INTERMEDIATE COURSE

PAPER – 3

TAXATION

SECTION-B : GOODS AND SERVICES TAX

[RELEVANT FOR MAY 2026, SEPTEMBER 2026 & JANUARY 2027 EXAMINATION]

BOOKLET ON CASE SCENARIOS



BOARD OF STUDIES (ACADEMIC)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

© The Institute of Chartered Accountants of India

This booklet has been prepared by the faculty of the Board of Studies (Academic). The objective of the booklet is to provide teaching material to the students to enable them to obtain knowledge in the subject. In case students need any clarifications or have any suggestions to make for further improvement of the material contained herein, they may write to the Joint Director, Board of Studies (Academic).

All care has been taken to provide interpretations and discussions in a manner useful for the students. However, the booklet has not been specifically discussed by the Council of the Institute or any of its Committees and the views expressed herein may not be taken to necessarily represent the views of the Council or any of its Committees.

Permission of the Institute is essential for reproduction of any portion of this booklet.

© *The Institute of Chartered Accountants of India*

All rights reserved. No part of this book may be reproduced, stored in a retrieval system, or transmitted, in any form, or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior permission, in writing, from the publisher.

Edition	:	January, 2025
Revise Edition	:	February 2026
Author/Editor	:	CA. (Dr.) Rashmi Goel
Website	:	www.icai.org, https://boslive.icai.org/
E-mail	:	bosnoida@icai.in
Committee/Department	:	Board of Studies (Academic)
ISBN No.	:	
Price	:	₹
Published by	:	The Publication & CDS Directorate on behalf of The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi 110 002, India.
Printed by	:	

© The Institute of Chartered Accountants of India

BEFORE WE BEGIN.....

Under the New Scheme of Education and Training which was introduced on 1st July, 2023, 30% of the examination assessment is by the way of Objective Type Questions at Intermediate and Final level. Therefore, to provide hands-on practice for such type of questions, BOS launched MCQ Paper Practice Portal on 1st July, 2023. This online portal contains independent MCQs as well as case scenario based MCQs both for conceptual clarity and practice of the students.

In continuation to this handholding initiative and to provide quality academic inputs to the students to help them grasp the intricate aspects of the subject, the Board of studies has brought forth subject-wise booklets on Case Scenarios at Intermediate and Final level. These booklets are meticulously designed to assist Chartered Accountancy (CA) students in their preparation of the CA course.

At Intermediate level, the **'Booklet on Case Scenarios for Paper 3: Taxation, Section B – Goods and Services Tax'** contains the case scenarios which have been answered on the basis of the provisions of the Central Goods and Services Tax Act, 2017 and the Integrated Goods and Services Act, 2017 as amended by the Finance Act, 2025, including significant circulars and notifications issued and other legislative amendments made, which have become effective up to 31.10.2025. The case scenario-based MCQs are all application oriented MCQs and arise from the facts of the case. At the end of each case scenario followed by MCQs, we have also provided explanations/hints for each MCQ which will enable the students to evaluate their performance and identify areas requiring further attention.

This booklet is relevant for May 2026, September 2026 and January 2027 examinations. Please note that before working out the MCQs of this booklet, students have to be thorough with the provisions and concepts of the Goods and Services Tax law as discussed in the July, 2025 edition of the Study Material, which is based on the provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance (No. 2) Act, 2024, including significant circulars and notifications issued and other legislative amendments made, which have become effective up to 30.04.2025.

© The Institute of Chartered Accountants of India

Students appearing for May 2026 examination also need to go through the Statutory Update for May 2026 examination which has been web-hosted at the BoS Knowledge Portal, containing the significant notifications, circulars and other legislative amendments made, up to 31.10.2025 in the GST law.

Students appearing for September 2026 examinations and January 2027 examinations also need to go through the Statutory Update for respective examinations which will be web-hosted at the BoS Knowledge Portal, containing the significant notifications, circulars and other legislative amendments made, up to 28.02.2026 and up to 30.06.2026 respectively in the GST law.

Unless otherwise specified, the section numbers and rules referred in the booklet pertain to the CGST Act, 2017 and the CGST Rules, 2017 respectively (except where the section numbers and rule numbers pertain to the IGST Act, 2017 and the IGST Rules, 2017). **It is important to note that the GST rates for goods and services mentioned in various questions are hypothetical and may not necessarily be the actual rates leviable on those goods and services.**

After attaining conceptual clarity by reading the Study Material and Statutory Update, you are expected to apply the concepts learnt in answering the MCQs given in this booklet. You have to read the case scenarios and the MCQs, identify the provisions of tax law involved, apply the provisions correctly in addressing the issue raised/making the computation required in the MCQ, and finally, choose the correct answer. This process of learning concepts and provisions of tax laws and solving MCQs based thereon will help you attain conceptual clarity and hone your application and analytical skills so that you are able to approach the examination with confidence and a positive attitude.

We are confident that this booklet will serve as a valuable companion in your preparation journey. We encourage students to make the most of this resource by engaging deeply with the scenarios, reflecting on the MCQs, and embracing the learning process.

Best wishes for your studies and success in the CA Intermediate Examination!

© The Institute of Chartered Accountants of India

CONTENTS

CASE SCENARIO 1 1
CASE SCENARIO 2 5
CASE SCENARIO 3 9
CASE SCENARIO 4 13
CASE SCENARIO 5 18
CASE SCENARIO 6 21
CASE SCENARIO 7 25
CASE SCENARIO 8 28
CASE SCENARIO 9 31
CASE SCENARIO 10 34
CASE SCENARIO 11 36
CASE SCENARIO 12 38
CASE SCENARIO 13 40
CASE SCENARIO 14 44
CASE SCENARIO 15 48
CASE SCENARIO 16 53
CASE SCENARIO 17 57
CASE SCENARIO 18 61
CASE SCENARIO 19 64
CASE SCENARIO 20 67
CASE SCENARIO 21 70

© The Institute of Chartered Accountants of India

CASE SCENARIO 22.....75
CASE SCENARIO 23.....79
CASE SCENARIO 24.....82
CASE SCENARIO 25.....87
CASE SCENARIO 26.....91
CASE SCENARIO 27.....95
CASE SCENARIO 28.....99
CASE SCENARIO 29..... 103
CASE SCENARIO 30..... 106
CASE SCENARIO 31..... 110
CASE SCENARIO 32..... 113
CASE SCENARIO 33..... 116
CASE SCENARIO 34..... 120
CASE SCENARIO 35..... 125
CASE SCENARIO 36..... 130
CASE SCENARIO 37..... 135
CASE SCENARIO 38..... 138
CASE SCENARIO 39..... 141
CASE SCENARIO 40..... 146
CASE SCENARIO 41..... 149
CASE SCENARIO 42..... 152
CASE SCENARIO 43..... 155
CASE SCENARIO 44..... 158
CASE SCENARIO 45..... 162

© The Institute of Chartered Accountants of India

CASE SCENARIO 46..... 166
CASE SCENARIO 47..... 169
CASE SCENARIO 48..... 173
CASE SCENARIO 49..... 176
CASE SCENARIO 50..... 180

© The Institute of Chartered Accountants of India

© The Institute of Chartered Accountants of India

CASE SCENARIO 1

Sambhav Ltd., a company registered under GST and engaged in manufacturing and e-commerce operations, operates in multiple States across India. The company procures raw materials from various suppliers and supplies finished goods both domestically and internationally. It also acts as an e-commerce operator (ECO), facilitating third-party transactions as well supplying goods and services on its own account, through its portal round the clock. During its financial review, the management of Sambhav Ltd. observed the following:

The company discontinued its operations in the State of Assam from 15th December. The online application for cancellation of registration was furnished on 5th January. The registration was suspended from the same day. Further, the order for cancellation of registration was passed on 2nd February wherein the registration was cancelled with effect from 31st January.

The company paid an amount of ₹ 5,00,000 alongwith the tax payable thereon to its supplier – Rudraksh Enterprises - pursuant to the settlement of dispute in December month of current financial year. The company had earlier reversed the ITC related to supply received from Rudraksh Enterprises due to non-payment of consideration and tax amount. The invoice was issued by Rudraksh Enterprises in the month of September of the previous financial year.

The company provided accommodation services to Governmental Agency of Gujarat (registered under GST only in the State of Gujarat) in its own hotel located in the State of Rajasthan. The accommodation services were provided for the stay of employees of the Governmental Agency of Gujarat who had to attend a training programme organized by the Central Government. The total amount charged by the company for such service was ₹ 25,00,000.

During the month of January, Dumdum Ltd. supplied goods worth ₹ 75,00,000 through the company's e-commerce platform. Out of this supply, the goods amounting to ₹ 15,00,000 were returned in January. Further, the company also supplied its own products amounting to ₹ 20,00,000 through the e-commerce platform in said month. The amount of hotel accommodation services supplied through its e-commerce portal by hotel owners not required to obtain

© The Institute of Chartered Accountants of India

registration under GST [in terms of section 22(1) of the CGST Act, 2017] amounted to ₹ 20,00,000 for the month of January.

The company also completed a project for the construction of road (taxable under GST) for a Government agency on 31st December. The total time taken for completion of project was more than 13 months. As per the contract signed with such agency, the last tranche of payment of 25% of the total contract value was linked to the date of issuance of completion certificate by the Government engineer. The completion certificate was issued by the Government engineer on 15th January. However, the invoice for such supply was issued on 5th February and payment was received on 20th February by the company.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. What is the due date for filing the final return in the State of Assam?
   (a) within 3 months from 5th January
   (b) within 3 months from 31st January
   (c) within 3 months from 2nd February
   (d) within 3 months from 15th December
2. Which of the following statements is correct in relation to the re-availment of the input tax credit that had been reversed earlier, upon payment of disputed amount by the company to Rudraksh Enterprises?
   (a) The company could have re-availed the ITC only up to 30th November of the previous financial year.
   (b) The company could have re-availed the ITC only up to 30th November of the current financial year.
   (c) The company could have re-availed the ITC only up to the end of the previous financial year.
   (d) ITC can be re-availed without any time limit after making the payment of disputed amount alongwith tax payable thereon to Rudraksh Enterprises.

© The Institute of Chartered Accountants of India

3. The amount of tax to be deducted at source under GST law by Governmental Agency of Gujarat is _____.

   (a) IGST - ₹ 25,000

   (b) CGST - ₹ 12,500 and SGST - ₹ 12,500

   (c) nil

   (d) IGST - ₹ 50,000

4. The amount of tax to be collected at source by the company under the GST law during January is _____ (ignore bifurcation of CGST, SGST and IGST).

   (a) ₹ 50,000

   (b) ₹ 40,000

   (c) ₹ 37,500

   (d) ₹ 30,000

5. What is the last date for issuance of invoice in relation to construction of road by the company for the last tranche of payment received?

   (a) 31st December

   (b) 15th January

   (c) 5th February

   (d) 20th February

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (c)** within 3 months from 2nd February

Reason:

As per section 45 of the CGST Act, 2017, the final return has to be filed within 3 months of the:

(i) date of cancellation

or

(ii) date of order of cancellation

whichever is later.

© The Institute of Chartered Accountants of India

2. **Option (d)** ITC can be re-availed without any time limit after making the payment of disputed amount alongwith tax payable thereon to Rudraksh Enterprises.

Reason:

Section 16 of the CGST Act, 2017 does not provide any time limit to re-avail the ITC which was reversed earlier on account of non-payment of consideration to the supplier.

3. **Option (c)** nil

Reason

As per Section 51 of the CGST Act, 2017 no deduction shall be made if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union territory of registration of the recipient. In the present case the supplier and place of supply is in Rajasthan while the recipient is of Gujarat.

4. **Option (d)** ₹ 30,000

Reason:

As per Section 52 of the CGST Act, 2017, an e-commerce operator must collect TCS only on the net value of taxable supplies made by other suppliers through the platform, excluding returns. Own supplies and supplies made by exempt/unregistered hotel owners (Section 22 exemption) are not subject to TCS, hence excluded from the calculation. Applying the current TCS rate of 0.5% on the net ₹ 60,00,000 results in TCS of ₹ 30,000.

5. **Option (b)** 15th January

Reason:

Since the contract links payment to the event of completion certification, Section 31(5) of the CGST Act, 2017 requires that the invoice for a continuous supply of services be issued on or before the date when such event occurs. Accordingly, with the completion certificate issued on 15 January, that becomes the last permissible date for issuing the invoice.

© The Institute of Chartered Accountants of India

CASE SCENARIO 2

Rapidmove Logistics Pvt. Ltd. (hereinafter referred as RLPL), a registered company based in Pune, Maharashtra, is engaged in providing logistics and warehousing services, including transport of goods by road, cold storage warehousing for perishables, and consultancy services. It also deals in activities like storage of agricultural produce.

During the quarter April to June of current year, the company undertook following transactions:

(i) Logistics services provided to M/s Hanuman Enterprises, registered in Amravati, Maharashtra for ₹ 28,00,000 and to M/s Shiv Industries, registered in Gwalior, Madhya Pradesh for ₹ 22,00,000.

(ii) Services by way of warehousing of vegetables provided to M/s Safal Farms registered in Solapur, Maharashtra and M/s Fresh Veggies registered in Vapi, Gujarat for ₹ 8,00,000 and ₹ 4,00,000 respectively

(iii) Sale of land to Mr. Amit in Pune for ₹ 1,20,00,000, excluding stamp duty of ₹ 2,50,000 (stamp duty is charged at 2%).

(iv) It also received consultancy services from Mr. Shreyas, an architect in the month of March of the previous financial year, for ₹ 80,000 (exclusive of GST @18%), but input tax credit (ITC) was not availed until now. The related invoice was dated 20th March of previous financial year.

(v) Supplied goods to its newly opened warehouse in Bengaluru Unit valued at ₹ 6,00,000 (exclusive of GST @18%). The company has paid the GST but, Bengaluru unit did not make payment against this invoice within 180 days.

(vi) In addition to the aforesaid transactions, RLPL spent an amount of ₹ 5,00,000 on the procurement of certain goods which were distributed as part of the corporate social responsibility [CSR] expenditure required under the provisions of the Companies Act, 2013.

During the same quarter, it also received a subsidy of ₹ 40,000 from an environmental NGO for adopting green refrigeration technology and using the Electric Vehicles for logistics. This subsidy was linked to a performance metric (carbon reduction), not to the price of services.

© The Institute of Chartered Accountants of India

The company has been compliant in filing periodic returns and statements on time during the year and has filed the annual return for preceding financial year on 15th October, of current financial year.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. What would be the aggregate turnover of RLPL for the quarter April–June?

   (a) ₹ 1,88,00,000

   (b) ₹ 1,93,00,000

   (c) ₹ 1,82,00,000

   (d) ₹ 68,00,000

2. Which of the following options is correct regarding the availability of ITC to RLPL in respect of GST paid on the procurement of goods meant for the purpose of corporate social responsibility activity?

   (a) The amount of ITC related to such procurement of goods is not available to RLPL.

   (b) The amount of ITC related to such procurement of goods is available to RLPL.

   (c) The amount of ITC only to the extent of 50% of amount of such procurement of goods is available to RLPL.

   (d) The amount of ITC shall be available to the registered person to whom such goods are distributed under CSR activity.

3. RLPL can claim ITC for the invoice dated 20th March of the previous FY upto _____of the current financial year.

   (a) 30th September

   (b) 31st December

   (c) 15th October

© The Institute of Chartered Accountants of India

(d) 30th November

4. Subsidy received from the environmental NGO is to be _____:

(a) treated as part of consideration as it is received in connection with business

(b) excluded from transaction value as it is not directly linked to price of supply

(c) included in value, as it is consideration flown from third-party.

(d) included only if received before completion of supply

5. Which of the following statements is true in relation to the non-payment of consideration by the Bengaluru Unit to Pune office?

(a) The Bengaluru Unit shall reverse the ITC availed on the goods received from Pune and also required to pay interest computed from the date of invoice till the date of reversal of ITC.

(b) The Bengaluru Unit shall reverse the ITC availed on the goods received from Pune and no interest shall be applicable.

(c) The restriction of 180 days for payment of consideration is not applicable in the present case.

(d) The Pune godown shall issue a credit note to Bengaluru Unit to reverse the supply.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) ₹ 68,00,000

Reason:

Aggregate turnover = ₹ 68,00,000

1. Logistics services – ₹ 28,00,000 + ₹ 22,00,000= ₹ 50,00,000
2. Vegetable warehousing – ₹ 8,00,000 + ₹ 4,00,000= ₹ 12,00,000
3. Supply of goods to Bengaluru Unit = ₹ 6,00,000

Sale of land is neither a supply of goods nor a supply of services as per entry 5 of Schedule III of the CGST ACT, 2017 and thus, also not covered

© The Institute of Chartered Accountants of India

under the definition of aggregate turnover. Hence, only inter-State and intra-State turnover (taxable and exempted) is to be considered while computing aggregate turnover. Also, stock transfer to distinct persons is includible in aggregate turnover.

2. **Option (a)** The amount of ITC related to such procurement of goods is not available to RLPL.

Reason:

As per section 17(5) of the CGST Act, 2017, ITC shall not be available in respect of goods and/or services received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility (CSR) referred to in section 135 of the Companies Act, 2013.

3. **Option (c)** 15th October

Reason:

As per section 16(4) of the CGST Act, 2017 the maximum time limit within which such amendments are permissible is earlier of the following dates:

(a) 30th day of November following the end of the financial year to which such details pertain or

(b) Date of filing of the relevant annual return

4. **Option (b)** excluded from transaction value as it is not directly linked to price of supply

Reason:

Subsidy is not directly linked to the price and accordingly not includible in the value of supply as per Section 15 of the CGST Act, 2017.

5. **Option (c)** The restriction of 180 days for payment of consideration is not applicable in the present case.

Reason:

In case of distinct persons having same PAN, the restriction of 180 days for payment of consideration is not applicable as per proviso to rule 37(1) of the CGST Rules, 2017.

© The Institute of Chartered Accountants of India

CASE SCENARIO 3

ABC Associates, engaged in the hospitality sector in Rajasthan under the trade name "Paradize Resorts", commenced operations on 1st April. Its aggregate turnover crossed ₹ 20 lakh on 1st June. The application for registration was filed on 15th June, and registration was granted with effect from 1st July. Consequent to the grant of registration, Paradize Resorts issued revised tax invoices for the period beginning with 15th June.

For its hotel interiors, Paradize Resorts availed interior designing services free of cost from DEF Interiors, Japan, whose proprietor is the son of one of the partners of Paradize Resorts.

Other relevant transactions of Paradize Resorts include the following:

(i) Mr. Ajay, a GST-registered person in Madhya Pradesh, availed lodging accommodation services at the resort for two nights and three days.

(ii) For the New Year celebrations, Paradize Resorts engaged "Darohar Group", a classical music troupe, for a performance at an agreed consideration of ₹ 2.5 lakh.

(iii) A marriage function was hosted at the hotel premises on 1st June. The invoice for the same was issued on 28th June, and consideration was received on 29th June.

Owing to extensive compliance requirements, the management is also exploring the possibility of transferring the hotel business as a going concern.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. Whether issuance of revised tax invoices by Paradize Resorts is valid as per the relevant provisions of the GST Law?

   (a) Yes, revised tax invoices may be issued for the period 15th June to 1st July, within one month from 1st July.

© The Institute of Chartered Accountants of India

(b) No, revised tax invoices may be issued for the period 1st June to 1st July, within one month from 1st July.

(c) Yes, revised tax invoices may be issued for the period 15th June to 1st July, within 15 days from 1st July.

(d) No, revised tax invoices can be issued only after registration is granted, i.e., post 1st July.

2. What is the GST treatment of the performance by Darohar Group?

(a) Entire consideration of ₹ 2.5 lakh is taxable.

(b) Only ₹ 1 lakh is taxable, as ₹ 1.5 lakh is exempt.

(c) Entire ₹ 2.5 lakh is exempt from GST.

(d) Only ₹ 50,000 is taxable, as ₹ 2 lakh is exempt for classical performances.

3. Whether there will be any GST liability on interior designing services provided free of cost by DEF Interiors? Which of the following statement(s) is most appropriate in this regard?

(a) Yes, since import of services from a related person in the course or furtherance of business will be treated as supply even if made without consideration.

(b) No, since no consideration was paid, the same is not taxable.

(c) No, import of services from a related person is exempt.

(d) Yes, fully taxable irrespective of whether used for business or personal purposes.

4. What will be the time of supply in respect of the marriage function hosted on 1st June?

(a) 1st June

(b) 28th June

(c) 29th June

(d) 30th June

© The Institute of Chartered Accountants of India

5. Which of the following statement(s) is/are correct?

Statement 1: The place of supply of services provided to Mr. Ajay will be the location of the immovable property, i.e., Rajasthan.

Statement 2: No GST is payable in case of transfer of business as a going concern.

(a) Both statements are correct

(b) Only Statement 1 is correct

(c) Only Statement 2 is correct

(d) Both statements are incorrect

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** No, revised tax invoices may be issued for the period 1st June to 1st July, within one month from 1st July.

Reason:

Revised tax invoices shall be issued within 1 month from the date of issuance of certificate of registration as per section 31(3)(a) of the CGST Act, 2017.

2. **Option (a)** Entire consideration of ₹ 2.5 lakh is taxable.

Reason:

Since the consideration charged for such performance is more than one lakh and fifty thousand rupees, entire consideration is taxable and exemption is not available under *Notification No. 12/2017 CT (R) dated 28.06.2017*.

3. **Option (a)** Yes, since import of services from a related person in the course or furtherance of business will be treated as supply even if made without consideration.

Reason:

Import of services by a person from a related person or from his establishments located outside India, without consideration, in the course

© The Institute of Chartered Accountants of India

or furtherance of business shall be treated as "supply" as per Schedule I of the CGST Act, 2017.

4. Option (b) 28th June

Reason:

Section 13 of the CGST Act, 2017 provides that the time of supply of services shall be the date of issue of invoice by the supplier, if the invoice is issued within 30 days of supply of services as per Section 31 of the CGST Act, 2017 or the date of receipt of payment, whichever is earlier. Thus, the time of supply shall be the date of issuance of invoice.

5. Option (a) Both statements are correct

Reason:

As per section 12(3)(c) of the IGST Act, 2017, the place of supply of services by way of accommodation in any immovable property shall be the location at which the immovable property is located. Accordingly, the supply shall be an intra-State supply and therefore CGST and SGST shall be charged.

Services by way of transfer of a going concern, as a whole or an independent part thereof are exempted under Entry 2 of *Notification No. 12/2017 CT (R) dated 28.06.2017*.

© The Institute of Chartered Accountants of India

CASE SCENARIO 4

Mahadev Housing Society (MHS) is registered under GST in Lucknow, Uttar Pradesh. The society has in all 200 flats and 20 shops as under:

Block	Type	Units (nos.)
A	3BHK Flats	50
B	4BHK Flats	50
C	3BHK Flats	50
D	4BHK Flats	50
E	Shops	10
F	Shops	10

Flats and Shops are the members of Mahadev Housing Society (MHS).

The society received/paid the following amounts in the month of January:

S. No.	Particulars	Amount for each unit of a 3BHK flat (₹)	Amount for each unit of a 4BHK flat (₹)
1	Maintenance charges collected (including property tax ₹ 1,000 for a 3BHK flat and ₹ 1,500 for a 4BHK flat collected on behalf of the Municipal Corporation)	8,000	10,000

Additional information:

(i) Maintenance charges collected from each shop is ₹ 7,000 during the month.

(ii) Interest ₹ 75,000 received on fixed deposit with a nationalized bank.

(iii) 4 generators each costing ₹ 1,00,000 were purchased from a registered supplier for power backup of the blocks, of which 2 were installed for 3BHK blocks and 2 for 4BHK blocks. The amount capitalised in the books but no depreciation charged.

© The Institute of Chartered Accountants of India

(iv) Pipes and other sanitary fittings costing ₹ 25,000 were purchased for Block A from a registered supplier and debited in the Profit and Loss account.

(v) 3 members own 2 units (flats) each of the 3BHK type.

(vi) All inward and outward supplies are Intra-State supplies.

(vii) Ignore the effect of common credit, if any.

Assume that all conditions necessary for claiming Input Tax Credit (ITC) were complied with and not claimed any depreciation on any assets.

All the figures given are exclusive of GST wherever applicable.

Assume rate of CGST @ 9%, SGST @ 9% and IGST @ 18% on all inward and outward supplies wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer for the following question no. 1 to 3:

MULTIPLE CHOICE QUESTIONS

1. The total value of exempted outward supply of the society for the month of January is

   (a) ₹ 11,65,000

   (b) ₹ 10,90,000

   (c) ₹ 10,25,000

   (d) ₹ 7,75,000

2. The amount of Input Tax Credit (ITC) that the society can avail for the month of January is

   (a) ₹ 2,250 CGST and ₹ 2,250 SGST

   (b) ₹ 18,000 CGST and ₹ 18,000 SGST

   (c) ₹ 36,000 CGST and ₹ 36,000 SGST

   (d) ₹ 38,250 CGST and ₹ 38,250 SGST

© The Institute of Chartered Accountants of India

3. The gross GST liability (before reduction of ITC) for the month of January is

(a) ₹ 76,500 CGST and ₹ 76,500 SGST

(b) ₹ 89,100 CGST and ₹ 89,100 SGST

(c) ₹ 1,02,600 CGST and ₹ 1,02,600 SGST

(d) ₹ 1,52,100 CGST and ₹ 1,52,100 SGST

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) ₹ 11,65,000

Reason:

Total value of exempted supply –

Particulars	**Amount (₹)**
Maintenance charges for 100 3BHK flats (₹ 7,000 × 100) [Rs 8,000 – ₹ 1,000 (taxes collected on behalf of municipal corporation are exempted from GST)]. [Since value of maintenance per month is less than ₹ 7,500 per member it is exempted vide *entry 77 of Notification No. 12/2017 CT (R) dated 28.06.2017*. Further, property tax and electricity is exempt from the levy of GST. Thus, charges, collected by the society on account of property tax, electricity charges and other statutory levies would be excluded while calculating the limit of ₹ 7,500. *[CBIC GST Flyer 'GST on Co-Operative Housing Societies' and CBIC FAQs on levy of GST on Supply of Services to Co-operative Society]*. Also 3 members owning 2 flats each of 3BHK will be a member of the society for each flat owned by him.]	7,00,000
Maintenance Charges on Shop (₹ 20 x ₹ 7,000) [The maintenance charges collected from shop is also exempt vide *entry 77 of Notification No. 12/2017 CT (R) dated 28.06.2017*. Further, property tax and electricity is exempt from the levy of GST. Thus, charges, collected by the society on account of property	1,40,000

© The Institute of Chartered Accountants of India

tax, electricity charges and other statutory levies would be excluded while calculating the limit of ₹ 7,500. *[CBIC GST Flyer 'GST on Co-Operative Housing Societies' and CBIC FAQs on levy of GST on Supply of Services to Co-operative Society].* Since value of maintenance per month is less than ₹ 7,500 per member it is exempted.]	
Property tax collected on all the flats on behalf of municipal corporation are exempted from GST [(₹ 1,000 × 100) + (₹ 1,500 × 100)].	2,50,000
Interest on FD	75,000
Total value of exempted supply.	**11,65,000**

2. **Option (b)** ₹ 18,000 CGST and ₹ 18,000 SGST

Reason

Amount of ITC to be availed –

Particulars	**CGST**	**SGST**
2 Generators for 4BHK towers [(₹ 1,00,000 × 2) × 9%].	18,000	18,000
ITC cannot be claimed for purchase of generators (3 BHK Blocks) and pipe & sanitary fittings for block A since maintenance charges for the same is exempted.	Nil	Nil
Value of ITC that can be availed.	**18,000**	**18,000**

3. **Option (a)** ₹ 76,500 CGST and ₹ 76,500 SGST

Reason:

Total value of taxable supply –

Particulars	**Amount (₹)**
Maintenance charges for 100 4BHK flats (₹ 8,500 × 100) [₹ 10,000 – ₹ 1,500 property tax (taxes collected on behalf of municipal corporation are exempted from GST)].	8,50,000

© The Institute of Chartered Accountants of India

[Since value of maintenance per month is more than ₹ 7,500 per member it is not exempted].	
Maintenance charges for 20 shops (₹ 7,000 × 20). [The exemption of ₹ 7,500 of maintenance per month is also available to shops as it is the member of Society].	-
Total value of taxable supply.	**8,50,000**

Total GST liability = ₹ 76,500 [(₹ 8,50,000 × 9%) each].

© The Institute of Chartered Accountants of India

CASE SCENARIO 5

Raghu Impex Limited, registered in the State of Uttar Pradesh was involved in supplying stationery items pan India basis. The company did not opt for registration under GST. The proper officer of GST based on enquiry finds that the company is liable for registration and he registers it on temporary basis on 21.01.2024.

The company made the following outward supplies of printing materials in the month of February, 2025:

(i) to Telangana State Agriculture Department for an invoice value of ₹ 2,60,400 inclusive of GST @ 5%, delivering at Hyderabad, Telangana State.

(ii) to UPGST, State GST Department for an invoice value of ₹ 2,95,000 inclusive of GST @ 18%, delivering at Noida, in the State of Uttar Pradesh.

(iii) to Delhi Transport Corporation, Government owned transport corporation registered in the Union Territory of Delhi for supply to its Central Stores located in Ghaziabad, in the State of Uttar Pradesh, for an invoice value of ₹ 2,97,360 inclusive of GST @ 18%.

In the month of September, 2024 company found that while issuing invoice to a customer, the company erroneously charged higher value by ₹ 52,000. Such invoice was issued on 31.03.2024. Company issued the credit note in respect of this invoice on 01.10.2024. The company filed relevant annual return on 15.06.2025 and return for the month of September 2024 and October 2024 were filed on 31.10.2024 & 19.11.2024 respectively.

Based on the facts of the case scenario given above, choose the most appropriate answer for the following question no. 1 to 3:

MULTIPLE CHOICE QUESTIONS

1. On getting temporary registration, Raghu Impex Limited needs to apply for registration upto _____.

   (a) 20.02.2024

© The Institute of Chartered Accountants of India

(b) 22.03.2024

(c) 21.04.2024

(d) 21.05.2024

2. In respect of printing materials supplied in the month of February 2025, the company shall be subjected to a total GST TDS of ₹ _____, ignoring bifurcation as CGST & SGST/IGST.

(a) NIL

(b) 5,000

(c) 5,040

(d) 10,040

3. What is the maximum time limit available for declaring the details of the such credit note in the GST return with respect of said transaction?

(a) 30.11.2024

(b) 31.10.2024

(c) 19.11.2024

(d) 15.06.2025

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) 21.04.2024

Reason:

As per section 25(8) of the CGST Act, 2017 read with rule 16(3) of the CGST Rules, 2017, the person shall submit an application for registration in prescribed form within 90 days from the date of grant of temporary registration.

2. Option (c) 5,040

Reason:

As per Section 51 of the CGST Act, TDS is required to be deducted only when the taxable value of a supply (excluding GST) made to a notified

© The Institute of Chartered Accountants of India

Government authority exceeds ₹2,50,000. In cases (i) and (ii), the taxable values after removing the GST portion does not exceed ₹ 2,50,000 threshold, and therefore TDS is not applicable. However, in case (iii), the taxable value computed from the invoice amount of ₹2,97,360 (inclusive of 18% GST) exceeds 2,50,000 on a tax-exclusive basis.

Further, the place of supply shall be determined by section 10(1)(b) of the IGST Act, 2017 i.e. applying Bill to Ship to Model. Consequently, proviso to section 51 (1) of the CGST Act, 2017 does not get invoked in this case. Thus, total TDS is ₹ 5,040 [2,97,360 /118% x 2%].

3. Option (c) 19.11.2024

Reason:

Section 34(2) of the CGST Act, 2017 provides that any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than the 30th day of November following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in such manner as may be prescribed.

In the given case, actual date of filing return for the month in which credit note is issued, i.e. October 2024 is given (19.11.2024). Thus, details of credit notes can be declared only till 19.11.2024.

© The Institute of Chartered Accountants of India

CASE SCENARIO 6

Sandeep, a registered person in Pune, Maharashtra, is engaged in the business of providing training services to various registered and unregistered persons. During the month of October, he conducted training camps at different cities in Uttar Pradesh for general public and received ₹ 3,45,000 from such camps. He was hired by Arihant Pharma Limited, registered in Goa, to provide training to its employees for total consideration of ₹ 2,25,000. The training was given to 20 employees at Mumbai, Maharashtra. Sandeep also gave his residential property in Mumbai to Arihant Pharma Limited for the stay of employees who joined the training. ₹ 10,000 per person was additionally charged by Sandeep for period of stay of 30 days.

Sandeep hired a bus from Ravi (Registered in Maharashtra) at ₹ 50,000 for 30 days to transport trainees. The bus has enough seating capacity to transport 20 trainees. Cost of fuel is included in the consideration paid to Ravi. Sandeep also received security services from Protect You Security Limited for ₹ 35,000.

All the amounts given above are exclusive of tax, wherever applicable. Rates of GST are 9%, 9% and 18% for CGST/SGST/IGST respectively.

Subject to the information given above, all other conditions for availing ITC are complied with.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

1. Amount of inter-state outward supply on which Sandeep shall pay tax is:

   (a) ₹ 2,25,000

   (b) ₹ 5,70,000

   (c) Nil

   (d) ₹ 3,45,000

2. Amount on which Sandeep is required to pay tax under RCM is:

   (a) Nil

   (b) ₹ 35,000

© The Institute of Chartered Accountants of India

(c) ₹ 50,000

(d) ₹ 85,000

3. Total tax payable before setting off input tax credit by Sandeep is:

(a) ₹ 1,38,600

(b) ₹ 1,02,600

(c) ₹ 1,23,300

(d) ₹ 87,300

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) ₹ 5,70,000

Reason:

Applying the provisions of place of supply under the IGST Act, 2017 the training services provided to the general public in Uttar Pradesh fall under section 12(5)(b) of the IGST Act, 2017, where the place of supply for training given to unregistered persons is the place where the services are actually performed. Since the camps were conducted in Uttar Pradesh and Sandeep is registered in Maharashtra, this supply becomes an inter-State supply amounting to ₹ 3,45,000.

For the training provided to Arihant Pharma Limited, a registered person located in Goa, section 12(5)(a) of the IGST Act, 2017 applies, under which the place of supply is the location of the registered recipient, i.e., Goa. With the supplier in Maharashtra and the place of supply in Goa, this too becomes an inter-State supply of ₹ 2,25,000.

The renting of a residential dwelling for use as residence is not exempt and taxable under reverse charge and therefore not included in taxable outward supplies. Accordingly, the total value of inter-State outward taxable supplies comes to ₹ 5,70,000.

© The Institute of Chartered Accountants of India

2. Option (a) Nil

Reason:

RCM is not applicable on either of the inward supplies. The bus hired from Ravi is a rental service of a bus with fuel and driver, and buses are not covered under the RCM entry for passenger transport, which applies only to services provided to a body corporate.

In the case of security services, RCM applies only when the supplier is *not* a body corporate; however, Protect You Security Limited is a company, so GST is payable by the supplier under forward charge. Hence, Sandeep has no RCM liability on these services.

3. Option (b) ₹ 1,02,600

Computation of total GST payable by Sundeep

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Training to general public of UP [As per section 12(5) of the IGST Act, 2017, the place of supply of services in relation to training and performance appraisal to a person other than a registered person, shall be the location where the services are actually performed. Thus, place of supply is UP, and hence same is an Inter-State supply.]	3,45,000			62,100 (₹ 3,45,000 x 18%)
Training to Arihant Pharma Limited, registered in Goa [As per section 12(5) of the IGST Act, 2017, the place of	2,25,000			40,500 [₹ 2,25,000 x 18%]

© The Institute of Chartered Accountants of India

supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person. Thus, place of supply is Goa and hence same is an Inter-State supply.]				
Renting of residential property to Arihant Pharma Limited for stay of employees [20 employees x ₹ 10,000 per person] [Services by way of renting of residential dwelling for use as residence except where the residential dwelling is rented to a registered person is exempt from GST. Thus, same is not exempt. Further, as per entry 5AA of Reverse Charge Notification, service by way of renting of residential dwelling to a registered person is taxable under reverse charge mechanism.]	2,00,000	--	--	
Total GST payable				1,02,600

© The Institute of Chartered Accountants of India

CASE SCENARIO 7

Raj Enterprises, a partnership firm registered under GST is engaged in the sale of both taxable and exempt goods and services in Bhubaneswar, Odisha. On 20-03-2025, it entered into a contract of providing painting services to one of its client for his office. The value of the whole contract was pre-decided for ₹ 2,00,000. The due date to complete contract was estimated to be 20-04-2025. However, due to some dispute with the client, painting service was stopped abruptly on 31-03-2025. Only 60% of work was completed upto 31-03-2025.

Raj Enterprises received a new order from Mr. Mathur of Kerala on 25-04-2025 for supply constituting both taxable and exempt goods. He sold goods amounting to ₹ 55,000 out of which goods worth ₹ 10,000 was exempt. The value of exempt goods is separately mentioned in the invoice and both goods are independent to each other. Applicable rate of IGST was 18%. He issued a single invoice in respect of both taxable and exempt supply of goods.

The Accountant of the firm advised the firm that the requirement of e-way bill is based on the requirement of consignment value of goods supplied.

The firm had received a GST refund of ₹ 50,000, which was sanctioned by the department erroneously and credited to cash ledger of the firm. An interest of ₹ 1,100 was also payable by the firm owing to the late payment of GST for previous tax periods. The firm's output tax liability for the month of April 2025 is ₹ 2,50,000 including output tax liability, if any, on the above-mentioned transactions. The opening balance lying in the electronic credit ledger of the firm was ₹ 2,60,000 and the opening balance of Electronic Cash ledger was ₹ 70,000. All the amounts given above are exclusive of GST wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

MULTIPLE CHOICE QUESTIONS

1. The due date of issuance of invoice and the value of such invoice issued for work contract is:

   (a) 18-04-2025 and ₹ 2,00,000

© The Institute of Chartered Accountants of India

(b) 31-03-2025 and ₹ 2,00,000

(c) 31-03-2025 and ₹ 1,20,000

(d) 30-04-2025 and ₹ 1,20,000

2. Consignment value of goods supplied to Kerala to Mr. Mathur, in order to determine applicability of issue of e-way bill, is

(a) ₹ 64,900

(b) ₹ 55,000

(c) ₹ 45,000

(d) ₹ 63,100

3. Remaining Balance of Electronic Credit ledger and Electronic Cash ledger after filing return of April, 2025 will be

(a) ₹ 10,000 and ₹ 18,900

(b) NIL and ₹ 28,900

(c) ₹ 8,900 and ₹ 20,000

(d) ₹ 28,900 and NIL

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) 31-03-2025 and ₹ 1,20,000

Reason:

Since the painting contract was stopped on 31-03-2025 after completing only 60% of the work, Raj Enterprises must issue the invoice on the same date, as per Section 31(6) of the CGST Act, 2017, which requires invoicing when the service ceases. The invoice must cover only the portion actually supplied, meaning 60% of ₹ 2,00,000, i.e., ₹ 1,20,000. Thus, the correct due date and invoice value are 31-03-2025 and ₹ 1,20,000.

2. Option (d) ₹ 63,100

Reason:

The invoice includes both taxable goods worth ₹ 45,000 and exempt goods worth ₹ 10,000. Since IGST at 18% applies only on the taxable

© The Institute of Chartered Accountants of India

portion, the tax amounts to ₹ 8,100 (Rs. 45,000 x 18%). For e-way bill purposes, the consignment value is calculated by adding the value of taxable goods, exempt goods, and the tax charged. Therefore, the total consignment value comes to ₹ 45,000 + ₹ 10,000 + ₹ 8,100 = ₹ 63,100.

3. Option (a) ₹ 10,000 and ₹ 18,900

Reason:

The firm used its ITC balance of ₹ 2,60,000 to pay the April GST liability of ₹ 2,50,000, leaving ₹ 10,000 in the electronic credit ledger.

In the electronic cash ledger, it had ₹ 70,000, from which it had to repay the wrongly sanctioned refund of ₹ 50,000 and also pay ₹ 1,100 interest. After using ₹ 51,100 for these payments, the cash ledger balance becomes ₹ 18,900. Therefore, the closing balances are ₹ 10,000 in the credit ledger and ₹ 18,900 in the cash ledger.

© The Institute of Chartered Accountants of India

CASE SCENARIO 8

Mr. Mohanraj of Kerala, unregistered under GST, is engaged in supplying cosmetic items within Kerala. In April, he ordered an I-phone online for his son studying in Pune, Maharashtra, through an Electronic Commerce Operator. He gave his Kerala address for billing and his son's hostel address in Maharashtra for delivery. The supplier located in Delhi dispatched the phone from his godown located in Karnataka.

His aggregate turnover exceeded the applicable threshold limit of ₹ 40 lakh in the month of May.

He applied for registration under GST in the name of Mohanraj & Co., a proprietorship concern and got registered in the State of Kerala.

During the month of June:

(i) He supplied stock valued at ₹ 1,50,000 to an unregistered buyer in Kerala. Out of the said supply, stock valued at ₹ 50,000 was returned to Mohanraj in the month of August.

(ii) Mohanraj paid ₹ 10,000 towards rent to Local Municipal Corporation for the shop taken on rent at a Bus Terminal in Kerala.

(iii) He paid a rent of ₹ 20,000 for a residential house property taken on rent in Kerala. This property was used for his personal residence.

All the amounts given above are exclusive of tax, wherever applicable.

Applicable rates of GST for goods are 2.5%, 2.5% and 5% for CGST, SGST and IGST respectively. Rates of GST applicable on services are 9%, 9% and 18% for CGST, SGST and IGST respectively. Subject to the information given above, conditions for availing ITC are complied with.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:

© The Institute of Chartered Accountants of India

MULTIPLE CHOICE QUESTIONS

1. In respect of I-phone purchased by Mr. Mohanraj in April, place of supply will be_____.

   (a) Kerala

   (b) Delhi

   (c) Karnataka

   (d) Maharashtra

2. Determine the value of outward supply of Mr. Mohanraj for the month of June.

   (a) ₹ 1,60,000

   (b) ₹ 1,50,000

   (c) ₹ 1,70,000

   (d) ₹ 30,000

3. Amount of ITC that can be claimed by Mr. Mohanraj, for the month of June including RCM transactions if any, will be_____ each under CGST and SGST.

   (a) ₹ 3,600

   (b) ₹ 1,800

   (c) ₹ 900

   (d) ₹ 2,700

4. In relation to the goods returned in the month of August, Mr. Mohanraj shall issue a _____ to claim the reduction of GST paid at the time of original supply.

   (a) ₹ B2B Credit Note

   (b) ₹ B2B Debit Note

   (c) ₹ B2C Credit Note

   (d) ₹ B2C Debit Note

© The Institute of Chartered Accountants of India

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (d)** Maharashtra

Reason:

In accordance with *Circular No. 209/3/2024 GST dated 26.06.2024*, where the unregistered person places an order on an e-commerce platform for supply of goods, which is to be delivered at an address, which is different from billing address, the place of supply of goods shall be the address of delivery of goods recorded on the invoice.

Since, in this case, delivery address is in Maharashtra, the place of supply will also be Maharashtra.

2. **Option (b)** ₹ 1,50,000

Reason:

Supplied stock valued at ₹ 1,50,000 is the only outward supply in this case. Rent paid to Municipal Corporation pertains to inward supply and residential house property taken on rent is exempt.

3. **Option (c)** ₹900

Reason:

Mr. Mohanraj has to pay GST under RCM on the shop rent of ₹ 10,000 paid to the Municipal Corporation, and the GST of ₹ 900 each (CGST and SGST) is fully eligible as ITC. Therefore, the total eligible ITC comes to ₹ 900 each under CGST and SGST.

4. **(c)** ₹ B2C Credit Note

Reason:

Since the recipient is an unregistered person, a B2C credit note shall be issued to claim a reduction of tax liability on account of sales return by Mr. Mohanraj.

© The Institute of Chartered Accountants of India

CASE SCENARIO 9

Mouriya & Co, registered under GST, is engaged in textile manufacturing business in the State of Tamilnadu. For the Financial year 2017-18, the due date of furnishing annual return in GSTR-9 was 07.02.2020. But their accountant submitted the same on 07.03.2020. No appeal or revision or investigation was faced for the said financial year by the firm.

They supplied Dhoties and Sarees to various State Government during the month of March 2025, details of which are as follows:

(i) Supplied Sarees worth ₹ 2,95,000 including GST @ 18% to Government of Tamilnadu for Tamil New year distribution.

(ii) Supplied Dhoties worth ₹ 3,00,000 excluding GST @ 18% to Government of Tamilnadu for Scheme distribution.

(iii) Supplied both Sarees and Dhoties to Government of Andhra Pradesh for Telugu New Year, valued at ₹ 3,68,750 including GST @ 18%. The said supply was made to its Govt undertaking in Chennai, Tamilnadu. Invoice was issued to the Andhra Govt in Tirupati.

During the month of April 2025, the firm made wrong availment of excess ITC under IGST head for an amount of ₹ 1,00,000. During the time period starting from excess availment upto such reversal, the balance in credit ledgers of CGST, SGST and IGST were, ₹70,000, ₹ 20,000 and ₹ 20,000 respectively. The Firm identified the wrong availment and reversed the excess ITC availed.

Ignore break-up of tax rate between CGST/SGST/IGST for GST TDS purposes.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

MULTIPLE CHOICE QUESTIONS

1. Mouriya & Co will be required to retain books of accounts and other records maintained under the provisions of the CGST Act, 2017 for FY 2017-18 until _____

© The Institute of Chartered Accountants of India

(a) 31.03.2024

(b) 07.03.2025

(c) 07.02.2026

(d) 07.03.2026

2. Determine the gross amount of TDS (ignoring break-up between CGST/SGST/IGST) which will be deducted by the recipients in respect of supplies made to various Govts.

(a) ₹ 6,000

(b) ₹ 11,000

(c) ₹ 12,250

(d) ₹ 17,250

3. In respect of excess claim of ITC under IGST, the firm would be liable to pay interest on the excess availed IGST ITC amount of

(a) Nil

(b) ₹ 10,000

(c) ₹ 80,000

(d) ₹ 1,00,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) 07.02.2026

Reason:

Under GST, books of accounts must be kept for six years from the due date of filing the annual return, not from the actual filing date. For FY 2017–18, the due date to file GSTR-9 was 07.02.2020, so the six-year period is counted from this date. Therefore, Mouriya & Co. must retain all GST records up to 07.02.2026, even though the return was actually filed later on 07.03.2020.

© The Institute of Chartered Accountants of India

2. Option (c) ₹ 12,250

Reason:

For TDS under GST, the Government deducts tax only when the taxable value of a contract exceeds ₹ 2,50,000. However, no deduction is required if the supplier and the place of supply are in a State other than where the recipient is registered.

In the first case of supply of sarees, the taxable value is exactly ₹ 2,50,000, so it does not exceed the threshold and hence no TDS is required.

In the second case of supply of dhoties worth ₹ 3,00,000, the value crossed the limit and all parties are in Tamil Nadu, so TDS is applicable. Here, the TDS is ₹ 6,000. [1% CGST + 1% SGST].

For the supply billed to the Andhra Pradesh Government, the place of supply is Tirupati as per Bill to Ship to Model. So, TDS shall be deducted [₹ 3,12,500(excluding GST) x 2%= ₹ 6,250.] Here, Supplier Mouriya & Co. is from Tamil Nadu, Recipient is based in Tirupati and place of supply is also Tirupati.

3. Option (a) Nil

Reason:

Interest is payable on wrongly availed ITC only if that ITC is actually utilised to pay tax. In this case, even though ₹ 1,00,000 of IGST ITC was wrongly availed, the taxpayer already had enough correct ITC available across CGST, SGST, and IGST (₹ 1,10,000 in total). Since the law checks utilisation based on the overall ITC pool, and not ledger-wise, the wrong credit would not have been used at all. Therefore, the wrongly availed ITC is considered unutilised, and no interest is payable.

© The Institute of Chartered Accountants of India

CASE SCENARIO 10

Rishabh Enterprises, a registered manufacturer based in Maharashtra, supplies electrical goods across various States in India. Recently, it entered into a contract with Drona Electronics, a PSU based in Gujarat, for supplying electrical panels worth ₹ 3,20,000, excluding GST. The goods were removed from Rishabh's warehouse on 2nd July and transported to Gujarat through a registered transporter. An e-way bill was duly generated prior to the movement.

While reviewing the transaction, the Accounts Manager noticed that the tax invoice was issued on 5th August after removal of goods.

Additionally, Rishabh had failed to mention the HSN code in the invoice, although their aggregate turnover in the preceding financial year was ₹ 7 crore.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3-

MULTIPLE CHOICE QUESTIONS

1. Whether the tax invoice issued by Rishabh Enterprises on 3rd July is in compliance with section 31 of the CGST Act, 2017?

   (a) Yes, invoice can be issued post delivery of electrical panels

   (b) No, invoice must be issued within 30 days from supply

   (c) No, invoice must be issued before or at the time of removal of goods.

   (d) Yes, since supply is inter-State, date of issuance of invoice is flexible

2. Was Rishabh Enterprises required to mention HSN code on the tax invoice?

   (a) No, it is optional for turnover up to ₹ 10 crore

   (b) Yes, 4-digit HSN code is mandatory for B2C invoices

   (c) Yes, 6-digit HSN code is mandatory for turnover exceeding ₹5 crore

   (d) No, since supply was to a PSU, invoice format is flexible

© The Institute of Chartered Accountants of India

3. Is Drona Electronics required to deduct TDS on the above transaction under section 51 of the CGST Act, 2017?

   (a) No, TDS applies only to services

   (b) Yes, since contract value exceeds ₹2,50,000 and Drona is a notified deductor

   (c) No, since supply is inter-state

   (d) No, as Drona Electronics is not a notified deductor under GST law

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (c)** No, invoice must be issued before or at the time of removal of goods.

Reason:

As per section 31(1)(a) of the CGST Act, 2017, the invoice for goods involving movement must be issued before or at the time of removal.

2. **Option (c)** Yes, 6-digit HSN code is mandatory for turnover exceeding ₹5 crore

Reason:

For businesses with turnover > ₹ 5 crore, 6-digit HSN code is mandatory on all invoices.

3. **Option (b)** Yes, since contract value exceeds ₹ 2,50,000 and Drona is a notified deductor

Reason:

TDS is applicable when notified deductor (like PSU) makes a supply contract > ₹ 2.5 lakh (exclusive of tax), irrespective of inter- or intra-state status.

© The Institute of Chartered Accountants of India

CASE SCENARIO 11

Prakash & Sons, a registered taxpayer, operates from Maharashtra with branches in Gujarat and Madhya Pradesh, all under the same PAN but registered separately under GST.

The Maharashtra office procured goods worth ₹ 15 lakh and transferred goods worth ₹ 6 lakh to its Gujarat branch on a delivery challan, without charging tax.

An e-way bill was generated. However, the Maharashtra branch delayed the tax payment of ₹ 3 lakh (CGST + SGST) on its local sales by 22 days.

Simultaneously, Gujarat branch sold the stock received and did not record it properly in its accounts. A local authority in MP made a ₹ 3 lakh purchase from the MP branch, but TDS was not deducted.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. Is tax applicable on the stock transfer from Maharashtra to Gujarat?
   (a) Yes, as branches are distinct persons
   (b) No, if transferred under delivery challan
   (c) No, as PAN is same
   (d) Yes, only if stock exceeds ₹ 10 lakh
2. Is the e-way bill valid for a stock transfer?
   (a) No, e-way bill is for taxable supplies only
   (b) Yes, e-way bill is required for movement of goods
   (c) No, if value is under ₹ 10 lakh
   (d) Yes, if between branches only
3. What is the consequence of delay in tax payment by 22 days?
   (a) Interest @24% p.a. is payable

© The Institute of Chartered Accountants of India

(b) Late fee of ₹ 100/day only

(c) Interest @18% p.a. for delay

(d) No interest is payable is payment within 30 days of due date

4. Is TDS applicable on MP branch's supply to a local authority?

(a) No, if supply is intra-state

(b) Yes, if supply > ₹ 2.5 lakh

(c) No, TDS applies only to services

(d) Yes, if payment is in cash

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) Yes, as branches are distinct persons

Reason:

As per Section 25(4) of the CGST Act,2017 different registrations under same PAN are distinct persons; supply between them is taxable.

2. Option (b) Yes, e-way bill is required for movement of goods

Reason:

E-way bill is required for movement of goods > ₹ 50,000 even for stock transfers.

3. Option (c) Interest @18% p.a. for delay

Reason:

Interest @18% is payable under Section 50(1) of the CGST Act, 2017 for late payment of tax.

4. Option (b) Yes, if supply > ₹ 2.5 lakh

Reason:

TDS is to be deducted by notified recipients if contract value exceeds ₹ 2.5 lakh, regardless of mode of payment.

© The Institute of Chartered Accountants of India

CASE SCENARIO 12

Food Xpress Ltd. is an online food delivery aggregator registered in Delhi. It collects payments on behalf of restaurants and deducts 1% TCS.

During a GST audit, it was found that while TCS was correctly deducted on payments to restaurants in June, it failed to report these TCS details in the return and delayed deposit of ₹ 1.5 lakh.

Additionally, Aroma Café sent food items to its other outlet in Noida without generating e-way bill, assuming food is perishable and not covered.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

MULTIPLE CHOICE QUESTIONS

1. Which of the following statement (s) is most appropriate in relation to TCS applicability on Food Xpress Ltd. for payments collected by it?
   (a) Yes, TCS is applicable as payment is collected by it on behalf of restaurants.
   (b) No, TCS is not applicable, since restaurants are not sellers
   (c) Yes, TCS is applicable, only if value > ₹ 50,000
   (d) No, TCS is not applicable, since food is exempt from GST
2. Is e-way bill required for movement of food between Aroma Café outlets?
   (a) No, as food is perishable
   (b) Yes, for all goods > ₹ 50,000
   (c) No, if distance is below 50 km
   (d) Yes, only if transported by hired vehicle
3. What is the implication of delay in TCS deposit by FoodXpress?
   (a) Penalty only
   (b) No consequence

© The Institute of Chartered Accountants of India

(c) Interest and penalty

(d) TCS reversal for suppliers

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** Yes, TCS is applicable as payment is collected by it on behalf of restaurants.

   Reason:

   TCS applies when e-commerce operator collects consideration on behalf of supplier.

2. **Option (b)** Yes, for all goods > ₹ 50,000

   Reason:

   E-way bill is required for movement of goods > ₹ 50,000 even if perishable, unless specifically exempted.

3. **Option (c)** Interest and penalty

   Reason:

   Delay in deposit of TCS attracts interest and penalty as per Section 52(3) & (4) of the CGST Act, 2017.

© The Institute of Chartered Accountants of India

CASE SCENARIO 13

X Electronics, registered in Ahmedabad, Gujarat under GST, deals in electronic items like TV, cooler, mobile phones etc.

The following are the transactions of X Electronics:

Mr. A (registered in Rajasthan) purchased 5 mobile phones and instructed X Electronics to deliver these mobile phones to Mr. B in Pune, Maharashtra.

X Electronics made a supply to Mr. Z on 01-07-2024 amounting to ₹1,00,000 @ 18%. However, an error related to this transaction was discovered in November 2025.

Due to the festival season, X Electronics took a godown for a period of 6 months near its shop on rent from Mr. G (unregistered person) for storing electronic items. The rent amounted to ₹15,000 per month.

Note: - X Electronics has filed its annual return for the preceding financial year on 31-10-2025.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

MULTIPLE CHOICE QUESTIONS

1. What is the place of supply for supply made between X Electronics and Mr. A and between Mr. A and Mr. B?

   (a) Rajasthan, Maharashtra

   (b) Gujarat, Rajasthan

   (c) Maharashtra, Rajasthan

   (d) Gujarat, Maharashtra

2. Who is required to generate e way bill for supply of mobile phones?

   (a) X Electronics

   (b) Mr. A

© The Institute of Chartered Accountants of India

(c) Both X Electronics and Mr. A since two supplies are involved in this case.

(d) Either X Electronics or Mr. A but only one e way bill is required to be generated.

3. What will be the last date to rectify transaction done with Mr. Z?

(a) 30-11-2025

(b) 31-10-2025

(c) 31-3-2025

(d) 31-12-2025

4. What should be the GST treatment for rented godown?

(a) Exempt because rent amount is less than ₹20,000 per person per month and taken for minimum continuous period of 90 days.

(b) This transaction will be taxable under reverse charge hence X Electronics need to pay tax under RCM.

(c) Mr. G owner of the godown has to pay GST under forward charge and take registration for the same as he is supplying renting services.

(d) This transaction will be exempt from GST because it falls under the forward charge mechanism and the supplier (Mr. G) is an unregistered person.

5. Is Mr. A eligible to take input tax credit on mobile phones purchased?

(a) No, because he has not received the mobile phones, and one of the conditions for availing input tax credit is that the registered person must have received the goods.

(b) Yes, in this case it will be deemed that the Mr. A has received the goods so, input tax credit will be available to him.

(c) Yes, but Mr. A has to provide a declaration to the GST department stating that these mobile phones were purchased by him and, on his direction, were delivered to Mr. B.

© The Institute of Chartered Accountants of India

(d) No, as this transaction is under blocked credit, hence Mr. A can not avail input tax credit.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** Rajasthan, Maharashtra

Reason:

There are two supplies involved in this transaction– one supply is by supplier to third person and second supply is by third person to recipient. For the first limb of supply, i.e. supply by supplier to third person, where goods are delivered by the supplier to the recipient at the instruction of a third person, the place of supply is the principal place of business of such third person and not of the actual recipient. Thus, place of supply for supply made between X Electronics and Mr. A is Rajasthan (Location of Third Person, Mr. A].

Second limb of supply, i.e. supply by third person to recipient will be governed by the provisions of section 10(1)(a) of the IGST Act, 2017, i.e. the place of supply will be the location of the goods at the time when the movement of goods terminates (ends) for delivery to the recipient. Thus, place of supply for supply made between Mr. A and Mr. B is Maharashtra.

2. **Option (d)** Either X Electronics or Mr. A but only one e way bill is required to be generated.

Reason:

It is clarified that as per the CGST Rules, 2017, for the movement of goods which is taking place from "B" to "C" on behalf of "A", either A or B can generate the e-Way Bill, but it may be noted that only one e-Way Bill is required to be generated.

3. **Option (b)** 31-10-2025

Reason:

The maximum time limit within which amendments are permissible is earlier of the following dates:

© The Institute of Chartered Accountants of India

- ❑ 30th day of November following the end of the financial year to which such details pertain or
- ❑ Date of filing of the relevant annual return

4. **Option (b)** This transaction will be taxable under reverse charge hence X Electronics need to pay tax under RCM.

Reason:

Services by way of renting of any immovable property other than residential dwellings provided by any unregistered person to any registered person, other than a person who has opted to pay tax under composition levy is taxable under reverse charge.

5. **Option (b)** Yes, in this case it will be deemed that the Mr. A has received the goods so, input tax credit will be available to him.

Reason:

By virtue of explanation to section 16(2)(b) of the CGST Act, 2017, goods delivered to another person on the direction of the registered person by way of transfer of documents of title or otherwise, either before or during the movement, are deemed to have been received by such registered person. So, ITC will be available to the registered person, on whose order the goods are delivered to a third person.

© The Institute of Chartered Accountants of India

CASE SCENARIO 14

Kailash Furniture Store runs a furniture business with its registered office in Pune, Maharashtra under regular scheme. It has two units under a single GST registration—one manufacturing unit (Unit 1) and one showroom (Unit 2), both located in Pune, Maharashtra. Besides these, it has two additional branches registered under the same Permanent Account Number (PAN).

On 01-6-2025 unit 1 transferred 10 sofas valued ₹3 lakh to unit 2 for sale.

Other transactions of Kailash Furniture Store are as follows: -

Kailash Furniture Store supplied one bed to be sent to Punjab on 15-07-2025. Following are the other details relating to this supply: -

S. No.	Particulars	Amount (₹)
1	Bed	48,500
2	GST 18%	8,730
3	Packaging	2,500
4	Freight paid by buyer (liability of Kailash furniture store)	₹3,500

Kailash furniture store has one branch in Jaipur, Rajasthan (M/s Mahadev Plywood). It wants to opt for composition scheme because its aggregate turnover in the preceding financial year was ₹80 lakh and M/s Mahadev Plywood is also providing interior designing services to customers amounting ₹7 lakh during the year.

Kailash furniture store received an order from Arambh Associates for the supply of 50 office chairs (revolving chairs) but by mistake they loaded 50 dining chairs and an e-way bill was also generated for this transaction. This consignment was verified in transit.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4.

© The Institute of Chartered Accountants of India

MULTIPLE CHOICE QUESTIONS

1. Whether transfer of sofas from unit 1 to unit 2 will be considered as supply?

   (a) Yes, this transfer will be considered as deemed supply hence taxable.

   (b) No, as transfer between two units under single GST registration, will not be considered as supply.

   (c) No, transfer between two units whether under single GST registration or separate registration will not be considered as supply as this is self-supply.

   (d) Yes, under GST transfer from one unit to other is considered as supply but it will be exempted from GST.

2. Whether M/s Mahadev Plywood can opt for composition scheme?

   (a) No, because Kailash furniture store has opted normal scheme hence, if one registered person under same PAN opts for normal scheme others become ineligible for composition scheme.

   (b) No, the value of services supplied by M/s Mahadev Plywood exceeds ₹5 lakh, therefore it is ineligible for the composition scheme.

   (c) Yes, because M/s Mahadev Plywood has separate GST registration and is supplying services up to 10% of the turnover in preceding financial year.

   (d) Yes, M/s Mahadev Plywood can definitely opt for composition scheme as its aggregate turnover in the preceding financial year does not exceed ₹1.5 crore. No other conditions need to be fulfilled.

3. What will be the consignment value for supply of bed to Punjab?

   (a) ₹ 59,730

   (b) ₹ 60,730

   (c) ₹ 54,500

   (d) ₹ 63,230

© The Institute of Chartered Accountants of India

4. Whether Kailash furniture store can cancel e-way bill generated for supply made to Arambh Associates?

   (a) Yes, Kailash furniture store can cancel e-way bill within 24 hours of generation of the same.

   (b) Yes, Kailash furniture store can cancel e-way bill within 48 hours of generation of the same.

   (c) No, once e-way bill is generated cannot be cancelled.

   (d) No, an e-way bill cannot be cancelled if it has been verified in transit by officers.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** No, as transfer between two units under single GST registration, will not be considered as supply.

Reason:

In the present case, the transfer is merely from one place to another place within the same registration and hence the same shall not be construed as supply under GST.

2. **Option (a)** No, because Kailash furniture store has opted normal scheme hence, if one registered person under same PAN opts for normal scheme others become ineligible for composition scheme.

Reason:

All registered persons having the same Permanent Account Number (PAN) have to opt for composition scheme. If one such registered person opts for normal scheme, others become ineligible for composition scheme.

Where the turnover of a registered person opting for composition scheme is more than ₹ 50 lakh and upto ₹ 1.5 crore in the preceding financial year, he can supply services [other than restaurant services] in the current financial year upto a maximum value of 10% of the turnover in a State/Union territory in the preceding financial year.

© The Institute of Chartered Accountants of India

3. Option (d) ₹63,230

Reason:

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.

4. Option (d) No, an e-way bill cannot be cancelled if it has been verified in transit by officers.

Reason:

Where an e-way bill has been generated, but goods are either not transported or are not transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal within 24 hours of generation of the e-way bill [Rule 138(9) of the CGST Rules, 2017].

However, an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B [First proviso to rule 138(9) of the CGST Rules, 2017].

© The Institute of Chartered Accountants of India

CASE SCENARIO 15

Mr. Raju, proprietor of Raju Stationery Mart, is registered under GST in Pune, Maharashtra. His details for the preceding financial year was as follows:

Particulars	Amount (₹ In lakh)
Taxable supplies	120
Interest earned on deposits made	20
Other Exempt supplies	15
GST @ 5%	6
Total	161

Mr. Raju wants to opt for composition scheme for current year to reduce his compliance burden.

Until the preceding year, Raju Stationery Mart was only engaged in wholesale business. However, from the current year, he has also started undertaking retail transactions. He is not sure whether he should issue individual tax invoices for the following transactions or whether he can issue a consolidated tax invoice for these small transactions.

Supplied calculators to Mr. P (unregistered person	₹150
Supplied color box to Mr. X (unregistered person)	₹200
Supplied staplers to Mr. J (unregistered person)	₹350
Supplied crayons to Mr. R (registered person)	₹190

On 01-8-2025, Raju Stationery Mart supplied stationery items to Mr. F (unregistered person) amounting to ₹85,000, of which ₹25,000 was exempt supply and remaining ₹60,000 was taxable supplies.

During the year, Raju Stationery Mart supplied 350 geometry boxes to Mr. Y (unregistered person). The address recorded on invoice is Jaipur, Rajasthan. The total value of the supply was ₹60,000 (including GST @ 5%) and the goods were to be delivered in Indore, Madhya Pradesh. Raju Stationery Mart had purchased these geometry boxes at value of ₹52,500 from Janta Store (unregistered person) in Dhanbad, Jharkhand.

© The Institute of Chartered Accountants of India

Raju Stationery Mart supplied some stationery items to "Action for Good" group for distribution among students on children's day. Stationery items are valued at ₹50,000 (including subsidy), GST ₹2,500 and ₹500 local tax is also charged separately. It has also received price linked subsidy amounting to ₹ 10,000 on these items from a private organisation.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6

MULTIPLE CHOICE QUESTIONS

1. What will be the place of supply for supplies made to Mr. Y?
   (a) Madhya Pradesh
   (b) Rajasthan
   (c) Maharashtra
   (d) Jharkhand
2. What will be the aggregate turnover of Raju Stationery Mart for opting for composition scheme?
   (a) ₹161 lakh
   (b) ₹155 lakh
   (c) ₹135 lakh
   (d) ₹141 lakh
3. Raju Stationery Mart needs to issue individual tax invoice to: -
   (a) Only to Mr. R
   (b) Mr. R & Mr. J
   (c) Mr. R & Mr. X & Mr. J
   (d) To All irrespective of amount
4. Which document will be required to be issued by Raju Stationery Mart for supplies made to Mr. F?
   (a) Tax invoice for total ₹85,000.

© The Institute of Chartered Accountants of India

(b) Bill of supply for total ₹ 85,000.

(c) Bill of supply for ₹25,000 and Tax invoice for ₹60,000.

(d) He can issue single invoice-cum-bill of supply for total ₹85,000.

5. Is there any requirement to generate an e-way bill for purchases made from Janta Store?

(a) No, as the same is not an outward supply.

(b) Yes, as value is exceeding ₹50,000, hence Raju Stationery Mart is required to generate an e-way bill.

(c) Yes, as value is exceeding ₹50,000 hence Janta Store (supplier) is required to generate e-way bill.

(d) No, as purchases are made from unregistered dealer, therefore no requirement to generate e-way bill.

6. What will be the value of supply for supplies made to "Action for Good" group?

(a) ₹50,000

(b) ₹53,000

(c) ₹40,000

(d) ₹50,500

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) Rajasthan

Reason:

Where the supply of goods is made to a person other than a registered person, the place of supply shall be:

(i) the location as per the address of the said person recorded in the invoice issued in respect of the said supply and

(ii) the location of the supplier where the address of the said person is not recorded in the invoice.

© The Institute of Chartered Accountants of India

For the purposes of this clause, recording of the name of the State of the said person in the invoice shall be deemed to be the recording of the address of the said person.

2. Option (c) ₹135 lakh

Reason:

The aggregate turnover is the sum of value of all outward supplies falling in the following four categories:

- ❑ Taxable supplies
- ❑ Exempt supplies
- ❑ Exports of goods or services or both
- ❑ Inter-State supplies

It excludes:

- ❑ The value of inward supplies on which tax is payable by a person on reverse charge basis
- ❑ Taxes including cess paid under GST law.

Further, explanation 1 to section 10 of the CGST Act, 2017 inter alia provides that aggregate excludes value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.

Thus, taxable supplies amounting to ₹120 lakh and exempt supplies amounting to ₹15 lakh shall be included in aggregate turnover.

3. Option (c) Mr. R & Mr. X & Mr. J

Reason:

Section 31(3)(b) of the CGST Act, 2017 read with fourth proviso to rule 46 of the CGST Rules, 2017 provides that a registered person may not issue a Tax Invoice if:

(i) Value of the goods/services/both supplied<₹ 200,

(ii) the recipient is unregistered; and

(iii) the recipient does not require such invoice.

© The Institute of Chartered Accountants of India

Instead, such registered person shall issue a Consolidated Tax Invoice for such supplies at the close of each day in respect of all such supplies.

4. **Option (d)** He can issue single invoice-cum-bill of supply for total ₹85,000.

Reason:

Where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single "invoice-cum-bill of supply" may be issued for all such supplies.

5. **Option (b)** Yes, as value is exceeding ₹ 50,000, hence Raju Stationery Mart is required to generate an e-way bill.

Reason:

Whenever there is a movement of goods of consignment value exceeding ₹ 50,000:

(i) in relation to a supply; or

(ii) for reasons other than supply; or

(iii) due to inward supply from an unregistered person,

the registered person who causes such movement of goods shall furnish the information relating to the said goods as specified in Part A of Form GST EWB-01 before commencement of such movement.

6. **Option (d)** ₹50,500

Reason:

The value of supply inter alia includes certain elements which are enumerated and discussed below.

- Taxes, duties, cesses, fees and charges other than CGST, SGST, UTGST, GST Compensation Cess, if charged separately
- Subsidies, directly linked to the price, other than subsidies given by the Central Government or State Governments

Since price linked subsidy is already included in the value of ₹ 50,000, same shall not be added again. Further, local taxes amounting to ₹ 500 shall be added to compute value of supply under GST.

© The Institute of Chartered Accountants of India

CASE SCENARIO 16

ABC footwear is registered under GST in Ajmer, Rajasthan. It's turnover in the preceding financial year was ₹6.5 cores.

The following are the other transactions of ABC footwear: -

On 01-6-2025 they supplied footwear worth ₹10 lakh to Z &Co. (a registered entity) and also issued an e-invoice for the same. However, later ABC footwear came to know that there was a mistake in the e-invoice that needs to be rectified. But ABC footwear has no idea how to rectify it.

ABC footwear sent 20 pairs of footwear to M/s D on approval for sale or return basis on 01-7-2025. M/s D approved the goods and finalized the transaction on 01-3-2026.

ABC footwear shifted its principal place of business to Kota, Rajasthan on 15-12-2025.

On 15-2-2026, ABC footwear purchased soles, leather and other material from XYZ chappal store, which were to be delivered in two lots. XYZ chappal store raised an invoice for entire amount on 15-2-2026, and ABC footwear made full payment upon receiving the first lot on 18-2-2026. The second and final lot will be delivered by April, 2026. ABC footwear availed full input tax credit on this purchase, as per the invoice, in the February month.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4

MULTIPLE CHOICE QUESTIONS

1. What is the solution for the wrong invoice issued for supplies made to Z & Co.?

   (a) ABC footwear can amend the e-invoice already generated only on GST portal while filing GSTR-1.

   (b) ABC footwear can amend the e-invoice generated easily on IRP (Invoice Registration Portal).

© The Institute of Chartered Accountants of India

(c) Once an e-invoice is generated, it cannot be amended later.

(d) ABC footwear can issue an updated normal tax invoice instead of e-invoice.

2. When ABC footwear shall issue the tax invoice to M/s D?

(a) 01-7-2025

(b) 01-3-2026

(c) 01-12-2025

(d) 31-7-2025

3. Which of the following is correct with respect to amendment in GST registration?

(a) ABC footwear shall apply for amendment in core fields within 15 days for approval from proper officer.

(b) ABC footwear shall apply for amendment in core fields within 7 days for approval from proper officer.

(c) ABC footwear shall apply for amendment in non-core fields within 7 days for approval from proper officer.

(d) ABC footwear shall apply for amendment in non-core fields within 15 days, no approval of the proper officer is required, and the amendment can be affected by ABC footwear on his own on the common portal.

4. Whether ABC footwear correctly availed the input tax credit for purchases made from XYZ chappal store?

(a) Yes, ABC footwear can avail full input tax credit on receipt of first lot.

(b) No, as input tax credit can be taken only upon receipt of the last lot, even if invoice has been raised and payment has been made.

(c) Yes, input tax credit can be taken on the basis of tax invoice.

(d) No, ABC footwear can avail only proportionate input tax credit for first lot received.

© The Institute of Chartered Accountants of India

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** ABC footwear can amend the e-invoice already generated only on GST portal while filing GSTR-1.

   Reason:

   Amendment of e-invoice already uploaded on IRP will be done only on GST portal (while filing GSTR-1). Amendment of invoices is not possible through the IRP.

2. **Option (c)** 01-12-2025

   Reason:

   In case of goods sent or taken on approval for sale or return, invoice should be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier [Section 31(7) of the CGST Act, 2017].

3. **Option (a)** ABC footwear shall apply for amendment in core fields within 15 days for approval from proper officer.

   Reason:

   Core fields are name of the business, (legal name) if there is no change in PAN, addition / deletion of stakeholders, principal place of business (other than change in State) or additional place of business (other than change in State).

   All other fields are non-core fields like name of day to day functionaries, e-mail ids, mobile numbers, etc.

   In case the change is in core information in the registration application, the taxable person will apply for amendment within 15 days of the event necessitating the change. The proper officer, then, will approve the amendment within next 15 days.

   For other changes – non-core information, no approval of the proper officer is required, and the amendment can be affected by the taxable person on his own on the common portal.

4. **Option (b)** No, as input tax credit can be taken only upon receipt of the last lot, even if invoice has been raised and payment has been made.

© The Institute of Chartered Accountants of India

Reason:

In case the goods covered under an invoice are not received in a single consignment but are received in lots / instalments, ITC can be taken only upon receipt of the last lot / instalment.

© The Institute of Chartered Accountants of India

CASE SCENARIO 17

SS interior designers are registered in Indore, Madhya Pradesh.

Its turnover for the preceding three years is as follows: -

FY 2022-23	₹6.5 crore
FY 2023-24	₹4.5 crore
FY 2024-25	₹3.7 crore

Following are the other transactions: -

During the year. SS interior designers supplied certain services to M/s Z & Associates, for which the recipient is liable to pay GST under the reverse charge mechanism (RCM).

SS interior designers provided services to Mr. P (registered in Ahmedabad, Gujarat) for his office interior in Jaipur, Rajasthan.

Besides this, SS interior designers availed some services from Mr. Raj (unregistered person) on 20-10-2025, on which GST was payable under RCM, and the payment for this service was made on 10-01-2026. SS interior designers also issued an invoice on 05-11-2025.

During the year SS interior designers received following supplies on which GST component is as follows: -

Particulars	**GST (₹)**
Purchase of décor material floor furnishing items etc.	1,55,000
Availed catering services for party organized for staff on successful completion of project	45,000
• SS interior designers paid fitness center membership fees on behalf of Mr. Ajay (Partner of SS interior designers)	6,000
• Purchased artworks, mirrors, vases to be received by 15-4-2026 but invoice received before 31-3-2026	90,000
Total GST Component	2,96,000

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos.1 to 4

© The Institute of Chartered Accountants of India

MULTIPLE CHOICE QUESTIONS

1. What will be the time of supply for services received from Mr. Raj?
   (a) 20-12-2025
   (b) 05-11-2025
   (c) 10-01-2026
   (d) 05-01-2026
2. Which of the following is the correct statement with respect to supplies made to M/s Z& Associates?
   (a) E-invoice will be reported by SS interior designers, as they fall under category of notified persons by crossing a turnover of ₹5 crore in any preceding financial year since 2017-18.
   (b) E-invoicing is not applicable in case of services attracting reverse charge.
   (c) No E-invoicing is required for this, as turnover of the immediately preceding financial year is below ₹5 crore.
   (d) There is no liability for SS interior designers to issue an e-invoice, as GST is payable by Z & Associates under RCM.
3. What will be the place of supply for services provided to Mr. P?
   (a) Gujarat
   (b) Rajasthan
   (c) Madhya Pradesh
   (d) Gujarat or Rajasthan at option of Mr. P
4. What will be the amount of eligible input tax credit to be availed by SS interior designers?
   (a) ₹ 1,55,000
   (b) ₹ 2,45,000
   (c) ₹ 2,90,000

© The Institute of Chartered Accountants of India

(d) ₹ 2,96,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** 05-11-2025

Reason:

The time of supply of service on which GST is payable on reverse charge basis is the earlier of the following:

(a) Date of payment, (10/01/2026) or

(b) Date immediately following 60 days from date of issue of invoice (or any other document in lieu of invoice) by the supplier, in cases where invoice is required to be issued by the supplier.

(c) Date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient (05/11/2025).

2. **Option (a)** E-invoice will be reported by SS interior designers, as they fall under category of notified persons by crossing a turnover of ₹5 crore in any preceding financial year since 2017-18.

Reason:

A registered person (except specified class of persons), whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds ₹ 5 crore, has been notified as class of persons who shall prepare e-invoice in respect of B2B supplies and for exports.

Further, if the invoice issued by a notified person is in respect of supplies made by him, tax on which is payable under reverse charge under section 9(3), e-invoicing is applicable.

3. **Option (b)** Rajasthan

Reason:

Services provided directly in relation to an immovable property including those by interior decorators, estate agents, location of the immovable property is the place of supply.

© The Institute of Chartered Accountants of India

4. Option (a) ₹1,55,000

Reason:

The registered person taking the ITC must have received the goods and / or services.

Further, ITC on Food and beverages, Outdoor catering, Beauty treatment, Health services, Cosmetic and plastic surgery, Life insurance and health insurance, Membership of a club, health and fitness centre is blocked under section 17(5) of the CGST Act, 2017.

© The Institute of Chartered Accountants of India

CASE SCENARIO 18

M/s Cute & Co., a partnership firm, registered supplier under GST in Bengaluru (Karnataka State), has provided the following information for the month of October:

S. No.	Details of transactions	Amount (₹)
(i)	Availed services of a works contractor for repair of its office building. The company has booked such expenditure in its profit and loss account.	1,00,000
(ii)	Purchased a car for the official use of managing partners of the Firm for business use (Inter-State purchase).	9,00,000
(iii)	Availed Information Technology services for their business from Partner's friend Mr Allan Waugh from Melbourne, Australia. Mr. Waugh refused to take any consideration. Open Market value of said service was ₹ 1,25,000. (Inter-State transactions).	Nil
(iv)	Provided training and performance appraisal services in Bengaluru to following persons: (a) ABC Private Limited, a registered supplier in the State of Kerala (b) Babu Cones, a proprietorship concern of Rajasthan, which was not registered under GST	 3,00,000 1,00,000

Note:

(i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.

(ii) All the amounts given above are exclusive of taxes.

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

(iv) There was no opening balance of any input tax credit.

(v) The turnover of M/s Cute & Co was ₹ 2 crore in the previous financial year.

© The Institute of Chartered Accountants of India

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3.

MULTIPLE CHOICE QUESTIONS

1. Which of the following statements is correct in respect of Information Technology services?

   (a) Same amounts to supply under GST under section 7 of the CGST Act, 2017.

   (b) Not a supply under GST

   (c) Same is an exempt supply

   (d) Same amounts to supply under schedule I of the CGST Act, 2017.

2. The place of supply of training and performance appraisal services provides to ABC Private Limited and Babu Cones is_____ and _____ respectively.

   (a) Kerala, Bengaluru

   (b) Kerala, Rajasthan

   (c) Bengaluru, Bengaluru

   (d) Bengaluru, Rajasthan

3. The amount of input tax credit that can be availed by M/s Cute & Co. is ₹_____.

   (a) 1,80,000

   (b) 18,000

   (c) 1,98,000

   (d) 2,52,000

© The Institute of Chartered Accountants of India

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** Not a supply under GST

Reason:

Import of Information Technology services from a non-related person without consideration, in the course or furtherance of business is not a supply.

2. **Option (a)** Kerala, Bengaluru

Reason:

The place of supply of services in relation to training and performance appraisal to ABC Private Limited ,a registered person, shall be the location of such person. Thus, place of supply is Kerala and hence an inter-State transaction.

The place of supply of services in relation to training and performance appraisal to Babu Cones, an unregistered person, shall be the location where the services are actually performed. Thus, place of supply is Bengaluru, hence Intra-State transaction.

3. **Option (b)** 18,000

Reason:

ITC is not available in respect of purchase of car as the same is blocked credit in terms of section 17(5) of the CGST Act, 2017. Further, ITC is not available in respect of services received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business. Also, "construction" includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property. Thus, ITC on works contract services availed for construction, which is not capitalized is allowed (₹ 1,00,000 x 18%=₹ 18,000).

© The Institute of Chartered Accountants of India

CASE SCENARIO 19

M/s Fashion Freaks (FF) is a partnership firm engaged in manufacturing and trading of readymade garments and textile fabrics. FP is having three branches within the state of Madhya Pradesh being Branch-A at Bhopal exclusively dealing in Men's readymade garments, Branch-B at Vidisha exclusively dealing in Women's readymade garments and Branch-C at Jabalpur exclusively dealing in fabrics and dress material. FF has taken two GST registration under the same PAN in the state of Madhya Pradesh. One registration (Registration-1) has been taken for Branch-A at Bhopal and Branch-B at Vidisha and another separate registration (Registration-2) has been taken for Branch-C at Jabalpur.

During the month of October 2025, following stock transfer of goods were made:

From Branch-A at Bhopal to Branch-B at Vidisha	₹ 12,00,000
From Branch-B at Vidisha to Branch-A at Bhopal	₹ 2,50,000
From Branch-C at Jabalpur to Branch-A at Bhopal	₹ 14,50,000
From Branch-C at Jabalpur to Branch-B at Vidisha	₹ 11,25,000

On 15th October 2025, Mr. X a tourist resident of Delhi and unregistered under GST coming from Jhansi, Uttar Pradesh visited Branch-A at Bhopal of FF and purchased Men's readymade garments valued at ₹ 29,000/- inclusive of GST. FF raised tax invoice for the above said transaction mentioning name and only state of Mr. X being Delhi and the garments were delivered at the counter itself.

On the basis of the above case scenario, you are required to choose the correct answer for the following questions 1-3:

MULTIPLE CHOICE QUESTIONS

1. Value of taxable outward supply on account of stock transfers for the month of October 2025 for Registration-1 will be:

   (a) ₹ 12,00,000

   (b) ₹ 2,50,000

© The Institute of Chartered Accountants of India

(c) Nil

(d) ₹14,50,000

2. Value of taxable outward supply on account of stock transfers for the month of October 2025 for Registration-2 will be:

(a) ₹ 14,50,000

(b) ₹ 11,25,000

(c) Nil

(d) ₹ 25,75,000

3. 'Place of Supply' for the sale of garments to Mr. X by Branch-A at Bhopal will be:

(a) Madhya Pradesh

(b) Delhi

(c) Not applicable as it is an intra-state supply

(d) Uttar Pradesh

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) Nil

Reason:

Stock transfer transactions between the distinct persons where separate registrations have been taken for different locations within the same PAN, are to be treated as supply under GST even without consideration. But when stock transfer is being made among different locations within the same registration, it will not be treated as supply.

In the given situation for registration -1, there is outward supplies only within the same registration, hence there will be Nil value of taxable supplies.

© The Institute of Chartered Accountants of India

2. Option (d) ₹ 25,75,000

Reason:

Stock transfer transactions between the distinct persons where separate registrations have been taken for different locations within the same PAN, are to be treated as supply under GST even without consideration.

In the given situation for registration -2, there is outward supplies as distinct person to the another registration, hence total supplies will be included in the value of taxable supplies.

Thus, stock transfer from Branch-C at Jabalpur to Branch-A at Bhopal amounting to ₹ 14,50,000 and from Branch-C at Jabalpur to Branch-B at Vidisha amounting to ₹ 11,25,000 shall be included in computing value of taxable outward supply on account of stock transfers for the month of October 2025 for Registration-2.

3. Option (b) Delhi

Reason:

As per provisions of section 10(1) (ca) of the IGST Act, 2017, where the supply of goods is made to a person other than a registered person, the place of supply shall be the location as per the address of the said person recorded in the invoice issued in respect of the said supply and the location of the supplier where the address of the said person is not recorded in the invoice.

Further, recording of the name of the State of the said person in the invoice shall be deemed to be the recording of the address of the said person.

Hence, place of supply in this case will be Delhi.

© The Institute of Chartered Accountants of India

CASE SCENARIO 20

M/s. Rishabh Enterprises, a proprietorship firm, started its business on 1 May, 2025 in Gurgaon, Haryana, without applying for GST registration. It engaged in following transactions during the month of May and June, 2025:

Date	Particulars	Amount (₹)
02-05-2025	Consultancy services supplied to M/s. Jai Ambey, Noida, Uttar Pradesh.	18,00,000
04-05-2025	Transportation services supplied to M/s. Divya Traders, Haridwar (Uttar Pradesh) to supply goods at Chennai, Tamil Nadu.	60,000
05-05-2025	Supplied handmade quilts, notified handicraft goods to M/s. Daizy Handicrafts, Ahmedabad, Gujarat.	3,80,000
07-05-2025	Stitched Shirts supplied to M/s. New Readyware, Faridabad, Haryana.	23,00,000

All above-mentioned transactions are exclusive of GST wherever applicable.

M/s. Rishabh Enterprises applied for registration on 4th June, 2025. The Assessing Officer approved the application of registration and issued GST registration certificate on 20th June, 2025.

M/s. Rishabh Enterprises purchased the fabric and buttons at value of ₹ 59,000 from Rajaji Store (unregistered person) located in Ludhiana, Punjab on 25th June, 2025.

From the information given above, choose the most appropriate answer for the following questions 1-3:

MULTIPLE CHOICE QUESTIONS

1. Determine the date on which M/s. Rishabh Enterprises is liable to apply for GST registration.

   (a) 02-05-2025

© The Institute of Chartered Accountants of India

(b) 04-05-2025

(c) 05-05-2025

(d) 07-05-2025

2. Determine the effective date of registration for M/s. Rishabh Enterprises.

(a) 02-05-2025

(b) 04-05-2025

(c) 05-05-2025

(d) 20-06-2025

3. Whether M/s. Rishabh Enterprises is required to issue E-way Bill in respect of purchase of fabric and buttons?

(a) Not required to issue E-way Bill as the same amounts to inward supply.

(b) Not required to issue E-way Bill as purchases are made from unregistered dealer.

(c) Required to issue E-way Bill as value is exceeding ₹ 50,000 and same amounts to inward supply from unregistered person.

(d) Required to issue E-way Bill as it is an inter-state movement of goods.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) 02.05.2025

Reason:

M/s. Rishabh Enterprises is liable to apply for GST registration on 02.05.2025 as compulsory registration is required under section 24 of the CGST Act, 2017 upon making inter-State taxable supply.

2. Option (d) 20.06.2025

Reason:

Where applicant submits application for registration after 30 days from the date of becoming liable to registration, effective date of registration is the date of grant of registration.

© The Institute of Chartered Accountants of India

3. **Option (c)** Required to issue E-way Bill as value is exceeding ₹ 50,000 and same amounts to inward supply from unregistered person.

Reason:

E-way bill is required to be issued whenever there is a movement of goods of consignment value exceeding ₹ 50,000 due to inward supply from an unregistered person.

© The Institute of Chartered Accountants of India

CASE SCENARIO 21

Manavtaa Trust ('trust') is a charitable trust registered under section 12AB of the Income-tax Act, 1961. The trust is well known for its educational, charitable and religious activities. The trust became liable to registration under GST in the current financial year since it exceeded the threshold limit for registration and thus, registered in the State of Gujarat in the month of May.

In the month of June, a multinational company, Dhruvtara Ltd., gifted 500 laptops worth ₹ 50 lakh to the trust free of cost for charitable purposes, without any intention of seeking any benefit by way of business promotion from such activity. The trust distributed these laptops for free of cost in the same month to the deprived students for assisting them in their higher studies.

The trust also runs a higher secondary school in the name of Manavtaa Higher Secondary School in the state of Gujarat. In the month of July, the trust availed security personnel services from 'Perfect Security Solutions', Gujarat, a proprietorship concern, for security of the school premises for a consideration of ₹ 2,00,000. It also received legal consultancy services from 'Maya & Co.', a partnership firm of advocates for the issues relating to the said school for ₹ 1,20,000, in the same month.

The trust furnished following information regarding the expenses incurred by it in the month of August; all transactions being inter-State:

(i) Services received and used for supplying taxable outward supplies – ₹ 3,50,000.

(ii) Catering services received for students of Manavtaa Higher Secondary School – ₹ 2,00,000.

(iii) Bus purchased with seating capacity of 25 persons including driver – ₹ 10,50,000 (Bus was delivered in the first week of September).

The trust provided the following information in respect of the services provided by it during the month of August:

(i) It runs an old age home for citizens aged 65 years or more. Nominal monthly charges of ₹ 15,000 for boarding, lodging and maintenance are charged from each member. The total number of members is 20.

© The Institute of Chartered Accountants of India

(ii) It rents out a community hall situated within the precincts of a temple managed by it on 15th August for a religious function in the first half for ₹ 5,000 and for an art exhibition in second half for ₹ 6,000.

(iii) It rents out the rooms in the precincts of said temple to the devotees for a rent of ₹ 950 per room per day. Total rent collected in August amounts to ₹ 35,000.

All the figures given above are exclusive of taxes wherever applicable. Aggregate turnover of the trust for the preceding financial year was ₹ 15 lakh. All the conditions necessary for availment of ITC are fulfilled subject to the information given. The trust intends to avail exemption from GST wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5-

MULTIPLE CHOICE QUESTIONS

1. Which of the following activities of the trust does not amount to supply under the GST law?

   (a) Free laptops distributed to the deprived students

   (b) Boarding, lodging and maintenance of the senior citizens by the old age home run by the trust

   (c) Renting of community hall situated within the precincts of the temple managed by the trust

   (d) Renting of rooms in the precincts of the temple managed by the trust

2. Compute the value of inward supplies on which tax is payable by the trust under reverse charge, for the month of July.

   (a) ₹ 2,00,000

   (b) ₹ 3,20,000

   (c) ₹ 1,20,000

   (d) Nil

© The Institute of Chartered Accountants of India

3. Compute the value of exempt supply made by the trust for the month of August.

   (a) ₹ 3,00,000

   (b) Nil

   (c) ₹ 3,35,000

   (d) ₹ 35,000

4. Compute the value of taxable supply made by the trust for the month of August.

   (a) ₹ 3,00,000

   (b) ₹ 11,000

   (c) Nil

   (d) ₹ 35,000

5. Determine the amount of ITC that can be credited to the Electronic Credit Ledger of the trust, in the month of August assuming rate of GST to be 18%.

   (a) ₹ 36,000

   (b) ₹ 63,000

   (c) ₹ 1,89,000

   (d) ₹ 2,88,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** Free laptops distributed to the deprived students

Reason

As per the provisions of Section 7(1)(a) of the CGST Act, 2017, the activity of distribution of laptops to deprived students is not a supply as the same does not involve any flow of consideration from such students to the trust. Further, the activity is not covered under Section 7 of the CGST Act, 2017 or under Schedule I of the CGST ACT, 2017.

© The Institute of Chartered Accountants of India

2. Option (d) Nil

Reason

The services by way of security services provided to a higher secondary school is exempt from GST as per Entry 66 of the Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*.

Further, the legal consultancy services by a partnership firm of advocates to a non-business entity or to a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration under the CGST Act, 2017, are exempted from GST as per Entry 45 of the Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*.

Thus, both the security as well as legal consultancy services received by the trust in relation to the school are exempted from GST.

3. Option (c) ₹ 3,35,000

Reason

As per Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017,* following services are exempt:-

(a) Renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AB of the Income Tax Act, 1961 except:

  (i) renting of rooms where charges are ₹ 1,000 or more per day;

  (ii) renting of community halls where charges are ₹ 10,000 or more per day; [Entry 13 of *Exemption Notification No. 12/2017 CT(R) dated 28.06.2017*]

(b) Services by an old age home run by Central Government, State Government or an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto ₹ 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance. [Entry 9D of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]

© The Institute of Chartered Accountants of India

In the present case only renting of community hall will be taxable as the aggregate charges are more than ₹ 10,000 per day.

4. Option (b) ₹ 11,000

Reason

As per Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017,* following services are exempt:-

(a) Renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AB of the Income Tax Act, 1961 except:

(i) renting of rooms where charges are ₹ 1,000 or more per day;

(ii) renting of community halls where charges are ₹ 10,000 or more per day; [Entry 13 of *Exemption Notification No. 12/2017 CT(R) dated 28.06.2017*]

(b) Services by an old age home run by Central Government, State Government or an entity registered under section 12AA or 12AB of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto ₹ 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance. [Entry 9D of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]

5. Option (b) ₹ 63,000

Reason

Input tax credit (ITC) related to services received from providing taxable outward supplies amounting to ₹ 3,50,000 is eligible input tax credit.

Catering service received by high secondary school is exempted from GST and therefore no input tax credit is available.

Further, the bus is received in the month of September and accordingly the condition under section 16(2)(b) of the CGST Act, 2017 [i.e. "goods should be received"] is not fulfilled to avail input tax credit.

© The Institute of Chartered Accountants of India

CASE SCENARIO 22

Bali Bells Private Ltd. (hereinafter referred as Bali Bells), a private limited company registered in Chennai, Tamil Nadu, provides the following outward supplies in the month of September:

Particulars	Amount (₹)	
	Taxable	Exempt
Intra-State outward supplies	40,00,000	15,00,000
Inter-State outward supplies	30,00,000	10,00,000

Bali Bells sold land for ₹ 2,00,00,000 in the month of September. Bali Bells purchased one heavy steel machinery in the month of September for ₹ 1,00,000 (excluding GST @ 18%). Bali Bells capitalized the value of machinery along with GST paid on the same in its books of accounts and claimed depreciation on such capitalized value as per Income-tax Act, 1961.

Apart from this, on a tax invoice dated 25th July of previous financial year with respect to an inward supply of ₹ 50,000 (excluding GST @ 18%), the company has not availed the ITC yet.

Bali Bells made a supply during November, details of which are as follows-

- Basic price of the product before TCS under Income Tax Act, 1961– ₹ 45,000
- Tax collected at source under Income-tax Act, 1961 – ₹ 2,500
- It received a subsidy of ₹ 3,500 from Bharat Foundation Pvt. Ltd. for usage of green energy and the subsidy was linked to the units of energy saved and not for the aforesaid product.

Bali Bells has not furnished its annual return for the preceding financial year till the end of November and will furnish it in the month of December of the current financial year.

There is no other outward or inward supply transaction apart from aforesaid transactions, in the months of September, October and November. All the amounts given above are exclusive of taxes, unless otherwise specified.

© The Institute of Chartered Accountants of India

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. Determine the aggregate turnover of Bali Bells for the month of September.

   (a) ₹ 2,70,00,000

   (b) ₹ 95,00,000

   (c) ₹ 2,95,00,000

   (d) ₹ 70,00,000

2. Bali Bells wants to avail ITC on GST paid on the heavy steel machinery purchased in September. Which of the following statements is true in this regard?

   (a) ITC related to purchase of machinery cannot be availed since depreciation has been claimed on such amount under Income-tax Act, 1961.

   (b) ITC related to purchase of machinery shall be allowed to the extent of 50% in the current financial year and balance 50% in the subsequent financial year.

   (c) ITC related to purchase of machinery shall be allowed in the current financial year only to the extent of the depreciation claimed of such ITC.

   (d) Full ITC related to purchase of machinery can be availed in the current year.

3. Bali Bells can claim ITC on inputs received in July of preceding financial year up to _____ of the current financial year.

   (a) 30th November

   (b) 25th July

   (c) 31st December

   (d) 30th September

© The Institute of Chartered Accountants of India

4. Compute the value of supply made by Bali Bells in the month of November?

   (a) ₹ 45,000

   (b) ₹ 47,500

   (c) ₹ 48,500

   (d) ₹ 51,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) ₹ 95,00,000

Reason

Sale of land is neither a supply of goods nor a supply of services as per entry 5 of Schedule III of the CGST ACT, 2017 and thus, also not covered under the definition of aggregate turnover. Hence, only inter-State and intra-State turnover (taxable and exempted) is to be considered while computing aggregate turnover.

2. Option (a) ITC related to purchase of machinery cannot be availed since depreciation has been claimed on such amount under Income-tax Act, 1961.

Reason

As per Section 16(3) of the CGST Act, 2017, the recipient has an option to either claim input tax credit or depreciation under Income-tax Act, 1961. Since the Company has claimed depreciation on the GST amount related to purchase of machinery, input tax credit shall not be available.

3. Option (a) 30th November

Reason

As per section 16(4) of the CGST Act, 2017, a registered person shall be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both on or before the thirtieth day of November following the end of financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever

© The Institute of Chartered Accountants of India

is earlier. Bali Bells has not furnished its annual return for the preceding financial year till 30th November and will furnish it in the month of December of the current financial year.

4. Option (a) ₹ 45,000

Reason

Tax collected at source is not a tax but an interim levy and accordingly not includible in the value of supply. Further, the subsidy provided by Bharat foundation Pvt. Ltd. is not directly linked to the price and accordingly not includible in the value of supply as per Section 15 of the CGST Act, 2017.

© The Institute of Chartered Accountants of India

CASE SCENARIO 23

ABC Ltd. has its manufacturing unit in the State of Rajasthan. Further, it has ancillary units in the State of Madhya Pradesh and Gujarat and is registered in each of these States. Moreover, ABC Ltd. owns and operates a hotel in Udaipur, Rajasthan.

In addition to the aforesaid, ABC Ltd. owns a commercial space which is rented out to a registered person at the monthly rent of ₹ 50,000. The maintenance of the premises is the responsibility of ABC Ltd. In pursuance of the same, during the month of April, ABC Ltd. incurred certain expenses on the purchase of maintenance related materials. The said expenses are recoverable from the tenant alongwith the invoice issued for rent. The rate of tax applicable on the material used for maintenance was 5%.

During the year, ABC Ltd. agreed to provide the hotel to Mr. X for a business conference to be held at Udaipur. Mr. X is an unregistered person residing in Maharashtra. The total value of consideration was ₹ 25,000 per room per day.

In addition to the aforesaid transactions, ABC Ltd. spent an amount of ₹ 5 lakh on the procurement of certain goods which were distributed as part of the corporate social responsibility [CSR] expenditure required under the provisions of the Companies Act, 2013.

All amounts are exclusive of GST, wherever applicable. The rate of GST on all inward and outward supplies is 18%, unless otherwise mentioned.

There is no other outward or inward supply transaction apart from aforesaid transactions.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. For the transaction related to renting of commercial space, what should be the rate of tax charged by ABC Ltd.?

© The Institute of Chartered Accountants of India

(a) The rate of GST on rent and maintenance material related recovery shall be 18%.

(b) The rate of GST on rent shall be 18% and, on the material, shall be 5%.

(c) No GST shall be charged on the recovery related to material used in maintenance. Rate of GST on rent shall be 18%.

(d) The rate of GST on rent and maintenance material related recovery shall be 5%.

2. With respect to the hotel accommodation service provided to Mr. X, GST payable by ABC Ltd. is _____.

(a) nil, GST on accommodation service is payable by the recipient, Mr. X, under reverse charge

(b) nil, GST on accommodation services provided to an unregistered person is exempt from GST

(c) in the nature of CGST and SGST

(d) in the nature of IGST

3. Which of the following options is correct with regard to the availability of ITC to ABC Ltd. in respect of GST paid on the procurement of goods meant for the purpose of corporate social responsibility activity?

(a) The amount of ITC related to such procurement of goods is not available to ABC Ltd.

(b) The amount of ITC related to such procurement of goods is available to ABC Ltd.

(c) The amount of ITC only to the extent of 50% of amount of such procurement of goods is available to ABC Ltd.

(d) The amount of ITC shall be available to the registered person to whom such goods are distributed under CSR activity.

© The Institute of Chartered Accountants of India

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** The rate of GST on rent and maintenance material related recovery shall be 18%.

   Reason

   The supply of services related to renting commercial space along with maintenance services which requires specific material for maintenance and such expenses being recoverable from the recipient is in the nature of composite supply wherein the rental service is the principal supply. Accordingly, the rate of tax i.e. 18% on value of rental service including the value of maintenance material shall be charged.

2. **Option (c)** in the nature of CGST and SGST

   Reason

   As per section 12(3)(c) of the IGST Act, 2017, the place of supply of services by way of accommodation in any immovable property for organizing any official function shall be the location at which the immovable property is located. Accordingly, the supply shall be an intra-State supply and therefore CGST and SGST shall be charged.

3. **Option (a)** The amount of ITC related to such procurement of goods is not available to ABC Ltd.

   Reason

   As per section 17(5)(fa) of the CGST Act, 2017, ITC shall not be available in respect of goods and/or services received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility (CSR) referred to in section 135 of the Companies Act, 2013.

© The Institute of Chartered Accountants of India

CASE SCENARIO 24

XYZ Private Limited is a mid-sized company, registered in Delhi, dealing in the manufacturing and distribution of electronic goods in India. The company has been operating for over a decade and has a robust supply chain network across the Country. The company needs to ensure compliance with various GST regulations related to return filing, registration, and payment of tax.

The company is exploring to expand its sales channel in India through distributors in each State. In view of the same, the company has undertaken following activities in the month of June:-

(a) Organized a distributor conclave in Udaipur, Rajasthan, where the distributors from Rajasthan, Gujarat and Madhya Pradesh participated in the conclave held in Rajasthan. The total cost of hotel accommodation was ₹ 25 lakh, which was paid by the Delhi office to the Hotel located in Rajasthan.

(b) The company purchased certain gift items for distribution to the participants in the conclave. The gift items were purchased from the vendor located in Ludhiana, Punjab and were delivered to the hotel in Udaipur, Rajasthan for distribution to the participants of the conclave. The cost of such gift items was ₹ 25 lakh. However, the value of individual gift items was restricted to ₹ 75,000.

(c) The company purchased a group insurance policy for its employees travelling for the conclave and the premium for such group insurance policy was ₹ 1 lakh which was paid by the company. There is no requirement under any law requiring such group insurance policy.

(d) The company took on rent, a new warehouse near its factory in Delhi for storage and dispatch of goods. The goods are being transported between the factory and new warehouse in non-motorized cart. The value of such goods transported in single trip is up to ₹ 5 lakh. Further, the rent of warehouse is ₹ 18 lakh for the initial 11 months and the same shall be revised to ₹ 21 lakh after expiry of initial 11 months.

© The Institute of Chartered Accountants of India

The rate of tax applicable is 18% IGST, 9% CGST and SGST each unless otherwise specified.

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.5 below -

MULTIPLE CHOICE QUESTIONS

1. Which of the following statements is correct under GST law in relation to the hotel accommodation service received by the company?

   (a) The hotel shall charge CGST and SGST on the invoice issued to the company.

   (b) The hotel shall charge IGST on the invoice issued to the company

   (c) The hotel shall issue a bill of supply to the company.

   (d) The hotel shall charge CGST and SGST to the extent the charges are related to participants of Rajasthan and IGST to the extent charges are related to the participants of Gujarat and Madhya Pradesh, on invoice issued to the company.

2. What shall be the place of supply in relation to the gift items purchased by the company?

   (a) Rajasthan i.e. the location where the goods were received

   (b) Delhi i.e. the principal place of business of the company

   (c) Punjab i.e. the location from where the goods were dispatched

   (d) Permanent location of participants receiving the gifts

3. Which of the following statements is true in relation to the gift items and the group insurance policy purchased by the company?

   (a) The company is not eligible to avail the input tax credit in relation to both, gift items and the group insurance policy.

   (b) The company is eligible to avail the input tax credit related to gifts valuing less than ₹ 50,000.

© The Institute of Chartered Accountants of India

(c) The company is eligible to avail the input tax credit only on group insurance policy as the same is provided to employees i.e. related person of the Company.

(d) There is no restriction in availment of input tax credit related to gifts and group insurance policy.

4. Which of the following statements is correct in relation to the issuance of e-way bill for transportation of goods between factory and warehouse in non-motorized cart?

(a) E-way bill is required to be issued by the company for each instance of transportation of goods irrespective of the consignment value of goods.

(b) E-way bill is not required to be issued in the given case irrespective of the consignment value of the goods.

(c) E-way bill is required to be issued for goods of the consignment value above ₹ 50,000

(d) E-way bill is required to be issued for goods of the consignment value above ₹ 1,00,000

5. Which of the following statements is most appropriate in relation to the new warehouse taken on rent by the Company?

(a) Separate GST registration is not required mandatorily.

(b) Separate GST registration is required mandatorily.

(c) GST registration is required as a casual taxable person for the term of rent agreement.

(d) Separate GST registration is required once the rent is more than ₹ 20 lakh per annum.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) The hotel shall charge CGST and SGST on the invoice issued to the Company

© The Institute of Chartered Accountants of India

Reason

As per section 12(3)(c) of the IGST Act, 2017, the place of supply of services by way of accommodation in any immovable property for organizing any official function shall be the location at which the immovable property is located. Accordingly, the supply shall be an intra-State supply and therefore CGST and SGST shall be charged.

2. **Option (b)** Delhi i.e. the principal place of business of the company

Reason

The place of supply shall be Delhi as the transaction is in the nature of bill-to-ship supply where in the gifts are dispatched at the direction of the company to the location of conclave i.e. the hotel in Udaipur.

3. **Option (a)** The company is not eligible to avail the input tax credit in relation to both, gift items and the group insurance policy.

Reason

As per section 17(5)(h) of the CGST Act, 2017 input tax credit is blocked for goods distributed as gifts.

Further, the input tax credit is also blocked for group insurance unless the same is mandatory under any law. In the present case, the provision of group insurance is not mandatory and hence the input tax credit shall not be available to the company in terms of section 17(5)(b) of the CGST Act, 2017.

4. **Option (b)** E-way bill is not required to be issued in the given case irrespective of the consignment value of the goods.

Reason

The transportation is being undertaken by a non-motorized conveyance and therefore, no e-way bill is required irrespective of the value of goods being transported between the factory and warehouse.

© The Institute of Chartered Accountants of India

5. **Option (a)** Separate GST registration is not required mandatorily

Reason

The company is already having a GST registration in Delhi. There is no mandatory requirement of separate GST registration as per section 25(2) of the CGST Act, 2017. The factory can be added as an additional place of business in the existing GST registration of the company.

© The Institute of Chartered Accountants of India

CASE SCENARIO 25

Vidhula Impex Ltd. ('company') is engaged in supplying sports goods. The company did not opt for registration under GST. The proper officer under GST, based on enquiry, finds that the company is liable for registration and he registers the company on temporary basis on 15th June, 2024.

After being granted the registration certificate, the company availed the following services for the purpose of its business-

i. Renting of motor vehicles from Blue Taxi Pvt. Ltd. where GST was charged @ 5%.

ii. Appointed Mr. Rajesh as Technical Director for advisory role in business and the payment was made based on the contract entered. However, he was not covered under any employment contract with the company.

During the course of its business, the company issued an invoice to a customer and erroneously charged a higher value by ₹ 34,000. Such invoice was issued on 28th February, 2025.

Further, in the month of February 2025, the company also generated an e-way bill for inter-State transport of goods. However, immediately on generation of the e-way bill, the buyer cancelled the order before it was dispatched from the factory for delivery.

In the month of March 2025, since the company was incurring heavy losses, it applied for cancellation of GST registration on 15th March 2025. The order for cancellation was made on 30th March 2025, effecting cancelling the registration with effect from 15th March 2025.

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.5 below:-

© The Institute of Chartered Accountants of India

MULTIPLE CHOICE QUESTIONS

1. After the grant of temporary registration, company needs to apply for registration within _____ from the date of grant of temporary registration, if no extension of period is to be granted for such temporary registration.

   (a) 30 days

   (b) 90 days

   (c) 7 days

   (d) 15 days

2. Which of the following input services are liable to GST under reverse charge in the hands of company?

   (a) Renting of Motor Vehicles

   (b) Directorship services

   (c) Both (a) and (b)

   (d) Neither (a) nor (b)

3. Which document is required to be issued by the company in respect of the invoice issued on 28th February 2025?

   (a) Debit note

   (b) Credit note

   (c) Bill of supply

   (d) Revised Tax invoice

4. The Company needs to file its Final return by _____.

   (a) 30th April, 2025

   (b) 30th August, 2025

   (c) 15th June, 2025

   (d) 30th June, 2025

© The Institute of Chartered Accountants of India

5. Which of the following statements is correct in respect of e-way bill generated for goods in the month of February for which order was cancelled?

   (a) Once generated, E-way bill cannot be cancelled

   (b) E-way bill can be cancelled within 24 hours of generation

   (c) E-way bill can be cancelled within 48 hours of generation

   (d) E-way bill can be cancelled within 72 hours of generation

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** 90 days

Reason

As per section 25(8) of the CGST Act, 2017 read with rule 16(3) of the CGST Rules, 2017, the person shall submit an application for registration in prescribed form within 90 days from the date of grant of temporary registration.

2. **Option (b)** Directorship services

Reason Reverse charge is not applicable in case of renting of motor vehicles if the supplier of services is a body corporate. Also, Director providing any service to the company is liable to GST under reverse charge.

3. **Option (b)** Credit Note

Reason

As per Section 34 of the CGST Act, 2017, a supplier can issue credit note to reduce value of supply if he has erroneously declared a value which is more than the actual value of the goods or services provided.

4. **Option (d)** 30th June, 2025

Reason

As per section 45 of the CGST Act, 2017, the final return has to be filed within 3 months of the:

© The Institute of Chartered Accountants of India

(i) date of cancellation

or

(ii) date of order of cancellation

whichever is later.

5. Option (b) E-way bill can be cancelled within 24 hours of generation

Reason

Where an e-way bill has been generated, but goods are either not transported or are not transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal within 24 hours of generation of the e-way bill vide rule 138(9) of the CGST Rules, 2017.

© The Institute of Chartered Accountants of India

CASE SCENARIO 26

M/s. Delight Brothers, a partnership firm, is engaged in the restaurant business. It is registered under the composition levy scheme under section 10(1) of the CGST Act, 2017 for the current financial year. It's turnover in the State for the month of April was ₹ 12,00,000.

It received new orders in the month of May to run a mess facility for supplying food at:

i. Vishwas Public School, a higher secondary School;

ii. Knowledge Institute of Technology, an engineering college, approved by AICTE and UGC; and

iii. Frontline Hospital

It also provided catering services to a Coral Limited for their Annual General Meeting. Service was provided on 3rd July. But invoice was not issued by the firm to the company till the end of August. However, payment was received on 25th July for which bank account was credited on 28th July. The turnover of restaurant business for the current financial year is ₹ 48,00,000.

From the beginning of next financial year, M/s. Delight Brothers will close down the restaurant business and will provide service of repairing of air conditioners. However, the firm wishes to continue with the Composition Scheme, if eligible.

M/s Delight Brothers undertakes intra-State transactions only.

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.5 below-

MULTIPLE CHOICE QUESTIONS

1. Compute the tax liability of M/s. Delight Brothers for the month of April?

   (a) CGST & SGST of ₹ 6,000 each

   (b) CGST & SGST of ₹ 12,000 each

   (c) CGST & SGST of ₹ 30,000 each

© The Institute of Chartered Accountants of India

(d) CGST & SGST of ₹ 60,000 each

2. Out of new orders received by the firm in May, which of the following services are exempt from GST?

(i) Service provided to Vishwas Public School

(ii) Service provided to Knowledge Institute of Technology

(iii) Service provided to Frontline Hospital

(a) (i) and (iii)

(b) (ii) and (iii)

(c) only (i)

(d) (i) and (ii)

3. Time of supply of catering services provided to a Coral limited company is

(a) 3rd July

(b) 25th July

(c) 28th July

(d) 2nd August

4. Which of the following statements is most appropriate in respect of next financial year for M/s Delight Brothers?

(a) M/s Delight Brothers can continue to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017.

(b) M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017.

(c) M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017, but can avail benefit of composition levy under section 10(2A) of the CGST Act, 2017.

(d) M/s Delight Brothers can neither avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017 nor under section 10(2A) of the CGST Act, 2017.

© The Institute of Chartered Accountants of India

5. Rate of GST (CGST+SGST) applicable for service of repairing of air conditioners made by M/s Delight Brothers will be _____, assuming that it intends to pay the tax at the minimum rate available?

(a) 1%

(b) 5%

(c) 6%

(d) 18%

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) CGST & SGST of ₹ 30,000 each

Reason

As per section 10 of the CGST Act, 2017 read with rule 7 of the CGST Rules, 2017, the rate of tax in case of composition registration opted by a restaurant service provider is 2.5% each for CGST and SGST and accordingly on supply of ₹ 12,00,000 during the month of April, GST shall apply at 5% (CGST+SGST).

2. Option (c) only (i)

Reason

Since food is not provided by Hospital but outsourced, so the same is taxable. Further, Knowledge Institute of Technology is not an educational institution eligible for exemption.

However, said services when provided to an educational institution providing pre-school education or education up to higher secondary school or equivalent are exempt from tax [covered under Entry 66(b)(ii) of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*].

3. Option (a) 3rd July

Reason

As per section 31(2) of the CGST Act, 2017 read with rule 47 of CGST Rules, 2017, the tax invoice is to be issued within 30 days of supply of service. In the given case, the invoice is not issued within the prescribed time limit.

© The Institute of Chartered Accountants of India

As per section 13(2)(b) of the CGST Act, 2017, in a case where the invoice is not issued within the prescribed time, the time of supply of service is the date of provision of service or receipt of payment, whichever is earlier.

4. **Option (c)** M/s Delight Brothers is not eligible to avail composition levy scheme under section 10(1) and 10(2) of the CGST Act, 2017, but can avail benefit of composition levy under section 10(2A) of the CGST Act, 2017.

Reason

A person engaged exclusively in supply of services other than restaurant service is not eligible for the composition scheme. stipulated under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.

However, under section 10(2A) of the CGST Act, 2017, composition scheme is available for persons engaged in supply of services other than restaurant service whose aggregate turnover in the preceding financial year is up to ₹ 50 lakh.

5. **Option (c)** 6%

Reason

Section 10(2A) of the CGST Act, 2017 read with Rule 7 of the CGST Rules, 2017 provides an option to a registered person (subject to certain conditions) whose aggregate turnover in the preceding financial year is upto ₹ 50 lakh and who is not eligible to pay tax under composition scheme under section 10(1) & 10(2) of the CGST Act, 2017, to pay tax @ 3% [Effective rate 6% (CGST+ SGST/UTGST)] of the turnover of supplies of goods and services in the State or Union territory.

© The Institute of Chartered Accountants of India

CASE SCENARIO 27

Safe Bank Ltd., a small finance bank, was incorporated in April this year. The bank got registered under GST immediately on its incorporation as a banking company.

Safe Bank Ltd. received software support service free of cost from its Head office (HO) located in United Kingdom for business purpose in April. Safe Bank Ltd. provided one high-end laptop worth ₹ 50,000 to its new Managing Director (MD) as a gift..

Initially the bank opened 125 branches across India covering various States. To secure business, the bank appointed 'Quick Loan Providers LLP,' a direct selling agent, on PAN India basis. The bank needed the services of recovery agents for various retail and personal loans granted by its branches. For this purpose, the bank appointed 'Fast Recovery Services Pvt. Ltd.', a recovery agent, on PAN India basis.

Safe Bank Ltd. provided the following details for the month of May, in respect of one of its branches-

Sl. No	Nature of receipt	Amount in ₹
i.	Interest received on Term Loan	10,75,000
ii.	Interest received on credit card transactions	6,20,000
iii.	Interest received on Fixed Deposit held with SBI, Mumbai	25,00,000
iv.	Commission received on Letter of Credit issued	3,00,000
v.	Documentation charges collected from borrowers	1,25,000
vi.	Sale of foreign exchange to Bank of Rajasthan, an authorized dealer	15,60,000

All the amounts given above are exclusive of taxes wherever applicable. All the supplies referred to above are intra-state unless specified otherwise.

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.4 below-

© The Institute of Chartered Accountants of India

MULTIPLE CHOICE QUESTIONS

1. Which of the following statements is correct under GST law?

   (i) Receipt of software support service by Safe Bank Ltd. from HO is supply.

   (ii) Issue of laptop to new MD as gift is supply.

   (iii) Receipt of software support service by Safe Bank Ltd. from HO is not a supply.

   (iv) Issue of laptop to new MD as gift is not a supply.

   (a) (i) & (ii)

   (b) (i) & (iv)

   (c) (ii) & (iii)

   (d) (iii) & (iv)

2. In respect of services availed by Safe Bank Ltd., the bank shall pay tax under reverse charge for which of the following services?

   (a) Service availed from 'Quick Loan Providers LLP'

   (b) Service availed from 'Fast Recovery Services Pvt. Ltd.'

   (c) Both (a) and (b)

   (d) None of the services availed attracts RCM

3. Compute the value of exempt supply provided by the branch of Safe Bank Ltd. for the month of May?

   (a) ₹ 15,00,000

   (b) ₹ 41,95,000

   (c) ₹ 51,35,000

   (d) ₹ 66,95,000

4. Compute the value of taxable supply made by the branch of Safe Bank Ltd. for the month of May?

   (a) ₹ 10,45,000

© The Institute of Chartered Accountants of India

(b) ₹ 21,20,000

(c) ₹ 36,80,000

(d) ₹ 61,80,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) (i) & (iv)

Reason

Both the transactions are covered within the purview of Schedule I of the CGST ACT, 2017. However, the laptop is worth ₹ 50,000 i.e. not exceeding ₹ 50,000 and therefore, is not a deemed supply as per Schedule I of the CGST Act, 2017. But the software support service received from the HO is a supply as import of services by a person from a related person or from his establishments located outside India, without consideration, in the course or furtherance of business shall be treated as "supply".

2. Option (b) Service availed from 'Fast recovery services Pvt Ltd'

Reason

Services supplied by an individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership (LLP) firm to bank or non-banking financial company (NBFCs) are taxable under reverse charge. In the given case, Quick Loan Providers LLP is a LLP and hence said service is not taxable under reverse charge. However, recovery services provided by any recovery agent are liable to GST under reverse charge.

3. Option (c) ₹ 51,35,000

Reason

Interest other than interest received from services related to credit card transactions is exempt vide entry 27 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*. Further, the sale of foreign exchange is also exempt from GST.

Documentation services, commission related to letter of credit and interest related to credit card services are liable to GST.

© The Institute of Chartered Accountants of India

4. Option (a) ₹ 10,45,000

Reason

Interest other than interest received from services related to credit card transactions is exempt vide entry 27 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*. Further, the sale of foreign exchange is also exempted from GST.

Documentation services, commission related to letter of credit and interest related to credit card services is liable to GST.

© The Institute of Chartered Accountants of India

CASE SCENARIO 28

Mr. Lala is engaged in supply of tiles and marbles in the State of Telangana. He is not registered under GST. He commenced his business from the month of July.

He availed godown construction services for business from his brother-in-law who was dependent on him. He also availed professional consultancy services for the purpose of business from his son who is a Company Secretary, and his son is not dependent on him. Mr. Lala did not pay anything for both the services as both were his relative / family member respectively.

Based on advice of his son, Mr. Lala made the supply of tiles within his State only. His turnover reached to ₹ 7 lakh as on 31st October. However, he planned to expand his business to other States, since he has received decent orders from other States also.

During the month of December, he received a consignment of tiles from Rajasthan through Prompt Carriers, a goods transport agency based in the State of Rajasthan. Goods were dispatched by the supplier on 'to-pay' basis for freight. Freight charges were ₹ 50,000 and the said GTA pays GST @ 18%. Mr. Lala paid the invoice amount in the month of December itself. This was an inter-State transaction.

During the month of January, Mr. Lala made his first inter-State supply to Tamil Nadu on 4th January. His turnover before making such supply was ₹ 15 lakh.

Value of such inter-state supply was ₹ 4,50,000, exclusive of taxes. Payment for the said inter-State supply was received on 28th February. Invoice was raised by Mr. Lala on 25th January.

All the figures given above are exclusive of taxes wherever applicable.

On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.5 below-

© The Institute of Chartered Accountants of India

MULTIPLE CHOICE QUESTIONS

1. In respect of services availed by Mr. Lala, which of the following is a correct statement?

   (a) Godown construction service availed from his brother-in-law free of cost is considered as a deemed supply

   (b) Professional service availed from his son free of cost is considered as a deemed supply

   (c) Neither of the services is a deemed supply

   (d) Both services are deemed supply

2. Upto which limit of aggregate turnover, Mr Lala can continue to supply goods without registration within his State, if he does not procure any goods/services on which tax is payable under reverse charge mechanism?

   (a) ₹ 20 lakh

   (b) ₹ 40 lakh

   (c) ₹ 10 lakh

   (d) ₹ 150 lakh

3. What is the tax liability for the freight charges?

   (a) ₹ 6000 of IGST under reverse charge

   (b) ₹ 6000 of IGST under forward charge

   (c) ₹3000 each under CGST and SGST under reverse charge

   (d) Nil as it is exempt

4. Which of the following statement(s) is correct with respect to liability of Mr. Lala to register under GST?

   (a) Mr. Lala is liable to register in the month of December for receipt of GTA services.

   (b) Mr. Lala is liable to register in the month of January for effecting inter-State outward supply of goods.

© The Institute of Chartered Accountants of India

(c) Mr. Lala is liable to register only when his turnover exceeds the threshold limit irrespective of whether he is in receiving any GTA services or is effecting inter-State outward supply.

(d) Mr. Lala is not required to register as it is his first year of business.

5. What is the time of supply of goods made by Mr Lala during January?

(a) 4th January

(b) 25th January

(c) 3rd February

(d) 28th February

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) Professional service availed from his son free of cost is considered as a deemed supply

Reason

Deemed supply as per Schedule I of the CGST ACT, 2017 covers transactions with related persons when made in the course or furtherance of business and as per the definition of "Family", Mr. Lala's son is a related person, but the definition of family excludes "brother-in-law" even if he is dependent on Mr. Lala. Therefore, the transaction between Mr. Lala and his brother-in-law is not a deemed supply.

2. Option (a) ₹ 20 lakh

Reason

Notification No. 10/2019 CT dated 07.03.2019 exempts any person who is engaged in exclusive supply of goods and whose aggregate turnover in the financial year does not exceed ₹ 40 lakh, from registration requirement.

Exceptions to this exemption is *inter alia* persons engaged in making intra-State supplies in the States of Telangana and other specified States.

© The Institute of Chartered Accountants of India

3. **Option (d)** Nil as it is exempt

Reason

Services provided by a GTA to an unregistered person, including an unregistered casual taxable person is exempt from GST vide Entry 21A of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*.

4. **Option (b)** Mr. Lala is liable to register in the month of January for effecting inter-State outward supply of goods.

Reason

Person making inter-State taxable supply of goods is liable to registration compulsorily vide section 24 of the CGST Act, 2017.

5. **Option (a)** 4th January

Reason

As per section 12(2) of the CGST Act, 2017, the time of supply of goods that are taxable under forward charge, is the earlier of the following two dates:

(a) Date of issue of invoice by the supplier or the last date on which the invoice ought to have been issued in terms of section 31 of the CGST Act, 2017, to the extent the invoice covers the supply of goods; [4th January] or

(b) Date of receipt of payment by the supplier, to the extent the payment covers the supply of goods [28th February].

Further, the time-limit for raising invoices in case of supply of goods as per section 31(1) of the CGST Act, 2017 is before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods.

© The Institute of Chartered Accountants of India

CASE SCENARIO 29

Purvi, registered under GST in the State of Madhya Pradesh, is engaged in supplying multiple taxable goods and services. She has undertaken the following activities/transactions in the month of October in the current financial year:

(i) Donated some money to Divyaprakash Charitable Trust, Madhya Pradesh, in the memory of her late father. The Divyaprakash Charitable Trust constructed a room in the school run by it from such donation and wrote "Donated by Miss. Purvi in the memory of her father" on the door of the room so constructed.

(ii) Organized a seminar in Indore which was sponsored by WE-WIN Cricket Academy, an LLP. Purvi received a sponsorship fee of ₹1,50,000.

(iii) Bindusar Public School intended to distribute gift packages consisting of fountain pen, calculator and tape dispenser to its students on the occasion of Children's Day. Therefore, it entered into a contract with Purvi on 28th October for supply of 2,000 packages at a single price of ₹ 250. Rates of GST for fountain pen, calculator and tape dispenser are 5%, 12% and 18% respectively[1].

(iv) Received the following payments during the month of October:

- earned ₹ 1,60,000 by performing at a western music concert in Indore
- earned ₹ 50,000 for renting of space for use as a Textile Emporium
- received ₹ 70,000 for supply of farm labour

All the amounts given above are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

[1] *Rates are hypothetical in nature and may not necessarily be the actual rates leviable on those goods and services.*

© The Institute of Chartered Accountants of India

MULTIPLE CHOICE QUESTIONS

1. Donation made by Purvi to Divyaprakash Charitable Trust is _____.

   (a) exempted from GST by way of a notification

   (b) not a supply at all

   (c) liable to GST under forward charge

   (d) liable to GST under reverse charge

2. Which of the following statements is correct with respect to the sponsorship fee received by Purvi?

   (a) Tax on sponsorship services is payable by Purvi under forward charge.

   (b) Tax on sponsorship services is payable by WE-WIN Cricket Academy under reverse charge.

   (c) Sponsorship services are exempt from GST since services provided to a sports academy are exempt.

   (d) Tax on sponsorship services is payable by Purvi under reverse charge.

3. Determine the nature of supply and the applicable rate of GST for the packages supplied by Purvi to Bindusar Public School.

   (a) composite supply & applicable rate of GST is 12%

   (b) mixed supply & applicable rate of GST is 18%

   (c) composite supply & applicable rate of GST is 18%

   (d) mixed supply & applicable rate of GST is 12%

4. Out of all the payments received by Purvi in the month of October, value of exempt supply amounts to _____.

   (a) ₹ 4,30,000

   (b) ₹ 70,000

   (c) ₹ 1,20,000

   (d) ₹ 2,20,000

© The Institute of Chartered Accountants of India

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** not a supply at all

Reason

There is no obligation (quid pro quo) on part of recipient of the donation to do anything (i.e. supply a service). The donation is made to a charitable organization, the payment has the character of gift or donation and the purpose is philanthropic (i.e. it leads to no commercial gain) and not advertisement. Thus, it can be said that there is no supply of service for the payment in the form of donation.

2. **Option (b)** Tax on sponsorship services is payable by WE-WIN Cricket Academy under reverse charge.

Reason

Services provided by way of sponsorship to any body corporate or partnership firm is liable to GST under reverse charge. LLP is also considered as a partnership firm or firm.

3. **Option (b)** mixed supply & applicable rate of GST is 18%

Reason

Supply of fountain pen, calculator and tape dispenser is not a supply wherein one of the supply is a principal supply and these are not naturally bundled. Therefore, the supply is a mixed supply and the highest tax rate shall be applied for the whole supply.

4. **Option (b)** ₹ 70,000

Reason

Out of the transactions made in October, only supply of farm labour is covered within the purview of exempt supplies.

© The Institute of Chartered Accountants of India

CASE SCENARIO 30

Sarabhai & Sarabhai Associates, a partnership firm registered under GST, is engaged in various types of business activities. It has provided the details of the following activities undertaken by it in the current financial year:

(i) It supplied taxable goods to Dhanush Enterprises valuing ₹ 8,00,000 in the month of April, with a credit period of 1 month for payment. Thereafter, interest @ 12% p.a. is chargeable on the consideration. The payment is received from Dhanush Enterprises after the lapse of two months from the date of supply.

(ii) It enters into a contract for supply of 100 office chairs @ ₹ 15,000 with Ashoka Mart on 21st August. Chairs are removed from the warehouse of Sarabhai & Sarabhai Associates on 5th September along with the invoice of said date. Ashoka Mart has paid 30% of the total contract value on 21st August; 70% is paid after delivery of chairs on 10th September.

(iii) In the month of October, it provided services by way of transportation of goods in a goods carriage by road to Fisheries Department of Government of India, which is registered under GST only for the purpose of deducting tax at source. Sarabhai & Sarabhai Associates is a registered goods transport agency and charges ₹1,20,000 for the said services.

(iv) It also provided services of Direct Selling Agent to an NBFC located in Mumbai in the month of December for ₹ 50,000.

(v) It organized a business exhibition in the month of December for which it received a sponsorship fee of ₹ 3,00,000 from Dhara Ltd.

(vi) It has a policy to provide free gifts to each of its employees valuing ₹ 50,000 at the end of each financial year.

(vii) It availed services of Dhruv Travel Agency for organizing a free vacation for its top performing employees in the month of December. GST of ₹ 50,000 was paid for the same. In the same month, it also paid GST of ₹ 20,000 on membership of Rudraksh Fitness Centre taken for its CEO.

All the amounts given above are exclusive of GST, wherever applicable. All conditions for availing ITC are fulfilled subject to the information given above.

© The Institute of Chartered Accountants of India

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. Value of supply made to Dhanush Enterprises, assuming the interest on delayed payment to be exclusive of GST, is _____.

   (a) ₹ 8,00,000

   (b) ₹ 8,08,000

   (c) ₹ 7,92,000

   (d) ₹ 8,16,000

2. The time of supply of advance money of ₹ 4,50,000 received for supply of office chairs to Ashoka Mart is _____. For balance payment of ₹ 10,50,000 received, the time of supply is _____.

   (a) 21st August; 5th September

   (b) 5th September; 10th September

   (c) 21st August; 10th September

   (d) 5th September; 5th September

3. Determine the value of outward supplies made by Sarabhai & Sarabhai Associates on which tax is payable under reverse charge.

   (a) ₹ 1,20,000

   (b) ₹ 50,000

   (c) ₹ 1,70,000

   (d) ₹ 3,00,000

© The Institute of Chartered Accountants of India

4. Free gifts of value of ₹ 50,000 provided by Sarabhai & Sarabhai Associates to each of its employee is:

   (a) a supply as gifts of only less than ₹ 50,000 in value are not treated as supply in terms of Schedule I of the CGST Act, 2017.

   (b) a supply as gifts provided by employer to employee of any value are treated as supply in terms of Schedule I of the CGST Act, 2017.

   (c) a supply as gifts of only more than ₹ 50,000 in value are not treated as supply in terms of Schedule I of the CGST Act, 2017.

   (d) not a supply as gifts not exceeding ₹ 50,000 in value in a financial year by an employer to an employee shall not be treated as supply in terms of Schedule I of the CGST Act, 2017.

5. Sarabhai & Sarabhai Associates is eligible to claim input tax credit of _____ in the month of December.

   (a) ₹ 50,000

   (b) ₹ 20,000

   (c) ₹ 3,70,000

   (d) Nil

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) ₹ 8,08,000

Reason

The value of supply as per Section 15 of the CGST Act, 2017 includes interest or late fee or penalty for delayed payment of any consideration for any supply. In the present case, there is a delay of 1 month in payment of consideration after considering the credit period.

2. Option (d) 5th September; 5th September

Reason

Taxpayers under forward charge (except composition suppliers and registered persons making supply of specified actionable claims) are not required to pay GST at the time of receipt of advance in relation to supply

© The Institute of Chartered Accountants of India

of goods. The entire GST shall become payable only when the invoice for the supply of such goods is issued or ought to have been issued. Thus, time of supply of goods for the purpose of payment of tax is the date of issue of invoice or the last date when the invoice ought to have been issued under section 31 of the CGST Act, 2017.

3. Option (d) ₹ 3,00,000

Reason

Sarabhai & Sarabhai Associates, being a partnership firm, is liable to pay GST on Direct Selling Agent related services under forward charge.

The services of goods transport to Fisheries Department of Government of India are not liable to GST under reverse charge mechanism but is exempt vide entry 21B of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*.

Sponsorship services are liable to GST under reverse charge as sponsorship services are provided to a body corporate.

4. Option (d) not a supply as gifts not exceeding ₹ 50,000 in value in a financial year by an employer to an employee shall not be treated as supply in terms of Schedule I of the CGST Act, 2017.

Reason

As the amount of gift is not exceeding ₹ 50,000 the same is not covered under deemed supply provisions as per Schedule I of the CGST Act, 2017.

5. Option (d) Nil

Reason

The expenses are specifically blocked under section 17(5)(b) of the CGST Act, 2017 where it is not obligatory for an employer to provide the same to its employees under any law for the time being in force and therefore no input tax credit is available.

© The Institute of Chartered Accountants of India

CASE SCENARIO 31

Poorva Logistics, a Goods Transport Agency, is registered under GST. It did not exercise the option to pay GST itself on the services supplied by it in the preceding financial year. It provided goods transport services to the following persons in February of preceding financial year-

(a) Kunal Traders, an unregistered partnership firm

(b) Mr. Amar, a casual taxable person, who is not registered under GST

(c) Small Traders Co-Operative Society registered under Societies Registration Act

In a particular consignment in March of preceding financial year, Poorva Logistics transported the following-

(a) Defence Equipments

(b) Railway Equipments

(c) Organic Manure

Poorva Logistics exercises the option to itself pay GST on services supplied by it @ 18% from April, of the current financial year. It provided goods transport services to Bama Steels Pvt. Ltd. on 1st April and issued an invoice dated 5th May. Payment was received on 6th May.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

MULTIPLE CHOICE QUESTIONS

1. Which of the following persons are liable to pay GST under reverse charge in respect of the GTA services provided by Poorva Logistics in February of the preceding financial year?

   (i) Kunal Traders

   (ii) Mr. Amar

   (iii) Small Traders Co-operative society

© The Institute of Chartered Accountants of India

(a) i & ii

(b) ii & iii

(c) i & iii

(d) i, ii & iii

2. Transportation of _____ by Poorva Logistics is exempt from GST.

(i) Defence Equipments

(ii) Railway Equipments

(iii) Organic Manure

(a) i

(b) i & ii

(c) i & iii

(d) i , ii & iii

3. What will be the time of supply in respect of the services provided by Poorva Logistics to Bama Steels Pvt. Ltd.?

(a) 6th May

(b) 5th May

(c) 30th May

(d) 1st April

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) i & iii

Reason

Unregistered individual end consumer or unregistered casual taxable person (Mr. Amar in the present case) is exempt from payment of GST vide entry 21A of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*.

Further, Supply of services by a Goods Transport Agency (GTA) in respect of transportation of goods by road to *inter alia*-

© The Institute of Chartered Accountants of India

(a) any co-operative society established by or under any law; or

(b) any partnership firm whether registered or not under any law including association of persons;

is taxable under RCM.

2. Option (c) i & iii

Reason

Transportation of defence equipments and organic manures is exempted vide Entry 21 of Exemption *Notification No. 12/2017 CT (R) dated 28.06.2017*.

3. Option (d) 1st April

Reason

RCM is applicable only when Poorva Logistics has opted to charge GST @ 5%. In the given case, rate of GST-18% hence RCM not applicable. Thus, Poorva will pay GST on forward charge basis.

Since the invoice is not issued within the prescribed time period of 30 days as per Section 31 of the CGST Act, 2017, the time of supply of services as per section 13 of the CGST Act, 2017 is earliest of the following:

(a) Date of provision of service or

(b) Date of receipt of payment

Thus, the date of provision of service shall be considered as time of supply.

© The Institute of Chartered Accountants of India

CASE SCENARIO 32

Ms. Chanchala, a doctor by profession, is a registered person under GST as a monthly return filer, having in-patient facility in her hospital wherein room charges are capped at ₹ 3,000 per day.

Ms. Chanchala provided treatment of various diseases in her hospital and apart from that, she also provided the following services in her hospital-

(a) Plastic surgery to enhance the beauty of the face

(b) Ambulance service for transportation of patients

(c) Renting of space to run medical store in hospital premises

She is also a consultant in other hospitals and received ₹ 40,00,000 as consultancy fee from the other hospitals.

Further, she also provides canteen facility and received ₹ 55,000 from in-patients for supply of food as per advise of nutritionist, ₹ 35,000 from patients who are not admitted and ₹ 25,000 from visitors for the same facility.

She filed GSTR-3B for the month of June with some errors. She filed the Annual return for the said financial year on 31st October of the next financial year, whereas due date for the said Annual return was 31st December of the next financial year.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

1. Compute the taxable value of supply of canteen service provided by Ms. Chanchala?

   (a) ₹ 25,000

   (b) ₹ 35,000

   (c) ₹ 60,000

   (d) ₹ 80,000

© The Institute of Chartered Accountants of India

2. Maximum time permissible for rectification of error committed in monthly return of June is _____

   (a) 30th November of the next year

   (b) 31st October of the next year

   (c) 20th October of the next year

   (d) 31st December of the next year

3. Determine which of the following services provided by Ms. Chanchala and her hospital is exempt from GST?

   (i) Plastic surgery to enhance the beauty of the face

   (ii) Ambulance service for transportation of patients

   (iii) Renting of space to run medical store in hospital premises

   (iv) Consultancy service by Ms. Chanchala in other hospitals

   (a) (i), (ii) & (iv)

   (b) (i), (ii)

   (c) (ii) & (iv)

   (d) (i) & (iii)

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) ₹ 60,000

Reason

Food supplied to the in-patients by a canteen run by the hospital, as advised by the doctor/nutritionists, is a part of composite supply of healthcare and not separately taxable. Thus, said services are exempt from GST.

2. Option (b) 31st October of the next year

Reason

As per section 16(4) of the CGST Act, 2017 the maximum time limit within which such amendments are permissible is earlier of the following dates:

© The Institute of Chartered Accountants of India

(a) 30th day of November following the end of the financial year to which such details pertain or

(b) Date of filing of the relevant annual return

3. Option (c) (ii) & (iv)

Reason

'Health care services' does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.

Transportation of a patient in an ambulance by any person other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5000 per day to a person receiving health care services is exempt vide entry 74 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*.

Services by way of health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST.

© The Institute of Chartered Accountants of India

CASE SCENARIO 33

M/s. Neelkanth & Co., a registered supplier under GST, is dealing in supply of taxable goods in the State of Karnataka.

The firm had opted for Composition Scheme from April month of last financial year. It's turnover crossed ₹ 1.50 crore on 9th May of current financial year and had opted for withdrawal of composition scheme on the said date.

Neelkanth & Co. removed goods on 10th June for delivery to Chandra & Co. on 'Sale or Return Basis'. Chandra & Co. accepted the goods vide its confirmation mail dated 15th December.

The firm has paid GST for various items during the month of August. It is comprised of the following-

(a) GST paid on input services intended to be used for personal purposes – ₹ 12,000

(b) GST paid on purchase of Motor Vehicle for business use (being a two-wheeler having engine capacity of 25CC) – ₹ 9,000

(c) GST paid on purchase of computer – ₹ 19,000

(GST portion was included as part of cost to claim depreciation under Income-tax Act, 1961)

During May, Neelkanth and Co. had reversed ITC of ₹ 10,000 for not making payment to Vendors within the time prescribed under CGST Act, 2017. This pending payment was cleared in the month of August.

Out of purchases made and ITC availed during earlier months, the following information is made available as on September:

Supplier Name	Payment is due for (Number of days)	Related ITC Component
XYZ	145	₹ 13,000
ABC	199	₹ 15,000
PQR	99	₹ 20,000

© The Institute of Chartered Accountants of India

Neelkanth & Co received accounting services from Raghu & Co., an associated enterprise, located in Sri Lanka. Raghu & Co. issued invoice for the service on 1st September, which was entered by Neelkanth & Co. in its book on 10th October. But payment was made on 30th September.

All the supply referred above is intra-State unless specified otherwise. Conditions applicable for availment of ITC are fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. Neelkanth & Co. needs to furnish a statement containing details of stock of inputs/ inputs held in semi-finished / finished goods on the withdrawal of composition scheme by _____

   (a) 9th May

   (b) 23rd May

   (c) 8th June

   (d) 7th July

2. In respect of the goods sent on sale or return basis, Neelkanth & Co. shall issue the invoice by _____

   (a) 10th June

   (b) 10th September

   (c) 10th December

   (d) 15th December

3. Determine the amount of eligible input tax credit that can be availed by Neelkanth & Co for the month of August?

   (a) Nil

   (b) ₹ 19,000

© The Institute of Chartered Accountants of India

(c) ₹ 22,000

(d) ₹ 50,000

4. Compute the amount of ITC to be reversed for the month of September. Ignore interest liability, if any.

(a) Nil

(b) ₹ 28,000

(c) ₹ 15,000

(d) ₹ 13,000

5. Time of supply in respect of service imported by Neelkanth & Co from its Associated Enterprise is _____

(a) 1st September

(b) 30th September

(c) 1st October

(d) 10th October

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) 8th June

Reason

After filing the application to withdraw from the Composition levy, it is mandatory to file statement in FORM GST ITC-01 containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock on the date on which the option is withdrawn or denied, within a period of 30 days from the date from which the option is withdrawn in terms of Rule 6(6) of the CGST Rules, 2017.

2. Option (c) 10th December

Reason

As per section 31(7) of the CGST Act, 2017 where the goods being sent or taken on approval for sale or return are removed before the supply takes

© The Institute of Chartered Accountants of India

place, the invoice shall be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier.

3. Option (b) ₹ 19,000

Reason

ITC related to personal expenses is not allowed. Further, the ITC related to scooter is allowed as the same is not a motor vehicle. The ITC related to computer is not available as depreciation has been claimed on the same. Further, the pending payment of ₹ 10,000 was cleared in the month of August. So, the credit of same is available.

4. Option (c) ₹ 15,000

Reason

As per second proviso to section 16(2) of the CGST Act, 2017, only ITC relating to the supply where the consideration has not been paid within 180 days is to be reversed in September.

5. Option (b) 30th September

Reason

As per second proviso to section 13(3) of the CGST Act, 2017, in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.

© The Institute of Chartered Accountants of India

CASE SCENARIO 34

XYZ Electronics Pvt. Ltd. is a leading electronic goods manufacturing company in Delhi. The company produces a wide range of products, including smartphones, laptops, and home appliances.

The sales by the Company are mainly through its distributors on the following credit terms:

For laptops – up to 15 days

For smartphones – up to 90 days

For other home appliances – up to 45 days

During the year, the Company purchased plant and machinery worth ₹ 1 crore exclusive of GST. The GST rate for such plant and machinery is 18%. The input tax credit on such plant and machinery is not blocked under any provision of the GST law.

The Company is planning to demerge its operations in relation to the laptops and other computer accessories from the next financial year. The demerged entity "PR Ltd." will be a separate legal entity of the Company in form of a wholly owned subsidiary of the Company having common Board of Directors.

The Company also participates in domestic and international level trade fairs to showcase its products and sale through those events. The Electronics Association of Rajasthan is organising a trade fair in Jaipur. The Company is keen to participate in the same. To ensure the GST compliances, the Company wants to obtain the GST registration as casual taxable person in the state of Rajasthan. The Company obtained the GST registration as casual taxable person in the state of Rajasthan with the validity period of 45 days.

The Company transferred the goods from one of its godown in Delhi to another godown in Gujarat wherein the Company has a registered place of business. The value of goods transferred is ₹ 5 crore and the rate of GST applicable on such transfer is 18%. The tax invoice was issued, and GST was deposited by the Company. However, the consideration was not paid by the Gujarat office of the Company to the Delhi office even after 180 days of the invoice date. Further,

© The Institute of Chartered Accountants of India

there was no reverse movement of such goods from Gujarat godown to Delhi Godown.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:

MULTIPLE CHOICE QUESTIONS

1. What shall be the time limit to issue invoice for supply of smartphones on credit:

   (a) Invoice shall be issued on 31st day from the date of removal of smartphones to distributors.

   (b) Invoice shall be issued before or at the time of removal of smartphones to distributors.

   (c) Invoice shall be issued at the time of receiving payment from distributors.

   (d) Invoice shall be issued upon completion of credit term, i.e. 90 days.

2. In relation to the plant and machinery purchased by the Company, select the correct alternative from the following:

   (a) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income-Tax Act, 1961 shall be ₹ 1.18 crore.

   (b) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income-Tax Act, 1961 shall be ₹ 1 crore.

   (c) ITC cannot be claimed on such transaction and value of asset on which depreciation can be claimed under the provisions of Income-Tax Act, 1961 shall be ₹ 1 crore.

   (d) ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income-Tax Act, 1961 shall be ₹ 82 lakh.

© The Institute of Chartered Accountants of India

3. How shall the PR Ltd. be treated under the provisions of GST Law?

   (a) The PR Ltd. shall be treated as related party of the XYZ Electronics Pvt. Ltd.

   (b) The PR Ltd. shall be treated as distinct entity of the XYZ Electronics Pvt. Ltd.

   (c) The PR Ltd. shall be treated as additional place of business of XYZ Electronics Pvt. Ltd.

   (d) The PR Ltd. shall be treated as sole selling agent of XYZ Electronics Pvt. Ltd.

4. The period of retention of books of accounts related to period prior to demerger under GST Law is:

   (a) 36 months from the end of financial year

   (b) 60 months from the end of financial year

   (c) 72 months from the end of financial year

   (d) 72 months from due date of furnishing annual return for the relevant financial year

5. The validity of GST registration in the state of Rajasthan is:

   (a) 45 days

   (b) 90 days

   (c) 180 days

   (d) 135 days

6. Which of the following statements is true in relation to the non-payment of consideration by the Gujarat godown to Delhi godown?

   (a) The Gujarat godown shall reverse the ITC availed on the goods received from Delhi and also required to pay interest computed from the date of invoice till the date of reversal of ITC.

   (b) The Gujarat godown shall reverse the ITC availed on the goods received from Delhi and no interest shall be applicable.

© The Institute of Chartered Accountants of India

(c) The restriction of 180 days for payment of consideration is not applicable in the present case.

(d) The Delhi godown shall issue a credit note to Gujarat godown to reverse the supply.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (b)** Invoice shall be issued before or at the time of removal of smartphones to distributors.

Reason

As per Section 31(1) of the CGST Act, 2017, the invoice in case of supply of goods shall be issued on or before the removal of goods for supply. The same is irrespective of the fact that the supply is made for cash or credit.

Accordingly, even if the smartphones are supplied for a credit period of up to 90 days, the invoice shall be issued on or before removal of smartphones for supply.

2. **Option (b)** ITC of ₹ 18 lakh can be claimed and value of asset on which depreciation can be claimed under the provisions of Income-Tax Act, 1961 shall be ₹ 1 crore.

Reason

As per the provisions of Section 16(3) of the CGST Act, 2017, where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income-tax Act, 1961 the input tax credit on the said tax component shall not be allowed.

3. **Option (a)** The PR Ltd. shall be treated as related party of the XYZ Electronics Pvt. Ltd.

Reason

The proposed demerged company, "PR Ltd." shall be a separate legal entity having common board of directors as that of the Company. Since, the demerged entity will be a separate legal entity, it will be termed as a

© The Institute of Chartered Accountants of India

related party as per the provisions under explanation to Section 15 of the CGST Act, 2017.

4. **Option (d)** 72 months from due date of furnishing annual return for the relevant financial year

Reason

As per Section 36 of the CGST Act, 2017, the Company is required to keep and maintain books of account or other records until the expiry of seventy-two months from the due date of furnishing of annual return for the year pertaining to such accounts and records.

5. **Option (a)** 45 days

Reason

As per Section 27(1) of the CGST Act, 2017, the registration as a casual taxable person is valid for a period specified in the registration certificate or 90 days from the effective date of registration, whichever is earlier. In the present case, the Company obtained registration having validity of 45 days only.

6. **Option (c)** The restriction of 180 days for payment of consideration is not applicable in the present case.

Reason

In case of distinct persons having same PAN, the restriction of 180 days for payment of consideration is not applicable as per proviso to rule 37(1) of the CGST Rules, 2017.

© The Institute of Chartered Accountants of India

CASE SCENARIO 35

Ecotech Solutions Private Limited is engaged in manufacturing and supply of energy products and solutions across multiple States in India. The Company manufactures solar panels and also imports certain category of solar panels as per the customer orders. The company also provides installation services and annual maintenance contracts for its products.

The Company received an advance payment for a bulk order of goods in March 2025, but the delivery was completed in May, 2025. The amount of advance received by the Company was ₹ 1 crore.

During the month of March 2025, the Company sold goods worth ₹ 5 crore and provided services amounting to ₹ 1 crore to its customers across India. The goods worth ₹ 1 crore sold under multiple invoices were returned by a customer due to defective quality in the month of March, 2025 which were originally sold by the Company in January, 2025. The Company issued a GST credit note against the returned goods in March, 2025.

The Company incurred an amount of ₹ 5 lakh on the repair of the returned goods to make them resalable in the market to customers other than a related party.

Further, the customers who returned the goods issued an invoice to Gujarat unit of the Company of ₹ 1 lakh for the expense related to return of goods. The goods were initially sold from the Gujarat unit of the Company but the same were returned to Maharashtra unit of the Company and subsequently moved by the Company from Maharashtra unit to Gujarat Unit i.e. the original place of supply. The Company is registered under GST in both the States i.e. Gujarat and Maharashtra. The Company does not have any blocked input tax credit for the period related to aforesaid transactions.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 6 below:

© The Institute of Chartered Accountants of India

MULTIPLE CHOICE QUESTIONS

1. At what point of time, tax will be payable in relation to the advance received by the Company of ₹ 1 crore?

   (a) The tax is payable at the time of receipt of advance.

   (b) The tax is payable at the time of supply of goods.

   (c) 50% of tax is payable at the time of receipt of advance.

   (d) Tax is payable at the time of issuance of receipt voucher.

2. The total amount of supply during the month of March, 2025 to be reported in GSTR -1 by the Company is _____.

   (a) ₹ 1 crore

   (b) ₹ 5 crore

   (c) ₹ 6 crore

   (d) ₹ 7 crore

3. Which of the following options is correct in relation to the returned goods of value ₹ 1 crore ?

   (a) Company has an option to issue single credit note against multiple invoices.

   (b) Company has to mandatorily issue separate credit note against each invoice.

   (c) The Company cannot issue credit note in any subsequent period after the supply is made.

   (d) The Company can only issue a commercial credit note and GST adjustment cannot be made.

4. In case returned goods are sold by the Company to customers other than the related parties, the value of supply of such goods under GST shall be _____.

   (a) equivalent to original value of supply only.

© The Institute of Chartered Accountants of India

(b) equivalent to original value of supply plus the cost incurred on making the goods reusable

(c) 110% of original value of supply plus the cost incurred on making the goods reusable.

(d) transaction value subject to the conditions mentioned in Section 15(2) of the CGST Act, 2017.

5. Which of the following option(s) is correct in relation to the invoice of ₹ 1 lakh issued by the customer for the expenses relating to returned goods?

(a) The Company shall be eligible to avail full input tax credit.

(b) The Company shall not be allowed to avail input tax credit.

(c) The Company shall not be allowed to avail input tax credit in excess of 50% of the tax amount charged on such invoice.

(d) The Company shall be allowed to claim input tax credit only if it has not issued any credit note to the customer against such returned goods.

6. While moving the goods from Maharashtra unit to Gujarat unit by the Company, goods shall be accompanied by _____.

(a) Original invoice issued in January, 2025

(b) Invoice issued by the returning customer to the Gujarat unit of the Company

(c) Invoice by Maharashtra unit to the Gujarat unit of the Company

(d) Delivery challan issued by the Customer to the Company.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) The tax is payable at the time of supply of goods

Reason

Notification No. 66/2017 CT dated 15.11.2017 specifies that all taxpayers under forward charge (except composition suppliers and registered persons making supply of specified actionable claims) are not required to

© The Institute of Chartered Accountants of India

pay GST at the time of receipt of advance in relation to supply of goods. The entire GST shall become payable only when the invoice for the supply of such goods is issued or ought to have been issued.

Accordingly, ₹ 1 crore advance for supply of goods shall be liable to tax only at the time of supply of goods and not at the time of receipt of advance.

2. **Option (b)** ₹ 5 crore

Reason

The total amount of supply to be reported in GSTR 1 of March, 2025 is worked out as:

Supply of goods = ₹ 5 crore

Supply of services = ₹ 1 crore

Return of Goods sold in January, 2025= ₹ 1 crore

Total supply to be reported in March 2025 = a+b-c = 5+1-1 = ₹ 5 crore

3. **Option (a)** Company has an option to issue single credit note against multiple invoices.

Reason

As per the section 34(1) of the CGST Act, 2017, there is no requirement to match the credit notes with the invoices. A single credit note can be issued for multiple invoices as per the choice of the registered person.

4. **Option (d)** transaction value subject to the conditions mentioned in Section 15(2) of the CGST Act, 2017.

Reason

The goods being resold by the Company can be sold at any value to third party customer. The amount received from the customer shall be treated as transaction value liable to GST subject to the adjustments mentioned in section 15(2) of the CGST Act, 2017.

© The Institute of Chartered Accountants of India

5. **Option (a)** The Company shall be eligible to avail full input tax credit.

Reason

The invoice of ₹ 1 lakh issued by the customer is in course or furtherance of business of the Company and accordingly, the ITC on the same cannot be disallowed assuming that the same is not specifically blocked under GST provisions.

6. **Option (c)** Invoice by Maharashtra unit to the Gujarat unit of the Company

Reason

The Gujarat and Maharashtra unit of the Company are distinct entities as per the provisions of GST Law, accordingly the movement of goods between the same shall be considered as inter-State supply of goods as per Schedule I of the CGST Act, 2017 and an invoice shall be issued by the dispatching unit to the receiving unit.

© The Institute of Chartered Accountants of India

CASE SCENARIO 36

M/s. Maahi & Co., a LLP registered dealer under GST, is engaged in various types of business activities.

It provided GTA services to Government Department, registered under GST for providing various services. Maahi & Co. did not exercise the option to pay GST.

The firm provided service by way of renting of residential dwelling to the student, Mr. Pawan, an unregistered person.

M/s Maahi & Co let out its warehouse to Mr. Shankar, who in turn let out to an agriculturist for warehousing of agricultural produce. The firm also undertakes catering service to "Vishwas" Anganwadi. The said Anganwadi has received fundings from the Government.

The firm purchased the following goods during the month of July:-

(a) Capital goods amounting to ₹ 45,000 purchased on which depreciation has been taken on full value including GST paid thereon.

(b) Raw materials purchased amounting to ₹ 55,000 for which invoice is missing but delivery challan is available.

Further, for the month of July, the GST liability of the firm was ₹ 20,000 IGST; ₹ 10,000 CGST; ₹ 10,000 SGST. The following credits were available in the said month-

IGST: ₹ 8,000

CGST: ₹ 12,000

SGST: ₹ 5,000

All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred to above is intra-State unless specified otherwise. Conditions for availing ITC are fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

© The Institute of Chartered Accountants of India

MULTIPLE CHOICE QUESTIONS

1. Choose the correct statement(s).

   (i) For GTA services, Government is liable to pay GST under reverse charge

   (ii) For renting services, Mr. Pawan is liable to pay GST under reverse charge

   (iii) For GTA services, Maahi & Co is liable to pay GST under forward charge

   (iv) For renting services, Maahi & Co is liable to pay GST under forward charge

   (a) i & ii

   (b) iii & iv

   (c) i & iv

   (d) ii & iii

2. Which of the following options is correct in respect of GTA services provided to Government Department?

   (a) GTA service is taxable @ 18% without restriction of availing input tax credit.

   (b) GTA service is taxable @ 18%, but input tax credit cannot be availed for the same.

   (c) GTA service is exempt.

   (d) GTA service is taxable @ 5%, but input tax credit cannot be availed for the same.

3. Which of the following statements is correct:-

   (i) Letting out of warehouse to Shankar is exempt

   (ii) Catering service to "Vishesh" Anganwadi is exempt

   (iii) Letting out of warehouse to Shankar is not exempt

   (iv) Catering service to "Vishesh" Anganwadi is not exempt

© The Institute of Chartered Accountants of India

(a) i & ii

(b) iii & iv

(c) i & iv

(d) ii & iii

4. M/s Maahi & Co is eligible to claim input tax credit on the procurement value of _____.

(a) ₹ 45,000

(b) ₹ 55,000

(c) ₹ 1,00,000

(d) Nil

5. Compute the GST liability of the firm for July to be paid in cash, if rule 86B of the CGST Rules, 2017 is not applicable?

(a) IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000

(b) IGST: ₹ 12,000; CGST: Nil; SGST: ₹ 5000

(c) IGST: Nil; CGST: ₹ 10,000, SGST: ₹ 5000

(d) IGST: ₹ 5,000; CGST: Nil, SGST: ₹ 10,000

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (c) i & iv

Reason

Service provided by any person by way of renting of residential dwelling to a registered person is taxable under reverse charge.

GTA services are liable to reverse charge as reverse charge mechanism (RCM) does not apply to services provided by a GTA, by way of transport of goods in a goods carriage by road to a Department of the Central Government/ State Government which has taken registration under the CGST Act only for the purpose of deducting tax under section 51 of the CGST Act, 2017 and not for making a taxable supply of goods or services.

© The Institute of Chartered Accountants of India

In the given case, Government department is registered under GST for providing various services.

2. **Option (d)** GTA service is taxable @ 5%, but input tax credit cannot be availed for the same.

Reason

Where GTA does not exercise the option to itself pay GST, GTA service is taxable @ 5%. Further input tax credit (ITC) on goods or services used in supplying GTA service cannot be availed by GTA in this case.

3. **Option (d)** ii & iii

Reason

Services provided to an educational institution by way of serving of food (catering including mid- day meals) is exempt from levy of GST irrespective of its funding from government grants or corporate donations.

Hence, serving of food to anganwadi shall also be covered by said exemption, whether sponsored by government or through donation from corporates.

Warehousing rental services are provided to Mr. Shankar who is not an agriculturist and hence the services are not exempt.

4. **Option (d)** Nil

Reason

Depreciation has been claimed on the total value including the value of GST and hence input tax credit cannot be claimed on capital goods.

Further, without availability of invoice, input tax credit related to raw material cannot be claimed.

© The Institute of Chartered Accountants of India

5. **Option (a)** IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000

Reason

Available IGST credit in the credit ledger should first be utilized towards payment of IGST. Entire ITC of IGST is to be fully utilised first before the ITC of CGST or SGST/UTGST can be utilized.

Available CGST Credit in the credit ledger shall first be utilized for payment of CGST. The remaining amount if any, will be utilized for payment of IGST.

Available SGST /UTGST credit in the credit ledger shall first be utilized for payment of SGST/UTGST. Remaining amount if any, will be utilized for payment of IGST, only when credit of CGST is not available for payment of IGST.

© The Institute of Chartered Accountants of India

CASE SCENARIO 37

M/s. Veena & Co. of Jabalpur was registered under GST under composition scheme. Outward Supply of the firm for the month of July 2025 was ₹10 lakh. Out of which ₹ 2 lakh was supply of repairing services. In the preceding financial year, the firm was doing trading of taxable goods only. Turnover of the concern for the previous financial year was ₹ 100 lakh.

The firm imported the following services during August, 2025:

(a) Architect services from Mr. Vinod, a partner of the firm, who resides in France for ₹ 1,00,000. The said service was paid but not used for the furtherance of the business.

(b) Management consultancy services from Mr. Lal, a renowned lawyer in Sweden, who was an ex-employee of the firm. The value of the said service was ₹ 3,00,000. Even though it was used in the furtherance of the business, no consideration was paid by the firm.

Aggregate turnover of the firm crossed the limit of ₹ 150 lakh on 25.09.2025 from which date the firm was liable to pay tax under regular scheme.

All the amounts given above are exclusive of taxes wherever applicable. All the supply referred above is intra-State unless specified otherwise.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

MULTIPLE CHOICE QUESTIONS

1. Tax liability of Veena & Co. for the month of July 2025 is ₹_____each under CGST and SGST.

   (a) 5,000

   (b) 9,000

   (c) 10,000

   (d) 14,000

© The Institute of Chartered Accountants of India

2. Import of services by Veena & Co. that will be treated as supply is ₹ _____.

   (a) Nil

   (b) 1,00,000

   (c) 3,00,000

   (d) 4,00,000

3. Veena & Co. will be eligible to claim ITC held on Stock and Capital goods as on _____.

   (a) 01-09-2025

   (b) 24-09-2025

   (c) 25-09-2025

   (d) 30-09-2025

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) 5,000

Reason

The second proviso to section 10(1) of the CGST Act, 2017 permits marginal supply of services [other than restaurant services – not supplying alcoholic liquor for human consumption] for a specified value along with the supply of goods and/or restaurant service, as the case may be. This specified value is value not exceeding:

(a) 10% of the turnover in a State/U.T. in the preceding financial year

or

(b) ₹ 5 lakh,

whichever is higher.

In the present case, composition scheme is available for the month of July and thus, tax shall be applicable at the rate of 1 % [CGST + SGST] of turnover of taxable supplies of goods & services in the State.

© The Institute of Chartered Accountants of India

2. Option (b) 1,00,000

Reason

Supply includes importation of services for consideration whether or not in course or furtherance of business [Section 7(1)(b) of the CGST Act, 2017]. Thus, the services from Mr. Vinod is a supply.

Import of services by a person from a related person or from his establishments located outside India, without consideration, in the course or furtherance of business shall be treated as "supply" as per Schedule I of the CGST Act, 2017.

In the given case, Mr. Lal is not a related person and therefore his service is not a supply.

3. Option (b) 24-09-2025

Reason

As per section 18(1)(c) of the CGST Act, 2017, the registered person is entitled to input tax credit from the day immediately preceding the date from which he becomes liable to pay tax under regular scheme.

© The Institute of Chartered Accountants of India

CASE SCENARIO 38

Pawan was engaged in providing various services within the State of Rajasthan since May 2025. His Aggregate turnover crossed the threshold limit on 04.07.2025. He applied for registration under GST on 02.08.2025. He got his GST registration on 10.08.2025.

After taking registration, Pawan started a business across India including supply of goods also. He dispatched goods pan India based on orders he got for the goods dealt by him.

He received an order from Delhi for which he supplied taxable goods valuing ₹ 45,000. The applicable rate of IGST was 5%. He also supplied certain exempted goods valuing ₹ 4,000. He made one invoice for both taxable as well as exempted supply made to Delhi.

He asked his tax consultant for the requirement of the generation of e-way bill for this order. The tax consultant informed him that the requirement of e-way bill is based on consignment value of goods supplied.

Even being a micro enterprise, Pawan did not receive timely payment from his customers because of which he ran into severe cash crunch and eventually could not make on-time payment to his suppliers. As a result, he decided to shut down his business and got placed in a software company as a senior programmer executive.

While shutting down his business, he informed his tax consultant to cancel the GST registration. The tax consultant surrendered his registration online on GST Portal on 25.10.2025 and his application for cancellation was approved by the Proper Officer on 31.10.2025.

All the amounts given above are exclusive of taxes wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

© The Institute of Chartered Accountants of India

MULTIPLE CHOICE QUESTIONS

1. Effective date of registration of Pawan is _____.

   (a) 04.07.2025

   (b) 02.08.2025

   (c) 03.08.2025

   (d) 10.08.2025

2. Consignment value of goods supplied to Delhi by Pawan is ₹_____.

   (a) 45,000

   (b) 49,000

   (c) 47,250

   (d) 51,450

3. Due date by which Pawan is supposed to file Final return under GST is _____.

   (a) 25.11.2025

   (b) 30.11.2025

   (c) 25.01.2026

   (d) 31.01.2026

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) 04.07.2025

Reason

As per rule 10 of the CGST Rules, 2017, where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

© The Institute of Chartered Accountants of India

2. Option (c) 47,250

Reason

As per Explanation 2 to Rule 138(1) of the CGST Rules, 2017, consignment value of goods shall be the value:

- determined in accordance with the provisions of section 15 of the CGST Act, 2017,
- 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.

Thus, consignment value in the given case = ₹ 45,000 x 105% = ₹ 47,250

3. Option (d) 31.01.2025

Reason

As per section 45 of the CGST Act, 2017, the final return has to be filed within 3 months of the:

(i) date of cancellation

or

(ii) date of order of cancellation

whichever is later.

© The Institute of Chartered Accountants of India

CASE SCENARIO 39

KBC Insurance Ltd., is an insurance company providing life and non-life insurance products across India. The company has been carrying on its business for the past three years with the approval of IRDA.

KBC Insurance Ltd. secure its business through various insurance agents spread across India. Those agents include individuals, firm, LLP and private limited company also. However, all of them are licensed under the Insurance Act.

The company availed services of renting of motor vehicles for its employees in PAN India through 'RR Travels Private Limited', where cost of fuel is included in the consideration charged. The service provider charged 5% GST and informed the company that it is claiming ITC only in respect of the same line of business.

KBC Insurance Ltd. provided the following details of insurance business for the month of May-

Sl. No.	Nature of receipt	Amount in ₹
i.	Premium received on Pradhan Mantri Jan Dhan Yojana	5,00,000
ii.	Premium received on Aam Aadmi Bima Yojana	3,00,000
iii.	Premium received on Life micro-insurance product having a sum assured of ₹ 2.50 lakh	4,00,000
iv.	Premium received on reinsurance of Group Personal Accident Policy for Self-Employed Women	1,00,000
v.	Premium received on Fire and Special perils policy of various business units	7,00,000
vi.	Premium received on Money-back policies issued	12,00,000

KBC Insurance Ltd. received a proposal for Pandemic Insurance for IPL matches from the franchisees. Sum assured for said insurance was ₹ 250 crore with a premium of ₹ 50 lakh. The company issued the said policy on 1st July. The invoice for the same was issued on 5th August. Premium was received on 14th August.

KBC Insurance Ltd. received the following supplies in the month of May and the details of GST paid on such supplies are as follows-

© The Institute of Chartered Accountants of India

i GST paid on purchase of car for use of Managing Director – ₹ 5,00,000

ii GST paid on bus (seating capacity for 14 persons) purchased by the company for transportation of its employees from their residence to office and back – ₹ 3,00,000

iii GST of ₹ 80,000 was paid on general insurance taken from Amity Insurance Ltd. for motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) which were used in transportation of staff of the company.

All the amounts given above are exclusive of taxes wherever applicable. All the supplies referred above are intra-State unless specified otherwise. The company has a policy to claim input tax credit (ITC) for all the capital goods, where it is eligible to avail ITC on such capital goods. Aggregate turnover of the company is not less than ₹ 10 crore for the past three years. Conditions necessary for availment of ITC are fulfilled subject to the information given.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

MULTIPLE CHOICE QUESTIONS

1. Determine the services on which the company is liable to pay tax under reverse charge?

   (a) Service availed from insurance agents

   (b) Service availed from RR Travels Private Limited

   (c) None of the services availed attracts RCM

   (d) Both (a) & (b)

2. Compute the total value of exempt supply provided by KBC Insurance Ltd. for the month of May?

   (a) ₹ 9,00,000

   (b) ₹ 13,00,000

   (c) ₹ 20,00,000

   (d) ₹ 32,00,000

© The Institute of Chartered Accountants of India

3. Compute the total value of taxable supply made by KBC Insurance Ltd. for the month of May?

   (a) ₹ 4,00,000

   (b) ₹ 12,00,000

   (c) ₹ 23,00,000

   (d) ₹ 32,00,000

4. Determine the amount of ITC that can be claimed by KBC Insurance Ltd?

   (a) ₹ 80,000

   (b) ₹ 3,00,000

   (c) ₹ 3,80,000

   (d) ₹ 8,80,000

5. Determine the time of supply of service provided to IPL franchisees?

   (a) 1st July

   (b) 16th August

   (c) 05th August

   (d) 14th August

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (a)** Service availed from Insurance Agents

Reason

Services availed from insurance agent is covered under reverse charge. Renting of motor vehicle is not covered under reverse charge as the service is provided by a body corporate.

2. **Option (a)** ₹ 9,00,000

Reason

Insurance services under following schemes is exempted-

© The Institute of Chartered Accountants of India

- Aam Aadmi Bima Yojana; [Entry 36 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]
- Life micro-insurance product as approved by the Insurance Regulatory and Development Authority (IRDA), having maximum amount of cover of ₹ 2,00,000; [Entry 36 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]
- Pradhan Mantri Jan Dhan Yogana; [Entry 36 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]
- Group Personal Accident Policy for Self-Employed Women [Entry 35 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]

3. Option (c) ₹ 23,00,000

Reason

All the services for insurance other than the following are taxable:

Insurance services under following schemes is exempted-

- Aam Aadmi Bima Yojana; [Entry 36 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]
- Life micro-insurance product as approved by the Insurance Regulatory and Development Authority (IRDA), having maximum amount of cover of ₹ 2,00,000; [Entry 36 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]
- Pradhan Mantri Jan Dhan Yogana; [Entry 36 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]
- Group Personal Accident Policy for Self-Employed Women [Entry 35 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*]

4. Option (c) ₹ 3,80,000

Reason

ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked except when the same are used for

(i) making further taxable supply of such motor vehicles

© The Institute of Chartered Accountants of India

(ii) making taxable supply of transportation of passengers

(iii) making taxable supply of imparting training on driving such motor vehicles.

Thus, the input tax credit on purchase of car is blocked under section 17 of the CGST Act, 2017.

ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed. Thus, ITC on bus is allowed.

As per section 17(5)(ab) of the CGST Act, 2017, the input tax credit in respect of services of general insurance in so far as they relate to motor vehicles is available where received by a taxable person engaged in the supply of general insurance services in respect of such motor vehicles insured by him.

Thus, insurance related input tax credit is available as the ITC in respect of such goods and/or services shall be available where an inward supply of such goods and/or services is used by a registered person for making an outward taxable supply of the same category of goods/services as per Section 17 of the CGST Act, 2017.

5. Option (c) 5th August

Reason

As per section 31 of the CGST Act, 2017 read with the rule 47 of the CGST Rules, 2017 in case of taxable supply of services, invoices should be issued before or after the provision of service, but within a period of 45 days in case of insurer/ banking company or financial institutions including NBFCs from the date of supply of service.

As per section 13(2)(a) of the CGST Act, 2017 , time of supply of services is the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed undersection 31 of the CGST Act, 2017 or the date of receipt of payment, whichever is earlier.

In the given case, since the invoice has been issued within 45 days of provision of service i.e. 1st July and hence the invoice issuance date shall be considered as the time of supply.

© The Institute of Chartered Accountants of India

CASE SCENARIO 40

M/s Aditi & Co, a partnership firm registered under GST, is undertaking various Government projects.

The firm has given on hire the following vehicles-

i. A motor vehicle to carry more than 15 passengers to the State Government Electricity Department

ii. An electric operated vehicle to carry more than 12 passengers to Local Municipal Corporation

iii. An electric operated vehicle to carry up to 12 passengers to State Transport Undertaking

The firm issued invoices pertaining to two independent outward supplies, where in one invoice value of supply was understated by ₹ 75,000 and in another invoice, value was overstated by ₹ 45,000.

The firm received certain supply of goods amounting to ₹ 8,40,000 from registered persons on which tax was payable under reverse charge basis.

All the amounts given above are exclusive of taxes, wherever applicable. All transactions referred to above are intra-State. All the conditions for availing ITC have been fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

MULTIPLE CHOICE QUESTIONS

1. In respect of vehicles given on hire by the firm, services that are exempt from GST are _____.

   (i) giving on hire a motor vehicle to the State Electricity Department

   (ii) giving on hire an electric operated vehicle to Local Municipality

   (iii) giving on hire an electric operated vehicle to State Transport Undertaking

© The Institute of Chartered Accountants of India

(a) (i)

(b) (ii)

(c) (i) and (iii)

(d) (ii) and (iii)

2. Which of the following is correct in respect of document to be issued by the firm for understatement and overstatement of invoice value?

(i) Debit note is to be issued for ₹ 75,000.

(ii) Credit note is to be issued for ₹ 75,000.

(iii) Debit note is to be issued for ₹ 45,000.

(iv) Credit note is to be issued for ₹ 45,000.

(a) i & iii

(b) ii & iii

(c) i & iv

(d) ii & iv

3. Which of the following statements is correct in respect of supply of goods amounting to ₹ 8,40,000 received by the firm which are taxable under reverse charge?

(i) Firm shall issue a payment voucher at the time of making payment to supplier.

(ii) Firm shall issue a delivery challan for supply of goods.

(iii) Firm shall issue receipt voucher at the time of making payment to supplier.

(iv) Firm is not required to issue any document in respect of such supply.

(a) i

(b) i & ii

(c) ii & iii

(d) iv

© The Institute of Chartered Accountants of India

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) (ii)

Reason

Services by way of giving on hire –

(a) to a state transport undertaking (STU), a motor vehicle meant to carry more than 12 passengers;

(aa) to a local authority, an Electrically operated vehicle (EOV) meant to carry more than 12 passengers

are exempt from GST [Entry 22 of *Exemption Notification No. 12/2017 CT(R) dated 28.06.2017*].

2. Option (c) i & iv

Reason

As per Section 34 of the CGST Act, 2017, debit note is issued for under-valued invoices and credit note is issued for invoices where the value has exceeded the actual value of supply.

3. Option (a) i

As per section 31(3)(g) of the CGST Act, 2017, a registered person who is liable to pay tax under reverse charge shall issue a payment voucher at the time of making payment to the supplier.

© The Institute of Chartered Accountants of India

CASE SCENARIO 41

MM Charitable Trust is registered under section 12AB of the Income-tax Act, 1961.

The trust conducted a three-day residential yoga camp among people on international yoga day for the advancement of yoga and charged ₹ 7,500 per person inclusive of stay and food.

The trust also conducted programmes for the advancement of education of people aged above 65 years in metro cities. A nominal fee was charged for the same.

The trust received the following donations during the month of September: -

i. Mr. Sunil Sharma, proprietor of Solid Steels donated a RO water plant to the trust costing ₹ 75,000 and displayed his firm name in the RO system installed at the premises of the trust as "Donated by Mr. Sunil, owner of Solid Steels -trusted by all'.

ii. Mr. Prasanna, a lawyer, donated chairs to the trust costing ₹ 25,000 and 'Love all' is printed on all chairs donated by him to the trust.

MM Charitable Trust also owns and manages a gurudwara. It rented the community hall located in the precincts of the gurudwara for a rent of ₹ 8,500 per day for a marriage function. It also rented the commercial shop located in the precincts of the gurudwara for a rent of ₹ 10,000 per month per shop.

You can assume that the Trust is registered under GST and all the transactions are intra-State only. Conditions for availing ITC are fulfilled subject to the above- mentioned information.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

MULTIPLE CHOICE QUESTIONS

1. Which of the following activities conducted by MM Charitable Trust is exempt from GST?

   (a) Advancement of Yoga

© The Institute of Chartered Accountants of India

(b) Advancement of education

(c) Both (a) and (b)

(d) Neither of the activities

2. Determine the value of taxable supply in respect of donations received by the MM Charitable Trust?

(a) ₹ 25,000

(b) ₹ 75,000

(c) ₹ 1,00,000

(d) Nil

3. Which of the following statements is/are correct under GST law in respect of gurudwara managed by MM Charitable Trust?

(a) Renting of community hall is taxable while renting of commercial shop is exempt.

(b) Renting of community hall is exempt while renting of commercial shop is taxable.

(c) Both renting of community hall and renting of commercial shop are taxable.

(d) Both renting of community hall and renting of commercial shop are exempt.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) Advancement of Yoga

Reason

Advancement of yoga by charitable trust is exempted. However, the advancement of education is in metro cities and thus, not exempted. [Entry 1 of Exemption *Notification No. 12/2017 CT(R) dated 28.06.2017*.]

© The Institute of Chartered Accountants of India

2. **Option (b)** ₹ 75,000

Reason

If donation is received with specific instructions/mutual understanding between the donor and the receiver that the same will advertise or promote business of the donor, such donation will be subject to GST.

3. **Option (b)** Renting of community hall is exempt while renting of commercial shop is taxable.

Reason

Services by a person by way of renting of precincts of a religious place meant for general public, owned/managed by institutions/entities/trusts, registered under section 12AB of the Income tax Act is exempt except where-

(i) charges for renting of premises, community halls, etc. are ≥ ₹ 10,000 per day;

(ii) charges for renting of shops/spaces for business/commerce are ≥ ₹ 10,000 per month.

Since rent of commercial shop is ₹ 10,000 per month, so same is taxable.

© The Institute of Chartered Accountants of India

CASE SCENARIO 42

Vedanshi & Co., a partnership firm, is engaged in retail trade since 1st April. The firm became liable for registration on 1st October. However, it applied for registration on 10th October. It had inputs held in stock, semi-finished and finished goods. The firm was granted certificate of registration on 5th November.

Vedanshi & Co. needs to transport one consignment to the transporter and then to the consignee. The distance, within the same state, between godown of the firm and the transporter is 20 kms and from the place of transporter to consignee is 99 kms, respectively.

Also, while filing return for the month of November, the firm generated E-Challan on 5th December for making payment of GST through RTGS of their bank.

All the supplies referred above are intra-State unless specified otherwise. Conditions applicable for availment of ITC are fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

MULTIPLE CHOICE QUESTIONS

1. Determine the effective date of registration of Vedanshi & Co.?

   (a) 1st April

   (b) 1st October

   (c) 10th October

   (d) 5th November

2. Vedanshi & Co. is eligible to claim ITC in respect of inputs held in stock as on-

   (a) 30th September

   (b) 1st October

© The Institute of Chartered Accountants of India

(c) 10th October

(d) Not eligible to claim ITC

3. Which of the following statements is true in respect of furnishing of details of conveyance in Part B of e- way bill?

(a) Part B need not be filed in respect of transport of consignment from Godown of Vedanshi & Co. to transporter location.

(b) Part B need not be filed in respect of transport of consignment from transporter location to consignee's location.

(c) Information in Part-B is neither required in transport of consignment from Godown of Vedanshi & Co. to transporter location nor from transporter location to consignee's location.

(d) Information in Part-B is mandatory in transport of consignment from Godown of Vedanshi & Co. to transporter location and from transporter location to consignee's location.

4. Determine the validity of E-Challan generated by Vedanshi & Co. for payment of taxes for the month of November?

(a) 5th December

(b) 15th December

(c) 20th December

(d) 31st December

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) 1st October

Reason

As per rule 10 of the CGST Rules, 2017, where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

© The Institute of Chartered Accountants of India

2. **Option (a)** 30th September

Reason

As per section 18(1)(a) of the CGST Act, 2017, person who has applied for registration within 30 days from the date on which he becomes liable to registration and has been granted such registration shall be eligible for input tax credit on inputs held in stock and inputs contained in semi-finished or finished goods held in stock from the day immediately preceding the date from which he becomes liable to pay tax.

3. **Option (a)** Part B need not be filed in respect of transport of consignment from Godown of Vedanshi & Co. to transporter location.

Reason

Details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of upto 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

4. **Option (c)** 20th December

Reason

Rule 87 of the CGST Rules, 2017 provides that challan and mandate for RTGS generated at the common portal shall be valid for a period of 15 days.

© The Institute of Chartered Accountants of India

CASE SCENARIO 43

M/s. Shanky Consultants, a partnership firm, registered in Delhi, as a regular taxpayer, renders the following services during the year:

(i) Security services: ₹ 2,00,00,000 to registered business entities.

(ii) Manpower services (Accountants): ₹ 5,00,000

(iii) Auditing services: ₹ 1,00,00,000

Other Information:

(i) Shanky Consultants also paid sponsorship fees of ₹ 70,000 at seminar organized by Banarsidas Private Limited in Delhi.

(ii) Shanky Consultants pays rent amounting to ₹ 6,00,000 for a building owned by Municipal Corporation of Delhi.

(iii) Assume all services are taxable at 18% and all transactions to be intra-State supplies.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:-

MULTIPLE CHOICE QUESTIONS

1. What is the aggregate turnover of Shanky Consultants?

   (a) ₹ 3,05,00,000

   (b) ₹ 3,05,70,000

   (c) ₹ 1,05,00,000

   (d) ₹ 1,05,70,000

2. GST liability paid under reverse charge by Shanky Consultants is?

   (a) CGST: ₹ 60,300, SGST: ₹ 60,300

   (b) CGST: ₹ 6,300, SGST: ₹ 6,300

   (c) CGST: ₹ 54,000, SGST: ₹ 54,000

© The Institute of Chartered Accountants of India

(d) CGST: ₹ 2,40,300, SGST: ₹ 2,40,300

3. State which of the following statements is true in respect of security services provided by Shanky Consultants to registered business entities:

(a) Shanky Consultants shall issue GST compliant tax invoice.

(b) Shanky Consultants shall issue bill of supply stating "Tax to be paid by service recipient under reverse charge".

(c) Shanky Consultants can issue any document in lieu of tax invoice.

(d) Shanky Consultants shall issue receipt voucher every time, it receives payment.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) ₹ 3,05,00,000

Reason

Aggregate turnover includes all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number.

In the present case, while the outward security services are liable to GST under reverse charge but the same shall form part of the turnover.

Thus, Aggregate turnover= ₹ 2 crore + ₹ 5 lakh + ₹ 1 crore =₹ 3,05,00,000.

2. Option (a) CGST: ₹ 60,300, SGST: ₹ 60,300

Reason

As per entry 4 of Reverse Charge *Notification No. 13/2017 CT (R) dated 28.06.2017* -Reverse Charge Mechanism (RCM) is applicable on services provided by any person by way of sponsorship service to any body corporate or partnership firm located in the taxable territory.

Further, as per entry 5A of Reverse Charge *Notification No. 13/2017 CT (R) dated 28.06.2017* - RCM is applicable on services supplied by Central Government, State Government, Union territory or local authority by way

© The Institute of Chartered Accountants of India

of renting of immovable property to a person registered under the CGST Act, 2017.

Hence liability under RCM is 9% of [₹ 70,000 + ₹ 6,00,000] = ₹ 60,300 CGST & SGST each.

Further, the security services provided by any person other than a body corporate to a registered person, located in the taxable territory are liable to tax under reverse charge in the hands of the recipient of services as per Entry 14 of Reverse Charge *Notification No. 13/2017 CT (R) dated 28.06.2017*.

3. **Option (a)** Shanky Consultants shall issue GST compliant tax invoice.

Reason

Since Shanky consultants is registered under GST, a tax invoice as per Section 31 of the CGST Act, 2017 read with rule 46 of the CGST Rules, 2017, shall be issued.

© The Institute of Chartered Accountants of India

CASE SCENARIO 44

PTL Pvt. Ltd. is a registered company and have retail store of merchandise located in 25 States in the country. For the purpose of clearance of stock of merchandise and to attract consumers, PTL Pvt. Ltd. launched scheme of "Buy One Get One Free" for the same type of merchandise, for instance, one shirt to be given free with purchase of one shirt. For saving cost, PTL Pvt. Ltd. directly purchases merchandise from the manufacturers.

In the month of May, to save employee cost, PTL Pvt. Ltd. purchased a tempo traveller worth ₹ 12,00,000 with seating capacity of 25 persons (including driver) for transportation of its employees. Further, to ensure the well-being of its employees, PTL Pvt. Ltd. voluntarily obtained the group health insurance cover of ₹ 2,00,000 for each employee in the same month. The premium of ₹ 1,500 per employee has been paid by the company for 100 employees.

In the month of July, Mr. Raghav, a customer of the company, filed a law suit in the Court, against the company for not supplying goods of the value of ₹ 1,00,000. PTL Pvt. Ltd. engaged Mr. Ram, an advocate, to represent it in Court for an agreed consideration of ₹ 25,000. As per the terms of the contract, Mr. Ram issued an invoice on 5th July. However, consideration was not paid till February next year.

All the amounts given above are excluding taxes and all transactions are intra-State transactions. Rates of taxes are CGST - 9% and SGST – 9%. However, for tempo traveller, the rates of taxes are CGST - 14% and SGST – 14%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

1. With respect to "Buy One, Get One free" offer, which of the following statements is true:

   (a) It will not be considered as supply at all since no consideration is involved in one of the items.

   (b) Supply of item for which consideration is charged is a supply under section 7 of the CGST Act, 2017 while supply of the other item supplied free of cost is not a supply.

© The Institute of Chartered Accountants of India

(c) These are two individual supplies where a single price is charged for the entire supply. Since a single price is charged, the same will always be taxed as a mixed supply.

(d) These are two individual supplies where a single price is charged for the entire supply. Their taxability will depend upon as to whether the supply is a composite supply or a mixed supply.

2. Eligible input tax credit for the month of May (i) on the purchase of tempo traveller and (ii) on health insurance premium paid (assuming that all other conditions, for availing input tax credit have been complied with) is:

(a) (i) CGST - Nil, SGST - Nil and (ii) CGST - Nil, SGST - Nil

(b) (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - Nil, SGST - Nil

(c) (i) CGST - Nil, SGST - Nil and (ii) CGST - ₹ 18,000, SGST - ₹ 18,000

(d) (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - ₹ 18,000, SGST - ₹ 18,000

3. Which of the following statements is true in respect of the services of advocate availed by the company?

(a) CGST-₹ 2,250 and SGST-₹ 2,250 on advocate services are payable by PTL Pvt Ltd. ITC availed thereon is to be added to its output tax liability with interest as consideration along with tax is not paid within 180 days of the issuance of invoice.

(b) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by Mr. Ram. ITC availed thereon is to be added to output tax liability of PTL Pvt Ltd. with interest as consideration along with tax is not paid within 180 days of the issuance of invoice.

(c) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by PTL Pvt. Ltd. The condition of payment of consideration along with tax within 180 days of the issuance of invoice does not apply in the given case.

(d) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by Mr. Ram. The condition of payment of consideration along with

© The Institute of Chartered Accountants of India

tax within 180 days of the issuance of invoice does not apply in the given case.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. **Option (d)** These are two individual supplies where a single price is charged for the entire supply. Their taxability will depend upon as to whether the supply is a composite supply or a mixed supply.

Reason

Circular No. 92/11/2019 GST dated 07.03.2019 has clarified the entitlement of ITC in the hands of supplier in respect of sales promotional scheme like 'buy one get one free'. Such promotional offers are not individual supplies of free goods, but a case of two or more individual supplies where a single price is being charged for the entire supply. It can at best be treated as supplying two goods for the price of one.

Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply and the rate of tax shall be determined as per the provisions of section 8 of the CGST Act, 2017.

2. **Option (b)** (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - Nil, SGST – Nil

Reason

Only motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked as per section 17(5) of the CGST Act, 2017. Further, same is used for business purpose, so admissible ITC= CGST-₹ 1,68,000, SGST-₹ 1,68,000

Health insurance- When such goods and/or services are provided by the employer to its employees without any statutory obligation, ITC thereon is blocked as per section 17(5) of the CGST Act, 2017.

3. **Option (c)** CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by PTL Pvt. Ltd. The condition of payment of consideration along

© The Institute of Chartered Accountants of India

with tax within 180 days of the issuance of invoice does not apply in the given case.

Reason

Services provided by an individual advocate including a senior advocate or firm of advocates by way of legal services, directly or indirectly to any business entity located in the taxable territory is payable under reverse charge.

Further, as per 2nd proviso to section 16(2) of the CGST Act, 2017, the requirement of reversing input tax credit on account of non-payment to the supplier of services within 180 days is not applicable in case of services liable to GST under reverse charge.

© The Institute of Chartered Accountants of India

CASE SCENARIO 45

Ms. Neha is engaged in the supply of services. She is registered under GST and has opted to pay tax under the composition scheme for service provider under section 10(2A) of the CGST Act. The turnover for the quarter ending June was ₹ 12,00,000.

During July, she crossed the aggregate turnover of ₹ 50 lakh and opted out of composition scheme. She also started trading of goods in July.

She supplied an order to Breathe Well LLP on ex-factory basis, the details of which are as follows-

i.	Basic price of the product	₹ 53,000
ii.	Outward freight	₹ 12,000
iii.	Packing Charges	₹ 5,000
iv.	Discount given on receiving the last tranche of payment (not recorded in the invoice and there was no agreement for the same)	₹ 2,000

For supplies, provided to Breathe Well LLP, she received half of the amount in advance on 22nd July. The goods were dispatched from her factory on 25th July and delivered on 28th July. She raised the invoice on 30th July and the balance payment was also received on the same date.

Ms. Neha supplied goods to the following persons-

Sl. No.	Recipient	Value of Supply
1	Mr. Pawan - an unregistered person	₹ 150
2	Mr. Umesh, a registered person	₹ 110
3	Rains Trust, an unregistered entity	₹ 250

None of the above persons requires a tax invoice.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Conditions

© The Institute of Chartered Accountants of India

applicable for availment of ITC are fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:

MULTIPLE CHOICE QUESTIONS

1. Compute the tax liability for the quarter ending June under CGST and SGST?

   (a) ₹ 30,000 each

   (b) ₹ 12,000 each

   (c) ₹ 6,000 each

   (d) ₹ 36,000 each

2. Compute the value of Supply made by Ms. Neha to Breathe Wall LLP?

   (a) ₹ 56,000

   (b) ₹ 58,000

   (c) ₹ 68,000

   (d) ₹ 70,000

3. Determine the time of supply made to Breathe Wall LLP?

   (a) 22nd July

   (b) 25th July

   (c) 28th July

   (d) 30th July

4. Ms. Neha need not issue tax invoice to which of the following persons but required to issue a consolidated tax invoice?

   (a) Mr. Pawan

   (b) Mr. Pawan and Umesh

© The Institute of Chartered Accountants of India

(c) Mr. Pawan and Rains Trust

(d) Need not issue invoice to all the three persons

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) ₹ 36,000 each

Reason

The rate of tax for services supplied under section 10(2A) of the CGST Act, 2017 i.e. composition scheme for service providers is 6%. The taxable value in the current case is ₹12,00,000 for the quarter ended on 30th June. The tax accordingly on such taxable supply is ₹ 36,000 each as CGST and SGST.

2. Option (b) ₹ 58,000

Reason

Outward freight is not includible in the value as the supply was ex-factory basis.

The packing charges are includible in the value as the same are incidental to supply.

Post sale discount without any agreement is not deductible from the value of supply.

3. Option (b) 25th July

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

As per section 31(1) of the CGST Act, 2017, the invoice needs to be issued either before or at the time of removal of goods where supply involves movement of goods.

© The Institute of Chartered Accountants of India

In the given case, date of issue of invoice-30th July or last date on which supplier is required to issue invoice (date of removal)-25th July.

Thus, time of supply- 25th July

4. Option (a) Mr. Pawan

Reason

Section 31(3)(b) of the CGST Act, 2017 read with proviso to rule 46 of the CGST Rules, 2017 provides that a registered person may not issue a Tax Invoice if:

(i) Value of the goods/services/both supplied<₹ 200,

(ii) the recipient is unregistered; and

(iii) the recipient does not require such invoice.

Instead, such registered person shall issue a Consolidated tax invoice for such supplies at the close of each day in respect of all such supplies.

Sl. No.	Recipient	Value of Supply	Remarks
1.	Mr. Pawan - an unregistered person	₹ 150	Unregistered and less than ₹ 200- so, no invoice
2.	Mr. Umesh, a registered person	₹ 110	Registered-so invoice to be issued
3.	Rains Trust, an unregistered entity	₹ 250	Unregistered and more than ₹ 200- so, invoice to be issued

© The Institute of Chartered Accountants of India

CASE SCENARIO 46

Mr. Kumar started interior designing practice from the month of January. His turnover up to the month of March was ₹ 12,50,000. On 30th June, his turnover exceeded ₹ 20,00,000 & reached to ₹ 20,05,000. Mr. Kumar applied for GST registration (as regular taxpayer) on 15th July and registration certificate was issued to him on 25th July.

On 16th July, he entered into a contract for designing the flat of Mr. Shyam. The service was completed on 22nd July and Mr. Kumar issued invoice on the same day for ₹ 6,00,000. On 5th July, Mr. Kumar purchased capital goods amounting to ₹ 4,50,000 and from 25th July to 31st July, he availed input services amounting to ₹ 1,75,000 in relation to an output service to be provided in the month of August.

On 1st August, Mr. Kumar got another contract for interior designing from Mr. Ram, which he accepted on 2nd August. The service was completed on 6th August and invoice was issued on 7th August for ₹ 5,00,000. Payment was received on 29th August.

All values are excluding taxes, unless specifically mentioned. Mr. Kumar makes only intra-State outward supplies and all purchases are also intra-State. Rates of tax are CGST - 9% and SGST – 9%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. The effective date of registration for Mr. Kumar is-
   (a) 30th June
   (b) 15th July
   (c) 25th July
   (d) 16th July
2. Mr. Kumar can issue a revised tax invoice till-
   (a) 23rd October
   (b) 8th September
   (c) 25th September

© The Institute of Chartered Accountants of India

(d) 25th August

3. Eligible input tax credit that can be availed by Mr. Kumar for the month of July is-

(a) CGST ₹ 40,500 & SGST ₹ 40,500

(b) CGST ₹ 15,750 & SGST ₹ 15,750

(c) CGST ₹ 56,250 & SGST ₹ 56,250

(d) CGST ₹ 36,000 & SGST ₹ 36,000

4. The time of supply of services provided by Mr. Kumar to Mr. Ram is-

(a) 7th August

(b) 1st August

(c) 29th August

(d) 6th August

5. What will be the tax liability of July month if Mr. Kumar is paying tax under section 10(2A) of the CGST Act, 2017?

(a) CGST Nil and SGST Nil

(b) CGST ₹ 54,000 & SGST ₹ 54,000

(c) CGST ₹ 18,000 & SGST ₹ 18,000

(d) CGST ₹ 78,150 & SGST ₹ 78,150

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) 30th June

Reason

As per Rule 10(2) of the CGST Rules, 2017, where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

© The Institute of Chartered Accountants of India

2. Option (d) 25th August

Reason

Revised tax invoices shall be issued within 1 month from the date of issuance of certificate of registration as per section 31(3)(a) of the CGST Act, 2017.

3. Option (c) CGST ₹ 56,250 & SGST ₹ 56,250

Reason

Since the effective date of registration is 30th June, the supplies received after such date shall be eligible for input tax credit vide section 16 of the CGST Act, 2017 unless the same is specifically blocked.

ITC on Capital gods- ₹ 4,50,000 x 9% =₹ 40,500 each CGST & SGST

ITC on input services = ₹ 1,75,000 x 9% = ₹ 15,750 each CGST & SGST

Thus, total ITC = ₹ 40,500 + ₹ 15,750 = ₹ 56,250

4. Option (a) 7th August

Reason

Section 13 of the CGST Act, 2017 provides that the time of supply of services shall be the date of issue of invoice by the supplier, if the invoice is issued within 30 days of supply of services as per Section 31 of the CGST Act, 2017 or the date of receipt of payment, whichever is earlier. Thus, the time of supply shall be the date of issuance of invoice.

5. Option (c) CGST ₹ 18,000 & SGST ₹ 18,000

Reason

The rate of tax for services supplied under section 10(2A) of the CGST Act, 2017 i.e. composition scheme for service providers is 3% CGST & SGST each [Effective rate 6% (CGST+ SGST/UTGST)] of the turnover of supplies of goods and services in the State.

Mr. Kumar completed services on 22nd July and issued invoice on same day for ₹ 6,00,000. GST @ 6% = ₹ 36,000, i.e. CGST + SGST = ₹ 18,000 each.

© The Institute of Chartered Accountants of India

CASE SCENARIO 47

M/s. Visali & Co, a Partnership firm, is engaged in manufacturing of equipment's in the State of Kerala.

The firm became liable for registration on 10th July. It applied for registration on 10th August and was granted registration certificate by 14th August. The firm opted for a monthly return filing.

The firm received sponsorship services from "Leisure Treat Bay Private limited'' for a business expo conducted by such company. It received a consignment from M/s. Safe Logistics, a GTA, which charged 9% for each CGST and SGST for their services. It also received security services from Prompt Security Agency Pvt. Ltd.

The firm had opted for composition levy and it's turnover for the quarter ending September was ₹ 14 lakh, out of which taxable supply amounted to ₹ 10 lakh and exempt supply amounted to ₹ 4 lakh.

The firm made a supply of equipment's to an unrelated limited company in the month of October with a market value of ₹ 12 lakh, wholesale value of ₹ 13 lakh and maximum retail price was ₹ 14 lakh. However, the transaction was made at ₹ 11 lakh which was the only consideration.

The firm belatedly paid the tax amounting to ₹ 40,000 by debiting the electronic cash ledger for the month of December on 09th February of the succeeding year.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

MULTIPLE CHOICE QUESTIONS

1. The effective date of registration of M/s. Visali & Co is _____.

   (a) 10th July

   (b) 9th August

© The Institute of Chartered Accountants of India

(c) 10th August

(d) 14th August

2. Amongst the services availed by M/s. Visali & Co, which of the following services are taxable under reverse charge mechanism?

(i) Sponsorship services received from Leisure Treat Bay Pvt. Ltd. Co.

(ii) GTA Services received from Safe Logistics

(iii) Security Services received from Prompt Security Agency Pvt. Ltd.

(a) i

(b) i & ii

(c) i & iii

(d) ii & iii

3. Determine the value of supply of equipments under section 15(1) of CGST Act, 2017 made by M/s. Visali & Co. in the month of October?

(a) ₹ 14 lakh

(b) ₹ 13 lakh

(c) ₹ 12 lakh

(d) ₹ 11 lakh

4. Compute the tax payable by the firm for the quarter ending September under CGST and SGST?

(a) ₹ 5,000 each

(b) ₹ 7,000 each

(c) ₹ 10,000 each

(d) ₹ 35,000 each

5. Compute the interest payable by the firm for the belated payment of tax?

(a) ₹ 395

(b) ₹ 434

(c) ₹ 414

(d) ₹ 552

© The Institute of Chartered Accountants of India

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (d) 14th August

Reason

As per rule 10 of the CGST Rules, 2017, where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

2. Option (a) i

Reason

Sponsorship services provided by any person to any body corporate or partnership firm are liable to GST under reverse charge.

GTA services are not liable to GST under reverse charge if the service provider is paying tax at the rate of 18%.

Security services are not liable to GST under reverse charge if the services are provided by a body corporate.

3. Option (d) ₹ 11 lakh

Reason

The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

4. Option (b) ₹ 7,000 each

Reason

The registered manufacturers, other than manufacturers of notified goods opting for composition levy under section 10(1) of the CGST Act, 2017 shall pay tax @ ½% CGST & SGST each [Effective rate 1% (CGST+ SGST/UTGST)] of the turnover in the State/Union territory during the current FY, in lieu of the tax payable by him under regular scheme.

© The Institute of Chartered Accountants of India

Thus, tax liability under CGST & SGST each is ₹ 14 lakh (10 lakh + ₹ 4 lakh) x 0.5% = ₹ 7,000 each.

5. Option (b) ₹ 434

Reason

Interest is payable in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

Interest = ₹ 40,000 x 18% x 22 days (18th January to 9th February)/365

© The Institute of Chartered Accountants of India

CASE SCENARIO 48

Mr. Pasupathi, registered taxpayer under GST in the State of Karnataka, is engaged in trading of various types of consumer goods. His turnover in the preceding financial year was below the threshold limit liable for registration and so, was eligible for exemption from registration under GST in the preceding year.

He received goods on 1st May that are liable to tax under reverse charge. Invoice was issued on 5th May and payment for the same was made on 6th June entered in the books of accounts on same day and debited in the bank account on 7th June.

He got an order from Ravi & Co of Punjab with an instruction to dispatch the goods to Kumar & Co of Tamil Nadu, which was executed as ordered. He had sourced the goods from Lal & Co of Kerala.

He paid repair expenses for trucks used for transportation of goods of his business. The GST component involved thereon was ₹ 13,000. He arranged for catering for his workers on Labour Day function and paid bill in which GST component was ₹ 15,000. He received the first lot of certain goods having GST component of ₹ 25,000.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Conditions necessary for claiming ITC have been fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

MULTIPLE CHOICE QUESTIONS

1. Time of Supply of goods received by Mr. Pasupathi is _____.

   (a) 1st May

   (b) 5th May

© The Institute of Chartered Accountants of India

(c) 5th June

(d) 6th June

2. Compute the amount of input tax credit (except ITC on services taxable under reverse charge mechanism) that can be claimed by Mr. Pasupathi?

(a) ₹ 28,000

(b) ₹ 38,000

(c) ₹ 40,000

(d) ₹ 13,000

3. Place of Supply for delivery of order placed by Ravi and Co. is _____.

(a) Karnataka

(b) Punjab

(c) Tamilnadu

(d) Kerala

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (a) 1st May

Reason

In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earliest of the following dates, namely:-

(a) the date of the receipt of goods; or

(b) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or

(c) the date immediately following thirty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier.

© The Institute of Chartered Accountants of India

2. Option (d) ₹ 13,000

Reason

ITC related to goods received in lots is available upon receipt of last lot. Further, ITC related to catering services is not available in the present case. Hence, only ITC related to repair expense of trucks shall be available.

3. Option (b) Punjab

Reason

The place of supply in case of bill to ship to transactions shall be the location of such person on whose instance/instruction the supply has taken place.

© The Institute of Chartered Accountants of India

CASE SCENARIO 49

Mr. Rajeev Sharma, a regular GST registered supplier located in Jaipur, Rajasthan, provides the following details:

(i) He received an order from Velocity Ltd. of Jodhpur, Rajasthan, for a taxable supply of goods worth ₹ 2,50,000 on 15th November 2025 and received payment on 18th November 2025. The goods were supplied on 22nd November 2025, and the invoice was issued on 23rd November 2025. The applicable GST rate on such goods is CGST 2.5%, SGST 2.5%, and IGST 5%.

(ii) He deals in laptops and related accessories. He sold a laptop along with a lapdesk for a single price of ₹ 1,25,000 to Zenith Pvt. Ltd., a registered person in Ahmedabad, Gujarat, on 28th November 2025.

Applicable GST Rate:

- Laptop - CGST 9%, SGST 9%, and IGST 18%.
- Lapdesk - CGST 6%, SGST 6%, and IGST 12%[2].

(iii) He purchased raw materials worth ₹ 75,000 for business use from Orion Industries, a registered supplier in Bengaluru, Karnataka, on 10th November, 2025. However, he consumed raw materials worth ₹ 10,000 from the said purchase for his personal use during the month of November, 2025. The applicable GST Rate is CGST 2.5%, SGST 2.5%, and IGST 5%.

(iv) He has paid ₹ 1,00,000 on 20th November, 2025 for membership in a club located in Udaipur, Rajasthan, availed for employees working in the factory (not obligatory under any law). The applicable GST Rate is CGST 9%, SGST 9%, and IGST 18%.

Notes:

- All figures mentioned above are exclusive of taxes.

---

[2] [2] *Rates are hypothetical in nature and may not necessarily be the actual rates leviable on the goods.*

© The Institute of Chartered Accountants of India

- All conditions required for availing ITC have been complied with.

Based on the information given above, choose the most appropriate answer for the questions 1-3

MULTIPLE CHOICE QUESTIONS

1. The time of supply of goods supplied to Velocity Ltd. is:-
   (a) 23rd November, 2025
   (b) 22nd November, 2025
   (c) 18th November, 2025
   (d) 15th November, 2025
2. GST payable on outward supply for the month of November, 2025 is:
   (a) IGST - ₹ 22,500, CGST - ₹ 6,250, SGST - ₹ 6,250
   (b) IGST - ₹ 15,000, CGST - ₹ 6,250, SGST - ₹ 6,250
   (c) IGST-Nil, CGST - ₹ 13,750, SGST - ₹ 13,750
   (d) IGST-Nil, CGST- ₹ 17,500, SGST - ₹ 17,500
3. Amount of total eligible Input Tax Credit for the month of November 2025 is:
   (a) IGST ₹ 3,750, CGST ₹ 9,000, SGST ₹ 9,000
   (b) IGST ₹ 3,250, CGST ₹ 9,000, SGST ₹ 9,000
   (c) IGST ₹ 3,750, CGST NIL, SGST NIL
   (d) IGST ₹ 3,250, CGST NIL, SGST NIL

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) 22nd November, 2025

Reason

As per *Notification No. 66/2017 CT dated 15.11.2017,* a registered person (excluding composition supplier and registered persons making supply of specified actionable claims) has to pay GST on the outward supply of

© The Institute of Chartered Accountants of India

goods at the time of supply as specified in section 12(2)(a) of the CGST Act, 2017 i.e., date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31 of the CGST Act, 2017.

As per section 31(1) of the CGST Act, 2017, the invoice needs to be issued either before or at the time of removal of goods where supply involves movement of goods.

In the given case, date of issue of invoice - 23rd November or last date on which supplier is required to issue invoice (date of removal) - 22nd November.

Thus, time of supply- 22nd November

2. Option (a) IGST - ₹ 22,500, CGST - ₹ 6,250, SGST - ₹ 6,250

Reason

1. Tax on ₹ 2,50,000 supply to Velocity Ltd. (within Rajasthan – Intra-State)

   CGST (2.5%) = ₹ 6,250

   SGST (2.5%) = ₹ 6,250

2. Tax on ₹ 1,25,000 supply of laptop alongwith lapdesk to Zenith Pvt. Ltd. (Inter State - IGST)

   Laptop (₹ 1,25,000 at 18%) = ₹ 22,500

   Since it's a composite supply, the highest rate (18%) applies to the whole transaction.

   IGST = ₹ 22,500

Thus, total GST Payable:

- **IGST =** ₹ 22,500
- **CGST =** ₹ 6,250
- **SGST =** ₹ 6,250

© The Institute of Chartered Accountants of India

3. Option (d) IGST ₹ 3,250, CGST NIL, SGST NIL

Reason

Amount of total eligible input tax credit (ITC) for the month of November 2025 is:

ITC on raw material purchased from Orion Industries (₹ 75,000) (Inter-State - IGST 5%)

IGST on ₹ 75,000 = ₹ 3,750

Less: ITC not available for personal use ₹ 10,000 x 5% = ₹ 500

Eligible ITC = ₹ 3,750 - ₹ 500 = ₹ 3,250

ITC on Club Membership (₹ 1,00,000) (Intra-State - CGST 9%, SGST 9%)

CGST (9%) = ₹ 9,000

SGST (9%) = ₹ 9,000

Not eligible for ITC since it's for employees & not obligatory

Total Eligible ITC:

IGST = ₹ 3,250

CGST = ₹ 9,000

SGST = ₹ 9,000

© The Institute of Chartered Accountants of India

CASE SCENARIO 50

Bright Star Pvt. Ltd., a regular GST registered supplier of both taxable and exempted goods, is located in Shimla, Himachal Pradesh. The company provides the following details:

(i) The aggregate turnover (all intra-State) of goods exceeded ₹ 20 lakh on 29th July 2025 and ₹ 40 lakh on 16th August 2025. It submitted the application for GST registration on 30th August, 2025. The registration certificate is granted to it on 8th September 2025.

(ii) It also entered into a contract with Zenith Ltd. of Manali, Himachal Pradesh on 10th September 2025 for the supply of taxable goods worth ₹ 15 lakh. The payment for the same was received on 12th September 2025. The goods were scheduled for delivery on 25th September, 2025 but were removed from the factory on 24th September, 2025.

(iii) It has opted monthly filing of GSTR 3B return and filed GSTR 3B return for the month of September, 2025 on 19th December 2025. The prescribed due date to file the said GSTR 3B return was 20th October, 2025. The amount of net GST payable in cash on supplies made for said September month work out to be 56,000 which was paid on 19th December, 2025.

Based on the above information, choose the correct answer for the questions 1 to 3.

MULTIPLE CHOICE QUESTIONS

1. The effective date of registration under the CGST Act, 2017, of Bright Star Pvt. Ltd. is:

   (a) 29th July 2025

   (b) 16th August 2025

   (c) 30th August 2025

   (d) 8th September 2025

© The Institute of Chartered Accountants of India

2. The date by which an invoice must be issued to Zenith Ltd. is:

   (a) 10th September 2025

   (b) 12th September 2025

   (c) 25th September 2025

   (d) 24th September 2025

3. The amount of interest payable for delay in payment of GST as per section 50 of the CGST Act 2017 is:

   (a) ₹ 1,629

   (b) ₹ 1,657

   (c) ₹ 2,209

   (d) ₹ 2,182

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. Option (b) 16th August 2025

Reason

Since Bright Star Pvt. Ltd., is a registered supplier of both taxable and exempted goods in Shimla, Himachal Pradesh, the applicable threshold limit of registration is ₹ 40 lakh. The turnover exceeded ₹ 40 lakh on 16th August 2025.

As per rule 10 of the CGST Rules, 2017, where a person submits the application for registration within 30 days of becoming liable for registration, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

2. Option (d) 24th September 2025

Reason

As per section 31(1) of the CGST Act, 2017, the invoice needs to be issued either before or at the time of removal of goods where supply involves movement of goods.

© The Institute of Chartered Accountants of India

Since the goods were removed on 24th September 2025, the invoice must be issued on or before that date.

3. Option (b) ₹ 1,657

Reason

Interest is payable in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

Interest Calculation:

Due date for payment of GST = 20th October 2025

Actual date of payment = 19th December 2025

Delay in payment = 21st October, 2025 – 19th December, 2025 = 60 days

Net GST payable in cash = ₹ 56,000

Interest rate = 18% per annum

Interest = 56,000 × 18% × 60/365 = ₹ 1,657 (rounded off)

© The Institute of Chartered Accountants of India