

Where the goods being sent for sale or return are removed before the supply takes place, the tax invoice shall be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier.

In the given case, 500 units of transmitters have been sent for exhibition on sale or return basis out of which 300 units are sold before 6 months from the date of removal. Thus, tax invoice for said 300 units needs to be issued before or at the time of supply of such goods, i.e. upto 28/07/2021.

Remaining 200 (150+ 50) units have neither been sold nor brought back till the expiry of 6 months from the date of removal goods, i.e. 20/11/2021. Thus, tax invoice for said 200 units needs to be issued upto 20/11/2021.

Question 22

List any three situations that warrant issue of credit note. Briefly explain the time line to declare such credit note in the GST return. (PYP 5 Marks Nov '22)

Answer:

Situations that warrant the issue of credit note are as follows:

- The supplier has erroneously declared a value which is more than the actual value of the goods or services provided.
- The supplier has erroneously declared a higher tax rate than what is applicable for the kind of the goods or services or both supplied.
- The quantity received by the recipient is less than what has been declared in the tax invoice.
- The quality of the goods or services or both supplied is not to the satisfaction of the recipient thereby necessitating a partial or total reimbursement on the invoice value.

The details of credit note are declared in the GST return for the month during which such credit note has been issued but not later than:

- (i) September following the end of the financial year in which such supply was made, or
- (ii) the date of furnishing of the relevant annual return, whichever is earlier.

Question

What is the time limit for issuing a tax invoice for:

- (a) Supply of Goods
- (b) Continuous Supply of goods
- (c) Goods sent on approval

Answer:

(a) Time Limit for issuing a tax invoice for supply of goods [section 31(1)]: In case of registered person supplying taxable goods, the invoice must be issued before or at the time of:

- (a) removal of goods for supply, where the supply involves movement of goods.
- (b) or delivery of goods or making available thereof to the recipient in any other case "Removal", in relation to goods, means dispatch of the goods for delivery by the supplier or collection of the goods by the recipient.

(b) Continuous Supply of Goods [section 31(4)]: "Continuous Supply of Goods" means a supply of



goods which is provided continuously under a contract, whether or not by means of a wire, cable, pipeline or other conduits, and for which the supplier invoices the recipient on a regular or periodic basis and includes the supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify.

In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.

(c) Goods Sent on Approval basis [Section 31(7)]: Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued before or at the time of supply or six months from the date of removal, whichever is earlier.

Thus, the tax invoice must be issued within six months from removal.

Goods can be removed on an approval basis within the State or outside the State. Delivery Challan should be issued at the time of removal of goods. E-way bills will also be issued wherever applicable.

The person carrying goods for such a supply can carry the invoice book so that he can issue the invoice once the supply is fructified.

Examine the following independent cases of supply of goods and services, and state in each of the cases, when should a tax invoice be issued by the person making supplies, as per the provisions of the CGST Act, 2017:

(i) Meenakshi Enterprises, Kolkata makes a supply of goods to Dhirani Enterprises, Ghaziabad. The goods were removed from the factory at Kolkata on 3rd September, 2017. Same is received by the buyer on 5th September, 2016.

(ii) Mohan Ltd., an event management company, has provided its services for an event at Photo Film Agencies at Mumbai, on 1st Nov., 2017.

(iii) Seema & Co. has entered into an Annual Maintenance Contract (AMC) with Vir Enterprises for one-year, effective 1st Nov., 2017 for the stabilizers installed in the factory.

[CS Executive Dec. 2018] [3 Marks]

Answer:

(i) As per section 31(1) of CGST Act, 2017, tax invoice shall be issued before or at the time of

(a) removal of goods, where the supply involves movement of goods or

(b) delivery of goods or making available thereof to the recipient in any other case.

In the given case, the tax invoice for the goods removed on 3rd September 2017 must be issued on or before 3rd September, 2017.

(ii) As per section 31(2) of CGST Act, 2017 read with rule 47 of CGST Rules, 2017, tax invoice in case of supply of services shall be issued before or after provision of services but within a period of 30 days from the date of supply of service. In the given case, the tax invoice must therefore be issued within 30 days of providing service, that is by 30th Nov. 2017.

(iii) As per section 31(5) of CGST Act, 2017 in case of continuous supply of services:

(a) where the due date of payment is ascertainable from the contract, the invoice shall be issued on



or before the due date of payment;

(b) where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;

(c) where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event.

Since the question does not provide due date of payment, assuming that date of entering into AMC contract is due date of payment, hence the tax invoice shall be issued on or before 1st November, 2017.

Difficulty



Question 1

MTP Oct'19

Lovely & Co., a registered person, supplies taxable goods to unregistered persons. It need not issue tax invoice for the goods supplied on 16th April, if the value of the goods is and the recipient does not require such invoice.

- (a) ₹ 1,200
 (b) ₹ 600
 (c) ₹ 150
 (d) ₹ 200 (MTP 2 Marks, March'21)/(MTP 1 Mark Oct '23)

Ans: (c)

Question 2

MTP Oct'19

Invoice shall be prepared in (I)___ in case of taxable supply of goods and in (ii)___ in case of taxable supply of services.

- (a) (I) Triplicate, (ii) Duplicate
 (b) (I) Duplicate, (ii) Triplicate
 (c) (I) Duplicate, (ii) Duplicate
 (d) None of the above

Ans: (a) (MTP 1 Mark, April'19)

Question 3

MTP Oct '19

Kidzee Ltd., a wholesaler of toys registered in Chandigarh, is renowned in the local market for the varieties of toys and their reasonable prices. Kidzee Ltd. makes supply of 100 pieces of baby's learning laptops and chat learning phones to Nancy General Store on 25th September, 20XX by issuing a tax invoice amounting to ₹ 1,00,000. However, the said toys were returned by Nancy General Store on 30th September, 20XX. Which document Kidzee Ltd. is required to issue in such a case?

- a) Debit Note
 b) Refund voucher
 c) Credit note
 d) Payment voucher (RTP May '19)

Ans: (c)

Question 4

MTP April'19 & March'19

Which of the following statements is/are incorrect under GST law:-

- (i) If the supplier has erroneously declared a value which is more than the actual value of goods or services provided, then he can issue credit note for the same.
 (ii) If the supplier declared some special discount which is offered after the supply is over, then he cannot issue credit note under GST law for the discount offer.
 (iii) If quantity received by the recipient is more than what has been declared in the tax invoice, then supplier can issue debit note for the same.
 (iv) There is no time limit to declare the details of debit note in the return.

- a) (i),(ii) and (iv)
 b) (i) and (iv)
 c) (iv)
 d) (i) and (iii) (RTP Nov '21)



Ans: (c)

Question 5

MTP March'19

During the month of May, Z Ltd. sold goods to Y Ltd. for ₹ 2,55,000 and charged GST @ 18%. However, owing to some defect in the goods, Y Ltd. returned the goods by issuing debit note of ₹ 40,000 in the same month. Z Ltd. records the return of goods by issuing a credit note of ₹ 40,000 plus GST in the same month. In this situation, GST liability of Z Ltd. for the month of May will be-

- (a) ₹ 45,900
- (b) ₹ 38,700
- (c) ₹ 53,100
- (d) ₹ 40,000 (RTP Nov '20)

Ans: (b)

Question 6

MTP May'19

What will be the rate of tax and nature of supply of a service if the same is not determinable at the time of receipt of advance?

- (a) 12%, inter-State supply
- (b) 12%, intra-State supply
- (c) 18%, inter-State supply
- (d) 18%, intra-State supply c

Question 7

MTP Oct'19

Which of the following statements is incorrect while issuing a tax invoice?

- (i) Place of supply in case of inter-State supply is not required to be mentioned.
- (ii) A registered person whose annual turnover is greater than Rs. 5 crores in the preceding financial year is not required to mention HSN code for goods or services, supplied by it to an unregistered person.
- (iii) Quantity is not required to be mentioned in case of goods when goods are sold on "as is where is basis".
- (iv) Description of goods is not required to be given in case of mixed supply of goods.

Choose the most appropriate option.

- (a) (ii), (iii)
- (b) (i), (ii), (iii)
- (c) (i), (ii), (iii), (iv)
- (d) (i), (iii), (iv) c

A registered person supplying taxable goods shall issue a tax invoice showing -

- (a) the description
- (b) quantity and value of goods
- (c) the tax charged thereon
- (d) All the above Ans.(d)

Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued:

- (a) before/at the time of supply
- (b) 6 months from the date of removal
- (c) Earlier of (a) or (b)
- (d) None of the above Ans.(c)

A credit note is issued by _____ and it is a document accepted for GST purposes.



- (a) Supplier, for reducing the tax or taxable value;
 (b) Recipient, for reducing the tax or taxable value;
 (c) Supplier, for increasing the tax or taxable value;
 (d) Recipient, for increasing the tax or taxable value.

Ans. (a)

A registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a evidencing receipt of such payment.

- (a) Credit note
 (b) Debit note
 (c) Receipt voucher
 (d) Payment voucher Ans.(c)

Where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, may issue to the recipient a _____ containing such particulars as may be prescribed.

- (a) Credit note
 (b) Debit note
 (c) Receipt voucher
 (d) Payment voucher Ans.(a)

Debit note and credit note mentioned in which section

- (A) Section 36
 (B) Section 39
 (C) Section 34
 (D) None of the above c

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



Chapter 11: Accounts and Records

Descriptive Questions

Easy

Question 1

MTP April '18

Explain the provisions relating to period of retention of accounts as provided under section 36 of CGST Act, 2017?

5 Marks

Answer:

Section 36 of the CGST Act explains the provisions relating to period of retention of accounts as under: - Every registered person required to keep and maintain books of account or other records shall retain them until the expiry of 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.

However, a registered person, who is a party to an appeal or revision or any other proceedings before any Appellate Authority or Revisional Authority or Appellate Tribunal or court, whether filed by him or by the Commissioner, or is under investigation for an offence under Chapter XIX, shall retain the books of account and other records pertaining to the subject matter of such appeal or revision or proceedings or investigation for a period of 1 year after final disposal of such appeal or revision or proceedings or investigation, or for the period specified above, whichever is later.

Question 2

PYQ Jan 21

Whether the transporters, who are not registered under the GST, are required to maintain any records under the provisions of CGST Act, 2017? Also explain, if any other unregistered persons who are required to maintain records under GST.

2 Marks

Answer:

The transporters, who are not registered under GST, shall obtain a unique enrollment number on GST common portal and maintain records of goods transported, delivered and goods stored in transit by them along with GSTIN of the registered consignor and consignee for each of his branches. Every owner or operator of warehouse/godown/any other place used for storage of goods, even if unregistered, is also required to maintain records under GST.

Question 3

PYQ May '22

Comment on the given independent situations relating to GST procedures. Your answer should include relevant provisions of law, as may be applicable:

GoToDress is a chain of stores dealing in readymade garments through five showrooms in Delhi. It has a single GSTIN for all its showrooms in Delhi and has a principal place of



business at Karol Bagh, Delhi. One of the consultants has suggested GoToDress to maintain books of accounts of all of its five showrooms at principal place of business at Karol Bagh, Delhi for better administration and control.

Give your comment on the above advice according to the provisions of GST law.

2 Marks

Answer:

The suggestion of the consultant is *not correct*.

Every registered person is required to keep and maintain, his books of accounts at his principal place of business.

Where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business.

Moderate

Question 1

PYQ May '19

Mr. Sky is engaged in the business of trading of mobiles. He is eligible for composition scheme and has opted for the same. He seeks your advice for records which are not required to be maintained by him as composition taxable person.

5 Marks

Answer:

A supplier who has opted for composition scheme is not required to maintain records relating to;

a) Stock of goods: Accounts of stock in respect of goods received and supplied by him, and such accounts shall contain particulars of the opening balance, receipt, supply, goods lost stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof.

b) Details of tax: Account, containing the details of tax payable (including tax payable under reverse charge), tax collected and paid, input tax, input tax credit claimed, together with a register of tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period.

Thus, Mr. Sky is not required to maintain above mentioned records.

Question 2

PYQ Dec' 21

List any four records required to be maintained by an agent under the CGST Rules, 2017. 4 Marks

Answer:

Every agent shall maintain accounts depicting the-

- particulars of authorisation received by him from each principal to receive or supply goods or services on behalf of such principal separately;
- particulars including description, value and quantity (wherever applicable) of goods or services received on behalf of every principal;
- particulars including description, value and quantity (wherever applicable) of goods or services supplied on behalf of every principal;
- details of accounts furnished to every principal; and
- tax paid on receipts or on supply of goods or services effected on behalf of every principal.]



Multiple Choice Questions

Question 1

MTP April '19

Which of the following statements are true w.r.t. accounts and records under GST laws?

- a) All accounts and records are to be retained for 5 years.
- b) Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme.
- c) Stock record is to be maintained by all registered dealers including composition dealers.
- d) Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition.

Question 2

RTP May '19

Which of the following statements are true with respect to accounts and records?

- 1) All accounts and records are to be retained for 6 years.
 - 2) Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme.
 - 3) Stock record is to be maintained by all registered dealers including composition dealers.
 - 4) Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition.
 - 5) Monthly production records are to be maintained by all dealers including composition dealers.
 - 6) Records are to be maintained at principal place of business.
- a) 1, 2, 5, 6
 - b) 1, 3, 5
 - c) 1, 3, 4
 - d) 1, 2, 4, 6

Question 3

CS Execu.

Accounts are required to be maintained in —

- (a) Manual form
- (b) Electronic form
- (c) Manual and electronic form
- (d) Manual or electronic form



Question 4

CS Execu.

The time period prescribed for maintenance of accounts and records if the taxable person is a party to an appeal or revision shall be —

- (a) 2 years after final disposal of such appeal or revision or proceeding, or until the expiry of 36 months from the last date of filing of Annual Return for the year pertaining to such accounts and records, whichever is later.
- (b) 2 years after final disposal of such appeal or revision or proceeding, or until the expiry of 48 months from the last date of filing of Annual Return for the year pertaining to such accounts and records, whichever is later.
- (c) 1 year after final disposal of such appeal or revision or proceeding, or until the expiry of 72 months from the last date of filing of Annual Return for the year pertaining to such accounts and records, whichever is later
- (d) 1 year after final disposal of such appeal or revision or proceeding, or until the expiry of 60 months from the last date of filing of Annual Return for the year pertaining to such accounts and records, whichever is later

Question 5

CS Execu.

Valid return mentioned in which section

- (A) Section 29
- (B) Section 39
- (C) Section 47
- (D) Section 49

Question 6

CS Execu.

As per the GST Law, every registered taxable person must maintain the accounts books and records for at least:

- (A) 36 months from the due date of furnishing of annual return for the year pertaining to such accounts and records
- (B) 60 months from the due date of furnishing of annual return for the year pertaining to such accounts and records
- (C) 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records
- (D) 18 months from the due date of furnishing of annual return for the year pertaining to such accounts and records

Answers

1	2	3	4	5	6
b	a	d	c	b	b



Chapter 12: E-Way Bills

Descriptive Questions

Easy

Question 1

MTP Oct'23

Explain the meaning of consignment value of goods.

5 Marks

Answer:

Consignment value of goods shall be the value:

- ☉ determined in accordance with the provisions of section 15,
- ☉ declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment and
- ☉ also includes the Central tax, State or Union territory tax, integrated tax and cess charged, if any, in the document and
- ☉ shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.

Question 2

MTP April'21

Brief explain when is it not mandatory to furnish the details of conveyance in Part-B of the e-way bill?

5 Marks

Answer:

E-way bill is valid for movement of goods by road only when the information in Part -B is furnished in terms of explanation 2 to rule 138(3) of the CGST Rules, 2017. However, details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of up to 50 km within the State/Union territory:

- ➔ from the place of business of the consignor to the place of business of the transporter for further transportation or
- ➔ from the place of business of the transporter finally to the place of business of the consignee.

Question 3

MTP April'23

Explain the following terms regarding e-way bill under the relevant CGST Rules:

- i. Consolidated e-way bill in case of road transport.
- ii. Acceptance/rejection of e-way bill.

6 Marks

Answer:

i. Consolidated e-way bill in case of road transport

Consolidated e-way bill (EWB) is a single document containing the details of multiple e-way

