GST NOTES

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GST Comprehensive Q&A

Question 1

Evershine Pvt Ltd, a GST registered supplier located in Jaipur, Rajasthan is engaged in taxable supply of packaging goods and consultancy services. It provides following details of various activities undertaken during the month of September 2023:

(A) Details of outward Supplies:

(1) Supply of goods of ₹18,00,000 to Vaidehi Enterprises, a registered person of Udaipur, Rajasthan. Further, received ₹50,000 from Vaidehi Enterprises towards freight charges (as agreed to deliver the goods at Vaidehi Enterprises' premises) which was not included in above value of sapply.

(2) Supply of goods worth ₹ 35,00,000 to Calc. Exim, a registered person of Prayagraj, Uttar Pradesh. Further, the amount of ₹ 60,000 charged separately (not included above) from Calc. Exim on account of municipal taxes levied in relation to such outward supply.

(3) Supply of services to Sunshine Ltd, a registered person in Jodhpur, Rajasthan before discount worth ₹ 6,00,000. Further, discount of ₹ 30,000 which has been given at the time of supply of service and duly recorded in the invoice.

(4) It delivered the goods worth ₹ 2,00,000 to Jeevan Solutions, a registered person located at Bikaner, Rajasthan on the direction of Raghu Enterprise, a registered person of Mumbai, Maharashtra and tax invoice was issued by Evershine Pvt Ltd to Raghu Enterprise of Mumbai, Maharashtra.

(B) Details of Inward Supplies:

(1) Purchased raw material goods worth ₹ 20,00,000 from PQR Ltd, a GST registered dealer, located at Kanpur, Uttar Pradesh. Goods worth ₹ 1,00,000 out of total purchases were not received during the month.

(2) Purchased machinery for manufacturing process worth ₹ 2,00,000 from MPQ PVt Ltd, a GST registered dealer, located at Bengaluru, Karnataka. Company has claimed depreciation under Income Tax Act 1961 on full value of the machine, including the GST component.

(3) Purchased truck worth ₹ 15,00,000 from GST registered dealer, located at Ajmer, Rajasthan for transportation of its goods. GST rate on truck is CGST 14%, SGST 14%, IGST 28%.

(4) Purchased car (having seating capacity of 7 persons) costing ₹ 10,00,000 excluding GST from Mihir Automobiles PVt Ltd, a GST registered dealer, located at Ajmer, Rajasthan for use of its director for official purpose. GST rate on car is CGST 14%, SGST 14%, IGST 28%.

(5) Purchased goods worth ₹ 5,00,000 from DEF Buildwell Pvt Ltd, a registered person of Jaipur, Rajasthan for construction of an additional floor of factory building, of Evershine Pvt Ltd.

Opening balance of ITC as on the beginning of September 2023: CGST ₹ 20,000, SGST ₹ 50,000 and IGST ₹ 75,000.

Rate of GST applicable on both inward and outward supply of goods & services: CGST 9%, SGST 9% and IGST 18%, except where otherwise provided.

Notes:

(i) All the figures mentioned above are exclusive of taxes.

(ii) Subject to the information given above, conditions necessary for claiming ITC were complied with.

(iii) All inward supplies are used for taxable goods only.

(iv) Brief and suitable notes should form part of your answer.

Calculate the amount of net minimum GST payable in cash by Evershine Pvt Ltd for the month of September, 2023.

Answer

Computation of Minimum Net GST Payable In Cash By Evershine Pvt Ltd For The Month of September 2023:

Particulars	Value of Supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Outward intra-state supply of goods to Vaidehi Enterprises {The transaction would qualify as intra-state supply because goods are being supplied in the same state. Since arranging freight is the liability of supplier, it is a composite supply and thus, freight charges are added to the value of principal supply}	18,50,000	1,66,500	1,66,500	Nil
Outward inter-state supply of goods to Calc Exim {The transaction would qualify as inter-state supply because goods are being supplied by the supplier outside his own state. Further, municipal tax charged separately is includible in value since it is a tax levied under a law other than GST law}	35,60,000	Nil	Nil	6,40,800
Outward intra-state supply to Sunshine Ltd {The transaction would qualify as intra-state supply because services are being supplied to a person located in the same state. Discount given at the time of supply is deductible from the value since it is being duly recorded in the invoice?	5,70,000	51,300	51,300	Nil
Outward inter-state supply to Raghu Enterprise {Place of supply in case of bill to ship model is principal place of business of the billing party at whose instructions the goods are being delivered by the supplier to recipient. In the present case, the place of supply shall be Mumbai, Maharashtra and thus, the transaction would qualify as an inter-state supply}	2,00,000	Nil	Nil	36,000

Total Output Tax	2,17,800	2,17,800	6,76,800
Less: ITC available			
• IGST credit to be utilized first towards payment of IGST	Nil	Nil	(4,17,000)
• CGST credit utilized for payment of CGST and IGST in that order	(2,17,800)	Nil	(12,200)
• SGST credit utilized for payment of SGST and IGST in that order	Nil	(2,17,800)	(42,200)
Minimum Net GST Payable In Cash	Nil	Nil	2,05,400

Working Note - Computation of ITC Available:

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening Balance		20,000	50,000	75,000
Inter-state purchase of raw material **{ITC is not available on goods worth ₹ 1,00;000 since not received during the month}**	19,00,000	Nil	Nil	3,42,000 {19 L × 18%}
Purchase of machinery **{ITC is not available since depreciation has been claimed on the GST component}**	2,00,000	Nil	Nil	Nil
Intra-state purchase of truck **{ITC on motor vehicles used for transportation of goods is available}**	15,00,000	2,10,000 {15L × 14%}	2,10,000 {15 L × 14%}	Nil
Purchase of car **{ITC on motor vehicles for transportation of persons with seating capacity up to 13 persons (including driver) is blocked, except when used for specified purposes}**	10,00,000	Nil	Nil	Nil
Purchase of goods for construction of an additional floor {ITC on goods used in construction of immovable property (other than plant or machinery) on one's own account is blocked if capitalized in the books}	5,00,000	Nil	Nil	Nil
Total ITC		2,30,000	2,60,000	4,17,000

Question 2

Miss Nitya (proprietor of M/s Honest Enterprises), a registered supplier of taxable goods and services in the state of West Bengal, pays GST under regular scheme. It is not eligible for any threshold exemption. It provided the following information for the month of December 2023:

S.No.	Particulars	Amount (₹)
Outward Supply:		
(i)	Intra-state supply of goods to M/s Natural & Sons	7,00,000
(ii)	Intra-state transfer of goods to its branch office in the state of West Bengal. Both places are under the same GSTIN.	1,00,000
(iii)	Provided inter-state supply of sponsorship service to XYZ Ltd of Chennai	80,000
(iv)	Advance received for future supply of management consultancy service to Mr Sharad (Intra-state supply)	40,000
Inward Supply (Intra-State):		
(i)	Purchase of taxable goods from registered suppliers	8,00,000
(ii)	Availed works contract service for repair of office building. Amount of repair was debited in the P&L A/c	30,000
(iii)	Availed legal service from an advocate to represent the matter in the court relating to collection of disputed proceed from customers.	50,000

Notes:

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

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

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

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

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

Compute the net minimum GST payable in cash by M/s Honest Enterprises for the month of December 2023.

Answer

Computation of Net GST Payable In Cash By M/s Honest Enterprises For The Month of December 2023:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward intra-state supply of goods to M/s Natural & Sons	17,500 [7L × 2.5%]	17,500 [7L × 2.5%]	-
Outward intra-state transfer of goods to another branch registered under the same GSTIN {Transfer of goods between two locations registered under the same GSTIN doesn't qualify as supply, since for a transaction to qualify as supply, the transaction should take place between two separately registered persons under GST law?	Not A Supply	Not A Supply	-
Outward inter-state supply of sponsorship services to XYZ Ltd of Chennai {Sponsorship services are covered under RCM where the said services are provided to a partnership firm or a body corporate. In the present case, since sponsorship services are being provided to XYZ Ltd (a company), tax on such services needs to be paid by XYZ Ltd under RCM}	-	-	Recipient To Pay Tax Under RCM
Advance received for future supply of management consultancy service to Mr Sharad (Intra-state supply) **Sin case of supply of services, advances are taxable as and when they are received. Therefore, on the advance amount of ₹ 40,000 received in the month of December 2023, tax needs to be paid on the said amount in December 2023 itself even though the services will be provided in future?**	3,600. [40,000 × 9%]	3,600 [40,000 × 9%]	-
Total Output Tax	21,100	21,100	-
Less: Input Tax Credit {CGST credit set-off against CGST liability and SGST credit set-off against SGST liability}	(21,100)	(21,100)	-
Net GST Payable In Cash (FCM Liability)	Nil	Nil	Nil
RCM Liability On Legal Services To Be Discharged In Cash	4,500	4,500	Nil

Working Note - Computation Of ITC Available:

Particulars	CGST (₹)	SGST (₹)
Intra-state purchase of taxable goods from registered suppliers {ITC is available as the goods are used in the course of furtherance of business}	20,000 [8 L × 2.5%]	20,000 [8 L × 2.5%]
Intra-state procurement of works contract service for repair of office building. Amount of repair was debited in the P&L A/C **{ITC on works contract services in connection with construction of immovable property is blocked. The word 'construction' includes repairs where the repairs are capitalized. In the present case, repairs qualify as 'revenue repairs' and not as 'capital repairs' since the amount of repairs is debited to P&L A/C. Therefore, ITC shall be available in the present case as revenue repairs of immovable property are outside the scope of 'blocked credits' as explained u/s 17(5) of CGST Act}**	2,700 [30,000 × 9%]	2,700 [30,000 × 9%]
Intra-state procurement of legal services from an advocate to represent a business related matter {Tax is payable under RCM where legal services are obtained by a registered business entity from any advocate. Therefore, in the present case, tax on such services needs to be paid by M/s Honest Enterprises under RCM. Further, ITC is also available on such legal services as these are used in the course or furtherance of business ?	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]
Total ITC Available Less: ITC Utilized For Discharging FCM Liability	27,200 (21,100)	27,200 (21,100)
ITC To Be C/f To January 2024	6,100	6,100

Question 3

Jino Enterprises, a partnership firm is a regular taxable person registered in Guwahati, Assam and is engaged in supply of air-conditioners and its accessories as well as air-conditioned repairing services. Details of their various activities for the month of October 2023 are as follows:

(i) Intra-state supply of air-conditioner to customers in Assam; freight is separately charged in invoices for delivery of goods at customer's doorstep.

Value of goods	**₹4,00,000**
Value of freight charges charged separately in above invoices	₹1,00,000

(ii) Intra-state supply of repairing services wherein apart from charging service charges, cost of parts/spares provided to customers is also charged and consideration for the same is separately mentioned in the invoices.

Value of services component of invoices	**₹ 3,00,000**
Value of parts/spares component in invoices	₹50,000

(iii) In order to enhance their sales and to clear the stock of old models of air-conditioner, Jino Enterprises made combo offers to customers wherein, if a customer purchases an air-conditioner along with a stabilizer, the same is offered at a combo price of ₹ 20,000 as against the original price of ₹ 30,000 (air-conditioner ₹ 22,000 & stabilizer ₹ 8,000) if these are purchased separately. During October 2023, Jino Enterprises had made inter-state supply of 10 numbers of such combo products.

(iv) Purchased business class air tickets for intra state travel from Guwahati Airport, Assam to Dibrugarh Airport, Assam for its executive employees relating to business of the concern. Basic Air fare was ₹ 40,000 and airlines charges GST @ 2.5% CGST, SGST each on basic freight, in case the same is applicable.

Additional Information:

(a) All the figures mentioned above are exclusive of taxes.

(b) In respect of few of the invoices relating to FY 2022 – 23, involving ITC of CGST ₹ 20,000, SGST of ₹ 20,000 & IGST ₹ 80,000 was not taken earlier. Jino Enterprises now want to avail credit in respect of such invoices in the current month.

(c) The rates of GST applicable on various supplies are as follows:

Nature of Supply	CGST	SGST	IGST
Air-Conditioner, Parts and Accessories (Except Stabilizers)	6%	6%	12%
Services	9%	9%	18%
Stabilizers	9%	9%	18%
Freight	6%	6%	12%

Calculate the amount of minimum CGST, SGST & IGST tax payable in cash by Jino Enterprises for the month of October 2023.

Note: Working Notes (legal provisions) should form part of your answer.

Answer

Computation of Net GST Payable In Cash By Jino Enterprises For The Month Of October 2023:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward intra-state supply of ACs to customers in Assam **{Where the supplier agrees to deliver the goods at the buyer's premises and arranges for transport, the contract of supply becomes a composite supply; the principal supply being the supply of goods. Therefore, outward freight becomes part of the value of the composite supply and GST is payable thereon at the same rate as applicable for the relevant goods.}**	30,000 [SL × 6%]	30,000 [SL × 6%]	-
Outward intra-state supply of repairing services **{Supply of repairing services wherein cost of parts/spares and service charges are separately mentioned in the invoices, can neither be regarded as composite supplies nor as mixed supplies, ie, all supplies carry independent significance. The value of parts/spares shall be taxed @ 6% CGST and 6% SGST whereas the value of service charges shall be taxed @ 9% CGST and 9% SGST.}**	30,000 [50,000 × 6% (+) 3L × 9%]	30,000 [50,000 × 6% (+) 3L × 9%]	-
Outward inter-state supply of ACs with stabilizers (20,000 × 10) **[Supply of ACs with stabilizers is a mixed supply. Being a mixed supply, the supply shall be treated as a supply of that particular supply which attracts the highest rate of tax and taxed accordingly. Thus, it will be taxed @ 9% CGST and 9% SGST.]**	-	-	36,000 [2 L × 18%]
Total Output Tax	60,000	60,000	36,000
Less: Input Tax Credit [Refer Working. Note below]			
- IGST credit first utilized towards payment of IGST. Remaining amount utilized towards CGST and SGST in a manner which is most beneficial to the taxpayer	(39,000) IGST	(5,000) IGST	(36,000) IGST
- CGST credit set off against CGST liability and SGST credit set off against SGST liability as CGST credit cannot be utilized towards payment of SGST and vice versa.	(21,000) CGST	(21,000) SGST	
Net GST Payable In Cash	Nil	34,000	Nil

Working Note - Computation of ITC Available:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Business class air tickets for intra-state travel from Guwahati Airport, Assam to Dibrugarh Airport, Assam **{Exemption would have been available if the ticket was booked for economy class; no exemption is available if the ticket is booked for business class. ITC is available as the services are used in the course of furtherance of business ?**	1,000 [40,000 x 2.5%]	1,000 [40,000 x 2.5%]	-
ITC on invoices pertaining to FY 2022-23 **{ITC on invoices pertaining to FY 2022-23 can be availed till 30th Nov 2023 or the date of filing of annual return for FY 2022-23, whichever is earlier. Assuming that the annual return for FY 2022-23 hasn't been filed till October 2023, ITC on invoices pertaining to FY 2022-23 can be availed in the month of October 2023}**	20,000	20,000	80,000
Total ITC Available	21,000	21,000	80,000

Question

Ajay Limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. The company provided the following details for the month of January 2023:

<table>
<tr><th>S.No.</th><th>Particulars</th><th>Amount (₹)</th></tr>
<tr><td>(i)</td><td>Outward supply of goods made during the month to various non-related persons:
<table>
<tr><th></th><th>Particulars</th><th>Market value (₹)</th><th>Transaction Value (₹)</th></tr>
<tr><td>(a)</td><td>in the State of Bihar (Intra-State)</td><td>3,00,000</td><td>4,00,000</td></tr>
<tr><td>(b)</td><td>to other States (Inter-State)</td><td>2,00,000</td><td>1,00,000</td></tr>
</table></td><td>As given in particulars column</td></tr>
<tr><td>(ii)</td><td>Services provided to the State Government of Karnataka for conducting a computer training programme for its employees. Total expenditure incurred for the said programme was ₹ 90,000, of which ₹ 63,000 was borne by the State Govt (Inter-State transaction)</td><td>5,00,000</td></tr>
<tr><td>(iii)</td><td>Stock transfer without consideration to its branch at Gaya (Bihar). Branch has separate GSTN for convenience of accounting and billing. Value as per Section 15- ₹ 20,000 (Intra-State)</td><td>Nil</td></tr>
<tr><td>(iv)</td><td>Intra-State inward supply of various services for use in the course or furtherance of business (30 invoices)</td><td>6,50,000</td></tr>
</table>

Additional Information:

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

(b) During the course of arranging and filing documents, the accountant of Ajay Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 02.12.2022 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January 2023. This invoice was issued by Mr Mukesh of Patna, from whom Ajay Limited had taken cars on rental basis. Invoice included cost of fuel also. (Intra-State transaction).

(c) Rate of GST applicable on various supplies are as follows:

Nature of supply	CGST	SGST	IGST
Car rental service	2.5%	2.5%	5%
All other inward and outward supplies	9%	9%	18%

(d) No opening balance of input tax credit exists in the beginning of the month.

(e) Out of the 30 invoices of inward supply received, 6 invoices with taxable value amounting to ₹ 1,50,000 were e-invoices in - which invoice Reference Number (IRN) was not mentioned. However, all the invoices were duly reflected in GSTR-2B for the month of January 2023, since the suppliers had filed their GSTR-1.

(f) Subject to the information given above, conditions necessary for claiming ITC were complied with.

You are required to calculate the amount of net GST liability payable in cash by Ajay Limited for the month of January 2023. Brief notes for treatment given for each item should form part of your answer.

Answer

Computation of Net GST Payable In Cash By Ajay Ltd For The Month of January 2023:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward intra-State supply of goods made in the State of Bihar {Value of supply is the transaction value of the goods?	36,000 [4,00,000 × 9%]	36,000 [4,00,000 × 9%]	-

Outward supply of goods made to other States {Value of supply is the transaction value of the goods?	-	-	18,000 [1,00,000 × 18%]
Inter-State services provided to State Government of Karnataka for conducting a computer training programme **{Not exempt since the State Government has borne less than 75% of total expenditure of the training programme}**	-	-	90,000 [5,00,000 × 18%]
Intra-State stock transfer to Gaya Branch with separate registration {Supply of goods between distinct persons in course or furtherance of business qualifies as supply even if made without consideration}	1,800 [20,000 × 9%]	1,800 [20,000 × 9%]	-
Total Output Tax	37,800	37,800	1,08,000
Less: Input Tax Credit [Refer Working Note below] [CGST credit should be utilized for payment of CGST and IGST in that order. Similarly, SGST credit should be utilized for payment of SGST and IGST in that order. ITC of CGST cannot be utilized for payment of SGST and vice versa.]	(37,800) (CGST)	(37,800) (SGST)	(7,200)(CGST) (7,200)(SGST)
Net GST Payable In Cash	Nil	Nil	93,600

Working Note - Computation of ITC Available:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State inward supply of services [₹ 6,50,000 - ₹1,50,000] **ITC cannot be claimed on the e-invoices without IRN since an e-invoice without IRN is not treated as valid document for claiming ITC}**	45,000 [SL × 9%]	45,000 [SL × 9%]	-
Cars taken on rental basis from Mr Mukesh **{Tax on renting of motor car services wherein cost of fuel is included in consideration provided by a non-body corporate to a body corporate and invoice is issued charging CGST/SGST @ 2.5% is payable under reverse charge.** **Time of supply of such services is 1st February being earlier of date of payment, or date immediately following 60 days since issue of invoice by the supplier. Since the time of supply of renting of motor car services in the given case does not fall in January, tax liability on the same does not arise in said month.** **Further, ITC on renting of motor car services received is blocked on the assumption that Ajay Ltd is not engaged in the same line of business, ie business of renting of cars}**	-	-	-
Total ITC Available	45,000	45,000	-

Question 5

Zeon Ltd, a GST registered supplier located in Ranchi, Jharkhand, is engaged in the manufacturing of washing machines & mixer grinders. It provides you the details of various activities undertaken during the month of September 2023 as follows:

S.No.	Particulars	Amount (₹)
(i)	Outward supplies made during the month: (a) Within Jharkhand - ₹ 24,00,000 (b) Outside Jharkhand - ₹ 5,00,000	29,00,000
(ii)	Purchase of raw materials from registered dealers within Jharkhand which includes materials worth ₹ 2,00,000 purchased from Mr Krishna, a registered person who is paying tax under composition scheme.	7,00,000
(iii)	Bus purchased from a registered dealer in Tatanagar, Jharkhand. Bus used to ferry its 25 workers to and from factory.	12,00,000

Assume the rates of GST applicable on various supplies as follows:

Nature of supply	CGST	SGST	IGST
Composition supplies	0.5%	0.5%	-
Bus	14%	14%	28%
Raw material	6%	6%	12%
Washing machines & mixer grinders	9%	9%	18%

Opening balances of input tax credit as on 01.09.2023 were as follows:

CGST (₹)	SGST (₹)	IGST (₹)
20,000	5,000	95,000

Notes:

(i) All the figures mentioned above are exclusive of taxes.

(ii) Both inward & outward supplies within the State of Jharkhand are to be considered intra-State supplies and outside the State of Jharkhand are inter-State supplies.

(iii) Subject to information given above, all the other conditions necessary for availing ITC have been fulfilled. Calculate the amount of net minimum GST payable in cash by Zeon Ltd for the month of September 2023. Brief and suitable notes should form part of your answer.

Answer

Computation of Minimum Net GST Payable In Cash By Zeon Ltd (September 2023):

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward supplies made within Jharkhand	2,16,000 (24,00,000 × 9%)	2,16,000 (24,00,000 × 9%)	-
Outward supplies made outside Jharkhand	-	-	90,000 (5,00,000 × 18%)
Total Output Tax	2,16,000	2,16,000	90,000
Less: Input Tax Credit [Refer Working Note below]			
*** IGST credit be first utilized for payment of IGST liability. Remaining IGST credit has been utilized for payment of SGST liability since the SGST liability is to be kept at minimum.**		(5,000) IGST	(90,000) IGST
*** After exhausting IGST credit, CGST and SGST credit to be utilized. CGST credit to be utilized for payment of CGST and SGST credit to be utilized for the payment of SGST. ITC of CGST cannot be utilized for payment of SGST and vice versa.**	(2,16,000) CGST	(2,03,000) SGST	-
Minimum Net GST payable In Cash	Nil	8,000	Nil
ITC To Be Carried Forward Next Month	2,000	Nil	Nil

Working Note - Computation of ITC Available:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance	20,000	5,000	95,000
Purchase of raw materials from registered dealers within Jharkhand [₹ 7L - ₹ 2L] {ITC on purchases of goods worth ₹ 2,00,000 on which tax has been paid under composition scheme is blocked. ITC on remaining purchases worth ₹ 5,00,000 is available, being supply of goods used/intended to be used in the course/furtherance of business}	30,000 (5 L × 6%)	30,000 (SL × 6%)	—
Bus purchased from dealer in Jharkhand used to ferry 25 workers to and from factory {ITC on motor vehicles for transportation of persons with seating capacity > 13 persons (including the driver) used for any purpose is allowed}	1,68,000 (121 × 14%)	1,68,000 (121 × 14%)	-
Total ITC Available	2,18,000	2,03,000	95,000

Question 6

X Electronics is a registered manufacturer of electrical appliances. It made contract with dealers, that purchase of ACs of capacity 1.5 Ton in the month of October 2023 of quantity of more than 50 units will entitle them for 10% discount. Inter-state supply made during the month of October 2023 is ₹ 50,00,000. Details of intra-state supply:

Particulars	Amount (₹)
Supply of Microwave Oven	15,00,000
Supply of Refrigerators with Stabilizers being a mixed supply, rate of GST on Refrigerator is 28% (14% CGST & 14% SGST), rate of GST on Stabilizer is 18% (9% CGST & 9% SGST)	40,00,000
Supply of ACs of capacity 1.5 Ton @ ₹ 50,000 per Air Conditioner. X Electronics made supply of ACs to only one dealer named Mr L.	50,00,000

Intra-state inward supplies are:

Particulars	Amount (₹)
Raw material	20,00,000
Paid gym membership for employees {Not obligatory for x Electronics under any law}	50,000
Truck purchased for transportation of goods	30,00,000

Opening Balance of ITC: CGST: ₹ 58,000 ; SGST: ₹ 70,000 ; IGST: ₹ 10,00,000

Note: Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward & outward supplies except where specifically provided. Both inward and outward supplies are exclusive of taxes. All the conditions for availing the ITC have been fulfilled.

Compute the net GST payable in cash by X Electronics for the month of October 2023.

Answer

Computation of Net GST payable in Cash By X Electronics (October 2023):

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
1-Intra-State Supply:				
Supply of microwave oven	15,00,000	1,35,000	1,35,000	-
Supply of refrigerators with stabilizers {Being mixed supply, the supply shall be treated as a supply of that particular supply which attracts the highest rate of tax and taxed accordingly. Thus, it will be taxed @ 14% CGST and 14% SGST}	40,00,000	5,60,000	5,60,000	-
Supply of 100 ACs (₹ 50 L /₹ 50,000) {Since 100 ACs have been supplied, discount @ 10% will be available}	45,00,000 (₹ 50 L × 90%)	4,05,000	4,05,000	-
II - Inter-State Supply:	50,00,000	-	-	9,00,000
Total Output Tax Liability		11,00,000	11,00,000	9,00,000
Less: Input Tax Credit (Refer Working Note below)				
- IGST credit first utilized towards payment of IGST. Remaining amount can be utilized towards CGST and SGST in any order and in any proportion.		1,00,000 (IGST)	-	9,00,000 (IGST)
- CGST credit set-off against CGST liability and SGST credit set-off against SGST liability as CGST credit cannot be utilized towards payment of SGST and vice versa.		5,08,000 (CGST)	5,20,000 (SGST)	-
Net GST Liability Payable In Cash		4,92,000	5,80,000	Nil

Working Note - Computation of ITC Available With × Electronics:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance of ITC		58,000	70,000	10,00,000
Raw material	20,00,000	1,80,000	1,80,000	-
Gym membership for employees {ITC on membership of a health and fitness centre is blocked if there is no statutory obligation for the employer to provide the same}	50,000	Nil	Nil	-
Truck purchased for transportation of goods {ITC on motor vehicles used for transportation of goods is not blocked?	30,00,000	2,70,000	2,70,000	-
Total ITC		5,08,000	5,20,000	10,00,000

Note: In the above answer, tax payable in cash has been computed by setting-off the IGST credit against CGST liability. However, since IGST credit can be set-off against CGST and SGST liability in any order and in any proportion, the same can be set-off against CGST and/or SGST liabilities in different other ways as well. In all such cases, net CGST and net SGST payable in cash will differ though the total amount of net GST payable (₹ 10,72,000) in cash will remain the same.

Question 7

Star Ltd, a registered supplier in Karnataka has provided the following details for supply of one machine:

	Particulars	Amount (₹)
(1)	List price of machine supplied [exclusive of items given below from (2) to (4)]	80,000
(2)	Tax levied by Local Authority on sale of such machine	6,000

(3)	Discount of 2% on the list price of machine was provided (recorded in the invoice of machine)	
(4)	Packing expenses for safe transportation charged separately in the invoice	4,000

Star Ltd received ₹ 5,000 as subsidy from a NGO on sale of each such machine. The price of ₹ 80,000 of the machine is after considering such subsidy. During the month of February 2023, Star Ltd supplied three machines to Intra-State customers and one machine to Inter-State customer.

Star Ltd purchased inputs (intra-state) for ₹ 1,20,000 exclusive of GST for supplying the above four machines during the month. Balance of ITC at the beginning of February 2023 was:

CGST	SGST	IGST
₹ 18,000	₹ 4,000	₹ 26,000

Notes:

(i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively for both inward and outward supplies.

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

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

Compute the minimum net GST payable in cash by Star Ltd for the month of February 2023.

Answer

Computation of Value of Taxable Supply:

Particulars	Amount (₹)
List price of the machine	80,000
Add: Tax levied by Local Authority on the sale of machine {Tax other than GST, if charged separately, are includible in the value in terms of section 15 of the CGST Act?	6,000
Add: Packing expenses for safe transportation {Includible in the value as per section Is of the CGST Act}	4,000
Add: Subsidy received from a NGO on sale of each machine {Subsidy received from a non-government body and which is directly linked to the price, the same is included in the value in terms of section IS of CGST Act?	5,000
Total	95,000
Less: Discount @ 2% on ₹ 80,000. {Since discount is known at the time of supply and recorded in invoice, it is deductible from the value in terms of section 15 of the CGST Act?	(1,600)
Value of Taxable Supply	93,400

Computation of Minimum Net GST Payable In Cash By Star Ltd:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Sale of machine **Intra-State sales** $= ₹93,400 \times 3$ **machines** $= ₹2,80,200$ **Inter-State sales** $= ₹93,400 \times 1$ **machine** $= ₹93,400$	25,218 $(2,80,200 \times 9\%)$	25,218 $(2,80,200 \times 9\%)$	16,812 $(93,400 \times 18\%)$
Total Output Tax	25,218	25,218	16,812
Less: Set-off of IGST against IGST and SGST {IGST credit first be utilized towards payment of IGST, remaining amount can be utilized towards CGST and SGST in any order and in any proportion?	-	(9,188)	(16,812)
Less: Set-off of CGST against CGST and SGST against SGST {CGST credit cannot be utilized towards payment of SGST and vice versa}	(25,218)	(14,800)	-
Minimum Net GST Payable In Cash	Nil	1,230	Nil

Working Note - Computation of Total ITC Available:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance of ITC	18,000	4,000	26,000
Add: inputs purchased during the month	$10,800[1.21 \times 9\%]$	$10,800[1.21 \times 9\%]$	
Total ITC Available	28,800	14,800	26,000

Question 8

Girish Trading Private Limited, a body corporate registered in the State of West Bengal, pays GST under the regular scheme. It is not eligible for any threshold exemption. The company has provided the following information regarding its outward taxable supplies for the month of May 2023:

· Intra-state supply of goods - ₹ 50,00,000

· Inter-state supply of goods - ₹ 22,00,000

Following are the details of inward taxable supplies received during the month of May 2023:

· Intra-state purchase of goods from Registered Supplier - ₹ 6,10,000

· Inter-state purchase of goods from Registered Supplier - ₹ 16,00,000

Additional Information:

· The Company has no brought forward ITC credit for the month of May 2023.

· Girish Trading Private Limited had additionally collected ₹ 1,000 as penalty for delay in payment by one of his customers (Not included in value of outward supplies mentioned above).

· The company has paid ₹ 12,000 (intra-state supply) as rent for hiring of a motor vehicle for the business use by one of its directors for the month of March 2023 (Not included in value of inward supplies mentioned above). Invoice for the same dated 7th April 2023 was received in the month of April 2023.

· The Company had placed an order for receiving goods (intra-state supply) worth ₹ 1,10,000 latest by 30th May 2023. However, due to vehicle breakdown, the goods were delivered only on 1st June 2023. Invoice was received on 31st May 2023 (Included in value of inward supplies mentioned above).

Notes:

· Applicable Rate of CGST, SGST and IGST is 9%, 9% and 18% respectively.

· Amount of inward and outward supplies stated above are exclusive of taxes.

Compute the net GST liability (CGST, SGST, IGST) of Girish Trading Private Limited for the month of May 2023.

Answer

Computation of Net GST Liability of Girish Trading Private Limited (May 2023):

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output Tax:			
Intra-state supply of goods	4,50,000 (₹ 50 L × 9%)	4,50,000 (₹ 50 L × 9%)	-
Inter-state supply of goods	-	-	3,96,000 (₹ 22 L × 18%)
Penalty on delayed payment **{Includible in value in terms of section 15 of the CGST Act; it has been assumed that the amount of penalty collected is inclusive of GST}**	-	-	153 (₹ 1,000 × 18/118)
Total Output Tax (A)	4,50,000	4,50,000	3,96,153
Input Tax:			
Intra-state purchase of goods ₹ SL(6,10,000 − 1,10,000) **{ITC on goods worth ₹ 1,10,000 is not available as such goods are not received in the month of May}**	45,000 (₹ 5 L × 9%)	45,000 (₹ 5 L × 9%)	-
Inter-state purchase of goods	-	-	2,88,000 (₹ 16 L × 18%)
Rent paid for hiring of a motor vehicle {ITC blocked in terms of section 17 of the CGST Act, 2017}	-	-	-
Total ITC (B)	45,000	45,000	2,88,000
Net GST Liability {(A) − (B)}	4,05,000	4,05,000	1,08,153

Question 9

KNK Ltd, a registered supplier of Mumbai is a manufacturer of heavy machines. Its outward supplies (exclusive of GST) for the month of January 2023 are as follows:

S.No.	Particulars	Amount (₹)
(i)	Inter-state taxable supply of goods	85,00,000
(ii)	Intra-state taxable supply of goods	15,00,000

Applicable rate of CGST, SGST and IGST on outward supply are 9%, 9% and 18% respectively. Details of GST paid on inward supplies during the month of January 2023 are as follows:

S.No.	Particulars	CGST Paid (₹)	SGST Paid (₹)

(i)	Raw-Materials A (of which 70% of inputs procured were used and 30% were in stock at the end of the January 2023)	60,000	60,000
(ii)	Raw-Materials B (of which 90% material received in factory and remaining material completely damaged due to a road accident on the way to factory. There was no negligence on the part of the KNK Ltd)	50,000	50,000
(iii)	Construction of pipelines laid outside the factory premises	30,000	30,000
(iv)	Insurance charges paid for trucks used for transportation of goods	55,000	55,000

Additional Information:

(i) There is no opening balance of any Input Tax Credit and all the conditions necessary for availing ITC have been fulfilled.

(ii) Details of GST paid on inward supplies are available in GSTR-2B except for item (i) ie, Raw Material A, for which supplier has not filed its GSTR-1 for the month of January 2023, hence corresponding Input Tax Credit (ITC) is not reflecting in GSTR-2B of KNK Ltd in January 2023.

Compute the following:

(i) Amount of eligible Input Tax Credit (ITC) available for the month of January 2023.

(ii) Net minimum GST payable in Cash, for the month of January 2023 after using available Input Tax Credit.

Working notes should form part of your answer.

Answer

Computation of Amount of Eligible ITC Available (January 2023):

S.No.	Particulars	CGST (₹)	SGST (₹)
(i)	Raw Materials A {Corresponding invoices not uploaded by the supplier}	Nil	Nil
(ii)	Raw Materials B (90%) {ITC on goods destroyed is blocked u/s I7 of the CGST Act, 2017}	45,000	45,000
(iii)	Construction of pipelines laid outside the factory premises {ITC on works contract services availed for construction of plant and machinery is allowed but pipelines laid outside the factory premises are excluded from the definition of plant and machinery and hence, ITC thereon is blocked}	Nil	Nil
(iv)	Insurance charges paid for trucks used for transportation of goods {ITC on motor vehicles used for transportation of goods is allowed. Further, ITC is also allowed on insurance services relating to motor vehicles, ITC on which is allowed}	55,000	55,000
Total Eligible ITC		1,00,000	1,00,000

Computation of Minimum Net GST Payable In Cash (January 2023):

Particulars	Value (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Inter-state outward supplies	85,00,000	-	-	15,30,000
Intra-state outward supplies	15,00,000	1,35,000	1,35,000	-
Total Output Tax Payable		1,35,000	1,35,000	15,30,000
Less: Set-off of CGST and SGST credit against CGST and SGST liability respectively		(1,00,000)	(1,00,000)	-
Minimum Net GST Payable In Cash		35,000	35,000	15,30,000

Question 10

M/s Grey, a registered taxable person under regular scheme, provides the following information in respect of supplies made by it during the month of April 2023:

S.No	Particulars	Amount (₹)
(i)	Inter-state supply of goods	1,00,000
(ii)	Intra-state supply of 500 packets of detergent @ ₹ 400 each along with a plastic bucket worth ₹ 100 each with each packet, being a mixed supply (Rate of GST on detergent is 18% and on plastic bucket is 28%)	-
(iii)	Supply of online educational journals to M/s Pinnacle, a private coaching centre providing tuitions to students of Class X-XII, being intra-state supply	50,000

M/s Grey has also received the following inward supplies:

S.No	Particulars	Amount (₹)
(iv)	Inter-state supply of goods (out of which invoice for goods worth ₹ 20,000 is missing and no other tax paying document is available)	70,000
(v)	Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply	50,000

Details of opening balances of ITC as on 1-4-2023 are as follows:

Particulars	Amount (₹)
CGST	5,000
SGST	5,000
IGST	40,000

Following additional information is provided:

· Rate of GST in respect of all inward and outward supplies except item (ii) above is 18% (ie, CGST and SGST @ 9% and IGST @ 18%).

· All figures mentioned above are exclusive of taxes.

· All the conditions for availing ITC have been fulfilled except specifically given and M/s Grey is not eligible for any threshold exemption. Compute the minimum net GST payable in cash by M/s Grey for the month of April 2023.

Answer 10

Computation of output GST Liability of M/s Grey {April 2023}:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Inter-state supply of goods	1,00,000	-	-	18,000
Intra-state supply of 500 packets of detergents along with a plastic bucket {Supply of detergent and bucket together with a single price of ₹ 400 is a mixed supply. Being a mixed supply comprising of two supplies, it shall be treated as supply of that particular supply that attracts highest rate of tax, ie 28%}	2,00,000 (500 × 400)	28,000	28,000	-
Supply of online educational journal to private coaching centre {Supply of online educational journal is exempt only when the same is provided to an educational institution which provides a qualification recognised by law. Since the private coaching centre does not provide any recognised qualification, the supply of online educational journals to the same will be taxable}	50,000	4,500	4,500	-
Total output GST Liability		32,500	32,500	18,000

Computation of input GST Credit of M/s Grey {April 2023}:

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening ITC (As Brought Forward)	-	5,000	5,000	40,000
Inter-state purchase of goods {ITC can be taken only on the basis of a valid tax paying document. Thus, ITC will not be available on goods for which the invoice is missing?	50,000	-	-	9,000
Repairing of bus with seating capacity of 20 passengers {ITC on motor vehicles for transportation of persons with seating capacity exceeding 13 persons (including the driver) used for any purpose is allowed. Further, ITC is allowed on repair and maintenance services relating to motor vehicles, ITC on which is allowed?	50,000	4,500	4,500	-
Total ITC Available		9,500	9,500	49,000

Computation of Net GST Payable In Cash {April 2023}:

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Output GST Liability	32,500	32,500	18,000
Less: Utilization of ITC			
- Set-off of IGST liability from IGST credit	-	-	(18,000)
- Set-off of excess IGST credit against CGST and SGST liability in the most beneficial manner	(23,000)	(8,000)	-
- Set-off of CGST and SGST credit against CGST and SGST liability respectively	(9,500)	(9,500)	-

Net GST Payable in Cash	Nil	15,000	Nil