

SUPPLY UNDER GST

MULTIPLE CHOICE QUESTIONS

1. What are different types of supplies covered under the scope of Supply?
 - (a) Supplies made without consideration
 - (b) Supplies made with consideration
 - (c) Both (a) and (b)
 - (d) None of (a) and (b)
2. The activities or transactions to be treated as supply of goods or supply of services as referred to in _____ of CGST Act, 2017.
 - (a) Schedule I
 - (b) Schedule III
 - (c) Schedule II
 - (d) Section 8
3. Supply includes import of services for a consideration _____.
 - (a) in the course or furtherance of business
 - (b) not in the course or furtherance of business
 - (c) Both (a) and (b)
 - (d) None of the above
4. Activities made or agreed to be made without a consideration covered in scope of supply are specified in _____.
 - (a) Schedule I
 - (b) Schedule III
 - (c) Schedule II
 - (d) Section 8
5. Activities or transactions specified in _____ shall be treated neither as supply of goods nor as supply of services.
 - (a) Schedule I
 - (b) Schedule III
 - (c) Schedule II
 - (d) Section 8
6. Which of these is false statement with respect to the scope of supply?
 - (1) Supply includes all forms of supply of goods or services agreed to be made for a consideration by a person in the course or furtherance of business
 - (2) Import of services for a consideration is covered in scope of supply only if made in the course or furtherance of business
 - (3) Activities without a consideration is not supply
 - (4) Supply includes the activities to be treated as either supply of goods or supplies of services are referred to in Schedule II.

- (a) (1) and (2)
 (b) (1) and (4)
 (c) (2) and (3)
 (d) (1) and (3)
7. An individual buys a car for personal use and after a year sells it to a car dealer. The transaction is —
- (a) supply of goods as consideration is received.
 (b) supply of goods as though bought for personal use it is sold to a car dealer.
 (c) Not a supply because supply is not made by the individual in the course of or for furtherance of business.
 (d) Supply of service since made for a consideration.
8. Lending of securities under Securities Lending Scheme, 1997 by the lender is _____.
- (a) Outside the purview of GST
 (b) Not regarded as supply
 (c) Exempt under GST
 (d) Taxable under GST
9. Which of these statements are false with respect to GST :
- (1) Government activities excluding sovereign functions are also subject to GST.
 (2) 'Wager' is not included in 'business' and hence not liable to GST
 (3) Educational services are covered under business and liable under GST.
 (4) Charitable and religious activities are not specifically covered under 'business'.
- (a) (1) and (2)
- (b) (1), (3) and (4)
 (c) (2)
 (d) (1), (2), (3) and (4)
10. Which of the following activities is regarded neither as supply of goods nor supply of services –
- (a) Supply of warehoused goods to any person before clearance for home consumption.
 (b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.
 (c) Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.
 (d) All of the above.
11. "Goods" under CGST Act, 2017 excludes—
- (a) money and actionable claims
 (b) money and securities
 (c) actionable claims and growing crops
 (d) actionable claims and securities
12. Which of the following are actionable claims?
- (1) Unsecured debts
 (2) Secured debt
 (3) Right to participate in the draw to be held in a lottery
 (4) Health club voucher.
- (a) (1) and (2)
 (b) (1) and (3)
 (c) (2) and (4)



- (d) All of the above
13. Mr. X (an unregistered person) plans to pursue his higher education in US. He receives OIDA services from a US based consultant for ₹ 5 lakh. Does it qualify as a supply?
- (a) Yes, as import of services for a consideration whether or not in the course or furtherance of business will be treated as supply.
- (b) No, as it is personal in nature and not in course or furtherance of business.
- (c) No, as Mr. X is unregistered.
- (d) No, as services are provided from outside India.
14. Mr. B, a famous actor, recorded a song sung by him for a music company and sold the audio CD. The consideration for such sale was to be donated to a charitable trust - 'Being Human'. Does the sale of CD to the music company qualify as a supply?
- (a) No, as it is meant for charity and therefore does not qualify for supply as there needs to be the presence of business to constitute supply.
- (b) No, as it is a vocation of the actor and not business.
- (c) Yes, as per the definition of business under the GST Laws, business includes vocation and any activity undertaken in course of business constitutes as supply. Therefore, sale of goods and services even as a vocation shall qualify as supply.
- (d) Music and acting are kept out of the purview of GST.
15. XYZ Ltd. was amalgamated with ABC Ltd. on account of amalgamation Mr. X a shareholder received 10,000 shares of ABC Ltd. in exchange of 5,000 shares of XYZ Ltd.

Does it qualify as supply?

- (a) Yes, as it is an activity undertaken in the course/for furtherance of business.
- (b) No, transaction in securities is neither supply of goods nor services as securities are excluded from the definition of both goods as well as services.
- (c) Though a transaction in securities but here since only exchange is involved therefore it comes under the ambit of supply.
- (d) It is supply but is specifically mentioned under Schedule III and therefore is exempt.
16. Hitkari Charitable Trust, a trust engaged in providing medical relief free of cost, donates books and stationery to children living in slum area. Does it qualify as supply?
- (a) No, to qualify as supply there must be consideration (except Schedule-I transactions). Here consideration is absent.
- (b) No, to qualify supply the transaction must be in course/ furtherance of business. Here transaction is not in course or furtherance of business.
- (c) Both (a) and (b)
- (d) Yes, as it is covered under Schedule I of the CGST Act (being transactions with no consideration yet treated as supply)
17. In which of the following cases, import of services is taxable under GST?
- (1) Import of service with consideration in course or furtherance of business.
- (2) Import of service with consideration not in course or furtherance of business.

- (3) Import of service without consideration from a related person in course or furtherance of business.
- (4) Import of service without consideration from a related person not in course or furtherance of business.
- (a) (1) and (3)
- (b) (2) and (4)
- (c) (1), (2) and (3)
- (d) (4)
18. The _____ shall be treated as supply even if made without consideration.
- (a) Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
- (b) Permanent transfer or disposal of business assets where input tax credit has not been availed on such assets.
- (c) Both of the above
- (d) None of the above
19. _____ shall be treated as supply even if made without consideration.
- (a) Supply of goods by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal.
- (b) Supply of goods by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
- (c) Both of the above
- (d) None of the above
20. _____ shall be treated as supply even if made without consideration.
- (a) Supply of goods by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal.
- (b) Supply of goods by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
- (c) Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
- (d) All of the above
21. Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business shall _____.
- (a) Not be treated as supply of services
- (b) Be treated as supply when made with consideration
- (c) Be treated as supply even when made without consideration
- (d) Be treated as supply of goods
22. Giving away essential commodities by a charitable institution on which input tax credit has not been availed is—
- (a) Supply under GST
- (b) not a supply as there is no consideration
- (c) not a supply as there is no consideration and ITC has not been availed and the transaction is not in course of furtherance of the business.
- (d) Exempt from GST.
23. M/s. XYZ undertakes renovation of office and therefore gifts the old furniture, on which input tax credit has been availed, to a charitable institution. This transaction —
- (a) is not a supply as no consideration is involved.
- (b) is supply but exempt under GST.



- (c) is not a supply as business is closed.
- (d) amounts to permanent disposal of asset on which input tax credit has been availed and is specified under Schedule I as activity made or agreed to be made without a consideration covered in scope of supply.

24. A company located in the suburbs of Delhi employs an agent in the city to undertake sales on behalf of the company. Goods transferred by the company to the premises of the agent in the city would be-

- (a) 'supply' as supply of goods by principal to agent or agent to principal even without consideration will be covered as supply as it is specified in Schedule I of the CGST Act, 2017.
- (b) it is not a supply as there is no consideration involved.
- (c) it is not supply as no supply can be made to self and principal and agent are treated as one person.
- (d) it will be treated as supply only if consideration is paid.

25. Vakil Associates, the firm of advocates in registered in Rajasthan received legal consultancy services from its head office located in Singapore, free of cost in normal course of business. Does this transaction qualify as supply?

- (a) This is importation of service and since it is without consideration therefore, will not qualify as supply
- (b) Since branch office in Rajasthan and the head office are distinct persons specified in Section 25 of the CGST Act, 2017, hence import of services by a taxable person from a related person outside India, in the course or furtherance of business shall constitute 'supply' as specified in First Schedule

- (c) It would have qualified as supply had it been made for a consideration
- (d) Import of service is outside the tax net under GST Laws

26. Manan is an Electronic Commerce operator in Delhi. His father who is settled in London is a well-known lawyer. Manan has taken legal consultancy from him free of cost with regard to his family dispute. Is this transaction eligible under GST?

- (a) No, as the services are provided from outside India, it does not fall within the meaning of supply.
- (b) Yes as import of services by a taxable person from a related person is treated as supply under Schedule I of CGST Act.
- (c) No, as there is no consideration present in the transaction.
- (d) No, as import of services by a taxable person from a related person is treated as supply only if the service is provided in course/ furtherance of business. Here it is provided in a personal matter.

27. Which of the following activities is regarded as supply of goods :

- (i) Transfer of the title in goods.
 - (ii) Transfer of right in goods or of undivided share in goods without the transfer of title thereof.
 - (iii) Transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed.
- (a) (i) and (iii)
 - (b) (i) and (ii)
 - (c) (ii) and (iii)
 - (d) (i), (ii) and (iii)

28. Which of the following transactions is regarded as supply of goods—
- (1) Treatment or process which is applied to another person's goods.
 - (2) Goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets.
 - (3) Where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless—
 - (i) the business is transferred as a going concern to another person; or
 - (ii) the business is carried on by a personal representative who is deemed to be a taxable person.
- (a) (1) and (3)
 - (b) (1) and (2)
 - (c) (2) and (3)
 - (d) (1), (2) and (3)
29. Transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed is_____.
- (a) Supply of goods
 - (b) Neither supply of goods nor supply of services
 - (c) Supply of services
 - (d) Excluded from the scope of supply.
30. Which of the following activities is regarded as supply of service—
- (i) Any lease, tenancy, easement, licence to occupy land.
 - (ii) Lease or letting out, either wholly or partly, of the building including a commercial, industrial or residential complex for business or commerce.
 - (iii) Goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets.
 - (iv) Actionable claims, other than specified actionable claims.
 - (a) (i), (iii) and (iv)
 - (b) (ii), (iii) and (iv)
 - (c) (i) and (ii)
 - (d) (ii) and (iv)
31. The activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration is _____.
- (a) Neither supply of goods nor supply of services
 - (b) included in the scope of supply
 - (c) Excluded from the scope of supply.
 - (d) Excluded from the scope of supply on the basis of doctrine of unjust enrichment
32. Which of the following activities is regarded as supply of service —
- (i) Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software.



- (ii) Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.
- (iii) Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.
- (iv) Actionable claims, other than specified actionable claims.
- (a) (i), (iii) and (iv)
- (b) (ii), (iii) and (iv)
- (c) (i) and (ii)
- (d) (ii) and (iv)
33. Where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, for a consideration, such transfer or disposal is _____ by the person.
- (a) Supply of goods
- (b) neither supply of goods nor supply of services
- (c) Supply of services
- (d) either supply of goods or supply of services
34. 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 supply of goods nor supply of services
- (c) Supply of services
- (d) either supply of goods or supply of services
35. Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier is _____.
- (a) Supply of goods
- (b) neither supply of goods nor supply of services
- (c) Supply of services
- (d) either supply of goods or supply of services
36. Which of the following activities is regarded as supply of service—
- (1) Supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.
- (2) Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.
- (3) Transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed.

(4) Actionable claims, other than specified actionable claims.

- (a) (1), (3) and (4)
- (b) (2), (3) and (4)
- (c) (1) and (2)
- (d) (2) and (4)

37. Works contract as defined in Section 2(119) of CGST Act, 2017, being composite supply shall be treated as _____.

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

38. Supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration shall be _____.

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

39. Transfer of title in goods by way of sale is -

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

40. 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

41. Which of the following activities is regarded neither as supply of goods nor supply of service —

- (i) Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software;
- (ii) Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.
- (iii) Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.
- (iv) Actionable claims, other than specified actionable claims.

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

42. Activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the

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recommendations of the Council, shall be treated as _____.

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

43. Which of the following activities is regarded neither as supply of goods nor supply of service—

- (i) Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
 - (ii) Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.
 - (iii) Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.
 - (iv) Supply of warehoused goods to any person before clearance for home consumption.
- (a) (i), (ii) and (iv)
 - (b) (ii), (iii) and (iv)
 - (c) (i), (iii) and (iv)
 - (d) (ii) and (iv)

44. Which of the following activities or transactions are regarded as nether supply of goods nor supply of services –

- (i) Supply of warehoused goods to any person before clearance for home consumption;
- (ii) Supply of goods by the consignee to any other person, by endorsement of

documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption;

- (iii) Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India;
 - (iv) Permanent transfer of business assets without consideration on which input tax credit has been availed.
- (a) (i), (ii) and (iv)
 - (b) (ii) and (iv)
 - (c) (i), (ii) and (iii)
 - (d) (i) and (iv)

45. Which of the following supplies are specified in Third Schedule of CGST Act, 2017 :

- (i) Services by an employee to the employer in the course of or in relation to his employment.
 - (ii) Services by any court or Tribunal established under any law for the time being in force.
 - (iii) The functions performed by the Members of Parliament, Members of State Legislature, Mem-bers of Panchayats, Members of Municipalities and Members of other local authorities.
 - (iv) Importation of services for consideration for personal use.
- (a) (i) and (iii)
 - (b) (i), (ii) and (iii)
 - (c) (i), (ii) and (iv)
 - (d) (i) and (ii)

46. From the following information determine the value of taxable supply (if the amounts are exclusive of GST wherever applicable)
- (1) Services provided by Court: ₹ 5,50,000.
 - (2) Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India : ₹ 6,50,000.
 - (3) Sale of fully constructed building : ₹ 12,75,000.
- (a) ₹ 6,50,000
 - (b) Nil
 - (c) ₹ 5,50,000
 - (d) ₹ 12,75,000
47. The functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities is _____ .
- (a) supply of goods
 - (b) neither supply of goods nor supply of services
 - (c) supply of services
 - (d) either supply of goods or supply of services
48. The duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity is _____ .
- (a) supply of goods
 - (b) neither supply of goods nor supply of services
 - (c) supply of services
 - (d) either supply of goods or supply of services
49. The duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of CGST Act, 2017 is _____.
- (a) supply of goods
 - (b) neither supply of goods nor supply of services
 - (c) supply of services
 - (d) either supply of goods or supply of services
50. Activity of funeral, burial, crematorium or mortuary including transportation of the deceased is _____.
- (a) supply of goods
 - (b) neither supply of goods nor supply of services
 - (c) supply of services
 - (d) either supply of goods or supply of services
51. Actionable claims, other than specified actionable claims is _____.
- (a) supply of goods
 - (b) neither supply of goods nor supply of services
 - (c) supply of services
 - (d) either supply of goods or supply of services
52. Gifts not exceeding _____ in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.
- (a) ₹ 50,000
 - (b) ₹ 5,000
 - (c) ₹ 1,00,000



(d) ₹ 1,50,000

53. From the following information determine the value of taxable supply—

(i) XYZ Ltd. imported certain goods which were kept in custom warehouse. The said goods were supplied to PQR Ltd. for ₹ 15,00,000 before clearance for home consumption.

(ii) XYZ Ltd. purchased goods from China and supplied the same to US without such goods entering into India : ₹ 50,00,000

(iii) Sale of goods by XYZ Ltd. to ABC Ltd. for ₹ 25,00,000

(a) ₹ 65,00,000

(b) ₹ 25,00,000

(c) ₹ 75,00,000

(d) Nil

54. Which of the following activity is notified u/s 7(2) which is neither supply of goods nor services_____

(a) Services by way of any activity in relation to a function entrusted to a Panchayat under Article 243G of the Constitution undertaken by the Central Government or State Government or Union Territory or any local authority in which they are engaged as public authority.

(b) Services by way of any activity in relation to a Municipality under article 243W of the Constitution undertaken by the Central Government or State Government or Union Territory or any local authority in which they are engaged as public authority.

(c) Both (a) and (b)

(d) Neither (a) and (b)

55. Which of the following activity is outside the scope of supply and not taxable under GST?

(a) Services by an employee to the employer in the course of or in relation to his employment.

(b) Services of funeral.

(c) Actionable claims, other than specified actionable claims.

(d) All of the above

56. Free housing facility provided to the employees as per the contract of agreement and is part and parcel of cost to the company is —

(a) covered under supply and therefore liable to GST.

(b) services provided by employer to all employees as per terms of contract on which appropriate GST has been paid by the company is outside the purview of GST.

(c) it is supply only if value of housing facility exceeds ₹ 50,000.

(d) it is not a supply as no consideration is paid by the employee.

57. A practicing Chartered Accountant is appointed as an independent director of a company. Whether he is liable to GST?

(a) He provides services in the capacity of an employee and therefore, covered under Schedule III of the CGST Act, 2017 (neither a supply of goods nor a supply of service) not liable under GST.

(b) He accepts appointment as a director of the company in the course or furtherance of his profession and therefore it shall be regarded as 'business' and liable to GST.

(c) It is outside the purview of GST Act.



- (d) The services provided by Chartered Accountant are exempt under GST.
58. If an unsecured debt is transferred to a third person for a consideration—
- the transaction being one of actionable claim is 'goods' and is liable to GST.
 - the transaction is treated as supply of service and is liable to GST.
 - the transaction is actionable claim but shall be treated neither as a supply of service nor as supply of goods as per Schedule III of the CGST Act, 2017 hence not liable to GST.
 - the transaction is actionable claim and is treated as either supply of services or supply of goods under Schedule II of the CGST Act, 2017.
59. From the following information determine the value of taxable supply (if the amounts are exclusive of GST wherever applicable)
- Supply of alcoholic liquor for use in medicines: ₹ 25,000.
 - Assignment of unsecured debts : ₹ 50,000.
 - Renting of commercial property : ₹ 85,000.
- ₹ 25,000
 - ₹ 75,000
 - ₹ 1,10,000
 - ₹ 1,35,000
60. From the following information determine the value of taxable supply (if the amounts are exclusive of GST wherever applicable)
- Supply of alcoholic liquor for human consumption : ₹ 55,000.
 - Sale of lottery tickets: ₹ 50,000.
 - Supply of land: ₹ 12,75,000.
- ₹ 55,000
 - ₹ 12,75,000
 - ₹ 50,000
 - Nil
61. Mr. A has received technical consultancy services from IT Star Consultants, USA. The import of technical consultancy will not be liable to GST if —
- Mr. A pays some consideration for the services received;
 - Mr. A pays some consideration for the services received and if Mr. A uses the said service for business purposes;
 - Mr. A uses the said service for business purposes even though he does not pay any consideration for the same;
 - Mr. A uses the said service for personal purposes and does not pay any consideration for the same and is also a partner in IT Star Consultants;
 - Mr. A uses the said service for business purposes and does not pay any consideration for the same and is also a partner in IT Star Consultants.
- (i), (ii), (v)
 - (iii), (iv)
 - (ii), (iii) and (v)
 - (iii), (iv) and (v)
62. Which of the following is included in specified actionable claims –
- betting;
 - casinos;
 - gambling;
 - horse racing;
 - lottery; or
 - online money gaming



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

63. The difference between the purchase price and selling price of the foreign exchange on exchange of one currency for another is —

- (a) activity being a transaction only in money and is outside the purview of GST
- (b) actionable claim and therefore not liable to tax
- (c) activity of exchange of currency, would be a transaction only in money while the inbuilt commission being the difference between the purchase price and the selling price is a 'service' and therefore, liable to GST
- (d) Neither supply of goods nor supply of services.

64. The Government's share of profit petroleum which is the consideration paid by the contractor to the Central Government for the services of grant of license/ lease to explore/ mine petroleum crude and/natural gas is _____.

- (a) exempt from GST
- (b) taxable under GST
- (c) a non-taxable supply
- (d) Neither supply of goods nor services.

65. Amount received by an employee from the employer on pre-mature termination of contract of employment —

- (a) comes within the scope of supply and is liable to tax.
- (b) comes within the scope of supply only if its value exceeds ₹ 50,000.

- (c) are in relation to the services provided by the employee to the employer in the course of employment, hence not chargeable to GST as specifically included in Schedule III i.e. activities neither supply of goods nor supply of services.
- (d) Comes within the scope of supply but has been made exempt from tax.

66. Mr. X an independent director appointed for ABC Ltd., is paid consideration for the services rendered in that capacity. Is GST chargeable?

- (a) No, as the director is regarded as the employee of the company and as per Schedule III services by an employee to the employer in course of his employment is neither supply of goods nor supply of services.
- (b) Yes, as the independent director is not regarded as the employee of the company and hence consideration paid to Mr. X for such services is liable for GST.
- (c) Yes, if the contract of employment so provide.
- (d) No, as though within the scope of supply, it is exempt.

67. Are fees/ penalty or pre-deposit paid by the litigant in the Consumer Disputes Redressal Commission chargeable to GST?

- (a) Yes, as the Consumer Disputes Redressal Commission (National/ State/ District) are not Tribunals set up under the Constitution, therefore, such services are not exempt.
- (b) Yes, as this is covered within the scope of supply of services.
- (c) No, as, though the Consumer Disputes Redressal Commission (National/ State/ District) is not Tribunal, however,

they are clothed with the characteristics of a Tribunal and hence like the services of the court or the tribunal even their services are kept outside the purview of GST.

- (d) No, as the same has been made exempt vide exemption notification issued in this regard.

68. XYZ Ltd. was amalgamated with ABC Ltd. on account of amalgamation Mr. X a shareholder received 10,000 shares of ABC Ltd. in exchange of 5,000 shares of XYZ Ltd. Does it qualify as supply?

- (a) Yes, as it is an activity undertaken in the course/ for furtherance of business.
- (b) No, transaction in securities is neither supply of goods nor services as securities are excluded from the definition of both goods as well as services.
- (c) Though a transaction in securities but here since only exchange is involved therefore it comes under the ambit of supply.
- (d) It is supply but is specifically mentioned under Schedule III and therefore is exempt.

69. Sahara Ltd., an NBFC transfers bad loans (unsecured) to Vasoli Capital Advisors Ltd. Does it qualify as supply?

- (a) No, as unsecured loans being actionable claims are not covered in definition of goods.
- (b) Yes, as unsecured loans are actionable claims and are covered within the definition of goods.
- (c) No, though actionable claims are covered in the definition of goods, however, Schedule III excludes Actionable claims, other than specified

actionable claims from supply of goods as well as services.

- (d) Yes, as Actionable claims, other than specified actionable claims are exigible under GST.

70. Compute the value of taxable supply from the following information -

- (i) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption : ₹ 1,25,000.
- (ii) Supply of warehoused goods to any person before clearance for home consumption: ₹ 1,50,000.
- (iii) Renting of vacant land for exhibition purpose : ₹ 2,50,000.
- (a) ₹ 1,50,000
- (b) ₹ 1,25,000
- (c) ₹ 2,50,000
- (d) ₹ 2,75,000

71. _____ means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

- (a) Mixed Supply
- (b) Principal Supply
- (c) Inward Supply
- (d) Exempt Supply

72. _____ means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary.



- (a) Mixed Supply
- (b) Principal Supply
- (c) Inward Supply
- (d) Exempted Supply

73. _____ means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

- (a) Composite supply
- (b) Mixed supply
- (c) Exempt Supply
- (d) Inward Supply

74. What are the factors differentiating Composite Supply and Mixed Supply?

- (a) Nature of bundling i.e. artificial or natural
- (b) Existence of Principal Supply
- (c) Both (a) and (b)
- (d) None of the above

75. 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

76. A _____ supply comprising of two or more supplies shall be treated as the supply of that particular supply that attracts highest

rate of tax.

- (a) Composite
- (b) Mixed
- (c) Both (a) and (b)
- (d) None of the above

77. 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)

78. In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer is _____

- (a) supply of goods
- (b) supply of service.
- (c) Exempt supply
- (d) Neither supply of goods nor supply of services

79. Which of the following activity is outside the scope of supply and not taxable under GST?

- (a) Services by an employee to the employer in the course of or in relation to his employment.
- (b) Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in co-insurance agreements, subject to the condition that the lead insurer pays the central tax, the State tax, the Union territory tax and the integrated tax on the entire amount of premium paid by the insured.
- (c) Actionable claims, other than specified actionable claims.
- (d) All of the above

80. Which of the following activity is outside the scope of supply and not taxable under GST?

- (a) Services by insurer to the re-insurer for which ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the

insurer to the re-insurer, subject to the condition that the central tax, the State tax, the Union territory tax and the integrated tax is paid by the re-insurer on the gross reinsurance premium payable by the insurer to the re-insurer, inclusive of the said ceding commission or the reinsurance commission.

- (b) Activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in co-insurance agreements, subject to the condition that the lead insurer pays the central tax, the State tax, the Union territory tax and the integrated tax on the entire amount of premium paid by the insured.
- (c) Actionable claims, other than specified actionable claims.
- (d) All of the above

ANSWERS TO MCQ'S

Question No.	Answer	
1.	(c)	Scope of supply u/s 7 includes both supplies made with consideration and supplies made without consideration.
2.	(c)	The activities or transactions to be treated as supply of goods or supply of services as referred to in Schedule II of CGST Act, 2017.
3.	(c)	As per Section 7(1)(b) of the CGST Act, 2017, supply includes import of services for a consideration whether or not in the course or furtherance of business.
4.	(a)	Activities made or agreed to be made without a consideration covered in scope of supply are specified in _____ .



5.	(b)	Activities or transactions specified in Schedule III shall be treated neither as supply of goods nor as supply of services.
6.	(c)	Statement 2 is false since Section 7(1)(b) provides that supply includes import of services for a consideration whether or not in the course or furtherance of business. Statement 3 is also false since as per Section 7(1)(c) of the CGST Act, 2017, supply includes the activities specified in Schedule I, made or agreed to be made without a consideration.
7.	(c)	This transaction is not regarded as supply because supply is not made by the individual in the course of or for furtherance of business.
8.	(d)	Supply of securities under Securities Lending Scheme, 1997 by the lender is taxable under GST as Lending of securities is not covered under disposal of securities, thus covered under the ambit of service.
9.	(c)	Only second statement is false as wagering is specifically included in the definition of business under Section 2(17) of the CGST Act, 2017.
10.	(d)	The following activities shall be regarded neither as supply of goods nor supply of services— (i) Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India. (ii) Supply of warehoused goods to any person before clearance for home consumption; (iii) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption. Thus, all the transactions shall be regarded as neither supply of goods nor supply of services.
11.	(b)	As per Section 2(52) of the CGST Act, 2017, “ goods ” means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.
12.	(b)	Unsecured debts and right to participate in draw of lots is actionable claim.
13.	(a)	As per Section 7(1)(b) of the CGST Act, 2017, the term ‘supply’ includes import of services for a consideration whether or not in the course or furtherance of business.
14.	(c)	As per the definition of business under the GST Laws, business includes vocation and any activity undertaken in course of business constitutes as supply. Therefore, sale of goods and services even as a vocation shall qualify as supply.
15.	(b)	Transaction in securities is neither supply of goods nor services as securities are excluded from the definition of both goods as well as services.

16.	(c)	Section 7 of the CGST Act, provides that supply must be made for a consideration except the activities specified in Schedule I and in course or furtherance of business. Since, both these elements are missing, donation of books and stationery to children living in slum area would not amount to supply under Section 7 of the CGST Act.
17.	(c)	As per Section 7(1)(b) Supply includes import of services for a consideration whether or not in the course or furtherance of business. As per Section 7(1)(c) read with Para 4 of Schedule I, import of services without consideration by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business shall be included in the ambit of supply.
18.	(a)	As per Para 1 of Schedule I, Permanent transfer or disposal of business assets where input tax credit has been availed on such assets shall be treated as supply even if made without consideration.
19.	(c)	As per Para 3 of Schedule I, Supply of goods— (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal, shall be treated as supply even when made without consideration.
20.	(d)	All of the given activities are specified in Schedule I of the CGST Act, 2017, hence shall be regarded as supply even when made without consideration.
21.	(c)	Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business shall be treated as supply even when made without consideration.
22.	(c)	Giving away essential commodities by a charitable institution on which input tax credit has not been availed is not a supply as there is no consideration and ITC has not been availed and the transaction is not in course of furtherance of the business.
23.	(d)	The said transaction amounts to supply as the same is covered in Para 1 of Schedule I of the CGST Act, 2017.
24.	(a)	The said activity is included in scope of supply as supply of goods by principal to agent or agent to principal even without consideration will be covered as supply as it is specified in Schedule I of the CGST Act, 2017.
25.	(b)	Since Vakil Associates and the branch office are related persons, services received by Vakil Associates will qualify as supply even though the head office has not charged anything from it.
26.	(d)	Schedule I of CGST Act, provides that import of services by person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business. In the given case, Manan has

		received legal consultancy from his father free of cost in a personal matter and not in course or furtherance of business. Hence, services provided by Manan's father to him would not be treated as supply under Section 7 of the CGST Act.
27.	(a)	As per Para I of Schedule II of the CGST Act, 2017, — (a) Transfer of the title in goods (b) Transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed, shall be treated as supply of goods.
28.	(c)	Treatment or process which is applied to another person's goods is supply of services, rest two transactions are supply of goods as per Schedule II of the CGST Act, 2017.
29.	(a)	Transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed is supply of goods.
30.	(c)	Actionable claims, other than specified actionable claims is specified in schedule III to be regarded as neither as supply of goods nor supply of services. Goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets. Other activities shall be regarded as supply of service.
31.	(b)	The term ' supply ' includes the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration. It is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions <i>inter se</i> shall be deemed to take place from one such person to another. [Explanation]
32.	(c)	Actionable claims, other than specified actionable claims is specified in schedule III to be regarded as neither as supply of goods nor supply of services. Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration shall be regarded as supply of goods. Other activities shall be regarded as supply of service.
33.	(a)	As per Schedule II, where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, for a consideration, such transfer or disposal is supply of goods by the person.
34.	(c)	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 supply of service as per Schedule II of the CGST Act, 2017.
35.	(c)	As per para 5(b) of Schedule III, Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier shall be regarded as supply of services.
36.	(c)	The following activities shall be regarded as supply of service— (a) Supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration. (b) Transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration. Transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed shall be regarded as supply of goods. Actionable claims, other than specified actionable claims shall be regarded neither as supply of goods nor supply of services.
37.	(c)	Works contract as defined in Section 2(119) of CGST Act, 2017, being composite supply shall be treated as supply of services.
38.	(c)	Supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration shall be supply of service.
39.	(a)	Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration is supply of goods.
40.	(a)	Transfer of right in goods/ undivided share in goods without transfer of title in goods is regarded as supply of services, rest of the activities is regarded as supply of goods.
41.	(c)	As per Schedule III, Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India and Actionable claims, other than specified actionable claims. shall be regarded as neither as supply of goods nor supply of services, hence not liable to GST.
42.	(c)	As per Section 7(2)(b) of the CGST Act, 2017, Activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council, shall be treated as neither as supply of goods nor supply of services.

43.	(c)	As per Schedule III, the following activities shall be regarded as neither as supply of goods nor supply of services— (a) Services of funeral, burial, crematorium or mortuary including transportation of the deceased. (b) Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India. (c) Supply of warehoused goods to any person before clearance for home consumption.
44.	(c)	The following activities or transactions are regarded as nether supply of goods nor supply of services – (a) Supply of warehoused goods to any person before clearance for home consumption; (b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption. (c) Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India. Permanent transfer of business assets without consideration on which input tax credit has been availed shall be regarded as supply as per Section 7(1)(c) read with Schedule-I.
45.	(b)	Importation of services for consideration for personal use is not specified in the Third Schedule. Rest all of the activities are specified in third schedule.
46.	(b)	Since all of the activities are specified in Third Schedule of the CGST Act, 2017, the value of taxable supply shall be Nil.
47.	(b)	The functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities is regarded as neither as supply of goods nor supply of services as the said activity is specified in the Third Schedule of CGST Act, 2017.
48.	(b)	The duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity is regarded as neither as supply of goods nor supply of services as the said activity is specified in the Third Schedule of CGST Act, 2017.
49.	(b)	The duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of CGST Act, 2017 is regarded as neither as supply of goods nor supply of services as the said activity is specified in the Third Schedule of CGST Act, 2017.

50.	(b)	Activity of funeral, burial, crematorium or mortuary including transportation of the deceased is regarded as neither as supply of goods nor supply of services as the said activity is specified in the Third Schedule of CGST Act, 2017.
51.	(b)	Actionable claims, other than specified actionable claims is regarded as neither as supply of goods nor supply of services as the said activity is specified in the Third Schedule of CGST Act, 2017.
52.	(a)	Gifts not exceeding ₹ 50,000 in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.
53.	(b)	Except for transaction mentioned in (iii), the said transactions shall be regarded as neither supply of goods nor supply of services, hence the value of taxable supply shall be ₹ 25,00,000.
54.	(c)	Services by way of any activity in relation to a function entrusted to a Panchayat under Article 243G of the Constitution undertaken by the Central Government or State Government or Union Territory or any local authority in which they are engaged as public authority, and Services by way of any activity in relation to a Municipality under article 243W of the Constitution undertaken by the Central Government or State Government or Union Territory or any local authority in which they are engaged as public authority are notified as per Section 7(2)(b) of the CGST Act, 2017.
55.	(d)	All the activities are specified in Third Schedule of CGST Act, 2017 hence outside the scope of supply.
56.	(b)	Free housing facility provided to the employees as per the contract of agreement and is part and parcel of cost to the company is services provided by employer to all employees as per terms of contract on which appropriate GST has been paid by the company is outside the purview of GST. The same is specifically excluded from scope of supply as it is covered in Para 1 of Schedule III of the CGST Act, 2017.
57.	(b)	The services provided by a practicing chartered accountant as an independent director for a consideration falls under the ambit of supply as he accepts appointment as a director of the company in the course or furtherance of his profession and therefore it shall be regarded as 'business' and liable to GST.
58.	(c)	If an unsecured debt is transferred to a third person for a consideration the transaction is actionable claim but shall be treated neither as a supply of service nor as supply of goods as per Schedule III of the CGST Act, 2017 hence not liable to GST.
59.	(c)	Unsecured debts are actionable claims and their assignment shall be regarded as neither supply of goods nor supply as services. Alcoholic liquor for medicinal consumption and renting of commercial property shall be liable to GST. Hence, value of taxable supply shall be ₹ 1,10,000.

60.	(c)	Supply of land and actionable claims other than betting, gambling and lottery is regarded as neither supply of goods nor supply of services, hence lottery will be liable to GST. Hence, value of taxable supply shall be ₹ 50,000.
61.	(b)	As per Section 7(1)(b), the term 'supply' includes import of services for a consideration whether or not in the course or furtherance of business. As per Para 4 of Schedule I, import of services by a person without consideration from a related person or from any of his other establishments outside India, in the course or furtherance of business shall be regarded as supply.
62.	(b)	"Specified actionable claim" means the actionable claim involved in or by way of— (i) betting; (ii) casinos; (iii) gambling; (iv) horse racing; (v) lottery; or (vi) online money gaming.
63.	(c)	The difference between the purchase price and selling price of the foreign exchange on exchange of one currency for another is activity of exchange of currency, would be a transaction only in money while the inbuilt commission being the difference between the purchase price and the selling price is a 'service' and therefore, liable to GST.
64.	(d)	The Government's share of profit petroleum which is the consideration paid by the contractor to the Central Government for the services of grant of license/ lease to explore/ mine petroleum crude and/ natural gas is exempt from GST vide Notification No. 5/2018-CT (R) dated 25-01-2018.
65.	(c)	Such amounts paid by the employer to the employee for premature termination of a contract of employment are treatable as amounts paid in relation to services provided by the employee to the employer in the course of employment. Hence, amount so paid would not be chargeable to GST.
66.	(b)	Independent directors, nominee directors or non-executive directors cannot be regarded as the employees of the company. Hence, activities carried by them for consideration are not excluded from scope of supply.
67.	(c)	Consumer Disputes Redressal Commissions (National/ State/ District) may not be tribunals literally as they may not have been set up directly under Article 323B of the Constitution. However, they are clothed with the characteristics of a Tribunal. Consequently, fee paid by litigants while registering complaints to said Commissions are not leviable to GST. - Circular No. 32/06/2018-GST dated 12-02-2018
68.	(b)	Transaction in securities is neither supply of goods nor services as securities are excluded from the definition of both goods as well as services.

69.	(c)	Actionable claims are covered in definition of goods. However, Schedule III excludes Actionable claims, other than specified actionable claims from the scope of supply. Transfer of unsecured loans, therefore, would not amount to supply.
70.	(c)	The activities specified in (a) and (b) falls in Schedule III of the CGST Act, 2017. Hence only activities specified in (c) is only chargeable to tax and value of taxable supply shall be ₹ 2,50,000.
71.	(a)	Mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.
72.	(b)	Principal supply means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary.
73.	(a)	Composite supply means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.
74.	(c)	The factors differentiating Composite Supply and Mixed Supply are (i) Nature of bundling i.e. artificial or natural and (ii) Existence of Principal Supply.
75.	(d)	All of the said supplies fall under mixed supply.
76.	(b)	A mixed supply comprising of two or more supplies shall be treated as the supply of that particular supply that attracts highest rate of tax.
77.	(b)	In this case – (i) A Five-star hotel provides four days and three-night package, with breakfast; and (ii) Repair Service of Computer along with requisite parts are examples of composite supply and rest are examples of mixed supply.
78.	(b)	In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore such supplies would constitute supply of service.
79.	(d)	All the activities are specified in Third Schedule of CGST Act, 2017 hence outside the scope of supply.
80.	(d)	All the activities are specified in Third Schedule of CGST Act, 2017 hence outside the scope of supply.

