on capital goods will not be available as input tax credit in this case.

(b) If the exempt supply made by a registered person becomes a taxable supply, provisions of section 18(1)(d) of the CGST Act, 2017 become applicable. In the given case, since Mamta Sales is a registered person, section 18(1)(d) will be applicable.

As per section 18(1)(d), Mamta Sales will be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock relating to such exempt supply and on capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable, i.e. 30th September. Input tax credit on capital goods will be reduced by 5% per quarter or part thereof from the date of invoice.

Question 9

RTP Nov '18

M/s. Shri Durga Corporation Pvt. Ltd. is a supplier of goods and services at Kolkata. It has furnished the following information for the month of February, 20XX:

	Particulars	Amount (₹)
(i)	Intra-State sale of taxable goods including ₹ 1,00,000 received as advance in January, 20XX, the invoice for the entire sale value is issued on 15th February, 20XX	4,00,000



(ii)	Goods purchased from unregistered dealer on 20th February, 20XX (Inter-State purchases are worth ₹ 30,000 and balance purchases are intra-State)	1,00,000
(iii)	Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (It is an intra-State transaction)	1,00,000
(iv)	Goods transport services received from a GTA. GTA is paying tax @12% (It is an inter-State transaction)	2,00,000

Compute net GST liability (CGST, SGST or IGST, as the case may be) of M/s Shri Durga Corporation Pvt. Ltd. for the month of February, 20XX. Assume the rates of GST, unless otherwise specified, as under:

CGST 9%

SGST 9%

IGST 18%

Notes:

- The turnover of M/s. Shri Durga Corporation Pvt. Ltd. was ₹ 2.5 crore in the previous financial year.
- All the amounts given above are exclusive of taxes.

Answer:

Computation of GST liability of M/s. Shri Durga Corporation Pvt. Ltd. for the month of February, 20XX

Particulars	Value of Supply	CGST (₹)	SGST (₹)	IGST (₹)
Intra -State sale of taxable goods [Note-1]	4,00,000	36,000	36,000	
Goods purchased from unregistered dealer on 20th February, 20XX [Note-2]	Nil	Nil	Nil	
Services rendered by way of labor contracts for repairing a single residential unit otherwise than as a part of residential complex [Note-3]	1,00,000	9,000	9,000	
Goods transport services received from GTA [Note- 4]	2,00,000			Nil
Total GST liability for the month of February, 20XX		45,000	45,000	Nil
Less: Input tax credit available [Note-5] (₹ 2,00,000 × 12%)		24,000		
Net GST liability for the month of February, 20XX		21,000	45,000	Nil

Notes:

- Section 12 of CGST Act, 2017 read with Notification No. 66/2017 CT dated 15.11.2017 provides that the time of supply for all suppliers of goods (excluding composition suppliers) is the time of issue of invoice, without any turnover limit. Thus, liability to pay tax on the advance received in January, 20XX will also arise in the month of February, when the invoice for the supply is issued.
- All intra-State and inter-State procurements made by a registered person from unregistered person have been exempted from reverse charge liability, without any upper limit for daily procurements upto 30.06.2018*1. [Notification No. 8/2017 CT (R) dated 28.06.2017 as amended and Notification No. 32/2017 IT(R) dated 13.10.2017 as amended]
- Services by way of pure labor contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017. Labor contracts for repairing are thus, taxable.



4. As per Notification No. 13/2017 CT(R) dated 28.06.2017, GST is payable by the recipient on reverse charge basis on the receipt of services of transportation of goods by road from a goods transport agency (GTA) provided such GTA has not paid GST @ 12%. Since in the given case, services have been received from a GTA who has paid GST @ 12%, reverse charge provisions will not be applicable.
5. Input tax credit is available for the services received from GTA. The input tax credit of IGST can be used against IGST, CGST and SGST in the respective order vide section 49(5) of CGST Act, 2017

Question 10

RTP May '18

Tirupati Traders, a registered supplier of goods, pays GST [CGST & SGST or IGST, as the case may be] under regular scheme. It has furnished the following particulars for a tax period: -

Particulars	₹
Value of intra-State supply of goods	12,000
Value of intra-State purchase of goods	10,000

Note:

1. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
2. Both inward and outward supplies are exclusive of taxes, wherever applicable.
3. All the conditions necessary for availing the input tax credit have been fulfilled.
4. Compute the net GST payable by Tirupati Traders during the given tax period assuming that there is no opening balance of input tax credit (ITC). Make suitable assumptions wherever required.
5. Govind, a registered supplier, is engaged in providing services in the neighboring States from his registered office located in Mumbai. He has furnished the following details in respect of the inward and outward supplies made during a tax period: -

Particulars	(₹)
Inter-State supply of services	1,80,000
Receipt of goods and services within the State	1,00,000

Assume the rates of taxes to be as under: -

Particulars	Rate
CGST	9%
SGST	9%
IGST	18%

Note:

- a) Both inward and outward supplies are exclusive of taxes, wherever applicable.
 - b) All the conditions necessary for availing the input tax credit have been fulfilled.
- Compute the net GST payable by Govind during the given tax period. Make suitable assumptions if required.

(RTP May '18)

Answer:



(i) Computation of net GST payable

Particulars	CGST (₹)	SGST (₹)
GST payable on intra-State supply of goods [Being an intra-State supply, CGST and SGST is payable on the same]	1,080 (₹12,000 × 9%)	1,080 (₹12,000 × 9%)
Less: Input tax credit (ITC) on intra-State purchase of goods [CGST and SGST paid on the intra-State purchases of goods]	900 (₹10,000 × 9%)	900 (₹10,000 × 9%)
Net GST payable	180	180

(ii) Computation of net GST payable by Govind

Particulars	₹
IGST @ 18% payable on inter-State supply of services [Being an inter-State supply, IGST is payable on the same in terms of section 5 of the IGST Act, 2017]	32,400 [1,80,000 × 18%]
Less: ITC of CGST @ 9% paid on intra-State receipt of goods and services [Cross utilization of CGST towards IGST]	9,000 [1,00,000 × 9%]
Less: ITC of SGST @ 9% paid on intra-State receipt of goods and services [Cross utilization of SGST towards IGST]	9,000 [1,00,000 × 9%]
Net GST payable in cash	14,400

Note:

- ✓ CGST shall first be utilized towards payment of CGST and the amount remaining, if any, be utilized towards the payment of IGST [Section 49 of the CGST Act, 2017].
- ✓ SGST shall first be utilized towards payment of SGST and the amount remaining, if any, may be utilized towards the payment of IGST [Section 49 of the CGST Act, 2017].

Question 11

PYQ Nov '22

Charm Limited, registered under GST in the State of Jharkhand, manufactures cosmetic products and appointed Mr. Handsome of Mumbai, who is registered under GST in the State of Maharashtra, as their Del-credere agent (DCA) to sell their products. Being a DCA, he agrees to raise invoices in his own name and also guarantees for the realization of payments from customers to Charm Limited. In order to realize the payments from customers on time, he extends short term transaction-based loans to them and charges interest for the same. Mr. Handsome provides you the following details of transactions carried out during the month of March:

Sr. No.	Particulars	Amount in (₹)
	Outward supply:	
i.	Goods sold by Mr. Handsome in his DCA capacity (intra -State transaction)	2,80,000
ii.	Interest earned from the above customers for short term credit facility provided for timely payment of dues. (intra-State transaction)	20,000
iii.	Commission bill raised on Charm Limited (inter-State transaction) in respect of DCA services provided.	30,000
	Inward supply:	



iv	Inter-State supply of goods received from Charm Limited. Being a DCA, no consideration was paid. Value under section 15 - ₹ 2,00,000	Nil
v.	Received training in marketing and distribution from Charm Limited as per DCA agreement, free of cost. Company charges ₹ 75,000 for such training when it provides the same to others.	Nil

Applicable rate of tax on both inward and outward supplies is 9% each for CGST and SGST and 18% for IGST. Amounts given above are exclusive of taxes wherever applicable. Subject to the information given above, necessary conditions are complied with for a claim of input tax credit. You are required to calculate the gross GST liability and eligible input tax credit for the month of March of Mr. Handsome. Brief notes should form part of your answer for treatment of items in Sl. No. (i) to (v).

6 Marks

Answer:

Computation of gross GST liability of Mr. Handsome for the month of March

Particulars		CGST (₹)	SGST (₹)	IGST (₹)
Goods sold by Mr. Handsome in his DCA capacity	2,80,000	27,000 [3,00,000 × 9%]	27,000 [3,00,000 × 9%]	
Add: Interest earned for short term credit facility provided to above customers	20,000			
[Interest included in the value of supply of the goods sold since where DCA is an agent under Schedule - I of the CGST Act, short term credit facility provided by DCA to the buyer is subsumed in the supply of the goods by the DCA to the buyer.]				
Commission charged for DCA services [Being taxable supply of services.]				5,400 [30,000 × 18%]
Gross GST liability		27,000	27,000	5,400

Note: Since the invoice for goods sold is issued by the DCA - Mr. Handsome in his own name, he would fall under the ambit of an agent under Schedule - I of the CGST Act.

Computation of eligible ITC for the month of March

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Inward supply of goods from Charm Limited free of cos [Supply of goods by principal - Charm Limited to the agent - Mr. Handsome qualifies as supply even though it is made without consideration.]			36,000 [2,00,000 × 18%]



Training in marketing and distribution received from Charm Limited free of cost [Since no consideration is charged for the service provided, said services do not qualify as supply. As no GST is paid on the same, ITC is not available]	--	--	--
Total ITC available	Nil	Nil	36,000

Question 12

PYQ Nov'18

From the following information, compute the Net GST payable for the month of March: **4 Marks**

	Output GST	Amount in ₹ Opening ITC as Per credit ledger
CGST	2,000	Nil
SGST	15,000	1,000
IGST	24,000	37,000

Answer:

Computation of net GST payable for the month of March

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output tax payable	2,000	15,000	24,000
Less: Opening ITC as per credit ledger	(Nil) -CGST	(1,000)-SGST	(24,000)- IGST
	(2,000)-IGST	(11,000)- IGST	
Net GST payable	Nil	3,000	Nil

Note:

Input tax credit of IGST has been used to pay IGST, CGST and SGST in that order.

Question 13

PYQ May'18

Mr. Ajay, a registered supplier of goods, pays GST under regular scheme and provides the following information for the month of August:

Particulars	(₹)
i. Inter-state taxable supply of goods	10,00,000
ii. Xandra state taxable supply of goods	2,00,000
iii. Intra state purchase of taxable goods	5,00,000

He has the following input tax credit at the beginning of August

Nature	ITC Amount in (₹)
CGST	20,000
SGST	30,000
last	25,000

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

Both inward and outward supplies are exclusive of taxes wherever applicable.

All the conditions necessary for availing the ITC have been fulfilled. Compute the net GST payable by Mr. Ajay for the month of August. **6 Marks**

Answer:

Computation of net GST payable by Mr. Ajay for the month of August Working of GST payable on Outward supplies

Particulars	(₹)	GST (₹)
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(i)	Intra-State taxable supply of goods		
	CGST @ 9% on ₹2,00,000	18,000	
	SGST @ 9% on ₹2,00,000	18,000	36,000
(ii)	Inter-State taxable supply of goods		
	IGST @ 18% on ₹ 10,00,000		1,80,000

Computation of total ITC

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @18% (₹)
Opening ITC	20,000	30,000	25,000
Add: ITC on Intra-State purchases of taxable goods valuing ₹5,00,000	45,000	45,000	
Total ITC	65,000	75,000	25,000

Computation of GST payable from cash ledger

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
GST payable	18,000	18,000	1,80,000
Less: ITC	(18,000)-CGST	(18,000)-SGST	(25,000)-IGST
			(47,000)-CGST
			(57,000)-SGST
Net GST payable	Nil	Nil	51,000

Note:

ITC of IGST, CGST & SGST have been used to pay IGST in that order

Question 14

CS Executive June 2019

SS Ltd., a registered person under GST, is manufacturing taxable goods. The company supplies following information relating to GST paid on purchases made and input services availed in July, 2018 :

Trucks used to bring raw materials	1,40,000
Raw materials purchased (to be received in August, 2018)	2,10,000
Inputs are to be received in four lots. The second lot was received during this month	1,00,000
GST paid on six capital goods (out of the six, the invoice of one item was missing on which a GST of ₹ 60,000 was paid)	3,80,000

Calculate the amount of input tax credit available to SS Ltd., for the month of July, 2018.

Assume that all the conditions for availing ITC are satisfied.

4 Marks

Answer:

Calculation of Input Tax Credit (ITC) available to SS Ltd. for July 2018

ITC on Trucks used for transportation of goods is allowable.	1,40,000
Input tax paid on purchase of raw material- ITC allowed only on the receipt of goods- cannot be availed now	Nil



Input tax paid for four lots. Now second lot was received-other two lots are yet to be received- ITC allowed only after receiving all lots	Nil
GST paid on six capital goods-ITC cannot be claimed on missing invoice.	3,20,000
Total ITC available	4,60,000

Question 15

CS Executive Dec. 2018

Ram & Shyam LLP, engaged in the business of manufacturing of domestic use electrical items, provides the following details relating to the amount of GST paid on various items and asks you to suggest whether any Input Tax Credit under the CGST Act, 2017 be available against such items to them:

Electrical Transformers utilized in the manufacturing process of electrical items.	3,00,000
Mini Trucks used for transporting the materials/goods in the Factory.	1,00,000
Food and pastries for consumption given to workers during working within the factory.	22,500

Answer:

- (a) As per section 16 of CGST Act, 2017, Input Tax Credit (ITC) of GST paid on purchase of electrical transformers of ₹ 3,00,000 shall be fully available to Ram & Shyam LLP as the transformers are being used in the course or furtherance of the business of manufacturing of domestic use electrical items.
- (b) The ITC of Motor Vehicles is not allowable being a blocked credit under section 17(5) of CGST Act, 2017, however, where such vehicles are being used for transportation of goods the same is allowable. Hence entire ITC of GST paid of ₹ 1,00,000 for transportation of material in factory by Mini Trucks is available.
- (c) ITC on food and beverages is a blocked credit under section 17(5) of CGST Act, 2017 unless the inward taxable supplies are consumed to make outward taxable supplies in the same category. In the present case the same is used for consumption of factory workers and therefore ITC of GST paid of ₹ 22,500 on food items is not available.

Question 16

CS Executive Dec. 2023

Piyush is a supplier of taxable goods in Karnataka. He got registered under GST in the month of April, 2023 and wishes to pay his IGST liability for the month. Since he is making the GST payment for the first time, he is of the view that he needs to mandatorily have the online banking facility to make payment of GST; offline payment is not permitted under GST. You are required to advise him with regard to following issues:

- Are manual challans allowed under GST?
- What is the validity period of the payment challan?
- Is cross utilization among Major and Minor heads of the electronic cash ledger permitted?

3 Marks



Answer:

(i) Are Manual Challans Allowed Under GST?

Under the GST regime, payments are primarily made through the online mode using the GST portal. However, for taxpayers who cannot make payments online, an option to generate a challan online and then make the payment physically at designated banks is available. This process involves generating a challan on the GST portal (Form GSTPMT-06) and then making the payment via cash, cheque, or demand draft at the bank. So, while the challan generation is online, the actual payment can be offline. Therefore, completely manual challans are not permitted, but this hybrid method is allowed.

(ii) What is the Validity Period of the Payment Challan?

Once the challan for GST payment is generated, it is valid for a period of 15 days from the date of generation. Within this period, the payment should be made, failing which the challan would become invalid and a new challan would need to be generated for making the payment.

(iii) Is Cross Utilization Among Major and Minor Heads of the Electronic Cash Ledger Permitted?

Section 49(10)/(11) of CGST Act, 2017 facilitates a registered person to transfer an amount from one (major/minor) head to another (major/minor) head in the electronic cash ledger or to transfer any amount available in the electronic cash ledger, to the electronic cash ledger for IGST/CGST of a distinct person, provided there is no unpaid liability in this electronic liability ledger. Therefore, the cross utilization is permitted.

Difficulty

Question 1 MTP Nov'21, Oct'20, Oct'18, Apr'21, Mar'22, RTP Nov'21

Paritosh & Co., a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period:

Particulars	Amount (₹)
Intra-State supply of goods	10,00,000
Inter-State supply of goods	8,00,000

It has also furnished the following information in respect of purchases made by it in that tax period:

Particulars	Amount (₹)
Intra-State purchases of goods	3,00,000
Inter-State purchases of goods	2,50,000

Paritosh & Co. has following ITCs with it at the beginning of the tax period:

Particulars	Amount (₹)
CGST	57,000
SGST	60,000
IGST	1,40,000

Note:

- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- Both inward and outward supplies are exclusive of taxes, wherever applicable. VG Sir



- All the conditions necessary for availing ITC have been fulfilled.

Compute the minimum GST, payable in cash, by Paritosh & Co. for the tax period and the ITC to be carried forward to the next month. Make suitable assumptions as required. **8 Marks**

Answer:

Computation of GST payable on outward supplies

	Particulars	CGST @ 9%	SGST @ 9%	IGST @18%	Total (Rs.)
(i)	Intra-State supply of goods for ₹10,00,000	90,000	90,000		1,80,000
(ii)	Inter-State supply of goods for ₹8,00,000			1,44,000	1,44,000
	Total GST payable				3,24,000

Computation of total ITC

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening ITC	57,000	60,000	1,40,000
Add: ITC on Intra State purchases of goods valuing ₹3,00,000	27,000	27,000	Nil
Add: ITC on Inter State purchases of goods valuing ₹2,50,000	Nil	Nil	45,000
Total ITC	84,000	87,000	1,85,000

Computation of minimum GST payable from electronic cash ledger

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total (₹)
GST payable	90,000	90,000	1,44,000	3,24,000
Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow]	(38,000) IGST	(3,000) IGST	(1,44,000) IGST	1,85,000
	(52,000) CGST	(87,000) SGST		1,39,000
Minimum GST payable in cash	Nil	Nil	Nil	Nil
ITC balance to be carried forward next month	32,000	Nil	Nil	32,000

Note: The above computation is one of the many ways to set off the ITC of IGST (₹41,000-after set off against IGST liability) against CGST and SGST liability to compute minimum GST payable in cash. To illustrate, IGST of ₹10,000 can be set off against SGST payable and IGST of ₹31,000 can be set off against CGST payable.

In this situation also, the net GST payable will be nil but the ITC of CGST and SGST to be carried forward will be ₹25,000 and ₹7,000 (totalling to ₹32,000) respectively. However, if the entire ITC of ₹41,000 is set off against CGST payable, then SGST of ₹3,000 will be payable in cash thus, increasing the cash outflow. Therefore, such a set off would not be advisable for computing the minimum GST payable.



Question 2

M/s. Comfortable (P) Ltd. is registered under GST in Chennai, Tamil Nadu. It is engaged in the manufacture of iron and steel products. It has carried out following transactions in the financial year 20XX-XY: -

a) Purchased 1,000 Metric Ton (MT) iron @ 1,000 per MT (excluding GST) from M/s. Hard Ltd. of Chennai. M/s. Hard Ltd. has fulfilled the order as follows:

Date	Quantity (MT)	Taxable Value
28-Feb-20XY	200	2,00,000/-
10-Mar-20XY	250	2,50,000/-
25-Mar-20XY	250	2,50,000/-
28-Mar-20XY	200	2,00,000/-

Balance order requirement has been fulfilled by Hard Ltd. on 5-Apr-20XY. However, Hard Ltd. has raised the invoice for full order at the time of dispatch of first lot, i.e. on 28-Feb-20XY. M/s. Comfortable (P) Ltd. has made the full payment on 28-Feb-20XY for the order.

b. Company has received IT engineering service from M/s. Dynamic InfoTech (P) Ltd. of Chennai for Rs. 11,00,000/- (excluding GST) on 28-Oct-20XX. Invoice for service rendered was issued on 5-Nov-20XX. M/s Comfortable (P) Ltd. made part-payment of Rs. 4,13,000/- on 31-Dec-20XX. Being unhappy with service provided by M/s Dynamic InfoTech (P) Ltd., it did not make the balance payment. Deficiency in service rendered was made good by M/s Dynamic InfoTech (P) Ltd. by 15-Feb-20XY. M/s. Comfortable (P) Ltd. made payment of Rs. 2,95,000/- on 15-Feb-20XY towards full and final settlement of the dues & did not pay the balance amount.

c. Company has made the following intra State supplies (excluding GST) for the financial year 20XX- XY: -

Sr.No.	Particulars	Amount (Rs.)
1.	Value of intra-State supplies made to registered persons	10,00,000
2.	Value of intra- State supplies made to unregistered persons	2,00,000

1. Compute the GST liability (CGST, SGST or IGST, as the case may be) of M/s. Comfortable (P) Ltd. for the financial year 20XX-XY: -

2. Compute the amount of input tax credit to be reversed in the FY 20XX-XY and/or in the next FY 20XY- YZ, if any.

Assume the rates of GST as under:

CGST	9%
SGST	9%
IGST	18%

Note

- All the conditions necessary for availing input tax credit have been fulfilled.
- Ignore interest, if any

8 Marks